



Our people 2013





# Our people

## SCOPE OF SUPPLEMENTAL INFORMATION

The supplemental information on our website supplements the integrated annual report and covers the financial year from 1 July 2012 to 30 June 2013 (FY13). It follows a standalone but similarly comprehensive report for FY12. In line with its commitment to the principle of integrated reporting, Harmony Gold Mining Company Limited (Harmony) has again incorporated its broader social, environmental and economic performance throughout this report in line with the requirements of the King Report on Governance for South Africa (King III).

The aim of this information is to give all our stakeholders – shareholders, investors, employees, suppliers, regulatory authorities and governments around the world – an informative description of Harmony's business and operations, their impacts and the sustainable value we create.

The integrated annual report and supplemental information cover all Harmony's wholly owned operations in South Africa as well as its joint venture in Papua New Guinea (PNG). They exclude discontinued operations, unless otherwise stated.

This data has been compiled in accordance with the G3 guidelines of the Global Reporting Initiative (GRI) and King III. All information covers FY13 with comparative annual data provided for information. Financial data is aligned with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, the South African Companies Act, No 71 of 2008 (the act) and the Listings Requirements of the JSE Limited (JSE).

Any material restatements and changes are fully described in the relevant sections or at the beginning of the integrated annual report if their impact is company-wide.

Group material issues are disclosed in the integrated annual report, while discipline-specific issues precede each section in the supplemental information.

Harmony is committed to accurate, meaningful reporting. Acknowledging that this is a process of continual improvement, key sustainability indicators are externally assured each year, while preparatory work is completed on other indicators to ensure we steadily expand the scope of assurance. The report of our external assurers is on page 86 of the integrated annual report.

Detailed disclosure on Harmony, including regulatory filings, press releases, stock exchange announcements and quarterly reports, is available on our website at [www.harmony.co.za](http://www.harmony.co.za).



### FEEDBACK

We welcome your feedback to ensure we report on issues that matter to you. Go to [www.harmony.co.za](http://www.harmony.co.za) for the feedback form.

Specific comments and suggestions can also be directed to:

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Throughout this report, unless otherwise stated:

- \$ or dollar refers to US dollars
- K refers to the currency of Papua New Guinea (kina)
- All production volumes are in metric tonnes (t)

For a full glossary of terms and acronyms please see our supplemental information suite at

[www.harmony.co.za/investors](http://www.harmony.co.za/investors)

# Our people



## OBJECTIVES IN FY13 AND BEYOND

Objective	Progress
• Talent management plan and software roll-out programme	Completed ✓
• Productivity improvement initiatives	Ongoing
• Standardisation of human resources policies and processes	Ongoing – completion expected in FY14
• Completion of adult basic education and training (ABET) programme	Expect to have literate workforce by 2024 (progressing from 25% in 2009 to 53% in 2012)

## Material issues\*

- Labour unrest
- Improving productivity
- Accelerate the hostel de-densification process in South Africa to achieve one person/room target in 2014
- Attract and retain key technical and managerial skills
- Progressively increase investment in human resource development towards 5% target by 2014
- Retain +40% representation by historically disadvantaged South Africans in all management levels
- Manage sick absenteeism and other unavailable labour components
- Maintain positive and proactive relationships with employees, organised labour and all other stakeholders
- Flexible wage model – our aim is a model in which an attractive variable pay portion distinguishes Harmony in the industry
- In Papua New Guinea:
  - Targeted technical and core skills training programmes
  - Leadership development and coaching programmes
  - Targeted attraction of skilled and motivated employees

\* The section on Harmony's approach to sustainability (page 72 of the integrated annual report) details how we identified our material issues

## Our people

### *Management approach*

Harmony is founded on the skills of its people. Their development underpins our sustainability as a mining company while Harmony's sustainable profitability enhances our ability to deepen their development.

Guided by group policies and a central function for human resources and employee relations, we concentrate on meeting the diverse needs of our people.

To entrench diversity and equal opportunity, we focus on attracting, retaining and developing historically disadvantaged South Africans (HDSAs) and women. Similarly, in Papua New Guinea (PNG), we are focused on attracting and retaining both externally recruited and locally recruited employees, particularly landowners and local citizens. The social and ethics committee of the board monitors progress on employment equity and transformational issues at its quarterly meetings.

Given our objective to have motivated and competent employees, our human resources initiatives focus on four underlying goals:

- Entrenching an organisational culture alignment programme
- Attracting and retaining employees with high potential
- Continuously developing employees to address skills shortages and improve efficiency
- Maintaining an effective employee performance management system.

The culture alignment project was initiated in the prior year, as was the process of rolling out the new corporate values. By the end of the review period, our corporate values had been rolled out to all operations, except Kusasaletu, where we were focused on restoring normal production after labour disruptions resulted in its temporary closure early in the year.

Our approach in South Africa and PNG rests on core elements such as competitive remuneration principles, progressive employee relations, integrated systems and professional administration services. These are the foundation to reaching our operational objectives.

## Our people

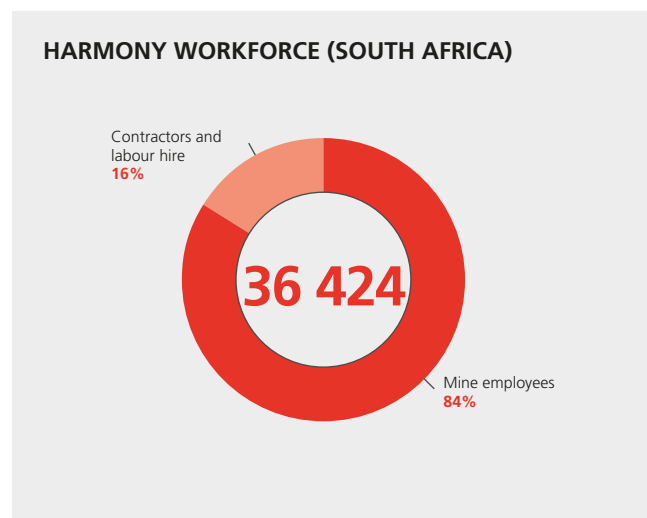
### OUR WORKFORCE

Mergers and acquisitions in recent years have added valuable assets and skills to our company, resulting in an experienced and capable management team and a solid succession pipeline. During the review period, we completed the second of a three-year culture alignment programme aimed at cohesion throughout the company. It included:

