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Financial stability

AIR TRAFFIC & NAVIGATION SERVICES





Our 2016 Sustainability Report provides our stakeholders with a view of Air Traffic & Navigation Services SOC Limited's (ATNS') sustainability performance for the financial year 1 April 2015 to 31 March 2016. The report describes how we deliver sustainable outcomes through our sustainabilitydriven strategic business model and operational structure; as well as how we build and sustain value through our organisational culture, industry partnerships and in the way we engage our stakeholders. The reporting cycle aligns to ATNS's investment programmes and major infrastructural projects aimed at responding to the Company's investment within the country and the continent. These investments are stipulated in the organisation's permission application for the next five years. Our 2015/16 Integrated Report (available online at http://www.atns.co.za/annual-reports) offers

a more comprehensive account of the Company's performance in terms of its ability to create value through the 'six capitals', as defined by the International Integrated Reporting Council (IIRC). In both reports, we harness the principle of 'materiality' to link disclosures on ATNS's financial, social and environmental performance to its strategic objectives and to the six capitals. Performance is also linked to the Company's developmental context, regulatory context, commercial context and its global business context. Materiality has been determined by the ATNS Board and Executive management through a process of extensive consultation within the organisation and with ATNS's stakeholders. The process has further considered ATNS' strategic objectives, whilst also considering the Company's material risks, strategic opportunities and the ATNS value chain.

Where appropriate in the Sustainability Report, we reference relevant sections in the 2015/16 Integrated Report to provide greater depth and continuation to our annual performance reporting.

Report scope and boundary

The boundary of this report is largely the ATNS legal entity. There may be instances where reporting extends to other entities outside of the Company. In such instances, references are clearly highlighted. This is ATNS's third annual Sustainability Report

in which we unpack our economic, social and environmental outcomes for the reporting year. By attempting to align our reporting with the GRI G4 sustainability reporting principles, we recognise the necessity for accuracy, transparency, reliability and connectivity of information and have used our best efforts to produce a report that harnesses these guiding norms.

Accordingly, we aim to be thorough in our reporting, and where we have discerned gaps, we have endeavoured to clarify overt omissions.

Navigating this report

Performance commentary in ATNS-IR pertain to material issues that specifically align with the Company's key strategic objectives. Accordingly, performance commentary is linked to strategic objectives throughout the report by means of the following icons:

ICONS ASSOCIATED WITH STRATEGIC OBJECTIVES



Ensure long-term financial sustainability



Enhance operational efficiencies in line with global ATM standards



Develop leadership capability in Africa ATM space



Create a transformative organisation



Build a culture of safety



Build a skilled and capable employee resource base



Manage the organisation's contribution to Climate Change



Manage and preserve scarce and vulnerable resources



Develop enterprise-wide awareness for accountable environmental impact



Maintain an impeccable governance framework



Ensure regulatory alignment and compliance



Ensure constructive and collaborative stakeholder relationships

ICONS ASSOCIATED WITH THE SIX CAPITALS



Financial capital



Manufactured capital



Social and relationship capital



Intellectual capital



Human capital



Natural capital.

The "Six Capitals" icons link the Value Creation Model (page 22) and performance sections (commencing on page 55) to ATNS's 2016 Integrated Report for additional context and clarity.

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including the Chicago Convention, which established the International Civil Aviation Organization (ICAO) as a specialised agency of the United Nations -South Africa's vision for sustainable development is embodied in the relationship between social systems, ecosystems, and economic systems. These systems are not simply interlinked but also embedded within each other and underpinned by governance systems as described in the National Framework on Sustainable Development (2008). As a State-Owned Company - and national provider of air traffic management (ATM) services - we have a significant role to play in contributing to the sustainability agenda of the country. Our mandate from our Shareholder, represented by the Minister of Transport and the entire Department of Transport, directs us to contribute to both departmental and national outcomes by balancing the safe development of civil aviation, with the responsible consideration of our impacts on the economy, society, and the environment.

Through our 2015/16 sustainability reporting process, we disclose both financial and qualitative (nonfinancial) performance information as it relates to ATNS's business outcomes and the Company's contributions to the country's overall economic efficiency and ATM competitiveness. Our sustainability reporting includes Standard Disclosures from the GRI Sustainability Reporting Guidelines.



Statement of precautionary approach

The transport sector – particularly aviation - is a critical component of the economy, impacting on development and the welfare of the entire population - both as an enabler of economic wellbeing, and its beneficiary. When transport systems are efficient, they provide economic and social opportunities and benefits that impact throughout the economy. When transport systems are deficient or inefficient, they impact economies in terms the cost of reduced or missed opportunities - as well as adverse environmental impacts, such as increased carbon emissions and noise and air pollution.

As air traffic movements are expected to increase, flexible optimisation of the airspace is required to ensure that safety and an operationally-efficient environment are achieved. The aviation industry's impacts on the environment are evident globally and appropriate legislative frameworks are being adopted by the ATM sector world-wide. South Africa is a signatory to the Chicago Convention, which established the International Civil Aviation Organization (ICAO) as a specialised agency of the United Nations. ICAO has made commitments to curb emissions in response to the United Nations Framework Convention on Climate Change (UNFCCC). As an ICAO member state, South Africa, and ATNS has an implicit and seminal role to play on the African continent to promote maximum compatibility between the safe and orderly development of civil aviation on the one hand and the quality of the environment on the other.

ATNS's further acknowledges the need for equitable consideration of key stakeholder groups in the context of our long-term growth strategy and to continuously improve on our reporting of both financial and nonfinancial impacts.



PERFORMANCE HIGHLIGHTS

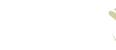
	Strategic objectives	Indicator		2014/15	2015/16
	Ensure long-term financial	Turnover		R1,412 billion	R1,509 billion
		Operating costs		R1,078 billion	R1,254 billion
	sustainability.	Net profit		R284 million	R243 million
	Enhance operational efficiencies in line	Total capital expenditure	9	R137 million (with additional R29 million committed)	R230 millior (with additional R491 millior committed
	with global ATM	Average systems	Communication	N/A	99,61%
	standards.	availability	Navigation	N/A	96,15%
			Surveillance	N/A	100%
	Create a transformative organisation.	Overall EE representation		69,56%	66,67%
	Build a culture of safety.	Safety events per 100,000 air traffic movements		3,10 safety events per 100,000 air traffic movements	2,73 safety events per 100,000 air traffic movements
	Build a skilled and capable employee resource base.	Total number of ATS bursars		80	74
		Total number of engineering learnerships		12	6
		Training investment as palary bill	percentage of a	3,68%	7,57%
	Develop enterprise- wide awareness for environmental	Total number of employees trained on environmental training programmes		312 incl. departmental training	535
	impacts.	Total spend on environm	nental training	R506,610	R135,320
	Manage the organisation's contribution to Climate change.	Total carbon inventory		19,135.47 tons CO2e	25,510.96 tons CO2e
Han	Manage and preserve	Overall annual electricit	y usage	18,320,612 kWh	20,154,721.16 kWh
	scarce and vulnerable resources.	Overall annual fuel usage		102,782 litres	95,965 litres
	Ensure constructive	CSI spend		R1,730,000	R1,426, 576
	and collaborative stakeholder relationships	Engineering Learnerships		12	6

OUR ACHIEVEMENTS FOR THE YEAR

- Maintained clean audit.
- Best Service Provider Award at Jane's Annual ATC Awards.
- The ATA received the IATA Top Regional Training Partner Award.
- ATNS has achieved a level 2 Broad-Based Black Economic Empowerment (BBBEE) rating.
- Top Service Provider Award AFRAA.
- 2nd place in Nkonki Integrated Reporting Award 2015.

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Introduction

Sustainability is a mind-set. It cannot be limited to a department, and - whilst our impact on scarce resources and our eagerness to support the communities where we operate are critical sustainability considerations for us – they cannot be untangled from the holistic vision of ATNS's overall sustainability drive. Our 'sustainability' practices are what we need to do and live by each day to sustain our business and our mutual livelihoods well into the future. It relates to how we manage and use our financial resources, and how we invest in infrastructure; it's about caring for the wellness of our people and being full of care in how we impact our environment. Importantly, in our business, it's about ensuring safe skies and the safety of our people, suppliers, customers and the ATM community. It also relates to the relationships we build, and the innovations that make us proud; and it encompasses our ethics and the scarce competencies that enable us to lead in our field.

Ultimately, our long-term sustainability is dependent on our ability to focus this holistic, integrated mind-set to create mutual, exponential value for our company, our stakeholders, and the wider economy.

I take great pleasure in presenting our 2015/16 Sustainability Report. This year marks the fourth consecutive year of our integrated reporting process. The 2015/16 Integrated Report is a stand-alone report and combines financial and non-financial sustainability performance in a single, integrated reporting format. In addition, to the 2015/16 Integrated Report this Sustainability Report (the third consecutive stand-alone sustainability report) provides a concise account of our economic, social and environmental sustainability performance and adheres to the same materiality framework followed in this year's Integrated Report.

Our performance in brief:

Economic sustainability

South Africa's muted economy presented conflicting outcomes for the domestic tourism and aviation sectors, with the weakening Rand drawing in international inbound tourism on the one hand whilst slowing down domestic travel on the other. ATNS projects its revenue based on expected growth in air traffic movements, with the latter having a high correlation to Gross Domestic Product (GDP) at approximately 80%. Cumulative movements for the 2015/16 year increased by 2% to 1,098,137, which translates to a higher number of billable traffic movements than anticipated.

ATNS did not increase tariffs during the year, which put pressure on the Company's financial capital performance. However, a 2% increase in overall air traffic movements helped to mitigate the negative impact of the zero-tariff increase, which will be amended and gazetted when the new Permission application process is concluded. Our financial sustainability cannot overcome the inflationary pressure in the long-run if tariffs do not increase. Having said this, our strategic goal of increasing our business in the non-regulated sector is an important pillar of our future financial sustainability. This year, revenue from our operations amounted to

R1,5 billion against a budgeted R1,3 billion. Tariff revenue amounted to R134,3 million, exceeding budget by 11,1%. Our non-regulated revenue exceeded budget by R12,7 million (17,2%).

ATNS's role as a State-Owned Company in promoting the economic sustainability of the country requires that we look beyond our own financial sustainability. Accordingly, we view Broad-Based Black Economic Empowerment (B-BBEE) and local supplier development as an important lever to support the most equitable distribution of wealth in South Africa. We are pleased to report that ATNS achieved a B-BBEE qualification score of 87.51 points during the year, which is the equivalent of a Level 2 B-BBEE rating. Our total B-BBEE spend of total measurable procurement spend amounted to R381,144,298.74.

The 2015/16 financial year marked the start of a new Permission cycle, with a total of R242 million budgeted for new projects during the year. Our year-to-date capital expenditure for the year amounted to R230 million, with an additional R491 million committed. Our infrastructure investment is not only intended to ensure the long-term viability of our organisation, but to create an enabling ATM environment to safeguard our ATM community and all air-space users.

We also embarked on necessary air traffic services infrastructure upgrades during the year. Whilst these upgrades are critical to ensuring ATNS keeps pace with fast-evolving international standards, there were incidents of flight delays and system disruptions. However, we performed well on departure delays during the year, registering an average delay per delayed flight of 13 seconds against a target of 120 seconds, thereby demonstrating our personnel's continued commitment to delivering the highest standards of air traffic control to the ATM community.

Social sustainability

Safety remains the first and overriding priority in air traffic management – to ensure safety service provision to our customers and safe operations for our employees, partners, suppliers and the ATM community. As such, ensuring safety in our operations remains paramount and is not negotiable. Sadly, in August 2015, there was a fatal flight accident involving

an aircraft carrying medical personnel, a patient, and his relative from Namibia in the Tygerberg nature reserve in Cape Town. At the time of publishing this report the incident was still under investigation by the South African Department of Transport's Aircraft Accident Investigations Unit, in consultation with the South African Civil Aviation Authority (SACAA). ATNS continues to cooperate to the fullest extent. I wish to extend our deepest condolences to the families and friends of the five people who perished on the flight. The loss of a life within our airspace is one too many and we acknowledge the critical importance of ensuring that our air traffic services infrastructure adheres to global leading standards at all times, without exception.

Overall, we recorded a total of 30 safety events for the year against a total number of movements of 1,098,137. Root causes varied from human-related errors to external factors such as weather phenomena, airspace design, and complex traffic scenarios. ATNS ended the financial year by maintaining a risk safety index for the year below the Company's target of 48.

ATNS's long-term planning has identified future challenges around the skills that we will need to evolve within a globally-competitive, technologicallydriven aviation environment. The outlook of the sector suggests that present skills will either be replaced by technological functions, thereby rendering them redundant, or those skills will have to be adapted to match yet unknown competency requirements. We are, therefore, aware of the need to balance a human capital intensive business with the increased emphasis on technology in the ATM sector going forward. This awareness forms an integral part of our longterm infrastructure and human resource planning. Accordingly, we have initiated an organisational realignment process, spanning the next 14 years to 2030, to help us transition into an environment where we can counterpoise our exploration of advanced technologies to create greater operational efficiencies with our directive as a State-Owned Company, to address the challenges of structural unemployment and poverty in South Africa. The 14-year timeline for our planning coincides with the South African Government's National Development Plan timeframe. This further aligns our social developmental efforts with Government as we balance the development needs of our country with the growing infrastructure

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and efficiency requirements of our industry globally. During the year, we realigned several processes and positions within the Company to facilitate a more agile structure to respond timeously to challenges and opportunities in the industry.

We continued to create and sustain long-term social value through our CSI initiatives by committing to the positive transformation of our society. As part of our social transformation strategy, education plays a critical role in addressing socio-economic challenges within communities. ATNS has adopted the promotion of mathematics and physical science as its flagship project. Our total spend on Corporate Social Investment (CSI) for 2015/16 was R2,122,705.61.

Environmental sustainability

We are committed to ensuring environmental sustainability in our business in line with our Shareholder's mandate. Accordingly, we continue to integrate sustainability principles within the Company's activities, products, and services, which enables us to make strategic decisions that consider environmental impacts across the business's entire life cycle, from our infrastructure and service planning through to the ultimate de-commission stage. As a leading ANSP, we are well positioned to play a leadership role in promoting accountable and environmentally sustainable business practices on the continent.

As part of our on-going commitment to reducing GHG emissions, ATNS is one of the founding members of the Indian Ocean Strategic Partnership to Reduce Emissions (INSPIRE), a partnership with airlines, ANSPs and airport partners to assess ways of reducing aviation's impact on the environment. The INSPIRE partnership is intended to be a collaborative network of partners and peer organisations across the Arabian Sea and the Indian Ocean region dedicated to improving the efficiency and sustainability of aviation.

Further, training and education on environmental impacts form an integral and strategic part of our overall drive to create long-term environmental sustainability. Our training programmes relate not only to our sector's need to curb carbon emissions, but also extend to the responsible management of our natural resources such as airspace quality and

protected habitats, as well as our management of energy, in the form of electricity and non-renewable resources, such as fuel. During the year, we once again calculated ATNS's Carbon Footprint Inventory and compiled an environmental assessment report. Our total carbon inventory for the 2015/16 financial year is 25,510.96 tonnes of CO2e. This is marginally higher compared to the prior year. However, with our reporting mechanisms improving alongside our data collection and measurement capabilities, we are achieving more accurate readings for our emissions. That said, we are committed to identifying and implementing measures to contain and reduce our emissions.

In closing

Our integrated and sustainability reporting plays a critical role in facilitating meaningful and transparent stakeholder relations. It is, therefore, important that we continue to refine and evolve our context-based reporting to demonstrate our ability to manage ATNS's economic, social and environmental impacts whilst enhancing operational efficiencies and fostering innovation. We will do so, in part, by enhancing our data management systems, improving our adherence to leading practice sustainability reporting frameworks – such as the Global Reporting Initiative (GRI) – and, by continuing to instil a sustainability mindset in our daily operations.

I would like to thank all our colleagues who participated in our 2015/16 reporting process. Today, corporate sustainability reporting is not only an expected practice in transparency for all companies, but also an international business standard for companies operating on a global scale. If going forward, we are to be authentic leaders in our field, we must acknowledge that we can only do so through ethical business conduct, impeccable corporate citizenship, and sound environmental stewardship – the keystones for long-term corporate sustainability.



Chief Executive Mr Thabani Mthiyane



ATNS aligns with several external economic, environmental, academic, and social initiatives:

The ICAO Aviation System Block Upgrades (ASBU)

To meet the future challenges associated with air traffic growth, ICAO has collaborated with member states, industry, and international organisations to develop the ASBU concept, which aims to ensure the following operational imperatives:

- Maintaining and enhancing aviation safety.
- Harmonising air traffic management improvement programmes.
- Removing barriers to future aviation efficiency and environmental gains at a reasonable cost.

The ASBU concept allows for a flexible global systems approach, which enables all member states to advance their own air navigation capabilities based on their specific operational requirements. By implementing many of these modules, the adverse environmental effects of civil aviation activities can be minimised. ATNS fully endorses the ASBU initiative as it is essential in setting the vision and framework for the global harmonisation of air traffic management.

Civil Air Navigation Organisation (CANSO)

ATNS is a founding member of the Civil Air Navigation Organisation (CANSO) in Africa and plays a leading role on the African continent by hosting the CANSO Regional Office and collaborating with other entities

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regionally and globally in its visibly active involvement in ICAO, IATA, and other industry networks and associations.

International Air Travel Association (IATA)

The International Air Travel Association has programmes and mechanisms to address the environmental impacts of aviation and to ensure that environmental policies are implemented to support the industry's sustainability. Furthermore, the improvement of the environmental performance of airlines, the promotion of the adoption of industry best practices and assisting with environmental monitoring and reporting, remains the key focus of IATA.

With regards to climate change, IATA has adopted a set of ambitious targets to mitigate CO2 emissions from air transport, including:

- An average improvement in fuel efficiency of 1,5% per year from 2009 to 2020;
- A cap on net aviation CO2 emissions from 2020 (carbon-neutral growth); and
- A reduction in net aviation CO2 emissions of 50% by 2050, relative to 2005 levels.

The industry has showed its willingness to contribute meaningfully to solutions; however, to achieve these targets, a strong commitment is required from all stakeholders working together through the four pillars of the aviation industry strategy, namely:

- Improved technology, including the deployment of sustainable low-carbon fuels;
- More efficient aircraft operations;
- Infrastructure improvements, including modernised air traffic management systems; and
- Market-based measures to fill the remaining emissions gaps.

The USTDA/ATNS Space-based ADS-B Feasibility Study

As part of ATNS's effort to improve the safety and efficiency of African aviation, ATNS in collaboration with the United States Trade and Development

Agency (USTDA), contributed towards a funding grant to conduct a satellite surveillance feasibility study utilising the space-based Automatic Dependant Surveillance Broadcast (ADS-B) technology.

The study will establish a model for the deployment and operation of space-based global air traffic surveillance in selected African countries. The following advisory outcomes are anticipated as part of the study:

- Satellite services required;
- Equipage on the ground and in the air;
- System maintenance and training requirements;
 and
- A financial model to support the deployment and operation of the Aireon system in Africa.

The main assessment will be focused on South Africa, but the study will also indicate basic equipment needs for other air navigation service providers (ANSPs).

The Indian Ocean Strategic Partnership to Reduce Emissions (INSPIRE) initiative

As part of its on-going commitment to reducing GHG emissions, ATNS is one of the founding members of the Indian Ocean Strategic Partnership to Reduce Emissions (INSPIRE), a partnership with airlines, ANSPs and airport partners to assess ways of reducing aviation's impact on the environment. The INSPIRE partnership intends to be a collaborative network of partners and peer organisations across the Arabian Sea and the Indian Ocean region dedicated to improving the efficiency and sustainability of aviation.

AVI Afrique

To foster leadership in the area of innovation, ATNS founded the AVI Afrique Aviation Innovation Summit, which was inaugurated in November 2012. The forum is aimed at integrated research and innovation that will ensure that solutions on the continent are relevant to the African market and address the needs that may not necessarily be met by research programmes in the United States (NEXTGEN) and Europe (SESAR).

In line with the vision of the South African government to move the country towards a knowledge-based economy, ATNS is shifting from merely being a user of the acquired technologies to contributing to the value chain of technology innovation and the development of domestically-consumed technologies.

Africa Agenda 2063

The Africa Agenda 2063, established by the African Union, intends to ensure that Africa's development puts the continent amongst the world's best performers in quality of life measures. The Agenda requires that strategies for inclusive growth, job creation, agricultural production, investments in science, technology, research and innovation, gender equality, youth empowerment and the provision of basic services be prioritised by all African states.

United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (SGDs) build on the aims of Millennium Development Goals in ensuring that States aim to achieve sustainable development. The SDGs encourage collaborative action by developed, developing, and underdeveloped countries to promote prosperity without negatively influencing the natural environment. To achieve equitable development - and curb global poverty - States must produce strategies that build on economic growth, whilst addressing various social concerns as well as climate change. The aviation industry continues to grow and contribute to social and economic needs of nations; however, more still needs to be done to address environmental issues to ensure that such successes in the other two pillars of sustainability (social and economic) are also achieved by the third pillar (environment).

The GHG Protocol Corporate Standard

The first ATNS Carbon Emission Inventory and footprint was calculated using best practice methodology. A carbon inventory for an organisation involves accounting for all greenhouse gas (GHG) emissions released as a result of the Company's operations. In line with international leading practice, ATNS

calculates the carbon inventory in accordance with the GHG Protocol Corporate Standard. Following the 2015/16 carbon inventory calculation, the Company is closer to setting targets that will ensure the reduction of emissions in daily operations.

Alliance with the University of Pretoria's Department of Electrical Engineering and Computer Systems

ATNS has established a strong coalition with the University of Pretoria's Department of Electrical Engineering and Computer Systems in the field of telecommunications. The purpose of the alliance is to participate in global leading research activities to deliver world-class research and educational output for the benefit of ATNS, the university, and telecommunications industries. This initiative also aims to build capacity, and to create learning opportunities for both undergraduate and postgraduate engineering students who come from historically-disadvantaged backgrounds. Opportunities are created through Engineering Graduate Development Programmes, such as vacation work and bursary sponsorship.

University of Johannesburg (Engineering Learnership)

Aviation Training Academy (ATA), a division of ATNS SOC Ltd, is fully accredited by several technology-oriented Universities (including UJ, DUT, CUT) to offer experiential learning programmes in Electrical Engineering (Electronic) Level I & II; and Computer Systems Engineering Level I & II. A student who successfully completes the programme receives accreditation upon submission of a fully-documented logbook and subsequently the university awards a National Diploma in that respective discipline. The accreditation is valid for two years.

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Our company at a glance

Nature of business

ATNS is a State-Owned Company (SOC), established in 1993 in terms of the ATNS Company Act (Act 45 of 1993) to provide air traffic management solutions and associated services on behalf of the State. These services accord with International Civil Aviation Organisation (ICAO) standards and recommended practices and the South African Civil Aviation Regulations and Technical Standards. As an air navigation services provider (ANSP), ATNS is governed by the nation's legislative and administrative framework.

ATNS is responsible for providing and maintaining reliable airspace infrastructure in South Africa, further enabling the delivery of air traffic services in a safe and efficient manner. The infrastructure consists of communications, navigation, and surveillance (CNS) infrastructure. This infrastructure development is informed by regulatory requirements at a global level, enabling new technologies as well as addressing the needs of the air traffic management (ATM) community. ATNS is also a commercialised ANSP operating on the "user pays" principle that relies on tariff revenues and debt funding for its operational and capital expenditure requirements. The tariffs that may be levied by ATNS are regulated by an independent Regulating Committee, established in terms of ATNS's founding legislation.

The Company's Head-office is located at East Gate Office Park, Block C, South Boulevard Road, Bruma, (Postal code: 2198) in Gauteng, South Africa.

Principal activities

Regulated Business

At present 90% of ATNS's revenue is obtained through its regulated business. The principal activities of ATNS's regulated business encompass the planning and operating safe and efficient services in the airspace for which the state is responsible.

Air navigation services and infrastructure

ATNS's infrastructure and service development are informed by user expectations and regulatory requirements at a global level; as well as new technologies and the needs of the air traffic management (ATM) community.

Air navigation infrastructure and services consist of three main components:

Communications Infrastructure

ATNS operates an extensive VHF radio network to enable communications between air traffic control and pilots over the South African land mass. An HF Radio system is used as a means of communication for the oceanic region.

Navigation Infrastructure

ATNS provides pilots with the ability to accurately determine their position over the ground, by providing a network of navigation aids such as VHF omnidirectional range (VOR) and Distance Measuring Equipment (DME) throughout South Africa.

Surveillance Infrastructure

At most of the major serviced airports ATNS provides primary radar coverage for the terminal areas. For en-route coverage, a network Monopulse Secondary Radar Systems is utilised. At OR Tambo International Airport (ORTIA) and Cape Town International Airport (CTIA), Advanced Surface Movement Guidance and Control Systems are used to provide a means of controlling the movement of aircraft and vehicles on the airfield.

Training institution

ATNS runs a successful training institution as a division of the Company, namely the Aviation Training Academy (ATA). The ATA offers a full range of air traffic services training, technical support training, and related training in the disciplines of

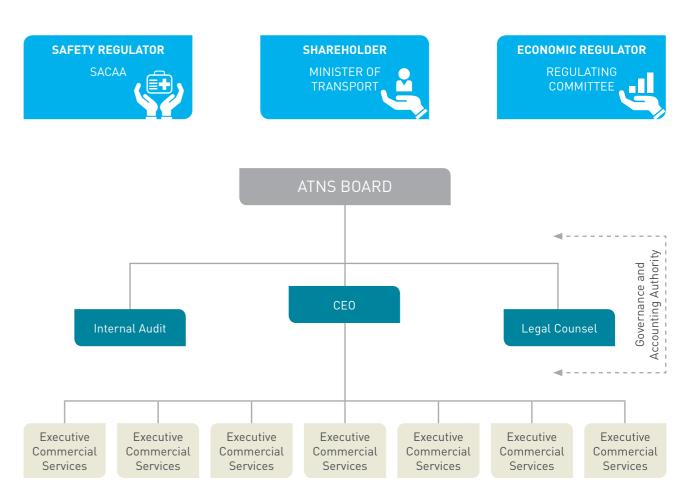
engineering, air traffic services, and management. Training is provided to delegates in South Africa and the broader African continent. The ATA is an ISO9001: 2008 accredited institution and has international cooperation agreements in place with partners such as the Embry Riddle Aeronautical University, Ecole Nationale de l'Aviation Civile (ENAC) and the University of the Witwatersrand (WITS), enabling the academy to maintain mutually-beneficial partnerships in the presentation and accreditation of international courses in air traffic services (ATS). The ATA has been awarded the IATA Regional Training Partner Award for five consecutive years and was designated as an IATA Premier Circle Member in 2015.

