

GOVERNANCE AND REMUNERATION REPORT 2023

Taking flight into the future:

Navigating change with sustainable innovation



AIRPORTS COMPANY
SOUTH AFRICA



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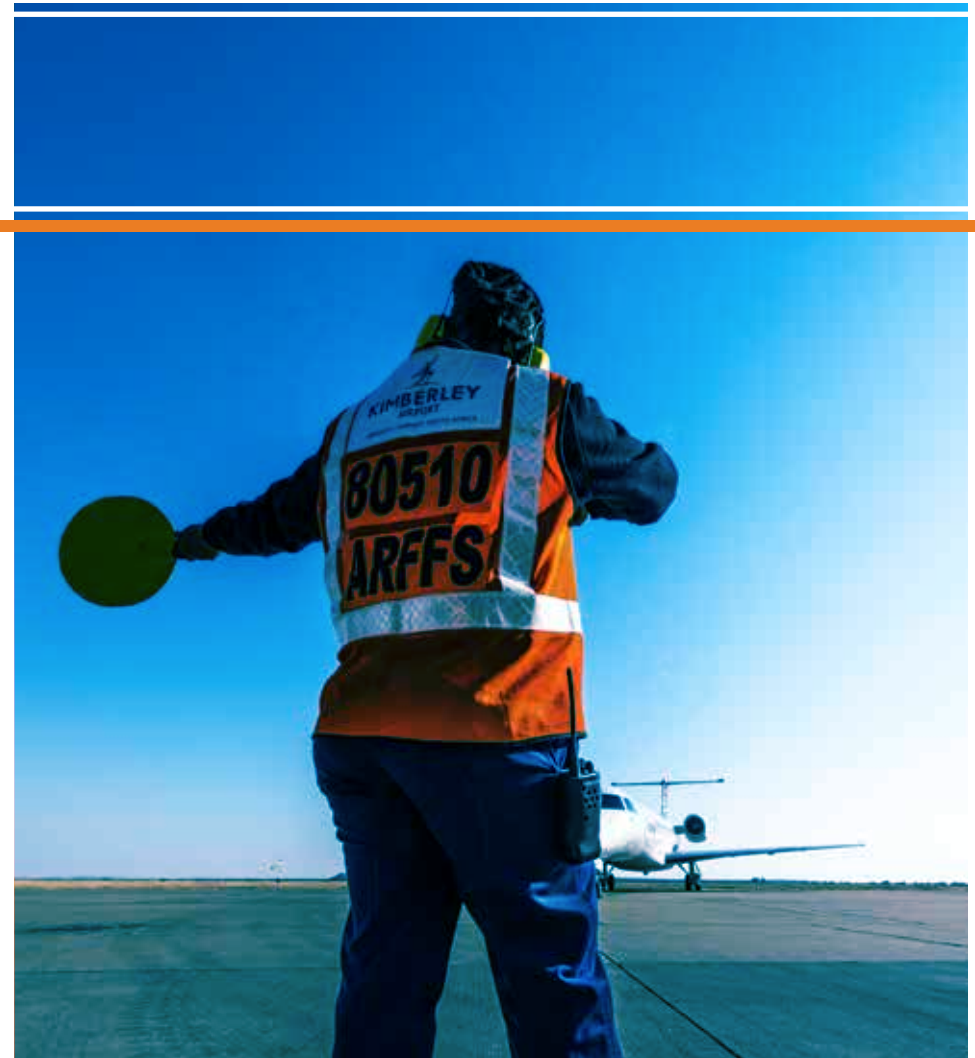
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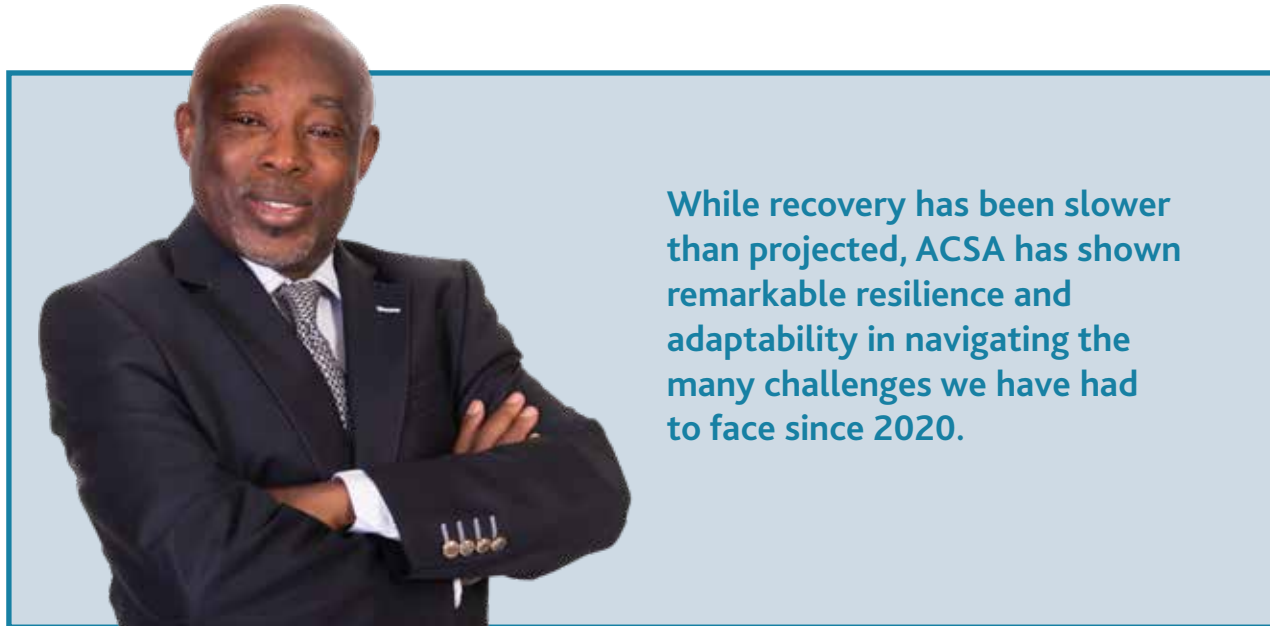
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GOVERNANCE

How our corporate governance secures our brand, reputation and sustainability

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MESSAGE FROM OUR CHAIRMAN



While recovery has been slower than projected, ACSA has shown remarkable resilience and adaptability in navigating the many challenges we have had to face since 2020.

It is my pleasure to present Airports Company South Africa's Governance and Remuneration Report for the year ended 31 March 2023. This gives details of our approach to corporate governance practice and our key activities during the year as well as information related to our implementation of the principles in the King Report on Corporate Governance for South Africa™ (2016) (King IV™), our annual Board evaluation process and our approach to remuneration.

Our reporting suite consists of three reports, as detailed in the following section, which provide our stakeholders with comprehensive information about the Group, its performance during the reporting period and its future prospects. The suite for the 2022/23 financial year was approved by the Board on 17 August 2023.

It is our vision to be the most sought-after partner in the world for the provision of airport management solutions by 2030 and inherent in that vision is the responsibility to ensure that the ethical culture and good governance practices at the Airports Company of South Africa (ACSA) remain as strong as ever. We therefore continue to evolve as an organisation in order to address new challenges in our operating environment and strive to remain relevant in a rapidly changing world.

We take great pride in our standing as a well-run State-owned company that has made a profit in all but two years of operation. Our commitment to robust governance and best-practice financial management principles is what enabled us to successfully navigate the impact of the COVID-19 pandemic, which is the most significant challenge our business has ever had to face. It also enabled us to deal with the impact

of subsequent events, including the war in Ukraine, the severe flooding in KwaZulu-Natal in April 2022 and the jet fuel shortages that occurred later in the year. This culture of good governance has given us a solid foundation to depend on throughout many difficult operating conditions and has kept the Group secure from unethical conduct and malice.

According to the Airports Company Act (No. 44 of 1993, as amended), the Group is mandated to undertake the acquisition, establishment, development, provision, maintenance, management, operation and control of any airport, any part of any airport, or any facility or service at any airport normally related to an airport function. We fulfil this mandate within the context of our governance framework, which has enabled the Board and senior management to be agile in our response to all of the challenges we have had to face over the past three years. The governance framework provides role clarity and delineation as well as areas of accountability, ensuring strategic alignment across the Group and efficient and informed decision-making at the appropriate levels.

My fellow Board members and I are committed to working with the Minister of Transport, the Auditor-General of South Africa and other relevant state organisations to sustain our recovery from the impact of the COVID-19 pandemic and to plan for future growth.

As always, we remain keenly focused on maintaining an organisational structure appropriate to market conditions and on scrupulous management of expenditure. This approach, together with our dedication to innovation and customer service, will always be the bedrock on which our Group is founded.

Dr Sandile Nogxina
Chairman

MESSAGE FROM OUR CHAIRMAN continued



Vision

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



Mission

To acquire, develop and manage world-class airports and related businesses for the benefit of all our stakeholders and the socio-economic development of South Africa.



Values

We define our values through the acronym PRIDE:

Passion
Results
Integrity
Diversity
Excellence

Our reporting suite consists of three reports, which provide our stakeholders with comprehensive information about the Group, its performance, and its future prospects. These reports, which comprise the Integrated Annual Report (IAR), the Governance Report and the Remuneration Report, are prepared in compliance with the Public Finance Management Act (No. 1 of 1999) (PFMA), the Companies Act (No. 71 of 2008), the JSE Debt Listings Requirements, the International Financial Reporting Standards, the International Integrated Reporting Council's International Integrated Reporting Framework, and ISO/SANS 31000. External auditors provide assurance on all external reports.

The individual reports and supplementary documents are available online at www.airports.co.za.



UPHOLDING AN ETHICAL CULTURE

King IV™ Principle 1:

The governing body should lead ethically and effectively.

The Board is committed to the highest standards of ethics and integrity and to providing principled leadership that gives expression to our values and safeguards stakeholder value creation within the framework of robust and effective controls. The principles and recommendations outlined in King IV™ are entrenched in our governance structures, policies, and procedures. This is the foundation on which we have built an ethical culture. The Board ensures that high ethical standards and governance practices are channelled into all levels of the organisation in order to enhance our reputation, build trust and, ultimately, create and protect value for all of our stakeholders. Oversight of ethical leadership and ethical behaviour is delegated to the Social and Ethics Committee.

The Board has approved an Ethics Pledge and all Board members have duly signed the pledge.

King IV™ Principle 2:

The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

Governing and managing ethics

The Board is accountable for ensuring that management actively cultivates a culture of ethical conduct and ensures that our Code of Ethics is adhered to by employees and associates.

All employees and stakeholders are expected to commit to the Code of Ethics and, in doing so, to be accountable and responsible for their actions. The Code of Ethics guides the ethical behaviour of all employees and directors and is incorporated by reference in employment contracts. The Code is approved by the Board and its implementation is monitored by the Social and Ethics Committee. The Committee is also

responsible for monitoring the behavioural standards specified in the Code and in the Group's policies.

Employees are provided with a copy of the Code when joining the Group and it is addressed extensively as part of our induction process. Non-executive directors are also provided with all relevant policies as part of their induction process.

Values-based training is conducted annually to reinforce the fact that ethics and compliance with the Code is a respected part of the Group's culture, and that adherence is the responsibility of each employee.

Monitoring organisational ethics and addressing outcomes

We have a whistleblowing policy in place, which provides employees with various channels to report any unethical conduct. These include a whistleblowing hotline, walk-in reporting, direct calls through the ethics office or internal audit, and direct reporting to management. The hotline is independently administered by an external company that submits daily reports for review and investigation. The reports are channelled through the appropriate governance structures, depending on the nature of the reported issues.

Whenever a report is received, a preliminary investigation is conducted to establish whether there is a *prima facie* case. Should further investigation be required, this is duly conducted, and appropriate recommendations are given upon conclusion. If necessary, the case is referred to external law enforcement agencies.

Corruption cases	FY2022/23
Total number of cases	35
<i>Prima facie</i> cases	35
<i>Prima facie</i> cases closed	16
<i>Prima facie</i> cases open	19

Hotline: 0800 00 80 80 | acsa@thehotline.co.za | www.thehotline.co.za

During the reporting period, the Social and Ethics Committee focused, in particular, on monitoring transformation, stakeholder relations, ethics, the Group's response to the findings of the Zondo Commission, the Group's reputation, socio-economic development, passenger mobilisation, security, risk monitoring, consequence management, and environmental, health and public safety.

Going forward, we will continue to implement and monitor the implementation of our Ethics Strategy. This will include continuously reinforcing our culture of ethical behaviour and integrating ethical conduct through ethics risk management initiatives as well as managing our exposure to prominent and influential persons in terms of the Financial Intelligence Centre Act (No. 38 of 2001).

As a Group, we have a Domestic Prominent Influential Persons Policy in place, which provides a framework for the disclosure and treatment of domestic prominent influential persons. The Policy applies to all directors and employees in respect of any transactions or dealings with domestic prominent influential persons. The Group maintains a register of domestic prominent influential persons, which is made available annually on our website when the Annual Financial Statements are published.

RESPONSIBLE CORPORATE CITIZENSHIP

King IV™ Principle 3:

The governing body should ensure the organisation is and is seen to be a responsible corporate citizen.

The Board recognises that the Group is an integral part of society and places great importance on being a good corporate citizen. This includes recognising the intrinsic value stakeholders bring to the Group and their role in securing our long-term sustainability.

Our dual mandate requires that we strive to be a successful business while also playing a pivotal role in the transformation and development of our country. As a State-owned company, a fundamental component of our purpose is operationalising the economic transformation plans of government. As such, our commitment to transformation, environmental, social and development goals informs all our strategic decisions.

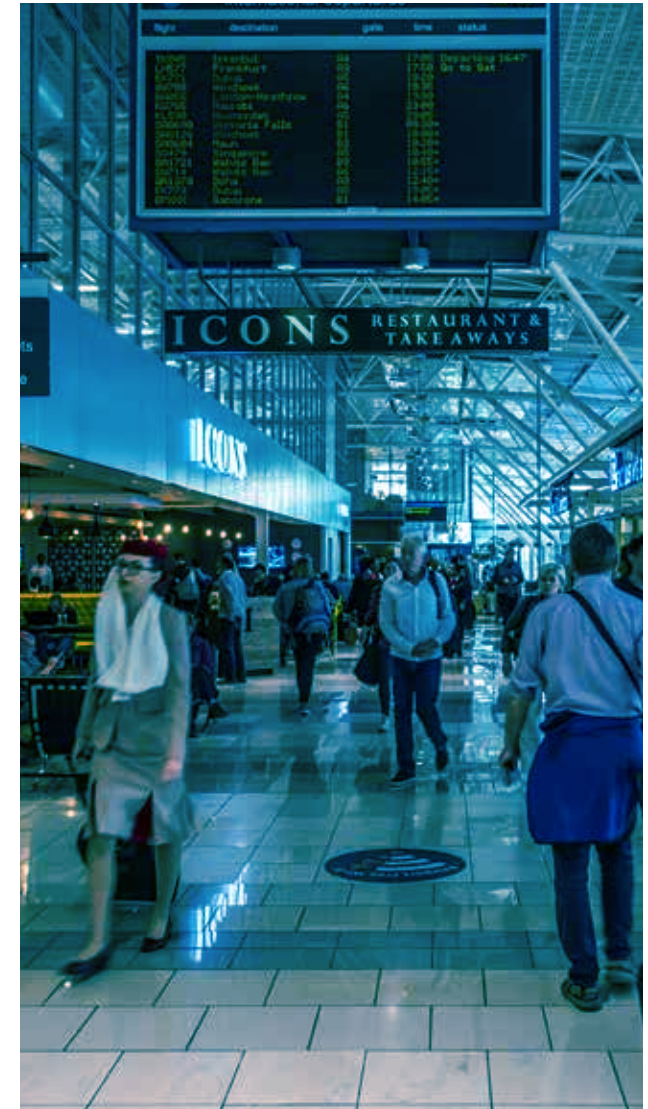
The Board has approved various policies to address pertinent matters such as employment equity, economic transformation, fair remuneration, safety, health, the development of employees, detection of fraud and corruption, and creation of a safe environment. An anti-corruption management plan is in place to assist in identifying emerging risks and implementing appropriate controls, as well as in ensuring our management and employees have the requisite skills to improve controls and manage these risks. The primary objective of the anti-corruption management plan is to change the attitudes of employees, external service providers and other stakeholders towards corruption and fraud.

Our Social and Ethics Committee is mandated to oversee and monitor our contribution to the transformation of the aviation industry as well as the economic growth and development of South Africa. The committee reports to the Board on a quarterly basis, ensuring regular oversight of outcomes related to:

- Transformation (IAR, page 81)
- Socio-economic impact (IAR, page 91)
- Human capital and the work environment (IAR, page 101)
- Environmental health and public safety (IAR, page 113)

We are proud to be a net contributor of value in South Africa. Our contribution to the National Development Plan and the UN's Sustainable Development Goals is set out in our IAR on page 95. On page 42 in the Remuneration Report, we have also included information on the focus of our remuneration policies and practices and on additional assistance available to employees.

