2023

INTEGRATED REPORT

Air Traffic and Navigation Services Company (SOC) LTD

Sustaining value
for the future

ATNS
AIR TRAFFIC & NAVIGATION SERVICES
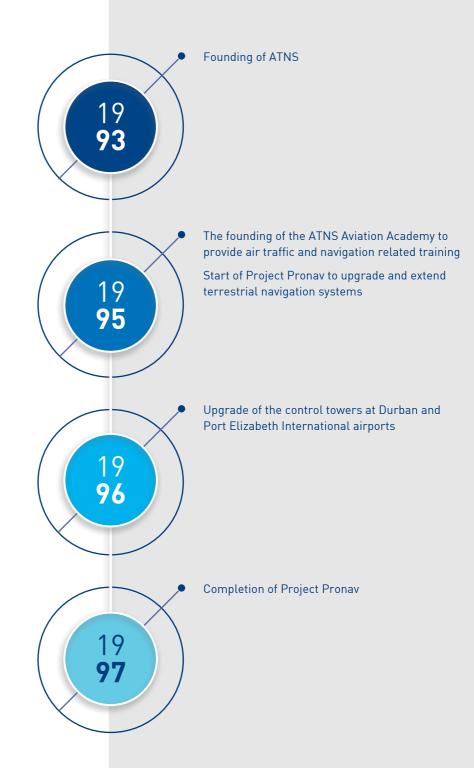
30 YEARS
OF KEEPING AFRICAN SKIES SAFE

The ATNS Company, an entity of the Department of Transport, was established in July 1993. In 2022, the company joined the rest of the aviation community in celebrating 100 years of Air Traffic Control. ATC, as we have come to know it, has evolved in many ways. Communication, navigation, and surveillance technology have also changed. To improve ATNS's air traffic navigation services and contribute to the industry's safety performance, the company has embedded principles of innovation in all its processes and procedures over 30 years.

To commemorate ATNS turning 30 years old. We have collated key achievements from 1993 to the present reporting year. We trust the journey will be informative and demonstrate that ATNS will continue to reach new heights.

Beginning on the opposite page, these milestones are presented in the section dividers of this integrated report:

1993 ▸ 1997

19 93 — Founding of ATNS

19 95 — The founding of the ATNS Aviation Academy to provide air traffic and navigation related training

Start of Project Pronav to upgrade and extend terrestrial navigation systems

19 96 — Upgrade of the control towers at Durban and Port Elizabeth International airports

19 97 — Completion of Project Pronav

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ABOUT THIS REPORT

INTRODUCTION

This report covers our activities from 1 April 2022 to 31 March 2023, and shows how we applied our six capitals, focused on our three pillars, and delivered through our eight strategic objectives.

It highlights the value we created in various functions of the business, and outlines our crucial roles in providing regulated and non-regulated business services supported by underlying philosophies, beliefs, policies and approaches that support our strategies.

The growth focus areas mentioned in the report are all intended to help realise our aspiration of financial sustainability and support the objectives of our shareholder – the Department of Transport – along with the developmental agenda aspirations of frameworks such as the United Nations SDGs and the National Development Plan (NDP).

SCOPE AND BOUNDARY

This report covers the period 1 April 2022 to 31 March 2023. Significant events that occurred after year-end and before the board's sign-off in August 2023 are also included in this report.

BASIS FOR PREPARATION

Our report has been prepared in adherence with the Public Finance Management Act (Act 1 of 1999) [PFMA], Companies Act (Act 71 of 2008), Generally Recognised Accounting Practice and King IV™ Report on Corporate Governance of South Africa, 2016. The report was compiled using the principles and content elements contained in the International Integrated Reporting Council's International ←IR→ Framework (2021).

MATERIALITY

The report covers the social, economic and governance aspects that are material to our ability to create and preserve value over time. A matter is considered material if it can substantively affect our ability to create value.

Our materiality matters were reviewed by executive management and approved by the Board in line with best governance practices. The material matters are: (i) sustainable modern business; (ii) good governance; (iii) skilled workforce; (iv) air traffic safety; and (v) environmental, economic and geo-political instability.

FORWARD-LOOKING STATEMENTS

Certain statements in this report are forecasts of future results and, consequently, cannot be determined at the time the report was signed off. Forward-looking statements involve inherent risks and uncertainties, and actual results may vary considerably from predictions.

APPROVAL AND ASSURANCE

The ATNS Board believes that this report addresses all material issues and fairly presents the company's integrated performance, outlook, strategy and perspective on future value creation. This is in accordance with the International ←IR→ Framework.

The board acknowledges that it holds ultimate responsibility for the integrity and completeness of this report. With the assistance of executive management, Audit and Risk committee and other board committees, the board considered the preparation and presentation of the 2023 integrated report and the audited annual financial statements, that appear in an accompanying document, a true reflection of the state of the company.

Mr Zola Majavu (CD) SA
Chairman of the Board
Date: 22 August 2023

Ms Nozipho Mdawe
Chief Executive Officer
Date: 22 August 2023

REPORT STRUCTURE

In the **overview**, we cover our business pursuits, performance highlights of the year, operational environment, and engagements with stakeholders.

In **governance** we set out the sound governance processes and systems in place to ensure that we are continuously creating value – including sustainability considerations – and our new Chairman shares his informed observations on the industry and our role in it.

In **strategy**, we include the views of our CEO, outline the value we have created through our strategy and unpack the material issues and risks.

In **performance**, we start with our Chief Financial Officer presenting our performance highpoints and challenges, and then compare our achievement for 2022/23 against 2021/22.

In **outlook**, we assess our progress to date as a foundation for the continuation of our journey to achieve our short- to medium-term plans.

The content is cross-referenced throughout for easy navigation.

1998 ▶ 2002

1

OVERVIEW

Delivering our mandate for 30 value-enriched years

Since ATNS was established in 1993, it has transformed air traffic management through leadership, partnerships and innovation.

19 98
- ISO accreditation

19 99
- Satellite surveillance and communication system (ADS/CPDLC) installation for Indian Ocean area
- New high frequency radio system installed

20 00
- Project Speakeasy complete
- Contract for Aeronautical Surveying awarded to ATNS by the FAA
- Aviation Training Academy established through ATNS College partnerships with Airports Company South Africa (ACSA)

20 01
- Installation of 3D Air Traffic Control simulator at ATNS's Aviation Training Academy

20 02
- Construction begins on the South African Advanced Air Traffic System (SAAATS)

NAVIGATING OUR REPORT

Throughout the report, we use icons to denote a correlation with our capitals and pillars. We direct readers to our website where our electronic reporting suite may be found.

Website

Additional information

OUR REPORTING SUITE

OUR INTEGRATED REPORT

Our integrated report is the primary report for our stakeholders. It is structured to show the relationship between the interdependent elements involved in our value story.

OUR ANNUAL FINANCIAL STATEMENTS

Our annual financial statements provide a comprehensive report of ATNS's financial performance for the 2023 financial year (1 April 2022 to 31 March 2023).

OUR GRI INDEX

Our GRI index summarises our sustainability disclosures, many of which are cross referenced to this integrated report as they relate to our economic, social and environmental impacts. A copy of the GRI index is available on our website at www.atns.co.za.

OUR CAPITALS

NATURAL CAPITAL

Renewable and non-renewable environmental resources that support the provision of good and services, this includes land air, water, biodiversity

INTELLECTUAL CAPITAL

Intangibles associated with brand and reputation, patents, copyrights, tacit knowledge, organisational systems and related procedures

FINANCIAL CAPITAL

Including funds obtained through financing or generated by productivity

SOCIAL AND RELATIONSHIP CAPITAL

Relationships and attendant resources between an organisation and its stakeholders, including communities, governments, suppliers and customers

HUMAN CAPITAL

Employees, competencies, capabilities and experiences. This includes associated measures to ensure that they are valued, engaged, motivated and appropriately skilled.

MANUFACTURED CAPITAL

Physical infrastructure or technology such as equipment, facilities and tools

OUR STRATEGIC OBJECTIVES

SO1 Maintain financial sustainability

SO2 Ensure safety and efficiency of operations

SO3 Be the leading training academy on the continent

SO4 Create an adaptive and innovative enterprise

SO5 Develop a future fit workforce

SO6 Improved stakeholder-centric management

SO7 Increased business transformation

SO8 Improved environmental stewardship

OUR PILLARS

SERVICE EXCELLENCE

Providing services that meet or exceed customer needs and expectations

SUSTAINABILITY

Developing a resilient and responsive organisation that is able to create long-term value

INNOVATION

Creating an adaptive organisation at the next frontier of development

VALUE

▲ Value creation

⬤ Value preservation

▼ Value erosion

OUR MATERIALITY THEMES

Sustainable modern business

Good governance

Skilled workforce

Air traffic safety

Environmental, economic and geo-political instability

OUR STAKEHOLDER GROUPINGS

Employees

Customers

Business partners

Regulators, governments and associations

Shareholder

Communities and society

UN SUSTAINABLE DEVELOPMENT GOALS

OUR ETHOS AND REPORT THEME

SUSTAINING VALUE FOR THE FUTURE

Sustaining Value for the Future encapsulates our dedication to creating long-term value for our stakeholders, the environment, and society at large.

We believe in striking a balance between economic growth, environmental stewardship, and social responsibility.

Through continuous innovation, responsible governance, and active engagement with all stakeholders, we are devoted to forging a sustainable future for the aviation industry and the communities we serve.

Our aim is to set a benchmark for sustainability in the aviation sector and make significant contributions to South Africa's broader developmental goals.

As a crucial player in the aviation industry over the past 30 years, we have chosen 'Sustaining Value for the Future' as the theme for our integrated reporting suite. We recognise our responsibility to ensure the sustainable growth and development of air traffic management and navigation services in South Africa and on the continent.

This report aims to demonstrate our efforts, achievements, and unwavering commitment to maintaining long-term value for our stakeholders while embracing sustainability principles and contributing to the broader social and economic goals of our nation.

Our reporting approach

In preparing and presenting our 2023 integrated report, we follow an organisation-wide integrated reporting process. This process and the linkages between integrated reporting and other key elements, such as our mission, value process, strategy and our stakeholders, are depicted in this report.

Our mission and value process	Our strategy, strategic pillars, material matters, risks and opportunities
Our mission is to provide safe and efficient air traffic management solutions while ensuring long-term economic, social and environmental sustainability. This mission applies across timescales, both now and as we look to the future of aviation. Our board is accountable for ensuring that value is created or, at a minimum, preserved. In circumstances where value erosion may occur as a result of external, uncontrollable factors, our board seeks ways to mitigate this. Value is created, preserved or eroded as a consequence of how we leverage our capitals as part of our strategy and business model, and it is evident in how these capitals change over time.	Our strategy formulation process is based on ATNS's vision, mission and values and its development is cognisant of current and future strategic drivers within our operating environment. Our ability as an organisation to create or preserve value is influenced by these strategic drivers. The strategic pillars which anchor our strategy are service excellence, sustainability and innovation. In turn, eight strategic objectives drive the execution of these pillars and form the basis of our key performance areas. Our material matters, the detailed materiality determination approach and our approach to managing risks and opportunities are outlined in Chapter 3 of this report.
Our integrated reporting process	**Our stakeholders**
The Integrated Reporting Committee, comprising subject matter experts and executive managers, were responsible for content contribution, and management of the report as well as first line provision. The committee supported executive management in providing inputs for the preparation of the report and submission to the Board Audit and Risk Committee, providing assurance and oversight on behalf of the board and ensuring that assurances are provided by Exco, internal auditors, external auditors and independent service providers. This process encouraged integrated thinking and approval across the organisation.	Integrated reporting provides our stakeholders with information relating to our business, our governance, our strategy, our performance, and our future outlook. Furthermore, our report indicates how we have managed to support integrated thinking in our decision-making and actions to create value in the current period and how we will sustain it in the future in the midst of an unpredictable operating environment. It reveals one lens through which we see ourselves in our current operating context and as we look to rebuild for the future. This integrated report also summarises opportunities, risks, trade-offs and outcomes attributable to or associated with our key stakeholders and most notably, our shareholder, the Department of Transport. These have significant influence on our ability to create and preserve value and minimise the erosion of value for our stakeholders. Overall, our integrated report is intended to address the information requirements of our key internal and external stakeholders.

OUR BUSINESS

WHO WE ARE

Air Traffic and Navigation Services Company (SOC) Limited is the sole provider of air traffic management, communication, surveillance, navigation, training and associated services in South Africa.

We provide air traffic, navigation, training and associated services to nine South African statutory airports operated by Airports Company South Africa (ACSA) and 11 regional airports, as well as St Helena Airport (a remote island airport in the South Atlantic Ocean).

We are mandated to provide air traffic services in South Africa's airspace as well as the surrounding oceanic area including the International Civil Aviation Organisation (ICAO) airspace over the Indian and Atlantic oceans.

Our services comply with ICAO standards and recommended practices, South African Civil Aviation Authority (SACAA) regulations and technical standards, and South African legislation.

OUR MANDATE

Air Traffic and Navigation Services Company (SOC) Limited (ATNS) was established in 1993 in terms of the ATNS Company Act (Act 45 of 1993). Our mandate is the acquisition, establishment, provision, control and maintenance of air traffic services and air navigation infrastructure.

OUR VISION

Our vision is to be the leading provider of air traffic management solutions in Africa.

OUR MISSION

Our mission is to provide safe and efficient air traffic management solutions. We seek to achieve our mission through our talented people, our technology advancements, sound governance, and operational and financial sustainability.

OUR VALUES

Our values, which were recently revised to align to the desirable culture that will enable the achievement of strategy 2025 and prepares ATNS for the future and are as follows:

Safety and customer-centricity: Prioritising customer needs and ensuring that safety is non-negotiable

Accountability: Holding ourselves and others accountable for our actions

Agility: Ensuring that we are flexible and adaptable to change

Diversity: Embracing inclusion, equality and social differences

Integrity: Following a moral and incorruptible corporate code

LEGISLATIVE AND REGULATORY FRAMEWORK

Our legislative and regulatory environment encompasses the following:

- The Constitution of the Republic of South Africa, 1996
- The Civil Aviation Act (Act 13 of 2009)
- The ATNS Company Act (Act 45 of 1993) as amended
- The Public Finance Management Act (Act 1 of 1999) (PFMA) as amended
- National Treasury Regulations
- The Companies Act (Act 71 of 2008), as amended.
- Protocol on Corporate Governance for the Public Sector 2002
- King IV™ Report on Corporate Governance in South Africa 2016
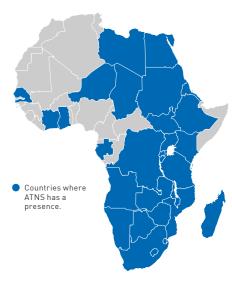
OUR GEOGRAPHICAL FOOTPRINT

ATNS IN SOUTH AFRICA

Polokwane, Pilanesberg, Kruger Mpumalanga International, Lanseria, Wonderboom, Mahikeng, OR Tambo International, Rand, Upington, Bram Fischer International, Richards Bay, Kimberley, Pietermaritzburg, King Shaka International, Mthatha, Virginia, Bisho, Cape Town International, East London, George, Gqebera

- Statutory service provision
- Contractual service provision

ATNS VSAT NETWORK:
NAFISAT and SADC/2 - ATS/DS Connectivity

- Countries where ATNS has a presence.

OUR KEY ACTIVITIES

ATNS is responsible for Air Traffic Management (ATM) service provision throughout South African sovereign airspace, comprising approximately 6.1% of the world's airspace. This includes ICAO delegated airspace over high seas of the Indian and Atlantic Ocean regions.

Our work is informed by governmental outcomes that, in turn, inform the shareholder compact with our shareholder, the Department of Transport, and serves to support the achievement of our shareholder priorities.

Our strategic objectives and key performance indicators are mapped against our six capitals and are divided according to our pillars: sustainability, service excellence and innovation.

Our purpose is to make significant and sustainable contributions to the aviation industry, South African and African continent development goals, and society as a whole.

While air traffic control and safe skies remain our primary business, we also fulfil a broader role by contributing to the aviation industry through the following:

- Our membership of, and active participation in, the Civil Air Navigation Service Organisation (CANSO).
- Our participation in International Civil Aviation Organisation (ICAO) stakeholder groups and contributions at the ICAO assembly through our shareholder.

- The provision of aeronautical information for flight planning purposes.
- The commissioning and maintenance of world-class communications, navigation and surveillance infrastructure.
- The ongoing attraction, development and retention of highly skilled personnel and air traffic controllers.
- Fostering thought-leaders who are dedicated to service excellence, technology advancement, innovation (more broadly speaking) and sustainability.

ATNS CORE SERVICES

- Air traffic management en-route service is delivered through an advanced system deployed at the Johannesburg and Cape Town area control centres.
- A terminal control service is delivered using enabling technologies such as communications, navigation, and surveillance systems deployed at King Shaka (Durban), Bloemfontein, Kimberley, Gqeberha, George, Lanseria, Upington and East London airports.
- Airports feeding into our air traffic management system include contractual private airports, such as Wonderboom (Pretoria), Polokwane, Kruger (Mbombela), Pilanesberg, Mthatha, Pietermaritzburg, Richards Bay and Virginia.

ATNS provides both regulated and non-regulated services. Our operating model is founded on being a customer-centric organisation, placing our internal and external customers at the centre of our business.

Our quality management system testifies to our commitment to exceeding customer expectations – premised on the principle of continuous improvement.

BUSINESS AND VALUE CREATION MODEL
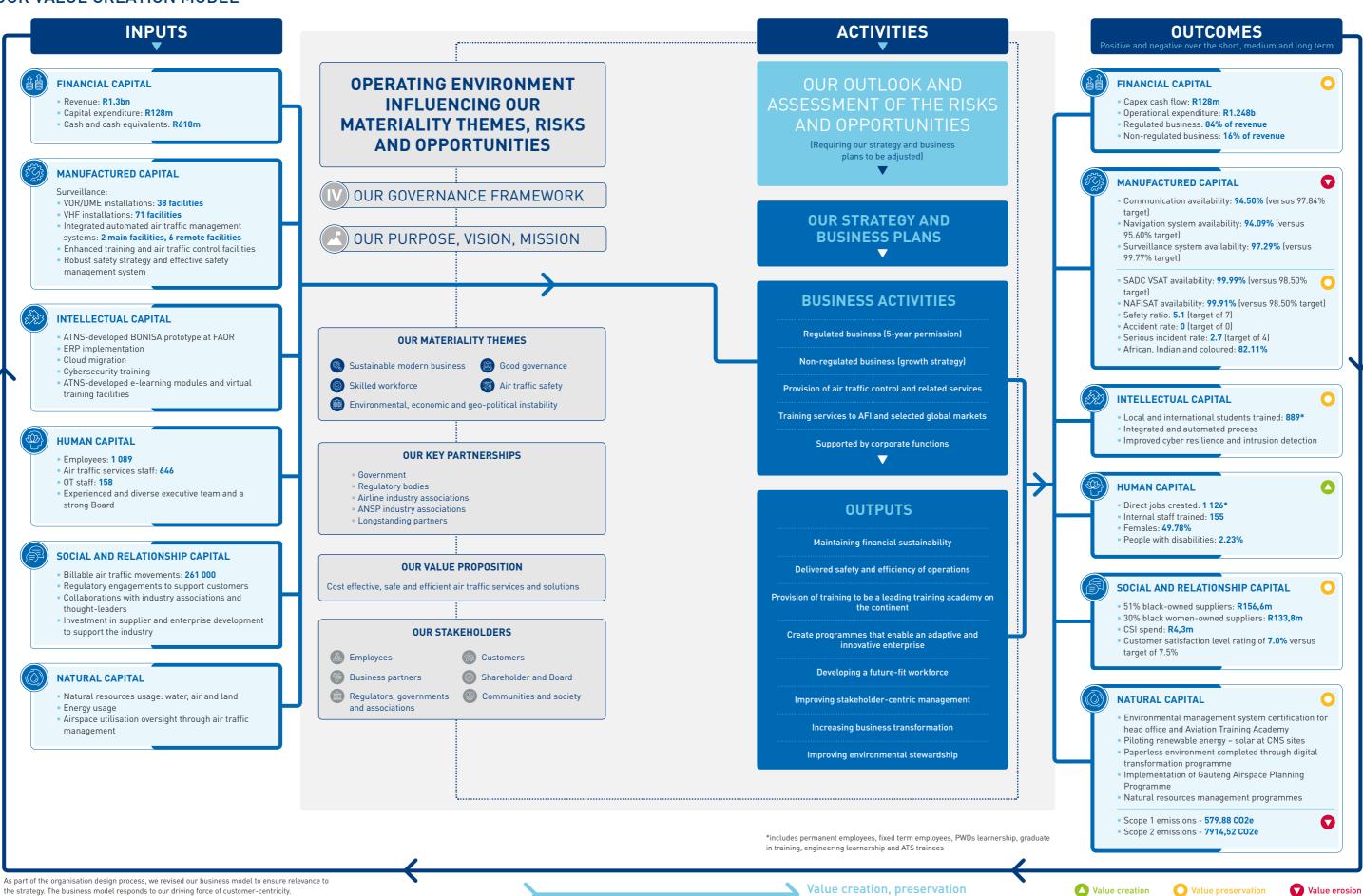
To create value, the business continued to rely on inputs to utilise, activities, resources and strategic partnerships for us to unlock value for our stakeholders including customers, shareholder and society at large to create outcomes that benefit their needs and expectations without eroding value.

This is achieved through various departments working together to improve efficiencies as we manage activities and optimise resources.

Continuous engagements internally and externally enable us to devise innovative ways to increase our business offering to enable sustainable growth. We believe that once the new matrix structure is finalised, we will be able to achieve improved value in all aspects of our business.

OUR VALUE CREATION MODEL

INPUTS

FINANCIAL CAPITAL
- Revenue: **R1.3bn**
- Capital expenditure: **R128m**
- Cash and cash equivalents: **R618m**

MANUFACTURED CAPITAL
Surveillance:
- VOR/DME installations: **38 facilities**
- VHF installations: **71 facilities**
- Integrated automated air traffic management systems: **2 main facilities, 6 remote facilities**
- Enhanced training and air traffic control facilities
- Robust safety strategy and effective safety management system

INTELLECTUAL CAPITAL
- ATNS-developed BONISA prototype at FAOR
- ERP implementation
- Cloud migration
- Cybersecurity training
- ATNS-developed e-learning modules and virtual training facilities

HUMAN CAPITAL
- Employees: **1 089**
- Air traffic services staff: **646**
- OT staff: **158**
- Experienced and diverse executive team and a strong Board

SOCIAL AND RELATIONSHIP CAPITAL
- Billable air traffic movements: **261 000**
- Regulatory engagements to support customers
- Collaborations with industry associations and thought-leaders
- Investment in supplier and enterprise development to support the industry

NATURAL CAPITAL
- Natural resources usage: water, air and land
- Energy usage
- Airspace utilisation oversight through air traffic management

OPERATING ENVIRONMENT INFLUENCING OUR MATERIALITY THEMES, RISKS AND OPPORTUNITIES

IV OUR GOVERNANCE FRAMEWORK

OUR PURPOSE, VISION, MISSION

OUR MATERIALITY THEMES
- Sustainable modern business
- Good governance
- Skilled workforce
- Air traffic safety
- Environmental, economic and geo-political instability

OUR KEY PARTNERSHIPS
- Government
- Regulatory bodies
- Airline industry associations
- ANSP industry associations
- Longstanding partners

OUR VALUE PROPOSITION
Cost effective, safe and efficient air traffic services and solutions

OUR STAKEHOLDERS
- Employees
- Customers
- Business partners
- Shareholder and Board
- Regulators, governments and associations
- Communities and society

ACTIVITIES

OUR OUTLOOK AND ASSESSMENT OF THE RISKS AND OPPORTUNITIES
(Requiring our strategy and business plans to be adjusted)

OUR STRATEGY AND BUSINESS PLANS

BUSINESS ACTIVITIES
- Regulated business (5-year permission)
- Non-regulated business (growth strategy)
- Provision of air traffic control and related services
- Training services to AFI and selected global markets
- Supported by corporate functions

OUTPUTS
- Maintaining financial sustainability
- Delivered safety and efficiency of operations
- Provision of training to be a leading training academy on the continent
- Create programmes that enable an adaptive and innovative enterprise
- Developing a future-fit workforce
- Improving stakeholder-centric management
- Increasing business transformation
- Improving environmental stewardship

OUTCOMES
Positive and negative over the short, medium and long term

FINANCIAL CAPITAL
- Capex cash flow: **R128m**
- Operational expenditure: **R1.248b**
- Regulated business: **84% of revenue**
- Non-regulated business: **16% of revenue**

MANUFACTURED CAPITAL
- Communication availability: **94.50%** (versus 97.84% target)
- Navigation system availability: **94.09%** (versus 95.60% target)
- Surveillance system availability: **97.29%** (versus 99.77% target)
- SADC VSAT availability: **99.99%** (versus 98.50% target)
- NAFISAT availability: **99.91%** (versus 98.50% target)
- Safety ratio: **5.1** (target of 7)
- Accident rate: **0** (target of 0)
- Serious incident rate: **2.7** (target of 4)
- African, Indian and coloured: **82.11%**

INTELLECTUAL CAPITAL
- Local and international students trained: **889***
- Integrated and automated process
- Improved cyber resilience and intrusion detection

HUMAN CAPITAL
- Direct jobs created: **1 126***
- Internal staff trained: **155**
- Females: **49.78%**
- People with disabilities: **2.23%**

SOCIAL AND RELATIONSHIP CAPITAL
- 51% black-owned suppliers: **R156,6m**
- 30% black women-owned suppliers: **R133,8m**
- CSI spend: **R4,3m**
- Customer satisfaction level rating of **7.0%** versus target of 7.5%

NATURAL CAPITAL
- Environmental management system certification for head office and Aviation Training Academy
- Piloting renewable energy – solar at CNS sites
- Paperless environment completed through digital transformation programme
- Implementation of Gauteng Airspace Planning Programme
- Natural resources management programmes

- Scope 1 emissions - **579.88 CO2e**
- Scope 2 emissions - **7914,52 CO2e**

*includes permanent employees, fixed term employees, PWDs learnership, graduate in training, engineering learnership and ATS trainees

As part of the organisation design process, we revised our business model to ensure relevance to the strategy. The business model responds to our driving force of customer-centricity.

Value creation, preservation or erosion over time

△ Value creation   ⬤ Value preservation   ▽ Value erosion

Our business and value creation model comprises two broad business divisions:

- **Regulated business** to provide safe, efficient, and reliable air traffic and navigational services.
- **Non-regulated business,** which offers a unique opportunity to become a global player through diversified air navigation services, training and technical advisory services amongst other services, supported by our regulated business mandate.

REGULATED BUSINESS

Our business entails the provision of efficient, safe and reliable air traffic and navigational services, and generates most of our income.

During the year under review (2022/23), ATNS increased revenue to R1.388 billion (by 36%) compared to R1.017 billion in the previous financial year. This revenue improvement can be attributed to increased movements, despite the loss of some customers.

Value: We generate value by ensuring that our service delivery and air traffic management supports and enhances fuel-efficient flight profiles by employing rigorous on-time performance

management to minimise delays and ensure seamless traffic management.
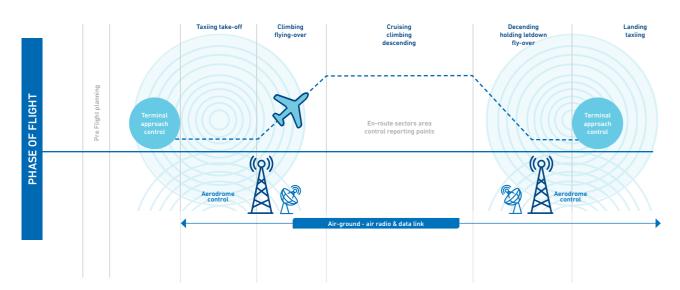
Enabling this, within the context of complex interactions among airlines, airport operators and navigation service providers at each phase, this is through our deployment of tools such as air traffic flow management and collaborative decision-making.

Our air navigation services and infrastructure have three main components, namely:

- Communications, Navigation and Surveillance (CNS) infrastructure
- Air Traffic Management (ATM)
- Auxiliary aviation services such as aeronautical information management, flight procedure design and aeronautical surveys.

Given current industry volatility and the dynamic operating environment, we reviewed our strategy post-COVID-19 towards reshaping the remaining two years of our strategy to fit into the environment in which we operate.

Areas in sharper focus include financial sustainability; business continuity and modernisation; strategic partnerships; and creation of a sustainable, future-fit workforce.

ECONOMIC REGULATION

Tariffs: Our economic regulation, stipulated in Section 11 of the ATNS Company Act 45 of 1993, as amended, requires us to apply to the Regulating Committee for ACSA and ATNS for permission to levy air traffic charges.

Such permission specifies the tariffs we may charge aircraft operators for air traffic services and use of air navigation infrastructure. It also determines the minimum service standards for our regulated business.

Each permission has a five-year cycle, with the third year dedicated to preparing for the next application. In the 2022/23 financial year, we submitted our permission application for the 2023/24–2027/28 period, after extensive consultation with the aviation industry, which is represented by the Airlines Association of Southern Africa, the Board of Airline Representatives of South Africa and the International Air Transport Association (IATA).

We applied for a tariff increase that will enable the long-term sustainability of the business, given the challenges as a result of the pandemic. The tariff applied will enable ATNS to invest in reliable infrastructure that will provide safe and efficient services to our customers.

NON-REGULATED BUSINESS

Our non-regulated business provides the SADC VSAT ll and NAFISAT technology networks, along with accompanying technical services and consultancy.

We provide aeronautical satellite communication networks from Cape to Cairo, interconnecting 33 countries in Africa and the Middle East.

We also provide training services through our Aviation Training Academy (ATA), which are delivered to more than 27 countries annually across the African continent.

Our other services include air traffic services and technical training, World Geodetic Systems 1984 surveys, airspace design, Aeronautical Information Publication documentation, billing and consultancy.

OUR GROWTH STRATEGY

We believe that our future growth and expansion into our continent is dependent on increasing our non-regulated business through our growth strategy.

Our ambition is to evolve into a global player in the African continent and Indian Ocean regions.

Requirements for airports to meet stringent ICAO safety measures are partly driving new opportunities, and it is hoped that our geographic expansion will improve air traffic safety in Africa; protect South Africa's economic interests and trade; create employment opportunities; exert more influence and market confidence in our abilities; and respond to limited revenue growth opportunities in South Africa.

Our revitalised portfolio that addresses changed societal and industry requirements will take us beyond our traditional services and training programmes.

Through our regulated services, we are uniquely positioned to assist airline and airport customers to realise value. For example, we support seamless and efficient gate-to-gate air traffic management operations, including the taxi-out, departure, climb-out, cruise, descent, arrival, landing and taxi-in phases of a flight.

Existing products and services	New products and services in development
• Air traffic flow management (ATFM) training • Air traffic services training • Air traffic safety electronics personnel training • Centralised aeronautical database (CAD) • Engineering and technical support • Aeronautical billing and collection services • Aeronautical WGS-84 survey • Consultancy services • Airspace management • Flight procedure design • Dataset management (e.g., display systems)	• Collaborative decision-making (CDM) • Human factors and SMS for ATSEP • Systems Maintenance Management for ATSEP • ATSEP basic training • ATS incident investigator's course • Carbon credits (efficient procedures/technologies) • New consulting services (high visibility ATM event planning, e.g., ASBU) • ATMS support tools • Remote Piloted Aircraft System (RPAS) training • Cybersecurity training

ENSURING A PIPELINE OF TALENT: AVIATION TRAINING ACADEMY

The ATNS Aviation Training Academy (ATA) is ISO accredited. The ATA has earned a reputation as a world-class provider of a full range of air traffic services and air traffic safety electronics personnel (ATSEP) training, management training and a wide spectrum of aviation and safety-related courses, primarily for the African continent.

The development of aviation skills is crucial for aviation sustainability to ensure alignment to the future and relevance of the industry given significant changes post the pandemic.

With an average pass rate of above 80%, the ATA continued to provide high-quality education in line with UN SDG 4, which aims to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

The ATA remains an ICAO TRAINAIR Plus full member and regional training centre of excellence as well as an IATA regional training partner. Its modernisation and digitisation programme are being implemented and includes harnessing technology to enhance learning through an expanded virtual delivery format and rollout of e-learning content.

The medium- to long-term objective is for the ATA to become a South African and African institute of higher learning that is registered with the Department of Higher Education and Training and accredited by the Council on Higher Education. This multi-year initiative includes the following benefits to both ATNS and the industry:

• Increasing ATA's long-term competitiveness.
• Establishing a recognised air traffic controller qualification for South Africa and Africa.
• Creating a higher profile and demand for air traffic controller training, thus strengthening the skills pipeline.
• Improving opportunities for external bursaries and student loans.
• Creating a base for broader aviation qualifications that may be delivered jointly with universities.
• Creating potential for alternative career paths for air traffic controllers.
• Fostering national and global benchmarking, monitoring and evaluation of training and qualifications.

ATA achievements for 2022/23 are detailed on page 115

OUR OPERATING ENVIRONMENT

The world is in a volatile state, with economic, geopolitical and ecological changes affecting the global outlook and, consequently, growth/expansion prospects in aviation.

The current global economy hinders economic growth and solid work to address such goals, particularily in developing countries such as South Africa. Political conflicts are increasing globally, and may be further aggravated by mobility constraints put in place as a response to rising involuntary migration.

Divergent economy recovery following the impact of the COVID-19 pandemic has spurred collaborations on global priorities.