Non-Regulated Business

ATNS's non-regulated business currently contributes 10% of the Company's revenue. The non-regulated business encompasses a long-term strategy to facilitate regional expansion through a subsidiary vehicle presently known as "NEWCO". The subsidiary will enable the Company to take a more robust and agile stance in the non-regulated business market without posing undue risks to its regulated market and shareholder. It will also enable ATNS to enter joint ventures and partnerships with external suppliers so that the Company can harness more valuable market opportunities whilst extending its regional influence and reach.

Structure of ATNS's operations

FIGURE 1: OVERVIEW OF THE ATMS OPERATING STRUCTURE



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ORGANISATIONAL OVERVIEW ORGANISATIONAL OVERVIEW

ATNS is a State-Owned Company incorporated as a limited liability company. The Company has a Board of Directors appointed by the Minister of Transport to provide oversight and guidance on the implementation of the ATNS Mandate. Our business model is based on our strategy and value chain, which comprises three main blocks:

- 1. ATM Operational Concept and Global Air Navigation Plan (GANP).
- 2. Enabling infrastructure and resources.
- 3. ATM and technical support operations.

FIGURE 2: REGULATED BUSINESS MODEL

Core and strategic function

- Strategic Planning & Optimization
- Planning & execution of permission

The ATNS Mandate Act 45 of 1993



- Enabling ATM technology roadmap
- South African BPN Map
- Define & drive enabling technology
- ATNS research & development
- Maintain CNS Technology
- Deploy appropriate resource to support infrastructure

Our Customers & Shareholder

ATM/CNS Operations

- Provide safe, efficient and effective air traffic services
- Operate and maintain infrastructure and resources
- Provide air traffic management solutions

Support Functions

- HC
- Finance
- IT
- Risk Management
- Business Processes
- Procurement
- Environment & Sustainability
- Security
- Internal Audit
- Financial Control

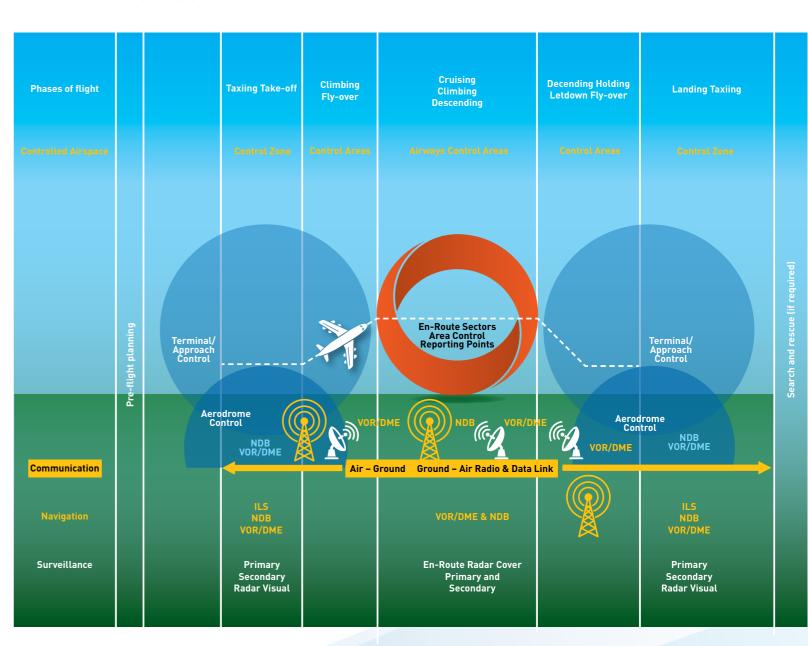


ATNS Services

ATNS' services support seamless gate-to-gate operations. This concept encompasses the taxi-out and departure, climb out, cruise, descent, arrival, landing and taxi-in phases of a flight. The air traffic management (ATM) service delivery component is

enabled by an advanced ATM system deployed at the Johannesburg and Cape Town air traffic control centres and associated terminal control units using enabling technologies such as communications, navigation and surveillance systems. The illustrated value chain (Figure 3) is scalable across the total user-demand spectrum in the South African airspace.

FIGURE 3: ATNS SERVICE OVERVIEW



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ATNS's presence in South Africa

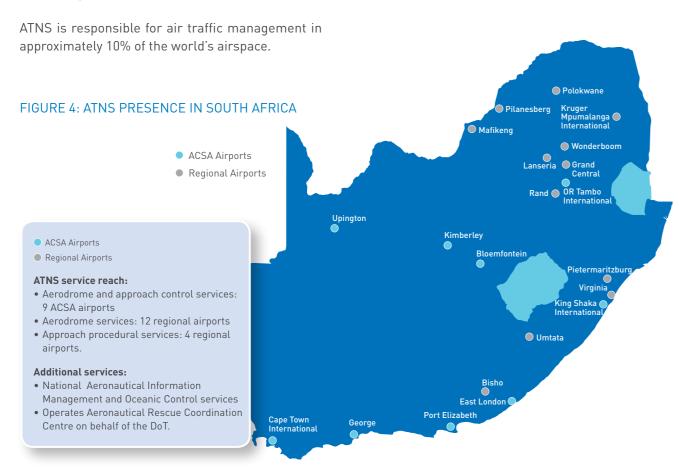


FIGURE 5: ATNS AFRICAN INDIAN OCEAN (AFO) REGIONAL AIRSPACE COVER

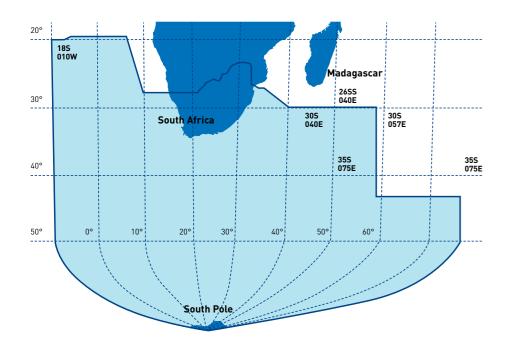
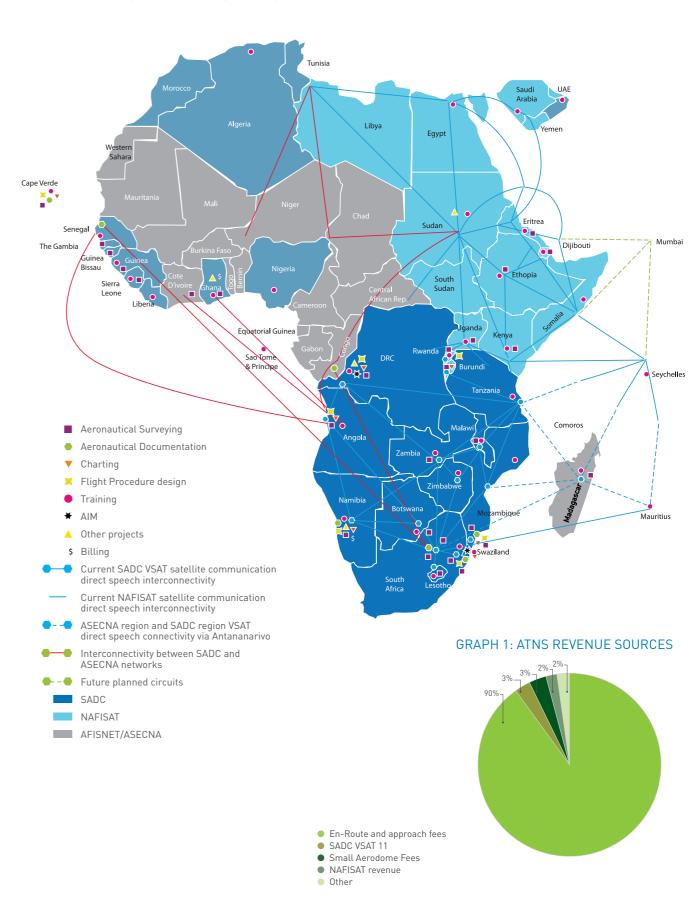


FIGURE 6: ATNS'S EXTENDED SERVICES ON THE AFRICAN CONTINENT AND BEYOND



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TABLE 1: CURRENT AND NEW PRODUCTS AND SERVICES IN DEVELOPMENT

Existing products	New products and services in development
Air Traffic Flow Management (ATFM)	Continuous Descent Management (CDM)
• Training	Air Traffic Flow Management (ATFM) – (DCB), Technical Services (TS)
 Air Traffic Services (ATS) – Air Traffic Control (ATC) and Aeronautical Information Management (AIM) 	Carbon credits (efficient procedures / technologies)
• Very Small Aperture Terminals (VSAT) +	Information/knowledge services, (e.g. XTRAX, A-SMGCS, 4D trajectory management information)
Technical support	 New consulting services (high visibility ATM event planning e.g. ASBU)
Billing bureau	African Centralised Aeronautical Database (A_CAD)
• Surveys	• A_FRC
• Consultancy	ATM support tools
Slot coordination	Flight calibration/inspection
Flight procedure design	Aeronautical information management
Aeronautical information services	
Fast-time simulation	
Data set management (e.g. display systems)	
Centralised Aeronautical Database (CAD)	

TABLE 2: CURRENT AND NEW MARKETS

Current markets	New markets
RSA – Statutory Selected global ATM markets	Selected global ATM markets
RSA – Contractual	
SADC – Prioritised	
Africa and surrounding ocean islands	

Figure 8 (on page 22) reflects how ATNS's business model creates sustainable economic, social and environmental value.

Refer to pages 88 to 138 in the ATNS Integrated Report for more detailed commentary on ATNS's approach to value creation according to the six capitals (i.e. financial, manufactured, intellectual, human, social and relationship and natural capital) at http://www.atns.co.za/annual-reports.

Our strategy

ATNS' strategy to maximise current operations in South Africa sustainably whilst establishing itself in new markets is based on the understanding that the aviation industry plays a major role in driving sustainable economic and social development throughout the world. As such ATNS' strategy aims to provide safe and reliable Air Traffic Management solutions for airspace users whilst growing the unregulated component of the organisation.

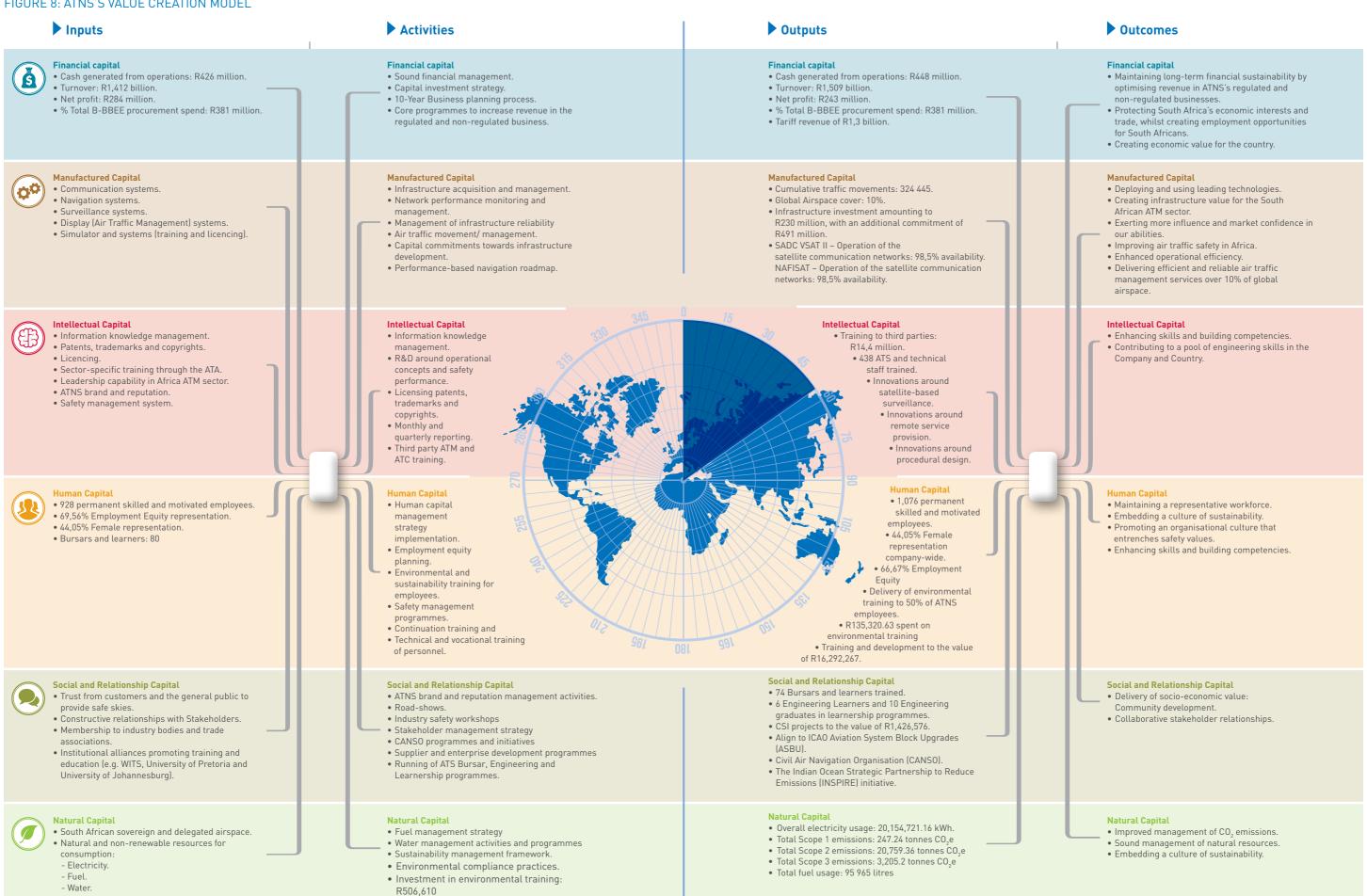
The ATNS strategy is influenced by - and linked to - numerous industry planning initiatives, as well as the developmental prerogatives of the South African Government. Strategic delivery aims to meet the increasing demands of longer-term traffic growth and

FIGURE 7: ATNS STRATEGIC MODEL

	Broad Strategic Inputs		
	ICAO Performance-Based ATM Operational Framework and ASBU Methodology		
	SA Government's 12 National Outcomes		
	DoT Departmental Outcomes		
	ATNS Performance-Based Navigation Roadmap and Implementation Plan		
	Economic Sustainability Social Sustainability Environmental Sustainability		
Strategic Objectives	Ensure long-term financial sustainability Enhance operational efficiencies in line with global ATM standards Develop leadership capability in Africa ATM space Manage the organisation's contribution to Climate Change Manage and preserve scarce and vulnerable resources Poevelop leadership capability in Africa ATM space Maintain an impeccable governance framework Maintain an impeccable governance framework Ensure regulatory alignment and compliance Strategic Outcomes Strategic imperatives and key performance indicators (KPIs) 'Critical Issues', Core Programmes and implementation plans Key business concents and 'Areas of Excellence'		
	Key business concepts and 'Areas of Excellence'		

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FIGURE 8: ATNS'S VALUE CREATION MODEL



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complexity. The strategy seeks to adopt increasingly flexible practices, more efficient operations, and more cost-sensitive business processes to counter unpredictable events.

Our strategic model demonstrates the Company's holistic approach to economic, social and environmental sustainability in that the three sustainability pillars serve as drivers of our strategic intent and operational momentum. The three strategic pillars, in turn, require that the Company ensures impeccable governance oversight, regulatory compliance, and alignment with the needs of our wider stakeholder communities.

The model shows the strategic inputs into the business, including (but not limited to) the ICAO performance-based ATM Operational Framework at a global level; the South African Government's

national outcomes; the Department of Transport's departmental outcomes; and the ATNS performance-based Navigation Roadmap and Implementation Plan.

The Company's strategic objectives are further refined and directed into strategic imperatives, core programmes and key performance indicators (KPIs) to set specific performance targets and guide their practical achievement.



ATNS' strategic economic, social and environmental performance outcomes are monitored through the Company's Sustainability Framework, which reflects the full spectrum of ATNS's key sustainability outcomes.

FIGURE 9: ATNS SUSTAINABILITY FRAMEWORK

Key sustainability Key sustainability **ATNS Sustainability Framework** outcomes outcomes Manage climate Core and critical change impacts skills / training and **Preserve** Enable • Preserve scarce resources Institutional knowledge Culture of safety Employee collaborative culture • Create a representative Build a skilled and Long-term job • Enhance safety, reliability and availability Ensure operational efficiency ICT enablement Ensure impeccable Innovation and R&D ethics • Ensure working Ensure regulatory • Leadership Develop local development • Grow revenue in regulated and Shareholder non-regulated (miss) management • Strategic Maintain Airline partnership sustainability Grow Positive community

The Sustainability Framework reflects the full spectrum of ATNS's key sustainability issues. However, not all key issues have been individually explored in this report. In some instances, key issues have been clustered together to simplify our sustainability reporting.

Our Sustainability Framework is informed by our Strategic Model (Figure 7), which reflects the various strategic inputs into our business, as well as our strategic objectives and the associated outputs that inform our business operations.

ATNS' Sustainability Framework reflects the organisation's role as a mandated public entity within the Department of Transport ('DoT').

What the sustainability framework enables us to do

Our Sustainability Framework enables us to:

- Align our activities with the Minister of Transport's Statement of Strategic Intent and the Shareholder Compact to ensure ATNS pursues sustainable economic, social and environmental outcomes.
- Build an integrated and intelligent view of the synergies and trade-offs between the various areas of performance in our business; and, therein, we continue to innovate around reporting mechanisms and 'reporting views' to better assess the interrelatedness of material performance information.
- Report performance progress to stakeholders on matters that are material to them.
- Plan for the future based on a candid analysis of our sustainability outcomes.
- Demonstrate the integrated nature of our Strategic Model (Figure 7) in the context of the Sustainability Framework by viewing the business in terms of a cyclical flow, following the four phases of: Enable, Engage, Grow and Preserve; and by defining our material outcomes in alignment with this cyclical perspective.

Contextualising our operations

Regulatory context

The global aviation regulatory environment was formed through the International Civil Aviation Organization (ICAO), a specialised body of the United Nations Organization responsible for global civil aviation. ICAO was established through the Chicago Convention, as signed by participating states in 1944. South Africa is a signatory to the convention and has acceded to abide by the terms and conditions of the convention.

In terms of Article 28 of the Chicago Convention, the South African Government is required to provide air navigation services and infrastructure in compliance with and as promulgated from time to time by ICAO. The convention makes provision for the State to delegate responsibility for the provision of services; however, the State remains accountable for ensuring compliance with the standards and recommended practices. To ensure quality adherence and compliance with ICAO standards and recommendations, as well as with the South African Civil Aviation Regulations, the State established the South African Civil Aviation Authority (Act 40 of 1998), which is tasked with the safety regulation and oversight of civil aviation in South Africa. Given that ATNS is the monopoly provider of the national en-route as well as approach and aerodrome services at Airports Company South Africa (ACSA) airports, the Regulating Committee for ACSA and ATNS was established through both the ACSA Act (Act 44 of 1993) and the ATNS Act (Act 45 of 1993). This ensures independent economic and service standard regulation and oversight of ATNS and prevents abuse by ATNS of its monopoly position, whilst at the same time ensuring that ATNS remains sustainable as an independent, self-funding, State-Owned Company.

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Economic regulation

ATNS is a commercialised ANSP operating on the "User Pays" principle that relies on current revenues and debt funding for its operational and capital expenditure requirements. Tariffs are levied to "Users" based on permission granted by the Economic Regulating Committee. As stated above, ATNS, as a monopoly, is regulated by the Economic Regulating Committee – a statutory body formed and appointed by the Shareholder, the DoT. The committee is empowered by the ATNS Company Act (Act 45 of 1993) to issue a permission to ATNS based on a permission application spanning a five-year period.

The permission application details ATNS' service provision and standards. It includes infrastructure as well as human and non-financial resource requirements to achieve ATNS's goals over the fiveyear period of the permission. In this regard, the regulatory regime provides ATNS with a license to operate.

Global business context

At a global level, civil aviation is planned to be seamlessly integrated across national boundaries, with common service standards and quality, irrespective of who provides the Air Navigation Service - be it a State, a group of States or delegated service providers. The States that are members of ICAO have endorsed the ICAO Global Air Traffic Management Operational Concept, which defines the seamless global aviation system concept. This concept is, in turn, translated into the Global Air Navigation Plan (GANP), supported by the Global Aviation Safety Plan (GASP) and underpinned by the ICAO Standards and Recommended Practices (SARPs).

The GANP is translated into a Regional Air Navigation Plan (RANP), which considers the regional differences in the demand placed on the air navigation system, as well as the level of development in the region. The RANP is underpinned by regional plans for air traffic management, communications, navigation and surveillance systems.

The Africa Indian Ocean (AFI) Regional Plan is encapsulated in the ICAO document 7030/4. This

forms the basis of the South African National Airspace Master Plan (NAMP), which is approved by all the aviation stakeholders in South Africa. The NAMP gives rise to the ATNS Air Traffic management (ATM) and Enabling Technologies Roadmaps, which meet the requirements of the ICAO SARPs and South African Civil Aviation Regulations and Technical Standards. The ATM and Enabling Technologies Roadmaps represent ATNS's ATM service delivery plans, supported by the necessary communications, navigation and surveillance infrastructure.

ICAO Global Strategic Plans for 2014-2016

ICAO – "in its ongoing mission to support and enable a global air transport network that meets or surpasses the social and economic development and the broader connectivity needs of global businesses and passengers, and acknowledging the clear need to anticipate and manage the projected doubling of global air transport capacity by 2030 without unnecessary adverse impacts on system safety, efficiency, convenience or environmental performance"1 - has established five comprehensive Strategic Objectives for the 2014-2016 triennium.

The five strategic objectives are Safety, Air Navigation Capacity and Efficiency; Security and Facilitation; and Economic Development of Air Transport.

ICAO's current Strategic Objectives are aligned to 13 of the 17 United Nations Sustainable Development Goals (SDGs). The Organization has urged its full commitment to work in close cooperation with States and other UN Bodies to support related targets.

IATA Vision for 2050

IATA, the global trade association of airlines, envisages that the aviation industry will change significantly in the next few decades. Below is a summary of the four pillars of the IATA vision for 2050 as they relate to ATNS:

Customer	 It is anticipated that by 2050 there will be 16 billion passengers and 400 million tons of cargo. GDP of today's BRICS will equal that of the G7, shifting cargo flows.
Shaping infrastructure	 Airport revenues will fund the air traffic management system. 10 global Air Traffic Services (ATS) providers will replace the current 180 at half the cost. Airlines will become the core of the industry value chain. Airlines will not be charged but will be paid for bringing in more business. Globalization of ATM - political borders will cease to be blockers.
New energy source	 IATA bio fuels focus - reduce the carbon footprint of air travel by 80%. New economic opportunities will break the tyranny of oil. Governments have a strategic role in supporting this vision.
Structuring for profitability	 Poor profitability makes every economic shock a 'fight for survival'. Efficiency gains seldom make it to the bottom line due to lack of commercial freedom to operate as a normal business.

Broader sustainability context

ATNS values the support and direction of the Shareholder, the Minister of Transport and the entire Department of Transport. As a public entity, we deliver on our mandate with the awareness that we have a broader responsibility to the entire South African nation. Our sustainability context is fully guided by the governmental outcomes and the Shareholder's departmental outcomes. Our Strategic Model and Sustainability Framework are primarily focused on the needs and expectations of the South African ATM community; however, they also consider the rest of Africa and other selected global markets. This wider perspective enables us to monitor and measure our sustainability priorities in the context of a broader ATM environment and to respond to changes in more informed and globally relevant ways. We remain vigilant of the global challenges and inter-related risks associated with rapid economic, environmental, geo-political, social and technological shifts and turns. Increased access to information – and the analysis of these global trends - prompts integrated and longterm consideration of the integral role played by State- Owned Companies in shaping a sustainable future for the country.

ATNS is an active participant in numerous industry initiatives that advance sustainability leadership and responsible business practices, both in South Africa and in the global context. Through our Shareholder, the Department of Transport (DoT), we are mandated to align with the United Nations Global Compact (UNGC) and seek to explore other relevant standards to enable us to align our sustainability framework with global trends. Further, ATNS is one of the founding members of the Indian Ocean Strategic Partnership to Reduce Emissions (INSPIRE), a partnership with airlines, air service navigation providers (ANSPs) and airport partners to identify meaningful ways to reduce the aviation sector's adverse impacts on the environment. Accordingly, we have implemented initiatives in support of the INSPIRE initiative.

Developmental context

As a State-Owned Company, ATNS aims to advance and support National Governmental outcomes which are intended to eliminate poverty and reduce inequality by the year 2030. Sustainable development, characterised by "inclusive and sustainable economic growth and decent work for all" is the cornerstone of moving South Africa forward. Aligned to the country's

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¹ http://www.icao.int/about-icao/Council/Pages/Strategic-Objectives.aspx

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developmental objectives ATNS' strategy supports the following National Development Plan (NDP) enabling milestones:

- Increase employment from 13 million in 2010 to 24 million in 2030.
- Raise per capita income from R50,000 in 2010 to R120,000 by 2030.
- Increase the share of national income of the bottom 40% from 6% to 10%.

- Establish a competitive base of infrastructure, human resources, and regulatory frameworks.
- Ensure that skilled, technical, professional and managerial posts better reflect the country's racial, gender and disability makeup.
- Establish effective, safe and affordable public
- · Play a leading role in continental development, economic integration, and human rights.

Alignment with the United Nations Sustainable Development Goals

• Through its alignment with ICAOs' strategic objectives ATNS supports the achievement of 14 of the 17 United Nations SDGs:

Linkages to the United Nations Sustainable Development Goal
3, 4, 5, 9, 10, 17
4, 5, 9, 10, 13, 17
3, 4, 5, 8, 10, 15, 16, 17
1, 3, 4, 5, 8, 9, 10, 12, 13, 17
3, 4, 5, 6, 7, 9, 10, 12

9	, ,	4, 6, 7, 16, 17	
Security	and facilitation	3, 4, 5, 8, 10, 15, 16, 17	
Economic development of air transport 1, 3, 4, 5, 8, 9, 10, 12, 13, 17			
Environm	nental protection	3, 4, 5, 6, 7, 9, 10, 12	
Goal 1	Eliminate poverty in all its forms	s everywhere.	
Goal 3	Ensure healthy lives and promot	te well-being for all at all ages.	
Goal 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.		
Goal 5	Achieve gender equality and empower all women and girls.		
Goal 6	Ensure availability and sustainable management of water and sanitation for all.		
Goal 7	Ensure access to affordable, reliable, sustainable and modern energy for all.		
Goal 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.		
Goal 9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.		
Goal 10	Reduce inequality within and am	nong countries.	
Goal 12	Ensure sustainable consumption and production patterns.		
Goal 13	Take urgent action to combat climate change and its impacts.		
Goal 15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.		
Goal 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.		
Goal 17	Strengthen the means of implementation and revitalize the global partnership for sustainable development.		