In the year ahead, the Board plans to focus on intensifying ongoing stakeholder engagements.



OUR LEADERSHIP

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

Independent non-executive directors



Dr Sandile Nogxina ⁶⁴ ^

Independent Non-executive Director

Effective date of appointment: 9 November 2018

Chairman of the Board

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



Ms Ntombifuthi Zikalala Mvelase ⁵⁸ ^###

Lead Independent Director

Effective date of appointment: 1 September 2018

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



Dr Kgabo Badimo ⁶³ ^^

Independent Non-executive Director

Effective date of appointment: 6 August 2020

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



Ms Kemira Esterhuizen ³⁴ *

Independent Non-executive Director

Effective date of appointment: 19 December 2019

- CA (SA)
- B.Com Accounting



Ms Dudu Hlatshwayo ⁵⁹ ^^

Independent Non-executive Director

Effective date of appointment: 6 August 2020

- B.SocSc (Honours)
- Masters in Business Leadership



Ms Nosizwe Nokwe-Macamo ⁶¹ **

Lead Independent Director

Effective date of appointment: 1 September 2018

- MSc Chemical Engineering
- Diploma: Chemical Engineering



Mr Andile Khumalo ⁴⁵ #

Independent Non-executive Director

Effective date of appointment: 3 March 2023

- CA (SA)
- Post Graduate Diploma in Accountancy
- B.Com (Accounting)



Mr Gcobani Mancotywa ⁵⁵ ##

Independent Non-executive Director

Effective date of appointment: 2 March 2023

- Masters in Management
- Post Graduate Diploma in Management
- B.Com (Economics and Commercial Law)



Mr Yershen Pillay ³⁹ ^

Independent Non-executive Director

Effective date of appointment: 1 September 2018

- MBA
- B.SocSc Politics and Economics
- Postgrad Diploma in Business Administration



Ms Sibongile Sambo ⁴⁹ ##

Independent Non-executive Director

Effective date of appointment: 2 March 2023

- MBA
- Post Graduate Diploma in General Management
- B. Admin Honours
- B. Admin

^ Reappointed for a second term on 2 March 2023
 ^^ Reappointed for a second term on 2 March 2023
 (term to commence on 6 August 2023)

* Retired on 18 December 2022
 ** Retired on 2 March 2023

Appointed on 3 March 2023
 ## Appointed on 2 March 2023
 ### Appointed on 5 April 2023 as Lead Independent Director

OUR LEADERSHIP continued

Independent non-executive directors



Ms Nonzukiso Siyotula^{39##}

Independent Non-executive Director

Effective date of appointment: 2 March 2023

- CA (SA)
- MBA
- BAcc



Mr Graeme Victor^{67**}

Independent Non-executive Director

Effective date of appointment: 15 December 2019

- CA (SA)
- MBA
- BAcc

Company secretary



Ms Fefekazi Sefara⁵⁰

Effective date of appointment: 1 July 2018

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

Board demographics

Skills



GENDER DIVERSITY



EXECUTIVE DIRECTORS



DEMOGRAPHICS



Executive directors



Ms Nompumelelo Mpofu⁵⁷

Executive Director

Effective date of appointment: 1 February 2020

Chief Executive Officer

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



Mr Siphamandla Mthethwa^{48*}

Executive Director

Effective date of appointment: 1 May 2020

Chief Financial Officer

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



Ms Lindani Mukhudwani^{40#}

Executive Director

Effective date of appointment: 1 June 2023

Acting Chief Financial Officer

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

* Resigned with effect from 1 June 2023

** Retired on 14 December 2023

Appointed with effect from 1 June 2023

Appointed on 2 March 2023

OUR LEADERSHIP continued

Our executive committee



Ms Nompumelelo Mpofu ⁵⁷

Chief Executive Officer

Effective date of appointment: 1 February 2020

Executive Director

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



Mr Siphamandla Mthethwa ^{48 *}

Chief Financial Officer

Effective date of appointment: 1 May 2020

Executive Director

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



Ms Lindani Mukhudwani ^{40 #}

Acting Chief Financial Officer

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



Mr Mthoko Mncwabe ⁴⁶

Chief Information Officer

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



Ms Laurene Less ⁵⁶

Group Executive: Corporate Services

- BA
- Masters Public Administration



Mr Terence Delomoney ⁵⁵

Group Executive: Operations Management

- CA (SA)
- BCom Accounting



Ms Lungile Langa ⁴⁵

Group Executive: Human Resources

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



Mr Mzwandile Petros ⁶³

Group Executive: Enterprise Security and Compliance

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



Mr Charles Shilowa ⁵¹

Group Executive: Strategy and Sustainability

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



Mr Sthembiso Ngwenya ⁴⁰

Chief Audit and Risk Officer

- CA (SA)
- BCom Hons Accounting

Executive committee demographics

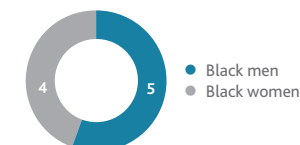
Skills

- Financial management
- Business administration
- Governance
- Aviation
- Logistics and transport
- Forensics
- Technology and innovation
- Compliance
- Stakeholder management and communication
- Strategic leadership
- Risk management
- Public administration

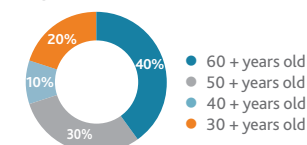
GENDER DIVERSITY



DEMOGRAPHICS



AGE



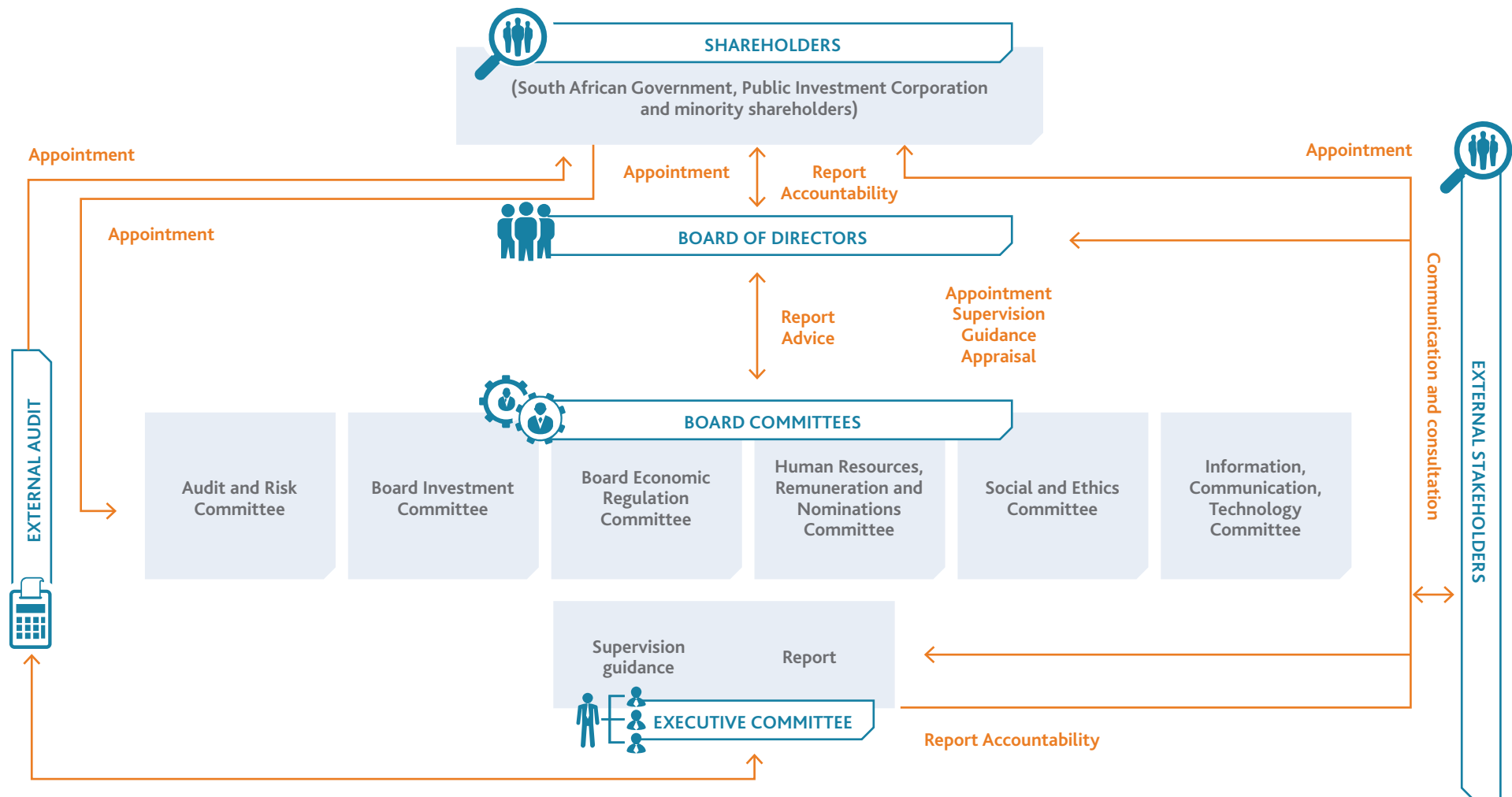
* Resigned with effect from 1 June 2023

Appointed with effect from 1 June 2023

OUR GOVERNANCE FRAMEWORK

Our governance structure

The Board is responsible for the strategic direction of the Group and for financial and fiduciary oversight. The Executive Committee, under the leadership of the CEO, is responsible for the day-to-day management of the Group.

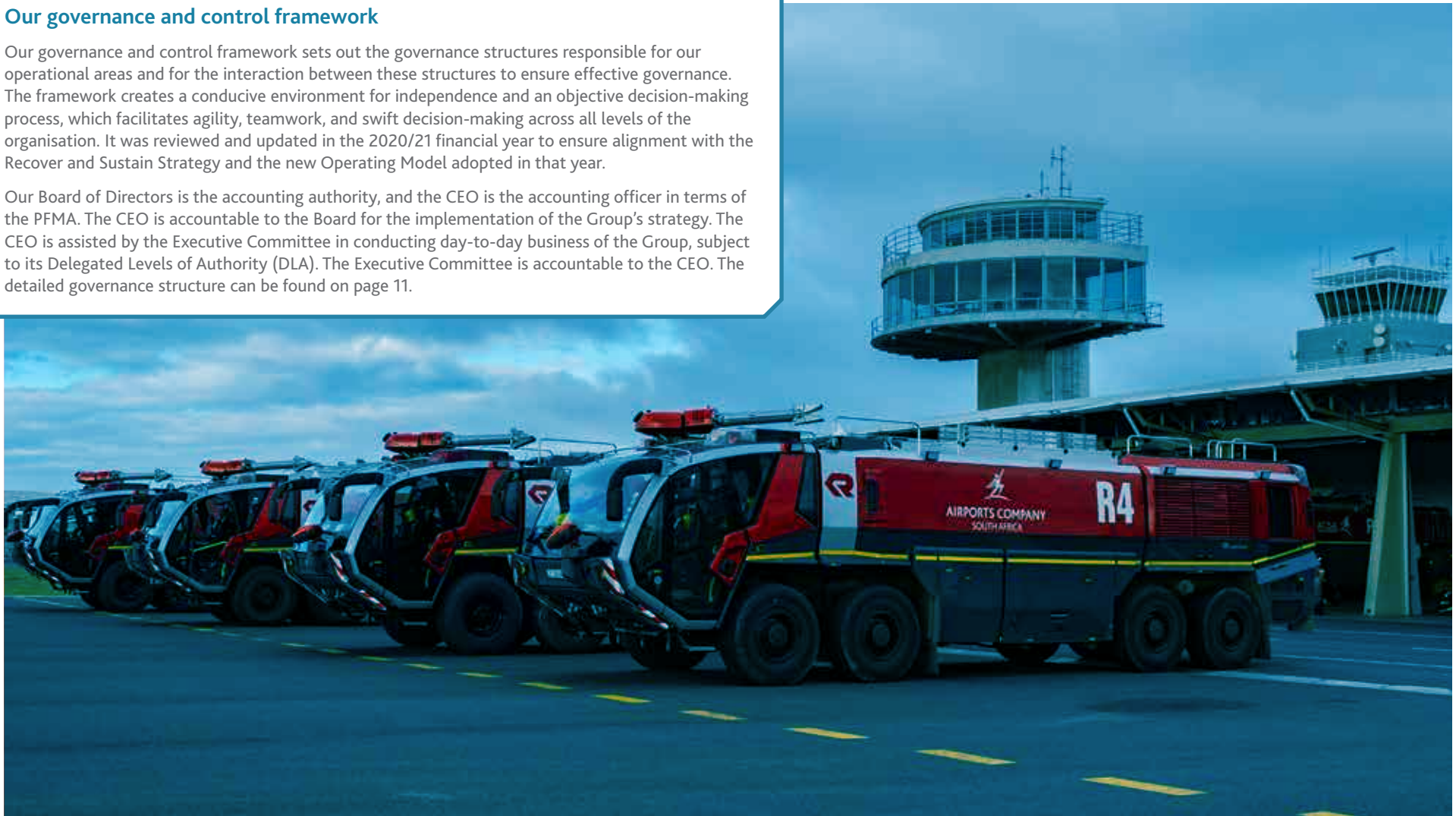


OUR GOVERNANCE FRAMEWORK continued

Our governance and control framework

Our governance and control framework sets out the governance structures responsible for our operational areas and for the interaction between these structures to ensure effective governance. The framework creates a conducive environment for independence and an objective decision-making process, which facilitates agility, teamwork, and swift decision-making across all levels of the organisation. It was reviewed and updated in the 2020/21 financial year to ensure alignment with the Recover and Sustain Strategy and the new Operating Model adopted in that year.

Our Board of Directors is the accounting authority, and the CEO is the accounting officer in terms of the PFMA. The CEO is accountable to the Board for the implementation of the Group's strategy. The CEO is assisted by the Executive Committee in conducting day-to-day business of the Group, subject to its Delegated Levels of Authority (DLA). The Executive Committee is accountable to the CEO. The detailed governance structure can be found on page 11.



OUR BOARD

King IV™ Principle 4:

The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process.

The Board is responsible for the sustainability of the Group and sets its strategic direction, approves its strategy, and monitors its performance. Risks, opportunities, performance, operating model, and sustainability matters are considered in terms of the Group's vision, targets, long-term goals, and values, and are approved by the Board. The key performance measures and targets for assessing the achievement of strategic objectives over the short-, medium- and long-term have been approved by the Board and are monitored by the Board to ensure the viability of the Group. The strategy and related plans, which are consistently reviewed and updated as necessary, take into account business risks and the consequences of the Group's activities and outputs on the economy, society, and natural environment.

The Board is responsible for providing continuous oversight over all material matters and holds the CEO accountable for the operational management and performance of the business.

The CEO holds executive management accountable for its areas of responsibility in terms of managing the business. To enable executive management to achieve results, the Board has adopted a governance and control framework and aligned practices that:

- Provide role clarity through the assignment of specific areas of accountability to Board committees, the CEO and executive management.
- Provide for monitoring of the performance of the CEO.

- Enable effective decision-making by specifying which decisions are reserved for the Board and which are delegated to the Committees of the Board, the CEO and executive management.
- Provide for an effective Enterprise Risk Management Framework that gives the Board clear insight into key risks, enabling it to evaluate risk exposure and the mitigation strategies that safeguard stakeholder interests.
- Embed a value-driven culture across the Group's operations, build trust in our services and sustain meaningful stakeholder relationships.

These practices collectively contribute to value creation.

Committees of the Board

The Board has established five permanent committees and an *ad hoc* committee to assist and support the Board in discharging its duties. These play an important role in enhancing the Group's standards of governance and effectiveness. Each committee acts in line with its terms of reference, which are reviewed annually. The committees report back on their activities at all Board meetings. The delegation of the Board's responsibilities to these committees is operational in function and does not abdicate any of the Board's fiduciary responsibilities.

A summary of the composition of the Committees of the Board, their responsibilities and attendance of members at meetings, as well as the reports from the Audit and Risk Committee and the Human Resources, Remuneration and Nominations Committee are provided from pages 32 to 38 in this report. The full Audit and Risk Committee report is available on pages 3 to 5 of the Annual Financial Statements.

The Board operates under an approved Board Charter, which is reviewed annually. The Charter was duly reviewed during the reporting period. Within this framework, the Board ensures that

financial management, risk management and internal controls are effective, as required by the PFMA. The roles and functions of the Chairman of the Board, the Lead Independent Director and the CEO are described in the Board Charter.

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

According to the criteria adopted by the Board for the assessment of the independence of directors, which are recommended in King IV™ and set out in the Group's MOI, the Board comprised of 12 independent directors as at 31 March 2023. Ms Nosizwe Nokwe-Macamo retired as the Lead Independent Director upon her retirement as a non-executive director and Ms Ntombifuthi Zikalala Mvelase is the Lead Independent Director.

