



Sustainable Development Report 2008



Profile:
Strategy and analysis
3.1-3.4: Profile
3.5-3.11: Scope and boundary



Annual Report 2008



Form, 20-F

Scope of the report

This annual Sustainable Development Report covers the 2008 financial year (1 July 2007 to 30 June 2008) and reports on the group's broader impacts on society – economic, social and environmental – to Harmony's stakeholder groups during this period. These include employees, their families and union representatives, shareholders, government departments and regulators, communities, business partners and suppliers, non-governmental organisations (NGOs) and community-based organisations. The previous Sustainable Development Report was published for the 2007 financial year.

In addition to this Sustainability Report, Harmony has also:

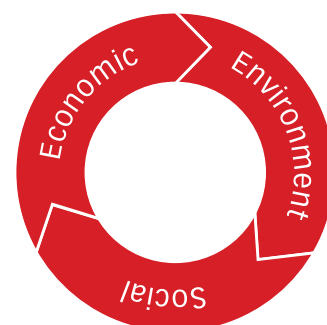
- Published an Annual Report that has been prepared in accordance with the International Financial Reporting Standards (IFRS), the South African Companies Act, the Listings Requirements of the JSE Limited and the guidelines of the King Report on Corporate Governance 2002 (King II).
- Filed with the US Securities and Exchange Commission (SEC) the requisite annual report on the Form 20-F, in compliance with the listings regulations of that country.
- Posted all three of these documents on the company's website at www.harmony.co.za. In addition to these annual company documents, the website hosts a range of other publications, announcements, and presentations that will be of interest to shareholders.

Harmony undertook a significant restructuring during the year under review. The group's operations in Australia have been sold or are being sold, a number of operations have been closed and two significant transactions have been entered into. For further detail on these transactions, see the Corporate Profile on page 2 of this report, the Annual Report or the website. The group's primary impact is in South Africa, although its operations in Papua New Guinea (PNG) are growing in significance and, relative to other economic activity in that country, are growing in importance.

This report has been prepared in accordance with the G3 guidelines of the Global Reporting Initiative (GRI). External auditors, PricewaterhouseCoopers (PwC), were appointed to assure certain key parameters contained in this report. An assurance statement appears on page 8. In line with GRI requirements, Harmony has declared a B+ level of reporting and is committed to incremental improvements in its disclosure. An index indicating the company's reporting against the GRI indicators may be found on page 68. To further assist the reader in the identification of these indicators, these are shown in blocks at the top of the page on which the issue is reported. An index in respect of Mining Charter reporting (in line with the Minerals and Petroleum Resources Development Act (MPRDA)) may be found on page 70.

This report has been structured to report on the three spheres of sustainable development – economic performance, social performance and environmental performance. The sustainability priorities during the year under review are reported on pages 4 and 5.

For any questions in respect of this report, please contact:
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Target, South Africa



Hidden Valley, Papua New Guinea

Key features of the year

- GOVERNANCE**
 - Major restructuring to improve governance
 - Admitted to Socially Responsible Investment Index (SRI) of the JSE in FY08
 - All new order mining rights received
- ECONOMIC**
 - Significant value added
 - BEE procurement of 41%
 - Local procurement of 53% in Papua New Guinea
- SOCIAL**
 - 21 fatalities
 - LTIFR improves by 16%
 - FIFR improves by 18%
 - 48 676 people employed, including contractors
 - R19.6 million spent on corporate social responsibility and local economic development in South Africa
 - Good progress with local economic development through NKW Holdings in Papua New Guinea
- ENVIRONMENT**
 - New environmental policy approved
 - Submission made to Carbon Disclosure Project (CDP)
 - ISO14001 implementation well under way
 - Renewed focus on resource utilisation

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Corporate profile

In FY08, Harmony Gold Mining Company Limited produced 1.55 million ounces of gold, making it one of the world’s largest gold companies. The group’s operations, located primarily on the Witwatersrand Basin in South Africa, comprise 10 underground operations, an open-pit mine and surface operations in four provinces, Gauteng, North West, Mpumalanga and the Free State. Additionally, the group has a 50% interest in the Hidden Valley Mine in Papua New Guinea. The group’s corporate office is located in Randfontein, South Africa.

During the year, Harmony announced the formation of Rand Uranium (Pty) Ltd, a focused uranium company that will turn to account the substantial uranium-rich material held by the group.

Also, in FY08, the group announced the partnership entered into with Newcrest Mining Limited of Australia, in which Newcrest can earn up to 50% of the Hidden Valley project by funding the remaining capital development of that mine.

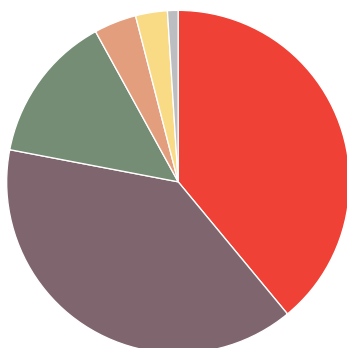
Harmony’s exploration portfolio is largely focused on highly prospective areas in PNG, including the Wafi-Golpu project, while the company will renew its exploration activity in South Africa FY09.

At the end of June 2008, Harmony employed 48 676 people, largely in South Africa, comprising 41 521 full-time employees and 7 155 contractors.

Harmony’s primary product – gold – is refined in South Africa and exported to markets around the world.

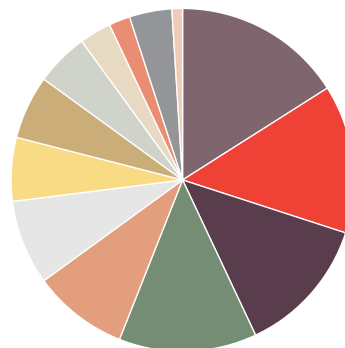
The group’s primary listing is on the JSE Limited (share code: HAR) in South Africa. Harmony’s ordinary shares are also listed on stock exchanges in London (HRM), Paris (HG) and Berlin (HAM1), and are quoted in the form of American Depositary Receipts (ADRs) on the New York and Nasdaq exchanges (HMY), and as International Depositary Receipts (IDRs) on the Brussels exchange (HMY). Harmony’s shareholders are located around the world, with the largest bases being in South Africa (39%), North America (39%) and the United Kingdom (14%).

Geographical distribution of shareholders – 30 June 2008



North America	39%
South Africa	39%
United Kingdom	14%
Switzerland	4%
Rest of Europe	3%
Asia Pacific/ Middle East	1%

Contribution to production by operation in FY08



Tshepong	16%	Kalgold	6%
Virginia	14%	Joel	5%
Evander	13%	Doornkop	3%
Elandsrand	13%	Phoenix	2%
Bambanani	9%	Other surface	4%
Masimong	8%	Phakisa	1%
Target	6%		



Bambanani, South Africa

Profile: Organisational profile and information about the company

2.1-2.9: Information about the company

South Africa

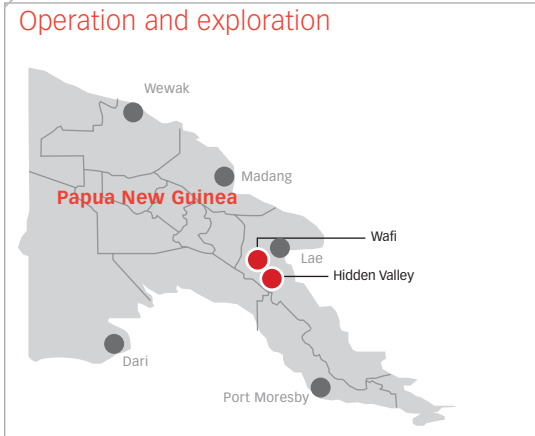
Papua New Guinea



Operations and corporate office



Operation and exploration



Sustainable development priorities

Harmony's sustainable development priorities remain focused on the opportunities and risks that arise from the group's economic, social and environmental footprints. The table below lists these priorities, the progress made in FY08 and future direction.





	Priority	Progress	Future direction	Reported on
 <p>Ensuring safety and health</p>	Elimination of workplace injuries, and preserving the health of employees.	<p>21 fatalities reported.</p> <p>Improvement in safety statistics – LTIFR down by 16% and FIFR down by 18%.</p> <p>New safety strategy and ethos communicated and implemented</p>	Continued emphasis on safety, with aim of achieving zero harm.	Pages 21 to 28
 <p>Good governance</p>	Improving governance structures, ensuring compliance and reporting thereof.	Significant restructuring in the year under review. New governance structures implemented. Assurance of Sustainable Development Report by external auditors.	<p>Maintain rigorous controls.</p> <p>New enterprise risk management project being implemented.</p> <p>Incremental reporting planning in respect of sustainable development.</p>	Pages 10 to 13
 <p>Increase BEE and local procurement</p>	Supporting and developing economic activity in local communities in which the group operates.	Good progress reported. Black Economic Empowerment (BEE) procurement in South Africa of 41%. Local procurement in PNG of 53%.	Continued alignment with Development of Trade and Industry (DTI) codes in South Africa and compliance with agreements in PNG. A targeted level of 52% in BEE in South Africa, and 65% local expenditure over life-of-mine in PNG.	Pages 16 to 18
 <p>Continuing training and development</p>	Training and development of people, particularly historically disadvantaged South Africans (HDSAs) and women in South Africa, and landowners in PNG, to meet company's skills requirements and national transformation imperatives.	R35.5 million was spent on training and development in South Africa during the year, with initiatives reaching 32 019 employees and potential employees.	Increased emphasis on training and development in the year ahead as skills shortages have a major impact on the business.	Pages 33 to 36
 <p>Management of HIV & AIDS</p>	Implementation of HIV & AIDS programmes to limit further transmission of the disease, and to support those who are infected and affected.	<p>Continued roll out of Voluntary Counselling and Testing (VCT) programmes (16 702 tests undertaken during the year).</p> <p>Increased number of people in wellness programme (3 468) and 2 948 employees receiving Anti-retroviral therapy (ART).</p>	Continued roll out of VCT programme, with the aim of encouraging every employee to take an HIV test. Also, aim to persuade all employees who are HIV-positive to participate in the wellness programme.	Pages 37 to 39



Wafi, Papua New Guinea

Profile: Strategy and analysis

1.2: Description of key impacts, risks and opportunities

	Priority	Progress	Future direction	Reported on
 <p>Sustainable local economic development and corporate social investment</p>	<p>Ensure that operations contribute to the long-term social and economic well-being of communities, even after mining operations cease.</p>	<p>Local economic development (LED) programmes in South Africa aligned with regional integrated development plans. Social and Labour Plans (SLPs) approved by the Department of Minerals and Energy (DME) during the year, and start of implementation.</p> <p>Continued contribution to socio-economic development in PNG in line with commitments, with increasing interventions as operation ramps up into production.</p>	<p>Implementation of agreed plans in line with commitments made.</p>	<p>Pages 40 to 51</p>
 <p>Implementing ISO 14001</p>	<p>Implementation of international environmental standard, ISO 14001, as the basis for the company's environmental management systems (EMS) and progress towards certification.</p>	<p>Progress reported, although slower than originally expected. Revised environmental policy approved and new strategic targets agreed.</p>	<p>Greater emphasis on implementation in FY09, with certification targeted for FY12.</p>	<p>Pages 54 to 56</p>
 <p>Reducing energy and carbon footprint</p>	<p>Reducing energy consumption to meet short- and medium-term restrictions imposed by South African power utility, Eskom. Understanding opportunities and risks of climate change and the company's own impacts, and developing a long-term strategy to mitigate them.</p>	<p>Reduced energy consumption in South Africa in FY08 partially enforced, including closure of high-consumption, lower-value assets. Focus on energy conservation initiatives to meet imposed reduction in energy consumption. Initial evaluation of threats and opportunities as a result of climate change, and initial benchmark study undertaken. Submission of a company response to the CDP.</p>	<p>Continued emphasis on energy conservation and the development of a company position and targets in respect of climate change.</p>	<p>Pages 59 to 62</p>
 <p>Implementing Cyanide Code</p>	<p>Implementation of and compliance with the International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold (Cyanide Code).</p>	<p>Progress made with implementation in FY08</p>	<p>Full implementation of Cyanide Code and external audit of compliance planned for FY11.</p>	<p>Page 65</p>

Letter to stakeholders from the CEO

Profile: Strategy and analysis

1.1: Statement from decision maker

1.2: Description of key impacts, risk and opportunities

3.13: Assurance



Bambanani, South Africa



Graham Briggs, Chief Executive Officer

Dear stakeholder

We are pleased to present our third consecutive Sustainable Development Report, and one which reflects the progress that we have made within our group in terms of managing our economic, social and environmental performances, and also our level of reporting.

In preparing this year's report we have paid close attention to the GRI's recommended reporting formats and have, for the first time, appointed external auditors, PwC, to provide an independent review and assurance on certain key parameters. These parameters were arrived at through discussion with certain members of our executive team, and others, on what are the most significant issues to us in terms of sustainability reporting. In some areas we have been able to gather and report comprehensive and auditable data; in other areas – where we are less confident of the absolute integrity of this data – we have put in place better systems to capture and report in the year ahead. In all, it has been a valuable process. The independent audit report provided by PwC may be found on page 8. The sustainable development priorities that have received our greatest attention during the year under review are reported on pages 4 and 5, and it is envisaged that these will be the same priorities in FY09.

Safety is non-negotiable

Of all of these priorities, the introduction of a culture of zero harm in our workplaces, based on the elimination of injuries and on an improvement in occupational health, is the most important. It is with deep regret that we report that 21 people lost their lives in mining-related accidents this past year and we extend our sympathies to the families and colleagues of the men who died. Placing safety above production, indeed other imperatives, is non-negotiable. Notwithstanding these tragic losses, we are pleased to report that we have seen a steady improvement in our safety indicators year-on-year, with an 16% reduction in the Lost Time Injury Frequency Rate (LTIFR) and an 18% reduction in the Fatal Injury Frequency Rate (FIFR).

The group has seen much change during the year under review, with a definite focus on going 'back to basics'. This applies as much to the way in which we interact with our stakeholders, including our employees, unions and communities, as it does to the way we run our business.

The events surrounding the incident at Elandsrand (see page 25) highlighted two key issues:

- The first is that safety is priority, every day. It is not something that should be considered only after an incident. We need to celebrate and learn from all of those days, weeks and months that we do not have incidents. In this regard I wish to congratulate the management and employees at the Joel, Doornkop, Phakisa, Masimong and Bambanani mines who performed exceptionally well during the year and who have shown us that deep-level mining can be undertaken safely. Also to be congratulated are the Free State and Randfontein surface operations for their performances.
- The second is that we have very special people in our company and that, when the chips are down, we all pull together to the best of our abilities. This was the case at Elandsrand, where more than 3 000 people were brought to surface unharmed on 4 October 2007. And this co-operation was not only within the company, but was also evident in the support we received from the DME as well as other mining companies. We extend our thanks to all those who were involved.



Masimong, South Africa



Wafi, Papua New Guinea

One of the most significant ways in which this company has an impact is through employment, directly and indirectly, in South Africa and, increasingly, in PNG. Harmony remains a significant employer. Close on 50 000 people (including contractors) were employed by the company at year-end. Our 'back to basics' approach has resulted in the closure and sale of some of our assets and the cessation of continuous operations (Conops) at a number of our operations. I am pleased to report that, as far as this was possible, we managed to transfer employees from closing operations to new and expanding operations; others were offered voluntary retrenchment and early retirement, which contributed to a 13% decrease in employees numbers.

Other areas where we can and do have a substantial impact are those of procurement, training and development, employment equity and diversification of our employee base, and local economic and social development through our extensive programmes.

Environment

Another area in which we have made substantial progress has been on the environmental front. The implementation of the international standard ISO14001 as the basis for our environmental management system is proceeding apace, although progress has been slower than we expected. We have reviewed and signed off a new environmental policy, and have undertaken a number of initiatives both to mitigate environmental impacts and remedy legacies. Key among these have been the progress made with the West Rand Basin decant (see page 19) and the formation of Rand Uranium. Both projects indicate clearly that good environmental practices and economic opportunities are not mutually exclusive. While Rand Uranium has as its

foundation a solid business case, the fact is that the treatment of tailings at this (and other Harmony surface sources) will substantially clean up a large number of historical mining sites, opening them for alternative uses and thereby reducing our long-term environmental liability.

Mineral rights conversion

The attainment of our mining rights conversions, now in place for all our operations, is another significant milestone for the group. The environmental management plans (EMPs) that were reviewed and approved by the DME and the Department of Water and Forestry (DWAF) as well as the approval of our SLPs form the basis of our long-term commitment to the regions in which we operate.

Conclusion

We realise in all of our endeavours that we will not always get it right, but we most certainly will always aim to do so. We welcome feedback – both on our performance and on this report.

Graham Briggs
Chief Executive Officer
Harmony Gold Mining Company Limited
10 October 2008

Report of the Independent Assurers

To: The Board of Directors and Management of Harmony Gold Mining Company Limited

Introduction

We have been engaged by Harmony Gold Mining Company Limited to conduct an assurance engagement on selected Key Performance Indicators (KPIs) reported in Harmony Gold Mining Company Limited's Sustainable Development Report, for the purpose of expressing a statement of independent assurance, for the year ended 30 June 2008. This assurance report is made solely to Harmony Gold Mining Company Limited in accordance with the terms of our engagement. The assurance report applies only to the hard copy publication of the Sustainable Development Report, and as set out on the pages referenced below.

The following KPIs were selected for an expression of limited assurance:

Section A

- BEE procurement level in percentage (page 18)
- Total number of significant incidents (page 58)
- Total energy consumption in joules (page 59)
- Total fresh water usage in cubic metres (page 62)
- Total cyanide usage in tonnes (page 65)
- Investment in training and development in number of employees (page 34)
- Employment equity statistics (page 29)
- Total number of fatalities (page 23)
- Total number of noise induced hearing loss (NIHL) cases reported (page 28)
- Tuberculosis (TB) and silicosis cases detected and submitted for compensation (page 28)
- Corporate Social Responsibility (CSR) and Local economic development (LED) spend in Rand (page 41)

Section B

- Number of Voluntary Counselling and Testing (VCT) participants (page 37)
- Number of Anti-retroviral Therapy (ART) participants (page 37)

Directors' responsibility

Harmony Gold Mining Company Limited's directors are responsible for the preparation and presentation of the identified selected KPIs in accordance with internal corporate policies and procedures, and the Global Reporting Initiative's (GRI) new generation (G3) guidelines.

Responsibility of the Independent Assurers

Our responsibility is to express to the Directors an opinion on the selected KPIs contained in the Sustainable Development Report, for the year ended 30 June 2008, based on our assurance engagement.

Work performed

We conducted our engagement in accordance with the International Standards for Assurance Engagements 3000, "Assurance Engagements other than audits or reviews of historical financial information" (ISAE 3000) issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain assurance on the selected KPIs as per our terms of engagement.

The assurance criteria used to evaluate the key performance indicators are provided on page 72.

Our work consisted of:

- obtaining an understanding of the systems used to generate, aggregate and report data at the Randfontein, Evander and Free State operations, and at the corporate head office;
- conducting interviews with management at the sampled operations;



- applying the assurance criteria in evaluating the data generation and reporting processes;
- performing a controls walkthrough; and
- reviewing the consistency between the key performance indicators and related statements in Harmony's Sustainable Development Report.

Inherent limitations

Non-financial data is subject to more inherent limitations than financial data, given both the nature and the methods used for determining, calculating, sampling or estimating such data. We have not carried out any work on data reported for prior reporting periods, nor in respect of future projections and targets. We have not conducted any work outside of the agreed scope and therefore restrict our opinion to the agreed KPIs.

The evidence gathering procedures for limited assurance are more restricted than for reasonable assurance and therefore less assurance is obtained with limited assurance than for reasonable assurance.

Conclusion

On the basis of our limited assurance procedures, nothing has come to our attention leading us to believe that the KPIs listed in Section A above, for the year ended 30 June 2008, have been materially misstated.

We were not able to express an assurance opinion on the HIV/Aids related KPIs listed in Section B: Voluntary Counselling and Testing (VCT) participants and Anti-retroviral Therapy (ART) participants. The confidence levels required by the assurance process could not be achieved for these KPIs as a result of reporting processes requiring further improvement to ensure accuracy of the reported data.

A handwritten signature in black ink that reads "PricewaterhouseCoopers Inc."

PricewaterhouseCoopers Inc.
 Wessie van der Westhuizen
 Director
 Johannesburg
 17 October 2008

Governance

Harmony is committed to achieving its objectives and at the same time applying and upholding best practice in terms of corporate governance. The company's primary listing is on the JSE Limited in South Africa. Harmony's ordinary shares are also listed on stock exchanges in London, Paris and Berlin, and are quoted in the form of ADRs on the New York and Nasdaq exchanges, and as IDRs on the Brussels exchange.

The company's disclosure practices and policies are guided by the South African Companies Act, as well as by the requirements of the JSE Limited and other exchanges and the United States Securities and Exchange Commission (SEC). Also of particular importance are, the King Report on Corporate Governance 2002 (King II) and the Public Company Accounting Reform and Investor Protection Act of 2002, more commonly known as the Sarbanes-Oxley Act of 2002 (SOx), as applicable to foreign companies listed in the United States.