Statement of Strategic Intent and Shareholder Compact

ATNS's activities are informed by the Minister of Transport's Statement of Strategic Intent as well as our Shareholder Compact. The Compact is a performance and operational agreement signed with the Department. We are further guided by the Medium-Term Strategic Framework (MTSF) 2014 -2019, which is the first five-year implementation plan of the NDP. The DoT, and by extension ATNS, will focus on the implementation of four of the 14 outcomes for Government to achieve related MTSF outputs.

These four outcomes are:

- Outcome 4: Decent employment through inclusive economic growth.
- Outcome 6: An efficient, competitive and responsive economic infrastructure network.
- Outcome 7: Vibrant, equitable and sustainable rural communities contributing towards food security
- Outcome 10: Protect and enhance our environmental assets and natural resources.

To ensure practical solutions to the critical challenges affecting the Transport sector and the implementation of these solutions, the following strategic-oriented goals have been identified by the Department:

Performance context

ATNS operates within a global environment where the implementation of the ICAO Air Traffic Management Operational Concept – as globally adopted in 2003 – is gaining momentum. The concept is supported by the on-going definition of required performance standards for the different components of the global air traffic management system, which in its final form will realise seamless services in a globally interoperable system.

Economic growth is a key driver of air traffic growth and the performance of an Air Navigation Services Provider (ANSP) depends on the airline's performance. The price of oil and downward revisions of GDP forecasts across the world and even recent failures of national airlines present major challenges in the forecasting of future traffic evolutions. Economic growth rates in emerging regions and countries are forecast to outstrip that of developed nations; however not to the same extent as the recent past. Broadly speaking, world aviation faces an uncertain world and deals mainly with external risks which are uncontrollable, and with serious impacts. The top three external risks faced by the industry include:

- The threat of volatile fuel prices;
- A weak economy which undermines demand; and
- Geo-political conflict in key areas of the world.



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The airline industry is also experiencing the formation of new partnerships, global alliances, and cross-border ownership structures that are changing traffic flows and hubs. This will lead to a smaller number of specialist airlines, with geocentric hubs and the resources to deliver a wide range of services. Carriers may look to bulk up through partnerships or mergers to strengthen their competitiveness against industry titans— better insulating themselves against volatile fuel prices, softening demand in some regions or other potentially turbulent market conditions.

ATNS, as a State-Owned Company, is mandated by its Shareholder, as represented by the Minister of

Transport and the entire Department of Transport, to address and contribute to departmental outcomes – and subsequently the national outcomes – as directed by the Shareholder's Compact. The purpose of the Compact is to set out the mandated key performance measures and indicators to drive the full gamut of ATNS's commercial activities.

ATNS has developed seven key performance areas (KPAs) by which the Company monitors and measures its economic, social and environmental performance:

TABLE 3: ATNS KEY PERFORMANCE AREAS AND ASSOCIATED OBJECTIVE MEASURES

Key performance area	Objective measure
Transport safety and security	 Reduce the ATNS safety events rate. Increase airspace capacity in line with runway throughput determined by ATNS and ACSA jointly. Reduce overall traffic delays. Achievement of service availability. Ensure financial sustainability. Implement ICAO PBN concept in South Africa. Near-term implementation targets in line with South African PBN Roadmap.
Infrastructure development and high- level investment plan for Transport	 Adoption and approval of CAPEX. Implementation of CAPEX 2014/15. Strategic plan. Roadmap. Operational plan. Optimise revenue and ensure network availability (SADC VSAT 2 and NAFISAT).
The fight against fraud and corruption	100% regulatory compliance.Fighting corruption and promoting good governance.
4. Environmental protection	Minimise gaseous emissions.Human resources/training.Performance assessment.
5. Training to contribute to job creation	 ATS bursaries. Engineering learnerships. Engineering Graduate Programme. ATS training pipeline. Adult Basic Education and Training.
6. Broad-Based Black Economic Empowerment (B-BBEE)	 Percentage of discretionary spend on B-BBEE. Total discretionary OPEX budgeted. Total CAPEX budgeted.
7. Employment equity	 Achieve representation towards alignment of company staff profile with the demographics of the country. Increase representation of black (AIC) racial grouping with a focus on African and female representation towards creating alignment with the demographics of the country.

Refer to page 139 in the ATNS Integrated Report for more detailed commentary on ATNS's performance for each KPA during the reporting year relative to the previous year at http://www.atns.co.za/annual-reports.



Business ethics and values

Visio

To be the preferred supplier of air traffic management solutions and associated services to the African continent and selected international markets.

Mission

To provide safe, expeditious and efficient air traffic management solutions and associated services, whilst ensuring longterm economic, social and environmental sustainability.

Values

- Accountability
- Safety and customer service
- Continuous improvement and innovation
- Employee engagement and development
- Fairness and consistency
- Open and effective communication
- Responsibility and care towards the environment and communities

Entrenching our values

The table below outlines our approach to entrenching our desired values within the organisation.

TABLE 4: ENTRENCHING ATNS'S VALUES WITHIN THE ORGANISATION

ATNS Value statement	Key institutional committees, programmes, policies and initiatives promoting cultural entrenchment of ATNS's values (Partial list)	Desired value impacts and outcomes
Accountability	 ATNS' Social and Ethics Committee ATNS Risk and Audit Committee; Internal Audit function and enterprise risk assessments Fraud Prevention Plan Fraud Management Policy Whistle-Blowing Policy ATNS Conflicts of Interest Policy Fraud hotline Client-Supplier Code of Conduct ATNS Code of Ethics ATNS Conflict of Interest Directive Code of ethics referenced in employee contracts 	 Promote responsible behaviour pertaining to relevant legislation and prevailing codes of best practice; good corporate citizenship, consumer relationships; sound labour practices. Encourage a culture within ATNS where all employees, the public, and other stakeholders behave ethically in their dealings with, or on behalf of, ATNS. Improve accountability, efficiency and effective administration within ATNS. Improve the application of systems, policies, procedures and regulations. Change aspects of ATNS which could facilitate fraud and corruption and allow these to go unnoticed or unreported. Encourage all employees and other stakeholders to strive towards the prevention and detection of fraud and corruption impacting or having the potential to impact ATNS. Encourage ATNS's employees and trading partners to conform to an agreed set of norms and standards of good business practice.

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• Promoting staff learning and development

· Coaching and mentoring.



ATNS Value statement	Key institutional committees, programmes, policies and initiatives promoting cultural entrenchment of ATNS's values (Partial list)	Desired value impacts and outcomes
Accountability (continued)		 Reduce possible fraud or corruption by suppliers and ATNS staff, by directing that all gifts offered by suppliers to ATNS officials must be formally disclosed in the gift register as per the Conflict of Interest Directive. Holding employees at all levels accountable for their actions. Demonstrate accountability for ensuring that the ATNS values are entrenched in the work environment.
Safety and customer service	 Safety Management Plan Operations Safety Workshops Safety Culture Improvement Plan The Safety Culture Maturity Model Continuation training Organisational Alignment Project (OAP) Stakeholder Engagement Plan Communication Plan Safety Awards programme Safety risk management Occupational Health and Safety procedure 	 Safety performance is a multivariable continuous system requiring continuous improvement and involvement of all stakeholders both in the front line and supporting roles. Ensure customer needs are met through excellent service and high standards. Ensure compliance with safety standards and promote a safe environment for staff and customers. Safety critical concepts and messages identified during the Safety Workshop are used as the basis for the development of safety initiatives, training, and promotion. Continuation training provides all ATS personnel with the necessary knowledge and understanding to retain the current level of competence required by ATNS. It is intended that recurrent training will reinforce and confirm past knowledge that was gained and ensure that current competence levels are maintained. The desired end-state of continuation training is that tangible safety benefits can be attributed to such training. The Organisational Alignment Plan (OAP) aims to improve existing products and services to add more value to our customers, to improve internal efficiencies and planning, and to better compete in the commercial marketplace. The OAP further increases internal resources, maps and improves processes, and leverages technologies to support a larger customer base and product portfolio. All contributions to ATM safety management are appropriately recognised through ATNS' Safety Awards programme.



ATNS Value Key institutional committees, Desired value impacts and outcomes statement programmes, policies and initiatives promoting cultural entrenchment of ATNS's values (Partial list) Continuous On-going training programmes through • Ensure that Business Processes are mapped improvement and ATNS's training academy across the organisation and can be managed, innovation measured, and maintained. ATNS technology R&D initiative • Improve the internal workings of ATNS beyond • Business Process Centre of Excellence just the Commercial Services department, to • Establishing internal subject matter determine the processes, systems, technology, expert task forces people, structure, and operations needed for • Registering more internal consultants growth in the non-regulated business market. with relevant professional bodies • ATNS is shifting from merely being a user • Business and market intelligence of acquired technologies to contributing to the value-chain of technology innovation and the development of domestically consumed technologies. • Identifying and acting on opportunities to improve or extend ATNS services. Employee • The Human Capital Development Plan • The five-year EE plan intended to transform the ATNS employee profile to reflect national engagement and • Employment Equity Plan development demographics; reviewed annually to adjust • Organisational Alignment Project (OAP) targets as and when necessary. Various skills development • ATNS funds the development of employees across programmes, e.g., development of multiple disciplines, at various tertiary institutes. black people with disabilities and A large component of this constitutes leadership development. leadership development programmes • Funding of employee learnerships at • Employees are encouraged to actively participate in ATNS' social investment programme by various tertiary institutes as well as identifying deserving projects for funding within the executive coaching process their communities. • ATNS' social volunteerism initiative • The Women Development Programme (WDP) is • Women Development Programme voluntarily offered to all women at ATNS who wish (WDP) to further their personal or career development. • Promoting employee engagement by: • Creating an environment where employees feel motivated • Recognising staff for their contributions

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ATNS Value statement	Key institutional committees, programmes, policies and initiatives promoting cultural entrenchment of ATNS's values (Partial list)	Desired value impacts and outcomes
Fairness and consistency	 ATNS B-BBEE Strategy and plan Preferential Procurement policies Reward and remuneration programmes Various programmes to develop and enhance female competency in the ATM environment: WITS Aviation Management Development Programme ATNS coaching and mentoring programme New Management Coaching WITS Executive Development Programme The IATA Aviation Management Diploma 	 ATNS' strategic objectives and prevailing culture support on-going equal opportunity initiatives, with specific emphasis on the African, Indian, coloured designated group, women and people with disabilities. Preferential procurement policies ensure that procurement and provisioning systems are fair, equitable, transparent, competitive and cost-effective; and further encourage employee end-users to be mindful of both the competencies and unique requirements of supplier businesses (e.g. supplier development, skills transfer, job creation, and fair service payment practices). ATNS's reward and remuneration programmes are market-related and comply with laws and regulations to ensure fair remuneration of all levels of competencies and management cadres, including executive levels. Programmes provide management training from an Aviation perspective. Dedicated coaches from different ATNS work streams enhance female trainees' ability to acclimatise and function optimally in management roles and prepare them for executive roles. Development opportunities are provided for female Personal Assistants and Secretaries to enhance their office management and personal development skills.
Open and effective communication	 Marketing and communication plans Commercial services cross-departmental engagements, (e.g., sales forum meetings, quarterly sales forum meetings with different departments, online sales, data and reporting templates) Stakeholder engagement policy and plan 	 Marketing and communication plans promote internal brand-alignment and create focused awareness for ATNS's products and services. Enhancement of cross-departmental communications, collaboration and learning. Encouragement of two-way communication and collaboration amongst departments, employees, and senior management. Sharing of relevant information timeously. Consultation with stakeholders on key decisions that affect them. Promoting a shared vision and strategy so that the entire organisation is working towards the same goal.



ATNS Value statement

communities

Key institutional committees, programmes, policies and initiatives promoting cultural entrenchment of ATNS's values (Partial list)

Responsibility and • All components from the above section care towards the on 'Safety management and customer environment and

- Corporate Social Investment strategy
- Sustainability and climate change stakeholder engagement policy
- Sustainability Climate Change Strategy and Plan
- Sustainability and Climate Change awareness initiatives and learning programmes for employees

Desired value impacts and outcomes

- Corporate community projects identified by CSI committee.
- Employees are encouraged to identify social investment projects within their various communities where ATNS can make a positive developmental impact.
- Employees are engaged in a sustainability and climate change awareness learning programme to entrench the global citizenship culture at ATNS and to improve understanding of sustainability and climate change in the aviation context.
- Environmental sustainability entrenched in planning, operation, decommissioning process on all ATNS activities, products, and services.
- Minimization of environmental impacts and enhance environmental protection.

Code of ethics

ATNS's Code of ethics aims to instil ATNS' shared value system which includes the broad values of accountability; safety and customer service; continuous improvement and innovation; employee engagement and development; fairness and consistency; open and effective communication; and zero harm to self, others and the environment. The Code commits the Executive Directors and employees to the highest standards of ethical behaviour and all ATNS employment contracts reference the Code. Company's' service providers, suppliers and trade partners are also subject to the Code in that they are required to sign the Procurement Code of Conduct, which is based on the Company's Code of Ethics.

The Executive Human Capital is responsible for the development, review and implementation of the Code. The Code is reviewed annually. The Code informs fraud and corruption awareness training, and is accessible to all ATNS employees on the Company's intranet.



Governance of sustainability

ATNS's governance structure is derived from its Shareholder's Mandate. The Board of Directors is tasked with ensuring that the Company is sustainable and capable of delivering on its objectives in line with the strategic mandate. Accordingly, financial, social and environmental sustainability governance rests with the ATNS Board, including its Board Committees as indicated below in Figure 10.

The directors are collectively responsible for directing and managing the Company's affairs. The CEO and his executive team manage the day-to-day activities of the Company to ensure that Board strategy, policies, and resolutions are implemented and monitored. Through its governance structure, ATNS delivers and integrates the three sustainability pillars, namely financial, social and environmental sustainability in line with the sustainability management framework (Figure 9).

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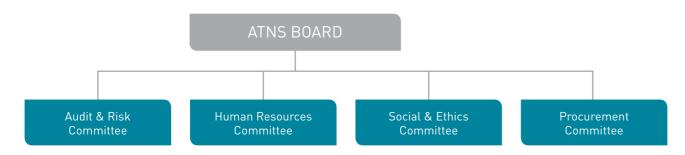




Sustainability accountability

Board committees

FIGURE 10: ATNS BOARD STRUCTURE



Audit and Risk Committee

The Audit and Risk Committee's role is to assist the Board in fulfilling its responsibilities for the presentation of the Company's financial position in its published financial statements. It also ensures that appropriate accounting policies, risk management, internal controls and compliance with relevant legislation are in place within the Company.

Human Resource Committee

The Human Resource Committee's main purpose is to ensure that ATNS's reward and remuneration programmes are market-related and comply with relevant laws and regulations. As part of its mandate, the Human Resource Committee considers the following submissions:

- Human capital development plan.
- Employment equity reports.
- Executive remuneration.
- The CEO and executives' 'performance evaluations'.
- Report on attraction, development, and retention of talent for the organisation, as well as succession planning.
- Occupational health and safety audit report.

Procurement Committee

The Procurement Committee's main function is to oversee the ATNS capital expenditure programme in line with the Economic Regulator permission document; and to ensure that appropriate procurement and provisioning systems are fair, equitable, transparent, competitive and cost-effective. As part of its mandate, the Procurement Committee considers the following submissions:

- Procurement of the capital expenditure programme.
- The procurement policy.
- · Funding decisions and exchange rate risks.
- Forecast targets for B-BBEE.

Social and Ethics Committee

The Social and Ethics Committee's role is to assist the Board with the oversight of social and ethical matters relating to the Company. As part of its mandate, the Social and Ethics Committee performs the following statutory duties:

- Monitoring the Company's activities with respect to any relevant legislation, other legal requirements or prevailing codes of best practice.
- Promoting good corporate citizenship.
- Monitoring the impacts of the Company's activities and services with respect to the environment, health, and public safety.
- Monitoring consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws.
- · Monitoring the Company's interactions with respect to labour relations and its handling of employment issues.
- Drawing matters within its mandate to the attention of the Board as occasion requires.



TABLE 5: COMPOSITION OF BOARD AND BOARD COMMITTEES

Committee	Total	Exec &		% M	lale		% Female			
		Non-exec	African	Coloured	Indian	White	African	Coloured	Indian	White
ATNS Executive	11	Exec	7	0	0	2	2	0	0	0
Committee		Non-Exec	2	0	0	0	0	0	0	0
ATNS Board	10	Exec	4	0	0	0	0	0	0	0
		Non-Exec	2	0	0	0	3	0	1	0
Audit and Risk	6	Exec	2	0	0	0	0	0	0	0
Committee		Non-Exec	3	0	0	0	0	0	1	0
Human	6	Exec	2	0	0	0	0	0	0	0
Resource Committee		Non-Exec	2	0	0	0	2	0	0	0
Social and	5	Exec	2	0	0	0	0	0	0	0
Ethics Committee		Non-Exec	1	0	0	0	1	0	1	0
Procurement	6	Exec	2	0	0	0	0	0	0	0
Committee		Non-Exec	3	0	0	0	1	0	0	0



In addition to ATNS's core governance activities, sustainability initiatives relating to safety management, environmental protection, corporate social investment and Broad-Based Economic Empowerment (B-BBEE) are directed through the appropriate governance committees depending on their core areas of accountability.

Safety and health

The Safety Committee drives safety initiatives and reports into the Audit and Risk Committee for all safety risk and compliance issues. Projects, as well as the acquisition and commissioning of equipment and systems are performed in conjunction with appropriate safety assessments and the identification and mitigation of associated risks, including security implications related to ATNS staff, structural installations, and facilities. The Safety Committee reports issues relating to 'safe procurement' into the Procurement Committee. Similarly, the Committee reports issues pertaining to ATNS' safety culture to the Social and Ethics Committee. Safety training issues are reported into the Human Resource Committee.

Corporate Sustainability management

The Sustainability Committee has oversight of operational sustainability issues. These pertain to social and environmental sustainability, including carbon liability and energy efficiency, stakeholder engagement, and the management of aircraft emissions and noise. It does so through its reporting line into the Social and Ethics Committee. Issues pertaining to sustainability training are reported into the Human Resource Committee and issues relating to environmental compliance are reported into the Audit and Risk Committee.

ATNS's Corporate Social Investment (CSI) initiatives are based on staff voluntarism as a key driver for delivering social responsibility projects. Staff voluntarism involves staff identifying projects within their own communities that ATNS can evaluate and approve for funding. The ATNS Staff Voluntarism Programme recognises that ATNS employees live within the broader society of South Africa and encourages staff to initiate community projects and to justify funding for such projects through ATNS CSI funding initiatives. Potential projects are forwarded to the Social and Ethics Committee for evaluation and approval, and are managed and monitored through this committee going forward.

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The governance of information technology (IT)

The IT Steering Committee, chaired by the ATNS chief information officer (CIO), assists the Board in discharging its duties relating to IT performance management, ensuring that IT governance supports the effective and efficient management of IT resources, and facilitates the achievement of the Company's strategic objectives.

The main objective of the IT Steering Committee is to ensure that IT strategic objectives are aligned with changes in ATNS' strategic needs, and judiciously manages IT risks and identifies opportunities to be acted on.

The ATNS Risk and Capital Management Committee measures the Company's overall exposure to IT risks and ensures that proper processes are in place to manage these risks. The CIO is responsible for the implementation of IT governance.

Broad-Based Black Economic Empowerment (B-BBEE)

ATNS acknowledges that radical economic transformation is crucial if South Africa is to have a meaningful impact in the global arena while promoting socio-economic equity. ATNS's B-BBEE strategy is an important driver in achieving the Company's goals towards economic and social sustainability.

Certain initiatives have been identified to improve ATNS's B-BBEE contribution level, including the development of a B-BBEE Strategy in accordance with the B-BBEE Codes of Good Practice that will guide the organisation towards an improved rating. The Codes of Good Practice were implemented during the 2014/15 financial year with the intention of achieving a Level 3 rating by 2015/16. The Company has achieved and exceeded this goal by achieving a Level 2 rating. The ATNS B-BBEE Strategy aligns with the South African Governments' transformation initiatives of job creation, poverty alleviation and skills development.

The associated B-BBEE action plan highlights the need to:

- Enhance employment equity at senior management levels:
- Increase the number of black learnerships for people living with disabilities;
- Promote the use of B-BBEE-empowered suppliers to achieve the 70% compliance target;
- Develop and implement a comprehensive enterprise development (ED) programme focusing on the training of current Exempted Micro Enterprises (EMEs) and Qualifying Small Enterprises (QSEs), providing goods and services across the ATNS value chain; and
- Develop socio-economic development (SED) programmes and partnering frameworks.

The strategy addresses all six elements of the generic B-BBEE scorecard, namely: management control, employment equity, skills development, preferential procurement, enterprise development and socioeconomic development.

Local supplier development

ATNS's Enterprise and Supplier Development strategy supports and develops emerging blackowned suppliers in the aviation industry. Due to the small number of black-owned suppliers in this sector, ATNS aims to identify engineering suppliers to participate more meaningfully in the aviation industry going forward. Accordingly, ATNS has designed an Incubation Programme to identify sector gaps where suppliers' services and skills could be deployed; and to develop the requisite interventions to fill these gaps by equipping identified suppliers with the relevant skills to compete or partner with multinationals in the aviation space. In this way, local black suppliers can gain experience during the rollout of the project to support both the installation and longer-term maintenance of infrastructure equipment over the project lifecycle.

By leveraging procurement expenditure, we aim to increase locally-developed content by supporting and

developing local suppliers. In doing so, the Company complies with the Department of Trade and Industry's (DTI's) Codes of Good Practice and benefits by:

- Increasing its security of service supply.
- Reducing the costs of goods and services through increased supplier competitiveness and/or reduced logistics costs.
- Benefiting from local supply rather than imports through:
- Reduced exposure to foreign currency volatility;
- Lower stock level requirements;
- Improved responsiveness;
- Simplified communication; and
- Reduced delivery times.

Remuneration

The Human Resources Committee recommends annual remuneration for both executive and non-executive directors and considers associated performance measures and benefits when assessing remuneration. State-Owned Companies require people with exceptional competencies and experience to provide strategic leadership; as well as strengthen opportunities for direct and indirect employment for thousands of people. They are also responsible for generating returns on investor funding and have the added responsibility of managing strategic national resources.

Remuneration philosophy

ATNS's remuneration philosophy reflects the dynamics of the market and context in which it operates. It is our aim, to align – always – with the strategic direction and specific value drivers of the business within which ATNS operates, supporting the philosophy of Value-Based Management. As such, remuneration plays a critical role in attracting and retaining high-performing individuals. Remuneration also reinforces, encourages and promotes superior performance.

Remuneration is not considered to be a stand-alone management process, but rather one that is fully integrated into other management processes. The current remuneration policy explicitly aligns with the strategic direction of the organisation to:

- Attract, motivate and retain high-performing individuals; and
- Promote employee engagement by:
 - recognising and rewarding exemplary performance;
 - establishing a learning organisation;
 - managing the culture of change; and
 - providing opportunities to grow and develop.

ATNS's remuneration policy supports the philosophy of the exchange relationship between ATNS (the employer) and its employees. The employee provides time, talent, efforts and results, and ATNS, as the employer provides rewards, which are equitable, fair, consistent and transparent within the Company. ATNS views it as appropriate to reward people differently according to their contribution (Return on Investment).

Rewards should also be competitive in the market, nationally and internationally. ATNS subscribes to – and is fully compliant with – the ten UN Global Compact Principles. These principles guide our remuneration strategy and philosophy.

Benchmarking and position in the market

ATNS performs regular remuneration benchmarks to ensure that we remain market-aligned and competitive. The Company's defined market position is the midpoint of the market; however, the remuneration progression encourages entrants to maintain sustained superior performance and will range from the minimum to the maximum of the pay scale. In line with the business strategy, employees with key skills are paid between the midpoint and the maximum of the pay scale.

The benchmarking of executive positions in the South African labour market faces many challenges in making logical and fair comparisons between different jobs. Executive positions are benchmarked annually, using a top executive survey. This benchmark informs the organisation of the market-related salaries of executive management within the South African labour market.

Refer to page 72 in the ATNS Integrated Report for ATNS's comprehensive Remuneration philosophy at http://www.atns.co.za/annual-reports.

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Executive remuneration

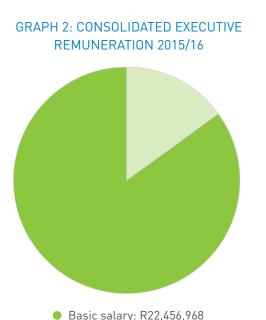
The Human Resources Committee recommends annual remuneration for executive directors and considers associated performance measures and benefits when assessing remuneration.

Remuneration adjustments and incentive payments are based on individual performance. Further,

the individual performance scorecards of the Executive Members are directly translated from the Shareholder's Compact and the strategic objectives of the Company. The measures for assessing executives are aligned with the targets in the Corporate Plan and Shareholder's Compact.

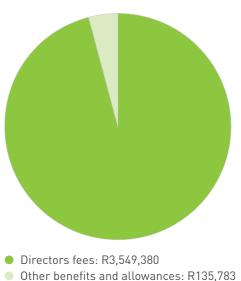
Refer to page 74 in the ATNS Financial Report for full disclosure of all components of the Group Executive

CONSOLIDATED EXECUTIVE REMUNERATION 2015/16 RELATIVE TO 2014/15

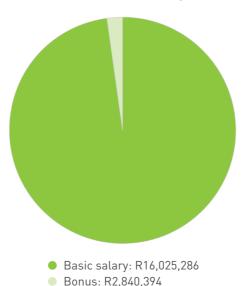




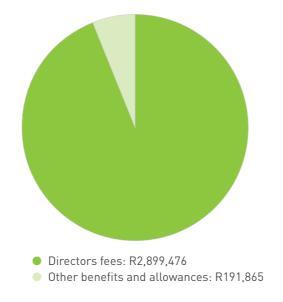
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GRAPH 3: CONSOLIDATED EXECUTIVE REMUNERATION 2014/15



GRAPH 5: CONSOLIDATED NON-EXECUTIVE REMUNERATION 2014/15





members' remuneration information at http://www.atns.co.za/annual-reports.

Non-Executive directors' remuneration

Non-executive directors receive fees for their services on the Company's Board and Board Committees. Directors' fees are determined by the Department of Transport (DoT).

