The strategic objectives of the Company for the 2010-2011 financial year are set out in the Shareholder Compact between ACSA and the Department of Transport. These objectives are further aligned to the overall national objectives. The Company identified specific key strategic deliverables to help ensure that it achieves its strategic objectives. The table below reflects the extent to which the Company has achieved the objectives set.

<table>
<thead>
<tr>
<th>National objectives</th>
<th>Strategic business objectives and strategic deliverables</th>
<th>Current status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management of transport costs and infrastructure development to contribute to the Accelerated and Shared Growth Initiative for South Africa (ASGISA)</td>
<td>Deliver capital expenditure programme at a budgeted value for the financial year of R1 255 million.</td>
<td>The total capital expenditure spend by the Group was R505 million. The difference between the budgeted amount and the actual spend is largely due to the savings that were realised in delivering the infrastructure. In addition, due to the World Cup event, certain projects were deferred to the 2012 financial year.</td>
</tr>
</tbody>
</table>
| Efficient administration of the organisation                                         | Provide returns to shareholders by achieving the following:  
  • ROE: 3.6 percent  
  • ROCE: 1.47 percent  
  • EBITDA: R2 979 million.                                                                                                                                                                       | The Group achieved the following returns:  
  • ROE: (2.47) percent  
  • ROCE: 5.72 percent  
  • EBITDA: R2 604 million.  
  The shortfall in returns and earnings is mainly due to the unpredicted tariff outcome, which was significantly lower than applied for.                                                                 |
|                                                                                                                                                                                               | Grow revenues of the company to R4 673 million  
  • Grow departing passenger numbers to R16 562 401  
  • Grow retail revenue per passenger to R41,73  
  • Achieve an ASQ (Airport Service Quality) score of 3.8.                                                                                                                                                                        | Actual revenue achieved for the company was R4 515 million  
  • Departing passenger number achieved was 17 505 899  
  • Revenue per passenger achieved was R40,19  
  • Actual ASQ achieved was 4.07.                                                                                                                                                                                                            |
| Ensure aviation safety and compliance by monitoring the following measures:       | Achieved the following on each of safety and compliance targets:  
  • Apron incidents and accidents - O.R. Tambo and Cape Town International Airports (per 1 000 movements) – target set below 0.703  
  • Apron incidents and accidents - Other Airports (per 1 000 movements) – target set below 0.101  
  • Bird and Wildlife strikes (per 1 000 movements) – target set below 16.6  
  • Availability of critical IT Systems at 97.50 percent.                                                                                                                                                                                    |  
  • Apron incidents O.R.Tambo and Cape Town International Airports achieved actual of 0.712  
  • Apron incidents for all other airports achieved actual of 0.081  
  • Bird and Wildlife strikes were at 14.98  
  • Actual achieved for system availability was 97.64 percent.                                                                                                                                                                                |
<table>
<thead>
<tr>
<th>National objectives</th>
<th>Strategic business objectives and strategic deliverables</th>
<th>Current status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate governance and legislative</td>
<td>Ensure compliance with corporate governance and legislative requirements.</td>
<td>The Group has complied with all the key legislative requirements to operate. The Group has established and resourced the governance and assurance section. In addition, an integrated risk and compliance management plan was developed and is in the process of being implemented.</td>
</tr>
<tr>
<td>Black Economic Empowerment</td>
<td>Ensure compliance with Code of Good Practice on B-BBEE by achieving a minimum contribution level of 3.</td>
<td>The Company achieved a level 5 contribution level based on the revised scoring model for state-owned enterprises. Should the basis for calculating the contribution level have remained the same as that used in the prior year, the score would have remained at a contribution level of 3.</td>
</tr>
</tbody>
</table>
| Employment equity                           | Ensure compliance with employment equity legislation by making sure that there is adequate representation of all groups. | Adequate representation was achieved in the current financial year with the profile at the end of the financial year as follows:  
  - 87 percent Black  
  - 13 percent White  
  Further details of representation breakdown are on pages 61 and 62 of this report. |
| Corporate Social Investment                 | Ensure investment in CSI of at least R35 million. | The total spend on corporate social investment was R32 million. The slight reduction is largely attributable to projects that were rolled over into the new financial year. |
| Extended Public Works Programme (EPWP)      | Incorporate (where appropriate) the EPWP into the ACSA procurement process and note the number of direct and indirect employment opportunities facilitated through the activities of the Group. | The number of jobs created directly and indirectly through our activities is best determined by reference to the capital expenditure, which amounted to R505 million, and it is estimated that the number of job opportunities created indirectly through this is some 4 590. |
| 2010 FIFA World Cup Objectives              | Seamless facilitation of the 2010 FIFA World Cup. | The Company was a major contributor to the movement of passengers and guests during the 2010 FIFA World Cup. The country received a rating of 9 out 10 for the hosting of the World Cup and our involvement was a catalyst to this achievement. |
| National Industrial Strategy                | Ensure implementation of the national industrial strategy by creating opportunities to grow South Africa’s civil aviation industry. | The Company reserved the land for the proposed Jewellery Manufacturing Precinct, at O.R. Tambo International Airport, until September 2011. |
Executive Summary
For the first time ever, Airports Company South Africa is reporting an after tax loss of R221 million for the year ended 31 March 2011. This is largely attributable to the economic regulatory challenges, particularly the lack of finalisation of the 2011 to 2015 Permission, resulting in significant financial constraints for the Group.

The massive level of capital expenditure since 2006 has caused a structural shift in the financial position. These investments have also been financed largely through debt. Gearing (net debt to equity) equalled 62 percent as of 31 March 2011, an improvement when compared to 64 percent in the previous year.

In line with the considerable increase in investments, the Group applied for an increase in tariffs to enable the business to finance the substantial increase in financing and operational costs associated with the completed infrastructure. Unfortunately, the promulgated tariffs were much lower than expected, resulting in a significant shortfall in earnings to offset the appreciable increase in costs, mainly for depreciation and financing.

The Group continued to drive initiatives to enhance shareholder value through maximisation of non-aeronautical income in line with the additional asset base and through operational efficiency. However, the sizeable increase in operating capacity, coupled with the additional 2010 FIFA World Cup expenditure, has increased the operating requirements of the Group.

Furthermore, the Group’s ability to vary costs to match the traffic profile is limited due to the regulated requirements of some of the key activities within the Group’s network of airports. Lastly, the substantial tariff increases related to utilities, such as water and electricity, as well as rates and taxes, continue to erode the already constrained reserves of the Group.

The challenges above were a serious test of the resilience of the Group and we firmly believe that our commitment to sustainable, long-term business practices ensured that we emerged unscathed from this period of turbulence.

In the 2011 financial year, the economic value added by the group (as depicted in the value added statement - page 25) is testament to our ongoing commitment to create value for all our stakeholders. The statement below summarises the total wealth created and shows how it was shared by employees and other parties who contributed to its creation. Also set out below is the amount retained and re-invested in the group for the replacement of assets and the further development of operations.
### VALUE ADDED

<table>
<thead>
<tr>
<th>Description</th>
<th>31 March 2011</th>
<th>31 March 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value added by operations</td>
<td>3 318 222</td>
<td>2 525 882</td>
</tr>
<tr>
<td>Sales of goods and services</td>
<td>4 658 239</td>
<td>3 530 825</td>
</tr>
<tr>
<td>Less cost of goods and services provided</td>
<td>(1 340 017)</td>
<td>(1 004 943)</td>
</tr>
<tr>
<td>Value added by investing activities</td>
<td>198 504</td>
<td>948 286</td>
</tr>
<tr>
<td><strong>TOTAL VALUE ADDED</strong></td>
<td><strong>3 516 726</strong></td>
<td><strong>3 479 993</strong></td>
</tr>
</tbody>
</table>

### VALUE DISTRIBUTED

<table>
<thead>
<tr>
<th>Description</th>
<th>31 March 2011</th>
<th>31 March 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributed to employees</td>
<td>(714 163)</td>
<td>(674 440)</td>
</tr>
<tr>
<td>Distributed to providers of capital - finance costs</td>
<td>(1 567 325)</td>
<td>(1 420 832)</td>
</tr>
<tr>
<td>Distributed to government</td>
<td>(38 692)</td>
<td>(116 796)</td>
</tr>
<tr>
<td>Value reinvested</td>
<td>(1 417 076)</td>
<td>(367 139)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(1 445 228)</td>
<td>(1 077 449)</td>
</tr>
<tr>
<td>Capitalised interest</td>
<td>28 687</td>
<td>687 766</td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>(535)</td>
<td>22 544</td>
</tr>
<tr>
<td><strong>TOTAL DISTRIBUTIONS</strong></td>
<td><strong>(3 737 256)</strong></td>
<td><strong>(2 579 207)</strong></td>
</tr>
</tbody>
</table>

### VALUE RETAINED

<table>
<thead>
<tr>
<th>Description</th>
<th>31 March 2011</th>
<th>31 March 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income utilised/(retained) in the business</td>
<td>220 530</td>
<td>(900 786)</td>
</tr>
<tr>
<td><strong>TOTAL RETAINED FOR INVESTMENT</strong></td>
<td><strong>220 530</strong></td>
<td><strong>(900 786)</strong></td>
</tr>
</tbody>
</table>

### TOTAL VALUE DISTRIBUTED AND RETAINED

<table>
<thead>
<tr>
<th>Description</th>
<th>31 March 2011</th>
<th>31 March 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL VALUE DISTRIBUTED AND RETAINED</strong></td>
<td><strong>(3 516 726)</strong></td>
<td><strong>(3 479 993)</strong></td>
</tr>
</tbody>
</table>
BUSINESS REVIEW

ACSA’s ability to create and sustain value will continue to receive the necessary focus, thus ensuring that the Company realises a sustainable increase in value for our stakeholders.

Revenue
ACSA has two sources of revenue: aeronautical and non-aeronautical. The former is derived from regulated income such as passenger service, aircraft landing and parking charges. The latter comes from commercial activities. Driven by an increase in traffic, the Group experienced solid revenue streams from both aeronautical and non-aeronautical activities.

Aeronautical Revenue
The increase in aeronautical revenue is primarily due to the annual tariff increase of 33 percent, complemented by the increase in overall traffic. Further, the increase in international traffic, coupled with a better air traffic movements mix during the World Cup period, has resulted in higher yields. The year-to-date revenue differential between the proposed economic regulatory tariff increase of 40.7 percent and the 33 percent actually granted is approximately R141 million.

Traffic Analysis
ACSA has experienced an upswing in total departing passengers for the period under review, with year-on-year traffic showing a positive increase of six percent compared to the previous year. This improvement in traffic is attributable to the global economic recovery (i.e. the increase in disposable income and improvement in the global real GDP rate) and most certainly to the 2010 FIFA World Cup.

Non-aeronautical Revenue
The Commercial Services Division is responsible for generating revenue from non-aeronautical income. This is achieved through retail and advertising concessions, car parks, property leases, management contracts and consultancy fees derived from Airports Company South Africa’s airport management expertise.

Non-aeronautical revenue continues to play a vital role in ACSA’s success. In the year under review, this revenue contributed 48 percent (2010: 52 percent) of Group revenue and grew by 22 percent (2010: 7 percent) to R2 228 billion (2010: R1 829 billion).

Retail
Retail revenue, adjusted for straight-lining of lease income of R20 million (2010: R11 million), grew by 19 percent (2010: 9 percent) to R704 million (2010: R594 million). This growth of R110 million is attributable to the annual rental escalation in ongoing leases, the positive spend during the World Cup, higher rental margins received from new tenders, and was offset by lower top-up rentals.

Trading conditions were difficult, with the spend per passenger at O.R. Tambo International airside, duty-free mall decreasing in South African Rand terms. The strengthening of the Rand against UK, US and European currencies also had a negative influence.

However, in line with the global economic recovery, as well as the additional capacity created through the completion of infrastructure expansion, with King Shaka International contributing an additional 3,000m² and about 2,500m² at Cape Town International, resulted in the revenue per passenger increasing from R36 to R42. Further, the
FIFA World Cup contributed an estimated R80 million to the total revenue, although the actual number of visitors was considerably less than had been predicted.

The introduction of Emirate’s direct flights from Luanda to Dubai resulted in the high-spending Angolans no longer passing through our airports, thereby impacting on retail income.

