

Nomination and Appointment of Directors Policy

AREA OF APPLICABILITY

ACROSS AIRPORTS COMPANY SOUTH AFRICA SOC LIMITED AND ITS SUBSIDIARIES

DIVISION

Governance and Assurance

Next Revision Date

21st April 2024

Control Disclosure

This policy has been issued strictly for internal business of Airports Company South Africa SOC Ltd and to the general public for inspection

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Company Secretariat

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Nomination and Appointment of Directors Policy

1. Scope

The board of directors of Airports Company South Africa SOC Limited has adopted a Board Charter which documents the role, responsibilities and procedural conduct of the Board as recommended in the King IV Report on Corporate Governance for South Africa, 2016.

The charter is subject to the provisions of the Public Finance Management Act 1 of 1999 as amended, the Airports Company Act 25 of 1998 as amended, the Companies Act 71 of 2008 as amended, the Company's Memorandum of Incorporation ("MOI"), the JSE Debt Listing Requirements, King IV Report on Corporate Governance for South Africa, 2016 and any other applicable law, best practice, regulatory provisions, as deemed appropriate. The charter is not intended to replace or amend the MOI in any way whatsoever, and should any principles contained herein conflict with the MOI, the MOI shall take precedence over the charter.

This policy outlines the principles adopted by the Board of Airports Company South Africa SOC Limited for the nomination and appointment of the members of the Board of Airports Company South Africa SOC Limited.

This policy is applicable to the Board of Airports Company South Africa SOC Limited.

This policy shall exclude the nomination and appointment of directors to the Company's subsidiaries and/or any other entities for which the Board has the right to nominate and/or approve the appointment of directors.

2. Objective

The policy, together with the MOI, provides guidance on the nomination and appointment process of directors to the Board of Airports Company South Africa SOC Limited as provided for in the Company's Memorandum of Incorporation and the Airports Company Act.

The Company's purpose in establishing this policy is accordingly to document the principles, commitment and objectives in relation to the nomination and appointment of candidates for election to the Board.

3. Definitions and Abbreviations

3.1 Definitions

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

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Board

Board of directors of Airports Company South Africa SOC Ltd

Companies Act

Companies Act 71 of 2008 as amended

RemNom Committee

Human Resources, Remuneration and Nominations Committee

King IV Report

Report on Corporate Governance for South Africa

3.2 Abbreviations

Abbreviation	Description
AGM	Annual General Meeting
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Property Commission
JSE	Johannesburg Stock Exchange
MOI	Memorandum of Incorporation
NED	Non-executive director
SOC	State Owned Company

4. Policy Statement

The Board shall comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively. The board composition, therefore, shall be appropriate to the strategic direction of the Company and reflect the responsibilities that the board is vested with and the duties it has to discharge and perform.

Both executive directors and NEDs carry full fiduciary responsibilities and owe a duty of care and skill, and a duty of loyalty to the Company in terms of the Companies Act.

Processes for the identification, nomination and appointment of directors shall be formal, rigorous and transparent, and are reserved for the shareholders as set out in the Company's MOI, save for the appointment of the CEO and CFO, who are executive directors.

This policy is subject to the Airports Company Act and the Company's MOI and is guided by the King IV Report.

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4.1 Main Principles

All nominations and appointments shall be made in compliance with all legislative and regulatory requirements.

In terms of the Company's MOI, the Board must have a minimum of six directors and a maximum of twelve directors, a majority of whom shall be independent non-executive directors.

4.1.1 Characteristics of a Board Member

Board members shall individually and collectively cultivate the following characteristics:

- **Accountability:** Members have the obligation to answer for the execution of responsibilities.
- **Competence:** members shall individually and collectively assume responsibility for the continual responsibility of their competence to continue to be effective.
- **Courage:** members must have and exercise courage to act with integrity and honesty in taking risk for reward in all decisions in the best interests of the Company.
- **Diligence:** members must be diligent in performing their duties and devote sufficient time to the Board's affairs to exercise well-considered judgement.
- **Independence:** independence of mind in the best interest of the Company. Conflicts of interest (whether actual or perceived) shall be disclosed, effectively managed and or avoided where necessary.
- **Informed:** members must take steps to ensure that they have sufficient working knowledge to make informed decisions and must have unrestricted access to professional advice.
- **Integrity:** act in good faith and in the best interests of the Company.
- **Responsibility:** make responsible decisions which will build a sustainable business by having regard to the Company's economic, social and environmental impact on the community, reflecting on the role of the Company in society and embracing a shared future with all the Company's stakeholders.