Salaries and related costs

Graph 6 provides a summary of ATNS's cost of employment for the year. All remuneration policies

and procedures are fully compliant with current legislation and, where applicable, in adherence to the collective substantive salary agreement entered between ATNS and the recognised trade union, Solidarity. This agreement is a four-year agreement and terminated on 31 March 2015. Payroll is audited annually by both internal and external auditors. If any findings result from the audit, these are reported to the Audit and Risk Committee of the ATNS Board.

In line with ATNS's philosophy of continuous improvement, the current remuneration philosophy is being reviewed and benchmarked against global best practice to ensure industry relevance.

GRAPH 6: STAFF COSTS: COMPARATIVE VIEW 2014/15 AND 2015/16



Conflict of interest resolution

All directors are required to disclose any conflict or potential conflict of interest that they may have with regard to any activity within the Company, or any matter discussed at Board and committee meetings. The fiduciary duties of ATNS's directors are codified in the Companies Act. The latter prohibits the use of position, privileges or confidential information for personal gain or improper personal benefit. In instances where an independent non-executive director or a prescribed officer has any direct or indirect personal or private business interest

in a matter, he or she must be recused from the proceedings when such a matter is considered, unless the Board of Directors or Executive Committee decides that the member's interest in the matter is either immaterial or irrelevant.

To reduce possible fraud or corruption by ATNS staff and trading partners, all gifts offered by suppliers to ATNS officials must be formally disclosed in the gift register as per the Conflict of Interest Directive. Gifts of a potentially significant monetary value should not be accepted, and any such offer must be disclosed to the employee's line manager, from whom guidance

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should be sought if in any doubt as to whether the offer of a gift is regarded as being of significant value. A gift declaration register is maintained and updated on an on-going basis.

Managing strategic and operational risks

The ATNS Board of Directors has, as one of its key directives, the effective management of material risks and opportunities. As a State-Owned Company operating within an international regulatory environment – as well as a globally volatile economic climate – ATNS needs to ensure vigilant risk management. Further, the Company must provide organisation-wide assurance on priority issues such as regulatory compliance, safety management, environmental compliance, reputation management, operational efficiency, and project and financial risk management.

The Board has demonstrated its commitment to the enterprise risk management (ERM) process and recognises the importance of a strong control environment in managing risks, improving performance, enhancing governance, promoting stakeholder confidence and safeguarding the Company's reputation.

Figure 11 outlines the Company's top 9 risks as they pertain to ATNS's long-term economic, social and environmental sustainability. Risks have been plotted on a 'residual risk heat map' to demonstrate the likelihood of occurrence, potential impact, and the residual risk exposures to the Company. Table 6 provides a strategic view of ATNS's top-9 risk profile, linking material risks to impacted strategic objectives, together with associated risk owners and mitigation activities.

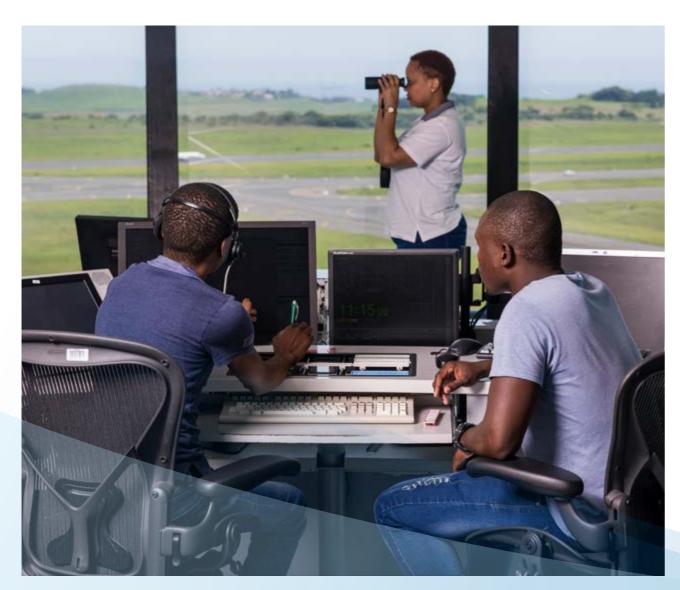
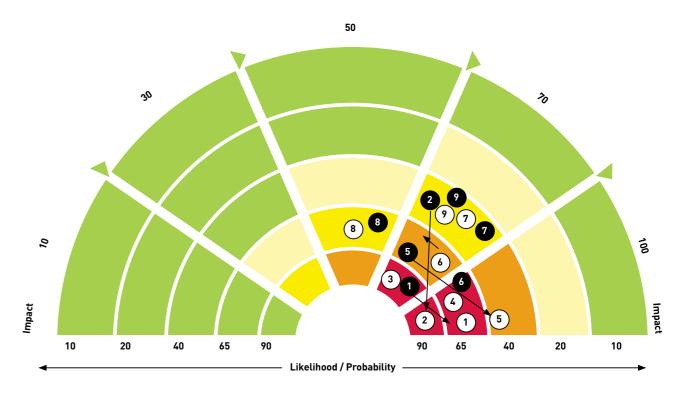




FIGURE 11: ATNS RESIDUAL RISK HEAT MAP



Impact key	Residual risk exposure	Residual risk movements
Minor: 10%	Priority 1 - Immediate action	2014/15
Significant: 30%	Priority 2 - More controls required	T
Serious: 50%	Priority 3 - Monitor risk exposure	
Critical: 70%	Priority 4 - Acceptable risk exposure	↓
Catastrophic: 100%	Priority 5 - Reduce controls	+ 2015/16

2015/16 no.:	2015/16 priority	2015/16 Residual Risk	2014/15 priority
1	1	Major safety event e.g. mid-air collision	1
2	1	Cyber Security Threats	3
3	1	Inadequate business continuity plans and disaster recovery plans	New risk
4	1	Political instability in certain African countries	New risk
5	2	Reliance on third party service providers	2
6	2	Unavailability of deployed CNS technology	1
7	3	Physical security of infrastructure	3
8	3	Critical skills in global demand	3
9	3	Financial sustainability	3





TABLE 6: ATNS TOP RISKS ALIGNED TO STRATEGY

No	Risk name	Strategic objectives impacted	Risk owner	Impact	Likelihood	Inherent risk exposure	Perceived control effectiveness	Residual risk exposure	Mitigation plans
1	Major safety event e.g. mid-air collision	 Build a culture of safety Ensure long-term financial sustainability Develop leadership capability in the Africa ATM space 	CATS	Catastrophic	Almost certain	Extreme	Weak	Priority 1	 Deployment of operational supervisors to monitor and coordinate daily operations in selected sectors. Demand and capacity balancing in terminal airspaces (TMA) to reduce workload and improve efficiency. Airspace and procedure design assessment to identify improvement areas in support of safety and efficiency Implementation of proactive measures to identify safety hazards and risks. Implementation of safety investigation teams. Improved management and oversight of daily operations.
2	Cyber Security Threats	Build a culture of safety Enhance operational efficiencies in line with global ATM standards	CIO	Catastrophic	Almost certain	Extreme	Satisfactory	Priority 1	 Cyber Security Management Training Develop Cyber Security Policy Framework Advertised vacant IT security positions and expected to be filled march 2016 Review of the current policy, directives and procedures. Relooking at user awareness strategies Enabling user monitoring reports for internet usage. Implement recon of audit
3	Inadequate business continuity plans and disaster recovery plans	 Build a culture of safety Enhance operational efficiencies in line with global ATM standards Develop leadership capability in the Africa ATM space 	C00	Catastrophic	Likely	Extreme	Unsatisfactory	Priority 1	 Project roll out site to site replication and service restoration technology for the Head Office Conduct an integrated DR tests among critical departments Upgrade ATA and OR Tambo relocation sites Prepare recovery sites for HO at ATA. Engage other training facilities that can be used as recovery sites for ATA. Establish independent telephone, radio and Data lines to the SSS at OR Tambo. Separate independent telephone and radio lines facility to be installed at SSS OR Tambo Voice recording capability in the SSS to be installed SSS OR Tambo Roll out National Project to be register to establish minimum and implement requirements for the ATNS BCP and Disaster recovery
4	Political instability in certain African countries	Develop leadership capability in the Africa ATM space Ensure long-term financial sustainability Build a culture of safety	CEO	Catastrophic	Likely	Extreme	Weak	Priority 1	 Develop periodic political barometers and environmental scan to keep abreast with developments in each country. Deploy a tool to analyse risk exposure (political, legal, employee safety and company protection) Partner with other service providers to reduce ATNS risk exposure. Continuous and regular engagement with SA embassies / DIRCO/ State Security Agency/ DoT/DTI offices in relation to the respective countries. Utilise existing government to government channels, i.e. bilateral. Develop MOU with other countries,
5	Reliance on third party service providers	Build a culture of safety Build a skilled and capable employee resource base Enhance operational efficiencies in line with global ATM standards	COT and CIO	Catastrophic	Almost certain	Extreme	Good	Priority 2	 Annual review of the SLAs Annual review of the disaster recovery plans Regular testing of the contingency plans.
6	Unavailability of deployed CNS technology	 Enhance operational efficiencies in line with global ATM standards Develop leadership capability in the Africa ATM space Build a culture of safety 	СОТ	Catastrophic	Almost certain	Extreme	Satisfactory	Priority 2	 Monitor the trend analysis and action any deviation observed Implement ad hoc equipment life extension plans. Critical issue to address supply chain management challenges

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No	Risk name	Strategic objectives impacted	Risk owner	Impact	Likelihood	Inherent risk exposure	Perceived control effectiveness	Residual risk exposure	Mitigation plans
7	ATNS physical infrastructure is experiencing theft and vandalism.	 Enhance operational efficiencies in line with global ATM standards Build a culture of safety 	ES0	Critical	Likely	High	Satisfactory	Priority 3	 Develop standardised processes and procedures for the security management systems Develop and implement an awareness training for OT personnel delegated for security function Investigate the feasibility of training and registration of delegated Security OT personnel to comply with PSIRA Conduct a feasibility study for the centralisation of the security services
8	Critical skills in global demand	 Enhance operational efficiencies in line with global ATM standards Build a skilled and capable employee resource base Create a transformative organisation Develop leadership capability in the Africa ATM space 	E HC	Critical	Likely	High	Satisfactory	Priority 3	 Implementation of human capital plan to address skills shortages (to be done as part of approved strategy) Remuneration review (included in reward philosophy) HC to formalise Succession Planning for core critical positions (included in reward philosophy) All JDs to be reviewed (included in reward philosophy) Retention and transfer of the institutional knowledge
9	Financial Sustainability	Enhance operational efficiencies in line with global ATM standards Ensure long-term financial Sustainability	CF0	Catastrophic	Likely	Extreme	Good	Priority 3	 Continuously monitor and highlight non-compliance at executive level. Revision of the 2015/16 budget upon the gazetting of the new tariffs

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Engaging our stakeholders

ATNS recognises the importance of securing stakeholder support for our long-term success by enhancing transparency, sharing knowledge, and generating innovative solutions. The Company regularly engages key stakeholder groups that are most relevant to the business.

Table 7 that follows outlines ATNS' stakeholders and our approach to engaging them. It further provides information on the frequency with which we engage our stakeholders, as well as their main areas of interest and their responses.

Stakeholder Groups - Power and influence: Material issues

Stakeholder groups have been identified and prioritised according to the following criteria:

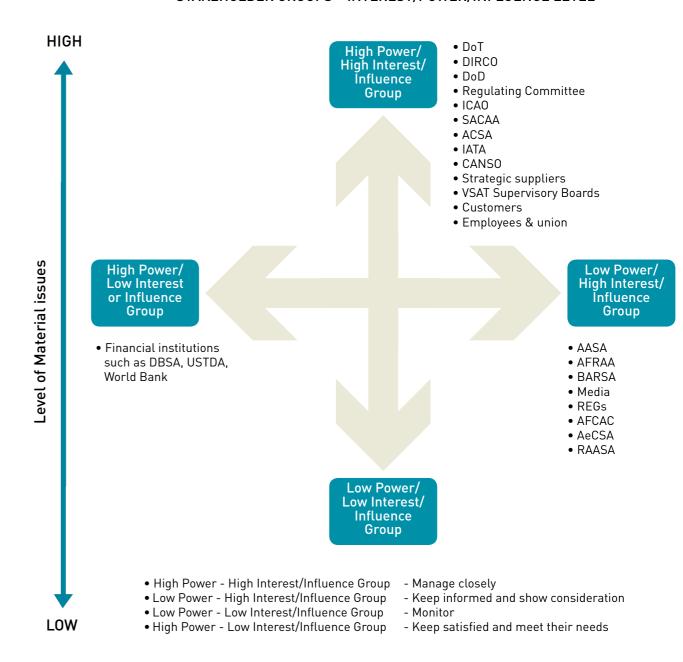
- High power/High interest /influence group;
- High power/Low interest or influence group;
- Low power/ High interest/influence group; and
- Low power/Low interest/influence group.

External stakeholders have been grouped as indicated in Figure 12. This grouping will change with time, based on the programmes and projects that ATNS is driving or focusing on at any given time. It will also be influenced by the decisions that stakeholders make in respect of their business.

The Stakeholder matrix (Figure 13) reflects the prioritisation of material issues, providing an overview of stakeholder priorities in terms of material issues - whilst prioritising these issues in terms of ATNS' strategic and operational imperatives. ATNS views the Organisation's long-term commercial wellbeing and its stakeholders' interests as mutually inclusive. The Company recognises that long-term economic, social and environmental sustainability requires continuous dialogue with stakeholder groups to assess the impact of its operations on the wider stakeholder community. Accordingly, ATNS continues to review its business practices and impacts to better align with stakeholder priorities.

FIGURE 12: STAKEHOLDER GROUPS - MEASURING 'POWER AND INFLUENCE' LEVELS ON THE BUSINESS

STAKEHOLDER GROUPS - INTEREST/POWER/INFLUENCE LEVEL

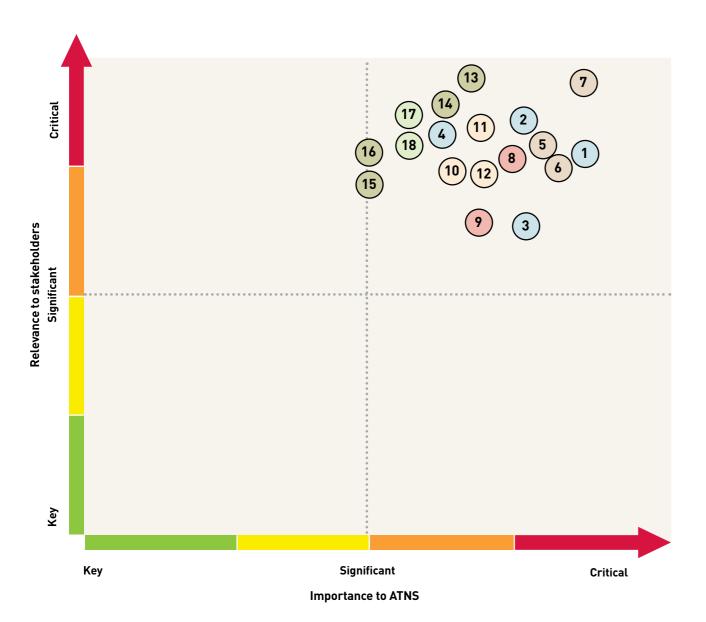


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FIGURE 13: STAKEHOLDER MATRIX



	1. Financial stability		10. Employment equity
	2. Permission planning in the regulated business		11. Staff wellness
(5)	3. Increase revenue in Non-Regulated Business		12. Employee training and development
	4. Increasing economic value through Broad-Based Black Economic Empowerment		13. Safety service provision
	5. Operational efficiencies, service reliability and network performance		14. Supply-chain practices
(DO)	6. Infrastructure investment		15. Skills development within communities where we operate
	7. Safe operations		16. Quality community projects
(Pa)	8. Training and development in sector-specific skills		17. Managing carbon emissions
(H3)	9. Research and development		18. Managing natural resources

TABLE 7: APPROACH TO STAKEHOLDER ENGAGEMENT

Stakeholder	Type of Engagement	Frequency of Engagement	Engagement Objective	Proposed activities to address stakeholder objectives	Outcomes
DoT (Department of Transport)	Involve and consult	Quarterly / when need arises	Collaborate with the DoT; gain support in addressing challenging customer issues. ATNS to provide air traffic and navigation expertise and support in local and international forums. Keep DoT informed of ATNS strategic plans and company performance.	 Quarterly meetings to engage on areas for support. Join in bilateral negotiations with targeted states. Support the DoT on regional, continental and global ATM issues (CAC, APIRG, AFCAC, etc.) Support DoT to deliver on departmental outcomes. 	 Align DoT's continental objectives to that of ATNS. Close and effective cooperation with the DoT. Increased transparency and effective communication.
DIRCO (Department of International Relations and Cooperation	Involve and consult	Quarterly / when need arises	 Inform DIRCO of ATNS initiatives in specific countries. Work closely with the DIRCO (Africa Desk) and obtain insight on internal country context. Solicit support in providing services to a specific state i.e. provision of UAC services to R. South Sudan, Angola, DRC. Gain insight on international and regional funding available. 	Bi-annual meetings with DIRCO (Africa) to solicit support when required. Embassy call when on country visit - engage with the trade missions / embassies at targeted states. Obtain international funding details -engage with DIRCO to benefit from the continental and international funding available for targeted states.	 Align the DIRCO's continental objectives to that of ATNS. Develop positive relationship with embassies on the continent. Solicit international funding for infrastructure development for targeted states that ATNS can implement.
CANSO (Civil Aviation Navigation service organisation)	Collaborate / Empower	Quarterly / when need arises	Optimise the ATNS / CANSO partnership for ATNS's commercial benefit as elaborated in the CANSO strategic document.	 Build a strong 'CANSO Africa'. Active participation in their program Identify areas of cooperation and partnering for commercial purposes 	 Strong effective partnerships and achievement of ATNS strategic imperatives. Identification of areas of cooperation for ATNS's commercial benefits i.e. training, etc.

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Stakeholder	Type of Engagement	Frequency of Engagement	Engagement Objective	Proposed activities to address stakeholder objectives	Outcomes
IATA (International Air Transport Association)	Collaborate and empower - Address issues, involve and consult	Quarterly / when need arises	Optimise ATNS / IATA collaboration for commercial and safety benefits.	 Quarterly meetings with IATA to determine areas of improvement. Continue to collaborate and partner in the provision of VSAT, training, and other services. 	Continuous, effective collaboration and management of strategic projects on the continent.
ICAO (International Civil Aviation organisation)	Collaborate / empower	Quarterly / when need arises	 Understand GANP and GASP requirements and comply with the Regional implementation plans. Influence the Regional plans to the benefit of South Africa and ATNS. 	Active participation in the ICAO and other meetings.	Effective collaboration Active engagement in the provision of the RSS UAC.
Strategic Suppliers	Collaborate / empower	Quarterly / when need arises	Forge strategic alliances for commercial purposes – joint tendering, joint ventures and partnership, provide training and technical support, etc.	 Identify and compile data of strategic partners. Negotiate and conclude strategic JV or strategic cooperation agreements. 	 Identify possible partners and services to cooperate. Sign MoU or strategic partnership with identified companies.
ASECNA	Collaborate / empower	Quarterly / when need arises	• Interact and Collaborate with ASECNA at a strategic level to determine long-term ATM implementation objectives.	Arrange a joint meeting to map out and share ideas on ATM implementation programs such as ASBU.	Workshop to be arranged
ANSPs (Clients)	Involve / consult	Quarterly / when need arises	Position ATNS as 'leading' African service provider that understands the needs of the continent.	Facilitate cooperation for integration and harmonisation to achieve safe skies i.e. UAC in R. South Sudan, Lesotho, Angola and DRC.	Position ATNS as the preferred service provider for Africa.

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Stakeholder	Type of Engagement	Frequency of Engagement	Engagement Objective	Proposed activities to address stakeholder objectives	Outcomes
Regional economic Group i.e. (SADC)	Involve / consult	Quarterly / when need arises	Influence the speedy implementation of the UACC.	 Active participation in the SADC steering committee to influence rapid implementation of the UACC. Actively participate in the CAC meeting to influence implementation of the UACC project. 	Implement the UAM project.
NAVISAT	Collaborate / empower	Quarterly / when need arises	ATNS wishes to cooperate with the Egyptian organisation to provide consulting and related services when the opportunity arises.	Engage with NAVISAT management to identify areas of collaboration and partnership.	• Sign an MoU.
South African Air Force (SAAF)	Involve / consult	Quarterly	 Flexible use of airspace, UACC, Training. Engineering and technical services. Delivery of ATNS products and services. 	Engage with SAAF to identify areas of collaboration and partnership.	Sign an MoU and SLAs.
South African Civil Aviation Authority (SACAA)	EXCO meetings: ATNS Bruma and SACAA Campus	Quarterly	Regulatory compliance and enabling regulations.	 Critical Stakeholder workshops. Sharing of information and collaborating on safety training and ATM. 	Improved working relationships and synergy.
Airlines Association of South Africa (AASA)	Business meetings: AASA	Quarterly	Meeting industry needs.	Forum to be used as form of customer feedback i.e. OPSCOM.	Service Alignment with our user expectations.
Economic Regulator	Meetings	Bi-Annual	Tariff management and service standards reporting.	Lobbying and reporting.	 Maintaining open lines of communication leading to sustainable relationships.

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Stakeholder	Type of Engagement	Frequency of Engagement	Engagement Objective	Proposed activities to address stakeholder objectives	Outcomes
ATNS Staff	Direct staff engagement	Monthly	Individual employee concerns within the work environment.	Talent sourcing, reward and development.	Employee satisfaction and skills retention.
ANPS Continental	Call schedules and market visits	Quarterly	ATNS products and services.	Procure ATNS services and products.	Contract signing.
Media	PR and sound media management	Quarterly / when need arises	ATNS is credible, open and accessible.	Share product and service information through sound media relations.	Improved media relations.
Students	Social media and road- shows	Quarterly / when need arises	'The sky is not the limit – it is where it all begins!'	 Brochures to schools and activation through social media. Bursary and learnership scheme. 	Improved learner registration at the ATA subsequent recruitment into the ATNS workforce
Job Seekers	PR / Media	Quarterly / when need arises	ATNS is an employer of choice.	Advertising through website.	Trained individuals accessing the job market.
Regional aerodrome owners	Scheduled meetings	Quarterly / when the need arises	ATNS is a partner in safety and growth.	Share plans and information on ATNS's future growth and service offerings.	Improved business and working relations
CAASA	Scheduled meetings	Bi-Annually	ATNS is a partner in safety and growth.	Share plans and information on ATNS's future growth and service offerings.	No audit findings related to aviation safety, ATM, Environment.
Strategic partnerships with ANSPs outside the continent	Scheduled meetings	Quarterly / when the need arises	Improved relations lead to better collaborations in ATM.	ATNS signing an MoU.	Improved working relations







Determining materiality

ATNS defines 'materiality' for its reporting in terms of 'issues' that substantively impact the organisation's ability to create and sustain value over the short, medium and long term.

We have used a combination of internal and external criteria to determine whether an aspect is material, including factors such as the organisation's overall mission and strategy, concerns expressed directly by stakeholders, broader social expectations, and the organisation's influence on upstream entities (such as supply chain) and downstream entities (such as customers). Our assessments of materiality also consider the basic expectations expressed in the national and international standards and agreements with which the organisation is expected to comply.

TABLE 8: MATERIAL REPORTING CONSIDERATION

Reporting considerations	Internal criteria	External criteria
Aviation industry requirement by the broader civil aviation.	ICAO Performance-Based ATM Operational Framework and ASBU Methodology; and global aviation regulatory requirements.	Global air traffic management (ATM) requirements, trends and standards; as well as leading practice safety performance benchmarks.
Basic expectations expressed in the national and international standards and agreements with which the organisation is expected to comply.	Statement of Strategic Intent and Shareholder Compact; 12 National Outcomes of Government and departmental outcomes of the Department of Transport.	Changes in the socio-economic developmental agenda and priorities of National Government.
ATNS key performance indicators as outlined by the Shareholder's compact.	ATNS Performance-Based Navigation Roadmap and Implementation Plan.	Socio-economic changes and challenges (e.g. barriers to market entry) in ATNS's key market segments (local and regional).
ATNS key performance indicators as outlined by the Shareholder's compact.	ATNS's mission, vision, and values; Business Concept; strategic imperatives; critical issues; programmes; and Key Performance Indicators (KPIs).	Critical commercial opportunities, as well as market and environmental risks ATNS, is geared to respond to, locally, regionally and globally; as well as factors, which may impact ATNS's reputation, thereby influencing its ability to promote sustainable growth.
ATNS top 10 high-level organisational risks.	ATNS's Enterprise Risk Management (ERM) Process, including the key operational risks impacting ATNS' strategic and operational objectives and the associated mitigating activities; as well as ATNS's governance and compliance frameworks; and the Company's' Sustainability Framework and associated policies and processes to manage financial, social and environmental sustainability outcomes.	The provisions of various frameworks including: Public Finance Management Act (PFMA); King III Code on Corporate Governance (King III); Discussion papers issued by the South African Integrated Reporting Committee and the International Integrated Reporting Council (IIRC); International Financial Reporting Standards (IFRS); GRI Framework; United Nations Global Compact; Carbon Disclosure Project; B-BBEE Code.
List of key internal and external stakeholder issues as outlined by our stakeholder relation process and broader social expectations.	Stakeholder expectations and feedback on material considerations as captured and monitored through ATNS' stakeholder engagement process – e.g. business community, Airport customers, ACSA, Non-Governmental Organisations (NGOs), National and Provincial Governments, regional partners, designated targeted groups, academics, investors and the media.	Changes in the national, regional or global political environment and a changing regulatory landscape.



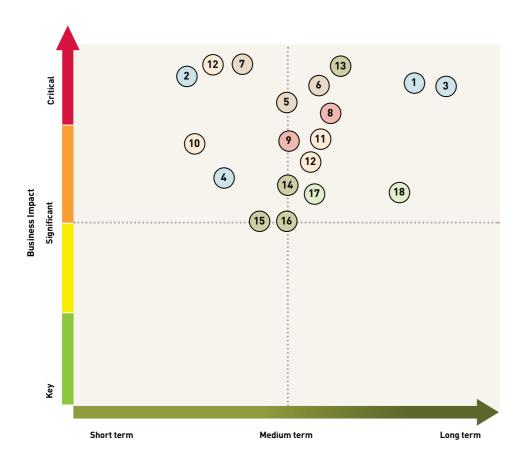
ATNS MATERIAL ISSUES ACROSS THE SIX CAPITALS

Financial capital	Manufactured capital	Intellectual capital	Human capital	Social and relationship capital	Natural capital	
Š	(O)					
Financial stability	Operational efficiencies, service reliability	Training and development in	Employment equity	Safety service provision	Managing carbon emissions	
	and network performance	sector-specific skills	and network skills		Supply-chain practices	
Permission planning in the regulated business	Infrastructure investment	Research and development	Safety culture	Skills development within communities where we operate	Managing natural resources	
Increasing revenue in the non-regulated business			Staff wellness	Quality community projects		
Increasing economic value through Broad-Based Black Economic Empowerment			Employee training and development.			

