



# INTEGRATED REPORT 2022

Run Airports, **Develop** Airports and **Grow** our Footprint

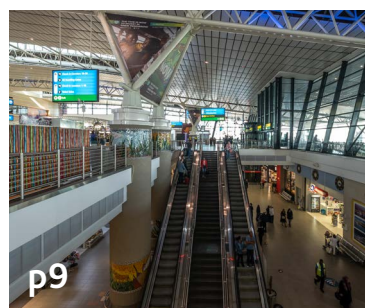


AIRPORTS COMPANY  
SOUTH AFRICA

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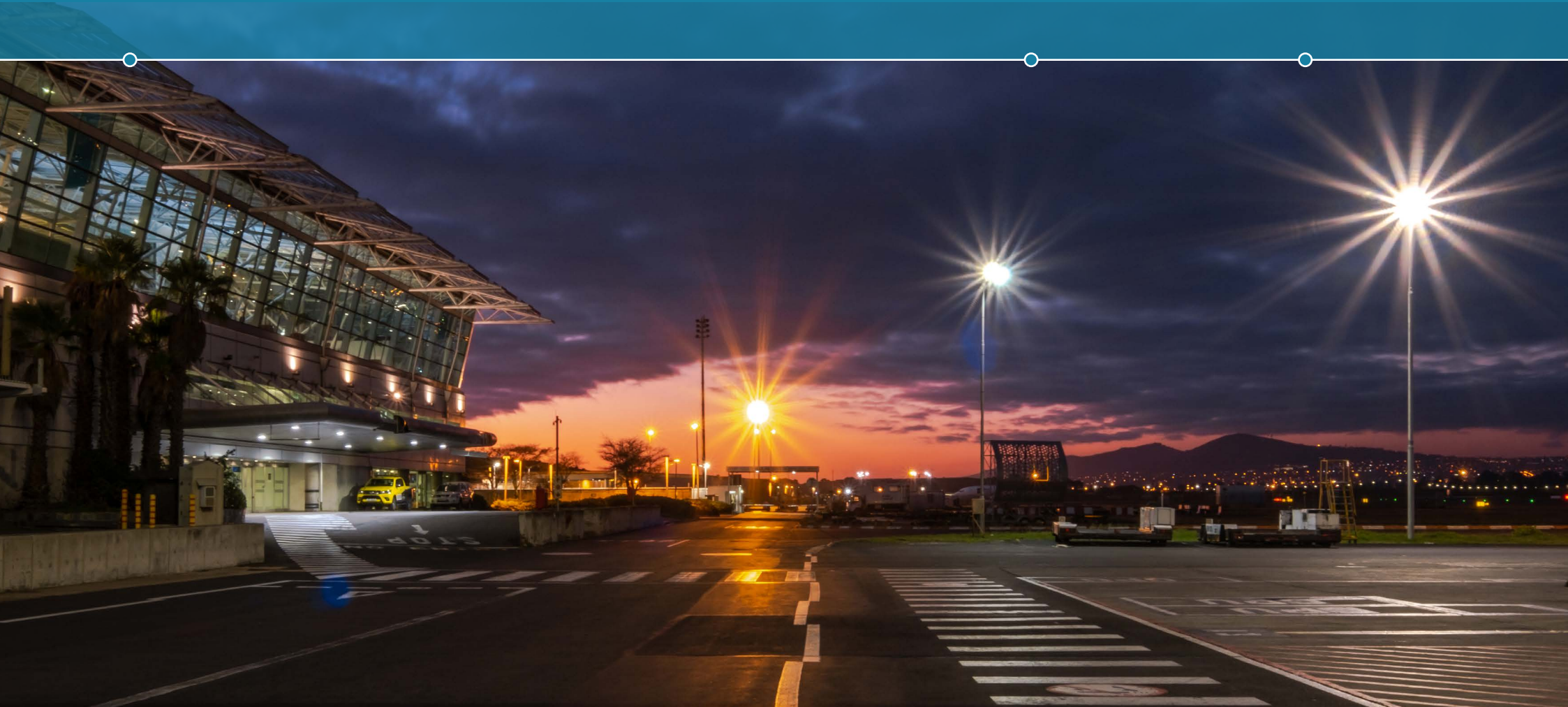


# 01

## INTRODUCTION

*Navigating our integrated report*

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# ABOUT OUR INTEGRATED ANNUAL REPORT

Airports Company South Africa owns and operates the country's nine key airports, including the three international airports located in the largest metros, O.R. Tambo International in Johannesburg, King Shaka International in Durban and Cape Town International.

## OUR REPORTING PHILOSOPHY

Our Integrated Annual Report is designed to provide an accurate and balanced commentary on our strategy, performance and future outlook as these relate to material financial, economic, social and governance issues. The report primarily addresses value-creation considerations for long-term investors but also provides important information for all of our key stakeholders.

## OUR REPORTING SUITE

Our reporting suite comprises the Integrated Report (IR), which includes our Consolidated Annual Financial Statements (AFS), as well as a separate Governance and Remuneration Report. Both are available in digital format at [www.airports.co.za](http://www.airports.co.za).

## INTEGRATED ANNUAL REPORT AND GOVERNANCE AND REMUNERATION REPORT

### Purpose and framework

Airports Company South Africa's IAR is a report to all stakeholders. It presents our approach to value creation in the short, medium and long term.

The Governance and Remuneration Report provides further details of our governance structure, procedures and performance as well as our remuneration practices.

These reports are written with reference to the following frameworks and standards:

- International Integrated Reporting Council's (IIRC) International Integrated Reporting <IR> Framework
- International Financial Reporting Standards (IFRS)
- Companies Act (No. 71 of 2008) (Companies Act)
- Public Finance Management Act (No. 1 of 1999) (PFMA)
- King Code of Governance for South Africa 2016™ (King IV)
- ISO/South African National Standards (SANS) 31000

### Scope and boundary

The IAR and Governance and Remuneration Report contain material information on the Group's performance for the financial year 1 April 2021 to 31 March 2022 (the year under review/reporting period).

Our method for determining materiality is explained on page 60.

As applicable, we disclose all relevant internal and external factors that substantially influence our business.

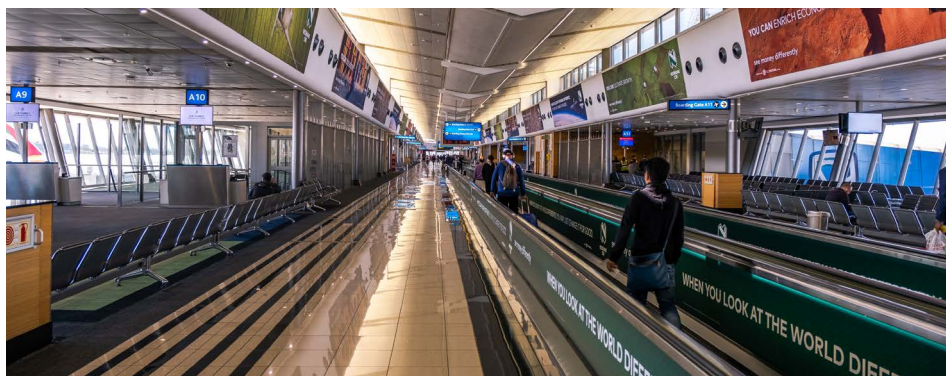
There were no restatements to comparatives unless otherwise indicated.

The financial reporting framework was determined in accordance with IFRS.

### Assurance

Assurance is provided by executive and management oversight, as well as by external sources, as follows:

- Strategic objectives and Key Performance Indicators (KPIs) are internally and externally assured and are audited both internally and by the Auditor-General of South Africa as per the Public Audit Act of South Africa (No. 25 of 2004).
- The National Treasury's Framework for Managing Programme Performance Information confirms that performance information is useful if indicators and targets are well defined, verifiable, attainable, specific, measurable, time-bound and relevant. We consider all of these elements in finalising the information presented in each IAR.
- The external audit opinion of the Consolidated Annual Financial Statements for FY2021/22 includes a summary of the work performed.



## CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

### Purpose and framework

This section of the report focuses on the current and prior year's financial results and contains the following:

- Annual Financial Statements
- Auditor-General's Report
- Directors' responsibilities and approval
- Directors' Report
- Audit and Risk Committee Report
- Company Secretary's Certificate

The report was developed using the following frameworks and standards:

- IFRS
- Companies Act
- PFMA
- King IV

### Scope and boundary

The AFS contain consolidated financial results for the Group for the financial year ending 31 March 2022.

The financial reporting boundary was determined in accordance with IFRS.

### Assurance

Assurance includes reports on:

- Board
- Executive Committee
- Board subcommittees
- Internal controls
- Management and governance oversight
- Internal audit
- External audit opinion

## SUPPLEMENTARY INFORMATION

Our results presentation is also available on our website and provides stakeholders with a high-level summary of the following:

- Strategy
- Operational performance
- Financial performance

## FORWARD-LOOKING STATEMENTS

The forward-looking statements in this report – or any verbal statements that may be made by Directors, prescribed officers or employees acting on the Group's behalf – constitute or are based on certain assumptions that may change or be subject to revision. They relate to events or circumstances that may or may not occur and are therefore uncertain by nature.

Factors that could cause actual future results to differ materially from those in the forward-looking statements include, but are not limited to:

- The COVID-19 pandemic
- Global and domestic economic conditions
- Geopolitical tensions
- The nature of the aviation sector and, specifically, the performance of airline operators
- Changes in passenger profiles and choices
- Retail offerings at our airports
- Interest rates
- Credit and the associated risks of borrowing and funding

- Rating agencies' statements and determinations
- Gross and operating margins
- Capital management
- Economic regulatory framework and permission application processes and outcomes

Airports Company South Africa does not undertake to update or otherwise revise any of these forward-looking statements based on new information or future events. The forward-looking statements have not been reviewed or reported on by the Group's external auditor.

## BOARD APPROVAL

The Board acknowledges responsibility for overseeing the integrity and completeness of this IAR and exercises this responsibility with the support of the various Board committees. The Board approved the reporting frameworks and materiality determination process applied in the report. The Board confirms that it considers this report to be accurate, reliable and complete in presenting information and material matters. The Board concludes that this IAR is presented as per the <IR> Framework and was approved on 31 July 2022.

## FEEDBACK

Should you have any queries about our report, wish to comment on the report or make any suggestions as to how it could be improved, you are invited to contact Laurie Less, Group Executive: Corporate Services by e-mail on [laurene.less@airports.co.za](mailto:laurene.less@airports.co.za).

# HOW TO NAVIGATE OUR REPORT

The information below illustrates how our business processes interrelate and serves as an aid to navigating our IAR:

## 1 Your guide to our integrated report

Learn about our reporting philosophy and reporting suite on page 4.

## 2 Get to know us

Get to know us by having a look at our Group Overview on page 9. This will give you a comprehensive overview of who we are and what we do. In this section, you'll learn about our vision, mission, values and mandate, and will be able to review key metrics related to our business.

## 3 Meet our leadership

Meet the people who set our company's course and lead it in the process of implementing its strategic objectives. Read our Chairman's Message on page 22 for top-level commentary on the key events of the reporting period. Meet our Board on page 26, our Executive Committee on page 28 and the various Committees of the Board on page 32. This section also provides easy-to-read graphics illustrating the composition of the Board, fills you in on the Board's key focus areas and gives you a report back on its performance.

## 4 Find out how we are governed

We pride ourselves on stringent compliance with both local and international best practice in corporate governance. Read about how our corporate governance approach, structures and procedures enable us to secure our brand, reputation and sustainability on page 35.

## 5 Gain insight into our strategy and learn about how we create value

Our strategy defines our direction as a business as well as our key objectives and the actions we plan to take in order to fulfil those objectives in the short-, medium- and long-term. Read about how we create value through our strategy and about how we adopt a flexible approach to changing circumstances on page 39. This section also contains our CEO's message for the reporting period on page 40 and our CFO's report on page 44.

## 6 Understand our operating environment

Gain a detailed understanding of the environment in which we operate and of how that impacts on our own operations. You'll be able to read about the context within which we operate on page 54, the Top risks we face as a business on page 56, our processes for identifying and managing risk on page 60 and the ways in which we engage with our stakeholders on page 70.

## 7 Join us on a journey through our approach to transformation

Transformation is woven into the very fabric of our business and informs everything we do, so we have a dedicated section in our IAR to tell you all about that. Read about our approach to transformation and how we're working to transform our own organisation and to contribute to broader transformation in our country on page 75.

## 8 Read about how we fared in FY2022

Read about how we performed in the 2022 financial year on page 91.



## ICONS




### STAKEHOLDER GROUPS

-  Government agencies
-  Commercial
-  Employees
-  Airlines




### SIX CAPITALS

-  Financial capital
-  Human capital
-  Intellectual capital
-  Natural capital
-  Social and relationship capital
-  Manufactured capital

### SUSTAINABILITY FRAMEWORK

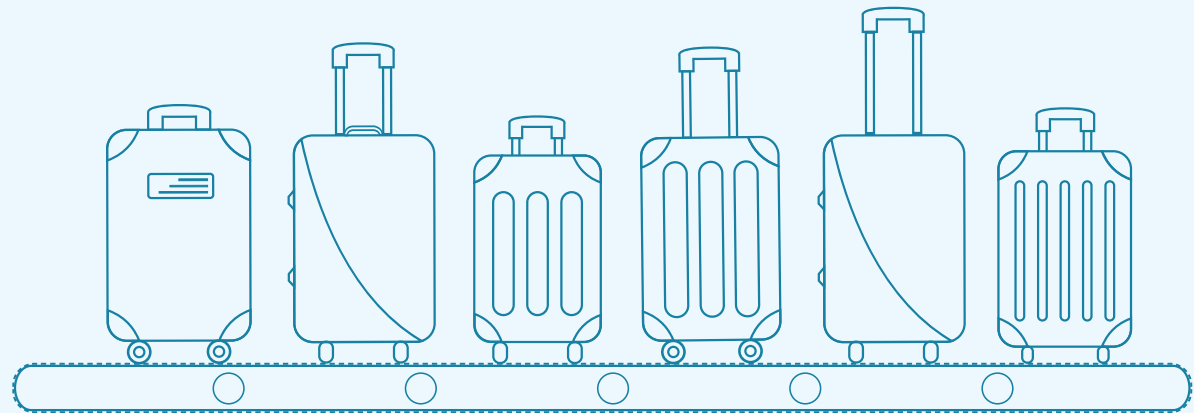
-  Our business
-  Our people and society
-  Our environment

### STRATEGIC PILLARS

-  Run airports
-  Develop airports
-  Grow footprint

## 9 View our Abridged Financial Statements

View our consolidated annual financial statements and all commentary related to them on page 119.



# PERFORMANCE AT A GLANCE

REVENUE

↑ **81%**  
**R3.9 billion**  
(2021: R2.2 billion)

EBITDA

↑ **119%**  
**R342 million**  
(2021: -R1.8 billion)

LOSS FOR THE PERIOD

↓ **61%**  
**R1.0 billion**  
(2021: R2.6 billion)

INVESTMENT PROPERTY  
BALANCE

↑ **4%**  
**R7.9 billion**  
(2021: R7.6 billion)

CONCESSION  
INVESTMENTS

↓ **12%**  
**R199 million**  
(2021: R227 million)

CAPITAL  
EXPENDITURE

↓ **29%**  
**R546 million**  
(2021: R770 million)

OPERATIONAL  
EXPENDITURE

↑ **4%**  
**R2 billion**  
(2021: R1.9 billion)

TOTAL  
ASSETS

↓ **4%**  
**R30.4 billion**  
(2021: R31.6 billion)

GEARING  
RATIO

↑ **13%**  
**26%**  
(2021: 23%)

AIRCRAFT  
LANDINGS

↑ **105%**  
**176 816**  
(2021: 86 434)

DEPARTING  
PASSENGERS

↑ **131%**  
**10 538 341**  
(2021: 4 569 758)

# 02

## GROUP OVERVIEW

*Who we are and what we do*

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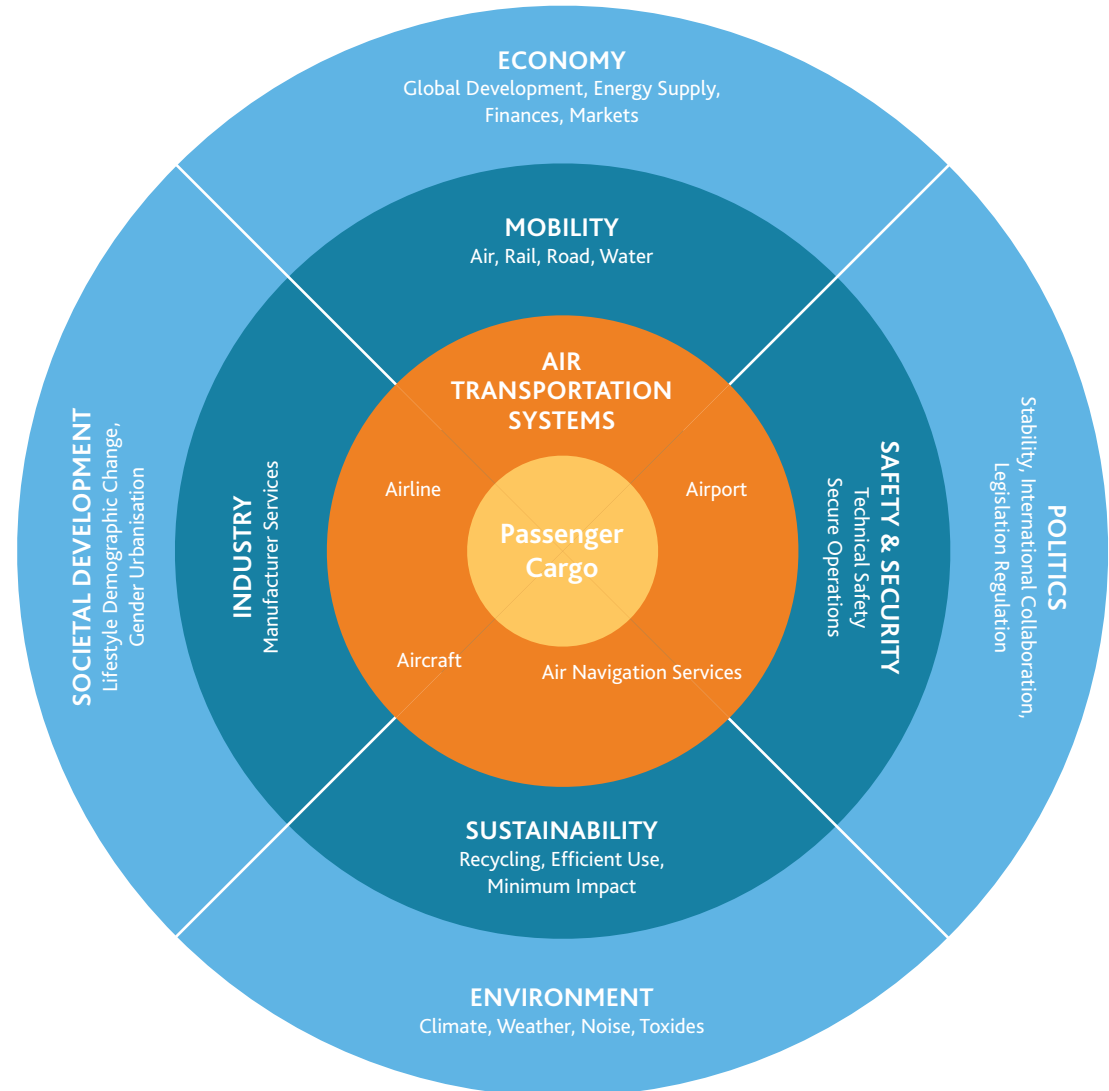
# ACSA AT A GLANCE

Airports Company South Africa SOC Ltd (ACSA or the Group or the Company) owns and operates South Africa’s nine key airports, including its three major international gateways: O.R. Tambo, Cape Town and King Shaka International Airports. As a company, we also participate in equity investments abroad and provide technical advisory and consultancy services to airports outside of our own portfolio.

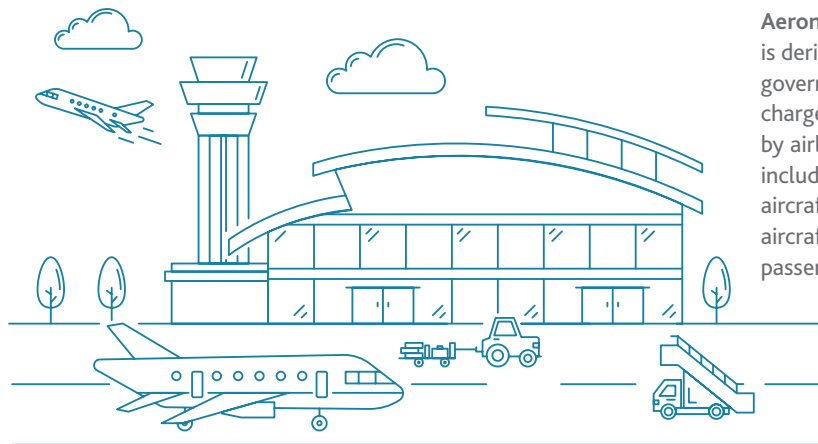
The South African Government is a 74.6% majority shareholder in the Group and we are aligned with the national goals of value creation, sustainable growth and socio-economic transformation. While our core role is to provide world-class infrastructure for airlines that transport both people and goods, we recognise that we have a pivotal role to play in the National Development Plan 2030 (NDP) by facilitating economic growth and job creation, accelerating transformation and supporting the goal of fully inclusive socio-economic participation.

Aviation is integral to a stable and sustainable social, economic and political system, and ACSA has an important role to play in supporting the development, safety and security of our country’s people as well as the sustainability of the natural environment.

The role of aviation in socio-economic development and environmental sustainability

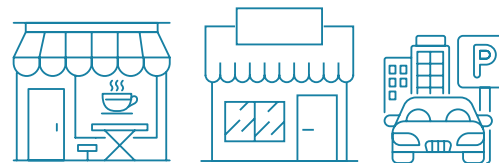


Our revenue is generated from **aeronautical, non-aeronautical** and **non-core sources**.



**Aeronautical revenue** is derived from government-regulated charges or tariffs paid by airlines. These includes fees for aircraft landing, aircraft parking and passenger services.

**Non-aeronautical income** is derived from multiple sources that include retail sales, concession fees, property leases, parking fees, hotel operations and advertising.



**Non-core revenue** is derived from equity investments abroad and from providing technical advisory and consultancy services to airports.



While the impact of the COVID-19 pandemic on the global aviation industry has been devastating, we are confident that, with the foundation of a solid balance sheet, a strong reputation and an established competitive advantage, we are well placed to achieve full recovery and long-term growth.

Vision

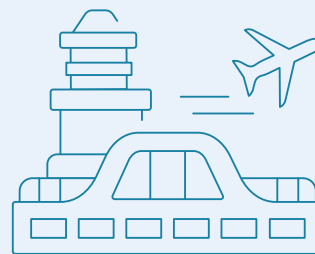
To be the most sought-after partner in the world for the provision of airport management solutions by 2030.

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.

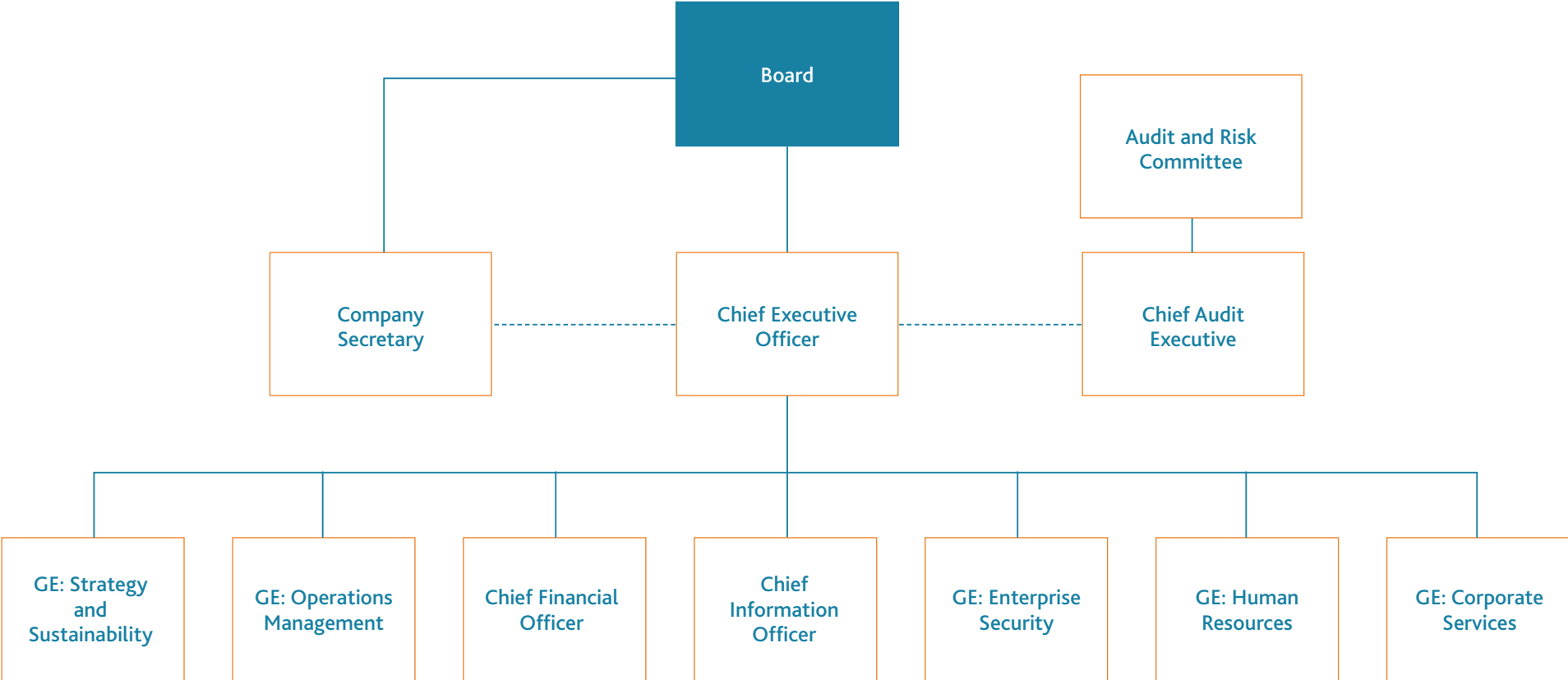
OUR MANDATE

In terms of the Airports Company Act (No. 44 of 1993, as amended), the Group is mandated 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.

# OUR STRUCTURE

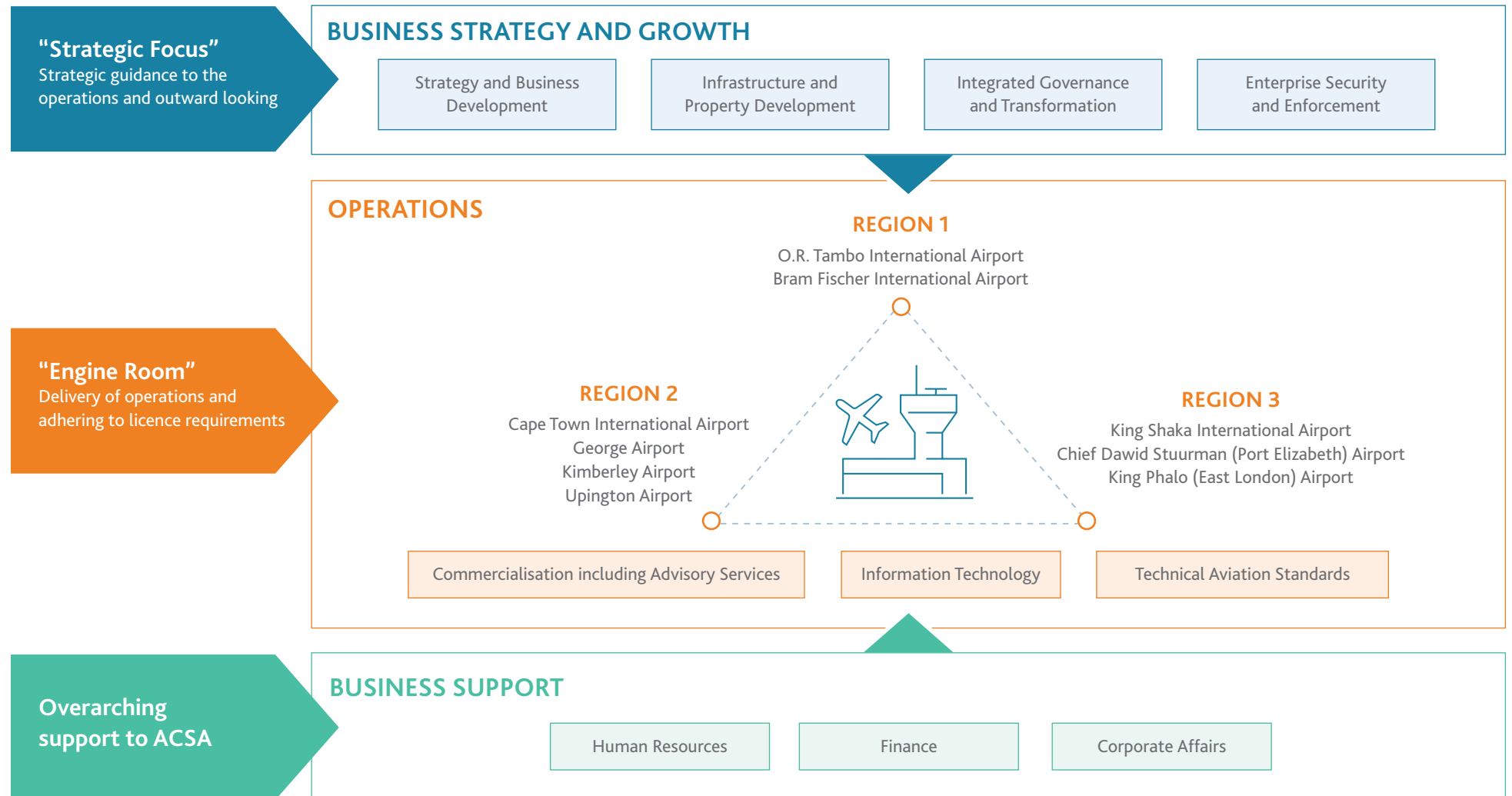
ACSA's organisational structure is overseen by a Board of Directors that function within the framework of the Group's Board Charter. The Board is supported by the Committees of the Board and the Company Secretary, and delegates responsibility for the development and implementation of Group strategy to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

Our organisational structure is as follows:



# OUR BUSINESS MODEL

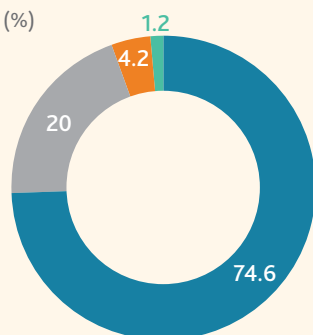
Our business model is organised around four key strategic objectives: business and financial sustainability, consistent customer and stakeholder satisfaction, impeccable internal processes and superior organisational capability.



# OUR SHAREHOLDING

Airports Company South Africa is a State-owned company and a Schedule 2 public entity in terms of the PFMA. It is legally autonomous and operates within the framework of the Companies Act. Our shareholders include the South African Government which, through the Department of Transport (DoT), is our major shareholder; the Public Investment Corporation (PIC); five empowerment investors; and a staff share incentive scheme.

SHAREHOLDERS (%)



- **South African Government** is our primary shareholder.
- **Public Investment Corporation**  
The PIC shareholding is held through ADR International Airports SA (Pty) Ltd, a wholly owned subsidiary of PIC.
- **Staff share incentive scheme**
- **Empowerment investors:**
  - 1.2% G10 Investments (Pty) Ltd
  - 1.4% Oppressed ASCA Minority<sup>1</sup>
  - 0.4% Pybus Thirty Four Investment (Pty) Ltd
  - 0.8% Telle Investments (Pty) Ltd
  - 0.4% Upfront Investments 64 (Pty) Ltd

# OUR LEGAL STRUCTURE

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

Name	100% owned subsidiaries <sup>1</sup>			
	ACSA Global Ltd*	Airports Consultancy and Advisory Services SOC Ltd	JIA Piazza Park (Pty) Ltd	Precinct 2a (Pty) Ltd*
<b>Purpose of existence</b>	The investment holding company through which Airports Company South Africa held a 10% interest in the Mumbai International Airport Private Limited, which was disposed of in the current financial year.	The provision of airport consultancy and advisory services to airports in South Africa and internationally. This subsidiary will be leveraged to provide services for future prospects.	The holding company through which we operate the Inter-Continental Hotel at O.R. Tambo International Airport.	A company through which we 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.
<b>Year of inception</b>	2005	2016	1998	1998
<b>Airports Company South Africa shareholding</b>	100%	100%	100%	100%
<b>Other shareholders and their respective shareholdings</b>	N/A	N/A	N/A	N/A
<b>Equity injections</b>	R100	Nil	R100	R100
<b>Net asset value at 31 March 2022</b>	R1.2 billion	Nil	(R361 million)	R17.6 million

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

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

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

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



Special purpose entities <sup>2</sup>			Investments in joint ventures <sup>5</sup>	Investments in associates <sup>6</sup>	
Lexshell 342 Investment Holdings (Pty) Ltd	Airport Management Share Incentive Scheme (Pty) Ltd	Sakhisizwe Community Programme	Airport Logistics Property Holdings (Pty) Ltd	La Mercy JV Property Investments (Pty) Ltd	Guarulhos International Airport Private Limited*
An employee share option entity wholly-owned by the Airports Company South Africa Kagano Trust <sup>3</sup> .	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 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 company 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 we hold a 20-year concession to develop, operate and maintain the Guarulhos International Airport in São Paulo.  We 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.
1999	1999	1996	2003	2009	2012
SPE	SPE	SPE	50%	40%	10.2
Airports Company South Africa Kagano Trust	Airports Company Management Share Incentive Scheme Trust	N/A	Bidvest Holdings Ltd (50%)	Dube Trade Port Corporation (60%)	A joint venture between Investimentos e Participações em Infraestrutura S.A (Invepar) (80%) and Airports Company South Africa (20%), which together hold 51% of Guarulhos Participações S.A (GRUPar). The other 49% is held by State-owned airport authority Infraero.
Nil	Nil	Nil	Nil	R38 million	R1.2 billion
(R41 million)	R17 million	R562 000	R223 million	R199 million	R0

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

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

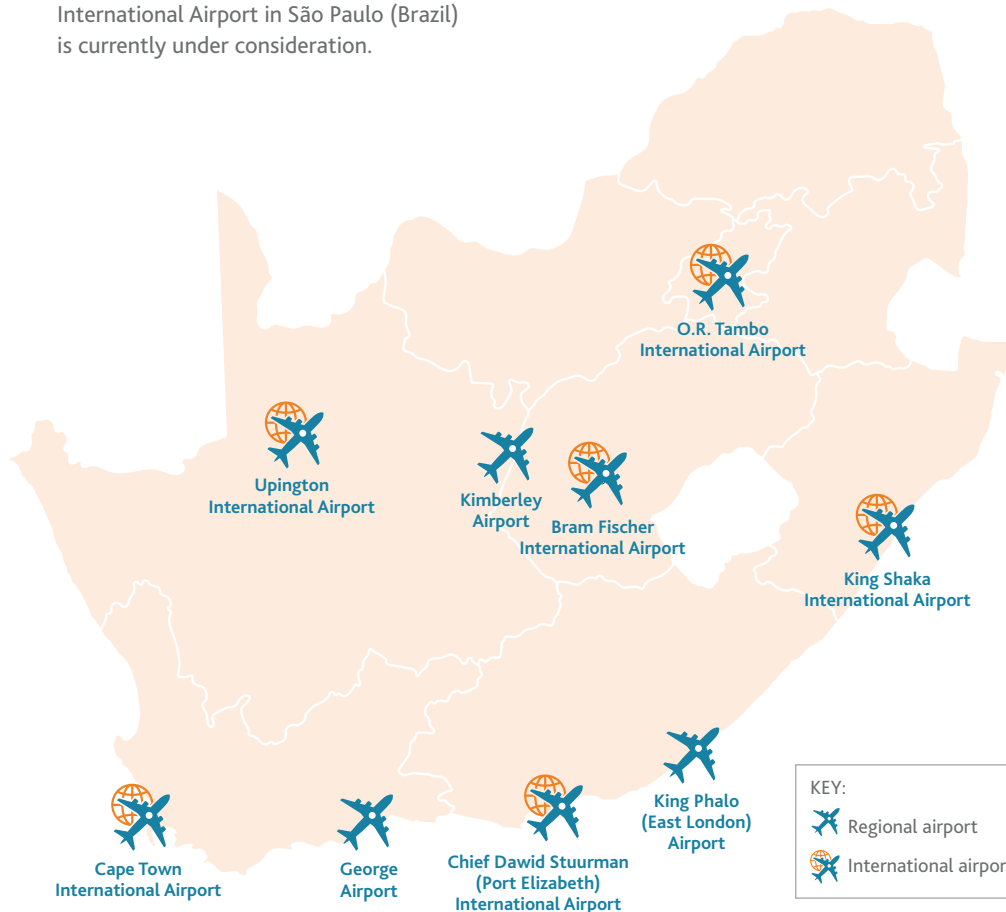
<sup>6</sup> Associates are all entities over which Airports Company South Africa has significant influence but not control, generally with a shareholding of between 20% and 50% of the voting rights. Investments in associations are accounted for using the equity method of accounting and are initially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

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

# OUR FOOTPRINT

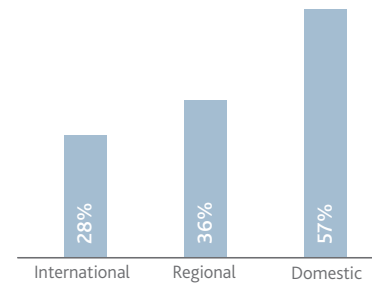
In South Africa, our footprint includes airports in nine key business and tourism hubs, which service routes throughout the country.

Globally, our presence has changed during the past two reporting periods. Our sister airport agreements with Munich Airport Group in Germany and Airports of Thailand remain active, but we concluded the sale of our shares in Mumbai International Airport Private Limited in February 2021. The sale of our stake in the Guarulhos International Airport in São Paulo (Brazil) is currently under consideration.

