



STREAMLINING SUCCESS

Investing in Infrastructure for
Operational Excellence and Sustainable Growth

INTEGRATED ANNUAL REPORT

FINANCIAL YEAR 2023/24
(FY2023/24)



AIRPORTS COMPANY
SOUTH AFRICA

ABBREVIATIONS

ACI	Airports Council International
ACSA	Airports Company South Africa SOC Ltd
AGSA	Auditor-General of South Africa
AMSIS	Airport Management Share Incentive Scheme
ASQ	Airport Service Quality
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Companies Act	Companies Act (No. 71 of 2008)
COO	Chief Operating Officer
DBSA	Development Bank of Southern Africa
DFI	Development Finance Institution
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPM	Enterprise Project Management
GDP	Gross domestic product
IAR	Integrated Annual Report
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
ICT	Information, communication and technology
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
ISO	International Standards Organisation
IT	Information Technology
King IV™	King Code of Governance for South Africa 2016™
KPI	Key performance indicator
LBITDA	Loss before interest, tax, depreciation and amortisation
MIAL	Mumbai International Airport Private Limited
PFMA	Public Finance Management Act (No. 1 of 1999)
PIC	Public Investment Corporation
PPE	Personal protective equipment
(Pty) Ltd	Proprietary Limited
ROCE	Return on capital employed
SACAA	South African Civil Aviation Authority
SDG	Sustainable Development Goals
SED	Socio-economic development
SMME	Small, medium and micro enterprise
SOC	State-owned company
SPE	Special purpose entity
UN	United Nations



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INTRODUCTION

Your guide to our Integrated Report. Learn about our reporting philosophy and reporting suite on page 3.

GROUP OVERVIEW

Get to know us by having a look at our Group Overview on page 7. This will give you a comprehensive overview of who we are and what we do. In this section, you'll learn about our vision, mission, values and mandate, and will be able to review key metrics related to our business.

OUR LEADERSHIP

Meet the people who set our Company's course and lead it in the process of implementing its strategic objectives. Read our Chairman's message on page 17 for top-level commentary on the key events of the reporting period. Meet our Board on page 21, our Executive Committee on page 20 and the various Committees of the Board on page 23.

CORPORATE GOVERNANCE

We pride ourselves on stringent compliance with both local and international best practice in corporate governance. Read about how our corporate governance approach, structures and procedures enable us to secure our brand, reputation and sustainability on page 27.

HOW OUR STRATEGY CREATES VALUE

Our strategy defines our direction as a business as well as our key objectives and the actions we plan to take in order to fulfil those objectives in the short, medium and long-term. Read about how we create value through our strategy and about how we adopt a flexible approach to changing circumstances on page 30. This section also contains our CEO's message for the reporting period on page 31 and our CFO's Report on page 33.

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Sustainability framework

- Our business
- Our people and society
- Our environment

Strategic pillars

- Run airports
- Develop airports
- Grow footprint

ABOUT OUR INTEGRATED ANNUAL REPORT

Airports Company South Africa (ACSA) owns and operates the country's nine key airports. These include the three main international airports: OR Tambo International in Johannesburg, King Shaka International in Durban and Cape Town International in the City of Cape Town. ACSA also provides management and consulting services to other airports, both locally and internationally.

Our reporting philosophy

Our Integrated Annual Report is designed to provide accurate and balanced financial and non-financial information covering key areas such as the Company's strategy, operating environment and the outlook on the competitive landscape. Most importantly, the report focuses on how value is created, captured and delivered in the short, medium and long-term operating horizons, as well on an impact assessment of ACSA's operations on all of its stakeholders, including communities.

Our reporting suite

Our reporting suite consists of the Integrated Annual Report, the Consolidated Annual Financial Statements and the Governance and Remuneration Report. All these reports are available in digital format and are accessible at www.airports.co.za.

Supplementary information

Our financial and non-financial information performance presentation is also available on our website and provides stakeholders with a high-level summary of the following key components:

- Strategy
- Operational performance
- Financial performance
- Environmental, social and governance (ESG) performance

Integrated Annual Report and Governance and Remuneration Report

Purpose and framework	Scope and boundary	Assurance
<p>ACSA's Integrated Annual Report is publicly distributed and accessible by all stakeholders. It provides information on ACSA's approach to the creation, capturing and delivery of value in the short, medium and long-term.</p> <p>The Governance and Remuneration Report provides further information on ACSA's governance and remuneration structures, procedures, and performance instruments, which guide our remuneration practices.</p> <p>These reports are prepared in accordance with the principles and guidelines outlined by:</p> <ul style="list-style-type: none"> • International Integrated Reporting Council's (IIRC) International Integrated Reporting <IR> Framework • International Financial Reporting Standards (IFRS) • Companies Act (No. 71 of 2008) (Companies Act) • Public Finance Management Act (No. 1 of 1999) (PFMA) • King Code of Governance for South Africa 2016™ (King IV™) • ISO/South African National Standards (SANS) 31000 	<p>The Integrated Annual Report and the Governance and Remuneration Report contain material information on the Group's performance for the financial year between 1 April 2023 and 31 March 2024, also referred to in this document as the year under review or the reporting period.</p> <p>Our method for determining materiality is explained on page 54.</p> <p>The reporting suite discloses all relevant internal and external factors that substantially influence and impact on ACSA's business.</p> <p>There were no restatements to comparatives unless otherwise indicated.</p> <p>The financial reporting framework was prepared in accordance with IFRS guidelines.</p>	<p>Assurance is provided by management oversight as well as by the following sources:</p> <ul style="list-style-type: none"> • Strategic objectives, key performance indicators (KPIs) and audit assurance processes conducted by both internal audit and by the Auditor-General of South Africa in accordance with the Public Audit Act of South Africa (No. 25 of 2004) • The National Treasury's Framework for Managing Programme Performance Information confirms that performance information is useful if indicators and targets are well-defined, verifiable, attainable, specific, measurable, time-bound, and relevant. All these elements were taken into consideration when preparing the information presented in this Integrated Annual Report • The external audit opinion of the Consolidated Annual Financial Statements for the 2024 financial year ACSA conducts an assessment on compliance.

ABOUT OUR INTEGRATED ANNUAL REPORT CONTINUED

Consolidated Annual Financial Statements

Purpose and framework

This section of the report focuses on the financial results for the 2024 financial year and compares these to the results for the previous period. It contains the following:

- Consolidated Annual Financial Statements
- Auditor-General's Report
- Directors' responsibilities and approval
- Directors' Report
- Audit and Risk Committee Report
- Company Secretary's Certificate

The report was developed using the following frameworks and standards:

- IFRS
- Companies Act
- PFMA
- King IV™

Scope and boundary

The Annual Financial Statement contains consolidated financial results for the Group for the financial year ending 31 March 2024.

The financial reporting boundary was determined in accordance with IFRS.

Stakeholders

ACSA has a vast network of stakeholders, encompassing capital and funding providers, government departments and regulators, business partners and tourism bodies, professional associations, communities and non-governmental organisations (NGOs), environmental lobby groups, media, academia, employees and bargaining unions, suppliers, airlines and passengers, retail customers, and retailers and distributors. The stakeholder ecosystem and our methods of engagement with stakeholders are illustrated in the 'Operating environment' section of this report on page 44.

Forward-looking statements

The forward-looking statements in this report, as well as any verbal statements that may be made by Directors, prescribed officers or employees on behalf of ACSA are based on certain assumptions that may change or be subject to revision. These statements pertain to events or circumstances that may or may not occur.

Factors that could cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to:

- Macro and micro economics environment
- Aero and geopolitical landscape
- Aviation and air travel competitive landscape as it relates to airlines and airports
- Changes in consumer preferences and behaviour
- Retail offerings at our airports
- Changes in interest rates, which impact the propensity for travel and borrowing costs
- Credit and the associated risks of borrowing and funding
- Rating agencies' statements and determinations
- Gross and operating margins
- Capital management
- Economic regulatory framework and permission application processes and outcomes

ACSA does not undertake to update or otherwise revise any of these forward-looking statements based on new information or future events. The forward-looking statements have not been reviewed or reported on by the Group's external auditor.

Board approval

The Board acknowledges its fiduciary duty to ensure the integrity and thoroughness of this Integrated Annual Report, fulfilling this responsibility with the support of various committees of the Board. The Board has approved the reporting frameworks and materiality determination procedures used in the report. Moreover, the Board asserts its belief that the report accurately, and comprehensively presents the ACSA Group's financial and non-financial information, as well as significant issues. The Board concludes that this report is presented as per the <IR> Framework and confirms that it was approved on 23 August 2024.



Feedback

Should you have any questions regarding our report and would like to provide feedback, or have suggestions for improvement, kindly feel free to reach out to Ms Laurie Less, Group Executive: Corporate Services by email at laurene.jess@airports.co.za.

HOW TO NAVIGATE OUR REPORT

Our Integrated Annual Report

01

Information about our reporting philosophy and reporting suite is presented in the 'About our Integrated Annual Report' section.

Group overview

02

The 'Group overview' section presents a comprehensive overview of the Group's structure and operations. In this section, you will find details of our values, vision, mission and mandate. You will also find graphics to illustrate our operating model, current geographical footprint and passenger statistics for the reporting period.

Leadership

03

Details about our leadership are available in the 'Our leadership' section. This includes a message from our Chairman, Dr Sandile Nogxina, and provides profiles of the members of our Board of Directors and Executive Management, including information regarding the structure of the Board and its Committees.

