

CORPORATE PLAN

FY2022/23–FY2024/25

AS AT FEBRUARY 2022



TABLE OF CONTENTS

1.	MESSAGE FROM THE CHAIRMAN	3
2.	MESSAGE FROM THE CEO	5
3.	ABOUT THIS CORPORATE PLAN	9
4.	PART A – OUR MANDATE	10
5.	PART B – OUR STRATEGIC FOCUS	17
6.	STAKEHOLDERS AND PARTNERS	25
7.	STRATEGY	27
8.	MATERIAL MATTERS AND RISK MANAGEMENT	44
9.	KEY PERFORMANCE INDICATORS.....	52
10.	FINANCIAL OVERVIEW.....	60
11.	CONCLUSION	78
12.	ANNEXURES	80

ANNEXURE A – SHAREHOLDER COMPACT

ANNEXURE B – GOVERNANCE

ANNEXURE C – ANTI-CORRUPTION MANAGEMENT PLAN

ANNEXURE D – SIGNIFICANCE AND MATERIALITY FRAMEWORK

ANNEXURE E – RISK MANAGEMENT FRAMEWORK

ANNEXURE F – COST CONTAINMENT PLAN

ANNEXURE G – BORROWING PLAN

ANNEXURE H – DIVIDEND POLICY

ANNEXURE I – EMPLOYMENT EQUITY PLAN

ANNEXURE J – DIVISIONAL BUSINESS PRIORITIES

ANNEXURE K: CORPORATE PLANS FOR SUBSIDIARIES

PRECINCT 2A

JIA PIAZZA PARK

AIRPORTS COMPANY SOUTH AFRICA GLOBAL

AIRPORT MANAGEMENT SHARE INCENTIVE SCHEME (PTY) LTD

LEXSHELL 342 INVESTMENT HOLDINGS (PTY) LTD

AIRPORTS CONSULTANCY AND ADVISORY SERVICES (PTY) LTD

SAKHISIZWE COMMUNITY PROGRAMME NPC

ACSA – BIDVEST JV

AIRPORT LOGISTICS PROPERTY HOLDINGS (PTY) LTD

1. MESSAGE FROM THE CHAIRMAN

We have emerged from the COVID-19 pandemic, which has cut through the arteries of the global economy, a resilient Company. The lesson we have learnt in this period is the critical importance of sustainability. The reality, however, is that humanity will be subjected to endless waves of attack from this and future pandemics and thus needs to learn to co-exist with same. As Carl Rodgers observed, "The only person who is educated is the one who has learned how to learn and change." We have thoroughly assessed the risks that impact on our strategy and planned mitigation measures. This demands integration of strategic risk analysis into the overall business strategy and planning process.

The Vision of the Company of being "the most sought-after partner in the world for the provision of airport management solutions by 2030" remains unchanged. Our strategy is still premised on our strategic pillars to "Run airports, Develop airports and Grow our footprint". The ACSA strategy will be now implemented over three timeframes, now – 2025 (Horizon 1), 2026 – 2030 (Horizon 2) and beyond 2030 (Horizon 3) to create value over the short-, medium- and long- term. The ACSA Growth Strategy which is a blueprint for the Recover and Sustain Strategy, will guide the growth of the business in Horizons 2 and 3 of our strategy.

Our Growth Strategy is supported by strategic initiatives which I will highlight a few of and will help us grow our aeronautical revenue, enhance non-aeronautical revenue and generate non-core revenue. The Passenger Experience and Mobilisation Strategy is intended to mobilise and attract rural and township communities to make use of our airports and provide easy and affordable access to air travel. The advent of Covid-19 has demonstrated that cargo growth, powered by ecommerce, is resilient in comparison to the loss of passenger traffic during the pandemic. Towards this end we have adopted a Cargo Strategy. The implementation of our Innovation Strategy will place ACSA on a growth path to ensure future competitiveness. The plans for implementation of these initiatives are enunciated in this Corporate Plan.

The immediate goal of recovery in terms of improvement in traffic and passenger volumes will be achieved through ACSA's regionalisation vision of "Opening up a world of possible connections amongst South Africa's network of airports, the region, and the world". ACSA passenger volumes are expected to recover to the 2019 level by 2026/2027 through an organic growth path. The Aeronautical Revenue Strategy, which is aimed at recovery and improvement of efficiencies, will be implemented through various building blocks, namely, recovery of lost traffic; route and traffic development; and improvement of operational efficiencies and intermodal connectivity. With the implementation of the route/traffic development, passenger mobilisation, Cargo Strategy, and ACSA's participation in the Department of Tourism initiatives, the traffic recovery to 2019 levels can be brought forward to as early as late 2025 or early 2026. With the proposed initiatives, ACSA can add just under R600 million in additional aeronautical revenue. Agility in the implementation of the Aeronautical Revenue Strategy is the key to realise these set goals.

The planning to prepare for "develop airports" will be done as speedily as possible so that implementation may be swift to turn around the business and set a sustainable path for the future. Financial sustainability and recovery are premised on:

- The identification of new opportunities brought on by the changed landscape. Various superpowers have invested in Africa to exploit the resources of the continent. Given that there is a large infrastructure shortage and deficit in airport management expertise in Africa, ACSA has positioned itself as the go-to agent to provide a one-stop solution.
- The current financial situation, financial stability and growth. Credit rating agencies highlighted areas of risk that should be focused on to enable sustainability, and ACSA is taking all necessary precautions to remain a going concern and retain its credit rating.
- Building non-aeronautical revenue with more haste, direction and purpose through the ACSA Global Strategy and well as the Non-aeronautical Revenue Strategy. Through this strategy,

ACSA endeavours to build a resilient business to ensure financial sustainability of ACSA in the long term that focuses not only on traditional income, but non-traditional income streams.

- We are committed to the ICAO key principles for recovery which focus on Protecting people, Connectivity, Solidarity, Managing Security and Health Risks, Strengthening Public Confidence, Ensuring Sustainability and Lessons to Improve Resilience. Hygiene and safety requirements will be tightened and technology will continue to revolutionise the travel experience. The air transportation system globally is being changed, or disrupted, by technology and this presents opportunity to accelerate substantial innovation and transformation. ACSA is focused on implementing a digitised operating model that is linked to revenue diversification, cost reduction, operational efficiency and risk mitigation. The key immediate elements of digitisation include passenger expectations as well as enterprise and cyber security.

An agile and swift implementation approach to plans and strategies is required as we run, develop and grow our airports to achieve our vision of “to be the most sought-after partner in the world for the provision of airport management solutions by 2030.”



Dr Sandile Nogxina
Board Chairman

2. MESSAGE FROM THE CEO

The almost two years journey into the Covid-19 pandemic continues to deplete our liquidity and put pressure on our assets as the debt overhangs continue to threaten our financial sustainability. As the world reels from the impact of Covid-19, led by the scientific breakthroughs with the development of effective vaccines, there is a glimpse of hope and a better line of sight for the future. The primary objective of the revised Recover and Sustain Strategy is to return the company's financial performance to relative recovery and stability by the end of financial year 2023/2024. Therefore, the success of our strategy hinges on our ability to harmoniously harness people, security, assets, and information technology and communications (ICT) resources.

We are faced with the following material matters which can affect our ability to create and sustain value for our short-, medium- and long-term and support our strategic goals:

SUSTAINABILITY

In line with our developmental mandate and creation of value for shareholders, our commitment to addressing socio economic, governance and transformational challenges for a sustainable and inclusive air travel sector remains. Our ability to innovate, identify opportunities and take responsible risks is important for growth and development of a sustainable business consistent with United Nations Social Development Goals ("SDG") for a better tomorrow. The Company has adopted a proactive and agile approach to addressing the sustainability risk through operational integrity and financial stability. To this end, we continue to explore opportunities and make informed decisions guided by the extensive risk-based scenario planning and analysis to adapt to current financial and operational conditions.

Following on the guidelines from Airports Council International on sustainability, the key pillars in environmental, social and governance ("ESG") will form an integral part of ACSA's recovery and growth with full ESG reporting in the next financial year.

Our sustainability imperatives are based on the principles of environmental protection of our airports' ground operations and workforce, and protection of communities around the airports. This will be achieved through partnerships with airlines, ground handlers, automobile, ground equipment and aircraft manufacturers and other relevant stakeholders through collaborative projects and initiatives to enhance airport efficiency.

ECONOMIC REGULATION

The airport economic regulation framework continues to be the primary mechanism of influencing ACSA's core business which is dependent on the permission granted to apply tariffs for generation of revenue from aircraft and passenger movements. This permission is based on a rolling 5-year cycle reviewed every three years. Therefore, the ramifications of any decision negatively impacting on tariffs to be applied has a long-term impact on the company's financial performance and delivery on modern infrastructure for growth and efficiency. Ongoing engagements are being held with the Economic Regulator and the Department of Transport (DoT) regarding the adoption of a more effective and efficient airport economic regulatory framework to ensure the future sustainability of the air transport sector. Airports Council International World and its members - global airports, has adopted a policy position on airport ownership, economic regulation, and financial performance which states the need for flexibility and consistency in regulatory frameworks that govern airport revenues and capital investments. Specifically, it advocates a move toward well-crafted economic incentives that enable private equity to flow to the airport industry and helps contain the level of risk of such a capital-intensive investment.

AERONAUTICAL REVENUE

Improving our aeronautical revenue remains our primary focus with the important elements as increasing passengers, cargo and general aviation. These elements are underpinned by plans that are articulated in this Corporate Plan. The improvement in aeronautical revenue is underpinned by the successful implementation of the airport network regionalization strategy and maintaining the hub status. Whilst revenue growth remains paramount, operational efficiency of our airports is also an important contributor to our bottom line, and hence monitoring of operational KPIs at our airports.

NON-AERONAUTICAL REVENUE

Revenue diversification is an important element of our Growth Strategy and plan. Non-aeronautical revenue assists the organization to reduce the level reliance on traditional aeronautical revenue, thereby helping to mitigate concentration risk and enabling business continuity through diversification. Additionally, we can leverage off our reputation as an airport business as a potential driver of non-core growth, as it influences our ability to provide competitive advisory services to other airports. There has been a review of all commercial strategies, all these under the banner of non-aeronautical revenue.

TECHNOLOGY, DIGITISATION AND CYBER THREATS

Our Recovery and Sustain Strategy identifies in the short term, the recovery driven by operational efficiency supported by digitisation. This area of emphasis is deliberate, responsive and shows our agility to new technology advancement and with the global emphasis of passenger facilitation, touchless technology, particularly in the post Covid-19 era. Technology and digitisation advancements present an opportunity, despite the risks and heightened threat they pose in the form of business disruption through cyber-crime. The company has invested in cyber liability insurance (to cover losses as a result of cyber-crimes), cyber security programmes (including but not limited to identity and access management, data protection and cloud risk capability improvements) and technology security tools that identify, detect, protect and prevent cyber breaches.

DISRUPTIVE GLOBAL SHIFTS - COVID-19

Business - Changes in working practices, worker reskilling, supply chain changes and expansion of the gig economy, have all been influenced by the COVID-19 pandemic. Lockdown necessitated the implementation of these adjustments, but their impact on global business dynamics is projected to be long-lasting. We are forced to reinvest in training as a result of the COVID-19 outbreak and make better use of technology to improve performance.

Economy - With decreased international trade and tourism, the current economic trend toward de-globalization, especially trade decoupling, is highly disruptive. This may affect South Africa and ACSA's ability to facilitate increased trade and stimulate economic growth. The African Continental Free Trade Area (AfCFTA) has never been more important for Africa's growth, the aviation sector and ACSA's strategic role on the continent. The growth in the global air cargo business despite passenger traffic decline has led to our refocusing on this previously neglected aeronautical business. ACSA is well placed to drive trade facilitation from South Africa, the manufacturing hub on the continent, enabling critical market access to our fledgling local businesses. Our infrastructure development programme will, however, remain muted in the medium term except where we can attract significant investments and partnership and show immediate returns.

ACCESS TO AND COST OF FUNDING

We will continue to engage proactively with lenders such as development finance institutions and banks to ensure that the company has diverse funding sources to meet its funding requirements. This will enable us to raise funding in a cost-effective manner and achieve favourable terms. Our commitment to good governance and compliance with our country's constitutional and legislative framework will sustain and continue to protect us from the adverse impact of negative credit rating and audit outcomes. Our Operation Clean Audit will stand us in good stead over the next three years.

TRANSFORMATION

Transformation of our business, our people, society and our environment in an integrated, collaborative and sustainable approach forms an integral part of our organisation. Our mandate requires us to make a positive contribution to the economic growth and development of South Africa, therefore the risk is closely monitored and mitigations implemented in as far as ACSA's role allows. We promote inclusive growth that boosts the economy, creates jobs, and empowers our people. We address inequality, strengthen our democracy and promote sustainable use of environmental resources. Concerned particularly by the adverse economic impact of Covid-19 on our people, we will refocus our efforts on the communities that immediately surround our airports as our beneficiaries through socio-economic development opportunities in the next three years.

NEW GROWTH OPPORTUNITIES

ACSA's global and domestic growth outlook remains the cornerstone of our strategic plans. While our short-term focus is on navigating the current market conditions, our growth ambitions are centred on managing the related risks and rebuilding our network. To maintain and develop our footprint, we seek opportunities to provide alternative sources of revenue and improve long-term sustainability.

Our Growth Strategy was approved in 2021 with emphasis on diversifying our business through the aerotropolis development in the "golden triangle airports of OR Tambo, King Shaka and Cape Town." To bolster these efforts, we have adopted a Regionalisation Strategy and consolidate our capacity and for the three primary airports as the growth engines of our airport network. In the secondary airports, airport city planning will ensure integration with local economic development initiatives. Urban and property development will ensure growth of our non- aeronautical revenue. Integrated public transport, energy and passenger services that will make airports transport hubs of the future. Revenue generation through the most effective use of our infrastructure and assets is core to our growth including the monetisation of our non-core assets in the short term. Partnerships with various state entities, private and public sector investors, are the hallmark of our growth trajectory in the still challenged aviation industry.

SAFETY AND SECURITY

The risk profile of safety and security in the organization is divided into three key components. Firstly, airports as Critical Infrastructure attracts large numbers of people, security threats, high impact crimes or safety incidents. If these risks material, this would affect national security, our reputation and aeronautical operations. We will implement the Critical Infrastructure Protection Act No 8 of 2019 to mitigate the security risks and threats. Secondly, occupational health and safety to minimise injuries and loss of life for staff and stakeholders, which was elevated during Covid19, will be key. Lastly, adherence to aviation safety regulations and compliance risk appetite, by keeping aviation incidents as low as reasonably practical to maintain our licence to operate. Strategic partnerships with relevant law enforcement agencies have been established and business continuity plans are also in place to respond to crises and ensure continuity. We continuously reviews aviation's safety and security standards and ensure South African Civil Aviation Authority training is provided to the employees and conducts emergency exercises.

DIGITISATION

Technology and digitisation enable improved airport operational efficiencies as well as the improved management of other organizational functions, including safety and security systems. Stakeholders, including customers and business partners, continue to demand innovation in automated services, digital enablement, and data analysis. Through digitisation we have realised business value delivered through significant investments in technology and information, yielding increased operational efficiencies and reducing operational expenditure.

PEOPLE STRATEGY

Key to the implementation of our Strategy is the implementation of the revised Governance Framework and Operating Model. The result of which was a new capability model and new Organisational Structure together with our staff cost reduction programme through the voluntary severance packages and early retirements. ACSA lost close to 700 employees and was downsized in accordance with the new operating model and we stand poised to start the new financial year with a new more efficient and lean structure, to grow the business and we will review our staff complement in line with the return of traffic and business expansion into the medium term. The key shift in our HR business strategy is that the organization requires refocused and revitalised employees. To guard against the risk of not achieving the new strategy the "New Employee Experience" approach will be introduced to foster refocused and revitalised employees. Our people and culture strategy which places emphasis on continuous awareness and measuring of the company's PRIDE culture has been developed and is being implemented. Further to this, we are implementing change management initiatives and workforce optimization plan.

INTERNATIONAL AGENDA AND INVESTMENTS

International investments are opportunities we value and pursue, through constant vigilance on global and continental aviation trends. In 2021 we developed and approved a Global Strategy Initiative as part of our Growth strategy guided by our geopolitical risk assessment and regions of focus for future partnerships and investment. In addition to actively seek airport development and management opportunities in South Africa's underdeveloped aviation market.

ACSA continues to pursue and play a strategic role in multi-lateral organisations such as the Airports Council International both at Africa and World levels and has earned recognition for its role particularly in the Covid 19 recovery through ACI Health Accreditation. ACSA will in the medium term integrate its efforts through multi-laterals like ACI, ICAO, AFCAC of the AU and bilateral relations both in Africa and the World to pursue our strategic objectives and future growth.

ENVIRONMENTAL PROTECTION OF OUR AIRPORTS

In line with international standards and in response to our countries environmental policy ACSA will vigorously implement plans for environmental protection and effective mitigation and adaptation to climate change for all our airports. Guided by the ACI World commitment to net zero carbon by 2050, we will continue to explore alternative energy sources in line with our country's policy of just transition for both for our airports and as a potential growth initiative. The role of the airport in the provision of clean energy for aviation and other transport modes will be an opportunity worth pursuing.

We are looking forward to playing our role in supporting national economic recovery and growth, particularly trade facilitation and tourism through our efforts to reconnect, recover and rebuild.



Mpumi Mpofu
Chief Executive Officer

3. ABOUT THIS CORPORATE PLAN

CORPORATE PLAN – FY2022/23–FY2024/25

Scope and boundary

Airports Company South Africa SOC Ltd's (the Company or ACSA) FY2022/23–FY2024/25 Corporate Plan spans the three-year period from 1 April 2022 to 31 March 2025. It includes an overview of the Company, its background, strategy, sustainability framework, key performance indicators (KPI) – as guided by the Framework for Managing Programme Performance Information (FMPPPI) – as well as covering leadership and ethics, performance and reporting, governance and delegation, risks and opportunities, compliance and a three-year financial plan.

About this Corporate Plan

This Corporate Plan was initiated considering and applying frameworks including the Public Finance Management Act, No. 1 of 1999, as amended (PFMA), Companies Act, No. 71 of 2008, as amended (Companies Act), King Report on Corporate Governance for South Africa 2016 (King IV), IFRS, ISO/SANS 31000 as a best practice to guide risk management implementation and International Integrated Reporting Council's <IR> Framework.

Forward-looking statements

The forward-looking statements in this report, or oral statements that may be made by officers, or Directors, prescribed officers or

employees acting on the Company's behalf, constitute or are based on various or certain assumptions that may change or be subject to revision. These statements involve risk and uncertainty, as they relate to events or circumstances that may or may not occur. Factors that could cause actual future results to differ materially from those in the forward-looking statements include, but are not limited to:

- COVID-19 pandemic
- Global and domestic economic conditions
- The nature of the aviation sector and specifically the performance of airline operators
- Changes in passenger profiles and choices
- Retail offerings at our airports
- Interest rates
- Credit and associated risks of borrowing and funding
- Rating agencies' statements and determinations
- Gross and operating margins
- Capital management; and
- Competitive and economic regulatory factors.
- Digitisation

The Company does not undertake to update or otherwise revise any of these forward-looking statements publicly, whether in reflecting on new information or future events or otherwise.

BOARD APPROVAL

The Board acknowledges its responsibility to ensure the integrity of the FY2022/23–FY2024/25 Corporate Plan. The Board confirms it has collectively reviewed the contents of the Corporate Plan to the best of its knowledge and believes it reflects our external environment and presents fairly the Company's strategy and our intended impact and outcomes as these relate to business, people and society and the environment.

The Board has approved the FY2022/23–FY2024/25 Corporate Plan.


Advocate Sandile Nogxina
Board Chairman


Mpumi Mpofu
Chief Executive Officer

4. PART A – OUR MANDATE

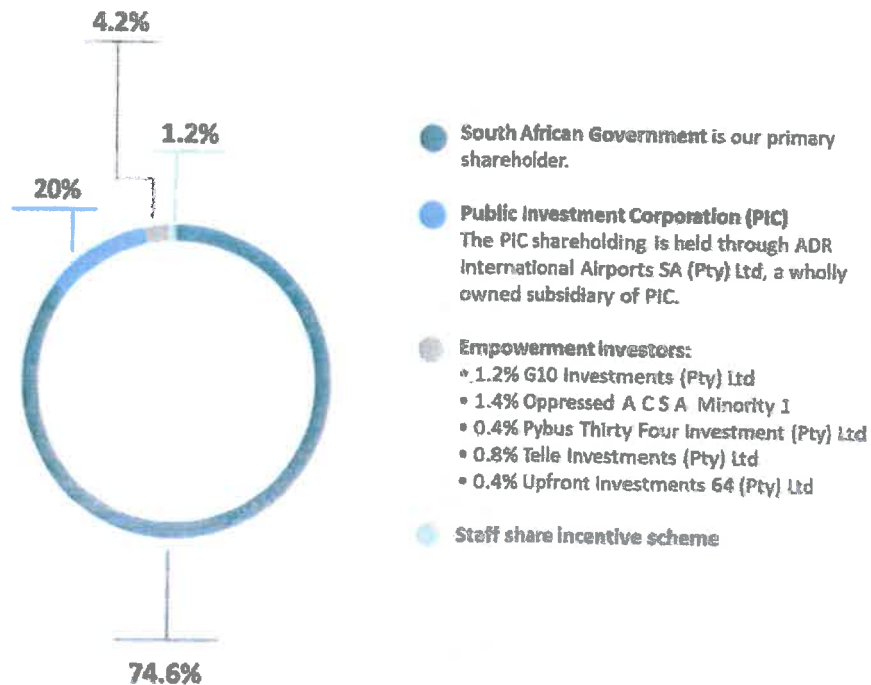
OVERVIEW

ACSA owns and manages nine South African airports, participates in equity investments abroad and provides technical advisory and consultancy services to other airports nationally and internationally.

The South African Government is the majority shareholder with a 74.6% stake in the Group. In line with the government's development objectives, we focus on creating sustainable value that positively impacts our business, our people, society and our environment. These elements are the core focus of our Sustainability Framework, which guides our transformation agenda.

Mandate The mandate is to undertake the acquisition, establishment, development, provision, maintenance, management and control or operation of any airport, any part of any airport, or any facility or service at any airport normally related to the functioning of an airport in terms of the Airports Company South Africa Act No. 44 of 1993.

Shareholding There are diverse shareholders (as shown below) with the South African Government, through the Department of Transport (DoT), the major shareholder in the Company. ACSA is a State-owned company, and schedule 2 public entity in terms of the PFMA. The Group is legally autonomous and operates within the ambit of the Companies Act.



LEGAL STRUCTURE

Value creation from aeronautical and non-aeronautical businesses and international investments.

Name	100% owned subsidiaries ¹		Special purpose entities ²	
	ACSA Global Ltd*	Airports Consultancy and Advisory Services SOC Ltd	JIA Plaza Park (Pty) Ltd	Precinct 2aSOC Ltd*
Purpose of existence	The investment holding company through which Airports Company South Africa held a 10% interest in the Mumbai International Airport Private Limited, which was disposed of in FY2021 for \$84m.	The provision of airport consultancy and advisory services to airports in South Africa and internationally. This subsidiary will be leveraged to provide services for future prospects.	The holding company through which we operate the Inter-Continental Hotel at O.R. Tambo International Airport.	A company through which ACSA owns approximately 250 hectares of land adjacent to O.R. Tambo International Airport. The strategy is to redevelop property for aeronautical and non-aeronautical purposes to grow revenue.
Year of inception	2005	2016	1998	1998
Airports Company South Africa shareholding	100%	100%	100%	100%
Other shareholders and their respective shareholdings	N/A	N/A	N/A	N/A
Equity injections	R100	Nil	R100	Nil
Net asset value at 31 March 2021	R1.2 billion	Nil	(R223 million)	R1.3 million
				(R1.8 million)
				R17 million
				R1 million

¹ Subsidiaries are all entities – including special purpose entities (SPE) – over which the Airports Company South Africa has control, generally evidenced by a shareholding of more than half of the voting rights.

² A SPE is a ring-fenced entity that isolates financial risk to the holding company.

³ The Airports Company South Africa Kagano Trust was formed under the Trust Property Control Act to administer the staff share scheme (until they were paid out in 2013) and to be a holding company with its two subsidiaries, Lexshell 342 and Lexshell 343. Lexshell 343, currently dormant, was specifically formed to hold Group share options should Airports Company South Africa list on the JSE. We intend to repurchase our ordinary shares from Lexshell 342 and possibly winding up the Kagano Trust, Lexshell 342 and Lexshell 343. The Kagano Trust is dormant and has no beneficiaries.

*ACSA Global Ltd and Precinct 2a SOC Ltd are in the process of being wound up.

Name	Investments in joint ventures ⁵	Investments in associates ⁶	
<p>Airport Logistics Property Holdings (Pty) Ltd</p> <p>A property holding company, held with the Bidvest Group, that owns three distribution warehouses at O.R. Tambo International Airport and Cape Town International Airport.</p>	<p>La Mercy JV Property Investments (Pty) Ltd</p> <p>A land development and property investment company held in collaboration with Dube Trade Port Corporation.</p> <p>Our strategy is to build an investment property portfolio at King Shaka International Airport – Dube Trade Port – through land-lease agreements.</p>	<p>Guarulhos International Airport Private Limited*</p> <p>A company in which we hold a 20-year concession to develop, operate and maintain the Guarulhos International Airport in São Paulo.</p>	
<p>Year of inception</p>	<p>2003</p>	<p>2012</p>	
<p>Airports Company South Africa shareholding</p>	<p>50%</p>	<p>10.2%</p>	
<p>Other shareholders and their respective shareholdings</p>	<p>Bidvest Holdings Ltd (50%)</p>	<p>A joint venture between Investments e Participações em Infraestrutura S.A (Invepar) (80%) and Airports Company South Africa (20%), which together hold 51% of Guarulhos Participações S.A (GRUPar). The other 49% is held by State-owned airport authority Infraero.</p>	
<p>Equity injections</p>	<p>R196 million (land use)</p>	<p>R38 million</p>	<p>We are in a process of selling our 20% shareholding in GRUPar to Invepar as part of the Board approved Asset Monetization Strategy. The sale is subject to all conditions precedent being met prior to 14 April 2022</p>
<p>Net asset value at 31 March 2021</p>	<p>R98 million</p>	<p>R156 million</p>	<p>R1.2 billion (R5.8 billion)</p>

⁴ Airport Management Share Incentive Scheme (AMISIS) exists only as a special purpose vehicle for the Management Trust and holds ordinary shares in Airports Company South Africa as an investment on behalf of its holding company, the Management Trust. The Management Trust is dormant and has no beneficiaries, as all beneficiary shares were bought back during 2009. We intend to repurchase our ordinary shares from AMISIS and thereafter possibly wind up the Management Trust and AMISIS.

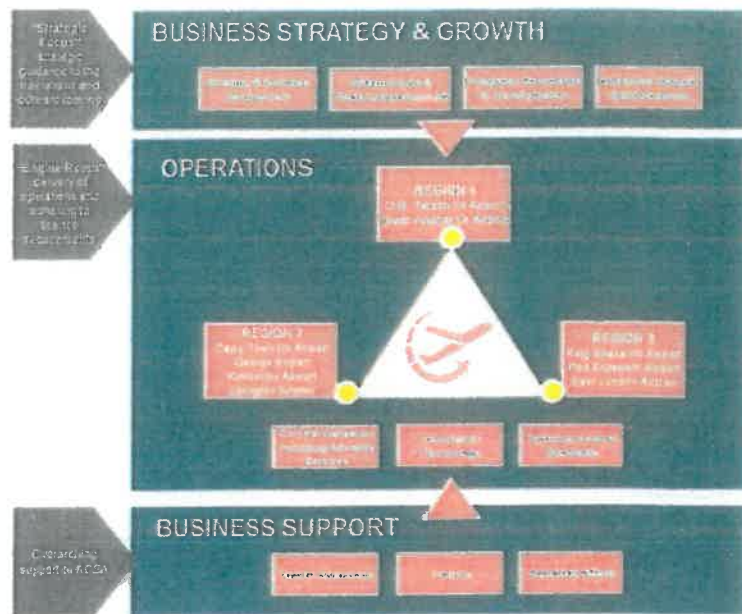
⁵ Joint ventures are entities over which Airports Company South Africa has joint control over the economic activity through a contractual planning arrangement. Airports Company South Africa recognises its interests in the joint venture using equity accounting.

⁶ Associates are all entities over which Airports Company South Africa has significant influence but not control, generally with a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

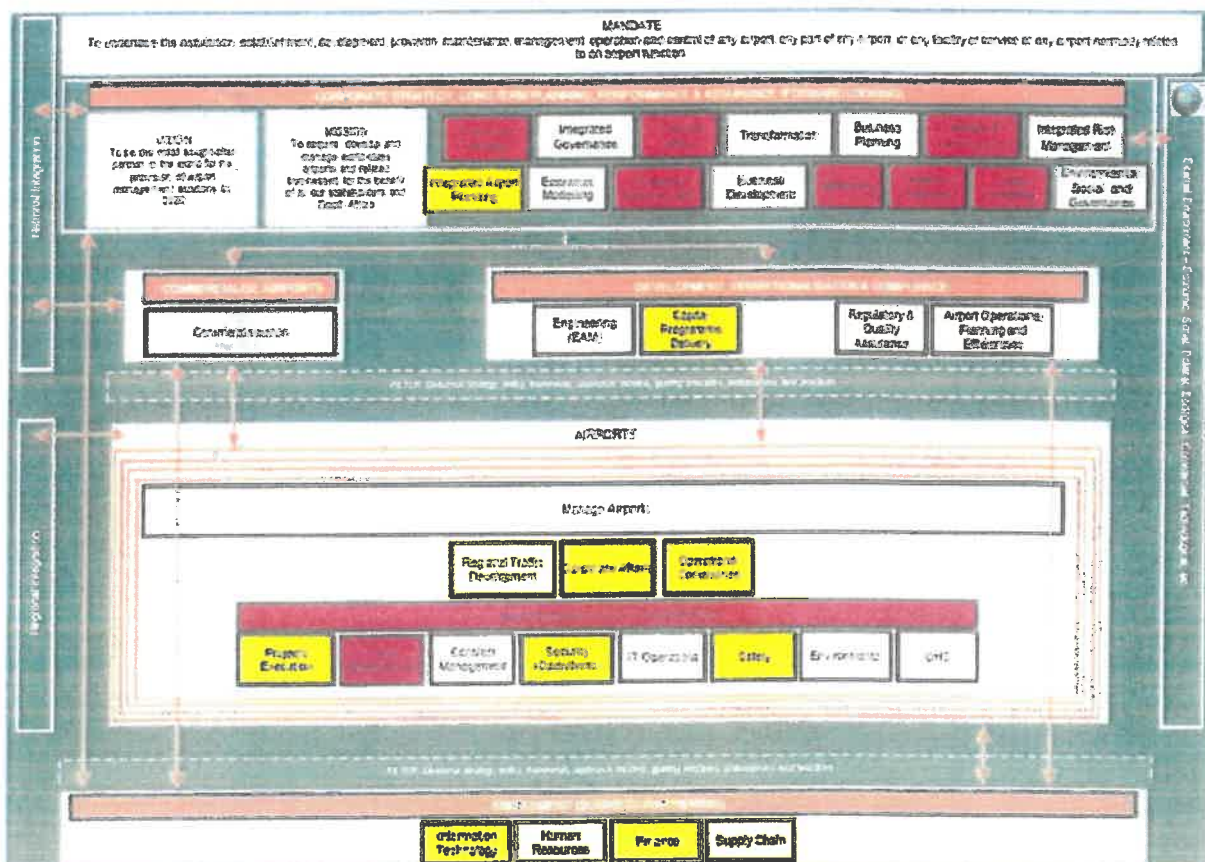
*The sale of our shares in Guarulhos International Airport is currently in progress and will become effective once all the Conditions Precedent are met.

OPERATING AND CAPABILITY MODEL

In supporting the delivery of the recently approved strategy, an enhanced operating model and capability model was developed and approved. The operating model, depicted below, has been harmonised to ensure focus and delivery at the appropriate levels



In ensuring the operating model is fittingly resourced, the Company's capability model has been modified to strengthen its fit-for-growth outlook.



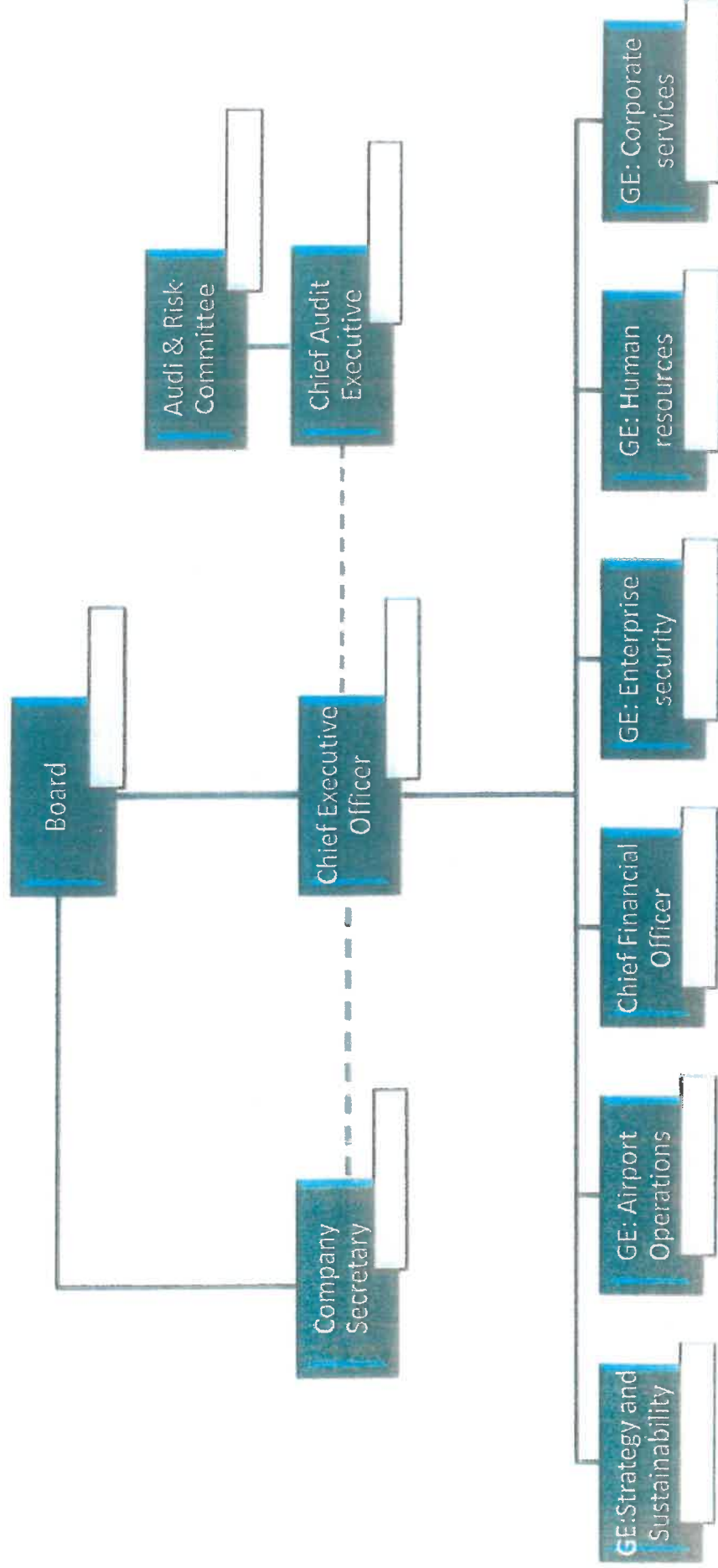
BUSINESS PROCESSES

The following critical processes aligned to the Recover and Sustain strategy, were identified and are in the process of implementation.



REPORTING AND ACCOUNTABILITY

The organisational structure has been reviewed and enhanced to support the delivery of the Recover & Sustain Strategy, strengthen operations and reinforce governance procedures to achieve improved levels of effectiveness and efficiency leading to long-term value creation.



5. PART B – OUR STRATEGIC FOCUS

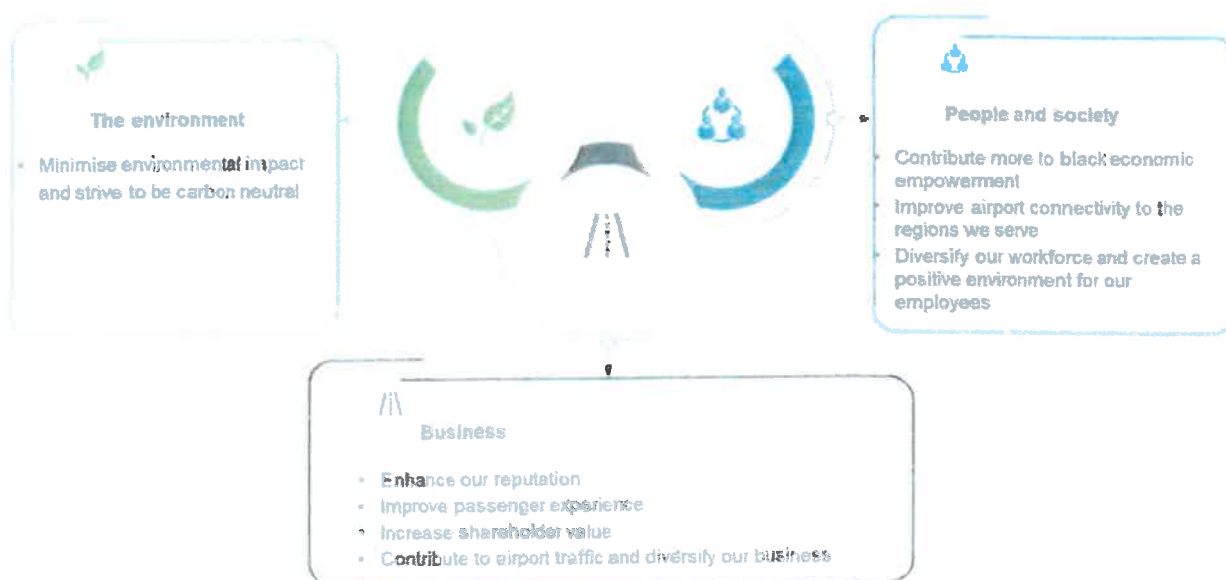
INTRODUCTION

Vision	To be the most sought-after partner in the world for the provision of airport management solutions by 2030
Mission	To acquire, develop and manage world-class airports and related businesses for the benefit of all our stakeholders and the socio-economic development of South Africa
Values	PRIDE: Passion – Results – Integrity – Diversity – Excellence
Value proposition	Connecting people to, people, places, dreams, and opportunities

SUSTAINABLE VALUE CREATION

ACSA's sustainable value creation entrenches ESG (economic, social and governance) and is at the core of the envisioned outlook. The Company is determined to develop and deliver on its mandate such that it can be seen as a successful business committed to doing the right thing.

Our sustainable value creation is centred on stimulating economic prosperity, social equity and environmental integrity. By adopting an integrated thinking approach, ACSA ensures its strategy and decision-making is underpinned by an awareness it has on the effect and impact on its business, its people and society and the environment.



Using sustainability as a lens for value creation, the Company continues to unapologetically accelerate transformation by directing resources, remaining agile and ensuring programmes and initiatives are in place to manage our impacts. The approach to sustainability is underpinned by the drive to contribute to the socio-economic transformation of the South African society.

"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."- Brundtland Report, World Commission on Environment and Development

SITUATIONAL ANALYSIS

The situational analysis, notably considering the impact of COVID-19, provides an analysis of the internal and external factors as well as insight to assist projected growth, understand the existing and potential customers, assess the opportunities and evaluate the state of our business.

GLOBAL AND SOUTH AFRICAN ECONOMIC ANALYSIS

Global Economic Overview and Outlook

The Covid-19 pandemic has caused unprecedented global economic contraction and reversed the gains made over the years with millions of people around the globe losing their livelihoods.

Currently, the global economy is expected to increase at a 5.6 percent annual rate in 2021 according to the World Bank, the fastest pace in 80 years following a recession, despite the resurgence of the pandemic. Renewed outbreaks of the Covid-19 virus are prompting some countries to restrict their activity, creating bottlenecks and straining supply lines.

Global economic growth continues to be robust, aided by government and central bank support and advancements in vaccines. However, while global GDP is moving towards its pre-pandemic level, the recovery continues to be unequal, with countries emerging from the crisis confronting a variety of obstacles. COVID-19's fault lines appear to be more persistent—near-term divergences are predicted to have a lasting effect on medium-term performance. The gaps are primarily caused by limited vaccine access and early policy support. Recoveries in emerging market and developing economies will continue to lag those in advanced economies.

According to the International Monetary Fund (IMF), the global economic growth is anticipated to record 5.9 percent growth in 2021 (0.1 percent lower than in prior forecasts), more optimistic than the World Bank, and 4.9 percent in 2022. The lower revision for 2021 involves a downgrade for advanced economies — owing in part to supply disruptions — and for low-income developing countries, owing mostly to deteriorating pandemic dynamics. Demand has increased as restrictions have been removed, but supply has been slower to adapt. Although pricing pressures in most countries are likely to ease in 2022, inflation forecasts are quite uncertain. These increases in inflation are occurring while employment remains below pre-pandemic levels in many economies, putting policymakers in a difficult position.

For low-income countries, this is largely countered by the more optimistic outlook for some commodity-exporting emerging market and developing nations in the short term.

The rapid spread of Delta and the potential of new variations, which has realised in the form of the Omicron-variant, have heightened concerns about the pandemic's viability. Policy choices have become increasingly difficult due to a lack of manoeuvrability.

Economic expectations are as follow:

- Global economy expected to record an at least 5.6 percent growth in 2021 and 4.9 percent in 2022.
- US – IMF projects a 6.0 percent growth rate in 2021, followed by an expansion of 5.2 percent in 2022.
- Eurozone – is projected to rebound in 2021 expanding by 5.0 percent increasing at a decreasing rate by 4.3 percent in 2022.
- China – is expected to grow by 8.0 percent in 2021 which is lower than anticipated due to down-scaling of public investment, and 5.6 percent in 2022.

The African and South African Economic Overview and Outlook

The Covid-19 effects could reverse hard-won gains in poverty reduction in Africa over the past two decades. In 2020, economic activity in Africa was stifled by a global epidemic triggered by COVID-19. Africa's real GDP is expected to expand by 3.4 percent in 2021, following a contraction of 2.1 percent in 2020. The region's three major economies—Angola, Nigeria, and South Africa—have mostly recovered from a 4.2 percent decline in 2020. This anticipated recovery from the worst recession in more than half a century will be bolstered by the resumption of tourists, a rise in commodity prices, and the removal of pandemic-induced restrictions. Some relief was provided in terms of fiscal stimulus packages. Fiscal stimulus programs range from around 32% in Mauritius to 10% in South Africa to less than 1% in Tanzania.

However, global economic conditions are no longer as favourable to emerging and developing economies as they were earlier this year. Further, the outlook is fraught with uncertainty due to both global and local challenges. The risks to the outlook are skewed to the downside and include persistent procurement and logistical barriers to vaccination, further increases in food prices that could exacerbate food insecurity, rising internal tensions and conflicts, and more severe long-term damage from the pandemic than anticipated.

The economic impact of the pandemic differs by country. Tourism-dependent economies are expected to rebound from an 11.5 percent decline in 2020 to grow 6.2 percent in 2021; oil-exporting economies are expected to recover from a 1.5 percent decline to grow 3.1 percent; other resource-intensive economies are expected to recover from a 4.7 percent decline to grow 3.1 percent; and non-resource-intensive economies are expected to recover from a 0.9 percent decline to grow 4.1 percent.

Southern Africa was the hardest devastated region by the pandemic, with an economic drop of 7.0 percent projected for 2020. It is expected to rise at a 3.2 percent annual rate in 2021 and a 2.4 percent annual rate in 2022.



South Africa's growth is predicted to reach 5.2 percent in 2021, aided by a gradual relaxation of COVID-19 limitations and higher metal prices according to the South African Reserve Bank (SARB). The annual growth rate of GDP in 2021 indicates a solid recovery from the pandemic's economic effects. While expansionary monetary and fiscal policies have boosted activity, GDP will remain much lower than it was in 2019 through 2022. Economic growth is predicted to slow to a crawl during the next two years,

in line with the low pace of potential growth. GDP growth is anticipated to reach 1.7 percent in 2022 and 1.8 percent in 2023. GDP growth is expected to be 2.0 percent in 2024.

Increased fiscal pressures and slow growth in public investment continue to cast doubt on South Africa's near-term growth prospects. Significant structural barriers to potential growth persist, notably labour market rigidities, as seen by persistently high levels of unemployment.

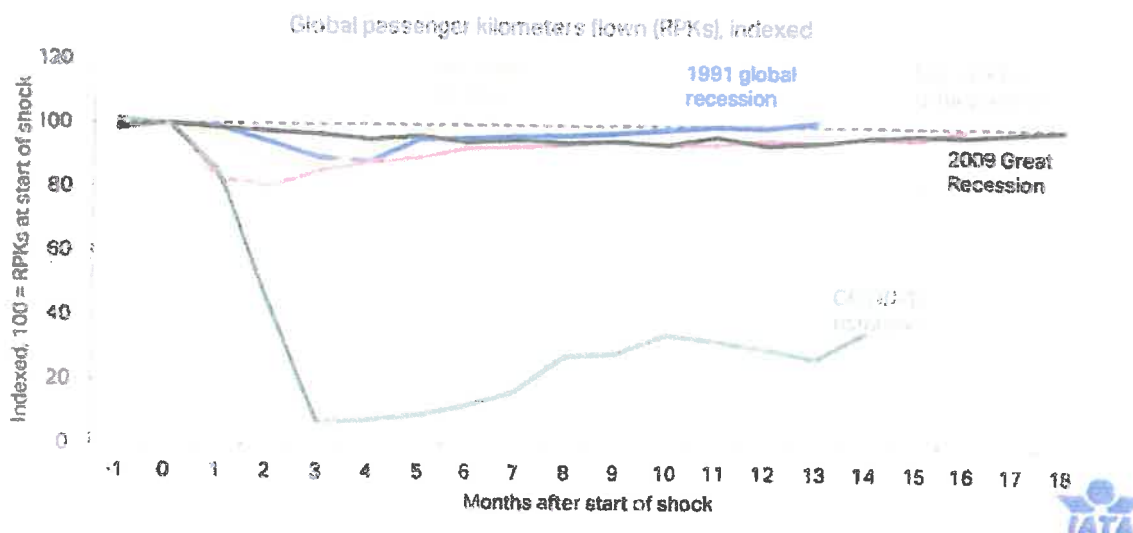
Aviation Overview and Outlook

The coronavirus disease (COVID-19) pandemic's impact on global air transport is unprecedented. In 2018 the aviation sector reached a golden age, the price of oil was cheap, cost structures are stable globally and passenger traffic was surging (Guzhva, et al., 2019; SATAIR, 2020). By December 2019, Covid-19 started emerging and on 11 March 2020, the World Health Organization (WHO) declared the COVID-19 outbreak a pandemic (ACI, 2021) flinging the global economy and aviation sector into chaos.

The year 2020 began with many countries around the world closing their borders in response to the introduction of the novel coronavirus (COVID-19) outbreak. This was followed by the imposition of a slew of restrictions and rules limiting people's freedom of movement to slow the spread of the virus (Mazareanu, 2021). In the second quarter of 2020, the ongoing COVID-19 outbreak reduced airports worldwide to a virtual stop (ACI, 2021).

Prior to the pandemic, about 4.5 billion passengers were recorded; this figure plummeted to around 1.76 billion when the virus began to spread. The significant fall in global travel resulted in disastrous financial results for the aviation industry (ICAO, 2021; Mazareanu, 2021). The loss for airports globally in 2020 is estimated at 64,6% of passengers amounting to more than USD 124,8 billion in airport revenues. Africa in particular lost -67,6% of its total passenger throughput which resulted in a loss of USD2,7 billion (ACI, 2021 as cited in ICAO, 2021). The ACSA network particularly, lost 65,8% passenger volumes for the calendar year 2020 (78,2% for the financial year 2020/21) (ACSA, 2021).

Demand shocks do not usually have long-lasting impacts Previous shocks cut 5-20% from RPKs but recovered after 6-18 months



Source: IATA Economics using data from IATA Monthly Statistics. Data is adjusted for seasonality.

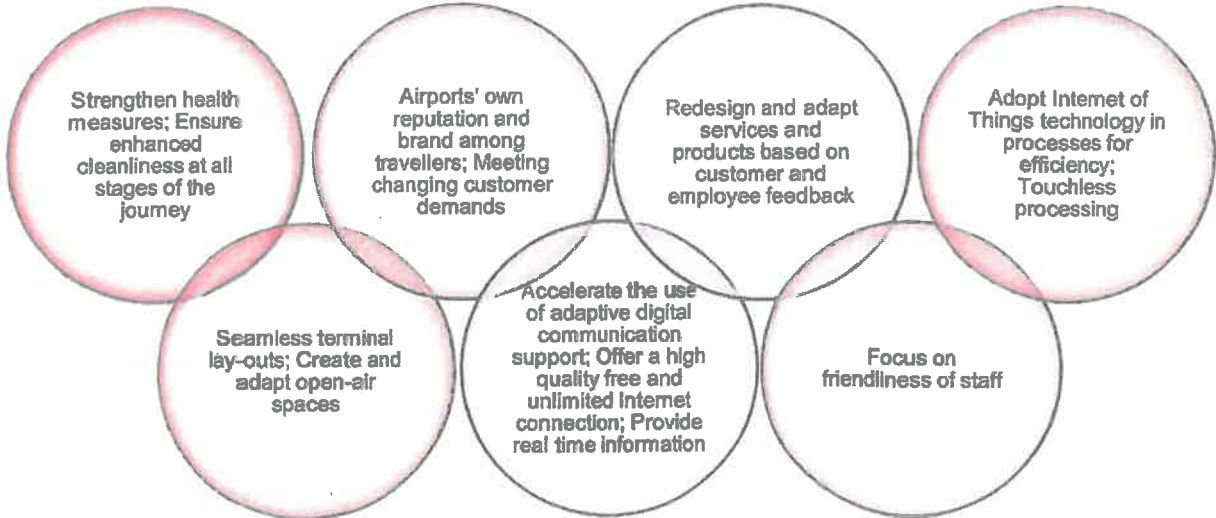
According to IATA (2021), ACI (2021) and Boeing (2021), the aviation sector will return to 2019 levels by 2023. In 2022 global passenger numbers are expected to recover to 88% of pre-COVID-19 levels. By 2030 global passenger volumes will record 7% below the pre-COVID-19 forecasts and an estimated loss of 2-3 years of growth due to COVID-19. Beyond 2030 a CAGR of 3,2% is expected. However,

there is a severe downside risk if more severe travel restrictions in response to new variants persist. Should such a scenario materialize, demand improvement could be limited.

PASSENGER FORECAST

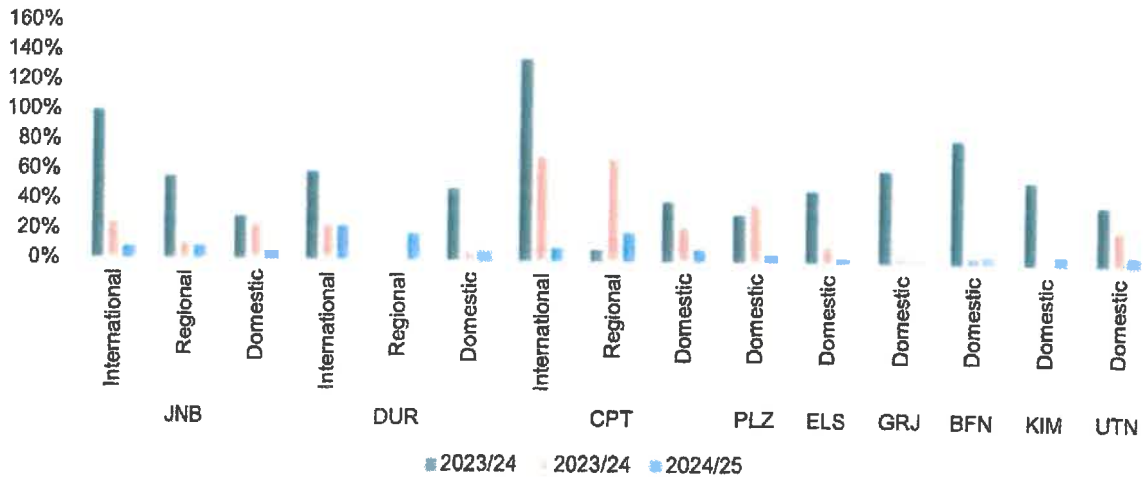
ACSA's domestic market is expected to recover by latest 2024/25 (although earlier is anticipated) and the international segment by 2026/27 to 2019 levels. This is a conservative view. There is a causal relationship between GDP and domestic passenger volumes and as such it is expected that when GDP reaches 2019 levels in 2023, the domestic segment will reach 2019 levels. In terms of the international segment, as South African air traffic is dependent on its key tourist markets, and particularly the European market, recovery is expected to reach 2019 levels by latest 2026/27, as the European market will only reach 2019 levels by 2025.

However, one of the key issues to deal with is to allay uncertainties in the airport and travel environment by incorporating health measure reform, focus on customer demand and adapt and implement touchless processing.

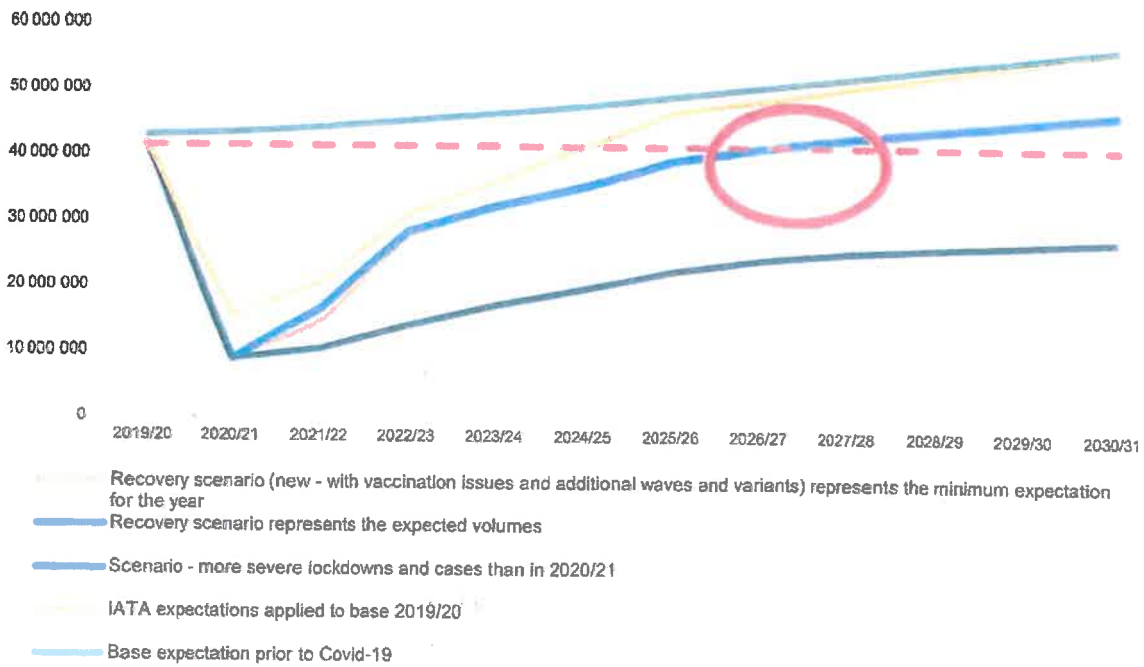


The short-term growth rates and long-term forecast, providing various scenarios are below. The long-term forecast indicates a V-shaped recovery (with a long tail).

Passenger growth rates (Short term)



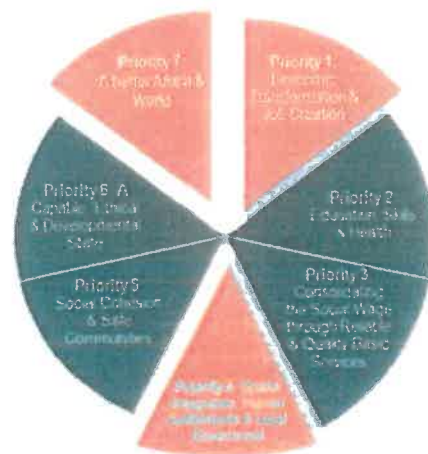
Long-term scenarios based on macroeconomic data/models and market data



Recovery for ACSA is expected latest 2026/27, with the domestic segment expected to recover by 2024/25 (which is conservative as GDP is expected to recover to 2019 levels by 2023) and the international segment by 2026/27.

ALIGNMENT TO THE MEDIUM-TERM STRATEGIC FRAMEWORK (MTSF) AND DEPARTMENT OF TRANSPORT (DoT) STRATEGIC THRUSTS

ACSA is intent on strengthening and contributing to the African and international agenda of a better Africa and the world. This, in turn, will assist ACSA in contributing to economic growth through tourism and trade facilitation; particularly harnessing opportunities presented by the African Continental Free Trade Agreement, cargo exports in economic sectors and destinations targeted for diversification and, together with the tourism sector, driving growth in domestic and international tourism. ACSA will continue to contribute thought-leadership to the National Spatial Development Framework through the development of Aerotropolis in KSIA, ORTIA and CTIA. The integration of the ACSA airports to provide affordable, safe, efficient and reliable transport remains our focus.



Medium-term Strategic Framework 2019–2024

The Minister of Transport, the majority shareholder, outlined the following as our contribution to the Department of Transport's strategic thrusts:

1. Safety as an enabler of service delivery

- Aviation authorities to act in concert with other law enforcement authorities to arrest the escalation of crimes against international and domestic travellers, robbery of valuable cargo, facilitation of contraband and illegal immigrants.
- 365 Days Action Agenda which seeks to create a vertical alignment of policing activity through syndicated themes and activities.
- In-source security. The annual ACSA investment must be directed towards creating permanent jobs and sustainable livelihoods for those entrusted with securing our airports.
- Rolling out a security model in aviation that is vertically and horizontally integrated with other law enforcement authorities, initially focusing on passenger security then broadened to include cargo and infrastructure using similar models in the US, Canada and Brazil, which rely on internal capacity, rather than outsourced security arrangements.
- Contribute to a new institutional arrangement that seamlessly integrates transport security and safety in a single entity.

2. Infrastructure build that stimulates economic growth and job creation

- Wall-to-wall approach to Integrated Public Transport Networks infrastructure planning and delivery to enable seamless mobility and efficiencies in public transport.
- New institutional arrangement in the form of an Enterprise Project Management Office (EPMO) to support entities and establish a repository of project management expertise with a mandate to ensure capital projects contribute towards economic growth and job creation.

3. Public transport that enables social emancipation and an economy that works

- Seamless integration of public transport across all modes.
- Facilitation of export trade to support economic growth priority sectors.

These strategic thrusts coincide well with the list of recommendations of the ICAO Council Aviation Recovery Task Force (CART) and Fourth Edition of Take-off: Guidance for Air Travel through the COVID-19 Public Health Crisis. According to which a safe, secure and sustainable restart and recovery of the global aviation sector is best supported by an internationally harmonized approach based on the following ten (10) key principles:

1. **Protect people: Harmonized but flexible measures.** States and industry need to work together to put in place harmonized or mutually accepted risk-based measures to protect passengers, crew, and other staff throughout the travel experience.
2. **Work as one aviation team and show solidarity.** The respective plans of ICAO, states, international and regional organizations, and the industry should complement and support each other. While national and regional needs may require different approaches, states should harmonize responses to the extent possible, in line with ICAO's standards, plans and policies.
3. **Ensure essential connectivity.** States and industry should maintain essential connectivity and global supply chains, especially to remote regions, isolated islands and other vulnerable states.
4. **Actively manage safety-, security- and health-related risks.** States and industry should use data-driven systemic approaches to manage the operational safety-, security-, and health-related risks in the restart and recovery phases and adapt their measures accordingly.
5. **Make aviation public health measures.** Work with aviation safety and security systems. Health measures must be carefully assessed to avoid negatively impacting aviation safety and/or security.
6. **Strengthen public confidence.** States and industry need to work together, harmonizing practical measures and communicating clearly, to ensure passengers are willing to travel again.
7. **Distinguish restart from recovery.** Restarting the industry and supporting its recovery are distinct phases which may require different approaches and temporary measures to mitigate evolving risks.
8. **Support financial relief strategies to help the aviation industry.** States and financial institutions, consistent with their mandates, should consider the need to provide direct and/or indirect support in various proportionate and transparent ways. In doing so, they should safeguard fair competition and not distort markets or undermine diversity or access.
9. **Ensure sustainability.** Aviation is the business of connections, and a driver of economic and social recovery. States and industry should strive to ensure the economic and environmental sustainability of the aviation sector.
10. **Learn lessons to improve resilience.** As the world recovers, the lessons learned must be used to make the aviation system stronger.

6. STAKEHOLDERS AND PARTNERS

ACSA's stakeholder universe is far-reaching and distinctive. Collectively, the stakeholders have a mixed and varied impact on economic development, social upliftment and environmental protection. Effective stakeholder engagement has therefore been recognised as a key mechanism with the potential to complement both market instruments and regulation. Since 2018, we have been on a journey to become more stakeholder-centric, guided by our Stakeholder Relations Management Strategy.

Our stakeholders and partners	Stakeholder focus areas	Examples of engagement	Examples of concerns	Benchmarking
Government agencies, public sector partners, private sector partners, Economic Regulating Committee	Policy, industry partnerships, economic regulation, operational excellence and licence to operate	<ul style="list-style-type: none"> Quarterly reviews with Regulating Committee Reports and engagements with the Department of Labour Active participation in industry forums Oversight Visits Parliament presentation 	<ul style="list-style-type: none"> Long-term industry sustainability and licence to operate Business growth opportunities Alignment to the South African Government's mandates and social development programmes (NDP and UN Sustainable Development Goals) Regulatory compliance 	<ul style="list-style-type: none"> Stakeholder Focus Groups Tariff Permission Aeronautical Revenue None-Core Revenue Social Return on Investment
Employees, unions, suppliers	Input: Operations	<ul style="list-style-type: none"> Employee roadshows, internal broadcasts and Town Halls Union consultation and collaborations Preferential procurement programmes and tender processes for suppliers 	<ul style="list-style-type: none"> Fair and transparent remuneration with job security and career progression Transformation and ease of doing business for suppliers 	<ul style="list-style-type: none"> Stakeholder Focus Groups Leadership culture index Employee satisfaction survey B-BBEE
Passengers, airlines, tenants and concessionaires	Output: Clients and customers	<ul style="list-style-type: none"> Airline operating committees External stakeholder newsletter, traditional Media and digital platforms, Engagement sessions 	<ul style="list-style-type: none"> Negotiated low airport charges for airlines Traffic development and operational efficiency Access to infrastructure, support and information for tenants Conducive business environment Understanding passenger and partner needs 	<ul style="list-style-type: none"> Stakeholder Focus Groups Airport stakeholder survey Passenger Satisfaction Survey
Community, NGOs, environmentalists	Dependent: Vested interests	<ul style="list-style-type: none"> External stakeholder newsletter, website and events Stakeholder meetings and task team forums 	<ul style="list-style-type: none"> Job creation Community development and programmes Transformation and creating sustainable livelihoods Environmental sustainability 	<ul style="list-style-type: none"> Stakeholder Focus Groups B-BBEE ACI Carbon Accreditation
Media and special interest groups	Independent: Influencers	<ul style="list-style-type: none"> Brand awareness, networking and stakeholder hospitality Stakeholder meetings Media briefings and interviews 	<ul style="list-style-type: none"> Airline performance Unethical business practices Airport safety and security Customer satisfaction Information sharing on business developments Alignment with our business approach on key issues 	<ul style="list-style-type: none"> Stakeholder Focus Groups Passenger Satisfaction Survey Airport Stakeholder Survey
Associations, partners	Partnerships	<ul style="list-style-type: none"> Providing input for International Civil Aviation Organisation (ICAO) regional bodies African Civil Aviation Commission (AFCAC) Airports Council International (ACI) Meeting with airline associations Meeting with security agencies Meeting with Joint venture partners 	<ul style="list-style-type: none"> Long-term industry sustainability Compliance with regulator licensing requirements Industry safety and security Legally binding service level agreements with partners Global Innovation Defining future travel Traffic and route development Improve passenger experience Equity investments and concession partnerships 	<ul style="list-style-type: none"> Stakeholder Focus Groups Airport Stakeholder Survey

Our stakeholders and partners	Stakeholder focus areas	Examples of engagement	Examples of concerns	Benchmarking
Shareholders, investors	Capital and funding providers	<ul style="list-style-type: none"> o Roadshows, results presentations and annual general meetings o Rating reviews o Meetings with institutional bondholders, funders and investors 	<ul style="list-style-type: none"> o Sound financial performance, return on equity and dividends o Strong governance and regulatory compliance 	<ul style="list-style-type: none"> o Assurance of annual financial statements o Credit rating agency assessments o Stakeholder Focus Groups

ACSA's stakeholder universe is far-reaching and distinctive. Collectively, the stakeholders have a mixed and varied impact on economic development, social upliftment and environmental protection. Effective stakeholder engagement has therefore been recognised as a key mechanism with the potential to complement both market instruments and regulation.

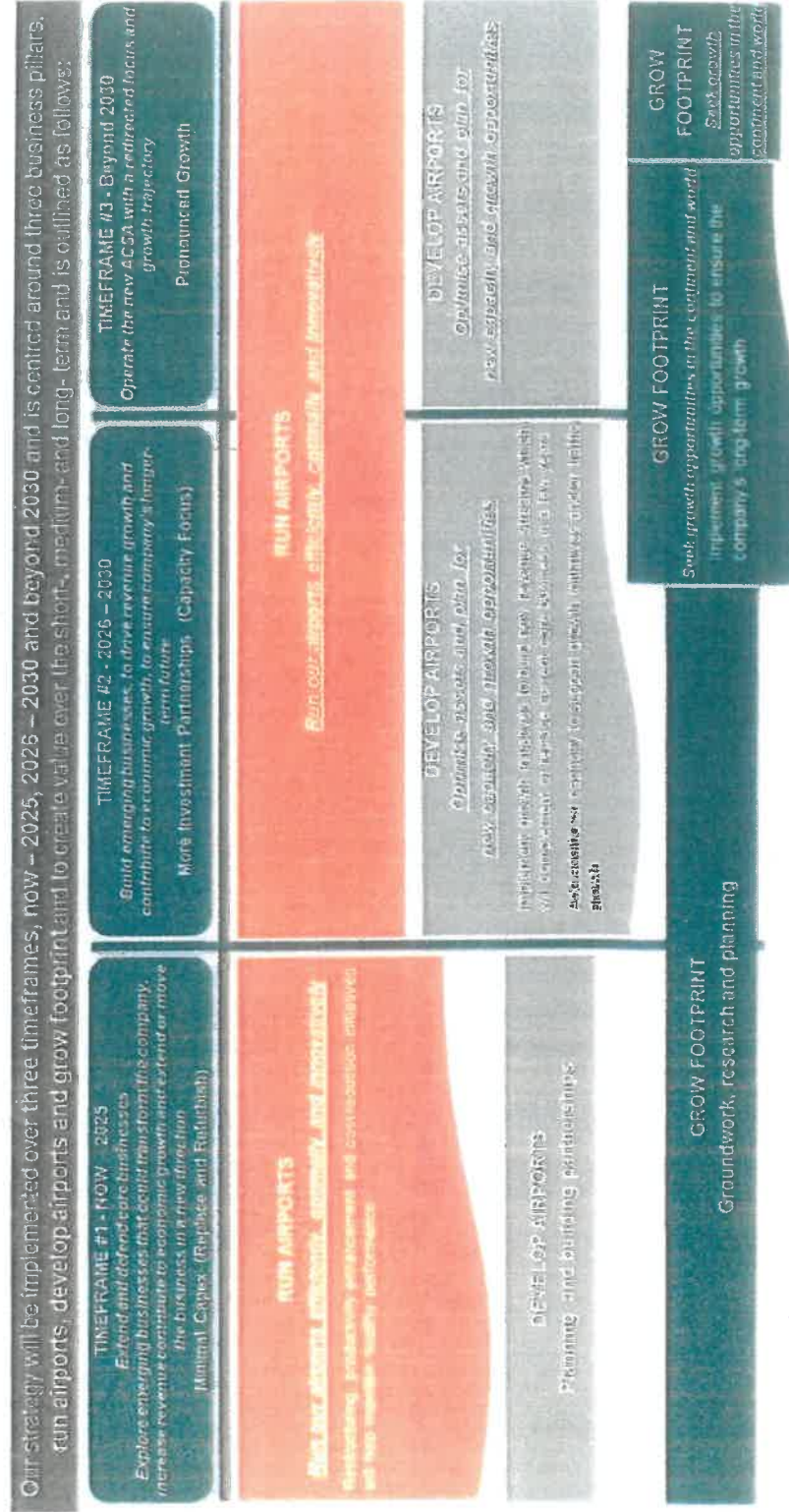
Our Stakeholder Groups



7. STRATEGY

STRATEGY

As a result of COVID-19, the Company's Strategy 2025 has been reviewed and reset to navigate through the trying and difficult economic times to, at best, deliver short-, medium- and long-term value.



Our subsidiaries' strategies and key performance indicators are reflected in their respective corporate plans annexed to this plan. Subsidiaries include Precinct 2a SOC Ltd, Jia Piazza Park (Pty) Ltd and Airports Company South Africa Global Ltd; special purpose vehicles (SPV), Lexshell 342 Investment Holdings (Pty) Ltd, Airport Management Share Incentive Scheme (Pty) Ltd and Sakhizwe Community Programme.