- **Leadership shaping** – the strategies against which a single Harmony culture would be built and measured were defined by the executive team. Key outputs include a leadership brand definition, a refreshed brand strategy, a staff engagement strategy, a final set of group values and an employee value proposition. At the end of the review period, this process was complete.
- **Leadership empowerment** – equipping senior management with the skills to cascade the defined Harmony leadership brand down through their teams. Executives and senior managers participated in a leadership programme that included three 360° leadership assessments and eight executive coaching sessions to track individual leadership growth. This assessment process will be integrated into wider talent management initiatives as middle managers and senior managers complete the programme in the new financial year.
- **Employee engagement** – as part of phase 3 of the culture alignment programme, this has several key outputs: an annual culture survey that enables employees to provide input into the current Harmony organisational culture as well as the desired culture; various short- and long-term employee engagement strategies (which included rolling out Harmony values to all levels), and creating a bottom-up engagement approach through the employee workgroups programme. These initiatives run simultaneously to entrench behaviours that support the desired Harmony culture. To date, three operations have initiated their workgroups.

The effectiveness of this programme is monitored through specific indicators including annual company-wide culture surveys for the next three years. The need to focus on labour relations in the review period took precedence over the survey, which was postponed to September 2013. Outcomes from the survey will serve as input for employee workgroups at operational level.

In tandem, Harmony runs an active recruitment and retention programme, benchmarked against industry practice to remain competitive. Several enhancements were made to our conditions of employment in March 2012. Specific bonuses are paid for key skills and employees who enhance the company's demographic profile.



In South Africa, our employee complement was 36 424 for the year (FY12: 39 994), 84% permanent employees and 16% contractors. Permanent numbers declined by 3 262 year on year mainly due to the conclusion of the sale of Evander and Sir Albert medical centre. Contractor employees declined by 308 as certain contracts ended.

In PNG, the staff complement of 3 871 includes Morobe Mining Joint Venture (MMJV) employees (FY12: 4 510). Of these, 45% were permanent employees and 55% were contractors working on specific construction projects.

### PROMOTING SOUND AND CONSTRUCTIVE EMPLOYEE RELATIONS

#### Management approach

Across Harmony's operations, we recognise the right of employees and contractors to freedom of association and adhere to collective bargaining agreements in each country. There are long-established relationships with organised labour at all operations, with no significant risk of jeopardising freedom of association and collective bargaining. Equally, there is no possibility of forced or compulsory labour due to Harmony's internal processes and controls.

## Our people

The review period was one of the worst in years for labour relations across the mining industry. While there were multiple factors involved (see Kusasaletu case study included on our website at [www.harmony.co.za/investors](http://www.harmony.co.za/investors)), the fact is that one illegal strike at one platinum mine spread quickly, resulting in scores of fatalities, mine closures, lost production and, ultimately, lost jobs.

Whatever the underlying reason, or combination of reasons, the wave of strikes did immense damage to the trust between employers, unions and employees. Apart from the cost to the mining industry, the strikes also affected investor confidence, national economic growth and sent the currency into freefall.

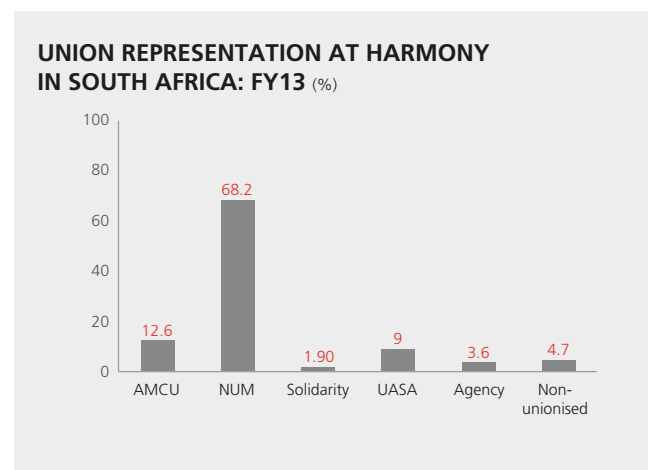
In dealing with the illegal strikes at Kusasaletu, our approach from the outset was premised on safety and protecting the long-term interests of stakeholders. After closing the mine a day early for the festive season, by early January 2013 we had determined the non-negotiable conditions for production to recommence at Kusasaletu:

- Strict adherence to the provisions of the Mine Health and Safety Act (MHSA) by all
- Ensuring the mine's standards and procedures are followed by all employees
- Employees conforming to the disciplinary code of the mine
- No illegal sit-ins, marches or mass meetings
- No violence or destruction of property
- No violence or intimidation against any employee
- No firearms or any other weapons of any nature on mine premises or at the hostel
- All role players to follow the normal and accepted methods of collective bargaining, disciplinary and grievance hearings in resolving any difference of opinion
- All employees to respect and adhere to the law, and respect the right to freedom of association without any fear, intimidation or coercion
- The commitment of every employee to running the mine in a way that would enable it to reach its projected profitability, thus ensuring its long-term viability.

Fulfilling the final condition required teams of Harmony managers engaging with all stakeholders to reach collective agreement. Achieving this agreement – with over 5 500 individuals signing their commitment to a common goal – was regarded as a breakthrough in labour relations in our industry, and by year end Kusasaletu was back to normal production.