The growth in retail income is mainly attributable to the increase in rental margin from Big Five Duty Free, annual rental escalations, the improved visibility of duty-free stores and an improved retail offering at O. R. Tambo International.

Further contributions were from longer trading hours during the World Cup period, as well as allowing retailers to place merchandise outside their lease-line in front of the shops.

The installation of TV screens in the Food Court at Cape Town International helped increase trade.

With retail infrastructure now complete, the future outlook will be primarily focused on increasing turnover by improving tenant mix, reviewing and improving passenger flows to better integrate with retail layouts and to improve customer satisfaction on product offering through price, customer service and convenience.

Trends in the past five years.

<table>
<thead>
<tr>
<th>Category</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>CAGR *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Income (SA Rand, millions)</td>
<td>364</td>
<td>446</td>
<td>534</td>
<td>595</td>
<td>701</td>
<td>18%</td>
</tr>
<tr>
<td>Departing Passengers (000)</td>
<td>16 460</td>
<td>18 199</td>
<td>16 795</td>
<td>16 511</td>
<td>17 506</td>
<td>2%</td>
</tr>
<tr>
<td>Average Retail Area (m²)</td>
<td>23 559</td>
<td>25 059</td>
<td>28 297</td>
<td>30 841</td>
<td>35 277</td>
<td>11%</td>
</tr>
<tr>
<td>Income per Passenger</td>
<td>R22,10</td>
<td>R24,50</td>
<td>R31,78</td>
<td>R36,02</td>
<td>R40,20</td>
<td>16%</td>
</tr>
</tbody>
</table>

* CAGR: Compound Annual Growth Rate

Lettable space (m²) as at 31 March 2011

<table>
<thead>
<tr>
<th>Airport</th>
<th>International, Airside</th>
<th>Domestic, Airside</th>
<th>Landside</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>O.R. Tambo International</td>
<td>11 236</td>
<td>1 060</td>
<td>8 283</td>
<td>20 579</td>
</tr>
<tr>
<td>Cape Town International</td>
<td>2 311</td>
<td>1 598</td>
<td>4 872</td>
<td>8 781</td>
</tr>
<tr>
<td>King Shaka International</td>
<td>576</td>
<td>1 057</td>
<td>4 219</td>
<td>5 852</td>
</tr>
<tr>
<td>National Airports</td>
<td>-</td>
<td>150</td>
<td>3 218</td>
<td>3 368</td>
</tr>
<tr>
<td>Total</td>
<td>14 123</td>
<td>3 865</td>
<td>20 592</td>
<td>38 580</td>
</tr>
</tbody>
</table>

Convenience will be enhanced through the recent launch of ‘Click, Buy, Fly’, a web platform allowing passengers to purchase duty-free, on-line, prior to departing. In addition, the introduction of purchasing duty-free goods on departure and collecting them on arrival is being pursued.

Generally, throughout the terminals, signage and way finding will be further enhanced by the introduction of digital retail directory kiosks at all the international airports. In addition, these will be used to advertise the extensive offerings available. Smartphones represent a powerful commercial opportunity by targeting passengers and this will be possible through passengers downloading information at the airport.

Car Parking

Car parking revenue increased by 24 percent to R409 million (2010: R331 million. It was anticipated that long-term, business demand-driven parking would suffer during the World Cup, but it was expected that this would be compensated for by an increase in short-stay parkers; unfortunately this did not materialise.

Parking numbers at O.R. Tambo International were adversely affected by the opening of the Gautrain, causing an estimated monthly reduction in income of approximately R2 million.

All airports achieved parking revenue growth in excess of 20 percent in a stressed global economy where most major airports are reflecting revenue growth in non-aeronautical activities of less than five percent. ACSA’s superior parking performance is due to judicious tariff
re-structuring, an improvement in the product/pricing mix and improved revenue control. In addition, public awareness campaigns in respect of bay availability, competitive pricing and choice have improved customer perceptions of parking options and ease of use.

**Car rental**
Car rental revenue grew by 10 percent (2010: 2 percent) to R145 million (2010: R132 million) after adjusting for straight lining of leases totaling R14 million (2010: R2 million), due largely to the additional capacity created and taken up across all airports.

The combination of local businesses not travelling during the World Cup period, and World Cup demand not meeting expectations, had a negative effect on car hire results. Car rental revenues are being impacted by travellers using the Gautrain, and this loss of business will increase with the commissioning of the remainder of the rail network. The introduction of Gauteng toll roads will result in users reviewing their transport options.

Gross revenue earned by car rental operators continues to be under pressure with passengers opting for lower category vehicles and a reduction in the length of rentals for cars rented by foreign inbound passengers due the strong South African Rand. Lower prices charged by operators in order to improve vehicle utilisation affected turnover negatively.

**Advertising**
In the financial year under review, ACSA’s advertising revenue increased by 46 percent to R228 million (comprising the smoothing of leases to the value of R5 million and income of R223 million) when compared to R156 million in 2010.

This phenomenal growth is due to the increased infrastructure following the upgrading of Cape Town International Airport and the commissioning of King Shaka International Airport.

ACSA was successful in excluding the airports from FIFA advertising jurisdiction, which generated a variety of advertising opportunities for advertisers that were not FIFA commercial affiliates. Furthermore, the World Cup created huge interest in airport advertising from FIFA commercial sponsors and attracted brands such as Coca-Cola, MTN and VISA. Income was further boosted by leveraging new areas for advertising and selling directly at premium rates during the tournament period.

The World Cup drove advertising innovation, firstly by creating specific zones or area of dominance for each brand where their visibility was almost exclusive. VISA created a brand zone around the air-bridges, being the first brand visible to all arrivals on the apron. Coca-Cola created innovation around their brand colour red by rolling out a Red Carpet in the International Arrival area at O. R. Tambo International, giving the soccer fans a red carpet welcome to South Africa. This was coupled with a joint ACSA/Coca-Cola branded can of Coke given to all arriving international passengers. Brand SA came to the party by branding the O. R. Tambo taxis in the colours of the South African flag to make them truly South African passenger carriers.

The commissioning of King Shaka International Airport afforded the opportunity of introducing larger, high-impact advertising sites, coupled with segmentation of the terminal into advertising zones. This was exceptionally well received by the advertising market.

The long-term objective of the portfolio is revenue enhancement through digital migration and establishment of brand zones. The establishment of zones will result in the creation of exclusivity and premium revenues. The portfolio will also engage in aggressive marketing of the airports as the brand-positioning place of choice. This campaign will assist in creating local and international awareness, and will attract more spend at the airports.

**Property revenue**
The Group, excluding the straight lining of leases of R44 million, (2010: R33 million), grew by 31 percent to R538 million (2010: R411 million). It is particularly pleasing to record such double digit growth in a currently depressed and introspective market.

The opening of King Shaka International Airport has been a major contributor to growth because of the increase in rentable area and the new accommodation that enabled new leases to be negotiated at improved rentals. The new 303-room City Lodge Hotel at O.R. Tambo International and the Road Lodge Hotels at Port Elizabeth and Bloemfontein International Airports opened their doors on time for the World Cup. The full effect of their turnover rentals will be realised in the next financial year.

<table>
<thead>
<tr>
<th>Parking bay provision</th>
<th>Structured</th>
<th>Shaded</th>
<th>Open</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>O.R. Tambo International Airport</td>
<td>10 100</td>
<td>3 500</td>
<td>1 400</td>
<td>15 000</td>
</tr>
<tr>
<td>Cape Town International Airport</td>
<td>5 800</td>
<td>1 400</td>
<td>-</td>
<td>7 200</td>
</tr>
<tr>
<td>King Shaka International Airport</td>
<td>1 500</td>
<td>3 000</td>
<td>-</td>
<td>4 500</td>
</tr>
<tr>
<td>National Airports</td>
<td>-</td>
<td>730</td>
<td>1 800</td>
<td>2 530</td>
</tr>
<tr>
<td>Totals</td>
<td>17 400</td>
<td>8 630</td>
<td>3 200</td>
<td>29 230</td>
</tr>
</tbody>
</table>
It is generally agreed that the outlook for the property industry is not bullish in the short- to medium-term. This advises the decision to concentrate on maximising the existing portfolio by retaining good tenants through lease renewals, cutting arrears, reducing vacancies and upgrading aging buildings. Efforts will also be placed on bringing enabled land to market. Despite owning extensive tracts of land, optimal value is only derived by offering the market land that is zoned, serviced and with all the necessary legislative approvals (such as an EIA) in place.

The relocation to King Shaka International Airport posed a major challenge over how best to utilise the old Durban International Airport site to accommodate the holding costs of rates, security and maintenance. Various initiatives, such as the parking of new vehicles by Toyota, have been explored to cover these costs. The site holds considerable strategic value and deliberations to finalise its disposal may take some time.

Airport Management Services
Following discussions between the governments of the Democratic Republic of the Congo (DRC) and South Africa, ACSA was requested to submit a proposal for partnership in the modernisation of the DRC’s three major airports. Those under consideration are Kinshasa, Lubumbashi and Mbuji Mayi. Several other airport investment opportunities were evaluated for viability.

During the current financial year, Airport Management Solutions participated in an airport bid for a 25-year concession in respect of Madinah International Airport in Saudi Arabia. The bid was however abandoned shortly after successful prequalification and issue of transaction documents owing to inter alia restrictive timelines and onerous investment commitments, creating a marginal project at best from a viability perspective.

The division continued to forge partnerships with various airport authorities on the African continent. These included a visit by senior executives from the Federal Airports Authority of Nigeria and another by technical specialists from Uganda Civil Aviation Authority.

ACSA is exploring the establishment of a wholly owned subsidiary that will pursue airport investment and technical advisory opportunities beyond South Africa. Investment opportunities consist of concessions and management contracts, mainly in the emerging markets. The rationale for this approach is to increase the organisational agility required to secure opportunities, provide a comprehensive investment mandate and allocate more resources to reflect the increasing importance of income diversification. It is also necessary to address pertinent economic regulatory issues and to minimise exposure to the financial position. This strategy will yield positive results in the medium-term to long-term.

Mumbai International Airport
Mumbai International Airport experienced impressive traffic growth in the last financial year, with more than 29 million passengers travelling through the airport, a 14 percent growth over the previous year. The increase in cargo handled increased by an impressive 36 percent to 340 000 tonnes. Revenue increased over the previous financial year by 18.3 percent and this was accompanied by a concerted effort to manage expenses such that profit after tax increased by 48 percent to approximately R552 million. The 10 percent profit after tax attributable to ACSA, on its equity contribution of approximately R150 million, is R55 million.

The redevelopment of the airport, currently estimated to cost R16 billion, is scheduled to be completed by the end of 2013 and will enable the airport to accommodate 45 million passengers per annum. The funding plan anticipates ACSA providing further equity in the order of R60 million for the completion of the project.

ACSA has now been involved in the management of the airport for five years. Experience in modernising airports whilst they are in operation has been invaluable in enabling ACSA to provide support with the upgrading of existing terminal buildings, the development of a new terminal and with the extremely demanding strengthening and resurfacing of runways and construction of new taxiways and aprons.
The Group continues to focus on managing discretionary expenses in order to mitigate the financial challenges of constrained income. Despite these challenges, the Group has managed to minimise the overall operational costs increase to be significantly lower than the increase in the key drivers.

**Financing costs**
Total interest for the period was R1 506 million, compared to R673 million (the 2010 interest amount is after capitalisation of interest of R688 million) in the same period last year. The Group continued to focus on reducing credit spreads through interest rate derivatives and the diversification of the sources of funding. EBITDA interest coverage remains constrained at 1.74 times.

**Cash flow**
The Group received cash from customers of R4 579 million and paid suppliers an amount of R2 814 million. This resulted in cash generated from operations of R1 765 million.

**Operating expenses**
Total operating expenses increased to R2 053 million, mainly due to inflationary increases, costs associated with the additional capacity created and the preparation for the 2010 FIFA World Cup. Further, the combination of abnormal increases in utilities, information technology, customer care (World Cup costs), outsourced services, repairs and maintenance, personnel and security costs, together resulted in a significant increase in operational costs.

