

Social and Labour Plan

2018 to 2022

Masimong and Unisel Operation

Free State

Mining Licence FS 30/5/1/2/2/82MR

June 2018

(2nd Submission)





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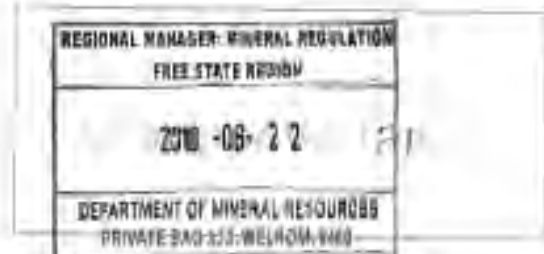
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Acknowledgement of Receipt:

S. Mdlawene
 Initials and Surname

[Signature]
 Signature

22/06/2018
 Date





List of Acronyms and Terms

AET	Adult Education and Training	ETQA	Education and Training Qualifications Authority
AMESA	The Association for Mathematics Education of South Africa	EXCO	Executive Committee
ART	Anti-Retroviral Treatment	FET	Further Education and Training
ATR	Annual Training Report	GDP	Gross Domestic Product
BBBEE	Broad-based Black Economic Empowerment	GET	General Education and Training
BCEA	Basic Conditions of Employment Act 95 of 1997	HARMONY	Harmony Gold Mining Company Ltd and or Company
BEE	Black Economic Empowerment	HDSA	Historically disadvantaged South Africans as defined in the Mineral and Petroleum Resources Development Act
BLDP	Business Leadership Development Plan	HET	Higher Education and Training
CBO	Community Based Organisation	HND	Higher National Diploma
CEO	Chief Executive Officer	HOD	Head of Department
CETA	Construction Education and Training Authority	HRD	Human Resources Development
CPIX	Consumer Price Index	HSDSETA	Health Services SETA
CSI	Corporate Social Investment	IDP	Individual/Integrated Development Plan
CSR	Corporate Social Responsibility	IMMC	Introduction to Mining and Minerals Certificate
DMR	Department of Minerals and Energy	IMU	International Mathematical Union
DTI	Department of Trade and Industry	ISO	International Standards Organisation
ECSA	Engineering Council of South Africa	JIPSA	Joint Initiative for Priority Skills Acquisition
EE	Employment Equity	LED	Local Economic Development
EPWP	Expanded Public Works Programme	LOM	Life of Mine
ETD	Education Training and Development	LRA	Labour Relations Act 66 of 1995
MLSC	Major Labour Sourcing Communities	SDP	Skills Development Plan
MO	Mine Overseer	SDL	Skills Development Levy
MQA	Mining Qualifications Authority	SETA	Sectorial Education and Training Authority
MQF	Mining Qualifications Framework	SHI	Social Housing Institution
MPRDA	Mineral and Petroleum Resources Development Act 28 of 2002	SIFE	Students in Free Enterprise
ND	National Diploma	SLP	Social and Labour Plan
NEDLAC	National Economic Development and Labour Council	TEBA	The Employment Bureau of Africa
NGO	Non-Governmental Organisation	TOM	TEBA on Mine
NPI	National Productivity Institute	UIF	Unemployment Insurance Fund
NQF	National Qualifications Framework	VCT	Voluntary Counselling and Testing
NSDS	National Skills Development Strategy	WSP	Workplace Skills Plan
NSF	National Skills Fund	ORM	Ore Reserve Manager



NUM	National Union of Mineworkers	RPL	Recognition of Prior Learning
SADC	Southern African Development Community	SAMS	South African Mathematical Society
SAMF	South African Mathematics Foundation	SAQA	South African Qualifications Authority
SAMO	South African Mathematics Olympiad	SDF	Skills Development Facilitator



Submission of the Social and Labour Plan for mining licences

The Social and Labour Plan requires applicants for mining and production rights to develop and implement comprehensive Human Resources Development Programmes, Mine Community Development Plans, Housing and Living conditions Plans, Employment Equity Plans and Processes to save jobs and manage downscaling and / or closure.

This is aimed at promoting employment and advancement of the social and economic welfare of all South Africans whilst ensuring economic growth and socio-economic development.

The five-year period as stipulated in the current Social and Labour Plan (SLP) for the Operation has expired. For this reason it is important to revise the period in line with the strategic planning for the Operation.

We draw your attention to regulation 43 and 44 of the regulations to the Mineral and Petroleum Resources Development Act, Act 28 of 2002 (MPRDA) which reads as follows:

- “43. A Social and Labour Plan lodged with the Regional Manager are valid until a closing certificate has been issued in terms of section 43 of the Act.”
- “44. A Social and Labour Plan may not be amended or varied without the consent of the Minister after the granting of the mining right to which such Social and Labour Plan pertains.”

This SLP is prepared in accordance with part II of the Regulations of the Mineral and Petroleum Resources Development Act (MPRDA), and is a prescribed plan for dealing with the social and labour issues for the remaining life of every mining right. The starting point for this plan, which will serve as the first year of the next five year cycle from which the company intends to progress, is the calendar year beginning January 2018.

Note: Year 1 – 2018 Year 2 – 2019 Year 3 – 2020 Year 4 – 2021 Year 5 – 2022

These Operations are coming to the end of their lifetime and plans to still operate has been put in place for another three (3) years for Masimong and four (1) year for Unisel. However, this might change and will be determined by factors including, but not limited to, gold prize, strength of the Rand, etc.

Objectives of the Social and Labour Plan

The objectives of the Social and Labour Plan are to:

- Promote economic growth
- Promote employment and advance the social and economic welfare of all South Africans
- Contribute towards the socio-economic development of the areas in which we operate
- To utilize and expand the existing skills base for the empowerment of Historically Disadvantaged South Africans and to serve the community

Harmony's Social and Labour Plans are therefore aimed at extending the life of the mines, improving the skills of all its employees, the transformation of its mines, as well as the normalisation of the company and the socio-economic development of communities around its mines from which Harmony recruits its employees.



Background

As per Regulation 46(a): Introduction; the following background information is provided on the mine

About Harmony (Source HAR-IR16)

Harmony, a gold mining and exploration company, conducts its activities in South Africa, one of the world's best-known gold mining regions, and in Papua New Guinea, one of the world's premier new gold-copper regions. Harmony, which has more than six decades of experience, was South Africa's third largest gold producer and the twelfth largest in the world in FY16.

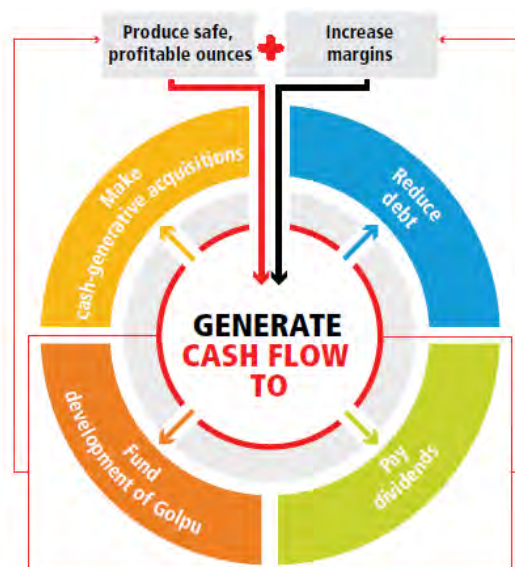
At Harmony, we understand the significant impact our company has on the lives of people, on the communities that surround our mines, on the environment, and on the economic well-being of the countries in which we operate.

Our company delivers long-term benefits to a broad range of stakeholders. We rely on experienced, skilled teams who live our values and play their role in maintaining stakeholder relationships, growing profits and maintaining a sustainable company.

The company is governed by a board of directors which brings together a range of skills and experience and whose members are committed to maintaining the highest levels of corporate governance. In turn, the directors entrust the management of Harmony to skilled management teams which work towards ensuring that the company remains sustainable, towards improving margins and towards increasing the value of our assets.

Our Strategy

Our strategy





Our Values

As a company, Harmony understands that long-term value is about more than the commodities we produce and the profits we make. Our worth is also reflected in the impact we have on the lives of people, now and in the future.

Harmony lives its values – safety, being accountable, achievement and being connected and honest. These are the compass points for our actions, ensuring that, in addition to achieving our strategic goals, we seek to make the right decisions and support the members of our teams in doing so. They are ingrained in our training initiatives and decision-making processes, ensuring that they are at the front of employees' minds and actions, extending beyond our operations' gates. They guide our interactions with external stakeholders, from shareholders and the media to local communities, including those from which our employees are drawn. Our hope is that through our commitment, we can build a company with which people want to be associated and which will generate shared value into the future.



No matter the circumstances, **safety** is our main priority



We are all **accountable** for delivering on our commitments



Achievement is core to our success



We are all **connected** as one team



We uphold **honesty** in all our business dealings and communicate openly with stakeholders



About the Operation *(source HAR-RR16 – Mineral Resources and Mineral Reserves 2016)*

Location

Harmony's Free State operations comprise seven underground mines – including the mechanised Target 1 mine. These mines are located on the southwestern corner of the Witwatersrand Basin, between the towns of Allanridge, Welkom, Theunissen and Virginia.

Masimong mine is located on the north eastern side of the De Bron Fault approximately 12km east from the city of Welkom and 10km north from the town of Virginia. It is bounded to the south by Masimong 4 shaft and Saaiplaas 3 shaft.

Unisel mine is situated to the north of Joel between the city of Welkom and town of Virginia. It is bounded to the north by Brand 5 shaft and West shaft and to the east by Bamabanani.

Nature of the Operation

Masimong mines at moderate depths between 1 650m to 2 010m below surface. The reef horizon is accessed by means of conventional grid development. The economical reef horizons extracted are the Basal Reef and the B Reef. Basal Reef accounts for approximately 85% of the on-reef production profile, and is mined on open and undercut operations, depending on whether the reef is overlain by shale. B Reef mining comprises the other 15% of the on-reef production profile. It is located approximately 120m stratigraphically above the Basal Reef, thus necessitating separate infrastructure (i.e. footwall development) from the Basal. The presence of the upper shale marker approximately 20m thick below the B Reef strains the development rates of the B Reef, requiring drop raising to be done to effect holing on all box holes, also all on-reef development needs to be done by means of wide raising. The marginality of the ore body and the current economic situation has significantly reduced the reserves on the mine giving a life expectancy of two to three years. The amount of pillar mining will increase as development of new areas has been curtailed.

Unisel is a mine in a mature phase of operation, mining at intermediate depths ranging from 1 100m to 2 100m below surface. Conventional mining is scattered over all levels and takes place from 2km to 4km from the shaft. Mining takes place mainly on the Leader and Basal Reefs with a lesser amount on the Middle Reef, normally limited to less than 5% of mining. This distribution of mining is not expected to change over the life of mine. Pillar and fault block mining will become more important and constitute a greater percentage of mining as ore reserves are depleted. Limited blocks of ground below infrastructure will be accessed and mined from winzes.



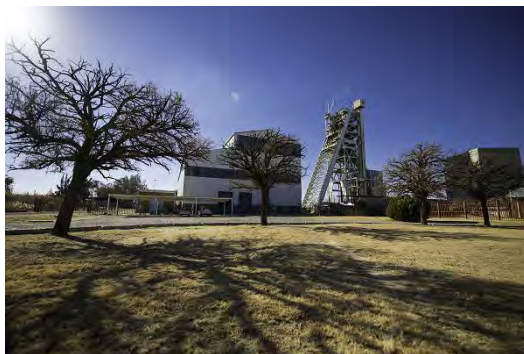
Summary of Key statistics

Masimong

KEY STATISTICS					
	Year 1	Year 2	Year 3	Year 4	Year 5
Average total tons hoisted per month	51 376	49 967	45 424		
Average gold produced per month (kg)	200	198	176		
Average operating cost per month ('R)	R 90,082,000.00	R 89,033,000.00	R 85,016,000.00	R -	R -
Average ongoing development / capital development per month (R)	R 20,514.00	R 30,308.00	No development	R -	R -
Number of employees including contractors	2 287	2 129	1 897		

Unisel

KEY STATISTICS					
	Year 1	Year 2	Year 3	Year 4	Year 5
Average total tons hoisted per month	42.58				
Average gold produced per month (kg)	175.5				
Average operating cost per month ('R)	R 79,899,000.00				
Average ongoing development / capital development per month (R)	R 4,214,000.00				
Number of employees including contractors	1906				



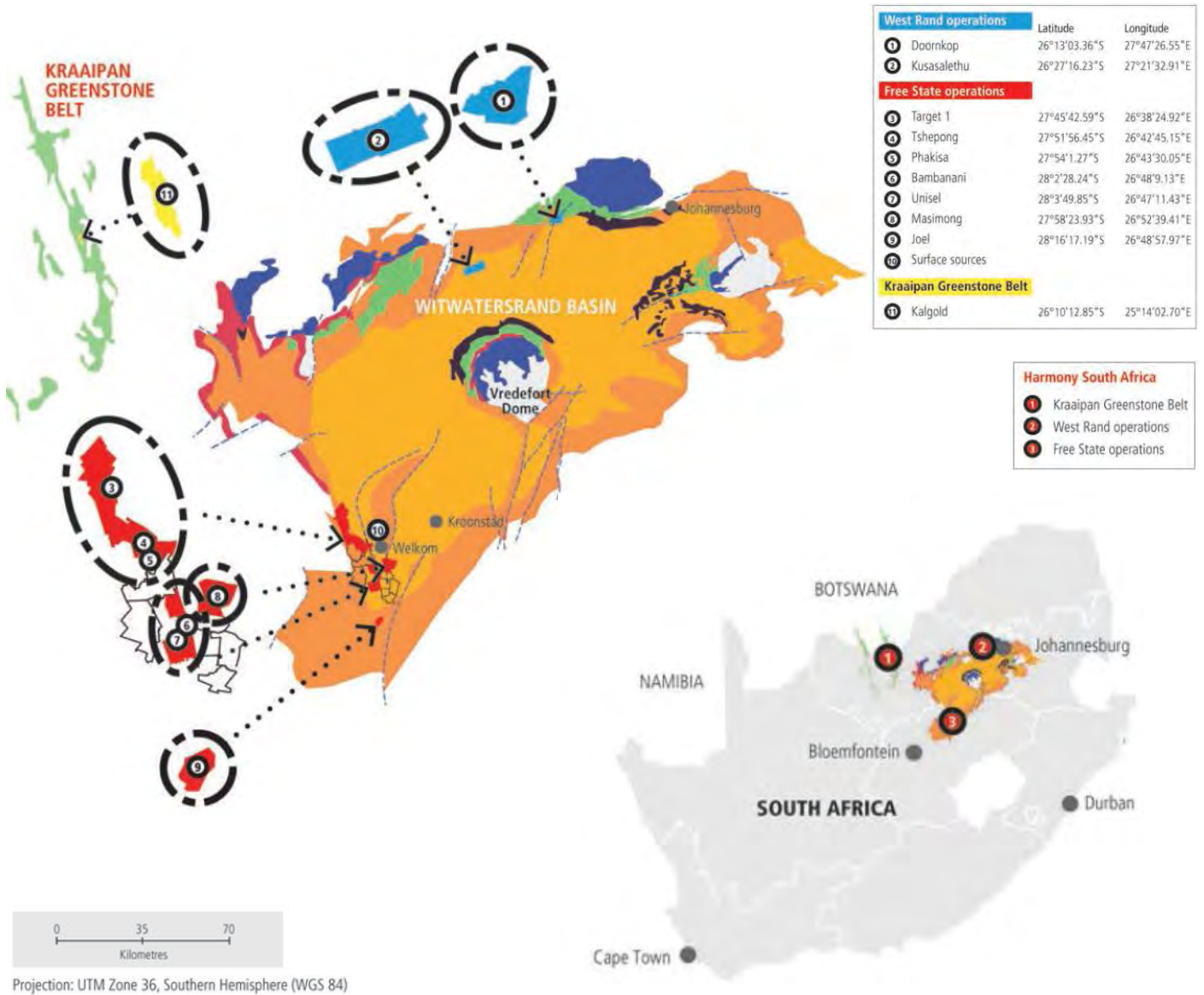


Section 1: Preamble

As per Regulation 46(a): A preamble which provides background information of the mine in question

1.1	Name of the holding company/applicant	Harmony Gold Mining Company Limited				
1.2	Name of the mine	Masimong and Unisel Mines				
1.3	Physical address	Jurgens Hof 490 Erfdeel 188 Welkom, Free State				
1.4	Postal address	C/o Harmony Gold Mining Company Limited P O Box 2 Randfontein 1760				
1.5	Telephone number	(057) 231 9111				
1.6	Fax number	(057) 217 4254				
1.7	Location of mine	Situated in the Free State province, some 270km south-west of Johannesburg. These mines are located at approximately latitude 28000S and longitude 26030E on the northern limit of the Welkom Goldfields. The mines may be accessed through the national highway (N1) between Johannesburg and Bloemfontein.				
1.8	Commodity	Gold				
1.9	Life of mine Mining Right Expiry Date	Masimong = 3 years – end of year 2021 Unisel = 1 years – end of year 2019 10 December 2029				
1.10	Financial Year	The financial year of the Company runs from July to June of the following year.				
1.11	Reporting Year	Annual reporting will be done on the calendar year and will be submitted by 31 March of each year				
1.12	For further information in relation to this document please contact	<p>Masimong:</p> <table border="0"> <tr> <td><u>General Manager</u> Warren Freeman (057) 910 5703 084 701 6876 warren.freeman@harmony.co.za</td> <td><u>HR Leader</u> Ace Motseke (057) 910 5779 073 079 1656 ace.motseki@harmony.co.za</td> </tr> </table> <p>Unisel:</p> <table border="0"> <tr> <td></td> <td><u>HR Leader</u> Lyonel Lloyd Evans (057) 904 6006 072 986 1790 lyonell.evans@harmony.co.za</td> </tr> </table>	<u>General Manager</u> Warren Freeman (057) 910 5703 084 701 6876 warren.freeman@harmony.co.za	<u>HR Leader</u> Ace Motseke (057) 910 5779 073 079 1656 ace.motseki@harmony.co.za		<u>HR Leader</u> Lyonel Lloyd Evans (057) 904 6006 072 986 1790 lyonell.evans@harmony.co.za
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	<u>HR Leader</u> Lyonel Lloyd Evans (057) 904 6006 072 986 1790 lyonell.evans@harmony.co.za					

1.13 Geographical origin of Operation





Section 2: Human Resources Development Programme

In line with Regulation 46(b): Human resources development programme

- Regulation 46(b)(i): Skills development plan
- Regulation 46(b)(ii): A career progression plan and its implementation in line with the skills development plan
- Regulation 46(b)(iii): A mentorship plan and its implementation in line with the skills development plan
- Regulation 46(b)(iv): An internship and bursary plan and its implementation in line with the skills development plan
- Regulation 46(b)(v): The employment equity statistics

Introduction

Harmony Gold supports an inclusive talent and human development model where career opportunities are primarily created from within the organisation and external recruitment is only considered if a vacancy cannot be filled from our talent pipeline. The Harmony learning and development function is responsible for the Harmony HRD policy, systems and quality control, but the Operation is capacitated and empowered to implement the policies.

This section of the SLP deals comprehensively with Operation's five-year plan to achieve the optimal development of its human resources through education, training and development (ETD) interventions, as envisaged in the MPRDA, and the Mining Charter, which is monitored by means of the accompanying scorecard.

It also deals with the skills development act in order to ensure the development of skills of the South African workforce to improve the quality of life of workers and their prospects of work as well as to improve productivity in the workplace and the competitiveness of employers and to promote self-employment.

2.1 Skills development Legislation

Registration with SETA's

Name of SETA	Mining Qualifications Authority
Registration number with SETA	Levy = L650710538 Accreditation = 16/MQA/0469/AC4?130614
Confirmation of having appointed a Skills Development Facilitator	All Operations have selected Skills Development Facilitators which are appointed into these positions
Proof of submission of Workplace Skills Plan	Workplace Skills Plans are submitted annually before 30 April of each year

2.2 Skills development plan

In compliance with the Skills Development Act, the Operation submits, on an annual basis, the Workplace Skills Plan (WSP) and the Annual Training Report (ATR) to the Mining Qualifications Authority (MQA) outlining how employees are trained throughout the year in all identified areas of their training needs. The Operation will align their plans with the skills development strategy of Harmony and will ensure a platform for skills development is created.



These reports are developed annually by the designated skills development facilitators (SDF's), in consultation with the Human Resources Development (HRD) committees and the corporate HRD committees. The HRD committees contribute in ensuring that Employment Equity and Gender Equity targets are met through employee development. These employee development plans are aligned with the Workplace Skills Plans (WSP).

Operations also pay the skills development levy and claims grants for training provided as per the relevant legislation and regulations.

The objective of the Skills Development plans within Harmony consists of the following:

- Train employees to achieve full potential within their current positions and to promote productivity at the workplace
- Ensure a competent workforce
- Ensure employees are sufficiently trained and ready for the next level of their careers
- Talent identification and management of talented employees
- Retention of qualified employees

The Operation is fully committed to provide all their employees with the necessary opportunities to participate in training and development.

Number and Educational levels of the Mine's workforce

Workforce composition

The following table presents the profiles of the employees as at March 2017.