Board report back

Changes to the Board

Ms Kemira Esterhuizen, Mr Graeme Victor and Ms Nosizwe Macamo were retired effective 14 December 2022, 18 December 2022 and 2 March 2023 respectively. All three directors had served one term individually, with the latter having been reappointed until the appointment of a new Board. Mr Siphamandla Mthethwa resigned as the CFO with effect from 1 June 2023 and therefore as an executive director with effect from this date. Ms Lindani Mukhudwani has been appointed as acting CFO with effect from 1 June 2023 and is an executive director by virtue of this position.

OUR BOARD continued

Attendance at Board meetings

The Board held eight meetings during the course of the reporting period, including special meetings. The purpose of the special meetings was to consider the draft FY2021/22 Integrated Annual Report and Governance and Remuneration Report, going-concern assessment, audited 2021/22 Financial Year Annual Financial Statements, 2021/22 Financial Year Key Performance Indicators Report, Employee Value Proposition (EVP) Roadmap, mandate for wage negotiations, FY2023/24 – FY2027/28 Permission Application, FY2023/24 – FY2025/26 Borrowing Plan, FY2023/24 – FY2025/26 Corporate Plan and FY2022/23 salary increases.

Board								
Number of meetings	Schedule meeting	Spec scheduled meeting	Schedule meeting	Spec unscheduled meeting	Spec unscheduled meeting	Schedule meeting	Spec scheduled meeting	Spec unscheduled meeting
Name of Director	9 June 2022	27 July 2022	8 September 2022	14 November 2022	23 November 2022	2 December 2022	20 February 2023	17 March 2023
Dr Sandile Nogxina (Chairman)	x	x	x	x	x	x	x	x
Ms Nosizwe Nokwe-Macamo*	x	x	x	x	x	x	x	Retired 2 March 2023
Dr Kgabo Badimo	x	x	x	x	x	x	x	x
Ms Kemira Esterhuizen**	x	x	x	x	x	x	Retired on 18 December 2022	
Ms Dudu Hlatoshwayo	x	x	x	x	x	x	x	x
Mr Andile Khumalo***	Appointed on 3 March 2023							x
Mr Gcobani Mancotywa****	Appointed on 2 March 2023							x
Ms Nompumelelo Mpofu	x	x	x	x	x	x	x	x
Mr Siphamandla Mthethwa	x	x	x	x	x	x	x	x
Ms Ntombifuthi Zikalala Mvelase	x	x	x	x	x	x	x	x
Mr Yershen Pillay	x	x	x	x	x	x	x	x
Ms Sibongile Sambo****	Appointed on 2 March 2023							x
Ms Nonzukiso Siyotula****	Appointed on 2 March 2023							x
Mr Graeme Victor	x	x	x	x	x	x	Retired on 14 December 2022	

* Retired effective 2 March 2023 ** Retired effective 18 December 2022 *** Appointed effective 3 March 2023 **** Appointed effective 2 March 2023

Key focus areas

Besides its regular agenda, many of the Board's key focus areas during the reporting period followed on from those in the previous period. These included:

- Monitoring the implementation of the Group's strategy
- Monitoring the Group's performance
- Review of the strategic initiatives concomitant to the ACSA Growth Strategy
- Implementation of the new operating model
- Reviewing the action plans from the Board evaluation
- Implementation of the Zondo Report recommendations
- Monitoring the governance of subsidiaries
- Reduction of irregular, fruitless and wasteful expenditure
- Approval of policies to ensure good governance
- Monitoring the macroeconomic outlook and its impact on the Group's performance
- Monitoring ACI Africa and ACI world matters
- Monitoring and assessing geopolitical issues
- Assessment of the impact of the COVID-19 pandemic on aviation and, in turn, the Group
- Alignment of the DLA Manual to the approved Governance Framework and Operating Model and Macro Structure
- Diversification of revenue within the framework of existing infrastructure to mitigate the impact of the COVID-19 pandemic and the resulting changes in the operating environment
- Geopolitical issues
- Continuing assessment and management of the impact of the COVID-19 pandemic on aviation and, in turn, on the Group

OUR BOARD continued

The Board held a strategy review session on 22 to 23 November 2022, which culminated in the corporate strategy encapsulated in the FY2022/23 to FY2023/24 Corporate Plan.

The Board is satisfied that it executed its responsibilities during the reporting period.

Future focus areas

In the short- to medium-term, focus areas will continue to be informed by the Recover and Sustain Strategy and the FY2022/23 to FY2025/26 Corporate Plan. Special focus will be on activities to promote aviation traffic, enhance profitability, mitigate emerging risks, reinforce ACSA's brand identity and advance ACSA's developmental mandate. This will take into account the fundamental changes to the operating environment that were precipitated by the COVID-19 pandemic, including changes in customer behaviour and the constrained economic environment in South Africa, as well as the impact of the Russia-Ukraine war.

The most notable areas of focus in the 2023/24 financial year will be:

- Implementation of the Environmental, Social and Governance ("ESG") Framework, Policy and Strategy
- Restoration of the employee value proposition
- Implementation of strategic initiatives
- Reduction of irregular, wasteful and fruitless expenditure
- Diversification of our revenue
- Role of our airports within the broader city or metropolitan environment
- Improvement of transformation outcomes
- Filling of critical vacancies

King IV™ Principle 5:

The governing body should ensure reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short-, medium- and long-term prospects.

Integrated thinking is incorporated into our operations and reporting. The Audit and Risk Committee is an essential part of the Group's governance framework, and the Board has delegated oversight over the integrity of the financial statements and reporting processes to this Committee. The Audit and Risk Committee is responsible for reviewing financial and performance disclosures, including those made in the IAR, reporting on its findings to the Board and reviewing financial statements and information prior to it being released to stakeholders.

King IV™ Principle 6:

The governing body should serve as the focal point and custodian of corporate governance in the organisation.

Our Board of Directors is the Group's highest governing body, and it is committed to the principles of good corporate governance as set out in King IV™. As a business, we strive to be an ethical and relevant force for good and to play a positive role in the South African economy, society, and environment. By setting the tone at the top, the Board encourages a culture of robust governance throughout the organisation.

Through the Audit and Risk Committee, the Board monitors the effectiveness of the governance framework across the Group in order to achieve the governance outcomes of an ethical culture, good performance, effective control, and legitimacy. We are committed to continually enhancing our corporate governance processes in line with best practice in a way that facilitates the development and management of world-class airports.

King IV™ Principle 7:

The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively and effectively.

The composition of the Board reflects an appropriate mix of skills, knowledge, experience, diversity, and independence. Board members are supported by the Company Secretary and are entitled to seek independent professional advice concerning the discharge of their duties and to gain access to information they may require in discharging their duties. The Board has approved protocols to guide the directors in these instances.

Induction and Board development

Newly appointed directors undergo a comprehensive induction process to enable them to make a full contribution to the Group within the shortest possible time. This process includes a comprehensive overview of the business, presentations on the duties and responsibilities of the directors, a briefing on the JSE Listings Requirements and airport visits to familiarise them with the operating environment.

In addition, ongoing education and training courses allow our directors to continually enhance their skills. Among other opportunities, they are able to attend the development courses offered by the Institute of Directors and they also receive regular updates on national policy and aviation.

OUR BOARD continued

Succession planning

The nomination and appointment of non-executive directors is the prerogative of the shareholders, as provided for in the Group's MOI.

The Board is not involved in the appointment of its members other than to advise shareholders of the skills required. Non-executive directors retire by rotation at the end of their first term of service and may be reappointed for a further term by the shareholders. The Board has approved a policy on nomination and appointment of directors.

The Chief Executive Officer and the Chief Financial Officer are employed on five-year employment contracts, which may be terminated by either the Group or the employee by giving a three-month notice period that allows for a proper handover process. The Board may also terminate the contracts of the executive officers without notice for any reasons recognised in law as being sufficient for summary termination. Succession plans for the Chief Executive Officer and Chief Financial Officer have been approved and they factor in the changes that have taken place within the business since 2020.

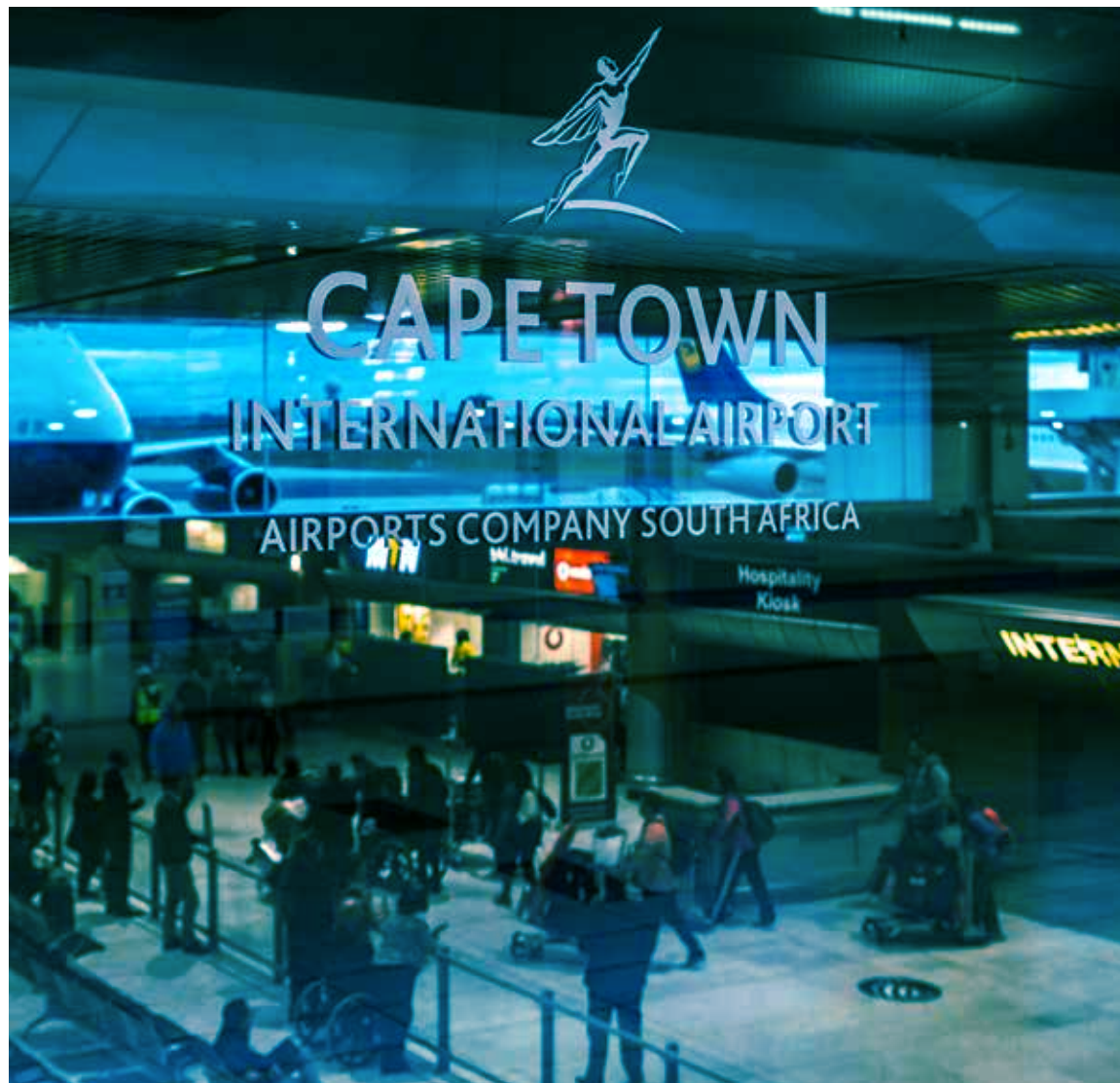
Conflicts of interest

Directors are expected to ensure that any appointments outside the Group do not impinge on their ability to perform their duties as directors of ACSA and do not represent any conflicts of interest in terms of our Conflicts of Interest Policy.

Directors also sign annual declarations of interest disclosing their interests – as well as any direct or indirect personal or private interests that their spouses, partners or close family members may have in any matter related to the business of the Group. In the event of there being a conflict of interest, directors are obliged to excuse themselves from any deliberations relating to the matter.

The independence of non-executive directors is assessed in accordance with the Companies Act, the Company's Memorandum of Incorporation and King IV Report. The independence of the non-executive directors has been confirmed, based on the criteria outlined in these governance instruments.

No conflicts of interest relating to contracts were declared during the reporting period.



DELEGATION OF AUTHORITY

King IV™ Principle 8:

The governing body should ensure its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.

While the Board delegates its authority to management, it remains responsible for how its delegated authority is exercised. In terms of Section 56 of the PMFA, the Board may confirm, vary, or revoke any decision taken by an official as a result of a delegation of powers by the Board. This is supported by clearly defined roles, accountability, and responsibility through the delegation of authority policy framework. The Board is satisfied the framework contributes to role clarity and the effective exercise of authority and responsibilities.

The Group's governance framework facilitates transparency and enables appropriate and relevant decision-making.

Separation of roles and responsibilities

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

Chairman of the Board

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

Lead Independent Director

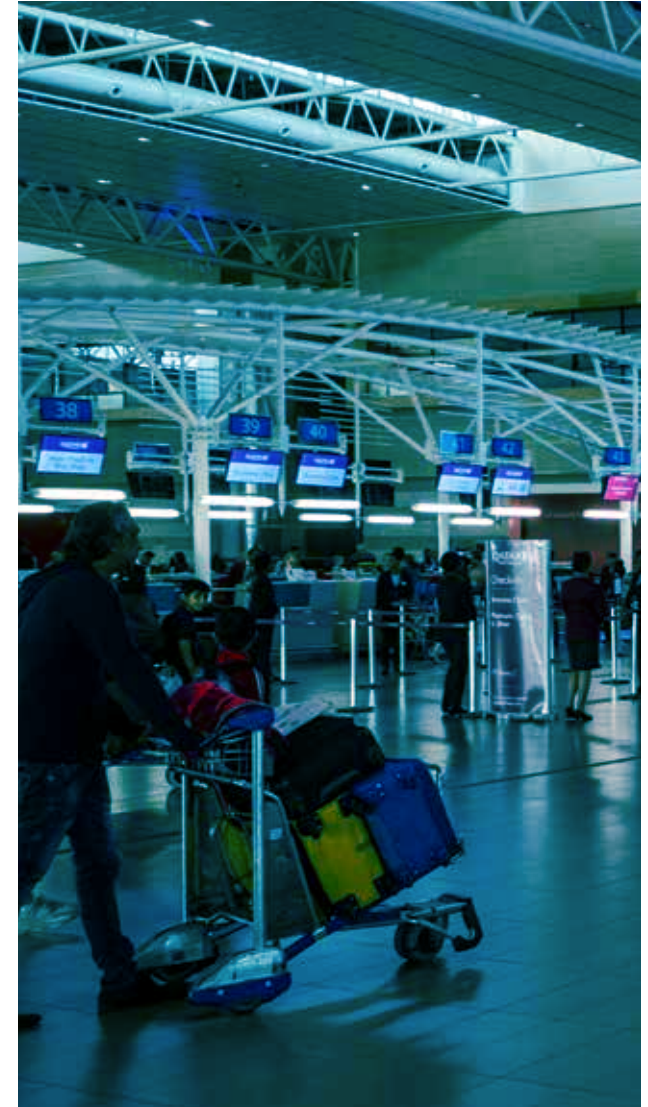
- Leads in the absence of the Chairman of the Board
- Serves as a sounding board for the Chairman of the Board
- Acts as an intermediary between the Chairman of the Board and other members of the governing body, if necessary
- Leads the performance appraisal of the Chairman of the Board

Non-executive directors

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

Chief Executive Officer

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



BOARD EVALUATION

King IV™ Principle 9:

The governing body should ensure the evaluation of its own performance and that of its committees, its chair, and its individual members, and support continued improvement in its performance and effectiveness.

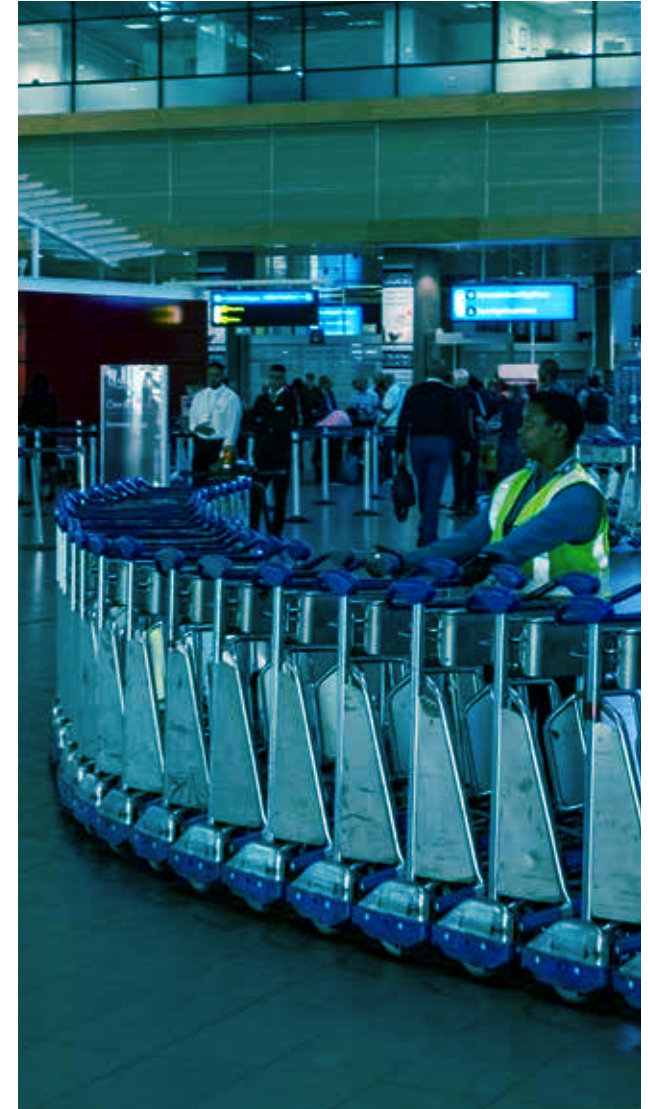
Annual performance evaluations, which are either conducted by an external service provider or facilitated by the Company Secretary, enable the Board to monitor and improve its performance. These evaluations include an assessment of the Board as a whole as well as assessments of the Chairman of the Board, the individual directors, the Board Committees, and the Chairpersons of the Board committees.