STRATEGIC INITIATIVES AND BUSINESS FOCUS AREAS

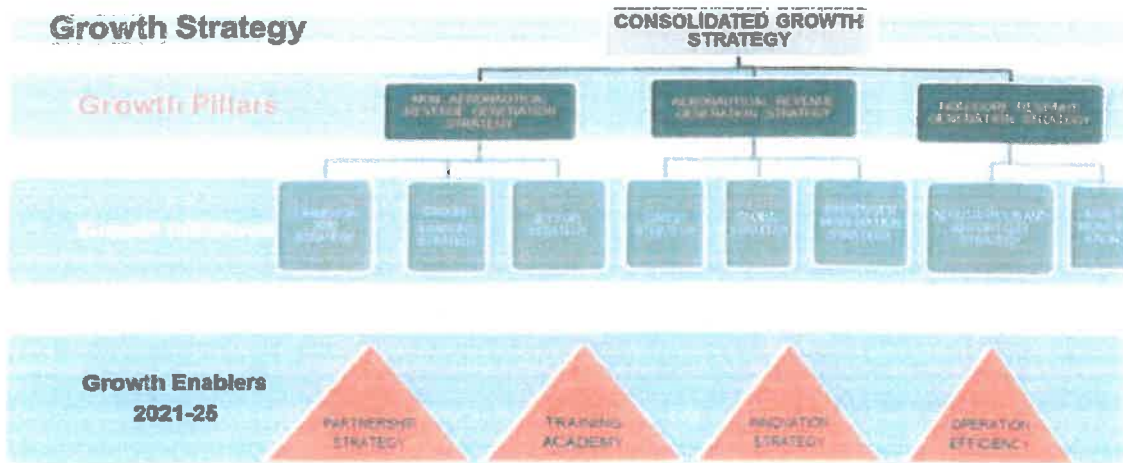
In delivering our strategy and achieving our time-horizon targets, the following key strategic initiatives, with business focus areas, have been identified to protect and further our intent to maintain and create shareholder value:

	STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATORS (KPI'S)	INITIATIVES
FINANCIAL	Financial sustainability	<ul style="list-style-type: none"> OPEX Allocation Capital Allocations (CAPEX) 	<ul style="list-style-type: none"> Implement "Aggressive" cost reduction programs Review and implement capital investment programme Focus on air-traffic recovery Pursue regulatory reform
	Diversify the business portfolio	<ul style="list-style-type: none"> Non-aeronautical revenue Non Core Revenue 	<ul style="list-style-type: none"> Enhance commercial procurement approach Implement Retail Transaction Management System Pursue management contracts & advisory services opportunities Feasibility and viability assessments (new products and services)
CUSTOMER AND STAKEHOLDER	Increase our reputation through demonstrated business excellence	<ul style="list-style-type: none"> % implementation of Stakeholder Management Plans Passenger Satisfaction ACI Health Accreditation 	<ul style="list-style-type: none"> Build our brand and reputation Rebuilding confidence in air travel Ensure operational efficiencies at the airports including enhancement of security systems Touchless Smart Airports
	Reduce our environmental impact	<ul style="list-style-type: none"> ACI Carbon Level Accreditation 	<ul style="list-style-type: none"> Implement Gas-To-Power Project (Partnerships)
INTERNAL PROCESSES	Transform ACSA business	<ul style="list-style-type: none"> B-BBEE Level % Black business share of commercial revenue generated Job creation opportunities 	<ul style="list-style-type: none"> Prioritise women, youth and persons with disabilities suppliers representation on supplier value chain and across all occupational levels Intensity monitoring of skills development plans and spend Monitor procurement spend categories to transform supplier base
	ORGANISATIONAL CAPABILITY	<ul style="list-style-type: none"> People and Culture (Leadership training, Culture, Skills development, Implement new structures Improve Performance management; Balance Insource / Outsource Capability) Digitisation with focus on passenger self service, big data and data analytics Improve Supply Chain Management to reduce irregular, fruitless & wasteful expenditure, and improve turnaround times Improve knowledge management and innovation Governance (Legal support and revised governance framework / DLA) 	

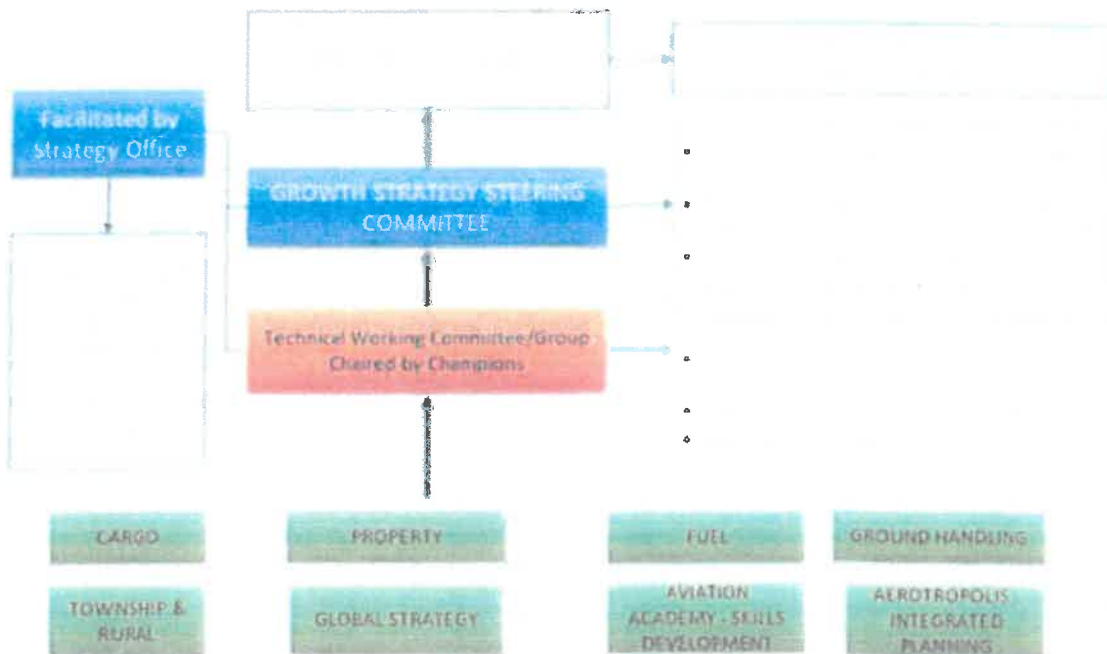
GROWTH STRATEGY

The Identification and improvement of revenue growth opportunities continues to be a key objective of ACSA's strategy. Given the impact of Covid-19 various initiatives continue to receive focus. The Growth Strategy evolution is illustrated below.

THE GROWTH STRATEGY EVOLUTION



The monitoring and control over the implementation of the Growth Strategy will be through the governance framework below, to ensure an effective coordination and allocation of resources.



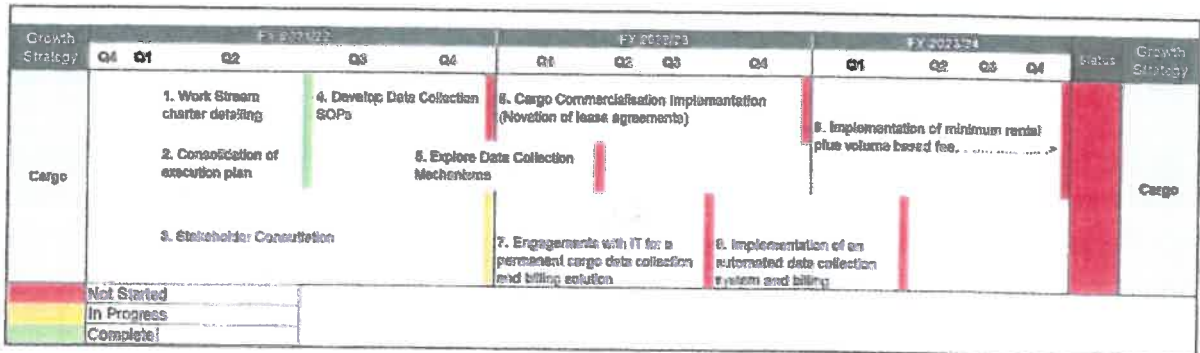
Leadership and Technical support by respective Subject Matter Experts/Champions from all Divisions

Cargo

The participation of ACSA in the value chain of air freight across the network throughout the years is limited to rental of facilities to airlines, freight forwarders, cargo, and logistics companies among others. As The impact of Covid-19 pandemic has had devastating effect on the global air travel industry and ACSA as the operator of major airports had to provide support to commercial partners trading across the network in the form of rental reprieves, and deferral. However, even during hard lockdowns most countries across the globe allowed the movement of goods by air which led to a surge in air freight demand as the world coordinate efforts to fight the spread of Covid-19. Therefore, many airline operators used this as an opportunity to deploy passenger aircraft to capitalise on air freight demand.

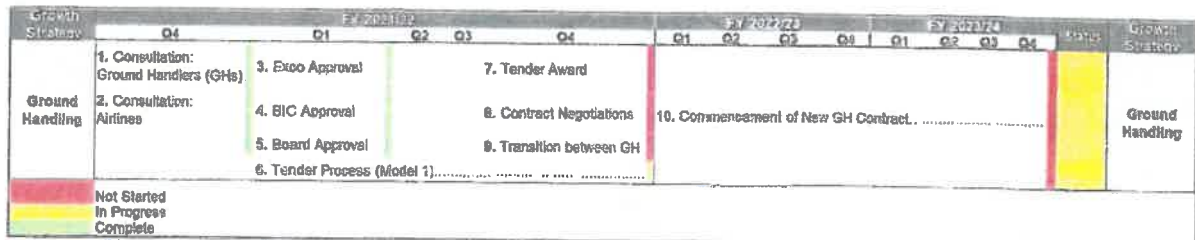
It is to the end that the impact of novel coronavirus compelled ACSA to review the operating model with the aim to reconfigure the model in favour of one that strike a fair balance on risks and benefits between ACSA and all users. The expected outcomes of cargo model reconfiguration are:

- Investigation of a potential model where a minimum guaranteed rental plus a volume based which will ensure a more equitable risk-reward sharing arrangement with users of air cargo facilities.
- The envisaged cargo model will provide the required rental relief to cargo facility users if air freight volumes decrease and generate incremental value for all parties when cargo volumes increase while ensuring a fair balance between risks and benefits for all participants (including ACSA). i.e., minimum guaranteed rental plus a rate per kilogram or minimum guaranteed rental plus a percentage of turnover.



Ground Handling

In-line with the Recover and Sustain Strategy, ground handling has been identified as a growth area for ACSA, and subsequent review of the current Ground Handling service arrangements across the network. The primary purpose was to assess opportunities for enhancement of network efficiencies on ground handling operations with the aim to create value. Seven ACSA airports out of nine have a ground handling operator, while Kimberly and Upington are supported through the airline self-handling model.



Commercial

Commercial revenues were subdued due to COVID-19 restrictions resulting in rental credits to concessionaires to sustain contractual rentals due to limited trading conditions. The Non-aeronautical revenue biggest driver is, but not limited to market conditions, passenger traffic, and exchange rates. There is a positive correlation between passenger volume and revenue growth. The current commercial contracting model offered an opportunity to review and diversify ACSA revenue to ensure improved yield whilst maintaining higher passenger satisfaction.

Given the high dependency on passenger traffic volumes, and the lessons learnt from the COVID-19 pandemic, dependency of the non-aeronautical business on traffic volumes is not sustainable. This is further evident in the resilience of the remote portfolios in the Real Estate business. Alternative revenue generation initiatives which have little dependency on passenger volumes were identified, to diversify the non-aeronautical revenue business.

Expected Outcomes

Horizon 1: Run Airports- Now to 2025

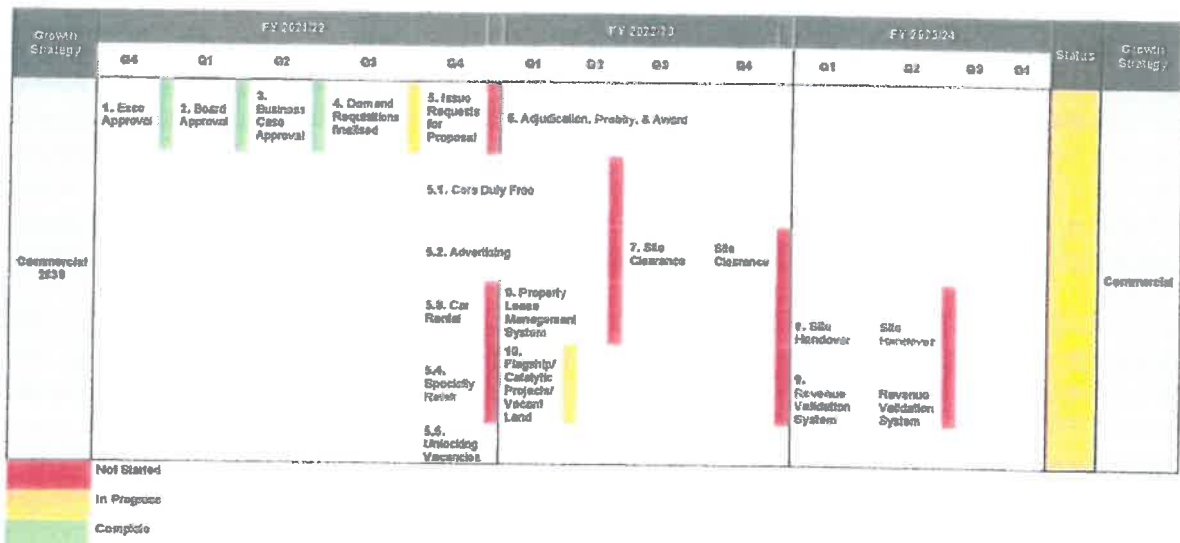
- Renewal of tenders, introduction of new concepts in core duty free, specialty, and food & beverage. (R323m)
- Digitize ACSA business extensively to accommodate cross selling platforms (R10m)
- Extend advertising leases for a period of 1 year to 30 June 2022 to allow for the tender process. Introduce co-branding, digitized screens, and passenger profiling. (R6.6m)
- Introduce new approaches to terminal, diverse and industrial portfolios business aimed at maximizing value. (R93m)
- Repurpose current parking infrastructure to accommodate innovative options (e.g. e-hailing companies, car dealerships, VIP parking, etc.) to attract additional revenue streams by leasing underutilized parking spaces. (R57m)

Horizon 2: Develop Airports - 2026 to 2030

- Buying into JV opportunities e.g., core duty free and downtown Shop (R881m EBIDTA over 10 years)
- Integrated transportation system (R65m)
- Create and solidify park 'n ride opportunities at all airports to turn the precincts into an intermodal transportation hub, offering all modes of transportation. This will create an opportunity to invest in digital advertising infrastructure (R50m)
- Commercialization of e-commerce platforms and shared in GSM infrastructure (R208m)
- Fuel Infrastructure and Management; ACSA Hospitality (Hotels); Alternative energy sources; Residential Property (High End) (R48m).
- ACSA to consider becoming an airport lounge operator (R 10m)

Horizon 3: Grow Footprint - Beyond 2030

- Core Duty Free and downtown shops.
- Fuel Infrastructure and Management.
- Alternative energy supply infrastructure
- Mergers & Acquisitions of businesses that complement horizon 3 focus
- Collaborate with Infrastructure Property Development to create new opportunities that are linked to the aerotropolis strategy



Fuel

The revision of the current fuel throughput arrangement across the ACSA network required a delineation of the status quo as it relates to the regulated (fuel storage) and unregulated (into plane) business. As a principle and consistent with best practice ACSA is supposed to apply the NERSA approved tariff for use of fuel storage facility, as well as charging minimum of 25% revenue from the transportation of the product from storage into-plane service. This should be based on the capital pay-back, overheads and predetermined margins.

Subsequent to the approval of the proposed business case and fuel throughput operating model by the ACSA board and consultation with industry stakeholders, the process to appoint a suitably qualified operator through a bidding process has commenced. A single point of accountability for facilities, potential environmental impact and service to airlines will encourage transparency on fuel storage, security, analytics, overheads, and facilities maintenance costs across ACSA network which is consistent with global best practice.

A broader participation of ACSA in the value chain of jet fuel supply across the network will empower the Company to:

- Direct the maintenance and regulatory compliance of the facility
- Forster commercial and revenue management of the Operator (cost transparency); and
- Ensure an effective site management in line with ACSA policies on safety, security and environment (i.e. environment and hydrocarbon waste; safety; incident management; reliability engineering)

This will further stimulate the supply/demand of jet fuel to airlines by decoupling thru-putter requirements from facilities operator requirements.

A comprehensive asset transfer and business transition process is necessary to prevent business interruption, suitable onboarding of new operator, and to ensure suitable allocation of liability for omissions and/or negligence.

ACSA Tender Process

- Supply Chain strategy and tender documentation complete
- Awaiting the conclusion of consultation process before activating the SCM process
- IATA have requested a follow-on discussion

Site and Asset Diligence

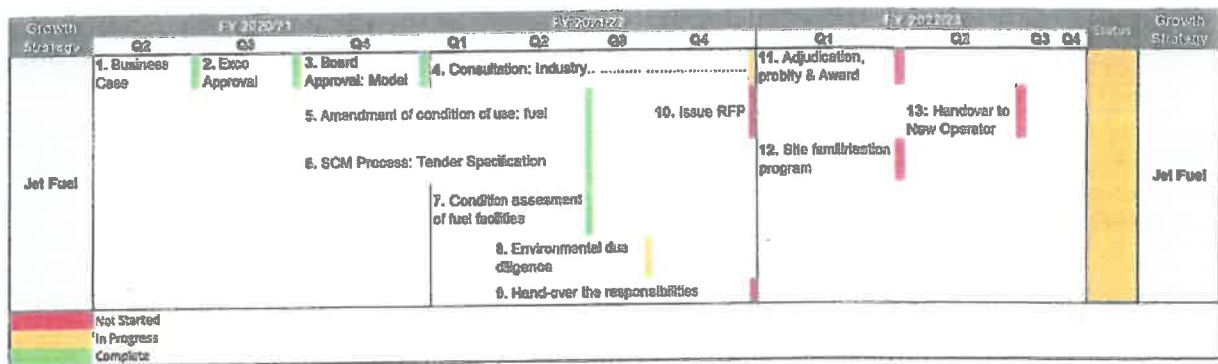
- Scope for environmental assessment agreed
- Environmental monitoring results is a challenge to obtain
- Asset condition assessment & agreement fair wear and tear in progress

Commercial

- Discussion on how to close-out lease agreements ongoing
- Inventory management discussions ongoing
- Fuel Through-putter licensing requirements discussed with current operators. They considering their options

Handover Management

- Current Operators have sited staff transition plans a being a time sensitive due to the S189 consultation process
- New Operator asset monitoring prior to hand-over could be shorter due to compressed time-lines



Aerotropolis

The Aerotropolis Vision, Strategy and Objectives are going to be an integral part of national and local government's economic development frameworks. The Aerotropolis concept aligns to the country's national priorities of job creation and spatial transformation. It is in this context that ACSA has embarked on a journey to not only develop, run and grow airports for the benefit of passengers and stakeholders; but to contribute towards these national priorities. In the next three years, focus will be placed on furthering the development of three Aerotropoli centred around ACSA's largest airports:

1. OR Tambo International Airport (Gauteng)
2. Cape Town International Airport (Western Cape)
3. King Shaka International Airport (KwaZulu-Natal)

The following activities will be prioritised:

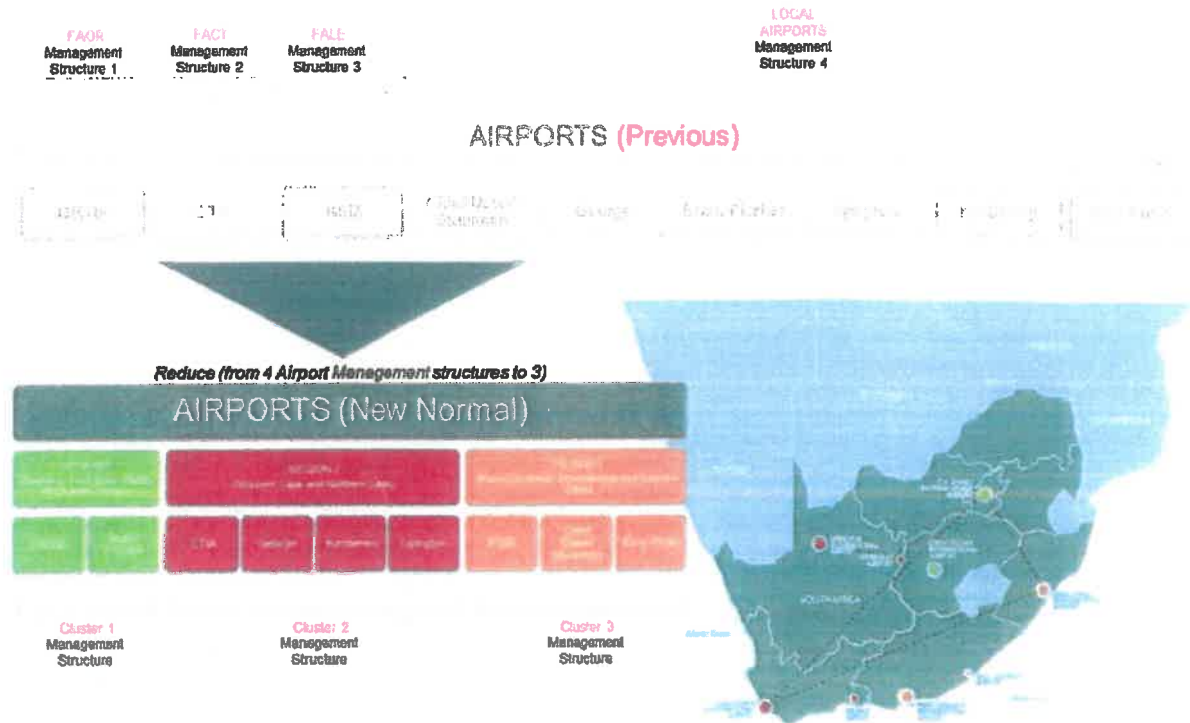
- Establishment of stakeholder and governance platforms
- Air and ground connectivity
- Promotion of infrastructure investment

An airport city model will also be pursued for all six of ACSA's regional airports due to the size and scope of aviation activities, where the focus for development being on the airport and the precinct.

The catchment area and economic activities around the secondary metropolises/cities such as in the Eastern cape, Free State and Northern Cape are limited, however, all these cities or

REGIONALISATION AND PERFORMANCE INDICATORS

The recovery in terms of passenger volumes, will be achieved through ACSA's Regionalisation Vision "Opening up a world of possible connections amongst South Africa's network of airports, the region, and the world". Airport groups enables knowledge sharing and economies of scale. Further, specialisation and technology are shared, and extreme competition emerges. Making these groups competitive in the aviation sector domestically as well as globally.



Operations will be managed by a range of detailed lag and lead key performance indicators (KPIs) to track performance in terms of:

- Overall performance
- Efficiency improvements
- Operational planning
- Implementation of initiatives.
- Monitoring capabilities of Operations Management (OM)

These indicators will also be aggregated into indices for ease of reference for improvements and are provided below.

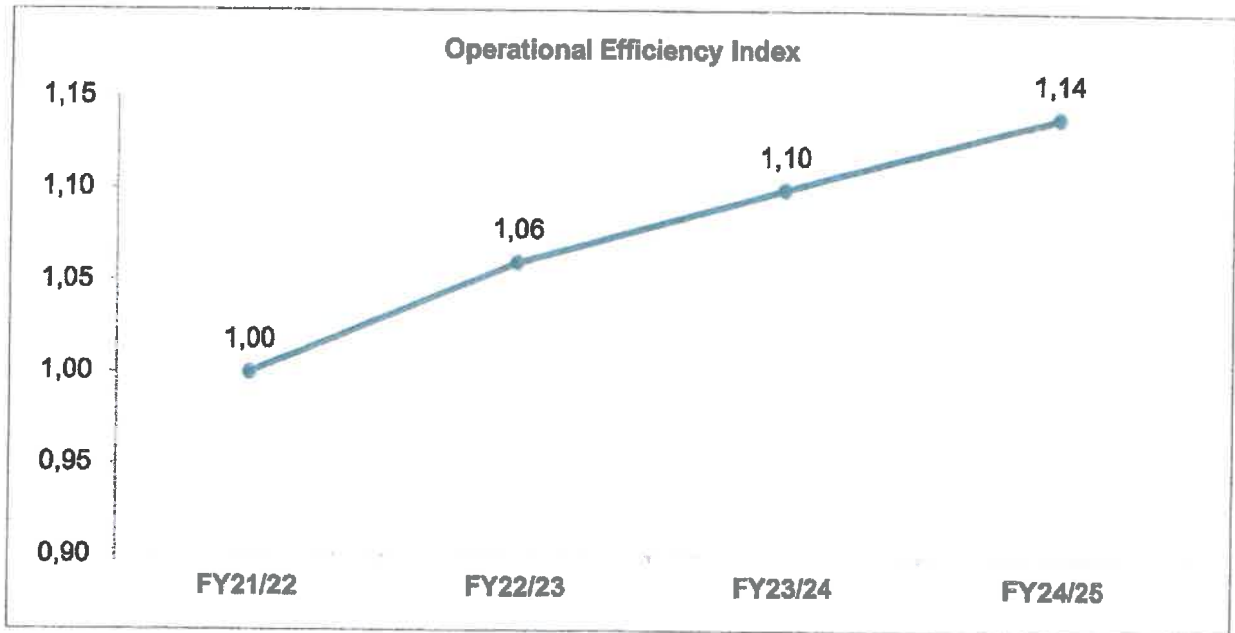
Airport KPI	KPI Type Lag	Lead (do this)	Actuals		Target				
			FY19/20	FY20/21	YTD: FY21/22	FY21/22	FY22/23	FY23/24	FY24/25
Core Operations: - The effective management of the end-to-end process (Passengers, Bags, and Aircraft) ensures high standards of airport service quality are maintained and improved. - Continually re-engineer and align business operations processes.	Passenger Operations	- Departure Passenger Numbers (M)	21		4,1	9,9	16,6	19,6	20,1
		- Seat Growth (Number of Departing seats)	4%		-56,2%	1%	1,0%	1,0%	1,1%
		- Load factors	74%		65%	65%	70%	71%	73%
	General Aviation Operations	- Scheduled Arrivals A/C Movements	178917		48746	97492	121440	138876	156859
		- Passenger Numbers	57278		20842	44 000	52 000	53 000	53 000
		- Seat Growth			-7,2%	1%	1,6%	1,9%	1,1%
	Cargo Operations	- Load factors	18%		14%	14%	15%	15%	16%
		- Non-Scheduled Arrivals A/C Movements	41461		20348	40696	51743	60790	63448
		- Actual Tonnage (total in & out)	450316		92641	140257	493754	511028	528914
	On Time Performance	- Freight Arrivals A/C Movements	5930		9517	10071	10584	10837	10691
		- Airport Delay Management							
	Processing Times (End to End - Sub system)	- Arrival on time performance	85%		93%	85%	87%	89%	91%
		- Number of resource changes							
		- Plan vs actual for resources							
		- Industry Forum discussions							
		International Departure	00:38:21		00:30:44	00:55:00	00:55:00	00:55:00	00:55:00
		Domestic Departure	00:27:16		00:23:42	00:35:00	00:35:00	00:35:00	00:35:00
	Baggage Efficiency	Regional Airport Departure	00:18:50		00:17:59	00:20:00	00:20:00	00:20:00	00:20:00
		International Arrival	00:54:20		00:27:04	00:55:00	00:55:00	00:55:00	00:55:00
		Domestic Arrival	00:25:49		00:19:50	00:35:00	00:35:00	00:35:00	00:35:00
Regional Airport Arrival		00:16:58		00:15:51	00:20:00	00:20:00	00:20:00	00:20:00	
Infrastructure Availability	- Mishandled bags	1,374		0,632	0,004	0,004	0,004	0,004	
	- Baggage Piraterie	0,1		0,085	0,001	0,001	0,001	0,001	
Business Processes	- First Bag / Last Bag	00:11:59		00:17:30	00:25:00	00:25:00	00:25:00	00:25:00	
	- Number of calls open								
Business Processes	- Number of M&E contracts active	99,58%		71%	78%	86%	94%	98%	
	- M&E costs per passengers								
Business Processes	- Percentage of calls closed within SLA								
	- Review Processes	66%		Annual Measure	82%	82%	84%	86%	
Business Processes	- Mapping (Model) Process								
	- Implementation of processes								

Airport KPI	KPI Type Lag	KPI Type Lead & Lag	Lead (do this)	Actuals		Target				
				FY19/20	FY20/21	YTD: FY21/22	FY21/22	FY22/23	FY23/24	FY24/25
Stakeholder Management: - Improve stakeholder relationships, enhance the passenger experience, and build on brand reputation.	Passenger Satisfaction Survey	Passenger Satisfaction Survey	- Number of survey conducted - Identify number of initiatives - No of initiatives implemented - Training - Pride in action training	3,97		3,9	3,60	3,67	3,74	3,81
	Stakeholder Management	Operational Stakeholder Satisfaction	- Number of queries or feedback closed - Identify number of projects - Turnaround times on queries ? - KAM Framework	3,73		3,80	3,3	3,37	3,44	3,51
	Incidents	Incidents	- Airside Safety (Only reporting on incidents that involve aircraft)	34		12	30	28	26	25
			- OHS (Reporting on illness, severe injuries and deaths)	126		268	0	0	0	0
Compliance Management: - The effective management of all audit findings in the relevant divisions to further ensure business confidence and improve reputation.	External Audits (SACAA)	External Audits (SACAA)	- Environmental (Only reporting on major fuel/oil spills)	0		0	0	0	0	0
			- Safety (Only reporting on severe and major annual licensing findings)							
	Internal Audits	Separate by department	- ARFF (Only reporting on severe and major annual licensing findings)	3		6	16	14	12	10
			- Environmental (Only reporting on severe and major annual licensing findings)							
	Airport Health Accreditation	Covid-19 Compliance	- Infrastructure (Only reporting on severe and major annual licensing findings)	4		0	20	18	16	15
			- Repeat Findings (Only reporting on the number of repeat audit findings. Other open findings are not included).	13		0	Zero repeat findings	Zero repeat findings	Zero repeat findings	Zero repeat findings
Carbon Accreditation	All Airports	- Airport Health Accreditation	Not measured		Annual Measure	Obtain accreditation	Obtain accreditation	Obtain accreditation	Obtain accreditation	
		- Management of carbon emission - Energy and water efficiency project (P% complete or implemented) and monitoring - Air and water quality management - Noise management	Level 2 at 4 airports		Annual Measure	Maintain level 2 at 4 airports	Maintain level 3 at 4 airports	Maintain level 3 at 4 airports and achieve level 1 at one new airport	Maintain level 2 at 4 airports, and maintain level 1 at 3 airports and achieve level 1 at two new airports	

Airport KPI	KPI Type Lag	KPI Type Lead & Lag	Lead (do this)	Actual		Target				
				FY19/20	FY20/21	YTD: FY21/22	FY21/22	FY22/23	FY23/24	FY24/25
Financial Management: - The effective and optimal use of business and financial skills to ensure the best effective use of the divisions resources and to minimise risks optimally. - To track profitability and the financial performance of the BU's.	Revenue	Revenue	- Aeronautical (M)	-2%		-35%	1 844	2 486	3 088	3 443
			- Non-Aeronautical (M)	-4%		30%	14	15	16	17
	Opex (M)	Cost	- Number of unbudgeted items - % savings or cost growth ? (CPH)	9%		-7%	517	539	663	688
			- Performance vs Budget	-6%		R 640 (K)	71	48	64	75
	Revenue per Employee	Revenue per Employee	- Total revenue per employee	1,6		R 386 (K)	0,189	0,183	0,184	0,192
	Pax per Employee	Pax per Employee	- Number of passengers per employee	17651		2120	5 024	6 893	8 627	9 224
	Employee Satisfaction	Employee satisfaction	- ESAT score	3,6		Annual Measure	3,6	3,6	3,6	3,7
People Productivity: Driving performance through engagement. Ensure employee ratios are in line with business requirements.	Performance Management	Productivity	- Number of contracts created - Ensure quality of contracts vs actual tasks performed are in line - Number of assessments per annum	No consolidated data		86%	100% Contracts concluded	100% Contracts concluded	100% Contracts concluded	100% Contracts concluded
			- Number of assessments per annum	No consolidated data		Bi-annual assessments	100%	100%	100%	100%

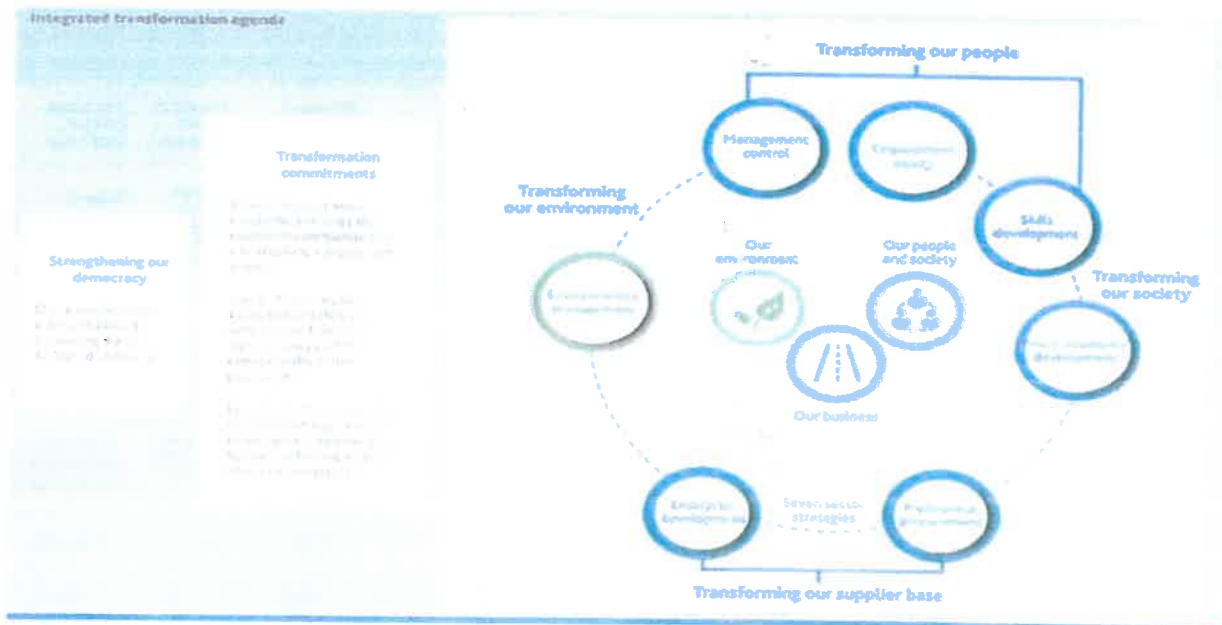
Airport KPI	KPI Type Lag	KPI Type Lead & Lag	Lead (do this)	Actual		Target				
				FY19/20	FY20/21	YTD: FY21/22	FY21/22	FY22/23	FY23/24	FY24/25
Security Operations: Ensure secure and safe environment for both infrastructure and airport users	Security Operations	Security Operations	- Prevent Acts of unlawful interference	0		Zero Acts of unlawful interference	Zero Acts of unlawful interference	Zero Acts of unlawful interference	Zero Acts of unlawful interference	Zero Acts of unlawful interference
			Prevent Act of unlawful interference	- Protection of baggage (reduction in bag pilferage)	0		Reduced baggage pilferage incidents (10%) (YoY)	Reduced baggage pilferage incidents (10%) (YoY)	Reduced baggage pilferage incidents (10%) (YoY)	Reduced baggage pilferage incidents (10%) (YoY)
			- 100% screening of Pax & Bags	100%		100% screening PB	100% screening PB	100% screening PB	100% screening PB	
			- Creating security awareness	2	4	4	4	4		
			Crime management	- Reduction in crime activities	0		1 Major incident (Stowaways, Heist, Armed robbery or attack)	1 Major incident (Stowaways, Heist, Armed robbery or attack)	1 Major incident (Stowaways, Heist, Armed robbery or attack)	1 Major incident (Stowaways, Heist, Armed robbery or attack)
			Border management	- Focus group per stakeholder, - Engagement plan implementation (LASC + JPC)	0	76% to 80%	76% to 80%	76% to 80%	76% to 80%	
			Contract management	- Contract management	100%		100% SLA Implementation	100% SLA Implementation	100% SLA Implementation	100% SLA Implementation
			Security Compliance	- Internal Audit - Level 1 Findings	2		Zero repeat findings	Zero repeat findings	Zero repeat findings	Zero repeat findings
			- SACAA Level 1 Findings	0	30	20	18	12		

The below indicates the overall performance index for operations efficiency when considering the above lag and lead measures.



TRANSFORMATION

Advancing the South African transformation agenda continues to be a priority.



Transformation of our business, our people and society and our environment in an integrated, collaborative and sustainable approach forms an integral part of our organisation, as well as the organisation we strive to be, to effect meaningful and sustainable change. Our transformational objectives are aligned with our strategic objectives and contribute to our sustainability framework ways by strengthening the transformation policy and continuous review of our integrated transformation plan.

To ensure a focused and conscious drive, transformation strategic objectives have been identified as crucial to assist in accelerating the Company's transformation agenda. The advancement of our transformation agenda spans across four key areas:

Focus Area	Measurement
1) Increased market access	<ul style="list-style-type: none"> • Number of new black-owned service providers introduced into the industry • % of procurement goods/services issued and completed with black-owned partnership requirement
2) Build capacity	<ul style="list-style-type: none"> • Number of black professionals and/or small and medium enterprises (SMME) provided with training and up-skilling opportunities
3) Contribute to sector participation	<ul style="list-style-type: none"> • % of sector spend channelled toward SMMEs and black-owned service providers • % of sector revenue (where applicable) provided by black-owned and SMME vendors
4) Promote access to funding	<ul style="list-style-type: none"> • % of QSE and EME supported in contract funding through direct spend • Number of black-owned service providers supported with funding through leveraging of funding network (such as DFIs) • Advancing our transformation initiatives spans across seven key sectors of our business: <ol style="list-style-type: none"> 1. IT 2. Construction 3. Property 4. Advertising 5. Car rental 6. Retail 7. Ground handling

Under the current economic conditions, it is imperative we not only focus on compliance, but also on doing as much as we can to support our people, supplier base and society and minimise our environmental impact in a sustainable manner. Looking ahead in the next three years, our transformation commitments will be embedded in our integrated transformation agenda supported by our transformation working group which will assist in driving these commitments indicated below.

Transformation commitments over the next three years:

ACSA's shift to an integrated and sustainable approach to transformation and B-BBEE compliance to accelerate social and economic transformation.

Empowerment



Timeframe1

Maintain and Sustain current BEE level rating

- Prioritise representation of women, youth and persons with disability, across all occupational levels and suppliers when opportunities arise
 - Heighten skills development plans and review budgeted intervention to ensure applicable spending on interventions with value and impact.
 - Leverage on TETA grants opportunities to supplement SD budget and pursue YES initiative
 - Confirm initiatives within the organisation that could be accounted for under the skills, enterprise and socio-economic development elements
 - Monitor closely all procurement spend categories to ensure maximum value in transforming supplier base
- By 2022/23**

Time

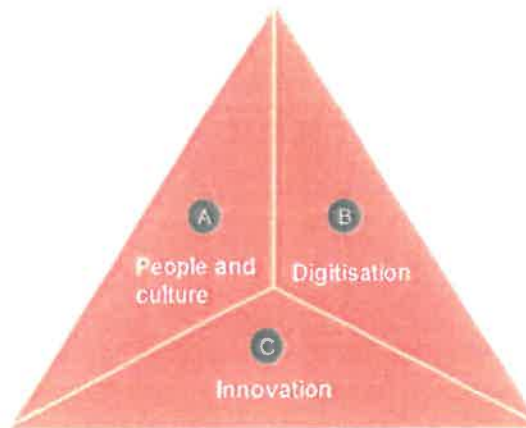
- Supplier workshops with high risk suppliers across all the regions to share PP strategy for the next 3 years
 - Review SD and SCM policies, processes and plans to ensure alignment to social and economic strategy
 - Review SCM strategy to align to economic transformation strategic pillars and ESD roadmap
 - Review and align SD/ED/SED strategies to derive maximum value for business and communities ACSA serve
 - Identify, prioritise and implement formal and informal interventions to address targets for EE/SD/ESD
- By 2023/24**

- Achieve or maintain B-BBEE level rating desired by ACSA
 - Continued partnerships with both public and private entities on SD/ED/SED initiatives to ensure the continued acceleration of social and economic transformation growth
 - Achieving desired transformation results on all key flagship projects implemented by then.
 - Continuous adoption and implementation of interventions based on the integrated sustainable transformation framework of transforming our people, our supplier base, our communities, and our environment
- By 2024/25**

Continuous monitoring and evaluation of transformation key priority areas of the business

BUSINESS OPTIMISATION

Having purposeful and solid business optimisation building blocks is key. This requires us to ensure we have the right people, a performance excellence mindset and culture, integrated information technology and digitisation advances, and an innovative approach. Business optimisation will be realised through the implementation of three capabilities.



PEOPLE AND CULTURE

Our people and culture programme collectively refer to the initiatives undertaken to manage, empower and improve our human capital.

Areas of focus have been streamlined to:

- Define and embed fit-for-purpose organisational culture.
- Develop strategic workforce planning.
- Change management to support the people optimisation initiatives.
- Heighten the performance management processes including succession planning.

DIGITALISATION AND INNOVATION

Digitalisation is the IT-led programme to modernise ACSA's ICT ecosystem, supporting the transition to be the most sought-after global partner for the provision of sustainable airport management solutions. Outcomes of an IT assessment highlighted that, historically, the systems have been in the defensive quadrants, resulting in the IT function not being leveraged to deliver strategic value to the business.

This orientation contrasts with industry trends, which have seen major airports leverage IT systems to improve efficiency, reduce costs and improve customer services, as well as experience. In line with becoming a world-class airport operator, IT will be a key enabler to offer passengers and airlines as well as any potential partners (3PL and 4PL) high quality, secure and efficient services.

In response, ACSA embarked on a digital enablement transformation journey which would have resulted in a digitally fit and efficient airport operator within smart airports. With the advent of COVID-19, some of the digitisation was put on hold.

Limited investments will be made to continue to provide value for money and are strategically aligned to allow ACSA to be more economical (optimised costs), efficient (optimised business processes) and effective (achieving its objectives) in both the IT and business spheres while ensuring every rand spent is in support of our broader sustainability goals.

The digital airport experience will continually evolve to meet the needs of increasingly digitally demanding stakeholders.

The Company's IT Roadmap will:

- Build the agility into the DNA of ACSA, allowing it (through an agile technology platform) to better transition when changes happen in its environment, especially in support of realising a world-class airport traveller's experience.
- Act as an innovation catalyst to create new markets and products and allow ACSA to use digital technology to accelerate our ability to create new capabilities to unlock hidden value and growth in the existing business.

Information and technology commitments over the next three years:

FY 2022/2023	FY 2023/2024	FY 2024/2025
<ul style="list-style-type: none"> Align CAPEX funding for all AERO and Non-AERO prioritised projects Assess the replacement of IT infrastructure & capacity upgrades for end-of-life equipment and solutions (AMS) Revise passenger self-service strategies (digital strategy with contactless technologies) Realise costs saving from implementation of cloud and migration of workload to AZURE, AWS etc. Approval of new IT GFOM Deliver SIEM and SOC for cyber security Digitisation of physical records End-of-life equipment self-off ACSA mobile app phase 2 Implement retail transaction management (revenue protection) Implement contactless solution in the parking management solution Implement business intelligence and analytics 	<ul style="list-style-type: none"> Leverage partnership with Microsoft and IBM on cloud Implement new business model for data centre hosting in Western Precinct End-of-life equipment self-off Multi-channel implementation for mobile app (Ecommerce and e-payments) Implement point of sale (revenue protection) Implement CRM New business model for BI / AI (4IR) Concession model for Cute and CUSS 	<ul style="list-style-type: none"> Implement neutral host multi-operator DAS (distributed antenna system) End-of-life equipment self-off Omnichannel implementation for mobile app Implement AI thermographic solution for all our concessionaires and stakeholders Implement know-your-customer solution

8. MATERIAL MATTERS AND RISK MANAGEMENT

#	Sustainability framework	Strategic objective	Risk identified	Risk mitigation
1	Impact on business	Financial sustainability Diversify business portfolio (Risk Theme: Novel risks)	Sustainability risk ACSA's inability to recover from impact of ESG (external threats) risks and sustain its operations Inability to recover from social impacts of COVID-19	<ul style="list-style-type: none"> Revised corporate strategy and financial plan COVID-19 health protocols ACI health accreditation Business continuity strategy and crisis response plan Revision of commercial Strategy 2025 - 2030 in response to COVID-19 effects Ongoing monitoring and responding to global traffic trends Implementation of recovery & sustain strategy and financial plan Development of ACSA medium to long term growth strategy and initiatives Sustainability measures for commercial and aviation partners Business continuity strategy and crisis response plan
2	Impact on business and society	Financial sustainability (Risk Theme: going concern)	Financial Sustainability: Inability to generate sufficient cash flow to fund operations and generate sufficient returns	<ul style="list-style-type: none"> Ongoing implementation of Long-term financial planning process Short-term: Implementation of effective working capital management to preserve cash Airports Company Amendment Bill signed into Law to introduce an appeals mechanism. Regulations to be promulgated to introduce inter-permission triggers for re-opening in a 5-year period. Engagement with the Department of Transport to facilitate the drafting of regulations. Ongoing monitoring and support by internal capacity Ongoing stakeholder engagement

#	Sustainability framework	Strategic objective	Risk identified	Risk mitigation
3		(Theme: going concern)	Economic Regulatory – Inability to provide appropriate funding and infrastructure undermining stakeholder consultation, resulting in a limiting effect on ACSA planning	<ul style="list-style-type: none"> Engagement with the Department of Transport (DoT) to facilitate the drafting of regulations after the company amendment bill was signed into law Engaging with DoT to review the model on issues of economic regulator discretion. Well-designed positions and designed conversations at the appropriate time Ongoing engagement process that complies with the requirements of the economic regulator review and update of permissions cycles (e.g., Prefunding, interim arrangements, and change management) Review and update of permissions cycles (e.g., Prefunding, interim arrangements, and change management)
4	Impact on business Impact on people and society	(Risk Theme: going concern)	Non- Aeronautical revenue: Inadequate focus on and growth of non-aeronautical revenue (revenue diversification) in non-aeronautical revenue leading to a dependency on regulated income stream weakening ACSA long term sustainability- The failure to diversify and the possibility of the current base being eroded by Covid-19 impact	<ul style="list-style-type: none"> Engage and partner with SOEs impacted by PPPFA to engage government / regulators- reform procurement legislation in respect of commercial activities Active involvement ANARA aviation negotiation- guidelines)* Treasury consultation to extend contracts Reviewing the commercial strategy revenue generation initiatives Reviewing the commercial strategy revenue generation initiatives Implementing revenue validation system Review DOT delegated functions to ensure appropriate allocation of responsibilities and accountabilities (licencing area) Development of ACSA growth strategy and implement initiatives (ACSA global strategy, aerropolis strategy, cargo strategy, ground handling strategy, fuel strategy, training academy strategy)
5	Impact on business	Increase reputation through	Low cyber readiness against cyber threats and regulatory safeguard requirements	<ul style="list-style-type: none"> Obtain correct project prioritisation / categorisation and funding to implement threats intelligence and cyber-attacks analytics solutions Increase cyber security controls maturity to decrease the insurance premiums

#	Sustainability framework	Strategic objective	Risk identified	Risk mitigation
		demonstrated excellence (Risk Theme: security)		<ul style="list-style-type: none"> Collaborate with the data governance, enterprise security's information integrity division, information privacy function and HR SSC data division to implement information safeguards controls Improve the security training/ awareness and risk-based information security management system of controls (ISO 27001 ISMS + NIST + COBIT 2019) by implementing preventative security initiatives (including user behaviour monitoring, service provider due diligence, security vetting & crisis management) Staff training on cybersecurity awareness Employ all roles prioritising the GM: cyber and information security and security managed service provider to augment HR capacity shortfalls Ensure the cyber security strategy is a key objective of the IT strategy and collaborate with the IT operations team and business to improve cyber security resilience
6	Impact on business	Increase reputation through demonstrated excellence (Risk Theme: relevance and competitiveness) (Risk Theme: Security)	Safety and Security Risk <ul style="list-style-type: none"> Acts of Unlawful Interference within Aviation operations and Criminality in our operations Aviation Safety Occupational Risk 	<ul style="list-style-type: none"> Assess the involvement of ACSA employees in illicit activities Investigation of certain projects and transactions Implement a robust disclosure program Fast-tracking of vetting programs Capacitate consequence management department Implement loss control policy, procedures and establish a loss control committee Protection of all critical assets and infrastructure Continuous threat and vulnerability assessments Implementation of landside security measures Airside standards reviewed continuously Ensure aviation training courses are certified by the SACAA Desktop emergency exercises conducted every 2 years Full-scale emergency Exercises conducted every alternate 2 years"

#	Sustainability framework	Strategic objective	Risk identified	Risk mitigation
7	Organisational capability	People and culture (Risk Themes: Human Capital management)	People strategy risk Inability to deliver on people culture strategy	<ul style="list-style-type: none"> Internal and external audits monitored continuously Tracking of effective monitoring and reporting Continuously monitor the number of bird and wildlife strikes Human resource policies and procedures UpToDate and being implemented. Organisational values defined and communicated across the organisation (PRIDE values) Dedicate divisional human resource business partners Approved change management framework Approved talent management policy and procedure is being implemented. The five-year plan for implementation of HR for people and culture strategy
8		Technology and digitisation (Risk Theme: relevance and competitiveness)	Inability to adopt/deliver resilient and secure digital/disruptive platforms and technologies that transform current and future business strategic objectives.	<ul style="list-style-type: none"> Conduct research and manage knowledge on the airport users' experience to inform innovation as the centre of the digital strategy Collaborate with Enterprise and Airport Security to deliver physically secure and cyber ready technology platforms by keeping abreast with cyber threats Mature enterprise-wide data and information management lifecycle capability and Implement the Digital Strategy by delivering value-adding digital transformation strategic initiatives faster, on time within budget and partner with the Business Process Engineering (BP) division to change processes to enable digitalisation
9	Impact on business Impact on people and society	Increase reputation through demonstrated excellence	Non-compliance/conformance to relevant legislation, regulations, policies, and procedures	<ul style="list-style-type: none"> Provide Executives with regulatory framework workshop. identify and provide key role players in the execution of Compliance role with an understanding of regulatory framework (e.g., Internal Audit, finance, SMOGs etc) Ensure effective monitoring and reporting on the efficiencies of policies and procedures (one of the monitoring mechanisms is through combined assurance and compliance reviews). Review current AG & IA findings organisation-wide

#	Sustainability framework	Strategic objective (Risk Theme: going concern)	Risk identified	Risk mitigation
10	Impact on people and society	Increase reputation through demonstrated excellence (Risk Theme: relevance and competitiveness)	Failure to manage and improve reputation through the effective management of the brand and various ACSA stakeholders	<ul style="list-style-type: none"> • Effective implementation of Compliance Management procedure (to put in place CRMPs for all core legislations). Ongoing training and awareness (Inculcate compliance culture) • Effective implementation of Compliance Management procedure (to put in place CRMPs for all core legislations) • Ongoing training and awareness (Inculcate compliance culture) • Provide ICMS training to the key role players • Establish compliance audit finding tracking report • Report on compliance audit finding tracking report to Executives monthly • Engage with HR over the Optimisation Management Initiatives as envisioned in the policy • Approved social media procedure. • Approved external communication procedure • Approved crisis management procedure social media presence • Brand repositioning exercise • Proactive brand communication • Strategic brand partnerships affiliations • Comprehensive communication strategy, supported by a plan • Dedicated media specialist to respond to the negative narrative
11	Increase reputation through demonstrated excellence	Inadequate or ineffective business continuity response plans to support ACSA during a business disruption	Inadequate or ineffective business continuity response plans to support ACSA during a business disruption	<ul style="list-style-type: none"> • Approved BCM policy and framework • Business continuity plans and strategies for all sites • Ongoing BCM monitoring • The signing of MOUs with various external stakeholders, develop of stakeholder plan • ACSA insurance policies

#	Sustainability framework	Strategic objective	Risk identified	Risk mitigation
		(Risk Theme: Novel risks)		<ul style="list-style-type: none"> Simulation and /or conducting tests through scenario planning of critical processes Continuous training and awareness of the ACSA workforce Human resource policies
12		Diversify business portfolio (Risk Themes: Human Capital)	Inability to effectively execute operational objectives and ensure business integration	<ul style="list-style-type: none"> Corporate strategy and business planning Business process modelling Committees and reprioritisation process Finance planning process / committees Customer and stakeholder surveys Governance process
13		Increase reputation through demonstrated excellence (Risk Theme: relevance and competitiveness)	Reduced connectivity and attractiveness of the ACSA airport network	<ul style="list-style-type: none"> Ongoing engagements with incumbent and prospective airlines to fast-track recovery and improve route pipeline conversion rate. "Stimulate air travel demand through: <ul style="list-style-type: none"> - Roll out of Destination Marketing Campaigns - Introduction of a Self-Connect platform." Development of a Cargo Traffic Development Strategy which will allow ACSA to grow its dedicated freighter network, to reduce the network's dependency on belly freight capacity. Actively Participating in all NDoT programmes and platforms
14		Increase reputation through demonstrated excellence	Failure to effectively adopt a culture of innovation within all aspects of the business	<ul style="list-style-type: none"> Innovation policy and strategy, procedures and guidelines approved Dashboard reporting on innovation ideas Finalisation of innovation hub approach with internal and external constituents

#	Sustainability framework	Strategic objective (Risk Theme: relevance and competitiveness)	Risk identified	Risk mitigation
15	Impact on business Impact on people and society	Increase reputation through demonstrated excellence (Risk Themes: Human Capital)	Inability to effectively implement ACSA's strategic transformation imperatives (internal & external)	<ul style="list-style-type: none"> • Rollout transformation strategy to support vision 2025 strategic objectives and ensure policy alignment (hr, SCM, commercial etc.). • Monitor performance of sector strategies plans • Monitor implementation of transformation policy. • Empower transformation champions to ensure the implementation of transformation initiatives through continuous advocacy and education on transformation • Foster partnerships and leverage on existing funding network (e.g., DFIs) • Establish MOA's with DFIs (IDC, NEF, Commercial Banks etc.) to drive enterprise and supplier development initiatives • Monitoring and evaluation of attraction and retention of resources • Facilitate structured stakeholder engagement sessions with stakeholders to ensure an accelerated social and economic transformation • Bolster B-BBEE Scorecard Performance tracking mechanisms • - Reinforce monitoring of B-BBEE procurement spend (annual procurement plans • Monitor implementation of strategic procurement strategies, processes and practices
16	Impact on business Impact on people and society	Increase reputation through demonstrated excellence	Ineffective contract and third-party management.	<ul style="list-style-type: none"> • Reviewed and implementation of enhanced SLA management • Implementation of consistent contract management processes across the organisation" • Ongoing training and awareness on contract management

#	Sustainability framework	Strategic objective	Risk identified	Risk mitigation
		(Risk Theme: going concern)		<ul style="list-style-type: none"> • Implementation of the stakeholder engagements plans eradicate all audit findings related to third parties • Ensure business units play a leadership role in managing contracts (including relevant consequence management) through demonstrated excellence

9. KEY PERFORMANCE INDICATORS

STRATEGIC OBJECTIVES AND KPIs LINKED TO DOT STRATEGIC FOCUS AREAS

Sustainability framework	Strategic objective name	Strategic objective Definition	Link to the Department of Transport mandate	Key performance indicator
Impact on business	Financial sustainability	<p>Financial sustainability is the ability to weather unforeseen times of financial hardship such as COVID-19 and its impact.</p> <p>The measures are designed to allow the Company to allocate resources to priorities or core activities to ensure long-term sustainability for stakeholders.</p>	<ul style="list-style-type: none"> • Safety and security • Economic growth and job creation • Seamless integration of public transport across modes • Accelerating transformation towards greater economic participation 	<ul style="list-style-type: none"> • Opex allocation • Capital allocation (capex) • Aeronautical Revenue
	Diversified the business portfolio	Growing our footprint not only includes expanding our geographic presence, but it also includes packaging innovative products and services towards diversifying our business portfolio.	<ul style="list-style-type: none"> • Economic growth and job creation • Accelerating transformation towards greater economic participation 	Non-aeronautical revenue
	Increase our reputation through demonstrated business excellence	<p>Increasing our reputation is securing an emotional bond that ensures people use our airports, buy our products and services, our investors support us, policymakers and regulators give us the benefit of the doubt and our employees are aligned and deliver on our strategy.</p> <p>A concerted effort to ensure passenger safety at our airports after the lockdown was lifted in June 2020. Benchmarked and aligned with international standards, the focus of the current initiatives is to prioritise the passenger satisfaction drivers, which include infrastructure improvements, security processes, technological enhancements to ease passenger facilitation, wellness, cleanliness and sanitation to create confidence, loyalty and enhance the overall customer experience.</p>	<ul style="list-style-type: none"> • Safety and security • Seamless integration of public transport across modes 	Reputation index (Stakeholder management plans)
			<ul style="list-style-type: none"> • Safety and security • Seamless integration of public transport across modes 	<ul style="list-style-type: none"> • Passenger satisfaction • ACI Health Accreditation
Impact on the environment	Reduce environmental impact	Be a responsible airport operator with the obligation of minimising the impact our operations may have on the environment. Committing to reduce our carbon emissions with the goal to become carbon neutral. In addition, focusing on energy conservation, climate change, water, waste, air, air quality, noise management and biodiversity.	<ul style="list-style-type: none"> • Economic growth and job creation 	ACI Carbon Accreditation Footprint level
Impact on people and society	Transform ACSA business	<p>Increase participation of designated groups within the Company's operations</p> <ol style="list-style-type: none"> 1. Increasing economic participation in the Company's value chain (supply chain and commercial) 2. Empower designated groups so that they can harness better work opportunities (attract, develop and retain) 3. We want to be a caring citizen – a socially responsible business in 	<ul style="list-style-type: none"> • Accelerating transformation towards greater economic participation 	<ul style="list-style-type: none"> • B-BBEE level • % of black business share of commercial revenue generated • # of job opportunities created

		South Africa and in all other areas in which we operate.		
Organisational capability	Business digitisation	Rapid advances in technology represent a competitive threat and opportunity. Technology heightens the threat of business disruption and cyber-crime. However, it enables our airports to improve operational efficiency and management of safety and security. Furthermore, it allows us to respond to increasing demand by our customers and commercial partners for automated services and digital enablement, including data analysis.		
	People and culture	We are committed to attracting and retaining key talent through the effective management of employment equity, focusing on people with disabilities, youth development, improving the lives of our employees and ensuring a stable employee relations environment.		
	Knowledge management and innovation	To cultivate a culture of innovation and lead the way in innovative thinking and creative problem-solving. The creation and enablement of an environment to experiment with creative and innovative ideas to deliver sustainable business outcomes.		
	Supply chain management	To enhance corporate and operational supply chain processes in line with best practice in a manner that facilitates the development and management of world-class airports		

KEY PERFORMANCE INDICATOR INFORMATION FOR THE PERIOD: FY2022/23 – FY2024/25

Core pillar	Strategic objective	Key performance indicator				Baseline	
		FY2022/23	FY2023/24	FY2024/25			
Covers all three pillars: Run airports Develop airports Grow our footprint	Financial sustainability	KPI name	Operational expenditure allocation				
		KPI definition	Maximum Company level total operational expenditure allocation inclusive of both employee costs and operating expenses			R3 266m	
		KPI formula	Total Company employee costs plus total Company operating expenses for the year			R3 497 m	
		KPI name	Capital allocation (capital expenditure)			R3 665m	
		KPI definition	Maximum total capital expenditure allocated within the Company budget			R1 000 m	
		KPI formula	Total Company capital expenditure for the year			R993 m	
		KPI name	Aeronautical revenue			R770m	
		KPI definition	Revenue derived from aeronautical activities (landing, passenger fees, and parking fees)			R3 443 m	
		KPI formula	Sum total of ATMs, Departing Passenger and aircraft parking			R3 089 m	
		KPI name	Non-aeronautical revenue			R3 486 m	
Diversify the business portfolio		KPI definition	Company revenue that is not defined as aeronautical revenue, excluding recoveries, including permit and sundry recoveries. The total Company retail, advertising, car rental, car parking, property, consultancy and advisory, training and IT revenues earned			R1 606 million	
		KPI formula	Company level retail plus advertising plus car rental plus car parking plus property plus consultancy and advisory plus training plus IT revenues for the year			R2 392 m	
Run airports	Increase reputation	KPI name	Reputation index (Stakeholder Management Plan)				
		KPI definition	The Reputation Index Measure comprises of the perceptions and the degree to which stakeholders admire, trust, respect and have an overall good feeling towards the Company				
		KPI formula	Reputation Institute's RepTrak® research methodology is the global standard for measuring corporate reputation. Our corporate reputation is measured by the degree to which respondents admire and respect the Company; trust the Company; have a good feeling about the Company and feel that the Company has a good reputation. The reputation survey data is captured in the RepTrak® Pulse, and an outcome score from 0 to 100, with 100 being the best, is computed. In FY2022/23 and FY23/24, the measure will be based on the implementation of the consolidated Group Stakeholder Engagement Plan. The 80% will be derived from the average percentage score of the completed quarterly engagements in line with the number of engagement frequencies stakeholder owners have committed to per stakeholder at the beginning of the financial year. The impact of the engagements will be continuously monitored.			80% Implementation of Stakeholder Management Plan	85% Implementation of Stakeholder Management Plan

Core pillar	Strategic objective	Key performance indicator	FY2022/23	FY2023/24	FY2024/25	Baseline
		<p>Passenger satisfaction</p> <p>KPI name</p> <p>KPI definition</p> <p>The Passenger Satisfaction Survey indicator, measures passenger satisfaction while they are travelling through an airport. It illustrates the passenger's view and assessment of our airports' service delivery. Data collection is conducted by ACSA Staff together with independent service provider for the purposes of assurance and international best practices. (Note: There is currently no Independent Service Provider, sourcing process for service provider is in-progress to start in Q4 of FY 2021. The survey results are analyzed and interpreted by ACSA staff.</p> <p>The indicator is aimed at continuous improvement of our processes and compliance to the Section 12/7 of the Airports Company Act, 1993 (Act No. 44 of 1993). Results allow the business to comply with the service standards monitoring as required by the Economic Regulator in line with the Airports Company Act.</p>	3.60	3.67	3.74	ASQ Not Rated (Insufficient traffic at airports)
		<p>KPI formula</p> <p>The Group KPI for the period FY2021/22 to FY2023/24 will improve from 3.6 to 3.74.</p> <p>The passenger satisfaction survey developed by ACSA covers service elements across the end-to-end passenger journey. This is inclusive but not limited to the following categories: parking, cleanliness, check-in, airline services, security, airport shopping facilities, overall airport environment and experience, and COVID-19 health safety measures.</p> <p>Passengers complete a survey assessment, through a structured Passenger Satisfaction Survey. The scoring scale used is as follows: 1 to 5, with 1 being poor and 5 being excellent.</p> <p>Each airport has a set target, while the Group score will be calculated as an average of the reporting period scores for all nine ACSA airports (Note: Reporting period; monthly, quarterly, and annually).</p> <p>Results benchmarking shall be done between the ACSA network of airports for lessons learnt and continuous improvement.</p>				
		<p>KPI name</p> <p>KPI definition</p> <p>ACI Health accreditation</p> <p>ACI Airport Health Accreditation (AHA) is conducted annually for all nine (9) ACSA airports. It is an assessment on how aligned an airport is towards health measures as set by ACI guidelines, ICAO recommendations and industry best practices. To be certified, the process requires data collection over a period considering the given guidelines, recommendations, best practices, and regulations.</p> <p>ACSA developed a Covid-19 compliance audit consisting of all requirements with focus on the end-to-end processing of passengers and stakeholders</p>	All 9 airports accredited	All 9 airports accredited	All 9 airports accredited	All 9 airports accredited

Core pillar	Strategic objective	Key performance indicator	FY2022/23	FY2023/24	FY2024/25	Baseline
Coverings all three pillars: Run airports Develop airports Grow our footprint	Transform ACSA business	operating at an airport. The audits are conducted in various areas (such as Ground Transport, Passenger Services, Airlines, Airfield Services, Business Accounts, Cargo, and Government Agencies) considering things such as cleanliness, wearing of masks, social distancing, etc. The Covid-19 compliance is a build-up and preparation for the certification process at the renewal date of the accreditation. The compliance is then reported monthly, quarterly, and annually.				
		KPI formula	Independent ACI Health Accreditation			
		KPI name	The Covid-19 compliance is a count of how many times a rule or regulation is not achieved at the point of auditing a specified area while responding to various questions.			
		KPI definition	B-BBEE level. Our B-BBEE recognition level is based on a public-sector scorecard framework which reflects the Company's contribution to broad-based black economic empowerment. NB: The set targets are subject to change should the current 2009 Transport Codes be repealed or when the amended Integrated Transport Sector Codes are promulgated by the DTIC Minister. To date, it is difficult to set the B-BBEE level targets as the amended codes are still in the process of review of the requirements and the targets and ACSA is not clear on what will be promulgated. The set targets are based on the current codes.	Level 2	Level 1	Level 2
		KPI formula	B-BBEE rating (Use DTI qualification scoring and independently approved score)			
		KPI name	% Black business share of commercial revenue generated			
		KPI definition	This indicator informs stakeholders of the Company's intent to further black business entrepreneurship through increasing the share of commercial revenue opportunities awarded to black businesses.			
		KPI formula	(Commercial revenue to black business x 100) / (Total commercial revenue generated)	55%	60%	42%
		KPI name	Where black business is defined as one where the Company has >51% black management control and ownership And commercial revenue is defined as revenue generated from revenue-sharing models, i.e. retail, car hire/rental, and advertising			
		KPI definition	# of job opportunities created			
		This measure informs the stakeholders of the number of job opportunities created by the Company.	17 064	18 275	19 014	20 312

Core pillar		Key performance indicator				Baseline
Strategic objective		FY2022/23	FY2023/24	FY2024/25		
Covers all three pillars: Run airports Develop airports Grow our footprint	Reduce environmental impact	<p>The employment contribution model disaggregates jobs opportunities created into:</p> <p>Direct jobs – Jobs contribution from ACSA’s own operations, i.e. people employed directly by the Company</p> <p>Indirect jobs – Jobs contribution in other sectors through ACSA’s supply chain expenditure</p> <p>Induced jobs – Jobs contribution in other sectors as result of wages spent by ACSA employees as well as wages spent by employees of ACSA’s suppliers in the wider economy.</p> <p>The Employment Contribution Model is used to estimate the indirect and induced jobs. Input to the model includes ACSA’s operational expenditure, employment costs and capital expenditure data.</p> <p>The direct jobs are taken directly from the human resources data that provides the number of permanent employees at ACSA corporate office as well as each of the nine airports. This figure is not an estimation of the model but an actual permanent employee headcount.</p>				
		KPI formula				
		KPI name	ACI Carbon Accreditation Level			
		KPI definition	The assessment and recognition of our airports’ efforts to manage and reduce our CO ₂ emissions			
KPI formula	Airports Council International’s (ACI) Airport Carbon Accreditation recognises and accredits the efforts of airports to manage and reduce their carbon emissions. There are four levels of certification: mapping, reduction, optimisation and neutrality.	Maintain Level 2 (ORTIA, CTIA, KSIA & PEIA)	Maintain ACI Level 2 (ORTIA, CTIA, KSIA and PEIA)	Maintain ACI Level 2 (ORTIA, CTIA, KSIA and PEIA)		

QUARTERLY PERFORMANCE INFORMATION FOR THE PERIOD FY2022/23

Core pillar	Strategic objective	Key performance indicator					
		(Note – The KPI detail information is in the preceding three-year KPI section)		Q1	Q2	Q3	Q4
Covers all three pillars: Run airports Develop airports Grow footprint	Create value for our shareholders	KPI name	OPEX Allocation (Cumulative)	877	1 745	2 562	3 390
		KPI name	Capital (CAPEX) Allocation (Cumulative)	R54m	R135m	R278m	R798m
		KPI name	Aeronautical revenue	601	1 205	1 846	2 486
	Diversify the business portfolio	KPI name	Non-aeronautical revenue (Cumulative)	627	1 263	1 814	2 392
Run airports	Increase reputation	KPI name	Reputation Index	80% Implementation of Stakeholder Engagement Plan	80% Implementation of Stakeholder Engagement Plan	80% Implementation of Stakeholder Engagement Plan	80% Implementation of Stakeholder Engagement Plan
		KPI name	Passenger satisfaction	3,67	3,67	3,67	3,67
Covers all three pillars: Run airports Develop airports Grow footprint	Transform ACSA business	KPI name	B-BBEE Level				Level 2
		KPI name	Black business share of commercial revenue generated	55%	55%	55%	55%
		KPI name	# of job opportunities created (Cumulative)	5 791	9 214	12 619	17 064
		KPI name	ACI Health Accreditation	All 9 Airports Accredited	All 9 Airports Accredited	All 9 Airports Accredited	All 9 Airports Accredited
Covers all three pillars: Run airports Develop airports Grow footprint	Reduce environmental impact	KPI name	ACI Carbon Accreditation Footprint Level				Maintain ACI Level 2 Accreditation for at least 3 Airports (ORTIA, CTIA, KSIA)

Quarterly ministerial mandate KPIs

Output indicator	Annual target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Leadership, governance and accountability					
Percentage responses to Parliament questions within stipulated timeliness	100% responses to Parliament questions	-	Bi-annual report on the status of responses to Parliamentary questions	-	Annual report on the status of responses to Parliamentary questions
Percentage resolution of reported incidents of corruption	60% resolution of reported incidents of corruption	-	Bi-annual report on progress made to resolve reported incidents of corruption	-	Annual report on steps taken to ensure resolution of reported incidents of corruption
Ethics committees established and operationalised	Operations of ethics committees monitored	-	Bi-annual report on the status and operations of ethics committees	-	Annual report on the status and operations of ethics committees
Percentage implementation of action plans to address audit findings	100% Implementation of action plans to address audit findings	-	-	Develop action plans to address audit findings raised by the AGSA	Annual report on the implementation of action plan to address audit findings raised by the AGSA
Regulatory Audit Outcome by the Auditor-General of South Africa (AGSA)	Unqualified audit report with no significant findings	-	-	-	Annual report on efforts taken to achieve an unqualified audit report with no significant findings
Percentage reduction of cases of wasteful and fruitless expenditure	100% reduction of cases of wasteful and fruitless expenditure	-	Bi-annual report on steps taken to reduce wasteful and fruitless expenditure	-	Annual report on steps taken to reduce wasteful and fruitless expenditure
Percentage reduction of cases of irregular expenditure	75% reduction of cases of irregular expenditure	-	Bi-annual report on steps taken to reduce irregular expenditure	-	Annual report on steps taken to reduce irregular expenditure

10. FINANCIAL OVERVIEW

FINANCIAL OVERVIEW

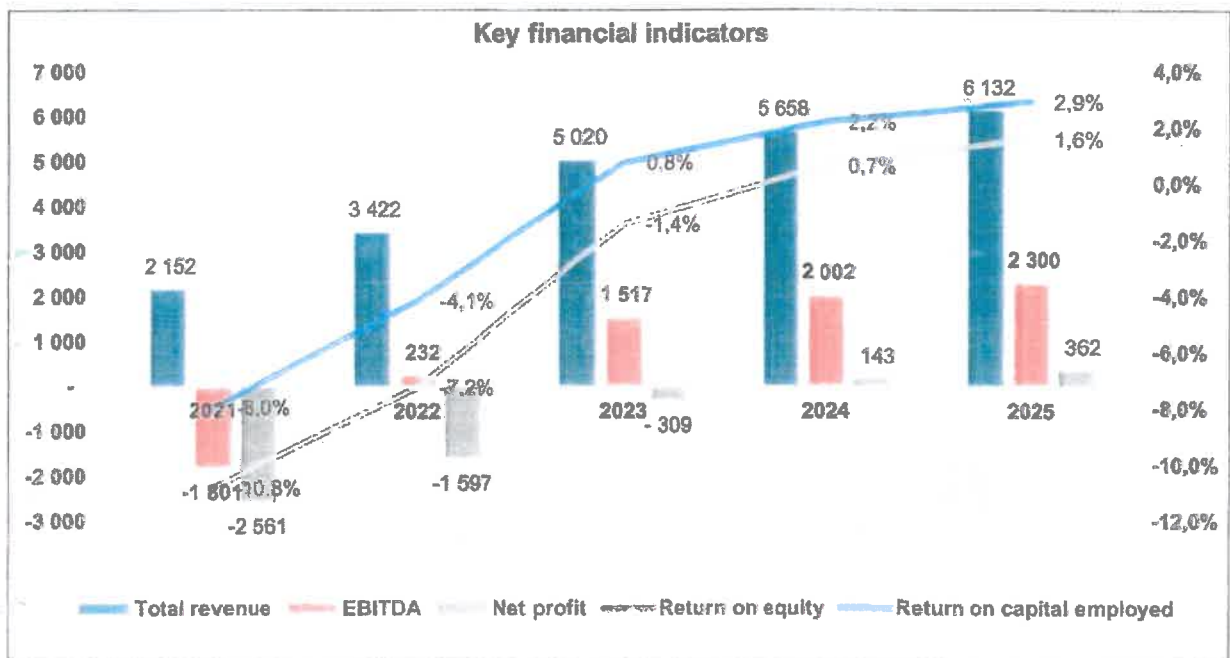
Shareholder value creation over the long term is fundamental to our ability to be self-sufficient. ACSA's financial independence enables the continuous delivery of major infrastructure requirements against the demand of the aviation industry, supporting our vision of being a world-leading airport business. Failure to be self-sufficient would introduce funding risk for future major infrastructure investments.

