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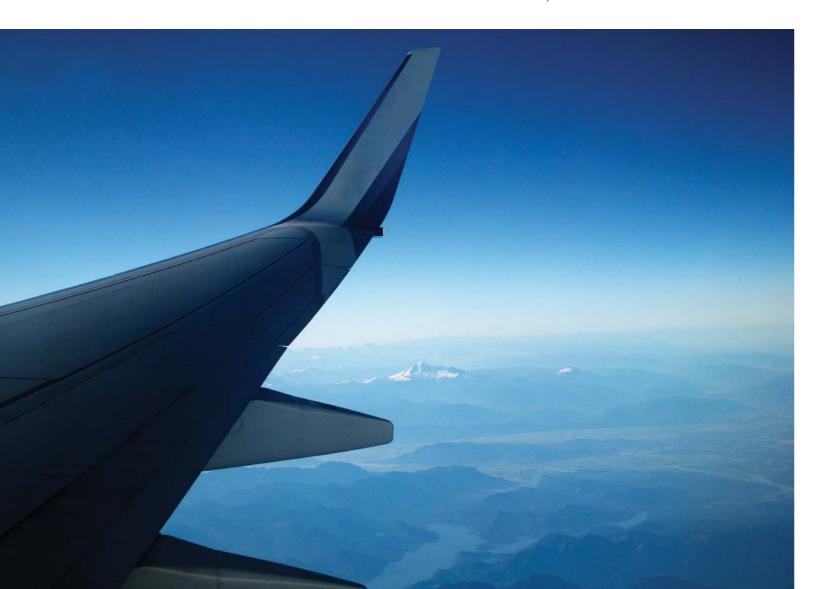
ABOUT THE INTEGRATED REPORT

This Integrated Report contains qualitative and quantitative information on issues that are material to ATNS's operations and the achievement of the Company's strategic objectives. Materiality has been determined by the ATNS Board and Executive management through a process of extensive consultation within the organisation and with ATNS' stakeholders. The process further considered ATNS' strategic objectives whilst taking into account the Company's material risks, strategic opportunities and the ATNS value chain. The Integrated Report accompanies the Company's second stand-alone Sustainability Report and Annual Financial Statements.

Scope and boundary of report

This is our third consecutive Integrated Report (ATNS-IR) and covers the financial reporting period from 1 April 2014 to 31 March 2015. The previous Integrated Report was approved by the ATNS Board on 16 August 2014 and published for the period 1 April 2013 to 31 March 2014. The 2013/14 suite of reports combined performance content, sustainability content and our Annual Financial Statements across three reporting volumes. In 2014 ATNS published a printed version of the three-volume suite of reports as well as a web-based version of each report.

The boundary of this report is largely the ATNS legal entity. There may be instances for some of the material aspects where reporting has extended to other entities outside of the Company, as ATNS's operations are located at different airports.



ABOUT THE INTEGRATED REPORT

Suite and alignment of reports

This year, we again undertook our integrated reporting for the financial year ended 31 March 2015 across three reporting volumes:

Table 1: Overview of reporting volumes

	Volume 1	Volume 2	Volume 3
Report	ATNS Integrated Report	ATNS Financial Report	ATNS Sustainability Report
Referenced in short	ATNS-IR 2015	ATNS-FR 2015	ATNS-SR 2015
Content of report	The ATNS-IR 2015 is the Company's primary report to stakeholders.	The ATNS-FR 2015 includes reports of the independent auditors, directors and the corporate governance report.	The ATNS-SR 2015 reports on ATNS's economic, social and environmental impacts and outcomes.
Purposes of report	 To provide a succinct view of our performance against targets defined by our Shareholder Mandate in the pursuit of long-term economic value creation. To provide an integrated view of our response to risks and opportunities in our local, regional and global business context. To respond to our stakeholders' interests and concerns. 	 To report on our financial performance for the financial year ended 31 March 2015 in accordance with applicable frameworks and guidelines outlined below. To report on our financial position, as well as changes in equity and cash flow. 	 To build on ATNS's foundational sustainability report structure (as first produced in 2014), based on current global leading practice sustainability reporting principles. To consolidate, interpret and report on the findings of ATNS's internal sustainability reporting framework. To acknowledge the contributions of our Shareholder, sector partners, employees and other stakeholders.
Leading practice guidelines and governance frameworks guiding content	 Reporting Council (IIRC) Integrated Reporting Framework v1.0. The King Code of Governance for South Africa (2009) (King III). 	 International Financial Reporting Standards (IFRS). King III The Companies Act, Act No 71 of 2008 (Companies Act). The Public Finance Management Act, Act No 1 of 1999 (PFMA). 	 King III Global Reporting Initiative (GRI) G4. United Nations Global Compact (UNGC). Carbon Disclosure Project (CDP).

ABOUT THE INTEGRATED REPORT

Both the ATNS-IR and ATNS-SR harness the principle of 'materiality' to inform report content. The three reports should ideally be read in tandem: the ATNS-IR is a condensed version of both the ATNS-SR and the ATNS-FR and offers a comprehensive, yet abridged account of the content in both these reports. Similarly, collectively the ATNS-SR and ATNS-FR provide more detailed disclosures on ATNS's financial, social and environmental performance.

All references to forward-looking information and targets in the 2015 suite of reports are extracted from the 2015/16 ATNS Corporate Plan approved by the Board of Directors.



Referencing content online

The ATNS-IR is available on our website as a down-loadable document: http://www.atns.co.za/annual-reports.



Feedback

We welcome feedback on our integrated reporting to ensure that we continue to disclose information that is pertinent to all our stakeholders. For further queries or suggestions kindly contact: Ms Thandi Mosupyi at marketing@atns.co.za.

Navigating this report

Performance commentary in both the ATNS-IR and ATNS-SR 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

ABOUT THE INTEGRATED REPORT

Navigate between reports

Throughout the 2015 suite of reports we have provided references to more detailed information in and between the different report volumes, such as tabled performance statistics, trends or further clarifications. Where applicable, readers are referred to additional content across the three 'Volumes', using the following icons:



Refers to Volume 1 (ATNS-IR 2015) for further content



Refers to Volume 2 (ATNS-FR 2015) for further content



Refers to Volume 3 (ATNS-SR 2015) for further content



Reference content online

Assurance

ATNS's integrated assurance plan encompasses the assurances provided by the Company's Board of Directors, management, internal specialists, internal and external audit functions and other business advisers. We have commissioned additional external assurance on certain aspects of the non-financial information reported in the ATNS-SR.

Board Approval Statement

The ATNS Board, assisted by its various committees, is ultimately responsible for overseeing the integrity of the ATNS-IR.

The Board has applied its collective mind to the preparation and presentation of the ATNS-IR and has concluded that this report is presented in accordance with the International Integrated Reporting Framework v1.0.

The Integrated Report was approved by the Board on 07 July 2015, and signed on its behalf by:

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Chairperson Mr Mpho Mamashela

17 August 2015 Johannesburg

Chief Executive

Mr Thabani Mthiyane

17 August 2015 Johannesburg

Chief Financial Officer Mr William Ndlovu

17 August 2015 Johannesburg

ABOUT THE INTEGRATED REPORT

Letter from the Chairman

Mr Mpho Mamashela Chairman of the Board

When you are about to board your flight in South Africa, what is your main concern? Is it on-time arrival? Are you anxious about leg-room or whether the airline has remembered your pre-ordered meal? Whatever your anxiety, it is probably not whether the aircraft is going to collide whilst on the ground, or worse, in mid-air. This presumed peace of mind is attributable to the profound sense of responsibility and commitment the global aviation industry has towards safety. Passengers can take safety for granted. In South Africa, it is also directly attributable to the skilled ATNS air traffic control staff who work tirelessly, and with the highest standards of safety to ensure aircraft are scheduled to depart and arrive without incident.

Since the Company's formation in 1993 there have been no catastrophic breakdowns attributed to ATNS; and over the past 20 years, we have accumulated in excess of 5 million Instrument Flight Rules (IFR) flight hours. That said, one also needs to consider that, like any other Air Navigation Service Provider (ANSP), we have had our fair share of ATS-related safety events. These, like all others, are fully investigated and safety mitigations are implemented to reduce the likelihood of recurrence.

As a result of the dedication, diligence and passion of the men and women of ATNS, this organisation today stands as a preeminent ANSP in Africa and one of the leading ANSPs globally. We are also one of the founding members of the Civil Air Navigation Services Organisation (CANSO), and currently hold the chair of CANSO Africa. This reflects our commitment - not only to enhancing South Africa's air space and safety - but also that of the entire continent, forging partnerships with various countries, to the benefit and safety of all who fly in and over Africa.

Aviation provides the only worldwide transportation network, which makes it essential for global business and tourism; and plays a vital role in facilitating economic growth, particularly in developing countries. The role of air transport in world trade is momentous. The high value of perishable goods being transported by cargo airlines are of great importance for the jobs

Mr Mamashela is a qualified aviation Executive. He studied and trained for his commercial pilot's licence and flight operations management through Lufthansa PSA Flight School in Phoenix, Arizona. He later joined Lesotho Airways as an airline pilot, before moving to Anglo American Corporation/De Beers as flight operations manager for their west coast operations in Klienzee. He was appointed as a member of the ICAO flight crew licensing panel to represent Africa – one of only 15 members world-wide.

In 1994, Mr Mamashela joined South African Airways, where he initiated Vulindlela, an aviation career awareness programme for the country's previously disadvantaged groups. He also established South African Airways' cadet pilot training programme, where the majority of SAA's black pilots were trained. He completed his airline management training at Henley University (UK).

Mr Mamashela is also a senior captain/pilot for South African Airways on the Airbus A340, and was a member of the 2010 Aviation Sub-sector Task Team charged with the nation's aviation preparations for the 2010 FIFA World Cup.



they support globally. Additionally, nearly all of us have personal electronic devices that were built using a global supply chain linked by air. Where would today's internet retailers be without the rapid delivery of their products to customers? According to ICAO, global passenger traffic alone increased by 5,8% year-on-year in 2014 - during the first eight months.

ABOUT THE INTEGRATED REPORT

Against this backdrop, we should not underestimate the African aviation sector's potential to serve as an economic catalyst for the continent. Africa is a rich continent. Some of those riches – especially oil, gas and minerals – have driven rapid economic growth over the past decade. The ultimate measure of progress, however, is the wellbeing of people. To sustain growth that improves the lives of all Africans, the continent needs an economic transformation that taps into Africa's other riches, particularly the energy and ingenuity of its people. According to industry studies, African aviation currently supports 6,7 million high quality jobs, with business activity totalling approximately \$67,8 billion.

ATNS aims to grow its non-regulated business to support the anticipated growth of intra-continental air traffic. The Company has been engaged in business activities on the continent since 1997, with the primary objective of enabling air traffic safety. Accordingly, we see the Africa Indian Ocean (AFI) region as a vital growth opportunity for promoting our products and services. The non-regulated business is already contributing 10% to ATNS's overall revenue and the intention is to grow this percentage sustainably over time.

In our regulated business, the 2015/16-2019/20 period presents a new economic regulatory chapter for ATNS in the form of a new Permission. The new Permission cycle will inform the Company's specified tariffs as well as service standard requirements for our regulated business. To this end, we are actively collaborating with the Regulating Committee to ensure favourable and sustainable outcomes for the industry.

Whilst the new tariff structure will support our business and growth strategy going forward, it is incumbent on us to demonstrate the commensurate value we bring to our users through our investment in modern air navigation infrastructure, competent staff, enhanced efficiencies, and sector innovation. We also need to strike a good balance in our ability to manage both modern and older aircraft particularly on the African continent. There are still many older aircraft serving a direct purpose on the continent, whether supporting global food programmes or peace endeavours. These aircraft are doing important work, albeit they are not as well equipped as modern aircraft. We need to ensure that our airspace can accommodate them, without compromising those airlines that have invested in

the latest technology and need to leverage the benefits of their investments. This means that we need to constantly push the envelope to keep pace with global aviation standards and provide innovative solutions to a dynamic and complex industry's challenges.

The aviation industry faces a luminous future, but only if we can ensure, as a global collective, that the sector is sustainable. This is particularly challenging for airlines that burn fuel to propel their aircraft. ATNS continues to innovate around sustainable solutions to minimise some of the adverse effects of civil aviation on the environment - including emissions and 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, thus decreasing noise in fly-over locations and using up to 30% less fuel compared to standard 'stepped' approaches. Further, the use of performance-based navigation (PBN) ensures that the lateral path can also be routed to avoid more noise-sensitive areas. We are one of the few ANSPs in the world to offer approaching aircraft the ability to move directly to the centre fix of the runway when space, traffic and capacity allows. This saves on both fuel and flying time. We are also one of the few countries in the world that offers block altitudes for aircraft to have free flight, allowing aircraft to fly at their desired altitude, and therein, to fly at optimum altitudes at all times. This, in turn, burns less fuel and results in savings for operators.

To conclude, I am exceedingly proud to be associated with this organisation, and am confident that the commitment, passion and innovative spirit that has brought us to this point will sustain ATNS in the years to come. I would like to acknowledge the support of our Shareholder Representative, the Minister of Transport, and the continued efforts of my Board, the Executive, and all ATNS employees, present and former, for leading ATNS from being insolvent in pre-democracy years to being a self-sustaining State-Owned Company with a turnover in excess of a billion Rand. This year, we present our third consecutive Integrated Report as part of a three-volume series, consisting of this report, a stand-alone Sustainability Report and our stand-alone Financial Report. I thank all who contributed to its collation.

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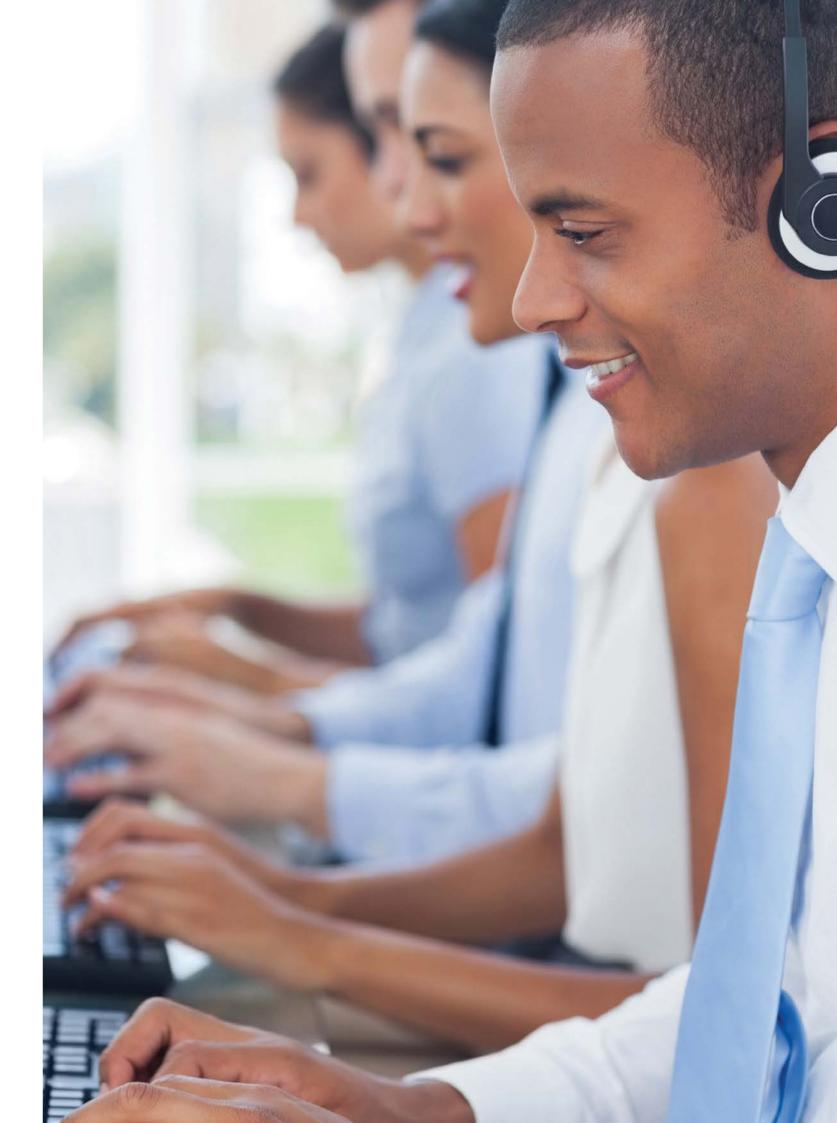
Mpho Mamashela 07 July 2015

ABOUT THE INTEGRATED REPORT

Performance overview

Table 2: Performance highlights for 2014/15

Strat	egic objective	Indicator	Actual 2013/14	Actual 2014/15
CON	OMIC			
	Ensure long-	Turnover	R1,293 billion	R1,412 billion
***	term financial	Operating costs	R981 million	R1,079 billion
	sustainability	Net profit	R244 million	R284 million
		Total capital expenditure	R113 million, (with additional R61 million committed)	R137 million, (with additional R29 million committed)
	Enhance	Number of traffic movements during the year	302,219	314,236
召	operational efficiencies in		Communication: 99,50%	N/A
	line with global	Average System availability	Navigation: 96,26%	N/A
	ATM standards		Surveillance: 99,94%	N/A
			N/A	Communication: 99,109%
		Average Service availability	N/A	Navigation: 99,315%
			N/A	Surveillance: 99,863%
OCIA	L			
	Create a transformative organisation	Overall EE representation	67,06%	69,56%
<u></u>	Build a culture of safety	Safety events per 100,000 air traffic movements	1,67 safety events per 100,000 air traffic movements	3,10 safety events per 100,000 air traffic movements
		Total number of ATS bursars	84	80
	Build a skilled and capable employee	Total number of engineering learnerships	10	12
_	resource base	Training investment as percentage of a salary bill	2,94% Rand value of salary bill	3,68% Rand value of salary bill
NVIR	ONMENTAL			
STANDARY SANDARYSA	Manage the organisation's contribution to Climate Change	Total carbon inventory	16,356 tons of CO2e	19 135.47 tons CO2e
	Manage and preserve scarce	Overall annual electricity usage	16,101,59 kWh	18,320,612 kWh
	and vulnerable resources	Overall annual fuel usage	126,083 litres	102,782 litres
	Develop enterprise-wide awareness for	Total number of employees trained on environmental training programmes	5	312 incl. departmental training
	environmental impacts	Total spend on environmental training	R43,890	R506,610



Vision

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 long-term 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



Refer to page 45 in the ATNS-SR to see our "Value Entrenchment Framework" which provides more detail on how we continue to embed our Vision, Mission and Values in our Company.

Nature of business

The Air Traffic and Navigation Service Company Limited (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 also a commercialised ANSP operating on the "user pay" principle that relies on current revenues and debt funding for its operational and capital expenditure requirements.

The Company has its head-office at Eastgate Office Park, Block C, South Boulevard Road, Bruma, (Postal code: 2198) in Gauteng.

Principal activities

Regulated Business

At present 90% of ATNS's revenue is facilitated through its regulated business.

Air navigation services and infrastructure

Air navigation infrastructure and services consist of three main components:

- 1. Communications infrastructure, Navigation infrastructure and Surveillance infrastructure.
- 2. Auxiliary aviation services, such as aeronautical information publications, flight procedure design and aeronautical surveys.
- 3. Air traffic management.

ATNS's infrastructure and service development is 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 traffic service charges

As a monopoly service provider, ATNS is regulated economically by the Economic Regulating Committee (RC), which is a statutory body formed and appointed by the Shareholder, the DoT. The RC is empowered by the ATNS Company Act (Act 45 of 1993) to issue permission to ATNS. The permission regulates the increase in specified tariffs that ATNS can issue and determines minimum service standards for the regulated business. Through the permission, ATNS is authorised to levy air traffic service charges on users (aircraft operators) for the use of air navigation infrastructure and the provision of an air traffic service. The permission has a five-year cycle.

An air traffic service charge is composed of the sum of variable costs (VC), business sustainability costs (BSC) and fixed costs (FC) for each distinct aerodrome, terminal manoeuvring area (TMA) access, and area movement undertaken.

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Table 3: ATNS air traffic service charges for the regulated business

Main mass	Cost component	Formulas and coefficients		Area charge
category		Aerodrome charge	TMA access charge	
FAOR ≤ 5,000 kg	VC	R27,87	R27,87	
	BSC	R113,24/10 000.MCM	R113,24/10 000.MCM	
	FC	R59,74	R110,38	
5,000 kg < MCM	VC	R27,87	R27,87	R27,87
≤ 5,000 kg	BSC	R113,24/10 000.MCM	R113,24/10 000.MCM	R113,24/10 000.MCM
	FC	R119,51/10 000.MCM	R22,08/1 000.MCM	R15,84/100 000 MCM.d
> 15,000 kg	VC	R27,87	R27,87	R27,87
	BSC	R138,67/100.VMCM	R138,67/100.VMCM	R138,67/100.VMCM
	FC	R146,38/100.VMCM	R270,38/100.VMCM	R194,09/10 000.VMCM

Each rand-value coefficient in Table 3 is multiplied by:

- 100% for a domestic flight;
- 100% for a regional flight; and
- 100% for an international flight.

except in the case of FCs for aerodrome and TMA access charges at FAOR for aircraft with MCM \leq 5,000 kg where the coefficient as stated in the table applies.

During 2014/15 the new permission application was submitted, and is due to commence in 2015/16 up until 2019/20. This permission application presents a new Economic Regulatory chapter for ATNS in the form of a new Permission. ATNS engaged the Airline Industry as part of the permission process. ATNS is actively collaborating with the Regulating Committee to ensure favourable and sustainable outcomes for the industry.

Training institution

ATNS runs a successful training institution as a division within 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 is a world-renowned academy, and in 2012, 2013 and 2014 was formally recognised as the International Air Transport Association (IATA) Worldwide Top Regional Training Partner.

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Non-Regulated Business

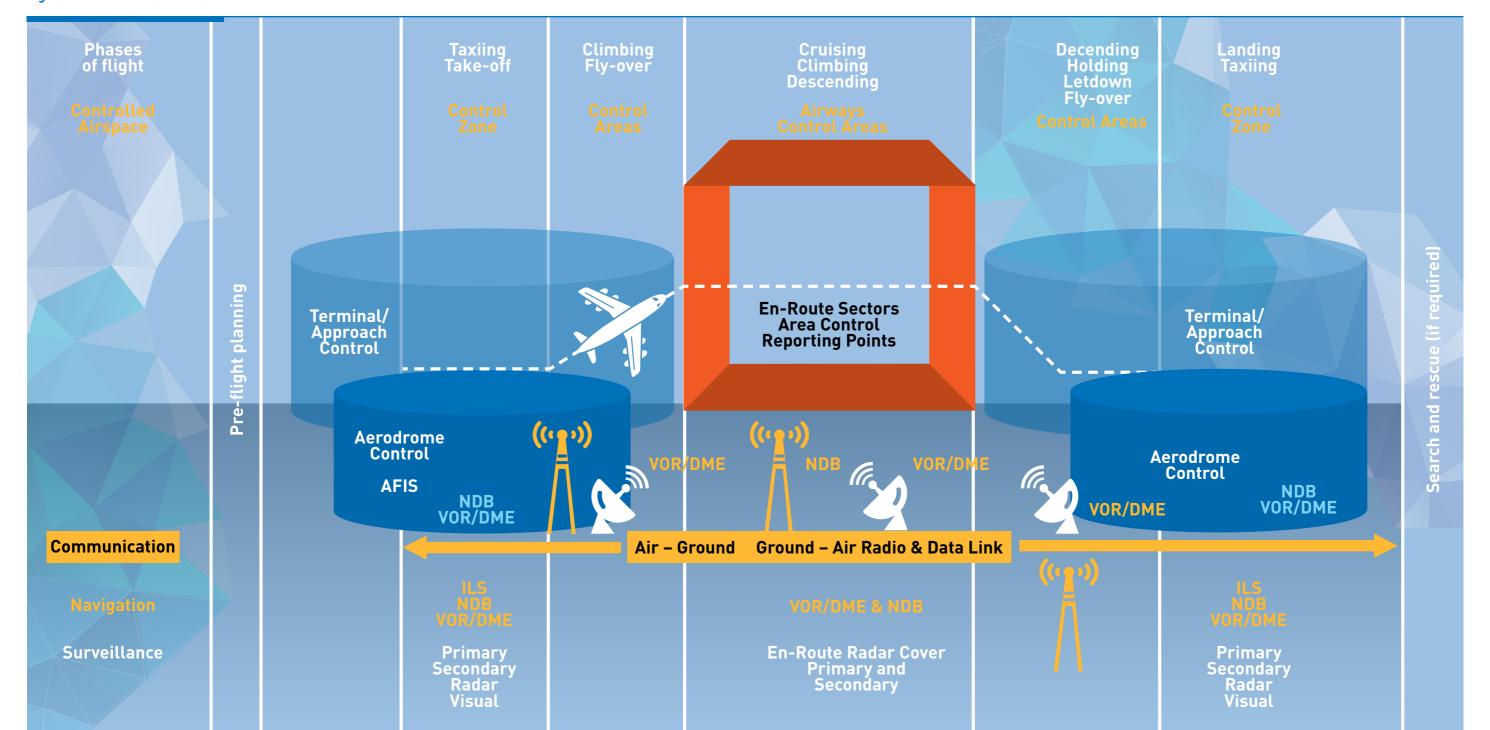
ATNS's non-regulated business currently contributes 10% of the Company's revenue. The non-regulated business encompasses a long-term strategy to facilitate regional expansion through a subsidiary vehicle presently known as NEWCO. The subsidiary will enable the Company to take a more robust and agile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

Figure 1: ATNS service overview

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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 1) is scalable across the total user-demand spectrum in the South African airspace.



