



AIRPORTS COMPANY
SOUTH AFRICA

Airports Company South Africa SOC Ltd

CORPORATE PLAN FY2024/25 – FY2026/27

TABLE OF CONTENTS

MESSAGE FROM THE CHAIRMAN OF THE BOARD	2
MESSAGE FROM THE CHIEF EXECUTIVE OFFICER.....	3
ABOUT THIS CORPORATE PLAN.....	5
GROUP OVERVIEW.....	7
SITUATIONAL ANALYSIS	15
STRATEGY.....	29
STAKEHOLDERS AND PARTNERS	50
MATERIAL MATTERS AND RISK MANAGEMENT	56
PERFORMANCE INFORMATION.....	68
FINANCIAL PLAN.....	76
CONCLUSION	85
ANNEXURES.....	86
ANNEXURE A – SHAREHOLDER’S COMPACT	86
ANNEXURE B – GOVERNANCE.....	86
ANNEXURE C – ANTI-CORRUPTION MANAGEMENT PLAN	86
ANNEXURE E – RISK MANAGEMENT FRAMEWORK	86
ANNEXURE H – DIVISIONAL PRIORITIES.....	86
ANNEXURE I – CORPORATE PLANS OF SUBSIDIARIES.....	86

MESSAGE FROM THE CHAIRMAN OF THE BOARD

As we set our sights on the next three years, it is my pleasure to present the Corporate Plan of Airports Company South Africa SOC Ltd ("ACSA/the Company") for the financial years 2024/25 to 2026/27 (FY2025 – FY2027) on behalf of the Board of Directors. This plan underscores our unwavering commitment to strategic excellence, good governance, and adaptability in the ever-evolving aviation industry.

In charting our course for the future, we recognize the importance of aligning the Company's strategic direction with the shifting global economic landscape. While challenges persist due to geopolitical tensions, fluctuating commodity prices, and inflation, we remain optimistic about the potential for full global air travel recovery and expansion, especially in emerging markets.

The Board has resolved to transition ACSA's strategy from Recover and Sustain to Innovate, Grow and Sustain, and thus positioning the Company for sustainable growth and innovation. ACSA is committed to actively implementing transformative measures to diversify revenue streams, enhance operational efficiency, and reinforce sustainability.

The Company's strategic pillars of Run Airports, Develop Airports, and Grow our Footprint remain central to the vision of becoming a world-leading airport business. ACSA remains committed to continuous engagements and collaborations to drive meaningful socio-economic transformation and contribute to the recovery and development of the Republic of South Africa.

In closing, we extend our heartfelt appreciation to our dedicated employees, executive leadership, management team, shareholders, investors, business partners, suppliers and the users of our airports and facilities for their unwavering support. Together, we are poised to navigate the challenges ahead and seize opportunities for growth and sustainability.



Dr Sandile Nogxina
Board Chairman

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Airports Company South Africa (ACSA)'s Corporate Plan stands as a testament to our unwavering commitment to strategic excellence and adaptability in the ever-evolving aviation industry. Our emphasis on strategic partnerships, local development, and international collaborations underscores our resilience as we navigate the intricacies of the global landscape.

As we embark on the journey outlined in our Corporate Plan, it becomes imperative to contextualize our strategic decisions within the global economic landscape. The economic data paints a nuanced picture of inflationary trends, suggesting a potential stabilization in economies worldwide post the initial surge. Recent economic challenges, ranging from the aftermath of the pandemic to geopolitical tensions and fluctuating oil prices, highlight the need for adaptability in our approach. Despite prevailing challenges, there are discernible signs of potential recovery and expansion, particularly in emerging markets. Projections for the year indicate a positive trajectory, with global passenger traffic expected to reach 94% of 2019 levels, fuelled by robust demand for leisure travel.

In charting our course for the future, understanding the dynamics of regional passenger traffic is essential, thus in Africa, we foresee a consistent growth trajectory, with anticipated passenger traffic reaching 221 million by 2023, representing 96.3% of 2019 figures. The aftermath of the COVID-19 pandemic highlighted the resilience of the air cargo industry. Recognizing the fragility and dependency of this sector, our Corporate Plan strategically emphasizes cargo and logistics as the next frontier for growth. With the African Continental Free Trade Area (AfCFTA) opening new avenues, we are well-positioned to leverage our capabilities for sustained growth and market leadership.

Over the Corporate Plan period, we anticipate a stable environment for the aviation industry, with global GDP growth projected to continue. ACSA is actively implementing transformative measures to diversify revenue streams and bolster control over airport operations, reducing reliance on outsourcing while reinforcing the user-pay principle. In recognising our recovery rate approaching the 90% of Pre Covid performance level, we deem it appropriate to shift our focus away from the Recovery and Sustain theme of our strategy to Innovate, Grow and Sustain which is reflective of our current trajectory of lifting off into a bright future. Our emphasis on sustainability is anchored on our Environment, Social and Governance (ESG) Reporting which will be the hallmark of this Corporate Plan period.

Our growth interventions include the rationalization and reconfiguration of the fuel supply business to align charges with economic value and foster fairness. In ground handling, we are initiating strategic interventions to transition insourcing, aligning with our efficiency metrics. Our focus in the upcoming Corporate Plan window shifts towards strategies that enhance operational control, revenue, and overall sustainability. Growth initiatives in aerotropolis and airport cities development aim to position ACSA's airports as hubs for investment and economic growth, fostering collaboration with provincial and local governments and key partners to realize our aerotropolis ambitions. Growth of our footprint will be achieved through the Non-ACSA Airports in South Africa and on the African Continent, in addition to our equity participation in Guarulhos Airport in Sao Paulo, Brazil.

The valuable lessons from Covid-19 which inform our strategy require collaborative partnerships with our stakeholders and surrounding communities to co-create airport development solutions together, enhance sustainability and social licence to operate.



Ms Mpumi Mpofo
Chief Executive Officer

ABOUT THIS CORPORATE PLAN

SCOPE AND BOUNDARY

ACSA's ("the Company") FY2024/25–FY2026/27 Corporate Plan covers the three-year period between 1 April 2024 to 31 March 2027. The content includes the following sections: an overview of the Company, background, strategy, sustainability framework, key performance indicators (KPI) – as guided by the Framework for Managing Programme Performance Information (FMPPI). Additionally, it covers sections on leadership and ethics, performance and reporting, governance and delegation, risks and opportunities, compliance, and a three-year financial plan.

THE CORPORATE PLAN

This Corporate Plan has been prepared in line with 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 Corporate Plan, and/ or oral statements that may be made by Directors, prescribed officers or acting on the Group's behalf – constitute or are based on certain assumptions that may change or be subject to revision. This may relate to events or circumstances that may or may not occur and are speculative or based on assumptions, holding all things constant.

Factors that may cause assumed outcomes to differ materially from those in the forward-looking statements include, but are not limited to:

- Global and domestic economic conditions
- Geopolitical matters
- The aviation market conditions impacting airline and airport operators.
- Changes in the demographics of travellers and demand for travel
- Retail offerings at our airports
- Inflation
- Credit and the associated risks of borrowing and funding
- Rating agencies' outlook and determinations
- Gross and operating margins
- Capital management.
- Economic regulator's decisions and regulatory environment

ACSA does not undertake to update or otherwise revise any of these forward-looking statements based on new information or future events.

BOARD APPROVAL

The Board pledges and acknowledges its fiduciary responsibility to ensure the integrity of the FY2024/25–FY2026/27 Corporate Plan. The Board confirms it has collectively reviewed the contents of the Corporate Plan to the best of its knowledge and believes it is consistent with the Company's operating context. The Corporate Plan presents the Company's strategy and the envisaged desired outcomes as they relate to business operations, society, and the environment.

Therefore, ACSA's Board of Directors has approved the FY2024/25–FY2026/27 Corporate Plan.



Dr. Sandile Nogxina
Board Chairman



Ms Mpumi Mpofu
Chief Executive Officer

GROUP OVERVIEW

OVERVIEW

ACSA owns and manages the Republic of South Africa's nine key airports, which include the three major international gateways in Gauteng (O.R. Tambo International Airport), Western Cape (Cape Town International Airport), and Kwa-Zulu Natal (King Shaka International Airport). ACSA also participates in the provision of advisory and technical services to local airport operators (municipal, provincial, and privately owned) as well as foreign airport operators. This includes investment in other airports and/ or airport operators through concessions and other investment instruments in pursuant of Vision 2030.

Our Mandate

According to the Airports Company Act (No. 44 of 1993, as amended), the Group has the mandate to undertake the acquisition, establishment, development, provision, maintenance, management, operation and control of any airport, any part of any airport, or any facility or service at any airport that is related to the normal functioning of that airport.

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

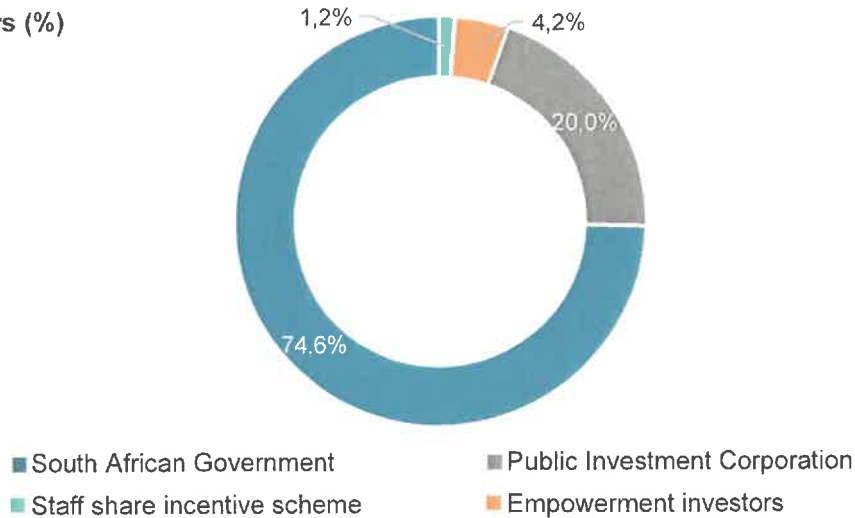
We define our values by using the acronym PRIDE:
 Passion – Results – Integrity –
 Diversity - Excellence

Value proposition

Connecting people to people, places, dreams, and opportunities

ACSA is a State-owned Company incorporated under Schedule 2 of public entities as set out in the Public Finance Management Act. Our shareholders include the South African Government which is represented by the Department of Transport (DoT), the Public Investment Corporation (PIC), five empowerment investors, and an employee share incentive scheme.

Shareholders (%)



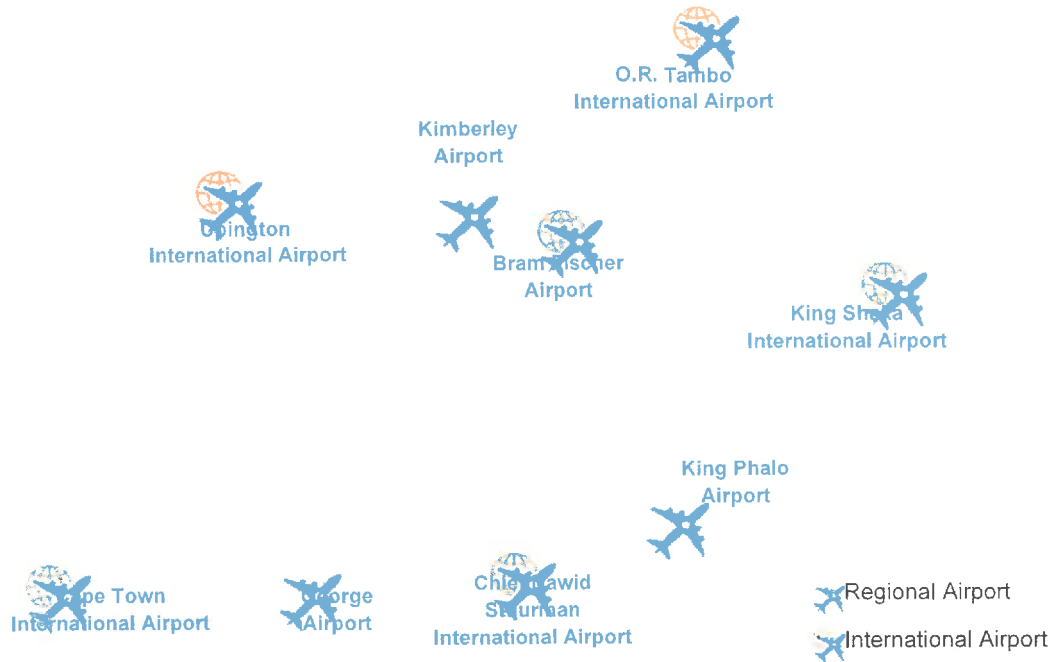
GEOGRAPHIC FOOTPRINT

ACSA's airport network in South Africa is strategically located in nine major business and tourism hubs, with an airline route network servicing provinces such as Gauteng, Mpumalanga, Limpopo, Free State, KwaZulu-Natal, Eastern Cape, Northern Cape, and Western Cape. ACSA's network of airports is connected to all 6 inhabited continents, facilitating seamless movement of trade and tourism.

Our local footprint is expanding, marked by a 5-year airport management service level agreement between ACSA and:

- Umhlathuze Municipality for Richards Bay Airport, and
- City of Tshwane for advisory and technical services for Wonderboom National Airport, North of Pretoria.
- UMhlosinga Development Agency through a Memorandum of Understanding, with the aim to facilitate a partnership and knowledge sharing on the operations and management of Mkhuze Airport – the MOU is under consideration.

Furthermore, the Company has recently concluded a Memorandum of Understanding with Gateway Airports Authority Limited (GAAL) for Polokwane International Airport and potentially other airports identified within Limpopo. The nature of the partnership with GAAL is to provide support on interventions relating to airport management, operations, and planning, through provision of advisory and technical services to ensure compliance with Civil Aviation regulations and standards. Furthermore, this partnership is consistent with ACSA's developmental mandate and the need to foster for an integrated national air transport network for seamless flow of people and goods across and beyond South Africa's borders.



In the fiscal year FY2023/24, following the Presidential Bi-national Commission between South Africa and Democratic Republic of Congo, ACSA concluded a 5-year Airport Commercial Master Services Agreement with the Democratic Republic of Congo's (DRC) air transportation authority, Regie des Voies Aeriennes (RVA), aimed at developing airports across the DRC.

RVA oversees a network of 54 airports in the DRC, and nine airports have been identified as priority for intervention and development. This includes the development of key airport master plans, runways and access roads planning, terminal buildings development, airport commercial interventions, and training of personnel in various technical areas. The initial phase involving site assessments for Kinshasa N'djili International, Ndolo, and Lubumbashi International airports has been concluded in the second quarter of FY2023/24. The last quarter of FY2023/24 will see the presentation of a due diligence report and intervention proposals to RVA for discussion and subsequent negotiations with ACSA. The implementation of phase one will commence in the first quarter of the first year of this Corporate Plan.

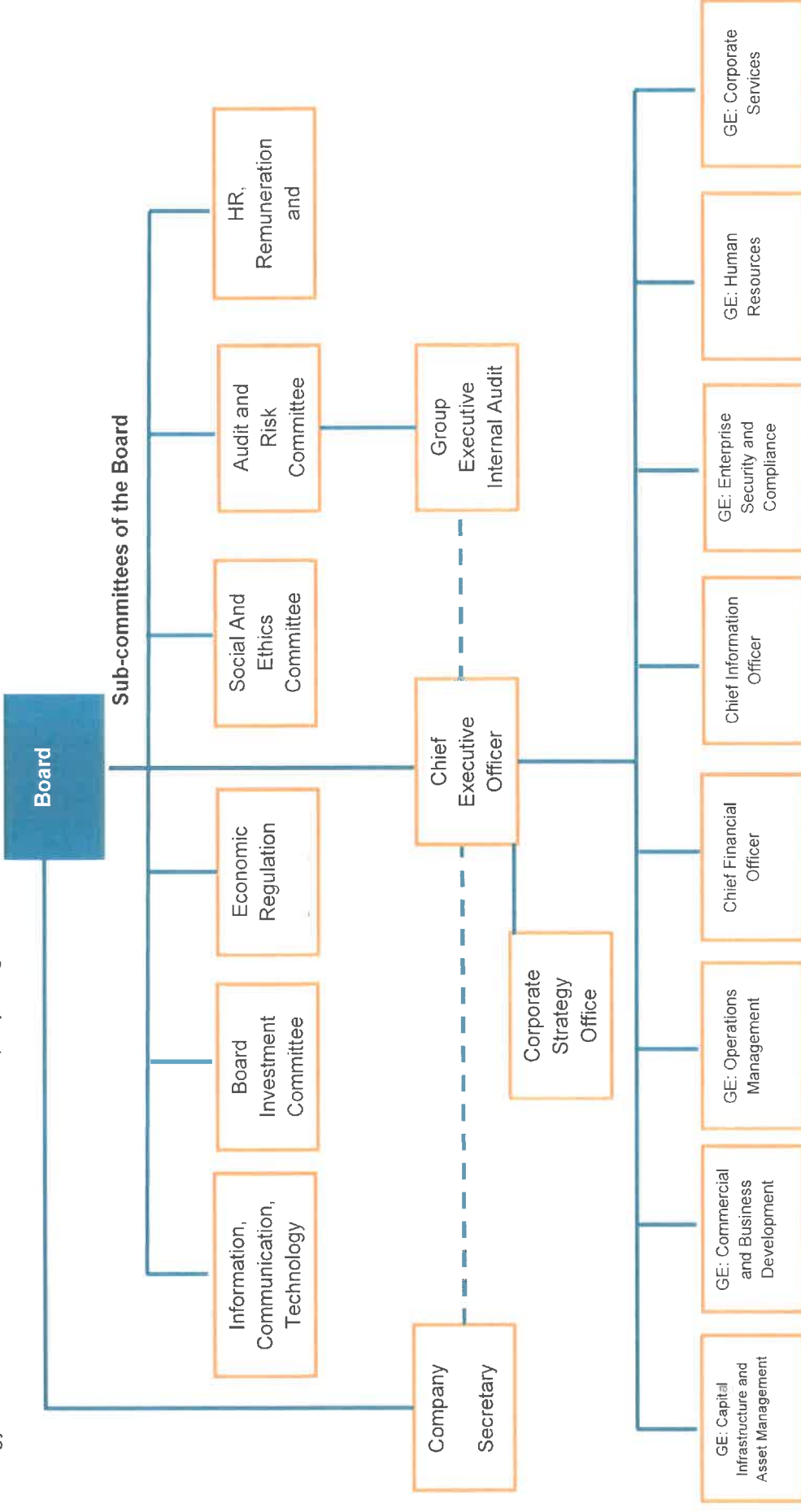
Our international "Sister Airport Agreements" with Flughafen München GmbH ("Munich Airport") in Germany and the Airports of Thailand Public Company Limited ("AOT") continue to be active and operational. As outlined in the Corporate Plan, ACSA's key objectives with the Sister Agreement Partnerships are to explore collaborative opportunities with partner airports, with focus on key priority areas such as cargo and logistics, ICT, aviation security services, and real estate.

This will further assist ACSA in pursuit of review of the economic logic and processes in these areas to align with the global best practices and creation of mutually beneficial value. To achieve this, skill exchange programs between ACSA and its partners will be exploited for capacity and capability development. In adherence to the Company's sustainability principles, the Company will leverage the existing Sister Airport partnership agreements to gain insights and learnings from counterparts on key areas such as the environment, urban air mobility, and explore programs within the realm of renewable energy solutions.

During the fiscal year 2020/21, ACSA's Board of directors resolved to sell the Company's equity stake in the GRUPAR consortium - responsible for the operations and management concession of Guarulhos International Airport in São Paulo, Brazil. The Company entertained offers from prospective investors, but none met its expectations. Consequently, the Company undertook an extensive market assessment highlighting, among other factors, a significant rebound in traffic at Guarulhos International Airport after the COVID-19 pandemic's adverse impact and improved economic conditions. As a result, the Board has re-evaluated the situation and is assured that retaining its 20% investment in GRUPAR is the right decision. Hence, the Company will persist as an engaged investor in both Brazil and Latin America.

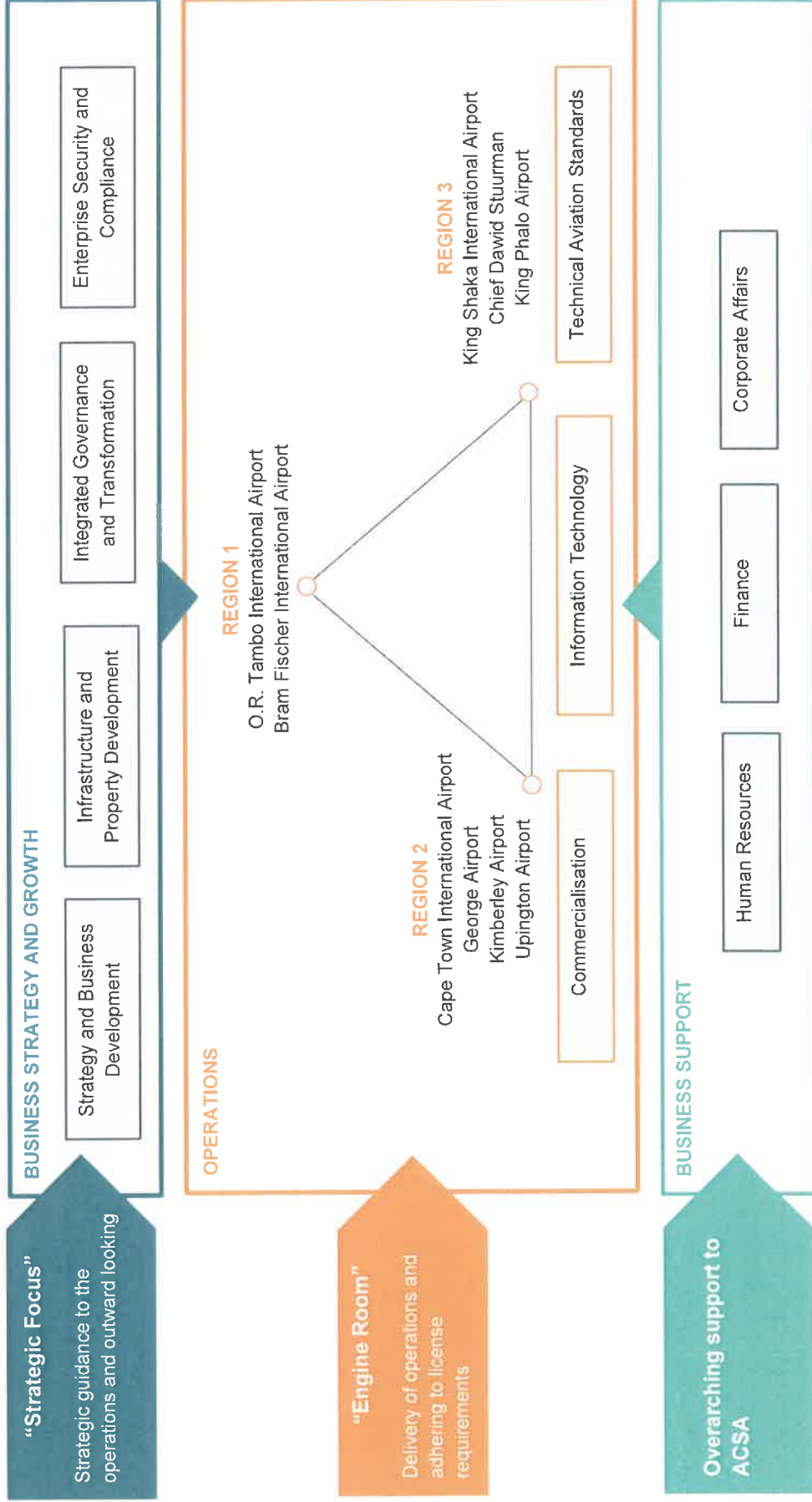
ORGANISATIONAL STRUCTURE

ACSA's organisational structure is overseen by a Board of Directors that function within the framework of the Group's Board Charter. The Board is supported by the Committees of the Board and the Company Secretary. The Board has delegated responsibility for the development and implementation of the Group strategy to the Chief Executive Officer. The Company's organisational structure is as follows:



OPERATING MODEL

ACSA's operating model is organised around the following key objectives: business and financial sustainability, consistent customer and stakeholder satisfaction, impeccable internal processes, and superior organisational capability.



SUBSIDIARIES

Name	100% owned subsidiaries ¹				Special purpose entities ²			Investments in joint ventures ³		Investments in associates ⁴	
	ACSA Global Ltd ⁵	Airports Consultancy and Advisory Services SOC Ltd	JIA Piazza Park (Pty) Ltd	Precinct 2A SOC Ltd	Lexshell 342 Investment Holdings (Pty) Ltd	Airport Management Share Incentive Scheme (Pty) Ltd ⁶	Sakhisizwe Community Programme	Airport Logistics Property Holdings (Pty) Ltd	La Mercy JV Property Investments (Pty) Ltd	Guarulhos International Airport Private Limited ⁷	
Purpose of existence	The investment holding Company through which ACSA held a 10% interest in the Mumbai International Airport Private Limited, which was disposed of in the fiscal year, FY2020/21	The Company through which ACSA provides airport consultancy and advisory services to airports in South Africa and internationally. This subsidiary will be leveraged to provide services for future prospects.	The Company through which ACSA operates the Inter-Continental Hotel at O.R. Tambo International Airport.	A Company through which ACSA own 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.	An employee share option entity wholly owned by the ACSA Kagano Trust ⁸	Employee share incentive scheme that holds investments (specifically Group ordinary shares).	Sakhisizwe is a special purpose entity that seeks to transform the aviation industry by providing study bursaries to financially and academically deserving students from previously disadvantaged backgrounds.	A property holding Company held by ACSA with the Bidvest Group that owns three distribution warehouses at O.R. Tambo International Airport and Cape Town International Airport.	A land development and property investment held in collaboration with Dube Trade Port Corporation. Our strategy is to build an investment property portfolio at King Shaka International Airport – Dube Trade Port – through land-lease agreements.	A Company in which ACSA holds a 20-year concession to develop, operate and maintain the Guarulhos International Airport in São Paulo. ACSA also provided technical advisory and consultancy services for the first five years of the concession. The Technical Services Agreement terminated in 2017, owing to effluxion of time.	
Year of inception	2005	2016	1998	1998	1999	1999	1996	2003	2009	2012	
ACSA shareholding	100%	100%	100%	100%	SPE	SPE	SPE	50%	40%	10.2%	
Other shareholders and their respective shareholdings	N/A	N/A	N/A	N/A	ACSA Kagano Trust	Airports Company Incentive Scheme Trust	N/A	Bidvest Holdings Ltd (50%)	Dube Trade Port Corporation (60%)	A joint venture between Investimentos Participações em Infraestrutura S.A (Invepar) (80%) and ACSA (20%), which together hold 51% of Guarulhos Participações S.A (GRUPAR). The other 49% is held by State-owned airport authority Infraero.	
Equity injections	R100	Nil	R100	R100	Nil	Nil	Nil	Nil	R38 million	R1.2 billion	
Net asset value as of 31 March 2023	R186 million	Nil	R33 million	R89 million	(R42 million)	R17 million	R541 000	R240 million	R187 million	Nil	

¹ Subsidiaries are all entities – including special purpose entities (SPE) – over which the ACSA 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 Joint ventures are entities over which ACSA has joint control over the economic activity through a contractual planning arrangement. ACSA recognizes its interests in the joint venture using equity accounting.

⁴ Associates are all entities over which ACSA 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 recognized at cost.

⁵ ACSA Global Ltd and Precinct 2a SOC Ltd are in the process of being wound up.

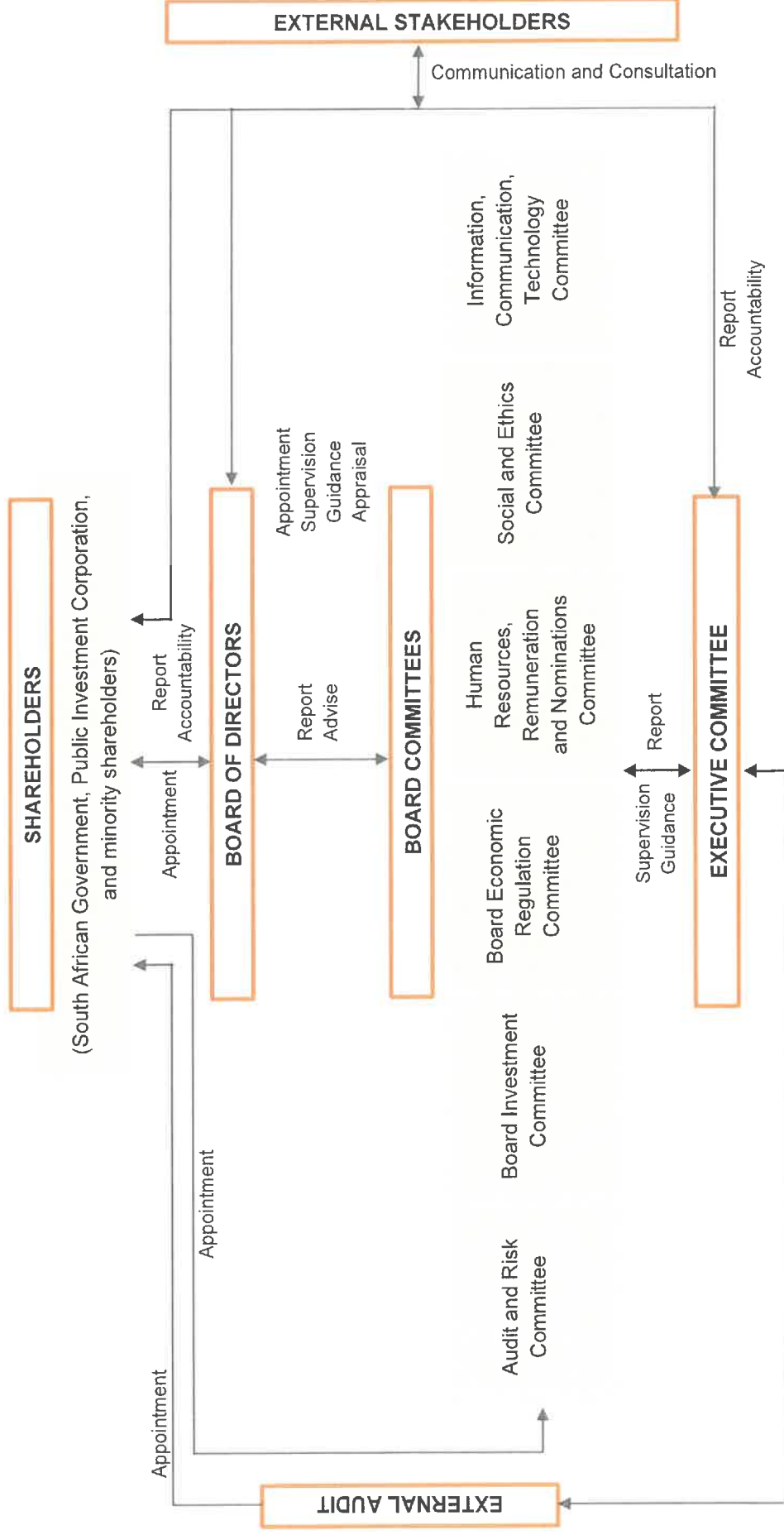
⁶ Airport Management Share Incentive Scheme (AMSSIS) exists only as a special purpose vehicle for the Management Trust and holds ordinary shares in ACSA as an investment on behalf of its holding Company. The Management Trust is dormant and has no beneficiaries, as all beneficiary shares were bought back during 2008. We intend to repurchase our ordinary shares from AMSSIS and thereafter possibly winding up the Management Trust and AMSSIS.

⁷ The sale of our shares in Guarulhos International Airport is currently under consideration.

⁸ The ACSA 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. currently dormant, was specifically formed to hold Group share options should ACSA list on the JSE. We intend to repurchase our ordinary shares from Lexshell 342 and Lexshell 343. The Kagano Trust is dormant and has no beneficiaries.

GOVERNANCE FRAMEWORK

As the below graphic illustrates, the Board is responsible for the strategic direction and oversight of the Group. The Executive Committee, under the leadership of the CEO, is responsible for the day-to-day management of the Group. This framework provides role clarity, delineation and clearly defines areas of accountability. The framework equipped ACSA with the flexibility to approach the challenges of the past three years and adapt appropriately to meet those challenges. Furthermore, it is under this framework that the Company developed new strategies and plans to navigate the changed business and social landscape that serve as the aftermath of the COVID-19 pandemic. A detailed description of the Governance Framework can be found in Annexure B.



SITUATIONAL ANALYSIS

The situational analysis provides an assessment of the internal and external factors affecting the Company as well as insights that have assisted the development of the organisational strategy and Corporate Plan. The insights drawn from this analysis are instrumental in shaping the direction of the Company's strategy and the formulation of the Corporate Plan, ensuring that the Company's strategic direction is informed and adaptive to the ever-evolving business landscape.

GLOBAL ECONOMIC OVERVIEW

The COVID-19 pandemic brought a decade of uninterrupted growth in the travel and tourism industry to a halt, leading to a significant decline in the sector's contribution to the global GDP and the loss of a substantial number of jobs. However, in 2021, there was a notable recovery, with the sector's economic impact rebounding by 21.7%, resulting in the creation of 18.2 million jobs (IATA and ICAO).

In 2022, international travel demand experienced a robust resurgence as governments across the world began to ease COVID-19 related restrictions. This led to a substantial increase in international arrivals compared to 2021, however, the situation varied from one country to another. These positive developments which include a return to pre-pandemic travel patterns such as longer booking windows and a revival of city travel, offered a glimpse of return to normalcy, which bodes well for airports. These trends indicate a growing confidence among travellers and a potential increase in airport revenues.

Despite these encouraging signs, the travel and tourism industry continue to grapple with various challenges such as inflation which continue to erode the disposable income across major markets, potentially impacting travel spending. This is compounded by geopolitical conflicts, such as the Russia-Ukraine war and the Israel-Palestine conflict, which further influence travel decisions and exacerbates the industry's uncertainties.

Furthermore, the airline industry has undergone significant changes over the past three years, marked by a notable increase in labour costs as the industry competes for talent, and a shift in business travel behaviours driven largely by factors such as video conferencing/virtual platforms, indicate a need for adaptation. The industry had to quickly adapt their services to cater for the growing leisure travel following the COVID-19 pandemic, a transformation readily observable across our airports.

OUTLOOK

In the first months of 2023, the macroeconomic landscape presented challenges that included tight labour markets, elevated inflation rates, and disruptions in global supply chains. However, global GDP growth has maintained a moderate pace, offering a stable environment for the aviation industry.

Nevertheless, within this landscape, the overall stable economic environment and promising growth prospects signal opportunities for airports, especially in their strategic capacity as gateways for trade and tourism. Proactive planning, adaptability, and strategic collaborations are essential not only for overcoming obstacles but also for leveraging airports' strategic positioning and attracting heightened levels of trade and tourism. As airports navigate the changing economic landscape, their adeptness at establishing themselves as key gateways into destinations becomes crucial, playing a pivotal role in seizing emerging opportunities in both the travel and business sectors.

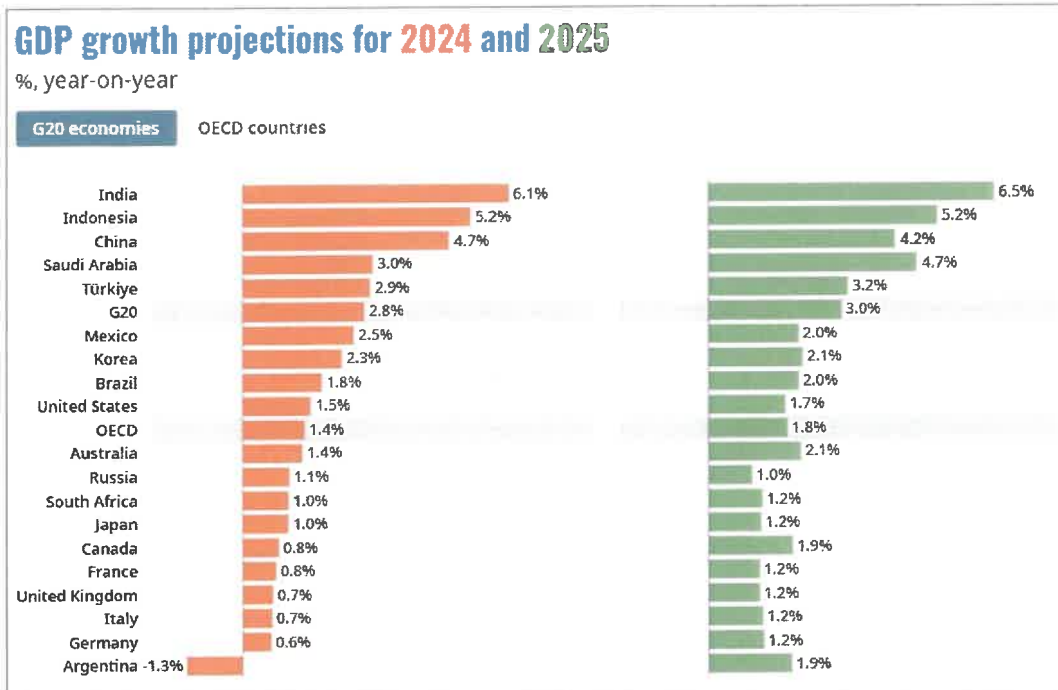


Figure 1: Global GDP Projected Growth Rates for 2024 and 2025 (Source: OECD Economic Outlook, November 2023)

HEADLINE INFLATION

Headline inflation has decreased in many countries due to falling food and energy prices. In the three months to December 2023, median inflation across advanced economies hit 1.2% and in emerging markets it fell below 4%, both figures in line with pre-pandemic averages. Two main factors have been behind this decent – ongoing disinflation in non-energy industrial goods and recent falls in commodity prices. Since mid-October 2023, prices for oil were down 14%, European natural gas 34% and food 5%.

According to International Monetary Fund's (IMF) forecast, advanced economies are expected to decelerate from 2.6% growth in 2022 to 1.6% in 2023 and 1.5% in 2024. Emerging market and developing economies are projected to experience a modest decline in growth from 4.1% in 2022 to 4.1% in both 2023 and 2024. Global inflation is expected to decrease from 6.8% in 2023 (annual average) to 5.8% in 2024 and 4.4% in 2025, aided by still tight monetary policy, a softening in labour markets and lower international commodity prices. Core inflation is expected to decrease more gradually, with most cases not returning to target levels until 2025.

The IMF world economic outlook has delineated a nuanced perspective on global growth trajectories with an observable gradual deceleration, albeit resilient in economic growth momentum. According to the IMF forecast, the global economy is anticipated to taper off to 3.1% in 2023 and 2024 before experiencing a modest rise to 3.2% in 2025. The subdued economic momentum could signify tightening fiscal policies, potential trade restrictions, or global economic headwinds, all of which hold significant implications for industries reliant on global trade and mobility, notably the aviation industry. The trajectory for advanced economies who produce half of global output – the United States, Euro Area, Japan, United Kingdom, and Canada – is projected to decline slightly from 1.6% in 2023 to 1.5% in 2024, before rising to 1.8% in 2025. Such slow growth in advanced economies, which are traditionally the hubs of major international airlines, may signify reduced business travel, potential cutbacks in luxury travel, and a more cautious approach to capital expenditure by major airlines. On the other hand, emerging markets and developing economies, exhibit a steadier growth narrative with growth expected to stabilise around 4.0% for 2024 (4.1%) and 2025 (4.2%). The increase of 0.1 percentage point for

2024 compared to October 2023 indicates improvements for various regions, leading to a positive adjustment in forecasts. The aviation industry might find silver linings in these regions, particularly in terms of expanding routes, tapping into rising middle-class' travel aspirations, and capitalising on infrastructure development gaps or opportunities.

The implications of the above are that the aviation industry is likely to go through an extended period of financial adjustments with the anticipation that core inflation will not reach target levels until 2025. Airlines and airports must continue instituting enduring strategies to navigate and mitigate the impact of persistent inflation. The necessity for a more stringent monetary policy to combat inflation has the potential to influence currency exchange rates, which has a direct impact on the financial performance of international airlines, consequently affecting travel costs for passengers.

While a steady decrease in global inflation is predicted, aided by tighter monetary policy and lower commodity prices, this may bring positive effects on airlines' operational costs. However, the gradual reduction in core inflation still presents ongoing financial challenges.

WORLD ECONOMIC OUTLOOK GROWTH PROJECTIONS

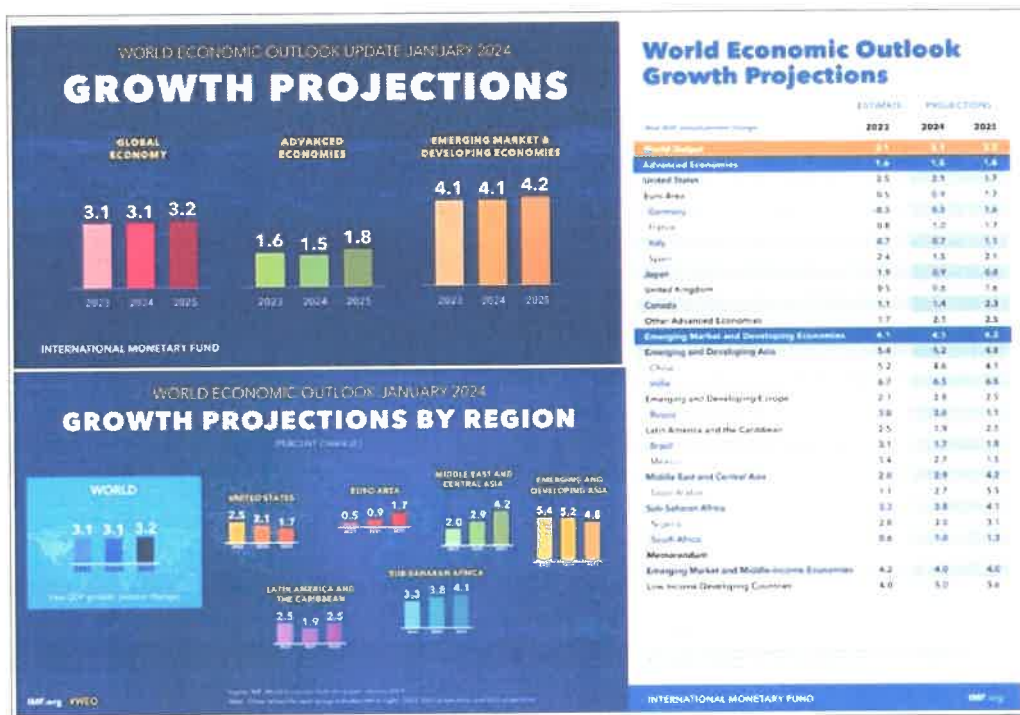


Figure 2: International Monetary Fund World Economic Outlook, January 2024

The United States is expected to witness a gradual decline, moving from a 2.5% growth rate in 2023 to 2.1% in 2024 and 1.7% in 2025. The Euro Area's growth trajectory is expected to see a recovery from its low growth rate of 0.5% in 2023 which was due to their relatively high exposure to the conflict in Ukraine, to a growth rate of 0.9% in 2024 and 1.7% in 2025. Latin America, and the Caribbean are to experience a projected decline from an estimated 2.5% in 2023 to 1.9% in 2024 and 2.5% in 2025.

The Middle East and Central Asia region observes an increase from 2.0% in 2023 to 2.9% in 2024 and further to 4.2% in 2025. The forecasts in the Middle East and Central Asia are attributable to Saudi Arabia and are influenced by a temporary decrease in oil production in 2024. This includes both unilateral cuts and cuts in accordance with an agreement through OPEC+ (which comprises OPEC countries, Russia, and other non-OPEC oil exporters).

Lastly, Sub-Saharan Africa growth is projected to rise from an estimated 3.3% in 2023 to 3.8% in 2024 and 4.1% 2025. While global economic deceleration might impact South Africa's exports and international trade, the consistent growth in the Sub-Saharan region might offer some cushioning. For the South African aviation sector, this could translate to a greater emphasis on regional connectivity and tapping into the intra-African travel market. However, the global economic slowdown might still affect international arrivals, especially from advanced economies, leading to potential challenges for tourism-dependent sectors.

The ongoing geopolitical tensions in Eastern Europe and in the Balkan driven by the Russia-Ukraine war, and in the Middle East driven by Israel-Palestine conflict are casting a shadow of uncertainty over global economic landscapes, affecting the aviation and energy sectors. The Russia-Ukraine conflict is notably impeding the aviation industry's revival, not only due to potential shortages in crucial aviation parts but also because of soaring jet fuel prices, which are exerting considerable financial pressure on airlines and, subsequently, travellers. These cost increases are likely to trickle down to ticket prices, impacting overall demand for air travel. Meanwhile, the Israel-Palestine unrest has already manifested in the energy market dynamics. As the new year began, oil prices fluctuated due to volatility in the global oil market. Increased Houthi attacks on shipping in the Red Sea raised concerns about the potential escalation of the Middle East conflict into a broader regional war. This situation could greatly affect crucial shipping routes and the security of the world's oil supply. Additionally, the outlook for oil demand remains pessimistic.

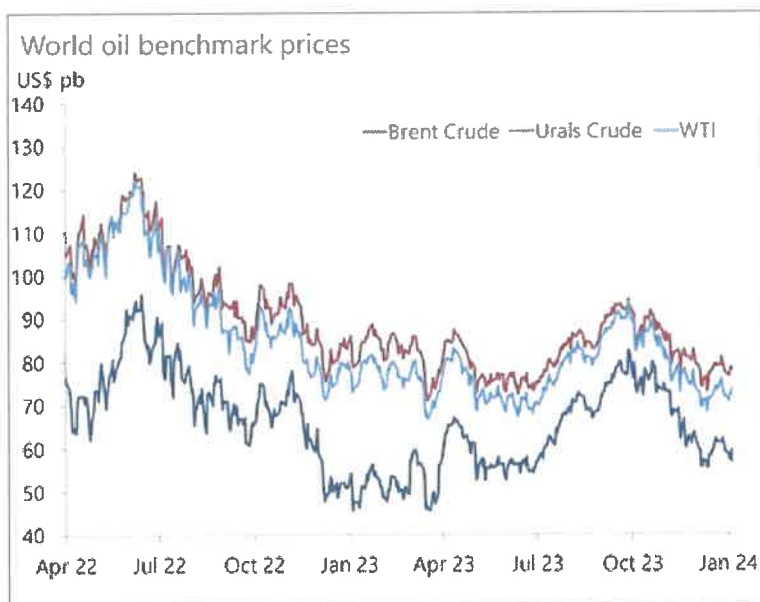


Figure 3: Oil market volatile amid ongoing tensions in the Middle East

RIISING GLOBAL CONSUMER PRICE INDEX

Global consumer price inflation projections indicate a rising trend for 2023 and 2024, notably influenced by heightened crude oil prices. From the data presented in Table 1, by 2022, countries such as Russia and the United Kingdom had experienced high inflation rates at 13.7% and 9.1%, respectively, with South Africa not far behind at 6.9%. However, over the ensuing years, a general decline is forecasted across major regions, signifying a potential stabilisation of economies post the initial surge. By 2025, South Africa's inflation rate is projected to moderate to 4.4%. This decline in inflation is attributed to achieving a supply-demand equilibrium and a reduction in salary pressures. A notable point of interest

is the shift in core inflation. As the initial inflationary push attributed to base effects recedes, core inflation trends are set to become predominant indicators of economic health. One sector where this trend remains consistent is the services sector, which, owing to rising wages and labour costs, is likely to experience sustained inflation.