WORKFORCE PROFILE - DEMOGRAPHICS - MALE VS FEMALE			WORKFORCE PROFILE - DEMOGRAPHICS - MALE VS FEMALE		
Permanent Employees	Total workforce	%	Non-Permanent Employees	Total workforce	%
Total workforce	4468	100.0%	Total workforce	685	100.0%
Male	3676	82.3%	Male	640	93.4%
Female	792	17.7%	Female	45	6.6%
African SA Males	2289	51.2%	African SA Males	574	83.8%
African SA Females	599	13.4%	African SA Females	41	6.0%
Coloured Males	12	0.3%	Coloured Males	2	0.3%
Coloured Females	4	0.1%	Coloured Females		
Indian Females			Indian Females	1	0.1%
White Males	209	4.7%	White Males	56	8.2%
White Females	17	0.4%	White Females	3	0.4%
Non-SA Males	1166	26.1%	Non-SA Males	8	1.2%
Non-SA Females	172	3.8%	Non-SA Females		



Breakdown of employees per labour-sending community as at March 2017

WORKFORCE PROFILE - LOCAL VS FOREIGN

Permanent Employees	Total workforce	%
Total workforce	4468	100.0%
Total South African	3130	70.1%
Total Neighboring Countries	1338	29.9%
Local RSA	3130	70.1%
Swaziland	10	0.2%
Botswana	2	0.0%
Lesotho	1195	26.7%
Mozambique	131	2.9%

WORKFORCE PROFILE - LOCAL VS FOREIGN

Non-Permanent Employees	Total workforce	%
Total workforce	685	100.0%
Total South African	677	98.8%
Total Neighboring Countries	8	1.2%
Local RSA	677	98.8%
Swaziland	1	0.1%
Botswana		
Lesotho	5	0.7%
Mozambique	2	0.3%

Breakdown of core and support employees as at March 2017

WORKFORCE PROFILE - CORE VS SUPPORT

Permanent Employees	Total workforce	%
Total workforce	4468	100.0%
Core	4107	91.9%
Support	361	8.1%
Mining	3154	70.6%
Engineering	745	16.7%
Ore Reserve Management	107	2.4%
Metallurgy	101	2.3%
Human Resources	215	4.8%
Financial	15	0.3%
Commercial Services	7	0.2%
Safety and Health	68	1.5%
Environmental	32	0.7%
Other Services	24	0.5%

WORKFORCE PROFILE - CORE VS SUPPORT

Non-Permanent Employees	Total workforce	%
Total workforce	685	100.0%
Core	469	68.5%
Support	216	31.5%
Mining	103	15.0%
Engineering	119	17.4%
Ore Reserve Management		
Metallurgy	247	36.1%
Human Resources	7	1.0%
Financial		
Commercial Services	1	0.1%
Safety and Health	4	0.6%
Environmental		
Other Services	204	29.8%



The Operation provide employment to 5153 people of whom 4468 are employed directly by the mine and 685 contractors who provide services to the mine.

Treatment of employees from labour-sending communities outside South Africa

The recruitment of employees from Lesotho, Mozambique, Swaziland and Botswana is in accordance with inter-governmental agreements.

The wages, working hours, leave entitlements (including sick and family responsibility leave), provident fund provisions, medical incapacity benefits and other terms and conditions of employment of South African Development Community (SADC) employees are the same as for South African employees. Furthermore, they are entitled to equal compensation for occupational injuries and diseases, and are entitled to the same training and development opportunities as South African employees. They are also entitled to join and participate fully in trade union activities, have freedom of movement and enjoy the same labour rights and protections against unfair dismissal.

Harmony, on behalf of this Operation, has further concluded an agreement with recognised trade unions, which provides that SADC employees will be entitled to the same accommodation opportunities as South African employees in respect of living quarters, living-out allowances and married quarters. However, legislative provisions preclude SADC employees from state housing subsidies in South Africa.

It should be noted that the Lesotho and Mozambican inter-governmental agreements provide for approximately 30% of these migrant employees' earnings to be remitted back as compulsory deferred pay to their home countries. These remittances, however, provide a revenue stream for these labour-sending communities, without which rural poverty would be exacerbated.

An additional factor impacting on migrant employees is the fact that they are recruited by the way of 'corporate permits' granted in terms of the Immigration Act. As such these employees may not be accompanied by their families on a permanent basis, although family members who obtain visitors permits are permitted to visit such migrant employees for limited periods.

Such employees are also required to return to their home countries periodically, but may on application acquire the right to permanent residence in South Africa.

Consequently, subject to compliance with South African law and the inter-governmental agreements, Operation does not, and further undertakes not to, discriminate against migrant employees from SADC countries.



Educational Levels

The table below (Form Q) reflects the education levels of the permanent employees as at March 2017

EDUCATIONAL LEVELS (FORM Q) - PERMANENT EMPLOYEES

EDUCATIONAL LEVELS		African		Coloured		Indian		White		Grand Total
NQF LEVEL	NEW SYSTEM	M	F	M	F	M	F	M	F	
GENERAL EDUCATION AND TRAINING										
No Education	No Schooling	688	117					2	1	808
Below NQF 1	Pre-AET / Grade 1 to 3	420	17							437
	AET 1 / Std 2 / Grade 4	233	26							259
	AET 2 / Std 3 & 4 / Grade 5 & 6	300	54							354
	Possible AET learners	1641	214					2	1	1858
FURTHER EDUCATION AND TRAINING										
Below NQF 1	AET 3 / Std 5 & 6 / Grade 7 & 8	331	83	1	1			3		419
NQF 1	AET 4 / Std 7 / Grade 9	346	67					4		417
NQF 2	Std 8 / Grade 10 / NATED 1 / NCV Level 1	269	66					10		345
NQF 3	Std 9 / Grade 11 / NATED 2 / NCV Level 2	221	102	1				6		330
NQF 4	Std 10 / Grade 12 / NATED 3 / NCV Level 3	359	173	3	2			28	9	574
HIGHER EDUCATION AND TRAINING										
NQF 5	National / Higher Certificate	260	48	7	1			149	5	470
NQF 6	Higher Certificate / Diploma / Advanced Certificate / NATED 4 to 6	17	16					4	1	38
NQF 7	Advanced Diploma / B-Tech Degree / Bachelor's Degree (360 Credits)	9	2					2		13
NQF 8	Bachelor Honor's Degree / Post Grad Diploma / Bachelor's Degree (480 credits)	2						1	1	4
NQF 9	Master's Degree									
NQF 10	Doctoral Degree & Post-Doctoral Degree									
TOTAL		3455	771	12	4			209	17	4468



The table below (Form Q) reflects the education levels of the Non-permanent employees as at March 2017

EDUCATIONAL LEVELS (FORM Q) - NON-PERMANENT EMPLOYEES

EDUCATIONAL LEVELS		African		Coloured		Indian		White		Grand Total
NQF LEVEL	NEW SYSTEM	M	F	M	F	M	F	M	F	
GENERAL EDUCATION AND TRAINING										
No Education	No Schooling	29	1					4		34
Below NQF 1	Pre-AET / Grade 1 to 3	15	1					4		20
Below NQF 1	AET 1 / Std 2 / Grade 4	13						1		14
Below NQF 1	AET 2 / Std 3 & 4 / Grade 5 & 6	21	1					3		25
Below NQF 1	Possible AET learners	78	3					12		93
FURTHER EDUCATION AND TRAINING										
Below NQF 1	AET 3 / Std 5 & 6 / Grade 7 & 8	46	3					8		57
NQF 1	AET 4 / Std 7 / Grade 9	45	3	1				3		52
NQF 2	Std 8 / Grade 10 / NATED 1 / NCV Level 1	76	10					5		91
NQF 3	Std 9 / Grade 11 / NATED 2 / NCV Level 2	95	6					6		107
NQF 4	Std 10 / Grade 12 / NATED 3 / NCV Level 3	235	16	1				22	3	277
HIGHER EDUCATION AND TRAINING										
NQF 5	National / Higher Certificate	5					1			6
NQF 6	Higher Certificate / Diploma / Advanced Certificate / NATED 4 to 6	2								2
NQF 7	Advanced Diploma / B-Tech Degree / Bachelor's Degree (360 Credits)									
NQF 8	Bachelor Honor's Degree / Post Grad Diploma / Bachelor's Degree (480 credits)									
NQF 9	Master's Degree									
NQF 10	Doctoral Degree & Post-Doctoral Degree									
TOTAL		582	41	2			1	56	3	685



Literacy Level at the Operation

LITERACY LEVEL - PERMANENT EMPLOYEES

Total Workforce	Below Grade 6 / Std 4 (excl No Education)	No Education	Possible AET Learners	Illiteracy Level (%)
4468	1050	808	1858	42%

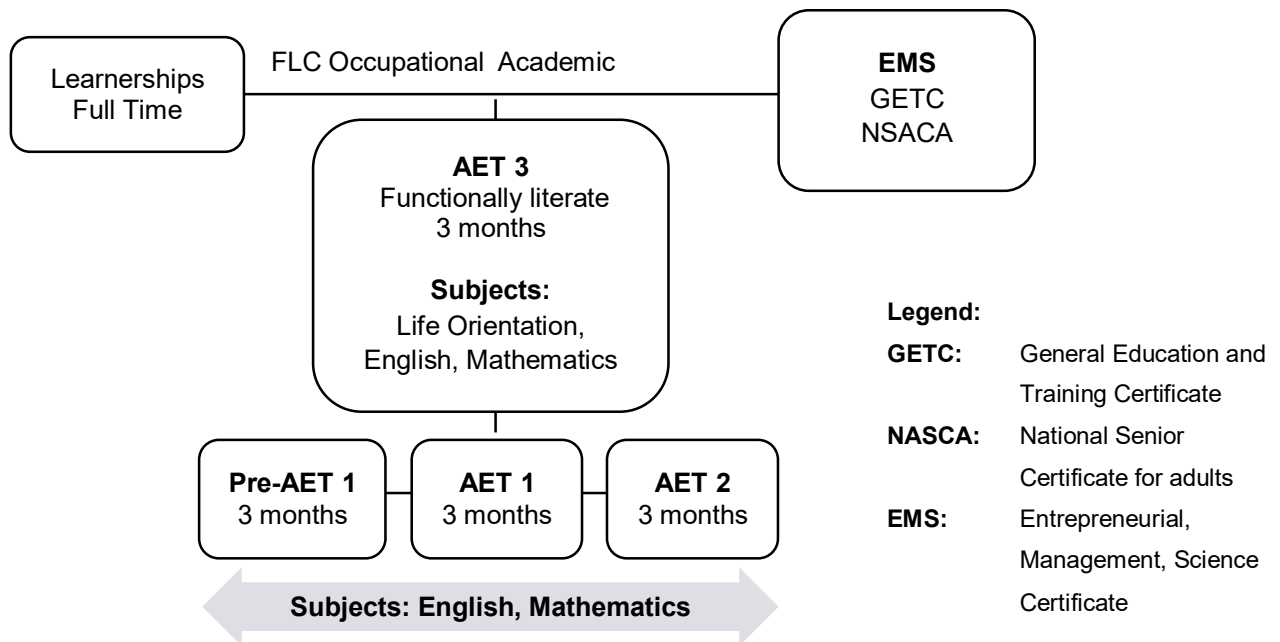
LITERACY LEVEL - NON PERMANENT EMPLOYEES

Total Workforce	Below Grade 6 / Std 4 (excl No Education)	No Education	Possible AET Learners	Illiteracy Level (%)
685	59	34	93	14%

Adult Education and Training

The progression through AET levels is aimed at providing an opportunity for all employees to be functionally literate and numerate.

The following graph depicts the Adult education and further education programme:



Whilst the scorecard requires that Harmony provides employees with the opportunity to become functionally literate, Harmony has gone beyond this requirement and set as its own strategic objective: the achievement of a fully literate workforce by 2024. Harmony offers full-time AET classes and have recently introduced own time E-AET to achieve the set targets.



How the Operation provides employees with the opportunity to become functionally literate and numerate

Awareness campaigns have been undertaken over the past few years for promotion and awareness purposes. Communication channels used included posters, HRD committee and flyers. An internal audit found that employees are fully aware of the AET facilities at Operation.

AET Implementation plan

Plan to provide employees with the opportunity to become functionally literate and numerate

Objective:

- To assist employees to meet independently, the reading and writing demands placed on them both professionally and privately.

Beneficial change:

- **Employees**
 - Being literate will assist in delivering on Harmony's value of "Safety" and "Connectedness".
 - Empower employees to apply for more senior positions where literacy is a pre requisite
- **The mine**
 - Have a positive impact on the Safety and production statistics of Harmony
 - Assist Harmony in meeting developmental targets of HDSA's as a whole
 - Communication within Harmony will be enhanced
- **Organised labour**
 - Communication and negotiations with members will be enhanced
- **Families**
 - Employees will be able to assist family members in basic day to day activities such as banking and budgeting
 - A literate family member can assist his/her children with scholastic outputs.

Beneficiaries:

- The whole of South Africa will benefit with the eradication of illiteracy.

Implementation plan:

- Harmony has three intakes of AET per year to drive the achievement of the set objective.
- To meet the varying demands of stakeholders, both full time and part time classes are offered.

AET Facilities and Centres

The Operation's AET facilities are situated at the Operation with a network of transport and support services to deliver South African Qualification Authority (SAQA) aligned education to students. All Harmony AET centres write external examination offered by IEB and benchmark.



Planned AET intake 2018 to 2022

The table below reflects the planned intake levels for AET

ADULT EDUCATION AND TRAINING PER LEVEL AND COSTS						
AET Levels	Plan					Total No of Delegates
	Year 1	Year 2	Year 3	Year 4	Year 5	
Pre-AET	32	32	16			80
AET 1	22	20	8			50
AET 2	19	17	7			43
AET 3	24	23	11			58
AET 4	13	13	6			32
Total Planned	110	105	48			263

Note: These AET figures will be affected by an annual labour turnover of approximately 10%, the recruitment of literate employees as well as external assessments of employees with unconfirmed levels of education. These numbers will also be affected by success rates.

Skills Development Programmes

Learnerships 18.1

The table below reflects the planned intake levels for 18.1 Learnerships

LEARNERSHIPS - 18.1						
Description	Plan					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
Blasting Ticket	6	6	4			16
Engineering Learnerships	9	11	5			25
Total	15	17	9			41

Learnerships 18.2

The table below reflects the planned intake levels for 18.2 Learnerships

LEARNERSHIPS - 18.2						
Description	Plan					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
Blasting Ticket	2	2	1			5
Engineering Learnerships	5	4	3			12
Total	7	6	4			17



Leadership Development

Employees will be developed in all core and critical, as well as leadership skill in order to equip them to perform their duties safely and productively.

The table below reflects the planned intake levels for Leadership Development

SKILLS AND LEADERSHIP DEVELOPMENT TRAINING						
Description	Plan					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
Leadership Development level	2	2	1			5
Supervisory Development level	7	7	2			16
Total	9	9	3			21

Skills Development

The table below reflects the planned intake levels for Skills Development

SKILLS AND LEADERSHIP DEVELOPMENT TRAINING						
Description	Plan					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
Mine Manager Certificate	2	2				4
Mine Overseer Certificate	3	3				6
Advance Miners Certificate (Shiftboss)	5	4				9
Team Leader	10	10	1			21
Competent A	151	151				302
Competent B	398	398	140			936
Engineering Foreman	2	1				3
Ore Reserve Manager	1	1				2
Surveyor	1	1				2
Geologist	2	1				3
Human Resources Leader	1					1
Human Resources Manager	1	2	1			4
Human Resources Officer	2	1				3
Financial Manager	1	1				2
Accountant	1	1				2
Chief Safety Officer	1	1				2
Safety Officer	2	2				4



SKILLS AND LEADERSHIP DEVELOPMENT TRAINING						
Description	Plan					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
Occupational Hygienist	1	1				2
Occupational Hygiene Officer	3	2	1			6
Total	588	583	143			1314

2.3 'Hard-to-Fill' vacancies

It must be noted that Harmony and the licensed mines do take critical core skills into consideration when determining candidates for learnerships, internships, mentorship, career progression and different skills programmes.

There are no 'hard-to-fill' vacancies at the Operation. All vacant positions are currently being filled within 12 months. (See details below)

FORM R		
Department: Minerals and Resources		
Republic of South Africa		
Hard-to-fill vacancies as at March 2017		
In terms of regulation 46(b)(i)(bb) of the Social and Labour Plan of the Mineral and Petroleum Resources Development Act 28, 2002		
Instructions:		
1. For any enquiries, contact the relevant regional office or designated agency during office hours (refer to List 1).		
2. Complete the form in block letters and black pen.		
3. Complete the form in English and do not use abbreviations (Street not St).		
Occupational level	Job title of vacancy	Main reason for being unable to fill the vacancy
Top management	-	N/A
Senior management	-	N/A
Professionally qualified and experienced specialists and mid-management	-	N/A
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	-	N/A
Semi-skilled and discretionary decision-making	-	N/A
Unskilled and defined decision-making	-	N/A



2.4 Career Progression

This section covers the career progression plan of Operation that is in line with the skills development plan and will show how opportunities are given to employees to progress through the employment levels.

The career progression plan at an individual level, maps out career growth opportunities within specific career paths in both technical (specialist) and management roles in the mine. The process identifies career options for employees who are assisted to develop skills so that they are better prepared and suitably qualified to assume positions that match their individual career goals with the needs of the mine (organisational needs). Employees can navigate through various career progression scenarios (or be assisted to do so) and quickly identify requirements of various positions. Career management at the Operation links with other HRD activities such as mentorship and coaching, managing the talent pool, and employment equity.

Factors that are considered for effective career progression planning:

- The career progression plan of Operation is based on a number of factors as outlined below:
- **Opportunity for all employees.** Career progression is available to all employees based on their career interests, availability of positions, employment equity, potential assessments, and excellent performance
- **Cross discipline and multi-disciplinary.** An employee may move from one discipline to another depending on personal career interests aligned to identified organisational needs
- **Performance management.** Career progression plans are managed and monitored during performance management discussions between an employee and his/her supervisor at management levels, with top performers usually considered for opportunities to advance to higher levels within the organisation
- **Career interests.** Each employee's career interests are considered, within reason, when career progression plans are discussed and agreed through IDPs
- **Availability of positions.** Career progression takes place based on positions that becomes vacant or available in the mine or at other Harmony operations and employees are promoted and/or are transferred to the positions for additional career exposure
- **Employment equity targets.** Career progression plans take cognizance of Operation's requirements to meet the employment equity targets
- **Development panels.** These are multi-disciplinary panels that monitor careers of employees to ensure that development opportunities are made available to suitably qualified, high potential and excellent performing employees

Career progression (promotional) plan

It is considered for all career progression opportunities at all levels. With respect to meeting the employment equity targets, specific attention will be given to management level positions.

% HDSA representation in promotion opportunities and filling of vacant positions	Year 1	Year 2	Year 3	Year 4	Year 5
	60%	65%	70%		

Note: *The targets above do not mean a general disregard of previously advantaged employees. During performance reviews, their career plans are also mapped out with their respective supervisors and, should vacant positions become available, they are also considered once the EE targets above have been met.*



Approach

The career progression strategic approach provides an opportunity to employees at all levels of the organisation to progress through the employment levels.

Employment levels

Career paths per disciplines, outlines the route employees should follow to move from one level to the next.

Classification of employment levels cover the following occupational levels:

- Unskilled and defined decision making – Paterson bands A1 to A4
- Semi-skilled and discretionary decision-making; operators; administrative personnel; and clerical personnel – Patterson bands B1 to B7
- Technically skilled/operators: skilled technical and academically qualified workers, junior management, supervisors, foremen – Patterson bands C1 to C5
- Professionals: professionally qualified, experienced specialists and mid management – Patterson bands D1 to D5
- Senior management – Patterson bands E1 to E5

Note: A career progression to the executive level moves an employee from the mine to group level. The Harmony executive level is on Patterson band F.

Employee development plan to support career progression

The mine provides the opportunity for advancement to higher levels of the organisation by encouraging employees to have personal development plans. Although opportunities are given to employees, each individual takes ownership of his/her career goals and objectives.