The advent of COVID-19 with its travel restrictions and health screening requirements has brought about significant threats to shareholder value creation over the Corporate Plan period and beyond. The Company has taken a scenario planning approach to inform responses to firstly address short-term liquidity requirements, then financial sustainability over the long term.

A 24.1% traffic volume increase is currently assumed with conservative increases thereafter. Resizing decisions have been taken to safeguard financial sustainability in the form of operating expense reductions of R1 300 million and an additional R500 million reductions in employee costs by FY202/23.

The postponement of the FY2021/22 to FY2025/26 permission application as a result of COVID-19 will also delay the introduction of tariff increases. The plan assumes inflation increases in tariffs to remain conservative.

The key financial indicators clearly highlight the severity of the impact of COVID-19 and travel restrictions.



ECONOMIC ASSUMPTIONS

	Forecast	Budget/Plan		
	FY2021/22	FY2022/23	FY2023/24	FY2024/25
Traffic growth	139.8%	24.1%	23.4%	2.2%
CPI	4.4%	4.3%	4.4%	4.5%
Interest rate	10.0%	10.0%	10.0%	10.0%
Tariff increase	3.3%	3.1%	4.4%	4.5%
Dividends*	0.0%	0.0%	0.0%	0.0%

**The Company does not budget for dividends; however, the dividends distribution is considered based on audited financial statements considering the prevailing dividends policy.*

FINANCIAL ASSUMPTIONS

	Budget/Plan		
	FY2022/23	FY2023/24	FY2024/25
Base	BNN Budget 2022	Budget 2023	Budget 2024
Non-aeronautical revenue	Post-COVID-19 rebase	Post-COVID-19 rebase	Post-COVID-19 rebase
Operating expenditure	Retain R1 300 million reduction (CPI increases)	Retain R1 300 million reduction (CPI increases)	Retain R1 300 million reduction (CPI increases)
Personnel costs	R500million reduction on 2020/21 base Minor salary increases	R500 million reduction on 2020/21 base Minor salary increases	R500 million reduction on 2020/21 base Minor salary increases
Utilities (rates and taxes; electricity and water)	Estimated tariff	Estimated tariff	Estimated tariff
Dividends ¹	None	None	None
Capital expenditure	Limited to R1 000 million	Limited to R1 000 million	Limited to R1 000 million

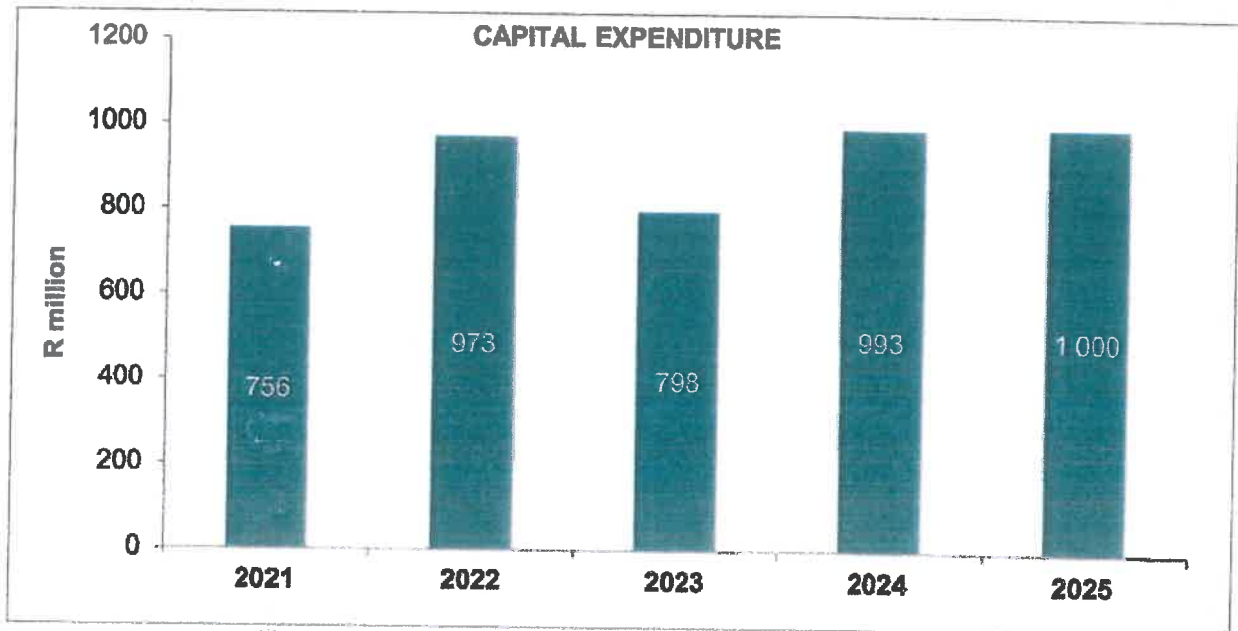
¹ Dividends are considered upon finalisation of the audited results at the end of each financial year.

TARIFFS

	Forecast	Budget/Plan		
	FY2021/22	FY2022/23	FY2023/24	FY2024/25
	R	R	R	R
PSC Domestic	78.34	80.77	84.28	88.04
PSC International	214.05	220.67	230.28	240.53
Landing fee yield Domestic	3 085	3 179	3 318	3 466
Landing fee yield International	14 877.25	15 366	15 841	16 531

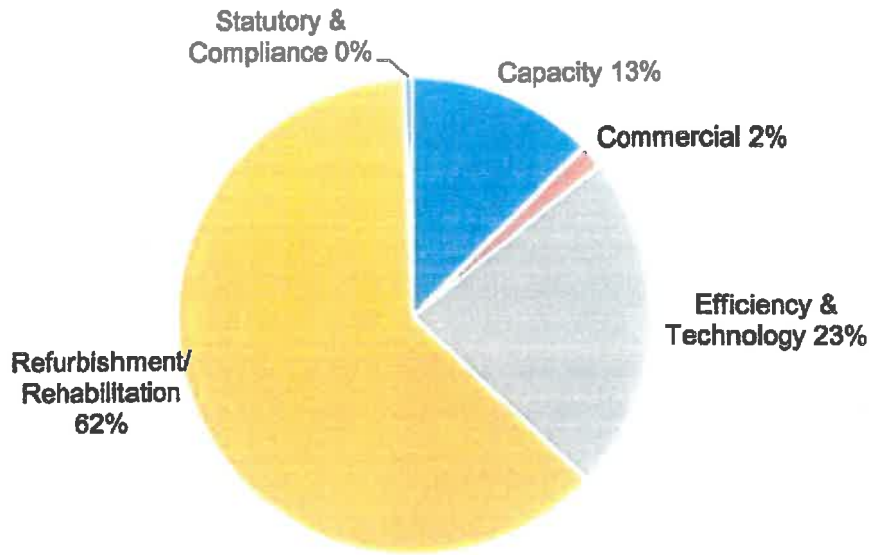
CAPITAL EXPENDITURE PROGRAMME

The capital expenditure programme provides for investments of approximately R3.0 billion over the Corporate Plan period. All major programmes have been postponed due to lower traffic volumes and the availability of funds.

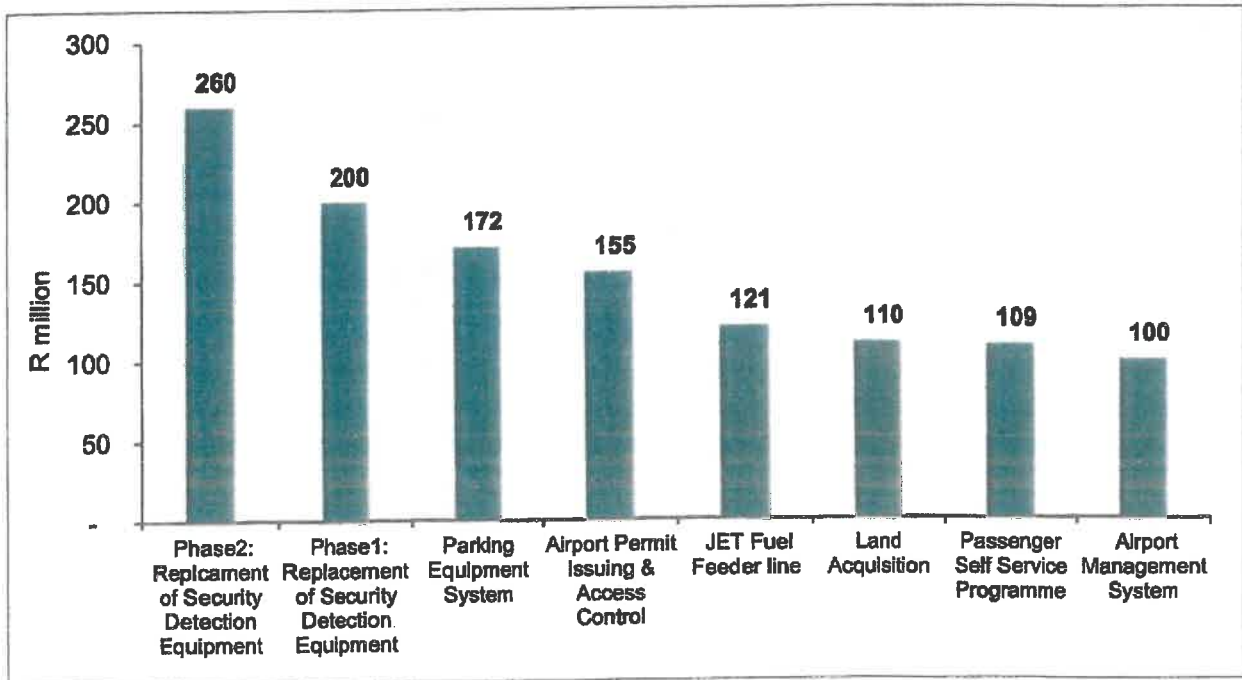


Refurbishment projects have the largest capex allocation at 62% as well as the highest volume of projects.

FY22/23 PROJECT PIPELINE



Major projects to be undertaken during the corporate plan period are provided in the graph below.



FUNDING

The company's ability to meet all its financial obligations from internal generated funds continue to be affected negatively by sporadic domestic and global travel restrictions imposed to curb the spread of the Covid-19 virus. The recent discovery of the Omicron variant saw most the South African's key travel markets restating travel bans against country. These developments serve as reminder the aviation industry continues to operate under highly uncertain environment.

To mitigate the liquidity risks that might arise from business disruptions caused by the Covid-19 induced travel bans, the company maintained its short-term committed facilities with banks. Airports Company South Africa renewed its short-term banking facilities amounting to R1.8 billion for a period of 12 months ending 31 August 2022.

The proceeds from preference shares issuance (R2.3 billion), MIAL disposal (R1.2 billion) and DBSA loan (R810 million) enabled the company to meet its financial obligations even under difficult trading conditions experienced during the 2021/22 financial year. The company is still awaiting approval from the Public Investment Corporation (PIC) relating to the preference shares issuance.

In the domestic capital market, public auctions remain dominated by private sector issuers with State-owned Companies rising funding predominately through private placements. Only few State-owned Companies managed to raise funding through public auctions over the past twelve months, the recent issuers to conduct public auctions were the DBSA and Rand Water. The company will continue to assess the market conditions in the domestic debt capital market with the intension of refinancing the AIR02 fixed rated bond either through a switch auction and/or outright issuance of new/existing bonds.

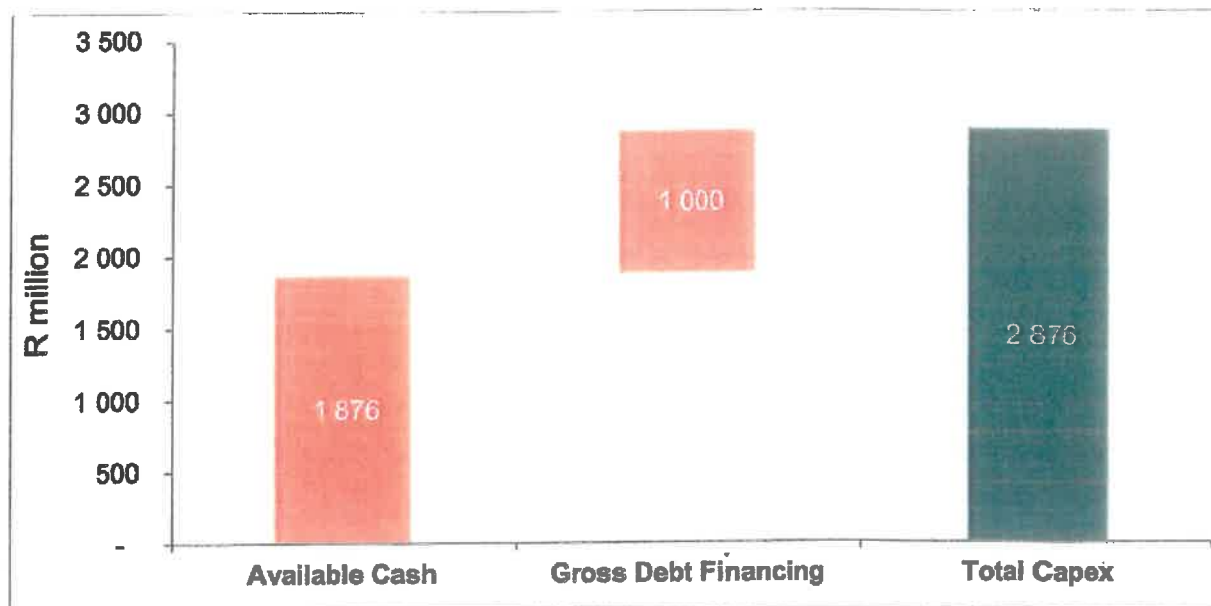
The company will continue to engage proactively with other funders i.e., Development Finance Institutions and Banks to ensure that the company has a diverse funding source to meet its funding requirements. This will enable the company to rise funding in a cost-effective manner and achieve favourable terms. The three-year Borrowing Plan of the company is based on the financial assumptions outlined in the Corporate Plan.

The funding requirement is based on the following key assumptions over a three-year period:

- Capital Expenditure Programme amounting to R2.9 billion (excluding capitalised interest)
- Debt redemptions totalling R3.3 billion (including R1.7 billion of the AIR02 fixed rate bond)
- Potential proceeds from PIC preference shares issuance excluded from the Borrowing Plan (pending the approval).

The company is expected to meet its funding requirements over the three-year plan from internally generated funds and new debt funding amounting to R1 billion. It is worth noting that no new debt funding will be required over the three-year plan should the entity successfully issue preference shares to the PIC.

Funding requirements: 2023E–2025E (R million)



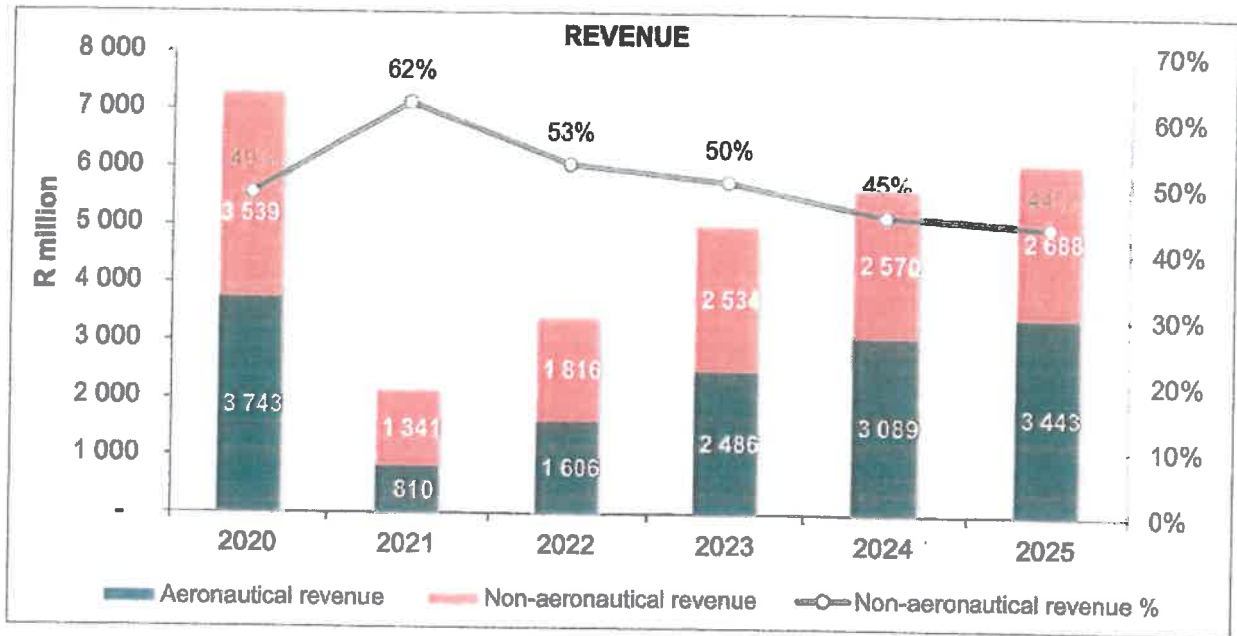
In the first two years of the Corporate Plan, the company will meet its financial obligations from both internally generated funds and available cash on hand. However, in the last year of the Corporate Plan, ACSA will require R1 billion in new debt funding.

REVENUE

The Group's revenues comprise both aeronautical and non-aeronautical revenue. Aeronautical revenue relates to passenger facilitation services for which passenger service charges are collected as well as airline services in the form of landing and parking fees. Non-aeronautical revenue includes all other revenue streams, such as concessionaire revenues – retail, car rental, advertising and parking revenues – as well as office rental and property development revenue streams.

The Group's forecast revenue of R3,422 million for FY2022 follows the 3.3% increase in aeronautical charges as granted by the Regulating Committee in the 2019–2023 Permission and low levels of traffic with a forecast of 52.4% of F20220 levels. The postponement of the Permission application means that the fifth year of the 2019–2023 Permission will come into effect for FY2023 with increases of 3.1%. This increase, together with the envisioned traffic growth of 24.1%, will result in revenues of R5,020 million.

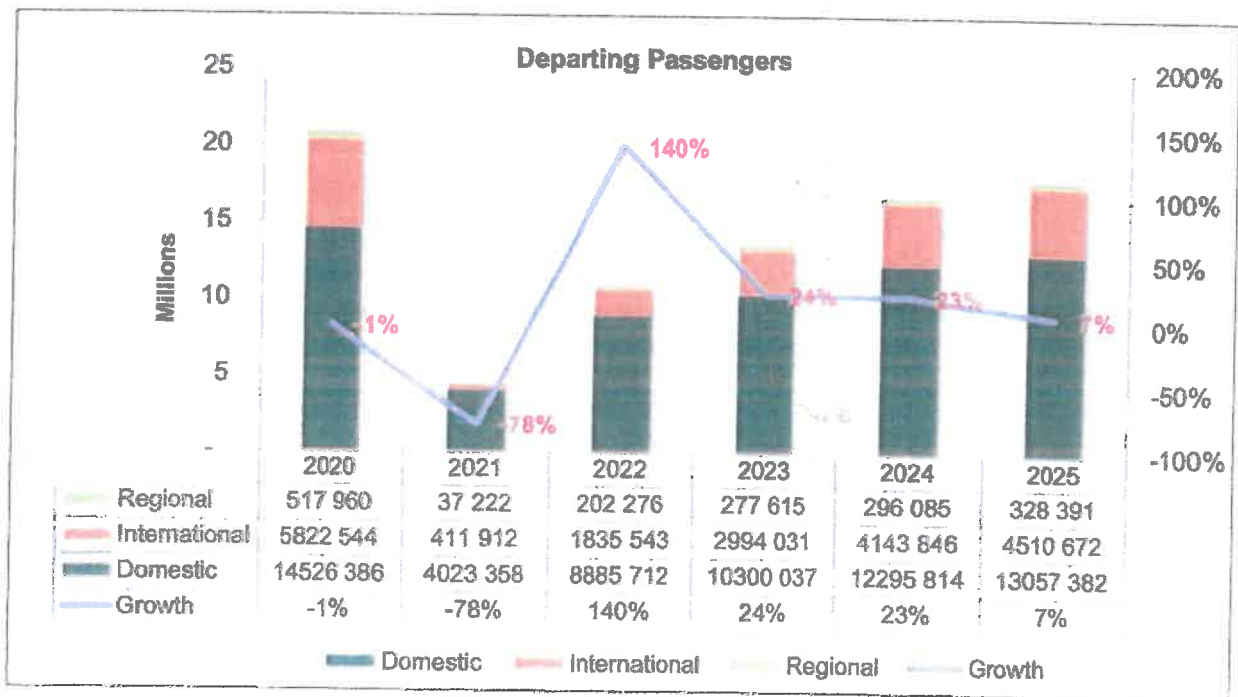
It is forecast that non-aeronautical revenues will contribute between 44% and 50% to total revenues during the Corporate Plan period. The composition of the Group's revenue is detailed in the following graph.

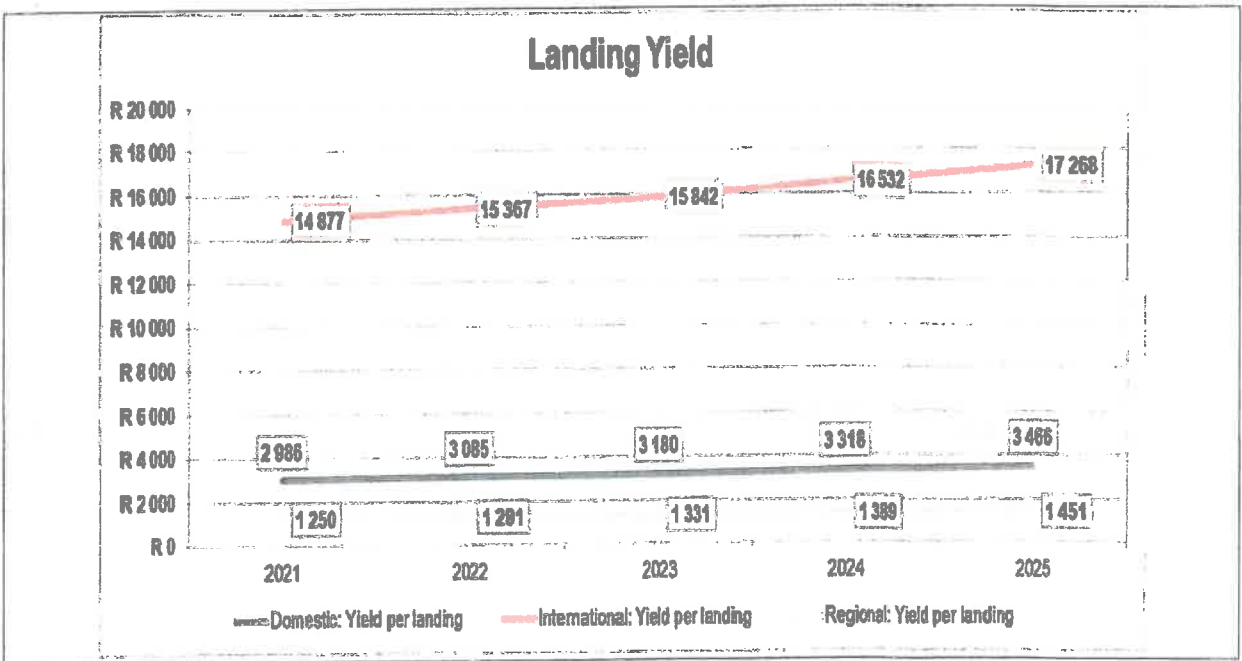
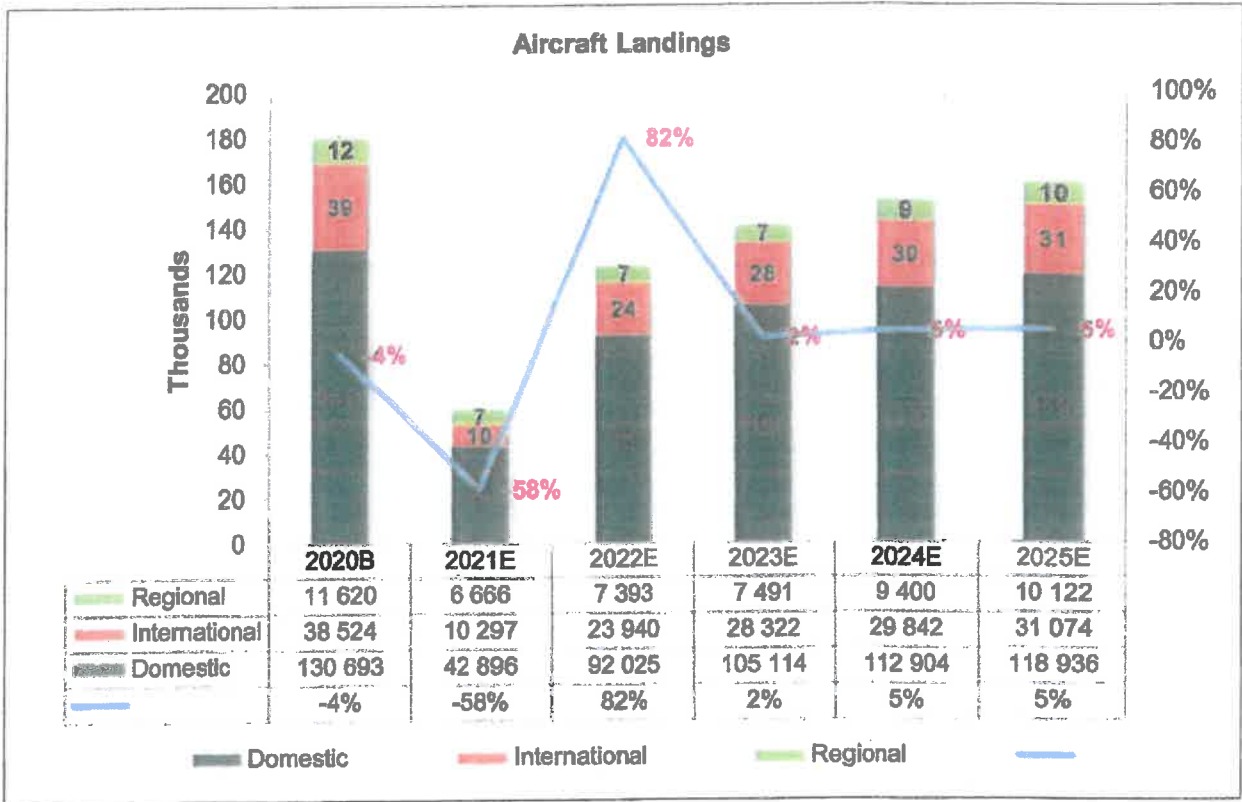


AERONAUTICAL REVENUE

Aeronautical revenue is expected to increase by 54.8% in FY2023 compared with the forecast for FY2022, owing to a 3.1% increase in tariffs and some recovery of traffic volumes from the lows of FY2022. It is forecast that traffic will be 35.0% lower than FY2020 (pre-COVID-19 level).

The drivers of aeronautical revenue are depicted in the graphs below.



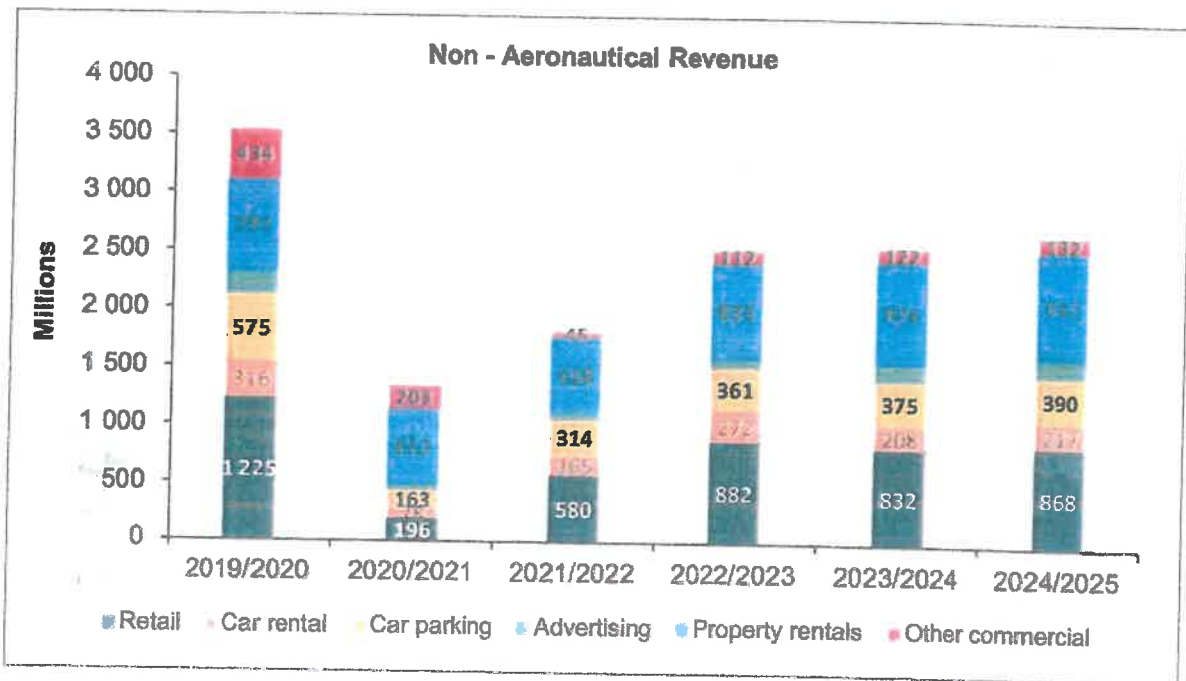


NON-AERONAUTICAL REVENUE

Non-aeronautical revenue is expected to increase by 103.7% in FY2022/23 compared to FY2021/22 and 32.1% lower than FY2019/20. Due to a high level of uncertainty, retail, car rental and car parking forecasts have been kept the same as the forecast of the previous Corporate Plan.

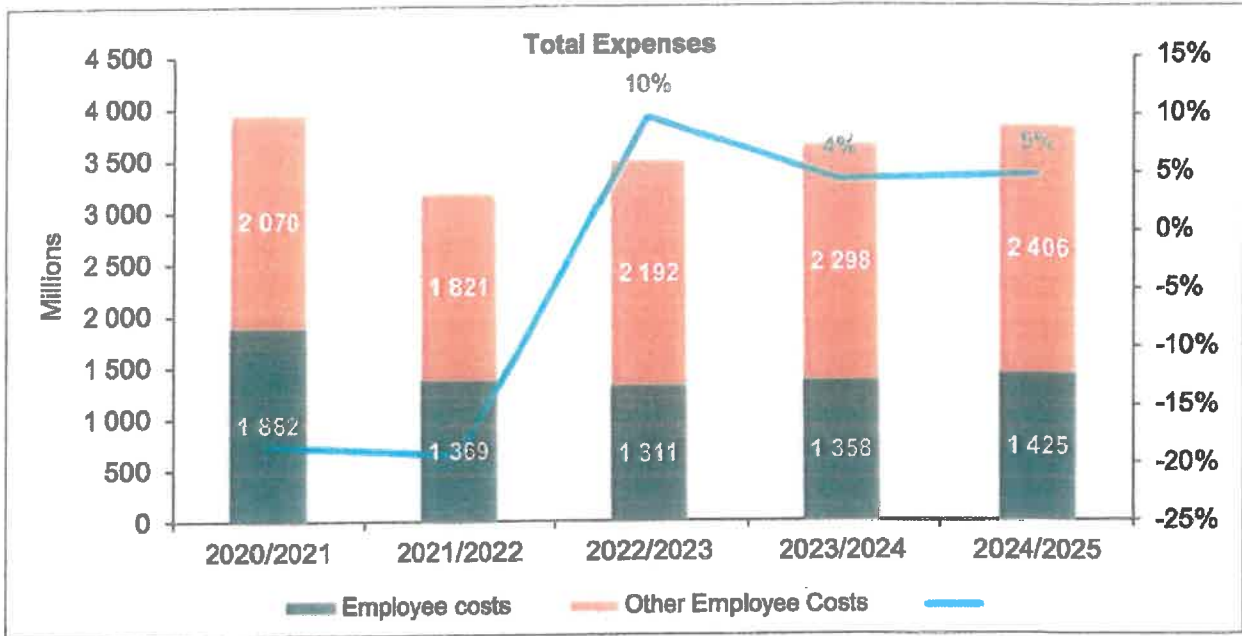
When a comparison is drawn between the FY2021/22 forecast and the FY2022/23 budget:

- Retail is not expected to fully recover until at least 2026, around 209 shops were open by Q3:2021 representing 59% of 2019 sales capacity.
- Car parking:
 - Parking sees an initial 18% increase from FY2022 followed by CPI increases thereafter.
 - This is supported by an increase in passenger movement and the rollout of revenue generating initiatives.
- Advertising:
 - Advertising sees an initial increase of 26% in FY2023, a 112% increase in FY2024 and a CPI increase in FY2025
 - This increase is driven by positive growth in passenger projections and is further supported by the award of a longer-term tenure
- Car rental revenue is estimated to increase FY2023 compared to FY2022.
- Property rentals and property development are estimated to remain flat FY2023 compared to the prior year.
- Other commercial revenues comprise of permits, recoveries and subsidiary revenues such as hotel revenues.



EXPENDITURE

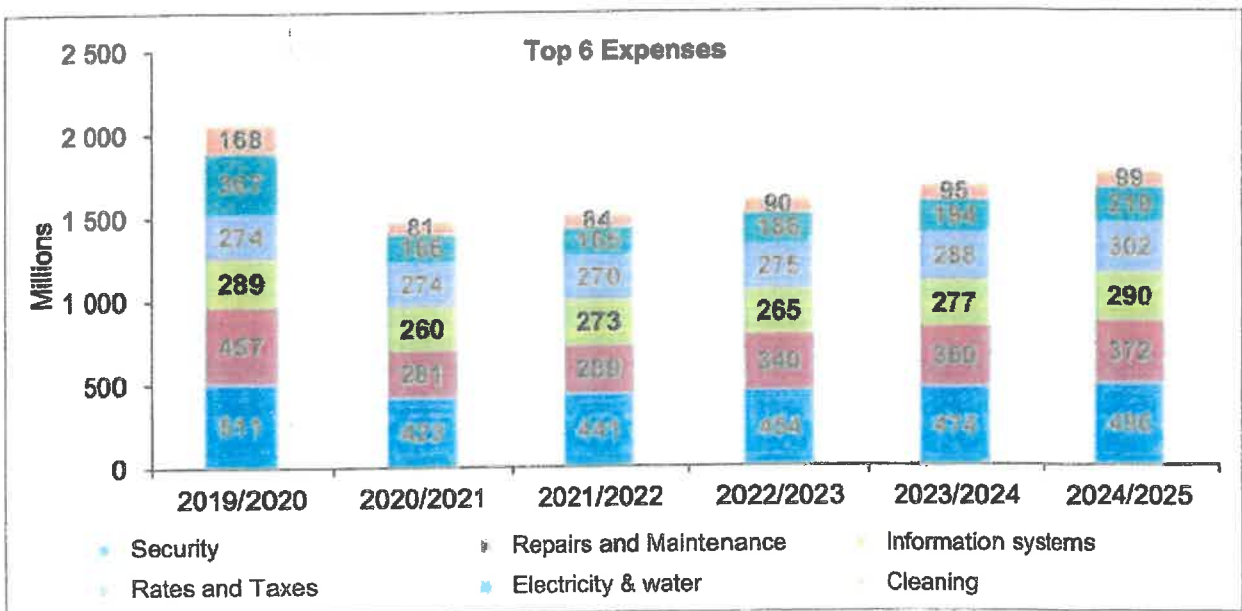
Operating expenditure for FY2022/23 is estimated at R3 503 million and represents a 9.8% increase when compared to the forecast for FY2020/22. FY2023/24 and FY2023/24 assume an inflation increase of only 4.4%.



The major cost components:

- **Personnel costs** (including other employee costs) decrease by 4.26% from R1 369 million to R1 1 310 million. On the back of no allowance for new positions, salary increases and no provision for performance bonuses.
- **Repairs and maintenance costs** increase by 17.5% to R339 million.
- **Utilities** increase by 12.98% to R186 million in line with an annual tariff increase.
- **Security costs** increase by 3.0% to R454 million
- **Rates and taxes** increase by 6.2% to R275 million based on the expected increases as promulgated by municipalities and property valuations.
- **Information systems expenditure** increases by 4.8% to R264 million because of the delivery against the digitisation strategy.

The top six expenses at a company level over the Corporate Plan period contributes more than 85% to total operating expenses excluding employee costs.



DEPRECIATION

The depreciation charge for the FY2022/23 is estimated at R1 109 million. This represents a marginal difference to the FY2021/22 forecast due to low levels of capital expenditure.

FINANCING COSTS

The financing costs are expected to remain elevated amid the ongoing Covid-19 pandemic on the with low investor risk appetite towards State-Owned Companies. Moreover, the Central Bank is expected to gradually tighten monetary policy which will put pressure of financing costs over the forecast period.

EARNINGS

A loss of R310 million is budgeted for FY2022/23. Profit levels are estimated in FY2023/24 and FY2024/25 owing to a recovery in traffic.

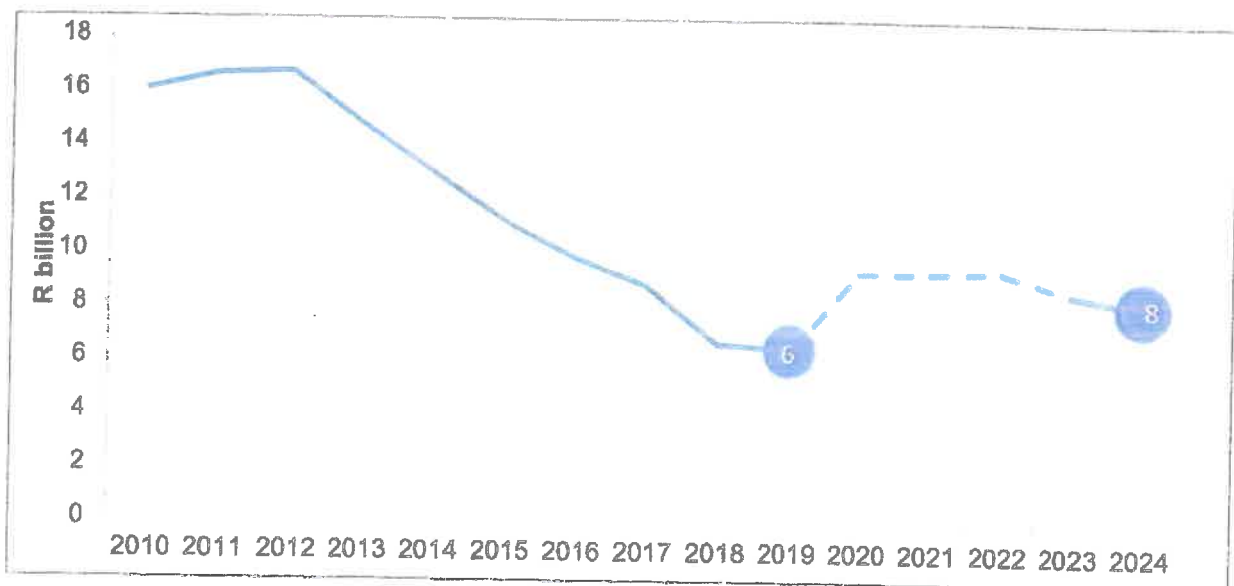
BORROWING PLAN

DEBT MANAGEMENT

Airports Company South Africa's debt level increased notably leading up to the 2010 Soccer World Cup spectacle driven by mega infrastructure programme that the company embarked on. In 2012/13 financial year, the company adopted an Early Debt Redemption Strategy which underpinned the deleveraging process.

Since the financial year ended 31 March 2013, the company has repaid over R10 billion worth of debt largely as part of Early Debt Redemption Strategy. This massive reduction in the debt level reflects the company's prudent approach to debt management. Moreover, the deleveraging process reduced the company's debt service costs and placed Airports Company South Africa in a much stronger footing to absorb new debt funding in response to the Covid-19 pandemic.

Airports Company South Africa Debt Evolution



Over the three-year plan, the company will repay R3.3 billion worth of debt comprising of the following debt instruments:

- AIR02 fixed-rate bond R1.7 billion
- AIR04 fixed rate bond R544 million
- AFD1 loan R164 million
- AFD2 loan R585 million
- INCA loan R34 million
- DBSA loan (amortizing loan) R283 million

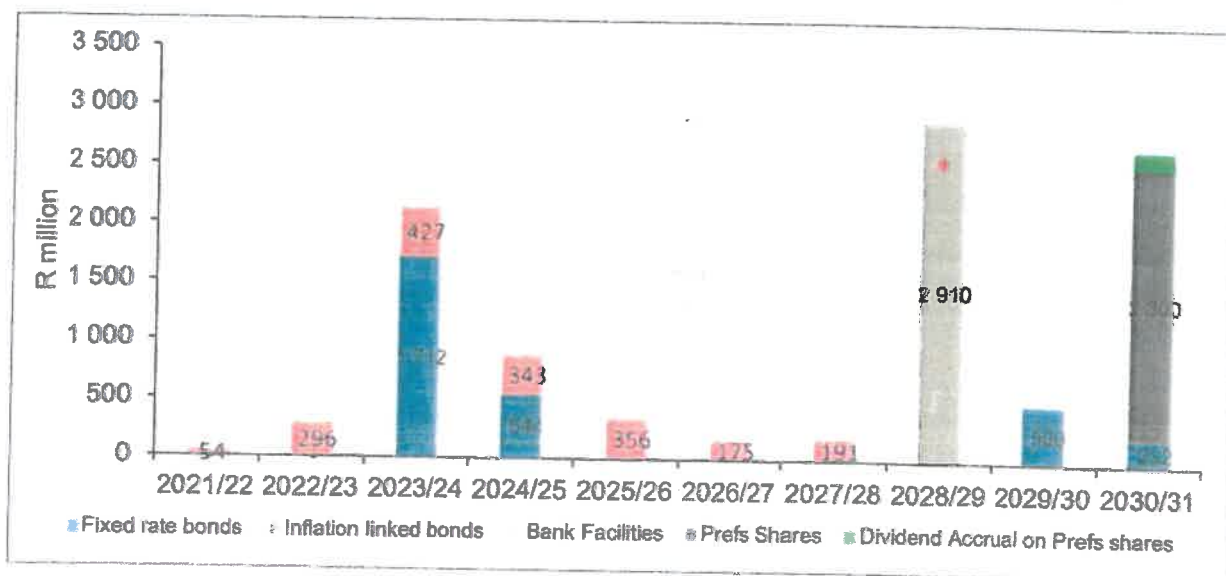
The company's debt level is expected to decrease by R1.2 billion to R8 billion by the end of March 2025, attributable to debt repayments, including redemption of R1.7 billion of AIR02 fixed-rate bond in April 2023.

FUNDING STRATEGY

Meet funding requirements over the forecasted period	<ul style="list-style-type: none"> • Match liabilities with assets • Minimise funding costs • Diversify sources of funding
Optimisation of the capital structure	<ul style="list-style-type: none"> • Projected key credit metrics and loan covenants improve over the three-year forecast period
Manage the following main factors affecting funding activities	<ul style="list-style-type: none"> • The credit rating of the Company • Liquidity (marketability) of listed securities • Investor perceptions and demand
Manage all financial risks related to Treasury activities	<ul style="list-style-type: none"> • Interest rate risk • Foreign exchange risk • Liquidity risk • Counterparty risk

DEBT MATURITY PROFILE

The company strives to maintain a smooth maturity profile to ensure seamless debt redemptions. The debt redemption profile is fairly spread across maturities with large redemptions only expected in the 2023/24, 2028/29 and 2030/31 financial years. In April 2023, the company is expected to repay R1.7 billion of AIR02 fixed rate bond. In the financial year ending March 2029, the company is projected to repay R2.9 billion of the AIRL01 inflation bond. The debt repayment in 2030/31 financial year is currently estimated at R2.7 billion comprised largely of preference shares including accrued dividends.



Footnote * Projected inflation accretion added to AIRL01 in 2029E

The Company will repay R3.3 billion worth of debt over the Corporate Plan period comprising of the following:

- AIR02 fixed-rate bond R1.7 billion
- AIR04 fixed rate bond R544 million
- AFD1 loan R164 million
- AFD2 loan R585 million
- INCA loan R33 million
- DBSA loan (amortizing loan) R283 million

CAPITAL STRUCTURE

The company minimises the weighted average cost of capital (WACC) by setting a target of gearing ratio (net/capitalisation) not to exceed 60 per cent. It should be noted this target can only be breached under exceptional circumstances with the approval of the Board and after obtaining a waiver from lenders who use gearing ratio as part of their financial covenants.

The net/capitalisation ratio is expected to decrease over the forecast period and remain below the target of target of 60 per cent as shown in Table 2 below.

Table 2: Estimated Gearing Ratio

	2022/23	2023/24	2024/25
Net Debt/Capitalization	28%	27%	24%

Refer to Annexure G - Borrowing Plan for more detail.

CREDIT RATINGS

Following a rating downgrade on 26 June 2020, Moody's affirmed the company's global scale rating at Ba2 on 24 November 2020. The affirmation of ACSA's rating reflects a one-notch uplift to the baseline credit assessment of Ba3 due to Moody's assumption of strong support from government. The national scale rating was upgraded to Aa2.za from Aa3.za in line with the revised mapping for the South African national rating scale.

The negative rating outlook was left unchanged reflecting the impact of Covid-19 on the company and the negative outlook on government rating. According to Moody's, a rating upgrade is unlikely in the near term given the negative outlook. However, the credit rating outlook could be changed to stable if:

- Traffic recovery looked more certain;
- It appeared likely the Company would be able to materially improve its financial profile over the medium term;
- The liquidity is solid;
- The outlook on the sovereign rating was changed to stable.

Nonetheless, Moody's could downgrade the company's ratings if:

- There is a delay in passenger traffic recovery, including airlines ceasing operations;
- It appeared likely the company's capital structure could be challenged;
- There were concerns about liquidity; and
- The sovereign rating is downgraded.

Table 1: Airports Company South Africa's credit ratings

Credit rating agency	Date	Rating Action	Long-term national scale	Global scale	Outlook
Moody's	24 November 2020	Affirmed	Aa2.za*	Ba2	Negative

Footnote*: National scale rating upgraded from Aa3.za

Refer to Annexure G - Borrowing Plan for more detail.

DIVIDEND POLICY

The Company acknowledges the requirement to focus on value creation and maximisation for shareholders. The dividend policy considers the shareholders' preference for dividends as a return on their equity investment in the Company. ACSA did not budget for any dividends, as this will be considered at the end of each financial year based on the audited results as well as considering the debt covenants as outlined below are not compromised by the payment thereof, therefore dividends will not be distributed to shareholders if:

- An event of default has occurred and is continuing or is likely to occur before or further to the contemplated dividend distribution.

Or, on the immediately preceding yearly closing date:

- The debt service coverage ratio by available cash or any of the projected debt service coverage ratios by available cash is less than 1.5 times when calculated for any 12-month period.

Or, on the immediately preceding yearly closing date:

- The net debt to capitalisation ratio or any of the projected net debt to capitalisation ratios exceed 65 per cent.

In the last year of the Corporate Plan, the company is expected to meet all its debt covenants, however the decision to pay dividends will be determined at the end of the financial year ended 31 March 2025 after liquidity and solvency tests are fulfilled. It should be noted the payment of preference share dividends is governed by the provisions of the subscription agreements signed with shareholders.

Refer to Annexure H - Dividend policy for more detail.

GROUP INCOME STATEMENT

	Forecast	Budget		
	FY2021/22	FY2022/23	FY2023/24	FY2024/25
	R'm	R'm	R'm	R'm
INCOME				
Aeronautical revenue	1606	2 486	3 089	3 443
Landing fees	624	905	997	1 094
Passenger service charges	946	1 543	2 049	2 303
Parking fees	36	38	42	46
Non-aeronautical revenue	1 816	2 534	2 570	2 688
Retail	580	882	832	868
Car rental	165	272	208	217
Car parking	314	361	375	390
Advertising	54	74	157	167
Property rentals	658	833	876	859
Consulting revenue	0	0	0	0
Other commercial ²	45	112	122	132
TOTAL REVENUE	3 422	5 020	5 658	6 132
Other operating income	5	0	0	0
GROSS INCOME	3 427	5 020	5 658	6 132
EXPENDITURE				
Personnel costs	1 369	1 311	1 358	1 425
Operational expenditure	1 821	2 192	2 298	2 406
EBITDA	238	1 517	2 002	2 300
Depreciation	1 179	1 109	1 186	1 226
PROFIT BEFORE INTEREST AND TAX	-941	409	817	1 074
Net interest received/(paid)	-719	-732	-639	-596
Investment income/capitalised interest	63	14	21	23
PROFIT BEFORE TAX	-1 597	-309	199	502
Taxation	0	0	56	141
PROFIT AFTER TAX	-1 597	-309	143	362

² Other commercial revenue includes cost recoveries, permit income and subsidiary revenues.

GROUP BALANCE SHEET

	Forecast	Budget		
	FY2021/22	FY2022/23	FY2023/24	FY204/25
	R'm	R'm	R'm	R'm
ASSETS				
Property, plant and equipment	26 340	26 112	25 921	25 695
Other non-current assets	719	719	739	719
Investments	689	719	719	719
Current assets	1 652	1 995	1 738	1 854
Inventory	1	1	1	1
Taxation prepaid	355	355	355	355
Receivables and prepayments	1 125	1 238	930	1 111
Cash and cash equivalents	171	401	451	491
TOTAL ASSETS	28 710	28 826	28 399	28 268
EQUITY AND LIABILITIES				
Capital and reserves	22 120	21 811	21 955	22 317
Share capital and premium	750	750	750	750
Non-distributable reserves	2 643	2 643	2 643	2 643
Retained earnings	18 727	18 418	18 561	18 923
Non-current liabilities	5 124	3 789	4 429	4 434
Retirement benefit obligation	27	27	27	27
Deferred revenue/derivatives	50	50	50	50
Deferred tax	740	740	740	740
Preference shares	2 302	2 302	2 302	2 302
Net borrowings	2 050	669	1 319	1 015
Current liabilities	1 467	3 225	2 015	1 518
Trade and other payables	670	721	765	794
Tax payable	0	0	11	28
Current portion of borrowings	797	2 505	1 240	696
TOTAL LIABILITIES	28 710	28 826	28 399	28 268

GROUP CASH FLOW STATEMENT

	Forecast	Budget		
	FY2021/22	FY2022/23	FY2023/24	FY2024/25
	R'm	R'm	R'm	R'm
Cash received	3 427	5 020	5 659	6 131
Cash paid	3 190	(3 503)	(3 656)	(3 831)
Cash from operations	237	1 517	2 003	2 301
Taxation	6	-	(45)	(124)
Dividends	-	-	-	-
Changes in working capital:				
Receivables	(293)	(113)	308	(78)
Payables	(372)	51	44	489
Cash from operations	(426)	1 455	2 310	2 587
Investing activities	(885)	(881)	(995)	(1000)
Financing activities	(852)	(374)	(1 263)	(1 549)
Net borrowings	(195)	373	(646)	(977)
Net interest	(656)	(717)	(617)	(572)
Cash flows	(2 162)	230	51	38
Opening cash	2 334	171	402	453
Closing cash	171	402	453	491

11. CONCLUSION

The FY2022/23–FY2024/25 Corporate Plan considers the impact of COVID-19 and the pivoting of the strategy priorities of ACSA. With a slew of economic and social consequences stemming from the pandemic, including lower international and domestic traffic volumes, subdued economic growth, and dynamic market forces like supply-chain and technological disruption, and environmental concerns, the external environment will continue to be challenging, particularly in developing nations such as South Africa.

As a result of COVID-19, the Company's Strategy 2025 has been reviewed and reset to navigate through the trying and difficult economic times to, at best, deliver short-, medium- and long-term value. The ACSA strategy will be implemented over three timeframes, now-2025 – extend and defend core business, 2026-2030 build emerging business, and 2030 and beyond – operate a new ACSA with a redirected focus and growth trajectory.

However, the building blocks of the new strategic direction will be implemented over the next three financial years to ensure the sustainability and advancement of ACSA as an airports company, but also an engine for economic growth of South Africa.

Therefore, the importance of **rapid-turnaround and swift implementation** of ACSA's new direction is key.

The Company aims to deliver value creation over time by focusing on:

- Implementing the **revised strategy**, inclusive of:
 - ❖ **Technology-driven innovation** to enhance passenger experience but also operational efficiencies
 - ❖ Drive the **cargo strategy** as a means of stimulating the national economy by boosting international trade, but particularly intra-Africa trade
 - ❖ Form meaningful and impactful **partnerships** with our stakeholders for long-term sustainability
 - ❖ Focus on **planning for implementation of the Aerotropolis strategy** for local economic development
 - ❖ Assessment of opportunities for enhancement of **network efficiencies on ground handling operations** with the aim to create additional value to ACSA
 - ❖ Ensure inclusivity in air transport through the **Passenger Experience and Mobilisation Strategy**. It has been identified as an opportunity for the Airports Company South Africa to educate township and rural populations about airports, air travel, and the benefits that come with choosing air travel as a preferred method of transportation. ACSA hopes to play an important role in revitalizing the township and rural economies by promoting informal businesses through initiatives such as creating markets for small, medium, and micro enterprises (SMME) within our airport precincts, as well as promoting localisation and industrialisation, among other things.
- Implementing the **Recover and Sustain tactical plan** for financial sustainability
- Entrenching a revised **Operating Model and Capability Model** to support the revised strategy to ensure a fit-for-growth perspective
 - ❖ In particular, the recovery in passenger volumes will be realised through the implementation of **ACSA's Regionalisation Strategy**. Knowledge sharing and economies of scale are made possible by airport groupings, which creates linkages between South Africa's network of airports, the region, and the rest of the globe.

- Refining the **Organisation Structure and Governance Framework** to support sustained recovery and compliance
- Aggressively driving an **Integrated Traffic Development, Marketing and Communication strategy** aimed at rebuilding the business
- Identifying and tapping into **unconventional markets** aimed at **diversification of revenue streams**

Considering ACSA will continue to operate under a challenging, unpredictable, and constrained environment, agility in implementing this Corporate Plan is the key to the future success of the organisation.

12. ANNEXURES

Annexure A – Shareholder compact

Annexure B – Governance

Annexure C – Anti-corruption management plan

Annexure D – Significance and materiality framework

Annexure E – Risk management framework

Annexure F – Cost containment plan

Annexure G – Borrowing Plan

Annexure H – Dividend policy

Annexure I – Employment equity plan

Annexure J – Divisional Priorities

Annexure K – Corporate Plans for Subsidiaries

- JIA Piazza Park (Pty) Ltd
- Airports Company South Africa Global
- Airport Management Share Incentive Scheme (Pty) Ltd
- Lexshell 342 Investment Holdings (Pty) Ltd
- Airports Consultancy and Advisory Services (Pty) Ltd
- Sakhisizwe Community Programme NPC

ANNEXURE A – SHAREHOLDER COMPACT

(Attached separately)

ANNEXURE B – GOVERNANCE

1. GOVERNANCE PHILOSOPHY

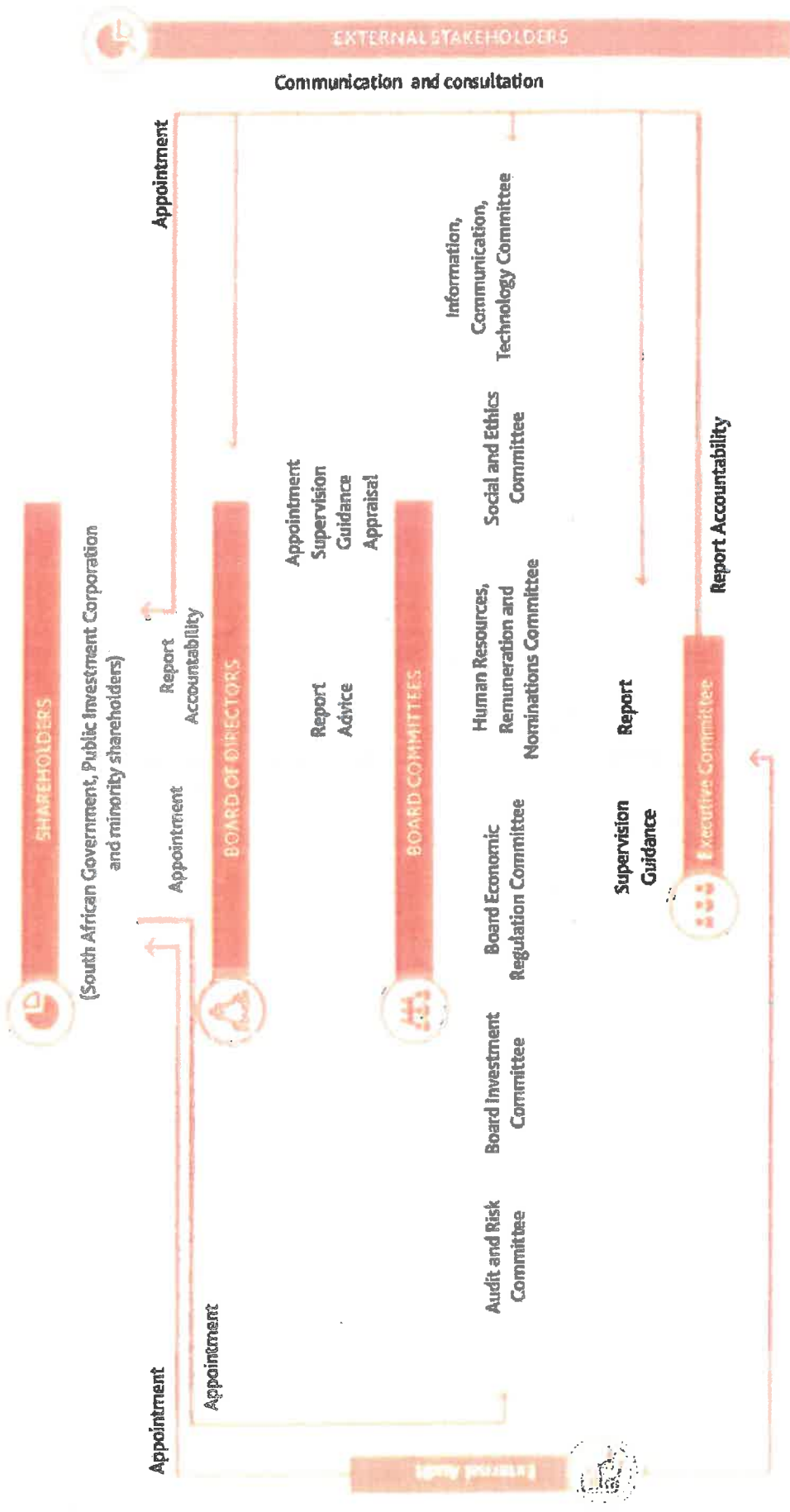
Airports Company South Africa SOC Limited is registered as a public company under the Companies Act and is listed as a major public entity in terms of Schedule 2 of the Public Finance Management Act 1 of 1999 (PFMA). Sound corporate governance is implicit in the Group's values, principles and processes. Open and honest dialogue is the appropriate process to test decisions, reach consensus and accept responsibility.

Our code of ethics sets out the values that drive the ethical and responsible business conduct of the Company. Endeavours are made to create fraud and ethics awareness throughout the organisation to influence ethical behaviour. We are committed to continually enhancing ACSA's corporate governance processes in line with best practice in a manner which facilitates the development and management of world-class airports, whilst ensuring that operations are ethically conducted within the regulatory framework.

Our approach to corporate governance is based on six fundamental principles: accountability, transparency, responsibility, independence, ethical fairness and social development. These principles enhance our values expressed in the acronym PRIDE (Passion, Results, Integrity, Diversity and Excellence). Furthermore, we have a code of ethics approved by the Board and monitored by the Social and Ethics Committee, while the Audit and Risk Committee looks at legal and regulatory compliance.

2. GOVERNANCE STRUCTURE

Our Board is responsible for strategic direction and oversight of the Group. The Minister appoints non-executive Directors and the PIC nominates non-executive directors for appointment. The Executive Committee, under the leadership of the CEO, is responsible for the day-to-day management of the Company.



To effectively provide oversight and guidance to the Group, the Board remains acutely aware of various legislations and relevant codes of best practice, including but not limited to:

- Airports Company Act, No. 44 of 1993;
- Civil Aviation Act, No. 13 of 2009;
- King Report on Corporate Governance for South Africa 2016 (King IV);
- Protocol on Corporate Governance for the Public Sector 2002;
- Public Finance Management Act, No.1 of 1999;
- Treasury Regulations;
- Companies Act, No 71 of 2008;
- Income Tax Act, No 58 of 1962;
- Value Added Tax Act, No. 89 of 1991; and
- Protection of Personal Information Act 2013.

3. BOARD COMMITTEES

The six committees established by the Board play an important role in enhancing standards of governance and effectiveness within the Group. The establishment of the committees is not an abrogation of the Board's responsibilities. The committees report back on their activities to the Board at all meetings. The committees focus on key functional areas where specialist expertise is required. All the committees are chaired by a non-executive director and the committee members are mostly non-executive directors. The CEO is a member of the Social and Ethics Committee and Board Investment Committee.

To ensure that the terms of reference of the committees remain current and comply with best practice, they are reviewed annually and, where necessary, amended. The committees are:

- Audit and Risk Committee;
- Board Economic Regulation Committee;
- Board Investment Committee;
- Information, Communication Technology Committee;
- Human Resources, Remuneration and Nominations Committee; and
- Social and Ethics Committee.

Audit and Risk Committee

The Committee is constituted as a statutory committee of Airports Company South Africa SOC Limited in line with the Companies Act and Public Finance Management Act and is accountable in this regard to both the Board and our shareholders. It is a committee of the Board in respect of all other duties the Board assigns to it and has been delegated extensive powers to perform its functions in accordance with the Companies Act, PFMA and National Treasury Regulations.

The Audit and Risk Committee meets at least quarterly to consider, among others, annual and interim financial statements, accounting policies, internal audit plan and progress reports against the plan, external audit strategy, findings of external and internal auditors and management's response plans to the findings, management of strategic enterprise-wide risks within the risk management framework and their impact on achieving the Group's strategy, adequacy of controls combined assurance and supply chain management. The committee also monitors governance and reports received on the Vuvuzela Hotline.

All members of this committee are independent directors. Both external and internal auditors have unrestricted access to the Chairman and may meet privately with the committee when required, but formally at least once a year.

The Auditor-General South Africa is the current auditor of the Company.

Board Investment Committee

The primary purpose of the Committee is to assist the Board in discharging its duties relating capital projects, commercial activities, diversification of revenue, investments and treasury activities of the Company.

The Committee is accountable to the Board and makes recommendations for approval by the Board. The Committee operates independently of management and is free of any organisational impairment. The Committee acts in accordance with its delegated authority of the Board as recorded in its Terms of Reference.

Board Economic Regulation Committee

The Board Economic Regulation Committee has oversight over the development and implementation of the economic regulatory strategy and ensures compliance with all regulatory legislation and/or requirements and any matters incidental thereto. At the core of its function is the deliberation of the approach leading to the permission application which is submitted to the Regulating Committee which determines airport tariffs for the Group. The Committee does not assume the functions of management, which remain the responsibility of the Executive Directors, officers and other members of senior management.

Human Resources, Remuneration and Nominations Committee

The committee ensures that employees are fairly rewarded for the value they create, and the amount and types of pay used to motivate and compensate employees protect value for shareholders and other stakeholders, both today and in the future.

The committee assists the Board on matters of strategic remuneration, retention of employees, composition of board committees, recruitment of Executive Directors and performance management. The committee ensures that an adequate and appropriate succession plan for the CEO, CFO and Executives is in place. In addition, the committee provides guidelines and procedures to ensure that human resourcing and remuneration strategies are aligned to the Company's objectives, including addressing past workplace inequalities.

The committee assists the Board in ensuring that the Company remunerates fairly, responsibly and transparently to promote achievement of strategic objectives and positive outcomes in the short, medium and long term.

Social and Ethics Committee

The committee is responsible for monitoring the non-financial aspects of the Group's sustainability, specifically the Group's performance in terms of social, ethical and environmental indicators. The committee is the social conscience of the Company in ensuring that it conducts its business as a responsible corporate citizen, and creates value and contributes to the health of our economy, our people, our communities, broad-based black economic empowerment (B-BBEE), health and safety practices, and the environment and all matters incidental thereto, namely:

- Ethics
- Social and economic development
- Good corporate citizenship
- Stakeholder relationships
- Labour and employment

Information, Communication Technology Committee

The key mandate of this committee is to oversee that the information and communication technology ("ICT") policies and practices comply with best practice and that the IT Strategy of the Group is implemented.

The primary function of the Committee is to ensure implementation of the Company's overall IT strategy; robust information security and protection of intellectual property in ICT systems; oversee that the IT innovation strategy and related policies are in place; and ensure opportunities to improve performance and sustainability of the Company through the use of ICT are exploited.

4. EXECUTIVE COMMITTEE

The executive committee deals with all the general management activities involved with leading and managing the Company towards achieving our core outcomes whilst upholding all the applicable legislation and regulation that pertains to our operation. This committee is chaired by the CEO and is supported by other executive led operational management subcommittees to effectively manage the business.

5. ETHICS MANAGEMENT

King IV defines corporate governance as the exercise of ethical and effective leadership by the governing body towards the achievement of an ethical culture, good performance effective control and legitimacy. The Board is accountable for ensuring that management actively cultivates a culture of ethical conduct that is adhered to by all employees and associates of Airports Company South Africa. This is attained by delegating oversight of ethics management to the Social and Ethics Committee of the Board.

Our code of ethics outlines standards expected from Directors, managers, employees, service providers, suppliers and trading partners. This code entrenches our values of behaviour.

Training and awareness

We conduct ongoing ethics training for employees and external parties (Stakeholders) including training on our code of ethics, gift and entertainment policy, conflict of interest, anti-corruption management plan, Domestic Prominent Influential Person that is politically exposed persons and whistleblowing.

Ethics Management programme

The Ethics Institute conducted an ethics technical gap analysis and ethics risk assessment. The gap analysis assessed the extent to which we have implemented the basic elements of an ethics risk management programme. The outcome of the gap analysis and risk assessment shaped our ethics management strategy and determined the scope and content of subsequent ethics management interventions. We will continue to:

- Train employees including relevant stakeholders on ethics related policies and matters;
- Monitor implementation of the ethics programme through submission of a comprehensive report on trends, fraud and corruption cases to the Social and Ethics Committee for review;
- Actively engage with divisional appointed ethics champions to promote and support ethics initiatives in business units;
- Maintain and accelerate ethics communication for awareness; and
- Ensure recently approved conflict of interest policy and the code of ethics are embedded within our operations.