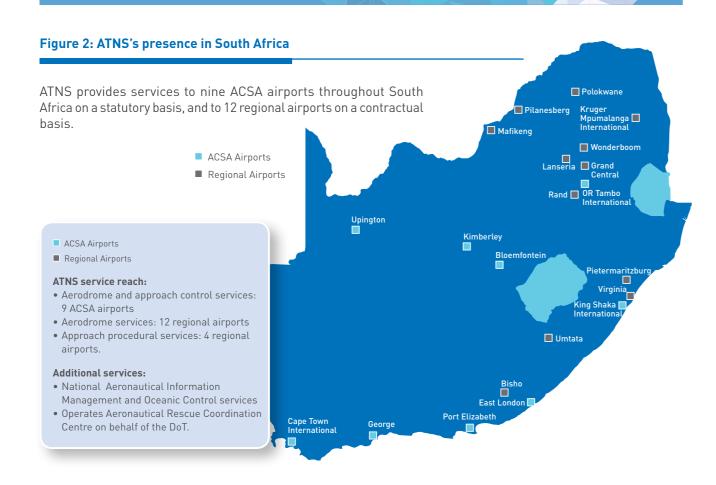
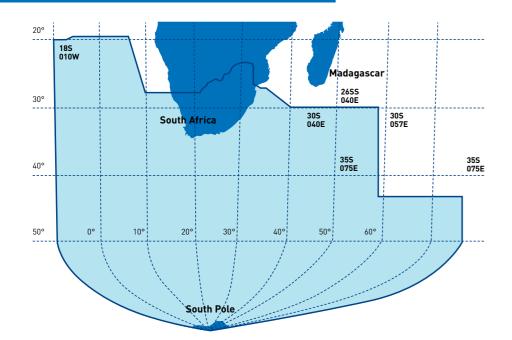
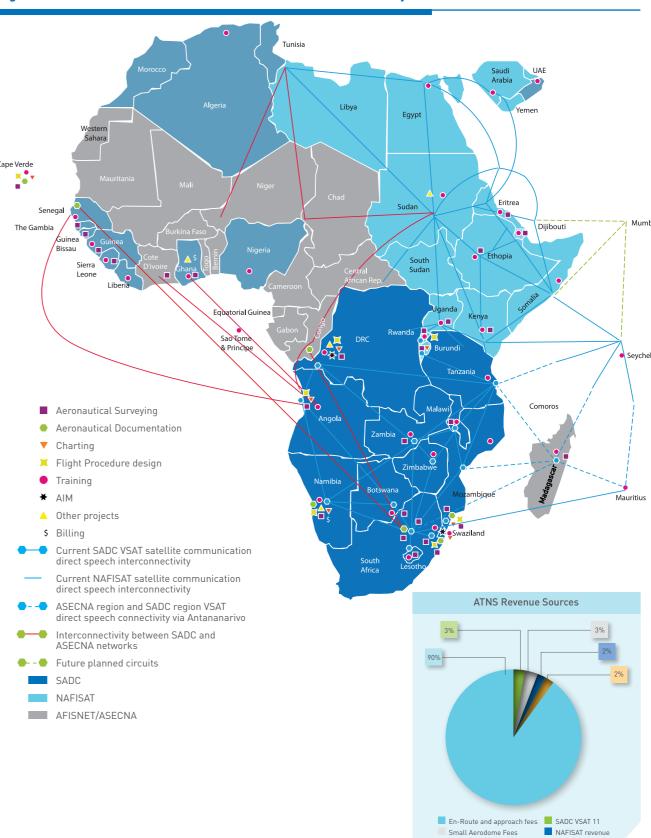


Figure 3: ATNS African Indian Ocean (AFI) regional airspace cover



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Figure 4: ATNS's extended services on the African continent and beyond



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Structure of ATNS's operations

ATNS is a State-Owned Company incorporated as a limited liability company, comprising 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:

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

The operational concepts are supported by corporate and support functions. The corporate function determines the direction of the Company as mandated by the Board through strategy formulation and execution by the Chief Executive Officer (CEO). The corporate function ensures that executives plan adequately and utilise resources optimally as dictated by the five-year permission cycle. Planning for strategic execution is also driven by departmental business and operational plans.

ATNS's corporate function is supported by various governance and compliance frameworks and the operating environment, comprising of:

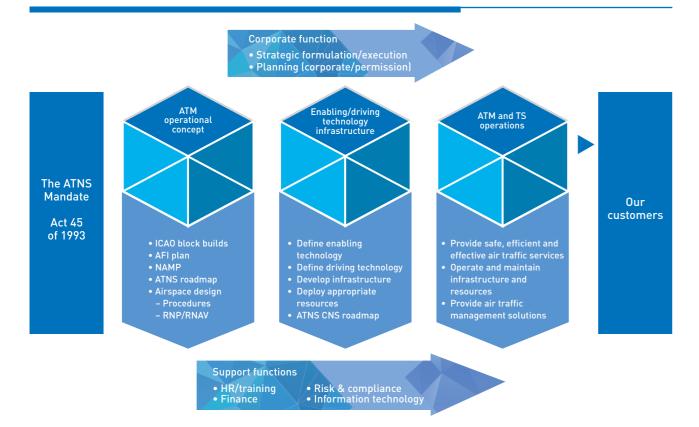
- Human capital (HR and training)
- Finance
- Information technology
- Risk and compliance

Regulatory environment

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

Figure 5: ATNS Regulated Business Model – core and support functions



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with the standards and recommended practices 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 Airport Company of 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.

Our supply chain

ATNS' service to its customers is dependent on the quality of services and products it receives from its suppliers. Our choice of products and services in turn impact on the environment in which we operate. Further, we recognise the important role that our purchasing power plays in promoting growth in the local economy. In line with our reporting in the ATNS-SR, we provide an overview of our key suppliers and our procurement practices.

Energy and telecoms suppliers

The on-going, safe and secure supply of energy continues to be of strategic importance to our business in the provision of air traffic management solutions and associated services on behalf of the State. ATNS owns and leases numerous sites across South Africa. Many of these sites include equipment that consume electricity. We receive electricity supply for our operations from several sources. ACSA supplies electricity at major airports, whilst at other locations, ATNS receives electricity supply either from Eskom directly, or from municipalities or private suppliers, such as landlords.

We consider rising energy costs and the uncertainty of future electricity supply as a long-term strategic risk to the Company. We are further mindful of the environmental impacts and associated costs associated with greenhouse gas (GHG) emissions from our use of energy. ATNS's total carbon inventory for the 2015 financial year is 19,135.47 tons of CO2e. Approximately 99% of the organisation's carbon emissions relate to electricity consumption, whilst the remaining 1% of emissions relate to the use of fuel. This represents a 143,54% increase from the 2012 baseline carbon inventory which totalled 7,857 tons of CO2e and an 82% increase on the 2014 carbon inventory, which totalled 10,469 tons of CO2e. Regulated electricity prices have risen approximately 60,9% over the last three years, and Government is set to introduce carbon pricing in the form of a carbon tax from 2016, which will further raise energy prices.

Whilst ATNS is not a major consumer of electricity, security of supply is critical in terms of enabling the Company to navigate aircraft safely through the airspace. To mitigate the risk of security of supply, ATNS has communication, navigation and surveillance equipment that cover the same airspace to act as back-up. In addition, we are implementing numerous alternative solutions, such as diesel generators, to provide supply in times of grid interruption. ATNS will continue to engage its energy suppliers going forward to ensure predictable and reliable energy supply for its ATM services.

Over the years, the CNS equipment's SLA performance has been stable and within the SLA targets. However, in the case of the communication infrastructure, it is to be noted that the complementary nature of ATNS communication infrastructure is also dependent on services that are offered by third parties such as Telkom (telecommunications service provider) and Eskom (electricity provider), especially at remote sites. Cable theft continues to be a challenge. It is also not uncommon for third-party communication SLAs to be adversely impacted by anomalous incidents involving simultaneous outages from both service providers. Accordingly, ATNS is in the process of implementing supplementary measures to expand its own independent communication network that will extend to remote sites that are currently reliant on these service providers.

Equipment supplier

ATNS EE targets

ATNS's integrated gate-to-gate solutions, from preflight to landing, ensures airport safety, efficient traffic handling operations, data sharing on aircraft and seamless handover operations between territories. Supplier product roadmaps relating to this technology are aligned with ICAO ASBU concepts, NextGen and SESAR.

Procurement practices

ATNS continues to refine its procurement systems by focusing on holistic and integrated Supply Chain Management (SCM). Accordingly, we aim to further promote Enterprise Development (ED) through the up-stream supply chain, thereby stimulating growth for small, medium and micro enterprises (SMMEs). Our equipment requirements and, hence, our infrastructure development, is informed by regulatory requirements at a global level, as well as enabling new technologies and the need to address the specific requirements of the air traffic management (ATM) community. In this context, our approach to technology

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sourcing is to engage the expertise of both local and global suppliers.

Local supplier development is a national imperative and an important enabler of economic sustainability. As a State-Owned Company, we recognise the need to support Government's national developmental priorities through the creation of jobs and by fostering entrepreneurship in South Africa through supply localisation, skills development and local supplier development. Our Preferred Procurement Policy promotes the use of B-BBEE empowered suppliers to achieve the 70% compliance target. The policy prioritises procurement from suppliers who have the following B-BBEE credentials:

- Exempt Micro Enterprises (EME)
- Qualifying Small Enterprises (QSE)
- Suppliers that are 51% Black owned
- Supplier companies that have at least 30% Black women ownership.

In doing so, the Company complies with the Department of Trade and Industry's (DTI's) Codes of Good Practice.



• Increase representation of black (AIC) racial grouping with a particular focus on African and female representation

towards creating alignment with the demographics of the country

ATNS's Procurement Policy is available online at http://www.atns.co.za/annual-reports.

Business Objectives Objective measures for 2014/15 • Reduce the ATNS safety events rate • Increase airspace capacity in line with runway throughput determined • Safety service provision • Airspace capacity and efficiency • Operational efficiency TRANSPORT SAFETY by ATNS and ACSA jointly • Reduce overall traffic delays • Achievement of service availability • Ensure financial • Operational efficiency • Ensure commercial sustainability • Performance-based **AND SECURITY** sustainability • Implement ICAO PBN concept in South Africa • Near-term implementation targets in line with navigation (PBN) South African PBN Roadmap INFRASTRUCTURE • Development of optimised and efficient aviation infrastructure in a cost-effective DEVELOPMENT AND • Adoption and approval of CAPEX • Implementation of CAPEX 2014/15 • Strategic plan • Roadmap • Operational manner • Operation of the satellite communication networks SADC VSAT 2 HIGH-LEVEL INVESTMENT plan • Optimise revenue and ensure network availability • Optimise revenue and ensure network availability • Operation of the satellite communication networks NAFISAT **PLAN FOR TRANSPORT** THE FIGHT AGAINST · Comply with relevant legislation, regulation and standards • 100% compliance • Fighting corruption and promoting good governance FRAUD AND CORRUPTION Fraud and whistle-blowing policy • Minimise gaseous emissions • Human resources/training **ENVIRONMENTAL** • Implementation of environmental plan **PROTECTION** Performance assessment • Address societal challenges, thereby building a meaningful legacy for ATNS and • ATS bursaries and engineering learnerships • Adoption and approval of HC plan as per budget • ATS and TRAINING TO CONTRIBUTE the communities in which we operate • Manage the training pipeline for ATS and TS training plan • Operational or implementation plan • Development programmes for employees, with **TO JOB CREATION** technical staff • Review and implement the HR plan to recruit, develop, retain, and emphasis on AIC, women and people with disabilities reward employees across all disciplines **BROAD-BASED** • Percentage of discretionary spend on B-BBEE • Total discretionary OPEX budgeted • Achieve B-BBEE targets • Achieve preferential procurement targets as set by the **BLACK ECONOMIC Transport Charter** Total CAPEX budgeted **EMPOWERMENT (B-BBEE)** · Achieve representation towards alignment of company staff profile with the demographics of the country • ATS EE targets (AIMO, ATSO, ATCO 1-3) **EMPLOYMENT EQUITY**

Figure 6: Permission module overview

ATNS established a Permission Planning committee (PPC) as a permanent EXCO sub-committee to facilitate the permission planning process. The PPC facilitates the proper and systematic planning of the ATNS business and also guides the process of compiling permission modules in preparation for permission submissions. There are eight modules that assist in building the permission application:

ATNS Traffic Forecast Module

The Traffic Forecast Module covers the demand for the core (ATC) services. Annual traffic, together with tariffs, drives revenue. Peak traffic and the related design and sectors determine how the core (frontline)

ATNS Macro-Economic Module

The overall direction of the company is determined by the macro-economic environment, as represented by the Macro-Economic Module. The macro-economy drives aggregate (annual) traffic, nd also sets the pricing operational expenditure. The Capex Module is at the same time the basis

ATNS CAPEX Modul

related design and configuration of airspace sectors determine the core of the capital expenditure requirements.

ATNS Administration Module

ATNS

Operations

and

Maintenance

Module

The annual traffic drives

he total level of activity in the

company, and therefore the

of the Maintenance Plan Module, i.e. the capital expenditure over time provides the

capital base that needs to be maintained.

Future Operating Environment Module Administrative expenditures are largely driven by the staff organisation of the company, as well as statutory (governance, auditing, etc.)

ATNS Financial Module

he company's expenditure base The frontline staff

component of the Staff Plan Module flows from the raffic module, as well as from the equipment component of the Capex Module (i.e. the number and rganisation of frontline staff depend on the sector configuration and the enabling technology environment). The other staff components flow largely from the frontline staff

ATNS

Human Capital Module

ORGANISATIONAL PROFILE

Figure 7: Permission Module interdependency

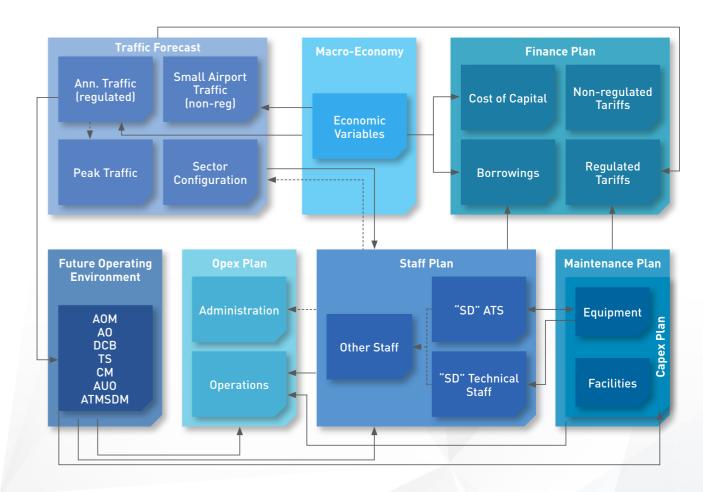
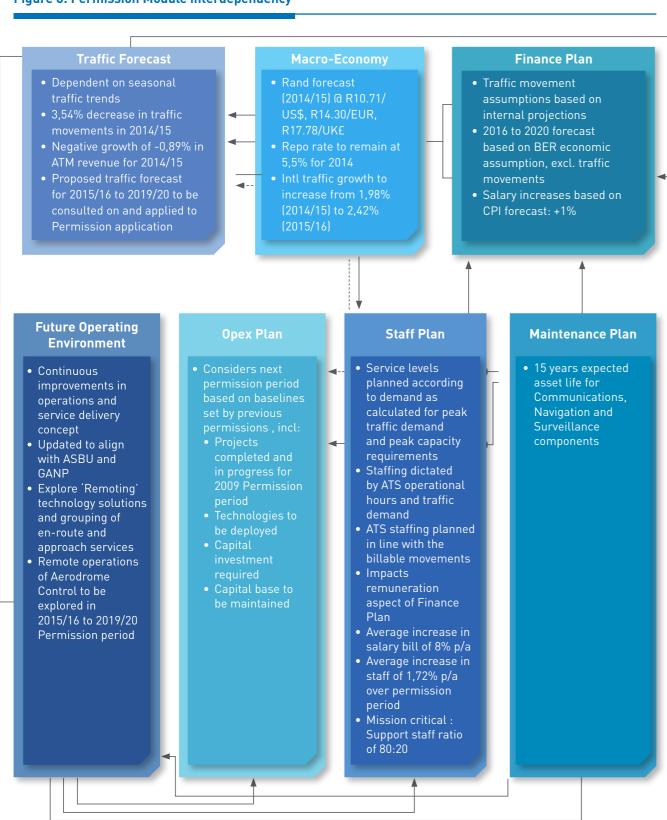


Figure 8: Permission Module interdependency





ORGANISATIONAL PROFILE

INPUTS

Manufactured Capital

- Capital commitments: R137 million
- Navigation systems
- Surveillance systems
- Display (Air Traffic Management) systems
- Simulator and systems (training & licencing)

Intellectual Capital

- Information knowledge
- Patents, trademarks & copyrights

Natural Capital

sovereign and delegated airspace

- Electricity usage:
- Fuel usage: 102,782 litres

ATNS Value Creation Process

Vision

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

Key risks

Opportunities

To provide safe, expeditious and efficient air traffic management solutions and associated services, whilst ensuring long-term 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

ATM Operational Framework and ASBU Methodology • SA Government 12 National Outcomes

- demand
 3. Reliance on 3rd party service providers
 4. Physical security of

- operations Non-compliance with environmental regulations
- CNS technology

 Non-compliance with corporate governance
- regulations and requirements 10. Non-achievement of the required target contribution level for B-BBEE

- infrastructure
 Increase revenue through non-regulated business
- Become one of 10 global ANSP's
 Facilitate interoperability of
- air transportation in Africa
 Lead in safety management in
 Africa ATM

Strategy

Economic sustainability





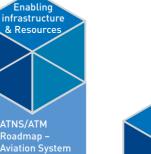
Social sustainability

- Build a skilled and capable employee resource base

Environmental sustainability

concept

- AFI Plan
- NAMP
- Airspace design
- RNP/RNAV



- Roadmap Aviation System Block Upgrade (ASBU)
- NEWCO
- Permission
- IT Repositioning
- Governance & compliance
- Stakeholder engagement



OUTCOMES

Financial sustainability

- Cash generated by operations:
- Turnover: R1,412 billion
- Number of traffic movements for the year: 301,965
- % of global Airspace cover: 10% • % Total B-BBEE procurement
- spend: R381 million

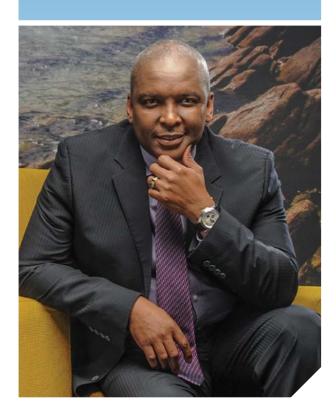
Social sustainability

- 44,05% Female representation
- 69,56% Employment Equity • 80 Bursars and learners trained
- Training to third parties:
- R1,7 million

R14,4 million



Mr Mthiyane has more than 10 years' experience in the aviation sector, specialising in air traffic management (ATM). He has held various senior management positions at ATNS, notably in the areas of maintenance policy development, management of capital projects as well as leading the technology team as part of the Executive team. An engineer by profession, he held various senior management positions at the following companies: ESKOM, Transnet Ports Authority and NERSA. He is a registered Professional Engineer with the Engineering Council of South Africa (ECSA) and serves as a member of the South African Institute of Electrical Engineers (SAIEE) as well as the Institute of Directors Southern Africa. He served as a Trustee in the ATNS pension fund and as a member of the Air Services Licensing Council. He presently serves as Chairman of the Civil Air Navigation Organization (CANSO) for the Africa Region Mr Mthiyane holds a Bachelor's degree in Engineering from the University of Natal, an Honours degree in Mechanical Engineering from the University of Pretoria, and a Master's degree in Business Administration from



Letter from the CEO

Mr Daniel Sibusiso Thabani Mthiyane Chief Executive Officer

Introduction

The 2015 financial year marked the fifth year in implementing our current growth strategy. It was essentially a review period for us, during which we reflected on progress and reaffirmed the way forward to meet our mandate, as defined by our founding Act. In January 2015, two months before our 2015 financial year end, the ATNS Board confirmed the organisation's strategic direction and approved the strategy for sustainable growth for the next five years. The period also coincided with our engagement (as a regulated business) with the Regulator in consultation with our user community to share our future plans, and to clarify our requirements around tariffs going forward. We are pleased to report that we achieved consensus through the user engagement process and that we are firmly on track to support our business affordably, and to advance our strategy for the next five years.

Ensuring long-term financial sustainability

Financial performance remained stable during the year, with total revenue amounting to R1,459,580 billion against a budget of R1,329.5 billion. The R82,3 million variance was mainly due to increased tariff revenue as a result of the 1,2% increase in traffic movements. Operating costs increased by 10% to R1,079 billion mainly due to increasing staff costs and related inflationary increases. Our balance sheet continued to strengthen, with the liquidity ratio increasing to 6.5:1 compared to 6.7:1 in the prior year. The gearing ratio was maintained at 0%, placing the Company in a positive position to raise funding for the imminent capital expenditure in the year ahead.

Permission process

Looking back, we expected revenue from the Permission process to grow from R974 million in 2010/11 to R1,5 billion by 2014/15, realising a compound annual growth rate (CAGR) of 9,8%. However, due to the GDP forecast being revised down from 4% to around 2% for the better part of the

ORGANISATIONAL PROFILE

permission period, our actual revenue for the year was slightly lower than the permission at R1,4 billion, with the CAGR for the actual revenue being 1,9% below the permission. This under-performance of actual revenue relative to the permission could have been more significant, given the slow-down of air traffic movement subsequent to the downward revision of the GDP; however, airlines started changing their aircraft mix from large to even larger aircraft, which worked to our advantage, as margins are slightly higher on larger aircraft. We expect this latter trend to continue at a moderate rate going forward and also anticipate that the inherent risk of air traffic movements not materialising as projected will persist, compelling us to look for other sources of revenue over and above the regulated revenue.

During the year, ATNS submitted the new permission application, which is due to commence in 2015/16 through to 2019/20, representing a new Economic Regulatory chapter for the Company in the form of a new Permission. The new permission cycle will inform the Company's specified tariffs as well as service standard requirements for the regulated business. We are also actively collaborating with the Regulating Committee to ensure favourable and sustainable outcomes for the industry.

Growing the non-regulated business

Our non-regulated business is already contributing 10% towards ATNS's overall revenue and we intend to grow this percentage over time. Accordingly, we are establishing a 100% wholly-owned subsidiary company, presently known as 'NEWCO', to enable the Company to become more robust in leveraging the growth opportunities presented by the international market - and the African continent in particular - without posing undue risks to our regulated market and Shareholder. It will also enable ATNS to enter into joint ventures and partnerships with external suppliers so that we can harness more valuable market opportunities and extend the Company's influence and reach.

For us to establish the NEWCO entity, the Company has to undergo a defined process for ministerial approval. In June 2014, our EXCO and Board approved the Ministerial Pack for submission and approval by the Shareholder. The Company will continue to consult with all impacted stakeholders, including users, such

as the Department of Transport (DoT), AASA, BARSA and IATA; the union; and the Regulator. A final ministerial approval pack is envisaged for submission in August 2015.

Enhancing operational efficiencies

ATNS continued to pursue enhanced operational efficiency for the organisation and its customers during the year. A critical guiding paradigm is that of the International Civil Aviation Organisation (ICAO) Aviation System Block Upgrades (ASBU) concept. Broadly speaking, the ASBU concept promotes global quality standards in terms of the maintenance and enhancement of aviation safety; the harmonisation of improvement programmes for air traffic management; the removal of barriers to future aviation efficiency; and the achievement of environmental gains at reasonable cost. By aligning with the ASBU concept, we are able to promote various operational efficiencies, including fuel efficient routing, optimal traffic flow management, performance-based navigation (PBN) and attention to fuel optimal speed control.

In an effort to enhance operational efficiencies, we also acknowledge the need to review and refine the underlying reporting frameworks to monitor our progress. At the beginning of the financial year, we reviewed our Communication, Navigation and Surveillance (CNS) performance reporting framework to ensure that future reporting is based on service availability and actual customer experience. This method of performance reporting considers the availability of redundant systems where applicable and also enables reporting on the extent and impact of our CNS technical infrastructure performance.

We also continued to improve on departure delays during the year, registering an average delay per delayed flight of 12 seconds against a target of 120 seconds. This demonstrates our personnel's commitment to delivering the highest standards of air traffic control to the ATM community.

South Africa's aviation infrastructure is considered to be one of the best in the world, contributing to the country's aviation safety record. It is, therefore, imperative that we continue to invest wisely in this area to support the country's overall transport infrastructure. Our 2014/15 CAPEX Programme,

however, fell short of the R151 million target by 40%, at R60,11 million. This below-target performance resulted from our need to re-advertise most of our tenders to award business to suppliers in the local manufacturing market. With the aviation sector being dominated by foreign Own-Equipment Manufacturers (OEMs), we were challenged to achieve our B-BBEE targets through the award of a sufficient portion of the CAPEX budget to local suppliers with appropriate B-BBEE credentials. A positive outcome for this scenario has been the willingness of international OEMs to collaborate with local suppliers on the manufacture of various infrastructure components and the provision of support services for future infrastructure maintenance plans, thereby affording local infrastructure manufacturers the opportunity to enhance their products, services and skills in line with global best practices. This in turn will help to create enhanced opportunities for South African manufacturers, not only in the local aviation sector, but also for the growing aviation needs of the African continent, which in the long-term, has the potential to build competitive capability for South Africa's (and Africa's) aviation-sector manufacturing skills internationally.

Developing leadership capability in the Africa ATMS space

Our unwaivering focus on aviation safety, and specifically safe, secure and cost effective air transport, has extended ATNS' sphere of influence across South Africa's borders into Africa. The air transport industry is a vital catalyst for supporting the growth of economies across Africa. However, traditionally Africa's air traffic safety records have been below comparable international standards due to poor infrastructure capacity and skills limitations. With the steady increase in intra-continental air traffic resulting from increased trade and passenger movements in and between African countries, safety

will remain a critical objective for all ANSPs, and one which ATNS is well placed to address.