Table 1: Consumer price index (% change)

Region	2022	2023	2024	2025
World	7.6	5.7	4.2	3.1
United States	8.0	4.1	2.7	2.3
Canada	6.8	3.7	2.1	2.4
Eurozone	8.4	5.6	2.7	1.9
United Kingdom	9.1	7.2	2.9	2.2
Mainland China	2.0	0.5	2.0	2.2
Japan	2.5	3.0	1.7	1.8
India	6.7	6.0	5.3	5.3
Brazil	9.3	4.5	4.3	3.1
Russia	13.7	5.8	4.8	4.2
South Africa	6.9	5.8	5.0	4.4

For the aviation industry, this economic landscape presents both challenges and opportunities in that rising inflation, especially in oil prices, can increase operational costs, potentially leading to higher ticket prices or reduced flight frequencies. These elevated costs might also manifest as increased maintenance expenses, potentially leading to hikes in service charges. Moreover, the reduced purchasing power of passengers could negatively impact ancillary revenue streams such as duty-free sales or in-flight food and beverage services. Positioning South Africa in this global matrix, with its relatively stable projected inflation rates — when compared to countries such as Russia or the UK — suggest a more resilient economy. However, for its aviation sector, it is imperative to keep these global inflationary trends in mind, to ensure sustainable growth and operational efficiency.

SOUTH AFRICAN ECONOMIC OUTLOOK

The South African economy has declined by 0.2% quarter-on-quarter in the third quarter of 2023 after two consecutive quarters of growth based on the figures from the first and second quarter of the 2022/23 financial year. In the third quarter of 2023, the country's GDP decreased by 0.2%, following an increase of 0.5% in the previous quarter. This decline in growth was evidenced by five sectors which recorded negative growth between the second and third quarter of 2023. The agriculture industry decreased by 9.6% and contributed -0.3 of a percentage point to the negative GDP growth. In the manufacturing industry, there was a 1.3% decrease, contributing -0.1 percentage point. Similarly, the construction industry saw a decline of 2.8%, also contributing -0.1 percentage point. Transport and Finance are among a few of the industries with positive contributions to GDP. When observing the expenditure on GDP, there was a decrease of 0,1% in the third quarter of 2023, following an increase of 0,7% in the second quarter of 2023.

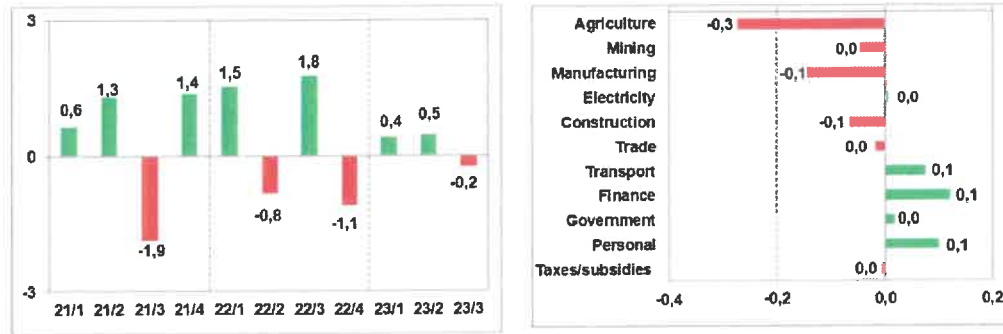


Figure 4: Growth in GDP & Contributions, Q3 2023 (% points)

From a consumption standpoint, household consumption has seen a decline of -0.3%, resulting in a total reduction in growth by -0.2%. This drop in household consumption may suggest a decrease in discretionary spending, possibly affecting domestic travel. The government's consumption, however, saw an increase of +0.3%. In the area of investment and trade, net exports made a significant contribution of 2.9 percentage points, driven by a 0.6% increase in exports and an 8.6% decrease in imports.

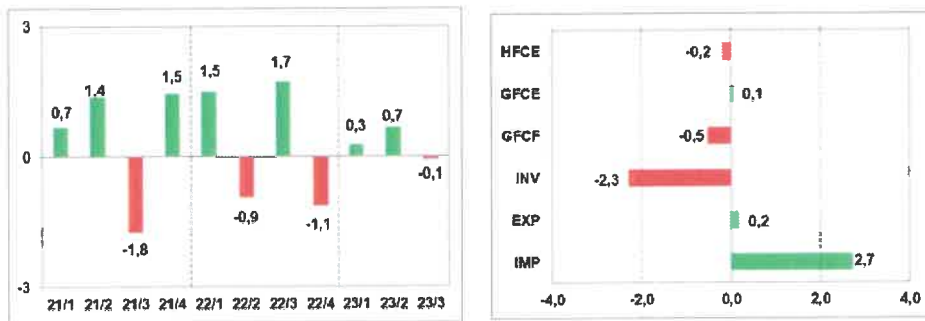


Figure 5: Growth in expenditure on GDP & Contributions, Q3 2023 (% points)

Ongoing economic deterioration in South Africa, along with a downturn in household spending, hints at a possible drop in domestic air travel demand. Nevertheless, the upswing in government expenditure and the substantial boost from net exports to GDP growth may provide a degree of fortitude to the aviation sector, countering some adverse effects. To confront these economic hurdles, airports might need to streamline operations, seek out fresh sources of income, and engage with stakeholders to adjust to evolving market dynamics.

In December 2023, annual consumer price inflation pulled back, easing to 5.1%, from 5.5% in November and 5.9% in October 2023. The annual average inflation rate for 2023 stood at 6.0%, a decrease from 6.9% in 2022. Inflationary pressures were notable in the first five months of 2023 (January to May), with the headline rate consistently exceeding 6.0%. However, inflation moderated below this threshold for the remaining seven months of 2023. The peak inflation rate of 7.1% was observed in March 2023, while the lowest rate of 4.7% occurred in July 2023. Upticks in inflation could lead to increased operational costs for the aviation sector, potentially impacting ticket prices, fuel costs, and overall profitability. The transport index rose by 2.6% in the 12-month period ending in December 2023, a significant drop from the annual rate of 13.9% observed in December 2022. This deceleration can be attributed primarily to reduced fuel prices, which declined by 2.5% over the previous 12 months and by 2.7% between November and December 2023. Fuel prices increased in February 2024, following substantial reductions in the past few months. Inland 95-octane petrol prices increased by

0,75 bringing inland the price of petrol to R23,24. A rise in fuel costs, a crucial operational component, poses challenges for the aviation industry, which might experience escalated operational costs, potentially affecting ticket pricing and overall operational margins. On the other hand, food inflation softened, with the rate for food & non-alcoholic beverages decreasing to 8.5% from 9.0% in November 2023. Particularly concerning for the food sector was the rise in poultry prices due to producers culling birds following an avian flu outbreak which continue to increase, an issue that warrants close monitoring in the upcoming months.

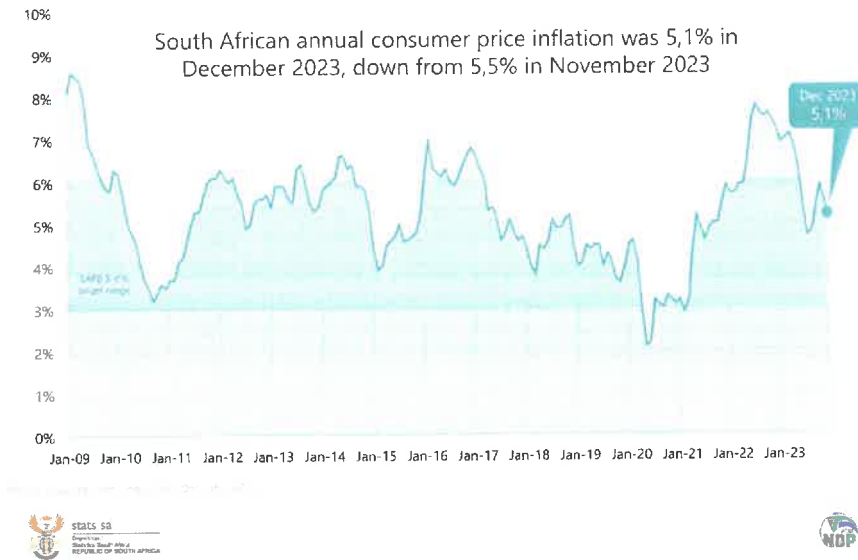


Figure 6: SA Consumer price inflation

The South African rand has not been performing strongly against the US dollar. During the first nine months of 2023, it depreciated by an average of 15.4%. This drop can be attributed to a growing current-account deficit, negative investor views due to South Africa's electricity challenges, concerns over fiscal debt, and some negative perceptions around South Africa's neutral position on Russia-Ukraine conflict. The trend continues into 2024 with the rand in February trading below the R19,00 per US dollar threshold. There is a possibility of further depreciation, with the currency considerably distant from its fair value estimated at approximately R15.00 per USD. The weakest point reached so far this year stands at R19.22 per USD.

Factors influencing the rand's future performance include price differences with other countries, changes in global commodity prices, the current-account deficit, and the volume of international reserves. Given that South Africa imports goods equivalent to 28.0% of its GDP and has a slowly growing export market, it is likely that its external accounts will remain negative, putting more pressure on the rand. Additionally, while global inflation is estimated at 2.0%-2.5%, South Africa's is projected to be around 4.4%-5.0%. This ~2.0% difference is the anticipated rate at which the rand will depreciate in the long run. However, increased interest from foreign investors in emerging markets and a rise in global commodity prices could provide some support to the currency. The persistent depreciation of the South African rand against the US dollar, driven by various economic challenges and external factors, may potentially increasing operational costs, particularly those denominated in foreign currency, and affecting travel demand due to higher ticket prices for international flights.

In January 2024, the South African Reserve Bank (SARB) kept the repo rate unchanged at 8.25%. This was the fourth consecutive time it remains unchanged since a 50 basis points increase in March 2023. This move is intended to attract essential portfolio investments and maintain inflation within the 3%-6%

target range set by the SARB. It is anticipated that interest rates will be cut in the second half of 2024. There are some expectations that SARB could cut interest rates by 25bp in their May meeting; however, the first cut is most likely to be delayed to July 2024 if the USA eases its monetary policy later than expected and geopolitical tensions escalate further. Anticipated future interest rate cuts could stimulate economic activity, potentially boosting air travel demand, but delays due to external factors like changes in US monetary policy or geopolitical tensions may prolong uncertainty for airport investment and passenger traffic.

The country's targeted fiscal deficit of 4.2% for 2023-24 is unlikely to be achieved. Instead, it is anticipated that the deficit will grow to 5.6% of the GDP. This forecast is due to extra financial assistance to state enterprises like Eskom, and a GDP performance that has not met expectations. Additionally, a proposed debt relief plan for Eskom will further increase the government's public-sector debt. By the year 2025-26, the debt is expected to rise to 5.85 trillion rand (74% of GDP) from its current 4.73 trillion rand (71% of GDP) in 2022-23.

South Africa's economy has been increasingly hampered by persistent electricity challenges. 2023 marked a significant low point, with the country's projected economic growth rate stagnating at 0%. This deceleration can be attributed primarily to enduring power-related issues that have plagued the nation. Tracing back, the country has faced relentless rolling blackouts since 2015, a predicament that intensified significantly between 2022 and 2023. The nation was subjected to load shedding for a staggering 335 days as of end of December 2023, cumulating in a loss of 6947 power hours in 2023. Thus far in 2024, the country has experienced 40 days of loadshedding. Such extensive power outages have not only inconvenienced residents but have also inflicted severe economic setbacks. As per the South African Reserve Bank (SARB) records, the country incurred daily economic losses fluctuating between R204 million and R899 million due to power outages. These figures pertain specifically to outages lasting 6 to 12 hours, most prominent during the load shedding stages 3 to 6. An increase in incidences of water shortages is expected to continue, affecting the mining, agriculture, automobile, and energy sectors, all of which rely heavily on water use. The growth potential for the country is further worsened by limited total factor productivity growth and more worryingly, the official unemployment rate which stands at an unsettling 31.9% in the third quarter. ACSA has backup systems across all its sites to mitigate the effects of the power outages and to ensure the continuity of airport operations and the safety and comfort of passengers and airport staff.

The country's population, according to recent Census data from Statistics South Africa, saw a surge from 51.7 million in 2011 to 62 million in 2022, translating to a significant annual growth rate of 1.8% - the highest since 1996. Gauteng remains the most populous province, boasting 15 million residents, and alongside KwaZulu-Natal and the Western Cape, houses 56% of the country's inhabitants. Notably, the Western Cape ascended from the fifth-largest province in 1996 to the third in 2022 in terms of population. In terms of inter-provincial migration between 2011 and 2022, Gauteng, KwaZulu-Natal, Western Cape, Northern Cape, and Mpumalanga experienced positive net migration. These population dynamics are crucial for the aviation industry, which might witness increased demand in densely populated and high net-migration provinces, necessitating strategic route planning, capacity management, and resource allocation to meet potential shifts in passenger demand.

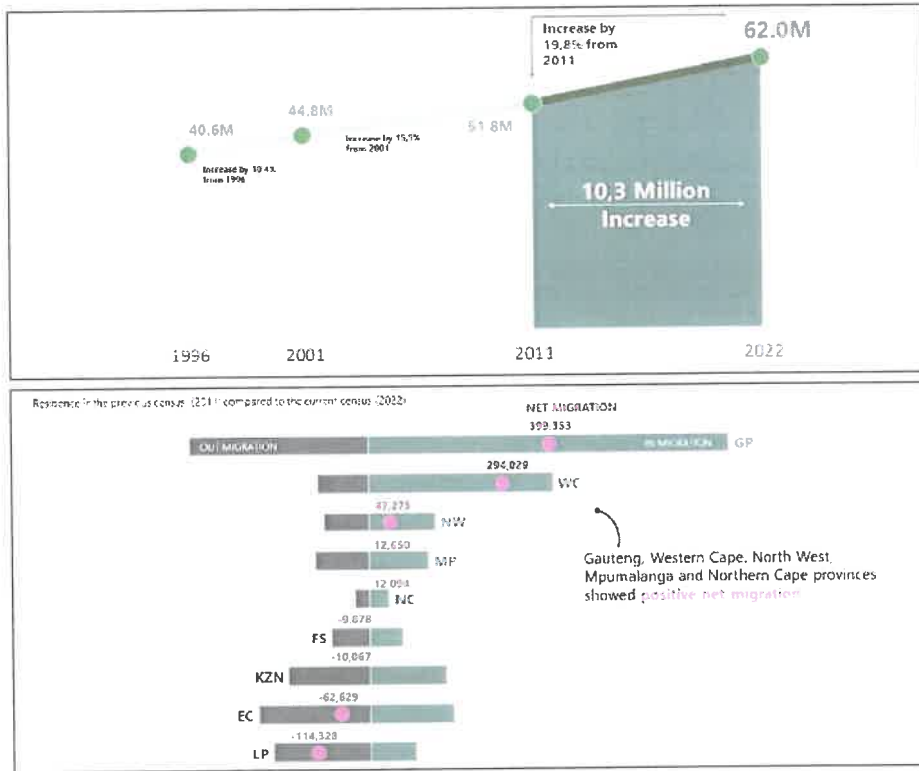


Figure 7: South Africa's population growth and Inter-provincial migration between 2011 and 2022 (StatsSA)

AVIATION OVERVIEW AND OUTLOOK

Global Passenger Traffic

The global aviation industry in 2024 is expecting to reach a milestone in its recovery of 9.4 billion passengers which is equivalent to 102,5% of pre-COVID-19 pandemic levels, this despite ongoing heightened macroeconomic risks. This positive trajectory is fuelled by a robust demand for leisure travel. A significant development that marked 2023, was the opening of aviation markets in China.

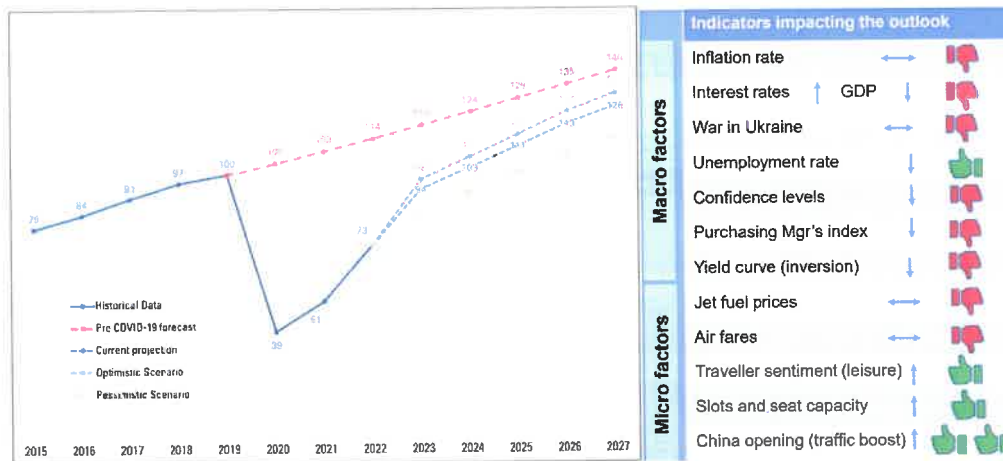


Figure 8: Medium-term global passenger traffic projection (indexed, 2019 = 100)

An integral part of the 2023 overview is the assessment of the global passenger losses due to the COVID-19 pandemic. Cumulatively, the total lost traffic in 2023 is estimated to be around 2.2 billion passengers. This data is illustrated in a quarterly breakdown from 2019 to 2023, highlighting the profound impact of the crisis in 2020 and the gradual recovery witnessed in the subsequent years.

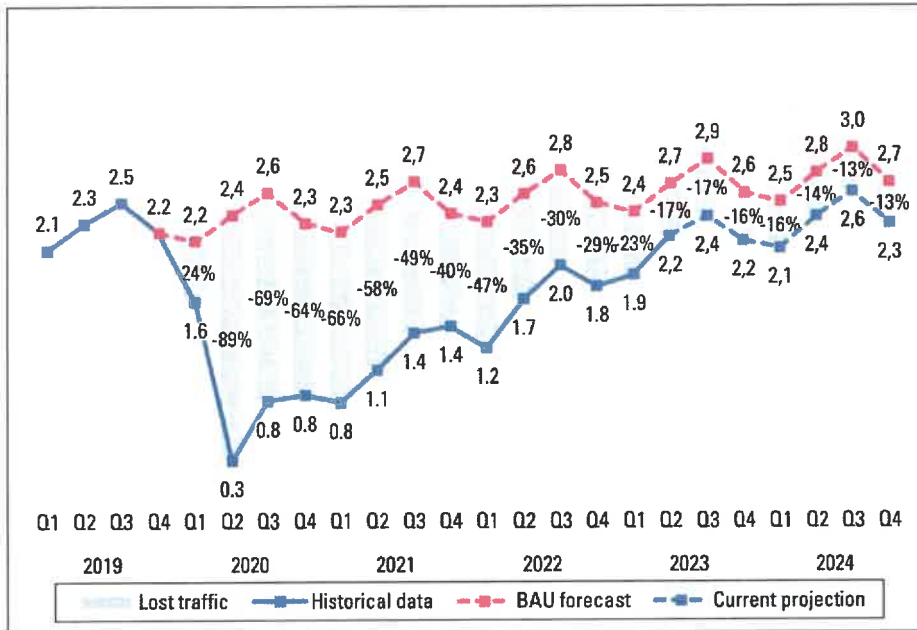


Figure 9: Global passenger traffic – estimated losses and recovery (in billion passengers) (ACI)

In **Africa**, a consistent growth trajectory is anticipated in the coming years. By 2023, passenger traffic is expected to reach 221 million, accounting for 96.3% of the 2019 figures. This momentum is projected to continue, with the region seeing an increase to 253 million passengers by 2024, or 110.6% of the 2019 benchmark. Key markets like Egypt, Morocco, and Tunisia are anticipated to be significant contributors to this growth.

The **Asia-Pacific** region, while set to experience a significant surge in passenger numbers in the early part of 2023, largely due to the opening of the Chinese market, will likely see this momentum tempered in the latter half of the year. Challenges in the tourism sector and economic uncertainties are expected to be primary inhibitors. By the close of 2023, the region is set to hit approximately 2.9 billion passengers, representing 87.3% of 2019's figures. Projections for 2024 suggest a figure of around 3.4 billion passengers, closely mirroring 2019 levels at 99.5%.

Europe's recovery is forecasted to be more subdued in 2023 and 2024, especially when compared to the robust growth witnessed in the summer of 2022. The end of 2023 might see the region serving around 2.3 billion passengers, equivalent to 95.5% of the 2019 traffic. This is anticipated to inch up to about 2.5 billion by the end of 2024, surpassing 2019 levels at 101.4%.

The **Latin America-Caribbean** region stands out, poised to exceed its 2019 passenger traffic earlier than other regions. Forecasts for 2023 indicate 707 million passengers, translating to 102.9% of 2019 figures. This bullish trend is predicted to continue into 2024, with an expected count of 759 million passengers or 110.5% of the 2019 level. Growth in this region is likely to be spurred on by emerging markets like Colombia and Mexico.

The **Middle East**, after showcasing rapid recovery in 2022, is on track to maintain this momentum. The region might serve 394 million passengers by the end of 2023, which is about 96.8% of the 2019 traffic. This number is projected to grow to 429 million in 2024, representing 105.4% of 2019 figures. However, economic conditions in adjoining markets could influence these projections.

Lastly, **North America**, after a commendable recovery in 2021 and 2022, primarily fuelled by domestic travel, is expected to reach its 2019 levels by the end of 2023 with an estimated 2.0 billion passengers. However, the pace of growth is predicted to decelerate, with 2024 projections indicating 2.1 billion passengers, or 103.7% of the 2019 levels.

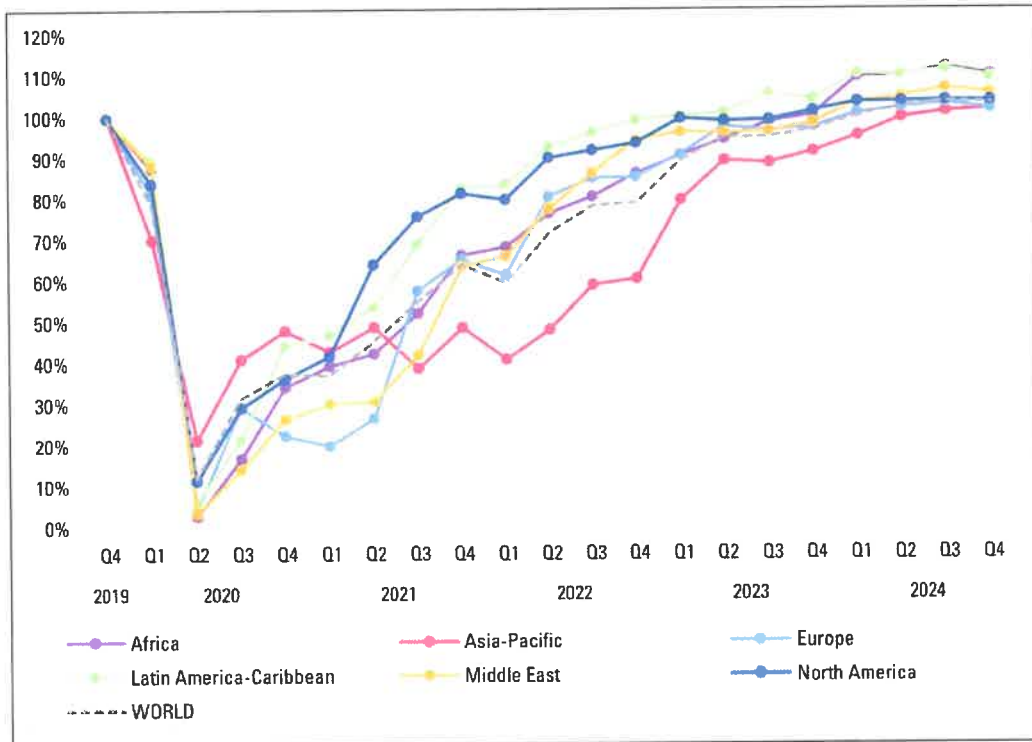


Figure 10: Projected global quarterly passenger traffic compared to the 2019 level (2020–2024, quarterly indexed, 2019 level = 100%) (ACI)

Overall, the global aviation industry in 2024 is on a positive path of recovery, with most regions nearing or surpassing their 2019 passenger traffic levels by the end of the year. While emerging markets show promising growth, particularly in Africa and Latin America-Caribbean, potential geopolitical and economic challenges may temper the momentum.

Global Air Cargo Performance

The strategic significance of the air cargo industry gained prominence during the unprecedented challenges posed by the COVID-19 pandemic. Despite the myriad obstacles encountered, the air cargo sector demonstrated resilience, avoiding a complete downturn. The global demand in 2023 was down 1.9% compared to 2022, and 3.6% down when compared to 2019 levels.

The sector recorded a consecutive decline in year-over-year figures for a 13-month period commencing from March 2022. These figures were 7.5% below those recorded in the first quarter of 2019, indicating a prolonged impact on the industry's performance. The implications of this decline underscore the fragility of the air cargo sector in the face of global disruptions.

On a positive note, there was an apparent recovery manifested in the gradual increase of available cargo tonne kilometres (ACTKs) throughout 2022 which continued well into the rest of 2023. The available cargo tonne-kilometres (ACTKs) capacity increased by 11.3% compared to 2022. In comparison to pre-COVID levels in 2019, capacity rose by 2.5%. The resurgence in ACTKs was primarily propelled by the rebound in the capacity of passenger aircraft bellies for cargo transportation. It is important to acknowledge that the reliance on passenger aircraft for cargo posed a risk, given the industry's vulnerability to disruptions in the passenger travel sector.

A closer examination reveals that the recovery in belly cargo was substantial, with a noteworthy 20% drop in 2020 transforming into a commendable 36% increase by the first quarter of 2023. This rebound showcases the adaptability of the air cargo industry to evolving circumstances. However, it also highlights the sector's dependence on external factors, particularly the recovery of the passenger travel segment, which remains susceptible to future uncertainties such as health crises, geopolitical tensions, or economic downturns. Therefore, this highlights the need for strategic foresight and robust contingency planning to mitigate potential risks in the future.

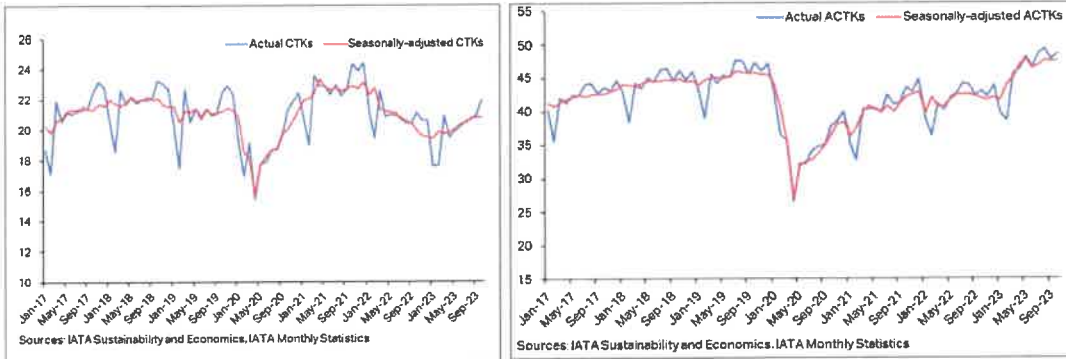


Figure 11: Seasonally adjusted global available cargo tonne kilometers (ACTKs) and global cargo tonne kilometers (CTKs), billions (IATA)

During the peak of the COVID-19 pandemic, dedicated freighters played a crucial role in addressing service gaps within the air cargo sector. Concurrently, a notable increase in maritime transport costs emerged, persisting until mid-2022. This surge eroded the competitive edge traditionally enjoyed by air cargo over its maritime counterpart. By March 2023, a noticeable contrast in rates between container shipping and air cargo became evident. Container shipping rates had experienced a modest 8% increase compared to their 2019 levels, while air cargo rates saw a significant surge, marking a 45% rise from the rates observed in 2019. Additionally, disparities in air cargo demand across regions became apparent, with disruptions affecting the air cargo flow between the Asia Pacific and Europe, notably due to external events such as the conflict in Ukraine.

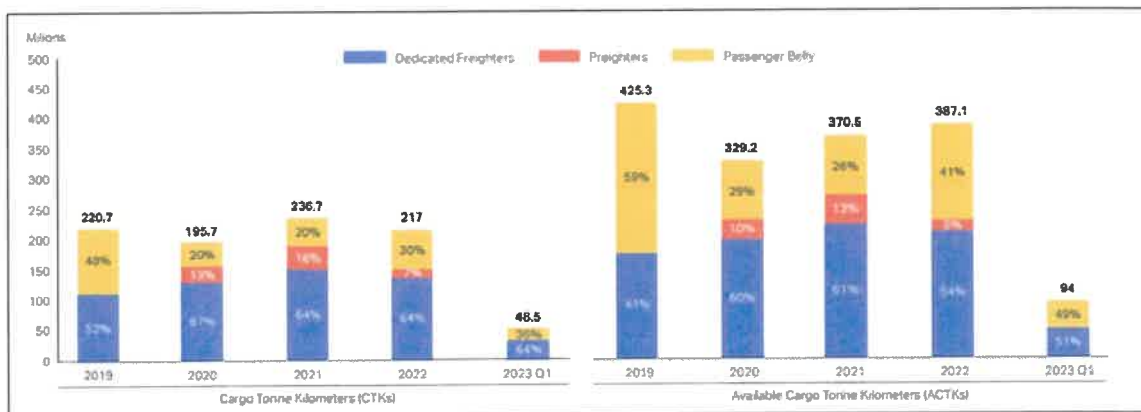


Figure 12: Uneven recovery trends in air cargo traffic and capacity (IATA)

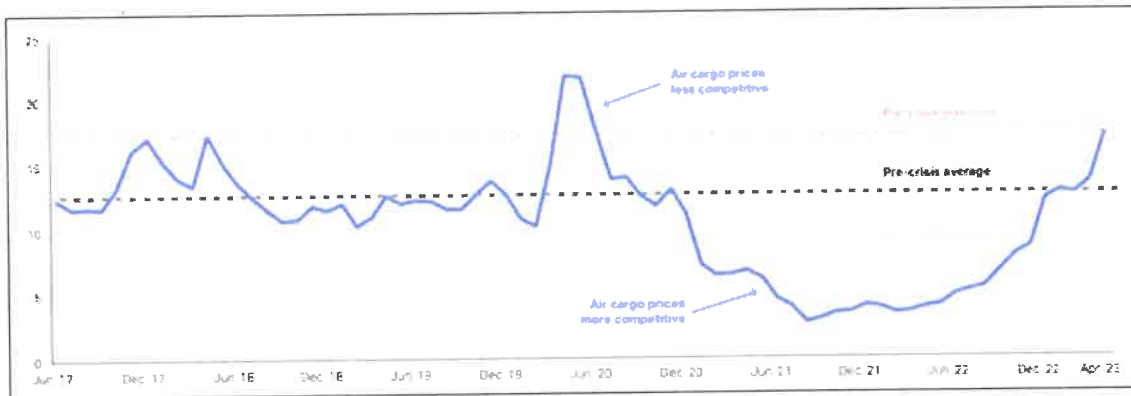


Figure 13: The relative price of shipping by air versus maritime cargo, ratio of air cargo yields to maritime cargo yields (IATA)

ACSA'S TRAFFIC FORECAST

The Competitive Landscape

The fiscal year 2023/2024 is maintaining a favourable trajectory, marked by departing passenger traffic rebounding to 84% of pre-pandemic levels at the end of quarter 3 (Q3). This resurgence is owed to the resilience demonstrated by the domestic sector, and the introduction of new international capacity through additional routes, facilitating direct connectivity to both new and established markets.

A noteworthy contributor to the recovery of air traffic and within the broader South African context has been the Meetings, Incentives, Conferences, and Exhibitions (MICE) travel segment. This sector has played a pivotal role in stimulating air travel demand, introducing a degree of volatility to the recovery trajectory. As a result, the ongoing resurgence is subject to fluctuations, with the MICE travel segment exerting a significant influence on the overall stability and growth of the aviation sector within ACSA and South Africa.

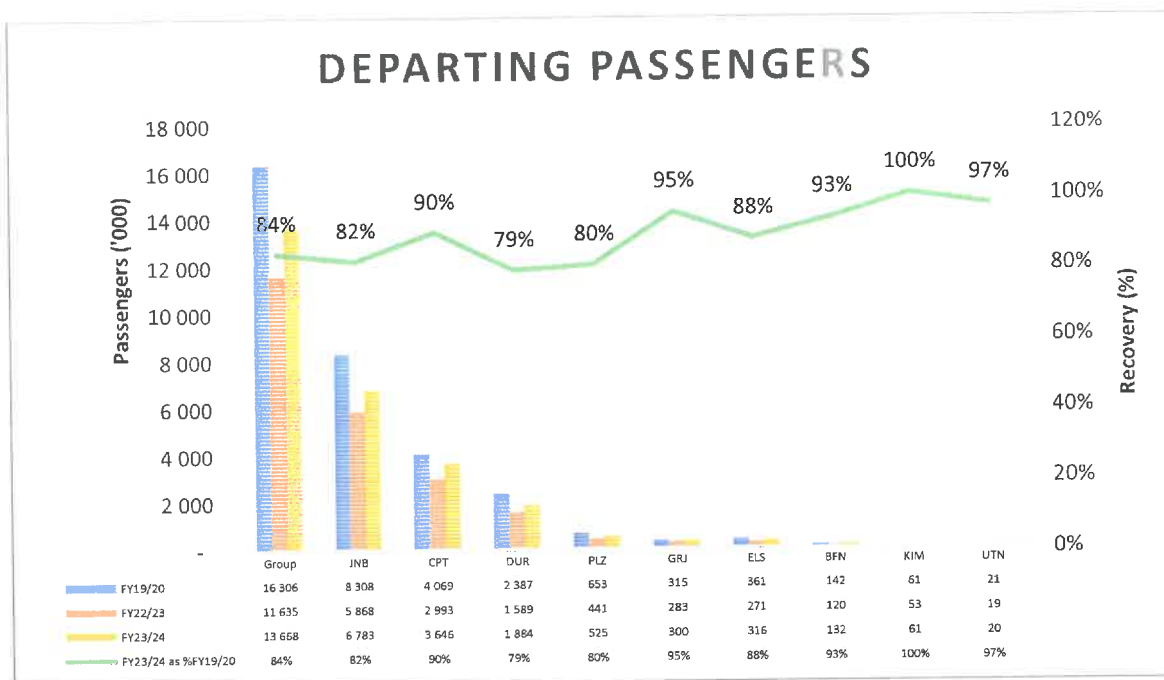


Figure 14: Total ACSA Network Departing Passengers as of December 2023

South Africa experienced a significant overhaul of its airline industry, a transformation initiated prior to the COVID-19 pandemic but expedited by its repercussions. By 2022, South African Airways (SAA) had undergone a business rescue process, emerging as a considerably downsized airline. Concurrently, South African Express, Mango, and Comair/Kulula ceased operations in 2020, 2021, and 2022 respectively. The South African airline sector has since adapted to the departure of these carriers. As of 2023 and leaning to 2024, the domestic market continues to witness a reduction in capacity constraints, with existing domestic carriers expanding their capacity across various domestic routes. Consequently, the domestic market is steadily recovering, albeit at a slower pace.

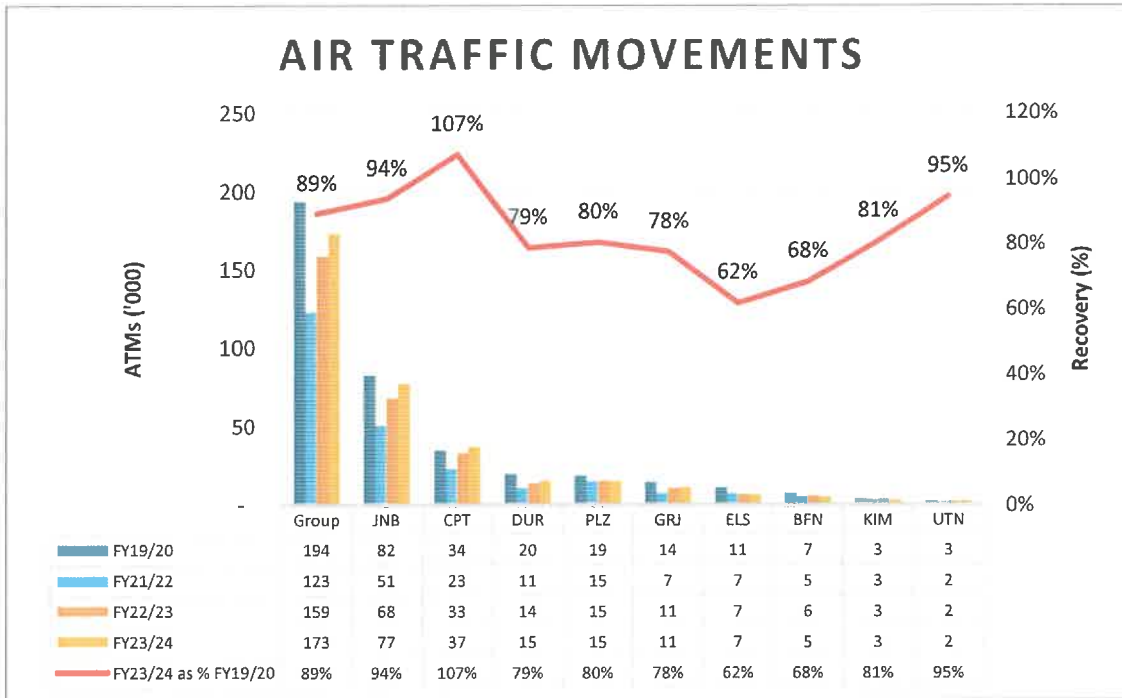


Figure 15: Total ACSA Network Air Traffic Movements (Landings) as of December 2023

The Company has shown consistent recovery at Group level from FY2021/22 onwards, reaching 173,000 air traffic movements (ATMs) by the end of Q3 FY2023/24 which are 89% of the FY2019/20 figures. At the end of December 2023, OR Tambo International Airport ATMs had recovered to 94% compared to FY2019/20. Cape Town International Airport has demonstrated a promising recovery with ATMs surpassing FY2019/20 levels, indicating a 107% recovery. This performance has emphasised the resilience and dynamism of ACSA in the face of challenges.

STRATEGY

FROM RECOVER AND SUSTAIN STRATEGY – TO INNOVATE, GROW AND SUSTAIN STRATEGY

In response to COVID-19 pandemic, during FY2020/21, ACSA undertook a full review of its strategy, and subsequently developed the Recover and Sustain Strategy to serve as a framework to guide the organisation over three strategic timeframes between financial year 2020/21 and beyond 2030.

	Strategic Horizon 1: 2021 - 2025	Strategic Horizon 2: 2026 - 2030	Strategic Horizon 3: 2030 AND BEYOND
<p>Strategic Pillar 1</p> <p>RUN OUR AIRPORTS EFFICIENTLY, OPTIMALLY, AND INNOVATIVELY</p> <p>Strategic Pillar 1</p> <p>RUN AIRPORTS</p>	<p>Secure our core business of running airports and develop a diversified business model with the potential to transform the Company and increase revenue.</p> <p>KEY ACTIONS:</p> <ul style="list-style-type: none"> • Rationalise business expenses. • Minimise capital expenditure. • Focus on replacement and refurbishment rather than infrastructure Development 	<p>Implement the diversified business model to secure business and financial sustainability and drive revenue growth</p> <p>KEY ACTIONS:</p> <ul style="list-style-type: none"> • Focus on initiatives that secure the Company's long-term future and contribute to economic growth. • Secure and enhance development partnerships to increase capacity and diversity focus. 	<p>Operate the newly configured ACSA with a redirected focus and a strong growth trajectory based on a diversified business model</p> <p>KEY ACTIONS:</p> <ul style="list-style-type: none"> • Pronounced business growth
<p>Strategic Pillar 2</p> <p>DEVELOP AIRPORTS</p>	<p>FOCUS AREAS:</p> <ul style="list-style-type: none"> • Restructure the Company • Enhance productivity. • Reduce costs. • Maintain financial sustainability 	<p>FOCUS AREAS:</p> <ul style="list-style-type: none"> • Enhance productivity. • Cost optimization • Improve financial sustainability 	<p>FOCUS AREAS:</p> <ul style="list-style-type: none"> • Enhance productivity. • Cost optimization • Improve financial sustainability
<p>Strategic Pillar 3</p> <p>GROW FOOTPRINT</p>	<p>PLAN FOR DEVELOPMENT AND BUILD PARTNERSHIPS</p> <p>FOCUS AREAS:</p> <ul style="list-style-type: none"> • Explore diversification opportunities that could transform the Company and increase revenue. • Identify future growth opportunities. • Cement partnerships that will unlock financial and other support to accelerate our planned growth strategies 	<p>OPTIMISE ASSETS AND PLAN FOR NEW CAPACITY AND GROWTH OPPORTUNITIES</p> <p>FOCUS AREAS:</p> <ul style="list-style-type: none"> • Revisit deferred development projects to meet increased capacity demands. • Add additional capacity to support growth initiatives and/or traffic growth 	<p>FOCUS AREAS:</p> <ul style="list-style-type: none"> • Implement additional capacity in line with growth trajectory
	<p>GROUNDWORK, RESEARCH AND PLANNING</p> <p>FOCUS AREAS:</p> <ul style="list-style-type: none"> • Help municipal and provincial airports to maintain their licenses to operate. • Offer airport management services. • Explore opportunities to market our services outside South Africa 	<p>SEEK GROWTH OPPORTUNITIES ON THE CONTINENT AND AROUND THE WORLD</p> <p>FOCUS AREAS:</p> <ul style="list-style-type: none"> • Implement growth initiatives to build new revenue streams that will complement or replace our current core business in the medium term. 	<p>FOCUS AREAS:</p> <ul style="list-style-type: none"> • Implement growth opportunities to ensure the Company's long-term growth

EVOLUTION OF THE RECOVER AND SUSTAIN STRATEGY – TO A INNOVATE, GROW AND SUSTAIN STRATEGY

In the ever-changing global aviation landscape, ACSA remains committed to creating and delivering value to all its stakeholders. The Company's vision is to become the world's most sought-after airport Company by 2030 through the provision of exceptional airport services and investments. This journey is now steered by a pivotal strategy — Innovate, Grow and Sustain— marking a profound shift from the previous Recover and Sustain approach.

This strategic approach is poised to not only shape the Company's trajectory but also contribute to the broader transformation and growth within the aviation industry and the Southern Africa region. Transitioning into the second and third strategic horizons, ACSA has strategically shifted its focus towards reinforcing innovation, improving infrastructure, and fostering community-centric growth. The Company recognises that innovation is the catalyst for transformative change and inclusivity, beyond mere technological advancements but to encompass a diverse range of innovations aligning with the Company's growth and sustainability objectives.



Figure 16: Representation of a shift from a defensive posture to a more pro-active and forward-looking approach – Innovate, Grow and Sustain.

Sustainability is woven into the fabric of ACSA's operations, and as a result, the Company continues to pursue initiatives to reduce energy intensity, minimize environmental impact, and promote responsible resource consumption. The evolving strategy emphasises that innovation is a crucial prerequisite for sustainability, and that sustainability extends beyond a singular goal into a holistic, all-encompassing commitment. On growth, ACSA's ultimate objective is pursued holistically, leveraging technological progress at both micro and macro levels. The strategy recognises the non-uniform nature of technological innovations, giving precedence to technology-related advancements. This approach is designed to enhance the passenger and user experience, paving the way for sustainable growth.

Through initiatives such as insourcing of critical services and collaborating with local Small Medium Enterprises (SMEs), ACSA aspires to evolve beyond being just a transportation hub to becoming a transformative force and an economic engine in the Southern African region. This strategic direction underscores the Company's unwavering commitment to embracing the future while upholding the core values of safety, efficiency, and inclusivity.

To realise the vision, ACSA emphasises the effective and efficient implementation of key interventions. These include the insourcing of aviation security services, streamlining ground handling operations, investment and operations of Fixed Base Operator facilities, and the establishment of comprehensive cargo and logistics infrastructure. These interventions serve as the building blocks for ACSA's journey towards sustainability, innovation, and sustained growth.

MACRO-ENVIRONMENTAL FACTORS - OUTLOOK

The aviation industry in South Africa and Southern Africa is influenced by a wide variety of factors, including political stability, economic conditions, societal and cultural trends, technological advancements, environmental concerns, and legal considerations. Therefore, as the Company transitions into the second strategic horizon, the evolution of the Recover and Sustain Strategy into Innovate, Grow and Sustain Strategy requires careful consideration of key scenarios to help the Company to navigate geopolitical tensions, emphasize sustainability, ensure post-COVID-19 resilience, adapt to economic changes in the Asia-Pacific region, and respond to emerging competition.

Simultaneously, adapting to changing economic dynamics, shifting migration patterns, and increased regional collaboration is essential for the aviation sector's sustainability. To this end, ACSA's strategic planning over the three-year Corporate Plan period and beyond will continue to focus on diversifying revenue streams, modernising airport infrastructure, streamlining airport processes and services, monitoring demographic shifts, and forging strategic partnerships.

South Africa's commitment to expedite reforms, particularly in power supply and anti-corruption measures, presents a positive political environment. However, the persistent socioeconomic challenges that are driven by high poverty levels, high unemployment rate, and inequality require careful consideration as they pose a potential risk for civil disorder. The ongoing war in Ukraine and geopolitical tensions such as the one between Israel and Palestine have led to heightened security and travel disruptions in these regions. This increased instability is negatively impacting on the global air travel and poses potential risk for the seamless flow of goods through the strait of Hormuz.

Added to the political and geopolitical factors above is the tepid economic growth forecast for 2024-25, slow progress in reforms, fiscal constraints, and challenges in debt management which pose risks to the aviation industry's growth due to the fluctuations in demand and financial uncertainties. This requires the aviation industry to continuously assess its resilience and explore innovative revenue streams. ACSA's non-aeronautical revenue area offers opportunities for further exploitation and exploration.

Furthermore, a slowdown in China's growth may affect African trading partners, and in response, ACSA will continue to monitor trade patterns and collaborate with stakeholders to mitigate potential economic impacts on its business. The combination of subdued global growth and geopolitical risks has the potential to impact Africa's exports and overall economic stability.

The effects of the COVID-19 pandemic continue to influence travel behaviours and passenger confidence. Therefore, adapting to these changes in passenger expectations remains crucial, particularly through the implementation of technological interventions that are designed to enhance the seamless flow of travellers through our airports. The Company recognises that emerging technologies such as autonomous vehicles (i.e., for runway inspections, airport perimeter patrol, monitoring of restricted areas, driverless shuttles, and buses, etc.), Artificial Intelligence (AI), and blockchain offer opportunities for innovation in the aviation sector. ACSA continues to invest in technology to enhance safety, efficiency, and customer experience consistent with global trends. The digitalization of our airport processes, deployment of contactless technology, and predictive maintenance will help us streamline

our airport operations. The successful implementation of these emerging technologies will contribute to a more resilient and efficient aviation industry in our region.