The focus areas that were identified in the previous evaluation were cybersecurity, IT infrastructure, ESG framework implementation, risk sensing and scenario modelling. It was recommended that the skills within the company be assessed as a number of employees were lost during the severance package process during the outbreak of the COVID-19 pandemic. The Board has tracked these actions during the reporting period. Progress has been made on cybersecurity and replacement of the parking management infrastructure. The Board is satisfied that there are adequate skills within the company for risk sensing and scenario modelling. The Board will focus on the implementation of the ESG Framework in the financial year ahead. The skills audit will be completed in the new financial year to assist in development of targeted training programmes, and improvement of employee engagement and retention.

The Board undertook a self-assessment for the year under review which covered the application of governance principles against the following themes:

- Board attributes and culture
- Role of the Chairman
- Role of the Company Secretary
- Board responsibilities
- Committees of the Board
- Role of the Chief Executive Officer
- Access to line management and records
- Flow of information to the Board
- Succession planning
- Stakeholder relationships
- Board meetings and processes
- IT governance
- Individual director assessment (peer review)

The focus areas which have been identified pertain to human resources and skills retention, knowledge management, state of the Group's infrastructure, succession management, culture to ensure it is supportive of innovation and high performance, and implementation of the ESG Framework.



EVALUATION OF THE COMMITTEES OF THE BOARD

Evaluation of the performance of the Committees of the Board is also undertaken annually within the framework of our Evaluation of the Board and Board Committees Policy, which is available on our website. The assessment for the period under review covered Committee members who were members of the Committees by 28 February 2023. In assessing the Committees, consideration was given to, amongst others, culture and mind-set of the Committees, (both collectively and individual members), productivity of meetings of the Committees, Chairmen's role in ensuring effective functioning of the Committees, access to information, compliance with the terms of reference of the Committees and fulfillment thereof, clear understanding of the roles and responsibilities of the Committees and of its members, competency, skills, and experience of the Committee members.

Committee Members indicated that the performance of the Committees met best practice and did not identify areas of concern. A recommendation made by the ICT Committee is for the Committee to continue its focus on innovation and latest technology advancement and trends.

The Board members concurred that they have the necessary trust and faith in the Committees and are satisfied that the Committees fulfilled their mandates and added value to the Board and ACSA.

The Committees of the Board will maintain their focus on the key areas as outlined from page 32.

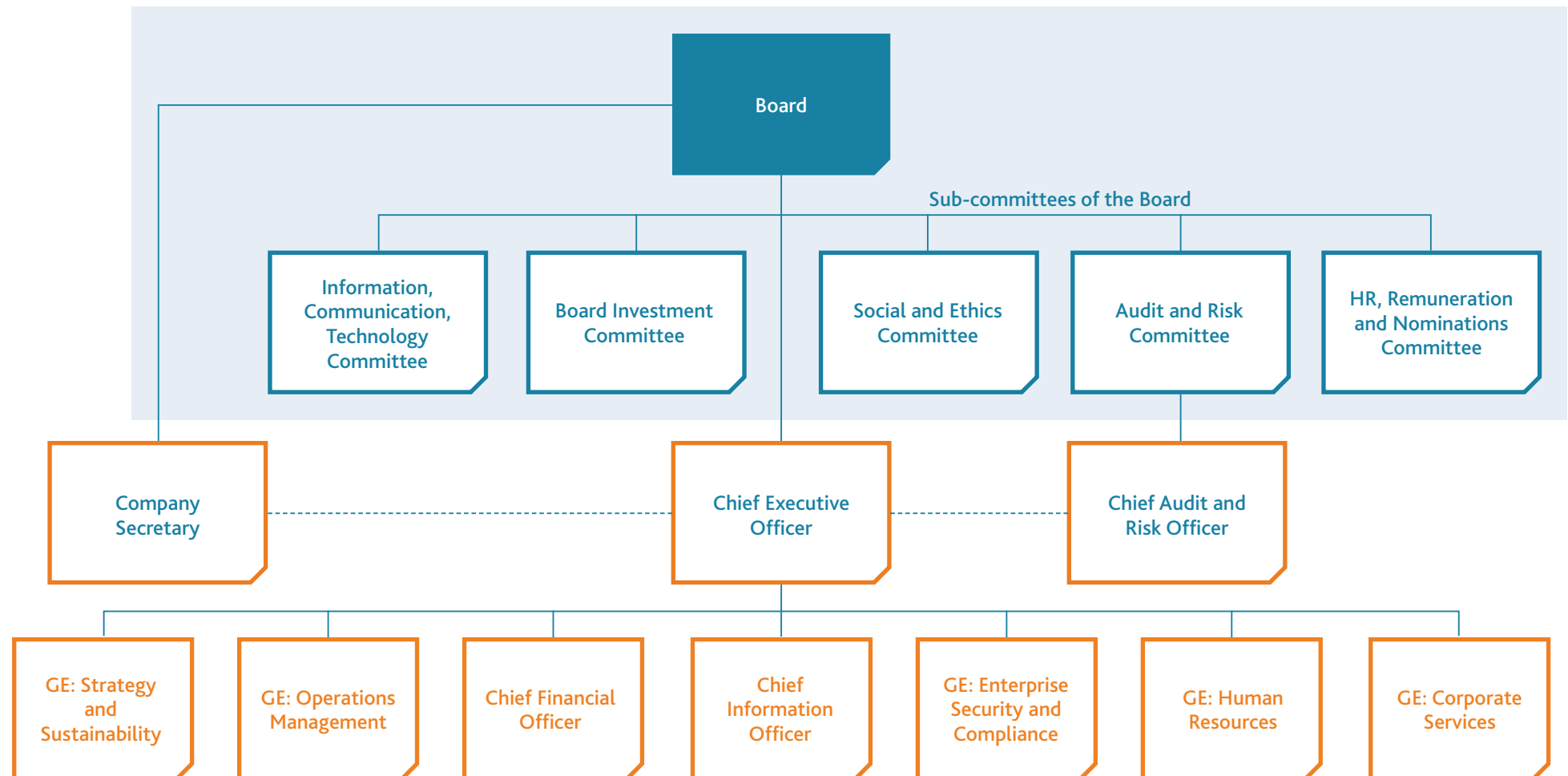


REPORTING AND ACCOUNTABILITY

King IV™ Principle 10:

The governing body should ensure the appointment of, and the delegation to, management contributes to role clarity and responsibilities.

The Group has a clearly defined organisational structure and levels of accountability. These have been reviewed in the reporting period.



GOVERNANCE OF RISK

King IV™ Principle 11:

The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

Responsibility for risk management

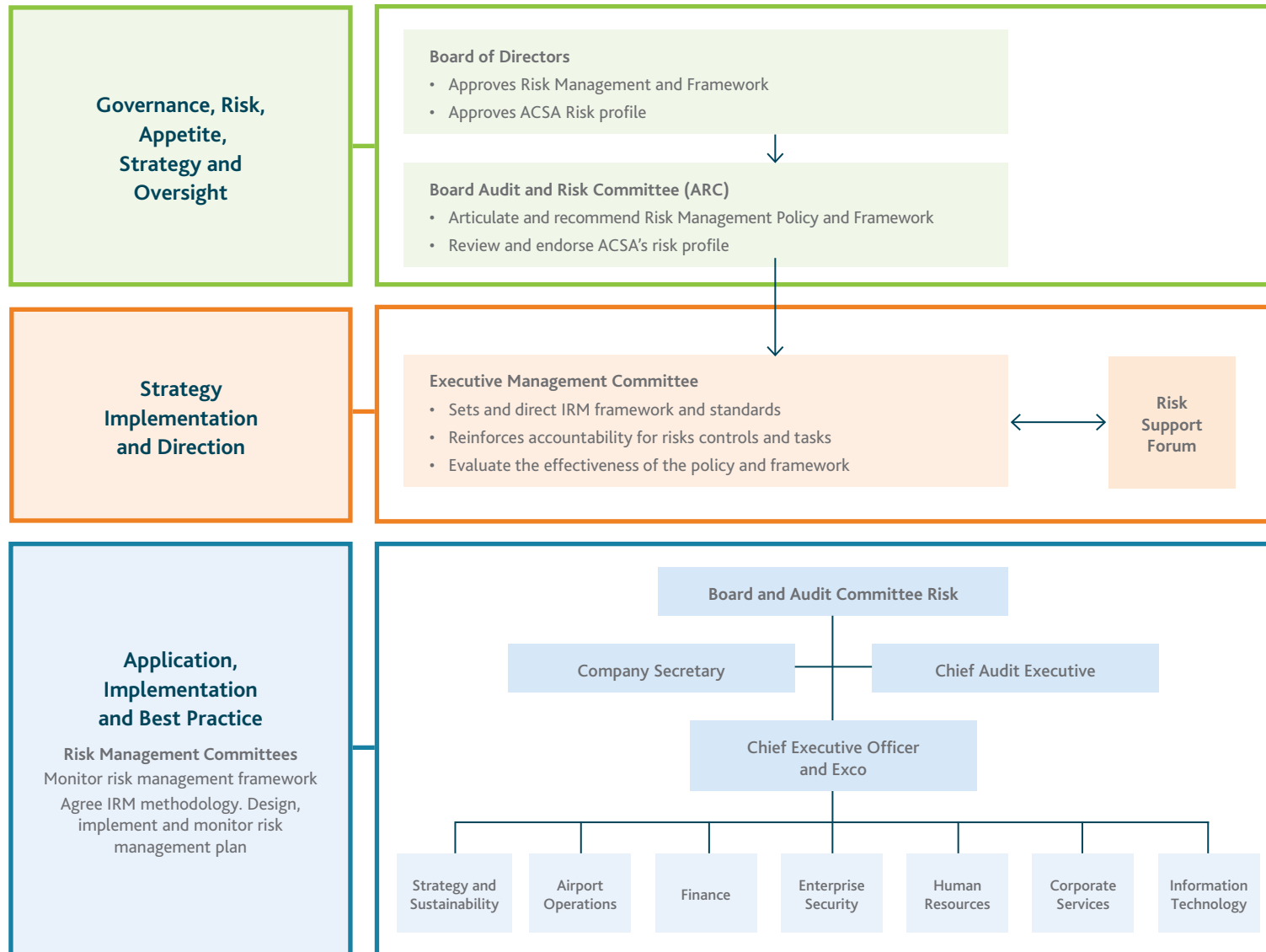
ACSA's enterprise risk management is guided by its Integrated Enterprise Risk Management Framework, which is based on:

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

The following graphic illustrates the levels of responsibility for risk management:

Oversight structure	Role
Airports Company South Africa SOC Limited Board	Overall governance of risk by setting tone and direction in a way that supports the organisation in achieving its strategic objectives.
Audit and Risk Committee (ARC)	<p>The ARC needs to satisfy itself that Airports Company South Africa SOC Limited has processes in place to ensure that risks to the Group are effectively managed. The ARC makes recommendation to the Board, which is the governing body.</p> <p>The ARC performs oversight on risk management roles and responsibilities. In line with its terms of reference, it reviews the ERM reports as recommended by EXCO.</p>
Other Committees of the Board	These committees provide assurance on the strategic risks relating to their areas of responsibility.
Executive Committee (EXCO)	<p>EXCO is responsible for risk management as outlined in its terms of reference. It considers and actions recommendations made by the Financial Risk Management and Regulatory Committee (FRMRC). These recommendations are then updated and adopted as an EXCO report for tabling at the ARC.</p> <p>EXCO has the overall responsibility for the implementation of and adherence to this framework. EXCO is consulted at any time when there is an exception to this framework.</p>
Financial Risk Management and Regulatory Committee (FRMRC)	<p>The FRMRC supports EXCO in carrying out its risk management responsibilities.</p> <p>The FRMRC considers risk performance progress and makes recommendation to EXCO for its consideration.</p>
Other EXCO sub-committees	Other EXCO sub-committees provide oversight relating to the respective risks they are responsible for.
Divisions (MANCO structures, including airport MANCOs)	Divisional management considers the risks in their respective operating environments and reports on risk management performance at their respective MANCOs. Divisional management has the overall responsibility for the implementation of and adherence to risk management processes.

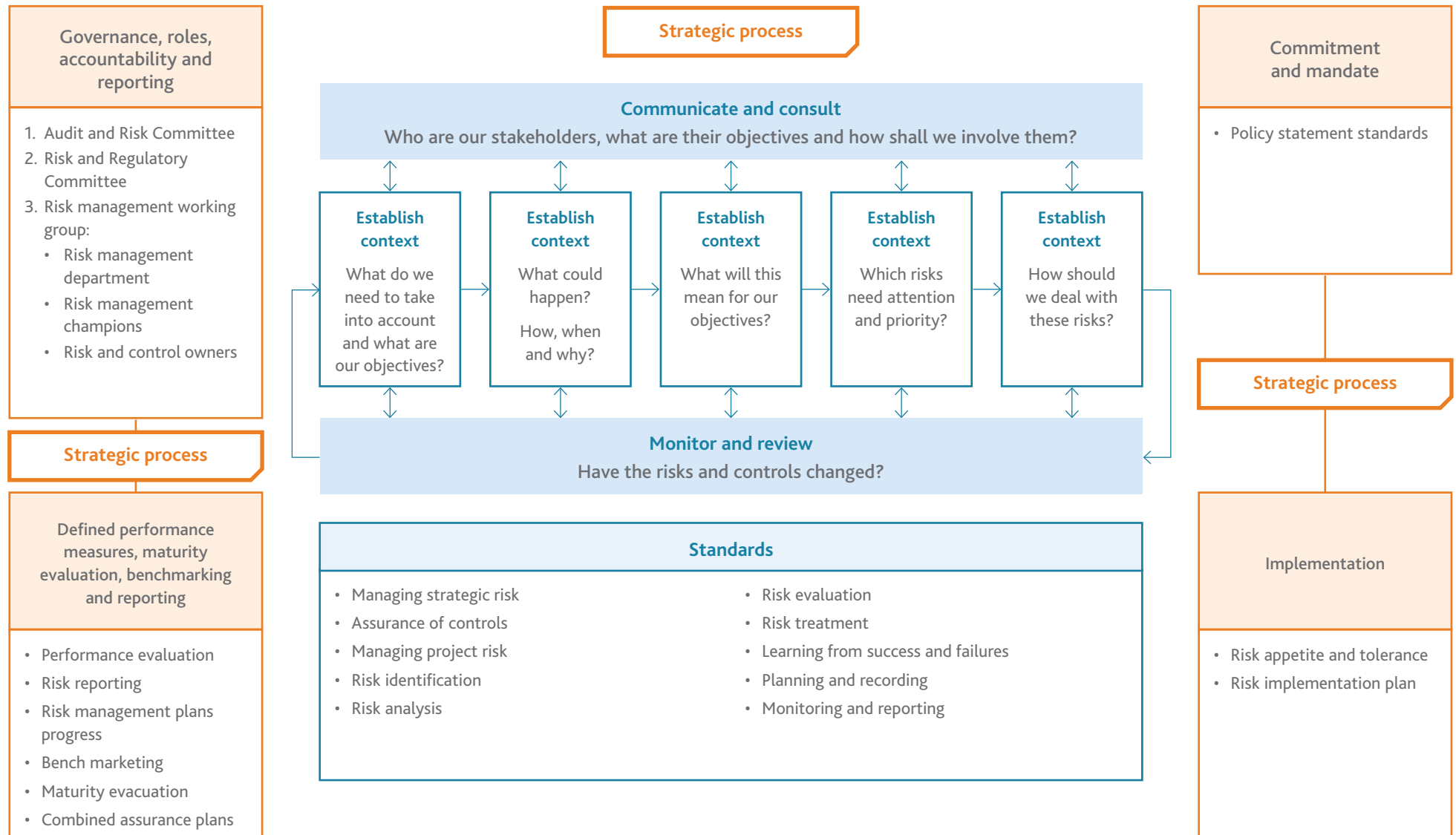
GOVERNANCE OF RISK continued



In developing our risk management framework and defining these levels of responsibility, we applied the principles of the PFMA, the Companies Act, ISO 31000:2009 and the guidelines contained in international risk benchmarks. Monitoring and evaluation are done through the Group's Strategic Risk Register.