Collaboration is key to transforming ATM performance across the continent. Accordingly, we will continue to partner with African states, ATM stakeholders and with ICAO to facilitate interoperability and modernisation of air transportation through the ASBU block upgrades initiative, thereby assisting African countries to meet the ICAO standards of performance to improve overall safety. Modernisation of air navigation infrastructure will have significant benefits, such as enabling Africa to cater for the expected 5% annual growth in air traffic; and will provide muchneeded connectivity across the continent to link markets and tourism, thereby boosting overall GDP growth.

Creating a transformative organisation

ATNS continues to pursue its integrated and multi-faceted approach to Broad-Based Black Economic Empowerment in the transformation of the business and the aviation sector with the long-term sustainability of the country in mind. We view organisational transformation as an integral component of our business's growth strategy. We are pleased to report that the Company achieved a Level 2 B-BBEE contribution level during the year, thereby exceeding our transformation targets set during the prior year.

This commitment to organisational transformation is further evidenced through ATNS's implementation of development programmes for employees to increase the representation of black (African, Indian and coloured - AIC) employees - particularly women - to align with the demographics of the country. A total of 58 AIC candidates were enrolled during the year, with the resulting Rand value of the AIC salary spend amounting to 3,68% of the Company's overall salary investment for the year.

ORGANISATIONAL PROFILE

Building a culture of safety

We started out the financial year with a safety ratio of 1,94 incidents in April 2014, with our target set at a baseline of 2 incidents per 100,000 movements for the year. Whilst we continued to focus strongly on safety performance, an upward trend brought the safety ratio to a disappointing 3,10 by March 2015, with a total of 34 safety events during the year. Regrettably, the majority of events resulted from human performance failures. To address this, we launched the "Visible Safety" safety campaign to elevate the role of operational personnel in safety management. The campaign promotes a more 'handson' approach for line management. Safety action plans were also implemented and refined to respond to the real-time demands of the operational environment and also to improve procedures, processes and systems – particularly those aimed at addressing human error and improving staff morale.

ATNS further hosted the 2nd ATNS Safety Workshop during the year, and invited neighbouring air navigation service providers to participate. These included Namibia, Botswana, Zimbabwe, Mozambique, Swaziland and Lesotho. The theme of the safety workshop was 'Safety beyond Regional Boundaries', acknowledging that we share common boundaries with our neighbours and thereby become links in a chain in delivering safe skies to the flying community.

Building a skilled and capable employee resource base

Our continued success relies on our ability to attract, recruit and retain diverse, qualified and skilled professionals. A marked challenge facing the organisation going forward is the growing requirement for air traffic controller (ATC) skills. 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, the number of our air traffic controllers reduced due to several factors, including natural attrition, a loss of qualified staff members in the ATCO 1 and 3 training streams, the lack of capacity to train individuals to feed into these streams, and the use of the 2D simulator rather than the more realistic 3D simulator.

We are also now at a juncture – both in terms of our strategy and the Permission process - where we need to balance a very human-capital intensive business, on the one hand, with the increased focus on technology in the global aviation sector, on the other. Accordingly, ATNS's long-term planning considers future challenges in terms of the skills that will be required within a globally-competitive, technologically-advanced aviation environment, in which many of the sector's present skills will either become redundant, being replaced by technological functions, or have to be adapted to match as yet unknown competency requirements.

With this awareness forming an integral part of our long-term infrastructure and human resource planning, we initiated a process during the year, spanning the next 15 years to 2030, to help us transition into an environment where we can counterpoise on the one hand, our exploration of advanced technologies to create greater operational efficiencies; and on the other hand, our directive, as a State-Owned Company, to address the challenges of structural unemployment and poverty in South Africa. The 15-year timeline for our planning coincides with the South African Government's National Development Plan timeframe, which enables us to work alongside Government to balance the development needs of our country with the growing infrastructure and efficiency requirements of our industry globally.

Managing sustainability

We actively embraced our role as a responsible corporate citizen during the year, achieving much success through our various social investment and philanthropy programmes. ATNS, in collaboration with Breadline Africa and the Nelson Mandela Foundation donated several container libraries to schools in outlying areas, including Qibi Primary School in the Free State, Lujecweni Junior Secondary School in the Eastern Cape and Ineeleng Primary School in Kuruman, North West Province. Since the first library was opened on Mandela Day 18th July 2011 in Tsakane, Gauteng, more than 42,000 children now have access to libraries and books in primary schools around South Africa as a result of our combined efforts.

In terms of environmental sustainability performance, we recognise that as an ANSP, we have an influence on carbon emissions from aircraft, mainly relating to the efficiency of the ATM network. We further recognise the need to address GHG emissions from aviation activities, and that this requires the active engagement and cooperation of the Company and its various stakeholders. In continuously improving operational efficiencies, we have an opportunity to provide added value to airspace users through a decrease in fuel usage, as well as a reduction in fuel costs and reduced environmental impact. During the year, our ATM department explored the use of the ICAO IFSET tool to measure emissions from aircraft. Fuel consumption information has been requested from the airlines so as to calculate the total fuel burn per aircraft type and per flight level.

Further, we performed our third annual Carbon Footprint inventory. ATNS's total carbon inventory for the 2015 financial year amounted to 19,135.47 tons of CO2e. This represents an 82% increase on the 2014 carbon inventory that totalled 10,469 tons of CO2e. While much of the increase can be related to improved carbon emissions measurement capability, we

undertake to do much more to manage our carbon emissions going forward. Approximately 99% of our carbon emissions relate to electricity consumption, due mainly to the high energy intensity from ACSA operated facilities at international airports, whilst the remaining 1% of emissions relate to the use of fuel.

To conclude

Whilst we are still in the early stages of embedding integrated reporting within the organisation, we are already beginning to observe the benefits of the framework. Integrated reporting is a dynamic process in which the business is considered from multiple perspectives. This 'integrated thinking' is particularly critical at Board level where, as leadership, we need to consider the interdependencies and trade-offs in our decision-making and in our balancing of commercial and developmental outcomes. Going forward, our integrated reporting process will also help investors and other stakeholders to understand, not only our company's past and current performance, but also its future resilience.

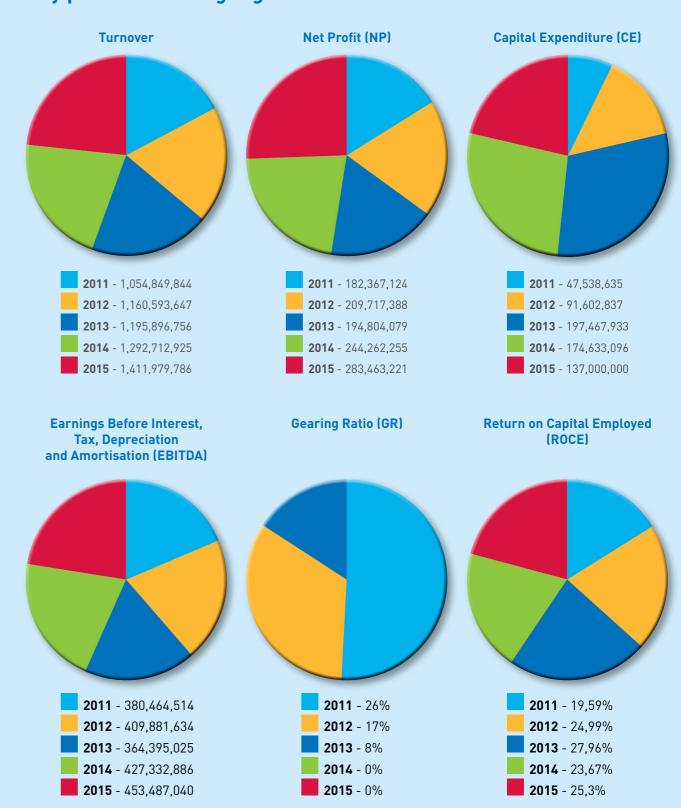
This Integrated Report provides an overview of our achievements during the 2014/15 financial year and outlines our commitments for the coming financial year. It further addresses issues that are material and provides a fair representation of the integrated performance of the Company for the period 1 April 2014 to 31 March 2015.



Thabani Mthiyane 07 July 2015

ORGANISATIONAL PROFILE

Key performance highlights



Moshabe William Ndlovu is a Chartered Accountant and served his articles at PricewaterhouseCoopers. He joined ATNS in October 2008 as Head of Internal Audit and formed part of the executive team.

Before joining ATNS, Mr Ndlovu was Group Risk Manager for Kagiso Media Limited, a formerly listed company on the JSE Securities Exchange. He was promoted to Chief Financial Officer in May 2011 and occupies this position to date.

He is an ATNS Executive Director and currently serves on the Board of Trustees of the ATNS Retirement Fund. He previously served as an Audit Committee Member of Corporate Governance and Traditional Affairs (COGTA).

Mr Ndlovu holds a Global Executive MBA from both Georgetown University (McDonough School of Business) in the USA, and Esade Business School in Spain.

He is currently an Audit Committee member of the National Credit Regulator (NCR).



CFO's review

Mr William Ndlovu, Chief Financial Officer

The reporting year was characterised by both favourable and unfavourable news for the airline industry. The drop in oil prices, for instance, despite being short-lived, was positive news for airlines. Conversely, airlines anticipate that the change in the country's immigration laws during the reporting period will discourage travel to South Africa, thereby affecting business negatively. Notwithstanding the challenges faced by the aviation industry, overall air traffic has increased by 4% year-on-year, resulting in an increase of 1,2% in revenue generating air traffic movements.

Turnover

Turnover increased by 9% to R1,412 billion (2014: R1,293 billion) mainly due to the marginal increase in air traffic movements. Further, the weakening Rand contributed positively to turnover received from our VSAT networks, with our services being charged in US dollars.

Operating costs

Operating costs increased by 10% to R1,079 billion (2014: R981 million) mainly due to increased staff costs resulting from an increase in the staff complement, as well as related inflationary increases. The weakening Rand also contributed to the increase in operating costs as some costs were paid in foreign currency.

The operating profit margin has remained constant at 24%, despite operating costs increasing by a marginally higher percentage than that of the prior year (from 2014: 6% to 2015: 10%). As a result, the cash flow margins also remained constant at 30% when compared to the prior year. The Company experienced a decrease in the Return on Assets (ROA) from 19% to 13% in the reporting period, mainly as a result of an increase in current assets just before the end of the current financial period. The Company's abridged statements of comprehensive income and financial position at the reporting period are presented below:

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Abridged statement of comprehensive income as at 31 March 2015

	2015 R	2014 R
Turnover	1,411,979,786	1,292,712,925
Operating profit	337,921,663	311,398,018
Profit before tax	384,624,990	338,869,056
Income tax expense	(101,161,769)	(94,606,801)
Profit for the year	283,463,221	244,262,255

Abridged statement of financial position as at 31 March 2015

Assets	2015 R	2014 R
Non-current assets	856,437,006	837,317,142
Current assets	1,329,981,044	1,026,113,943
Total assets	2,186,418,050	1,863,431,085

Equity and liabilities	2015	2014
Total equity	1,909,819,480	1,626,356,259
Non-current liabilities	72,954,475	83,371,450
Current liabilities	203,644,095	153,703,376
Total equity and liabilities	2,186,418,050	1,863,431,085

Cash Flow

The company secured a facility of R650 million during the reporting period, which will be used to fund the anticipated capital expenditure for the coming financial period and beyond up to 2020.

The Company's net movement on cash and cash equivalents at the end of the reporting year are depicted below:

Abridged statement of cash flow as at 31 March 2015

	2015 R	2014 R
Net cash flow from operating activities	380,720,161	319,558,134
Net cash flow from investing activities	(137,145,857)	(113,418,392)
Net cash flow from financing activities	-	(118,979,122)
Net increase in cash and cash equivalents	243,574,304	87,160,620

Regulated Business

The previous financial period marked the final year of the then 'current' permission. During the year, a draft permission for the period 2015 to 2020 was issued for comment. The Company has submitted its comments to the Regulating Committee and a final permission is expected by the end of June 2015.

B-BBEE Strategy

The Company has been successful in implementing its B-BBEE strategy, achieving a contribution level of 2; from 5 in the previous financial period. The challenge going forward will be for us to maintain this level even under the new B-BBEE codes, which came into effect on 1 May 2015.

Going Concern

The directors consider the Company to have adequate resources to continue operating for the foreseeable future. Accordingly, it is appropriate to adopt the 'going concern basis' in preparing the Company's financial statements. ATNS is in a sound financial position and has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

William Ndlovu 07 July 2015

ABRIDGED GOVERNANCE AND ASSURANCE



ATNS is committed to sound corporate governance practices, which are continuously reviewed to ensure leading practice standards are maintained, as are applicable to a State-Owned Company, and as recommended by the King Code of Governance for South Africa (2009) (King III).

As a State-Owned Company, ATNS is governed in terms of the Companies Act and the requirements of the Public Finance Management Act (PFMA) of South Africa. Section 52 of the PFMA requires that the Shareholder and the Board of Directors conclude a Shareholder's Compact, which includes Key Performance Areas (KPAs) and associated Key Performance Indicators (KPIs). The Shareholder monitors the Board's performance with respect to these KPAs through the submission of quarterly reports. Further, the Board of Directors is required to submit a Corporate Plan to the Shareholder. During the year, the Board complied with these statutory requirements.

Ethical leadership and corporate citizenship

The Board of Directors and senior management are committed to the highest standards of corporate governance and strive to achieve the highest moral and ethical business standards, as well as sound and transparent business practices. ATNS embraces the principles of good corporate governance in order to ensure that an ethical foundation exists which promotes, inter alia:

- Responsibility by assuming responsibility for the actions of the Company and being willing to take corrective actions to keep the Company on a strategic path that is ethical and sustainable.
- Accountability by being able to justify its actions and decisions to its Shareholder, the Department of Transport, and other stakeholders.
- Fairness by giving fair consideration to the legitimate interests and expectations of all stakeholders.

 Transparency – by disclosing information in a manner that enables stakeholders to make an informed analysis of the Company's performance and sustainability.

Application of King III

The Board of Directors is committed to complying in all material respects with the principles contained in the King III Code, as well as to the additional requirements for good corporate governance stipulated in the Public Finance Management Act. ATNS's Internal Audit function has performed a thorough review of the implications of King III and, where appropriate, the corporate governance structure has been amended to comply with the Code.

For the 2014/15 financial year, the Company has complied with all aspects of the Code, except that non-executive directors' fees are determined by National Treasury. IT governance has been rated below '3' in terms of King evaluation, by ATNS's internal audit function. Directors' fees are efficiently determined for the Company given that attendance fees as well as a performance appraisal system are in place to address non-attendance at meetings.

Board of Directors



Refer to the ATNS Board Structure on page 46 of this report.

Period of office of board members

The appointment of directors is governed by the Memorandum of incorporation. All non-executive directors are appointed for specific terms and reappointment is not automatic. The Shareholder at the AGM can retire and reappoint available directors despite their contract terms being for a period of three years.

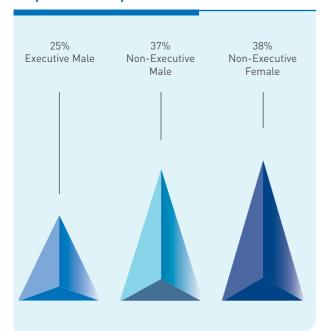
Board and committee evaluations

The performance of the Board is evaluated on an annual basis and includes:

- An assessment of the performance and effectiveness of the Board as a whole and that of individual directors, including the CEO of the Company and the Company's CFO;
- A peer evaluation by all directors ranking their fellow directors on contribution to the Board; and
- An evaluation of each committee by members of the committee, focusing on effectiveness of the Chairperson and contributions of individual committee members.

The evaluation process takes place by way of evaluation questionnaires based on the observations and experiences of board members throughout the year. The results are discussed by the Board and one-on-one meetings are held with directors to discuss the results of the evaluations and to propose developmental actions, should they be required.

Graph 1: Board representation





Refer to page 44 for an overview of the independent performance evaluation performed of the Board, its committees and directors.

Roles and responsibilities

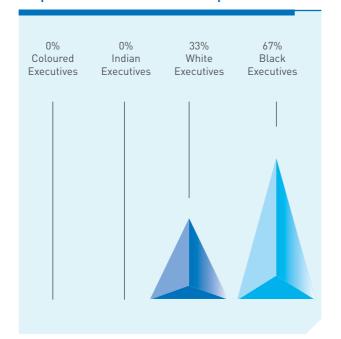
Chairman of the Board and Chief Executive Officer

The roles of the Chairman of the Board and the Chief Executive Officer are separate with clearly defined individual responsibilities. The Chairman is responsible for leading the Board of Directors and ensuring its effectiveness. The Chief Executive Officer is responsible for the execution of ATNS' strategy and the Company's day-to-day operations. He is supported by the Executive Committee, which he chairs.

Independent non-executive directors

The independent non-executive directors possess varied skills and experience from diverse industries. They are principally free from any business relationships that could hamper their objectivity or

Graph 2: Executive Committee representation



ABRIDGED GOVERNANCE AND ASSURANCE

judgement in terms of the Company's business and activities. All the independent non-executive directors have unrestricted access to the Company's information, documents, records and property in the interest of fulfilling their responsibilities as non-executive directors. The independent non-executive directors contribute a multiplicity of skills, business acumen, independent judgement and experience on many varied issues, including strategy, planning, risk management, corporate governance, operational performance and leadership. Directors' independence is determined according to the definition in the King III Code, which includes the number of years a director has served on the Board of Directors.

Company secretary

During the year, the Board considered the competence, qualifications and performance of the Company Secretary. The Board is satisfied that the Company Secretary is competent and has the requisite knowledge to serve in this capacity.

The Board confirms that the Company Secretary maintains an arm's-length relationship with the Board when carrying out his duties and is not a director within ATNS.



Refer to page 50 for Mr S. Mngomezulu's biography.

Appointment of directors

The appointment of directors to the Board is a formal and transparent process and a matter for the Shareholder and Cabinet as a whole. The appointment of directors is facilitated by the Department of Transport Oversight Unit with the support of the ATNS Human Resources Committee, which also serves as the Nominations Committee. The ATNS HR Committee is constituted of non-executive directors, the majority of whom are independent. The committee is chaired by a non-executive chief director.

All appointments are subject to approval by the Government Cabinet, and fit and proper tests in terms of the Public Finance Management Act, the Companies Act, and any other applicable legislation. All directors'

appointments are subject to shareholder approval at the annual general meeting immediately following the date of their appointment.

Induction and training

The induction, training and development of directors are channelled through a process consisting of:

- Providing directors with information relating to policies, processes, charters, minutes of meetings, results, financials and other material relevant to their taking up office as a director.
- Affording directors an open invitation to visit the operational divisions of ATNS to meet with management and attend management meetings.
- Encouraging all directors to attend external courses presented by an institution of their choice, at the business's cost.

Access to information

The Board of Directors has unrestricted access to all company information, records and documents. Detailed information (agenda and supporting documents) must be circulated at least one week prior to each Board or Committee meeting.

Independent advice

In allowing the Board to discharge its corporate responsibilities by exercising the care that an ordinary prudent person would exercise under similar circumstances, the Board and the board committees may engage the services of external experts at ATNS's expense.

Succession planning

The Human Resources Committee and the Board of Directors review succession planning as a regular item on their respective agendas.

The Human Resources Committee, in line with its terms of reference, and from time to time, reviews the general composition of the Board and makes appropriate recommendations on the appointment of new executive or non-executive directors.

Conflict of interest

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.

Materiality

Levels of materiality regarding capital expenditure and changes in the operation of the business have been determined, with all matters falling outside these parameters requiring formal Board authorisation. These matters are monitored and evaluated on a regular basis through the Procurement Committee. ATNS has a Materiality and Significance Framework to monitor and manage the risk of material losses through criminal conduct, irregular expenditure, and fruitless and wasteful expenditure. It is the responsibility of the Minister of Transport (with whom rests the primary responsibility for appropriate ATNS oversight and accountability to Parliament) to ensure that these risks are identified, reduced and managed. The ATNS Significance Framework is designed to assist the Minister in discharging this responsibility.

Table 4: Alignment with King III Principles

King III principle	Apply	Partially apply	Under review / not applied
The Board is the focal point for and custodian of corporate governance	1		
Strategy, risk, performance and sustainability are inseparable	1		
Directors act in the best interests of the Company	1		
The Chairperson of the Board is an independent non-executive director	1		
Framework for the delegation of authority has been established	1		
The Board comprises a balance of power, with a majority of non- executive directors who are independent	1		
Directors are appointed through a formal process	1		
Formal induction and ongoing training of directors is conducted	1		
The Board is assisted by a competent, suitably qualified and experienced company secretary	1		
Regular performance evaluations of the Board, its committees and the individual directors are performed	1		
Appointment of well-structured committees and oversight of key functions	1		
An agreed governance framework between ATNS and its subsidiary boards is in place	1		
Directors and executives are fairly and responsibly remunerated	1		
Remuneration of directors and senior executives is disclosed	✓		
The Company's remuneration policy is approved by its Shareholder	1		

ABRIDGED GOVERNANCE AND ASSURANCE

Audit and Risk Committee

The Board of Directors is continuously kept appraised of risks facing the business. The Audit and Risk Committee supports the Board in this task by ensuring an effective risk-based internal audit function and enterprise-wide risk governance. The committee provides the Board of Directors with regular risk reporting as well as feedback on the status of the Company's control environment.

The Audit and Risk Committee ensures that the combined assurance received is appropriate to address the significant risks facing ATNS. The combined assurance model consists of management, the Audit and Risk committee, internal assurance providers, (i.e. finance, internal audit, risk and various external assurance providers). The following principles of King III have been included within the scope of the Audit and Risk Committee's roles and responsibilities.

Table 5: Alignment with King III Principles - Governance of risk

King III principle	Apply	Partially apply	Under review / not applied
The Board is responsible for the governance of risk and setting levels of risk tolerance	1		
The Audit and Risk Committee assists the Board in carrying out its risk responsibilities	1		
The Board delegates the process of risk management to management	1		
The Board ensures that risk assessment and monitoring is performed on a continual basis	1		
Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	1		
Management implements appropriate risk responses	1		
The Board receives assurance on the effectiveness of the risk management process	1		
Sufficient risk disclosure to stakeholders	1		

The governance of information technology (IT)

The IT Steering Committee, chaired by the ATNS CEO, 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 Audit and Risk Committee measures the Company's overall exposure to IT risks and ensures that proper processes are in place to manage these risks. The responsibility for the implementation of IT governance is assigned to the chief information officer.

Compliance with laws, codes, rules and standards

The Board recognises its accountability to all ATNS' stakeholders under the regulatory requirements applicable to its business and remains committed to high standards of integrity and fair dealing in its conduct. Given the importance of complying with the ever-increasing domain of regulatory requirements, and the increased national and international emphasis placed on regulatory supervision, the Board of Directors, Executive Committee and employees continue to monitor, align and adhere to compliance requirements. Further, ATNS remains vigilant in monitoring material risks and developing an appropriate control environment to ensure companywide compliance.

During the year, there were no material – or immaterial, but often repeated – regulatory penalties, sanctions, fines for contravening or non-compliance with statutory obligations imposed on the Company, its officers or its directors.

Table 6: Alignment with King III Principles - IT Governance

King III principles	Apply	Partially apply	Under review / not applied
The Board is responsible for IT governance	1		
IT is aligned with the performance and sustainability objectives of the Company		✓	
Management is responsible for the implementation of an IT governance framework	1		
The Board monitors and evaluates significant IT investments and expenditure	1		
IT is an integral part of the Company's risk management		1	
IT assets are managed effectively	1		
The Audit and Risk Committee assist the Board in carrying out its IT responsibilities	1		

ABRIDGED GOVERNANCE AND ASSURANCE

Table 7: Alignment with King III Principles - Compliance with laws, codes, rules and standards

King III principle	Apply	Partially apply	Under review / not applied
The Board ensures that the Company complies with relevant laws	1		
The Board and directors have a working understanding of the relevance and implications of non-compliance	1		
Compliance risk forms an integral part of the Company's risk management process	1		
The Board has delegated to management the implementation of an effective compliance framework and processes	1		

The responsibility for effective implementation of compliance throughout ATNS has been delegated to Executive Risk and Compliance. The compliance function enables the business to adhere to applicable regulatory requirements by ensuring that actions, processes and procedures are risk-appropriate and that the business can achieve its business goals without fear of penalties and loss of reputation.

Incidents of non-compliance are reported to the responsible executives or heads of business units, divisions, departments or subsidiaries for prompt resolution. Executive Risk and Compliance is also charged with the responsibility of assisting, guiding and advising the various business units, divisions, departments and subsidiaries within ATNS on how to discharge their duties in managing their compliance responsibilities and obligations.

The ATNS Audit and Risk Committee oversees compliance matters within ATNS. The Committee requires that:

- Executive Risk and Compliance reports noncompliance with laws and regulations or supervisory requirements to the Audit and Risk Committee; and
- Executive Risk and Compliance submits a report on the level of compliance with laws and regulations or supervisory requirements at every meeting of the Audit and Risk Committee.

Executive Risk and Compliance has a direct reporting line to the ATNS Audit and Risk Committee and

unrestricted access to the Chairperson of the committee.

Internal audit

The ATNS internal audit function is an essential management tool and one of the measures put in place by ATNS to maintain the integrity, adequacy, efficiency and effectiveness of ATNS's financial and other risk management control systems.

The scope of the Company's internal audit function encompasses the examination and evaluation of the adequacy and effectiveness of ATNS' system of internal control, information systems, governance processes and the quality of performance in carrying out assigned responsibilities.

To ensure independence, ATNS Internal Audit is directly responsible to the Audit and Risk Committee and will remain independent of all line and functional management.

ATNS Internal Audit is responsible for utilising a systematic, disciplined approach to evaluating and improving the effectiveness of internal controls, which includes:

 Developing and maintaining a comprehensive audit programme to ensure compliance with accounting standards, policies and procedures necessary to safeguard assets.