Whistleblowing and fraud prevention programmes

We have a whistleblowing policy and function in place that provides employees with various avenues, such as our anti-corruption hotline, to report any unethical conduct. The anti-corruption hotline is independently administered by an external company that submits daily reports for review and investigation. A preliminary investigation is conducted to establish whether there is a prima facie case of misconduct. If there is, a further investigation is conducted with recommendations of appropriate action including, where necessary, referrals to external law enforcement agencies.

6. DIRECTORS DETAILS

Name	Position	Race	Gender	Qualifications, Experience, Responsibilities
Advocate Nogxina (63)	Board Chairman	African	Male	<p>Qualifications</p> <ul style="list-style-type: none"> • Advocate of the High Court • Bachelor of Law • Post Graduate Diploma: Management • Higher Diploma: Tax Law • Masters of Law: Law Development • PhD Law Public Governance and Development Management <p>Areas of Expertise</p> <ul style="list-style-type: none"> • Legal • Administration • Policy development • International relations <p>Appointment date</p> <p>09 November 2018</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Chairman of the Board Economic Regulation Committee • Member of the Human Resources, Remuneration and Nominations Committee <p>Other Directorships</p> <ul style="list-style-type: none"> • Noxxa Consulting (Pty) Ltd • Belelani Investment Managers (Pty) Ltd • MK Capital (Pty) Ltd • Kekana and Nogxina Capital (Pty) Ltd • Morbei Trade and Investment 192 (Pty) Ltd
Ms Phydellis Ntombifuthi Zikalala Mvelase	Non-executive Director	African	Female	<p>Qualifications</p> <ul style="list-style-type: none"> • Admitted Attorney of the High Court of South Africa

Name	Position	Race	Gender	Qualifications, Experience, Responsibilities
(57)				<ul style="list-style-type: none"> • LLB • B.Proc <p>Areas of Expertise</p> <ul style="list-style-type: none"> • Legal • Business Management • Diamond Trading • Corporate Governance <p>Appointment date</p> <p>01 September 2018</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Chairman of the Human Resources, Remuneration and Nominations Committee • Member of the Audit and Risk Committee • Member of the Board Economic Regulation Committee • Member of the Board Investment Committee <p>Other Directorships</p> <ul style="list-style-type: none"> • Fueleth Projects (Pty) Ltd • Full Circle Environmental and Social Consultants • Fuhaja (Pty) Ltd • Trans-Atlantic Diamonds (Pty) Ltd • SEDA Limpopo Jewellery Incubator (NPO) • Pneuma Academy of Excellence (NPO) • Jia Piazza Park (Pty) Ltd (Airports Company South Africa subsidiary)
Ms Nosizwe Nokwe -- Macamo (60)	Non-executive Director	African	Female	<p>Qualifications</p> <ul style="list-style-type: none"> • MSc (Chemical Engineering) • Diploma: Chemical Engineering <p>Areas of Expertise</p> <ul style="list-style-type: none"> • Strategic Leadership

Name	Position	Race	Gender	Qualifications, Experience, Responsibilities
				<ul style="list-style-type: none"> • Operations Management • Project Management • Corporate Governance • Risk Management • Investment Analysis • Asset Management • Innovation • Stakeholder Relationship Management <p>Appointment date</p> <p>01 September 2018</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Chairman of the Board Investment Committee • Member of the Audit and Risk Committee • Member of the Board Economic Regulation Committee • Member of the Human Resources, Remuneration and Nominations Committee <p>Other Directorships</p> <ul style="list-style-type: none"> • African Oilway • Vuyal Investments • Varlog • NXCO Mining Technologies • Impafa Technologies • Barnard Explosive Technologies and Training Ltd • Harlen Quarry Supplies Ltd • Rise Sail (Pty) Ltd • Ecomanzi Solutions (Pty) Ltd • Raise Africa Investments (Pty) Ltd • MENA (Pty) Ltd

Name	Position	Race	Gender	Qualifications, Experience, Responsibilities
Mr Yershesh Pillay (38)	Non-executive Director	Indian	Male	<p>Qualifications</p> <ul style="list-style-type: none"> • Post Graduate Diploma in Business Administration • BSocSc Politics and Economics • Master of Business Administration (MBA) <p>Areas of Expertise</p> <ul style="list-style-type: none"> • Strategy • Business Administration • Skills Development • Corporate Finance • IT Governance • Digital Transformation • Cybersecurity • Digital Innovation • Logistics and Distribution <p>Appointment date</p> <p>01 September 2018</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Chairman of the Information Communication Technology Committee • Member of the Audit and Risk Committee • Member of the Board Economic Regulation Committee • Member of the Board Investment Committee <p>Other Directorships</p> <ul style="list-style-type: none"> • SAFCOL SOC Ltd • National Youth Development Agency • K3 Logistics • AK Electrical • PM Moringa
Ms Kemira Esterhuizen	Non-executive Director	Indian	Female	<p>Qualifications</p> <ul style="list-style-type: none"> • CA (SA)

Name	Position	Race	Gender	Qualifications, Experience, Responsibilities
(33)				<ul style="list-style-type: none"> • BCom Accounting <p>Areas of Expertise</p> <ul style="list-style-type: none"> • Financial Accounting and Reporting • Auditing • Corporate Governance • Customs and International Trade • Tax Compliance • Academia • Coaching and Mentoring <p>Appointment date</p> <p>19 December 2019</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Member of the Human Resources, Remuneration and Nominations Committee • Member of the Social and Ethics Committee
Mr Graeme Alvan Victor (67)	Non-executive Director	White	Male	<p>Qualifications</p> <ul style="list-style-type: none"> • CA (SA) • Bachelor of Science in Civil Engineering • Master of Science in Construction Engineering and Project Management (Stanford University, USA) • Master of Engineering in Construction Engineering and Project Management (Stanford University, USA) • Bachelor of Commerce with Honours <p>Areas of Expertise</p> <ul style="list-style-type: none"> • Leadership • Organizational Behaviour • Critical Thinking and Problem Solving

Name	Position	Race	Gender	Qualifications, Experience, Responsibilities
Ms Mpumi Mpofo (55)	Executive Director and Chief Executive Officer	African	Female	<ul style="list-style-type: none"> • Strategic Thinking • Corporate Governance • People Skills <p>Appointment date</p> <p>15 December 2019</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Member of the Audit and Risk Committee • Member of the Human Resources, Remuneration and Nominations Committee • Member of the Information, Communication Technology Committee <p>Other Directorships</p> <ul style="list-style-type: none"> • Du Pont Telecom (Pty) Ltd • DPT Solutions (Pty) Ltd • Du Pont Properties (Pty) Ltd • Vintonet Communications (Pty) Ltd • Bontebok cc <p>Qualifications</p> <ul style="list-style-type: none"> • Postgraduate Degree - Town Planning • BA Honours, Urban and Regional Planning <p>Areas of Expertise</p> <ul style="list-style-type: none"> • Strategy coordination • Planning • Monitoring • Evaluation • Policy Development • Corporate Governance • Project Management

Name	Position	Race	Gender	Qualifications, Experience, Responsibilities
Dudu Hlatshwayo (58)	Non-executive Director	African	Female	<ul style="list-style-type: none"> • Airport Planning • Housing Development • Liaison and cooperation • Stakeholder Management • Programme Management • Human Resources Development • Urban Design • Town Planning <p>Appointment date 01 February 2020</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Member of the Board Investment Committee • Member of the Social and Ethics Committee <p>Other directorships</p> <ul style="list-style-type: none"> • Mediterranean Homes • Sunrise Bay Estate Management • Camel Rock • Skylite Investment <p>Qualifications</p> <ul style="list-style-type: none"> • BSocSc • MBA <p>Areas of Expertise</p> <ul style="list-style-type: none"> • Corporate Finance • Business Process Re-engineering • Organizational Design • Corporate Strategy Development • Business Planning • Change Management

Name	Position	Race	Gender	Qualifications, Experience, Responsibilities
Dr Kgabo H Badimo (63)	Non-executive Director	African	Male	<ul style="list-style-type: none"> • Stakeholder Management • Marketing • Strategic Communications <p>Appointment date</p> <p>06 August 2020</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Chairman of the Audit and Risk Committee • Member of the Board Economic Regulation Committee • Member of the Information, Communication, Technology Committee • Member of the Social and Ethics Committee <p>Current Directorships</p> <ul style="list-style-type: none"> • Land and Agricultural Bank of South Africa (Land Bank) • Hulisani Energy Limited • AFMETCO, trading as Eurosteel
				<p>Qualifications</p> <ul style="list-style-type: none"> • PhD Information Systems Knowledge Management • MSc Data Engineering • BSc Computer Science • Diploma in Business Administration • Diploma in French Language <p>Areas of Expertise</p> <ul style="list-style-type: none"> • Executive Management and Leadership • Project Management – ICT Applications • Human Resources Management (ICT) • Computer Operations • ICT Customer Services and Support • Knowledge management • Business Intelligence

Name	Position	Race	Gender	Qualifications, Experience, Responsibilities
Siphamandla Mthethwa (46)	Executive Director and	African	Male	<ul style="list-style-type: none"> • Artificial Intelligence • Customer and Information Systems • Decision Support Systems • Management Information Systems • ICT Standards (COBIT, ITIL, PMBOK) • IT Quality Assurance and Quality Control • IT Governance, Risk and Compliance • Defence Command and Controls Systems • Electronic Document Management System • Defence Logistics Systems (CALMIS, SLIS, NLIS) • Telecommunications and Networks • Global System for Mobile telecoms • Financial Management • Managerial and Financial Accounting and Auditing • Corporate Financial Strategy <p>Appointment date 06 August 2020</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Chairman of the Social and Ethics Committee • Member of the Board Economic Regulation Committee • Member of the Board Investment Committee • Member of the Information, Communication, Technology Committee <p>Other Directorships</p> <ul style="list-style-type: none"> • DrTemp (Pty) Ltd • Mekan Group (Pty) Ltd • Airventfil (Pty) Ltd <p>Qualifications</p> <ul style="list-style-type: none"> • CA (SA) • Postgraduate Diploma in Accounting/CTA

Name	Position	Race	Gender	Qualifications, Experience, Responsibilities
	Chief Financial Officer			<ul style="list-style-type: none"> • BCompt Hons • BCom Accounting <p>Areas of Expertise</p> <ul style="list-style-type: none"> • Corporate Finance • Strategic Planning • Treasury management • Taxation • Credit Management • Risk Management • Financial and Management Reporting • Supply Chain Management • Change Management • Executive Leadership <p>Appointment date 01 May 2020</p> <p>Responsibilities None</p> <p>Other directorships Northam Zondereide Community Trust</p>

ANNEXURE C – ANTI-CORRUPTION MANAGEMENT PLAN

1. INTRODUCTION

We have developed the Anti-Corruption Management Plan (ACMP) with an aim of complying with the PFMA and Treasury Regulations obligation of ensuring that the Accounting Authority implements controls that ensure that Fraud and corruption risk assessment is conducted regularly to identify emerging Fraud and Corruption risks of the institution. A risk management strategy, which must include an Anti-Corruption Management Plan, shall be used to direct Compliance and Ethics effort and priority, and to determine the skills required of managers and staff to improve controls and to manage these risks. The risk management strategy must be clearly communicated to all officials to ensure that the risk management strategy is incorporated into the language and culture of the institution. This document should be read in conjunction with the HR Manual, Conflict of interest policy, Whistle blowing policy, Supply Chain Management policy, Code of Ethics, Gift and Entertainment policy as well as the Domestic Prominent Influential Person policy.

The Anti-Corruption Management Plan (ACMP) is a dynamic plan that shall continuously advance as the Company makes change and improvements in its drive to promote ethics or ethical conducts, as well as to fight fraud and corruption.

The terms “corruption” and “fraud” in this document include, but are not limited to the following acts:

- a) Any dishonest, fraudulent or corrupt act;
- b) Theft of funds, supplies or other assets;
- c) Financial misconduct relating to the handling or reporting of money, financial transactions and other assets;
- d) Receipt of money in exchange for divulging Company information;
- e) Unauthorised disclosure of classified information to external parties;
- f) Irregular acceptance, request or offering of anything of material value to or from contractors, suppliers, or other persons providing services to the Company;
- g) Embezzlement of funds;
- h) Irregular destruction, removal or abuse of records, furniture and equipment;
- i) Deliberately omitting or refusing to report or act upon reports of any such irregular or dishonest conduct;
- j) Bribery;
- k) Conspiracy to commit fraud and or corruption;
- l) Acts of financial misconduct contemplated in terms of sections 83 -85 of the PFMA,
- m) Incidents of unauthorised, irregular or fruitless and wasteful expenditure as defined by the PFMA; and
- n) Any similar or related irregularity.

The main objectives of the ACMP are as follows:

- a) Create a culture that is intolerant to fraud, corruption, theft and maladministration and encourage employees, stakeholders to behave ethically in their details with or on behalf of the Company; and
- b) Prevent, detect, investigate and resolve fraudulent and corrupt activities.

2. THE STRATEGY

Airports Company South Africa supports and fosters a culture of zero tolerance of fraud and corruption in all our activities. The primary objective of the ACMP is to change the attitudes of employees, service providers and other stakeholders towards corruption and fraud. The first step in bringing about such change is by creating awareness. Awareness is created through education and communication and is essential to the whole ACMP. All components depend on each other for the fulfilment of the ACMP. The following are components of the ACMP:

1. Demonstrating leadership to combat and eradicate corruption by continually improving governance and risk management processes;
2. Creating a climate that promotes transparency, accountability and integrity;
3. Maintaining effective systems of internal controls and compliance with those controls;
4. Conducting independent periodic fraud and corruption risk assessments to identify opportunities for fraud and corruption;
5. Implementing prevention and minimisation procedures in day-to-day operations;
6. Establishing budgetary and financial transparency and strong financial management systems;
7. Enacting and enforcing a disciplinary code that will deal effectively with corruption offences;
8. Eliminating conflicts and/or potential conflicts of interest by adopting and enforcing effective guidelines, ethical regulations and a Code of Conduct for all Directors and employees;
9. Promoting transparency in policies and procedures for procurement;
10. Maintaining adequate and accurate financial records and adhere to prescribed International Financial Reporting Standards (IFRS);
11. Enforcing a code of ethics containing a set of values in which management believes, and require their employees to subscribe to;
12. Promoting good standards for corporate governance and the protection of shareholder value;
13. Cultivating and maintaining an environment in which dishonest and fraudulent behaviour is actively discouraged;
14. Prohibiting individuals found guilty of corruption from doing business with Airports Company South Africa. Record blacklisted vendors in the delinquency register to discourage the Company from conducting future business with those entities;
15. Supporting accountability and oversight mechanisms such as the Compliance and Ethics as well as an independent Internal Audit and external audit function.
16. Adopting mechanisms and procedures for the public and personnel to report fraudulent and corrupt practices. These mechanisms include measures to protect witnesses and whistle blowers against victimisations, harassment or occupational detriment;
17. Facilitating the cooperative investigation of cases involving fraud and corruption;
18. Providing assistance in the investigation, recovery, seizure, freezing, forfeiture and confiscation of property in respect of the proceeds of corruption as well as the reciprocal enforcement of forfeiture and other such orders;
19. Establishing mechanisms to monitor implementation of these principles, including a reporting and evaluation process; and
20. Providing an independent probity audit to ensure that procurement guidelines and procedures are adhered to for the procurement of goods or services of a high value or great significance.

3. LEGISLATIVE FRAMEWORK

The ACMP incorporates principles contained in the following legislative framework:

Instruments	Applicable Legislation/Regulation	Purpose
Bill of Rights	The Constitution of the Republic of South Africa, 1996	Bill of rights is a cornerstone of democracy in South Africa. It enshrines the rights of all people in our country and affirms the democratic values of human dignity, equality and freedom.
Anti-Corruption	Public Service Anti-Corruption Strategy (DPSA:2002)	The Strategy provides a framework for the Public Service through which corruption is addressed in a systematic and coordinated manner using a three-fold approach of preventing, combating and creating awareness of corruption.
Public Finance	Public Finance Management Act, 1999 (Act 1 of 1999)	Establishes the framework for accountable management of public funds and provides for criminal Prosecution of Heads of Department if found guilty of financial negligence, unauthorised, fruitless or wasteful expenditure.
Transparency	The Promotion of Access to Information Act, 2000 (Act 2 of 2000)	Promotes transparency within Airports Company South Africa.
Accountability	The Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)	Promotes fair administrative procedures and redress for citizens. The Act requires government to follow fair procedures when taking decisions that affect the public or an individual. Citizens have the right to request written reasons for decisions they disagree with, which enables one to judge whether the decision was influenced by corruption.
Whistle-blowing	Protected Disclosures Amendment Act No. 05 of 2017;	Promotes whistle-blowing as a preventative anti-corruption measure and protects whistle-blowers from "occupational detriment" as a result of blowing the whistle in good faith.
Corruption	The Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004)	Provides effective legislation to combat corruption in all its forms. Reintroduces the common law act of bribery.
Financial Misconduct	Treasury Regulation	Monitor the incidents and trends of financial misconduct and make recommendations thereto.
Professional Ethics	Code of Conduct for the Public Service	The Code of Conduct and its explanatory manual is a useful guide in the promotion of good governance and ethical conduct of public servants. It promotes honesty and integrity in the workplace.
Information Security	Minimum Information Security Standards	The Minimum Information Security Standards provides the necessary procedures and measures to protect information pertaining to the Republic of South Africa.
Protection of personal information	Protection of Personal Information Act No. 4 of 2013	It promotes protection of personal information processed by the public and private bodies. It introduces minimum requirements for processing of personal information.

Integrity	Public Sector Integrity Management Framework (DPSA: 2013)	To strengthen measures and standards for managing integrity and promoting ethical conduct in the public Sector. This Framework entails measures for managing unethical conduct that may arise as a result of financial interests, gifts, hospitality and other benefits, post-public employment and remunerative work outside the public Sector. Further proposals are made in respect of deployment of ethics officers in the public Sector and minimum conduct requirements.
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International Instruments

South Africa, as part of the global community, has signed and ratified international instruments in the fight against fraud and corruption. We take cognisance of such. The instruments include the following:

- The United Nations Convention Against Transnational Organised Crime;
- The United Nations Convention Against Corruption (UNCAC);
- The Organisation of Economic Cooperation and Development Convention on Bribery of Foreign Public Officials In International Business Transactions;
- The African Union (AU) Convention on Preventing and Combating Corruption; and
- The Southern African Development Community (SADC) Protocol Against Corruption.

4. PRINCIPLES OF FRAUD PREVENTION STRATEGY

The anti-fraud and anti-corruption components of this Plan are illustrated in figure 1 below. Airports Company South Africa's ACMP comprises of the following key principles of a Fraud and Corruption Prevention Strategy:

- a) Prevention;
- b) Detection;
- c) Investigation; and
- d) Resolution.

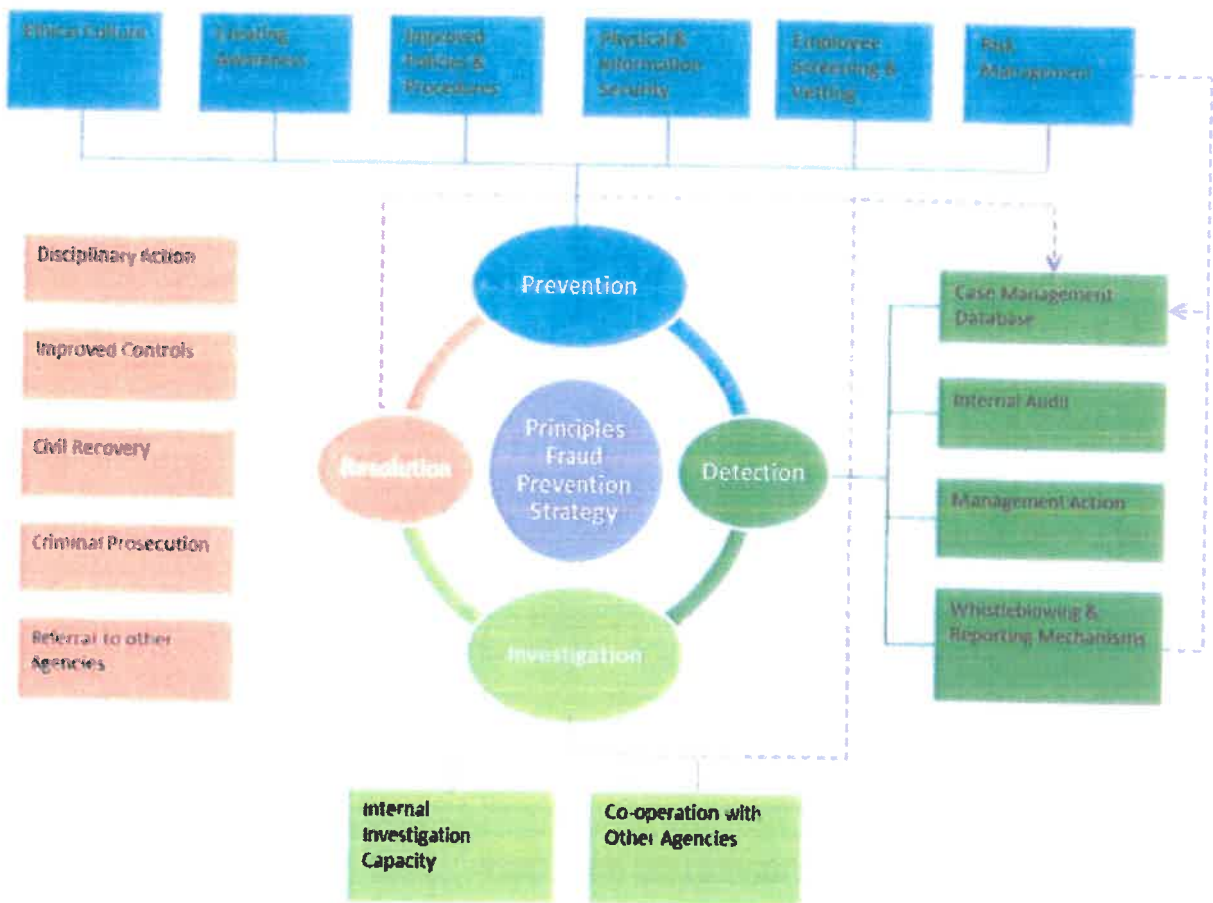


Figure 1: Components of the principles of a Fraud Prevention Strategy

A. PREVENTION

We will ensure that preventative mechanisms are in place to prevent opportunities for fraud and corruption. Below (figure 2) are the key features of the prevention component.



Figure 2: Prevention component with its features

Ethical Culture

Our Code of Conduct sets out the values that drive the ethical and responsible business conduct of the Company. It is expected that all employees and stakeholders commit to the Code of Conduct by taking accountability and responsibility for their own actions. Further to providing all current and new employees with a copy of the code, we secure signatures from all employees as an indication of their understanding of, and commitment to, the Code of Conduct. We are establishing the following to communicate the principles contained in the Code of Conduct:

- a) Include relevant aspects of the Code of Conduct in awareness presentations, training sessions and communication programmes to create awareness thereof among employees and other stakeholders. Further objectives of this training will be the following:
 - Helping employees to understand the meaning of unethical behaviour in line with the expectations of Airports Company South Africa;
 - Presenting case studies which will assist in developing behaviour to articulate and encourage attitudes and values which support ethical business conduct;
 - Helping employees to understand issues involved in making ethical judgements; and
 - Communicating the implications of unethical behaviour and its impact on individuals, the workplace, professional relationships, Airports Company South Africa as an entity and external stakeholders.

We will ensure that all employees submit declarations of private business interests (actual or potential conflicts of interest). A centralised record will be kept, and we will annually secure the services of an independent service provider to test and ascertain whether conflicts exist or not.

Creating Awareness

An anti-fraud and anti-corruption awareness programme will be rolled out across Airports Company South Africa in conjunction with identified units. Although the roll out of the programme will be coordinated by the Compliance and Ethics division with assistance of Corporate Services, the creation of awareness among all employees is the responsibility of all managers.

The creation of awareness among employees will address the following issues:

- a) What constitutes fraud and corruption;
- b) Fraud and corruption risk factors and main indicators of fraud and corruption;
- c) Specific fraud and corruption risks to which we may be exposed, thus enhancing the prospect of detecting irregularities earlier;
- d) Employee awareness of the current systems and internal policies and procedures as they relate to fraud and corruption, and their rights should they blow the whistle on such acts; and
- e) Employee awareness of their responsibility to report fraud and corruption within their work environment and encouraging employees to blow the whistle using the available reporting channels.

Education

A mixture of both virtual and formal fraud and corruption training sessions will be conducted for all our employees. Above-mentioned awareness campaigns will also contribute to the education of employees.

Communication Strategy

A communication strategy to create awareness among employees, the public and other stakeholders will be implemented to facilitate a culture where all stakeholders strive to contribute towards the success of the ACMP. This will increase the prospect of fraud and corruption being reported and improve our prevention and detection ability.

Communication strategies that will be used include among others:

- a) Posters, newsletters and pamphlets to market the Code of Conduct, Fraud Hotline and the ACMP. These will be aimed at internal and external stakeholders.
- b) Screensavers with appropriate anti-corruption and pro-ethics messages;
- c) Attachments to tender invitations relating to our stance on fraud and corruption, where such irregularities can be reported and the actions which will be considered;
- d) Appropriate attachments to offers of employment and inclusion of appropriate items in induction and training programmes;
- e) Prudent terms in contracts with providers relating to the offering of gifts to employees of the Airports Company South Africa;
- f) Signing of declarations of commitment to the ACMP and the Code of Ethics by all employees;
- g) Endorsements of correspondence directed at service providers with anti-corruption and pro-ethics messages; and
- h) Publishing our commitment to anti-corruption and our progress in the implementation of the ACMP in the Annual Report.

Improved Policies and Procedures

It is essential that our policies and procedures reflect the values held by the Company, regulate processes and enhance the ethical culture of Airports Company South Africa. Fundamentally, all our employees must comply with the principles inherent in the PFMA and the supporting Rules and Treasury Regulations. They are also expected to adhere to the organisation's policies, procedures and other relevant government legislative prescripts.

We have several systems, policies, procedures, rules and regulations designed to ensure compliance with relevant legislations and prescripts.

Our management is committed to improving awareness and knowledge of the relevant systems, policies, procedures, rules and regulations. We will engage in clearly defined communication and training strategies to create awareness of existing and new policies and procedures to ensure that all employees are made aware of, and adequately trained in the implementation of policies and procedures relevant to their duties and responsibilities, including:

1. Provisions for all employees to acknowledge, in writing, that they have read the policies and procedures applicable to their duties, have undergone relevant training and/or are aware of these policies and procedures;
2. The keeping of adequate records serving as proof that employees have been made aware of the policies and procedures relevant to their duties; and
3. The development and distribution of a regular communiqué outlining the importance of complying with policies and procedures and the implications of non-compliance for employees.

A structured monitoring mechanism will be developed for keeping proper record of approved policies and procedures, those that are being updated and newly introduced policies and procedures to set clear targets and monitor progress.

We will ensure that policies and procedures are easily accessible by all employees.

Management will be held accountable for failure to complying with, and implementing our systems, policies, procedures, rules and regulations and for preventing fraud. This will be addressed in job descriptions and performance contracts.

Employee Screening and Vetting

The risk of employing corrupt and/or unsuitably qualified persons is inherently high in all organisations. To address this risk, we have implemented a security screening process of employees consisting of qualification verification, credit check, reference and criminal record checks.

We will include in employment contracts as well as in the code of ethics, a clause that reserves our right to conduct lifestyle audits of employees where there are informed suspicions of possible fraud and corruption.

Risk Management

We acknowledge that the company faces diverse business risks from both internal and external sources and to comply with the requirements of the Treasury Regulations to the PFMA, the company conducts annual risk assessments. With risk management being an on-going and dynamic process, the outputs and information thereof are used to assist management with the following:

1. Prioritising areas for attention and subsequently developing appropriate controls to limit the material risks identified; and
2. To enable management to continually assess and update the risk profile of the Company.

The fraud and corruption risk register will be shared with management as a means of creating awareness about fraud and corruption risks and schemes facing Airports Company South Africa. Employees will be informed regularly of fraud and corruption risks as contained in the risk register to enhance prospects of detection.

We will consider updating the current fraud risk register with operational fraud and corruption risks. The fraud risk register will be updated on an annual basis along with other business risks.

B. DETECTION

Detection involves establishing means by which to expose instances of fraud and corruption. The four features for the Detection component are illustrated in figure 3 below.

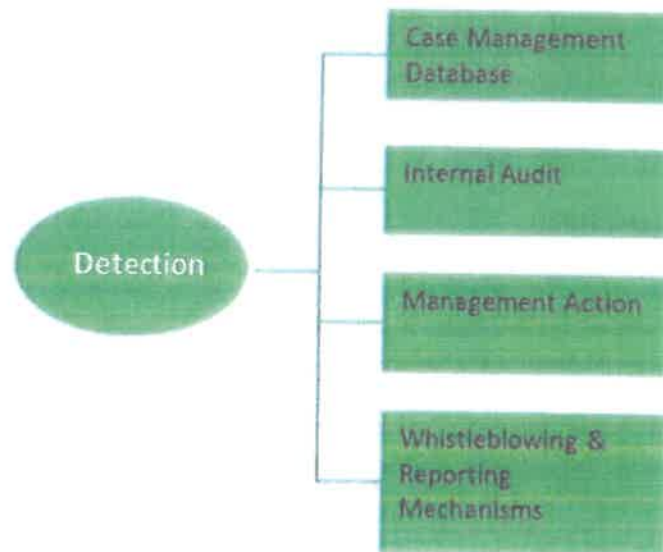


Figure 3: Detection component with its features

Case Management Database

We keep a consolidated record of allegations of fraud and corruption perpetrated against it. This assists in identifying patterns and trends that might indicate control or procedural weaknesses, syndicate activity or collusion.

We shall develop a detailed case management database of all cases identified through the various detection channels available to us. The database shall include the results of investigations conducted and the outcome of resolution processes, including disciplinary and recovery processes. The database shall ensure that:

1. There is a record of all allegations;
2. We can track the progress of each allegation;
3. Weaknesses and recurring risks are systematically revealed and reported on; and
4. Feedback is provided to employees on the management of fraud and corruption allegations.

Internal Audit

Our Internal Audit function operates in accordance with an approved Internal Audit Charter and a Coverage Plan. It reports administratively to the CEO and functionally to the Chairman of the ARC. The Internal Audit function must assist the executive management and the Board to maintain efficient and effective controls by evaluating the adequacy and effectiveness of such controls and by making recommendations for enhancing or improving said controls.

In accordance with the International Standards for the Professional Practice of Internal Auditing Standards (IIAS), Internal Auditors may not be held accountable for the detection and prevention of fraud; however, they are expected to exercise due professional care and to be alert to any symptoms of fraud and corruption when conducting their normal duties.

We do not have internal investigative capacity. As such Internal Audit is responsible for obtaining the services of independent experts to assist with conducting forensic investigations where appropriate.

We will regularly re-emphasise to all managers that consistent compliance with internal controls is one of the fundamental controls in place to prevent fraud and corruption. Managers will be encouraged to

strive to identify and address causes of internal control weaknesses in addition to addressing identified control weaknesses.

Management Action

The identification, detection, investigation, prevention and resolving of fraud and corruption cases are line function. None of the actions performed by the Internal Audit and the Ethics function should lessen this responsibility. Managers will be made aware through education and training campaigns about their non-negotiable responsibility to:

- 1. Establish and maintain an ethical culture in their divisions/units;
- 2. Assess, be aware of, and report fraud and corruption risks in their area of responsibility;
- 3. Ensure compliance with policies, establish processes, systems and procedures to prevent possible fraud and corruption; and
- 4. Prevent and detect fraud and corruption within their division/units.

Continuous education training and awareness campaigns will assist management to fulfil their responsibility by providing them with information on ethics, what constitute fraud and corruption, disciplinary processes, etc.

Whistle Blowing and Reporting Mechanisms

Whistle blowing is a valuable detection, prevention and deterrent mechanism in as far as fraud and corruption are concerned. Our Whistleblowing Policy provides for overall guidance for the reporting of concerns. It furthermore encourages and enables staff to raise concerns within us.

We have reporting lines, authority levels and responsibilities for actions in the case of a suspected fraud and corruption. We will be consistent in taking allegations seriously, protecting the identity of people who prefer anonymity, ensuring confidentiality, and following through with investigations, disciplinary actions and other means of resolution or recourse.

Education, training and awareness will be provided to all employees and stakeholders on available reporting channels and on our Whistle Blowing Policy.

C. INVESTIGATION

Investigation is the actual and possible forensic investigation of acts of fraud and corruption. There are two features of the investigation component as illustrated in figure 4.



Figure 4: Investigation component with its features

Internal Investigation Capacity

We have an internal investigative capacity. As such it appoints independent external experts to conduct forensic investigations into reported allegations of irregularities, fraud and corruption.

Investigation outcomes will not be disclosed to or discussed with anyone other than those who have a legitimate need to know. This is important to avoid damaging the reputations of suspected persons, particularly those who were subsequently found innocent of wrongful conduct, and to protect us from potential civil liability.

Cooperation with Other Agencies

We will refer cases for further criminal investigation to the relevant Law Enforcement Agency as well as the Liaison with other external forensic audit firms. Formal relationships with relevant agencies and institutions will be built to enhance investigative and resolution capacities and to improve turn-around time in finalising cases.

D. RESOLUTION

Resolution is the process of resolving verified cases of fraud and corruption in terms of disciplinary or criminal action and the recovery of losses. The four features of the Resolution component are illustrated in figure 6.

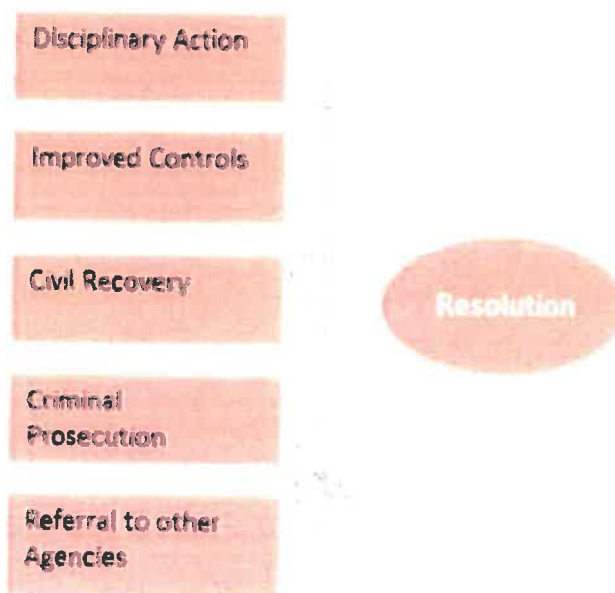


Figure 6: Resolution component with its features

Any fraud and corruption committed by an employee or any other person will be pursued through investigation and to the full extent of the law, including (where appropriate) consideration of:

- In case of employees, taking disciplinary action within a reasonable period after the incident;
- Instituting civil action to recover losses;
- Initiating criminal prosecution by reporting the matter to the SAPS or any other relevant Law Enforcement Agency; and
- Any other appropriate and legal remedy available.

Disciplinary Action

We recognise the fact that the consistent and efficient application of disciplinary measures is an integral component of effective fraud and corruption prevention. We shall initiate and accelerate the following steps to expedite the consistent, efficient, effective and speedy application of disciplinary measures:

1. On-going training of managers in the application of disciplinary measures and the disciplinary process, and sustaining this training;
2. Developing and enhancing a process/system to facilitate the consistent application of disciplinary measures;
3. Regular monitoring and review of the application of discipline with the objective of improving weaknesses identified; and
4. Where managers are found to be inconsistent and/or inefficient in the application of discipline, we will consider firm action.

Where cases of alleged fraud or corruption have been referred to Law Enforcement Agencies for criminal prosecution, internal disciplinary action will still be taken against offenders, with both processes running concurrently. A finding in one process may not have an impact on the finding in the other.

Improved Controls

In respect of all reported incidents of fraud and corruption, managers are required to immediately implement corrective measures, review, and where possible, improve the effectiveness of the controls which have been breached to prevent similar irregularities from taking place.

The process of enhancing processes, systems and internal controls should be aligned to the prevention and detection components, specifically policies and procedures.

We shall continue to emphasise to all managers that employees' consistent compliance with internal controls is one of the fundamental controls in place to prevent fraud and corruption. Managers shall be encouraged to identify and address the causes of internal control weaknesses, in addition to addressing control weaknesses.

Furthermore, we shall develop a formal system by which the performance of managers is appraised by considering the number of audit queries raised and the level of seriousness of the consequent risk to Airports Company South Africa as a result of an identified internal control deficiency. This is intended to raise the level of manager accountability for internal controls.

Where managers do not comply with basic internal controls, e.g. non-adherence to the delegation of authority limits, firm disciplinary action will be considered.

Civil Recovery

Procedures for determining liability and recovery of losses or damages suffered as a result of a fraudulent or corrupt act committed by an employee or non-employee will be considered for development and implementation. Currently this is based on the disciplinary code and procedures and debt recovery processes of Airports Company South Africa. We will enforce civil recovery where necessary.

Criminal Prosecution

We shall develop procedures for the reporting of cases of fraud and corruption that involve R100 000 or more by the CEO or a delegated official, to Law Enforcement Agencies in terms of the Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004).

In instances where we have suffered losses through criminal acts or possible criminal acts or omissions, the matter will be reported in writing to the SAPS in compliance with Treasury Regulation 12.5.1.

Monitoring

We will maintain a consolidated record of allegations of fraud and corruption by means of a fraud and corruption information management system to limit the risk of threats to Airports Company South Africa being overlooked.

5. STRUCTURE AND ANTI-FRAUD AND –CORRUPTION RESPONSIBILITIES

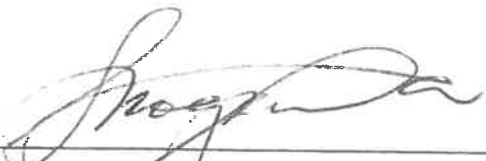
The responsibility for preventing, detecting and monitoring fraud and corruption risks in Airports Company South Africa lies with every Airports Company South Africa Director and employee. See Annexure A for the detailed responsibilities of stakeholders in this regard.

6. MONITORING AND MAINTENANCE


Progress with the implementation of the ACMP will be monitored by the Social and Ethics Committee.

The CEO is the custodian of this Plan and is responsible for its administration, revision and interpretation. The ACMP shall be reviewed regularly and appropriate changes applied when required.

7. ADOPTION



Chairman of the Board



Chief Executive Officer

ANNEXURE C1: STRUCTURE AND ANTI-FRAUD AND ANTI-CORRUPTION RESPONSIBILITIES

Board of Directors

The Board of Directors ("The Board") is responsible for setting the direction and strategy of the Company, as well as overseeing planning, optimal allocation of resources, the maintenance of ethical business practices, effective risk management and communication with all stakeholders. The Board must therefore retain full and effective control over Airports Company South Africa and ensure compliance with all relevant laws, regulations and codes.

The Board will be responsible for the following:

- a) Setting the "*tone at the top*" and taking a leadership role in promoting ethical behaviour within Airports Company South Africa;
- b) Monitoring of the levels of risk tolerance as far as fraud and corruption is concerned;
- c) Monitoring that fraud risk assessments are performed annually and on an on-going basis;
- d) Monitoring that management considers and implements appropriate fraud risk response;
- e) Ensuring that it receives assurance regarding the effectiveness of risk management process;
- f) Disclosing its view on the effectiveness of our risk management processes and the integrated report;
- g) Ensuring continued operation of an adequate system of internal control to protect us against fraudulent and corrupt activities including threats to the computer systems; and
- h) Reporting on significant risks that may affect decisions of shareholders.

Executive Committee

The Executive Committee ("EXCO") will be responsible for the following:

- a) Setting the "*tone at the top*" and taking leadership role in promoting ethical behaviour within Airports Company South Africa;
- b) Formulating policies regarding the prevention of fraud and corruption, detection of fraud and corruption and responding to fraud and corruption;
- c) Ensuring the implementation and continued operation of an adequate system of internal control to protect Airports Company South Africa against fraudulent and corrupt activities including threats to our computer systems;
- d) Ensuring that employees within their area of responsibility receive appropriate fraud and corruption awareness training and understand our code of ethics; and
- e) Identifying and managing potential fraud and corruption risks in their area of responsibility.

Audit and Risk Committee

Our Audit and Risk Committee ("ARC") considers annual and interim financial statements, accounting policies and the safeguarding of assets, audit plans and the findings of external and internal auditors. This committee also monitors governance and ethical standards.

The responsibilities of the ARC will include, among other, the following:

- a) Review of our fraud risk management framework and related strategies, to direct Internal Audit effort and priority;
- b) Assist the Chief Executive Officer ("CEO") in determining the skills required to improve controls and to manage fraud related risks;

- c) Evaluate the effectiveness of monitoring systems pertaining to fraud related risks and the results of management's investigation and follow-up on alleged fraud and related matters; and
- d) Review and comment, where appropriate, on cases of alleged fraud, corruption and related matters when referred to it by the CEO or his/her delegates.

Social and Ethics Committee

The Social and Ethics Committee ("SEC") monitors certain Airports Company South Africa activities, having regard to any relevant legislation, other legal requirements and prevailing codes of best practice. The SEC is also responsible for coordinating and overseeing the implementation of the Plan and as such its responsibilities will involve the following, among others:

1. Facilitating and coordinating the implementation of tasks and responsibilities contained in the Plan;
2. Evaluating policies in Airports Company South Africa and ensure that fraud and corruption risks are identified and prevented;
3. Developing implementation plans for Fraud Management Policies, setting out targets for anti-fraud and anti-corruption activities and reporting dates for these activities;
4. Ensuring that the fraud risk register is updated on an annual basis;
5. Monitoring that all fraud and corruption cases reported are investigated and resolved;
6. Developing fraud prevention awareness campaign to promote fraud awareness and monitor implementation;
7. Monitoring that fraud prevention and compliance with the Plan is inherent in performance agreements for all managers and senior managers; and
8. Providing the Board, CEO and ARC with quarterly reports on progress with implementation of the Plan.

Anti-Corruption Steering Committee

The Anti-Corruption Steering Committee ("ASC") evaluates and classifies all hotline calls received, agree on treatment plans for these, and report to EXCO and the Board through the SEC and the ARC.

The role and responsibilities of the ASC involves the following, among others:

- a) Providing guidance to EXCO on classifying and prioritising reported concerns and submissions to enable subsequent investigation;
- b) Ensuring the appropriateness of the ACMP through the development, maintenance and submission for approval to EXCO of the Plan;
- c) Ensuring the appropriateness of a prioritisation method for all received calls through the development, maintenance and submission for approval to the EXCO of the prioritisation process;
- d) Evaluating and classifying all reported calls;
- e) Monitoring and reporting on all reported calls;
- f) Monitoring the performance and delivery of the selected forensics service providers during investigations; and
- g) Analysing the trend on reported calls and report on these to EXCO. EXCO will recommend these reports to ARC and SEC.

Internal Audit

Internal Audit has the mandate to independently appraise the appropriateness, adequacy and effectiveness of our systems of internal controls and reporting on these to management and the ARC. The other major areas of activity are identifying and reporting on error, fraud and discrepancies, and monitoring corporate governance.

The forensic function is housed under Internal Audit. Furthermore, Governance develops and coordinates the implementation of the ACMP. The capacity to implement certain elements of the Plan may be allocated to other Divisions but are coordinated by Internal Audit.

Management

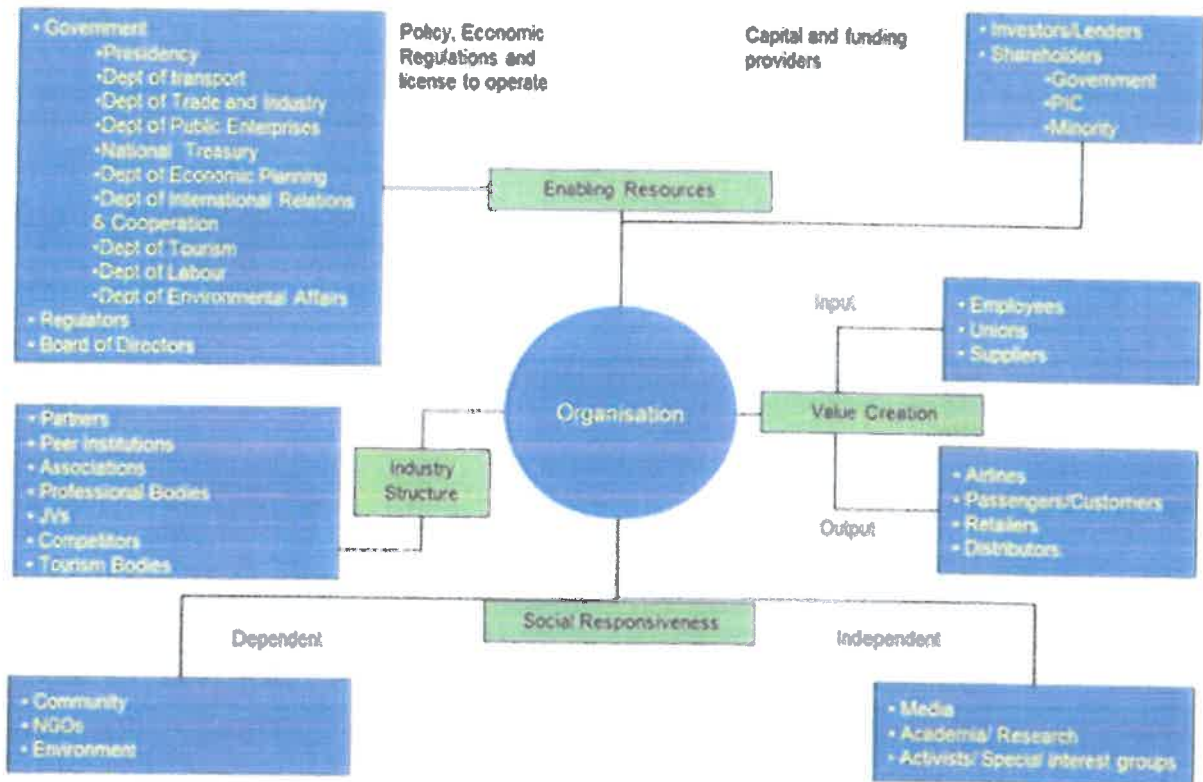
Management plays an integral role in the implementation of controls to monitor our day-to-day operations and as such management will be responsible for:

- a) Ensuring that appropriate internal controls are in place to minimise fraud and other corruption risks;
- b) Ensuring that internal controls are operating effectively;
- c) Providing ethical advice and support to staff;
- d) Providing input for developing fraud and corruption control strategies and an implementation timetable as required to address fraud and corruption risks identified in their area of responsibility during risk assessments; and
- e) Providing progress reports on the implementation of fraud and corruption control strategies if requested.

Employees

Our employees play a pivotal role to the success of the Plan in that they are required to:

- a) Report suspected fraud and corruption within Airports Company South Africa;
- b) Support and comply with the requirements of the ACMP;
- c) Act in an ethical and professional manner;
- d) Comply with our legal requirements, directives, policies and procedures;
- e) Act in our best interest at all times;
- f) Maintain and enhance our reputation; and
- g) Perform their duties with required skill, care, diligence, honesty, integrity and impartiality.



Our external stakeholders

We expect all our external stakeholders to act with honesty and integrity in their interaction with the Company and to report any suspicions or knowledge they may have of fraud and corruption against Airports Company South-Africa. Our stakeholders fall within the stakeholder groups outlined in the stakeholder map below.

Taking into consideration the stakeholder map, the following are the anti-fraud and anti-corruption responsibilities of our stakeholder groups:

Our Stakeholder Groups	Our Stakeholders	Anti-Fraud and Anti-Corruption Responsibility
Enabling Resources	<ul style="list-style-type: none"> • Shareholders • Government • Board of Directors • Investors /Lenders 	<ul style="list-style-type: none"> • Office of the Public Services Commission must communicate report incidents of fraud and irregularities received via NACH to Airports Company South Africa • Law enforcement agencies and other agencies to collaborate and provide us with support with regards to fraud intricate investigations i.e. syndicate fraud cases • Government to further develop and/or update fraud related policies and legislation that enables us to successfully fight against fraud and corruption
Value Creation	<ul style="list-style-type: none"> • Unions • Suppliers • Airlines • Passengers • Retailers • Distributers 	<ul style="list-style-type: none"> • To comply with our policies and procedures • Conduct themselves with integrity and honesty when dealing with Airports Company South Africa • Blow the whistle on fraud and corruption • Create awareness among its employees on the acceptable conduct when dealing with us

Our Stakeholder Groups	Our Stakeholders	Anti-Fraud and Anti-Corruption Responsibility
Social Responsiveness	<ul style="list-style-type: none"> • Media • Academia / Research • Activists/Special Interest Groups • Community • NGO's • Environment 	<ul style="list-style-type: none"> • Responsible media reporting as far as fraud and irregularities are concerned at Airports Company South Africa • Blow the whistle on fraud and corruption
Industry Structure	<ul style="list-style-type: none"> • Partner • Peer Institutions • Associations • Professional Bodies • JV's • Competitors • Tourism Bodies 	<ul style="list-style-type: none"> • Comply with our policies and Procedures • Conduct themselves with integrity and honesty when dealing with Airports Company South Africa • Cooperation and integrated efforts in the fight against fraud

ANNEXURE D – SIGNIFICANCE AND MATERIALITY FRAMEWORK

1. PREAMBLE

Whereas in terms of section 54(2) of the PFMA before a public entity conclude certain listed significant transactions, the accounting authority of that public entity must inform the relevant treasury and apply to the executive authority for approval of that transaction.

Therefore, the parties hereby agree to set out the guidelines for the treatment of material and significant transactions and to determine significance levels for the Airports Company South Africa in terms of Section 54(2) as well as materiality levels as they relate to material losses in terms of section 55(2) of the PFMA.

DEFINITIONS AND INTERPRETATIONS

“**Corporate plan**” shall mean a corporate plan submitted annually in terms of section 52 of the PFMA

“**DOT**” shall mean the Department of Transport

“**Executive authority**” shall mean the Minister of Transport

“**Accounting Authority**” shall mean the board of directors of the Airports Company South Africa

“**PFMA**” shall mean Public Finance Management Act No 1 of 1999

2. PURPOSE

The purpose of this framework is to:

1. Set out guidelines for significant transactions in terms of section 54(2) of the PFMA that Airports Company South Africa must seek for approval from the Minister of Transport as outlined in Table A.
2. Outlining a process to be followed and information needed to be submitted in support of an application in terms of section 54(2) of the PFMA; and
3. Setting significance and materiality levels for transactions for the purposes of section 54(2) of the PFMA.
4. Set out materiality levels for losses for purposes of section 55(2) of the PFMA.

3. BACKGROUND

Section 54(2) of the PFMA states that: “before a public entity concludes any of the following transactions, the accounting for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transactions:

- a) Establishment or participation in the establishment of a company;
- b) Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;
- c) Acquisition or disposal of a significant shareholding in a company;
- d) Acquisition or disposal of a significant asset;
- e) Commencement or cessation of a significant business activity; and
- f) A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated partnership, trust, unincorporated joint venture or similar arrangement.

Section 55 of the Public Finance Management Act (PFMA), 1 of 1999, requires the accounting authority of a public entity to submit to the executive authority responsible for that public entity:

- (i) an annual report on the activities of that public entity during the financial year;
- (ii) the financial statements for that financial year after the statements have been audited; and
- (iii) The report of the auditors on those statements.

Paragraph 27.1.10 of the Treasury Regulations (TR) states that the Audit Committee of a public entity must:

report and make recommendations to the accounting authority;

report on the effectiveness of internal controls in the annual report of the entity; and

comment on its evaluation of the financial statements in the annual report.

In addition, TR paragraph 27.1.12 requires the Audit Committee to communicate any concerns it deems necessary to the executive authority and the auditors.

The executive authority may, based on the above information, decide to conduct further investigations into the activities of the public entity. It is therefore important that all reports include all material financial as well as non-financial information.

TR paragraph 28.3 states that the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority. Although this paragraph refers to section within the PFMA that specifically compels entities to report on certain material transactions and / or events the framework should not be limited to these transactions and / or events.

The material and / or significant information specifically mentioned in the PFMA and TR is included below:

S55 (2) (b) (i) of the PFMA: "The annual report and financial statements referred to in subsection (1) (d) must –

a)

b) *Include particulars of –*

(i) *Any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;*

TR 28.2.1: *"Any material losses through criminal conduct and any irregular and fruitless and wasteful expenditure must be disclosed as a note to the annual financial statements of the public entity.*

TR 29.1.1(f): *The corporate plan must cover a period of three years and must include –*

(f) *a materiality / significance framework, referred to in Treasury Regulation 28.3.1"*

TR 30.1.3(e): *"The strategic plan must –*

(e) *include the materiality / significance framework, referred to in Treasury Regulation 28.3.1"*

4. GENERAL OBLIGATIONS OF THE PARTIES

The parties agree that:

Airports Company South Africa shall follow the procedures as set out in this framework in making an application for approval for significant transactions.

For the purpose of the guidelines and transactions listed in the table below, qualitative and quantitative guidelines may either be applied concurrently or separately as the context requires.

In so far as the quantitative guidelines relating to the total assets, total revenue and profit after tax are concerned where rand values are used, these may be adjusted annually in accordance with the information contained in the latest annual financial statements.

5. PROCEDURE FOR NOTIFICATION OR APPLICATION FOR APPROVAL

Phase one: Pre-Notification

In so far as significant transactions are covered in the corporate plan that will serve as pre-notification for an in-principle approval, provided that all the information required in terms of 6.1.3 is fully set out in the corporate plan.

In so far as the significant transactions are not covered in the corporate plan, Airports Company South Africa shall notify the Minister of Transport by a letter seeking as in-principle approval.

The letter shall contain the following information:

1. Airports Company South Africa's objectives on wanting to pursue the transaction and its relation to the core business of the entity.
2. The anticipated transaction process, phases, milestones and timelines.
3. The profile of interested parties, purchasers and information regarding any unsolicited expression of interest received (where applicable).
4. The impact of the transaction on Airports Company South Africa and Government.

The DoT shall consider the application for in-principle approval and advise Airports Company South Africa in writing whether or not the in-principle approval has been granted within 30 days.

Phase Two: Final application for approval:

Airports Company South Africa shall upon finalising the significant transaction's details and structure apply to the Executive Authority in writing for approval of the transaction.

The application shall include a certified board resolution and such information pack containing the materials on which the Board based its resolution. The company secretary or duly delegated official shall sign the extracts on behalf of the Board.

The Department of Transport shall then determine whether Airports Company South Africa's Board has considered the following:

1. Compliance with applicable laws.
2. Financial viability (i.e. cash flow analysis; estimates of future revenue; investment analysis vs. investment framework; fair value of the transaction).
3. Risks pertaining to the proposed transaction and strategies to mitigate those risks.

Airports Company South Africa shall copy the final application with the board resolutions and submit these directly to the National Treasury.

The DoT shall on receipt of the application for final approval consider the following:

1. Whether the Board has complied with the list of considerations outlined above, as well as an applicable legislation in respect of each transaction.

2. Whether, based on the information received, the transaction is financially viable or whether Airports Company South Africa will achieve fair value through the specified transaction.
3. All material liabilities (actual or contingent) and risks resulting from the transactions.
4. Industry and /or sector impact and considerations; and
5. Whether the Board has established strategies and / or measures to mitigate any risk identified in the transaction.

The DoT shall use its best endeavours to process the application timeously, within 30 days of receipt as specified in section 54(3) of the PFMA advise Airports Company South Africa if the transaction cannot be processed within this time-period.

Should the DoT require further information from Airports Company South Africa to process and finalise the application, the 30-day period shall be extended by such period as it takes for the DoT to receive the information.

The DoT shall advise Airports Company South Africa in writing whether the application has been approved or not approved.

Should approval not be granted, the DoT shall furnish reasons in writing for not approving the transaction.

Phase Three: Post application principles

Airports Company South Africa shall report on a quarterly basis on the progress made in executing the transaction and the fulfilment of any conditions that were part of the approval.

Should the transaction not be concluded within six months of approval, Airports Company South Africa should provide the DoT with a report detailing the reasons thereof.

Should Airports Company South Africa make an application or submit reports to the regulatory authorities, it will furnish a copy of such to DoT for information purposes.

6. MATERIALITY

We have adopted International Financial Reporting Standards (IFRS) as a recognised reporting framework. Materiality in the context of IFRS is similar to Generally Recognised Accounting Practice (GRAP) (applied in terms of public sector reporting) on the Presentation of Financial Statements states that information is material if its non-disclosure could influence the decision-making and evaluations of users about the allocation and stewardship of resources, and the performance of the entity, made on the basis of the financial statements. A misstatement is material if it could also influence the decisions or assessments of users.

Assessing materiality depends on the size and nature of the omission or misstatement judged in the particular circumstances. In addition, the characteristics of the users of the information must be considered. Users are assumed to have a reasonable knowledge of accounting, the business and economic activities of the entity and possess a willingness to study the information with reasonable diligence. The assessment should therefore consider how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

7. FACTORS CONSIDERED IN DETERMINING THE MATERIALITY LEVELS

Nature of the Company's business

The nature of our business may have an impact on the framework. We should be guided by its public accountability and the sensitivity of our account, activities and functions regarding matters of public interest.

The materiality framework also impacts on the information reported to its executive authority because the reported information influences the decisions and actions taken by the executive authority.

Statutory Requirements

The framework could be influenced by considerations such as the legal and regularity requirements. We should therefore consider all the appropriate laws and regulations when developing the framework.

Risk associated with our business

There is an inverse relationship between materiality and the level of risk. The lower the risk the higher the materiality level, and vice versa. We need to consider various risks when developing a materiality framework. This could include:

Risk	Explanation
Operational risk	The risk arising from the day to day operational activities which may result in a direct or indirect loss
Liquidity risk	The inability of our company to meet obligations when they are due
Credit risk	The risk that a borrower or debtor fails to meet when the obligation is due
Human resources risk	The risk that adequate quantities of appropriate qualified and skilled staff and resources are not available within our company
Legal and documentation risk	The risk that a transaction or contract could not be consummated because of some legal barrier
Regulatory and compliance risk	The risk of incurring penalties or restrictions as a result of non-compliance with legal requirements
Information risk	The risk that confidentiality will be breached or the unavailability of information when required
Insurance risk	The risk that we are not adequately insured against losses or claims
Technology risk	The risk that systems are not adequately monitored, accounted for or serviced to deliver a service
Reputational risk	The risk of damaging the Company's image

Quantitative and qualitative factors

When setting the framework, we should take both quantitative (amount) and qualitative (nature) factors into consideration.

Quantitative factors related to the size of the company or the value of an item to the value of the financial statements. The two aspects that should be considered when determining the materiality figure is the amount of the item to the financial information and second the special characteristics of the item.

As a guide the rand amount (before any qualitative adjustments) may be calculated as follows:

Element	% Range to be applied against Rand value in AFS	Airports Company South Africa Rand value applied per 2019/20 AFS (rounded)
Total assets	1% - 2%	R318m □ R636m
Total revenue	0.5% - 1%	R36m □ R72m
Surplus / Deficit	2% - 5%	R24m □ R60m

From a company perspective, quantitative materiality is set at **R60 million**.

From a company perspective, significance level is set at **R500 million**.

Qualitative materiality focuses on the inherent nature of the item under consideration. These items do not necessarily influence the reasonableness of the financial statements, but due to their nature they are of importance to the users of the financial statements. The following factors could be taken into consideration when determining qualitative materiality:

- Statutory requirements: compliance with legislative requirement, regulations, policy control measures, procedures, instructions and authorisation (including budgets) which reasonably have direct financial impact;
- Unusual items: items that are of a non-recurring or exceptional nature or arise from unusual circumstances;
- Degree of estimation: the risk of material misstatement
- Related amounts: the relationship of the item to other amounts that appear in the financial statements
- Critical points: an item that would otherwise be regarded as insignificant, may, if corrected or disclosed, have a critical impact on the overall view; and
- Disclosure requirements – deviations from accepted accounting practices.

Nature of the transactions

The Company should consider the importance of the transaction, (i.e. the transaction's impact on the Company as a whole), as well as any possible impact the transaction could have on a decision or action taken by the Company's executive authority in the development of the materiality framework.

A distinction should also be made between transactions that are operational in nature and transactions that are approved within a very specific framework, i.e. the annual budget, the Company's corporate plan, or strategic plan.

8. EVALUATING THE FRAMEWORK

The significance and materiality framework must be updated annually before the start of the financial year, taking into account the results of the previous year's audit and any new developments in the Company.

The following additional qualitative items are to be considered in establishing materiality:

No.	Reference	Nature of transaction	Qualitative guidelines	Quantitative guidelines
1	54(2)(a)	Establishment or participation in the establishment of a company.	<ul style="list-style-type: none"> Participation as a founding shareholder; or Having a right to acquire shares; or 	<ul style="list-style-type: none"> Any level of shareholding; or Any level of loan or quasi-equity

No.	Reference	Nature of transaction	Qualitative guidelines	Quantitative guidelines
			<ul style="list-style-type: none"> • Having a right to nominate a director; or • Where Airports Company South Africa commits to enter into a management contract in respect of the company 	<p>finance obligation by Airports Company South Africa arises; or</p> <ul style="list-style-type: none"> • Airports Company South Africa commits to guarantee any obligations of the company (includes financial performance guarantee) at any level.
2	54(2)(b)	Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement.	<ul style="list-style-type: none"> • Partnership, trust, unincorporated joint venture or similar arrangements that is established, located or intended to operate outside the Republic of South Africa; or • Airports Company South Africa's contribution in a partnership, trust, unincorporated joint venture or similar arrangements includes Airports Company South Africa's proprietary intellectual property; or • Participation in a partnership, trust, unincorporated joint venture or similar arrangement that may result in anti-competition behaviour and /or is subject to competition commission regulations. 	<ul style="list-style-type: none"> • Airports Company South Africa's contribution results in disposal / disbursed of assets in excess of 1% of the total assets; or • Airports Company South Africa enters a long-term contract with the partnership, trust, unincorporated joint venture or similar arrangement more than 0.5% of the total revenue
3	54(2)(c)	Acquisition or disposal of significant shareholding in a company	<ul style="list-style-type: none"> • Acquisition of any level or shareholding in a company where such acquisition is not in pursuit of Airports Company South Africa's core business; or • Acquisition or disposal where Airports Company South Africa's ownership control and right to pass or block a special resolution is affected; or • Acquisition or disposal of any level of shareholding in a company domiciled outside of the Republic of South Africa 	<ul style="list-style-type: none"> • Acquisition or disposal of more than 20% of the issued shares in a company; or • Where Airports Company South Africa already owns shares in the company, acquisition or disposal of the number of shares that will give rise to a shareholding more or less than 20% of the issued

No.	Reference	Nature of transaction	Qualitative guidelines	Quantitative guidelines
				shares in a company.
4.	54(2)(d)	Acquisition or disposal of a significant asset (NB: for the purpose of this subsection, assets include both current and non-current)	<ul style="list-style-type: none"> • Acquisition or disposal of assets which are located in a foreign jurisdiction, however excludes office equipment and motor vehicles necessary to conduct business in a foreign jurisdiction; or • Disposal of assets that impact or has a potential impact on the continued ability of Airports Company South Africa to do business or provide its core service; or • Disposal of non-core assets in line with Airports Company South Africa' strategy; or • Commercial agreements which allow for the right of use of a third party of Airports Company South Africa's brand, logo, licences and similar rights, intellectual property; trademark and patents. 	<ul style="list-style-type: none"> • Significance level is R500 million
5	54(2)(e)	Commencement or cessation of a significant business activity; and	<ul style="list-style-type: none"> • Commencement or cessation of a business activity outside of the republic; or • Cessation of a business activity where such cessation has or may have an adverse impact on its key stakeholders. 	<ul style="list-style-type: none"> • Significance level is set at R500 million
6	54(2)(f)	A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement	<ul style="list-style-type: none"> • Changes that affect Airports Company South Africa's ownership control type reserved through the Trust deed, the partnership or joint venture agreement; or • Change that involves the partnership, trust, unincorporated joint venture or similar arrangement commencing or ceasing to do business outside South Africa. 	<ul style="list-style-type: none"> • Significance level is set at R500 million

ANNEXURE E – RISK MANAGEMENT FRAMEWORK

EXECUTIVE SUMMARY

Overview

The effective management of risk is a key element to the successful achievement of the Airports Company South Africa corporate plan. This framework document provides a guideline to ensure the integration of risk management processes into established company business processes. The intent is to provide a reference point for alignment of effective management of risks and the achievement of business objectives.

The framework is based on the outcomes of best practice reviews, maturity assessments and continuous interaction with the Company's governance structures e.g. individual Executives, Exco committees and Sub-committees as well as the Board Audit and Risk Committee.

Purpose

To guide the implementation of the Enterprise Risk Management Policy, to ensure Airports Company South Africa SOC Limited becomes a Risk Intelligent organisation. The risk intelligence measure is detailed in the Airports Company South Africa SOC Limited Enterprise Risk Management Plan.

Risk intelligent means the ability to:

- Think holistically about risk and uncertainty;
- Speak a common risk language;
- Effectively use forward-thinking risk concepts and tools to make better decisions;
- Alleviating threats;
- Capitalising on opportunities;
- Creating lasting value;
- Ensure sustainability; and
- Continuous learning.

Objectives of the Framework

The objective for implementing this Enterprise Risk Management Framework is to:

- Provide support in the achievement of objectives, through transparent identification and management of acceptable risks and opportunities;
- Enhance risk response decisions through encouraging pro-active management;
- Reduce operational surprises and losses;
- Improve the identification of opportunities and threats;
- Improve deployment of capital through support for effective decision making;
- Ensure compliance with laws and regulations;
- Increasing probability of achieving objectives; and
- Improve stakeholder confidence and trust.

Benefits of Implementing an Integrated Risk Management Framework

- Aligning risk appetite and strategy;
- Pursuing objectives through transparent identification and management of acceptable risk;
- Enhancing risk response decisions through encouraging pro-active management;
- Reducing operational surprises and losses;

- Improve the identification of opportunities and threats seizing opportunities;
- Improving deployment of capital;
- Ensuring compliance with laws and regulations and improving reporting;
- Increasing probability of achieving objectives; and
- Improve stakeholder confidence and trust.

Conclusion

The framework discussed in this document provides details of the management of risk in terms of the mandate of the Risk Management Department. We have applied as our foundation the principles of the Public Finance Management Act, 1999 (PFMA), the Companies Act, 2009, the International Organisation for Standardisation (ISO) 31000:2009 and guidelines of international risk benchmarks in developing this Enterprise Risk Management Framework. This framework is based on current best practice and shall adapt through on-going benchmarking and networking.

1. INTRODUCTION

We have adopted an integrated process to effectively manage risk within our business that has an impact – positive or negative on the achievement of our strategic objectives. Risk can have negative consequences or shall result in opportunities for us if well identified and managed. This document outlines the framework we adopted to ensure the effective management of risks to achieve desired results.

2. INTEGRATED ENTERPRISE RISK MANAGEMENT FRAMEWORK

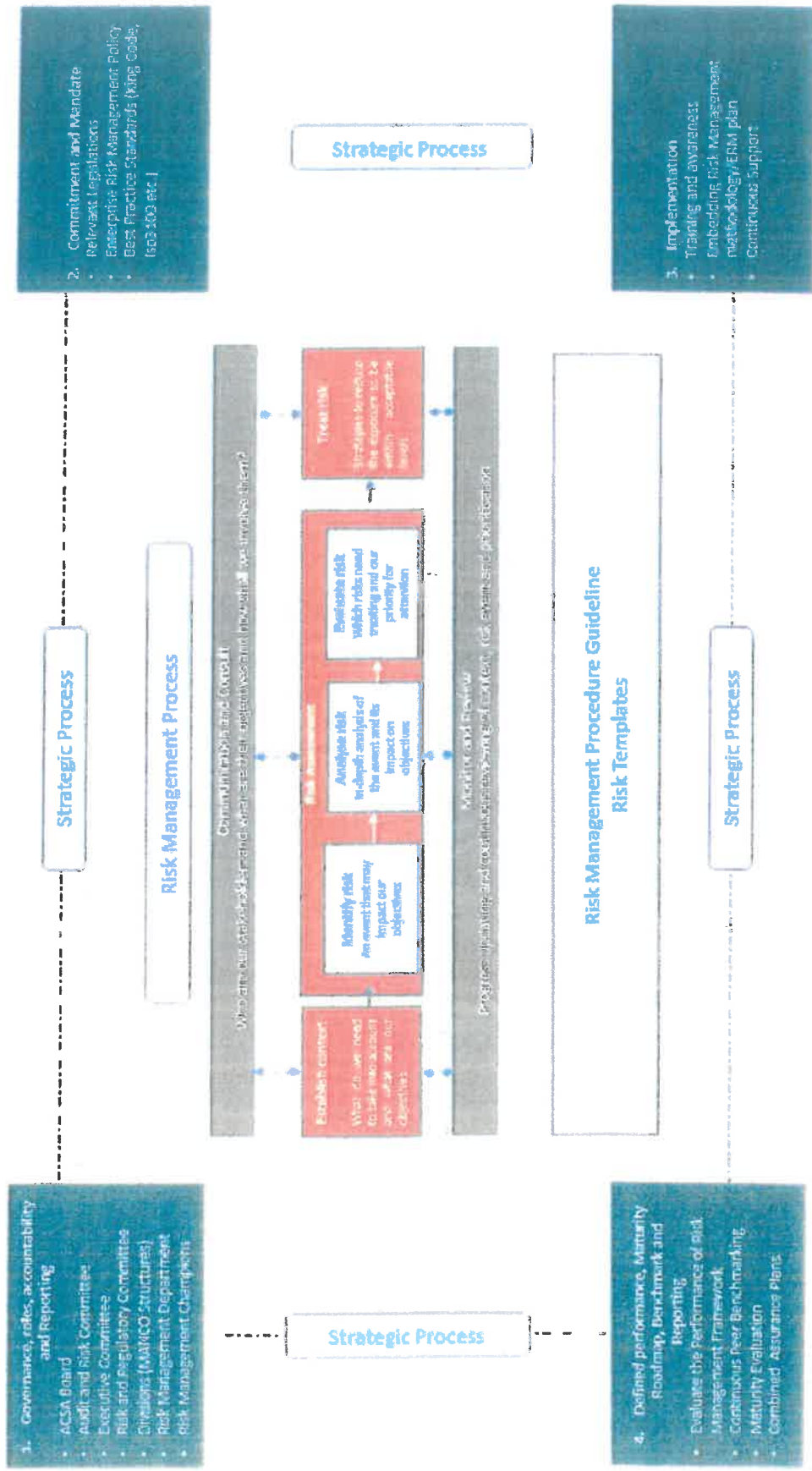
The Integrated Enterprise Risk Management framework supports the following:

- Effective management of risks across the organisation;
- An integrated approach to managing risk;
- Compliance to applicable legislation.