South Africa's focus on climate change and the initiatives that anchors around tourism present opportunities for sustainable aviation through the adoption of green practices such as solar energy, hydrogen, gas to power, and other alternative sources of energy. The rising cost of aviation fuel necessitates for research and development investment to further explore Sustainable Aviation Fuel (SAF). Consequently, ACSA continues to explore partnerships for the provision of infrastructure across its airport network to produce SAF and working towards achieving the Company's sustainability goals. Our airports are adapting to climate change policies and regulations, thus aligning with global efforts to reduce the environmental impact of air travel. Most importantly, collaboration with airline partners for decarbonization initiatives and participation in global sustainable aviation efforts will position the Company as a leader in sustainable aviation practices.

The evolving regulations in response to geopolitical events and climate change will continue to negatively impact airport operations. The Company remains committed to working closely with policy makers and participating in multilateral affairs to stay informed about legal changes, ensuring compliance and implementation of the necessary adjustments. The full implementation of the Single African Air Transport Market (SAATM) faces challenges such as protectionism and high taxes, therefore, it is important for the aviation sector to actively engage in discussions to overcome these barriers.

OUR STRATEGIC PLANNING SCENARIOS

The scenarios below incorporate ACSA's strategic responses to geopolitical uncertainties, sustainability imperatives, post-pandemic digitalization, economic shifts, trade dynamics, and urbanisation trends. Each scenario aligns with key factors influencing the aviation industry over the next decade, providing a comprehensive and plausible approach for ACSA's future planning.

a) Geopolitical and economic factors

In the face of prolonged geopolitical tensions such as the Russia-Ukraine and the Israel-Palestine conflict, energy and food prices will continue to remain high, further strained by the impacts of COVID-19 pandemic. While energy exporters are expected to continue benefiting, resource-strapped states are likely to face food insecurity, and many economies will struggle with financing, high inflation, and a stagnant global economy. Deglobalization may thrive, emphasising the need for regional coordination and a shift to a bipolar world order, largely driven by the rise of the Global South countries.

The long-term concerns include the effects of climate change, highlighting the need for effective global coordination to prioritise climate resilience and energy transition plans. The consideration and inclusion of geopolitical and economic factors in strategic planning becomes important for ACSA as it enables the organisation to proactively address and adapt to current and emerging global challenges.

ACSA will continue working closely with authorities to coordinate efforts on facilitating tourism and trade, enhance safety and security measures across all airports, and exploit traffic development as a mechanism to diversify the Company's route network and mitigate concentration risk. The Company will continue to maintain contingency plans for changes in trade patterns and passenger traffic due to China's economic slowdown. Our collaboration with diverse airline partners and a focus on domestic tourism are expected to mitigate these potential risks.

b) Sustainability considerations

Numerous international agreements, including the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) under ICAO, address aviation's carbon footprint by capping net carbon emissions from international flights at 2020 levels. Airlines are leveraging technological advancements and SAFs to reduce their environmental impact. Advanced aircraft designs and SAFs derived from renewable sources contribute to lowering emissions.

Infrastructural challenges and green airport initiatives focus on eco-friendly practices, requiring navigation through political and economic interests. Therefore, balancing economic growth and environmental responsibility necessitates innovative strategies and financial support for greener practices in emerging economies.

Incorporating sustainability considerations into strategic planning is essential for ACSA as it aligns with global environmental commitments and positions the Company at the forefront of industry efforts to reduce carbon emissions, adapt to green technologies, and meet evolving regulatory and stakeholder expectations in the rapidly advancing field of sustainable aviation.

With this emphasis on sustainability, ACSA 's strategy involves proactive investments in green technologies. Collaboration with airlines and other airport users in the cargo and logistics space for decarbonization initiatives as well as participation in global sustainable aviation initiatives align with the Company's ESG framework for long-term environmental responsibility.

c) Post COVID-19 digitalisation of airports

As countries recover from the COVID-19 pandemic, the disruptions to global air travel have accelerated digitalization efforts, with a primary focus on process optimisation and efficiency improvements. The future of the aviation industry is set to be profoundly influenced by technology, particularly artificial intelligence (AI) with key trends and innovative technologies poised to enhance passenger experience and reshape the industry. Automation and robotics are anticipated to play a pivotal role in streamlining operations and offsetting labour costs, while autonomous technology revolutionizes airside operations.

Personalisation is a rising trend, with travellers expecting tailored experiences that integrate digital services with physical encounters throughout their journey. Biometrics, which is crucially important in the post-COVID-19 era, are gaining prominence for their contactless nature and potential to enhance security and operational efficiency.

ACSA's digitalisation strategy will continue to be the guiding principle in enabling operational strategies and helping the Company adapt to changing travel patterns, enhancing operational efficiency, security, and the passenger experience. Continuous technology assessments will ensure our airports infrastructure are fit-for-purpose, consistent with the needs of travellers and the broader public.

Having this as a strategic planning scenario is vital because it enables ACSA's to stay ahead in the rapidly evolving aviation sector, ensuring adaptability, competitiveness, and a heightened focus on customer experience in an increasingly digital world.

d) Migration patterns and urbanisation

As other countries in Sub-Saharan Africa region continue to improve their infrastructure and production capacity, a comparative advantage shift is likely to occur with a potential decline in South Africa's exports into the region and increase in imports. A decline in exports may influence migration patterns,

with more people moving towards economic opportunities in other countries. This shift could potentially impact the flow of passengers, leading to more outbound travel.

The continuous migration of people to smaller cities, driven by the development of special economic zones and improved economic conditions is helping in decongesting of major cities. These economically enabled smaller cities are perceived to offer better standard of living and quality life.

In the medium-term, the development of Mid-field Cargo Terminal must consider this factor and the growing demand to be brought by the AfCFTA which will result in intra South Africa and Intra Africa Trade. This will increase export capabilities and diversification of revenue streams with the focus on export-dependent services. This could include exploration of opportunities for logistics and transit services to facilitate regional imports, thus necessitating investment in the technology for efficient cargo handling and customs processes.

Foreseeing continuous migration to smaller cities due to economic opportunities, ACSA's partnership strategy aligns airport development with cities' spatial planning and economic sectors. Evaluating partners based on legal frameworks and regulatory compliance must support infrastructure modernisation in smaller cities airports guided by economic activities and population growth.

Strategic adaptation and digital transformation are crucial to sustaining growth, ensuring compliance with evolving regulations, and contributing to the broader national and continental development objectives.

OUR GROWTH STRATEGY

ACSA is actively implementing transformative measures aligned with the strategic vision to diversify revenue streams and bolster control over airport operations. These interventions are strategically crafted to improve safety, security, and overall operational efficiency, reducing reliance on outsourcing while reinforcing the user-pay principle. Over the Corporate Plan window stretching to a 5-year period, these initiatives are poised to reshape the Company's economic landscape, fostering equitable partnerships, and driving inclusive growth.

One key intervention involves the rationalisation and reconfiguration of the fuel supply business and operating model. This aims to mitigate risks associated with disruptions and enhance control, ensuring universal access to fuel for all airport users, regardless of nationality or alliance. The strategy also includes aligning charges with the economic value derived from fuel infrastructure, fostering fairness, and mutual benefit.

In the ground handling space, the Company has initiated phase one of its planned interventions, providing incumbents with five years of permission to operate across its airport platform and granting self-handling permits to local airline operators. The subsequent phase will entail a transition to insourcing, with continuous monitoring of market conditions and performance alignment with the Company's efficiency metrics.

While asset monetisation was prioritised during the height of the COVID-19 pandemic for fundraising, it has been deprioritised in the upcoming Corporate Plan window. The Company now shifts focus to strategies that enhance operational control, revenue, and overall sustainability.

Efforts in coordinating and exploring aerotropolis and airport cities development aim to position ACSA's airports as nuclei for attracting investment. Strengthened collaboration with local governments and key partners, leveraging special economic zones at airport locations, and integrating these zones into long-term planning are anticipated to facilitate the realisation of aerotropolis ambitions.

The table below provides a summary of the key interventions:

Interventions	Action Plan	Desired Outcome	Key Milestones
Jet Fuel	<ul style="list-style-type: none"> Rationalise and reconfigure the business model for fuel supply. Ensure equal access for all airport users. Review the condition of use agreement. Align revenue collection with economic activities and apply NERSA tariffs. Go out on tender for new operator(s) 	<ul style="list-style-type: none"> Enhanced fuel supply control, enhanced revenue collection, and mutual benefits realisation. Equitable access to fuel infrastructure and supply 	<ul style="list-style-type: none"> Comprehensive review of the fuel supply model. Completion of rationalisation within the first year. Implementation of the revised model. Continuous evaluation of the performance and adjustments as needed.
Ground Handling	<ul style="list-style-type: none"> Complete implementation of Phase 1 of planned interventions. Initiate consultation and planning for the insourcing of ground handling activities. Explore business models and mechanisms for ACSA's participation in the space. Review standard operating procedures. Invest in refurbishment of cargo facilities. Centralise common use facilities. Introduce logistics and access control systems. 	<ul style="list-style-type: none"> Develop local capacity, address transformation imperatives, and enhance cargo security and competitiveness. Improved ground handling efficiency. Equitable access and mutual benefits realisation 	<ul style="list-style-type: none"> Planning for insourcing in the second year through consultation and exploration of modalities and mechanisms. Review and update of the standard operating procedures through consultation. Develop a resource requirement (human & funding) and transitional plan. Gradual insourcing of ground handling activities
Asset Monetisation	Response to financial crisis caused by the COVID-19 pandemic, thus it is no longer a priority focus area	N/A	N/A

Interventions	Action Plan	Desired Outcome	Key Milestones
Cargo and Logistics Commercialisation	<ul style="list-style-type: none"> • Review standard operating procedures. • Invest in refurbishment of cargo facilities. • Development and centralization of common use facilities. • Introduce logistics and review access control systems. • Review operating and business models. • Adopt global best practices. • Define the business and operating model for planned Mid-field Cargo, then start planning and consultation for introduction of Mid-field cargo 	<ul style="list-style-type: none"> • Equitable risk-sharing, and promotion of small and medium enterprises. • Equitable and transparent cargo and logistics operations. 	<ul style="list-style-type: none"> • Commercial model review and implement revised commercial constructs. • Introduction of logistics and access control systems • Implementation of reviewed SOPs in the cargo environment • Monitoring and adjustment based on performance. • Mid-field cargo planning and development
Aerotropolis	<ul style="list-style-type: none"> • Pursue the coordination and development of aerotropolis with local governments and key partners. • Leverage special economic zones and industrial development zones working with partners to attract key catalytic investment and integration into airport planning. 	<ul style="list-style-type: none"> • Development of airport-centric economic hubs. Global partnerships and export of expertise in the area to our region 	<ul style="list-style-type: none"> • Initiate coordination mechanisms for exploration and collaboration with partners. • Identify key catalytic projects for partnership and enhance partnership with key special economic zones. • Integrate zones into airport master planning

Interventions	Action Plan	Desired Outcome	Key Milestones
Passenger Mobilisation	<ul style="list-style-type: none"> • Develop partnership plans to incubate emerging small businesses and participation across our airports. • Create platform for small businesses and communities to engage with the airports for economic and social opportunities. • Run regular outreach programs at airports and township to encourage non-travellers through socio-economic development programs. 	<ul style="list-style-type: none"> • Increased passengers and community engagement and enhanced socio-economic impact. 	<ul style="list-style-type: none"> • Develop small business partnership programs and Initiate outreach programs. • Expand socio-economic development programs and development of key infrastructures at the airport to cater for the needs of non-travellers. • Integrated transport links with communities for ease of access to the airport. • Promotion of local brands and services
Training Academy	<ul style="list-style-type: none"> • Expand training reach and strengthen partnership with ICAO, IATA, ACI and other industry training organisations/institutes initiatives. • Enhance the academy infrastructure and key ICT equipment to enhance user experience. • Develop programs for local capacity building and skill enhancement as key training partners for the academy. • Collaboration with other aviation training centres such as SACAA, ATNS, SAA, etc • Partnership with academia 	<ul style="list-style-type: none"> • Enhanced local capacity and capability. Development of aviation body of knowledge. To become aviation training partner of choice in the Southern Hemisphere 	<ul style="list-style-type: none"> • Assess training needs of the Company and industry then enhance programs aligned with the market. • Leveraging on partnerships expand and refine training initiatives and curriculum of the centre. • Build capacity through development of panel of training experts and partnership. • Double revenue generation over the Corporate Plan window using FY2022/23 as a base.

Interventions	Action Plan	Desired Outcome	Key Milestones
Innovation	<ul style="list-style-type: none"> Partnership with local agencies on R&D in the air transport and logistics area. Introduce innovative solutions to enhance efficiency and travellers' experience at the rate the Company can afford. Pursue partnership with academia as well to support emerging talent and development of our institutions' R&D on aviation. 	<ul style="list-style-type: none"> Improved traveller experience, increased efficiency. Development and nurturing of young emerging talent 	<ul style="list-style-type: none"> Establish partnerships for R&D and incubation framework. Establish an innovation lab for piloting of novel solution and acceleration. Implement at least three innovative solutions over the Corporate Plan window that involve youth/women/person with disabilities. Continue refining and expanding innovations scope
General Aviation	<ul style="list-style-type: none"> Develop VIP facilities at main airports to cater for the burgeoning segment. Strengthen aviation security and evaluate key partnerships. 	<ul style="list-style-type: none"> Enhanced services for VIP passengers, improved aviation security. Strengthen of the security control environment. 	<ul style="list-style-type: none"> Develop a blueprint for development of key VIP facilities. Strengthen aviation security measures through review and enhancement of standard operating procedures. Review legacy arrangement and coordination of use in the general aviation space. Evaluate, and define the desired business and operating model. Establish partnerships model for development.

NETWORK STRATEGY

The Company has undertaken a significant initiative to craft a network strategy, serving as a foundational framework for the development of ACSA's 's airports. This strategy thoughtfully considers a range of factors, including the dynamic interplay of demand and supply, the demographics of the nation, migration patterns, urbanization trends, and the evolving nature of cities. A pivotal aspect of this strategic blueprint is its adaptability to emerging technologies and advancements in air transport and urban mobility, with the goal of facilitating the establishment of an air transport infrastructure that seamlessly aligns with future needs.

Integral to the country's spatial and town planning, this network strategy is designed to synchronize airport infrastructure development with the broader evolution of cities. This alignment is crucial for efficiently managing the movement of people and goods, serving as vital factors of production within the country and across borders. Essentially, the network strategy embodies a forward-looking approach, ensuring that aviation infrastructure evolves harmoniously with the changing landscape of the country, optimizing the efficiency and effectiveness of both transportation and urban development. The figure below provides an indication of how the network strategy is positioned relative to the Company's overall strategy and other concurrent pursuits:

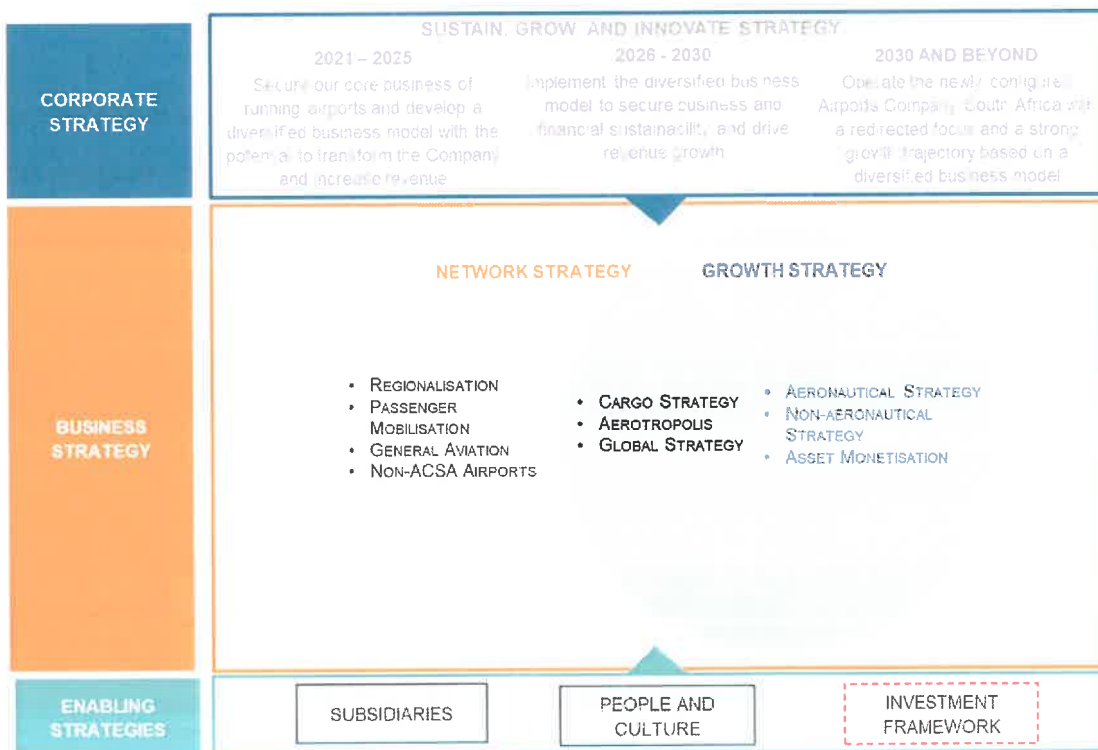


Figure 17: Positioning of the Network Strategy in the overall ACSA Strategy

REGIONALISATION

The core focus of the Recover and Sustain - Innovate, Grow and Sustain Strategy - was a comprehensive review and restructuring of ACSA's operating model. This led to the adoption of a regionalisation approach, wherein airport operations were strategically organised into three geographical clusters. Termed "Regionalisation," this process aimed at the optimisation of key operational processes and functions by devolving operational and day-to-day responsibilities to specific sites where they are performed. Functional accountability is shared among crucial divisions spanning across airports and the head office, fostering heightened efficiency and agility within our organisational structure.



The primary goal is to ensure seamless integration of airports within the ACSA network with a clear process of accountability and to foster collaboration with local government structures and businesses to better address the needs of local travellers and communities. This approach leverages pooled resources within a cluster, streamlining processes for optimal operational efficiency.

The regionalisation model has led to the categorisation of airports, as illustrated in the diagram above. The tangible benefits derived from this model include:

- **Economies of scale** - by clustering airports, the envisaged benefit is enhanced economies of scale, which included devolving of the Regional Airports structure, dissolving the Regional Office, and integrating the Regional Airport Centre of Excellence (COE) functions into the Cluster.
- **Resource pooling and optimisation** - the regionalisation model facilitates the redeployment of regional office staff, promotes resource sharing across the cluster, and emphasises capacity building.
- **Regional integration** – fostering a standardised operation, the cluster model promotes regional integration by sharing and implementing best practices. It aims to align engagements between Provincial and Local government stakeholders, embed and collaborate on growth and development strategies and Local Economic Development and Integrated Transport Plans fostering harmonisation.

ACSA's regionalisation approach aims to bolster operational efficiency, the optimisation of resources and productivity, and to encourage collaboration.

TRANSFORMATION

Focusing on advancing the South African transformation agenda remains a central objective for ACSA. The Company has woven an inclusive, collaborative, and sustainable approach into its strategy and business model, aiming to propel transformation across its operations and communities. ACSA's transformation strategy aligns seamlessly with the National Development Plan, underlining the Company's integral role in creating and delivering value to its stakeholders.

Acknowledging the ever-changing dynamics of the business and industry, ACSA has formulated a strategic plan designed to adapt to evolving needs and challenges. This undertaking is particularly significant as it coincides with the alignment process of integrated transport charter codes, as outlined in the amended B-BBEE (Broad-Based Black Economic Empowerment) Codes of Good Practice. The proactive integration reflects ACSA's commitment to compliance with the laws and regulations of the land, while emphasizing its dedication to fostering comprehensive transformation and throughout the broader society.

The Company's integrated transformation agenda is demonstrated in the following figure:

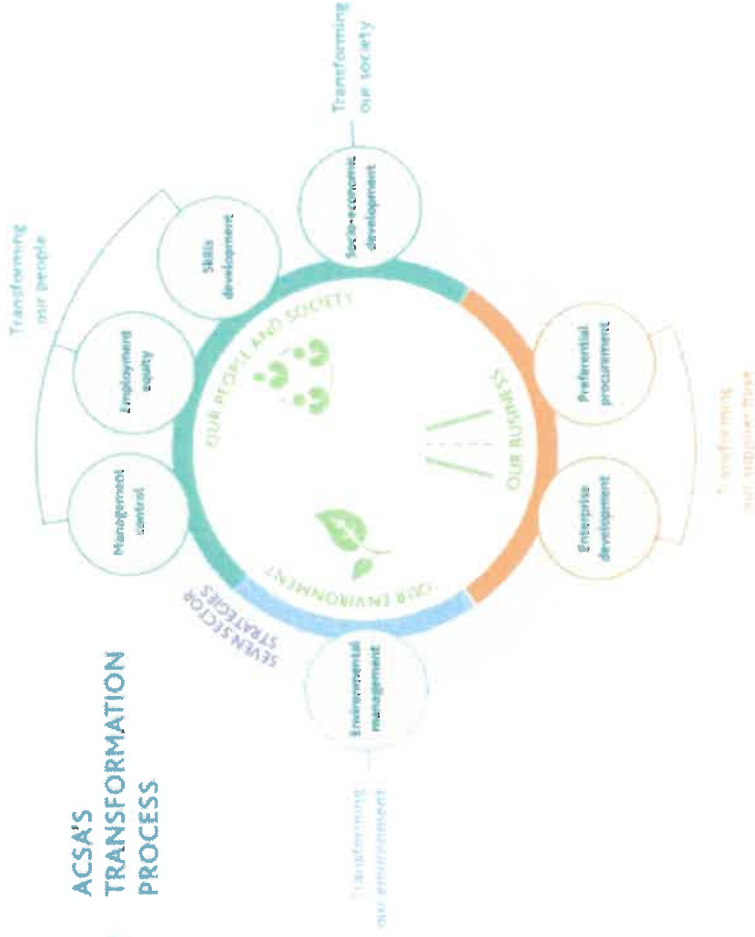
OBJECTIVES

- 1 Develop our people and society
- 2 Strengthen our democracy
- 3 Manage our environmental impact proactively and ethically

COMMITMENTS

- Support and develop our people through employment equity practices, skills development, an ethical culture and market-related remuneration
- Support socio-economic activities that empower and develop the communities located around our airports.
- Develop small, medium and large enterprises aligned to our strategy in order to support socio-economic stability and growth
- Manage our impact on the natural environment in a proactive and ethical way

ACSA'S TRANSFORMATION PROCESS



Black participation within the economy remains a major challenge and requires the urgent attention and coordination of all key stakeholders to exploit partnership opportunities to reduce unemployment and ensure economic empowerment. The involvement and commitment of social partners is imperative to achieving all the goals as set out in the economic transformation strategy of the organisation. We further acknowledge the important and significant role of small, medium, and micro enterprises (SMMEs) and co-operatives in our economy, and are committed to invest, support, and develop SMMEs and co-operatives, those that are owned and/ or managed by black people, specifically the priority population groups such as women, youth, and people with disabilities.

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:

Increased market access	Build capacity	Contribute to sector participation	Promote access to funding
<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 	<ul style="list-style-type: none"> Number of black professionals and/or small and medium enterprises (SMME) provided with training and up-skilling opportunities 	<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 	<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)

ESG REPORTING STRATEGY

Sustainable airport development with stable economic growth, consistent with our organisational goals requires a broad set of actions in line with the needs and values of the society. This is where the adoption of an environmental, social and governance framework is required, ACSA has embarked on an ESG journey, a phased approach will be followed in line with the available resources to realise the ESG ambition. Therefore, sustainable development and growth must strive to strike a balance between the needs of shareholders, stakeholders, and the communities within which the Company operates.

Alignment of the ESG reporting strategy with the Company's core business, adaptable to all three strategic horizons for continuous innovation and growth, is underway. The ESG program will be an integral part of the Corporate Plan implementation. ESG priority focus areas have been identified and the materiality assessment including the Company's maturity level to adapt and adopt has been conducted. A stakeholder enrolment programme will be the key enabler for the full implementation of the programme. This will include commitment of various stakeholders to make change management effective.

BUSINESS ENABLEMENT STRATEGY

Information and Technology (IT)

The organisation has prioritised efficiencies in running airports. Therefore, there is a demand for speed and agility from business partners driving the Information and Technology to rapidly adopt emerging technologies, while maintaining resilience and reliability of our systems. IT is responding to this need by investing in Cloud management, enhanced digital workplace environment, automation to achieve efficient back-office processes and applications, secured cyber environment, and further enable well informed decision making through enterprise data and analytics.

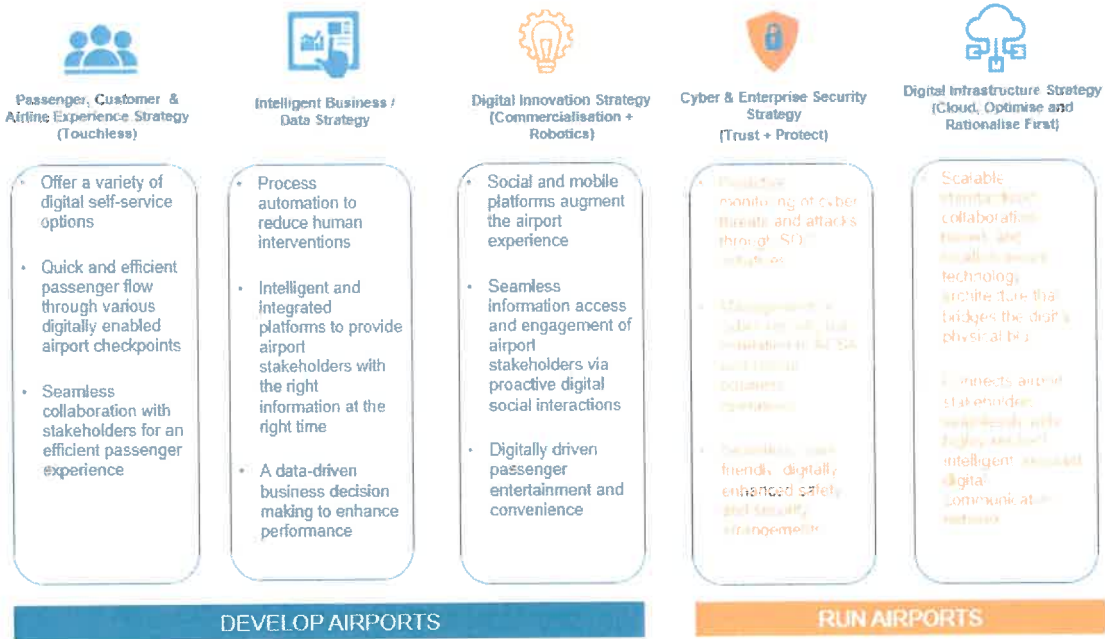
Through the digital transformation journey to transform ACSA's infrastructure, operations, securing the IT environment and Cloud management activities, the following will be the main objectives:

1. Automation of business processes that have high manual interventions, to improve efficiencies and productivity.
2. Effective technology stack for critical functions to ensure system uptime even in the event of service disruption to ensure continuous running of the business.
3. Prioritise sweating of assets and expansion of those assets that are already in the environment to ensure that value is realised through simplifying integrations, and cost optimisation.
4. Ensuring that the confidentiality, integrity and availability of the organisation's data and applications are secured and conforming to the best practices to protect our enterprise environment.
5. Stabilising the business by upgrading our core applications that enable efficient passenger processing, airport management, and increase non-aeronautical revenue.
6. Support business through providing an environment that allows utilisation of data analytics to shape business processes, provide insights and improve decision making.

IT needs to ensure excellence in projects delivery, and delivery of business value to both staff and to customers. The relationship between the business clusters and the IT division requires a continuous focus on communication to ensure alignment. As the target state architecture continues to evolve, IT retains a focus on leveraging technology assets to deliver improvements in speed to market, quality of service, turn-around times, accuracy, cost efficiencies and risk management.

The revised IT roadmap stems from the new Corporate Plan and alignment with divisional priorities. A draft 5-year roadmap of initiatives was produced to enable a target state to support the required business capabilities.

The five IT strategic themes that were used to shape the business-enabling IT capabilities are as follows:



Human Resources

The Human Resources (HR) strategy is premised on ensuring that the Division enables the achievement of the Innovate, Grow and Sustain Strategy. The figure below presents the HR strategy:



To be the most sought-after partner in the world for the provision of airport management solutions by 2030

Run Airports

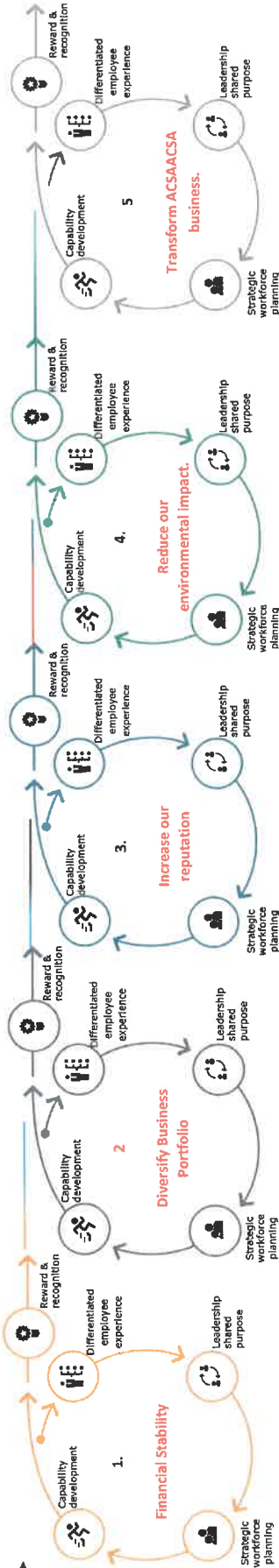
Develop Airports

Grow Airports

HR Purpose

To co-create an environment within which our employees can realise their full potential, thereby creating individual and company prosperity, in a sustainable manner.

Strategic Objectives



HR Strategic Priorities

- **Design the organisation for Performance & Agility**

Future fit organisational design, resourcing, and ways of working

- **Sharpen our Talent.**

Deliberate strategies to build and deploy talent for resource agility.

- **Reposition ACSA AFRICAACA as Employer of Choice**

Embed leader led organisational culture and transformation.

- **Focus on Future Skills**

Future proof the organisation by building skills required to succeed now and, in the future.

- **Drive a Transformation mindset.**

Contribute to the Company transformation agenda and plan.

Future-fit & Digital HR



The strategy has identified five critical focus areas that will support the Innovate, Grow and Sustain Strategy:

Organisational Design and High Performance

While it was critical for the Company to review its operating model in FY2021/22, this had to be done in tandem with a worldwide fundamental change in the way of work, that is the introduction of large-scale remote work. This saw many employers allowing their employees to work from home. ACSA was no different given that flexible work offerings have become a value proposition for employees, current or potential. Following the business case completed in FY2021/22 which saw the effective adoption of the hybrid working model, the focus for FY2024/25 will be to ensure the Company's ability to effectively implement flexible work models while managing integrated performance. The improvement of productivity tools and metrics remains a priority along with the automation of informal performance tracking on our existing performance management platform.

As the implementation of the revised operating model and the process of ensuring an effective transition is well underway, the focus for FY2024/25 will be on solidifying the capability model to enable the optimisation of the matrix structure. Further to that, the need for a comprehensive change management approach will be resolved through a Company-wide change initiative. The Company will continue to restore the employee value proposition to enable the attraction and retention of the best talent, whilst reviewing the total rewards model to ensure that the Company offers market related compensation, a critical factor in talent attraction. Following the deployment of the Employee Satisfaction Survey and the Executive Stay Interviews, the Company aims to respond to the perspectives of what incentives employees perceive as valuable and motivators for remaining in the Company. The base work has commenced in FY2023/24 with the restoration of previously halted benefits such as housing allowance and employee bursaries.

Sharpening our Talent

The Company-wide skills audit conducted in FY2023/24 provided insight into the capacity and capability gaps which require concentrated learning and development solutions. The 2024/25 Workplace Skills Plan will focus on the implementation of learning interventions to close critical gaps and the prioritisation of regulatory training required to maintain the Company's licence to operate. Furthermore, the capacitation of managers will be guided by the Leadership DNA programme which has been developed in 2023/24 for implementation from 2024/25 and beyond. Furthermore, career mobility avenues will be defined following the capability modelling exercise as an enabler to key Talent Management initiatives such as succession management, career paths and planning. In this regard, a review of the critical roles (advised by the capability model that enables the operating model) will be conducted. This will inform the review of the Retention Strategy to prioritise the retention of the talent required for critical roles.

Leadership and Culture

The ESAT survey revealed that leadership and organisational culture should be rejuvenated to enable the orchestration of employees and resources towards the achievement of the Innovate, Grow and Sustain Strategy, as such an organisation wide campaign to re-inculcate the PRIDE Values and embed a Leadership Culture Pledge will be conducted. This will form the basis of the change management drive and involve robust change management initiatives spearheaded by all levels of leadership and management. Previously, change management was viewed as a responsibility of senior managers however the inclusion and empowerment of junior managers and supervisors to lead change processes is now an evidently important part of building a consistent leadership culture that permeates to the grassroots. Initiatives focusing on management development, leadership behaviour review and change management will therefore be prioritised in FY2024/25 into FY 2025/26.

Future Skills

The skills audit assessed the current skills, competencies, and capabilities at the Company's disposal. This will have been mapped against the future skills that the Company requires to not only deliver on the Innovate, Grow and Sustain Strategy, but also for future growth strategies. The work of defining the future skills requirement is iterative and will occur in FY2024/25.

In response to the improvements in the delivery of learning and development solutions for both current and future skills, the ACSA Training Academy is currently positioned to provide training on digital platforms with the view to in-source compliance training virtually, while also commercialising virtual training externally for the purpose of growing the academy's brand as a key player in aviation training in the country and continent and to contribute to the diversification of the Company's non-core revenue income. The Training Academy Strategy will continue to be implemented for the three-year period of this Corporate Plan.

Transforming our business

The Company continues to do well in terms of ensuring a diverse workforce. The focus in FY2024/25 will be on rolling out the successive Employment Equity Plan with new targets given the reduction in the employee count and the expiration of the previous plan. The HR Division has been purposeful about integrating the solutions to employment equity barriers into the People and Culture Strategy to ensure a consolidated focus on diversity and inclusion matters relating to gender, youth, people living with disabilities, etc. This includes accessibility, economic participation by black businesses and skills development amongst other initiatives.

Enterprise Security and Compliance

The Enterprise Security and Compliance Strategy is premised on the need to rationalise the provision of aviation security across all ACSA owned and/or operated aerodromes in line with the mandate set out in the National Aviation Security Plan. The strategy is presented in the following figure:

An Integrated Approach to Security Service Excellence

**Secure and Protect ACSA
AIRPORTS
AIAIPORTAIPORTSACSA**

**Build Strategic
Partnerships with Key
Security Stakeholders**

**Security Technology
Implementation**

Integrated Risk Based
Security

Effective Partnerships with
Government & other agencies

Intelligent Integrated Security
Platform i.e., National
Command Centre, Access
Control, PIDS, etc.

Prevent Acts of Unlawful
Interference & Criminal

100% Security & HBS
Insource

Physical / Commercial
Security

Influence decision makers
i.e., ICAO, SACAA, ACI and

Commercialisation of Security
Technology and IP

Enterprise Security Objectives

Enhance Security
Awareness and
Response

Increase Cooperation
and Support with
Security agencies.

Improve Technological
resources and foster
innovation.

Develop Security
Culture and Human
Capability

Vision for 2030

- Reduced Criminal activities at the airports.
- Improved Security Culture
- Secured Critical Infrastructure
- Process Efficiency
- Increased Cooperation
- Operating with an Integrated Security

What we have:

- Participation in Global Aviation Security Forums
- Ability to influence Global Aviation Security Policy
- Security Technical Expertise

What we can achieve:

- Establishment of Vetting Unit
- Capacitate Security Structure
- Establish Integrated Crime Prevention Plan
- Establish MOUs with Strategic Partners
- Insourcing Security and HBS
- Commercialisation of

Missed Opportunities:

- Capacity & Resource Constraints
- Lack of Integrated Crime Prevention Plan
- Insufficient Information Security / Vetting
- Lack of coordinated security operations

Areas of concern:

- Evolving Global Threats
- Organised Crime Syndicates
- Socio-economic Factors

STAKEHOLDERS AND PARTNERS

ACSA's stakeholder universe is far-reaching and distinctive. Collectively, stakeholders have a mixed and varied impact on the Company's business, economic development, social impact, and environmental protection. Effective partner and stakeholder engagement has therefore been recognised as a key mechanism with the potential to complement both market instruments and regulations that govern the work of the Company. Stakeholder influence evolves over time and ACSA has taken a strategic and structured approach to stakeholder relations management. The Company has adopted, as a critical pillar in its strategy, to become stakeholder-centric, guided by our Partnership and Stakeholder Relations Management Strategies.

Partners are a subset of ACSA's stakeholder ecosystem. There are partners that have always been part of the Company's ecosystem since inception such as government departments, ground handlers, etc. Partnerships have become an enhanced feature of ACSA's business model since the advent of Covid and its impact on the Company's financial position. Some of ACSA's existing partners have presented reputational challenges at the Company's airports so there is a need to govern and monitor these partnerships (through contracts, governance structures, etc.) based on well understood and explicit service expectations. The Stakeholder and Partnership Strategy is premised on the fact that it is imperative that we collaborate and partner with third parties on predetermined business objectives to achieve ACSA's mandate.

The partnership and stakeholder relations management models are built upon the RepTrak model comprising seven (7 pillars) that captures the strategic intent of the business:

- Leadership
- Performance
- Innovation
- Products and Services
- Workplace
- Governance and
- Citizenship

PERFORMANCE MEASUREMENT OF PARTNER AND STAKEHOLDER STRATEGIES

The Reputation Index Measure comprises the perceptions and degree to which stakeholders admire, trust, respect and have an overall good feeling towards ACSA. We will endeavour to professionally measure these standards against the Reputation Index model annually with internal quarterly stakeholder surveys.

At an operational level, divisional Stakeholder Engagement Plans are developed and reviewed annually prior to implementation. These plans have been strengthened to be outcomes based, focussing on critical pain points across the ACSA's value chain and measuring and monitoring expected outcomes for each identified engagement.

STAKEHOLDER GROUPS

As the operator responsible for running the country's nine largest public airports, ACSA's stakeholder groups extend throughout society and the economy. The following diagram illustrates the stakeholder groups that are engaged on an ongoing basis.

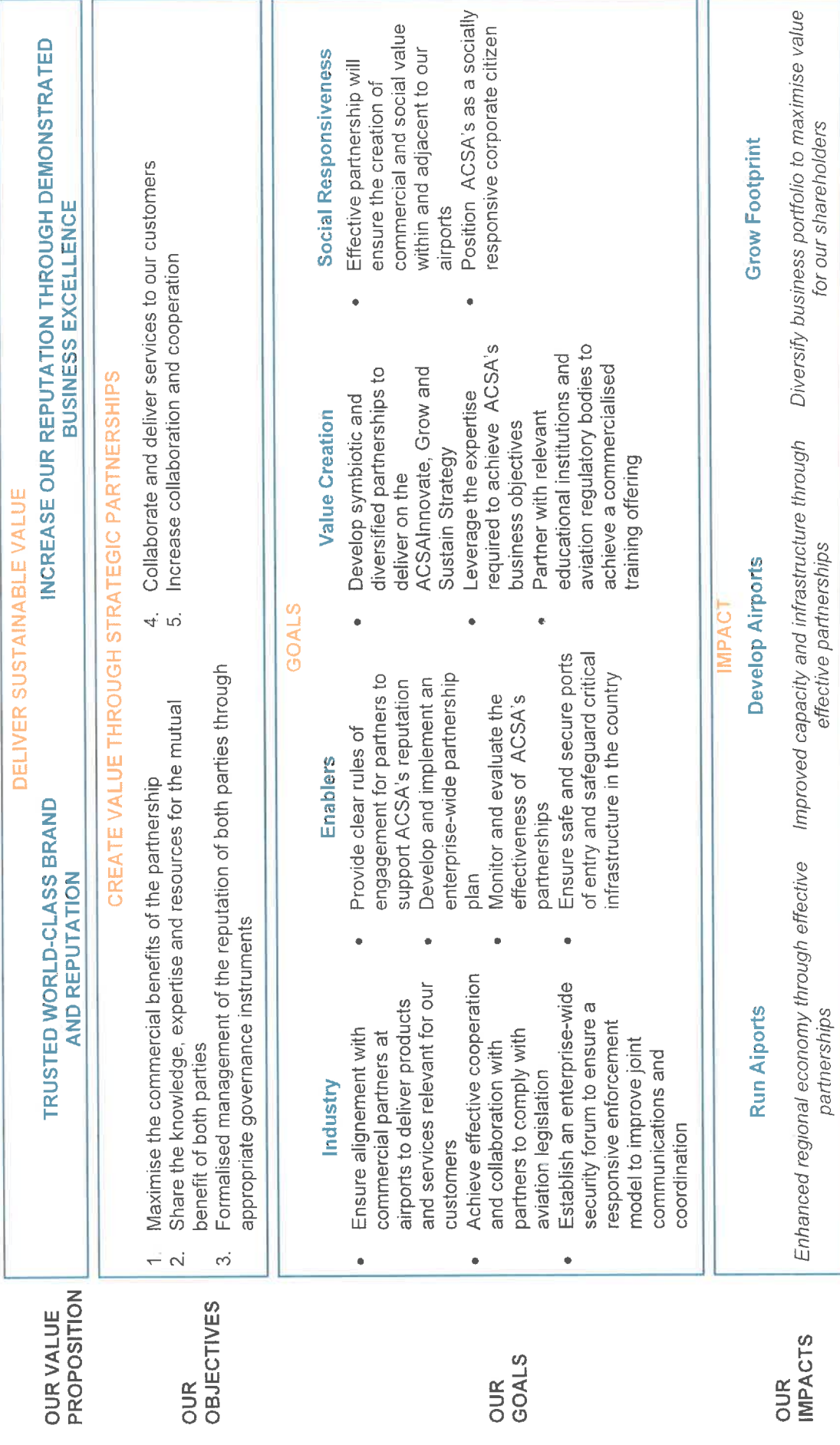


Our stakeholders and partners	Stakeholders focus areas	Examples of engagement	Examples of concerns	Benchmarking
<p>Government agencies, public sector partners, private sector partners, Economic Regulating Committee</p>	<p>Policy, industry partnerships, economic regulation, operational excellence, and licence to operate</p>	<ul style="list-style-type: none"> Quarterly reviews with Regulating Committee Reports and engagements with the key national government departments 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"> Internal quarterly reputation surveys Annual Reputation Index Survey Tariff Permission Aeronautical Revenue None-Core Revenue Social Return on Investment
<p>Employees, unions, suppliers</p>	<p>Input: Operations</p>	<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"> Reputation Index Survey Leadership culture index Employee satisfaction survey B-BBEE
<p>Passengers, airlines, tenants, and concessionaires</p>	<p>Output: Clients and customers</p>	<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"> Internal quarterly reputation surveys Annual Reputation Index Survey Airport stakeholder survey Airport Service Quality (ASQ) Survey

<p>Community, NGOs, environmentalists</p>	<p>Dependent: Vested interests</p>	<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 and programmes Community development and creating sustainable livelihoods. Transformation and creating Environmental sustainability 	<ul style="list-style-type: none"> Internal quarterly reputation surveys Annual Reputation Index Survey B-BBEE ACI Carbon Accreditation
<p>Media and special interest groups</p>	<p>Independent: Influencers</p>	<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"> Internal quarterly reputation surveys Annual Reputation Index Survey Airport Service Quality (ASQ) Survey Airport Stakeholder Survey Measure positive publicity through media monitoring
<p>Associations, partners</p>	<p>Partnerships</p>	<ul style="list-style-type: none"> Providing input for International Civil Aviation Organisation (ICAO) regional bodies African Civil Aviation Commission (AFCAC) of the AU 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 regulatory 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. 	<ul style="list-style-type: none"> Internal quarterly reputation surveys Annual Reputation Index Survey Airport Stakeholder Survey

<p>Shareholders, investors</p>	<p>Capital and funding providers</p>	<ul style="list-style-type: none"> • Roadshows, results presentations, and annual general meetings • Rating reviews • Meetings with institutional bondholders, funders, and investors 	<ul style="list-style-type: none"> • Equity investments and concession partnerships • Sound financial performance, return on equity and dividends. • Strong governance and regulatory compliance 	<ul style="list-style-type: none"> • Assurance of annual financial statements • Credit rating agency assessments • Internal quarterly reputation surveys • Annual Reputation Index Survey • Internal quarterly reputation surveys
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PARTNERSHIP STRATEGY MAP



MATERIAL MATTERS AND RISK MANAGEMENT

Identifying risks to the Company is standard operating procedure continues to remain top priority at ACSA. The ACSA’s risk universe has remained dynamic since the and continues to be subject to many external factors, including natural disasters, and global political risks.

#	Strategic objective	Risk identified	Inherent Risk Rating	Residual Risk Rating	Risk mitigation
1	<p>Stabilise and Recover</p> <p>(Risk Theme: Going Concern and Impaired Sustainability)</p>	<p>Sustainability Risk: ACSA’s inability to recover from the impact of external threats (ESG impacts) and sustain its operations.</p>	1	1	<ul style="list-style-type: none"> Partnerships to facilitate trade and promote new global and domestic tourism. ESG framework development and implementation Implementation of commercial Strategy 2025 - 2030 Revision of commercial Strategy 2025 - 2030 Marketing, passenger, and non-traveller growth strategy Planning and implementation of ACSA growth strategy initiatives (ACSA global L11 aerropolis strategy, cargo strategy, ground handling strategy, fuel strategy, and training academy strategy). Pursue South Africa’s foreign policy and bilateral relations in trade, tourism, agriculture and air transportation for new traffic and route development initiatives. Implementation of energy security and efficiency measures for all ACSA Airports. Contribute to development of tourism strategy and air freight strategy to promote trade facilitation.

#	Strategic objective	Risk identified	Inherent Risk Rating	Residual Risk Rating	Risk mitigation
2	Increase reputation through demonstrated excellence. (Risk Theme: Resilience)	Ageing Infrastructure and delayed Maintenance.			<ul style="list-style-type: none"> Additional budget secured for both OPEX and CAPEX for critical asset refurbishment/replacement/maintenance. Recruitment for critical skills replacement underway.
3	Stabilise and Recover (Risk Theme: Resilience)	Jet fuel Security- The security of continuous supply and meeting demand growth of Jet Fuel.			<ul style="list-style-type: none"> The Fuel Forum has been reformed to ensure that all players are aware of supply and demand concerns relating to the security of Jet A1 at the airports. Jet A1 is predominantly imported into South Africa to bypass refinery constraints. The Jet Fuel strategy has been approved and implementation plans commenced.
4	Increase reputation through demonstrated excellence. (Risk Theme: Security)	Cyber threats and regulatory safeguard requirements.			<ul style="list-style-type: none"> Security modernisation is enabled. Information protection and data classification controls implemented. Security operation centre enabled, penetration testing services acquired, email security capabilities improved. Enabled increased PKI digital certificates for both confidentiality and integrity. Cyber services and controls defined and enabled. Human resource capacitation enabled. Cloud application security enabled along with identity protection.
5	Increase reputation through demonstrated excellence.	Acts of Unlawful interference within Aviation operations.			<ul style="list-style-type: none"> Conducting threat and vulnerability assessment and Criminal Network Analysis, in partnership with SAPS, CI and SSA. Scrutinise and Follow-up on pending critical security breach cases. Established Multidisciplinary Task Teams across all ACSA airports.