Global inflation has spiked due to supply chain shortages exacerbated by the Russia-Ukraine war, and the sharp appreciation of the US dollar adds significantly to domestic price pressures and to the cost-of-living crisis for developing countries.

The South African real gross domestic product (GDP) grew by an estimated 2.5% in 2022, according to National Treasury, in the 2023 budget review and economic outlook and is projected to average 1.4% from 2023 to 2025 (compare with 1.6% in the 2022 Medium-term Budget Policy Statement).

The South African Reserve Bank has revised headline inflation up from 6% to 6.2%, but predicts that it will come down to 5.1% in 2024 and 4.5% in 2025. The medium-term economic growth for South Africa remains low and insufficient to tackle high poverty and unemployment.

Total airline traffic in August 2022 (measured in revenue passenger kilometres) was up 67.7% compared to August 2021, according to IATA. Globally, traffic is now at 73.7% of pre-COVID-19 levels, and ICAO forecasts that the levels will return fully in 2024 – with expectations of 7,8 billion passenger journeys annually.

Boeing predicts that airlines will need to buy more than 42 000 jets from now until 2042. The global market for air traffic control equipment is projected to reach US$6,7 billion by 2026, growing at a CAGR of 5.2%, according to the Air Traffic Control Equipment - Global Market Trajectory and Analytics report of October 2022.

Air cargo has benefitted from a price advantage over maritime cargo since 2021 and low-cost market share is growing globally.

Other trends expected to shape the industry include narrow-body aircraft surpassing wide-bodies on

many transatlantic routes and fleet management evolving further, as airlines aim towards being 'asset lite'. Smart, digitalised airports will emerge, and energy efficiency and sustainability concerns will cause some dehubbing.

Climate action, sustainable consumption and waste disposal are increasingly becoming a focus area, with the threat of disorderly climate change likely to worsen inequalities.

Support should be stepped up for decarbonisation efforts and off-the-grid initiatives. Businesses are also urged to adopt environmental, social
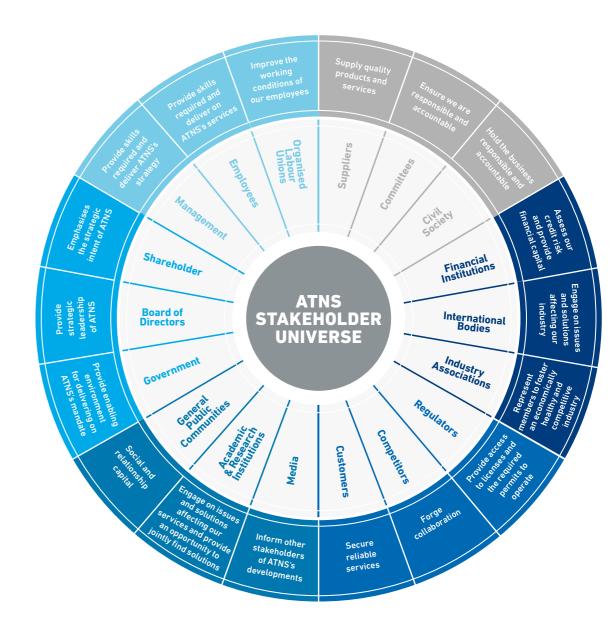
and governance frameworks to support their sustainability initiatives.

DRIVERS OF CHANGE

The changing external environment has a significant influence on ATNS's strategy, operations, and plans for the future. ATNS is expected to navigate through various trends and drivers of change with agility, proactivity and responsiveness. Some of drivers of change are spotlighted below, while Chapter 5 elaborates on trends that have the most relevance and impact on ATNS

SOCIETY

- Global urbanisation and migration
- New modes of consumption
- Population growth driven by Asia and Africa
- Access to education and training relevant in 21st century
- Unemployed youth

TECHNOLOGY

- Cybersecurity
- New skills and competition on skilled employee base
- Artificial Intelligence
- 4IR
- Alternative modes of rapid transport
- Alternative energy
- Robotics and automation

ECONOMY

- Inflation
- Price of fuel
- Competition for skills and expertise
- Demand and supply imbalances
- Terrorism, money laundering

POLITICS

- Geopolitical events, such as war and elections
- Changing legislation
- Rise of populism
- Governance
- Fraud and corruption

ENVIRONMENT

- Water and food security
- Circular economy
- Climate change and activism
- Extreme weather events
- Contagious diseases and pandemics

OUR STAKEHOLDERS

Our stakeholder universe categorises internal and external stakeholders and highlights roles and responsibilities for each group.

Our long-term commercial wellbeing and sustainability are inextricably linked to stakeholders' interests, information on which is obtained through continuous dialogue and discussion on areas of common ground. Thus, we continue to review our business practices and impacts to better align them with stakeholder priorities.

Strong stakeholder relationships are essential to our efforts to create and preserve value in the short, medium and long term and to mitigate value erosion. Often, stakeholder collaborations and partnerships also facilitate greater value creation for aviation than any one player could alone.
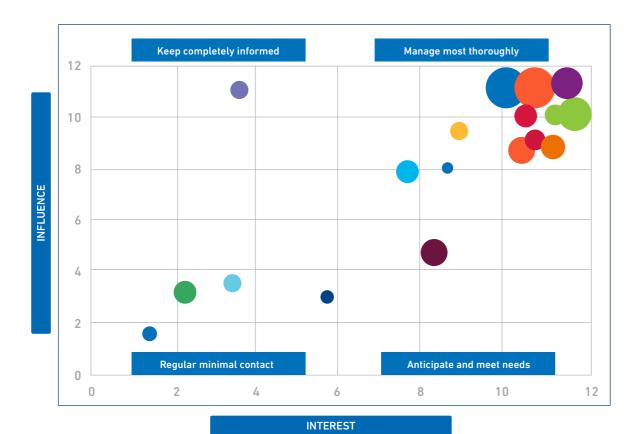
Recognising the importance of all our stakeholders, we strive to engage openly and inclusively with all those who connect with us through services and initiatives and on whom our business has an impact.

A crucial element of engagement is developing long and lasting relationships with strategic partners, suppliers, clients, the ATM community, governments and our people.

In our interactions, we seek to better understand and benefit from stakeholder perspectives, concerns and priorities. In our discourse, we also identify issues material to our stakeholders and those that could significantly impact our strategy, value creation process, performance and sustainability.

Our Stakeholder Management Strategy directs stakeholder relations, strategy and culture, public and corporate relations. It ensures that we systematically identify our stakeholders based on their influence and power by analysing their needs and expectations while planning and implementing processes and procedures to engage in a coordinated and effective manner in line with King IV principles.

STAKEHOLDER CATEGORIES BASED ON THEIR INTEREST AND INFLUENCE

Keep completely informed

Manage most thoroughly

Regular minimal contact

Anticipate and meet needs

INFLUENCE

INTEREST

Suppliers
Committees
Civil Society
Industrial associations

Media
Financial institutions
Academic and research institutions
Regulators

Customers
Competitors
General public/Communities
Government

Organised labour unions
Board of Directors
International bodies

KEY STAKEHOLDER

EMPLOYEES AND ORGANISED LABOUR

STAKEHOLDERS' MATERIAL NEEDS

- Employment and job security
- A safe and healthy work environment
- Fair remuneration, effective performance management and recognition
- Career development, training and advancement opportunities
- An empowering and enabling environment that embraces diversity and inclusion
- Clear, consistent and transparent communication on key issues

WHY THESE STAKEHOLDERS MATTER

- Instrumental in achievement of our strategies and goals
- Able to influence our brand and reputation
- Able to influence the work environment

VALUE CREATION, PRESERVATION, AND EROSION

- Offered wellness services and onsite counselling on financial wellbeing and adhered to health and safety regulations
- Maintained fair and responsible remuneration, including equal pay for equal work
- Increased workforce training and development
- Promoted workforce diversity, with the lifting of new-hire freeze

HOW WE RESPOND

- Virtual and face-to-face staff engagements
- Regular virtual check-ins, including one-to-one wellness support
- Training and development in areas where scarce skills are required
- Internal email communications with access to helplines

S02 S04 S05 S07

KEY STAKEHOLDER

SHAREHOLDER (SOUTH AFRICAN GOVERNMENT, DEPARTMENT OF TRANSPORT) AND ATNS BOARD

STAKEHOLDERS' MATERIAL NEEDS

- Resilient operational and financial performance
- Attractive and sustainable growth strategy
- Prudent cost management
- Experienced management delivering on performance targets
- Transparent reporting and disclosure process and sound environmental, social and governance practices
- Enhanced risk assessments
- and scenario-planning, given the ongoing volatile external environment

WHY THESE STAKEHOLDERS MATTER

- Provide enabling environment for ATNS
- Approve strategy and other key documents
- Provides support and guidance

VALUE CREATION, PRESERVATION, AND EROSION

- Secured adequate funding to meet financial obligations and business objectives
- Increased investment for long-term growth and sustainability
- Implemented a range of cash preservation initiatives
- Met financial and non-financial performance targets, despite challenging macroeconomics and reduced air traffic movements
- Ensured relevant, timeous and transparent financial and non-financial reporting with successful virtual and face-to-face meetings

HOW WE RESPOND

- Quarterly meetings
- Quarterly reports
- Ad-hoc workshops on scenario planning, risk management and COVID-19-related business continuity plans
- Regular email update communications

S01 S03 S04 S06 S07

KEY STAKEHOLDER
REGULATORS (LOCAL, INTERNATIONAL AND ECONOMIC), LOCAL AND NATIONAL GOVERNMENTS, PROFESSIONAL ORGANISATIONS AND REGIONAL BODIES
▼

STAKEHOLDERS' MATERIAL NEEDS

- Safe, efficient and reliable services
- Access to and equitable use of airspace
- Innovative solutions and services
- Environmentally sustainable operations
- Flexible resource management
- Convenient access to support services through digital channels
- Excellence in customer service and relief measures provided
- Competitive, value-for-money services

WHY THESE STAKEHOLDERS MATTER

- Influence and decide company growth and sustainability

VALUE CREATION, PRESERVATION AND EROSION

- Delivered safe and reliable solutions (zero safety incidents)
- Increased investment in innovative solutions,
- Ensured convenient access to virtual support services
- Drove customer service, including through negotiating a further extension of the current permission (0% tariff increases for regulated services)
- Delivered value-for-money non-regulated services

HOW WE RESPOND

- Customer surveys
- Collaborative aviation customer engagements

SO2 SO3 SO4 SO6 SO8

KEY STAKEHOLDER
CUSTOMERS, INCLUDING AIRLINES AND AIRLINE ASSOCIATIONS, AIRPORT OPERATORS AND OWNERS, TRANSPORT ENTITIES, AND MILITARY
▼

STAKEHOLDERS' MATERIAL NEEDS

- Compliance with legal and regulatory requirements and the management of regulatory risk
- Being a responsible corporate citizen in all jurisdictions where we conduct business
- Active participation and contribution to industry and regulatory working groups
- Promoting industry transformation
- Implementing business requirements in line with our approved permission and mandate

WHY THESE STAKEHOLDERS MATTER

- Regulations and compliance monitoring enable us to conduct ethical business
- Power to fine and penalise organisations for non-compliance

VALUE CREATION, PRESERVATION AND EROSION

- Adhered to legal and regulatory requirements and submitted application for permission
- Promoted responsible corporate citizenship by supporting a range of projects in our communities
- Amended user agreements to include relief measures approved by the regulator
- Approved three-year Compliance Strategy
- Provided commentary and input on emerging issues, programmes and best practice through our industry partnership
- Collaborated with regulators and associations on key issues and challenges
- Formulated longer-term industry transformation plan that considers the impact of COVID-19

HOW WE RESPOND

- Regular meetings and engagements
- Regular workshops and training sessions
- Monthly sector and departmental flash reports

SO2 SO3 SO4 SO6

KEY STAKEHOLDER
BUSINESS PARTNERS, INCLUDING SUPPLIERS, NON-PERMANENT EMPLOYEES AND INCUBATOR BUSINESSES
▼

STAKEHOLDERS' MATERIAL NEEDS

- Partnering to provide solutions that help achieve desired outcomes for end-users, partners and governments
- Sharing skills and know-how
- Promoting fair and ethical sourcing
- Ensuring timely payment and favourable terms
- Fostering supplier and enterprise development

WHY THESE STAKEHOLDERS MATTER

- For growth of business, job creation and supplier of human resources as and when needed.

VALUE CREATION, PRESERVATION AND EROSION

- Supported suppliers by mutually growing our businesses and relationships, particularly with smaller, and women-owned suppliers
- Ensured timely payment despite macroeconomic challenges
- Concluded strategic longer-term partnership arrangements
- Continued contributing to industry enterprise development initiatives

HOW WE RESPOND

- Regular virtual meetings and engagements
- Monthly update sessions

SO4 SO5 SO6 SO7

KEY STAKEHOLDER
COMMUNITIES AND SOCIETY
▼

STAKEHOLDERS' MATERIAL NEEDS

- Ensuring safety of air travel
- Reliable services for public benefit
- Strong reputation
- Trusted business partner
- Valuable contributions relating to corporate social investment

WHY THESE STAKEHOLDERS MATTER

- Sustainable relations which create mutual benefits (company employ from the community and the employees depend on the company for their livelihood). Customers insist on doing business with companies which care for the communities they operates in.

VALUE CREATION, PRESERVATION AND EROSION

- Promoted ongoing sky safety
- Enhanced reliability
- Enhanced our reputation and corporate image with accelerated thought-leadership
- Supported suppliers by mutually growing our businesses and relationship
- Implemented meaningful social and environmental corporate responsibility initiatives
- Earmarked community upliftment opportunities

HOW WE RESPOND

- Marketing campaigns
- Community outreach programmes
- Regular interaction via all media platforms
- Ongoing provision of relevant content

SO2 SO6 SO7 SO8

MEASURING THE QUALITY OF OUR RELATIONSHIPS

Stakeholder issues are a key consideration of how we deliver our strategic priorities, this in line with our service excellence pillar of our revised Strategy 2025. Thus, our corporate performance indicators include measuring customer satisfaction.

We conducted a customer survey to evaluate customer experience and perceptions, this survey enabled us to identify appropriate corrective measures and opportunities to meet customer needs.

The survey involved airline operations managers, regional airport operators, airline finance departments and pilots, with primary data being gathered through an electronic survey. Although we did not reach the expected number of responses, we continue engaging our customers and stakeholders through existing forums.

Results from the survey showed a decline in the customer satisfaction rating – from 7.8 in the current reporting period when compared to the previous financial year where we achieved 7.0.

As an immediate response to the decline, we developed detailed short-, medium- and long-term response plans to address identified problem points.

Planned interventions include expediting the acquisition of the new Central Airspace Management Unit (CAMU) system; assessing the power needs and stand-by power capacity; increasing focus on maintenance and use of Communication, Navigation and Surveillance (CNS) technology; and initiatives to address staffing constraints.

We are developing a customer journey map to help identify ways to improve communication channels and the overall customer experience. Furthermore, an annual action plan will be developed to track progress in improving customer service throughout the business and ensuring that we sustain a favourable satisfaction rating going forward.

Additionally, internal engagements are held quarterly to increase participation from our employees in entrenching a culture of customer-centricity founded on our recently reviewed values.

CREATING THOUGHT LEADERSHIP

During the year under review, we remained a prominent member of the local and global aviation fraternity, showcasing and sharing our experience, best practice, expertise and knowledge on the global stage. Notable events and activities included:

INDUSTRY

Continued participation in industry platforms such as African Airlines Association, Airports Council International, African Financial Alliance on Climate Change, Africa-Indian Ocean Planning and Implementation Regional Group (APIRG), Civil Air Navigation Services Organisation and ICAO. This involvement keeps us at the forefront of key continental and global decision-making initiatives.

KNOWLEDGE

Represented South Africa at APIRG 25, at which ATNS presented working and information papers and shared our knowledge of industry trends. The meeting adopted recommendations from the presented documents, among others, the development and implementation of training platforms or webinars to promote Aeronautical Fixed Telecommunication Network to Aeronautical Message Handling System migration.

LEGAL

Supported the Department of Transport preparations for the 41st Triennial Assembly of ICAO as well as the ICAO World Aviation Forum and Innovation Fair events that were held in September 2022 in Canada. Minister of Transport Sindisiwe Lydia Chikunga led the South African delegation. An ATNS paper proposed a practical way forward on legal and institutional aspects of communication, navigation and surveillance (CNS) and air traffic management systems.

DIGITAL

Assisted in the development of digital aeronautical information management (AIXM) documentation for one of three aeronautical information management (AIM) projects initiated by ICAO African Indian Ocean (AFI) regional office.

SPECTRUM

Prepared for the International Telecommunication Union Radiocommunication Sector World Radio Conference 2023, being directly involved and the lead on Chapter 2 Agenda items (aeronautical items). We reviewed and updated proposals on the ICAO spectrum strategy, mapping out requirements for spectrum to support CNS systems, working with panels responsible for those systems.

STRATEGY

Led the development of national communication and national navigation strategies through the CNS workgroup. These strategies were approved by the National Air Traffic Management (ATM)/CNS Implementation Committee and link the Global Air Navigation Plan for ATM/CNS Systems, the AFI Air Navigation Plan, the National Airspace Masterplan and individual stakeholders' strategies for national civil aviation communication and air navigation applications.

PARTNERSHIP

To enhance voice communication services and promote safety, we signed a new seven-year VSAT network agreement with both SADC and NAFISAT member states, effective until 2029. This will, among others, strengthen VSAT network interconnectivity among the African and Indian Ocean Satellite Telecommunication Network, SADC and NAFISAT.

SEARCH-AND-RESCUE

We continue to host on behalf of the DoT, the Aeronautical Rescue Coordination Centre to coordinate the search mission for missing aircraft. The rescue centre works with several search-and-rescue units to achieve its mandate and receives support from local airline Safair, including the use of its Boeing 737 cabin crew training simulator.

MAINTENANCE

Entered into an agreement to host the NAFISAT maintenance management centre master back-up station at Entebbe International Airport in Uganda for seven years to ensure continuous network availability.

AFRICA

Secured procurement opportunities for VSAT equipment on behalf of Angola, South Sudan, Libya and Burundi, which will include installation and optimisation. These business opportunities will contribute to revenue generation and have the potential to open up maintenance contracts.

Secured procurement opportunities for VSAT equipment on behalf of Angola, South Sudan, Libya and Burundi...
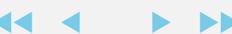
COLLABORATION

Worked with the Airports Company of South Africa in the provision of air traffic services and airport management for Richards Bay Airport.

NATIONAL SECURITY

Signed a cooperation agreement with the South African Air Force (SAAF) to harmonise the development and provision of air traffic management solutions and associated services on behalf of the state and in accordance with ICAO standards and recommended practices. This agreement builds further on our longstanding relationship with SAAF forged over common areas of influence.

ENVIRONMENTAL IMPACT

Collaborated with local and international stakeholders to develop the environmental impact assessment for Cape Winelands Airport. This enabled us to develop our internal skills in a new area and we have now been approached to conduct a baseline study for a similar assessment for Debswana Orapa Mine in Botswana.

OUR YEAR AT A GLANCE

Looking at the 2023 financial year, these facts and figures stand out.

Details of our performance against our strategic targets are more fully described in Chapter 4 of this report.

2022/23
REVENUE
R1,3 billion
2021/22: R1.0 billion ▲

2022/23
RETURN OF CAPITAL EMPLOYED
7.8%
2021/22: –3.4% ▲

2022/23
ACCIDENT RATE
0
2021/22: 0 ＝

2022/23
OPERATING COSTS
R1,2 billion
2021/22: R1.2 billion ▼

2022/23
LIQUIDITY RATIO
3.07:1
2021/22: 2.3:1 ▲

2022/23
CORPORATE SOCIAL INVESTMENT SPEND
R2,7 million
2021/22: R4,3 million ▼

2022/23
BILLABLE MOVEMENTS
260 473
2021/22: 206 134 ▲

2022/23
STAFFING
1 089
2021/22: 1 081 ▲

2022/23
B-BBEE LEVEL
2
2021/22: 2 ＝

2022/23
SAFETY RECORD
INCIDENTS PER 100 000 FLIGHT HOURS*
5,1
2021/22: 5.42 ▲

* 'flight hours' has replaced the 'flights' terminology in 2022/2023, to highlight the impact of time on the overall safety risk that was successfully mitigated for flights receiving a service from ATNS)

2022/23
CUSTOMER SATISFACTION LEVEL
7
2021/22: 7.8 ▼

2022/23
ISO CERTIFICATION
ISO 14001:2015
(HEAD OFFICE AND ATA)

ISO CERTIFICATION
ISO 9001:2015 ＝

2022/23
ACCOLADES

Top Employer Status
for sixth consecutive year ▲

Gauteng Emergency Medical Services award
presented to the Aeronautical Rescue Coordination Centre for contributions to aeronautical search and rescue

2

GOVERNANCE

Sound practices, policies and processes that build our platform for sustained value delivery

An unshakeable foundation of conscience, compliance and corporate citizenship underpins our every action and is the backbone of every achievement.

2003 ▶ 2007

ATNS | 30 YEARS OF KEEPING AFRICAN SKIES SAFE

20 03 — Acceptance of main system at Johannesburg control centre (SAAATS Project)

20 04 — Completion of SAAATS Project

20 05 — Global Navigational Satellite System (GNSS) implementation

Proposed SADC VSAT satellite communication upgrade

20 06 — Proposed SADC Upper Airspace Control Centre (UACC) implementation

20 07 — Launch of ATNS's Safety Management System (SMS)

BOARD CHAIRMAN'S
REPORT

MR ZOLA MAJAVU
CHAIRMAN OF THE BOARD

"I would like to reassure our stakeholders that in our aspiration to sustain value for the future, were are - with the support of our Shareholder - addressing the infrastructure challenges. This is done through upskilling our workforce, upgrading our infrastructure, and aligning our service offerings to that of our counterparts in the rest of the world."

I am honoured to present my first report as Chairman of the ATNS Board.

The aviation sector has started to show signs of recovery and there is an overall sentiment of hope globally. However, air travel demand has not yet reached pre-COVID-19 pandemic levels despite the fact that pandemic-related restrictions were lifted at the beginning of the 2023 financial year. Additionally, according to the recent Airports Council International (ACI) report on the impact of COVID-19 on airports and the path to recovery, uncertainty remains omnipresent.

This uncertainty and the industry's sluggish recovery are exacerbated by global challenges. Amongst others, we are faced with high inflation, where the purchasing power of money falls and prices rise; geopolitical conflicts that are resulting in supply chain inefficiencies, resulting in increased commodity prices; rise in airfares due to higher jet fuel prices; attrition because of the industry downsizing, and delays in the upgrade of critical air navigation equipment. Most of the major industry role players, such as ATNS, are still in cost-containment mode, which has to some extent, enabled business continuity.

On the positive side, the pandemic and other related challenges may, as is the case with ATNS, help catalyse investment in automation and new technologies that have been proposed by stakeholders as solutions to current and future safety challenges. New air mobility solutions and space based ADS-B aircraft tracking systems are examples of such solutions.

There has already been increased use of technologies in recent years like unmanned aerial vehicles (UAVs). This trend is set to continue as technology radically reshapes all industries including the aviation industry.

SUSTAINING VALUE FOR THE FUTURE

I would like to reassure our stakeholders that in our aspirations to sustain value for the future, we are – with the support of our shareholder – addressing the current infrastructure challenges. This is done through upskilling our workforce, upgrading our infrastructure, and aligning our service offerings with those of our counterparts globally.

Apart from old infrastructure that is currently being upgraded, our operating environment in the 2022/23 financial year was broadly challenged by a mix of the continued recovery needs caused by the COVID-19 pandemic as well as the setbacks felt due to diminished revenue streams.

CHALLENGES AND OPPORTUNITIES

We are still firmly on course with the ATNS Strategy 2025 which was readjusted in December 2022 to sustain value for the future. The first two years of our strategy were termed the 'recovery phase', as a result of the pandemic.

We have, in the meantime, transitioned to the 'sustain phase' under the capable leadership of our CEO who will further elaborate on our strategic progress in Chapter 3 of this report.

We will continue to be agile and adapt to ensure that we remain relevant given the changes that are taking place in continental and global markets.

Building on the previous board's post-pandemic recovery progress report, the prognosis for ATNS looks positive as airlines are expected to return to operating profitability, showing tremendous resilience after three consecutive years of losses.

ATNS has continually proven its ability to remain resilient and to prioritise, strategise, conserve and collaborate in response to the external environment. Looking at the future, we are geared towards following the prescribed ethical philosophy of good and strong governance, as well as accountability.

This will be achieved by ensuring that ATNS's long-term competitiveness and resilience are achieved.

International Air Transport Association director-general Willie Walsh predicts that Africa's air passenger traffic will double over the next 15 years. Although acknowledging its constraints, he stated that the continent 'stands out as the region with the greatest potential and opportunity for aviation'. This gives us grounds to be optimistic about the future of ATNS and the industry.

NEW BOARD

The new ATNS Board was sworn in on 13 January 2023. Our new board has diverse skills and experience. This abundance of expertise, channelled through robust ethical conduct, will take us to new heights.

We will continue the successful journey paved by our predecessors. Through concerted efforts, the previous board established a sound governance framework that led to the successful attainment of unqualified audits for the last four consecutive years, top employer certification and continued improved safety performance.

During the year under review, the previous board also stabilised organisational leadership with the appointment of the new CEO, Ms Nozipho Mdawe, and other executives. Key matters for the board to address in the 2023/24 financial year include providing oversight on the acceleration of our growth strategy and the implementation of the new organisational design.

As the board, we are aware of the major technological, environmental, geopolitical, and socioeconomic changes that have been transforming the expectations and operating context of our business environment, which necessitated the review of corporate governance principles. These changes have rendered environmental, social and governance considerations substantially more material to the fundamental purpose of ATNS, which is sustainable value creation.

APPRECIATION

My gratitude goes to the previous board, led by Mr Simphiwe Thobela, for the inspirational leadership during turbulent economic times. We, as the new board, stand on their shoulders.

On behalf of the board, I would like to use this opportune time to thank our shareholder, represented by former Honourable Minister of Transport Fikile Mbalula and current Honourable Minister Sindisiwe Chikunga, for showing absolute confidence in us to lead ATNS into the future.

We intend to stay wholly committed to guiding the company in realising its vision of being Africa's leading provider of air traffic management solutions.

To our loyal and capable employee base: thank you. You are the lifeblood of ATNS, and we hope to make you proud in the way that you make us proud.

I thank my fellow board members, who are always ready and willing to stand by me while we navigate the complexity of our current environment, and I believe we will continue to do so with great ability and tenacity.
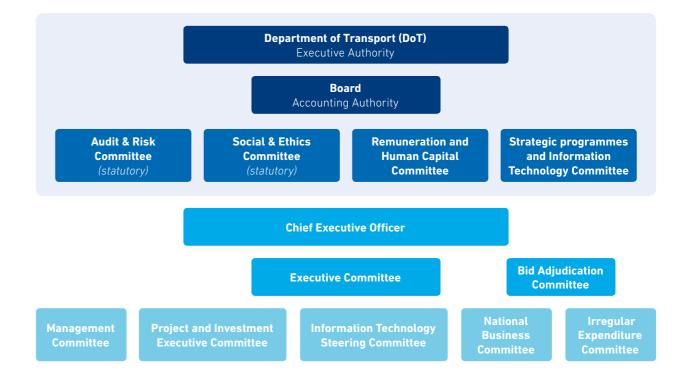
Exciting times lie ahead.

Mr Zola Majavu (CD) SA
Chairman of the Board
Date

EFFECTIVE GOVERNANCE

GOVERNANCE FRAMEWORK

Our governance framework is underpinned by applicable legislation and regulations, sound governance principles, ATNS values, policies and practices. The framework demonstrates our commitment to the highest level of corporate governance principles and the embedding of these principles throughout the company to create sustainable value for our stakeholders. The framework describes our governance structures and collaborative decision-making processes.

GOVERNANCE APPROACH

ATNS's governance approach is founded on the values and principles by which it operates, and includes responsiveness, collaboration, transparency, integrity and accountability.

During the period under review, the board ensured the implementation of the organisation's corporate governance policies, incorporated corporate strategy, risk management, accountability, transparency and ethical business practices.

Being a state-owned entity, our governance relationship with our shareholder, the government, through the Minister of Transport, is based on the Shareholder's Compact, which sets out the shareholder's commercial and developmental requirements and expectations.

The board is the focal point and the custodian of the organisation's governance framework through its committee structures and its relationships with management, the shareholder and other stakeholders.

GOVERNANCE STRUCTURES

Our board is constituted in terms of the company's memorandum of incorporation, the Companies Act and King IV™. The board has delegated some of its duties to formally constitute board committees but without abdicating its responsibilities on matters delegated to these committees. Delegation of authority to board committees is done formally by way of approved terms of reference and delegation of authority.

During the year under review, the board revised the number of board committees (from six to four committees) to streamline approval processes, eliminate duplications in board structures and delegate operational matters to executive management. During this revision, the board dissolved the Governance Committee constituted by the chairmen of the board committees, with its roles and functions reassigned upwards to the board, except for the board development function, which was delegated to the Remuneration and Human Capital Committee.

Furthermore, the board dissolved the Transformation and Investment Committee and merged its roles and responsibilities with those of the Business Research, Operations and Development Committee – establishing the Strategic Programmes and Information Technology Committee. This will be reported on in detail in 2023/24.

REGULATORY COMPLIANCE

The King IV™ has underpinned the fundamental aspects of corporate governance and adherence to the code is widely accepted as best practice.

Principle 13 of King IV™ provides that the "governing body should govern compliance with the applicable laws and adopted, non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen".

To ensure that regulatory compliance is operationalised, we have a Compliance Function to facilitate all regulatory compliance initiatives emanating from adherence to the responsibilities derived from the Regulatory Universe.

We operate in an environment in which the development and maintenance of an effective compliance framework and processes are essential and give us a platform on which to provide the necessary assurance that we will comply with all the applicable regulatory requirements.

Section 51(1)(h) of the PFMA places an obligation on the Accounting Authority to comply and ensure our compliance with the provisions of the PFMA. In the same vein, Regulation 14 of the revised Treasury Regulations entrusts the Accounting Authority with ensuring sufficient capacity exists within the organisation to prevent, detect and mitigate any non-compliance with the applicable financial management regulatory framework.

We have adopted a compliance framework that is underpinned by the Generally Accepted Compliance Principles, as issued by the Compliance Institute of South Africa.

The ATNS Compliance Framework (inclusive of a Compliance Policy, Compliance Charter and Compliance Manual) has been approved by the ATNS Board of Directors and is a demonstration of our commitment to complying with applicable regulatory requirements.

THE ATNS BOARD

Our board's primary focus points are oversight and direction, provision of strategic direction and defining the levels of authority, to ensure we that our statutory, commercial and developmental objectives are fulfilled in harmony with our responsibilities as a corporate citizen committed to meeting the legitimate needs and expectations of stakeholders.

With our chairman at the helm, leading and setting our ethical tone and ensuring our board's integrity and effectiveness, board members are selected in accordance with their experience and expertise, and appointed by our shareholder, the government, represented by the honourable Minister of Transport.

Appointment of directors is a formal and transparent process, facilitated by the DoT Oversight Unit. All appointments must be approved by the Minister of Transport and follow 'fit-and-proper' tests conducted against the PFMA, the Companies Act and other relevant legislation.

Our board is governed by a board charter, which outlines the principal provisions of the ATNS Act, the fiduciary responsibilities of directors, the relationship with exco, and the policies that the shareholder and board should follow to ensure good corporate governance. The charter is updated periodically to align with legislative changes.

The directors are collectively responsible for directing and managing our affairs, supported by the CEO and Exco in the day-to-day activities of implementing and monitoring our strategy, policies and mandate.

The previous board was appointed in 2019 and its term ended on 12 January 2023. A new board was appointed on 13 January 2023, combining the expertise of 10 independent, non-executive directors and two executive directors to create a diversity of skills and experience to steer the organisation over the next three years. The appointment will enable the board to provide balanced and independent advice and judgment in decision-making.

The new board was oriented to the company, its services and how it operates through a two-day induction session. The induction was conducted to enable the board to contribute effectively to the board decision-making process. Certain members were reappointed for their expertise and for continuity.

The board recognises the pivotal role that the company secretary plays in the establishment of effective processes and systems. This ensures that good corporate governance forms part of the backbone of the organisation and is entrenched in the organisation's culture. To this end, the board was supported by the acting company secretary, Nthabiseng Mongali, who resigned on 28 February 2023.

Following her resignation, the board appointed Milicent Fatlane as the acting company secretary pending the appointment of the company secretary.