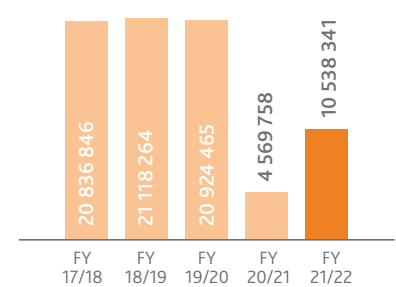


# PASSENGER STATISTICS

AIRCRAFT LANDINGS



DEPARTING PASSENGERS



Airport	Aircraft landings		Departing passengers	
	FY2021/22	FY2020/21	FY2021/22	FY2020/21
O.R. Tambo International Airport	70 025	35 230	4 819 924	2 054 141
Cape Town International Airport	37 767	18 413	2 850 795	1 193 090
King Shaka International Airport	14 929	7 332	1 613 224	754 405
Chief Dawid Stuurman (Port Elizabeth) International Airport	22 052	9 972	455 748	212 074
Bram Fischer International Airport	6 236	3 018	103 197	36 831
Upington International Airport	2 127	1 275	14 272	5 427
King Phalo (East London) Airport	9 284	3 624	327 227	161 589
George Airport	10 213	5 120	306 732	134 160
Kimberley Airport	4 183	2 450	47 222	18 041

# OUR STAKEHOLDERS

Our stakeholders are at the heart of everything we do and we are intensely aware of the role that stakeholder engagement has to play in value creation and our long-term sustainability. Guided by our Stakeholder Relations Management Strategy, we continue on our journey towards becoming more stakeholder-centric by consistently increasing our levels of engagement and by being more proactive in all situations.

A full analysis of our stakeholder groups and the way in which we engage with them is given in the How Our Strategy Create Value section of this report on page 39.



# OUR ONGOING JOURNEY THROUGH THE COVID-19 PANDEMIC

## THE IMPACT ON AIR TRAVEL

As we reported in our 2021 Integrated Annual Report, the aviation industry was one of the hardest hit by the pandemic, which triggered a complete collapse of the air travel industry. Although there was a slow recovery throughout the 2022 financial year, this was hampered by the third and fourth waves, which saw air travel being severely restricted around the world. It was only when lockdown regulations at home and abroad were relaxed in the run up to the 2021 year-end holidays that recovery began to pick up pace.

By 31 March 2022, the ACSA network had recovered 49% of its pre-COVID passenger throughput, with 20.9 million passengers having passed through our airports in the preceding 12 months. Domestic passengers accounted for 83% of these, with business and government accounting for 50% of all domestic travel, an above-average proportion. Based on internal traffic forecasts and the forecasts of industry bodies, air traffic is, however, only expected to recover to pre-pandemic levels after a period of five years, which gives some indication of how extensive the impact of COVID-19 has been.

The ACSA network of airports nevertheless remains the world's largest network under a single authority, with O.R. Tambo International in Johannesburg being the only mega hub on the African continent. And, as air travel slowly

returns to normal, the local aviation industry has unique opportunities to develop new routes and expand into new markets, all of which will support the Group's growth strategy.

A full analysis of passenger traffic trends and statistics during the reporting period is given in the Our Operating Environment section on page 53.

## THE HEALTH AND SAFETY OF OUR STAKEHOLDERS

As in the previous period, ACSA adhered to all of the regulations for the management of COVID-19 as issued by the South African Civil Aviation Authority (SACAA) throughout the 2022 financial year.

Our first priority was to protect the health and safety of our staff, passengers, suppliers and the other stakeholders working in our airports. This meant we had to be extremely adaptable within the context of an uncertain and ever-changing operating environment.

We therefore continued to implement rigorous health and safety protocols at all of our airports in order to detect, manage and prevent the spread of the virus. This was done within the framework of the pandemic management processes and procedures we had put into place in 2020 in compliance with all South African and international regulations and protocols. In addition, ACSA is a registered member of the Airport Council International (ACI) Airport Health Accreditation Programme

and we work closely with all of our airport stakeholders to ensure that they comply with our health and safety requirements.

## RECOVERING AND SUSTAINING OUR BUSINESS

In the previous reporting period, we undertook a full review of our Group strategy and business model in order to manage the impact of the pandemic, define our path to recovery and secure value creation in the short, medium and long term. This, in turn, led to the development of a supplementary Recover and Sustain Strategy supported by a revised Financial Plan. These allowed for such measures as increasing our short-term banking facilities, stringently managing working capital, and reducing both operational and capital expenditure.

Our strategic pillars, which define our core focus on running airports, developing airports and growing our footprint, have nevertheless remained intact and continue to be aligned to global best practice.

During the 2022 reporting period, we went on to develop a Revised Governance Framework and Operating Model, a Capability Model and a new organisational structure, engaging with relevant stakeholders throughout the process.

Our business has shown remarkable resilience in the face of such an unprecedented

challenge and, as the air travel and cargo transportation markets recover from the events of the past two years, we remain as committed as ever to our strategic objectives and our role as a driver of transformation and socio-economic development.

## STAKEHOLDER ENGAGEMENT

As an airports company, we operate within a complex ecosystem and all of our stakeholders are an intrinsic part of our business.

The pandemic represented the greatest disruption ever experienced by the aviation industry and resulted in the partial or total collapse of many aviation-related businesses and markets. Throughout both the reporting period and the previous period, we remained committed to supporting our stakeholders by seeking to understand the challenges they were facing and by reaching agreements that reflected our commitment to them. They, in turn, actively supported us throughout the process of reviewing and adjusting our strategy and business model.

As a result, our partnerships with our stakeholders have evolved in a very positive way and these vital relationships have been re-energised by working together to face such a significant crisis.

# AWARDS AND RECOGNITION

Airports Company South Africa is consistently recognised as a leading global airports operator. During the reporting period, the following awards and achievements were made by local and international industry authorities and other organisations.

## WORLD'S TOP 100 AIRPORTS

The Skytrax World Airports Awards are made based on a customer satisfaction survey conducted in 500 airports around the world.



### ACHIEVEMENT

Four of our airports were placed first in their categories in 2021.

### AWARD DETAILS

- **Best Airport in Africa:** Cape Town International
- **Best Regional Airport in Africa:** King Shaka International
- **Best Airport Staff in Africa:** Cape Town International
- **Cleanest Airport in Africa (New Category):** Cape Town International



### ACHIEVEMENT

Two of our airports were placed in the Top 10 for airports that handle two to five million passengers a year.

### AWARD DETAILS

- Cape Town International: Number 3
- King Shaka International: Number 6

## EXCELLENCE IN HUMAN RESOURCES MANAGEMENT

The ACI Africa HR Excellence Awards recognise excellence in diversity, equality, competency building and sustainability in human resources management.



### ACHIEVEMENT

ACSA was placed first in the awards programme for 2021.

### AWARD DETAILS

- **Human Resources Excellence Award 2021:** ACSA Human Resources

## AIRPORT HEALTH ACCREDITATION MANAGEMENT

The ACI Airport Health Accreditation programme provides airports with an assessment of how aligned their health measures are with the ACI benchmarks.



### ACHIEVEMENT

All nine ACSA airports are ACI accredited.

### AWARD DETAILS

- Full accreditation

## PEOPLE'S FAVOURITE

The *City Press* Reader's Choice Awards are made based on an online reader survey conducted by *City Press*.



### ACHIEVEMENT

Three of our airports were selected as their favourite airports by *City Press* readers.

### AWARD DETAILS

- O.R. Tambo International (Johannesburg)
- King Shaka International (Durban)
- Cape Town International

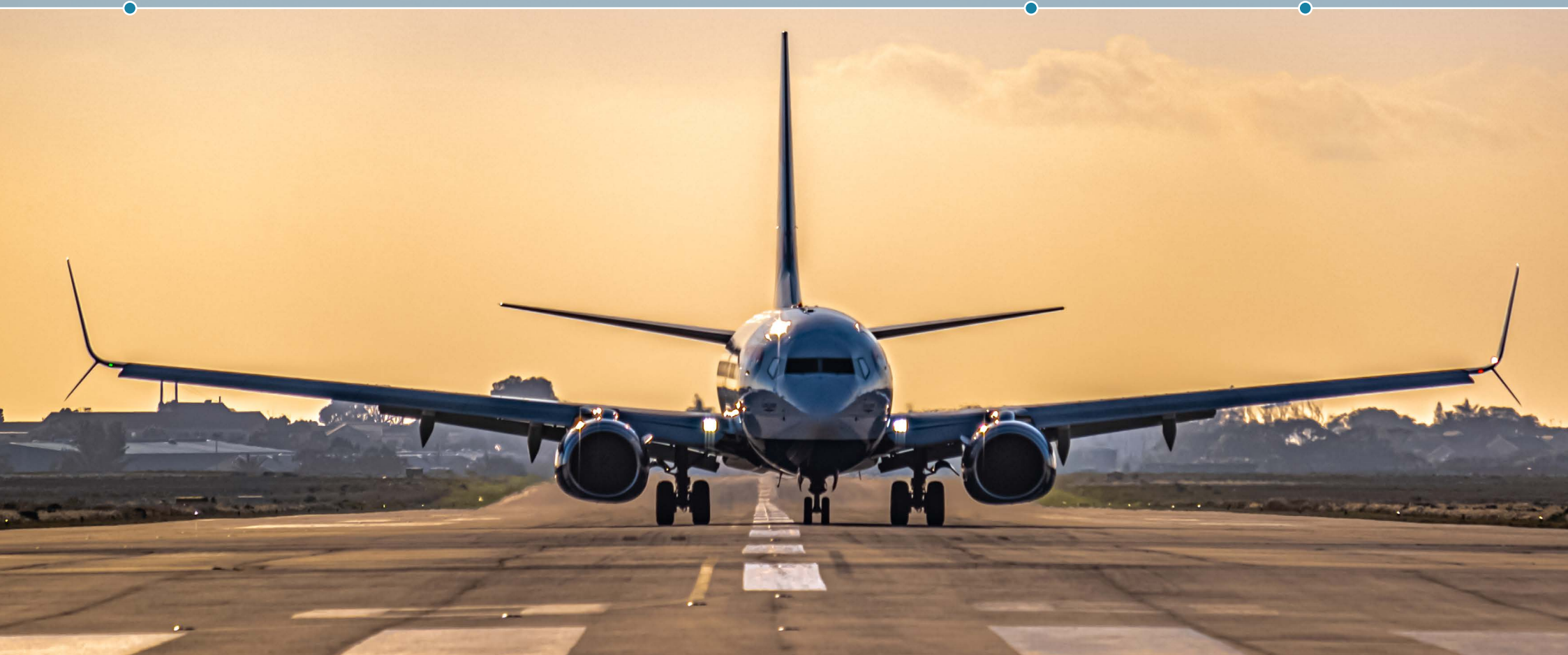


# 03

## OUR LEADERSHIP

*Leading from the front*

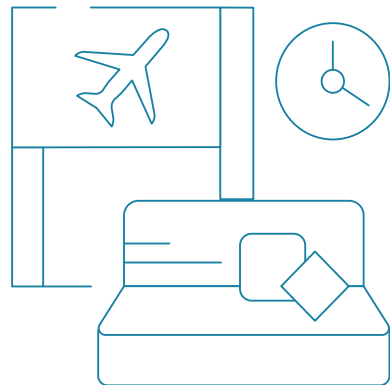
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# MESSAGE FROM THE CHAIRMAN OF THE BOARD



The COVID-19 pandemic has changed the way in which the world lives, works and plays. For Airports Company South Africa, it precipitated the greatest business challenge in our history and we continue to have to manage its impact.



Various levels of lockdown around the world continued to disrupt air travel and transportation dramatically throughout the reporting period and, as a result, the aviation industry as a whole continued to be one of the hardest hit by the pandemic. Recovery was slow and disrupted throughout the year, with restrictions being eased at times only to be upscaled again as new variants emerged. As I said in my message for the previous period, we have a long road to recovery ahead of us, however, as a business, we have also proven to be adaptable and resilient to unexpected shocks like these. This places us in a strong position to remain sustainable in the short term and to develop and grow in the medium- and long-term.

I am confident that we have robust fundamentals in place. Leadership stability, solid strategic pillars, a sound recovery plan, adaptable operations procedures, a well-managed financial base and strong relationships with our stakeholders give us the solid foundation we need to respond to changing conditions as well as to plan for the future.

The revised Strategy, Financial Plan and Corporate Plan put into place in immediate response to the pandemic continue to provide the framework within which we are currently managing our business.

Notwithstanding the challenges we have faced and continue to face, we strive to be not only an ethical and sustainable business, but one that contributes in meaningful ways to the economic transformation of the country. As the largest network of airports under a single operating authority in the world, we recognise our role as a change agent and take this role with seriousness.

## LEADERSHIP STABILITY

In 2020, we welcomed a new CEO and CFO on board and they have given us the leadership stability we needed as a business to weather the COVID-19 storm and the other major events we have had to face over the past two years. They have responded to the impact of the pandemic by defining clear priorities and by making swift and necessary decisions in time of great uncertainty.

The CEO has led the review of our strategy and the implementation of our response to the pandemic without losing focus on strategic fundamentals, our future vision and our role in society. With the support of the Board, the CEO and her management team have created a culture of agility



and decisive action that has not only enabled us to chart a steady course over the past two periods, but which has positioned us to develop into an even stronger, more diversified business in the years to come.

## A STRATEGIC APPROACH

Our Recover and Sustain Strategy, which is the framework we are using to manage the business through the pandemic and its immediate aftermath, was put into place in the previous period after rigorous engagement with our investors and lenders, Moody's, the Regulating Committee, our shareholders, the Portfolio Committee on Transport and our employees. All of these stakeholders have been unflinching in their support of our efforts and that has enabled us to navigate through the unprecedented challenges we have had to face successfully.

In line with the review of our Investment Strategy, which was undertaken at the same time we reviewed our corporate strategy and financial plan, we continue to dispose of our offshore investments and monetise non-core assets.

The sale of our share in Mumbai International Airport Private Limited (MIAL) was concluded in February 2021 and the sale of our stake of the Guarulhos International Airport is currently in progress. The decision to dispose of the MIAL asset has given us the liquidity we have needed to continue managing the business at a time when there was little or, in some periods, no revenue.

Our liquidity has been further supported by the issuing of "A" preference shares valued at R2.3 billion to the majority shareholder, the Department of Transport, in March 2021. This transaction also gave a clear sign of government's confidence in and support for our business.

While our core strategies and plans had to be reviewed and adjusted in response to the pandemic, our approach has remained centred on our three strategic pillars: Run Airports, Develop Airports and Grow Footprint. In the short term, we are continuing to focus on our core business of running airports in order to secure financial and operational sustainability. Within the framework of existing infrastructure and capabilities, we are also focusing on diversifying our revenue streams to offset the impact the pandemic has had on aeronautical revenue.

We have approved a Growth Strategy and strategic initiatives in support of the Growth Strategy. As markets open up, we are focused on developing our footprint on the African continent, where we have identified significant growth potential.

We also continue to focus on development through digitisation, remaining ever-responsive to advancements in technology and the benefits they can offer to both passengers and other users of the facilities at our airports. Our intent here is to be in a strong position to identify and counteract the growing number of cyber-attacks that have become evident worldwide since the start of the pandemic, driven partly by the widespread move to remote and hybrid work.

In doing this, we remain mindful of our responsibilities and role as a catalyst for the recovery in air passenger travel, the growth in air cargo volumes, economic recovery and development of our country. We continue to work with our strategic partners, stakeholders and government agencies to realise these objectives. Our primary objective at present is to restore our financial position to relative stability and sustainability by the end of the 2024 financial year. Our approach to innovation, growth and development remains aligned to the United Nations Sustainable Development Goals.

For further information on our strategy, please see the CEO's Message on page 40 and the section on how we create value through strategy on page 51.

## MESSAGE FROM THE CHAIRMAN OF THE BOARD continued

### COLLABORATING WITH OUR STAKEHOLDERS

A positive outcome of the pandemic has been the ongoing cementing and strengthening of relationships with our stakeholders. Building on strong existing relationships, our engagement with stakeholders and the implementation of stakeholder plans has created considerable value and will continue to do so into the future. We remain committed to building win-win partnerships with all our stakeholders in a way that will benefit both our country's aviation sector and the economy.

### TRANSFORMATION

We remain deeply committed to transformation at business level and throughout society. Our focus on sustainability and growth will always be supported by a parallel focus on economic transformation because we believe that our success as a business depends on the degree to which we deliver value in society. We therefore continue to play a critical role in the transformation of the aviation and supporting industries by maximising commercial opportunities in the short- and medium-term and by planning to make capital investments in long-term growth and stability.

We also continue on a purposeful, values-driven journey to enhance procurement from black-owned businesses, to facilitate their development, and to support new entrants into our precincts. While uncontracted capital development projects remain on hold due to the impact of the pandemic, we intend to resume these projects in line with our revised Corporate Plan. Flagship projects in commercial operations remain in progress.

### GOVERNANCE

Our governance processes have proven their strength and agility over the past two periods, not least in the seamless transition to holding meetings virtually.

Apart from the regular schedule of Board and Board Committee meetings, special meetings were held throughout the reporting period to deal with evolving challenges, including threats to business continuity, compliance with Covid-19 regulations, the implementation of cost-saving measures, liquidity management and the assessment of developing market risks such as the impact of the war in Ukraine on jet fuel prices and therefore on air ticket prices.

Our executive and management teams continue to operate in an interconnected and interdisciplinary way that helps us to identify and mitigate risks timeously, operate effectively and plan for future growth.

### LOOKING AHEAD

The global economic outlook remains uncertain due to the impact of the pandemic, the possibility that new variants could reduce the effectiveness of existing vaccines, and the effects of the war in Ukraine, among other factors. Together with disruptive global shifts in living, working and travelling patterns as well as operational constraints in key markets in Europe, these continue to affect the recovery in global air traffic volumes. In response to this, we are focusing on diversifying our revenue streams and on re-defining the role of airports within the broader city or metropolitan environment. Planning for the implementation of our Aerotropolis Strategy is continuing within the framework of current financial constraints and capital projects related to this strategy will be commissioned as revenue allows.

At home, consumers remain under considerable pressure, with unemployment levels still at historic highs and with the cost of living rising rapidly, largely due to fuel price increases and hikes in electricity tariffs. While domestic and regional traffic volumes continue to recover at a faster pace than international traffic volumes, these factors will undoubtedly reduce disposable income which, in turn, will undermine domestic recovery.

Astute management of risk, expenditure and operational capability to meet changing demands will continue to be fundamental to our recovery and sustainability as a business in the short- and medium-term.

### APPRECIATION

As in the previous period, many lives were lost and affected by the pandemic during the 2022 financial year. On behalf of the Board, I would like to extend my deepest condolences to the employees and stakeholders who lost loved ones during this period. Special thanks are also due to our employees, who faced many challenges over the past year, marked as it was by so much uncertainty. Your commitment to our purpose and values as an organisation is recognised and appreciated. Above all, helping to make the airport environment safe for passengers and other users has been essential to enabling us to recover in the way that we have.

I would also like to thank the CEO, CFO and the executive management for their wisdom and insight during the period, as well as for keeping a steady hand on the business throughout such a turbulent time. Your astute and incisive leadership and considered decision-making has been critical to maintaining our sustainability.

Finally, thanks are due to our shareholders, investors, business partners and suppliers for your unwavering support at such a difficult time. As a business, we look forward to sustained recovery and a return to pre-COVID-19 operating and financial levels over the next two years.



Adv Sandile Nogxina  
Chairman



# OUR DIRECTORS

## INDEPENDENT NON-EXECUTIVE DIRECTORS

The full curriculum vitae of each Board Director is available online at:  
[www.airports.co.za/about-us/executive-management/board-of-directors](http://www.airports.co.za/about-us/executive-management/board-of-directors)



**ADV SANDILE NGXINA** <sup>63</sup>  
 Independent Non-executive Director  
 Effective date of appointment: 9 November 2018

**Chairman of the Board**

- PhD Law Public Governance and Development Management
- Advocate of the High Court
- Bachelor of Law
- Post Graduate Diploma: Management
- Higher Diploma: Tax Law
- Masters of Law: Law Development



**NOSIZWE NOKWE-MACAMO** <sup>60</sup>  
 Lead Independent Director  
 Effective date of appointment: 1 September 2018

- MSc Chemical Engineering
- Diploma: Chemical Engineering



**DR KGABO BADIMO** <sup>62</sup>  
 Independent Non-executive Director  
 Effective date of appointment: 6 August 2020

- PhD Information Systems Knowledge Management
- MSc Data Engineering
- BSc Computer Science
- Diploma in Business Administration
- Diploma in French Language



**KEMIRA ESTERHUIZEN** <sup>33</sup>  
 Independent Non-executive Director  
 Effective date of appointment: 19 December 2019

- CA (SA)
- BCom Accounting



**DUDU HLATSHWAYO** <sup>58</sup>  
 Independent Non-executive Director  
 Effective date of appointment: 6 August 2020

- BSocSc (Honours)
- Masters in Business Leadership



**PASCALIS MOKUPE** <sup>53\*</sup>  
 Independent Non-executive Director  
 Effective date of appointment: 1 September 2018

- CA (L)



**NTOMBIFUTHI ZIKALALA MVELASE** <sup>57</sup>  
 Independent Non-executive Director  
 Effective date of appointment: 1 September 2018

- BProc
- LLB
- Attorney of the High Court of South Africa



**IRVIN PHENYANE** <sup>53\*</sup>  
 Independent Non-executive Director  
 Effective date of appointment: 1 September 2018

- BSc
- Master of Management
- Postgraduate Diploma in Project Management
- Postgraduate Diploma in Management



**YERSHEN PILLAY** <sup>38</sup>  
 Independent Non-executive Director  
 Effective date of appointment: 1 September 2018

- MBA
- BSocSc Politics and Economics



**GRAEME VICTOR** <sup>66</sup>  
 Independent Non-executive Director  
 Effective date of appointment: 15 December 2019

- CA(SA)
- BSc Civil Engineering
- MSc Construction Engineering and Project Management
- MEng Construction Engineering and Project Management
- BCom Hons

\* Retired effective 5 November 2021 at the Company's Annual General Meeting.

## EXECUTIVE DIRECTORS



**MPUMI Z MPOFU** <sup>56</sup>

Executive Director

Effective date of appointment: 1 February 2020

**Chief Executive Officer**

- Postgraduate Degree of Town Planning, Coventry University
- BA Honours Urban and Regional Planning



**SIPHAMANDLA MTHETHWA** <sup>47</sup>

Executive Director

Effective date of appointment: 1 May 2020

**Chief Financial Officer**

- CA (SA)
- Postgraduate Diploma in Accounting/CTA
- BCompt Hons
- BCom Accounting
- Advanced Management Programme

## COMPANY SECRETARY



**FEFEKAZI SEFARA** <sup>47</sup>

Effective date of appointment: 1 July 2018

- LLM
- LLB
- BLuris
- Postgraduate Diploma in Interpretation and Drafting of Contracts
- Admitted Attorney of the High Court

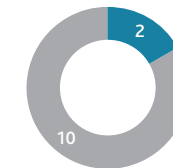


## DIRECTOR DEMOGRAPHICS

AGE

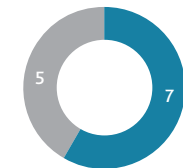


INDEPENDENCE



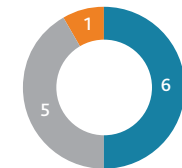
- Executive directors
- Independent directors

GENDER DIVERSITY



- Male
- Female

DEMOGRAPHICS



- Black men
- Black women
- White men
- White women

# OUR EXECUTIVE COMMITTEE



**MPUMI Z MPOFU** <sup>56</sup>  
Chief Executive Officer

Effective date of appointment: 1 February 2020

**Executive Director**

- Postgraduate Degree of Town Planning
- BA Honours, Urban and Regional Planning



**SIPHAMANDLA MTHETHWA** <sup>47</sup>  
Chief Financial Officer

Effective date of appointed: 1 May 2020

**Executive Director**

- CA (SA)
- Postgraduate Diploma in Accounting/CTA
- BCompt Hons
- BCom Accounting



**REFENTSE SHINNARS** \* <sup>45</sup>  
Group Executive: Corporate Affairs

- BTech Public Relations Management
- National Diploma Public Relations



**JABULANI KHAMBULE** # <sup>49</sup>  
Group Executive: Commercial

- NQF Level 8
- National Diploma Retail Management



**CHARLES SHILOWA** ^ <sup>50</sup>  
Group Executive: Business Development

- BSc Chemistry
- BSc Chemical Engineering
- MBA
- Higher Diploma (HDip) (Tax)



**LUNGILE LANGA** <sup>44</sup>  
Group Executive: Human Resources

- BA
- Masters Diploma in Human Resources Management
- BA (Hons) Industrial Psychology
- MPhil Industrial Psychology



**BADISA MATSHEGO** \* <sup>45</sup>  
Group Executive: Infrastructure Asset Management

- B.Sc Civil Engineering



**MTHOKO MNCWABE** <sup>45</sup>  
Chief Information Officer

- BSc Computer Science, Mathematics
- BSc Hons Computer Science
- MBA



**BONGIWE MBOMVU** \* <sup>55</sup>  
Group Executive: Governance and Assurance

- BSocSci
- LLB
- LLM
- Admitted Attorney of the High Court



**MZWANDILE PETROS** <sup>62</sup>  
Group Executive: Enterprise Security

- NQF Level 8
- Advanced Diploma in Public Administration
- Secondary Teachers Diploma

\* Executive Committee members who left the Company during the reporting period.

# Was GE: Commercial, now RGM: O.R. Tambo International Airport.

^ Was GE: Business Development, now GE: Strategy and Sustainability.



**TERENCE DELOMONEY** <sup>54</sup>  
Group Executive: Operations Management

- BCom Accounting
- CA (SA)



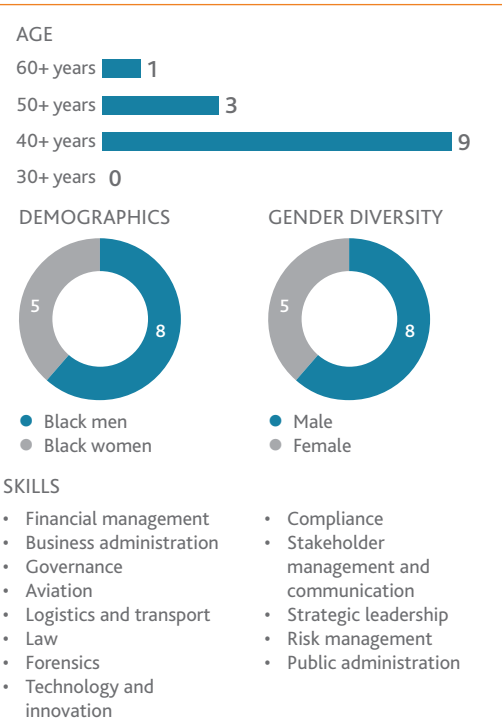
**LAURENE LESS** <sup>56</sup>  
Group Executive: Corporate Services

- BA
- Masters Public Administration



**STEMBISO NGWENYA** <sup>40</sup>  
Chief Audit and Risk Officer

- CA (SA)
- BCom Hons Accounting



# ABOUT OUR BOARD

The Board is structured as required by our Memorandum of Incorporation (MOI) and the roles and responsibilities of the Directors are set out in the Board Charter, which was reviewed during the reporting period.

As an entity, the Board holds the overall responsibility for the leadership, control and performance of the Company in line with legislation, regulation and best practice. Each Board member has a fiscal and fiduciary responsibility to act in good faith and in the best interests of the Company and all of its stakeholders.

The Board delegates certain responsibilities to the Committees of the Board without abdicating any of its responsibilities. There are five permanent Committees and one ad hoc Committee. The five permanent Committees met as scheduled and the details of their activities are provided below. The *ad hoc* Board Economic Regulation Committee only meets as required and did not meet during the reporting period. Each Committee operates within formal terms of reference, which were reviewed during the reporting period.

The Board is satisfied that the delegation of authority framework provides role clarity and supports the effective exercise of authority and responsibilities.

## DIVERSITY

The Board embraces gender, ethnic, race and age diversity as a prerequisite for ensuring its continuing relevance and effectiveness in a

complex business landscape. Our shareholders, who are responsible for nomination and appointment of Board members, recognise the need for diversity and support its application.

In addition, a diverse and inclusive culture is embedded within the Board. Our Directors are confident that robust discussion results in the deliberation of wide-ranging views and that, as directors, they serve in an environment where bias, discrimination and harassment are not tolerated.

The majority of Board members are independent directors, as recommended by King IV.

## SKILLS AND EXPERIENCE

Board members are appointed based on their knowledge and experience, providing the broad base of skills necessary to achieve the company's objectives. The capacity of individual members continues to be enhanced on an ongoing basis with skills that are directly relevant to the business. These include competencies in aviation, law, policy, strategy, finance, corporate finance, accounting, auditing, economic regulation, governance, asset and risk management, stakeholder relationship management, international relations, and information and communications technology (ICT), among others.

## ABOUT OUR BOARD continued

### FOCUS AREAS AND PERFORMANCE

Many of the Board's key focus areas during the reporting period followed on from those in the previous period. These included:

- Continuing assessment and management of the impact of the COVID-19 pandemic on aviation and, in turn, on the Group.
- Monitoring the review and implementation of the COVID-19 Financial Plan and Budget based on the Beyond New Normal Scenarios.
- Reviewing the KPIs in the Corporate Plan for FY2022 to FY2024 and the Growth and Non-aeronautical Revenue Strategies.
- Condoning and writing off irregular, fruitless and wasteful expenditure during the period.
- Approving the Annual Financial Statements.
- Approving the FY2022 to FY2024 Corporate Plan.
- Monitoring the action plan for the Board Effectiveness Evaluation Report.
- Finalising the Macro Structure.
- Monitoring performance of the Company through quarterly performance reports.
- Approving necessary policies and frameworks for implementation of the approved strategy.
- Monitoring the proposed disposal of ACSA shares in GRUpar.
- Ensuring strategic risks facing the Company are assessed and mitigated.
- Ensuring stakeholders are engaged.

### BOARD ATTENDANCE

Name of Director	Special Unscheduled Meeting	Scheduled Meeting	Scheduled Meeting	Special Scheduled Meeting	Special Unscheduled Meeting	Scheduled Meeting	Special Scheduled Meeting	Scheduled Meeting
	06 Apr 21	10 Jun 21	08 Sep 21	14 Sep 21	17 Nov 21	08 Dec 21	17 Feb 21	09 Mar 22
Dr Sandile Nogxina (Chairman)	x	A	x	x	A	x	x	x
Ms Nosizwe Nokwe-Macamo	x	x	x	x	x	x	x	x
Dr Kgabo Badimo	x	x	x	x	x	x	A	x
Ms Kemira Esterhuizen	x	x	x	x	x	x	x	x
Ms Dudu Hlatshwayo	x	x	x	x	A	x	x	x
Mr Pascalis Mokupo*	x	x	x	x	Retired by rotation at the AGM			
Ms Nompumelelo Mpofo	x	x	x	x	x	x	x	x
Mr Siphamandla Mthethwa	x	x	x	x	x	x	x	x
Ms Futhi Zikalala Mvelase	x	x	x	x	A	x	x	x
Mr Irvin Phenyane*	x	x	x	x	Retired by rotation at the AGM			
Mr Yershen Pillay	x	x	x	x	A	x	x	x
Mr Graeme Victor	x	x	A	x	x	x	x	x

\* Retired effective 5 November 2021 further to his retirement at the Company's Annual General Meeting.



## BOARD EVALUATION

The annual Board evaluation was conducted as scheduled. This included an assessment of the Board as a whole as well as assessments of the Chairman of the Board, the individual Directors, the Board Committees and the Chairpersons of the Board Committees.

The evaluation of the Board covered the application of governance principles in the following areas of activity:

- Board attributes and culture
- Ethical culture and conduct
- Board meetings and processes
- Risk Management
- Environmental, Social and Corporate Governance
- Oversight over the ACSA Strategy

- Information and Communication Technology
- Stakeholder management
- Role of the Chairman
- Role of the Chief Executive Officer
- Role of the Company Secretary
- Board induction, orientation and development
- Individual director assessment (peer review)

Some development areas were identified, including cybersecurity, IT infrastructure, ESG framework implementation, risk sensing and scenario modelling. There were, however, many areas in which there had been improvement, including stakeholder management, the level of reporting to the

various committees and the implementation of a succession planning process. The Board, together with management, also needs to consider assessing in-house skills as a number of employees were lost during the severance package process that was conducted during the COVID-19 pandemic.

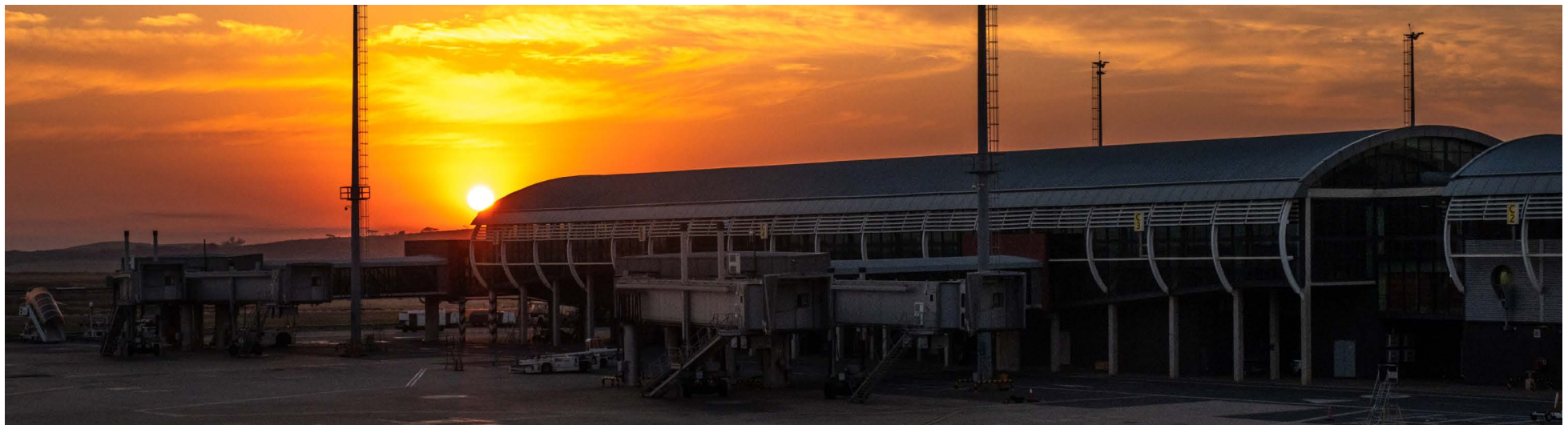
The performance of the Committees of the Board was also evaluated and they were found to have effectively discharged their roles and responsibilities.

The office of the Company Secretariat continues to provide unfettered guidance and support to the Board and the Committees. The CEO continues to ensure the effective implementation of the strategy and related strategic objectives.

The Board and the Committees of the Board will continue to focus on the following critical areas during the current period (FY2023):

- Financial sustainability and recovery
- Business competitiveness
- Risk management
- Revenue diversification
- Innovation
- Cybersecurity
- Recovery of the aviation sector
- Succession planning
- ESG

Further details relating to these focus areas are available in the ACSA Governance and Remuneration Report for 2022.



# COMMITTEES OF THE BOARD AND THEIR WORK

<b>Audit and Risk Committee</b> Chair: Pascalis Mokupo <sup>1</sup> /Dudu Hlatshwayo <sup>2</sup> Attendance: 100%	
<b>Members</b>	Nosizwe Nokwe-Macamo Ntombifuthi (Futhi) Zikalala Mvelase Yershen Pillay Graeme Victor
<b>Number of meetings</b>	9
<b>Committee focus for the year</b>	The Committee's focus for the year was on considering and evaluating the following: <ul style="list-style-type: none"> <li>• FY2022/23 to FY2024/25 Corporate Plan</li> <li>• Company's performance</li> <li>• Irregular expenditure</li> <li>• Fruitless and wasteful expenditure</li> <li>• Delegated Levels of Authority Manual</li> <li>• FY2022 Audit Engagement Letter and External Audit Strategy</li> <li>• External Audit Reports</li> <li>• Company's risk appetite and tolerance levels</li> <li>• Internal and External Audit Evaluation Reports</li> <li>• Evaluation of the CFO and the Finance function</li> <li>• Integrated Annual Report for FY2021</li> <li>• Financial plans, policies and frameworks within the mandate of the Committee</li> <li>• 2023/25 Combined Assurance Plan</li> <li>• Liquidity and solvency test for financial assistance to JIA Piazza</li> <li>• Forensic investigation report for the Zondo Commission</li> <li>• Insurance Renewal Report</li> <li>• Internal Audit Plans and Reports</li> <li>• Risk Management Plan and Reports</li> <li>• BCM Plan and Reports</li> <li>• Legal reports</li> <li>• SCM reports</li> <li>• Implementation of King IV</li> </ul>
<b>Relevant material matters</b>	<ul style="list-style-type: none"> <li>• Business Sustainability</li> <li>• Financial Sustainability</li> <li>• Business Growth</li> <li>• Business Integration and Operational Planning</li> <li>• Legal and Regulatory Compliance</li> <li>• Governance</li> </ul>

<sup>1</sup> Retired as Chair effective 5 November 2021 at the Company's Annual General Meeting.

<sup>2</sup> Elected as Chair effective 17 November 2021 following the reconstitution of the Board Committees.

<b>Board Investment Committee</b> Chair: Nosizwe Nokwe-Macamo Attendance: 100%	
<b>Members</b>	Pascalis Mokupo <sup>1</sup> Dudu Hlatshwayo <sup>2</sup> Irvin Phenyane <sup>1</sup> Nompumelelo Mpofo Kemira Esterhuizen <sup>3</sup> Ntombizethu Zikalala Mvelase Kgabo Badimo Yershen Pillay
<b>Number of meetings</b>	5
<b>Committee focus for the year</b>	The Committee's focus for the year was on considering and evaluating the following: <ul style="list-style-type: none"> <li>• Growth Strategy</li> <li>• Ground Handling Services Strategy: Business Case</li> <li>• Fuel Infrastructure and Management Strategy: Business Case</li> <li>• Progress reports on the Aerotropolis and Airport Cities Strategy</li> <li>• Cargo Strategy: Business Case</li> <li>• Global Strategy: Business Case</li> <li>• Commercial Strategy and Business Case</li> <li>• Passenger Experience and Mobilisation: Strategy and Business Case</li> <li>• Non-aeronautical Revenue Strategy</li> <li>• Disposal of ACSA Shares in Aeroporto De Guarulhos</li> <li>• Asset monetisation</li> <li>• Treasury reports</li> <li>• Policies and frameworks within the mandate of the Committee</li> <li>• Action plan for the Board Evaluation Report</li> </ul>
<b>Relevant material matters</b>	<ul style="list-style-type: none"> <li>• Business Sustainability</li> <li>• Financial Sustainability</li> <li>• Business Growth</li> <li>• Business Integration and Operational Planning</li> </ul>

<sup>1</sup> Retired effective 5 November 2021 at the Company's Annual General Meeting.