GOVERNANCE OF RISK continued

The following graphic illustrates how the various components of the risk management framework interact:



GOVERNANCE OF RISK continued



Throughout the reporting period, we continued to align risk management with the Recover and Sustain Strategy. Some of the initiatives undertaken included:

- Integration of risk management activities throughout the organisation, with advanced methods applied to define risk appetite both quantitatively and qualitatively.
- Improved risk reporting and ongoing assessment of potential new strategic risks.
- Using appropriate governance structures depending on the nature of the issues measuring, monitoring, and reporting on risk management through quality risk information, relevant and adequate information for decision-making.
- Implementation and monitoring of the action plans resulting from the ERM risk maturity report.

Focus areas for the year included skills enhancement for facilitators and enterprise risk management champions, typically in risk assessment and root cause analysis.

Integrated risk management process

Our integrated risk management process is intended to achieve an appropriate balance between realising opportunities for gain while minimising adverse impacts. This process is used to continuously monitor key risks and opportunities and is reviewed annually. It is based on the outcomes of best practice reviews, annual maturity assessments and continuous interaction with our governance structures. Our governance framework supports the integration of risks throughout the Group.

The Board continuously assesses and monitors the treatment of strategic risks, and actively engages in the review of strategic risks and the identification of mitigation activities for each. Please refer to page 59 of our IAR for more information on our strategic risks and mitigation commitments.

IT GOVERNANCE

King IV™ Principle 12:

The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives.

Governing and managing IT and information

The Board is ultimately responsible for IT governance, the oversight of which is delegated to the Information, Communication and Technology Committee. An IT governance framework is in place for monitoring the implementation of the Board-approved IT Strategy and to assess IT risks, including the risks associated with remote and hybrid working practices. The key policies in place to facilitate good IT governance are the Information Management Policy, Protection of Personal Information Policy, Intellectual Property Policy, Knowledge Management Policy, and Innovation Policy.

Collaboration within IT and across the business is actively promoted in order to facilitate governance integration into IT services. IT disaster recovery plans are in place and take into account emerging IT risks such as cybersecurity, hacking, and ransomware.

Focus areas include:

- Ongoing implementation of ACSA's digital roadmap
- Continuous investment in and implementation of systems and procedures to protect against cyberattacks and hacking
- Roll-out of a facial biometrics-driven automated border control system. This was first deployed at Cape Town International in FY2020/21 and is currently being rolled out at O.R. Tambo International in Johannesburg and King Shaka International in Durban

- Implementation of a contactless check-in system to enhance the passenger experience
- Extensive enhancement to airport parking management systems to enhance efficiencies and the passenger experience
- Upgrading of the airport management systems to enhance passenger and airline experience through seamless and touchless technology
- Upgrading of the core digital infrastructure and applications
- The digitalisation of all manual documents and the automation of business processes that generate paper or manual information required to support the remote working requirements

Technology effectiveness

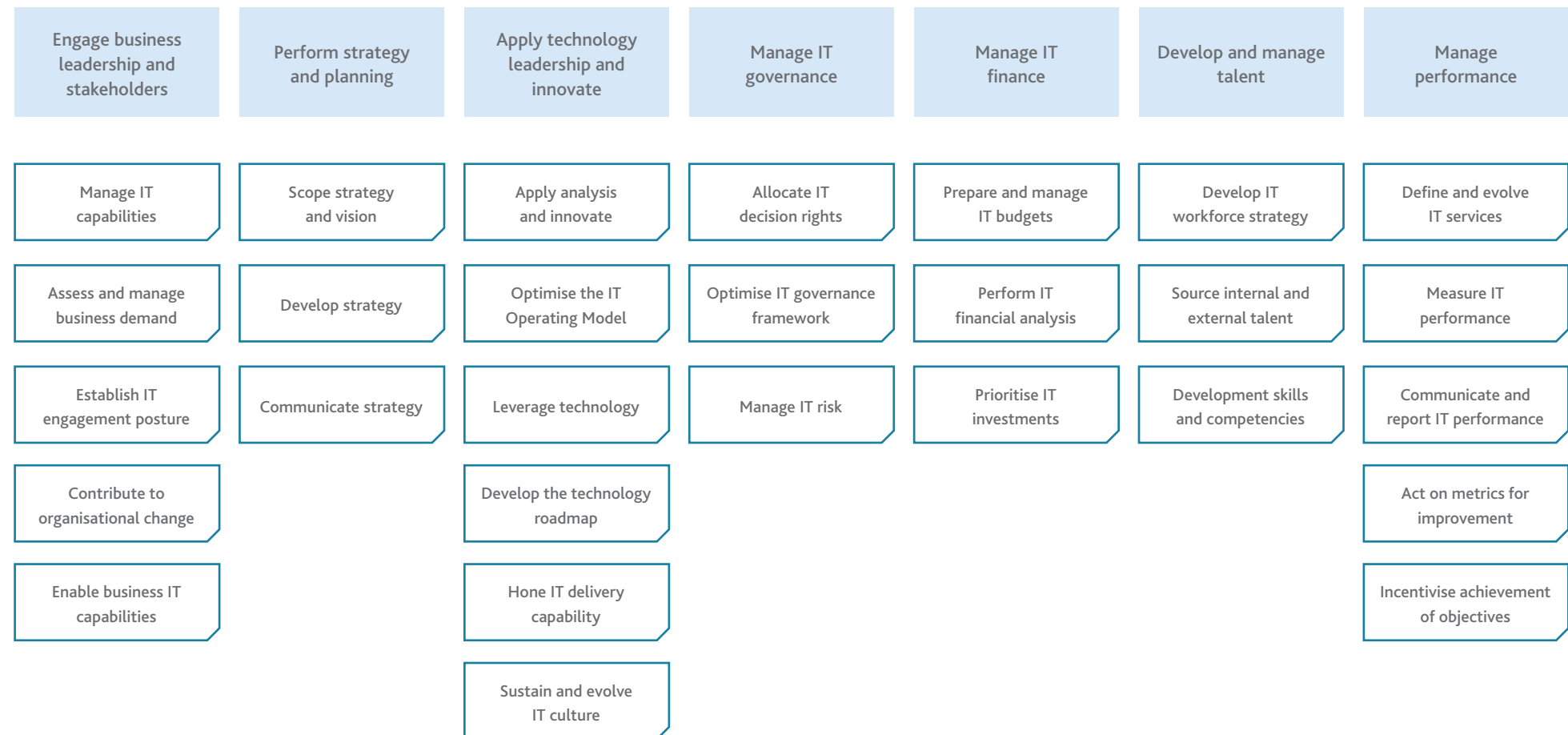
IT measures performance across seven objectives and key functional activities that comprehensively represent the scope of the Group's activities. This baseline helps IT to track its contribution to the implementation of our business strategy and build a roadmap to improve the effectiveness of our operating model in realising strategic goals.

This process has resulted in some improvements in the overall IT environment in comparison to the previous period, most notably in a reduction of audit findings from 32 to 17. There are, however, still areas that require further improvement. The parking management solution, for instance, is still being implemented to provide adequate and effective user access. IT security management and physical and environmental controls have been improved to ensure that all systems operate in an efficient and effective control environment. Further, some automated controls in the financial reporting system on Oracle are being implemented to mitigate the risks posed to optimal business process functioning.



IT GOVERNANCE continued

The following graphic illustrates how the IT governance process works:



GOVERNANCE OF COMPLIANCE

King IV™ Principle 13:

The governing body should govern compliance with applicable laws and adopt non-binding rules, codes and standards in a way that supports the organisation as an ethical and good corporate citizen.

The Board of Directors has an overall responsibility to ensure that the Group complies with applicable laws and regulations. This includes non-binding rules, codes and standards. Our compliance framework is aligned with ISO 19600, a standard for compliance management and best practices.

Compliance processes

In providing oversight and guidance to the Group, the Board is guided by legislation and various codes of good practice, which include, but are not limited to the:

- Airports Company Act (No. 44 of 1993)
- Civil Aviation Act (No. 13 of 2009)
- King Code of Corporate Governance for South Africa™ (2016)
- Protocol on Corporate Governance for the Public Sector (2002)
- Public Finance Management Act (No. 1 of 1999)
- Treasury Regulations
- Companies Act (No. 71 of 2008)
- Protection of Personal Information Act (No. 4 of 2013)
- Promotion of Access to Information Act (No. 2 of 2000)
- Income Tax Act (No. 58 of 1962)
- Value Added Tax Act (No. 89 of 1991)

There were no changes in legislation that substantively affected the achievement of the Group's objectives during the reporting period. The National Key Point Act of (No. 1 of 1980) was repealed by the Minister of Police and replaced with the Critical Infrastructure Protection Act (No. 8 of 2019).

The Board delegates oversight of the compliance function to the Audit and Risk Committee and processes are in place to report and address non-compliance. A quarterly compliance status report is produced in order to keep the Executive Committee and the Audit and Risk Committee informed of non-compliance issues and this is used to facilitate the escalation of issues if and as necessary. There were no material instances of non-compliance with legislation and regulations during the reporting period.

The effectiveness of our compliance function is monitored through Internal Audit and an integrated compliance management processes was embedded in the business during the previous period, enhancing our capacity for recording and reporting instances of non-compliance.

Key focus areas during the 2022/23 financial year included:

- Monitoring the implementation of the Compliance Strategy.
- Implementing a Compliance Maturity Assessment to assess the current state of the Group's compliance processes by analysing the maturity structure at successive levels to ensure continuous improvement.
- Implementing the Compliance Monitoring Plan for the 2022/23 financial year.

Various training programmes on the POPIA, PFMA, Preferential Procurement Policy Framework Act, (No. 5 of 2000), Treasury Regulations, Treasury Practice Notes, supply chain management policies and procedures, are conducted continuously and help to embed a culture of compliance.

Future focus areas include:

- Developing a compliance programme that will be used to coordinate compliance initiatives.
- Integrating compliance through the establishment of compliance risk management programmes.
- Monitoring and reporting on compliance through assurance or audit intervention.
- Monitoring compliance with the Protection of Personal Information Act (No. 4 of 2013) and the Critical Infrastructure Protection Act (No. 8 of 2019).
- Developing the compliance governance landscape to include compliance policy, procedures, and framework.
- Implementing an integrated compliance management system.



GOVERNANCE OF REMUNERATION

King IV™ Principle 14:

The governing body should ensure that the organisation remunerates fairly, responsibly, and transparently to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term.

The Board is responsible for our remuneration philosophy and policy and is guided in its responsibilities for this by the Human Resources, Remuneration and Nominations Committee. Our remuneration philosophy supports sustainable value creation by rewarding our people for their contribution towards achieving our strategic objectives. We offer competitive total rewards, which promote a high-performance culture that enables the fulfilment of our objectives.

The Remuneration Policy includes procedures for the governance of remuneration, the attraction and retention of skills, succession planning, disclosure, benefits, conditions of employment and performance-linked remuneration.

Details of all remuneration awarded to members of the governing body and executive management are disclosed in the Remuneration Report.



ENSURING EFFECTIVE CONTROL

King IV™ Principle 15:

The governing body should ensure assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision-making and of the organisation's external reports.

The Audit and Risk Committee's legislated duties, as set out in Section 94(7) of the Companies Act and the relevant best practice recommendations set out in Principle 8 of King IV™, define in detail the oversight responsibilities the Committee must carry out to ensure adequate and effective governance within the Group.

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

Internal Audit exists primarily to enhance and protect organisational value through the provision of reliable objective internal audit assurance and trusted advisory services. It achieves this by assessing and evaluating the adequacy and effectiveness of the processes of governance, risk management and internal controls. Through the performance of its objective assurance and advisory services, Internal Audit serves as an enabler to the Audit and Risk Committee and, ultimately, to the Board, helping both to achieve adequate and effective corporate governance throughout the Group.

Combined assurance

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

King IV™ recommends that the Audit and Risk Committee provide direction for the use of a Combined Assurance Model and be responsible for establishing and overseeing this model to combine, coordinate and align assurance activities across the various lines of assurance so that assurance as a whole has the appropriate depth and reach.

Internal Audit's Combined Assurance processes are aimed at:

- Fostering a shared view and understanding of the Group's key risks and opportunities
- Understanding all the assurance providers, their roles and level of assurance they can provide
- Aligning assurance to the critical risk exposures
- Maximising risk and governance oversight
- Maximising control efficiencies
- Optimising overall assurance to the Audit and Risk Committee and the Board of Directors
- Reducing assurance costs through the elimination of possible duplication of audit efforts
- Promoting collaboration between internal audit and other assurance providers
- Ensuring the Group is in line with best practice with regard to improved governance and accountability

- Enhancing the integrity of internal information and external reports
- Providing basis for identifying, and appropriately responding to, any potential assurance gaps

Combined Assurance is governed by the Combined Assurance Framework. In terms of this framework, Internal Audit is a critical function that supports the implementation and embedding of the Combined Assurance Framework and related reporting to the Audit and Risk Committee. Group Internal Audit is responsible for championing the implementation of the framework.

The Enterprise Risk Management Framework focuses on the identification, assessment, and implementation of responses to the risks facing the Group and the Combined Assurance Framework ensures that an appropriate level of assurance is provided on the effectiveness of the risk management process and the controls implemented.

Internal controls

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

Internal Audit provides its services and support to all of the airports in our network, including our subsidiaries. Our internal auditors are members of the IIA and, in conducting their work, comply with the IIA's Code of Ethics and International Standards for the Professional Practice of Internal Auditing.

ENSURING EFFECTIVE CONTROL continued

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

Internal audit assurance involves Internal Audit's objective assessment of evidence to provide opinions or conclusions regarding an entity, operation, function, process, or system. The nature and scope of an assurance engagement is determined by Internal Audit. Generally, three parties are participants in assurance services: the Group's executive and operational management, the process owner, Internal Audit, and the Board and its Audit and Risk Committee, which is the user.

Internal audit consulting services are advisory in nature and are generally performed at the specific request of management. The nature and scope of the consulting engagement are subject to agreement with management, but must be approved or ratified by the Audit and Risk Committee, as circumstances may require.

Internal Audit findings

It is the opinion of Internal Audit that, during the reporting period, processes were generally adequate and provided reasonable assurance that the operating environment demonstrates the implementation of effective controls. There were no events that would have compromised the internal audit function.



GOVERNANCE OF STAKEHOLDER RELATIONSHIPS

King IV™: Principle 16

In execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders with the best interests of the organisation over time.

Our Board actively entrenches a stakeholder-inclusive approach, which has stood the business in good stead in managing the challenges we have had to face over the past three periods. The Board takes into account the legitimate and reasonable needs, interests, and expectations of all material stakeholders in the execution of its duties.

Active stakeholder engagement in the face of the unprecedented strain brought about by the COVID-19 pandemic, the war in Ukraine and significant external events at home has deepened our relationships with our stakeholders. Key stakeholder groups have been engaged on the impact of these events on our business, the aviation industry at large, and our future sustainability. These have included shareholders, investors, lenders, airline associations, the Regulating Committee, the media, Parliament, government departments, ground handlers and, most importantly, our passengers and employees. Our governance structures have proven agile and effective and have shown that a balance between the interests of our stakeholders and our business is embedded.

Subsidiary governance framework

The Board has approved a subsidiary governance framework for implementation across the Group. Subsidiaries adopt the policies of the Group to the extent that the policies apply to them. The JIA Piazza Board (Pty) Ltd, a subsidiary of the Group, has adopted its Asset Disposal Policy and Acceptable Use Policy. The Group Audit and Risk Committee and the Social and Ethics Committee have been mandated to perform statutory duties for the subsidiaries.

Future areas of focus

The Group will continue to engage its stakeholders on its financial sustainability and the implementation of strategies aimed at recovery and sustainability. The Regulating Committee, in particular, will be engaged on measures to be taken to ensure that it is sustainable and well positioned for future growth.



AUDIT AND RISK COMMITTEE



Ms Dudu Hlatshwayo*

Committee Chairman

Description of the Committee

The Audit and Risk Committee is an essential component of the Group's governance framework. Among others, the Board has delegated the following key functions to the committee:

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

All of the members of the committee are independent directors and meet predetermined skills, competency, and experience requirements.

The Audit and Risk Committee has been delegated as the Audit and Risk Committee for the subsidiaries.