The framework shall be separated into two (2) distinct components:

- Four (4) pillars or building blocks which provide for the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation. The foundations include the policy, objectives, mandate and commitment to manage risk. The organisational arrangements include plans, relationships, accountabilities, resources, processes and activities; and
- The risk management process or methodology, which is the systematic application of management standards, procedures, guidelines and practices to the activities of communicating, consulting, environmental analysis, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

The components of the framework are summarised below in the ERM Architecture:



Governance, Roles and Accountabilities

Assurance of good corporate governance shall be achieved through the regular measurement, reporting and communication of risk management performance. Whilst the Board has the ultimate responsibility for risk management, the Board Audit and Risk Committee (ARC) is constituted as a committee of the Board operating as an overseer of the risk management process. The Risk Management Department shall monitor and review the organisation's risk management processes, system and performance and report this to Exco and ARC on a regular basis.

The detailed roles and responsibilities of the identified role players are outlined in section 7.

Commit and Mandate

Airports Company South Africa SOC Limited Leadership is committed to the management of risks to ensure the achievement of its objectives. Through the ERM policy, management has committed to the adoption of a structured approach to risk management; using consistent approaches to the assessment, treatment and to effectively communicate on the management of these risks. The policy is aligned to the Public Finance Management Act of 1999 as amended and other relevant legislative requirements.

The Organisation has committed to managing risk to be within defined appetite and tolerance levels as detailed in the Risk Appetite and Tolerance Framework document - J010 003FW. Implementation of the Enterprise Risk Management Program

To implement the ERM process the organisation will focus on defining the context for risk management process by developing a risk management plan, conducting training and awareness to ensure that the components of the risk management process are understood as well as ensuring risk management support is provided to the relevant stakeholders/users on an ongoing basis. The ERM team is responsible, in consultation with business, for the design and coordination of the ERM training program. Training will be carried out as per the Risk Management training plan.

Defined performance, maturity roadmap, benchmarking and reporting.

To achieve the end-state of a risk intelligent organisation, the Risk Management Department, at least annually, performs maturity assessments to evaluate our progress. Performance shall be measured, reported against approved risk management plans and key performance indicators as part of the annual performance management process using a risk management adopted maturity evaluation process. In addition, benchmarking of best practice to evaluate our position regarding our ability to reach and sustain a world class status. These initiatives are conducted continuously.

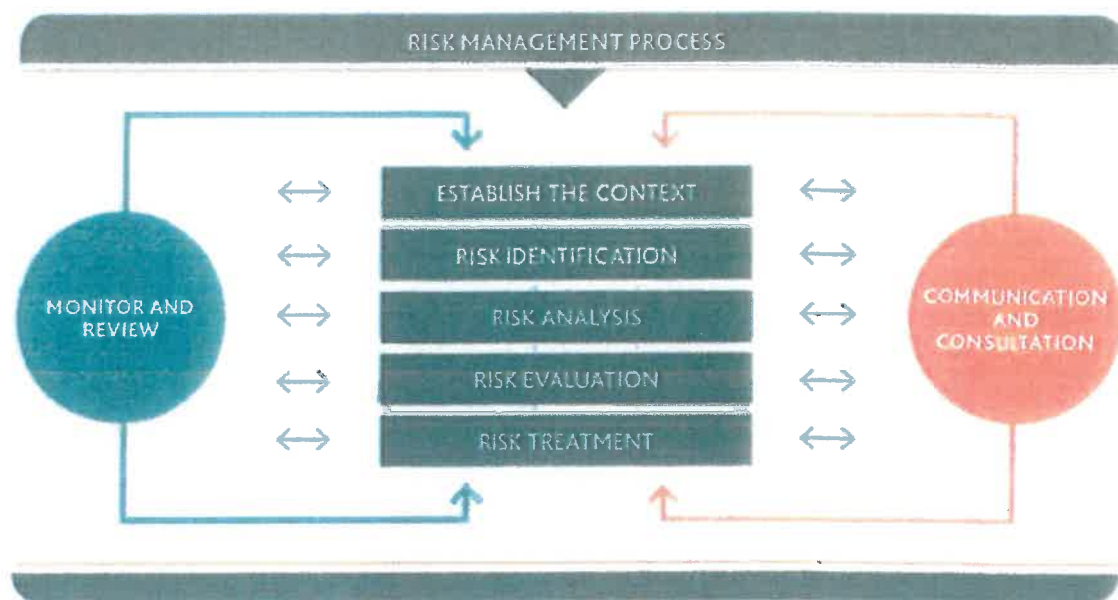
Combined Assurance

Combined Assurance is governed by the Combined Assurance Framework – J050 001FW. In terms of the Combined Assurance Framework, the Group Risk Department is a critical function in the support of implementing, embedding the Combined Assurance model and reporting thereof to the Audit and Risk Committee. Group Internal Audit is responsible for championing the implementation of the Combined Assurance Plan.

The Enterprise Risk Management Framework focuses on the identification, the assessment and the implementation of responses to the risks facing the entity; the Combined Assurance Framework focuses on ensuring that an appropriate level of assurance is provided on the effectiveness of the risk management process and the controls implemented.

INTEGRATED ENTERPRISE RISK MANAGEMENT PROCESS

The risk management process that is adopted throughout the Group is founded on the ISO 31000 Risk Management Standard. All steps in the risk management process shall be applied.



Communication and Consultation (Stakeholder Engagement & Reporting)

Stakeholders are persons, organisations, divisions, operating units, departments, functions, etc. That shall affect, be affected by, or perceive themselves to be affected by a decision or activity. Their needs, expectations, concerns, values, perceptions, judgements about risk have a direct impact on the achievement of the organisation's strategy, objectives or departmental Key Performance Indicators. Stakeholders comprise both internal as well as external parties.

Whilst external stakeholders are not directly engaged in the Company's operations, they are affected by the Company (customers, suppliers, competitors, etc.) and have the ability to directly influence the business environment (government, regulators, etc.). Furthermore, they can influence the Company's reputation, brand, and trust (communities, interest groups, etc.).

Internal stakeholders comprise the human forces working within the entity that directly influence the organisation (Board of Directors, Management, and Other Personnel).

The risk assessment process, therefore, commences with the identification and analysis of relevant stakeholders, their objectives, expectations, concerns and needs. This helps to ensure that the interests of all stakeholders are understood and considered and bring different areas of expertise together for analysing risks. Effective external and internal engagement, communication and consultation shall take place to ensure that those accountable for implementing the risk management process and stakeholders understand the basis on which decisions are made, and the reasons why particular actions are required. The total risk management process shall involve the continual consultation and communication with relevant stakeholders.

An inclusive and consultative approach has many potential benefits as listed below:

- It is pivotal in establishing the environment or the context, both internal and external, in which the organisation operates;
- It ensures that the interests, concerns and expectations of all relevant stakeholders are understood and considered;
- It drives the adequate identification of risks and bring different areas of expertise together for defining risk criteria, analysing risks, and in evaluating risks;

- It secures the endorsement and support for risk treatment plans; and
- It enables seamless change management during the risk management process.

Establishing the business context

The business context refers to the trends, relationships, and other factors that influence, clarify, or drive change to an organisation's current and future strategy and business objectives. Change may happen quickly and in unanticipated ways. New risks can emerge at any time causing disruption and changing the status quo with many interconnections and interdependencies.

The effective application of risk management from both a strategic as well as operational perspective, requires placing the organisation, division, department or function into context from both an external as well as internal perspective. This enables the organisation to effectively articulate the environmental factors that influence its objectives and provide for the effective alignment and cascade of strategic objectives into operational objectives. Thus, the external and internal business contexts describe the environment in which the Company operates and gives impetus and defines the external and internal parameters to be considered for setting the scope and risk criteria for the risk assessment phase (i.e. the identification, analysis and evaluation of risk).

Establishing the external context

The external context describes the external environment in which the organisation seeks to achieve its objectives. Understanding the external context is important to ensure that the objectives and concerns of external stakeholders are considered when developing risk criteria. It is based on the organisation-wide context, but with specific details of legal and regulatory requirements, stakeholder perceptions and other aspects of risks specific to the scope of the risk management process.

The external context can include, but is not limited to:

- The social and cultural, political, legal, regulatory, financial, technological, economic, natural and competitive environment, whether international, national, regional or local;
- Key drivers and trends having impact on the objectives of the organisation; and
- Relationships with, perceptions and values of external stakeholders.

Establishing the Internal Context

The internal environment comprises any influence inside the entity that shall affect its ability to achieve its strategy and business objectives. It describes the internal infrastructure and resources environment in which the organisation seeks to achieve its objectives and comprise the broad categories as listed below:

Category	Characteristics of Internal Context
Capital	Assets, including cash, equipment, property, patents
People	Capabilities, understood in terms of resources and knowledge, skills, attitudes, relationships, core values, and culture
Process	Governance, organisational structure, roles and accountabilities; standards, guidelines and models adopted by the organisation; activities, tasks, policies, or procedures; changes in management, operational, and supporting processes, information flows and decision-making processes (both formal and informal)
Technology	Information systems, new, amended, or adopted technology

The risk management process shall be aligned with the organisation's culture, processes, structure and strategy. As risk management takes place in the context of the objectives of the organisation; The analysis of the internal context aids in driving the following:

- Considering objectives and criteria at all levels within the organisation in the light of objectives of the organisation as a whole; and
- Recognising opportunities to achieve strategic, project or business objectives.

Business risks result from core business activities and business components, including its strategies, processes, products, functions, and organisational structure. The events present in the business environment shall look to both the past and the future as it may have an impact on the Company achieving its business strategy and shall be potentially positive or negative.

Events that have a potentially negative impact may prevent, degrade or delay the achievement of objectives. These events represent risks, which require management's assessment and response.

Events with a potentially positive impact shall result in the creation, enhancement or acceleration of achieving objectives. These events represent opportunities or offset the negative impact of risks. Those representing opportunities are channelled back to the Company's strategy or objective-setting processes, so that actions shall be formulated to seize the opportunities, whereas events potentially offsetting the negative impact of risks are considered in management's risk assessment and response.

Risk Assessment

This component of the Framework focuses on enterprise risk management practices that support the Group in making decisions and achieving strategy and business objectives. Because risk emanates from a variety of sources and requires a range of responses, the process of identifying, analysing, evaluating and responding to risk is undertaken across the entity and at all levels. To that end, the Company's operating model is used to implement an iterative process, with the inputs in one step of the process typically being the outputs of the previous step. This process is performed across all levels and with responsibilities and accountabilities for appropriate enterprise risk management alignment with the severity of the risk.

Risk Identification

Risk identification requires the appropriate knowledge of the activity or operation and functions as a fundamental aid in generating a universe of risks based on the business strategy, risk appetite, the analysis of the external and internal business context or environment and the performance model criteria. The risk universe represents the range of all potential business risks as well as areas of opportunities facing the organisation in achieving its business objectives and satisfying the needs of key stakeholders. A variety of approaches are available for identifying risks as illustrated and explained below (refer to Risk Management Standard 4: Risk Identification for more guidance):

Process	Inputs	Approaches	Outputs
Risk Identification	<ul style="list-style-type: none"> • Strategy and business objectives • Risk appetite and tolerance (i.e. acceptable variation in performance) • Analysis of business context • Performance model criteria • Risk Management Standard 5: Risk Identification 	<ul style="list-style-type: none"> • Data tracking • Interviews • Facilitated workshops • Questionnaires and surveys • Process analysis • Leading indicators 	<ul style="list-style-type: none"> • Risk universe

- **Workshops**

Bring together individuals from different functions and levels to draw on the Group's collective knowledge and develop a list of risks as they relate to the entity's strategy or business objectives;

- **Interviews**

Solicit the individual's knowledge of past and potential events. For canvassing large groups of people, questionnaires or surveys may be used;

- **Process Analysis**

Involves developing a diagram of the process to better understand the inter-relationships of its component inputs, tasks, outputs, and responsibilities. Once mapped, risks can be identified and considered against relevant business objectives;

- **Key Risk Indicators**

Key Risk Indicators are qualitative or quantitative measures designed to identify changes to existing risks. Risk indicators shall not be confused with performance measures, which are typically retrospective in nature;

- **Data Tracking**

Data Tracking from past events shall help predict future occurrences. While historical data typically is used in risk assessment—based on actual experience with severity—it shall also be used to understand interdependencies and develop predictive and causal models. Databases developed and maintained by third party service providers that collect information on incidents and losses incurred by industry or region may inform the organisation of potential risks.

Risk identification typically shall occur as a workshop involving all relevant stakeholders and can be supported by the other approaches. Comprehensive identification of risk is critical to effective risk management as risks not identified shall not be subjected to further analysis. Risks shall be recorded in a Risk Register in terms of:

- A description of the risk;
- The risk category;
- The risk owner;
- Its causes;
- The nature and extent of consequences;
- The existing controls;
- The control owner(s);
- Treatment strategy/plan; and

- Target date for resolution.

Precise wording in describing risk shall be applied to articulate the difference between an actual risk and other considerations, those being:

- Potential root causes that shall influence the severity of a risk;
- Potential impacts of a risk being embedded in the description; and
- Potential impacts of ineffective or failed risk responses and controls.

Accordingly, the Company shall apply standard sentence structure when describing risk during the Risk Identification phase, for example:

The possibility of [something happening - describe the potential event] and leading to [describe specific business objectives set by the organisation] which is caused by [describe the risk source.]

Risks shall be described using a standard taxonomy as detailed in Risk Management Standard four (4): Risk Identification (see Table 1: Risk Categories) which provide for standard definitions and categories for different risks.

Risk Analysis

Risk Analysis is preceded by the risk identification process. This step involves developing an understanding of the identified risk. The risk is analysed for proper understanding of the risk so that appropriate risk treatment plans can be further developed. The risk event can have multiple consequences and affect multiple objectives.

The analysis in accordance with the Airports Company South Africa SOC Limited methodology considers:

- Risk Control Effectiveness considers the existing controls and assesses the controls' effectiveness to reduce the impact and/or likelihood of the risk occurring (e.g. Policies, procedures, process, structures etc.) The table below outlines the current control effectiveness evaluation criteria

Score	Rating	Description
1	Critical improvement opportunity	Controls and/or management activities are non-existent or have major deficiencies and don't operate as intended
2	Significant improvement opportunity	Limited controls and/or management activities in place, high level of risk remains
3	Moderate improvement opportunity	Key controls and/or management activities in place, with moderate opportunities for improvement identified
4	Limited improvement opportunity	Controls and/or management activities properly designed and operating, with opportunities for improvement identified
5	Effective	Controls and/or management activities properly designed and operating as intended

- Consequence Rating Criteria: these assist with categorising the impacted area should the risk materialise and to standardise the risk rating. The Company identified and described eight business areas that should be considered when defining the impact, namely:
 - a) Financial loss
 - b) Service non-availability
 - c) Non-compliance
 - d) Occupational Health and Aviation Safety
 - e) Environment damage
 - f) Reputational Damage
 - g) Information Technology

- The consequence criteria are defined with the determination of the risk appetite and tolerance guideline, outlined in the Risk Appetite and Tolerance Framework document J010 003. Refer to document J010 003 for detailed outline of the tolerance levels.
- The likelihood rating considers the potential factors of the risk identified and their likelihood of occurrence in the next twelve months. This should then indicate the probability of the risk occurring. Table 3 outlines company's likelihood rating methodology.

Table 3: Likelihood rating

Score	Rating	Percentage
5	Expected	> 85%
4	Highly likely	55 - 85%
3	Likely	25 - 54%
2	Slight	5 - 24%
1	Not likely	<5%

Risk Evaluation

Risk Evaluation involves prioritising the risk and the response based on a timeframe and organisational level response to risks that have been subjected to risk analysis rigor as mapped on a 'heat map' or risk matrix in accordance with Table 3 Risk Matrix explained in Standard 6 Risk Analysis. Accordingly, the results of the risk analysis shall be subjected to risk evaluation, to make decisions about whether further treatment is required, which risks need treatment and treatment priorities.

IMPACT	5 Catastrophic	II	I	I	I	I
	4 Critical	II	II	I	I	I
	3 Significant	III	II	II	I	I
	2 Moderate	III	III	II	II	I
	1 Minor	III	III	III	II	II
		Unlikely (<5%)	Slight (5%-24%)	Likely (25%-54%)	Highly (55%-85%)	Likely Expected (>85%)
		1	2	3	4	5
		LIKELIHOOD				

In ensuring alignment with the risk appetite and tolerance, the following Airports Company South Africa SOC Limited Priority table should provide guidance on whether the risk is acceptable, tolerable or unacceptable as per approved Risk Appetite and Tolerance framework Priority Table:

Priority Level	Tolerance levels	Recommended action	Action description
	Unacceptable	Improve control environment	Management should take immediate action to reduce residual risk exposures by improving controls (new and existing)

Risk	II	Tolerable	Cautiously operate	Management should operate cautiously and monitor controls to reduce risk exposure to acceptable levels
	III	Acceptable	Monitor	Management should monitor the risk exposure to remain within acceptable levels

Treatment

Risk treatment: The evaluation criteria provide direction on the risk treatment to be actioned by the relevant risk owner. This will ordinarily include controls that should be put in place to reduce the risk exposure to acceptable levels or take advantage of the identified opportunities where an opportunity has been identified.

Characteristics of good risk treatment:

- Eliminate or reduce either the likelihood and/or impact of the risk, that is the treatment plan should be aimed at treating the root cause and/or have contingencies in place should the risk materialise e.g. Insurance;
- Balance the costs and efforts of implementation against the benefits derived (Cost vs Benefit Analysis);
- Consider values and perceptions of stakeholders;
- Consider the company's risk appetite and tolerance;
- The treatment action should be time-bound, to ensure accountability.
- In instance where the risk treatments ongoing, ongoing reporting needs to take place and risk exposure must be reviewed or assessed to measure effectiveness of such a risk treatment plan; and
- The treatment options are not necessarily mutually exclusive.

Monitor and Review of the risk profile

The risk profile monitoring process considers the progress made on treatment plans and emerging trends due to any external and/or internal factors. The process monitors the following factors:

Implementation of treatment plans;

- Positive or negative trends;
- Performance of controls;
- Risk performance against appetite and tolerance levels (Priority level);
- Consider any environmental trends e.g. changes in business environment may impact the risk or negatively; and
- Identify emerging risk.

Both monitoring and review is a planned part of the risk management process and involve regular checking or surveillance. It is done continuously as part of the management process; however, risk owners are required to regularly provide update on the performance of the risk profile.

Monitoring happens at every stage of the risk process. This will ensure that information provided aligns with business initiatives.

Risk Management Process Output: Risk Register

A risk register is a document used as risk management tool and to fulfil regulatory compliance acting as a repository for all risks identified and includes additional information about each risk. The below table demonstrates the link between the ERM process and the output, risk register

1. Establish Context	2. Risk Identification	3. Risk analysis	4. Risk Evaluation	5. Risk Treatment	6. Risk Monitoring
Corporate Plan PESTEL/SWOT KPIs	Event described that may have an impact on Objectives	Causes (Contributing factors analysed)	Risk prioritisation • Priority levels determined	Planned treatment	Ongoing reporting on: • Ongoing progress on treatment • Key Risk Indicators performance • Risk Trends

APPENDIX E1: THE GOVERNANCE OF RISK IN AIRPORTS COMPANY SOUTH AFRICA

The Business Risk Governance Structure

The Board of Directors is accountable for risk management within the business entity. The Board utilises the Board Audit and Risk Committee (ARC) to provide assurance that an effective and measurable risk management process is in place. The Group Executive: Governance and Assurance has functional accountability within the Company for Risk Management and is also represented on the Board Audit and Risk Committee as an official.

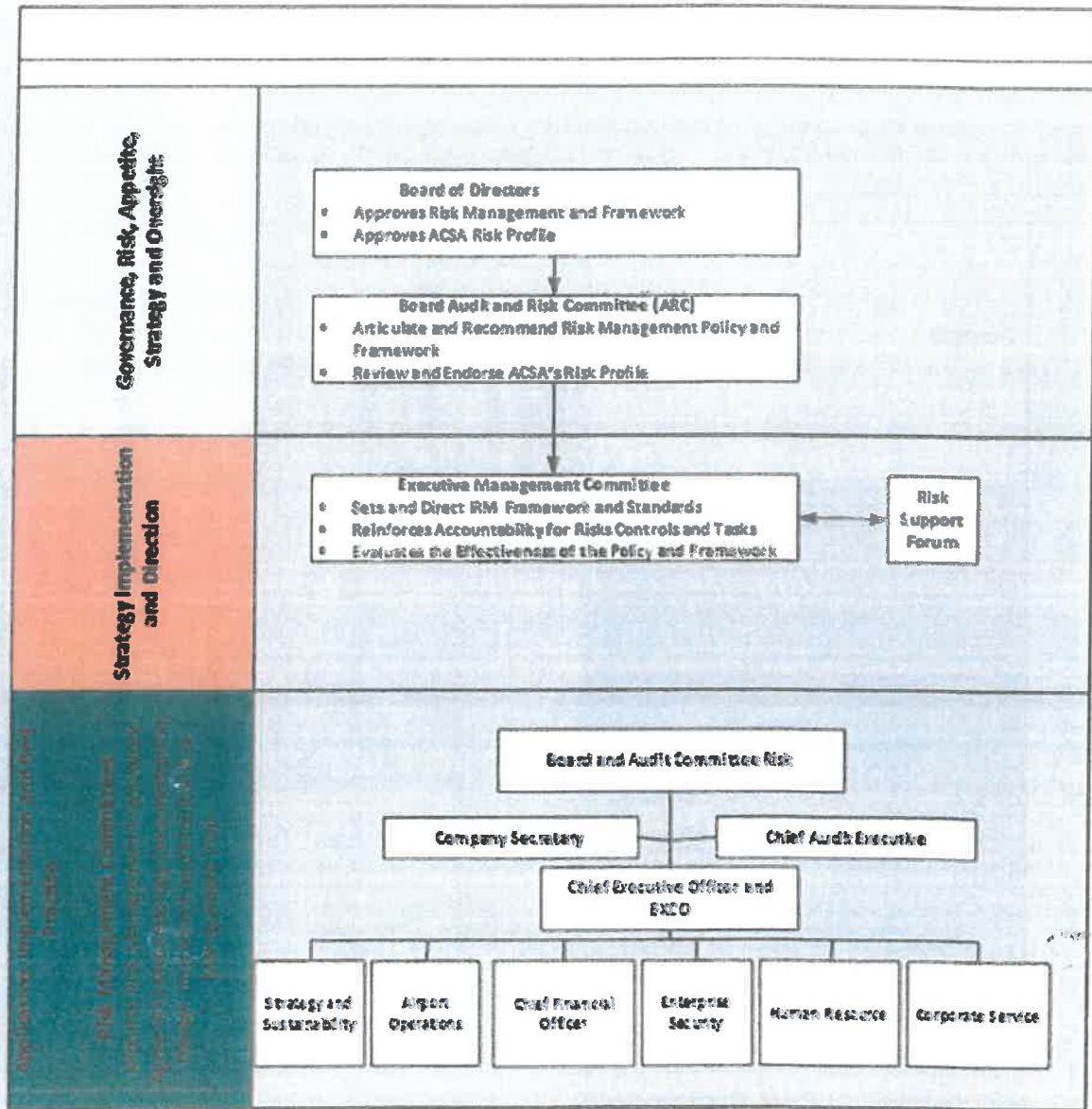
The Group Executive: Governance and Assurance is the Board Audit and Risk Committee co-coordinator. In consultation with the Chairman of the Board Audit and Risk Committee a yearly plan is produced which allows presenting of deliverables, approvals and issues that the committee shall attend to during the year, noting that ad-hoc issues shall arise.

Each Group Executive of a Business Unit is accountable for his/ her own risk management process and plan execution. Each Business Unit manager/functional manager is also accountable for their own business area or function, thus responsibility flows right throughout the organisation.

From a stakeholder management perspective, stakeholders are categorised into external and internal stakeholders. Stakeholder identification and communication are essential to maintain positive on-going relationships between the BUs, Special Projects, the Group Risk Management teams and all their stakeholders, and to inform stakeholders of issues that shall arise during the year, as well as the implementation progress.

It is important to note that there are other technical structures in place that deal with specialised areas of risks such as environmental management, safety management, financial management, insurance etc. as per statutory requirements and other best practice standards indicated in the Enterprise Risk Management Department Enterprise Risk Management Policy – J010 001P. This Framework supports the implementation of these processes as deemed appropriate for the risk profile of the organisation.

Enterprise Risk Management Framework



The diagram indicates how Enterprise Risk Management is governed at the Airports Company South Africa

4.6 Risk Governance Structure

Accountability and Responsibility- RACI

The following is a high-level of accountabilities and responsibilities for role payers within the risk management process. The table below gives a detailed breakdown on the roles and responsibilities with regards to Risk Management execution responsibilities. The RACI is defined as follows: R= Responsible, A= Accountable, C= Consulted and I = Informed.

	DUTIES	Group Executive: Governance and Assurance	Group Manager: Risk Management Department	Risk Management Forum	BU Risk champions	BU Executives	Line Management	Board Audit and Risk Committee	Board of Directors
Group Risk and Department	The design and enablement of framework, methodology, definitions and Risk Management Information System (CURA), for Risk Management to enable the BU's to meet the objectives set	A	R	C	C	I	I	I	I
	Project Manage and coordinate the overall Risk improvement Project roll-out with the BU's.	A	R	C	C	I	I	I	I
	Enable the business specific training for the risk champions and line management on Risk and Compliance methodology, tools and CURA	A	R	C	C	I	I	I	I
	Continuous Communication on progress and advancements as it relates to the Risk and Compliance initiatives.	A	R	C	R	I	I	I	I
	Monitoring and reporting on progress of the BU implementation of the new Risk Management Methodology to the EXCO and Board Risk Management Committee.	I	C	C	R	A	I	I	I
	Delivering Project Management and risk framework support to the BU's to align with project milestones	A	R	C	R	R	I	I	I
	Ehsuring continuous development of the Risk Management methodology to satisfy the requirements of and align with worlds best practices.	A	R	C	C	I	I	I	I
Business Unit	Ensuring that the Risk Management framework, methodology, definitions and Risk Management Information System (CURA), for Risk and Compliance Management are implemented and	I	C	C	R	A	C	I	I

	DUTIES	Group Executive: Governance and Assurance	Group Manager: Risk Management Department	Risk Management Forum	BU Risk champions	BU Executives	Line Management	Board Audit and Risk Committee	Board of Directors
	operating fully within the Business units.								
	Compile BU Risk Management Plan for Implementation of the Risk and Compliance methodology	I	C	C	R	A	C	I	I
	Coordinate, In conjunction with the Risk Management department, the specific training for line management on the Risk Management methodology, tools and CURA	I	C	C	R	A	I	I	I
	Continuous Communication on Project progress and advancements throughout the BU	I	C	C	R	A	I	I	I
	Monitoring and reporting on progress of the Business unit implementation of the new Risk Management methodology to the BU Governance structures, Management committees and the Risk Management Department.	I	C	C	R	A	C	I	I
	Establish Risk Culture within the BU through Change management initiatives	I	C	C	R	A	C	I	I
	Governance reporting to the Risk Management Department	I	C	C	R	A	C	I	I
	Ensure ad-hoc Risk Management initiatives are performed when requested by senior management	I	C	C	R	A	C	I	I
	Implement CURA within the BU.	I	A	C	R	C	C	I	I
	Attend the Group Risk meetings	I	C	I	R	C	I	I	I
	Facilitates Risk Workshops in line the Risk methodology	I	C	C	R	A	C	I	I
Group Executive Level	Enable an effective Risk Management capability through the provision of appropriate resources, aligned to the Group Risk Strategy	I	C	I	C	A	R	I	I
	Risk owners shall report to EXCO, Board and BU Forums on their allocated risks	I	C	C	C	A	R	I	I

	DUTIES	Group Executive: Governance and Assurance	Group Manager: Risk Management Department	Risk Management Forum	BU Risk champions	BU Executives	Line Management	Board Audit and Risk Committee	Board of Directors
	and progress								
The Board of Directors	Performs its oversight risk management roles and responsibilities in line with the terms of references.	I	I	I	I	I	I	A	C
	Approve the risk management policy, framework and strategy.							A	A
	Approve the Risk Appetite Statement	I	I	I	I	I	I	R	R
	Approve key risk indicators and tolerance levels	I	I	I	I	I	I	R	A
	Review and approve the risk management maturity of the Company	I	I	I	I	I	I	R	A
	Delegate the responsibility of risk management to Audit and Risk committee	I	I	I	I	I	I	I	R
Audit and Risk Committee	Perform oversight on risk management roles and responsibilities in line with the terms of references.	I	I	I	I	I	I	R	A
	Assists the Board in reviewing the risk management process and identifying the significant risks facing the Company	C	C	C	C	C	C	R	R
	Review the Company's major policies with respect to risk assessment and risk management;	C	R	C	C	C	C	R	A
	Consider and review the Company's changing risk profile	R	R	C	C	R	C	R	A
	Adopt and approve risk management plan	R	R	C	C	C	C	R	A
	Review the risk management maturity of the Company	R	R	C	C	C	C	A	A
	Evaluate the adequacy of risk management systems and processes	R	R	C	I	I	I	R	A
	Monitoring compliance with all laws and regulations governing the business of the Company	C	R	I	I	I	I	R	A
	Review risk reports quarterly and ensure that recommended actions to	R	R	C	C	C	C	R	A

	DUTIES	Group Executive: Governance and Assurance	Group Manager: Risk Management Department	Risk Management Forum	BU Risk champions	BU Executives	Line Management	Board Audit and Risk Committee	Board of Directors
	remedy/correct weaknesses are implemented								
	Monitor management's implementation of approved risk management strategies and controls response in rectifying recommendations pertinent to risk areas recommended by Internal Audit	R	R	I	I	I	I	R	A
	Review the implementation of risk management strategy, the fraud prevention plan, and IT systems.	R	R	C	C	C	C	R	A
	Report to Board on the effectiveness of risk management systems; the effectiveness of the internal control system and satisfy itself that the relevant internal controls have been implemented for all risk areas to be reviewed from time to time, and	R	R	C	C	C	C	R	A
	Whether the risk areas of the Company's operation have been covered in the scope of internal and external audits	C	R	C	C	C	C	R	A
	Evaluate and make recommendations regarding the risk covered by internal and external audit.	C	R	C	C	C	C	R	A
	Receive and review internal audits report quarterly and ensure that recommended improvement actions are implemented.	R	R	R	R	C	C	R	A

ENTERPRISE RISK MANAGEMENT PRINCIPLES

For Risk management to be successful it is important to have a set of Risk Management principles, which forms the basis for risk management implementation as well as performance and maturity reporting throughout the Organisation.

Airports Company South Africa SOC Limited adopts the following risk management principles which are standards pertaining to ISO 31000:

Risk Management Creates and Protects Value

Risk management contributes to the demonstrable achievement of objectives and improvement of performance in, for example, human health and safety, security, legal and regulatory compliance, public acceptance, environmental protection, product quality, project management, efficiency in operations, business continuity, governance and reputation.

Risk Management is an Integral Part of all Organisational Processes

Risk management is not a stand-alone activity that is separate from the main activities and processes of the Organisation. Risk Management is part of the responsibilities of management and an integral part of all organisational processes, including strategic planning and all project and change management processes.

Risk Management is Part of Decision-Making

Risk management helps decision makers make informed choices, prioritise actions and distinguish among alternative courses of action.

Risk Management Explicitly Addresses Uncertainty

Risk management explicitly takes account of uncertainty, the nature of that uncertainty, and how it can be addressed.

Risk Management is Systematic, Structured and Timely

A systematic, timely and structured approach to risk management contributes to efficiency and to consistent, comparable and reliable results.

Risk Management is Based on the best Available Information

The inputs to the process of managing risk are based on information sources such as historical data, experience, stakeholder feedback, observation, forecasts and expert judgment. However, decision makers should inform themselves of, and should consider, any limitations of the data or modelling used or the possibility of divergence among experts.

Risk Management is Tailored

- One Risk Management policy statement expressing a clear mandate ensuring line management accountability for risk management;
- A common approach to risk analysis and risk prioritisation;
- A common language for risk management;
- The use of one risk management information system with appropriate functionality to support and drive consistency; and
- Organisation-wide requirements to gather and report risk information for governance purposes.

An active means to share good risk management practice and learning's Risk management takes human and cultural factors into account.

Risk management recognises the capabilities, perceptions and intentions of external and internal people that shall facilitate or hinder achievement of the organisation's objectives.

Risk Management is Transparent and Inclusive

Appropriate and timely involvement of stakeholders and decision-makers at all levels of the organisation, ensures that risk management remains relevant and up to date. Involvement also allows stakeholders to be properly represented and to have their views taken into account.

Risk Management is Dynamic, Iterative and Responsive to Change

Risk management continually senses and responds to change. As external and internal events occur, context and knowledge change, monitoring and review of risks take place, new risks emerge, some change, and others disappear.

Risk Management Facilitates Continual Improvement of the Organisation

The Company shall develop and implement strategies to improve their risk management maturity alongside all other aspects of their organisation.

Business Units, Airports and any Special Projects shall be accountable for the implementation of the risk management policy & procedures and are required to create and maintain risk management plans to ensure compliance.

PROCESS MONITORING

Audits to ensure the effectiveness of enterprise risk management shall be initiated by the Executive Committee, Group Executive: Governance and Assurance, the Board Audit and Risk Committee, Business Unit Risk Committees, or the Group Manager: Risk Management. This shall be in addition to the annual audits scheduled by Group Internal Audit.

ANNEXURE F – COST CONTAINMENT PLAN

1. INTRODUCTION

National Treasury instruction No. 02 of 2016/2017 requires the development of a cost containment plan on an annual basis, which must form part of the public entity's strategic and / or annual performance planning exercise. The cost containment plan must set out specific measures to be taken to improve cost-efficiencies, the effectiveness of supply chain management processes and procedures, the elimination of wasteful expenditure and to ensure that value for money is achieved in the delivery of programmes and services. The cost containment measures must be appropriately prioritised per division and such measures must be effectively monitored and reported on monthly and in the annual report.

2. COST CONTAINMENT IN AIRPORTS COMPANY SOUTH AFRICA

Airports Company South Africa continues to identify cost reduction measures to lead to cost effectiveness and efficiency. As a result, the company introduced measures over and above those proposed by National Treasury in its National Treasury Instruction 01 of 2013 to improve profitability and self-sufficiency, while leading to increased tax revenues and dividends for National Treasury.

The cost containment measures are contained in the annual cost containment plan.

3. ANNUAL COST CONTAINMENT PLAN: 2022/23

Cost containment measure	Cost item impacted	Division	Due date
<p>1. Motivations for consulting fees</p> <p>Motivation in the form of business cases indicating alignment to strategic objectives and approval by the CEO and CFO.</p>	Consulting fees	Company	Implemented
<p>2. Cost containment awareness</p> <p>National Treasury instruction No. 03 of 2017/18 compliance through budget guidelines and financial controls.</p>	Consulting fees Catering expenses Entertainment expenses Alcohol expenses Social functions Corporate branded items Newspapers and other publications Telephone, cellular phone and data facilities Advertising expenses Hiring of venues Conferences and events Travel and subsistence	Company	Implemented
<p>3. Video conferencing technology introduction</p> <p>Implementation of technologies in meeting rooms to facilitate video conferencing.</p>	Travel and accommodation	Company	Implemented
<p>4. Energy efficiency programme (consumption reduction)</p>	Electricity	All airports	Implemented

Cost containment measure	Cost item impacted	Division	Due date
<p>Switching off geysers during certain time periods when hot water is not required</p> <p>Reducing the operating times of air conditioning units in terminal buildings</p> <p>Replacement of luminaire with LED technology</p> <p>Implementation of motion sensors on escalators</p> <p>Implementation of occupancy sensors in buildings</p> <p>Standardisation and specifications for future buildings in line with best practice in energy efficiency</p>			
<p>5. Solar plants at airports</p> <p>Redundancy of supply and reducing reliance on the grid</p>	Electricity	Company	<p>George - Implemented</p> <p>Upington- Implemented</p> <p>Kimberley- Implemented</p> <p>Bram Fischer – Implemented</p> <p>East London – Implemented</p> <p>Port Elizabeth- Implemented</p>
<p>6. Review of security costs</p> <p>Complete understanding of all security cost elements and related drivers</p> <p>Benchmarking scope and market rates per service on a per airport basis</p> <p>Introducing centre of excellence led standardisation and efficiency programme</p>	Security costs	Enterprise security and airport management	March 2023

ANNEXURE G – BORROWING PLAN

1. INTRODUCTION

As per the provision of the Section 66 of the PFMA, the company is required to develop a three-year Borrowing Plan on annual basis, predicated on the operational requirements, capital expenditure, debt service costs and traffic growth forecast. The ongoing Covid-19 pandemic continues to have a negative impact on the business operations and threatens long-term financial sustainability of the company. The recent discovery of the Omicron variant saw the majority of South Africa's key travel markets restating travel bans against the country. These developments confirm the heightened level on uncertainty that the aviation sector continues to operate under, which necessitate the Airports Company South Africa to be more proactive rather than reactive in implementing its Borrowing Plan.

During the financial ended March 2021, Airports Company South Africa disposed its shareholding in MIAL for R1.3 billion, issued R2.3 billion worth of preference shares to government and borrowed R810 million from the DBSA. The proceeds from the MIAL disposal, preference share issuance and DBSA Loan have enabled the company to meet its financial obligations, even under difficult trading conditions experienced during the 2021/22 financial year.

The borrowing activities of the company will continue to be affected largely by the following factors:

- Credit rating of the company;
- Liquidity (marketability) of its listed securities;
- Investor perceptions of the company;
- Economic conditions.

The Borrowing Plan is required in terms of the Public Finance Management Act and the Treasury regulations (29.1.3). Moreover, the company is required to submit a quarterly report reflecting updates on the borrowing activities.

In terms of Treasury Regulation 29.1.6, the Borrowing Plan should include:

- Terms and conditions on which money is borrowed;
- Proposed domestic borrowing;
- Short, medium and long-term borrowing;
- Borrowing in relation to a pre-approved corporate plan;
- Maturity profile of debt;
- Confirmation of compliance with existing and proposed loan covenants;
- Debts guaranteed by government;
- Motivations for government guarantees;
- Executive Authority's approval of borrowing programme.

The purpose of this document is to outline a Borrowing Plan necessary to fund the company's capital and operational requirements for the three-year period ended 31 March 2025 in line with the requirements of the Public Finance Management Act and the Treasury Regulations.

TERMS AND CONDITIONS ON WHICH MONEY IS BORROWED

The company's Borrowing Plan has been prepared in line with principles outlined in the Board Approved Treasury Risk Management Policy Framework. The company's funding activities are undertaken using a combination of authorised funding instruments listed in the Borrowing Policy.

The Policy Framework ensures prudent management of the company's financial risk exposure, funding, cash and investment activities whilst ensuring that the company has a stable and healthy balance sheet. This is achieved by maintaining appropriate gearing levels in line with Board approved Borrowing Policy and by ensuring that an optimal capital structure is maintained.

The main objective of the Borrowing Plan is to ensure the company's strategic imperatives are funded in prudent manner by achieving lowest funding cost possible and favourable terms and conditions.

2. CURRENT ECONOMIC CONDITIONS AND OUTLOOK

Global Economic Overview and Outlook

The Covid-19 pandemic has caused unprecedented global economic contraction and reversed the gains made over the years with millions of people around the globe losing their livelihoods.

Currently, the global economy is expected to increase at a 5.6 percent annual rate in 2021 according to the World Bank, the fastest pace in 80 years following a recession, despite the resurgence of the pandemic. Renewed outbreaks of the virus are prompting some countries to restrict their activity, creating bottlenecks and straining supply lines.

Global economic growth continues to be robust, aided by government and central bank support and advancements in vaccines. However, while global GDP is moving towards its pre-pandemic level, the recovery continues to be unequal, with countries emerging from the crisis confronting a variety of obstacles. COVID-19's fault lines appear to be more persistent—near-term divergences are predicted to have a lasting effect on medium-term performance. The gaps are primarily caused by vaccine access and early policy support. Recoveries in emerging market and developing economies will continue to lag those in advanced economies.

According to the International Monetary Fund (IMF), the global economic growth is anticipated to record 5.9 percent growth in 2021 (0.1 percent lower than in prior forecasts), more optimistic than the World Bank, and 4.9 percent in 2022. The lower revision for 2021 involves a downgrade for advanced economies — owing in part to supply disruptions — and for low-income developing countries, owing mostly to deteriorating pandemic dynamics. Demand has increased as restrictions have been removed, but supply has been slower to adapt. Although pricing pressures in the majority of countries are likely to ease in 2022, inflation forecasts are quite uncertain. These increases in inflation are occurring while employment remains below pre-pandemic levels in many economies, putting policymakers in a difficult position.

For low-income countries, this is largely countered by the more optimistic outlook for some commodity-exporting emerging market and developing nations in the short term.

The rapid spread of Delta and the potential of new variations, which has realised in the form of the Omicron-variant, have heightened concerns about the pandemic's viability. Policy choices have become increasingly difficult due to a lack of manoeuvrability.

Economic expectations are as follow:

- Global economy expected to record an at least 5.6 percent growth in 2021 and 4.9 percent in 2022.
- US – IMF projects a 6.0 percent growth rate in 2021, followed by an expansion of 5.2 percent in 2022.
- Eurozone – is projected to rebound in 2021 expanding by 5.0 percent increasing at a decreasing rate by 4.3 percent in 2022.
- China – is expected to grow by 8.0 percent in 2021 which is lower than anticipated due to down-scaling of public investment, and 5.6 percent in 2022.

The African and South African Economic Overview and Outlook

COVID-19 effects could reverse hard-won gains in poverty reduction in Africa over the past two decades. In 2020, economic activity in Africa was stifled by a global epidemic triggered by COVID-19. Africa's real GDP is expected to expand by 3.4 percent in 2021, following a contraction of 2.1 percent in 2020. The region's three major economies—Angola, Nigeria, and South Africa—have

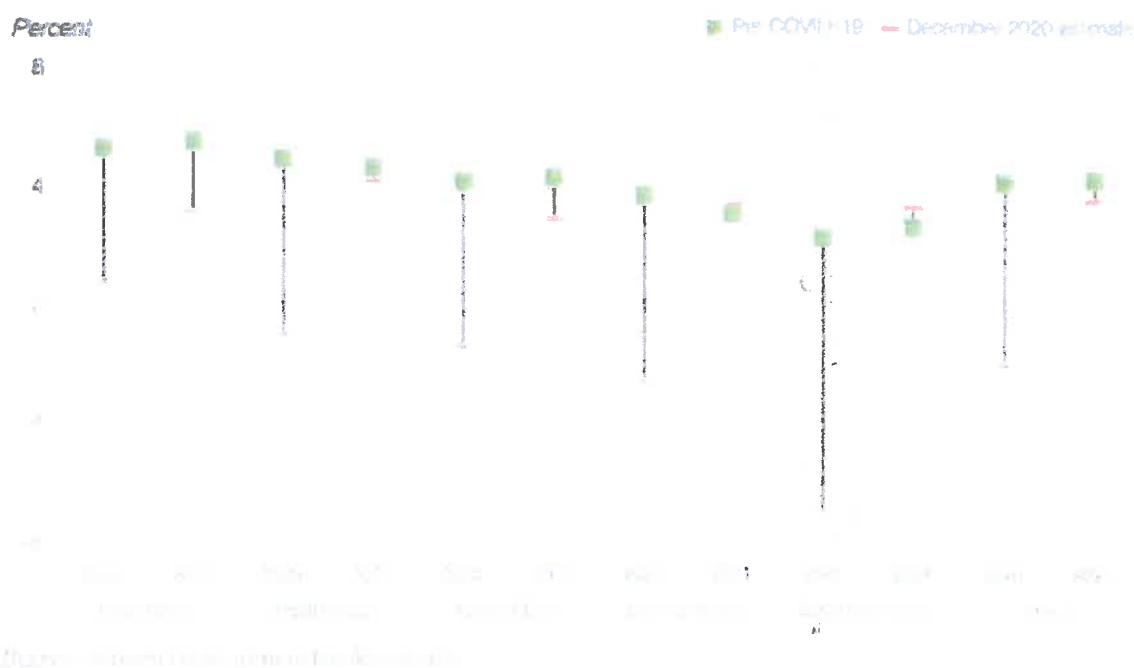
mostly recovered from a 4.2 percent decline in 2020. This anticipated recovery from the worst recession in more than half a century will be bolstered by the resumption of tourists, a rise in commodity prices, and the removal of pandemic-induced restrictions. Some relief was provided in terms of fiscal stimulus packages. Fiscal stimulus programs range from around 32 per cent in Mauritius to 10 per cent in South Africa to less than 1 per cent in Tanzania.

However, global economic conditions are no longer as favourable to emerging and developing economies as they were earlier this year. Further, the outlook is fraught with uncertainty due to both global and local challenges. The risks to the outlook are skewed to the downside and include persistent procurement and logistical barriers to vaccination, further increases in food prices that could exacerbate food insecurity, rising internal tensions and conflicts, and more severe long-term damage from the pandemic than anticipated.

The economic impact of the pandemic differs by country. Tourism-dependent economies are expected to rebound from an 11.5 per cent decline in 2020 to grow 6.2 per cent in 2021; oil-exporting economies are expected to recover from a 1.5 per cent decline to grow 3.1 per cent; other resource-intensive economies are expected to recover from a 4.7 per cent decline to grow 3.1 per cent; and non-resource-intensive economies are expected to recover from a 0.9 per cent decline to grow 4.1 per cent.

Southern Africa was the hardest devastated region by the pandemic, with an economic drop of 7.0 per cent projected for 2020. It is expected to rise at a 3.2 per cent annual rate in 2021 and a 2.4 per cent annual rate in 2022.

Figure 1: GDP contractions in Africa



South Africa's growth is predicted to reach 5.2 per cent in 2021, aided by a gradual relaxation of COVID-19 limitations and higher metal prices according to the South African Reserve Bank (SARB). The annual growth rate of GDP in 2021 indicates a solid recovery from the pandemic's economic effects. While expansionary monetary and fiscal policies have boosted activity, GDP will remain much lower than it was in 2019 through 2022. Economic growth is predicted to slow to a crawl during the next two years, in line with the low pace of potential growth. GDP growth is anticipated to reach 1.7 per cent in 2022 and 1.8 per cent in 2023. GDP growth is expected to be 2.0 per cent in 2024.

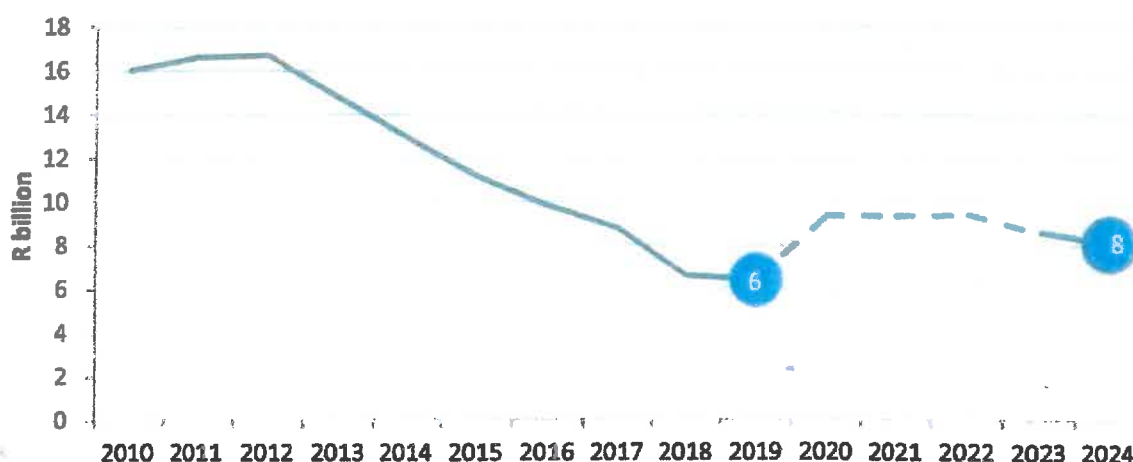
Increased fiscal pressures and slow growth in public investment continue to cast doubt on South Africa's near-term growth prospects. Significant structural barriers to potential growth persist, notably labour market rigidities, as seen by persistently high levels of unemployment.

3. DEBT MANAGEMENT REVIEW

Airports Company South Africa's debt level increased notably leading up to the 2010 Soccer World Cup spectacle driven by mega infrastructure programme that the company embarked on. In 2012/13 financial year, the company adopted an Early Debt Redemption Strategy which underpinned the deleveraging process.

Since the financial year ended 31 March 2013, the company has repaid over R10 billion worth of debt largely as part of Early Debt Redemption Strategy. This massive reduction in the debt level reflects the company's prudent approach to debt management. Moreover, the deleveraging process reduced the company's debt service costs and placed Airports Company South Africa in a much stronger footing to absorb new debt funding in response to the Covid-19 pandemic.

Figure 2: Airports Company South Africa Debt Evolution



Over the three-year plan, the company will repay R3.3 billion worth of debt comprising of the following debt instruments:

- AIR02 fixed-rate bond - R1.7 billion
- AIR04 fixed rate bond - R544 million
- AFD1 loan - R164 million
- AFD2 loan - R585 million
- INCA loan - R34 million
- DBSA loan (amortizing loan) - R283 million

The company's debt level is expected to decrease by R1.2 billion to R8 billion by the end of March 2025, attributable to debt repayments, including redemption of R1.7 billion of AIR02 fixed-rate bond in April 2023.

4. CREDIT RATING REVIEW

Following a rating downgrade on 26 June 2020, Moody's affirmed the company's global scale rating at Ba2 on 24 November 2020. The affirmation of ACSA's rating reflects a one-notch uplift to the baseline credit assessment of Ba3 due to Moody's assumption of strong support from government. The national scale rating was upgraded to Aa2.za from Aa3.za in line with the revised mapping for the South African national rating scale.

The negative rating outlook was left unchanged reflecting the impact of Covid-19 on the company and the negative outlook on government rating. According to Moody's, a rating upgrade is unlikely in the near term given the negative outlook. However, the credit rating outlook could be changed to stable if:

- Traffic recovery looked more certain;
- It appeared likely the Company would be able to materially improve its financial profile over the medium term;
- Company's liquidity is solid;
- The outlook on the sovereign rating was changed to stable.

Nonetheless, Moody's could downgrade the company's ratings if:

- There is a delay in passenger traffic recovery, including airlines ceasing operations;
- It appeared likely the company's capital structure could be challenged;
- There were concerns about liquidity;
- The sovereign rating is downgraded.

Table 1: Airports Company South Africa's credit ratings

Credit rating agency	Date	Rating Action	Long-term national scale	Global scale	Outlook
Moody's	24 November 2020	Affirmed	Aa2.za*	Ba2	Negative

Footnote*: National scale rating upgraded from Aa3.za

On 06 December 2021, Moody's announced its completion of the periodic review of Airports company South Africa ratings. However, this announcement does not constitute a credit rating action or indication of whether a rating action will be taken in the near future. The credit metrics of the Airports Company South Africa are expected to improve over the forecast period which will be credit positive for outlook of the company's ratings. However, the risk of downgrade of the company's rating remains given the negative outlook and uncertain trajectory of traffic recovery.

5. CAPITAL STRUCTURE

The company minimises the weighted average cost of capital (WACC) by setting a target of gearing ratio (net/capitalisation) not to exceed 60 per cent. It should be noted this target can only be breached under exceptional circumstances with the approval of the Board and after obtaining a waiver from lenders who use gearing ratio as part of their financial covenants.

The net/capitalisation ratio is expected to decrease over the forecast period and remain below the target of target of 60 per cent as shown in Table 2 below.

Table 2: Estimated Gearing Ratio

	2022/23	2023/24	2024/25
Net Debt/Capitalization	28%	27%	24%

6. FUNDING REQUIREMENTS

The company's ability to meet all its financial obligations from internal generated funds continue to be affected negatively by sporadic domestic and global travel restrictions imposed to curb the spread of the Covid-19 virus. The recent discovery of the Omicron variant saw the majority of the South African's key travel markets restating travel bans against the country. These developments serve as reminder the aviation industry continues to operate under highly uncertain environment.

To mitigate the liquidity risks that might arise from continuous business disruptions caused by the Covid-19 induced travel bans, the company maintained its short-term committed facilities with banks. Airports Company South Africa renewed its short-term banking facilities amounting to R1.8 billion for a period of 12 months ending 31 August 2022.

The proceeds from preference shares issuance (R2.3 billion), MIAL disposal (R1.2 billion) and DBSA loan (R810 million) enabled the company to meet its financial obligations even under difficult trading conditions experienced during the 2021/22 financial year.

The company is still awaiting approval from the Public Investment Corporation (PIC) relating to the preference shares issuance. It should be noted that the company started engaging with PIC on the possibility of issuing preference shares as part of the shareholder support mechanism at the same time when government was approached on the similar transaction. However, the process has taken longer than initially anticipated given the PIC's internally governance processes requirements. The main hurdle was the completion of the due-diligence process which was not cited as a requirement during the initial engagements.

On 27 May 2021, the company held a due-diligence session with PIC which was subsequently completed and submitted to the Management Committee together with the funding request. In October 2021, the Management Committee approved the due-diligence report together with the funding request and recommended the submission to the Investment Committee. **It is important to note that the Investment Committee's approval will be subjected to the approval of the shareholder (GEPF).** The Investment Committee is expected to consider Airports Company South Africa's funding request in February 2022. Therefore, the company intends to conclude the transaction with the PIC before the end of the 2021/22 financial year.

In the domestic capital market, public auctions remain dominated by private sector issuers with State-owned Companies rising funding predominately through private placements. Only few State-owned Companies managed to raise funding through public auctions over the past twelve months, the recent issuers to conduct public auctions were the DBSA and Rand Water. The company will continue to assess the market conditions in the domestic debt capital market with the intension of refinancing the AIR02 fixed rated bond either through a switch auction and/or outright issuance of new/existing bonds.

The company will also engage proactively with other funders i.e., Development Finance Institutions and Banks to ensure that the company has a diverse funding source to meet its funding requirements. This will enable the company to rise funding in a cost-effective manner and achieve favourable terms. The three-year Borrowing Plan of the company is based on the financial assumptions outlined in the Corporate Plan.

Table 4: Gross Funding Requirements

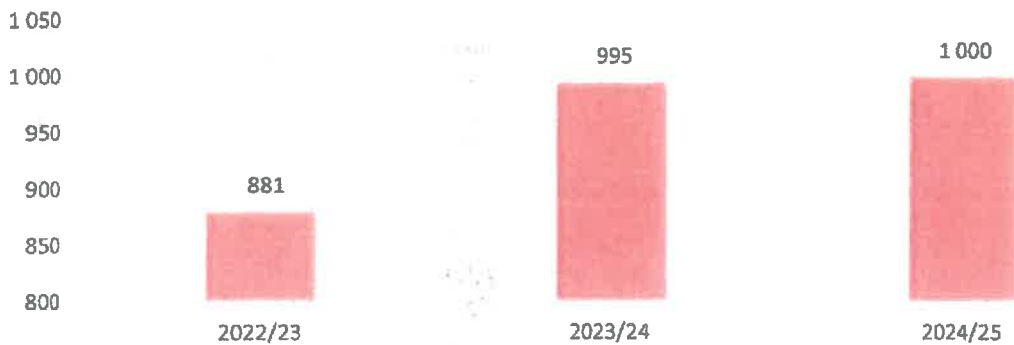
(ZAR million)	2022/23	2023/24	2024/25
Cash Carried Forward	960	718	439
EBITDA	1 517	2 002	2 300
Capital Expenditure	-881	-995	-1 000
Loan Redemptions	-296	-2 139	-887
Net Interest Payout	-558	-491	-372
GRU Disposal*	37	37	37
WC Changes	-62	352	411
PIC Preference Shares Subscription	0	0	0
Tax Payout/Refund	0	-45	-124
Cumulative Gross Funding Requirement surplus/(shortage)	718	-561	805
New Gross Funding	0	1 000	0
Cash Position after Gross Funding	718	439	805

Footnote: assuming exchange rate of R\$2.8 against the Rand

The funding requirement is based on the following key assumptions over a three-year period:

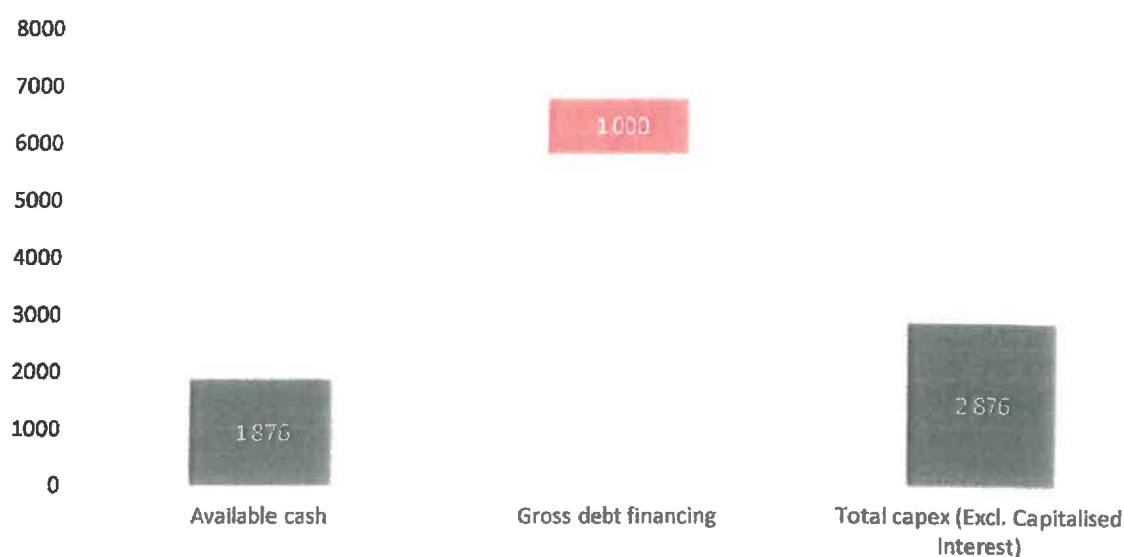
- Capital Expenditure Programme amounting to R2.9 billion (excluding capitalised interest)
- Debt redemptions totalling R3.3 billion (including R1.7 billion of the AIR02 fixed rate bond)
- Potential proceeds from PIC preference shares issuance excluded from the Borrowing Plan (pending the approval).

Figure 3: Planned three-year Capital Expenditure Programme (R million)



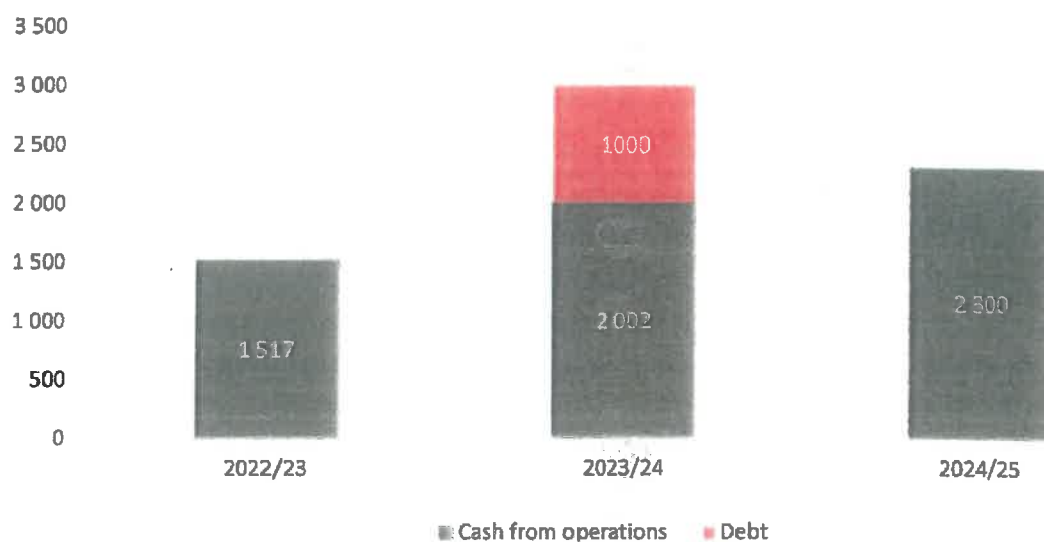
The company is expected to meet its funding requirements over the three-year plan from internally generated funds and new debt funding amounting to R1 billion. It is worth noting that no new debt funding will be required over the three-year plan if the entity successfully issue preference shares to the PIC.

Figure 4: Funding requirements: 2023E–2025E (R million)



In the first two years of the Corporate Plan, the company will meet its financial obligations from both internally generated funds and available cash on hand. However, in the last year of the Corporate Plan, ACSA will require R1 billion in new debt funding.

Figure 5: Funding requirement per financial year: 2023E–2025E



The following funding options will be considered over the three-year Borrowing Plan, and utilisation of each funding sources will depend highly on the market conditions and accessibility:

- Tap existing and new bonds (including private placement) and borrowing facilities;
- Issue a new ACSA benchmark bond(s) depending on investor demand and pricing;
- Issue commercial paper to cater for interim funding short-falls;
- Maintain adequate level of bank credit facilities both from local and international banks;
- Loans from both local and international financial institutions particularly commercial banks and Development Finance Institutions;
- Export Credit Agencies (ECAs).

The company borrows its funds both in the domestic and foreign markets comprising of both short and long-term maturity brackets. It should be noted that the Borrowing Plan does not make provision for foreign debt funding. The proposed borrowings for the forecasted period based on the expected funding requirements, are shown in table 5 and 6.

Table 5: Gross Borrowings Consideration Values (ZAR million)

DATE	TOTAL OPENING GROSS DEBT	DOMESTIC PORTION			Accrued Prefs share dividends	FOREIGN PORTION	
		New Debt	Repayment	Inflation Accretion		New Debt	Repayment
2022/23	9 374	0	-19	118	214	0	-277
2023/24	8 593	1 000	-1 861	125	233	0	-277
2024/25	8 092	0	-692	133	252	0	-195
TOTAL		1 000	-2 572	377	700	0	-749

Table 6: Net Borrowings (ZAR million)

DATE	TOTAL NET BORROWING	DOMESTIC PORTION		FOREIGN PORTION	
		Short-term	Long-term	Short-term	Long-term
2022/23	-296	0	-19	0	-277
2023/24	-1 139	0	-861	0	-277
2023/24	-887	0	-692	0	-195
TOTAL	-2 322	0	-1 572	0	-749

7. GOVERNMENT GUARANTEE

The company intends to rise funding on the strength of its balance sheet without soliciting a guarantee from any its shareholders including government. However, the company may approach any of its shareholders for support which includes guarantee should the operating environment deteriorate materially given the ongoing the Covid-19 pandemic, or should lenders demand a guarantee as part of the conditions precedent.

8. DEBT MANAGEMENT

Liquidity Management

The company will endeavour to rise funding in the domestic debt capital given favourable terms and conditions relative to other sources i.e. banks and DFI loans. In addition, the debt capital market allows the company to reach diverse mix of investors and achieve longer tenor. In 2019/20 financial year, the

ACSA updated its R30 billion Domestic Medium-Term Programme (DMTN) registered with the JSE with the sole intention of aligning it with the new JSE Debt listing Requirements.

The company still has adequate room to issue additional funding under the DMTN programme with the unutilised facility amounting of R25 billion.

Although the conditions have improved somewhat over the past two years, the primary debt issuance in the debt capital remain dominated by private sector issuers while State-owned Companies continue to rise funding largely through private placements. The bulk of the bond issuance was concentrated in the 3 to 5-year maturities. Airports Company South Africa will continue to assess the market conditions in the domestic debt capital market with the intension of refinancing the AIR02 fixed rated bond maturing in April 2023.

On the 4 June 2021, the company received a letter from DBSA expressing interest to further participate in the funding of Airports Company South Africa's Capex programme amounting to about R1 billion subject to the following conditions:

- Funding to be limited only to capex projects that deemed critical and intended amongst others, meet regulatory and safety standards, and ensure operational efficiently;
- Confirmation of Improvement in, amongst others, in passenger traffic volume and operations;
- DBSA conducting detailed legal, financial, technical, socio-economic, institutional, legal, and environmental due diligence.

Airports Company South Africa will only consider the DBSA loan offer should the domestic debt capital market prove challenging or the refinancing of the AIR02 fixed rate bond fails to materialise.

To alleviate unforeseen short-term liquidity pressures the company will make use of its committed banking facilities while rolling auctions in commercial paper may be used to mitigate refinancing risk emanating from utilisation of these facilities. The company will also continue to engage proactively with other funders i.e., Development Finance Institutions Banks to ensure that the company has diverse funding sources to meet its funding requirements.

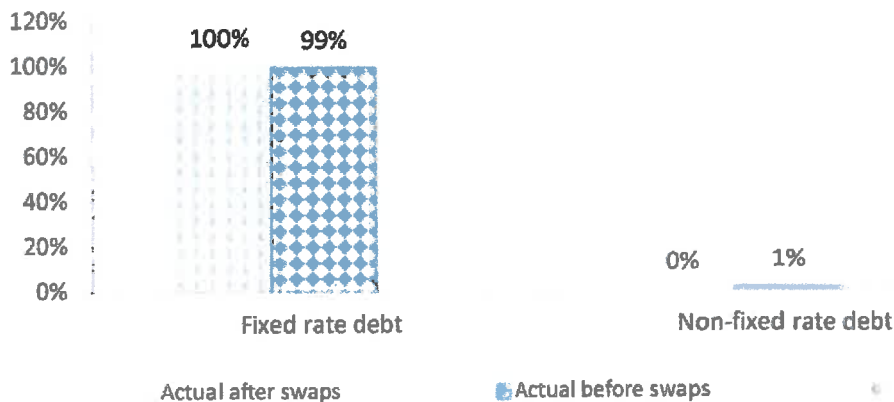
Table 7: Borrowing facilities

Borrowing Facilities	Facility Amount	Utilised	Available
DMTN	R30 billion	R5 billion	R25 billion

Interest Rate Risk

The company manages its interest rate risk by setting thresholds for both fixed rate and floating rate debt. The fixed rate portion of debt is set not to be less 50 per cent while the floating interest rate portion is set not to exceed 50 per cent. The current fixed rate portion after swaps of 100 per cent (excluding inflation linked debt) of total debt portfolio is in line with the policy guidelines. The current interest rate composition of the debt portfolio will change if the company successfully issues preference shares to the PIC given the floating rate that shares will attract as stipulated in the approved subscription agreement.

Figure 6: Interest rate composition of the debt portfolio



Debt Refinancing

The company endeavours to maintain a smooth maturity profile to ensure seamless debt redemptions. The debt redemption profile is well spread with large maturity redemptions expected in 2023/24, 2028/29 and 2030/31 financial years. In April 2023, the company is expected to repay R1.7 billion of AIR02 fixed rate bond. In the financial year ending March 2029, the company is projected to repay R2.9 billion of the AIRL01 inflation bond. The debt repayment for the 2030/31 financial year is currently estimated at R2.7 billion comprised largely of preference shares including accrued dividends. The company will continue to assess the market conditions in the domestic debt capital market with the intension of refinancing the AIR02 fixed rated bond maturing in April 2023.

Investment Plan

Over the three-year forecast period, surplus cash will be invested in line with Board approved Investment Policy to achieve the following objectives:

- Capital Preservation;
- Liquidity to meet debt maturing obligations, capital and operational expenses;
- Enhance risk-adjusted returns and grow interest income.

Available cash is invested in various financial instruments to achieve investment portfolio diversification. Moreover, surplus cash is invested in line with thresholds set out in the Board Approved Investment Policy to ensure returns optimisation within acceptable risk limits such as:

- Weighted average duration of 180 days;
- Limits in respect of fixed deposits and liquid tradable assets;
- Counterparty limits;
- Credit rating limits;
- Asset allocation.

The company will continue to invest available cash over the three-year plan in the following approved financial products:

- Term investments;
- Income funds;
- Money market funds;
- Call deposits;
- Debt capital markets instruments such as bonds;

- Government backed Investments such as the T-Bills;
- Commercial Paper.

In line with the investment Policy, the company Surplus cash can be invested 100% in money markets with a minimum of seventy percent (70%) and maximum of thirty percent (30%) in capital markets. These limits exclude the Debt Redemption Plan as a separate Asset Allocation limit is assigned to the plan as per the policy.

Debt Redemption Strategy

Over the years the company has implemented various Debt Redemption Strategies to ensure seamless debt redemptions such as switch auctions, buybacks and ringfencing of funds for debt repayments.

Given the challenging business conditions, the company liquidated the AIRL01 Hedge Strategy which was intended to partially cover the redemption of AIRL01 Inflation linked bond. An alternative redemption strategy for the AIRL01 inflation linked bond will be revisited once the company is in a much better financial position.

