2020

GOVERNANCE AND REMUNERATION REPORT



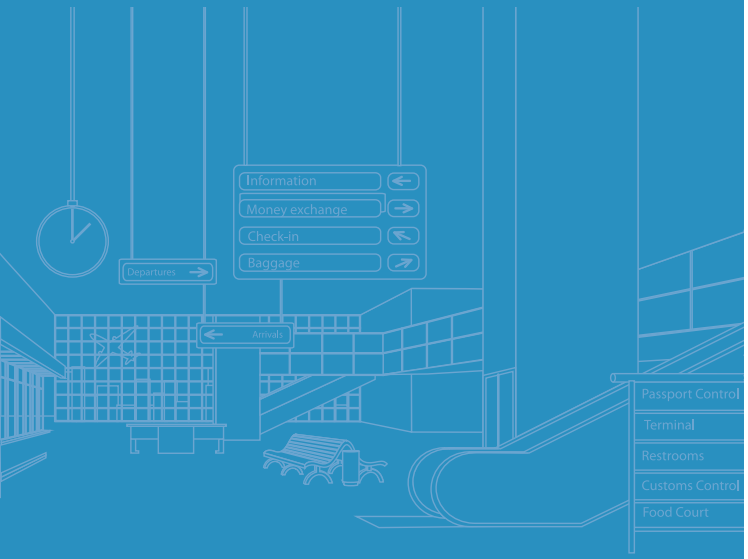
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AIRPORTS COMPANY
SOUTH AFRICA

ABBREVIATIONS

ACI	Airports Council International
ACSA	Airports Company South Africa SOC Ltd
AGM	Annual general meeting
AMSIS	Airport Management Share Incentive Scheme
APEX	Airport excellence in safety
ASQ	Airport Service Quality
B-BBEE	Broad-based black economic empowerment
CAE	Chief Audit Executive
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
Companies Act	Companies Act, No. 71 of 2008
COO	Chief Operating Officer
CPI	Consumer price index
CSI	Corporate social investment
CTIA	Cape Town International Airport
DFI	Development Finance Institution
DoT	Department of Transport
EAP	Economically active population
EBITDA	Earnings before interest, tax, depreciation and amortisation
EIA	Environmental impact assessment
EMS	Environmental management system
ESAT	Employee satisfaction survey
ESD	Enterprise supplier development
GDP	Gross domestic product
GIAS	Group Internal Audit Services
GRU	Guarulhos International Airport
GruPar	Guarulhos Participações S.A
ICAO	International Civil Aviation Organisation
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
IIRC	International Integrated Reporting Council
ISO	International Standards Organisation
IT	Information technology
King IV	King Code of Governance for South Africa 2016™
KPI	Key performance indicator
KSIA	King Shaka International Airport
LTI	Long-term incentive
MOI	Memorandum of incorporation
MOU	Memorandum of understanding
MIAL	Mumbai International Airport Private Limited
NDP	National Development Plan
NEHAWU	National Education, Health and Allied Workers Union
NUMSA	National Union of Metalworkers of South Africa
ORTIA	O.R. Tambo International Airport
PFMA	Public Finance Management Act, No. 1 of 1999
PIC	Public Investment Corporation
PLZ	Port Elizabeth International Airport
(Pty) Ltd	Proprietary Limited
ROE	Return on equity
ROCE	Return on capital employed
SANS	South African National Standards
SCM	Supply chain management
SDG	Sustainable Development Goals
SED	Socio-economic development
SMEs	Small and medium-sized enterprises
SOC	State-owned company
SPE	Special purpose entity
STI	Short-term incentive

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GOVERNANCE

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The Board exercises leadership in pursuit of the Group’s strategic objectives to achieve long-term sustainability, growth and prosperity for the Group and our shareholders, while driving transformation.

2020
GOVERNANCE AND
REMUNERATION REPORT



Airports Company South Africa



EXECUTIVE SUMMARY

Airports Company South Africa SOC Limited is registered as a State-owned company under the Companies Act, No. 71 of 2008 (Companies Act) and is listed as a major public entity in terms of Schedule 2 of the Public Finance Management Act 1 of 1999 (PFMA).

Sound governance is implicit in our values, culture, processes, frameworks, functions and operational model. Our Board, in setting the tone from the top, is committed to the highest standards of governance, striving to be an ethical, relevant force for good and playing a positive role in the South African economy, society and environment. This is accomplished through the effective implementation of King Code of Governance for South Africa 2016 ™ (King IV) principles to achieve the governance outcomes of an ethical culture, good performance, effective control and legitimacy. The Board is satisfied that the arrangements in place for accessing professional corporate governance services are effective.

Our attitude to corporate governance is backed by our values expressed in the PRIDE acronym: Passion, Results, Integrity, Diversity and Excellence.

We are committed to continually enhancing our corporate governance processes in line with best practice in a manner that facilitates the development and management of world-class airports. We conduct our operations ethically within the regulatory framework, with a focus on continuous improvement of irregular expenditure management, ethical leadership and responsible corporate citizenship. Open and honest dialogue is encouraged as the appropriate process to test decisions, reach consensus and accept responsibility. Endeavours are made to create fraud and ethics awareness throughout the organisation to influence ethical behaviour.

Our approach to compliance is to always meet legislated requirements and best practice recommendations and where possible, go beyond compliance. We acknowledge that we face diverse business risks from both internal and external sources. To monitor our compliance with the requirements of the Treasury Regulations to the PFMA, we conduct an annual risk assessment. We manage business continuity risks holistically and systematically. To enhance our response to the risk of business disruption, a formal business continuity management process was implemented at all our airports during the year under review.

Our governance framework creates a conducive environment for independence and an objective decision-making process. Our Board continued to provide a strong oversight function and has stabilised leadership at executive level pursuant to the appointment of a permanent Chief Executive Officer (CEO), Nompumelelo (Mpumi) Z Mpofu, with effect from 1 February 2020, and Chief Financial Officer (CFO), Siphamandla Mthethwa, with effect from 1 May 2020.

The Governance Framework and Operating Model (GFOM) continues to facilitate agility, teamwork and swift decision-making across all levels of the organisation. A decision has been taken to review the organisational structure to ensure that it is aligned to the strategic direction of Group.

Our Audit and Risk Committee oversees our compliance with all relevant regulations and legal requirements. The Board approves the Integrated Annual Report, Annual Financial Statements and governance reports based on the Audit and Risk Committee's recommendations.

The reports are prepared in compliance with the PFMA, Companies Act, International Financial Reporting Standards (IFRS), International Integrated Reporting Council's (IIRC) International Integrated Reporting Framework and ISO/SANS 31000. External auditors provide assurance on all external reports. Relevant supplementary documents and reports are available online at www.airports.co.za.

EFFECTIVE AND ETHICAL LEADERSHIP

The Group is led by the Board of Directors, which is the Accounting Authority. The CEO is the Accounting Officer in terms of the PFMA and is accountable to the Board. The Board is responsible for the sustainability of the Group and to this end approves the strategy of the Group and sets strategic direction. The CEO is accountable to the Board for implementation of the Group's strategy. The CEO is assisted by the Executive Committee (Exco) in conducting the day-to-day business of the Company, subject to the Company's Delegated of Levels of Authority (DLA). The Executive Committee is accountable to the CEO. The detailed governance framework can be found on page 6.

The Board is accountable for ensuring that management actively cultivates a culture of ethical conduct that is adhered to by all employees and associates of Airports Company South Africa. This is attained by delegating oversight of ethics management to the Social and Ethics Committee of the Board.

ETHICS IN ACTION

Our code of ethics sets out the values that drive the ethical and responsible business conduct of the Company. It is expected that all employees and stakeholders commit to the code of ethics by taking accountability and responsibility for their own actions. This code entrenches our values of behaviour. All employees and stakeholders in committing to the code are expected to be accountable and responsible for their own actions. The code of ethics is approved by the Board and monitored by the Social and Ethics Committee, as are the behavioural standards specified in the employee manual. During the year under review, the cooling-off period clause was reviewed.

Training on ethics is conducted throughout the Company, covering our code of ethics, gift policy, conflict of interest policy, anti-corruption management plan and

whistleblowing policy. During our annual ethics awareness training, our employees are required to acknowledge receipt of the code of ethics manual and have to read it to reaffirm their commitment to ethical practices. To date, 931 copies of the code of ethics have been issued to employees, Board members and other stakeholders. We introduced value-based ethics training to reinforce ethics and compliance as a responsibility of each employee and a respected part of the company culture.

We support and foster a culture of zero tolerance to fraud and corruption in all our activities. Our anti-corruption management plan makes sure we identify emerging risks and implement appropriate controls, as well as ensuring our management and employees have the requisite skills to improve controls and to manage these risks. The primary objective of the anti-corruption management plan is to change the attitudes of employees, external service providers and other stakeholders towards corruption and fraud.

We have a whistleblowing policy that provides employees with various ways to report any unethical conduct, such as anti-corruption hotline, walk-in reporting, direct calls through the ethics office or internal audit and direct reporting to management. The hotline is independently administered by an external company that submits daily reports for review and investigation. When a report is received, a preliminary investigation is conducted to establish whether there is a prima facie case. Thereafter, further investigation is conducted with the appropriate recommendations, should a more detailed investigation be warranted. Alternatively, appropriate action is taken where necessary, including referrals to external law enforcement agencies. We have acted on suggestions from employees to communicate better about action taken and cases closed to boost the visibility of ethical conduct and remedial action within the Company.

Anti-corruption hotline: reported cases:

	FY2019/20	FY2018/19	FY2017/18
Total number of cases	1 110	1 722	627
Prima facie cases	540	619	185
Prima facie cases closed	570	120	118

Hotline number 0800 00 80 80; acsa@thehotline.co.za; or www.thehotline.co.za

Most complaints pertain to request for quote scams and recruitment scams where criminals defraud unsuspecting parties by leading them to believe the perpetrators represent Airports Company South Africa. In this regard, we are creating an awareness among our stakeholders to be vigilant. Other complaints refer to procurement irregularities, which may, following an investigation, constitute fraud and/or corruption, as well as complaints related to baggage pilferage, which are referred to airlines. We have appointed ethics champions at all our airports. We report to employees on anti-corruption measures and investigative processes in our newsletter to foster a culture of honesty, where employees are encouraged to report unethical behaviour confidentially. We began reporting to stakeholders and employees on a quarterly basis to improve our stakeholder relations function and further build trust. Responses through our reputation survey have shown this has been effective in bringing the desired results.

Organisational ethics was a strong focus during the year and we intend to continue to strengthen our ethical conduct. A measure of our success will be a reduction in the number of litigations brought against the Company. The Ethics Institute conducted an ethics technical gap analysis and ethics risk assessment. The gap analysis assessed the extent to which we have implemented the basic elements of an ethics risk management programme. The outcome of the assessment shaped our ethics management strategy and determined the scope and content of subsequent ethics management interventions. We will continue to:

- Provide training on ethics related policies and matters
- Monitor implementation of the ethics programme through submission of a comprehensive reporting
- Engage with ethics champions on ethics initiatives
- Maintain and accelerate ethics awareness
- Embed conflict of interest policy and the code of ethics

RESPONSIBLE CORPORATE CITIZENSHIP

We are committed to our role in supporting economic growth and development and making a meaningful contribution to transformation in South Africa. Our Social and Ethics Committee is mandated to oversee the fulfilment of this role. The committee reports to the Board on a quarterly basis ensuring regular oversight of outcomes related to:

- Transformation (IAR – page 52)
- Environmental health and public safety (IAR – page 64 and 82)
- Socio-economic development (SED) projects and expenditure (IAR – page 62)
- Human Resources (HR) and the work environment
- (IAR – page 96)

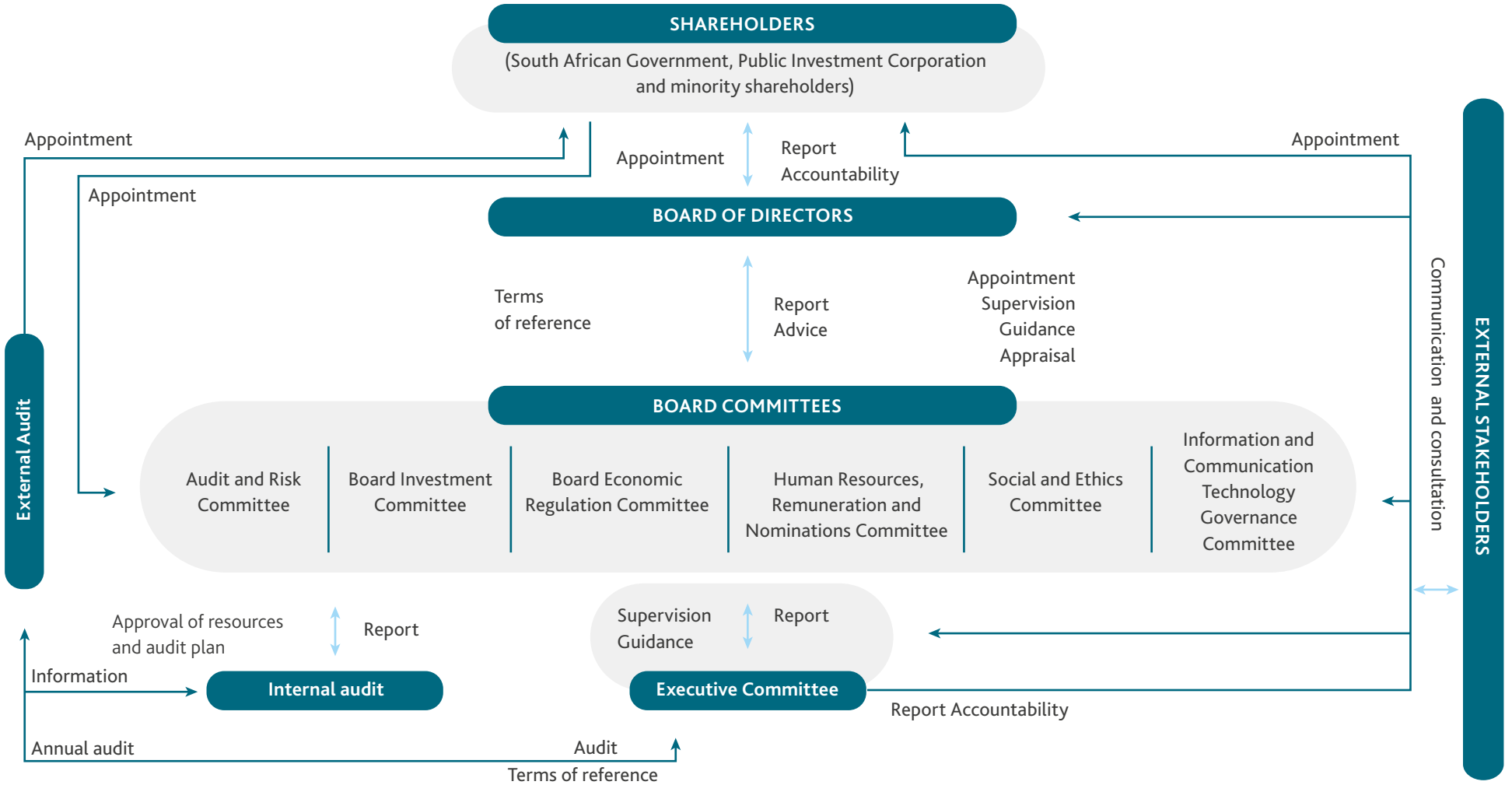
We strive to place transformation, environmental, social and development goals at the heart of our strategic decisions. We are proud to be a net contributor of value in South Africa. Our contribution to the National Development Plan and the UN's Sustainable Development Goals is set out in our Integrated Annual Report. (IAR – page 66)

In the remuneration report on page 32 we have included information on the focus of our remuneration policies and practices on fair remuneration and additional assistance to employees.