Zola Majavu CD(SA)
Chairman (age 54)

Independent non-executive

Expertise
Aviation law

Alternative dispute resolution

Constitutional court litigation

Qualifications
BA (Law)

LLB

H.dip. in Company Law

Cert.in Sports Management

Notary

Senior Legal Practitioner

Helicopter pilot

Chartered Director

Committees
The Chairman does not serve on board committees

Ameen Amod CD(SA)
(age 59)

Independent non-executive

Expertise
Governance

Finance

Internal audit

Strategic planning

Performance information management

Enterprise risk management

Compliance

Qualifications
MBA

B.COMM

Chartered Director CD (SA)

CIA (Certified Internal Auditor)

CRMA (Certified Risk Managent Assuror)

CGAP (Certified Government Audit Professional)

Committees
Audit and Risk

Social and Ethics

Khulile Boqwana
(age 51)*

Independent non-executive

Expertise
Investment and regulation, including airport infrastructure and policy regulation

Broadcasting and telecommunications

Energy regulation

Corporate strategy and governance

Project management

Qualifications
BCompt

MBL

National Diploma in Education

Certificate in Project Management

Committees
Chairman: Remuneration and Human Capital

Audit and Risk

Governance

Transformation, Investments and Projects

Princess Mangoma
(age 45)

Independent non-executive

Expertise
External, internal and information technology auditing

Risk and compliance management

Performance management and finance

Qualifications
BCompt

BCom Honours

MPhil Accounting Sciences (in progress)

Certified internal auditor (in progress)

Committees
Chairman: Business Research, Operations and Development

Audit and Risk

Chris R. Burger
(age 58)*

Independent non-executive

Expertise
Information and communication systems engineering

Manned and unmanned aircraft operations

Technology innovation and development

Regulatory policy formulation

Aviation and technology training

Qualifications
MEng in Electronic Engineering

BCom in Aviation Management

Airline transport pilot licences and instructor ratings (South Africa and USA)

SACAA Designed Flight Examiner (Class 1)

Accredited professional linguist

South African Air Force air traffic controller

Certified Director (IoDSA)

Committees
Remuneration and Human Capital

Business Research, Operations and Development

Transformation, Investments and Projects

Major-General (ret.)
Nhlanhla Ngema
(age 73)*

Independent non-executive

Expertise
Strategic planning

Policy formulation

Strategy formulation

Resource management

Driving transformation

Aviation aerospace

Qualifications
Private pilot's licence (Civil Aviation Authority Nigeria)

Commercial pilot's licence (Civil Aviation Authority United Kingdom)

Airline transport pilot's licence (Federal Aviation Administration, United States)

Senior management, defence resource and defence management programmes

Advanced air operations law certificate

Aviation leaders programme in public policy

Committees
Chairman: Social and Ethics

Transformation, Investments and Projects

Governance

Remuneration and Human Capital

Nozipho Mdawe
(age 50)

Executive
(Chief Executive Officer)

Expertise
Global Partnerships Development

Strategic leadership and execution

Value driven Infrastructure Development and Execution

Organisational Development and Transformation

Strategic Risk Management

P&L Leadership and Revenue Growth

Operations Management and Execution

Qualifications
Doctoral Degree in progress

MBA

Global Executive Development Programme

Advanced Strategic Management Programme

Management Advanced Programme

Matome Moholola CA(SA)
(age 45)

Executive
(Chief Financial Officer)

Expertise
Financial, risk and supply chain management

Corporate governance

Qualifications
CA(SA)

MBA

MCom Tax

BCom

BAcc

* Directors reappointed on 13 January 2023

Nomathemba Kubheka
Chairman (age 56)*

Independent non-executive

Expertise
Talent management and skills development

Corporate negotiations

Project management

Research and development planning

Logistics

Property development and facilities management

Qualifications
BA in Education

MSc in Building

Committees
Remuneration and Human Capital

Social and Ethics

Transformation, Investments and Projects

Siyabonga Gcina
Kudumela (age 30)

Independent non-executive

Expertise
Construction and Project Management

Civil Engineering

ESG

Building Infrastructure Analytics

Facilities Management

Qualifications
Nat. Dip Surveying

Nat. Dip Civil Engineering

Adv. Dip Civil Engineering (In Prog)

Project Management Professional (PMP)

Committees
Social and Ethics

Business, Research and Operations and Development

Dr Malindi Neluheni
(age 60)

Independent non-executive

Expertise
Infrastructure

Transportation

Aviation

Airports

Qualifications
PhD in Architecture (Engineering Minor)

Committees
Chairman: Transformation, Investments and Projects

Business, Research, Operations and Development Committee

Precious Sibiya CA (SA)
(age 52)

Independent non-executive

Expertise
Finance and financial management

Risk management

Supply chain management

Compliance

Qualifications
CA(SA)

Committees
Chairman: Audit and Risk

Remuneration and Human Capital

Transformation, Investments and Projects

BOARD DEMOGRAPHICS

NON-EXECUTIVE/EXECUTIVE	10	2
	NON-EXECUTIVE	EXECUTIVE

RACE	11	1
	BLACK	WHITE

GENDER	6	6
	FEMALE	MALE

Attendance of board meetings

Ordinary and special meetings held between the period 1 April 2022 to 12 January 2023

	Initial	Surname	Total number of ordinary meetings for the period	Total number of special meetings for the period
Chairman	**S**	**Thobela**	**3/3**	**3/4**
Members	S	Badat	3/3	4/4
	K	Boqwana	3/3	4/4
	C	Burger	3/3	4/4
	T	Kgokolo	2/3	3/4
	N	Kubheka	3/3	4/4
	N	Mdawe	3/3	4/4
	M	Moholola	3/3	4/4
	Z	Myeza	3/3	4/4
	N	Ngema	3/3	4/4
	J	Trembath	3/3	4/4
	K	Vundla	0/4	0/4

*Include Annual General Meeting

Ordinary and special meetings held between the period 13 January 2023 to 31 March 2023

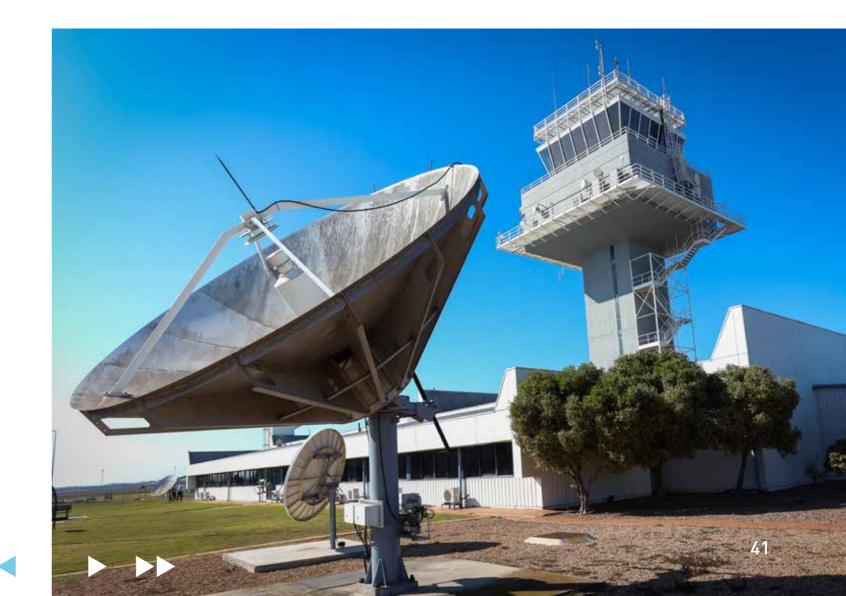|	Initial	Surname	Total number of ordinary meetings for the period	Total number of special meetings for the period
New Chairman	**Z**	**Majavu**	**1/1**	**4/4**
Members	A	Amod	1/1	4/4
	K	Boqwana	1/1	4/4
	C	Burger	1/1	4/4
	N	Kubheka	1/1	4/4
	S	Kudumela	1/1	4/4
	P	Mangoma	1/1	4/4
	N	Mdawe	1/1	4/4
	M	Moholola	1/1	4/4
	M	Neluheni	1/1	4/4
	N	Ngema	1/1	4/4
	P	Sibiya	1/1	3/4

Status of Board membership
- Retired on 12 January 2023
- Reappointed on 13 January 2023
- Appointed on 13 January 2023
- Resigned in October 2023

ACTIVITIES DURING 2022/23

During 2022/23, the board added value through the following aspects but not limited to::

- Approved the audited annual financial statements for the year ended 31 March 2022 including:
  - Consideration and confirmation that the entity is a going concern, assessment of solvency and liquidity and recommendation that it does not declare a dividend for the financial year
  - Approval of Directors' report
  - Acceptance of Independent auditors' report
  - Acceptance of Report of the Audit and Risk Committee
- Approved the 2021/22 Annual Integrated Report in line with the legislative requirements:
- Approved the submission of the 2023/24 to 2027/28 permission application to the Economic Regulatory Committee
- Approved various policies to strengthen sound policy environment and internal controls.
- Approved the CSI Plan for the 2022/23 financial year
- Approved Research Strategy review
- Approved the 2021/22 Annual Research Plan
- Approved acceptance of the auditor's management letter for the audit of the 2022/23 financial year
- Recommended reappointment of external auditors
- Approved the Department of Transport quarterly performance reports
- Reviewed the ATNS Strategy 2025
- Approved the 2023/24 to 2025/26 Corporate Plan
- Reviewed and approved the board charter and the board committees' terms of references
- Approved the restructuring of the board committees
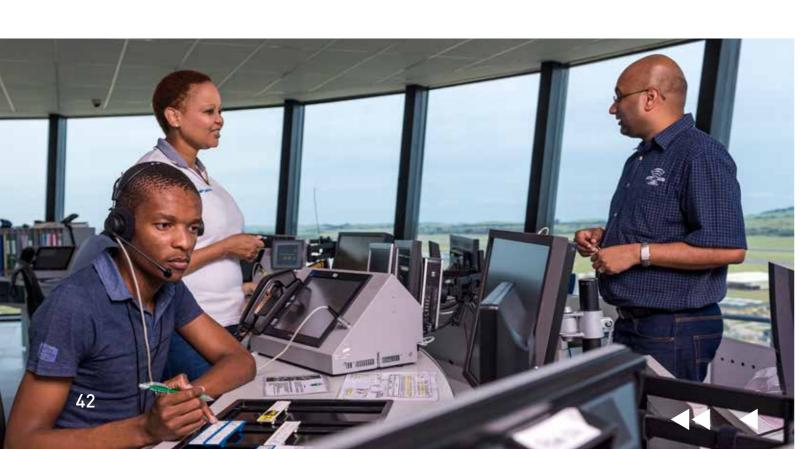- Monitored and noted progress on quarterly reports.

BOARD COMMITTEES

The ATNS Board is supported by the following committees in executing its mandate:

AUDIT AND RISK COMMITTEE

This is a statutory committee established in terms of the PFMA and the Companies Act. The committee, with the external and internal assurance providers, independently oversees the effectiveness of our governance of functional areas, including finance, compliance, information technology, internal audit and risk.

It reviews the integrity of the annual financial statements, the annual integrated report, and the effectiveness and independence of the Chief Audit Executive, assesses the finance function and performs other functions delegated to it by the board.

Attendance of Audit and Risk committee (ARC) meetings

Ordinary and special meetings held between 1 April 2022 and 12 January 2023

	Initial	Surname	Total number of ordinary meetings for the period	Total number of special meetings for the period
Committee Chairman	S	Badat	3/3	7/7
Members	K	Boqwana	3/3	7/7
	Z	Myeza	3/3	4/7
	J	Trembath	3/3	4/7
	K	Vundla	0/3	0/7

*Includes two combined ARC and TIPC meetings and one ARC and BRODC meeting

Ordinary and special meetings held between 13 January 2023 and 31 March 2023

	Initial	Surname	Total number of ordinary meetings for the period
New Committee Chairman	P	Sibiya	1/1
Members	A	Amod	1/1
	K	Boqwana	1/1
	P	Mangoma	1/1

Status of Board membership
- Retired on 12 January 2023
- Reappointed on 13 January 2023
- Appointed on 13 January 2023
- Resigned in October 2023

The committee performed the following value-adding functions in 2022/23:

- Reviewed financial budgets and recommended them to the board for approval
- Periodically reviewed the financial performance of the company
- Recommended the annual financial statements to the board for approval
- Assessed the effectiveness of the finance function and deemed it satisfactory. The performance assessments of the Chief Audit Executive was also conducted and the outcome was deemed satisfactory
- Assessed the independence of assurance providers
- Reviewed and approved the internal audit annual and three-year rolling plans
- Reviewed and approved external audit plans and audit fees
- Assessed the company's going concern status
- Reviewed risk management processes, risk management effectiveness, the key risks facing the business and the company's response to these
- Monitored progress on the IT strategy and the effectiveness of IT governance and robustness of ATNS information security systems
- Reviewed the IT Governance Report, including progress of implementation of IT Strategy, Cybersecurity Strategy and enterprise resource planning report
- Reviewed compliance with legislation and approving legal reports
- Monitored irregular, wasteful and fruitless expenditure
- Monitored the audit improvement plan to close the external audit findings from the previous financial year.

Risks and opportunities reviewed by the committee:

- Information and communications technology
- Business continuity
- Security
- Financial sustainability
- Cybersecurity
- Organisational performance
- Legal and regulatory compliance

The committee was satisfied that it fulfilled the responsibilities in its terms of reference during the review year.

GOVERNANCE COMMITTEE

The Governance Committee supports the board, as the focal point of ATNS governance, to meet the governance obligations of the company, as well as complying with the core corporate governance codes and legislation, including King IV™, the ATNS Company Act and the Companies Act. The committee ensures adequate processes, policies, systems and procedures are adhered to in order to enable sound governance.

The committee functions included making recommendations on board composition; board and committee evaluation; board members induction; training and development; ensuring that the board committees have appropriate composition to execute their duties and responsibilities effectively; and ensuring that formal succession plans for the Chief Executive Officer and other executive directors are developed and implemented and reviewed annually.

The committee performed the following value-adding functions in 2022/23:

- Assisted the board in the determination and evaluation of the adequacy, efficiency and appropriateness of governance structures and practices
- Reviewed the composition of skills, experience and other qualities required for board effectiveness
- Assessed the conduct and competence of the directors (executive and non-executive) and board committees, and board effectiveness.

Risks and opportunities reviewed by the committee:

- Leadership continuity in board tenure
- Financial sustainability
- Organisational performance

The committee was satisfied that it fulfilled its responsibilities as contained in its terms of reference during the review year.

BUSINESS RESEARCH, OPERATIONS AND DEVELOPMENT COMMITTEE

The Business Research, Operations and Development Committee oversees business operations, including the implementation of ATNS's growth, and research and development strategies. In addition, the committee oversees the planning and implementation of aviation safety, operational efficiency, cost-effectiveness and competitiveness and organisational strategic planning and implementation.

Attendance of Governance committee meetings*

	Initial	Surname	Total number of ordinary meetings for the period	Total number of special meetings for the period
Committee Chairman	**S**	**Thobela**	**3/3**	**1/1**
	S	Badat	3/3	1/1
	K	Boqwana	3/3	1/1
Members	Z	Myeza	3/3	1/1
	N	Ngema	3/3	1/1
	K	Vundla	1/3	1/1
	K	Vundla	0/4	0/7

*Committee dissolved in February 2023

Attendance of Business Research, Operations and Development committee (BRODC) meetings

Ordinary and special meetings held between 1 April 2022 and 12 January 2023

	Initial	Surname	Total number of ordinary meetings for the period	Total number of special meetings for the period
Former Committee Chairman	**Z**	**Myeza**	**3/3**	**1/1**
	S	Badat	3/3	1/1
	C	Burger	3/3	1/1
Members	T	Kgokolo	3/3	0/1
	N	Ngema	3/3	1/1
	S	Thobela	3/3	0/1
	J	Trembath	3/3	0/1

*Combined ARC and BRODC

Ordinary and special meetings held between 13 January 2023 and 31 March 2023

	Initial	Surname	Total number of ordinary meetings for the period
Committee Chairman	**P**	**P Mangoma**	**1/1**
	C	Burger	1/1
Members	S	Kudumela	1/1
	M	Neluheni	1/1

Status of Board membership
- Retired on 12 January 2023
- Reappointed on 13 January 2023
- Appointed on 13 January 2023

The committee performed the following value-adding functions in 2022/23:

- Reviewed and approved research, development and innovation strategies, policies and projects
- Reviewed, approved and monitored execution against research funding and the development and growth strategies
- Oversaw the setting and implementation of policies
- Reviewed the business case and monitored progress of key projects.

Risks and opportunities reviewed by the committee:

- Safety
- Security
- Financial sustainability
- Commercial

- Research
- Operations

The committee was satisfied that it fulfilled the responsibilities in its terms of reference during the review year.

TRANSFORMATION, INVESTMENTS AND PROJECTS COMMITTEE

The Transformation, Investments and Projects Committee oversaw supply chain management processes and procurement, including potential risks. It ensured that all ATNS spend adheres to delegation of authority levels and assisted the board in setting targets for the black economic empowerment balanced scorecard under the BBBEE codes, thus furthering the board's transformation objectives.

Attendance of Transformation, Investments and Projects committee (TIPC) meetings

Ordinary and special meetings held between 1 April 2022 and 12 January 2023

	Initial	Surname	Total number of ordinary meetings for the period	Total number of special meetings for the period
Committee Chairman	K	Vundla	0/3	0/4
Members	K	Boqwana	3/3	4/4
	C	Burger	3/3	4/4
	N	Kubheka	3/3	4/4
	Z	Myeza	3/3	4/4

*includes two combined ARC and TIPC meetings

Ordinary and special meetings held between 13 January 2023 and 31 March 2023

	Initial	Surname	Total number of ordinary meetings for the period
New Committee Chairman	M	Neluheni	1/1
Members	K	Boqwana	1/1
	C	Burger	1/1
	N	Kubheka	1/1
	N	Ngema	1/1
	P	Sibiya	1/1

Status of Board membership
- Retired on 12 January 2023
- Reappointed on 13 January 2023
- Appointed on 13 January 2023
- Resigned in October 2022

The committee performed the following value-adding functions in 2022/23:

- Reviewed and monitored supply chain policies, strategies and execution plans
- Reviewed, considered and assessed capital investments, acquisitions, disposals and risk management related to preferential procurement
- Approved all transactions and projects above the limit set for the bid adjudication committee in terms of the delegation of authority
- Monitored progress against the company's transformation objectives, including Capex and Opex projects
- Continued to review and monitor the implementation of the BBBEE strategy.

Risks and opportunities reviewed by the committee:

- Safety
- Security
- Financial sustainability
- Internal and external audit function
- Risk management

The committee was satisfied that it fulfilled the responsibilities in its terms of reference during the review year.

SOCIAL AND ETHICS COMMITTEE

- The Social and Ethics Committee oversees social, ethics and economic development matters. It pursues employment equity by promoting equality, preventing unfair discrimination and corruption. It also oversees transformation within the aviation industry.

Attendance of Social and Ethics committee (SEC) meetings

Ordinary and special meetings held between 1 April 2022 and 12 January 2023

	Initial	Surname	Total number of ordinary meetings for the period	Total number of special meetings for the period
Committee Chairman	N	Ngema	3/3	1/1
Members	S	Badat	3/3	1/1
	J	J Trembath	3/3	1/1
	K	K Vundla	0/3	0/1
	N	N Kubheka	3/3	1/1
	S	S Thobela	2/3	1/1
	T	T Kgokolo	3/3	1/1

*includes two combined ARC and TIPC meetings

Ordinary and special meetings held between 13 January 2023 and 31 March 2023

	Initial	Surname	Total number of ordinary meetings for the period
Committee Chairman	N	Ngema	1/1
Members	A	Amod	1/1
	N	Kubheka	1/1
	S	Kudumela	1/1

Status of Board membership
- Retired on 12 January 2023
- Reappointed on 13 January 2023
- Appointed on 13 January 2023
- Resigned in October 2022

The committee performed the following value-adding functions in 2022/23:

- Reviewed and monitored the promotion of equality, prevention of unfair discrimination and reduction of corruption
- Reviewed and monitored the company's BBBEE policies and strategies, ensuring that these align with the Department of Trade, Industry and Competition codes of good practice
- Monitored activities and stakeholder relationships relating to social and economic development, corporate citizenship, the environment, health and public safety, consumer relationships and labour and employment practices
- Reviewed the legal compliance frameworks
- Monitored the implementation of strategies, policies and performance relating to safety and health, including risks and liabilities
- Considered the impact of ATNS's operations on society and the environment and, where appropriate, amended policy or approach
- Considered progress in ATNS's sustainability journey reporting process and assessed disclosure on sustainability issues
- Reviewed an ethics risk assessment and approved an ethics strategy.

Risks and opportunities reviewed by the committee:

- Organisational performance
- Occupational health and safety
- Ethics risk
- Compliance risk

The committee was satisfied that it fulfilled the responsibilities in its terms of reference during the year under review.

REMUNERATION AND HUMAN CAPITAL COMMITTEE

The Remuneration and Human Capital Committee oversees the management of human resources to provide guidance and make recommendations on the company's performance targets, through a company balanced scorecard and company equity plans and policies.

It also monitors compliance with the Employment Equity Act, the PFMA, National Treasury regulations and other applicable pieces of legislation as identified in its regulatory universe. It informs the board about appointments, terminations and promotions of executive management, reports to the CEO and monitors the effectiveness of company-wide succession plans, including for the position of CEO.

Attendance of Remuneration and Human Capital committee (RHCC) meetings

Ordinary and special meetings held between 1 April 2022 and 12 January 2023

	Initial	Surname	Total number of ordinary meetings for the period	Total number of special meetings for the period
Committee Chairman	**K**	**Boqwana**	**3/3**	**2/2**
Members	C	Burger	3/3	2/2
	T	Kgokolo	3/3	1/2
	N	Kubheka	3/3	2/2
	L	Ngema	3/3	2/2
	S	Thobela	3/3	1/2

*includes two combined ARC and TIPC meetings

Status of Board membership
- Retired on 12 January 2023
- Reappointed on 13 January 2023

Ordinary and special meetings held between 13 January 2023 and 31 March 2023

	Initial	Surname	Total number of ordinary meetings for the period
Committee Chairman	**K**	**Boqwana**	**1/1**
Members	C	Burger	1/1
	N	Kubheka	1/1
	L	Ngema	1/1
	P	Sibiya	1/1

Status of Board membership
- Reappointed on 13 January 2023
- Appointed on 13 January 2023

The committee performed the following value-adding functions in 2022/23:

- Monitored implementation and execution of the human capital strategy and business transformation
- Monitored the implementation of the organisation design
- Monitored and approved progress on the culture change programme
- Reviewed performance scorecards of the organisation and executive management team
- Monitored the preparation and presentation of employment equity and other human capital statutory reports
- Monitored the implementation of ATNS's training and development plan
- Reviewed and recommended performance incentive policies

- Reviewed the remuneration, retention incentives and termination policies and procedures for Exco
- Recommended to the board, for approval, the aggregate annual staff salary increase.

Risks and opportunities reviewed by the committee:

- Human capital
- Occupational health and safety
- Organisation performance
- Financial sustainability
- Loss of key skills in air traffic services

The committee was satisfied that it fulfilled the responsibilities in its terms of reference during the review year.

GOVERNANCE PRINCIPLES: KING IV™ APPLICATION

In shaping its governance practices, ATNS looks particularly to King lV™ best practice recommendations.

We are committed to sound corporate governance practices, which are continuously reviewed to ensure adherence to the principles of King lV, which include discipline, independence, responsibility, fairness, social responsibility, transparency and the accountability of directors to all stakeholders.

KING IV PRINCIPLE	APPLICATION STATUS	ATNS ACTIVITIES IN 2022/23 THAT STRENGTHENED APPLICATION
LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP		
Governance outcome: ethical culture		
Leadership		
Principle 1: The accounting authority should lead ethically and effectively	Applied	The former board's term of office ended on 12 January 2023. The current board, appointed on 13 January 2023, combines the necessary skills and competence to discharge its responsibilities, provide strategic direction and lead the ATNS according to the board according to applicable legislation, company's memorandum of incorporation, best practices and the board charter. The effectiveness of the board and its committees is assessed annually through a formal process. Concerns are addressed through appropriate tools and interventions. The board has ethics-related policies that guide its decision-making, including policies on conflict of interest and gifts. Annually, the company actively solicits details from its directors regarding external shareholdings, directorships, contractual relationships and any form of relationship that has the potential to create conflicts of interest while they serve as directors on the board. At every board and board committee meeting, every member must declare or confirm absence of any potential conflict of interest before deliberations. Where a conflict arises, directors and executives recuse themselves from the discussions. The board, supported by the company secretary, oversees and monitors compliance with statutory requirements and approved organisational policies and procedures.
Organisational ethics		
Principle 2: The accounting authority should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	Applied	The board has delegated the responsibility of the governance of ethics to the Social and Ethics Committee (SEC) and Audit and Risk Committee without abdicating its duties and responsibilities. The board led an ethics risk assessment exercise to help shape the ethics management strategy and determine the scope and contents of subsequent ethics management interventions required to establish an ethical culture that supports the achievement of ATNS strategic goals. The ethics strategy was developed and approved by the board through SEC and was followed by the development of an implementation plan monitored quarterly by SEC. This plan includes embedding an ethical culture in the organisation through a review of policies and creation of ethics awareness. The board is also overseeing management's change of culture approach and organisational culture review programme to assess the current culture and determine interventions needed for a culture befitting a future-fit organisation committed to exemplary ethical conduct.

KING IV PRINCIPLE	APPLICATION STATUS	ATNS ACTIVITIES IN 2022/23 THAT STRENGTHENED APPLICATION
Responsible corporate citizenship		
Principle 3: The accounting authority should ensure that the organisation is and is seen to be a responsible corporate citizen	Applied	The board approved the 2022/23 corporate social investment (CSI) plan and monitored the implementation thereto through SEC. The broad-based black economic empowerment (B-BBEE) and enterprise supplier development (ESD) guided by the Aviation Supplier Transformation Framework and progress on the implementation of the sustainability and environment strategy reports were monitored and tracked at board and board committee meetings during the year under review.
STRATEGY, PERFORMANCE AND REPORTING		
Governance outcome: good performance and value creation		
Principle 4: The accounting authority should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process	Applied	The strategy, which is aligned to the company's core purpose and the business model, is formulated by the executive committee (Exco) and approved by the board. The board reviewed the ATNS 2025 strategy to ensure sustainable value creation for the company and its stakeholders. The board remains responsible for ensuring that the approved strategy is implemented and that the company's purpose is fulfilled. The board also accepts its responsibility to ensure that risks are adequately identified, measured, managed and monitored to maintain good governance. The board reviewed and approved the risk appetite and risk tolerance level. The board annually concludes a Shareholder's Compact with the Minister of Transport and agrees on key performance indicators that are monitored and reported quarterly to the shareholder.
Principle 5: The accounting authority should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short-, medium- and long-term prospects	Applied	The Chairman of the board sign off the quarterly performance reports for submission to the executive authority in line with the PFMA and National Treasury regulations. The reports are ratified by the board at the meetings following submission. The Annual Performance Report was also submitted to the executive authority in line with the PFMA and National Treasury regulations. The board, through the Audit and Risk Committee, has delegated oversight for the development of an ATNS integrated annual report that provides appropriately balanced business and sustainability reporting in line with King IV, the Global Reporting Index, the PFMA and other legal prescripts while meeting the information needs of diverse stakeholders. The internal audit function provided assurance on quarterly and annual reporting and disclosure.

KING IV PRINCIPLE	APPLICATION STATUS	ATNS ACTIVITIES IN 2022/23 THAT STRENGTHENED APPLICATION
GOVERNING STRUCTURES AND DELEGATION		
Governance outcome: adequate and effective control		
Principle 6: The accounting authority should serve as the focal point and custodian of corporate governance in the organisation	Applied	The board is regulated by a board charter that sets out the parameters within which it operates by defining its powers, roles and responsibilities, structure, board processes and details on the manner in which the company must be governed.
		During the year under review, the board charter was reviewed and approved by the board as part of the annual review process to align it with best governance practices.
		Board meetings are held quarterly and as and when required by operational requirements.
		To assist it in discharging its duties, the board has established board committees through formal terms of references in line with the ATNS memorandum of incorporation and recommendations from the Companies Act of 2008 and King IV.
		The number of meetings is disclosed in the integrated annual report.
		During the year under review, board composition changed significantly following member retirement and appointment of new directors. Thus, board and committee performance assessments were not performed. It was agreed that the board did not have sufficient information to perform a meaningful assessment for the year under review. The 2023/24 evaluation has been planned and included in the annual work plans of the board and board committees. This will be conducted in the quarter 4 of the 2023/24.
Principle 7: The accounting authority should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively	Applied	The appointment of directors is a formal and transparent process facilitated by the Department of Transport Oversight Unit. All appointments must be approved by the Minister and follow 'fit-and-proper' tests conducted against the PFMA, the Companies Act, and other legislation. During the year under review, the Minister of Transport (in concurrence with the South African Cabinet) appointed the new board with effect from 13 January 2023. The company's board is a unitary board that consists of 10 independent non-executive directors and two executive directors. The Chief Executive Officer (CEO) and the Chief Financial Officer are members (executive directors) of the board by virtue of their offices.
Principle 8: The accounting authority should ensure that its arrangements for delegation within its own structures promote independent judgment, and assist with the balance of power and the effective discharge of its duties	Applied	The board established the board committees (refer to page 35 on the governance framework) and dissolved the Governance Committee and Transformation and Investment and Projects Committee during the year. The board committees apply the principles of sound corporate governance and the balance of power is clear to ensure that no individuals have undue decision-making powers.
		The board committees have formal terms of reference clearly outlining roles and responsibilities.
		A Delegation of Authority Policy is in place and is reviewed every two years or as required. The policy was revised and approved by the board in December 2022. In March 2023, amendments were made to the policy to ensure agility on approval to ensure agility on the approval processes.

KING IV PRINCIPLE	APPLICATION STATUS	ATNS ACTIVITIES IN 2022/23 THAT STRENGTHENED APPLICATION
Principle 9: The accounting authority should ensure that the evaluation of its own performance and that of its committees, its chairperson and its individual members support continued improvement in its performance and effectiveness	Partially applied	For the period under review, there was no board evaluation, as the new board took office effectively from 13 January 2023.
		A 2021/22 evaluation for the former board, however, was completed during the year under review and will be a point of departure during the 2023/24 evaluation.
Principle 10: The accounting authority should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities	Applied	A permanent CEO was appointed early in 2022/23. She possesses the credentials to lead the organisation through the last two years of Strategy 2025 and beyond.
		The delegation of authority policy clearly outlines matters that fall within the authority of the CEO and those reserved for the board.
		The new board Chairman has opted not to be part of the board committees to maintain objectivity when holding these committees accountable.
Principle 11: The accounting authority should govern risk in a way that supports the organisation in setting and achieving its strategic objectives	Applied	The board monitored the facilitated an annual risk workshop to ensure alignment across strategy, risk and sustainability.
		The board also approved the organisation's risk appetite and tolerance level.
		The board reviewed the nine foremost strategic risks emanating from the workshop.
Principle 12: The accounting authority should govern technology and information in a way that supports the organisation setting and achieving is strategic objectives	Applied	The board delegated this function to the Audit and Risk Committee, whose standing members include the Chief Information Officer and the Chief Risk Executive.
		The committee monitored the information security and information technology (IT) governance reports and submitted them to the board for noting.

KING IV PRINCIPLE	APPLICATION STATUS	ATNS ACTIVITIES IN 2022/23 THAT STRENGTHENED APPLICATION
Principle 13: The accounting authority should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen	Applied	The board had delegated this function to the Audit and Risk Committee of which Legal Counsel was a standing member during the year under review. Legal and compliance reports were monitored quarterly by various committees and submitted to the board through the Chairman's reports. There are systems in place to ensure compliance with all applicable laws, regulations, codes and standards. To ensure regulatory compliance is operationalised, we have a compliance function to facilitate all regulatory compliance initiatives from adherence to the responsibilities derived from the regulatory compliance universe. We operate in an environment in which the development and maintenance of an effective compliance framework and processes are essential and give us a platform on which to provide necessary assurance that we will comply with all the applicable regulatory requirements.
Principle 14: The accounting authority should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long term	Applied	A remuneration policy governs company remuneration. The organisation is undergoing the organisation redesign process to achieve its strategic objectives and respond to the business environment. A review of the total reward framework is underway to streamline remuneration. Refer to page 116 for the company's remuneration philosophy. Director remuneration is governed by the executive authority and disclosed in the annual financial statements, as is remuneration of prescribed officers.
Principle 15: The accounting authority should ensure that assurance services and functions enable an effective control environment, and that the support integrity of information for internal decision-making and of the organisation's external reports	Applied	The company adopted the combined assurance framework to ensure an adequate and effective control environment and integrity of reports for better decision-making. The company maintains a system of internal financial control that is designed to provide assurances on the maintenance of proper accounting records and the reliability of financial information used within the business and for publication. The system contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. A combined assurance approach has been implemented to assist in addressing control over the key risks facing the company. Such risks and their mitigating controls are identified and controlled by management, within a risk framework determined by the board, and the process is monitored and evaluated by both the risk and internal audit functions. The traditional three lines of defence have also been expanded as recommended in King IV where appropriate.

KING IV PRINCIPLE	APPLICATION STATUS	ATNS ACTIVITIES IN 2022/23 THAT STRENGTHENED APPLICATION
Governance outcome: Trust, good reputation, and legitimacy		
Principle 16: In the execution of its governance role and responsibilities, the accounting authority should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time	Applied	The board considers the legitimate interests and expectations of its stakeholders in its decision-making in the best interests of the company to drive a sustainable and long-term value strategy. We are committed to fostering and strengthening stakeholder relationships. Environmental, social and governance factors in investment decision-making and practice affect the value of an investment and these are considered essential by the board for responsible investments to promote good governance and creation of value by the companies in which ATNS invests. The board monitors the company's relationship with stakeholders and is assisted by SEC. SEC oversees stakeholder engagement and management. Its regular reporting ensures that the board is has the necessary information to take the legitimate interests and expectations of stakeholders into account in its decision-making. The board has further delegated the responsibility of dealing with stakeholder relationships proactively and constructively to management. It approved the Stakeholder Management Policy. Stakeholder management is fully reported in the integrated report.
Principle 17: The accounting authority should ensure that responsible investment is practised by the organisation to promote good governance and the creation of value by the companies in which it invests	Explained	ATNS is governed by its own Act and its corporate mandate, which do not include any activities described in the definition of an institutional investor. However, ATNS does promote good governance by investing in training and development for directors and employees; infrastructure; and corporate social investments.