**Financial position**
Total assets for the Group increased by R1,2 billion. The increase is largely driven by the revaluation of investment property in line with the Group’s accounting policy.

The additions to property, plant and equipment for the period under review were R505 million (2010: R5 218 million). The decrease is in line with the reduced capital expenditure programme and savings realised through the delivery of the infrastructure.

Total liabilities increased by R542 million, which is attributable to additional short-term borrowings (commercial paper) in the current financial year. In addition, there is an increase in the net value of derivative financial instruments of approximately R405 million. The Group entered into interest rate swaps of approximately R3,5 billion to hedge the interest rate movements. The Group borrowings were raised at the time when interest rates were significantly higher (during the global economic crisis) and, as a result, a considerable portion of the borrowings was floating to take advantage of future reduction in interest rates. The interest rate swaps were entered into following the substantial decline in interest rates (i.e. during September 2009 to March 2010). However, further unexpected interest rate reductions were effected subsequently in order to improve the domestic growth. This has resulted in the substantial increase in the unrealised fair value loss.

The average cost of borrowings for the period under review is estimated at 9,2 percent, a decrease from 2010’s 9,75 percent.

The net cash outflow from financing activities is R999 million after taking into account interest paid of R1 466 million and net debt raised of R467 million.

**Outlook**
The Group has created a solid asset base over the last four years, which, coupled with the investment made in across-the-board personnel development, has presented a great opportunity for value creation into the future. Accordingly, ACSA will continue to focus on embedding its customer focus approach and stakeholder engagement drive, putting energy and effort towards ensuring that the existing infrastructure is well maintained and optimised to deliver value by placing emphasis on long-term business sustainability and business excellence.
In the short-term, the Company recognises the need for an improvement in its financial position and credit metrics. There is no immediate need for infrastructure delivery in the medium-term, however, the Group will monitor the demand and need for capacity to ensure that a responsible and timely delivery of infrastructure will be delivered in line with growth expectations.

**Economic regulations**
In anticipation of the next Permission, which is due to commence on 1 April 2013, the Department of Transport has developed a roadmap to address the shortcomings in the current regulatory framework, as well as the formulation and promulgation of regulations to support the purposes and intentions of the Airports Company and Air Traffic and Navigation Services Acts. The roadmap also aims to develop a suitable funding model for both of the regulated entities.

**Revenue and traffic trends**
Traffic volumes for the airport network are projected to grow by five to eight percent, both in the number of passengers and in aircraft movements. The projected increase is driven largely by the expected growth in the South African economy, as well as expected global economic recovery. A slight improvement in the consumer sentiment is also anticipated, due to the economic recovery, with a resultant increase in spend per passenger at our airports. The remodelling of our retail stores, and the consequent additional capacity, gives us an opportunity to explore and grow this area of our business. The Group also expects to capitalise on its property portfolio, as well as other non-aeronautical revenue streams, such as advertising revenue, on the back of the projected economic growth.

**Financial overview**
Group revenue is expected to grow by at least 26 percent in the next financial year as a result of the expected increase in traffic volume, as well as the promulgated tariff increase of approximately 34.8 percent. This will contribute positively towards the Group’s financial performance and result in positive earnings.

Whilst the Group is expected to return to positive earnings in the next financial year, it is envisaged that it will take approximately two years before it is able to earn an appropriate commercial return, in line with the anticipated risks of the business. The key credit metrics, including the gearing ratio, are expected to be normalised within the set threshold by the end of March 2013. The Group is committed to maintain these metrics within the set threshold, going forward.

Although there are still a number of issues to be addressed, in terms of the development of an appropriate economic regulatory framework, significant progress has been achieved in resolving the policy issues, which have created uncertainty for the investors over the past five years. ACSA fully supports the Department of Transport’s roadmap to address the fundamental issues within the economic regulatory framework to ensure predictability, certainty and balance of risks and rewards as ACSA progresses.
STAKEHOLDER ENGAGEMENT

The Company’s stakeholders can be broadly defined as people or organisations that affect ACSA or are affected by its operations and actions. In this context, the stakeholder base is varied and the interests and concerns of those stakeholders are widely diverse.

A successful stakeholder engagement process requires that ACSA commits to actively engage with its stakeholders, listens to their reasonable needs and concerns, builds a relationship with them and then responds to their concerns in a mutually beneficial way.

Accordingly, the stakeholder engagement process is designed to ensure that those affected by ACSA’s operations are heard and their material issues proactively addressed in a systematic manner. Stakeholder engagement is integral to ACSA’s business and is indeed a strategic imperative. The Company is committed to an open dialogue with its stakeholders to better understand their interests, challenges and concerns, and to develop solutions in a way that benefits both ACSA and the stakeholders.

Our response

In 2009, we prepared an initial, detailed analysis of our stakeholder base. In the year under review, building upon the analysis done in 2009, ACSA formed a working committee to critically review the stakeholder identification and segmentation process. This was done through a series of workshops that were held with business units that regularly come into contact with a variety of stakeholders across the Group. During this process, stakeholders were identified and prioritised by making use of the AccountAbility Stakeholder Engagement manual as an appropriate framework. The stakeholders were identified taking into account the following key criteria:

| • Responsibility | Stakeholders to whom ACSA has legal, financial and operational responsibilities in the form of regulations, contracts, policies or codes of practice |
| • Influence | Those stakeholders with influence or decision-making power (i.e. shareholders or pressure groups) |
| • Proximity | Those stakeholders with whom ACSA interacts most, including those ACSA depends on in day-to-day operations |
| • Dependency | Those stakeholders who are most dependent on ACSA |
| • Representation | Those stakeholders that, through regulation or culture, are entrusted to represent a group of individuals (e.g. trade unions) |
**STAKEHOLDER ENGAGEMENT**

**Stakeholder groups and interests**
Using the above criteria, the working group analysed and determined which stakeholder would be chosen to be addressed in this integrated report. The table that follows lists key stakeholder groups and ACSA's understanding of their material issues and concerns as well as where these are addressed in the report.

<table>
<thead>
<tr>
<th>STAKEHOLDER GROUP</th>
<th>MATTERS OF POTENTIAL INTEREST</th>
<th>REFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passengers</td>
<td>• Service quality</td>
<td>• Pages 54 to 56</td>
</tr>
<tr>
<td></td>
<td>• Safety</td>
<td>• Pages 58 to 59</td>
</tr>
<tr>
<td></td>
<td>• Aviation security</td>
<td>• Page 56</td>
</tr>
<tr>
<td>Airlines</td>
<td>• Cost of doing business</td>
<td>• Page 18</td>
</tr>
<tr>
<td></td>
<td>• Safety and security</td>
<td>• Pages 54 to 59</td>
</tr>
<tr>
<td></td>
<td>• Air quality and noise</td>
<td>• Pages 38 to 40</td>
</tr>
<tr>
<td></td>
<td>• Infrastructure</td>
<td>• Page 22</td>
</tr>
<tr>
<td>Employees</td>
<td>• Security and safety</td>
<td>• Pages 54 to 59</td>
</tr>
<tr>
<td></td>
<td>• B-BBEE and corporate social investment</td>
<td>• Pages 16 and 64</td>
</tr>
<tr>
<td></td>
<td>• Training</td>
<td>• Page 63</td>
</tr>
<tr>
<td></td>
<td>• Wellness</td>
<td>• Page 63</td>
</tr>
<tr>
<td>Government (local, provincial and national)</td>
<td>• Energy and water consumption</td>
<td>• Pages 36 to 37</td>
</tr>
<tr>
<td></td>
<td>• Infrastructure</td>
<td>• Page 22</td>
</tr>
<tr>
<td></td>
<td>• Economic impact</td>
<td>• Pages 24 to 31</td>
</tr>
<tr>
<td></td>
<td>• Environmental impact</td>
<td>• Pages 36 to 42</td>
</tr>
<tr>
<td></td>
<td>• B-BBEE and corporate social investment</td>
<td>• Pages 16 and 64</td>
</tr>
<tr>
<td></td>
<td>• Governance</td>
<td>• Pages 47 to 53</td>
</tr>
<tr>
<td>Investors</td>
<td>• Environmental impact</td>
<td>• Pages 36 to 42</td>
</tr>
<tr>
<td></td>
<td>• B-BBEE and corporate social investment</td>
<td>• Pages 16 and 64</td>
</tr>
<tr>
<td></td>
<td>• Economic impact</td>
<td>• Pages 24 to 31</td>
</tr>
<tr>
<td></td>
<td>• Risk management</td>
<td>• Pages 44 to 45</td>
</tr>
<tr>
<td></td>
<td>• Governance</td>
<td>• Pages 47 to 53</td>
</tr>
<tr>
<td>Regulating Committee</td>
<td>• Service quality</td>
<td>• Pages 54 to 56</td>
</tr>
<tr>
<td></td>
<td>• Economic impact</td>
<td>• Pages 24 to 31</td>
</tr>
<tr>
<td>Trade unions</td>
<td>• Governance</td>
<td>• Pages 47 to 53</td>
</tr>
<tr>
<td></td>
<td>• Wellness</td>
<td>• Pages 63</td>
</tr>
<tr>
<td></td>
<td>• B-BBEE and corporate social investment</td>
<td>• Pages 16 and 64</td>
</tr>
<tr>
<td></td>
<td>• Training</td>
<td>• Page 63</td>
</tr>
<tr>
<td></td>
<td>• Remuneration</td>
<td>• Page 63</td>
</tr>
<tr>
<td></td>
<td>• Employment equity</td>
<td>• Page 61</td>
</tr>
<tr>
<td>Utility suppliers</td>
<td>• Energy and water consumption</td>
<td>• Pages 36 to 37</td>
</tr>
<tr>
<td></td>
<td>• Waste management</td>
<td>• Page 38</td>
</tr>
<tr>
<td>Air Traffic Navigation Services</td>
<td>• Safety</td>
<td>• Pages 58 to 59</td>
</tr>
<tr>
<td></td>
<td>• Air quality and noise</td>
<td>• Pages 38 and 40</td>
</tr>
</tbody>
</table>
### Ongoing dialogue

As part of stakeholder identification and prioritisation, the Company also reviewed existing engagement and communication processes. Based on this review, it was recognised that our stakeholder engagement process should be strengthened to ensure that the Company continues to engage stakeholders through constructive dialogue in order to understand their views. To this end, a plan is being prepared that will ensure that there is regular engagement with key stakeholders in a systematic manner.

#### Table of Stakeholder Group Matters of Potential Interest and References

<table>
<thead>
<tr>
<th>STAKEHOLDER GROUP</th>
<th>MATTERS OF POTENTIAL INTEREST</th>
<th>REFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retailers and property tenants</td>
<td>• Growth and economic impact</td>
<td>• Pages 24 to 31</td>
</tr>
<tr>
<td>Cargo handlers</td>
<td>• Safety and security</td>
<td>• Pages 54 to 59</td>
</tr>
<tr>
<td>Duty-free retailers</td>
<td>• Energy and water consumption</td>
<td>• Pages 36 to 37</td>
</tr>
<tr>
<td></td>
<td>• Waste management</td>
<td>• Pages 38</td>
</tr>
<tr>
<td></td>
<td>• Growth and economic impact</td>
<td>• Pages 24 to 31</td>
</tr>
<tr>
<td>Security service providers</td>
<td>• Consistent regulation and oversight</td>
<td>• Pages 54 to 59</td>
</tr>
<tr>
<td>South African Civil Aviation Authority</td>
<td>• Safety and security regulations</td>
<td>• Pages 54 to 59</td>
</tr>
<tr>
<td></td>
<td>• Compliance</td>
<td></td>
</tr>
<tr>
<td>Non-Governmental Organisations</td>
<td>• Wildlife strikes</td>
<td>• Pages 36 to 42</td>
</tr>
<tr>
<td></td>
<td>• Areas affected by noise</td>
<td></td>
</tr>
</tbody>
</table>
OUR ENVIRONMENT

We continually seek to create a balance between business priorities and responsibility towards the environment. Concern for our environment has been growing rapidly in the past few years, particularly as the effects of climate change are becoming increasingly understood. To ensure that sufficient focus is given to environmental risk management we need to ensure that our environmental management strategy seeks to:

- Set a clear framework to guide environmental policy and management
- Identify the key environmental issues that influence the growth and development of the business
- Establish a framework to ensure that all airport operations are undertaken in compliance with the relevant environmental legislation and standards
- Establish and promote sustainable development practices
- Set targets and actions that advise the environmental management system.