Corporate governance

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We uphold strict adherence to both local and international standards in corporate governance best practices.

Strategy and value creation

05

The section entitled 'Strategy and value creation' presents messages from both our Chief Executive Officer and our Chief Financial Officer. It further provides comprehensive information about our corporate strategy and an analysis of how the Six Capitals of Sustainable Development are deployed to ensure that our value-creation process is both transparent and compliant with international best-practice. This section includes a detailed graphic that illustrates our value-creation process.

Our operating environment

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In the section entitled 'Our operating environment', we present a detailed analysis of the operating and competitive environment as well as the key risks impacting our business. A full analysis of our materiality processes is also provided in this section. It concludes with a summary of how we identify and engage with our various stakeholders.

The transformation journey

07

The 'Transformation' section provides insight into our approach to transformation and how we foster it within our business, across our value chain and in society at large.

Annual Financial Statements

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The report concludes with our Consolidated Annual Financial Statements, which provide comprehensive commentary on all aspects of our financial reporting.

PERFORMANCE HIGHLIGHTS



REVENUE

↑ 16%

R7 billion

(2023: R6 billion)



EBITDA

↑ 51%

R2.9 billion

(2023: R1.9 billion)



PROFIT BEFORE TAX

↑ 710%

R1.5 billion

(2023: -R246 million)



CAPITAL EXPENDITURE

↑ 35%

R568 million

(2023: R422 million)



OPERATING EXPENDITURE

↑ 13%

R4.1 billion

(2023: R3.6 billion)



TOTAL ASSETS

↓ 1.2%

R31.4 billion

(2023: R31.8 billion)

GROUP OVERVIEW

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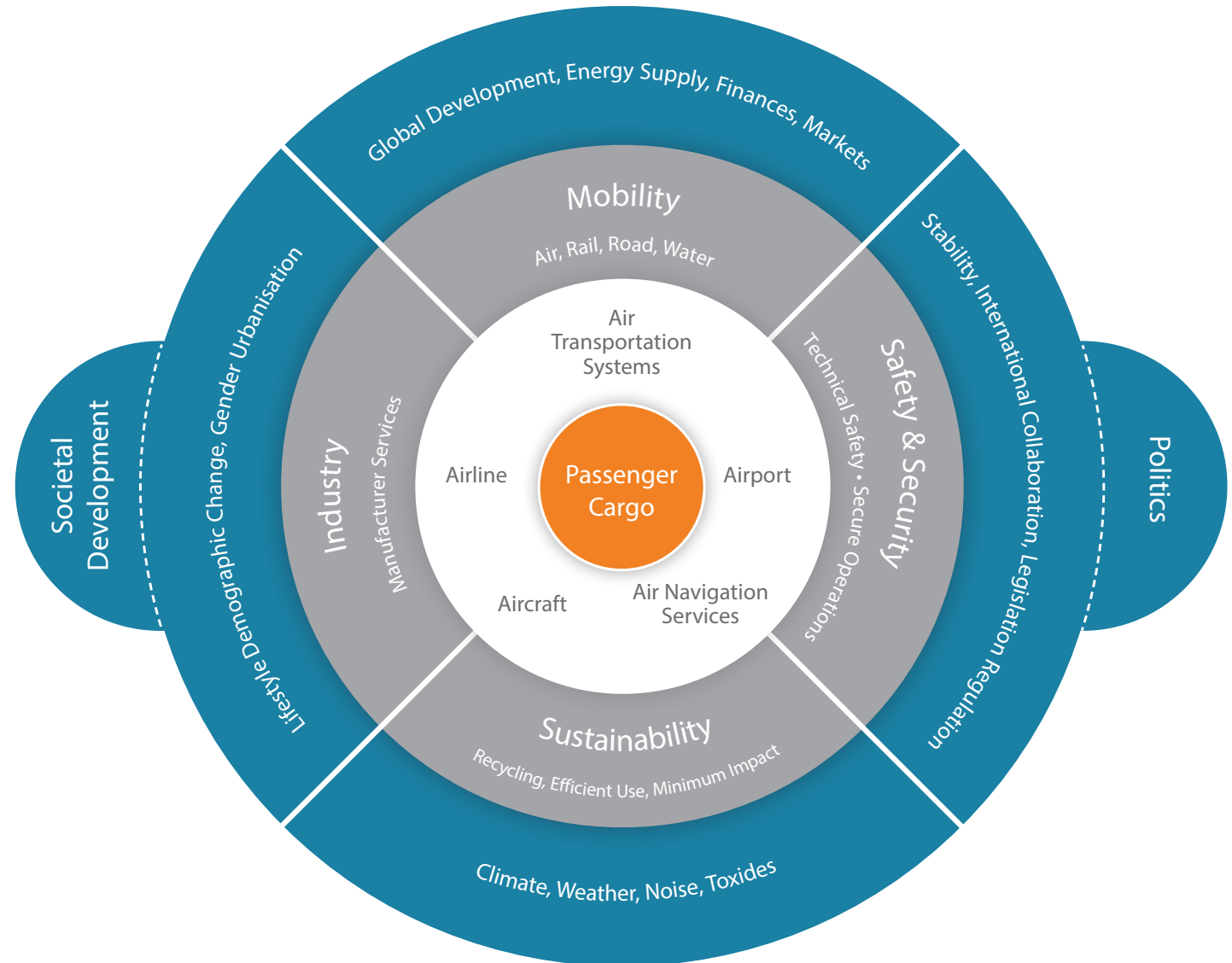
GROUP OVERVIEW

ACSA is a state-owned entity responsible for managing one of the largest airport networks under a single authority in the world. Our main objective is to deliver world-class airport infrastructure that facilitates the smooth movement of people, goods and services to promote trade and tourism within South Africa and across borders. Our airports play a crucial part in society, driving regional economic transformation, unlocking economic opportunities, and enhancing South Africa's global competitiveness.

About us

ACSA traces its origin to the era when South Africa's airports were under State ownership and management. Established on 23 July 1993, ACSA took over the management of nine national airports initially owned solely by the State, represented by the Ministry of Transport. Through partial privatisation, ACSA evolved into a mature and successful entity responsible for key airports in South Africa, including major international gateways such as OR Tambo, Cape Town and King Shaka International Airports. Additionally, ACSA Group actively engages in airport advisory and technical services as well as investment in other airports both locally and globally.

THE ROLE OF AVIATION IN FOSTERING SOCIO-ECONOMIC DEVELOPMENT AND PROMOTING ENVIRONMENTAL SUSTAINABILITY



GROUP OVERVIEW CONTINUED



Vision

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



Mission

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



Values

We define our values by using the acronym PRIDE: Passion | Results | Integrity | Diversity | Excellence



Our mandate

In terms of the Airports Company Act (No. 44 of 1993, as amended), the Group is mandated to undertake the acquisition, establishment, development, provision, maintenance, management, operation and control of any airport, any part of any airport, or any facility or service at any airport that is related to the normal functioning of that airport.

Value proposition

Connecting people to people, places, dreams and opportunities.

Our revenue streams

Our revenue is generated through three primary streams: aeronautical, non-aeronautical, and non-core activities.

Aeronautical revenue comprises government-regulated charges levied on airport users, primarily airlines, for services such as aircraft landing and parking, airline passenger services, and the usage of airport facilities on departure.

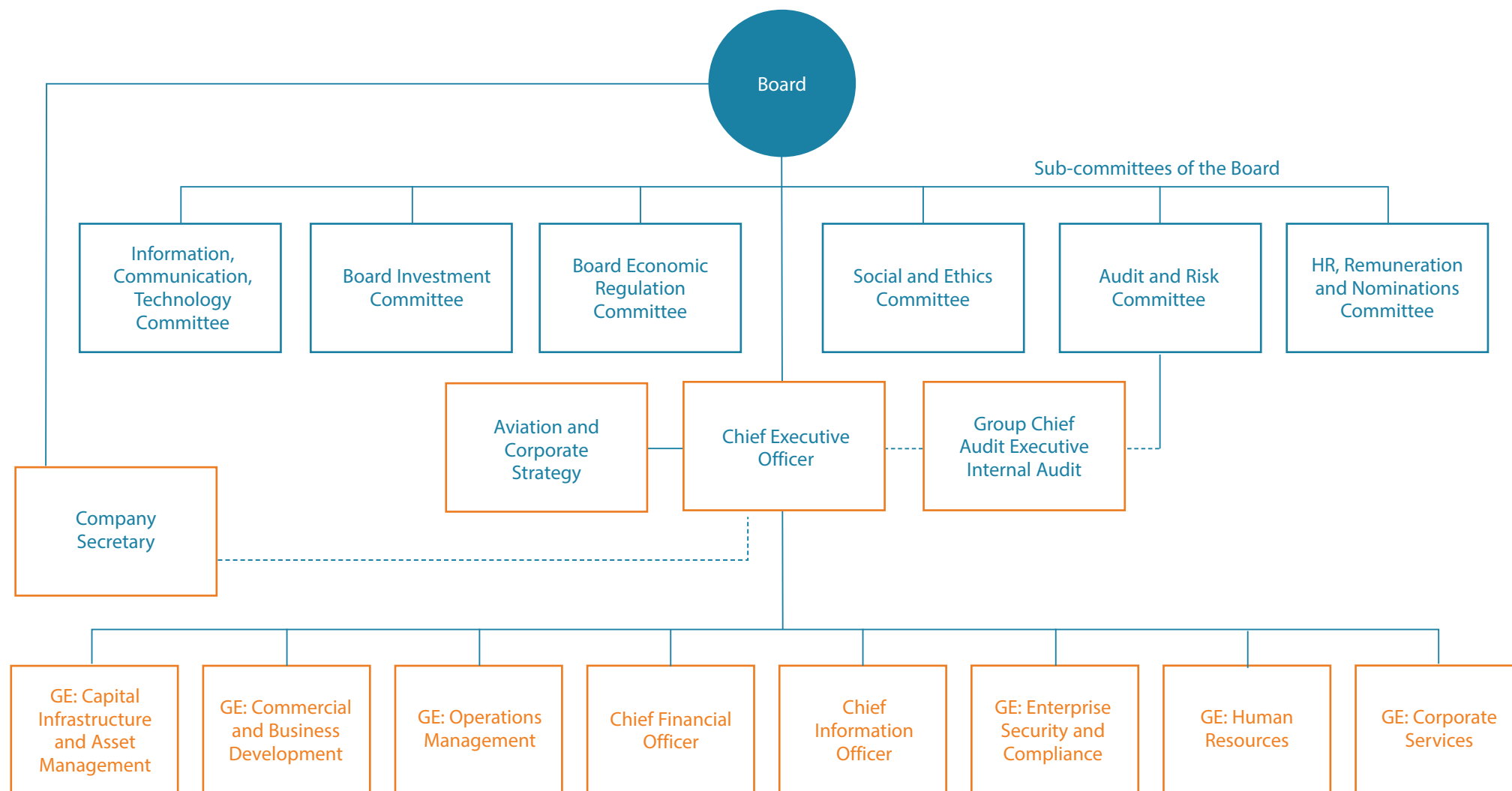
Non-aeronautical income includes diverse sources such as retail, car rental, concessions, real estate, parking, hotels and advertising.