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FIGURE 14: MATRIX OF MATERIAL ECONOMIC, SOCIAL AND ENVIRONMENTAL SUSTAINABILITY ISSUES



1. Financial stability	
2. Permission planning in the regulated business	
3. Increase revenue in Non-Regulated Business	\$
4. Increasing economic value through Broad-Based Black Economic Empowerment	
5. Operational efficiencies, service reliability and network performance	
6. Infrastructure investment	(OO)
7. Safe operations	
8. Training and development in sector-specific skills	(F)
9. Research and development	(HZ)
10. Employment equity	
11. Staff wellness	
12. Employee training and development	
13. Safety service provision	
14. Supply-chain practices	
15. Skills development within communities where we operate	
16. Quality community projects	
17. Managing carbon emissions	
18. Managing natural resources	









Economic sustainability

Introduction



ATNS's fiscal accomplishments are indicative of the Company's economic sustainability. However, the Company aims to create broader financial and economic value to influence the wider South African economy. Our Shareholder mandate requires ATNS to act as a primary catalyst for economic growth and job creation in South Africa.

The aviation industry has a significant economic impact on major African markets and is widely accepted as a catalyst for growth. In South Africa, the aviation industry supports 2,1% of South African GDP and 227,000 jobs or 1,7% of the South African workforce. If the sector's contribution to the tourism sector is included, these figures rise to 3,1% of South Africa's GDP, creating 343,000 jobs, or 2,6% contribution to the domestic workforce. ATNS is one of the vehicles that the Department of Transport uses to fulfil its responsibility to create employment for the youth and for previously disadvantaged communities. However, jobs can only be created in a growing market and an important avenue for ATNS to be exposed to greater economic growth potential is to expand into the African content.

Material economic sustainability issues

- Financial stability.
- Permission planning in the regulated business.
- Increasing revenue in the non-regulated business.
- Increasing economic value through Broad-Based Black Economic Empowerment.
- Infrastructure investment.
- Research and development.
- Operational efficiencies, service reliability and network performance.

Performance review

Tables 9 and 10 provide a consolidated view of the Company's financial performance in the context of ATNS's broader economic sustainability from the perspective of economic value generated and distributed during the year.

TABLE 9: ECONOMIC VALUE GENERATED DURING 2015/16

Economic value generated	2015/16 R	2014/15 R	Progress
Total revenue	1 563 269 971	1 459 580 665	A
Tariff revenue	1 342 130 952	1 267 728 253	A
Other revenue	166 500 387	191 852 41	A
Total assets	2 436 671 926	2 186 418 050	A
Total equity	2 152 961 487	1 909 819 480	A
Cash generated from operations	444 768 568	426 593 291	A
Total borrowings as at 31 March 2016	0	0	-



TABLE 10: ECONOMIC VALUE DISTRIBUTED DURING 2015/16

Economic value distributed	2015/16 R	2014/15 R	Progress
Value added Total operating cost	1 254 751 411	1 077 806 351	A
Distribution of wealth Employee wages and benefits	754 329 323	686 122 385	A
Payments to providers of capital	0	0	-
Payments to the Shareholder	0	0	-
Payments to Government as income tax (including deferred tax)	105 441 229	101 161 769	A



Financial stability

South Africa's muted economy presented conflicting outcomes for the domestic tourism and aviation sectors, with the weakening Rand drawing in international inbound tourism on the one hand whilst slowing down domestic travel on the other. With the South African Reserve Bank raising interest rates, local consumer spending - and hence spending on domestic air travel - was adversely affected by consumers' reduced disposable income. Locally, the challenging market conditions resulted in some airlines discontinuing operations entirely.

The ATM industry is strongly linked to growth in air traffic movements as well as overall economic growth. Accordingly, ATNS projects its revenue based on expected growth in air traffic movements, with the latter having a high correlation to Gross Domestic Product (GDP) at approximately 80%. Cumulative movements for the 2015/16 year increased by 2% to 1,098,137, which translates to a higher number of billable traffic movements than anticipated.



Permission planning in the regulated business

ATNS did not increase tariffs during the year, which added further pressure to the Company's financial capital performance. However, a 2% increase in overall air traffic movements helped to mitigate the

negative impact of the zero-tariff increase, which will be amended and gazetted when the new Permission application process is concluded.



Increasing revenue in the nonregulated business

During the year ATNS continued to strengthen its financial and economic sustainability by pursuing new regional opportunities and by remaining internationally competitive, particularly in terms of how our services support 'safe African skies'. Accordingly, we have a strong imperative for expanding our service offerings to other markets, including the wider Africa market to secure future growth and revenue. Our regulatory environment inhibits future revenue growth potential within the South African market by strictly applying tariff adjustments. Additionally, the maturity of ATNS's domestic operations – combined with current economic conditions subduing domestic in-country travel - will pose challenges for the business to attract new customers in South Africa in future. As a result, our economic sustainability is tangibly linked to the successful execution of our Africa expansion strategy; and our future revenue growth relies on our ability to develop new services and markets.

This year, revenue from operations amounted to R1,5 billion against a budgeted R1,3 billion. Tariff revenue amounted to R134,3 million, exceeding budget by 11,1%. Our non-regulated revenue exceeded budget by R12,7 million (17,2%).

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Increasing economic value through **Broad-Based Black Economic Empowerment**

ATNS, as a State-Owned Company, has an explicit mandate to balance its financial imperatives with developmental outcomes for the economy. Accordingly, we leverage our procurement expenditure to increase locally-developed content by supporting and developing local suppliers. We are also working to ensure that local manufacturing suppliers can benefit from our global partnerships in the long-term by creating business linkages between local suppliers and the mega international technology OEMs through our procurement and supply chain processes. In this way, local suppliers are capacitated over time to become OEMs of key aviation technology components in the supply chain, thereby enhancing their own local, regional and international competitiveness, and ultimately, growing together with ATNS in its expansionary strategy.

ATNS achieved a B-BBEE qualification score of 87.51 points during the year, which is the equivalent of a Level 2 B-BBEE rating. Our total B-BBEE spend of total measurable procurement spend amounted to R381,144,298.74.



Infrastructure investment

ATNS's investment in cutting-edge technology is a central service enabler to create advanced infrastructural value for the Company and the country's air traffic navigation sector. Our Infrastructure Investment Strategy and Capital Expenditure Plans are key enablers of this infrastructure value. A critical guiding paradigm is that of the International Civil Aviation Organisation (ICAO) Aviation System Block Upgrades (ASBU) concept. The ASBU concept promotes global quality standards for the maintenance and enhancement of aviation safety; the harmonisation of programmes to improve air traffic management; the removal of barriers to future aviation efficiency; and the achievements environmental gains at a reasonable cost. By aligning with the ASBU concept, ATNS promotes various operational efficiencies, including fuel efficient routing, optimal traffic flow management, performance-based navigation (PBN) and attention to fuel optimal speed control.

The 2015/16 financial year marked the start of a new Permission cycle, with a total of R242 million budgeted for new projects during the year. Year-to-date capital expenditure for the year amounted to R230 million, with an additional R491 million committed.



Research and development

ATNS's research and innovation around operational concepts and safety performance are vital for the improvement of safety within ATNS's operational environment; in particular, new innovations around satellite technology. Accordingly, we signed a data services agreement with Aireon LLC, developer of the world's first space-based global air traffic surveillance system, for a satellite-based Automatic Dependent Surveillance-Broadcast (ADS-B) service. This service will afford ATNS 100% air traffic surveillance of the Johannesburg Flight Information Region (FIR) and the Cape Town FIR, which cover approximately 10% of the world's airspace. The service is scheduled to be operational in 2018 and provides exponential opportunities to offer near-immediate crossborder surveillance services to other countries on the continent from local air traffic control ground stations without the need for extensive on-the-ground infrastructure in those countries.



Operational efficiencies, service reliability and network performance

We embarked on necessary air traffic services infrastructure upgrades during the year. Whilst these upgrades are critical to ensuring ATNS keeps pace with fast-evolving international standards, there were incidents of flight delays and system disruptions.

We performed well on departure delays during the year, registering an average delay per delayed flight of 13 seconds against a target of 120 seconds, thereby demonstrating our personnel's continued commitment to delivering the highest standards of air traffic control to the ATM community.

Measuring operational efficiencies

ATNS has two operational efficiency objectives that measure the capability of the organisation's service delivery to the ATM Community in a cost-effective manner – while still ensuring a high-quality service and support. The first objective measures overall traffic delay; and the second objective measures the system availability of our technologies, namely Communication, Navigation and Surveillance (CNS)

Arrival, Departure and Training movements

Arrival, departure and training movements all refer to air traffic movements that are billable, irrespective of weight category, and that operate at ATNS's 21 ATSUs throughout South Africa. The current trend, since February 2012, indicates a negative growth rate attributable to many factors, such as utilisation of larger aircraft, a reduction in the frequency of flights, down-scaling of operations in non-scheduled operations, a decrease in the amount of readily-available cash in the 'general' aviation sector, and curtailing of recreational flying and training.

Average delay per delayed flights

To foster continuous improvement, ATNS measures the operational efficiency of its services, such as measuring overall traffic delays at airports throughout the country.

The average delay per delayed (ADD) flight is a metric that gives an indication of the severity of delays. ADD flight is measured by dividing the total delay time by the number of delayed flights. ATNS has set an average ADD flight target of 2 minutes to assess and measure the effectiveness of mitigations and operational improvements.

The average ADD flight are attributed to the following causes:

- Aerodrome control: (including Ground Movement control): This delay is allocated if either the Aerodrome or Ground Controller caused the delay.
- Approach control: Approach control delays are assigned when a flow control message is sent that indicates a restriction due to approach control; e.g. one approach sector closed due to staff shortage.
- Area control: Area control delays are assigned in the same manner as approach control delays. Delays related to domestic or southbound aircraft 'holding' at a specific flight level, are also assigned to area control delay.
- Technical: When ATNS equipment is unserviceable causing delays, a technical delay is assigned. A flow control message is usually issued when technical problems occur that may cause delays.

CNS Service Level Agreement (SLA)

The CNS Service Level Agreement (SLA) describes ATNS's commitments for uptime and connectivity of its technologies - that is, Communication, Navigation, and Surveillance (CNS). The SLA is based on System Availability. This refers to the availability of the system used to support service provision. This method of equipment performance reporting, furthermore, considers the availability of redundant systems.

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Performance summary

The section that follows tracks ATNS's 2015/16 financial and economic performance in terms of the Company's most material economic issues.

Material issue: Financial stability				
Why it matters		Key aspects of our management approach:	IR Ref	
ATNS's revenue growth and financial sustainability rely on new product/market development. This includes the successful implementation of the Company's African expansion strategy. Economic regulation by the South African Regulating Committee restricts monopoly abuse within the South African market by strictly applying tariff adjustments.		The ATNS 10-Year Business Plan.	90	
		Africa expansion strategy, including the ATNS International programme and Ring-Fencing Project.	90	
	ational or domestic operations will	The ATNS ATM Roadmap.	100	
create challenges for the business to generate new customers in South Africa. It is, therefore, imperative for ATNS to secure future growth		The Africa Indian Ocean (AFI) Strategy Project.	90	
including the wider African mark	ervice offerings to other markets, et.	Capital Investment Strategy.	100	
g		Sound financial management.	92	
Targets for 2015/16	What we achieved in 2016	Our focus for 2017		
D/E = 0%.	D/E = 0%.	D/E = 10 - 45%.		
C/A: 6.3:1.	C/A: 6.3:1.	C/A: 2.5:1.		
ROCE: 24,1%.	ROCE: 24,1%.	ROCE: 12,6%.		

^{*} Debt to Equity ratio

Highlights:

- Revenue from operations: R1,5 billion against a budget of R1,3 billion.
- Year-to-date expenditure: R1,208 billion against a budget of R1,85 billion.

Material issue: Permission planning in the regulated business		
Why it matters	Key aspects of our management approach	IR Ref
The permission cycle informs the Company's specified tariffs as well as service standard requirements for the regulated business. ATNS	Permission planning and application process.	18
actively collaborates with the regulating committee (RC) to ensure favourable and sustainable outcomes for the industry. The RC is required to balance the interests of the Company with the interests of its clients, which includes promoting the safe, efficient, economic and profitable operation of the company. This encourages timely investment and	Active engagement with the regulating committee.	18
	Sound financial management.	92
ensures that ATNS can finance its obligations and has a reasonable prospect of earning a commercial return.	Alignment of tariffing and service standards in the regulated business.	9-10, 19

Highlights

- Regulating Committee issued a zero percent tariff increase for the period 01 April 2015 to 31 March 2016.
- Tariff revenue was R1,3 billion (11,1%) above budget.
- The ACSA and ATNS's Permission application is under review.



(S) Material issue: Increasing revenue in the non-regulated business Why it matters Key aspects of our management **IR Ref** approach The largest anticipated contributor to the growth in aircraft movements Permission planning and 18 between 2015 and 2024 will be within the Africa-Europe trade region, application process. followed by Intra-African aircraft movements. From 2015 to 2024 the Active engagement with the average annual compound aircraft movement growth in Africa-Europe 18 regulating committee. and Intra-Africa will be 4,5% and 7,5% respectively. This growth is primarily due to anticipated increases in trade in Africa. As a fully Sound financial management. commercialised entity operating in the African market, ATNS could 92 also be a beneficiary of the increase in trade flows between BRICS nations and the rest of the African continent.

Highlights

• Non-regulated revenue exceeded budget by R12,7 million (17,2%).

Why it matters		Key aspects of our management approach	IR Ref
agent of commerce to strengthe Through our B-BBEE practices, w air traffic management sector. national imperative and an impo ATNS intends to address the his	NS has a key responsibility as a national en the economic position of South Africa. The can shape the future of the South African Further, local supplier development is a contact enabler of economic sustainability. For it imbalances that previously excluded in from meaningful participation in the	Implement enterprise and supplier development programmes and appoint a resource to manage the programme.	91
Target 2015/16	What we achieved in 2016	Our focus for 2017	
B-BBEE Rating: Level 3	B-BBEE Rating: Level 2.	B-BBEE level: 2.	_

Highlights

- B-BBEE Preferential Procurement point score: 30/30.
- B-BBEE Enterprise and Supplier Development point score: 12.11/15.
- B-BBEE Socioeconomic Development point score: 2.81/5.

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^{**} Cash to asset ratio

^{***} Return on capital employed

110

111





Material issue: Operational efficiencies, service reliability, and network performance			
Why it matters	Key aspects of our management approach	IR Ref	
ATNS's own economic sustainability is directly dependent on the demand for air travel. Ensuring operational efficiency and reliability for our customers would not only maintain and improve safety standards but will also keep operating costs down, which in turn would ensure that air transport stays affordable and that the number of flights increases. Alongside the AFI expansion strategy, ATNS's focus remains firmly on the regulated business in terms of creating the necessary efficiencies that will translate to value-add for the client base (users). ATNS's information communications technology is hosted on the ATNS wide area network. Critical consideration is given to the equipment that is used to establish and maintain the network infrastructure. There is also a requirement to implement the highest level of security on the network to ensure that network integrity is maintained. Due to the complex nature of the network, network usage, and availability is consistently monitored and maintained within pre-determined parameters.	ATNS infrastructure development and CAPEX investment plan.	100	
	Execution of ATNS ATM/CNS road map	100	
	Air Traffic Management System infrastructure - CAATS programme	103	
	Investment in Communication, Navigation and Surveillance infrastructure	101-105	
	Monitor infrastructure performance through service level agreement targets.	105	

Target for 2015/16	What we achieved in 2016	Our focus for 2017
 Average delay per delayed flight: 120 seconds. 	Average delay per delayed flight: 13 seconds.	Average delay per delayed flight: 120 seconds.
 Average CNS Systems Availability: C: 99,67%. N: 98,65%. S: 99,77%. 	 Average CNS Systems Availability: C: 99,61%. N: 96,15%. S: 100%. 	 Average CNS Systems Availability: C: 99,67%. N: 98,65%. S: 99,77%.
 Performance-based navigation (PBN): 4 Design Reports for submission to SACAA (RNP APCH). 10 Design Reports for submission to SACAA (RNAV 1 SID/STAR). 8 Design Reports for submission to SACAA (RNAV 1SID/STAR). 	 Performance-based navigation (PBN): 4 Design Reports for submission to SACAA (RNP APCH). 10 Design Reports for submission to SACAA (RNAV 1 SID/STAR. 8 Design Reports for submission to SACAA (RNAV 1SID/STAR). 	 Performance-based navigation (PBN): RNP APCH in 100% of instrument runways located at ACSA airports by 31 March. RNAV 1SID/STAR for 5 (or 80%) international airports (ACSA-owned) by 31 March 2017. RNAV 1SID/STAR for 1 ACSA Domestic airport where there are operational benefits by 31 March 2017.
 Achievement of the revenue and network availability as per SLA Target - SADC VSAT 2: SLA - 98,5%. Revenue: R26,8 million. 	• SLA – 99,97%. • Revenue: R47,5 million.	SLA – 98,5%.Revenue: R42,2 million.
 Achievement of the revenue and network availability as per SLA Target – NAFISAT: SLA: 98,5%. Revenue: R26,4 million. 	• SLA – 99,93%. • Revenue R39,01 million.	SLA: 98,5%.Revenue: R32,7 million.



Material issue: Infrastructur	e investment	
Why it matters	Key aspects of our management approach:	IR Ref
ATNS recognises the critical role of leading edge technology in ensuring operational efficiencies – in terms of safe operations, environmental impacts, empowered employees, and optimal infrastructure investment.	ATNS infrastructure development and CAPEX investment plan	100
	Air Traffic Management System infrastructure - CAATS programme	103
	Investment in communication, navigation and surveillance infrastructure	101-105
	Monitoring infrastructure performance through service level agreement (SLA) targets	105
	Execution of ATNS ATM/CNS road map	100
	Implementation of ATM/CNS systems to deliver on stakeholder expectations	100-101
	Monitoring industry trends	102

Target for 2015/16	What we achieved in 2016	Our focus for 2017
Compliance with the acquisition and implementation of milestones of the CAPEX	Actual CAPEX of R230 million, with an additional commitment of R491 million.	CAPEX of R115 million.
plan: R242 million.		

Highlights

CAPEX spend

• Communications: R113,376,794 • Navigation: R13,372,558 • Surveillance: R21,228,055 • Display Systems: R27,105,892 • Simulator Systems: R2,492,209 • Software: R25,960,905 R26,248,842 • General:

Material issue: Research and development		
Why it matters	Key aspects of our management approach	IR Ref
In line with the vision of the South African Government to move the country towards a knowledge-based economy, ATNS is shifting from merely being a user of the acquired technologies to contributing to the value chain of technology innovation and the development of locally-consumed technologies. In this way, ATNS is positioning the Company as a leader in ATM technology innovation on the African continent.	Innovation around operational concepts and safety performance.	110
	The AVI AFRIQUE Aviation Innovation Summit.	111
	Applied research unit within ATNS.	110
	Aviation Innovation Laboratory.	111

Aviation Innovation Laboratory.

A data services agreement signed between ATNS and Aireon LLC on 7 December 2015 – enabling 100% air traffic surveillance of the Johannesburg Flight Information Region (FIR) and the Cape Town FIR.

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Global Aviation Trends and economic outlook

The airline industry looks forward to improved performance in the year ahead on the back of projected higher global GDP growth and lower oil prices, although some markets may slow down due to depreciation of their currencies against the rising dollar. Recently, the International Air Transport Association (IATA), announced its airline industry outlook for 2016/17, which sees an average net profit margin of 5,1% being generated with total net profits of US\$36.3 billion.

Global economic expansion is expected to continue with the Revenue Passenger Kilometres (RPK) growth expected to exceed 6%, and cargo growth

accelerating above 5%. With a favourable cost environment and strengthening demand, many global airlines will see opportunities for record profits in 2016/17.

Globally, IATA expects almost 1% of world GDP to be spent on air transport in 2016, totalling almost \$750 billion. Air travel is accelerating, with growth of 6,9% expected in 2016/17, the best since 2010, and well above the 5,5% trend of the past 20 years.

The following graphs depict the global GDP growth relationship to passenger traffic.

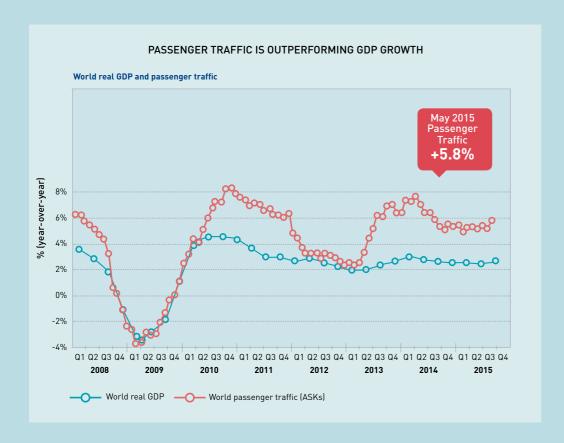
According to Airbus, passenger growth has been strong year-on-year in emerging markets since 2009, at an average growth rate of 13,2% as compared to 4,6 % for Western Europe and 2,4 % for the USA.

The following graph contrasts forecast growth in emerging economies with that of advanced economies until 2018/19.

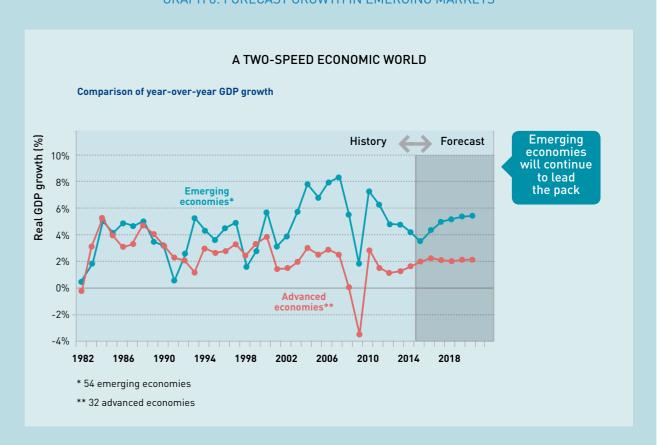
Generally, the performance of an Air Navigation Services Provider (ANSP) depends on the airline's performance. The growing demand for air transport also increases the number of aircrafts in service and, by implication, the number of movements. According to IATA and aircraft manufacturers, the number of aircraft in service is expected to double by 2030. This growth can only be accommodated safely if the 'control' paradigm evolves into an efficient air traffic management (ATM) system to manage aircraft movements.

This requires the re-design of the ATM system around the performance of the flight itself. The Air Navigation Services Providers are also looking to technology and new operational structures that will change the way air navigation service providers interact with the flights.

GRAPH 7: WORLD REAL GDP AND PASSENGER TRAFFIC (SOURCE: HIS ECONOMICS, AIRBUS 2015)



GRAPH 8: FORECAST GROWTH IN EMERGING MARKETS



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Economic sustainability risk impacts and opportunities

Risk 1: Major safety	/ event		
Risk classification	Risk impact	Opportunities	ATNS's response
 Physical Institutional Reputation 	ATNS's business is firmly anchored in aviation safety, and specifically safe, secure and cost effective air transport. Any major safety event, whether local, regional or global, will place a spotlight on ATNS's performance. If a major safety event occurs in the context of ATNS's operations, the impact may be catastrophic in that lives are lost. Other risk impacts include financial losses and reputational degradation.	ATNS's emphasis on safety has extended the Company's sphere of influence across South Africa's borders into the rest of Africa. ATNS is well placed to collaborate with ICAO to facilitate interoperability and modernisation of air transportation through its block upgrades initiative and to assist African countries in meeting the ICAO safety performance improvement standards of performance improvements.	 Deployment of operational supervisors to monitor and coordinate daily operations in selected sectors. Demand and capacity balancing in terminal airspaces (TMA) to reduce workload and improve efficiency. Implementation of the Safety action plans nation-wide. Airspace and procedure design assessment to identify improvement areas in support of safety and efficiency. Implementation of proactive measures to identify safety hazards and risks. Implementation of safety investigation teams. Improved management and oversight of daily operations.
Risk 2: Financial su	stainability		
Risk classification	Risk impact	Opportunities	ATNS's response
 Financial Reputation 	Regulating Committee (RC) restricts revenue from tariffs by a price cap. This has a potential of limiting revenue growth within the South African market. Further, the maturity of ATNS's domestic operations will create future challenges for the business to generate new customers in South Africa.	It is imperative for ATNS to secure future growth and revenue by broadening its service offerings to other markets. The business's Africa strategy provides opportunities to maximise revenue and strengthen ATNS's position Globally. Further, the functioning of the industry's economic regulation is also undergoing a review of the Funding Model used for the economic regulation of ACSA and ATNS. ATNS is actively collaborating with the Regulating Committee to ensure sustainable and favourable outcomes for the industry.	Continuously monitor and highlight noncompliance at executive level.

Risk 3: Inflexible ar	nd inefficient operations		
Risk classification	Risk impact	Opportunities	ATNS's response going forward
 Physical Institutional Financial Reputation 	Inflexible and inefficient operations could have a critical impact on the business, including major safety events. Operational inefficiencies impact the availability and reliability of ATNS' services and can also have critical environmental impacts. Operational inefficiencies can further result in poor service, financial losses and reputational risk.	ATNS will continue to focus firmly on creating the necessary efficiencies that will translate to value-add for its clients (users). The new permission cycle 2015/16 – 2019/20 will provide an opportunity to achieve a more efficient structure for ATNS to meet its strategic objectives and to deliver improved operational performance and cost- effectiveness.	 Continuously engage with stakeholders to influence legislation Procurement and implementation of operational performance reporting tool which will enable collection and analysis of operational data. Implementation of ATS Resource tool that will assist in optimum staff utilization Participation in development of Airport Slot Management and compliance framework Participation in national airspace design review Participation in appropriate ICAO and regional forums Participation in Collaborative Decision Making (CDM) process with all stakeholders including neighbouring ANSP.
Risk 4: Structural e	conomic challenges in South A	frica	
Risk classification	Risk impact	Opportunities	ATNS's response going forward
 Physical Financial 	Slow rates of global and local economic growth, volatile commodity markets, widening social inequality, structural unemployment and skills shortages in South Africa have a direct impact on ATNS's business, its customers, funders, employees and suppliers	As a State-Owned Company, ATNS is mandated by the Department of Transport to create employment, particularly for unemployed youth and previously disadvantaged communities and to boost local supplier development. New product and market developments in the regulated business – as well as ATNS's Africa expansion strategy – are ideal vehicles to achieve these critical developmental imperatives.	 Implementation of human capital plan to address skills shortages (to be done as part of approved strategy) Remuneration review (included in reward philosophy) Human Capital to formalise Succession Planning for core critical positions (included in reward philosophy) All Job descriptions to be reviewed (included in reward philosophy Retention and transfer of the institutional knowledge

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Social sustainability

Introduction



ATNS endeavours to create and sustain long-term social value by committing to the positive transformation of our society and our organisation through employment equity, black economic empowerment, and by enabling our employees to achieve their fullest potential through professional training initiatives. We recognise that this can only be achieved if we provide our employees with safe working conditions and respond perceptively to the needs of our various stakeholder communities.