Employee relations in South Africa are guided by the Labour Relations Act as well as by company and mine-based recognition agreements. Harmony recognises the following labour unions in South Africa: the National Union of Mineworkers (NUM), United Association of South Africa (UASA) and Solidarity. The majority of the South African workforce (almost 93%) is unionised and a further 5% is covered by agency shop (or collective) agreements. The Association of Mineworkers and Construction Union (AMCU) emerged at Kusasaletu in the second quarter and has to date signed up over 3 550 members (74%) of that workforce. We are engaging with AMCU to conclude an organisational rights agreement and negotiate a recognition agreement for Kusasaletu, while a recognition agreement was signed between Masimong (where AMCU membership accounts for around 30% of the workforce) and AMCU in July 2013.

There are no active unions at our PNG sites. Industrial relations at the Hidden Valley site are currently managed by the employee representative committee. This ensures regular communication between management and employees through monthly meetings where issues raised are recorded and promptly addressed. Programmes to increase the committee's effectiveness included training and coaching by external consultants. There was no industrial action at PNG during the year.



Harmony lost 225 production days to unprotected labour action during the review period – 219 at Kusasaletu and two each at Phakisa, Tshepong and Doornkop.

## Our people

In FY12, Harmony introduced its own profit share scheme with over R18 million equally shared among participating employees. In FY13, this rose to over R27 million.

The employee share ownership plan, Tlhakanelo, was also launched in FY12. Under this scheme, up to 4.3 million scheme shares and 8.6 million share appreciation rights will be offered to qualifying employees based on years of service during the five-year life of the scheme. Since the inception of Tlhakanelo, some 30 000 scheme participants have benefited from dividends totalling R2.9 million.

Harmony negotiates changes to wages and other conditions of employment through recognised collective bargaining structures, including a centralised industry forum under the Chamber of Mines. A two-year industry wage agreement, which included profit sharing, ended in June 2013. New negotiations began in July 2013 after a number of delays. A new two-year wage agreement, under the auspices of the Chamber of Mines, was concluded with the majority unions. This is valid until July 2015.

Each year, negotiations with unions span a wide range of issues. In FY13, these included:

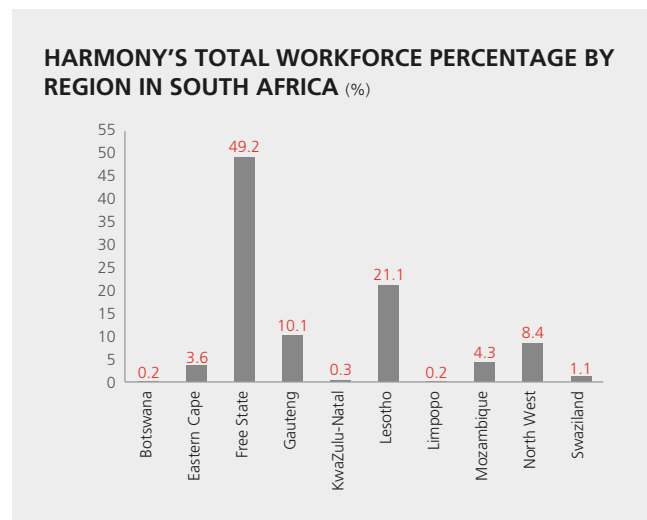
- Wellness and retirement
- Training and development (page 9)
- Housing and transport (page 7)
- Women in mining (page 15)
- Medical incapacitation

Other issues currently being discussed with unions include:

- Establishing a bargaining council for the gold mining industry. This has not been finalised due to the emergence of AMCU and its opposition to commodity-based bargaining councils. The AMCU preference is for a single mining industry bargaining council. These discussions will probably resume after wage negotiations are concluded
- The framework agreement for a sustainable mining industry between the unions, mining houses and government
- Issues on developing young people living in communities close to mining operations
- The implementation of a company-wide code of conduct that each employee will commit to and sign.

## RECRUITMENT AND TURNOVER

Six years ago, Harmony implemented a strategy to attract and retain key employees. Our recruitment initiatives focus on local communities, with over 73% of the South African workforce derived from these communities and 88% in PNG.



We monitor employee turnover indicators closely, given the twin challenges of skills shortages in South Africa and the need to develop the skills of HDSAs and women for our industry.

Total staff turnover for the year increased to 9.1% (FY12: 7.4%). This has declined from 18% in FY09, underscoring the success of our retention initiatives.

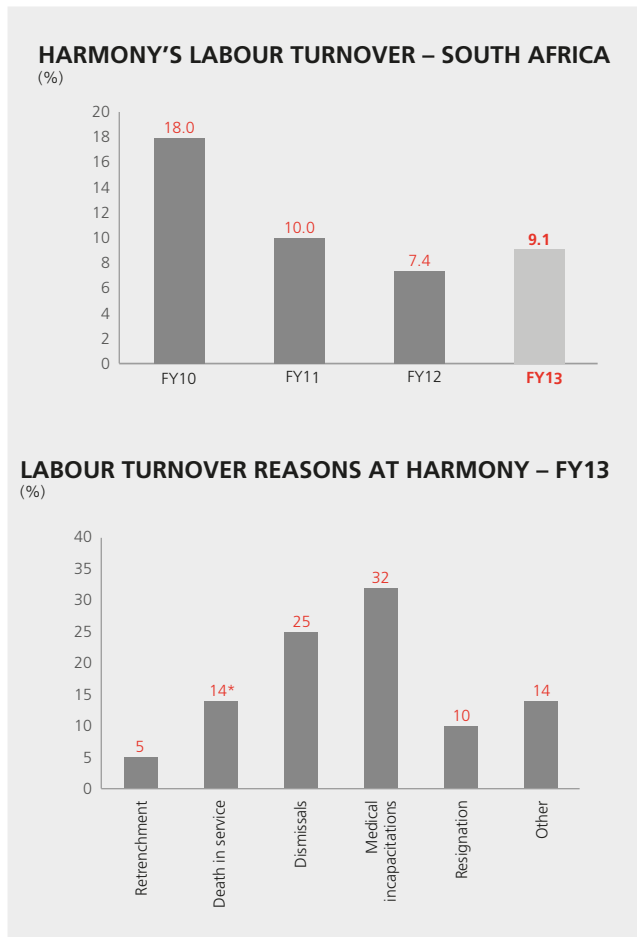
In South Africa, turnover was 9.1% with 2 806 employees leaving the company. The main reasons for separation in FY13 were retrenchments (5%), medical incapacitation (32%), dismissals (25%), resignations (10%), other (14%, mainly contract expired) and deaths in service (14%, which exclude mine accidents).