GRI reporting

This report has been prepared in compliance with the G3 reporting guidelines of the Global Reporting Initiative (GRI). The GRI guidelines have been used to define the report's content, the quality and nature of reporting and its boundaries. In particular, the following aspects are reported:

Reporting principle for defining content:

- **Materiality:** The information in this report covers topics and indicators that reflect Harmony's significant economic, social and environmental impacts, or that could substantively influence the assessments and interventions of decision-makers.
- **Stakeholder inclusiveness:** Harmony has identified its primary stakeholders and, where applicable, has indicated where the company has responded to their expectations and interests. This is an area which the company has identified for improvement in the year ahead.
- **Sustainability context:** Harmony believes that this report presents its performance in the broader context of sustainability and that it takes into account the specific nature of its operations, its primary product and the location of its operations in emerging economies. In particular, specific local imperatives and compliance with legislation and compacts, such as the South African Mineral and

Petroleum Resources Development Act (MPRDA) and the Mining Charter have also been reported on.

- **Completeness:** Harmony believes that the coverage of the material topics and indicators are sufficient to provide a complete picture of the company's performance and should allow stakeholders to accurately assess this performance during the year.

Reporting principles for defining quality:

- **Balance:** The report reflects the negative and positive aspects of performance.
- **Comparability:** Issues are reported on consistently year-on-year. Where there have been changes in definitions or restatements, they have been indicated.
- **Accuracy:** Harmony is confident that the information in this report is substantially accurate. Where there are concerns about accuracy, this has been reported and this data has been reported as being estimated or approximate. Accurate data collation remains an area of priority and an area of focus for FY09.
- **Timeliness:** This is an annual report that is published concurrently with the company's annual financial statements in the Annual Report and Form 20-F.
- **Clarity:** Harmony believes that the report is accessible and clear. Printed copies of the report are available on request, in addition to the report being available on the company's website at www.harmony.co.za.
- **Reliability:** Key issues and Harmony's compliance with GRI to the stated level of reporting have been independently assured by PwC. The assurance statement is presented on page 8. Harmony notes the exceptions set out in the assurance statement and will address the issues raised during the year ahead. Harmony also intends improve the level of its reporting and assurance in FY09.

Governance, commitments and engagement	
4.2:	Independence of Chairman
4.7:	Independence of board members
4.10:	Board evaluation

4.1:	Governance structures of the organisation
4.3:	Independence of board members
4.5:	Performance linkage to compensation
4.9:	Risk identification

Governance structures

An extensive discussion on corporate governance may be found on page 104 of the annual report. This report is available from the contacts listed on the back cover of this document and on the website at www.harmony.co.za. Extensive supporting documentation, such as the various board charters and company policies, are also available on the website. Specific indicators raised by GRI are briefly reported below.

Board of directors

Harmony is governed by a unitary board which, in accordance with the company's Articles of Association, must comprise between four and 20 directors. At the end of June 2008, the Harmony board was made up of 12 members, of whom:

- eight have been determined to be independent non-executives, two are executive directors, one a non-independent, non-executive chairman and one a non-independent non-executive director; and
- two of the non-executive directors are women, and four directors are drawn from groups considered to be historically disadvantaged in South Africa.

Determination of independence has been done in accordance with King II and SOx.

The board is guided in its actions by the board charter which is reviewed on an annual basis. The charter serves as a guide to each member of the board in terms of their purpose and role.

The roles of chairman and chief executive are separate and distinct as required by King II. The chairman, however, is not considered to be independent.

The board, in terms of its charter, is required to conduct a self-assessment or self-evaluation annually. The chairman is required to assess the performance of individual board members and the board is required to evaluate the chairman, based on several factors, including expertise, inquiring attitude, objectivity and independence, judgement, understanding of Harmony's business, understanding of and commitment to the board's duties and responsibilities, willingness to devote the time needed

to prepare for and participate in committee deliberations, timely responses and attendance at meetings. A board effectiveness self-evaluation was conducted in FY08, although a separate evaluation of the chairman was not undertaken. It is the company's intention to undertake a third-party review of the board's effectiveness, including the effectiveness of the chairman, in FY09.

In considering new appointments to the board, Harmony takes cognisance of the gender and racial mix of the board and believes that it has achieved an acceptable balance. Consideration of new appointments to the board is undertaken by the board as a whole.

The board considers performance when considering the remuneration of executive management. This includes performance in terms of on non-financial indicators.

A comprehensive risk management process is in place and the potential risks identified are reported in the Annual Report (page 124).

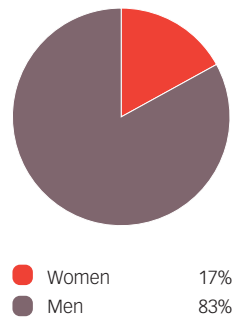
Board committees

To enable the board to properly discharge its responsibilities and duties, certain responsibilities of the board have been delegated to board sub-committees. These committees are the:

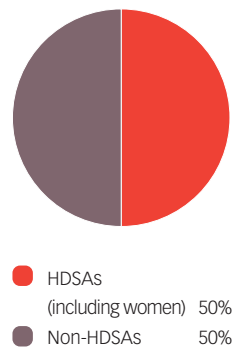
- Audit Committee,
- Empowerment Committee,
- Investment Committee,
- Nomination Committee,
- Remuneration Committee,
- Sustainable Development Committee, and
- Technical Committee.

The creation of these committees does not reduce the directors' overall responsibilities. The chairmen of all subcommittees report and make recommendations to the board via designated reporting slots at each board meeting. The minutes of all committee meetings are made available to all board members in their board packs prior to board meeting.

Women on board (%)

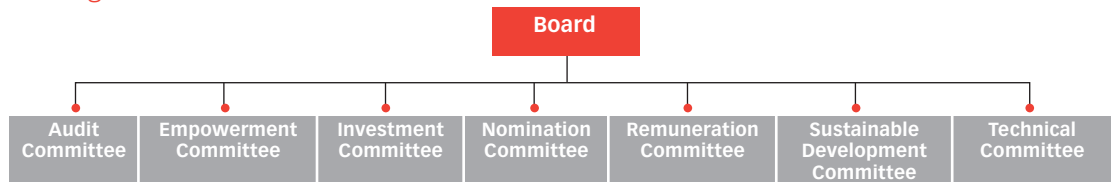


HDSAs on board (%)



Governance (continued)

Board governance structure



Each board committee is guided by that committee’s charter. Copies of these charters are available on the Harmony website at www.harmony.co.za. In order to discharge their individual responsibilities and fulfil their duties, each committee has adopted an agenda work plan. Each plan is approved by the board on an annual basis. Reporting by each committee to the board takes place against the approved work plan. All board committees are chaired by an independent non-executive director, except for the Nomination Committee.

Sustainable Development Committee

The Sustainable Development Committee has specific oversight of the company’s strategy and performance in respect of sustainable development. In terms of its charter this committee must have at least three members.

As at 30 June 2008, the following were members of this committee: Modise Motloba (chairman), Joaquim Chissano and Fikile De Buck.

The chief executive officer and members of the Executive Management Committee are invited to attend all meetings. In terms of its charter, the Sustainable Development Committee should meet at least four times a year, or more frequently as circumstances dictate. In FY08, four meetings were held.

The objective of the Sustainable Development Committee is to assist the board in ensuring that Harmony is and remains a committed socially responsible corporate citizen. The committee’s primary role is to supplement, support, advise and provide guidance on the effectiveness or otherwise of management’s efforts in respect of sustainable development. The committee considers the

following sustainable development issues: occupational health, safety, HIV & AIDS, social investment and environmental management.

Members of the committee are all independent, non-executive directors.

Executive Management Committee

The Executive Management Committee is responsible for the overall management of Harmony. Members of the Executive Management Committee meet weekly. Standard items on the agenda are: operational results, cash flow, safety, people issues and matters arising, including environmental and social issues.

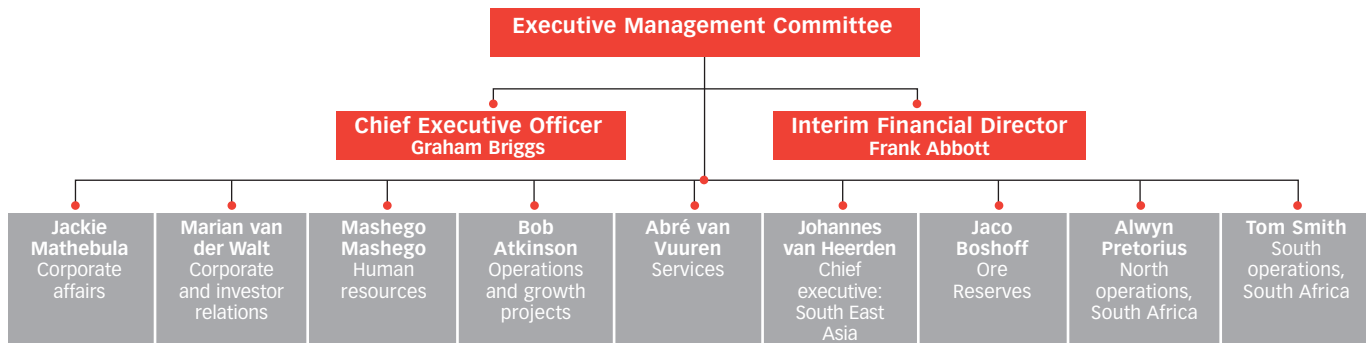
Certain members of the Executive Management Committee belong to other committees, which meet regularly and are considered to be vital to the functioning of the company and to ensuring appropriate control and provision of information to the board.

- Group Operational Committee
- Operations Committee
- Shaft Review Committee
- Ethics Committee
- IT Steering Committee
- Tender Committee
- White Collar Crime Committee
- Sarbannes Oxley Steering Committee

Risk is managed at shaft level and monitored by the Executive Management Committee on a regular basis.

	Governance, commitments and engagement	Society performance indicators: S05: Public policy
	4.6: Dealing with conflicts of interest	
	4.8: Internally developed values	
	4.8: Mechanisms for feedback	

Executive Management Committee structure



Code of ethics

Harmony places great emphasis on instilling and maintaining the highest levels of integrity in the conduct of its business. Through a process of constructive employee engagement Harmony has enshrined the following values as those which the board, its management and employees subscribe to. These are:

- honesty,
- resilience,
- passion,
- determination,
- decisiveness,
- inspirational,
- focused, and
- ingenuity.

Harmony's code of ethics was adopted to respond to the challenge of ethical conduct in a business environment, including conflicts of interest. All employees and contractors are expected to comply with its contents. The code of ethics is available on the company's website at www.harmony.co.za. All employees are provided with a copy of the code of ethics when they join the company as well as each time an employee's remuneration changes. Compliance with the code is a condition of service. The code of ethics is also applicable to all the company's suppliers, contractors and directors.

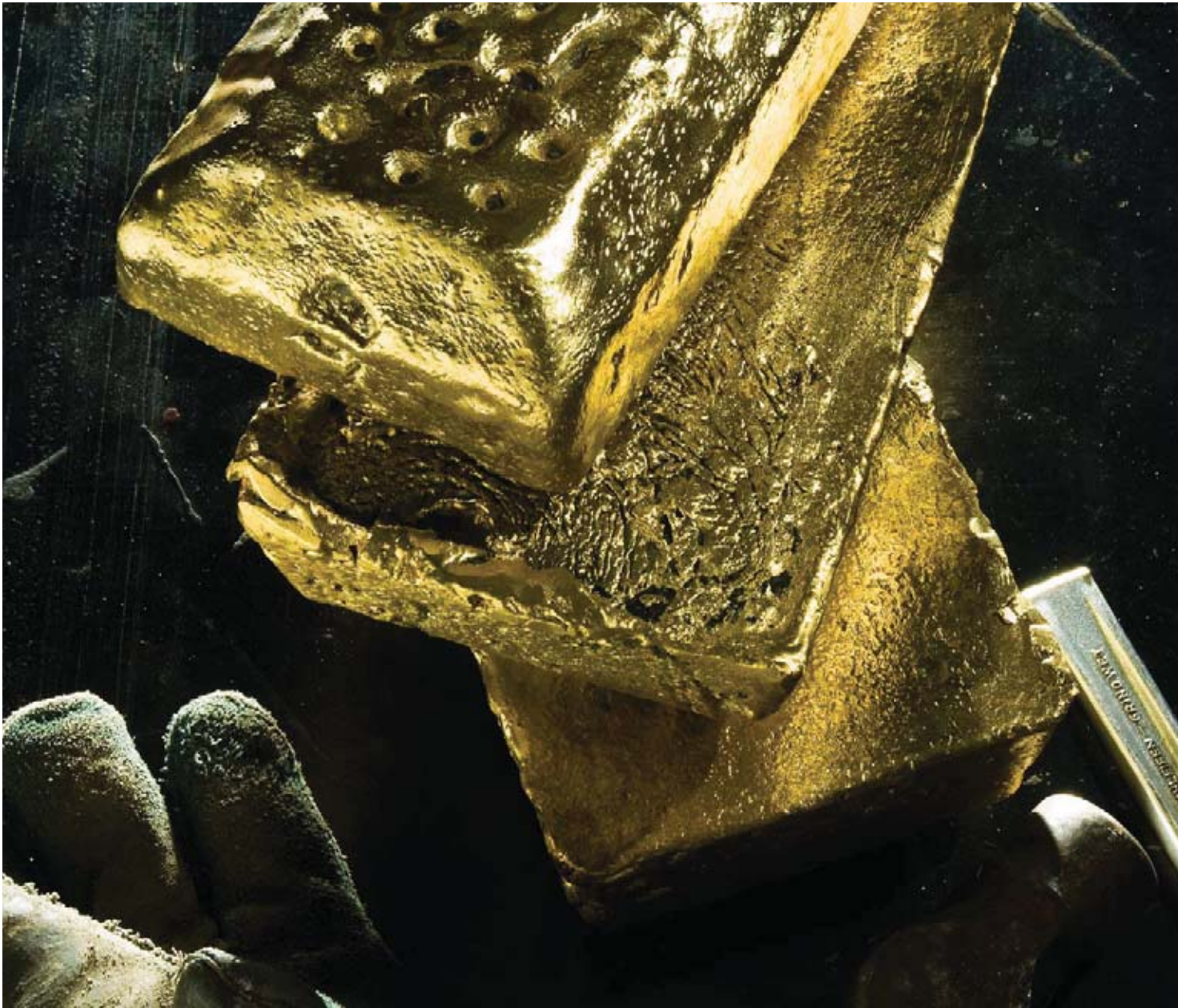
Employee and stakeholder participation

Harmony is committed to maintaining a positive relationship with the unions and associations represented at its operations, with employees directly and with the communities within which it operates. In respect of employee participation and relations with employee representatives, Harmony has formal and informal employee participation structures in place to deal with a broad range of issues. The company actively encourages open communication, consultation and the identification and resolution of conflicts through workplace forums.

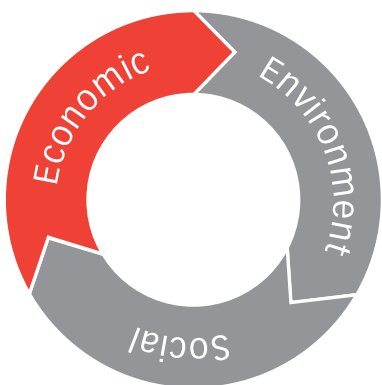
The group plays an active role in the communities in which it operates. SLPs and LED plans have been developed in line with the company's compliance with the MPRDA and the Mining Charter.

The company regularly engages with shareholders and other members of the investing community, and reports to these groups in open forums (such as presentations, tele-conference calls, webcasts, and road shows) on a quarterly basis. Directors are encouraged to attend the annual general meeting and to use that opportunity to engage with shareholders. Shareholders are also frequently engage with the company via e-mail and through the website.

Economic performance



Doornkop, South Africa



The economic dimension of sustainability confirms the organisation's impacts on the economic condition of its stakeholders and on economic systems at local, national and global level.



Hamata, Papua New Guinea



Hidden Valley, Papua New Guinea

Key features of FY08

- Significant value added
- R3.6 billion in capital expenditure in FY08
- BEE procurement of 41% in South Africa
- Local procurement of 53% in PNG

Harmony’s economic success is based not only on its financial performance, but also on how it has integrated within the communities in which it operates, and whether they, too, benefit from the group’s operations.

The group’s value-added statement provides an indication of Harmony’s economic performance during the year and is presented on page 16.

Creating value

Harmony is the world’s fifth largest gold producer.

- Revenues from sales of gold rose by 15% to R9.2 billion, largely as a result of a higher gold price.
- Costs of materials and services increased, partially as a result of the rising input costs, by 27% to R3.8 billion.
- Total value added by Harmony for the year was R6.3 billion, an increase of 26%

Distributing value

This value was distributed as follows:

- employees and contractors, mostly in South Africa, but also in PNG, received R4.7 billion in salaries and benefits, up by 32% on the previous year.
- providers of capital, largely banks, received R0.5 billion in interest. Harmony to improve its balance sheet and to retire some of this debt.
- taxation paid amounted to R160 million.

The group continued to invest a significant amount in the company to sustain and grow operations. Capital expenditure for the year amounted to R3.6 billion, of which R1.4 billion was spent at Hidden Valley.

There are currently five major projects still under development. Some R5 billion has been spent on these to date.

Capital invested to date on major projects

Major projects	R million
Doornkop South Reef	956
Elandsrand New Mine	776
Tshepong Sub 60 Decline	289
Phakisa Shaft	866
Hidden Valley	2 049
Total	4 936

Black economic empowerment

Harmony’s BEE strategy is aimed at broad-based transformation at all levels of the company. Harmony is highly supportive of the MPRDA and the Mining Charter and has plans in place at all levels to ensure compliance with them.

Mining right conversions

Significantly, the company was granted all of its mining rights conversions in line with the MPRDA in FY08, having completed the requisite mine, environmental and social planning (in the form of SLPs). The latter take the form of a social compact, with targets in place for key elements highlighted in the Mining Charter, such as employment equity, women in mining and LED.

Economic performance (continued)

Economic performance indicator:

EC1: Value added statement

EC6: Procurement with locally-based suppliers



Doornkop, South Africa

Harmony Gold Mining Company Limited and its subsidiaries

Value-added statement for the year ended 30 June 2008

	FY08		FY07	
	Rm	%	Rm	%
Sales of gold	9 210		8 037	
Less: cost of material and services	(3 775)		(2 967)	
Value added from trading operations	5 435	87	5 070	102
Profit on disposal of assets	4	–	182	4
Income from investment	282	4	188	4
Value added by discontinued operations – net *	551	9	(473)	(8)
Total value added	6 272	100	4 967	100
Distributed as follows:				
Employees (including directors and management)				
Salaries, retirement and other benefits	4 693	75	3 561	72
Providers of capital				
Dividends to shareholders	6	–	7	–
Interest on borrowings	496	8	397	8
Government				
Taxation	160	3	(9)	–
Total distributions	5 355	86	3 956	80
Retained for reinvestment:				
Depreciation and amortisation	846	13	763	15
Impairment of assets	316	5	(134)	(3)
Profit/(loss) accumulated in the business	(245)	(4)	382	8
Total reinvested	917	14	1 011	20
Total distribution including reinvestment	6 272	100	4 967	100

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

BEE ownership and representation

Harmony has made good progress in transforming its equity base at the ownership level, through partnerships and sales to BEE companies and broad-based empowerment entities of the shares in the company and its operations. The Mining Charter requires that South African companies transfer 15% of their equity ownership to BEE companies by 2009, and 26% by 2014. Harmony estimates that 34% of total ounces produced in FY08 were BEE-attributable.

Empowerment and transformation need to be effected within the company – at all levels – and in the communities in which the company does business. Here, too, Harmony can report significant progress. Half of Harmony's board members are HDSAs and 7% are

women. Details relating to employment equity, and specifically HDSAs in management and women in mining, are dealt with on page 32.