<sup>2</sup> Elected as a Committee member effective 17 November 2021 following the reconstitution of the Board Committees.

<sup>3</sup> Ceased to be a Committee member effective 17 November 2021 following the reconstitution of the Board Committees.

### Human Resources, Remuneration and Nominations Committee

Chair: Ntombifuthi (Futhi) Zikalala Mvelase  
Attendance: 100%

<b>Members</b>	Dr Sandile Nogxina Kemira Esterhuizen Irvin Phenyane <sup>1</sup> Dr Kgabo Badimo <sup>3</sup> Nosizwe Nokwe-Macamo <sup>2</sup> Graeme Victor
<b>Number of meetings</b>	8
<b>Committee focus for the year</b>	The Committee's focus for the year was on: <ul style="list-style-type: none"> <li>Monitoring the review and implementation of the Staff Cost-Reduction Programme, Macro Structure, People and Culture Strategy, Succession Management Policy and Plan, Workplace Skills Plan, 2020 and 2021 Board and Committee Evaluation Action Plans, Professional Development of Directors, and constitution of Board committees.</li> <li>Overseeing and monitoring all other performance management policies and frameworks within the mandate of the Committee.</li> <li>Considering the Human Resources Quarterly Reports.</li> </ul>
<b>Relevant material matters</b>	<ul style="list-style-type: none"> <li>Business Sustainability</li> <li>Financial Sustainability</li> <li>Business Growth</li> <li>Business Integration and Operational Planning</li> <li>Acquisition and Retention of Skills</li> <li>Legal and Regulatory Compliance</li> <li>Governance</li> </ul>

### Information Communications Technology Committee

Chair: Yershen Pillay  
Attendance: 100%

<b>Members</b>	Ntombifuthi (Futhi) Zikalala Mvelase <sup>3</sup> Nosizwe Nokwe-Macamo <sup>3</sup> Graeme Victor Dr Kgabo Badimo Dudu Hlatshwayo <sup>2</sup> Pascal Mokupo <sup>1</sup> Kemira Esterhuizen <sup>4</sup>
<b>Number of meetings</b>	4
<b>Committee focus for the year</b>	The Committee's focus for the year was on: <ul style="list-style-type: none"> <li>Reviewing the ICT Strategy.</li> <li>Monitoring the governance of technology and information.</li> <li>Ensuring risks related to technology and information are mitigated.</li> <li>Monitoring cyber-security maturity.</li> <li>Monitoring the management of the Company's overall information and communication strategy and systems.</li> <li>Reviewing the progress of ICT projects.</li> <li>Monitoring the ICT audit findings.</li> </ul>
<b>Relevant material matters</b>	<ul style="list-style-type: none"> <li>Business Sustainability</li> <li>Financial Sustainability</li> <li>Business Growth</li> <li>Business Integration and Operational Planning</li> <li>Digital Transformation</li> <li>Cyber Security</li> <li>Safety and Security of ICT assets</li> <li>Legal and Regulatory Compliance</li> <li>Governance</li> </ul>

<sup>1</sup> Retired effective 5 November 2021 at the Company's Annual General Meeting.

<sup>2</sup> Elected as Committee member effective 17 November 2021 following the reconstitution of the Board Committees.

<sup>3</sup> Ceased to be a Committee member effective 17 November 2021 following the re-constitution of the Board Committees.

<sup>1</sup> Retired effective 5 November 2021 at the Company's Annual General Meeting.

<sup>2</sup> Elected as Committee member effective 17 November 2021 following the reconstitution of the Board Committees.

<sup>3</sup> Ceased to be a Committee member effective 17 November 2021 following the reconstitution of the Board Committees.

<sup>4</sup> Appointed on 9 March 2022.

## COMMITTEES OF THE BOARD AND THEIR WORK continued

Social and Ethics Committee Chair: Kgabo Badimo <sup>1</sup> Attendance: 100%	
<b>Members</b>	Irvin Phenyanye <sup>2</sup> Kemira Esterhuizen N Nokwe-Macamo Dudu Hlatshwayo <sup>3</sup> Yershen Pillay <sup>4</sup> Nompumelelo (Mpumi) Mpofu
<b>Number of meetings</b>	4
<b>Committee focus for the year</b>	The Committee's focus for the year was on: <ul style="list-style-type: none"> <li>• Monitoring transformation, stakeholder relations, ethics, the reputation of the Company, socio-economic development, passenger mobilisation, and environmental, health and public safety.</li> <li>• Strengthening security at our airports.</li> </ul>
<b>Relevant material matters</b>	<ul style="list-style-type: none"> <li>• Business Sustainability</li> <li>• Financial Sustainability</li> <li>• Brand, Reputation and Stakeholder Management</li> <li>• Transformation</li> <li>• Safety and Security</li> <li>• Legal and Regulatory Compliance</li> <li>• Governance</li> </ul>

<sup>1</sup> Elected as Committee Chair effective 17 November 2021 following the reconstitution of the Board Committees.

<sup>2</sup> Retired effective 5 November 2021 at the Company's Annual General Meeting.

<sup>3</sup> Elected as a Committee member effective 17 November 2021 following the re-constitution of the Board Committees.

<sup>4</sup> Ceased to be a Committee member effective 17 November 2021 following the re-constitution of the Board Committees.

# 04 CORPORATE GOVERNANCE

*How our corporate governance secures our brand, reputation and sustainability*

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# OUR GOVERNANCE APPROACH

As mentioned in our Group Overview, the Airports Company South Africa is mandated 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 normally related to the functioning of that airport.

Our governance framework reflects this mandate and adheres to best practice.

The strong governance framework we have in place has enabled us to adopt an agile approach to the challenges of the past two years and to adapt appropriately in order to meet those challenges. This framework provides role clarity and delineation and also clearly defines areas of accountability. It has enabled us to implement a well-coordinated response to COVID-19 and to put new strategies and plans into place to deal with the entirely new business and social landscape it has left in its wake.

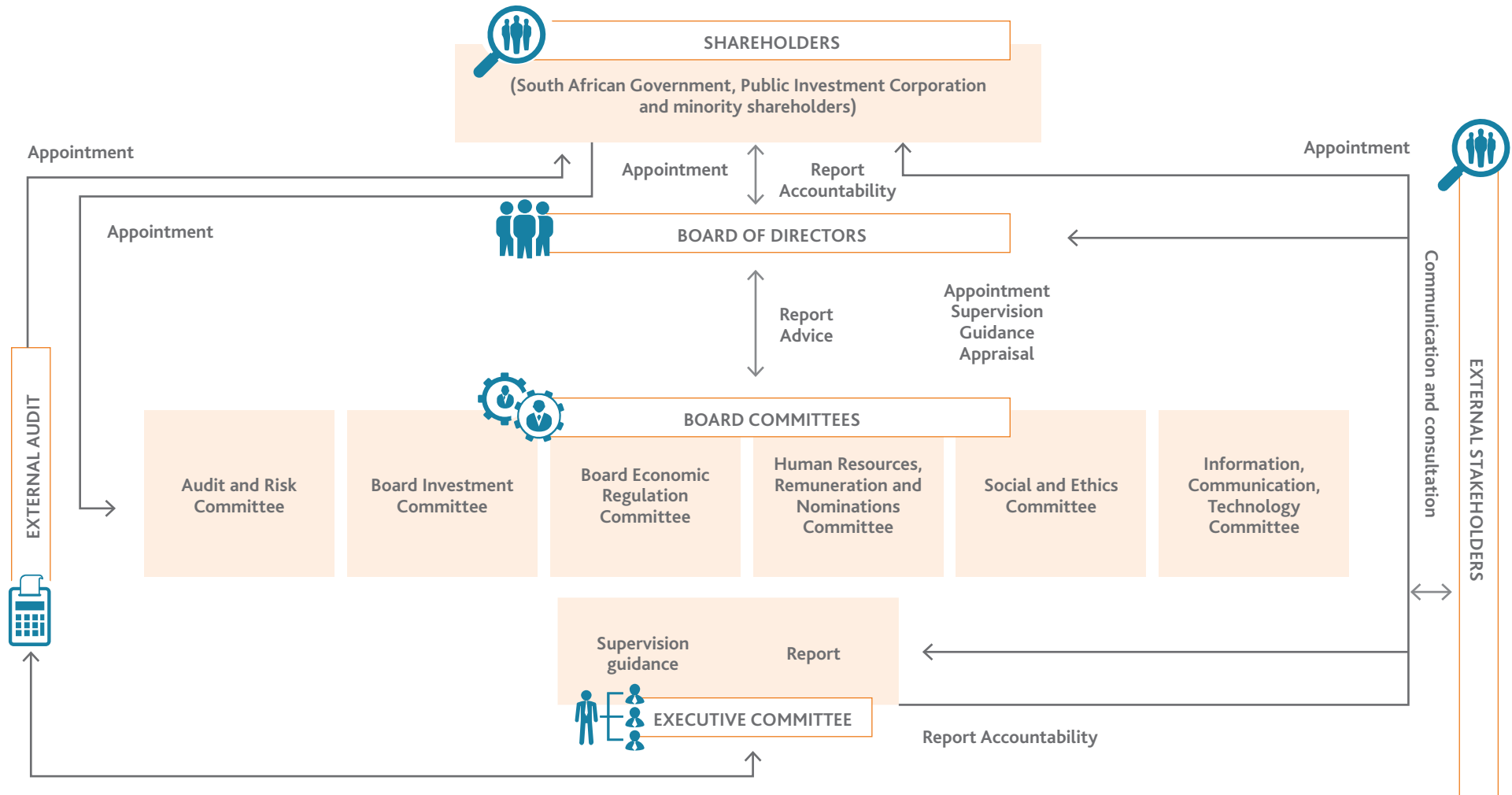
On an ongoing basis, the Board is responsible for the strategic direction, control and sustainability of the Group. The Directors provide independent, informed and effective judgement, which facilitates transparency and enables appropriate and relevant decision-making. The Board works closely with the Minister of Transport, the Auditor-General of South Africa and other relevant state organisations to ensure that ACSA is an efficient and well-governed entity which fully adheres to all of the principles of good governance. We focus keenly on scrutinising high-risk areas of the business, ensuring robust risk-mitigation measures are put in place and monitoring activities such as irregular, wasteful and fruitless expenditure.

It is the Board's responsibility to uphold good corporate governance and it remains committed to the highest standards of governance, ethics and integrity. The Board sets an ethical tone for the Company by clearly defining strategy, structures, roles, policies, procedures and key performance measures, and by creating and sustaining an enabling and transparent culture. The Board members have signed an ethics pledge to demonstrate their commitment to ethical leadership.

In all of our activities, we adhere to the principles of good governance as set out in the King Report on Corporate Governance for South Africa™ (2016) (King IV). A full analysis of how we adhere to these principles is given in our Governance and Remuneration Report, which complements the Integrated Annual Report and forms part of our annual reporting suite. Full details of the mandates, activities and performance of the Committees of the Board are also provided in that report as are full details of our remuneration policies and practices.

# OUR GOVERNANCE STRUCTURE

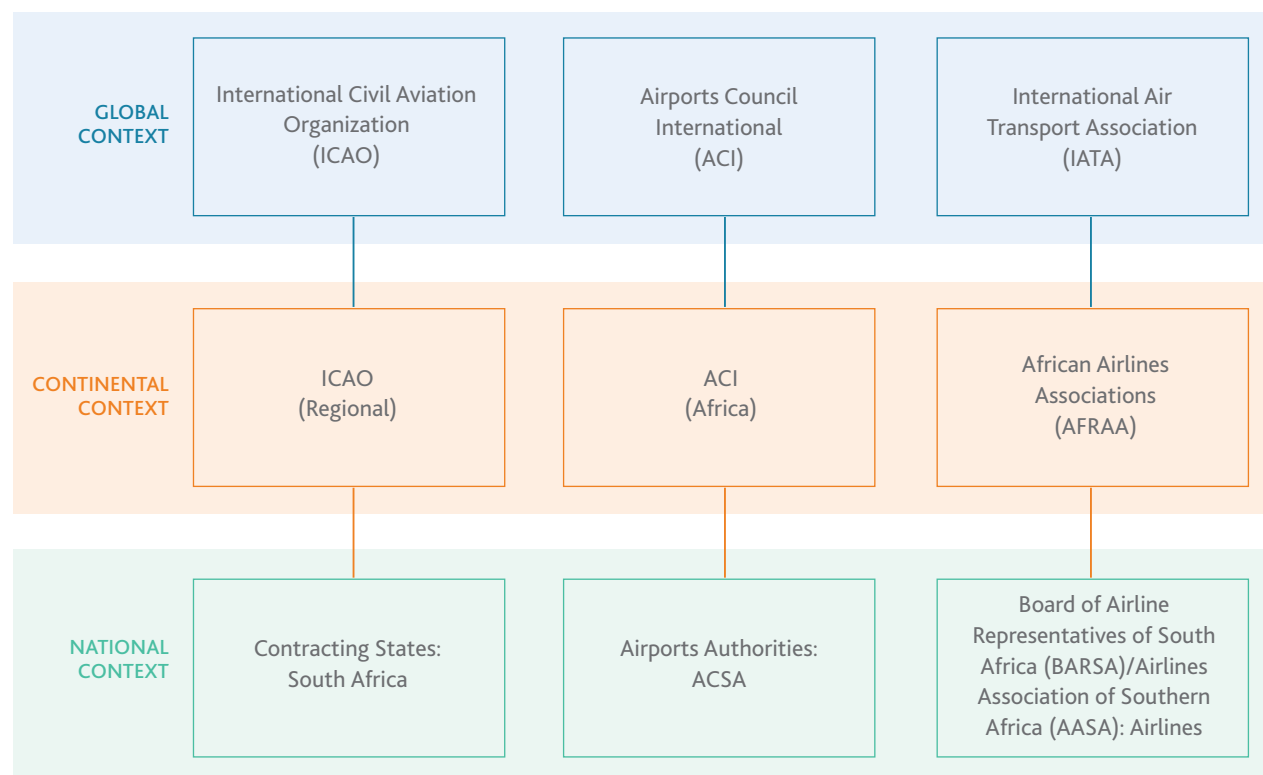
As the following graphic illustrates, our Board is responsible for the strategic direction and oversight of the Group. The Executive Committee, under the leadership of the CEO, is responsible for the day-to-day management of the Group.



## OUR GOVERNANCE APPROACH continued

In line with changing realities and the amended strategies and plans that have been developed since the advent of COVID-19, we have reviewed our governance structures, especially the ones relating to the efficient functioning of the Executive Committee. These structures have been expanded and strengthened to support the focus and direction of our business in the post-COVID-19 operating environment.

In addition to our internal governance structure, ACSA is linked to three global governance institutions, three of which are global and one is continental. The following graphic illustrates those connections, with the first level representing the global context, the second level the continental context and the third level the national context.



## AREAS OF FOCUS

Good corporate governance is essentially about ethical, transparent and effective leadership. We create enabling structures within which our leadership, management and staff can operate to the benefit of all our stakeholders. Areas of focus are clearly defined, as is accountability for all deliverables. In every aspect of our business, we aim to foster an ethical culture characterised by the highest standards of professionalism and our leadership is committed to setting an example of this in its attitude, mindset and behaviour.

Our areas of focus and accountability for each area are outlined in full in our Governance and Remuneration Report.

## OUR PERFORMANCE

Our governance performance in all areas of our business is presented in detail in our Governance and Remuneration Report.



# 05

## HOW OUR STRATEGY CREATES VALUE

*Creating value by defining, implementing  
and monitoring strategy*

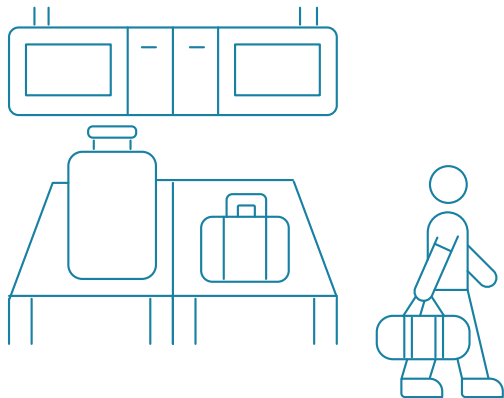
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# MESSAGE FROM THE CEO



Although recovery has been slow with sporadic reversion, the ACSA network had recovered to 49% of its pre-COVID passenger throughput by 31 March 2022, with 20.9 million passengers having passed through our airports during the course of the reporting period.



## NAVIGATING FY2022 AND BEYOND

The COVID-19 pandemic continued to be the most significant challenge we had to face throughout the reporting period, with various levels of lockdowns and travel restrictions at home and abroad severely constraining air travel and transportation. The strategic, financial and operational responses we put into place enabled us to sustain the business through this protracted period of uncertainty and begin charting a viable way forward, as restrictions began to ease prior to the 2021 year-end holidays.

Our primary consideration was and remains the safety of our staff, passengers and other stakeholders, and we continued to adhere to all mandated risk management measures to minimise the spread of the virus.

Adjustments to local and international lockdown levels and travel restrictions required exceptional flexibility at operational level, with infrastructure and services having to be brought into service and curtailed again at extremely short notice. At times, this compromised our ability to deliver the quality and efficiency

of services that we pride ourselves in, however, whenever these interruptions occurred, our staff worked swiftly to rectify the situation and minimise the impact on our passengers.

A further challenge to the business was the loss of skills, capacity and institutional knowledge resulting from the need to reduce operational costs and therefore staff numbers. In consultation with our staff and their respective unions, we undertook a programme for early retirement and voluntary separation packages (VSPs) in 2020 and this was extended through to 31 January 2022. We also re-aligned the payment for overtime work required on Sundays, all of which realised the savings needed to keep the business sustainable. I would like to take this opportunity to thank our staff for their input, engagement and cooperation during this process, which was difficult for all involved.

Throughout the business, we continued to implement the Recover and Sustain Strategy and financial plan which were approved by the Board in the previous period and to adjust it as necessary in order to adapt to changing circumstances. The Corporate Plan, which is based on this strategy and financial plan, provide a comprehensive operational framework to guide the business through the uncertainties we anticipate will continue until at least FY2024 and provides for growth to FY2030 and beyond.

AERONAUTICAL  
REVENUE

↑ **121.7%**  
**R1.8 billion**  
(2021: R810 billion)

NON-AERONAUTICAL  
REVENUE

↑ **57.1%**  
**R2.1 billion**  
(2021: R1.3 billion)

**20.9 million**  
**passengers**  
passed through our airports  
during the course of the  
reporting period

DOMESTIC TRAVEL  
ACCOUNTED FOR

**83%**  
of passenger traffic during  
the reporting period

## SIGNS OF RECOVERY

Although recovery has been slow with sporadic reversion, the ACSA network had recovered to 49% of its pre-COVID passenger throughput by 31 March 2022, with 20.9 million passengers having passed through our airports during the course of the reporting period. Domestic travel accounted for the majority of these passengers, with this segment having recovered to 56% of its pre-COVID throughput by year-end.

Domestic travel accounted for 83% of passenger traffic during the reporting period, with regional passenger numbers also improving due to leisure and VFR (Visiting Friends and Relatives) traffic. Pre-COVID, the domestic segment accounted for 70% of total passenger traffic.

Reduced travel budgets and the move to remote and hybrid working arrangements have, however, impacted on travel in the business, government and MICE (meetings, incentives, conferences and exhibitions) segments and we foresee this trend continuing in the current period (FY2023).

According to currently published schedules, we anticipate that by October 2022 the ACSA network will operate at 84% of its pre-COVID seat capacity. We expect the domestic segment to recover to 91% of its pre-COVID seat capacity and the international segment to 70% of its pre-COVID capacity.

## THREATS TO RECOVERY

Uncertainty relating to the war in Ukraine and the impact it is having on both the global and local economies is, however, a notable threat to recovery.

Prior to Russia's invasion of Ukraine in February 2022, recovery from the pandemic was expected to continue slowly but progressively throughout 2022 and 2023, supported by vaccination programmes, the easing of travel restrictions and the macroeconomic recovery policies in place in all the major economies. Since then, however, disruptions to food production in Ukraine and in global food and energy supply chains have had an immediate effect of the availability of key commodities and, in turn, on inflation. Global growth projections for 2022 have therefore been adjusted down from 6.1% to 3.6%. Decreased business and investor confidence is also leading to a tightening of financial conditions and may lead to capital outflows from emerging markets.

In addition, the war has rendered trade with Ukraine and Russia all but impossible and given that South Africa is Russia's fourth largest trading partner in Africa, this will undoubtedly affect export volumes.

In the aviation sector, higher jet fuel costs are having a direct impact on operating costs, resulting in increases in ticket prices and a softening of demand for air travel – especially international air travel – at a time when the industry can least afford another serious dip in demand. In addition, Russian air space remains closed to 36 countries, including the US, Canada and the EU, with the result that 20% of global air cargo traffic has been affected.

## Our response

With these issues in mind, we need to focus on our core capabilities in the short term and on diversification of our revenue streams in the medium- and long-term. Running airports is our core business and operational efficiency will be our primary focus over the next four years as we regain lost ground. We will simultaneously focus on diversifying our

## MESSAGE FROM THE CEO continued

revenue streams to maximise commercial and cargo-related opportunities.

In line with our second strategic pillar, namely developing airports, we will focus on the planning necessary to make the airport environment more attractive and engaging for both passengers and the communities living around our airports. Our Aerotropolis Strategy (covered in detail later in this report) aims to develop aerotropoli at our three largest airports, and is the underlying concept that will vastly improve both passenger and cargo handling capabilities. In addition, we intend to create six smaller smart airport cities that will redefine the role and function of airports located in smaller cities and towns.

To ensure that we are able to deliver on our objectives over all timeframes, we have implemented the new Revised Governance Framework and Operating Model, Capability Model and Organisational Structure that were developed in the previous period. These allow for the regional integration of our airports at operational level, embedding airports in their local economies in order to rationalise costs, maximisation of opportunities for revenue generation, and sustainability.

### GROWTH STRATEGY

While large, uncontracted infrastructure development projects remain on hold for the foreseeable future, planning for growth is a priority. This is necessary in order to secure the long-term sustainability of our business and to fulfil our broader objective of facilitating economic prosperity, social equity and environmental integrity, an objective which is aligned to the United Nations Sustainable Development Goals.

The Growth Strategy was developed and finalised during this reporting period with a focus on Passenger Mobilisation, Aerotropolis, Cargo, Global, Ground Handling and Fuel Strategies to grow the business and diversify revenues in the short- to medium-term.

As we respond to the uncertainties in our operating environment, we continue to manage costs within the framework of our revised Financial Plan. As part of this effort, we extended the early retirement and voluntary separation programme introduced in the previous period to January 2022. The moratorium on recruitment also remained in place during the reporting period, no salary increases were granted and no incentives were paid. Further details on management of costs are provided in the CFO's message.

### FINANCIAL PERFORMANCE

As our results show, revenue improved by 81.1% to R3.9 billion (2021: R2.2 billion), largely as a result of the partial recovery in passenger air travel during the period. This, however, remains well below the revenue of R7 billion reported in FY2019, prior to the onset of the pandemic. Earnings did, however, move into positive territory and we have reported an EBITDA of R342 million (2021: -R1.8 billion).

Aeronautical revenue, which is derived from regulated charges or tariffs related to aircraft landing and passenger service charges, improved by 121.7% to R1.8 billion (2021: R810 million), while non-aeronautical revenue, which is derived from commercial activities at our airports, increased by 57.1% to R2.1 billion (2021: R1.3 billion)

As in the previous period, there were some operational cost savings due to curtailed operations, but employee severance costs were significant.

### ECONOMIC REGULATION

Engagement with the Regulating Committee is an ongoing priority. In the run-up to the FY2023/24 to FY2027/28 permission application, we shared our revised strategy and financial plan with the Regulating Committee and demonstrated the importance of tariff assistance to the Company's long-term sustainability. Significant uncertainty persists regarding South Africa's regulatory framework and this impacts on our decision-making.

ACSA has during this period engaged within the ACI World with respect to changes necessary in the global policy environment through ICAO for Air Transport Economic Regulation which requires extensive review given the adverse impact of COVID-19 and the dire need to diversify our revenue stream and improve our financial sustainability. The result has been that ACI-World will present a Paper on Revision of the ICAO policy on Airport Charges at the ICAO General Assembly.

### RUN AIRPORTS

As already mentioned, annual passenger traffic volumes remained significantly below pre-COVID levels throughout the financial year, although the number of passengers passing through our airports increased by 49% compared to the previous financial year. Regional airports contributed significantly to this recovery, with George Airport and Bram Fischer Airport experiencing passenger throughput of over 96% and 84% respectively in March 2022. The domestic and regional markets are largely driven by leisure and VFR traffic, which continues lead the recovery in air travel.

In addition, many domestic and regional airlines restored the majority of their route networks during the period, although they continue to operate at a reduced scale. New domestic airlines have, however, provided additional capacity, which is supporting air traffic recovery.

Predictably, international passenger traffic volumes lag significantly behind domestic and regional volumes, with O.R. Tambo International having been most affected by this during the course of the year. Amendments to travel restrictions in the third quarter of the year nevertheless saw the airport recovering to 64% of its pre-COVID throughput in March 2022.

## OUTLOOK

The easing of global travel restrictions since late December 2021 is supporting a recovery in air traffic worldwide, although markets and travel patterns have changed over the past two years, and this will have a lasting effect on passenger travel in particular. We foresee that both traditional and COVID-related factors will continue to influence the recovery of passenger travel during the current period and beyond.

Traditional factors include economic conditions, levels of disposal income, ticket prices, geopolitics, the effects of globalisation and environmental concerns. Additional COVID-related factors include travel restrictions, vaccination and testing requirements, consumer concerns about the risks of exposure to the virus when travelling by air, the move to remote and hybrid working, the drop-off in travel in the business and MICE segments, and airline and airport operations experiences.

Within this context, we will continue to provide a safe and secure environment for our passengers and stakeholders and to engage with businesses and government departments in the aviation and related sectors to support recovery.

Going forward, we have identified the need to diversify our revenue streams and to focus our activities through the Growth Strategy in the commercial and cargo segments. This process is already underway within the confines of the existing infrastructure and budgets. In the medium- and long-term, we will focus on expanding our infrastructure and capacity in order to support our revenue diversification objectives.

## APPRECIATION

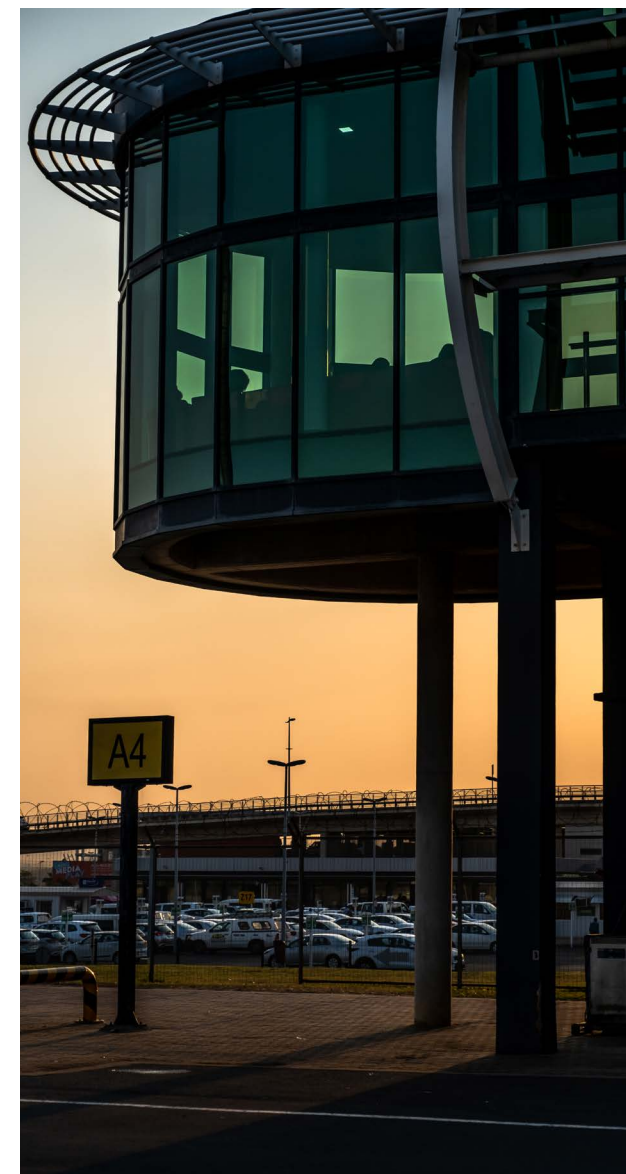
In concluding, I would like to extend my sincere thanks to our staff for their hard work and the commitment they have shown to meeting the ongoing challenges posed by the pandemic. Not least, special thanks are due to the staff members who were willing to take early retirement or enter into voluntary separation agreements, which enabled us to secure the Company's long-term sustainability.

I further commend the Executive and management teams for their flexibility and innovative approach to steering the Company through such an unprecedented period in our history. To all our airport stakeholders, thank you for your contribution to keeping our airports safe and running efficiently under exceptional circumstances. I would also like to extend my appreciation to our Board for its unwavering dedication and guidance during yet another challenging year.

Finally, to our shareholders, investors and lenders, thank you for your ongoing support and confidence in our business. We remain committed to being one of the world's leading airport operators.



**Mpumi Mpofu**  
CEO



# MESSAGE FROM THE CFO



Aeronautical revenue improved significantly by 121.7% to R1.8 billion (2021: R810 million) due to the increase in aircraft landings and departing passenger numbers during the period.



## OVERVIEW

Airports Company South Africa recorded a loss before tax of R1.5 billion for the year ended 31 March 2022 (2021: -R3.6 billion). The losses in both this period and the previous one are in notable contrast to the profit of R1.4 billion recorded in the 2020 financial year and are directly attributable to the impact of the COVID-19 pandemic, which severely curtailed both aeronautical and non-aeronautical revenue.

The results for the reporting period nevertheless demonstrate the Group's resilience in the face of the unprecedented crisis precipitated by ongoing lockdowns, travel restrictions and the need to dramatically scale back operations. They indicate that the business is now in a recovery phase, although recovery is gradual.

The R900 million Capital and Operational Expenditure Reduction Programme introduced in the previous year to sustain operations in light of significantly reduced revenue enabled the Group to meet the liquidity challenges it faced

throughout the reporting period. Reduced expenditure and a disciplined cash management process also enabled the Group to maintain relatively low levels of borrowings.

## REVENUE

The recovery that occurred during the period was supported by a gradual and intermittent recovery in passenger numbers in comparison to the previous year, which resulted in an 81.1% increase in total revenue to R3.9 billion (2021: R2.2 billion) and an increase in EBITDA to R342 million (2021: -R1.8 billion).

As severe travel restrictions began to be lifted both at home and abroad the demand for air travel slowly increased. Recovery was, however, uneven, with domestic and regional traffic recovering to 57.9% and 36.1% of pre-pandemic levels respectively. In contrast, international traffic, hampered by the impact of the Omicron variant in the third quarter of the financial year, only recovered to 28.9% of its pre-pandemic level.

Aeronautical revenue improved significantly by 121.7% to R1.8 billion (2021: R810 million) due to the increase in aircraft landings and departing passenger numbers during the period as well as the 3.3% tariff increase for the year. Aircraft landings increased by 104.6% to 176 816 (2021: 86 434) and departing passenger numbers improved by 130.6% to 10 538 341 (2021: 4 569 758).

EBITDA  
increased to  
**R342 million**  
(2021: R1.8 billion)

Operating costs were  
maintained at  
**75.2%**  
of pre-pandemic  
levels period

Fruitless and wasteful  
expenses decreased by  
**89.9%**  
to R8 million  
(2021: R77 million)

Employee expenditure  
decreased by  
**29.9%**  
to R1.3 billion  
(2021: R1.9 billion)

Non-aeronautical revenue followed suit, increasing by 56.5% to R2.1 billion (2021: R1.3 billion). This improvement was again due to increased passenger numbers as well as the lifting of certain trade restrictions during the various levels of lockdown. Total revenue from non-aeronautical sources takes into account the rental revenue reprieves of R591 million (2021: R1.4 billion) granted to tenants to offset the negative impact of the pandemic.

In a similar vein, retail revenue increased by 95.8% to R607 million (2021: R310 million) due to increased traffic volumes. This should, however, be seen within the context of a reduction of 15.1% in retail revenue per passenger to R57.56 (2021: R67.77).

Property revenue for the period increased by 11.1% to R730 million (2020/21: R657 million).

## OPERATING EXPENDITURE

In line with the intermittent relaxation of lockdown restrictions, operating costs increased by 3.9% to R2 billion (2021: R1.9 billion) during the period. The cost-reduction initiatives introduced in the previous financial year continued

to minimise operating costs, which have been maintained at 75.2% of pre-pandemic levels for the past two years.

Some operational costs did, however, increase in comparison to the previous year. Most notably, repairs and maintenance expenditure increased by 16.4% to R317 million (2021: R272 million) and security costs increased by 6.9% to R452 million (2021: R423 million). Information systems operational costs reduced marginally by 4.9% to R247 million (2021: R259 million).

Utilities costs, which include property rates and taxes, water and electricity, accounted for 23.0% (2021: 22.6%) of our total operating costs. Expenditure for the year increased by 6.0% to R466 million (2021: R440 million).

## EMPLOYEE EXPENDITURE

Employee expenditure decreased by 29.9% to R1.3 billion (2021: R1.9 billion) driven by the early retirement and voluntary separation processes initiated in the previous financial year. As in the previous period, there were no salary increases during the reporting period and no incentive bonuses were paid. Total headcount was reduced by 11.4% to 2 493 staff (2021: 2 752)

Packages paid to employees in terms of the early retirement and voluntary separation processes amounted to R45 million (2021: R243 million).

Staff transportation costs amounted to R76 million (2021: R90 million) for the period. The staff transportation initiative, which was introduced in 2019 to provide safe and reliable transport for shift employees after business hours is now being wound down.

## PROPERTY, PLANT AND EQUIPMENT

Capital expenditure for the year amounted to R546 million (2021: R770 million). This was limited to airport maintenance and resilience, with most uncontracted projects remaining on hold until funding is available, which is expected to be at the end of the 2023 financial year.

Property, plant and equipment value decreased to R17.5 billion (2021: R18.6 billion) due to wear and tear as well as minimal expenditure on improvements and additions.

Similarly, depreciation, amortisation and impairment decreased to R1.2 billion (2021: R1.3 billion) due to changes in the useful economic lives of the Group's operational assets, resulting in decelerated depreciation. This came about as a result of the need to keep the assets in service beyond their pre-COVID-19 estimated useful economic lives and due to limited capital being purposed for the refurbishment and maintenance of existing assets.

## MESSAGE FROM THE CFO continued

### INVESTMENT PROPERTIES

The value of investment properties increased to R7.9 billion (2021: R7.6 billion) as at 31 March 2022 due to additions and transfers from the property, plant and equipment category.

The fair value adjustment of investment properties resulted in an overall fair value loss of R91 million (2021: R216 million fair value loss). The valuation decrease was driven by lower market rental growth assumptions on the back of a weak macro-economic environment and the impact of COVID-19.

### FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure decreased by 89.9% to R8 million (2021: R77 million).

As the Group's accounting authority, the Board approved a write-off R72 million in fruitless and wasteful expenditure incurred in previous financial years. This was done in accordance with the process outlined in the National Treasury Fruitless and Wasteful Expenditure Framework, which was issued in November 2019. The expenditure was on SARS interest and penalties.

Although written off during 2022, the basis on which SARS imposed these penalties and interest on previous assessments is still being challenged through the courts.

### IRREGULAR EXPENDITURE

Irregular expenditure incurred during the reporting period amounted to R30 million (2021: R274 million), which was due to non-compliance with the regulations that govern supply chain management.

The opening balance for irregular expenditure in the 2022 financial year was R392 million (2021: R1.2 billion). R13 million of the previous year's irregular expenditure has been identified in Annual Financial Statements for the reporting period. Further, an amount of R127 million condoned in the prior period pertains to two irregular expenditure condonations that were approved in the 2020 financial year. This was approved by the delegated authority as per the 1 December 2018 Irregular Expenditure Framework but was not adjusted in the cumulative amount.

The ACSA Group complies with the National Treasury Irregular Expenditure Framework as updated from time to time. Compliance is monitored through the Company's Loss Control Function, which performs detections, assessments, determinations and investigations of expenditure transactions. Through the Loss Control Function, an amount of R114 million of the irregular expenditure was removed from the AFS for the reporting period.

In the 2023 financial year, the Loss Control Function will continue with assessments, determinations and investigations of the remaining balance of R435 million in irregular expenditure.

### FUNDING

Although the Company repaid R296 million worth of amortising loans during the reporting period, debt levels did not change significantly, remaining at R9.3 billion. This was due to the accrual of unpaid dividends amounting to R211 million relating preference shares issued to government.

Interest payments for the period amounted to R546 million, with total debt service costs amounting to R844 million. The debt portfolio as at 31 March 2022 was as follows:

- Inflation-linked bonds: 19%
- Fixed rate bonds: 33%
- DFI loans: 20%
- Preference shares: 28%

### CREDIT RATING

On 5 April 2022, Moody's Investor Services affirmed the Company's Ba2 Corporate Family Rating (CFR) and the Aa2.za national-scale long-term issuer rating. This follows affirmation of the Ba2 rating of the government of South Africa and a change in the outlook to stable from negative on 1 April 2022.

The rating outlook for the Company remains negative which, according to Moody's, reflects the significant uncertainties around air traffic recovery prospects and the regulatory determination effective from 1 April 2023.

### OUTLOOK

Global travel restrictions and regulations imposed due to the pandemic continue to pose serious challenges to air traffic recovery. It is estimated that global traffic will be between 51% to 71% of pre-pandemic traffic levels in the current period (FY2023). Countries with high levels of domestic travel showed higher levels of recovery during the reporting period and this trend is expected to continue in the current period.

The Group continues to monitor the local and international business environment in order to determine appropriate responses to this and to ensure long-term financial sustainability. Capital expenditure remains limited to maintenance and refurbishments informed by statutory requirements. The Group also continues to identify efficiencies in its operations, keeping operating expenditure to a minimum.



**Siphamandla Mthethwa**  
CFO





# OUR STRATEGY

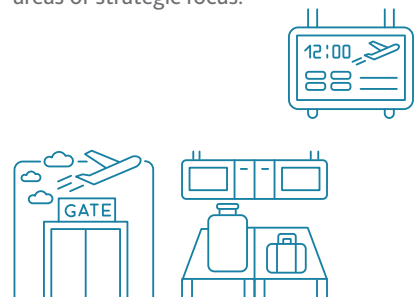
## CONTEXT

During the course of the previous reporting period, we undertook a full review of our Strategy 2025 in direct response to the impact of the COVID-19 pandemic.