In PNG and Australia, 521 employees (31%) left the company in FY13, primarily due to redundancies after operations were restructured.



## Our people

Turnover among female employees remained low across the company in FY13 at 8.5% and 4% in South Africa and PNG/Australia respectively.



\* Includes fatalities

### EMPLOYEE BENEFITS

Harmony is a contemporary employer in an industry competing for skills. We understand that our people are vital to our sustainability, and reward them appropriately. While certain benefits and remuneration are governed by legislation and collective bargaining platforms, in general Harmony employees receive a range of benefits, including:

- Leave, bonuses, housing allowances, medical aid, funeral benefit, provident/pension fund
- Share incentive scheme for management
- Employee share ownership plan (Tlhakanelo) implemented in March 2012.

Full-time employees receive more benefits than contractors in South Africa and PNG. For further details, refer to the remuneration policy in the integrated annual report.

### Accommodation and living conditions

In South Africa, our housing strategy is focused on promoting home ownership, rental options and integrating mining communities into local structures. As such, we are making land available and facilitating affordable housing development on our redundant mine land, as well as proclaiming mine villages to become part of municipal areas.

Integral to our housing strategy is upgrading and de-densifying our operational hostels. We continue to make good progress, aiming to complete the process of creating privacy in single-sex hostels over the next 18 months.

The hostel occupancy rate was further reduced during the review period, on track to meeting the Mining Charter target of 100% single rooms by the end of calendar 2014. The total cost of these conversions by 2014 will exceed R132 million.

In the Free State, the award-winning Masimong 4 hostel project was completed in the prior year. During the review period, companies moved into the business centre, while the crèche was occupied at the beginning of the school year, and is functioning well.

Harmony is committed to converting another three hostels into some 1 000 family units by FY15. By then, 240 units in our Gauteng operations (140 at Kusasaletu and 100 at Doornkop) will have been converted at a total estimated cost of R40 million, while in the Free State, the Unisel and Masimong 5 hostel upgrades will be completed at an estimated total cost of R36 million.

The Merriespruit hostel, near Virginia, is Harmony's next conversion project. After the provincial department of human settlements accepted the feasibility study, the contract was signed in March 2013 and R92 million transferred to Harmony to begin construction. Once completed, around 350 units will be created with the potential to house over 1 000 people. For residents' convenience, discussions are under way with Matjhabeng local municipality to build a taxi rank next to the Merriespruit housing complex.

## Our people

After the definition for housing and living conditions was revised during the year to reflect Mining Charter requirements, we have restated FY12 performance from 18% to 27% to include units forming part of our local economic development plans. This includes initiatives to promote and facilitate home ownership by our employees, existing family houses, rental units and conversion of non-operational hostels into family units.

In line with our focus on promoting home ownership, employees who do not live in company hostels earn a living-out or housing allowance.

At year end, 1 842 single privacy rooms, 519 family rental units and 1 904 home ownerships were completed, with 17 360 employees (almost 50% of the workforce) electing to

receive the living-out allowance. To address ownership more successfully, we have initiated an external study to determine the living conditions of employees receiving this allowance, and launched studies to convert existing mine villages into ownership options.

For all new developments, Harmony donates the land, funds construction of infrastructure such as power and water, manages the project and monitors quality. As example, the Mohlakeng Ext 13 – 15 project near Randfontein is a collaborative project between Harmony and the Gauteng human settlement department where we have made land available for 1 200 subsidy houses – with 750 already completed. The Extension 15 area is approved for finance-linked houses, and installation of engineering services is imminent.



### Progress towards Mining Charter targets – housing

	Mining Charter target 2014 %	Harmony target 2015	2012		2013		Planned 2014 <sup>#</sup>	
			Achieved	%	Progress	%	Planned	%
Hostel (operational) conversion to single privacy rooms by 2014	100	9 853	1 842	18.7	4 550	46	9 853	100
Hostel (non-operational) conversion to family units – 1 500 units	100	1 500	5 19	34.6	869	58	1 350	90
Facilitation of home ownership*		4 719	1 904	40	2 496	53	3 546	75
<b>Total</b>				<b>27</b>		<b>49</b>		<b>93</b>

\* Houses sold to employees and other housing development programmes (actual achieved will depend on employee affordability profile and ability to obtain finance)

# Certain elements are outside Harmony's control, such as employees being granted bonds or receiving state subsidies

## Our people

As part of the focus on living conditions, Harmony's catering manager and dietician monitor and audit outsourced suppliers to ensure a balanced diet for hostel residents.

In our PNG operations, employees stay in exploration camps while on duty, but return to their homes frequently because of the way we have designed the work roster.

### TRAINING AND DEVELOPMENT

Understanding the vital importance of a skilled workforce to our sustainability as a company, employee development is driven through a variety of programmes:

- Skills development
- ABET
- Bridging school
- Learnerships
- Bursaries
- Graduate development programmes
- Talent management
- Supervisory and leadership development programmes.

All are aimed at equipping our people with the requisite technical and non-technical skills and capabilities to maintain a high level of organisational performance.

Managing the performance and careers of our people is integral to this approach. Throughout Harmony, individuals and teams are evaluated and rewarded on input and output for which they are directly responsible.

Training and development for current and potential employees is therefore continuous. In FY13, 74% of our workforce received some form of training at a cost of R242 million (FY12: 72%, R245 million). An amount of R5.1 million was specifically for employees with critical and scarce skills. To facilitate transformation, 71% of employees trained in FY13 were HDSAs, and 13% were women. To better manage the risks associated with employee development, specific mitigating measures are in place. As example, people who complete learnership programmes must honour a service obligation to the company.