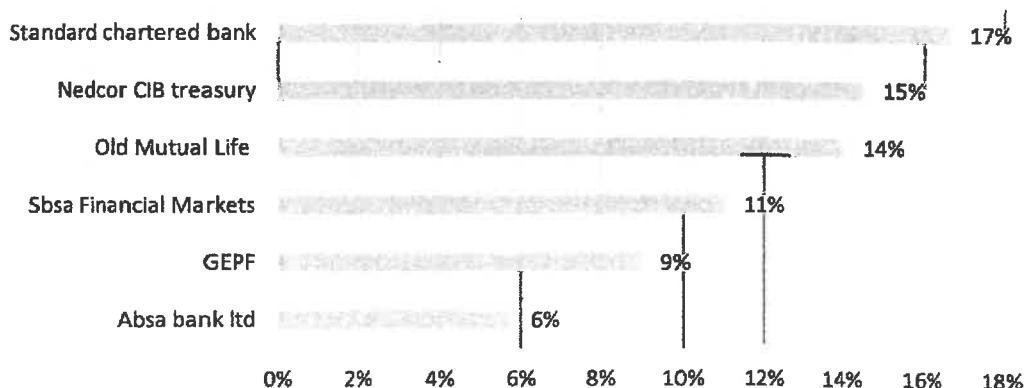
Nonetheless, the immediate risk that needs urgent attention is the refinancing of the AIR02 fixed rate bond maturing on 31 April 2023. Unfortunately, the company has been unable to set cash aside over the past two years for the redemption of the AIR02 bond due the Covid-19 induced liquidity pressures. Consequently, the AIR02 fixed rate bond presents a material refinancing risk and will potentially affect the liquidity test that is performed as part of the going concern assessment. The following refinancing options will be considered during the first half of the 2022/23 financial year.

- Switch auction of the AIR02 fixed rate

A switch auction is an excellent way of lengthening the maturity of profile of debt portfolio by switching a bond that is close to maturity date into a longer-dated debt instrument. In 2014, the company successfully executed a similar switch auction strategy to refinance the AIR03 fixed rate bond. The switch auction of the AIR03 fixed rate bond was a resounding success supported predominately by asset managers. The participation by commercial banks was muted given that they tend to hold debt instruments that are close to maturity date for liquidity purposes.

The noteholders of the AIR02 fixed rate bond are shown in Figure 7 below (as at 31 December 2021). Although a sizeable portion of the AIR02 bond is in the hands of banks, the bulk of the holding is held in nominee accounts on behalf of clients such as asset managers. Therefore, the investor appetite to participate in the switch auction can only be gauged once noteholders are engaged.

Figure 7: Top noteholders of the AIR02 fixed rate bond



- Blended switch auction and new issuance auction

This strategy involves combining a switch auction with outright issuance of a new bond, opening the auction to both existing noteholders of the AIR02 bond and other potential investors. The existing noteholders of the AIR02 will have an option to switch into a new bond while new investors can participate in the outright auction of the new bond. The proceeds from the outright auction of the new bond will then be used to repay the remaining balance (after switch) of AIR02 fixed rate bond.

It is important to note that the allocation of bids received for both the switch and outright auctions will be done on a competitive basis. By opening the auction to both the noteholders of the AIR02 and other interested investors will increase the chance of success. Nonetheless, the market conditions will be the determining factor from both the pricing and tenor point of view. To entice investors to participate in the auction, the company will also consider issuing Sustainable Finance Products that incorporate Environmental Social and Governance (ESG) criteria.

- Use proceeds from DBSA loan to partially repay the bond

The company received a letter from the DBSA expressing interest to further participate in the funding of Airports Company South Africa's Capex programme amounting to about R1 billion. It is worth noting that the DBSA loan cannot be used for general corporate purposes but to fund Capex programme.

Subsequently, the proceeds from the loan can be used to cover capex which will then release funds earmarked for Capex expenditure to repay the AIR02 fixed rate bond. However, the proceeds will not be adequate to repay the entire R1.7 billion outstanding on the AIR02 fixed rate bond since the loan will only be limited to Capex programme of R1 billion. Therefore, the DBSA loan could be used together with other refinancing strategies outlined above. The advantage of making use of the DBSA loan is the longer tenor and competitive pricing that could potentially be achieved. In February 2021, the company concluded a 7-year loan agreement with DBSA at a competitive rate of 8.2 per cent.

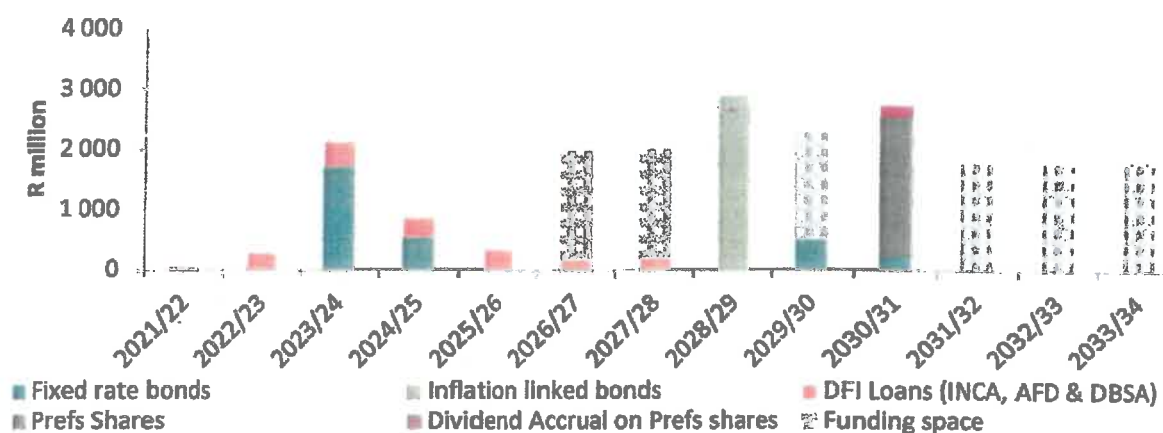
Debt Maturity Profile

The company strives to maintain a smooth maturity profile to ensure seamless debt redemptions. The debt redemption profile is fairly spread across maturities with large redemptions only expected in the 2023/24, 2028/29 and 2030/31 financial years. In April 2023, the company is expected to repay R1.7 billion of AIR02 fixed rate bond. In the financial year ending March 2029, the company is projected to repay R2.9 billion of the AIRL01 inflation bond.

The debt repayment in 2030/31 financial year is currently estimated at R2.7 billion comprised largely of preference shares including accrued dividends. The AIR02 fixed rate bond presents a material refinancing risk given the ongoing financial impact of the covid-19 pandemic on the company.

The company strives to ensure that new debt funding does not coincide with existing debt maturities in order to maintain a smooth debt maturity. The proposed maturities for new debt funding are shown in Figure 8 below. It should be noted that debt funding in the shorter maturities will only be considered if there is a lack of demand for longer dated maturities.

Figure 8: Debt maturity profile



Footnote * Projected inflation accretion added to AIRL01 in 2029E

The Company will repay R3.3 billion worth of debt over the Corporate Plan period comprising of the following:

- AIR02 fixed-rate bond R1.7 billion
- AIR04 fixed rate bond R544 million
- AFD1 loan R164 million
- AFD2 loan R585 million
- INCA loan R33 million
- DBSA loan (amortizing loan) R283 million

Foreign Debt Funding Opportunity

No foreign debt funding envisaged over the three-year Corporate Plan; however, the company will continue to explore opportunities in the foreign market i.e. international bond market, Bank Loans and Export Credit Agencies. The objective is to make sure that the company is able to diversify its funding sources and is well prepared to raise funding offshore should the need arises.

Active Investor Relations

ACSA Treasury will continue to engage existing and potential investors with the intention of instilling investor confidence which will potentially increase investor's appetite for ACSA's credit. As result, the company will ensure that investors are kept abreast of any material developments within the company timeously and in a transparent manner. The company will continue to make use of following communication channels to engage with investors:

- Annual Road Shows;
- Regular updates by announcement through JSE SENS;
- Upload of information of the Investor Web Page;

The company will continue with its annual road shows program to domestic investors including one-on-one meetings with investors.

9. BORROWING FACILITIES

Current Banking Facilities

The company has secured R1.8 billion worth of short-term committed banking facilities with Nedbank, RMB and Standard Bank. Airports Company South Africa maintains short-term committed banking facilities for bridging finance purposes and to comply with the requirements of credit rating agencies.

The credit facility amount is reviewed on an annual basis to reflect the size of capex programme and short-term liquidity requirements. The current facilities will expire on 31 August 2022 and the company intends to **renew the credit facilities for another 12 months for an amount of not exceeding R2 billion.**

The company will strive to meet its financial obligations from available cash and internal generated funds. Therefore, the company will only utilise short-term banking facilities under unavoidable and exceptional circumstances

Table 9: Bank Facilities as 31 December 2021

Financial Institution	Facility Amount (Rm)	Utilised (Rm)	Available (Rm)	Type	Utilisation Interest
RMB	R650	R0	R650	Committed	Determined on drawdown
Nedbank	R650	R0	R650	Committed	Determined on drawdown
Standard Bank	R500	R0	R1 800	Committed	Determined on drawdown
TOTAL	R1 800	R1 800	R1 800		

To support business operations, the company will issue bank guarantees and letter of credit whenever required by suppliers to facilitate transactions undertaken in the ordinary course of business. The approval of bank guarantees, and letters of credit shall be as per Board approved Delegation of Authority. The company has a performance guarantee for the Gru Concession totalling BRL151 million (R400 million) which is renewed annually. **The company will renew this performance guarantee unless an agreement is reached with Invepar as the buyer of the ACSA's shareholding in the GRU concession to take over the obligation.** Moreover, the company will maintain other uncommitted facilities such as derivative facility, asset-based finance facility and credit card facility to facilitate business operations.

10. RISK MANAGEMENT

Policy Review and Governance

The Financial Risk Management Committee chaired by the Chief Financial Officer, and the Board Investment Committee which is a Sub-committee of the Board play an oversight role on the treasury operational activities. This includes review of treasury operational reports and assessment of all treasury related risks to ensure that these risks are managed effectively.

The committees review the following Board approved policies to ensure appropriate risk management practices are in place to govern Treasury activities:

- Treasury Risk Management Framework;
- Cash Management Policy;
- Investment Policy;
- Borrowing Policy.

Hedging of Treasury Risks

To mitigate Treasury related risks such as foreign currency and interest rate risks, the company make use of hedging instruments approved in the Treasury Risk Management Framework. It is worth noting that hedging strategies are only executed after obtaining necessary approvals in line with the Delegation Levels of Authority. In addition, the accounting and risk implication of each is analysed

before each hedge strategy is recommended to the Board. The main objective of hedge strategies is to bring certainty of future cash flow and to minimise volatility in the Company's income statement.

Debt Covenants

The AFD has granted ACSA a grace period of additional 12 months from June 2022 until June 2023, relating to the required levels for the historical and projected Net Debt to EBITDA ratio and historical and projected Debt Service Coverage Ratio. The approval is on condition that the company provides a 12-month cash flow forecast every six months.

Although the credit metrics are expected to improve over the forecast period, it is envisaged that the Net Debt to EBITDA ratio will remain in breach in the first two years of the Corporate Plan while the Debt Service Coverage ratio will be in breach in 2023/24 financial year. The Net Debt to EBITDA ratio and Debt Service Coverage ratio are expected to fall back within thresholds in the last year of the three-year plan. Given the high level of uncertainty relating to the trajectory of traffic growth amid the Covid-19 pandemic, the risk of material breach in financial ratios beyond grace period of June 2023 remains. As result, the company will engage with the AFD on the possibility of extending the wavier should the future projections continue to point to a breach in financial covenants.

Table 10: AFD Loan Covenants including preference shares as debt instrument

Covenants	Requirements		2022/23	2023/24	2024/25
	2020/21				
Credit Ratings	Above Investment Grade – National Scale (BBB)	Aa2.za	Aa2.za	Aa2.za	Aa2.za
Net Debt/Capitalization	Shall not exceed 65%	27%	28%	27%	24%
Net Debt/EBITDA	Shall not exceed 4 times	-55.48x	5.71x	4.07x	3.17x
Government Shareholding	At least 50% plus one share	74.6%	74.6%	74.6%	74.6%
Debt Service Cover Ratio by Available cash	Not less than 1.5 times	3.10x	2.90x	1.01x	2.08x

Note: Financial covenant calculations are based on the formulas as agreed with lenders

11. CONCLUSION

The implementation of the Borrowing Plan activities will be undertaken within the parameters set out in the Board approved Treasury Risk Management Policy Framework. The proposed funding strategies will ensure that the company meet its short-term liquidity requirements and achieve long-term financial sustainability. ACSA Treasury will ensure that the implementation of the funding strategies comply with governing legislation.

Appendix A: Three Year Gross Funding Requirements

(ZAR Million)	2022/23	2023/24	2024/25
Cash Carried forward – 31 March 2022	960	718	439
New Gross Funding	0	1 000	0
EBITDA	1 517	2 002	2 300
Capital Expenditure	-881	-995	-1 000
Loan Redemptions	-296	-2 139	-887
Net Interest Payout on existing debt	-558	-441	-272
Net Interest Payout on new debt	0	-50	-100
GRU disposal	37	37	37
Shareholders' preference shares subscription	0	0	0
Tax Payout	0	-45	-124
Dividends Payout	0	0	0
WC Changes	-62	352	411
Cash Position after Gross Funding	718	439	805
<i>Inflation accretion y-o-y</i>	118	125	133
<i>Accrued dividends on preference shares</i>	214	233	252
Total Closing Gross Debt incl preference shares	9 374	8 593	8 092

Appendix B: Summary of Current Borrowing as at 31 December 2021

Issue Date	Maturity Date	Financial Institution/ Instrument	Type	Outstanding Amount	Interest Rate	WACOF NACS
FIXED RATE DEBT						
30 Apr 08	30 Apr 23	AIR02	Listed Bond	R1 712 000 000	11.68%	11.68%
29 May 14	29 May 24	AIR04	Listed Bond	R544 000 000	9.25%	9.25%
29 May 14	29 May 30	AIR05	Listed Bond	R232 000 000	10.00%	10.00%
28 Apr 09	15 Nov 23	AFD	DFI Amort. Loan	R287 434 589	10.350%	10.350%
12 Apr 11	12 Jan 26	AFD2	DFI Amort. Loan	1 023 750 000	10.550%	10.550%
26 Oct 09	26 Oct 29	AIR04U	Fixed Rate Note	R500 000 000	11.590%	11.590%
05-Mar-21	05-Mar-31	Preference shares	Preference shares	R2 485 499 193	8.200%	8,200%
02-Feb-21	30-Nov-27	DBSA loan	DBSA loan	R810 000 000	8,74%	8,744%
FLOATING RATE DEBT BEFORE SWAPS						
18 Dec 08	30 Nov 23	INCA/Sanlam	DFI Amort. Loan	R57 692 308	5.84%	5.97%
INTEREST RATE SWAPS						
30 Nov 09	30 Nov 23	Nedbank	Notional	R38 461 538	11.44%	11.131%
INFLATION LINKED DEBT						
30 Apr 08	30 Apr 28	AIRL01	Listed Inflation	R1 747 780 604	3.64%	3.64%
TOTAL FUNDING				R9 321 772 814	WACOF 8,907%	

ANNEXURE H – DIVIDEND POLICY

Airports Company South Africa acknowledges the requirement to focus on value creation and maximisation for shareholders. The policy takes into account the shareholders preference for dividends as a return on their equity investment in the company.

In determining an appropriate dividend policy, the following factors are taken into account:

- Economic factors such as economy growth, traffic growth, level of interest rates etc.;
- Current financial position and forecasted financial performance;
- Compliance with debt covenants;
- An optimal capital structure;
- An investment grade credit rating;
- Funding requirements of our capital expenditure programme;
- Economic regulatory environment;
- Financing of new investments opportunities that meet the Company's hurdle rates defined using the Weighted Average Cost of Capital; and
- Shareholders preferences and National Treasury guidelines on financial distribution policy for Government Business Enterprises (July 2005).

The above factors support a prudent approach to the declaration of dividends. This approach is necessary to meet shareholders expectations and ensure flexibility in negotiating dividend targets on a case-by-case basis consistently and predictably. The targets shall be negotiated with reference to after - tax profits, underlying cash position, capital structure and the preferences of the shareholders. Consideration of underlying cash position is important as increases in reported profits may not be supported by increased cash flow.

The dividend policy shall be addressed in the Corporate Plan covering a period of three (3) years and agreed between Airports Company South Africa and its Board representing shareholders in the Shareholder Compact.

A dividend shall be paid only if the following conditions are met:

- There are adequate retained earnings left after we have financed investments projects that meet hurdle rates using the Weighted Average Cost of Capital. The adequacy of retained earnings shall be measured by reference to the net debt to capitalisation ratio (level of gearing) for the year following the dividend declaration.
- There is sufficient cash to meet operational needs (working capital requirements), as contingency for financial flexibility and as well as to make the agreed dividend payments. This shall be reviewed on an annual basis.
- Fulfilment of required debt covenants (Refer Appendix A),
- An optimal capital structure, the Net Debt to Capitalisation ratio shall not exceed 60%. The capital structure and debt to capitalisation ratio shall be reviewed periodically and linked to the investment cycle.
- The Net debt to Earnings before interest, taxes, depreciation and amortisation (EBITDA) shall not exceed three (3) times.
- A long - term credit rating of minimum AA - or equivalent for the company and the country.

- Our Board has approved the declaration and resolved that considering all reasonably foreseeable financial circumstances of the Company after the distribution; Airports Company South Africa shall pass the solvency and liquidity test.

The dividend pay-out ratios shall be as follows:

- Dividend Payment in an amount ranging from 10% to 25% of the net income (dividend pay - out ratio); calculated as dividend payment divided by profit after - tax.

The distribution shall be executed in line with the Company's Memorandum of Incorporation.

Our management acknowledges that the implementation of this Policy is their responsibility and is committed to it. This policy shall be reviewed by Management and Board of Directors on an annual basis and made available to any interested parties on request.

ANNEXURE I – EMPLOYMENT EQUITY PLAN – FY 2018, 2019, 2020 AND 2021

1. EMPLOYMENT EQUITY

Transformation of the aviation sector plays a significant role in South Africa. While Airports Company South Africa, as a leading Airports Operator with a global footprint, contributes to the country's economic growth, it is also concerned with the way such contributions promote access to economic opportunities and financial inclusion to improve the overall standard of living in the wider South African society while reducing inequality.

Our transformation approach supports both national strategic priorities as well as its own purpose of using aviation expertise to do good for all stakeholders in South Africa. Our focus is to build an aviation sector that contributes meaningfully to a better life for all South Africans.

At Airports Company South Africa, transformation transcends compliance and goes beyond the numbers. A robust governance approach is applied to our transformation efforts. There are several structures that debate, critique and approve each of the transformation initiatives. These receive support from our Executive and Board Committees, primarily through the committees listed below:

- The Employment Equity and Training and Development Committees, which are responsible for the implementation and monitoring of the Employment Equity and Skills Development programmes, ensuring full integration of all transformation and Human Resources processes and initiatives across the Company;
- The Transformation and Sustainability Committee, a committee which provides oversight of the Company's activities in the field of transformation, human capital development and sustainability, and monitors progress in terms of our transformation agenda.

The Board, Executive Committee and Management fully embrace the transformational focus and is a key strategic partner that regularly monitor the transformation progress.

We also operate within the legislative framework that Government has put in place to drive transformation in the country, such as broad-based black economic empowerment. Our Employment Equity Plan 2016 – 2021 has taken amendments, aimed at integrating B-BBEE into the economy more comprehensively, into consideration and we aligned our transformation objectives accordingly.

2. WORKFORCE PROFILE REPRESENTATION

Our quantitative targets reflect its intention to make progress in transformational categories with the goal to align closer to the National Economically Active Population (EAP) per occupational level.

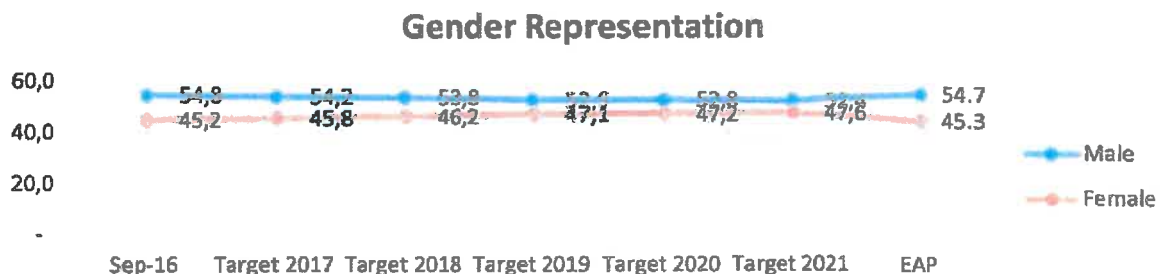
Table 1: Workforce Profile Representation

Year	Male				Female				Foreign		Black Repr. (A, C, I)
	A	C	I	W	A	C	I	W	Male	Female	
Target 2017	1192	217	102	118	1059	162	45	105	0	2	2777
	39.7%	7.2%	3.4%	3.9%	35.3%	5.4%	1.5%	3.5%	0.0%	0.1%	92.5%
Target 2018	1211	218	102	121	1093	167	46	106	0	3	2837
	39.5%	7.1%	3.3%	3.9%	35.6%	5.4%	1.5%	3.5%	0.0%	0.1%	92.4%
Target 2019	1181	187	101	118	1083	172	47	107	0	3	2771
	39.4%	6.2%	3.4%	3.9%	36.1%	5.7%	1.6%	3.6%	0.0%	0.1%	92.4%
Target 2020	1172	191	102	116	1087	172	47	108	0	3	2771
	39.1%	6.4%	3.4%	3.9%	36.3%	5.7%	1.6%	3.6%	0.0%	0.1%	92.5%
Target 2021	1167	192	100	115	1092	173	48	106	0	3	2772
	38.9%	6.4%	3.3%	3.8%	36.4%	5.8%	1.6%	3.5%	0.0%	0.1%	92.4%
EAP	42.8%	5.2%	1.7%	5.1%	36.0%	4.4%	1.0%	3.9%	0.0%	0.0%	91.1%

1. Gender Representation - FY 2018, 2019, 2020 and 2021 Plan

Our journey on gender transformation demonstrates our intention to make significant progress, which is included in the graphic representation below:

Graph 1: Gender Representation



The quantitative and qualitative targets contained in our successive Employment Equity Plan demonstrate our approach to improve gender representation towards a goal of achieving 50 percent female representation per occupational level. Our successive Employment Equity Plan have been designed not only to focus on numbers but to introduce initiatives such as women empowerment programmes to achieve meaningful transformation.

3. EMPLOYMENT EQUITY OUTLOOK

The Employment Equity Plan 2016 – 2021 ensures a sustainable and representative transformation approach to sustain our business in a global competitive market. To achieve this, consideration is given to the overall country transformation agenda, socio-economic circumstances, in-depth analysis of past achievements, shortfalls and challenges, supported by extensive consultation with all relevant stakeholders, ranging from employee surveys, detailed auditing of Company policies and procedures, to the setting of new targets.

The maturity of the National Employment Equity and Training & Development Committee, with guidance from the Executive Committee and other internal governance structures will lead engagements towards positive progress on the Company successive Employment Equity Plan.

1. Quantitative Targets

A well-defined target setting framework was developed for the design of the successive Employment Equity Plan to provide a progressive approach towards the achievement of equitable representation in line with the economically active population per occupational level. The target setting approach considered the workforce profile analysis to determine the Company profile per occupational category and is based on the following principles:

Factor	Comment
Business Status	Relevant business factors impacting on sustainability, potential growth and transformation that will influence the plan.
Impact of Business Status on growth	Translation of the status into requirements for employees either in higher numbers or different occupational skill levels.
Economic conditions	Considering impact of economic conditions as articulated in the Company strategic plan.
Open Vacancies	Only vacancies which are approved in the budget are included in the plans. Plans are concluded in line with this allocation, noting the new operating model in the business.
Strategic Staffing (if applicable)	Any project or strategic staffing is aligned to the EE Plan, considering available skills pool in the market. This is supported by Affirmative Action measures and development where applicable.
Retirements	The future retirements inform the planned targets and allows for improvement from a succession perspective.
Development and Promotions	Development plans and succession plans allows for consideration of impact of promotions on representation in the plan
Scarce and Critical Skills	Succession plans informs the talent pool from designated employees as a priority. The talent pool is continuously considered and monitored to ensure business continuity.
Persons with Disability	Representation of Persons with Disability is considered per work environment as to increase opportunities and capacity in this representation.

2. Persons with Disability Representation and Reasonable Accommodation

The integration of Persons with Disabilities into the workplace, requires specific attention and in this regard, we monitor the representation and development continuously. We specifically allocate budgets focused on training, reasonable accommodation and integration of Persons with Disabilities into the workplace. Periodical audits will be conducted to ensure employees declare their disabilities accurately and in line with the correct definitions as set out in the Employment Equity Act.

The representation of Persons with Disability in the successive Employment Equity Plan will remain 2.5% of the total workforce for each year of the plan.

3. Affirmation Action Measures to enable the Employment Equity goals

By sharing available skills, experiences and abilities in our diverse employee base, we can harness the opportunities that exist for viewing things from different perspectives and developing innovative solutions and processes. Diversity management is achieved by developing work environments where employees from diverse backgrounds and perspectives feel valued, respected and able to contribute to their full potential.

Well-defined affirmative action measures are therefore key to unlock a diverse work environment, free from discrimination where employees can realise their full potential. Diversity is important to the business whether employees are working together from diverse backgrounds or seeking outstanding talent to help the organisation drive innovative solutions. Plans to achieve Employment Equity targets include eliminating barriers to employment equity and implementing positive measures to address under-representation.

In considering the targets and objectives of the successive Employment Equity Plan the following key affirmative action measures, among others, have been identified to continue to accelerate transformation not only internally in the organisation but also supporting our role in the broader society.

4. Unlocking Skills and Young Talent Development

We view skills development as a central lever in achieving transformation in a sustainable manner. We focus on the development of our employees as well as improving skills and creating meaningful opportunities within the country at large. This approach will not only underpin our sustainability but will ensure that the country moves a step closer to meeting the objectives outlined in the National Development Plan. Insight into the elements of our training and development approach is reflected in different sections in this document. The key initiatives that we will drive to support the transformation agenda are as follows:

A. Elevating the Company's education level – Employee Bursaries

We will continue to offer bursaries to employees who wish to pursue further education in fields that are aligned with the nature of the business. This initiative will contribute to boosting the skills that the Company requires to meet our objectives. It is envisioned that this will contribute positively to the literacy levels of the organisation and provide employees with appropriate education qualifications that will prepare them for more complex and specialised roles.

B. Professional Registration and Continuous Professional Development

To strengthen the professional layer of the organisation as well as improving representation of designated groups within professional spaces, we will focus on supporting our employees in obtaining professional registration to relevant professional bodies in disciplines such as engineering, finance and human resource. We will further support already registered professionals with their continuing Professional Development.

C. Leadership Development

Leadership development remains a strategic priority for the Company and an important element of improving transformation. We have engaged in coaching programmes to embed a learning culture and ensure sustainable transformation. We intend to implement leadership development programmes tailored to address transformation in the following leadership levels:

- A Supervisory Development Programme (SDP) targeting front line managers;
- A Management Development Programme (MDP) aimed at middle management; and
- An Executive Development Programme (EDP) focused on the senior leadership team.

This forms an integral part of our talent and succession management approach, particularly noting the importance of building a future leadership pipeline.

D. Junior Professional Development

(i) Trainees

We provide development and employment opportunities to graduates within professions that are formally registered with professional bodies such as Engineering and Property Development. The graduates are given permanent employment and provided with supervised work experience that leads to them being professionally registered with their respective professional bodies.

(ii) Apprenticeships

The Artisan skill in the electrical maintenance field is strengthened through a structured apprenticeship programme for internal employees as well as unemployed youth interested in being qualified electrician.

(iii) Youth and Youth Development

We have a number of initiatives to promote the empowerment and the development of youth in South Africa. The focus will continue to be on raising awareness on available career opportunities in aviation, provide bursary support to those studying towards qualifications that feed the national critical and scarce skills as well as provide meaningful work experience for first time job seekers.

▪ Career Awareness and Guidance

Initiative	Description
The Joint Aviation Awareness Programme (JAAP)	JAAP is a programme designed to bring awareness on existing careers within the aviation industry. We participate in the planning of the JAAP initiatives and actively exhibits at JAAP career events. JAAP reaches children who live in remote and rural areas where exposure to aviation related careers is limited.
Technogirl	This is run in partnership with Oweso Consulting. The aim is to raise awareness of careers in scarce fields and ultimately increase the number of girls who actively pursue these careers. This is a four year programme where participants spend three structured weeks per year with a mentor who take them through an interactive job shadowing / exposure programme. Once the girls are ready to move into tertiary institutions, those that choose the engineering stream will be considered for a Sakhisizwe Bursary which may eventually lead to full time employment when opportunities exist.
The International Career Aviation Day (ICAD)	This event aims to bring awareness to young people, especially in rural areas on existing careers within the aviation industry.

• Bursary and Study Support

Initiative	Description
Airports Company South Africa Children's Bursaries	We offer children of employees who are at entry level to junior management bursary support for their children perusing studies within the identified scarce and critical skills. Part of the programme is to provide workplace exposure as vacation work to provide them with practical work exposure. The ultimate intention is to provide permanent employment where opportunities exist.
Tutorials school children	Study support sponsorship has been extended to high school pupils who wish to improve their accounting, mathematics and, or science subjects through formal tutorials.
Sakhisizwe	The objective of this initiative is to develop aviation related skills for the broader South Africa focusing on previously disadvantaged youth. Sakhisizwe, under the Airports Company South Africa's administration, provides full study support to Engineering students which lead to meaningful work opportunities.

• Work exposure and job opportunities

Initiative	Description
Leamerships	Leamership programmes for both employed and unemployed learners are conducted in the following disciplines: Customer Care, Business Administration, Fire and Rescue as well as Security.
Internships	Graduates within various professions that are found in the Company are provided with a fixed-term employment contract employment and provided with supervised work experience.

E. Talent Management and Transformation (Diversity and Inclusivity)

We regard Talent Management as one of the business levers the organisation pulls for the benefit of the three stakeholders, i.e. employees, the organisation and the society at large. At a societal level, this lever is geared towards achieving the governmental triple challenges, which are poverty, inequality and unemployment. The following three (3) outcomes depicts Talent Management as a driver and in particular the beneficiaries of talent management programs:

i. Employees

As an organisation our focus is to create an environment where all employees regardless of race, background, gender etc. feel welcomed, respected and enabled to perform to the best of their abilities. To further the transformation objectives, a consideration is made of the number of future vacant positions and the relevant plans are put in place to ensure that we accelerate the development of identified employees. Furthermore, we conduct performance coaching with line managers to teach them practices that reduce bias when they evaluate the performance of their team members. In addition, we monitor the talent acquisition trends to ensure that we use all the opportunities to build a transformed and inclusive workforce.

ii. Organisation

In addition, a more diverse workforce appeals to a diverse talent pool, therefore, the organisation will be able to tap into a much bigger talent pool in the market. To this effect, the organisation has embarked on a process to develop an Employee Value Proposition.

iii. Society

Several interventions are underway to deal with inequality in all its forms in the organisation. For an example, an exercise has been concluded to ensure that there is pay parity within the organisation and several interventions have been implemented to assist low earning employees to pay for their children's education, to afford housing and assist them with transport to and from work. In addition, the organisation participates in several programmes to expose young talent to experiential training to give them a head start in securing employment.

▪ Rewards and Benefits

Central to the organisation's Total Rewards philosophy is the commitment to remunerate employees fairly and transparently to attract, motivate and retain talent. We aim to offer employees a Total Rewards offering which includes a competitive salary and incentives, professional advancement opportunities, recognition for exceptional performance, benefits which support a better life for employees and a culture and environment which promotes employee well-being.

iv. Housing Project

We value our employees and acknowledge their pursuit towards bettering their lives and the lives of those around them. As such we are focused on providing solutions that will help our employees live a more comfortable life. A decision was therefore taken to increase home ownership through an improved employee housing assistance programme which includes an upfront housing subsidy to assist with the deposit and upfront costs involved with purchasing a home, monthly housing allowance which has been improved to assist with monthly bond and rental payments. Furthermore, the housing project makes provision for a debt reconciliation for employees that are unable to purchase property due to bad debt levels.

v. Employment Equity and Improvement Communication

Employment Equity awareness is vital to the institutionalisation of a diverse culture. We recognise the importance thereof and will create awareness through the following platforms:

- Annual programmes for all staff to create awareness and improve diversity;
- Increased line management engagement and conversations with staff on Employment Equity;
- Explore the results of Employment Equity surveys at intermittent intervals to address issues related to employment equity amicably; and
- Continues the inclusion of Employment Equity and diversity awareness in orientation programmes of new staff.

F. 2022 and BEYOND

Airports Company South Africa will develop and conclude its next 5-year successive Employment Equity Plan during quarter 1 of the 2022 FY which will continue to focus on contributing towards the country's economic growth, promote access to economic opportunities and financial inclusion and to improve the overall standard of living in the wider South African society while reducing inequality.

ANNEXURE J – DIVISIONAL BUSINESS PRIORITIES

HR COMMITMENTS OVER THE NEXT THREE YEARS



FY 2024/25



FY 2023 / 24



FY 2022 / 23

People and Culture Strategy Implementation Plan

- HIPO Development programmes
- Succession Management
- Implement leadership development programmes
- Develop functional academies
- Integrated Young Talent and Development Programme
- Workplace skills plan
- Employment equity plan
- HR Spend on Black Business
- Review young talent programmes

Training Academy Commercialisation

- Activate JHB Ekurhuleni Aerotropolis

People and Culture Strategy Implementation Plan

- Ensure an energised workforce
- Support leaders transitioning
- Enable a VIRTUAL WORKPLACE
- TALENT MAPPING

Training Academy Commercialisation

- Activate KZN –Dube Trade Port Aerotropolis
- Develop electives for Learnerships

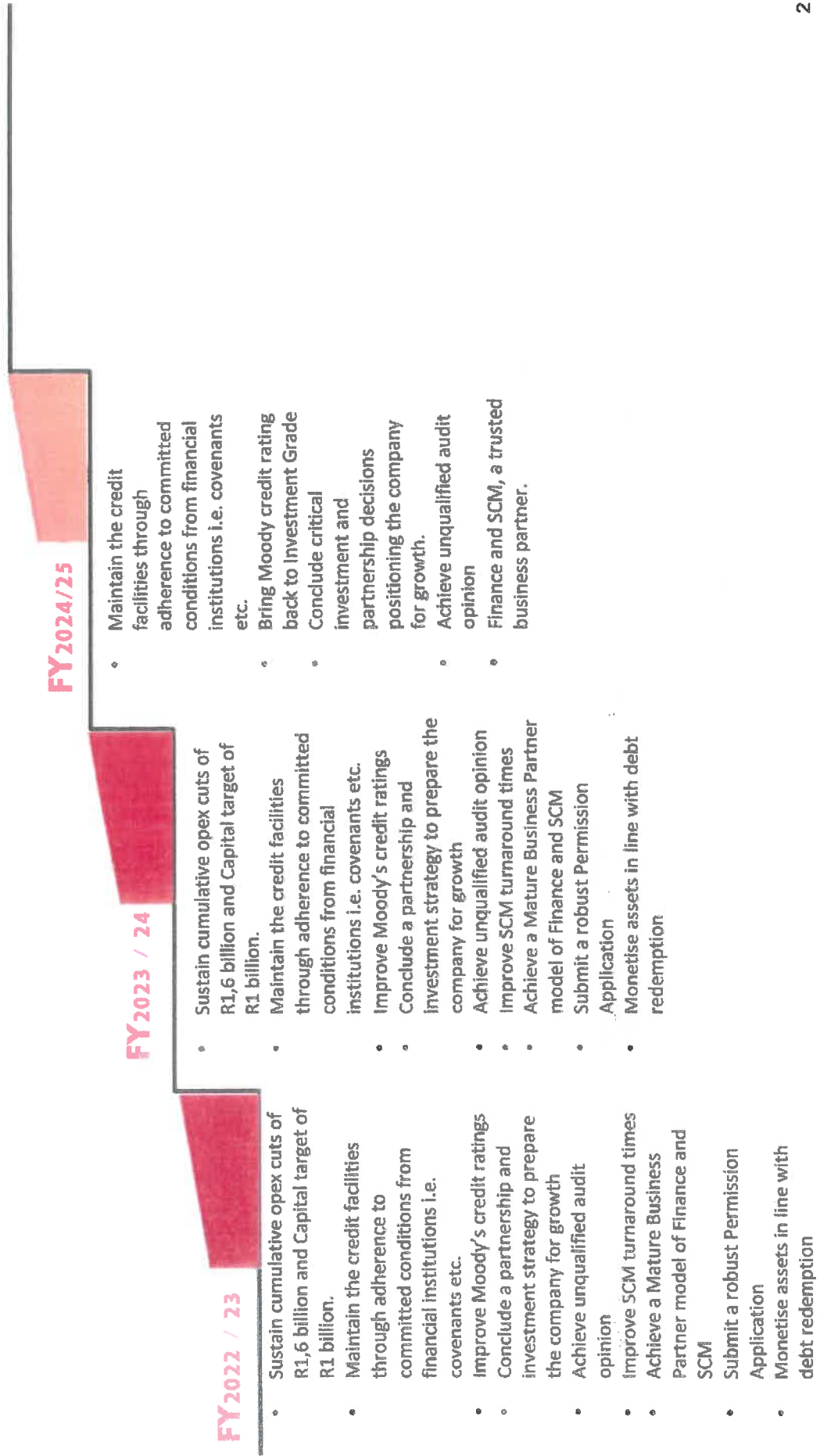
People and Culture Strategy Implementation Plan

- Creation of a contingent workforce
- Drive a culture of high performance
- Actively manage poor performance
- Coaching and Mentoring
- Drive PRIDE Values awareness programme
- Implement the change management approach
- Introduce a gig-work curriculum

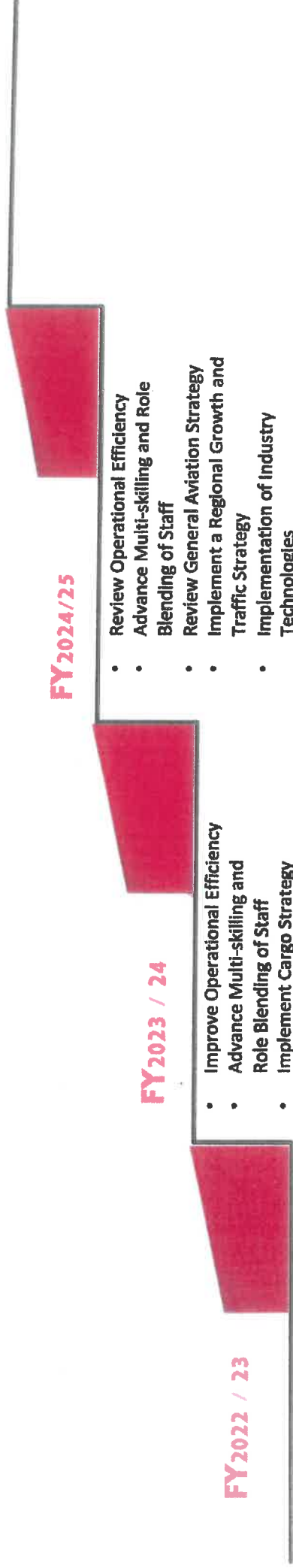
Training Academy Commercialisation

- Define structure and resourcing model
- Implement structure and resourcing model
- Activate CP-SwartKlip
- Go Live with Marketing
- Customer Relations Management
- Develop and Accreditation of course
- Trainer Accreditation
- Training Academy Accreditation

FINANCE COMMITMENTS OVER THE NEXT THREE YEARS



AIRPORT OPERATIONS COMMITMENTS OVER THE NEXT THREE YEAR



FY 2024/25

- Review Operational Efficiency
- Advance Multi-skilling and Role Blending of Staff
- Review General Aviation Strategy
- Implement a Regional Growth and Traffic Strategy
- Implementation of Industry Technologies

FY 2023 / 24

- Improve Operational Efficiency
- Advance Multi-skilling and Role Blending of Staff
- Implement Cargo Strategy
- Implement Ground Access Strategy
- Implement General Aviation Strategy
- Implement a Regional Growth and Traffic Strategy
- Implementation Of Industry Technologies

FY 2022 / 23

- Improve Operational Efficiency
- Advance Multi-skilling and Role Blending of Staff
- Implement Cargo Strategy
- Implement Ground Access Strategy
- Develop General Aviation Strategy
- Implement a Regional Growth and Traffic Strategy
- Introduction of IT Technologies

INFRASTRUCTURE ASSET MANAGEMENT COMMITMENTS OVER THE NEXT THREE YEARS

FY 2024/25

- Formalise a Corporate Real Estate Services (CRES) Company
- Pursue the sale of in-house water and energy solutions
- ACSA Energy (Pty) Ltd for the generation, consumption, optimisation of power at Airport plus the sale of excess power to local municipalities
- PPM and EAM progress the programs kicked off in previous years
- ACSA implements Anaerobic digestion process to remediate Airport & Aircraft Waste to generate energy
- Wind and Geo-thermal technologies receive FID
- Draft and decide on launch date for Carbon credits program
- EKasi strategy realised through integration and investment in modes of transport for selected Airports
- ACSA attracts and signs-on investors to and MRO at one of its Airports
- Western Precinct phases 2 and/or 3 design finalised and awaits permission approval

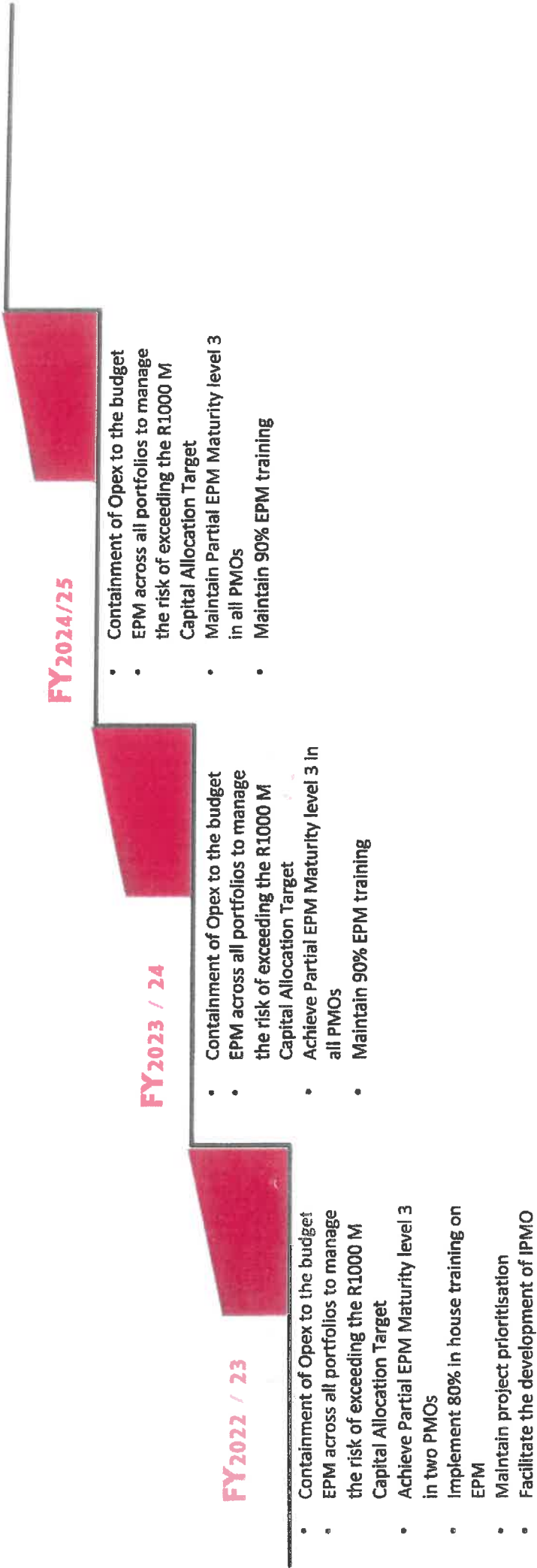
FY 2023 / 24

- Craft and market ACSA Facilities management model
- ISO 55000 Asset Management gap analysis and certification
- Project Portfolio management finalise and implement Group Rolling Capital Program
- Embed the TCO approach for asset replacement cycles. (EPMO assisted)
- Continue with focused development of targeted investment property to realise new sources of revenue
- Build program for Gas to Power program reaches 30% completion
- Regionally relevant master plans and revised view on Airport capacity needs
- Conceptualise a "central command" centre for asset/equipment monitoring and performance optimisation
- Handheld and field devices to enable verification, condition monitoring, and maintenance
- Conceptualise and permission to progress a H2 platform for Airports

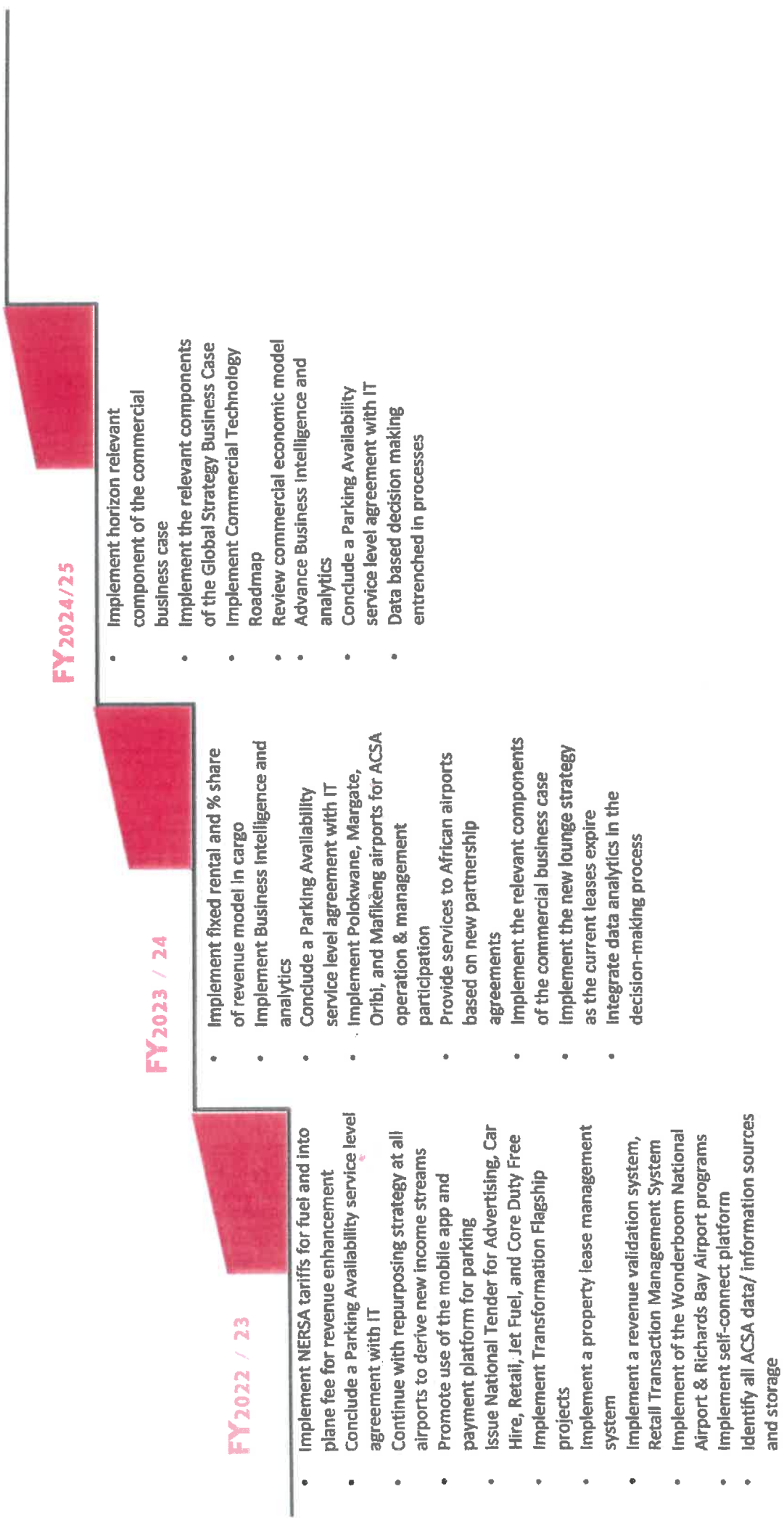
FY 2022 / 23

- Continue to implement revised service categories for certain assets to further reduce maintenance cost
- Secure financing for the Gas to Power program to realise R130m saving pa
- Project Portfolio Management to deliver capital projects with fewer resources & replicate concept development
- Revise IPD strategies for certain properties considering capital scarcity, positioning; and ability to generate revenue in 18-months
- Establish and implement FIPDM and Asset Compliance calendar
- Deal advisory and economic assessment services for catalytic projects
- Institutionalise the Economic, Social and Environmental assessment
- Progress Aerotropolises/Airport Cities through enrolling key stakeholders and positioning key airport developments
- Permission application (costs, planning, benchmarks)

EPMO COMMITMENTS OVER THE NEXT THREE YEARS



BD AND COMMERCIAL COMMITMENTS OVER THE NEXT THREE YEARS



AVIATION AND CORPORATE STRATEGY COMMITMENTS OVER THE NEXT FOUR YEARS



SECURITY

FY 2024/25

- Establish National Command Centre Phase 2
- Establish vetting unit
- Implement minimum security measures at airside for GA.
- Implement centralised cargo security screening (Regional Airports)
- Implement Vehicle screening detection equipment (International Airports – phase 1)
- Finalise Implementation of SMART Security
- Access control & Permit system project implementation phase 3
- CCTV & PIDS project implementation phase 3
- IISP project implementation phase 3
- Detection equipment for Access gates Phase 2
- Implementation of the ES Structure phase 3

FY 2023 / 24

- Implement Risk based oversight model
- Develop Tactical Crime Prevention and Intervention strategy
- Implement Critical Infrastructure Bill regulations (NKP Act)
- Develop a framework for the minimum-security measures at airside for GA.
- Implementation of SMART security Phase 2
- Access control & Permit system project implementation phase 2
- CCTV & PIDS project implementation phase 2
- IISP project implementation phase 2
- Detection equipment for Access gates and Terminal Phase 1
- Develop security partnerships through MoA's / SLA's e.g., SAPS, DHA etc.
- Implementation of the ES Structure phase 2
- Review loss control and consequence management framework
- Develop framework for centralised cargo security screening (International Airports)
- Establish National Command Centre Phase 1

FY 2022 / 23

- Develop framework for Cyber Security Investigation
- Develop security partnerships through MoAs / SLA's e.g., SAPS, DHA etc.
- Develop an insourcing model for Security
- Implement integrated Security Plan
- Implementation of the ES Structure phase 1
- Consequence management framework implementation
- Participate in International and National forums
- Implementation of the Security contract model for all airports
- Implementation of SMART Security Phase 1
- Access control & Permit system project implementation phase 1
- CCTV & PIDS project implementation phase 1
- IISP project implementation phase 1
- Integration of the valuable cargo security strategy into the overall cargo strategy
- Implement Compliance management system
- Implement MISS awareness
- Develop Risk based oversight model
- Develop framework for National Command Centre

GOVERNANCE COMMITMENTS OVER THE NEXT THREE YEARS



FY 2022 / 23

- Institutionalize governance requirements by Empowering ACSA workforce through continuous education, training and raising awareness
- Inculcate a culture of voluntary governance, ethics, compliance and risk decision making (Maturity Assessment)
- Implement of combined Assurance model as defined in the Framework
- Align systems and controls to POPIA compliance requirements.
- Provide consistent, strategic and pro-active legal support

FY 2023 / 24

- Institutionalize governance requirements by Empowering ACSA workforce through continuous education, training and raising awareness
- Inculcate a culture of voluntary governance, ethics, compliance and risk decision making (Maturity Assessment)
- Implement of combined Assurance model as defined in the Framework
- Monitor and provide assurance on the implementation of risk appetite and tolerance levels.
- Implement and monitor of POPIA compliance by design.
- Provide consistent, strategic and pro-active legal support

FY 2024 / 25

- Institutionalize governance requirements by Empowering ACSA workforce through continuous education, training and raising awareness
- Inculcate a culture of voluntary governance, ethics, compliance and risk decision making (Maturity Assessment)
- Implement of combined Assurance model as defined in the Framework
- Monitor and provide assurance on the implementation of risk appetite and tolerance levels.
- Implement and monitor of POPIA compliance by design.
- Provide consistent, strategic and pro-active legal support

GOVERNANCE COMMITMENTS OVER THE NEXT THREE YEARS cont

	FY 2022 / 23	FY 2023 / 24	FY 2024/25
	<ul style="list-style-type: none"> Align company policies, procedures and standards to overall operating model. Embed and establish effective ERM maturity plan and attain Level 5 of maturity Provide consistent, strategic and pro-active integrated risk management and BCM support Maintain the Quality Management system through implementation of defined processes and policies. Kick starts the engagement with the Business on the appropriate BCM Risk Appetite and Tolerance levels (BCM threshold) and develop Key Risk and Key Performance Indicators (KRIs and KPIs) for BCM Embed and establish effective Business Continuity Management incident monitoring and reporting. Support the implementation of an effective Combined assurance process Inculcate a culture of voluntary governance compliance and or risk decision making through effective implementation of Compliance profile Design and develop Quality Management System to direct standardisation within the business 	<ul style="list-style-type: none"> Align company policies, procedures and standards to overall operating model. Implement BCM improvement plan to attain maturity advanced BCM and resilient maturity level. Implement an ERM improvement plan to maintain maturity level 5 to be a risk intelligent organisation. Achieve a fully integrated combine assurance activities with the functional (ERM and BCM) processes Certify the organisation towards international standards - in line with Quality Management System. 	<ul style="list-style-type: none"> Align company policies, procedures and standards to overall operating model. Retain and/or implement BCM and resilience improvement plan to attain and advanced BCM and resilient maturity level Maintain maturity level 5 of risk intelligence, in line with organisation priorities Achieve a fully integrated combine assurance activities with the functional (ERM and BCM) processes supported but IT systems Certify the organisation towards international standards - in line with Quality Management System and Best Practices.

STAKEHOLDER RELATIONS AND SED COMMITMENTS OVER THE NEXT THREE YEARS



COMMUNICATIONS COMMITMENTS OVER THE NEXT THREE YEARS



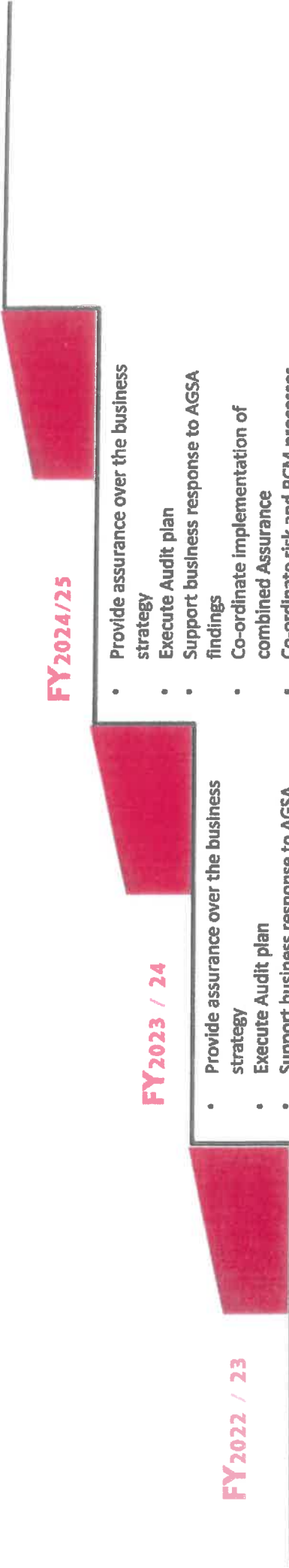
BRAND AND MARKETING COMMITMENTS OVER THE NEXT THREE YEARS



COSEC COMMITMENTS OVER THE NEXT THREE YEARS



AUDIT and RISK COMMITMENTS OVER THE NEXT THREE YEARS



FY 2022 / 23

- Provide assurance over the business strategy
- Execute Audit plan
- Support business response to AGSA findings
- Co-ordinate implementation of combined Assurance
- Co-ordinate risk and BCM processes
- Acquire and implement audit tools to improve efficiency

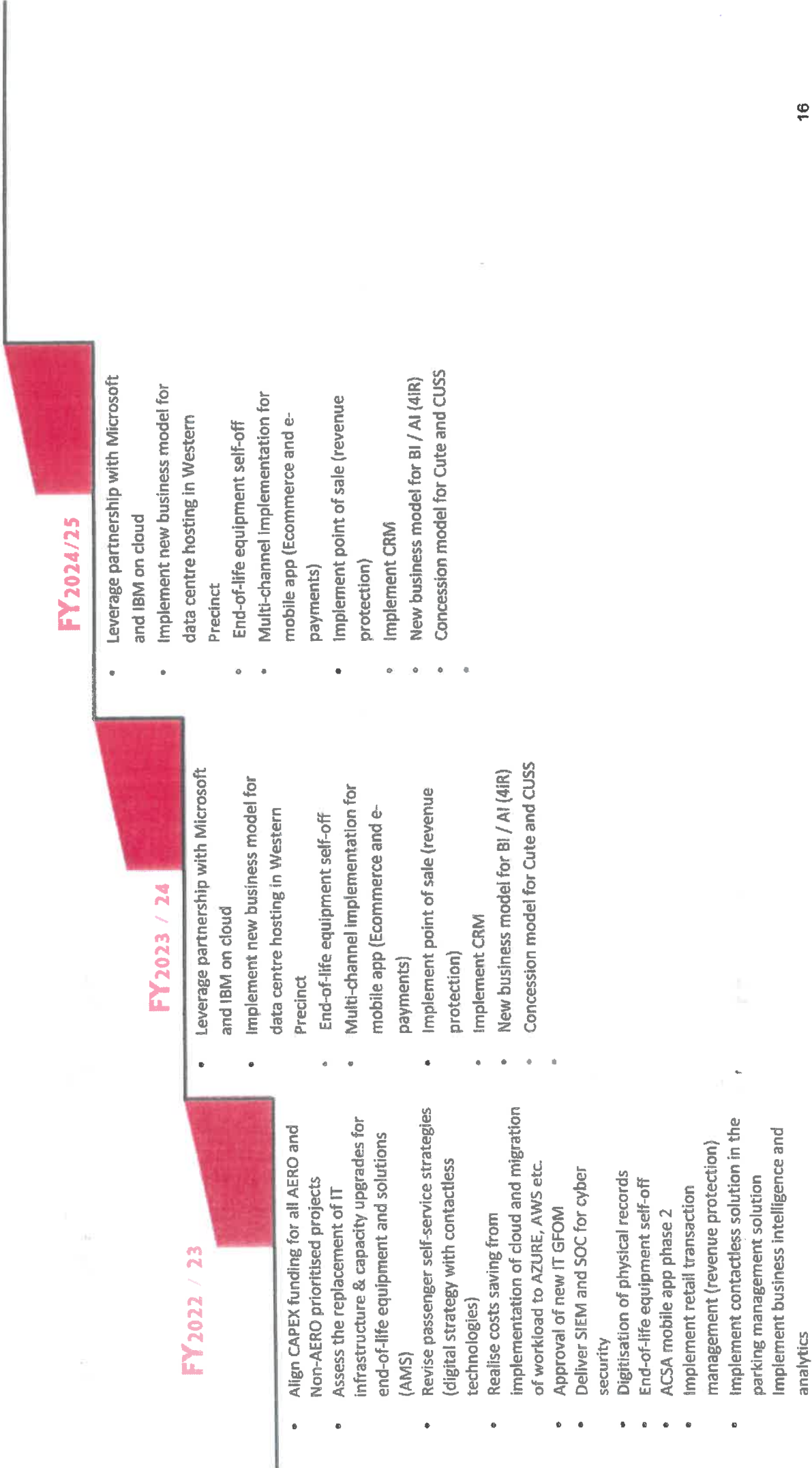
FY 2023 / 24

- Provide assurance over the business strategy
- Execute Audit plan
- Support business response to AGSA findings
- Co-ordinate implementation of combined Assurance
- Co-ordinate risk and BCM processes
- Acquire and implement audit tools to improve efficiency

FY 2024/25

- Provide assurance over the business strategy
- Execute Audit plan
- Support business response to AGSA findings
- Co-ordinate implementation of combined Assurance
- Co-ordinate risk and BCM processes
- Acquire and implement audit tools to improve efficiency

INFORMATION AND TECHNOLOGY MANAGEMENT COMMITMENTS OVER THE NEXT THREE YEARS



ANNEXURE K: CORPORATE PLANS FOR SUBSIDIARIES

PRECINCT 2A

RESOLUTION TO WIND UP PRECINCT 2A

PRECINCT 2A INVESTMENTS SOC LTD
(RFP NO 1891/200252/20)
The PEARLS Riverwoods, 21 ...
PO Box 75466, Sandton 2011
T: (011) 437 11 227 - 400
F: (011) 437 11 434 - 421



Director(s)
PRECINCT 2A INVESTMENTS SOC LTD (INCORPORATED IN SOUTH AFRICA)
REGISTRATION NUMBER: 2017/0018702/07 (COMPANY NUMBER)

WRITTEN RESOLUTIONS OF THE SHAREHOLDER OF THE COMPANY ADOPTED IN ACCORDANCE WITH THE MEMORANDUM OF INCORPORATION ("MOI") OF THE COMPANY AND THE COMPANIES ACT NO 71 OF 2008 ("COMPANIES ACT")

PREAMBLE

The following resolutions are submitted for the written approval of the shareholder of the Company in terms of section 80 of the Companies Act.

WHEREAS:

1. The below resolutions ("winding up resolutions") are proposed in order to authorise the winding up of the Company in accordance with sections 79(1)(a)(i) and 80(1) of the Companies Act.
2. Airports Company South Africa SOC Limited ("ACSA") is the only shareholder of the Company.
3. ACSA holds 100 ordinary shares representing 100% in value of shareholders and votes in respect of each of the below winding up resolutions in accordance with the MoI.

NOW THEREFORE IT IS RESOLVED THAT:

- A. The winding up of the Company, as a shareholder's winding up in terms of sections 79(1)(a)(i) and 80(1) of the Companies Act, be and is hereby approved.
- B. Any director of the Company be and is hereby individually authorised, instructed and empowered to do all such things, sign all such documents and procure the doing of all such things and the signature of all such documents as may be necessary or desirable on behalf of the Company to give effect to the winding up of the Company.
- C. The liquidator be specifically authorised, upon becoming entitled to act in terms of section 80 of the Companies Act, to exercise the powers referred to in the said section 80 of the Companies Act.

NAME	VOTE IN FAVOUR	ABSTAINED	VOTE AGAINST	SIGNATURE	DATE
N Mpofo					16/02/2021

OVERVIEW & BACKGROUND

Precinct 2A Investments (Pty) Ltd ("Precinct 2A" or "P2A") is a 100% subsidiary of Airports Company South Africa (ACSA) which was formed in 1998. It is a company through which Airports Company purchased approximately 237 hectares of land in 2007 from Denel primarily for aeronautical masterplan. The greater extent of the land is to strategically enable the long-term master plan of OR Tambo International Airport to accommodate future aviation activities. The remaining developed and undeveloped land of approximately 100 hectares has been earmarked for commercial property development opportunities. Precinct 2A was established as a ring-fenced infrastructure owner to "house" immovable assets purchased from Denel in 2007 up until transfer of such property to ACSA that was to be determined at a future date. It was envisaged the capital growth realised on asset transfer to ACSA would become a capital profit retained exclusively by ACSA shareholder whilst the Regulatory Asset Base on transfer to ACSA would be inclusive of the capital profit. However, shortly after P2A acquired the Denel property, it was accounted at purchase price in the Regulatory Asset Base and the objective described above to retain capital growth for ACSA shareholder is no longer realisable, therefore maintaining P2A as a separate subsidiary other than adding holding and operating costs would no other benefit to ACSA. That resulted to ACSA board being a shareholder taking a resolution to wind up this entity. The shareholder resolution was taken on 06 March 2019. As at 31 March 2019, the company had net asset value of R90 million and gross assets of R855 million.

GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

Badisa Matshego

Non – executive Director

Age: - 43
Qualifications: - B.Sc. (Eng.) Civil, EDP
Areas of expertise: - Engineering, Construction, Real Estate & Transformation
Date of appointment - 24 April 2017

Ms Bongiwe Pityi

Non – executive Director

Age: - 49
Qualifications: - BA, LLB, Admitted Attorney
Areas of expertise: - Airport Management
Date of appointment - 17 April 2015

Ms Bongiwe Mbomvu

Non – executive Director

Age: - 53
Qualifications: - Bachelor of Social Science, LLB, LLM, Admitted Attorney
Areas of expertise: - Corporate governance, Legal, Risk and Compliance
Date of appointment - 17 April 2015

Ms Thembisa Fuzani

Non – executive Director

Age: - 50
Qualifications: - CA (SA,), B Com Accounting, B Com Honors, Cert. Accounting
Areas of expertise: - Finance, Auditing, Management Accounting
Date of appointment - 17 April 2015

Mr Kris Reddy

Alternate Director

Age: - 54
Qualifications: - Airport Commercial & Operational Management, Executive Development Program
Areas of expertise: - Operations and general management
Date of appointment - 17 April 2015

Ms Khanyisile Nene

Alternate Director

Age: - 44
Qualifications: - BA, HR Diploma, PDP, CPM
Areas of expertise: - Real Estate Management
Date of appointment - 17 April 2015

OUR VISION

The vision is to consistently realise and grow shareholder value by unlocking and benefiting property assets in addition to setting aside land for the ORTIA aeronautical masterplan.

OUR MISSION

To develop and manage property assets for the benefit of the shareholder after utilising the western portion of land for the optimisation of the ORTIA masterplan.

OUR VALUES

Our values are, **PRIDE**:

1. Passion
2. Results
3. Integrity
4. Diversity
5. Excellence

OUR MANDATE

The company is mandated to appropriately attend to Township Establishment (Proclamation) of the property for aeronautical and the balance for non-aeronautical use to allow for redevelopments which will consistently realize growing rental income from property assets

LOCATION MAPS



WINDING UP OF ENTITY, TRANSFER OF ASSETS AND CESSION OF LEASES

As per approval by the shareholder (ACSA Board), as soon as Ministerial approval is obtained, to finalise the legal winding up of entity, transfer of assets and cession of leases to ACSA.

SWOT ANALYSES

STRENGTHS:

- Property strategically located.

WEAKNESSES:

- Reliability of funding from shareholder whose balance sheet mandate it mainly focused on aeronautical projects.

OPPORTUNITIES:

- High potential annuity income.
- Positioning of Aerotropolis by Ekurhuleni.
- Partnering and risk sharing to unlock land values.

THREATS:

- Competition from other developers.
- Holding costs of vacant land.
- Lead time to land enablement.
- Possible delay in the winding up process

PROPERTY DEVELOPEMENT

CRITERIA FOR COMMERCIAL DEVELOPEMENTS

The redevelopments of property can only take place after obtaining approval on Township Establishment. While it is envisaged that future re-development of property will be done by ACSA after assets have been transferred and entity winded up, until the winding up process is finalised, the Precinct 2A together with ACSA to start the processes of developing a Precinct Plan which will guide the future developments

PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES

KEY PERFORMANCE INDICATORS (2021/22)

Strategic Objective	KPI	Target Date	Target
Commercial Redevelopment of Atlas Proper – Phase 1	Precinct Plan to be developed and approved accordingly	2021/22	45ha
	Atlas proper is a commercially developable land of approximately 45 ha. Development of a precinct plan will enable strategic developments to take place in line with Aerotropolis.		
Deliver long term profitability (Earnings After Interest, Before Tax)	Ongoing portfolio status quo maintained	2021/22	Projected loss not to exceed R30m
Winding down of entity	To obtain ministerial approval to wind down entity and transfer assets to the shareholder (ACSA)	2021/22	Winding down finalised

Refurbishment of property	Refurbishment of property to ensure Health and Safety compliance	2021/22	Minimum requirements compliance
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ANNUAL PERFORMANCE PLANS

PROJECTED INCOME STATEMENT 2022 – 2024

	Forecast	Budget		
	2021/22	2022/23	2023/24	2024/25
	R'm	R'm	R'm	R'm
INCOME				
Non-aeronautical Revenue				
Property rentals & Recoveries	57	61	0	0
TOTAL REVENUE	57	61	0	0
EXPENDITURE				
Operational expenditure	(77)	(42)	0	0
EBITDA	20	19	0	0
Other Income	0	0	0	0
PROFIT BEFORE INTEREST & TAX	20	19	0	0
Net interest received /(paid)	(57)	(57)	0	0
PROFIT BEFORE TAX	(77)	(38)	0	0
Taxation	-	-	-	-
PROFIT AFTER TAX	(77)	(38)	(0)	0

PROJECTED BALANCE SHEET 2022 – 2024

	Forecast	Budget		
	2021/22	2022/23	2023/24	2024/25
	R'm	R'm	R'm	R'm
ASSETS				
Investment property *(Note 1)	859	859	0	0
Current assets	23	25	0	0
Receivables and prepayments	4	4	0	0
Cash and cash equivalents	19	21	0	0
TOTAL ASSETS	882	884	0	0
EQUITY AND LIABILITIES				
Capital & reserves	108	119	0	0
Share capital and premium		-	0	0
Retained earnings	108	119	0	0
Non-current liabilities	20	22	0	0
Deferred tax	20	22	0	0
Borrowings	0	0	0	0
Current liabilities	754	743	0	0
Trade and other payables	18	20	0	0
Current portion of borrowings	736	723	0	0
TOTAL LIABILITIES	786	765	0	0
TOTAL EQUITY AND LIABILITIES	882	884	0	0

*Note1 Investment Property as presented above does not assume any fair value gain/loss on the asset base as of 31 March 2020 or that attributed to redevelopment of properties. This is a non-cash flow item and accordingly not provided above.

BORROWING PLAN 2022 - 2024

Precinct 2A is funded by its holdings company, Airports Company South Africa SOC Limited.