GOVERNANCE COMPOSITION AND STRUCTURE

GOVERNANCE STRUCTURE

Our Board is responsible for 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 Company.



GOVERNANCE COMPOSITION

Board composition, structure and report back
Our governance framework sets out the governance structures over operational functional areas and the interaction of these mechanisms to ensure effective governance.

The Board operates under an approved charter ensuring that financial management, risk management and internal controls are effective, as required by the PFMA. The charter was reviewed during 2019/20 financial year. The roles and functions of the Chairman of the Board, the Lead Independent Director and the CEO are described in the Board Charter.

Directors are appointed by the shareholders, namely, the Minister of Transport as the Government Shareholder Representative and the Public Investment Corporation (PIC) in accordance with the Group's Memorandum of Incorporation (MOI). Non-executive Directors are appointed for a three-year term which is renewable once.

According to the criteria adopted by the Board for assessment of independence of directors, which are recommended in King IV and the Company's MOI, the Board as at 31 March 2020 comprised of eight Independent Directors. Nosizwe Nokwe-Macamo has been appointed as the Lead Independent Director.

The Board is comfortable that its composition reflects the appropriate mix of skills, knowledge, experience, diversity and independence.

Board members are provided with additional support from the Company Secretary. Her services and performance are evaluated by the Board through the performance review and Board evaluation process. The Company Secretary does not serve as a Director on the Board nor does she take part in Board deliberations or advise on matters of governance, form or procedure.

Board members are entitled to seek independent professional advice concerning the discharge of their duties as Directors and to gain access to information they may require in discharging their duties. The Board has approved protocols to guide the Directors in these instances.

Conflicts of interest
Directors are expected to ensure appointments outside the Group do not impinge on their ability to perform their duties as Airports Company South Africa Directors and do not present conflicts of interest.

The conflicts of interest policy is in place to manage any potential conflicts of interest. Directors sign annual declarations of interest disclosing their interests and interests in any direct or indirect personal or private interests that their spouses, partner or close family member may have in any matter related to the business of the Group. In the event of there being a conflict of interest, Directors would have to excuse themselves from deliberations on these matters. There were no such cases for the year under review.

Role and responsibilities of the Board
The role and responsibilities of the Board are documented in the MOI and Board Charter.

The Board is responsible for, among others:
- Approving the Group's strategy
- Acting as a focal point for, and custodian of, corporate governance
- Providing effective leadership on an ethical foundation
- Ensuring the Group is a responsible corporate citizen
- Risk governance
- Ensuring compliance with the applicable laws and considers adherence to non-binding rules and standards
- Monitoring performance of the CEO
- Ensuring succession planning for CEO and CFO positions

Key governance roles and responsibilities of the Board are outlined as follows:

Chairman of the Board

- Provides overall leadership to the organisation
- Safeguards the integrity and effectiveness of the Board
- Sets the ethical tone for the Board and the Group
- Sets the tone for the performance of the Board
- Provides the necessary support to the CEO
- Ensures relevant matters are placed on the Board agenda and prioritised properly

Lead Independent Director

- Leads in the absence of the Chairman of the Board
- Serves as a sounding board for the Chairman of the Board
- Acts as an intermediary between the Chairman of the Board and other members of the governing body, if necessary
- Leads the performance appraisal of the Chairman of the Board

Non-executive Directors

- Contribute to Board effectiveness through opinions which constructively challenge and contribute in developing the Group's strategy
- Bring unique perspectives to the boardroom to facilitate constructive dialogue

Chief Executive Officer

- Sets the tone in providing ethical leadership and creating an ethical environment
- Ensures that the Company is operating in an effective and efficient manner
- Ensures that the operations of the Company are in line with the overall objectives of the organisation.
- Takes the lead in strategic planning by planning and developing strategic plans of the Company and presents them to the board for approval and ensures implementation thereof once approved
- Ensures that the internal controls and governance policies and procedures are effectively implemented

Changes to the Board

During the year, there were a number of changes to the Board. Bonang Mohale resigned in June 2019. Kate Matlou and Deon Botha's terms expired on the 30 April and 31 July 2019, respectively. Graeme Victor and Kemira Esterhuizen were nominated to serve on the Board by the PIC in December 2019. Dudu Hlatshwayo's term ended on 3 September 2019 when the PIC withdrew her nomination on the Board. Post year end, Dr Kgabo H Badimo and Dudu Hlatshwayo were appointed to the Board by the Minister.

Mpumi Z Mpofu was appointed as the CEO of the Company with effect from 1 February 2020. Siphamandla Mthethwa was appointed as the CFO with effect from 1 May 2020. The CEO and CFO are executive directors in terms of the Company's MOI.

Bongiwe Mbomvu was appointed as the acting CEO from 1 December 2018 to 30 October 2019, and Fundi Sithebe acted in the role from 1 November 2019 to 31 January 2020, while the recruitment process for the CEO was underway.

Dirk Kunz acted in the role of CFO until 12 June 2019 and Lindani Mukhudwani was appointed to act in the role from 13 June 2019 until 30 April 2020.

BOARD COMMITTEES

The Board has established six committees to assist and support the Board in discharging its duties. The committees established by the Board play an important role in enhancing standards of governance and effectiveness within the Group. Each committee acts in line with its terms of reference, all of which were reviewed during the year. The Board committees report back on their activities to the Board at all meetings. The delegation of the Board's responsibilities to committees is not by itself abdication of its fiduciary duties.

During the year changes were made to the composition of the Board committees due to the changes in the membership of the Board. A summary of the Board committees' composition and responsibilities and the meeting attendance, as well as the reports from the Audit and Risk Committee, and Human Resources, Remuneration and Nominations Committee are provided from pages 14 to 20. The full Audit and Risk Committee report is available on page 2 of the Annual Financial Statements.



KEY GOVERNANCE ROLES AND RESPONSIBILITIES

Board member information at 31 March 2020

Age:

60+ years	50+ years	40+ years	30+ years
2	5	0	2

Independence:

1 Executive Director

8 Independent Non-executive Directors

Gender diversity:

5 | 4

Demographics:



- Black men: 4
- Black women: 4
- White men: 1
- White women: 0

Board member information current – FY2020/21

Age:

60+ years	50+ years	40+ years	30+ years
3	6	1	2

Independence:

2 Executive Director

10 Independent Non-executive Directors

Gender diversity:

7 | 5

Demographics:



- Black men: 6
- Black women: 5
- White men: 1
- White women: 0

Non-executive Directors' experience and expertise

Board member	Finance and Treasury	Business administration	Governance	Aviation	Logistics and transport	Law	Audit and Forensics	Technology and innovation	Compliance	Stakeholder management and communications	Strategic leadership	Risk management	Human resources development
Adv Sandile Nogxina			✓			✓			✓	✓	✓		✓
Kemira Esterhuizen	✓	✓	✓				✓		✓			✓	
Pascalis Mokupo	✓	✓	✓				✓		✓			✓	
Nosizwe Nokwe-Macamo	✓	✓									✓	✓	
Irvin Phenyane		✓	✓	✓	✓					✓	✓		
Yershen Pillay	✓	✓	✓		✓					✓	✓		✓
Graeme Alvan Victor	✓	✓	✓					✓	✓		✓		✓
Ntombifuthi Zikalala Mvelase		✓	✓			✓			✓	✓	✓		✓
Mpumi Z Mpofu		✓	✓	✓	✓				✓	✓	✓		✓
S Mthethwa	✓	✓	✓				✓		✓	✓	✓	✓	✓
D Hlatshwayo	✓	✓	✓						✓	✓	✓	✓	✓
Dr H Badimo	✓	✓	✓					✓	✓	✓	✓	✓	✓

BOARD MEMBERS



Sandile Nogxina (61)

Chairman of the Board

Effective date of appointment:

9 November 2018

- *Advocate of the High Court*
- *Bachelor of Law*
- *Post Graduate Diploma: Management*
- *Higher Diploma: Tax Law*
- *Masters of Law: Law Development*



Nosizwe Nokwe-Macamo (58)

Lead Independent Director

Effective date of appointment:

1 September 2018

- *MSc Chemical Engineering*
- *Diploma: Chemical Engineering*



Kemira Esterhuizen (31)

Effective date of appointment:

19 December 2019

- *CA (SA)*
- *BCom Accounting*
- *Certificate in the Theory of Accounting*
- *Qualification Examination 1 (QE 1)*
- *Advanced Certificate in Auditing*
- *Public Practice Examination*
- *South African Institute of Chartered Accountants Assessor*



Pascalis Mokupo (51)

Effective date of appointment:

1 September 2018

- *CA (L)*



Dr. Kgabo Badimo (60)

Effective date of appointment:

8 August 2020

- *PhD Information Systems Knowledge Management*
- *MSc Data Engineering*
- *BSc Computer Science*
- *Executive Leadership Programme*
- *Graduate Studies Programme*
- *Diploma in Business Administration*
- *Diploma in French Language*



Dudu Hlatshwayo (56)*

Effective date of re-appointment:

8 August 2020

- *BSocSc*
- *MBA*
- *Executive Leadership Development Programme Diploma*
- *Marketing Management Certificate in Product Strategy and Brand Management*

* Term ended on 3 September 2019 by PIC, appointed by the Minister on 8 August 2020



Kate Matlou (49)*

Effective date of appointment:

1 March 2015

- *NDip Road transport, administration and stock*
- *NQF 6 Certificate Public relations, dispute handling, SHEP, computing*

*Term expired on 30 April 2019



Bonang Mohale (58) *

Effective date of appointment:

1 September 2018

- *Chartered Marketer*

*Mr Mohale resigned effective 1 July 2019

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



Irvin Phenyane (51)

Effective date of appointment:

1 September 2018

- *BSc*
- *Masters: Public Management*
- *Postgraduate Diploma in Project Management*
- *Postgraduate Diploma in Management*



Yershen Pillay (36)

Effective date of appointment:

1 September 2018

- *BSocSc Politics and Economics*
- *Post Graduate Diploma in Business Administration*
- *Certificate in Cyber Security*



Graeme Alvan Victor (65)

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*



Ntombifuthi Zikalala Mvelase (55)

Effective date of appointment:

1 September 2018

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

Executive Directors



Deon Botha (50)*

Effective date of appointment:

1 August 2013

- *BCom Law*
- *BCom Hons Business Sciences*

*Term expired on 31 July 2019



Mpumi Z Mpofu (54)

CEO

Effective date of appointment:

1 February 2020

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



Siphamandla Mthethwa (45)

CFO

Effective date of appointment:

1 May 2020

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

Appointed post year end

Company Secretary



Fefekazi Sefara (47)

Effective date of appointment:

1 July 2018

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

BOARD REPORT BACK

INDUCTION AND ONGOING BOARD DEVELOPMENT

Newly appointed directors undergo induction to enable them to make the maximum contribution within the shortest time possible. The induction includes presentations on directors' duties and responsibilities, business overview and visits to airports to familiarise our Directors with the business environment and operations. The newly appointed directors have been duly inducted, however, they could not visit our operations due to the COVID-19 pandemic.

Other ongoing training and education courses allow our Directors to enhance their skills. An in-house development training on King IV was arranged for the Board. Some Board members attended courses offered by the Institute of Directors as part of continuous development.

Delegation of authority

While the Board delegates its authority to management, it retains the responsibility concerning the exercise of its delegated authority. In terms of Section 56 of the PMFA, the Board may confirm, vary or revoke any decision taken by an official as a result of a delegation of powers by the Board. This is strengthened by clearly defined roles, accountability and responsibility through the delegation of authority policy framework. The Board is satisfied the framework contributes to role clarity and the effective exercise of authority and responsibilities. The Company's governance framework facilitates transparency and enables appropriate and relevant decision-making.

ATTENDANCE AT BOARD MEETINGS

The Board held five normal meetings and six special meetings during the year.