#	Strategic objective	Risk identified	Inherent Risk Rating	Residual Risk Rating	Risk mitigation
	(Risk Theme: Security)				<ul style="list-style-type: none"> Replacement of obsolete x-ray machines with Smart Security technology underway. Behaviour Detection Screening to be implemented. Implementation of Integrated National Command Centre has commenced with an Intelligent Integrated Security System. i.e. Integrated Security Surveillance, advance access systems, PIDS, LPR and Panic-Alarms, Facial recognition, and behaviour monitoring technologies to follow. Deployed a tactical Crime prevention and intervention unit for high-Risk areas Protection of all critical assets and infrastructure. Initiated critical analysis and its consequential impact of high impact crimes, especially organised crime and syndicates. Develop MOAs with Law Enforcement agencies as per partnership strategy to detect potential acts of unlawful interference. Commenced protection of all critical assets and infrastructure.
6	Stabilise and Recover (Risk Theme: Resilience)	Energy Crisis: Electricity Instability with the possibility of a national grid collapse.			<ul style="list-style-type: none"> Five major airports have Renewable Energy generation which can reduce reliance on the electrical grid. The roadmap to carbon neutrality includes medium to long term solutions for energy security (gas-to-power and further renewables). All airports will have Renewable Energy generation by 2030 Extensive on-site back-up generators to provide power during period of non-grid-availability. CAPEX plans include provision of additional generators for the sites to ensure future operational effectiveness. Additional diesel in budgets to run back-up generators for periods of no grid power. Water supply from onsite reservoirs provide a buffer to loss of pumping potential from municipal water sources.

#	Strategic objective	Risk Identified	Inherent Risk Rating	Residual Risk Rating	Risk mitigation
7	Stabilise and Recover (Risk Theme: Going Concern and Impaired Sustainability)	Inability to proactively manage compliance to tax legislations leading to adverse tax consequences and/or missed tax saving opportunities.	High	High	<ul style="list-style-type: none"> Implementation of the new Tax Function structure that will enable the function to operate optimally and effectively. Process to request and approve new Tax Structure has been initiated. Source the services of a specialised consulting firm to conduct a tax function maturity assessment with recommendations. Approved service level agreements or any other legal instruments aligned to relevant acts and regulations. Adopted standard clause to clearly articulate the responsibilities of contractors towards ACSA. A procedure has been developed and approved to guide the organization towards drafting the requirements for contractors in relation to the functions for which they are contracted
8	Increase reputation through demonstrated excellence. (Risk Theme: Going Concern and Impaired Sustainability)	Ineffective contract management.	High	High	<ul style="list-style-type: none"> Assess the involvement of ACSA employees in illicit activities. Investigation of certain projects and transactions. Capacitate the consequence management department. Implement loss control policy, procedures and establish a loss control committee. Development of Investigation capacity within Enterprise Security function to pursue criminal investigation with Law enforcement. Fast-tracking of vetting programs / implementation of vetting unit. Review the employee protection program/procedure.
9	Increase reputation through demonstrated excellence. (Risk Theme: Safety and Security)	Criminality caused by insider threats who have privileged access, seeking financial gain through fraud and corruption, which could lead to acts of unlawful interference, compromised security measures, and significant financial losses.	High	High	<ul style="list-style-type: none"> Implement and monitoring of HR Optimization Plan. Recruitment turnaround time 72 days. Executive Succession planning concluded. Revised ACSA Recruitment policy, procedures and practices. The settling of the GFOM structure underway.
10	People (Risk Theme: Human Capital)	Loss of key skills and inability to retain talent.	High	High	

#	Strategic objective	Risk identified	Inherent Risk Rating	Residual Risk Rating	Risk mitigation
11	Increase reputation through demonstrated excellence. (Risk Theme: Novel risks)	Inadequate or ineffective business continuity response plans to support ACSA during a business disruption.	High	High	<ul style="list-style-type: none"> Resourcing plan designed and being implemented. Workforce optimisation used parallel with recruitment processes. HR mobility program being implemented. In depth background checks and psychometric underway. Engagement of staff including Learnerships, and interns implemented – to keep a talent pipeline. Workplace orientation programme for all permanent employees. Market Related Pay Scales ensured. Employment Equity Legislation target and plan followed. Continuous Implementations and monitoring of BCM programme including creating a culture of BCM. BCM related and emerging incidents are being monitored. Airports continue to report on catastrophic events and deployment of contingency and continuity plans. Airports have been engaged to consider simulating both emergency evacuation and critical business processes. SCM has been engaged on the importance of including BCM clauses on strategic contract. HR's implementation plans in response to post covid crisis are being monitored i.e., HR Optimisation Plan, Hybrid Work Plan and other continuity measures. Internal Audit have included BCM in their plans for assurance provision. BCM Emerging Risks and State of Preparedness plans collated and presented to committees

#	Strategic objective	Risk identified	Inherent Risk Rating	Residual Risk Rating	Risk mitigation
12	Stabilise and Recover (Risk Theme: Going Concern and Impaired Sustainability)	Material Effects of the Wars (Russia/Ukraine, Israeli/Palestinian).	High	High	<ul style="list-style-type: none"> Monitoring of official reports on the wars and the impact on Airports Company South Africa (e.g., supply chain, route development initiatives). Continuous monitoring of any war that may impact business continuity of ACSA
13	Stabilise and Recover (Risk Theme: Going Concern and Impaired Sustainability)	Lack of a standardised method towards running of subsidiaries and joint ventures leading to a laissez-faire approach towards the entities' management.	High	High	<ul style="list-style-type: none"> In consultation with PWC to receive advisory on configuration of subsidiaries. ACSA to design a strategic approach towards subsidiaries. Adoption of a standardised approach towards management of current and future subsidiaries and joint ventures. Define mandate of the ACSA oversight departments towards the subsidiaries and joint ventures. Review and implement oversight activities to improve assurance of subsidiaries and joint ventures.
14	Stabilise and Recover (Risk Theme: Going Concern and Impaired Sustainability)	Revenue growth (Aero & Non- Aeronautical revenue).	High	High	<ul style="list-style-type: none"> Review the marketing plan (informed by changes in the economy and passenger profiles) Review commercial contracts through the help of the legal department to service tenants appropriately. Continued review of effective tenant mix and layout to ensure efficiencies. Assess ability to deliver relevant services. Legal department to tighten the loopholes. Effectively manage existing contracts by identifying market trends and ways to engage.
15	Financial Sustainability (Risk Theme: Going Concern and Impaired Sustainability)	Economic Regulator and Financial Sustainability: Inability to provide appropriate funding and cash-flow.	High	Medium	<ul style="list-style-type: none"> Partnering with the Department of Transport (DoT) to facilitate the drafting of regulations following the company amendment bill into law. Engaging with DoT to review the model on issues of economic regulator discretion.

#	Strategic objective	Risk identified	Inherent Risk Rating	Residual Risk Rating	Risk mitigation
				II	<ul style="list-style-type: none"> Continuation of engagement processes that complies with the requirements of the economic regulator. Timeous review and update of permissions cycles (e.g., Prefunding, interim arrangements, and change management) Conservative financial planning approach, inclusive of scenario planning Long-term financial planning capability within finance function Aeronautical collection - Billing and collecting process in place. Conservative traffic forecast Manual commercial customer data management
16	<p>Increase reputation through demonstrated excellence.</p> <p>(Risk Theme: Brand positioning, perception, Competitiveness and Sustainability)</p>	Reduced connectivity and attractiveness of the ACSA airport network (Loss of competitiveness).	II	I	<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 Identifying a list of all constraint Bilateral Air Service Agreement in line with Traffic Development Route Pipeline. Identify the corrective action to be taken and engage the NDoT to influence the amended of the agreements Proactively profiling ACSA from an external perspective Media engagement through different platforms Created media partnerships with Journalists (SANEF) External Communications Procedure developed with protocol on engaging media.
17	<p>Increase reputation through demonstrated excellence.</p>	Failure to manage and improve reputation through the effective management of the brand and various ACSA stakeholders.	I		

#	Strategic objective	Risk identified	Inherent Risk Rating	Residual Risk Rating	Risk mitigation
	(Risk Theme: Relevance and Competitiveness)			II	<ul style="list-style-type: none"> Participation in the industry specific forums and conferences-brand visibility. Increased paid media spend to ensure competitiveness and brand positioning. Execution of passenger mobilisation implementation plan – create awareness in disadvantaged communities. Growing ACSA's footprint on digital and social platforms Internal Communication drive on Ethics and Compliance. Interdepartmental approach on how to deal with Ethics and Compliance Holding people accountable with punitive measures Training for all staff members on brand and customer experience Conduct research to improve various brand touchpoints (Brand touchpoint audits. Monitor implementation of the Stakeholder Engagement plans. Monitoring and evaluation of effectiveness of engagements with stakeholders Host stakeholders focus group sessions. PR exercise and comms enhancements (external context) Consistency of customer experience Crisis management plan (Brand & reputation) Training of all staff as brand ambassadors Alignment of communications protocol with stakeholder management plan Approval of the brand strategy to allow to implement the tactical plans that will assist in ensuring that brand equity and brand visibility which will lead to positive brand positioning
18	Increase reputation through demonstrated excellence.	General Aviation Risk: High safety and security incident and accident statistics of General Aviation aircraft eroding the safety culture.		I	<ul style="list-style-type: none"> Partnering with the SACAA Accident Investigation Division to conduct root cause analysis. Implementation of General Aviation security measures commensurate with the exposure created by the sector.

#	Strategic objective	Risk identified	Inherent Risk Rating	Residual Risk Rating	Risk mitigation
	(Risk Theme: Resilience)				<ul style="list-style-type: none"> Provide safety awareness training to ACSA employees to assist with monitoring reportable General Aviation Incidents. Create a platform for the General Aviation community to report suspicious activities, safety breaches and potential hazards to ACSA. Partner with SACAA to document regulation of Safety Management Systems at General Aviation (similar to that of aerodromes above category 4 and commercial aerodromes regulated according to Civil Aviation Regulations Part 139)
19	Increase reputation through demonstrated excellence. (Risk Theme: Security)	Safety and Occupational (OHS) Risk: Unsafe airports leading to possible injuries and/or regulated shutdown of the facility and/or loss of life.	III	II	<ul style="list-style-type: none"> Implementation of landside safety 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. Internal and external audits monitored continuously. Tracking of effective monitoring and reporting Continuously monitor the number of bird and wildlife strikes
20	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.	II	II	<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
21	Increase reputation	Non-compliance/conformance to relevant legislation,	II		<ul style="list-style-type: none"> Provide Executives with regulatory framework workshop. identify and provide key role players in the execution of

#	Strategic objective	Risk identified	Inherent Risk Rating	Residual Risk Rating	Risk mitigation
	through demonstrated excellence. (Risk Theme: going concern)	regulations, policies, and procedures.		II	<ul style="list-style-type: none"> Compliance role with an understanding of regulatory framework (e.g., Internal Audit, finance, 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 Auditor General & Internal Audit findings organisation-wide 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 systems 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
22	Diversify business portfolio. (Risk Themes: Human Capital)	GFOM implementation / Inability to effectively execute operational objectives and ensure business integration.	II	II	<ul style="list-style-type: none"> Ongoing implementation of the GFOM structures, with the resolution of unforeseen conflicts and inter-divisional mandates. Recruitment for critical skills replacement is underway.
23	Increase reputation through demonstrated excellence. (Risk Theme: Human Capital)	Inability to effectively implement ACSA's strategic transformation imperatives (internal & external).	II	II	<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 Identify and empower additional transformation champions to ensure the implementation of transformation initiatives through continuous advocacy and education on transformation

#	Strategic objective	Risk identified	Inherent Risk Rating	Residual Risk Rating	Risk mitigation
24	<p>Increase reputation through demonstrated excellence.</p> <p>(Risk Theme: going concern)</p>	<p>Utilities and essential services/ Infrastructure Risk (security of water supply and other essential services).</p>	II	II	<ul style="list-style-type: none"> 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 Ensure effective strategic skills development planning and funding for employee development Strengthen 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 Water supply from onsite reservoirs provide a buffer to loss of pumping potential from municipal water sources. Business Impact Assessments conducted through the BCM Department at ACSA at all sites to determine the capacity of backup services for all essential services.

Corporate Plan Implementation Risk

ACSA's inability to deliver on Corporate Plan imperatives, will lead to underperformance and missed opportunities on expected customer service and required infrastructure, to achieve the Company's value proposition.

Key Risk Indicators	Root Causes
Increase in operating costs	Inefficiencies, value eroding expenses and poor cost control mechanisms. External forces (delays in the supply chain)
Delays and disruptions in customer service	Ineffective processes and functional configuration
Operational inefficiencies	Internal inefficiencies (lengthy approval processes, multiple approval processes)
Failure to deliver on key capex projects	Combination of both internal and external factors (lack of and/ or poor interfaces)

Implementation Risk Mitigation Plan

Internal Root Causes	External Root Causes	Interface Root Causes
Implement parallel processes between multidisciplinary teams	Explore alternative supply chain routes for quick turnaround	Create synergies and overlaps between approval processes
Overlap and streamline approval processes to reduce delays	Establish relationships with multiple suppliers	Enhance communication and collaboration between departments
Enhance business process rationalisation and change management	Invest in technology for real-time supply chain process/flow tracking	Conduct regular interface assessments for potential bottlenecks

ACSA's FY2025-FY2027 Corporate Plan navigates the complexities of the aviation industry through a multifaceted strategic response. The transition to the Innovate, Grow and Sustain approach is a proactive stance toward future-proofing airport operations and business.

PERFORMANCE INFORMATION

STRATEGY ALIGNMENT TO DEPARTMENT OF TRANSPORT STRATEGIC FOCUS AREAS

Sustainability framework	Strategic objective		Key performance indicator
	Strategic objective name	Definition	
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"> • EBITDA • Capex Allocation
	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.	
	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. 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>	
Impact on the environment	Reduce environmental impact	<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"> • Aeronautical Revenue • Non-aeronautical revenue • Reputation index
		<ul style="list-style-type: none"> • Safety and security • Seamless integration of public transport across modes 	
		<ul style="list-style-type: none"> • Safety and security • Seamless integration of public transport across modes 	<ul style="list-style-type: none"> • ACI Passenger satisfaction • Operational Efficiency
		<ul style="list-style-type: none"> • Economic growth and job creation 	<ul style="list-style-type: none"> • ACI Carbon Accreditation Footprint level

Sustainability framework	Strategic objective		Key performance indicator
	Strategic name	Definition	
Impact on people and society	Transform ACSA business	<p>Increase participation of designated groups within the Company's operations</p> <p>Increasing economic participation in the Company's value chain (supply chain and commercial)</p> <p>Empower designated groups so that they can harness better work opportunities (attract, develop, and retain)</p> <p>We want to be a caring citizen – a socially responsible business in South Africa and in all other areas in which we operate.</p>	<ul style="list-style-type: none"> • B-BBEE level • % Black business share of com. Revenue generated • # Of job opportunities created
		<p>Accelerating transformation towards greater economic participation</p>	
Organisational capability	Business digitisation	<p>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.</p>	
	People and culture	<p>ACSA is 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.</p>	
	Knowledge management and innovation	<p>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.</p>	
	Supply chain management	<p>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</p>	

KEY PERFORMANCE INDICATOR INFORMATION FOR THE PERIOD FY24/25- FY26/27

Core pillar	Strategic objective	Key performance indicator		FY2024/25	FY2025/26	FY2026/27	Baseline
		KPI name	EBITDA				
Covers all three pillars:	Financial sustainability	KPI definition	Earnings before interest, taxes, depreciation, and amortization	R2 616m	R3 126m	R3 510m	R1 862m
		KPI formula	Total revenue less operating expenses and employee costs				
		KPI name	Capital allocation (CAPEX)				
Run airports.		KPI definition	Maximum total capital expenditure allocated within the Company budget	R727m	R2 029m	R7 359m	R679m
		KPI formula	Total Company capital expenditure for the year				
Develop airports.		KPI name	Aeronautical revenue	R4 122m	R4 695m	R5 103m	R3 234m
		KPI definition	Revenue derived from aeronautical activities (landing, passenger fees, and parking fees)				
Grow our footprint	Diversify the business portfolio	KPI formula	Sum revenue from ATMs, Departing Passenger, and aircraft parking				
		KPI name	Non-aeronautical revenue				
		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	R3 429m	R3 773m	R4 064m	R2 756m
		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				
		KPI name	Reputation index				
Run airports.	Increase reputation.	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.	60% Reputation index survey	65% Reputation index survey	70% Reputation index survey	64.1 (Baseline is FY2019/20)
		KPI formula	Reputation Institute's RepTrak® research methodology is the global standard for measuring corporate reputation. The reputation survey data is captured in the RepTrak® Pulse, and an outcome score from 0-100, with 100 being the best, is computed. Every second year of the measure will be based on a peer review of the Company				

Core pillar	Strategic objective	Key performance indicator				Baseline	
		KPI name	ASQ Index	FY2024/25	FY2025/26		FY2026/27
		KPI definition	This indicator illustrates the passenger view and assessment of our airports' delivery of airport customer focused services. This indicator is derived from the independent and approved ASQ programme managed by ACI.				
	Increase reputation.	KPI formula	Passengers complete a survey assessment, through a structured passenger ASQ survey programme. The ASQ survey covers thirty-four services areas clustered across the following categories access, airline service, security, finding your way, airport facilities, airport environment and airport arrivals services. The ASQ survey findings are administered by an external firm on behalf of ACI. Scoring scale: 1–5 with 1 being poor and 5 being excellent. The Group ASQ score take an average of the nine airports ASQ scores.	3,74	3,81	3,95	3,74
		KPI name	Efficiency Factor				
		KPI definition	The efficiency factor serves as an evaluation of the company's ability to optimize revenue generation while managing costs and upholding stringent security and safety standards to enhance the overall airport user experience				
		KPI formula	Integration of both financial and non-financial elements using a weighting system to delineate their importance within the efficiency factor framework. A 70% of the weight is allocated to assessing financial performance, with a remaining 30% is allocated to evaluating the current operational efficiency index, which considers aspects such as security, safety, and overall operational effectiveness. Then, merges both financial metrics and operational efficiency indices by combining these factors. This amalgamation aims to closely adhere to regulatory standards and requirements for establishing the efficiency factor..	1.5%	2,75%	2,75%	Not measured
		KPI name	B-BBEE level	Level 2	Level 1	Level 1	Level 2

Core pillar		Strategic objective	Key performance indicator	FY2024/25	FY2025/26	FY2026/27	Baseline	
Coverings all three pillars: Run airports. Develop airports. Grow our footprint	Transform ACSA business	<p>The Company's B-BBEE recognition level is based on a public-sector scorecard framework which reflects the Company's contribution to broad-based Black economic empowerment.</p> <p>NB: The set targets are subjected to change when the amended Integrated Transport Sector Codes are promulgated by the DTI 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</p>	B-BBEE Rating (Use DTI Qualification Scoring and Independently Approved Score)					
			% Black business share of commercial revenue generated					
			<p>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.</p> <p>Commercial revenue to Black business X 100) / (Total commercial revenue generated)</p> <p>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.</p>	60%	60%	60%	55%	
Coverings all three pillars: Run airports. Develop airports. Grow our footprint	Transform ACSA business	<p># of Job opportunities created</p> <p>This measure informs the stakeholders of the number of job opportunities created by the Company.</p> <p>The Employment Contribution Model</p>						
Covers all three pillars: Run airports. Develop airports.	Reduce environmental impact	<p>ACI Carbon Accreditation Level</p> <p>The assessment and recognition of our airports' efforts to manage and reduce our CO₂ emissions.</p>	Maintain ACI Level 2 Certification for at least 2 Airports and	18 705	24 614	43 385	Maintain ACI Level 2 Certification	

Core pillar	Strategic objective	Key performance indicator	FY2024/25	FY2025/26	FY2026/27	Baseline
Grow our footprint			attain level 3 for at least one airport	attain level 3 for at least two airports.	attain level 3 for at least two airports.	for at least 3 Airports
		ACI's, 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. Airport Carbon Accreditation is based on existing international standards in the reporting and accounting of greenhouse gas emissions.				
		KPI formula				

QUARTERLY PERFORMANCE INFORMATION FOR THE PERIOD FY2024/25

Core pillar	Strategic objective	Key performance indicator	Q1	Q2	Q3	Q4
Covers all three pillars: Run airports Develop airports Grow footprint	Financial Sustainability	EBITDA (Cumulative)	R657m	R1 313m	R1 970m	R2 616m
		Capex Allocation (Cumulative)	R182m	R364m	R545m	R727m
	Diversify the business portfolio	Aeronautical revenue (Cumulative)	R1 030m	R2 061m	R3 091m	R4 122m
		Non-aeronautical revenue (Cumulative)	R730m	R1 460m	R2 190m	R2 919
Run airports	Increase reputation	Reputation index	-	-	-	60% Reputational Index Survey
		ASQ Index	3,74	3,74	3,74	3,74
		Efficiency Factor	1,5%	1,5%	1,5%	1,5%
		B-BBEE Level	-	-	-	Level 2
Covers all three pillars: Run airports Develop airports Grow footprint	Transform ACSA business	% Black business share of commercial revenue generated	60%	60%	60%	60%
		# Of job opportunities created (Cumulative)	6 436	10 290	14 121	18 705
Covers all three pillars: Run airports Develop airports Grow footprint	Reduce environmental impact	ACI Carbon Accreditation Footprint Level	-	-	-	Maintain ACI Level 2 Certification for at least 2 Airports and attain level 3 for at least one airport

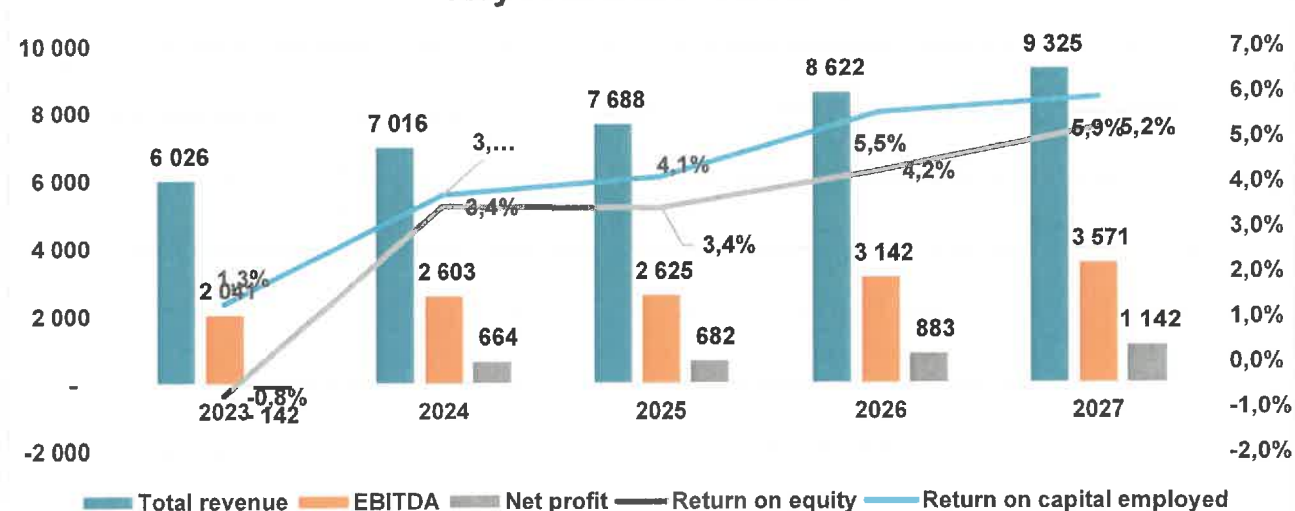
MINISTERIAL MANDATE KPI

Output indicator	Annual target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Leadership, governance, and accountability					
Percentage responses to Parliament questions within stipulated timelines	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

FINANCIAL PLAN

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.

Key financial indicators



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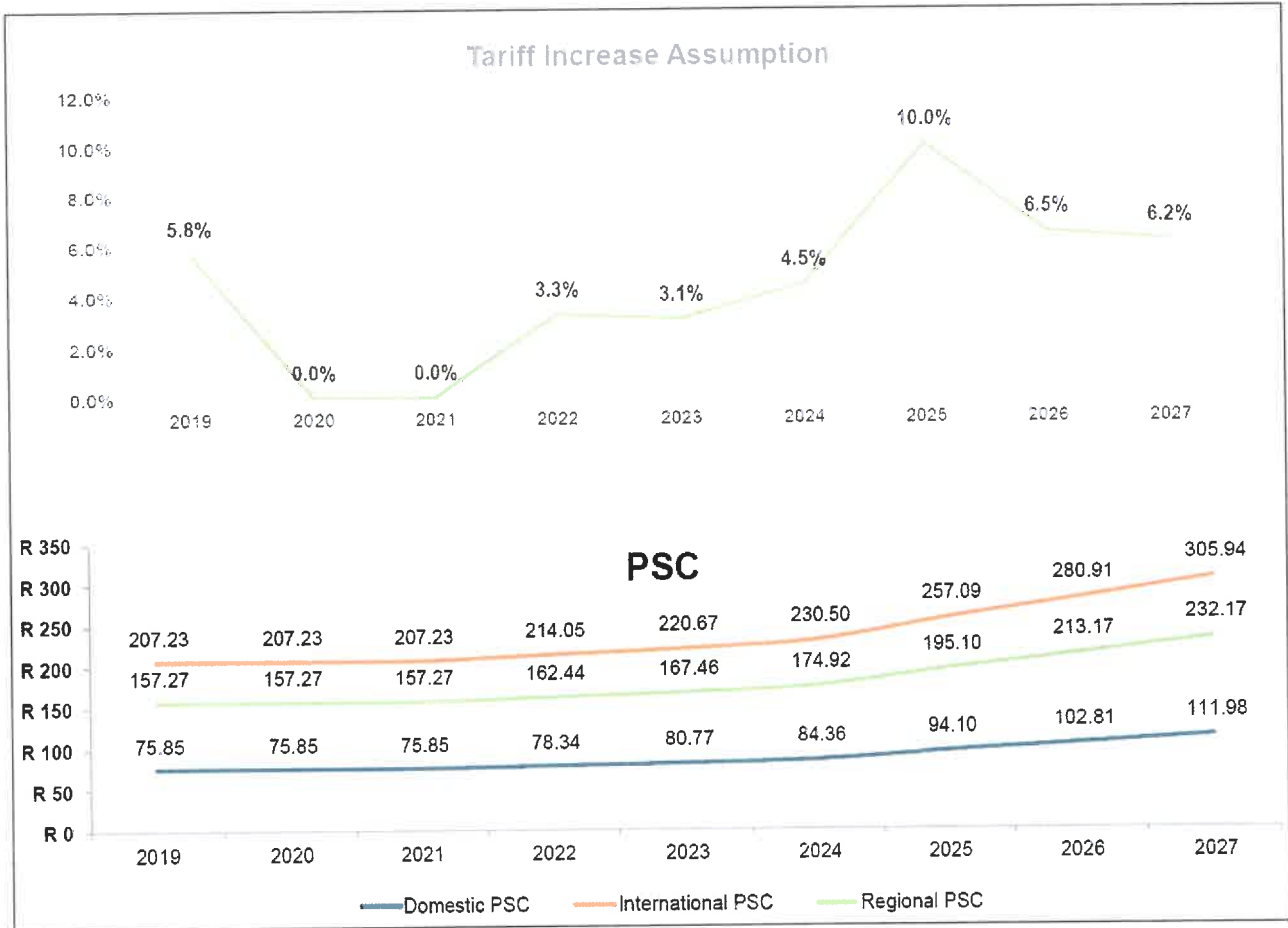
ECONOMIC ASSUMPTIONS

The key assumptions that were made in the Financial Plan are provided in the table below:

Assumption	Forecast		Budget/Plan	
	2023/24	2024/25	2025/26	2026/27
Traffic growth, %	14.5%	4.3%	9.5%	2.1%
CPI, %	4.4%	4.5%	4.5%	4.5%
Interest rate, %	10.0%	10.0%	10.0%	10.0%
Tariff increase, %	4.4%	10.0%	7.0%	6.7%
Capex, Rm	943	752	2,002	7,253
Dividends*, %	0.0%	0.0%	0.0%	0.0%

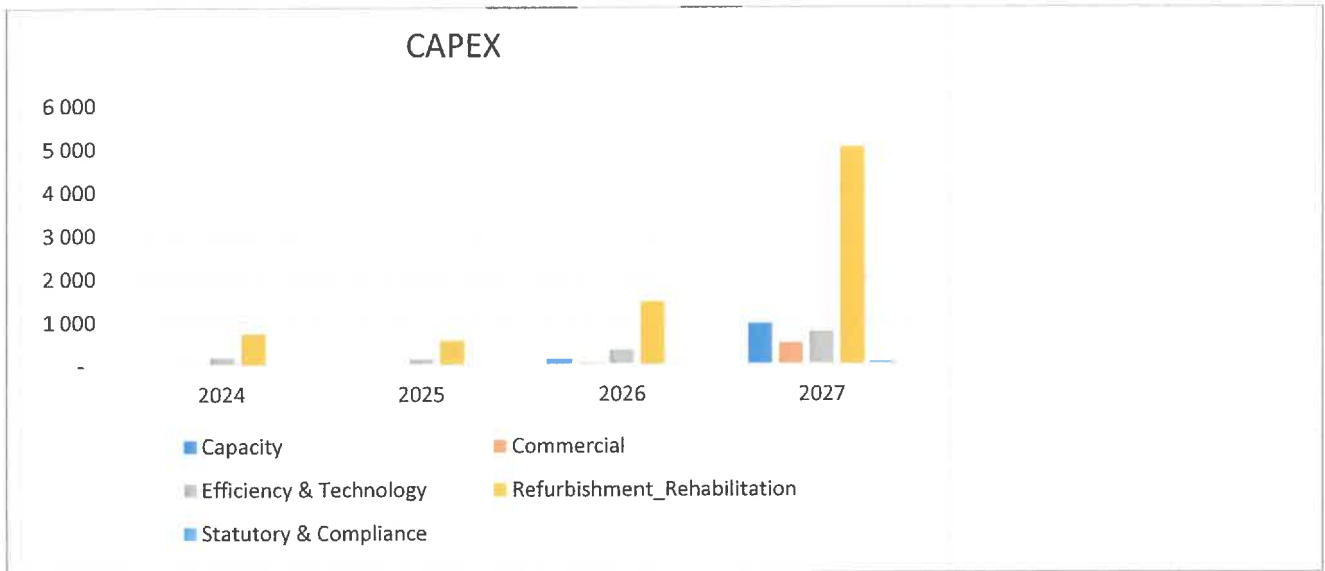
*The Company does not budget for dividends; however, the dividends distribution is considered based on audited financial statements considering the prevailing dividends policy.

TARIFFS



CAPITAL EXPENDITURE PROGRAMME

The capital expenditure programme provides for investments of approximately R10.1 billion over the Corporate Plan period. Most of the capex spend in the three-year planning period, up to 70%, is planned for refurbishments and replacement projects.

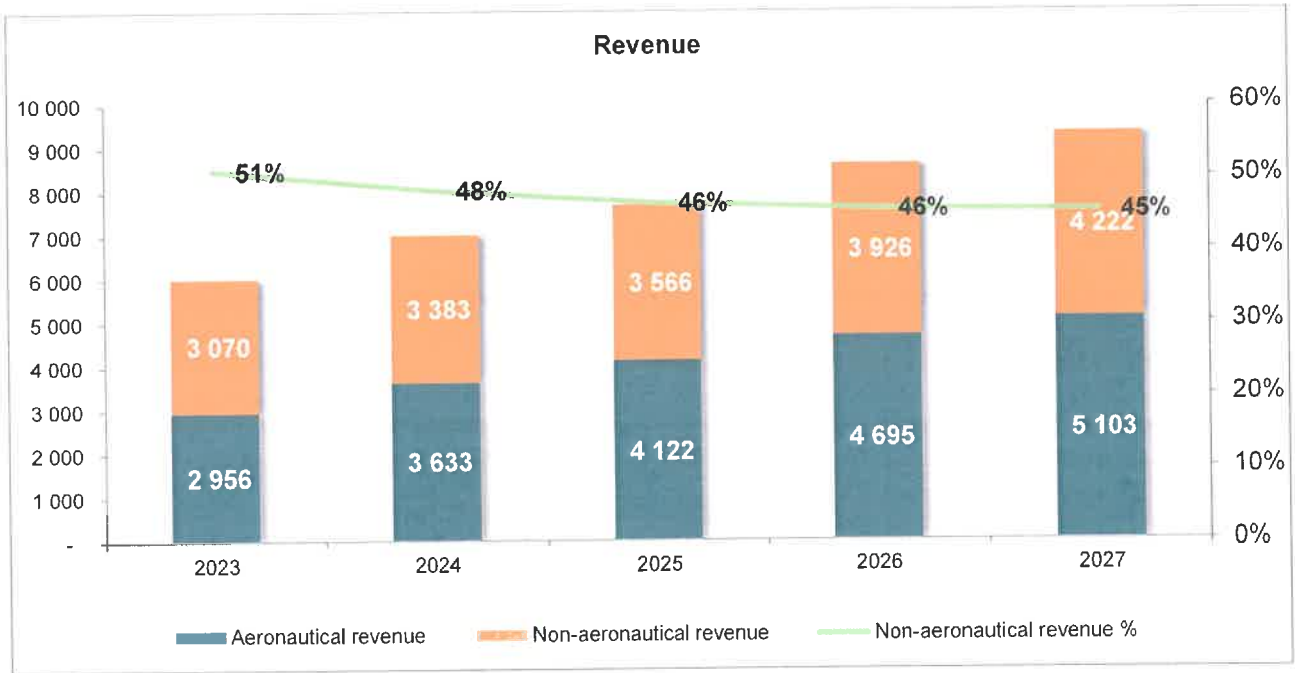


REVENUE

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

The Group is forecasting revenue of R7.68 billion in 2024/25FY. This follows a 10.03% increase in aeronautical charges granted by the Regulating Committee in the 2024-2028 Permission.

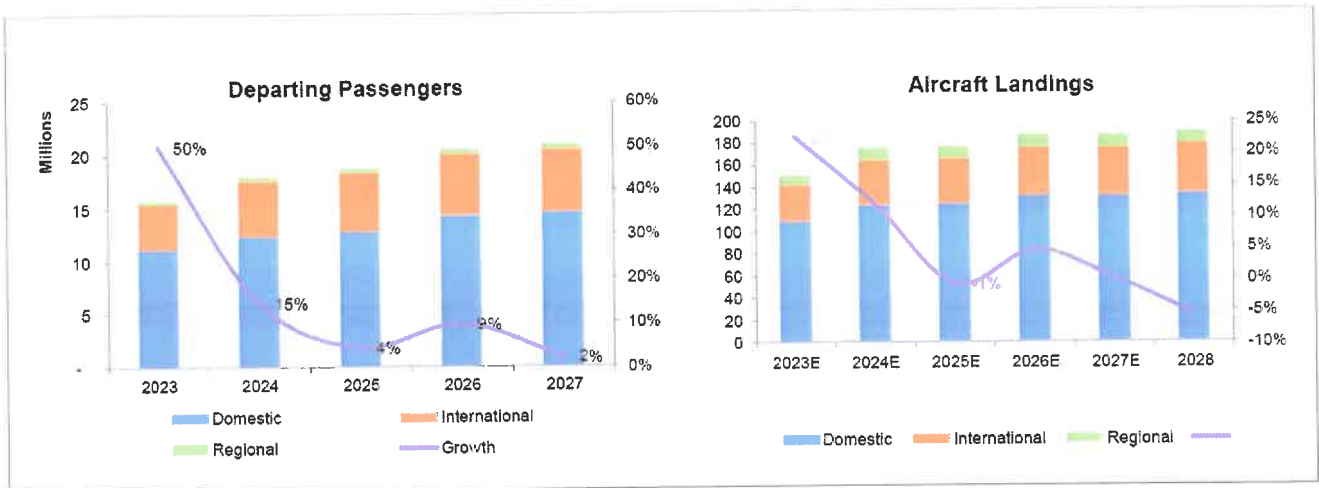
Non-aeronautical revenue is projected to range between 44% and 46% of total revenues over the Corporate Plan period.



Aeronautical Revenue

Aeronautical revenue is forecasted to increase by 13.3% in 2024/25FY compared with the previous financial year forecast. The is driven by largely anticipated increase in tariff of 10% and growth in traffic of 4%.

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



Departing Passengers are expected to grow by 4% compared to forecast and reach 90.2% of 2019/20

- International -95.3%
- Domestic -87.9%

Aircraft Landings are expected to reduce by 1% compared to forecast and reach 94.7% of 2019/20 levels.

- International -106%

- Domestic –95.5%

Non-Aeronautical Revenue

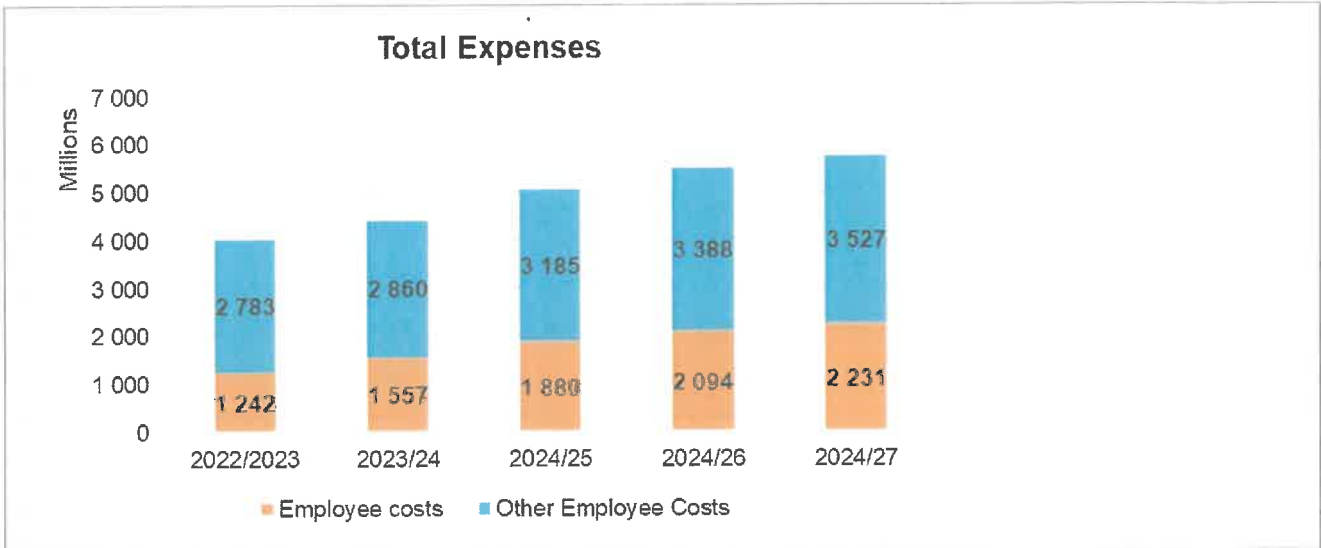
Non-aeronautical revenue increases by 10.2% in 2024/25FY compared with the 2023/24FY, this increase is driven mainly by the inflation. Non-aeronautical revenue over the Corporate Plan period is expected to increase annually by 8%.

When comparison is drawn between the 2023/24FY forecast and the 2024/25FY budget:

- Retail revenue is estimated to increase by 8.2 %.
- Car parking is estimated to increase by 4.6%.
- Advertising revenue is estimated to increase by 23.8% because of the anticipated concession awards.
- Car rental revenue is estimated to decrease by 0.4%; and
- Property rentals and property development are estimated to increase by 11.6%

OPERATING EXPENDITURE

The operating expenditure for 2024/25 is estimated at R5 065 million and represents a 14.7% year-on-year increase when compared to 2023/24FY.



The major cost components are as follows:

- Employee costs (including other employee costs) increase by 21% from R1,556 million to R1,838 million.
- Repairs & maintenance costs increase by 4.4% to R605 million due to new asset lifecycle management approaches being introduced.
- Utilities increase by 37.0% to R286 million in line with annual tariff increases.
- Security costs increase by 8.2% to R510 million due annual contractual increase of the security contract and increased security deployed on additional capacity.
- Rates and taxes increase by 23.1% to R356 million based on the expected increases as promulgated by municipalities.
- Information systems expenditure increases by 10.9% to R331 million because of the continuing delivery against the digitisation strategy particularly the move to cloud services.

DEPRECIATION

The depreciation charge for the 2024/25 financial year is estimated at R1,314 million. This represents a marginal difference to the 2023/24 forecast of R1, 309 million due to low levels of capital expenditure.

FINANCING COSTS

Financing cost continues to reduce over three-year of the Corporate Plan period due to the impact of debt redemptions.

EARNINGS

A profit after tax of R682 million is budgeted, which represents a 3% increase when compared with the 2023/24 forecast. Profitability is expected to improve during the Corporate Plan period on the back of traffic volume growth returning to pre-pandemic levels and the benefits from realizing the new strategy.

GROUP BALANCE SHEET

Figures in R million	2023/24	2024/25	2025/26	2026/27
ASSETS				
Non-current assets	24 358	23 796	24 848	30 998
Property, plant & equipment	23 889	23 028	23 986	29 619
Other non-current assets	768	768	1 156	1 288
Current assets	1 475	1 612	1 802	1 945
TOTAL ASSETS	25 833	25 409	26 649	32 942
EQUITY AND LIABILITIES				
Capital & reserves	19 321	20 003	20 886	22 028
Non-current liabilities	4 137	3 442	3 501	7 703
Current liabilities	2 376	1 962	2 263	3 212
TOTAL EQUITIES AND LIABILITIES	25 833	25 409	26 649	32 942

GROUP INCOME STATEMENT

Figures in R million	2023/24	2024/25	2025/26	2026/27
Landing fees	1 221	1 352	1 527	1 627
Passenger service charges	2 346	2 701	3 091	3 394
Parking fees	67	68	77	82
Aeronautical Revenue	3 633	4 122	4 695	5 103
Retail	1 064	1 152	1 287	1 445
Car rental	371	373	401	426
Car parking	526	551	576	601
Advertising	120	149	205	217
Property rentals	1 023	1 141	1 236	1 303
Other commercial	287	302	329	349
Non-aeronautical Revenue	3 383	3 566	3 926	4 222
TOTAL REVENUE	7 016	7 688	8 622	9 325
Employee costs	1 557	1 880	2 094	2 231
Operating expenses	2 860	3 185	3 388	3 527
EBITDA	2 603	2 625	3 142	3 571
Depreciation	1 309	1 315	1 365	1 440
PROFIT BEFORE INTEREST & TAX	1 294	1 310	1 777	2 131
Net interest received /paid	-747	-707	-643	-624
Investment income / capitalised interest	363	331	74	58
PROFIT BEFORE TAX	910	934	1 209	1 564
Taxation	246	252	326	422
PROFIT AFTER TAX	664	682	883	1 142

Figures in R million	2023/24	2024/25	2025/26	2026/27
EBITDA	2 603	2 625	3 142	3 571
Taxation	-197	-251	-312	-403
Dividends	0	0	0	0
Working capital changes:				
Receivables	830	-83	-115	-87
Payables	-474	589	384	930
Net cash from operations	2 763	2 880	3 100	4 011
Net cash from investing activities	-651	-754	-2 029	-7 359
Net cash from financing activities				
Borrowings	-3 344	-1 697	-321	3 971
Net interest	-380	-376	-675	-567
Cash flows	-1 622	54	75	56
Opening cash	2 184	561	615	690
Closing cash	561	615	690	746

BORROWING PLAN

The Company is required to develop a Borrowing Plan in terms of Public Finance Management Act and Section 29.1.3 of the Treasury Regulations. The Board as the Accounting Authority is required to approve the Borrowing Plan in line with Section 66(31) of the PFMA. The Borrowing Plan is developed considering the capital expenditure, operational requirements, interest payments and debt redemptions over the three-year period. The Board as the Accounting Authority is required to approve the Borrowing Plan in line with Section 66(31) of the PFMA. Airports Company South Africa's Borrowing Plan is attached as **Annexure G**.

CONCLUSION

The FY2025-FY2027 Corporate Plan embodies a strategic response to the multifaceted dynamics of the aviation industry, shaped by macro environmental factors influencing global economies and the political landscape. The imperative for a strategic shift towards agility and resilience is underscored by the need to navigate a mixed operating environment, marked by uncertainties in the aftermath of the COVID-19 pandemic and ongoing geopolitical tensions.

The transition from the Recover and Sustain Strategy to the Innovate, Grow and Sustain approach reflects ACSA's commitment to adaptability in the face of evolving challenges. Recognizing the imperative for efficiency improvements across operations, the Company is poised to embrace digital transformation, infrastructure enhancement, and community-centric growth. This shift is not merely a response to crisis but a proactive stance toward future-proofing airport operations and business.

To realize its vision, ACSA emphasizes effective and efficient implementation of key interventions, ranging from insourcing aviation security services to the establishment of comprehensive cargo and logistics infrastructure. These interventions serve as the building blocks for sustainability, growth, and digital transformation.

The macroenvironmental outlook underscores the influence of factors such as the political stability, economic conditions, and technological advancements on the aviation industry. ACSA's strategic planning over the next three years addresses geopolitical tensions, emphasizes sustainability, ensures post-COVID-19 resilience, and responds to economic changes. The commitment to diversifying revenue streams, modernizing airport infrastructure, and engaging in strategic partnerships remains pivotal.

Digitization is identified as a transformative force in post-COVID-19 recovery, shaping the future of the aviation industry. ACSA's digitization strategy focuses on process optimization, efficiency improvements, and the integration of innovative technologies to enhance passenger experience and operational efficiency.

Acknowledging the impact of migration patterns and urbanization on South Africa's comparative advantage, ACSA aligns its airport development with cities' spatial planning and development.

Moreover, the potential shift in the global regulatory environment is acknowledged, emphasizing the need for a dynamic regulatory framework that balances the interests of the airport and users, irrespective of crisis or prosperity. This anticipates a more responsive model that aligns with the Company's commitment to sustainability, safety, and security. The emphasis on traffic risk sharing further underscores ACSA's commitment to collaborative partnerships and stakeholder engagement.

As the Company forges ahead with its strategic pillars of Running Airports, Developing Airports, and Growing its Footprint, it is well-positioned to enhance passenger experiences, diversify business models, and mitigate risks associated with market fluctuations.

ANNEXURES

ANNEXURE A – SHAREHOLDER’S COMPACT

ANNEXURE B – GOVERNANCE

ANNEXURE C – ANTI-CORRUPTION MANAGEMENT PLAN

ANNEXURE D – SIGNIFICANCE AND MATERIALITY FRAMEWORK

ANNEXURE E – RISK MANAGEMENT FRAMEWORK

ANNEXURE F – DIVIDEND POLICY

ANNEXURE G – BORROWING PLAN

ANNEXURE H – DIVISIONAL PRIORITIES

ANNEXURE I – CORPORATE PLANS OF SUBSIDIARIES



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 2024/25 FINANCIAL YEAR

ANNEXURE A – SHAREHOLDER COMPACT

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 2024/25.