The career management processes identify the education, training, and experience needs of the workforce. The steps that are covered in contributing to effective career management for employees include the following:

Step 1: Assess existing skills required to meet business objectives

This includes the following:

- Identify the skills required to succeed in the current job
- Identify the gaps required to be closed in order to succeed in the current job
- Identify relevant skills the employee possesses that are not currently being utilised

Step 2: Identify potential areas for growth and development

This includes the following:

- Identify the areas of the employee's current job that could be enhanced with additional training or coaching
- Identify additional skills or responsibilities that may enhance the employee's ability to contribute to achieving the mine's goals and objectives
- Identify employee's interests and/or goals



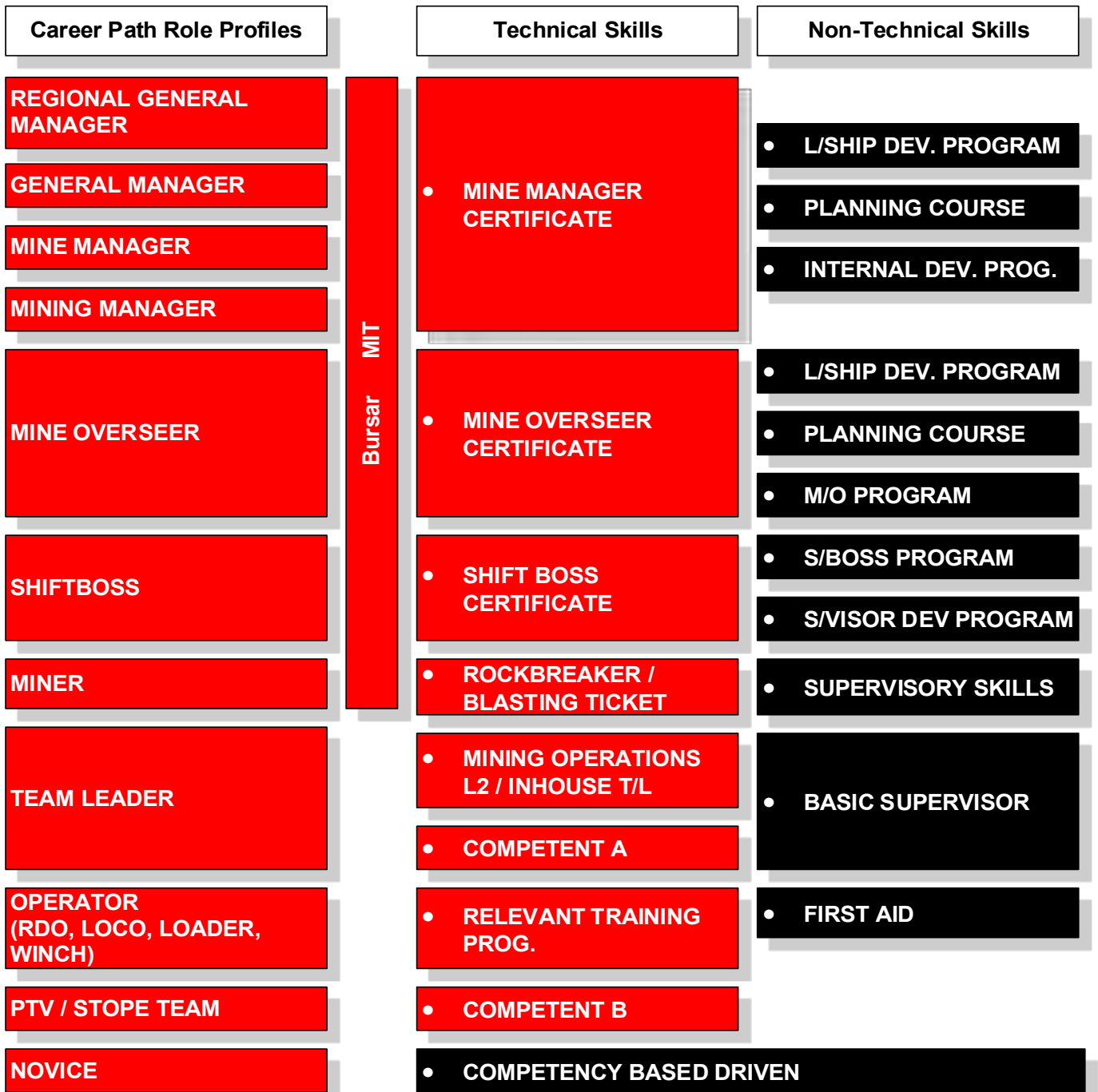
Step 3: Identify training, mentoring, coaching or other development opportunities so that the employee can successfully apply new skills and knowledge

Step 4: Continuous evaluation of employee development plan and providing employee feedback

Pipeline for career progression for each of the core career disciplines

The diagrams below show examples of career paths for each of the main career disciplines within Operation.

Career path – Mining





Career path – Engineering

Entry Requirements	Career Path Role Profiles	Skills Development
	Group Engineering Manager	
Government Ticket / Appointment	SENIOR ENGINEERING MANAGER Management	<ul style="list-style-type: none"> Specialised Management Courses
Government Ticket / Appointment	SENIOR ENGINEER Management	<ul style="list-style-type: none"> Specialised Management Courses
Government Ticket / Appointment	ENGINEER Management	<ul style="list-style-type: none"> Specialised Management Courses
Degree / Diploma / N6 with required subjects for GCC Exam	JUNIOR ENGINEER Official	<ul style="list-style-type: none"> Harmony Junior Engineers Development Programme
<ul style="list-style-type: none"> * Level 4 Engineering Artisan * N4 / N5 / Equivalent * 5 Years Supervisory Experience 	CHIEF ELECTRICIAN / CHIEF ENGINEERING SUPERVISOR Official	<ul style="list-style-type: none"> Harmony Certificate in Management Specialise Courses
<ul style="list-style-type: none"> * Relevant Trade * N3 Equivalent * 5 Years Trade Specific Experience * Completed Eng Foreman Dev Programme 	ENGINEERING FOREMAN Official	<ul style="list-style-type: none"> Harmony Foreman Development Programme
<ul style="list-style-type: none"> * Degree / Diploma in electrical Engineering or Instrumentation OR * Instrumentation Mechanician Trade and N6 and ECSA Registration as a Technician 	INSTRUMENTATION TECHNICIAN Official	<ul style="list-style-type: none"> ECSA Requirements & Specialised Instrumentation Courses
<ul style="list-style-type: none"> * N2 Equivalent * Technical Grade 12 with relevant Subjects including Maths & Science 	ENGINEERING ARTISAN Union Men & Artisans	<p>One of the following Skills (L3 & L4)</p> <ul style="list-style-type: none"> Instrumentation or Measuring & Control Electrical Fitting Plater / Welder Diesel Mechanic Rigging
<ul style="list-style-type: none"> * N1 / Grade 10 - Maths and Science * English Literate / Communication * 1 Year Engineering Experience 	SERVICE PERSON Union Men & Artisans	<p>One of the following Skills</p> <ul style="list-style-type: none"> Electro Mechanics L2 Horizontal Transport L2 Stoping and Developing L2
Grade 10 (Maths, Science, English Literate and Communication)	ENGINEERING ASSISTANTS / OPERATORS Cat 4 - 8	Generic Engineering Skill i.e. Engineering Assistant Training plus Occupation Related Training (e.g. Belt Attendant Training course)
	NEW RECRUIT Grade 10 Maths & Science	



Career path – Ore Reserves (Survey)

Career Development			
Ticketed Surveyor			
Career Path Role Profiles	Qualification	Technical Skills	Non-Technical Skills
ORE RESERVE MANAGER	<ul style="list-style-type: none"> NQF 8 NHD SURVEY OR BTECH + GSCC OR SURFACE SURV CERTIFICATE 	<ul style="list-style-type: none"> GRADE MANAGEMENT FINANCE MANAGEMENT RESERVES & RESOURCES MANAGEMENT 	<ul style="list-style-type: none"> LEADERSHIP PROFESSIONAL REGISTRATION STRATEGIC PLANNING
SURVEY HOD (M+ 10 YEARS)	<ul style="list-style-type: none"> SURVEY GOVERNMENT CERTIFICATE OF COMPETENCY 	<ul style="list-style-type: none"> CARRY LEGALS RELEVANT COMPUTER SOFTWARE 	<ul style="list-style-type: none"> LEADERSHIP EMPLOYEE DEVELOPMENT
SECTION SURVEYOR (M+ 8 YEARS)	<ul style="list-style-type: none"> NQF 6 National Higher Diploma Mining Survey OR BTECH 	MANAGE SECTION	<ul style="list-style-type: none"> FINANCIAL MANAGEMENT
MINE SURVEYOR / SENIOR SURFACE SURVEYOR (M+ 6 YEARS)	<ul style="list-style-type: none"> NQF 6 National Higher Diploma Mining Survey 	<ul style="list-style-type: none"> GYRO AND CHECK SURVEY LATOUTS HOLING NOTES 	<ul style="list-style-type: none"> SUPERVISORY SKILLS
SHAFT / SURFACE SURVEYOR GRADUATE SURVEYOR	<ul style="list-style-type: none"> NQF 5 NATIONAL DIPLOMA SURVEY 	<ul style="list-style-type: none"> GYRO AND CHECK SURVEY LATOUTS 	<ul style="list-style-type: none"> SUPERVISORY SKILLS PRESENTATION & MEETING SKILLS RELEVANT COMPUTER SOFTWARE
<ul style="list-style-type: none"> COMPETENCY BASED DRIVEN 			<ul style="list-style-type: none"> HEALTH AND SAFETY
Non Ticket Surveyor			
Career Path Role Profiles	Qualification	Technical Skills	Non-Technical Skills
SECTION SURVEYOR (M+ 10 YEARS)	<ul style="list-style-type: none"> NQF 8 ADVANCED SURVEY MRM AND OR GDE 	<ul style="list-style-type: none"> MANAGE SECTION 	<ul style="list-style-type: none"> REGISTERED WITH PLATO MANAGEMENT LEADERSHIP
MINE SURVEYOR / SENIOR SURFACE SURVEYOR (M+ 9 YEARS)	<ul style="list-style-type: none"> NQF 6 ADVANCED SURVEY OR NHD SURVEY + MRM 	<ul style="list-style-type: none"> GYRO AND CHECK SURVEY LATOUTS HOLING NOTES 	<ul style="list-style-type: none"> SUPERVISORY SKILLS
SHAFT / SURFACE SURVEYOR 48 MONTHS	<ul style="list-style-type: none"> NQF 5 ADVANCED SURVEY 	<ul style="list-style-type: none"> GYRO AND CHECK SURVEY LATOUTS 	<ul style="list-style-type: none"> SUPERVISORY SKILLS PRESENTATION & MEETING SKILLS
SENIOR SURVEYOR 36 MONTHS +12 MONTHS	<ul style="list-style-type: none"> NQF 4 ELEMENTARY SURVEY 	<ul style="list-style-type: none"> DEVELOPMENT + CHECK SURVEY 	<ul style="list-style-type: none"> RELEVANT COMPUTER SOFTWARE
SURVEYOR 24 MONTHS	<ul style="list-style-type: none"> NQF 4 	<ul style="list-style-type: none"> STOPE SURVEY INSTALL PEGS 	<ul style="list-style-type: none"> REPORT WRITING
JUNIOR SURVEYOR 12 MONTHS	<ul style="list-style-type: none"> ELEMENTARY SURVEY + 		
LEARNER SURVEYOR 6 MONTHS	<ul style="list-style-type: none"> NQF 3 BASIC SURVEY 	<ul style="list-style-type: none"> INSTALL PEGS + MEASURING 	<ul style="list-style-type: none"> SURVEY EQUIPMENT CARE
TRAINEE SURVEYOR	<ul style="list-style-type: none"> NQF 1 ABET 4 OR MATRIC (GRADE 12) 	<ul style="list-style-type: none"> MATHS + SCIENCE 	<ul style="list-style-type: none"> WORK IN TEAM
<ul style="list-style-type: none"> ENTRY BASED ASSISTANCE 			
<ul style="list-style-type: none"> COMPETENCY BASED DRIVEN 			<ul style="list-style-type: none"> HEALTH AND SAFETY



Career path – Ore Reserves (Geology)

Career Development

Graduate Route

Career Path Role Profiles	Qualification	Technical Skills	Non-Technical Skills
ORE RESERVE MANAGER	<ul style="list-style-type: none"> NQF 8 B SC HONOURS 	<ul style="list-style-type: none"> GRADE MANAGEMENT FINANCE MANAGEMENT RESERVES & RESOURCES MANAGEMENT 	<ul style="list-style-type: none"> LEADERSHIP PROFESSIONAL REGISTRATION STRATEGIC PLANNING
GEOLOGY HOD (M+10)	<ul style="list-style-type: none"> NQF 8 B Sc HONOURS GRADUATE DIPLOMA IN ENGINEERING (GDE) 	<ul style="list-style-type: none"> MANAGE A SECTION GRADE CONTROL MANAGE DRILLING PROJECTS GEOLOGICAL MODELLING APPLY COMPUTER SOFTWARE 	<ul style="list-style-type: none"> LEADERSHIP/ MENTORING EMPLOYEE DEVELOPMENT FINANCIAL MANAGEMENT
SECTION GEOLOGIST (M+8)	<ul style="list-style-type: none"> NQF 8 B SC HONOURS GRADUATE DIPLOMA IN ENGINEERING (GDE) 	<ul style="list-style-type: none"> MANAGING DEVELOPMENT AND STOPING INTEPRETE STRUCTURE COMPILE LAYOUTS & PLANS APPLY COMPUTER SOFTWARE 	<ul style="list-style-type: none"> SUPERVISORY SKILLS
SENIOR GEOLOGIST (M+6)	<ul style="list-style-type: none"> NQF 8 B SC HONOURS 	<ul style="list-style-type: none"> FACE MAPPING STRUCTURE INTEPRETATION APPLY DRILL AND SAMPLING TECHNIQUES 	<ul style="list-style-type: none"> SUPERVISORY SKILLS MEETING SKILLS PRESENTATION SKILLS PROBLEM SOLVING
SHAFT GEOLOGIST GRADUATE TRAINEE	<ul style="list-style-type: none"> NQF 8 B SC GEOLOGY NHD OR B TECH 	<ul style="list-style-type: none"> FACE MAPPING STRUCTURE INTEPRETATION APPLY DRILL AND SAMPLING TECHNIQUES 	<ul style="list-style-type: none"> SUPERVISORY SKILLS MEETING SKILLS PRESENTATION SKILLS PROBLEM SOLVING

In House Route

Career Path Role Profiles	Qualification	Technical Skills	Non-Technical Skills
SECTION GEOLOGIST 10 YEARS	<ul style="list-style-type: none"> NQF 6 GRADUATE DIPLOMA IN ENGINEERING (GDE) 	<ul style="list-style-type: none"> GRADE CONTROL MANAGE DRILLING PROJECTS GEOLOGICAL MODELLING APPLY COMPUTER SOFTWARE 	<ul style="list-style-type: none"> PROFESSIONAL REGISTRATION LEADERSHIP/ MENTORING MANAGEMENT SKILLS
SENIOR GEOLOGIST 9 YEARS	<ul style="list-style-type: none"> NQF 6 MINERAL RESOURCES MANAGEMENT (MRM) 	<ul style="list-style-type: none"> FACE MAPPING STRUCTURE INTEPRETATION APPLY DRILLING AND SAMPLING TECHNIQUES 	<ul style="list-style-type: none"> SUPERVISORY SKILLS PROJECT MANAGEMENT COMPUTER LITERATE SUPERVISORY SKILLS
SHAFT GEOLOGIST 48 MONTHS	<ul style="list-style-type: none"> NQF 5 Advanced Geology 	<ul style="list-style-type: none"> MAPPING/ STRUCTURAL INTERPRETATION 	<ul style="list-style-type: none"> REPORT WRITING SKILLS
SENIOR GEOTECH 36 MONTHS	<ul style="list-style-type: none"> NQF 4 INTERMEDIATE GEOLOGY 	<ul style="list-style-type: none"> MAPPING SAMPLING TECHNIQUE 	<ul style="list-style-type: none"> COMMUNICATION SKILLS BUSINESS WRITING SKILLS
GEOTECH 24 MONTHS	<ul style="list-style-type: none"> NQF 4 Basic Geology Basic Sampling 	<ul style="list-style-type: none"> SAMPLING TECHNIQUE 	<ul style="list-style-type: none"> HEALTH AND SAFETY
JUNIOR GEOTECH 12 MONTHS	<ul style="list-style-type: none"> NQF 4 OR ABET 4 MATRIC (GRADE 12) 	<ul style="list-style-type: none"> SAMPLING TECHNIQUE 	<ul style="list-style-type: none"> HEALTH AND SAFETY
LEARNER SAMPLER 6 MONTHS	<ul style="list-style-type: none"> COMPETENCY BASED DRIVEN 	<ul style="list-style-type: none"> SAMPLING TECHNIQUE 	<ul style="list-style-type: none"> HEALTH AND SAFETY
TRAINEE SAMPLER ENTRY NO EXPERIENCE	<ul style="list-style-type: none"> COMPETENCY BASED DRIVEN 	<ul style="list-style-type: none"> SAMPLING TECHNIQUE 	<ul style="list-style-type: none"> HEALTH AND SAFETY



Career path – Metallurgy

Career Path Role Profiles	Qualification	Technical Skills	Non-Technical Skills
Group Metallurgist	BSc(Eng) Extraction Met B Eng/BSc(Eng)	4 Years Tertiary Education 10 Years Experience & broad exposure essential	<ul style="list-style-type: none"> Leadership Development Programme Management Development programme
Plant Manager	BEng/BSC(Eng) B-Tech: Extraction Metallurgy	4 Years Tertiary Education 4-5 Years Experience,	
Senior Plant Metallurgist	BEng/BSC(Eng) B-Tech: Extraction Metallurgy	4 Years Tertiary Education 4 Years Experience,	
Metallurgist	BEng/BSC(Eng) Nat Diploma – Extraction Metallurgy	3 Years Tertiary Education 4 Years Experience	<ul style="list-style-type: none"> Relevant Supervisory Development programme
Business Unit Leader	Manufacturing Supervisor NQF 5 once registered	5 Years Experience Business Unit Leader Workbook	
Shift Foreman / Section Foreman	Mineral Beneficiation Process Controller NQF 4 once registered	5 Years Experience Foreman Workbook	
Section Supervisor / Plant Operator	Plant Controller NQF 3 once registered	3 Years Experience Supervisor Workbook	
Met Operator / Section Operator	Mineral Processing Machine Operator NQF 2 once registered	<p>Complete relevant course and area workbook and 2 Years experience in the following areas:</p> <ul style="list-style-type: none"> ✓ Ore Reception ✓ Milling ✓ Crushing ✓ Thickening and Leach ✓ Adsorption ✓ Grading Room ✓ Chemical Handling ✓ Smelting ✓ Relining ✓ Backfilling 	
Met Assistant / Met Specialist	Mineral Beneficiation Plant Worker NQF 1 once registered		
GENERAL WORKFORCE	SELECTION CRITERIA Min Edu level for selection = Grade 10 with English		



Talent pool

Objective of the talent pool

The objective of the Operation's talent pool (as has been defined for all Harmony mines) includes the following:

- People development
- Succession management
- Performance management
- Career management
- Employment equity – meeting employment equity targets

Plan for HDSA representation in the talent pool

The figure below represents a percentage of the actual Leadership and Skills Development Plans above.

% HDSA representation in Talent Pool	Year 1	Year 2	Year 3	Year 4	Year 5
	80%	80%	80%		

Measures to develop the talent pool

The following measures are employed to develop the talent pool:

- Mentorship / Coaching
- Employment equity targets (as per the Employment Equity Act)
- Group/mine career opportunities (promotions, transfers and acting opportunities)
- Opportunities in Harmony's growth projects
- Expatriate opportunities in Harmony's international operations – Papua New Guinea (PNG)

Targeted employees in the talent pool

All high potential and high performing employees within Operation are eligible to be part of the talent pool. However, the number of the people in the talent only includes the top talent in the mine.

The following occupational levels are represented in the talent pool:

- Technically skilled/operators: skilled technical and academically qualified workers, junior management, supervisors, foremen – Patterson bands C1 to C5
- Professionals: professionally qualified, experienced specialists and mid management – Patterson bands D1 to D5
- Senior management – Patterson bands E1 to E5

The talent pool is identified based on the top performing employees with the highest potential, especially in core disciplines.

2.5 Mentorship Programmes

In order for Harmony to develop highly competent leaders and a healthy pipeline of HDSA leaders and professionals, an internal mentorship and coaching programme was developed to encourage and support the developmental areas identified to be lacking.



Implementation plan

MENTORSHIP AND COACHING	
IMPLEMENTATION PLAN	
Objectives:	<ul style="list-style-type: none"> To develop a pipeline of leaders and professionals To ensure we have the resources to effectively meet the future requirements of our employment equity plan To practically enhance the skills of young upcoming leaders
Deliverable benefits:	<ul style="list-style-type: none"> Adequate and competent mentors / coaches Consistently mentored protégés / coachees
Implementation plan:	<ul style="list-style-type: none"> Ongoing training of current mentors / coaches Develop and support mentors / coaches Monitor the progress of sessions between mentors and protégés annually

Mentorship Plan

All employees on Leadership related development and / or talent pool programmes will form part of the Mentorship / Coaching Programme.

The table below reflects the Mentorship plan

MENTORSHIP PROGRAMME						
Description	Plan					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
Leadership Development - E level	1	1	-	-	-	2
Leadership Development - D level	1	1	1	-	-	3
Supervisory Development - C level	7	7	2	-	-	16
Mine Manager Certificate	2	2	-	-	-	4
Mine Overseer Certificate	3	3	-	-	-	6
Advance Miners Certificate (Shiftboss)	5	4	-	-	-	9
Engineering Foreman	2	1	-	-	-	3
Ore Reserve Manager	1	1	-	-	-	2
Surveyor	1	1	-	-	-	2
Geologist	2	1	-	-	-	3
Human Resources Leader	1	-	-	-	-	1



MENTORSHIP PROGRAMME						
Description	Plan					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
Human Resources Manager	1	2	1	-	-	4
Human Resources Officer	2	1	-	-	-	3
Financial Manager	1	1	-	-	-	2
Accountant	1	1	-	-	-	2
Chief Safety Officer	1	1	-	-	-	2
Safety Officer	2	2	-	-	-	4
Occupational Hygienist	1	1	-	-	-	2
Occupational Hygiene Officer	3	2	1	-	-	6
Total	38	33	5	-	-	76

2.6 MQA, Bursaries and Internship programmes

Our internship and experiential training programme is part of Harmony's talent development programme. Graduates from different South African universities are recruited either directly or indirectly through the MQA grant system and placed on the internship programme over a period of time not longer than two years, to gain necessary practical work experience in various core mining related disciplines such as mining, engineering, geology, metallurgy and survey. Most of the graduates are HDSAs and are drawn from the immediate local communities where Harmony operates. Once these learners have completed the internship programme, Harmony exercises the first option whether or not to offer the candidates permanent employment.

This programme does not only help to provide the individuals with practical work experience, but also to equip the candidates with business management and leadership skills to prepare them for future managerial related work.

MQA and Experiential training plan

The table below reflects the planned intake levels for MQA and Experiential training students

MQA / EXPERIENTIAL TRAINING PROGRAMMES						
	Plan					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
Total Planned	6	6	4			16

Note: *The table above display the new intake per year. Due to the fact that the period of training exceeds 12 months, there will always be double the annual intake persons in training and funds are allocated accordingly.*



Interns and Graduates training plan

The table below reflects the planned intake levels for Interns and Graduate students

INTERN AND GRADUATE PROGRAMME						
	Plan					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
Total Planned	6	6	4			16

Note: The table above display the new intake per year. Due to the fact that the period of training exceeds 12 months, there will always be double the annual intake persons in training and funds are allocated accordingly.

Bursary programme

The Operation will facilitate the awarding of bursaries to deserving students annually.