Additionally, **non-core revenue** is generated from advisory and technical services provided both domestically and internationally, as well as equity investments in other airports abroad.



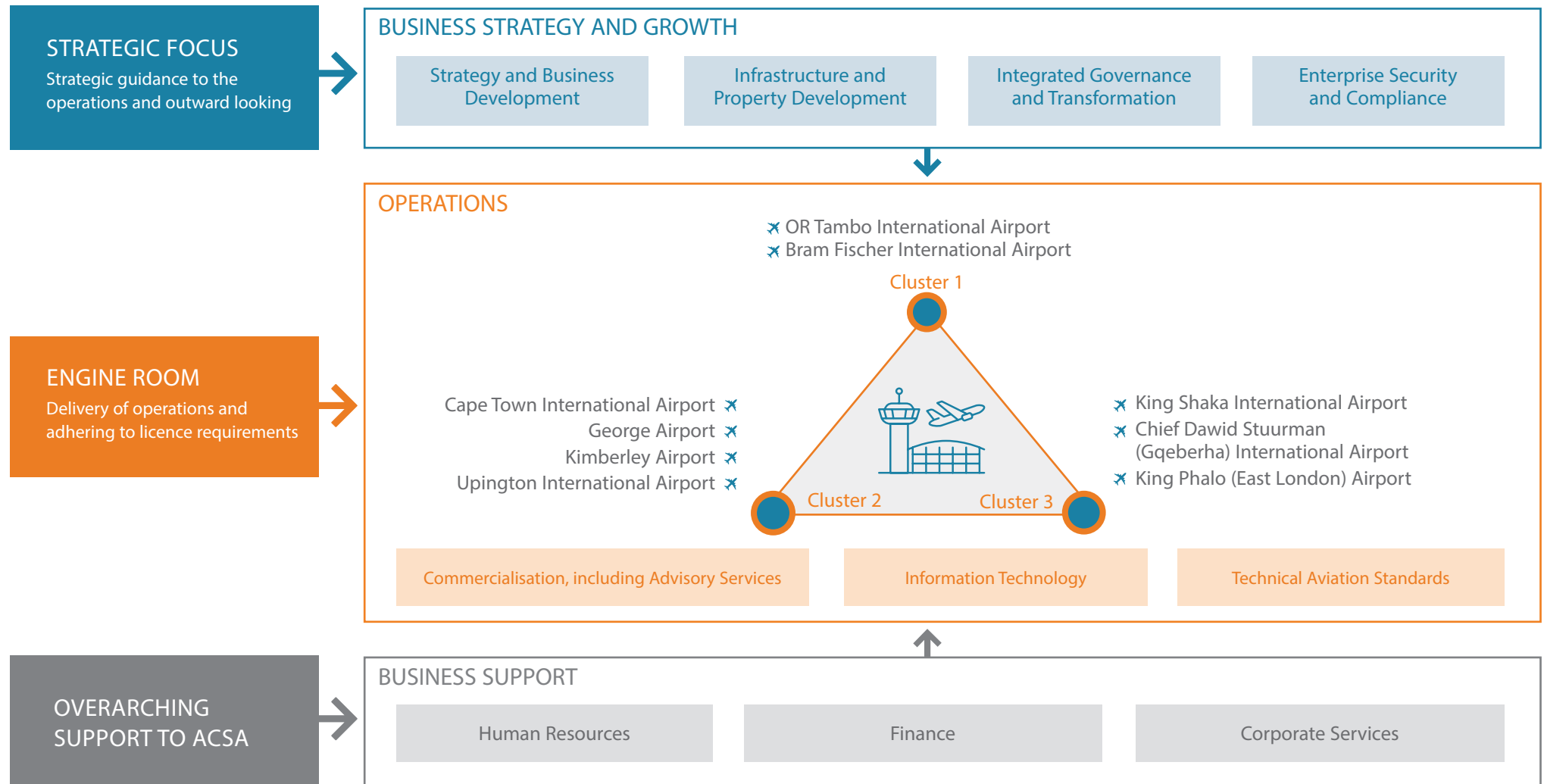
OUR GOVERNANCE STRUCTURE

ACSA operates under the oversight of a Board of Directors, which adheres to the Group's Board Charter. The Board is supported by its Committees and the Company Secretary. It delegates the executive management financial control of the enterprise to the Group Chief Executive Officer and Chief Financial Officer as the two Executive Directors.



OUR OPERATING MODEL

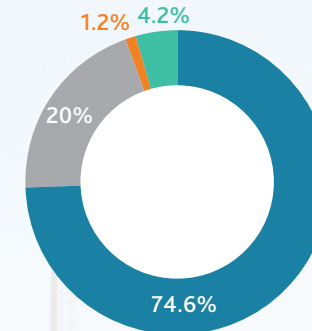
Our operating model is organised around four key strategic objectives: business and financial sustainability, consistent customer and stakeholder satisfaction, impeccable internal processes and superior organisational capability.



OUR SHAREHOLDING

ACSA is a State-Owned Company (SOC) incorporated under Schedule 2 of the Public Finance Management (PFMA) and operates within the framework of the Companies Act. Our shareholders include the South African government, represented by the Minister of Transport as the majority shareholder, the Public Investment Corporation, five empowerment investors, and the employee share incentive scheme.

SHAREHOLDERS (%)



Our Shareholders

- South African Government
- Public Investment Corporation¹
- Staff share incentive scheme
- Minority Shareholders

¹ The PIC shareholding is held through ADR International Airports SA (Pty) Ltd, a wholly-owned subsidiary of PIC.

² 1.2% G10 Investments (Pty) Ltd
1.4% Oppressed Minority¹
0.4% Pybus Thirty Four Investment (Pty) Ltd
0.8% Telle Investments (Pty) Ltd
0.4% Upfront Investments 64 (Pty) Ltd

SUBSIDIARIES

ACSA has established several specialised subsidiaries aimed at bolstering and advancing the Group's objectives in creation of value.

	Active	Active	Active	Active	Investments in joint ventures ³	Investments in associates ⁴		Active	Dormant subsidiaries	
	Airports Consultancy and Advisory Services SOC Ltd	JIA Piazza Park (Pty) Ltd	Precinct 2A SOC Ltd	Sakhisizwe Community Programme	Airport Logistics Property Holdings (Pty) Ltd	La Mercy JV Property Investments (Pty) Ltd	Guarulhos International Airport Private Limited ⁷	ACSA Global Ltd ⁵	Lexshell ^{2,3,4} Investment Holdings (Pty) Ltd	Airport Management Share Incentive Scheme (Pty) Ltd ⁶
Purpose of existence	The Company through which ACSA provides airport consultancy and advisory services to airports in South Africa and internationally. This subsidiary will be leveraged to provide services for future prospects.	The Company through which ACSA operates the Intercontinental Hotel at OR Tambo International Airport.	The subsidiary is in the process of being wound up and reintegrated into ACSA.	Sakhisizwe is a special purpose entity that seeks to transform the aviation industry by providing study bursaries to financially and academically deserving students from previously disadvantaged backgrounds.	A property holding Company held by ACSA with the Bidvest Group that owns three distribution warehouses at OR Tambo International Airport and Cape Town International Airport.	A land development and property investment Company held in collaboration with Dube Trade Port Corporation. Our strategy is to build an investment property portfolio at King Shaka International Airport – Dube Trade Port – through landlease agreements.	A Company in which ACSA holds a 20-year concession to develop, operate and maintain the Guarulhos International Airport in São Paulo. ACSA also provided technical advisory and consultancy services for the first five years of the concession. The Technical Services Agreement terminated in 2017, owing to effluxion of time.	The investment holding Company through which ACSA held a 10% interest in the Mumbai International Airport Private Limited, which was disposed of in the fiscal year, FY2020/21	An employee share option entity wholly owned by the ACSA Kagano Trust ⁸ .	Employee share incentive scheme that holds investments (specifically Group ordinary shares).
Year of inception	2016	1998	1998	1996	2003	2009	2012	2005	1999	1999
ACSA shareholding	100%	100%	100%	SPE	50%	40%	10.2%	100%	SPE	SPE
Other shareholders and their respective shareholdings	n/a	n/a	n/a	n/a	Bidvest Holdings Ltd (50%)	Dube Trade Port Corporation (60%)	A joint venture between Investments e Participações em Infraestrutura S.A (Invepar) (80%) and ACSA (20%), which together hold 51% of Guarulhos Participações S.A (GRUPAR). The other 49% is held by state-owned airport authority Infraero.	n/a	ACSA Kagano Trust	Airports Company Management Share Incentive Scheme Trust
Equity injections	Nil	R100 million	R100 million	Nil	Nil	R38 million	R1.2 billion	R100 million	Nil	Nil
Net asset value 31 March 2024	Nil	R34 million	(R177 million)	R645 927	R179 million	R141 million	Nil	R27 million	R38 million	R17 million