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 Executives 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.
- 6.7 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;

8.2.3 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.

8.2.4 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.

8.2.5 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.

8.2.6 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;

8.2.7 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.

- 8.2.8 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.
- 8.2.9 In order to facilitate effective performance monitoring, evaluation and corrective action, the report will cover the following:
- 8.2.9.1 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;
 - 8.2.9.2 financial performance against budget as well as an explanation for any deviations and the corrective action that will be taken;
 - 8.2.9.3 financial position; and
 - 8.2.9.4 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.
- 8.2.10 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 significance 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 statutes, 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 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 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;
 - 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 takes 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 and 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 measured 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; and
- 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 each year. 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 There shall be 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 of 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 implementation 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 with regards 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 **Director General**

E-mail: mlawuj@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; and

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 Pretoria on this 23rd day of February 2024.



**CHAIRPERSON OF THE BOARD
AIRPORTS COMPANY SOUTH AFRICA SOC LTD**

AS WITNESSES:

1 

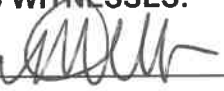
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THUS, DONE AND SIGNED at PRETORIA on this 03 day
of APRIL 2024.



MINISTER OF TRANSPORT

AS WITNESSES:

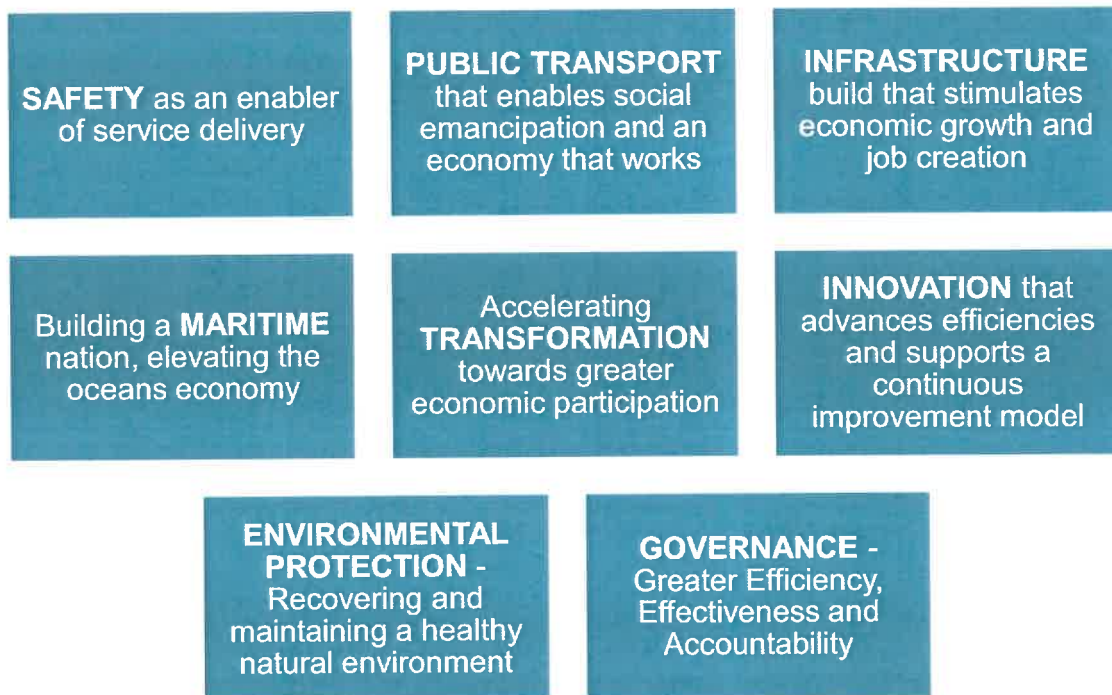
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ANNEXURE A1. – KEY PERFORMANCE INDICATORS

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 mode

ANNEXURE B – GOVERNANCE

1. GOVERNANCE PHILOSOPHY

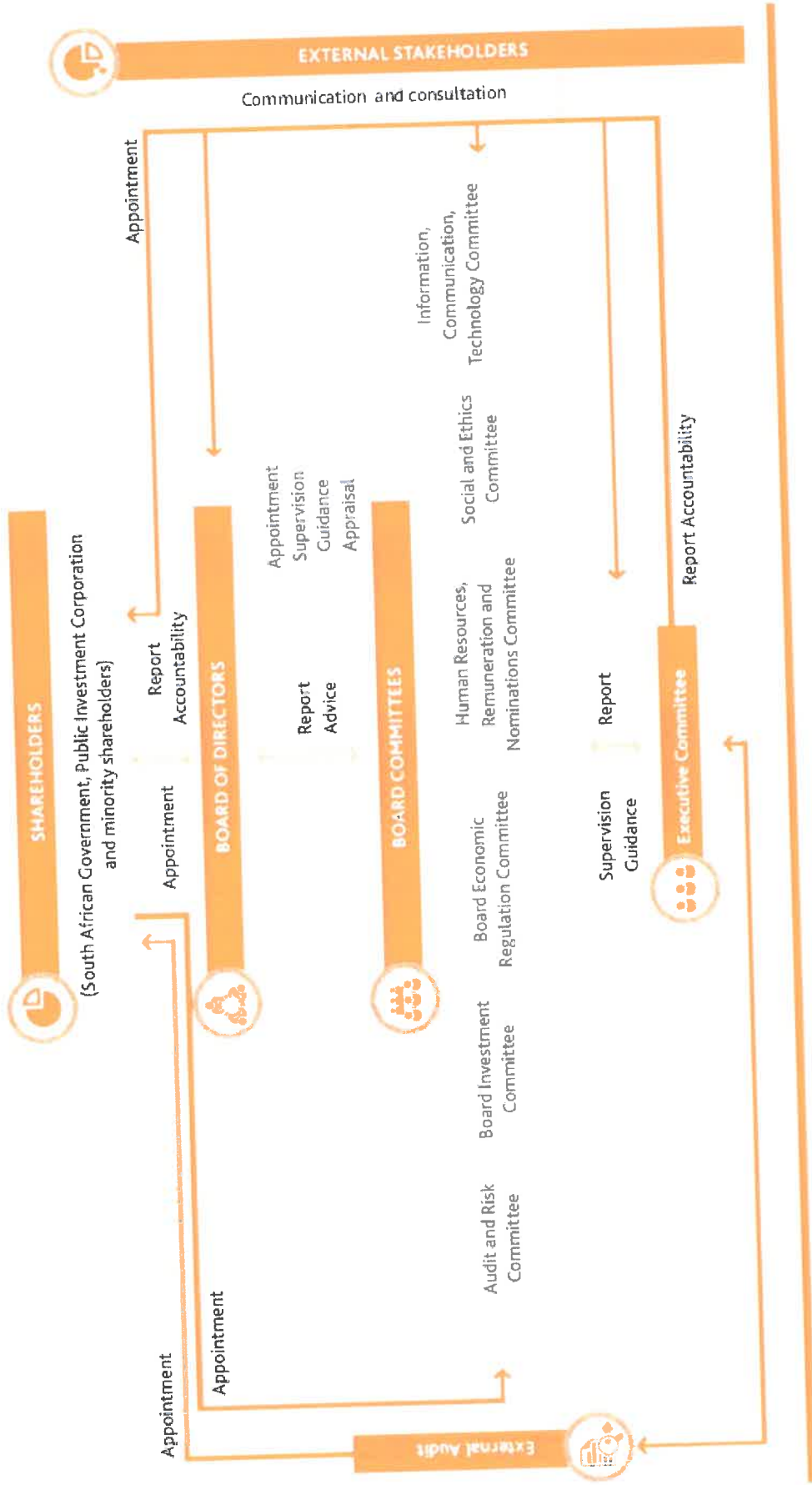
Airports Company South Africa SOC Limited is registered as a public company under the Companies Act and is listed as a major public entity in terms of Schedule 2 of the Public Finance Management Act 1 of 1999 (PFMA). Sound corporate governance is implicit in the Group's values, principles, and processes. 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 by the Board. 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. The Committees do not assume the functions of management, which remain the responsibility of the Executive Directors, officers, and other members of senior management.

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. It 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.

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
- Environmental, Social and Governance (ESG)

The committee oversees enterprise security, consequence management and transformation.

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
Dr Sandile Nogxina (64)	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 • Electricity Distribution Industry holdings • Meropa Karibu Trading
Ms Phydalis Nkombifuthi Zikalala Mvelase (58)	Non-executive Director	African	Female	<p>Qualifications</p> <ul style="list-style-type: none"> • Admitted Attorney of the High Court of South Africa • LLB

Name	Position	Race	Gender	Qualifications, Experience, Responsibilities
				<ul style="list-style-type: none"> • 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 • Limpopo Jewellery Business Incubator (formerly: SEDA Limpopo Jewellery Incubator) (SOE) • Fuhaja (Pty) Ltd • AU Jewellery(Pty) Ltd • Mintek (SOE)
Mr Yershen Pillay (39)	Non-executive Director	Indian	Male	<p>Qualifications</p> <ul style="list-style-type: none"> • Master of Business Administration (MBA) • Post Graduate Diploma in Business Administration • BSocSc Politics and Economics <p>Areas of Expertise</p> <ul style="list-style-type: none"> • Strategy • Business Administration

Name	Position	Race	Gender	Qualifications, Experience, Responsibilities
Ms Mpumi Mpofu (56)	Executive Director and Chief Executive Officer	African	Female	<ul style="list-style-type: none"> • 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 • K3 Logistics • AK Electrical • PM Moringa • KYP Global • SADPMR • CHIETA
				<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

Name	Position	Race	Gender	Qualifications, Experience, Responsibilities
Dudu Hlatshwayo (58)	Non-executive Director	African	Female	<ul style="list-style-type: none"> • Monitoring • Evaluation • Policy Development • Corporate Governance • Project Management • Airport Planning • Housing Development • Liaison and cooperation • Stakeholder Management • Programme Management • Human Resources Development • Urban Design • Town Planning <p>Appointment date</p> <p>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"> • MBL • BSocSc (Honours) <p>Areas of Expertise</p> <ul style="list-style-type: none"> • Advanced Corporate Finance

Name	Position	Race	Gender	Qualifications, Experience, Responsibilities
Dr Kgabo H Badimo (63)	Non-executive Director	African	Male	<ul style="list-style-type: none"> • Valuation and Structuring • Business Turnaround and Workout • Investment Analysis and Management • Corporate Governance • Business Process Re-engineering • Organizational Design • Corporate Strategy Development Marketing <p>Appointment date 06 August 2020</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 Information, Communication, Technology Committee <p>Current Directorships</p> <ul style="list-style-type: none"> • Change EQ Corporate Advisors • African Exploration and Mining Corporation • CNG Holdings (Pty) Ltd • Hulisani Energy Limited
				<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)

Name	Position	Race	Gender	Qualifications, Experience, Responsibilities
				<ul style="list-style-type: none"> • Computer Operations • ICT Customer Services and Support • Knowledge management • Business Intelligence • 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</p> <p>06 August 2020</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Member of the Social and Ethics 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"> • DrTemp (Pty) Ltd • Mekan Group (Pty) Ltd • Aiventfil (Pty) Ltd • South African Reserve Bank

Name	Position	Race	Gender	Qualifications, Experience, Responsibilities
Ms Lindani Mukhudwani (41)	Executive Director and Acting Chief Financial Officer	Black	Female	<p>Qualifications Chartered Accountant (SA) Bachelor of Commerce Honours (Accounting) Bachelor of Commerce (Financial Accounting)</p> <p>Areas of Expertise/Skills Financial Management and Reporting Accounting Tax Auditing</p> <p>Responsibilities None</p> <p>Directorships Tuvhu Capital</p>
Nonzukiso Siyotula (39)	Non-Executive Director	Black	Female	<p>Qualifications CA (SA) MBA BACC</p> <p>Areas of Expertise/Skills General management Finance Corporate governance Strategy Restructuring Business Development Sales and Distribution Strategy Stakeholder Management Human Resources Project Management</p> <p>Responsibilities Chairman of the Audit and Risk Committee</p>

Name	Position	Race	Gender	Qualifications, Experience, Responsibilities
Sibongile Sambo (49)	Non-Executive Director	Black	Female	<p>Member of the Information, Communication, Technology Committee Member of the Human Resources, Remuneration and Nominations Committee Member of the Board Economic Regulation Committee</p> <p>Directorships Ogilvy Mathers South Africa Wescoal Holdings Ltd Toyota Financial Services Ltd African Bank Ltd York Timbers Ltd Shout IT Now (NGO) Take Over Regulation Panel (Trustee) Nelson Mandela Children's Hospital</p> <p>Qualifications MBA Post Graduate Diploma in General Management B. Admin Honours B. Admin</p> <p>Areas of Expertise/Skills Aviation Human resources Organisational Development Business Management Project Management Strategy Mining Telecommunication Manufacturing Business Development</p> <p>Appointment date 2 March 2023</p> <p>Responsibilities Member of the Social and Ethics Committee</p>

Name	Position	Race	Gender	Qualifications, Experience, Responsibilities
Gcobani Mancotywa (55)	Non-Executive Director	Black	Male	<p>Member of the Information, Communication, Technology Committee Member of the Human Resources, Remuneration and Nominations Committee</p> <p>Other directorships Aero Metals (Pty) Ltd SRS Aviation (Pty) Ltd SRS Aero Technical (Pty) Ltd SRS Petroleum (Pty) Ltd Dyonzo Technical Training Academy</p>
				<p>Qualifications</p> <ul style="list-style-type: none"> • Masters in Management • Post Graduate Diploma in Management • B.Com (Economics and Commercial Law) <p>Areas of Expertise/Skills</p> <ul style="list-style-type: none"> • Aviation • Banking • Project Management • Business Transformation • Business Restructuring • Business Modelling • Stakeholder Management • Communication • Capacity building <p>Appointment date 2 March 2023</p> <p>Responsibilities Chairman of the Social and Ethics Committee Member of the Board Investment Committee Member of the Human Resources, Remuneration and Nominations Committee Member of the Board Economic Regulation Committee</p>

Name	Position	Race	Gender	Qualifications, Experience, Responsibilities
Andile Khumalo (45)	Non-Executive Director	Black	Male	<p>Current Directorships Metropolitan Trading Company (Pty) Ltd</p> <p>Qualifications</p> <ul style="list-style-type: none"> • Chartered Accountant (South Africa) • Post Graduate Diploma in Accountancy • B.Com (Accounting) <p>Areas of Expertise/Skills</p> <ul style="list-style-type: none"> • Mergers and Acquisitions • Corporate Finance • Financial Management • Strategy • Media • Communications <p>Appointment date 3 March 2023</p> <p>Responsibilities Member of the Audit and Risk Committee Member of the Board Investment Committee Member of the Social and Ethics Committee</p> <p>Other directorships</p> <ul style="list-style-type: none"> • KhumaloCo (Pty) Ltd • Brave Group (Pty) Ltd • Ince (Pty) Ltd • I AM AN ENTREPRENEUR (Pty) Ltd • Metrofile Holdings Limited • South African National Parks • Mentor a Boy Child NPC Board of Advisors

ANNEXURE C – ANTI-CORRUPTION STRATEGY

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 i.e., Political Exposed Person.

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, unauthorized, fruitless, or wasteful expenditure.

Instruments	Applicable Legislation/Regulation	Purpose
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.
Whistleblowing	Protected Disclosures Amendment Act No. 05 of 2017.	Promotes whistleblowing 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.

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.

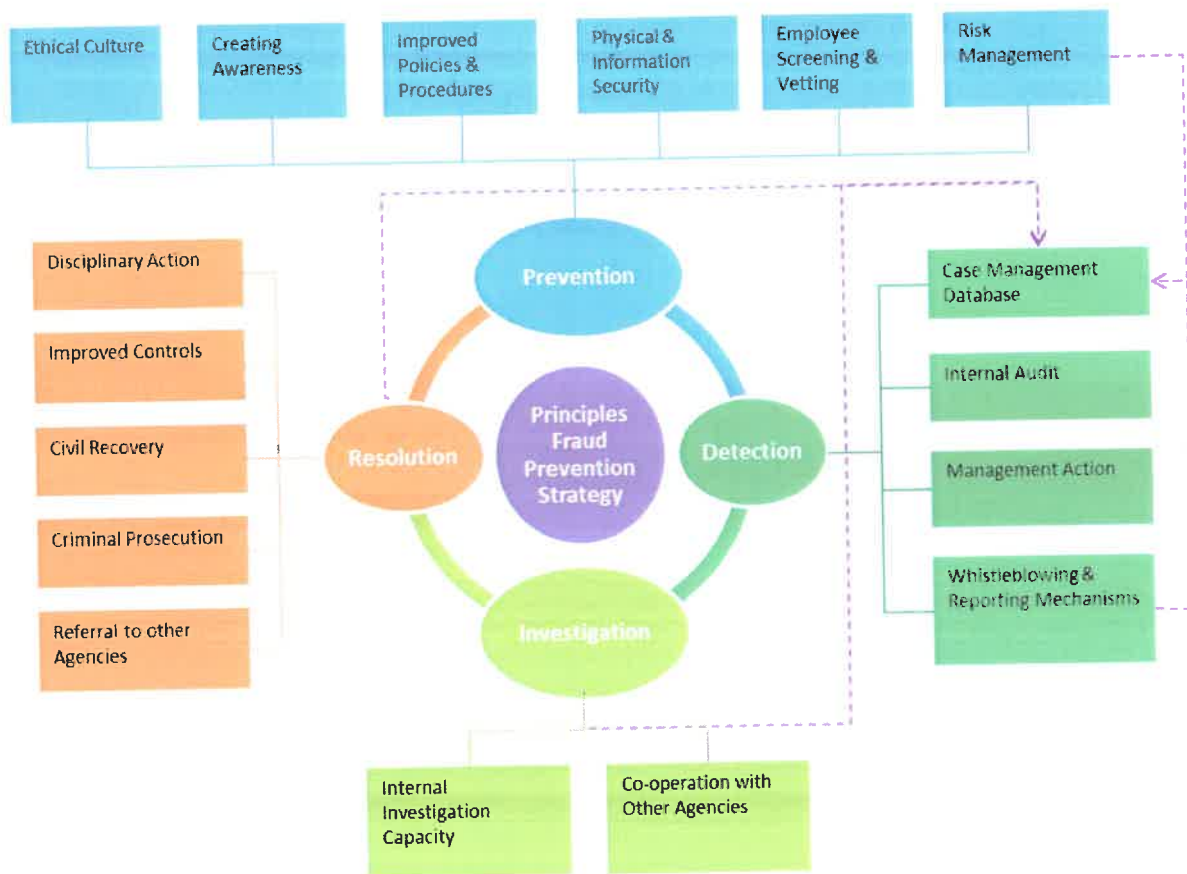


Figure 1: Components of the principles of a Fraud Prevention Strategy

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.

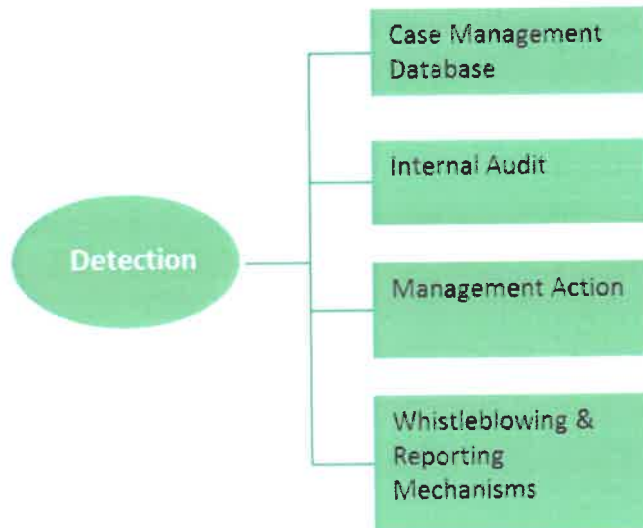


Figure 3: Detection component with its features

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-emphasize 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 finalizing 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 thorough investigation and to the full extent of the law, including (where appropriate) consideration of:

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

Disciplinary Action

We recognises 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 emphasize 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 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:

5. Airports Company South Africa's objectives on wanting to pursue the transaction and its relation to the core business of the entity.
6. The anticipated transaction process, phases, milestones and timelines.
7. The profile of interested parties, purchasers and information regarding any unsolicited expression of interest received (where applicable).
8. 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:

9. Compliance with applicable laws.
10. Financial viability (i.e. cash flow analysis; estimates of future revenue; investment analysis vs. investment framework; fair value of the transaction).
11. 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:

12. Whether the Board has complied with the list of considerations outlined above, as well as an applicable legislation in respect of each transaction.
13. 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.
14. All material liabilities (actual or contingent) and risks resulting from the transactions.
15. Industry and /or sector impact and considerations; and
16. 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 the 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 2022/23 AFS (rounded)
Total assets	1% - 2%	R317m – R634m
Total revenue	0.5% - 1%	R30m – R60m
Surplus / Deficit	2% - 5%	R5m – R10m

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:

- a) Statutory requirements: compliance with legislative requirement, regulations, policy control measures, procedures, instructions and authorisation (including budgets) which reasonably have direct financial impact;
- b) Unusual items: items that are of a non-recurring or exceptional nature or arise from unusual circumstances;
- c) Degree of estimation: the risk of material misstatement
- d) Related amounts: the relationship of the item to other amounts that appear in the financial statements
- e) 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
- f) 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 	<ul style="list-style-type: none"> • finance obligation by Airports Company South Africa arises; or • 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 – ENTERPRISE RISK MANAGEMENT FRAMEWORK

Enterprise Risk Management Framework

AREA OF APPLICABILITY

ACROSS AIRPORTS COMPANY SOUTH AFRICA SOC LIMITED AND SUBSIDIARIES

GROUP INTERNAL AUDIT AND RISK

Next Revision Date

May 2025

Control Disclosure:

Confidential


Enterprise Risk Management Framework
Table of Contents

1. Scope	4
1.1 Purpose	4
1.2 Applicability	4
2. Objective	4
3.1. Definitions	5
3.2. Combined Assurance	5
3.3. Abbreviations	5
6. Process for monitoring	16
7. Roles and responsibilities of the Governance Structures	16
7.1. Oversight Structure	17
7.2. Overall governance of risk	17
7.3. Management support	18
i. Chief Executive Officer	18
ii. Group Executives Risk Owners	18
iii. Risk Management Team	18
iv. Risk Champions	18
v. Senior Manager: Operational Governance	19
8. Accountabilities and Responsibilities	19
9. Non-Conformance	20
10. Related Policy Documents	20
11. Related Legislation and Standard	20
12. Change Control	20
13. Records	20
14. Revision History	21
15. Endorsement (See Master in Corporate Policy Document Store)	22

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Enterprise Risk Management Framework

1. Scope

The effective management of risks and identification of opportunities are key elements to the successful achievement of the Airports Company South Africa SOC Limited (hereinafter referred to as the company's) Corporate Strategy. This framework document provides a guideline to guide the integration of risk management processes into established company business processes as envisioned by the [Enterprise Risk Management Policy - J010 001P](#) and therefore this document should be read together with the stated policy. The intent of this document 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.

2. 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.

3. Applicability

This document shall apply throughout the company, divisions and all activities and processes conducted for and on behalf of the Airports Company South Africa SOC Limited.

4. Objective

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.

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Enterprise Risk Management Framework

5. Definitions and Abbreviations

6. Definitions

Company/Group/Organisation/Business

Airports Company South Africa SOC Limited

Combined Assurance

Integration, coordination and alignment of risk management and assurance processes within an organisation to optimise and maximise the level of risk

7. Abbreviations

Abbreviation	Description
ERM	Enterprise Risk Management
KRI	Key Risk Indicators
PFMA	Public Finance Management Act
CEO	Chief Executive Officer
SOC	State Owned Company
ESG	Environmental Social and Governance

8. Framework Guidelines

9. Introduction to the risk management framework

The company has adopted an integrated process to effectively manage risks within the business which has an impact, positive or negative on the achievement of its strategic objectives. Risks can have negative consequences or can result in good opportunities for the company if well identified and managed. This document outlines the framework adopted by the company to ensure the effective management of risks to achieve desired results.

The framework provides details of the management of risk in terms of the mandate of the Risk Management Department. The company has applied as its foundation the principles of the [Public Finance Management Act, 1999](#) as amended (PFMA), the [Companies Act, 2009](#), the [International Standard Organisation \(ISO\) 31000:2018](#) 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.

10. Integrated Enterprise Risk Management Architecture

The Integrated Enterprise Risk Management framework supports the following:

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Enterprise Risk Management Framework

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

11. The framework is separated into two (2) distinct components:

a) Risk governance

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.

b) Risk methodology process

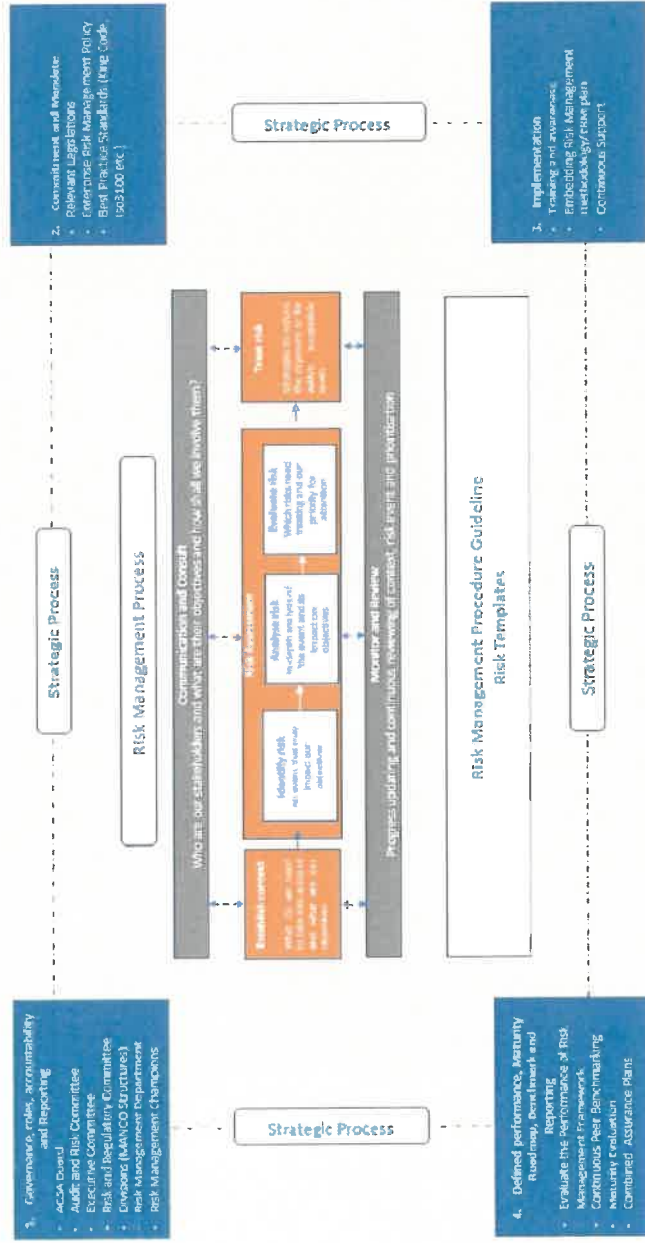
The risk management process or methodology, which is the systematic application of management standards, procedures, guidelines, and practices to the activities of communicating, consulting, environmental analysis, and identifying, analysing, evaluating, treating, monitoring, and reviewing risk.

The components of the framework are summarised below in the Enterprise risk management (ERM) framework architecture:



Enterprise Risk Management Framework

Figure 1: ERM Framework architecture



Enterprise Risk Management Framework

12. Risk Governance

13. 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 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, performance, and report this to the Executive Committee and Board Audit and Risk Committee on a regular basis.

The detailed roles and responsibilities of the identified role players are outlined in section 6.

14. Mandate and Commitment

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](#).

15. 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 conducted as per the Risk Management training plan.

16. Defined performance, maturity roadmap, benchmarking, and reporting

In order to achieve the desired 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 the 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.

Enterprise Risk Management Framework

17. 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.

18. Risk Management Process/Methodology

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



Figure 2: Risk Management Process

19. 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, and 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 can directly influence the

Enterprise Risk Management Framework

business environment (government, regulators, etc.). Furthermore, they can influence the company's reputation, brand, and trust (communities, interest groups, etc.).

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

The risk assessment process, will therefore, commence 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, 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 to ensure 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.

20. [Establishing the Business Context](#)

The establishment of the context considers the environment in which Airports Company South Africa SOC Limited operates, the context may be internal and/or external factors (e.g., internal policies, procedures, processes, global factors, political changes etc) that should be considered during the risk assessment process.

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 taken into account for setting the scope and risk criteria for the risk assessment phase (i.e., the identification, analysis and evaluation of risk).

The company's Corporate Plan is the primary source of information for the establishment of the context. The Corporate Plan is regularly updated to ensure that the company's objectives are aligned to the mandate, at any given point. The Corporate Plan is supported by the various divisional and departmental plans aligned to the strategic objectives, including the risk management department.

21. [Risk Assessment](#)

This component of the Framework focuses on Enterprise Risk Management practices that support the company 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

Enterprise Risk Management Framework

that end, the company's current 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 defined and aligned with the severity of the risk.

22. 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 explained below:

- **Facilitated Workshop:** 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.
- **Data Tracking:** trend analysis 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 model.
- **Process analysis:** 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.
- 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.

- **Risk categorisation**

The risk categories are People, Strategic, Operational, Compliance and Financial.

23. 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 shall be further developed. The risk event may have multiple consequences and affect multiple objectives.

Enterprise Risk Management Framework

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

Table 1: risk control effectiveness methodology

- **Consequence Rating Criteria:** these assist with categorising the impacted area should the risk materialise and to standardise the risk rating. The consequence rating criteria can be any of the following:

- A - Catastrophic
- B - Critical
- C - Significant
- D - Moderate
- E – Minor

The Company identified and described eight business areas that should be considered when defining the consequence criteria, namely:

- a) Financial loss
- b) Service non-availability
- c) Non-compliance
- d) Occupational Health and Aviation Safety
- e) Security
- f) Environment damage
- g) Reputational Damage

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Enterprise Risk Management Framework

h) Information Technology

- **The consequences** 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.

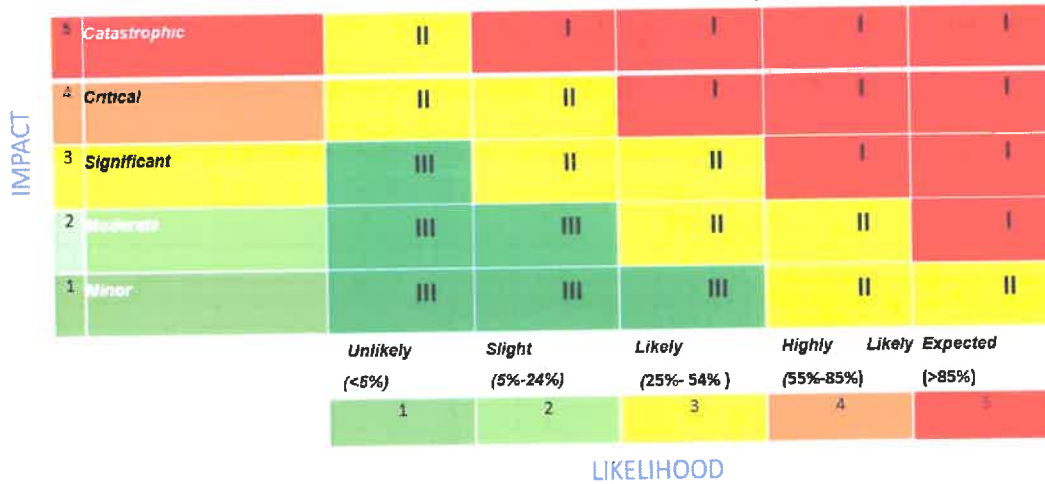
Table 3: Likelihood rating

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

24. 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. 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. This is guided by the company’s heatmap as per below:

Table 4: Risk Heatmap



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:

Table 5: Priority Table

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

The risks that are on the unacceptable tolerance levels will be escalated to the relevant governance structure for oversight, decision making and actioning of further risk treatment through the established reporting process.

25. 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:

- i. Eliminate or reduce either the likelihood and/or impact of the risk, which 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.
- ii. Balance the costs and efforts of implementation against the benefits derived (Cost vs Benefit Analysis).
- iii. Consider values and perceptions of stakeholders.
- iv. Consider the company's risk appetite and tolerance.
- v. The treatment action should be time-bound, to ensure accountability.
- vi. 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
- vii. The treatment options are not necessarily mutually exclusive.

26. Monitoring and review of the risk profile (Information)

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:

- i. Implementation of treatment plans.
- ii. Positive or negative trends.
- iii. Performance of controls.
- iv. Risk performance against appetite and tolerance levels (Priority level).
- v. Consider any environmental trends e.g., changes in business environment may impact the risk or negatively; and
- vi. Identify emerging risk.

Both monitoring and review is a planned part of the risk management process and involve regular checking or surveillance. The monitoring is done continuously (including periodic risk reviews) 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.

27. 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

Figure 2: Risk Management Process translated into the Company's Risk Register

28. **Process for monitoring**

Audits to ensure the effectiveness of enterprise risk management shall be initiated by the Executive Committee, Chief Internal and Risk Officer, 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 (in this case audits are conducted by external auditors).

MONITORING CONTROLS	PURPOSE	RESPONSIBLE	FREQUENCY
Internal Audits (Outsourced)	Determine the effectiveness of the procedure and test the outcome of the framework	Internal Audit/ Audit and Risk Committee	Annually
Maturity Assessment	To determine adherence to certain implementation of the framework	Risk Management Department	Annually
oversight Maturity Assessments results	Measure adequacy and implementation of the framework	Risk and Regulatory Committee	Annually

Note:

This framework shall be review in three-years cycle and if there is a need to review the framework before three-years cycle laps due to any circumstances being legal requirements, changes in the company, the need to reflect current practices or activities, the framework will be unlocked for review accordingly.

29. **Roles and responsibilities of the Governance Structures**

As Outlined in section 4.2.1 the organisational governance structures are key to the successful implementation of the Risk Management Program. The paragraphs below outline different structures' roles and responsibilities in ensuring the successful embedding of the risk management process.

30. Oversight Structure

OVERSIGHT STRUCTURES	ROLE
Airports Company South Africa SOC Limited Board	Overall governance of risk by setting tone and direction in a way that supports the organisation in achieving the strategic objectives
Audit and Risk Committee	<p>The Audit and Risk Committee needs to satisfy itself that Airports Company South Africa SOC Limited has processes in place to ensure Airports Company South Africa SOC Limited risks are effectively managed. The Audit and Risk Committee recommends to the Board as the governing body.</p> <p>The Audit and Risk Committee performs oversight on risk management roles and responsibility in line with their ToRs they review the ERM reports as recommended by the Executive Committee.</p>
Board sub-committees (Other)	Provide assurance on strategic risks.
Executive Committee	<p>The Executive Committee is responsible for the management of risk management as outlined in the Executive Committee ToRs.</p> <p>The Executive Committee considers and actions FRMRC recommendations.</p> <p>The report is updated and adopted as an Executive Committee report for tabling at Audit and Risk Committee.</p> <p>Has overall responsibility for implementation and adherence of this Framework</p> <p>Consulted at the time of an exception and adherence of this Framework</p>
Financial Risk Management and regulatory committee (FRMRC)	<p>Supports the Executive Committee in carrying out its risk management responsibilities.</p> <p>The FRMRC discusses in depth the risk performance progress and recommends to the Executive Committee for discussions</p>
Sub-Executive Committees	Other Sub-Executive Committees will provide oversight on their respective risks
Divisions (MANCO Structures - including Airports Mancos)	Management considers risk in their day-to-day performance and report on this at their respective MANCOs. They have overall responsibility for adherence and implementation of the risk process.

31. Management support

32. Board

Provide assurance on strategic risks.

33. Chief Executive Officer

The Chief Executive has overall responsibility to set the tone, attitude, culture, and approach to risk management across all levels of the entity and ensures resources are committed to support the implementation of an effective risk management programme.

34. Group Executives - Risk Owners

Risk Owners are accountable for the complete risk management process, which is ensuring that risks are identified, and mitigations put in place are monitored on an ongoing basis. Risk Owners (Group Executives) are responsible for verifying the quality of risk information by ensuring risk assessments are conducted annually and progress provided regularly. Enterprise Risk Management Department will provide the necessary awareness training and support. Risk owners shall ensure that appropriate and periodic assurance takes place to evaluate effectiveness and adequacy of the controls to ensure controls are working as intended as per the Combined Assurance Framework. Has overall accountability for development and roll-out of this Framework

35. Internal Audit and Risk Management Team

The Enterprise Risk Management team is primarily responsible for the coordination of risk information across the organisation. The responsibility of the ERM is but not limited to:

- Coordination of the development and implementation of Risk Management Governance documents.
- Embed risk awareness culture by providing relevant structures/stakeholders with training.
- Ensure quality of risk Information through facilitation of strategic, divisional (group level), Airport and Subsidiary risk register; and
- Identify and engage with the relevant stakeholders.

36. Risk Champions

The responsible Executives may elect a risk champion to assist the Business Unit to fulfil its risk management obligations. The role of the Risk Champion will be to support the risk management process in their specific allocated areas or functions. The risk champion should have enough authority to drive risk management as envisioned in the Company's ERM Policy and Framework.

Upon appointment (or re-appointment) of the risk champions, the Company's Group Risk Department will provide necessary guidance to ensure the officials are capacitated accordingly.

The risk champions will assist their respective divisions in discharging their responsibilities, as outlined below:

The Enterprise Risk Management Champion functions will include, but shall not be limited to:

- Coordination and submission of risk reports.
- Compile and report on risk management to your MANCO monthly.

- Ensure division's compliance with Risk Management Policy/timelines.
- Escalate non-compliance risk matters to the division's Risk Owner (Executive).
- As a Risk Champion you do not assume the role of the Risk Owner but should assist the Risk Owner with co-ordination.
- Attend the risk working forum meetings; and
- Ensure risk register is authorised by the responsible executive/risk owner.

37. Senior Manager: Quality control and Assurance

The Senior Managers: Quality Control and Assurance are responsible for the coordination of risk management at airport level and feed into the organisation's ERM risk reporting.

38. Accountabilities and Responsibilities

The overall accountability for development and implementation of this framework lies with the Chief Executive Officer with the support of the Chief Audit and Risk Officer and General Manager Risk Management as a responsible person for implementation of this framework. However, in the absence of the CEO or Chief Audit and Risk Officer, a delegated person shall assume responsibility as per delegation of authority.

Authorities	Employees	GM: Risk Management	Chief Audit and Risk officer	CEO	Board Committee
Has overall accountability for development and implementation of this procedure	Inform	Responsible	Responsible	Accountable	Inform
Has overall responsibility for implementation and adherence of this procedure	Responsible	Responsible	Accountable	Responsible	Responsible
Consulted at the time of an exception and adherence of this procedure.	Consulted	Consulted	Consulted	Consulted	Consulted
Has overall responsibility for adherence, implementation and performance of a given task.	Accountable	Responsible	Responsible	Responsible	Responsible
Has responsibility for approval and authorisation	Inform	Inform	Responsible	Responsible	Accountable

Authorities	Employees	GM: Risk Management	Chief Audit and Risk officer	CEO	Board Committee
Communicate the policy to all impacted stakeholders or employees.	Inform	Responsible	Accountable	Inform	Inform

39. Non-Conformance

Any deviation from this framework shall be identified and registered with corrective and preventative measures for continual improvement in accordance with [Non-Conformance and Non-Compliance Policy Documents Z001 001M](#).

40. Related Policy Documents

Document Control Procedure - Z001 006M
Record Keeping Requirements Procedure - Z001 008M
Non-Conformance Policy, Procedure and Working Instructions - Z001 001M
Verification Policy, Procedure and Working Instruction - Z001 002M
Change Control Policy, Procedure and Working Instruction - Z001 003M

41. Related Legislation and Standard

Public Finance Management Act (PFMA) No. 1 of 1999
Treasury Regulations
Company Act No. 61 of 1973
King Report
Enterprise Risk Management ISO 31000
Quality Management System ISO 9001
ESG framework

42. Change Control and Verification Procedure

This policy shall be verified and changed with the authorisation of the relevant accountable person in accordance with [Change Control and Verification Procedure – Z001 003](#). Records

Record Name	Storage Location	Record Number	Responsible Person	Retention Time
Enterprise Risk Management Framework	Master in Corporate Policy Management Storeroom	J010 001FW	Policy and Assurance Officer	Five (5) Years

Risk Management Plan	Risk Management Drive	N/A	Group Manager Risk Management	Five (5) Years
Enterprise Risk Management Policy	Master in Corporate Policy Management Storeroom	J010 001P	Policy and Assurance Officer	Five (5) Years
Combined Assurance Framework	Internal Audit Department	N/A	Group Manger: Internal Audit	Five (5) Years
Airports Company South Africa SOC Limited Corporate Plan	Strategy Development Department	N/A	Chief Strategy & Performance Officer	Five (5) Years

43. Revision History

Date last revised	Revision Status	Compiler	Summary of changes
2017	Version 1	Group Manager: Risk Management NAME AND SURNAME Fulufhelo Tshikhudo	New Issue
2020	Version: 2	Group Manager: Risk Management NAME AND SURNAME Fulufhelo Tshikhudo	The Framework was reviewed in line with best practice to consider, benchmark results, organisational culture, and Risk Profile.
2022	Version: 3	Group Manager: Risk Management NAME AND SURNAME Mpho Modisane (Acting)	The Framework was reviewed in line with best practice to consider benchmark results, organisational culture, Risk Profile, GFOM and Environmental Social and Governance.

44. Endorsement (See Master in Corporate Policy Management Storeroom)

Activity	Name	Signature	Date
Compiled by	Group Manager: Risk Management NAME AND SURNAME Mpho Modisane (Acting)		20 May 2022
Quality Assurance: Policy Documents	Manager: Policy and Assurance NAME AND SURNAME Thabana Mahlo		24 May 2022
Supported by	Chief Audit and Risk Officer NAME AND SURNAME Sithembiso Ngwenya		25 May 2022
Approved by	Chief Executive Officer NAME AND SURNAME Nompumelelo Mpofu		



Dividend Policy

AREA OF APPLICABILITY

ACROSS AIRPORTS COMPANY SOUTH AFRICA SOC LIMITED AND ITS SUBSIDIARIES

DIVISION

FINANCE

Next Revision Date

26th January 2027

Control Disclosure:

Public

Effective Date:

01st March 2024

Dividend Policy
Public

Table of Contents

1. Scope	3
2. Objective	3
3. Definitions and Abbreviations	3
3.1 Definition	3
3.2 Abbreviations	4
4. Policy General	4
4.1 Main Principles of Conduct.....	5
4.1.1 Dividend Declaration Principles	5
4.1.2 Debt Covenants Considerations	6
4.2 Key Principle Outcomes	6
5. Process for Monitoring.....	7
6. Accountabilities and Responsibilities	8
7. Non-Conformance Reporting	9
8. Related Policy Documents.....	9
9. Related Legislation and Standard.....	9
10. Change Control and Verification Procedure.....	9
11. Records.....	9
12. Revision History.....	10
13. Endorsement (See Master in Policy Management Storage Room)	11

Dividend Policy Public

1. Scope

The policy provides a guide for a financial decision that refers to the proportion of the company's profit to be paid out to the shareholders. Therefore, the policy considers the shareholders preference for dividends as a return on their equity investment in the company.

2. Objective

The objective of the policy is to declare and distribute dividends in a prudent manner taking into account internal and external factors such as long-term growth plans, financial position, economic environment, etc.

3. Definitions and Abbreviations

3.1 Definition

Airports Company/ Company/ /Organisation/ Group
Airports Company South Africa SOC Limited

Available Cash

The sum of the deposits on bank accounts and forward deposits for less than one year, listed as an asset on the balance sheet, less the banking overdrafts listed as a liability on the balance sheet

Debt Service Coverage Ratio by the Available Cash

The ratio of the Available Cash Flow for the Debt Service increased by the Available Cash on the beginning of the relevant ending twelve-month period, to the Debt Service calculated over the last twelve months to the given date. The projected ratios refer to the forecasted period of twenty-four (24) months.

Debt Service

All costs, interests, fees, commission, principal repayment which fell due under the indebtedness over such period. Such principal repayment shall exclude any payment due over such period under short term indebtedness (maturity lower than two years) that has been re-financed during the period by a long-term indebtedness (maturity higher or equal to two years).

Earnings before interest, taxes, depreciation, and amortisation

Operating revenues less operating expenses, calculated over a twelve (12) month-period.

Net Debt

The difference between the amount of the interest-bearing indebtedness (new and existing) and the amount of cash and cash equivalent.

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Net Debt to Capitalisation ratio

The ratio of the Net Debt to the sum of the Share Capital and Reserves and of the Net Debt, calculated over the last twelve months to the given date. The projected ratios refer to the forecasted period of twenty-four (24) months.

Net Debt to EBITDA ratio

The ratio of the Net Debt to the EBITDA, calculated over the last twelve months to the given date. The projected ratios refer to the forecasted period of twenty-four (24) months.

3.2 Abbreviations

Abbreviation	Description
Board	Board of Directors
BIC	Board Investment Committee
EXCO	Executive Management Committee
CEO	Chief Executive Officer
CFO	Chief Financial Officer
MOI	Memorandum of Incorporation
EBITDA	Earnings before interest, taxes, depreciation, and amortization
PFMA	Public Finance Management Act
SOC	State Owned Company

4. Policy General

This policy serves as a commitment of Airport Company South Africa SOC Limited's Board towards creating shareholder value. It is the business objective of the company to create shareholder value by undertaking strategic decisions that enhances the ability of the Company to maintain profitability in a sustainable manner over a long-term period.

Shareholders have expectations of returns as the ultimate outcome of their investment. Airport Company South Africa SOC Limited's Board is therefore, committed to ensure that there is a clear policy in relation to the declaration and distribution of dividends to shareholders.

Airport Company South Africa SOC Limited Board has consequential defined the main principles, key outcomes from this policy in order to ensure that the declaration and distribution of dividends to shareholder is conducted in a prudent manner.

Therefore, in determining an appropriate dividend policy, Airport Company South Africa SOC Limited's Board will consider the following factors:

- Company's Corporate Plan and strategic objectives;

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- 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 the company's 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;
- Shareholders preferences and National Treasury guidelines on financial distribution policy for Government Business Enterprises (July 2005).

4.1 Main Principles of Conduct

4.1.1 Dividend Declaration Principles

Factors listed under policy general support a prudent approach to the declaration of dividends. This approach is necessary to consistently and predictably meet shareholders expectations and ensure flexibility in negotiating dividend targets on a case-by-case basis. The targets should 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.

A dividend will be paid only if the following conditions or principles are met:

- There are no material uncertainties that may cast significant doubt on Airports Company South Africa SOC Limited's ability to continue operating as a going concern for the foreseeable future (at least in the next twelve months).
- There are adequate retained earnings left after the company has financed investments projects that meet hurdle rates using the Weighted Average Cost of Capital. The adequacy of retained earnings will 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 will be reviewed on an annual basis as part of the Corporate Plan process.