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- **Transparency and responsibility:** members must be transparent in the way they exercise their governance role and responsibilities and be accountable to answer for the execution of their responsibilities, even when these were delegated.

4.2 Nomination of Board Members

The Shareholders are responsible for the nomination of candidates to be appointed as Board Members.

4.3 Qualifications

The board shall be comprised of individuals, who collectively possess the necessary qualifications commensurate with the size, complexity and risk profile of the Company and members will be expected to:

- Acquire a working knowledge and understanding of the Company's business, and the laws and regulations and customs (if any) that govern the activities of the Company's business.
- Have the ability to make sound business decisions and recommendations;
- Exercise judgment independently; and
- Exercise stewardship at all times and uphold the highest degree of ethics in all forms of conduct

4.4 Non-Executive Director Appointment

No person who has been:

- An executive director of the Company,
- An executive officer of the Company,
- The designated external auditor directly or indirectly responsible for performing the statutory audit of the Company, or
- A key member of the external audit team directly or indirectly responsible for performing the statutory audit at any time during the preceding twelve months, shall be appointed as a non-executive director.

No person who:

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- Ineligible or disqualified from acting as or ineligible to become or prohibited from being a Director in terms of the Airports Company Act and Companies Act;
- Has been placed under probation by a court in terms of section 162 of the Companies Act;
- Is found to be a lunatic or becomes of unsound mind;
- Is an unrehabilitated insolvent;
- Is prohibited in terms of any public regulation to be a director of the Company;
- Has been removed from an office of trust, on the grounds of misconduct involving dishonesty; and
- he has been convicted, in the Republic or elsewhere and imprisoned without the option of a fine, or fined more than the prescribed amount for theft, fraud, forgery, perjury or an offence -
 - involving fraud, misrepresentation or dishonesty;
 - in connection with the promotion, formation or management of a company, or in connection with any act contemplated in section 69(2) or 69(5) of the Companies Act; or
 - under the Companies Act, Insolvency Act, 1936; Close Corporation Act, 1984; Competition Act, 1998; Financial Intelligence Centre Act, 2001; Securities Services Act, 2004; or Chapter 2 of the Prevention and Combating of Corruption Activities Act, 2004,

shall be appointed as a Director of the Company.

4.5 Board Members Selection

Each Shareholder who holds 20% (twenty percent) or more of the entire issued share capital of the Company shall be entitled to nominate 2 (two) Directors, on written notice to the Company and the Minister.

The remaining Directors will be appointed by the Minister and the Minister may appoint such additional Directors (and Alternate Directors to such Directors) to the Board, as the Minister deems it necessary, to bring the number of Directors to 12 (twelve).

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The Shareholders of the Company who are eligible to appoint directors have formal and transparent processes for identifying, assessing, and selecting board candidates for appointment to the Board.

The Shareholders shall, in appointing the Directors of the Company, endeavour to ensure that:

- The Board shall be appropriately balanced in terms of executive and non-executive Directors, including independent directors;
- The directors are appointed on the grounds of their knowledge and experience which, when considered collectively, shall enable the Board to attain the objects of the Company; and
- When viewed collectively, possess appropriate skills and experience relevant to the business of the Company.