To address operational requirements and retain employees at our PNG operations, mentoring and skills development programmes continued in FY13, while a performance improvement programme aimed at increasing worker productivity began. As our south-east Asia operations grow, recruitment remains a strong focus.

During the period, we revised our employee development philosophy and strategy, and reviewed the learning and development policy.

All programmes are tailored to the training and development needs of our people. The disciplines and skills covered include mining, engineering, metallurgy, ore reserve management, human resources, occupational hygiene, other technical and skills training, supervisory development, change management and leadership development.

We also address specific skills issues in South Africa, including ABET, and skills development and learnership programmes. The Harmony Bridging School (below), as well as leadership and supervisory development, complement our training initiatives while bursaries and study assistance for current and prospective employees reinforce a culture of continual improvement.

In PNG, key competency assessments were completed by year end, focused on operational, maintenance and processing personnel. This will facilitate the development of an integrated training and development plan that identifies any skills gaps and addresses the needs of the business. To optimise training services offered on site, a skills audit was undertaken to identify specific training needs required on site.

### Skills development

In South Africa, Harmony representatives actively participate and interact with the Mining Qualifications Authority (MQA) on various committees regarding skills and career development for its employees. Harmony is fully accredited as a training provider by the MQA.

In PNG, a three-year training plan to 2015 is in place for our three joint ventures. The plan includes processes to localise key positions within this period. The three-year training plan covering our exploration activities was renewed at the start of the review period.

Given the ongoing shortage of heavy equipment operators at PNG and our obligations in terms of the memorandum of agreement, we continue to train and mentor locally recruited employees from the landowner areas of Hidden Valley. As example, having competent operators on excavators and drill rigs is an essential part of Hidden Valley's business and a key strategy to achieve the mine's targets. Focused training initiatives during the year produced good results, and technical training using equipment simulators has proved beneficial.

## Our people

### Adult basic education and training

Four fully staffed ABET centres at Harmony run full-time and part-time classes to address the level of basic education in our workforce. In FY13, 934 employees and community members were enrolled for ABET, at a cost of R57 million. Due to the low intake of part-time students and correspondingly high costs per head, we are reviewing this facility.

The challenge we face in improving part-time enrolment numbers is overcoming a lack of interest, particularly among older employees. We have appointed an external institution to assess and certificate candidates to fast-track the process for those without confirmed levels of education.

We have made encouraging progress in improving pass rates. After discussions with organised labour, we jointly investigated challenges behind the reduced pass rate in the prior year, and reviewed the number of subjects or learning areas covered per level against industry practice. After reducing the number of subjects, course length has dropped from six to three months per intake, which may improve enrolment.

As a result of these initiatives 2012 academic year results improved to 61%, including remedial results, from 49% in 2011. This upward trend is expected to continue in 2013 and beyond.

#### Pass rate 2012

	December 2012 %
Pre-ABET	100
Level 1	39
Level 2	37
Level 3	68
Level 4	94
	61

#### Learnerships FY13

FY13 Learnership	Mining		Engineering		Ore reserve management		Total	
	M	F	M	F	M	F	M	F
Mining	140	44	0	0	0	0	140	44
Artisan	0	0	57	17	0	0	57	17
Repair/service person	0	0	6	5	0	0	6	5
Ore reserve management – mining technical service	0	0	0	0	12	3	12	3
<b>Total</b>	<b>140</b>	<b>44</b>	<b>63</b>	<b>22</b>	<b>12</b>	<b>3</b>	<b>215</b>	<b>69</b>

Harmony's literacy rate has risen from 25% in FY09 to 53% in FY13, reflecting the commitment from all parties to continue improving the literacy level, given its impact on safety.

Our PNG operations are in their early stages and Hidden Valley has just completed its third year of production. As such, we currently only offer part-time ABET courses.

### Bridging School

Harmony's Bridging School supports mathematics and science at grade 12 level to assist school leavers in improving their final results to gain admission to tertiary studies. Some follow the learnership route, increasing the number of learnerships in the company.

In FY13, 20 students were selected to participate in the bridging school programme from communities around Harmony operations. Of these, 11 are interested in pursuing mining disciplines, five in engineering, three in environmental studies and one in finance. This brings total learners to date to 335 community youths. Of these, 31 (9%) were granted bursaries – some have completed their degrees, and eight (26%) are in senior management positions in Harmony.

### Learnerships

Three formal programmes are in place at Harmony under the auspices of the MQA, namely rock breaker, artisan and mineral resources learnerships.

For FY13, Harmony had 284 learners at different levels of their respective programmes (below). Most learners are accommodated in permanent positions once they complete their programme, depending on vacancies.

## Our people

### Bursaries

The Harmony bursary programme has operated since 2001, principally to help historically disadvantaged matriculants embark on tertiary studies for future mining careers. For FY13, we had a new intake of eight South African students, focused on the technical fields of mining,