ACSA has adopted an Environmental Management System (EMS) into its core business function with the objective of ensuring that environmental impacts are understood, monitored and addressed. The EMS provides a system by which daily environmental management can be planned, implemented and reviewed, thus ensuring a cycle of continuous environmental responsibility. The EMS is in accordance with the internationally recognised ISO 14001:2004 Environmental Management Systems – Requirements with guidance for use.


We continue to work with our stakeholders to address our impacts. Where we have direct control, we manage and minimise our impact by taking the leading role. Where we do not have control, we exercise our influence to minimise the overall environmental impact: for example, on emissions by airlines.

Material environmental impacts

Environmental impacts resulting from our airport operations include:
- Climate change and energy conservation
- Water resource management
- Waste management
- Air quality
- Noise
- Fuel spills
- Biodiversity.

Climate Change and Energy Conservation

All sectors of our business contribute to climate change. While airports are relatively small contributors to aviation’s impact on climate change, we acknowledge our responsibility to address it and have consequently implemented a range of initiatives aimed at reducing the airports’ carbon footprint. Approximately 98 percent of our carbon footprint is attributable to energy consumption.

As an initial attempt to redress this situation, we have instituted the following action plans:

- We engaged with our stakeholders (i.e. the airlines and Air Traffic Navigation Services) to improve air routes and air traffic management to reduce aircraft fuel burn and emissions.
- We are investigating opportunities for the use of renewable energy, such as solar power.

For the year ending 31 March 2011, our energy consumption (excluding consumption by our stakeholders) by primary energy source was as follows:

<table>
<thead>
<tr>
<th>Energy Source</th>
<th>2010/11</th>
<th>2009/10</th>
<th>2008/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cape Town International Airport</td>
<td>73 120 669</td>
<td>53 433 678</td>
<td>52 976 525</td>
</tr>
<tr>
<td>O.R.Tambo International Airport</td>
<td>157 825 733</td>
<td>147 480 150</td>
<td>130 655 100</td>
</tr>
<tr>
<td>King Shaka International Airport*</td>
<td>37 206 146</td>
<td># 9 852 600</td>
<td># 9 847 000</td>
</tr>
</tbody>
</table>

*Note: Excludes April 2010, as King Shaka International Airport operations commenced on 1 May 2010
# Note: Old Durban International Airport

Fuel and diesel

We started to record our direct consumption of fuel and diesel in the 2011 financial year and the details are in the table below.

<table>
<thead>
<tr>
<th>Fuel and diesel</th>
<th>Litres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cape Town International Airport</td>
<td>113 482</td>
</tr>
<tr>
<td>O.R.Tambo International Airport</td>
<td>226 200</td>
</tr>
</tbody>
</table>
**Fuel and diesel**

<table>
<thead>
<tr>
<th>Airport</th>
<th>Litres</th>
</tr>
</thead>
<tbody>
<tr>
<td>King Shaka International Airport</td>
<td>95 745</td>
</tr>
<tr>
<td>Port Elizabeth International Airport</td>
<td>24 331</td>
</tr>
<tr>
<td>Bloemfontein International Airport</td>
<td>22 819</td>
</tr>
<tr>
<td>Kimberley Airport</td>
<td>21 827</td>
</tr>
<tr>
<td>East London Airport</td>
<td>15 644</td>
</tr>
<tr>
<td>George Airport</td>
<td>39 084</td>
</tr>
<tr>
<td>Upington International Airport</td>
<td>15 108</td>
</tr>
</tbody>
</table>

*Note: Excludes April 2010, as King Shaka International Airport operations commenced on 1 May 2010

In future, we will institute the following:

- Develop systems to ensure regular, accurate measurement and reporting of ACSA’s carbon footprint.
- Conduct energy audits of all airports and assess feasible opportunities to reduce energy demand.
- Extend ACSA’s carbon footprint calculation to include stakeholders.
- Ensure all stakeholders at all airports are metered for electricity consumption.

**Water resource management**

Potable water at our airports is used to supply restrooms, toilet facilities and restaurants in the terminal and administration buildings. Other water consumption includes the washing of cars at rental facilities, cooling towers for airconditioning, cleaning, landscaping, firefighting activities, and maintenance and construction works.

Various activities at our airports have the potential to impact on the quality of surface water and groundwater, including spills from aircraft services and maintenance, bulk liquid and hazardous material storage, urban stormwater and runoff from construction and maintenance areas, and fire training exercises.

Our initiatives to reduce the consumption of potable and other water, and to protect water quality, include the following:

- Implement a landscaping policy throughout the Group that ensures suitable water-wise gardening practices.
- Conduct regular water balancing to ensure that losses and leaks are rapidly identified and remedied.
- Install boreholes where possible to reduce demand from potable municipal supplies.
- Interact with high-consumption stakeholders to influence and assist with water conservation practices.

**Water withdrawal by source**

For the year ending 31 March 2011, our water withdrawal from municipal water supply for use over the course of the reporting period was as follows:

<table>
<thead>
<tr>
<th>Water Consumption (Kilolitres)</th>
<th>2010/11</th>
<th>2009/10</th>
<th>2008/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cape Town International Airport</td>
<td>397 034</td>
<td>387 724</td>
<td>400 851</td>
</tr>
<tr>
<td>O.R.Tambo International Airport</td>
<td>1 260 000</td>
<td>1 526 277</td>
<td>1 228 141</td>
</tr>
<tr>
<td>King Shaka International Airport*</td>
<td>228 448</td>
<td># 221 420</td>
<td># 226 370</td>
</tr>
</tbody>
</table>

*Note: Excludes April 2010, as King Shaka International Airport operations commenced on 1 May 2010

# Note: Old Durban International Airport

While the water consumption recorded above is for the three major international airports, we began to record the water consumption for our remaining airports in the 2011 financial year, and this is reflected below:

<table>
<thead>
<tr>
<th>Airport</th>
<th>Kilolitres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Port Elizabeth International Airport</td>
<td>43 947</td>
</tr>
<tr>
<td>Bloemfontein International Airport</td>
<td>52 306</td>
</tr>
<tr>
<td>Kimberley Airport</td>
<td>13 169</td>
</tr>
<tr>
<td>East London Airport</td>
<td>18 243</td>
</tr>
<tr>
<td>George Airport</td>
<td>14 720</td>
</tr>
<tr>
<td>Upington International Airport</td>
<td>28 959</td>
</tr>
</tbody>
</table>

**Quality of storm water**

A crucial challenge for our airports is to ensure effective drainage systems to minimise the consequences of storm water on the environment and the operability of the airport. Storm water can be contaminated by leaks and spills of oil, diesel and jet fuels during
operation and maintenance of ground service vehicles, and fuel storage and handling activities.

In the year under review, storm water quality tests were carried out on a monthly basis at Cape Town and O.R. Tambo International Airports and on an annual basis at Upington International Airport and East London Airport.

At Upington International Airport and East London Airport, no parameters exceeded the relevant environmental standards. At Cape Town and O.R. Tambo International Airports, the parameters which exceeded the relevant environmental standards are shown in the tables below:

### Parameters exceeded at Cape Town International Airport for the period 2010/11

<table>
<thead>
<tr>
<th></th>
<th>July</th>
<th>October</th>
<th>January</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Chemical oxygen demand</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Soap, oil and grease</td>
<td></td>
<td></td>
<td>x</td>
</tr>
</tbody>
</table>

### Parameters exceeded at O.R Tambo International Airport for the period 2010/11

<table>
<thead>
<tr>
<th></th>
<th>October</th>
<th>November</th>
<th>December</th>
</tr>
</thead>
<tbody>
<tr>
<td>pH</td>
<td>x</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Total suspended solids</td>
<td>x</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Chemical oxygen demand</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Dissolved oxygen</td>
<td></td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

In future we will:

- Develop systems to ensure regular, accurate reporting of ACSA’s water footprint.
- Conduct a water audit of all ACSA infrastructure and identify opportunities for water-use savings.
- Conduct a comprehensive ground contamination assessment at all airports and ensure an effective remediation of all historical pollution.
- Install water meters on all significant end-user lines to foster a responsible pay-for-use philosophy.

**Waste management**

Solid waste generated from airport operations includes that emanating from terminal buildings, office and commercial buildings, airside and maintenance areas, and includes wastes such as office paper, packaging, foreign object debris, metal and wood. Liquid waste includes hydrocarbons such as vehicle oils, lubricants and grease, cooking oils and also includes sewerage.

ACSA recognises that airport operations generate waste and the company is committed to the ideal of minimising waste generation, maximising recycling and using landfill disposal as a last resort.

We address waste management by:

- Preventing illegal dumping on airport property.
- Raising awareness amongst employees and stakeholders.
- Influencing stakeholders to implement sound waste management practices and educating and encouraging them to take advantage of the environmentally friendly waste disposal options provided by ACSA.
- Implementing a measurement regime to provide a means of ensuring that there is an ongoing improvement in the percentage of waste that is recycled.

In future, we will:

- Conduct waste audits of all sites to identify opportunities for waste reduction.
- Review waste contracts and migrate from waste disposal to waste management contracts.
- Implement a ‘pay-to-throw’ policy for airport tenants, concessionaires and airlines to encourage their use of ACSA-provided, environmentally equitable means of waste disposal.

**Air quality**

Our operations have a direct impact on local air quality, specifically through the use of vehicles and equipment, storage of fuels, hydrocarbon spills, refuelling of aircraft, auxiliary and ground power units, fire training exercises, and maintenance and construction activities. Adjacent land use also has the potential to impact on local air quality and includes highways and activities within industrial areas and residential areas.

ACSA is committed to assessing the risk of potentially adverse impacts from airport operations through monitoring, data interpretation and ensuring compliance with national air quality standards.
OUR ENVIRONMENT

Our initiatives include:

- Monitoring air quality at King Shaka, Cape Town and O.R. Tambo International Airports, and taking remedial action in the event of transgressions of national legislation and standards.

- Ensuring that firefighting training activities are conducted in such a manner that, while meeting ICAO minimum requirements, they also recognise air pollution implications and make every effort to minimise their impact.

Air quality monitoring was carried out at Cape Town and O.R. Tambo International Airports in the year under review, and was measured against the National Ambient Air Quality Standards.

No exceptions were reported at Cape Town International Airport. At O.R. Tambo International Airport, while no exceptions were reported against the average annual standards, exceptions were reported against the hourly average standards and are shown in the table below:

<table>
<thead>
<tr>
<th>Pollutant</th>
<th>Number of incidents exceeding the hourly average national standard at O.R. Tambo International Airport for the period 2010/11</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July</td>
</tr>
<tr>
<td>Nitrogen dioxide</td>
<td>5</td>
</tr>
<tr>
<td>Sulphur dioxide</td>
<td>-</td>
</tr>
</tbody>
</table>

The incidents exceeding the hourly average are peak concentrations in the morning and evening and are most likely a combination of emissions from the high vehicular traffic from the adjacent freeway (which is closer to the monitoring station than the airport), industrial sources and the airport operations.

In future, we will ensure that:

- All diesel vehicles operating on the airside at King Shaka, Cape Town and O.R. Tambo International Airports comply with the Hartridge emissions limits before being permitted to operate on the airside.

- Cleaner fuels (e.g. CNG, LPG and ultra-low sulphur diesel) are used by ACSA’s vehicle fleet and standby diesel generators.

Noise

The noise generated by aircraft in and around our airports is the most significant cause of adverse community reaction to the operation and expansion of an airport. While less of a disturbance, airport, ground-based operations also generate noise. This includes the use of vehicles and equipment, auxiliary and ground power units, and maintenance and construction activities. Adjacent land use, such as highways and activities within industrial areas, also generate noise.