Members	Attendance
Adv Sandile Nogxina	8/11
Nosizwe Nokwe-Macamo	10/11
Ntombifuthi Zikalala Mvelase	11/11
Pascalis Mokupo	11/11
Irvin Phenyane	11/11
Yershen Pillay	10/11
Kemira Esterhuizen Effective date of appointment: 19 December 2019	1/1
Graeme Alvan Victor Effective date of appointment: 15 December 2019	1/1
Mpumi Z Mpofu Effective date of appointment: 1 February 2020	1/1
Kate Matlou Term expired: 30 April 2019	n/a
Dudu Hlatshwayo Term ended: 3 September 2019	5/5
Deon Botha Term expired: 31 July 2019	3/3
Bonang Mohale Resigned: 30 June 2019	2/2

Apart from regular agenda items, such as report backs from each Board committee and comprehensive reports from the CEO and CFO, key areas of focus during the reporting period included:

- Mumbai International Airport Private Limited (MIAL) share sale transaction
- CFO recruitment
- Strengthening of the organisational structure at executive level
- Commercial Strategy 2025
- Approval of policies to give effect to our planning and strategy
- Enterprise Security
- Economic transformation
- Digitisation of our airports

The purpose of the special meetings was to consider, among others, composition of Board committees, recruitment of the CEO and CFO, the MIAL share sale, security contingency plans following the termination of a security provider and Annual Financial Statements and year-end related matters.

The Board had a strategy review session in October 2019. The session focused on the economic transformation and strategic initiatives which needed to be implemented to ensure the sustainability of the Group.

BOARD EVALUATION

The performance evaluation conducted in the previous financial year has enabled the Board to improve its performance. The effectiveness of the Board was assessed through an internal self-assessment for the Board to reflect on its performance. The performance reflection covered the assessment of the Board as a whole, individual Directors, the Chairman of the Board, Board committees, and chairmen of Board committees. The Board received an overall score of 3.4 out of 4.0, which is a satisfactory rating. The rating is an improvement from the previous year's rating of 3.2. There were no material matters raised on the functioning of the Board.

The area that was identified as requiring strengthening is focus on the Company's strategy, which has been reviewed as a result of the COVID-19 pandemic impact. The Board did not raise material matters on the performance of the Board Committees. The Board members reflected on the Chairman's performance and it was found to be satisfactory. An external service provider will be appointed to facilitate the Board evaluation.

Evaluation of Board Committees
Each committee reflected on its performance at the end of the financial year using an internal self-assessment questionnaire.

The Audit and Risk Committee identified areas requiring improvement as the enhancement of the Committee with a member who is a chartered accountant or auditor with adequate skills, more focus on the work of subsidiaries and robust discussion. Members have enrolled for IFRS training on a needs basis and continuous updates on international best practice and developments in IFRS and risk management instruments are provided .

The Board Investment Committee identified a need for a deeper focus on infrastructure projects and the investment policy to ensure that the committee remains relevant to the operations in the wake of a changing world. The investment strategy has been analysed and the roadmap for implementing the investment strategy has been approved by the Board.

The Board Economic Regulation Committee raised issues pertaining to the role, objectives and responsibilities of the Committee, clarity on the intricacies of the economic regulatory framework and updates on economic regulatory matters. These were clarified at the subsequent meeting of the committee.

The Human Resources, Remuneration and Nominations Committee identified an increased focus on the strategy of the Company in its deliberations in as far as it pertains to the mandate of the committee as an area for improvement. The committee will ensure alignment of the People and Culture Strategy to the Corporate Strategy for Committee members to be conscious of the latter.

The Social and Ethics Committee identified prioritisation of actions on security and transformation as areas for improvement. Enterprise security has been prioritised by the Committee. The group executive position for enterprise security will be filled by 30 January 2021. A transformation barometer tool for tracking transformation trends has been developed.

The Information and Communication Technology Governance Committee flagged regular updates to keep abreast of technological developments and trends within the aviation space and cybersecurity as a means of enhancing their performance. A briefing session on cybersecurity and aviation technology trends was arranged with one of the leading international companies.

CURRENT AND FUTURE FOCUS AREAS

To survive this challenging time, Vision 2025 is being reviewed and calibrated considering the new realities of COVID-19, as well as ensuring alignment to the Medium Term Strategy Framework and Ministerial Priorities. The review culminated in the adoption of the Recover and Sustain Tactical Plan. As we enter a new business environment necessitated by the new normal, navigating our new normal goes beyond cost reduction by focusing on innovating our operating model to adapt to our operating context. Considering this, we reviewed and amended the approved FY2020/21 - FY2022/23 Corporate Plan and commenced with a full revision of the overall strategy, operating model, governance framework and organisational structure. (IAR – page 24)



AUDIT AND RISK COMMITTEE



Committee chair:
Pascalis Mokupo

Description of the committee

The Audit and Risk Committee is an essential part of the Company's governance framework to which the Board has delegated the following key functions, among others:

- Oversight of the integrity of the Group's financial statements, reporting process and risks
- Managing the relationship with the Group's external auditor
- Oversight of the Group's internal controls and assurance processes

The majority of its members are independent Non-executive Directors who meet predetermined skills, competency and experience requirements.

Please refer to page 2 of the Annual Financial Statement for the full Audit and Risk Committee report.

COMPOSITION AND MEETING SCHEDULE

Members	Attendance
Pascalis Mokupo	8/8
Yershen Pillay	8/8
Nosizwe Nokwe-Macamo	8/8
Ntombifuthi Zikalala Mvelase	8/8
Dudu Hlatshwayo **Term ended: 3 September 2019**	4/4
Graeme Alvan Victor **Appointed: 10 March 2020**	1/1

The CEO, CFO, COO, External Auditor, Group Executive: Governance and Assurance and Chief Audit Executive are permanent invitees to committee meetings.

ACTIVITIES AND FOCUS AREAS IN FY2019/20

The committee, among others:

- Oversaw the integrity of the financial statements
- Monitored the effectiveness of the control environment through the review of reports from internal audit and the external auditor and management's response plan to the external audit
- Considered management's assessment of the Group's tax exposures and the appropriateness of recognised provisions
- Assessed the going concern status of the Group using the latest forecast projection of future cash flows and planned capital project expenditure
- Considered the corporate plan, quarterly and annual integrated reports before they were issued to stakeholders
- Considered the report on the external quality assessment of internal audit
- Considered the external audit strategy and engagement letter
- Reviewed reports on internal audit activities
- Recommended the reviewed enterprise risk management policy to the board and approved the Enterprise Risk Management framework
- Considered the reviewed Compliance Management Policy
- Monitored risk management activities and implementation of mitigation measures
- Oversaw business continuity management activities
- Considered reports on the Company's compliance risk profile
- Considered the litigation status report
- Considered reports on supply chain management activities and management's actions in addressing irregular expenditure
- Received a report on the implementation of King IV principles and recommended practices

The committee approved the following:

- Internal audit charter
- Annual internal audit plan and three-year strategic plan
- Combined assurance plan

The committee is satisfied that it has executed its duties during the year under review in accordance with its terms of reference.

LOOKING AHEAD

The committee is aware of the challenges regarding the COVID-19 pandemic on the operations of the Group, possible credit rating downgrades emanating from the pandemic, the important role that Airports Company South Africa plays in the economy of the country and its impact on the future of the country in terms of stimulating growth. The committee will monitor the implementation of the revised Financial Plan to ensure the Company remains sustainable and thrives post-COVID-19.

BOARD INVESTMENT COMMITTEE



Committee chair:
Nosizwe Nokwe-Macamo

Description of the committee
The committee assists the Board in discharging its duties relating to capital projects, commercial activities, investments, business development and treasury activities.

The Board Investment Committee is an essential part of the Group's governance framework to which the Board has delegated the following key functions:

- Oversight of the Group's investment, commercial and treasury activities
- Oversight of major capital projects
- Oversight of infrastructure and property development activities
- Oversight of business development activities

COMPOSITION AND MEETING SCHEDULE

Members	Attendance
Nosizwe Nokwe-Macamo	8/9
Ntombifuthi Zikalala Mvelase	7/8
Adv Sandile Nogxina	1/2
Pascalis Mokupo	9/9
Irvin Phenyane	9/9
Dudu Hlatshwayo **Term ended: 3 September 2019**	5/5
Deon Botha **Retired: 31 July 2019**	0/2
Bonang Mohale **Resigned: 30 June 2019**	0/2
Graeme Alvan Victor **Appointed: 10 March 2020**	1/1
Mpumi Z Mpofu **Appointed: 10 March 2020**	n/a

The CFO, COO, Group Executive: Infrastructure Asset Management, Group Executive: Technical Services and Solutions, Group Executive: Business Development and Group Executive: Commercial are permanent invitees to committee meetings.

ACTIVITIES AND FOCUS AREAS IN FY2019/20

The committee, among others:

- Considered the offer made to the Company for the purchase of its shares in MIAL
- Recommended to the Board the proposal for the winding-up of Precinct 2A Investments SOC Ltd, a subsidiary of the Group
- Reviewed Commercialisation Strategy 2025 reports
- Considered the performance of major investments
- Noted the business development activities undertaken by management
- Considered borrowings made by the Group to ensure the borrowing covenants have not been breached
- Considered reports on capital projects
- Considered proposals on approvals of capital projects, namely, Terminal A Refurbishment Phase 1 – O.R. Tambo International Airport, Terminal 2 Cape Town International Airport (Capex for enablement work)
- Considered the Economic Regulator's quarterly reports and the impact of the Regulating Committee's decision on the Group's expenditure programme
- Considered requests for financial assistance to be provided to related companies

The committee held four special meetings to consider the MIAL share sale transaction, implementation of the Commercial Strategy 2025 and requests for financial assistance to be provided to related companies and Midfield Terminal Complex Development.

The committee is satisfied that it has executed its duties during the year under review in accordance with its terms of reference.

LOOKING AHEAD

The committee has considered the impact of the COVID-19 pandemic on the operations and capital expenditure of the Group. The capital expenditure has been reduced as a consequence of the response plan to the new normal scenario. The committee will monitor the implementation of our response plan which has been shared with our stakeholders, to avoid unintended future consequences and ensure that the Group remains sustainable. The committee will monitor, in particular, the initiatives which have been identified to support the corporate strategy.

BOARD ECONOMIC REGULATION COMMITTEE



Committee chair:
Advocate Sandile Nogxina

Description of the committee

The Board Economic Regulation Committee is an essential part of the Company's governance framework to which the Board has delegated the oversight for the development and implementation of the economic regulatory strategy and ensures compliance with all economic regulatory legislation and/or requirements. At the core of its function is the deliberation of the approach leading to the permission application for submission to the Regulating Committee, which determines airport tariffs for the Company.

The committee comprises independent Non-executive Directors who chair Board committees.

COMPOSITION AND MEETING SCHEDULE

Members	Attendance
Advocate Sandile Nogxina	2/2
Pascalis Mokupo	2/2
Nosizwe Nokwe-Macamo*	1/1
Ntombifuthi Zikalala Mvelase	2/2
Irvin Phenyane*	1/1
Yershen Pillay	2/2
Dudu Hlatshwayo **Term ended: 3 September 2019**	1/1

The CEO, CFO, COO and Group Executive: Governance and Assurance are permanent invitees to committee meetings.

* Nosizwe Nokwe-Macamo and Irvin Phenyane were appointed as Chairmen of the Board Investment Committee and Social and Ethics Committee respectively on 30 September 2019 and became members of this committee in line with the committee's terms of reference.

ACTIVITIES AND FOCUS AREAS IN FY2019/20

The committee considered the reviewed economic regulatory strategy, response to the draft approach to the 2022–2026 permission and traffic forecast as it related to the permission application and the impact of the final permission decision on the Company's financial plan.

The committee is satisfied that it has executed its duties during the year under review in accordance with its terms of reference.

LOOKING AHEAD

The submission for the 2022–26 permission application was postponed to 2022 subsequent to the COVID-19 outbreak.

The implementation of the economic regulatory strategy and the new normal response plans will be monitored closely.

HUMAN RESOURCES, REMUNERATION AND NOMINATIONS COMMITTEE



Committee chair:
Ntombifuthi Zikalala Mvelase

Description of the committee

The name of the committee was changed from Remuneration and Nominations Committee to Human Resources, Remuneration and Nominations Committee on 10 March 2020. The committee assists the Board on matters of people management, strategic remuneration and nominations by ensuring that decisions are aligned to the Company's strategic objectives.

The committee comprises of independent Non-executive Directors, the majority of whom are independent.

COMPOSITION AND MEETING SCHEDULE

Members	Attendance
Ntombifuthi Zikalala Mvelase **Appointed chair: 12 June 2019**	12/12
Nosizwe Nokwe-Macamo **Membership terminated: 12 June 2019 in line with Board committees review**	2/3
Adv Sandile Nogxina	8/12
Irvin Phenyane	12/12
Yershen Pillay	11/12
Dudu Hlatshwayo **Term ended: 3 September 2019**	1/3
Deon Botha **Resigned: 31 July 2019**	0/3
Kate Matlou **Retired: 30 April 2019 (Chair)**	1/1
Bonang Mohale **Resigned: 30 June 2019**	2/3
Kemira Esterhuizen **Appointed: 10 March 2020**	n/a

The CEO, CFO, COO and Group Executive: Human Resources are permanent invitees to committee meetings.

ACTIVITIES AND FOCUS AREAS IN FY2019/20

The committee considered, among other things:

- The reviewed commercial and enterprise security structures
- Composition of Board committees
- The Company's human resources performance against internal targets and legislative imperatives
- Human resources policies
- Executive and employee remuneration and awards related-policies
- Salary increases for employees
- Long-term incentives for Executives and airport managers
- The Company's performance management approach and employee eligibility for short-term incentive payments
- Employment equity annual report
- The report on outcomes of the implementation of the remuneration policy

The committee convened seven special meetings during the year to consider, among other matters, the strengthening of the executive leadership position, the recruitment process for the CFO, the composition of Board committees, financial year-end performance matters and the appointment of an acting CEO.

