



HARMONY GOLD MINING COMPANY LIMITED

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## HARMONY'S BOARD CHARTER

### Contents

<b>1.</b>	<b>Constitution</b>	<b>1</b>
<b>2.</b>	<b>Purpose and role</b>	<b>1</b>
<b>3.</b>	<b>Responsibilities and duties</b>	<b>1</b>
	<b>(i) Corporate Governance</b>	<b>1</b>
	<b>(ii) Strategy</b>	<b>2</b>
	<b>(iii) Risk management</b>	<b>2</b>
	<b>(iv) Accountability and sustainability</b>	<b>3</b>
<b>4.</b>	<b>Powers</b>	<b>3</b>
<b>5.</b>	<b>Membership</b>	<b>4</b>
<b>6.</b>	<b>Meetings</b>	<b>4</b>
	<b>6.1 Frequency</b>	<b>4</b>
	<b>6.2 Quorum</b>	<b>4</b>
	<b>6.3 Board resolutions</b>	<b>4</b>
	<b>6.4 Agenda and Minutes</b>	<b>4</b>
	<b>6.5 Attendance</b>	<b>5</b>
<b>7.</b>	<b>Remuneration</b>	<b>5</b>
<b>8.</b>	<b>Self-Assessment</b>	<b>5</b>
<b>9.</b>	<b>General</b>	<b>5</b>

## HARMONY'S BOARD CHARTER

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### 1. Constitution

- 1.1 The appointment and constitution of the Board of Directors ("the Board") of Harmony Gold Mining Company Limited ("the Company") and its subsidiaries ("the Group") is as required in terms of the South African Companies Act, 1973, as amended.
- 1.2 Any reference in this charter to "the Group" is to be interpreted to include any company or companies within the Group and not necessarily to refer only to the Group as a whole.
- 1.3 Reference in this charter to the Companies Act, 1973, as amended shall also refer to any legislation that may supersede or replace it.

### 2. Purpose and role

- 2.1 The Board is ultimately responsible for ensuring that the business remains a going concern and that it thrives. The Board's role is to retain full and effective control over the Group and, therefore, it must ensure that it effectively controls the Group, directs and controls the management of the Group and is involved in all material decisions affecting the Group.
- 2.2 The Board is committed to ensuring good corporate governance throughout the Group in line with the requirements of the King III report and the principles of good corporate practice.

### 3. Responsibilities and duties

- 3.1 The responsibilities of the Board are very wide and are detailed in the Companies Act, 1973, as amended. The Board should define levels of materiality and reserve specific powers to itself. The general functions of the Board are as follows:

#### (i) Corporate Governance

- To oversee the establishment and administration of the Group's system of corporate governance;
- To adopt a written statement of its own governance principles and regularly re-evaluate them;
- To exercise leadership, enterprise, integrity and judgement based on fairness, accountability, responsibility and transparency;
- To determine the Group's purpose, values and stakeholders and to develop strategies to achieve its purpose, implement its values and satisfy its shareholders;
- To evaluate the performance of the Board and current and prospective directors;
- To safeguard the Group's compliance with all the relevant laws, regulations, and codes of best business practice;
- **To ensure the integrity of the Company's integrated report;**
- **To commence business rescue proceedings as soon as the Company is in financial distress;**
- **To appreciate that stakeholder perceptions affect the reputation of the Company;**
- To promote the Group operating ethically by adopting and regularly reviewing and updating the Group code of ethics and by approving mechanisms implemented aimed at fraud prevention, detection and response;

- To provide orientation and to ensure adequate training for directors;
- To appoint a Chairman, and to oversee the appointment of directors and other senior executives;
- To direct succession planning of directors and senior management;
- To formulate and monitor a Group-wide delegation of authority framework;
- To manage conflicts of interest and independence issues by overseeing the development and enforcement of a code of conduct;
- To monitor and advise executive management;
- To ensure that an adequate budgeting and business planning process exists that is aligned with the Group's strategic imperative and that performance is monitored against budgets and plans;
- **To be responsible for the IT governance;**
- **To appreciate that strategy, risk, performance and sustainability are inseparable; and**
- **To consider and approve a dividend on the recommendation of the Audit Committee from a sustainability point of view and Investment Committee from a cash flow and affordability perspective.**

**(ii) Strategy**

- Providing direction to and equipping management to formulate a strategy and planning process to meet such strategy and to adopt the recommended strategic plan;
- Regularly review and evaluate the strengths, weaknesses and opportunities of, and threats to the Group as part of setting and reviewing the strategic direction of the Group;
- Monitoring of Group policies to ensure that these are aligned to strategy; and
- Set the pace and direction of the Group's current operation and future developments to ensure the financial health of the Group through appropriate investment and funds mobilisation policies and strategies, including relating to procurement and capital expenditure.

**(iii) Risk management**

- Establish and monitor the risk profile of the Group;
- Approve and provide input to the mechanisms and methodology for identification and prioritising of the principle risks and key performance indicators of the Group's businesses and ensuring the implementation and regular evaluation of systems to manage those risks;
- Monitoring that the Group has adequate systems of financial and operational internal controls. The directors should also ensure that there are procedures and systems which act as checks and balances on the information reviewed by the Board;

- Identify non-financial elements impacting on the business and to take steps to manage and integrate these steps as part of the business process; and
- **Satisfy itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by Management.**

**(iv) Accountability and sustainability**

- Make a statement at the end of each financial year on whether it believes that the Group will be a going concern in the year ahead and record the facts and assumptions relied upon to come to its conclusion;
- Oversee the management of safety and occupational health, environmental issues and community development;
- Being accountable by providing open, prompt and meaningful reporting to shareholders and other stakeholders on financial and non-financial matters and by encouraging attendance at general meetings;
- Addressing the adequacy of employee retirement and health care benefits and funding; and
- Ensuring that the Group has an effective empowerment plan that contributes to its strategy and business performance.