MATERIALITY, LEGAL & FINANCE FRAMEWORKS

The company subscribes to Airports Company Governance frameworks namely:

- Risk management Framework
- Fraud Prevention Plan
- Human Resources Plan
- Employee Equity Plan
- Environmental Plan
- Marketing Plan
- Communication Plan
- Procurement Plan
- Delegated Levels of Authority

THE WAY FORWARD

- Short term (within the next 12 months):
 - Development of a precinct plan for phase 1 (Atlas Proper)
 - Refurbishment of property to ensure minimum compliance requirements.
 - Finalizing Winding down of entity and transfer of assets to the shareholder (ACSA).

CONCLUSION

Precinct 2A owns a strategically located property of 237ha (188ha usable) including improvements of 272,078m². The property presents opportunities for future expansion of OR Tambo International Airport aeronautical needs and for non-aeronautical (Commercial) re-development expansion. The entity is in a process of being winded up and assets to be transferred to ACSA in line with the shareholder resolution taken in March 2019.

JIA Piazza Park Proprietary Limited
Registration number 1998/04849/07
Corporate Plan for the four-year period April 2022 to March 2026

JIA PIAZZA PARK

1. OVERVIEW OF BUSINESS

JIA Piazza Park Proprietary Limited ("Piazza Park") is a full subsidiary of the Airports Company South Africa Limited ("ACSA") and has appointed Tsogo Sun Hotels to manage a hotel and hotel business as an InterContinental ("InterContinental Hotel Group" or "IHG") hotel, under the name InterContinental Johannesburg O.R. Tambo Airport ("The hotel" or "IC OR Tambo").

The hotel was opened on 16 March 2001 with 138 rooms and has been managed by Tsogo Sun Hotels since then. The management contract runs until 31 December 2026.

With a portfolio of more than 100 hotels, Tsogo Sun Hotels owns, leases and manages hotels in South Africa as well as several sub-Saharan African countries, the Seychelles and Abu Dhabi. Tsogo Sun Hotels extensive selection of restaurants and bars, and diverse collection of conference and banqueting facilities including the renowned Sandton Convention Centre, offers guests unparalleled variety, footprint and scale. ⁽¹⁾

IHG is a global hotel company with a diverse portfolio of brands, including 6,031 open hotels and 889,164 rooms around the world as of 30 September 2021. ⁽²⁾

South Africa's only luxury airport hotel, the InterContinental Johannesburg O.R. Tambo Airport, is less than 70 metres from the International Arrivals hall at Johannesburg's O.R. Tambo International Airport. The Sandton Central Business District can easily be accessed via the Gautrain rapid rail system or by car, making this location ideal for all kinds of travellers.

There are a total of 138 furnished en-suite rooms, comprising of Deluxe and Executive rooms as well as two luxurious Presidential suites. Accommodation features in each room include writing desk, complimentary WiFi, coffee machine, mini-bar, television with DSTV and DVD player, Bose Bluetooth Sound Dock System, electronic safe, 24-hour room service, porter service and wake-up facility.

Services and facilities throughout the rest of the hotel are geared towards meeting the needs of guests. Highlights include the Camelot Spa for a host of pampering treatments, an indoor heated swimming pool, conferencing facilities and a uniquely African dining experience at Quills Restaurant, which serves a range of breakfast, lunch and dinner options as well as light meals and drinks.

JIA Piazza Park Proprietary Limited
Registration number 1998/04849/07
Corporate Plan for the four-year period April 2022 to March 2026

2. STRATEGY

Environmental overview

The environmental overview provides background on the current and future IC OR Tambo trading conditions as influenced by:

1. The outbreak of COVID-19 and impact on the travel and hospitality industry
2. The South African macro-economic environment,
3. The economic conditions in source countries, such as the UK, USA, Europe and Middle East,
4. International travel to South Africa and surrounding countries,
5. The Hotel industry, including new entrants and existing market participants,

COVID-19 Impact

The devastation of the Covid-19 pandemic on lives and livelihoods continues to dominate the headlines. The South African Government declared a national state of disaster at the end of March 2020 accompanied by various regulations to curb the spread of the virus. The hospitality industry was hard hit by regulations such as the limitation on the size of meetings and gatherings, interprovincial and international travel and a ban on alcohol consumption. According to the annual Tourism report issued by Statistics South Africa (Stats SA) on 29 April 2021, the volume of tourists decreased by 72.6% from 10.2 million in 2019 to 2.8 million in 2020. The decrease in tourists has been exacerbated by a cautious corporate market and the sluggish roll-out of the vaccine programme in South Africa. As at 15 November 2021, only 22.3% of the South African population were fully vaccinated against the Coronavirus, compared to the World average at 41%.⁽³⁾

Macro-economic environment

According to the South African Reserve Bank monetary policy statement of 23 September 2021, the COVID-19 pandemic will continue to result in poor economic outcomes until populations develop sufficient immunity to curb virus transmission. Forecasts from the IMF showed global Gross Domestic Product (GDP) growth of 6% this year. The domestic economy is expected to grow by 5.3% in 2021, followed by a muted 1.7% in 2022 and 1.8% in 2023. Investment will remain constrained by the still limited energy supply and ongoing policy uncertainty. The faster vaccine rollout presents upside to the growth outlook.⁽⁴⁾ There are, however, early indications of a fourth Covid-19 wave in South Africa, which could again place a dampener on the hotel's occupancies early 2022.

JIA Piazza Park Proprietary Limited
Registration number 1998/04849/07
Corporate Plan for the four-year period April 2022 to March 2026

Hotel industry

The hotel is usually compared to other five star properties in the Sandton area, considering the Gautrain link, which provides direct access from O.R. Tambo International Airport to the Sandton Gautrain station. The Smith Travel Research (STR) Hotel Benchmark statistics normally provides insight into trading for the hospitality industry in South Africa. Since the COVID-19 outbreak, this comparison has become largely irrelevant, as many properties across the star grading spectrum closed for varying periods. This makes any meaningful comparison difficult. Observation of trading for Gauteng based 5-star properties in the Tsogo Sun Hotels group shows that IC OR Tambo had the benefit of a more consistent base business and was more resilient. The hotel commanded better rates as well and remained open for all the months to date. Other 5-star properties have been closed since April 2020 and others were opened sporadically. This does place IC OR Tambo in quite a unique position in the local hotel industry.

JIA Piazza Park Proprietary Limited
Registration number 1998/04849/07
Corporate Plan for the four-year period April 2022 to March 2026

3. SWOT analysis

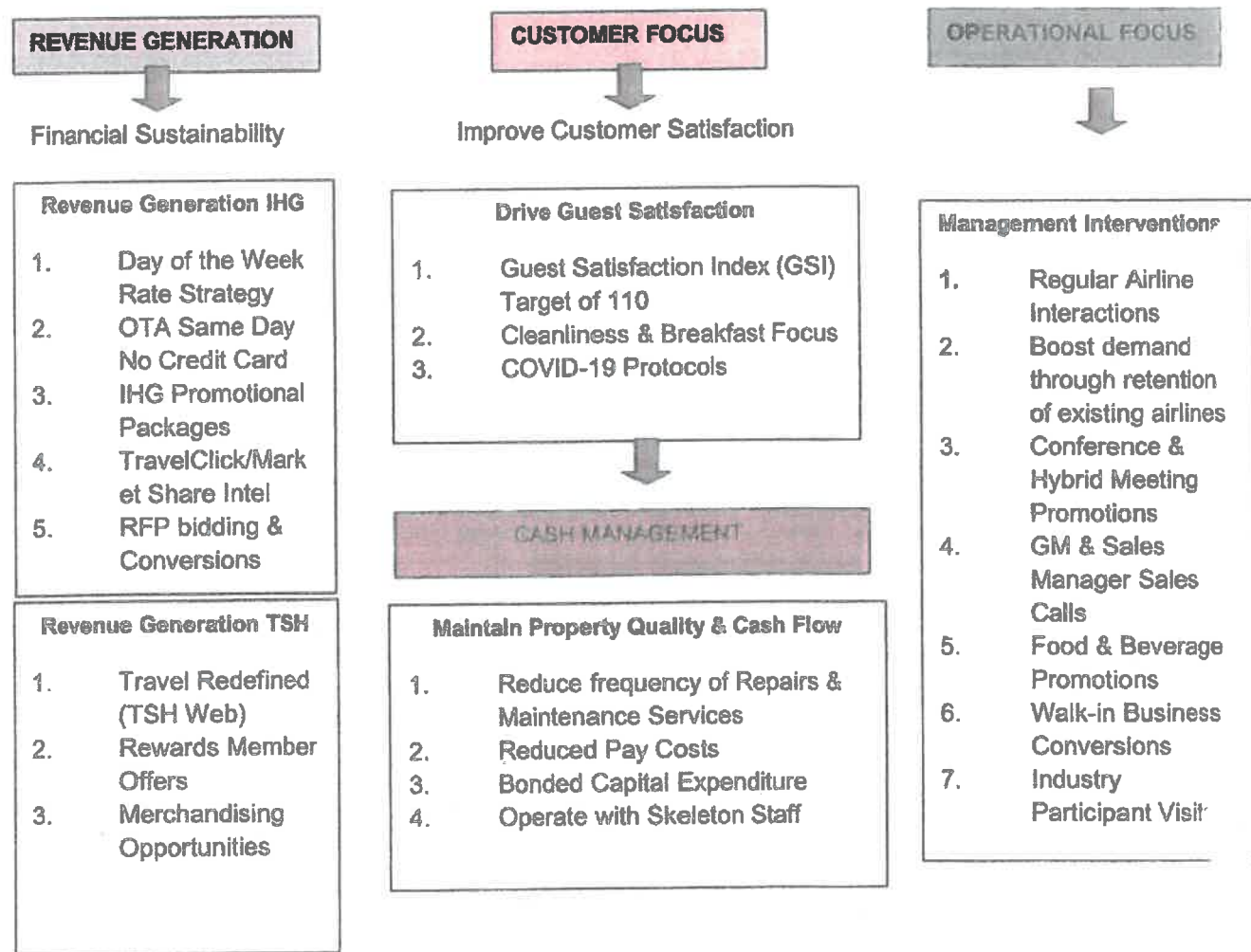
An analysis of the hotel's strengths, weaknesses, opportunities and threats are set out in the table below.

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Prime location of hotel, being less than 70 metres from the O.R. Tambo International Arrivals Hall. 2. Ideally placed for cargo crew related business. 3. Tsogo Sun's 50 years of intellectual capital, industry presence, buying power, strong partnerships with local market, commercial platforms, people value system, training access. 4. The InterContinental brand association, with an international platform, brand standards, global commercial channels and presence, training access. 5. Quality of the physical product. 6. Dedicated team with talent, experience and stability. 7. Healthy guest satisfaction reviews. 8. Environmental initiatives. 9. Legal compliance. 10. Excellent sound proofing of bedrooms due to triple glazed glass encasing. 11. Safety aspects around proximity to the airport as national key point for international airline crews 	<ol style="list-style-type: none"> 12. Cashflow restrictions resulting in deferred Capital Expenditure projects. 13. Gautrain operating hours not 24 hours per day and perceived to be expensive. 14. Property room types limited to 3. 15. Dependence on the corporate segment. 16. Dependence on international guests. 17. Decline in Groups and Conferences overnight stay. 18. Lack of hotel specific parking for guests. 19. Only one Restaurant in Quills, with limited seating capacity. 20. Limited IHG brand presence / marketing efforts locally. 21. The immediate local community to the hotel are not patrons of the hotel, due to price point not matching local disposable income. 22. Location restrictive to local leisure market promotions and campaigns 23. Dependence on airlift 24. Government rate cap for bedroom and conference facilities
Opportunities	Threats / Challenges
<ol style="list-style-type: none"> 1. The possible expansion of the property to include a second tower. 2. Gautrain availability 24 hours per day. 3. O.R. Tambo International Airport aerotropolis expansion and associated commercial benefits. 4. Further IHG exposure – both locally and internationally with regards to leveraging structures in marketing, public relations, commercial opportunities and technology developments. 5. Further environmental initiatives with both cost and carbon footprint reductions. 6. Positive changes with respect to South African Government Visa regulation for foreign inbound travellers. 7. Guests making use of conferencing venues for the purpose to provide mandatory services for travellers in transit creating footfall for the restaurant 	<ol style="list-style-type: none"> 8. Enduring Covid-19 pandemic, coupled with Government Disaster Management in the form of travel and trade restrictions 9. Local and International economic uncertainty, exchange rate fluctuations and reduction in disposable income. 10. International "scares", for instance xenophobic incidents, political unrest, virus outbreaks. 11. Local corporate decline due to local travel restrictions and policies. 12. Upgraded airport facilities in Africa catering for direct international flights. 13. Additional beds in the area or new entrants to the node. 14. Development of a fully-fledged 5 star offering. 15. Security concerns – generally regarding airport locations globally. 16. Lack of further cost efficiencies within the business. 17. Staff turnover due to competitor poaching.

JIA Piazza Park Proprietary Limited
Registration number 1998/04849/07
Corporate Plan for the four-year period April 2022 to March 2026

4. Strategic goals and initiatives

The strategic goals and initiatives for Piazza Park are set out in the tables below. The core business of Piazza Park remains the operation of an effective hotel business, achieved through continued focus on four strategic goals, around Product, Profitability, People and Marketing & Sales.



Goal	Initiatives
<p><i>Maintain product relevance to customer experience</i></p> <p><i>(product cont.)</i></p>	<ol style="list-style-type: none"> 1. Maintain the physical product in the short term to cater to the customer, including hotel operating equipment. In the longer term, consider major and minor refurbishments. Initiatives are: <ol style="list-style-type: none"> 1. Hotel property and product audits (Both Tsogo Sun Hotels and IHG) 2. Capital expenditure plan review 3. Monthly operating equipment review and replacement

JIA Plaza Park Proprietary Limited
Registration number 1998/04849/07
Corporate Plan for the four-year period April 2022 to March 2026

	<p>4. Understand customers' needs, perceptions and behaviours, to deliver experiences relevant to them, thereby driving revenue. This is achieved through:</p> <p>5. Satisfaction surveys in the form of Heartbeat (IHG) and TripAdvisor</p> <p>6. Customer rewards programme (Both Tsogo Sun Hotels and IHG)</p> <p>7. One-on-one interaction</p> <p>8. Customer relationship managers</p> <p>9. Continued investment in Technology that works for the customer and makes the product work through guest facing systems, channel and customer relationship management.</p> <p>10. Maintain and develop accessibility to website and other booking channels</p>
<p><i>Grow financial profitability</i></p>	<p>11. Sustainable growth and return on investment</p> <p>12. Monthly and quarterly review of financial performance</p> <p>13. Utilising revenue management systems available through Tsogo Sun and IHG</p> <p>14. Benchmarking expenses against other five-star properties within Tsogo Sun Hotels</p>
<p><i>Develop people</i></p>	<p>15. Our employees are core to delivering great customer experiences and we need to understand their needs, challenges and aspirations. This is achieved through:</p> <p>16. Communication from the management team</p> <p>17. Induction programmes</p> <p>18. Annual training needs identification and programme</p> <p>19. Employee surveys and engagement programme</p> <p>20. Performance management programmes</p> <p>21. Anti-fraud, ethics and corruption hotline</p> <p>22. Attract and retain the highest calibre staff and redressing historical imbalances</p>
<p><i>Marketing & Sales</i></p>	<p>23. Boost travel demand and awareness through:</p> <p>24. Domestic leisure and Government rates on Tsogo Sun Hotels Website</p> <p>25. Reduced day conference packages targeted at local businesses with budget constraints</p> <p>26. Partner with Audio Visual companies to offer Hybrid Meeting Packages to boost venue hire</p> <p>27. Short term hire of banqueting venues</p> <p>28. Food & Beverage campaigns targeted at the Airport Node including comp set hotels with limited Food & Beverage offering</p> <p>29. Inter-Provincial exposure through local DMO's for inbound domestic in transit travel</p> <p>30. GM and Sales Manager sales calls</p> <p>31. Regular airline partner interactions</p> <p>32. Distressed airline business rate offers</p>

JIA Piazza Park Proprietary Limited
Registration number 1998/04849/07
Corporate Plan for the four-year period April 2022 to March 2026

- | | |
|-----|--|
| 33. | Ramp up operations corporate rate offer to airlines and companies resuming trade |
| 34. | Long stay reduced rate offer for clients in isolation |

5. KEY PERFORMANCE INDICATORS

The key performance indicators are included to gauge the efficacy of the corporate plan for the hotel and are attached as Annexure A.

6. GOVERNANCE STRUCTURES

Composition of the Board of Directors

<p>Ms Ntombifuthi Zikalala Mvelase (Chairperson) Non-executive Director Qualifications: B Proc, LLB Areas of expertise: Corporate Governance, Legal. Date of appointment: 12 February 2019</p>	<p>Charles Masondzo Shilowa Director Qualifications: B.Sc. (Chemistry & Biochemistry), B.Eng. (Eng.) Chemical, Management Achievement Program, Masters of Business Administration, Higher Diploma in Tax Law (HDip Tax), Post Graduate Certificate: Project Finance, Corporate Finance and Private Equity Areas of expertise: Project Management, Strategy Development & Implementation, Mergers & Acquisitions, Financial Analysis & Management and Stakeholder Management Date of appointment: 18 October 2021</p>
<p>Thembisa Fuzani Director Qualifications: B Com, B Com Accounting, B Compt Honours, Certificate in Theory of Accounting, Certified Chartered Accountant Areas of expertise: Finance, Auditing, Financial and Management Accounting, Audit Committee Management, Capex Committee Chairperson. Date of appointment: 15 July 2021</p>	<p>Livhuwani Tshikunde Alternate Director Qualifications: B Com (Economics), B Com (Hons) Econometrics, MCom (Economics) Areas of expertise: Treasury and Risk Management Board of Trustee: ACSA Retirement Fund Date of appointment: 15 July 2021</p>
<p>Aubrey Blom Alternate Director Qualifications: B Com Areas of expertise: Property Management, Asset Management, Facilities Management Date of appointment: 15 July 2021</p>	

JIA Piazza Park Proprietary Limited
Registration number 1998/04849/07
Corporate Plan for the four-year period April 2022 to March 2026

Members of management team

<p>Ayanda Vernon Mazlbuko</p> <p>General Manager</p> <p>Qualifications: University of Cape Town – Graduate School of Business, Hospitality Leadership Short Course</p> <p>Date of appointment: 3 June 2013</p>	<p>Julanie Fasen</p> <p>Financial Controller</p> <p>Qualifications: Matric</p> <p>Date of appointment: 1 February 1993</p>
<p>Ruan Nieuwoudt</p> <p>Deputy General Manager</p> <p>Qualifications: National Diploma in Hospitality Management through The Capital Hotel School</p> <p>Date of appointment: 18 June 2012</p>	<p>Sonia Carreira</p> <p>Quality Assurance Manager</p> <p>Qualifications: National Diploma in Hospitality Management</p> <p>Date of appointment: 30 July 2010</p>
<p>Romeo Mlambo</p> <p>Food and Beverage Manager</p> <p>Qualification: National Diploma in Hospitality Management through Vaal University of Technology and NQF Level 4 – Generic Management</p> <p>Date of appointment: 1 April 2021</p>	<p>Kenneth Ngubane</p> <p>Executive Chef</p> <p>Qualification: Diploma in Professional Cookery HITB</p> <p>Date of appointment: 15 March 2021</p>
<p>Vacant</p> <p>Maintenance Manager</p> <p>Qualifications:</p> <p>Date of appointment:</p>	<p>Yvonne Prinsloo</p> <p>Executive Housekeeper</p> <p>Qualifications: Standard 8</p> <p>Date of appointment: 1 March 2008</p>
<p>Martha Mbhele</p> <p>Reservations Manager</p> <p>Qualifications: Matric</p> <p>Date of appointment: 26 September 2016</p>	<p>Lerato Rakgosi</p> <p>Sales Manager</p> <p>Qualifications: B Com Marketing Management</p> <p>Date of appointment: 1 January 2021</p>

JIA Piazza Park Proprietary Limited
Registration number 1998/04849/07
Corporate Plan for the four-year period April 2022 to March 2026

Beauty Lebelo Guest Relations Manager Qualifications: Matric Date of appointment: 1 August 2018	Tshepo Poo Front Office Manager Qualifications: National Diploma in Hospitality Management Date of appointment: 1 June 2007
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7. FINANCIAL PLAN

Projected Income Statement

JIA Piazza Park Proprietary Limited
Registration number 1998/04849/07
Corporate Plan for the four-year period April 2022 to March 2026

JIA Piazza Park (Pty) Ltd IC - O.R.Tambo INCOME STATEMENTS - forecast	Actual FY2021 R'000	Forecast FY2022 R'000	Forecast FY2023 R'000	Forecast FY2024 R'000	Forecast FY2025 R'000	YonY% F22 v F21	YonY% F23 v F22	YonY% F24 v F23	YonY% F25 v F24
Revenue	42,416	35,226	38,088	40,750	42,511	83.1%	85.1%	12.9%	3.8%
Cost of Sales	(2,013)	(3,889)	(4,502)	(5,095)	(5,601)	93.7%	15.6%	13.2%	9.9%
Operating Expenses	(31,031)	(48,781)	(53,550)	(57,368)	(61,227)	60.4%	7.6%	7.2%	6.7%
Profit (Operating Profit)	9,397	(17,344)	(19,964)	(21,713)	(24,317)	218.7%	26.9%	20.6%	11.5%
Capital Charges	(2,591)	(3,595)	(3,985)	(4,369)	(4,726)	38.8%	10.9%	9.8%	8.2%
Management Fees Paid	(1,056)	(2,335)	(2,762)	(3,180)	(3,527)	121.2%	18.3%	15.1%	10.8%
EBITDA	5,250	(26,916)	(36,711)	(40,747)	(45,570)	300.0%	30.0%	22.3%	11.2%
Lease rent suspended	20,220	20,927	0	0	0	10.0%	-100.0%	0.0%	0.0%
Supplementary rent	(396)	(20,437)	0	0	0	6974.9%	-100.0%	0.0%	0.0%
EBIT	25,112	(20,416)	(36,711)	(40,747)	(45,570)	111%	-30.7%	22.3%	11.2%
Depreciation	(5,561)	(5,115)	(4,805)	(5,095)	(5,584)	-8.0%	-6.1%	6.0%	29.2%
Depreciation charge - ROU asset	(69,187)	(69,187)	(69,187)	(69,187)	(69,187)	0.0%	0.0%	0.0%	0.0%
Ebit	1,164	6,864	(30,714)	(23,575)	(19,266)	495.1%	-547.4%	-23.2%	-18.3%
Profit/(Loss) on Disposal of Assets	(139)	0	0	0	0	-100.0%	0.0%	0.0%	0.0%
Earnings before interest and tax	1,014	6,864	(30,714)	(23,575)	(19,266)	576.8%	-547.4%	-23.2%	-18.3%
Interest received / (paid)	205	200	200	200	200	-2.6%	0.0%	0.0%	0.0%
Interest expense - shareholder loan	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Interest expense - lease liability	(166,322)	(161,563)	(202,402)	(213,823)	(226,821)	5.9%	5.8%	5.7%	5.6%
Taxation	50,289	51,581	65,217	66,443	68,568	2.6%	28.4%	1.9%	3.2%
Minorities	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Dividends	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Net retained earnings	(129,073)	(132,638)	(167,700)	(170,854)	(176,319)	2.8%	26.4%	1.9%	3.2%
Room Nights Sold	18,880	25,777	28,355	30,565	32,005	54.5%	10.0%	7.8%	4.7%
Room Nights Available	50,370	50,370	50,370	50,508	50,370	0.0%	0.0%	0.3%	-0.3%
Room Occupancy	33%	51%	56%	61%	64%	54.5%	10.0%	7.5%	5.0%
Average Room Rate	2,013	2,645	2,777	2,916	3,062	31.4%	5.0%	5.0%	5.0%
Revenue per Available Room	687	1,353	1,563	1,765	1,945	103.1%	16.5%	12.9%	10.3%
EBITDAR MARGIN (%)	14.6%	30.1%	33.9%	36.8%	38.3%	106.5%	12.9%	8.3%	4.0%

Key assumptions --

- The forecast for FY2022 is based on the latest profit forecast for the property (PF2) which includes six months' actual results and six months forecast. This includes current maintaining current occupancy levels, without attempting to predict further Covid-19 waves. The average room rate (ARR) projected is based on current FY2022 results.
- The occupancy forecast for FY2023 assumes a moderate recovery of 10% year-on-year. FY2024 occupancy increase by 7.5% and FY2025 by 5%. The FY2025 occupancy at 64% is similar to what was seen during FY2015 and approximately 10% lower compared to FY2019.

JIA Piazza Park Proprietary Limited
Registration number 1998/04849/07
Corporate Plan for the four-year period April 2022 to March 2026

- The International Air Transport Association (IATA) projects a 5-year recovery to return to 2019 business levels.
- The ACSA Corporate Finance Strategist projects that passenger travel (Domestic and International), after a period of 5 to 7 years, will be approximately 20% less than the footfall reported for 2019.
- Expenses are increased by CPI at 4.5% during year one and considers the following exceptions over the four-year period:
 - Electricity increasing by 15% in FY2023 to settle on 12.5% by FY2025
 - Water increasing on average by 8% per annum
 - Suspended Base Rent for FY2021 and FY2022 but reinstated from FY2023.
 - Any Supplementary rent declared is based on cash flow availability and is also influenced by Capex requirements.

8. Financial Scenario's

The low, middle and high road scenarios prepared, are indicative forecasts on possible trade influenced by assumptions that may impact the business.

The Corporate Plan is based on the "Middle Road" scenario.

SCENARIO 1 - "LOW ROAD"

JIA Piazza Park (Pty) Ltd IC - O.R.Tambo INCOME STATEMENTS - forecast	Forecast FY2022 R'm	Forecast FY2023 R'm	Forecast FY2024 R'm	Forecast FY2025 R'm
Gross Revenue	52	55	59	65
EBITDAR	2	2	2	4
EBITDAR Margin	4.8%	2.8%	4.1%	6.5%
Occupancy %	34%	35%	36%	38%
ARR	2,415.31	2,463.62	2,556.00	2,683.80

This model assumes:

- 1 National State of Disaster implemented by the South African Government still in place
- 2 Covid-19 Pandemic continues to have a major impact in the country
- 3 The economy is stagnant with limited to no growth
- 4 Business is trading in an inflationary environment with increases in reserve bank interest rates impacting CPI
- 5 Future Covid-19 infection waves would impact trade resulting from associated restrictions
- 6 Possibility for Lock-Down regulations restricting local and international travel, prohibiting the sale of alcohol and closure of restaurants
- 7 Impact of air traffic movement

RISK:

- 1 Catastrophic impact of lockdown returning to Alert Levels 3 to 5
- 2 Depressed economic climate
- 3 Travel restrictions imposed by foreign countries
- 4 Local and/or International political conflict

SCENARIO 2 - "MIDDLE ROAD"

JIA Piazza Park (Pty) Ltd IC - O.R.Tambo INCOME STATEMENTS - forecast	Forecast FY2022 R'm	Forecast FY2023 R'm	Forecast FY2024 R'm	Forecast FY2025 R'm
Gross Revenue	85	98	111	122
EBITDAR	26	33	41	47
EBITDAR Margin	30.1%	33.9%	36.8%	38.3%
Occupancy %	51%	56%	61%	64%
ARR	2,644.75	2,776.99	2,915.84	3,061.63

This model assumes:

- 1 National State of Disaster implemented by the South African Government still in place but to a lesser extend
- 2 Covid-19 Pandemic still common but are starting to have less of an impact on the country
- 3 Marginal economic growth
- 4 Business is trading in an inflationary enviroment with increases in reserve bank interest rates impacting CPI
- 5 Decrease in Covid-19 infection waves
- 6 Lock-Down regulations limited to curfues and wearing masks
- 7 Minimal restrictions in air traffic movement

RISK:

- 1 Worsening conditions around Covid-19 Pandemic i.e. further mutations and related impact of various Disaster Management Alert Levels
- 2 Depressed economic climate
- 3 Travel restrictions imposed by foreing countries
- 4 Local and/or International political conflict

SCENARIO 3 - "HIGH ROAD"

JIA Piazza Park (Pty) Ltd IC - O.R.Tambo INCOME STATEMENTS - forecast	Forecast FY2022 R/m	Forecast FY2023 R/m	Forecast FY2024 R/m	Forecast FY2025 R/m
Gross Revenue	35	115	130	142
EBITDAR	26	47	57	64
EBITDAR Margin	30.1%	41.2%	43.7%	45.0%
Occupancy %	51%	60%	65%	68%
ARR	2,644.75	3,041.47	3,193.54	3,353.22

This model assumes:

- 1 National State of Disaster lifted
- 2 Covid-19 becomes endemic, similar to the flu managed by annual flu injections
- 3 Positive economic growth
- 4 Stable inflationary environment with moderate CPI growth
- 5 Lock-Down regulations lifted, all things being equal, trade returns to "business as usual"
- 6 No restrictions in air traffic movement

RISK:

- 1 Covid-19 Pandemic still prevalent hindering business to return to normal
- 2 Depressed economic climate
- 3 Local and/or International political conflict

JIA Piazza Park Proprietary Limited
Registration number 1998/04849/07
Corporate Plan for the four-year period April 2022 to March 2026

Projected Balance Sheet

JIA Piazza Park (Pty) Ltd IC - O.R.Tambo BALANCE SHEET - forecast	Actual FY2021 R'000	Forecast FY2022 R'000	Forecast FY2023 R'000	Forecast FY2024 R'000	Forecast FY2025 R'000	YonY% F22 v F21	YonY% F23 v F22	YonY% F24 v F23	YonY% F25 v F24
Non-Current Assets									
Property and plant	34,613	32,035	33,984	43,892	50,020	-7.4%	6.0%	29.2%	14.0%
Operating equipment	6,985	7,160	7,001	7,001	7,645	1.6%	-1.4%	0.0%	9.2%
Intangible assets	23	20	20	20	20	-13.0%	0.0%	0.0%	0.0%
Right of use asset	1,802,594	1,749,389	1,892,171	1,872,674	1,893,778	-3.3%	-3.4%	-3.5%	-3.8%
Deferred tax	109,749	152,535	217,549	283,690	382,658	31.2%	43.3%	38.5%	24.1%
	1,942,954	1,932,852	1,940,703	1,957,877	1,974,021	-0.5%	0.4%	0.9%	0.6%
Current Assets									
Inventories	1,027	1,027	1,182	1,334	1,465	0.0%	15.1%	12.9%	9.8%
Trade and other receivables	3,843	6,600	7,397	8,161	8,800	67.4%	12.1%	10.3%	7.6%
Current tax receivable	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Any other current assets	0	0	0	0	0	0.0%	0.0%	0.0%	0
Cash and cash equivalents	20,360	22,842	(21,200)	(74,456)	(128,302)	12.2%	-192.6%	251.2%	7%
	25,330	30,469	(12,622)	(64,961)	(118,037)	20.3%	-141.4%	414.7%	8%
NET ASSETS	1,968,284	1,963,321	1,928,081	1,892,916	1,855,984	-0.3%	-1.8%	-1.3%	-2.1%
Equity									
Retained earnings opening	(93,323)	(222,396)	(355,034)	(522,734)	(693,588)	138.3%	59.6%	47.2%	32.7%
Profit for the year	(129,073)	(132,636)	(167,700)	(170,854)	(176,319)	2.8%	26.4%	1.9%	3.2%
	(222,396)	(355,034)	(522,734)	(693,588)	(869,906)	59.6%	47.2%	32.7%	26.4%
Non-current liabilities									
SSHI working capital loan	1,500	1,500	1,500	1,500	1,500	0.0%	0.0%	0.0%	0.0%
Lease liability	2,925,295	2,820,221	2,719,287	2,514,162	2,412,411	0.4%	9.7%	3.9%	3.4%
	2,155,895	2,282,891	2,411,897	2,545,962	2,683,941	5.8%	6.7%	5.6%	5.4%
Current liabilities									
Trade and other payables									
Shareholder loan due to cash shortage	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Deferred rent	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Trade payables	4,572	4,801	5,235	5,776	6,228	5.0%	9.1%	10.3%	7.8%
Accrued expenses	7,329	7,329	8,214	9,082	9,772	0.0%	12.1%	10.3%	7.8%
Accrued payroll expense	318	334	350	368	386	5.0%	5.0%	6.0%	5.0%
Sundry creditors	73	73	200	200	200	0.0%	175.1%	0.0%	0.0%
Sundry creditors - tips	47	47	150	150	150	0.0%	222.0%	0.0%	
Supplementary rent due to ACSA	10,000	20,437	20,437	20,437	20,437	104.4%	0.0%	0.0%	
Deposits received	1,095	1,500	2,500	2,625	2,756	37.0%	66.7%	5.0%	5%
Other payables (incl. VAT F21)	8,506	165	174	162	191	-98.1%	5.0%	5.0%	5.0%
Current tax payable	446	0	0	0	0	-100.0%	0.0%	0.0%	0.0%
Provisions (STI and leave)	1,488	1,578	1,657	1,740	1,827	7.5%	5.0%	5.0%	5.0%
	33,854	36,264	38,918	40,541	41,948	7.1%	7.3%	4.2%	3.5%
NET LIABILITIES	1,968,284	1,963,321	1,928,081	1,892,916	1,855,984	-0.3%	-1.8%	-1.3%	-2.1%

Key assumptions –

The following broad key assumptions apply to the balance sheet:

1. Fixed assets movement – based on the Capital Expenditure plan (covered in more detail under section 7)
2. Current assets movement – reflects trade
3. Trade creditors, provisions and accruals movement – based on inflation related growth in balances.

JIA Piazza Park Proprietary Limited
Registration number 1998/04849/07
Corporate Plan for the four-year period April 2022 to March 2026

4. The re-instatement of the current lease agreement from FY2023 results as a negative cash position under Current Assets.

Projected Cash Flow statement

JIA Piazza Park (Pty) Ltd IC - O.R.Tambo CASH FLOW - forecast	Actual FY2021 R'000	Forecast FY2022 R'000	Forecast FY2023 R'000	Forecast FY2024 R'000	Forecast FY2025 R'000
Cash from trading	65,912	71,176	33,288	40,717	46,514
Movement in working capital	4,897	(969)	1,031	(79)	(816)
Cash from operations	70,808	70,207	34,319	40,638	45,698
Interest	205	200	200	200	200
Tax	594	610	771	785	810
Cashflows from investing activities	(409)	(2,537)	(6,735)	(15,022)	(12,712)
Free cash	71,199	68,480	28,555	26,601	33,997
Financing activities	(59,998)	(65,997)	(72,597)	(79,857)	(87,843)
Movement in cash	11,201	2,482	(44,042)	(53,256)	(53,846)
Opening cash	9,159	20,360	22,842	(21,200)	(74,456)
Surplus cash	20,360	22,842	(21,200)	(74,456)	(128,302)

9. DIVIDEND POLICY

The Piazza Park practice is not to issue any dividends.

10. CAPITAL EXPENDITURE PLAN

The Capital Expenditure ("Capex") plan is reflected in the annual budget and divided into Hotel maintenance capex, Development capex and Information technology capex. The annually approved Capital Expenditure programme is funded through surplus cash generated by Piazza Park.

JIA Piazza Park Proprietary Limited
Registration number 1998/04849/07
Corporate Plan for the four-year period April 2022 to March 2026

Hotel maintenance Capex includes the replacement and addition of fixed assets required during the normal course of business. In the case of Piazza Park this also includes capital expenditure required to maintain IHG standards.

Health, Safety and Development Capex comprises non-recurring projects and typically covers the refurbishment of bedrooms, public areas, meeting rooms, restaurant and kitchen. This category also includes major plant, machinery and structural changes or additions to the property as well as health and safety compliance related capex.

For the annual forecast period covered by the Corporate Plan (F23 to F25), health & safety and compliance related items have been considered, as well as the overdue soft refurbishment of the public area and restaurant (R3.4m in FY2023), a potential bedroom refurbishment (R7m in FY2025) and a spa refurbishment (R1m in FY2025). The respective refurbishments will become critical in ensuring that the product remains relevant to the guest and the hotel remains the airport hotel of choice.

Information technology Capex refers to the replacement and improvement of the technological infrastructure in the hotel, including both hardware and software.

Capital Expenditure plan – R'000	FY 2022	FY2023	FY2024	FY2025	Notes
Capex	2,537	1,575	1,782	1,960	Replacement programme based on 2.0% of rooms revenue for FY2022 to FY2025.
Health, safety and Development Capex	Nil	4,910	12,990	10,502	Health and safety related items.
Information technology Capex	379	250	250	250	Break and replace programme.
Total capex additions	2,537	6,735	15,022	12,712	
Total capex as % of EBITDAR	9.9%	20.2%	36.9%	27.3%	

JIA Piazza Park Proprietary Limited
Registration number 1998/04849/07
Corporate Plan for the four-year period April 2022 to March 2026

* The Health, Safety and Development capex plan for the period under review is detailed below:

JIA Piazza Park (Pty) Ltd IC - O.R.Tambo HEALTH, SAFETY AND DEVELOPMENT CAPITAL EXPENDITURE	Actual FY2022 R'000	Forecast FY2023 R'000	Forecast FY2024 R'000	Forecast FY2025 R'000
	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>
Air Handling Units x 4 @ R160000K 14% escalation Cost	-	760	800	650
Replace Chilled Water Pumps x 2 Moved to F20 R76000 x 14% escalation cost	-	-	-	-
Fire Evacuation Public Address System	-	-	2,600	-
Public Area and restaurant Softs Refurb including tables and chairs	-	3,400	-	-
Spa Refurbishment (4 Treatment rooms @ R250k per room)	-	-	-	1,000
Airconditioning Fan Coil units in rooms (140 x R19000 per room) @ 21% Escalatio	-	-	3,250	-
Service Lift Upgrade x 1	-	-	-	1,200
Sprinkler Head and Pipe Replacement	-	-	-	-
Bathrooms (Stucco marble, extraction and doors)	-	-	4,140	-
Guest Lift Upgrade	-	-	2,200	-
Bedroom Refurbishment	-	-	-	7,000
Replace bedroom doors	-	-	-	652
Corridor carpets	-	750	-	-
TOTAL	-	4,910	12,990	10,502

11. BORROWING PROGRAMME

Piazza Park is and intends to remain self-funded.

The management agreement determines that board approval is required for any borrowings, other than reasonably incidental to the ordinary course of conduct of the hotel business (clause 6.7.1. of the management agreement).

12. FINANCIAL ASSISTANCE AND SUSTAINABILITY

A two-year rent suspension for FY2021 and FY2022 was granted by ACSA to Piazza Park as a result of the Covid-19 impact on the business. The current lease agreement adversely impacts the going concern status of Piazza Park into FY2023 and beyond.

Alternative solutions were presented to the Piazza Park Board by Tsogo Sun management during the November 2020 Board Strategic Session and will be updated for the same in November 2021. The goal is for Piazza Park and ACSA to agree on a sustainable rent agreement, which sufficiently address the technical going concern issue.

13. RISK AND FRAUD PREVENTION PLAN

The Risk and Fraud Prevention Management Plan for the IC OR Tambo hotel operations falls under the auspices of the Tsogo Sun Hotels programme and includes the following:

1. Risk management is covered as part of the monthly Regional Operational Committee (OpCo) reviews where applicable. This level of management remains responsible for ensuring that risks are appropriately identified, assessed, mitigated / managed and reported on.
2. Operational risk management includes the following five areas:
 3. Fires and fire protection
 4. Security
 5. Fraud / theft
 6. Safety
 7. Organisational resilience programme (ORMS)
1. The Tsogo Sun audit and risk forum meets twice a year and is attended by both the internal (GRIPP Advisory) as well as the external auditors (PwC).
2. An internal audit programme is conducted by GRIPP Advisory and includes compliance as well as risk-based reviews.
3. An internal audit programme is conducted by ACSA Internal Audit and includes compliance and risk-based reviews.
4. Annual audit performed by The Auditor General of South Africa and includes compliance and risk-based reviews.
5. The Best Practice Operating Procedures (BOP) committee assist in the communication and training of the operating procedures.
6. A comprehensive internal control questionnaire to enable unit management to assess the control environment is completed monthly by the heads of department.
7. Balance sheet reviews are conducted by the regional financial support structure at least twice per year.
8. The Tsogo Sun Hotels ethics line service provider, namely Tip-Offs Anonymous, is managed by Deloitte.

14. OTHER SUPPORTING PLANS

Human Resource and Employment Equity Plan

People are at the core of delivering a Tsogo Sun Hotels experience, both front and back-of-house. A pool of qualified, trained and talented people is required to deliver these experiences, supported by empowered management and relevant support services.

The focus areas for Human Resources include amongst others:

JIA Piazza Park Proprietary Limited
Registration number 1998/04849/07
Corporate Plan for the four-year period April 2022 to March 2026

1. Human capital management – attract and retain the highest calibre staff and redressing historical imbalances, where they may exist.
2. Employee development – All training and development activities are integrated through Tsogo Sun Hotels. Tsogo Sun was re-awarded accreditation as an official training provider.
3. Employee engagement – Engagement surveys for FY2021 and FY2022 were deferred due to the practical impact of Covid-19 and thereafter are undertaken annually.
4. Employee wellness – Tsogo Sun is committed to the wellness of our employees and provides services through employee assistance helpline and wellness days.
5. Health and safety – Safety inspections through the ORMS audit process.

Environmental Plan

The environmental plan for Piazza Park is governed by the various Tsogo Sun Hotels initiatives. Tsogo Sun Hotels made the commitment to reduce the impact that the business has on the environment and to encourage guests to embrace greener behaviour for the wellbeing of the environment.

The objectives of the environmental programme are met through a property-specific environmental management system aimed at:

1. Energy
2. Water
3. Waste management
4. Responsible procurement

Energy and water consumption is measured monthly and reviewed at the quarterly Energy Steerco meetings and corrective measures are put in place where required. The programme is managed as part of the Organisational Resilience Management Standard audit process and is verified by the German quality body, DQS-UL Group.

Marketing and Communication Plan

Both the Tsogo Sun Hotels and InterContinental brands are well recognised locally and internationally.

IC OR Tambo is uniquely positioned to benefit from the InterContinental brand's global recognition and at the same time have access to Tsogo Sun's local marketing and communication platform.

Marketing exposure includes:

- Web based and social media exposure
- Billboards
- Radio
- Loyalty programmes (Tsogo Sun Rewards programme and IHG Rewards Club)

References:

JIA Piazza Park Proprietary Limited
Registration number 1998/04849/07
Corporate Plan for the four-year period April 2022 to March 2026

- <https://www.tsogosun.com/>
- <https://www.ihqplc.com/about-us/our-global-presence>
- https://ourworldindata.org/covid-vaccinations?country=OWID_WRL
- <https://www.resbank.co.za/content/dam/sarb/publications/statements/monetary-policy-statements/2021/statement-of-the-monetary-policy-committee-september-2021/Statement%20of%20the%20Monetary%20Policy%20Committee%20September%202021.pdf>

**JIA Plaza Park Proprietary Limited - Corporate Report
Annexure A: KPI's for the period F2023 to F2025**

Strategic Thrust	Strategic objective	Key performance indicator (KPI)	Associated Initiatives	Initiative outcome	F2023	F2024	F2025	Baseline
1. Financial Sustainability	Positive EBITDAR (@ annual growth of 5%)	EBITDAR Margin	<ol style="list-style-type: none"> Maximize revenue growth. Improve cost efficiencies 	Sustainable EBITDAR growth.	R28.9m	R28.2m	R28.6m	F2022 PF2: R25.8m
2. Maintain property quality and control cash management	Critical Capital Expenditure spend (Excluding Major Refurbishment Projects) controlled to projected annual targets <small>* Critical Expenditure is defined as the amount of capital expenditure that exceeds the annual budget.</small>	Capital expenditure	<ol style="list-style-type: none"> Annual review of requirements focusing on Fire, Life & Safety / License Agreement, Critical Replacement 	<ol style="list-style-type: none"> Controlled cash flow Sustain asset quality 	R6.7m	R15.0m	R12.7m	F2022 PF2: R2.5m
3. Improve customer satisfaction	Achieve a Guest Satisfaction score of 88% and above (Assuming no changes to the scoring methodology of IHG Guest Satisfaction measurement and continued investment in product upkeep)	Guest satisfaction	<p>Review of various guest satisfaction surveys through:</p> <ol style="list-style-type: none"> Analysis of guest problem experienced. Root cause analysis Feedback Resolution Strategy Includes: <ul style="list-style-type: none"> IHG Rewards Club Survey Trip Advisor Survey Expedia.com Survey Google Survey Expedia Survey 	<ol style="list-style-type: none"> Improved guest satisfaction score as measured by IHG Heartbeat score card. Create the opportunity for Management to improve service to guests. 	88%	88%	88%	<p>Guest satisfaction measured by IHG Heartbeat score card.</p> <p>October 2021: 88.88%</p>

**JIA Piazza Park Proprietary Limited - Corporate Plan
Annexure A: KPI's for the period F2023 to F2025**

Strategic Thrust	Strategic objective	Key performance indicator (KPI)	Associated Initiatives	Initiative outcome	F2023	F2024	F2025	Baseline
4. Increase market share	Achieve a RevPAR premium of >180% on East Rand market escalated annually for F'23 to F'25	Market share	1. Utilisation of Tsogo Sun Revenue Management Team 2. Participation in Revenue Management Programs in keeping with business demand	1. Increased RevPAR premium	180% > market set	200% > market set	220% > market set	RevPAR premium. October 2021 YTD: 302%

**JIA Piazza Park Proprietary Limited - Corporate Plan
Annexure A: KPI's for the period F2023 to F2025**

Strategic Thrust	Strategic objective	Key performance indicator (KPI)	Associated Initiatives	Initiative outcome	F2023	F2024	F2025	Baseline
5. Business digitisation	Maintain hotel visibility through relevant technology initiatives	Rooms revenue	<p>1. Hotel Content Management System (HCMS): Continuous updates of digital platforms such as:</p> <ul style="list-style-type: none"> - Photography - Value added offerings - Limited time features (ETF-- specialties) <p>2. Global Distribution System (GDS):</p> <ul style="list-style-type: none"> - Preferred placement channels - Booking into B2B reservation systems namely: Galileo - Amadeus <p>3. Electronic document retention:</p> <ul style="list-style-type: none"> - Reduction paper consumption - Customers accessing electronic copies of invoices 	<p>1. Revenue generation through increased sales of accounts for customers</p> <p>2. Increased market awareness</p>	Hotel Content Management to be 780 or better out of a score of 800	Hotel Content Management to be 750 or better out of a score of 800	Hotel Content Management to be 780 or better out of a score of 800	IHG Hotel Content Management Current Score 775

**JIA Piazza Park Proprietary Limited - Corporate Plan
Annexure A: KPI's for the period F2023 to F2025**

Strategic Thrust	Strategic objective	Key performance Indicator (KPI)	Associated Initiatives	Initiative outcome	F2023	F2024	F2025	Baseline
6. People and culture	To be the employer of choice	Training & Development reports	<p>1. Merlin (IHG Digital Learning Platform)</p> <p>2. Ithute (Esop Hotels Digital Learning Platform)</p>	<p>Develop and empower employees to have meaningful interaction with guests through creating authentic and unique guest experiences --</p> <p>Measured through improved participation in learning and development platforms.</p>	<p>IHG Audit</p> <p>- Meeting IHG Training Targets set annually</p> <p>Ithute</p> <p>- Minimum of 10% of employees participating in online learning</p> <p><small>*Targets subject to re-evaluation at business level</small></p>	<p>IHG Audit</p> <p>- Meeting IHG Training Targets set annually</p> <p>Ithute</p> <p>- Minimum of 10% of employees participating in online learning</p>	<p>IHG Audit</p> <p>- Meeting IHG Training Targets set annually</p> <p>Ithute</p> <p>- Minimum of 10% of employees participating in online learning</p>	<p>IHG Audit target achieved: Passed</p> <p>IHG Audit target achieved: Passed</p> <p>Ithute participation F2022 PF2: 24.1%</p>

**JIA Piazza Park Proprietary Limited - Corporate PK
Annexure A: KPI's for the period F2023 to F2025**

Strategic Thrust	Strategic objective	Key performance indicator (KPI)	Associated initiatives	Initiative outcome	F2023	F2024	F2025	Baseline
7. Environmental	<p>Manage hotel carbon footprint impact</p> <p>Resulting from the impact of Covid-19, the hotel is forecasting significant year on year occupancy growth for F'22 to F'24 and therefore anticipate that energy and water consumption would grow in relation to the Y-o-Y growth in occupancy.</p>	Optimise annual electricity and water consumption	<p>1. Electricity:</p> <ul style="list-style-type: none"> - Active utilisation of Building Management System (BMS). <p>2. Water:</p> <ul style="list-style-type: none"> - Water wise planning <p>3. Waste:</p> <ul style="list-style-type: none"> - Reduction of single use plastic 	<p>1. kWh Electricity consumption per room sold to reduce year on year</p> <p>2. Ml Water consumption per bed night sold to reduce year on year</p>	<p>Annual Reduction of 5% on consumption per room sold</p> <p>Annual Reduction of 3% on consumption per bed sold</p>	<p>Annual Reduction of 5% on consumption per room sold</p> <p>Annual Reduction of 3% on consumption per bed sold</p>	<p>Annual Reduction of 5% on consumption per room sold</p> <p>Annual Reduction of 3% on consumption per bed sold</p>	<p>F'2022 PF2: Electricity 22.6%</p> <p>Water 7.4%</p>

**JIA Piazza Park Proprietary Limited - Corporate Plan
Annexure A: KPI's for the period F2023 to F2025**

Strategic Thrust	Strategic objective	Key performance indicator (KPI)	Associated initiatives	Initiative outcome	F2023	F2024	F2025	Baseline
8. Transformation	Transformation aimed at improved workplace Employment Equity and Enterprise Development - Procurement	Employment Equity % Procurement BBBEE Score	<p>1. Black Women: - Skills development and employment</p> <p>2. Disability: - Skills development and employment of persons with a disability</p> <p>3. Youth: - Skills Development of unemployed learners - Experiential learning (Hotel School Students)</p> <p>4. BBBEE: - scoring % in the procurement of goods and services</p>	<p>Minimum Employment Equity % of 65% at management and supervisory level.</p> <p>Cultivating diversified current and future work force.</p>	Minimum of 1 employees with a disability	Minimum of 2 employees with a disability	Minimum of 2 employees with a disability	<p>Employees with a disability employed as at end Oct 2021: 1</p> <p>EE % of Management and Supervisory staff F'2022 PF2: 85.9%</p> <p>F'22 Base: Nil</p> <p>F'2022 PF 2: 19.92 out of 25</p>

AIRPORTS COMPANY SOUTH AFRICA GLOBAL³

OVERVIEW AND BACKGROUND

Domiciled in Mauritius, ACSA Global Limited ("ACSA Global") is a wholly owned subsidiary of Airports Company South Africa. ACSA Global held a 10% interest in Mumbai International Airport PVT Limited ("MIAL"), an Indian company lead by the GVK group – 50.5%; Bidvest Mauritius 13.5% and Airports Authority of India 26%. The consortium was awarded a 30-year concession plus 30-year renewal option to develop, operate and manage Chhatrapati Shivaji International Airport ("CSIA") in Mumbai, India. In addition to the 10% investment, ACSA Global was also the designated airport operator with an agreement, including a performance guarantee, for the duration of the concession. It also provided technical support to the airport at market related rates.

On 21 January 2019, ACSA received a binding offer of INR 9.25 billion (c.ZAR1.78 billion) from the Adani Properties Private Limited ("APPL") to purchase ACSA Global Limited entire 10% shareholding in Mumbai International Airport Private Limited ("MIAL"). This offer triggered GVK's right of refusal to acquire Airports Company South Africa's shares in MIAL as prescribed in the Shareholders Agreement ("SHA"), which GVK exercised. GVK was, however, unable to consummate the transaction and in August 2020 they abandoned their plan to acquire ACSA shares in MIAL. GVK instead decided to sell 100% of its MIAL shareholding to Adani Airport Holdings Limited ("AAHL"), a subsidiary of APPL. Adani then resumed its plans to acquire ACSA's shareholding in MIAL at a revised price of INR 6,750 billion (c.ZAR1.528 billion) due to the impact of Covid-19 on MIAL and the aviation industry in general. Airports Authority India ("AAI") imposed on MIAL a Technical Services Agreement ("TSA") with ACSA to provide technical support to AAHL as one of the conditions precedent to the share sale. The TSA was negotiated and signed with AAHL.

The transaction was concluded in the February 2021 and the sale proceeds were transferred to ACSA Global bank account in Mauritius. ACSA is no longer the designated airport operator and has since terminated the performance guarantee.

GOVERNANCE STRUCTURE

Board of Directors

Name	Charles Shilowa
Position	Director
Age	48
Qualifications	BSc, BSc (Eng) Chem, MAP, MBA, HDip (Tax)
Areas of expertise	Investments and Business Development
Date of appointment	31 March 2016

Standard Bank Trust Company, Mauritius (SBTCM) was appointed as Corporate Director on 1 February 2009. SBTCM also provides secretarial services to ACSA Global. The directors of SBTCM are as follows:

- Mrs Mokshda Beeharry
- Mrs Beatrice Siaw Fok Chow
- Mr Mark Hucker
- Mr Jonathan Charles Norman
- Mrs Helen Ann Wilson Munns

³ ACSA Global is in the process of being wound up

OUR VISION

Through MIAL, the aim is to continue to develop CSIA into an efficient and sustainable multimodal hub, where passengers from all over the world are delighted and made to feel welcome in a dynamic and inspiring environment.

OUR MISSION

Leverage the reputation gained at CSIA to grow the ACSA Global presence in India by seizing other international investment, development and management opportunities. Advance Airports Company South Africa's undertaking to become the most sought-after airport partner in the world by growing Airports Company South Africa's presence in India and other selected markets and in the process allow Airports Company South Africa's to diversify the asset and income base at returns above that achieved in South Africa at acceptable levels of risk.

OUR VALUES

Our values are, PRIDE:

- Passion
- Results
- Integrity
- Diversity
- Excellence

OUR MANDATE

The company is mandated to manage Airports Company South Africa's investments and activities in MIAL. ACSA Global is a special purpose vehicle created to ring-fence the MIAL investment and is bankruptcy remote from Airports Company South Africa, except where explicit support is provided.

OUR STRATEGIC OBJECTIVE

The objective for ACSA Global is to optimally manage the investment in MIAL and focus on growing consultancy income at CSIA and NMIAL.

OUR STRATEGIC ANALYSIS

Strategic focus areas

- Strengthen and grow Airports Company South Africa's global presence
- Optimally manage the investment in MIAL.
- Maximise the income earning opportunity available to Airports Company South Africa as designated airport operator of CSIA.
- Build a quality portfolio of airport investments in India.
- Share knowledge and gain experience

Swot analyses

Strengths:

- Airports Company South Africa growing global reputation
- Strong governance and shareholding of Airports Company South Africa
- Reliance on the Airports Company South Africa balance sheet to fund investment opportunities
- Build on the solid relationships between the South African and Indian government

- Strategic partnership with GVK; Bidvest Group and Airports Authority of India.
- Veto rights available to minority shareholder

Weaknesses:

- Investment Holding Company funded by Airports Company South Africa
- Over time, the personnel presence of Airports Company South Africa at MIAL has been eroded,
- Control of MIAL by GVK being a family-owned business.

Opportunities

- Right of first refusal should any other shareholder dispose equity
- Aerropolis development around CSIA and development of NMIAL airport
- Skills development and training offering to Mumbai and other Indian airports
- Brand establishment by Airports Company South Africa in India.
- Sale of equity together with Bidvest

Threats

- CSIA reaching full capacity and growth limited thereafter
- Unfavourable Regulatory outcome
- Financial position of GVK and purchase by lenders or another

Performance against pre-determined objectives

KPI's (2021 - 2023)

Strategic Objective	KPIs	Target Date
Revenue diversification	Generate revenue from the investment	Annually

Annual performance plans

Projected Income Statement 2021 – 2024

	Forecast	Budget		
	2020/21 R'm	2021/22 R'm	2022/23 R'm	2023/24 R'm
INCOME				
Non-aeronautical Revenue	19			
Other commercial revenue	575	-	-	-
TOTAL REVENUE	595	-	-	-
EXPENDITURE				
Operational expenditure	(30)	-	-	-
OPERATING INCOME	585	-	-	-
Net foreign exchange (losses)/gains	(564)	-	-	-
PROFIT BEFORE INTEREST & TAX	1	-	-	-
Net interest received /(paid)	0	-	-	-
PROFIT BEFORE TAX	1	-	-	-
Taxation	80	-	-	-
PROFIT AFTER TAX	81	-	-	-

Projected Assets Valuation 2021 – 2024

	Forecast	Budget		
	2020/21 R'm	2021/22 R'm	2022/23 R'm	2023/24 R'm
ASSETS				
Other non-current assets	-	-	-	-
Investments (Note 1)	-	-	-	-
Current assets	1 319	-	-	-
Receivable and prepayments	29	-	-	-
Current tax receivable	9	-	-	-
Cash and cash equivalents	1 281	-	-	-
TOTAL ASSETS	1 319	-	-	-

Note 1

The investment value is increasing by the 2% depreciation of the ZAR to the Indian Rupee. However, for Airports Company South Africa Group accounting, this value is influenced by share of profits and real estate valuation both of which are not assumed to contribute to the value noted above.

Borrowing Plan 2021 - 2023

ACSA Global is funded by a shareholder loan from Airports Company South Africa.

MATERIALITY, LEGAL & FINANCE FRAMEWORKS

The company subscribes to Airports Company frameworks:

- Risk management Framework
- Fraud Prevention Plan
- Communication Plan
- Delegated Levels of Authority

CONCLUSION

The pending sale of MIAL shares to GVK would yield a profit of almost ZAR1 billion to Airports Company South Africa based on MIAL investment current carrying value. This will leave ACSA Global dormant and available for other investment activities.

If the sale is not successful, the MIAL investment remain attractive, as evidenced by the current offer, and is likely to appreciate in value once Navi Mumbai, MIAL's new airport concession, is operational.

OVERVIEW & BACKGROUND

AMSIS's future is uncertain as it is likely to be wound up after disposing of its ordinary shares in ACSA back to ACSA and currently exists only as an investment holding vehicle for Manco Trust, the following values, objectives and nature of its mission have been based upon those of its ultimate parent company – Airports Company South Africa Ltd SOC (ACSA).

CORPORATE PROFILE

AMSIS was formed under the Companies Act to hold Investments (specifically ACSA ordinary shares) for Airports Company Share Incentive Scheme Trust, which is its holding company.

GOVERNANCE STRUCTURE

- o **Company Secretary:** **Ms Sinenhlanhla Kwela**
 - Age:** - 31
 - Qualifications:** - BA (Legal studies & Political Science)
 - Areas of expertise:** Governance and assurance, stakeholder relations and secretarial.
 - Date of appointment** - 13 February 2018.

OUR VISION

To assist ACSA in achieving its vision of being a World Leading Airport Business.

OUR MISSION

To assist ACSA in achieving its mission of managing World Class Airports for the benefit of all its stakeholders.

OUR VALUES

To assist ACSA in living its values of Passion, Results, Integrity, Diversity and Excellence (PRIDE).

OUR OPERATING ENVIRONMENT

AMSIS exists only as a special purpose vehicle for Manco Trust and it holds ordinary shares in ACSA as an investment on behalf of its holding company, Manco Trust. The ACSA shares were purchased via an interest-free financing loan from ACSA which is still outstanding. The only other significant asset that it holds is a balance in a current account at Nedbank, which is the residual amount retained for covering operating costs after paying out all Manco Trust's beneficiaries in 2008/9.

AMSIS undertakes all financial transactions for and behalf of the Manco Trust via its board of directors, enabling the Trustees of Manco to focus on strategic issues.

The only transactions that it has are the receipt of bank interest which is capitalised, the receipt or accrual of ACSA dividends and the payment of taxation and audit fees.

OUR STRATEGIC OBJECTIVE

To administer its assets and service its liabilities in accordance with the Companies Act and the PFMA and in the interests of the Trust until it is wound up.

OUR KEY PERFORMANCE INDICATOR

The performance is measured against its Memorandum of Incorporation (still the old Memorandum and Articles of Association) and the relevant legislation.

ANNUAL PERFORMANCE PLANS

Projected Income Statement 2022 – 2025

	Forecast	Budget		
	2021/22 R'	2022/23 R'	2023/24 R'	2024/25 R'
Revenue				
Finance Income	30 465	32 902	35 534	38 377
Expenditure				
Bank Charges	-6 389	6 900-	-7 452	-8 048
PROFIT BEFORE INTEREST & TAX				
Tax	-4 896	-5 288	-5 711	-6 164
PROFIT AFTER TAX	19 180	20 715	22 371	24 161

Projected Balance Sheet 2022 – 2025

	Forecast	Budget		
	2021/22 R'	2022/23 R'	2023/24 R'	2024/25 R'
ASSETS				
Other non-current assets	30 173 493	30 173 493	30 173 493	30 173 493
Investments	30 173 493	30 173 493	30 173 493	30 173 493
Current assets	16 352 609	16 373 324	16 395 695	16 419 857
Receivables and prepayments	12 885 514	12 885 514	12 885 514	12 885 514
Cash and cash equivalents	3 467 095	3 487 809	3 510 181	3 534 342
TOTAL ASSETS	46 526 102	46 546 817	46 569 188	46 593 350
EQUITY AND LIABILITIES				
Capital & reserves	17 124 979	17 145 694	17 168 066	17 192 227
Share capital and premium	40833	40833	40833	40833
Retained earnings	17 084 146	17 104 861	17 127 233	17 151 394
Non-current liabilities	30 164 761	30 164 761	30 164 761	30 164 761
Borrowings	30 098 247	30 098 247	30 098 247	30 098 247
Loan from Trust	66 514	66 514	66 514	66 514
Current liabilities	763 639	763 639	763 639	763 639
Shareholder Loan	746 968	746 968	746 968	746 968
Deferred Tax on loss	6 799	6 799	6 799	6 799
Provisional Tax account	9 872	9 872	9 872	9 872
TOTAL LIABILITIES	46 526 102	46 546 817	46 569 188	46 593 350

Borrowing Plan - 2022 – 2025

AMSIS does not require funding for the Corporate Plan period.

LEXSHELL 342 INVESTMENT HOLDINGS (PTY) LTD

OVERVIEW & BACKGROUND

Lexshell 342 Investment Holdings (Pty) Ltd (Lex 342), a special purpose entity, has been established as an employee share option vehicle. It is wholly owned by the ACSA Kagano Trust.

The Trust has no beneficiaries and its future is uncertain as it exists only as a holding company for the assets held in Lexshell 342 Investment Holdings (Pty) Ltd (Lex 342) and Lexshell 343 Investment Holdings (Pty) Ltd (Lex 343) which was formed to hold ACSA share options should it list on the JSE (which has not occurred). Lex 343 is currently dormant.

CORPORATE PROFILE

ACSA Kagano Trust was formed under the Trust Property Control Act to administer ACSA's staff share scheme and to be a holding company for Lex 342 and Lex 343, which are SPV's, to hold investments for the Trust, specifically ACSA ordinary shares and share options (should ACSA list on the JSE).

GOVERNANCE STRUCTURE

Board of Directors

There are no currently appointed directors which is to be urgently addressed.

Company Secretary:

Ms Sinenhlanhla Khwela

- o **Age:** - 31
- Qualifications:** - B.A. (Legal studies and Political Science)
- Areas of expertise:** - Governance and Assurance, stakeholder relations and secretarial.
- Date of appointment** - 13 February 2018

OUR VISION

To assist ACSA in achieving its vision of being a World Leading Airport Business.

OUR MISSION

To assist ACSA in achieving its mission of managing World Class Airports for the benefit of all its stakeholders.

OUR VALUES

To assist ACSA in living its values of Passion, Results, Integrity, Diversity and Excellence (PRIDE).

OUR OPERATING ENVIRONMENT

Kagano was created (together with its two subsidiaries (Lexshell 342 and Lexshell 343) to hold ACSA shares on behalf of ACSA employees who were beneficiaries of the Trust until they were paid out in 2013. Lexshell 343, currently dormant, was specifically formed to hold ACSA share options should it list on the JSE (which has not occurred).

Kagano Trust is dormant and it has no beneficiaries and its future is uncertain. It has a loan owing to ACSA to fund the remaining beneficiary buyout which occurred in 2013.

ACSA has advised that it intends repurchasing its ordinary shares from Lexshell 342 and thereafter possibly winding up Kagano and Lexshell 342 and Lexshell 343.

The only transaction that Lexshell 342 has is the annual audit fee, accrual of interest on its loans to ACSA (being an initial share-purchase funding loan and loans for operating costs) and receipt or accrual of ACSA dividends Kagano's audit fee is accounted for in Lexshell 342.

OUR STRATEGIC OBJECTIVE

To administer its assets in accordance with its Trust Deed in the interests of the Trust until it is wound up.

OUR KEY PERFORMANCE INDICATOR

The performance is measured against the Trust Deed and the Trust Property Control Act.

ANNUAL PERFORMANCE PLANS

Projected Income Statement 2022– 2025

	Forecast	Budget		
	2021/22	2022/23	2023/24	2024/25
	R'	R'	R'	R'
EXPENDITURE				
Operational expenditure	-	-	-	-
PROFIT BEFORE INTEREST & TAX	-	-	-	-
Finance cost	610 351	659 179	711 913	768 866
Fair value adj	-	-	-	-
PROFIT BEFORE TAX	-610 351	-659 179	-711 913	-768 866
Taxation	-	-	-	-
PROFIT /(LOSS) AFTER TAX	-610 351	-659 179	-711 913	-768 866

Projected Balance Sheet 2022– 2025

	Forecast			
	2021/22	2022/23	2023/24	2024/25
	R'	R'	R'	R'
ASSETS				
Other non-current assets	78 842 466	78 842 466	78 842 466	78 842 466
Investments	78 765 780	78 765	78 765 780	78 765 780
Loan to Shareholder	76 686	76 686	76 686	76 686
Current assets	5 929 817	5 929 817	5 929 817	5 929 817
Trade and other receivables	5 929 817	5 929 817	5 929 817	5 929 817
Total assets	84 772 283	84 772 283	84 772 283	84 772 283
EQUITY AND LIABILITIES				
Accumulated fund	45 712 835	45 053	44 341 743	43 572 876
Share Capital	100	100	100	100
Equity	45 712 935	45 053	44 341 843	43 572 977
Non-current liabilities	39 059 349	39 718	40 430 411	41 199 307
Borrowings	24 518 015	25 177	25 889 106	26 657 972
Deferred tax	14 541 335	14 541	14 541 335	14 541 335
TOTAL EQUITY AND LIABILITIES	84 772 283	84 772 283	84 772 283	84 772 283

Borrowing Plan - 2022– 2025

Lexshell 342 is funded by loans from Airports Company South Africa SOC Ltd.

OVERVIEW AND BACKGROUND

Airport Consultancy and Advisory Services ("Airports Consultancy"), a wholly owned subsidiary of Airport Company South Africa, was created with the strategic intent to leverage our skills and capability. This in turn drives our vision to be the most sought-after partner for the provision of sustainable airport management solutions by 2030. Through Airports Consultancy we intend to grow our footprint and monetise our intellectual property.



We have extensive experience in developing, managing and operating airports, including during special events such as the 2010 FIFA World Cup hosted by South Africa. We would like to monetise this unique expertise through the provision of consultancy services to other airports, both within and outside of the country. We aspire to growing our footprint through investments in other airports and increasing traffic volumes at all its nine airports in South Africa. The aim being to position itself as the preferred partner on the African continent and other emerging markets

We have developed an array of technical and operational capabilities since inheriting fragmented and out-dated facilities on inception in 1993. It successfully commercialised the nine-airport network, by delivering a major capacity uplift and refurbishment programme to meet the requirements of FIFA 2010 World Cup.

Our operational competencies are evidenced in the high Airport Service Quality scores routinely achieved across all our airports. Specialist skills in long-term airport planning and design, pavement design, construction contracting and management, operational readiness and airport transfer (ORAT), and the design and implementation of baggage handling, fuel hydrant systems and other processes have been developed in line with world leading practices.

Airports Consultancy leverages this experience through offering consultancy services, airport management and technical services contracts, training and strategic investments.

Facts and figures

Airports Company South Africa:

- Owns, develops and manages the nine main airports in South Africa
- Operates of Mumbai International Airport through an Airport Operator Agreement⁴
- Provides technical services to Guarulhos International Airport through a Technical Services Agreement
- Holds a 10.2 percent shareholding in Guarulhos International Airport (Sao Paulo, Brazil)⁵

⁴ MIAL share sale was concluded on 5 February 2021

⁵ Gru share sale is under consideration

VISION

To be the most sought-after partner for the provision of sustainable airport management solutions and investments and targeting strategic airport investments in Africa and emerging markets. To successfully achieve this, we will collaborate with key stakeholders through building sustainable and strategic partnerships.

VALUES

Passion | Results | Integrity | Diversity | Excellence

- **PASSION:** We are passionate about our business, enabling people and cargo to be processed in a seamless manner
- **RESULTS:** We are results-drive, everything we do have a visible and measurable impact on our customer.
- **INTEGRITY:** We trust and respect each other. Always doing the right thing.
- **DIVERSITY:** We embrace cultural diversity, promoting harmony. Blending our African culture and heritage to play on a global stage.
- **EXCELLENCE:** We continuously review our business and strive to make it for efficient, continuously improving stakeholder and customer experience.

MISSION

To be the most sought-after partner for the provision of sustainable airport management solutions and investments

Capability and Capacity

- We are able to deliver quality and reliable solutions
- We have the right solutions and value proposition
- We have the right team



Degree of Integration

- Leverage ACSA brand recognition across Africa
- Strategic partnerships in Africa and globally
- Value creation for all stakeholders



Building Blocks



Intelligence, forged relationships, established partnerships, effective operating model, appropriate funding model and formalized value proposition

Longer term: Commoditised Airports Company South Africa's service offering

MANDATE

To manage acquired airport concessions, management and consulting opportunities.

Service Provision Opportunities

Based on strengths gained through operating and developing a portfolio of airports, our service offering covers a variety of disciplines and expertise areas. Services can be provided to external clients on short-term consultancy assignments or as long-term Technical

Services Agreements (TSA) and Management Contracts (either stand-alone or part of concessions). The commercialisation of the Training Academy will be integrated in the overall services offering, as it adds value to the proposition and our reputation.