LOOKING AHEAD

The committee is pleased that there is stability at top management, with the vacancies of the CEO and CFO having been filled. The committee is aware of the challenges emanating from the COVID-19 pandemic on the operations of the Group and insofar our people, which have resulted in the reduction of operational expenditure. The committee will monitor the implementation of the Company's strategy in so far as it has an impact on our people to ensure that our employees are able to deal with the challenges and opportunities presented by the new normal.

SOCIAL AND ETHICS COMMITTEE



Committee chair:
Irvin Phenyane

Description of the committee

The committee monitors the Company's activities pertaining to transformation, socio-economic development, good corporate citizenship, security, environment, health and public safety, consumer relationships, labour and employment, ethics and stakeholder engagement.

The Social and Ethics Committee comprises a majority of independent Non-executive Directors.

Mpumi Z Mpofu was appointed to the committee in March 2020.

COMPOSITION AND MEETING SCHEDULE

Members	Attendance
Irvin Phenyane **Appointed Chairman: 30 September 2019**	6/6
Nosizwe Nokwe-Macamo **Appointed: 10 September 2019**	3/4
Yershen Pillay	5/6
Deon Botha **Retired: 31 July 2019**	1/1
Dudu Hlatshwayo **Term ended: 3 September 2019**	1/2
Bonang Mohale **Resigned: 30 June 2019**	1/1
Kemira Esterhuizen **Appointed: 10 March 2020**	n/a
Mpumi Z Mpofu **Appointed: 10 March 2020**	n/a

Graeme Alvan Victor attended the meeting of 11 February 2020 by invitation.

The CFO, COO, Group Executive: Governance and Assurance, Group Executive: Corporate Affairs, Group Manager: Transformation are permanent invitees to committee meetings.

ACTIVITIES AND FOCUS AREAS IN FY2019/20

The committee:

- Considered the transformation strategy for the Company and defined the transformation trajectory of the Company
- Recommended the Transformation Strategy and annual plans for the key sector strategies to the Board
- Considered the integrated enterprise security strategy for the Company and the resourcing of the strategy
- Noted progress reports on anti-corruption activities
- Monitored implementation of the Ethics Management Plan, which is based on the results of the ethics risk assessment conducted in the previous financial year
- Considered the organisation's performance on B-BBEE
- Noted the status updates on the Company's social and economic development strategy, and the achievements and impact of the key projects
- Considered reports on safety, security, health and environmental incidents at the various airport sites
- Noted media coverage in relation to the Company and issues that have had a reputational impact on the Company
- Monitored the Company's standing in terms of the International Labour Organisation guidance on decent working conditions
- Considered the Company's contribution towards the educational development of its employees
- Monitored the adequacy and effectiveness of the Company's engagement and interaction with its stakeholders to ensure Company sustainability

In addition to the regular meetings of the committee, a special joint Board Investment Committee and Social and Ethics Committee was convened for consideration of the annual plans for the transformation sector strategies. Flagship projects through which transformation would be achieved were identified.

Due to the COVID-19 pandemic, the projects were impacted by the Company's reprioritisation of projects.

The committee also held an engagement session with the Company's strategic partners in the security cluster to address matters pertaining to security.

LOOKING AHEAD

The committee has considered the impact of the COVID-19 pandemic on the flagship projects which were approved for advancing the Group's transformation agenda as a result of reduction of the capital expenditure. The committee will monitor achievement of our transformation strategy within the available resources.

The COVID-19 impact has demonstrated the importance of continuous engagement with our stakeholders, which we have done well in the year under review. We will continue with these engagements and take our stakeholders along as we move into the new future.

The committee will also pay attention on climate matters. We will monitor the implementation of our energy demand strategy to ensure it achieves the intended results.
The committee will implement action plans to address security concerns in all our airports to ensure our airports are safe for our stakeholders.

A joint meeting of the Board Investment Committee and Social and Ethics Committee was held on 20 February 2020 to consider the implementation plans for our sector strategies and the impact of the Imperial Judgment on our transformation. Attendance was as follows:

Members	Attendance
Irvin Phenyane	1/1
Nosizwe Nokwe-Macamo	1/1
Pascalis Mokupo	1/1
Ntombifuthi Zikalala Mvelase	1/1
Yershen Pillay	1/1



INFORMATION AND COMMUNICATION TECHNOLOGY GOVERNANCE COMMITTEE



Committee chair:
Yershen Pillay

Description of the committee

The committee is responsible for overseeing that the governance of technology, communication and information is aligned to King IV and that the Company's Information and Communication Technology Strategy is aligned and Integrated with the Company's overall strategy and business needs and ensuring that strategies emanating from innovative initiatives support the building of digital capabilities. Ensuring that the cybersecurity strategy is in place.

The committee comprises Non-executive Directors.

COMPOSITION AND MEETING SCHEDULE

Members	Attendance
Yershen Pillay	5/5
Nosizwe Nokwe-Macamo	4/4
Irvin Phenyane	5/5
Ntombifuthi Zikalala Mvelase	5/5
Deon Botha **Term ended: 31 July 2019**	0/2
Graeme Victor **Appointed: 10 March 2020**	n/a

The committee held one special meeting to consider the IT strategy.

The CEO, COO, CFO, CIO, Group Executive: Governance and Assurance, Group Executive: Human Resources, Manager: Commercial Services and Group Manager: Enterprise Security and CAE are permanent invitees to committee meetings.

ACTIVITIES AND FOCUS AREAS IN FY2019/20

The committee's primary function is to ensure:

- Implementation of the Company's overall technology, communication and information strategy
- Robust information security and protection of intellectual property in ICT systems
- ICT innovation strategy and related policies are in place
- Opportunities to improve performance and sustainability of the Company through the use of ICT are exploited

The committee, among other things:

- Considered the IT strategy and cybersecurity strategy
- Noted the roadmap from Airport 1.0 to 4.0 and the milestones achieved
- Considered the innovation strategy
- Oversaw implementation of the IT strategy
- Considered information and technology-related projects aimed at digitising our airports
- Noted the cargo strategy roadmap
- Oversaw implementation of the transformation plan for the IT sector strategy
- Considered the information management, classification of information and knowledge management policies

LOOKING AHEAD

The committee views the innovation strategy of the business as critical to long-term growth and sustainability. For this reason, the committee will exercise greater oversight and monitoring to ensure the effective implementation of the innovation strategy. The committee will monitor the effective implementation of the cybersecurity strategy in light of the increased threat landscape due to COVID-19. The cybersecurity strategy and the cyber incident response plan will be periodically revised to support the corporate strategy.

The committee has considered the impact of the COVID-19 pandemic on the roadmap towards digitalisation of our airports and implementation of IT flagship projects intended to advance the Company's transformation strategy. Most of the projects have been affected as a result of reduction of the capital expenditure. The committee views the pandemic as an opportunity for the Group to be innovative and information and communication technology should be viewed as a key driver for business growth. The committee will monitor that the airports business digitalisation strategy focuses on programme initiatives that support aero/non-aeronautical revenue and transformation is achieved with the available resources.


Drop-off 3
Exit
Drop-off 2
Exit

EXECUTIVE COMMITTEE



Mpumi Z Mpofu (54)

CEO

Effective date of appointment:
1 February 2020

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



Fundi Sithebe (41)

COO

- *BBA*
- *Post Graduate Diploma in Management*



Siphamandla Mthethwa (45)

CFO

Effective date of appointed: 1 May 2020

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



Lindani Mukhudwani (37)

Acting CFO

- *CA (SA)*
- *Certificate in the Theory of Accounting*
- *BCom Hons Accounting*
- *BCom Financial Accounting*



Charles Shilowa (48)

Group Executive: Business Development

- *BSc Chemistry*
- *BSc Chemical Engineering*
- *MBA*
- *Higher Diploma (HDip) (Tax)*
- *Postgraduate Certificate Mechanics of Project Finance*
- *Postgraduate Certificate Mechanics of Corporate Finance*
- *Advanced Management Programme*



Daily Ramasia (41)

Acting Group Executive:
Human Resources

- *BTech Human Resources*
- *People Management Excellence Certificate*
- *MBA (In-Progress)*
- *Chartered HR Practitioner with SABPP*
- *Chartered Reward Specialist with SARA*



Refentse Shinners (43)

Group Executive:
Corporate Affairs

- *BTech Public Relations Management*
- *National Diploma Public Relations Management*
- *Management Development Programme*



Sithembiso Ngwenya (38)

Chief Audit Executive

- *CA (SA)*
- *BCom Hons Accounting*



Andre Vermeulen (49)

Group Executive
Airports Management

- *BEng Mechanical Engineering*

Resigned: December 2019
This position has since been abolished

Gender diversity:

8 6

Demographics:



- Black men: 7
- Black women: 6
- White men: 1
- White women: 0

Age:

60+ years	50+ years	40+ years	30+ years
0	3	8	1

Skills:

Financial management | Business administration | Governance | Aviation | Logistics and transport | Law | Forensics | Technology and innovation | Compliance | Stakeholder management and communications | Strategic leadership | Risk management



Girish Gopal (56)

Group Executive:
Technical Services and Solutions

- *BSc Electrical Engineering*
- *MSc Electrical Engineering*
- *MBA*



Jabulani Khambule (47)

Acting Group Executive:
Commercial

- *National Diploma Retail Management*
- *Executive Development Program*
- *Certificate in Shopping Centre Leadership*
- *MBA (In progress)*

This position was introduced in December 2019



Badisa Matshego (43)

Group Executive:
Infrastructure Asset Management

- *B.Sc Civil Engineering*
- *Executive Development Programme*



Mthoko Mncwabe (43)

Chief Information Officer

- *BSc Computer Science, Mathematics*
- *BSc Hons Computer Science*
- *MBA*
- *Executive Development Programme*



Bongiwe Mbomvu (53)

Group Executive:
Governance and Assurance

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

DESCRIPTION OF THE COMMITTEE

Exco deals with the general activities which form part of leading the Company in such a way as to achieve its core outcomes while upholding all applicable legislation and regulations.

ACTIVITIES AND FOCUS AREAS IN FY2019/20

During the year under review, Exco held 33 meetings, including three strategy review sessions. The committee, among others:

- Considered the results of the ethics risk assessment and the ethics management plan to address ethics risk areas
- Conducted quarterly assessment of financial and operational performance
- Commenced with the review of the operating model to enable potential non-aeronautical revenue improvement opportunities
- Considered the 2019–2023 Permission Decision and its impact on delivery of the organisation's major projects
- Recommended the 2020–2023 Corporate Plan to the Audit and Risk Committee
- Reviewed DLA policy framework
- Considered the commercialisation of our training academy
- Reviewed the Company's strategy with specific focus on the successful implementation of Vision 2025

In June 2019, the committee convened an Exco strategy session which focused on unlocking Vision 2025 strategic initiative prioritisation towards creating sustainable value over the short, medium and long term. Exco engaged on identifying key strategic initiatives that will impact delivery of Vision 2025.

The Acting CEO, Bongiwe Mbomvu, undertook a national roadshow that covered all the Company sites, including corporate office, in which she engaged with staff regarding issues that concern their work environment.

CURRENT AND FUTURE FOCUS AREAS

Ensuring that health and safety practices are in place before airports reopened for domestic and international travel is a key focus for the Company. We implemented comprehensive measures that cover every aspect of the passenger's journey from the airport entrance to boarding an aircraft. A targeted stakeholder engagement plan was put together in the wake of the COVID-19 pandemic. The plan focused on all key stakeholders impacted or critical in partnering with us to find ways to respond to the outbreak. The plan also highlighted the challenges and risks of COVID-19 to the aviation industry proposing mitigating factors for consideration.

Ongoing engagements and keeping stakeholders informed on developments and business decisions being taken by the Company are continuing.

Revising our corporate strategy to adapt to the changes wrought by the pandemic was a key focus in the first months of the year.

GOVERNANCE OF COMPLIANCE AND RISK

COMPLIANCE

Adherence and compliance to applicable laws and regulations remains a Board responsibility. This includes non-binding rules, codes and standards. Our compliance framework is aligned with ISO 19600, a standard for compliance and best practice.

Compliance processes

In effectively providing oversight and guidance to the Company, the Board remains acutely aware of various legislations and relevant codes of best practice, including, but not limited to:

- Airports Company Act, No. 44 of 1993
- Civil Aviation Act, No. 13 of 2009
- King IV
- Protocol on Corporate Governance for the Public Sector 2002
- PFMA
- Treasury Regulations
- Companies Act
- Income Tax Act, No. 58 of 1962
- Value Added Tax Act, No. 89 of 1991

Continuous reporting on non-compliance to the Executive Committee and the Audit and Risk Committee through a quarterly compliance status report escalates issues of non-compliance to the correct level within the Company.

Processes exist to report and deal with new instances of non-compliance and to monitor and track completion of previous cases. Compliance processes are subject to internal audit and the results are reported to the Board through the Audit and Risk and Board Economic Regulatory Committees, which oversee the Board's discharge of its legal and regulatory responsibilities.

We have developed a compliance framework and strategy to strengthen governance over compliance, and monthly legislation updates are provided to affected departments. There were no changes in legislation that substantively affected the achievement of the Group's objectives in FY2019/20.

Various training programmes on the PFMA, Preferential Procurement Policy Framework Act, No. 5 of 2000, Treasury Regulations, Treasury Practice Notes, supply chain management policies and procedures and competition help to embed a culture of compliance at Airports Company South Africa.

Effectiveness of compliance is monitored through internal audit findings and recommendations made to the Audit and Risk Committee and the Board. No negative audit findings were reported during the year. The Audit and Risk Committee reviewed and recommended for Board approval the implementation of a compliance policy as a mechanism to ensure effective compliance measures.