The Record of Decision at King Shaka International Airport imposed several conditions to mitigate the impact of aircraft noise. The following actions to mitigate aircraft noise were carried out:

- Local communities were engaged and consulted
- Aviation industry, particularly with the cargo operators that operate between 22h00 to 06h00, were engaged and consulted
- An Aircraft Noise Consultative Committee was established, which is attended by the airlines, regulators, airport, air navigation and local communities
- An aircraft noise complaints hot-line and register were established
- Aircraft noise abatement operating procedures were implemented
- Airport restrictions were implemented
- Aircraft noise monitoring was conducted
- Aircraft noise contours were simulated and included into ACSA’s Geographical Information System (GIS), as illustrated below.
ACSA acknowledges that noise generated by aircraft and airport operations may have an adverse impact on local communities, and will continue to work with our stakeholders and communities to minimise the impacts of noise from aircraft, airport construction and operations, through the following initiatives:

- Engagement with industry and local authorities to implement ICAO’s balanced approach to aircraft noise management, whereby aircraft noise is determined to be a nuisance or causes a disturbance, i.e. through:
  - Reduction of aircraft noise at source
  - Compatible land-use planning
  - Implementation of noise abatement operating procedures
  - Implementation of airport operating restriction.

- Engagement with local communities and the establishment of Airport Noise Consultative Committees, where aircraft noise is determined to be either a nuisance, intrusive, or causes a disturbance.

- Engagement with government to finalise the draft White Paper on National Policy on Civil Aviation.

- Engagement with the SA CAA on the promulgation of aircraft noise regulations and attendant technical standards.

- Engagement with local authorities to discuss aircraft noise contours, and the management and control of future developments in the vicinity of the airport.

In future, we will:

- Conduct aircraft noise contours for the major airports, in accordance with master plans, to determine land-use planning for properties adjacent to airports.

- Develop and maintain a noise complaints database (integrated into ACSA’s Geographical Information System) and investigate and respond to complaints.

- Install permanent aircraft noise monitoring and tracking systems at King Shaka International Airport for the purpose of identifying, measuring and monitoring noise impact as generated by an airport.

- Initiate local community forums to create and maintain an open and transparent means of communicating with community members regarding airport issues.

**Significant Fuel Spills**

In the year under review, no significant spills occurred within the Group.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>O.R. Tambo International Airport</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

At O.R. Tambo International Airport, in November 2006, an estimated 1.2 million litres of aviation fuel was accidentally released into the storm water system and contaminated the adjacent wetlands area (Blaauwpan Dam). The intensive clean-up operation of the first few months after the spill was followed by a one-year remediation process. The affected area was then rehabilitated in accordance with a management plan, based on an ecological assessment, which was approved by the Department of Environmental Affairs. In February 2011, the department conducted a site visit of the affected area and was satisfied with the rehabilitation work, which has now been completed. A post rehabilitation monitoring programme will be maintained for a period of 36 months.

**Biodiversity**

The natural environment and biodiversity at airports are limited due to significant development and aviation’s safety requirements. However, fauna and flora naturally exist at any airport. Areas of significant value to biodiversity, adjacent to airports, include wetlands at Blaauwpan (O.R. Tambo International) and the single largest, global, communal roost site (estimated at between two and three million birds) for the Barn (European) Swallow at Mount Moreland, near King Shaka International Airport.

A highly-sophisticated, three-dimensional radar system has been installed to monitor the dusk roosting and dawn emergence patterns of this unprecedented number of birds. The system is linked, in real-time, to King Shaka International Airport operations and to Air Traffic and Navigation Systems, thereby generating ample time to warn of a change from the usual Barn Swallow behavioural patterns. In the one-year period since its installation, the radar system has not generated a single warning that aircraft are potentially at risk through possible, previously undetected activities of the swallows.

ACSA recognises the value of conserving areas that support key environmental attributes on airport precincts, consistent with the continued safe operation of the airport, and will continue to implement measures to manage biodiversity at the airports and surrounding areas.
In future, we will:

- Identify and conserve areas of high conservation value, where practical.
- Conduct faunal and floral assessments for airport property.

Compliance with laws and regulations

No fines and non-monetary sanctions for non-compliance with environmental laws and regulations were imposed on ACSA in the year under review.

Individual consciousness of our responsibility to redress the damage humankind is causing to Planet Earth’s health has increased at an exponential rate over the past few years. However, incorporation of this realisation into business objectives has been a far slower process; it requires a quantum leap in corporate mind set to truly believe that profit extends far beyond Rands.

ACSA has taken a deliberate, considered decision to positively address environmental issues and has embraced the principles of the Global Reporting Initiative (GRI) as a guideline to advise a structured and measurable programme to design, implement, measure and report on a responsible environmental programme.

There is no ‘instant fix’ for the globe’s environmental woes and it will take ACSA at least five years to achieve full compliance with the complete ideals of GRI reporting. This is the start of a journey of exploration and learning and one on which we encourage all of our stakeholders to join hands with us and embark on the same essential adventure.

Wildlife strikes have a direct (and potentially very harmful) impact on the safety of passengers that use an airport. The number of bird and wildlife strikes recorded at our airports in the year under review, are as follows:

<table>
<thead>
<tr>
<th>Wildlife strikes</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cape Town International Airport</td>
<td>14</td>
</tr>
<tr>
<td>O.R. Tambo International Airport</td>
<td>170</td>
</tr>
<tr>
<td>King Shaka International Airport</td>
<td>49</td>
</tr>
<tr>
<td>Port Elizabeth International Airport</td>
<td>25</td>
</tr>
<tr>
<td>Bloemfontein International Airport</td>
<td>8</td>
</tr>
<tr>
<td>Kimberley Airport</td>
<td>12</td>
</tr>
<tr>
<td>East London Airport</td>
<td>14</td>
</tr>
<tr>
<td>George Airport</td>
<td>14</td>
</tr>
<tr>
<td>Upington International Airport</td>
<td>4</td>
</tr>
</tbody>
</table>
INTEGRATED RISK MANAGEMENT

Introduction and approach
Effective risk management is key to ACSA achieving its strategic goals in a sustainable manner. By understanding and properly managing our risks, we provide greater certainty and security for our employees, customers and stakeholders; we are better informed, more decisive and move with greater confidence to achieve our goals.

ACSA’s Risk Management programme strives to comply with best practices as contained in ISO 31000, King III and the National Treasury guidelines. A structured approach to risk management has been adopted throughout our organisation, using a consistent approach to the assessment and treatment of all types of risk, at all levels and for all activities in the Group. We are embedding effective risk management in all our business processes so that, before events occur that might affect us achieving our goals, we identify the risks and manage them in a consistent, proactive way.

Responsibility for risk management rests with the executive and management, together with the Audit and Risk Committee, who are accountable for ensuring that the necessary controls remain in place and are effective at all times. Sound corporate governance will be enhanced through the regular measurement, reporting and communication of risk management performance. We are also striving towards an integrated risk management process where Group Risk and Internal Audit operate in an integrated way to leverage from a combined control assurance strategy.

Risk management framework
ACSA’s risk management framework (as illustrated below) can be broken down into two key components:

(i) The outer strategic risk management process provides a process to ensure consistency of the core components and to implement risk and compliance management throughout ACSA in an integrated and collaborative manner.

(ii) The inner risk management process is a formalised and consistent approach to managing risks effectively within the specific context of the organisation.

ACSA’s integrated risk and compliance management framework

Risk management governance structure
ACSA’s risk management framework and processes are ultimately overseen by the Board and the Audit and Risk Committee, as well as various governance committees that all form part of the overall corporate governance structure of the organisation.

Key risks
ACSA has identified its key risks and they are summarised below, together with the mitigating actions:

<table>
<thead>
<tr>
<th>KEY RISK</th>
<th>OUR RESPONSE</th>
</tr>
</thead>
</table>
| Possible decrease in traffic volumes, caused by a further economic downturn and leading to lower than expected revenue. | • Develop a traffic growth strategy, including:  
• Attracting more low cost carriers  
• Review and enhancement of bilateral agreements  
• Alignment of ACSA’s Africa growth strategy with that of the airlines  
• Perform trend analyses for each route, sharing results with airlines  
• Long-term review of a differential tariff to incentivise traffic growth. |
## INTEGRATED RISK MANAGEMENT

### Emerging risks

The identification of emerging risks forms part of our risk management approach. We rely on local networks, and research undertaken internationally (including as published by the World Economic Forum) to have a broad view and understanding of emerging risks. Of the top emerging risks identified in the World Economic Forum’s 2011 Risk Report, the following environmental risks have a direct impact on ACSA:

- Air pollution
- Water security
- Climate change

Our management of these risks is discussed further in the environmental section of this report.

### KEY RISK

<table>
<thead>
<tr>
<th>Key Risk</th>
<th>Our Response</th>
</tr>
</thead>
</table>
| Applied-for tariffs are not approved, caused by the lack of an enabling, stable and predictable regulatory regime and leading to a decrease in aeronautical revenue. | • A ministerial task team has been established to review the current permission process, as well as the future regulatory framework. ACSA is assisting with this review where appropriate and possible. Further actions will include:  
  • Increasing the financial modelling skills resource to place greater focus on economic regulation  
  • Adjusting current financial models to be more dynamic in their ability to examine multiple scenarios and play a key role in business and financial planning  
  • Enhancing the consultative process within the permission cycle  
  • Rationalisation of investment plans to cushion cashflow impact. |
| Inability to generate budgeted commercial revenue, caused by limited commercial revenue generating opportunities and leading to lower than expected non-aeronautical revenue. | This risk is managed through:  
• Developing appropriate commercial strategies and plans for advertising, retail, parking and property, which include:  
  • Conducting market research, which includes proactively tracking the financial viability of key tenants  
  • Conducting additional research and thereby gathering business intelligence around products, pricing and competitors  
  • Exploitation of Gautrain to promote and enhance the airport’s commercial offering  
  • Marketing and promotion to create awareness and appetite for commercial offerings at our airports  
  • Adopting a lease and contracts’ management strategy that is in line with ACSA’s commercial revenue growth strategy  
  • Enhancing inter-divisional alignment between the various divisions, as well as improving the required critical skills in these areas. |
| Inability to retain key resources, caused by external opportunities and limited growth opportunities for individuals in key positions and leading to loss of business continuity in operations. | This risk is managed through:  
• Appropriate resourcing methodology and manpower budgeting  
• Training and development opportunities, including the Learning Academy, which is tasked with ACSA-specific training  
• Talent management  
• Monitoring of staff turnover and effective analysis of exit interviews. |
| Inability to retain license to operate at the key international airports. | The risk is managed continuously through robust and systematic processes, systems and procedures in line with the conditions to operate. Regular staff training and relevant updates are provided for in line with the statutory requirements. |
ACSA’s Governance and Assurance framework includes the guardianship of the Company’s standards and integrity, as well as a dedication to protecting the interests of all stakeholders, including investors, customers, employees and the broader society. Companies with transparent dealings, augmented with good governance practices, show a stronger investment profile. Therefore, success in the modern business environment is inextricably linked to the implementation of sound governance procedures.

ACSA is registered as a public company under the Companies Act and is listed as a major public entity in terms of Schedule 2 of the Public Finance Management Act (PFMA).

ACSA is committed to continually enhancing its corporate governance processes in line with best practice in a manner that facilitates the development and management of world-class airports, whilst ensuring that operations are ethically conducted within the regulatory framework.

ACSA’s approach to corporate governance is based on six fundamental principles: accountability, transparency, responsibility, independence, ethical fairness and social development. These principles enhance ACSA’s values expressed in the acronym PRIDE (Passion, Results, Integrity, Diversity and Excellence). Furthermore, ACSA has a Code of Ethics and Business Conduct approved by the Board and monitored by the Audit and Risk Committee, as well as behavioural standards specified in an employee manual.

**Board of Directors**

The Board is responsible for setting the direction and strategy of the Company, as well as overseeing the planning, optimal allocation of resources, the maintenance of ethical business practices, effective risk management and communication with all stakeholders.

From 1 April 2010 to 28 September 2010 the Board comprised of seven non-executive directors, including the Chairman, as well as two executive directors: namely the Managing Director and the Finance Director.

At the last Annual General Meeting, five non-executive directors were not re-elected and from 28 September 2010 to 31 March 2011, the Board comprised of:

W van der Vent: Non-Executive Chairman
M Kekana: Non-Executive Director
M Janse van Rensburg: Independent Non-Executive Director
M Hlahla: Managing Director
P Mabelane: Finance Director

**Independence of the Board**

The independence of the Board is maintained by adhering to certain key principles:

- The AGM confirms the nomination and ratifies the appointment of the majority of the Board for a fixed term
- The positions of Chairman and Managing Director are kept separate
- The Chairman is an independent, non-executive member of the Board
- Most Board committees are chaired by an independent, non-executive member.