BEE and local procurement

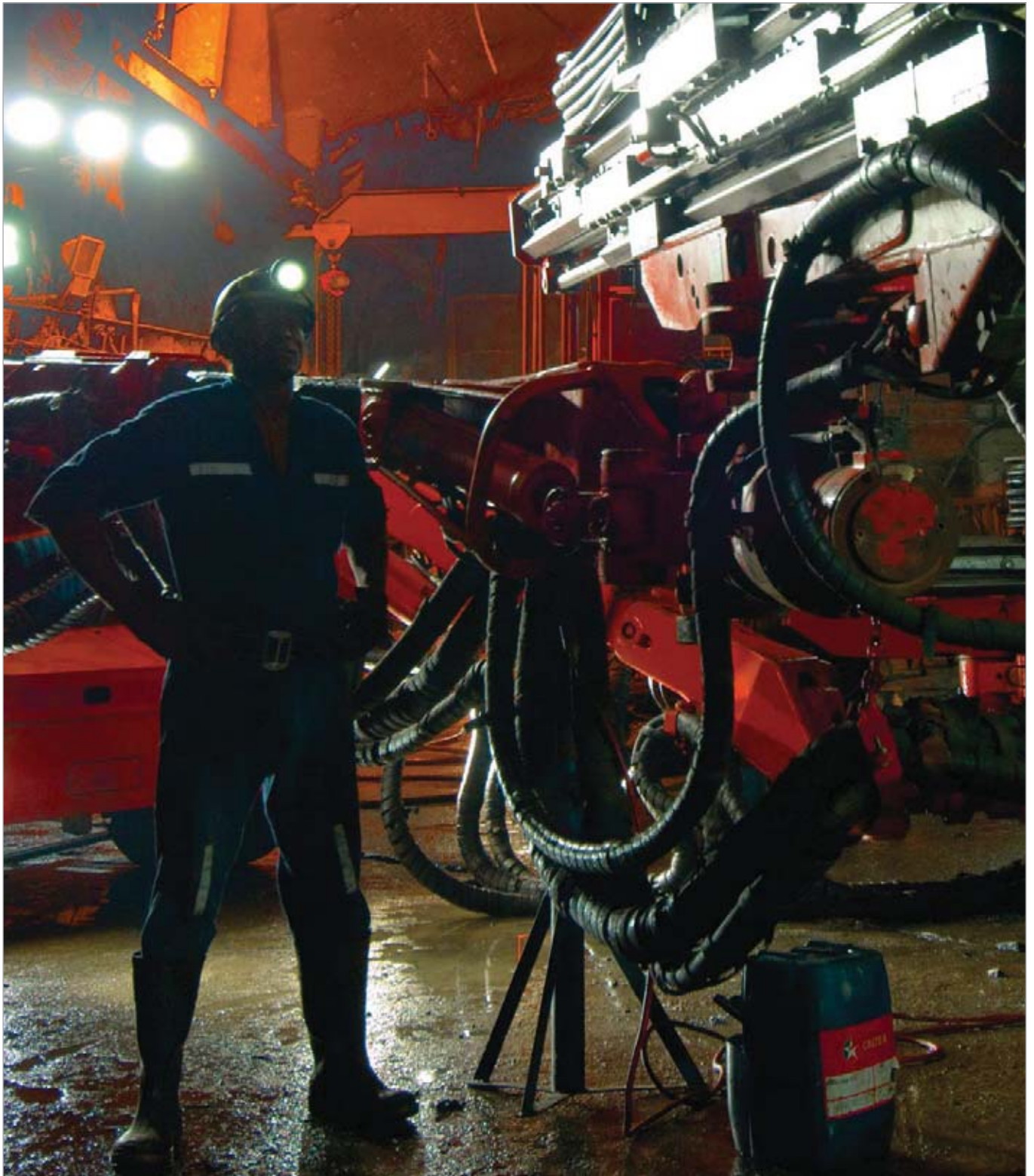
The promotion of economic activity, particularly within emerging and medium-sized enterprises, will underpin economic growth and transformation. This is particularly true in South Africa where, historically, certain portions of the population were precluded from participation in economic activity.

Harmony has a group procurement strategy and policy that governs the company's external expenditure. It is the company's strategy to contain costs and reduce the number of suppliers to the organisation, while at the



**BBBEE and local
Procurement
Sustainable Development
Priority**

Hidden Valley, Papua New Guinea



Target, South Africa

Economic performance (continued)

Economic performance indicator:

EC2: Financial implications and risk and opportunities of climate change



Phakisa, South Africa

same time enhancing the sustainability and regional representation of the companies that do business with Harmony. This is both for transformation purposes and to manage costs.

Harmony's BEE expenditure in FY08 was 41%. This is a creditable achievement and meets the target set in the company's SLP of 40% this financial year, rising to 52% over five years. The company will continue to align itself with the Code of Good Practice of the Department of Trade and Industry (DTI) and will report in terms of broad-based black economic empowerment (BBBEE) in FY09.

Vendor administration and the collation of verifiable data remains an area of focus. Harmony's top 400 suppliers (representing about 85% of procurement spend) have been asked to provide details relating to the verification of their BBBEE status and a new vendor database is ready for the implementation of the group's new management information system in FY09.

At Hidden Valley, 53% of procurement expenditure was spent in PNG, which includes purchasing management, maintenance and staffing costs. The proportion of expenditure within PNG will grow as the construction phase winds down and the operational phase ramps up. It is expected that, over the life-of-mine, about 65% of expenditure (which amounts to some R5.5 billion) will be spent within PNG.

A key feature of Harmony's business development strategy in PNG is the development of local and small businesses (see case study on page 50).

Beneficiation

Harmony has continued to participate in the Chamber of Mines Working Group on beneficiation to be able to determine the capacity of the country for beneficiation, the resources required, the support to be given and the economics involved; and to understand the basis for beneficiation required in terms of the Mining Charter. No significant progress was made at this level during the year.

Harmony's beneficiation strategy is to be involved in those beneficiation opportunities that will:

- enable Harmony to offset the value of such beneficiation activities against the company's commitments in terms of the Mining Charter;
- be cost-effective and add value to the company's business, and
- not divert excessive management time from the core business of gold mining.

Harmony continued to support the Jewellery School during the year (see case study on page 42) and Project AuTEK, a collaborative research project between Mintek, (a South African researcher in the metallurgical field), and the South African gold mining industry. The project involves research into alternative uses for gold in such fields as catalysis, nanotechnology and biomedicine.

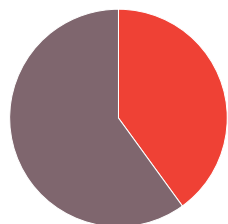
Climate change

Harmony understands that climate change presents potential economic risks and opportunities and has developed an initial understanding of the company's position. See further discussion on pages 59 to 62 of this report.

Subsequent to its submission in FY07 to CDP5, Harmony initiated a programme to develop a climate change response for the company. Still in the early stages of this response, Harmony is currently aligning its greenhouse gas (GHG) reporting processes with the GHG protocol. The company plans to hold a workshop in the FY09 financial year to develop and identify Harmony's strategic position on climate change and the outcomes of this workshop will be tabled for consideration by the Sustainable Development Committee of the Board.

Future work is planned to explore further the impact of climate change on the company, including a scoping of risks and opportunities and the implementation of a climate change management plan. The management plan is expected to consider further energy efficiency measures, additional emissions reduction targets, the possible purchase of renewable energy, and further exploration of the Clean Development Mechanism (CDM) and trading mechanisms.

Harmony's BEE expenditure in FY08



● BEE expenditure 41%
 ● Non-BEE 59%

Implementing a sustainable economic solution to the Western Basin decant



In the FY07 Harmony Sustainable Development Report, Harmony reported on the steps it was taking to generate an environmental and economic solution to the Western Basin decant conundrum. Mining by a number of different mining houses in this basin in the Randfontein area of Gauteng over the past century has left behind numerous underground shafts and cavities which have filled with water since the cessation of mining operations. The gold-bearing ore that is exposed to water and oxygen during the filling of these voids, combines to create a sulphuric acid solution, known as acid mine drainage (AMD), which has the potential to be discharged into the surrounding water courses at an annualised average daily rate of 15Ml. In line with directives from DWAF and its policy to act as a responsible corporate citizen, Harmony has been striving to develop and implement an effective and sustainable solution to this environmental challenge.

Since 2002, as an interim measure, Harmony has been efficiently managing the decanting and treatment of the water that has been emerging from these dis-used as it surfaced mines within the Randfontein operation's boundary. However, the increasing risk of below surface seepage of AMD into aquifers prior to treatment, threatening both the local environment and the potable water available to local communities, has led to the implementation of more stringent measures and the establishment of the West Basin Environmental Corporation (WBEC).

Established in February 2007, WBEC is a Section 21 water company, run by a management committee with representatives from the three mining companies concerned, Harmony, Mintails SA and DRDGOLD. Since this co-operative agreement Mogale Gold/West wits has commissioned a similar interim water treatment plant which operates in parallel to and compliments the Harmony plant. This has the effect of increasing the

overall interim treatment capacity of the WBEC as a whole.

Through a further management agreement with Western Utilities Corporation (WUC), a separately formed utilities company, WBEC has started to implement a sustainable solution consisting of the following:

- pumping contaminated water from the Western Basin to a central WUC treatment plant;
- removing the contaminants to deliver industrial water; and
- capitalising on an untapped market by on-selling the industrial/portable water to high-volume users, possibly platinum mines but also the established water utilities.

Jaco Schoeman, CEO of WUC, states, "It is important to stress that although none of the mining houses involved in WBEC will profit financially from the treatment and selling of AMD, all will ultimately benefit from its success by being able to implement closure strategies for their mining operations."

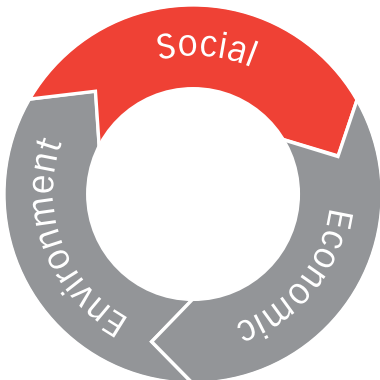
At present, three pilot plants have been constructed and are operational. Offtake agreements are expected to be secured by December 2008, with the design in March 2009 and construction of the commercial plant and infrastructure to be completed and in full production by December 2010.

"This is a bold and creative response to a serious environmental challenge," says Schoeman, "and we are confident that not only can WBEC/WUC provide a sustainable solution to the issue of contaminated water in the Western Basin, but that the same solution can be rolled out elsewhere, in South Africa and around the world, to effectively overcome the damage inadvertently caused by mining activity."

Social performance



Hidden Valley, Papua New Guinea



The social dimension of sustainability concerns the impacts the company has on the social systems in which it operates. In line with GRI, Harmony has identified the key indicators of its performance in this area in respect of safety and health, labour practices and human rights, HIV & AIDS and corporate social responsibility and local economic development.



Bambanani, South Africa



Safety and Health Sustainable Development Priority

Key features of FY08

- 21 fatalities
- LTIFR improves by 16%
- FIFR improves by 18%

Safety

The provision of safe and healthy workplaces remains a key priority for Harmony, as does the elimination of all workplace injuries, and this has been an important area of focus during the year.

Safety management

Oversight of safety performance and high-level setting of targets is undertaken by the Sustainable Development Committee, a subcommittee of the board. Safety management on a day-to-day basis is the responsibility of mine management, supported in a strategic sense by the corporate team. In line with the company's key objectives for the year, a significant amount of attention was directed towards safety management, with some positive outcomes being delivered. Initiatives instituted during the year formed an integral part of the company's restructuring and refocusing strategy, and also part of the broader transformation of the workplace.

The commitment to zero fatalities stretches from the chief executive officer of Harmony to every level of the company with a persistent, deliberate and consistent safety awareness effort, and this is communicated to employees on a regular basis.

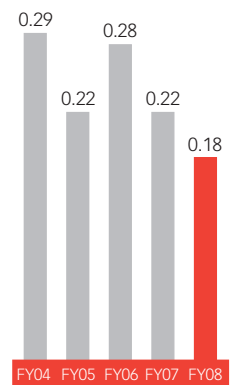
In South Africa the second round of a comprehensive safety auditing programme (first reported in FY07) was completed in June 2008. These audits looked at the physical workplace, compliance with fall of ground regulations, shafts and metallurgical processes (specifically in relation to compliance with the Cyanide Code).

Key non-negotiable principles that have been identified and communicated to management and employees alike include:

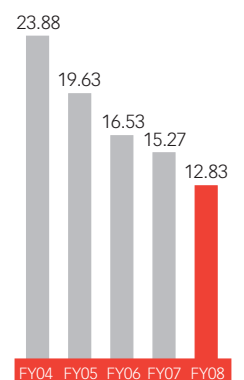
- management to lead by example;
- continuous verbal communication with all team members;
- visible creation of awareness of safety-related issues;
- reward and recognition safety achievements; and
- the involvement of all stakeholders.

Also in South Africa, implementation of the OHSAS18001 occupational health and safety management standard is progressing well. It is planned that the system will be fully implemented in FY09.

FIFR – (per million man hours worked)



LTIFR – (per million man hours worked)



Significant safety achievements recorded during the year:

Target – 3.5 years without a fatal accident
 Joel – 1 year without a fatal accident

1.75 million fatality-free shifts:

Brand 3 on 18 November 2007
 Brand, Unisel and St Helena on 13 October 2007
 Tshepong on 24 November 2007

1.5 million fatality-free shifts

Winkelhaak, Evander 7, 8 on 26 March 2008
 Tshepong on 21 September 2007

1.25 million fatality-free shifts

Target on 1 April 2008
 Evander 8 on 17 April 2008

1 million fatality-free shifts

Evander 8 on 7 November 2007
 Winkelhaak, Evander 7, 8 on 15 November 2007

Social performance (continued)

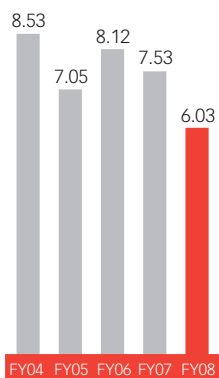
Social performance indicator.
Labour practices & decent work:

LA7: Rates of injury, occupational diseases and absenteeism



Bambanani, South Africa

RIFR –
 (per million man hours worked)



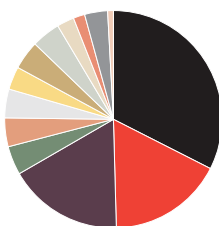
Safety performance in South Africa

It is with deep regret that the company reports that 21 employees died in mine-related accidents during FY08. The board and management extend their condolences to the families and colleagues of those who have died. Their names and details are recorded on page 23.

The primary causes of fatal accidents were gravity-related falls of ground (38%), seismic-related falls of ground at 19% and trucking related accidents (19%). Thus, the top three causes are responsible for 76% of all fatal accidents.

Notwithstanding the tragedy of these fatal accidents, Harmony recorded its best ever overall safety performance. The group's FIFR was 0.18 per million man-hours worked for the year, an improvement of 18% when compared with 0.22 in FY07, while the LTIFR was 12.83 per million man-hours worked (FY07: 15.27), an improvement of 16%. The Reportable Injury Frequency Rate (RIFR) decreased by 20%, from 7.53 per million man hours in FY07 to 6.03 in FY08.

Causes of fatal accidents (South Africa) (%)



- Falls of ground (gravity) 38%
- Falls of ground (seismic) 19%
- Trucks and tramming 19%
- Slipping and falling 5%
- Rolling rock 5%
- Scrapers, rigs and ropes 5%
- Falls from height 5%
- Inundation 4%

In FY08, a total of 42 812 shifts were lost as result of occupational injury (FY07: 55 661).

Harmony has committed itself to achieving the mining industry milestones in respect of safety performance. These industry milestones have been agreed by industry leaders, in conjunction with the DME and labour unions.

One of the most serious safety events faced during the year was the accident at Elandsrand on 3 October 2007, when more than 3 000 people were stranded underground following the fall of a compressed air column into the shaft. The fact that not a single life was lost and no single serious injury was recorded is testimony to the way in which the company's officials, unions and employees worked together to resolve the situation. See page 25.

The company acts in compliance with the South African Mine Health and Safety Act (MHSA). An important part of this Act is the requirement that all parties represented in the workplace—management, labour and government, work together in accordance with the requirements of the Act and also in directing safety and health policy and its implementation. Safety and health committees, constituted in line with the Act, ensure that employees actively participate in safety and health management through the appointment of full-time health and safety representatives and part-time safety and health stewards. These committees meet on a regular basis and consider and direct matters such as the provision of personal protective equipment (PPE), participation of worker representatives in safety audits and investigations, training and education, grievance mechanisms, the right to refuse unsafe work and the setting and achievement of targets and performance. These matters are also catered for in formal health and safety agreements that are in place at all operations.

Harmony estimates that upwards of 75% of the group's workforce in South Africa participates in formal joint management-worker health and safety committees that help to advise on occupational health and safety programmes. Elected representatives represent the workforce on the committee. Around 89% of the



Hidden Valley, Papua New Guinea

Social performance indicator.**Labour practices & decent work:****LA9:** Health and safety topics covered in agreements**LA6:** Percentage of workforce involved in safety and health

company's South African workforce is unionised with a further 4% represented through the collective bargaining fund.

Safety performance in PNG

At Hidden Valley, safety performance was greatly improved by year-end. Weekly site inspections and the development and roll-out of several training and proficiency programmes have assisted in this, despite the significant mobilisation of construction contractors with limited internal safety systems.

Risk registers were developed across the site and a combined construction and operations safety management plan was implemented progressively during the year. Emphasis is being placed on the development of a robust safety culture, with an initial focus on hazard identification and rectification. An important feature of the programme is the monitoring and evaluation of serious potential incidents.

The major areas of risk identified and addressed during the past year are non-compliance with procedures, fit-for-work issues (such as alcohol, drug use and fatigue), access and site road conditions and geotechnical risks that may present a risk to traffic and infrastructure. Plans and processes to address each of these risks have been introduced. It is expected that other risks will be identified in FY09 as the operational phase builds up, and that these will be identified and addressed.

The LTIFR at Hidden Valley improved by 71% during the year, while the Medical Treatment Injury Frequency Rate (MTIFR) improved by 56%.

The Wafi camp and exploration programme has delivered an excellent safety performance, recording four years of work without a lost time injury. The emphasis on safety has increased with the appointment of a new drilling contractor, and the appointment of a Wafi emergency services co-ordinator.

In Memoriam

Date of death	Name	Age	Occupation	Mine
24 Jun 2007	Antonio Moiane	53	Scraper Winch Driver	Cooke 1
30 Jun 2007	David Motumi	40	Winch Driver	Elandsrand
26 Aug 2007	Nelson Tsambe	25	Miner's Assistant	Cooke 1
3 Oct 2007	Poti Makatla	50	Team Member	Bambanani
10 Oct 2007	Likhetso Lesafa	36	Loader Driver	Phakisa
12 Nov 2007	Tsietso Mabesele	45	Team Leader	St Helena
23 Nov 2007	Peter Guy	35	Developer	Elandsrand
26 Nov 2007	Peter Maanela	55	Driller	Brand 3
1 Dec 2007	Mzulelewa Chemane	43	Winch Driver	Bambanani
8 Dec 2007	Morane Maqachela	47	Driller	Tshepong
10 Dec 2007	Rakeletso Sello	43	Water Jet Operator	Tshepong
20 Feb 2008	Solomon Moqohho	28	LHD Operator	Doornkop
26 Feb 2008	Namhlanje Mahlamvu	45	Team Member	Bambanani
	Kopiso Khonyane	44	Winch Driver	
27 Feb 2008	Sakhephi Changi	46	Driller	Elandsrand
	Stofol Chaka	36	Driller	
17 Mar 2008	Willem Moseme	45	Driller	Masimong
1 Apr 2008	Henrique Mabunda	35	Loco Operator	Evander 7
4 May 2008	Phillip Zigana	51	Winch Driver	Cooke 3
7 May 2008	Samuel Ntsekhe	41	Loader Operator	Brand 3
13 May 2008	Isaac Matsebula	48	Rock Drill Operator	Cooke 3

Social performance (continued)



Graham Briggs (CEO), Braam van Zyl (Doornkop GM) and Modise Motloba (Sustainable Development Committee Chairman) at the safety awards function, South Africa



Tom Smith, (COO, South Region) at the safety awards function, South Africa

Harmony awards recognise safety performance



Graham Briggs (CEO) and Kennedy Moagi (Joel GM) at the safety awards function, South Africa

In August 2008, Harmony's CEO and the chairman of the group's Sustainable Development Committee, along with key members of management and union representatives gathered to celebrate the group's safety achievements during the year. The recognition of good performance in respect of safety is a key area in the implementation of Harmony's safety strategy.

At the function, Harmony CEO Graham Briggs said "Every safety victory should be celebrated."

The star performers for the year were as follows:

Category 1 – Best safety improvement – (underground operations)

- Winner – Joel
- Position 2 – Doornkop
- Position 3 – Bambanani

Category 2 – Best safety performance – underground

- Winner – Phakisa
- Position 2 – Joel
- Position 3 – Doornkop

Category 3 – Best improvement – fall of ground accident frequency rate

- Winner – Doornkop
- Position 2 – Masimong
- Position 3 – Bambanani

CATEGORY 4 – Best safety performance (metallurgical plants and surface operations)

- Winner – Free State Surface sources
- Position 2 – Randfontein Surface operations
- Position 3 – Free State One Metallurgical Plant

Elandsrand shaft incident – a turning point for safety



Elandsrand, South Africa

The compressed air pipe burst two pipe lengths below the shaft collar of the Elandsrand gold mine shortly after daybreak on Wednesday 3 October 2007. It was the busiest time of the morning: 3 200 miners were already underground on shift and others, were waiting on surface to be transported below. It was to be one of their longest days, but a day that would underscore the efficacy of the Harmony group's safety procedures and that would provide pointers to improving safety. It was a day that would be remembered for the greatest successful rescue of people from an underground operation.

The pipe ruptured just below the shaft collar on the mine's main shaft. Compressed air at 500kPa ruptured the 700mm diameter pipe column and the force exerted against the sidewall pulled three pipes free of their supporting straps and brackets. These pipes then fell down the shaft damaging shaft infrastructure (steel work) and all power supplies installed in this shaft. The main damage was confined to the first 800 metres of the shaft, just above 29 level.

No injuries were reported, and the first response was to bring the people who were underground to surface. There were two ways – through the mine's old working to an adjacent mine run by AngloGold Ashanti or through Elandsrand's own rock-hoisting (RV) shaft, which would be a time-consuming process.

After establishing the escape route to be used, all the focus was on restoring the power supply to the underground workings. Water and medical supplies underground were adequate and the ventilation sufficient. The miners could be brought to surface in a cage attached to the rock hoisting ropes. Carrying only 75 people at a time, each journey to surface would take 15 minutes as the most stringent safety precautions

were being observed. Following all the preparatory work, the evacuation through the RV shaft would take 21 hours in total.

Why did the pipe burst? Subsequent examination of the ruptured pipe by the CSIR showed that the thinning was due to a combination of erosion through water droplets in the compressed air and corrosion. The excessive thinning at the rupture point was on the side adjacent to the shaft sidewall and could not have been detected during the scheduled weekly examination of shaft equipment. However, a complete scan of the pipe has provided new guidelines on the frequency with which thickness scans should be carried out and with which pipe replacements should be scheduled.