ATNS' social sustainability reporting spans the Company's operational environment, and therein, the professional environment within which its employees work; as well as the broader ATM community and the communities where we operate.

Material social sustainability issues

- Safety service provision.
- Safety culture.
- Training and development in sector-specific skills.
- Employee development and wellness.
- Employment equity.
- Supply-chain practices.
- Skills development within communities where we operate.
- Quality community projects.

Performance review



Safety service provision

We acknowledge the significant store of value represented by our relationship with our stakeholders to support the long-term economic and social sustainability of the business. These relationships are exemplified by the strength of our supply chain relationships, community partnerships, government and regulatory relations and our relationships with our customers, sector partners and the public. Our social and relationship capital is also represented

by the trust our customers and the ATM community demonstrate in our ability to ensure safe skies.

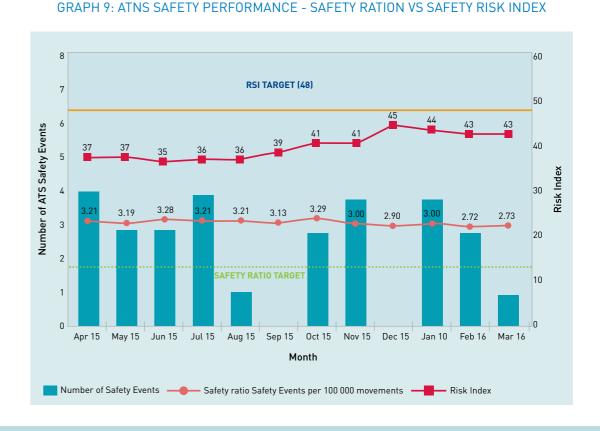
Safety remains the first and overriding priority in air traffic management to ensure safety service provision to our customers and safe operations for our employees, partners, suppliers and the ATM community. As such, ensuring safety in our operations remains paramount and is not negotiable. In August of 2015, we learnt with shock and dismay of a fatal flight accident involving an aircraft carrying medical personnel, a patient, and his relative from Namibia in the Tygerberg nature reserve in Cape Town. At the time of publishing this report the incident was still under investigation by the South African Department of Transport's Aircraft Accident Investigations Unit, in consultation with the South African Civil Aviation Authority (SACAA). ATNS continues to cooperate fully. The loss of a life within our airspace is one too many and we acknowledge the critical importance of ensuring that our air traffic services infrastructure adheres to global leading standards at all times, without exception. Overall, we recorded a total of 30 safety events for the year against a total number of movements of 1.098.137. Root causes varied from human-related errors to external factors such as weather phenomena, airspace design and complex traffic scenarios. The Risk Safety Index (RSI) ended the year at 43 points - an improvement from 36 points at the start of the financial year as indicated on Graph 9 on page 69. This is however still below the target of 48.



Safety culture

ATNS facilitated an internal sustainability and environmental awareness training programme for more than 50% of its employees. All operational staff members received continuation training during the year. The continuation training is based on unit-specific and national lessons learned in terms of inherent risks. Inherent safety-related risks were measured and tracked at unit level against the unit risk register.

ATS embarked on the development of a structured tertiary developmental programme to support managerial and leadership skills and competencies of the entire ATS management team.



Managing the ATS safety occurrence rate (Safety Ratio)

The Safety Ratio (number of safety events attributed to ATNS per 100 000 movements) enables ATNS to verify that it is meeting its safety performance target in its 'Safety Service Provision'. Accordingly, data must be collected and analysed to assess the level of safety performance. The safety ratio is calculated using a 12-month rolling average method. Safety performance assurance and investigation activities are both reactive and proactive.

Separation standards based on IFR hours

ATNS provides safe operations through the application of 'separation standards' based on Instrument Flight Rules (IFR) flight hours. With respect to air traffic control, 'separation' refers to the concept of keeping aircraft outside a minimum distance from each other to reduce the risk of colliding, as well as preventing accidents due to wake turbulence (wake turbulence is turbulence that forms behind an aircraft as it passes through the air). Minimum separation standards for airspace are specified by ATS authorities based on ICAO standards.

ATNS controls flights that are almost exclusively operated under Instrument Flight Rules (IFR). The IFR flight depends upon flying by reference to instruments in the flight deck. IFR flight hours are used as a basis for global benchmarking and safety metrics. IFR flight hours are calculated from the time an aircraft is airborne until it lands at its destination or leaves the South African controlled airspace.

The Air Traffic Management (ATM) system calculates the total hours flown monthly and is reported based on a year-on-year period to understand the current dynamics of air traffic.

In all but one quarter of the reporting year, ATNS achieved what equates to successfully safe operations by application of separation standards of 99.994%; meeting the CANSO benchmark and an error margin of 0,006% based on 286,972 IFR flight hours. This was, however, marginally below the organisations target of \nearrow 99.995%.

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SUSTAINABILITY PERFORMANCE SUSTAINABILITY PERFORMANCE



The table below indicates the separation standards based on IFR flight hours for the four quarters of 2015/16.

TABLE 11: QUARTERLY SAFETY PERFORMANCE FOR 2015/16 ATNS SAFE OPERATIONS VS CANSO BENCHMARK

Targets	Q1	Q2	Q3	Q4
2015/16	Actual	Actual	Actual	Actual
⊅ 99.995%	99.993%	99.994%	99.994%	99.994

Risk Safety Index

ATNS uses a Risk Safety Index (RSI) matrix to measure the various levels of risk in terms of the categories of probability and severity. This is done to increase visibility of risks and assist management decision making.

A scoring system was developed to present the RSI in a meaningful manner. The system included 25 blocks, where each of the blocks was assigned a value – with the high-risk safety events scoring a low value, and the low-risk safety events scoring a high score.

Managing safety performance

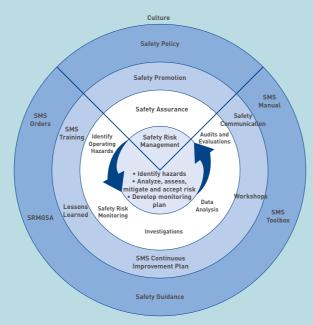
Scope of the Safety Management System (SMS)

The Safety Management System encompasses all ATNS's ATS activities, including that of the ATA. Its scope extends to all levels of management, including instructors involved in training ATS staff, operational air traffic controllers, air traffic service assistants, aeronautical information management personnel and technical support. Project planning and execution, as well as the acquisition and commissioning of equipment and systems are performed in conjunction with appropriate safety assessments and the identification and mitigation of associated risks, including security implications related to ATNS staff, installations and facilities.

The SMS has evolved into an integrated electronic SMS known as "XTRAX". This system was developed to move away from the previous paper-dependent SMS – in line with environmental sustainability. The automated system has streamlined numerous working processes and has facilitated reduced time frames and has reduced duplication of efforts for certain activities.

The SMS benchmarking is conducted against CANSO and EUROCONTROL Standards of Excellence. The figure below represents the core components of ATNS' Safety Management System and demonstrates the Company's integrated approach to safety management.

FIGURE 15: ATNS SAFETY MANAGEMENT SYSTEM



Safety action plan and mitigation programmes

Safety action plans are created annually and consider the findings of operational analyses. The latter includes the identification of hazards, as well as factors contributing to previous safety events and new applicable operational safety concepts.

ATNS continues to improve the process of safety investigation and related data analysis to ensure that remedial action plans flowing from this process are effective in reducing the recurrence of these events. Further, each unit has its own local safety related actions to manage and improve safety.

The following safety improvement interventions have been identified and incorporated into the safety action plan for 2016/17:

Routine activities and actions:

- Bi-monthly teleconferences to discuss safety performance, risks and mitigations at national
- Monthly safety messaging to communicate safety performance to staff.
- Safety meetings with General Aviation at unit and regional levels to discuss safety performance, hazards, risks and mitigations, including errors committed by controllers.
- Road shows with the South African Civil Aviation Authority (SACAA) to engage the general aviation community and to discuss aviation safety topics, to reduce wider aviation system issues contributing to safety occurrences.
- Meetings with Airlines at least twice a year to discuss operational efficiency and safety.
- Implementation of safety recommendations derived from audits and safety event investigations.
- Continuation training in simulated scenarios to improve ATC skills.

In addition to routine activities, the following safety initiatives were undertaken during the year:

Annual safety workshop

In October 2015 ATNS hosted the third safety workshop, themed 'Regional ATM Safety Improvement - Integrating safety management concepts for regional collaborative benefits'. The workshop explored the following topics:

- The safety benefits of ATM Automation and Regional Interoperability.
- Regional cooperation on infrastructural challenges.
- Status on the implementation of Safety Management Systems.
- Status on the implementation of Runway Safety
- Safety Culture and its impact on safety performance.
- Interoperable airspace and procedure design.
- Human performance and its implications on

Going forward, the safety workshop will become a regional conference to ensure that discussions around safety extend beyond the borders of South Africa, as a contribution to safer skies for the AFI

Regional Airport Safety Programme

Differences exist in the realm of resource allocation and support between the Regulated Airport Service Providers, the Non-regulated Contract parties and outsourced Airport Management Service Providers. This introduces various organisational risks. In some instances, lack of - or inadequate service provision contracts hamper the liaison and partnerships required to drive safety programmes. A Regional Airport Safety Programme will assist in streamlining contractual terms and coordinating resource allocation and service provision between the various service providers.

Research and development of operational concepts and safety

Research and development of new concepts is vital for the improvement of safety and efficiency of operations. ATNS is conducting studies to evaluate error probability rates in performing selected air traffic control functions. Results of this study will guide interventions to manage human errors in the operational domain.

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Management training to enhance employee engagement and motivation

Leadership and employee motivation are two key drivers and influencers of organisational effectiveness. Organisational leadership achieves organisational objectives through the efforts of employees. It is, therefore, important to create an environment in which employees are motivated, committed and share the collective goals of the organisation. ATNS has created a 'leadership blue print' as a platform to improve leadership skills and to capacitate management to lead highly technical teams. The entire ATS management team is expected to undergo 'leadership training' as an input to building relationships with employees, as well as improve performance and safety management. The date of commencement of the current cycle is April 2016.

Continuation Training

Continuation training spans various training programmes to maintain the skills of air traffic controllers, and to provide refresher courses and emergency training. Continuation training further consists of theoretical and practical courses, together with simulation training where appropriate. Continuation training aims to provide all ATS personnel with the necessary knowledge and understanding to retain the current levels of competence required by ATNS. It is intended that recurrent training will reinforce and confirm past knowledge gained and ensure that current competency levels are maintained in addition to simulator training, the Company is also planning to cross-train selected controllers from quieter stations to gain experience in busier stations to improve skills and performance.

Supervision of service delivery

Supervision of service delivery is critical for delivering safe service. Unit managers are responsible for planning and directing air traffic service delivery for their various areas of responsibility. They are further responsible for attending to the following:

- Providing first-line supervision to a team of air traffic controllers by offering specific ATS services under their own responsibility.
- Evaluating the flow of traffic in and out of sectors.
- Implementing restrictive actions as may be required to ensure acceptable levels of traffic.
- Mitigating delays.
- Engaging various customers in 'real time' and attending to their ATM needs as required.
- Providing leadership and direction while employing collaborative decision-making to develop the strategic and tactical operational

ATNS is in the process of developing the job outputs and job descriptions for the implementation of operational supervisors at identified units. This initiative will result in improved operational oversight with associated safety performance improvements.

Safety awards

As part of the 'ATNS values embedding drive' a schema for recognising and rewarding appropriate behaviours has been introduced. Safety, as one of the values of ATNS, enables staff members to be recognized and rewarded for appropriate safety behaviour and actions. In addition, management continues to identify and recognize safety performance at the various units.

Training and development in sector-specific skills

ATNS's capability as a leading, sector-specific training institution is a key enabler of the Company's industry leadership and its future earning potential. Our Aviation Training Academy (ATA) is a world-renowned academy, and has been awarded IATA's Worldwide Top Regional Training Partner for five years in a row – an ongoing achievement we are committed to upholding. We were also designated as an IATA Premier Circle member. The Academy is ISO 9001:2008 compliant and accredited by the South African Qualifications Authority.



Employee development and wellness

ATNS is regarded globally as a mainstay of safety in airspace navigation, as well as a centre of excellence and an institute of reference. We can only maintain this standing if we continue to employ and foster capable and knowledgeable people who are aligned with the Company's culture of safety, sustainability, and professional excellence. Accordingly, we continue to promote an optimal flow of pertinent skills throughout the Company, with a strong focus on the employment of women, people of colour and people with disabilities. However, a prevailing challenge for us going forward is the growing requirement for air traffic controller (ATC) skills globally. Approximately 60% of our staff costs pertain to air traffic control related services. ATNS competes with its international peers for air traffic controllers, resulting in high salaries offered to retain these skills. During the year, we continued to manage the training pipeline for ATS and technical staff at our aviation training academy; however, we fell short of our ATCO 3 stream training targets, with principal technical staff being enticed to opportunities abroad.

ATNS's long-term planning has identified future challenges around the skills that we will need to

evolve within a globally-competitive, technologicallydriven aviation environment. In this future context, many of the sector's present skills will either be replaced by technological functions, thereby rendering them redundant, or have to be adapted to match as yet unknown competency requirements. We are, therefore, aware of the need to balance a human capital intensive business with the increased emphasis on technology in the ATM sector going forward. This awareness forms an integral part of our longterm infrastructure and human resource planning. Accordingly, we have initiated an organisational realignment process, spanning the next 14 years to 2030, to help us transition into an environment where we can counterpoise our exploration of advanced technologies to create greater operational efficiencies, with our directive, as a State-Owned Company, to address the challenges of structural unemployment and poverty in South Africa. The 14year timeline for our planning coincides with the South African Government's National Development Plan timeframe, which enables us to align our efforts with Government to balance the development needs of our country with the growing infrastructure and efficiency requirements of our industry globally. During the year, we realigned several processes and positions within the Company to facilitate a more agile structure to respond to challenges and opportunities in a fastpaced industry.

TABLE 12: LEAVE TYPE CALCULATED QUARTERLY FOR 2015/16

Leave Types	Q1	Q2	Q3	Q4	Grand Total
Annual Leave	6,596	4,904	9,196	5,365	26,061
Family Responsibility Leave	203	222	207	171	803
Maternity Leave	77	943	336	682	2,038
Relocation Leave	-	-	-	113	113
Sick Leave	1,762	1,849	1,577	1,655	6,843
Special Leave	66	50	54	65	235
Study Leave	346	73	358	78	855
Unpaid Leave	61	83	35	78	257
Unpaid Maternity Leave	-	118	109	128	355
	9,111	8,242	11,872	8,335	37,560

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TABLE 13: TOTAL TURNOVER OF ATNS EMPLOYEES FOR 2015/16

	African		Coloured		Indian		White		
Occupational Level	Female	Male	Female	Male	Female	Male	Female	Male	Total
Professionally Qualified and	3	3							6
Semi-Skilled and Discretionary	6	9				1			16
Skilled Technical Workers	21	22	5	1		1	6	27	83
Unskilled and Defined Decision		1							1
GRAND TOTAL	30	35	5	1	0	2	6	27	106

TABLE 14: TOTAL NEW ATNS EMPLOYEES HIRED DURING 2015/16

		Fem	nale		Female		Male		Male	Grand
Occupational Level	African	Coloured	Indian	White	Total	African	Indian	White	Total	Total
Professionally Qualified	4	0	1	0	5	4	1	0	5	10
Semi-Skilled and Discretionary	0	0	0	0	0	2	0	0	2	2
Senior Management	0	0	0	0	0	2	0	0	2	2
Skilled Technical Workers Junior	52	7	1	2	62	36	0	8	44	106
Unskilled and Defined Decision	1	0	0	0	1	4	0	0	4	5
Grand Total	57	7	2	2	68	48	1	8	57	125

Performance and reward

ATNS recognises the critical links between effort and performance, and between performance and reward. The Company's key performance areas (KPAs) and associated targets - as mandated by the Shareholder Compact – direct our collective efforts and deliverables. In turn, our recognition and reward system aims to cultivate a culture of trust, confidence, shared innovation and performance leadership within the aviation sector. This is particularly relevant in terms of the vital contributions ATNS employees make to safety management in the normal course of ATM operations.

ATNS and the recognised trade union, Solidarity, have entered a four-year substantive salary agreement that commenced on 1 April 2015. Contained in this agreement is a newly developed performance management system, which applies to all employees within the administrative bargaining unit. This scheme will, furthermore, be applicable to all administrative employees outside the bargaining unit in administration as well as selected Technical Bargaining unit positions. The focus of this scheme is to align performance to strategic objectives, professional competencies and industry expectations. ATNS's reward and remuneration practices are aligned to selected international and appropriate local markets and comply with all relevant laws and regulations. This was affirmed during the year when ATNS received an Award for the 'Best Achiever' at the South African Board of People Practices (SABPP) on the following:

- Reward and Recognition.
- Organisational Development.
- HR Service Delivery.

In addition, ATNS received the award as the 2nd Best Achiever in the overall Score of the Audit for 2015/16.



Employment equity

We view organisational transformation as an integral component of our business's growth strategy. We are pleased to report that we exceeded our employment equity targets for African, Indian and coloured (AIC) employees at 73,15% (target: 72%); although we fell slightly short of target in terms of our female representation within ATNS, with women representing 44,55% of employees against a target of 46%. Our employment of people with disabilities also fell short of target at 2,79% (target: 3,5%).

Our commitment to organisational transformation is further evidenced through our implementation of development programmes for employees to increase the representation of AIC employees - particularly women - to align with the demographics of the country. During the year, ATNS spent R322,524 on 22 AIC learning and development opportunities for staff with disabilities, of which 17 were women. Further, we are in the process of partnering with iLearn to create intern opportunities for people with disabilities.



Supply-chain practices

ATNS facilitated national roadshows to source service providers that meet the Company's Preferential Procurement requirements (50% black owned and or 30% black female owned). There was an overwhelming response from service providers, with workshops conducted in Cape Town, Durban and Johannesburg.

ATNS's Operations Technology department made a detailed presentation to highlight services that ATNS most requires and the legislation governing the Aviation space. Following the workshops, ATNS selected 20 Engineering Service Providers - using set criteria – to participate in a pilot Incubation programme to prepare suppliers to participate in the Aviation sector; and to compete meaningfully with multinationals that are already operating in this space.



Skills development within communities where we operate

ATNS runs programmes for ATS Bursars and Engineering learnerships at its Aviation Training Academy. Overall, 74 bursars were trained during the year against a target of 60.

Developing the roles of Women within ATNS

The Women Development Programme (WDP) is intended to provide developmental opportunities for women in the organisation. The initiative comprises various interventions, which address incremental stages of corporate development for women. The programme is offered voluntarily to all women at ATNS who wish to further their personal and career development. The facilitation of appropriate representation of women at all levels of the organisation aligns strategically with ATNS's EE Plan.

The following interventions are being implemented:

- An amount of R1,100,000 has been ring-fenced for the WDP – which includes generic training for women in assertiveness, conflict resolution and collaboration and so forth.
- A second programme pertains to the launch of a leadership development programme for women that will deliver basic leadership and managerial skills, ranging from an MDP to a senior MDP, and culminating in a Professional Master's degree.
- ATNS is currently setting up a forum that will develop selection guidelines and a support network for employees and students. The forum will help guide research methodology and frame corporate challenges into research problems.
- A third programme under design will establish coaching and mentoring programmes within ATNS, with internal as well as external facilitators. An important outcome of the WDP will be for women who have completed the programme to mentor more junior colleagues who take part in programmes.
- Six women have been recruited as graduate interns and offered a two-year internship that commenced in Oct 2015 in the domains of Finance. Human Resources. Risk and Environmental Sciences
- Full tertiary bursaries have been awarded to seven women at various universities within the engineering and technology arena.

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The Company further facilitated the development of engineering talent by offering experiential learning opportunities in the form of learnerships and graduate development programmes. As at 31 March 2016, six Engineering Learners and 10 Engineering Graduates participated in learnership programmes. ATNS also enrolled eight unemployed graduates in a development programme in different disciplines across the business.



Quality community projects

ATNS continued to create and sustain long-term social value through its CSI initiatives by committing to the positive transformation of our society. As part of our social transformation strategy, education is seen as a fundamental tool which plays a critical role in addressing socio-economic challenges within communities. In particular, ATNS has adopted the

promotion of mathematics and physical science as its flagship project.

In support of Government's socio-economic development objectives, ATNS's total spend on Corporate Social Investment (CSI) for 2015/16 was R2,122,705.61.

The following CSI beneficiaries were identified for the 2015/16 financial year:

- Colesberg Combined School in Colesberg, Northern Cape Province.
- Selowe Primary School in Silvermine, Limpopo Province.
- Ramohlakana Secondary School in Driekopies, Limpopo Province.
- Mgezeni Technical School in Empageni, KwaZulu Natal Province.

Colesberg Computer Lab

On 23 October 2015, the Minister of Transport, Ms. Dipuo Peters, together with the Northern Cape acting MEC of Basic Education, Ms Martha Bartlette, officially launched a refurbished computer laboratory at Colesberg Combined School. The project launch formed part of the 2015 October Transport Month (OTM) activities, themed "Together we move South Africa forward".

The event was further complemented by a career exhibition in aviation and other modes of transport, targeted at grade 9-12 leaners. Overall, seven schools -- and 567 learners -- from surrounding areas attended the event. The aviation/transport career exhibition, which promoted aviation as a





career choice, was an integral component of the launch ceremony.

Four Grade 12 learners selected as the top maths and science achievers from various schools were each rewarded with a Tablet Computer.





Performance summary

The section that follows tracks ATNS's 2015/16 social sustainability performance in terms of the Company's most material social issues.

Material issue: Safety service provision						
Why it matters	Key aspects of our management approach	IR Ref				
ATNS's business is firmly anchored in aviation safety, and specifically safe, secure and cost-effective air transport. This prioritisation of safety has extended ATNS' sphere of influence across South Africa's borders in Africa. A key principle for the Africa expansion strategy is to promote enhanced traffic safety on the continent. Traditionally Africa's air traffic safety records have been below acceptable international standards due to	у					
poor infrastructure and skills limitations. With the steady increase in air traffic due to trade and passenger movements in and between the African states, safety will remain a critical objective for all ANSPs and one which ATNS is obliged to address.	Proactive stakeholder management.	42 123				

Target for 2015/16	What we achieved in 2016	Our focus for 2017
Risk associated with safety events at a level of 40 or higher in accordance with the Risk Assessment Tool: 2,0 safety events per 100 000 air traffic movements.	2,73 safety events per 100 000 air traffic movements.	Risk Safety Index (RSI) equal to or greater than 48.
Operation and application of separation standards based on IFR flight hours: 99,995% successful safe operation and an error margin of 0,005%.	99,993% successful safe operation and an error margin of 0,007%.	99,995% successful safe operation and an error margin of 0,005%.

Material issue: Safety culture					
Key aspects of our management approach	IR Ref				
Continuation training to maintain the skills of air traffic controllers.	115				
Enhanced supervision of service delivery.	115				
ATNS' Safety Culture Maturity Model.	115				
Safety management practices.	115				
Performance and reward.	118				
Managing employee wellness.	118				
	Continuation training to maintain the skills of air traffic controllers. Enhanced supervision of service delivery. ATNS' Safety Culture Maturity Model. Safety management practices. Performance and reward.				

Hiahliaht

- All operational staff members received continuation training.
- Inherent safety risks tracked at unit level against the unit risk register.

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Material issue: Training and development in sector-specific skills					
Why it matters	Key aspects of our management approach	IR Ref			
ATNS is regarded as a centre of excellence and an institute of reference. This standing can only be maintained if ATNS	ATNS's Aviation Training Academy.	111-113			
continues to attract, retain and develop competent people who are aligned with the Company's desired culture of safety,	Management training to enhance employee engagement and motivation.	10 and 118			
professional excellence and sustainability awareness. The sector-specific skills training provided by the ATA strengthens the Company's unique ATM intellectual capital and enhances	Continuation training to maintain the skills of air traffic controllers.	115			
its leadership capability in the ATM space on the African continent.	Enhanced supervision of service delivery.	115			

Target for 2015/16	What we achieved in 2016	Our focus for 2017
 Manage the training pipeline for ATS and technical staff: ATCO 3: 226. ATCO 2: 37. ATCO 1: 119. 	ATCO 3: 211.ATCO 2: 29.ATCO 1: 115.	ATCO 3: 226.ATCO 2: 37.ATCO 1: 119.
• Training of Engineering Technicians: 74.	• Engineering Technicians: 74.	• Engineering Technicians: 78.
• Training of Engineering Satellite Technicians: 5	Engineering Satellite Technicians: 5.	Engineering Satellite Technicians: 5

Material issue: Employee development and wellness					
Why it matters	Key aspects of our management approach	IR Ref			
A skilled, representative and motivated workforce	A Leadership Competency Model.	114			
contributes not only to ATNS's strategic and operational objectives, but also adds to the countries competitiveness and stability. Employee wellness forms an integral part of ATNS' staff development focus and overall Human Capital Strategy. For ATNS, an operational environment that is	Continuation training to maintain the skills of air traffic controllers.	115			
	Enhanced supervision of service delivery.	115			
anything less than performance-oriented could impact the Company's overall efficiency and performance, lead to	ATNS' Safety Culture Maturity Model.	115			
incurred costs due to absenteeism, and pose a safety risk.	Safety management practices.	115			
	Performance and reward.	118			
	Managing employee wellness.	118			

Target for 2015/16	What we achieved in 2016	Our focus for 2017
• B-BBEE Skills Development point score: 25,00.	B-BBEE Skills Development point score: 22,00.	B-BBEE Skills Development point score: 25.
Development programmes for all employees, with emphasis on AIC and women: 3% Rand value of Cost to Company.	 7,57% Rand value of Cost to Company. R135,320.63 spent on environmental training for employees during the year. This equates to a 7,57% Rand value of Cost to Company. 	Development programmes for all employees, with emphasis on AIC and women: 3% Rand value of Cost to Company.