EXECUTIVE COMMITTEE

The ATNS Board approved the hybrid organisational structure which led to the finalisation and appointment of executive management which includes changes in the executive structures.

The executive members are part of Exco, which supports the CEO in implementing corporate strategy and in leading the business and functional areas.

Nozipho Mdawe (50)

Executive (Chief Executive Officer)

Expertise
Global Partnerships Development

Strategic leadership and execution

Value driven Infrastructure Development and Execution

Organisational Development and Transformation

Strategic Risk Management

P&L Leadership and Revenue Growth

Operations Management and Execution

Qualifications
Doctoral Degree in progress

MBA

Global Executive Development Programme

Advanced Strategic Management Programme

Management Advanced Programme

Matome Moholola (45)

Chief Financial Officer
Appointed August 2019

Expertise
Financial, risk and supply chain management

Corporate governance

Qualifications
CA(SA)

MBA

MCom Tax

BCom

BAcc

Josia Manyakoana (53)

Chief Operating Officer
Appointed June 2023

Expertise
Air Traffic Management

Aviation Management, Research & Strategy

Airport Operations Management

ATS Operations Management

Airspace Management

Aviation Safety Management

Human Factors

Corporate Governance

Qualifications
Master of Aviation

Honours Industrial Psychology

Bachelor of Administration in Aviation Management

Thandeka Mdebuka (42)

Legal Counsel
April 2015

Expertise
Legal advisory and advocacy

Legal compliance

Corporate governance

Contract negotiation and contracts management

Litigation

Enterprise risk management

Qualifications
Admitted attorney

Postgraduate - GRC

LLM Mercantile Law

LLB

Outgoing Executive members effective end of June 2023:
Chief Information Officer - Veronica Sebola
Executive ATM/cns - Jeoffrey Matshoba

EXECUTIVE COMMITTEE CONTINUED

Nhlanhla Mabaso (54)

Chief Technology and Information Officer
Appointed July 2023

Expertise
Strategic management of technology

Innovation

Knowledge commons

Cybersecurity

Leadership development

Programme management

Qualifications
MBA

BSc (Computer Science, Computational and Applied Mathematics)

Various courses, including Information Management and Cybersecurity

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Mbongeni Maqashelana (47)

Chief Business Services
Appointed November 2014

Expertise
Safety management system

Enterprise risk management

Quality management systems

Corporate governance

Management Accounting

Business continuity management

Risk Insurance

Qualifications
MBA

Postgraduate Diploma in Business Management and Administration,

BCompt

National Diploma in Cost and Management Accounting

Tendani Ndou (53)

Chief Aviation Training Academy
Appointed June 2011

Expertise
Risk, audit and compliance

Corporate governance

Accounting, finance and management

Supply chain management

Aviation training management

Strategy and planning

Qualifications
MBA

BCom (Honours) Cost Management Accounting

Higher Diploma in Education

Khanyisile Cele (41)

Chief Strategy, Research Development, and Innovation
Appointed July 2023

Expertise
Strategy

Research

Policy

Budgeting

Monitoring and Evaluation

Leadership

Qualifications
MBA

MPhil (Personal and Professional Leadership)

Public Finance and Accounting Degree

Public Finance and Accounting Diploma

Sandile Hogana (40)

Chief Customer Solutions Officer
Appointed July 2023

Expertise
Marketing

Sales

Product development

Data analytics

Qualifications
MBA

Post Graduate Diploma in Finance, Banking and Investment Management

BSc in Computer Science and Applied

BSc in Computer Science and Applied Mathematics

Gayle Serema (51)

Chief Human Capital Officer
Appointed on a fixed-term contract in January 2023

Expertise
General Human Resources Management

Qualifications
Master of Business Administration

BCom Honours, Industrial and Organisational Psychology

Bachelor of Arts Industrial Psychology

Lesego Mahamba (38)*

Chief Audit Executive and Acting Chief Risk Executive
Appointed January 2018

Expertise
External audit

Internal audit

Internal financial controls

Corporate governance

Enterprise risk management

Combined assurance

Performance information

Compliance

Qualifications
CA(SA)

MBA

CIA

BCom Accounting Science

BCom Economics

Milicent Fatlane (44)

Appointed on a fixed-term contract in September 2022 and as **Acting Company Secretary** in March 2023

Expertise
Company secretarial practice

Corporate governance

Corporate law

Strategy and business planning

Qualifications
MBL

Postgraduate CIS Board Exam

Postgraduate Diploma in Management: Specialising in Corporate Governance

Senior Leaders Development Programme

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*Standing invitee to Exco

- Build sustainability intelligence and innovations that will enable ATNS to become a leader in the industry while responding to the broader socio-economic objectives of the country and continent.

- Acknowledge the importance of the global sustainable development goals which aim to alleviate poverty, protect the environment and ensure prosperity as the leading drivers of the new sustainable development agenda.

EMBRACING SUSTAINABILITY

As a global corporate citizen, we remain conscious of our responsibility to maintain the efficient and effective sustainability of performance, people, and the planet.

The sustainability movement is manifesting through the increasing prominence of environmental, social and governance (ESG) factors as integral parts of modern, mindful business.

Given our commitment to accelerate the incorporation of these elements into our business plans and practices, our Corporate Sustainability Plan takes a multifaceted view.

As a state-owned company, ATNS supports effective and sustainable socio-economic change. Our business transformation drive seeks to promote skills, small business development and environmental stewardship – to create a platform for inclusive and stable growth in an operating landscape characterised by minimal environmental impact and meaningful societal contributions.

In promoting the socio-economic advancement of previously disadvantaged South Africans, our initiatives go beyond legislative requirements in bolstering the country's capabilities to support the aviation sector, including fostering skills transfers across the African continent in a sustainable and environmentally responsible way.

Working in the air traffic arena, we understand that we can limit the environmental effects of our services by increasing our efficiency and effectiveness, thereby exploring innovative ways of infusing environmental sustainability elements into our operations.

Our sustainability approach is aligned with South Africa's NDP and the UN SDGs. It is informed by our strategic objectives and is outlined in the framework.

OUR FRAMEWORK

Our sustainability framework enables us to achieve the following:

- Align to the Minister of Transport's Statement of Strategic Intent, the Shareholder Compact and Department of Transport's green agenda to ensure ATNS pursues sustainable economic, social and environmental outcomes.
- Build an integrated and intelligent view of the synergies and trade-offs between the various sustainability performance areas.
- Report performance progress and material issues to stakeholders.
- Demonstrate the integrated nature of our strategic model in the context of the Sustainability Framework and on our sustainability outcomes: Enable, Engage, Grow and Preserve; and by defining our material outcomes and drive and support integrated thinking.

PRESERVE

Manage organisations' contribution to Climate Change and Environmental Protection.

Develop organisational sustainability change management and communication.

Manage and preserve non-renewable natural resources.

KEY SUSTAINABILITY OUTCOMES
- Manage climate change impacts
- Preserve scarce resources
- Invest in green energy technologies
- Sustainability, economic, social and environment integration into business operations as a key factor
- Enhance awareness to drive behavioural change amonst employees
- Harvest and retain intellectual capital including knowledge

GROW

Develop leadership capability in Africa ATM space.

Ensure long-term financial sustainability.

Enhance operational efficiencies in line with global ATM standards.

KEY SUSTAINABILITY OUTCOMES
- Enhance safety, reliability and availability
- Ensure operational efficiency
- Innovation, ICT and R&D
- Ensure working capital
- Leadership development
- Sustainable regulated and non-regulated revenue
- Responding to South Africa's socio-economic objectives

ENABLE

Build a culture of safety.

Build a skilled and capable employer resource base.

Create a transformative organisation.

KEY SUSTAINABILITY OUTCOMES
- Core and critical skills training and development
- Institutional knowledge
- Culture of safety
- Employer satisfaction and collaborative culture
- Create a representative workforce
- Long-term job creation
- Creating a learning organisation

ENGAGE

Maintain an impeccable governance framework.

Ensure regulatory alignment and compliance.

Ensure constructive and collaborative stakeholder relationships.

KEY SUSTAINABILITY OUTCOMES
- Ensure impeccable governance and ethics
- Ensure regulatory compliance
- Develop local suppliers
- Shareholder management
- Strategic partnership development
- Positive community development
- Stakeholder management
- Creating a shared value perspective
- Investing in communities and developing local community capabilities (e.g. SMMEs)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental, social and governance (ESG) issues are central to the success of our business and achieving our vision of being a leading Air Navigation Services Provider in Africa.

We decided to review our current sustainability framework and formally develop an ESG framework to centralise, monitor and report ESG matters to ensure value for us and our stakeholders as well as better understand the ESG-related risks and opportunities of our investments.

We have commenced reviewing the material issues that are key to the framework, and these issues will continue to be monitored.

2008 ▶ 2012

3

STRATEGY

A strategy for the present, built on past experiences, sustained value for the future

Our strategy responds to global and domestic trends. We set goals that help us realise our vision and provide value for our industry and stakeholders.

2008
A first for ATNS in the following: CISM training course, ATNS Safety Week, participation in CANSO safety culture working group

2009
Control tower construction at King Shaka International Airport

2010
The Central Airspace Management Unit (CAMU) Air Traffic Flow Management (ATFM) tool is implemented

2011
Installation and commissioning of the Total Control 3D aerodrome control simulator

ATA awarded IATA Worldwide Top Regional Training Partner

2012
Inauguration of NAFISAT Master Back-up Terminal in Uganda

Launch of the ground-breaking ATNS AVI Afrique Africa Aviation Innovation Summit

ATA awarded IATA Worldwide Top Regional Training Partner

MS NOZIPHO MDAWE
CHIEF EXECUTIVE OFFICER

REFLECTIONS FROM THE
CEO

"The digital transformation programme within our innovation pillar is a priority in delivering our strategic objective of being a creative and innovative enterprise, aligned to our aspirations of sustainable modern business."

SUSTAINING VALUE FOR THE FUTURE

The theme of this report, "sustaining value for the future" echoes the course of events over the reporting cycle in review, in which major work was done within the organisation to put systems in place, thereby ensuring minimal interruption across the business and the industry, despite what the future seemed to hold in store for us.

ATNS is a multitudinous custodian of specialised skills that occupies a critically important position within the aviation sector. The company is the sole provider of air traffic and navigation services in South Africa and is also an esteemed, critical player in other jurisdictions across the continent and beyond.

Although the phrase, "too big to fail" is not appropriate in this instance, it can be said that ATNS is "too important to fail". Strategically, it means that ATNS leadership has a duty to change the direction of the business on the value creation continuum, away from value erosion, towards value creation. I am happy to report that the board and Exco are aware of this important mandate. As a consequence, they are reliant on prudent decision-making and financial controls to accomplish this.

STRATEGY 2025 HIGHLIGHTS

Like many other players in the aviation sector, ATNS is experiencing the effect of the COVID-19 pandemic, which turned out to be the most devastating business interruption in the history of aviation. Nonetheless, we entered worked closely with our stakeholders to ensure that expeditious and efficient Air Traffic Services (ATS) were delivered to keep our airspace safe.

In my first 100 days in the office, I realised that there were many material issues that needed to be reviewed, given that the environment in which our strategy was conceived back in 2019 was now different. The so-called "new normal" rendered some of the planning done initially irrelevant to our new context.

We thus invested considerable effort in our 2022/23 financial reporting year, to refine and redefine elements of our strategy to create an agile and resilient company, capable to becoming the preferred ANSP on the continent and elsewhere. The revised strategy was completed in January 2023 and implemented with immediate effect. The revised strategy, and the processes involved, as well as a high-level summary of the most pertinent revisions, may be found on page 70 of this report.

PERFORMANCE AND OPERATIONAL HIGHLIGHTS

Above all, ATNS's primary objective is to ensure the safety of aircraft, passengers, and crew onboard, as they traverse African skies are safe. I am pleased to report that our safety record improved year-on-year. In 2022/23, 24 safety events (incidents) were recorded, which resulted in a safety rate of 5.1 safety events per 100 000 flight hours against the seven per 100 000 flight hours maximum tolerance as defined by the board. We recorded an achievement of 87% of the outcomes.

We achieved an operational performance score of 72%. In areas where we could not deliver on our targets for 2022/23, external factors beyond our control were at play. Turn to page 165 for more details.

CHALLENGES AND OPPORTUNITIES

Measures taken to ensure financial sustainability, like cost containment, cash preservation, and reprioritising capital and operation expenditure, have paid off. We have been able to move from the recovery phase of our strategy implementation plan to the sustain phase, despite the odds being against us. This is resilience personified.

Our revenue model remains unchanged as we await the approval of our new proposed tariff structure from the Regulating Committee for ATNS and ACSA for the new five-year cycle.

The potential impact of an electricity grid collapse/disruption is being investigated and mitigated through various initiatives within ATNS and with our key service providers.

From an ATNS perspective, the internal business continuity models are being reviewed to indicate the various service delivery modes and levels within various stages of disruption. Some of the key elements are already in place, and some other elements are being investigated for expansion in terms of the business continuity footprint.

Elements that are in place in relation to potential power disruptions:

- Air Traffic Service units have on-site generators, diesel storage, and uninterrupted power supply systems, sized to the facility's individual needs.
- On-airport CNS infrastructure supporting arrival and departure service provision has on-site generators/diesel storage / uninterrupted power supply systems, sized to the facility's individual needs.
- GNSS-based procedures.
- Surveillance through ground-based and well as space-based solutions.
- VSAT communication network for backup VHF service in Johannesburg, Cape Town, and Durban city routes.

Elements that are being investigated for extension:

- Water storage solutions to sustain building services and operational staffing requirements.
- Analysis of key existing remote CNS facilities to be equipped with additional communication, generators, diesel storage, and uninterrupted power supply systems.
- Extension of backup VHF service to independent facilities through VSAT.
- Update of service level agreements with stakeholders to strengthen assistance and coordination.
- Review of current satellite phone deployment methodology for ATS coordination.

The growing presence of drones in our airspace presents both an opportunity and a challenge for all stakeholders involved to work together in a manner that will incubate this emerging and new air mobility technology whilst at the same time balancing this with safety and regulatory requirements.

Furthermore, ATNS is working extensively with SACAA and ACSA, to address regulatory requirements and to ensure safe integration within air traffic management. SAAF and SAPS are also being engaged with regards to monitoring and compliance of all participants in and around key airspace areas and airports, thus minimise service disruptions.

PROGRESS IN THE JOURNEY TO A FUTURE-FIT ORGANISATION

The Developing a Future-Fit Workforce (FFWF) programme was identified as a key strategic project during the 2021/2022 financial year, and work continued during 2022/23.

We aim to unlock one of the key drivers for ATNS Strategy 2025 implementation: the required skills, culture, and appropriate organisational design that supports intended outcomes. It entails a review of the organisational design and culture and values, as well as change management.

The review of the organisational structure followed a milestone approach, in line with global best-practice when realigning an organisation. We concluded the fourth of five milestones in September last year when the board approved the Level 1 organisational structure.

Taking account of digital and artificial intelligence advancement, through our strategic pillar of innovation, we are striving to balance a people-intensive business with increased technology use in the global aviation sector.

We have been busy identifying future opportunities in this regard, which enables us to work alongside government to balance the developmental needs of our country with the growing infrastructure and efficiency requirements of our industry.

We aim to implement at least 50% of the targets set out in the organisation design migration and transition plan by the conclusion of the 2023/24 financial year.

But some legacy systems must be kept in place and maintained – also for customer-centricity.

STAFF AND HUMAN CAPITAL ISSUES

Human capital planning is a major focus area for us, as it provides the resources required to drive the organisational strategy and service delivery. ATNS builds and preserves human capital value through individual capabilities, knowledge, skills, and experience in order to achieve our objectives.

Our total employee headcount currently stands at 1 089 against a target of 1 214. This headcount represents a diverse workforce across various disciplines and functional areas, with most employees in operations in the Air Traffic Services (ATS) Department.

The ATNS academy is still one of the best academies on the continent and we are immensely proud of its output. We are looking at partnerships with other players in the air industry environment and are keen to establish exchange programmes for skills transfers and enhanced capabilities.

FOCUSES FOR THE COMING YEAR

I look forward to the finalisation of our recalibrated value creation model that we are currently working on, which will integrate the updates to our strategy as articulated in the organisational redesign and revised business model.

We expect air traffic movements to only reach 2019 levels again by 2024. The subdued economic outlook with transport costs rising and air travel being replaced by many local and international commuters working remotely and embracing technology to connect virtually. This compels us to reduce discretionary spending and costs to the essentials.

However, our business is highly dependent on the deployment of technology, and we anticipate a

SAFETY EVENTS RECORDED **24**	CORPORATE ANNUAL SAFETY PLAN OUTCOME **87%**	KEY PERFORMANCE INDICATORS ACHIEVED **18/25**
LOAN FACILITY GRANTED ON BASIS OF STRONG BALANCE SHEET **R500 MILLION**	OPERATIONAL PERFORMANCE SCORE **72%**	TOTAL EMPLOYEE HEADCOUNT **1 089**

relatively smooth roll-out of our infrastructure investment programme now that our suppliers, OEMs, and strategic partners are back to business as usual, and now that we have the funds ready to be deployed.

During this year's budget vote in Parliament, the Minister of Transport cited infrastructure development to enable entities to adapt to the ever-changing technology landscape.

Our planned infrastructure investments will not only support the domestic service provision, safety, and regulatory requirements but also enable seamless and harmonious integration into the adjacent flight information regions.

This will stabilise the ATNS operational environment and ultimately enable the optimal use of the country's most valuable and limited asset – its airspace.

APPRECIATION

As an integral part of the interconnected global community, ATNS is part of the aviation ecosystem that strives to be an enabler of economic growth across all industries and sectors, which is a

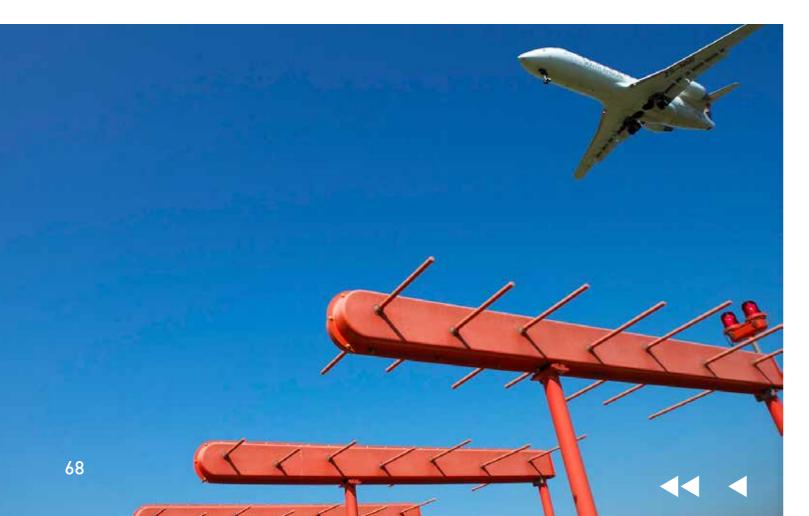constant reminder of how important mutual support and teamwork are.

I would also like to express my appreciation to the board and chairman for providing all the support and guidance. Together, we are accomplishing great feats.

Congratulations are in order, with the Honourable Sindisiwe Chikunga now at the helm of the Department of Transport as Minister. I have no doubt that I speak on behalf of colleagues when I say that we look forward to further deepening our excellent working relationship with the Minister.

Thank you.

Ms Nozipho Mdawe
Chief Executive Officer
Date: 22 August 2023

OUR STRATEGY

In light of the volatile macroeconomic environment as well as internal developments, our organisation has undertaken a thorough review of its key performance indicators and adjusted its strategic direction accordingly for the remaining two years of the strategy.

This summary highlights the key changes made to our strategy, emphasising the shift from the recovery phase to the sustain phase, this is due to financial interventions and digital transformation measures.

While our vision, mission, strategic pillars, and objectives remain unchanged, we have updated our values, strategic initiatives, and key performance indicators to align with the evolving business landscape. Our revised initiatives prioritise operational and customer outputs, taking into consideration the financial strain faced by our customers.

To ensure the effectiveness of our strategy, we have engaged with industry players and sought their insights and expertise. Through these collaborative efforts, we aim to position ourselves as the leading provider of air traffic management solutions in Africa.

By leveraging the collective knowledge and experience of our partners, we can better address the challenges and opportunities that lie ahead.

Our strategic pillars (service excellence, sustainability and innovation) serve as the foundation for our revised strategic initiatives.

To measure the success of our revised initiatives, we have established a reduced set of key performance indicators (KPIs) that align with our strategic objectives. These KPIs provide quantifiable metrics to track our progress and ensure accountability at all levels of the organisation. By regularly monitoring and analysing these indicators, we can make data-driven decisions and make necessary adjustments to our strategy.
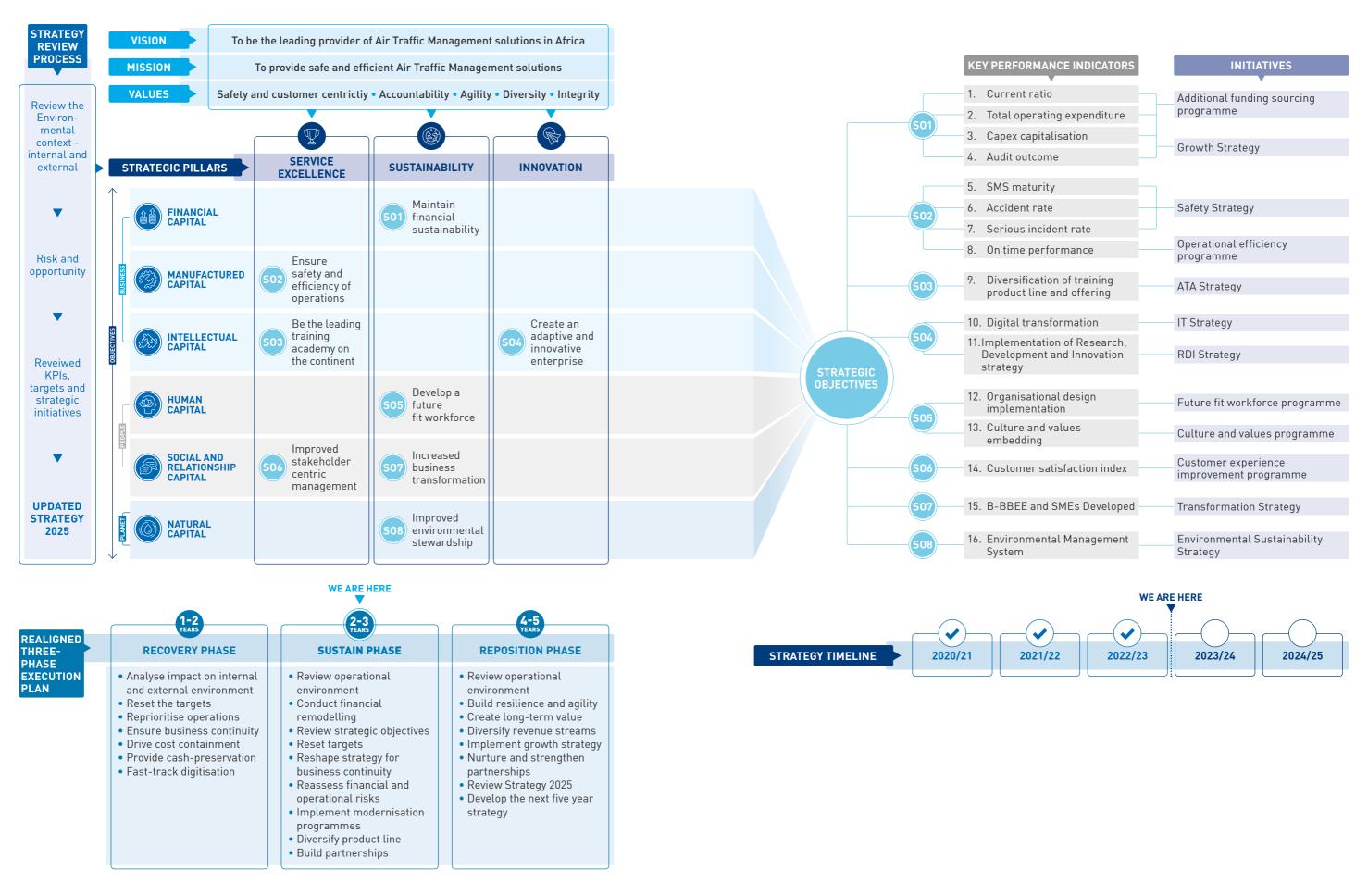
Our revised strategic initiatives for 2025 reflect our commitment to adapt and thrive in a rapidly changing business environment.

By prioritising operational and customer outputs, engaging with industry players, and focusing on service excellence, sustainability, and innovation, we are confident in our ability to achieve our vision of becoming the leading provider of air traffic management solutions in Africa.

Through diligent execution and continuous evaluation, we will navigate the challenges ahead and seize the opportunities that arise, ensuring long-term success for ATNS.

OUR STRATEGY

STRATEGY REVIEW PROCESS

Review the Environmental context – internal and external

▼

Risk and opportunity

▼

Reveiwed KPIs, targets and strategic initiatives

▼

UPDATED STRATEGY 2025

VISION ▶ To be the leading provider of Air Traffic Management solutions in Africa

MISSION ▶ To provide safe and efficient Air Traffic Management solutions

VALUES ▶ Safety and customer centrictiy • Accountability • Agility • Diversity • Integrity

STRATEGIC PILLARS

	SERVICE EXCELLENCE	SUSTAINABILITY	INNOVATION
FINANCIAL CAPITAL		SO1 Maintain financial sustainability	
MANUFACTURED CAPITAL	SO2 Ensure safety and efficiency of operations		
INTELLECTUAL CAPITAL	SO3 Be the leading training academy on the continent		SO4 Create an adaptive and innovative enterprise
HUMAN CAPITAL		SO5 Develop a future fit workforce	
SOCIAL AND RELATIONSHIP CAPITAL	SO6 Improved stakeholder centric management	SO7 Increased business transformation	
NATURAL CAPITAL		SO8 Improved environmental stewardship	

(BUSINESS / OBJECTIVES / PEOPLE / PLANET)

STRATEGIC OBJECTIVES

KEY PERFORMANCE INDICATORS — **INITIATIVES**

SO1
1. Current ratio
2. Total operating expenditure
3. Capex capitalisation
4. Audit outcome
→ Additional funding sourcing programme
→ Growth Strategy

SO2
5. SMS maturity
6. Accident rate
7. Serious incident rate
8. On time performance
→ Safety Strategy
→ Operational efficiency programme

SO3
9. Diversification of training product line and offering
→ ATA Strategy

SO4
10. Digital transformation
11. Implementation of Research, Development and Innovation strategy
→ IT Strategy
→ RDI Strategy

SO5
12. Organisational design implementation
13. Culture and values embedding
→ Future fit workforce programme
→ Culture and values programme

SO6
14. Customer satisfaction index
→ Customer experience improvement programme

SO7
15. B-BBEE and SMEs Developed
→ Transformation Strategy

SO8
16. Environmental Management System
→ Environmental Sustainability Strategy

WE ARE HERE ▼

REALIGNED THREE-PHASE EXECUTION PLAN

1-2 YEARS — RECOVERY PHASE
- Analyse impact on internal and external environment
- Reset the targets
- Reprioritise operations
- Ensure business continuity
- Drive cost containment
- Provide cash-preservation
- Fast-track digitisation

2-3 YEARS — SUSTAIN PHASE
- Review operational environment
- Conduct financial remodelling
- Review strategic objectives
- Reset targets
- Reshape strategy for business continuity
- Reassess financial and operational risks
- Implement modernisation programmes
- Diversify product line
- Build partnerships

4-5 YEARS — REPOSITION PHASE
- Review operational environment
- Build resilience and agility
- Create long-term value
- Diversify revenue streams
- Implement growth strategy
- Nurture and strengthen partnerships
- Review Strategy 2025
- Develop the next five year strategy

WE ARE HERE

STRATEGY TIMELINE — 2020/21 ✓ 2021/22 ✓ 2022/23 ✓ 2023/24 2024/25

MATERIALITY THEMES

Our material issues are those that matter most to our stakeholders and providers of capital; and that impact on our ability to create and sustain value in the short, medium and long term.

Recognising that materiality is dynamic in nature, the process is conducted annually, allowing us to regularly and timeously reflect on matters that may evolve from being material from an impact perspective, to being financially material. This ensures that our material issues are recognised, considered and addressed through appropriate strategic responses in order to create long-term and sustainable stakeholder value.
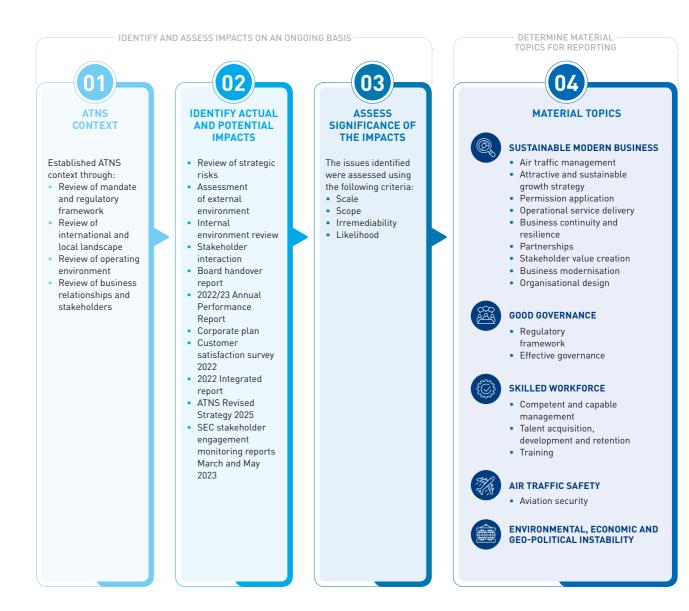
HOW WE DETERMINE OUR MATERIAL ISSUES

ATNS recently conducted its annual materiality assessment to identify the most significant economic, social, and environmental issues affecting the organisation and its stakeholders.

The assessment was conducted in accordance with the Global Reporting Initiative (GRI) materiality determination process. The materiality determination process followed is detailed in the flow chart alongside. The topics identified have been categorised by theme in this materiality matrix.

ANNUAL MATERIALITY THEMES REVIEW PROCESS

IDENTIFY AND ASSESS IMPACTS ON AN ONGOING BASIS

DETERMINE MATERIAL TOPICS FOR REPORTING

01 ATNS CONTEXT

Established ATNS context through:
- Review of mandate and regulatory framework
- Review of international and local landscape
- Review of operating environment
- Review of business relationships and stakeholders

02 IDENTIFY ACTUAL AND POTENTIAL IMPACTS

- Review of strategic risks
- Assessment of external environment
- Internal environment review
- Stakeholder interaction
- Board handover report
- 2022/23 Annual Performance Report
- Corporate plan
- Customer satisfaction survey 2022
- 2022 Integrated report
- ATNS Revised Strategy 2025
- SEC stakeholder engagement monitoring reports March and May 2023

03 ASSESS SIGNIFICANCE OF THE IMPACTS

The issues identified were assessed using the following criteria:
- Scale
- Scope
- Irremediability
- Likelihood

04 MATERIAL TOPICS

SUSTAINABLE MODERN BUSINESS
- Air traffic management
- Attractive and sustainable growth strategy
- Permission application
- Operational service delivery
- Business continuity and resilience
- Partnerships
- Stakeholder value creation
- Business modernisation
- Organisational design

GOOD GOVERNANCE
- Regulatory framework
- Effective governance

SKILLED WORKFORCE
- Competent and capable management
- Talent acquisition, development and retention
- Training

AIR TRAFFIC SAFETY
- Aviation security

ENVIRONMENTAL, ECONOMIC AND GEO-POLITICAL INSTABILITY

* The prioritisation was undertaken in line with the GRI requirement through a materiality workshop to test the material topics identified and to determine which are to be prioritised.

MATERIALITY THEMES AND TOPICS

MATERIALITY THEME 1
AIR TRAFFIC SAFETY

Air traffic safety entails more than the physical safety of passengers; it also includes assets and navigation infrastructure

Aviation safety is a top priority for us, as we recognise the importance of safety and efficiency in the aviation industry. The ongoing development of programmes and technologies in the industry by the ICAO and other institutions and member states is a indication of the commitment by the industry, this include the development of programmes to enable safety in the midst of increased challenges such as increasing traffic demand, the implementation of new technologies, new entrants to controlled airspace and increasing automation. Our Safety Management System (SMS) is a comprehensive framework that effectively manages safety risks by continuously

evaluating and enhancing its maturity. Safety is our top priority, and we conduct all operations in a systematic and controlled manner. To assess safety performance, we employ key performance measures such as the Accident Rate (AR), Serious Incident Rate (SIR), and Safety Rate (SR). These metrics provide valuable insights and help us identify areas for improvement.