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- An optimal capital structure, the net debt to capitalisation ratio must not exceed 60%. The capital structure and net debt to capitalisation ratio will be reviewed periodically and linked to the investment cycle.
- The Net debt to EBITDA should not exceed 3 times.
- A long-term National Scale credit rating of minimum AA- or equivalent for the company from an independent rating agency.
- The Board has approved the declaration and resolved that considering all reasonably foreseeable financial circumstances of the company after the distribution, the company will pass the solvency and liquidity test in line with the provisions of the Companies Act.
- Fulfilment of required debt covenants (**see below**).

4.1.2 Debt Covenants Considerations

Below are the covenant requirements to be fulfilled should Airports Company South Africa SOC Limited authorise the payment of dividends to its shareholders:

Airports Company South Africa SOC Limited undertakes not to distribute dividends to its 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 when calculated for any twelve-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 exceeds 65%.

4.2 Key Principle Outcomes

Shareholders have expectations of returns as the ultimate outcome of their investment. Therefore, the principles of this policy will yield the following dividend distribution outcome in order to provide returns to shareholders in a prudent manner.

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The dividend payout ratios will 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 will be executed in line with the company's Memorandum of Incorporation considering applicable tax laws.

The dividend policy will be addressed in the company's Corporate Plan covering a period of three years and agreed between the company and its Board representing shareholders in the Shareholder Compact.

5. Process for Monitoring

The effective implementation and monitoring of this Dividend Policy shall be done through relevant committees. Internal audits shall be conducted to determine compliance and implementation. This policy shall be reviewed accordingly to reflect the environmental changes or regulation requirement in order to ensure that is relevant and current to the organisation.

MONITORING CONTROLS	PURPOSE	RESPONSIBLE	FREQUENCY
Internal Audit	Provide the Board, Executive and Audit committee with an independent oversight with regards to conformance to this policy.	Chief audit Executive	Planned Intervals
EXCO	Monitor implementation of the policy.	Chief Executive Officer	Annually
BIC	Recommend declaration and distribution of dividends for approval by the Board.	BIC Chairperson	Annually
Board	Approve declaration and distribution of dividends	Board Chairperson	Annually

Note: This policy shall be reviewed in three-years cycle and if there is a need to review the procedure before three-years cycle laps due to any circumstances being legal requirements, changes in the businesses, the need to reflect current practices or activities, the procedure will be unlocked for review accordingly.

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6. Accountabilities and Responsibilities

The overall accountability for development and implementation of this policy lies with the Board led by the Chairperson of the Board with the support of the Chief Executive Officer and Chief Financial Officer as a responsible person for actual development and implementation of this policy. However, in the absence of the Board Chairperson or Chief Executive Officer, the delegated person shall assume responsibility as per delegation of authority.

Authorities	Employees	Senior Manager: Treasury and Insurance	Chief Finance Officer	CEO	Board Committee
Has overall accountability for development and implementation of this procedure	Inform	Responsible	Responsible	Accountable	Inform
Has overall responsibility for implementation and adherence of this procedure	Responsible	Responsible	Accountable	Responsible	Responsible
Consulted at the time of an exception and adherence of this procedure.	Consulted	Consulted	Consulted	Consulted	Consulted
Has overall responsibility for adherence, implementation and performance of a given task.	Accountable	Responsible	Responsible	Responsible	Responsible
Has responsibility for approval and authorisation	Inform	Inform	Responsible	Responsible	Accountable
Communicate the policy to all impacted stakeholders or employees.	Inform	Responsible	Accountable	Inform	Inform

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7. Non-Conformance Reporting

Any deviation from this policy shall be identified and registered with corrective and preventative measures for continual improvement in accordance with [Non - Conformance Policy Documents Z001 001M](#).

8. Related Policy Documents

Document Control Procedure - Z001 006M
Record Keeping Requirements Procedure - Z001 008M
Non-Conformance Policy, Procedure and Working Instructions - Z001 001M
Verification Policy, Procedure and Working Instruction - Z001 002M
Change Control Policy, Procedure and Working Instruction - Z001 003M
Document Control Procedure - Z001 006M

9. Related Legislation and Standard

Quality Management System ISO 9001
The Companies Act, 71 of 2008, as amended
Income Tax Act No. 58 of 1962
Public Finance Management Act No. 1 of 1999, as amended
Memorandum of Incorporation
Shareholders Compact

10. Change Control and Verification Procedure

This policy shall be verified and changed with the authorisation of the relevant accountable person in accordance with [Change Control and Verification Procedure – Z001 003](#).

11. Records

Each Process Owner as identified is responsible for maintaining, storage and protection of their respective documents. Records shall be identifiable, easily retrievable and shall follow retention times as regulated or required by the organisation, statutory or regulatory requirements. Refer [Record Keeping Requirements Procedure - Z001 008M](#).

Record Name	Storage Location	Record Number	Responsible Person	Retention Time
Dividend Policy	Master in Policy Management Storage Room	F010P	Policy and Assurance Officer	Three (3) Years



Dividend Policy
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12. Revision History

Date last revised	Revision Status	Compiler	Summary of changes
New Issue	Version: 1	Group Manager: Treasury NAME AND SURNAME Aubrey Matlabe	First Issue
26 January 2024	Version: 2	Senior Manager: Treasury and Insurance NAME AND SURNAME Livhuwani Tshikunde	<p>The following has been added under conditions to be met for dividend payment:</p> <p>There are no material uncertainties that may cast significant doubt on Airports Company South Africa's ability to continue operating as a going concern for the foreseeable future (at least in the next twelve months).</p> <p>A long-term National Scale credit rating of minimum AA- or equivalent from an independent rating agency.</p>



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13. Endorsement (See Master in Policy Management Storage Room)

Activity	Name	Signature	Date
Compiled by	Senior Manager: Treasury and Insurance NAME AND SURNAME Livhuwani Tshikunde		
Quality Assurance: Policy Documents	Specialist: Policy and Ethics NAME AND SURNAME Thabana Mahlo		
Supported by	Chief Finance Officer: NAME AND SURNAME Luzuko Mbotya		
Approved by	Chief Executive Officer: NAME AND SURNAME Nompumelelo Mpofu		

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ANNEXURE G – AIRPORTS COMPANY SOUTH AFRICA LIMITED BORROWING PLAN 2024/25 TO 2026/27

1. INTRODUCTION

In line with Section 29.1 of the Treasury Regulation, Airports Company South Africa as a Schedule 2 public entity is required to develop a three-year Borrowing Plan to be submitted together with the Corporate Plan to the National Treasury. The Borrowing Plan is developed considering the capital expenditure, operational requirements, interest payments and debt redemptions over the three-year period. In essence, the three-year Borrowing Plan is underpinned by Corporate Plan assumptions such as tariff increases, traffic growth, inflation, and capex programme.

The company continues to recovery from the unprecedented impact of the Covid-19 pandemic as reflected by significant growth in traffic volume and improvement in revenue collection. The monthly revenue collection averaged R675 million in the first nine months of 2023/24FY which is a far cry compared to the average of R200 million collected over the same period in 2020/21FY.

In March 2023, the company complied with all the financial covenants supported by improvement in financial performance. In addition, Moody's Investor Services recently affirmed ACSA's Ba2 corporate family rating (CFR) and changed the rating outlook from negative to stable. This supports the narrative that the company has emerged from the financial doldrum induced by the Covid-19 pandemic.

It is worth noting that the company's ability to access funding, achieve lowest cost possible and favourable terms depends on the following:

- Company's credit rating;
- Investor's perception of ACSA's credit predicted on financial performance and governance;
- Liquidity (marketability) of ACSA's listed bonds;
- Global and domestic economic conditions i.e. monetary policy and economic growth etc;
- Investor's perception of other State-Owned Companies.

The company is required to develop a Borrowing Plan in terms of Public Finance Management Act and Section 29.1.3 of the Treasury Regulations. The Board, as the Accounting Authority, is required to approve the Borrowing Plan in line with Section 66(31) of the PFMA. Pursuant to Section 29.1.6 of the Treasury Regulation, the Borrowing Plan should include the following:

- Terms and conditions on which money is borrowed;
- Proposed domestic borrowing;
- Information on proposed foreign 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 if any;
- Motivations for government guarantees, if required and
- Executive Authority's approval of Borrowing Plan if required by the legislation in terms of which the public entity was established.

2. TERMS AND CONDITIONS ON WHICH MONEY IS BORROWED

The company's Borrowing Plan is prepared in line with principles set out in the Board approved Treasury Risk Management Framework. The company sources funding using a combination of authorised financial instruments listed in the Borrowing Policy.

The Board approved Treasury Policies ensure that the company manages its financial risks, investment activities and surplus cash in a prudent manner. It should be noted that the main objective of the Borrowing Plan is to achieve lowest cost possible with less onerous terms and conditions.

3. DEBT MANAGEMENT REVIEW

The company's debt level increased significantly leading up to the 2010 Soccer World Cup driven by roll-out of mega infrastructure programme. In 2011/12 financial debt level peaked at R17 billion while the Net debt capitalisation ratio was at 60 per cent. However, the company adopted a deleveraging strategy in 2012/13 financial year, with the sole objective of accelerating debt redemptions. Consequently, ACSA repaid over R10 billion worth of debt between 2012/13FY and 2019/20FY.

The adoption of the deleveraging strategy was deliberate given the favourable cash position, and lower capex programme post the Soccer World Cup tournament. In addition, the repayment of debt led to a notable reduction in debt service costs and mitigated negative cost of carry. This also demonstrates to investors, credit rating agencies and other stakeholder that the company is committed to prudent debt management practices. The prudent management of debt stood the company in good stead during the Covid-19 pandemic, allowing ACSA's balance sheet to absorb additional debt to avert liquidity challenges.

The debt level increased notably between 2020/21 and 2022/23 financial years due to additional borrowing comprising of the following:

- R2.3 billion of preference shares (raised during 2020/21FY)
- R810 million loan from DBSA (raised during 2020/21FY)
- R1.7 billion of fixed and floating rate notes (raised during 2022/23FY)

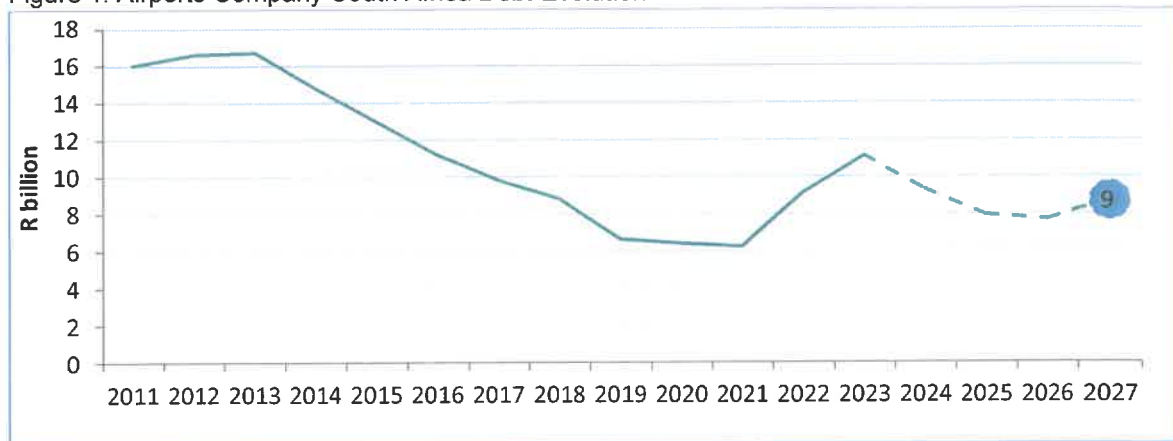
Nonetheless, the company's debt level declined significantly following the repayment of R1.7 billion worth of AIR02 fixed rate bond in May 2023.

The company's debt level is expected to increase by R700 million to R8.6 billion due to accretion on inflation linked bond, and new debt funding in the last year of the corporate plan. Over the forecast period, the company will repay R1.4 billion worth of debt comprising of the following:

- AIR04 fixed rate bond - R544 million
- AFD2 loan (amortizing loan) – R390 million
- DBSA loan (amortizing loan) – R484 million

The company is committed to prudent debt management to ensure that it is able to meet its debt obligations.

Figure 1: Airports Company South Africa Debt Evolution



4. CREDIT RATINGS

On 09 January 2024, Moody's Investor Services affirmed ACSA's Ba2 corporate family rating (CFR) and upgraded ACSA's national scale long-term issuer rating to Aa1.za from Aa2.za. The rating outlook was changed from negative to stable. The rating action follows the finalisation of the Permission by the Regulating Committee which provides for significant tariff increases and much improved revenue visibility over the period to March 2028. Moreover, the rating outcome considered the notable improvement in traffic recovery and deleveraging that has supported a strengthening of company's credit metrics.

It is important to note that that the standalone credit quality Baseline Credit Assessment (BCA) was upgraded from Ba3 to Ba2 to be in line with sovereign rating signifying the strength of ACSA's credit on standalone basis. Therefore, the company did not receive any rating uplift benefit under the Government-Related Issuers Methodology.

According to Moody's, the stable rating outlook is supported by approved tariff increases, traffic growth and further debt reduction.

Factors that could lead to downgrade include the following:

- Any downgrade of the government of South Africa's rating; and
- If the credit metrics weakened on a sustained basis.

However, the company's credit rating could be upgraded should the sovereign rating be upgraded by the rating agency. The affirmation of ACSA's global scale rating coupled with the change in rating outlook from negative to stable signifies the company's commitment in turning around the misfortunes brought about by the Covid-19 pandemic.

Table 1: Airports Company South Africa's credit ratings:

Credit rating agency	Date	Rating Action	Long-term national scale	Global scale	Outlook
Moody's	09 Jan 2024	Affirmed	Aa1.za*	Ba2	Stable

*Footnote - rating upgraded on 09 Jan 2024

5. CAPITAL STRUCTURE

The company minimises the weighted average cost of capital (WACC) by setting a target for gearing ratio (net debt/capitalisation) not to exceed 60 per cent. This target can only be exceeded under exceptional circumstances with the approval of the Board. The gearing ratio is expected to decrease over the first two years of the three-year plan before accelerating to 26 per cent in 2026/27 financial year.

The company's gearing ratio reached 60 per cent in 2011/12FY due to additional new debt funding as it rolled out its multibillion-rand infrastructure programme. However, the gearing ratio has declined significantly as the entity accelerates repayment of its debt. The gearing ratio will remain well below the optimal target of 60 per cent over the forecast period. However, it is envisaged that the gearing ratio will increase significantly in the outer years as the company rolls out new capacity projects included in the Permission.

Table 2: Estimated Gearing Ratio

	2024/25	2025/26	2026/27
Net Debt/Capitalization	16%	15%	26%

6. FUNDING REQUIREMENTS

The company's ability to raise new debt funding has improved over the past three years buoyed by the improvement in financial performance and credit metrics. The affirmation of ACSA's credit rating coupled with the change of rating outlook to stable further enhances the company's credit among investors. In November 2022, the company successfully raised R1.7 billion in the debt capital market which served as a vote of confidence by investors in ACSA's credit.

The company will continue to engage with investors and lenders i.e., development finance institutions (DFIs) and banks. This will ensure that the company is able to raise funding from various funding sources at a lowest cost possible with less onerous terms and conditions.

The Borrowing Plan of the company is predicated on the following key assumptions:

- Capital expenditure programme amounting to R10 billion (excluding capitalised interest);
- Debt redemptions totalling R1.4 billion (including R544 million of the AIR04 fixed rate bond);
- Interest payments of R1.3 billion; and
- Preference shares dividends amounting to R983 million (subject to the Company complying with Section 46 of Companies Act).

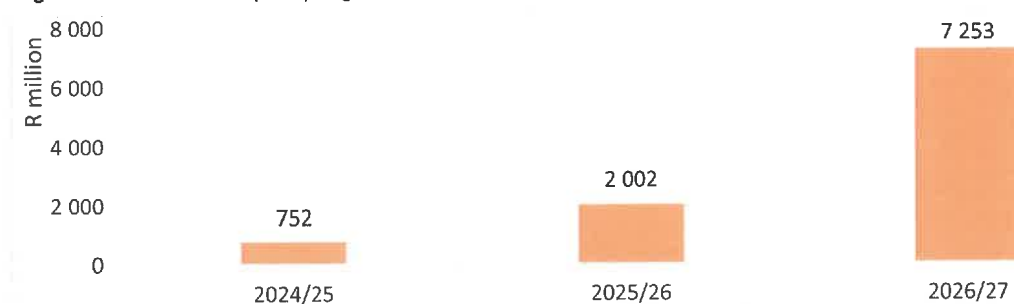
In December 2023, the Board approved the Refinancing Strategy for the 2030/31 maturity which involves payment of accrued dividends on preference shares. This will only be carried out if the Board is satisfied that the company will satisfy solvency and liquidity tests immediately after paying dividends as stipulated under Section 4.3.3 of the Preference Shares Subscription Agreement.

Table 3: Gross Funding Requirements

(ZAR million)	2024/25	2025/26	2026/27
Cash Carried Forward	3 884	4 075	4 201
EBITDA	2 625	3 142	3 571
Capital Expenditure	-752	-2 002	-7 253
Loan Redemptions	-887	-356	-175
Net Interest Payout	-448	-412	-462
WC Changes	506	269	843
Dividends payout - Preference Shares	-602	-191	-191
Tax Payout/Refund	-251	-312	-403
Cumulative Gross Funding Requirement surplus/(shortage)	4 075	4 201	219
New Gross Funding	0	0	1 000
Cash Position after Gross Funding	4 075	4 201	1 119

The capital expenditure programme will amount to R10 billion over the Corporate Plan period the bulk of projects planned to be executed in 2026/2FY.

Figure 2: Planned Capex programme 24/25FY – 2026/27FY



In the first two years of the corporate plan, the company will meet its financial obligations including capex from internally generate funds and available cash on hand, however, the company will need R1 billion in new debt funding in financial year ending 31 March 2027.

Figure 3: Funding Requirements: 2024/25FY – 2026/27FY



It worth noting that the choice of funding instrument depends largely on the market conditions, however, the company has the following possible funding options at its disposal:

- Issuance of a new benchmark bond(s) in the domestic debt capital market;
- Obtain loans banks and DFIs;
- Issuance of commercial paper to meet funding shortfall;
- Utilise short-term bank credit facilities to meet short-term liquidity pressures;
- Issuance of sustainability linked bond(s).

In 2024/25FY, the company will develop a Sustainability Finance Framework to outline the approach that the company will follow in tracking sustainable finance performance against set targets. The sustainable finance targets will be comprised of governance, social and environment pillars. The Sustainability Finance Framework will allow the company to issue sustainable finance instruments to meet its funding requirements.

7. GOVERNMENT GUARANTEE

The company will not require financial assistance from its shareholders (including government) whether guarantees or equity injection over the three-year period. The company intends to secure short-term committed banking facilities and raise long-term debt funding on the strength of its balance sheet without soliciting guarantee.

8. DEBT MANAGEMENT

8.1 LIQUIDITY MANAGEMENT

The domestic debt capital market is an important source of funding for the company given the less onerous terms and conditions compared to bilateral loans. The domestic debt capital market also allows the company to raise funding from a wide range of investors such as banks, insurers, pension funds and asset managers. A diverse investor base enables the company to raise funding at a competitive rate and lengthen the maturity profile of the debt portfolio. Throughout the years, the company has issued bonds in the debt capital market with maturities ranging between 5 years to 20 years.

The company has a R30 billion DMTN programme with the JSE which is updated whenever there are significant changes to the JSE Debt Listings Requirements. The entity has enough headroom having issued a R5 billion commercial paper of the total programme amount of R30 billion.

Table 4: DMTN programme facility

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

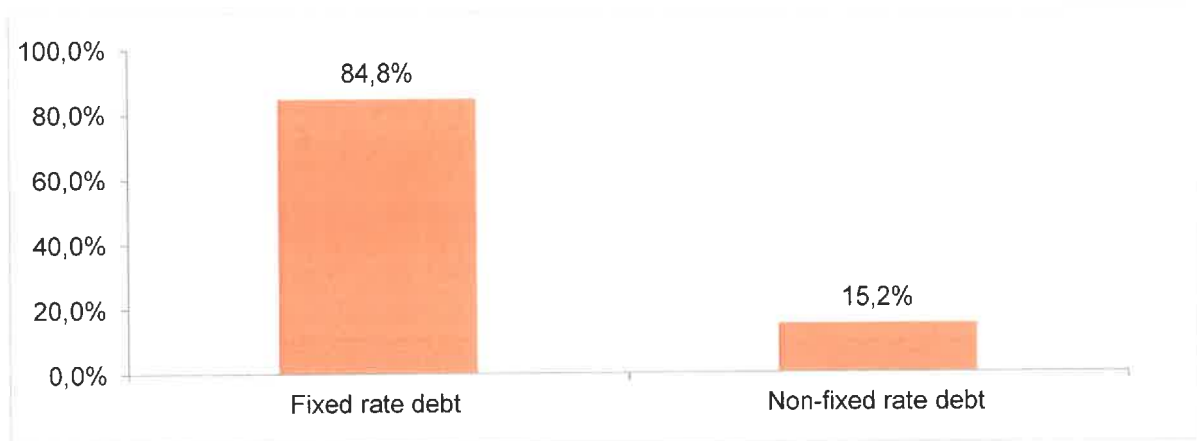
As part of the annual investor programme, the company will continue to engage with banks and DFIs, i.e., AFD, New Development Bank and DBSA. The objective is to ensure that the entity continues to maintain a diverse sources of funding. The short-term committed facilities will be used solely to alleviate unexpected short-term liquidity pressures.

10. INTEREST RATE COMPOSITION OF THE DEBT PORTFOLIO

The interest rate risk is mitigated by setting limits for both floating rate and fixed rate debt. The limit of the fixed rate debt is set not to be less than 50 per cent while floating rate debt is set not to exceed 50 per cent.

As at 31 December 2023, the interest debt composition was in line with the thresholds set in the Borrowing Policy. The floating rate debt accounted for 15 per cent while the portion of fixed rate debt was 85 per cent.

Figure 4: Interest rate composition – 31 December 2023



11. DEBT REFINANCING

ACSA Treasury endeavours to maintain a smooth debt maturity profile to ensure seamless debt redemption. The company's debt maturity profile is fairly spread with larger redemptions expected in 2028/29 and 2030/31 financial years. In 2028/29 financial year, the company is expected to repay R2.5 billion of AIRL01 inflation linked bond maturing in April 2028. The amount includes projected inflation accretion of about R1.7 billion based on 6 per cent (upper inflation target band) annual inflation rate over the remaining life of the bond.

The debt redemption amount in 2030/31 financial year is estimated at R3.7 billion comprised of the following:

- AIR05 fixed-rate bond - R864 million
- Preference Shares - R2.3 billion
- Accrued dividends on Preferences Shares - R538 million

The Board has approved refinancing strategies for both 2028/29 and 2030/31 maturities with implementation expected to commence in the last quarter of 2023/24FY.

12. INVESTMENT PLAN

In the forecast period, the company will invest surplus cash in line with the Board approved Investment Policy to achieve the following objectives:

- Capital preservation;
- Maintain sufficient liquidity to meet debt maturing obligations, capital, and operational expenses; and
- Optimise risk-adjusted returns.

Surplus cash is invested in approved financial instruments 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; and
- Asset allocation.

The company will continue to invest surplus 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; and
- Commercial Paper.

In line with the Investment Policy, the company's 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 per the policy.

13. DEBT REDEMPTION STRATEGY

13.1 AIRL01 REFINANCING STRATEGIES

As part of the Refinancing Strategy approved the by the Board, the company will implement the following strategies to mitigate risks in 2028/29FY:

a) Buying R210 inflation linked government bond

The strategy entails buying the R210 government bond maturing in March 2028. The R210 bond is a benchmark bond to the AIRL01 bond since it matures a month before the AIRI01 inflation linked bond. The main objective of buying the R210 inflation linked bond is to ensure cash flow match between the assets and liabilities.

To access the funds, the company will make use of buy/sell-back or repos market to borrow funds from the market. The repo market will allow ACSA to put up the R210 bond as collateral to borrow funds from the market. The advantage of repo market is that the entity can access funds without outright selling the R210 bond. Moreover, ACSA could use the repo market to

enhance return by investing borrowed funds in high yielding instruments such as income and/or money market funds. **The interest (coupon) earned will be used to increase the company's exposure to R210 government bond.** The implementation of this strategy will commence in the last quarter of the 2023/24FY.

b) Prefunding of the AIRL01 inflation linked bond.

This strategy involves raising funds through new bond issuance in the debt capital market. The proceeds will then go towards repayment of the AIRL01 inflation linked bond. A similar strategy was used to refinance the AIR02 fixed rate bond that matured in May 2024. The strategy will be implemented closer to the maturity of the AIRL01 bond unless it can be ascertained that noteholders will be willing to sell back the AIRL01 bond. This is to avoid increasing the debt level and subsequently debt service costs.

c) Switch auction of the AIRL01 inflation linked bond

A switch auction is an excellent way of lengthening the maturity profile of the debt portfolio by switching to a bond that is close to maturity into a longer-dated debt bond. This allows existing noteholders of the AIRL01 bond to exchange the bond for any longer dated bonds that the company decides to offer. A similar strategy was successfully executed in 2014 to refinance the AIR03 fixed rate bond. The success of the switch auction depends on the willingness of noteholders of the bond to participate in the switch auction. As a result, the company will continue to engage with noteholders to gauge their appetite. The implementation of the switch auction will be considered from 2024/25FY.

d) Buyback of AIRL01 inflation linked bond

The buyback strategy is the simplest to implement and can be executed a gradual basis to avoid enticing investors by paying premium to mark-to-market. The challenge with the buyback strategy is that the company needs money to buy back the AIRL01 inflation linked bond. However, this can be mitigated by conducting buybacks on reverse enquiry basis only after assessing the impact of buybacks on ACSA's cash position. The strategy will be considered for execution from the 2024/25 financial year after ascertaining that the company has adequate liquidity to cover all its financial obligations.

13.2 REFINANCING STRATEGY - 2030/31 FINANCIAL YEAR

a) Payment of preference shares dividends

The company is expected to repay R3.7 billion in 2030/31 financial year comprised of preference shares (R2.8 billion) and AIR05 fixed rate bond (R864 million). Nevertheless, this redemption amount will increase significantly to R5.1 billion should the company elect not to pay dividends on preference shares until maturity.

The company will therefore mitigate refinancing risk by starting to pay dividends on preference shares from 2024/25FY. This assumes that ACSA will meet all the conditions stipulated in the Preference Shares Subscription Agreement such financial covenants, solvency, and liquidity tests.

b) Prefunding of preference shares

The Preference Shares Subscription Agreement makes provision for early redemption of the shares. However, the Board is required to satisfy itself that company will meet solvency and liquidity tests after paying the redemption amount in line with Section 5.5.1 of the agreement. This flexibility allows the company to effectively manage refinancing risk emanating from preferences shares. The company will consider repaying preference shares in two equal tranches starting from 2029/30 financial year. ACSA will raise funds in the debt capital market that will go towards repayment of the preferences shares.

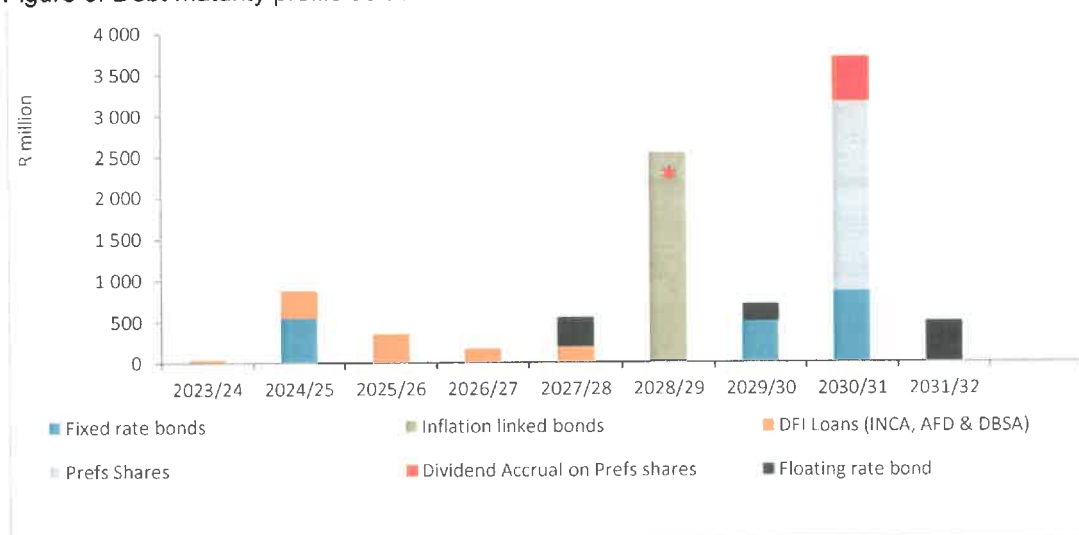
c) Prefunding of the AIR05 fixed rate bond

This strategy involves combining a switch auction with outright issuance of new bonds. The existing noteholders of the AIR05 bond will have an option to switch into new bonds while new investors can participate in the outright auction of the new bonds. The proceeds from the outright auction of the new bond will then be used to repay or buyback the remaining balance of the AIR05 bond. It is important to note that a similar strategy was successfully executed in November 2022 to refinance the AIR02 fixed rate bond that matured in May 2023. This strategy will be considered for implementation from the 2029/30 financial year.

14. DEBT MATURITY PROFILE

The company's maturity profile remains fairly spread with redemption amounts below R1 billion with the exception of 2028/29 and 2030/31 maturities. ACSA is expected to repay R2.5 billion (assuming 6% inflation increase) of AIRL01 inflation linked in the 2028/29 financial year. The outstanding amount in the 2030/31 financial year is currently R3.7 billion comprised of preference shares (R2.8 billion) and AIR05 fixed rate bond (R864 million).

Figure 5: Debt maturity profile as at 31 December 2023



* Projected inflation accretion added to AIRL01 in 2029E

The company will repay R1.4 billion worth of debt over the three-year period comprising of the following:

- AIR04 fixed rate bond - R544 million
- AFD2 loan (amortizing loan) – R390 million
- DBSA loan (amortizing loan) - R484 million

It should be noted that the AIR04 fixed rate maturing in May 2024 will be paid from internally generated funds and available cash on hand.

15. FOREIGN DEBT FUNDING OPPORTUNITY

The company will continue to engage with international lenders such as AFD, New Development Bank, KFW and AFDB to explore funding opportunities. The objective is to ensure that the company has diverse funding sources and is well prepared to raise funding in the offshore should the need arise. It is envisaged that the company will meet its funding requirements over a three-year plan from the domestic market.

16. ACTIVE INVESTOR RELATIONS

The ability of the company to attract potential and retain existing investors is dependent on the effectiveness of investor engagement programme. As part of the annual investor roadshow, the company will continue to engage with investors i.e. banks, lenders, and asset managers. The company will continue to make use of following channels of communication to engage with investors:

- Annual Roadshows;
- One-on-one meetings;
- Regular updates by announcement through the JSE SENS; and
- Upload of information of the Investor Web Page.

17. Short-term Banking Facilities

The company will continue to maintain short-term committed facilities with banks for bridging finance purposes and to comply with the requirements of credit rating agency i.e. Moody's. The credit facilities are reviewed and renewed on an annual basis. The company recently renewed its R1.8 billion committed facilities with Nedbank, RMB and Standard Bank for another 12 months.

In the advent of the Covid-19 pandemic the company increased its banking facility from R1 billion to R3 billion given heightened liquidity pressures at the time, however, the facility amount was subsequently reduced to R1.8 billion on the back of improved financial performance and lower capex programme.

The company is projected to maintain a positive cash position over next 24 months ending the period with about R4.0 billion. Therefore, it is prudent to reduce the facility amount from R1.8 billion to R1 billion. The reduction in the facility amount will significantly reduce the commitment fee paid on the R1.8 billion facilities. It should be noted that the balance of R800 million worth of facilities will be reallocated to uncommitted facilities which will not attract any commitment fees.

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

Table 5: Bank Facilities as at 31 December 2023

Financial Institution	Facility Amount (Rm)	Utilised (Rm)	Available (Rm)	Type	Utilisation Interest
RMB	R650	R0	R650	Committed	Determined on drawdown
Nedbank	R900	R0	R900	Committed	Determined on drawdown
Standard Bank	R250	R0	R250	Committed	Determined on drawdown
TOTAL	R1 800	R1 800	R1 800		

The company will continue to issue bank guarantees and letter of credit whenever a need arises. The bank guarantee and letter of credit are issued in the ordinary course of business to support ACSA's operations. ACSA has a performance guarantee for the Gru Concession in Brazil totalling BRL151 million (R578 million). This guarantee is renewed on an annual basis by the concession. Moreover, the company will maintain other uncommitted facilities such as derivative facility, asset-based finance facility and credit card facility to support business operations.

18. RISK MANAGEMENT

18.1 POLICY REVIEW AND GOVERNANCE

The Financial Risk Management and Regulatory Committee chaired by the Chief Financial Officer, and the Board Investment Committee, which is a sub-committee of the Board, continue to play an oversight role over Treasury operational activities. This involves assessment of treasury related risks to ensure that these risks are managed effectively.

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

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

18.2 HEDGING OF TREASURY RISKS

The treasury related risks such as exchange rate risk and interest rate risks are mitigated by using hedging instruments approved in the Treasury Risk Management Framework. The hedging strategies are only executed after obtaining necessary approvals in line with the Delegated Levels of Authority. Moreover, the accounting and risk implication of each transaction is analysed before any hedge strategy is recommended to the Board. The main objective of hedge strategies is to bring certainty of future cash flow and minimise volatility in the company's income statement.

18.3 DEBT COVENANTS

ACSA is required to comply with financial covenants as stipulated in the loan agreement concluded with the AFD. The company obtained a waiver from the lender until March 2024 relating to historical and projected Net Debt to EBITDA ratio and historical and projected Debt Service Coverage Ratio.

In March 2023 the two ratios fell back within the required levels underpinned by improvement in financial performance. The AFD1 loan was fully repaid in November 2023 and the last tranche of the AFD2 loan will be paid on 15 January 2026. As a result, the loan covenants attached to the AFD loans will cease to apply post 15 January 2026. The company is expected to comply with all financial ratios over the remaining life AFD2 loan.

Table 6: AFD Loan Covenants including preference shares as debt instrument

Covenants	Requirements 2022/23		2024/25	2025/26	2026/27
Credit Ratings	Above Investment Grade – National Scale (BBB)	Aa2.za	Aa1.za	n/a	n/a
Net Debt/Capitalization	Shall not exceed 65%	22%	16%	n/a	n/a
Net Debt/EBITDA	Shall not exceed 4 times	2,08x	1,44x	n/a	n/a
Government Shareholding	At least 50% plus one share	74.6%	74.6%	n/a	n/a
Debt Service Cover Ratio by Available cash	Not less than 1.5 times	2,52x	3,29x	n/a	n/a

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

19. CONCLUSION

The borrowing activities shall be undertaken within stipulated parameters set in the Treasury Risk Management Framework and Borrowing Policy. This Borrowing Plan 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 complies with governing legislation.

Appendix A: Three-Year Borrowing Plan

(ZAR Million)	2024/25	2025/26	2026/27
Cash Carried forward – 31 March 2024	3 884	4 075	4 201
New Gross Funding	0	0	1 000
EBITDA	2 625	3 142	3 571
Capital Expenditure	-752	-2 002	-7 253
Loan Redemptions	-887	-356	-175
Net Interest Payment	-448	-412	-462
Dividends Payout - Preference Shares	-602	-191	-191
Tax Payout	-208	-352	-491
Dividends Payout	0	0	0
WC Changes	506	269	843
Cash Position after Gross Funding	4 075	4 201	1 119
Inflation accretion y-o-y	119	126	134
Accrued dividends on Preference Shares	-586	0	0
Total Closing Gross Debt incl Preference Shares	7 952	7 723	8 681

Appendix B: Debt Portfolio as at 31 December 2023

Issue Date	Maturity Date	Financial Institution/ Instrument	Type	Outstanding Amount	Interest Rate	WACOF NACS
FIXED RATE DEBT						
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	R864 000 000	10.00%	10.00%
12 Apr 11	12 Jan 26	AFD2	DFI Amort. Loan	R438 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 863 213 053	8.200%	8.200%
02-Feb-21	30-Nov-27	DBSA loan	DBSA loan	R674 289 015	8.74%	8.744%
FLOATING RATE DEBT						
16-Nov-22	16-Nov-27	AIRF02	Fixed Rate Note	R356 000 000	10.91%	11.06%
16-Nov-22	16-Nov-29	AIRF03	Fixed Rate Note	R210 000 000	11.23%	11.39%
05-Dec-22	05-Dec-32	AIRF04	Fixed Rate Note	R500 000 000	11.66%	11.83%
INFLATION LINKED DEBT						
30 Apr 08	30 Apr 28	AIRL01	Listed Inflation	R1 979 276 199	3.64%	3.64%
TOTAL FUNDING				R8 929 528 267	WACOD	8.17%



Annexure H: Divisional Priorities

Capital Infrastructure and Asset Management

	FY 2024/2025	FY 2025/2026	FY 2026/2027
Enterprise Project Management Office	➤ EPM across all portfolios to support delivery of the Capital Allocation Target and 70% of major and significant projects on schedule.	➤ EPM across all portfolios to achieve the CAT and 75% of major and significant projects on schedule.	➤ EPM across all portfolios to achieve the CAT and 80% of major and significant projects on schedule.
	➤ Maintain EPM Maturity level 3 in all PMOs.	➤ Maintain EPM Maturity level 3 in all PMOs.	➤ Maintain Partial EPM Maturity level 3 in all PMOs.
	➤ Develop the EPM e-learning program and maintain 20% EPM training.	➤ Implement the eLearning program and maintain 80% EPM training on eLearning.	➤ Maintain 90% EPM training on eLearning.
	➤ Implement IT enabled EPM environment.		➤ Tender new EPM SME term contract.
	➤ Implement schedule and program control resources.		
Integrated Airport Planning	➤ Update CTIA Master Plan	➤ Complete CTIA Airport Master Update	➤ Complete CDSIA & KPA Master Plan Updates
	➤ Complete National Airports Master Plans	➤ Update CDSIA and KPA Master Plans	➤ Update ORTIA and KSIA Master Plans
	➤ Provide project brief for CTIA: New Domestic Arrivals	➤ Provide brief for ORTIA Midfield Pax Terminal Concept Design	➤ Commence Permission Application Process
Infrastructure and Asset Management	➤ Award capital program for refurbishment of Commercial assets (R1,9billion)	➤ Revenue streams from sale of excess energy realised.	➤ Complete renovation of all ACSA commercial assets – R1,9billion capex
	➤ Remedial work for premature corrosion of Airports defined and presented to PPIC for decision. Target appointment of Contractor	➤ Key capital program reach construction (PLBs, AGL, FDS, FMS, Energy Storage)	➤ ORTIA Gas to Power reaches beneficial Operation.
		➤ Obtain ISO-55000 certification for 2 ACSA Airports	➤ ACSA sustainability program for environmental is reaches execution for key projects.
		➤ Zero repeat findings from asset assurance programs at ALL ACSA airports	➤ Commissioning HBS

➤	All airports “micro-grid” definition complete and network stability monitoring instruments in place	➤	CMMS Blueprint complete and begin trial coupled with hand-held devices and remote monitoring of assets	➤	ACSA completes ~70% of its equipment replacement capital program.
➤	EPC (energy performance certification) for Regulatory Compliance for all Commercial assets in execution				
➤	Complete implementation of Jet Fuel Strategy & establishment of an Operating structure				
Infrastructure Property Development					
➤	Design and construction of fuelling stations at GRG, ORTIA and BFN.	➤	Development based on agreed commercial models for vacant land parcels, where alternative sources of capex will be utilised.	➤	Commencement of construction phase for the KSIA FBO.
➤	Construction phase of the enablement of CTIA precinct 3 based on 60% tenant occupation.	➤	Completion of design stage and procurement of contractor for the Mid-Field Cargo development.	➤	Construction of KSIA domestic lounge.
➤	Market intelligence for the hotel opportunities across the network.	➤	Construction of Lounge opportunities at ORTIA commences.	➤	Construction of the Upington Aviation Park commences.
➤	Defining business operations for the ACSA operated FBOs. Procuring resources required for the implementation.	➤	Design and issue for construction of FBO.	➤	Acquisition of the CTIA DPWI owned land portions (Farm 508, 544)
➤	ACSA attracts and signs-on investors for the Upington Aviation Park.	➤	Design and issue for construction for Upington Aviation Park.	➤	Sustain illegal land inversion mitigation strategies across the network of nine airports, where the problem is prevalent.
➤	Collaboration with the City of Cape Town, Western Cape Provincial Government, and Community groups on the resettlement of illegal invaders of CTIA DPWI land portions (Farm 508, 544)	➤	Finalisation and implementation of a Plan to Relocate illegal invaders of CTIA DPWI land portions (Farm 508, 544)		

<p>Project Portfolio Management</p>	<ul style="list-style-type: none"> ➤ Review PPM structure (with Turner & Townsend as appointed by EPMO) to ensure that PPM structure, policies & procedures support cost efficiency of project management & delivery. ➤ Project Portfolio Management model (horizontal & vertical integration of projects/ programmes) to deliver capital projects with fewer resources & replicate concept development. ➤ Development plans for critical staff for succession planning to continue institutional knowledge. ➤ Revalidation of briefs for strategic projects previously deferred and are within the Permission. ➤ Better business partnering with Built Environment Councils to assist with registration of our internal resources to professionalising our business. ➤ Better partnering with SCM to ensure best sourcing & procurement plans that are best suited for the organisation with minimal interruptions to operations. 	<ul style="list-style-type: none"> ➤ Finalise and implement Group Rolling Capital Program model outcomes (horizontal & vertical integration of projects/ programmes) to deliver capital projects with fewer resources & replicate concept development. ➤ Interim implementation of best practice structure. ➤ Training and institutionalisation of Governance/FIDPM processes through partnerships with NT & CIDB. ➤ First Phase implementation plan for to ensure all have development plans & succession planning communicated to critical resources. ➤ Forming of work task teams for revalidated briefs and projects. 	<ul style="list-style-type: none"> ➤ Efficient implementation & monitoring of Project Portfolio management implement Group Rolling Capital Program based on previous years' groundwork. ➤ Settlement of PPM best practice structure in line with recommendations from T&T. ➤ Settling of work task teams for implementation of Mega Projects. ➤ Midfield Cargo enters construction phase – in line with revalidated brief & stakeholder engagement. ➤ Complete refurbishment of ORTIA Cargo Facility - in line with revalidated brief & stakeholder engagement. ➤ Establishment of Central Command Centre for Security Services as per Sponsor/User Client requirement
<p>Asset Performance and Economic Assessment</p>	<ul style="list-style-type: none"> ➤ Review and enhancement of a framework for real-time Asset performance monitoring. 	<ul style="list-style-type: none"> ➤ Collaborative Implementation of the online/real-time bulk fuel stock monitoring and metering project. 	<ul style="list-style-type: none"> ➤ Incorporation of Fraud detection AI in Group Bulk Fuel stock monitoring and metering. ➤ Collaborative Hydrogen plant and distribution economic optimisation studies.

<p>Development of a framework for real-time Bulk Aircraft Fuel Stock Monitoring, fuel receipts, Sales metering, and reporting.</p>	<p>Assessment of Group spares utilisation, development of Alternative approaches, economic Assessment and development of a business case.</p>	<p>Collaborative economic optimisation studies of Group waste technologies.</p>
<p>Engineering studies and designs for Real Time Bulk Aircraft Fuel Stock Monitoring and metering project.</p>	<p>Collaborative Implementation of the Optimised Group spares utilisation project.</p>	<p>Collaborative economic optimisation studies of Tri-generation plants.</p>
<p>Energy Optimisation studies and economic models of central Airconditioning Plants.</p>	<p>Collaborative Solar plant economic Optimisation studies.</p>	<p>Institutionalisation of pre- and post-project implementation frameworks for asset-based projects.</p>
<p>Review and enhancement of the Group Maintenance Service Category Model including Streamlining of performance reporting.</p>	<p>Collaborative development of Standardised economic performance assessment models for property developments.</p>	
<p>Finalise all Group NERSA tariff applications.</p>	<p>Implementation of pre- and post-project implementation frameworks for asset based.</p>	
<p>Review the pre-project implementation economic assessment framework for applicability in asset-based projects.</p>		
<p>Develop a post-project implementation economic assessment to confirm assumptions and benefits.</p>		

Business Development and Commercial

	FY 2024/2025	FY 2025/2026	FY 2026/2027
➤	Implement Property Management System (Currently leases are managed via Oracle, which is primarily an ERP system and therefore not geared to manage leases of ACSA's nature and size)	➤ Issue and award national tenders for Retail, Car Rental and Advertising (Retail, car rental and advertising lease agreements expire between June and July 2024. These portfolios are expected to generate revenue of close to R2bn per annum over the Corporate Plan period)	➤ Award MRO opportunities (R30m)
➤	Award national tenders for Retail, Car Rental and Advertising (Retail, car rental and advertising lease agreements expire between June and July 2024. These portfolios are expected to generate revenue of close to R2bn per annum over the Corporate Plan period)	➤ Implement commercial model for Ground Handling (R50m)	➤ Implement Aerotropolis Strategy (R3bn)
➤	Award VVIP terminal tender (R50m)	➤ Implement Aerotropolis Strategy (R3bn)	➤ Invest in data analytics tools to improve performance (Data analytics will assist ACSA to better understand its passenger profile, patterns and behaviour. This will lead to creation of bespoke commercial infrastructure and solutions in line with passenger needs)
➤	Award hotel & hospital opportunities in ORTIA (R100m)		
➤	Revise FBO model in ORTIA (R50m)		
➤	Implement rent standardisation in the Property portfolio (This exercise aims to ensure that negotiated rentals are underpinned by a clear and transparent pricing strategy)		
➤	Pilot ACSA arrivals lounge in ORTIA (R30m)		
➤	Implement Aerotropolis Strategy (R3bn)		
➤	Issue and award a Facilities Management tender (Most of ACSA's commercial and industrial properties are in a state of disrepair		

due to lack on internal capacity to execute requisite repairs and maintenance. Therefore, an external contractor must be brought in to address the repairs and maintenance backlog)

Operations Management

	FY 2024/2025	FY 2025/2026	FY 2026/2027
➤	Improve Operational Efficiency.	➤ Review Operational Efficiency.	➤ Review Operational Efficiency.
➤	Implement Business process re-engineering.	➤ Implement Business process re-engineering.	➤ Implement Business process re-engineering.
➤	Staff training & Development.	➤ Implement Network strategy.	➤ Implement Network strategy.
➤	Implement Network strategy.	➤ Implement Cargo strategy.	➤ Implement Cargo strategy.
➤	Develop Ground Access Policy	➤ Implement operational technology and systems.	➤ Implement operational technology and systems.
➤	Implement Cargo strategy.	➤ Implement Phase 2 Ground Handling Strategy.	➤ Implement Phase 2 Ground Handling Strategy.
➤	Implement operational technology and systems.		
➤	Implement operational fuel plan.		
➤	Initiate Phase 2: Ground Handling Strategy		

Human Resources

	FY 2024/2025	FY 2025/2026	FY 2026/2027
➤	Implement Learning and Development Strategy to improve employees'	➤ Review the People and Culture Strategy for alignment with the organisation's values, mission and strategies.	➤ Implement the revised People and Culture Strategy to systematically retain, attract, engage, develop, and manage the workforce

<p>knowledge, skills, and capabilities to drive better business performance.</p>	<p>Increase leadership capability across junior, middle, senior and executive levels through the implementation of the Leadership DNA Programme.</p>
<p>Fast-track the commercialisation of the Training Academy to generate R2 000 000.00 of non-aeronautical revenue.</p>	<p>Develop an ergonomic work environment that optimises Health, Wellness and Productivity workspaces and promotes a symbiotic work-life balance</p>
<p>Implement change management initiatives to improve people engagement, adoption and adaptation to business transitions.</p>	<p>Implement Accelerated Development Programmes for Succession management to fast track the development of future leaders.</p>
<p>Improve performance culture and integrated performance efficiency to increase the alignment of individual performance to actual business performance</p>	<p>Define the workforce and skills of the future for the digital transformation towards Smart Airports Workforce.</p>
<p>Develop and implement a Leadership Culture Index to promote desirable behaviours that foster a peaceful and productive organisational climate</p>	
<p>Develop strategic HR capabilities for the improvement of business support and HR Maturity.</p>	
<p>Secure the organisation's talent bench strength through the implementation of Talent Management initiatives for the identification of leadership succession, development of high potential employees and career management.</p>	
<p>Implement a Rewards and Recognition Programme that inspires innovation, customer centricity, business acumen and leadership excellence.</p>	
<p>Implement an integrated Human Capital Cloud information system to improve HR analytics for strategic workforce planning,</p>	



employee experience improvement, talent retention and acquisition.