The resulting Recover and Sustain Strategy and revised Financial Plan provided a framework to guide us through this unprecedented period in our business.

They allowed us to immediately undertake stringent measures to manage working capital and to limit both operational and capital expenditure, as well as to define a way forward over three timeframes from 2021 to 2030.

The strategy nevertheless remained centred around our three core pillars: Run Airports, Develop Airports and Grow Footprint. These define our reason for being as an organisation and give expression to our key areas of strategic focus.



## OUR STRATEGY AT A GLANCE



## 2030 AND BEYOND

Operate the newly configured Airports Company South Africa with a redirected focus and a strong growth trajectory based on a diversified business model

### KEY ACTIONS:

- Pronounced business growth

### KEY FOCUS AREAS:

- Enhance productivity
- Reduce costs
- Improve financial sustainability

### FOCUS AREAS:

- Implement additional capacity in line with growth trajectory

### FOCUS AREAS:

- Implement growth opportunities to ensure the Company's long-term growth

Within this context, the Recover and Sustain Strategy involves the diversification of our aeronautical business model to include new and enhanced service offerings, the review of airport authority functions that have previously been outsourced to external providers, and an intensified focus on airport development to create larger and more diversified economic hubs with airports at their centre.

## INITIATIVES DURING THE REPORTING PERIOD

During the 2022 reporting period, we went on to develop a detailed corporate plan and more specific strategies and models that will enable us to implement our objectives and be more flexible and responsive in the short-, medium- and long-term. This process began with the development of a comprehensive Growth Strategy, which was designed for implementation during the second and third periods defined in the broader Growth and Sustain Strategy. This will be supported by a number of strategic initiatives intended to grow our aeronautical revenue, enhance non-aeronautical revenue and generate non-core revenue.

At a macro level, we developed a new ACSA Global Strategy in order to further South Africa's foreign and bilateral relations in trade, tourism and air transportation; contribute to the broader continental focus on airport development and management; endorse regional economic integration; and maximise the potential benefit to the Group of the African Open Skies initiative.

This is enhanced by more outcomes-specific strategies, plans and models designed to provide the appropriate organisational focus and capacity for effective implementation. These include a

revised Capability Model, a revised Governance Framework and Operating Model, a revised HR Strategy, an updated ITC Strategy and a new Innovation Strategy, all providing a framework to take us forward in as we recover from the COVID-19 pandemic.

Customer-facing strategies developed during the period included our new Passenger Experience and Mobilisation Strategy, which is intended to attract and mobilise people from rural and township communities to make greater use of the many facilities at our airports and to provide easy and affordable access to air travel. As one of the lessons from the pandemic, we learnt that cargo operations, powered by e-commerce, are more resilient than passenger travel in times of crisis and we have therefore developed and adopted a new Cargo Strategy.

In line with these strategies and our focus on developing non-aeronautical revenue, we also developed an Aerotropolis Strategy. This puts in place plans to develop three aerotropolis installations and six smart airport cities, which will facilitate infrastructure and property development and create economic growth engines for surrounding areas and communities. Together with the implementation of our Innovation Strategy, this strategy will place ACSA firmly on a growth path that will ensure future competitiveness and sustainability.

To support our operations, we developed a new Ground Handling Strategy and a Fuel Strategy, both of which are aligned to the Aerotropolis Strategy. The intention of these – and our overall Operations Strategy – is to facilitate not only a recovery in passenger numbers, but also significant growth in export activities in manufacturing, agriculture, retail, e-commerce, logistics and high-value industries such as mining and beneficiation. As passenger numbers recover

to pre-COVID levels, the implementation of our Aeronautical Revenue strategy will focus on cementing this recovery through route and traffic development, the improvement of operational efficiencies and intermodal connectivity.

Throughout the process of developing our strategies, models and plans, we consulted extensively with key stakeholders – including local communities – as industry and stakeholder alignment is essential to the successful implementation of our strategies. We also thoroughly reviewed and updated our Socio-Economic Development and Transformation Strategy, which provides a framework for us to contribute towards addressing socio-economic imbalances in society in general.

## GOING FORWARD

Throughout the 2023 financial year, we will continue to review our entire strategy suite on a consistent basis in order to adapt to changing circumstances and maximise new opportunities. We are, for instance, in the process of revising ACSA's Commercial Strategy and of repositioning our Training Academy to be a leading and preferred provider of aviation training. Through partnerships, collaboration, acquisition and amalgamation, we are aiming to ultimately offer access to a single integrated aviation academy.

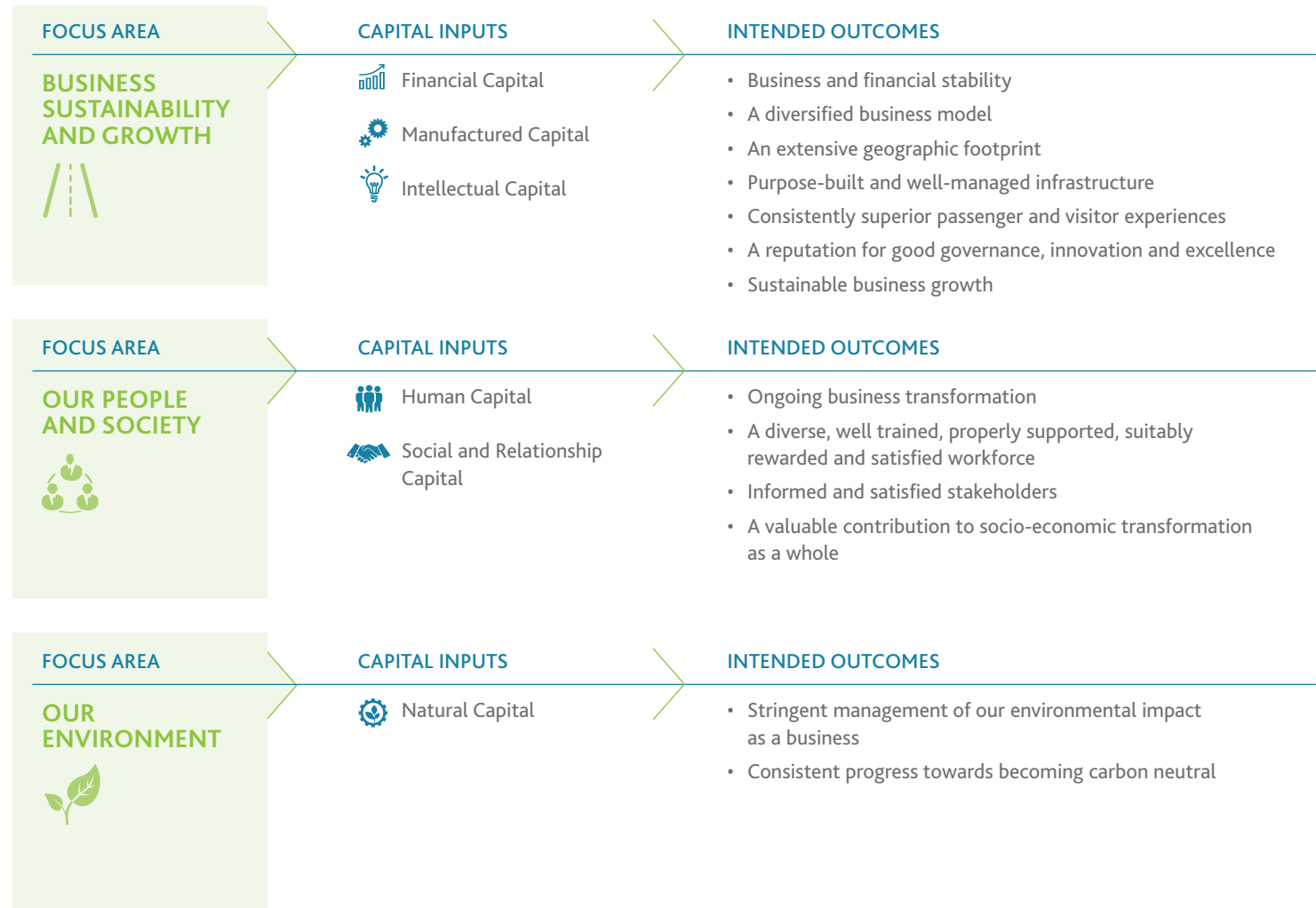
At customer interface level, we are developing extensive passenger marketing and communications plans to open up access to airport infrastructure and air travel for passengers from historically disadvantaged and marginalised communities. This will be based on an extensive diversification of our services offering and the integration of transportation modes to increase the utilisation of airports.

# THE SIX CAPITALS

Using six capital inputs, we add value through innovation, processes, procedures and good governance in order to deliver a range of measurable outputs.

Our Sustainability Framework, depicted in the graphic alongside, is aligned with the International <IR> Framework. It demonstrates the way in which we use our inputs to secure the sustainability of our business, contribute to the communities we serve and protect the natural environment in which we operate.

## SUSTAINABILITY FRAMEWORK



# OUR VALUE-CREATION PROCESS

**RUN AIRPORTS**

**DEVELOP AIRPORTS**

**GROW FOOTPRINT**

**Connecting people to people, places, dreams and opportunities**

## OUR FOCUS AREAS

Our Sustainability Framework

## OUR KEY INPUTS

The financial, physical, intellectual, human, social, relationship and natural resources we make use of in running the Company

## OUR KEY OUTPUTS

What we do and how we do it

## OUR KEY OUTCOMES

How we create, preserve or erode value internally and externally in the short-, medium- and long-term

### BUSINESS SUSTAINABILITY AND GROWTH



#### FINANCIAL CAPITAL

- Equity of R19.7 billion
- Debt of R8.2 billion
- Manufactured capital
- Nine airports and related infrastructure needed to process arriving and departing passengers, aircraft and cargo



#### INTELLECTUAL CAPITAL

- Nearly three decades of knowledge and experience directly related to running airports successfully
- Robust governance structures rooted in an ethical culture
- Proprietary systems and procedures
- Ethical culture

#### BUSINESS ENABLEMENT

- Strategy and planning
- Fiduciary management (legal and regulatory compliance)
- Financial management
- Risk management
- Human resources management
- Innovation management
- Information technology management
- Supply chain management
- Corporate services management

#### FINANCIAL OUTCOMES

- Aeronautical revenue of R1.8 billion
- Non-aeronautical revenue of R2.1 billion

#### INFRASTRUCTURE OUTCOMES

- All of our airports were preserved and adapted in order to maintain our safe and secure airport status
- We maintained ACI Health Accreditation at all of our airports
- We received the Africa's Leading Airport Award in the World Travel Awards programme for the 21st consecutive year
- We were nominated for the World's Leading Airport Operator Award in the World Travel Awards programme for 2021

#### INTELLECTUAL OUTCOMES

- Established and compliant governance structures and an strong culture of ethics were maintained
- Tactical reductions in staff numbers and certain other cost reductions eroded our institutional knowledge

### PEOPLE AND SOCIETY



#### HUMAN CAPITAL

- Highly experienced key personnel
- 2 439 of employees
- Employee profile representative of national demographics



#### SOCIAL AND RELATIONSHIP CAPITAL

- Strong relationships with all stakeholders
- Memberships of local and international industry bodies
- Proactive engagement with the communities in which we operate

#### SERVICES

- Processing passengers
- Enabling aircraft landings
- Processing cargo
- Leasing property
- Leasing other infrastructure
- Providing technical advisory and consulting services

#### HUMAN RESOURCES OUTCOMES

- Our organisation has become more flexible and fit-for-purpose as a result of redefining our human resources needs
- Our skills development spend was R8.4 million
- There were active employee bursaries to the value of R1.8 million in place
- We received the ACI Africa HR Excellence Award for 2021

#### SOCIAL AND RELATIONSHIP OUTCOMES

- We contributed R6.1 billion to South Africa's gross domestic product (GDP)
- We supported R2.8 billion in income for our employees and our local suppliers
- We maintained our B-BBEE Level 2 accreditation
- We contributed R9.9 million to education and social development projects
- We received a number of key local and international awards

### ENVIRONMENT



#### NATURAL CAPITAL

- Land
- Water
- Fuel
- Electricity

#### ACTIVITIES

- Land and noise management
- Bird and wildlife management
- Energy and emissions management
- Waste management

#### ENVIRONMENTAL OUTCOMES

- We maintained our ACI airport carbon accreditation certification
- We maintained our ISO 14001:2015 Environmental Management accreditation
- Our new corporate headquarters at O.R. Tambo were accredited by the Green Buildings Council
- We recycled 346 tonnes of waste
- Four of our airports are equipped with active solar farms

# KEY PERFORMANCE INDICATORS

See our Performance Report on page 96 for a full breakdown and analysis of our strategic objectives, KPIs and performance measures.

	Strategic objective	KPI
FINANCIAL	Financial sustainability	<ul style="list-style-type: none"> <li>Operational allocation</li> <li>Capital allocation</li> </ul>
	Diversity business portfolio	<ul style="list-style-type: none"> <li>Non-aeronautical revenue</li> </ul>
CUSTOMER AND STAKEHOLDER	Increase our reputation through demonstrated business excellence	<ul style="list-style-type: none"> <li>Reputation index</li> <li>Passenger satisfaction</li> </ul>
	Reduce our environmental impact	<ul style="list-style-type: none"> <li>ACI Carbon Level Accreditation</li> </ul>
INTERNAL PROCESSES	Transform Airports Company South Africa's business	<ul style="list-style-type: none"> <li>B-BBEE Level</li> <li>% Black business share of commercial revenue generated</li> <li>Number of job creation opportunities</li> </ul>
		<ul style="list-style-type: none"> <li>People and culture</li> <li>Governance</li> <li>Supply chain management</li> <li>Knowledge management and innovation</li> <li>Digitisation</li> </ul>
ORGANISATIONAL CAPABILITY		



# 06

## OUR OPERATING ENVIRONMENT

*Maximising value and managing risk in our operating environment*

- 54 Overview
- 54 Macroeconomic issues
- 56 Top risks
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- 70 Stakeholder engagement



# OVERVIEW

In terms of our business model, our strategy defines and informs the way in which we operate as well as the ways in which we respond to internal and external influences within our operating environment.

This section aims to give a thorough overview of how we do this as a prelude to the following section, in which we present a performance review for the reporting period. Here we examine the major environmental factors that impacted on our operations during the course of the reporting period and present factual information about our most significant risks, the ways in which we handle those risks and the ways in which we engage with our stakeholders.

# MACROECONOMIC ISSUES

As in the previous period, our operating environment continued to be defined by the ongoing COVID-19 pandemic and the mandatory measures that had to be implemented to contain the spread of the novel coronavirus.

At global level, supply chains continued to be constrained and the rand demonstrated a high level of volatility, especially towards the end of the reporting period. And as air travel all but ground to a halt in 2020 and the first half of 2021, we had to continue mothballing large sections of our infrastructure in order to contain costs.

While South Africa's economy began to recover when lockdown restrictions started to be eased, the country's annualised growth rate of 4.9% for 2021 did not fully offset the contraction of 6.4% in 2020, effectively placing it on a similar level to the third quarter of 2017 (Stats SA) by the end of the calendar year (Stats SA). This naturally had far-reaching socio-economic consequences, which were graphically demonstrated by the country recording its highest unemployment rate ever during the course of the year. And as analysts predict that growth in 2022 is likely to be much lower than it was in 2021, it is anticipated that the economy will take many years to recover to pre-COVID-19 levels.

Events like the civil unrest in KwaZulu-Natal and Gauteng in July 2021 and the return of Level 4 loadshedding in early 2022 only served to dampen consumer and investor confidence further, exacerbating the constraints on the aviation industry in general and on Airports Company South Africa in particular. Airlines had no other option but to cut flights and even routes, resulting in some local operators not being able to sustain their businesses.

A further shock came in the form of the war in Ukraine, which soon resulted in an increase in fuel prices, introducing yet another level of uncertainty into the aviation industry.

Although passenger travel, particularly domestic travel, began to recover in the third quarter of the reporting period, passenger numbers remained markedly below pre-pandemic levels. Our network nevertheless recovered 49% of its pre-COVID-19 passenger throughput during the reporting period, largely due to the implementation of our Recover and Sustain Strategy and our revised Financial Plan.

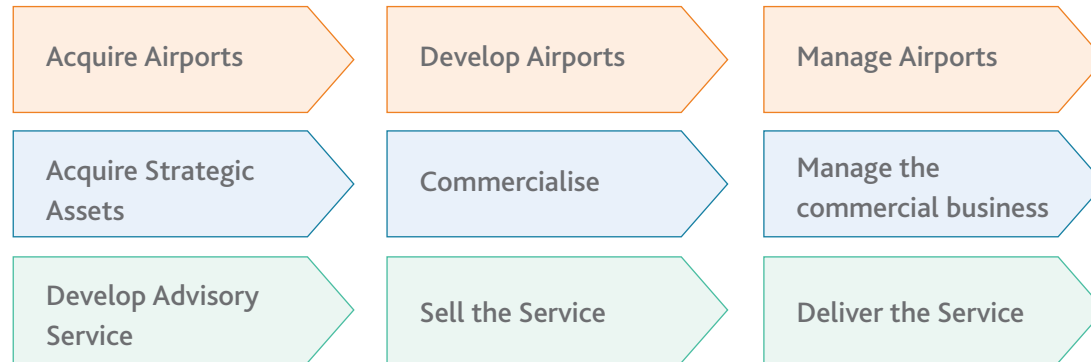
With ongoing uncertainty in travel and tourism, we are continuing to diversify our business into areas of non-aeronautical revenue to secure long-term sustainability. Our operating model has been adapted to reflect this and is given on the next page.



# OUR OPERATING MODEL

## Strategic functions

### ACSA Business



## Support Functions

### Foundational elements



# TOP RISKS

Identifying the top risks to our business is standard operating procedure but was more important than ever during the past two periods. Our risk universe has remained dynamic since the advent of the COVID-19 pandemic and continues to be subject to many external factors, including natural disasters and global political risks.

Our most immediate concerns during the reporting period remained business continuity, business sustainability, safety and security. The risks were managed primarily through the development of our Recover and Sustain Strategy and our revised Financial Plan as well as through the implementation of the pandemic management protocols mandated by the World Health Organization (WHO), the International Civil Aviation Organisation (ICAO) and IATA. COVID-19 crisis committees and the war room remained in place throughout the period to ensure full and complete implementation of all regulations at our airports, while operations had to remain flexible in the face of regular adjustments to lockdown levels.

Cognisant of the challenges that lie ahead in the post-COVID-19 world, we simultaneously put a new Corporate Plan and Growth Strategy into place to allow for new realities. Both provide frameworks for managing growth over three time frames to 2030 and for the development of infrastructure to support diversification into non-aeronautical revenue streams.

A risk assessment of uncertainties that could hinder the achievement of our objectives was conducted and is reviewed on a regular basis. A description of the top strategic risks we continue to face and what we do to manage them is given in the tables alongside:

## #1 BUSINESS SUSTAINABILITY

Nature of risk	Mitigation measures and controls
<p><b>Not being able to adapt and recover quickly from adverse events, especially the COVID-19 pandemic, due to diminishing opportunities to generate revenue, which could threaten the sustainability of our business as a whole.</b></p>	<ul style="list-style-type: none"> <li>• We conduct ongoing assessments of our strategies, plans and models to ensure that the business is flexible enough to adapt to the impact of crises and changing operating conditions.</li> <li>• We have an in-depth Corporate Plan in place to provide a framework for managing our post-COVID-19 recovery and growth to 2030.</li> <li>• We have well-defined and established corporate governance structures, systems and procedures.</li> <li>• We have well-established and proven long-term financial planning capabilities.</li> <li>• We actively manage costs and liquidity.</li> </ul>

## #2 FINANCIAL SUSTAINABILITY

Nature of risk	Mitigation measures and controls
<p><b>Not being able to execute our strategic objectives due to constraints on revenue, which would lead to a weaker financial position and poorer financial performance.</b></p>	<ul style="list-style-type: none"> <li>• We have well-established and proven long-term financial planning capabilities.</li> <li>• We have strong economic regulatory specialist capabilities.</li> <li>• We adhere to a constructive engagement process that complies with and goes beyond the requirements of the economic regulator.</li> <li>• We actively participate in the Economic Regulatory Review Process led by the DoT.</li> <li>• We have a conservative approach to financial planning.</li> <li>• We conduct regular, in-depth scenario planning.</li> </ul>

**#3 REGULATORY UNCERTAINTY**

Nature of risk	Mitigation measures and controls
Not being able plan for growth and development due to regulatory uncertainty related to aeronautical revenue, which could impact on our ability to develop appropriate infrastructure to meet future demand.	<ul style="list-style-type: none"> <li>We actively participate in the Economic Regulatory Review process led by the DoT.</li> <li>We have proposed amendments to the Airports Company Act which, if approved, will introduce an appeals mechanism.</li> <li>We adhere to a constructive engagement process that complies with and goes beyond the requirements of the economic regulator.</li> <li>We have a Stakeholder Engagement Plan that includes targeted engagements with the economic regulator.</li> </ul>

**#4 BUSINESS DIVERSIFICATION**

Nature of risk	Mitigation measures and controls
Not being able to diversify our revenue stream by leveraging opportunities to generate non-aeronautical revenue, which could impact on the long-term sustainability of the business.	<ul style="list-style-type: none"> <li>There is a strong legislative framework in place.</li> <li>We have an approved Commercial Strategy, which is reviewed regularly.</li> <li>We have a standardised process for rental case negotiations.</li> </ul>

**#5 SAFETY AND SECURITY**

Nature of risk	Mitigation measures and controls
Not being prepared and equipped to protect public safety, prevent criminal activity and secure a safe environment at all of our airports, which could lead to injuries or loss of life.	<ul style="list-style-type: none"> <li>All of our key personnel are thoroughly vetted.</li> <li>We have the Vuvuzela Hotline in place to facilitate safety and security reporting.</li> <li>We conduct regular anti-corruption campaigns.</li> <li>We have well-established internal security platforms.</li> <li>We actively participate in external security forums and have access to information from other aviation industry partners.</li> <li>We engage with local and international security agencies.</li> <li>We have a comprehensive security programme in place.</li> <li>We collaborate closely with the South African Police Service, Crime Intelligence and the State Security Agency.</li> <li>The SACAA conducts audits of our safety and security measures and procedures regularly.</li> <li>We have proven internal audit and combined assurance processes.</li> <li>The Management Committee has full oversight over all operational activity.</li> <li>We comply with airside standard operating procedures.</li> <li>We conduct a monthly Airside Safety Committee meeting.</li> <li>We have a service level agreement in place with our airside service provider.</li> </ul>

## TOP RISKS continued

### #6 DIGITAL TRANSFORMATION

Nature of risk	Mitigation measures and controls
<p>Not being able to adopt and deliver innovative, resilient and secure digital platforms and technologies that support our digital transformation objectives, which could erode our reputation and standing as an operator of world-class airports.</p>	<ul style="list-style-type: none"> <li>We have a Digital Strategy in place that is aligned with the Knowledge and Innovation Strategy, the Enterprise Security Strategy, the Enterprise Risk Management Strategy and the Business Continuity Framework.</li> <li>Our Information Management Committee monitors the implementation of the Information Management Plan.</li> <li>We have a secure and fit-for-purpose IT architecture in place.</li> </ul>

### #7 CYBERSECURITY

Nature of risk	Mitigation measures and controls
<p>Not being able to protect our digital systems and data from the growing threat of cyber-attacks, which could comprise both our ability to operate and our reputation as a trusted airports operator.</p>	<ul style="list-style-type: none"> <li>We have cybersecurity experts on permanent staff.</li> <li>We have cybersecurity insurance to mitigate against the threat posed by increasingly sophisticated cyber-criminals.</li> <li>We comply fully with the Protection of Personal Information Act (POPIA), the General Data Protection Regulation (GDPR), the Payment Card Industry Data Security Standards (PCI DSS) and the Minimum Information Security Standards (MISS).</li> <li>We have developed and implemented a Cyber Security Strategy.</li> <li>We have technology security tools in place to prevent data leakages and connectivity incidents.</li> <li>We use unique usernames and passwords to authenticate and authorise access to systems and information.</li> </ul>

### #8 PEOPLE STRATEGY

Nature of risk	Mitigation measures and controls
<p>Misalignment of people strategy with the overall corporate strategy.</p>	<ul style="list-style-type: none"> <li>We have developed a People and Culture Strategy, and this has been approved by the Board.</li> <li>The implementation of the strategy is being monitored.</li> <li>Training on ACSA's values is being provided.</li> <li>We have a Change Management Framework in place, and this provides all of the appropriate tools for implementing the change management process.</li> <li>Awareness of both the framework and the change management process is being monitored.</li> <li>Capacity modelling has been allowed for in our new Operating Model and Governance Framework. plan. The results of this will be used to develop a strategic workforce plan, which is expected to be in place by the end of the current period (FY2023).</li> </ul>

### #9 REGULATORY COMPLIANCE

Nature of risk	Mitigation measures and controls
<p>Not complying with all relevant legislation, regulations, policies and procedures, which could compromise safety and security, threaten our licence to operate and damage our reputation.</p>	<ul style="list-style-type: none"> <li>We have fully mapped our compliance universe.</li> <li>We conduct training and awareness programmes regularly.</li> <li>Policies, frameworks, manuals and procedures are carefully monitored and regularly reviewed.</li> <li>We have compliance risk management and compliance assurance plans in place.</li> <li>We have a compliance management system in place.</li> </ul>

**#10 BRAND AND REPUTATION**

Nature of risk	Mitigation measures and controls
<p><b>Not being able to manage and improve our reputation through the effective management of the brand and various stakeholders could cause reputational damage, compromise relationships with key stakeholders and impact on our ability to raise capital.</b></p>	<ul style="list-style-type: none"> <li>• We have a comprehensive Communications Strategy, and a number of individual stakeholder engagement plans in place.</li> <li>• We have a strong stakeholder risk intervention portfolio.</li> <li>• We conduct focused engagement with critical stakeholders.</li> <li>• We monitor and assess stakeholder perceptions on a planned and regular basis.</li> <li>• We have a proactive internal and external stakeholder communications programme in place.</li> <li>• We conduct an annual internal communications survey.</li> <li>• We conduct airport stakeholder feedback surveys.</li> <li>• We have a proactive programme of brand communications in place.</li> <li>• We have approved social media procedures in place and a strong social media presence.</li> <li>• We have formal external communications procedures in place.</li> <li>• We have formal crisis management procedures in place.</li> <li>• We have approved ethics and anti-corruption policies in place.</li> <li>• We have ethics risk assessment and a management plan in place.</li> </ul>

**#11 BUSINESS INTEGRATION AND OPERATIONAL PLANNING**

Nature of risk	Mitigation measures and controls
<p><b>Not being able to effectively execute operational objectives as a result of a lack of strategic and operational planning, an erosion of skills, a lack of business intelligence, poorly managed project implementation and incorrect resource allocation could impact on our services offering and reputation and cause stakeholder dissatisfaction.</b></p>	<ul style="list-style-type: none"> <li>• We have a revised Corporate Strategy in place to provide a framework for recovery and growth to 2030.</li> <li>• We have a revised Operational Plan in place which is aligned to this strategy.</li> <li>• We review performance against the plan on a biannual basis and submit reports to the Board for review.</li> <li>• We have reviewed all of our business processes and adapted them to enable us to deliver our strategic objectives.</li> <li>• We have well-established operational governance procedures.</li> <li>• Our governance structures and the delegation of authority is regularly reviewed.</li> <li>• We conduct regular customer and stakeholder surveys to continuously align our infrastructure and services with changing demand.</li> </ul>

# MATERIAL MATTERS

## OUR MATERIALITY PROCESSES

In addition to identifying the top risks we face in the current operating environment, we identify the most significant economic, environmental, social and governance matters that have the potential to impact on our ability to create sustainable value.

Matters that are material to the sustainability of our business relate to our internal and external operating environment, key stakeholder concerns, and the risks that may or do impact on our business. Consideration of these matters informs our business model, strategy, capital resource allocation and stakeholder engagement process.

Material matters are identified by drawing information from a range of sources, as indicated in the analysis below.

## MATERIAL MATTERS ANALYSIS

The advent of COVID-19 has radically changed the environment in which we operate as well as stakeholder expectations and perceptions. The following analysis examines matters that are material to the sustainability, success and growth of our business. In each case, we describe the nature of the matter, our response to it, the impact of our response on our stakeholders, the strategic objectives of that response, the risk areas it relates to and the immediate considerations or outcomes we have to consider as a business.



## MATERIAL MATTER: GLOBAL INSTABILITY

<b>Description</b>	<p>The process of globalisation, rapid technological development, the impact of the COVID-19 pandemic and the effects of the war in Ukraine have all resulted in greater socio-economic instability around the world. As societies and economies are now so interconnected and interdependent, no single economy can be said to be insulated from external shocks, over which they may have little or no control.</p> <p>The pandemic has had a wide-ranging and fundamental impact on the way in which societies are organised and operate. While South Africa as a nation and we as a Company are slowly recovering from the events of the past two years, there is no way of quantifying how long it will take to recover the ground that has been lost.</p> <p>This is further complicated by the evolving situation in Ukraine, Eastern Europe and Scandinavia, which makes predictive modelling unreliable and mitigation strategies provisional by nature.</p>	<b>Strategic objectives</b>	<ul style="list-style-type: none"> <li>• Secure business and financial stability</li> <li>• Strengthen our reputation</li> <li>• Maintain the focus on our three strategic pillars</li> <li>• Transform and diversify Airports Company South Africa's business</li> <li>• Maintain operational excellence</li> <li>• Manage safety and security</li> <li>• Manage the impact on our people and culture</li> </ul>
<b>Our response</b>	<p>Our response to both external and internal shocks during the past two reporting periods has been to adopt a scenario planning approach to strategy and operational planning in order to ensure that we remain flexible and agile as an organisation. We have continued to undertake this approach within the framework of our three strategic pillars: Run Airports, Develop Airports and Grow Footprint.</p>	<b>Risk areas</b>	<ul style="list-style-type: none"> <li>• Business sustainability</li> <li>• Financial sustainability</li> <li>• Regulatory uncertainty</li> <li>• Business diversification</li> <li>• Safety and security</li> <li>• Digital transformation</li> <li>• Cybersecurity</li> <li>• People strategy</li> <li>• Business integration and operational planning</li> </ul>
<b>Impact on stakeholders</b>	<p>Lockdowns around the world influenced passengers' ability to travel and the ability of suppliers and service providers to operate. These conditions were exacerbated by a significant dip in confidence in South Africa after the civil unrest of July 2021. The full impact of subsequent events, like the war in Ukraine and the heavy flooding in KwaZulu-Natal during the last quarter of the year, is still to be determined and quantified.</p> <p>Within this context, we continue to focus on sustaining and recovering our business, diversifying our revenue streams, delivering innovative solutions, engaging all our stakeholders, and providing service excellence that reflects international best standards.</p>	<b>Immediate considerations and/or outcomes</b>	<p>Ongoing uncertainty, both locally and internationally, inevitably results in some level of ambiguity in our predictive models and risk mitigation strategies.</p>

## MATERIAL MATTERS continued

MATERIAL MATTER: TRANSFORMATION			
<b>Description</b>	Our mandate requires us to make a positive contribution to the socio-economic transformation of South Africa by promoting inclusive growth that boosts the economy, creates jobs and empowers people. We strive to transform our business, our people, our society and our environment in order to address inequality, strengthen our democracy and promote sustainable use of environmental resources.	<b>Impact on stakeholders</b>	Our focus on broad-based transformation provides advancement opportunities for our employees in line with legal requirements and our transformation agenda. It also provides access to transformation opportunities for our suppliers, particularly local small, medium and micro suppliers and service providers as well as black-owned businesses. On a broader basis, we empower communities through our socio-economic development programmes.
<b>Our response</b>	Internally, we are transforming our organisation through our Human Resources Strategy, our approach to employment equity, our policies and procedures, our management control, and our educational and skills development programmes.	<b>Strategic objectives</b>	<ul style="list-style-type: none"> <li>• Transform our business</li> <li>• Contribute to broader socio-economic transformation</li> </ul>
	Externally, we focus on forming empowerment partnerships through preferential procurement agreements and enterprise development programmes in seven specific sectors.	<b>Risk areas</b>	<ul style="list-style-type: none"> <li>• Transformation</li> <li>• Business sustainability</li> <li>• Financial sustainability</li> <li>• Business diversification</li> <li>• Regulatory compliance</li> <li>• Brand and reputation</li> <li>• Business integration and operational planning</li> </ul>
	As a state-owned company, we believe our approach to value creation must be focused on addressing the legacies of the past as well as on current socio-economic imbalances. We also aim to deracialise our organisation and our society to achieve broad-based fairness and equity.	<b>Immediate considerations and/or outcomes</b>	Reduced revenue and profits due to the impact of the pandemic and other external events will inevitably result in constraints within the Company and lower contributions to socio-economic development.
	In order to advance our transformation agenda, we focus on five priority areas: strengthening black-owned businesses through our procurement practices; improving market access for new black entrants in the aviation and related sectors; promoting access to funding through strategic partnerships with financial institutions; providing training and upskilling opportunities; and building capacity in the small and medium enterprise sector.		
	We work to achieve this through skills development programmes, enterprise and supplier development programmes, sustainable socio-economic development programmes and corporate social investment within our business, communities and the country as a whole.		