 Communicating results of reviews by preparing timely reports, including recommendations for modifications of management practices, fiscal policies and accounting procedures as justified by audit findings.

Table 8: Alignment with King III Principles - Internal Audit

King III principle	Apply	Partially apply	Under review / not applied
Effective risk-based internal audit	1		
Written assessment of the effectiveness of the Company's system of internal audit	1		
controls and risk management	1		
Internal audit is strategically positioned to achieve its objectives	1		

Governing stakeholder relationships

ATNS recognises that it does not operate in a vacuum and is therefore cognisant of the environment within which it operates and its direct and indirect impact on its stakeholders, thereby informing how it conducts its business. ATNS strives to maintain proactive stakeholder relationships and to manage stakeholder

expectations as well as potential reputational risks by aligning the Company's objectives with stakeholder priorities.

The Board further 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.

Table 9: Alignment with King III Principles - Stakeholder relationships

King III principle	Apply	Partially apply	Under review / not applied
Appreciation that stakeholders' perceptions affect the Company's reputation	1		
Management proactively deals with stakeholder relationships	1		
There is an appropriate balance between its various stakeholder groupings	1		
Equitable treatment of stakeholders	1		
Transparent and effective communication to stakeholders	1		
Disputes are resolved effectively and timeously	1		

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Integrated reporting and disclosure

Through its integrated reporting, ATNS aspires to provide a comprehensive and integrated representation of the Company's performance in terms of both its finances and its sustainability.

ATNS's Integrated Report is published annually and presents an overview of the Company's activities, practices and financial performance for the year. ATNS' sustainability reporting, whilst contained in a stand-alone volume (in a suite of three volumes, including this report), is aligned with the Company's

financial reporting, and presents a balanced analysis of our sustainability performance strategy in relation to issues that are relevant and material to ATNS and its stakeholders.

The Integrated Report is reviewed by the Audit and Risk Committee and the Board to satisfy themselves of the materiality, accuracy and balance of disclosures. In addition, various aspects of the Integrated Report are independently assured by a number of assurance providers.



Refer to page 70 of this report for an overview of internal and external assurance providers.

Table 10: Alignment with King III Principles – Integrated Reporting

King III principle	Apply	Partially apply	Under review / not applied
Ensures the integrity of the Company's integrated report	1		
Sustainability reporting and disclosure is integrated with the Company's financial reporting	1		
Sustainability reporting and disclosure is independently assured		1	

Independent performance evaluation of the Board, its committees and directors

The Company engaged Arenkwe Governance Services to perform a Board appraisal based on the performance of the Company's Board against accepted good corporate governance principles and practices. In particular, the assessment covered the following areas:

- 1. Board and Board Committees Assessment.
- 2. Board Role and Agenda Settings (Monitoring Performance and Strategic Planning).
- 3. Size, Composition and Independence of the Board.
- 4. Director Induction and Development.
- 5. Board Leadership, Teamwork and Management Relations.
- 6. Board Meetings.
- 7. Management Evaluation, Compensation and Ownership.
- 8. Stakeholder Relations.
- 9. Management/Board Relations.
- 10. Code of Conduct.
- 11. Strategy.
- 12. Stakeholders.
- 13. Reporting.14. Monitoring.
- 15. Audit and Risk Committee.
- 16. Social and Ethics Committee.
- 17. General.

Summary of findings

Key findings reflected that the Board individually, and as a collective, demonstrates confidence in management to deliver the Company's strategy and are committed to supporting management in their efforts. The Board members are experienced, mature and possess the competencies required to deliver on the mandate. Board members understand – and are dedicated to - their fiduciary duties. Overall, the survey results showed strong confidence in the leadership of the Board.

Comments from directors indicated that ATNS is a profitable company. However, there is a perception that the Company could improve performance by focusing on an expansion strategy that includes Africa, in particular.

A key issue for directors is how to safe-guard the integrity and reputation of ATNS as a company, whilst also taking cognisance of its accountability to the Shareholder. It is accepted that ATNS, as a State-Owned Company, is expected to apply the principles of the King Report on Governance (King III), where applicable, as well as the Companies Act of 2008. The directors further acknowledge their obligation to act with due care, skill, and diligence; and to fulfil their fiduciary and legal duties to ATNS.

It was generally accepted by the directors that the strategy of ATNS should focus on growing the air traffic services market in Africa. The view is that there is a significant gap in the African markets and that ATNS should fill this gap and capture market-share.

Audit and Risk Committee

Findings reflected that the Audit and Risk Committee operates at its optimum and provides adequate reporting to the Board.

Social and Ethics Committee

The Social and Ethics Committee operates effectively and efficiently. Although it is a newly-constituted committee, it has provided the Board with overall comfort that statutory compliance has been adequately achieved and implemented.

Procurement Committee

The Procurement Committee functions well, albeit a minimum of two additional members is required.

Human Resources Committee

The Human Resource Committee functions well, albeit a minimum of two additional members is required.

Although the Board faces certain challenges in terms of the size of the Board, the above-mentioned committees are constituted with skilled and competent members who conduct their specific affairs in an adequate and professional manner.

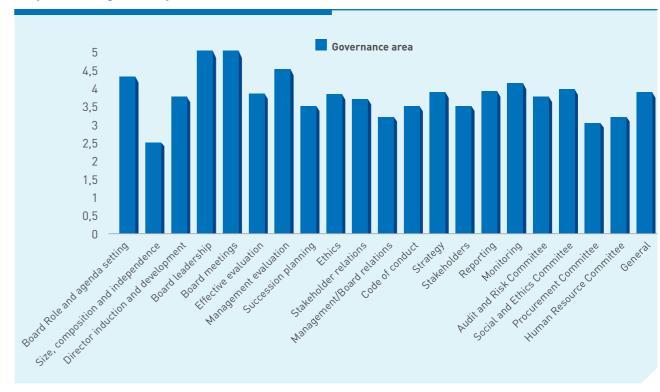
Table 11 highlights key findings of the independent board assessment. Graph 3 provides a summary view of performance scores for the 17 areas of governance.

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Table 11: Highlights of the independent evaluation of the ATNS Board

Governance area	Average score out of 5	Arenkwe's comments
Board Role and Agenda Settings (Monitoring Performance and Strategic Planning)	4,29	The Board understands the Board function and ensures that monitoring of performance related to the implementation of the strategic plan is carried out effectively.
Size, Composition and Independence of the Board	4,79	This area is a key concern for most directors. The directors noted that the Board requires a director who is a specialist in aviation to assist the Board with the technical side of the business when it comes to decision-making.
Director Induction and Development	3,72	This area has been identified as requiring focus. The directors commented that training and development in the aviation industry would be valuable.
Board Leadership, Teamwork and Management Relations	5	The Board functions well in terms of Board leadership, teamwork and management relations.
Management Evaluation, Compensation and Ownership	4,5	Overall, directors were satisfied with the remuneration received. It was further observed that the Shareholder may consider an increase aligned to the complexity of the business.
Board Succession Planning	3,51	Succession planning remains a concern for directors.

Graph 3: Findings of Independent Board Assessment



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Organisational structure: ATNS Board



Mpho Mamashela

Mr Mamashela studied his commercial pilot's licence and flight operations management through Lufthansa PSA Flight School in Phoenix, Arizona. He later joined Lesotho Airways before moving to Anglo American Corporation/De Beers as flight operations manager in Klienzee. He was appointed as a member of the ICAO flight crew licensing panel to represent Africa. In 1994, Mr Mamashela joined South African Airways and initiated Vulindlela, an aviation career awareness programme for the country's previously disadvantaged groups. He also established the cadet pilot training programme, where the majority of SAA's black pilots were trained. He completed his airline management training at Henley University (UK). Mr Mamashela is also a senior captain/pilot for SAA, and was a member of the 2010 Aviation sub-sector Task Team charged with the nation's aviation preparations for the 2010 FIFA™ World Cup.



Hlengiwe Makhathini

After completing her articles, Ms Makhathini joined Standard Bank Retail Division as a Management Accountant for the Business Operations Division. Ms Makhathini is currently a Divisional Executive: Venture Capital and Corporate Finance at the National Empowerment Fund, a position she was appointed to on 1 April 2011. Ms Makhathini joined the National Empowerment Fund in October 2005 to work as an Investment Associate where she was involved in funding various black businesses and entrepreneurs. In 2006 Ms Makhathini was appointed to head the newly-formed Pre-Investment Department. In 2009 she was appointed to head the Umnotho Fund, which currently has a portfolio of over R1 billion. Ms Makhathini is a Director of Air Traffic and Navigation Services appointed by the Cabinet in 2008.



Sindi Zilwa

Ms Zilwa is the CEO of Nkonki Inc., a registered firm of auditors established in 2003. She qualified as the second black woman Chartered Accountant in South Africa. In 1998 she was South Africa's Business Woman of the Year, awarded by the Executive Women's Club, now known as BWA. In 2008 she was awarded A Woman of Substance award by the African Women Chartered Accountants' Forum. Ms Zilwa is also a non-Executive Director of the following listed companies: Aspen Limited, Discovery Limited, Rebosis Limited and Woolworths Limited.



Thandeka Mgoduso

Ms Mgoduso holds a Master's degree in Clinical Psychology from Wits University and a BA Honours from the University of Fort Hare, and has also been a Research Fellow in Psychotherapeutics and Psycho-diagnostics at the Free University, Berlin, Germany, as well as attending various senior Executive programmes in SA and abroad. She has held positions at the University of Johannesburg, Ayavuna Women's Investments, Imperial Logistics, Freight Dynamics, Transnet, Wesbank, and as a Clinical Psychologist at various institutions such as Chris Hani Hospital, Valkenberg/Groote Schuur Hospital and Maudsley Institute in London. Ms Mgoduso is the previous Executive Director of Human Resources and Strategic Transformation at Buildmax Limited and holds Directorships at the following companies: Ayavuna Women's Investments, Reserve Bank of South Africa, chair of REMCO, Tongaat Huletts and BIOSS, SA. She is the Executive Chairman of Jojose Investments (Pty) LTD.



An engineer by profession, Mr Mthiyane has held various senior management positions within this discipline at the following companies: ESKOM, Transnet Ports Authority and NERSA. He is a registered Professional Engineer with the Engineering Council of South Africa (ECSA) and a member of both the South African Institute of Electrical Engineers (SAIEE) and the Institute of Directors Southern Africa. He served as a Trustee in the ATNS pension fund and as a member of the Air Services Licensing Council. He presently serves as Chairman of the Civil Air Navigation Organization (CANSO) for the Africa Region. Mr Mthiyane holds a Bachelor of Engineering degree from the University of Natal, an Honours degree in Mechanical Engineering from the University of Pretoria, and a Master of Business Administration from George Washington University. He further holds a National Diploma in Electronic Engineering, a Diploma in Project Management and a Diploma in ANS Management.



William Ndlovu

Mr Ndlovu is a Chartered Accountant and served his articles at PricewaterhouseCoopers. He joined ATNS in October 2008 as Head of Internal Audit and formed part of the executive team. Before joining ATNS, Mr Ndlovu was Group Manager for Kagiso Media Limited, a formerly listed company on the JSE Securities Exchange. He was promoted to Chief Financial Officer in May 2011 and occupies this position to date. He is an ATNS Executive Director and currently serves on the Board of Trustees of the ATNS Retirement Fund. He previously served as an Audit Committee Member of Corporate Governance and Traditional Affairs (COGTA). Mr Ndlovu holds a Global Executive MBA from both Georgetown University (McDonough School of Business) in the USA, and Esade Business School in Spain.



Kgathatso Tlhakudi

Mr Tlhakudi holds a BSc (Engineering) degree from WITS University and an MBA from UCT. He also completed further studies in Air Transport Management at the Royal Aeronautical Society, Oxford, England; and was a Gatsby Scholar at Wolfson College, University of Cambridge, England. He holds diplomas in project management and acquisition management from the University of North West. He is a Deputy Director General, Manufacturing Enterprises at Department of Public Enterprises, responsible for shareholder oversight over Denel Group of Companies, South African Forestry Company Limited and Alekor Diamond Mining Company. Until December 2012, Mr Tlhakudi was Head of Aircraft Systems Acquisition at ARMSCOR. He has also worked for Volkswagen South Africa and Denel and has extensive experience in the aviation, defence and automotive industries.



Sipho Mseleku

Mr Mseleku holds a BA (Hons), LLB, LLM (Tax Law), H.Dip Co Law (WITS University), F.Inst.D Attorney of the High Court of South Africa. He was admitted as an attorney in 1999. Mr Mseleku currently holds the following positions: Executive Chairman of Sakhumnotho Group Holdings; Chairman of Sakhumnotho Capital; president of the Pan African Chamber of Commerce and Industry; president and Chairman of the Global Business School of Entrepreneurship; Director of Ecobank Group; Chairman of Oakhurst Insurance Company Limited; Director of Camsecure, PMG Education, Cylon Technologies, Sulzer Pumps South Africa Limited, and ASKY Airlines Limited. Mr Mseleku has served in a number of additional organisations, including NAFCOC, the Black Business Council, CHAMSA, BUSA and NEDLAC.



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Table 12: Structure of the ATNS Board

	Mr Thabani Mthiyane	Mr William Ndlovu	Mr Mpho Mamashela	Ms Hlengiwe Makhathini	Ms Thandeka Mgoduso	Mr Sipho Mseleku	Mr Kgathatso Tlhakudi	Ms Sindi Zilwa
Positions held within ATNS	Chief Executive Officer	Chief Financial Officer	Chairman of the Board Member of the Human Resource Committee Member of the Social and Ethics Committee	Director of ATNS – appointed by the Cabinet in 2008 Chairman of the Audit and Risk Committee	 Chairman of the Human Resources Committee Member of the Procurement Committee	Member of the Human Resources Committee Member of the Social and Ethics Committee	Chairman of the Social and Ethics Committee Member of the Audit and Risk Committee	Chairman of the Social and Ethics Committee Member of the Audit and Risk Committee
Qualifications	BEng (Hon) Mechanical Engineering (University of Pretoria) BSc Engineering in Electrical Engineering (University of Natal) National Diploma in Electronic Engineering (Technikon Natal) Diploma in Management of ANSP (IATA Institute). Completed the International Executive Development Program with Wits University and the London Business School MBA	• CA (SA) • MBA	SAA Pilot German Commercial Pilots licence and Flight Operations Management	B. Com (Accounting) B. Com Hons (Accounting) Member of SAICA	Master's in Clinical Psychology (Wits University) BA Honours (University of Fort Hare) Research fellow in Psychotherapeutics and Psycho-Diagnostics (Free University, Berlin, Germany)	BA (Hons), LLB, LLM (Tax Law) H.Dip Co Law (WITS University) F.Inst.D Attorney of the High Court of South Africa	BSc Engineering degree (WITS University) Master's in Business Administration (University of Cape Town) Holds diplomas in Project Management and Acquisition Management (University of North-West)	BCom Accounting BCom Accounting Science BCompt Hons, Certificate in the Theory of Accountancy Advanced Taxation Certificate (UNISA) Advanced Diploma in Financial Planning (UOFS) Advanced Diploma in Banking (RAU) CA (SA)
e Area of Ited core expertise	Air services Licensing, compliance and governance Strategy and planning Engineering (Mechanical, Electrical and Electronic Engineering) Operational management Capital projects and policy development	Audit and risk Financial management Governance and compliance	 Aviation and flight operations management (Senior Pilot) Strategy and governance Training and mentoring in the aviation sector 	Accounting, finance and management Strategy, governance and compliance	Strategy, planning and governance Human resource management and strategic transformation Logistics and procurement Social and ethics	Legal and compliance Human resource management Social and ethics Strategy and planning	Aviation, defence and automotive industries Strategy and planning Procurement and logistics Governance and compliance	 Strategy and planning Social and ethics Audit, governance and compliance Organisational transformation
Date appointed	1 July 2013	1 May 2011	1 March 2008	1 March 2008	 1 March 2012	1 March 2012	1 March 2012	1 March 2012

ATNS Executive Committee

Table 13: ATNS Executive





Hennie Marais Executive: Air Traffic Management

Mr Marais started his career in the South African Air Force in 1980, where he obtained aerodrome, approach, area procedural and radar accreditations. He has worked at various airports and air traffic control centres within South Africa and has served as a training instructor and validation examiner. He was subsequently appointed as Head of ATS Training and Manager of Compliance and Standards at the Aviation Training Academy. In 2004 he took up the reins as manager: standards assurance at the Isando corporate offices. In 2006 he was appointed senior manager: ATM planning, research and development. Mr Marais is currently a member of the ICAO ATM requirements and performance panel.



Peter Marais Executive: Operations

Mr Marais is a graduate electronics engineer, registered with the Engineering Council of South Africa. He was previously the principal radar engineer at the National Department of Transport, Engineering Manager at ATNS, Executive Manager: training for ATNS and Executive Manager ATM: communication, navigation and surveillance. He serves as chair of the South African Development Community's Upper Airspace Control Centre steering committee and represents ATNS on regional and international bodies responsible for planning communication, navigation and surveillance infrastructure in the region. Mr Marais has completed the UNISA Business School's advanced Executive Management Programme.



Tendani Ndou Executive: Risk and Compliance

Ms Ndou has served in various management positions, such as General Manager: Internal Audit at City Power; Head of Internal Audit and Risk Management at SALGA; General Audit Manager for the Legal Aid Board, Cluster Audit Manager for Limpopo Provincial Internal Audit; and auditor (team leader) for the Auditor General. She has previously served in a number of Audit and Risk Committees and is currently the Chairman of the Audit and Risk Committee of the South African Nursing Council (SANC). She is also a member of the Institute of Internal Auditors (IIIA) South Africa. Ms Ndou holds a Bcom (Hons) from the University of Venda, CIA from the Institute Internal Auditors as well as Global Executive MBA from both Georgetown University in USA and Esade Spain.



Dumisani SangweniExecutive in the Office of the CEO

Mr Sangweni has worked in the airline industry, transport sector and broader corporate and public sectors as a business analyst, and at a consulting and Executive management level for a period of 15 years. He was appointed Managing Director and Chief Executive Officer of Air Tanzania Company Limited (ATCL). Prior to this, Mr Sangweni had worked in a variety of commercial Executive roles for SAA. He graduated from Embry Riddle Aeronautical University, USA in 1991, with a BSc. Degree in Aviation Technology, and completed Post Graduate Diplomas in Transport Economics, and Business Administration (PBL) from RAU (1997) and UNISA (1999), respectively.



Mr Solomon Mngomezulu Company Secretary

Mr Mngomezulu is a non-practising attorney. He has extensive experience in commercial law, with a focus on corporate and contract law. He holds a BA LLB from the University of Durban-Westville and a Diploma in Dispute Resolution from the Arbitration Foundation of Southern Africa. He also recently obtained a Diploma in Company Direction with GIMT, endorsed by the Institute of Directors. Mr Mngomezulu is a member of the Institute of Directors of Southern Africa, and has studied an MBA with the Gordon Institute of Business Science (GIBS).



Ms. Thankge started her career with ABSA Bank as an HR Generalist and progressed into various positions in Human Resources. She has served in various HR management positions in companies such as De Beers Consolidated Mines, Afrox Limited and AVUSA Media Ltd. Prior to joining ATNS, she served as head of Human Resources & Transformation at MAN Truck & Bus SA. Ms. Thankge is a registered independent psychometrist with the Health Professions Council of South Africa (HPCSA). She is also a registered Master HR Professional, Generalist with the South African Board of People Practices (SABPP) and a member of the Society for Industrial and Organisational Psychology of South Africa (SIOPSA). Ms. Thankge's academic career includes: an MCom in Business Management (University of Johannesburg), a BA Honours Degree – Industrial Psychology (UNISA), an Advanced Programme in Organisational Development (UNISA); an Advanced Programme in Labour Relations (UNISA), and a National Diploma in Library and Information Services (ML Sultan Technikon).

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Comick Shabalala

Executive Engineering & Technical Services (Interim)

After obtaining his BSc in Electrical Engineering from Wits University, Mr Shabalala joined Eskom, serving in various roles, starting as Engineer in Training and moving on to Plant Engineer. He was further engaged in various projects as a Projects Engineer; and as a Design Engineer in the field of Electrical Designs. He joined ATNS in 2000 as a Systems Engineer and was seconded to Ecole National de L' Aviation Civile (ENAC) in France to complete his Masters in Communication, Navigation and Surveillance. He subsequently joined Transnet as a Senior Manager: Infrastructure at the Port of Richards Bay. Following his tenure at Transnet, Mr Shabalala played a crucial role in the mining and rail industries, serving in various senior engineering management roles for operations in these sectors. He was appointed as Interim Executive Engineering and Technical Services at ATNS in July 2014. He is a Professional Registered Engineer and a mentor for engineering graduates and technicians who aspire to register with the Engineering Council of South Africa. Mr Shabalala further holds the Government Certificate of Competency in Factories and Mines and is a Senior Member of the South African Institute of Electrical Engineers.



Josia Manyakoana Acting Executive Operations

Mr. Manyakoana started his career in aviation as an Air Traffic Controller in the South African Air Force (SAAF) in 1995. He joined ATNS in 1997 and worked at various Air Traffic Service Units as an aerodrome and approach controller. Mr. Manyakoana is Senior Manager: Operations (South) and currently Acting Executive: Operations. He has also previously held positions as Human Factors Practitioner and Manager Operations Support. Mr. Manyakoana is currently serving as Co-Chair of the CANSO Operational Performance Workgroup and has represented ATNS at the CANSO Global Benchmarking Workgroup since 2008. His academic qualifications include a Bachelor of Administration in Aviation Management (University of Pretoria), BA Honours in Industrial Psychology (UNISA), Executive Development Programme (UNISA) and a Master of Aviation Degree (University of Western Sydney).



Thabani Myeza Executive Commercial Services

Mr Myeza has served in various growth and business development roles, with extensive experience in implementing new market strategies, including new start-up operations in South Africa and in the region. Whilst employed at Tata Africa and General Electric, Mr Myeza managed the areas of regional policy and regulatory compliance, assessing their impact on the business and aligning the operating environment accordingly. Mr. Myeza's career spans diverse industries: He co-led the establishment of commercial business services for Rand Water in the region; formed part of a team responsible for setting up Vodacom business in Tanzania and the Democratic Republic of the Congo (DRC); and has gained exposure to various regional and international organisations, including World Bank, European Investment Bank, NEPAD Agency and the World Economic Forum. He holds a BCom degree (Accounting) from the University of Zululand and MBA in General Management from Texas Southern University.