Top risks
Risk 4 - Cybersecurity
Risk 6 - Safety incidents
Risk 7 - Infrastructure planning and maintenance
Risk 8 - Aviation security
Risk 9 - Third parties

Sustainable Development Goals

01 ▶ MATERIALITY TOPIC
AVIATION SECURITY

S02 S04

To ensure the safety of all our stakeholders including passengers and ground staff from accidents and cyber-related threats
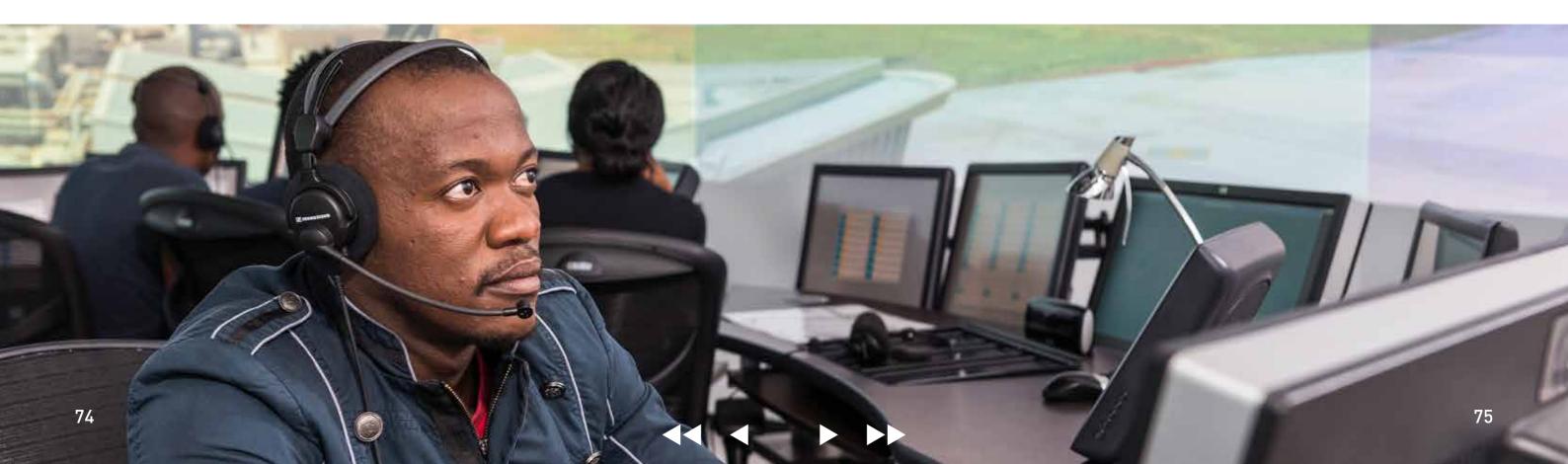
Aviation security for the industry is significant and ATNS being a role player is tasked with the responsibility of safe and secure skies.

In today's digital age, the use of AI and technology is crucial in safeguarding the aviation sector against cyber threats. We invest in cutting-edge cybersecurity solutions to protect against denial of service attacks and ransomware, ensuring the integrity of our operations. We continue to assess and adopt cutting edge solutions that will enable us to be proactive and agile in responding to cybersecurity threats and prioritise strong security measures to safeguard our systems and data. Our reliance on key performance measures allows us to assess safety performance, identify areas for improvement, and effectively manage safety risks to enhance aviation security.

We place great emphasis on fostering leadership skills and organisational culture to uphold our commitment to aviation safety and security. We firmly believe that strong leadership is crucial in maintaining a safe and secure aviation environment. By nurturing these skills, we ensure that our team is well-prepared to tackle any security challenges that may arise. Our Executive Development Programme also focuses on fostering leadership skills to uphold our commitment to aviation safety and security.

OUR RESPONSE PROGRAMMES

- Implement our cyber security annual plan in line with the NIST MIL framework.
- Implementation of the safety strategy and annual safety plan to improve our safety performance.
- ATNS ATM/CNS technology roadmap
- Participation in aviation industry safety management working groups.
- Renewable energy programmes to ensure reliance and stable power source for critical sites

MATERIALITY THEMES AND TOPICS (CONTINUED)

MATERIALITY THEME 2

EFFECTIVE GOVERNANCE

How ATNS is steered and directed, and how it provides for oversight and accountability

We provide world-class air traffic and navigation services with a focus on governance, safety, and efficiency. ATNS, adhering to voluntary disclosure frameworks. Our board and subcommittees guide ethical decision-making, prioritising good governance and transparency.

We comply with legislative requirements and international frameworks, ensuring transparent reporting, and we use advanced technologies and analytics for data-driven decisions in our governance framework. We contribute to economic growth, job creation, infrastructure development, innovation, and environmental protection.

Our priorities are safety, efficiency, and minimising our ecological footprint.

Top risks
Risk 1 - Financial sustainability
Risk 2 - Human resources skills and retention
Risk 3 - Business continuity

Sustainable Development Goals

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02 ▶ MATERIALITY TOPIC
REGULATORY FRAMEWORK   S02

The legislative framework and governmental policies that require ATNS compliance

ATNS operates within a regulatory framework that requires compliance with various legislative and governmental policies. As a state-owned company and monopoly provider of air traffic and navigation services in South Africa, we are regulated by the ATNS Company Act, the Public Finance Management Act, and the Ministry of Transport shareholder compact. We are classified as a Schedule 2 State-Owned Entity within the Department of Transport.

In accordance with the ATNS Company Act, we must obtain permission from the Economic Regulator before levying regulated charges. The current permission cycle, originally scheduled for review in the 2020/21 financial year, was extended due to the COVID-19 pandemic and will now end in the 2022/23 financial year. A new permission due to come into effect on 1 April 2023 for the 2023/24 – 2027/28 cycle has been delayed.

With the ATNS Company Amendment Act, the entity is now obliged to apply to the Regulating Committee for the issuing of a new Permission within the last month of the fourth financial year of the period of validity of any permission held by the company in accordance with the Approach Document. The ATNS Amendment Act further prescribes that "should existing permission lapse as a result of a delay in the issuance of a new permission, the tariff of the fifth year of the permission that recently lapsed shall remain applicable until the new permission comes into effect."

In addition to regulatory compliance, we align our operations with the National Development Plan (NDP) 2030 targets and the UN Sustainable Development Goals (SDGs). Our focus areas include contributing to economic growth, job creation, infrastructure development, innovation, and environmental protection.

To improve governance and decision-making, we utilise advanced technologies and business analytics. These tools enable us to analyse data, identify trends, and make data-driven decisions to optimise operations and enhance air traffic management in South Africa.

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03 ▶ MATERIALITY TOPIC
GOOD GOVERNANCE   S03 S06

The voluntary disclosure frameworks we subscribe to for reporting purposes and the application of governance principles by the board and its subcommittees

At ATNS, we prioritise good governance, adhering to voluntary disclosure frameworks to ensure transparency and accountability. Our board and subcommittees actively apply governance principles, guiding ethical decision-making. With the appointment of our CEO on 1 April 2022 and the approval of our Corporate plan for 2023/24-2025/26, we demonstrate our commitment to strategic planning and long-term success. The formal appointment of our new board on 13 January 2023 signifies a fresh start and renewed focus on effective governance.

We prioritise transparent reporting and disclosure, complying with legislative requirements and international frameworks such as the SDGs, GRI, and IR. Our governance framework, including the board and Exco, oversees our operations and decision-making processes, further strengthened by the application of King IV principles. Reliable CNS performance information is crucial for informed decision-making and maintaining the safety and efficiency of air traffic management.

We place great importance on our internal control systems, identifying and mitigating risks to ensure operational and financial integrity. Our B-BBEE Level 2 rating reflects our commitment to transformation and economic empowerment in South Africa.

MATERIALITY THEMES AND TOPICS (CONTINUED)

MATERIALITY THEME 3

SKILLED WORKFORCE

A workforce able to deliver on ATNS's mandate and expected future stakeholder requirements

This materiality theme focuses on our organisation's commitment to employee motivation, training, and career advancement, as well as talent acquisition and retention.

We also emphasise the importance of aviation training, competent management, and leadership development. Our primary goal is to enhance leadership skills, promote continuous learning, and drive organisational performance and sustainability.

Top risks

Risk 1 - Financial sustainability
Risk 2 - Human resources and skills retention
Risk 3 - Business continuity

Sustainable Development Goals

04 ▶ MATERIALITY TOPIC
COMPETENT AND CAPABLE MANAGEMENT   S01 S04 S05

The skills, behaviour and knowledge of our workforce to deliver superior sustainable service to our stakeholders now and in the future

Leadership and employee motivation are crucial for organisational effectiveness. To achieve this, we have developed a Future-fit Workforce strategic initiative, including the Organisational Design and Culture Review Programme. This program aligns our leadership culture, values, operating models, and skills development.

To support our leaders in their professional growth, we have implemented the Executive Development Programme. This program equips our executives and senior management with the necessary skills to stay ahead in aviation security practices and navigate industry changes effectively.

The Executive Development Programme focuses on strategic thinking, decision-making, communication, team management, and change management. Through workshops, seminars, case studies, and interactive sessions, our executives gain valuable insights and practical tools.

One of the key objectives of the Executive Development Programme is to foster a culture of continuous learning and growth. Investing in leadership capacity development is essential for driving organisational performance and sustainability. By equipping our leaders, we empower them to make informed decisions, inspire their teams, and drive positive change.

Additionally, we prioritise employee motivation by implementing the Employee Recognition Programme. This program acknowledges and rewards exceptional performance, innovation, and contributions to the organisation. We also offer training and career advancement opportunities to nurture talent within the organisation.

Our commitment to leadership excellence and employee motivation drives our strategic initiatives. Through the Future-fit Workforce, Organisational Design and Culture Review Programme, and Executive Development Programme, we aim to build a strong leadership pipeline, enhance organisational effectiveness, and drive sustainable growth.

05 ▶ MATERIALITY TOPIC
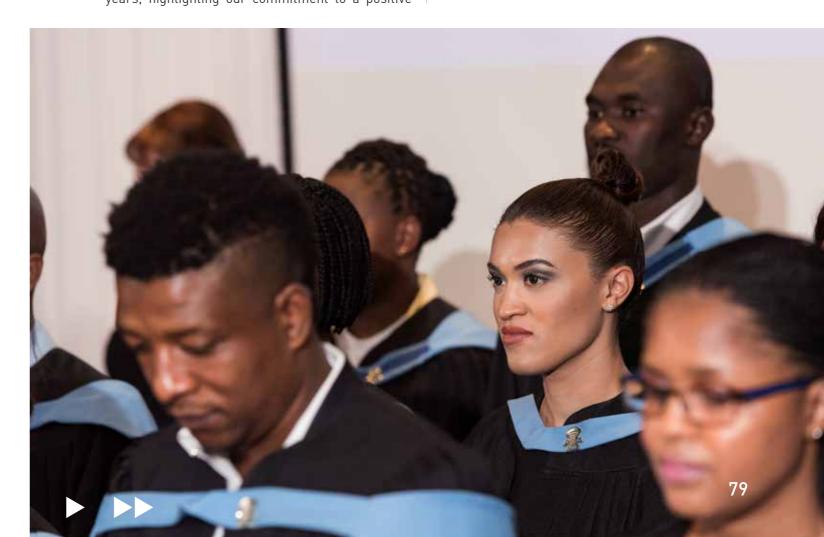## TALENT ACQUISITION, DEVELOPMENT AND RETENTION   S01 S04 S05

How ATNS will attract, develop and retain a skilled workforce required to deliver on its mandate in a rapidly changing business environment

Talent acquisition, development, and retention are crucial for our organisation. We have been recognised as a Top Employer for six consecutive years, highlighting our commitment to a positive working environment. We invest in developing a talent pipeline to meet the evolving demands of the aviation industry. Economic challenges led to a salary freeze, but it has been lifted now. We have a moratorium on new appointments, except for critical positions. Our goal is to attract, develop, and retain a skilled workforce to effectively carry out our mandate. These initiatives support our growth and create a fulfilling work environment.

06 ▶ MATERIALITY TOPIC
TRAINING   S01 S03 S05

How ATNS will attract, develop and retain a skilled workforce required to deliver on its mandate in a rapidly changing business environment

Talent acquisition, development, and retention are crucial for our organisation. We have been recognised as a Top Employer for six consecutive years, highlighting our commitment to a positive working environment. We invest in developing a talent pipeline to meet the evolving demands of the aviation industry. Economic challenges led to a salary freeze, but it has been lifted now. We have a moratorium on new appointments, except for critical positions. Our goal is to attract, develop, and retain a skilled workforce to effectively carry out our mandate. These initiatives support our growth and create a fulfilling work environment.

MATERIALITY THEMES AND TOPICS (CONTINUED)

MATERIALITY THEME 4
ENVIRONMENTAL, ECONOMIC AND GEO-POLITICAL INSTABILITY

External factors influencing ATNS sustainability and our response to these challenges

The aviation industry is currently facing numerous challenges, such as rising costs, operational risks, and the need to address power outages. To overcome these obstacles, it is crucial for the industry to focus on financial sustainability, safety, and operational efficiency.

The global economic recession has significantly impacted air travel demand, necessitating the industry to adapt and prioritise financial resilience. Environmental stewardship and community impact are also important considerations, with efforts being made to reduce emissions and operate responsibly. This is also exacerbated by increased call, requiring corporates to contribute to the global of Net-Zero by 2030, along with increased environmental and social regulations and standards.

Top risks
Risk 1 - Financial sustainability
Risk 3 - Business continuity
Risk 6 - Safety incidents
Risk 7 - Infrastructure planning and maintenance

Sustainable Development Goals

07 MATERIALITY TOPIC
WORLDWIDE ECONOMIC RECESSION
SO1 SO2 SO4

Business conditions since COVID-19 have improved, but remain depressed due to worldwide recession

The aviation industry has faced unprecedented challenges due to the COVID-19 pandemic, resulting in a decline in air travel demand. Although conditions have improved, the global economic recession continues to hinder recovery efforts. The recession has created a depressed market environment with reduced consumer spending, higher unemployment rates, and slower economic growth. Despite efforts to recover, air travel demand remains below pre-pandemic levels due to cautious consumer behaviour and restricted travel budgets.

Additionally, rising inflation rates caused by supply chain shortages have increased operational costs for businesses, including the aviation sector. ATNS must adapt its strategies, optimise efficiency, and prioritise financial resilience to navigate these challenges.

08 MATERIALITY TOPIC
ECONOMIC AND GEO-POLITICAL INSTABILITY
SO1 SO2 SO4 SO6 SO8

Unfavourable economic and geo-political challenges impacting on air travel through high-cost inputs

Economic and geo-political instability pose significant challenges to air travel, impacting costs and operations. The ongoing recession and high interest rates increase the risk of civil unrest in countries where we operate. In 2023, frequent and intense load-shedding threatens our operations, requiring more effective strategies to mitigate power outages. Geopolitical instability, such as the armed conflict in Sudan, puts our assets at risk, necessitating a focus on safety and security.

Rising costs of fuel, labour, and infrastructure strain our financial performance. To address these challenges, we implement proactive measures, optimise efficiency, diversify revenue streams, and invest in technology and innovation for long-term sustainability.

09 MATERIALITY TOPIC
ENVIRONMENTAL AND COMMUNITY IMPACT
SO2 SO6 SO8

ATNS contribution to the community and environmental protection through the reduction of emissions, noise and social initiatives

We acknowledge the materiality of environmental and community impact in our operations. We contribute to community and environmental protection by reducing emissions, noise, and implementing social initiatives. Our commitment to addressing climate change includes accreditation through industry standards such as Green ATM and Environmental Management Systems (EMS). This ensures that we operate in an environmentally responsible manner and minimise our carbon footprint.

We are actively involved in industry collaborations through membership in CANSO and participation in ICAO working groups, staying updated with the latest developments and best practices. By optimising air traffic management processes and utilising advanced technologies, we aim to reduce fuel burn and emissions while supporting the broader aviation environmental agenda.

Our focus on environmental and community impact reflects our commitment to responsible and sustainable operations in the aviation industry.

OUR RESPONSE PROGRAMMES

- Environmental Management Systems (EMS) Implementation
- Adoption of Green ATM implementation
- ATNS ATM/CNS technology roadmap
- Airspace review project
- Operational Efficiency Programme
- Transformation strategy and Corporate Social Investment programme
- Adoption of Environmental and Carbon reporting standards such as TCFD and CDP

MATERIALITY THEMES AND TOPICS (CONTINUED)

MATERIALITY THEME 5

SUSTAINABLE MODERN BUSINESS

We are an innovative, adaptive organisation that is resilient, meets customers' expectations and delivers on its mandate

At ATNS, we believe in service excellence, sustainability, and innovation. We are dedicated to providing efficient Air Traffic Management Solutions that not only meet but exceed the expectations of our clients. We actively contribute to the advancement of the sector through collaboration and innovation, constantly seeking new ways to improve and enhance our services as a sustainable, modern business.

We remain steadfast in our commitment to growth and expansion; we are determined to drive sustainable growth, prioritise safety, and maintain financial stability. With a strong focus on service excellence, sustainability, and innovation, we are confident in our ability to lead the industry and achieve our goals.

Top risks
Risk 1 - Financial sustainability
Risk 2 - Human resources and retention
Risk 3 - Business continuity
Risk 4 - Cybersecurity
Risk 5 - Project performance
Risk 6 - Safety incidents
Risk 7 - Infrastructure planning and maintenance
Risk 8 - Aviation security
Risk 9 - Third parties

Sustainable Development Goals

10 MATERIALITY TOPIC
ATTRACTIVE AND SUSTAINABLE GROWTH STRATEGY
S01 S04 S05 S06 S08

ATNS has developed its 2025 strategy which includes long-term sustainability and new non-regulated business opportunities

ATNS has developed a corporate strategy for the year 2025, with a strong emphasis on long-term sustainability and the exploration of new business opportunities. Our primary objective is to expand our presence in the African market and solidify our position in the non-regulated sector. By doing so, we aim to unlock the untapped potential of these markets and maximise our growth opportunities.

To achieve our goals, we prioritise both our existing products and the development of new ones, ensuring a seamless integration into new markets. We understand the importance of adapting to the unique needs and demands of each market we enter, and we are committed to providing innovative solutions that exceed our clients' expectations.

As part of our strategy, our aviation training academy will be transformed into an accredited academic institution. This move will not only foster knowledge transfer but also attract top talent to our organisation. We believe that investing in our people and nurturing their skills and expertise is crucial for driving sustainable growth and success.

While we face the challenges posed by the COVID-19 pandemic, we remain steadfast in our commitment to growth and expansion. We have placed a strong emphasis on safety, transformative practices, efficiency, financial sustainability, and industry leadership. These pillars form the foundation of our Strategy 2025.

In order to ensure the successful execution of our strategy, we have formulated a three-phased plan. This plan outlines the specific actions and milestones that need to be achieved at each stage. By following this plan, we can effectively navigate the ever-changing landscape of the aviation industry and stay ahead of the curve.

At ATNS, we believe in service excellence, sustainability, and innovation. We are dedicated to providing efficient Air Traffic Management Solutions that not only meet but exceed the expectations of our clients. We actively contribute to the advancement of the sector through collaboration and innovation, constantly seeking new ways to improve and enhance our services.

Our Strategy 2025 is a testament to our commitment to long-term success. We are determined to drive sustainable growth, prioritise safety, and maintain financial stability. With a strong focus on service excellence, sustainability, and innovation, we are confident in our ability to lead the industry and achieve our goals.

11 MATERIALITY TOPIC
AIR TRAFFIC MANAGEMENT
S01 S02 S04

Air traffic management lies at the core of our purpose

We invest in new and leading ATM technologies to manage and control the national airspace infrastructure in South Africa and its delegated airspace. Our focus is on delivering safe and efficient air traffic control services to the aviation community. Safety is our primary goal, and we continuously monitor the reliability of our infrastructure and services.

To ensure optimal performance, we have set performance measures and have a maintenance and support philosophy in place. Our technical staff members are trained to carry out routine and corrective maintenance on operational systems, following industry standards and OEM agreements.

Managing around 650,000 IFR flights annually, we prioritise operational efficiency and cost-effectiveness. We aim to remain agile and resilient in our strategic plans, allowing us to scale operational costs and provide appropriate financial support based on changing demand.

Our strategic objectives include improving operational efficiency, increasing digitalisation, and promoting capacity building and industry education.

We are focused on adjusting our organisational design and priorities to enhance scalability and agility in our business model.

We are committed to upholding the highest level of safety performance and meeting national and international standards. Additionally, we are exploring new, non-regulated business opportunities to ensure long-term sustainability.

As part of our expansion plans, we aim to enhance our presence in the African market by focusing on various African countries. This will allow us to tap into the potential of these markets and strengthen our position as a key player in the non-regulated business sector.

The Office of Safety Standards and Regulation raised concerns about the accuracy of CNS availability statistics reported by ATNS in 2021. The report highlighted shortcomings in reporting, training, and systems configuration, and made recommendations to address these gaps. We are in the process of replacing our Management System for capturing and monitoring system outages and support. This will be accompanied by a new framework to measure and report on Uninterrupted Service Delivery in the future, in accordance with the recommendations.

12 MATERIALITY TOPIC
PARTNERSHIPS

S04 S06 S08

We are a networked organisation that leverages relationships with our key partners to deliver excellent value to stakeholders

As a networked organisation, we recognise the significance of partnerships in delivering value. Our collaborations with leading universities, including the prestigious Ecole Nationale de l'Aviation Civile (ENAC), facilitate the development of cutting-edge training programs and ensure alignment with global industry standards. Local partnerships in South Africa contribute to the development of skilled aviation professionals.

We also collaborate with key stakeholders in the aviation industry to anticipate challenges and develop tailored solutions. Through these partnerships, we enhance our capabilities and contribute to the growth and sustainability of the aviation industry. By leveraging collective expertise and resources, we drive innovation and propel the industry forward.

13 MATERIALITY TOPIC
PERMISSION APPLICATION

S01 S06 S08

Permission for an increase in tariffs is critical to ATNS's financial position due to delays in the process and its impact on cash flow

In accordance with Section 11 of the ATNS Act, we have submitted a request for Permission to levy regulated charges to the Economic Regulator. The Regulating Committee has the authority to issue a Permission that sets service standards and tariffs for air traffic services and navigational infrastructure.

Due to the pandemic and the delayed issuance of new tariff levels, our current Permission and assumptions no longer align with the reality. The South African economy, global trading partners, and ATMs have all been impacted. We consulted with industry stakeholders and submitted our application for the next Permission cycle on 31 October 2022. As the Regulating Committee did not make a decision in time for the new tariff dispensation, we will apply for a zero-tariff increase until the new tariff levels are approved.

14 MATERIALITY TOPIC
OPERATIONAL SERVICE DELIVERY

S02

Our business model and the need to deliver on-time and innovate business solutions

Operational service delivery plays a pivotal role in the success of our organisation. We understand the importance of meeting the needs and expectations of our stakeholders while ensuring business continuity. To achieve this, we have made significant investments in building a resilient infrastructure that can withstand potential disruptions.

One of the key aspects of our operational service delivery is our commitment to cybersecurity. In today's digital age, protecting sensitive information and ensuring the integrity of our systems is of utmost importance.

We have implemented state-of-the-art AI technologies to monitor and detect any potential security threats. This proactive approach allows us to identify and mitigate risks before they can cause any harm.

To further enhance our operational resilience, we regularly conduct risk management and business continuity management (BCM) maturity assessments. These assessments help us identify areas of improvement and implement necessary measures to minimise any potential impact on our services. By continuously evaluating our risk management practices, we ensure that we are well-prepared to handle any unforeseen circumstances.

In line with our ICT strategy and roadmap, we have integrated AI and digital technology into our operations. This integration enables us to deliver superior service to our stakeholders. For example, by leveraging AI algorithms, we can accurately forecast air traffic patterns, allowing us to optimise resource allocation and improve overall efficiency. This not only benefits our organisation but also contributes to the smooth functioning of the entire air traffic management system.

Moreover, our focus on research and development enables us to stay at the forefront of technological advancements. We constantly strive to improve our service delivery through innovation and continuous learning. By staying ahead of the curve, we can provide consistent, high-quality services to our stakeholders, creating long-term value for them.

15 MATERIALITY TOPIC
BUSINESS CONTINUITY AND RESILIENCE

S02 S04

Ensuring that the ATNS infrastructure and systems can withstand disruption of any nature

Business continuity and resilience are of utmost importance to our organisation, Air Traffic and Navigation Services (ATNS). As a leading provider of air traffic management services, we prioritise the uninterrupted flow of air traffic and the safety of all operations.

To enhance our cybersecurity and protect critical data, we have started to integrate artificial intelligence (AI) into our systems. By leveraging AI, we can proactively detect and respond to potential security breaches in real-time. AI-powered systems enable us to identify patterns and anomalies in network traffic, allowing us to defend against cyber attacks and safeguard our valuable data.

We understand the significance of being an adaptive and innovative organisation that can respond effectively to disruptions. To achieve this, we encourage a culture of continuous improvement and embrace emerging technologies. By staying abreast of industry trends and technological advancements, we can anticipate and address potential disruptions, ensuring the smooth operation of our services.

Effective risk management is a cornerstone of our business continuity and resilience strategy. We employ robust risk management practices that involve identifying potential uncertainties that may impact our operations. Through thorough risk assessments, we establish appropriate risk mitigation strategies and regularly review and update contingency plans. This proactive approach enables us to minimise the impact of disruptions and maintain the continuity of our services.

To gauge our level of business continuity and resilience, we evaluate the maturity of our Business Continuity Management (BCM) practices. This involves assessing the effectiveness of our BCM framework, identifying areas for improvement, and implementing measures to enhance our resilience. Regular audits and assessments help us identify any gaps or weaknesses in our BCM practices, allowing us to implement targeted improvements and ensure we are well-prepared for potential disruptions.

16 MATERIALITY TOPIC
PARTNERSHIPS
SO2 SO6 SO8

Our stakeholders rely on the services of ATNS to deliver safe and on-time flights in a cost-effective and innovative manner

At ATNS, we prioritise stakeholder value creation as a fundamental aspect of our materiality focus. Our goal is to adopt a stakeholder-centric approach that takes into account the interests and needs of all stakeholders.

One key area where we create value for stakeholders is through accurate air traffic forecasting. By forecasting future demand with precision, we ensure that we have the necessary capabilities in place to meet customer expectations and fulfil our mandate. This proactive approach allows us to plan for the future, optimise our resources, and enhance overall performance.

In addition to forecasting, we are committed to providing safe and reliable air traffic solutions. Our services are designed to be efficient, environmentally sustainable, and offer value-for-money. We continuously work on improving our operations, reducing delays, and enhancing the overall experience for our stakeholders.

To foster stakeholder value creation, we prioritise the development of innovative solutions and services. By embracing technological advancements and exploring new approaches, we stay ahead of the curve and offer cutting-edge solutions to our stakeholders. This commitment to innovation helps us remain competitive and meet the evolving needs of our stakeholders.

Flexible resource management is another crucial aspect of stakeholder value creation at ATNS. By effectively managing our resources, including human capital, infrastructure, and technology, we can adapt to changing circumstances and optimise our operations. This flexibility allows us to respond to fluctuations in air traffic demand, allocate resources efficiently, and maintain high levels of service quality.

17 MATERIALITY TOPIC
BUSINESS MODERNISATION
SO4

Rapid technological changes require the adoption of new digital and artificial intelligence solutions to remain sustainable and the leader in Africa

Business modernisation is a critical priority for us. We recognise the need to incorporate substantial advances in artificial intelligence (AI) and digital service offerings to remain sustainable and the leader in Africa's aviation industry.

One key area where AI and digital technology can have a significant impact is air traffic flow management. By leveraging AI algorithms and data analytics, we can optimise the flow of air traffic and ensure efficient and safe operations. This includes identifying constraints, managing aircraft trajectories, and optimising capacity to minimise delays and maximise efficiency.

Virtualisation is another crucial element of our business modernisation strategy. By virtualising air traffic service operations, we can streamline processes, reduce costs, and improve overall efficiency. This allows us to centralise services and quickly respond to changing demands, while eliminating the need for physical infrastructure at every location.

Improved business analytics and intelligence also play a vital role in modernising our operations. By utilising advanced technologies and support systems, we can gather and analyse large volumes of data in real-time. This enables us to make data-driven decisions, identify trends, and predict potential issues. With enhanced business analytics capabilities, we can optimise our operations, improve safety, and provide better services to our stakeholders.

To successfully implement our business modernisation initiatives, we are investing in the necessary infrastructure and expertise. This includes upgrading our IT systems, acquiring advanced AI technologies, and providing training to our staff. By doing so, we can unlock the full potential of AI and digital technologies, allowing for more efficient and effective air traffic management.

These initiatives will enable us to optimise our operations, improve safety, and provide better services to our stakeholders. By embracing modernisation, we can stay at the forefront of the aviation industry and maintain our competitive edge.

18 MATERIALITY TOPIC
ORGANISATIONAL DESIGN
SO2 SO4 SO5

ATNS needs to be structured in a manner that supports the 2025 strategy from an organisational design and relevant skills perspective

During the 2021/2022 financial year, we identified the "Developing a Future-Fit Workforce" (FFWF) Programme as a key strategic project. The aim of this programme is to unlock one of the key drivers for our ATNS Strategy 2025 implementation, which is the required skills, culture, and appropriate organisational design to support our intended outcomes. The FFWF Programme includes a review of the Organisational Design (OD), Culture and Values Review, as well as Change Management.

To ensure that our organisation realignment follows global best practices, we adopted a milestone approach to review our organisational design (OD). The high-level milestones for the organisation re-design are as follows: developing the ATNS Organisation Design Framework, conducting a comprehensive analysis of the organisation using the proposed design model, benchmarking with other global air navigation service providers and organisations, creating the "To-Be" Organisation Design based on the analysis of the current model and desired operating model, developing a strategic workforce, and assessing the effectiveness of the organisation design.

Milestones four and five specifically focus on the development of the To-Be Organisation Structure and the strategic workforce plan. We have already implemented Milestone 4, which led to the approval of the Level 1 Organisational Structure by the Board in September 2022.

The implementation of the Organisation Design resulted in the development of a hybrid structure that encompasses a matrix and functional approach.

This transition from a functional structure to the proposed matrix structure is a significant change, and therefore, change management is crucial. We will be supporting the implementation approach of the new organisational structure with our existing Culture and Values Review project.

In the beginning of the 2021/22 financial year, we concluded Milestone 1 of the Culture and Values Review Project, which involved assessing the As-Is Culture. The assessment process included document review/desktop analysis, one-on-one engagement sessions with EXCO, focus group sessions with unit management, and a Culture and Engagement Survey.

Concurrently, we established new ATNS Values through the survey, which focused on employees' perception of organisational values and the selection of common values on both individual and organisational levels. We also conducted a values development session with the Board, and their inputs were incorporated into the list of proposed values.

Workshops to provide feedback to employees on the survey results were concluded in the first quarter of the 2022/23 financial year, allowing us to gather any additional input. During the second quarter, we developed and finalised the new values and designed a leadership behaviour charter.

Our ATA modernisation/digitisation project, aimed at modernising and optimising the entire learning value chain to improve efficiency and customer experience, is currently in its implementation phase.

We are addressing all activities outlined in the modernisation roadmap through capex and in line with the necessary permissions.

RISKS AND OPPORTUNITIES

At ATNS, we have a consistent framework and methodology in place to manage risk: we aim to minimise risks and their impacts on our reputation and strategic intentions.

Our risk appetite stance governs our strategic decisions and actions, and we continuously monitor the implementation of control measures to mitigate risks.

We have an enterprise risk management system that evolves to improve our processes and identify opportunities for stakeholder value.

Our opportunity methodology guides our responses, and we have a strategic risk profile that helps us identify, analyse, and evaluate risks. It enables us to prioritise treatment of strategic risks and implement risk mitigation plans to minimise undesirable risk exposures.

The top strategic risks have been charted on a heat map on the following page, with a brief description of each.

A complete risk strategy, with risk and opportunities register, as well as planned mitigations, is available upon request.

The Heatmap below represents our strategic risk residual exposure.

LIKELIHOOD		MINOR 10% 1	SIGNIFICANT 30% 2	SERIOUS 50% 3	CRITICAL 70% 4	CATASTROPHIC 100% 5
5	ALMOST CERTAIN 90%	5	10	15	R1 R2 20	R3 25
4	LIKELY 65%	4	8	12	R4 R5 16 R6 R7	20
3	POSSIBLE 40%	3	6	9	12 R9	R8 15
2	UNLIKELY 20%	2	4	6	8	10
1	RARE 10%	1	2	3	4	5

IMPACT/CONSEQUENCE

PRIORITY BY COLOUR:	PRIORITY 1	PRIORITY 2	PRIORITY 3	PRIORITY 4	PRIORITY 5

R1 FINANCIAL SUSTAINABILITY

R2 HUMAN RESOURCE SKILLS AND RETENTION

R3 BUSINESS CONTINUITY

R4 CYBERSECURITY

R5 PROJECT PERFORMANCE

R6 SAFETY INCIDENTS

R7 INFRASTRUCTURE PLANNING AND MAINTENANCE

R8 AVIATION SECURITY

R9 THIRD-PARTIES

R1 FINANCIAL SUSTAINABILITY   2022/23 PRIORITY 1 | 2021/22- PRIORITY 1)

Ensuring the long-term financial sustainability of ATNS is crucial for its continued success and growth. The organisation must be prepared to navigate potential challenges that may arise in the short- to long-term. To mitigate this risk, ATNS will explore new revenue streams in third-party business. Opportunities such as unmanned air systems traffic management, air traffic management alliances, data provision, and aviation training services can provide additional sources of income. By diversifying its business portfolio, ATNS will strengthen its financial position and reduce dependency on a single revenue stream.

R2 HUMAN RESOURCE SKILLS AND RETENTION   2022/23 PRIORITY 1 | 2021/22- PRIORITY 2

The ability to attract and retain critical skills is vital for ATNS to deliver its strategy and ensure safe operations. However, the aviation industry faces fierce competition for skilled professionals. To mitigate this risk, ATNS will proactively invest in upskilling future aviation professionals. The Aviation Training Academy can play a crucial role in providing pipeline training and career development opportunities. By nurturing talent and offering attractive career paths, ATNS will attract and retain the skilled workforce necessary for its success.