Non-compliance and non-conformance

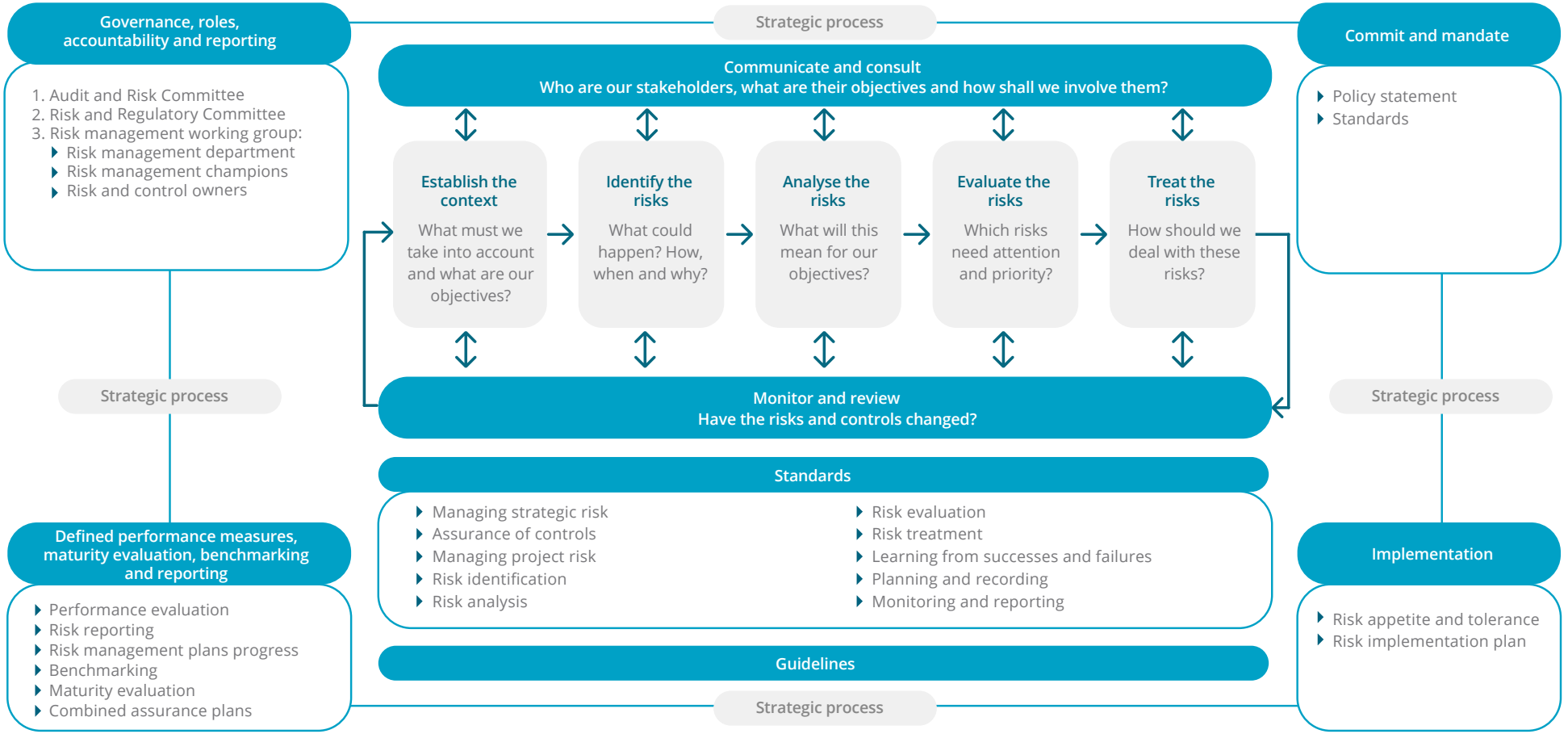
The Group's non-compliance and non-conformance reporting systems for recording and reporting instances of non-compliance will be upgraded during the next financial year as we embed the use of systems in the Group. There were no material instances of non-compliance with legislation and regulations during FY2019/20 and no significant non-conformance to report.



RISK MANAGEMENT

While the Board maintains ultimate responsibility for risk management within the Company, the Audit and Risk Committee oversees the risk management function and makes recommendations to the Board for consideration and approval. Risk management, systems and performance are continuously monitored and reviewed and reported to the Executive Committee regularly, by the Risk and Regulatory Committee. The Risk and Regulatory Committee, a sub-committee of the Executive Committee, steers the integrated risk management framework.

The committee and its members are accountable for the performance of the framework. The committee directs and evaluates the effectiveness of the integrated risk management framework and standards, and reinforces accountability for risks, controls and tasks. The following illustration indicates the components of the integrated risk management framework.



Airports Company South Africa's enterprise risk management is guided by an integrated enterprise risk management framework based on the following:

- Expressing a clear mandate and lines of management accountability
- Setting the performance requirements for risk management throughout the Company
- Promoting commonality of risk management processes and methodologies and a common language
- Organisation-wide requirements to gather and report risk information for governance purposes
- Compliance with applicable legislation
- Effective integration with corporate strategy and planning
- A leadership culture that embraces risk management

In developing the framework, we applied the principles of the PFMA, the Companies Act, 2009, the ISO 31000:2009 and guidelines of international risk benchmarks.

The following were among the projects rolled out during the year to enhance risk management in the Company:

- **Risk assessments:** Business risk assessments for operations and support functions were completed.
- **Subsidiary risk registers:** The process of assessing risk for subsidiaries was finalised.
- **Other future focus areas over and above completion of risk assessments and divisional and subsidiary plans include:**
    - Competency training for enterprise risk management champions on the framework, standards, the approved risk management information system and conducting awareness training for all employees.
    - Skills enhancement for facilitators and enterprise risk management champions, typically in risk assessment and root cause analysis.
    - Line manager review: control assurance covering control design and control self-assessment.
- As part of the continuous integrated reporting process, we updated the material risk and opportunity register to reflect management's opinion on developments in strategic risks and opportunities.
- We conducted a strategic risk assessment with the Board and executive leadership, in addition to the Company-wide risk assessments conducted at operational level so as to improve decision-making and enhance the performance of the Company.

In addition to the annual audits conducted by Internal Audit, audits to ensure the effectiveness of enterprise risk management are initiated by the Company Executive: Governance and Assurance, the Audit and Risk Committee, business unit risk committees, or the Group Manager: Risk Management.

Integrated risk management process

Our integrated risk management process is intended to achieve an appropriate balance between realising opportunities for gain, while minimising adverse impacts through Board, and Audit and Risk Committee oversight of risk governance.

Our key risks and opportunities are continuously monitored through our enterprise risk management process, which is reviewed annually. The process is based on the outcomes of best practice reviews, annual maturity assessments and continuous interaction with our governance structures, including executives, Executive committees, sub-committees and the Audit and Risk Committee. The FY2019/20 Internal Audit review indicated internal controls and management activities require moderate management intervention and improvement in mitigating against the possible likelihood or consequences of the risks materialising.

Our governance framework has improved the integration of risk throughout the Company. We have implemented a Board-approved integrated business continuity programme to strengthen the effectiveness of our identification of and response to internal and external risks. The Company activated the business continuity plan in the fourth quarter in response to the outbreak of the coronavirus pandemic.

The Board continuously assesses and monitors the treatment of strategic risks, including active engagement in the review of strategic risks and identification of mitigation activities for each.

Please refer to page 35 of our integrated annual report for more information on our strategic risks and mitigation commitments and advances in the year under review as well as the following table.

RISK MATRIX

Risk title	Risk description	FY2019/20 priority ranking	FY2018/19 priority ranking	FY2017/18 priority ranking	Response to risks and opportunities	Related strategic objective	Related material matter
Economic Regulatory	Unpredictability of decisions by the economic regulator leading to inability to provide appropriate funding and infrastructure, undermining stakeholder consultation and planning.	I	I	I	The Airports Company Amendment Bill was approved by the National Assembly in March 2020. Prior to the postponement of the Permission process a comprehensive response to the draft Approach document was submitted to address the regulatory mandate and ex ante regulation. The permission application process postponed due to the COVID-19 pandemic outbreak. The company revised its financial business plan with various scenarios and sensitivities, and this will form basis of the permission application.	Diversified business portfolio	Economic regulation
Access to funding	Inability to secure affordable funding, which may lead to an inability to execute the growth/ enhancement strategy and may possibly result in business interruption.	I	II	II	Company continues to monitor the implemented financial management process, treasury policies and to proactively engage with stakeholders (Credit Rating, Shareholders, and investors). Due to the outbreak of COVID-19 in the last quarter of the financial year, emerging risks of low demand to travel and response to pandemic were identified and this continues to be managed through activation of business continuity management plans.	Increase our reputation	Access to and cost of funding
Loss of hub status	Losing hub status may lead to weakened and/or reduced revenue flows.	I	II	II	The COVID-19 outbreak and the economic lockdown of air services has exacerbated the exposure, resulting in the network being affected. The Company has produced multiple scenarios around the COVID-19 impact. The effects of the lockdown require continuous monitoring. The risk has significantly increased due to our anchor carrier, SAA being placed under business rescue. The Traffic Development Airlift Strategy is negatively affected by air services lockdown.	Create value for shareholder	Growth opportunities
Management of major projects	Failure to deliver major built infrastructure projects on time and within budget may lead to capacity constraints and inefficient use of built environment infrastructure.	I	N/A	N/A	Due to COVID-19 and subsequent impact on the Company's revenue, projects have been reprioritised to align to the new normal.	Create value for shareholder	Economic regulation
Stakeholder engagement	Limited coordination between relevant departments, agencies, and other organisations (focus on Airport co-ordination) leading to low customer satisfaction, criminality, inefficiencies, unclear mandate	I	II	II	An integrated approach has been established between us and Law enforcement agencies. A Memorandum of Understanding with law enforcement is being explored to mitigate security issues at airports level. This process will be adapted for all strategic partnerships in carrying out the strategy of the organisation.	Increase our reputation	Disruptive global shifts
Non-Aeronautical revenue risk	Inability to project and leverage on opportunities in non-aeronautical revenue leading to dependency on regulated income stream and weakened long term sustainability.	I	I	I	Commercial 2025 wave one and two initiatives are being implemented and completed. The company reassured revenue by converting and extending commercial contracts. There is ongoing review of the commercial strategy to align with the corporate strategy.	Diversified business portfolio	Growth Opportunities
Brand and reputation	Failure to manage and improve reputation may lead to brand erosion and reputational damage.	I	N/A	N/A	The company continues to monitor the media environment and strategic responses have been put in place. A culture of good corporate governance is embedded in processes and strategically monitored as part of best business practices.	Increase our reputation	Disruptive global shifts
Security risk	Unlawful acts of interference within aviation operations and criminality in our operations.	I	N/A	N/A	Intelligence monitoring and gathering through the relevant state agencies. Benchmarking against best practices with global airports Implementation of Smart Security Technology.	Increase our reputation	Safety and security
Digital innovation	Inability to adopt or deliver resilient and secure digital/ disruptive platforms and technologies that transform current and future business strategic objectives, may lead to missed innovative and automated opportunities that keeps up with leading airports.	I	II	II	Our IT strategy is in place to replace outdated technologies and further position the company for digital transformation. The impact of the pandemic of the outbreak and subsequent consequences on the implementation is noted and adjustments to align with the Company's new normal are underway and will be monitored in the new financial year.	Business digitisation	Technology and digitisation

IT GOVERNANCE

The Board has ultimate oversight for IT governance in the Company and delegates responsibility to its Information and Communication Technology Governance Committee. The committee oversees the implementation of the Board-approved IT strategy, which is the responsibility of Exco. We have embedded a framework encompassing committees including IT manco, IT steering committee, Exco and Information and Communication Technology Governance Committee, as well as set policies, appropriate risk management and internal controls to monitor implementation of our strategy. We have a benefit realisation model in place that considers the costs and benefits of the invested capital budget. We are actively encouraging collaboration within IT and across the business to facilitate governance integration into IT services.

IT disaster recovery plans are in place and take into account emerging IT risks such as cyber security, hacking and ransomware.

We established a data and information management capability, which is maturing, to govern the integration and alignment of data collection points, business processes and analytics to improve management information flow by digitising information and digitalising business processes into an intelligent digital business platform. A single robust integrated business intelligence and analytics system is being procured that allows for real-time information with data analytics insight capabilities and visibility across operations for efficiencies and real-time information key to decision-makers across operations and management.

ASSURANCE

The Audit and Risk Committee's legislated duties, which are set out in Section 94(7) of the Companies Act and the relevant best practice recommendations which are set out in Principle 8 of the King IV, outline in detail the oversight responsibilities the audit committee must carry out to ensure adequate and effective governance is realised within the Company.

In addition, Regulation 27.2.5 of the Treasury Regulations, which states: "Internal audit must be conducted in accordance with the standards set by the Institute of Internal Auditors" gives legislative authority to the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA).

The Group Internal Audit Services (GIAS), which carries out its work in line with the mandatory requirements of the IPPF of the IIA, exists primarily to enhance and protect Company value through the provision of reliable objective internal audit assurance and trusted advisory services. It achieves this by assessing and evaluating the adequacy and effectiveness of the processes of governance, risk management and internal controls.

Through performance of its objective assurance and advisory services, the GIAS serves as an enabler both to the Audit and Risk Committee and, ultimately, to the Board of Directors, for achievement of adequate and effective corporate governance within the Company.

Combined assurance

Combined assurance refers to the integration, coordination and alignment of risk management and assurance processes to optimise and maximise the level of governance, control and oversight over the risk landscape. The combined assurance model aims to optimise the assurance coverage obtained from management, internal assurance providers and external assurance providers on the risks facing the Company. Our combined assurance model remains unchanged and supports this centralised approach.