Internal Audit

	FY 2024/2025	FY 2025/2026	FY 2026/2027
➤	Improve operational efficiency to deliver projects within budget.	Improve operational efficiency to deliver projects within budget.	Improve operational efficiency to deliver projects within budget.
➤	Increase overall assurance through implementation of Combined Assurance	Increase overall assurance through implementation of Combined Assurance	Increase overall assurance through implementation of Combined Assurance
➤	Timeous execution of audit plan	Timeous execution of audit plan	Timeous execution of audit plan
➤	Acquire and implement audit tools to increase efficiency.	Implement audit tools to increase efficiency.	Acquire and implement audit tools to increase efficiency.
➤	Improve audit outcomes through external audit liaison.	Improve audit outcomes through external audit liaison.	Improve audit outcomes through external audit liaison.
➤	Improve internal controls through resolution of open audit findings.	Improve internal controls through resolution of open audit findings	Improve internal controls through resolution of open audit findings.
➤	Conduct External Quality Assurance on Internal Audit activities		



Enterprise Security and Compliance

FY 2024/2025	FY 2025/2026	FY 2026/2027
➤ Develop Framework for Cyber Security Investigation.	➤ Implement Tactical Crime Prevention and Intervention strategy.	➤ Establish Vetting unit.
➤ Establish Security partnerships through MOU's/SLA's.	➤ Framework for minimum-security measures for GA.	➤ Centralised cargo security screening (Local Airports)
➤ Security & HBS Insourcing Phase 1.	➤ Develop framework for centralised cargo security screening (International Airports).	➤ Vehicle screening detection equipment Phase 1
➤ Implement Risk based oversight model.	➤ Develop Framework for Critical infrastructure Bill regulations requirements (NKP Act).	➤ CCTV & Access control implementation phase 3
➤ Resourcing of ES Structure phase 2.	➤ Security Detection Equipment phase 2.	➤ PIDS & IISP project implementation phase 3
➤ Implement Consequence management framework.	➤ Resourcing of ES Structure phase 3.	➤ Review ES structure
➤ Security Detection Equipment Phase 1.	➤ Detection equipment for Airside phase 1.	➤ Security Detection Equipment phase 3
➤ CCTV & Access control Phase 1.	➤ Compliance Awareness.	➤ Detection equipment for Airside phase 2
➤ PIDS & IISP project implementation phase 1.	➤ Review Compliance Strategy.	➤ Compliance Maturity Assessment Review
➤ Compliance management system Phase 1.	➤ IISP project implementation phase 2.	➤ Contract Security & HBS insourcing phase 3
➤ Develop Compliance Risk Profile.	➤ CCTV & Access control implementation phase 2.	➤ Implement Integrated Security Plan
➤ Establish Compliance Forum & Compliance awareness.	➤ PIDS & IISP project implementation phase 2.	➤ Review loss control and consequence management framework
➤ Establish National Command Centre	➤ Contract Security & HBS Insourcing Phase 2.	➤ Review Risk Based oversight model.
➤ MISS awareness.		
➤ Integration of cargo security into cargo strategy.		



Information Technology

	FY 2024/2025	FY 2025/2026	FY 2026/2027
➤	Implement RPAS (Pilot study to identify key use cases, estimated investment over 5 years R360000)	➤ Implement business intelligence and analytics & foundational capabilities for data strategy roadmap.	➤ Implement business intelligence and analytics & foundational capabilities for data strategy roadmap.
➤	Implement business intelligence and analytics & foundational capabilities for data strategy roadmap (Investment over 5 years R35 135 513.66)	➤ Implementation of passenger self service airports.	➤ Enable machine learning & AI on data asset.
➤	Implementation of passenger self-service for efficient passenger processing (Investment over 5 years R220 014 806).	➤ Finalisation of parking upgrade for local airports.	➤ Upgrade & replacement of equipment & services that have reached end of life.
➤	Parking upgrade implementation for local airports for efficient parkers processing (Investment over 5 years R89 396 368.87).	➤ Implementation of Enterprise Security Solutions.	➤ Implementation of Enterprise Security Solutions
➤	Digitisation of physical records for ease of access to information and reduction of paper production.	➤ Continuation of enterprise-wide cyber security capability.	➤ Continuation of enterprise-wide cyber security capability.
➤	Implementation of Enterprise Security Solutions for enhanced security personnel productivity (Investment over 5 years R801 559 970)	➤ Continuation of enterprise-wide cyber security capability.	➤ Automation & integration of key business processes
-	CCTV Replacement	➤ Enable operational efficiencies.	➤ Enable operational efficiencies.
-	Perimeter Intrusion Detection System	➤ Automate & integrate key business processes.	➤ Implement new data centre.
-	Airport Permit Issuing & Access Control	➤ Enable operational efficiencies.	➤ IT Solution for Midfield Cargo Business.
-	IISS	➤ Enable improvement of customer experience & value-added services.	
➤	Continuation of enterprise-wide cyber security capability for proactive threat	➤ Implement new data centre. ➤ Support implementation of Enterprise Security National Command Center.	

<p>monitoring through Cyber Operations Centre (\$4 290 340.11 estimated 5 year Investment).</p> <p>Revenue enhancement of telecommunications services including neutral host multi-operator DAS (distributed antenna system).</p>	<p>Automation & integration of key business processes for efficient processing and monitoring (R107 107 847 estimated 5 year Investment).</p> <ul style="list-style-type: none"> - SCM Procurement Digitalisation - Portfolio Performance Intelligence - Property Manager Phase 2
<p>Enable operational efficiencies (R332 735 830 estimated 5 year Investment)</p> <ul style="list-style-type: none"> - Bird & Wildlife Compliance Management System 	<ul style="list-style-type: none"> - Airport Management System - Cuts and Cuss Replacement - Display Technologies
<p>Enable improvement of customer experience & value-added services to increase customer satisfaction brand awareness and engagement (R65 450 000 estimated 5 year Investment).</p> <ul style="list-style-type: none"> - Mobile App Phase 3 - ACSA Website Revamp - Digital Airport Cloud Platform 	<p>Planning for migration of data centre.</p>

Corporate Services

	FY 2024/2025	FY 2025/2026	FY 2026/2027
Brand and Marketing	<ul style="list-style-type: none"> ➤ Passenger Mobilisation and Airport Space Optimisation strategy development and phase 1 implementation ➤ Western Precinct Branding ➤ Centralise Brand and Marketing operational functions. ➤ Appoint dedicated research partner. ➤ Brand health assessment ➤ Brand and Marketing Policy and Procedure publishing ➤ Brand Corporate Identity Finalisation ➤ Execute Business Recovery ➤ Support Marketing Campaigns ➤ Brand Repositioning ➤ Strategy Development ➤ Business Brand and Marketing Support ➤ ACI Africa held in Johannesburg 2024. ➤ 30 years celebrations – coffee table book ➤ Appoint of Brand Marketing agencies. ➤ Identify and collaborate on Stakeholder activities. ➤ Set vision and level of ambition for future engagements and impact assessment of past engagements. ➤ Develop a Partnership Procedure ➤ Improve monitoring and evaluation of stakeholder management and submit analytical reports. 	<ul style="list-style-type: none"> ➤ Brand and Marketing horizon 1 Strategy Implementation ➤ Passenger Mobilisation and Airport Space Optimisation strategy phase 2 implementation ➤ ACSA Rebranding and repositioning research ➤ Brand health monitoring and evaluation ➤ Brand positioning ➤ Build brand awareness and brand credibility. ➤ Execute Business support marketing campaigns. ➤ Launch central branding online. ➤ Use insights from the brand audit to improve all brand touchpoints performance. ➤ Grow aeronautical and nonaeronautical revenue through marketing support. ➤ Update all ACSA's digital platforms (Website, intranet, social media etc.) ➤ Appoint a new IMC agency. ➤ Launch promotional items online system including physical stores to promote brand awareness. ➤ Identify and appoint direct service providers to cut costs through SCM process. ➤ Apply customer experience business etiquette training to building ACSA's brand image/reputation. ➤ ACSA CEOs conference (CEOs in Aviation) 	<ul style="list-style-type: none"> ➤ Brand and Marketing horizon2 Strategy Implementation ➤ Revise Passenger Mobilisation and Airport Space Optimisation strategy ➤ ACSA Rebranding and repositioning Strategy and implementation ➤ Revise Policies and procedures. ➤ Build brand awareness and brand credibility. ➤ Execute Business support marketing campaigns. ➤ Revise central branding online. ➤ Revise promotional items online system. ➤ Apply customer experience business etiquette training to building ACSA's brand image/reputation. ➤ Monitor and evaluate customer experience and satisfaction. ➤ Socialise rebranding implementation internally and externally. ➤ Update rebranding ACSA's digital platforms (Website, intranet, social media etc.) ➤ Facilitate strategic stakeholder engagement in line with the company Strategy. ➤ Conduct Multi-stakeholder Reputation survey and focus groups. ➤ Quarterly stakeholder surveys ➤ Socialise the survey results and focus feedback report.

<ul style="list-style-type: none"> ➤ Identifying opportunities from feedback, determine actions, revisit goals and plan next steps for follow-up and future engagements. ➤ Develop risk mitigation plans in line with ACSA's strategic risks. ➤ Conduct the engagements ensuring equitable stakeholder contributions and mitigation tension while remaining focused on priorities. ➤ Multi-stakeholder reputation survey ➤ Quarterly stakeholder surveys ➤ Manage Stakeholder communication and the implementation of stakeholder engagement plans 	<ul style="list-style-type: none"> ➤ Manage stakeholder relations management (IT CRM Tool) and conduct Multi-stakeholder Reputation survey and focus groups. ➤ Quarterly stakeholder surveys ➤ Manage Stakeholder communication and the implementation of stakeholder engagement plans. ➤ Facilitate strategic stakeholder engagement in line with the Growth Strategy ➤ Manage risk mitigation plans in line with ACSA's strategic risks. ➤ Develop and manage S/H and Partnership implementation plans per division. ➤ Set vision and level of ambition for future engagements and impact assessment of past engagements. ➤ Identifying opportunities from feedback, determine actions, revisit goals and plan next steps for follow-up and future engagements. 	<ul style="list-style-type: none"> ➤ Set vision and level of ambition for future engagements and impact assessment of past engagements. ➤ Develop and manage Stakeholder and Partnership implementation plans per division. ➤ Implement and manage strategic risk mitigation plans.
<ul style="list-style-type: none"> ➤ Supplier workshops with high-risk suppliers across all the regions to share PP strategy for the next 3 years. Understanding of the supplier base landscape to address transformation gaps identified on their contract clauses for delivery to achieve the procurement targets and drive economic performance for ESG reporting. ➤ Review Skills Development landscape, SCM policies, processes and plans to ensure alignment to the revised social and economic 	<ul style="list-style-type: none"> ➤ Achieve or maintain B-BBEE level rating desired by ACSA. To remain compliant to the revised Transport Sector Codes and have business competitive advantage. ➤ 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 as per the sector transformation plans for meaningful 	<ul style="list-style-type: none"> ➤ Achieve or maintain B-BBEE level rating desired by ACSA. To remain compliant to the revised Transport Sector Codes and have business competitive advantage. ➤ Monitor and evaluate sustainability programmes for environmental, social and economic elements to ensure the ESG roadmap is on track and milestones achieved. ➤ Identify strategic partnerships to drive ACSA's sustainability programmes to ensure strategic projects and programmes are implemented and

Transformation



<p>transformation strategy. Sustainability framework is driven through social, economic, and environmental elements which are now our key focus to achieve our 2030 business goals.</p>	<p>impact in the business and aviation industry as a whole 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 to remain relevant and aligned to the NDP goals of the country.</p>	<p>achieved with the key stakeholders collaboration and support to achieve our sustainability goals. Facilitation of Sakhisizwe Community Trust NPC to serve as a vehicle to drive Socio-Economic Development imperatives for communities in order to address the social elements of our sustainability framework and programmes.</p>
<p>Review transformation strategy to align to economic and social transformation strategic pillars and ESG roadmap. Sustainability is measured by ESG reporting, while transformation imperatives are measured by the B-BBEE scorecard hence the alignment.</p>	<p>Register Sakhisizwe Community Trust as an NPC at the Department of Social Development to qualify for government funding intuitions to supplement the current funding mechanisms and reach more disadvantaged youth and persons with disabilities in the communities to benefit from this fund.</p>	
<p>Review and align SD/ED/SED strategies to derive maximum value for business and communities. The Transport Sector Codes are under review with higher targets to achieve on the scorecards hence al the related strategies requires review and alignment to achieve acceptable BEE level ratings.</p>		
<p>Identify, prioritise, and implement formal and informal interventions to address targets for sustainability to drive ESG and B-BBEE. Achieve 40% spent on IT black and women owned, youth and disabled suppliers.to achieve the IT sector transformation targets and plans</p>		

Finance

	FY 2024/2025	FY 2025/2026	FY 2026/2027
Supply Chain Management	<ul style="list-style-type: none"> ➤ Manage consistent spend in line with available budget. ➤ Refresher training to all internal stakeholders on revised regulation. ➤ Maintain a zero Irregular expenditure. ➤ Enable achievement of unqualified audit with improvements on SCM. ➤ Introduce automated/paperless sourcing. ➤ Improve SCM processing turnaround time. ➤ Increase QSE and EME spend. ➤ Support of Local South African companies. 	<ul style="list-style-type: none"> ➤ Sustain a clean Irregular spend register. ➤ Refresh internal stakeholders on SCM processes, legislative compliance, and controls. ➤ Maintain good relations with the National Treasury SCM Governance Division. ➤ Continuously refresh SCM Staff through training. ➤ Support all divisions by providing SCM advise. ➤ Further improvement in SCM turnaround times. ➤ Mature Business Partner model of SCM. ➤ Increase support of Local South African companies – Localisation. 	<ul style="list-style-type: none"> ➤ Sustain a clean Irregular spend register. ➤ Sustain good document keeping. ➤ Sustain SCM system data integrity and reporting. ➤ Review Policies and Procedures to sustain compliance. ➤ Enhance paperless/automated SCM processes. ➤ Sustain industry confident in supporting QSE and EME.
Risk Management (BCM and ERM)	<ul style="list-style-type: none"> ➤ Effective implementation of BCM at operations for organisational resilience ➤ Building BCM capabilities and skills through training and knowledge transfer ➤ Effective crisis management and coordination post significant and catastrophic events ➤ Include dependencies and supporting resources for all critical activities that support the provision of products and services; 	<ul style="list-style-type: none"> ➤ Compliance on BCM and resilience though implemented strategies such as, redundancies, backups, or any selected continuity strategies. ➤ Level 5 Maturity BCM processes, Emergency Preparedness and Crisis Management ➤ Ongoing incorporation of Risk Management in Strategy, Capital allocation and project planning 	<ul style="list-style-type: none"> ➤ End to end BCM automation through digitisation ➤ Ongoing incorporation of Risk Management in Strategy, Capital allocation and project planning ➤ Assess impact of Risk Culture activities ➤ Build real time capabilities for the management of Enterprise Risks ➤ Ensure appropriate Governance of risk management

- including the supply chain - suppliers, outsource partners and other relevant interested parties.
 - Incorporate Risk Management in Strategy, Capital allocation and project planning.
 - Enhance Risk Culture
 - Manage Enterprise Risk Management Process
 - Ensure appropriate Governance of risk management.
-
- Enhance Risk Culture
 - Manage Enterprise Risk Management Process
 - Ensure appropriate Governance of risk management

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

TABLE OF CONTENTS

1. OVERVIEW OF BUSINESS	2
2. STRATEGY	3
2.1. ENVIRONMENTAL OVERVIEW	3
2.2. SWOT ANALYSIS	5
2.3. STRATEGIC GOALS AND INITIATIVES	6
3. KEY PERFORMANCE INDICATORS	8
4. GOVERNANCE STRUCTURES.....	9
4.1. COMPOSITION OF THE BOARD OF DIRECTORS.....	9
4.2. MEMBERS OF MANAGEMENT TEAM.....	10
5. FINANCIAL PLAN.....	11
5.1. PROJECTED INCOME STATEMENT	11
5.2. FINANCIAL SCENARIO'S	12
5.3. PROJECTED BALANCE SHEET	16
5.4. PROJECTED CASH FLOW STATEMENT.....	17
6. DIVIDEND POLICY	17
7. CAPITAL EXPENDITURE PLAN.....	18
8. BORROWING PROGRAMME.....	20
9. FINANCIAL ASSISTANCE AND SUSTAINABILITY	20
10. RISK AND FRAUD PREVENTION PLAN	20
11. OTHER SUPPORTING PLANS	21
11.1. HUMAN RESOURCE AND EMPLOYMENT EQUITY PLAN.....	21
11.2. ENVIRONMENTAL PLAN.....	21
11.3. MARKETING AND COMMUNICATION PLAN.....	22

JIA Piazza Park Proprietary Limited

Registration number 1998/004849/07

Corporate Plan for the three-year period FY2025 to FY2027

1. OVERVIEW OF BUSINESS

JIA Piazza Park Proprietary Limited (“Piazza Park”) is a full subsidiary of the Airports Company South Africa Limited (“ACSA”) and appointed Southern Sun Hotel Interests 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 Southern Sun since then.

Although the current management contract runs until 31 December 2026, the Corporate Plan has been prepared for the three-year period up to the end of March 2027 (FY2025 to FY2027) and assumes the same terms as the current management and franchise agreement will apply for the three months January to March 2027.

Southern Sun is the leading hospitality company in southern Africa. Combining an established 50-year heritage with a professional and energised approach, the group proudly encompasses over 100 hotels across all sectors of the market in South Africa, Africa, the Seychelles and the Middle East. Southern Sun offers a wide selection of restaurants and bars, and strategically located conference and banqueting facilities, providing exceptional hospitality products of unparalleled variety and scale. ⁽¹⁾

IHG is a global hotel company with a diverse portfolio of brands, including 6,227 open hotels and 925,320 rooms around the world on 30 September 2023. ⁽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 ensuite rooms, comprising of Standard Classic and Junior Suite rooms as well as two luxurious Presidential Suites. Accommodation features in each room include writing desk, complimentary Wi-Fi, coffee machine, mini-bar, television with DSTV, 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 offering a comprehensive selection of pampering treatments, an indoor heated swimming pool, conferencing facilities and a uniquely African dining experience at Quills Restaurant and Bar, which serves a range of breakfast, lunch and dinner options as well as light meals and drinks.

2. STRATEGY

2.1. Environmental overview

The environmental overview provides background on the current and future IC OR Tambo trading conditions as influenced by:

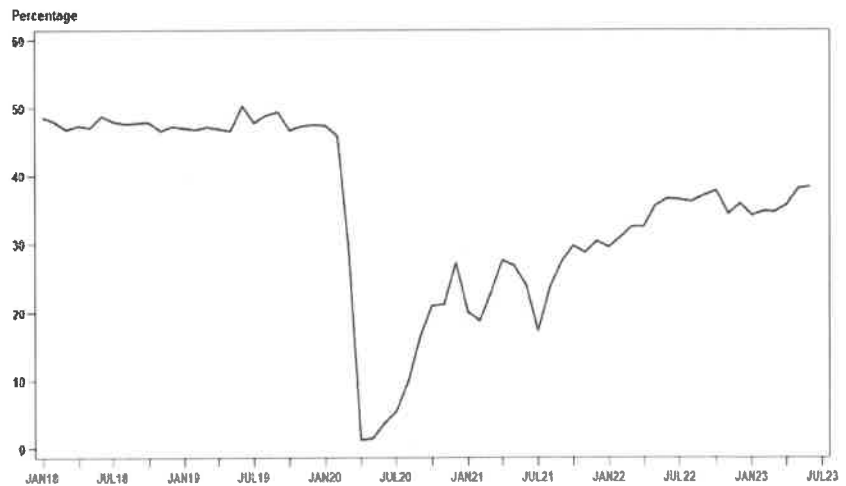
- Business recovery following the outbreak of COVID-19
- The South African macro-economic environment,
- The economic conditions in source countries, such as the UK, USA, Europe and Middle East,
- International travel to South Africa and surrounding countries,
- The Hotel industry, including new entrants and existing market participants,

COVID-19 impact and recovery

The business has fully recovered from the impact of the Covid-19 pandemic and is forecasting FY2024 to be the best year since opening. According to the Tourism report published by Statistics South Africa (Stats SA) as at June 2023, income from accommodation increased by

15.6% in the three months ended June 2023 compared with the three months ended June 2022. Figure 1 from this report illustrates the dramatic decrease in the occupancy rate for the South African accommodation industry following the onset of the Covid-19 pandemic, followed by the subsequent occupancy levels over the last three years. ⁽³⁾

Figure 1 – Seasonally adjusted occupancy rate for the accommodation industry



Macro-economic environment

According to the South African Reserve Bank (SARB) monetary policy statement of 21 September 2023, growth forecasts remain muted. The longer-term economic outlook is clouded by persistent risks to the inflation trajectory, the negative effects of climate change and ongoing geopolitical tensions. In the developing world, financing conditions are expected to remain tight and growth modest.

Across major advanced economies, growth remains stronger in the United States (US) than in Europe. Higher-for-longer policy rates and extended fiscal positions are expected to weigh on growth prospects for some time. China’s growth performance is expected to remain modest, with little benefit to commodity prices.¹ Taking

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

these and other factors into account, the SARB's forecast for global growth in 2023 is broadly unchanged at 2.6% (from 2.5%) and remains at 2.7% in 2024.

The South African Reserve bank reported that the domestic economy is expected to grow by 0.7% in 2023, followed by 1.0% in 2024 and 1.1% in 2025. The Bank's forecast of headline inflation for this year and next contracted slightly to 5.9% and 5.1%, respectively. ⁽⁴⁾

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.

Observation of trading as indicated in The Smith Travel Research (STR) Benchmark report, for Gauteng based 5-star properties shows that IC OR Tambo benefits from consistent base business and is reflecting remarkable occupancy and high average room rates. IC OR Tambo remains in quite a unique position in the local hotel industry.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

2.2. SWOT analysis

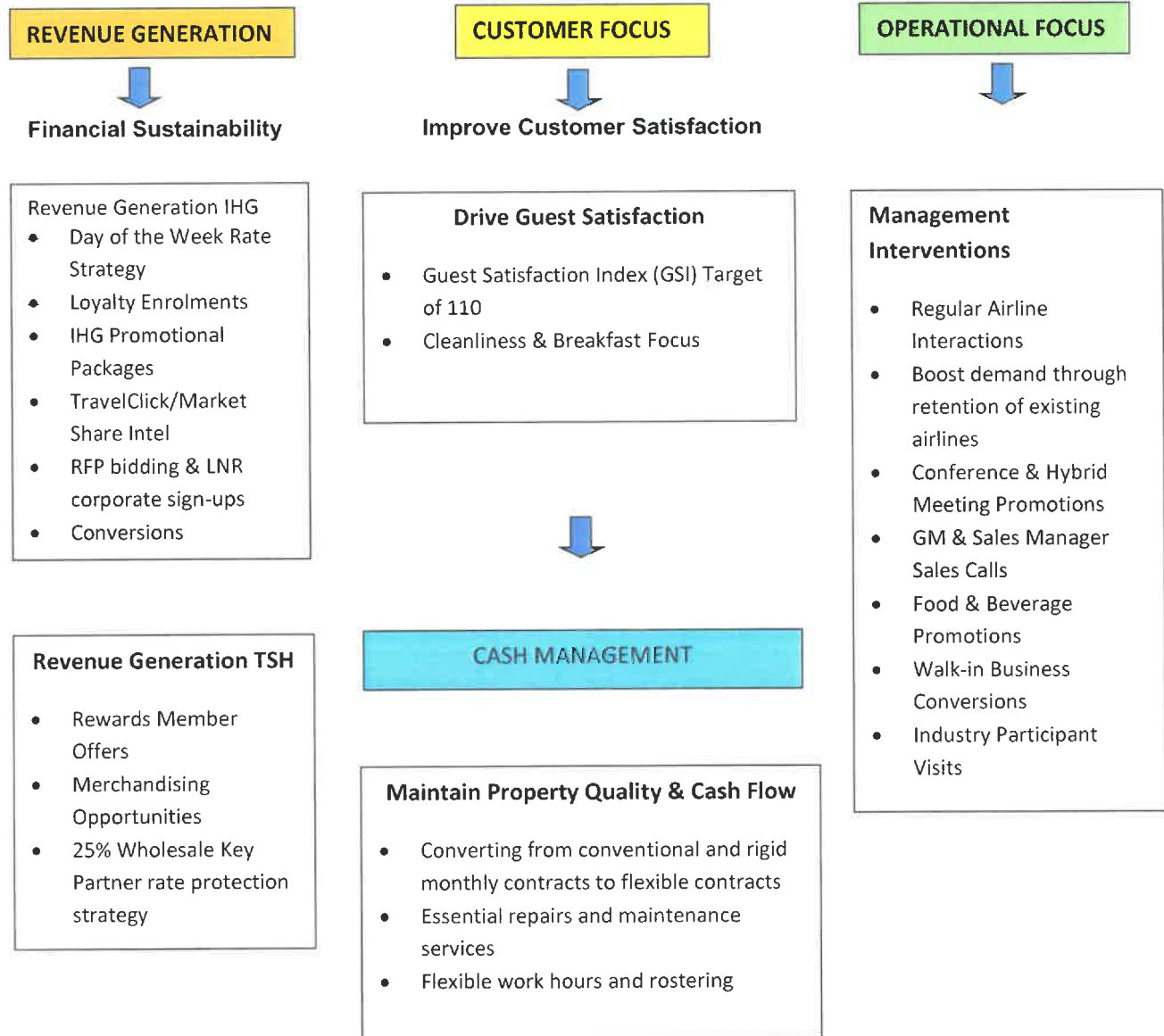
An analysis of the hotel's strengths, weaknesses, opportunities and threats are set out in the table below.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Prime location of hotel, being less than 70 metres from the O.R. Tambo International Arrivals Hall. • Ideally placed for cargo crew related business. • Southern Sun's more than 50 years of intellectual capital, industry presence, buying power, strong partnerships with local market, commercial platforms, people value system, training access. • The InterContinental brand association, with an international platform, brand standards, global commercial channels and presence, training access. • Quality of the physical product. • Dedicated team with talent, experience and stability. • Healthy guest satisfaction reviews. • Environmental initiatives. • Legal compliance. • Excellent sound proofing of bedrooms due to triple glazed glass encasing. • Safety aspects around proximity to the airport as national key point for international airline crews 	<ul style="list-style-type: none"> • Cashflow restrictions resulting in deferred Capital Expenditure projects. • Property room types limited to 3. • Rate resistance from the corporate segment • Dependence on international guests. • Decline in Groups and Conferences overnight stay. • Lack of hotel specific parking for guests. • Only one Restaurant in Quills, with limited seating capacity, which is being addressed in the capex plan. • Limited IHG brand presence / marketing efforts locally. • The immediate local community to the hotel is not patrons of the hotel, due to price point not matching local disposable income. • Location restrictive to local leisure market promotions and campaigns. • Dependence on airlift. • Government rate cap for bedroom and conference facilities. • Gautrain operating hours not 24 hours per day and perceived to be expensive.
Opportunities	Threats / Challenges
<ul style="list-style-type: none"> • O.R. Tambo International Airport aerotropolis expansion and associated commercial benefits. • The possible expansion of the property to include a second tower. • Gautrain availability 24 hours per day. • Further IHG exposure – both locally and internationally with regards to leveraging structures in marketing, public relations, commercial opportunities, and technology developments. • Further environmental initiatives with both cost and carbon footprint reductions. • Guests making use of conferencing venues for the purpose to provide mandatory services for travellers in transit creating footfall for the restaurant. • Day Conference Package e.g., Vehicle Launches and Elite Incentive groups. • 	<ul style="list-style-type: none"> • Re-occurrence of global pandemic/s • Local and international economic uncertainty, exchange rate fluctuations and reduction in disposable income. • International “scares”, for instance xenophobic incidents, political unrest, virus outbreaks. • • Effect of frequent energy supply interruption on local business and the economy coupled with uncertainty on solution timelines for supply to meet demand. • Impact of frequent energy supply interruption on International Travellers' perception of South Africa as an investment / business / holiday destination. • Change in strategy for some airlines to fly direct to destinations such as Cape Town, Kruger and Vic Falls. • Energy & Water supply and infrastructure. • Additional beds or new entrants to the node. • Development of another fully-fledged 5 star offering on the node. • Security concerns – regarding airport locations globally and tourist destinations within South Africa. • Lack of further cost efficiencies within the business. • Staff turnover due to competitor poaching. • Roll-Out of SARS voluntary traveller declarations • Loss of preferred trade agreements and reduced travel from key markets.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

2.3. 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.



JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

Goal	Initiatives
<p><i>Maintain <u>product</u> relevance to customer experience.</i></p> <p><i>(<u>product</u> cont.)</i></p>	<ul style="list-style-type: none"> • Maintain the physical product in the short term to cater to the customer, including hotel operating equipment. In the medium term, we recommend major and minor refurbishments as seen in the 3-year plan. Initiatives to monitor this are: <ul style="list-style-type: none"> - Hotel property and product audits (Both Southern Sun and IHG) - Capital expenditure plan review. - Monthly operating equipment review and replacement. • Understand customers' needs, perceptions, and behaviours, to deliver experiences relevant to them, thereby driving revenue. This is achieved through: <ul style="list-style-type: none"> - Satisfaction surveys in the form of Heartbeat (IHG) and TripAdvisor - Customer rewards programme (Both Southern Sun and IHG) - One-on-one interaction - Customer relationship managers • Continued investment in Technology that works for the customer and makes the product work through guest facing systems, channel, and customer relationship management. <ul style="list-style-type: none"> - Maintain and develop accessibility to website and other booking channels.
<p><i>Grow financial <u>profitability</u></i></p>	<ul style="list-style-type: none"> • Sustainable growth and return on investment. <ul style="list-style-type: none"> - Monthly and quarterly review of financial performance - Utilising revenue management systems available through Southern Sun and IHG - Benchmarking expenses against other five-star properties within Southern Sun
<p><i>Develop <u>people</u></i></p>	<ul style="list-style-type: none"> • Hotel employees are core to delivering great customer experiences and management need to understand their needs, challenges, and aspirations. This is achieved through: <ul style="list-style-type: none"> - Communication from the management team - Induction programmes - Annual training needs identification and programme - Employee surveys and engagement programme - Performance management programmes - Anti-fraud, ethics, and corruption hotline - Attract and retain the highest calibre staff and redressing historical imbalances.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

Marketing & Sales

- Boost travel demand and awareness through:
 - Domestic leisure and Government rates on Southern Sun Website
 - Reduced day conference packages targeted at local businesses with budget constraints.
 - Partner with Audio Visual companies to offer Hybrid Meeting Packages to boost venue hire.
 - Short term hire of banqueting venues
 - Food & Beverage campaigns targeted at the Airport Node including comp set hotels with limited Food & Beverage offering.
 - Inter-Provincial exposure through local DMO's for inbound domestic in transit travel
 - GM and Sales Manager sales calls
 - Regular airline partner interactions
 - Distressed airline business rate offers.
 - Ramp up operations corporate rate offer to airlines and companies.
 - Long stay reduced rate offer for clients.

3. 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.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

4. GOVERNANCE STRUCTURES

4.1. Composition of the Board of Directors

<p>Charles Masondzo Shilowa</p> <p>Director</p> <p>Qualifications: B.Sc. (Chemistry & Biochemistry), B.Sc. (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</p> <p>Areas of expertise: Project Management, Strategy Development & Implementation, Mergers & Acquisitions, Financial Analysis & Management and Stakeholder Management</p> <p>Date of appointment: 18 October 2021</p>	<p>Thembisa Fuzani</p> <p>Director</p> <p>Qualifications: B Com, B Com Accounting, B Compt Honours, Certificate in Theory of Accounting, Certified Chartered Accountant</p> <p>Areas of expertise: Finance, Auditing, Financial and Management Accounting, Audit Committee Management, Capex Committee Chairperson.</p> <p>Date of appointment: 15 July 2021</p>
<p>Aubrey Blom</p> <p>Alternate Director</p> <p>Qualifications: B Com</p> <p>Areas of expertise: Property Management, Asset Management, Facilities Management</p> <p>Date of appointment: 15 July 2021</p>	<p>Livhuwani Tshikunde</p> <p>Alternate Director</p> <p>Qualifications: B Com (Economics), B Com (Hons) Econometrics, Mcom (Economics)</p> <p>Areas of expertise: Treasury and Risk Management Board of Trustee: ACSA Retirement Fund</p> <p>Date of appointment: 15 July 2021</p>

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

4.2. Members of management team

<p>Ayanda Vernon Mazibuko</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>Jake van Breda</p> <p>Deputy General Manager</p> <p>Qualifications: National Diploma Service Management – SAQA Program City & Guilds; Food & Beverage and Accommodation Operations</p> <p>Date of appointment: 1 April 2022</p>	<p>Lerato Rakgosi</p> <p>Sales Manager</p> <p>Qualifications: B Com Marketing Management</p> <p>Date of appointment: 1 January 2021</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>Eric Peters</p> <p>Maintenance Manager</p> <p>Qualifications: Matric</p> <p>Date of appointment: 1 April 2022</p>	<p>Yvonne Prinsloo</p> <p>Executive Housekeeper</p> <p>Qualifications: Standard 8</p> <p>Date of appointment: 1 March 2008</p>
<p>Vacant</p> <p>Reservations Manager</p> <p>Qualifications:</p> <p>Date of appointment:</p>	<p>Beauty Lebelo</p> <p>Guest Relations Manager</p> <p>Qualifications: Matric</p> <p>Date of appointment: 1 August 2018</p>
<p>Tshepo Poo</p> <p>Front Office Manager</p> <p>Qualifications: National Diploma in Hospitality Management</p> <p>Date of appointment: 1 June 2007</p>	

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

5. FINANCIAL PLAN

5.1. Projected Income Statement

JIA Piazza Park (Pty) Ltd IC - O.R.Tambo	Actual FY2023	Forecast FY2024	Forecast FY2025	Forecast FY2026	Forecast FY2027	YonY% F24 v F23	YonY% F25 v F24	YonY% F26 v F25	YonY% F27 v F26
INCOME STATEMENTS - forecast	R'000	R'000	R'000	R'000	R'000				
Gross Revenue	201 336	242 013	238 103	261 315	278 341	20.2%	-1.6%	9.7%	6.5%
Cost of Sales	(11 257)	(12 532)	(12 299)	(13 517)	(14 403)	11.3%	-1.9%	9.9%	6.6%
Operating Expenses	(85 155)	(100 803)	(105 451)	(112 799)	(119 638)	18.4%	4.6%	7.0%	6.1%
Gross Operating Profit	104 923	128 678	120 354	134 999	144 299	22.6%	-6.5%	12.2%	6.9%
Capital Charges	(6 023)	(6 980)	(6 714)	(7 278)	(7 723)	15.9%	-3.8%	8.4%	6.1%
Management Fees Paid	(6 125)	(7 414)	(7 169)	(7 926)	(8 453)	21.0%	-3.3%	10.6%	6.6%
Ebitdar	92 775	114 284	106 470	119 795	128 123	23.2%	-6.8%	12.5%	7.0%
Turnover rent	(17 784)	(21 781)	(21 429)	(23 518)	(25 051)	22.5%	-1.6%	9.7%	6.5%
Supplementary rent	(73 662)	(88 083)	(78 971)	(83 183)	(95 504)	19.6%	-10.3%	5.3%	14.8%
Ebitda	1 330	4 419	6 070	13 094	7 568	232.3%	37.4%	115.7%	-42.2%
Depreciation	(4 618)	(7 576)	(10 096)	(17 077)	(11 427)	64.1%	33.3%	69.1%	-33.1%
Depreciation charge - ROU asset	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Ebit	(3 288)	(3 157)	(4 026)	(3 983)	(3 859)	-4.0%	27.5%	-1.1%	-3.1%
Profit/(Loss) on Disposal of Assets ¹	(23)	0	0	0	0	-100.0%	0.0%	0.0%	0.0%
Earnings before interest and tax	(3 311)	(3 157)	(4 026)	(3 983)	(3 859)	-4.6%	27.5%	-1.1%	-3.1%
Interest received / (paid)	4 526	4 824	4 824	4 824	4 824	6.6%	0.0%	0.0%	0.0%
Interest expense - shareholder loan	(158)	(158)	(158)	(158)	(158)	0.0%	0.0%	0.0%	0.0%
Interest expense - lease liability ¹	539 224	0	0	0	0	-100.0%	0.0%	0.0%	0.0%
Taxation ²	(242 172)	109 115	(215)	(227)	(260)	-145.1%	-100.2%	5.3%	14.8%
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	298 110	110 624	425	455	547	-62.9%	-99.6%	7.3%	19.9%
Room Nights Sold	39 784	41 290	38 582	40 487	40 892	3.8%	-6.6%	4.9%	1.0%
Room Nights Available	50 370	50 508	49 680	50 370	50 370	0.3%	-1.6%	1.4%	0.0%
Room Occupancy	79%	82%	78%	80%	81%	3.5%	-5.0%	3.5%	1.0%
Average Room Rate	3 978	4 675	4 909	5 142	5 425	17.5%	5.0%	4.8%	5.5%
Revenue per Available Room	3 142	3 822	3 813	4 133	4 404	21.6%	-0.3%	8.4%	6.6%
EBITDAR MARGIN (%)	46.1%	47.2%	44.7%	45.8%	46.0%	2.5%	-5.3%	2.5%	0.4%

¹ Figures include Journals pertaining to IFRS16

² Includes adjustment of deferred tax asset pertaining to IFRS16

Key assumptions –

- The forecast for FY2024 is based on the latest profit forecast for the property (PF2) which includes six months' actual results and six months forecast.
- Occupancy for FY2025 is reduced to reflect the revenue impact of the bedroom refurbishment. Occupancy for FY2026 through to FY2027 is based on FY2024 trends.
- Figures for FY2027 includes forecast for January 2027 to March 2027 and assumes that the same terms relating to the InterContinental Hotel Group License Agreement as well as the Southern Sun Hotel Interests Management agreement will apply for this period.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

- The FY2024 occupancy at 82% exceeds FY2020 occupancy of 75% and is 11 percentage points up on FY2019. The last time occupancies exceeded the 80% mark was FY2007 and FY2008 at 81% and 80% respectively.
- The average room rate forecast for FY2024 to FY2027 assumes inflation related growth of around 5%. The projected FY2024 average room rate of R4,636 is 42% up on FY2020.
- Despite the International Air Transport Association (IATA) projecting a 5-year recovery to return to 2019 business levels, the hotel has made a remarkable and full recovery in both occupancy and average room rate.
- ACSA passenger travel (Domestic and International) reported to return to 2019 levels by 2026.
- Expenses are increased by CPI at 5.5% during FY2025 and subsequent years and considers the following major exception:
 - Electricity increasing by 12.5% year on year.
 - Water increasing by 10% year on year.
- Basic rental is calculated at 9% of Gross Revenue.
- Supplementary rent is calculated at 99% of profit before tax.

5.2. 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.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

SCENARIO 1 - "LOW ROAD"				
JIA Piazza Park (Pty) Ltd	Forecast	Forecast	Forecast	Forecast
IC - O.R.Tambo	FY2024	FY2025	FY2026	FY2027
INCOME STATEMENTS - forecast	R'm	R'm	R'm	R'm
Gross Revenue	242	218	231	236
EBITDAR	114	91	96	94
EBITDAR Margin	47.2%	41.9%	41.6%	39.8%
Occupancy %	81.7%	73.6%	76.1%	76.9%
ARR	4 675.41	4 722.16	4 769.38	4 817.08
<p>This model assumes:</p> <ol style="list-style-type: none"> 1 Economic decline 2 Global rise in inflation stemming from central bank policy to fight inflation. 3 Local business is trading in an inflationary environment. 4 Appreciation of the Rand vs US Dollar/Euro reducing the appeal of South Africa as a 5 Limited international travel 6 Impact of air traffic movement <p>RISK:</p> <ol style="list-style-type: none"> 1 Contracting economic climate 2 Local and/or International political conflict 3 Re-occurrence of a global pandemic / xenophobia 4 Economic hardship for many people <p>Disclaimer: All calculations are purely indicative and prepared on request of the owner. The forecast for FY2027 that includes January 2027 to March 2027, assumes that the InterContinental Hotel Group License Agreement as well as the Southern Sun Hotel Interests Management agreement is extended and/or renegotiated for a new term.</p>				

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

SCENARIO 2 - "MIDDLE ROAD"				
JIA Piazza Park (Pty) Ltd	Forecast	Forecast	Forecast	Forecast
IC - O.R.Tambo	FY2024	FY2025	FY2026	FY2027
INCOME STATEMENTS - forecast	R'm	R'm	R'm	R'm
Gross Revenue	242	238	261	278
EBITDAR	114	106	120	128
EBITDAR Margin	47.2%	44.7%	45.8%	46.0%
Occupancy %	81.7%	77.7%	80.4%	81.2%
ARR	4 675.41	4 909.18	5 142.36	5 425.19
<p>This model assumes:</p> <ol style="list-style-type: none"> 1 The economy is stagnant with limited growth 2 Stabilising global inflation. 3 Local business is trading in an inflationary environment with increases in reserve bank interest rates 4 Moderate international travel 5 Limitations in air traffic movement <p>RISK:</p> <ol style="list-style-type: none"> 1 Depressed economic climate 2 Local and/or International political conflict 3 Global pandemic / xenophobia <p>Disclaimer: All calculations are purely indicative and prepared on request of the owner. The forecast for FY2027 that includes January 2027 to March 2027, assumes that the InterContinental Hotel Group License Agreement as well as the Southern Sun Hotel Interests Management agreement is extended and/or renegotiated for a new term.</p>				

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

SCENARIO 3 - "HIGH ROAD"				
JIA Piazza Park (Pty) Ltd	Forecast	Forecast	Forecast	Forecast
IC - O.R.Tambo	FY2024	FY2025	FY2026	FY2027
INCOME STATEMENTS - forecast	R'm	R'm	R'm	R'm
Gross Revenue	242	254	273	290
EBITDAR	114	121	132	140
EBITDAR Margin	47.2%	47.5%	48.2%	48.3%
Occupancy %	81.7%	82.0%	82.4%	83.0%
ARR	4 675.41	4 983.98	5 258.10	5 547.30
<p>This model assumes:</p> <ol style="list-style-type: none"> 1 Moderate economic growth 2 Stable inflationary environment with moderate CPI growth 3 Thriving international travel 4 No restrictions in air traffic movement <p>RISK:</p> <ol style="list-style-type: none"> 1 Depressed economic climate 2 Local and/or International political conflict 3 Global pandemic / xenophobia <p>Disclaimer: All calculations are purely indicative and prepared on request of the owner. The forecast for FY2027 that includes January 2027 to March 2027, assumes that the InterContinental Hotel Group License Agreement as well as the Southern Sun Hotel Interests Management agreement is extended and/or renegotiated for a new term.</p>				

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

5.3. Projected Balance Sheet

JIA Piazza Park (Pty) Ltd	Actual	Forecast	Forecast	Forecast	Forecast	YonY%	YonY%	YonY%	YonY%
IC - O.R.Tambo	FY2023	FY2024	FY2025	FY2026	FY2027	F24 v F23	F25 v F24	F26 v F25	F27 v F26
BALANCE SHEET - forecast	R'000	R'000	R'000	R'000	R'000				
Non-Current Assets									
Property and plant	26 085	65 712	89 588	88 919	82 530	151.9%	36.3%	-0.7%	-7.2%
Operating equipment	7 660	7 581	7 482	7 482	7 645	-1.0%	-1.3%	0.0%	2.2%
Intangible assets	12	20	20	20	20	63.8%	0.0%	0.0%	0.0%
Right of use asset	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Deferred tax	1 677	14 680	14 464	14 234	13 974	830.9%	-1.5%	-1.6%	-1.8%
	36 334	87 993	111 654	110 655	104 169	149.0%	26.8%	-0.8%	-5.9%
						0.0%	0.0%	0.0%	0.0%
Current Assets									
Inventories	1 772	1 635	1 608	1 765	1 880	-7.7%	-1.6%	9.7%	6.5%
Trade and other receivables	4 449	6 697	6 611	7 126	7 498	50.5%	-1.3%	7.8%	5.2%
Current tax receivable	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Any other current assets	986	0	0	0	0	-100.0%	0.0%	0.0%	0.0%
Cash and cash equivalents	103 608	90 056	63 439	71 145	90 881	-13.1%	-29.6%	12.1%	27.7%
	110 816	98 388	71 658	80 036	100 268	-11.2%	-27.2%	11.7%	26.3%
TOTAL ASSETS	146 149	186 381	183 211	190 691	204 428	27.5%	-1.7%	4.1%	7.2%
Equity									
Retained earnings opening	33 562	33 562	47 756	48 182	48 646	0.0%	42.3%	0.9%	1.0%
Profit for the year	0	14 194	426	464	546	0.0%	-97.0%	8.8%	17.6%
	33 562	47 756	48 182	48 646	49 192	42.3%	0.9%	1.0%	1.1%
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	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
	1 500	1 500	1 500	1 500	1 500	0.0%	0.0%	0.0%	0.0%
Current liabilities									
Trade and other payables									
Trade payables	20 887	5 974	11 384	12 750	14 280	-71.4%	90.6%	12.0%	12.0%
Accrued expenses	10 357	29 001	29 002	29 003	29 004	180.0%	0.0%	0.0%	0.0%
Accrued payroll expense	0	1 039	1 091	1 145	1 203	0.0%	5.0%	5.0%	5.0%
Sundry creditors	718	461	462	463	464	-35.7%	0.2%	0.2%	0.2%
Sundry creditors - tips	276	348	366	384	403	26.1%	5.0%	5.0%	5.0%
Supplementary rent due to ACSA	73 972	88 697	79 162	84 260	95 343	19.9%	-10.7%	6.4%	13.2%
Deposits received	0	6 241	6 397	6 557	6 721	0.0%	2.5%	2.5%	2.5%
Other payables (incl. VAT F21)	4 510	2 076	2 180	2 289	2 404	-54.0%	5.0%	5.0%	5.0%
Current tax payable	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Provisions (STI and leave)	367	3 287	3 484	3 694	3 915	795.1%	6.0%	6.0%	6.0%
	111 087	137 125	133 629	140 645	163 737	23.4%	-2.6%	5.3%	9.4%
TOTAL LIABILITIES	146 149	186 381	183 211	190 691	204 428	27.5%	-1.7%	4.1%	7.2%

Key assumptions –

The following broad key assumptions apply to the balance sheet:

- Fixed assets movement – based on the Capital Expenditure plan (covered in more detail under section 7).
- Current assets movement – reflects trade.
- Trade Creditors, Provisions and Accruals movement – based on inflation related growth in balances.
- Impact of Supplementary Rent.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

5.4. Projected Cash Flow statement

JIA Piazza Park (Pty) Ltd	Forecast	Forecast	Forecast	Forecast
IC - O.R.Tambo	FY2024	FY2025	FY2026	FY2027
CASH FLOW - forecast	R'000	R'000	R'000	R'000
Cash from trading	108 005	106 470	119 795	128 123
Movement in working capital	15 257	5 595	1 319	1 562
Cash from operations	123 262	112 065	121 114	129 685
Interest	3 918	4 824	4 824	4 824
Tax	0	(216)	(230)	(260)
Cashflows from investing activities	(45 288)	(33 778)	(15 321)	(5 202)
Free cash	81 892	82 895	110 387	129 047
Financing activities	(95 443)	(109 513)	(102 681)	(109 310)
Movement in cash	(13 551)	(26 618)	7 706	19 737
Opening cash	103 608	90 056	63 439	71 145
Surplus cash	90 056	63 439	71 145	90 882

The FY2024 cash flow is assumed on the FY2024 capex programme and the cash flow over the FY2024 and FY2025 might differ based on the spend on the timing of the spend of Development capex related items, as noted under section 7 for the Capital Expenditure Plan.