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Table 14: Structure of the ATNS Executive Committee

	Mr Peter Marais	Mr Solomon Mngomezulu	Mr Hennie Marais	Mr Dumisani H. Sangweni	Ms Tendani Ndou	Ms Thandi Thankge	Mr Josia Manyakoana	Mr Thabani Myeza	Mr Comick Shabalala
	• Executive: Operations	Company Secretary	Executive: ATM	Acting Executive Commercial Services	Executive Risk and Compliance	Executive Human Capital	Acting Executive Operations	Executive Commercial Services	• Executive Engineering & Technical Services (Inter
	Electronic Engineer registered with the Engineering Council of South Africa Project Management qualification Advanced Executive Program (UNISA School for Business Leadership)	BA LLB (University of Durban-Westville) Diploma in Dispute Resolution (Arbitration Foundation of Southern Africa) Diploma in Company Direction (GIMT) MBA (Georgetown/ Esade universities)	Aerodrome, Approach an Area Procedural and Radar validations	BSc in Aviation Technology (Embry Riddle Aeronautical University, USA, 1991) Postgraduate diploma: Transport Economics (Rand Afrikaans University, Johannesburg 1997) Postgraduate diploma: Business Administration (PBL) (University of South Africa (UNISA, 1999)	BCom (Hons) Cost Management Accounting (University of Venda) CIA and Certificate in Control Self- Assessment (CCSA) (Institute of Internal Auditors (IIA) MBA (Georgetown and Esade Universities)	MCom, Business Management (University of Johannesburg) BA Honours Degree - Industrial Psychology (UNISA) Advanced Programme in Organisational Development (UNISA) Advanced Programme in Labour Relations (UNISA) National Diploma in Library and Information Services (ML Sultan Technikon).	Bachelor of Administration in Aviation Management (University of Pretoria) BA Honours in Industrial Psychology (UNISA) Executive Development Programme (UNISA) Master of Aviation Degree (University of Western Sydney)	BCom degree (Accounting) University of Zululand MBA in General Management (Texas Southern University)	BSc Electrical Engineering (Wits Universit G. C. C. (Factor and Mines) MSc Satellite Communicatio (ENAC) Pr. Eng. M(SAII)
	Engineering Air navigation, communication and surveillance Infrastructure and logistics Strategy and planning	Governance and compliance Strategy and planning Corporate reporting Legal: commercial and contract	 Aviation operations management Training and mentoring Governance, compliance and regulatory oversight Safety management Strategy and planning 	Commerce and business analysis Strategy and planning Aviation operations management Transport and airline logistics	Risk, audit and compliance Corporate governance Accounting, finance and management	Human resource management Transformation and talent management Industrial relations Organisational development	Aviation operations Aviation administration and performance management Industrial relations	Strategy [business growth and development] Policy development Regulatory compliance Operational alignment	Electrical Engineering Plant Enginee Projects and Systems Engineering Communication Navigation and Surveillance Mining, Rail an Ports sectors
<u></u>									
	1 March 2010	1 July 2003	1 March 2010	9 May 2013	1 June 2011	1 September 2014	1 September 2014	1 April 2015	1 July 2014

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Back left to right: Achmed Wadee (Chief Information Officer), Josia Manyakoana (Acting Executive Operations), Tendani Ndou (Executive: Risk and Compliance), Comick Shabalala (Executive: Engineering Technical Services (Interim), Hennie Marais (Executive: Air Traffic Management), Dumisani Sangweni (Executive in the Office of the CEO)

Front left to right: Peter Marais (Executive: Operations), William Ndlovu (Chief Financial Officer), Thabani Mthiyane (Chief Executive Officer), Thandi Thankge (Executive: Human Capital), Thabani Myeza (Executive Commercial Services)

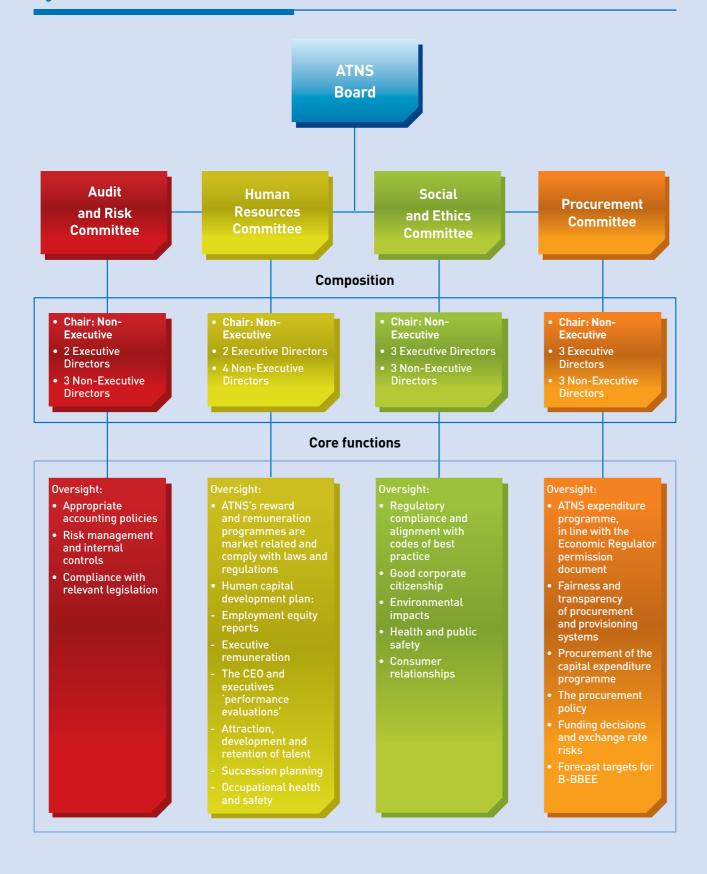
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Back left to right: Kgathatso Tlhakudi (NED: Chairman of Procom), William Ndlovu (Chief Financial Officer), Solomon Mngomenzulu (Company Secretary)

Front left to right: Thandeka Mgoduso (NED), Mpho Mamashela (NED: Chairman of the Board), Hlengiwe Makhathini (NED: Chairman of ARC), Sipho Mseleku (NED), Thabani Mthiyane (Chief Executive Officer)

Figure 9: ATNS Board Committee structure



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Table 15: Board Committee core functions and structure

Board Committee	Core Function	No. of Executive Directors	No. of Non- Executive Directors	Chair	No. of times per annum to meet
Audit and Risk Committee	 Assists the Board in fulfilling its responsibilities for the presentation of the Company's financial position in its published financial statements. Ensures appropriate accounting policies, risk management, internal controls and compliance with relevant legislation. 	2	3	Independent Non- Executive Director	4
Human Resource Committee	 Ensures that ATNS's reward and remuneration programmes are market related and comply with the relevant laws and regulations. Considers the following submissions: Human capital development plan Employment equity reports Executive remuneration The CEO and executives 'performance evaluations' Reports on attraction, development and retention of talent for the organisation, as well as succession planning. Prepares the occupational health and safety audit report. 	2	4	Non- Executive Director	4
Procurement Committee	 Oversees the ATNS capital expenditure programme, in line with the Economic Regulator permission document. Ensures that appropriate procurement and provisioning systems are fair, equitable, transparent, competitive and cost-effective. Considers the following submissions: Procurement of the capital expenditure programme The procurement policy Funding decisions and exchange rate risks Forecast targets for B-BBEE. 	3	2	Non- Executive Director	4
Social and Ethics Committee	 Assists the Board with the oversight of social and ethical matters relating to the Company, including the following statutory duties: Monitoring the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice. Good corporate citizenship. The environment, health and public safety, including the impact of the Company's activities and of its products or services. Consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws. Labour and employment. Drawing matters within its mandate to the attention of the Board as occasion requires. 	3	2	Non- Executive Director	4

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Table 16: Board Committee responsibilities with regard to Integrated Reporting elements

Integrated Reporting elements	Required activities	Board Committee
Risks and opportunities	 Review adequacy and effectiveness of ATNS's Enterprise Risk Management (ERM) process and associated control environment. Identify and assess material risks. Ensure effective mitigation activities to prevent or minimise the adverse impacts of material risks. Identify opportunities for innovation and growth. 	Audit and Risk Committee
Strategy and resource allocation	 Ensure appropriate strategic responses to risks and opportunities. Ensure appropriate and efficient processes, procedures and policies to provide an enabling environment and structural support to the Company's business. Ensure appropriate allocation of the various 'capitals', including: Financial capital (e.g. long-term borrowings) Manufactured capital (e.g. property, plant and equipment) Intellectual capital (e.g. brands, trade-marks and patents) Human capital (e.g. permanent employees) Social and relationship capital (e.g. industry alliances) Natural capital (e.g. air space, electricity and fuel) 	 Audit and Risk Committee Human Resource Committee Procurement Committee Social and Ethics Committee
Remuneration and incentives	 Ensure appropriate, market-related remuneration, linked to performance. Ensure incentives and rewards are market-related and managed according to performance against targets, as per ATNS' Shareholder Compact and strategic objectives. 	Human Resource Committee Social and Ethics Committee
Safety and health	 Ensure a safe working environment for ATNS employees. Ensure alignment with global safety standards. Ensure 'safe procurement'. Ensure 'safety culture', including safety training. 	Procurement CommitteeSocial and Ethics CommitteeHuman Resource Committee
Organisational transformation	 Ensure ATNS B-BBEE Strategy aligns with Dti's Codes of Good Practice. Maintain and ensure favourable black representation at Board and Top Management levels. Ensure on-going equal opportunity initiatives. Ensure that procurement practices align with ATNS's enterprise development (ED) and supplier development (SED) objectives. 	 Audit and Risk Committee Human Resource Committee Procurement Committee Social and Ethics Committee

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Integrated Reporting elements	Required activities	Board Committee
Environmental management	 Ensure environmental sustainability through the management of carbon emissions and energy efficiency. Ensure responsible operational impacts on communities and biospheres (e.g. noise reduction). Ensure environmental risk management and compliance. Ensure organisational awareness for environmental sustainability issues. Ensure environmentally responsible procurement practices. Ensure 'Green technology' practices. 	 Audit and Risk Committee Social and Ethics Committee Human Resource Committee Procurement Committee
Stakeholder engagement and relationship management	 Ensure positive stakeholder engagement and relationship management. Ensure proactive support for suppliers and constructive supplier management. Ensure positive employee relations and encourage adherence to ATNS's Code of Conduct and embed the Company's Values throughout the organisation. Ensure proactive SLA compliance management with suppliers. Ensure an enabling work environment for employees to achieve their professional and personal goals, share ideas, communicate openly and report concerns. 	 Social and Ethics Committee Procurement Committee Human Resource Committee Audit and Risk Committee

Meeting dates of directors and attendance

Attended Absent/Apology X C Chairperson Member

Table 17: Meeting dates of directors and attendance

Meeting	Date	Mamashela	Makhathini	Mgoduso	Tlhakudi	Mseleku	Zilwa
Board	20/06/2014	C✓	M✓	M✓	M✓	Х	M✓
	05/09/2014	C✓	M✓	M✓	M✓	M✓	M✓
	05/12/2014	C✓	X	M✓	M✓	X	×
	03/03/2015	C✓	X	M✓	M✓	X	M✓
HRC	26/05/2014	M✓	-	C✓	-	M✓	-
	27/08/2014	M✓	-	C✓	-	X	-
	24/11/2014	M✓	-	C✓	-	Х	-
	17/02/2015	M✓	-	C✓	-	M✓	-
Procom	29/05/2014	-	-	M✓	C✓	-	-
	24/08/2014	-	-	M✓	C✓	-	-
	24/11/2014	-	-	M✓	C✓	-	-
	17/02/2015	-	-	M✓	C✓	-	-
Audit & Risk	21/05/2014	-	C✓	-	X	-	M✓
	20/08/2014	-	C✓	-	M✓	-	X
	04/03/2015	-	C✓	-	M✓	-	M✓
Social & Ethics	09/06/2014	M✓	-	-	-	M✓	C✓
	19/08/2014	M✓	-	-	-	M✓	C✓
	13/11/2014	M✓	-	-	-	Х	C✓
	23/02/2015	Х	-	-	-	M✓	C✓
Board Strategy	21/11/2014	C✓	Х	C✓	C✓	Х	Х
	22/11/2014	C✓	Х	C✓	C✓	×	X
	22/01/2015	C✓	Х	M✓	M✓	M✓	M✓
Annual General Meeting	12/09/2014	C✓	M ✓	M✓	M ✓	M ✓	M✓

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Departures of senior executives

Executive	Reason for departure
Leago Takalani	Career growth

Risk and assurance

Control framework

The Company's control framework encompasses various governance and operational management components, including:

- Internal Audit.
- Fraud prevention, detection and investigation.
- Enterprise Risk Management (ERM).
- Performance management (Including safety, health, environment and quality).
- Information technology (IT) management and IT governance.
- Regulatory compliance (including tariffing and the ATNS Permission process).

Our Mission, Vision and Values form the keystone of our control environment and we emphasise the application of ATNS's Code of Ethics across all our business practices. Monitoring of control efficacy is further facilitated through:

- On-going activities that are built into the Company's normal, recurring operating activities, such as the quality management system and safety regulation assurance.
- Separate evaluations, such as combined assurance and internal auditing activities.
- Monthly risk registers.
- The use of key risk indicators, which enable ongoing monitoring of risks to reduce both impacts and likelihood of occurrence.
- Monthly monitoring and review of the risk register by the Risk and Compliance department.
- Quarterly monitoring and review of risk management activities by Executive Risk Management and Audit and Risk Committees.

Internal audit

ATNS Internal Audit is an independent appraisal function that provides ATNS management and the Audit and Risk Committee of the Board with assurance on the adequacy and effectiveness of risk management, mitigating controls and governance processes. ATNS's co-sourced internal audit partners continue to play a vital role in assessing the adequacy and effectiveness of the Company's internal control systems as well as complementing the in-house internal audit function.

ATNS Internal Audit's three-year audit plan is based on key strategic risks and the internal audit function follows a risk-based approach in executing audits. This ensures that ATNS Internal Audit's focus is aligned with the risk areas of the business.

Our internal audit function has completed all planned audits for the year under review and recommendations were made to management where deficiencies were identified. Significant and major findings were escalated to the Audit and Risk Committee on a quarterly basis. The internal audit function has a continuous follow-up process that ensures that internal audit recommendations are implemented by management in a timely manner.

The internal audit function's activities are governed by an Internal Audit Charter which is tabled annually to the Audit and Risk Committee for consideration and approval.

Fraud prevention, detection and investigation

ATNS's Fraud Prevention Plan was developed to comply with Treasury Regulations and the PFMA. The Plan should be read together with the ATNS Fraud Management Policy,

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Whistle-Blowing Policy and the ATNS Management Directive on Conflict of Interest.



The aforementioned policies are available online at http://www.atns.co.za/annual-reports.

The Fraud Prevention Plan takes into account the risks of fraud as identified in the Company's enterprise risk assessments and details strategic fraud and corruption risks that must be addressed.

The Plan is designed to be dynamic and is continually evolving as ATNS makes changes and improvements in its drive to promote sound ethical behaviour.

The Fraud Prevention Plan provides for mechanisms to achieve the following, amongst others:

- Early detection of fraud.
- The investigation of fraud to minimise negative impacts.
- Specific initiatives to prevent fraud.

The Fraud Prevention Plan aims to:

- 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 operational aspects within ATNS that could encourage fraudulent behaviour and corruption and, which may go unnoticed or unreported.
- Encourage all employees and other stakeholders to strive towards the prevention and detection of fraud and corruption

Enterprise risk management (ERM)

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 has to 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.

Key activities of ATNS's annual ERM process include:

- Performing an annual risk assessment to identify and affirm material strategic, operational and compliance-related risks according to their likelihood of occurrence and the potential severity of their impact on the organisation.
- Defining control activities through appropriate policies and procedures to mitigate the probability and impact of material risks at all levels of the organisation.
- Ensuring the smooth flow of communication and information-sharing pertaining to material risks within and between business units; including the communication of the Company's risk appetite, risk tolerance levels, and embedding a common risk language.
- Providing on-going training on the risk management process in order to embed a culture of risk awareness and enterprise-wide risk management within the Company.
- Allocating management responsibility for identified risks to 'risk champions' within the Company who can take ownership of the monitoring and reporting aspects of the risk management process.
- Monitoring and reporting on progress in managing identified risks through the Executive Management Committee and its sub committees.

During the year, the Board continued to demonstrate 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.



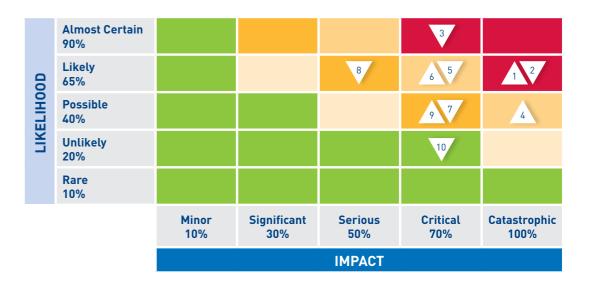
Refer to page 81 in the ATNS-SR for Economic Sustainability risks; page 107 for Social Sustainability risks; and page 126 for Environmental Sustainability risks. Sustainability risk tables also contain potential opportunities and mitigations for each risk area.

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ATNS Top 10 Risks

Figure 10 outlines the Company's top 10 risks as they pertain to ATNS's long-term economic, social and environmental sustainability. Risks have been plotted on a risk heat map to demonstrate the likelihood of occurrence, potential impact, and the residual risk exposures to the Company. Table 18 provides a strategic view of ATNS's top-10 risk profile, linking material risks to impacted strategic objectives, together with associated risk-owners and mitigation activities.

Figure 10: ATNS residual risk heat map



Residual risk exposure	Rating
Priority 1 - Immediate action	
Priority 2 - More controls required	
Priority 3 - Monitor risk exposure	
Priority 4 - Acceptable risk exposure	
Priority 5 - Reduce controls	

- 1. Unavailability of deployed CNS technology.
- 2. Non-achievement of Capex targets.
- 3. Major safety event, e.g. mid-air collision.
- 4. Non-achievement of the required target contribution level for B-BBEE.
- 5. Inflexible and inefficient ATNS operations.
- 6. ATNS's reliance on third-party service providers.
- 7. Physical security of infrastructure.
- 8. Critical skills within ATNS are in global demand.
- 9. Cyber security threat.
- 10. Financial sustainability

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Quality Statement

The Risk and Compliance function is also the custodian of the Quality Management System (QMS). ATNS is ISO 9001 Certified in that it has embraced the Total Quality Management system. This year the Company performed a surveillance audit on the QMS. No major or minor findings were reported. As a result, ATNS continues to maintain its certification. This emphasises ATNS's commitment to sound governance and ethical leadership; and, above all, to provide quality and safe services.

Table 18: ATNS top risks aligned to strategy

Risk No.	Strategic objectives impacted	Risk name	Risk owner	Mitigation plans
1	 Enhance operational efficiencies in line with global ATM standards Develop leadership capability in the Africa ATM space Build a culture of safety 	Unavailability of deployed CNS technology	Executive Engineering and Technical Services	 Continuous monitoring of controls. Implement a disaster recovery plan for triple redundancy. Ensure the adequate provision of spares for critical equipment. Draft Service Level Agreements (SLAs) with suppliers. Introduce 1-Year Period of Beneficial Use (PBU) for suppliers. Adhere to current QMS and Integrated Logistic Support Plans. Monitor findings from trend analyses. Implement ad hoc equipment life extension plans. Acquire VDF equipment.
2	 Enhance operational efficiencies in line with global ATM standards Ensure long-term financial sustainability 	Non- achievement of CAPEX targets	Executive Engineering and Technical Services / Chief Financial Officer	 Prepare specifications within specified timelines. Implement a CAPEX turnaround plan. Enhance CAPEX monitoring programmes. Draft an enterprise and supplier development strategy. Review the current BEE strategy for efficacy. Employ an Enterprise and Supplier development specialist. Employ additional procurement staff. Re-enforce monthly tracking meetings between Finance and Engineering and Technical Services (ETS). Develop a hedging policy.

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Risk No.	Strategic objectives impacted	Risk name	Risk owner	Mitigation plans
3	 Build a culture of safety Ensure long-term financial sustainability Develop leadership capability in the Africa ATM space 	Major safety event, e.g. mid-air collision	Chief Executive Officer	 Balance demand and capacity in terminal airspaces (TMA) to reduce workload and to improve efficiency. Deploy operational supervisors to monitor and coordinate daily operations in selected sectors. Implement safety action plans nation-wide. Assess airspace and procedure design to identify improvement areas in support of safety and efficiency. Implement proactive measures to identify safety hazards and risks. Deploy safety investigation teams. Improve management and oversight of daily operations.
4	Create a transformative organisation	Non achievement of the required target contribution level for B-BBEE	Chief Financial Officer	 Develop and implement B-BBEE strategy. Draft an Enterprise Development and Preferential treatment policy. Increase the CSI budget to be in line with the recommended 1% of net profit after tax. Improve the Skills Development Forum agenda to align with the Skills Development Act. Develop the Recruitment Strategy to promote ATNS careers and attract suitable EE/PwD candidates. Implement Enterprise and Supplier Development programmes and employ a resource to manage the programme. Implement updated SCM and PP and ED policies.
5	 Enhance operational efficiencies in line with global ATM standards Develop leadership capability in the Africa ATM space Build a culture of safety Manage the organisation's contribution to Climate Change Manage and preserve scarce and vulnerable resources 	Inflexible and inefficient ATNS operations	Chief Executive Officer	 Continuously engage with stakeholders to influence legislation. Procure and implement an operational performance reporting tool which will enable collection and analysis of operational data. Implement an ATS resource tool that will assist in optimum staff deployment and utilisation. Participate in the development of an Airport Slot Management and Compliance Framework. Participate in a national airspace design review. Review, redesign and develop new procedures. Participate in appropriate ICAO and regional forums. Participate in collaborative decision making (CDM) process with all stakeholders, including neighbouring ANSPs.

Risk No.	Strategic objectives impacted	Risk name	Risk owner	Mitigation plans
6	 Build a culture of safety Build a skilled and capable employee resource base Enhance operational efficiencies in line with global ATM standards 	Reliance on third party service providers	Executive Engineering and Technical Services	 Perform annual reviews of SLAs. Perform annual reviews of disaster recovery plans. Perform regular testing of contingency plans.
7	 Enhance operational efficiencies in line with global ATM standards Build a culture of safety 	Physical security of infrastructure	Executive Engineering and Technical Services	 Comply with national key point security objectives. Monitor security incidents and improve security as required. Continuous review of physical security requirements. Employ security personnel at sites that have been vandalised.
8	 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 	Critical skills in global demand	Executive Human Capital	 Implement a Human Capital plan to address skills shortages (to be done as part of approved strategy). Conduct a remuneration review (included in reward philosophy). Human Capital function to formalise Succession Planning for core critical positions (included in reward philosophy). All job descriptions to be reviewed (included in reward philosophy). Retain and transfer institutional knowledge.
9	Build a culture of safety Enhance operational efficiencies in line with global ATM standards	Cyber security threat	Executive Risk and Compliance	 Introduce cyber security management training. Develop cyber security policy framework. Appoint an IT security specialist.
10	Ensure long-term financial sustainability	Financial sustainability	Chief Financial Officer	Implement and monitor financial controls on a continuous basis.

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IT governance

The IT governance process establishes a formal regulatory framework to govern ATNS's information technology (IT) function and provides a platform from which to develop processes and procedures to support the governance framework.

During 2014, audit firm KPMG performed a formal gap analysis to determine the current ATNS Governance maturity level, as well as to determine the ATNS Board and Management interventions required to ensure that the Company's IT governance complies with the KING III Code. In the last three years, ATNS has improved from a 'Level 2' to 'Level 4' on aspects of governance. The Company will focus on remaining improvements in the year ahead.

Regulatory compliance

ATNS has established a Permission Planning Committee (PPC) as a permanent EXCO subcommittee, with the express aim of facilitating the permission planning process. ATNS subscribes to a modular approach in compiling permissions and the PPC, through its Permission Module Managers project team, drives the preparation and maintenance of information modules needed to compile permission applications as mandated by the Regulating Committee in its Approach document.

The PPC facilitates the proper and systematic planning of the ATNS business and also guides the process of compiling permission modules in preparation for permission submissions. The PPC also ensures modules are kept 'live' and updated on an annual basis to monitor progress in the implementation of the current permission, thereby tracking 'actual' versus 'budgeted' permission Key Performance Indicators (KPIs) and reporting on deviations. This

provides input for the yearly budgeting process in addition to developing a repository of historic permission data needed to feed into and help guide subsequent permission application processes. There are eight modules that are managed by the PPC and which assist in building a permission application, listed below:

- Macro-economic module
- Traffic forecast module
- Capital Expenditure (Capex) module
- Operations and maintenance module
- Human Capital module
- Administration module
- Financial module
- Future Operating Environment module (New)

A potential module which is not specifically part of the Company's functional structure, or a supplementary module required by the regulator, is the issue of governance and compliance. A number of organisational actions are subject to statutory tests (e.g. safety, borrowings, B-BBEE, and so forth). The set of modules would therefore be incomplete without a Compliance and Governance Module. Governance includes requirements of the Public Financial Management Act (PFMA) (e.g. borrowing), the Companies Act and related obligations (e.g. employer obligations) and the ATNS Act (e.g. ministerial approvals).

Further, there are supplementary components required by the Regulating Committee, such as the strategic and business review, reconciliation of historic expenditures and budgets, KPIs, accounting policies, consultation reports, and financial modelling. These components are, however, not inputs to, but rather outputs from key components and modules. They will, therefore, be generated for each Permission application, based on the contents of the key modules.

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Table 19: Overview of assurance content, providers and frameworks

Assurance content	Assurance providers	Assurance frameworks, standards and guidelines
Annual Financial Statements (AFS).	 ATNS Board of Directors. The Company's directors. External auditors: Kwinana Equifin. 	 Financial Reporting Standards. Requirements of the Public Finance Management Act (PFMA) of South Africa. Companies Act of South Africa. Public Audit Act of South Africa. International Standards on Auditing (ISA).
Risk management and review of the efficacy of internal controls.	 ATNS Board of directors. ATNS Audit and Risk Committee. ATNS Internal Audit function. ATNS Risk and Compliance Department. ATNS IT Steering Committee. External auditors: Kwinana Equifin. The Company's directors. 	 ICAO Standards and Recommended Practices (SARPs). The King Code of Governance for South Africa (2009) (King III). Requirements of the Public Finance Management Act (PFMA) of South Africa. ISO standards relating to safety and environment. ERM and compliance standards including guidelines relating to the Risk Management and Compliance Institute of South Africa. The Civil Aviation Act (Act 13 of 2009), supported by Civil Aviation Regulations and Technical Standards. Key Performance Areas (KPAs) stipulated in the Shareholder Compact.
Corporate Governance and regulatory compliance (including IT governance).	 ATNS Audit and Risk Committee. ATNS's Internal Audit Function. ATNS IT Steering Committee. Permission Planning Committee. 	 ICAO Standards and Recommended Practices (SARPs). The Civil Aviation Act (Act 13 of 2009), supported by Civil Aviation Regulations and Technical Standards. The King Code of Governance for South Africa (2009) (King III). Requirements of the Public Finance Management Act (PFMA) of South Africa. Companies Act. Permission applications as mandated by the Regulating Committee in its Approach Document. Relevant Key Performance Areas (KPAs) stipulated in the Shareholder Compact. ATNS Code of Ethics.
Broad-Based Black Economic Empowerment, representation and contributor level.	 ATNS Internal Audit function. ATNS Board. ATNS Social and Ethics Committee. ATNS Human Resource Committee. ATNS Procurement Committee. 	 Dti Codes of Good Practice. B-BBEE Act and associated Charters. Generic Transport Public Sector Charter. Relevant Key Performance Areas (KPAs) stipulated in the Shareholder Compact.

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Assurance content	Assurance providers	Assurance frameworks, standards and guidelines
Safety management and performance.	 ATNS Board of Directors. ATNS Safety Committee. ATNS Audit and Risk Committee. External assurance provider: South African Civil Aviation Authority (SACAA). 	 ICAO Standards and Recommended Practices (SARPs); ICAO Annex 19 requirement for States to implement ATS safety management programmes. The Civil Aviation Act (Act 13 of 2009), supported by Civil Aviation Regulations. South African Civil Aviation Regulations (CAR) Part 40. Relevant Key Performance Areas (KPAs) stipulated in the Shareholder Compact. ATNS Safety Management System (SMS) and SMS Policy. CANSO and EUROCONTROL Standards of Excellence
Environmental management and performance.	 ATNS Board of Directors. ATNS Social and Ethics Committee. ATNS Project Management Office. 	 ICAO Standards and Recommended Practices (SARPs). Relevant Key Performance Areas (KPAs) stipulated in the Shareholder Compact. National Environmental Management Act (NEMA). Outcomes of the South African Civil Aviation Authority (SACAA) Aviation Environmental Protection (AEP) Forum. Greenhouse gas (GHG) Protocol Corporate Standard. Carbon Disclosure Project (CDP).
Integrated Annual Reporting and Sustainability Reporting.	 ATNS Board of Directors. ATNS Company Secretary. 	 The King Code of Governance for South Africa (2009) (King III). Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines. International Integrated Reporting Framework V1.0 (International Integrated Reporting Council (IIRC)). United Nations Global Compact (UNGC). Carbon Disclosure Project (CDP).

