



South African Preferential Procurement Policy

The South African government through the MPRDA and the Mining Charter is pursuing a vision of an adaptive economy characterized by growth, employment and equity. Harmony's Preferential Procurement Policy seeks to promote BEE and local procurement across all our operations in South Africa in support of sustainable mining and government's imperative. This policy statement will support access of black businesses in the mainstream procurement opportunities throughout the value chain, as well as promote entrepreneurship in black communities and development of future sources of supply through enterprise development.

This policy will ensure that:

We will support the development of commercially viable local businesses that meet our requirements. Sound commercial principles will underlie all transactions. There will be no compromise on quality, delivery, service, SHE or any other commercial or technical requirements.

In order to enable small businesses to participate, we will minimise the barriers to participation by simplifying our processes

Each region will have a strategy for local procurement which:

- Is determined by an analysis of local supply, a plan to link local businesses with procurement demand and an assessment of risk to both the operation and the local communities;
- Identifies existing and new suppliers where appropriate, to form joint ventures and partnerships with Black Owned (BO) and Black Women Owned (BWO) companies,
- Category management teams must include BEE requirements in their strategic procurement initiatives
- Although aligned to the Mining Charter, these targets should reflect a proactive progression towards an increased growth in Preferential Procurement especially where targets have been met. The targets must also support black woman owned and youth owned businesses.

Our suppliers will be required to work with us to improve local procurement outcomes across our supply chain

In accordance with our tender procedure, we will go out on an open tender process where all the details will be available publically ensuring accessibility to local communities.

We will look to sub-divide contract packages where appropriate, to maximize BEE companies participation, subject to sound commercial principles and operational / project requirements.

Where appropriate, tenders will be set aside in part or in whole for the exclusive participation of BEE Entities.

Develop strategies and programmes for active support of BO and BWO companies e.g. training, skills transfer, tender completion, business management etc. through appropriate agencies.

Specifically target interventions to the local communities within which the company operates, followed by the local regions and then further afield.

Actively identify Black Owned and Black Women Owned suppliers and develop and train where necessary, for Enterprise Development opportunities and participation in the procurement value chain.

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