## MATERIAL MATTER: ECONOMIC REGULATION

<b>Description</b>	<p>Our aeronautical income is derived from regulated charges or tariffs. These consist of aircraft landing and parking charges and passenger services charges, which are reviewed in three-year cycles. The Airports Company Act provides for an independent statutory body, the Regulating Committee, to oversee the economic regulation of the Company and the unpredictability of decision-making regarding regulated charges impacts on long-term financial and infrastructure planning and decision-making.</p> <p>The previous tariff promulgation, which allowed for a 5.8% increase in airport charges in FY2019 with no further increases until FY2021, applied until 31 March 2021. An application for review resulted in an increase of 3.1% being applied during the reporting period, which ended 31 March 2022. A further increase of 3.6% has been applied since the start of the current period.</p>	<b>Strategic objectives</b>	<ul style="list-style-type: none"> <li>• Secure business and financial recovery, sustainability and growth</li> <li>• Support internal and external transformation</li> </ul>
		<b>Risk areas</b>	<ul style="list-style-type: none"> <li>• Business sustainability</li> <li>• Financial sustainability</li> <li>• Regulatory uncertainty</li> <li>• Business diversification</li> <li>• Business integration and operational planning</li> </ul>
		<b>Immediate considerations and/or outcomes</b>	<p>Constraints on revenue generation resulting from the regulatory model limits growth opportunities and places pressure on the generation of non-aeronautical revenue.</p>
<b>Our response</b>	<p>We are engaging with the Economic Regulator regarding the best economic regulatory framework to facilitate our road to recovery. We also engage with the Department of Transport on an ongoing basis.</p>		
<b>Impact on stakeholders</b>	<p>A lack of predictability relating to our aeronautical revenue impacts on our ability to plan and invest in the necessary infrastructure to meet future demand. This, in turn, impacts on stakeholders that operate within our aviation ecosystem such as airlines, passengers and tenants, as well as on the economy as a whole.</p>		

## MATERIAL MATTERS continued

MATERIAL MATTER: TECHNOLOGY AND DIGITISATION			
<b>Description</b>	Technology and digitisation enable us to improve our operational efficiency, our stakeholder satisfaction, and our management of safety and security. Most of our stakeholders continue to demand innovation and embrace new initiatives. While advances in technology and digitisation represent many opportunities, we have to be alert to the risks associated with these.	<b>Risk areas</b>	<ul style="list-style-type: none"> <li>• Business sustainability</li> <li>• Financial sustainability</li> <li>• Business diversification</li> <li>• Safety and security</li> <li>• Digital transformation</li> <li>• Cybersecurity</li> <li>• Regulatory compliance</li> <li>• Brand and reputation</li> <li>• People strategy</li> <li>• Business integration and operational planning</li> </ul>
<b>Our response</b>	Our IT/digital strategy ensures we adopt and leverage appropriate digital technology to enhance operational efficiency and customer experience while protecting our information and systems. In 2020/21, several initiatives that form part of this strategy were placed on hold because of financial constraints. However, key initiatives have been identified, prioritised and funds made available to ensure our operation remain efficient and safe.		
<b>Impact on stakeholders</b>	Our increased use of digital technology enables us to process passengers more safely, efficiently and conveniently, engage with multiple stakeholders online, and provide a digitally enabled working environment for our employees.	<b>Immediate considerations and/or outcomes</b>	Technological advancement and digitisation require a high level of capital investment. While some investments have been postponed in the short term to secure liquidity, there may be higher cost implications in the long term.
<b>Strategic objectives</b>	<ul style="list-style-type: none"> <li>• Increase business efficiency, stakeholder satisfaction, and safety and security</li> <li>• Comply with all legal and regulatory requirements</li> <li>• Constantly introduce new innovations</li> <li>• Protect our business against cyber-attacks</li> <li>• Secure our reputation as a leading airports management company</li> <li>• Create a solid and sustainable digital platform for growth</li> </ul>		

## MATERIAL MATTER: BUSINESS GROWTH

<b>Description</b>	<p>Growth in both the domestic and global environments remains a key focus of our strategy. While our short-term focus is on navigating current challenges and securing our post-COVID-19 recovery, our medium- to long-term focus is on rebuilding our network following the suspension of routes by numerous airlines. In order to secure and develop our footprint, we continue to actively seek opportunities that will provide alternative sources of revenue and improve our long-term sustainability in South Africa, Africa and around the world. In order to do this, we will respond to the opportunities presented by the African Continental Free Trade Agreement, support tourism growth both locally and internationally, and increase our infrastructural capacity to support the import and export of cargo.</p> <p>The implementation of our Aerotropolis Strategy will present opportunities for smart technology-based developments around our airports of O.R. Tambo, King Shaka and Cape Town International. The development of these facilities, supported by a focus on business intelligence, digitisation, technical advisory and consultancy service capability will enable us to grow our footprint significantly.</p>	<b>Strategic objectives</b>	<ul style="list-style-type: none"> <li>• Secure recovery and create a solid platform for growth</li> <li>• Secure business and financial sustainability</li> <li>• Diversify our business</li> <li>• Transform our business and contribute to broader socio-economic transformation</li> <li>• Grow our footprint</li> <li>• Support economic growth and job creation</li> </ul>
<b>Our response</b>	<p>To support our Recover and Sustain Strategy and our Growth Strategy, an enhanced operating model backed by a fit-for-growth Capability Model has been developed and is being implemented.</p>	<b>Risk areas</b>	<ul style="list-style-type: none"> <li>• Business sustainability</li> <li>• Financial sustainability</li> <li>• Business diversification</li> <li>• Safety and security</li> <li>• Digital transformation</li> <li>• Cybersecurity</li> <li>• Regulatory compliance</li> <li>• Brand and reputation</li> <li>• Business integration and operational planning</li> </ul>
<b>Impact on stakeholders</b>	<p>The diversification of our revenue streams is reducing our dependence on aeronautical revenue and debt-to-finance ratios. The recovery and growth of our business is creating employment opportunities and stimulating economic activity both within and beyond our operations.</p>	<b>Immediate considerations and/or outcomes</b>	<p>By diversifying our revenue sources, we are reducing our dependence on aeronautical revenue and creating a more robust and sustainable business.</p>

## MATERIAL MATTERS continued

MATERIAL MATTER: SAFETY AND SECURITY			
<b>Description</b>	We constantly review our safety and security model and benchmark it against international best practice. We also continuously engage with our law enforcement partners and invest in security enhancements, including integrated communication systems. Prevention and threat response procedures are in place to deal with crises should they arise and to ensure the continuity of operations. This integrated safety and security approach throughout our environment is essential to provide airport security and aviation security in general.	<b>Risk areas</b>	<ul style="list-style-type: none"> <li>• Business sustainability</li> <li>• Financial sustainability</li> <li>• Safety and security</li> <li>• Digital transformation</li> <li>• Cybersecurity</li> <li>• Regulatory compliance</li> <li>• Brand and reputation</li> </ul>
<b>Our response</b>	We continue to engage with various stakeholders including the South Africa Civil Aviation Authority (SACAA) and our law enforcement partners, and to invest in security advancements to mitigate safety and security risks. Preventative and threat response procedures are in place at all our airports to deal with crises should they arise and to ensure the continuity of operations.	<b>Immediate considerations and/or outcomes</b>	Increased safety and security measures come at a financial cost but also improve efficiency and have a positive influence on the overall passenger experience. It is therefore necessary to balance the need for best-practice levels of safety and security against the financial cost of implementing these measures.
<b>Impact on stakeholders</b>	Our airports continue to remain free of major safety incidents or security breaches.		
<b>Strategic objectives</b>	<ul style="list-style-type: none"> <li>• Provide a safe and secure environment for all of our stakeholders, including our staff</li> <li>• Ensure that we have robust threat identification and prevention measures in place</li> <li>• Ensure that we have well-defined crisis response procedures in place</li> <li>• Ensure that we are able to secure business continuity in the events of a crisis</li> <li>• Secure our data and IT systems</li> </ul>		

## MATERIAL MATTER: FUNDING

<b>Description</b>	Negative perceptions of South Africa's economic prospects and of poor financial management in the public sector continue to be a significant issue. Together with current constraints on our core revenue, our ability to access affordable funding may be affected and this may become a significant material threat to the long-term financial sustainability of our business.	<b>Risk areas</b>	<ul style="list-style-type: none"> <li>• Business sustainability</li> <li>• Financial sustainability</li> <li>• Regulatory uncertainty</li> <li>• Business diversification</li> <li>• Safety and security</li> <li>• Digital transformation</li> <li>• Cybersecurity</li> <li>• Regulatory compliance</li> <li>• Brand and reputation</li> <li>• Business integration and operational planning</li> </ul>
<b>Our response</b>	We have secured affordable funding and strengthened our liquidity by taking a loan from the Development Bank of Southern Africa, issuing shares and selling our stake in Mumbai International Airport Private Limited. Further initiatives are under consideration and will be presented to the Board for approval during the current period.	<b>Immediate considerations and/or outcomes</b>	Our ability to access affordable funding influences our ability to maintain our existing assets and embark on major infrastructure projects and programmes. Limited capacity to secure funding would affect our ability to implement our strategic objectives, earn revenue and remain financially sustainable. Conversely, the cost of funding means that we need to be selective about the projects we undertake.
<b>Impact on stakeholders</b>	The quality of the services we provide could be affected by ageing infrastructure and/or a lack of capacity. This, in turn, would impact negatively on our business and financial sustainability,		
<b>Strategic objectives</b>	<ul style="list-style-type: none"> <li>• Secure business and financial sustainability</li> <li>• Fund the diversification of the business</li> <li>• Maintain and develop infrastructure</li> <li>• Support innovation</li> <li>• Provide quality services aligned with international best practice</li> <li>• Provide optimal safety and security</li> <li>• Fund digital transformation and cybersecurity</li> <li>• Secure our reputation</li> <li>• Support internal and external transformation</li> </ul>		

## MATERIAL MATTERS continued

MATERIAL MATTER: ACQUISITION AND RETENTION OF SKILLS			
<b>Description</b>	<p>Our employees are an essential component in our value creation process as they have the skills needed in all aspects of our business. In order to manage our skills mix effectively, we attract, retain and appropriately develop employees with critical skills, which supports our long-term sustainability. The pandemic has, however, presented several challenges in retaining, developing and acquiring skills.</p>	<b>Impact on stakeholders</b>	<p>Through active consultation with our staff and other stakeholders, we have been able to implement our human resources cost-reduction programme ethically and effectively, with many employees opting to take voluntary retrenchment packages. Our remaining employees have, however, experienced increased work pressure over the past two years and we are now working to normalise this situation.</p>
<b>Our response</b>	<p>The human resources cost-reduction programme we have had to undertake over the past two years has resulted in many experienced employees leaving the Company and required both a freeze on recruitment and a reduction in training and development spend. Although these changes have impacted on the organisation, our HR Optimisation Procedures have mitigated the effect and enabled us to ensure business continuity. For example, they gave us the flexibility to deploy resources to areas of the business where there were serious constraints and to insource certain activities that had previously been outsourced.</p> <p>This process presented us with the opportunity to re-evaluate the skills needed to ensure long-term sustainability in line with our Recover and Sustain Strategy, Operating Model and Governance Framework. Our People and Culture Strategy also provides a strong framework that is enabling us to retain institutional knowledge, develop skills where necessary and attract key employees.</p> <p>We continue to support our employees through a competitive remuneration mix. Additional benefits such as our housing and transport schemes and our bursary initiatives have, however, undergone several changes to ensure the long-term sustainability of the programmes.</p> <p>Externally, we have continued our support of skills development initiatives through our enterprise development programmes. While these programmes have also been affected by financial constraints brought on by the pandemic, we remain committed to contributing to job creation, in particular for the youth and within areas where there is a skills scarcity.</p>	<b>Strategic objectives</b>	<ul style="list-style-type: none"> <li>• Secure business and financial sustainability</li> <li>• Manage human resources ethically and effectively within the constraints of a dramatic reduction in revenue</li> <li>• Manage the impact of the pandemic on our people and culture</li> <li>• Put appropriate measures in place to recover from the impact of the pandemic</li> </ul>
		<b>Risk areas</b>	<ul style="list-style-type: none"> <li>• Business sustainability</li> <li>• Financial sustainability</li> <li>• Safety and security</li> <li>• Brand and reputation</li> <li>• Business integration and operational planning</li> </ul>
		<b>Immediate considerations and/or outcomes</b>	<p>As a result of the pandemic, the nature of some roles has changed, and we foresee that some will cease to exist as the environment in which we operate changes. We are therefore focusing on continuous training and re-skilling, not only in order to retain our employees and the institutional knowledge they have, but also to reduce the need to acquire skills at significant cost.</p>

## MATERIAL MATTER: NATURAL ENVIRONMENT

<b>Description</b>	We continuously strive to reduce the impact our operations have on the environment through the effective management of aircraft noise, air pollution, bird strikes, water, electricity, fuel and waste, but our environmental impact is nevertheless linked to operational intensity. In times of growth, our impact increases and in times of reduced operations – such as in the past two reporting periods – our impact decreases.	<b>Risk areas</b>	<ul style="list-style-type: none"> <li>• Business sustainability</li> <li>• Financial sustainability</li> <li>• Safety and security</li> <li>• Regulatory compliance</li> <li>• Brand and reputation</li> <li>• Business integration and operational planning</li> <li>• People strategy</li> </ul>
<b>Our response</b>	<p>We are proactive in the management of our impact through our environmental management system, which is ISO 14001 accredited. We also participate in the ACI's Airport Carbon Accreditation programme to ensure that we manage our carbon emissions optimally, and we are aiming to reach net zero emissions by 2050. We also generate our own power at four of our airports, which have fully operational solar farms. A fifth is currently in development.</p> <p>Despite the financial constraints resulting from the pandemic, we have remained compliant with all legislative and regulatory requirements and continue to implement measures to manage our impact on the environment.</p>	<b>Immediate considerations and/or outcomes</b>	While our negative impact on the environment has reduced substantially, we recognise that this will once again increase as operations increase. We therefore continue to strengthen our strategies, systems and procedures to mitigate this impact, which we are doing in partnership with various stakeholders.
<b>Impact on stakeholders</b>	The Company's environmental impact was significantly reduced during the past two reporting periods due to reduced operations.		
<b>Strategic objectives</b>	<ul style="list-style-type: none"> <li>• Maintain compliance with legislation, regulation and international best practice in environmental management</li> <li>• Maintain the power generating capacity at our current solar farms and work towards commissioning the one currently under development</li> <li>• Maintain existing ACI accreditation and continue to reduce emissions in a phased manner</li> <li>• Maintain and consistently improve our skills capabilities in environmental management</li> </ul>		

# STAKEHOLDER ENGAGEMENT

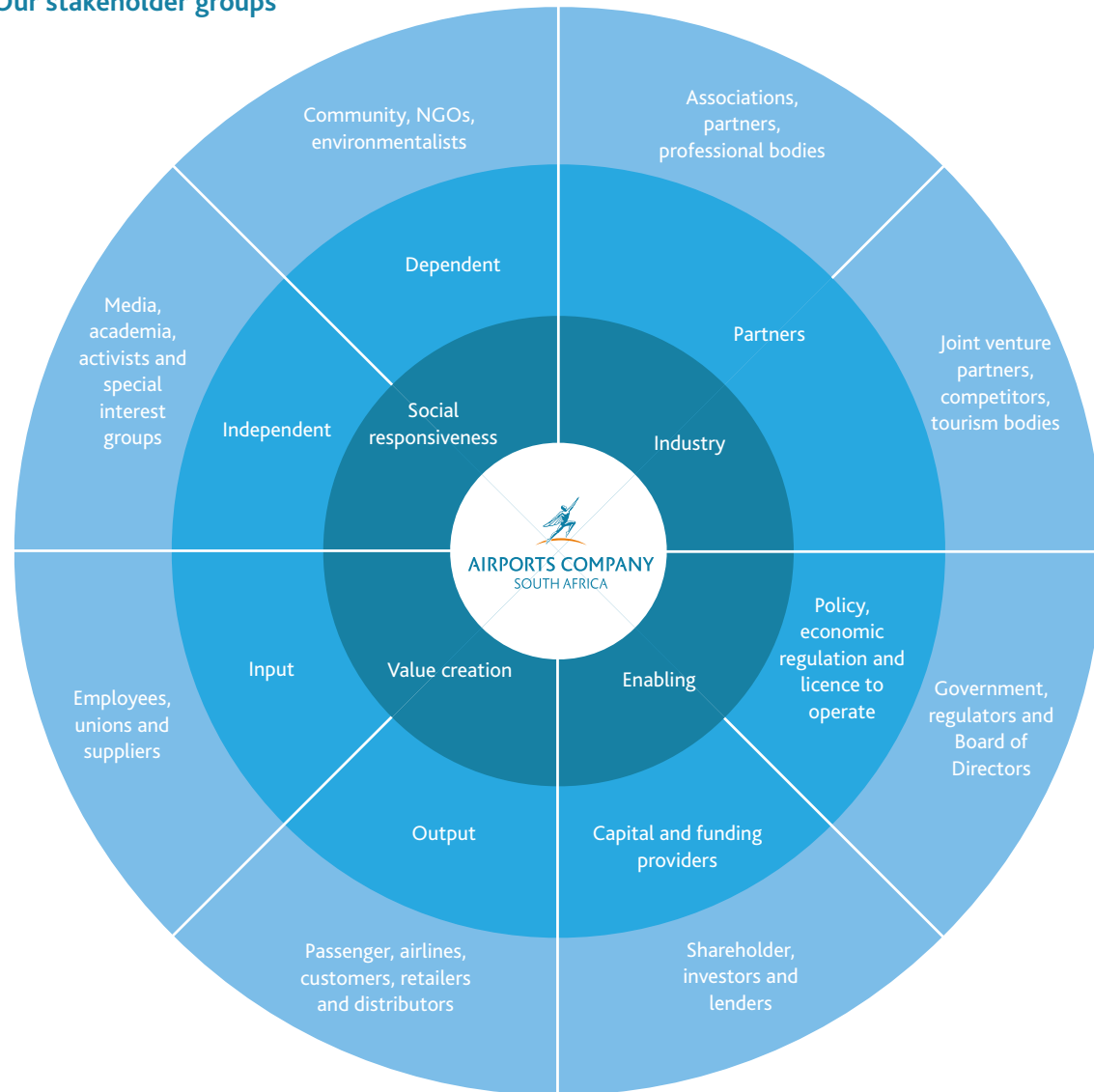
Stakeholders are at the heart of everything we do and, since 2018, we have been working to become more stakeholder-centric throughout our organisation. Guided by our Stakeholder Relations Management Strategy, which is aligned to our Sustain and Recover Strategy and our Growth Strategy, we are increasing our level of stakeholder engagement and being more proactive in all situations. Now, more than ever, we are aware of the role that stakeholders play in value creation and our long-term sustainability, and we are playing an active role in nurturing and enriching those relationships.

As in the previous period, we continue to prioritise engagement with government, the financial community, the aviation industry and the private sector about key issues like business sustainability, funding and the operation of airports according to COVID-19 management regulations.

## STAKEHOLDER GROUPS

As the operator responsible for running the country's nine largest public airports, our stakeholder groups extend throughout society and the economy. The following diagram illustrates the stakeholder groups we engage with on an ongoing basis.

Our stakeholder groups

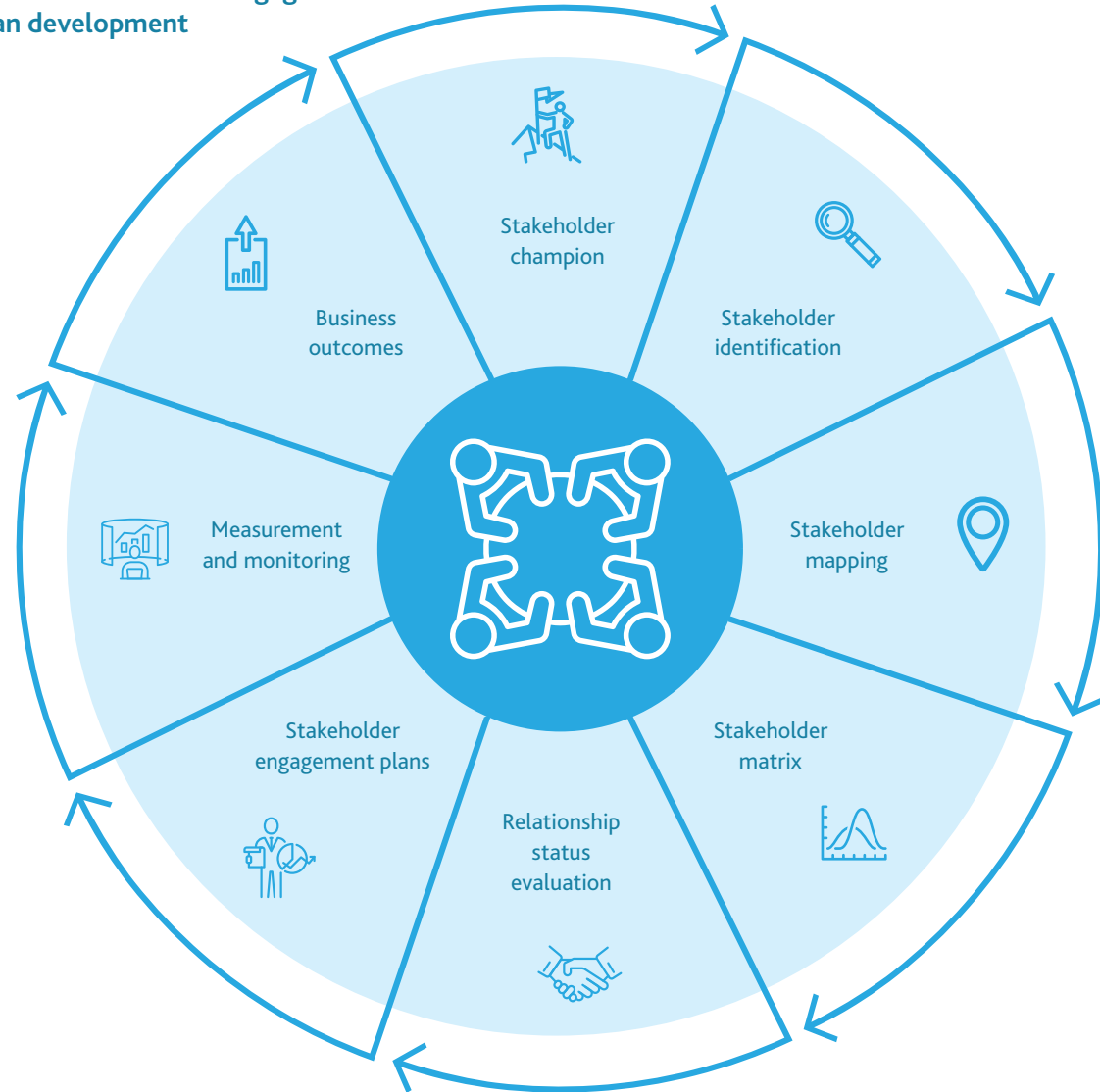




## STAKEHOLDER ENGAGEMENT CYCLE

Engagement with our stakeholders is conducted according to established procedures. The following diagram outlines the way in which we continuously engage with our stakeholders.

Cycle of stakeholder engagement plan development








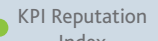
## STAKEHOLDER ENGAGEMENT continued

### STAKEHOLDER CATEGORIES AND METHODS OF ENGAGEMENT






When we reviewed our strategy and corporate plan in 2020, we updated the way in which we categorise our stakeholders in order to facilitate more active and effective engagement. The following tables illustrate how we categorise stakeholder groups and engage with them.

#### OUR STAKEHOLDER CATEGORIES

The following table illustrates how we categorise stakeholder groups and has been updated in the year under review.

VALUE CREATION					
Stakeholder category					
Passengers, airlines, tenants and concessionaires			Internal stakeholders		
Stakeholder group					
Passengers and customers	Domestic and international airlines	Tenants and concessionaires	Employees	Unions	Board of Directors
Engagement approach					
<ul style="list-style-type: none"> <li>Traditional media, digital platforms</li> </ul> 	<ul style="list-style-type: none"> <li>Meetings</li> </ul> 	<ul style="list-style-type: none"> <li>Meetings and group presentations</li> </ul> 	<ul style="list-style-type: none"> <li>CEO live broadcast</li> <li>Virtual Town Hall sessions</li> </ul> 	<ul style="list-style-type: none"> <li>Virtual consultation sessions</li> </ul> 	<ul style="list-style-type: none"> <li>Board meetings</li> </ul> 
Stakeholder issues					
<ul style="list-style-type: none"> <li>Airports processes and service offerings</li> </ul>	<ul style="list-style-type: none"> <li>Traffic development and operational efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Conducive business environment</li> </ul>	<ul style="list-style-type: none"> <li>COVID-19 impact and Voluntary Severance Package (VSP) and Early Retirement (ER)</li> </ul>	<ul style="list-style-type: none"> <li>COVID-19 impact and Voluntary Severance Package (VSP) and Early Retirement (ER)</li> </ul>	<ul style="list-style-type: none"> <li>Corporate plan and financial plan</li> </ul>
Outcomes					
<ul style="list-style-type: none"> <li>Passenger satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>COVID-19 impact, industry recovery and operational response plan</li> </ul>	<ul style="list-style-type: none"> <li>Alignment with commercial strategy</li> </ul>	<ul style="list-style-type: none"> <li>Employee satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Engaged union</li> </ul>	<ul style="list-style-type: none"> <li>Approval of corporate plan and financial plan</li> </ul>

#### Group KPI

-  Operating and capital expenditure allocation
-  Stakeholder management plan
-  Passenger satisfaction
-  Non-aeronautical revenue
-  % Black business share of commercial revenue generated

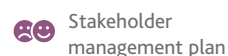
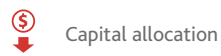
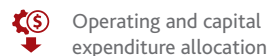
#### Status

-  Positive
-  Neutral

## ENABLING

Stakeholder category							
Oversight and regulation				Shareholders	Finance community		
Stakeholder group							
DoT National Treasury	Economic Regulating Committee	National Treasury	Portfolio Committee on Transport	DoT, PIC, minority	Investors	Lenders	Moody's
Engagement approach							
<ul style="list-style-type: none"> <li>Annual general meetings</li> <li>Shareholder meetings</li> <li>Quarterly meetings</li> <li>Parliament presentation</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly scheduled meetings</li> <li>One-on-one update meetings</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly scheduled meetings</li> </ul>	<ul style="list-style-type: none"> <li>Oversight visits</li> <li>Parliament presentation</li> </ul>	<ul style="list-style-type: none"> <li>AGMs</li> <li>Scheduled update meetings on business recovery, corporate plan and financial plan</li> </ul>	<ul style="list-style-type: none"> <li>Investor virtual conference</li> <li>Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Investor roadshows</li> <li>One-on-one meetings</li> </ul>	<ul style="list-style-type: none"> <li>One-on-one meetings</li> </ul>
KPIs – Reputation Index, Capital allocation, Non-Aeronautical Revenue Job creation % Black Business share of commercial revenue generated				Capital Allocation, OPEX Allocation			
Stakeholder issues							
<ul style="list-style-type: none"> <li>Alignment to government mandates</li> </ul>	<ul style="list-style-type: none"> <li>Long-term industry sustainability and licence to operate</li> <li>Revised Financial Plan</li> <li>Capital expenditure performance</li> <li>Service standards</li> </ul>	<ul style="list-style-type: none"> <li>Conducive business environment</li> </ul>	<ul style="list-style-type: none"> <li>Alignment with government mandates</li> <li>Compliance to COVID-19 regulations</li> </ul>	<ul style="list-style-type: none"> <li>Financial/business performance</li> </ul>	<ul style="list-style-type: none"> <li>Financial performance operational updates under COVID-19</li> <li>Revised strategy and financial plan</li> </ul>	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Revised financial plan</li> <li>Response to COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>Revised corporate plan</li> </ul>
Outcomes							
<ul style="list-style-type: none"> <li>Ministerial buy-in to our corporate plan and financial plan</li> </ul>	<ul style="list-style-type: none"> <li>Get a buy-in from the committee on the permission cycle proposed. Permission cycle extension to five years</li> </ul>	<ul style="list-style-type: none"> <li>Support of the corporate plan and financial plan</li> </ul>	<ul style="list-style-type: none"> <li>Support of the corporate plan and financial plan</li> </ul>	<ul style="list-style-type: none"> <li>Corporate plan approval</li> <li>Monetisation of assets and preference shares</li> </ul>	<ul style="list-style-type: none"> <li>Access to funding</li> </ul>	<ul style="list-style-type: none"> <li>Access to funding</li> <li>Secure waiver on financial covenants</li> </ul>	<ul style="list-style-type: none"> <li>Access to funding</li> </ul>

### Group KPI



### Status



# STAKEHOLDER ENGAGEMENT continued

## SOCIAL RESPONSIVENESS

Stakeholder category				
Independent stakeholders	Dependent stakeholders			
Stakeholder group				
Media	Community	NGOs	Environment	Activists and special interest groups
Engagement approach				
<ul style="list-style-type: none"> <li>Interviews</li> <li>Media briefings meetings</li> </ul>	Meetings			
Stakeholder issues				
<ul style="list-style-type: none"> <li>Information sharing on our business</li> </ul>	<ul style="list-style-type: none"> <li>Community development and programmes</li> </ul>	<ul style="list-style-type: none"> <li>Community development and programmes</li> </ul>	<ul style="list-style-type: none"> <li>Ways to reduce environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>Alignment with our business approach on key issues</li> </ul>
Outcomes				
<ul style="list-style-type: none"> <li>Positive reporting on our business</li> </ul>	<ul style="list-style-type: none"> <li>Transformation and creating sustainable livelihood programmes</li> </ul>	<ul style="list-style-type: none"> <li>Transformation and creating sustainable livelihood programmes</li> </ul>	<ul style="list-style-type: none"> <li>Environmental sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Increase reputation</li> </ul>

### Group KPI

- Operating and capital expenditure allocation
- Stakeholder management plan
- Job-creation opportunities
- B-BBEE
- ACI Carbon level

### Status

- Positive
- Neutral

## INDUSTRY

Stakeholder category				
Industry bodies			Private sector	
Stakeholder group				
Associations	ACI, ICAO, IATA	Tourism bodies	Partners Air Access	Joint venture partners
Engagement approach				
Meetings	Conferences and forums	Meetings and forums	Meetings and forums	Meetings
			KPI – Capital allocation	KPI – Non-Aeronautical Revenue
Stakeholder issues				
<ul style="list-style-type: none"> <li>Traffic development and operational efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Global innovation</li> <li>Defining future travel post-COVID-19</li> <li>Aviation security and COVID-19 protocols</li> </ul>	<ul style="list-style-type: none"> <li>Traffic and route development – alignment with airlift strategy and collaboration</li> </ul>	<ul style="list-style-type: none"> <li>Traffic and route development – alignment with airlift strategy and collaboration on COVID-19 recovery</li> </ul>	<ul style="list-style-type: none"> <li>Equity investments and concessions partnerships</li> </ul>
Outcomes				
<ul style="list-style-type: none"> <li>COVID-19 impact and operational response plan</li> </ul>	<ul style="list-style-type: none"> <li>Improve passenger experience under COVID-19 regulations</li> </ul>	<ul style="list-style-type: none"> <li>Growth of trade and tourism</li> </ul>	<ul style="list-style-type: none"> <li>Growth of trade and tourism</li> <li>Collaborate on response to COVID-19 impact</li> </ul>	<ul style="list-style-type: none"> <li>Increase equity investments</li> </ul>

# 07

## TRANSFORMATION

*Transforming our business and contributing to broader socio-economic transformation*

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# OUR APPROACH TO TRANSFORMATION

We have embedded an integrated, collaborative and sustainable approach to transforming our business, our people, society and the management of the natural environment within our strategy and business model. As a state-owned entity, our approach is aligned with the National Development Plan and we regard transformation – both within our organisation and in society as a whole – as fundamental to our value-creation story.

Our commitment to improving the lives of historically disadvantaged South Africans through a wide range of initiatives has always gone beyond the requirements specified by legislation and focuses on tangible outcomes to promote socio-economic stability, improve living standards, strengthen our democracy and manage our impact on the natural environment.

We see transformation as a process that eliminates the barriers to inclusion and creates new opportunities; a process that contributes to inclusive growth and fosters a sustainable future for everyone who lives, works and travels in our country. We also acknowledge the environmental impact of our operations and are committed to managing this responsibly.

Our transformation initiatives did, however, have to be curtailed during the past two reporting periods due to the impact of the pandemic. While this negatively affected our strategies to transform our people, supplier base and society, the radical reduction in our operational activities had the positive effect of reducing our environmental impact.

As our ability to implement transformation initiatives is closely linked to business performance, we remained constrained in this area throughout the reporting period. We nevertheless continued to meet all regulatory requirements and to do whatever our resources enabled us to do.

For example, we continued to track progress against our revised transformation policy and barometer, and entrenched our objectives in our company KPIs. We also maintained our B-BBEE accreditation level as well as our ACI Airport Carbon Accreditation, which was maintained according to the 2019/20 accreditation cycle as accreditation reviews were put on hold during the height of the pandemic. We anticipate that the ACI accreditation cycle will return to normal during the current financial year.

## Transformation Summary FY2021/22

B-BBEE LEVEL

# Level 2

(FY2020/21: Level 2)

BLACK BUSINESS SHARE OF  
COMMERCIAL REVENUE GENERATED

# 42%

(FY2020/21: 42%)

NUMBER OF JOB OPPORTUNITIES  
SUPPORTED

# 17 130

(FY2020/21: 20 312)

ACI AIRPORT CARBON  
ACCREDITATION LEVEL

# Level 2 certification

received for four airports

(FY2020/21: Level 2 certification received for four airports)

## Integrated transformation agenda

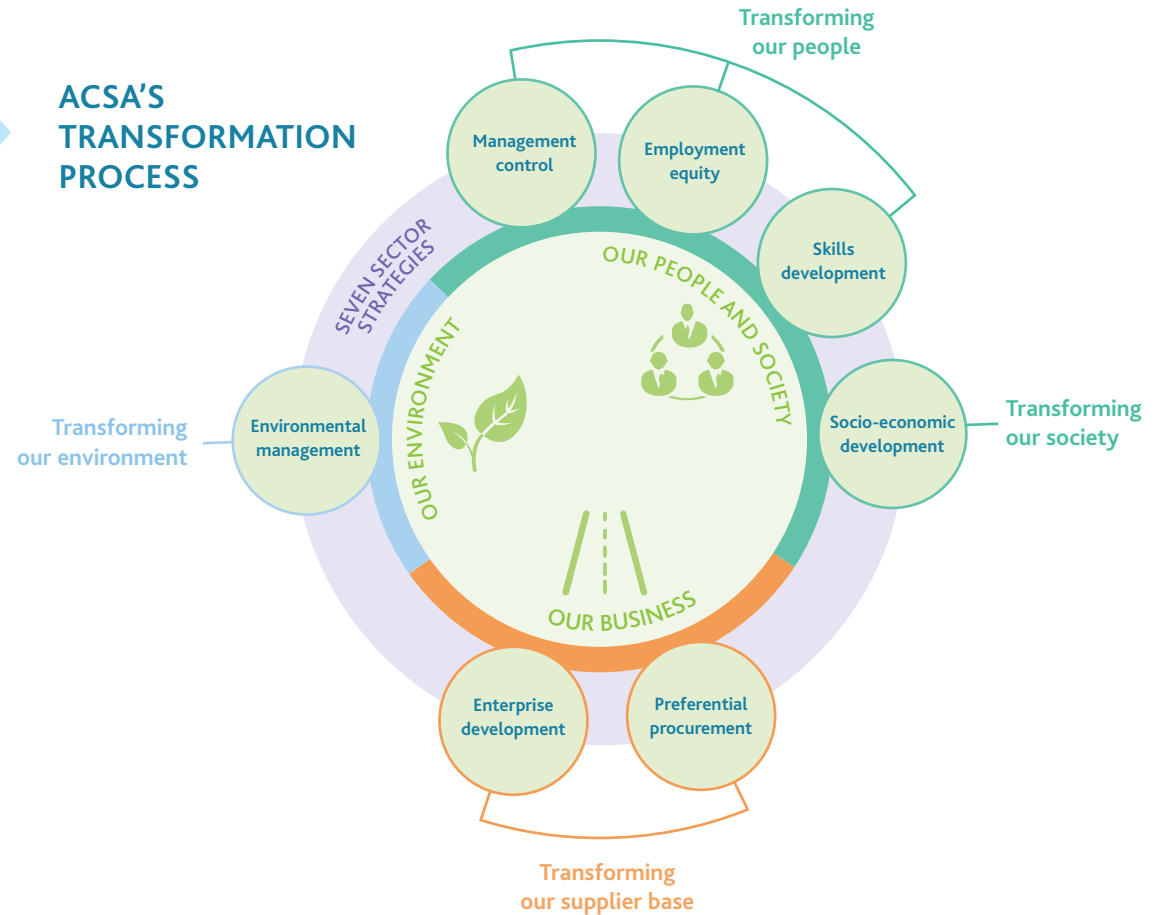
### OBJECTIVES

- 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



# TRANSFORMING OUR PEOPLE

While our ability to meet the internal transformation objectives originally defined in our Strategy 2025 was curtailed by the pandemic, we have adapted to changing conditions and a new People and Culture Strategy with realistic short- and medium-term transformation objectives was approved by the Board during the reporting period.

Human Resources also led the process of developing our Revised Governance Framework and Operating Model to take new realities into account. These were developed in order to enable us to become a leaner and more agile organisation without having to compromise our transformation agenda.

## MANAGEMENT CONTROL

The appointment of a new CEO and CFO in the first half of 2020 brought stability to the Company at a crucial time. The new executives and the other members of the Board have provided strong and consistent leadership throughout what has been the most challenging period in our business's history. They have been supported by the Group's Executive Committee and the Management Committees in all of the operating units.

No new Board members were appointed during the reporting period, but two Board members retired at the 2021 Annual General Meeting and black representation at Board level has therefore been reduced.

## EMPLOYMENT EQUITY

Budget constraints during the past two periods meant that we had to put new appointments on hold and delay the implementation of certain company-wide initiatives to enhance employment equity. For example, the development of our successive employment equity plan, which was scheduled to take place in 2020, had to be delayed until the start of the 2021 financial year. The process of consulting with employees and setting new transformation targets is, however, now back on track.

## EMPLOYEE DEMOGRAPHICS

We remain committed to developing a workforce that is representative of the demographics of the economically active

population of South Africa. Consequently, during the reporting period, black representation increased by 0.6% and black female representation increased by 1%. Although these proportional increases were positive, absolute numbers decreased due to the staff reduction initiative undertaken in response to the impact of the pandemic.

Total female representation in the workforce increased by 0.6% to 47.8% of the Company's total of 2 439 employees. This is a proportional year-on-year improvement compared to the national economically active population for females of 44.6% but must also be considered in light of the reduction in the total number of employees.

Supporting persons with disabilities also remains a key focus in transforming our people. The representation of people with disabilities was maintained at 2.1% of our total workforce during the reporting period, of which 1.9% were black persons with disabilities and 0.9% were black female persons with disabilities.

While our efforts to assess reasonable accommodation requirements for employees with disabilities, which was initiated in 2019, had to be put on hold in 2020, routine support activities continued throughout the reporting period. The persons with disability network support group meetings continued to be held on a quarterly basis throughout the year, although some employees were unable to attend virtually during strict lockdown periods as they did not have access to a computer and/or an internet connection.

As we do every year, we also celebrated Disability Day in December 2021 and continued to raise awareness of the needs of people with disabilities using communications elements such as screensavers and email awareness campaigns.

### Employee demographics FY2021/22

TOTAL EMPLOYEES

**2 439**

(FY2020/21: 2 752)

PERMANENT  
EMPLOYEES

**2 430**

(FY2020/21: 2 699)

TEMPORARY  
EMPLOYEES

**1**

(FY2020/21: 35)

YOUNG TALENT EMPLOYEES

**8**

(FY2020/21: 18)

EMPLOYEE TURNOVER RATE

**11%**

(FY2020/21: 20%)



## SKILLS DEVELOPMENT

In the area of skills development, young people between the ages of 18 and 35 continue to be a primary focus for us, although access to skills development and further education and training is available to all employees.

While the realities of budget constraints continued to be felt throughout the reporting period, we concentrated on developing our Training Academy by forming strategic partnerships with key providers and by building internal capacity. With our business focus diversifying and shifting to concentrate on building non-aeronautical revenue in the wake of the pandemic, we recognise what a critical role the Academy has to play in capacitating our organisation for future sustainability and success.

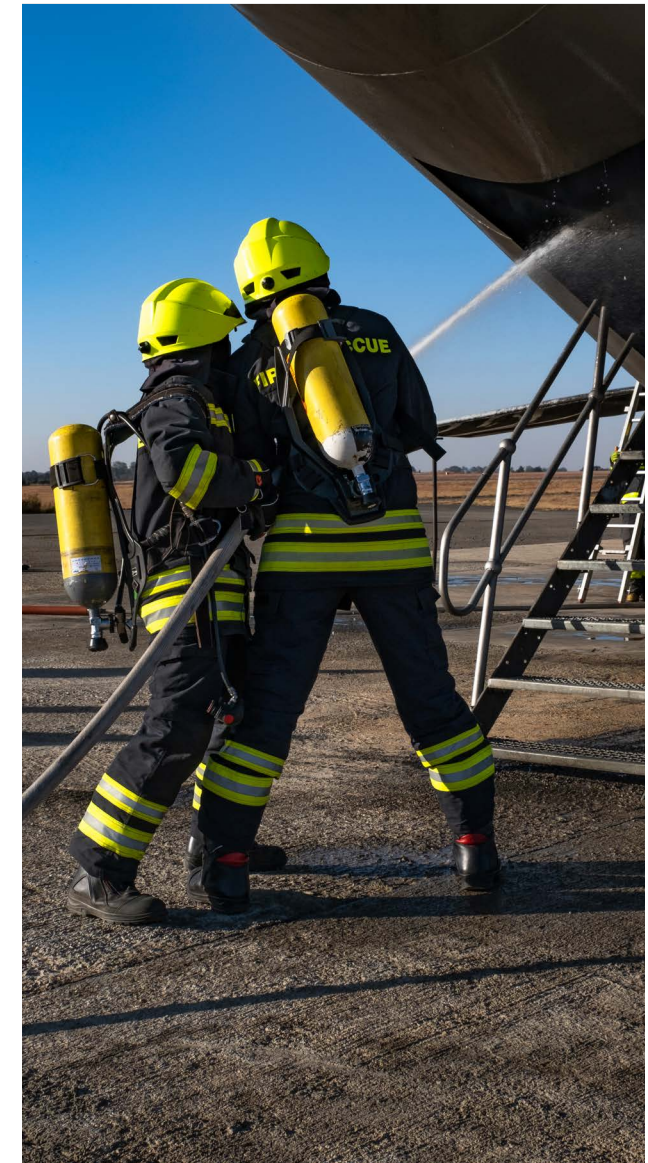
At senior management and executive level, five ACSA candidates were accepted into the TETA/GIBS International Executive Development Programme for Women in 2020 and, while the international module had to be suspended later that year, it was resumed in 2021 and three of the five candidates were able to complete the programme. In June 2021, five additional candidates were accepted for the 2021 programme.

In addition, five of our most promising black female airport managers participated in the 2021 Women in Power Programme, which is run by the Black Management Forum in partnership with Duke Corporate Education. Not only did this give the candidates the opportunity to participate in this important programme, it gave us as a business the opportunity to showcase our gender equality capabilities while also driving our overall transformation agenda. It has also set a solid foundation for the roll-out of many other gender and women empowerment initiatives in the future, as allowed for in our Employment Equity Plan.

Further, we continued to maintain our commitment to providing bursaries in specific areas of study for qualifying employees and their children.