**Board Charter**

The Board Charter and Terms of Reference define the framework, authority and parameters within which the Board operates. For ease of alignment and business interface with the company, the Board invites executive management to its meetings, whilst specifically reserving their right to meet without management’s presence when required. The Board is fully committed to maintaining the standards of integrity, accountability and openness required to achieve effective corporate governance. The Charter and Terms of Reference confirm the Board’s accountability, fiduciary duties, the duty to declare conflict of interests, the constitution of the Board committees and relationship with ACSA employees.

Furthermore, the Charter defines the Board’s responsibility to:

- Report on integrated sustainability
- Promote a stakeholder-inclusive approach towards the governance of ACSA
- Monitor operational performance and management
- Confirm that the risk management process is accurately aligned to the strategy and performance objectives of the company
- Ensure that all material risks are identified and that appropriate systems and processes are in place to manage the identified risks, in order to ensure that the Company’s assets and reputation are protected
- Provide stakeholders with the assurance that all material risks are properly identified, assessed, mitigated and monitored
- Determine appropriate policies and processes to ensure the sound corporate governance of ACSA.

**Remuneration of the Board**

The independent, non-executive directors are remunerated on a basis determined by the shareholders at the AGM, with the specific approval of the Minister of Transport. These directors are remunerated on the basis of a monthly retainer and Board/committee meeting attendance fees.

The Board approved a remuneration policy which ensures that remuneration of directors is comparable with the level, skill and expertise required for Board members and in accordance with current
CORPORATE GOVERNANCE AND COMPLIANCE

The Board has finance, audit, legal, risk management and human resources skills and experience. There are also skills and experience in property, commerce and general business, which all fit the Company’s scope of operations.

The composition and number of non-executive directors ensures that their views carry significant weight in Board decisions. The directors have unfettered access to Company information and may seek independent professional advice when required.

The attendance of directors at Board meetings during the financial year under review is reflected in the following table:

<table>
<thead>
<tr>
<th>Name</th>
<th>7 May 2010</th>
<th><strong>30 June 2010</strong></th>
<th><strong>29 July 2010</strong></th>
<th><strong>23 August 2010</strong></th>
<th><strong>6 September 2010</strong></th>
<th>8 November 2010</th>
<th>25 November 2010</th>
<th><strong>14 January 2011</strong></th>
<th><strong>8 February 2011</strong></th>
<th><strong>16 February 2011</strong></th>
<th><strong>28 February 2011</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>SV Zilwa, Chairman</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>NP Galeni</td>
<td>A</td>
<td>A</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>A Kekana</td>
<td>A</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>R Persad</td>
<td>A</td>
<td>A</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>M Ramagaga</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>NTY Siwendu</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>WC van der Vent, Chairman from September 2010</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>M Janse van Rensburg</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Executive</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MW Hlahla</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>BP Mabelane</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

✓ = includes attendance through teleconference facilities
A = absent with apology
** = Special Board meeting
R = resigned
To ensure that the terms of reference of the committees remain current and comply with best practice, they are continually reviewed and, where necessary, amended.

**Audit and Risk Committee (Formerly Audit Committee)**

The Audit Committee meets at least quarterly to consider annual and interim financial statements, accounting policies and the safeguarding of assets, audit plans and the findings of external and internal auditors. The Committee also monitors governance and ethical standards. The monitoring of financial risk management and tariff regulation is assigned to a separate, dedicated committee, namely the Treasury and Economic Regulation Committee.

All members of this committee, including the chairman, are non-executive directors. Both external and internal auditors have unrestricted access to the chairman and may meet privately with the committee when required, but formally at least once a year. The two firms of joint external auditors are appointed or reappointed at the Annual General Meeting following an Audit and Risk Committee and Board recommendation.

The Auditor-General also ratifies the reappointment of the external auditors on an annual basis.

The Audit Committee merged with the Operational Risk Committee from 28 February 2011 due to the significant overlap of items considered by each of the committees.

Due to the reduced number of directors from 28 September 2010, the Audit and Risk Committee comprised of two non-executive directors, one of whom chaired the committee.

Attendance at the Audit Committee meetings was as per the table below:

<table>
<thead>
<tr>
<th>Member</th>
<th>*28 June 2010</th>
<th>*1 July 2010</th>
<th>*28 July 2010</th>
<th>28 October 2010</th>
<th>8 February 2011</th>
<th>*23 March 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>NP Galeni, Chairman</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>MD Ramagaga</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>NTY Siwendu</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>M Janse van Rensburg</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>SV Zilwa (by invitation)</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>A Kekana</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
</tbody>
</table>

* = Special Audit Committee meeting
√ = includes attendance through teleconference facilities
R = resigned
Treasury and Economic Regulatory Committee  
(Formerly Finance, Investment and Regulations Committee)

This committee’s role is to concentrate specialist skills on important areas, such as investment, funding, budgeting and tariff regulation.

In November 2010, the Board temporarily suspended the activities of this committee and resumed its responsibilities.

Attendance at the Treasury and Economic Regulatory Committee was as per the table below:

<table>
<thead>
<tr>
<th>Member</th>
<th>6 May 2010</th>
<th>26 July 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>NP Galeni (Chairman)</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>M Janse van Rensburg ø</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>A Kekana</td>
<td>A</td>
<td>√</td>
</tr>
<tr>
<td>MD Ramagaga</td>
<td>√</td>
<td>A</td>
</tr>
</tbody>
</table>

√ = includes attendance through teleconference facilities  
A = absent with apology  
ø = co-opted member

Operational Risk Management Committee  
(Formerly Risk Management Committee)

This committee focuses on the management of enterprise-wide risks within the risk management framework. The main risk areas addressed are traffic, market, operational and sustainability of commercial activities.

This committee merged with the Audit Committee from 1 November 2010.

Attendance at the Operational Risk Management Committee meetings was as per the table below:

<table>
<thead>
<tr>
<th>Member</th>
<th>28 April 2010</th>
<th>27 July 2010</th>
<th>6 September 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>NTY Siwendu (Chairman)</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>A Kekana</td>
<td>A</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>R Persad</td>
<td>A</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>SV Zilwa</td>
<td>√</td>
<td>A</td>
<td>√</td>
</tr>
</tbody>
</table>

√ = includes attendance through teleconference facilities  
A = absent with apology

Human Resources and Transformation Committee

This committee focuses on matters of employment equity, human resources policies (taking into account market trends and best practice benchmarks) and remuneration of executives and staff, including staff incentive schemes and wage negotiations.

It is further tasked with ensuring that the transformation objectives and strategies of the Company are integrated into its overall business strategy and that employment practices and conditions of service are implemented that eradicate discriminatory practices and facilitate support and career opportunities for previously disadvantaged staff members.

A further responsibility of the committee is to improve organisational efficiency by setting measurable employment targets and monitoring statutory compliance relating to employment matters.

In November 2010, the Board temporarily suspended the activities of this committee and resumed its responsibilities.
CORPORATE GOVERNANCE AND COMPLIANCE

Attendance at the Human Resources and Transformation Committee meetings was as per the table below:

<table>
<thead>
<tr>
<th>Member</th>
<th>24 June 2010</th>
<th>29 July 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>R Persad (Chairman)</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>WC van der Vent</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>SV Zilwa</td>
<td>√</td>
<td>√</td>
</tr>
</tbody>
</table>

√ = includes attendance through teleconference facilities

Commercial Committee
The Commercial Committee deals with the operation and development of ACSA’s commercial and real estate business, including retail and advertising portfolios, in order to deliver customer service and increase shareholder value. The committee’s main responsibility is to review and monitor the role, objectives and strategic plans of the commercial business unit, which is a major contributor to ACSA’s profitability.

This committee also reviews and recommends to the Board major capital expenditure projects and investments in airports and other countries.

In November 2010, the Board temporarily suspended the activities of this committee and resumed its responsibilities.

Attendance at the Commercial Committee meetings was as per the table below:

<table>
<thead>
<tr>
<th>Member</th>
<th>30 April 2010</th>
<th>29 July 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>WC van der Vent (Chairman)</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>MD Ramagaga</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>NTY Siwendu</td>
<td>√</td>
<td>√</td>
</tr>
</tbody>
</table>

√ = includes attendance through teleconference facilities

Other Governance Related Matters
The Board also considers matters relating to procurement and capital expenditure which are above the delegated levels of authority of executive management.

Compliance Function
The main focus of the compliance function is to ensure compliance with ACSA’s compliance and regulatory universe. Its work is ongoing and geared towards ensuring that ACSA is not adversely exposed to legal and compliance risks.

In the year under review, no material non-compliance of legislation/regulatory requirements has come to the attention of the Board.

Public Finance Management Act
The Board is the Accounting Authority in terms of the PFMA, in which ACSA is listed as a schedule 2 public entity.

The PFMA focuses on financial management with related outputs and responsibilities.

Directors comply with their fiduciary duties as set out in the PFMA. The responsibilities of the Board, in terms of the PFMA, include taking appropriate action to ensure that:

- Economic, efficient, effective and transparent systems of financial and risk management and internal control are in place
- A system is maintained for properly evaluating all major capital projects prior to making a final decision on each project
- Appropriate and effective measures are implemented to prevent irregular or fruitless and wasteful expenditure, expenditure not complying with legislation, or losses from criminal conduct
CORPORATE GOVERNANCE AND COMPLIANCE

• All revenues due to ACSA are collected
• Available working capital is managed economically and efficiently
• The objectives and allocation of resources are defined in an economic, efficient, effective and transparent manner.

For the year under review, no material irregular expenditure was reported.

KING REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA 2009 (KING III)

ACSA complies substantially with the provisions of King III. The results of such reviews are reported to the Audit and Risk Committee.

PROMOTION OF ACCESS TO INFORMATION

ACSA complied with the requirements of the Promotion of Access to Information Act of 2000 and the information manual is available on ACSA’s website and intranet.

AIRPORTS COMPANY ACT AND COMPANIES ACT

For the period under review, ACSA has substantially complied with both the Airports Company Act as well as the Companies Act of 1973.

With the new Companies Act 2008 coming into effect from 1 May 2011, ACSA is working towards full compliance in the ensuing two years.

CODE OF CONDUCT

ACSA has updated its code of conduct for all employees and consultants. The new code of conduct is in the process of being rolled out to all ACSA employees.

RISK MANAGEMENT

An integrated risk management strategy and process is one of the Company’s key focus areas. Risks and opportunities, against business objectives, are identified during risk assessments. Risk integration between airports and business units is reviewed by various committees to ensure a co-ordinated approach to risk mitigation measures.

ACSA’s philosophy to risk management is conservative, with a low appetite for risk, as well as low tolerance levels, in the interests of preventing shareholder value erosion.

The Executive Committee is accountable for the implementation of risk management and its accountabilities in this regard are:
• To set and direct risk management frameworks and standards
• To reinforce accountability for risk controls
• To evaluate the effectiveness of the risk management framework
• To participate in strategic risk assessments
• To establish the ACSA risk profile
• To evaluate risk management performance.

In the year under review, ACSA significantly strengthened its risk management framework and approach. The Company continues to effectively manage all material risks with frequent reports to the Board and committees.

INTERNAL AUDIT

Internal controls comprise the methods and procedures implemented by management to achieve the objectives of safeguarding Company assets, efficient and effective employment of resources, the prevention and detection of errors and fraud, ensuring the accuracy of accounting records and the timely production of reliable financial and operational information.

The Board is responsible for the design, implementation and maintenance of appropriate internal controls in mitigation of the inherent risks of the Company.

The internal audit function, whose independence is ensured through a strong reporting line on the functional level to the Chairman of the Audit Committee, examines and evaluates the Company’s activities, with the objective of assisting executive management and the Board in the effective discharge of their responsibilities. The other major areas of activity are monitoring the system of internal controls as elaborated above, identifying and reporting on error, fraud and discrepancies and monitoring corporate governance.

The Group Manager: Internal Audit reports administratively to the Managing Director and functionally to the Chairman of the Audit Committee.