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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.



Refer to page 58 in the ATNS-FR for a detailed view of executive remuneration.

Remuneration philosophy

ATNS's remuneration philosophy reflects the dynamics of the market and context in which it operates. It is our aim, to align – at all times – 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 in order to:

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

Philosophy

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. It is proper to reward people differently according to their contribution (Return on Investment). Rewards should also be competitive within 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 pay progression for entrants to sustained superior performance 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 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.

Components of remuneration

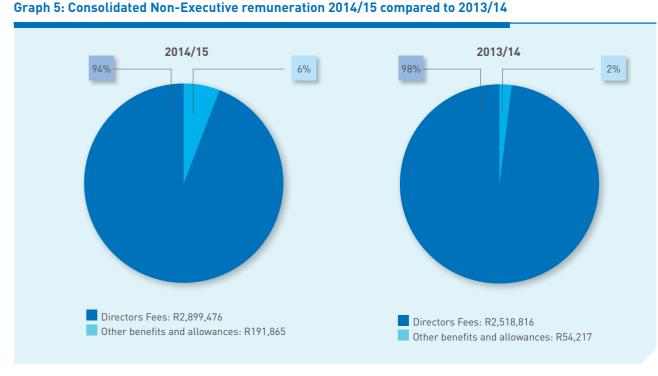
Total remuneration consists of guaranteed pay, variable pay, plus short-term incentives.

Guaranteed pay

ATNS remunerates using the 'cost to company' method of payment. The cost to company includes the cash component plus employee benefits. The

ABRIDGED GOVERNANCE AND ASSURANCE

Basic salary: R17,568,104
Bonus: R2,750,458
Basic salary: R16,025,286
Bonus: R2,840,394



ABRIDGED GOVERNANCE AND ASSURANCE

Company provides employees with contractually agreed basic benefits such as medical aid and retirement fund benefits, which includes the pension fund and associated benefits, such as disability and life insurance. Employees, including the executive management, are afforded the opportunity to structure remuneration packages according to individual needs within prescribed legal parameters. To encourage a high-performance culture, the determination of annual salary adjustments is performance-based only. Employees are evaluated against annually set routine objectives, which encompass the scope and nature of the role and job content.

Retirement benefit

The retirement fund is a fixed component of the employee's guaranteed pay. All permanent employees are members of the ATNS retirement fund. The fund is a defined contribution fund and is governed by the Pension Funds Act of 1956, which requires an actuarial valuation to be carried out every three years. The Company does not provide any post-retirement benefits to employees and has no exposure to post-retirement benefit obligations.

ATNS offers employees a flexible pensionable / non-pensionable remuneration split, including:

- 60% pensionable 40% non-pensionable.
- 70% pensionable 30% non-pensionable.
- 80% pensionable 20% non-pensionable.
- 85% pensionable 15% non-pensionable.

Healthcare Benefit

Healthcare membership is a condition of service for all permanent ATNS employees. The healthcare benefit is a fixed component of the employee's guaranteed pay. ATNS currently contracts to a single healthcare service provider for all employees, which ensures favourable underwriting conditions for employees to join and remain members of the scheme.

Variable pay

Variable pay includes all allowances ATNS may offer to employees from time to time. For the executive

management it includes any acting allowances for acting in another role as duly authorised and approved; and a principal officer allowance for occupying the role of the principal officer on the pension fund.

Variable pay for mission-critical positions includes variable allowances for the attraction and retention of key skills and experience.

Short-term performance incentive bonus

ATNS views performance management as a strategic business process as it informs and drives a number of business policies and practices. Performance management has the following intended outcomes:

- Providing a systematic framework for performance planning, performance monitoring, reviews and performance appraisal.
- Promoting a shared sense of responsibility amongst staff for the achievement of strategic objectives.
- Promoting a culture of transparency and participation through open dialogue about goals and the achievement thereof, personal development and performance improvement.
- Ensuring that employees are given the direction and support required to excel in their jobs.
- Improving organisational performance by linking the ATNS balanced scorecard to individual/ team outputs.

Performance incentive bonuses are based on:

- The overall performance results of ATNS for the financial year at the end of March, with a link to the key performance indicators set for the organisation at the start of the financial year.
- The performance of the department.
- The employee's performance against balanced scorecard objectives.

The Company applies a five-point rating scale to the measurement of the employee's performance against balanced scorecard objectives. Performance incentive bonuses are awarded to employees in the following categories:

ABRIDGED GOVERNANCE AND ASSURANCE

- Meeting expectations.
- Exceeding expectations.
- Significantly exceeding expectations.

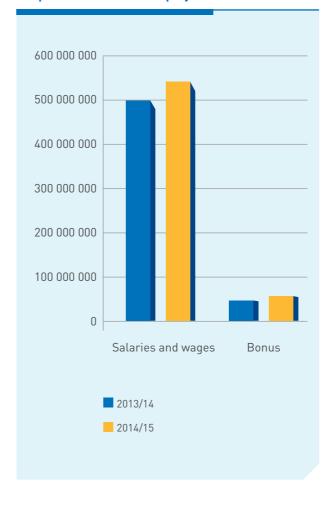
Executive directors' remuneration

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

The total cost of employment for the 2014/15 financial year compared to the 2013/14 financial year is depicted by Graph 6:

Graph 6: Total cost of employees



Graph 6 provides a brief summary of the ATNS remuneration principles and philosophy. The salaries and wages increase is due mainly to a 6,6% inflation related increase to 1,035 (2014:983). All remuneration policies and procedures are fully compliant with current legislation and, where applicable, in adherence to the collective substantive salary agreement entered into 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. The completion of this project will result in an improved, globally acceptable remuneration policy and practice.

Conflict of interest resolution

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 should be sought if in any doubt as to whether or not 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.

ABRIDGED GOVERNANCE AND ASSURANCE



Code of Ethics

ATNS's Code of Ethics enables a culture of entrenched values and norms that guide the behaviour of the Company's employees. The Code 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. The 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.



The Code is accessible to the general public online at http://www.atns.co.za/annual-reports.

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 maintained consistency in our reporting across our three reports in terms of what the Company considers 'material'. Accordingly, issues that are considered 'material' in terms of our sustainability reporting are by implication, also considered 'material' in the context of our Integrated Annual Report and our Annual Financial Statements.

ATNS' Sustainability Framework outlines multiple key financial, social and environmental sustainability issues, some of which have been clustered together as 'material issues' for purposes of simplifying ATNS's reporting.



Refer to page 33 in the ATNS-SR for more detail on our Sustainability Framework.

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 20 summarises the internal and external criteria used to determine the materiality of reported content and disclosures.

MATERIAL ISSUES

Table 20: Criteria for determining 'materiality'

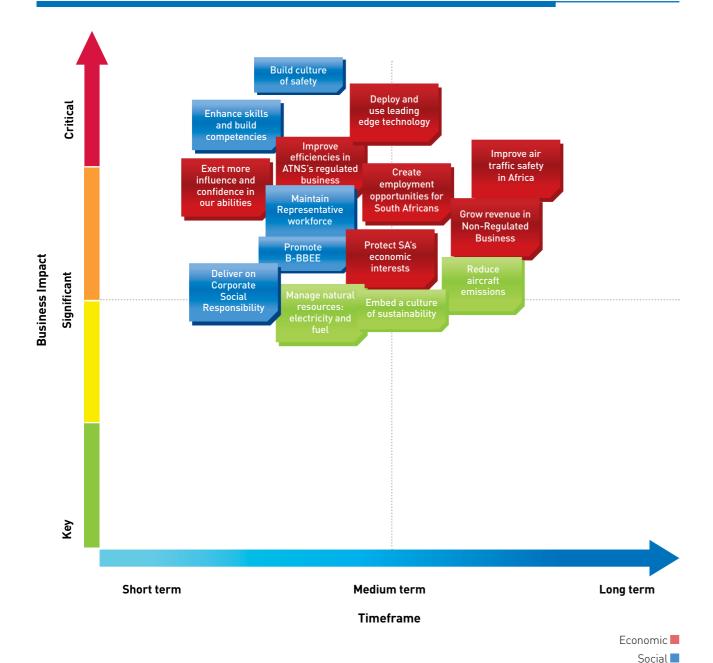
Internal criteria	External criteria
ICAO Performance-Based ATM Operational Framework and ASBU Methodology; and global aviation regulatory requirements.	Global air traffic management (ATM) requirements, trends and standards; as well as leading practice safety performance benchmarks.
Statement of Strategic 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 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'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'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.
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.

MATERIAL ISSUES

Prioritising material issues

Figure 11 illustrates ATNS's prioritisation of material issues in terms of the Company's short, medium and long-term strategic vision.

Figure 11: Matrix of material economic, social and environmental sustainability issues



Environmental |

MATERIAL ISSUES

Stakeholder engagement

ATNS's Materiality Assessment and Stakeholder Dialogue processes keep the business focused on the relevant means to provide the greatest benefit to our stakeholders and our Company. The Company actively initiates dialogue with various key stakeholder groups harnessing a wide range of channels as a way to promote participative and integrated decision-making. Stakeholder groups include the South African Weather Services (SAWS), South African Air Force (SAAF), Airports Company of South Africa (ACSA), South African Civil Aviation Authority (SACAA) and the International Air Transport Association (IATA).

Stakeholder engagement vehicles include quarterly EXCO to EXCO meetings, road-shows, industry safety workshops, and 'Thought Leadership' programmes, such as the annual ATNS Avi Afrique Innovation

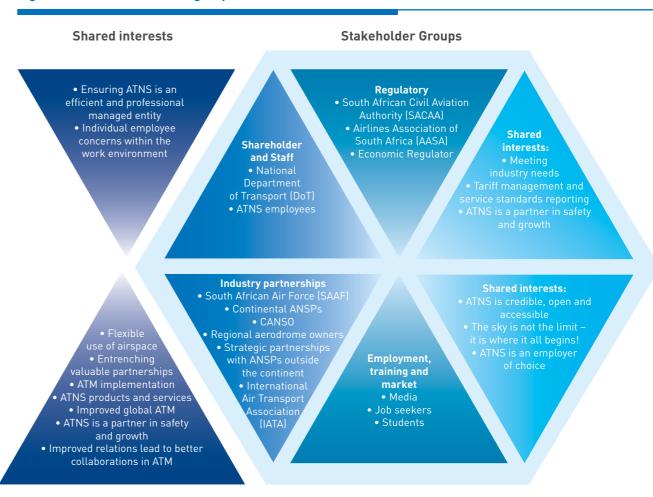
Summit. We share plans, collaborations and information on material issues of safety, training and Air Traffic Management (ATM); as well as Engineering and Technical Services (ETS).

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 pertinent to the business. These dialogues inform our 'Material Assessment' and, by extension, ATNS' Sustainability Framework (Figure 8: page 33 of the ATNS-SR). Ultimately, these dialogues provide invaluable input into our overall Strategic Model (Figure 14: page 82 of this report).



ATNS' Stakeholder Engagement Policy is available online at http://www.atns.co.za/annual-reports.

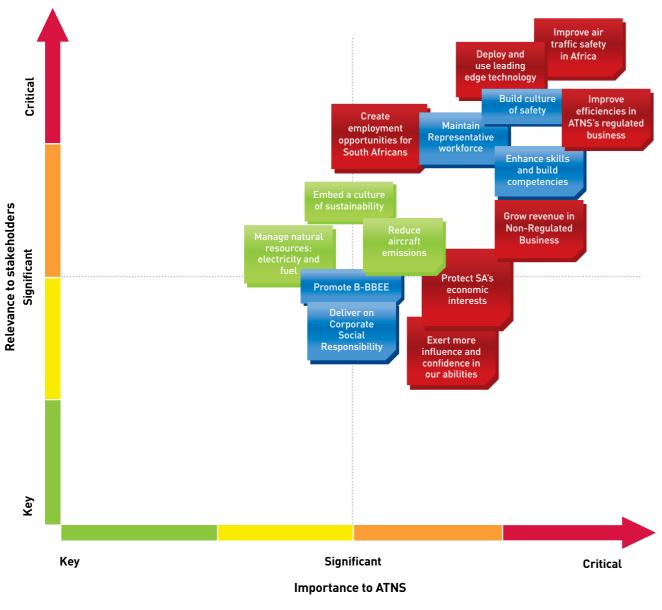
Figure 12: ATNS stakeholder groups and their shared interests



MATERIAL ISSUES

Figure 13 provides an overview of stakeholder priorities in terms of material issues whilst prioritising these issues in terms of ATNS' strategic and operational imperatives. It is important to state that ATNS views the business's long-term commercial wellbeing and its stakeholders' interests as mutually inclusive.

Figure 13: Stakeholder prioritisation of material issues



Economic Social Environmental

STRATEGIC REVIEW

ATNS' strategic model

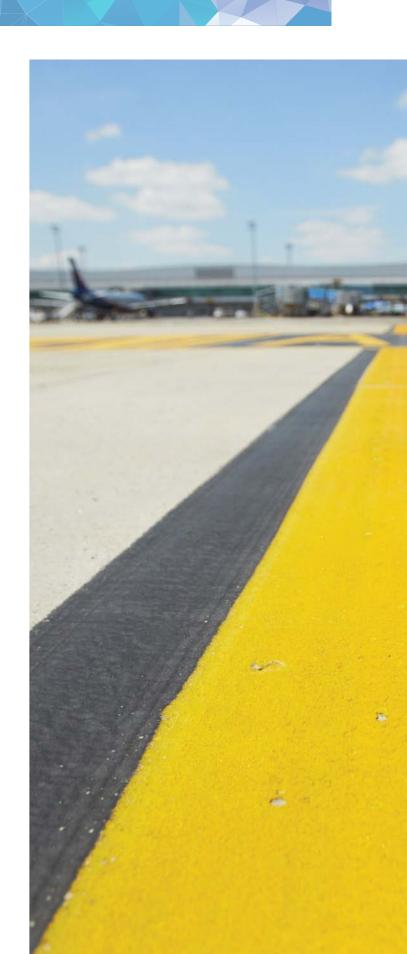
The ATNS strategy is based on the understanding that the aviation industry plays a major role in driving sustainable economic and social development throughout the world. In South Africa, the aviation sector comprises airlines, together with the airports, air navigation services and other essential grounds services that make up the air transport infrastructure. Globally, aviation has achieved high levels of macroeconomic performance by serving different regions through clear cycles of investment and opportunity.

The ATNS strategy is influenced by and linked to a number of other 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 industry complexity. The strategy seeks to adopt increasingly flexible practices, more efficient operations and more cost-sensitive business processes to counter unpredictable events.

The ATNS 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, critical issues, core programmes and key performance indicators (KPIs) to set specific performance targets and guide their practical achievement. The section that follows provides an overview of the Company's core strategic objectives as well as abridged commentary on progress and the business's future outlook.



Strategic Objectives

STRATEGIC REVIEW

Figure 14: 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** Create a transformative organisation **1111** Enhance operational efficiencies in line with global ATM standards Build a culture of safety Develop leadership capability in Africa ATM space Build a skilled and capable employee resource base wide awareness for environmental impacts Maintain an impeccable governance framework Ensure regulatory alignment and compliance Ensure constructive and collaborative stakeholder relationships Strategic Outcomes Strategic imperatives and key performance indicators (KPIs) 'Critical Issues', Core Programmes and implementation plans Key business concepts and 'Areas of Excellence'

STRATEGIC REVIEW

Table 21 links the material issues addressed in both the ATNS-IAR and ATNS-SR to the Company's core strategic objectives.

Table 21: Strategic imperatives linked to material issues

Strategic obje	ectives	Material issues
	. Ensure long-term financial sustainability.	 Increasing revenue in ATNS's non-regulated business. Protecting South Africa's economic interests and trade. Creating employment opportunities for South Africans.
2	. Enhance operational efficiencies in line with global ATM standards.	Enhancing operational efficiencies and service reliability.Deploying and using leading technologies.
3	. Develop leadership capability in the Africa ATM space.	 Exerting more influence and market confidence in our abilities. Improving air traffic safety in Africa.
4	. Create a transformative organisation.	 Creating a representative workforce. Promoting Broad-Based Black Economic Empowerment.
5	. Build a culture of safety.	Building a culture of safety.
6	. Build a skilled and capable employee resource base.	Enhancing skills and building competencies.
7	. Manage the organisation's contribution to Climate Change.	• Reducing CO ₂ emissions.
8	. Manage and preserve scarce and vulnerable resources.	 Managing natural resources. Electricity and fuel. Airspace quality. Biodiversity and protected habitats.
9	. Develop enterprise-wide awareness for environmental impacts.	Embedding a culture of sustainability.

STRATEGIC REVIEW

Tables 22, 23 an 24 provide an overview of material issues as well as insight into why they are material to the Company. The table further provides an overview of the key aspects of our management approach to material issues and links them to the Company's KPAs. The summary table demonstrates our integrated approach to addressing and reporting on material aspects and associated performance.

Table 22: Material economic issues

Strategic objective		Why it is material to ATNS	Reference to detail in the ATNS-SR	Applicable Key Performance Areas (KPAs) to measure the effectiveness of our management approach
Ensure long-term financial sustainability by maintaining and growing market share	1. Growing revenue in ATNS's non- regulated business.	ATNS's revenue growth and financial sustainability relies 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 revenue growth potential within the South African market by strictly applying tariff adjustments. Further, the maturity of ATNS's national or domestic operations will create challenges for the business to generate new customers in South Africa. It is therefore imperative for ATNS to secure future growth and revenue by broadening its service offerings to other markets, including the wider Africa market.	19, 64, 71, 72, 74, 94	KPA-1: Transport safety and security 1.5. Ensure commercial sustainability. KPA-3: The fight against fraud and corruption 3.1. Comply with relevant legislation, regulation and standards.
Ensure long-to-maintain:	2. Protecting South Africa's economic interests and trade.	In 2010 there were 66 routes per week connecting major airports in South Africa to urban agglomerations around the world. A total of 12 of these routes were connecting South Africa to cities of more than 10 million inhabitants, with an average of 1,5 outbound flights per day available to passengers. It is estimated that a 10% improvement in air connectivity relative to GDP would see a R1,5 billion per annum increase in long-run GDP for South Africa's economy. South Africa's integration into the global air transport network therefore is important for the continued growth of the country's economy. The South African economy relies on a safe and efficient African airspace to Europe and elsewhere for trade. Further, the improvement of African airspace contributes to greater intra-African trade. As a fully commercialised entity operating in the African market, ATNS could also be a beneficiary of the increase in trade flows between BRICS nations and the rest of the African continent.	63, 65, 71	KPA-1: Transport safety and security 1.1. Safety service provision. 1.2. Airspace capacity and efficiency. 1.3. Operational efficiency: Reduce traffic delays. 1.4. Operational efficiency: Service availability. 1.5. Ensure commercial sustainability. 1.6. Performance-based navigation (PBN). KPA-2: Infrastructure development and high-level investment plan for transport 2.1. Development of optimized and efficient aviation infrastructure in a cost-effective manner. 2.2 Operation of the satellite communication networks – SADC VSAT 2. 2.3 Operation of the satellite communication networks – NAFISAT. KPA-3: The fight against fraud and corruption 3.1. Comply with relevant legislation, regulation and standards. 3.2. Fraud and whistle-blowing policy. KPA-5: Training to contribute to job creation 3.1. Address societal challenges, thereby building a meaningful legacy for ATNS and the communities in which we operate.

STRATEGIC REVIEW

Strategic objective	Material issue	Why it is material to ATNS	Reference to detail in the ATNS-SR	Applicable Key Performance Areas (KPAs) to measure the effectiveness of our management approach
Ensure long-term financial sustainability by maintaining and growing market share	3. Creating employment opportunities for South Africans.	The aviation industry has a significant economic impact across some of the major African markets. 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 industry is included, these figures go up to 3,1% of South African GDP, creating 343,000 jobs, or 2,6% of the 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 the best way for ATNS to be exposed to this growth is to expand into the AFI region.	42, 63, 66, 71	KPA-5: Training to contribute to job creation 5.1. Address societal challenges, thereby building a meaningful legacy for ATNS and the communities in which we operate. KPA-6: Broad-Based Black Economic Empowerment 6.1. Achieve B-BBEE targets, and achieve preferential procurement targets as set by the Transport Charter. KPA-7: Employment Equity 7.1. ATS EE targets (AIMO, ATSO, ATCO 1-3). 7.2. ATNS EE targets.
Enhance operational efficiencies in line with global ATM standards	4. Enhancing operational efficiencies and service reliability.	ATNS's economic sustainability is directly dependent on the demand for air travel. Ensuring operational efficiency and reliability for its 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 creating the necessary efficiencies that will translate to value-add for the client base (users).	63, 67, 68, 76, 113, 127	KPA-1: Transport safety and security 1.1. Safety service provision. 1.2. Airspace capacity and efficiency. 1.3. Operational efficiency: Reduce traffic delays. 1.4. Operational efficiency: Service availability. 1.5. Ensure commercial sustainability. 1.6. Performance-based navigation (PBN). KPA-2: Infrastructure development and high-level investment plan for transport 2.1. Development of optimized and efficient aviation infrastructure in a cost-effective manner. 2.2. Operation of the satellite communication networks SADC VSAT 2. 2.3. Operation of the satellite communication networks and NAFISAT. KPA-3: The fight against fraud and corruption 3.1. Comply with relevant legislation, regulation and standards. 3.2. Fraud and whistle-blowing policy.

STRATEGIC REVIEW

Strategic objective	Material issue	Why it is material to ATNS	Reference to detail in the ATNS-SR	Applicable Key Performance Areas (KPAs) to measure the effectiveness of our management approach
Enhance operational efficiencies in line with global ATM standards	5. Deploying and using leading technologies.	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. Further, 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.	46, 59, 63, 68, 71, 73, 74, 75, 76, 105, 126	KPA-1: Transport safety and security 1.1. Safety service provision. 1.2. Airspace capacity and efficiency. 1.3. Operational efficiency: Reduce traffic delays. 1.4. Operational efficiency: Service availability. 1.5. Ensure commercial sustainability. 1.6. Performance-based navigation (PBN). KPA-2: Infrastructure development and high-level investment plan for transport 2.1. Development of optimised and efficient aviation infrastructure in a cost-effective manner. 2.2. Operation of the satellite communication networks SADC VSAT 2. 2.3. Operation of the satellite communication networks and NAFISAT.
Develop leadership capability in the Africa ATM space	6. Exerting more influence and market confidence in our abilities.	As the air traffic management and safety industry becomes more consolidated, ATNS needs to increase its market share in Africa so as to remain one of the ten global ANSPs that IATA envisions will constitute the global air traffic safety market in 2050. ATNS is well positioned to become one of these ten ANSPs by taking a more proactive approach to providing products and services to more countries and partnering with global suppliers. ATNS is playing a leading role on the continent by hosting the Civil Air Navigation Organization (CANSO) Regional Office and collaborating with other entities regionally and globally in its visibly active involvement in ICAO, IATA, and other industry networks and associations.	19, 62, 69, 70, 74, 81	KPA-1: Transport safety and security 1.1. Safety service provision. 1.2. Airspace capacity and efficiency. 1.3. Operational efficiency: Reduce traffic delays. 1.4. Operational efficiency: Service availability. 1.5. Ensure commercial sustainability. 1.6. Performance-based navigation (PBN). KPA-2: Infrastructure development and high-level investment plan for transport 2.1. Development of optimized and efficient aviation infrastructure in a cost-effective manner. 2.2. Operation of the satellite communication networks SADC VSAT 2. 2.3. Operation of the satellite communication networks and NAFISAT. KPA-3: The fight against fraud and corruption 3.1 Comply with relevant legislation, regulation and standards. 3.2. Fraud and whistle-blowing policy.

STRATEGIC REVIEW

Strategic objective	Material issue	Why it is material to ATNS	Reference to detail in the ATNS-SR	Applicable Key Performance Areas (KPAs) to measure the effectiveness of our management approach
Develop leadership capability in the Africa ATM space	7. Improving air traffic safety in Africa.	ATNS's business is firmly anchored in aviation safety, and specifically safe, secure and cost-effective air transport. This priority in 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 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.	70, 71, 78, 81, 85, 90-98, 107	KPA-1: Transport safety and security 1.1. Safety service provision. 1.2. Airspace capacity and efficiency. 1.3. Operational efficiency: Reduce traffic delays. 1.4. Operational efficiency: Service availability. 1.6. Performance-based navigation (PBN). KPA-2: Infrastructure development and high-level investment plan for transport 2.1. Development of optimized and efficient aviation infrastructure in a cost-effective manner. KPA-3: The fight against fraud and corruption 3.1 Comply with relevant legislation, regulation and standards.

Material social issues

Table 23: Material social issues

Strategic objective	Material issue	Why it is material to ATNS	Reference in the ATNS-SR	Applicable Key Performance Areas (KPAs) to measure the effectiveness of our management approach
Create a transformative organisation	Create a representative workforce.	ATNS's long-term social value creation lies in being committed to the transformation of our society through employment equity and black economic empowerment. ATNS is committed to the principles of equity and anti-discrimination. We seek to create an organisation that reflects the diversity of our society and that maximises the potential of our employees. As a State-Owned Company, ATNS has a responsibility to align to the country's national goals and to support Government's initiatives to address the socio-economic legacy of the past.	41, 84, 85, 87, 89, 90, 108	KPA-3: The fight against fraud and corruption 3.1. Comply with relevant legislation, regulation and standards. KPA-5: Training to contribute to job creation 5.1. Address societal challenges, thereby building a meaningful legacy for ATNS and the communities in which we operate. KPA-6: Broad-Based Black Economic Empowerment 6.1. Achieve B-BBEE targets, and achieve preferential procurement targets as set by the Transport Charter. KPA-7: Employment Equity 7.1. ATS EE targets (AIMO, ATSO, ATCO 1-3). 7.2. ATNS EE targets.