A risk assessment of the means and routes of evacuating miners indicated that Harmony's emergency procedures were satisfactory. Nevertheless, additional emphasis has been placed on emergency preparedness training, and the group has prepared a revised Code of Practice for emergency preparedness.

A schedule to install additional electrical cabling to take emergency power to underground pumps, winders, fans and refrigeration plants has been implemented and fresh drinking water tanks have been placed underground to provide drinking water in case of emergencies.

This was a significant event at Harmony. It provided impetus for increasing safety and health awareness, and a focal point for the newly instituted safety programme. Most importantly, though, it showed the ingenuity and resilience of Harmony's employees, and the way in which management, government and unions could work together as one in the interests of safety.

Social performance (continued)

Social performance indicator.
Labour practices & decent work:

LA7: Rates of injury, occupational diseases and absenteeism



Target, South Africa

Key features of FY08

- 43 814 medical surveillance examinations undertaken in South Africa
- Increasing occupational health and primary health care support in PNG, including malaria initiative

Health

Ensuring and protecting the health of employees is an important strategic objective of the company.

Health management in South Africa

Harmony's health management programmes are aimed at providing access to good quality health care at company-managed facilities or at third-party service providers as appropriate.

In South Africa, the company owns and manages three private hospitals, including three private pharmacies. These hospitals have casualty departments which provide 24-hour emergency services to local communities as well as to the company's employees. Harmony's approach is to develop and implement an integrated health care solution. The group is in the process of commissioning a computerised management information system which will be used to monitor, among other things, the wellness of employees so as to support this strategy.

Harmony has a comprehensive medical occupational surveillance system in place that caters for all employees. While the company's aim is to ensure and promote the overall well-being of employees, this programme pays specific attention to potentially high-risk occupational illnesses. In South Africa, the most significant occupational diseases are occupational lung disease (OLD), a particular threat to employees working underground where silica dust is present, and noise-induced hearing loss (NIHL).

Pulmonary tuberculosis (TB) is highly prevalent in South Africa and is also an occupational risk to silica-exposed employees. TB is closely associated with HIV, as the

weakened immune system increases the likelihood of opportunistic infections. While HIV & AIDS is not an occupational disease, it does present a significant health risk to employees and their families. Harmony's comprehensive response to the pandemic is dealt with on page 39.

Harmony has committed to achieving industry health milestones in respect of NIHL and silicosis.

Occupational health statistics are collated and reported in accordance with the requirements of the MSHA, whose reporting protocols of which are aligned with international standards such as the International Labour Organization (ILO) Code of Practice on the Recording and Notification of Occupational Accidents and Diseases.

Regular occupational medical surveillance examinations are required by the Act and are undertaken by Harmony on engagement, periodically (usually annually), and on exit from the company's employ at the company's occupational health centres or at occupational health centres close to operations. The in-house centres are the Ernest Oppenheimer Hospital in Welkom, the Phumlani Occupational Health Centre in Randfontein and the Winkelhaak Hospital at the Evander Mine. Should an employee be found to have a classified occupational disease, the company submits, on the employee's behalf, the employee's details to the Medical Bureau for Occupational Diseases (MBOD). The MBOD is a statutory body, responsible for certification and compensation in terms of the Occupational Diseases in Mines and Works Act, 1973, to which Harmony contributes.

In FY08, a total of 43 814 medical surveillance examinations were undertaken, an increase of 19% compared with the prior year owing to better administrative controls being introduced during the year. These were made up of 2 258 initial examinations (new employees), 36 972 annual examinations and 4 584 exit (end of service) examinations.

Auditing of the health functions was introduced during the year, in compliance with the South African Society of Occupational Health protocols, and several areas for improvement were identified. A programme for the annual auditing of the occupational health services has been implemented.



Safety and health
Sustainable Development
Priority

Elandsrand, South Africa



Wafi, Papua New Guinea

Social performance (continued)

Health performance in South Africa

It is known that exposure of employees to noise levels above 85 dB(A) over an extended period of time may lead to a loss of hearing. In response to this risk, Harmony's noise management strategy addresses engineering controls (to limit noise levels through silencing or the installation of equipment that emits lower levels of noise) and the provision of personalised hearing protection devices (HPDs) to employees who are at risk. The accumulative total of HPDs issued by year-end was of the order of 24 000.

During FY08, work continued on silencing noisy equipment with a focus on the silencing of noisy fans and the installation of rock drill mufflers. By year-end, 86% of all noisy fans had been silenced and 95% of all rockdrills had been muffled. It is estimated that some 17 000 employees are exposed to noise levels of between 85 and 105dB(A).

In FY08, 2 315 diagnostic audiograms were performed by the company (FY07: 957), with 732 cases submitted for possible compensation (FY07: 524). During the year, 552 employees received compensation from the Rand Mutual Assurance (RMA) company, which is an industry-funded body (FY07: 321). Underlying these statistics is an increasing trend: 11 cases per 1 000 at risk, employees in FY08, as opposed to five cases per 1 000 at risk employees in FY07. This is a result of increased administrative controls on surveillance, and increased efforts at case-finding with a 142% increase in diagnostic audiograms undertaken in support of the company's commitment to the industry targets.

Silicosis is linked to long-term, exposure to silica dust, which is found in the deep-level underground mining environment in South Africa. Silicosis is also linked to increased susceptibility to TB.

Measures to prevent exposure to silica dust include the implementation of sound ventilation principles, designs and practices; comprehensive watering down procedures; wet-drilling; dust suppression, using equipment such as water spray filters, and cyclones; low-velocity ventilation over conveyor belts and increasing the time between blasting and re-entry to the workplace.

Dust respirators are issued to employees at high risk of exposure and formal training is provided to all employees on an annual basis regarding airborne pollutant exposure and the subsequent associated health effects.

In FY08, Harmony submitted 1 041 cases of silicosis to the MBOD and 139 cases of silico-tuberculosis. In FY07, the comparable statistics were 1 244 and 121 respectively. During FY08, the MBOD certified 407 cases as silicosis and 212 cases as silico-tuberculosis, with the prior year's statistics being 241 and 42 respectively. The statistics are not an accurate reflection of year-on-year performance

mainly owing to the large backlog of cases being processed by the MBOD (as long as two years) and the increased sensitivity to screening of the digital x-ray images introduced during the prior year.

Harmony has a comprehensive TB control programme in place, aligned with the guidelines of the World Health Organization (WHO), which includes early case finding, Directly Observed Therapy (DOT), short-course chemotherapy, and a radiological TB screening programme.

In FY08, 1 733 new cases of TB were submitted to the MBOD (FY07: 1 753), while 993 case were certified by the MBOD (FY07: 434). Again, there is a clear backlog in processing by the MBOD and comparisons of certified cases are not meaningful.

Health management performance in PNG

The Hidden Valley Medical Centre saw a rapid increase in the use of its services during FY08, with some 16 661 consultations by year-end. This reflects the increasing number of employees and contractors on site. The primary illnesses treated were 4 600 (28%) for upper respiratory tract infections, 2 207 (13%) muscular skeletal injuries/illnesses, 1 867 (11%) general body ailments, 1 866 (11%) for malaria, 1 527 (9%) for skin conditions and the remainder (28%) for all other ailments. A malaria awareness campaign was introduced during the reporting period, with testing to promote early diagnosis and effective treatment was introduced on site.

The Wafi community medical support function continued to provide an important service during the reporting period to both employees and community groups. In total 7 434 people were treated by the clinic. Of this number 30% were treated for malaria, 25% for upper respiratory tract infections, 20% for skin diseases, 15% for general body ailments and 10% for all other ailments. Of the total (7 434), 35% were employees and contractors and 65% were from the local community. This clinic also supports community health through immunisation and vaccination campaigns.

The Wau community medical support function also provides support services to employees and the local community. This medical facility saw a total of 2 664 patients during the reporting period, mainly suffering from malaria and upper respiratory tract infections.

As part of the company's drive to combat malaria, more than 1 000 mosquito nets have been issued to Wafi-Golpu, the exploration camps on the Morobe coast and support has been given to PNG communities. The company offers free malaria screening to all employees and contractors, and if a positive test is identified, the infected person is counselled on the effects of malaria and treatment is offered. A malaria education programme was conducted during the year.

**Social performance indicator.
Labour practices & decent work**
LA1: Total workforce

LA2: Employee turnover

LA3: Benefits provided to full time employees

LA4: Collective bargaining

LA5: Minimum notice period regarding significant operational changes

Labour practices and human rights

Key features of FY08

- 48 676 people employed, including 41 521 employees and 7 155 contractors
- Significant decrease in South African workforce – 7 390 employees opted for retirement/voluntary retrenchment and 13 101 employees transferred within the company
- R35.5 million spent on training and development in South Africa
- 9% women in South Africa; 6.2% in core mining disciplines
- 45% of PNG workforce are locals or landowners

Management of human resources

The management of people is an integral part of the line management of the operations, although this is guided by group policies and practices and a central human resources and labour relations function. Given the specific imperatives of the South African mining industry, the attraction, retention and development of HDSAs and women is a priority. A similar situation exists in PNG, where emphasis is placed on the recruitment of landowners and locals.

The Empowerment Committee of the Board meets on a quarterly basis and is responsible for monitoring

Employment statistics, as at 30 June

	Employees		Contractors		Total	
	FY07	FY08	FY07	FY08	FY07	FY08
South Africa	47 431	40 729	7 019	6 309	54 440	47 038
Australia	251	43	408	–	659	43
PNG	444	749	190	846	634	1 595
Total	48 126	41 521	7 617	7 155	55 733	48 676

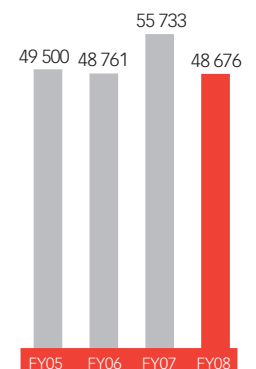
progress on employment equity and transformational issues. At mine level, employment equity committees have been established as part of the Human Resources Development Committees, and meet with unions on a monthly basis.

Employment

Harmony is a significant employer in the mining sector in South Africa and will, over the next few years, be a growing employer in PNG as the project proceeds to full production. At the end of June 2008, Harmony's total employee complement was 48 676 (FY07: 55 733), made up of 41 521 permanent employees (85%) and 7 155 contractors (15%). This significant decrease, of 7 390, in the South African employee complement (employees and contractors) is as a result of the closure and sale of operations and the cessation of continuous operations (Conops), which are detailed in the annual report (at www.harmony.co.za). The PNG workforce increased significantly during the year under review, to 1 595 people, of whom 846 (53%) were contractors. The net permanent employee change for the group for the year was a labour turnover rate of 14%.

The decrease in employee numbers in South Africa was largely achieved by offering early retirement and voluntary retrenchment. A further 13 101 employees were transferred from closing operations, mostly to the new projects as these came into production (the transfer of contractor employees is not recorded). The high labour turnover was also affected by a severe skills shortage in the industry, particularly in respect of skilled personnel and supervisors (artisans, foremen, shift bosses) and the professional and middle management level. The loss of these skills not only affects production and project planning, but also has an impact on the company's ability to meet the Mining Charter targets in respect of HDSAs in management and women in mining. A rigorous recruitment drive has been undertaken, and will continue in FY09.

Number of employees – (including contractors)



Social performance (continued)

Social performance indicator.	
Human rights:	
HR5:	Freedom of association and collective bargaining
LA13:	Composition of workforce in terms of diversity

Economic performance indicators:	
EC3:	Coverage of defined benefit plan obligations

Harmony's human resources systems and processes are designed to recognise and reward performance. A particular emphasis of the 'back to basics' approach adopted during the year is the empowerment of people and a focus on team-building and team-based decision-making. In South Africa, benefits, conditions of service and salaries for a large majority of the workforce are governed by legislation or collective bargaining agreements, and are provided to all employees.

Benefits in addition to salaries include leave, annual or performance bonuses, housing, medical aid, provident and pension funds. Share incentive schemes are in place for members of management.

The company's liability in terms of pension funds is limited to its annually determined contributions, while provident funds are funded on an accumulation basis through employer and employee contributions fixed when the funds were constituted. Employees in PNG also participate in defined contribution arrangements. Full details of retirement benefit obligations can be found in the Annual Report.

SLPs have been developed for each of Harmony's South African operations. Collective social plan activities are undertaken by the Future Forums which have been set up at each operation.

The attraction and retention of key employees continued to be a critical area in PNG, and a range of initiatives including bonus, incentive, housing and savings schemes have been implemented to address the attraction and retention issue.

Labour and management relations

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

The minimum notice period regarding significant operational changes is regulated by recognition

agreements, industry agreements and legislation, and varies depending on the issue at hand. The minimum notice period required in respect of organisational change affecting 50 or more employees is governed by the Labour Relations Act in South Africa. Section 189A of the Act allows for a 60-day notice and consultation period regarding any proposed restructuring or organisational change.

Harmony fully embraces employees' rights to freedom of association and fully supports the process of collective bargaining, at mine, company and industry levels. There are three major unions recognised by Harmony in South Africa. They are the National Union of Mineworkers (NUM), the UASA and Solidarity. Around 87% of the company's South African workforce is unionised, with a further 5% covered by collective bargaining agreements. The current year saw the second of a two-year wage agreement made with the major unions in FY07. The next round of wage negotiations is expected to take place in June 2009. Currently, there is no union participation in operations in PNG.

There were no group-wide strikes or work stoppages related to company matters in South Africa during the year. There were however, two national one-day strikes involving Cosatu, in protest at high inflation and electricity supply.

Two strikes took place at Harmony's PNG operations in FY08:

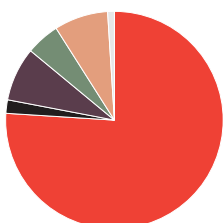
- In the first, at the Hidden valley operation in May 2008, industrial action escalated into violent actions between and by employees and in which the company intervened; and
- In the second, at the Wafi site in April 2008, local landowners claimed a bias in the company's recruitment practices. An independent inquiry into hiring practices indicated that the accusations of bias were unsubstantiated.

These strikes did not have a material impact on the projects' schedules.

Diversity and equal opportunity

In South Africa, Harmony reports its employment equity plan and progress made against this plan on an annual

Union representation at South African operations (%)



NUM	77%
Solidarity	2%
UASA	9%
Collective bargaining fund	4%
No union	7%
Other	1%



Masimong, South Africa



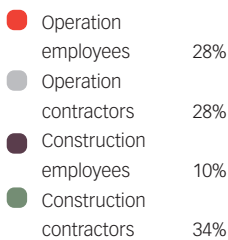
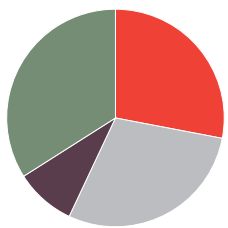
Bambanani, South Africa



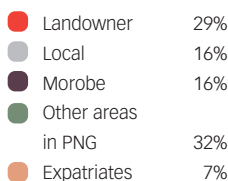
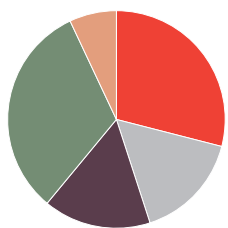
Elandsrand, South Africa

Social performance (continued)

Breakdown of employees at Hidden Valley, PNG (as at June 2008)



Origin of employees at Hidden Valley, PNG (as at June 2008)



basis to the Department of Labour and the DME. Employment equity is guided by employment equity legislation and the MPRDA.

The objective of employment equity legislation is the promotion of equal opportunity and fair treatment through the elimination of unfair discrimination and the implementation of affirmative action measures to redress the imbalances of the past. The Mining Charter requires that HDSA employees make up 40% of management by 2009. At the end of June 2008, the representation of HDSAs in management (defined as Paterson D, E and F) for the period ended June 2008 was 31%. (See the table below for further detail).

Further, the Mining Charter requires that 10% of the total workforce be made up of women by 2009. At the end of June 2008, there were 3 578 women in the group (9%), with 2 264 in core disciplines (that is mining, metallurgy, engineering and ore reserve management), which is 5.6% of employees. In FY07 3 704, or 7.8% of the workforce of the total workforce were women. (See table on page 33 for further detail).

Among the measures taken to accommodate women in the underground mining environment are adaptation and renovation of accommodation and change-house facilities, and empowerment workshops which enable women at all levels to take an active role in managing their careers and enhancing their professional development. Sexual harassment policies and pregnancy policies have been put in place.

While it is Harmony's intention to draw employees from local communities as far as this is possible, the company does not discriminate against foreign labour. Foreign labour (that is, employees whose permanent residence is outside South Africa) at Harmony's operations currently comprises 31% of the total workforce, against 32% in FY07 and 38% in FY06.

Employees in PNG are largely drawn from local landowner groups and it is the company's intention to employ as many locals as possible. Expatriate and contractor employees are only employed when needed for specialist knowledge or skills. At the end of June 2008, 110 expatriate employees were employed by PNG operations – 6.8% of the workforce. This process is guided by the Memorandum of Agreement (MOA) between the Landowner Association, government and the company. In terms of this agreement, preference is given to local and landowner candidates. At the end of June 2008, 45% of the total workforce were local and/or landowners; if the construction employees are excluded (as they are often drawn from outside of the region due to specialist skills and for short durations) then this number rises to 57%.

The Training and Localisation Plan submitted by the company to the PNG Department of Labour and Industrial relations provides for a process whereby key technical and managerial roles filled by non-citizens are progressively occupied by PNG nationals. The objective is to operate the mine initially with a workforce comprising 8% non-citizens, with this figure falling to 4% within four years. Currently, this figure is 6.8%, including the construction crew, and 3.5% excluding the construction crews, indicating that Harmony will meet its post-construction targets.

At Hidden Valley, plans are in place specifically to address the gender balance of employees. In PNG, eight heavy equipment operator trainees who are women were recruited. Also, women landowners who were part of the construction team have been transferred to the open-pit operations, while ongoing aptitude tests of women landowners has been undertaken to establish a pool of available candidates. At the end of June 2008, 10% of the workforce in PNG were women, with a longer-term target of 15% in place.

HDSAs in management, as defined by the Mining Charter

Occupational Level	Band	Strength	Designated	Non-designated
Top management	F	10	3 30.0%	7 70.0%
Senior management	E	74	22 28.7%	52 70.3%
Professionals, mid-management	D	647	202 31.2%	445 68.8%
Total (D,E,F – Management)		731	227 31.1%	504 68.9%
Skilled technician, academically qualified, junior management	C	6 071	3963 65.3%	2108 34.7%
Semi-skilled & discretionary decision-making	B	25 020	24 942 99.7%	78 0.3%
Unskilled and defined decision-making	A	8 907	8 895 99.9%	12 0.1%
Total		40 729	38 027 93.4%	2 702 6.6%

	Economic performance indicator.	Social performance indicator.
	EC7: Local employment equity	Human rights:
	Social performance indicator.	HR7: Operations at risk of forced and compulsory labour
	Human rights:	HR9: Indigenous rights
	HR6: Operations at risk of child labour	LA14: Ratio of basic salary distribution

Group

Occupational Level	Band	Strength	Women	Women %	Men	Men %
Top management	F	10	1	10.0%	9	90.0%
Senior management	E	74	8	10.8%	66	89.2%
Professionals, mid-management:	D	647	77	11.9%	570	88.1%
Total (D,E,F - Management)		731	86	11.8%	645	88.2%
Skilled technicians; academically qualified;						
Junior management	C	6071	757	12.5%	5314	87.5%
Semi-skilled & discretionary decision-making	B	25020	1359	5.4%	23661	94.6%
Unskilled and defined decision-making	A	8907	1376	15.4%	7531	84.6%
Total		40729	3578	8.8%	37151	91.2%

There is no difference in salary scales for men and women within Harmony.

Human rights

Human rights are enshrined in the South African Constitution by which Harmony. As a company domiciled in South Africa Harmony is bound by the country's constitution in which Harmony is also bound by South Africa's endorsement of various International Labour Organization (ILO) principles relating to forced, compulsory or child labour. No contraventions of these principles were alleged or reported during the year, and no operations are deemed to be at risk in this regard.

Industrial action at the company's Hidden Valley operation in May 2008 escalated into violence directed towards non-Morobeans employees (that is, not drawn from the local Morobeans community). Through the mine's intervention, a negotiated settlement was reached and disciplinary action was taken against those involved in the violence that resulted in a number of employees having their service contracts terminated. The company further facilitated a reconciliation process, including the exchange of compensation between employees in line with the local restorative justice programme, and employees signed a declaration not to be involved in further violence.

Training and development

Significant resources are invested in the training and development of current and potential employees.

This is a particular area of great emphasis in light of an industry and country-wide shortage of engineering and artisanal skills.

In South Africa, initiatives range from Adult Basic Education and Training (ABET), skills development and learnership programmes, and the Harmony Bridging School, and the provision of bursaries and study assistance to current and prospective employees. A total of 32 019 employees in South Africa received training during the year. The group's training and development programme amounted to R35.5 million in FY08 (FY07: R109.9 million). Training is not reported in terms of average hours as this information is not deemed to be meaningful and is therefore not collated.

A number of employee training programmes have been developed in PNG, based on a skills matrix detailing the requirements of each project. A wide range of training courses was provided during the year. By the end of June 2008, 502 employees had received formal training – 86% facilitated by internal trainers and 14% externally sourced.

A great deal of emphasis has been placed on training landowners in the operation of heavy equipment. A total of 80 employees has completed training and has been certified as fully competent in the operation of haul trucks, dozers and a range of ancillary equipment. A particular strength of the programme has been the investment in a truck and excavator simulator, which ensured that the first trainees were those with the highest aptitude for heavy equipment operation.