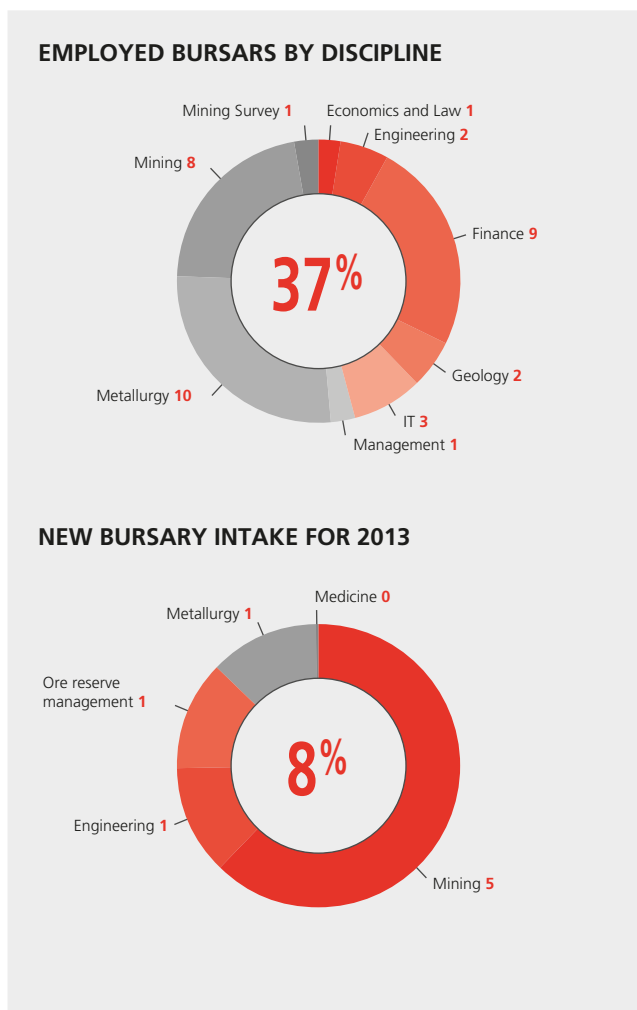
engineering, geology and survey for the Harmony talent pool.

For the current academic year, Harmony is supporting 32 new and existing bursars at a cost of R4.2 million at various South African tertiary institutions. Eighteen of these students are from communities around Harmony mines.

### Bursary students – FY13

	Mining	Engineering	Ore reserve management	Metallurgy	Medicine	Total
Existing	15	4	1	3	1	24
New intake	5	1	1	1	0	8
<b>Total</b>	<b>20</b>	<b>5</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>32</b>

To date, we have employed 37 graduates from our bursary scheme, with minimal turnover – nine have progressed to management positions in technical and business fields.



Ten students completed their studies at the end of calendar 2012 and joined Harmony in 2013.

In addition to the bursary students, Harmony enrolled an additional human resources graduate for succession-planning purposes. We also had 165 employees benefiting from the study assistance programme during the review period, at a cost of R1.8 million to the company.

### FY13: Study assistance for own employees

Disciplines	Total	Male	Female
Central services	26	14	12
Corporate	33	12	21
Engineering	26	21	5
Environmental control	1	0	1
Finance	29	10	19
Health and safety	9	7	2
Human resources	10	1	9
Information technology	2	0	20
Medical services	15	4	11
Metallurgy	1	0	1
Mining	3	3	0
Ore reserve management	10	6	4
<b>Total</b>	<b>165</b>	<b>78</b>	<b>87</b>

### Graduate development programme

New graduates are mainly placed on the formal graduate development programme in their respective disciplines. This involves on-the-job training and other practical training courses, and runs over three years. On completion, Harmony has the right to offer permanent employment to individual graduates or release them from the service obligation.

## Our people

### New candidates on graduate development programme – 2013

Discipline	Male	Female		Total
Mining	5	0	All African	5
Geology/survey	1	1	African, white	2
Metallurgy	1	0	African	1
Finance	0	1	African	1
Human resources	0	2	African, white	2
<b>Total</b>	<b>7</b>	<b>4</b>		<b>11</b>

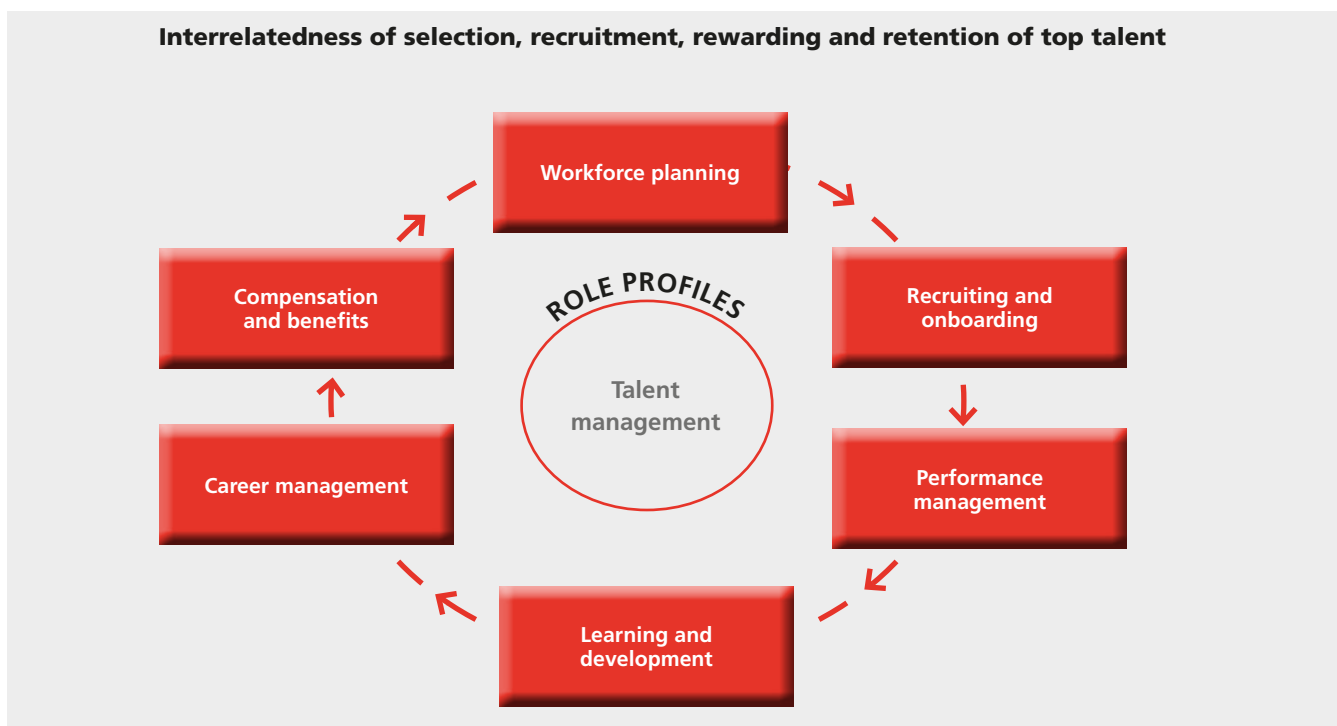
#### Talent management

Harmony's human resources professionals have finalised a talent management programme that incorporates psychometric assessments and performance results for management.