R3 BUSINESS CONTINUITY   2022/23 PRIORITY 1 | 2021/22- PRIORITY 2

The potential for significant and prolonged disruption to ATNS critical business and operations is a pressing concern. Such disruptions can arise from various factors, including natural disasters, technological failures, or unforeseen events. To mitigate this risk, ATNS will prioritise the development of a robust business continuity programme. This programme will ensure that the organisation is well-prepared to handle catastrophic events and can swiftly recover and resume operations with minimal disruption.

R4 CYBERSECURITY   2022/23 PRIORITY 2 | 2021/22- PRIORITY 1

The potential for significant and prolonged disruption to ATNS critical business and operations is a pressing concern. Such disruptions can arise from various factors, including natural disasters, technological failures, or unforeseen events. To mitigate this risk, ATNS will prioritise the development of a robust business continuity program. This program will ensure that the organisation is well-prepared to handle catastrophic events and can swiftly recover and resume operations with minimal disruption.

R5 PROJECT PERFORMANCE   2022/23 PRIORITY 2 | 2021/22- PRIORITY 2

The successful execution of projects is essential for ATNS to meet its obligations and maintain favourable permission tariffs. However, the risk of project performance failure due to Capex limitations is a concern. To address this risk, ATNS will develop in-house project management capabilities. By building a team of skilled project managers and promoting advisory support services, ATNS can enhance its project execution capabilities. This will ensure that projects are delivered consistently and in line with regulatory requirements, minimising the risk of clawbacks and unfavourable tariffs.

R6 SAFETY INCIDENTS   2022/23 PRIORITY 2 | 2021/22- PRIORITY 2

Safety incidents, including high-risk safety incidents, attributable to ATNS (categories A and B) through human error, non-compliance with safety standards, or communication, navigation, or surveillance equipment failure. These risks pose a significant threat to the safety of operations within the aviation sector. To address this, ATNS will provide advisory support to enhance safety protocols, standards, and training. By actively participating in forums and industry discussions, ATNS will influence the review of regulations to ensure a safer and more secure aviation environment.

R7 INFRASTRUCTURE PLANNING AND MAINTENANCE   2022/23 PRIORITY 2 | 2021/22- PRIORITY 3

The failure to provide reliable communication, navigation, and surveillance services due to planning and maintenance inadequacies poses a significant risk to ATNS operations. To address this risk, ATNS will prioritise the replacement or repair of defective equipment and systems. By identifying and addressing potential failures or non-availability of service in the immediate future, ATNS will minimise disruptions and ensure the seamless provision of critical services. Adequate planning, support, and maintenance will contribute to the overall reliability and effectiveness of ATNS infrastructure.

R8 AVIATION SECURITY   2022/23 PRIORITY 2 | 2021/22- PRIORITY 1

The security of ATNS physical infrastructure is of utmost importance to maintain the integrity and safety of aviation operations. Threats such as vandalism or unauthorised access pose a significant risk to the smooth functioning of the aviation sector. To address this risk, ATNS will focus on developing a collaborative aviation sector security program. This program should not only safeguard ATNS infrastructure but also integrate with the security programmes of other stakeholders. By fostering collaboration and information sharing, ATNS will enhance the overall security posture of the aviation industry.

R9 THIRD-PARTIES   2022/23 PRIORITY 3 | 2021/22- PRIORITY 3

Overreliance on a single third-party service provider for critical equipment and services exposes ATNS to potential vulnerabilities. Any disruption or failure from these providers can have a significant impact on ATNS operations. To mitigate this risk, ATNS will adopt a multi-vendor strategy and diversify its supplier base. By identifying and nurturing new niche suppliers, ATNS will reduce dependency on a single provider and ensure continuity of operations. Implementing a transformation and incubation strategy will facilitate the integration of new suppliers into ATNS's supply chain.

| PRIORITY BY COLOUR: | PRIORITY 1 | PRIORITY 2 | PRIORITY 3 | PRIORITY 4 | PRIORITY 5 |

| PRIORITY BY COLOUR: | PRIORITY 1 | PRIORITY 2 | PRIORITY 3 | PRIORITY 4 | PRIORITY 5 |

STRATEGIC RISKS AND OPPORTUNITIES WITH RESIDUAL RISK COMPARISON FOR 2021/22 AND 2022/23

Response strategies for opportunities

Opportunity handling strategy	Description
EXPLOIT	Take aggressive measures which seek to ensure that the benefits of this opportunity are realised.
ENHANCE	Take measures to increase the opportunity's probability and/or impact.
SHARE	Develop collaborative partnerships (service provider/stakeholders) that will assist in increasing the opportunity's likelihood and/or benefits.
IGNORE	Takes no active measures to capture the opportunity by adopting a reactive approach should it be necessary. The benefit is not greater than the cost to pursue it, but the opportunity will be monitored.

R3 BUSINESS CONTINUITY RISK

Linked opportunities

Enhanced offsite support and virtually activated business continuity plan.

Organisational readiness during a catastrophic event.

Response to opportunities

Develop a business continuity programme for the organisation.

Risk description

Significant and prolonged disruption to ATNS critical business/operations.

Response Strategy: **SHARE**

2021/22 FY Residual risk rating **PRIORITY 2**

2022/23 FY Residual risk rating **PRIORITY 1**

R4 CYBERSECURITY RISK

Linked opportunities

Develop improved data protection protocols and related training.

Response to opportunities

Implementation of cyber security roadmap.

Risk description

Disruption of IT and business services and/or loss of confidential information through a breach in information security.

Response Strategy: **EXPLOIT**

2021/22 FY Residual risk rating **PRIORITY 1**

2022/23 FY Residual risk rating **PRIORITY 2**

R1 FINANCIAL SUSTAINABILITY RISK

Linked opportunities

Exploit new revenue streams in third-party business (e.g. unmanned air systems traffic management/drones, air traffic management alliances, data provision, aviation training services).

Response to opportunities

Implementation of growth strategy and revenue streams.

Risk description

Inability to remain financially sustainable in the short-to long term.

Response Strategy: **SHARE**

2021/22 FY Residual risk rating **PRIORITY 1**

2022/23 FY Residual risk rating **PRIORITY 1**

R2 HUMAN RESOURCE SKILLS AND RETENTION RISK

Linked opportunities

Proactively upskill future aviation professionals through the Aviation Training Academy.

Response to opportunities

Upskill aviation professionals through pipeline training and career developments.

Risk description

Inability to attract and retain critical skills, which may result in the organisation's failure to deliver its strategy and safe operations.

Response Strategy: **ENHANCE**

2021/22 FY Residual risk rating **PRIORITY 2**

2022/23 FY Residual risk rating **PRIORITY 1**

R5 PROJECT PERFORMANCE RISK

Linked opportunities

Develop in-house project management capability and promote advisory support services in this area.

Response to opportunities

Memoranda of understanding with other state-owned entities to capacitate ATNS project management value chain.

Risk description

Inability due to capex to perform consistently in line with permission obligations (potential clawbacks and unfavourable permission tariffs).

Response Strategy: **SHARE**

2021/22 FY Residual risk rating **PRIORITY 2**

2022/23 FY Residual risk rating **PRIORITY 2**

R6 SAFETY INCIDENTS

Linked opportunities

Provide advisory support to enhance safety protocols, standards and training in the sector as part of our non-regulated business.

Response to opportunities

Participate in forums to influence the review of regulations.

Risk description

Safety incidents, including high-risk safety incidents, attributable to ATNS (categories A and B) through human error, non-compliance with safety standards or communication, navigation or surveillance equipment failure.

Response Strategy: **EXPLOIT**

2021/22 FY Residual risk rating **PRIORITY 2**

2022/23 FY Residual risk rating **PRIORITY 2**

R7

INFRASTRUCTURE PLANNING AND MAINTENANCE RISK

Linked opportunities

Replacement or repair of equipment/systems found to be defective or need replacement in the immediate future to minimise or avoid failures or non-availability of service.

Response to opportunities

Implement innovation, research and development programmes.

Risk description

Failure to provide communication, navigation and surveillance services as mandated due to planning, support and maintenance inadequacies.

Response Strategy		
ENHANCE	**2021/22 FY** Residual risk rating **PRIORITY 3**	
	2022/23 FY Residual risk rating **PRIORITY 2**	

R8

AVIATION SECURITY RISK

Linked opportunities

Develop a collaborative aviation sector security programme and ensure that is integrated with programmes of other stakeholders.

Response to opportunities

Implement an integrated aviation security programme.

Risk description

Threats to and/or vandalism on ATNS physical infrastructure.

Response Strategy		
EXPLOIT	**2021/22 FY** Residual risk rating **PRIORITY 1**	
	2022/23 FY Residual risk rating **PRIORITY 2**	

R9

THIRD-PARTY RISK

Linked opportunities

Diversify supplier base and develop new niche suppliers through a multi-vendor strategy.

Response to opportunities

Implementation of the transformation and incubation strategy.

Risk description

Overreliance on a single third party (original equipment manufacturer/support contract) service provider for most of ATNS critical equipment and services

Response Strategy		
SHARE	**2021/22 FY** Residual risk rating **PRIORITY 3**	
	2022/23 FY Residual risk rating **PRIORITY 3**	

Material issues themes linked to Strategic Risk

Material issues themes ▼   **Linked to Strategic Risk** ▼

SUSTAINABLE MODERN BUSINESS
- R1 Financial sustainability risk
- R6 Safety risk (Safety incident)
- R3 Business continuity risk
- R5 Project performance risk
- R7 Infrastructure planning and maintenance risk
- R8 Aviation security risk
- R4 Cyber security risk

EFFECTIVE GOVERNANCE
- R5 Project performance risk

SKILLED WORKFORCE
- R2 Human resource skills and retention risk

AVIATION SAFETY AND EFFICIENCY
- R6 Safety risk (Safety incident)
- R5 Project performance risk
- R7 Infrastructure planning and maintenance risk
- R8 Aviation Security risk
- R4 Cyber security risk

ENVIRONMENTAL AND GEOPOLITICAL INSTABILITY
- R1 Financial sustainability risk

2013 ▶ 2017

4
PERFORMANCE

The value we created in 2022/23

We measure ourselves against eight strategic objectives aligned to good business practice, geared for sustainable growth and designed to deliver value for stakeholders.

20 13

ATNS launched the Aeronautical Management Development Programme (AMDP) – the first of its kind in Africa – in conjunction with the University of the Witwatersrand Business School

ATA awarded IATA Worldwide Top Regional Training Partner

In conjunction with the University of the Witwatersrand Business School, ATNS launched the Aeronautical Management Development Programme (AMDP) – the first of its kind in Africa

The ATA awarded IATA Worldwide Top Regional Training Partner

20 14

ATNS and its ASIOACG partners are voted and awarded the prestigious Best Service Provider Award at Jane's annual ATC Awards Ceremony, held in Spain

The ATA awarded IATA Worldwide Top Regional Training Partner

20 15

The ATNS Aviation Training Academy receives the IATA Worldwide Top Regional Training Partner Award for a fifth consecutive year

The Academy becomes an ICAO Regional Training Centre of Excellence

Aireon and South Africa's Air Traffic and Navigation Services (ATNS) sign a Regional Commercialisation Agreement to jointly develop the uses of space-based Automatic Dependent Surveillance-Broadcast (ADS-B) data throughout the southern part of the African continent

20 16

The ATNS Aviation Training Academy is designated as an IATA Premier Circle member

20 17

ATNS hosts the 7th International Federation of Air Traffic Safety Electronics Associations (IFATSEA) Africa Region meeting and Air Traffic Safety Electronics Personnel (ATSEP) workshop

ATNS is certified as a Top Employer (#TECD18) out of 200 companies from 33 African countries

ATNS and the South African Council for Scientific and Industrial Research (CSIR) sign a Memorandum of Understanding (MoU) to collaborate on a national multi-static passive radar facility

Rebuilding for the future

REPORT FROM THE **CHIEF FINANCIAL OFFICER**

MR MATOME MOHOLOLA
CHIEF FINANCIAL OFFICER

"The aviation industry continues to recover from the crippling effects of the pandemic as evidenced by the continuous improved financial performance. Challenges remain as we implement our revised strategy 2025."

The air traffic movements mainly due to the complete removal of lockdown travel restrictions across the globe and within South Africa led to an increase in revenue by 36% to R1,388 billion (2022: R1,017 billion) mainly due to increased billable movements from 207 000 (2022) to 261 000 in the current year. The increase is attributable to the domestic and international markets.

Operational costs remained constant at R1,248 billion (2022: R1,248 billion) mainly due to the fact that the company is committed to contain costs to a minimum and most of the cost containment measures continue.

Capital expenditure decreased to R128 million (2022: R186 million) mainly due deferral of some major capital commitments as the business was still in recovery phase.

The company's liquidity ratio increased to 3.07:1 (2022: 2.3:1) mainly due to the drawdowns on the loan facility and improved debt collections.

Our gearing is at 12.62% (2022: 3.96%) mainly due to increase long term loans to finance capital expenditure projects. The long-term loan carries both financial and information covenants; the company has reviewed this at year end and there is currently no breach of any of the covenants. Based on management projections, none of the covenants are expected to be breached in the future. The current debt levels are within the company's ability to service them.

As a regulated company, ATNS measures its ROCE in line with the approach document issued by the Regulating Committee. The return of capital employed (ROCE) is 7.8% (Regulated ROCE (-3.4%). The ROCE is a measure of the extent to which a company utilises its resources efficiently to generate profits. Regulated ROCE is based on the Regulating Committee formula.

Cash generated from operations (before interest and taxation) improved by 153.5% to R121 million (2022: -R228 million), mainly due to the increase in revenue and improved debt collections. The company's cash reserves improved in the current year to R618 million (2022: R408 million) mainly due to the loan facility drawdown and revenue generation improvement.

FINANCIAL PERFORMANCE

Abridged statement of profit and loss and other comprehensive income

Description	2023 (R)	2022 Restated (R)
Revenue	1 387 900 886	1 017 347 988
Other Income	12 329 771	6 220 914
Total expenditure	(1 353 128 678)	(1 496 556 740)
Loss before taxation	(47,101,979)	(472 987 838)
Income Tax Expense	5 285 431	94 761 671
Loss for the year	(41 816 548)	(378 226 167)

Abridged statement of financial position

	2023 (R)	2022 Restated (R)
Assets		
Non-current assets	1 632 052 776	1 688 726 765
Cash and cash equivalents	617 827 089	408 429 221
Current assets excl Cash and cash equivalents	203 051 264	174 766 437
Total assets	2 452 931 129	2 271 922 423
Equity and Liabilities		
Total equity	1 902 261 722	1 944 078 270
Non-current liabilities	283 333 474	76 366 807
Current liabilities	267 335 933	251 477 346
Total Equity and Liabilities	2 452 931 129	2 271 922 423

Abridged statement of cash flows

Description	2023 (R)	2022 (R)
Net cash flows from operating activities	123 737 097	(217 132 402)
Net cash flows from operating activities	(127 969 212)	(187 079 174)
Net cash flows from operating activities	170 596 669	(9 805 152)
Total cash movement for the year	**166 364 554**	**(414 016 728)**

CREATING AND SUSTAINING FINANCIAL CAPITAL

Ensure long-term financial sustainability

ATNS strategic objective

ATNS provides ATM services for 6% of the world's airspace and creates financial value in the short, medium and long term through its regulated and non-regulated business activities. Our industry is directly linked to air traffic movements which increase when we are experiencing economic growth and has a high correlation to the Gross Domestic Product (GDP).

Sound financial management

Distributable profits are retained for re-investment and to maintain financial sustainability in the short term.

ATNS aims to maintain a minimum cash balance of three months' operating expenditure plus capital loan payables. Cash flow is monitored daily to ensure sufficient funds to cover operational expenses and loan obligations.

Material financial and economic outcomes

- Maintaining long-term financial sustainability by optimising revenue in ATNS's regulated and non-regulated businesses.
- Protecting South Africa's economic interests and trade, while creating employment opportunities for South Africans.
- Creating economic value for the country.

Key financial capital outputs

|	2021/2022 Actuals	2022/2023 Actuals
Total revenue	R1,0 billion	R1,3 billion
Operating costs	R1,2 billion	R1,3 billion
Capital expenditure	R186 million	R128 million
SADC VSAT REVENUE	R32 million	R50 million
NAFISAT Revenue	R41 million	R54 million
Total assets	R2,3 billion	R2,5 billion
Total equity	R2,0 billion	R1,9 billion
Cash generated from operations	-R228 million	R121 million
Total invested in CNS technology	R168 million	R77 million
Employee wages and benefits	R918 million	R859 million
Total bowings	0	R183 million
Payment to Government as income tax	-R95 million	-R5,2 million
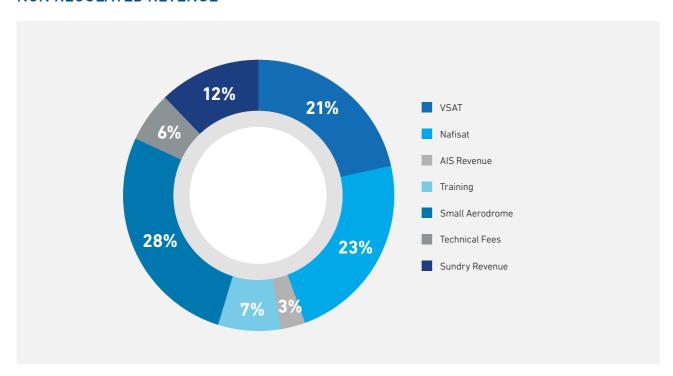
NON-REGULATED BUSINESS STREAMS

As part of our ongoing initiative to ensure long-term financial sustainability, ATNS pursues other forms of revenue in the form of non-regulated business.

INCREASING REVENUE IN OUR NON-REGULATED BUSINESS

Non-regulated business currently contributes 16% of the company's revenue and encompasses a long-term strategy to facilitate regional expansion. Non-regulated revenue has increased 38% in comparison with the prior year, largely due to the post COVID-19 recovery experienced in the aviation sector.

NON REGULATED REVENUE

Legend:
- VSAT — 21%
- Nafisat — 23%
- AIS Revenue — 3%
- Training — 7%
- Small Aerodrome — 28%
- Technical Fees — 6%
- Sundry Revenue — 12%

Our approach to creating financial value for the business through our non-regulated business streams focuses on:

- A long-term strategy to expand in the Africa region
- ATNS' experience and brand reputation in moving into new markets

- Expansion in the non-regulated business market without undue risks to the regulated market and Shareholder
- Joint ventures and partnerships with external suppliers to harness market opportunities.

Revenue	2021/22	2022/23	2023/24 Target
VSAT	R32,3 million	R50,0 million	R53,7 million
Nafisat	R40,7 million	R53,9 million	R58,2 million
AIS revenue	R4,1 million	R6,3 million	R8,5 million
Training	R6,5 million	R15,5 million	R19,3 million
Small aerodrome	R58,7 million	R64,2 million	R71,0 million
Technical	R7,9 million	R13,6 million	R15,0 million
Sundry Revenue	R7,8 million	R27,6 million	R12,6 million
Total	**R168,2 million**	**R231,2 million**	**R238,4 million**

Revenues are accrued through:

- VSAT and NAFISAT revenue: earned from the provision of aeronautical ground-to-ground telecommunication services in the SADC and North and Eastern African regions
- AIS revenue: earned from flight procedure designs, documentation and surveys carried out for various countries
- Training revenue: earned by offering IATA Diplomas and regulatory courses to ANSPs, CAAs and Airports Authorities on the African continent and selected international markets
- Small aerodromes revenue: earned by providing Air Traffic Services (aerodrome services) to non-ACSA airports

- Technical services revenue: earned from maintenance services rendered to ACSA, other third parties and technical consulting services provided
- Sundry revenue: income from billing services provided for various clients, data link revenue and services provided outside of published hours at various airports.

Capital investment performance

ATNS's capital expenditure for 2022/23 was R128 million against a target of R296 million. The decline is mainly attributable to the delays in execution of projects.

Capital expenditure – commitments

Description	2021/22	2022/23	2023/24 Target
Commitments	R375 million	R379 million	R136 million

Capital expenditure performance – cash flow

Objective measures	2021/22	2022/23	2023/24 Target
Cash flow from capex projects implemented	R187 million	R128 million	R291 million

Capital expenditure projections

Financial years	2023/24	2024/25	2025/26	2026/27	2027/28
Projected cash flow	R328 million	R419 million	R493 million	R258 million	R85 million

ATNS is mandated to provide adequate, reliable infrastructure to support air traffic control services to meet efficiency, safety, and quality of service for our customers. As a result, ATNS is busy with the planning and implementation of the following key and critical infrastructure investment projects planned for 2022/23 and beyond.

Our key infrastructure investment projects planned include:

- HF Replacement
- Radar Replacement at Sutherland, FAPE, FAEL and FAKN

- IT infrastructure Programme (Computing and Storage Serve; Citrix and Reverse Proxy; and Backup and Archiving Solution Replacement)"
- Terminal NAVAID (on airport) Replacements/ En-route and Terminal (not on airports) NAVAIDS
- ASMGCS Replacement (FAOR & FACT)
- CAMU Replacement and Enhancement Display System
- DME-DME Network
- VHF Coverage
- ATA RADSIM Replacement
- IT Systems (End User Computing)

IRREGULAR EXPENDITURE

Details of Irregular and Fruitless and Wasteful Expenditure are indicated below:

Reconciliation of irregular expenditure

Description	2022/23 R'000	2021/22 (Restated) R'000
Opening balance	11 716	21 521
Add: Irregular expenditure confirmed	-	331
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	(4 061)	(10 136)
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	**7 655**	**11 716**

a) Reconciling notes to the annual financial statement disclosure

Description	2022/23 R'000	2021/22 R'000
Irregular expenditure that was under assessment in 2021/2022		208
Irregular expenditure that relates to 2021/22 and identified in 2022/23(*)		31
Irregular expenditure for the current year		-
Total	**-**	**239**

(*) During the year ended March 2023, an amount of R30 686,09 was identified as irregular expenditure incurred in 2021/22 but was identified in the 2022/23 financial year during a review of irregular expenditure transactions

b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2022/23 R'000	2021/22 R'000
Irregular expenditure under assessment	-	208
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
Total	-	208

c) Details of current and previous year irregular expenditure condoned

Description	2022/23 R'000	2021/22 R'000
Irregular expenditure condoned	-	-
Total	-	-

d) Details of current and previous year irregular expenditure removed - (not condoned)

Description	2022/23 R'000	2021/22 R'000
Irregular expenditure NOT condoned and removed	(4 061)	(10 136)
Total	(4 061)	(10 136)

e) Details of current and previous year irregular expenditure recoverable

Description	2022/23 R'000	2021/22 R'000
Irregular expenditure recovered	-	-
Total	-	-

f) Details of current and previous year irregular expenditure not recoverable and written off (irrecoverable)

Description	2022/23 R'000	2021/22 R'000
Irregular expenditure written off	-	-
Total	-	-

Additional disclosure relating to Inter-Institutional Arrangements

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Description	2022/23 R'000	2021/22 R'000
None		
Total		

h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2022/23 R'000	2021/22 R'000
The institution procured services of another organ of state to conduct business case analysis for a division that is to be established, and it was found that the supplier awarded the contract did not meet the minimum requirement and Entity A was part of the bid committee meeting	-	-
Total	-	-

i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Description	2022/23 R'000	2021/22 R'000
None		
Total		

FRUITLESS AND WASTEFUL EXPENDITURE

Reconciliation of fruitless and wasteful expenditure

Description	2022/23 R'000	2021/22 R'000
Opening balance	1 533	1 235
Add: Fruitless and Wasteful expenditure confirmed	505	823
Less: Fruitless and Wasteful expenditure written off	-	525
Less: Fruitless and Wasteful expenditure recoverable	-	-
Closing balance	2 038	1 533

a) Reconciling notes to the annual financial statement disclosure

Description	2022/23 R'000	2021/22 R'000
Fruitless and Wasteful expenditure that was under assessment in 2021/2022		-
Fruitless and Wasteful expenditure that relates to 2021/22 and identified in 2022/23		355
Fruitless and Wasteful expenditure for the current year	505	468
Total	505	823

b) Details of current and previous year Fruitless and Wasteful expenditure (under assessment, determination, and investigation)

Description	2022/23 R'000	2021/22 R'000
Fruitless and Wasteful expenditure under assessment	-	-
Fruitless and Wasteful expenditure under determination	-	-
Fruitless and Wasteful expenditure under investigation	-	-
Total	-	-

e) Details of current and previous year Fruitless and Wasteful expenditure recoverable

Description	2022/23 R'000	2021/22 R'000
Fruitless and Wasteful expenditure recovered	-	-
Total	-	-

f) Details of current and previous year Fruitless and Wasteful expenditure written off

Description	2022/23 R'000	2021/22 R'000
Fruitless and Wasteful expenditure written off	-	525
Total	-	525

FRAUD AND CORRUPTION

ATNS is committed to "Zero tolerance" of any fraudulent behaviour. A fraud policy and prevention plan are in place, our Fraud Prevention Plan is in accordance with Paragraph 14 of the National Treasury Practice Note 4 of 2009/2010 issued in terms of Section 52 of the Public Finance Management Act as well as the King IVTM principles. Furthermore, fraud, corruption and ethics procedures are in place and communicated annually through employee awareness sessions. A fraud risk register is also maintained to ensure that identified risks relating to fraud and corruption are mitigated and monitored specifically in identified high-risk areas. Such as Financial, Human Capital and Information technology controls.

OUTLOOK

ATNS's tariff revenue is based on the number of aircraft movements as well as the tariff increases, and estimates implemented each year. The volume growth is a sum of the growth in movements and the change in aircraft mix. Other revenue comprises ancillary revenue for services including small aerodrome fees, training, technical services and AIS services.

The current Permission as approved by the Regulating Committee (RC) ran for its full five-year term and ended in 2022/23. ATNS has applied for a new permission which covers the period from 2023/24 to 2027/28 financial years. The RC has not yet approved but, has granted ATNS a temporary permission to levy charges for the same period based on the projected inflation. Once the process is finalised, the new tariffs will be applied from 1 April 2023.

SAFETY PERFORMANCE

Safety is our number one priority and is the core product of our service delivery. In delivering safety, we recognise that our people are the most valuable resource, without which none of our goals can be met. We further recognise our dependency on our stakeholders and partners in the industry.

In **2022/23, there were 24 safety events** (incidents), which resulted in a safety rate of 5.1 safety events per 100 000 flight hours against the board's set ceiling of seven per 100 000 flight hours. In addition, we had a serious incident rate of 2.7 safety events against a ceiling of four per 100 000 flight hours.

In **2021/22, we had 27 safety events** (incidents) equalling or 5.42 safety events per 100 000 flights (changed to flight hours in 2022) and a serious incident rate of 3.01 safety events against a ceiling of three per 100 000 flights.

In **2020/21, 10 safety events were recorded**, which equalled a safety rate of 3.29 per 100 000 flights against a ceiling of seven. However, this was due to a severely strained aviation industry with restricted flight movements. The serious incident rate for that year was 1.32 safety events against a ceiling of five per 100 000 flights.

Safety metric	Achievement	Target/Ceiling
Accident rate	Zero	Zero
Serious incident rate	2.7	4
Safety rate	5.1	7

SAFETY METRICS

At ATNS, we use various metrics to measure safety performance.

These measures provide information which helps us to better understand the nature and context of our safety performance and enable us to address and mitigate safety risks.

We measure our safety performance using four main categories:

Accident rate: This measures the rate at which aircraft accidents occurs over a specified period of time, and wherein the air traffic management system had a contribution. Since there is no tolerance for an aircraft accident, the acceptable level of performance is zero (0) for any performance reporting period.

Serious incident rate: This measures the number of serious incidents (categories A and B) that are attributable to ATNS (that is, incidents that occur due to air traffic control operations) against the cumulative number of flights recorded. ATNS has set a maximum target of three serious incidents per 100 000 flights, calculated over 12 months.

Safety rate: The number of safety incidents attributed to ATNS per 100 000 flights based on the total number of flights recorded. ATNS has set a maximum target of seven incidents per 100 000 flights, calculated over 12 months.
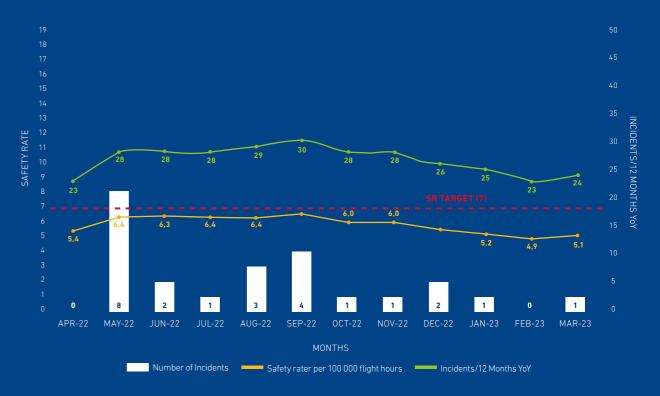
Safety management system maturity: This measure contains a cluster of safety concepts together signifying the maturity of safety management system in an organization, The overall score is calculated based on the lowest or worst score achieved in any of the 16 study areas and 22 components measured. This is scored out of a rating of five where level A is informal arrangements in managing a particular safety aspect and level E is excellence in managing a particular safety aspect. ATNS's target for 2022/23 was C SMS Maturity Level C.

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For the 2023/24 period, as we complete the current five-year safety strategy, setting the stage for continued excellence in our core activity, we will focus on:
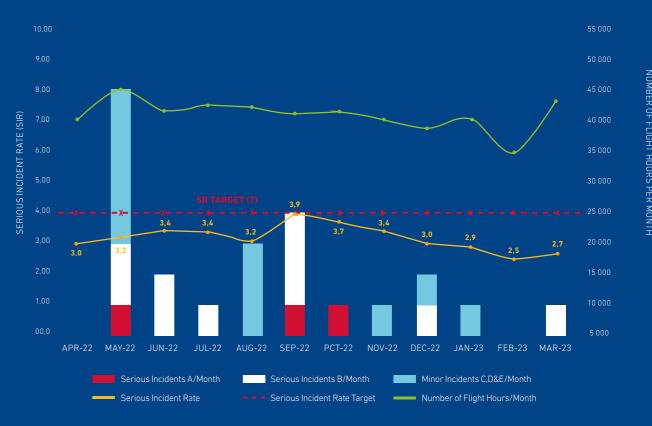
- Achieving at least 90% of safety targets, maintaining a safety ratio of two or fewer events per 100 000 air traffic movements, and ensuring zero air traffic services-related accidents to meet the requirement to deliver high-level safety performance.
- Prioritising human performance to create a workforce competent and motivated to delivery safety. This includes human capital development, employee engagement, employee satisfaction, wellness programmes and continuous training and development of employees.
- Ensuring the use of innovative technologies and procedures to deliver the highest safety levels. This includes alignment with and progress the Aviation System Block Upgrade roadmap and the transition from aeronautical information systems to aeronautical information management based on the International Civil Aviation Organisation plan.
- Implementing the Annual Safety Assurance Plan, maintain standards compliance, and develop an annual safety promotion plan to ensure robust safety governance.
- Conducting an employee survey to determine the effectiveness of a just culture in reinforcing commitment to cultivating a safety culture.
- Through effective facilities management, strive for an 80% amenities satisfaction rating and implement employer-employee relations programmes to create an environment conducive to the delivery of high levels of safety.

A new five-year safety strategy will be crafted building on achievements and concentrating on emerging challenges and opportunities in the aviation industry. It will be guided by lessons learnt, stakeholder input and global best practices.

ATS SAFETY RATE PER 100 000 FLIGHT HOURS

ATS SERIOUS INCIDENTS (A&B), MINOR INCIDENTS (C,D&E) & SERIOUS INCIDENT RATE (SIR) PER MONTH

Safety Management System (SMS) Maturity Level	Level C	Level C

OUR SAFETY APPROACH

Our people are our safety assets and not a liability	**Principle 1: Safety is a collective responsibility** of all ATNS employees, however as an **individual I take personal accountability** for safety as influenced by my work	**Goal 1:** Deliver high-level safety performance
Our safety approach is a balance between Safety I and Safety II	**Principle 2: We cannot deliver safety without our people** and as an individual I am central to the safety performance of the Organisation.	**Goal 2:** Ensure high levels of Human Performance in the delivery of safety
Safety is priority one	**Principle 3: Safety is sacrosanct**, and we will never use it as an instrument to punish, to manipulate, or to bargain, in accordance with the principles of just culture.	**Goal 3:** Ensure the use of Innovative Technologies, Airspace & Procedures to deliver highest levels of safety
Safety is a team effort	**Principle 4: Safety comes before anything**, including profit, efficiency, or any socio-political factors.	**Goal 4:** Ensure that we have Conducive work and Business environments for high levels of safety delivery
A safety culture is the cornerstone for safety delivery	**Principle 5:** We believe and subscribe to a **Just culture**.	**Goal 5:** Ensure effective Safety Governance and Safety Culture for delivery of the highest levels of safety

The ATNS mission is to provide a safe, expeditious and efficient Air Traffic Management solutions and associated services. To do this, the organisation needs to create an environment that will enable safety through ensuring that all the required resources are in place.

The Corporate annual safety plans (CASP) details how the safety strategy will be implemented by breaking down the activities per department that will ensure high levels of safety performance are achieved.