A director shall be deemed not to be independent if the director, amongst other factors:

- Is a significant provider of financial capital, or ongoing funding to the Company, or an officer, employee or a representative of such provider of financial capital or funding;
- Has been in the employ of the Company as an executive manager during the preceding three financial years, or is a related party to such executive manager;
- Has been a key member of the audit team of the Auditor General responsible for performing the statutory audit for the Company during the preceding three financial years;
- Is a significant or ongoing professional advisor to the Company, other than as a member of the Board;
- Is a member of the governing body or the executive management of a significant customer of, or supplier to, the Company;
- Is a member of the governing body or the executive management of another organisation which is a related party to the Company;
- Is entitled to remuneration contingent on the performance of the Company;
- Is a public servant; or

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- Is a member of Parliament of the Republic or any provincial, legislative or local authority or any municipal or other council in the Republic.

The Board shall be comprised of individuals, who collectively possess the necessary qualifications commensurate with the size, complexity and risk profile of the Company.

Board members will be expected to:

- Acquire a working knowledge and understanding of the Company's business, and the laws and regulations that govern the activities of the business;
- Have the ability to make sound business decisions and recommendations;
- Exercise judgment independently; and
- Exercise stewardship at all times and uphold the highest degree of ethics in all forms of conduct

4.6 Board of Directors Screening

The following checks shall be conducted on the appointment of a director and thereafter annually:

- Credit check;
- Criminal check;
- CIPC external directorship check;
- Politically exposed persons screening;
- Domestic prominent influential person screening;
- Adverse media screening;
- Qualification checks (on appointment only); and
- Reference checks (on appointment only).

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The following factors shall be considered prior to appointing or nominating a candidate as a director:

- The collective skills, knowledge and experience required on the board;
- The ethical integrity and reputation of the candidate;
- Details of other boards of directors on which the candidate serves or previously served;
- The existence of actual or perceived conflicts of interest;
- The skills, knowledge and experience of the candidate;
- The capacity of the candidate to dedicate the necessary time to discharge his/her duties as a director; and

Any other pertinent matter.

- When deciding whether to nominate an incumbent board member for re-election, due consideration will be given to that board member's performance, including attendance of meetings of the board and its committees; and
- Staggered rotation of directors to retain valuable skills and maintain continuity of knowledge and experience, whilst also introducing directors who are able to contribute to new ideas and fresh perspectives.

4.7 Size and Composition of the Board

The appropriate size and composition of the board shall take the following into account:

- Evolving circumstances and the needs of the Company;
- An appropriate mix of executive, non-executive and independent members
- The need to have sufficient and qualified directors to serve on committees of the board;
- The need to secure quorum at meetings;
- Legislative and regulatory requirements applicable to the Company;
- Collective skills, knowledge and experience; and

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- Diversity.

To facilitate better decision-making, the composition of the board shall be diverse in terms of academic qualifications, expertise, skills, experience, nationality, age, race and gender.

4.8 Appointment of the CEO

The recruitment for the CEO will be implemented in accordance with the Company's policy on recruitment.

The Board shall identify, nominate and evaluate potential candidates for appointment as the Chief Executive Officer.

The Board, with the consent of the Minister, shall appoint the Chief Executive Officer. The Chief Executive Officer shall also be appointed as an Executive Director.

The Board may, with the consent of Minister, appoint the acting Chief Executive Officer.

4.9 Appointment of the CFO

The recruitment for the CEO will be implemented in accordance with the Company's policy on recruitment.

The Chief Executive Officer shall identify, nominate and evaluate potential candidates for appointment as the Chief Financial Officer.

The Board shall appoint the Chief Financial Officer from the shortlist of candidates provided by the Chief Executive Officer.

The Chief Financial Officer shall also be appointed as an Executive Director.

5. Process for Monitoring

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

MONITORING CONTROLS	PURPOSE	RESPONSIBLE	FREQUENCY
Chief Audit	Provide the Board with an	Chief Audit	Planned Intervals

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Executive	independent oversight with regards to conformance to this policy.	Executive	
Human Resources, Remuneration and Nominations Committee, or any other Committee appointed by the Board	To monitor performance of this policy		Annual basis
Board	To comply with this policy	Board Chairman	Annual basis

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

Disclaimer: In an instance where document links are not accessible, directly access the documents on the Policy Management Document Store on the Airports Company South Africa SOC Limited intranet.