1 Subsidiaries are all entities – including special purpose entities (SPE) – over which the ACSA has control, generally evidenced by a shareholding of more than half of the voting rights.

2 A SPE is a ring-fenced entity that isolates financial risk to the holding Company.

3 Joint ventures are entities over which ACSA has joint control over the economic activity through a contractual planning arrangement. ACSA recognises its interests in the joint venture using equity accounting.

4 Associates are all entities over which ACSA has significant influence but not control, generally with a shareholding of between 20% and 50% of the voting rights. Investments in associations are accounted for using the equity method of accounting and are initially recognised at cost.

5 ACSA Global Ltd and Precinct 2a SOC Ltd are in the process of being wound up.

6 Airport Management Share Incentive Scheme (AMSIS) exists only as a special purpose vehicle for the Management Trust and holds ordinary shares in ACSA as an investment on behalf of its holding Company, the Management Trust. The Management Trust is dormant and has no beneficiaries, as all beneficiary shares were bought back during 2009. We intend to repurchase our ordinary shares from AMSIS and thereafter possibly winding up the Management Trust and AMSIS.

7 The sale of our shares in Guarulhos International Airport is currently under consideration.

8 The ACSA Kagano Trust was formed under the Trust Property Control Act to administer the staff share scheme (until they were paid out in 2013) and to be a holding Company with its two subsidiaries: Lexshell 342 and Lexshell 343. Lexshell 343, currently dormant, was specifically formed to hold Group share options should ACSA list on the JSE. We intend to repurchase our ordinary shares from Lexshell 342 and possibly wind up the Kagano Trust, Lexshell 342 and Lexshell 343. The Kagano Trust is dormant and has no beneficiaries.

BEYOND COVID-19 AND INTO THE FUTURE

Business context

In 2023, the global aviation industry continued its path to recovery following the severe disruptions caused by the Covid-19 pandemic. According to IATA, total air traffic measured in Revenue-Passenger Kilometres (RPKs) surged by 36.9% compared to 2022. For the full year, 2023 traffic reached 94.1% of pre-pandemic (2019) levels, demonstrating a robust recovery trajectory. In December 2023 alone, total traffic rose by 25.3% compared to December 2022, nearing 97.5% of the December 2019 level.

Despite these positive indicators, the industry faced ongoing challenges such as inflation, which remained a significant issue throughout the reporting period, impacting disposable incomes and thereby affecting travel expenditures across major markets.

Moreover, geopolitical events such as the conflict in Russia-Ukraine and the Israeli-Hamas conflict over Palestine has extended into the Strait of Hormuz, intensifying complexities by impacting energy and air freight prices, along with the global cost of living. These factors have influenced travel decisions and contributed to uncertainties within the industry.

Moving into early 2024, the global aviation sector continued to show robust recovery across both domestic and international segments. According to UN Tourism, international tourist arrivals reached 97% of pre-pandemic levels in the first quarter of 2024, underscoring a strong rebound for the tourism sector. Between January and March 2024, over 285 million tourists travelled internationally, marking a 20% increase compared to the same period in 2023, with projections suggesting a full recovery surpassing 2019 levels by 2% in 2024.

Despite higher ticket prices in major markets during the reporting period, air travel rebounded strongly with a 13.8% year-on-year growth in traffic reported in March 2024, driven primarily by robust international traffic. Passenger load factors (PLF) improved compared to previous years, and local and international airlines expanded seat capacity in response to rising demand (UN Tourism).

In March 2024, the African aviation industry showed significant performance metrics compared to March 2019 levels. Available Seat Kilometres (ASK)/Capacity for total services rose by 7.7%, and traffic surged by 25.5%. International services saw ASK increase by 8.7% and RPK by an impressive 30.0%, UN Tourism Report conclude.

While the industry has made remarkable strides in recovery, sustaining this growth trajectory will depend on effectively navigating ongoing challenges such as inflationary pressures and geopolitical uncertainties. The resilience and adaptability demonstrated by airports and airlines globally will be crucial in maintaining momentum and capitalising on the resurgence in travel demand.

Recover and sustain

During the 2021 financial year, we undertook a major review of our strategy coined it Recover and Sustain. The strategy defined three time horizons as a guiding framework for the Group to deal with the effects of the Covid-19 pandemic until the end of 2023 business cycle. It was used to guide ACSA's recovery efforts in the second half of the 2021 financial year and throughout the 2022 and 2023 financial years, taking the Group to the end of the 2023 business cycle.

As the Group was planning for 2024 financial year, the need to review the strategy became evident to align with market conditions, and also to transition from the initial strategic horizon focusing on Recovery to the second phase. This shift represents a significant organisational pivot to adapt to the continuously changing operating environment.

Vision 2030

The impact of Covid-19 pandemic accelerated the Company's Vision 2025 timeline to 2030, thus shifting focus from recovery to the Innovate, Grow, and Sustain strategy from 2024 onwards. By prioritising innovation, we aim to drive sustainable growth and contribute to transforming our operational landscape. Over the past four years, global industry and labour markets have undergone significant structural changes, resulting in higher labour costs due to heightened competition for talent and increased energy prices. Changes in business travel behaviours, spurred by technologies such as video conferencing and virtual platforms, highlight the urgency for rapid adaptation.

The aviation sector swiftly adapted to cater to the growing demand for leisure travel. As an airport operator, we are enhancing our infrastructure and services to support this trend. Substantial enhancements in our cargo handling capabilities are planned over the next five to eight years, aligned with the implementation of our Aerotropolis and Airport Cities strategic initiative. Furthermore, with the Africa Continental Free Trade Agreement (AfCFTA) in effect, there is a renewed focus on enhancing connectivity and logistics capabilities to facilitate trade across the continent.

This agreement presents opportunities for airports to play a pivotal role in supporting regional economic integration and enhancing air connectivity across the African continent.

A detailed analysis of the Vision 2030 strategy and the process of implementing it is given in the 'Strategy and value creation' section on page 30.

Into the future

ACSA remains one of the world's largest airport network operators under a single authority. This positions us uniquely to capitalise on our infrastructure, expertise and core strengths to redefine our business and the role airports play in the country's socio-economic landscape. It also opens avenues for collaboration with aviation authorities across African nations, enabling us to contribute to the planning, construction, commissioning and management of airports.

Over the past four periods, our business has demonstrated remarkable resilience in navigating through a significant sustainability challenge and its aftermath. As the air travel and freight transportation markets recover from the compounded effects of the Covid-19 pandemic and other impactful external events, we maintain steadfast commitment to our strategic objectives and our pivotal role in driving transformation and socio-economic development.

Stakeholder engagement

As an airports Group, we operate within a complex ecosystem and all of our stakeholders are an intrinsic part of our business.

The Covid-19 pandemic represented the greatest disruption ever experienced by the aviation industry and resulted in the partial or total collapse of many aviation-related businesses and markets. Throughout the past four reporting periods, we have focused on maintaining airport operations and on recovering from pandemic-related travel restrictions. As part of this process, we have remained committed to supporting our stakeholders by seeking to understand them and their businesses and by reaching agreements that reflect our ongoing commitment to them. They, in turn, have actively supported us throughout the necessary process of organisational change.

As a result, our partnerships with our stakeholders have evolved in a very positive way and these vital relationships have been re-energised by working together to face a number of significant local and global crises.

AWARDS AND RECOGNITION

ACSA is consistently recognised as a leading global airports operator. Awards received during the reporting period are listed below:

SKYTRAX WORLD AIRPORT AWARDS 2023



The Skytrax World Airport Awards are made based on a customer satisfaction survey conducted in 500 airports around the world.

- 🏆 Best Airports in Africa: [Cape Town International](#)
- 🏆 Best Regional Airport in Africa: [King Shaka International](#)
- 🏆 Best Airport Staff in Africa: [Cape Town International](#)
- 🏆 Cleanest Airport in Africa: [Cape Town International](#)
- 🏆 Best Airport Hotel in Africa: [Intercontinental Hotel, OR Tambo International](#)



STAT TRADE TIMES AWARDS 2023



The STAT Trade Times Awards recognise and honour excellence in the global air cargo industry.