Social performance (continued)

Social performance indicator.

Labour practices & decent work:

LA2: Employee turnover

LA3: Benefits provided to full time employees

LA10: Duration of training



Tshepong, South Africa

Literacy

The level of literacy in South Africa as a whole is an issue of concern, not only for companies but also for individuals wishing to develop and grow both at work and in their personal lives. Harmony estimates that some 71% of the workforce within designated groups lack literacy skills. To address this, ABET and Further Education and Training (FET), which are outcomes-based education programmes for adults wanting to begin or complete their basic education, are in place at all operations.

In line with the requirements of the Mining Charter, all employees have the opportunity to become functionally literate through company-sponsored education facilities. These resources include more than 100 ABET/FET facilitators and 72 classrooms across the South African operations.

Harmony has set an internal strategic target that its entire workforce should be literate by 2015 and has engaged with the NUM to make this a reality. An agreement between the company and the NUM, allows for around 3% of all employees to undertake full-time ABET classes at any one time and an additional 8% to participate in part-time ABET classes. Successful ABET students receive financial incentives as specified by the Mine Qualifications Authority (MQA).

The level of English literacy in PNG is estimated at 40%. During the year, an evaluation of adult literacy programmes in local communities was undertaken in conjunction with the Adventist Development and Relief Agency (ADRA). Based on this report, an approach for the delivery of adult literacy programmes is being developed.

Skills development plans

Skills development is a national and company priority. In South Africa, annual workplace skills development plans and training reports are submitted to the MQA each year and identify Harmony's future skills needs and training requirements. Training is conducted in line with the standards set by the National Qualifications Framework (NQF), largely at Harmony's in-house training centre, which is ISO 9001-accredited and meets the requirements of the MQA. Training is also undertaken by other accredited service providers

Training and development initiatives cover the core disciplines of mining, engineering and metallurgy, as well as safety and health. Emphasis is placed on skills development amongst HDSAs and women. Of the total number of South African employees who received training at the Harmony training centre during FY08, 91% were HDSAs and 9% were women.

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

Learnerships

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

As at the end of FY08, 390 learnership candidates (FY07: 498) were enrolled in mining (48.5%) and engineering (51.5%). Of the total number, 94.0% are HDSAs and 20.6% are women.

Graduate development programme

Harmony is maximising the opportunities presented by the South African Department of Labour's national Graduate Development Programme which is offered to unemployed graduates. The programme, run under the auspices of the MQA, was launched in 2005 to address the skills shortage in the sector and to assist in the transformation process.

The target group for the programme is young unemployed HDSAs who have completed degrees or diplomas in the scarce skills disciplines as identified in the MQA Sector Skills Plan. These include mechanical engineering, electrical engineering, electro mechanical engineering, mining engineering, jewellery design and manufacturing, metallurgical engineering, chemical



Elandsrand, South Africa



Hidden Valley, Papua New Guinea



Wafi, Papua New Guinea

Social performance (continued)

engineering and mineral processing, analytical chemistry, geology, environmental management, mine surveying and industrial engineering.

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

An additional four candidates were employed during FY08, bringing the total number represented at Harmony to 16. These graduates are employed in disciplines where there are scarce skills: engineering, ore reserve management and environmental management.

Bridging School

The Harmony Bridging School, established in 1996, is aimed at assisting historically disadvantaged matriculants to improve their final Senior Certificate results over a period of 10 months so as to enable them to further their studies or to obtain a tertiary qualification. The programme is open to candidates from the communities surrounding Harmony's operations, from labour-sending areas and to the dependants of employees.

A total of 20 students was selected for the programme in FY08, for the mining, engineering and payroll disciplines. Following their successful completion of the academic year in December 2008, these learners will be employed in their respective disciplines within the company.

Bursaries and study assistance programmes

In South Africa, bursaries in the fields of mining, engineering, geology, surveying, sampling, metallurgy and accounting are awarded annually to talented HDSAs who cannot afford a tertiary education. In FY08, 25 bursaries were awarded – all bursars are HDSAs and 26% are women.

In FY08, Harmony's PNG operations provided educational support to more than 460 primary and secondary schools, as part of a programme providing subsidies to employees on the one hand, and paying

school fees for the children of landowners on the other. Payments made under the landowner scheme require the achievement of certain academic results, thereby encouraging increased levels of education and commitment within the landowner community.

Also, as part of a workforce bursary support programme (which provides employees with assistance in achieving qualifications in tertiary level mining-related disciplines), four employees were enrolled during the year. Educational support programmes form an important part of the company's PNG localisation plan.

Accommodation and living conditions

Owing to the situation in South Africa where labour is drawn from outside the province of operation and from neighbouring countries, accommodation and nutrition are two areas specifically addressed by the Mining Charter. Harmony's housing strategy is to promote home ownership and the integration of mining communities into local structures. Housing forums are in place at all operations and provide the mechanism for employee consultation and involvement.

Some 17 778 employees (43.7% of the workforce) reside in hostels. The company is currently addressing infrastructure improvement and meeting employees' stated preferences for enhanced privacy and quality of life by achieving lower room densities through hostel upgrading and conversion. Harmony plans to reduce hostel room occupancy to two people per room over the next five years. Around 3 853 employees (9.5%) reside in company-owned or subsidised homes, while 17 072 employees (42.0%) choose to receive living-out allowances. Catering at all hostels is overseen by qualified dietitians. Menus are aligned with recognised guidelines and updated regularly.

The provision of housing in Lae and Wau is being planned, and approval sought from the relevant PNG authorities. The Lae facility (if approved) will be constructed by a third-party company. The company is currently assessing the viability of using company-owned land in the township of Wau for the benefit of Morobe and landowner employees, in an effort to attract and retain employees.



Bambanani, South Africa



**HIV & AIDS
Sustainable Development
Priority**

Key features of FY08

- 16 702 VCT tests undertaken in FY08
- 3 461 employees in wellness programme
- 2 948 employees receiving ART

HIV & AIDS

Harmony has developed a comprehensive and appropriate response to the HIV & AIDS pandemic over a number of years. The management of HIV & AIDS is seen as a critical component of Harmony's approach to sustainable development, and is incorporated in the Sustainable Development Committee's charter.

The management of HIV & AIDS

HIV & AIDS is managed at three levels at Harmony: at a clinical level the symptoms of the illness are managed by the health services; company-wide and mine-specific campaigns in respect of HIV & AIDS, and group policy and practice are overseen by a specialist health care professional. Information and education campaigns, and the workplace effects of the disease are managed as part of the mine-based operational structures.

Key to the company's success is the confidentiality of information relating to HIV & AIDS, and this is a foundation of the company's agreement with the unions. Grievance and disciplinary procedures are in place and no grievances or complaints were raised during the year.

Progress was made in the appointment of a health care practitioner who is also registered as a traditional healer in terms of the Traditional Health Practitioners Bill. The practitioner who will be retained by Harmony on a part-time basis to provide traditional health services to employees who request this and also to provide an advisory service to management, particularly in addressing education campaigns and the complementary benefits of traditional and modern health care practices.

Performance in respect of HIV & AIDS performance

The group estimates that the HIV prevalence level amongst employees is in the region of 30% (in line with prevalence levels in local populations). No prevalence testing may be undertaken by law and Harmony's estimates are based on best available state information and empirical modelling undertaken for the company in FY07. While this modelling suggests that prevalence levels will decline over the next 10 years, it is likely that, in the short-term, prevalence levels have increased as more employees are staying well and employed with the introduction of anti-retroviral therapy (ART).

Information and education are vital elements of the group's prevention campaigns. Supervisors receive regular training in issues related to managing HIV & AIDS in the workplace, and HIV & AIDS awareness is incorporated into induction training for all new employees. Peer educators play an important role in these education campaigns as do as employees living openly with AIDS, who serve as role models for the wellness programme. A high labour turnover (as a result of restructuring) resulted in a number of peer educators leaving the company during the year, and efforts are being made to recruit and train new peer educators.

Emphasis continued to be placed on the provision of Voluntary Counselling and Testing (VCT) and on encouraging employees to make use of these facilities. Harmony's approach, that HIV & AIDS is a chronic illness that can be managed as such (just like diabetes or hypertension), has had a positive impact on the response to VCT. The focus on early detection of the disease is important as early intervention greatly increases the likelihood of long and healthy lives for employees. Harmony has engaged an experienced service provider, the Careways Group, to deliver VCT to its employees. The programme has been designed to WHO standards and includes pre-test counselling, informed consent, a rapid test, post-test counselling (positive and negative results) and referral support, treatment and care.

Specifically, VCT supports the overall HIV & AIDS strategy by:

Social performance (continued)



Social performance indicator.
Labour practices & decent work:
LA8: Education, training, counselling, prevention and risk control programmes regarding serious illness

Recipients of Harmony HIV & AIDS interventions

	Education and training		Counselling		Treatment	
	Yes	No	Yes	No	Yes	No
Employees	✓		✓		✓	
Employees' families (local)	✓		✓			✓*
Employees' families (labour-sending areas)		✓	Yes, if they can travel to company's facilities and through Teba			
Communities	✓		✓			✓*

*Since April 2004, all government medical facilities offer wellness programmes and provide ART.

- identifying people who are HIV negative in order to emphasize the importance of not engaging in risky practices, thereby helping people to reduce the risk of acquiring HIV;
- identifying those who are HIV positive, encouraging them to modify their risk behaviour and reduce the transmission of HIV and assisting them delay the progression of the HIV disease to AIDS;
- providing access to preventative and curative care; and
- identifying HIV-positive employees for the purpose of providing them with the option of early access to medical care and ongoing social and emotional support.

By the end of June 2008, all but two Harmony mines (Bambanani and Masimong) had completed a first stage VCT drive; also by year-end, the Target, Joel, Tshepong, Randfontein and Elandsrand mines had completed a second round of VCT.

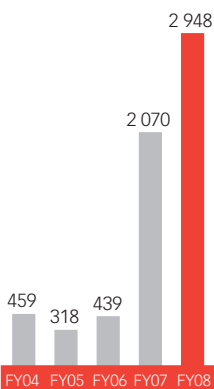
Following up on those who test positive and encouraging them to participate in the wellness programme is an important step in the process, and has been a key reason for the success enjoyed by the VCT campaign during the year. The approximate number of employees tested through the programme in FY08 was 16 700 (FY07: 3 750). The HIV test uptake ranges from 40% to 60% (with the exception of Masimong and Joel which recorded uptakes, respectively, of 24% and 28%). Contractors and other community members are able

to access the HIV testing and counselling during the drive. The drive is now being expanded to include a blood pressure test, glucose test, cholesterol, body mass index and a TB screening questionnaire in addition to the HIV test for employees. This expanded VCT drive started at Doornkop at the end of September 2008.

Condoms and femidoms (female condoms) are distributed at all operations and to people at risk in surrounding communities on demand. The company's target is to distribute, on average, 10 condoms per employee per month. The treatment of sexually transmitted infections (STIs) also forms part of the company's prevention programme, particularly as these treatment interventions are used as opportunities for education. Post-exposure prophylaxis is offered with appropriate counselling to rape victims and for the prevention of mother to child transmission, including the provision of ART for the newborn child.

Harmony's integrated wellness programme incorporates ongoing counselling regarding lifestyle choices and nutrition, as well as the treatment of opportunistic infections and ART. All Harmony employees have access to ART, either through the company's health care facilities or through private medical aid schemes (where these are appropriate). State-funded facilities in South Africa also provide ART and it is possible that some employees may seek treatment there because of the stigma associated with the disease.

Number of employees on ART





Target, South Africa



Phakisa, South Africa

The criteria relating to the CD4 count for the initiation of ART have been revised. Employees for whom this is indicated are now able to receive ART at a CD4 count of 350. Previously at Harmony, ART was initiated at a CD4 level of 250 (and an initiation CD4 count of 200 is used in state-funded facilities). By end June 2008, a total of 3 461 employees had registered for the company's wellness programme, with 2 948 employees receiving ART. There were 878 new entrants to the ART programme during the year. Eight employees have embarked on second line drug regimens, having exhausted the first line of medication or treatment.

It is understood that in FY08 some 166 employees confirmed with AIDS were separated from the company for medical reasons and 82 employees were confirmed to have died as a result of AIDS.

Harmony continues to fund a mining industry's home-based project, established in 2002 and run by Teba Development. The project provides care in the major labour-sending areas to former mineworkers who have retired as a result of ill health. The programme is aimed at training family members and volunteers in the provision of home-based care on the one hand, and in activities such as the growing of produce for food. The programme also provides a monthly home-based care kit to all ill, retired employees and other community members.

The project extends to Lesotho, Mozambique, Swaziland, as well as the Free State and Eastern Cape provinces. Although faced with challenges, such as poor roads and infrastructure, the great distances covered in rural areas and the difficulties associated with recruiting home caregivers, an increasing level of service is being delivered. Harmony co-funds, with other mining houses and the Department of Health, five community-based organisations (CBOs) that render mobile clinic services to communities with the main aim of reducing new infections in the areas where these organisations operate. The five CBOs are Lesedi-Lechabile in the Free State, Tswaragano in Westonia/Randfontein, Mothusimpilo in Carletonville, Powerbelt in Evander and Bambisanani in the Eastern Cape.

HIV & AIDS management in PNG

HIV & AIDS awareness campaigns, both for employees and for community members, are provided by the Wafi community support centre. VCT continues to be promoted at the PNG operations. HIV prevalence in PNG is estimated at 1.5%.

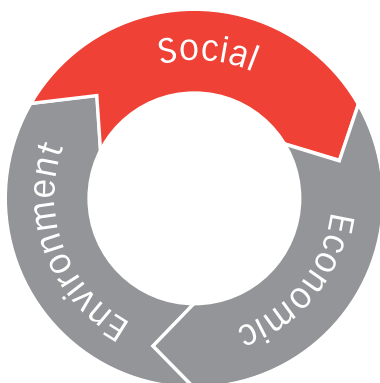
Local economic development and corporate social responsibility



Sustainable Development Priority



Jewellery school, South Africa



Fulfilling its responsibilities to the communities within which it operates and from which it draws its employees, is an integral part of Harmony's business ethos. Two broad categories of community development projects may be distinguished: local economic development (LED) and corporate social responsibility (CSR). Harmony's involvement in both LED and CSR is aligned with the objectives of governments, regional authorities and communities in PNG, in South Africa and labour-sending countries.

Key features of FY08

- R 19.6 million spent on corporate social responsibility and local economic development initiatives in South Africa
- Good progress was made with local economic development through NKW Holdings in PNG

South Africa

Corporate social responsibility

CSR projects are those that tend to be of national significance and fulfill Harmony's broader social development mandate. They are largely aimed at the youth and, in particular, education and training, as well as broader economic development. LED projects are those that are included in the company's SLPs and have an impact on a specific region or community. Harmony's operations have committed to a various LED projects in the SLPs in the first year of implementation (that is, 2008). In FY08, the group spent R19.6 million on CSR and LED programmes, with the main projects being:

- Students in Free Enterprise (SIFE) (see page 45);
- South African Maths Foundation (SAMF) (see page 44);
- Harmony Sports Academy (see page 47);
- Harmony Bridging School (see page 46); and
- Harmony Jewellery School (see page 42).

Harmony has identified the following areas for LED support in the mining and labour-sending communities:

- low-cost housing development;
- establishment of integrated, sustainable human settlements;
- development of small, medium and micro enterprises (SMMES);
- education infrastructure development;
- mining community bursary fund;
- internship programmes (to benefit students around mining communities);
- literacy and numeracy programmes and providing infrastructure to support this;
- agricultural programmes or small-scale farming programmes;
- community skills development – focusing on portable skills to enhance job creation;

- business or industrial development initiatives;
- job creation projects through environmental rehabilitation;
- health infrastructure development programmes;
- infrastructure for SMME and skills development;
- women and youth development programmes;
- beneficiation infrastructure development programmes;
- programmes for the promotion of jewellery design and manufacturing skills; and
- specific LED projects in the mining and labour sending communities in line with regional Integrated Development Plans (IDPs).

Alignment with governments, authorities and communities

Increasing emphasis was placed on the alignment of Harmony's initiatives with national and local government plans and the needs of communities. In South Africa, this is of critical importance in the implementation of the SLPs, particularly in ensuring alignment with IDPs.

During the year, representatives from Harmony visited Lesotho (the largest labour-sending area), and met with representatives from:

- Lesotho (largest labour-sending area),
- Free State Provincial Government,
- DME offices in the Free State, and Gauteng,
- Free State Education Department,
- Masilonyana Local Municipality, Free State,
- Matjhabeng Local Municipality, Free State,
- Lejweleputswa District Municipality, Free State,
- Johannesburg Metropolitan Municipality, Gauteng,
- Randfontein Local Municipality, Gauteng,
- West Rand District Municipality, Gauteng,
- Merafong Local Municipality, North West Province,
- Ratlou Local Municipality, North West Province, and
- Govan Mbeki Local Municipality, Mpumalanga.

Further, through Teba Development, one of Harmony's CSR and LED implementation agents, the company visited Mozambique and the Eastern Cape Province in South Africa. In FY09, visits will also be undertaken to Swaziland.

Local economic development and corporate social responsibility (continued)

The Harmony Jewellery School Project



The Harmony Jewellery School project in the town of Virginia was established in November 2000 as an initiative to regenerate declining economic activities in the Free State goldfields – identified as one of South Africa's poverty nodes.

The project, a joint partnership between the Harmony Jewellery School in the Free State and the United Nations Programme for Small Enterprise and Human Development (SEHD), focuses on training people from previously disadvantaged backgrounds in jewellery manufacturing, marketing and entrepreneurial skills.

Major stakeholders of the project include Harmony, NUM, the Free State Government, Matjhabeng Local Council, the Virginia Unemployed Labour Association (VULA) as well as the South African Department of Trade and Industry (DTI). The DTI facilitated funding from the Italian government, based on an agreement reached between Italy and the United Nations Development Project (UNDP) at the 1995 UN World Summit for Social Development. In addition to Harmony, other funding has been sourced from the Free State Tourism Department as well as from the DME at a national level. Harmony's support includes the provision of premises, transport and staff accommodation, as well as assistance when financial shortfalls occur.

Diploma course

In 2003, Harmony approached the Central University of Technology (CUT) of the Free State to become involved in the development of a higher education diploma course. This has enabled some 80 students from neighbouring communities and labour-sending areas, currently supported by bursaries from Harmony and the MQA, to follow careers in jewellery manufacturing and design.

Learnerships

A learnership programme was established in 2004 in association with the Goldfields FET College with the purpose of training learners on a NQF level 3 in jewellery manufacturing. This serves as a bridging facility for the National Diploma Course presented by CUT and provides the basic finishing skills required.

Since the project started in 2001, 59 students have been enrolled in the programme, with 37 taking the diploma course. Twenty students have successfully completed the course. In 2008, three students were awarded bursaries by the MQA and enrolled at the University of Johannesburg to study towards their B-Tech degree in Jewellery Design and Manufacturing. A further seven students will be enrolled in 2009.

Society performance indicator.**SO1:** Assessment of impacts on communities**Toropele Trust**

Another venture, the Toropele Trust, was initiated to further product development and capacity-building, with sector-specific development objectives. It involved the establishment of a 'hive system' incubator which will provide trainees with financial assistance to create middle- to high-end products for South African tourism outlets, as well as for markets in the United Kingdom, Europe and America.

Harmony and CUT have also signed an agreement with the Technology Human Resource Information Project (THRIP) under the auspices of the National Research Foundation for the development of a rapid prototyping facility and casting unit which will be located on the premises of the Harmony Jewellery School. It will support the establishment of a small hive with technological support to assist participants with the manufacturing of high-end market jewellery.

Phatsima

To help to link the participants to higher-end markets, Harmony has established the Phatsima brand (which means shine in Sesotho). To complement the branding process, CUT is in creating viable and exciting

packaging ideas for the forthcoming range. This is intended to facilitate and generate a sustainable product and brand that will in their turn help participants access high-end markets with their attractive profit margins.

To date, R60 000 has been raised by the students through the sale of jewellery to local markets. All funds received have been used towards the payment of consumables required to sustain and develop the Harmony Jewellery School.

Life skills

The project not only provide students with the opportunity to develop jewellery design and manufacturing skills, but also offers life skills training. This empowers students to be able to play a proactive role in determining their future.

As Alta Wessels, Project Manager of the Harmony Jewellery School, says: "We have to focus on the development of a sustainable economic future in South Africa, given that real freedom will only be achieved through the financial empowerment of all people in our country."

Local economic development and corporate social responsibility (continued)

South African Mathematics Foundation – supporting promising South African youth



Desislava Milobvi, Jackie Mathebula and Henry Thackeray at the SAMF awards, South Africa

Harmony is contributing towards the development and education of promising South African children and young people through its involvement with the South African Mathematics Foundation (SAMF), an initiative of the Association for Mathematics Education of South Africa (AMESA) and the South African Mathematical Society (SAMS).

This initiative focuses on making mathematics popular amongst all South Africans and also contributes towards the improvement of mathematics teaching and learning in South Africa.

The SAMF participates each year in the International Mathematical Olympiad, an international competition involving high school students from more than 100 countries. The Olympiad is hosted in a different country each year. This year the competition was held from 14 to 21 July in Madrid, Spain.

The South African Mathematics Olympiad is open for participation to all schools, with participating schools allowed to enter as many participants as they wish.

Students are then subject to a three-round decimation process allowing only the best achievers to be considered for selection for the national team, with six learners participating in the International Mathematics Olympiad.