6. Accountabilities and Responsibilities

The overall accountability for development and implementation of this policy lies with the Board with the support of the Company Secretary as a responsible person for actual development and implementation of this policy, however, in the absence of the Company Secretary, a delegated person shall assume responsibility as per delegation of authority.

RACI Matrix: Responsibility, Accountability, Consulted and Informed.

6.1 Accountabilities

Authorities	CoSec	Board	Shareholders
Has overall accountability for development and implementation of this procedure	Informed	<i>Responsible</i>	<i>Accountable</i>
Has overall responsibility for implementation and adherence of	<i>Informed</i>	<i>Informed</i>	<i>Responsible</i>

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this policy			
Consulted at the time of an exception and adherence of this policy.	<i>Consulted</i>	<i>Consulted</i>	<i>Consulted</i>
Has overall responsibility for adherence, implementation and performance of a given task.	<i>Informed</i>	<i>Responsible</i>	<i>Responsible</i>
Has responsibility for approval and authorization	<i>Informed</i>	<i>Responsible</i>	<i>Accountable</i>
Communicate the policy to all impacted stakeholders or employees.	<i>Responsible</i>	<i>Informed</i>	<i>Accountable</i>

6.2 Roles and Responsibility

6.2.1 Shareholders

- Shareholders ensure that board members are appointed in accordance with the Public Finance Management Act 1 of 1999 as amended, the Airports Company Act 25 of 1998 as amended, the Companies Act 71 of 2008 as amended, the Company's Memorandum of Incorporation ("MOI"), the JSE Debt Listing Requirements, King IV Report on Corporate Governance for South Africa, 2016 and any other applicable law, best practice, regulatory provisions, as deemed appropriate.

6.2.2 The Board

- The board ensures that it discharges its fiduciary duties.
- The board ensures that its members comply with the MOI, Board Charter and this policy.

6.2.3 Human Resources, Remuneration and Nominations Committee

- The Human Resources, Remuneration and Nominations Committee, or any other Committee appointed by the Board, is responsible to review the effectiveness of this Policy.

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6.2.4 Company Secretary

- The Company Secretary is responsible for ensuring that board members are appointed in accordance with the MOI.
- The Company Secretary is responsible for reviewing this policy and ensuring that it complies with the Airports Company Act and best practice.

7. Verification

This policy shall be verified in accordance with [Verification Policy Document - Z001 002M](#).

8. Non-Conformance and Non-Compliance

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

9. Related Policy Documents

Document Control Procedure - Z001 006M
Record Keeping Requirements Procedure - Z001 008M
Verification Policy and Procedure - Z001 002M
Change Control Policy and Procedure - Z001 003M
Definitions Document Procedure - Z001 004M
Recruitment Management Policy – H050 003P
Company's Memorandum of Incorporation
Board Charter
Human Resources, Remuneration and Nominations Committee Terms of Reference
Department of Transport's Standard Operating Procedure: New Board Appointment
Public Investment Corporation's Nominee Directors' Governance Policy
Political Exposed Person Policy – J060 006P
Corporate Governance King IV

10. Related Legislation and Standard

Quality Management System ISO 9001
Public Finance Management Act No. 1 of 1999
Financial Intelligence Centre Act
Companies Act No. 71 of 2008 as amended
King IV Report as amended

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11. Change Control

This policy shall only be changed with the authorisation of the Chief Executive Officer for Policy and Group Executive: Division of Procedure and in accordance with [Change Control Policy Document - Z001 003M](#).

12. Records

Record Name	Storage Location	Record Number	Responsible Person	Retention Time
Nomination and Appointment of the Board Policy	Master in Policy Management Storage Room	C030 003P	Policy and Assurance Officer	Three (3) years
Airports Company South Africa SOC Limited Memorandum of Incorporation	-	-	-	-

13. Revision History

Date last revised	Revision Status	Compiler	Summary of changes
New Document	Version: 1	Company Secretary: NAME AND SURNAME Fefekazi Sefara	First Issue

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