This process ensures all functions are fully integrated around values, skills requirements and our strategic goals while supporting the development of previously disadvantaged and marginalised groups in line with our employment equity

policy. The talent management process also provides an infrastructure and framework that supports Harmony's business strategy and is aligned to other human resources systems and practices.

The aim is to assist employees in developing to the full extent of their potential. This will help employees achieve realistic career goals that satisfy both individual and organisational requirements while ensuring a dynamic talent pool from which to elect successors.



## Our people

### Leadership development programme

Now in its fourth year, and facilitated by the University of Johannesburg, Harmony's leadership development programme is specifically aimed at senior and middle management. To date, 55% of managers have been through this programme. Classroom feedback and reports from operations prove that this programme is producing benefits at individual, group and operational level.

In PNG, the leadership development programme started in 2010 was initially aimed at supervisors at Hidden Valley. During the review period, we continued developing key performance indicators, while management and employee appraisal training began at Hidden Valley for all managers, superintendents, coordinators and supervisors. The key objective of this programme is to equip all line supervisors with team management skills. In the new financial year, formal leadership training will be rolled out.

### Supervisory development programme

Launched four years ago, the supervisory development programme is facilitated by Maccauvlei Learning Academy. Learners accumulate credits under the national qualifications framework (NQF) at level 4 in risk management, team leader and managerial skills as first-line supervisors, eg shift overseers and foremen.

There were seven intakes in FY13 involving 111 candidates. To date, 443 learners have attended this programme.

Discipline	
Mining	129
Engineering	113
Ore reserve management	30
Metallurgy	53
Services	112
<b>Total</b>	<b>437</b>

In PNG, a supervisory development programme covering technical skills, effective workplace team management and professional development has been developed. The technical skills component began in the final quarter and will be incrementally rolled out to all applicable departments in Hidden Valley. In addition, a training initiative focused on career progress is being rolled out. Known as lines of progression, its primary focus is to train, educate and provide the required skills for continuous individual improvement. At Hidden Valley, this will ensure we develop our workforce

against criteria relevant to our business goals, while ensuring the professional development of our people for individual benefit, for the mine and for the industry.

### Social plan programme

In terms of the social plan framework agreement (2003) between Harmony and NUM, employees can nominate a dependant (proxy) to receive training on their behalf. In FY13, some 70 dependants benefited from this agreement.

### Portable skills training

An ongoing programme provides alternative skills to employees (both current and retrenched employees) through Harmony's social and labour plan. This enables people to move beyond our business and cushions the impact of unavoidable retrenchments for economic reasons or when our mines reach the end of their lives. The skills acquired provide access to employment opportunities in sectors of the economy outside mining, and promote a culture of self-employment to improve quality of life.

During the year, 335 employees or proxies were trained (around 21% were proxies – dependants of mine employees). Since Harmony's individual mining licences were executed in 2008, some 3 700 employees have been trained in portable skills.

The range of basic skills provided in FY13 cuts across economic sectors, from carpentry, computer literacy, electrical, welding and plumbing to servicing light motor vehicles/motor mechanic and clothing manufacture.

Our ongoing challenge with this programme is encouraging more employees to enrol for courses in their own time.

### Promoting skills development and employment in communities

In South Africa, the mining industry is a key employer. This impact is intensified in areas where mining is the dominant employer. In the Free State, for example, mining dominates gross domestic product and the industry is vital in creating employment.

In line with our drive to offer experiential training for tertiary students completing their mandatory practicals, and internships for those who need experience after qualifying, in FY13 Harmony accommodated 10 on experiential training and 21 MQA interns.

## Our people

	Mining	Engineering	Metallurgy	Survey	Geology	Environmental	Total
Experiential trainees	1	2	5	2	0	0	10
Internship	0	2	3	2	7	7	21
<b>Total</b>	<b>1</b>	<b>4</b>	<b>8</b>	<b>4</b>	<b>7</b>	<b>7</b>	<b>31</b>

### HUMAN RIGHTS

Respect for human rights is entrenched in the company's values and explicitly catered for in human resources policies, charters and contracts of engagement. This is closely monitored by human resources and community engagement managers at operational level.

As a company based in South Africa, Harmony abides by the human rights conventions of the International Labour Organisation (ILO) as contained in the South African constitution. This process is monitored by the social and ethics committee. In addition, certain human rights requirements are built into contractual arrangements with new suppliers.

No incidents of discrimination were reported in South Africa or PNG in FY13.

The South African constitution also prohibits forced, compulsory or child labour. None of Harmony's operations are at risk and no contraventions of these principles were alleged or reported in FY13.

Please refer to page 6 and 7 for our approach to collective bargaining.

### Steady progress on employment equity

Our policy is to recruit locally as far as possible. However, our policies and procedures ensure there is no discrimination against foreign migrant labour, which constituted just over 26% of the total workforce in FY13 (FY12: 26%).

Practices and initiatives to ensure employment equity in South Africa are guided by labour and industry-specific legislation. This promotes equal opportunity by eliminating unfair discrimination and implementing affirmative action for women in mining and HDSAs in management. There is no difference between salary scales for men and women at Harmony.

Harmony has a programme in place to encourage and embrace diversity across the company. The company reports its employment equity plan and progress to the social and ethics committee quarterly and to the departments of labour and mineral resources annually.

