

## CHAIRMAN'S REVIEW



**Dr Patrice Motsepe**  
Chairman

**“Harmony continued to make significant progress towards transforming into a globally competitive gold-copper producer whilst delivering safe, profitable ounces and adhering to its sustainability commitments and good governance.”**

### Dear shareholders and stakeholders

#### Creating value for our shareholders and stakeholders

Harmony retained its position as South Africa's largest gold mining company by volume despite a challenging operating environment. Global supply chain disruptions and sharp input cost increases were exacerbated by the effects of the Russia-Ukraine conflict. In South Africa, the energy and water crises, accompanied by local community expectations and activism, continued amid rising inflation. Interest rates rose sharply as central banks moved decisively to curb inflation.

Against this backdrop, the gold price neared all-time highs at R1 249 714/kg (US\$2 011/oz). The combination of high gold prices and strong operational performances resulted in solid financial results for Harmony.

I am pleased to report that Harmony met its production guidance of 1.4Moz – 1.5Moz. This was achieved through allocating growth capital to high-margin and long life assets, allowing Harmony to beat its underground recovered grade guidance of 5.6g/t, and contain costs below R900 000/kg, resulting in total production of 1.47Moz.

Harmony's management took an important step in derisking the business and bolstering its position as a gold-copper miner, with a growing international footprint through the successful acquisition of the Eva Copper Project in the mining district of Queensland, Australia.

Copper is one of the critical minerals for the global transition to a clean energy future. The large, near-term, low-cost, and long-life Eva Copper Project complements our tier 1 Wafi-Golpu copper-gold project in Papua New Guinea.

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

Zero harm remains Harmony's top priority. Safety, preventing illness and nurturing mental wellbeing are essential for the long-term success, sustainability and competitiveness of the company.

Although we have advanced in embedding a proactive culture of safety and care in everyday behaviour at work and encouraging employees to embody these values in their personal lives; regrettably, we lost six employees in mine-related incidents during the financial year. Our heartfelt condolences to their families, colleagues and people affected by these tragedies.

Our board and management remain committed to achieving zero harm through safe production programmes discussed in the [ESG report](#).

A dedicated team is driving business improvement initiatives across the group through research into technologies and processes that will improve safety and production.

Harmony has developed an integrated digital platform to support its safety strategy and improvement plan. This platform facilitates the flow of information to and from workplaces. It incorporates production planning, booking and reporting, supporting audit and inspection services, continuous risk assessment, critical control monitoring and reporting, action management and measurement of key processing indicators against required performance.

#### Demonstrating responsible stewardship through embedded sustainability practices

Harmony is demonstrating responsible stewardship by embedding sustainability practices in our core processes through:

- A proactive culture to achieve zero harm
- Integrated risk management
- Mitigating electricity costs through energy efficiencies

## Chairman's review *continued*

- Driving decarbonisation through renewable energy programme and a green energy mix (the strategy guiding Harmony's transition pathway to net zero GHG emissions is discussed in the [ESG report](#))
- Growing our investment in copper (now over 20% of Harmony's Mineral Resources)
- Supporting the circular economy through tailings retreatment and water recycling (inextricably linked to Harmony's social compact)
- Sharing value with all stakeholders.

Positive external recognition of our sustainability efforts is on Harmony's website.

### Commitment to action on climate change

In addressing climate change, Harmony is decarbonising through energy efficiencies, a renewable energy programme and a green energy mix to achieve net zero emissions by 2045. The group is committed to a 63% reduction in absolute scope 1 and 2 greenhouse gas emissions by FY36 from a FY21 base. This target has been approved by the Science Based Targets Initiative.

Phase 1 of the renewable energy programme (30MW of solar power) was commissioned during FY23 and the build of the second phase (137MW) will commence in December 2023, funded from the R1.5 billion green loan.

Electricity accounts for approximately 18% of Harmony's operating costs. To reduce the impact of escalating tariffs and drive decarbonisation, we have implemented more than 240 energy-saving initiatives. These initiatives have yielded a cumulative cost-saving of more than R1.7 billion (US\$114 million) since 2016, and a reduction of more than 1.8 million tonnes of CO<sub>2</sub> equivalent emissions.

In recognition of this and other sustainability initiatives, Harmony has been included in the FTSE Russell's FTSE4Good/Gold Index Series for the sixth consecutive year. The index measures the performance of companies demonstrating strong ESG practices and evaluates a variety of ESG criteria, including performance in corporate governance, health and safety, anti-corruption and climate change. Harmony earned a 95th percentile rank in the FTSE Russell industry classification benchmark super-sector, exceeding the mining industry and sub-sector average scores in all ESG pillars.

Harmony is also included in the Bloomberg Gender-Equality Index for the fifth consecutive year. This modified market capitalisation-weighted index, tracks the performance of public companies committed to transparency in gender data reporting across 70 metrics.

Read more about Harmony's ESG approach in the [Social and Ethics Committee: chairperson's report](#) in the [ESG report](#).

### Delivering on our social compact by sharing value created by our mining operations

Through effective capital allocation, the board and management determines the most effective and efficient way to deploy our financial and other resources to the various projects and investments. As a result, we are able to deliver continued positive shareholder returns and create long-term financial and social value for our stakeholders.

Harmony contributes to the resilience and prosperity of our employees and host communities by sharing the value we create through our mining operations with them. We invest in meaningful socio-economic development projects that improves their living conditions and standards of living. The company goes beyond compliance to deliver shared value to employees, suppliers, host communities and government.

As a partner of choice, Harmony's impact is based on building relationships of trust and collaboration with our stakeholders. We contribute meaningfully to the upliftment of our host communities by creating employment, promoting diversity and inclusion, maintaining sound labour relations and facilitating high-quality education.

We are committed to supporting governments' socio-economic development endeavours through initiatives that empower people, particularly youth and women, to become self-sufficient with the necessary physical and social infrastructure.

In FY23 Harmony paid R1.0 billion (US\$56.6 million) in taxes and royalties to the South African government, R128 million (US\$7.2 million) to the State of Papua New Guinea, R17.5 billion (US\$986.0 million) in salaries and spent R16.1 billion (US\$905.3 million) on local and preferential procurement.

Read more about Harmony's social investments in the [ESG report](#).

### Good governance

Guided by the King IV principles, our board and management apply the highest standards of corporate governance and global good practices.

We bid farewell to two of Harmony's long-serving board members, Mr Andre Wilkens and Mr Joaquim Chissano, who retired at the 2022 annual general meeting. Our gratitude to both Mr Wilkens and Mr Chissano for their contributions to the Harmony board over the years.

Our board has a diversity of skills and expertise and the directors make significant contributions to the competitiveness and growth of Harmony.

### Conclusion

Our CEO, Peter Steenkamp, and I met with the prime minister of Papua New Guinea, James Marape, in July 2023 to continue discussions on permitting the Wafi-Golpu Project. We are grateful to the prime minister and the government of Papua New Guinea for their ongoing support and for signing the Wafi-Golpu Framework Memorandum of Understanding in April of this year.

Harmony is committed to proceeding with this project, subject to finalisation of the permitting process and approvals by the Harmony and Newmont boards.

I am grateful for the board's counsel and advise during the financial year under review.

I am also grateful to Harmony's CEO, the executives, managers and employees for their hard work and contributions to making Harmony a globally competitive gold-copper producer.

**Dr Patrice Motsepe**  
*Chairman*

25 October 2023