- 🏆 African Cargo Airport of the Year: [OR Tambo International](#)

AIRPORTS COUNCIL INTERNATIONAL (ACI) AIRPORT CARBON ACCREDITATION



Four airports met the requirements for Airport Carbon Accreditation at Level 2, which recognises a reduction in the carbon emissions on a year-on-year basis.

- 🏆 [OR Tambo International](#)
- 🏆 [Cape Town International](#)
- 🏆 [King Shaka International](#)
- 🏆 [Chief Dawid Stuurman International](#)

INSTITUTE OF RISK MANAGEMENT SOUTH AFRICA (IRMSA) AWARDS 2023



The IRMSA Awards acknowledge and celebrate excellence achieved by individuals and organisations in the risk management industry.

- 🏆 Industry-specific awards – transport and logistics: [Risk-Based Approach to Route Development \(business development\)](#)

OUR LEADERSHIP

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Dr Sandile Nogxina *Chairman*

MESSAGE FROM THE CHAIRPERSON OF THE BOARD



Despite the challenges posed by global geopolitical dynamics and economic uncertainties, ACSA has successfully met its targets while maintaining strong governance and financial prudence.

As we reflect on the performance of the ACSA Group over the financial year 2023/24, I am pleased to share with you the significant strides we have made, underscored by the achievement of targets set out in our Corporate Plan for FY2023/24. Throughout the year, the Board has diligently worked with the management team to ensure that our strategic goals align with the evolving needs of our stakeholders.

We have placed significant emphasis on enhancing our financial sustainability, improving our governance structures, and fostering a culture of compliance and accountability. These efforts are reflected in our robust financial performance, highlighted by a notable increase in revenue and profitability, as detailed in our financial performance section of this report. Throughout the reporting period, we maintained stability in key leadership positions, including the appointment of a new Chief Financial Officer.

The Company has managed to successfully navigate through a complex global environment marked by external factors at both macro and micro levels, while maintaining stability and growth. We are aware of the impact of global geopolitical dynamics and economic uncertainties on our business. The Board has been proactive in providing guidance to the Group to ensure adherence to good governance, and that a culture of financial prudence remains steadfast.

Looking ahead, the Board remains committed to guide the Group in driving innovation and growth, with strategic emphasis on non-aeronautical facets of the business, as they are essential for transforming ACSA into a cornerstone of the South African economy.

To this end, the Board would like to extend its appreciation for the continued assurance cooperation with the office of the Auditor-General of South Africa, which ensures that the financial and non-financial information of the Group is prepared in accordance with international standards. This includes ensuring that our processes comply with the relevant laws of South Africa. The Board is committed to continue discharging its fiduciary responsibilities by addressing and ensuring that all pertinent matters highlighted by the AG are resolved.

Our CEO continues to play a significant role in international civil aviation policy advocacy related to airports as a member of the ACI Africa and World Board. This includes chairing the BRICS Aviation Working Group. We are proud of this leadership and the representation of our Company brand on global platforms.

We are optimistic about the future and our ability to navigate the challenges ahead and ensuring that we continue to guide the Group in its quest to create sustainable value for shareholders in line with Vision 2030. We appreciate the continued support and cooperation of all our stakeholders as we work towards achieving our strategic goals and enhancing our contribution to the economy of South Africa and the region.

Dr Sandile Nogxina
Chairman of the Board

OUR DIRECTORS

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

Independent Non-Executive Directors



Dr Sandile Nogxina (66)

Chairman of the Board

Appointed with effect from 9 November 2018*
LLB
Postgraduate Diploma (Management)
Higher Diploma (Tax Law)
LLM (Law Development)
Advocate of the High Court of South Africa
PhD (Public Governance and Development Management)



Ms Ntombifuthi (Futhi) Zikalala-Mvelase (60)

Lead Independent Director

Appointed with effect from 1 September 2018*
BProc
LLB
Attorney of the High Court of South Africa



Dr Kgabo Badimo (65)

Independent Non-executive Director

Appointed with effect from 6 August 2020**
BSc (Computer Science)
Diploma (Business Administration)
Diploma (French)
MSc (Data Engineering)
PhD (Information Systems Knowledge Management)



Ms Dudu Hlatshwayo (60)

Independent Non-executive Director

Appointed with effect from 6 August 2020**
BSocSc (Hons)
MBL



Mr Andile Khumalo (46)

Independent Non-executive Director

Appointed with effect from 3 March 2023
BCom (Accounting)
Postgraduate Diploma (Accountancy)
CA(SA)



Mr Gcobani Mancotywa (56)

Independent Non-executive Director

Appointed with effect from 2 March 2023
BCom (Economics and Commercial Law)
Postgraduate Diploma (Management)
MCom (Management)



Mr Yershen Pillay (41)

Independent Non-executive Director

Appointed with effect from 1 September 2018*
BSocSc (Politics and Economics)
Postgraduate Diploma (Business Administration)
MBA



Ms Sibongile Sambo (50)

Independent Non-executive Director

Appointed with effect from 2 March 2023
BAdmin
BAdmin (Hons)
Postgraduate Diploma (General Management)
MBA

* Reappointed for a second term on 2 March 2023.

** Reappointed for a second term on 2 March 2023, effective 6 August 2023.

OUR DIRECTORS CONTINUED

Independent Non-Executive Directors



Ms Nonzukiso Siyotula (40)

Independent Non-executive Director

Appointed with effect from 2 March 2023
BAcc
CA(SA)
MBA

Executive Directors



Ms Nompumelelo (Mpumi) Mpofu (58)

Chief Executive Officer

Appointed with effect from 1 February 2020
BA (Hons) (Urban and Regional Planning)
Postgraduate Degree in Town Planning



Mr Siphamandla Mthethwa (49)

Chief Financial Officer

Appointed with effect from 1 May 2020[^]
BCom (Accounting)
Postgraduate Diploma (Accounting/CTA)
BCompt (Hons)
CA(SA)



Mr Luzuko Mbotya (40)

Chief Financial Officer

Appointed with effect from 1 December 2023
CA(SA)
MPhil (Development Finance)
Postgraduate Diploma (Accountancy/CTA)



Ms Lindani Mukhudwani (41)

Acting Chief Financial Officer

Appointed with effect from 1 June 2023
to 30 November 2023
BCom (Financial Accounting)
BCom (Hons) (Accounting)
Postgraduate Diploma (Accounting/CTA)
CA(SA)



Ms Fefekazi Sefara (52)

Company Secretary

Appointed with effect from 1 July 2018
Bluris
LLB
Postgraduate Diploma (Interpretation and Drafting of Contracts)
Admitted Attorney of the High Court of South Africa
LLM

Board of Directors Demographics

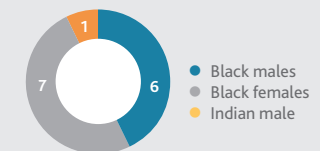
Skills

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

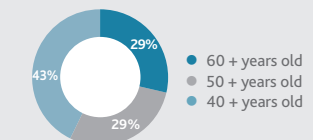
GENDER DIVERSITY



DEMOGRAPHICS



AGE



[^] Resigned with effect from 30 May 2023

OUR EXECUTIVE COMMITTEE



Ms Nompumelelo (Mpumi) Mpofu (58)

Chief Executive Officer

BA (Hons) (Urban and Regional Planning)
Postgraduate Degree in Town Planning



Mr Siphamandla Mthethwa (49)

Chief Financial Officer

(1 May 2020 to 30 May 2023)
CA(SA)
Postgraduate Diploma in (Accounting/CTA)
BCompt (Hons)
BCom (Accounting)



Ms Lindani Mukhudwani (41)

Acting Chief Financial Officer

(1 June 2023 to 30 November 2023)
CA(SA)
Postgraduate Diploma (Accountancy/CTA)
BCom (Hons) (Accounting)
BCom (Financial Accounting)



Mr Luzuko Mbotya (40)

Chief Financial Officer

(With effect from 1 December 2023)
CA(SA)
MPhil (Development Finance)
Postgraduate Diploma (Accountancy/CTA)



Mr Terence Delomoney (56)

Group Executive:

Operations Management

BAcc
Dip Acc (PG)
CA(SA)



Ms Lungile Langa (46)

Group Executive: Human Resources

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



Ms Laurene Less (58)

Group Executive: Corporate Services

BA (Political Science and Psychology)
MA (Public Administration)



Mr Mthoko Mncwabe (47)

Chief Information Officer

BSc (Computer Science and Mathematics)
BSc (Hons) (Computer Science)
MBA



Mr Sthembiso Ngwenya (41)

Chief Audit Executive

BCom (Hons) (Accounting)
CA(SA)



Mr Mzwandile Petros (64)

Group Executive: Enterprise Security

NQF Level 8
Diploma (Secondary School Teaching)
Advanced Diploma (Public Administration)



Ms Lauriette Sesoko (59)

**Group Executive: Commercial and
Business Development**

BCom
MBL
Diploma in Company Direction



Mr Charles Shilowa (52)

**Group Executive: Capital Infrastructure
and Asset Management**

BSc (Chemistry and Biochemistry)
BSc (Eng) (Chemical)
MBA (Finance)
H. Dip Tax Law
PGCert (Project Finance)
PGCert (Corporate Finance)
PGCert (Private Equity)

ABOUT OUR BOARD

The Board is structured as required by our Memorandum of Incorporation (MOI) and the roles and responsibilities of the Directors are set out in the Board Charter, which is reviewed annually. The Board holds the overall responsibility for the leadership, control and performance of the Group in line with relevant legislation, regulations and best practice. Each Board member has a fiduciary responsibility to act in good faith and in the best interests of the Group.