BURSARY PROGRAMME
The provision of further education and training with regards to bursary and community bursary students with a service obligation to Harmony.
<p>Objectives:</p> <p>To promote the tertiary education and training of bursary students, according to the strategic labour requirements of the Operation, in order to develop future leaders in areas identified as mining core disciplines. Students are allocated bursaries in consultation with the local municipalities, where possible, and will be allowed to study for a diploma or degree at accredited tertiary institutions within the SA.</p>
<p>The core disciplines that Harmony give priority to when allocating bursaries are as follow:</p> <ul style="list-style-type: none"> • Mining engineering • Engineering • Metallurgy • Ore Reserve Management.
<p>Beneficial change:</p> <p>The empowerment of young talented South Africans will be from the local community. These candidates must be achievement oriented, able to handle the challenges of teamwork in a mining environment and have a business mind set.</p>
<p>Beneficiaries:</p> <ul style="list-style-type: none"> • Talented South Africans with a passion for core mining disciplines and the desire to join Harmony. • Should the municipality approach Harmony to award bursaries for disciplines aligned to their strategic priorities, such requests will also be considered.
<p>Implementation plan:</p> <ul style="list-style-type: none"> • Promotion of this unique opportunity to students with potential through the Harmony website and internally for employees to be aware of opportunities for their children. • Annual applications received by the Harmony bursary scheme before 30 August of each year. • Assessment of short listed applicants and selection through the interview process. • Formal bursary contracting with Harmony.



Bursary plan

The table below reflects the planned intake levels for Bursars, including Community Bursars

BURSARY PROGRAMME (Including community bursars)						
	Plan					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
Total Planned	9	7	5			21

Note: The table above display the new intake per year. Due to the fact that the period of training exceeds 12 months, there will always be double the annual intake persons in training and funds are allocated accordingly.

2.7 Financial provision – Human Resource Development

The details of the five year financial provision for the HRD programme are outlined in the table below:

FINANCIAL PROVISION - HRD						
	Plan					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
Adult Education and Training	991,173.98	952,128.12	435,491.42	-	-	2,378,793.52
Learnership 18.1	2,043,220.80	2,513,070.58	1,357,354.62	-	-	5,913,646.00
Learnership 18.2	731,784.76	779,350.77	493,603.20	-	-	2,004,738.73
Skills Development	1,929,854.14	2,023,227.86	393,784.55	-	-	4,346,866.55
MQA, Experiential Training	864,000.00	915,840.00	647,193.60	-	-	2,427,033.60
Interns and Graduates	950,400.00	1,007,424.00	711,912.96	-	-	2,669,736.96
Bursars (incl. Community Bursars)	1,800,000.00	1,484,000.00	1,123,600.00	-	-	4,407,600.00
Total Financial Provision	9,310,433.68	9,675,041.33	5,162,940.34	-	-	24,148,415.36



2.8 Employment Equity

Introduction

The Operation is committed to organisational transformation, along with the transformation of South African society. The mine strategically views transformation as a long-term opportunity for the sustainable growth of the company's business.

Form S

Breakdown of mine employees per occupational level as at March 2017

OCCUPATIONAL LEVELS - as at March 2017

Form S	African		Coloured		Indian		White		Foreign Nationals		Total	% HDSA	% Females
	M	F	M	F	M	F	M	F	M	F			
Senior management	4	1					6		1		12	42%	8%
Qualified professionals, specialists and mid-management	18	1					25	3	2		49	45%	8%
Skilled technical workers, junior management, supervisors	260	84	8				165	13	72	1	603	61%	16%
Semi-skilled and discretionary decision making	793	76	2	1			9	1	576	18	1476	59%	7%
Unskilled and defined decision making	1214	437	2	3			4		515	153	2328	71%	25%
Total permanent	2289	599	12	4			209	17	1166	172	4468	65%	18%
Non-permanent employees	574	41	2			1	56	3	8		685	91%	7%
Total	2863	640	14	4		1	265	20	1174	172	5153	69%	16%

Strategies in support of employment equity:

- **Positioning of vacant posts as development posts:**

Vacant positions can become a development potential with fewer educational and experience requirements. These positions should facilitate the appointment of a HDSA member. They are advertised internally and a development plan is set up to ensure that the incumbents achieve the necessary educational qualification or experience. Funds are available for any training or developmental needs.

- **Community internship programmes:**

This focuses on graduates, certificated persons and diplomats. In the internship programmes, consideration can also be given to prepare individuals for first level professional positions.

- **Succession planning / Talent management for employees:**

Employees are being developed to be ready to fill vacancies when such arise.

- **Recruitment and selection:**

Recruitment and selection strategies are geared towards achieving the employment of suitably qualified candidates from the designated groups.



Qualitative targets

- Create awareness of employment equity issues through established structures
- Implement appropriate diversity programmes for all employees to create awareness of diversity issues and the management thereof

Employment equity and Female representation plans for 2018 to 2022

The table below reflects the plan for Employment Equity as well as Female Representation

Employment Equity figures for 2018 to 2022										
Description	2018		2019		2020		2021		2022	
	% HDSA	% Females	% HDSA	% Females	% HDSA	% Females	% HDSA	% Females	% HDSA	% Females
Senior management	73%	27%	73%	27%	73%	27%				
Qualified professionals, specialists and mid-management	62%	11%	65%	12%	68%	14%				
Skilled technical workers, junior management, supervisors	62%	17%	63%	18%	64%	18%				
Semi-skilled and discretionary decision making	64%	9%	64%	10%	67%	11%				
Unskilled and defined decision making	73%	24%	74%	24%	76%	22%				
Total permanent	68%	18%	69%	18%	71%	17%				

Transformation at the Operation

The Operation seeks a sustainable rate of change with regard to employment equity and transformation.

The Operation is committed to the following central focus points in its long term transformation and EE strategy:

- Setting annual targets intended to address the economically active population profile of the country.
- Pursuing transparency in recruitment, promotion and placement processes
- Accelerating the training and development of historically disadvantaged groups to contribute to their skills base and career advancement
- Establishing and maintaining an organisational culture that promotes better understanding and tolerance of the diverse backgrounds of all employees
- Continuously offering awareness in diversity management
- Facilitate quarterly EE meetings with organised labour to monitor progress, and maintain ongoing dialogue on matters relating to EE

Monitoring of the employment equity plan:

Objectives:

- Achieve HDSA representation in senior levels of the organisation
- Talent retention through specific interventions
- Managing diversity
- The management and monitoring of EE programmes
- Management of relevant development interventions for employees

**Implementation plan:**

- Ongoing analysis and implementation of employment equity plans
- Monitor EE targets quarterly per functional business unit
- Ongoing review and monitoring of the process followed to identify and retain talent at the Operation

Women in mining and gender diversity

Historically, women have been excluded from taking up positions in mining. Within the mining environment, women were traditionally employed within roles in services disciplines, thus the challenge has been to include women in non-traditional supervisory roles that are directly linked to the core business of mining.

The Operation is aware of the potential contribution of women to the functioning of the mines, and thus ensures that all people are treated equally, fairly and without discrimination. Thus, diversity management is of great importance in ensuring women are integrated into a predominantly male environment, in a manner which takes into account the diverse nature of the mining industry.

Current challenges faced by women underground within Harmony include:

- Attracting and retaining female employees in core supervisory positions within the mining environment
- Overcoming negative perceptions and myths around women capabilities
- The physiological challenges of accommodating women
- Identifying the unique training needs of women

Challenges which are being addressed, as a long-term strategy for the inclusion of women in mining as listed below:

- Driving diversity and gender equality awareness
- Championing social behaviour and mind set changes among male employees
- Developing a pipeline to identify, develop and improve representation of skilled female employees in supervisory positions in core disciplines
- Thorough induction to prepare women for the challenges of working underground
- Investing in accommodation and change house facilities to cater for female employees, including PPE and ablution facilities with sanitary bins
- The provision of family planning facilities for female employees
- The facilitation of alternative surface work for pregnant employees



Section 3: Local economic development programme

As per Regulation 46(c): Local economic development programme, the following is covered in this section:

- Regulation 46(c)(i): The social and economic background of the area in which the mine operates
- Regulation 46(c)(ii): Key economic activities of the area in which the mine operates
- Regulation 46(c)(iii): Impact of the mine in local and labour-sending communities
- Regulation 46(c)(iv): Infrastructure and poverty eradication projects in the local and labour-sending areas
- Regulation 46(c)(v): Housing and living conditions
- Regulation 46(c)(vi): Measures to address nutrition
- Regulation 46(c)(vii): Procurement progression plan and its implementation for HDSA companies in terms of capital goods, services and consumables

3.1 Introduction

The Operation recognises that the business of gold mining has considerable economic, social and environmental impacts which have to be considered during the life of the mines. This section of the Social and Labour Plan will consider various issues on LED around the mining community and the labour-sending areas.

The primary objective of mine community development is to meaningfully contribute towards community development, both in terms of size and impact, in keeping with the principles of the social license to operate.

3.2 Harmony's group approach to LED

LED is considered to be an integral parts of doing business in Harmony. A key theme is the upliftment of the communities from which the operation draws a significant percentage of its employees. The Operation's LED focuses on how the mine will address the socio-economic needs of its local environment and the regions from which the mine sources its workforce.

Harmony's LED support in the mining and labour-sending communities

The Operation approaches the issue of LED through the local governments and municipal authorities in order to impact on local economies, especially in the mining and labour-sending communities. The Operation, as part of Harmony, is tasked with establishing liaison and communication structures with the district and local government structures in the areas where it operates. This participative approach will ensure that all operational initiatives, in the field of economic development, are formulated and implemented as an integral part of the local authorities' economic and integrated development plans.

The LED support by the Operation at the mining and labour-sending communities is guided by the principles outlined in the following paragraphs.

LED focus areas

The focus areas for LED support by the Operation include the following:

- Infrastructure development
- Poverty alleviation
- Community development
- Job creation
- Economic Development



The LED project plans agreed to with the local municipalities in the mining and labour-sending communities, as per the this SLP, will specify the focus areas in terms of the above and will also indicate the scope of each project, for instance, in terms of the number of jobs created or the target beneficiaries of a project. The continuous review of the LED projects during the implementation process will ensure that the projects are not static but are revised in terms of changing needs and also to ensure sustainability. New LED projects in addition to the ones identified in this SLP will also be identified in consultation with all relevant stakeholders.

LED support drivers

The LED support by the Operation at various mining and labour-sending communities is driven by the following:

- Integrated development plans (IDPs) and/or local economic development plans of municipalities, both at district and municipal levels
- Provincial growth and development strategies
- National goals on economic development, infrastructure development, social development, and poverty eradication
- Socio-economic development objectives at labour-sending countries for the areas where Harmony sources its employees
- Collaborative and participative (bilateral and stakeholder) forum structures with local economic development partners
- Direct engagement with community structures

LED ownership

The Operation's main business activity is that of mining and LED support is an integral part of the company's sustainable development strategy. LED is a primary responsibility of the following entities:

- Local government (municipalities)
- Provincial government
- National government

The LED projects will be owned by the local government structures from inception and where this is not the case, the company will ensure that all local stakeholders, including local municipalities, are consulted or are participant in such projects.

The Operation's LED responsibilities

As a responsible corporate citizen the Operation together with other private sector entities that embrace corporate citizenship, does not believe that the task of LED as being solely that of government. We believe LED is an integral part of our business and achieve this by:

- Running profitable and sustainable mining operations that create employment opportunities, boost local economies through support of business activities and contribute to the government tax revenues
- Participating in all activities that aims to promote LED in the community
- Allocating resources in the mining and labour-sending communities to promote and/or support LED

Business approach to LED

Just like all business activities within the company, business principles are applied to LED support to the host communities and labour-sending communities.



This is achieved by ensuring a return on each LED investment through the following:

- **Impact:**
Each LED project supported must have a positive impact on the mining community or labour-sending area. The impact may, for instance, be in a form of improved infrastructure, jobs created, reduced poverty, skilled community, and increased participation in the economy by community members
- **Development:**
Each LED project supported must have its primary objective to develop the target community.
- **Focus:**
To ensure focus, specific beneficiaries will be identified for each LED project supported
- **Sustainability:**
It is imperative that before each LED project is supported, proper feasibility and sustainability studies are conducted. LED projects must not in the long-term depend on the existence of the mining operations
- **Obtaining and keeping mining licences:**
LED support in the mining and labour-sending communities must contribute to the company having the right to conduct mining operations in terms of the provisions of the MPRDA. The objective, though, will be to always exceed legal requirements in line with its corporate citizenship strategy

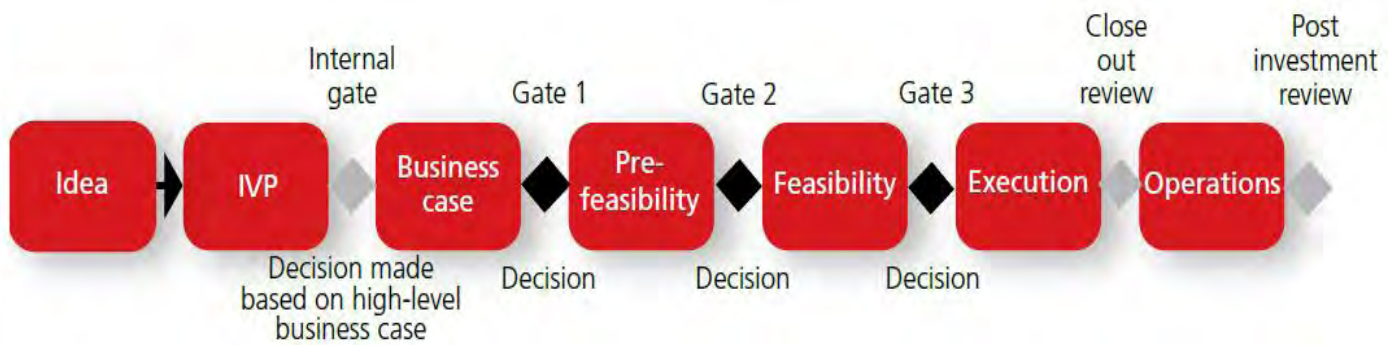
Project management principle and process for governance and assurance

Project management and measurement is a one of the key focus areas within Harmony, and it is also applied by the Operation.

The current Harmony project portfolio encompasses a broad spectrum of projects from building mega mines, both in South Africa and internationally, to smaller projects that cover all the disciplines found in the mining industry. The company has various organic growth and operational improvement projects that are aimed at increasing the life of mines and thereby ensuring long term profitability and long-term employment opportunities.

Harmony manages investment opportunities and projects using a formalised stage gated process in order to ensure appropriate levels of governance and assurance. This process is in line with world best practice. Harmony has a project management function with representation at executive level that oversees projects undertaken in the group.

Success in implementing the numerous projects within Harmony is achieved by implementing rigorous professional project management principles to support the gated approach described above. The gated approach (project life cycle) is summarised as such:



This approach however, cannot be applied to all projects in which Harmony invests. Our LED partners will however be encouraged to follow these practices in their respective environments in order to ensure Harmony LED alignment and support. Harmony will assist in developing these skills where feasible. The key principle here is for each LED project to have a suitable project plan that encompasses the required level of definition.

By applying suitable project management principles, the following advantages will be realised:

- The number of successfully implemented LED projects will increase
- The sustainability of LED projects will increase
- The viability of LED projects will be determined before implementation
- Measurement of LED projects success is easily achieved
- Governance and assurance is formally demonstrated

Harmony, when requested to by the LED partners, will also assist or provide project management capacity to monitor group LED projects and to ensure that professional project management principles are followed as part of the implementation of this SLP. Again, this approach cannot be applied to all projects in which Harmony invests.

LED projects in the SLP

The LED projects contained in the SLP for the Operation follows the principles above with the following considerations:

- The LED support plans are not static, but will be reviewed regularly with the relevant stakeholders, especially municipalities, for opportunities for continuous improvement and to ensure that maximum economic development benefits are achieved
- The LED projects will always be aligned with the LED objectives as set out by the MPRDA and the MPRDA regulations
- LED projects review will be frequent and continuous, with all stakeholders playing a role including but not limited to municipalities, Harmony, and the DMR

3.3 Education

Education is important in the development of any society and plays a critical role in the transformation of South Africa. Harmony's contribution continues to focus on the teaching and learning of science and mathematics; supporting the education system by providing infrastructure such as school libraries and laboratories, as well as educational material. Harmony is also involved in the Jewellery School, Sports Academy, Bridging School, and in educator development in schools surrounding our mines.



3.4 Socio-economic development

Socio-economic development includes investment in projects associated with HIV/AIDS, job creation, the alleviation of poverty, promotion of community safety and the facilitation of black economic empowerment (BEE).

The funding of projects, programmes and events are considered depending on the needs identified either locally or nationally.

3.5 Responsibility and reporting

The implementation of this SLP, as well as the annual preparation and submission of an annual report by the Operation, is the responsibility of the individual mine and is ultimately accountable to the Executive in charge of the South African mines to ensure plans are successfully implemented.

3.6 Socio-economic background and key economic activities of this Operation's mining community

The Operation is located in the Matjhabeng local municipality which is part of the Lejweleputswa district municipality in the Free State province.

The following areas will be covered namely:

- Lejweleputswa District Municipality – Population 627 626 (19.66 per km²), Area 31 930.28 km², Households 183 163 (5.74 per km²)
- Matjhabeng Local Municipality – Population 406 461, Area 5 155.46 km²

This section will cover the social and economic background of this Operation's mining community. First a brief overview of the social and economic background of the Lejweleputswa District Municipality will be given. This will be followed by that of the Matjhabeng local municipality, which is the host local municipality.

3.6.1 Social and economic background in the Lejweleputswa District Municipality

Lejweleputswa District Municipality is part of the Free State Province, within the Republic of South Africa. Lejweleputswa is situated to the north of the Free State capital, Bloemfontein, and has its seat in Welkom. Based on census 2011, and with an annual average population growth rate of just over - 0.5%, the district is now home to over 627 626 inhabitants with the majority concentrated in the areas of Welkom, Odendaalsrus and Virginia (Matjhabeng local municipality). The Lejweleputswa district municipality is one of the five district municipalities of the Free State province.

The District Municipality consists of the following local municipalities:

Name	Population	Area (km ²)
Masilonyana	63334	6796.08
Matjhabeng	406461	5155.46
Nala	81220	4128.8
Tokologo	28986	9325.86
Tswelopele	47625	6524.07



Mining and agriculture are the dominant economic sectors in Lejweleputswa district municipality. The impact of the mining sector is evidenced by the densely populated urban areas such as the towns of Welkom, Odendaalsrus and Virginia, whereas the agriculture sector impacts the surrounding rural areas.

Historically mining was regarded as the backbone of the local economy, but has more recently been characterised by declining production and as a result been the subject of a series of restructuring processes, all of which have impacted negatively on employment and local economic activity in general.

Lejweleputswa's agricultural sector has also been faced with adverse conditions over and above natural incidences of low rainfalls and poor crops with negative growth in the sector attributed to retarded market conditions. In addition, many farms continue the drive towards mechanisation with the approach shifting from labour-intensive to capital-intensive methods leading to further job losses and the associated migration of the unemployed and their families to urban areas.

The social and economic background information of the Lejweleputswa District Municipality is stated in the following tables and supporting paragraphs. *All information was sourced from Statistics South Africa, Census 2011.*

Population, Gender and Language group

The following tables present the population, Gender and Language groups of the people living in the Lejweleputswa District.

Population group	People	Percentage
Black African	557950	88.90%
White	54208	8.64%
Coloured	11864	1.89%
Indian or Asian	2243	0.36%
Other	1361	0.22%

Gender	People	Percentage
Female	318016	50.67%
Male	309611	49.33%

First language	People	Percentage
Sesotho	379173	62.17%
isiXhosa	74380	12.20%
Afrikaans	69194	11.35%
Setswana	36082	5.92%
English	18761	3.08%
isiZulu	8908	1.46%
Sign language	6872	1.13%

First language	People	Percentage
Other	5109	0.84%
Xitsonga	4976	0.82%
isiNdebele	3270	0.54%
Sepedi	1425	0.23%
SiSwati	933	0.15%
Tshivenda	776	0.13%
Not applicable	17767	



Population by Group

Municipality	African			Coloured			Indian			White		
	1996	2001	2011	1996	2001	2011	1996	2001	2011	1996	2001	2011
Masilonyana	58,846	59,252	58,015	983	820	726	15	20	209	5,769	4,317	4,216
Tokologo	21,628	27,324	24,481	1,984	2,177	1,328	2	9	197	3,007	2,946	2,883
Tswlopele	47,010	50,907	43,450	481	718	576	5	18	173	4,018	2,071	3,301
Matjhabeng	396,816	356,098	356,351	8,974	8,904	8,733	392	474	1,457	68,224	42,694	39,132
Nala	75,021	93,065	75,653	363	570	501	6	15	207	6,404	4,614	4,677
Total Lejweleputswa	599,321	586,646	557,950	12,785	13,189	11,864	420	536	2,243	87,422	56,642	54,209

Employment

The following table presents the employment status of the people living in the Lejweleputswa District.

Employment Status Aged 15 to 64 years

Municipality	Employed			Unemployed			Unemployment Rate		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
Masilonyana	19,329	14,895	10,930	7,582	10,860	7,099	28.2	42.2	39.0
Tokologo	7,148	8,694	6,583	2,115	3,205	2,498	22.8	26.9	28.0
Tswlopele	12,886	11,457	9,458	4,523	6,869	4,954	26.0	37.5	34.0
Matjhabeng	175,639	95,537	96,678	59,828	83,114	57,097	25.4	46.5	37.0
Nala	17,182	17,545	15,613	8,486	16,407	8,786	33.1	48.3	36.0
Total Lejweleputswa	232,184	148,128	139,262	82,534	120,455	80,434	26.2	44.8	37.0

The table above shows that the unemployment rate stands at 37%, which is a concern.