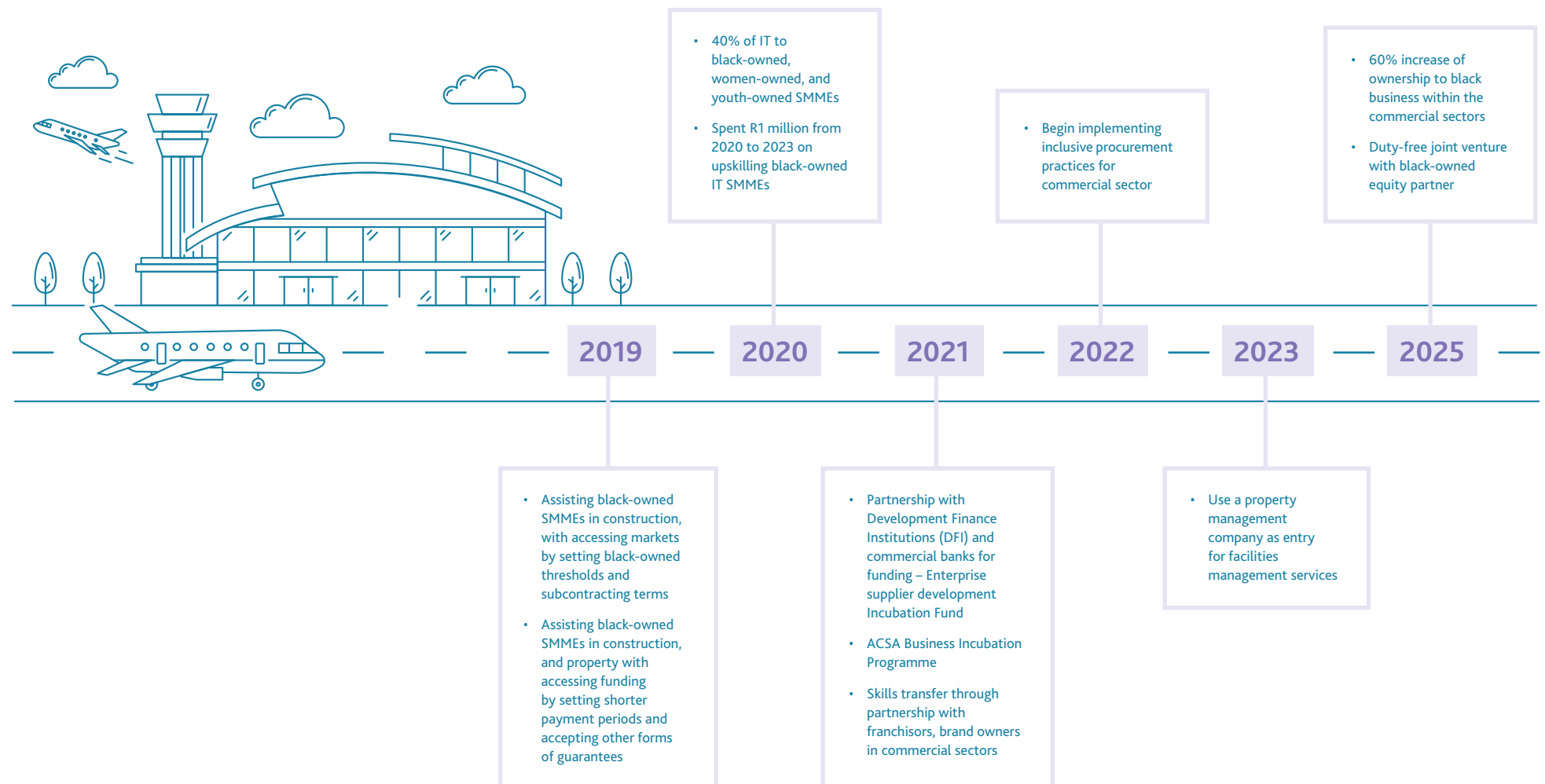
For example, we offer the children of employees in Grades A, B and C bursaries to pursue studies in subject areas identified on the National Scarce Skills List. A scarcity of skills has been identified in over 100 critical trades and professions, including engineering, finance, geology, carpentry, diesel mechanics, tool and dye making, ship rigging, logistics, production, operations, and computer networking, among others. Apart from providing bursaries for formal education and training, the programme also allows for workplace exposure through vacation work.

In the 2022 financial year, we awarded bursaries to 83 employees the value of R1.8 million. Further information on bursary scheme recipients is available in our Performance Review on page 99.



# TRANSFORMING OUR SUPPLIER BASE

Our economic transformation strategy was developed and adopted in the 2020 financial year. This strategy highlights key initiatives in seven sectors, as detailed below.



## SEVEN KEY SECTORS

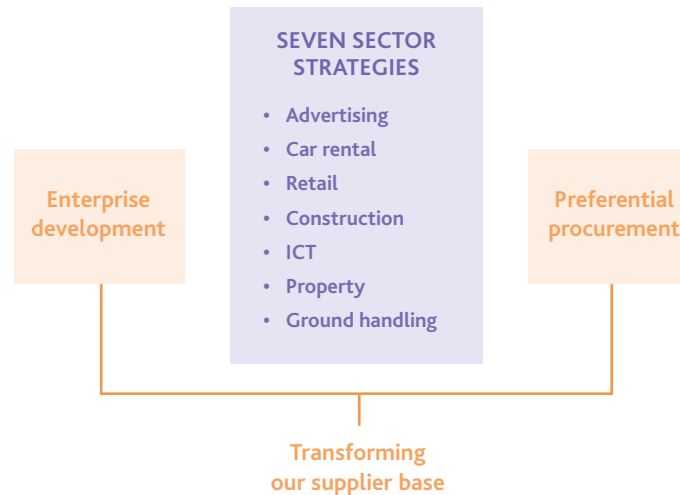
Our strategies in the seven key sectors we have identified are focused on preferential procurement and enterprise development.

In the **advertising, car rental** and **retail** sectors, we engage in non-aeronautical revenue-generating commercial activities and contribute to the transformation of suppliers and service providers through various enterprise development initiatives.

In the **ground handling** sector, we do not engage in any commercial activities but contribute to transformation by setting specific transformation requirements in our ground-handling licence agreements and by providing access to enterprise development opportunities.

In the **construction, ICT** and **property** sectors, we support transformation in our supplier base through the preferential procurement of goods and services with set procurement performance targets which are monitored and reported using a transformation barometer dashboard.

### How ACSA is working to transform its supplier base

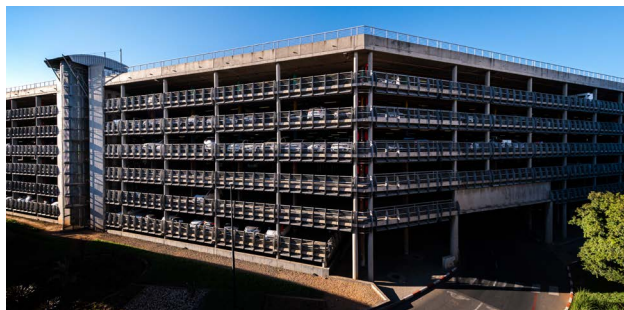


## PREFERENTIAL PROCUREMENT

During the course of the previous period, we identified our top 100 suppliers and actively engaged with them about the impact of COVID-19 on our business and theirs. We also conducted a B-BBEE analysis of our top 20 suppliers and identified that there was a risk that their B-BBEE ratings could be downgraded due to measures they had to take in response to the pandemic. As part of our ongoing supplier performance monitoring process, we therefore actively engaged with them to ensure that they could and would remain B-BBEE compliant.

This process continued throughout the reporting period and we continued to make use of the barometer dashboard that we put into place in 2020 to monitor actual procurement spend against targets. Our revised flagship projects in construction, IT and commercial remained a priority to ensure that we were able to meet our procurement targets in these sectors regardless of the implementation of our Capital and Operational Expenditure Reduction Programme.

In terms of this, capital expenditure for the year was cut back significantly, with expenditure being limited to airport maintenance and resilience instead of expansion and growth. Most uncontracted projects remained on hold and will only be resumed once funding is again available, which is expected to be during the current period.



## TRANSFORMING OUR SUPPLIER BASE continued

### CONSTRUCTION

Our overall performance in the construction sector exceeded the target (80%) with 86% of the controllable spend (R985.1 million) going to B-BBEE suppliers. Of this 86% (R838.4 million) of procurement spend going to 51% black-owned suppliers, against a target of 50%; and 67% (R655.7 million) of procurement spend going to 30% black women-owned suppliers, against a target of 15%. Furthermore, R96.3 million of the controllable spend supported EME suppliers, accounting for 9.79% of total spend against a target of 20%, R269.2 million supported QSE suppliers which is 27% against a target of 20%, R21.5 million supported Youth owned suppliers which is 2.19% against a target of 20% and R11 million supported People with Disabilities owned suppliers which is 1.17% against a target of 10%.

### INFORMATION TECHNOLOGY

Significant progress was made in IT with the current performance on contracted projects for FY2021/22 largely in line with the transformation plans inclusive of the approved IT transformation targets in all IT contracts. The opportunity to take advantage of the competitive innovation landscape through the digitalisation of the redundant processes is being implemented. Our strategic projects will deliver secure, innovative, disruptive and resilient digital platforms to meet customer expectations and deliver on our B-BBEE commitments.

The ICT sector performance shows that 67% (R293 million) of the IT budget was spent with black-owned companies, of which 36% were owned by black women and 1% were owned by black youth or suppliers with disabilities.

### PROPERTY

Despite budget constraints, we continue to contribute to broader socio-economic transformation through our key 10-year flagship development projects.

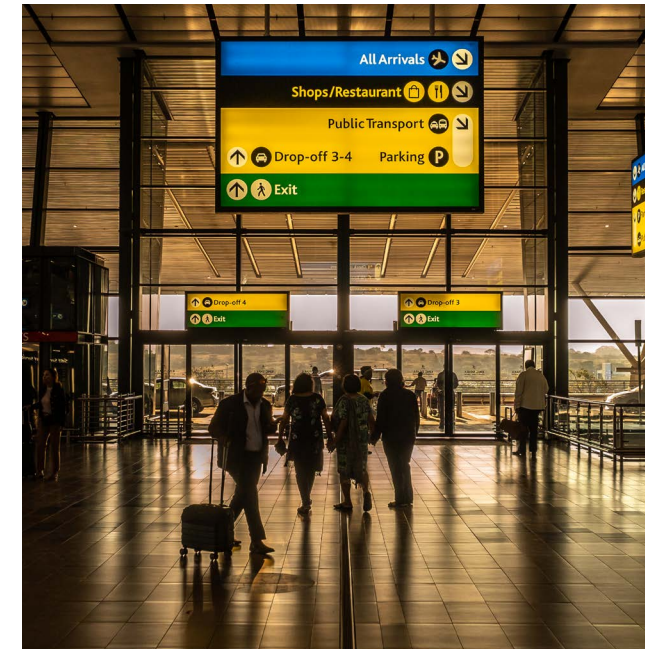
One of the most significant of these has been the construction of the new head office complex at O.R. Tambo International, which was completed during the previous period. The complex consists of three buildings, all of which comply with the highest standards set by the South African Green Building Council. The Council is part of a global network of building councils that is leading the transformation of the built environment in order to make it more sustainable and environment-friendly.

During the reporting period we also continued to engage with advocacy organisations such as the South African Property Owners Association, the South African Institute of Black Property Practitioners and the Women in Property Network. On an ongoing basis, we consult our industry partners to enhance their understanding of our transformation journey and of how this can contribute to the success and sustainability of both our business and their businesses.

### COMMERCIAL

Our three flagship commercial sector projects, which were put on hold in 2020, were ultimately abandoned due to the prevailing trading and financial conditions as these are not conducive to large-scale transformation projects.

Revenue from black-owned business with a 51% or more black ownership accounted for 42% of all core commercial revenue from the retail, advertising and car rental businesses. This exceeded the FY2022 target of 40% by two percentage points.



## ENTERPRISE AND SUPPLIER DEVELOPMENT

Our enterprise supplier development initiatives support not only large companies, but SMMEs as well. We include SMMEs in our supplier base and provide both financial and non-financial support in order to increase economic participation and stimulate job creation. This, in turn, supports the growth and sustainability of the aviation sector while also advancing our own transformation objectives.

With our support, SMMEs can grow into scalable businesses that have the potential to become part of our supplier development programme and, ultimately, to become preferred procurement partners.

During the course of the year, we undertook the following enterprise development initiatives:

# 1

### The 2021 Entrepreneur Programme

Collaboration with the iLembe Chamber of Commerce, which supports enterprise development initiatives, continued during the reporting period. The Entrepreneur Programme is a business accelerator programme that aims to uncover the entrepreneurial potential in the iLembe District in KwaZulu-Natal, assist in the development of entrepreneurial enterprises and support them in the process of becoming fully sustainable.

A total of 50 entrepreneurs entered the 2021 competition, and 26 finalists were selected to participate in the 2021 programme. All of the finalists committed themselves to the rules of the programme by signing a participation agreement.

Of the initial 26 entrepreneurs selected, a total of 20 completed the programme. Each of these received a certificate of completion from the UKZN Graduate School for Business and Leadership, as well as an iLembe Chamber of Commerce membership certificate. The winners received business support funding to the value of R75 000, as well as media prizes to the value of R75 000.

# 2

### Rental Reprieves for Concessionaires

An enterprise development opportunity presented itself when the business took the decision to give commercial concessionaires rental reprieves for a period of nine months to the value of R591 million. ACSA would have generated additional revenue from the discounted rental amounts offered to the tenants as relieve from the effects of the pandemic.

# 3

### Paul's Ice Cream

Paul's Ice Cream is a 100% BWO business operating at O.R. Tambo International and is one of the food and beverage spatial portfolio beneficiaries. An enterprise development agreement is in place to support this SMME with equipment and start-up stock as well as rental for the first 12 months of operation.

# TRANSFORMING OUR SOCIETY

We contribute to transforming our society as a whole by supporting historically disadvantaged communities located near our airports in compliance with our Socio-Economic Development Strategy. Through the implementation of this strategy, we fulfil the requirements of the Broad-Based Black Economic Empowerment Act (No. 53 of 2003), the Department of Trade and Industry's Codes of Good Practice, and the National Development Plan.

During the reporting period, we invested

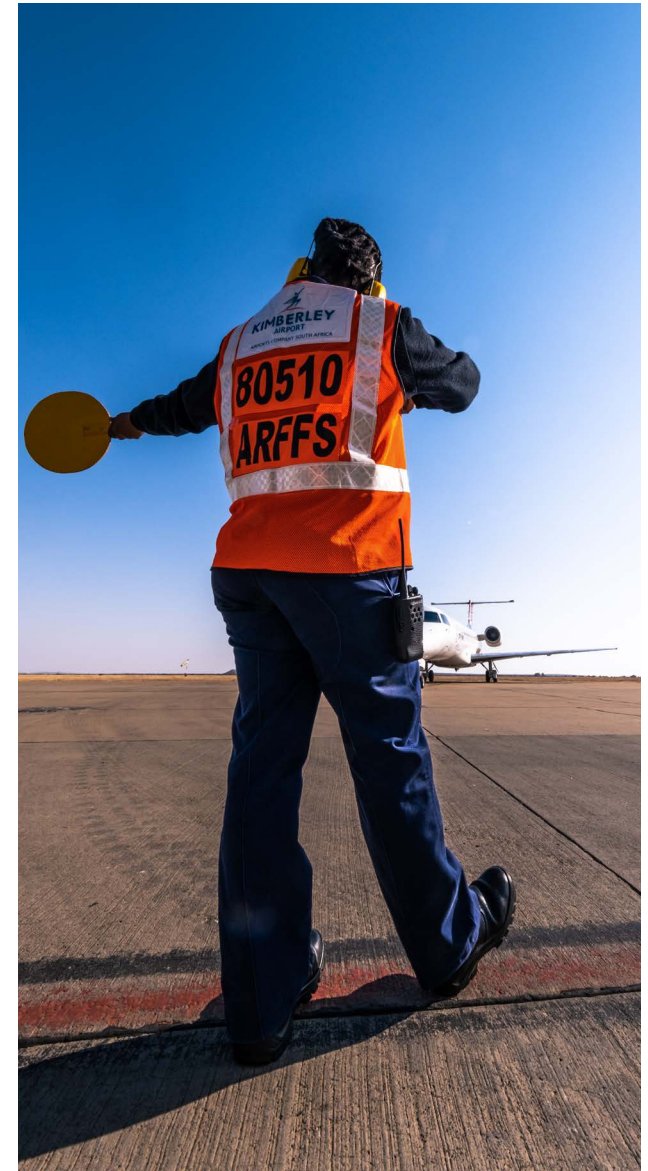
**R10 million**

(FY2021: R14 million; FY2020: R44.1 million)

in socio-economic development projects throughout the country, focusing in particular on the communities in which we operate.

These included projects in:

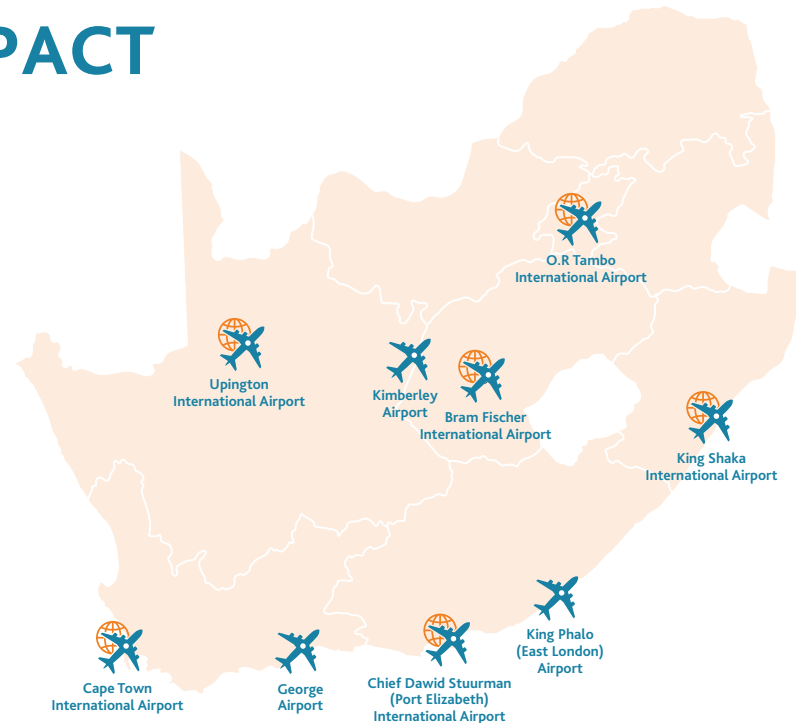
- educational infrastructure development
- early childhood development
- teacher and learner development
- malaria prevention
- youth sports development
- renewable energy training
- sewing





# SOCIO-ECONOMIC IMPACT

We support and enable economic growth, transformation and socio-economic development through our operations. Our ability to do so has nevertheless been dramatically affected during the past two periods. Our annual socio-economic impact study for the reporting period once again demonstrated how much our positive impact on communities and the national economy has been compromised by the pandemic, illustrating just how widespread and devastating its effects have been.



## Airports Company South Africa

GDP contribution  
**R6.1 billion**

Employment contribution  
**16 870 jobs**

Income contribution  
**R2.8 billion**

## Upington International

GDP contribution  
**R30 million**

Employment contribution  
**352 jobs**

Income contribution  
**R28 million**

## Kimberley Airport

GDP contribution  
**R36 million**

Employment contribution  
**167 jobs**

Income contribution  
**R24 million**

## Cape Town International

GDP contribution  
**R1.2 billion**

Employment contribution  
**2 273 jobs**

Income contribution  
**R423 million**

## George Airport

GDP contribution  
**R103 million**

Employment contribution  
**230 jobs**

Income contribution  
**R46 million**

## Chief Dawid Stuurman (Port Elizabeth) International

GDP contribution  
**R180 million**

Employment contribution  
**372 jobs**

Income contribution  
**R75 million**

## King Phalo (East London) Airport

GDP contribution  
**R111 million**

Employment contribution  
**281 jobs**

Income contribution  
**R53 million**

## Bram Fischer International

GDP contribution  
**R74 million**

Employment contribution  
**237 jobs**

Income contribution  
**R47 million**

## O.R. Tambo International

GDP contribution  
**R2.7 billion**

Employment contribution  
**6 200 jobs**

Income contribution  
**R849 million**

## Corporate office

GDP contribution  
**R883 million**

Employment contribution  
**4 909 jobs**

Income contribution  
**R972 million**

## King Shaka International

GDP contribution  
**R667 million**

Employment contribution  
**1 849 jobs**

Income contribution  
**R333 million**



# TRANSFORMING OUR ENVIRONMENT

We proactively assess and manage the environmental impact of our operations in line with our integrated transformation and sustainability objectives. As in the previous period, our environmental impact was considerably lower during the reporting period than it was prior to the advent of the pandemic due to the effect that local and international travel restrictions had on our operations. Not only did these dramatically reduce air traffic, they also led to a reduction in ancillary activity, with far fewer vehicles operating within and around our airports. This, in turn, led to lower carbon emissions and fewer associated pollution events such as spillages and leaks.

Similarly, our use of water and electricity was much lower than it was prior to the pandemic, partly as a result of reduced passenger traffic and partly due to the implementation of remote working arrangements for our staff. Waste generated was also significantly lower, but so were efficiencies, given that certain airport infrastructure requires a baseline of activity regardless of passenger and staff numbers.

## MONITORING INITIATIVES

In the previous period, we reported that certain monitoring initiatives had been curtailed due to operational activity being low. Some of these monitoring initiatives were started up again during the reporting period, but were not ramped up to pre-pandemic levels. Ongoing engagements are being held with the relevant regulators to ensure that ACSA remains compliant with its obligations regarding environmental monitoring.

## NOISE

As in the previous period, the impact of noise resulting from our operations was significantly reduced during the reporting period. This was largely due to the lower number of flights during the pandemic. While the number of flights did, however, increase significantly during the 2022 financial year, the number of noise complaints remained very low. We anticipate that, as the sector recovers more fully, the number of noise complaints will increase.

## KEY ENVIRONMENTAL STAFF

The ongoing impact of the voluntary separation and early retirement packages that were offered during the pandemic continue to be felt. However, there have been significant improvements in the competency of the incumbents who took on additional work related to the Environmental Management System.

## AIRPORT CARBON ACCREDITATION

O.R. Tambo International in Johannesburg, King Shaka International in Durban, Chief Dawid Stuurman International in Gqeberha (previously Port Elizabeth) and Cape Town International all maintained their Level 2 Airport Carbon Accreditation throughout the reporting period.

As recovery gains ground, we will investigate the feasibility of expanding this programme to the remaining airports in our portfolio.

## ROADMAP TO CARBON NEUTRALITY

The constraints on capital expenditure resulting from the pandemic have resulted in us having to adjust the timing of the projects that make up our Roadmap to Carbon Neutrality. While the initial goal of achieving carbon neutrality for Scope 1 and Scope 2 emissions at all of our nine airports by 2030 has not changed, the timing of the projects required to reach this goal has been amended, with most energy-reduction projects having been moved into the 2027 to 2030 timeframe.

At present, our focus is on the production of renewable energy at our largest airports, which will not only contribute to the process of becoming carbon neutral, but which will reduce our dependency on the national grid. These initiatives, together with the use of natural gas to generate electricity, which is less carbon-intensive than coal-powered generation, are helping us to lower carbon emissions despite the current moratorium on new capex projects.

Further, as carbon reduction projects are related to air traffic volumes, these will be implemented in line with sector recovery.

## ISO 14001:2015

The certification audits for all nine airports took place during the reporting period. All met the requirements of the ISO 14001:2015 Environmental Management System Standard and were duly certified. The audits will continue in 2022 and 2023 in line with the certification cycle.

## LEGISLATION AND COMPLIANCE

In terms of compliance, we contracted environmental legal consultants to assist with the development and implementation of site-specific environmental legal registers, which take into account primary, secondary and tertiary legislation in all spheres of government. These registers provide each airport with the legal requirements pertinent for their location and context, as well as with formal means for tracking compliance.

## ENVIRONMENTAL INCIDENTS

During the year under review, there was one environmental incident, which occurred at the King Shaka International Airport. This was a rupture of a sewer line due to a landslide that came about as the result of flooding. The incident was reported to the authorities and they have been included in the development of monitoring and remediation plans to rectify the matter.

## TRANSFORMING OUR ENVIRONMENT continued

### KEY ENVIRONMENTAL METRICS

Element and metric	FY2022	FY2021	Material changes
Electricity consumption in kilowatt hours	162 448 271	150 444 012	While all of our airports engage in certain baseline activities that require electricity consumption, the level of consumption is directly related to passenger numbers. The reduction in electricity consumption over the past two periods mirrors the reduction in passenger numbers during these periods. The slight increase year-on-year from the previous period was due to the normalisation of operations during the reporting period.
Water consumption in kilolitres	1 035 900	991 299	Water consumption increased over the period due to the increase in operations.
Fuel and diesel consumption in litres	330 818	230 443	Fuel usage at our airports relates to the use of operational vehicles. The increase in fuel usage is as result of traffic recovery and relatively higher number of flights compared to the previous reporting period. More vehicles were used for operational activities.
Waste recycled in kilograms (millions)	673 377	304 829	The significant increase in recycled waste is as a result of the resumption of recycling initiatives tied to the increase in passenger numbers and airports becoming fully operational after the lockdowns.
Noise management incidents reported	5	3	The number of noise complaints has increased slightly since the previous reporting period but the numbers remain inconsequentially low.
Bird and wildlife strikes	195	172	With the recovery of traffic volumes, there were more bird strikes recorded than during the previous period. The number of strikes was still low considering the shift in bird behaviour during the quiet periods of the COVID-19 lockdowns.



# CONTRIBUTIONS TO OUR SUSTAINABILITY FRAMEWORK

Our commitment to the transformation of our business, our people, society and the environment is integral to our organisation. Our transformation objectives are aligned with our strategic objectives and contribute to our Sustainability Framework in the following ways:



## Our business

- Black-owned business shares 42% of our commercial revenue
- Interventions across seven sectors, as aligned with our Transformation Strategy, maximise our contribution to the growth of black-owned businesses and the creation of jobs and opportunities
- We supported 17 130 job opportunities



## Our people and society

- We have maintained a Level 2 B-BBEE level and a 88% recognition level
- Black South African employees represent 96.2% of our workforce
- Women represent 47,8% of our workforce, while persons with disabilities represent 2.1%
- We supported 94 youths through various young talent development initiatives
- Our socio-economic development investment of R10 million supported projects in our focus areas of education, philanthropic donations, youth and women empowerment



## Our environment

- Four of our airports maintained ACI Level
- Two airport carbon certification during the reporting period, while two of our airports-maintained Level 1 certification

## OUTLOOK

As we emerge from the COVID-19 pandemic, it is important for us to focus not only on compliance with legislative and regulatory requirements, but also to adopt a practical approach to supporting our people, our suppliers and society as a whole as well as to minimising our environmental impact in a sustainable manner.

Going forward, our integrated transformation agenda – supported by our transformation working group – will drive this transformation.

# 08

## PERFORMANCE REVIEW

*Our financial and non-financial outcomes*

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- 115 Grow footprint



# OVERVIEW

While COVID-19 continued to impact on our operations throughout the reporting period, we have reconfigured our organisation in such a way that it is more flexible than it was before the pandemic and more readily adaptable to change, even at short notice.

Throughout the reporting period, the ongoing COVID-19 pandemic continued to impact severely on our operations. In response to the various levels of lockdown and related travel restrictions, it remained necessary for us to restrict operations from time to time, which not only affected operational efficiency, but naturally also revenue. This was exacerbated by having to mothball some of our infrastructure, which made it difficult to respond to increases and decreases in passenger numbers as lockdown levels changed.

On a day-to-day basis, we were faced with the challenge of having to implement mandatory screening, social distancing and other measures in line with SACAA regulations. This meant that we had to rapidly acquire and deploy new screening technologies and additional staff, all of which pushed up operational expenditure at a time when revenue was under extreme pressure.

The Capital and Operational Expenditure Reduction Programme, which was introduced in the prior period, nevertheless enabled us to support our essential activities. Despite having to function under such constrained circumstances, we were therefore able to meet all of our operational obligations and maintain liquidity.

External factors that had a further impact on operations included the fact that a number of airlines had to be liquidated as a result of the pandemic, which had a knock-on effect on seating capacity, flight frequency and pricing, all of which, in turn, had a direct influence on operations, operational expenditure and revenue.

The civil unrest in Gauteng and KwaZulu-Natal in July 2021 came as an additional blow, disrupting not only passenger and cargo operations in the short term, but also having a notable impact on passenger confidence, which led to a decline in travel – especially from international destinations – for some time.

In February 2022, a further external shock came with the invasion of Ukraine, which had an almost immediate impact of the price of jet fuel and, in turn, on ticket prices. There is a high level of uncertainty associated with this conflict and it is still too early to tell what the full extent of the repercussions will be. An internal risk analysis conducted by our GE of Strategy and Sustainability has indicated that, if the war becomes protracted, fundamentals shifts in the way in which energy is traded and supplied could cause a reconfiguration of the global geopolitical and economic order, with a number of different scenarios all being a possibility.

In the short term, the impact on aviation is already being felt and the knock-on effect on ticket prices, travel patterns and cargo volumes is a significant challenge we face in the current period (FY2023).

These challenges notwithstanding, all of our airports recorded an increase in passenger numbers during the reporting period and we are well positioned to support a recovery in both air travel and cargo volumes across all of our routes. Our performance report for the year gives detailed insight into our operational activities during the period.



# MAJOR MILESTONES

COVID-19 ALERT LEVELS <sup>1</sup>	DATE
<b>Adjusted Alert Level 1</b> Most normal activities could resume, but precautionary and health guidelines had to be followed at all times. The population was notified to be prepared for an increase in alert level if necessary.	1 March 2021 – 30 May 2021
<b>Adjusted Alert Level 2</b> Physical distancing regulations remained in place and there were restrictions on leisure and social activities to prevent a resurgence of the virus.	31 May 2021 – 15 June 2021
<b>Adjusted Alert Level 3</b> There were restrictions on many activities, including in workplaces and social situations, to address the high risk of transmission.	16 June 2021 – 27 June 2021
<b>Adjusted Alert Level 4</b> Extreme precautions were implemented to limit community transmission and outbreaks, but some activities not permitted under Level 5 were allowed.	28 June 2021 – 25 July 2021
<b>Adjusted Alert Level 3</b> There were restrictions on many activities, including in workplaces and social situations, to address the high risk of transmission.	26 July 2021 – 12 September 2021
<b>Adjusted Alert Level 2</b> Physical distancing regulations remained in place and there were restrictions on leisure and social activities to prevent a resurgence of the virus.	13 September 2021 – 1 October 2021

COVID-19 ALERT LEVELS <sup>1</sup>	DATE
<b>Adjusted Alert Level 1</b> Most normal activities could resume, but precautionary and health guidelines had to be followed at all times. The population was notified to be prepared for an increase in alert level if necessary. Under Adjusted Alert Level 1, all 53 of the country's land borders were open, and travel to and from South Africa from regional and international destinations was permitted, provided that: <ul style="list-style-type: none"> <li>fully vaccinated passengers produced a valid vaccination certificate on arrival at the land border; and</li> <li>unvaccinated passengers provided a negative COVID-19 test, as recognised by the World Health Organization, obtained not more than 72 hours before the date of travel.</li> </ul>	1 October 2021 – 22 June 2022
<b>Restrictions lifted</b> After two years, two months and 26 days, the Minister of Health, Joseph Phaahla, repealed all COVID-19 restrictions in their entirety, including regulations relating to international travellers entering the country. The Minister announced that PCR and antigen testing at South Africa's borders would no longer be required, allowing for a full reopening of the tourism sector. The requirement that masks be worn in all indoor public venues, such as airports and malls, was also lifted.	22 June 2022

EXTERNAL EVENTS	DATE
<b>Civil unrest in KwaZulu-Natal and Gauteng</b>	July 2021
<b>Invasion of Ukraine</b>	24 February 2022




PASSENGER TRAFFIC AND AIRCRAFT MOVEMENTS	%
<b>Recovery in Passenger Traffic (Total)</b>	49% <sup>2</sup>
<b>Recovery in Aircraft Movements (Total)</b>	71% <sup>2</sup>

AWARDS	DATE
<b>Skytrax Awards 2021</b>	August 2021
<b>ACI HR Excellence Awards 2021</b>	October 2021
<b>2021 World Travel Awards</b>	November 2021

<sup>1</sup> Further information about the various lockdown levels implemented during the reporting period is available on the South African Government's web site at: [About alert system | South African Government \(www.gov.za\)](http://www.gov.za).

<sup>2</sup> Relative to pre-COVID levels as reported in FY2019.

# KEY PERFORMANCE AREAS

KPI	KPI description	KPI formula	Assurance
Operating expenditure allocation	Maximum Company level total operating expenditure allocation inclusive of both employee costs and operating expenses.	Total Company employee costs plus total Company operating expenses for the year	
Capital expenditure allocation	Maximum total capital expenditure allocated within the Company budget.	Total Company capital expenditure for the year	
Non-aeronautical revenue	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.	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.	
Stakeholder management plan	ACSA has developed a stakeholder engagement plan to ensure that its leadership continuously engages its stakeholders on key matters impacting the business. The Executive Committee commits to this plan at the beginning of the financial year and it is approved by the Board.	Calculated as the average percentage score of the completed quarterly engagements in line with the number of engagements that stakeholder owners committed to undertake in the engagement plan.	
Passenger satisfaction	The Passenger Satisfaction Survey indicator measures the level of satisfaction experienced by passengers while they are travelling through ACSA airports. It illustrates the passenger's view and assessment of service delivery at ACSA airports.	<p>The ACSA-developed Passenger Satisfaction Survey covers service elements from end to end throughout the passenger journey. This includes, but is not limited to: parking, cleanliness, check-in procedures, airline services, security, airport shopping facilities, and the overall airport environment and passenger experience. Since 2020, the survey has also included questions relating to COVID-19 health and safety measures.</p> <p>The scoring scale used is numerical and runs from 1 to 5, with 1 indicating Poor and 5 indicating Excellent.</p> <p>Each airport has a set target and the Group score is calculated as an average of the scores for all nine ACSA airports. Reporting on passenger satisfaction is done monthly, quarterly and annually).</p>	
B-BBEE Level	The Company's B-BBEE recognition level is based on a public-sector scorecard framework which reflects the Company's contribution to B-BBEE.	B-BBEE rating (use Department of Trade and Industry's qualification scoring and independently approved score).	



KPI	KPI description	KPI formula	Assurance
Percent of black business share of commercial revenue generated	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.	$(\text{Commercial revenue to black business} \times 100) / (\text{Total commercial revenue generated})$ 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.	
Number of job opportunities created	This measure informs the stakeholders of the number of job opportunities created by the Company.	Employment Contribution Model	
ACI carbon accreditation level	The assessment and recognition of our airports' efforts to manage and reduce our CO <sub>2</sub> emissions.	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. Attain an independent ACI certification.	



# PERFORMANCE REPORT

OUR BUSINESS: Strategic objectives and KPIs		Metric	FY2022 Actual	FY2022 Target	Target achieved	FY2021 Actual	FY2020 Actual
Financial Sustainability	OPEX allocation	R million	R3 173 million	R3 807 million	●	R3 737 million	R4.5 billion
	CAPEX allocation	R million	R546 million	R1 000 million	●	R770 million	R1.1 billion
Diversify the business portfolio	Non-aeronautical revenue	R million	R2 180 million	R1 987 million	●	R973 million	R3 130 million
Increase reputation	Stakeholder Management Plan	%	93%	80%	●	86%	64.1 <sup>1</sup>
	Passenger satisfaction	Rating from 1 (poor) to 5 (excellent)	3.94	3.6	●	Not rated (low traffic at airports)	4.08 <sup>2</sup>
	ACI Airport Health Accreditation	Accreditation as per ACI criteria	ACI Airport Health Accreditation obtained for all 9 airports	Obtain ACI Airport Health Accreditation for all 9 airports	●	ACI Airport Health Accreditation obtained for all 9 airports	Not rated (pre-COVID-19 accreditation was not applicable)
OUR PEOPLE AND SOCIETY: Strategic objectives and KPIs		Metric	FY2022 Actual	FY2022 Target	Target achieved	FY2021 Actual	FY2020 Actual
Ensure successful transformation of ACSA operations	B-BBEE Level	B-BBEE as per the code	Level 2	Level 2	●	Level 2	Level 2
	% Black business share of commercial revenue generated	%	42%	40%	●	42%	55.4%
	# of Job opportunities created	Number of job opportunities	17 130	18 405	●	20 312	23 750
OUR ENVIRONMENT: Strategic objectives and KPIs		Metric	FY2022 Actual	FY2022 Target	Target achieved	FY2021 Actual	FY2020 Actual
Reduce environmental impact	ACI Carbon Accreditation Level	ACI level as per mapping certification criteria	Attained ACI Level 2 Reduction Certification for four airports (ORTIA, CTIA, KSIA, PEIA)	Maintain Level 2 Reduction Certification for at least three airports (ORTIA, CTIA, KSIA)	●	Maintained ACI Level 2 Reduction Certification at 3 Airports (ORTIA, CTIA and KSIA) PE has Level 2 George and Bram Fischer attained Level 1	Attained ACI Level 2 Reduction Certification for ORTIA, CTIA, KSIA (new), PLZ (new)

<sup>1</sup> The figures for FY2020 show the results of the REPTRAK survey that was performed during that period. This survey was not conducted in the 2021 and 2022 financial years due to budget challenges as result of the impact of COVID-19. In these years, the KPI was measured as a percentage of completion of the engagement plans that the Executive Committee had committed to with the approval of the Board. Performance against the target is measured as the average percentage score of the completed quarterly engagements in line with the number of engagement frequencies that stakeholder owners committed to undertake in the engagement plan.

<sup>2</sup> The figures for FY2020 show the results of the ACI Airport Service Quality (ASQ) Index.

# BUSINESS ENABLEMENT

## HUMAN CAPITAL

### OVERVIEW

As in the previous period, we proactively monitored and managed the impact of COVID-19 on our employees throughout the year and continued to implement strategies designed to mitigate their risk of exposure to the virus.

All of our management and mitigation strategies are aligned to national strategies and policies as well as to the Occupational Health and Safety Act.

We also implemented a new Human Capital Strategy, which was developed in consultation with employee unions and representatives, and adopted a revised Governance Framework and Operation Model. This was necessary due to the impact of the pandemic on our operations and finances. The strategy, framework and operating model were all designed to facilitate the development of processes, capabilities and structures that will translate into a leaner and more agile organisation.