Our employment equity plan for the next five years was reviewed and approved in FY13. The principal objectives of the plan include to:

- Ensure Harmony is proactive in identifying and addressing the needs and aspirations of all employees
- Better reflect national and provincial demographics at all occupational categories and levels
- Be an equal opportunity employer by assisting members of designated groups to obtain access to and experience in fields of learning in which they were previously excluded
- Meet our obligations in terms of the Employment Equity Act, No 55 of 1998
- Provide guidelines on implementing and managing employment equity in different departments and operations
- Pursue the sustainable diverse workforce that will generate earnings to fund dividends and company growth
- Promote equal opportunities and fair treatment by eliminating unfair discrimination
- Promote the development, efficiency and advancement of designated groups
- Promote equitable representation in all occupational categories and levels
- Have a representation of people with disabilities
- Improve the level of skills across the workforce to realise the maximum potential of all employees, increasing both efficiency and company productivity
- Promote employment equity as a business imperative that will assist Harmony to achieve its strategic objectives.

Overall accountability for achieving the objectives of this plan rests with a dedicated executive director. Implementation is the responsibility of the group diversity manager and general managers in our operations, aided by representative committees. Each operation has set its targets in its social and labour plan, and progress is closely monitored by senior management and the social and ethics committee of the board.

Our recruitment, development and retention initiatives are focused on HDSAs in line with Mining Charter requirements. In South Africa, Harmony improved its employment equity levels in management over the past year to 46% from 44% (includes Evander) in the prior year, well above the charter requirement of 40%. This is a commendable achievement, given the shortage of HDSA management skills in the country.



## Our people

Harmony continues to implement various initiatives to meet its social and labour plan targets, often in collaboration with regional partners.

### Employment equity plan targets 2012 – 2017

Occupational categories	Targets (HDSA)					
	Mining Charter			SLPs		
	2012 %	2013 %	2014 %	2015 %	2016 %	2017 %
Top management (board)	30	35	40	45	50	55
Executive management	30	35	40	45	50	50
Senior management	40	35	40	45	50	55
Middle management	35	40	40	50	55	60
Junior management	40	40	40	50	55	60
Core and critical	20	30	40	45	50	55

### Group employment equity in management

Occupational level	Total employees	Employees from designated groups		
		Actual	FY13 %	FY12 %
Top management (board and executive members)	24	13	54	60
Senior management	124	55	44	42
Professionals, mid-management	163	75	46	43
<b>Total</b>	<b>311</b>	<b>143</b>	<b>46</b>	<b>44</b>

### Women in management

Occupational level	Total employees*	Women		
		Actual	FY13 %	FY12 %
Top management (board and executive members)	24	5	21	20
Senior management	124	27	22	16
Professionals, mid-management	163	29	18	16
<b>Total</b>	<b>311</b>	<b>61</b>	<b>20</b>	<b>16</b>

\* This excludes foreigners

## Our people

Harmony recognises that it operates in diverse environments and has invested in empowering women to play an active role in the advancement of the company through:

- establishing policies and practices that are fair and non-discriminatory
- driving diversity especially gender sensitivity as an element of our cultural alignment programme
- promoting affirmative action principles in the workplace.

Reflecting good practice, the representation of women across the Harmony group in FY13 was maintained at 12% (3 647 women) (FY12: 12%). At certain operations the 10% Mining Charter target has been exceeded. The group percentage of women in management was 20% (FY12: 18%) in the core disciplines (engineering, mining, ore reserve management and metallurgy) and support services.

Women's forums at every operation ensure their active participation, and empower women about workplace issues. These forums are also facilitating effective communication between women and management.

At Hidden Valley the percentage of women in the workforce has dropped to 14,3%, below the national average of 15%. All efforts are focused on achieving the calendar 2013 target of 17%.

### LOCALISATION

In terms of diversity and equal opportunity, PNG operations are governed by a three-year training plan lodged with the Department of Labour for approval in separate documents for each operation: Hidden Valley joint venture, Wafi-Golpu joint venture and the exploration joint venture.

Under this plan and for the company to have externally resourced employees, the joint ventures must ensure locally resourced employees are continuously trained and succession is managed.

The succession target of under 4% permanent externally resourced employees at PNG by 2013 will be challenging to meet, although the leadership development programme conducted in the first quarter of FY12 will help close the gap.

## Our people

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M Motloba\*^ (deputy chairman)  
GP Briggs (chief executive officer)  
F Abbott (financial director)  
HE Mashego (executive director)  
FFT De Buck\*^ (lead independent director)  
JA Chissano\*1^  
KV Dicks\*^  
Dr DS Lushaba\*^  
KT Nondumo\*^  
VP Pillay\*^  
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Incorporated in the Republic of South Africa  
ISIN: ZAE 000015228

#### FORWARD-LOOKING STATEMENTS

##### Private Securities Litigation Reform Act

##### Safe Harbour Statement

This report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and 21E of the Securities Exchange Act of 1934, as amended, that are intended to be covered by the safe harbour created by such sections. These statements may be identified by words such as "expects", "looks forward to", "anticipates", "intends", "believes", "seeks", "estimates", "will", "project" or words of similar meaning. All statements other than those of historical facts included in this report are forward-looking statements, including, without limitation, (i) estimates of future earnings, and the sensitivity of earnings to the gold and other metals prices; (ii) estimates of future gold and other metals production and sales, (iii) estimates of future cash costs; (iv) estimates of future cash flows, and the sensitivity of cash flows to the gold and other metals prices; (v) statements regarding future debt repayments; (vi) estimates of future capital expenditures; and (vii) estimates of reserves, and statements regarding future exploration results and the replacement of reserves. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, gold and other metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, project cost overruns, as well as political, economic and operational risks in the countries in which we operate and governmental regulation and judicial outcomes. For a more detailed discussion of such risks and other factors (such as availability of credit or other sources of financing), see the Company's latest Annual Report on Form 20-F which is on file with the Securities and Exchange Commission, as well as the Company's other SEC filings. The Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of this report, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.



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