The following table presents the average household income of the people living in the Lejweleputswa District

Average Household Income

Municipality	2001	2011
Masilonyana	20,171	51,271
Tokologo	41,140	52,234
Tswlopele	21,273	60,088
Matjhabeng	31,111	71,331
Nala	19,870	55,944
Total Lejweleputswa	28,341	65,932



Highest level of education by population group

The following table presents the level of education for the people living in the Lejweleputswa District.

Level of Education (20 years and older)			
Education Level	1996	2001	2011
No Schooling	63,785	59,821	25,248
Some Primary	105,874	89,755	61,446
Complete Primary	42,156	34,018	22,725
Some Secondary	149,863	126,679	137,632
Grade 12 / Std 10	48,661	61,151	96,295
Higher	18,874	18,798	28,821
Total Lejweleputswa	429,213	390,222	372,167

The above table shows that approximately 4% of the population in the Lejweleputswa District has no formal schooling. About 15% have completed secondary school up to Grade 12. Only 5% of the District's people have a higher education level. Although the figures for the "no education", "some primary" and "complete primary" school education level is decreasing, and those for "Grade 12" and "higher" level of education is increasing, these low levels of education are a challenge to the districts skills base, employment and income generation. The challenge for the district is to increase the percentage of people that enter higher education.

Dwelling type

The following table presents the types of dwellings that people use in the Lejweleputswa District.

Types of Main Dwellings									
Municipality	Formal			Traditional			Informal		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
Masilonyana	8,279	11,427	14,565	1,211	723	79	5,187	4,838	2,794
Tokologo	4,354	6,871	7,292	506	366	43	1,653	1,575	1,290
Tswelopele	6,803	8,849	9,642	768	629	52	3,273	2,930	2,244
Matjhabeng	65,682	68,374	96,679	1,378	2,625	472	40,901	48,799	24,300
Nala	9,485	15,327	16,840	1,452	761	89	7,362	9,707	4,654
Total Lejweleputswa	94,603	110,848	145,018	5,315	5,104	735	58,376	67,849	35,282

The above table shows that 19% of the households still lives in informal dwellings, whereas 80% live in formal settlements or structures.



3.6.2 Social and economic background in the Matjhabeng Municipality

Matjhabeng Local Municipality is one of the local municipalities under Lejweleputswa District in the Free State province and is one of five local municipalities. The major cities are Allanridge, Hennenman, Odendaalsrus, Ventersburg, Virginia and Welkom.

Key Statistics - 2011			
Total population	406,461	Matric aged 20+	28%
Young (0-14)	27,3%	Number of households	123,195
Working Age (15-64)	68,1%	Number of Agricultural households	16,810
Elderly (65+)	4,7%	Average household size	3,1
Dependency ratio	46,9	Female headed households	39,8%
Sex ratio	98,3	Formal dwellings	78,5%
Growth rate	-0,04% (2001-2011)	Housing owned/paying off	58,5%
Population density	79 persons/km2	Flush toilet connected to sewerage	81,1%
Unemployment rate	37%	Weekly refuse removal	86,3%
Youth unemployment rate	49,7%	Piped water inside dwelling	54,8%
No schooling aged 20+	4,6%	Electricity for lighting	91,1%
Higher education aged 20+	9%		

People

The Matjhabeng Local Municipality has a total population of 406 461 people, of which 87.7% are black African. The Coloured population makes up 2.1%, and 9.6% are white. Of the people aged 20 and older, 38.8% have some form of secondary schooling and only 28.1% have matric. In the municipality, 4.6% of people have no schooling and 14% have some form of primary schooling.

Population Group	
Group	Percentage
Black African	87.7%
Coloured	2.1%
Indian/Asian	0.4%
White	9.6%
Other	0.2%

Gender	
Gender	Percentage
Female	50.4%
Male	49.6%

Highest Education Level	
Group	Percentage
No Schooling	3.5%
Some Primary	38.0%
Completed Primary	5.8%
Some Secondary	35.1%
Completed Secondary	13.7%
Higher Education	2.0%
Not Applicable	1.9%



Age and Gender Distribution					
Age	Males	Females	Age	Males	Females
0-4	5.2%	5.2%	45-49	3.2%	3.2%
5-9	4.3%	4.3%	50-54	2.8%	2.7%
10-14	4.2%	4.1%	55-59	1.9%	2.0%
15-19	4.5%	4.6%	60-64	1.2%	1.4%
20-24	5.4%	5.1%	65-69	0.8%	1.0%
25-29	5.0%	4.5%	70-74	0.5%	0.8%
30-34	3.9%	3.7%	75-79	0.3%	0.6%
35-39	3.1%	3.4%	80-84	0.1%	0.3%
40-44	2.9%	3.4%	85+	0.1%	0.2%

Living Conditions

There are 123 195 households in the Matjhabeng Local Municipality, with an average household size of 3.1 persons per household.

Of those households, 36% have access to piped water inside the yard whereas 54.8% have access to piped water inside their dwelling. Only 2% of the households do not have access to piped water.

Settlement Type	
Area	Percentage
Urban	97.7%
Tribal/Traditional	0.0%
Farm	2.3%

Tenure Status	Percentage
Rented	23.3%
Owned and fully paid off	48.7%
Owned but not yet paid off	9.9%
Occupied rent free	15.3%
Other	2.8%

Energy			
Energy Source	Cooking	Heating	Lighting
Electricity	87.7%	64.8%	91.1%
Gas	1.8%	2.8%	0.1%
Paraffin	9.4%	17.8%	2.5%
Solar	0.1%	0.2%	0.2%
Candles	0.0%	0.0%	5.9%
Wood	0.6%	3.3%	0.0%
Coal	0.1%	0.3%	0.0%
Animal Dung	0.1%	0.1%	0.0%
Other	0.0%	0.0%	0.0%
None	0.2%	10.7%	0.2%



Water	
Source of water	Percentage
Regional/Local water scheme (operated by municipality or other water services provider)	95.0%
Borehole	2.3%
Spring	0.0%
Rain water tank	0.1%
Dam/Pool/Stagnant water	0.1%
River/Stream	0.0%
Water vendor	0.2%
Water tanker	0.3%
Other	1.9%

Toilets	
Toilet Facility	Percentage
None	2.5%
Flush toilet (connected to sewerage system)	81.1%
Flush toilet (with septic tank)	0.8%
Chemical toilet	0.1%
Pit toilet with ventilation	0.4%
Pit toilet without ventilation	8.4%
Bucket toilet	4.4%
Other	2.2%

Economy

A total of 99 650 people are employed while 13 290 are discouraged work-seekers. According to Census 2011. 58 524 people are unemployed, making the unemployment rate stand at 37%.

Of the youth aged 15–34, 39 442 are employed and 38 975 are unemployed.

Employment (Age 15 - 64)	
Employment Status	Number
Employed	99,650
Unemployed	58,524
Discouraged Work Seeker	13,290
Not Economically Active	105,159

Household Income	
Income	Percentage
None income	16,3%
R1 - R4,800	5,4%
R4,801 - R9,600	7,4%
R9,601 - R19,600	17,4%
R19,601 - R38,200	18,2%
R38,201 - R76,4000	15,3%
R76,401 - R153,800	9,5%
R153,801 - R307,600	6,5%
R307,601 - R614,400	3,1%
R614,001 - R1,228,800	0,7%
R1,228,801 - R2,457,600	0,2%
R2,457,601+	0,2%



Agricultural Statistics

Agricultural households by activity	
Type of specific activity	Number
Livestock production	2,984
Poultry production	4,240
Vegetable production	8,066
Production of other crops	4,703
Other	3,022

Income category of agricultural households	
Annual income category of agricultural household heads	Number
No income	4,982
R1-R4 800	741
R4 801-R38 400	7,526
R38 401-R307 200	2,951
R307 201+	277
Unspecified	334

Agricultural households by type	
Type of activity	Number
Crops only	9,497
Animals only	4,483
Mixed farming	1,654
Other	1,177

Impact of the Operation on Matjhabeng and labour-sending communities

The Operation provides employment to 5153 people of whom 4468 are employed directly by the mine and 685 by contractors who provide services to the Mine. It has been determined that approximately half of monthly salaries of the employees is spent in the mining community before the rest is sent back to the labour-sending areas.

The procurement progression plan will increase the money spent in the community by promoting local procurement. Through local procurement, people living in the region will be employed by the local businesses and therefore add to the disposable income of families in the community.



3.7 Mine Community Projects

On an annual basis, delegates from the Operation, Department of Mineral Resources and the Municipality need to meet and recommend continuation of the project into the following year. If a decision is taken to discontinue with a project, agreement should be reached on a suggested new project. All parties agreeing to this change must then sign a memorandum of understanding.

A rigorous communication process with the relevant stakeholders were followed regarding possible projects for the specific regions. A Memorandum of Agreement were signed between Harmony and the Matjhabeng Municipality on the agreed upon projects.

The projects which the Operation will drive in the new plan will be as follow:

- LED Strategy for Matjhabeng
- Roads and Aggregate
- Youth Business Corners
- Further LED Support – including but not limited to:
 - Industrial development – Workshops, Hives and Hubs
 - SMME Development
 - Agriculture
- Community Training Centre
- Labour Sending Areas

The ongoing projects which the Operation will drive in the new plan will be as follow:

- Virginia Sports Academy
- Virginia Jewellery School



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NYSE trading symbol HMY
JSE trading symbol HAR

18 June 2018

Matjhabeng Municipality
312 Stateway / PO Box 708
Welkom, 9459

Attention: Executive Mayor - Mr. N Speelman
Municipal Manager - Mr. T Tsoaedi

Dear Sir/s

MEMORANDUM OF UNDERSTANDING AND AGREEMENT

We hereby confirm our commitment to the following Mine Community Projects for calendar years 2018 to 2022 as part of our Social and Labour Plans for the following Mining Rights:

- FS 30/5/1/2/2/14 MR – Target Mine
- FS 30/5/1/2/2/82 MR – Masimong and Unisel Mine
- FS 30/5/1/2/2/83 MR – Bambaneni Mine
- FS 30/5/1/2/2/84 MR – Tshepong and Phakisa Mine

The following expenditure provisions have been made for the next 5 years:

Project	5 year Expenditure Provisions
LED Strategy for Matjhabeng	R 700 000,00
Infrastructure Development – Roads, Electricity, Water	R 60 000 000,00
Youth Business Support	R 4 000 000,00
Further LED Support – including but not limited to: <ul style="list-style-type: none"> • Industrial development – Workshops, Hives and Hubs • SMME Development • Agriculture 	R 19 500 000,00
Community Training Centre	R 2 000 000,00
Total	R 86 200 000,00

Please be advised that the contact person for the above will be Lebohlang Shabe.

Yours Faithfully

LTK Shabe
Harmony

N Speelman
Executive Mayor – Matjhabeng

T Tsoaedi
Municipal Manager - Matjhabeng

Directors: PT Ndlovu* (Chairman), JM Mtshali* (Deputy Chairman), PW Sibiya* (Chief Executive), F Azubut* (Financial Director), HE Makhwa* (Operations Director), JA Chisema* (FFD De Beers), KV Dots* (Dr DSG Lumbale), M Hamano*, A Witter*, AJ Wilms*, GJ Nordman*, VF Pflay*, MV Seutu*
*Non-Executive, Mozambique

Secretary: Ruani Boshoff

Registration Number: 402030/01200



LED Strategy for Matjhabeng

Background Information on the Project

The Matjhabeng Local Municipality has a population of over 400 000 people residing in the six towns that constitute the municipality, names;

- Welkom/ Thabong
- Virginia/ Meloding
- Odendaalsrus/ Kutloanong
- Allanridge/ Nyakallong
- Hennenman/ Phomolong
- Venterburg/ Mamahabane

Whereas the economy of the town was previously heavily reliant on the mining industry, mining activity has drastically reduced in the area with various shafts and operations being closed by different mining companies that used to have a presence in the area. The gold sector which employed many people now employs a smaller number shared by Harmony and Sibanye Stillwater.

The changing economic environment dictates that the municipality identifies opportunity areas and prospects of creating conditions that will encourage economic growth which will translate into the creation of much needed jobs on a sustainable basis.

The municipality thus wants to develop a comprehensive Local Economic Development Strategy that will seek identify areas of resource investment that will lead to economic growth.

The services of a consultant knowledgeable in the sphere of economic development and spatial planning will be sourced through a process to be agreed upon with the municipality but guided by Harmony's procurement processes.

Objective of the project

- Produce an LED strategy
- Strategy to assist the municipality to plan better
- Improve the municipality's chances of attracting investment

Purpose and impact of the project

- Better informed economic intervention decisions
- Plans that will assist to grow the economy
- Plans that will attract investment



Project Name	LED Strategy for Matjhabeng				
Classification of Project	Skills Development				
Purpose	Produce an LED Strategy				
Geographical Location					
District Municipality	Lejweleputswa District Municipality				
Local Municipality	Matjhabeng Local Municipality				
Town / City / Village	Welkom and surrounding areas				
Province	Free State				
Start and end Date	2018	2019			
Output					
Key performance Areas	<ul style="list-style-type: none"> • Produce an LED strategy • Better planning • Attracting new investments 				
Key Performance Indicators	<ul style="list-style-type: none"> • Availability of funds • Availability of expertise and technical know-how • Better informed economic intervention decisions • Grow the economy • Attract investment 				
Responsible Entity	Masimong and Unisel Operations				
In Partnership with:	Local Municipality				
Total Budget for 5 years ('R) and Comments	Year 1	Year 2	Year3	Year 4	Year 5
	173 819.82	-	-	-	-
	Total = R173 819.82				
Project Completion					
Beneficiaries – mark with “X”	Municipality	Community	Youth	Female	
	X	X	X	X	
Exit Strategy	Completed plan will be handed over to the Municipality				

Roads and Aggregate

Background Information on the Project

The condition of the roads in the Matjhabeng Local Municipality is not good and the Executive Mayor would like the mine to contribute towards fixing the roads and by so doing improve the road network in the area.

Roads form part of the economic infrastructure and are thus important for the growth of the local economy.

Objective of the project

To repair, reseal and resurface identified roads in the town of Welkom.

Purpose and impact of the project

To improve road infrastructure and networks. Roads that are in a good condition will increase accessibility and improve traffic mobility.



Project Name	Roads and Aggregate				
Classification of Project	Infrastructure Development				
Purpose	Improve road infrastructure				
Geographical Location					
District Municipality	Lejweleputswa District Municipality				
Local Municipality	Matjhabeng Local Municipality				
Town / City / Village	Welkom and surrounding areas				
Province	Free State				
Start and end Date	2018	2020			
Output					
Key performance Areas	<ul style="list-style-type: none"> • Repair the roads • Create opportunities for emerging entrepreneurs in roads • Create jobs 				
Key Performance Indicators	<ul style="list-style-type: none"> • Availability of funds • Availability of expertise and technical know-how • Partnerships with the relevant authorities within the municipality and the provincial government 				
Responsible Entity	Masimong and Unisel Operations				
In Partnership with:	Local Municipality				
Total Budget for 5 years ('R) and Comments	Year 1	Year 2	Year3	Year 4	Year 5
	3 344 937.30	5 776 952.07	5 776 952.07		
	Total = R14 898 841.43				
Project Completion					
Beneficiaries – mark with “X”	Municipality	Community	Youth	Female	
	X	X	X	X	
Exit Strategy	Completed infrastructure will be handed back to the municipality				

Youth Business Corners – Entrepreneurial Development

Background Information on the Project

Youth unemployment remains very high in our country and in particular in our mining areas. The percentage of youth unemployment has been in the region of 60% in most of the towns where Harmony has operations for a while. The mining industry can not possibly employ all the youth without jobs and this necessitates creative and innovative ways to assist generate income and potentially support themselves.

Youth entrepreneurial development and support is one vehicle that can be utilised to get young people started on the road to providing for themselves and possibly for their families.

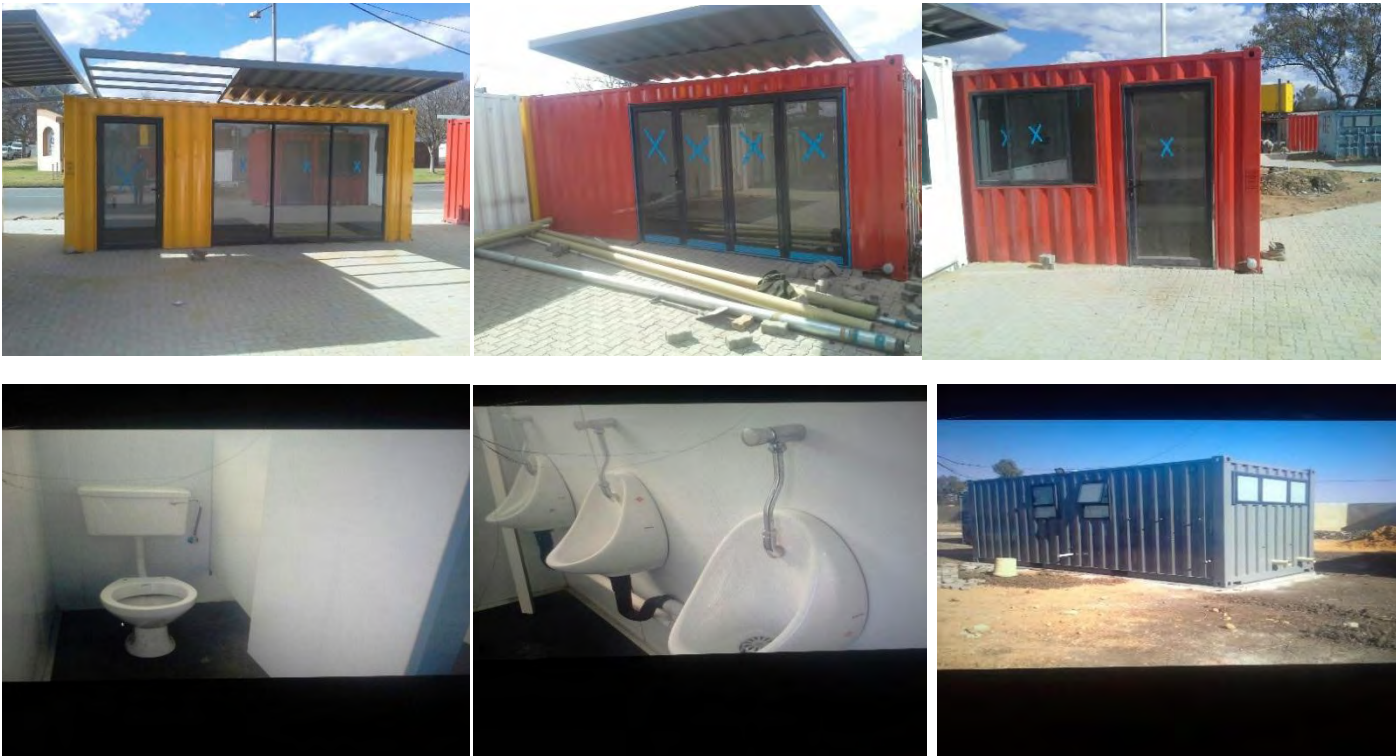
The project has been presented and discussed with both the Matjhabeng and the Masilonyana Municipalities and approved by the Council in Matjhabeng and Masilonyana Municipality has included the project in its IDP. The Matjhabeng Local Municipality would like to see traction on the project in the foreseeable future especially in the towns where the situation is dire for young people.

Various locations (corners) have been identified in different areas for the establishment of youth business corners, the types of businesses that will be hosted at the corners include but are not limited to;

- Car wash
- Tyre and tubing
- Hair salon
- Chesa nyama (braai)
- Fruit and vegetable market
- Shoe repair/ tekkie wash
- Coffie shop
- Internet café
- Printing shop
- As well as those requiring office space to operate from

The various types of business can be accommodated in customised containers. The containers will be sourced in the region or the Province through HDSA companies. During implementation the project will benefit SMMEs in the targeted areas, through activities such as paving, plumbing and fencing.

The benefit of using containers is that they can be easily moved or relocated or used for something different should the original purpose not be fully realised. They are also cheaper to install as compared to building a brick and mortar structure.





Objective of the project

- Contribute towards the creation decent jobs and income generation opportunities
- Improve the quality of life for communities in the townships
- To support youth owned small enterprises
- To build capacity through training, coaching and mentoring
- Provide infrastructure that will accommodate the enterprises
- Assist with the acquisition of equipment

Project Name	Youth Business Corners				
Classification of Project	Economic Development				
Purpose	Empower the youth with accommodation to operate from and creating jobs				
Geographical Location					
District Municipality	Lejweleputswa District Municipality				
Local Municipality	Matjhabeng Local Municipality				
Town / City / Village	Welkom and surrounding areas				
Province	Free State				
Start and end Date	2018		2020		
Output					
Key performance Areas	<ul style="list-style-type: none"> • Create income generation opportunity • Setting up of the Youth corners • Creation of jobs 				
Key Performance Indicators	<ul style="list-style-type: none"> • Allocation and access to land • Access to funding • Renovation of the building • Acquisition of machinery • Training and development 				
Responsible Entity	Masimong and Unisel Operations				
In Partnership with:	Local Municipality				
Total Budget for 5 years ('R) and Comments	Year 1	Year 2	Year3	Year 4	Year 5
	253 885.91	367 185.10	372 185.10		
	Total = R993 256.10				
Classification of Jobs	Number of Jobs (Permanent)	No of Jobs (Temporary)	No of Jobs (Seasonal)	Total No of Jobs	
Short Term	15	25 per site		40	
Medium Term	20			20	
Long Term	30			30	
Project Completion					
Beneficiaries – mark with "X"	Municipality	Community	Youth	Female	
	X	X	X	X	
Exit Strategy	The beneficiaries will be trained in business administration and once competent and they are running sustainable operations Harmony will exit and hand the project over to relevant stakeholders.				



Further LED Support

Purpose

The purpose of further support is to give room to all stakeholders to identify further projects throughout the 5 year period of the SLP.