### STAFF OPTIMISATION AND COST MANAGEMENT

Due to ongoing travel restrictions and limited revenue, we were faced with the challenge of having to realise savings of R200 million in staff costs during the year. The first step was to reduce our leave liability by R50 million per annum, and special thanks are due to our employees, who were understanding and supportive of the need to do this. An additional saving of R31 million was realised by not replacing employees who resigned in the normal course of business and a further saving of R54 million was realised by not granted salary increases for the second period in a row.

The voluntary separation package (VSP) programme introduced in 2020 was extended and ran from 1 December 2021 to 31 January 2022, realising a saving of R68 million and, finally, re-aligning overtime work required on Sundays realised a saving of R4 million.

Non-statutory payments and stand-by allowances continued to be paid at the reduced rates introduced in 2020 and new uptake of the housing scheme and the staff bursary scheme remained suspended. The freeze on recruitment remained in place except for filling positions critical to business continuity and sustainability. Wherever possible, we recruit internally to fill critical positions.

In line with our Sustain and Recovery Strategy, we continued to work on optimising the utilisation of our remaining staff. As part of this process, it was essential to take stock of the capabilities and organisational capacity lost due to the uptake of VSPs. A process of succession management was therefore undertaken, starting at Executive Committee level. This will be cascaded down through our

management and staff structures during the course of the current year. The focus of this process is to consolidate the capabilities we have and to build capability where capability risks have been identified.

Staff costs accounted for 39% or R1.3 billion of the total operational expenditure budget of R3.3 billion in for the reporting period.

Communications with staff continued to be consistent throughout the year and the human resource management working teams put into place in 2020 remained in place. The data analysis dashboard – also initiated in 2020 – was used to support all engagement with staff.

### Employee demographics FY2021/22

TOTAL EMPLOYEES

**2 439**

(FY2020/21: 2 752)

PERMANENT  
EMPLOYEES  
**2 430**

(FY2020/21: 2 699)

TEMPORARY  
EMPLOYEES  
**1**

(FY2020/21: 35)

### YOUNG TALENT EMPLOYEES

**8**

(FY2020/21: 18)

### EMPLOYEE TURNOVER RATE

**11%**

(FY2020/21: 20%)

## BUSINESS ENABLEMENT continued

### EMPLOYEE SATISFACTION AND VALUE PROPOSITION

As in the previous period, initiatives to measure employee satisfaction and improve our employee value proposition remained on hold. We did not conduct an employee satisfaction survey as pandemic-related people management initiatives were prioritised. We were nevertheless the recipient of the ACI HR Excellence Award for 2021, which is testimony to the values-driven approach we adhere to in the management of our people despite practical and financial constraints.

The formal adoption of a hybrid working model has been well received as it has given employees flexibility that they did not previously have. As we have been unable to offer increases for the past two periods and as fuel costs continue to increase dramatically, the adoption of this model has proven to be not only beneficial to employees, but also to be a great equaliser. This model of working will therefore remain as a permanent feature of our people management processes.

### EMPLOYEE ENGAGEMENT AND WELLNESS

Despite budget constraints, we continued to actively engage with our employees and to support their well-being through various initiatives.

ACSA Cares Employee Assistance programme	COVID-19 support wellness webinars	A gender-based violence campaign	Supporting the organisation through the staff cost reduction process
Includes various wellness interventions and a 24-hour call centre which is accessible to all employees, in partnership with Metropolitan Health Group.  Toll free number: 0800 633 225  SMS line: 083 450 0508	A series of wellness webinars aimed to assist employees with tips on how to work optimally during lockdown, how to combat fatigue and to support managers in effectively managing their teams throughout the pandemic.	The campaign was developed in response to the number of family and relationship cases reported to ACSA Cares call centre and to create awareness of the gender-based violence scourge the nation is facing.	These interventions were developed to support employees during the staff cost reduction process. This included CV writing, interview skills and LinkedIn profile interventions, career coaching and entrepreneurial coaching.

### TRAINING AND DEVELOPMENT

Employees participating in development programmes prior to the advent of the pandemic were able to complete their courses during the reporting period and we continued to meet our obligations to existing bursary recipients.

Within the framework of our Recover and Sustain Strategy, the Training Academy is critical to our ability to upscale non-aeronautical revenue. We have therefore devoted a great deal of time and attention to forming partnerships with education and training providers and to building up internal capacity.

### TRANSFORMATION

In terms of business transformation, we used our updated Governance Framework and Operating Model as a framework for re-thinking our ways of working, which was necessary to secure sustainability in both the short- and long-term.

We therefore undertook an extensive review of processes across all divisions to ensure that similar functions were grouped together and to eliminate overlaps. From a capability perspective, this meant that certain functions needed to be handed over and, where there were duplications, those had to be removed. This has resulted in organisational structures that are much leaner and flatter.

Newly implemented optimisation procedures also gave us the flexibility to deploy resources where there were serious constraints by, for example, insourcing certain functions that had previously been outsourced. This gave us the flexibility we needed to maintain customer service standards and security mandates as COVID-19 alert levels changed.

### Remuneration and performance management

Refer to our Governance and Remuneration Report for a full account of our remuneration and performance management during the reporting period.

## HOUSING SCHEME

The housing scheme aims to help employees to purchase a home and to improve their quality of life and personal security. In terms of our revised Financial Plan, all new applications for rental renewals, bond subsidies, upfront deposit subsidies and debt consolidation were put on hold effective 1 August 2020. Employees who were beneficiaries of this scheme prior to the advent of COVID-19 did, however, continue to benefit from it. They make up 70% of the total employee target population for this benefit.

The employee transport scheme that was introduced in 2020 proved to be challenging to manage and, during the course of the reporting period, we opted for providing a travel allowance instead. This is designed to ease travel difficulties for our employees, particularly those in operations that work shifts.

Housing scheme	FY2021/22	FY2020/21
Rental subsidies granted	190	328
Monthly housing subsidies granted	558	713
Employees assisted in debt consolidation and management	3	26
Employees supported in buying their first home through the Company's housing subsidy	9	24

## BURSARY SCHEME

Airports Company South Africa offers the children of employees in Grades A to C bursary support to pursue studies in disciplines identified in the South African National Scarce Skills list. The programme also offers workplace exposure through vacation work, providing learners with practical work exposure and, ultimately, with permanent employment where opportunities exist. During the reporting period, 119 bursaries were awarded to the value of R3.6 million.

Bursaries	FY2021/22	FY2020/21
Bursaries awarded to employees' children	36	50
Value of bursaries awarded to employees' children	R1.8 million	R0.9 million
Active employee bursaries	83	170
Value of active employee bursaries	R1.8 million	R2.5 million

## TRADE UNION REPRESENTATION AND ENGAGEMENT

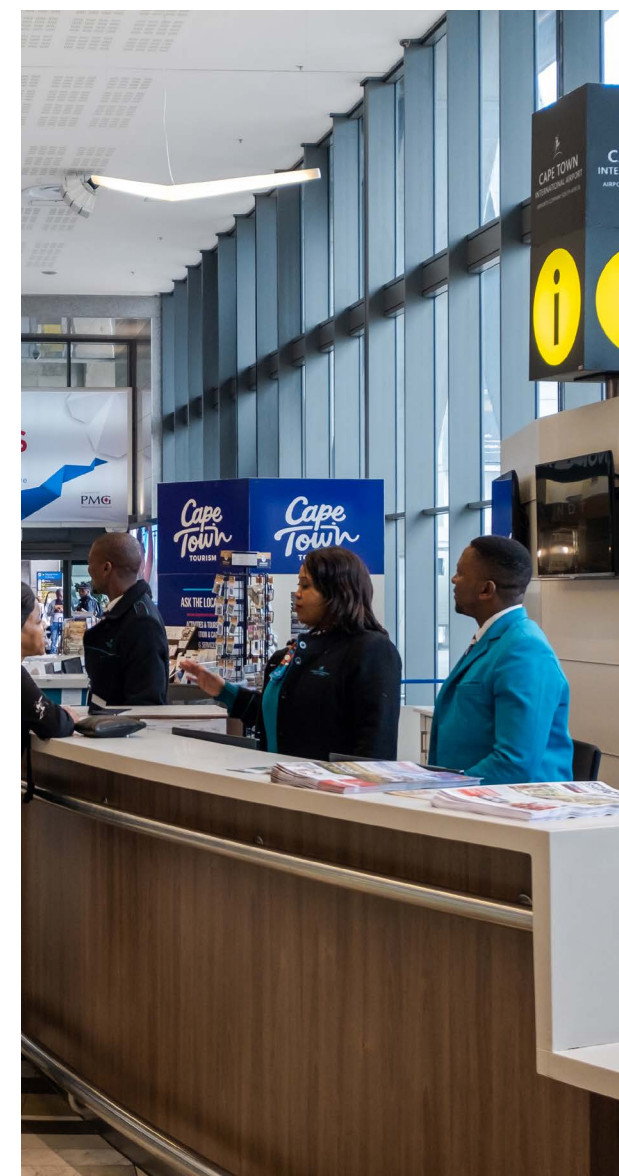
Since the advent of COVID-19, we have worked closely with representative unions, including the National Education, Health and Allied Workers' Union (NEHAWU), which represents 33% of our employees, and the National Union of Metalworkers of South Africa (NUMSA), which represents 22% of our employees, in order to manage the impact of the pandemic on our staff.

Both unions have been engaged and supportive partners throughout the past two years and we commend them for their collaboration at such a challenging time in the history of our business.

## OUTLOOK

The realignment of our business in response to the pandemic has ensured that we have been able to remain functional and sustainable in the face of a drastic decrease in revenue over the past two periods. Within the context of a more streamlined and agile operating structure, we remain committed to the wellbeing of our staff and other stakeholders and we continue to actively engage with them in order to fulfil this commitment.

We will continue to operate according to our Recover and Sustain Strategy and associated strategies and plans during the current period and will re-focus on growth and development once revenue permits.



### IT AND DIGITALISATION

#### OVERVIEW

The need to digitalise the passenger experience, the airport environment and our operational processes has been identified as a core strategic focus for the business and this process had to be accelerated in response to the impact of the pandemic. Remote and hybrid working solutions had to be put into place at short notice and we had to rapidly improve our ability to deliver a contactless travel experience. Our operational processes also had to be extremely flexible in order to accommodate changes to lockdown levels.

Our existing infrastructure and the digital strategy put into place in FY2020 have provided a robust foundation for the management of these challenges over the past two years. The key objectives of our strategy are to adopt and leverage appropriate technology in order to enhance the customer experience and operational efficiency while simultaneously protecting our systems and information. Our IT capabilities are intended to support our value creation process through the delivery of a consistently positive customer experience, paperless travel, automated cost management, greater efficiency, revenue diversification and, ultimately, business growth.

The digital roadmap we put into place to support our strategy included an allocation for capex expenditure of R1.2 billion of the five years to FY2025. Annual allocations have since been adjusted in alignment with the revised Financial Plan adopted in 2020. Of the R397.8 million budgeted for the reporting period, R367.4 million was used. Despite having to work with a reduced budget during the past two periods, we have been able to honour all of our commitments on existing projects as well as on projects for which tenders had already been signed. Other than these contractual obligations, we have prioritised urgent and high-impact projects intended to secure business sustainability.

#### Some of the projects introduced during the past two periods include:

- A biometrics-driven automated border control system, which was deployed at Cape Town International. Similar projects are currently being implemented at O.R. Tambo International in Johannesburg and King Shaka International in Durban.
- The ACSA app, which is a downloadable platform that allows passengers and other airport users to check flight information, book and pay for parking, book a PCR test and receive a result within an hour (this is not a requirement for domestic travel,

but is required when travelling to some international destinations).

- A new public address system, which was deployed at seven airports. This has improved operational efficiency and provides the ability to make announcements according to regulatory requirements.
- An upgraded Enterprise Resource Planning and Queue Management System, which has been fully operationalised to improve efficiency. This has introduced the capacity to track queuing hotspots and to monitor passenger security while queues are being processed.

In the medium term, our priority will be to continue upweighting digital self-service programmes and to automate border control by integrating our systems with those of the Department of Home Affairs. We will, in particular, be focusing on security processing systems that use facial recognition capabilities or biometric information embedded in a bar code in each passenger's passport.

We will also continue to strengthen digital integration across all of our operations in order to improve efficiency and enhance the experience of our airports for all stakeholders, especially passengers.

#### SELF-SERVICE SOLUTIONS

While all of our airports had self-scanning capabilities in place before the advent of COVID-19, we saw a rapid increase in adoption as soon as air travel began to open up again. Since then, the demand for a reduction in physical contact has increased steadily and we have continued to optimise existing systems in order to improve the overall passenger experience and grow non-aeronautical revenue.

#### STAFF ENABLEMENT

Most of our employees had the necessary systems at their disposal to work from home when the lockdown was announced in March 2020. As soon as the initial "hard" lockdown period had been lifted, we rolled out Microsoft 365 across all our operations and introduced Adobe's digital signature to complement existing systems. During the reporting period, we focused intensely on training to support that adoption. Our IT service desk has remained fully operational throughout the pandemic and has been outsourced to a third party, which reduced operational costs and optimised the service provided.

Through a service portal, employees can request IT equipment and services, stay informed with regard to the status of their logged tickets and engage with the service desk.

## CYBERSECURITY AND INFORMATION SECURITY

As we faced budgetary constraints during the reporting period, some of our programmes to enhance cyber and information security maturity had to be cancelled. Despite this, we have adopted a zero trust architecture approach, leveraging existing investments and adopting a cyber security mesh architecture. This has enabled us to deploy security controls closer to our various assets and to support hybrid workers. While our IT systems are secure, we will continue to prioritise key initiatives across the strategic horizon and to explore savings in other areas in order to fund our cyber and information security journey as the technology develops.

It is important to note that we have significantly improved our cyber and information security maturity by instituting a Cyber Security Operations Centre (SOC), with a key focus on people, processes and technology. SOC analysts are on duty 24/7/365 to focus on security incident monitoring and remediation, automation of the core SOC processes, and the enablement of our technology investments.

All of our activities are implemented within the framework of our Cyber and Information Security Strategy and are operationalised in the form of our structured and formalised Information Security Management System (ISMS). Cyber and information security awareness sessions across all our airports have reached a completion rate of 90% (2021: 80%). We did not record any significant cybersecurity incidents during the reporting period.

## BUSINESS INTELLIGENCE

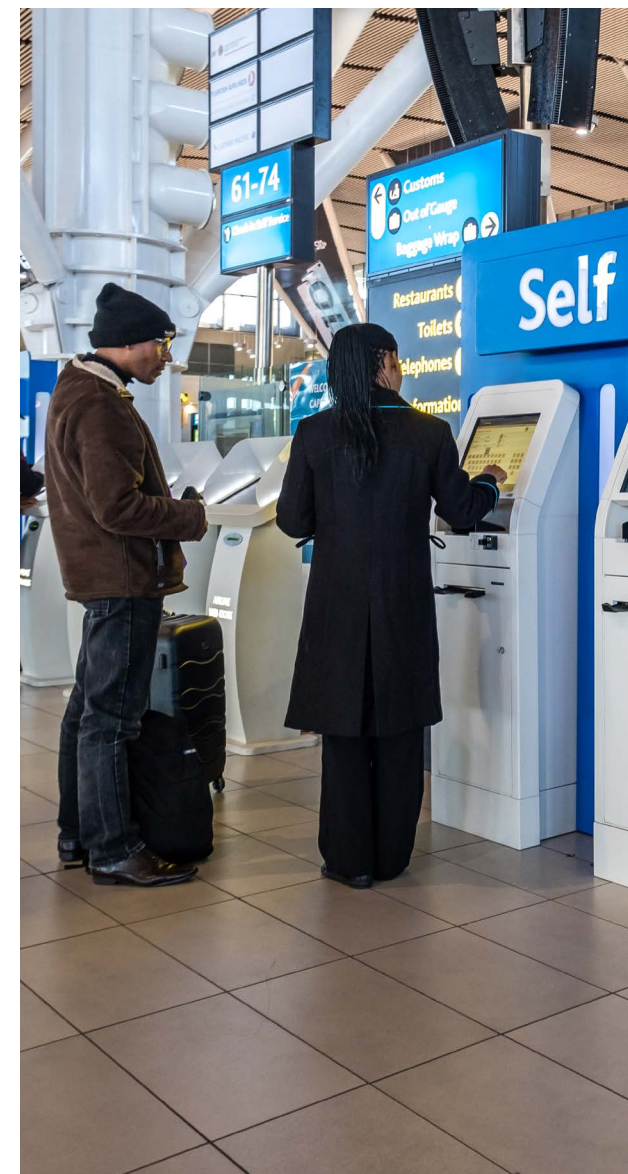
In previous years, we were able to implement several business intelligence projects in various business units to track performance as part of our business intelligence strategy. This year, however, we have engaged external stakeholder to gain third-party funding. An example of this is our request for funding from a leader in software development to run a proof-of-concept programme around parking management to increase efficiencies.

## MOBILE TECHNOLOGY

In FY2020/21, we successfully implemented a radio network at George Airport. All our airports now have a radio frequency spectrum licence, issued by the Independent Communications Authority of South Africa (ICASA) which covers a 10-kilometre radius around our airports. The radio network facilitates communication between our staff and with other stakeholders within this area.

## OUTLOOK

As all parts of the business have been affected by cost reduction initiatives, we must engage with stakeholders to execute innovative IT and digitisation initiatives through collaboration. These engagements have the potential to result in collaborative public-private partnerships.



# RUN AIRPORTS

## OVERVIEW

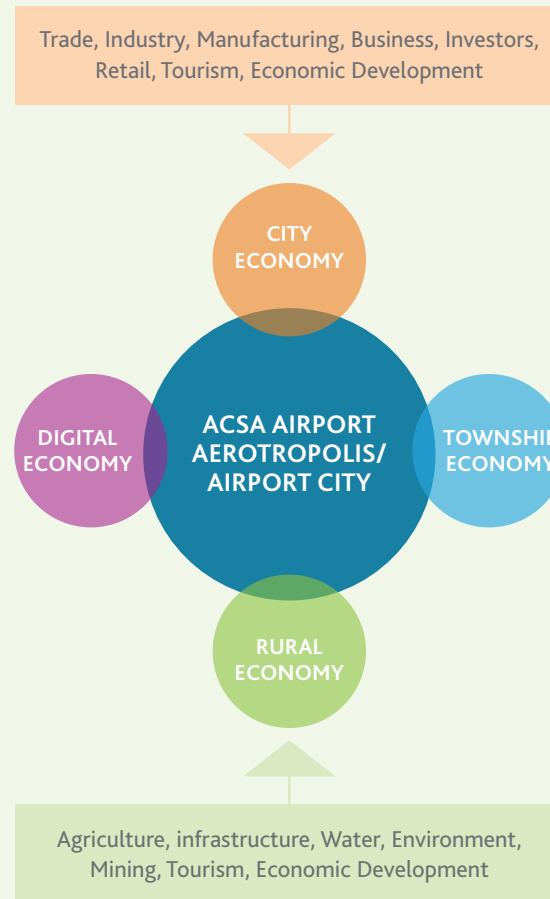
Running airports is our core business and is essential to our value creation process. As we emerge from the pandemic, this remains our primary focus as we work to secure our sustainability and create a viable platform for future growth.

Over the past two years, we have reimagined the way in which we run our business and have reconfigured our operations to ensure that we are a more flexible, efficient and adaptable organisation. Our most immediate task, then, is to restore our operations to full functionality, to build passenger confidence, to diversify our revenue streams in response to the fundamental changes that have taken place in air transportation, and to begin laying the foundation for a new kind of airport network in a new kind of socio-economic environment.

Airports are not only transportation nodes, but have a very important role to play in the country's recovery from the pandemic. We see our network within this broader context and as a means to facilitate economic integration at both local and national level.

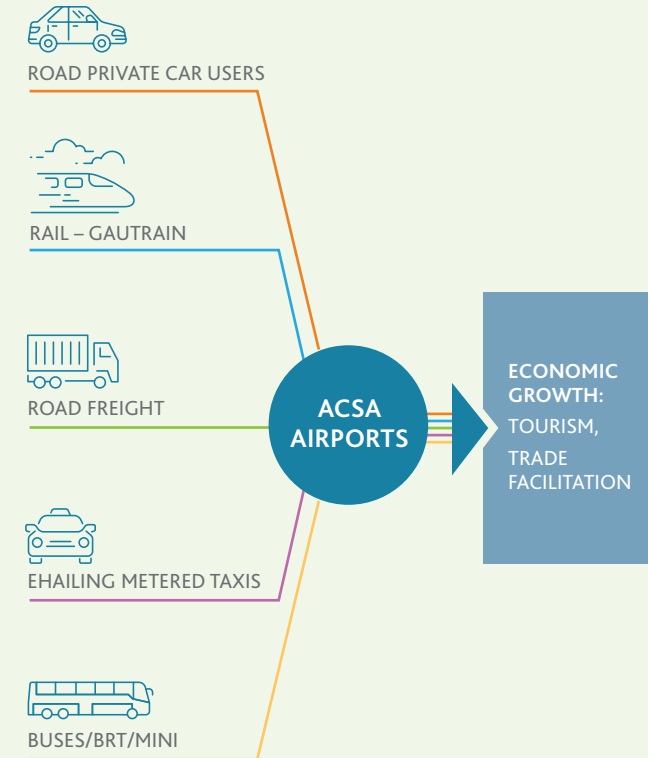
At local level, each of our airports is an engine for economic development in the region that surrounds the airport and an integrator of economic opportunities, as illustrated in the following graphic:

### Local economic integration



At national level, our network is a modal integrator that facilitates trade, tourism and investment:

### National modal integration





Our network therefore has an essential role to play in supporting the national efforts to reconnect, recover and rebuild economic activity.

During the reporting period, we nevertheless faced the ongoing challenge of having to deal with the pandemic and its impact on both aeronautical and non-aeronautical revenue.

In the previous period, there was a massive drop-off in passenger traffic but, as restrictions began to be eased at the start of the 2022 reporting period, signs of a recovery became evident. This was nevertheless intermittent as new variants of the virus led to further lockdowns during the course of the year. It was only when there was a significant easing of travel restrictions just prior to the December 2021 holidays that our recovery trajectory became more consistent.

This nevertheless has to be seen within the context of a changed operating environment, which is very different to what it was prior to the pandemic. There have, for instance, been significant structural changes to the air travel market. Both government and business cut back on air travel in compliance with the regulations introduced during the first “hard” lockdowns of 2020 and, with remote and hybrid working solutions now entrenched, air travel within the MICE (meetings, incentives, conference and exhibitions) category is unlikely to recover to pre-COVID levels.

Recovery is, instead, being led by the leisure and VFR (visiting friends and relatives) segments, with growth in these segments most likely to come about as a result of the African free trade agreement currently under discussion rather than from more developed markets. This means we are seeing a decline in real earnings from air travel, which is likely to become a persistent feature of our aeronautical revenue stream.

## SOURCES OF REVENUE

At ACSA, we have three sources of revenue:



Our **core aeronautical revenue**, which is derived from airport operations, including regulated tariffs for aircraft landing and parking charges as well as regulated charges for passenger services. This revenue is dependent on scheduled airport traffic, which is measured in scheduled aircraft movements.



**Non-aeronautical revenue** from commercial income streams, such as advertising, retail, car parking, car rental and property leasing.



**Non-core revenue** from the provision of technical advisory and consultancy services – in South Africa and abroad – as well as revenue from our training academy.



## RUN AIRPORTS continued

### Core operations indicators



	Annual departing passenger throughput capacity	Total annual departing passengers			Aircraft landings		
		FY2021/22	FY2020/21	FY2019/20	FY2021/22	FY2020/21	FY2019/20
O.R. Tambo International Airport	14 000 000	4 819 924	2 054 141	10 470 706	70 025	35 230	105 975
Cape Town International Airport	7 000 000	2 850 795	1 193 090	5 384 136	37 767	18 413	45 092
King Shaka International Airport	3 750 000	1 613 224	754 405	3 057 175	14 929	7 332	25 383
Chief Dawid Stuurman (Port Elizabeth) International Airport	1 000 000	455 748	212 074	849 342	22 052	9 972	24 140
Bram Fischer International Airport	300 000	103 197	36 831	179 571	6 236	3 018	8 737
Upington International Airport	50 000	14 272	5 427	26 073	2 127	1 275	3 079
King Phalo (East London) Airport	600 000	327 227	161 589	463 242	9 284	3 624	13 287
George Airport	450 000	306 732	134 160	417 656	10 213	5 120	18 381
Kimberley Airport	100 000	47 222	18 041	76 564	4 183	2 450	4 445
<b>Total</b>	<b>27 250 000</b>	<b>10 538 341</b>	<b>4 569 758</b>	<b>20 924 465</b>	<b>176 816</b>	<b>86 434</b>	<b>248 519</b>

	International	Domestic	Regional	Unscheduled	Total
Total aircraft landings	22 792	91 026	6 732	56 266	176 816
Variance compared to FY2019/20	(40.8%)	(30.4%)	(42.1%)	(16.9%)	(28.9%)
Total annual departing passengers	1 684 480	8 614 009	187 166	52 686	10 538 341
Variance compared to FY2019/20	(71.1%)	(42.13%)	(63.9%)	(8.5%)	(50.5%)

## PASSENGER TRAFFIC

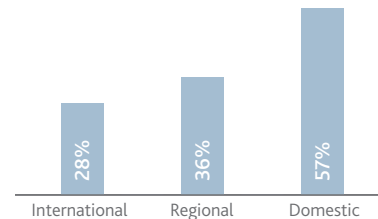
As expected, passenger travel, in particular, continued to be impacted by COVID-related travel restrictions throughout the reporting period, particularly during the second and third waves. On an annualised basis, though, total passenger numbers improved to 49% of pre-COVID levels, with a total of 21 million passengers passing through the network, including both arriving and departing passengers.

The business and MICE segments (meetings, incentives, conferences and exhibitions) were the most severely impacted due to reduced travel budgets and the rapid uptake of virtual meeting and conferencing platforms. These segments, which include government, nevertheless accounted for 50% of the passenger traffic through our three largest international airports. This was due to the fact that most of the international airlines operating flights into South Africa resumed service during the course of the year and many domestic carriers restored their pre-COVID networks, albeit at a reduced scale. New domestic carriers are now also providing added capacity, which is contributing to our recovery.

As we expected, the domestic segment improved to 57% of its pre-COVID throughput on an annualised basis, while regional and international segments lagged behind. The domestic segment accounted for 83% of total throughput during the year compared to 70% pre-COVID. While recovery at the large international airports was driven by the business and MICE segments, regional recovery was driven more by the leisure the VFR (visiting friends and relatives) segments.

The recovery of the international segment has been slower, largely due to the persistence of travel restrictions right through to the fourth quarter. After these began to be eased,

PASSENGER RECOVERY BY SEGMENT

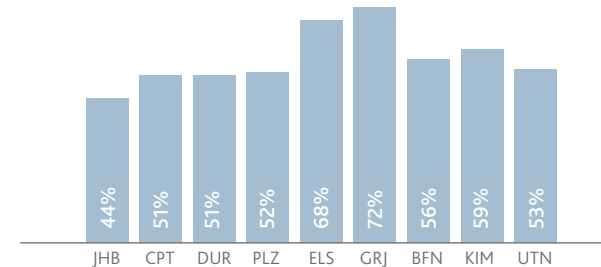


international traffic began to improve and this had a knock-on effect on domestic travel with many international travellers taking connecting flights to domestic destinations.

Passenger traffic trends analysis shows the international tourism segment continues to be dominated by the European market, which accounted for 39% of international tourist arrivals pre-COVID. We have therefore identified the African market as a focus for development and ultimately aims to connect South Africa with every major city in Africa. This will significantly diversify the international source portfolio and support Africa's integration agenda, as expressed in the Abuja Treaty of 1991.

The impact of the continuing war in Ukraine, mainly through its impact on energy prices and consequently on inflation in large source markets like Europe and the USA, nevertheless has the potential to affect our recovery, although the extent to which this will happen is uncertain.

PASSENGER RECOVERY BY AIRPORT



## PASSENGER SATISFACTION AND AIRPORT HEALTH ACCREDITATION

### Passenger satisfaction

For the past two periods, passenger throughput was insufficient to comply with the ACI World's Airport Service Quality (ASQ) data collection survey. As a result, we were unable to measure passenger satisfaction at our airports through the ACI programme. We did, however, develop an internal survey to measure satisfaction levels among passengers. We will return to monitoring passenger satisfaction through the ACI programme in FY2024.

### ACI Health Accreditation Programme

All of the airports in our network are registered on the ACI Airport Health Accreditation Programme. This provides for airports to be regularly assessed in order to ensure that their health measures are aligned with the ACI Airport Operations and COVID-19 Business Recovery Guidelines as well as with the ICAO Council Aviation Recovery Task Force (CART) recommendations and industry best practice.

## RUN AIRPORTS continued

Throughout the pandemic, our health management practices were also aligned with the ACI Aviation Business Restart and Recovery Guidelines and the ICAO Council Aviation Recovery Task Force recommendations. Our participation in the ACI programme demonstrates to passengers, staff, other airport users, regulators, governments and the public in general that we prioritise health management in a formal, established and measurable way.

### SAFETY

Airports Company South Africa is obligated to comply with SACAA regulations concerning the management of communicable diseases posing a serious public health risk and has to ensure that appropriate precautionary measures are in place to reduce that risk.

Prior to the pandemic, we had exiting procedures in place to deal with public health emergencies, and these were upweighted in compliance with government-mandated measures to prevent the spread of COVID-19 and compliance was closely monitored. Before any of our airports could re-open after the initial "hard" lockdown, our state of readiness had to be approved by SACAA, which conducted thorough inspections to ensure that we were complying with regulatory requirements.

All of these regulatory requirements were lifted on 22 June 2022 post year-end, but we remain vigilant to any public health risks that may present themselves and committed to ensuring the safety of passengers and other airport users. As part of this commitment, we continue to develop our digital services in order to minimise the need for physical contact and to improve the overall user experience.

Our COVID-19 response programme, which was still in place throughout the reporting period, is illustrated in the following graphic:

### COVID-19 Response Programme

#### Airports Company South Africa's COVID-19 governance structure



Within this framework, a COVID-19 compliance dashboard was implemented to track stakeholder compliance to regulations. Reporting on compliance was conducted three times a week and information from all nine airports was accordingly updated on the reporting dashboard. From June 2020 to 31 March 2022, number compliance audits were conducted across our network.

In addition, we engaged ACI to develop new passenger facilitation protocols based on guidance by ICAO and the IATA. The measures implemented at our airports conformed to the standards set out by these organisations.

### Occupational health and safety (OHS)

In the previous period, we developed and implemented a new safety management system based on the principles of ISO 45001. All historic data was collected and migrated to the new safety management standard, to which all its airports subscribe. As well as adhering to strict internal procedures, we manage a large number of infrastructure-related projects, which results in an influx of contractors and service providers. This elevates the risk of injuries within our facilities. We therefore have a stringent contractor management programme and all of our contractors are screened for compliance with Occupational Health and Safety requirements prior to commencing work at any of our airports.

As we also have a large number of stakeholders operating at our airports, it is critical that all of them comply with applicable Health and Safety requirements. We have carefully monitored the start-up of stakeholder operations post-lockdown to ensure that levels of compliance are maintained. A total of 113 inspections were conducted during the reporting period in order to maintain compliance at all airports.

We have on-site OHS clinics at four of our airports: O.R. Tambo International in Johannesburg, Cape Town International, King Shaka International in Durban and Chief Dawid Stuurman International in Gqeberha (formerly Port Elizabeth). These fully equipped clinics had a very important role to play in our frontline response to the pandemic.

At our other airports, local occupational health service providers are contracted through a nationally appointed service provider to deliver consistent service to all staff and airport users.

### Occupational health and safety occurrence statistics

	2021/22	2020/21	2019/20
Property damage incidents	—	5	3
Non work-related fatalities, including COVID-19 fatalities	20	13	31
Work-related fatalities, including COVID-19 fatalities	—	4	—
Disabling and/or severe injuries resulting in lost time, including COVID-19 hospitalisations	6	6	—
Non-disabling injuries requiring medical treatment, including COVID-related quarantine	484	458	87
Non-disabling injuries requiring First Aid, including near misses	—	4	392
Occupational diseases	—	—	—
<b>Total</b>	<b>510</b>	<b>490</b>	<b>514</b>

### SECURITY

We have a risk-based, multi-agency approach to threats and emergencies relating to both airside and landside operations at all of our airports.

Throughout the pandemic, all of our airports had to align their security operations with the recommendations and guidelines of ICAO, SACAA, IATA and ACI in order to create a positive customer experience without compromising on hygiene and safety. A touchless security process for both passengers and baggage was seamlessly implemented as soon as our airports became operational again after the initial lockdown and were welcomed by the public. Especially from a customer experience point of view, it was notable that there were no bottlenecks due to social distancing in our queue management system.

Smart security technology was partly operationalised at O.R. Tambo during the previous period, but a further roll-out was delayed due to budget constraints once the new Financial Plan had been put into place. We also continued to optimise security deployments in all of our airports in order to minimise outsourced contract costs. This created efficiencies in operational costs, which have benefitted the organisation as a whole. Throughout the reporting periods, training was deferred in observance of the COVID-19 regulations, but we continue to collaborate with the various service providers we use in order to provide a seamlessly safe and secure service.

## RUN AIRPORTS continued

A key focus of enterprise security during the various levels of lockdown was the protection of our perimeters and access gates as well as the prevention of vandalism of infrastructure. We heightened security measures by increasing law enforcement visibility in and around our airports and reduced access to the airside and terminal buildings.

### Security operations indicators

Area	Objective	Target: FY2022	FY2022
Security Operations	Prevent acts of unlawful interference	Zero acts of unlawful interference	Zero acts of unlawful interference
	Protect baggage (reduce pilferage)	Reduce baggage pilferage	Reduction in baggage pilferage incidents by 10% year-on-year
	Screen 100% of passengers and baggage	100% screening	100% screening
	Create security awareness	4	9
	Reduce incidence of criminal activities	Reduce incidents of stowaways, heists, armed robberies or attacks	2 (One major incident)
	Obtain zero Internal Audit repeat findings	Zero repeat findings	1
	Reduce SACAA Level 1 findings	30	3

## AERONAUTICAL REVENUE

Aeronautical revenue, which is derived from regulated tariffs for aircraft movements and related services, improved by 122% to R1.8 billion during the reporting period (2021: R810 million). This was due to increases in the number of aircraft landings and departing passengers as well as the 3.3% tariff increase for the year. Aircraft landings improved by 105% to 176 816 (2021: 86 434) and departing passenger numbers improved by 131% to 10 538 341 (2021: 4 569 758).

## NON-AERONAUTICAL REVENUE

Our non-aeronautical revenue is generated from two businesses: the core commercial portfolio and the non-core commercial portfolio. The core commercial portfolio includes six businesses: advertising, retail, car parking, car rental, property and ICT commercialisation. The non-core commercial portfolio includes training, consultancy and advisory services business. In addition to contributing to revenue, these businesses provide many opportunities to further our broader transformation agenda by supporting black businesses and creating jobs.

The commercial portfolio saw significant improvement during the reporting period, with revenue increasing by 57% to R2.1 billion (2021: R1.3 billion). This was due to the increase in passenger numbers and the lifting of certain trade restrictions as lockdown levels were eased. The improvement takes into consideration rental revenue reprieves of R591 million (2021: R1.4 billion) granted to tenants to offset the negative impact of the pandemic.

While our commercial operations are on the road to recovery, we anticipate that it will take some time for revenue to return to pre-COVID levels, especially as the pandemic has resulted in a realignment of the air travel market and changes in consumer behaviour.

### Advertising

Revenue from the advertising business decreased to R29 million in the reporting period compared to R41 million in FY2021.

The upswing in passenger volumes and improving economic conditions resulted in an incremental increase in demand for airport advertising. However, growth remained constrained due to businesses reducing their advertising spend throughout the pandemic. The unprecedentedly high vacancy levels experienced in the previous reporting period were maintained for FY2022.

Rental relief in the form of reprieves granted to concessionaires during the reporting period further reduced revenues for the 2022 financial year.

### Retail

As with advertising revenue, retail turnover slumped dramatically in the previous period and only started to regain ground during the reporting period. The slump in the 2021 financial year was due to the disruption of retail sales related to international travel, the restrictions on the sale of tobacco and liquor, and restricted operations due to the various levels of lockdown in place throughout the year. Across the network, many retail outlets were forced to close down permanently as they had become unsustainable, resulting in a significant loss of rental income.

Retail revenue nevertheless increases by 95.8% to R607 million (2021: R310 million) during the reporting period due to the increase in passenger traffic volumes. Retail revenue per passenger did, however, decrease by 15.8% to R57.08 (2021: R67.77).

Prior to the pandemic, international departures contributed 82% towards total retail sales. As the market has since shifted and as travel patterns have changes, our retail businesses have come to rely more heavily on domestic and regional travellers.

### Car parking

Car parking has experienced a robust recovery trajectory that is directly correlated to the improvement in passenger numbers across the network. Parking remains the selection of choice when compared with alternative modes of transport. The recorded parking usage indicates that most of the airports have moved from an optimum supply state pre-COVID, to an oversupply state in terms of capacity management and utilisation.

Car parking revenue increased by 117% to R353 million compared to the previous year's performance of R163 million.

This segment has recovered well, exceeding budgeted values and, with a 61% recovery compared to pre-COVID performance, it remained resilient throughout the financial year. The repurposing of underutilised parking infrastructure remains a high priority, with various initiatives rolled out during the reporting period contributing material gains in revenue performance. The recovery trajectory seen in the past 12 months looks set to continue into the current year (FY2023).

### Car rental

Car rental saw an improvement of R153 million to R225 million (2021: R72 million) in revenue. This performance was aligned to the increase in passenger volumes. Growth was further driven by the reversion to pre-pandemic minimum guaranteed rentals over the reporting period.

### Property

During the 2022 financial year, there was a recovery of 12.3% in property revenue to R729 million (2021: R656 million).

The property portfolio, by and large, secured rental increases for the year, with the industrial portfolio (warehouses, workshops and hangars) accounting for 32% of the business. It therefore seems to be on par for a full recovery. The diverse portfolio (hotels, fuel farms and filling stations) accounts for 33% of revenue and showed positive recovery in the latter part of the year. The terminal office portfolio, which accounts for 35% of revenue, nevertheless continues to be under pressure due to the continued oversupply of office space and the adoption of hybrid working arrangements.

## REVENUE FROM NON-CORE ACTIVITIES

The non-core commercial portfolio generated R36 million in revenue and accounted for 1.7% of non-aeronautical revenue.

	International	Domestic
Consultancy	11 809	20 037
Training	1 243	1 056
IT	22 965	11 578
Total	36 017	32 671

## OUTLOOK

With COVID-19 restrictions having been lifted post year-end on 22 June 2022, we are able to begin the long journey towards recovery and development in earnest.