The Board delegates certain obligations to the Committees of the Board without abdicating any of its responsibilities. There are six committees pursuant to the Board's decision that the Board Economic Regulation Committee, which was an ad hoc committee, would hold meetings quarterly subsequent to the issuance of the 2024–2028 Permission cycle. The committees met as scheduled during the reporting period and the details of their activities are provided below. Each committee operates within formal terms of reference, which are reviewed annually.

The Board is satisfied that the delegation of authority framework provides role clarity and supports the effective exercise of authority and responsibilities.

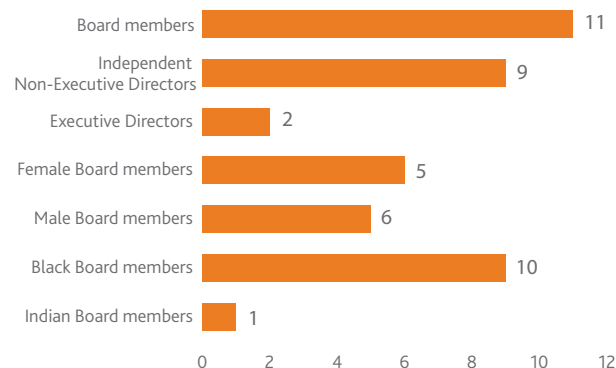
Diversity

The Board embraces gender, ethnic, race and age diversity as a prerequisite for ensuring its continuing relevance and effectiveness in a complex social and business landscape. Our shareholders, who are responsible for the nomination and appointment of Board members, recognise the need for diversity and support its application.

In addition, a diverse and inclusive culture is embedded within the Board. Our Directors are confident that robust discussion results in the deliberation of wide-ranging views and that, as Directors, they serve in an environment where bias, discrimination and harassment are not tolerated.

The majority of Board members are independent Directors, as recommended by King IV™.

BOARD DEMOGRAPHICS



Skills and experience

Board members are appointed based on their knowledge and experience, providing the broad base of skills necessary to achieve the Group's objectives. The capacity of individual members continues to be enhanced on an ongoing basis with skills that are directly relevant to the business. These skills include competencies in aviation, law, policy, strategy, finance, corporate finance, accounting, auditing, economic regulation, governance, asset and risk management, stakeholder relationship management, international relations, and information and communications technology (ICT), among others.

Focus areas and performance

Many of the Board's key focus areas during the reporting period followed on from those in the previous period. These were:

- Implementation of the Group's strategy
- The Group's performance
- Security at of our airports
- Strategic and emerging risks pertaining to the Group's strategy, and mitigation thereof
- Alignment of strategic initiatives with the Group's strategy
- Reduction of irregular, fruitless and wasteful expenditure
- Implementation of policies and strategies to ensure good governance

The Board also considered context setting matters which included:

- Macro-economic environment and outlook
- ACI Africa and ACI World matters
- Supply chain management performance
- Efficiency of the Company's operations
- Geopolitical issues
- Employee value proposition (EVP)
- The impact of the permission decision on the Group's strategy and capital projects
- Supply chain management performance
- Efficiency of the Company's operations (this should be third bullet point)
- Capital risk execution assessment
- Implementation and consolidation of the Governance Framework and Company's Operating Model
- Refinancing strategies for the Company's debt

The Board held a strategy review session on 1 and 2 November 2023 and took a decision to begin making the transition from a focus on recovery and immediate sustainability to a focus on innovation, growth and medium- to long-term sustainability. This culminated in an updated Corporate Plan for the period from the 2025 financial year to the 2027 financial year.

ABOUT OUR BOARD CONTINUED

Board attendance

The Board held nine meetings during the course of the reporting period. The purpose of the special meetings was to consider the corporate plan, Integrated Report, Governance And Remuneration Report, Annual Financial Statements, and appointment of the CFO.

The Board held nine meetings during the course of the 2024 financial year:

	SM 05/04/2023 08/06/2023	SSM ¹ USM ² 27/07/2023 ¹ 17/08/2023 ²	SM 08/09/2023	USM 12/10/2023	SM 06/12/2023	SSM 22/02/2024	SM 13/03/2024
Dr Sandile Nogxina (Chairman)	✓	✓	✓	✓	✓	✓	✓
Dr Kgabo Badimo	✓	✓	✓	✓	✓	✓	✓
Ms Dudu Hlatshwayo	✓	✓	✓	✓	✓	✓	✓
Mr Andile Khumalo	✓	✓	✓	✓	✓	✓	✓
Mr Gcobani Mancotywa	✓	✓	✓	✓	✓	✓	✓
Ms Nompumelelo Mpofu	✓	✓	✓	✓	✓	✓	✓
Mr Luzuko Mboyta		Appointed 1 December 2023			✓	✓	✓
Ms Futhi Zikalala-Mvelase	✓	✓	✓	✓	✓	✓	✓
Mr Yershen Pillay	✓	✓	✓	A	✓	✓	✓
Ms Sibongile Sambo	✓	✓	A	✓	✓	✓	✓
Ms Nonzukiso Siyotula	✓	✓	✓	✓	✓	✓	✓

SM: Scheduled Meeting SSM: Scheduled Special Meeting USM: Unscheduled Special Meeting

Board evaluation

The Board conducts its evaluation in accordance with the Company's Memorandum of Incorporation and the Board and Board Committees Evaluation Policy. The evaluation for the period under review involved assessment of the Board as a whole, Chairman, Board Committees and peer review. The Board of Directors has executed its responsibility under the policy, in relation to the evaluation of the performance of the board of directors, its committees, its chair and its individual directors.

The office of the Company Secretary provides unfettered guidance and support to the Board and its committees. The CEO ensures the effective implementation of the strategy and related strategic objectives.

The Board has achieved a rating of 3.6 out of 4 for its performance, an indication that members are satisfied with the Board's performance. The assessment covered the board composition, role of the board, board processes and procedures, culture and dynamics and board committees. The Board will track the recommendations which have been made in the evaluation report and the focus areas which have been identified.



ABOUT OUR BOARD CONTINUED

Committees of the Board and their work

Audit and Risk Committee

Chairman: Nonzukiso Siyotula**

Attendance: 100%

Members

Mr Andile Khumalo

Ms Dudu Hlatshwayo*

Ms Ntombifuthi (Futhi) Zikalala-Mvelase.

Mr Yershen Pillay

The purpose of the special meetings was to consider the Annual Financial Statements, Integrated Report, Governance and Remuneration Report and corporate plan.

Number of meetings **9**

	SM 26/04/23	SSM 30/05/23	SSM 24/07/23	SM 28/07/23	USM 14/08/23	SM 30/10/23	USM 30/11/23	SM 30/01/24	SSM 19/02/24
Ms Ntombifuthi Zikalala-Mvelase	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms Dudu Hlatshwayo*	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms Nonzukiso Siyotula** (Chairperson)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr Yershen Pillay	✓	A	✓	✓	A	✓	A	✓	✓
Mr Andile Khumalo	✓	✓	✓	✓	✓	✓	✓	✓	✓

SM: Scheduled Meeting SSM: Scheduled Special Meeting

* Dudu Hlatshwayo retired as Chairman on 5 April 2023 and has remained as a member.

** Nonzukiso Siyotula was appointed as Chairman on 5 April 2023.

Committee focus for the year

- The Corporate Plan for the period from the 2025 financial year through to the 2027 financial year.
- The Group's performance
- The Group's financial sustainability
- Reduction of irregular expenditure
- The Group's going concern status
- Elimination of fruitless and wasteful expenditure
- Alignment of the delegated levels of authority to the GFOM
- External Audit Strategy
- External Audit Reports
- Action plan for the External Audit Report
- Risk management and the Group's risk appetite and tolerance levels

- Internal audit activity and combined assurance reports
- Integrated Annual Report for the 2023 financial year
- Plans, policies and frameworks within the mandate of the Committee
- Compliance matters
- Governance matter

Relevant material matters

- Business sustainability
- Financial sustainability
- Business growth
- Business integration and operational planning
- Legal and regulatory compliance
- Governance



ABOUT OUR BOARD CONTINUED

Board Economic Regulation Committee

Chairman: Dr Sandile Nogxina

Attendance: 100%

Members

Dr Kgabo Badimo*
Ms Dudu Hlatshwayo
Mr Gcobani Mancotywa**
Ms Nonzukiso Siyotula**
Mr Yershen Pillay

Number of meetings 1

	SM 19/02/24
Dr Sandile Nogxina (Chairman)	✓
Ms Nonzukiso Siyotula**	A
Ms Dudu Hlatshwayo	✓
Mr Gcobani Mancotywa**	✓
Mr Yershen Pillay	✓
Ms Ntombifuthi Zikalala-Mvelase	✓

SM: Scheduled Meeting

* Kgabo Badimo retired on 5 April 2023.

** Gcobani Mancotywa and Nonzukiso Siyotula became members on 5 April 2023.

Committee focus for the year

- Implementation of the economic regulation strategy
- The 2024 to 2028 permission application decision and its impact on the sustainability of the Group
- Monitoring of risks pertaining to economic regulation

Relevant material matters

- Business sustainability
- Financial sustainability
- Business growth
- Stakeholder engagement
- Legal and regulatory compliance

Board Investment Committee

Chairman: Dudu Hlatshwayo**

Attendance: 100%

Members

Dr Kgabo Badimo*
Mr Andile Khumalo**
Mr Gcobani Mancotywa**
Ms Nompumelelo Mpofu
Mr Yershen Pillay
Ms Ntombifuthi (Futhi) Zikalala-Mvelase.