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Strategic objective	Material issue	Why it is material to ATNS	Reference in the ATNS-SR	Applicable Key Performance Areas (KPAs) to measure the effectiveness of our management approach
Create a transformative organisation	2. Broad-Based Black Economic Empowerment.	As a State-Owned Company, ATNS has a key responsibility as a national agent of commerce to strengthen the economic position of South Africa. Through our B-BBEE practices, we have the opportunity to shape the future of the South African air traffic management sector. Broadly, these practices extend to job creation, poverty alleviation and skills development.	40, 41, 50, 61, 66, 78, 85, 88, 89, 90, 105, 108	KPA-6: Broad-Based Black Economic Empowerment 6.1. Achieve B-BBEE targets, and achieve preferential procurement targets as set by the Transport Charter KPA-7: Employment Equity 7.1. ATS EE targets [AIMO, ATSO, ATCO 1-3] 7.2. ATNS EE targets
Build a culture of safety	3. Building a culture of safety.	Safety is the primary driver for ATNS's collective efforts and the Company strives to build a shared culture of safety among its employees as well as its external stakeholders from the wider ATM community. 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. As an ICAO member state, South Africa has endorsed the ICAO 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).	12, 35, 85, 90, 103	KPA-1: Transport safety and security 1.1. Safety service provision. 1.2. Airspace capacity and efficiency. 1.3. Operational efficiency: Reduce traffic delays. 1.4. Operational efficiency: Service availability. 1.6. Performance-based navigation (PBN). KPA-3: The fight against fraud and corruption 3.1. Comply with relevant legislation, regulation and standards.
Build a skilled and capable employee resource base	4. Enhancing skills and building competencies.	ATNS's continued success relies on its ability to attract, recruit and retain diverse, qualified and skilled professionals. ATNS continues to recruit, train and develop its staff to ensure the adequate supply of skills within the Company's operational departments with a strong focus on Women. Globally regarded as a beacon of safety in airspace navigation, ATNS is regarded as a centre of excellence and an institute of reference. This standing can only be maintained if ATNS continues to employ and develop competent people who are aligned with the Company's desired culture of safety, professional excellence and sustainability awareness.	41, 51, 86, 89, 90, 95, 100, 103, 108	KPA-3: The fight against fraud and corruption 3.1. Comply with relevant legislation, regulation and standards. KPA-5: Training to contribute to job creation 5.1. Address societal challenges, thereby building a meaningful legacy for ATNS and the communities in which we operate. KPA-6: Broad-Based Black Economic Empowerment 6.1. Achieve B-BBEE targets, and achieve preferential procurement targets as set by the Transport Charter. KPA-7: Employment Equity 7.1. ATS EE targets (AIMO, ATSO, ATCO 1-3). 7.2. ATNS EE targets.

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Material environmental issues

Table 24: Consolidated view of material social issues

Strategic objective	Material issue	Why it is material to ATNS	Reference in the ATNS-SR	Applicable Key Performance Areas (KPAs) to measure the effectiveness of our management approach
Develop integrated approach to promoting awareness and accountability for environmental protection	Embedding a culture of sustainability with a focus on environmental sustainability.	ATNS approaches the management of climate change and sustainability performance within the organisation strategically. Although ATNS is in the early stages of its sustainability journey, the Company is committed to making environmental sustainability practices part of our core business, not to simply achieve compliance, but to ensure a viable, relevant and sustainable future for the Company. Training and education on environmental impacts and socially responsible behaviour form an integral part of the Company's overall drive to create long-term environmental sustainability.	110, 124, 126, 128	 KPA-3: The fight against fraud and corruption. 3.1. Comply with relevant legislation, regulation and standards. KPA-4: Environmental protection. Minimise gaseous emissions. Human resource training on matters of sustainability. Performance assessment.
Manage the organisation's contribution to Climate Change	Reducing CO ₂ emissions.	Climate change may contribute to a number of changes in weather patterns including an increased frequency and intensity of severe weather events. Such environmental events negatively impact the aviation industry. ATNS recognises the need to understand potential risks associated with climate change and, therein, works to ensure safe and efficient air transport. The risks of not doing so are very high as it directly impacts on safety.	4, 5, 36, 110, 113, 115, 121, 124, 126	 KPA-1: Transport safety and security. 1.2. Airspace capacity and efficiency. 1.3. Operational efficiency: Reduce traffic delays. 1.4. Operational efficiency: Service availability. 1.6. Performance-Based Navigation (PBN). KPA-3: The fight against fraud and corruption. 3.1. Operational efficiency. Comply with relevant legislation, regulation and standards. KPA-4: Environmental protection. Minimise gaseous emissions. Human resource training on matters of sustainability. Performance assessment.

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Strategic objective	Material issue	Why it is material to ATNS	Reference in the ATNS-SR	Applicable Key Performance Areas (KPAs) to measure the effectiveness of our management approach
natural resources: electricity, water and fuel. sustainable basis to meet expectations in terms of sefficiency, predictability and affordability. In providing the ATNS does not consume nor natural resources in a process. However, ATNS process. However, ATNS process. However, ATNS process. However, at and delegated airspace, and delegated airspace can be contact airspace can be contact airspace users have on not through gaseous emission. Further, ATNS uses energy communication, navigation surveillance services to the and to facilitate the safe in		ATNS provides a service to the airspace users within South Africa on a sustainable basis to meet user expectations in terms of safety, efficiency, predictability and affordability. In providing this service ATNS does not consume raw material or natural resources in a production process. However, ATNS provides a service within South African sovereign and delegated airspace, and in this context airspace can be considered a natural resource. The services of ATNS, therefore, influence the impact airspace users have on natural capital through gaseous emissions and noise. Further, ATNS uses energy to provide communication, navigation and surveillance services to the airlines and to facilitate the safe movement of aircrafts in the controlled airspace.	4, 5, 27, 111, 113, 115, 119, 121, 123, 127	 KPA-1: Transport safety and security. 1.2. Airspace capacity and efficiency. 1.3. Operational efficiency: Reduce traffic delays. 1.4. Operational efficiency: Service availability. 1.6. Performance-Based Navigation (PBN). KPA-4: Environmental protection. Minimise gaseous emissions. Human resource training on matters of sustainability. Performance assessment.
Manage and pr	Reducing aircraft noise and improving of airspace air quality.	ATNS supports the activities of ICAO's technical Committee on Aviation Environmental Protection (CAEP) in establishing global standards and recommendations for minimising the impact of aviation on the environment, and specifically the reduction of airspace noise and improvement of airspace air quality. The key risk associated with not addressing aircraft noise is the adverse reactions of communities impacted by the noise. This could lead to complications and delays in future development and expansion of airports. Additionally, this could lead to flight restrictions, which may have a negative impact on fuel burn as aircraft may be forced to use a less efficient route to minimise noise.	112, 113, 115, 123, 124	 KPA-1: Transport safety and security. 1.2. Airspace capacity and efficiency. 1.3. Operational efficiency: Reduce traffic delays. 1.4. Operational efficiency: Service availability. KPA-4: Environmental protection. Performance assessment of noise abatement initiatives.
	Reducing impacts of aviation on sensitive biodiversity areas and protected habitats.	ATNS's activities and services have the potential to impact on biodiversity areas. The Organisation's activities and services have been aligned to assess impacts on sensitive areas and develop processes and monitoring programmes to preserve biodiversity areas. Key sensitive biodiversity areas have been identified and these have been regulated in order to preserve them and minimise the impact of aviation on them.	5, 36, 112, 123, 124	 KPA-1: Transport safety and security. 1.2. Airspace capacity and efficiency. 1.3. Operational efficiency: Reduce traffic delays. 1.4. Operational efficiency: Service availability. 1.6. Performance-Based Navigation (PBN). KPA-3: The fight against fraud and corruption. 3.1. Operational efficiency.Comply with relevant legislation, regulation and standards. KPA-4: Environmental protection. Minimise gaseous emissions. Human resource training on matters of sustainability. Performance assessment.

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Ensure long-term financial sustainability

Permission Planning

- ATNS submitted the new permission application during the year, which is due to commence in 2015/16 through to 2019/20. This permission application presents a new Economic Regulatory chapter for the Company in the form of a new Permission. ATNS engaged the Airline Industry as part of the permission process. The new permission cycle will inform the Company's specified tariffs as well as service standard requirements for the regulated business. ATNS is actively involved and collaborating with the Regulating Committee to ensure favourable and sustainable outcomes for the industry.
- The Module Managers project team has been active throughout the year and all modules are being reviewed, updated and aligned with regulatory requirements. The first user consultation meeting with the airline industry took place on 13 November 2013. The objective of the meeting was to discuss the traffic forecasts, macro-economy, and financial issues relating to the current permission. The engagement with users continued during January, February and March 2014, when the CAPEX, Human Capital and Finance modules were presented.

Financial performance

- The total year to date (YTD) revenue in March 2015 was R1,459,580 billion against a budget of R1,329.5 billion, which resulted in a positive variance of R82,3 million. The variance is mainly due to increased tariff revenue as a result of the 1,2% increase in traffic movements.
- Other revenue increased by R4,5 million (6,5%) mainly due to a technical service contract that was signed post-budget.
- The YTD satellite communication networks revenue was R37,2 million and R34,0 million for SADC VSAT II and NAFISAT respectively. This is

- attributable to an increase in Flight Information Region (FIR) crossing movements and fluctuating foreign exchange rates. The SADC VSAT II and NAFISAT are being billed in a foreign currency (US Dollar).
- The total YTD expenditure in March 2015 was R1,073 billion as opposed to a budgeted expenditure of R1,162 billion. This gave rise to a positive variance of R89,0 million. This is mainly attributed to lower salaries and related costs due to vacant positions. Further, planned electronic maintenance activities did not take place due to fewer failures in both the ATA, SADC VSAT II and FAFISAT networks. Post budget, a decision was taken not to enter into a hardware support agreement with the Original Equipment Manufacturer (OEM) of Aeronautical Fixed Telecommunications Network (AFTN). ATNS opted to use internal resources to curb expenses.
- Operating costs increased by 10% to R1,079.0 billion (2014: R981.0 million) mainly due to increased consulting fees as a result of Business Processes Management, Corporate Social Investments and Enterprise Development project costs.
- Personnel costs increased to R686 million (2014: R627 million) mainly due to increased employee headcount and normal annual salary increases and incentive bonuses.
- Current assets and current liabilities as at the end of March 2015 were R1,3 billion and R282,2 million respectively, resulting in a current ratio of 6.71:1 indicating that ATNS has the ability to meet its short-term debt obligations.
- Balance sheet management continued to be a priority during the year. To this end, the current ratio improved to 6.7:1, compared to 6.68:1 recorded in the prior year. This means that the Company is liquid and thus in a better position to meet its short-term debt commitments and the ability to raise funding for the imminent capital expenditure.
- Profit for the year amounted to R285 million (2014: R244 million), an increase of 17% compared to the prior year.

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Deferred taxation

 The deferred taxation liability is R72 million (2014: R83 million), a decrease of 13% compared to the prior year.

Cash flows

- Cash generated from operations amounted to R414 million (2014: R389 million), an increase of 6% from the prior year, despite the prevailing difficult economic conditions in the global aviation industry.
- ATNS's cash and cash equivalents as at the end of March 2015 was R1,063,3 billion. This followed ATNS having net cash flows from operating activities of R367,0 million, as well as net cash outflows from investing activities of R123,2 million.

Borrowings

- There were no interest-bearing loans and borrowings at the reported date. ATNS repaid all borrowings.
- The gearing ratio for the current financial year is 0% (2014: 0%). The Company has a gearing threshold of 45%.

Derivative financial assets and liabilities

 The Company manages its exposure to foreign exchange risk by ensuring that the net uncovered foreign currency position is minimised and by using derivative instruments to hedge certain exposures. For the year ended 2014/15 ATNS did not hedge.

Pension and post-retirement benefit obligations

 The Company operates a defined contribution scheme, the assets of which are held in a separate trustee-administered fund. The defined contribution fund is a pension plan under which

- the Company pays fixed contributions into a separate entity. The latest actuarial assessment of the ATNS Retirement Fund was at 31 January 2013. At that time, the ATNS retirement fund was certified by the reporting actuaries to be in a sound financial position.
- The Company's contributions to the ATNS Retirement Fund amounted to R49 million (2014: R44 million). ATNS does not provide any postretirement benefits to employees and has no exposure to any post-retirement benefit obligations.

Contingencies and commitments

 The Company has a matter which is currently under legal proceedings. At the reporting date, it was not possible to perform a reliable estimate of the contingent exposure.

Guarantees

 The Company has a guarantee that it would pay to suppliers amounting to R3,049,916 (2014: R3,049,916) and cessions and other matters arising in the ordinary course of business.

Increasing revenue in the non-regulated business

- During the year, the ATNS NEWCO programme progressed well. The business plan and financial model were updated in Quarter 1 of 2015 based on changes in the marketplace and the internal business environment since the plan was first drafted. The updated 10-year business plan and financial model were approved in principle by the ATNS Executive Committee (EXCO) and Board of Directors in January 2015.
- Additional progress to-date includes the preparation of a draft Ministerial approval submission for the establishment of the subsidiary and a project charter and programme plan outlining the remaining activities, delegated responsibilities, and target completion dates.

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Enhance operational efficiencies in line with global ATM standards

Runway throughput / Airspace Capacity and Efficiency

 The airspace capacity and runway (RWY) throughput targets for the third quarter ending 31 March 2015 at three major airports, namely OR Tambo International Airport (FAOR), Cape Town International Airport (FACT) and King Shaka International Airport (FALE) are indicated below:¹

Table 25: Runway throughput as at 31 March 2015

Airport / Aerodrome	RWY Throughput (Actual)	Target
FAOR	54	53
FALE	15	24
FACT	37	30

'The RWY throughput capacity is based on IFR (instrument flight rules) flights operating in visual meteorological conditions (VMC) requiring a specific higher level of separation requirements. This means that the actual runway throughput may exceed the declared capacity should there be a higher amount of VFR (Visual Flight Rules) flights during operations. This is due to the fact that the VFR flights require less separation requirements compared to IFR flights. Similarly the airspace capacity is based on IFR flights operating in VMC requiring a specific higher level of separation requirements. The actual figures depicted the two tables are the average busiest hourly movements for the month of January, February and March 2015.

The table below depicts the airspace capacity around the three major airports TMAs (Terminal Control Areas), namely FAOR, FACT and FALE (as abbreviated above).

Table 26: Airspace capacity as at 31 March 2015

Airport / Aerodrome	RWY Throughput (Actual)	Target
FAOR	53	60
FALE	19	24
FACT	40	30

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Airspace efficiencies

ATNS is implementing a project to review the design and operational efficiencies of the airspace servicing the Gauteng area. The project aims to improve efficiencies relating to optimum trajectories and, therefore, to reduce emissions. During the 2014/15 financial year ATNS finalised the implementation of the revised flight procedures and arrival and departure routes for the George and Port Elizabeth airports. ATNS has also facilitated the required changes to the Lanseria controlled airspace to support the implementation of Advanced RNP flight procedures for Runway 25.

ASBU block upgrades

- ATNS formulated performance improvement initiatives with regards to the ICAO Aviation System Block Upgrades (ASBU) to define a high level of governance as well as a conceptual framework to ensure that the much needed safety upgrades are globally coordinated and harmonised.
- The Company is progressing well with its performance improvements through the implementation of all the relevant ASBU Block 0 of the ICAO Global Air Navigation Plan (GANP) by developing South African priorities and targets according to operational needs.

Departure delays

 ATNS registered an average delay per delayed flight of 12 seconds against a target of 120 seconds. This demonstrates the Company's personnel's commitment to delivering the highest standards of air traffic control to the ATM community.

Airborne delays

 An analysis of more than 70,000 flights operating between OR Tambo (FAOR), Cape Town (FACT) and King Shaka International (FALE) airports shows that the total average airborne delay per delayed flight for the quarter ended 31 December 2014 was 00:04:51 (four minutes and fifty one seconds).²

Infrastructure performance

At the beginning of the financial year, ATNS reviewed the Communication, Navigation and Surveillance (CNS) performance reporting framework to ensure that future reporting is based on service availability and actual customer experience. This method of performance reporting considered the availability of redundant systems where applicable and also enabled reporting on the extent and impact of CNS technical infrastructure performance. ATNS achieved CNS Service availability for the year as indicated below:

Table 27: CNS Service availability for 2014/15

Business objectives	Objective measures	2014/15 Targets	2014/15 Actuals
Operational efficiency	Operational efficiency		C:99.991%
		N: 99.315%	N: 99.993%
		S: 99.863%	S: 99.988%

²Currently no automated methodology exists for determining airborne delays. The analysis of individual flights is the only means of assessing the extent of such delays. Only flights for which actual departure times, actual elapsed times, flight plan EET are available are used in this data analysis.

Performance-Based navigation

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- ATNS is implementing the ICAO Performance-Based Navigation (PBN) concept in the South African airspace in line with the PBN Roadmap. In terms of the PBN Roadmap, ATNS initially aimed to implement 10 Required Navigation Performance (RNP) Approaches; as well as 8 Area Navigation (RNAV) Standard Instrument Departures (SID) and Standard Terminal Arrival Routes (STAR) for international runways during the 2014/15 financial year.
- During the year, ATNS achieved 11 RNP Approaches and 4 RNAV SID/ATAR respectively. The plan for the financial year called for the design of RNP APCH for OR Tambo RWY 21L. In consultation with the various stakeholders - and through the PBN Steering Committee - ATNS opted to complete 2 design reports for FABE and 1 for FABL. This decision was made in the interest of achieving PBN Roadmap targets and to allow for access to FAPE during the runway rehabilitation project initiative by ACSA.
- ATNS similarly identified the design of 2 RNAV SIDS and 2 RNAV STARS for OR Tambo International Airport. In consultation with the various stakeholders and through the PBN Steering Committee it was decided to complete the design of RNAV SID and STAR for RWY 08 and 26 at FAPE Airport.
- The PBN Roadmap requires RNP APCH in 60% of instrument runways located at ACSA airports and RNAV 1 and 2 SID/STAR for 4 ACSA international airports. ATNS has realised 67% RNP APCH and has achieved the target of RNAV 1 and 2 SID/STAR for 4 ACSA international airports.

Infrastructure investment

- ATNS contributes towards the infrastructure development and high-level investment plan for the national transport sector. The Company aims to develop an optimised and efficient aviation infrastructure in a cost-effective manner. The 2014/15 CAPEX Programme execution performance continued to be below planned forecasts.
- ATNS is behind target as a result of re-advertising most of the tenders in an endeavour to enhance award opportunities for companies with 51% black-ownership, 30% black women ownership and companies with levels 1-4 B-BBEE contributory status. Considering that the aviation industry is largely dominated by foreign, multi-national Own-Equipment Manufacturing (OEM) companies, ATNS was challenged to achieve its B-BBEE targets.
- ATNS aims to ensure that the CAPEX plan is implemented in line with the Company's strategic objectives set out in the corporate strategy and operational plan. It further aims to ensure compliance with procurement governance processes.
- ATNS has invested in the acquisition of new and advanced technology for Air Traffic Management, that will replace the current Air Traffic Management Automation system nationally, which is used by ATNS's Air Traffic Controllers to manage and control the national airspace system. This programme will be one of the largest single CAPEX investments that ATNS has embarked upon in the last decade, and is steered under the programme: Collaborative ATNS Air Traffic System (CAATS).
- The following Capital Investment projects were prioritised in 2014/15:

• Communications: R11,221,270

Navigation: R3,303,160Surveillance: R269,937

Display Systems: R92,705,688

Software: R20,781,802General: R3,962,011

Table 28: Capital investment projects for 2014/15

Business objectives	Objective measures	2014/15 Targets	2014/15 Actuals
Development of optimised and efficient aviation infrastructure in a cost-effective manner.	Adoption and approval of CAPEX Implementation Plan of 2014/15.	R151 million	R60,11 million (40% of the CAPEX Plan for the year).

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Develop leadership capability in the Africa ATM space

Network performance

- The SADC II and NAFISAT Very Small Aperture Terminal (VSAT) networks fulfill the region's communication requirements in terms of the ICAO Africa Indian Ocean (AFI) plan. The networks have succeeded in integrating a regional communications network, contributing to increased communication, thereby allowing for greater safety on air traffic movements, and are financially sustainable. SLA performance for both Satellite
- Communication Systems remains above the target level.

Table 29: SLA performance for Satellite Communication Systems

System	Objective measures	2014/15 Target	2014/15 Actual
SADC VSAT II – Operation of the satellite communication networks.	Ensure network availability.	98,5%	SLA: 99,93%
NAFISAT – Operation of the satellite communication networks.	Ensure network availability.	98,5%	SLA: 99,97%



Create a transformative organisation

Broad-Based Black Economic Empowerment

· ATNS continued to pursue an integrated approach to Broad-Based Black Economic Empowerment in the transformation of the sector as well as for the long-term sustainability of the country. The Company achieved a Level 2 B-BBEE contribution level during the year, with the various contribution targets addressed as

Table 30: B-BBEE contribution targets addressed in 2014/15

B-BEE Element	Target	2014/15 Actual
Management Control	15.00	16.00
Employment Equity	15.00	13.52
Skills Development	20.00	16.00
Preferential Procurement	20.00	17.92
Enterprise Development	15.00	17.92
Socio-Economic Development	15.00	15.00
Total	100.00	93.44

• During the year, ATNS analysed its OPEX expenditure of the current supplier database to ensure that registered suppliers are BEE compliant. ATNS achieved 62% for operational expenditure (OPEX) and 92% for CAPEX against the target of 65% and 45%, respectively, as at the end of the fourth quarter.

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Employment equity - ATS

- As at 31 March 2015, the Company reached 62,29% in terms of ATS AIC employment against a target of 57%.
- Female employees represented 41,75% of the total ATS employee-base, against a target of 40%. Whilst the Company has been challenged to secure sufficient female representation in this specific area, there has been moderate growth.

Table 31: ATNS total AIC representation for the year

ATNS EE representation	2014/15 Target	2014/15 Actual
ATNS AIC	70%	69,56%
ATNS female	46%	44,05%
People with disabilities (PWDs)	3,5%	2,79%

Table 32: A detailed break-down of ATNS's AIC representation

	Male				Female			
Occupational levels	African	Indian	Coloured	White	African	Indian	Coloured	White
Sub-total	291	47	46	241	323	33	37	99
%	26,05	4,21	4,12	21,58	28,92	2,95	3,31	8,86

• In support of Government's socio-economic development objectives, ATNS's total spend on Corporate Social Investment (CSI) for 2014/15 was R1,3 000 000, which contributed to the Company's achievement of an overall B-BBEE score of Level 2.



Build a culture of safety

- The financial year started with a safety ratio of 1.94 (April 2014). An upward trend brought the ratio to 3.10 by year-end (March 2015).
- There were a total of 34 safety events during the year. 18 out of the 34 safety events occurred during three months: July 2014, November 2014, and February 2015. The remainder of the year accounted for 16 safety events.
- Root causes and safety event spikes were interrogated during the year. The majority of events resulted from human performance failures. To address this, ATNS launched a safety campaign, namely "Visible Safety" to elevate the role of operational personnel in the management of safety. The campaign promotes a more 'hands-on' approach for line management. Safety action plans were also implemented and refined to respond to the real-time demands of the operational environment.
- ATNS continued to address operational performance through improvements in procedures, processes and systems - particularly aimed at addressing human error and improving staff
- ATNS hosted the 2nd ATNS Safety Workshop during the year, and as part of this workshop invited neighbouring air navigation service providers to participate, namely Namibia, Botswana, Zimbabwe, Mozambigue, Swaziland and Lesotho. The theme of this safety workshop was Safety beyond Regional Boundaries, acknowledging the fact that in our business of managing air traffic, we share common boundaries with our neighbours and thereby become elements of a chain in delivering safe skies to the flying community.
- A Fatigue Risk Management Programme was launched.
- A 'safety culture' survey was conducted and results were shared with all staff and incorporated into action plans for each department within ATNS.

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Build a skilled and capable employee resource base

• ATNS manages the training pipeline for ATS and technical staff at its aviation training academy. This is in line with the Company's budget and Human Resources Plan. ATS and technical staff numbers for the year are displayed in the table below:

Table 33: ATS and technical staff complement for 2014/15

Staff	2014/15 Target	2014/15 Actual
ATC01	119	107
ATCO2 (Senior ATCs)	37	34
ATCO3 (Principal ATCs)	226	210
Engineering Technicians	89	87

- During the year, ATC numbers reduced due to several factors, including a loss of qualified staff members in the ATCO 1 and 3 streams through attrition; the lack of capacity to train individuals to feed into these streams; the use of the 2D simulator rather than 3D; the failure rate of learners nominated for courses; and the movement of employees through departmental transfers.
- Maximum headcount was reached in terms of the training of Engineering Technicians.
- ATNS continued to implement development programmes for employees to increase the representation of black employees (AIC), and particularly women, and thereby to align with the demographics of the country. A total of 58 AIC candidates (including women) were enrolled, with the Rand value of the overall salary bill amounting to 3,68% for the year.



Manage the organisation's contribution to Climate Change

- During the year, the ATNS Board approved the Sustainable Climate Change Strategy (SCC).
- The Company conducted its third Carbon Footprint inventory and reported on quarterly performance.
- The planning process for the first phase of ATNS's energy efficiency initiative was performed for the

- Company's head office in Bruma during August 2014. Electricity meters were installed to monitor energy usage. This will enable ATNS to report on energy consumption and develop emission reduction targets. Tender evaluations were completed for the installation of LED lighting at Bruma head office.
- The ATM department explored the use of the ICAO IFSET tool to measure emissions from aircraft.
 Fuel consumption information has been requested from the airlines in order to calculate the total fuel burn per aircraft type, per flight level.