Composition and focus areas

Audit and Risk Committee Chairman: Ms Dudu Hlatshwayo* Attendance: 100%	
Members	Ms Nosizwe Nokwe-Macamo** Mr Yershen Pillay Mr Graeme Victor*** Ms Ntombifuthi Zikalala-Mvelase
Number of Meetings	9
Committee Focus for the Year	<p>The committee's focus for the year was on considering and evaluating the following:</p> <ul style="list-style-type: none"> • The FY2021/22 to FY2023/24 Corporate Plan • The Group's performance • The Group's financial sustainability • Reduction of irregular expenditure • The Group's going concern status • Elimination of fruitless and wasteful expenditure • Alignment of the Delegated Levels of Authority to the Governance Framework and Operating Model • External Audit Strategy • External Audit Reports • Risk management and the Group's risk appetite and tolerance levels • Performance of Internal Audit • Internal audit and Combined Assurance reports • Assessment of the independence of the external auditor • Evaluation of the CFO and the finance function • Integrated Annual Report for FY2021/22 • Plans, policies, and frameworks within the mandate of the committee • The 2023/25 Combined Assurance Plan • Compliance • Governance matters
Relevant Material Matters	<ul style="list-style-type: none"> • Business sustainability • Financial sustainability • Business growth • Business integration and operational planning • Legal and regulatory compliance • Governance

* Ms Dudu Hlatshwayo was retired as Chairman on 5 April 2023 and has remained as a member. Ms Nonzukiso Siyotula was appointed as Chairman on the same date.

** Ms Nosizwe Nokwe-Macamo was retired as a member on 2 March 2023 subsequent to her retirement as a non-executive director on the same date.

*** Retired on 14 December 2022.

AUDIT AND RISK COMMITTEE continued

Meeting schedule

	Scheduled Meeting	Special Scheduled Meeting	Special Scheduled Meeting	Scheduled Meeting	Scheduled Meeting	Special Unscheduled Meeting	Scheduled Meeting
Members	29 April 2022	27 May 2022	25 July 2022	28 July 2022	28 Oct 2022	29 Nov 2022	30 Jan 2023
Ms Dudu Hlatshwayo (Chairman)*	✓	✓	✓	✓	✓	✓	✓
Ms Nosizwe Nokwe-Macamo**	✓	✓	✓	✓	✓	✓	✓
Ms Ntombifuthi Zikalala Mvelase	✓	✓	✓	✓	✓	✓	✓
Mr Yershen Pillay	✓	✓	✓	✓	✓	✓	✓
Mr Graeme Victor***	✓	✓	✓	✓	✓	✓	N/A

The purpose of the special meetings was to consider the draft FY2021/22 Integrated Annual Report and Governance and Remuneration Report, going-concern assessment, audited 2021/22 Financial Year Annual Financial Statements, 2021/22 Financial Year Key Performance Indicators Report, and the FY2023/24 – FY2025/26 Corporate Plan.



BOARD INVESTMENT COMMITTEE



Ms Nosizwe Nokwe-Macamo
Committee Chairman

Description of the Committee

The Board Investment Committee is an essential component of the Group's governance framework. Among others, the Board has delegated the following key functions to the Committee:

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

The Committee comprises a majority of Independent Directors and one Executive Director, the CEO.

Composition and focus areas

Board Investment Committee Chairman: Ms Nosizwe Nokwe-Macamo* Attendance: 100%	
Members	Dr Kgabo Badimo Ms Nompumelelo Mpofu Mr Yershen Pillay Ms Ntombifuthi Zikalala-Mvelase
Number of Meetings	5
Committee Focus for the Year	<p>The Committee's focus for the year was on:</p> <ul style="list-style-type: none"> • Implementation of the growth strategy • The business cases for the ground handling services strategy, fuel infrastructure and management strategy, aerotropolis and airport cities strategy, cargo strategy, commercial strategy, passenger experience and mobilisation strategy • The Non-aeronautical Revenue Strategy • Disposal of ACSA shares in Aeroporto De Guarulhos • Treasury activities • Consideration of policies within the mandate of the Committee • The 2022 Board and Committee Evaluation Action Plan • The Group's commercial activities • Updates on the Group's operational performance • Updates on the Group's investments and property developments • Economic regulatory matters • Risk monitoring

* Ms Nosizwe Macamo was retired as a member on 2 March 2023 subsequent to her retirement as a non-executive director on the same date. Ms Dudu Hlatshwayo was appointed as Chairman on 5 April 2023.

Meeting schedule

The purpose of the special meeting was to consider the Company's strategic initiatives for the Company's Growth Strategy.

	Scheduled Meeting	Scheduled Meeting	Scheduled Meeting	Special Unscheduled Meeting	Scheduled Meeting
Members	10 May 2022	18 August 2022	17 November 2022	29 November 2022	16 February 2023
Ms Nosizwe Nokwe-Macamo (Chairman)*	X	X	X	X	X
Ms Nompumelelo Mpofu	X	X	X	X	X
Ms Ntombifuthi Zikalala-Mvelase	X	X	X	X	X
Mr Kgabo Badimo	X	X	X	X	X
Mr Yershen Pillay	X	X	X	AP	X

BOARD ECONOMIC REGULATION COMMITTEE



Dr Sandile Nogxina
Committee Chairman

Description of the Committee

The Board Economic Regulation Committee is an ad hoc committee of the Board to which the Board has delegated responsibility for the development and implementation of the Economic Regulatory Strategy. Its primary function is to ensure compliance with all economic regulatory legislation and requirements.

At the core of its function is the deliberation of the approach leading to permission applications for submission to the Regulating Committee, which determines airport tariffs for the Group from time to time. The Committee meets as and when there is a need to meet. The Regulating Committee has decided to run the 2018/20 to 2022/23 permission in full, obviating the need for the Committee to hold scheduled meetings during this period.

The Committee comprises the Chairman of the Board and the chairs of the other Board committees who are independent directors.

Composition and focus areas

Board Economic Regulation Committee Chairman: Dr Sandile Nogxina Attendance: 100%	
Members	Dr Kgabo Badimo Ms Dudu Hlatshwayo Ms Nosizwe Nokwe-Macamo* Ms Ntombifuthi Zikalala Mr Yershen Pillay
Number of Meetings	2
Committee Focus for the Year	<p>The Committee's focus for the year was on considering and evaluating the following:</p> <ul style="list-style-type: none"> • Implementation of the economic regulation strategy • 2023/24 to 2027/28 permission application • Permission application roadmap • Impact of permission decisions on the sustainability of the Group • Monitoring of risks pertaining to economic regulation • Review of the terms of reference of the Committee and implementation of the 2022/23 annual work plan • ACI interventions on economic regulation policy
Relevant Material Matters	<ul style="list-style-type: none"> • Business sustainability • Financial sustainability • Business growth • Stakeholder engagement • Legal and regulatory compliance

* Ms Nosizwe Nokwe-Macamo was retired as a member on 2 March 2023 subsequent to her retirement as a non-executive director on the same date.

Meeting schedule

Members	Scheduled Meeting	Scheduled Meeting
	6 June 2022	21 November 2022
Dr Sandile Nogxina (Chairman)	X	X
Dr Kgabo Badimo	X	X
Ms Dudu Hlatshwayo	X	X
Ms Nosizwe Nokwe-Macamo*	X	X
Ms Ntombifuthi Zikalala-Mvelase	X	X
Mr Yershen Pillay	X	X

HUMAN RESOURCES, REMUNERATION AND NOMINATIONS COMMITTEE



Ms Ntombifuthi Zikalala Mvelase

Committee Chairman

Description of the Committee

The Committee assists the Board on matters of people management, strategic remuneration and nominations by ensuring decisions are aligned with the Group's strategic objectives.

The Committee is comprised of independent directors.

Composition and focus areas

Human Resources, Remuneration and Nominations (RemNom) Committee Chairman: Ms Ntombifuthi Zikalala-Mvelase Attendance: 100%			
Members	Ms Kemira Esterhuizen * Mr Gcobani Mancotywa # Dr Sandile Nogxina	Ms Nosizwe Nokwe-Macamo ** Ms Sibongile Sambo # Ms Nonzukiso Siyotula #	Mr Graeme Victor ***
Number of Meetings	7		
Committee Focus for the Year	<p>The Committee's focus for the year was on considering and evaluating the following:</p> <ul style="list-style-type: none"> The Committee's focus for the year was on: Implementation of the staff cost reduction programme Implementation of the macro structure Succession management 		
Relevant Material Matters	<ul style="list-style-type: none"> Business sustainability Financial sustainability Business growth 	<ul style="list-style-type: none"> Skills developmentProgress on the RemNom Committee evaluation action plan Constitution of the Committees of the Board 	<ul style="list-style-type: none"> Policies, plans and frameworks within the mandate of the committee Monitoring human resources management Risk monitoring

* Retired on 18 December 2022

** Retired on 2 March 2023

*** Retired on 14 December 2022

Appointed on 29 March 2023

Meeting schedule

The purpose of the special meetings was to consider the draft FY2021/22 Governance and Remuneration Report, Employee Value Proposition (EVP) Roadmap, performance assessments of Executives for the 2021/22 Financial Year, Appointment of Board Committees, Assessment of Independence of Non-Executive Directors and Appointment of a Lead Independent Director.

Members	Scheduled Meeting	Special Unscheduled Meeting	Scheduled Meeting	Special Unscheduled Meeting	Scheduled Meeting	Scheduled Meeting	Special Unscheduled Meeting
	4 May 2022	25 July 2022	12 August 2022	30 August 2022	10 November 2022	23 February 2023	31 March 2023
Ms Ntombifuthi Zikalala-Mvelase	X	X	X	X	X	X	X
Ms Kemira Esterhuizen*	X	X	X	X	X	N/A	N/A
Ms Nosizwe Nokwe-Macamo**	X	X	X	AP	X	X	N/A
Dr Sandile Nogxina	X	AP	X	AP	X	AP	X
Mr Graeme Victor***	X	X	X	X	X	N/A	N/A
Mr Gcobani Mancotywa	N/A	N/A	N/A	N/A	N/A	N/A	X
Ms Sibongile Sambo	N/A	N/A	N/A	N/A	N/A	N/A	X
Ms Nonzukiso Siyotula	N/A	N/A	N/A	N/A	N/A	N/A	X

INFORMATION, COMMUNICATION, TECHNOLOGY COMMITTEE



Mr Yershen Pillay

Committee Chairman

Description of the committee

The committee is responsible for monitoring compliance of the governance of technology, communications and information with the guidelines set out in King IV™. It also oversees the alignment and integration of the Group's information and communication technology strategy with the Group's overall strategy and business needs. It further ensures implementation of the Cybersecurity Strategy and that strategies emanating from innovative initiatives are reviewed and support digital capabilities.

The committee is comprised of Independent Directors.

Composition and focus areas

Information, Communication and Technology Committee Chair: Mr Yershen Pillay Attendance: 100%	
Members	Dr Kgabo Badimo Ms Kemira Esterhuizen* Ms Dudu Hlatshwayo Mr Graeme Victor**
Number of Meetings	4
Committee Focus for the Year	<p>The committee's focus for the year was on:</p> <ul style="list-style-type: none"> Implementation of the IT Strategy Monitoring of the governance of technology and information and the risks related to this Monitoring cybersecurity maturity Monitoring management of the Group's overall information and communication strategy and systems Monitoring progress of ICT projects Monitoring ICT audit findings Progress on action plan on ICT Committee evaluation Risk monitoring
Relevant Material Matters	<ul style="list-style-type: none"> Business sustainability Financial sustainability Business growth Business integration and operational planning Digital transformation Cyber security Safety and security of ICT assets Legal and regulatory compliance Governance

* Retired on 18 December 2022

** Retired on 14 December 2022

Meeting schedule

	Scheduled Meeting 6 June 2022	Scheduled Meeting 10 August 2022	Scheduled Meeting 8 November 2022	Scheduled Meeting 7 February 2023
Members				
Mr Yershen Pillay	X	X	X	X
Dr Kgabo Badimo	X	X	X	X
Ms Kemira Esterhuizen	X	X	X	N/A
Ms Dudu Hlatshwayo	X	X	X	X
Mr Graeme Victor	X	X	X	N/A

SOCIAL AND ETHICS COMMITTEE



Dr Kgabo Badimo
Committee Chairman

Description of the committee

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

The committee is made up of five Independent Directors and the CEO.

Composition and focus areas

Social and Ethics Committee Chair: Dr Kgabo Badimo** Attendance: 100%	
Members	Ms Kemira Esterhuizen * Ms Dudu Hlatshwayo Ms Nompumelelo Mpofu
Number of Meetings	4
Committee Focus for the Year	<p>The Committee's focus for the year was on:</p> <ul style="list-style-type: none"> Economic transformation Stakeholder relations Ethics The Group's response to the recommendations pertaining to ACSA in the Zondo Report The reputation of the Group Socio-economic development Passenger mobilisation Environmental, health and public safety Security Consequence management Risk monitoring
Relevant Material Matters	<ul style="list-style-type: none"> Business sustainability Financial sustainability Brand, reputation, and stakeholder management Transformation Safety Security Legal and regulatory compliance Consequence management Governance

* Retired effective 18 December 2022

** Retired as Chairman on 5 April 2023 and remained a member. Mr Gcobani Mancotywa was appointed as Chairman on the same date

Meeting schedule

	Scheduled Meeting 12 May 2022	Scheduled Meeting 16 August 2022	Scheduled Meeting 15 November 2022	Scheduled Meeting 14 February 2023
Members				
Dr Kgabo Badimo	X	X	X	X
Ms Kemira Esterhuizen	AP	X	X	N/A
Ms Dudu Hlatshwayo	X	X	X	X
Ms Nompumelelo Mpofu	X	X	X	X

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02 REMUNERATION

OVERVIEW

The Board is responsible for ACSA's remuneration philosophy and policy as well as for overseeing their application, assisted and guided by the Human Resources, Remuneration and Nominations Committee and supported by management. This includes responsibility for skills attraction and retention, conditions of employment, remuneration governance, benefits, performance-linked remuneration, succession planning and disclosure. As in all of our activities, we adhere to the principles of good governance as set out in the King Report on Corporate Governance for South Africa™ (2016) (King IV™) when it comes to recruitment, remuneration and human capital management.

Our remuneration philosophy supports sustainable value creation by rewarding our people for their contribution to achieving our strategic objectives. In the normal course of business, we offer competitive total rewards, which promote a values-based, high-performance culture that enables us to achieve those objectives. This section of the report therefore aims to provide an overview of our remuneration philosophy and policy as well as of the factors that influenced both policy and implementation during the reporting period.

Details of all remuneration awarded to members of the governing body and executive management during the period are disclosed in the Implementation Report below.

PERFORMANCE REVIEW

In the 2022/23 financial year, the need to manage both operational and remuneration costs in the wake of the COVID-19 pandemic continued to be a priority. Given the uneven recovery trajectory we experienced during the period, which was exacerbated by the impact of the war in Ukraine, the constraints on global supply chains and low economic growth around the world, we were faced with having to realise savings of R200 million from the remuneration budget as well as R400 million from the operating budget.

Budget constraints like these, which have been a reality over the past three periods, have meant that we have had to review our strategies, policies and procedures to accommodate the vastly changed environment in which we now operate. In alignment with our Recover and Sustain Strategy, we therefore introduced a new People and Culture Strategy in FY2020/21 and our focus since then has been on implementing and monitoring the implementation of this strategy. Together with the revised Governance and Operating Model, introduced in the same period, it has provided the framework within which to develop a leaner, flatter, more agile and more resilient organisation.

The revised GFOM brought with it a number of challenges, resulting primarily from the Voluntary Separation Programme (VSP) that was implemented during FY2020/21 and FY2021/22 and from the freeze on both recruitment and salary increments for remaining staff during the same two periods.

The VSP, which was planned and implemented in consultation with our employees and organised labour, enabled us to secure the business's sustainability through periods in which there was little or no revenue. While the programme enabled us to avoid having to undertake a retrenchment process, it inevitably resulted in a significant loss of aviation-related skills and institutional knowledge. It also impacted directly on our remaining staff, many of whom have had to fulfil multiple functions over the past three years, and affected our employee value proposition (EVP).

It is for this reason that, as soon as we were able to achieve a firm recovery position, we undertook a multi-pronged process aimed not only at identifying and addressing our skills deficits but at normalising remuneration.

Addressing the skills deficit

In the first instance, we undertook a capacity audit throughout the organisation and, in consultation with divisional management, identified and prioritised 471 positions that urgently needed to be filled. These are positions that require individuals with specific skills and capabilities necessary to maintain our airport licenses and category status as well as to ensure business continuity and growth. As at 31 March 2023, we had successfully filled 95 of these priority vacancies. The skills audit will also be finalized in the new financial year. Recruitment is still in progress and all vacancies will be filled.

We also undertook a process of succession management, beginning at Executive Committee level. This will now be cascaded down throughout the organisation to ensure that we consolidate the capability that we have and build capability where risks have been identified.

Further, as the world of work evolves in the post-COVID-19 pandemic environment, novel business trends are emerging and are challenging us to look at new ways of sourcing talent and integrating that talent into the workforce. Driven by the changes that have come about as a result of technological development and greater workforce mobility, we are investigating new staffing models and talent sourcing platforms, such as social media, to tap into the Open Talent economy. The existing Recruitment Management Policy remains in place to ensure that we remain compliant in all talent sourcing processes.

Externally, we are benchmarking our salaries and aligning our remuneration policies with the market. In cases where we find we are below market, we will align our policy with market norms.