Any additional projects, will be discussed and agreed upon between Harmony and the Municipality, after which a Memorandum of Agreement will be signed by both parties. A copy of which must be handed in at the Department of Mineral Resources, together with the implementation plans.

Project Name	Further LED Support				
Classification of Project	Industrial Development, SMME Development, Agriculture				
Purpose	Ensure the continuation of existing businesses as well as create opportunities for SMME's to enter the market by installing them into these buildings at below market rates as well as assist with start-up capital;				
Geographical Location					
District Municipality	Lejweleputswa District Municipality				
Local Municipality	Matjhabeng Local Municipality				
Town / City / Village	Welkom and surrounding areas				
Province	Free State				
Start and end Date	2018	2020			
Output					
Key performance Areas	<ul style="list-style-type: none"> • Create income generation opportunity • Uplifting businesses in the township • Creation of jobs • Develop post mining economy for mining areas • Utilize existing mining infrastructure • Develop buildings and land to be used post mining 				
Key Performance Indicators	<ul style="list-style-type: none"> • Access to funding • Approvals from municipality and regulator • Availability of municipal services 				
Responsible Entity	Masimong and Unisel Operations				
In Partnership with:	Local Municipality				
Total Budget for 5 years ('R) and Comments	Year 1	Year 2	Year3	Year 4	Year 5
	1 114 979.10	1 863 572.18	1 863 572.18		
	Total = R4 842 123.47				
Project Completion					
Beneficiaries – mark with "X"	Municipality	Community	Youth	Female	
	X	X	X	X	



Community Training Centre

Background Information on the Project

Due to the scarcity of skills and because of an increase in job demands from local communities, Harmony, in collaboration with the Community and Municipality, has embarked on this initiative.

Objective of the project

- Make the mining industry more assessable to the community.
- Have a pool of trained community members where the industry can source skills

Purpose and impact of the project

To train community members in the entry level skills of the mining industry, in order for them to be more marketable within the industry

Project Name	Community Training Centre				
Classification of Project	Social Development				
Purpose	To train community members in the entry level skills of the mining industry, in order for them to be more marketable within the industry				
Geographical Location					
District Municipality	Lejweleputswa District Municipality				
Local Municipality	Matjhabeng Local Municipality				
Town / City / Village	Welkom and surrounding areas				
Province	Free State				
Start and end Date	2018	2018			
Output					
Key performance Areas	<ul style="list-style-type: none"> • Train community members in entry level skills for the mining industry • Job creation 				
Key Performance Indicators	<ul style="list-style-type: none"> • Theoretical training • On the job training at an operation • Capability and competency assessments 				
Responsible Entity	Masimong and Unisel Operations				
In Partnership with:	Community and Local Municipality				
Total Budget for 5 years ('R) and Comments	Year 1	Year 2	Year3	Year 4	Year 5
	496 628.05				
	Total = R496 628.05				
Classification of Jobs	Number of Jobs (Permanent)	No of Jobs (Temporary)	No of Jobs (Seasonal)	Total No of Jobs	
Short Term		70		70	
Medium Term		70		70	
Long Term		70		70	
Project Completion					
Beneficiaries – mark with "X"	Municipality	Community	Youth	Female	
	X	X	X	X	



Projects in Labour Sending Areas

Information on the Project

The focus in the LSA will be support to poultry initiatives through Mineworkers Development Agency and School Infrastructure Development with the Ministry of Education and Training.

Objective of the project

To support MDA poultry initiatives and Entrepreneurship development and to provide school support interventions and infrastructure

Purpose and impact of the project

Providing funding assistance for projects that will improve the lives of the people.

Project Name	Labour Sending Areas				
Classification of Project	Economic and Social Development				
Purpose	Uplift the lives of the people in LSA				
Geographical Location					
District Municipality	To be identified				
Local Municipality	To be identified				
Town / City / Village	To be identified				
Province	Lesotho				
Start and end Date	2018	2020			
Output					
Key performance Areas	<ul style="list-style-type: none"> • Delivery of socio-economic infrastructure • Uplifting the lives of the beneficiaries • Creating jobs 				
Key Performance Indicators	<ul style="list-style-type: none"> • Availability of funds and other resources • Partnership with Government departments • Completed infrastructure 				
Responsible Entity	Masimong and Unisel Operations				
In Partnership with:	Ministry of Education and Ministry of Agriculture				
Total Budget for 5 years ('R) and Comments	Year 1	Year 2	Year3	Year 4	Year 5
	445 991.64	770 260.28	770 260.28		
	Total = R1 986 512.19				
Project Completion					
Beneficiaries – mark with “X”	Municipality	Community	Youth	Female	
	X	X	X	X	
Exit Strategy	Hand over the completed facilities to the Government and MDA				



Ongoing Projects

The following projects are ongoing and the Operation will continue to invest in them:

- Virginia Sports Academy
- Virginia Jewellery School

Sports Academy

Background Information on the Project

Promoting talent from previously disadvantaged youth groups in the local area, who have the ability but not the means, to achieve their true potential in sport school rugby and soccer

Objective of the project

- Aimed at promoting talent from previously disadvantaged groups
- Granting of full scholarship bursaries to talented youths from deserving families
- Targeting talented youths for the last 3 (three) years of their high school training
- To develop and promote sport and sports people at various levels on a scientific basis

Project Name	Virginia Sports Academy				
Classification of Project	Social Development				
Purpose	Promoting talent from previously disadvantaged youth groups in the local area, who have the ability but not the means, to achieve their true potential in sport school rugby and soccer				
Geographical Location					
District Municipality	Lejweleputswa District Municipality				
Local Municipality	Matjhabeng Local Municipality				
Town / City / Village	Virginia				
Province	Free State				
Start and end Date	2018	2020			
Output					
Key performance Areas	To develop and promote sport and sports people at various levels of society				
Key Performance Indicators	<ul style="list-style-type: none"> • To develop athletes from disadvantaged backgrounds and rural areas with the talent to excel • To ensure that identified individuals reach their full potential and thereby assist the country with transformation • The involvement in sports and life skills will assist these talented sportsmen to develop into players of excellence • To allow for students to pursue sport career opportunities • To allow students to qualify for annual bursaries to further their studies 				
Responsible Entity	Masimong and Unisel Operations				
Total Budget for 5 years ('R) and Comments	Year 1	Year 2	Year3	Year 4	Year 5
	2 606 981.69	2 606 981.69	2 606 981.69		
	Total = R7 820 945.07				



Project Name	Virginia Sports Academy			
Classification of Project	Social Development			
Purpose	Promoting talent from previously disadvantaged youth groups in the local area, who have the ability but not the means, to achieve their true potential in sport school rugby and soccer			
Classification of Jobs	Number of Jobs (Permanent)	No of Learners per annum	No of Jobs (Seasonal)	Total No of Jobs (incl. Learners)
Short Term	20	44		64
Medium Term	20	44		64
Long Term	20	44		64
Project Completion				
Beneficiaries – mark with “X”	Municipality	Community	Youth	Female
	X	X	X	
Exit Strategy	Not Applicable			

Virginia Jewellery School

Background Information on the Project

- The Virginia Jewellery School, the first of its kind in the Free State, was inaugurated in November 2000 and has been training students in the art of making jewellery for the past 14 years.
- In 2003 Harmony approached the Central University of Technology of the Free State to be involved with further developments such as the provision of students through the MQA. The students were from nearby townships as well as from labour-sending areas.
- In 2004, a Learnership programme in coordination with Goldfields FET was established.
- Training learners on a NQF level 3 in jewellery manufacturing in a mass environment.
- The programme also serves as a bridging facility for the three year diploma course and provides the basic finishing skills for the nearby factories and jewellery shops.
- The Virginia Jewellery School has been registered as a section 21, fully functional non-profit company (2000/031428/08)
- The company is divided into two sections, namely the school and VJS jewellers
- The school is ISO and MQA accredited
- There are 5 qualified goldsmiths
- The company applied for and was granted a Gold permit
- Incorporating local business with glass, wood, pottery and beading for jewellery

Objective of the Project

The objective of the project is to do the following:

- Ensure beneficiation of South African raw materials
- Train people from areas in which the mines are operating
- Develop women and youth of previously disadvantaged groups
- Promoting skills development for talented individuals
- Job creation



Project Name	Virginia Jewellery School				
Classification of Project	Social Development				
Purpose	Training of students in the art of making jewellery				
Geographical Location					
District Municipality	Lejweleputswa District Municipality				
Local Municipality	Matjhabeng Local Municipality				
Town / City / Village	Virginia				
Province	Free State				
Start and end Date	2018	2020			
Output					
Key performance Areas	<ul style="list-style-type: none"> • Train students in the art of making jewellery • Provide skills to youth • Provide the relevant structures for SMME Development and job creation 				
Key Performance Indicators	<ul style="list-style-type: none"> • Ensure beneficiation of South African raw materials • Train people from areas in which the mines are operating • Develop women and youth of previously disadvantaged groups • Promoting skills development for talented individuals • Job creation 				
Responsible Entity	Masimong and Unisel Operations				
Total Budget for 5 years ('R) and Comments	Year 1	Year 2	Year3	Year 4	Year 5
	1 489 703.82	1 489 703.82	1 489 703.82		
	Total of R4 469 111.47				
Classification of Jobs	Number of Jobs (Permanent)	No of Jobs per annum(Temporary)	No of Jobs (Seasonal)	Total No of Jobs	
Short Term	12	22		34	
Medium Term	12	22		34	
Long Term	12	22		34	
Project Completion					
Beneficiaries – mark with "X"	Municipality	Community	Youth	Female	
	X	X	X	X	
Exit Strategy	Not Applicable				



3.8 Financial Provision – MCD

FINANCIAL PROVISION - MINE COMMUNITY DEVELOPMENT						
Project	Plan					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
LED Strategy for Matjhabeng	173,819.82	-	-	-	-	173,819.82
Roads and Aggregate	3,344,937.30	5,776,952.07	5,776,952.07	-	-	14,898,841.43
Labour Sending Areas	445,991.64	770,260.28	770,260.28	-	-	1,986,512.19
Youth Business Corners	253,885.91	367,185.10	372,185.10	-	-	993,256.10
Further LED Support - Industrial Development, including Agriculture	1,114,979.10	1,863,572.18	1,863,572.18	-	-	4,842,123.47
Community Training Centre	496,628.05	-	-	-	-	496,628.05
Total Financial Provision	5,830,241.81	8,777,969.62	8,782,969.62	-	-	23,391,181.05

Financial Provision – MCD Ongoing Projects

FINANCIAL PROVISION - MCD ONGOING PROJECTS						
Project	Plan					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
Virginia Sports Academy	2,606,981.69	2,606,981.69	2,606,981.69	-	-	7,820,945.07
Virginia Jewellery School	1,489,703.82	1,489,703.82	1,489,703.82	-	-	4,469,111.47
Total Financial Provision	4,096,685.51	4,096,685.51	4,096,685.51	-	-	12,290,056.54



3.9 Housing and Living Conditions

Municipality strategy to address housing

The National Government Strategy to provide decent housing for all revolves around the strategy to develop **sustainable human settlements**, which not only includes housing, but also business, social amenities and schools in a planned and social cohesive manner.

This strategy filters down to the Provincial and Municipal levels where the actual execution of this strategy takes place. To support this strategy Harmony makes available suitable land and in some instances go-develop human settlements with private sector developers.

Strategy and Measures to address housing and living conditions

All Harmony mines are guided by the **group accommodation policy and strategy**.

- Our strategy is to provide decent accommodation and living options to our employees, by providing a choice of options in residences (hostels), rentals, mine houses, family units and home ownership options;
- We facilitate 'integrated human settlements' on our suitable development land;
- Furthermore we assist local economies, SMME's, schools, organizations and individuals in our communities by providing premises at nominal rentals.

This section of the plan relating to the group policy and strategy are common across all mines.

This Operation is aligned with the Harmony Group Housing and Accommodation Policy and Strategy and commits to improving the living conditions of its employees.

Housing strategy

Through the encouragement of home ownership, the facilitation of finance opportunities and the incorporation of current mine villages, the mine will enable employees to become the owners of the units in which they reside. This will be done in consultation and co-operation with unions and associations and appropriate regional authorities, municipalities and the legislation (MPRDA and SPLUMA) that guides these activities.

The mine promotes home ownership by:

- Selling their existing houses in proclaimed municipal areas to employees at highly discounted prices, thereby creating new home-owners and immediate equity in the house value;
- Home-ownership assistance in the form of the living out allowances are paid;
- Arrangements for funding with IEMAS credit facilities and the pension backed loan agreements are facilitated to assist employees with funding

The integration of mining communities into the local municipal structures remains a key strategic driver for Harmony and the mine co-fund the process to achieve this aim. We further believe that housing development can produce large job-creation opportunities including leveraging the raw materials (like rock dumps) to produce concrete, road building substrate and bricks, further enhancing economic development and downstream beneficiation.



Proclamation of Mine Villages

Background Information on the Project

- *Regulation 46(c)(iv) Housing and living conditions*
- Harmony still owns in excess of 1800 mine houses that sits on un-proclaimed areas and that are connected to mine services. In order to convert these houses to units that can be owned by the employees, these houses needs to be incorporated as part of the municipal areas to ensure sustainability and the continued supply of services. Both the MPRDA and SPLUMA legislation must be complied with and to this end a spatial development plan must first be completed and approved by the municipality. This work has been completed in the previous 5 year period and the second phase of the actual upgrading of the services must now be completed.

Objective of the project

- Develop post mining economy for mining areas by developing existing infrastructure and formalizing it as part of the municipal areas. This will allow future sustainability of this infrastructure after closure of the mines.
- Provides home-ownership options for our employees by allowing them to be able to own the mine houses.

Purpose and impact of the project

- Ensure the continuation of the existing mine houses as viable units after closure of the mines;
- Assist our employees to become home owners and build wealth in their property ownership;
- Reduce the rehabilitation footprint.

Project Name	Proclamation of Mine Villages	
Classification of Project	Regulation 46(c)(iv): Housing and living conditions	
Purpose	Spatial development planning and proclamation of the mine villages in order to facilitate home-ownership options for our employees	
Geographical Location		
District Municipality	Lejweleputswa	
Local Municipality	Matjhabeng	
Town / City / Village	Welkom and Virginia	
Province	Free State	
Start and end Date	2018	2020
Output		
Key performance Areas	<ul style="list-style-type: none"> • Facilitate home-ownership options for employees • Formalize mining infrastructure as part of the municipal areas to allow sustainability 	
Key Performance Indicators	<ul style="list-style-type: none"> • Approved spatial development framework/approved township by municipality • Availability of municipal services 	
Responsible Entity	Masimong and Unisel Operations	



Project Name	Proclamation of Mine Villages				
Classification of Project	Regulation 46(c)(iv): Housing and living conditions				
Purpose	Spatial development planning and proclamation of the mine villages in order to facilitate home-ownership options for our employees				
Total Budget for 5 years ('R) and Comments	Year 1	Year 2	Year3	Year 4	Year 5
	1 241 570.12	1 241 570.12	1 241 570.12		
	Total = R3 724 710.36				
Classification of Jobs	Number of Jobs (Permanent)	No of Jobs (Temporary)	No of Jobs (Seasonal)	Total No of Jobs	
Short Term	5			5	
Medium Term	75			75	
Long Term	100			100	
Project Completion					
Beneficiaries – mark with “X”	Municipality	Community	Youth	Female	
	X	X	X	X	
Exit Strategy	Employees purchasing and taking ownership of the houses				

Current status of available housing options for employees

“Human dignity and privacy for mineworkers are the hallmarks to enhance productivity and expedite transformation in the mining industry in terms of housing and living conditions”.

In this regard Harmony mines have implemented measures to improve the standards of housing and living conditions for their employees by offering a variety of housing options to their employees:

- Harmony maintains the **1818** company owned residential units through a structured maintenance model;
- The residences house **6818** employees in newly renovated single room accommodation units;
- Living out allowances are paid to **15 606** employees that don't reside in mine accommodation;
- Housing assistance allowances are paid to **2305** employees;

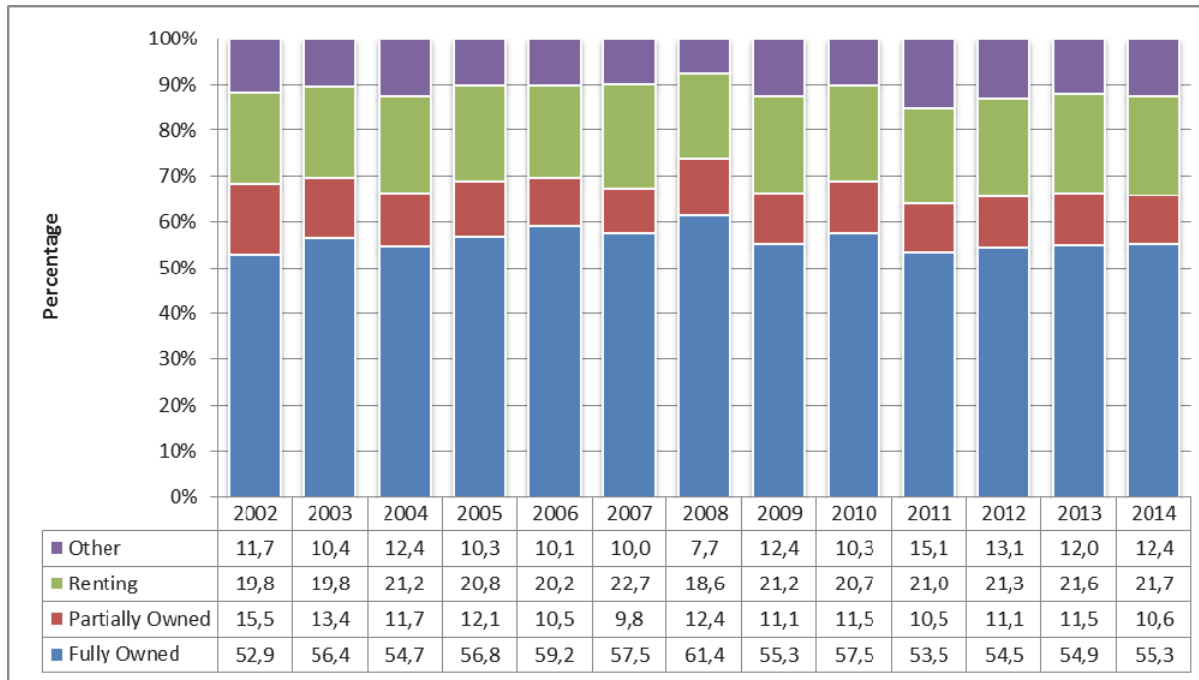
The mine has also established accommodation forums both centrally and at operational level, in order to consult with employee representatives in the development of policies and plans relating to housing and living conditions. Hostel Residents' Committees with full-time members who represent the interests of the employees in the management of the residences have been elected.

Current status of houses within the community

The latest General Housing Survey 2014 from Statistics South Africa describes the current housing types and ownership as follows:

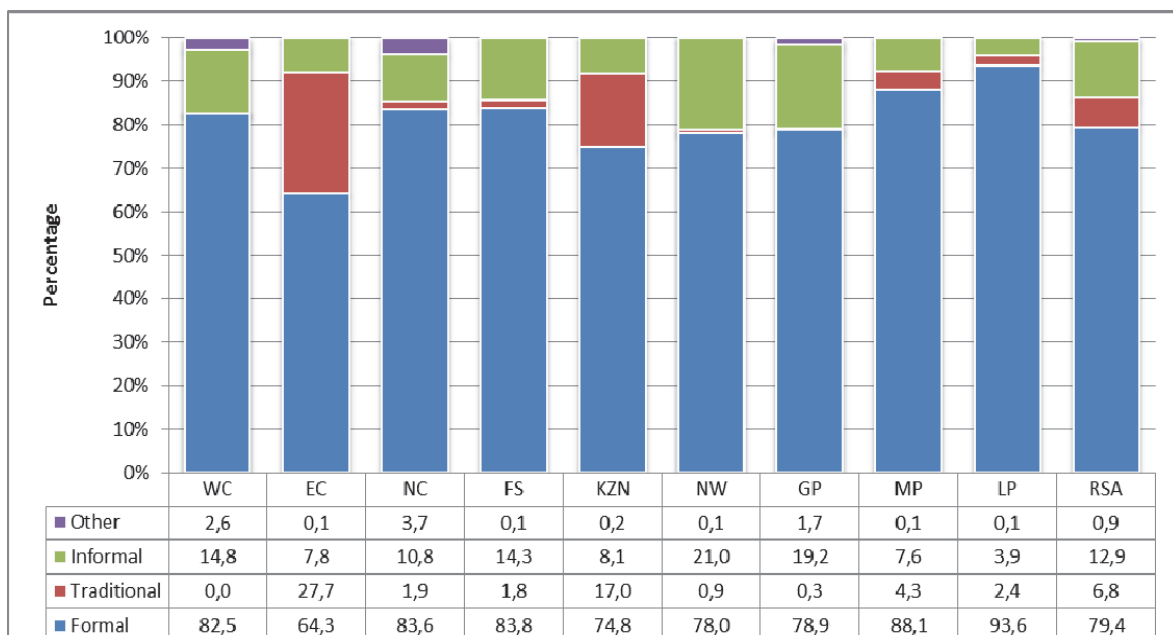
The characteristics of the dwellings in which households live and their access to various services and facilities provide an important indication of the well-being of household members. It is widely recognised that shelter satisfies a basic human need for physical security and comfort.

The table below shows the percentage of households according to their tenure status.



The percentage of households that fully owned the dwellings they inhabited increased slightly from 52,9% in 2002 to 61,4% in 2008, before declining to 55,3% in 2014. This increase was accompanied by a decrease of about five percentage points for households that partially owned their houses, and a slight increase in the percentage of households that rented accommodation. Households that maintained 'other' tenure arrangements increased from 11.7% in 2002 to 12.4% in 2014. (Statistics South Africa P0318 General Household Survey, 2014)

The table below shows the percentage of households that lived in formal, informal and traditional dwellings by province 2014



Between 2002 and 2014, the percentage of households that lived in formal dwellings increased slightly from 73.7% to 79.4% while households that lived in informal dwellings decreased by 0.3 percentage points to



12.9%. The percentage of households that lived in traditional dwellings declined by 3.4 percentage points over this period.