King IV recommends that the Audit and Risk Committee should provide direction for the use of a combined assurance model and be responsible for establishing and overseeing the combined assurance model that results in combining, coordinating and aligning assurance activities across the various lines of assurance, so that assurance has the appropriate depth and reach.

Standard 2050 of the IIA requires that "the chief audit executive should share information, coordinate activities and consider relying upon the work of other internal and external assurance and consulting service providers to confirm proper coverage and minimise duplication of efforts". Thus, according to this standard, the Chief Audit Executive is best placed to be the custodian of effective combined assurance processes within an organisation.

When considering the statutory requirements outlined in paragraph 27.2.5 of the Treasury Regulations, which states: "Internal audit must be conducted in accordance with the standards set by the Institute of Internal Auditors", it is a legislative requirement that the GIAS becomes the custodian and coordinator of all combined assurance processes.

The GIAS's combined assurance processes are aimed at:

- Fostering a shared view and understanding of the Company's key risks and opportunities
- Understanding all the assurance providers, their roles and level of assurance they can provide
- Aligning assurance to the critical risk exposures
- Maximising risk and governance oversight
- Maximising control efficiencies

- Optimising overall assurance to the Audit and Risk Committee and to the Board of Directors
- Reducing assurance costs through elimination of possible duplication of audit effort
- Promoting collaboration between internal audit and other assurance providers
- Ensuring that the Company is in line with best practice with regard to improved governance and accountability
- Enhancing the integrity of internal information and external reports
- Provide a basis for identifying, and appropriately responding to, any potential assurance gaps

Internal audit

In executing its Board-assigned mandate, internal audit follows a risk-based audit methodology in compliance with the Institute of Internal Auditors (IIA) and the International Standards for the Professional Practice of Internal Auditing. The main objective of GIAS is to assist the Board and Executive Committee with the effective discharge of their responsibilities by evaluating the adequacy and effectiveness of risk management, the control environment and governance processes. The GIAS maintains its organisational independence by reporting functionally to the Audit and Risk Committee and administratively to the CEO.

The internal audit function is based at the corporate office and provides its services and support to all our airports. This includes services provided to our subsidiaries. Our internal auditors are members of the IIA and in conducting their work, comply with the IIA's Code of Ethics and International Standards for the Professional Practice of Internal Auditing.

The detailed scope of work of the GIAS is outlined in the three-year strategic and annual internal audit plans, both of which are subject to the Audit and Risk Committee's review and approval on an annual basis. The GIAS's scope of work encompasses assessment and evaluation of the adequacy and effectiveness of the governance, risk management and internal control processes. Quarterly feedback on the progress of the annual plan is provided to the Audit and Risk Committee.
The nature of work performed by the GIAS, as is required by the IPPF, includes internal audit assurance and consulting services:

a. Internal audit assurance services involve the GIAS's objective assessment of evidence to provide opinions or conclusions regarding an entity, operation, function, process, system or other subject matters. The nature and scope of an assurance engagement are determined by the GIAS. Generally, three parties are participants in assurance services: (1) The Group's executive and operational management – the process owner, (2) GIAS, and (3) the Board and its Audit Committee – the user.
b. Internal audit consulting services are advisory in nature and are generally performed to the specific request of management. The nature and scope of the consulting engagement are subject to agreement with management, but must be approved or ratified by the Audit and Risk Committee, as circumstances may require.

Consulting services generally involve two parties: (1) the GIAS, and (2) management. When performing consulting services, the GIAS should maintain objectivity and not assume management responsibility.

During the current financial year, internal audit underwent an external quality assessment review performed by the Institute of Internal Auditors. The objective of the assessment is to evaluate whether the division conducts its activities in line with the IPPF. The Board also assessed the internal audit division and its deliverables. In addition, after each completion of each project, a client satisfaction survey was conducted with operational management. All assessments concluded that the division generally conducts its activities accordingly and there were no major adverse findings raised.

Results of internal audit findings

It is the opinion of GIAS that processes during the year under review were generally adequate and provide reasonable assurance the environment shows the implementation of effective controls and requires limited improvement.

The internal audit function hereby declares that there were no instances noted during the FY2019/20 which would have compromised its independence and objectivity in the execution of its charter mandate.



REMUNERATION

“

Airports Company South Africa is committed to ensuring we remunerate fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term. Our remuneration report outlines the practices and decisions in the 2019/20 financial year and reflects King IV best practice.

2020
GOVERNANCE AND
REMUNERATION REPORT



Airports Company South Africa


WHEN YOU LOOK AT THE WORLD DIFFERENTLY,
YOU MAY JUST CHANGE IT FOR GOOD.
BILTONG BAR
BILTONG BAR

BACKGROUND STATEMENT

The Board, guided by the Human Resources, Remuneration and Nominations Committee and supported by management, is ultimately responsible for our remuneration philosophy and policy application. This includes remuneration governance, skills attraction and retention, succession planning, disclosure, benefits, conditions of employment and performance-linked remuneration.

Our remuneration philosophy supports sustainable value creation by rewarding our people for their contribution in achieving our strategic objectives. We offer competitive total rewards which promote a high-performance culture that enables the execution of our objectives. This report aims to provide an overview of our remuneration policy as well as factors influencing remuneration in the year under review. Details of all remuneration awarded to members of the governing body and executive management are disclosed in the implementation report.

For the year under review, the Human Resources, Remuneration and Nominations Committee focused on aligning the short- and long-term incentives offering to the pay-for-performance philosophy, reviewing and recommending the executive long-term incentives scheme, and employee remuneration and recognition-related policies to the Board. These reviews were based on the remuneration policy, aligned with the organisational strategic drivers, values and individual contributions linked to short-term and long-term strategic outputs. The Board approved the employee remuneration policy, considering the following internal and external factors:

- Affordability
- Economic pressures
- Industry changes
- Applicable legislation
- Market remuneration data
- Company performance

Our remuneration policy and implementation report received a 96,23% favourable vote at our annual general meeting.

Our remuneration policy and practices are informed by total rewards benchmarking, which provides an indication of equitable market-related remuneration.

Our employees are a key component in achieving our strategic objectives, and we are proud to contribute to their improved well-being through financial and non-financial means. We acknowledge financial benefits are a key component in remuneration, however, we also provide non-financial benefits such as housing, employee transport and employee recognition.

Our housing scheme assists employees in becoming homeowners, with an objective to improve their living conditions, financial security and potential of owning a tangible asset. Since the inception of the housing scheme in 2016, 1 972 employees have participated in our housing scheme and the Company has invested a total of R301 million (refer to Human capital in the IR on page 96 for further details).

Our employees also benefit from a transport programme, (refer to Human capital in the IR on page 97 for further details). We implemented a staff transport programme in December 2018 with an objective to provide reliable, safe and cost-effective transport to our employees. The Company has invested a total of R113 million since the inception of the staff transport programme, however, during the financial year the Board took a decision to unwind the staff transport programme, due to operational and cost challenges faced since the implementation of the programme. Alternatives to the transport programme are currently being explored in an attempt to address the gap that the unwinding of the programme will create.

The Human Resources, Remuneration and Nominations Committee will continue to monitor the effective implementation of these improvements to the total reward offering and focus on driving pay-for-performance remuneration as well as the executive remuneration.

REMUNERATION POLICY

OVERVIEW

Our total reward framework allows for remuneration consisting of both fixed and variable pay, aligned with appropriate legislative frameworks, wider external factors and the business strategy.

Our guiding principles in the application of the remuneration policy are:

- Equity, fairness and consistency in the remuneration of employees in accordance with the value of their work, competence and performance
- Market-related remuneration to enable market competitiveness in the attraction and retention of scarce and relevant skills, behaviours and competence
- Pay-for-performance
- Good governance in the management of remuneration

Fair and responsible remuneration

We are focused on ensuring fair and responsible remuneration remains a top priority. The values that we drive through our fair and responsible remuneration philosophy are:

- Transformation
- Promoting employment equity
- Job creation
- Equal pay for work of equal value
- Minimising the gender gap in leadership roles and across the Company

The factors that are considered to ensure the Group remunerates fairly include but are not limited to the following:

- Individual and Company performance
- Financial profitability of the Group
- Economic environment
- Market pay benchmarking

Our remuneration mix is made up of two elements:

1. Guaranteed pay and benefits
2. Variable pay: Short-term incentive (STI) and Long-term incentive (LTI)

GUARANTEED PAY AND BENEFITS

Employees receive guaranteed pay as well as benefits such as medical aid and risk benefits as compensation for their role and responsibility in the organisation. The guaranteed pay, benefits structuring and eligibility is explained further below.



Guaranteed pay

Employee guaranteed pay is reviewed annually, considering Consumer Price Index (CPI), market trends, employee and Group performance, internal parity and Group affordability. The Group has a culture of awarding increases above CPI percentages, considering the cost of living relating to the Producer Price Index (PPI) in order to ensure fair and responsible remuneration.

In addition, for the following employee categories, the following measures are also considered:

Executives

a. Internal parity
b. Individual and Group performance

Senior management, middle management and professionals

a. Internal parity
b. Individual and Group performance

Skilled and general workers

a. National negotiations
b. Internal parity
c. 13th cheque forms part of the guaranteed pay



Benefits

Employees are contractually obliged to belong to an approved medical aid and retirement fund, inclusive of risk benefits. Our benefit policy is structured in a way that promotes the employee financial wellness.

Executives, senior management, middle management and professionals

a. Employees contribute 100% towards medical and retirement fund (inclusive of risk benefits)
b. Long service awards

Skilled and general workers

a. Retirement fund: 13% employer and 8% employee contribution
b. Medical aid: 50% employer and 50% employee contribution
c. A once-off capital grant of R75 000 is offered to first-time homeowners
d. A monthly housing subsidy is offered to salaried employees
e. Employees are provided with branded uniforms
f. Long service awards



Circumstantial allowance

Circumstantial allowances paid are aligned to legislative requirements and operational effectiveness.

Executives, senior management, middle management and professionals

The following allowances are paid based on job-specific requirement:

a. Acting allowance (paid in line with the policy to employees who are required to act in roles that are higher than their designated roles)
b. Demand and capacity
c. Relocation

Skilled and general workers

a. Shift
b. Standby
c. Overtime
d. Relocation

Our pay philosophy is to benchmark to the median of the market (50th percentile), and we benchmark annually to ensure our total reward remains aligned and competitive to the market. We use PwC Remchannel, which considers all major industry segments and bespoke peer group benchmarking for the purposes of benchmarking executive and non-executive pay.

For the purposes of the peer group benchmarking, we use two distinct peer groups, as follows:

- JSE-listed companies considered to be of comparable size, complexity and performance
- Comparable State-owned entities

VARIABLE PAY

The variable pay section consists of two incentive structures: the STI and LTI. The STI seeks to cultivate a high-performance culture and motivate the attainment of short-term targets and will ultimately lead to the achievement of long-term targets.

Group modifier

SHORT-TERM INCENTIVE

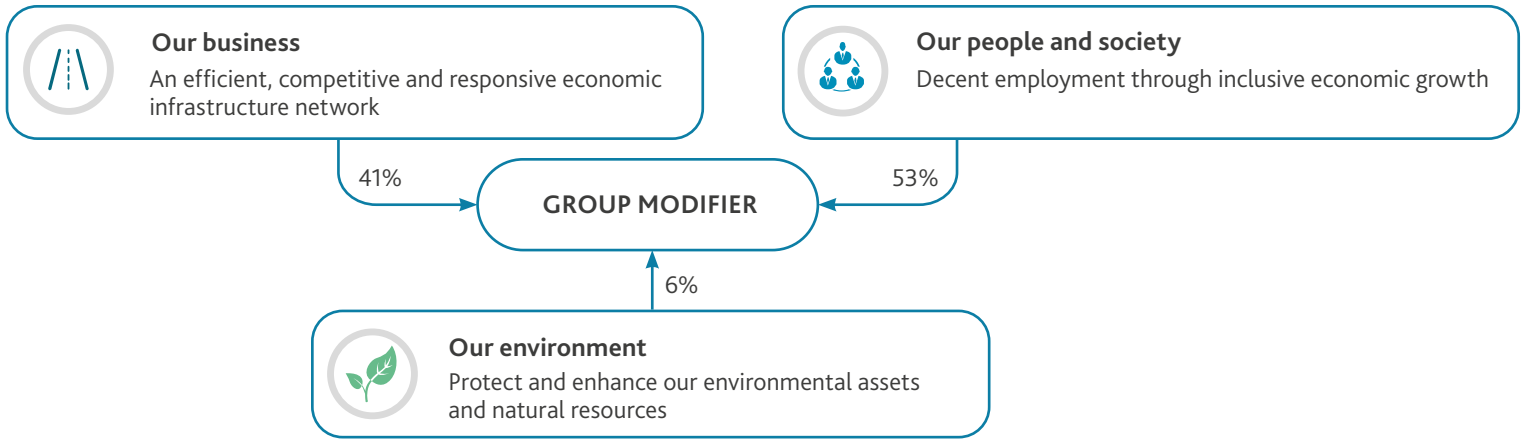
The objective of the STI is to reward eligible employees who display exceptional performance towards achieving the Company's objectives. The short-term variable pay is determined according to the Group Short-term Incentive Plan (STIP). The STIP is designed to drive short-term goals through short-term performance incentives and in accordance with the Group, divisional and individual performance KPIs. The approved incentive pool is distributed based on Group, divisional and individual performance. The diagram below outlines the application of the STI with reference to the principles that determine the incentive pool, including the group modifier, and how the pool is distributed to individuals.

Termination of employment

Upon termination of employment, employee or executive incentives are handled according to two categories: good leavers and bad leavers.