Manage and preserve scarce and vulnerable resources

- The Company performs an annual energy assessment and calculates a yearly carbon inventory to measure the Company's energy usage and fuel efficiency.
- ATNS's total carbon inventory for the 2015 financial year is 19,135.47 tons of CO2e. Approximately 99% of the organisation's carbon emissions relate to electricity consumption, whilst the remaining 1% of emissions relate to the use of fuel. This represents a 143,54% increase from the 2012 baseline carbon inventory, which totalled 7,857 tons of CO2e and an 82% increase on the 2014 carbon inventory that totalled 10,469 tons of CO2e.

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- Electricity accounts for the largest indirect GHG emissions of all the emissions reported. This is due to the high energy intensity from the ACSA operations, mainly facilities at international airports.
- Facilities at the ACSA airports and Eskom billed sites are the two groupings with the largest emissions as a result of their increased electricity consumption. ACSA accounts for approximately 86% of emissions reported whilst Eskom billed sites accounts for approximately 6%.
- The Company continued to roll out the following sustainability initiatives to promote a paperless environment and recycling activities:
 - Centralised Aeronautical Database (CAD) and AFI-CAD, paperless environment initiative.
 - Paperless ATM initiative.
- Paper recycling initiative.
- Electronic filing initiative.
- Initiatives to address the effects of climate change also consider the impacts on water availability as well as direct physical risks to water resources. Employees received training on water management and conservation during the year. ATNS continues to research innovative ways to improve its water conservation and utilisation.



Develop enterprise-wide awareness for environmental impacts

- ATNS commenced training for employees on its Sustainable Climate Change (SCC) awareness programme during the fourth quarter of the year. The project was rolled out in phases, and catered for a variety of audiences. Phase 1 was conducted for Head Office, ATA, Cape Town and George. Phase 2 of the training will include the remainder of the organisation at the respective stations.
- Of the annual target of 476 employees to be trained,
 311 employees received training during the year.
- The Sustainabilit y and Climate Change internal communications implementation plan was completed during the year and rolled out. The plan aims to continuously engage internal stakeholders on environmental sustainability matters to promote environmental awareness.
- Various campaigns were rolled out to maintain positive momentum in terms of SCC training,

including communications around sustainability initiatives and sustainability tips (using posters, surveys, and information on plasma displays).



Maintain an impeccable governance framework

- ATNS continued to fight corruption and promote good governance throughout the organisation through regulatory compliance and its fraud and Whistle Blowing Policy.
- No material regulatory compliance findings were reported during the year.
- Nine whistle blowing matters were reported during the period. One matter was not resolved within the 90 days target. Initial investigations on the matter necessitated handing it over to forensics specialists. The findings had not been finalised at the time of publishing this report.



Ensure regulatory alignment and compliance

- ATNS continued to comply with relevant legislation, regulations and standards.
- No material findings were reported during the fourth quarter as per Internal Audit reports.

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Overview of key performance indicators (KPIs)

Table 34: ATNS Key Performance Indicators

Item no.	Business objectives	Objective measures	Annual performance indicators	2013/14 Actual	2014/15 Target	2014/15 Actual
KPA-1	: Transport safety an	d security				
1.1	Safety service provision	Reduce the ATNS safety events rate	Number of safety events per 100000 air traffic movements. Inclusive of all movements	1.67 safety events per 100 000 air traffic movements	2.0 safety events per 100 000 air traffic movements	3.10 safety events per 100 000 air traffic movements
1.2	Airspace capacity and efficiency	Increase airspace capacity in line with runway throughput	Airspace capacity (Airport)	FAOR = 56 FALE = 22 FACT = 37	FAOR = 60 FALE = 24 FACT = 30	FAOR = 59 FALE = 19 FACT = 40
		determined by ATNS and ACSA jointly	Runway through put demand in movements per hour	N/A	FAOR = 53 FALE = 24 FACT = 30	FAOR = 54 FALE = 15 FACT = 37
1.3	Operational efficiency	Reduce overall traffic delays	Average delay per delayed flight	11 seconds	120 seconds	12 seconds
1.4	Operational efficiency	Achievement of Service availability	Average System availability	C: 99.50% N: 96.26% S: 99.94%	N/A	N/A
			Average Service availability	N/A	C: 99.109% N: 99.315% S: 99.863%	C: 99.991% N: 99.993% S: 99.988%
1.5	Ensure commercial sustainability	Ensure financial sustainability	Meeting financial target as per budget	D/E = 0% C/A = 7.08:1 ROCE = 23.71%	D/E =10-45% C/A = 2.5:1 ROCE = 8%	D/E = 0% C/A = 6.7:1 ROCE = 24.6%
1.6	Performance- based navigation (PBN)	Implement ICAO PBN concept in South Africa. Near-term implementation targets in line with South African PBN Roadmap	Design Reports for submission to SACAA (RNP APCH)	Achieved 55.5%	RNP APCH in 60% of instrument runways located at ACSA airports by 31 March 2015	Design Reports for submission to SACAA (RNP APCH). This equates to 67% instrument runways located at ACSA airports

^{*} New measure

Fully achieved

Partially achieved

Not achieved

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Item no.	Business objectives	Objective measures	Annual performance indicators	2013/14 Actual	2014/15 Target	2014/15 Actual
KPA-2	: Infrastructure deve	lopment and high-lev	el investment plan fo	r Transport		
2.1	Development of optimised and efficient aviation infrastructure in a cost-effective manner	Adoption and approval of CAPEX Implementation plan of 2014/15 • Strategic plan • Roadmap • Operational plan	Compliance with the acquisition and implementation of milestones of the CAPEX plan	R122 million	R151 million	R60.11 million
2.2	Operation of the satellite	Optimize revenue and ensure	Achievement of the revenue and	SLA: 99.92%	SLA: 98.5%	SLA: 99.93%
	communication networks: SADC VSAT	network availability	network availability as per SLA targets	Revenue: R33,4 million	Revenue: R26,8 million	Revenue: R37,1 million
2.3	Operation of the satellite	Optimise revenue and ensure	Achievement of the revenue and	SLA: 99.97%	SLA: 98.5%	SLA: 99.97%
	communication networks: NAFISAT	network availability	network availability as per SLA targets	Revenue: R30,1 million	Revenue: R26,4 million	Revenue: R33,2 million
KPA-3	: The fight against fra	ud and corruption				
3.1	Comply with relevant legislation, regulation and standards	100% compliance	 Reports with no material findings from auditors Sound internal control systems 	No material noncompliance findings were reported for the period under review	Unqualified audit report to be achieved for 2014/2015	ATNS continues to comply with relevant legislation, regulations and standards. No material findings were reported for the period under review
3.2	Fraud and whistle-blowing policy	Fighting corruption and promoting good governance	Matters investigated as per policy timelines	The investigation on the two matters reported in the third quarter has been completed. Two matters were reported in quarter 4 of which one is still under investigation and the other one is closed	Resolution of matters reported through the Whistle Blowing within 90 days	9 Whistle Blowing matters were reported for the year. 1 matter was not resolved within the 90 days target. Initial investigations on the matter necessitated handing the matter over to forensic specialist. The report on the matter is being finalized

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Item no.	Business objectives	Objective measures	Annual performance indicators	2013/14 Actual	2014/15 Target	2014/15 Actual
KPA-4	: Environmental prot	ection				
4.1	Implementation of environmental plan	Minimise gaseous emissions	ATNS 2014/15 Carbon footprint inventory report	The ATNS Carbon Footprint Inventory for 2012/13 FY has been completed	Calculate and report on ATNS Carbon Footprint 2014/15 quarterly	Quarter 4 Carbon footprint report
		Human resources/ training	Trained ATNS employees on Sustainability and climate change matters	The S & CC awareness programme has been fully developed and designed by the ATA	Deliver Environmental awareness training to 50% of ATNS employees	312 employees trained, 65.3% achievement against the target
		Performance assessment	Environmental performance assessments	The S & CC Stakeholder Engagement Policy was approved by EXCO	Conduct environmental assessment for en-route airspace changes	Baseline environmental assessment/ performance assessment of en-route airspace compiled
KPA-5	: Training to contribu	te to job creation				
5.1	Address societal challenges, thereby building a meaningful legacy for ATNS and the communities in which we operate	lenges, eby building a learnerships iningful legacy ATNS and the munities in	Trained ATS and engineering learnerships	ATS Bursars: 74	ATS: 60	ATS: 80
				Engineering Learnerships: 10	Engineers Learnerships: 5	Engineering learnerships: 12
					ETS – GEDP: 6	ETS – GEDP: 9
					Ext. bursaries: 1	Ext. bursaries: 1
					Unemployed graduates: 6	Unemployed graduates: 5
5.2	Manage the training pipeline	Adoption and approval of HC	Achievement of the numbers as	ATC03: 206	ATC03: 226	ATC03: 210
	for ATS and technical staff	plan as per budget. ATS and TS	per budget. Adoption and approval of	ATC02: 40	ATC02: 37	ATC02: 34
		training plan. Operational or	training plan. Compliance with	ATC01: 109	ATC01: 119	ATC01: 107
		implementation plan	the milestones of the plans	Eng. Techs: 71	Eng. Technicians: 84	Eng. Technicians: 82
				Eng. Satellite: 5	Eng Satellite: 5	Eng. Satellite: 5

PERFORMANCE REVIEW

Item no.	Business objectives	Objective measures	Annual performance indicators	2013/14 Actual	2014/15 Target	2014/15 Actual
5.3	Review and implement the HR plan to recruit, develop, retain, and reward employees across all disciplines	Development programmes for employees, with emphasis on AIC and women	Training investment as percentage of a salary bill	2.94 % Rand value of salary bill	2.94 % Rand value of salary bill	3.68% Rand value of salary bill
KPA-6	: Broad-Based Black	Economic Empowern	nent			
6.1	Achieve B-BBEE targets. Achieve preferential procurement targets as set by the Transport Charter	Percentage of discretionary	Achievement of B-BBEE targets as per the Transport Charter	OPEX spend 75% CAPEX spend 88% Level 5 B-BBEE Status The B-BBEE strategy to achieve level 3 ratings was developed	B-BBEE level 3	Level 2 B-BBEE Status Management Control 16.00/15.00 MANAMA Employment Equity 13.52/15.00 MANAMA Skills Development 16.00/20.00 MANAMA Preferential Procurement 17.92/20.00 MANAMA Enterprise Dev. 15.00/15.00 MANAMA Socio-Economic Dev. 15.00/15.00 MANAMA Total 93.44/100.00

KPA-7	: Employment equity					
7.1	ATS EE targets (AIMO, ATSO, ATCO 1-3)	Achieve representation towards alignment of company staff profile with the demographics of the country	3. 6% increase – year on year - AIC 3% increase – year on year, African Females	ATS AIC - 56.01% ATS Female - 36.82%	Achieve a target of 57% ATS AIC Achieve a female target of 40% ATS	62.29% ATS AIC AAAAAAA 41.75% ATS female
7.2	ATNS EE targets	Increase representation of black (AIC) racial grouping with a	4% increase – year on year African (based on YTD) 4% increase	ATNS AIC – 67.06% ATNS Female	Achieve a target 70% AIC	ATNS AIC - 69.56% AAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAA
		particular focus on African and female representation towards creating alignment with the demographics of the country	- females (based on YTD) 1% increase - people with disabilities (based on YTD)	- 40.92% ATNS PWD - 2.85%	target of 46% female Achieve a company target of 3.5% for people with disabilities	- 44.05% ATNS PWD - 2.79%



OUTLOOK

Priorities for the year ahead



Ensure long-term financial sustainability

Permission process

- The current permission plan (2010/11 to 2014/15) for a tariff charge expired on 31 March 2015, ATNS therefore submitted the Permission application (2015/16 to 2019/20) to the Regulating Committee. The Committee promulgates tariffs to be levied by ATNS to clients during a five-year regulatory Permission cycle, based on a 'single till' price cap regulatory regime. The Committee also prescribes minimum service standards for each Permission period.
- The Tariff Permission for the period 2015/16 to 2019/20 is due to be issued by the Regulating Committee for ATNS by 30 June 2015. It is anticipated that the Tariff Permission, of which a draft has been issued for public comment, will be published by 30 June 2015 and will apply retrospectively from 1 April 2015. The Tariff Permission, if published unchanged from that published in draft form, will challenge the Company to critically review its cost base to improve on operating efficiencies, reduce the cost of operations, and accelerate the level of investment in air navigation infrastructure and services. The draft permission provides for tariff increases, which are on average less than inflation for the full period of the permission and includes a material tariff reduction in the 2015/16 financial year. ATNS's profitability and return on capital are due to be constrained by the combined effects of inflationary pressures, a stagnant South African economy and a depressed aviation sector, with low air traffic growth forecast for the year.



Enhance operational efficiencies in line with global ATM standards

- ATNS will prioritise the continued delivery of its mandated services in relation to the provision of the
 required air navigation infrastructure as well as safe, efficient and expeditious air traffic services. These
 services will continue to comply with South African Civil Aviation Legislation and Regulations as well as
 with ICAO standards and recommend practices.
- ATNS will continue to roll out the new national air traffic management system, CAATS (Collaborative
 Advanced Air Traffic System), with the system due to be commissioned at the Company's air traffic service
 units in Cape Town, George, Port Elizabeth and East London. The CAATS installation at the air traffic service
 units in the Johannesburg Flight Information Region will be completed in 2015/16, with the system being
 commissioned in the following financial year. Other elements of ATNS's capital expenditure programme,
 including the renewal of VHF radio systems, Wide Area Multilateration surveillance, DME-DME navigation
 network and the implementation of an enterprise resource planning system will be expedited in the 2015/16
 financial year to make up the backlog in our South African investment programme.
- To continue improving operating efficiencies for both the Company and users of ATNS' services, we will assess the feasibility of consolidating certain air traffic services to achieve greater economies of scale and better utilisation of scarce human resources.

OUTLOOK



Develop leadership capability in the Africa ATM space

- We will actively pursue the growth of our non-regulated business in both South Africa as well as in the rest
 of Africa. We will do so by leveraging the core skills and expertise of ATNS's employees, using improved,
 lean business processes focussed on delivering the right product to the market, on time and at competitive
 prices, supported by the availability of funding solutions tailored to clients' needs.
- A memorandum of understanding has been concluded for ATNS to continue operating as a network service
 provider for SADC VSAT II and NAFISAT and will be effective from 1 December 2015 until 2022. At the time
 of reporting, the Company was in the process of upgrading the current network. ATNS still has to sign
 service level agreements (SLAs) with individual member states, which will stipulate the expected availability
 of the network service.
- Having finalised supplier contracting for the satellite communication equipment used in the SADC VSAT
 and NAFISAT regional communications networks, the Company will begin installation and commissioning
 of the new equipment during the latter part of 2015/16. These networks will enable ATNS to continue in
 its role as the supplier of aeronautical fixed-telecommunication services to air navigation service providers
 in North, East and Southern Africa for the next seven years. With our regional partners, IATA and ICAO
 demonstrating confidence in ATNS's abilities, we are proud to be a meaningful contributor to the safe and
 expeditious movement of air traffic in the region.



Create a transformative organisation

- The Codes of Good Practice implemented during the 2014/15 financial year aim to maintain the Company's Level 2 rating during the 2015/16 financial year.
- The Company has a 5 year Employment Equity Plan (for 2015-2020) in place.



Build a culture of safety

- The ATNS Roadmap is a high priority 'critical issue' for the Company and will be reviewed in the 2015/16 financial year. The review will include the ICAO initiative and Aviation System Block Upgrades (ASBU), and will support initiatives aimed at fulfilling ATM community needs and expectations of access, equity, safety, efficiency, predictability, environmental sustainability and affordability. ASBU initiatives have been formulated to define a level of governance and to deliver an accompanying conceptual framework to ensure that muchneeded upgrades are coordinated and globally harmonised.
- During the 2014/15 financial year ATNS developed additional safety performance indicators. These indicators report on the successful service delivery of ATNS, measured against the number of Instrument Flight Rule (IFR) flight hours. The overarching value is represented by the number of 'losses of separation' related to aircraft being provided with a service. This measure can be compared to the same metric obtained from the Civil Air Navigation Services Organization (CANSO) and serves to support the benchmarking of safety performance. ATNS will be introducing this safety measurement and associated KPIs for the first time during the 2015/16 financial year.

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OUTLOOK



Build a culture of safety (continued)

- The following key focus areas and action plans have been identified for the 2015/16 financial year, which will enable continuous vigilance and monitoring of safety performance:
 - Promoting collaboration and partnership in ATS personnel training programmes; safety management programmes; and infrastructure investment programmes to achieve seamless integration of Air Navigation infrastructure and systems.
 - Pursuing the concept of 'Upper Airspace Management'.
 - Addressing coordinated failures between FIRs and more specifically, coordination failures at waypoint ILDIR.
 - Establishing a 'Go Team' to coordinate processes for SMS implementation in the region.
 - Implementing NOSS as a proactive tool for identifying risks and hazards in the operating environment as well as introducing TEM to help prevent human error.
 - Establishing joint Pilot/ATC training programmes to close the gaps between the two workplace environments.
 - Participating in general aviation safety programmes.
 - Conducting ATS management training to improve ATM leadership skills.
 - Reviewing models used in the management and operation of airports owned by provincial governments and municipalities especially as it pertains to airport licensing and air traffic service approval requirements.
 - Extending the establishment of runway safety teams beyond ACSA airports.
 - Establishing a National Safety Programme.



Build a skilled and capable employee resource base

- Target an employee-base of 1,148 employees for the year ahead.
- Target 652 ATCs and 295 engineers to be trained by ATA.
- Labour relations are anticipated to be harmonious overall, with the conclusion of four-year substantive salary agreements with our Technical Services and Administrative Bargaining units early in the financial year. The substantive salary agreements provide for inflation-related increases for employees, as well as the introduction of performance-based increases for certain categories of employees. However, finalising a substantive salary agreement with our Air Traffic Services bargaining unit may be fractious, with negotiations having reached an impasse. With air traffic services being an Essential Service as determined by the Essential Service Committee of the Commission for Conciliation, Mediation and Arbitration (CCMA), resolution of the impasse will be reached through arbitration under the auspices of the CCMA, which should be concluded by the end of Quarter 2 of the financial year. ATNS aims to achieve an outcome that is fair to employees, affordable to the Company, competitive and comparable in the marketplace and supportive of public policy.

OUTLOOK



Manage the organisation's contribution to Climate Change

- ATNS will continue to implement the South African Performance-Based Navigation Plan by reviewing
 airspace and air route design, as well as publishing further performance-based instrument flight procedures
 for use at ACSA International airports, AFB Waterkloof, and Lanseria and Polokwane International airports.
 These procedures support the Company's environmental sustainability initiatives and will contribute to
 the reduction in aviation's emission of greenhouse gasses.
- Energy-efficiency initiatives will be implemented at our major operating units to reduce consumption of electricity and to contribute to the reduction in 'Scope 2' emissions.



Manage and preserve scarce and vulnerable resources

- Ensure compliance with NEMA requirements for air-quality standards and continue to engage stakeholders to refine ATNS's approach to air quality management.
- Continue to refine the Company's 'green practices' with regards to paper and waste.
- Continue to engage ACSA in the year ahead to explore options for improving electricity-related data sourced from these sites.



Develop enterprise-wide awareness for environmental impacts

- Deliver environmental awareness training to a minimum of 50% of ATNS employees.
- Continue to update the legal and regulatory register in terms of operational compliance to 'green practices'.
- Continue to implement the Sustainability and Climate Change Strategy and Plan.

CONSOLIDATED 5-YEAR REVIEW

This section reviews ATNS's financial performance for the regulated business over a five-year period, commencing in the 2010/11 financial year and culminating in 2014/15.

Permission revenue was expected to grow from R974 million in 2010/11 to R1,5 billion by 2014/15 giving a compound annual growth rate (CAGR) of 9,8%. However, due to the GDP forecast being revised down from 4% to around 2% for the better part of the permission period, this resulted in actual revenue being slightly lower than the permission at R1,4 billion, compared to the expected R1,5 billion. The CAGR for the actual revenue was 1,9% below the permission.

Graph 7: Overview of performance of permission against actual revenue for the period 2010/11 to 2014/15



The under-performance of actual revenue relative to the permission could have been significant given the slowdown of air traffic movement subsequent to the GDP being revised downward. However, airlines started changing their aircraft mix from large to even larger aircraft. This worked to the Company's advantage as margins are slightly higher on larger aircraft. The latter trend is expected to continue at a moderate rate. The inherent risk of air traffic movements not materialising as projected will remain. This will compel the Company to look for other sources of revenue over and above the regulated revenue.

Graph 8: Overview of operating costs for the 5-year period 2010/11 to 2014/15



CONSOLIDATED 5-YEAR REVIEW

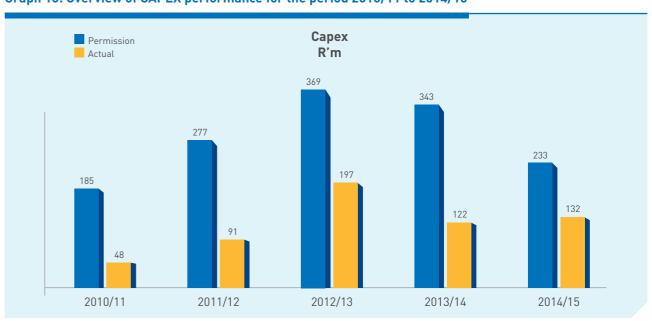
The actual CAGR on operating costs from 2010/11 to 2014/15 was slightly below the expected 6,34% at 6,17%. Costs remained high at around 76,9% of revenue and this is expected to continue into the future. A significant portion of this relates to staff costs at around 47,8%, while around 14% of operating costs have a foreign currency component. The latter exposes the Company to foreign exchange fluctuations risk. Different options to counter this risk exposure have been considered, including obtaining foreign exchange contracts to cover material exposure.

Graph 9: Overview of staff costs for the period 2010/11 to 2014/15



Approximately 60% of staff costs are for air traffic control related services. The Company competes with its international peers for air traffic controllers, resulting in high salaries offered to retain these skills. The Company has considered other mitigating options, including clearing the congestion in the training pipeline to have a sufficient pool of air traffic controllers. This will remain high for a foreseeable future irrespective of the significant anticipated investment in technology.

Graph 10: Overview of CAPEX performance for the period 2010/11 to 2014/15



CONSOLIDATED 5-YEAR REVIEW

The compound average growth rate on capital expenditure was 22,4% compared to the projected 4,7% in the permission. This is attributable to, amongst other reasons, the deferring of some of the capital expenditure projects due to a change in technology. The technology highly influences the Company's capital investment as a driver for efficient and effective provision of air traffic management services.

The deferring of projects resulted in ATNS not raising projected loans with financiers and the payment of all outstanding loans. This led to interest paid being much lower than initially projected in the Permission.

The expected 'catch-up' will continue into the next permission from 2015 to 2020. However, the deferring of projects did not negatively affect a safe provision of air traffic management services.

COMPANY INFORMATION

ATNS Head Office

Postal address

Private bag X15 Kempton Park 1620

Street address

Block C, Eastgate Office Park South Boulevard Road Bruma 2198 Gauteng Republic of South Africa

Contact details

Tel: +27 11 607-1000 Fax: +27 11 607-1570 Website: www.atns.com Email: marketing@atns.co.za

Southern Region

Postal Address

Private bag X17 Cape Town International Airport 7525

Air Traffic Management

Tel: +27 21 937-1122 Fax: +27 21 934-5530

Technical services

Tel: +27 21 937-1153 Fax: +27 21 937-1181

Northern Region

Postal address

Johannesburg International Airport Private bag X1 Bonaero Park 1622

Air Traffic Management

Tel: +27 11 928-6439 Fax: +27 11 395-1045

Technical services

Tel: +27 11 928-6469 Fax: +27 11 395-1049

Aviation Training Academy

Postal address

Private bag X1 Bonaero Park 1622

Contact details

Tel: +27 11 570-0400 Fax: +2711 395-3347

Bankers

Nedbank

Contact: Charles Barnes Tel: +27 11 295-7486 (PA)

Street address

135 Rivonia Road Sandton 0128

Auditors

KwinanaEquifin Block A, Alenti Office Park 457 Witherite Street The Willows Ext 82 Pretoria 0184

Contact details

Tel: 086 199 1620 (Pretoria) +27 11 315-6108 (Midrand)

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ABBREVIATIONS AND ACRONYMS

AASA	Airline Association of Southern Africa		
AAT0	Association of African Aviation Training Organisation		
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		
AFIS	Aeronautical Flight Information Service		
AFRAA	African Aviation Authority		
AFTN	Aeronautical Fixed Telecommunications Network		
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			
ATNS	Air Traffic Flow Management		
ATM	Air Traffic and Navigation Services Air Traffic Management		
ATMRPP	Air Traffic Management Required Performance Panel		
ATS	Air Traffic Services		
ATS/DS	Air Traffic Services Air Traffic Service/Direct Speech		
BARSA	Board of Airline Representatives of South Africa		
B-BBEE	Broad-Based Black Economic Empowerment		
BD			
BI	Business Development		
С	Business Intelligence		
CA	Communication		
CAC	Current Assets		
CAD	Civil Aviation Committee		
	Centralized Aeronautical Database Committee on Aviation Environmental Protection		
CAEP			
CAMIL	Compound annual growth rate		
CANGO	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		
CE0	Chief Executive Officer		
CF0	Chief Financial Officer		
CISM	Critical Incident Stress Management		
CNS	Communication, Navigation and Surveillance		
D/E	Debt/Equity Ratio		

ABBREVIATIONS AND ACRONYMS

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			
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		
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		
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		
NAMP	National Airspace Master Plan		
NASCOM	National Airspace Committee		
10001-1	. tational / in opace committee		

ABBREVIATIONS AND ACRONYMS

NEXTGEN	Next Generation	
0EM	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	
R&D	Research and Development	
RC	Regulating Committee	
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	Variable costs	
VDF	VHF Directional Finder	
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	