Workforce preferred requirements for housing and living conditions

During 2014 Harmony conducted a living conditions statistical study amongst employees. In this study it became clear that 36.8% of employees would like some kind of upgraded accommodation close to the mines and that they are satisfied with the upgraded single rooms, as well as the nutrition provided. Currently 51% own their houses and 49% rent units either RDP houses or back yard flats. The 36.8% of employees' who want to live closer to the mine, indicates saving on travel costs, crime rates and better conditions as some of the reasons.

Harmony made great strides with upgrading of redundant hostels and two such projects delivered more than 950 high quality rental units. These rental units have been developed by the mine and handed over to the municipality for management. Mine employees and the general community live in these complexes. Harmony continues to work with the local and provincial authorities to deliver on local and regional housing initiatives.

The Operation is striving to comply with the normalization of living conditions and the strategy to eliminate single sex accommodation. Due to the limited life span of the mines, the creation of un-sustainable 'mine based accommodation' and the conversion of the Operation residence into family units are not supported. The objective is to create family units within the existing municipal controlled towns, where the supply of services and social amenities like schools, shops and business opportunities remain sustainable.

Hostel upgrade

The Mining Charter requires that all hostel residences be converted to single room accommodation by 2014. All the operational Harmony mines' residences complied with this condition and a total of R211m was spent on these upgrades by the end of 2014.

The Operations remain compliant with one employee per room.

Hostel Residents' Committees with full-time members who represent the interests of the employees in the management of the residences have been elected.

3.10 Financial Provision – House and living Conditions

FINANCIAL PROVISION - HOUSE AND LIVING CONDITIONS						
Project	Plan					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
Proclamation of Mine Villages	1,241,570.12	1,241,570.12	1,241,570.12	-	-	3,724,710.36
Total Financial Provision	1,241,570.12	1,241,570.12	1,241,570.12	-	-	3,724,710.36



3.11 Nutrition

Measures to address nutrition

This section of the SLP will address the following:

- Nutrition management
- Supplier procurement

Nutrition Management

Approximately 7914 of Harmony's employees are housed in 08 hostels. Meals are provided to resident employees, widows and visiting wife's at some of the hostels.

A dietary analysis of the current menu indicates that it adequately caters for the energy and nutritional requirements of mineworkers, based on Dietary Reference Intake (DRI) guidelines as defined by the Institute of Medicine, Food and Nutrition Board, USA and studies done by the Chamber of Mines Research Organisation (COMRO, 1991) into the nutritional requirements for underground mine workers performing moderate to hard work.

- DRI is the collective name that refers to a set of at least four nutrient-based reference values
- The estimated average requirement (EAR) nutrient intake is the value that is estimated to meet the nutrient requirements in 50% of the individuals in a given life-stage and gender group.
- The recommended daily allowance (RDA) is the daily dietary intake level that is sufficient to meet the nutrient requirements of 97 to 98% of individuals in a given life-stage and gender group.
- Adequate intake (AI) in the case where the scientific evidence is inadequate to set the EAR, is used instead of an RDA.
- Tolerable upper intake (TUI) is the highest level of nutrient intake that is considered unlikely to pose any risk of adverse health effects to almost all individuals in the general population.
- Acceptable macro nutrient distribution range (AMDR) is defined as a range of intake for a particular energy source that is associated with reduced risk of chronic disease while providing adequate intakes of essential nutrients.

Additional Information

Where South African information on Industrial Feeding is not available, international best practices are used.

- **Energy Requirement**

The diet plan is drawn up using the COMRO reference report 91/11 as basis to establish the energy requirement of workers. (Ref. Guideline for the Compilation of a Mandatory Code of Practice for an Occupational Health Programme On Thermal Stress: R146, 2016; MHSA, Act 29 of 1996)

- **Macro-nutrient requirement**

The macro-nutrient requirements are established using Dietary Reference Intakes (DRI's), which is a collective term and refers to a set of a least four nutrient based values.

This represent a shift from "avoiding deficiency states" as determined by clinical manifestation and status to "maximising health and promoting quality of life"

This is part of the report on Dietary Reference intakes for energy, carbohydrate, fibre, fat, fatty acids, cholesterol, protein, and amino acids (2002) by the Food and Nutrition Board of the United States Nutrition Board of the Institute of Medicine, National Academy of Sciences, Washington, USA:

- i. Acceptable Macro-nutrient distribution range (AMDR)



- ii. An AMDR is defined as a range of intake for a particular energy source that is associated with reduced risk of chronic disease while providing adequate intakes of essential nutrients.
- iii. The acceptable ranges are as follows:
 - Carbohydrate 45-65%
 - Protein 10-35%
 - Fat 20-35%
- **Micro-Nutrient Requirement**

The DRI is used as reference for all micro-nutrients except Vitamin C, where a South African reference exists.

There are three micro-nutrients, which are directly influenced by the industry.

 - **Vitamin C:**

It is required for normal body temperature regulation and assist with the body's ability to adjust to underground environmental conditions. The recommendation as per the Mining Industry is 250mg per person per day.
 - **Vitamin A:**

It is required for normal dark adaptation time. There are no industry specific requirements and the DRI is used as a reference. (900 micrograms per day)
 - **Vitamin D:**

The intake of vitamin D is affected, as the primary source of Vitamin D is from the photochemical action of ultraviolet sunlight on the 7-dehydroxycholesterol produced in the skin. Because of the limited exposure to sunlight, it is necessary to ensure adequate Vitamin D intake. It was however not possible to assess the menu content as the database is limited in its Vitamin D information. This is a problem with most of the data bases used for nutritional analysis.

Vitamin enriched food products are considered when food only, does not meet with the requirements. Mageu is one of these foods products and is enriched with 200mg Vitamin C per 1000ml and 150mg Calcium per 1000ml.

- **Macro-nutrient as % energy:**
 - Carbohydrate 45 – 65% of total energy
 - Protein 10 – 35% of total energy
 - Fat 20 – 35% of total energy

Nutrition plan

The nutrition plan refers to the list of food groups incorporated in each meal as opposed to a menu, which is a list of specific dishes served at each meal.

In order to ensure that balanced meals are served, the number of meals, as well as the food groups to be served at each meal is taken into consideration.

Number of meals

Although traditionally only a pre-shift or a breakfast and a post shift or main meal was served in the hostel kitchens, a third meal has been introduced. A mid-shift meal or 'lunch pack' is also available to the workers at the majority of hostels.

Three meals are served to resident employees. Breakfast supplies approximately 25-30% of the daily nutritional requirement; main meal approximately 40-45% and supper 20-25%



South African Food based Dietary Guidelines (revised 2012)

- Enjoy a variety of foods.
- Be active!
- Make starchy foods part of most meals.
- Eat plenty of vegetables and fruit every day.
- Eat dry beans, split peas, lentils and soya regularly.
- Have milk, amasi or yoghurt every day.
- Fish, chicken, lean meat or eggs can be eaten daily.
- Drink lots of clean, safe water.
- Use fats sparingly. Choose vegetable oils, rather than hard fats.
- Use sugar and foods and drinks high in sugar sparingly.
- Use salt and food high in salt sparingly.

Quality management system

Quarterly audits will be carried out in co-operation with the catering manager and registered dietician on the standard of facilities and hygiene, as well as an analysis of the menu in terms of compliance to nutritional guidelines for the mining industry (COMRO Report) and further guidelines as amended from time to time.

The nutrition plan measure the following dimensions on a quarterly basis:

Menu	Minimum guideline	Source
Energy (kJ)	13 000kJ	DRI and COMRO report
Carbohydrate (g)	440g (57%)	AMDR
Protein (g)	135g (18%)	AMDR
Fat (g)	85g (25%)	AMDR
Vitamin C (mg)	250mg	SA Mining Guideline
Vitamin A (IU)	1 000IU	DRI
Calcium (mg)	1 000mg	DRI
Participation		
Meal participation (breakfast)	90%	Dietary guideline
Facility audit		
Buildings/storage	80%	Management requirement
Personal hygiene	80%	Management requirement
Quality of raw food	80%	Management requirement
Quality of cooked food	80%	Management requirement

Findings will be recorded to monitor the progress of this issue over time. Regular food services audits are conducted by mine officials, together with union or association representatives, to establish and maintain high standards in catering facilities.



In order to ensure customer preference, meetings are held with worker representative structures with the aim of including their proposals in the menu. Records of these discussions are used to improve nutrition on an ongoing basis. Random customer satisfaction surveys are also carried out on a quarterly basis to determine service levels and to identify problem areas.

Dietary plan

As a guideline the following diet plan is used to establish meal frequency as well as portion sizes. (All portions are quoted in raw quantities)

Work Category	Moderate Light Work	Moderate Work	Moderate Hard Work	Hard Work
Energy expenditure	12000kJ	13000kJ	14000kJ	15000kJ
Examples of workers	Electrician Mine Overseer Loco Crew	Equipping team Team Leader Stope Team Miner Assistant Cleaning team	Loader Driver Winch Driver	Driller Drill Assistant
Breakfast				
Cereal	90g	90g	90g	90g
Bread	220g	220g	220g	220g
Spread	20g	20g	20g	20g
Protein	60g	60g	120g	120g
Beverage	300ml	300ml	300ml	300ml
Main Meal				
Protein	180g	210g	270g	270g
Gravy / Soup	10g / 100ml	10g / 100ml	15g / 150ml	15g / 150ml
Starch	60g	90g	90g	90g
Maize meal	150g	150g	150g	150g
Vegetable 1	150g	150g	150g	150g
Vegetable 2	(green / yellow)	(green / yellow)	(green / yellow)	(green / yellow)
Fruit	100g	130g	130g	130g
Juice	250ml	250ml	250ml	250ml
Dessert				
Mageu	500ml	500ml	1000ml	1000ml



Work Category	Moderate Light Work	Moderate Work	Moderate Hard Work	Hard Work
Supper				
Protein	60g	60g	120g	150g
Milk	250ml	250ml	250ml	250ml
Gravy / Soup	10g / 100ml	10g / 100ml	10g / 100ml	10g / 100ml
Maize meal	60g	90g	120g	120g
Bread			30g	60g
Vegetable	100g other	100g	100g	100g
Beverage	300ml	300ml	300ml	300ml

Menu

Daily Allowance (Meal plan) - All quantities are quoted as raw or uncooked product portions:

Breakfast	
Breakfast Cereal	90g
Bread	210 – 240g (6 slices)
Spread	25g
Protein	100g
Beverage Pack	300 ml (includes sugar and creamer)
Sugar	20g
Condiments	5g
Main Meal – A daily choice between beef and chicken and for five (5) days, a processed product is offered	
Protein	300g (beef 300g, Chicken 300g, processed products 200g)
Maize meal	120g
Starch	90g – a daily choice between Samp, Samp and Beans, rice or maize rice is offered
Vegetables	200g
Fruit	130g
Salad	60g (4 times per week)
Fruit Salad	150g (once per week instead of fruit)
Jelly & Custard	40g (once per week)
Mageu	500ml
Juice	200ml (once in 2 weeks)
Cold Drink	30g (Powdered drink)
Condiments	15g
Oil	10ml



Supper	
Protein	100g
Mild / Amazi	300ml (twice per week) A choice between Amazi or Yoghurt
Salad	40g (Four times per week)
Pap or Starch	40g
Condiments	5g

Approximate Nutritional Value of the Meal Plan (* Includes enriched quantities)

Energy	kJ	14 700	
Protein	g	178	21%
Carbohydrate	g	446	51%
Fat	g	112	29%
Vitamin A	µg	960	
Vitamin C	mg	240	
Calcium*	mg	1250	
Iron	mg	20	

Suggested but not limited menu options:

Breakfast	
Cereal	Mealimeal, Brown lambalazi, White lambalazi, Mabele
Protein	Boiled egg, Viennas, Pasta, Mince, Wors, Giblets, Chicken stew, Spaghetti bolognaise, Gizzards & necks, Meatballs, Ox tripe, Steak and onion stew / amasi / yoghurt
Powdered drink	Assorted Flavours
Main Meal	
Protein	<ul style="list-style-type: none"> Chicken is the main protein served every day A choice of beef and chicken stew is served as a second option different cooking methods should be applied: stewing; braising; grilling; frying. Processed products: can be served as an alternative or third option and includes Fish / tripe / mince / wors / pork chops
Porridge	Maize meal
Starch	Rice, Samp, Samp and beans, Beans, Mazebe mix
Vegetables	A variety of vegetable in season – use different cooking methods
Salad	Carrot, Beetroot, Coleslaw
Fruit	A variety in season
Mageu	Banana and cream



Dinner	
Protein	Wors, Mince, Ox liver, chicken stew, Beef stew, Bean soup, Ox tripe
Porridge	Maize meal
Diary	Amasi, Yoghurt

Note: Any additions to the above mentioned lists should go through proper consultation and it should also be cost effective. Items should be added in the correct group. (I.e. an item in the “protein group” cannot be substituted for an item in the “vegetable group”)

Supplier procurement

Procurement has a most important role to play within the hostel landscape of Harmony. To contract food suppliers that are BEE compliant and are also able to supply goods on a large scale remains a challenge. This constraint is the challenge that Harmony constantly address through the procurement progression plan.

Currently there are 13 main suppliers for both the Free State and Doornkop hostels. Of these 13 suppliers, eight suppliers (62%) are BEE compliant and five suppliers (38%) are non-compliant. The strategy is aligned to be 80% BEE compliant within the next two years.

Below is the action plan to ensure that the suppliers to the hostel are BEE compliant:

Supplier	Commodity	% Black ownership	Corrective plan
Back to basics	Spices	26	Market to be tested for alternative BEE Suppliers.
Bambanani fruit and veg	Fruit & vegetables	26	100% BEE suppliers (Bereng & Practicon)
Dela Casa (Lindsay Butchery)	Red meat	26	100% BEE - Ramathe
Tiger Consumable Brands (King Foods)	Lambalazi & Morvite	28	Market to be tested for alternative BEE Suppliers.
SMT Farm Trading	Tripe	100	100% - Ramathe
Thabong Bakery	Sandwich packs	100	Still supplying sandwich packs
Ukwanda Farm (Greenlands)	Eggs	100	51% - New Day Poultry
Ramathe Meat Market	Red meat	100	BEE supplier
Mageu Number One	Mageu	0	Tender adjudication in progress
Dewfresh	Milk & fruit juice	0	An alternate compliant supplier is being pursued, struggling to get the 250ml in the market for milk.
Summit Ridge (Henwil Chickens)	MCP chickens	0	Business Enterprise has identified and busy developing a 100% supplier but is not ready to supply as yet.
Premier Food (Blue Ribbon)	Bread	2.04	The previous BEE-entity supplier that provided bread to the required quantities was Albany (27.8% black



Supplier	Commodity	% Black ownership	Corrective plan
			owned), but the unions demanded that they be replaced with Blue Ribbon, given the quality of the product. Discussions are ongoing
Autumn Star (Vitalec)	Groceries	8	After engagement with Harmony, they have committed to convert to the necessary black ownership and have six months within which to comply



3.12 Procurement Progression Plan

Introduction

Harmony believes that procurement plays a pivotal role in the transformation of the South African economic landscape and this element of its Social and Labour Plan engages all of Harmony's supply chain tools and competence to sustainably create business opportunities to fuel the broader national development engine during and beyond the required five year period, starting as close to our operations as possible, in order to sustain our mining communities

The objective of this plan is to highlight Harmony's commitment in increasing the money spent on the procurement of goods and services from BEE entities in our local communities where possible and financially viable, over a further period of five years. The sustainability of SMME businesses entails more than just the creation of purchase opportunities and also incorporates related elements of enterprise development initiatives, and community engagements on matters pertaining local procurement

Preferential Procurement

Harmony has developed a preferential procurement plan to ensure that it delivers beyond the Social and Labour Plan commitments. The Preferential Procurement plan is incorporated in Harmony's Procurement Policy and Procedure and it is fully aligned to Harmony's preferential procurement strategic pillar to ensure sustainable mining communities.

Current status of Harmony Mines against revised mining charter targets

Harmony is using the following questions to measure its commitment against the revised mining charter targets:

- **Has the company given HDSAs preferred supplier status?**

Harmony has given HDSAs preferred supplier status as is evident in the following activities that were initiated specifically for this purpose:

- Harmony has allocated a resource dedicated to the management and maintenance of suppliers BEE status and certification
- Harmony has adopted a special payment term that ensures HDSA owned SMME's are paid on a seven day payment term to ensure their financial sustainability and cash flow.
- Harmony has decided to shorten most contract duration to increase the frequency of its tenders to allow for more new entrants to partake in its tenders. Harmony does not support any "evergreen" contracts
- Harmony made a decision to advertise tenders on the Harmony website and Harmony procurement Portal, this is done to allow BEE compliant suppliers to gain access to Harmony's procurement opportunities on an open and equal tender basis.
- Targets have been set for minimum procurement spend on BEE compliant suppliers for each of Harmony's operations in line with the current mining charter targets.
- Harmony liaises with HDSA enterprises through Harmony's Supplier Days initiative to identify issues and problems that small suppliers experience in dealing with Harmony and collectively find solutions for the elimination of obstacles.



- **Has the company identified the current level of procurement from HDSA companies in terms of capital goods, consumables and services?**

Harmony's procurement department will continuously be measured on BEE procurement spent performance, and is being managed and monitored to the same extent as Harmony's other financial indicators, and is currently reported to the Harmony Board in the form of a dedicated Social and Ethics committee that monitors BEE procurement performance on a quarterly basis. The BEE spent is analysed in terms of capital, consumable and service expenditure and the report is supported by graphs that indicate:

- BEE spend per mining right as a percentage of total discretionary spend;
 - BEE procurement spend per province;
- **Has the company indicated a commitment to a progression of procurement from HDSA companies over a three- to five-year timeframe in terms of capital goods, consumables and services, and to what extent has the commitment been implemented?**

Harmony has firm targets for BEE-entity spent, in accordance with the revised Mining Charter scorecard. Targets are set for capital goods, consumables and service expenditure, and performance against these targets are measured and reported quarterly.

The procurement BEE-entity spent targets for the period 2018 to 2022 are based on the Mining Charter requirements and are as follows:

PROCUREMENT SPENT					
<i>Procure locally manufactured goods / consumables / services from BEE compliant manufacturing companies</i>					
Description	Year 1	Year 2	Year 3	Year 4	Year 5
Procurement of capital goods	50%	50%	50%	50%	50%
Procurement of services	70%	70%	70%	70%	70%
Procurement of consumables	60%	60%	60%	60%	60%
Multi National Suppliers	0.5%	0.5%	0.5%	0.5%	0.5%

Enterprise and Supplier development

Introduction

Harmony takes its Enterprise and Supplier Development obligation very seriously. The Development will collaborate closely with Supply Chain to ensure increased local HDSA and BEE spend throughout Harmony's South African operations.

As part of Harmony's social responsibility to the communities, Harmony has committed itself to sustainable local economic development in and around the communities where they mine. The Local Economic Development Department within Harmony is an important contributor towards enterprise development and makes as far as possible use of local BEE and HDSA companies in the implementation of projects meant for the benefit and socio-economic development of the mine community.



The Department continues to have input into the internal strategic committees (i.e. Harmony Tender Committee, Procurement Awards Committee and the Vendor Committee). Enterprise and Supplier Development Department ensures that the transformation agenda is understood in all those committees when decisions are taken.

Business Development Centres (BDCs)

In support of the SLP commitments made, Harmony has decided to open Enterprise Development centres in three areas and the rationale for running these centres are as follows:

- The centres contribute to Harmony's desire for good corporate citizenship
- Harmony wants to be acknowledged as a socially responsible organisation that cares for the communities where it operates
- The communities around Harmony's operations must experience Harmony as a valuable benefactor to their well-being
- The centres must contribute to the development of a sustainable supplier base to Harmony
- Building the capacity and ability of emerging BEE companies

The appointment of bridging finance companies Phakamani Impact Capital and Tsys initiative, which for branding purpose will be called Harmony / Leano, will facilitate the financing of emerging local business in order to facilitate growth and sustainability. The main objective is to fund businesses that will enable job creation, poverty alleviation and the overall community empowerment.

Purpose

The Enterprise development centres' aim is to make Harmony more accessible for small local black owned companies. The Enterprise development centre targets five distinct groups:

- Historically disadvantaged (HDSA) suppliers – specifically 51% black owned businesses
- Small, medium and micro enterprises (SMMEs)
- Local businesses
- New entrants
- Youth and women owned businesses

The centres are one-stop business facilities that provide a friendly environment through which the local existing and emerging small entrepreneurs can access information about procurement opportunities in Harmony. The centre's information hub is a good source for business opportunities available in Harmony. The professional staff at the centre will assist suppliers and guide them through the tender submission and vendor application processes.

Harmony, through the Business Development Centres, aims to:

- Develop HDSA enterprises
- Facilitate access to procurement opportunities
- Give access to bridging finance
- Grow a sustainable HDSA suppliers base
- Diversify the HDSA supplier base
- Create suppliers that can meet Harmony procurement needs
- Match HDSA companies with entrenched suppliers



- Reduce small businesses' dependence on Harmony's existence by assisting companies to create alternative markets
- Collaborate with external stakeholders
- Communicate effectively with HDSA suppliers

Location of the Business Development Centres

The Enterprise development centres are positioned to be close to Harmony's main activity areas and situated central to the area it serves. The centres are easily accessible to the general public. Given the local municipality participation in this initiative, the proximity of municipal offices was also considered in determining the centre's location.