Material issue: Employment equity – ATS and ATNS Company-wide				
Why it matters	Key aspects of our management approach	IR Ref		
ATNS aims to create a balanced profile of employees within the Company through all occupational categories and levels and to	Ensuring employment equity.	117		
eliminate any discriminatory practices in terms of race, gender or disability. It is critical for the Company to provide for the present and future requirements of the organisation in terms of skilled staff, in line with the business plan and to implement,	Performance and reward.	118		
monitor and evaluate appropriate measures to redress the effects of past imbalances created by discriminatory employment policies and practices.	A leadership blueprint (Competency model)	114		

employment policies and practices.		
Targets for 2015/16	What we achieved in 2016	Our focus for 2017
• B-BBEE Employment Equity point score: 15.	B-BBEE Employment Equity point score: 113.09.	B-BBEE Employment Equity point score: 15.
B-BBEE Management Control point score: 10.	B-BBEE Management Control point score: 27.50.	B-BBEE Management Control point score: 10.
Achieve a target of 58% ATS AIC.	• 66,67% ATS AIC	Achieve a target of 65% ATS AIC.
• Achieve a target of 40% female ATS.	• ATS female representation: 41,38%	Achieve a female target of 42% ATS
Achieve an ATNS AIC target of 72% AIC.	• 73,15% AIC.	Achieve a target of 74% AIC
Achieve ATNS company target of 46% female representation.	• 45,55% female representation	Achieve a company target of 47% female
 Achieve a company target of 3,5% representation of people with disabilities. 	• 2,79% people with disabilities.	Achieve a company target of 3% for people with disabilities

Material issue: Supply chain practices				
Why it matters	Key aspects of our management approach	IR Ref		
ATNS' service to its customers is dependent on the quality of	ATNS procurement practices.	127		
services and products it receives from its suppliers. Our choice of products and services, in turn, impact the environment in which we operate. ATNS continues to refine its procurement	Proactive stakeholder management.	42 123		
systems by focusing on holistic and integrated Supply Chain Management (SCM) to ensure our relationships with suppliers are mutually beneficial, ethical and fair.	ATNS Corporate Social Investment (CSI).	127		

Highlights

- Supplier roadshows held in Cape Town, Durban and Johannesburg.
 Overall 20 Engineering Service Providers identified through set criteria to participate in a pilot incubation programme.

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Material issue: Skills development within communities where we operate				
Why it matters	Key aspects of our management approach	IR Ref		
Enhancing skills – particularly maths, science and engineering competencies – within the communities where we operate is a key performance area (KPA) for ATNS'	Proactive stakeholder management.	42 123		
Shareholder, the Department of Transport. This material issue is encompassed under the KPA banner of addressing societal challenges, thereby building a meaningful legacy for	ATNS Corporate Social Investment (CSI) Strategy.	127		
ATNS and the communities in which we operate.	Learnership programmes.	127		

Target for 2015/16	What we achieved in 2016	Our focus for 2017
 Trained ATS and engineering learnerships: ATS: 60. 	• ATS: 74.	• ATS: 80
• Engineering Learnerships: 6.	• Engineering Learnerships: 6.	• Engineering Learnerships: 6.
• ETS - GEDP 10.	• ETS - GEDP: 10.	• ETS – GEDP 10.
• Unemployed graduates trained: 5.	Unemployed graduates trained: 8.	Unemployed graduates trained: 8.

Material issue: Quality community projects				
Why it matters	Key aspects of our management approach	IR Ref		
ATNS's commitment to expanded social transformation is expressed in its community development programmes. ATNS's Corporate Social Investment (CSI) aims to empower and uplift the most vulnerable in society. The focal point of these initiatives is to ensure long-term social sustainability	Proactive stakeholder management.	42 123		
	ATNS Corporate Social Investment (CSI) Strategy.	127		
amongst communities identified and assisted by ATNS.	Learnership programmes.	127		
Highlights • Total CSI expenditure: R2,122,706 is above the 1% of Net Prof	it After Tax target.			

Social sustainability risk impacts and opportunities

Risk 1: Safety-related risks/failure to align with global air-traffic safety standards				
Risk classification	Risk impact	Opportunities	ATNS's response	
 Physical Reputation Regulatory Financial 	Safety is the core driver for ATNS's collective efforts. In the ATM sector, safety incidents can have catastrophic impacts.	ATNS's key opportunity for expanding its operations into the continent is based on the issue of air traffic safety, as expressed through the maxim "working together for safer African skies". ATNS can play a leadership role in improving airtraffic safety in Africa through infrastructure management and skills transfer.	 Implementation of ASBU modules. Participation in CANSO safety workshops. The introduction of supervisors in Operations. Demand and capacity balancing in terminal airspaces (TMA) Participation in national airspace design review. Review, redesign and new procedure development. Introduction of automated processes / system (rostering tool). PANSOPS training for identified individuals. 	

Risk 2: Increased dependency on third party service providers					
Risk classification	Risk impact	Opportunities	ATNS's response		
 Financial Institutional Regulatory 	An over-reliance on third party service providers could result in institutional knowledge being drained from the Company rather than forming part of ATNS's institutional knowledge. Further, ATNS could face additional risks of non-compliance with safety or professional standards, which in turn may cause regulatory risks, reputational harm and financial losses.	ATNS can build lasting strategic partnerships with key suppliers and industry partners. These relationships should be built on trust, relevance, flexibility and be mutually beneficial. Skills transfer and process improvements can become an important aspect of these relationships, particularly in terms of the Company's expansion strategy.	 Approved supplier database. Service level agreements (SLAs). Annual review of the disaster recovery plans. Regular testing of the contingency plans. Supplier code of conduct. ATNS training and leadership development programmes. 		
Risk 3: Failure to so	ource critical skills that are glo	bally in demand			
Risk classification	Risk impact	Opportunities	ATNS's response		
 Institutional Physical 	The failure to attract, recruit and retain critical skills can result in reduced competency, efficiency and productivity for the Company. Operating in the ATM sector, this can have catastrophic consequences in terms of safety, reliability and cost-effectiveness.	ATNS can leverage its existing skills expertise and institutional knowledge as it expands into the African continent to transfer skills to other countries that lag in skills and social development.	 ATNS's training academy (ATA) and training programmes provide a pipeline of skilled engineering graduates. Implementation of human capital plan to address skills shortages. Workshop the internal parity exercise for ET instructors. Formal HR benchmarking process. Review, refinement and implementation of ATNS training. Succession Planning for core critical positions. Skills development programmes – e.g. Leadership Development Blueprint. 		
Risk 4: Failure to a	:hieve employment equity (EE)	and B-BBEE targets			
Risk classification	Risk impact	Opportunities	ATNS's response going forward		
 Institutional Regulatory 	Employment equity remains a business imperative for ATNS. If we fall short of our EE targets, we will fail to align with national demographics and the integrated transport sector's B-BBEE charter.	As a State-Owned Company, ATNS can set the bar high in terms of a transformative organisational structure; and play a leading role in reflecting national demographics by creating a balanced profile of employees through all occupational categories and levels in the workforce	 The Board approved the five-year ATNS EE plan. ATNS's B-BBEE strategy addressing management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development. Enterprise Development and Preferential treatment policy. Improve the Skills Development Forum agenda to be aligned to the Skills Development Act requirements. Implement the Recruitment Strategy to promote ATNS careers and attract suitable EE/PWD candidates. 		

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Environmental sustainability



Introduction



South Africa is a signatory to the Chicago Convention, which established the International Civil Aviation Organization (ICAO) as a specialised agency of the United Nations. As an ICAO member state, South Africa, and ATNS has an implicit and seminal role to play on the African continent in promoting maximum compatibility between the safe and orderly development of civil aviation and the quality of the environment.

As a global issue, environmental protection requires collective, global solutions. ATNS, in line with its Shareholder mandate from the Department of Transport, is committed to meeting its responsibilities to bring about the sustainable future of civil aviation in South Africa; as well as regionally and internationally where it manages business operations. Further, in pursuing its regional expansion strategy, the Company is well positioned to play a leadership role in promoting accountable and environmentally sustainable business practices on the continent. Doing so requires our sustained local, regional and indeed global support for social and economic development objectives, whilst undertaking resolute measures to reduce the impact of civil aviation on the environment.

ATNS's environmental sustainability reporting relates to both the Company's own environmental impacts, as well as the implications of environmental sustainability and climate change for its customers and the wider aviation industry. Further, environmental reporting covers impacts related to inputs (such as energy, fuel and water) and outputs (such as emissions and noise).

Material environmental sustainability issues

- Managing carbon emissions.
- Managing natural and non-renewable resources:
 - Electricity and fuel.
 - Airspace quality.
 - Biodiversity and protected habitats.

Performance review



Managing carbon emissions

We are committed to ensuring environmental sustainability in our business in line with our Shareholder's mandate. Accordingly, we continue to integrate sustainability principles within the Company's activities, products and services, which enables us to make strategic decisions that consider environmental impacts across the business's entire life cycle, from our infrastructure and service planning through to the ultimate de-commission stage. As ATNS, we are well positioned to play a leadership role in promoting accountable and environmentally sustainable business practices on the continent. Our reporting on natural capital relates to both the Company's own environmental impacts, as well as the implications of environmental sustainability and climate change for our customers and the wider aviation industry.

During the year, the 2014 ATNS Sustainability and Climate Change Strategy was reviewed and the 2016/17 Sustainability and Environment Strategy was developed. The strategy was reviewed to ensure that investments in sustainability initiatives remain aligned to the ATNS business strategy as well as the aviation industry's objective to address environmental impacts caused by activities within aviation.

With the demand for air travel and air freight shipments growing internationally, global carbon emissions are expected to increase significantly in the short term. Already, emissions from aviation account for approximately 3% of overall carbon emissions. Similarly, the growth in global population from approximately 7 billion people today to 9-10 billion in 2050 will be accompanied by a near six-fold increase in global economic output over the next 40 years, with an increase in global GDP from USD 55 trillion today to USD 300 trillion by 2050. This virtually doubles the increase that transpired between 1970 and 2010.

As air traffic movements increase, adaptable optimisation of the airspace is required to ensure that safety and an operationally efficient environment are achieved, particularly from an environmental perspective. This is particularly challenging for airlines as they burn fuel to propel their aircraft.

ICAO has made commitments to curb emissions in response to the United Nations Framework Convention on Climate Change (UNFCCC). As an ICAO member state, South Africa, and ATNS has an implicit and seminal role to play on the African continent to promote maximum compatibility between the safe and orderly development of civil aviation on the one hand and the quality of the environment on the other.

We continue to support the activities of ICAO's technical Committee on Aviation Environmental Protection (CAEP) in establishing global standards and procedural recommendations for minimising the impacts of aviation on the environment – particularly the improvement of airspace air quality and the reduction of airspace noise. Through advances such as continuous descent operations (CDOs), aircraft can descend from high cruise altitudes to the final airport approach at minimum thrust settings. In so doing, they decrease noise in fly-over locations and use up to 30% less fuel compared to standard 'stepped' approaches. Additionally, the use of performancebased navigation (PBN) helps to provide aircraft with lateral path routes to avoid noise-sensitive areas such as hospitals, schools and places of worship.

As part of our on-going commitment to reduce GHG emissions, ATNS is one of the founding members of the Indian Ocean Strategic Partnership to Reduce Emissions (INSPIRE), a partnership with airlines, ANSPs and airport partners to assess ways of reducing aviation's impact on the environment. The INSPIRE partnership is intended to be a collaborative network of partners and peer organisations across the Arabian Sea and Indian Ocean region dedicated to improving the efficiency and sustainability of aviation. Further, training and education on environmental impacts form an integral and strategic part of the Company's overall drive to create long-term environmental sustainability. Our training programmes relate not only to our sector's need to curb carbon emissions, but also extend to the responsible management of our natural resources such as airspace quality and protected habitats, as well as our management of energy, in the form of electricity and non-renewable resources, such as fuel.

Currently the energy usage of ATNS's on-site equipment across the country has a direct impact

on the Company's energy footprint and ultimately the carbon footprint. Several projects are planned to support the analysis of site-specific contribution to energy consumptions. These include:

- 4 radars to be deployed for OR Tambo International, Durban, Cape Town and Blesberg;
- 49 Wide Area Multi-lateration (WAM) systems to be acquired for several sites;
- 56 Very High Frequency (VHF) replacements across several sites; and
- 31 DME-DME network installations, of which 26 are new, at several ATNS sites.

Measures to ensure energy efficiency at all ATNS, beyond the ones mentioned, are underway to reduce the amount of energy consumption. During the year, we once again calculated ATNS's Carbon Footprint Inventory and compiled an environmental assessment report. Our total carbon inventory for the 2015/16 financial year is 25510.96 tonnes of CO2e.

Energy efficiency reduction programmes

- ATNS continues to implement energy efficiency programmes in line with the Company's decision to incorporate energy efficiency. Planned renovations and upgrades incorporate LED lighting, motion sensors for buildings, timers for heating, ventilation and air-conditioning systems (HV/AC) and geysers and training of employees in energy efficiency awareness. The 2016/2017 financial year plans to install energy monitoring units to enable effective measuring and management of energy usage.
- In line with ATNS's strategic objective to reduce energy, the Company is exploring the following initiatives to manage energy and fuel consumption across the organisation:
 - Energy efficient buildings across the country;
- Green IT initiatives to reduce energy;
- Free cooling;
- Efficient lighting;
- Installation of solar panels;
- Conversion of remote equipment to solar power; and
- Review programmes and procedures for managing fuels.

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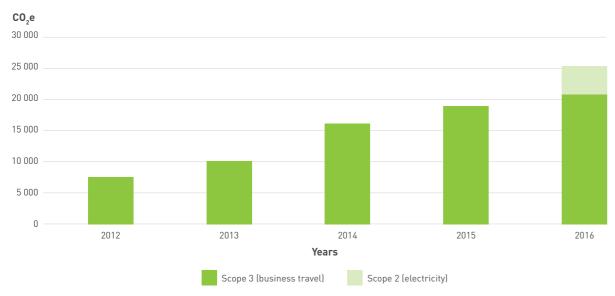
Measuring Carbon Footprint emissions (scope 1 & 2)

ATNS's total carbon inventory for the 2015/16 financial year is 25,510.96 tonnes of CO2e. Approximately 82% of the organisation's carbon emissions relate to electricity consumption, while fuel-related activities

account for 1% and business travel accounts for 17% of the emission inventory respectively. This represents an increase from the 2013 carbon inventory baseline of 10,469. The increase is mainly due to improved information consolidation from third parties and the inclusion of scope 3 emissions in the current 2015/16 reporting cycle.

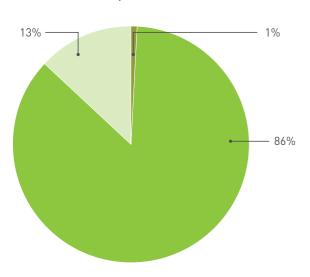
GRAPH 10: ATNS CARBON FOOTPRINT EMISSIONS PERFORMANCE IN RELATION TO 2015 BASELINE YEAR





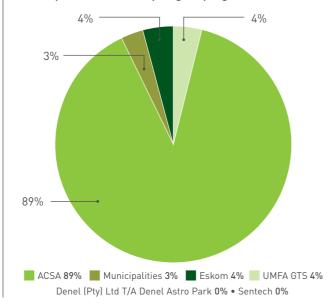
GRAPH 11: ATNS 2015/2016 FINANCIAL YEAR CARBON INVENTORY BY EMISSION SCOPE

ATNS Carbon footprint emissions 2015/2016 FY



GRAPH 12: SCOPE 2 EMISSIONS PER GROUPING 2015/2016 FY

Scope 2: Emissions per grouping 2015/2016 FY





Emission Intensity

Emission intensity' is a metric to evaluate emissions performance over time and to benchmark performance externally against other similar companies or, internally, between different divisions. Emission intensities are calculated based on total tonne CO2-e per intensity metric produced.

The table below provides a quarterly breakdown of ATNS's emission intensity performance for the year.



Managing natural and non-renewable resources:

Noise reduction

As a CANSO (Civil Air Navigation Services Organisation) member, which is part of the CAEP, the Company is represented in the Environmental Working Group (ENVWG). The ENVWG is a committee aims to ensure that global air navigation service providers (ANSPs) work in collaboration to reduce aviation emissions and manage noise pollution to support the ICAO global agenda on climate change. Air traffic management operations have an opportunity to minimise environmental impacts through efficient ATM operations. The Working Group forms a platform where environmental topics related to efficient air traffic management solutions are initiated and communicated to improve emissions reduction

and noise management, and to enhance overall environmental protection.

ATNS addresses community concerns around noise pollution through a collaborative community engagement process, together with Airport Company of South Africa (ACSA) and local authorities. Currently, the adherence to the National Protected Areas Act (NEMPA) is being investigated to ensure that there is minimal impact on communities in and around airports. Controlled noise management will result in optimised, more efficient routes; and will ultimately reduce the need to use less efficient routes that could minimise noise pollution, but increase the flight times and thereby also increase emissions released and fuel burn.

Initiatives introduced to reduce noise in the air traffic environment:

- Flight procedure designs support compliance with noise abatement requirements as per NEMPA
- Noise profiling and noise contours are being considered.
- Application of power setting and climb gradient restriction to support noise abatement.
- Compliance with specific noise abatement rules for individual airports.
- Design of 'clean speed' procedures.
- South African Air Force Baro-VNAV proposal to provide greater access to those Air Force Bases for diversionary purposes.

TABLE 15: QUARTERLY BREAKDOWN OF ATNS'S EMISSION INTENSITY PERFORMANCE FOR 2015/16

	Q1 2015/16	Q2 2015/16	Q3 2015/16	Q4 2015/16	Total FY 2015/16
Intensity metric					
Employee	1,180	1,203	1,220	1,221	1,221
M² per site	29,559.40	29,559.40	29,559.40	29,559.40	29,559.40
R'b per site	360.90	375.71	386.43	382.54	1,505.58
Intensity report					
Employee	4.06	4.50	4.37	4.47	17.20
Area M²	0.16	0.18	0.18	0.18	0.71
Revenue (R Billion)	13.29	14.42	13.80	14.27	13.95

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Waste Management and Recycling

ATNS generates waste materials in both the general and hazardous waste streams. In the 2016 financial year, recycling was formally initiated as a Company practice. The initiative was piloted at the ATNS Head Office, as well as at OR Tambo Air Traffic Control Centre and the Aviation Training Academy. The initiative is planned to expand onto all ATNS sites countrywide in the 2017 Financial Year.

Water Management

With the current water crisis in South Africa, ATNS is committed to ensuring that water efficiency is promoted as part of the Company's operational

ethos. The ATNS Head Office has incorporated water efficiency measures, including flow-regulated taps and the installation of water tanks.

Similar initiatives have been incorporated in the ATA and OR Tambo Air Traffic Control Centre renovation and upgrade projects to implement water conservation means through flow-regulating taps and the harvesting of rain water.

Biodiversity management and Rehabilitation

In designing airspace procedures, as well as maintaining and upgrading on-site equipment, sensitive biodiversity areas such as protected and heritage sites are integrated in the planning, design, operations and the decommissioning phases. Consideration is given to biodiversity management and impacted species within sites where ATNS operates and are included in all operational processes to ensure that impacts are minimised and environmental precautionary elements are integrated in the Company's decision-making. Post-project rehabilitation of sites continues to progress as projects integrate environmental sustainability into their business plans.

Procedure designs consider the National Environmental Management Protected Areas Act (NEMPA) and the extent of potential impact is continually reviewed to ensure that environmental compliance is adhered to.

ATNS takes the following into consideration as required by the NEMA and civil aviation regulation:

- Noise Footprint
- National heritage sites and protected areas
- Noise sensitive areas such as hospitals, schools, religious areas

Furthermore, when executing projects on the sites where CNS equipment is located, potential impacts on biodiversity are acknowledged and biodiversity assessments form part of the outlook into future projects.

Ensuring ATNS's environmental sustainability strategy remains current and relevant

ATNS follows a systematic approach to keeping its environmental sustainability strategy aligned with the Company's business strategy as well as the aviation industry's objective to address environmental impacts caused by activities within aviation.

The nine core steps of this approach are outlined below:

- 1. Provide a global outlook of the aviation industry, in which the trends, forecasts, past achievements and future commitments are highlighted.
- Facilitate a situational analysis for ATNS in which the different environments impacting on ATNS are identified (that being the business, regulatory, social and natural environments).
 ATNS's peers are considered as well as the Company's performance in the South African context.
- 3. Perform internal and external stakeholder consultations and workshops to inform the strategy formulation.

- 4. Use the stakeholder consultation analysis to highlight the main drivers for ATNS to embark on its journey (from a stakeholder perspective). The main drivers are also used to identify the relevant SCC initiatives.
- Drivers are based on the stakeholders' views, which is important in defining the materiality of sustainability aspects.
- Include core environmental sustainability components with their respective outcomes, roles and responsibilities to enable improved management of material environmental sustainability issues.
- 7. Ensure the strategy provides value-add to external stakeholders and is embedded in the organisational culture.
- Assess strategic aspects (based on internal and external focus areas) to obtain a holistic view of inbound and outbound issues that might affect or be affected by the implementation of the strategy.
- 9. Formulate implementation plans that outline resources required, as well as SMART targets to ensure that the strategy is implemented at all levels of ATNS's operation.

Strategic review objectives	Environmental Sustainability drivers to achieve strategic objectives
A stronger brand within ATNS which will influence both internal and external focus area of our business.	Noise, fuel burn, CO2 emissions.Airspace concept, safety.Operational efficiency.
Greater pricing power based on the notion that our business is based on the triple bottomline, without compromising corporate social responsibility.	 Legislation: National and International. Stakeholder relations. Airport and broader aviation policies. Education and awareness. Social and Economic responsibility.
Greater operational efficiencies in our core business of Air Traffic Management and training academy.	 Corporate responsibility. Climate change. Increased customer loyalty. Reduced environmental impact.
More efficient use of resources in undertaking our activities and services.	Improved innovation within our business.
Supply-chain optimisation which integrate corporate responsibility principles.	
Enhanced ability to enter new markets to enhance our overall business in both regulated and non-regulated business.	

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Implementation of Performance-Based Navigation (PBN)

Performance-based, fuel-efficient flying navigation utilises the improved navigation capability of aircraft to enable more accurate operations in the departure, en-route and arrival phases of flight. The enhanced navigation capability allows for reduced separation between aircraft and facilitates optimum trajectories, resulting in reduced fuel burn and less CO2 and noise emissions.

PBN is helping the global aviation community to reduce aviation congestion, conserve fuel, protect the environment by reducing emissions, reduce the impact of aircraft noise and maintain reliable, all weather operations, even at the most challenging airports. It provides operators with greater flexibility and better operating returns while increasing the safety of regional and national airspace systems.

ATNS developed a National PBN Roadmap and National PBN Implementation Plan in cooperation with the ATM Community. ATNS currently has PBN procedures at most of the international airports it services. The full implementation of PBN will be realized by 2025, where all the international airports and most domestic airports (where operationally feasible) will have procedures that will assist airlines to reduce operational costs and CO2 emissions.

Improve airspace efficiencies

ATNS reviews the design and operational efficiencies of airspace to improve efficiencies relating to optimum trajectories and, therefore to reduce emissions.

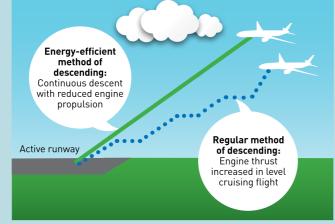
Procedure design

ATNS applies a design philosophy of 'clean speed arrivals and departures' and shortened routings, whenever flight procedures are being developed. The term 'clean speed' indicates that the aircraft flies at a speed and power setting that does not require the use of additional control surface (i.e., flaps, slats, and so forth). The ASBU initiatives of Continuous Climb Operations (CCO) and Continuous Descent Operations (CDO) are applied to all new designs as a matter of course. The objective of CDO is to reduce aircraft noise and gaseous emissions at airports and to save fuel consumption without compromising on flight safety.

Continuous Climb Operations (CCO) is an aircraft operating technique facilitated by airspace and procedures design and assisted by appropriate ATC procedures. CCOs do not require specific air or ground technology. They are derived from aircraft operating techniques aided by the appropriate airspace and procedure design. Since a large proportion of fuel burn occurs during the climb phase, enabling an aircraft to reach and maintain its optimum flight level without interruption will optimise fuel efficiency and reduce emissions. CCO can also reduce noise, while increasing flight stability and the predictability of flight paths for both controllers and pilots. All flight procedure designs are subjected to the ICAO PBN process.

FIGURE 16: CONTINUOUS CLIMB OPERATIONS (CCO) AND CONTINUOUS DESCENT OPERATIONS (CDO)





Oceanic random routing areas

ATNS has been instrumental in implementing random routing within the Atlantic and Indian Ocean areas. This initiative allows aircraft to make optimum use of upper winds in their route planning and execution, enabling higher efficiencies and reduced fuel burn, with less CO2 emissions. ATNS has implemented User Preferred Routes (UPR) in both the Indian and Atlantic Oceanic regions under its jurisdiction.

Reduced vertical separation minima (RVSM)

The RVSM initiative allows for aircraft to operate at optimised cruising levels with reduced vertical separation standards, depending on the aircraft and flight crew certification. RVSM contributes significantly to reduced fuel burn and the reduction of emissions. ATNS continues to provide regional monitoring services and supports the RVSM project management team with post-implementation review and reporting services.

Air Traffic Flow Management (ATFM) tool: balancing demand and capacity

The Central Airspace Management Unit (CAMU) utilises numerous techniques at the strategic and pre-tactical operational planning phase to balance demand and capacity to minimise potential delays in the national airspace system. These include the allocation of arrival and departure slots at slot-coordinated airports and, thereafter, dynamic allocation of calculated take-off and arrival times on the day of operations. These two techniques reduce delays resulting from operational and weather events; and therefore, reduce the need for aircraft to hold on the manoeuvring area with engines running, which in turn contributes to the reduction in GHG in the airport environment.

Collaborative decision-making (CDM)

The organisation's use of collaborative decision-making (CDM), also known as A-CDM allows for the implementation of a collaborative set of applications that permit the sharing of surface operations data among different operators at airports. A-CDM aims to improve the management of surface traffic, leading to reduced delays on movement and manoeuvring areas. Apart from the enhanced safety, efficiency and

situational awareness gained, A-CDM contributes to reduced taxi time, reduced fuel and carbon emissions, and reduced aircraft engine run time.