The purpose of the special meetings was to consider submissions pertaining to investments and strategies.

Number of meetings 6

	SM 18/05/23	SM 17/08/23	SSM 16/11/23	SSM 05/12/23	SM 15/02/24	SM 04/03/24
Ms Dudu Hlatshwayo (Chairman)	✓	✓	✓	✓	✓	✓
Ms Ntombifuthi Zikalala-Mvelase	✓	✓	✓	✓	✓	✓
Dr Kgabo Badimo*	✓	✓	✓	✓	✓	✓
Mr Andile Khumalo**	✓	✓	✓	✓	✓	✓
Mr Gcobani Mancotywa**	✓	✓	✓	✓	✓	✓
Ms Nompumelelo Mpofu	✓	✓	✓	✓	✓	✓
Mr Yershen Pillay	✓	✓	✓	A	✓	✓

SM: Scheduled Meeting SSM: Scheduled Special Meeting

* Kgabo Badimo retired on 5 April 2024.

** Andile Khumalo, Dudu Hlatshwayo and Gcobani Mancotywa were appointed on 5 April 2023.

Committee focus for the year

- Monitoring the implementation of the Growth Strategy and strategic initiatives for the Growth Strategy: the Fuel Strategy, Aerotropolis and Airport Cities Strategy, Cargo Strategy, Commercial Strategy, Fixed-base Operations and General Aviation Strategy, Hotel Strategy and Network Strategy
- Monitoring treasury activities
- Consideration of policies and strategies within the mandate of the Committee
- The 2022/23 Board and Committee Evaluation Action Plan
- The Group's commercial activities

Relevant material matters

- Updates on the Group's operational performance
- Updates on the Group's investments and property developments
- Economic regulatory matters
- Refinancing strategies for the Company's debt
- Risk monitoring



ABOUT OUR BOARD CONTINUED

Human Resources, Remuneration and Nominations Committee

Chairman: Ntombifuthi (Futhi) Zikalala-Mvelase

Attendance: 100%

Members

Ms Gcobani Mancotywa*

Dr Kgabo Badimo**

Dr Sandile Nogxina

Ms Sibongile Sambo*

Ms Nonzukiso Siyotula*

Number of meetings **10**



The purpose of the special meetings was to consider the Remuneration Report, appointment of the CFO, performance reviews and contracts of the group executives and mandate for the wage negotiations.

	SM 23/02/23	SSM 31/03/23	SM 11/05/23	SSM 25/07/23	SM 11/08/23	MODERATION 24/08/23	SSM 28/08/23	SSM 07/09/23	SSM 12/10/23	SM 09/11/23	SSM 04/12/23	SM 08/02/24
Ms Sibongile Sambo*	Appointed 01/03/2023	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓
Ms Gcobani Mancotywa*	Appointed 01/03/2023	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr Sandile Nogxina	A	✓	✓	A	✓	A	A	✓	✓	✓	✓	✓
Dr Kgabo Badimo**			Appointed 12/10/2023							✓	✓	✓
Ms Ntombifuthi Zikalala-Mvelase	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms Nonzukiso Siyotula*	Appointed 01/03/2023	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

SM: Scheduled Meeting SSM: Scheduled Special Meeting

* Ms Sibongile Sambo, Ms Gcobani Mancotywa and Ms Nonzukiso Siyotula were appointed on 1 March 2023.

** Appointed 12 October 2023.

Committee focus for the year

- Review of the EVP
- Consideration of initiatives for restoration of the EVP
- Implementation of the macro structure
- The Board Evaluation Action Plans
- Constitution of the Committees of the Board
- Policies, plans and frameworks within the mandate of the Committee
- Monitoring human resources management
- Skills audit
- Risk monitoring

Relevant material matters

- Restoration of EVP
- Monitoring of risks
- Performance of Executives
- Acquisition and retention of skills
- Legal and regulatory compliance
- Governance



ABOUT OUR BOARD CONTINUED

Social and Ethics Committee

Chairman: Gcobani Mancotywa*

Attendance: 100%

Members

Ms Dudu Hlatshwayo**

Dr Kgabo Badimo***

Mr Andile Khumalo

Ms Nompumelelo (Mpumi) Mpofu

Ms Sibongile Sambo

Number of meetings 5

The purpose of the special meeting was to consider a policy and strategy within the Committee's mandate.

	SM 16/05/23	SM 15/08/23	SM 14/11/23	SM 13/02/24	SSM 04/03/24
Ms Sibongile Sambo	✓	A	✓	✓	✓
Dr Kgabo Badimo***	✓	✓	✓	✓	✓
Mr Andile Khumalo	✓	✓	✓	✓	✓
Mr Gcobani Mancotywa* (Chairman)	✓	✓	✓	✓	✓
Ms Nompumelelo Mpofu	✓	✓	✓	✓	✓

SM: Scheduled Meeting SSM: Scheduled Special Meeting

* Appointed on 5 April 2023.

** Retired on 5 April 2023.

*** Retired as Chairman on 5 April 2023 and remained a member.

Committee focus for the year

- ESG
- Economic transformation
- Stakeholder relations
- Ethics
- Reputation of the Group
- Socio-economic development
- Environmental, health and public safety
- Security
- Consequence management
- Board Evaluation Action Plans
- Risk monitoring

Relevant material matters

- Business sustainability
- Financial sustainability
- Brand, reputation and stakeholder management
- Transformation
- Safety
- Security
- Legal and regulatory compliance
- Consequence management
- Governance

Information, Communication and Technology Committee

Chairman: Yershen Pillay

Attendance: 100%

Members

Dr Kgabo Badimo

Ms Dudu Hlatshwayo

Ms Sibongile Sambo*

Ms Nonzukiso Siyotula*

Number of meetings 4

	SM 09/05/23	SM 08/08/23	SM 07/11/23	SM 06/02/24
Ms Sibongile Sambo*	✓	✓	✓	✓
Ms Dudu Hlatshwayo	✓	✓	✓	✓
Mr Yershen Pillay (Chairman)	✓	✓	✓	✓
Dr Kgabo Badimo	✓	✓	✓	✓
Ms Nonzukiso Siyotula*	✓	✓	✓	✓

SM: Scheduled Meeting

* Appointed on 5 April 2023.

Committee focus for the year

- Implementation of the IT Strategy
- Monitoring of the governance of technology and information
- Monitoring cybersecurity
- Monitoring management of the Group's overall information and communication strategy and systems
- Monitoring progress of ICT projects
- Monitoring of ICT audit findings
- The 2022/23 Board and Committee Evaluation Action Plan
- Risk monitoring

Relevant material matters

- Business sustainability
- Financial sustainability
- Business growth
- Business integration and operational planning
- Digital transformation
- Cybersecurity
- Safety and security of ICT assets
- Legal and regulatory compliance
- Governance
- Monitoring the implementation of the innovation strategy and innovation as a relevant matter.
- Cybersecurity Operations Centre is operational.