Team South Africa achieved an overall 44th position in the 2008 event, a considerable improvement from 68th position achieved in 2007.

“I would like to see other learners striving to reach their full mathematical potential, because these students are going to become South African scientists, technologists and mathematicians,” says Henry.

Harmony Gold contributes an annual R1.1 million towards SAMF.

“Youth development and education are key elements of Harmony’s activities, and the National and International Mathematics Olympiads provide Harmony with a platform to promote mathematics,” says Jackie Mathebula, Corporate Affairs Executive, Harmony.

Abangani Project's is the SIFE winner for the year



University of KwaZulu-Natal winning team, SIFE, South Africa



Abangani project, KwaZulu-Natal, South Africa

Students in Free Enterprise (SIFE) is a global non-profit organisation that aims to improve the quality of life and standard of living around the world by teaching the principles and values of free market economics and entrepreneurship. SIFE works in partnership with 1 500 universities and in more than 45 countries and hundreds of leading businesses from around the world. SIFE directs clients students to form "management teams" that design, develop and implement community-based micro-business, training and educational projects to create and expand economic opportunity by growing the skills necessary to create socially responsible business leaders in pursuit of creating a better world.

SIFE establishes student teams, led by faculty advisers, on university campuses. These teams are challenged to develop community outreach projects in six natural key educational areas: market economics; success skills; entrepreneurship; financial literacy; business ethics sustainability (of the project and team).

Says Jackie Mathebula, Corporate Affairs Executive for Harmony, "Through Harmony's support, SIFE South Africa focuses on developing entrepreneurial enthusiasm, getting young people excited about technology, expanding educational opportunities, helping to conquer the digital divide, teaching responsible financial practices and filling the leadership pipeline."

Of the 24 higher educational institutions in South Africa 23 are registered with SIFE, which challenges students to engage in these SIFE teams at these institutions. The multi-disciplinary teams follow the same structured approach as small businesses would, with different leadership roles allocated to different students. Through participation, students are able to gain valuable entrepreneurial, negotiation and problem-solving skills, as well as hands-on exposure to real world economic opportunities and challenges. All participating teams chose projects aligned with the needs of their communities. Through skills development and mentorship, the programme empowers individual

entrepreneurs and continually strives to involve potential entrepreneurs. Each team is also expected to continually monitor and provide mentorship to the groups and individuals with whom they have engaged.

The teams' projects are evaluated annually by leading business executives from various business organisations.

In 2008, the Abangani project implemented by the SIFE SA champions team from the University of KwaZulu-Natal (UKZN), is one of the 10 projects this team has implemented this year. The impact they have made was deemed to be the highest at the 2008 SIFE SA national competition.

SIFE UKZN worked with Ms Philisiwe Mthethwa of KwaMashu, the sole proprietor of Abangani Projects, in restructuring her civil construction (water pipe-laying) company in order to develop the company to its full potential. SIFE UKZN helped Mrs Mthethwa to identify challenges and business problems, and to find solutions to these, which included training computer literacy, basic accounting and payroll management skills. Expert advice and mentorship were also made available to Ms Mthethwa through the SIFE UKZN team's business partner, Africa Vukani.

"Through Harmony's financial contributions of R1.1 million during 2008 as well as the company's involvement, SIFE SA participates in and supports sustainable initiatives that tackle real transformational, economic and social issues in the country," says Letitia de Wet, Chief Executive Officer, SIFE SA. "Abangani Project, was one of 10 projects that ensured that the SIFE UKZN Team walked away as the 2008 SIFE SA National Champion Team. It also contributed towards their advancement for the second time as semi-finalist at the 2008 SIFE World Cup, which placed them amongst the top 16 teams out of 41 countries globally."

Local economic development and corporate social responsibility (continued)

The Harmony Bridging School – creating opportunities for historically disadvantaged school leavers.



The Harmony Bridging School Programme, located in Virginia, Free State Province, was established in 1996 with the main aim of providing historically disadvantaged post-matriculants with the opportunity to improve their National Senior Certificate results.

The advantages of the programme are two-fold, given that it enables participants to bridge the gap between their results and has the potential to provide Harmony with employees who are better prepared for the business world.

The Bridging School Programme caters for 20 learners each academic year. Candidates are between 18 and 20 years of age and come from areas surrounding Harmony's operations (Randfontein in Gauteng, Evander in Mpumalanga and the Free State) and from labour-sending areas. Since the programme was started, 240 students have been helped to achieve their potential.

The programme is registered with the Independent Examination Board (IEB), an affiliate of the Department of Education, and offers tuition in mathematics, physical science and accounting, as well as personal development subjects such as life orientation, business orientation and ethics, computer skills and basic technical drawing. Students are also equipped with life skills and trained to obtain their driving licences and a first aid certificate. In addition to the programme content, students are exposed to the workplace where they acquire a basic understanding of the business

environment as well as of the working environment of their choice of careers. Tertiary bursaries are awarded to exceptional students, with a number of students obtaining further qualifications.

The programme is fully sponsored by Harmony with an annual budget of R1 million spent on tuition, textbooks, equipment, training programmes and accommodation.

One of the biggest challenges posed to participants is adjustment from the school environment from which they come from to a business and career orientated approach. "I am always astounded by the progress students have made during the school year. It is amazing to see how much they have grown and developed in such a short time," says Resources and Talent Development Manager at Harmony, Ammie van der Walt.

Since 1996, the school has achieved a 100% pass rate with a total of 78 distinctions in mathematics, physical science and English. Altogether 194 students have progressed into mining related careers at Harmony.

"The Harmony Bridging School is unique in the sense that it is providing an opportunity for young people with potential to have a better future through a process of education, training and development," says Ammie. "Without this opportunity, their potential to contribute towards the sustainable growth and success of the business sector and of our economy would have been lost."

Harmony Sports Academy



The Harmony Sports Academy, the only youth programme of its kind in South Africa, opened its doors in January 2003 as a multi-disciplinary training and development institution focused on the development of talented sportsmen from previously disadvantaged backgrounds.

The project was started in 2000 by the Griffons Rugby Union in conjunction with the South African Sports Trust which contributed R2 million towards the development of the campus, after which Harmony took over the funding of the initiative to assist and develop young sportsmen into first-rate rugby and soccer players. The rationale for establishing the project was to address the lack of specialised sports expertise in South African educational institutions.

Beneficiaries of the project include talented youth from local as well as from labour-sending areas. In addition to developing this young talent to their full sporting potential, learners are provided with the necessary life skills they might require. Medical care as well as the treatment and rehabilitation of sports injuries are provided by a local private clinic. Learners attend local high schools (Hentie Cillier and Harmony High Schools in Virginia), with all school fees, uniforms and transport being provided by Harmony.

At the end of June 2008, the programme supported 70 students. The total cost of the programme in the financial 2008 year was R4.5 million – an average of R65 000 per student.

The Harmony Sports Academy falls within the Northern Free State rugby and soccer leagues. Since 2003, the academy has recorded various successes with teams and players winning accolades through competing in high-profile competitions nationwide. On the soccer front, these accolades include winning the Engen and Coca-Cola cups in 2007. On the rugby field, the learners have also performed extremely well, with the U/19 team winning the Griffons High Schools league as well as the Volksblad/Kovsie competition in the same year.

The Harmony Sports Academy has become a force to be reckoned with within the rugby structure in South Africa. Says Chris Coetzee, Harmony Sports Academy Manager: "We have produced a number of provincial and national rugby and soccer players including the likes of Cecil Afrika and Tumelo Nhlapo. The students look up to them and aspire to achieve the same. The students realise that the academy has given them a life-changing opportunity."

Local economic development and corporate social responsibility (continued)

Papua New Guinea

Local economic development

While Harmony's operations receive strong support from both the PNG Government (national and provincial) and local landowner communities, there have been specific issues of concern that have had to be addressed by all parties during the year. While most locals are also supportive of the company's activities, operations have continued to be a convenient leverage point during disputes between groups, and delays have been experienced as a result. An on-site community affairs team works closely with government and communities to come to negotiated and suitable resolutions.

The most pressing need of local communities is job creation and this has been a focal point of many of the discussions and disputes during the year. Of note is the industrial action experienced when it was perceived that people of non-Morobe origin were being favoured for jobs. Harmony has placed an emphasis on communication with landowners during the year to indicate that the majority of all appointments amongst Impacted Landowners under Tier 1 and 2 (MOA) have been contracted to NKW, and to inform communities about the recruitment criteria and processes.

An important component of the long-term local economic development goals of the company is the formation of NKW Holdings. (see page 50). NKW was established to enable affected landowner groups to participate in a range of commercial activities and take advantage of the unique opportunity presented by the Hidden Valley for business and opportunities. These activities can and will deliver tangible community development in terms of improved skills, business opportunities and sustainable economic activity and growth to the Hidden Valley landowners. NKW has developed a strong relationship with the Morobe Mining JV partners, but will also play a major role in the development and implementation of sustainable, non-mining dependent, commercial activities within and around the Wau area of Morobe Province, once mining has ceased.

Corporate social responsibility

Harmony has also been involved in a range of community support projects. This includes:

- the installation of water tanks at Manki village;
- work on upgrading the Winima access road, in conjunction with the provincial government;
- development of a demonstration agricultural block at Wau;
- women empowerment projects, including women in mining and business development initiatives. Various training initiatives, by the company, through the Bulolo Technical School and others funded by the Japanese Social Development Fund, were arranged. Support was provided to a local landowner woman in the establishment of a sewing business;
- maintenance of schools in the region; and
- the distribution of sports equipment to 13 villages and schools to encourage community participation of sport and in support of the health and wellbeing of the youth.

Working with governments, authorities and communities

A Community Affairs Manager was appointed at Wafi during the year to undertake a proactive process of engagement with stakeholders, including conducting regular visits to the affected areas, and to facilitate monthly meetings between management and the landowners; association. The company's focus in FY09 is to further empower local community structures through education and capacity-building initiatives and to reduce their reliance on company infrastructure and services, thus preparing them for a long-term and sustainable role in their communities.

Mine site tours are undertaken for government representatives to give them first hand insight into the project.

In FY09, a Morobe project management unit will be established to consolidate and implement the Impacted Areas Ward Development Plans which will be the focus of local and provincial government plans, as well as Harmony's community relations initiatives.



Hidden Valley, Papua New Guinea



Hidden Valley, Papua New Guinea



Wafi, Papua New Guinea

Local economic development and corporate social responsibility (continued)

Business development with landowners in PNG



Landowner and Government representatives at Hidden Valley



NKW buses ready for departure from Hamata Junction

Harmony and Newcrest Mining's operations in PNG are operated under the name, Morobe Mining Joint Ventures (JV), and include the Hidden Valley gold mine which is under construction. With less than a year until commissioning, the Hidden Valley project has reached a critical phase in its development.

Over the past few years, Hidden Valley has become a catalyst for business and community development within Morobe Province. Direct operating expenditure by the Morobe Mining JV group is, on average, K54 million each quarter. Jobs and business opportunities are being created and wealth is being generated within the mine-affected areas and this is expected to continue well into the future. The current life-of-mine of Hidden Valley is 12 years and it is expected that, as exploration continues to discover additional resources, this life-of-mine may be extended.

As well as generating direct economic benefits, the project is also providing employment to the local landowner communities. Through these jobs, transferable and sustainable skills will be developed, which will make a major contribution to the economic performance of the local area now and well into the future. Improving skills and knowledge and gaining industry experience is the lifeblood of sustainable development activities, which will continue well after mine closure, thereby sustaining the Morobe communities well into the future.

The economic benefits of the project have and will be shared by many. On a national level, taxes and royalties will be paid that will assist in developing PNG in terms of education and infrastructure. Employment and economic opportunities are being generated which cross provincial, national and international boundaries. All of the economic benefits will ultimately improve the economic prosperity of the people of PNG.

Memorandum of Agreement

The roles and responsibilities of all stakeholders taking part in to the development and mining of the Hidden Valley orebodies is clearly defined within a Memorandum of Agreement (MOA). The MOA is the template for achieving sustainable economic development within Morobe Province, predominately aimed at ensuring that landowners within the region benefit from the mine. The MOA identifies that the support of Morobe Mining JV, the national government and the provincial government is required to ensure that the landowner associations and communities benefit .

Micro economic development of the immediate landowner areas is one of the desired legacies after mine closure. This legacy will be created by adhering to, meeting and, in many instances, exceeding the requirements of the MOA. Arising from the MOA a dedicated business development vehicle, NKW Holdings, was established (assisted and support by Harmony) which allows the local landowner communities to share in the economic benefits arising

from Morobe Mining JV's projects as well as targeting future growth opportunities.

NKW Holdings Limited is a wholly owned subsidiary of Nakuwi Association Incorporated which is the representative vehicle of the three Hidden Valley landowner communities, Nauti, Kuwembu and Winima. NKW Holdings was incorporated under the PNG companies law on 19 April 2004. The company was specifically formed to enable the principal landowner communities within the area encompassing the Hidden Valley Mining (HVM) project to participate in commercial opportunities by way of contracts for the supply of a range of goods and services to the project.

The MOA has provided the local landowner communities with business and commercial opportunities as a result of the investment being made in the Hidden Valley project by the Morobe Mining JV partners. While it has an opportunity in terms of the MOA, NKW is required to manage these businesses under commercial conditions and terms and to ensure it is managed within industry's best practice. The management of NKW (supported and assisted by Harmony) developed a business plan to take advantage of the opportunities made available to the Hidden Valley landowner communities.

A number of business opportunities have been afforded to the landowner business arm, including JV agreements.

NKW business	JV partner
Catering contract	NCS
Camp cleaning contract	NCS
General freight and transport	Pagini
Fuel distribution	Interoil/Pagini
Road maintenance (HVC)	TBS PNG
Construction	Lae Builders
Bus and employee transport	100%
Labour hire	100%
Wau compound contract	100%

Most of the JV agreements currently in place, have clauses that see ownership of the business venture/ business revert to NKW after a period of time or upon repayment of capital or a buy-out by the landowner group.

Of particular importance has been the establishment of the labour-hire company to service the current operational and construction activities at Hidden Valley.

This labour hire initiative has opened up further opportunities for the affected landowners as well as providing significant revenue to NKW Holdings. The labour hire initiative has also provided people from the peripheral communities with access to employment opportunities throughout the construction phase of the project. This economic activity benefits the local areas.

Currently the NKW labour hire initiative supplies more than 400 casual employees to the operational and construction operations at Hidden Valley with wages in excess of K150 000 per week flowing into the local economy (via NKW). Some of the project areas that currently utilise NKW casual labour include exploration activities in the Hidden Valley region; general services to the Hidden Valley site; construction activities at the Hidden Valley site; unskilled and semi-skilled labour for construction companies; environmental activities; and Wau township support and services.

NKW's business plan requires that the long-term business development opportunities are sustainable. The proximity of the HV landowner groups to the major market of Lae, provides a strong opportunity for additional business, growth and development. Future developments that are considered within NKW's strategic/business plan are aquaculture eco-tourism, coffee production and downstream processing, fruit and vegetable production, and livestock production.

NKW has been established to act as the nucleus for a series of independent businesses whereby responsibility for production is left to smallholder and family groups. NKW will undertake a longer-term role in assisting, guiding and supporting these businesses.

Says Bill Wasley, Health, Safety and Environment Executive for Harmony in PNG, "NKW has been established to enable the affected landowner groups to participate in a range of commercial activities and to take advantage of the unique opportunity presented by the MOA for business and opportunities. These activities can and will deliver tangible community development in terms of improved skills, business opportunities and sustainable economic activity and growth to the Hidden Valley landowners. NKW has developed a strong relationship with the Morobe Mining JV partners, but will also play a major role in the development and implementation of sustainable, non-mining dependent, commercial activities within and around the Wau area of Morobe Province."

Environmental performance



Randfontein, South Africa



Harmony recognises that the long-term sustainability of its business depends on the way in which the company manages its assets and their impact on surrounding communities and natural environments. The environmental dimension of sustainability concerns the company's impacts on living and non-living natural systems, ecosystems, land, air and water. Mining and minerals processing have the potential to affect all of these aspects.



Doornkop, South Africa



Bambanani, South Africa

Harmony has as its goal the implementation and practice of responsible environmental management that ensures, at the very minimum, compliance with the company's own policies and procedures, as well as with the regulations and legislation of the countries in which it operates. Harmony seeks to improve, incrementally, in terms of environmental performance and reporting. In South Africa, the company remains committed to identifying and implementing co-ordinated regional remediation plans that are sustainable and inclusive and that address legacy issues which have accumulated in the companies that Harmony has acquired over the years.

Oversight of environmental performance is provided by the Sustainable Development Committee of the board. Environmental policies and strategies for South Africa and PNG guide the way in which the company manages the impacts of its operations on the natural environment. Responsibility for the management of operational environmental issues lies with the operational heads, who are supported by line management in the various regions. A central specialised Environmental Management Function (EMF) guides environmental policy, monitors performance and assists in the implementation of best practice in South Africa. In PNG, this is managed by the Morobe Joint Venture.

Structures and reporting mechanisms are in place to ensure that the board is kept fully informed, on a quarterly basis, of environmental matters within the group, as well as progress towards achieving targets set for key parameters.

The EMF in South Africa has been structured to support operational goals. Primarily this means it will ensure reasonable practicable compliance with legislation and the promotion of environmental awareness. At a regional level, environmental managers provide advice and support to the relevant operational management teams. Given the diversity of the environmental issues being dealt with, one of the environmental challenges facing the operations is to access effectively the diversity of skills necessary to address environmental issues. Concurrent rehabilitation and mitigation capacity resides within the various operational functions, such as surface engineering and metallurgy. Where specific capacity is lacking in-house, use is made of external consultants with appropriate specialist expertise. The process of rehabilitation has been given

priority with the appointment of a group level environmental manager specifically charged with accelerating the rehabilitation of target areas. This is with a view to obtaining concurrent closure instead of the approach of obtaining final mine closure at the end of life of mine.

Common to the group's philosophy in respect of environmental performance are four key principles:

- **Compliance:** Harmony will integrate its environmental policies, programmes and practices into all the activities of the company, as well as monitor the performance of these programmes. Harmony will strive to comply with all applicable municipal, provincial and national laws and regulations, as well as the other requirements to which the company subscribes that are relevant to the environmental aspects of its activities. Harmony will encourage such compliance from those entities with which it does business.
- **Continual improvement:** Harmony will evaluate and continually improve the effectiveness of its environmental management system (EMS) through periodic audits and management reviews, and will review its environmental policy on an annual basis.
- **Pollution prevention:** Harmony will actively design, operate and maintain its mining activities with a focus on pollution prevention. The company will strive towards the continual reduction of adverse environmental effects and support the principle of sustainable development.
- **Awareness:** Harmony will communicate its environmental policies to employees, contractors and suppliers to ensure their awareness of the company's commitment to the environment as part of the ISO14001 rollout. Harmony will also provide appropriate training to all employees to ensure their continuing awareness of environmental responsibilities.

Harmony's approach to environmental management is as follows:

- Environmental risks are identified and prioritised, and issues are dealt with promptly.
- The Sustainable Development Committee of the board must be notified of any instances of ongoing non-compliance or potentially serious environmental

Environmental performance *(continued)*



**Implementing ISO 14001
Sustainable Development
Priority**

impacts, so that they may be considered and addressed at this level. Management will endeavour to adopt the best practicable environmental option in addressing issues; that is, the option that has the most benefit or that causes the least damage to the environment, at a cost acceptable to society and affordable to the company.

Environmental management in South Africa

Environmental policy

A revised South African environmental policy was developed during the past year, approved by the executive and senior operations managers, and signed by the Chief Executive and Chairman of the Sustainable Development committee. It will be adopted by each mine manager at signing ceremonies to be held at each shaft as part of the ISO14001 roll out process. The policy, among other things, commits the company to returning all areas of operation "as close as possible to the pre-mining state or to an agreed sustainable land use, thus creating sustainability and economic viability for generations to come". This policy is available on the company's website at www.harmony.co.za.

The main elements of this policy are that:

- environmental management is a corporate priority;
- environmental policies, programmes and practices will be integrated into all activities;
- Harmony will strive for continued improvement and efficiency;
- the company will work with government departments and the public in order to arrive at the best sustainable solutions;
- contractors and suppliers will be required to comply with the policy; and
- employees will be informed and educated regarding their environmental responsibilities.

Environmental targets

To address and minimise the impact the company's operations on the environment, taking into account

regulatory requirements, the board has approved a number of five-year targets for South Africa.

These are:

Environmental targets

Emissions to air

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

Water

- Reduce water usage by 10%.
- Reduction in metals/salt discharge by 70% to surface water, and by 20% to groundwater.

Recycling

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

Land use

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

ISO14001 implementation

A significant area of focus during the year was on the implementation of the policy, and continuing the adoption of the ISO14001 specification as Harmony's EMS for the South African operations. ISO14001 is a recognised and widely-adopted EMS framework.

The ISO14001 EMS is being introduced progressively across the South African operations, and it is planned that the implementation programme will be completed in 2012. Formal certification will be sought progressively. By September 2008, the implementation status was as follows:

Environmental studies at Evander South form part of feasibility studies

In 2007, Harmony conducted a pre-feasibility study to determine the viability of developing a new gold mine, Evander South, west of the existing Leslie Mine in the Evander/Kinross area. A consultant was appointed to conduct an environmental and social impact assessment of the proposed project.