PERFORMANCE REVIEW continued

Normalising remuneration

With regard to remuneration, we took a decision to pay a cost-of-living bonus equal to a monthly salary to all employees to allow them to recover from the effects of the salary freeze. We also gave all employees a much-needed market-related salary increase in March 2023, which was backdated to September 2022. This was a first step in restoring diminished EVP.

As a means of contributing to the Group's strategic objective of growing non-aeronautical revenue, we have also done a great deal of work to build the capacity of the Training Academy in order to secure a unique market positioning for this institution and also to ensure that it is able to meet its revenue contribution targets.

Under normal circumstances, our remuneration practices are informed by total rewards benchmarking, which provides for the payment of equitable market-related remuneration. As our employees are fundamental to our sustainability and success as a business, we are committed to offering fair remuneration through both financial and non-financial means, including through such benefits as subsidised housing, educational opportunities and employee recognition programmes.

By way of example, between the inception of the housing scheme in 2016 and the onset of the COVID-19 pandemic in 2020, when the scheme was temporarily closed to new entrants, 1 972 employees had benefitted from the housing scheme. The scheme was opened to new entrants again during the reporting period and we have undertaken a process of restoring other benefits that were suspended at the start of the COVID-19 pandemic.

Performance and outlook

With budgetary limitation in mind, the Human Resources, Remuneration and Nominations Committee is satisfied that it delivered on its mandate during the 2022/23 financial year. The committee will continue to monitor remuneration policy and practices, as well as to focus on maintaining the fair and ethical practices that the Company is committed to. At operational level, the Human Resources division will continue to deliver on the key priorities identified in the People and Culture Strategy and to monitor the implementation of the strategy.

Within the context of a more streamlined and agile operating structure, we remain committed to the wellbeing of our staff and other stakeholders and we continue to actively engage with them in order to fulfil this commitment.



REMUNERATION POLICY

ACSA's remuneration policy includes procedures for the governance of remuneration, the attraction and retention of skills, succession planning, disclosure, benefits, conditions of employment and performance-linked remuneration.

Elements of total remuneration

	Fixed pay	Variable incentives	
	Total guaranteed package	Short-term incentives	Long-term incentives
Purpose	To attract and retain employees through competitive fixed pay.	To attract and retain employees and to drive a high-performance culture.	
Who	All employees	All employees	Senior management and above including Airport General Managers and Group Executives.
Description	Basic plus benefits and allowances	Annual bonuses payable on the provision that ACSA has achieved 85% of its Group KPIs. On an individual basis, bonuses are payable if the employee obtains a rating of 3 and above.	A cash allocation that is granted to an employee and vests on the provision that performance conditions have been achieved.
Settlement method	Cash	Cash	Cash
Frequency	Monthly	Annually	Annually
Performance	Based on personal performance ratings, internal and external parity.	Performance conditions are determined annually on a Group basis. Individual performance is measured via the performance management system.	Performance conditions are determined for each allocation.
Proposed changes for 2024	We will be restoring certain employee benefits, specifically overtime, the acting allowance and employee bursaries, which were suspended due to COVID-19 pandemic related cost-saving measures. We will also be reviewing the full range of benefits and allowances that we offer our employees and will be reviewing pay scales to align to market.	The incentive structures are being reviewed for appropriateness, taking into consideration the impact of the COVID-19 pandemic, recovery of the Group and the change in strategy.	

REMUNERATION POLICY continued

Although our remuneration policy is under review, our total reward framework will continue to allow for remuneration consisting of both fixed and variable pay, as aligned with appropriate legislative frameworks, wider external factors, and the business strategy. While there were limitations on our ability to offer variable pay during and immediately after the COVID-19 pandemic, the Group is now able to resume normal remuneration practices.

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

Fair, equitable and responsible	Equity, fairness and consistency in the remuneration of employees is applied in accordance with the value of their work
Competitive	Total remuneration is externally competitive and ensures that ACSA can attract, retain and motivate its employees.
Strategy aligned	The remuneration strategy is aligned to ACSA's strategy and supports the achievement of this strategy.
Governance compliance	Remuneration is compliant with the relevant legislation and the governance principles outlined in King IV™.
Performance-based	To create a strong link between pay and performance, all variable incentives are subject to performance.
Affordability	The Group strives to pay market-related remuneration subject to affordability.



Fair and responsible pay

Our remuneration policy ensures that employees are remunerated fairly for their individual contribution to the Group's performance. Our remuneration practices therefore ensure that fair and responsible remuneration will always be a top priority, even as we adjust to new operating realities. In addition to this, ACSA has put in place various measures to ensure that its remuneration practices comply with the relevant legislation governing the equal work of equal value.

REMUNERATION POLICY continued



The **values** that inform our fair and responsible remuneration philosophy are:



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

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

Total remuneration

At present, guaranteed pay and certain benefits, such as medical aid, continue to be offered to employees. Due to cost-saving measures in place from 2020 to 2022, incentive schemes and certain discretionary benefits were suspended during that period.

In line with our commitment to good governance and transparency, we have nevertheless retained the methodology applied when determining variable incentives as these remain an important component of our remuneration philosophy.

REMUNERATION POLICY continued

Total guaranteed package

Our standards for guaranteed pay and benefits are:



Guaranteed pay

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

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

Executives

- (a) Individual parity
- (b) Individual and Group performance

Senior management, middle management and professionals

- (a) Individual parity
- (b) Individual and Group performance

Skilled and general workers

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



Benefits

Employees are contractually obliged to belong to an approved medical aid and retirement fund, inclusive of risk benefits. Our Benefits policy is structured in a way that addresses socio-economic challenges and enables the organisation to attract, motivate, engage, and retain talent to enable the organisation to achieve its strategic goals.

Executives, senior management, middle management and professionals

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

Skilled and general workers

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



Circumstantial allowance

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

Executives, senior management, middle management and professionals

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

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

Skilled and general workers

- (a) Shift
- (b) Standby
- (c) Overtime
- (d) Relocation

REMUNERATION POLICY continued

Variable pay

Variable pay is determined according to two incentive structures: the **short-term incentive (STI)** structure and the **long-term incentive (LTI)** structure.

The STI aims to cultivate a high-performance culture and promote the attainment of short-term targets that will ultimately lead to the achievement of long-term goals.

Short-term incentives

The objective of the STI programme is to ensure that ACSA's short-term goals are achieved and that eligible employees who display exceptional performance in working towards achieving the Group's objectives are rewarded. The short-term goals are mapped into the Group, divisional and individual KPIs.

From a Group perspective, KPIs are weighted accordingly, taking into account our business, our people, our society and our environment, as reflected in the graphic alongside:

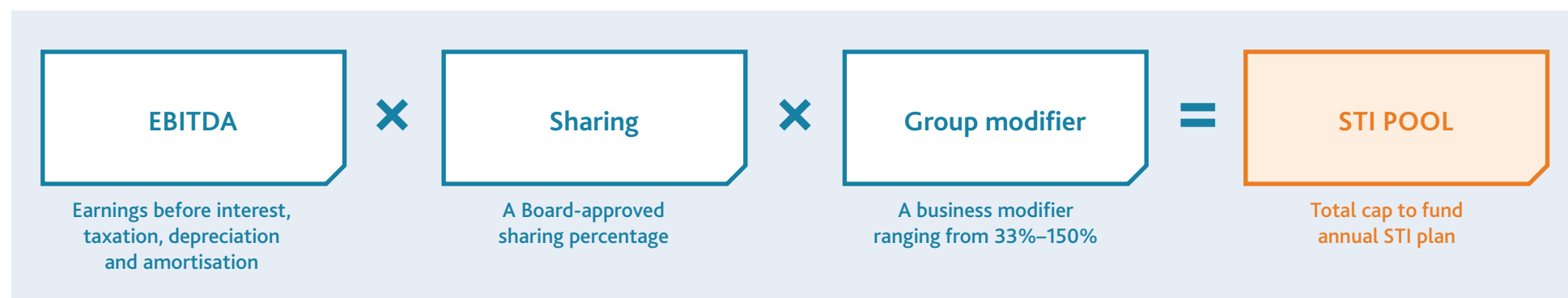


REMUNERATION POLICY continued

A stepped approach is used to determine the STI payable to eligible employees. This involves calculating a bonus pool and distributing it to eligible employees.

Determination of the STI pool

The total STI pool, which is used to fund STI payments to eligible employees, is determined as follows:



Sharing percentage. The STI pool is based on a sharing percentage within a range of 3% to 5% of earnings before interest, tax, depreciation and amortisation (EBITDA). The sharing percentage is reviewed by the Board on an annual basis.

Group modifier. The Group modifier is determined based on ACSA's performance against its KPIs. The KPIs are determined based on the goals stipulated in the Shareholders' Compact and the performance modifier is determined based on the Group's performance relative to its targets. The Group modifier is currently based on a performance sliding scale as detailed below. The percentages used in the modifier are currently under review as part of the overall review of incentive structures.

- Threshold performance: modifier of 33%
- Target performance: modifier of 100%
- Stretch performance: modifier of 150%

Group KPIs. At the end of each financial year, the Board, through the Audit and Risk Committee, verifies actual performance against approved targets.

Approval. The STI pool, calculated in terms of the principles outlined above, is approved by the Remuneration Committee and further recommendation is made to the Board for final approval.



REMUNERATION POLICY continued

Determination of the potential STIs for eligible employees

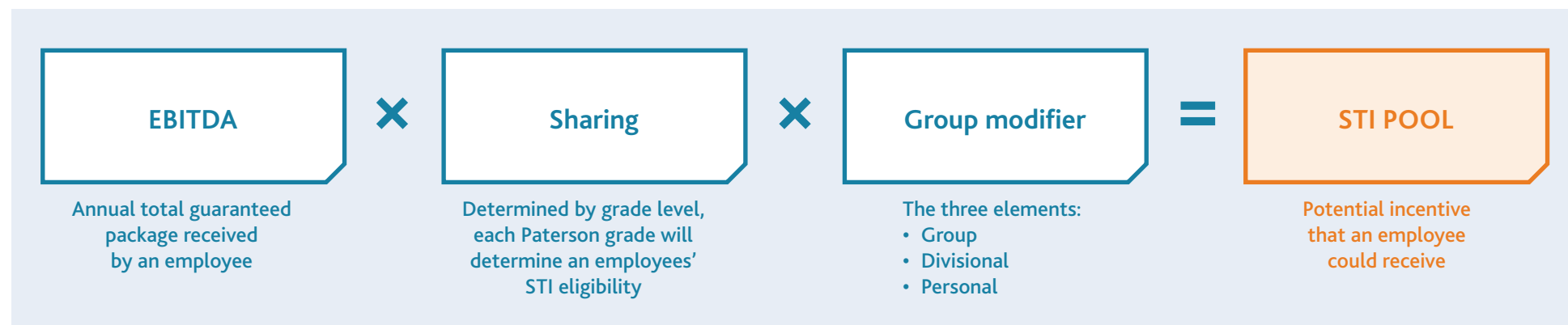
The formula outlined below is applied when determining the potential STI for eligible employees:

On-target percentage. The on-target percentages are informed by the participants' Paterson grade (i.e., by seniority and responsibility).

Individual modifier. The individual modifier ranges between 0% and 175% and is informed by Group, divisional and personal performance. Different weightings are applied to each of the components of performance depending on grade. For example, senior employees would have a higher weighting in relation to Group performance.

Final STI payable

To calculate the final STI payable to eligible employees, the results of the sum of all the potential STIs is compared to the STI pool. Where the STI pool is larger than the sum of all the potential STIs, the bonuses are limited to the potential STI values calculated. However, where the STI pool is smaller than the sum of potential STIs calculated, every participant's bonus is adjusted on a pro-rata basis. This means that bonuses are capped at the sum of all the bonuses or the STI pool amount, whichever is the lesser. This is to ensure that the final STI payments remain affordable for the Group.



Board discretion

The Board has the discretion to grant payment of the STIs and incentives are therefore not an automatic entitlement. The discretion of the Board is dependent on the Group's annual financial results and/or any other factors as determined by the Group from time to time. The STI payments will not be approved if the payment results in a net loss after tax for the financial year or if the Group receives a qualified audit opinion from the external auditors.

As in the previous period, STIs were not paid during the 2022/23 financial year due to financial constraints.

REMUNERATION POLICY continued

Long-term incentives

As we strive to align our remuneration practices with the market while also maintaining alignment with the Group's strategy, the existing LTI structure is currently being reviewed. In the paragraphs below we provide the principles of the current LTI structure and the high-level principles that will apply to the amended LTI structure.

Current LTI structure

ACSA's LTI plan is based on the Group's financial and non-financial growth, and payments are settled in cash. The LTI plan aims to align the Shareholder's Compact with the Group's strategy and individual performance in order to grow the business sustainably over the long-term.

The LTI cash plan is based on the following principles:

Eligibility to participate

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

The primary purpose of the LTI cash plan is to:

- Incentivise employees to achieve the long-term objectives set out in the Group's Strategy and Corporate Plan.
- Stimulate employees to achieve sustainable performance, instil a culture of performance excellence and grow the business.

- Align the Shareholder's Compact to employee performance objectives.
- Reward employees for significant discretionary efforts and achievements within their performance areas.
- Retain key talent.

Award allocation

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

LTI allocation value = Total guaranteed pay x Annual allocation %

LTI allocation percentage. The LTI allocation percentage is dependent on the employee's grade, which is determined by the Board from time to time and is based on, among other factors, prevailing market trends. The Board has the discretion to apply a multiple to the allocation if it determines that annual allocations will not be made in order to recognise a quantum appropriate for more infrequent awards. The table below summarises the current LTI allocation percentages:

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

Performance. LTI awards are subject to performance, so performance conditions and targets are approved by the Board for each allocation. Three levels of performance are set with the associated vesting percentages.

Performance assessment and vesting

For each performance condition, at the point of assessment, the achievement percentage is determined according to the table below:

Performance	Achievement %
Threshold	30
Target	100
Stretch	125

Board discretion in final payments

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

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

No LTI awards were made during the reporting period. The LTI cash plan rules are under review to ensure alignment with the group's strategy.

REMUNERATION POLICY continued

Amended LTI high-level principles

The table below outlines the high-level principles that will be applied in the amended LTI. The reviewed LTI will be implemented once approved by the Board.

Principle	Description
Purpose	The LTI will assist in incentivising employees for the achievement of long-term strategic goals, attraction and retention as well as for creating alignment between stakeholders, employees and the Group.
Eligibility	Eligibility will be subject to Board discretion, taking into consideration the grade and performance of the participant.
Allocation	Allocations will be made annually based on the discretion of the Board. As indicated above, we benchmark our total remuneration to the median, so the LTI quanta will be informed by our positioning relative to the market.
Performance	We will assess performance based on our strategic goals.
Settlement	Awards will be settled in cash.

Benchmarking

Our payment philosophy is to benchmark total remuneration to the median of the market and the 50th percentile. To ensure that our total remuneration offering is market competitive, we perform benchmarks annually. Two approaches are followed for benchmarking, depending on the level of the employee:

Executives. Various data points are taken into consideration when benchmarking the total remuneration for executives. These are:

- Companies listed on the Johannesburg Stock Exchange. The companies included in this analysis are determined based on size, complexity and performance.
- Comparable State-Owned Companies, taking the size of these companies into consideration.
- REMchannel® survey data is used to perform a grade-based benchmark analysis.

Below executive level. A grade and job title-based benchmark analysis is performed using benchmark data obtained from the REMchannel® survey database.

Eligibility and annual percentage (%) market allocation

No awards were made during the reporting period.

Malus or clawback

Malus or clawback to any incentive award made in terms of the remuneration policy, which may take effect on discovery of certain trigger events, remains at the discretion of the Board. According to the Group's malus and clawback policy, the following events can be described as trigger events, although this should not be considered an exhaustive list:

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

REMUNERATION POLICY continued

Executive employment contracts

Executive Directors and Group Executives

The following types of employment contracts are offered to Executive Directors and Group Executives:

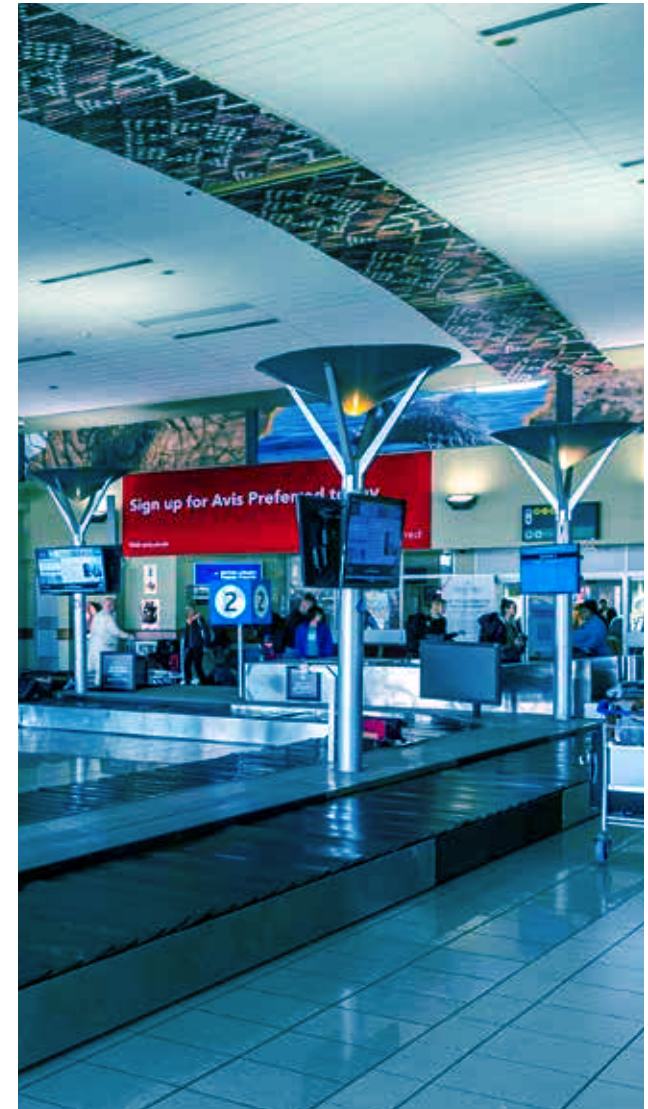
- The CEO and CFO are appointed on a five-year fixed-term contract in line with the Group's Memorandum of Incorporation and the Board's recommendation to the Minister of Transport.
- All Group Executives are appointed by the CEO.
- In line with the revised operating structure, all Group Executives are also now on five-year contracts.
- The employment contracts for Group Executives have a six-month probation period.
- Executive Directors and Group Executives are eligible for guaranteed pay, short-term performance incentives (where the key performance areas are determined and evaluated annually) and long-term incentives (where performance conditions are measured over a rolling three-year period).
- Employment contracts are offered until the retirement age of 65 years.