The mandate of the internal audit function is to independently appraise the appropriateness, adequacy and effectiveness of ACSA’s systems and internal enhancements, reporting the findings to management and the Audit Committee. The three-year, risk-based audit plan covers major risks emanating from ACSA’s integrated risk management process.

The audit plan is approved by the Audit Committee and reviewed annually, based on changes to ACSA’s risk profile, as this ensures that the audit coverage is focused on identifying high risk areas.

Nothing has come to the attention of the Board to indicate that there are any material breaches in controls in the year under review.
The very heart of our business lies in our airports and their operations, and they manage the lifeblood of the business. The physical infrastructure is plain for all to see and is a source of great pride for Airports Company South Africa, the airports community and the nation. Assessment of Operations is less tangible and, for ‘outsiders’, tends to be based on subjective experience. The processes, procedures and systems required to ensure safe and secure operations of the airports are standardised across the airport network.

ACSA has enjoyed more than a year since the completion of all major construction, expansion and refurbishment at its airports around the country, allowing concentrated focus on maximising the utilisation of these assets.

Pivotal to operational success is the continued provision of customer service of the very highest quality. Furthermore, protection of the natural environment and respect for our stakeholders influence every aspect of infrastructure management and airport operations.

O.R. Tambo International Airport
It is impossible to reminisce about the past year without the 2010 FIFA World Cup floating to top of mind. The majority of our international visitors and the soccer teams used O.R. Tambo International as their key entry point. Although most people would say that the airport’s successful handling of the massive increase in air traffic over the period of the World Cup tournament was an indicator of South Africa’s achievement, it should rather be considered as the culmination of a five-year development programme that was planned to coincide with the World Cup.

The airport was named the ‘Best Airport’ at the Skytrax World Airports Awards and was also recognised as one of the three most improved international airports in the world. International recognition of the success of our efforts is a great motivator for achieving continued excellence.

Of all the airports in the ACSA network, O.R. Tambo International, as the primary international gateway, was the major beneficiary of the influx of visitors for the World Cup tournament.

The challenge for the future is to implement a strategy to maximise the passenger and aircraft processing through the existing precinct in an efficient and comfortable manner.

Cape Town International Airport
Cape Town International Airport is Africa’s most award winning airport and this year it scooped two Airport Service Quality (ASQ) global awards for the Best Airport in Africa, and Best Improved Airport in Africa. In addition it was awarded the International Skytrax Award for Best Airport for Staff Service Excellence. The consistent performance is indicative of the dedicated, loyal and committed teams that work at the airport. The high regard for customer service, always ensuring that the airport user comes first, and the continuous collaborative focus is a key ingredient in the airport’s on-going, outstanding performance.

November marked the one-year celebration of the opening of the airport’s new Central Terminal Building. The new infrastructure has significantly enhanced the passengers’ end-to-end experience and has benefited airport users not only functionally and aesthetically, but also in relation to general convenience.

On the ‘passenger convenience’ front, major strides were made when projects, such as the reconfiguration of the airport’s parking offerings, were concluded. These changes were based on feedback and requests received from airport users and all of these changes have come as a welcome relief to many of our airport users. This included the relocation of the pick-up zone, now situated significantly closer to the terminal, completely undercover and providing a 30-minute free pick-up period.
King Shaka International Airport
At the end of April 2010, the world witnessed an amazing, problem-free transfer of an international airport to a brand new site: King Shaka International Airport was born. This was the culmination of an extraordinary, record breaking, 33-month construction project, with the country’s President Jacob Zuma conducting the official opening just one week after the start of operations. The effectiveness of the preparation for the move to the new airport was tested to the extreme by the hosting of the World Cup just six weeks after the airport opening. Other than one incident, the massive increase in traffic volumes was handled with great efficiency.

The construction and consequent operation of the new airport resulted in a slew of awards from engineering, development, risk, steel, BEE and airport organisations. Further successes for the new airport are reflected through the achievement of the highest growth rate in domestic passenger numbers within the ACSA network of airports.

King Shaka International is the heart of Dube TradePort, the flagship development of KwaZulu-Natal Province, and has already added significant value to the economy during construction. It is projected that this development node has the potential to create up to 260 000 jobs over the next 30 years.

The extremely tight timeframe within which the airport development had to be delivered produced some unexpected staff development opportunities. Senior management members had to be relocated to the construction project, leaving the running of Durban International to remaining staff. This resulted in an exceptional learning challenge, which was met with relish and managed with aplomb.

One of the most meaningful measurements of service effectiveness is through the Airports Council International (ACI) service standards measurements. During the reporting year, the ACI rating increased from 3.62 to 3.96 and has recently increased to 4.20, a sure reflection of the attention that is applied to customer service.

Barn Swallows
About one-and-a-half kilometres from the end of the runway at King Shaka International, a reed bed at Mt Moreland is host to about three million Barn (European) Swallows, that migrate from the northern hemisphere, staying in South Africa between October and March. Concerns for the swallows and the risk of air strikes initiated the installation of a radar monitoring system to monitor the birds and give early warning alerts of any potential risk situation. This is the world’s largest-known Barn Swallow roost.

October 2010 was the first time that the swallows were present with a fully operational airport and results have proved the successful co-existence of the two. The birds come to the same reed bed each year and are directly in the flight path of the airport. To mitigate this, ACSA has installed a bird radar equipment in order to track movements of the barn swallows so as to inform operational decisions. It has been discovered that the swallows were not only roosting at the Victoria Lake Conservancy but also at a nearby area called Froggy Pond, which is actually closer to the airport.

Swallows look for alternative roosting areas for various reasons, varying from weather patterns, the size of the reed stalks, the airport and other factors. ACSA is currently working with experts and the Mt Moreland community to assess the situation after the first season of the co-existence model to gauge the impact of the airport on the swallows.

George Airport
There has been a further outcome from the incident at George Airport in December 2009, when an SA Airlink aircraft ran off the runway. At the time, the reason for the incident was considered to be the friction coefficient of the newly resurfaced runway; this, despite ACSA’s insistence that it met required standards.

The matter is still with CAA for finalisation. It is anticipated that the final report will be issued in the new financial year.

Travellers with disabilities
The provision and improvement of services and facilities for people with disabilities has become a global goal, and the aviation industry is no exception. Reflecting our commitment to customer-centricity, ACSA, along with our key industry partners, has started focusing on how to make the end-to-end process of passenger facilitation more efficient and hospitable for our customers with disabilities.

Positive feedback from audit reports also forms the basis of our Customer Care Rewards and Recognition Programme that allows for excellent service rendered by airport staff to be rewarded.

All our initiatives are strengthened by collaboration with key players in the disability sector. Under their parent body, South Africa Disability Alliance (SADA), the Quadpara Association of South Africa, the National Council for People with Physical Disabilities in South Africa, DEAFSA, and the National Council for the Blind are all actively working with ACSA to ensure that services in the aviation industry are improved for their members.

Information technology
Information and Communication Technology (ICT) provides a ‘backbone’ for virtually every aspect of the Group’s business. The Group’s Information Technology (IT) function is responsible for the provision of ICT strategic, management and operational support.

The decision to insource and establish ‘in-house’ skills and competencies has already realised business benefits across the Group, with better service levels, including measureable improvements in system availability and quality. IT-enabled systems are continually addressing the reduction of reliance on external service providers, both reducing costs and increasing self-dependence.
In parallel, the installation of key IT infrastructure has provided immediate relief and is enabling improvement of operational efficiency. In the past year, the IT system's storage environment has been upgraded and its capacity expanded. Network capability has been upgraded through the installation of additional capacity in the wide-area network. Further improvements to system availability and response times at the major airports have been achieved through reconfiguration of their network structures.

For the year under review, focus has been on improvement and sustainability of the IT infrastructure, with particular attention to core networks, systems, security, resources and disaster recovery. Establishment of a disaster recovery strategy, disaster recovery framework and a roadmap for the integration of business processes has begun and will be fully realised over the next five years.

The efficient transfer of passengers, aircraft and baggage is largely reliant on data and information management. Consequently, focus has been concentrated on refining the processing of relevant and real-time data over the multitude of systems to ensure smooth and efficient information management from operational systems like the Airport Operational Database (AODB) to back-office systems such as human resources and finance.

Passengers and airport users are now able to check flight arrival and departure times, and interact with customer service facilities, from anywhere. Self-service kiosks, web check-in, home-printed boarding passes and boarding passes sent to passengers’ mobile phones are now operational. This has increased convenience levels for passengers and reduced the queue pressure at check-in counters.

**Aviation security**

Security at our airports is an area of perpetual focus, and never more so than during the World Cup. An Airport Core Command committee, chaired by the South African Police Service, was created for the effective planning and implementation of security for the extensive logistics that resulted from the tournament. This extended to all match venues and the airports that served them, including those outside the ACSA network.

Many agencies were involved, including SAPS, Immigration, Customs, Interpol, NIA, private security companies and the ground handling companies. The background planning certainly paid off as not one incident of violence or interference with baggage for any of the 32 team members and their entourages was recorded.

As well as the success of the combined security operations, the learnings from it will bear fruit into the future. New channels of communication were formed, relationships strengthened and systems created to manage major events. The experiences gained have benefited security generally.

**Security systems**

New technology continually presents improved equipment and it is an ongoing requirement to keep abreast of developments, assess their value and install better solutions where required. New, more sophisticated X-ray equipment was installed at O.R. Tambo, Cape Town and King Shaka International Airports in the year under review. The security control room at O.R. Tambo International was upgraded and additional CCTV cameras installed around the airport.

Specific perimeter intrusion threats were identified at O.R. Tambo and Cape Town International Airports and at East London Airport and these were addressed by installing perimeter detection systems.

**Screener training**

The ACSA Training Academy is accredited by the CAA as a training provider for the National Screener Certification Programme and staff training was conducted during the year as a part of the ongoing process of certification.

**Baggage handling**

Baggage handling is a multi-stakeholder responsibility, with each role-player having a clear understanding of their individual areas of accountability. The stakeholders include ACSA, airlines, ground handling companies, law enforcement agencies and contracted security companies.

The past five years have seen a consistent improvement in the infrastructure surrounding and supporting baggage handling. This has included ingress and egress control, enhancement to CCTV coverage and improved handling mechanisms.

As a result of these initiatives, over a period of time, the average number of bags pilfered at O.R. Tambo International has reduced steadily from 36 to 9 per day out of the nearly 30 000 bags that are screened, on average, every day.

Each airport meets regularly with its stakeholders to review issues of baggage handling in particular and ground handling in general.
AVIATION SAFETY

The Convention on International Civil Aviation, commonly known as the Chicago Convention, lists safety as its first priority, as reflected in the aims and objectives, which charges the International Civil Aviation Organisation (ICAO) with ensuring the safe and orderly growth of international civil aviation throughout the world. Safety, being the raison d’être of ICAO, is and always will be the main focus of our business activities. Senior management’s commitment to safety is formally expressed in our Managing Director’s Safety Policy Statement, which includes our fundamental safety beliefs, namely that:

- Safety is a core business and personal value
- Safety is a source of our competitive advantage
- Our business will be strengthened by making safety excellence an integral part of all aviation activities
- All accidents and serious incidents are preventable
- All levels of line management are accountable for our safety performance.

The core elements of our safety approach include:

- Top management commitment
- Responsibility and accountability of all employees
- Clearly communicated expectation of zero accidents
- Auditing and measuring performance for improvement
- Responsibility of all employees.

A Safety Management System, as stipulated in ICAO and SA Civil Aviation Authority (CAA) regulations, has been implemented, a few years ahead of many other airports around the world. This is an organised approach to managing safety which moves beyond regulatory compliance to a performance-based system consisting of measurable performance objectives. Key performance indicators include targets per 1 000 aircraft movements for accidents and incidents on airside, runway incursions and bird and wildlife strikes. Our performance is benchmarked against standards published by Airports Council International (ACI) and, once again, ACSA performed well above the ACI standards.

In terms of SA CAA requirements for safety management systems, a detailed occurrence reporting system of airside accidents and incidents is required. ACSA has developed innovative software to manage, capture and analyse all airside occurrences. These reports are analysed and risk assessments performed on the electronic reporting system, which caters for various categories of incidents, i.e. airside and landside, environmental and hazardous material, aircraft related incidents, violation of occupational health and safety requirements, illness and injury, etc.