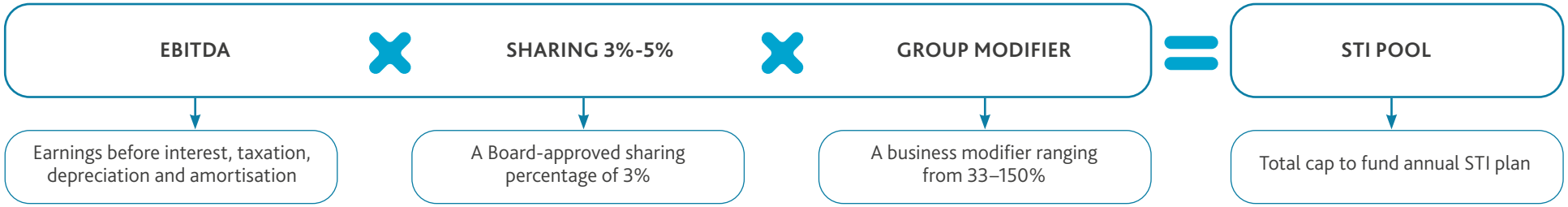
- Good leavers are employees whose employment was terminated due to no fault of their own, including but not limited to: death, retrenchment, ill-health, injury, retirement, disability or change in control. Employees whose employment is terminated as a result of any of these reasons will qualify for a pro rata share in the STI based on the number of months served under the financial year and the performance conditions that have been met.
- Bad leavers are employees/executives whose employment was terminated for any other reason than 'good leaver'. Employees, executives whose employment is categorised as a bad leaver will forfeit all rights to an STI.

The STI structure is aligned to the KPI framework weighted on our business (41%), our people and society (53%) and our environment (6%) as reflected below:



Incentive pool determination

The total STI pool cap to fund our STIP plan is determined as follows:



The bonus pool is based on a sharing percentage within a range of 3% to 5% of earnings before interest, tax, depreciation and amortisation (EBITDA), which is subsequently modified against the performance according to the group modifier.

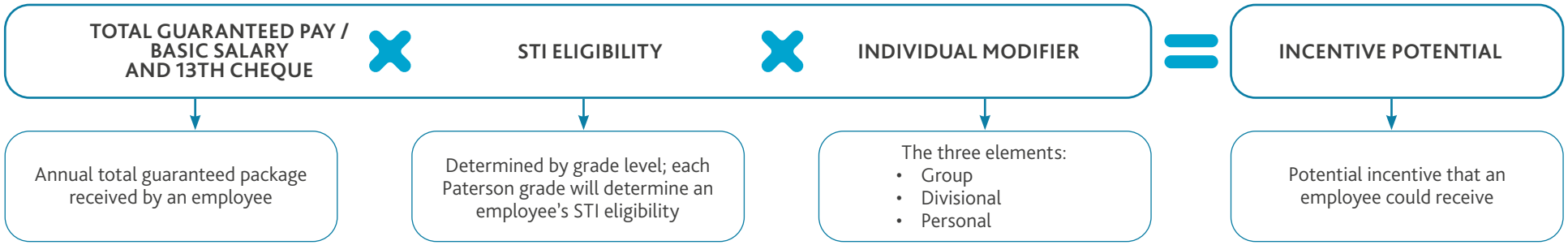
The following considerations are made when determining the threshold for FY2018/19 bonus pool provision:

- The sharing percentage is reviewed by the Board on an annual basis
- The group modifier will contain key performance indicators (KPI) from the Shareholders' Compact and shall be measured based on the following performance accumulative sliding scale of:
  - Threshold of 50%
  - Target of 100%
  - Stretch of 150%

At the end of each financial year, the Board, through the Audit and Risk Committee, verifies actual performance against approved targets. STI payment consideration will be disqualified if the Group obtains a qualified audit opinion from the external auditors.

Incentive bonus pool distribution

The incentive pool is distributed to individuals as follows:



Board discretion in final payments

The Board has the discretion to grant payment of the STI bonus, therefore it is not an automatic entitlement. The discretion of the Board is dependent on the annual financial results of the Company and/or any other factors as determined by the Company from time to time. The STI payments will not be approved if the payment results in a net loss after tax for the financial year. It is important to note that the payments for the FY2019/20 declared in the implementation report is paid in arrears for the FY2018/19.

LONG-TERM INCENTIVE

Airports Company South Africa's LTI plan is based on the financial and non-financial growth of the Group and is cash-settled. The LTI cash plan aims to align the Shareholder's Compact with the Group's Vision 2025 strategy (refer to the IR on page 24 ) and individual performance to grow the business sustainably over the long term. The anticipated vesting for the first award allocation will be in the FY2021/22 financial year, representing the first LTI payment.

The LTI cash plan is based on the following principles:

Eligibility to participate

The LTI rules provide for Board discretion and approval in the participation of executives in the LTI cash plan. The Board is responsible for approving all award allocations, considering the grade, individual performance and the length of service of an individual. The employee must have demonstrated consistent performance and have received a performance rating which exceeds a rating of three in the previous performance management cycle.

The primary purpose of the LTI cash plan is to:

- Incentivise employees to achieve the long-term objectives of our strategy and corporate plan
- Stimulate employees to achieve sustainable performance, instil a culture of performance excellence and grow the business
- Align the Shareholder's Compact to employee performance objectives
- Reward employees for significant discretionary efforts and achievements within their performance areas

Award allocation

The LTI is awarded annually in line with the allocation terms and conditions, and is allocated according to the expected value based on the following calculation:

Total guaranteed pay x annual market % allocation

The annual market percentage allocation is the on-target percentage of an employee's total guaranteed pay which will be used to determine the allocation value of the LTI award. This percentage will be dependent on the employee's grade, which is determined by the Board from time to time based on, inter alia, the prevailing market trends. The Board has the discretion to apply a multiple to the allocation if it determines annual allocations will not be made, to recognise a quantum appropriate for more infrequent awards. However, this is not currently applied, as annual allocations are made.

Performance assessment and vesting

For each performance condition, at the point of assessment, the achievement percentage will be determined with reference to the table below:

Performance target	Achievement %
Threshold	30
Target	100
Stretch	125

Board discretion in final payments

The Board has ultimate discretion in the payment of any LTI awards. This includes the ability to reduce, remove and/or defer LTI award payments. Factors considered by the Board in the application of its discretion include but are not limited to:

- The Group being in a cash-negative position
- Fulfilment of the free cash flow conditions
- Malus and clawback provisions
- A qualified audit opinion
- If the payment would result in the breaching of debt covenants

Eligibility and annual percentage (%) market allocation:

Position grade	Position eligible	On-target LTI (% of total guaranteed pay)
F3	CEO	60
F2	CFO	50
F1	COO	50
EU	Group executives	30
EL	Airport general managers only	25

The applicable financial and non-financial performance conditions for the FY2020 awards are outlined below:

	Performance measure	Threshold (% vesting)	Target (% vesting)	Stretch (% vesting)
Financial performance conditions (60% weighting)	ROE (30% weighting)	ROE	ROE + 2-3%	ROE + 5%
	ROE (30% weighting)	Weighted average cost of capital (WACC)	WACC + 1-2%	WACC + 3-5%
	Cumulative annual growth rate in non-tariff revenue (40% weighting)	Pax growth rate	Pax growth rate + CPI	Pax growth rate + CPI + 5%
Non-financial performance conditions (40% weighting)	Transformation (35% weighting)	48%	59%	70%
	ASQ (35% weighting)	4.1	4.3	≥4.5
	Reputational index (30% weighting)	60	65	≥70

Vested and unvested awards

'31 March 2019								'31 March 2020 [3]						
Award Date	Opening number of awards on 1 April 2018	Number of awards granted during 2019	Number of awards forfeited during 2019	Number of awards vested during 2019	Closing number of awards on 31 March 2019	Cash value on settlement during 2019 [1]	Closing estimated fair value at 31 March 2019 [2]	Opening number of awards on 1 April 2019	Number of awards granted during 2020	Number of awards forfeited during 2020	Number of awards vested during 2020	Closing number of awards on 31 March 2020	Cash value on settlement during 2020 [1]	Closing estimated fair value at 31 March 2020 [2]
B Maseko [4]														
01-Apr-18		3 108 370	-2 908 370	-200 000			R0					0	R200 000	R0
01-Apr-19												0		R0
B Mbomvu														
01-Apr-18		830 862			830 862		R445 550	830 862				830 862		R477 852
01-Apr-19 [6]									1 782 033			1 782 033		R955 615
F Sithebe														
01-Apr-18		1 582 680			1 582 680		R848 712	1 582 680				1 582 680		R910 244
01-Apr-19									1 698 532			1 698 532		R910 838

'31 March 2019								'31 March 2020 [3]						
Award Date	Opening number of awards on 1 April 2018	Number of awards granted during 2019	Number of awards forfeited during 2019	Number of awards vested during 2019	Closing number of awards on 31 March 2019	Cash value on settlement during 2019 [1]	Closing estimated fair value at 31 March 2019 [2]	Opening number of awards on 1 April 2019	Number of awards granted during 2020	Number of awards forfeited during 2020	Number of awards vested during 2020	Closing number of awards on 31 March 2020	Cash value on settlement during 2020 [1]	Closing estimated fair value at 31 March 2020 [2]
G Gopal														
01-Apr-18		830 862			830 862		R445 550	830 862				830 862		R477 852
01-Apr-19									893 675			893 675		R479 233
P du Plessis [5]														
01-Apr-18		830 862			830 862		R445 550	830 862			-830 862	0		R0
01-Apr-19									894 340		-894 340	0		R0
D Mncwabe														
01-Apr-18		623 147			623 147		R334 163	623 147				623 147		R358 389
01-Apr-19									889 022			889 022		R476 738
S Ngwenya														
01-Apr-18		719 690			719 690		R385 934	719 690				719 690		R413 914
01-Apr-19									763 850			763 850		R409 615
C Shilowa														
01-Apr-18		830 862			830 862		R445 550	830 862				830 862		R477 852
01-Apr-19									891 017			891 017		R477 808
R Shinners														
01-Apr-18		830 862			830 862		R445 550	830 862				830 862		R477 852
01-Apr-19									894 340			894 340		R479 590
A Vermeulen [5]														
01-Apr-18		881 298			881 298		R472 596	881 298			-881 298	0		R0
01-Apr-19									946 514		-946 514	0		R0

'31 March 2019							
Award Date	Opening number of awards on 1 April 2018	Number of awards granted during 2019	Number of awards forfeited during 2019	Number of awards vested during 2019	Closing number of awards on 31 March 2019	Cash value on settlement during 2019 [1]	Closing estimated fair value at 31 March 2019 [2]
B Matshego							
01-Apr-18		830 862			830 862		R445 550
01-Apr-19							
					8 791 987	R0	R4 714 703

'31 March 2020 [3]						
Opening number of awards on 1 April 2019	Number of awards granted during 2020	Number of awards forfeited during 2020	Number of awards vested during 2020	Closing number of awards on 31 March 2020	Cash value on settlement during 2020 [1]	Closing estimated fair value at 31 March 2020 [2]
830 862				830 862		R447 852
	891 681			891 681		R478 164
				15 783 977	R200 000	R8 739 408

Notes for vested and unvested awards

1. Cash allocations are made to eligible participants, however, for the purposes on completing the table of vested and unvested awards, we have assumed that every Rand of the awards made to participants represents to 1 unit.
2. Depending on the vesting date, awards are included at the intrinsic value or an indicative fair value as at 31 March 2019 and 31 March 2020. These take into account the appropriate long-bond rate and estimated achievement of performance conditions. For the purposes of the table of vested and unvested awards, we have assumed a long-bond rate of 7.5% and a 50% vesting outcome for the 2018 and 2019 allocations.
3. N Z Mpofu was appointed as the CEO of the Company on 1 March 2020, no LTI awards have been made to her.
4. B Maseko's employment was terminated on 30 November 2018, R200 000 of his allocated LTIs vested based on the pro-rated performance for the period ended 30 November 2018.
5. P du Plessis and A Vermeulen terminated their employment with Airports Company South Africa during the 2019/2020 financial year resulting in the forfeiture of their allocated LTI awards.
6. Employees who are not Executive Directors and are in acting positions do not qualify for LTIs.

Malus and clawback

Malus or clawback to any incentive award made under the remuneration policy remains at the discretion of the Board. Malus and clawback may take effect at the occurrence of certain trigger events.