Non-executive Directors

Service contracts for non-executive directors are for a period of three years and they are appointed in terms of the Group's Memorandum of Incorporation. The fees payable to non-executive directors are benchmarked against a peer group comprising of companies that are listed on the JSE. This is a process similar to that used to determine remuneration for executive directors.

Non-executive directors are paid based on the roles they occupy on the Board and the Board committees. Their fees are determined according to the following principles:

- Fees are determined by National Treasury and are approved by the Minister of Transport. Shareholders of the Company approve the fees by a special resolution at the Company's annual general meeting in compliance with the Company's Memorandum of Incorporation.
- Non-executive directors do not participate in the variable pay schemes and are remunerated on a retainer basis with specified fees for meetings and *ad hoc* functions.
- Fees are exclusive of any value added tax that might be applicable.
- Approved travel expenses will be covered in line with the Travel policy.
- The remuneration policy precludes the payment of termination benefits to directors.



IMPLEMENTATION REPORT

Remuneration for Executive Directors and Group Executives

The table below declares the remuneration paid to Executive Directors and Group Executives during the reporting period. There were no deviations from the Remuneration Policy, the Recover and Sustain Strategy and the revised Financial Plan, as approved by the Board:

Remuneration for executive directors and group executives

		2022/23													
Name	Position	Guaranteed pay		Medical Aid contribution		Pension fund contribution		STI		Other fees and allocation		LTI		Total single figure remuneration	
All figures stated in R'000		FY2022/23	FY2021/22	FY2022/23	FY2021/22	FY2022/23	FY2021/22	FY2022/23	FY2021/22	FY2022/23	FY2021/22	FY2022/23	FY2021/22	FY2022/23	FY2021/22
NZ Mpofu	Chief Executive Officer	4 349	4 203	195	175	400	386	—	—	238	—	—	—	5 182	4 764
S Mthethwa	Chief Financial Officer	3 152	2 834	235	190	299	288	—	—	178	240	—	—	3 864	3 552
F Sithebe ¹	Chief Operating Officer	—	255	—	7	—	24	—	—	—	15	—	—	—	301
B Mbomvu ²	Group Executive Governance and Assurance	149	2 657	12	127	21	256	—	—	4 315	120	—	—	4 497	3 160
L Langa	Group Executive Human Resources	2 485	2 367	91	114	227	219	—	—	137	—	—	—	2 940	2 700
T Dolomoney ³	Group Executive Operations	2 574	1 386	127	71	257	134	—	—	344	53	—	—	3 302	1 644
B Matshego ⁴	Group Executive Infrastructure and Asset Management	—	1 253	—	53	—	128	—	—	—	472	—	—	—	1 906
M Mncwabe	Chief Information Officer	2 877	2 774	130	124	265	255	—	—	159	—	—	—	3 431	3 153
S Ngwenya	Chief Audit Executive	2 586	2 492	—	—	228	220	—	—	136	—	—	—	2 950	2 712
C Shilowa	Group Executive Strategy and Sustainability	3 037	2 926	—	—	268	258	—	—	174	—	—	—	3 479	3 184
R Shinnars ⁵	Group Executive Corporate Affairs	152	2 802	10	124	21	258	—	—	2012	—	—	—	2 195	3 184
L Less ⁶	Group Executive Corporate Services	2 260	184	125	7	210	17	—	—	147	—	—	—	2 742	208
M Petros	Group Executive Enterprise Security	3 114	3 000	—	—	—	—	—	—	150	—	—	—	3 264	3 000
J Khambule	Group Executive Commercial	—	1 315	—	85	—	125	—	—	—	—	—	—	—	1 525
		26 735	30 448	925	1 077	2 196	2 568	—	—	7 990	900	—	—	37 846	34 993

¹ Chief Operating Officer – resigned with effect from 30 April 2021 under the voluntary severance programme.

² Group Executive Governance and Assurance – resigned with effect from 30 April 2022 under the voluntary severance programme.

³ Group Executive Operations Management – appointed 20 September 2021.

⁴ Group Executive Infrastructure Asset Management – resigned with effect from 30 September 2021 under the voluntary severance programme.

⁵ Group Executive Corporate Affairs – resigned with effect from 30 April 2022 under the voluntary severance programme.

⁶ Group Executive Corporate Services – appointed 1 March 2022.

IMPLEMENTATION REPORT continued

Service fees for Non-executive Directors

The table below declares the remuneration paid to non-executive directors during the reporting period. There were no deviations from the Remuneration Policy, the Recover and Sustain Strategy and the revised Financial Plan, as approved by the Board:

Non-executive director	Director fees	
	FY2022/23	FY2021/22
All figures stated in R'000		
S Nogxina	840	770
D Hlatshwayo	667	493
P Mokupo	–	309
N Nokwe-Macamo ²	613	529
I Phenyane	–	287
Y Pillay	628	524
N Zikalala Mvelase	781	616
K Esterhuizen ³	402	461
G Victor ⁴	467	500
K Badimo	590	507
N Siyotula ¹	15	–
G Mancotywa ¹	15	–
SR Sambo ¹	15	–
A Khumalo ⁵	15	–
Total	5 048	4 996

¹ Appointed 2 March 2023.

² Resigned 2 March 2023.

³ Resigned 18 December 2022.

⁴ Resigned 14 December 2022.

⁵ Appointed 3 March 2023.

Cost-of-living allowances

At ACSA, we recognise and are mindful of the hardships our employees are facing in the current economic climate. Taking into consideration the fact that no salary increases were awarded in FY2020/21 and FY2021/22, we approved a once-off cost-of-living lump-sum during the reporting period and this was payable to all employees. The total cost of this allowance to the Group was R54 057 240.77.

Salary increases

After a two-year moratorium on salary increases, we also awarded a salary increase for all employees in the same period, and they were backdated to 1 September 2022. The approved increase percentages were as follows:

Executives	6.5%
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All other employees	7.0%
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In determining the appropriate increase percentages to consider for the different levels of employees, affordability and market benchmarks were considered.

IMPLEMENTATION REPORT continued

Short-term incentives

The table below gives details of the Group's performance against its KPIs. Nine of the 11 KPIs were achieved, resulting in an overall achievement score of 3.52 out of 5:

STRATEGIC PILLAR	STRATEGIC OBJECTIVE	KPI	WEIGHTING	FY2023 ALLOCATION / TARGET	MEASUREMENT	1	2	3	4	5
 Our Business	Financial Sustainability	OPEX Allocation (Cumulative)	18.0%	R3,390 million	Budget Variance	OPEX over-expenditure of >5% OR OPEX under-expenditure of >20%	OPEX over-expenditure > 2% but ≤ 5%	OPEX savings of between 0% but ≤ 2%	OPEX savings of > 2% but ≤ 5% Actual: Savings of 3.4% (R3 274m vs. R3 390 m)	OPEX savings of >5% but ≤ 20%
		CAPEX Allocation (Cumulative)	18.0%	CAT of R798 million	CAT Cashflow Variance	CAPEX of < 80% of CAT Actual: Expenditure of 47% of CAT (R422m vs. R798m)	CAPEX of ≥ 80% but < 90% of CAT	1. CAPEX of ≥ 90% but ≤ 100% of CAT, and 2. Completion of all contracted projects that are planned for close-out in the current financial year	1. CAPEX of ≥ 90% but ≤ 100% of CAT, and 2. Completion of all contracted projects that are planned for close-out in the current financial year 3. Completion of 5% of projects earlier than the planned schedule	1. CAPEX of ≥ 90% but ≤ 100% of CAT, and 2. Completion of all contracted projects that are planned for close-out in the current financial year 3. Completion of >5% of projects earlier than the planned schedule
	Diversify the business portfolio	Non-Aeronautical revenue	12.0%	R2,392 million	Budget Variance	Revenue variance: > -10% (revenue shortfall of more than 10%)	Revenue variance: > 0% but ≤ -10% (revenue shortfall of between 0% to 10%)	Revenue variance: between 0% but ≤ 2%	Revenue variance: > 2% but ≤ 10% (exceed revenue target by 2% to 10%)	Revenue variance: > 10% (exceed revenue target by more than 10%) Actual: Exceeded budget by 18% (R2 822m vs. R2 392m)
		Aeronautical revenue	12.0%	R2,486 million	Budget Variance	Revenue variance: > -10% (revenue shortfall of more than 10%)	Revenue variance: > % but ≤ -10% (revenue shortfall of between 0% to 10%)	Revenue variance: between 0% but ≤ 2%	Revenue variance: > 2% but ≤ 10% (exceed revenue target by 2% to 10%)	Revenue variance: > 10% (exceed revenue target by more than 10%) Actual: Exceeded budget by 19% (R2 956m vs. R2 486m)
	Increase our reputation	Stakeholder Management Plan	10.0%	80% Implementation of Stakeholder Management Plan	% Stakeholders Engaged in line with engagement plan	< 50% stakeholders engaged in line with engagement plans	≥ 50% but < 80% stakeholders engaged in line with engagement plans	≥ 80% but < 89% stakeholders engaged in line with engagement plans	≥ 90% but < 100% stakeholders engaged in line with engagement plans	≥ 100% stakeholders engaged in line with engagement plans Actual: Exceeded target by 83% (146% vs. 80%)
		Passenger Satisfaction	6.0%	3.67	Passenger satisfaction survey results	< 3.54	≥ 3.54 but < 3.67	≥ 3.67 but < 3.74	≥ 3.74 but < 3.99	≥ 3.99 Actual: 4.04
		ACI Health Accreditation	6.0%	All 9 Airports to be accredited Covid-19 as compliant	Number of Airports Accredited	0 - 4 Airports accredited as Covid-19 compliant	5 - 8 Airports accredited as Covid-19 compliant	All 9 Airports accredited as Covid-19 compliant	AHA level 1 rating for two airports	AHA level 1 rating for 4 airports

IMPLEMENTATION REPORT continued

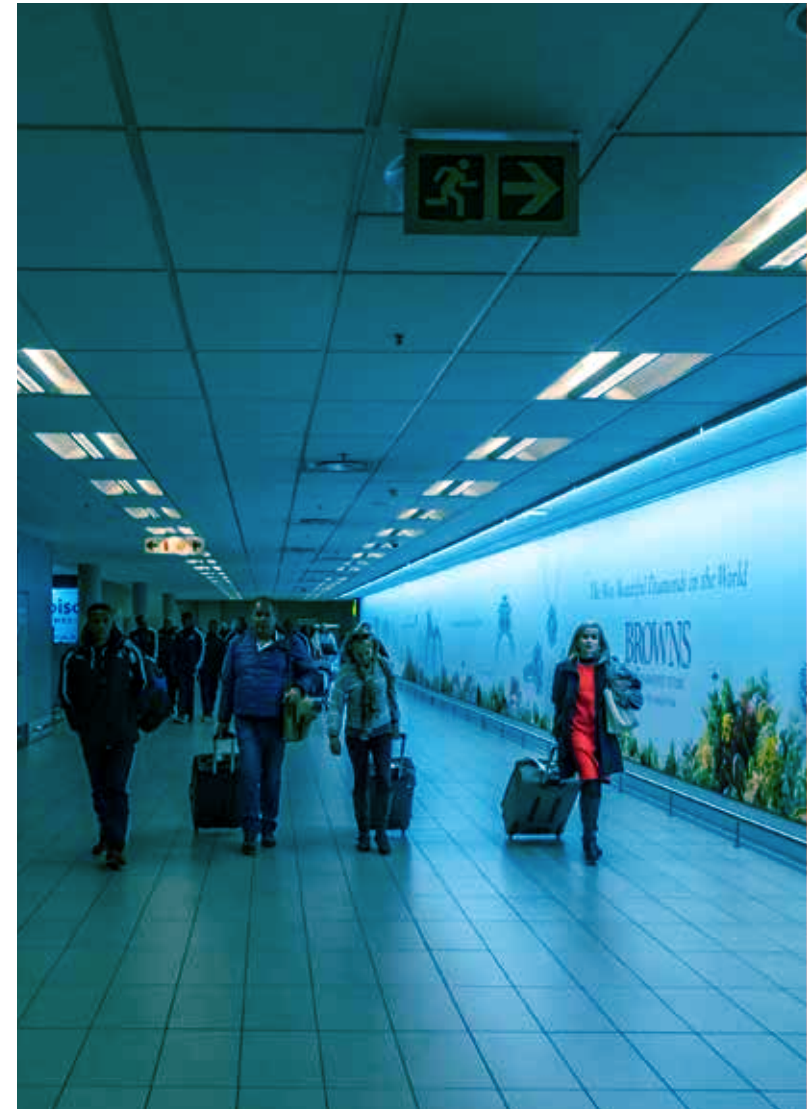
STRATEGIC PILLAR	STRATEGIC OBJECTIVE	KPI	WEIGHTING	FY2023 ALLOCATION / TARGET	MEASUREMENT	1	2	3	4	5
 Our People and Society	Ensure successful transformation of ACSA operations	B-BBEE Level	4.7%	Level 2	B-BBEE Level based on the 2009 codes	Level 4	Level 3	Level 2 (Lower) Achieved 85.5 points on the B-BBEE Scorecard	Level 2 (Higher)	Level 1
		% Black business share of commercial revenue generated	4.7%	55%	% Revenue from black business	< 42%	≥ 42% but < 55% Actual: Underperformed by 9% (50% vs. the target of 55%)	≥ 55% but < 60%	≥ 60% but < 65%	≥ 65%
		# of Job opportunities created	4.6%	17,064	# Jobs supported	< 16,500 Actual: Underperformed by 5% (16 225 vs. the target of 17 064)	≥ 16,500 but < 17,064	≥ 17,064 but < 17,300	≥ 17,300 but < 17,900	≥ 17,900
 Our Environment	Reduce our environmental impact	ACI Carbon Accreditation Level	4.0%	Maintain ACI Level 2 Reduction Certification for at 3 Airports (ORTIA, CTIA & KSIA))	Airports Accreditation	Maintain ACI Level 2 accreditation at 1 airport (CTIA)	Maintain ACI Level 2 accreditation at 2 airports (ORTIA & CTIA)	Maintain ACI Level 2 accreditation at 3 airports (ORTIA, CTIA, and KSIA)	Maintain ACI Level 2 accreditation at 4 airports (ORTIA, CTIA, KSIA, and CDSIA)	Maintain ACI Level 2 accreditation at 4 airports (ORTIA, CTIA, KSIA, and CDSIA), and achieve Level 1 accreditation at another airport

Long-term incentives

No allocations were made in the 2022/23 financial year and therefore no LTIs were vested based on the performance period ended 31 March 2023.


GROUP INFORMATION


Country of incorporation and domicile	South Africa	
Company registration number	1993/004149/30	
Non-executive Directors	Dr S Nogxina Ms N Nokwe-Macamo Ms D Hlatshwayo Mr Y Pillay	Mr A Khumalo Mr G Mancotywa Ms S Sambo Dr K Badimo Ms N Siyotula
Executive Directors	Ms Nompumelelo Mpofu Ms Lindani Mukhudwani	
Register office	1 Jones Road Western Precinct Aviation Park O.R. Tambo International Airport Gauteng 1632	
Postal address	PO Box 75480 Gardenview	
Bankers	Standard Bank Nedbank	
Company secretary	Ms Fefekazi Sefara	
Nature of business and principal activities	Airports Company South Africa is mandated to undertake the acquisition, establishment, development, provision, maintenance, management, operation and control of any airport, any part of any airport, or any facility or service at any airport normally related to an airport function.	



www.airports.co.za

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