The CASP objectives that were completed at the end of 2022/23 amounted to 87% against a target of 85%, indicating a good performance consistent with the safety performance achieved in 2021/22.

This confirms that the implementation of the safety strategy is having the desired effect on safety performance.

OPERATIONAL PERFORMANCE

In line with our mandate of providing safe and efficient service to our customers by implementing efficient and leading technology, we are required to develop metrics to measure performance of our service delivery capability.

Average delay per delayed flight and System availability for communication, navigation and surveillance remain an important measurement to our service delivery.

AVERAGE DELAY PER DELAYED FLIGHT

We measure departure delays (for flights operating under instrument flights rules) arising from any operational disruption attributable to airport operators, airline operators, weather and service delivery by ATNS.

The average delay per delayed flight during 2022/23 target was met (331 seconds, against a target of no more than 360 seconds).

SYSTEM AVAILABILITY FOR COMMUNICATION, NAVIGATION AND SURVEILLANCE

The achieved availability is used to measure and report the performance of the operational infrastructure against agreed service delivery targets. If system availability targets are not met, it could compromise the network's overall stability, which could lead to service disruptions under certain conditions.

The availability of communication, navigation, and surveillance systems is a nationally calculated average of all the systems and is indicated as a percentage.

There are three (3) permutations of the indicator, used for different reporting purposes:

Average Availability: This indicator includes all internal and external contributors to system outages. This indicator is used for ATNS's internal business processes.

Average Availability (Excluding Vandalism and Theft): This is the indicator with all internal and external contributors to system outages included BUT outage contributors associated with vandalism and/or theft are excluded. This indicator is used for ATNS KPI reporting processes.

Average Availability (ATNS Only): This indicator excludes all external and/or 3rd party contributors to system outages. This indicator is used to monitor and evaluate ATNS's internal business processes.

During the reporting period, the systems availability performance of the Communication, Navigation, and Surveillance (CNS) systems has consistently not met the targets. This is mainly due to ATNS equipment failures, theft, vandalism, and third-party factors like load shedding.

Communications Challenges were mainly due to the frequency and duration of power outages and Telecoms link obsolescence.

Navigational Aids challenges were mainly due to the frequency and duration of power outages and Telecoms link obsolescence, vandalism and theft (mainly historic), and unauthorised building structures.

Surveillance Challenges were mainly due to technical failures, utility power outages, and generator outages due to excessive operational use.

ATNS is exploring various avenues to address excessive Communication System interruptions, the key to which are:

- Equipping Radar sits with VHF radios and linking it to controller workstations via VSAT technology. This is not ideal for continued high-volume service provision but is deemed an alternative for service provision on main air routes during service disruptions.

- Replacing the current telecommunication network with an MPLS network. ATNS recently approved replacing the legacy MARTIS® network with an MPLS network with additional capabilities that should improve the current network technology performance.
- Engaging individual service providers to investigate potential mitigations for improved infrastructure service delivery, especially in high-risk areas.
- Investigating the possibility of deploying key additional infrastructure as an ultimate fallback system to sites with additional security and independent service provision.

ATNS is engaging various avenues to address excessive Navigation System interruptions, the key to which are:

- improved battery backup infrastructure
- enhanced recharging and recovery systems.
- security improvements within the constraints of the various locations.

ATNS is engaging various avenues to address excessive Surveillance System interruptions, the key to which are:

- improved electrical backup systems at the various locations.

All the mitigations and measures being put in place are to provide assurance that ATNS is committed to providing safe and efficient services.

HUMAN CAPITAL PERFORMANCE

MULTIFACETED, TRANSFORMATIVE INTERVENTIONS

In our quest to rebuild and replenish our organisation for a future that may be uncertain, yet will undoubtedly bring promise and opportunity, we take a holistic view of our role as a proudly South African corporation and citizen of the world.

People, partnerships, and the planet remain prominently on our radar as essential elements of our journey to long-term sustainability and prosperity. In the following section, we look at some notable developments and achievements from the year under review.

OUR EMPLOYEES

In the current reporting year, we had a total number of permanent and fixed term employees of 1 089 with 49,78% consisting of females. The total percentage of fixed term employees was 1,6% of the headcount. Majority of employees are located in the Gauteng region with accounts to 65%, 13% in the Western Cape and 8% in the Eastern Cape region.

We also had a total of 35 non-permanent employees which includes 21 in graduate programme, 6 in air traffic services programmes bursary scheme, 6 engineering leadership and 2 in persons with disability programme

In terms of intakes, a total of 50 new permanent employees were hired for the 2022/23 financial year, the current attrition rate is 5,09% which is voluntary exits.

A FUTURE-FIT WORKFORCE

Our employees are at the core of ATNS' success. Building a future-fit organisation thus rests largely on our human capital and how our people are capacitated for the aviation industry of today and future. At its core are the skills, culture and organisation design needed to generate intended outcomes.

Workforce transformation is driven through our employment equity plan, which ensures that our staffing profile is aligned to national demographics and the integrated transport sector's broad-based black economic empowerment charter.

The five-year plan to March 2025, championed by the CEO, intends to keep people from designated groups adequately represented at all levels of the organisation and provides for present and future requirements for skilled employees.

In the past year, ATNS exceeded all the Employment Equity Targets.

Description	Target: 2021/22	Actual: 2021/22	Target: 2022/23	Actual: 2022/23
Female	48%	49.44%	48%	49.78%
Black employment	81.40%	82.11%	81.40%	82.84%
People with Disabilities	3.50%	1.99%	1.92%	2.23%

*PWD target for 2022/23 reviewed to align with our Employment Equity plan

The company has maintained a BBBEE level 2 rating for the past few years. However, the scores of different pillars were affected by the cost containment measures.

B-BBEE pillars

B-BBEE pillar	Elements weighting	2021/22 actual	2021/22 target	2022/23 actual	2022/23 target
Skills development	25	13.83	22	13.83	24
Management and control	10	7.28	7	7.28	7
Employment equity	15	16.44	14	16.44	15

ORGANISATIONAL DESIGN

The implementation of the new organisational design led to the approval of the Level 1 Organisational Structure by the Board. The outcome led to the development of a hybrid structure, encompassing a matrix and functional approach. The design is developed on the following principles:

- The changing context in the environment that could impact strategy execution. Core competencies critical for the execution of the ATNS Growth Strategy, including innovation and entrepreneurship.
- The operating model that is customer centric.
- An operating model that enables collaboration.
- Design principles that address the pain points and are flexible enough to accommodate the changes in the environment.
- Value chain that puts the customer at the centre.
- The functional buckets informed by the current strategy.

TRAINING AND DEVELOPMENT

The COVID-19 pandemic affected the aviation sector negatively. Thus, ATNS introduced cost-containment measures on external and non-core skills training and development initiatives. During 2022/23 financial year the moratorium was lifted, and all restrictions were withdrawn.

340 employees underwent various non-core training and development initiatives i.e. Employee Part-time bursaries, Corporate training, Short courses, Target Generating Operating Trainees. An Inhouse Management Development Programme aimed at empowering the employees with management a leadership capability was developed and implemented in December 2022. .

The Child of the Employee bursary scheme was also reintroduced, and funding towards tertiary education of 28 children of the employees was provided within the company governance processes.

A total of 24 unemployed graduates-in-training were contracted for a 24-month period to offer them experiential learning as part of their development, as well as to enhance their employability.

The training expenditure for 2022/23 financial year stands at R11 582 124.

In line with the Employment Equity Plan, ATNS has identified several initiatives to achieve its transformational goals.

Air traffic services and engineering are developed through regulated training provided by the ATA. The following table lists core programmes provided in 2022/23.

Core Training	AFRICAN		INDIAN		COLOURED		WHITE		TOTAL
Gender	M	F	M	F	M	F	M	F	All
Air traffic services training	97	168	9	5	9	3	37	24	353
Engineering training	45	33	–	1	–	–	14	–	93
Total	142	201	9	6	9	3	51	24	446

ATA ALLIANCES AND ACHIEVEMENTS

ATA continued to contribute to the development of aviation skills locally and across the continent in 2022/23, training 889 students, a 14% increase in throughput when compared to 2021/22. Of the students enrolled, 442 were international candidates from 27 countries, while 447 were from South Africa. The year before, the split was 183 international and 595 local.

Fifty-four percent of the year's trainees were female, compared to 46% the year before. This was significant given our commitment to attracting women into aviation to address gender inequality and accelerate industry transformation shortcomings.

Training took place in collaboration with the ATNS business development function and in support of the organisation's growth strategy. Courses delivered covered the entire aviation value chain from air traffic control rating training to aviation quality management, including air traffic safety electronics personnel training, which supports the air traffic controller function.

However, an increasing demand has been noted for training for electronics personnel to reinforce their at-work relationship with air traffic controllers. This also benefits the engineering profession, capacitating engineers with the skills to enhance the continent's ability to keep its skies safer.

In line with the objective to diversify its training basket to grow in stature and geographic coverage, ATA looked to additional courses during the year. To bolster industry efforts to combat cybersecurity, a crucial area and key topic of the International Civil Aviation Organisation (ICAO) security portfolio, a cybersecurity training and capacity-building programme was developed.

The impact of space weather on electronic equipment, especially aviation communication, navigation and surveillance systems, is becoming more pronounced. Thus, ATA partnered with the South African National Space Agency to develop training programmes to create awareness and build competence of the issue. All delegates upgrading their skills at ATA are employed and continue to make meaningful contributions to ensuring safer African skies.

A highlight was the successful facilitation and delivery of the TopSky operational readiness programme, in collaboration with the air traffic services operational unit, to 112 Sudan Civil Aviation Authority air traffic controllers and air traffic service officers.

Planned continuous training in this area was, unfortunately, halted due to the political situation in Sudan, but it remains an indication of our strategic and deliberate human capital development initiatives for the greater benefit of the sector by producing next-generation, future-fit aviation professionals in line with Strategy 2025.

The ATA continued to serve with distinction in the following capacities:

- President of the Association of African Aviation Training Organisations
- Regional Africa director of the International Federation of Air Traffic Safety Electronics Associations
- ICAO TRAINAIR Plus Steering Committee.

OUR REMUNERATION PHILOSOPHY AND REWARD PRACTICES

ATNS remuneration is committed to fair, non-discriminatory and responsible remuneration practices across the business. Our remuneration philosophy is aligned with and supports the company's strategic objectives. It considers the specific value drivers of the competitive market within which we operate, enables competitiveness in attracting and retaining key and top talent, and sustaining a high-performance culture. Furthermore, we have a zero-tolerance approach to unfair discrimination. There were no reported incidents of discrimination.

REMUNERATION PRACTICES

The remuneration practices are integrated into a total reward framework which covers:

Guaranteed pay in the form of a cost-to-company structure that includes basic pay and employee benefits. The standard benefits are medical aid, retirement fund, and risk fund contribution, based on a fixed percentage. Permanent employees can choose to structure their pensionable salary on a flexible range of between 60% and 100% of their salary package.

In terms of the retirement fund, only permanent employees are members of ATNS's retirement fund and the fund is is governed by the Pension Funds Act of 1956.

Variable pay: Job-specific allowances and Overtime where applicable.

Short-term incentives: Are purely dependent on achieving pre-determined business performance targets in line with applicable company policies.

Parental leave: Employees qualify for ten (10) consecutive working days of parental leave per birth or adoption with paid leave limited to two births.

The current **recognition awards** include long service awards to recognise and appreciate loyal and committed ATNS talent who has been with the organisation for a minimum of five years and, at every five-year interval thereafter, up to 40 years of service.

The ATNS **Learning and Development programmes** include a part-time studies scheme for employees, short courses, management and leadership development programmes, and aviation sector-specific training programs. These are mainly guided by individual development plans. Such provides the employees with opportunities to advance their skills and competencies for their current jobs and long-term career enhancements.

ATNS is a unionised employer with a total number of 1089 employees as at the end of March 2023. 66,88% of the employees are affiliated with the two recognised labour unions i.e. South African Transport and Allied Workers Union (SATAWU) and Solidarity.

The annual salary increases are approved by the ATNS Board of Directors, taking into consideration, amongst other factors, the Consumer Price Index (CPI) as at the end of December and affordability. For the 2022/23 financial year, ATNS management and recognised Labour Unions SATAWU and Solidarity concluded a one-year wage agreement with a 5.15% across-the-board increase. The same percentage increase was awarded to employees on management level.

ENVIRONMENTAL STEWARDSHIP

Our commitment to playing a leadership role in environmental stewardship manifests in developing and implementing environmental policies and guidelines to integrate sustainability into our value chain.

The aviation industry's impact on the environment are evident globally and appropriate legislative frameworks are being adopted by the ATM sector worldwide. ATNS remains a committed stakeholder within the aviation value chain in addressing the environmental impacts of Air Traffic Management. We continue to support the industry's goal of net-zero carbon emissions by 2050, through participation in stakeholder platforms at both national and international platforms such as CANSO and ICAO.

EFFECTS OF CLIMATE CHANGE

Climate change is a global issue and a significant factor for the aviation industry, and it is therefore critical for the sector to have a concerted effort to manage the impact of climate change to business operations while addressing the impact of business operations to the environment by reducing the footprint.

The disastrous flood that hit Durban in April 2022, was recorded as the most catastrophic natural disaster yet recorded in KwaZulu-Natal (KZN), which affected lives, homes and infrastructure damaged or destroyed and had economic disruption.

As a result of the disruption, access to ATNS infrastructure remote areas was a challenge, at the same time the disruptions affected our employees in terms of water and electricity provision amongst other ripple effects of the disaster. As a consequence, this impacted the business in terms of loss time for the business. In the short term, we will assess possible risks of such disasters to our critical infrastructural and other assets to determine appropriate business continuity plans and determine accounting such as part of our carbon and climate change disclosures.

MEASURING ATM ENVIRONMENTAL PERFORMANCE

We continue to design an operational efficiency tool which the aim of reporting our value add to the ATM community, the tool will report the environmental performance of the ATM progress in reducing emissions in the airspace. This will ultimately enable

decision-making and information appropriate going forward to enhance our daily ATM operations. To date, we have completed the Concept of operation and solution design is currently in progress.

Key external stakeholders will be engaged in due course. We are also optimistic that our technology road map which includes implementing technologies such as the Space-based ADSB amongst others will assist in ATM contributing to the net-zero target in reducing emissions by 2030.

ENVIRONMENTAL MANAGEMENT SYSTEM (EMS) CERTIFICATION

During the year under review, we continued to implement EMS processes and procedures to establish the system in line with the standard requirements at several of our stations.

One of the significant milestones is acquiring certification for our head office and aviation training academy which is a demonstration of our efforts towards complete certification of our business units.

The management of other environmental aspects such as water, energy, waste, awareness of internal and external stakeholders, and biodiversity are managed as part of our environmental management system.

JUST TRANSITION TO RENEWABLE ENERGY

South Africa as a country has committed to a just transition plan and reaffirmed its COP commitment to renewable energy, therefore, ATNS firms its position in the renewable energy space in responding to climate change issues and aligning with the country's just transition plans.

We commenced piloting renewable energy (Solar PV) at the three CNS equipment sites namely, Upington, Da Aar and Kruger with the pilot completed in the current reporting year, Although the outcome of the project had limited success, we experienced security challenges which we will be addressing as part of our lesson learned.
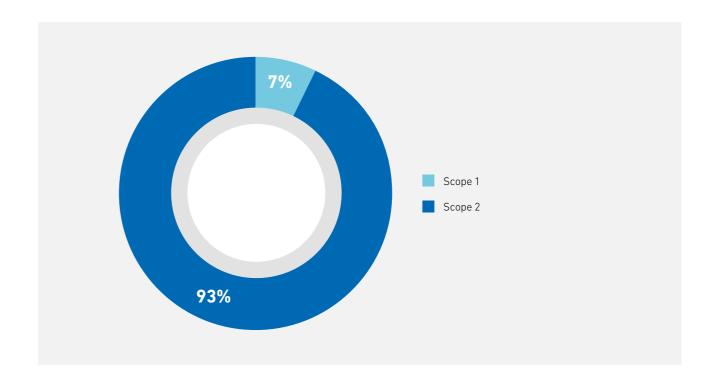
In the short term, the plan is to pilot other renewable technologies such as hydrogen gas and source funding to accelerate our energy transition plan as part of our research funding strategy.

CARBON EMISSION

Our carbon footprint reporting is conducted in line with the greenhouse gas protocol and aligns to the CANSO carbon footprint reporting guideline. The reporting includes reporting both direct and indirect emissions from company-owned mobile, stationary sources, electricity. In the current reporting year, scope two emission remains the biggest contributor mainly due to energy consumption by the business. In the reporting year, we saw an increase in the use of fuel although electricity consumption remains constant in comparison to the previous financial year. This is attributed to operations returning to normality post the pandemic.

In supporting the credibility of our reporting, we initiated a carbon footprint verification assessment and improvement project, which includes assurance of data reporting processes, this forms part of our ongoing assurance processes, which is phase 1 of the project. We commenced with phase 2 of the project, aimed at strengthening controls of our reporting systems and assessing our reporting aligned to other carbon disclosure requirements such as relating to carbon tax, the Carbon Disclosure Project and the Task Force on Climate-related Financial Disclosures.

PERFORMANCE

- Scope 1
- Scope 2

Annual Carbon Footprint

Tones CO2e	2021/22	2022/23	
Scope 1 (fuel)	436.02	579.88	A slight increase is attributed to increased fuel intake, particularly diesel (stationary) due to ongoing power cuts
Scope 2 (electricity)	7 876.29	7 914.52	

Emission Intensity	Unit Measure	2021/22	2022/23
Per Revenue (R Billion)	CO_2e/Revenue*	8.13	6.08
Per Employee	CO_2e/Employee	7.17	7.52

* Increase in revenue compared to the previous year

Energy Consumption	Unit Measure	2021/22	2022/23
Consumption			
Total Electricity Consumption	MWh	7 721.85	7321.30
Total Fuel Consumption	Kl	162 34	215.65

OUR KEY ENVIRONMENTAL FOCUS AREAS FOR THE MEDIUM TERM

- The Civil Air Navigation Services Organisation (CANSO) Green ATM is one of several programmes being pursued in the 2023/24 financial year to enable ATNS to be accredited in accordance, coupled with the ongoing rollout of ISO 14001 implementation and maintenance. This will be supported by established sustainability governance structures. CANSO Green ATM will see ATNS acquiring accreditation level.
- Continuous implementation of sustainable and efficient processes in air traffic services in line with our ATM and CNS road
- Acceleration of renewable energy based on the phase 1 pilot and source funding for roll out as well as pilot other technologies to improve energy security and reduce the organisation's carbon footprint.

- Enhancing data management systems and improving adherence to leading practice sustainability reporting frameworks to measure more accurately our direct and indirect positive and negative impacts such as TCFD and CDP.
- Providing thought leadership to CANSO environmental committee, ICAO's Committee on Aviation Environmental Protection and other technical working groups on alleviating aviation's environmental impact, specifically reducing airspace noise and improving airspace air quality.
- Managing scarce and vulnerable resources, reducing negative impacts in sensitive biodiversity areas, reducing our waste and conserving natural water resources across our business value chain.

INVESTING IN SOCIETY

TRANSFORMING LIVES AND COMMUNITIES

ATNS, through its corporate social investment (CSI) programme, supports primary and high schools with learning equipment and infrastructure as stipulated in its CSI Policy and required by its flagship focus area, 'education'.

Other CSI priorities are:

- Skills development and training
- Environmental management
- Staff initiative and support
- Sports, arts and culture for schools.

We invest in education with special curriculum focus on science, maths and technology through our strategic and formal partnership with the Department of Basic Education.

Support for CSI initiatives is a moral imperative rather that a compliance issue.

In 2022/23, we supported the National Development Plan (NDP) goal of investing in quality education to reduce inequality, especially in aviation careers.

Other NDP-aligned goals achieved in the year include:

- The economy and employment, where initiatives have provided jobs and business opportunities to communities in which ATNS adopted schools.
- Contribution to food security through the donation of vegetable and fruit gardens in support of the schools National School Nutrition Programme.

We have also promoted e-learning by integrating technology into daily school curriculum lessons. Learners are not only exposed to smart technology, but the quality of teaching is enhanced and learner understanding of subjects is significantly improved.

South African schools face infrastructural capacity constraints and lack adequate space for their learner enrolment. Thus we have provided mobile information and communications technology (ICT) and science laboratories.

CSI investment in 2022/23 amounted to R2,7 million, which reached 10 658 beneficiaries from 15 schools across Gauteng, Limpopo, North West and Mpumalanga.

GAUTENG

Itireleng Primary School
Hammanskraal
- Soccer and netball kits
- Mobile ICT solution

Makgatse High School, Ntswane Secondary School and **Molefe Mooke Primary School**
Hammanskraal
- Servers and document cameras

Muzomuhle Primary School
Diepsloot
- Servers and document camera

NORTH WEST

Moremogolo Primary School,
Rustenburg
- Mobile ICT solution
- Vegetable and fruit garden with maintenance equipment

Saron Primary School,
Rustenburg
- Sports equipment

NATIONAL

Staff initiatives
- CSI champion soup kitchen and feeding initiative for Mandela Day 2022 and women empowerment programme

LIMPOPO

Jim Tshivhonelo Primary School,
Thohoyandou
- Mobile ICT solution
- Soccer and netball kits

Sam Mavhina Secondary School,
Thohoyandou
- Mobile ICT solution

Mabushe High School
- Vegetable and fruit garden with maintenance equipment

MPUMALANGA

Ntiyi Secondary School,
Kwalugedlane
- Server and visualiser
- Vegetable and fruit garden with maintenance equipment
- Mobile science lab
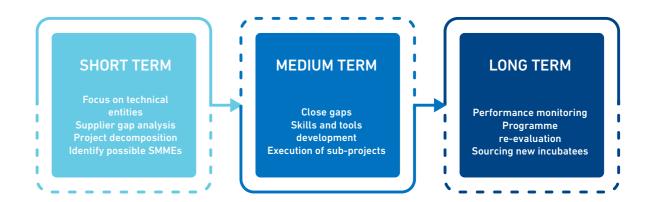
Mshengu Inclusive School
Kwalugedlane
- Mobile ICT solution

Mbambiso Secondary School,
Boshfontein
- Mobile science lab

DEVELOPING PROSPECTIVE SUPPLIERS AND EMERGING ENTERPRISES

In enacting this element of our transformation goal, we strive for economic upliftment of society through aviation skills and expertise to increase participation of black suppliers in the industry value chain and further job creation.

SHORT TERM
Focus on technical entities
Supplier gap analysis
Project decomposition
Identify possible SMMEs

MEDIUM TERM
Close gaps
Skills and tools development
Execution of sub-projects

LONG TERM
Performance monitoring
Programme re-evaluation
Sourcing new incubatees

In the short term (2020/21), focus was on SMMEs with a technical inclination that could become equipment manufacturers, suppliers or CNS service providers.

From 2021/22 to 2022/23, the medium term, tools and training were provided to close the gaps identified during selection and analysis.

Over the following two years, long-term plans include monitoring performance on winning and completing contracts, with support offered if needed.

We favour the business incubation route with clear selection criteria and measurable milestones to limit the possibility of failure.

When they meet minimum requirements, selected SMMEs partner with multinational companies on the learning journey, with the long-term aim of acquiring skills to either open businesses or deliver services and Capex projects at main contractor level.

Suppliers are assessed to identify skills gaps and training provided to close these. Technical acumen is provided to understand aviation equipment and its maintenance and to identify components that can be manufactured locally. Help is provided to comply with quality standards and to analyse where demand lies for local equipment.

During the year under review, we targeted three SMMEs for development into suppliers with a view to them becoming an asset for the wider aviation community.

In selecting the beneficiaries, we worked with the Council for Scientific and Industrial Research through the Aerospace Industry Support Initiative, which identifies and develops small manufacturing concerns to support air traffic management and communication, navigation and surveillance systems.

Tsebo Tech received air traffic safety electronics personnel training and is assisting Thales through our navigational aids replacement project. NTSU Aviation Solutions has been provided with drones to expand its business, which includes assisting the ATA in product diversification

OUR SUPPLY CHAIN PARTNERSHIP APPROACH

Our procurement of goods and services is aligned with our approved Supply Chain Management policy and the Transformation policy, which align with the national regulatory framework to ensure transparent management of our supply chain and procurement of goods and services. We give preference to 51% black-owned suppliers, 30% black women-owned suppliers and suppliers that people with disabilities own. Our specific goals further target EME and QSE which are at least 51% Black Youth Owned Suppliers, or 51% Black Owned Suppliers located in rural or underdeveloped areas or townships.

Through our Supply Chain Management policy and our supplier engagements and partnerships, we strive to contribute to the advancement of the lives of previously disadvantaged individuals while facilitating sustainable development. Promoting socioeconomic objectives through public procurement is guided by the provisions of the Preferential Procurement Policy Framework Act and the Broad-Based Black Economic Empowerment Act and their associated regulations and codes of good practice.

2022/23
51% BLACK-OWNED SUPPLIERS
R156,6m
2021/22: R185m

2022/23
30% BLACK-WOMEN OWNED SUPPLIERS
R133,8m
2021/22: R92m

PERFORMANCE AGAINST KPIs

The National Development Plan (NDP) is the whole of government's blueprint to address the triple challenges of unemployment, inequality, and poverty. The Medium-Term Strategic Framework (MTSF) 2019-2024 is a five-year building block of the NDP, setting out clear priorities, interventions and targets needed to realise government's development aspirations. Our mandate as ATNS, shareholder compact, and strategic objectives have a clear line of sight to the country's development agenda through operations and strategic programmes.

ATNS experienced significant organisational challenges in the past two years given the direct and indirect impacts of the COVID-19 pandemic, leading to decreased traffic movements and deferral of capex implementation due to affordability. The organisation is gaining momentum as air travel continues to improve. The constant power outages, theft and vandalism affected the performance of our CNS infrastructure. To mitigate these, the threat and security risk assessment has been completed for all the CNS facilities and newer technologies for battery backups have been considered. In response to the changing aviation industry, ATNS developed recovery plans to contain cost and diversify the business, seeking additional revenue streams while repositioning the organisation for longer-term growth. During the 2022/23 FY, 18 KPIs which translated to 72% achievement against a target of 25 KPIs. This is also a performance improvement of 22% compared to last year's achievement of 14 KPIs.

Looking ahead, the organisation is geared with the measures put in place, we are geared to attain more than 85% the targets in the 2023/24 financial year.
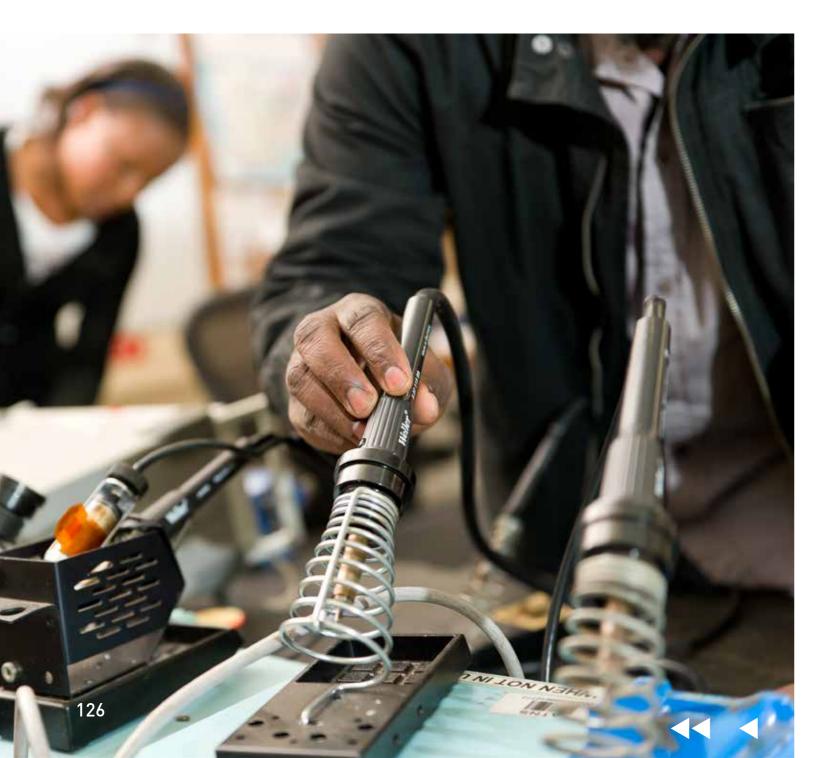
2022/23 CORPORATE PERFORMANCE

Key Performance Areas	Performance Status Summary		Total	Annual Performance
	Not achieved	Achieved		
Infrastructure build that stimulates economic growth and job creation	6	10	16	
Innovation	1	4	5	
Job Creation	0	2	2	
Accelerating transformation towards greater economic participation	0	1	1	
Environmental Protection	0	1	1	
Total	7	18	25	72%

🟩 Achieved KPIs   🟥 KPIs not achieved

The table below presents our performance against key performance indicators. As part of the strategy review 2025, management and the board assessed some of the KPIs in terms of relevance to corporate strategy 2025 and the outcome culminated in KPIs been rationalised.

FINANCIAL CAPITAL

DoT KPA #1 - Infrastructure build that stimulates economic growth and job creation
National Development Plan NDP 2030: Chapter 4 – Economic Infrastructure
Medium Term Strategic Framework (MTSF): Outcome 4 Decent employment through inclusive economic growth Outcome 6 An efficient, competitive, and responsive economic infrastructure network
The Seven (7) priorities Priority 1: Economic Transformation and Job Creation

Objective	KPI	2021/22 Actuals	2021/22 Targets	2022/23 Actuals	2022/23 Targets	Reasons for non-achievement
SO1 Maintain financial sustainability	1. EBIDTA (LBIDTA)	(R188 544 019)	(R157,713,097)	N/A	N/A	
	2. Reduction in operating costs	N/A	N/A	0.8%	0.3%	
	3. Current Ratio	2.3	1.1	3.1	2.0	
	4. Cash as cover for Current Liabilities	1.6	0.5	2.3	1.0	
	5. Cost to income ratio	118%	113%	N/A	N/A	
	6. Revised Capex Commitment	R17,3m	R423,6m	R117,74m	R69m	
	7. Revised Capex Cash Flow	R188m	R182,0m	R128m	R296m	Recovery from under achievement in prior periods was slower than planned
	8. Revised Capex Capitalisation	R114,46m	R256,0m	R123,98m	R250m	
	9. Non-regulated business	R167,288m	R137,88m	R220,7m	R189,6m	

MANUFACTURED CAPITAL

DoTKPA #1 - Infrastructure build that stimulates economic growth and job creation

National Development Plan NDP 2030:
Chapter 12: Building Safer Communities

Medium Term Strategic Framework (MTSF):
Outcome 3 All people in South Africa are and feel safe

The Seven (7) priorities
Priority 5: Social Cohesion and Safe Communities

Objective	KPI	2021/22 Actuals	2021/22 Targets	2022/23 Actuals	2022/23 Targets	Reasons for non-achievement
(S02) **Ensure safety and efficiency of operations**	10. Safety ratio	5.42	Safety Ratio of 7 or less safety events per 100 000 flights.	5.1	Safety Ratio of 7 or less safety events per 100 000 flight hours.	
	11. Accident rate	0	Zero ATS related accidents	0	Zero ATS related accidents per 100 000 flight hours	
	12. Serious incident rate	3	Serious Incident Rate of 3 or less of serious (Cat A & B) safety incidents per 100 000 flights	2.7	Serious Incident Rate of 4 or less of serious (Cat A & B) safety incidents per 100 000 flight hours	
	13. SMS Maturity	SMS Maturity Level C	SMS Maturity Level C	Level C achieved	SMS Maturity Level C	
	14. System Availability – Communication	96.52%	99.67%	94.50%	97.84%	Mainly due to the frequency and duration of power outages and Telecoms link obsolescence. The Telecoms link obsolescence is being addressed through procurement process initiated for the full replacement of the telecommunication link infrastructure.

The rollout of an en-route VHF backup radio service is underway utilising key radar facilities and VSAT technology to maintain an emergency radio communication service in the event of a regional service outage. |

MANUFACTURED CAPITAL

DoTKPA #1 - Infrastructure build that stimulates economic growth and job creation

National Development Plan NDP 2030:
Chapter 12: Building Safer Communities

Medium Term Strategic Framework (MTSF):
Outcome 3 All people in South Africa are and feel safe

The Seven (7) priorities
Priority 5: Social Cohesion and Safe Communities

Objective	KPI	2021/22 Actuals	2021/22 Targets	2022/23 Actuals	2022/23 Targets	Reasons for non-achievement
(S02) **Ensure safety and efficiency of operations**	15. System Availability – Navigation	93.74%	98.65%	94.09%	95.60%	Mainly due to technical failures and power outages. Management is continuously engaging local power supply utilities to improve performance.
	16. System Availability – Surveillance	99.41%	99.77%	97.29%	99.77%	Mainly due to technical failures, utility power outages and generator outages due to excessive operational use. Management is expediting generator maintenance and replacement cycles as well as continuously analysing the failure and repair processes to enable engagements with the OEM to manage the spares holding turnaround times.
	17. Average Delay per Delayed flight	N/A	N/A	331 seconds	360 seconds	
	18. Customer Satisfaction index	7.8	Improve index to 7.25.	7.0	Improve index to 7.5	Airlines appeared to experience challenges with accessing the CAMU Web, while customers found the CAMU interface to be limited in its functionality. ATNS will conduct a system evaluation to identify areas of concerns and formulate solutions to rectify these concerns.