During the current period and going forward, we will remain focused on our core business of running airports and will continue to strive for continuous improvement in the passenger experience. Simultaneously, we will focus on extending and developing our cargo handling capabilities and the services we offer to our customers in the cargo and logistics businesses.

More ambitiously, we are aiming to redefine the place of the airport in city life and to make airport hubs more attractive leisure destinations for both passengers and the public in general. We intend to do this by diversifying our range of services and by working towards creating an integrated and interconnected aerotropolis at each of our airports. We will continue to do so in cooperation with our shareholder, our business partners and all of our stakeholders.

# DEVELOP AIRPORTS

## OVERVIEW

Developing world-class airport infrastructure that is designed to meet the needs of our customers and aligned with industry requirements supports our vision of being a world-leading airport business. The severe financial impact of the pandemic has, however, meant that we have had to re-look some of our development timelines.

Prior to the advent of COVID-19, with many of our airports operating at or near design capacity during peak hours, we were planning large capital investment programmes to expand and/or eliminate bottlenecks at some airports in the network. The feasibility for many of these projects had been completed and we were in the process of making awards for detailed design and development.

With the onset of the pandemic, we reassessed our capital programme in response to revised traffic forecasts and financial affordability. Now that the aviation business is in recovery mode, we will perform independent traffic forecasts to determine the sequence and pace of our planned expansion projects.

The projects that are currently in implementation align to our Recover and Sustain Strategy and our revised Financial Plan. Priority has been given to projects that:

- protect the airport's license to operate;
- provide a safe travel environment for passengers;
- mitigate risk;
- ensure that facilities remain compliant with regulations;
- allow for equipment to be replaced when we have been unable to secure the operating baseline through overhauls and/or intensified maintenance; and
- were in implementation prior to COVID-19 and where the value of the infrastructure on completion will far exceed the cancellation costs.

We remain committed to improving and expanding the infrastructure in our network in order to unlock both the commercial and development potential inherent in our airports and to grow our footprint, especially in Africa. We anticipate that this will deliver significant socio-economic benefits at both national and regional level.

## ENTERPRISE PROJECT MANAGEMENT

Our capital investment programme is managed through our Enterprise Project Management Office (EPMO), which enables us to evaluate and respond to business and financial challenges in a structured and centralised way. Over the past two years, the EPMO has reprioritised our capital expenditure plan to take into account the changes that have taken place in the operating environment.

As a first response to the impact of COVID-19, our five-year capital development budget was reduced from R30 billion to under R5 billion. This was done by prioritising replacement, refurbishment and safety-critical projects over capacity creation, with capital allocation targets being set at enterprise level.

The EPMO developed and implemented a standardised EPM environment and a set of 32 project management frameworks, which include roles and functions that support the new lifecycle management methodology adopted in 2020. These align all project management office functions and gate controls across IT, maintenance and engineering, security, major infrastructure and fleet. As a result, our project management maturity is expected to improve significantly, resulting in greater efficiency and better cost containment. An online EPM training solution is being developed, which will provide for the continuous maintenance and improvement of project management skills and capacity.

## INFRASTRUCTURE PLANNING

Master plans that are closely aligned to our overall business strategy and development plans are crafted for each airport and duly aligned to municipal development plans. They address the integration of airport development into the local authority's broader spatial development plans and more needs-specific plans such as integrated transport plans. An airport master plan is an expression of a vision for the ultimate development of the airport and a road map for efficiently meeting aviation demand in the foreseeable future, while still preserving the flexibility necessary to respond to changing industry conditions. Airport master plans also consider infrastructure enablement such as bulk services, access routes and environmental conditions.

At ACSA, we have adopted an integrated approach to airport planning and development, which is expressed in our Aerotropolis Strategy. An aerotropolis is defined as a city or urban area centred around an airport, with the airport fulfilling multiple functions.

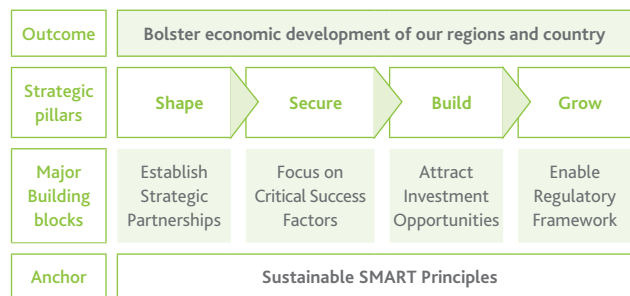
In terms of this strategy, our aim is to define specific critical success factors for each airport, to support these by creating enabling conditions, and to identify appropriate developments, projects, and initiatives for that airport. The master plan for each airport identifies the kind of infrastructure needed at that location, defines the precincts within the airport in which that infrastructure is needed, allows for the development of detailed development plans for areas such as the terminal precinct and the cargo precinct, and provides for the development and implementation of individual projects, such as terminal buildings, parkades or aircraft stands.

The aim of the Aerotropolis Strategy is to promote economic growth and development for the benefit of the Company, the regions in which the airports operate and the country as a whole. On a macroeconomic level, it is aligned to the goals of the National Development Plan and, from a business



perspective, it is intended to improve our competitiveness, maximise revenues, improve the accessibility of our airports and promote connectivity between airports and regional hubs.

Based on extensive research of the aerotropolis concept and its application around the world, as well as a review of South African policies and development frameworks, our strategy can be described as follows:



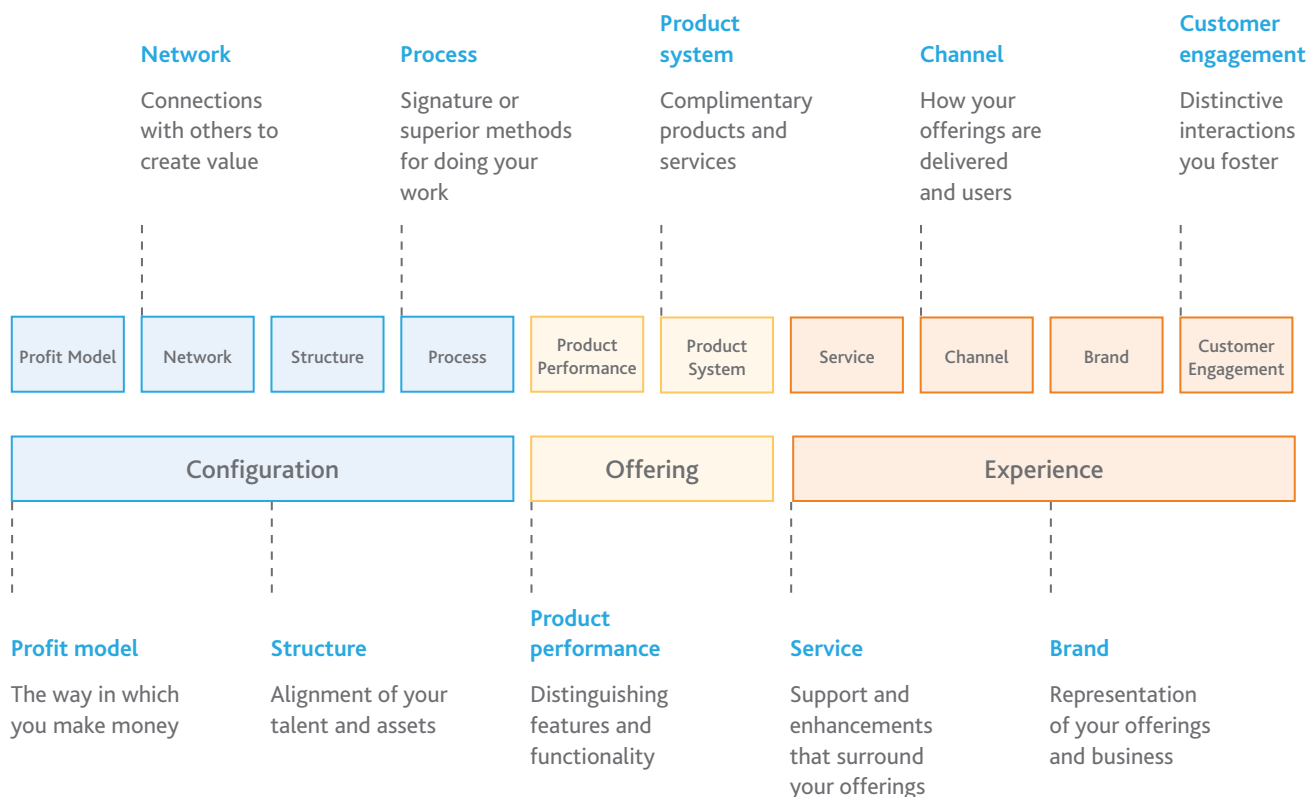
The vision for ACSA's aerotropolises and airport cities is to attract smart, relevant aviation and non-aviation development to our airports in order to diversify our income streams and, ultimately, to secure our long-term sustainability.

The execution of this strategy depends on several critical success factors, namely strategic partnerships in both the public and private sectors, suitable investment opportunities, the availability of adequate capital budget, an integrated approach to project planning and implementation, and a responsive regulatory framework.

To date, aerotropolis master plans have been concluded for the City of Ekurhuleni, where O.R. Tambo International is located, and the City of Durban, where King Shaka International is located. In addition, an aerotropolis feasibility study has been conducted for the City of Cape Town and the outcomes of this are being used to inform our strategy for that airport and the Western Cape regional hub.

## INNOVATION

Innovation at all levels is essential to the implementation and success of our Aerotropolis Strategy as well as our regional integration efforts. We have therefore put a revised Innovation Strategy into place that intends to harness the power of evolutionary innovation, breakthrough innovation and revolutionary innovation, and which takes into account the need for different types of innovation throughout the business.



## DEVELOP AIRPORTS continued

Our value proposition for innovation initiatives is based on leveraging our existing knowledge base by implementing best-practice knowledge management systems and finding strategic ways to incorporate new technologies to align with leading digital airport business trends. We evaluate and prioritise innovation initiatives in line with core business objectives such as reducing costs, improving productivity and providing better customer satisfaction.

We have therefore undertaken a number of initiatives with these objectives in mind. They include a self-service programme that complements the IATA Fast Travel programme and which is designed to provide passengers with more extensive automated and touchless services. These are delivered online, via our app or on-site at our airports. New integrated technologies, including biometric identification technologies, are also being used to improve airport security and to provide passengers with robust, swift and smooth processes. All of these innovations are intended to improve the overall user experience and to promote our post-COVID recovery.

In addition, multiple energy-efficiency initiatives are either in place or are being implemented throughout our network. These include active solar farms at four of our airports as well as geothermal, gas-generated, solar, wind and waste-to-power initiatives. A fifth solar farm is currently in development and all of these initiatives not only help to reduce our carbon footprint, but also our dependence on the national grid. In the long term, we aim to move all of our operations off-grid. We are also aiming to be carbon neutral by 2030 and continue to hold ISO 4001 carbon accreditation from ACI (Airports Council International).

Internally, an innovation idea-generation portal has been developed and is being implemented. This allows employees to submit innovative ideas and potential solutions aimed at resolving current problems and inefficiencies. The portal is intended to further enhance our approach to innovation for both internal and external stakeholders and, consequently, to improve our levels of service for all airport users.

## PROPERTY DEVELOPMENT AND ASSET MANAGEMENT

### Property development

The property development portfolio aims to monetise land in and around our airports through the development of infrastructure and opportunities that are adjacent and complementary to our core business of running airports. Typical investments include conference facilities, transportation nodes, cargo facilities, office parks and logistics platforms. The portfolio is vitally important to minimising air travel costs as the revenue generated from these developments reduces or, in some cases, even offsets the cost of operating the airport.

Due to the impact of COVID-19, all development opportunities dependent on the increase in passenger traffic have been deferred. During the 2021 financial year, we nevertheless completed projects to expand facilities at certain cargo operators and refurbished certain hangars. ACSA's new office park at O.R. Tambo International was also completed.

### New corporate offices

The construction of our new corporate offices on a site adjacent to O.R. Tambo International Airport was completed during the reporting period and we have taken occupation of the building. The 33 000m<sup>2</sup> Aviation Park campus comprises three buildings. Building A houses ACSA, while Building B and Building C are in the process of being let.

The development is a world-class facility that has been granted a four-star rating for sustainable building design by the Green Building Council of South Africa. This relates in large part to the use of energy-efficient infrastructure, which features primary lighting by natural light, occupancy sensors to minimise electricity usage, the use of rain water harvesting and vegetated areas that promote natural thermal inertia. There is also a sophisticated building management system (BMS) in place, which ensures all the sub-systems of the building are working in harmony to achieve the most efficient and sustainable outcomes.

Aviation Park is the first major infrastructure development project we have undertaken in the past ten years and is testimony to our ability to manage large infrastructure projects.

More specific infrastructure development projects, including the recently completed extension of the FedEx cargo facility at Cape Town International Airport, have also continued. All of these projects are backed by sound business cases for the developments.

### Enterprise asset management

Enterprise Asset Management is charged with managing ACSA's infrastructure and assets throughout their lifecycle. This includes responsibility for optimising the return on asset levels through safe and relevant engineering practises and technology selection that is suitable for an airport environment. As we emerged from the pandemic and a period of more than two years during which there was a significant reduction in capital and operational expenditure, the focus for Enterprise Asset Management was to ensure that infrastructure and operations were scaled to passenger traffic at an acceptable cost. Repair and maintenance costs were therefore reduced by 30%, while the cost of cleaning was reduced by 40%.

This was achieved through the implementation of a mothballing and asset recertification programme. Mothballing refers to the safe shutdown and continuous monitoring of dormant equipment, while asset recertification refers to the process followed before an asset can be put back into service.

During the cost reduction programme, we were guided by our maintenance regime standards for core, key and supporting assets. This ensures the safety of airport operations and compliance with regulatory standards.

## Categorisation of various assets and technologies

Category	Examples of Assets/Technology classes	
<b>Core Assets</b> (without these assets ACSA will experience business interruptions with the possibility of a downgrade or airport closure due to non-compliance)	<ul style="list-style-type: none"> <li>• Airside pavements, i.e. runways, taxiways and aprons</li> <li>• Airfield navigational aids</li> <li>• Baggage systems</li> <li>• Aircraft fuel hydrant systems</li> <li>• Electrical Power (primary and secondary systems)</li> <li>• Fire fighting systems including detection and PA (airport category dependent systems)</li> <li>• Water systems (under ground and associated pumps)</li> <li>• Terminal building structures</li> </ul>	
<b>Key Assets</b> (airport can operate without for 8–48 hrs of asset unavailability)	<ul style="list-style-type: none"> <li>• Security screening equipment</li> <li>• Waste management</li> <li>• Key assets</li> <li>• People movers (lifts and escalators)</li> <li>• HVAC systems</li> <li>• Emergency lighting</li> <li>• Fire fighting systems (not airport category dependent)</li> <li>• PBBs</li> <li>• Perimeter fence</li> </ul>	<ul style="list-style-type: none"> <li>• Bulk services</li> <li>• Storm water and sewer pumps</li> <li>• UPS</li> <li>• Cleaning</li> <li>• Plumbing</li> <li>• Landscaping and grass cutting</li> <li>• Asset tracking</li> <li>• Inventory</li> <li>• Landside pavements</li> <li>• Baggage trolleys</li> </ul>
<b>Supporting Assets</b> (we are able to sustain business without it, minimal influence on operations, however, rectification is needed to sustain the ACSA brand)	<ul style="list-style-type: none"> <li>• ADS</li> <li>• GPUs</li> <li>• Ablutions</li> <li>• Road blockers, booms, turnstiles</li> <li>• Roller shutter doors</li> <li>• Building furnishes</li> <li>• Terminal building lighting</li> <li>• BMS</li> </ul>	<ul style="list-style-type: none"> <li>• Complex Maintenance Repair and Overall (cMRO)</li> <li>• Landed cost management</li> <li>• eAM Oracle module</li> <li>• FAR Oracle module</li> <li>• GIS</li> <li>• Property management, Oracle module</li> <li>• Sliding doors</li> </ul>

The ability to achieve and sustain the reduced cost baselines is also attributable to:

- **Implementing a revised service catalogue for maintenance services.** This catalogue bundles like services so that full-time equivalents needed to service a contract are reduced and the contract specifications are informed by the maintenance regimes to be implemented; in other words we have adopted an output-based service contracting approach. This will continue to 2023 until all airports have been covered.
- **Critical review.** This is a process of deciding which maintenance activities can be performed by in-house artisans and technical staff (e.g. weekly generator on-load testing and asset inspections). The tooling, training and development of staff necessary for this has been completed and the programme implemented. An added benefit is that first-line maintenance department staff now have enhanced technical skills and equipment know-how.

Moving forward, we will implement an in-house asset assurance programme to ensure the timely completion of maintenance regimes at quality and regulatory standards. In cases in which quality assurance is performed by a certified inspector (e.g. a lift inspector or a refrigeration technician), these will continue as well. In the current period (FY2023), we expect to see an increase in cleaning and maintenance costs as passenger traffic recovers, resulting in longer operating hours at all of our airports. Airport infrastructure and equipment redundancy reduce sharply with recovery.

The reduction in capital expenditure has also impacted the asset management function. Projects have been prioritised according to safety and risk; recurring and/or single points of failure; end of life; technology obsolescence and modernisation. This approach is likely continue over the next two to three years until the business has fully recovered from the effects of COVID-19.

## DEVELOP AIRPORTS continued



In order to catch up on capital backlog, we will revisit our plans to implement a rolling capital programme, which was discussed with the aviation industry in January 2020. This will entail a cyclical renewal of infrastructure and assets using replicable implementation standards and processes. This will eliminate duplication in engineering design and accelerate execution as a result of lessons learned from prior projects. There are firm plans to present this at the permission consultation and regulatory meeting for approval.

### OUTLOOK

While we saw a promising recovery in our business during the reporting period, we expect financing constraints and the changing operating environment to continue to have an impact on our capital expenditure programme. Within this context, we will continue to prioritise projects that minimise business risk, support sustainability and enable us to be responsive to changing market needs. The limited funding available for capital development will be allocated to business-critical projects.

# GROW FOOTPRINT

## OVERVIEW

Our strategic focus on growing our footprint is a response to changing opportunities in the domestic, regional and international air transport markets. While growth is currently not a primary focus for the business, it remains a medium- to long-term focus as it is vital for sustainable value creation.

Within the context of our Recover and Sustain Strategy, we are therefore continuing to consider opportunities for growth by re-evaluating our investments and nurturing identified growth areas. Strengthening and expanding our presence in segments such as cargo handling will, for instance, allow us to expand on our core business activities and support our objective of diversifying our revenue streams.

During the past two periods, our focus has been on sustaining liquidity in response to the challenges presented by the pandemic, while nevertheless ensuring that we do not lose focus on the need to plan for future growth. Our primary concern has therefore been to realise the equity held in under-performing investments in order to support liquidity, to secure our most viable routes and to restore passenger traffic as best possible given the constraints under which we have been operating.

The various levels of lockdown during the 2021 and 2022 financial years not only impacted heavily on airport operations, but also resulted in subdued demand for airport services, concessions and training. In this respect, we were nevertheless able to rely on existing contracts, such as our management contracts with Mumbai International Airport in India and Kenneth Kaunda International Airport in Kenya to generate non-core revenue.

Further, despite unfavourable conditions for airports around the world, we were still able to secure new advisory and consultancy work during both periods.

## REALISING EQUITY INVESTMENTS

During the 2022 financial year, we were also able to finalise the sale and purchase agreement (SPA) for the sale of our equity stake in Guarulhos International Airport in São Paulo, Brazil. The SPA was, however, eventually terminated due to failure by the buyer to meet the applicable conditions precedent, specifically the lender's approval.

The decision to sell this investment is nevertheless still in place, not only for the purpose of improving our liquidity position, but also to eliminate our exposure to contingent liabilities and the potential equity injection obligations embedded in the concession. Further investment in airport concessions has been put on hold for the foreseeable future and this decision will be reviewed in the future based on our liquidity position.

## PASSENGER TRAFFIC

Various levels of lockdown throughout the year continued to place severe constraints on passenger travel, especially to and from international destinations. The easing of restrictions from time to time was not always met with demand or, in contrast, demand exceeded our ability to upscale operations at short notice. This led to difficulties in maintaining service levels in some areas of the business, although the implementation of COVID-19 protocols was consistent and did not impact significantly on service quality.

Despite the challenges of the reporting period, passenger throughput improved by 48% compared to the previous period, with 20.9 million passengers passing through our airports.

Higher input costs, largely due to the increase in the price of jet fuel due to the war in Ukraine, will continue to impact on ticket prices and therefore on the affordability of air travel. This will be exacerbated by the high inflation rate in South Africa, which will have a direct impact on disposable income. Both of these factors are likely to result in a more prolonged period of recovery than we had anticipated.

## BUSINESS DEVELOPMENT

Our Business Development team has extensive experience, spanning multiple industries within the aviation sector. We work closely with our partners to analyse and validate route performance in order to identify opportunities for retention and expansion. We also collaborate with key stakeholders – from tourism authorities to local government and provincial structures – in order to ensure alignment with the national trade and tourism agendas.

Prior to the pandemic, several airlines in North America, Europe and sub-Saharan Africa had announced their intention to commence direct services to and from South Africa, reflecting the importance they placed on growth opportunities inherent in the South African market. These plans were, however, disrupted by the pandemic and the resulting restrictions on international travel.

The following airlines are operating scheduled flights to and from our airports:

### Domestic

#### Passenger Airlines

1	Airlink	4	South African Airways
2	Lift	5	Federal Airlines
3	FlySafair	6	CemAir

#### Cargo Airlines

7	Star Air Cargo
8	Bid Air Cargo

## GROW FOOTPRINT continued

### International

#### Passenger Airlines

9	Air Austral	29	Royal Zambian Airlines
10	Air Botswana	30	Uganda Airlines
11	Air China	31	Kenya Airways
12	Air Côte D'Ivoire	32	KLM Royal Dutch Airlines
13	Air France	33	LAM Mozambique
14	Air Mauritius	34	Malawian Airlines
15	Air Peace	35	Pro-flight Zambia
16	Air Seychelles	36	Qantas Airways
17	Air Zimbabwe	37	Qatar Airways
18	ASKY	38	RwandAir
19	British Airways	39	Singapore Airlines
20	Delta Airlines	40	SWISS Air
21	Lufthansa	41	TAAG Angola
22	Edelweiss	42	Turkish Airlines
23	EgyptAir	43	United Airlines
24	El Al Israel Airlines	44	Virgin Atlantic
25	Emirates	45	Fly Namibia
26	Ethiopian Airlines	46	Condor Airlines
27	Etihad Airways	47	Austrian Airlines
28	Fastjet Zimbabwe		

#### Cargo Airlines

48	DHL Aviation
49	FEDEX Airlines
50	Martin Air
51	Astral Aviation
52	Cargolux

A number of developments are expected in the international markets during the current period.

Firstly, Condor, a German-based leisure airline, will launch two weekly flights between Frankfurt International Airport in Hessen, Germany and O.R. Tambo International Airport in Johannesburg from November 2022. Condor's flights to Johannesburg will be in addition to the three weekly flights planned for Cape Town International, which are also scheduled to begin in November. Condor will effectively operate five direct weekly flights into South Africa, linking Johannesburg and Cape Town to Frankfurt. The airline will operate both the Johannesburg and Cape Town flights on a seasonal basis.

Royal Eswatini National Airways Corporation (RENAC), the national carrier of Eswatini, will operate three daily flights to O.R. Tambo International, two daily flights to King Shaka International and one daily flight to Cape Town International from King Mswati III International Airport in Mbabane.

Air Belgium will operate three weekly flights to South Africa, with one weekly frequency linking Brussels to Cape Town via Johannesburg. These flights will also be operated on a seasonal basis.

Domestically, several airlines have restored most of their pre-COVID route networks, although they are operating at reduced frequency. Some domestic airlines that were operational prior to the pandemic are, however, no longer operational, including SAExpress, Mango and the Comair Group, which operated Kulula and British Airways. The grounding of Comair and the airline's subsequent liquidation will have a significant impact on our network's recovery.

## ROUTE DEVELOPMENT

Airports Company South Africa is a founding member of several route development structures that, in collaboration local government, facilitate wider access to air travel and transportation. Despite restrictions, most of these structures remained active throughout the pandemic.

While activity has been concentrated around the country's three largest airports during the past two periods, enabling connectivity between smaller communities and large cities remains a top priority for us. We have therefore continued to work closely with local government to explore various mechanisms that will enable smaller communities to plug into the national air transport network.

During the reporting period, the following structures were active:

- **Gauteng Air Access.** The Department of Tourism actively drives route development for O.R. Tambo International in partnership with the City of Ekurhuleni, the Gauteng Tourism Agency, the Gauteng Growth and Development Agency and South African Tourism.
- **Durban Direct,** which operates in partnership with Dube Tradeport and the Department of Economic Development and Environmental Affairs.
- **Cape Town Air Access,** which operates in partnership with Wesgro (a trade and investment agency), Cape Town Tourism, the Department of Economic Development and Environmental Affairs, South African Tourism and private sector partners.

- Garden Route Airlift, which operates in partnership with George Municipality and the Garden Route District Municipality.
- Nelson Mandela Bay Airlift, which operates in partnership with Nelson Mandela Bay Metropolitan Municipality, the Eastern Cape Development Corporation, the Eastern Cape Parks and Tourism Agency and the Nelson Mandela Chamber of Commerce.

Upington Airlift, which operates in partnership: in partnership with the Dawid Kruiper Local Municipality, the Department of Trade and Industry, the Department of Economic Development and Tourism and the local Chamber of Commerce

## NON-CORE REVENUE

Non-core revenue generated from business development advisory services and consultancy amounted to R9.7 million for the reporting period. Among other projects, we delivered operational readiness and airport transfer projects for the new passenger terminals and associated infrastructure at Kenneth Kaunda International Airport in Lusaka and at Simon Mwansa Kapwepwe International Airport in Ndola for Zambia's National Airports Corporation Limited (ZACL).

### Advisory and consulting services

Our business model is based on leveraging our expertise in airport management, technical advisory services, business services and the training academy. However, with little demand for technical advisory services since the advent of the pandemic, our approach has been to keep our staffing levels in this area of the business low and rather to partner with external advisors

and/or consultants to address any expertise gaps in the provision of advisory services. In the long term, any material gap in skills will be addressed in line with sustained demand from the market.

### Commercialising our training academy

In order to capitalise on the opportunities available to diversify our revenue streams, we are in the process of transforming our training academy into an industry-wide African regional aviation training centre of excellence. The centre will be a stand-alone entity that will leverage our human capital, institutional knowledge and experience to offer tailored programmes for both internal and external clients.

## OUTLOOK

As mentioned, we expect passenger traffic to continue to recover steadily throughout the 2023 financial year, although the rate of recovery is unpredictable. The evolution of the COVID-19 pandemic remains uncertain and it still poses a downside risk for air traffic recovery. Uncertainty relating to South African Aviation policy also continues to erode confidence amongst airlines and constraint bilateral air-service agreements will continue to limit air traffic recovery and growth potential.

Within this context, we will nevertheless continue to implement capacity expansion projects that were already in progress at the start of the pandemic, but will keep further expansion projects on hold. We will, instead, be refocusing our "Grow Footprint" objective on leveraging capacity that will support the diversification of revenue streams, while simultaneously continuing to plan for the implementation

of our Aerotropolis Strategy and for expansion into potentially high-growth markets in Africa.

We will also continue to focus on strengthening our route pipeline within the constraints of demand. We have identified 55 destinations in 39 countries as underserved and have earmarked these for development in the medium term. Of these, 21 destinations are located in 17 countries in Africa, the region which offers the most opportunities for us to grow our footprint within the next decade.

Our ultimate goal is to establish connections to every major city in Africa, thereby diversifying our international source market portfolio and supporting Africa's broader regional integration objectives in line with the Abuja Treaty of 1991.





# 09

## ABRIDGED FINANCIAL STATEMENTS

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# ABRIDGED STATEMENT OF FINANCIAL POSITION

Figures in R'000	MOVEMENT			
	FY2021/22	FY2020/21	R'000	%
<b>ASSETS</b>				
<b>Non-current assets</b>	26 340 943	27 146 694	(805 751)	(3.0%)
Property and equipment, investment properties and intangible assets	25 429 939	26 261 798	(831 859)	(3.2%)
Investments in associates and joint venture	421 386	420 407	979	0.2%
Other non-current assets	489 618	464 489	25 129	5.4%
<b>Current assets</b>	4 014 140	4 392 134	(377 994)	(8.6%)
Investments and cash and cash equivalents	2 161 409	3 193 561	(1 032 152)	(32.3%)
Other current assets	1 852 731	1 198 573	654 158	54.6%
Non-current assets held for sale	5 688	13 282		
<b>Total assets</b>	<b>30 360 771</b>	<b>31 552 110</b>	<b>(1 191 339)</b>	<b>(3.8%)</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	19 693 357	21 118 271	(1 424 914)	(6.7%)
<b>Non-current liabilities</b>	8 213 797	8 641 869	(428 072)	(5.0%)
Interest-bearing borrowings	8 141 783	8 261 909	(120 126)	(1.5%)
Other non-current liabilities	72 014	379 960	(307 946)	(81.0%)
<b>Current liabilities</b>	2 453 617	1 791 970	661 647	36.9%
<b>Total liabilities</b>	<b>10 667 414</b>	<b>10 433 839</b>	<b>233 575</b>	<b>2.2%</b>
<b>Total equity and liabilities</b>	<b>30 360 771</b>	<b>31 552 110</b>	<b>(1 191 339)</b>	<b>(3.78%)</b>

# ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

Figures in R'000	MOVEMENT			
	FY2021/22	FY2020/21	R'000	%
Revenue and other operating income	3 898 034	2 158 371	1 739 663	80.6%
Employee costs	(1 318 697)	(1 881 970)	563 273	(29.9%)
Operating expenses	(2 026 017)	(1 950 896)	(75 121)	3.9%
Impairment of receivables	(211 631)	(120 354)	(91 277)	75.8%
<b>(LBITDA)/EBITDA</b>	<b>341 689</b>	<b>(1 794 849)</b>	<b>2 136 538</b>	<b>(119.0%)</b>
Fair value (losses)/gains on investment properties	(90 716)	(216 313)	125 597	(58.1%)
Depreciation, amortisation and impairments	(1 200 697)	(1 335 600)	134 903	(10.1%)
Gains/(losses) from equity-accounted investments	980	1 482	(502)	(33.9%)
Gain on disposal of assets held for sale	—	260 803	(260 803)	(100.0%)
Net finance expense	(587 558)	(527 661)	(59 897)	11.4%
(Loss)/profit before tax	(1 536 302)	(3 612 138)	2 075 836	(57.5%)
Tax expense	533 943	1 043 403	(509 460)	(48.8%)
<b>Profit/(loss) for the year</b>	<b>1 002 359</b>	<b>(2 568 735)</b>	<b>1 566 376</b>	<b>(61.0%)</b>
Effective tax rate	35%	29%		
Cost to income ratio	(86%)	(178%)		

# ABRIDGED CASH FLOW STATEMENT

Figures in R'000	MOVEMENT			
	FY2021/22	FY2020/21	R'000	%
Net cash (outflow)/inflow from operating activities	360 203	(1 316 285)	1 739 663	(132.2%)
Net cash inflow/(outflow) from investing activities	(799 523)	388 138	563 273	145.1%
<b>Net cash outflow from financing activities</b>	<b>(844 895)</b>	<b>2 270 596</b>	<b>563 274</b>	<b>24.8%</b>
Repayment of derivatives	(2 473)	(3 034)	561	(18.49%)
Interest-bearing borrowings repaid	(296 355)	(296 355)	—	0.00%
Proceeds from issue of preference shares	—	234 750	(234 750)	(100.00%)
Interest-bearing borrowings raised	—	810 000	(810 000)	(100.00%)
Interest paid	546 067	560 828	(14 761)	(2.63%)
Cash payment of lease liabilities	—	(3 937)	3 937	(100.00%)
Net increase/(decrease) in cash and cash equivalents	(1 284 215)	1 342 449	(2 626 664)	(195.66%)
Cash and cash equivalents at the beginning of the year	2 332 444	989 995	1 342 449	135.60%
<b>Cash and cash equivalents at the end of the year</b>	<b>1 048 229</b>	<b>2 332 444</b>	<b>(1 284 215)</b>	<b>(55.06%)</b>

# STATISTICAL REVIEW

Group	FY2021/22	FY2020/21	FY2019/20	FY2018/19	FY2017/18
<b>Operations</b>					
Aeronautical revenue	1 796 984	810 411	3 743 424	3 809 093	3 583 866
Non-aeronautical revenue	2 099 399	1 341 515	3 380 135	3 316 454	3 169 428
Total revenue	3 896 383	2 151 926	7 123 559	7 125 547	6 753 294
(LBITDA)/EBITDA	341 689	(1 794 849)	2 626 633	2 864 513	3 003 477
(Loss)/profit before tax	(1 536 302)	(3 612 138)	1 777 878	651 788	1 220 885
(Loss)/profit for the year	(1 002 359)	(2 568 735)	1 380 076	223 645	552 422
Depreciation and amortisation	(1 200 697)	(1 335 600)	(1 077 443)	(1 475 574)	(1 247 477)
Dividends paid	—	—	(56 017)	(145 681)	(353 452)
Capital expenditure	546 322 801	769 891	1 234 649	1 012 490	913 992
<b>Financial position</b>					
Capital and reserves	19 693 357	20 711 212	23 124 311	21 666 938	21 734 255
<b>Liabilities</b>					
Non-current liabilities excluding deferred tax	8 045 120	8 339 523	5 659 027	5 846 816	5 884 159
Deferred tax	168 677	302 346	1 550 525	1 295 980	1 597 953
Current liabilities	2 453 617	2 199 029	1 791 937	1 887 113	4 064 774
<b>Total liabilities</b>	<b>10 667 414</b>	<b>10 840 898</b>	<b>9 001 489</b>	<b>9 029 909</b>	<b>11 546 886</b>
<b>Assets</b>					
Property and equipment, investment property and intangible assets	25 429 939	26 261 798	27 066 598	26 155 234	26 651 226
Investments in associates and joint ventures	421 386	420 407	418 924	416 232	1 735 177
Other non-current assets	489 618	464 489	282 307	238 402	225 307
Non-current assets held for sale	5 688	13 282	983 155	785 570	—
Current assets	4 014 140	4 392 134	3 374 816	3 101 409	4 669 431
<b>Total assets</b>	<b>30 360 771</b>	<b>31 552 110</b>	<b>32 125 800</b>	<b>30 696 847</b>	<b>33 281 141</b>
<b>Cash flow</b>					
Net cash (outflow)/inflow from operating activities	360 203	(1 316 285)	2 168 984	2 934 714	2 884 751
Net cash inflow/(outflow) from investing activities	(799 523)	388 138	(1 354 737)	2 488	(1 514 469)
Net cash outflow from financing activities	(844 895)	2 270 596	(947 895)	(3 187 399)	(1 717 465)
<b>Net cash (outflow)/inflow</b>	<b>(1 284 215)</b>	<b>1 342 449</b>	<b>(133 648)</b>	<b>(250 197)</b>	<b>(347 183)</b>
<b>Profitability</b>					
(Loss)/earnings per share (cents)	(202.63)	(519.95)	279.35	45.27	111.82
Dividends per share (cents)	—	—	(11.34)	(29.49)	(71.54)
<b>Productivity</b>					
Number of employees	2 439	2 752	3 343	3 110	3 067
Revenue per employee	1 598	782	2 131	692	2 202
Departing passengers per employee	3 659	1 661	6 259	6 790	6 794


# OTHER KEY STATISTICS


Group	FY2021/22	FY2020/21	FY2019/20	FY2018/19	FY2017/18
<b>Other key statistics (in numbers)</b>					
<b>Aircraft landings</b>					
International	22 792	10 217	38 524	38 948	38 632
Domestic	91 026	43 557	130 693	135 738	140 784
Regional	6 732	2 543	11 620	12 613	13 064
Unscheduled	56 266	30 117	67 682	71 870	71 977
	176 816	86 434	248 519	259 169	264 457
<b>Departing passengers</b>					
International	1 684 480	412 322	5 822 544	6 026 514	5 971 517
Domestic	8 614 009	4 023 306	14 526 386	14 483 061	14 242 494
Regional	187 166	37 189	517 960	548 047	560 569
Unscheduled	52 686	96 941	57 575	60 642	62 272
	10 538 341	4 569 758	20 924 465	21 118 264	20 836 852
<b>Number of airlines</b>					
International	36	32	69	46	44
Domestic	7	6	35	11	10
	43	38	104	57	54
<b>Aeronautical tariffs (R)</b>					
<b>Passenger service charges</b>					
Domestic	78.36	75.44	75.44	75.44	71.93
Regional	162.47	157.02	157.02	157.02	148.51
International	214.09	207.02	207.02	207.02	195.61
<b>Landing fees (based on an aircraft with a maximum take-off weight of 60 000kg)</b>					
Domestic	3 396.23	3 287.47	3 287.47	3 287.47	3 107.27
Regional	4 954.27	4 795.49	4 795.49	4 795.49	7 820.17
International	6 511.63	6 303.06	6 303.06	6 303.06	9 236.37
<b>Operational volume (in numbers) aircraft landings</b>					
O.R. Tambo International Airport	70 025	35 230	105 975	109 758	110 286
Cape Town International Airport	37 767	18 413	45 092	49 338	51 497
King Shaka International Airport	14 929	7 332	25 383	25 571	27 058
Chief Dawid Stuurman (Port Elizabeth) International Airport	22 052	9 972	24 140	22 655	26 992
King Phalo (East London) Airport	9 284	3 624	13 287	12 427	13 521
George Airport	10 213	5 120	18 381	21 509	17 051
Bram Fischer International Airport	6 236	3 018	8 737	9 440	9 936
Kimberley Airport	4 183	2 450	4 445	4 892	4 445
Upington International Airport	2 127	1 275	3 079	3 579	3 671

# GROUP INFORMATION

Country of incorporation and domicile	South Africa	
Company registration number	1993/004149/30	
Non-executive Directors	S Nogxina N Nokwe-Macamo K Esterhuizen P Mokupo D Hlatshwayo	I Phenyane Y Pillay G Victor N Zikalala Mvelase K Badimo
Executive Directors	NZ Mpofu S Mthethwa	
Register office	1 Jones Road Western Precinct Aviation Park O.R. Tambo International Airport Gauteng 1632	
Postal address	PO Box 75480 Gardenview	
Bankers	Standard Bank Nedbank	
Company secretary	Fefekazi Sefara	
Nature of business and principal activities	Airports Company South Africa is mandated 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 normally related to an airport function.	

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