The centres will be situated at each of the following areas:

- Welkom Arm1, business centre
- Soweto(Region D, Municipal Building)
- Khutsong Business centre-(Carletonville) awaiting Municipality LED Department approval, the Khutsong community is still being assisted through the Soweto centre
- Kalgold – a satellite office has been set up





Services provided by the Business Development Centres

The centres offer a wide range of services, all aimed at empowering HDSA suppliers to successfully transact with Harmony. Given the scope of services, all will not be available initially, but will ramp-up as the centres develop:

Immediate services:

- Keeping a database of local HDSA skills
- Keeping track of job/purchase opportunities available in Harmony
- Matching opportunities with available skills
- Alert suppliers and invite them to quote
- Assist with tender and vendor processes
- Provide reasons why bids were unsuccessful
- Skills development programmes
- Business incubation programmes, Memorandum of Understanding signed with SAMTI (SEDA Agricultural Mining Tooling Incubator)
- Business workshops facilitated with Phakamani and Tsysys (Harmony/Leano initiative)
- Facilitating of bridging finance, Phakamani and Tsysys (Harmony/Leano initiative)
- Facilitate joint ventures, where opportunities arise, in collaboration with procurement
- Temporary office facilities such as internet, printing & faxing
- Mentorship, facilitated with traditional suppliers

Stake holders involved

The Enterprise Development Centre are established by Harmony, but partners will be sought to co-own and co-manage the centre, a more collaborative effort with all strategic and enabling stakeholders in Development will always be sought.

These stake holders will consist of:

- Harmony SA Operations
- Local municipalities and local communities
- Department of Mineral Resources (DMR)
- Department of Small business
- SAMTI (SEDA Agricultural Mining Tooling Incubator)
- Small Enterprise Development Agency(SEDA)
- Small Enterprise Finance Agency (SEFA)
- National Empowerment Fund (NEF)
- Industrial Development Corporation (IDC)
- Department of Trade and Industry (DTI)
- Other participating financial institutions
- Other mining houses operating in the same areas as Harmony
- Chamber of Mines



Financial Provision – Phakamani ESD Fund

FINANCIAL PROVISION - ESD						
	Plan					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
SMME Development - Phakamani	372,425.96	372,425.96	372,425.96	-	-	1,117,277.87
Total Financial Provision	372,425.96	372,425.96	372,425.96	-	-	1,117,277.87



Section 4: Process for the management of downscaling and retrenchment at Operation

As per Regulation 46(d): Processes pertaining to the management of downscaling and retrenchment

- *Regulation 46(d)(i): The establishment of the future forum*
- *Regulation 46(d)(ii): Mechanisms to save jobs and avoid job losses and a decline in employment*
- *Regulation 46(d)(iii): Mechanisms to provide alternative solutions and procedures for creating job security where job losses cannot be avoided*
- *Regulation 46(d)(iv): Mechanisms to ameliorate the social and economic impact on individuals, regions and economies where retrenchment or closure of the mine is certain*

4.1 Establishment of a future forum

The Operation's future forum is operational, and is comprised of representatives from mine management and unions or associations branch committee members. This forum was set up to deal with issues of productivity improvement, minimising job losses and limiting the impact of downscaling and retrenchments where these cannot be avoided.

Mindful that the forums experience challenges of inefficiencies and continuity (due to continuous change of representation). Harmony continues to conduct annual audits on the functioning of the future forums annually. Steps are always taken to address these challenges, for example reviving the forums and improving their efficiencies. The corporate social responsibility (CSR) manager has also been tasked to ensure sustainability in all the futures.

Members of future forums are on a continuous basis, inducted or capacitated based on the following:

- Social plan,
- Department of Labour's national social plan policy,
- Harmony's social plan framework,
- Social and labour plan regulation, and their functions.

The aims and objectives of the forum are as follows:

- Implementing early warning systems regarding changes to the existing life of mine
- Discussing strategic plans to avoid or minimise retrenchments and job losses and to promote sustainability and growth within the mine
- Analysing monthly or quarterly performance by assessing operating and management reports
- Developing early warning systems for the mine
- Timeously analysing problems or operational issues
- Assisting in developing turnaround and or redeployment or other appropriate strategies to avoid or minimise job losses whilst promoting business competitiveness and viability
- Assisting in developing measures to avoid or minimise job losses and retrenchments taking account of the viability and operational requirements of each mine and make recommendations to the specific shaft management team
- Co-ordinating and implementing approved solutions in a planned way



The forum is consensus driven and it operates in a completely transparent environment. Parties to the forum work together to improve the mine's performance and job security. The culture and approach of the forums is one of joint problem solving, with management and organised labour negotiating to prolong the life of the mine and get the best possible return for all stakeholders from the ore body. All necessary information is placed at the disposal of the forums to ensure they make fully informed decisions. They do not deal with collective bargaining issues as these tend to be adversarial in nature.

Functions of the future forum, as required by the law

To notify the Minister of Mineral Resources on any matter concerning the social and economic impacts of the mining operation throughout the life of the mine and within the operation, especially when major retrenchments are anticipated.

Liaising with the social plan directorate of the DMR and other stakeholders with regard to social plan issues includes:

- Ensuring that appropriate early warning systems are established in advance and the results made available to the members of future forums on a regular monthly basis
- Advising the mine on any matter concerning the social and economic impacts of the mining operation and specifically the setting and achievement of objectives and priorities in this regard
- Using the appropriate methods of monitoring compliance to the achievement of such objectives and priorities
- Conducting audits, studies or surveys on the needs of all employees, which will allow them to indicate the kind of skills they require for training
- Creating awareness amongst employees of the contents of the social plan within each mine
- Identifying suitable service providers for training as per the employees' needs analysis

After due internal processes, drawing the attention of the Board to any relevant social and economic mining related matter, which requires attention. The Board may refer matters for consideration by the forum.

Social plan framework agreement and the social plan fund

In order to facilitate the functioning of the future forums and the development of alternative skills to the employees and or their proxies, a social plan framework agreement was signed by the Harmony group with organised labour on 19 March 2003.

In addition, and following on from the agreement, the company established a social plan fund in July 2003 with a board of trustees appointed to manage the fund. An amount of R15 million was initially placed in the fund and a further R3.5 million will be deposited into the trust fund on an annual basis for a period of 10 years. At time of compiling this report, the fund's cash balance was estimated at R39 million. The trustees of the fund are drawn from representatives of management and labour.

4.2 Mechanisms to provide alternative solutions and procedures for creating job security where job losses cannot be avoided

As discussed, the primary method by which The Operation intends to avoid retrenchments is by providing other employment opportunities.



JOBS SAVING AND RETENTION

Type of project: Re-deployment of The Operation's employees

Objectives:

To save and retain jobs and create more job opportunities

Beneficial change:

- Saving jobs
- Retention of jobs
- Extension of life of mine
- Creation of more jobs opportunities

Beneficiaries:

The Operation's employees

Implementation plan:

Proactively monitor the current LOM plan on an ongoing basis, and will make regular recommendations aimed at helping to lengthen the LOM.

The recommendations will include the following measures:

- Exploring synergies and trade-offs between mines
- Mining of low grade areas
- Reduction of costs
- Exploration of new technology in mining for longer term sustainable mines
- Conducting strategic assessment and set performance goals to reduce high costs
- Growth and acquisition objectives of Harmony as a whole
- Redeployment within the group
- Managing/cessation/stopping recruitment of new employees
- Voluntary/compulsory early retirement
- Voluntary severance packages
- Termination of services of temporary and contract labour
- Employment in other companies outside the company
- Adjustment to working arrangements
- Portable skills training

However, in the event that it becomes impossible to avoid downscaling, despite the efforts of the management and the work of the future forums, the future forum will be tasked with finding alternatives to retrenchment and the loss of jobs. This process has been well established in South African labour relations practices and is comprehensively set out in sections 189 and 189A of the Labour Relations Act (LRA). The provisions of the Act allow the representatives of affected employees the opportunity to examine the reasons for the proposed downscaling and to present and consider alternatives to job losses, as well as to propose measures to mitigate the effects of the loss of jobs on employees and communities.

The future forum is tasked with ensuring that retrenchments are avoided wherever possible, but where they cannot be avoided, it is the future forum's task to ensure that the retrenchments take place in an orderly manner. Every effort is being made to reduce the negative consequences on employees and affected communities.



Set out below is a range of possible courses of action to achieve these objectives which the company plans to implement at the mine should downscaling and retrenchments become unavoidable. The detailed implementation of these alternatives to retrenchment will be discussed and agreed upon as and when required in terms of the provisions of the LRA, other relevant legislation, guidelines and collective agreements.

Voluntary or compulsory early retirement

Preference may be given to retain younger employees and allowing those closer to retirement to terminate their employment. This principle is obviously one which will have to be considered and accepted by employee representatives in the context of the consultations envisaged by section 189 and 189A of the LRA which the company and employee representatives will embark on as set out above.

Voluntary severance packages

In circumstances where extensive job losses are being contemplated there will be employees who, because of their skills, experience and or financial circumstances are less dependent on Harmony for employment than others. These employees will be given the opportunity to voluntarily terminate their services.

Stopping of new recruitment

Obviously, where employees are facing losing their jobs it is absurd to continue recruiting new staff. However, there may be special skills which are required, or particular shortages which cannot be readily filled through training and development. If it is not possible to fill the needs of the mine such selective and restricted recruitment may continue, but will be closely monitored and conducted in a completely transparent way.

Termination of services of temporary and contracted labour

Harmony has an agreement with NUM that restricts the employment of contractors and temporary employees in specific circumstances. Replacing such contractors with our own employees, that have become redundant, is a consideration.

Employment in other companies outside of Harmony

The company will make use of the services of TEBA to attempt to place excess employees elsewhere in the industry as well as contacting other employers in mining and other large-scale industries to place redundant employees.

Adjustments to working arrangements

This alternative includes arrangements such as: working part-time, making adjustments to shift schedules, reductions to the length of the working week, extended home stay periods and temporary lay-offs. It is a source of potential job loss reduction which has, regrettably, not met with much acceptance from organised labour in South Africa, but is used extensively in other countries with some success. Harmony plans to pursue this type of alternative with organised labour should job reductions become unavoidable. Obviously any proposal will only be implemented with the agreement of the employee representatives concerned.

Reduction of overtime

The use of extensive overtime is an undesirable work practice. Overtime is both expensive and where it occurs on a large scale, reduces job opportunities. The company constantly ensures that all overtime is strictly controlled and that only unavoidable overtime is worked. In circumstances where job losses are being



contemplated, overtime will receive particularly close attention with a view to restricting it so that only absolutely necessary and unavoidable overtime is worked.

Working on off days

Employees may be approached from time to time to agree to work additional shifts on Saturdays and public holidays, in order to improve productivity and generate additional revenue.

4.3 Management of Retrenchment

Section 189 and 189A of the LRA

The Operation will engage in formal Section 189 and 189A consultations with recognised employee representatives as soon as retrenchments are contemplated.

Section 52 of the MPRDA

The company and its mines will provide the DMR with a letter for submission to the Minerals and Mining Development Board, as required by this section.

National social plan guidelines

The consultation process as set out in the national social plan guidelines will be followed whereby employees' representatives and the Department of Labour are notified of, and consulted on, the contemplated downscaling.

Moratorium recruitment of new employees

The Operation will discontinue the recruitment of new employees while attempting to fill vacant positions with existing over-complement employees who are suitably qualified, skilled, and experienced, provided that Harmony will be entitled to recruit employees with specialist skills and where a shortage of labour has occurred in a particular category.

National Economic Development and Labour Council social plan agreement

In accordance with the NEDLAC social plan agreement the Department of Labour will be notified of:

- Number of employees possibly affected
- The employees' job categories
- Timing of the proposed retrenchments
- The assistance being offered includes training
- Prospects for re-employment
- Languages and areas of origin of affected employees
- The employees' skill profiles
- The resources available to assist employees
- Details of the agreements and disagreement or disputes with recognised and affected unions

Discussions will also be held with the department regarding any additional services that may be required, including the deployment of a retrenchment response team.

The Department of Labour

It is envisaged that The Operation will make use of the Department of Labour's retrenchment response teams.



They will set up job advice centres for affected employees at the mines in question, provide affected employees with information packs and advise on Unemployment Insurance Fund, assist with their registration with the department as work seekers, and advise on labour market and employment opportunities.

The mine reaches an agreement with the department regarding the provision of services to assist employees, including group counselling, employment counselling, training of affected employees and placement services. If necessary, additional staff will be contracted to assist the department and the mines in ensuring that these services are provided. Where necessary the above services provided for the affected employees will be for the mine's cost.

The Department of Labour is also required to notify the National Productivity Institute and the provincial and local government of any anticipated retrenchments.

Collective agreements

The Operation is a part of Harmony collective agreements with all recognised trade unions which deal with downscaling and retrenchments. These agreements replicate the processes and procedures set out above, but also deal with such issues as severance pay, notice pay, re-employment and recall procedures, accommodation arrangements and training. Harmony has ensured that compliance with these agreements is part of the planning processes for downscaling and job reductions.

These collective agreements commit the Harmony group companies to paying severance packages far in excess of the minimum required by legislation. They also exceed the minimum notice requirements. These higher payments are part of the plan to ameliorate the effects of job losses as much as possible.

All employees at Harmony are members of retirement funds, to which the company and employees contribute on a monthly basis. In all cases, company contributions exceed those of the employees. On retrenchment, affected employees are able to access the accrued benefits accumulated over the years of service in these funds.

Together with the Department of Labour's retrenchment response team, the downscaling mines will assist employees with the registration and collection of UIF benefits.

4.4 Mechanisms to ameliorate the social and economic impact on individuals, regions and economies where retrenchment or closure of the mine is certain

Should the measures set out above not be sufficient to avoid large scale retrenchments, and the regions from which The Operation recruits employees be adversely affected. The following processes will be followed to ameliorate the hardships which results from job losses:

- Implementation of portable skills training for The Operation's employees for absorption into other sectors of the economy and for job creation and poverty alleviation through self-employment projects



Skills training

Other mechanisms to provide alternative solutions to avoid retrenchments include the following:

- Training and development
- Relocation of employees to other mines
- Productivity improvement measures

Portable skills training

Portable skills training is one of the most sustainable methods of mitigating the effects of downscaling and industry job losses. It gives affected employees the opportunity of viable long-term independence from the mining industry's uncertainties. For this reason, The Operation's plan is to make resources available for this type of training. Although it is possible to make arrangements to allow for training after the downscaling occurs and employment has been reduced, the mine plans to start such training before the need arises, thereby minimising the impact on affected employees and enabling them to take up alternative employment immediately the need arises.

The table below reflects the plan for Portable Skills Training

PORTABLE SKILLS TRAINING						
Course / Intervention	Plan					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
Total Planned	994	994	994			2982

Portable Skills Plan

The training of the Operation's employees will be a continuous, holistic and inclusive process. This process will include educational advancement, life and technical skills acquisition in a learning organisation supportive of the human need for growth and development. To meet these objectives employees participate in AET, life skills programmes, skills development, portable skills and individual career and development counselling.

The following are rolled out and part of the portable skills development plans:

PORTABLE SKILLS PLAN	
Ameliorating the social and economic impact of job losses on individuals	
Objectives:	<ul style="list-style-type: none"> • To develop life or portable skills in all employees for job creation and poverty alleviation through self-employment and or to be absorbed in other sustainable sectors of the economy
Implementation plan:	<p>The Operation's future forum will:</p> <ul style="list-style-type: none"> • Conduct road-shows and awareness programmes on portable skills training to all the The mine's employees • Conduct skills audits through which employees could make skills choices or preferences • Implement assessment and counselling services • Ensure that employees' skills choices or preferences are in accordance with the IDPs of the local



PORTABLE SKILLS PLAN

Ameliorating the social and economic impact of job losses on individuals

economies, where The Operation's employees are sourced from mining communities and labour-sending areas

- These areas include Swaziland, Mozambique, Lesotho, Free State, Eastern Cape and Botswana
- Ensure integration of portable skills training to the Operation's AET and training programmes as a continuous, holistic and inclusive process
- Implement portable skills training to all employees
- Monitoring of the training
- Ensure linkage of the developed portable skills to the sustainable community projects through Harmony's LED and SMME development interventions

Beneficial changes:

- Job creation through the community projects
- Poverty alleviation
- SMME development skills

Beneficiaries:

- The Operation's employees (or their proxies)

Compliance to the IDP of the mining communities and labour-sending regions

Since some of The Operation's employees are sourced from mining areas or labour-sending regions such as Swaziland, Mozambique, Lesotho, Eastern Cape and Botswana, the mine's will always ensure that the provided portable skills are complementary to the local economic needs of their respective areas. Budget for provision for Harmony's social plan trust fund, established in terms of the social plan framework agreement, is in a healthy state and will be able to cater for any eventually. The allocation of these funds will be in accordance with the framework agreement.

4.5 Financial Provision – Downscaling and Retrenchment

FINANCIAL PROVISION - DOWNSCALING AND RETRENCHMENT						
	Plan					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
Portable Skills (No of employees to be trained)	994	994	994			2982
Cost per person ("R)	4,000.00	4,000.00	4,000.00	-	-	
Total Financial Provision	3,976,000.00	3,976,000.00	3,976,000.00	-	-	11,928,000.00



Section 5: Financial provision

As per Regulation 46(e): To provide financially for the implementation of the social and labour plan in terms of the implementation of-

- Regulation 46(e)(i): the human resource development programme
- Regulation 46(e)(ii): the local economic development programmes; and
- Regulation 46(e)(iii): the processes to manage downscaling and retrenchment

5.1 Five year plan for Operation

Operation is committed to implementing this SLP and sets out in the following table below the amounts it intends to spend in the areas of HRD, LED and the management of downscaling and portable skills training.

The ability of Operation to fund, on an ongoing basis, the programmes described in this SLP is, however, dependent on the ability of its mines to continue to generate positive cash flows after capital expenditure.

Our strategic objective is to optimise the mining of our ore bodies, for the benefit of all stakeholders, particularly our employees whose job security is enhanced by our ability to extend the lives of our shafts through pay limit reduction. Decisions will accordingly always be made taking into account the long-term implications, and a balance will need to be found between competing interests.

In a similar vein, profitability and the generation of cash flows is dependent on the rand gold price received, as is the availability of ore reserves to be mined profitably. Gold price sensitivity of the reserves in ounces is shown at 5% intervals above and below the base gold price. With an increasing reserve gold price, generally, the average grade is reduced but with additional tonnes, resulting in an increased ore reserves. With a decreasing gold price, higher grades are declared at reduced tonnes equating to decreased ore reserves. The gold price to be used for the reserved declaration is reviewed annually and approved by the Board within the requirements of the regulatory framework.

Given that we cannot control the international gold price or the rand/dollar exchange rate, the only way in which we can sustain our ore reserves and therefore our future is through increased productivity in all spheres of the business, including stringent cost control.

This SLP assumes a gold price of R525 000/kg. However, should this price not be achieved on a sustainable basis, and should our SLP roll-out be impaired by the occurrence of events beyond our reasonable control, or should any risk factor (including, without limitation, the risk factors referred to above) materialise or alter materially, the roll-out of the programmes outlined in this SLP may require re-assessment.

Operation's undertakings elsewhere in this plan need to be read and understood in this context and against this background. On the positive side, should we be able in the future to achieve revenues significantly in excess of R525 000/kg, we will be in a position to accelerate the programmes. See profitability table below worked at 1% of Nett Profit after Tax:



Profitability Table for the Operation at different Gold Prices

1% Nett Profit After Tax			
	At Au price of R525 000	At Au price of R472 000	At Au price of R577 500
Masimong and Unisel	7,993,793.40	2,221,910.46	12,889,462.54

5.2 Financial provision – Total of all elements

FINANCIAL PROVISION - TOTAL ALL ELEMENTS OF SLP						
Item	Plan					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
Human Resource Development	9,310,433.68	9,675,041.33	5,162,940.34	-	-	24,148,415.36
Mine Community Development	5,830,241.81	8,777,969.62	8,782,969.62	-	-	23,391,181.05
MCD - Ongoing Projects	4,096,685.51	4,096,685.51	4,096,685.51	-	-	12,290,056.54
House and Living Conditions	1,241,570.12	1,241,570.12	1,241,570.12	-	-	3,724,710.36
Enterprise and Supplier Development	372,425.96	372,425.96	372,425.96	-	-	1,117,277.87
Downscaling and Retrenchment	3,976,000.00	3,976,000.00	3,976,000.00	-	-	11,928,000.00
Total Financial Provision	24,827,357.08	28,139,692.54	23,632,591.55	-	-	76,599,641.17



Section 6: Reporting, monitoring and evaluation

The general manager of each mine is responsible for the implementation of the SLP and will report on a quarterly basis to the executive in charge of South African mines on progress regarding the implementation of this plan. The executive in charge of the South African mines will in turn report to the Board on progress on the implementation of this plan.

The executive in charge of South African mines shall be required to oversee the preparation and submission by Harmony, on an annual basis, of reports to the DME. Such reports will be in accordance with the financial yearend and shall reflect expenditures and progress in accordance with the undertakings contained in the various chapters.

Undertaking

Regulation 46(f): An undertaking by the holder of the mining right to ensure compliance with the Social and Labour Plan and to make it known to employees

The person responsible for the Social and Labour Plan, who is responsible to make known the Social and Labour Plan to the employees and who must be contacted for follow ups, requests, reports, queries, enquiries, discussions, etc. at time of such needs must make the following undertaking on behalf of the mine or production operation. The Chief Executive Officer, Managing Director or any other person so appointed must approve the Social and Labour Plan.

I, Warren Freeman the undersigned and duly authorised thereto by the Operation of Harmony Gold Mining Company Limited do undertake to adhere to the information, requirements, commitments and conditions as set out in the Social and Labour Plan.

Signed at Unisel on this 20/06 day of 20 18

Signature of responsible person:



General Manager