INTELLECTUAL CAPITAL

DoT KPA# 2 - Priority 7: Innovation						
National Development Plan NDP 2030: Chapter 9: Improving Education, Training, and Innovation						
Medium Term Strategic Framework (MTSF): Outcome 5: A skilled and capable workforce to support an inclusive growth path						
The Seven (7) priorities Priority 2: Education, Skills, and Health						
Objective	**KPI**	**2021/22 Actuals**	**2021/22 Targets**	**2022/23 Actuals**	**2022/23 Targets**	**Reasons for non-achievement**
S03 Be the leading training academy on the continent	19. Diversification of training product line and offering	100 % RPAS Training Course developed. 2021/22 deliverables for this project achieved	80-89% of one new product line developed and offered to customers	100% completion of product development and one new product line offering	One new product line developed and ready to offer to customers. Delivery of product line developed in 2021/22.	
	20. Modernisation/ Digitisation to deliver adaptive and efficient learning	50% Implement-ation of the 2021/22 deliverables of the Modern-isation roadmap	Between 80 & 89% Implementation of the 2021/22 deliverables of the Modernisation roadmap	70% implemented Virtual Training portfolio expanded. E-learning product pilot programme designed.	≥80% Implementation of the 2021/23 deliverables of the Modernisation roadmap	The acquisition of the Leaner Management System (LMS) to automate the current ATA manual operations and improve efficiencies at ATA was delayed due to external factors. Although the LMS implementation was delayed, a dedicated ATA website, was developed to provide potential clients with uncluttered access to the ATA's training schedule, programme portfolio and alumni activities, while expanding our global reach. Management has developed action plans to accelerate the acquisition process.

INTELLECTUAL CAPITAL

DoT KPA# 2 - Priority 7: Innovation						
National Development Plan NDP 2030: Chapter 9: Improving Education, Training, and Innovation						
Medium Term Strategic Framework (MTSF): Outcome 5: A skilled and capable workforce to support an inclusive growth path						
The Seven (7) priorities Priority 2: Education, Skills, and Health						
Objective	**KPI**	**2021/22 Actuals**	**2021/22 Targets**	**2022/23 Actuals**	**2022/23 Targets**	**Reasons for non-achievement**
S04 Create an adaptive and innovative enterprise	21. % Completion of R&D projects to enhance safety, efficiency & environment	92%	(80% to 89%) completion of approved R&D plan	92%	(>80%) completion of approved R&D plan	
	22. Digital Transformation	84%	Implementation of the Digital Transformation annual plan (80% to 89%)	81.4%	Implementation of the Digital Transformation annual plan (>80%)	
	23. Cyber Security	NIST MIL 1.76 Tier 1 94%	NIST MIL 2 Tier 2 Implementation of annual cybersecurity plan as per approved Cybersecurity roadmap (80% to 89%)	NIST MIL 2.39 Tier 2 96%	NIST MIL 2 Tier 2 Implementation of annual cybersecurity plan as per approved cybersecurity roadmap (>80%)	
	24. ERP System Implement-ation	2,7% 100% 1b scope and business case complete	ERP Phase 1b Scope and business case approved.	N/A	N/A	

HUMAN CAPITAL

KPA# 3 - Priority 6: Job Creation

National Development Plan 2030
Chapter 9: Improvement Education, Training and Training

Medium Term Strategic Framework (MTSF):
Outcome 4 Decent employment through inclusive economic growth

The Seven (7) priorities
Priority 1: Economic Transformation and Job Creation

Objective	KPI	2021/22 Actuals	2021/22 Targets	2022/23 Actuals	2022/23 Targets
(S05) Develop future fit workforce	25. Implement the framework based on the implement-ation plan.	63% Implement-ation of the targets set out in the Organis-ational Design framework	Implement 80-89% of the targets set out in the Organisational Design framework.	89% implement-ation on the Organisation Design Framework	Implement 80-89% of the targets set out in the Organisational Design framework.
	26. Implement a culture review programme	65% Implement-ation of the culture review programme	Implement 80-89% of the culture review programme	75% Implement-ation of the values embedding programme and action plans to bring to live the desired culture completed.	Implement 70-79% of the culture review programme

SOCIAL AND RELATIONSHIP CAPITAL

KPA# 4 - Priority 5: Accelerating transformation towards greater economic participation

National Development Plan, NDP 2030:
Chapter 3: Economy and Employment

Medium Term Strategic Framework (MTSF):
Outcome 5: A skilled and capable workforce to support an inclusive growth path

The Seven (7) priorities
Priority 1: Economic Transformation and Job Creation
Priority 6: A Capable, Ethical and Developmental State

Objective	KPI	2021/22 Actuals	2021/22 Targets	2022/23 Actuals	2022/23 Targets
(S07) Increased business transformation	27. B-BBEE Level	Level 2 with 100% points on ED	Level 2 with 100% points on ED	Level 2 with 100% points on ED	Level 2 with 100% points on ED

NATURAL CAPITAL

KPA# 5 - Priority 9: Environmental Protection

National Development Plan, NDP 2030
Chapter 5: Environmental Sustainability and Resilience

Medium Term Strategic Framework (MTSF)
Outcome 10 Protecting and enhancing our environmental assets and natural resources.

The Seven (7) priorities
Priority 6: A Capable, Ethical and Developmental State.
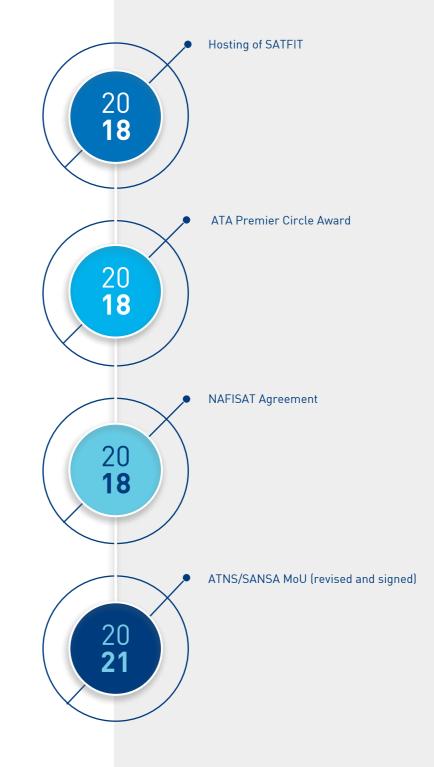
Objective	KPI	2021/22 Actuals	2021/22 Targets	2022/23 Actuals	2022/23 Targets
(S08) Improved environmental stewardship	28. Implement an environ-mental management system	EMS procurement process initiated – Service provider appointed; draft contract being negotiated with the service provider on the T&C on the contract and the certification process	EMS Certification (Head Office and ATA)	EMS certification for ATA and Head Office	EMS certification for ATA and Head Office

5

OUTLOOK

The sustained value we aim to create in 2023/24 and beyond

Everything achieved during the year in review makes us stronger, more capable and better prepared for the challenges and opportunities that lie ahead.

2018 ▶ 2021

30 YEARS OF KEEPING AFRICAN SKIES SAFE

Hosting of SATFIT

20 18

ATA Premier Circle Award

20 18

NAFISAT Agreement

20 18

ATNS/SANSA MoU (revised and signed)

20 21

AVIATION OUTLOOK

The beleaguered aviation industry, hard hit in recent years by the COVID-19 pandemic, is making a steady comeback.

The Civil Air Navigation Services Organisation (CANSO) paints a positive picture: 3.99 million flights operated globally during April 2023, 23% up on April 2022 and 29% higher than the 3.09 million flights in April 2019.

Flight hours globally reached 7.33 million, an 18.5% increase over April 2022 and 12.5% higher than the 6.51 million flight hours in April 2019.

This was followed by an upgrade of the 2023 outlook of the International Air Transport Association (IATA). It expects a strengthening of airline industry profitability, forecasting that 4,35 billion people may fly during the year, closing in on the 4,54 billion who flew in 2019.

Airline industry net profits, it expects, will reach US$9,8 billion in 2023, more than double the previous forecast of US$4,7 billion (December 2022).

The mood is lifting over African skies, too. The African Airlines Association confirmed that in March the traffic carried by African airlines reached 94.8% of 2019's full year. Domestic market share was at 37%, intra-Africa 31% and intercontinental traffic 32%. The association estimates that by end-2023,
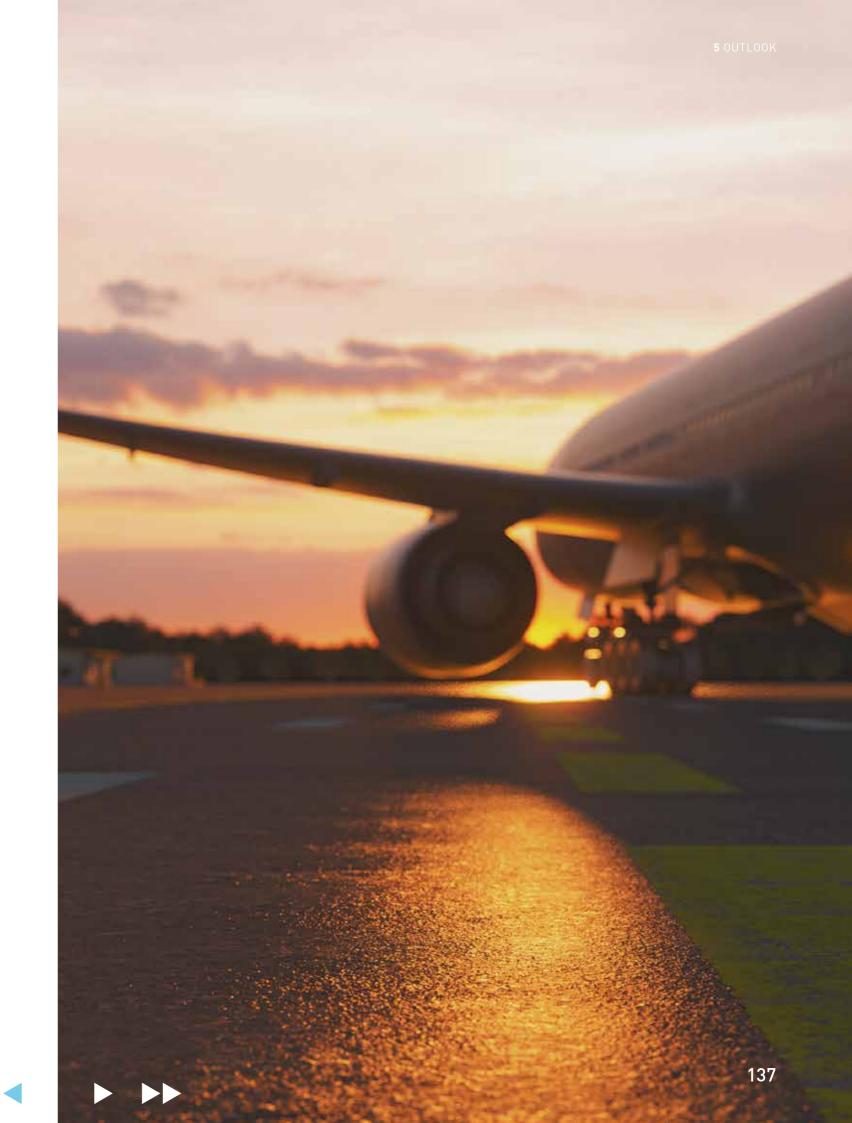
passengers carried by African airlines will number 85 million, about 10 million short of 2019 passenger traffic numbers.

Since October 2022, the total number of intercontinental routes operated by African airlines exceeded pre-Covid levels and since December 2022, eight African airports (Johannesburg, Nairobi, Addis Ababa, Lusaka, Cairo, Casablanca, Abidjan and Lome), intra-Africa connectivity had returned to or exceeded pre-pandemic levels.

South Africa's air activity has also risen following a bleak period, Minister of Tourism Patricia de Lille reported in her budget vote speech in May 2023, a 56% increase (1.8 million seats) in the first quarter of 2023 over the corresponding period in 2022. South Africa has introduced 23 new routes and first quarter data reflected 2.1 million visitors, many from abroad.

The number of seats from the Americas doubled in the first quarter 2023, surpassing 2019 levels, De Lille said. The Middle East has fully recovered in outbound travel, and Europe has introduced five new airlines and routes to South Africa.

The industry is fundamentally different to five years ago and policy needs to focus on the emerging technologies and changes in consumer behaviour. The increase in ticket prices can be attributed to a 40% drop in air capacity in 2022 after the liquidation of Comair; an 80% increase in aviation fuel costs; and rising demand following the lifting of travel restrictions.

OUR STRATEGIC OUTLOOK

As the industry recovers, we continue to review and deliver a strategy that remain resilient to create value for our stakeholders and respond to the trend and best practices that will enable safety and efficiency thorough innovation and technology.

Our focus is on:

- Improving business agility
- Redefining stakeholder management and strategic alliance initiatives across the continent and throughout the broader aviation sector
- Immediate capability-building, focusing on the right people (with the right skills) in both the organisation and the sector
- Enhancing the overall business to respond to technology advancement and innovation.

To sustain value for the future, we need to get the basics right and to make difficult choices about organisation structures and growth areas. Our strategy and business model recalibration has pinpointed the areas needing more emphasis to regain losses and be more adaptable to unforeseen changes. These include financial sustainability, business continuity, strategic partnerships and the development of a sustainable, future-fit workforce.

We have moved into the second phase of our recalibrated strategy, the sustain phase, having completed the recovery journey and in the lead-up to the final stage, reposition, from 2025/26.

By that time, we will have established a sound focus for growth and expansion in line with our vision to be the leading air traffic management provider in Africa. We will be ready to review our operational environment, build resilience and agility, create long-term value and further diversify revenue streams. We will also be well positioned to implement our growth strategy, nurture and strengthen partnerships, review Strategy 2025 and formulate the next five-year strategy.

OUR STRATEGIC OBJECTIVES

Our future objectives, defined by our strategic objectives, are outlined in the ATNS revised Strategy 2025. Many of the strategic initiatives are in progress having been approved by our board. Other initiatives are new and will still need board approval.

Our strategic objectives are long-term organisational goals that will help us to convert our growth aspirations into more specific plans and projects. These goals are, therefore, centred around our vision and mission.

We have identified eight goals deemed most important to the current and future health of our business:

1. Maintain financial sustainability: Managing our profits and costs to enable a financially resilient ATNS.
2. Ensure safety and efficiency of operations: Ensuring a safe and efficient operational environment for the benefit of our customers.
3. Be the leading training academy on the continent: Repositioning the status of our Aviation Training Academy.
4. Create an adaptive and innovative enterprise: Creating an organisation that innovates and adapts to the environment.
5. Develop a future fit workforce: Developing the relevant skills in the business to produce an agile and resilient ATNS whilst embedding a desirable culture aligned to Strategy 2025.
6. Improved stakeholder centric management: Improving our customer experience and stakeholder collaboration with key industry players, such as airlines, other airspace users, and airports.
7. Increased business transformation: Ensuring that ATNS plays a role in the transformation of the aviation industry.
8. Improved environmental stewardship: Promoting, monitoring, and adopting sustainable practices to reduce our impact on the environment for the benefit of future generations.

STRATEGIC OUTLOOK

STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	DEFINITION	TARGET 2023/24	TARGET 2024/25
1. Maintain financial sustainability	Current Ratio	Liquidity ratio comparing our current assets to current liabilities	2.0	2.0
	Total operating expenditure	Overall expenditure as per budget for the business	R1,409 billion	⬉R1,487 billion
	Capex Capitalisation	Annual capital expenditure that has been capitalised	R156 million	491 million
	Audit Outcome	Audit outcome on the financial statements based on the external auditor opinion	Clean audit	Clean Audit

| STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	DEFINITION	TARGET 2023/24	TARGET 2024/25
2. Ensure safety and efficiency of operations	Safety management system maturity	Measures our system-wide management of safety	Level C plus 45% level D	SMS Maturity Level C plus 50% level D
	Accident rate	Total number of accidents	Zero	Zero ATS related Accidents/100 000 Flight Hours
	Serious incident rate	Total number of serious incidents (A and B) per 100 000 flight hours	Zero	↖4 Serious (A+B) Incidents/100 000 Flight Hours
	On-time performance	Measurement of instrument flight rule departures that are on time, based on departure delays arising from air traffic management	98%	98.25%
3. Leading Aviation Academy	Diversification of training product line and offering	Number of new products offered by ATA	One new product line	Two new product line developed and ready to offer to customers.
4. Adaptive and Innovative Enterprise	Digital transformation	Completion of projects as per the research and development plan	80 implementation of the digital transformation annual plan – infrastructure modernisation	Implementation of the Digital Transformation annual plan (↗80%) - Application Modernisation
	Implementation of research, development and innovation strategy	Decommission legacy infrastructure and applications and migrate to modern architecture befitting a digital enterprise	80% completion of research and development projects as per approved plan	80% completion of R&D projects as per approved plan
5. Develop future-fit workforce	Organisation design implementation	Review the organisation structure to enable implementation of Strategy 2025	Implement 50% to 60% of targets set out in the organisation design migration and transition plan	Implement 60-100% of the targets set out in the OD Migration and Transition Plan
	Culture and values em-bedding	Based on the assessment of 'as is' culture, workshop survey results with leadership team and workshop results with each functional department. Design and implement a team dynamics programme	Implement 60% to 80% of the action plans to enable the desired culture and to embed the values	Implement 80-100% of the action plans to enable the desired culture and the embedding of the ATNS value
6. Increased stakeholder-centric management	Customer satisfaction index	The average score out of 10 of satisfaction with services rated by customers	7.25 to 8.25	7.5 – 8.25
7. Increased business transformation	Broad black-based economic empowerment (BBBEE) and small and medium enterprises (SMEs) developed	BBBEE level stipulated in the Act and number of SMEs developed in line with enterprise supplier development strategy	Level 2 and two SMEs developed in line with the approved programme	Level 2 and 3 SMMEs developed in line with the approved programme
8. Improved environmental stewardship	Environmental management system	Implementation and maintenance of an environmental management system as per ISO 14001: 2015 and rating of the organisation's environmental performance based on the maturity stipulated for Civil Air Navigation Services Organisation accreditation	Environmental management system implementation and certificate maintenance - surveillance audits	CANSO Green ATM accreditation Level 1

TRENDS IN AVIATION
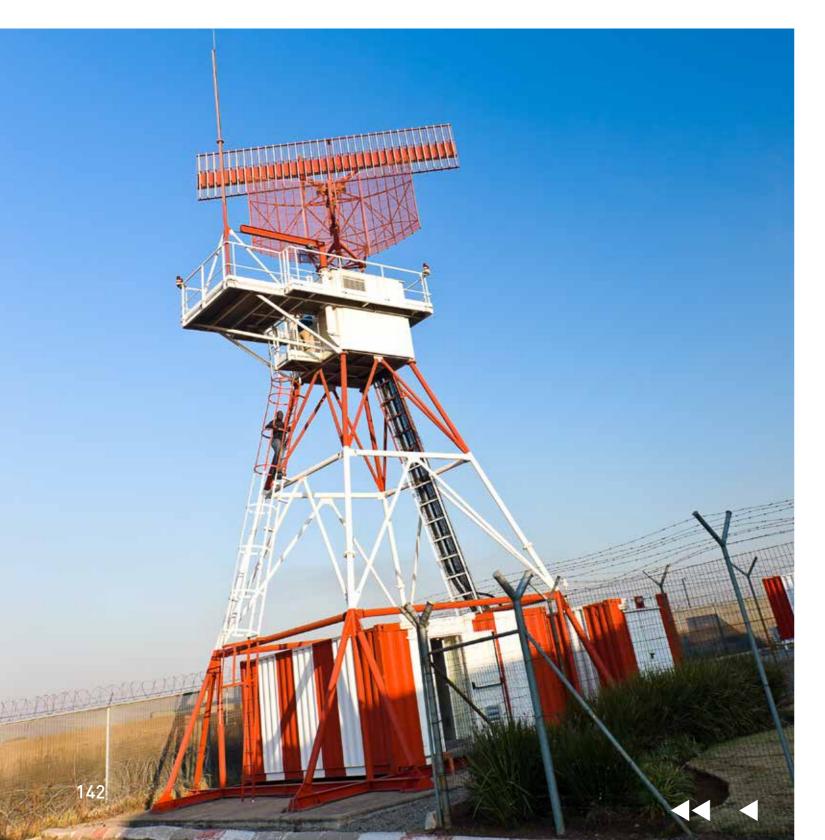
Digital transformation company, Aeologic (www.aelogic.com) recently highlighted emerging technology trends that will become increasingly important in years to come. Many are already taking shape:

- Autonomous aircraft, or unmanned aerial vehicles or drones, could reduce the risk of human error, increase safety and lower operating costs. Major players in the aviation industry, such as Boeing and Airbus, are investing in this technology.
- The internet of things. This technology can track luggage, monitor equipment performance and improve aircraft maintenance.
- Augmented reality technology can provide real-time information about flight status, directions and points of interest in airports. It can also be used for training and simulation purposes.
- Blockchain technology can improve the security and efficiency of transactions in the aviation industry. Blockchain can be used to securely store passenger data and flight information, allowing for faster and more accurate processing of boarding passes and baggage handling.

- 3D printing technology can be used to produce spare parts and components for aircraft, reducing the time and cost of maintenance.
- Electric and hybrid aircraft are becoming increasingly popular as the aviation industry seeks to reduce its carbon footprint. These aircraft are powered by electric motors, reducing emissions and noise pollution.
- Biometrics such as facial recognition and fingerprint scanning can improve airport security and streamline the boarding process.
- Virtual and augmented reality technology can be used for pilot training and simulation.
- Contactless technology can reduce physical contact between passengers and airport staff, reducing the risk of infection.
- Predictive maintenance, using data analysis and machine learning algorithms to predict equipment failures before they occur, can reduce downtime.
- In-flight connectivity allows passengers access to Wi-Fi and other digital services, providing real-time information about flight status, weather and other important updates.

- Cloud computing can improve efficiency by providing access to real-time data and analysis. Access to data from anywhere can improve collaboration and decision-making across the airline industry.
- Advanced materials, such as composites and ceramics improve performance of aircraft through increased fuel efficiency, improved durability and reduced maintenance costs.

- Next-generation air traffic control systems use advanced data analysis and communication technologies to manage air traffic more effectively.

TECHNOLOGY FOR THE PRESENT AND FUTURE

Although our growth is very much dependent on air traffic control, technical, specialist and engineering skills, technology is an integral, and increasing, part of becoming a fully-fledged future-fit organisation.

Through digital and artificial intelligence advancement, we are striving to balance a people-intensive business with increased technology-use.

Our organisational redesign programme identifies opportunities for us to work alongside government to balance national developmental needs with the growing infrastructure and efficiency requirements of our industry.

At the core of technology advancements lie research and development, allowing the application of specialist knowledge to the sector's security, efficiency and sustainability challenges and to develop innovative aviation solutions.

We are exploring other technological advances and practices benchmarked against industry standards that will change the way air traffic is managed in the future. Automation, remoting and clustering of air traffic systems are some of the primary focus areas.

We are currently leveraging and harnessing several fourth industrial revolution advancements:

- Remote air traffic services, enabling the virtualisation and flight optimisation of air traffic service operations through remote air traffic services (RATS) moves us closer to our vision of agility and efficiency in use of resources. We have secured a 3D airport modelling tool for the design, simulation and modelling the digital towers concept to be implemented at OR Tambo International Airport. It will serve as redundancy to the current traditional tower. Once the system has been tested and trailed, it will be extended to remote sites with low traffic density for operational use. The system will be deployed strategically so that it can be applied to multiple airports.

- The new space-based tracking system ADS-B (automatic dependent surveillance-broadcast), will in time replace radar as the main surveillance method for air traffic control monitoring and separation of aircraft worldwide. ADS-B allows equipped aircraft and ground vehicles to broadcast their identification, position, altitude and velocity to other aircraft and traffic controllers. An operational trial to evaluate deployment viability began in August 2022. Preliminary assessments included surveillance coverage and redundancy performance requirements verification in South African and delegated international airspaces. Assessments included Aireon technical performance evaluation and ADS-B data elements performance statistical analysis. The system satisfied all operational requirements, surveillance coverage and redundancy performance standards. The ADS-B went live in July 2023 as a surveillance service provision 29 000 feet above mean sea level within its area of responsibility. In addition, this will provide opportunities for ATNS in line with the growth strategy.
- Expanding air traffic flow management (ATMF) throughout the African Indian Ocean region through Mombasa ATFM roadmap/long-range ATFM.
- Standardisation of information exchange mechanisms, data formats and types, new products and services shared through system-wide information management. This enables seamless information access and interchange among all providers and users of air traffic management information and services. The inclusion of this system is being included in all current and future system replacement requirements and, through CANSO, we are facilitating workshops raising awareness, transferring knowledge and driving the development of the concept to accelerate its implementation in the African Indian Ocean region.

- Integrating unmanned aircraft systems into the existing air traffic management system for air traffic management services (surveys, calibrations and runway inspections) to enhance service delivery safety. We are currently facilitating the development of a concept of operations and liaising with stakeholders to define and develop the capability and capacity to manage unmanned aircraft operations in controlled and uncontrolled airspace.

ARTIFICIAL INTELLIGENCE TO SUPPORT BUSINESS OPTIMISATION

A notable recent success has been the BONISA controller information display that replaces the digital airfield integrated display system and will enhance situational awareness of air traffic services display systems by providing helpful information to traffic controllers.

The team is also developing an artificial intelligence solution, called the runway occupancy alert system, that uses speech recognition technology to prevent runway incursions by alerting tower controllers of impending conflicts.

During the year under review, we continued to monitor global navigation satellite system signals in our airspace in preparation for the impending implementation of ground-based and satellite-based augmentations.

SKILLS FOR THE FUTURE

Investment in training and development remains a high priority within ATNS.

Our skills development initiatives reflect our commitment to the national skills development strategy, with an objective to increase access to high-quality education and skills development opportunities in the workplace.

Accreditation of people in the sector through the South African Qualifications Authority (SAQA) and National Qualifications Framework (NQF) remains a priority.

TRANSFORMATION THAT SECURES EQUALITY OF OPPORTUNITY

A key priority is the transformation of the workplace to become representative of the demographic profile of South Africa. Our ongoing equal opportunity initiatives have a specific focus on the African, Indian, Coloured (AIC) designated group, women, youth, and people with disabilities.

In line with the Employment Equity Act (Act 55 of 1998), our five-year employment equity plan (2020–2025) encompasses the following objectives:
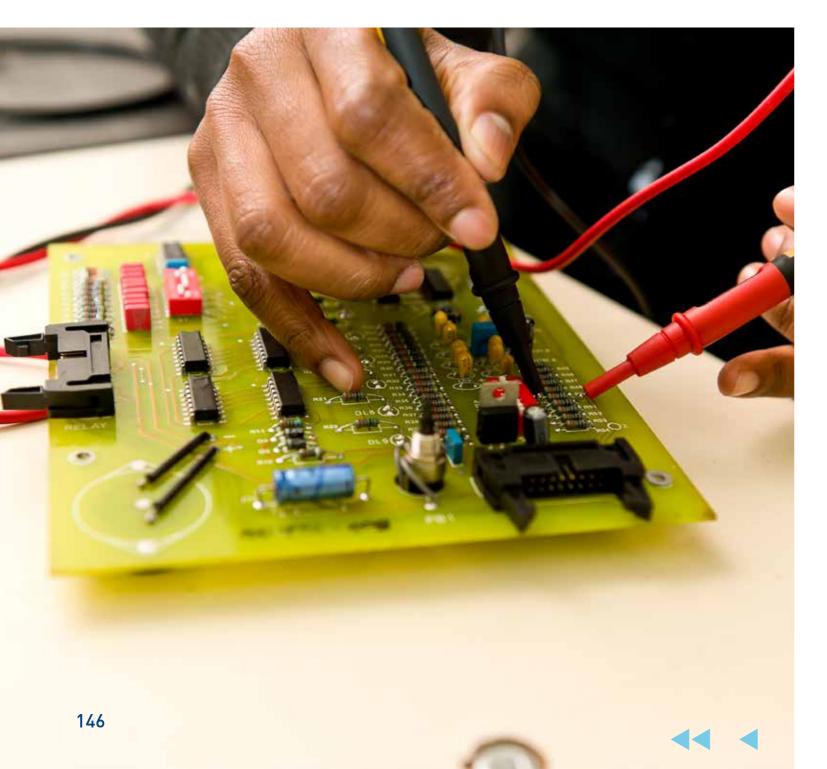
- Working towards creating a balanced profile of employees across all occupational categories and levels in the workforce
- Eliminating any discriminatory practices in terms of race, gender or disability
- Providing for the company's present and future requirements for skilled employees, in line with our business plan
- Implementing, monitoring and evaluating appropriate measures to ensure we achieve and even exceed our employment equity targets.

FUTURE SKILLS NEEDS IN A TECHNOLOGICALLY ADVANCING WORLD

ATNS's long-term planning has identified future challenges around the skills we need to evolve within a globally competitive, technologically driven aviation environment.

The sector's outlook suggests that present skills will either be replaced by technological functions, thereby rendering them redundant, or those skills will have to be adapted to match yet unknown competency requirements.

This awareness forms an integral part of our long-term infrastructure and human resource planning. It coincides with government's National Development Plan timeframe and it further aligns our social developmental efforts with government, as we balance the development needs of our country with the growing infrastructure and efficiency requirements of our industry globally.
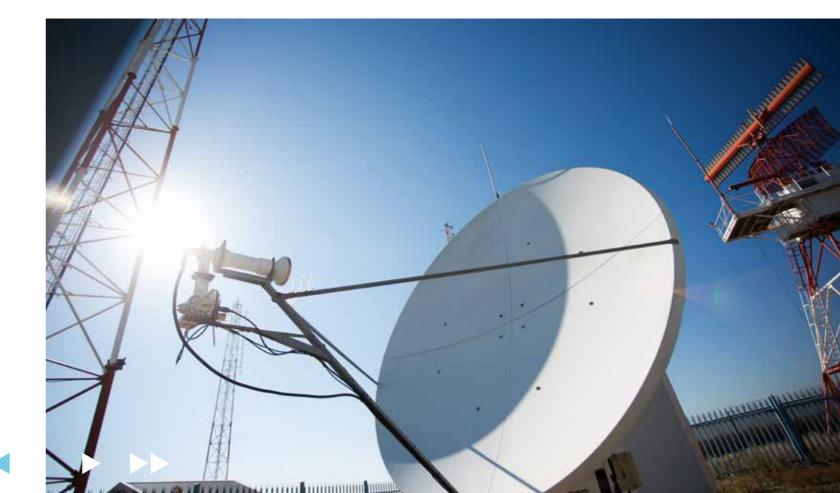
ABBREVIATIONS, ACRONYMS AND DEFINITIONS

Abbreviations/Acronym	Description
AR	Accident Rate
ADDD	Average Departure Delay per Delayed Flight
AFRAA	African Airlines Association
AFS	Annual Finance Statements
ANSP	Air Navigation Service Provider
ATA	Aviation Training Academy
ATC	Air Traffic Control
ATNS	Air Traffic and Navigation Services
ATM	Air Traffic Management
ATSU	Air Traffic Service Unit
B-BBEE	Broad-Based Black Economic Empowerment
CANSO	Civil Air Navigation Services Organisation
Capex	Capital Expenditure
Cat	Category (Safety Rating)
CDP	Carbon Disclosure Project

Abbreviations/Acronym	Description
COP	Conference of the Parties
DBSA	Development Bank of Southern Africa
DoT	Department of Transport
EMS	Environmental Management System
EFS	Electronic Flight Strip
ERP	Enterprise Resource Planning
ESD	Enterprise and Supplier Development
FAKN	Location Indicator for Kruger Mpumalanga Airport
FALE	Location Indicator for King Shaka International Airport
FAOR	Location Indicator for Oliver Tambo International Airport
FAPE	Location Indicator for Port Elizabeth International Airport
FSAPP	Framework for Strategic Plans and Annual Performance Plans
FY	Financial Year
GDP	Gross Domestic Product
GNSS	Global Navigation Satellite System
GRC	Governance, Risk and Compliance
HC	Human Capital
HCM	Human Capital Management
HPM	Human Performance management
ICAO	International Civil Aviation Organisation
IFR	Instrument Flight Rules
KPA	Key Performance Area
KPI	Key Performance Indicator
LMS	Leaner Management System
MFA	Multi-factor Authentication
NCC	National Command Centre
NDP	National Development Plan 2030 Vision
NGAP	Next Generation of Aviation Professional
NPAT	Net profit after tax
URS	User Requirements Specification
RAT	Risk Assessment Tool
R&D	Research and Development
RDI	Research, Development and Innovation

Abbreviations/Acronym	Description
RPK	Revenue Passenger Kilometres
RPAS	Remotely Piloted Aircraft Systems
SAA	South African Airways
SAAF	South African Air Force
SACAA	South African Civil Aviation Authority
SCM	Supply Chain Management
SED	Socio-Economic Development
SR	Safety Ratio
SIR	Serious incident Rate
SLA	Service Level Agreement
SMMEs	Small Medium and Micro Enterprises
SMS	Safety Management System
SSPR	Self-service Password Reset
TCFD	Taskforce on Climate Related Financial Disclosures
VHF	Very high frequency
YoY	Year-on-year
YTD	Year to date

OUR COMPANY INFORMATION

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SOUTHERN REGION

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Technical Services contact details	Tel: +27 21 937 1153 Fax: +27 21 937 1181

NORTHERN REGION

Postal address	Johannesburg International Airport Private bag X1 Bonaero Park 1622
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Technical Services contact details	Tel: +27 11 928 6469 Fax: +27 11 395 1049

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