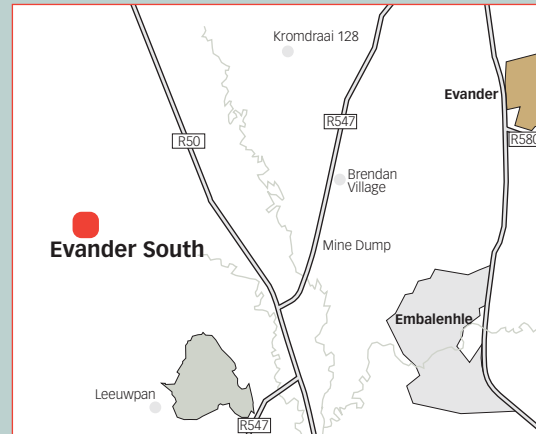
The project area is situated along the south-western extent of the Evander gold fields in Mpumalanga Province, and falls within the Vaal River catchment (Waterval River sub-catchment) area. The closest developments to the proposed project are the Leslie and Sasol mines. The footprint of the mine is fairly small as it will cover an area of approximately six hectares.

An interesting aspect of this project is the fact that the gold ore lies directly beneath a body of coal which Sasol has expressed an interest in mining. Careful planning regarding this situation is necessary to ensure that neither orebody is contaminated by the other. According to legislation, mining operations have to be a minimum of 100 metres apart, so Harmony and Sasol will therefore have to apply for special permission from the DME in order to access the areas within this limitation.

The building of two decline shafts and a vertical shaft are anticipated, which will enable the production of approximately 100 000 tonnes of ore per month over an estimated life of mine between nine and 21 years, given current resources. The shallowest gold reef is approximately 300 metres below surface level, with the deepest situated approximately 1 000 metres. Four ventilation shafts will be required during the mining period.

Due to the shallow reef, mining operations are expected to be more efficient and flexible than deeper gold mines. This entails a minimisation of water and energy consumption, as well as improved mining conditions and controls. It is estimated that the mine will require 21MW of energy, including milling, and the expected water requirements will be approximately 496 000m³ of service water and 5 108m³ of potable water per month. The ore will be milled on site, and transported to the existing plant at Kinross via a 16 kilometre pipeline which will reduce the surface infrastructure, making optimal use of existing resources.

The proposed mine has the potential to provide approximately 1 800 jobs during its life. Some of these posts will be filled by people already employed by



Harmony, and some new posts will be created, although the exact proportion of new and existing jobs has not yet been determined. A detailed social assessment is being undertaken as part of the project.

As part of the environmental assessment that Harmony is currently conducting, three potential sites for a tailings storage facility are being investigated. As assessment continues, Harmony will comply with the phases required by South African law. These consist of:

1. a baseline scoping phase;
2. specialist studies;
3. a plan of study for the environmental impact assessment;
4. an impact assessment phase;
5. a management plan; and
6. a record of decision.

The baseline studies have started, and the following was completed by the end of FY08:

- social impact assessment;
- soil assessment;
- geological survey;
- topographical survey;
- ground water assessment;
- heritage assessment;
- flora and fauna survey, including a wetlands survey;
- surface water;
- air quality; and
- visual impact assessment.

These assessments are fundamental to the progression of the project and will be significant factors in determining its viability.

Environmental performance (continued)

Environment performance indicator.

EN23: Significant fines and sanctions



Elandsrand, South Africa

Operation:	Status:
Doornkop	85% (with the Stage 1 external audit scheduled for end the of November 2008)
Target	65%
Elandsrand	65%
Phakisa	55%

Environmental management systems

Environmental management at Harmony’s South African operations is guided by the environmental policy, by prevailing environmental laws and by the Environmental Management Plans (EMPs) developed for each operation and approved by the DME. The EMS forms the basis for the implementation of the environmental policy and monitoring compliance, while the EMP contain specific as well as general principles governing environmental management during the operation of the mine. They identify individual impacts, mitigation measures and rehabilitation requirements. Closure objectives are set and closure plans formulated within the EMP, including investigation of the potential for re-use of existing infrastructure, preparation of a rehabilitation plan, rehabilitation and vegetation of the affected area and post-closure monitoring.

These EMPs are legally binding and formed part of the company’s submission for, and receipt, of mining rights conversions. They are currently being reviewed and updated at the request of the DME.

Internal compliance assessments conducted by the EMF have indicated that the company’s individual operations are substantially compliant with their environmental obligations. In areas where non-compliance is recorded, the compliance assessment process, along with formal risk assessment, is used to identify mitigation actions and priorities.

Many of the significant impacts by Harmony are historical in nature as, over time, the company has acquired, underground mining and surface operations that had either been running many years or closed by other mining companies for many years ago. In respect of the primary legacy issues that are current or have been reported in previous years, the following are reported:

- The Klerksdorp, Orkney, Stilfontein and Hartebeesfontein (KOSH) **KOSH obligations** (reported in the FY07 Sustainable Development Report) have passed to Pamodzi Gold, with the sale of the Orkney operations to that company.
- The **Western Basin Environmental Corporation** (WBEC) continues to be managed by directors appointed by each of the relevant mining houses and is in the process of concluding the necessary infrastructure improvements to ensure the sustainability of pumping operations. The Western Utilities Corporation (WUC), established to fund the treatment of the water on a sustainable basis has secured sufficient offshore funding and has, entered into a management agreement with WBEC, WUC has built and successfully operated three pilot plants over the last eight months. The results of these pilot trials are being analysed and the full viability report will be available by the end of calendar year 2008 (see page 19). The members are expecting a revised DWAF directive pertaining to the water management of the Western Basin Mining Void in late 2008, which is expected to cover operating conditions leading up to a final resolution following the pilot work. At present, the parties are in compliance with the regulators’ requirements within the operating constraints of the water treatment plan. The parties are also in regular contact with DWAF in this regard, and are actively minimising their water discharges through re-use in joint operations.
- Environmental surveillance continues on the impact of **Harmony’s slimes dams**, monitoring dust generation and fall-out in residential and other areas. This assists in dust suppression planning and the design and monitoring of enhanced rehabilitation programmes. Contouring along the tops of the slimes dams, provision of wind erosion containment measures and the supply of sewage discharge water to sustain vegetation growth, also continue. In addition, spraying of the leading edges of the dams and dumps with eco-friendly palliatives to bind the soils in the short term is ongoing. (see page 64).

Harmony is not aware of any litigation, current or pending, against the company in respect of environmental matters. No fines were received by the company in respect of environmental matters during the year.



Phakisa, South Africa



Edie Creek, Papua New Guinea



Target, South Africa

Environmental performance (continued)

Environment performance indicator. Emissions effects and waste	Environment performance indicator. Emissions effects and waste
EN23: Total number and volumes of significant spills	EN16: Total GHG emissions
EN30: Expenditure and investment	EN18: Initiatives to reduce GHG emissions

Environmental incident reporting

Significant environmental incidents are reported to the relevant executive and, where appropriate, to the Sustainable Development Committee of the board when they occur, and formally in quarterly and annual reports. Significant incidents are defined as those that have an impact outside the company's boundaries, which may cause irreparable harm or which require significant expenditure to remedy. In total, eight significant environmental incidents were reported in FY08.

- From **27 August to 3 September 2007**, partially treated mine void water discharged from the Harmony Water Treatment Plant contained elevated levels of iron. This was as a result of a loss of performance in the aeration section of the treatment plant due to earlier-than-expected erosion of the aeration rotors. Adequate spares are now on site for this eventuality.
- From **10 to 27 December**, treated mine void water discharged from the Harmony Water Treatment Plant did not comply with directive quality limits and had elevated levels of iron. This was because of a worn line screw feeder at the lime addition section of the treatment plant. A spare screw has been purchased and is readily available.
- Between **25 January 2008 and 18 February 2008** about 100ML of untreated mine void water was discharged following excessive rainfall between November 2007 and January 2008. The peak discharge rate of 50ML per day during this period far exceeded both the water treatment capacity (25ML per day) and the pumping capacity (40ML per day). Investigations are ongoing to increase treatment capacity but abnormal rainfall events are always likely to exceed capacity until the 'environmental critical level' is achieved underground which will provide adequate surge storage capacity.
- High levels of rainfall in **March 2008** caused the level of water in the Western Mining Basin to rise and overflow at 18 Winze, about 60 metres east of the decant point, from 18 March 2008 to 15 May 2008.
- Excessive rainfall in **November 2007** resulted in wash-away of slimes from the Millsite Slimes Dam (40/41). This washed-away combined with damage to the toe-paddocks caused by quad bikes, resulted in slimes material being carried off mine property. The spill was cleaned.

- As a result of above average rainfall on **8 and 9 October 2007**, a large volume of contaminated run off water from the slimes dam caused the return water dams to overflow into the Grootspuit and Winkelhaakspruit. The pumping system was upgraded to cater for the increased water volumes.
- On **28 November 2007** the residue pipe transporting slimes to the Kinross tailings storage facility failed causing a spillage of slimes onto the road. The material was removed and the area cleaned. Subsequent to wall thickness testing, suspect portions of piping were replaced.
- Excessive rainfall on **21 January 2008** caused the Kinross Kariba dam to overflow. Financial resources were made available to upgrade the pumping system to prevent future incidents.

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

Financial provision

In accordance with legislation, Harmony has established independent environmental rehabilitation trust funds to make adequate financial provision for the expected cost of environmental rehabilitation at mine closure and for the discharge of its obligations and contingent liabilities. Each operation estimates its expected environmental closure liability annually and this estimate is used to calculate the contributions to be made to the rehabilitation trust funds.

While actual contributions are spread over the operational life-of-mine and contributions are made by each operation on an annual basis, the trend from the DME's perspective is to seek full financial provision albeit in the form of cash or financial guarantees. Even though the various investments in the rehabilitation trust funds are pooled, each operational unit has its own account. The accumulated amount in the various South African rehabilitation trust funds stood at R1 593 million at June 30, 2008, while the total rehabilitation liability was estimated at R2 013 million.

The assets of each mine within each fund are ring-fenced and may not be used directly to cross-subsidise one another. Contributions to the various funds will continue to be made over the operation's life-of-mine and each fund is expected to be fully cash funded at the time of closure.

	Economic Performance Indicator.	Environment Performance Indicator.
	EC2: Financial implications, risk and opportunities of climate change	Energy
		EN3: Direct energy consumption
		EN4: Indirect energy consumption

Sudden and accidental pollution is covered under Harmony's public liability insurance policy. The Asset Management Function continues to co-ordinate the activities related to the disposal of assets and subsequent closure of redundant operational sites to an environmentally acceptable standard.

Stakeholder engagement

Harmony recognises that if not well managed its activities, have the potential to have an impact on the natural environment and on stakeholders. In addition to being responsive to calls and queries from community members, Harmony addresses issues proactively through mine site visit programmes and representation on formal environmental bodies.

Harmony is represented on several government environmental forums established by the DME and DWAF, including:

- the Waterval Forum the Waterval River catchment area forms part of the Upper Vaal River Catchment;
- the Sandvet Catchment Management Committee;
- the Wonderfonteinspruit/ Loopspruit Forum;
- the Western Basin Technical and Monitoring Working groups; and
- the Far Western Basin Government Task Team;

These forums, which deal mainly with issues related to water, allow for public participation as required by the various regulators.

Primary environmental issues

The primary environmental issues have been identified and targets for improvement have been indicated above.

Energy

Harmony's energy consumption is primarily in the form of electricity, drawn from the national energy utility, Eskom, which in turn is largely driven by coal-fired power stations. The company is a significant user of

electricity, with hoisting, cooling and ventilation systems, in particular, requiring significant amounts of electrical power

Energy is also a significant component of the company's operating cost base (on average about 11%), providing a direct relationship between cost efficiency and energy usage. Significant increases in energy costs were imposed in FY08 and more are expected in FY09 and FY10 – increases that will be far greater than current inflation rates.

The company was severely affected during the year by the provision shortfalls experienced by Eskom in December 2007 and January 2008, and then by the imposed reduction in the contracted energy provision levels. Eskom initially required a 10% power-usage reduction by mining companies and later moderated the reduction to 5%. This resulted in a complete re-evaluation of the company's activities from an energy usage perspective and the closure of portions of the operations. This is dealt with more fully in the annual report.

Total electrical energy usage in FY08 was 3 908 333MWh for the South African operations, down by 10.3% from FY07.

The company continues to engage actively with Eskom in Demand-Side Management (DSM) strategies to reduce the overall energy impact of its operations. DSM projects aim to reduce electricity consumption during daily peak electricity periods, such as early morning and late afternoon. Other energy saving measures have been introduced to accommodate the Eskom-imposed reductions and as part of Harmony's cost reduction initiatives. A dedicated team has been established on mine to identify opportunities for saving and to implement them.

Greenhouse gas emissions and climate change

Harmony recognises that human-driven climate change has been identified as a considerable threat to the stability of the global economy, and efforts are starting to be made internationally to reduce the use of fossil fuels and to develop initiatives that mitigate and absorb greenhouse gases (GHGs). In FY08, Harmony submitted

Energy used (Joules)	FY07	FY08
Energy from electricity purchased	1.57E+16	1.407E+16
Energy generated from diesel and petrol	4.25E+8*	4.576E+14
Total energy consumption	1.57E+16	1.452E+16

* Typographical error in FY07

Environmental performance (continued)

CO₂

Reducing our energy and carbon footprint
Sustainable Development Priority

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

Subsequent to its submission to CDP5, Harmony embarked on a programme to develop a climate change response for the company. Still in the early stages of this response, Harmony is currently aligning its GHG reporting processes with the GHG protocol, and will be holding a workshop in FY09 in this regard, with the specific objective of identifying Harmony's strategic position on climate change. The outcomes of this workshop will be tabled for consideration by the board subcommittee.

Future work is planned to explore further the impact of climate change on the company, including a scoping of risks and opportunities and the implementation of a climate change management plan. The management plan is expected to consider further energy efficiency measures, additional emissions reduction targets, the possible purchase of renewable energy, and further exploration of the Clean Development Mechanism (CDM) and trading mechanisms.

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

Harmony's GHG emissions are predominately energy-related, with its energy expenditure amounting to 11% of operational costs in South Africa. The Hidden Valley project in PNG will have a higher exposure to energy costs and emissions. Thus, GHG emissions regulations, which would increase the price of energy, will not have a significant impact. More significant for Harmony is the potential for insecurity of energy supply. An important climate change related development in FY08 has been the electricity supply crisis in South Africa (discussed above), rising electricity costs and volatile oil and related fuel prices.

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

The CDM and Renewable Energy Certificates theoretically provide opportunities for Harmony to finance energy supply from independent renewable power producers to develop on-site generation capacity and/or to implement energy efficiency interventions. Initiatives such as these will limit the impact on the company from the power outages being experienced as a result of the South African energy crisis, as well as from future mandatory energy efficiency requirements. These will be considered by the group.

Another opportunity identified is Harmony's holding title to some 48 916 hectares of land in South Africa, only a fraction of which is used for mining. This land can potentially be revived for alternative uses under the CDM and voluntary programmes, resulting in biological sequestration of GHGs. In South Africa, this presents both climate change and social opportunities, as land rehabilitation programmes can contribute to local community development.

Harmony uses vast amounts of timber for structural support. The timber is sourced from sustainable forests which, in turn, sequester an estimated 154 016 tonnes carbon dioxide per year.

The CDM also presents opportunities to fund community upliftment projects which fit well with the company's SLPs mandated by the MPRDA. The company's mines are mainly situated on historical agricultural lands, some of which locals currently farm. Sequestration and energy crop opportunities exist on the land which is not under cultivation. Energy service provision in the low-income residential sector presents project opportunities in partnership with local government and local communities.

Emission source	Tonnes Estimated CO₂-e
Petrol	2 667
Diesel	34 461
Natural gas	0
Explosives	Not available
Mine methane*	690 000
Total scope 1	727 128
Electricity	4 582 000
Total scope 2	4 582 000



Hidden Valley, Papua New Guinea



Randfontein, South Africa



Doornkop, South Africa

Environmental performance (continued)

Environment performance indicator. Water
EN8: Total water withdrawal by source
EN9: Water source significantly affected by withdrawal
EN10: Percentage and total volume of water recycled and reused

Environment performance indicator. Emissions effects and waste
EN16: Total GHG emissions
EN18: Initiatives to reduce GHG emissions

Water

Water is a scarce resource in South Africa and this scarcity is likely to increase in years to come, as will the cost of the water purchased from external suppliers. Harmony's operations make extensive use of water and the company has continued with its group-wide campaign to reuse process water and optimise water retreatment.

All water uses are now in the process of being licensed by the DWAF, and the company has submitted water-use registrations required by the National Water Act of 1998. Water management plans have also been developed for all South African operations. This process is now extended to a full review and submission of water-use licence applications, which will take into account all water-related issues as well as planned projects.

Total water used in primary activities in FY08 was 104 763 000m³, a 3.7% increase from the previous year. This is attributable to a significant increase in slimes recycling in the Free State and Randfontein.

Dust

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

Extensive work was undertaken at Slimes Dam No 39, located near Randfontein, during the year, with vegetation of the top surface berms being completed and dust suppression mechanisms put in place (water sprayers, palliatives and shade net screens) during the windy months. (see page 64.)

Water consumed (1 000m ³)	FY07	FY08	% change
Water used for primary activities	101 024	104 763	3.7
Potable water from external sources	22 972	21 323	(7.1)
Non-potable water from external sources	78 052	83 429	6.9
Surface water used	53 795	55 088	2.4
Groundwater used	24 545	28 352	15.5
Water recycled in process	29 295	34 521	17.8

*Harmony's operations in the Free State and Mpumalanga provinces, mine gold deposits below a coal bed. Methane is a by-product of the geological processes that created deposits of coal. Therefore, methane release is common in these areas. Harmony acknowledges the presence of mine methane that is emitted into the atmosphere at their operations, which is not currently continuously monitored but assessed annually. Harmony is considering a plan to monitor the methane emissions. Methane capture may also be a possibility; however the viability of this is questionable as the methane flow in this region is irregular.

Pollution control

The prevention of pollution is a key concern across operations. Ground and surface water are rigorously monitored so as to minimise potential risks in the form of spillages or contamination with specific initiatives being undertaken. (See discussion on Robinson Lake opposite).

Land management, biodiversity and closure

Harmony has some 48 000 hectares of land under management. A process of identification and planning for the rehabilitation of environmentally sensitive sites in the north and south regions was initiated during the year. Rehabilitation will be in line with the requirements of the MPRDA and other relevant legislation. These areas have been identified for rehabilitation as part of the company's progressive rehabilitation and closure planning programme ahead of a final mine closure plan (for the entire mine). These activities must be carried out after production of minerals from the mine or mining has ceased.

Rehabilitation and closure plans are being developed internally for targeted areas where an urgent need for rehabilitation and formal closure has been identified. External expertise will be utilised should the need arise. Obtaining approval from the relevant authorities (notably DME, DWAF and, in some cases, the National Nuclear Regulator) for rehabilitation and closure plans is necessary.

The rehabilitation programme is aimed at making the areas suitable for future land development, with a goal of achieving positive socio-economic benefits. Land use objectives are established in consultation with relevant government departments, local authorities, landowners and all relevant interested and affected parties. Consultation forms part of the planning and development process as it is a prerequisite for closure approval.

Cleaning up Robinson Lake – a legacy project



Robinson Lake, Randfontein, South Africa

Robinson Lake, near the town of Randfontein, has for almost 100 years been used as a water storage facility for excess water from the Randfontein mine's underground and surface operations. Harmony has a servitude registered over this water body for this very purpose.

However, it has long been the intention that the area would be rehabilitated on closure so that the entire water body can be treated without incurring intermittent costs. This project, then, has been incorporated into the Randfontein Environmental Management Plan (EMP) mine closure strategy and designated as a priority in terms of of Harmony's accelerated progressive rehabilitation and closure planning programme.

Harmony is neither the first nor the only mining company to have used this lake and the passive treatment ponds that lie downstream of the lake. In the 1920s the area was used for recreational purposes. In the 1960s, a power station supplying electricity to the local mining industry used the lake as a cooling pond for water from the cooling tower. Subsequently it was used as an overflow storage dam for excess mine water from Central Vent shaft of the Randfontein mine then owned by mining house JCI. When the Western Basin Void began decanting unexpectedly in that area in 2002 it was again used to store this acidic mine void water and has been used on and off for storing excess void water ever since.

Over the years the lake sediments have become laden with precipitated sediments containing heavy metals, including uranium, and has more recently been included in the certificate of registration under the National Nuclear Regulator.

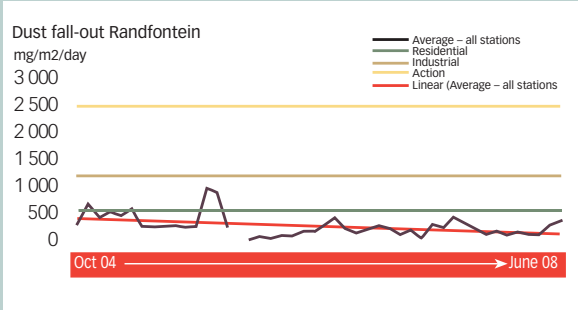
So, while Harmony only acquired the Randfontein properties some eight years ago, the company is effectively dealing with impacts that go back many decades.

Specialist water-treatment consultants have been contracted to design and construct the pilot plant at a cost of some R600 000 and technological work for this pilot plant has been completed. The pilot plant is expected to operate for a period of between three and six months. Should the outcomes be positive, a full-scale plant will be constructed and the clean-up should take about around three years.