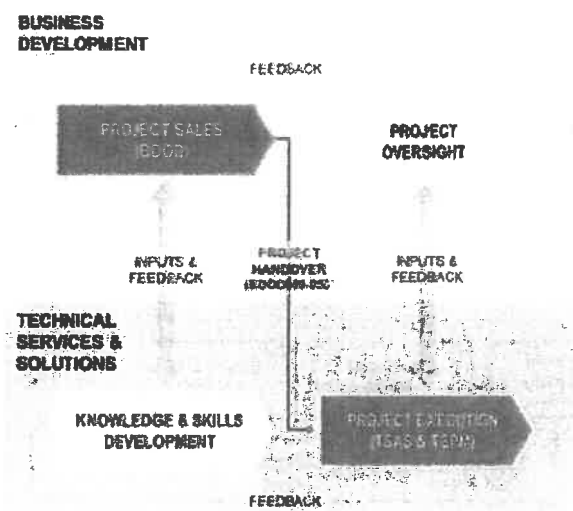
Service framework

Service provision opportunities include any opportunity which allows us to profitably use our technical and operational expertise to provide services to third parties. The primary service categories to be developed and offered are:

- Technical, Operational and Management Consultancy
- Technical Service Agreements (TSA)
- Airport Management Services
- Training

Airports Consultancy will actively provide the following sub-services:

1. Due Diligence
2. Airport Operations and Management
3. Customer Experience
4. Operational Readiness and Airport Transfer (ORAT)
5. Project Management
6. Airport Planning and Design
7. Airport Business Planning and Development
8. Commercial Advisory



STRATEGIC OBJECTIVES

The strategic objectives of the Business Development Division support the KPI Framework from the Airports Company South Africa Strategy. Emphasis is placed on meeting the following objectives:

- **Creating value for our shareholders;** by carrying out high-margin consultancy and training services and participating in investments with high return on equity;
- **Diversifying our business portfolio;** by increasing income from non-core activities, such as consulting, training services and investments, and increasing the share of non-aeronautical revenues;
- **Providing equitable access to safe airports in all South African regions to allow more people to fly;** by supporting non-Airports Company South Africa airports in South Africa.

Our strategic objectives speak to our “developmental mandate”, in the broader aviation industry, in South Africa and beyond. As a leader in aviation in South Africa and on the African continent, we have a responsibility to support increased access to air transport for all. This includes:

1. Improving airport operations at non-Airports Company South Africa airports in South Africa, through consultancy, training and management services. Our involvement should always support the socioeconomic benefits provided by the airport. Pricing of these services should cover our costs, but considering the developmental mandate, profits may be limited. Equity participation in non-Airports Company South Africa airports in South Africa should not be pursued, unless part of a broader strategy to change airport ownership in the country.
2. Improving airport operations at non-Airports Company South Africa airports outside South Africa, through consultancy, training and management services, as well as equity participation in selected airports. Our involvement should always support the socioeconomic benefits provided by the airport. Pricing of services provided should always cover costs, but profit levels can be decided upon based on the South African Government’s developmental cooperation approach with a particular country.
3. Proactively developing traffic through stimulation of demand to increase the number of people with access to air transport. This spans industry engagements to identify and implement initiatives that may lower barriers, financial or otherwise, to air travel for new or infrequent travellers.

STRATEGIC ANALYSIS

Airports Consultancy is responsible for the development of investment opportunities and service provision opportunities.

Airports Company South Africa’s Strengths

ACSA manages airports from 100,000 to 20,000,000 passengers per year

ACSA manages a fleet of airports for the benefit of the Group

Experience in event management and transient traffic spikes (World Cup both in SA and Brazil)

Experience in developing routes and traffic in general

Aviation leadership in Sub-Saharan Africa

Cultural knowledge of region and developing markets

Management of infrastructure backlog in rapidly developing market

Government Owned. Privately managed.

We are well-positioned to win opportunities given our long and successful history of operating airports in South Africa. Our strongest selling points include:

- Management of a large range of airport sizes, each of which has particular challenges and strengths. Currently, the airports cover the range between 100,000 and 20,000,000 passengers per year. This means we have experience in operating everything from small regional/domestic airports, to international gateways;
- Management of a network of airports, and experience in developing the network for our benefit and the benefit of each constituent entity;
- Experience in operational readiness and airport transfer (ORAT). This is particularly important for investments or services relating to an airport undergoing rapid expansion, or for green-field airports;
- Management of infrastructure backlogs in rapidly developing markets;
- A long history in implementation of routes and dealing with traffic developments in a particularly dynamic aviation environment;
- We are established as the provider of de-facto leadership on aviation matters in SSA. We are well positioned to take advantage of the rapid rate of change experienced in the majority of SSA countries, by providing transformational assistance to these states and domestic investors;

- A developed cultural knowledge of the southern African region, and of developing markets in general. Developing markets offer unique and often intractable problems which we can assist airports and/or investors in navigating, eliminating or circumventing;
- Experience in event management from an airport perspective. Our successful experience in preparing their home airports for the 2010 World Cup, and in guiding their investment in São Paulo through both the 2014 World Cup and (to a lesser extent) the 2016 Olympics.

Although many other entities offer similar experiences and capabilities, we are distinct in our ability to offer the whole spectrum. In combination, they provide Airport Consultancy with a strong position to build on, and further elevate our brand.

PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES

Key Performance Indicators (2021 – 2025)

	2021	2025
ROE	8% ROE	10% ROE
Non-core Income	R18million	R200million
Support services provided to non-Airports Company South Africa airports in SA	2	All provinces
Support services provided to non-Airports Company South Africa airports outside SA	1	12
Strategic investments	0	4

ANNUAL PERFORMANCE PLANS

Projected Income Statement 2021 – 2024

	Forecast	Budget		
	2020/21 R'm	2021/22 R'm	2022/23 R'm	2023/24 R'm
INCOME				
Non-aeronautical Revenue				
Other commercial revenue	-	-	30	40
TOTAL REVENUE	-	-	30	40
EXPENDITURE				
Operational expenditure	-	-	4	5
EBITDA	-	-	26	35
Depreciation	-	-	-	-
PROFIT BEFORE INTEREST & TAX	-	-	26	35
Net interest received /(paid)	-	-	-	-
PROFIT BEFORE TAX	-	-	26	35
Taxation	-	-	7	10
PROFIT AFTER TAX	-	-	19	25

Borrowing Plan 2021 - 2023

Airports Consultancy is funded through a loan by its holdings company, Airports Company South African Limited.

MATERIALITY, LEGAL & FINANCE FRAMEWORKS

The company subscribes to Airports Company Governance frameworks namely:

- Risk management Framework
- Fraud Prevention Plan
- Human Resources Plan
- EE Plan
- Environmental Plan
- Marketing Plan
- Communication Plan
- Procurement Plan
- Delegated Levels of Authority

CURRENT STATUS & THE WAY FORWARD

What has been done to date?	
1.	Appointment of ENS to provide an opinion on the current operating model for provision of airport consultancy and advisory and to propose an appropriate governance structure based on ACSA's subsidiary framework
2.	Appointment of ACAS Board members
3.	ENS opinion and advisory report tabled on ACASs Board meeting
4.	Submission of the ENS Report to EXCO and BIC for noting and/or approval

What are next steps for the year			
	Action	By who	Financial year
2.	Appointment of multidisciplinary project team to lead corporatisation, capitalization and commercialization of ACAS	ACAS Board members	FY2021
3.	Development of a business case by the ACAS team to motivate for the appointment of a reputable and experienced service provider to conduct feasibility and market studies for commercialization of ACAS	Project team	FY2022
4.	Appointment of the service provider to conduct feasibility and market studies	SCM	FY2022
5.	Submission of the feasibility and market studies to ACAS board	Project team	FY2022

SAKHISIZWE COMMUNITY PROGRAMME NPC

OVERVIEW & BACKGROUND

Sakhisizwe currently exists only as a financial assistance vehicle intended to provide bursaries and scholarships to academically deserving applicants from previously disadvantaged background, requiring financial assistance to enable them to pursue careers in the aviation industry. The financial assistance is provided in a non-profit manner and with an altruistic and philanthropic intent.

The Company's sustainability for the foreseeable future is uncertain as it is likely to run out of funds and be required to wind-up.

CORPORATE PROFILE

Sakhisizwe, which is 100% owned by Airports Company South Africa, is a non-profit company which was formed under section 21 of the Companies Act No. 61 of 1973.

GOVERNANCE STRUCTURE

Board of Directors

- **Director: (Chairperson)** **Ms Ele Tshikovhi**
 - Age:** - 49
 - Qualifications:** - Master of Technology Degree in Human Resources Development (UNISA)
Masters Diploma in HR Management Development (UNISA)
Executive Leadership Programme for GR Leasers (Stellenbosch Business School)
 - Areas of expertise:** - Transformation, Human Resources
 - Date of appointment** - 14 May 2019

- **Director:** **Ms Sharloshaney Perumal**
 - Age:** - 52
 - Qualifications:** - IMM, Higher Certificate in Resource Management, Professional Management Diploma, MBA
 - Areas of expertise:** - Marketing, research and development
 - Date of appointment** - 19 May 2021

- **Director:** **Ms Ntombizethu Mngoma**
 - Age:** - 35
 - Qualifications:** - LLB Honours Degree
 - Areas of expertise:** - Legal
 - Date of appointment** - 8 September 2017

- **Director:** **Mr Thabo Johannes Phateng**
 - Age:** - 45
 - Qualifications:** - Hons Industrial Psych
 - Areas of expertise:** - Human Resources Management and Airport Operations
 - Date of appointment** - 19 May 2021

- o **Director:** **Mr Nkosinathi Mzwamahlubi Myataza**
 - Age:** - 55
 - Qualifications:** - NHD Mechanical Engineering, GCC (Factories), BSc, Advanced Programme in Risk Management, MSc in Operational Research, Post Graduate Certificate in Business Research Methods, Executive Development Programme, Artificial Intelligence: Implications on Strategy, Big Data and Social Analytics, The Fundamentals of Values-Based Leadership, Africa Directors Programme, Professional Certificated Engineer (Mechanical); (Pr Cert Eng), Certified Risk Management Practitioner; (CRM Prac), Certified Director; (Cert Dir™)
 - Areas of expertise:-** Engineering, Operations Research, Risk Management, Corporate Governance, Values-Based Leadership, Artificial Intelligence
 - Date of appointment** - 17 August 2021

- o **Company Secretary:** **Ms Sinenhlanhla Khwela**
 - Age:** - 32
 - Qualifications:** - BA (Legal Studies and Political Science)
 - Areas of expertise:** - Governance Assurance, Stakeholder Relations, Secretariat
 - Date of appointment** - 23 May 2017

OUR VISION

To assist Airports Company South Africa in being at the forefront of contributing to the advancement and transformation of the aviation industry.

OUR MISSION

To provide bursaries or scholarships to deserving applicants from previously disadvantaged backgrounds, to enable them to pursue careers in the aviation industry.

OUR VALUES

To assist Airports Company South Africa in living our values of Passion, Results, Integrity, Diversity and Excellence (PRIDE).

OUR OPERATING ENVIRONMENT

Sakhisizwe currently exists only as a financial assistance vehicle intended to provide bursaries and scholarships to academically deserving applicants from previously disadvantaged background, requiring financial assistance to enable them to pursue careers in the aviation industry.

The only transactions that it has are interest income and expenses in respect of bursaries or scholarships for successful bursars in respect of their tuition, textbooks, accommodation etc. The company's receipts are exempt from Income Tax in terms of section 10(1) (cN) of the Income Tax Act No. 58 of 1962 (Income Tax Act).

OUR STRATEGIC OBJECTIVE

- To enhance transformation in careers which contribute significantly to the advancement of the aviation industry.
- To promote participation of previously disadvantaged women in highly technical aviation careers.

OUR KEY PERFORMANCE INDICATOR

- Number of sponsored bursars successfully completing their studies.

The Company's performance is measured against its Memorandum of Incorporation and the relevant legislation.

ANNUAL PERFORMANCE PLANS

11.1. Projected Income Statement 2022 – 2025

	Forecast/ Actual	Budget		
	2021/22 R	2022/23 R	2023/24 R	2024/25 R
REVENUE				
Sponsorship Revenue	923 678	2 581 025	2 787 507	3 010 507
Other income	15 941	17 217	18 594	20 081
EXPENDITURE				
Operational expenditure	-1 141 008	-2 634 161	-2 844 894	-3 072 485
PROFIT (LOSS)				
BEFORE INTEREST & TAX	-201 389	-35 920	-38 793	-41 897
Interest paid	-	-	-	-
PROFIT (LOSS) BEFORE TAX	-201 389	-35 920	-38 793	-41 897
Taxation	-	-	-	-
PROFIT (LOSS)				
FOR THE YEAR	-201 389	-35 920	-38 793	-41 897

11.2. Projected Balance Sheet 2022 – 2025

	Forecast	Budget		
	2021/22 R	2022/23 R	2023/24 R	2024/25 R
ASSETS				
Current assets	847 975	- 1 768 970	- 4 595 270	-7 647 674
Prepayments	18 100	18 100	18 100	18 100
Cash and cash equivalents	771 260	-1 845 684	-4 671 984	-7 724 388
Receivables	58 615	58 615	58 615	58 615
Total Assets	847 975	- 1 768 970	- 4 595 270	-7 647 674
EQUITY AND LIABILITIES				
EQUITY	847 975	812 055	773 261	731 364
Accumulated Fund	847 975	812 055	773 261	731 364
Liabilities		-2 581 025	-5 368 532	-8 379 039
Deferred Revenue	-	-2 581 025	-5 368 532	-8 379 039
Total Equity and Liabilities	847 975	-1 768 970	-4 595 270	-7 647 674

BORROWING PLAN - 2022 – 2025

Sakhisizwe does require funding for the 2022 - 2025 Corporate Plan period.

ACSA – BIDVEST JV

GENERAL INFORMATION

Country of Incorporation and domicile	South Africa
Company registration number	2003/018901/07
Registered office and business address	2nd Floor, Bidvest House 18 Crescent Drive Melrose Arch Johannesburg 2196
Directors	TJ Fuzani FP Smit W Kretzmar B Matshego
Auditors	PricewaterhouseCoopers Inc.
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparation	The annual financial statements were prepared under the supervision of FP Smit (CA)SA.

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to June 30, 2022 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 6 to 8.

The annual financial statements set out on pages 9 to 26 together with the directors' report on pages 4 to 5, which have been prepared on the going concern basis, were approved by the board of directors on July 28, 2021 and were signed on their behalf by:



Director

The directors have pleasure in submitting their report on the annual financial statements of Airport Logistics Property Holdings (Proprietary) Limited for the year ended June 30, 2021.

1. Nature of business

The company is engaged in the investment of properties held for rental purposes.

There have been no material changes to the nature of the company's business from the prior year.

2. Financial reporting

The directors are required by the Companies Act of South Africa to produce financial statements, which fairly present the state of affairs of the company as at the end of the financial year and the profit or loss for that financial year, in conformity with International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and in terms of the requirements of the Companies Act of South Africa.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

The directors are of the opinion that the annual financial statements fairly present the financial position of the company as at June 30, 2021 and the results of their operations and cash flows for the year then ended.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Dividends

No dividends have been declared during the current or prior year.

4. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

5. Directorate

The directors in office at the date of this report are as follows:

Directors

TJ Fuzani

FP Smit

WH

KretzmarB

Matshego

There have been no changes to the directorate for the year under review.

6. Secretary

The company secretary is Bidvest Corporate Services (Proprietary) Limited.

Postal address: P O Box 87274
Houghton
2041

Business address: 2nd Floor
Bidvest House

18 Crescent
DriveMelrose
Arch 2196

7. Shareholders

The shareholders of the company are:

- Bidvest Property Holdings (Proprietary) Limited which holds 50% (2020: 50%) of the company's issued share capital.
- Airports Company South Africa Limited which holds 50% (2020: 50%) of the company's issued share capital.

8. Prescribed officer

The public officer of the company is FP Smit.

9. Litigation statement

There are no material legal or arbitration proceedings against the company (including proceedings which are pending or threatened of which the directors of Airport Logistics Property Holdings (Proprietary) Limited are aware) which may have a material effect on the financial position of the annual financial statements.

10. Covid-19 Impact

The directors have taken a proactive approach in attending to the various challenges arising due to the international pandemic, Covid-19, and consequences such as the protracted National Lock Down. The most significant impact was seen on rental income (discounts, deferrals, escalations, and vacancies) and immediate pressure on capital growth. The Board has done an assessment and deem all fair market values to still exceed carrying values even after factoring in the noted adjustments. The Company remains very well positioned to navigate the current uncertain environment and ensure long-term sustainability for all stakeholders. With the economic environment remaining volatile and weak, National Lock Down intact, the focus remain on cash retention and strengthening the balance sheet over short-term earnings. This has been achieved during the financial year.

11. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Please refer to notes 9 and 10 of the annual financial statements for the special consideration given in respect of shareholders loans and in support of the company being a going concern.

12. Subsequent events

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

13. Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90(1) of the Companies Act of South Africa. The appointment was approved by shareholders at the last Annual General Meeting.

14. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on July 28, 2021. No authority was given to anyone to amend the annual financial statements after the date of issue.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Airport Logistics Property Holdings (Proprietary) Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Airport Logistics Property Holdings (Proprietary) Limited (the Company) as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Airport Logistics Property Holdings (Proprietary) Limited's financial statements set out on pages 9 to 26 comprise:

- the statement of financial position as at 30 June 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.
- Annexure A – Directors' Emoluments

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Chief Executive Officer: L S Macheba

The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Airport Logistics Property Holdings (Proprietary) Limited Audited Annual Financial Statements for the year ended June 30, 2021", which includes the Directors' Responsibility and Approval and Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the

override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: Pieter Pelcher

Registered Auditor

Johannesburg, South Africa

28 July 2021

Statement of Financial Position as at June 30, 2021

Figures in Rand	Notes	2021	2020
Assets			
Non-Current Assets			
Investment properties	3	134 647 256	139 267 259
Straight-lining of leased asset		11 183 754	7 942 410
Deferred taxation	4	1 514 479	1 272 964
		<u>147 345</u> 489	<u>148 482</u> 633
Current Assets			
Trade and other receivables	5	287 021	553 500
Straight-lining of leased asset		516 456	-
Cash and cash equivalents	6	4 465 698	5 777 036
		<u>5 269 175</u>	<u>6 330 536</u>
Total Assets		<u>152 614</u> 664	<u>154 813</u> 169
Equity and Liabilities			
Equity			
Share capital	7	2	2
Retained income		97 026 951	76 963 156
		<u>97 026 953</u>	<u>76 963 158</u>
Liabilities			
Current Liabilities			
Trade and other payables	8	695 383	681 216
Amounts owing to group companies	9	27 413 017	38 507 159
Amounts owing to other shareholders	10	27 413 017	38 507 159
Current tax payable		66 294	154 477
		<u>55 587 711</u>	<u>77 850 011</u>
Total Equity and Liabilities		<u>152 614</u> 664	<u>154 813</u> 169

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Notes	2021	2020
Revenue		40 455 400	37 273 751
Depreciation	11	(4 620 003)	(4 620 003)
Other operating expenses		(642 291)	(2 983 622)
Operating profit	11	35 193 106	29 670 126
Finance income	12	484 986	1 001 939
Finance costs	13	(7 811 716)	(10 097 972)
Profit before taxation		27 866 376	20 574 093
Taxation	14	(7 802 585)	(5 760 746)
Profit for the year		20 063 791	14 813 347
Other comprehensive income		-	-
Total comprehensive income for the year		20 063 791	14 813 347

Statement of Changes in Equity

Figures in Rand	Share capital	Retained income	Total equity
Balance at July 01, 2019	2	62 149 809	62 149 811
Profit for the year	-	14 813 347	14 813 347
Revaluation of land assumed in terms of merger	-	-	-
Total comprehensive income for the year	-	14 813 347	14 813 347
Balance at July 01, 2020	2	76 963 160	76 963 162
Profit for the year	-	20 063 791	20 063 791
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	20 063 791	20 063 791
Balance at June 30, 2021	2	97 026 951	97 026 953
Note	7		

Statement of Cash Flows

Figures in Rand	Notes	2021	2020
Cash flows from operating activities			
Cash generated from operations	15	36 335 959	30 880 019
Interest paid		(3 905 858)	(5 048 986)
Interest received		484 986	1 001 939
Taxation paid	16	(8 132 283)	(6 027 906)
Net cash inflow from operating activities		24 782 804	20 805 066
Cash flows from financing activities			
Repayments of amounts owing to group companies and shareholder		(26 094 142)	(26 451 014)
Net cash outflow from financing activities		(26 094 142)	(26 451 014)
Net decrease in cash and cash equivalents		(1 311 338)	(5 645 948)
Cash and cash equivalents at beginning of year		5 777 036	11 422 984
Cash and cash equivalents at end of year	6	4 465 698	5 777 036

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act of South Africa.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1.3 Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

1.4 Fair value of investment properties

The fair valuation of investment properties as at June 30, 2021 was performed using a discounted yield valuation for the purposes of assessing impairment and/or residual values.

1.5 Investment properties

Investment properties is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment properties will flow to the Company, and the cost of the investment properties can be measured reliably.

Investment properties is initially recognised at cost. Transaction costs are included in the initial measurement.

1.6 Investment properties (continued) Cost model

Investment properties is carried at cost less depreciation less any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal instalments over the estimated useful life of the property, taking into account the residual values, which is as follows:

Item	Useful life
Land - usufruct	40 - 90 years
Buildings and improvements	38 - 50 years

Residual values and useful lives of investment properties are re-assessed annually.

Subsequent expenditure relating to investment properties is capitalised when it is probable that future economic benefits will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Profit or loss on the sale of investment properties is recognised in the statement of profit or loss and other comprehensive income.

1.7 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

1.8 Company as lessor

Leases for which the company is a lessor are classified as operating leases.

1.9 Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease. Operating lease income is included in revenue.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

1.10 Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.11 Taxation (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.12 Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.13 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

In respect of trade receivables, receivables with a short duration are not discounted. Receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and banking advances, where the carrying amount is reduced through the use of an impairment allowance account. When a trade receivable or banking advance is considered uncollectable, it is written off against the impairment allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the impairment allowance account are recognised in the statement of profit or loss and other comprehensive income.

1.14 Impairment of assets (continued)

Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.15 Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

1.16 Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

Trade receivables without a significant financing component are initially measured at the transaction price.

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

1.17 Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

1.18 Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Receivables written off may still be subject to enforcement activities under the company recovery procedures, considering legal advice where appropriate. Any recoveries made are recognised in profit or loss.

1.19 Borrowings and loans from related parties Classification

Amounts owing to group companies (note 9), amounts owing to shareholders (note 10) are classified as financial liabilities subsequently measured at amortised cost.

1.20 Financial instruments (continued) Trade and other payables Classification

Trade and other payables (note 8), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

1.21 Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Derecognition

Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.22 Revenue

Rental income from operating leases, which have fixed determinable escalation, is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis.

1.23 Investment income

Interest receivable on invested funds is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity when it is determined that such income will accrue to the Company.

1.24 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

1. Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
2. Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

3. expenditures for the asset have occurred;
4. borrowing costs have been incurred, and
5. activities that are necessary to prepare the asset for its intended use or sale are in progress

Capitalisation is suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised as an expense in the period in which they are incurred.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected Impact
<ul style="list-style-type: none"> COVID-19 - Related Rent Concessions - Amendment to IFRS 16 	June 01, 2020	It is relevant to the company but as landlord this has no impact on the company.
<ul style="list-style-type: none"> Presentation of Financial Statements: Disclosure initiative 	January 01, 2020	An assessment has been performed and this has no material impact on the company.
<ul style="list-style-type: none"> Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative 	January 01, 2020	An assessment has been performed and this has no material impact on the company.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after July 01, 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected Impact
<ul style="list-style-type: none"> Classification of Liabilities as Current or Non-Current - Amendment to IAS 1 	January 01, 2023	It is unlikely that this will have a material impact on the company.
<ul style="list-style-type: none"> Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1 	January 01, 2022	It is unlikely that this will have a material impact on the company.
<ul style="list-style-type: none"> Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9 	January 01, 2022	It is unlikely that this will have a material impact on the company.
<ul style="list-style-type: none"> Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9 	January 01, 2021	It is unlikely that this will have a material impact on the company.

3. Investment properties

	2021		2020			
	Cost	Accumulated depreciation	Cost	Accumulated depreciation		
Investment properties	196 496 732	(61 849 476)	134 647 256	196 496 732	(57 229 473)	139 267 259

Reconciliation of investment properties - 2021

	Opening balance	Depreciation	Total
Investment properties	139 267 259	(4 620 003)	134 647 256

Reconciliation of investment properties - 2020

	Opening balance	Depreciation	Total
Investment properties	143 887 262	(4 620 003)	139 267 259

Details of properties

Portion 282 of the Farm Witkoppie No.64 Township of Boksburg

90-year usufruct commencing on February 25, 2007, over land measuring 1,9366 hectares, at cost.

- Cost of usufructuary right (land cost)	2 904 900	2 904 900
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Portion 283 of the Farm Witkoppie No.64 Township of Boksburg

90-year usufruct commencing on July 18, 2007, over land measuring 3,2862 hectares, at cost.

- Cost of usufructuary right (land cost)	7 982 700	7 982 700
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Remainder Erf 11, 3303 Cape Town

40-year usufruct commencing April 2011 over land measuring 3,2862 hectares, at cost.

- Cost of usufructuary right (land cost)	14 385 179	14 385 179
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Buildings and improvements

- Cost	171 223 953	171 223 953
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The market value of the Boksburg usufructs over land and buildings was valued as at January 01, 2020 and amounted to R244 000 000.

The market value of the Cape Town usufructs over land and buildings was valued as at January 01, 2020 and amounted to R223 000 000.

Details of valuation

A discounted yield valuation performed by the Directors on June 30, 2021 indicated a fair value of approximately R489 301 334, which is significantly in excess of the carrying value.

4. Deferred taxation

Deferred tax asset	<u>1 514 479</u>	<u>1 272 964</u>
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Movement in deferred tax asset

Balance at beginning of year	1 272 964	908 564
Per statement of comprehensive income	<u>241 515</u>	<u>364 400</u>
Balance at end of year	<u>1 514 479</u>	<u>1 272 964</u>

Deferred taxation comprises temporary differences arising from:

Investment properties	4 769 115	3 475 514
Straight-lining of leased assets	(3 276 059)	(2 223 875)
Audit fee accrual	<u>21 423</u>	<u>21 325</u>
	<u>1 514 479</u>	<u>1 272 964</u>

5. Trade and other receivables

Financial Instruments:

Trade receivables	285 401	551 950
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Non-financial instruments:

Prepayments	<u>1 620</u>	<u>1 550</u>
Total trade and other receivables	<u>287 021</u>	<u>553 500</u>

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due. The trade receivables balance at June 30, 2021 consists of amounts that are not past due.

Exposure to currency risk

All trade receivables are fixed in Rand. As trade and other receivables have limited exposure to exchange rate fluctuations, a currency analysis has not been included.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	<u>4 465 698</u>	<u>5 777 036</u>
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7. Share capital**Authorised**

1 000 Ordinary shares of R1 each

1 000

1 000

Issued

2 Ordinary shares of R1 each

2

2

The unissued shares are under the control of the directors who are authorised to allot shares as they deem fit.

The issued shares are fully paid.

8. Trade and other payables**Financial instruments:**

Other payables

-

37 143

Accrued audit fees

76 510

76 160

Non-financial instruments:

VAT

618 873

567 913

695 383**681 216****9. Amounts owing to group companies**

Bidvest Properties (Proprietary) Limited - Shareholder's loan

27 413 017

38 507 159

The loan bears interest at 10.72% (2020: 10.72%) per annum and has no fixed terms of repayment. No security is in place for this loan.

Long-term portion of amounts owing to group companies

-

-

Short-term portion of amounts owing to group companies

27 413 017

38 507 159

27 413 017**38 507 159**

The Bidvest Properties (Proprietary) Limited and Airports Company South Africa (refer note 10) loans should remain pari passu at all times. Shareholders would require each other's consent to apply for the company to be liquidated or placed under judicial management.

10. Amounts owing to other shareholders

Airports Company South Africa Limited - Shareholder's loan

27 413 017

38 507 159

The loan bears interest at 10.72% (2020: 10.72%) per annum and has no fixed terms of repayment. No security is in place for this loan.

Long-term portion of amount owing to other shareholders

-

-

Short-term portion of amount owing to other shareholders

27 413 017

38 507 159

27 413 017**38 507 159**

The Airports Company South Africa Limited and Bidvest Properties (Proprietary) Limited (refer note 9) loans should remain pari passu at all times. Shareholders would require each other's consent to apply for the company to be liquidated or placed under judicial management.

11. Operating profit

Operating profit for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration

Audit fees - PwC

(68 250)

(68 250)

AFS drafting fees - Papilsky Hurwitz

(8 260)

(7 910)

(76 510)(76 160)**Rental income**

From Bidvest Group companies

28 764 100

26 571 542

From non-Bidvest Group companies

7 933 500

7 380 000

36 697 60033 951 542**Depreciation and amortisation**

Depreciation of investment property on the cost model

(4 620 003)(4 620 003)**Other**

Straight-lining of leases adjustment

3 757 8003 322 210**12. Finance income****Interest income**

Interest received from financial institutions

484 650

998 164

Other interest received

336

3 775

Total interest income484 9861 001 939**13. Finance costs**

Interest on amounts owing to group companies and shareholder

7 811 716

10 097 972

Total finance costs7 811 71610 097 972

Less: Interest capitalised to loans

(3 905 858)(5 048 986)**Total finance costs paid**3 905 8585 048 986

14. Taxation**Major components of the tax expense****Current taxation**

Current year

8 044 1006 125 146**Deferred taxation**

Current year

(241 515)(364 400)7 802 5855 760 746**Tax rate reconciliation**

The reconciliation of the effective taxation rate with the South African company taxation rate is:

Taxation for the year as a percentage of profit before taxation

28.00 %28.00 %

Rate of South African company taxation

28.00 %28.00 %**15. Cash generated from operations**

Profit before taxation

27 866 376

20 574 093

Adjustments for:

Depreciation of investment properties

4 620 003

4 620 003

Increase in straight-lining of leased asset

(3 757 800)

(3 322 210)

Interest income

(484 986)

(1 001 939)

Finance costs

7 811 716

10 097 972

Changes in working capital:

Decrease (Increase) in trade and other receivables

266 484

(274 888)

Increase in trade and other payables

14 166

186 988

36 335 95930 880 019**16. Taxation paid**

Balance payable at beginning of the year

(154 477)

(57 237)

Current tax for the year recognised in profit or loss

(8 044 100)

(6 125 146)

Balance payable at end of the year

66 294

154 477

(8 132 283)(6 027 906)

1. Related parties**Relationships**
Shareholders

Bidvest Property Holdings (Proprietary) Limited (a wholly-owned subsidiary of The Bidvest Group Limited)
Airports Company South Africa Limited

Members of key management - Directors

TJ Fuzani
FP Smit
WH Kretzmar
B Matshego

The subsidiaries of the Company's shareholders and The Bidvest Group Limited are considered to be related parties of the Company.

Related party balances

The Company has received loans from group companies and shareholders. These loans are set out on the Statement of Financial Position and in notes 9 and 10.

These transactions were made on terms equivalent to those that prevail in arm's length transactions.

Related party transactions

The following transactions were made on terms equivalent to those that prevail in arm's length transactions between related parties and the Company.

Interest paid to related parties		
Bidvest Properties (Proprietary) Limited	3 905 858	5 048 986
Airports Company South Africa Limited	<u>3 905 858</u>	<u>5 048 986</u>
Rent received from related parties		
Lithotec	(9 699 782)	(8 919 396)
Bidvest International Logistics	<u>(19 064 318)</u>	<u>(17 652 146)</u>
Administration fees paid to related party		
Bidvest Properties (Proprietary) Limited	<u>550 464</u>	<u>339 515</u>

2. Nature and extent of risks arising from financial instruments

Financial Risk Management

Overview

The company is exposed to the following risks from its use of financial instruments:

1. Credit risk;
2. Liquidity risk; and
3. Market risk (interest rate risk).

The Company has limited exposure to risks arising from its use of financial instruments. The Company is financed by its shareholders and has limited exposure to financial risks.

Credit risk

The Company only trades with subsidiaries of The Bidvest Group Limited and thus the Company's directors believe that it is not exposed to any material credit risk. Trade receivables due from Bidvest Group companies were not impaired at year-end as these balances were considered to be recoverable.

Liquidity risk

Borrowings comprise amounts owing to group companies and shareholders. The expected maturity of financial liabilities is not expected to differ from the contractual maturities as disclosed in notes 9 and 10.

Interest rate risk

The Company's exposure to interest rate risk is limited, as the interest rates for all amounts owing to group companies and shareholders have been fixed. Refer to notes 9 and 10.

Interest rate sensitivity analysis

- At June 30, 2021, if the interest rate had been 1.000% per annum higher during the year, with all other variables held constant, profit or loss for the year would have been R275 180 lower. This sensitivity analysis has been prepared using the average net borrowings for the financial year. A decrease in interest rates would have an equal and opposite effect on profit or loss.

3. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Please refer to notes 9 and 10 of the annual financial statements for the special consideration given in respect of shareholders loans and in support of the company being a going concern.

4. Subsequent events

No subsequent events which require adjustment to or disclosure in these annual financial statements were noted at the time of signing the annual financial statements.



SHAREHOLDER COMPACT

Entered into by and between

GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA

HEREIN REPRESENTED BY THE MINISTER OF TRANSPORT

And

AIRPORTS COMPANY SOUTH AFRICA LIMITED

FOR THE 2022/23 FINANCIAL YEAR

1. INTRODUCTION

- 1.1 The Company has been established in terms of the Act and is listed in Part 2 Schedule 2 of the PFMA and the Objectives and the functions of the Company are governed by the Act.
- 1.2 In terms of Regulation 29.2 of the Regulations –
- 1.3 the Accounting Authority for a public company listed in Schedule 2, 3B and 3D must, in consultation with its Executive Authority, annually conclude a Shareholder Compact; and
- 1.4 the Shareholder compact must document the mandated key performance measures and indicators to be attained by the public company as agreed between the Accounting Authority and the Executive Authority. The Accounting Authority must, in terms of the PFMA, comply with its fiduciary duties and manage all revenue, expenditure, assets and liabilities of the Company effectively and efficiently.
- 1.5 The Executive Authority and the Accounting Authority wish to:
 - 1.5.1 establish a transparent and accountable working relationship on matters relating to the implementation of the provisions of the PFMA, the Companies Act, the Act and the memorandum of incorporation;
 - 1.5.2 enter into this Shareholder Compact to assist the Parties to measure the Accounting Authority and the Company's performance, and to support and manage the working relationship between them; and
 - 1.5.3 enter into this Shareholder Compact to execute their obligations in terms of Regulation 29.2 of the Regulations for the financial year 2022/24

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In this Shareholder Agreement, the following expressions and words have the meaning assigned to them below and derivative expressions and words will have a corresponding meaning, unless inconsistent with or otherwise indicated by the context –

- 2.1.1 **"Accounting Authority"** means the Board of Directors of the Company as appointed in accordance with the Act;
- 2.1.2 **"Act"** means the Airports Company Act (Act No. 44 of 1993);
- 2.1.3 **"Chairman"** means the Chairman of the Accounting Authority;
- 2.1.4 **"Committee"** means a Committee of the Accounting Authority required in terms of the PFMA and the Regulations and Companies Act;
- 2.1.5 **"Companies Act"** means the Companies Act, Act No. 71 of 2008 amended;
- 2.1.6 **"Company Secretary"** means the person appointed as the secretary of the Accounting Authority as defined in the Companies Act;
- 2.1.7 **"Corporate Plan"** means the corporate plan as stated in section 52(b) of the PFMA;
- 2.1.8 **"Department"** means the Department of Transport;
- 2.1.9 **"Director"** means a member of the Accounting Authority as referred to in the Act and Companies Act;
- 2.1.10 **"Company"** means Airports Company South Africa SOC Limited;
- 2.1.11 **"Effective Date"** means date of signature of this Agreement by the last Party signing in time;

- 2.1.12 **"Executive Authority"** means the Minister of Transport or his delegate;
- 2.1.13 **"CEO"** means the Chief Executive Officer and Accounting Officer in terms of the PFMA; the Managing Director as specified in the Airports Company Act or person who has been appointed to act in the position of Chief Financial Officer;
- 2.1.14 **"CFO"** means the Chief Financial Officer of the Company or person who has been appointed to act in the position of the Chief Financial Officer;
- 2.1.15 **"Financial Year"** means the Financial Year beginning on 1 April of a specific year and ending on 31 March of the following year;
- 2.1.16 **"King Report"** means the King Report IV on Corporate Governance for South Africa, 2016 as updated and amended;
- 2.1.17 **"Member"** means a member of a Committee;
- 2.1.18 **"Memorandum/MOI"** means the memorandum of incorporation of the Company;
- 2.1.19 **"Month"** means a calendar month;
- 2.1.20 **"Parties"** means the Executive Authority and the Accounting Authority or any one of them as the context may indicate;
- 2.1.21 **"PFMA"** means the Public Finance Management Act, Act No, 1 of 1999 as amended;
- 2.1.22 **"Regulations"** means the Treasury Regulations to the PFMA initially published under GNR 345 of 9 April 2001, as amended;
- 2.1.23 **"Representative"** means a person appointed by the Parties in terms of this Shareholder Compact to fulfil and administer the functions set out herein on behalf of the Party which appointed such person;
- 2.1.24 **"Shareholder Compact"** means this document, as required in terms of Regulation 29.2 of the Regulations, including all annexures hereto;
- 2.1.25 **"Statute"** means any act of Parliament or regulation thereto or any other enactment having the force of law;
- 2.1.26 **"Strategic Plan"** means the Strategic Plan of the Company, under Regulations 5 and 30.1.3 of the Regulations; and
- 2.1.27 **"Writing"** means handwritten, type-written or printed communication, including telegram, facsimile transmission, electronic transmission or any like communication and "in Writing" and "Written" shall have corresponding meanings.

2.2 Interpretation

In this Shareholder Compact –

- 2.2.1 unless the context indicates a contrary intention, an expression which denotes –
 - 2.2.1.1 any reference to the singular includes the plural and vice versa;
 - 2.2.1.2 any reference to the natural person includes legal person and *vice versa*; and
 - 2.2.1.3 any reference to a gender includes the other genders;
- 2.2.2 when any number of days is prescribed same shall, unless otherwise specifically stated, be reckoned exclusively of the first and inclusively of the last day;
- 2.2.3 where words have been defined in the body of this Shareholder Compact, such words shall, unless otherwise required by the context, have the meanings so assigned to them throughout this Shareholder Compact;

- 2.2.4 where any provision contemplates a notice to be given or agreement to be reached between the Parties, such notice or agreement shall be in writing, unless expressly provided otherwise;
- 2.2.5 if any provision of this Shareholder Compact is in any way inconsistent with the provisions of the PFMA, the Companies Act, the relevant provision of the PFMA, the Companies Act, or the Act shall prevail, and this Shareholder Compact shall be read in respects subject thereto; and
- 2.2.6 if any provision of this Shareholder Compact is in any way inconsistent with the memorandum of incorporation of the Company, the provision of memorandum of incorporation shall prevail. In the event of such conflict, the Company agrees to take all such necessary actions, and such actions as are conducive, to ensure alignment with the memorandum of incorporation as necessary under this clause 2.2.6

3. PURPOSE OF SHAREHOLDER COMPACT

- 3.1 The purpose of this Shareholder Compact is to –
 - 3.1.1 formalise and regulate the working relationship between the Executive Authority and the Accounting Authority;
 - 3.1.2 give effect to the mandate of the Company as outlined in the Act; and
 - 3.1.3 give effect to the obligations of the Parties to conclude a Shareholders Compact as stated in Regulation 29.2 of the Regulations.
- 3.2 In a mutual effort to enhance business performance and good corporate governance within the Company, the parties to this Agreement hereby agree to the terms and conditions set out below.

4. LEGISLATIVE MANDATE OF THE COMPANY

- 4.1 The legislative mandate of the Company is set out in the Act and the Company is required to perform and comply with such legislative mandate as read in the Act in conjunction with the MOI.
- 4.2 In terms of section 4 of our enabling Act, the objectives of the Airports Company South Africa are;
“the acquisition, establishment, development, provision, maintenance, management, control or operation of any airport, part of the airport or any facility or service normally related to the functioning of an airport”
- 4.3 Concurrent with achieving the legislative mandate, the Company shall deliver on and adhere to the national priorities of Government.
- 4.4 The Accounting Authority shall integrate any governmental policy, relating to the Company, into its corporate plan, key performance measures and indicators and borrowing programme in order to execute its legislative mandate.

5. CRITICAL ASSUMPTIONS

The Parties have assumed that the timeous submission of the document under this Shareholder Compact being provided to the Accounting Authority is critical to;

- 5.1 the Department making informed decisions; and

- 5.2 providing the National Treasury and the Executive Authority with information which enables the efficient execution of the Executive Authority's mandate.

6. ROLES AND RESPONSIBILITIES OF THE EXECUTIVE AUTHORITY

- 6.1 The point of departure for establishing clear relationships between the Executive Authority and the Accounting Authority is that sufficient freedom of action should be allowed to enable each of them to achieve their respective objectives and to carry out their respective functions in ensuring effective corporate governance of the Company in line with recommendations and principles of the King Report.
- 6.2 As stated in section 63 of the PFMA, the role and responsibility of the Executive Authority is to exercise the Executive Authority's ownership powers to ensure that the Company complies with the Act, PFMA and the financial policies of the Executive Authority.
- 6.3 The Minister is accountable to Parliament for the exercise of his powers and the performance of his duties.
- 6.4 The Minister will communicate with the Chairperson of the Accounting Authority on issues relating to the Company.
- 6.5 The Executive Authority may, subject to 1.4 and 1.5, in writing, instruct the Accounting Authority to discontinue any activity of the Accounting Authority within a specified period, where such activity is contrary to the strategic or economic interest of the Republic of South Africa and the Accounting Authority.
- 6.6 The Executive Authority may intervene in the following as the Executive Authority sees fit;
- 6.6.1 the overall assessment of the Accounting Authority's performance on the basis of the Company's actual performance in delivering the desired outcomes and objectives of the Company and pre-agreed objectives of Government; and
 - 6.6.2 the overall monitoring and reporting to Parliament of the financial, commercial and socio-economic strategic performance of the Company.
 - 6.6.3 for this purpose, the Accounting Authority shall report to the Executive Authority on the matters and at the intervals stipulated in the PFMA and the Shareholder Compact.
- 6.7 The Executive Authority has the right to solicit independent advice and audit support in the discharge of the Executive Authority role and functions in terms of the Shareholder Compact.

7. UNDERTAKINGS BY THE EXECUTIVE AUTHORITY

- 7.1 The Executive Authority undertakes to –
- 7.1.1 provide an environment that encourages the discretion of the Accounting Authority regarding matters falling within its authority, as provided for in the Act, the Memorandum and this Shareholder Compact;
 - 7.1.2 expedite the implementation of critical decisions and for this financial year these are set in Annexure A1 hereto;
 - 7.1.3 facilitate the proper constitution of the Accounting Authority and to fill vacancies that arise promptly;
 - 7.1.4 promote the Company's programmes in Cabinet where such programmes have been approved by the Executive Authority;

- 7.1.5 engage with the Accounting Authority, before exercising any of his or her powers in terms of the Act, if the exercise of such will –
 - 7.1.5.1 affect the performance of the Company's functions;
 - 7.1.5.2 commit the Company to implement or give effect to a decision made by the Executive Authority; or
 - 7.1.5.3 have a substantial financial impact on the Company; and
- 7.1.6 facilitate the adjustment of agreed measures and indicators and / or provide the resources to enable the Company to meet any such issued directives or any agreed plans.

8. THE COMPANY

8.1 Role of the Accounting Authority

The Accounting Authority collectively represents the Company and all acts of or under the Company.

8.2 Responsibilities of the Accounting Authority

- 8.2.1 The Accounting Authority is responsible for the performance of the Company and is fully accountable to the Executive Authority for such performance.
- 8.2.2 In executing its responsibilities, the Accounting Authority and each individual member of the Accounting Authority undertake to;
 - 8.2.2.1 act in good faith and for a proper purpose;
 - 8.2.2.2 in the best interests of the Company;
 - 8.2.2.3 with care, skill and diligence;
 - 8.2.2.4 avoid conflict of interest; and
 - 8.2.2.5 act in a manner based on honesty, fairness, transparency, accountability and responsibility;
 - 8.2.2.6 The Directors of the Accounting Authority will disclose any personal interest in decisions taken by the Accounting Authority in the conflict register referred to in clause 12.2.5 below;
 - 8.2.2.7 The Directors of the Accounting Authority agree to be individually and severally liable pursuant to the PFMA and the Companies Act, for fraud, reckless trading, failure to disclose interest in contracts, falsifying books and records, or making false statements;
 - 8.2.2.8 The Directors agree that, with respect to negligence by a Director, the level of such liability referred to in 8.2.2.7 above, will vary according to the degree of a Directors' compliance with Section 76(3) and 76(4) of the Companies Act;
 - 8.2.2.9 The Accounting Authority is responsible for timeously and prudently undertaking all key activities required for the efficient and effective running of the Company, including but not limited to the appointment of Executive Directors to the Company and capital decisions within the ordinary course of business;

- 8.2.2.10 The Accounting Authority shall provide a quarterly reporting package 30 days after the end of the quarter, to the Executive Authority on the matters and in the approved format;
- 8.2.2.11 The Accounting Authority will, at its discretion, report to the Executive Authority on matters of strategic importance that fall outside the agreed framework of this Shareholders Compact and the PFMA as agreed from time to time during its Board Meetings;
- 8.2.2.12 In order to facilitate effective performance monitoring, evaluation and corrective action, the report will cover the following:
 - 8.2.2.12.1 actual performance against key performance indicators that were planned for the quarter as well as an explanation for any deviations and the corrective action that will be taken;
 - 8.2.2.12.2 financial performance against budget as well as an explanation for any deviations and the corrective action that will be taken;
 - 8.2.2.12.3 financial position; and
 - 8.2.2.12.4 liquidity position and progress in implementing the Borrowing Plan, if any as well as an explanation for any deviations and the corrective action that will be taken.
- 8.2.2.13 The Accounting Authority commits itself to exercising ethical leadership, integrity and business judgment in directing the Company so as to achieve continuing prosperity for the Company;

8.3 The Accounting Authority shall ensure that:

- 8.3.1 each member of the Accounting Authority is fully aware of, and complies with all applicable Statutes, Government Policies and codes of business practices;
- 8.3.2 it concludes a Shareholder Compact with the Executive Authority on or before the start of the new financial year;
- 8.3.3 the Directors of the Accounting Authority have unrestricted access to accurate, relevant information of the Company;
- 8.3.4 there is appropriate and effective induction, education and training offered to new and existing Directors of the Accounting Authority;
- 8.3.5 the Directors of the Accounting Authority act on a fully informed basis, in good faith, with diligence, care and skill and in the best interest of the Company, whilst taking account the interests of all stakeholders, including employees, creditors, customers, suppliers and local communities;
- 8.3.6 the Company acts in accordance with, and achieves the key performance measures and indicators as set out in the corporate plan;
- 8.3.7 the key performance measures and indicators the Executive Authority requires, as set out in the corporate plan are achieved and can be measured;

- 8.3.8 the Company maintains adequate accounting records and the Company prepares financial statements for each Financial Year, which fairly presents the affairs of the Company;
- 8.3.9 the Company consistently applies suitable accounting policies, supported by reasonable and prudent judgement and estimates in the preparation of the financial statements;
- 8.3.10 the Company maximises the benefits from the resources allocated to it and undertakes rigorous auditing processes and proactive financial management;
- 8.3.11 the Company pursues efficiency through developing enhanced administrative, evaluation, information and technical processes;
- 8.3.12 the Company holds an annual general meeting at least once a year as prescribed in the Companies Act;
- 8.3.13 it develops a clear definition of the levels of materiality or sensitivity in order to determine the scope of delegation of authority and ensures that it reserves specific powers and authority to itself;
- 8.3.14 all delegations of authority are reduced to writing and kept under review; and
- 8.3.15 the Company –
 - 8.3.15.1 investigates and where appropriate, researches or employs methodologies that will be to the national benefit or could contribute to alleviating the financial burden of those to whom the Company provides services;
 - 8.3.15.2 diligently adheres to the corporate objectives statement, corporate plan, reporting requirements and borrowing programme for the relevant Financial Year;
 - 8.3.15.3 diligently carries out all necessary actions of the Company in accordance with PFMA, the Companies Act, the Regulations and this Shareholders Compact; and
 - 8.3.15.4 only disposes of assets in accordance with the PFMA and the Act, within normal course of business;
- 8.3.16 it gives strategic direction to and controls the Company;
- 8.3.17 it monitors the Company's management closely by implementing the Accounting Authority's plans and strategies;
- 8.3.18 the Company complies with Statues, government policies and codes of business practice;
- 8.3.19 it develops and implements an effective succession plan for Executive Directors and adheres thereto;
- 8.3.20 the Company develops and implements effective internal control procedures in accordance with PFMA, the Regulations, the King Report and best practice governance;
- 8.3.21 it communicates with the Executive Authority and relevant stakeholders openly and promptly;

- 8.3.22 the Company formulates, monitors and reviews corporate strategy, major plans of action, risk policy, annual budgets and business plans;
- 8.3.23 the Company maintains adequate accounting records on an annual or such more frequent basis as the Accounting Authority may determine;
- 8.3.24 at least annually, it appraises the performance of the Company Secretary, Directors and Chairperson;
- 8.3.25 it reviews and evaluates its required mix of skills and experiences and other qualities in order to assess the effectiveness of the entire Accounting Authority, its committees and the contribution of each individual Director during his / her term of office;
- 8.3.26 the Company establishes an appropriate mechanism for reporting the results of the Accounting Authority assessment to the Executive Authority.
- 8.3.27 the Company monitors and manages potential conflicts of interest of the Directors and Management promptly and keeps a register of the conflicts of interests of all its employees;
- 8.3.28 it always maintains the highest standard of integrity, responsibility, and accountability and ensure it finds a fair balance between conforming to corporate governance principles and the performance of the Company;
- 8.3.29 it closely monitors the process of disclosure and communication and exercises objective judgement on the affairs of the Company and its independent management;
- 8.3.30 it deals expeditiously with the directives given by the Executive Authority and promotes and supports the policies of Government; and
- 8.3.31 it supports the Executive Authority and the Department with the development and implementation of the national strategic objectives such as the New Growth Path and the National Development Plan;
- 8.4 The Accounting Authority warrants that it is fully conversant with all relevant statutory and fiduciary requirements having a direct or indirect bearing on –
 - 8.4.1 the Shareholder Compact; and
 - 8.4.2 the Accounting Authority's fiduciary duties.
- 8.5 Should the Accounting Authority become aware of any circumstances or problems, which has prevent it, is preventing it or will prevent it from performing its duties or functions that will have a significant effect on such duties and functions, its shall, as soon as it is reasonable possible after becoming aware thereof, advise the Executive Authority in writing of such circumstances or problems;
- 8.6 The Accounting Authority undertakes not to delegate responsibility under the PFMA requirements stated below –
 - 8.6.1 development of the annual corporate plan for the Company;
 - 8.6.2 carrying out the quarterly reporting;
 - 8.6.3 preparation of the annual report and financial statements;
 - 8.6.4 submissions in terms of Section 54 (2) of the PFMA; and

8.6.5 development of the Materiality Framework; and

8.6.6 applications for variation or renegotiation of the Shareholder Compact;

8.7 Services by the Company to the Executive Authority and the Department

8.7.1 the Company will provide those services as are required in terms of its legislative mandate in the Act and the Executive Authority's objectives;

8.7.2 The Company will make itself aware of any changes to its service obligations, but subject to the provisions of clause 7.1.6 above, take all necessary steps to efficiently begin providing such services;

8.7.3 The Company will provide technical support as required by the Department when the latter is negotiating and concluding international agreements with other states;

8.7.4 The Company will remain abreast with international and national affairs in the aviation industry and make recommendations to the Executive Authority and the Department with regards to matters connected with aviation policy;

8.7.5 The Company shall, upon request of the Executive Authority –

8.7.5.1 assist the Executive Authority, or any other person whom the Executive Authority may designate, in any investigation, prosecution or any other steps resulting from occurrence of any industry matter; or

8.7.5.2 furnish the Executive Authority, or such other person, with information, documents, written declarations or any other evidence which it has in its possession and which is related to such incident;

8.7.6 The Company undertakes to cooperate and liaise with relevant law enforcement agencies regarding information in their possession that may be required by a court of law;

8.7.7 The Accounting Authority will keep the Executive Authority informed on matters of concern between the Company and other state departments and authorities within the republic of South Africa;

8.7.8 The Accounting Authority shall notify the Executive Authority of any agreements, which the Company may enter into with other state departments;

8.7.9 The Company will provide the information necessary to execute departmental function and responsibilities as and when requested.

8.7.10 The Company will provide Board resolutions under signature of the Board Secretary or Chairperson to accompany documentation and submission where approval by the Minister is necessary;

8.8 National Strategic Objectives

8.8.1 The Accounting Authority shall support and undertake to assist the Executive Authority and the Department with the development and implementation of National Strategic Objectives;

8.8.2 The Executive Authority shall formally document and communicate to the Accounting Authority any national strategic objective to ensure that the strategic objectives of the Company coincide with the national policy;

- 8.8.3 The Accounting Authority shall ensure that the Company shall implement such policies, to promote and support certain specified key objectives of Government and shall report through its Chairperson to the Executive Authority;
- 8.8.4 The Accounting Authority shall implement at least the following policies –
- 8.8.4.1 those which the Executive Authority requires;
 - 8.8.4.2 those which are legislated;
 - 8.8.4.3 employment equity policy;
 - 8.8.4.4 procurement policy, which take into, account broad-based black economic empowerment and a fair and objective procurement process in terms of the broad-based black economic empowerment (B-BBEE) guidelines set by the Department of Trade and Industry;
 - 8.8.4.5 those which position the Company to deal with the global and economic challenges facing the aviation industry by delivering a predictable safe, efficient and reliable service to all the Company users;
 - 8.8.4.6 code of ethics; and
 - 8.8.4.7 policies which align the Company's overall operations with global aviation matters and trends as well as aligning the operations cluster with the Company's strategies and all relevant stakeholders like the Department, and those who use its services.

9. FACILITATION OF PRIMARY RELATIONSHIP

In order to facilitate effective communication and accountability between the Executive Authority and the Accounting Authority, regular meetings shall be held between the Executive Authority and the Chairperson of the Accounting Authority as an when required, and the Chairperson shall provide feedback to the Accounting Authority.

10. CORPORATE GOVERNANCE

- 10.1 Subject to the provisions of the Act, the Company shall comply with the PFMA and the Regulations and will comply, as far as is reasonably possible, with the King Report. The Accounting Authority must establish committees to improve its effectiveness. Committees shall be formed as required by the business, provided that no less committees shall be formed than the minimum set out by the PFMA and the Regulations;
- 10.2 The Parties shall, where applicable, implement good practice guidelines as recommended in the King Report and the Protocol on Governance in the Public Sector, 2002;
- 10.3 Appointment of the CEO:
- 10.3.1 The Accounting Authority is required to initiate the recruitment process and recommend suitable candidates for consent of the Executive Authority prior to the appointment; and
 - 10.3.2 Upon consent, the Accounting Authority shall ensure that the employment contract is concluded and a copy is provided to the Executive Authority.

11. TREATMENT OF DEVELOPMENTAL OBJECTIVES

The Parties agree that the Company's corporate objectives shall include developmental and socio-economic objectives and that the achievement of all such objectives shall be measure through quarterly and annual reports encompassing reports on the reporting system and;

11.1 Key performance indicators and PFMA reports; and

11.2 Governance report.

12. DURATION AND PROCESS OF CONCLUDING SHAREHOLDER COMPACT

12.1 The content of the Shareholder Compact shall remain the same but will be reviewed by the Parties annually, in accordance with Regulation 29.2 of the Regulations;

12.2 The following minimum supporting documentation relating to this Shareholder Compact is to be maintained by the Accounting Authority and access thereto is to be provided to the Executive Authority and/or the Department on any reasonable request thereof;

12.2.1 corporate plan covering at least a three-year period;

12.2.2 fraud prevention plan;

12.2.3 any approved amendments to the documents stated in 12.1 above;

12.2.4 code of ethics'

12.2.5 Accounting Authority's register of conflicts of interest;

12.2.6 risk management plan; and

12.2.7 the signed statement of responsibility and delegations;

13. QUARTERLY EVALUATION

If the Executive Authority establishes that, after any quarterly assessment of the measures and indicators, the Company fails –

13.1 To meet any one or more of the agreed measures and indicators by 25% or more for two (2) successive quarters, or for the year as a whole taking into account the results to date and future forecasts; or

13.2 To meet the projected income or net cash; or

13.3 To adhere to the corporate objectives statement; or

13.4 To comply with the PFMA; or

13.5 To comply with relevant legislation and MOI;

13.6 To comply with quarterly key performance indicators and measures as set out in the corporate plan; or

13.7 To comply with Governance matters, then the Executive Authority may execute his/her authority in a manner that is consistent with his/her mandate.

14. BUDGETING AND FINANCING CYCLE

- 14.1 The Parties recognise that the Executive Authority , before the commencement of the new Financial Year, must be provided with the Company's annual budget and corporate plan;
- 14.2 Parties agree that the annual budget of the Company shall include a projection of revenue and expenditure for that year.

15. PERFORMANCE OBJECTIVES AND KEY PERFORMANCE INDICATORS

- 15.1 The Parties acknowledge that any significant deviation from the assumptions made in the corporate plan as a result of factors outside of the Company's control may require a review of the key performance indicators set out in the corporate plan. The Parties undertake to renegotiate those key performance indicators to the extent that the changes have caused, or may cause or result in any prejudice, or benefit, to the Company;
- 15.2 The Company will submit the Draft Corporate Plan by 31 January 2023. After the submission of the Draft Corporate Plan, feedback if any, on the corporate plan will be provided to the Company in writing;
- 15.3 The Company will consider the written inputs of the Executive Authority before submitting the final corporate plan to the Executive Authority within one month of the start of the financial year in line with the provisions of the PFMA;

16. COMMUNICATION BETWEEN EXECUTIVE AUTHORITY AND ACCOUNTING AUTHORITY

- 16.1 The Executive Authority may interact with the Accounting Authority and/or the Chairperson as the Executive Authority sees fit.
- 16.2 Communication between the Executive Authority and the Chairperson, with respect to the national agenda and the matters relating to the Executive Authority and the Chairperson as and when required.
- 16.3 The Chairperson of the Board undertakes to represent the Accounting Authority, in the carrying out the terms of this Shareholder Compact and in cascading the spirit of the Agreement throughout the Company;
- 16.4 The Executive Authority approves of this approach and looks forward to the successful implantation of the undertaking embodied in this Shareholder Compact.

17. GENERAL OBLIGATIONS AND UNDERTAKINGS BY THE PARTIES TO ONE ANOTHER

17.1 Liaison with the Media

- 17.1.1 The Parties agree to advise each other in advance of any intention to liaise with the media, where the subject matter to be addressed may have an adverse effect on the powers, rights and privileges of the other Party;
- 17.1.2 However, the above does not in any way deprive a Party of its right to freely communicate with the public on matters that relate to its core function;
- 17.1.3 The Parties shall maintain an open and transparent relationship and apprise each other of decisions or planned decisions timeously, to avoid the occurrence of embarrassment and surprises; this applies to dealings with the media and other third parties.

17.2 Interaction with Foreign States and International Organisations

Before any agreements representing South Africa's interest are binding to the country are negotiated or entered into, Permission from the Executive Authority must be sought, clearly outlining the Company's intentions and the implications for the Executive Authority and South Africa.

17.3 Access to Information

With reference to section 8.3.9 and in addition to information referred to in the Act and this Shareholder Compact relating to the annexures hereto, the Accounting Authority undertakes to, on reasonable request -

17.3.1 furnish the Executive Authority and / or the Department, with any such information as may be reasonably required from time to time; and

17.3.2 provide the Executive Authority and / or the Department with an updated report or information on the Company's activities and financial position.

18. GENERAL

18.1 No Variation

18.1.1 Except for as provided for previously in this Shareholder Compact relating to the annexures hereto, no variation or consensual cancellation of this Shareholder Compact, and no addition to this Shareholder Compact, including this clause, shall be of any force or effect, unless reduced to writing and signed by the Parties;

18.1.2 The Parties shall follow a process to be determined by the Department to effect any variations to this Shareholder Compact.

18.2 Conflict Resolution

18.2.1 In the event that either Party fails to comply with any provision of this Shareholder Compact, or if any dispute arises between the Parties as to the interpretation, application or performance of any provision of this Shareholder Compact (including, but not limited to, whether or not we have met our measures and indicators, proposed or new regulations and / or a decision by the Executive Authority affecting the agreed measures and indicators), the matter shall first be referred to the Representatives of the Parties who will use their best endeavours to resolve the dispute within 14 (fourteen) working days of the dispute having been referred to them;

18.2.2 Should the Parties' Representatives fail to resolve the dispute within 14 (fourteen) working days, the Parties' Representatives shall refer the dispute to the Executive Authority and the Chairperson, who shall use their best endeavours to resolve the dispute;

18.2.3 Should the Executive Authority and the Chairperson fail to reach an agreement in regard to the resolution of the dispute, the Executive Authority may refer the matter to an independent third party appointed by the Executive Authority or his delegate (where allowed);

18.2.4 The matter shall be resolved by the decision of the Executive Authority, or where applicable, the person appointed in terms of clause 18.2.3 above;

18.2.5 The matter shall be resolved at the Executive Authority's discretion and any decision by the Executive Authority or such person shall be final and binding on the Parties.

18.3 Whole Agreement

18.3.1 This Shareholder Compact, together with the annexures hereto (and any amendments or later annexures as approved by the Company's relevant Executive Authority), constitutes the whole of the agreement between the Parties. No instructions, agreements, representations or warranties between the Parties other than those set out herein, are binding on the Parties;

18.3.2 All undertakings and annexures to this Shareholder Compact are declared active when this document is signed.

18.4 Domicilia and Notices

18.4.1 The Parties choose as their domicilia citandi et executandi their respective addresses set out in this clause for all purposes arising out of or in connection with this Shareholder Compact at which addresses all processes and notices arising out of or in connection with this Shareholder Compact, may validly be served upon or delivered to the Parties;

18.4.2 For purposes of this Shareholder Compact the Parties respective addresses shall be –

18.5 Executive Authority

**Department of Transport
Cnr Bosman and Struben
Pretoria
0001**

Marked for the attention of the **Acting Director General**

E-mail: Mthunzi.madiya@dot.gov.za

18.6 The Company

**Airports Company South Africa SOC Ltd
Western Precinct, Aviation Park, O.R. Tambo International Airport
1 Jones Road
Kempton Park
1632**

Marked for the attention of the **Company Secretary**

E-mail: Fefekazi.sefara@airports.co.za

Or at such other address in the Republic of South Africa of which the Party concerned may notify the other in Writing provided that no street address mentioned in this sub-clause shall be changed to a post office box or poste restante.

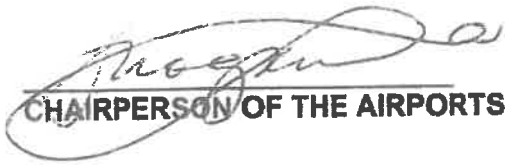
18.7 Any notice given in terms of this Shareholder Compact shall be in Writing and shall –

18.7.1 if delivered by hand, be deemed to have been duly received by the addressee on the date of delivery;

18.7.2 if transmitted by electronic mail, be deemed to have been received by the addressee on the date of transmission, unless the contrary is proved.


THUS, DONE AND SIGNED at _____ on this _____ day

of _____ 2022.



CHAIRPERSON OF THE AIRPORTS COMPANY SOUTH AFRICA BOARD

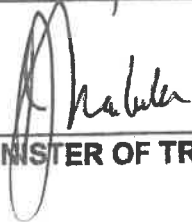
AS WITNESSES:

1  _____

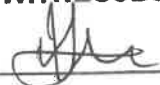
2  _____

THUS, DONE AND SIGNED at Pretoria on this 31st day

of April 2022.


MINISTER OF TRANSPORT

AS WITNESSES:

1  _____

2 _____

ANNEXURE A1. – KEY PERFORMANCE INDICATORS

1. ALIGNMENT TO THE DEPARTMENT OF TRANSPORT'S STRATEGIC FOCUS AREAS

We are intent on strengthening and contributing to the African and international agenda of a better Africa and the world. This in turn will assist us in contributing to economic growth through tourism and trade; particularly harnessing opportunities presented by the African Free Trade Agreement, cargo exports in sectors and destinations targeted for diversification, and together with the Ministry of Tourism driving growth in domestic and international tourism. We will continue to contribute through leadership to the National Spatial Development Framework and the development of Aerotropoli in KSIA, ORTIA and CTIA. The integration of our airports to affordable, safe and reliable transport remains our focus.



Department of Transport Strategic Focus Areas

ACSA's contribution to the Department of Transport's strategic thrusts to be the following:

a. Safety as an enabler of service delivery

- Aviation authorities to act in concert with other law enforcement authorities to arrest the escalation of crimes against international and domestic travellers, robbery of valuable cargo and facilitation of contraband and illegal immigrants;
- 365-Days Action Agenda which seeks to create a vertical alignment of policing activity through syndicated themes and activities;
- In-source security. The annual ACSA investment of approximately R437 million must be directed toward creating permanent jobs and sustainable livelihoods for those entrusted with securing our airports;
- Rolling out of a security model in aviation that is vertically and horizontally integrated with other law enforcement authorities, initially focusing on passenger security then broadened to include cargo and infrastructure using the US, Canada and Brazil similar models, which rely on internal capacity, rather than outsourced security arrangements; and
- Contribute to a new institutional arrangement that seamlessly integrates transport security and safety in a single entity.

b. Infrastructure build that stimulates economic growth and job creation

- Wall-to-wall approach to Integrated Public Transport Networks infrastructure planning and delivery to enable seamless mobility and efficiencies in public transport; and
- New institutional arrangement in the form of an Enterprise Project Management Office (EPMO) to support entities and establish a repository of project management expertise with a mandate to ensure capital projects contribute towards economic growth and job creation.

c. Public transport that enables social emancipation and an economy that works

- Seamless integration of public transport across all modes

2. KEY PERFORMANCE INDICATORS FOR THE PERIOD: FY2022/23 – FY2024/25

Core Pillar	Strategic Objective	Link to DoT Mandate & MTSF	Key Performance Indicator	FY2022/23	FY2023/24	FY2024/25	Baseline
Covers all three pillars: Run airports, Develop airports, Grow footprint	Financial sustainability	<ul style="list-style-type: none"> Safety and Security Economic Growth and Job Creation Seamless integration of public transport across modes Accelerating transformation towards greater economic participation 	OPEX Allocation	R3 350 million	R3 497 million	R3 665 million	R3 266m
			Capital Allocation (CAPEX)	R798 million	R993 million	R1 000 million	R770m
Covers all three pillars: Run airports, Develop airports, Grow footprint	Diversify the business portfolio	<ul style="list-style-type: none"> CIVIL AVIATION MATTERS Global relations strategy - role of SA in advancing its interest at various platforms RPAS, integration of technology and innovation geared to experimentation and forging technology partners Cargo (e-freight, e-commerce, road to air strategy, AfrCFTA, revenue diversification) 	Aeronautical Revenue	R2 486 million	R3 089 million	R3 443 million	R1 606 million
			Non-aeronautical revenue	R2 392 million	R2 417 million	R2 524 million	R973 million
Covers all three pillars: Run airports, Develop airports, Grow footprint	Increase reputation	<ul style="list-style-type: none"> Global relations strategy - role of SA in advancing its interest at various platforms RPAS, integration of technology and innovation geared to experimentation and forging technology partners Cargo (e-freight, e-commerce, road to air strategy, AfrCFTA, revenue diversification) 	Reputation Index (Stakeholder Management Plan)	80% Implementation of Stakeholder Management Plan	85% Implementation of Stakeholder Management Plan	90% Implementation of Stakeholder Management Plan	86% implementation of stakeholder management plan
			Passenger Satisfaction FY2021/22	3.60	3.67	3.74	ASQ Not Rated (insufficient traffic at airports)
Covers all three pillars: Run airports, Develop airports, Grow footprint	Transform ACSA business	<ul style="list-style-type: none"> Global relations strategy - role of SA in advancing its interest at various platforms RPAS, integration of technology and innovation geared to experimentation and forging technology partners Cargo (e-freight, e-commerce, road to air strategy, AfrCFTA, revenue diversification) 	ACI Health Accreditation	All 9 airports accredited	All 9 airports accredited	All 9 airports accredited	All 9 airports accredited
			B-BBEE Level	Level 2	Level 1	Level 1	Level 2
Covers all three pillars: Run airports, Develop airports, Grow footprint	Reduce environmental impact	<ul style="list-style-type: none"> Global relations strategy - role of SA in advancing its interest at various platforms RPAS, integration of technology and innovation geared to experimentation and forging technology partners Cargo (e-freight, e-commerce, road to air strategy, AfrCFTA, revenue diversification) 	% black business share of commercial revenue generated	55%	60%	60%	42%
			# of Job opportunities created	17 064	18 275	19 014	20 312
Covers all three pillars: Run airports, Develop airports, Grow footprint	Reduce environmental impact	<ul style="list-style-type: none"> Global relations strategy - role of SA in advancing its interest at various platforms RPAS, integration of technology and innovation geared to experimentation and forging technology partners Cargo (e-freight, e-commerce, road to air strategy, AfrCFTA, revenue diversification) 	ACI Carbon Accreditation Level	Maintain ACI Level 2 (ORTIA, CTIA, KSIA & PEIA)	Maintain ACI Level 2 (ORTIA, CTIA, KSIA & PEIA)	Maintain ACI Level 2 (ORTIA, CTIA, KSIA & PEIA)	Maintain ACI Level 2 (ORTIA, CTIA, KSIA and PEIA)
			MTSFS INDICATORS	Improved quality and quantum of investment to support investment and job creation	Enhanced regulatory environment for RPAS		