3.2 To enable the Board to properly discharge its responsibilities and duties, certain responsibilities of the Board have been delegated to Board committees (Audit, Investment, Empowerment, Sustainable Development, Nomination, Remuneration and Technical). The creation of committees does not reduce the Board's accountability and overall responsibility.

**4. Powers**

4.1 The Board has the following specific powers:

- The Board may delegate matters with the necessary written authority to management. These matters should be monitored and evaluated on a regular basis;
- The Board has unrestricted access to all Group information, records, documents and property;
- Directors may, if necessary, take independent professional advice at the Group's expense in accordance with a procedure developed by the Board for this purpose;
- Secure the attendance of outsiders with the relevant experience and expertise where necessary at the Group's expense in accordance with a procedure developed by the Board for this purpose;
- Non-executive directors have access to management and may meet separately with management, without the attendance of executive directors; and
- **Non-executive directors have access to internal and external auditors and may meet with them, without the attendance of Management.**

**5. Membership**

5.1 The Board shall comprise a balance of executive and non-executive directors and have a sufficient number of independent directors, to ensure a balance between enterprise for profit and control as is appropriate for the circumstances and nature of the business of the Group and each company.

5.2 Cognisance shall be taken, in considering the balance of the Board, of the gender and racial mix to represent the demographics of the countries in which the Group operates. The individual Board members will contribute to the collective blend of knowledge, skills, objectivity and experience of the Board.

5.3 New members should receive a complete orientation that allows them to function effectively from the very beginning. Opportunities for continuous education and training relevant to Board operations should be actively pursued by each member.

## **6. Meetings**

### **6.1 Frequency**

- (i) The Board shall meet at least four times a year, or more frequently as circumstances dictate.
- (ii) The number of meetings held during a period should be sufficient to ensure that the Board meets its objectives.
- (iii) As a rule the Board shall meet quarterly (scheduled meetings). Where any director wishes to call a meeting of directors at any time other than established in terms of article 99 of the Articles of Association he or she shall instruct the secretary to that effect and the secretary shall give notice of the meeting.

### **6.2 Quorum**

Fifty percent of the members of the Board must attend to constitute a quorum of which the majority must be non-executive directors. A quorum must be a disinterested quorum. Thus a director who has an interest in a matter may not vote on it and he may not be counted towards the quorum.

### **6.3 Board resolutions**

- (i) The principles in terms of 6.2 above shall also apply to all "round robin" Board resolutions, i.e. the Board resolution must be signed by fifty percent of the members of the Board to constitute a quorum of which the majority must be non-executive directors.
- (ii) In order to support quality decision-making, Board members shall be informed in an efficient and timely manner prior to meetings and in so far as possible be provided with sufficient information to prepare adequately on all the agenda points to be discussed.

### **6.4 Agenda and Minutes**

- **A detailed agenda must be circulated with supporting documentation, preferably 5 days prior to each meeting to the members of the Board and invitees.**
- **The Board must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The annual work plan must ensure proper coverage of the matters laid out in this Charter.**
- **Board members must be fully prepared for Board meetings, to provide appropriate and constructive input on matters discussed.**

- A secretary must be appointed to attend and minute all meetings. The minutes of the committee meetings shall be bound in a minute book within fourteen days of such meeting and shall be circulated to all members of the Board and other relevant personnel as directed by the Board.

#### **6.5 Attendance**

- (i) **The Directors may, if they think fit, confer by telephone, closed circuit television or video conferencing ("Conference"). Notwithstanding that the Directors are not present together in one place at the time of the Conference, a resolution passed by Directors constituting a quorum at such a Conference shall, provided such resolution is recorded in writing and confirmed at the next meeting of the Board, be deemed to have been passed at a meeting of the Board held on the day on which and at the time at which the Conference was held. The provisions of this Agreement relating to proceedings of Directors apply so far as they are capable of application *mutatis mutandis* to such Conferences.**
- (ii) The Board may invite any relevant person to attend Board meetings.

#### **7. Remuneration**

- 7.1 Having regard to the duties performed by the Board, the Chairman and members of the Board shall be paid such remuneration in respect of their appointment as such.

#### **8. Self-Assessment**

- 8.1 The Board shall conduct a self-assessment or self-evaluation annually. The chairman will assess the performance of the individual Board members and the Board shall evaluate the Chairman, based on several factors. These include:
- Expertise;
  - Inquiring attitude, objectivity and independence;
  - Judgement;
  - Understanding of the Group's business;
  - Understanding 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.

#### **9. General**

- 9.1 Board members are obliged to disclose any interests they have within or outside the Group that might interfere or conflict with the performance of their duties.
- 9.2 Any Board related information that comes to light during their performance of duties must be kept confidential. This information can only be discussed at Board level for the purposes of the operations of the Board.

**DULY APPROVED FOR AND ON BEHALF OF THE BOARD**

\_\_\_\_\_  
**Chairman**  
**BOARD OF DIRECTORS**  
**HARMONY GOLD MINING COMPANY LIMITED**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Chief Executive Officer**  
**HARMONY GOLD MINING COMPANY LIMITED**

\_\_\_\_\_  
**Date**