Each occurrence is verified by senior management, analysed and trends identified to enable a predictive method of safety management. The integrity of the system and maintenance of data are strictly controlled to ensure accurate reporting to the SA CAA and ACI. This is certainly a world-class system that is envied by many airport operators, worldwide, and ACSA will consider marketing the product to other airports. The software also caters for a security incident reporting system.

Another innovation is the planning and design of a unique Foreign Object Debris (FOD) bin, consisting of three compartments, currently in use at King Shaka International Airport. This bin permits the separation at source for FOD, general waste and hazardous material and also allows for a proper analysis of FOD.

Our partnership with the Endangered Wildlife Trust to manage birds and wildlife continues to pay dividends. Statistics for bird and wildlife strikes are well below the benchmark rate per 10 000 air traffic movements (ATMs).

A comprehensive wildlife management plan has been completed for each airport, consisting of identified risks, flora and fauna species, and hazards on and around the airport. This plan enables a ranking system for species across all ACSA airports, in terms of risk, and assists in proactively managing and controlling any activity that would impact on ATMs. Geographic information system software, used to monitor bird and wildlife activity in-real time, is working well, with data uploaded
and analysed regularly. Staff has been trained in specialist handling of snakes and the Border Collie programme continues to enjoy success.

Airport rescue and firefighting services

As an airport operator, ACSA is required to develop, implement, monitor and apply comprehensive policies, procedures and work practices to provide adequate and efficient emergency response at all ACSA-operated airports. These are compliant with the complex web of applicable civil aviation regulations and ICAO standards and recommended practices.

The Emergency Response Services at ACSA-operated airports are one of the primary operational functions of the Company and are of paramount importance in recognising the inherent risks associated with the complexity of the airport operating environment. These risks include the potential for serious accidents involving aircraft or operational vehicles and an airport operator is expected to render efficient emergency response services to save lives and reduce damage.

A complete review of the status of compliance with all aspects of the existing civil aviation regulations and technical standards was carried out in the year under review, resulting in the adoption of an approach and philosophy of ‘Beyond Compliance’.

In close consultation with specialists from the South African Civil Aviation Authorities, the Company approved and introduced:

- A new resourcing model for the function of Emergency Response Services, in many instances exceeding the prescribed ICAO standards
- Comprehensive airport emergency plans, approved by the SA CAA, for all ACSA-operated airports; these are strictly carried out by the Aerodrome Rescue and Firefighting functions
- Full-scale emergency exercises (exceeding legislative requirements) were conducted at each ACSA airport, with the participation of the local municipal emergency response services. The exercise scenarios were carefully selected to allow for the practice of possible emergencies under increased air traffic movement, as anticipated prior, during and immediately after the 2010 FIFA World Cup
- In consultation with the SA CAA, ACSA designed and constructed aircraft firefighting simulators at all the airports, and these are used for aerodrome rescue and firefighting drills
- The aerodrome rescue and firefighting vehicles fleet was upgraded and strengthened with the deployment of new Panther 8x8 vehicles, and a detailed replacement programme is in place to ensure that our airports are provided with the best available equipment
- The Company has introduced measures for focused and progressive development, deployment and remuneration of personnel in the Aerodrome Rescue and Fire Fighting function
- A new uniform and rank structure were approved and will be implemented during the 2011/12 financial year.
HUMAN RESOURCES

The execution of the Group’s business strategy and supporting objectives unfolds within the context of a competitive and challenging labour market. The Human Resources Division is therefore positioned as a strategic business partner and efforts are focused on the attraction, retention and development of top-calibre talent, ensuring a talent bench which impacts positively on long-term business sustainability.

A further priority centres around creating an enabling environment, underpinned by a performance-driven culture, amongst all our employees. Appropriate remuneration and recognition systems are therefore focused on incentivising outstanding performance and customer service. The cultivation of a stable employee relations environment is an area of continued focus which is underpinned by a strong belief in the value of employee wellbeing.

Talent management activities are managed by Talent Boards, with a main focus on areas such as succession planning, retention strategies for critical positions within the business, and the development of skill sets that will ensure outstanding performance and productivity.

Leadership development is therefore prioritised and the Company has, over recent years, and will continue to do so, invested in programmes focused on supervisory, management and leadership development. A substantial number of supervisors participated in an intensive supervisory development programme, whilst several senior managers were exposed to personalised leadership and coaching programmes.

A performance-driven company culture is also enhanced through a well entrenched performance management system, which is focused on continuous measurement and improvement of performance.

Employment equity management
When considering resourcing, development and talent management initiatives, the Group remains strongly committed to the achievement of a fully diverse workforce, within the context of the principles captured in the Employment Equity Act. Considerable progress was made in our commitment towards equal opportunity and the current employment equity profile is reflected below:

Talent and performance management
ACSA’s human capital is the pivotal contributor to the successful execution of the business strategy and delivery on the goals set by the Group.

Talent management therefore remains a strategic imperative within the division’s business plan. Through an integrated and well-embedded talent management system, the focus is on ensuring that the organisation has skills and capability sets available which correlate with business imperatives.

Percentage Black

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>77%</td>
</tr>
<tr>
<td>2006</td>
<td>78%</td>
</tr>
<tr>
<td>2007</td>
<td>80%</td>
</tr>
<tr>
<td>2008</td>
<td>83%</td>
</tr>
<tr>
<td>2009</td>
<td>85%</td>
</tr>
<tr>
<td>2010</td>
<td>85%</td>
</tr>
<tr>
<td>2011</td>
<td>87%</td>
</tr>
</tbody>
</table>
The employment and advancement of women also serves as a priority to the business. ACSA continued to focus on initiatives to support the employment and contribution of women in the workplace and the current employment status is reflected below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Female</th>
<th>Male</th>
<th>Grand Total</th>
<th>% Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>936</td>
<td>1,406</td>
<td>2,342</td>
<td>40%</td>
</tr>
</tbody>
</table>

In support of the above, there is continuous focus on women empowerment programmes, specifically on coaching and mentoring. Furthermore, ACSA is also engaged in several initiatives for the development of young women and in particular the development of technical skills, graduates and the creation of required readiness levels for the business world.

The integration of people living with disabilities will serve as a particular priority. Their representation within the company is currently 0.56 percent of the total workforce.

**Remuneration and reward**

The Group supports a culture of accountability and individual performance excellence through the exercise of the required competencies, technical skills and experience. Thus, the focus of the ACSA remuneration approach is to attract, retain, motivate and reward performance excellence.

The principle of market-related remuneration is respected. Market value differentiation is supported and remuneration practices must therefore ensure adequate levels of competitiveness, depending on the current and future scarcity of talent, both internally and externally. The Company adopted an integrated remuneration approach and the ‘Total Rewards Model’ is reflected below:

<table>
<thead>
<tr>
<th>African</th>
<th>Coloured</th>
<th>Indian</th>
<th>White</th>
<th>Total Staff</th>
<th>Total Black</th>
<th>% Black</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,450</td>
<td>391</td>
<td>193</td>
<td>308</td>
<td>2,342</td>
<td>2,034</td>
<td>87%</td>
</tr>
</tbody>
</table>
ACSA is also investing in several future capability development projects such as apprenticeships, internships, learnerships and graduate bursary schemes. Apprenticeship programme learners at Cape Town, Port Elizabeth and O.R. Tambo International Airports are progressing well, whilst several internship programmes were completed successfully. A total of seventy-seven employed Security Officers have successfully completed the General Security Practices learnership programme during the period under review.

Employee relations and wellness
ACSA, as a progressive company, ensures that employee satisfaction levels are measured, thereby having a positive impact on the execution of company strategy, through the implementation of required interventions. ACSA measured employee satisfaction over the year under review, particularly noting areas such as employee attitude, opinions, motivation and satisfaction levels, and an above-average score was achieved.

An essential component of employee satisfaction and productivity is employee wellness and, in this regard, Airports Company South Africa has a well-embedded Employee Wellness Programme, which has been in place for six years and focuses on:

- Contributing towards productivity through strengthened relationships
- Supporting employees and their family members by providing assistance during personal difficulties
- Providing a formalised system and structure for management to demonstrate its concern and support for the wellbeing of employees
- Assisting in reducing costs related to the impact of personal challenges on general productivity of employees.

The services offered provide for legal and financial support, telephonic emotional support, face-to-face counselling and managerial referrals.

Group engagement initiatives provide for wellness days, training, critical incident stress debriefings, and HIV testing and counselling.

The utilisation for the past year was 10.17 percent of the total staff complement, which is in line with national and international benchmarks of between eight and eleven percent. The utilisation rate has remained stable for the past three years.

General employee relations within ACSA are stable, productive and underpinned by appropriate agreements with the representative trade unions.
Deeply embedded in Airports Company South Africa’s DNA is a determination to make a meaningful contribution to improving the lot of South African society, especially those who have not been privileged with opportunity or who have special requirements.

ACSA distributed R32 million in the year under review, through its Corporate Social Investment (CSI) and Enterprise Development (ED) programmes and to projects that support ACSA’s social and economic development agenda. In the previous financial year, R24.3 million was distributed.

Investing in community development plays a critical role in the empowerment and sustainability of South African communities, thus making a vital contribution to addressing South Africa’s key development challenges. ACSA understands that in fulfilling its business objectives, the company affects, influences and impacts various aspects of life in our society, as well as the environment.

ACSA is in the business of ‘moving people’ and, consequently, our Corporate Social Investment thrust is premised, as it has done for the last few years, on ‘moving people, changing lives’. The CSI budget is focused on community development, mobility and care for the environment, with critical elements of women empowerment, youth development, education and training.

For some years ACSA has championed the cause of people with physical disabilities by supporting projects that enhance their integration into society, provide physical support, infrastructure improvement, skills development, education and awareness.

Wheelchair Tennis South Africa (WTSA) has now been ACSA’s flagship project for seven years. For the first time ever, the World Team Cup event will have been hosted on the African continent in 2011, an ideal opportunity for South Africa to ‘wave the flag’ once more.

Our wheelchair donations project is an ambitious undertaking in partnership with the Ministry of Women, Children and People with Disabilities. The target, which we reached, was to deliver 2010 wheelchairs in 2010, adding considerably to the cumulative total, which stood at 3 019 at the end of March 2010.

Every year, each airport is allocated a CSI budget for local allocation. Cape Town International has taken the initiative of allowing staff a much greater say in how this money is distributed. Being well aware that the airport does not operate in isolation, the focus is on ‘giving back’ to the neighbouring communities. This year, for the first time, the airport introduced a programme to allow airport staff the opportunity of nominating organisations for the airport to support. A staff committee was created to evaluate the organisations that would be supported, with strict criteria in place. Given the extensive staff involvement, this is set to become a cornerstone in the Corporate Social Investment programme, creating the ability to support organisations in the communities where airport staff live. Key to the success of the CSI approach is being more than merely a donor, but actively participating and getting involved with the communities.

Enterprise Development continues to play a vital role in ACSA’s strategy for the creation, development and support of enterprises for the upliftment of marginalised sectors of our society and the consequent contribution to employment creation.

The ED strategy has identified focus areas for attention and includes infrastructure development, tourism, heritage and cultural enterprises, information and communication technology and bulk supplies and services.

It is essential to ensure that the business environment supports the success of the initiatives to be embarked upon by specifying the level and extent of support that is required for the ventures to be successful. The development of King Shaka International Airport provided the ideal opportunity of supporting initiatives in the La Mercy area. The importance of the impact on local communities during the construction of the new airport was clearly recognised through the injection of about R44 million through Corporate Social Investment and Enterprise Development programmes. There will be ongoing support for projects in proximity to the airport.

This has assisted King Shaka International in achieving an overall B-BBEE spend of 93 percent against ACSA’s Level 4 target of 65 percent, an exceptional achievement.

A separate fund allows the Managing Director the flexibility to make decisive and timely interventions to projects that address a variety of causes, from health and welfare to arts and heritage. These are mostly charitable causes.

To ensure good governance of the CSI and ED programmes, a CSI Governance Committee has been formed to manage the allocation of funds and oversee the operation of the programmes. The committee will meet quarterly and is made up of ACSA personnel.