Recent tests indicate that the affected sediments are limited in depth, but two metres have been accounted for in the project. Metals extracted from them – mainly nickel, cobalt, uranium and gold – could be sold to offset some of the running costs of the plant. Once the area has been cleaned up, it is envisaged that a developer will start building homes on the land adjacent to the lake, thereby ensuring a long-term sustainable land use.

Environmental performance (continued)

Dealing with dust in Randfontein



Randfontein, South Africa

Dust, one of the primary emissions from mining operations, is arguably the one that is most visible to and most felt by local communities. Dust comes largely from fine material in tailings storage facilities (TSFs) and, to a lesser degree, from waste rock dumps and mine roads. Many of these facilities became part of Harmony’s land holdings as the company acquired mining operations over the years and include many TSFs that were deposited as long as a century ago.

Harmony has devoted significant effort over the past three years to engaging with local communities on the issue and to putting in place measures to reduce dust levels. In FY08 Harmony spent some R5 million on TSF rehabilitation, much of this on the legacy projects.

A particular area of focus is in and around Randfontein, where residents have long complained about ambient dust levels. This is perhaps not surprising as only a few years ago, the Randfontein sand dump ranked among the world’s largest man-made objects and one of the few visible from the moon.

But good progress has been made. Back in 2005 and prior to the implementation of new dust suppression measures, the average daily dust fall-out at 10 sampling stations in Randfontein was in the region of 500mg/m². By 2007, daily fall-out had been more than halved to around 230mg/m² per day.

Long-term remedial work on the Randfontein mine dumps is being carried out in accordance with tried and practiced methods, as well as more modern dust binding techniques. Dust suppression measures themselves include the wetting of slimes dams, reed screening, ridge ploughing and vegetating.

Among the Randfontein dust emission culprits, Slimes Dam 39 stands out. Its exact age is not known, but the dam is believed to have been established in the early 1920s. This TSF is large, covering about 100 hectares. Until recently its surface resembled a moonscape with what appear to be dunes containing millions of tonnes of fine material, the

residual product of gold recovery. While this fine material contains trace amounts of metal, sulphides when oxidised, severely hamper vegetation growth.

Using 30 000 metres of piping and 20 000 micro sprays Harmony is irrigating the area, thus promoting vegetation growth from a cocktail of seed mixture as part of its concurrent rehabilitation plan.

Ridge ploughing and berms are also used to control dust levels:

- Ridge-ploughing creates mini-sand traps – as the wind blows over them, the majority of the dust drops out instead of becoming airborne and blown into the surrounding area. Ridge ploughing also assists rehabilitation procedures by oxidising the material, making it more amenable to vegetation growth.
- Contour berm walls have been constructed on top of the dump, perpendicular to the prevailing wind direction. These berm walls were constructed to contain rainfall within defined areas on the slimes dams and to act as windbreaks. The walls have been stabilised by rock cladding, by capping or by installing reed wind barriers. Rows of metre-long reed cut-offs are inserted as protection on top of and on either side of each berm wall.

To accelerate the stabilisation of the tops of these berms, Harmony has spent some R600 000 buying plants that are painstakingly and labour intensively put in place by hand. This “slimes-dam garden” is irrigated using purified sewage effluent and the plants are further artificially fertilised as the dam material has absolutely no nutrient value. Amongst the seedlings that have been planted are stargrass, lucerne, hippo grass, thatch grass and turnips. These are pioneer plants – they are robust, they return nitrogen to the soil and they help prepare the way for indigenous plants to take root. Interestingly, the colour of the turnips is used to indicate as to whether the plants need more nutrients.



Implementing Cyanide Code Sustainable Development Priority

Environment performance indicator. Materials

EN1: Materials used

EN2: Percentage material recycled

Environment performance indicator. Biodiversity

EN11: Land in protected areas

EN12: Impact on biodiversity

EN14: Strategy to protect biodiversity

Harmony recognises that mining can pose a threat to the biodiversity of the regions in which it operates. While many of Harmony's current mining operations in South Africa are underground (and therefore cause less surface disturbance than open-pit mining) or in areas that have historically been affected by mining, the effects are monitored and mitigated where possible. None of Harmony's producing operations is adjacent to or located in a protected area. An issue of concern, remains the impact of the West Rand water decant on the Krugersdorp Game Reserve and on the Cradle of Humankind.

Materials usage (including cyanide)

Materials usage has a significant impact on costs and the environment, and efficient usage forms an important part of Harmony's overall management programme.

In June 2007, Harmony was accepted as a signatory to the International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold (the Cyanide Code). The Cyanide Code is a voluntary industry programme developed by the United Nations Environment Programme (UNEP) and the International Council on Mining and Metals (ICMM) for companies involved in the production of

gold using cyanide. The aim of the Cyanide Code is to promote responsible management of cyanide so as to enhance the protection of human health and to minimise environmental impacts.

The certification process will involve four stages of audits to achieve compliance; the initial gap analysis, pre-certification, certification and a maintenance programme.

Since Harmony became a signatory to the Cyanide Code, three of its five plants have been audited for a preliminary gap analysis (Doornkop, Kinross and Kalgold). The remaining plants (Cooke and Elandsrand) will be audited in March 2009.

A number of non-compliance and partial compliance issues have been identified. These will be addressed prior to the pre-certification audits, which are due to start in September 2009. Two co-ordinators have been appointed to assist the plants in preparation for the certification audits, which will start from January 2010. A Cyanide code champion and team have been identified at each plant to tackle the tasks required to achieve compliance.

In FY08, Harmony used 8 984 tonnes of cyanide, a decrease of 7% on FY07.

Materials used at operations (by weight or volume)	South Africa	
	FY08	FY07
Rock mined (ore and waste (000t))	13 389	23 685
Ore milled (000t)	10 315	14 029
Waste rock recycled (000t)	2 739	1 375
Slimes recycled (000t)	7 533	1 763
LPG (000t)	0	0.32
Grease (000t)	0.41	0.37
Cyanide (000t)	8.98	9.65
Fuels (000t)	12 833	11 875
Lubricating and hydraulic oil (000t)	2 188	2 166

Waste management (000 tonnes)	South Africa	
	FY08	FY07
Accumulated tailings in tailings dams (active and dormant)	1 793 562	1 759 972
Accumulated in waste rock dumps	124 816	126 087
Non-mineral waste		
Hazardous to landfill	Nil	Nil
Hazardous to incineration	Nil	Nil
Low-level radioactive waste generated		
Scrap steel	10.6	9.8
Scrap timber	1.7	7.2
Percentage of materials used that are recycled	not measured at this stage	not measured at this stage

Environmental performance (continued)

Environmental performance in PNG

An EMP for the Hidden Valley JV has been drawn up and has been approved by the PNG authorities. It was developed to ensure compliance with the Hidden Valley environmental permit, assist in planning for the development and implementation of robust monitoring programmes and for the implementation of action plans to minimise environmental risks. The basis for the plan is an Environmental Management System (EMS), the EMS will be aligned with the principles of ISO14001, the Equator Principles and the Cyanide Code. Baseline sampling programmes for the Wafi pre-feasibility study were also undertaken during the year.

The primary environmental considerations for the Morobe Mining JV's are water usage and disposal, energy usage, materials usage and land management and rehabilitation.

An important feature of the Morobe Mining JV's environmental planning and management is the development and maintenance of a close relationship with the community. In particular, this ensures open dialogue in the event of environmental incidents or when addressing any issues of mutual concern. This consultation was undertaken to the community's and authorities' satisfaction in respect of the Watut water issues (discussed below), ensuring that all parties were notified of non-compliance events. The Hidden Valley Mine JV also hosted site visits by the Department of Environment and Conservation, by the Morobe Provincial Government, and by the Nakuwi Environment Committee.

Primary environmental issues

Primary environmental issues are water management (usage and discharge), energy and rehabilitation and land management.

Water

Hidden Valley mine ore and waste have been found to be acid forming and the potential for acid generation has been taken into account in the ongoing design of the Hidden Valley Mine. Routine sampling, in accordance with the EMP at Nauti on the Watut River indicated pH values lower than those required by the EMP (that is, higher acidity). This occurred over three limited periods during the year.

The management of Hidden Valley has plans in place to deal with this possibility, and includes the provision of alternative water supplies to the community as well as for mapping, sampling and characterisation work on the oxide

material to allow for eventual segregation. Interim plans to mitigate this issue include the completion of alternative water supplies to the communities on the Watut River, stabilisation of dumps and trials of hydra-seeding techniques to promote faster revegetation of disturbed areas. The implementation of a revised pH monitoring protocol to ensure a more representative water sampling procedure and improved management of potentially acid-forming materials in the pre-strip area has largely been effective. In the longer term a technological solution is being sought to address the potential issue of acid rock drainage and this project will continue in FY09.

Work on actively managing stream sedimentation build-up at the Hidden Valley Mine is also under way. Tissue analyses for metals undertaken on fish from the Watut River indicate that the increase of sediment load has not resulted bio-accumulation of metals.

The implementation of the Morobe Mining JV's hydrology monitoring and database system, incorporating both historic and current data, has begun. A hydrology consultant undertook an investigation into the location of groundwater monitoring boreholes around the TSF. Initial monitoring will provide baseline water quality and water level data prior to commissioning of the mine,

Energy

In May 2007, the Morobe Mining JV signed an agreement with PNG Power Limited (PPL) to supply the Hidden Valley Mine with electricity. PPL will construct new transmission lines and infrastructure to supply hydroelectricity from the Yonki Dam.

Rehabilitation and land management

Service agreements for the revegetation of the access road to Hidden Valley Mine were signed during FY08 with the local landowner group, NKW Holdings. As part of the process, three trial plots were planted to assist in identifying grasses and other plant species suitable for sustainable revegetation of the access road and other disturbed areas.

Revegetation of the access roads and the slopes around the Hamata junction camp has progressed, and local grass cuttings, pipit plant and imported seeds (mainly kikuyu) were planted with increased density to promote faster growth. Approval for this was sought and received from PNG authorities. This revegetation programme was further supported by the purchase and commissioning of a hydro-seeder.



Hidden Valley, Papua New Guinea



Hidden Valley, Papua New Guinea



Edie Creek, Papua New Guinea

Reporting in line with GRI

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



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

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

	Indicator		Reported	Page no:
G3 profile disclosures	1	Strategy and analysis		
	1.1	Statement by decision-maker	✓	6 to 9
	1.2	Description of key impacts, risks and opportunities	✓	5 to7
	2	Organisational profile		
	2.1 – 2.9	Information on the company	✓	2 to 3
	3.	Report parameters	✓	
	3.1 – 3.4	Report profile	✓	Inside front cover
	3.5 – 3.11	Report scope and boundary	✓	Inside front cover
	3.12	Content index	✓	68-69
	3.13	Assurance	✓	6 to 9
	4.	Governance, commitments and engagement		
	4.1 – 4.10	Governance	✓	10 to 13
	4.11 – 4.13	Commitments to external initiatives	✓	Throughout report
	4.14 – 4.17	Stakeholder engagement	✓	Throughout report
G3 management approach disclosures		Management approach, goals and performance, and policy	✓	Throughout the report
G3 performance indicators	Economic performance indicators			
	EC1		✓	16
	EC2		✓	18, 59 to 60
	EC3		✓	30
	EC4		X	
	EC6		✓	16 to 18
	EC7		✓	32 to 33
	EC8		X	
	Environmental performance indicators			
	EN1		✓	65
	EN2		✓	65
	EN3		✓	59
	EN4		✓	59
	EN8		✓	62
	EN9		✓	62
	EN10		✓	62
	EN11		✓	65
	EN12		✓	65
	EN14		✓	65
	EN16		✓	62
	EN17		X	
	EN18		✓	62
	EN19		X	



Target, South Africa

Profile: strategy and analysis

3.12: Content index

Indicator	Reported	Page no:
Environmental performance indicators cont.		
EN20	X	
EN21	X	
EN22	X	
EN23	✓	58
EN26	NA	
EN27	NA	
EN28	✓	56
EN30	✓	58
Labour practices and decent work		
LA1	✓	29
LA2	✓	29
LA3	✓	29
LA4	✓	29
LA5	✓	29
LA7	✓	21 to 23, 26 to 28
LA8	✓	37 to 39
LA10	✓	34
LA13	✓	30
LA14	✓	33
Human rights		
HR1	X	
HR2	X	
HR4	X	
HR5	✓	30
HR6	✓	33
HR7	✓	33
HR9	✓	33
Society		
SO1	✓	40 to 51
SO2	X	
SO3	X	
SO4	X	
SO5	✓	13
SO8	✓	Form 20-F
Product responsibility		
PR1	X	
PR3	X	
PR6	NA	
PR9	X	

Mining Charter Compliance

No:	Description	Compliance	Page no:
1.	Human resource development Has the company offered every employee the opportunity to be functionally literate and numerate by the year 2005 and are employees being trained? Has the company implemented career paths for HDSA employees including skills development plans Has the company developed a system through which empowerment groups can be mentored?	yes	28 to 36
2.	Employment equity Has the company published its employment equity plan and reported on its annual progress in meeting that plan? Has the company established a plan to achieve a target for HDSA participation in management of 40% within five years and is it implementing the plan? Has the company identified a talent pool and is this being fast tracked? Has the company established a plan to achieve the target for the participation of women in mining of 10% within five years and is it implementing the plan?	yes	30 to 32
3.	Migrant labour Has the company subscribed to government and industry agreements to ensure non-discrimination against foreign migrant labour?	yes	32
4.	Mine community and rural development Has the company co-operated in the formulation of integrated development plans and is the company co-operating with government in the implementation of these plans for communities where mining takes place and for major labour-sending areas? Has there been effort on the side of the company to engage the local mine community and communities in major labour-sending areas?	yes	41
5.	Housing and living conditions For company provided housing, has the mine, in consultation with stakeholders, established measures for improving the standard of housing, including the upgrading the hostels, conversion of hostels to family units and promoted ownership options for mine employees? Companies will be required to indicate what they have done to improve housing, show a plan to progress the issue of over time and whether such a plan is being implemented? For company-provided nutrition, has the mine established measures for improving the nutrition of mine employees? Companies will be required to indicate what they have done to improve nutrition and show a plan to progress the issue over time and whether such a plan is being implemented	yes	36
6.	Procurement Has the mining company given HDSA preferred supplier status? Has the mining company identified current levels of procurement from HDSA companies in terms of capital goods, consumables and service? Has the mining company indicated a commitment to progress of procurement from HDSA companies over a three-year to five-year time frame in terms of capital goods, consumables and service and to what extent has the commitment been implemented?	yes	16 to 18
7.	Ownership and joint ventures Has the mining company achieved HDSA participation in terms of ownership for equity or attributable units of production of 15% HDSA hands within five years and 26% in 10 years?	yes	16
8.	Benefication Has the mining company identified its current level of benefication? Has the mining company established its baseline level of benefication and indicated the extent that this will have grown in order to qualify for an offset?	yes	18
9.	Reporting Has the company reported on annual basis its progress towards achieving its commitments in its annual report?	yes	This report

Glossary of terms and acronyms

ABET	Adult Basic Education and Training, aimed at improving literacy levels and providing learners with nationally recognised qualifications.
ADRA	Adventist Development and Relief Agency, a humanitarian agency providing community development and disaster relief in PNG.
ADRs	American Depository Receipts, representing ownership of shares of a foreign company trading in the USA financial markets
AIDS	Acquired Immune Deficiency Syndrome, a disease of the immune system caused by HIV infection. HIV & AIDS pose serious challenges for the government and the industry, as South Africa is one of the countries worst affected by the pandemic
AMD	Acid mine drainage referring to the outflow of acidic water formed as a result of mining activity and the egress of water following contact with certain types of orebodies and host rock.
ART	Anti-retroviral therapy, treatment of retroviruses especially HIV, usually involving a cocktail of drugs
AuTek	A collaborative research project between Mintek (a South African researcher in the metallurgical field) and the South African gold mining industry
BBBEE	Broad-Based Black Economic Empowerment. BBBEE is the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies.
BEE	Black Economic Empowerment a socio-economic process that contributes to the economic transformation of the country and increases the number of HDSAs (historically disadvantaged South Africans) participating in the economy
CBOs	Community-based organisations
CD4	Indication of the strength of a body's immune system
CDP	Carbon Disclosure Project is an independent not-for-profit organisation which acts as an intermediary between shareholders and corporations on all climate change related issues, providing primary climate change data from the world's largest corporations, to the global market place.
Conops	Continuous operations
CSR	Corporate social responsibility
CUT	Central University of Technology, situated in the Free State province of South Africa
Cyanide Code	International Cyanide Management Code for the Manufacture, Transport and use of Cyanide in the production of Gold. The aim of the code is to promote responsible management of cyanide used in gold mining; to enhance the protection of human health and to reduce the potential for environmental impacts
DME	Department of Minerals and Energy, South Africa
DSM	Demand-side management
DTI	Department of Trade and Industry, South Africa
DWAF	Department of Water Affairs and Forestry, South Africa
EMF	Environmental management function
EMPs	Environmental management plans
FET	Refers to Further Education and Training colleges established under the Further Education and Training No. 98 of 1998
FIFR	Fatal injury frequency rate, the number of fatal injuries per million man hours worked
GHG	Greenhouse gases
GRI	Global Reporting Initiative is a multi-stakeholder governed institution collaborating to provide the global standards in sustainability reporting. These standards set out the principles and indicators that organisations can use to measure and report their economic, environmental, and social performance.
HDSAs	Historically disadvantaged South Africans, all persons and groups who have been previously discriminated against on the basis of race, gender and disability. Defined by the MPRDA.
HIV	Human Immunodeficiency Virus which causes AIDS by infecting the helper T cells of the immune system. The HI virus is transmitted through blood or bodily secretions.
HPDs	Hearing protection devices
ICMM	International Council on Mining and Metals. The ICMM represents many of the world's leading mining and metals companies as well as regional, national and commodity associations. ICMM members are committed to the responsible production of the minerals and metals society needs.
IDP	Integrated development plans provided for by the Local Government Municipal Systems Act. (NO. 32 of 2000)
IDRs	International Depository Receipts, a certificate representing ownership of stock securities by an investor outside the country of origin.
IFRS	International Financial Reporting Standards
ILO	International Labour Organization

Glossary of terms and acronyms (continued)

ISO 14001	Published in 1996 by the International Organisation for Environmental Standardisation, it specifies the actual requirements for an environmental management system (EMS)
JSE	JSE Limited, formerly known as the JSE Securities Exchange South Africa
King II	King II is the abbreviated name for the King Report on Corporate Governance for South Africa published 2002 in South Africa.
LED	Local economic development
LRA	Labour Relations Act 66 of 1995, South Africa
LTIFR	Lost time injury frequency rate, per million man hours. Refers to work-related injuries which result in the employee being unable to attend work on the day following the day of the injury
MBOD	Medical Bureau for Occupational Diseases
Mining Charter	The Broad-Based Social-Economic Empowerment Charter for the South African Mining Industry. The goal of the charter is to bring about an industry that reflects the promise of a non-racial South Africa
MHSA	Mine Health and Safety Act 29 of 1996
MOA	Memorandum of Agreement
MPRDA	Minerals and Petroleum Resources Development Act 28 Of 2002
MQA	Mining Qualifications Authority, a Sector Education Training Authority for the Mining and Minerals Sector. Its mission is to facilitate and promote human resources development in the sector
MTIFR	Medical treatment injury frequency rate
NGOs	Non-governmental organisations
NIHL	Noise induced hearing loss
NQF	National Qualifications Forum
NUM	National Union of Mineworkers, the largest collective bargaining agent representing workers in the mining, energy and construction industries in South Africa
OHSAS18001	Occupational Health and Management Standard
OLD	Occupational lung disease
PNG	Papua New Guinea
PPE	Personal protection equipment
PwC	PricewaterhouseCoopers, independent auditors
RMA	Rand Mutual Assurance company
RIFR	Reportable injury frequency rate, per million man hours worked
SEC	Securities and Exchange Commission, USA
SETA	Mining Sector Education Training Authority, South Africa
SEHD	Small enterprise and human development
SLPs	Social and labour plans aimed at promoting employment and advancement of the social and economic welfare of all South Africans whilst ensuring economic growth and socio-economic development. Stipulated in the MPRDA
SOx	An act designed to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board, to enhance the standard-setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight and for other purposes
SRI Index	Socially responsible investment index of the JSE
STIs	Sexually transmitted infections
TB	Pulmonary Tuberculosis
Teba	The Employment Bureau of Africa – an NGO aimed at socio-economic development in Southern Africa
THRIP	The Technology and Human Resources for Industry Programme (THRIP) is a partnership programme funded by the Department of Trade and Industry (DTI) and managed by the National Research Foundation. THRIP supports science, engineering and technology research collaborations focused on addressing the technology needs of participating firms.
TSF	Tailings storage facility
UNDP	United Nations Development Project
UNEP	United Nations Environment Programme
VCT	Voluntary counselling and testing, a programme aimed at encouraging voluntary HIV testing in order for individuals to know their status
VULA	Virginia Unemployed Labour Association
WBEC	West Basin Environmental Corporation
WHO	World Health Organisation
WUC	Western Utilities Corporation

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Registration No. 1950/038232/06
Incorporated in the Republic of South Africa
ISIN: ZAE000015228

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Global BuyDIRECTSM

The Bank of New York maintains a direct share purchase and dividend reinvestment plan for Harmony. Global BuyDIRECTSM, a direct and sale/dividend reinvestment plan sponsored and administered by the Bank of New York, offers investors the opportunity to purchase depository receipts at commissions that are typically less than a retail broker. For additional information, please visit the Bank of New York's website at www.globalbuydirect.com or call Shareholder Relations at 1-888-BNY-ADRS or write to:

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