6. DIVIDEND POLICY

The Piazza Park practice is not to issue any dividends.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

7. 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. Where possible, the annually approved Capital Expenditure programme is funded through surplus cash generated by Piazza Park.

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.

Increased demand for additional seating capacity in the Quills Restaurant and Lounge areas, as well as seasonal drawbacks for the Quills Restaurant Terrace, requires Management to explore expansion options that will impact capital expenditure spend. The project is in the planning phase and preliminary estimates are included in the capital expenditure program.

For the annual forecast period covered by the Corporate Plan (FY2024 to FY 2027), health & safety and compliance related items have been considered, as well as:

- soft refurbishment of guest bedrooms and bathrooms for FY2024 to be combined with remainder of spend planned for FY2025. (R13.8m for FY2024 and R11.6m in FY2025). Total forecasted to spend for FY2025, R25.4m,
- bedroom air-conditioning fan coil units (R3.3m in FY2025),
- Guest Elevator upgrade (R2.2m in FY2026),
- conferencing centre upgrade (R1.5m in FY2026).

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.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

Capital Expenditure plan – R'000	FY2024 Programme	FY2024 Forecast ⁽¹⁾	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast	Notes
Total hotel replacement Capex	3,382	3,382	3,788	4,164	4,437	Replacement programme based on 2.0% of rooms revenue per annum.
Total health, safety and refurbishment project Capex	42,553	26,503	28,050	10,200	500	Development projects, health and safety related items. Please see below for detail ⁽²⁾
Total information technology Capex	537	537	1,940	957	265	Break and replace programme.
Total capex additions	46,472	30,422	33,778	15,321	5,202	
Total capex as % of EBITDAR	40.7%	26.6%	31.7%	5.9%	4.0%	

Notes:

(1) The FY2024 forecast column is based on a review of capex items in the current year programme that will be carried forward to the following year, due to timing of the spend.

(2) The Health, Safety and Development capex plan for the period under review is set out in the schedule below:

JIA Piazza Park (Pty) Ltd	FY2024	FY2024	FY2025	FY2026	FY2027
IC - O.R.Tambo	Programme	Forecast (1)	Forecast	Forecast	Forecast
HEALTH, SAFETY AND DEVELOPMENT CAPITAL EXPENDITURE	R'000	R'000	R'000	R'000	R'000
Air Handling Units x 4	2 500	2 500	-	-	-
Replace Fire Evacuation System	2 600	2 600	-	-	-
Public Area and Restaurant Refurbishment	5 834	5 834	-	-	-
Bedroom Airconditioning Fan Coil Units	-	-	3 250	-	-
Service Lift Upgrade	1 500	1 500	-	-	-
Guest Bathroom Refurbishment	2 250	-	-	4 500	-
Guest Elevator Upgrade	-	-	-	2 200	-
Bedroom Refurbishment	13 800	-	24 300	-	-
IHG Systems Upgrade	7 500	7 500	-	-	-
Gym Refurbishment	-	-	-	1 500	-
Conference Centre Refurbishment	-	-	-	1 500	-
Terrace Enclosure	3 682	3 682	-	-	-
Other	287	287	500	500	500
TOTAL	42 553	26 503	28 050	10 200	500

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

8. 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).

9. FINANCIAL ASSISTANCE AND SUSTAINABILITY

No financial assistance was received to date during FY2024 with no financial assistance required for the foreseeable future.

The conversion from a fixed monthly rental fee to a flexible rental as a percentage of turnover, promotes a sustainable rent solution, eliminating complexities pertaining to going concern.

10. 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 Southern Sun programme and includes the following:

- 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.
- Operational risk management includes the following five areas:
 - Fires and fire protection
 - Security
 - Fraud / theft
 - Safety
 - Organisational resilience programme (ORMS)
- The Southern Sun audit and risk forum meets twice a year and is attended by both the internal (GRIPP Advisory) as well as the external auditors (Deloitte).
- An internal audit programme is conducted by GRIPP Advisory on a 3-year rotation base and includes compliance as well as risk-based reviews.
- An internal audit programme is conducted by ACSA Internal Audit and includes compliance and risk-based reviews.
- Annual audit performed by The Auditor General of South Africa and includes compliance and risk-based reviews.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

- The Best Practice Operating Procedures (BOP) team assist in the communication and training of the operating procedures.
- A comprehensive internal control questionnaire to enable unit management to assess the control environment is completed monthly by the heads of department.
- Balance sheet reviews are conducted by the regional financial support structure at least twice per year.
- The Southern Sun Hotels ethics line service provider, namely Tip-Offs Anonymous, is managed by Deloitte.

11. OTHER SUPPORTING PLANS

11.1. Human Resource and Employment Equity Plan

People are at the core of delivering a Southern Sun 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:

- Human capital management – Attract and retain the highest calibre staff and redressing historical imbalances, where they may exist.
- Employee development – All training and development activities are integrated through Southern Sun Hotels. Southern Sun was re-awarded accreditation as an official training provider.
- Employee engagement – Engagement surveys were deferred due to the practical impact of Covid-19 and will be reintroduced within the next year or so.
- Employee wellness – Southern Sun is committed to the wellness of our employees and provides services through employee assistance helpline and wellness days.
- Health and safety – Safety inspections through the ORMS audit process.

11.2. Environmental Plan

The environmental plan for Piazza Park is governed by the various Southern Sun and IHG initiatives. Southern Sun 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:

- Energy
- Water
- Waste management
- Responsible procurement

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

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.

11.3. Marketing and Communication Plan

Both the Southern Sun 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 Southern Sun's local marketing and communication platform.

Marketing exposure includes:

- Web based and social media exposure
- Billboards
- Radio
- Loyalty programmes (Southern Sun Rewards programme and IHG Rewards Club)

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

References:

- (1) <https://www.southernsun.com>
- (2) [Our global presence - About us - InterContinental Hotels Group PLC \(ihgplc.com\)](#)
- (3) https://www.statssa.gov.za/?page_id=1854&PPN=P6410&SCH=73392
- (4) <https://www.resbank.co.za/content/dam/sarb/publications/monetary-policy-review/2023/MPROCT23Internet.pdf>

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

TABLE OF CONTENTS

1. OVERVIEW OF BUSINESS	2
2. STRATEGY	3
2.1. ENVIRONMENTAL OVERVIEW	3
2.2. SWOT ANALYSIS	5
2.3. STRATEGIC GOALS AND INITIATIVES	6
3. KEY PERFORMANCE INDICATORS	8
4. GOVERNANCE STRUCTURES.....	9
4.1. COMPOSITION OF THE BOARD OF DIRECTORS.....	9
4.2. MEMBERS OF MANAGEMENT TEAM.....	10
5. FINANCIAL PLAN.....	11
5.1. PROJECTED INCOME STATEMENT	11
5.2. FINANCIAL SCENARIO'S	12
5.3. PROJECTED BALANCE SHEET	16
5.4. PROJECTED CASH FLOW STATEMENT.....	17
6. DIVIDEND POLICY	17
7. CAPITAL EXPENDITURE PLAN.....	18
8. BORROWING PROGRAMME.....	20
9. FINANCIAL ASSISTANCE AND SUSTAINABILITY	20
10. RISK AND FRAUD PREVENTION PLAN	20
11. OTHER SUPPORTING PLANS	21
11.1. HUMAN RESOURCE AND EMPLOYMENT EQUITY PLAN.....	21
11.2. ENVIRONMENTAL PLAN.....	21
11.3. MARKETING AND COMMUNICATION PLAN.....	22

JIA Piazza Park Proprietary Limited

Registration number 1998/004849/07

Corporate Plan for the three-year period FY2025 to FY2027

1. OVERVIEW OF BUSINESS

JIA Piazza Park Proprietary Limited (“Piazza Park”) is a full subsidiary of the Airports Company South Africa Limited (“ACSA”) and appointed Southern Sun Hotel Interests 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 Southern Sun since then.

Although the current management contract runs until 31 December 2026, the Corporate Plan has been prepared for the three-year period up to the end of March 2027 (FY2025 to FY2027) and assumes the same terms as the current management and franchise agreement will apply for the three months January to March 2027.

Southern Sun is the leading hospitality company in southern Africa. Combining an established 50-year heritage with a professional and energised approach, the group proudly encompasses over 100 hotels across all sectors of the market in South Africa, Africa, the Seychelles and the Middle East. Southern Sun offers a wide selection of restaurants and bars, and strategically located conference and banqueting facilities, providing exceptional hospitality products of unparalleled variety and scale. ⁽¹⁾

IHG is a global hotel company with a diverse portfolio of brands, including 6,227 open hotels and 925,320 rooms around the world on 30 September 2023. ⁽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 ensuite rooms, comprising of Standard Classic and Junior Suite rooms as well as two luxurious Presidential Suites. Accommodation features in each room include writing desk, complimentary Wi-Fi, coffee machine, mini-bar, television with DSTV, 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 offering a comprehensive selection of pampering treatments, an indoor heated swimming pool, conferencing facilities and a uniquely African dining experience at Quills Restaurant and Bar, which serves a range of breakfast, lunch and dinner options as well as light meals and drinks.

JIA Piazza Park Proprietary Limited

Registration number 1998/004849/07

Corporate Plan for the three-year period FY2025 to FY2027

2. STRATEGY

2.1. Environmental overview

The environmental overview provides background on the current and future IC OR Tambo trading conditions as influenced by:

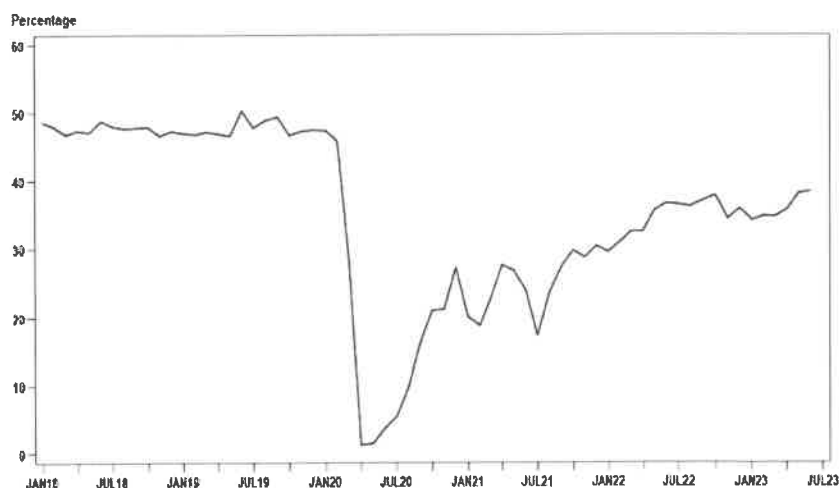
- Business recovery following the outbreak of COVID-19
- The South African macro-economic environment,
- The economic conditions in source countries, such as the UK, USA, Europe and Middle East,
- International travel to South Africa and surrounding countries,
- The Hotel industry, including new entrants and existing market participants,

COVID-19 impact and recovery

The business has fully recovered from the impact of the Covid-19 pandemic and is forecasting FY2024 to be the best year since opening. According to the Tourism report published by Statistics South Africa (Stats SA) as at June 2023, income from accommodation increased by

15.6% in the three months ended June 2023 compared with the three months ended June 2022. Figure 1 from this report illustrates the dramatic decrease in the occupancy rate for the South African accommodation industry following the onset of the Covid-19 pandemic, followed by the subsequent occupancy levels over the last three years. ⁽³⁾

Figure 1 – Seasonally adjusted occupancy rate for the accommodation industry



Macro-economic environment

According to the South African Reserve Bank (SARB) monetary policy statement of 21 September 2023, growth forecasts remain muted. The longer-term economic outlook is clouded by persistent risks to the inflation trajectory, the negative effects of climate change and ongoing geopolitical tensions. In the developing world, financing conditions are expected to remain tight and growth modest.

Across major advanced economies, growth remains stronger in the United States (US) than in Europe. Higher-for-longer policy rates and extended fiscal positions are expected to weigh on growth prospects for some time. China's growth performance is expected to remain modest, with little benefit to commodity prices.¹ Taking

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

these and other factors into account, the SARB's forecast for global growth in 2023 is broadly unchanged at 2.6% (from 2.5%) and remains at 2.7% in 2024.

The South African Reserve bank reported that the domestic economy is expected to grow by 0.7% in 2023, followed by 1.0% in 2024 and 1.1% in 2025. The Bank's forecast of headline inflation for this year and next contracted slightly to 5.9% and 5.1%, respectively. ⁽⁴⁾

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.

Observation of trading as indicated in The Smith Travel Research (STR) Benchmark report, for Gauteng based 5-star properties shows that IC OR Tambo benefits from consistent base business and is reflecting remarkable occupancy and high average room rates. IC OR Tambo remains in quite a unique position in the local hotel industry.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

2.2. SWOT analysis

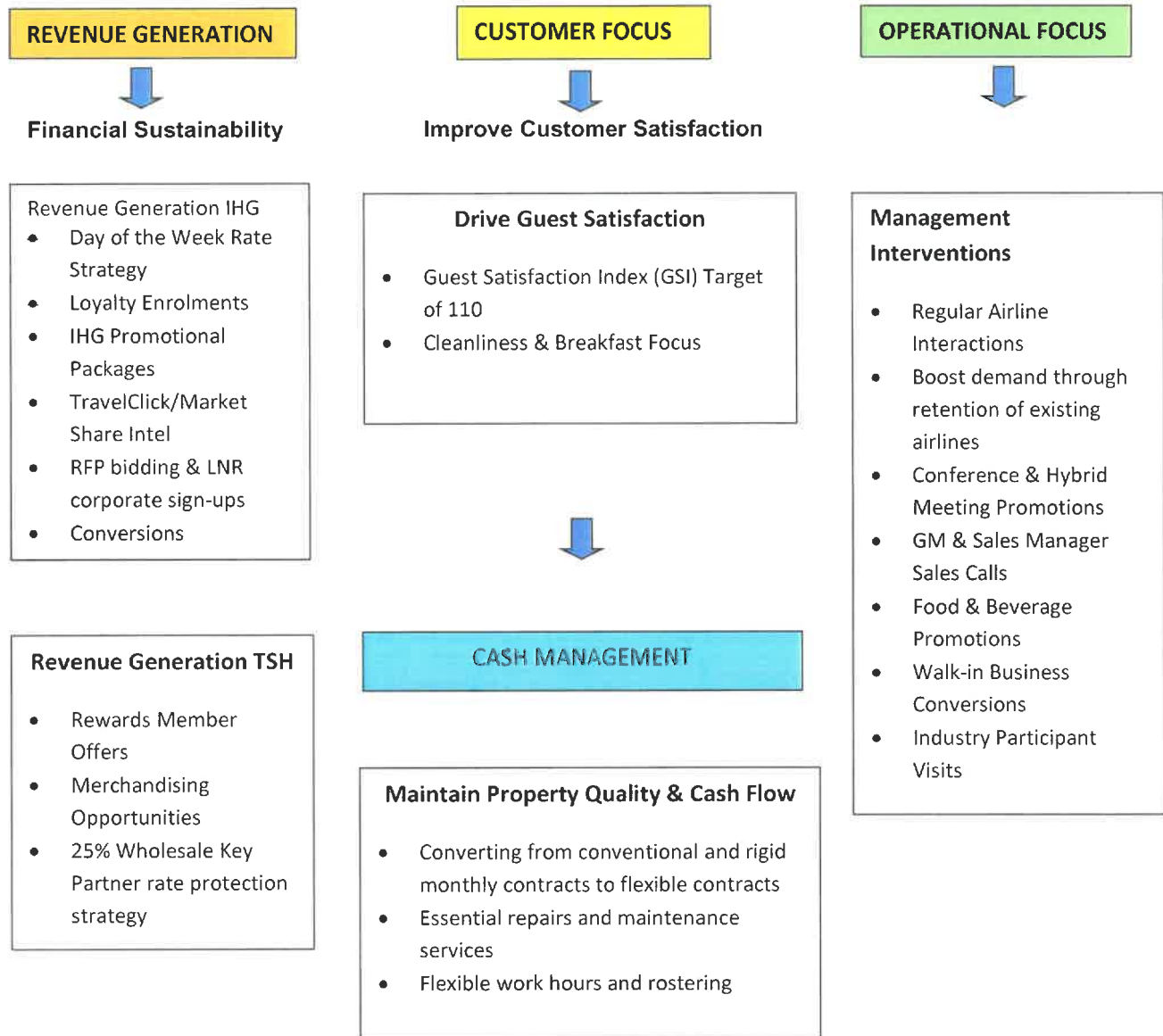
An analysis of the hotel's strengths, weaknesses, opportunities and threats are set out in the table below.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Prime location of hotel, being less than 70 metres from the O.R. Tambo International Arrivals Hall. • Ideally placed for cargo crew related business. • Southern Sun's more than 50 years of intellectual capital, industry presence, buying power, strong partnerships with local market, commercial platforms, people value system, training access. • The InterContinental brand association, with an international platform, brand standards, global commercial channels and presence, training access. • Quality of the physical product. • Dedicated team with talent, experience and stability. • Healthy guest satisfaction reviews. • Environmental initiatives. • Legal compliance. • Excellent sound proofing of bedrooms due to triple glazed glass encasing. • Safety aspects around proximity to the airport as national key point for international airline crews 	<ul style="list-style-type: none"> • Cashflow restrictions resulting in deferred Capital Expenditure projects. • Property room types limited to 3. • Rate resistance from the corporate segment • Dependence on international guests. • Decline in Groups and Conferences overnight stay. • Lack of hotel specific parking for guests. • Only one Restaurant in Quills, with limited seating capacity, which is being addressed in the capex plan. • Limited IHG brand presence / marketing efforts locally. • The immediate local community to the hotel is not patrons of the hotel, due to price point not matching local disposable income. • Location restrictive to local leisure market promotions and campaigns. • Dependence on airlift. • Government rate cap for bedroom and conference facilities. • Gautrain operating hours not 24 hours per day and perceived to be expensive.
Opportunities	Threats / Challenges
<ul style="list-style-type: none"> • O.R. Tambo International Airport aerotropolis expansion and associated commercial benefits. • The possible expansion of the property to include a second tower. • Gautrain availability 24 hours per day. • Further IHG exposure – both locally and internationally with regards to leveraging structures in marketing, public relations, commercial opportunities, and technology developments. • Further environmental initiatives with both cost and carbon footprint reductions. • Guests making use of conferencing venues for the purpose to provide mandatory services for travellers in transit creating footfall for the restaurant. • Day Conference Package e.g., Vehicle Launches and Elite Incentive groups. • 	<ul style="list-style-type: none"> • Re-occurrence of global pandemic/s • Local and international economic uncertainty, exchange rate fluctuations and reduction in disposable income. • International "scares", for instance xenophobic incidents, political unrest, virus outbreaks. • • Effect of frequent energy supply interruption on local business and the economy coupled with uncertainty on solution timelines for supply to meet demand. • Impact of frequent energy supply interruption on International Travellers' perception of South Africa as an investment / business / holiday destination. • Change in strategy for some airlines to fly direct to destinations such as Cape Town, Kruger and Vic Falls. • Energy & Water supply and infrastructure. • Additional beds or new entrants to the node. • Development of another fully-fledged 5 star offering on the node. • Security concerns – regarding airport locations globally and tourist destinations within South Africa. • Lack of further cost efficiencies within the business. • Staff turnover due to competitor poaching. • Roll-Out of SARS voluntary traveller declarations • Loss of preferred trade agreements and reduced travel from key markets.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

2.3. 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.



JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

Goal	Initiatives
<p><i>Maintain <u>product</u> relevance to customer experience.</i></p> <p><i><u>(product cont.)</u></i></p>	<ul style="list-style-type: none"> • Maintain the physical product in the short term to cater to the customer, including hotel operating equipment. In the medium term, we recommend major and minor refurbishments as seen in the 3-year plan. Initiatives to monitor this are: <ul style="list-style-type: none"> - Hotel property and product audits (Both Southern Sun and IHG) - Capital expenditure plan review. - Monthly operating equipment review and replacement. • Understand customers' needs, perceptions, and behaviours, to deliver experiences relevant to them, thereby driving revenue. This is achieved through: <ul style="list-style-type: none"> - Satisfaction surveys in the form of Heartbeat (IHG) and TripAdvisor - Customer rewards programme (Both Southern Sun and IHG) - One-on-one interaction - Customer relationship managers • Continued investment in Technology that works for the customer and makes the product work through guest facing systems, channel, and customer relationship management. <ul style="list-style-type: none"> - Maintain and develop accessibility to website and other booking channels.
<p><i>Grow financial <u>profitability</u></i></p>	<ul style="list-style-type: none"> • Sustainable growth and return on investment. <ul style="list-style-type: none"> - Monthly and quarterly review of financial performance - Utilising revenue management systems available through Southern Sun and IHG - Benchmarking expenses against other five-star properties within Southern Sun
<p><i>Develop <u>people</u></i></p>	<ul style="list-style-type: none"> • Hotel employees are core to delivering great customer experiences and management need to understand their needs, challenges, and aspirations. This is achieved through: <ul style="list-style-type: none"> - Communication from the management team - Induction programmes - Annual training needs identification and programme - Employee surveys and engagement programme - Performance management programmes - Anti-fraud, ethics, and corruption hotline - Attract and retain the highest calibre staff and redressing historical imbalances.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

Marketing & Sales

- Boost travel demand and awareness through:
 - Domestic leisure and Government rates on Southern Sun Website
 - Reduced day conference packages targeted at local businesses with budget constraints.
 - Partner with Audio Visual companies to offer Hybrid Meeting Packages to boost venue hire.
 - Short term hire of banqueting venues
 - Food & Beverage campaigns targeted at the Airport Node including comp set hotels with limited Food & Beverage offering.
 - Inter-Provincial exposure through local DMO's for inbound domestic in transit travel
 - GM and Sales Manager sales calls
 - Regular airline partner interactions
 - Distressed airline business rate offers.
 - Ramp up operations corporate rate offer to airlines and companies.
 - Long stay reduced rate offer for clients.
-

3. 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.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

4. GOVERNANCE STRUCTURES

4.1. Composition of the Board of Directors

<p>Charles Masondzo Shilowa</p> <p>Director</p> <p>Qualifications: B.Sc. (Chemistry & Biochemistry), B.Sc. (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</p> <p>Areas of expertise: Project Management, Strategy Development & Implementation, Mergers & Acquisitions, Financial Analysis & Management and Stakeholder Management</p> <p>Date of appointment: 18 October 2021</p>	<p>Thembisa Fuzani</p> <p>Director</p> <p>Qualifications: B Com, B Com Accounting, B Compt Honours, Certificate in Theory of Accounting, Certified Chartered Accountant</p> <p>Areas of expertise: Finance, Auditing, Financial and Management Accounting, Audit Committee Management, Capex Committee Chairperson.</p> <p>Date of appointment: 15 July 2021</p>
<p>Aubrey Blom</p> <p>Alternate Director</p> <p>Qualifications: B Com</p> <p>Areas of expertise: Property Management, Asset Management, Facilities Management</p> <p>Date of appointment: 15 July 2021</p>	<p>Livhuwani Tshikunde</p> <p>Alternate Director</p> <p>Qualifications: B Com (Economics), B Com (Hons) Econometrics, Mcom (Economics)</p> <p>Areas of expertise: Treasury and Risk Management Board of Trustee: ACSA Retirement Fund</p> <p>Date of appointment: 15 July 2021</p>

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

4.2. Members of management team

<p>Ayanda Vernon Mazibuko 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 Financial Controller</p> <p>Qualifications: Matric</p> <p>Date of appointment: 1 February 1993</p>
<p>Jake van Breda Deputy General Manager</p> <p>Qualifications: National Diploma Service Management – SAQA Program City & Guilds; Food & Beverage and Accommodation Operations</p> <p>Date of appointment: 1 April 2022</p>	<p>Lerato Rakgosi Sales Manager</p> <p>Qualifications: B Com Marketing Management</p> <p>Date of appointment: 1 January 2021</p>
<p>Romeo Mlambo 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 Executive Chef</p> <p>Qualification: Diploma in Professional Cookery HITB</p> <p>Date of appointment: 15 March 2021</p>
<p>Eric Peters Maintenance Manager</p> <p>Qualifications: Matric</p> <p>Date of appointment: 1 April 2022</p>	<p>Yvonne Prinsloo Executive Housekeeper</p> <p>Qualifications: Standard 8</p> <p>Date of appointment: 1 March 2008</p>
<p>Vacant Reservations Manager</p> <p>Qualifications:</p> <p>Date of appointment:</p>	<p>Beauty Lebelo Guest Relations Manager</p> <p>Qualifications: Matric</p> <p>Date of appointment: 1 August 2018</p>
<p>Tshepo Poo Front Office Manager</p> <p>Qualifications: National Diploma in Hospitality Management</p> <p>Date of appointment: 1 June 2007</p>	

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

5. FINANCIAL PLAN

5.1. Projected Income Statement

JIA Piazza Park (Pty) Ltd	Actual	Forecast	Forecast	Forecast	Forecast	YonY%	YonY%	YonY%	YonY%
IC - O.R.Tambo	FY2023	FY2024	FY2025	FY2026	FY2027	F24 v F23	F25 v F24	F26 v F25	F27 v F26
INCOME STATEMENTS - forecast	R'000	R'000	R'000	R'000	R'000				
Gross Revenue	201 336	242 013	238 103	261 315	278 341	20.2%	-1.6%	9.7%	6.5%
Cost of Sales	(11 257)	(12 532)	(12 299)	(13 517)	(14 403)	11.3%	-1.9%	9.9%	6.6%
Operating Expenses	(85 155)	(100 803)	(105 451)	(112 799)	(119 638)	18.4%	4.6%	7.0%	6.1%
Gross Operating Profit	104 923	128 678	120 354	134 999	144 299	22.6%	-6.5%	12.2%	6.9%
Capital Charges	(6 023)	(6 980)	(6 714)	(7 278)	(7 723)	15.9%	-3.8%	8.4%	6.1%
Management Fees Paid	(6 125)	(7 414)	(7 169)	(7 926)	(8 453)	21.0%	-3.3%	10.6%	6.6%
Ebitdar	92 775	114 284	106 470	119 795	128 123	23.2%	-6.8%	12.5%	7.0%
Turnover rent	(17 784)	(21 781)	(21 429)	(23 518)	(25 051)	22.5%	-1.6%	9.7%	6.5%
Supplementary rent	(73 662)	(88 083)	(78 971)	(83 183)	(95 504)	19.6%	-10.3%	5.3%	14.8%
Ebitda	1 330	4 419	6 070	13 094	7 568	232.3%	37.4%	115.7%	-42.2%
Depreciation	(4 618)	(7 576)	(10 096)	(17 077)	(11 427)	64.1%	33.3%	69.1%	-33.1%
Depreciation charge - ROU asset	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Ebit	(3 288)	(3 157)	(4 026)	(3 983)	(3 859)	-4.0%	27.5%	-1.1%	-3.1%
Profit/(Loss) on Disposal of Assets ¹	(23)	0	0	0	0	-100.0%	0.0%	0.0%	0.0%
Earnings before interest and tax	(3 311)	(3 157)	(4 026)	(3 983)	(3 859)	-4.6%	27.5%	-1.1%	-3.1%
Interest received / (paid)	4 526	4 824	4 824	4 824	4 824	6.6%	0.0%	0.0%	0.0%
Interest expense - shareholder loan	(158)	(158)	(158)	(158)	(158)	0.0%	0.0%	0.0%	0.0%
Interest expense - lease liability ¹	539 224	0	0	0	0	-100.0%	0.0%	0.0%	0.0%
Taxation ²	(242 172)	109 115	(215)	(227)	(260)	-145.1%	-100.2%	5.3%	14.8%
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	298 110	110 824	425	456	547	-62.9%	-89.6%	7.3%	19.9%
Room Nights Sold	39 784	41 290	38 582	40 487	40 892	3.8%	-6.6%	4.9%	1.0%
Room Nights Available	50 370	50 508	49 680	50 370	50 370	0.3%	-1.6%	1.4%	0.0%
Room Occupancy	79%	82%	78%	80%	81%	3.5%	-5.0%	3.5%	1.0%
Average Room Rate	3 978	4 675	4 909	5 142	5 425	17.5%	5.0%	4.8%	5.5%
Revenue per Available Room	3 142	3 822	3 813	4 133	4 404	21.6%	-0.3%	8.4%	6.6%
EBITDAR MARGIN (%)	46.1%	47.2%	44.7%	45.8%	46.0%	2.5%	-5.3%	2.5%	0.4%

¹ Figures include journals pertaining to IFRS16

² Includes adjustment of deferred tax asset pertaining to IFRS16

Key assumptions –

- The forecast for FY2024 is based on the latest profit forecast for the property (PF2) which includes six months' actual results and six months forecast.
- Occupancy for FY2025 is reduced to reflect the revenue impact of the bedroom refurbishment. Occupancy for FY2026 through to FY2027 is based on FY2024 trends.
- Figures for FY2027 includes forecast for January 2027 to March 2027 and assumes that the same terms relating to the InterContinental Hotel Group License Agreement as well as the Southern Sun Hotel Interests Management agreement will apply for this period.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

- The FY2024 occupancy at 82% exceeds FY2020 occupancy of 75% and is 11 percentage points up on FY2019. The last time occupancies exceeded the 80% mark was FY2007 and FY2008 at 81% and 80% respectively.
- The average room rate forecast for FY2024 to FY2027 assumes inflation related growth of around 5%. The projected FY2024 average room rate of R4,636 is 42% up on FY2020.
- Despite the International Air Transport Association (IATA) projecting a 5-year recovery to return to 2019 business levels, the hotel has made a remarkable and full recovery in both occupancy and average room rate.
- ACSA passenger travel (Domestic and International) reported to return to 2019 levels by 2026.
- Expenses are increased by CPI at 5.5% during FY2025 and subsequent years and considers the following major exception:
 - Electricity increasing by 12.5% year on year.
 - Water increasing by 10% year on year.
- Basic rental is calculated at 9% of Gross Revenue.
- Supplementary rent is calculated at 99% of profit before tax.

5.2. 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.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

SCENARIO 1 - "LOW ROAD"

JIA Piazza Park (Pty) Ltd	Forecast	Forecast	Forecast	Forecast
IC - O.R.Tambo	FY2024	FY2025	FY2026	FY2027
INCOME STATEMENTS - forecast	R'm	R'm	R'm	R'm
Gross Revenue	242	218	231	236
EBITDAR	114	91	96	94
EBITDAR Margin	47.2%	41.9%	41.6%	39.8%
Occupancy %	81.7%	73.6%	76.1%	76.9%
ARR	4 675.41	4 722.16	4 769.38	4 817.08

This model assumes:

- 1 Economic decline
- 2 Global rise in inflation stemming from central bank policy to fight inflation.
- 3 Local business is trading in an inflationary environment.
- 4 Appreciation of the Rand vs US Dollar/Euro reducing the appeal of South Africa as a
- 5 Limited international travel
- 6 Impact of air traffic movement

RISK:

- 1 Contracting economic climate
- 2 Local and/or International political conflict
- 3 Re-occurrence of a global pandemic / xenophobia
- 4 Economic hardship for many people

Disclaimer: All calculations are purely indicative and prepared on request of the owner.

The forecast for FY2027 that includes January 2027 to March 2027, assumes that the InterContinental Hotel Group License Agreement as well as the Southern Sun Hotel Interests Management agreement is extended and/or renegotiated for a new term.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

SCENARIO 2 - "MIDDLE ROAD"				
JIA Piazza Park (Pty) Ltd	Forecast	Forecast	Forecast	Forecast
IC - O.R.Tambo	FY2024	FY2025	FY2026	FY2027
INCOME STATEMENTS - forecast	R'm	R'm	R'm	R'm
Gross Revenue	242	238	261	278
EBITDAR	114	106	120	128
EBITDAR Margin	47.2%	44.7%	45.8%	46.0%
Occupancy %	81.7%	77.7%	80.4%	81.2%
ARR	4 675.41	4 909.18	5 142.36	5 425.19
<p>This model assumes:</p> <ol style="list-style-type: none"> 1 The economy is stagnant with limited growth 2 Stabilising global inflation. 3 Local business is trading in an inflationary environment with increases in reserve bank interest rates 4 Moderate international travel 5 Limitations in air traffic movement <p>RISK:</p> <ol style="list-style-type: none"> 1 Depressed economic climate 2 Local and/or International political conflict 3 Global pandemic / xenophobia <p>Disclaimer: All calculations are purely indicative and prepared on request of the owner. The forecast for FY2027 that includes January 2027 to March 2027, assumes that the InterContinental Hotel Group License Agreement as well as the Southern Sun Hotel Interests Management agreement is extended and/or renegotiated for a new term.</p>				

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

SCENARIO 3 - "HIGH ROAD"

JIA Piazza Park (Pty) Ltd	Forecast	Forecast	Forecast	Forecast
IC - O.R.Tambo	FY2024	FY2025	FY2026	FY2027
INCOME STATEMENTS - forecast	R'm	R'm	R'm	R'm
Gross Revenue	242	254	273	290
EBITDAR	114	121	132	140
EBITDAR Margin	47.2%	47.5%	48.2%	48.3%
Occupancy %	81.7%	82.0%	82.4%	83.0%
ARR	4 675.41	4 983.98	5 258.10	5 547.30

This model assumes:

- 1 Moderate economic growth
- 2 Stable inflationary environment with moderate CPI growth
- 3 Thriving international travel
- 4 No restrictions in air traffic movement

RISK:

- 1 Depressed economic climate
- 2 Local and/or International political conflict
- 3 Global pandemic / xenophobia

Disclaimer: All calculations are purely indicative and prepared on request of the owner.

The forecast for FY2027 that includes January 2027 to March 2027, assumes that the InterContinental Hotel Group License Agreement as well as the Southern Sun Hotel Interests Management agreement is extended and/or renegotiated for a new term.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

5.3. Projected Balance Sheet

JIA Piazza Park (Pty) Ltd	Actual	Forecast	Forecast	Forecast	Forecast	YonY%	YonY%	YonY%	YonY%
IC - O.R.Tambo	FY2023	FY2024	FY2025	FY2026	FY2027	F24 v F23	F25 v F24	F26 v F25	F27 v F26
BALANCE SHEET - forecast	R'000	R'000	R'000	R'000	R'000				
Non-Current Assets									
Property and plant	26 085	65 712	89 568	88 919	82 530	151.9%	36.3%	-0.7%	-7.2%
Operating equipment	7 660	7 581	7 482	7 482	7 645	-1.0%	-1.3%	0.0%	2.2%
Intangible assets	12	20	20	20	20	63.8%	0.0%	0.0%	0.0%
Right of use asset	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Deferred tax	1 677	14 680	14 464	14 234	13 974	830.9%	-1.6%	-1.6%	-1.8%
	36 334	87 993	111 664	110 656	104 169	149.0%	26.8%	-0.8%	-6.9%
						0.0%	0.0%	0.0%	0.0%
Current Assets									
Inventories	1 772	1 635	1 608	1 765	1 880	-7.7%	-1.6%	9.7%	6.5%
Trade and other receivables	4 449	6 697	6 611	7 126	7 498	50.5%	-1.3%	7.8%	5.2%
Current tax receivable	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Any other current assets	986	0	0	0	0	-100.0%	0.0%	0.0%	0.0%
Cash and cash equivalents	103 608	90 056	63 439	71 145	90 881	-13.1%	-29.6%	12.1%	27.7%
	110 816	98 388	71 668	80 036	100 268	-11.2%	-27.2%	11.7%	26.3%
						0.0%	0.0%	0.0%	0.0%
TOTAL ASSETS	146 149	186 381	183 211	190 691	204 428	27.6%	-1.7%	4.1%	7.2%
Equity									
Retained earnings opening	33 562	33 562	47 756	48 182	48 646	0.0%	42.3%	0.9%	1.0%
Profit for the year	0	14 194	426	464	546	0.0%	-97.0%	8.8%	17.6%
	33 562	47 766	48 182	48 646	49 192	42.3%	0.9%	1.0%	1.1%
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	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
	1 500	1 500	1 500	1 500	1 500	0.0%	0.0%	0.0%	0.0%
Current liabilities									
Trade and other payables									
Trade payables	20 887	5 974	11 384	12 750	14 280	-71.4%	90.6%	12.0%	12.0%
Accrued expenses	10 357	29 001	29 002	29 003	29 004	180.0%	0.0%	0.0%	0.0%
Accrued payroll expense	0	1 039	1 091	1 145	1 203	0.0%	5.0%	5.0%	5.0%
Sundry creditors	718	461	462	463	464	-35.7%	0.2%	0.2%	0.2%
Sundry creditors - tips	276	348	366	384	403	26.1%	5.0%	5.0%	5.0%
Supplementary rent due to ACSA	73 972	88 697	79 162	84 260	95 343	19.9%	-10.7%	6.4%	13.2%
Deposits received	0	6 241	6 397	6 557	6 721	0.0%	2.5%	2.5%	2.5%
Other payables (incl. VAT F21)	4 510	2 076	2 180	2 289	2 404	-54.0%	5.0%	5.0%	5.0%
Current tax payable	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Provisions (STI and leave)	367	3 287	3 484	3 694	3 915	795.1%	6.0%	6.0%	6.0%
	111 087	137 125	133 629	140 645	163 737	23.4%	-2.6%	6.3%	9.4%
						0.0%	0.0%	0.0%	0.0%
TOTAL LIABILITIES	146 149	186 381	183 211	190 691	204 428	27.5%	-1.7%	4.1%	7.2%

Key assumptions –

The following broad key assumptions apply to the balance sheet:

- Fixed assets movement – based on the Capital Expenditure plan (covered in more detail under section 7).
- Current assets movement – reflects trade.
- Trade Creditors, Provisions and Accruals movement – based on inflation related growth in balances.
- Impact of Supplementary Rent.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

5.4. Projected Cash Flow statement

JIA Piazza Park (Pty) Ltd	Forecast	Forecast	Forecast	Forecast
IC - O.R.Tambo	FY2024	FY2025	FY2026	FY2027
CASH FLOW - forecast	R'000	R'000	R'000	R'000
Cash from trading	108 005	106 470	119 795	128 123
Movement in working capital	15 257	5 595	1 319	1 562
Cash from operations	123 262	112 065	121 114	129 685
Interest	3 918	4 824	4 824	4 824
Tax	0	(216)	(230)	(260)
Cashflows from investing activities	(45 288)	(33 778)	(15 321)	(5 202)
Free cash	81 892	82 895	110 387	129 047
Financing activities	(95 443)	(109 513)	(102 681)	(109 310)
Movement in cash	(13 551)	(26 618)	7 706	19 737
Opening cash	103 608	90 056	63 439	71 145
Surplus cash	90 056	63 439	71 145	90 882

The FY2024 cash flow is assumed on the FY2024 capex programme and the cash flow over the FY2024 and FY2025 might differ based on the spend on the timing of the spend of Development capex related items, as noted under section 7 for the Capital Expenditure Plan.

6. DIVIDEND POLICY

The Piazza Park practice is not to issue any dividends.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

7. 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. Where possible, the annually approved Capital Expenditure programme is funded through surplus cash generated by Piazza Park.

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.

Increased demand for additional seating capacity in the Quills Restaurant and Lounge areas, as well as seasonal drawbacks for the Quills Restaurant Terrace, requires Management to explore expansion options that will impact capital expenditure spend. The project is in the planning phase and preliminary estimates are included in the capital expenditure program.

For the annual forecast period covered by the Corporate Plan (FY2024 to FY 2027), health & safety and compliance related items have been considered, as well as:

- soft refurbishment of guest bedrooms and bathrooms for FY2024 to be combined with remainder of spend planned for FY2025. (R13.8m for FY2024 and R11.6m in FY2025). Total forecasted to spend for FY2025, R25.4m,
- bedroom air-conditioning fan coil units (R3.3m in FY2025),
- Guest Elevator upgrade (R2.2m in FY2026),
- conferencing centre upgrade (R1.5m in FY2026).

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.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

Capital Expenditure plan – R'000	FY2024 Programme	FY2024 Forecast ⁽¹⁾	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast	Notes
Total hotel replacement Capex	3,382	3,382	3,788	4,164	4,437	Replacement programme based on 2.0% of rooms revenue per annum.
Total health, safety and refurbishment project Capex	42,553	26,503	28,050	10,200	500	Development projects, health and safety related items. Please see below for detail ⁽²⁾
Total information technology Capex	537	537	1,940	957	265	Break and replace programme.
Total capex additions	46,472	30,422	33,778	15,321	5,202	
Total capex as % of EBITDAR	40.7%	26.6%	31.7%	5.9%	4.0%	

Notes:

- (1) The FY2024 forecast column is based on a review of capex items in the current year programme that will be carried forward to the following year, due to timing of the spend.
- (2) The Health, Safety and Development capex plan for the period under review is set out in the schedule below:

JIA Piazza Park (Pty) Ltd	FY2024	FY2024	FY2025	FY2026	FY2027
IC - O.R.Tambo	Programme	Forecast (1)	Forecast	Forecast	Forecast
HEALTH, SAFETY AND DEVELOPMENT CAPITAL EXPENDITURE	R'000	R'000	R'000	R'000	R'000
Air Handling Units x 4	2 500	2 500	-	-	-
Replace Fire Evacuation System	2 600	2 600	-	-	-
Public Area and Restaurant Refurbishment	5 834	5 834	-	-	-
Bedroom Airconditioning Fan Coil Units	-	-	3 250	-	-
Service Lift Upgrade	1 500	1 500	-	-	-
Guest Bathroom Refurbishment	2 250	-	-	4 500	-
Guest Elevator Upgrade	-	-	-	2 200	-
Bedroom Refurbishment	13 800	-	24 300	-	-
IHG Systems Upgrade	7 500	7 500	-	-	-
Gym Refurbishment	-	-	-	1 500	-
Conference Centre Refurbishment	-	-	-	1 500	-
Terrace Enclosure	3 682	3 682	-	-	-
Other	287	287	500	500	500
TOTAL	42 553	26 503	28 050	10 200	500

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

8. 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).

9. FINANCIAL ASSISTANCE AND SUSTAINABILITY

No financial assistance was received to date during FY2024 with no financial assistance required for the foreseeable future.

The conversion from a fixed monthly rental fee to a flexible rental as a percentage of turnover, promotes a sustainable rent solution, eliminating complexities pertaining to going concern.

10. 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 Southern Sun programme and includes the following:

- 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.
- Operational risk management includes the following five areas:
 - Fires and fire protection
 - Security
 - Fraud / theft
 - Safety
 - Organisational resilience programme (ORMS)
- The Southern Sun audit and risk forum meets twice a year and is attended by both the internal (GRIPP Advisory) as well as the external auditors (Deloitte).
- An internal audit programme is conducted by GRIPP Advisory on a 3-year rotation base and includes compliance as well as risk-based reviews.
- An internal audit programme is conducted by ACSA Internal Audit and includes compliance and risk-based reviews.
- Annual audit performed by The Auditor General of South Africa and includes compliance and risk-based reviews.

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

- The Best Practice Operating Procedures (BOP) team assist in the communication and training of the operating procedures.
- A comprehensive internal control questionnaire to enable unit management to assess the control environment is completed monthly by the heads of department.
- Balance sheet reviews are conducted by the regional financial support structure at least twice per year.
- The Southern Sun Hotels ethics line service provider, namely Tip-Offs Anonymous, is managed by Deloitte.

11. OTHER SUPPORTING PLANS

11.1. Human Resource and Employment Equity Plan

People are at the core of delivering a Southern Sun 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:

- Human capital management – Attract and retain the highest calibre staff and redressing historical imbalances, where they may exist.
- Employee development – All training and development activities are integrated through Southern Sun Hotels. Southern Sun was re-awarded accreditation as an official training provider.
- Employee engagement – Engagement surveys were deferred due to the practical impact of Covid-19 and will be reintroduced within the next year or so.
- Employee wellness – Southern Sun is committed to the wellness of our employees and provides services through employee assistance helpline and wellness days.
- Health and safety – Safety inspections through the ORMS audit process.

11.2. Environmental Plan

The environmental plan for Piazza Park is governed by the various Southern Sun and IHG initiatives. Southern Sun 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:

- Energy
- Water
- Waste management
- Responsible procurement

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

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.

11.3. Marketing and Communication Plan

Both the Southern Sun 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 Southern Sun's local marketing and communication platform.

Marketing exposure includes:

- Web based and social media exposure
- Billboards
- Radio
- Loyalty programmes (Southern Sun Rewards programme and IHG Rewards Club)

JIA Piazza Park Proprietary Limited
Registration number 1998/004849/07
Corporate Plan for the three-year period FY2025 to FY2027

References:

- (1) <https://www.southern.sun.com>
- (2) [Our global presence - About us - InterContinental Hotels Group PLC \(ihgplc.com\)](#)
- (3) https://www.statssa.gov.za/?page_id=1854&PPN=P6410&SCH=73392
- (4) <https://www.resbank.co.za/content/dam/sarb/publications/monetary-policy-review/2023/MPROCT23Internet.pdf>