The INSPIRE initiative

As part of its on-going commitment towards reducing GHG emissions, ATNS is one of the founding members of the Indian Ocean Strategic Partnership to Reduce Emissions (INSPIRE). The initiative is a partnership with airlines, ANSPs and airport partners to identify ways to reduce aviation's impact on the environment. The INSPIRE partnership is intended to be a collaborative network of partners and peer organisations, dedicated to improving the efficiency and sustainability of aviation.

INSPIRE aims to support operations in three distinct regions:

- Southern Africa Australia/South East Asia.
- Arabian Gulf Australia.
- South-West Indian Ocean Arabian Gulf.

The partners under INSPIRE are committed to working closely with airlines and other stakeholders in the region to:

- Accelerate the development and implementation of operational procedures to reduce the environmental footprint for all phases of flight on an operation by operation basis from gate to gate;
- Facilitate world-wide interoperability of environmentally friendly procedures and standards;
- Capitalise on existing technologies and best practices;
- Develop shared performance metrics to measure improvements in environmental performance of the air transport system;
- Provide a systematic approach to ensure appropriate mitigation actions with short, medium and longterm results; and
- Communicate and publicise INSPIRE environmental initiatives, goals, progress and performance to the global aviation community, the press and the public.

ATNS continues to explore additional initiatives aimed at reducing emissions in the Atlantic and continental areas.

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Performance summary

The section that follows tracks ATNS's 2015/16 environmental sustainability performance in terms of the Company's most material environmental issues.

Material issue: Reducing CO2 emissions				
Why it matters	Key aspects of our management approach	IR Ref		
Reducing CO2 emissions positively addresses climate change. ATNS recognises that the risks posed by climate change can negatively affect the Company's goal of ensuring safe and efficient air transport. As an ANSP, ATNS has an influence on carbon emissions from aircraft, mainly relating to the efficiency of the ATM network. As an ICAO member state ATNS supports and complies with standards and regulations set out to reduce the harmful impact the aviation sector has on the natural environment. Reducing CO2 emissions is aligned to one of the four 'relevant national outcomes' identified by the DoT – "an increased contribution of transport to environmental sustainability".	Implementation of Aviation System Block Upgrades (ASBU).	133		
	Implementation of Performance-Based Navigation (PBN).	133		
	Improve airspace efficiencies.	133		
	Procedure design.	133		
	Oceanic random routing areas.	134		
	Reduced vertical separation minima (RVSM).	134		
	ATFM tool: balancing demand and capacity.	134		

Target 2015/16	What we achieved in 2016	Our focus for 2017
 Calculate ATNS Carbon Footprint Inventory for 2015/16 FY. 	Calculated and reported on ATNS Carbon Footprint 2015/16 with Q1 – Q4 data.	Calculate and report on ATNS Carbon Footprint 2015/16 quarterly.

Highlights

- Overall annual electricity usage: 20,154,721.16 kWh.
- ATNS's total carbon emissions from Scope 1 sources: 247.24 tonnes CO₂e.
- ATNS's total carbon emissions from Scope 2 sources: 20,759.36 tonnes CO2e.
- ATNS's total carbon emissions from Scope 3 sources (business travel): 3,205.2 tonnes CO2e.
- Total fuel usage: 95 965 litres.



Material issue: Managing natural resources

- Flectricity and fue
- Airspace quality
- Biodiversity and protected habitats

Key aspects of our management approach	IR Ref
Harmonise air traffic management improvement programmes.	133
Remove barriers to future aviation efficiency and environmental gains at reasonable cost.	133
Improve airspace efficiencies.	133
Procedure design.	133
Oceanic random routing areas.	134
Reduced vertical separation minima (RVSM).	134
Collaborative decision-making (CDM).	134
The INSPIRE initiative.	134
Sustainable energy management.	135
Sustainability and Climate Change Strategic Plan.	135
	Harmonise air traffic management improvement programmes. Remove barriers to future aviation efficiency and environmental gains at reasonable cost. Improve airspace efficiencies. Procedure design. Oceanic random routing areas. Reduced vertical separation minima (RVSM). Collaborative decision-making (CDM). The INSPIRE initiative. Sustainable energy management. Sustainability and Climate Change

Target for 2015/16	What we achieved in 2016	Our focus for 2017
Environmental Assessment. Report at year end.	Environmental Assessment. report compiled.	 Environmental Assessment Report (1 Annual Report at year-end).

Highlights

• Total carbon inventory for the 2015/16 financial year is 25,510.96 tonnes of CO2e.

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Environmental sustainability risk impacts and opportunities

Risk classification	Risk impact	Opportunities	ATNS's response
 Physical Reputation 	The risk of not addressing the issue of fuel burn and CO2 emissions include: failure to comply with international and national aviation regulations and significantly contributing to climate change.	Fuel burn and CO2 emissions are directly proportional. When fuel burn is reduced so too are CO2 emissions. ATNS can add value to its customers: through initiatives such as Performance-based Navigation (PBN), fuel burn is reduced, providing fuel savings for the airlines and reducing CO2 emissions.	 Calculating ATNS's carbon footprint and obtaining an assurance and verification report. Develop and implement energy efficient short and long term plans to minimize consumption and explore renewable energy streams for the organisation. Defining and implementation the ATNS operational efficiency programme and prioritise initiatives i.e. ASBU road map. Staying abreast of national and international requirements and related initiatives aimed at responding to climate change (IATA, ICAO CANSO, DEA, SACAA and DOT). Participate in collaborative initiatives within the aviation industry to reduce emissions.
Risk 2: Failure to	reduce energy and fuel c	onsumption in ATNS's dai	ly operations
Risk classification	Risk impact	Opportunities	ATNS's response
 Physical Institutional Reputational 	The failure to reduce electricity and fuel consumption relates to inefficient operations and operational costincreases. Further, not paying attention to the organisation's daily impact on the environment can set a poor example for employees and other stakeholders in that ATNS is not seen to take a 'leadership' position in terms of its own sustainability 'house-keeping'.	Lower fuel and energy consumption can result in directly reduced operational costs. Further, by promoting operational efficiencies in its daily operations – through greater energy and fuel efficiency and lower rates of consumption – ATNS' sustainability leadership sets a positive example for responsible environmental awareness among internal and external stakeholders.	 Implementing environmental management system and energy management strategy and framework in line with ISO 14001; ISO50001. Exploring energy efficiency initiatives, including the use of renewable energy options at remote sites. Implementing an Environmental Management Policy and supporting management processes and procedures. Exploring options for reducing electricity consumption, such as high efficiency power supply transformers; ensuring efficiency of existing building design (air leaks, ventilatic and insulation); and installing efficient air conditioning units. Continuous education and awareness amongst ATNS employees on energy management Performing a detailed measurement of ATNS's fuel/cost efficiency resulting from ATNS initiatives.



Risk 3: Price unc	Risk 3: Price uncertainty of electricity and fuel prices				
Risk classification	Risk impact	Opportunities	ATNS's response		
 Regulatory Physical Institutional 	Both electricity and fuel prices are forecast to increase significantly in the coming years, resulting in increased operational costs. Electricity forms 98% of ATNS's energy footprint.	Opportunities exist to reduce operational costs by reducing electricity and fuel costs on both the supply and demand side. Further, 'quick win' opportunities and long-term benefits exist for ATNS to become more energy-efficient through initiatives such as energy conversion, load shifting and energy substitution.	 Exploring energy purchasing options, e.g. negotiating tariffs. Tracking of fuel consumption and adherence to maintenance procedures Implementation of energy efficient short and long term plans to minimize consumption and explore renewable energy streams for the organisation. Stay abreast of legislative requirements (SA treasury; Carbon Tax and ICAO – market based measures for aviation industry). 		
Risk 4: Non-comp	oliance with environment	al legislation and climate	change regulations		
Risk classification	Risk impact	Opportunities	ATNS's response		
RegulatoryInstitutionalReputation	Not addressing the risk of possible future changes in regulation could place ATNS in a situation where operational changes may need to be done as a last-minute resort to avoid penalties and reputational risk. This may disrupt the quality of the Company's service delivery and have a negative impact on customers.	Environmental sustainability is fast becoming a high priority for governments and the private sector. ATNS has an opportunity to collaborate with stakeholders to influence future legislation to ensure a high degree of uniformity with recognised ICAO principles.	 Developing a legal and regulatory register as well as a monitoring and reporting framework for the Social and Ethics Committee. Identifying and confirming processes to be integrated into the day-to-day business processes for critical areas. Participate in collaborative initiatives with the aviation industry in addressing climate change issues (IATA, ICAO, CANSO, DEA, SACAA and DOT. Staying abreast of national and international requirements and related initiatives aimed at responding to climate change issues (IATA, ICAO, CANSO, DEA, SACAA and DOT. 		

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Risk	o embed environmental av	wareness programmes in Opportunities	the organisation ATNS's response
classification			
 Institutional Reputation 	Lack of education and awareness creates the risk that sustainability efforts may be wasted due to a lack of understanding of how the Company's operations impact the natural environment. Another risk is that, due to a lack of education, opportunities may be lost as employees are unable to identify and suggest solutions which could be beneficial for the Company.	The opportunity for ATNS is to embed a culture of sustainability excellence through education and environmental impact awareness. Educated employees will be able to identify opportunities and risks in their daily activities and as such drive innovation, especially when provided with a platform for feedback.	 Providing sustainability and Climate Change training to the organisation and EXCO. Implementing organisation-wide Sustainability and Climate Change awareness programmes. Implementation of environmental management system. Strengthening implementation and integrated reporting and to address three sustainability pillars (Social, Economic, Environmental).

Dick & Failure	to angage the ATM co	mmunity on ATNS's environ	montal manageme	nt initiatives
RISK O: Failure	TO enuaue the ATM CO	mimunity on ALNS's environ	Intental manaliquents	nt initiatives

Risk classification	Risk impact	Opportunities	ATNS's response
 Regulatory Institutional Reputation 	Climate change is a global issue and requires collaborative effort, if ATNS operate in isolation is addressing these issues it runs the risk of becoming a stagnant organisation, negatively impacting the reputation and sustainability of the Company.	ATNS is highly dependent on customers for its financial sustainability. Environmental impacts (local air quality and noise) affect communities living near airports. Collaboration with stakeholders provides an opportunity to share information, which could inspire new and innovative ideas and promote ATNS as a responsible corporate citizen, thereby preserving reputational integrity.	 Constructing a Stakeholder Engagement policy and engagement plan. Participating in the newly formulated South African Civil Aviation Authority's (SACAA) Aviation Environmental Protection Committee (AEPC) which is the forum for the State to provide involvement at the ICAO's Committee on Aviation Environmental Protection. Continuing to attend industry symposiums and workgroups (e.g. ICAO and CANSO) to share in progress on environmental objectives and to ensure ATNS's environmental objectives align with that of the ATM community. Participating in the Department of Transport's environmental forums.







General Standard Disclosures	Reference 2015/16 Integrated Report	SR Ref	IR Ref
G4-1			
Provide a statement from the most senior decision-maker of the organisation about the relevance of sustainability to the	Sustainability Statement	6	3
organisation and the organisation's strategy for addressing sustainability.	Letter from the Chief Executive Officer	8	28
G4-2			
Description of key impacts, risks and opportunities	Enterprise risk management (ERM)	42-47	65-71
	ATNS's Ten-Year Business Plan and Financial Model	-	90
Organisational profile			
G4-3			
Report the name of the organisation	Nature of business	14	8
G4-4			
Report the primary brands, products, and services.	Current and new products and services	20	9
	ATNS Services	17	11
	ATNS service overview	17	12
G4-5			
Report the location of the organisation's headquarters.	The Company has its head-office at Eastgate Office Park, Block C, South Boulevard Road, Bruma, (Postal code: 2198) in Gauteng.	14	8
G4-6			
Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report.	ATNS's presence in South Africa	18	14
G4-7			
Report the nature of ownership and legal form.	Nature of business	14	8
	Structure of ATNS's operations	15	11
G4-8			
Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Market segments and geographical markets	20	9
G4-9			
Report the scale of organisation, including: - Total number of employees	Creating sustainable value: 1,076 permanent employees.	23	78
Total number of operationsNet revenues (for public sector organisations)	Structure of ATNS's operations	15	11
- Quantity of products or services provided.	Creating sustainable value: Financial capital outputs	23	82-83
	Current and new products and services	20	9
G4-10			
Workforce	Human capital section / Social sustainability	67-81	114- 122
G4-11			
Percentage of employees covered by collective bargaining agreements	Not reported		



General Standard Disclosures	Reference 2015/16 Integrated Report	SR Ref	IR Ref
G4-12			
Supply chain	Local supplier development	38	87
	Supply chain practices	57 & 75	127 & 129
G4-13			
Report any significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain.	None reported		
G4-14			
Report whether and how the precautionary approach or principle is addressed by the organisation.	Statement of precautionary approach	6	7
G4-15			
List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	Commitments to external initiatives	11-13	23
G4-16		'	
List memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation: - Holds a position on governance body - Participates in projects or committees - Provides substantive funding beyond routine membership dues - Views memberships as strategic.	Commitments to external initiatives	11-13	23
Identified material aspects and boundaries			
G4-17			
(a) List all entities included in the organisation's consolidated financial statements or equivalent documents.(b) Report whether any entity included in the organisation's consolidated financial statements or equivalent document is not covered by the report.	Scope and boundary of report	4	3
G4-18		1	
(a) Explain the process for defining the report content and the	Scope and boundary of report	4	3
aspect boundaries. (b) Explain how the organisation has implemented the reporting principles for defining report content.	Material issues: criteria for determining materiality	53	77
7. 31	Clustering and prioritising ATNS material issues	53	79
G4-19		'	
List all the material aspects identified in the process for defining report content.	Clustering and prioritising ATNS material issues	53	79
G4-20			
For each material aspect, report the boundary within the organisation as follows: - Report whether the aspect is material within or externally to the organisation.	Not reported at this granular level – will report accordingly in 2016/17		
G4-21	·		
For each material aspect – boundary outside the organisation	Not reported at this granular level – will report accordingly in 2016/17		

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General Standard Disclosures	Reference 2015/16 Integrated Report	SR Ref	IR Ref
G4-22			
Report the effect of any restatements of information provided in the previous reports, and the reasons for such statements. $ \frac{1}{2} \int_{-\infty}^{\infty} \frac{1}{2} \left(\frac{1}{2} \int_{-\infty}^{\infty} \frac{1}{2} \left($	None reported		
G4-23			
Report significant changes from previous reporting periods in the scope and aspect boundaries.	None reported		
Stakeholder engagement			
G4-24			
Provide a list of stakeholder groups engaged by the	Key stakeholders	48	81
organisation.	Stakeholder engagement approach and measurement	50-52	124- 125
G4-25			
Report the basis for identification and selection of stakeholders with whom to engage.	Stakeholder engagement approach and measurement: Main areas of interest/concern	50-52	124- 125
G4-26			
Report the organisation's approach to stakeholder engagement including frequency of engagement by type and by stakeholder group, and indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Stakeholder engagement approach and measurement	50-52	124- 125
G4-27			
Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	Stakeholder engagement approach and measurement: Main areas of interest/concern	50-52	124- 125
Report profile			
G4-28			
Reporting period (such as fiscal or calendar year) of information provided.	Scope and boundary of report: This is our fourth consecutive Integrated Report and covers the financial reporting period from 1 April 2015 to 31 March 2016.	4	3
G4-29			
Date of most recent, previous report.	Scope and boundary of report: The previous Integrated Report was approved by the ATNS Board on 16 August 2015 and published for the period 1 April 2014 to 31 March 2015.	-	3
G4-30			
Reporting cycle (such as annual, biannual).	Integrated reporting and disclosure: ATNS's Integrated Report and Sustainability Report are published annually and presents an overview of the Company's activities, practices and financial performance for the year	4	42
G4-31	·	'	
Provide the contact point for questions regarding the report or its contents.	Feedback: Ms Thandi Mosupye at marketing@atns.co.za.		



General Standard Disclosures	Reference 2015/16 Integrated Report	SR Ref	IR Ref
G4-32			
(a) Report the 'in accordance' option the organisation has chosen.	Overview of assurance content, providers, frameworks and outcomes	-	5
(b) Report the GRI Content Index for the chosen option.(c) Report the reference to the External Assurance Report.	Board Approval Statement: The Integrated Report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines	6	7
G4-33			
 (a) Report the organisation's policy and current practice with regard to seeking external assurance for the report. (b) If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. (c) Report the relationship between the organisation and assurance. (d) Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report. providers. 	The Company does not as yet seek external assurance for the Integrated Report; however certain aspects of the report have been assured by external assurance providers, as referenced in the "Overview of assurance content, providers, frameworks and outcomes".	-	5 & 6
Governance			
G4-34			
Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	ATNS board committee structure	36	47
G4-35			
Process for delegating authority for sustainability topics	Board committee responsibilities with regard to integrated reporting elements	-	52-53
G4-36			
Executive level position for sustainability topics	Board committee responsibilities with regard to integrated reporting elements	-	52-53
G4-37			
Process for consultation between stakeholder and Board on sustainability topics	ATNS Control framework	-	64-71
G4-38			
Composition of highest governance body (Board) and	ATNS board committee structure	36	47
committees	Board committee responsibilities with regard to integrated reporting elements	-	52-53
G4-39			
Is the Chair also the CEO?	No		
G4-40			
Nominations and selection process for Board and its committees	Board of Directors	-	34-35
G4-41			
Process to avoid and manage conflict of interest	Conflict of interest resolution	41	37

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General Standard Disclosures	Reference 2015/16 Integrated Report	SR Ref	IR Ref
G4-42			
Board's role in development, approval and updating of the organisation's purpose, value or mission statement,	Ethical leadership and corporate citizenship	16	34
strategies, policies and goals related to sustainability impacts	Board of Directors: Roles and responsibilities		35
	Governance of sustainability	35	
G4-43			
Measures to develop and enhance the Board's knowledge on sustainability topics	Board of Directors: Induction and training	-	36
G4-44			
Process for evaluation of Board's performance with regard to governance of sustainability topics, and actions taken	Board and committee evaluations	-	34
G4-45			
Board's role in identification and management of sustainability impacts, risks and opportunities, and stakeholder	Governing stakeholder relationships	35	42
consultation in the process	Enterprise risk management (ERM)	42-47	65-71
G4-46			
Board's role in reviewing effectiveness of risk management processes for sustainability topics	Enterprise risk management (ERM)	42-47	65-71
G4-47			
Frequency of Board's review of sustainability impacts, risks and opportunities	Enterprise risk management (ERM) - ATNS's annual ERM process	42-47	65-71
G4-48			
Highest committee or position that formally approves the sustainability report	The Integrated Report integrates sustainability disclosures under the six capitals. The Board approves and signs off on the Integrated Report.		
	Board Approval Statement	6	7
G4-49			
Process for communicating critical concerns to the Board	The Board undertakes to use its best efforts to balance the diverse interests of ATNS' stakeholders and to engage stakeholder groups on material issues that may impact the Company's long-term economic, social and environmental sustainability.	48	42
	Communication of critical issues is facilitated through the Company's five Board Committees	36	47
G4-50			
Nature and number of critical concerns that were communicated to the Board and mechanisms used to address/resolve them	Not yet reported – will report accordingly in 2016/17		



General Standard Disclosures	Reference 2015/16 Integrated Report	SR Ref	IR Ref
G4-51	'		
Remuneration policies for Board and Senior Executives	Remuneration	39	71
	Consolidated executive remuneration 2015/16 compared to 2014/15	40	73
	Consolidated non-executive Remuneration 2015/16 compared to 2014/15	40	73
	Annexure A: ATNS Remuneration Report		
G4-52			,
Process for determining remuneration	Remuneration philosophy	39	72
	Annexure A: ATNS Remuneration Report		
G4-53			
How are stakeholders' views sought and taken into account regarding remuneration	Not reported		
G4-54			
Ratio of annual total compensation for highest-paid individual to the median annual total compensation for all employees	Consolidated executive remuneration 2015/16 compared to 2014/15	40	73
	Consolidated non-executive Remuneration 2015/16 compared to 2014/15	40	73
	Total cost of employees	41	75
G4-55			
Ratio of percentage increase in annual total compensation for highest-paid individual to the median percentage increase for	Consolidated executive remuneration 2015/16 compared to 2014/15	40	73
all employees	Consolidated non-executive Remuneration 2015/16 compared to 2014/15	40	73
Ethics and integrity			
G4-56			
Describe the organisation's values, principles, standards and	Values	31	8
norms of behaviour such as codes of conduct and codes of ethics.	Compliance with laws, codes, rules and standards	-	40
	Code of Ethics	35	76
G4-57			
Internal and external mechanisms for seeking advice on ethical and lawful behaviour	Independent advice	-	37
G4-58			
Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour	Fraud prevention, detection and investigation		64
	Entrenching ATNS's values within the organisation / Conflict of interest resolution	31, 35, 41,	
Disclosure on management approach			
G4-DMA			
For each identified material aspect: Why is it material and how is managed?	Each material issue is addressed under the appropriate capital. For each identified material issue the reasons for materiality are provided. The approach to managing each issue is also provided.		

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A A C A	At It A to the Act
AASA	Airline Association of Southern Africa
AATO	African Association of Training Organisations
ACSA	Airports Company South Africa
ADS	Automatic Dependent Surveillance
ADS-B	Automatic Dependent Surveillance Broadcast
AEP	Aviation Environmental Protection
AFCAC	Africa Civil Aviation Committee
AFI	African Indian Ocean Region
AFS	Annual Financial Statements
AFTN	Aeronautical Fixed Telecommunications Network
AFIS	Aeronautical Flight Information Service
AFRAA	African Aviation Authority
AIM	Aeronautical Information Management
AIP	Aeronautical Information Publication
AIROPS	Airspace User Operations
ANSP	Air Navigation Service Provider
AORRA	Atlantic Ocean Random Routing Area
APIRG	AFI Planning and Implementation Regional Group
ATA	Aviation Training Academy
ATC	Air Traffic Controller
ATCO	Air Traffic Control Officer
ATFM	Air Traffic Flow Management
ATNS	Air Traffic and Navigation Services
ATM	Air Traffic Management
ATMRPP	Air Traffic Management Required Performance Panel
ATS	Air Traffic Services
ATS/DS	Air Traffic Service/Direct Speech
BARSA	Board of Airline Representatives of South Africa
B-BBEE	Broad-Based Black Economic Empowerment
BD	Business Development
BI	Business Intelligence
BSC	Business sustainability costs
C	Communication
CA	Current Assets
CAC	Civil Aviation Committee
CAD	Centralized Aeronautical Database
CAEP	
CAEP	Committee on Aviation Environmental Protection
CAMU	Compound annual growth rate
	Central Airspace Management Unit
CANSO	Civil Air Navigation Services Organization
CAPEX	Capital Expenditure
CAR	Civil Aviation Regulation
CATS	Civil Aviation Technical Standard
CCMA	Commission for Conciliation, Mediation and Arbitration
CDM	Collaborative decision-making
CDP	Carbon Disclosure Project
CDU	Curriculum Development Unit
CEO	Chief Executive Officer
CF0	Chief Financial Officer
CISM	Critical Incident Stress Management
CNS	Communication, Navigation and Surveillance

D/E	Debt/Equity Rating
DME	Distance Measuring Equipment
DoT	Department of Transport
DRC	Democratic Republic of the Congo
DSCR	Debt Service Coverage Ratio
EE	Employment Equity
EGNOS	European Geostationary Navigation Overlay System
EIA ROD	Environmental Impact Assessment Record of Decision
EME	Exempt Micro Enterprises
ENAC	Ecole Nationale de l'Aviation Civile
ERM	Enterprise Resource Management
ETS	Engineering and Technical Services
EUROCONTROL	European Organization for the Safety of Air Navigation
FABE	Bhisho Airport
FABL	Bloemfontein Airport
FACT	Cape Town International Airport
FAJS	OR Tambo International Airport
FALE	King Shaka International Airport
FAOR	OR Tambo International Airport
FC	Fixed costs
FEC	Foreign Exchange Contracts
FIR	Flight Information Region
FMCG	Fast Moving Consumer Goods
GA	General Aviation
GANP	Global Air Navigation Plan
GASP	Global Aviation Safety Plan
GDP	Gross Domestic Product
GHG	Greenhouse gas
GNSS	Global Navigational Satellite System
GPS	Global Positioning Systems
GRI	Global Reporting Initiative
HR	Human Resources
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
ICAS	Independent Counselling and Advisory Service
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
ILS	Instrument Landing Systems
IP	Internal Protocol
ISA	International Standards on Auditing
ISO	International Standards Organization
IT	Information Technology
IVSAT	Internal Very Small Aperture Terminal
KPI	Key Performance Indicator
MCM	Maximum Certificated Mass
MIDVSAT	Middle East Communication Network
MIS	Management Information System
MLAT	Multilateration
MSSR	Mono-pulse Secondary Surveillance Radar
N	Navigation
NAFISAT	North East African Communication Network

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ABBREVIATIONS AND ACRONYMS



NAMP	National Airspace Master Plan
	·
NASCOM	National Airspace Committee
NEXTGEN	Next Generation
OEM	Original Equipment Manufacturer
OPEX	Operational Expenses
OT	Operational Technology
PBN	Performance-based Navigation
PBU	Beneficial use
PFMA	Public Finance Management Act
PPC	Permission Planning Committee
QMS	Quality Management System
QSE	Qualifying Small Enterprises
RC	Regulating Committee
R&D	Research and Development
RNAV	Area Navigation
RNP ACPH	Required Navigational Performance Approach
ROA	Return on assets
ROCE	Return on Capital Employed
RWY	Runway
S	Surveillance
SAAF	South African Air Force
SACAA	South African Civil Aviation Authority
SADC	Southern African Development Community
SAIEE	South African Institute of Electrical Engineers
SARPS	Standards and Recommended Practices
SARS	South African Revenue Services
SAWS	South African Weather Service
SCM	Supply Chain Management
SD	Supplier Development
SESAR	Single European Sky Air Traffic Management Research
SID	Standard Instrument Departure
SLA	Service Level Agreement
SMMEs	Small, Medium and Micro Enterprises
SMS	Safety Management System
SOC	State-owned company
STAR	Standard Terminal Arrival Routes
SWIM	System Wide Information Management
TS	Technical Services
TMAs	Terminal Manoeuvring Areas
UACC	Upper Airspace Control Centre
UN	United Nations
UNGC	United Nations Global Compact
USTDA	United States Trade and Development Agency
VC VC	Variable costs
	VHF Directional Finder
VDF	
VFR	Visual Flight Rules
VMC	Visual meteorological conditions
VSAT	Very Small Aperture Terminals
WAN	Wide Area Network
WITS	University of the Witwatersrand
WGS-84	World Geodetic System – 1984