According to the Company's malus and clawback policy, the following events can be described as triggered events, but should not be seen as an exhaustive list:

- Discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company or the audited accounts of any member of the Company
- Assessment that any performance condition(s) or condition was based on error, inaccurate of misleading information
- Discovery that any information used to determine the amount of an incentive award was based on error, or inaccurate or misleading information
- Action or conduct of an employee which, in the reasonable opinion of the Board, amounts to employee misbehaviour, fraud or gross misconduct
- Events or behaviour of an employee that have led to the censure of a member of the Company by a regulatory authority or have had a significant detrimental impact on the reputation of any member of the Company, provided the Board is satisfied that the relevant employee was responsible for the censure or reputational damage and the censure or reputational damage is attributable to them

Executive employment contracts

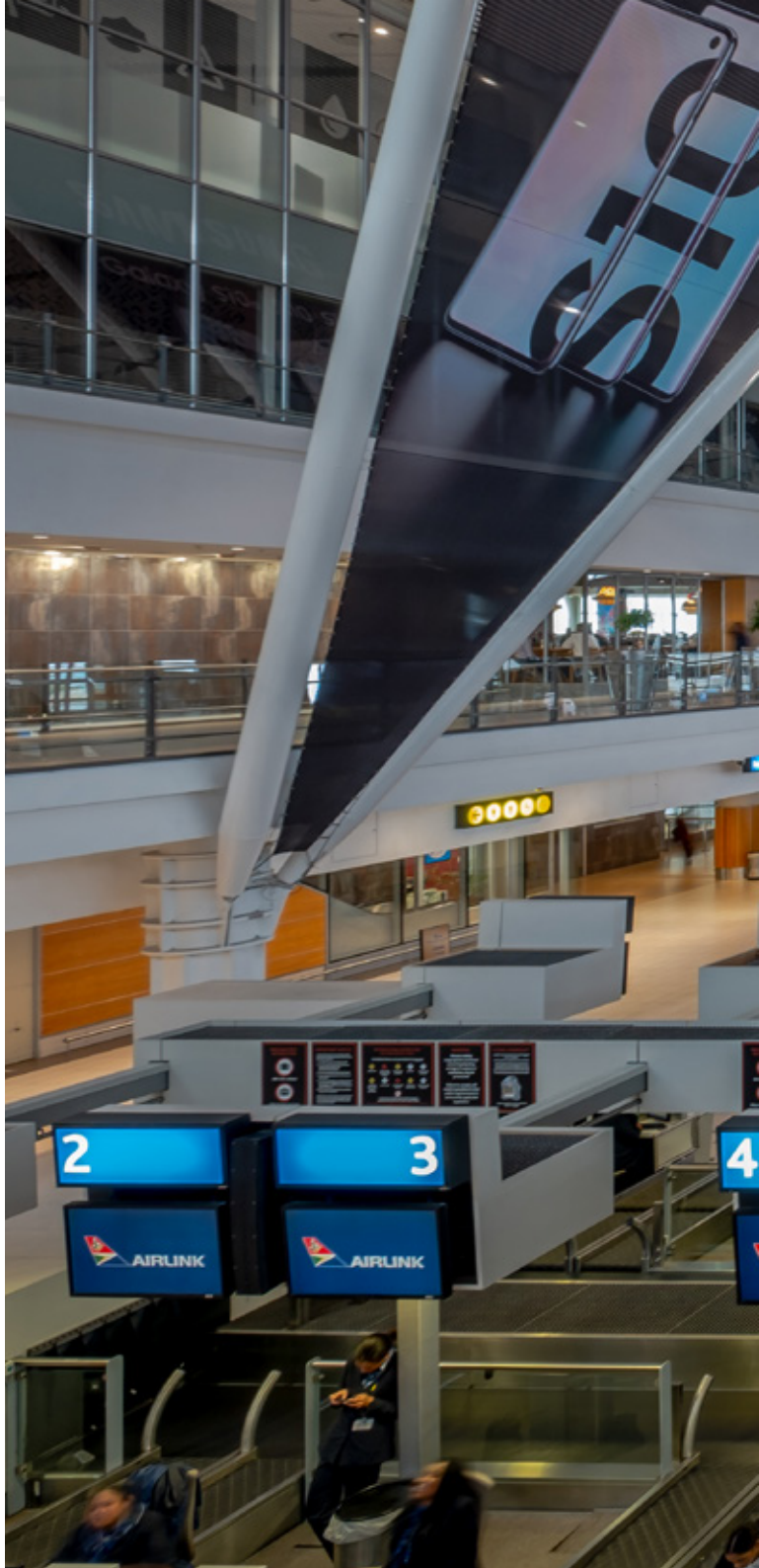
The following are the types of employment contracts offered to executives:

- The CEO and CFO are appointed on a five-year fixed-term contract in line with the MOI and the Board of Directors' recommendation to the Minister of Transport
- The executives are appointed on permanent basis by the CEO
- The employment contracts for executives on fixed-term contract have a six-month probation period while executives on the permanent employment contract have a three-month probation period
- Fixed-term and permanent executives are eligible for guaranteed pay, short-term performance bonuses (where the key performance areas are determined and evaluated annually) and long-term incentives (where performance conditions are measured over a rolling three-year period).
- Permanent employment contracts are offered until the retirement age of 60 years

Non-executive Directors

The Non-executive Directors' service contracts are for a period of three years and the Non-executive Directors' fees are determined through a special resolution approved by shareholders based on recommendation from the Minister of Transport. The Non-executive Directors do not participate in our variable pay schemes and are remunerated on a retainer basis with specified meeting and ad hoc fees. The Company's policy precludes the payment of termination benefits to Directors.

Non-executive Directors' fees are benchmarked using the same JSE-listed peer group as for the executives. This is generally performed once every two years.




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CAPE TOWN
INTERNATIONAL AIRPORT
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IMPLEMENTATION REPORT

The table below declares the executive management remuneration paid during the reporting period. It should be further noted that there were no deviations from the remuneration policy as approved by the Board. Only Executive positions where a person was acting for a period of three months and above were included in the executive management remuneration disclosure.

EXECUTIVE MANAGEMENT REMUNERATION

Executive management remuneration is set out in the following tables. There were no deviations from the remuneration policy approved by the Board.

ED name	Position	Guaranteed pay	Guaranteed pay	Medical aid contribution	Medical aid contribution	Pension fund contribution	Pension fund contribution	STI[1]	STI[1]	Other fees and allowances[2]	Other fees and allowances[2]	LTI Reflected[3]	LTI Reflected[3]	Total single figure remuneration	Total single figure remuneration
All figures stated in R'000		FY2019/20	FY2018/19	FY2019/20	FY2018/19	FY2019/20	FY2018/19	FY2019/20	FY2018/19	FY2019/20	FY2018/19	FY2019/20	FY2018/19	FY2019/20	FY2018/19
N Z Mpofu	CEO[4]	702		28		64		-		-		-		794	-
B Maseko	CEO[5]		3 150		110		287	1 274	1 911	200	-	-	-	1 474	5 458
B Mbomvu	Acting CEO[6]	1 539	863	83	46	143	80	1 198		598	335	-		3 561	1 324
F Sithebe	Acting CEO[7]	812		20		73		-		268		-		1 173	-
D Kunz	Acting CFO[8]	515	2 003	27	100	48	185	-	972	136	690	-	-	726	3 950
L Mukhudwani	Acting CFO[9]	1 400		80		130		370		562		-		2 542	-
F Sithebe	COO[7]	2 350	2 961	59	72	212	267	1 430	695	44	-	-	-	4 095	3 995
G Gopal	Acting COO[10]	687		41		64		-		124		-		916	-
B Mbomvu	Group Executive: Governance and Assurance[6]	1 148	1 656	62	87	107	153	-	963	-	2	-	-	1 317	2 861
F Tshikhudo	Acting Group Executive: Governance and Assurance[11]	999	1 632	25	39	90	147	547	399	286	168	-	-	1 947	2 385
P du Plessis	Group Executive: Human Resources[12,13]	896	2 603	17	56	80	234	1 151	983	3 087	45	-	-	5 231	3 921
H Dokoda	Acting Group Executive: Human Resources[12]	631		21		58		393		177		-		1 280	-

ED name	Position	Guaranteed pay	Guaranteed pay	Medical aid contribution	Medical aid contribution	Pension fund contribution	Pension fund contribution	STI[1]	STI[1]	Other fees and allowances[2]	Other fees and allowances[2]	LTI Reflected[3]	LTI Reflected[3]	Total single figure remuneration	Total single figure remuneration
All figures stated in R'000		FY2019/20	FY2018/19	FY2019/20	FY2018/19	FY2019/20	FY2018/19	FY2019/20	FY2018/19	FY2019/20	FY2018/19	FY2019/20	FY2018/19	FY2019/20	FY2018/19
D Ramasia	Acting Group Executive: Human Resources[12]	612		21		56		-		117		-		806	-
G Gopal	Group Executive: Technical Services and Solutions[10]	1 989	2 511	122	147	186	234	1 120	1 000	112	-	-		3 529	3 892
K Naicker	Acting Group Executive: Technical Services and Solutions[10]	455		13		41		-		95		-		604	-
D Mncwabe	Chief Information Officer	2 714	1 935	111	77	249	177	836	-	8	500	-	-	3 918	2 689
S Ngwenya	Chief Audit Executive	2 428	2 272	-	-	214	200	966	886	-	-	-	-	3 608	3 358
C Shilowa	Group Executive: Business Development	2 844	2 653	-	-	251	234	1 217	915	14	-	-	-	4 326	3 802
R Shinners	Group Executive: Corporate Affairs	2 737	2 581	111	78	251	234	1 171	944	35	15	-	-	4 305	3 852
B Matshego	Group Executive: Infrastructure and Asset Management	2 740	2 566	96	88	250	234	1 138	924	14	-	-	-	4 238	3 812
A Vermeulen	Group Executive: Airports[13,14]	2 042	2 728	70	88	186	248	1 186	1 133	4 818	-	-	-	8 302	4 197
D Cloete	Acting Group Executive: Airports[15]	427		17		39		-		13		-		496	-
Total		**30 667**	**32 114**	**1 024**	**988**	**2 792**	**2 914**	**13 997**	**11 725**	**10 708**	**1 755**	**-**	**-**	**59 188**	**49 496**

It is important to note that the STI pool of R14 million paid during the FY2019/2020 was for the FY2018/2019.

1. The STI payments related to the years ended 31 March 2018 and 31 March 2019.
2. Other fees and allowances includes acting allowances paid to executive directors.
3. King IV™ requires that LTIs whose vesting period ends within 12 months from year end be disclosed in the single figure remuneration table. Airports Company South Africa does not have any awards vesting within 12 months from 31 March 2019 or 31 March 2020. As such, the LTIs reflected are nil.
4. N Z Mpofu was appointed as CEO on 1 February 2020, and the remuneration disclosed for the year ending 31 March 2020 is therefore prorated.
5. B Maseko's employment was terminated on 30 November 2018 with delayed final STI payments made as per agreement.
6. B Mbomvu was Acting CEO for the period 1 December 2018 to 31 March 2019 for the 2019 financial year and 1 April 2019 to October 2019 for the 31 March 2020 financial year end.
7. F Sithebe was Acting CEO for the period 1 November 2019 to 31 January 2020.
8. D Kunz was Acting CFO from 1 April 2019 to 12 June 2019.
9. L Mukhudwani acted as CFO of the Company from 13 June 2019 to 31 March 2020.
10. While F Sithebe was Acting CEO, G Gopal acted as the company COO for the period 1 November 2019 to 31 January 2020. K Naicker acted in G Gopal's position for the two month period (Group Executive: Technical Services and Solutions).
11. F Tshikudo was Acting Group Executive Governance and Assurance for the period 1 April 2019 to 31 October 2019.
12. P du Plessis terminated his employment with the Company effective 31 July 2019. Following P du Plessis' termination S Dokoda and D Ramasia were Acting HR Executives for the periods 1 August 2019 to 11 December 2019 and 12 December 2019 to 31 March 2020 respectively.
13. Included in other fees and allowances are mutual separation payments to the Group Executive: Human Resources and Group Executive: Airports.
14. A Vermeulen terminated his employment with the Company effective 16 December 2019.
15. D Cloete was acting Group Executive: Airports from 17 December 2019 to 29 February 2020.

NON-EXECUTIVE DIRECTORS' SERVICE FEES

Non-executive Directors	Appointment date	Termination date	Directors' fees (R'000)	Directors' fees (R'000)
			FY2019/20	FY2018/19
S Nogxina	November 2018		901	279
K Esterhuizen	December 2019		59	0
GA Victor	December 2019		78	0
B Mohale	September 2018	July 2019	114	286
N Zikalala Mvelase	September 2018		1 028	422
N Nokwe-Macamo	September 2018		763	260
Y Pillay	September 2018		843	338
I Phenyane	September 2018		1 010	342
P Mokupo	September 2018		721	428
D Hlatshwayo	June 2018	September 2019	281	404
D Botha	July 2013	July 2019	116	533
K Matlou	March 2015	April 2019	36	429
Total for 12 (2019: 13) Non-executives			**5 952**	**3 719**

GROUP INFORMATION

FOR THE YEAR ENDED 31 MARCH 2020

Country of incorporation and domicile	South Africa	
Company registration number	1993/004149/30	
Non-executive Directors	S Nogxina	I Phenyane
	N Nokwe-Macamo	Y Pillay
	K Esterhuizen	G Victor
	P Mokupo	N Zikalala Mvelase
Executive Directors	N Z Mpofu S Mthethwa	
Registered office	The Maples Riverwoods Office Park 24 Johnson Road Bedfordview 2008	
Postal address	PO Box 75480 Gardenview	
Bankers	Standard Bank Nedbank	
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.	

AIRPORT CONTACT DETAILS

Use the contact information below to engage with us on airport-specific matters.

Airport	Direct web address	Telephone number
O.R. Tambo International Airport	https://www.airports.co.za/airports/or-tambo-international-airport	011 921 6262
Cape Town International Airport	https://www.airports.co.za/airports/cape-town-international-airport	021 937 1200
King Shaka International Airport	https://www.airports.co.za/airports/king-shaka-international-airport	032 436 6000
Port Elizabeth International Airport	https://www.airports.co.za/airports/port-elizabeth-international-airport	041 507 7348
East London Airport	https://www.airports.co.za/airports/east-london-airport	043 706 0306
George Airport	https://www.airports.co.za/airports/george-airport	044 876 9310
Bram Fischer International Airport	https://www.airports.co.za/airports/bram-fischer-international-airport	051 407 2200
Kimberley Airport	https://www.airports.co.za/airports/kimberley-airport	053 830 7106
Upington International Airport	https://www.airports.co.za/airports/upington-international-airport	054 337 7900

For all queries, visit www.airports.co.za or email us at customercare@airports.co.za.

For integrated report comments or queries, email Refentse Shinners, Group Executive: Corporate Affairs at refentse.shinners@airports.co.za.

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Physical address:
24 Johnson Road
The Maples Office Park
Bedfordview
Johannesburg

Postal address:
PO Box 75480
Gardenview
2047

Tel: +27 (0)11 723 1400 | **Fax:** +27 (0)11 453 9353

AirportsCompanySA @Airports_ZA

www.airports.co.za