CORPORATE GOVERNANCE

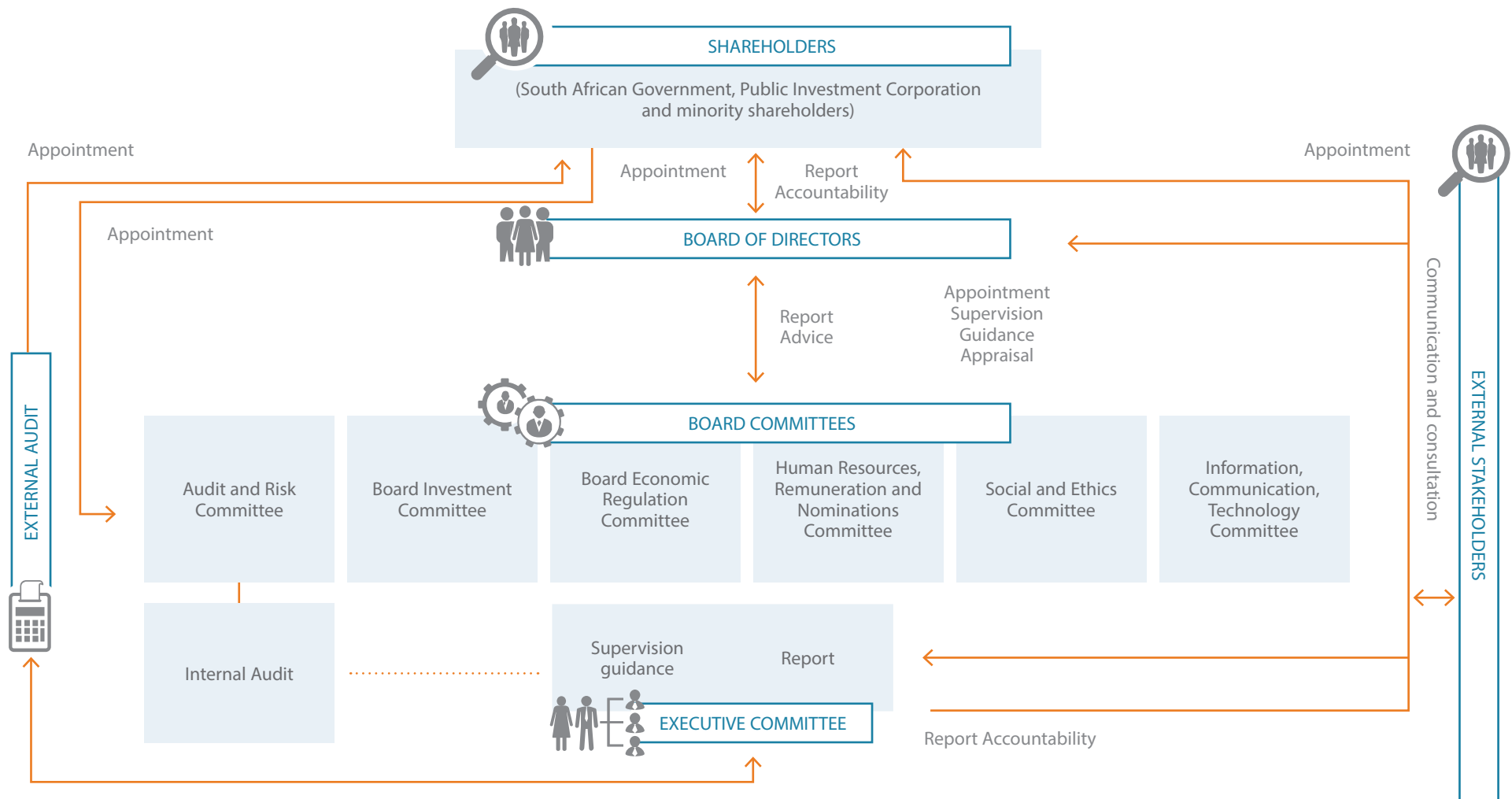
04

28 Our governance structure

29 Our performance

OUR GOVERNANCE STRUCTURE

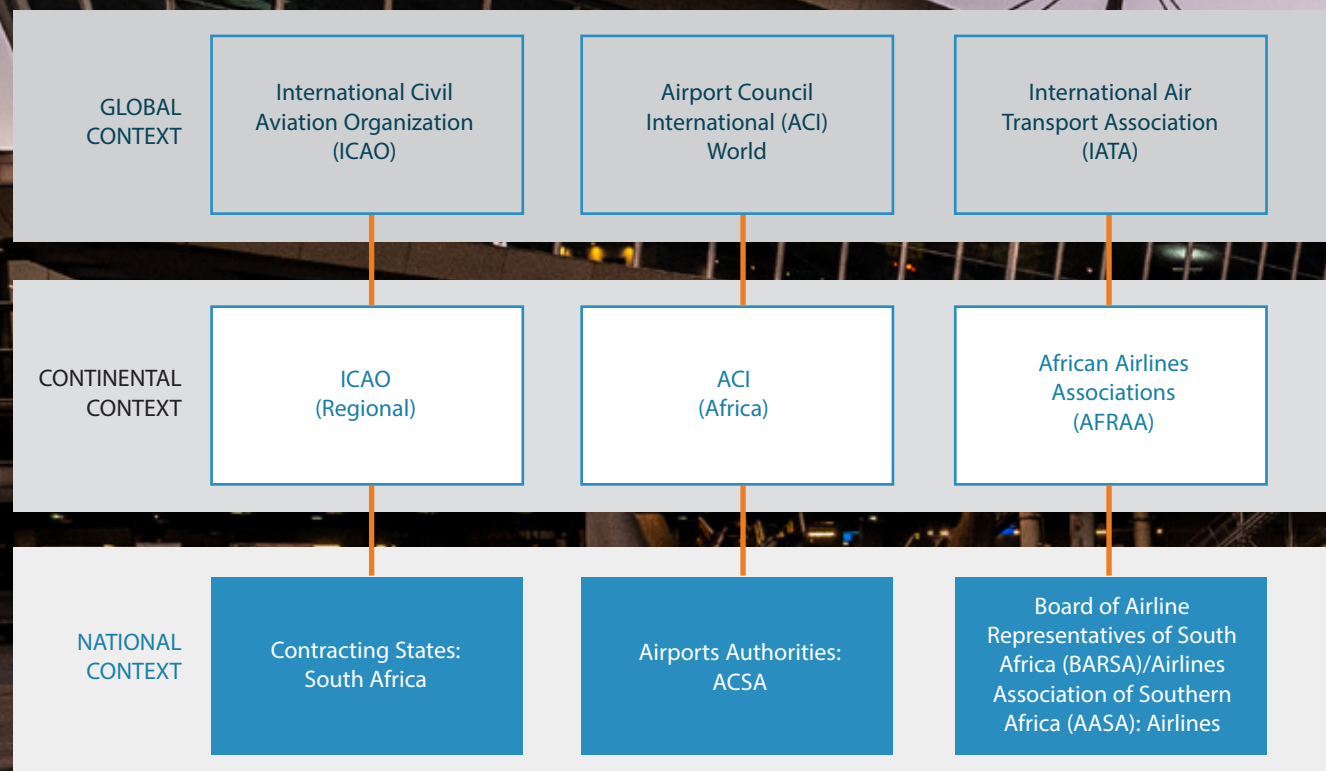
As the following graphic illustrates, our Board and its committees are responsible for the strategic direction of the Group and for financial and fiduciary oversight. The Executive Committee, under the leadership of the CEO, is responsible for the day-to-day management of the Group.



OUR GOVERNANCE STRUCTURE CONTINUED

In line with changing realities and the amended strategies and plans that have been developed, we have extensively strengthened and expanded all our internal governance structures, especially those relating to the efficient functioning of the Executive Committee. This process was specifically designed to support the focus and direction of the business in the entirely new geopolitical, economic and social landscape in which we now operate.

In addition to our internal governance structures, ACSA is linked to three international governance institutions, all of which operate on a global, regional and national level. The following graphic illustrates the channels through which these institutions operate on all three levels.



Our areas of focus

Good corporate governance is about ethical, transparent and effective leadership. We create enabling structures within which our leadership, management and staff can operate to the benefit of all our stakeholders. Areas of focus are clearly defined, as is accountability for all deliverables. In every aspect of our business, we aim to foster an ethical culture characterised by the highest standards of professionalism, and our leadership is committed to setting an example of this in its attitude, mindset and behaviour.

Our areas of focus and accountability for each area are outlined in full in our Governance and Remuneration Report.

Our performance

Our governance performance in all areas of our business is presented in detail in our Governance and Remuneration Report.

HOW OUR STRATEGY CREATES VALUE

05

31 Message from the CEO 33 Message from the CFO

36 Our strategy 40 The six capitals

41 Our value-creation process



Ms Nompumelelo Mpofu, CEO

MESSAGE FROM THE CEO



Firstly, I am pleased to announce that the ACSA Group has achieved 10 out of 11 targets set out in our Corporate Plan for FY2023/24. This year has been one of the most dynamic and challenging financial periods we have navigated, influenced by a range of external factors at both macro- and micro-environment levels, which have impacted our business both positively and negatively.

Our positive performance during this reporting period is largely due to the effective implementation of our recovery plan initiated at the start of the Covid-19 health crisis. Our primary focus was on maintaining financial sustainability and aiming to return the entity to relative stability within one to two years post-pandemic. While our performance post-Covid-19 pandemic has been stable and satisfactory, we have faced additional uncertainties due to global geopolitical dynamics, which have introduced new challenges into the already volatile global air travel market.

The sluggish global economic growth, heightened inflation rates and elevated policy rates continue to exert a downward pressure on consumers' disposable income, creating an unpredictable air travel landscape. Ongoing conflicts in Russia-Ukraine and the Israel-Palestine region have disrupted the global flow of goods and the commodity markets, posing a long-term threat to the free movement of people and goods, especially to and from countries with vested interests in these conflicts. Additionally, we have observed a surge in global oil prices which compelled airlines to hike ticket prices to counter increased expenses.

Furthermore, South Africa's reduced jet fuel refining capacity has increased operational risks and potential jet fuel supply disruptions due to import delays across our airports. This has significantly affected the aviation industry and airlines operating domestically and internationally.

Despite these ongoing challenges, the global airline industry, according to IATA, reached a significant milestone in February 2024, with passenger traffic levels surpassing pre-pandemic levels by over 5%. However, variations in recovery rates across regions underscore the ongoing imbalances in global economic recovery efforts. The opening of the aviation market in China for international travel, and a strong global demand for leisure travel, brought in some stability.

These developments have contributed positively to our passenger traffic rebounding to 88% of pre-pandemic levels during the reporting period, driven partly by the additional traffic induced by new services originating

from both the new and established markets. However, high inflation and fiscal tightening have driven a slowdown in our domestic market, causing local consumers to be cautious about discretionary expenditure. As a result, cuts were made in non-essential consumer spending areas such as air travel.

Despite all the above challenges after significant losses of R2,5 billion in 2020/21, R1 billion in 2021/22, and R446 million in 2022/23, ACSA has for the first time since the advent of Covid-19 returned to profitability. This comes on the back of stringent cost reduction measures, voluntary staff reduction, revenue generation, and traffic and route development efforts. We are committed to continuously enhancing our operations and services to meet the evolving needs of our stakeholders and passengers. Our efforts to maintain financial stability and operational efficiency have positioned us well to navigate the complexities of the current global environment.

We appreciate the dedication of our staff, the support and cooperation of all our stakeholders as we work towards sustaining our positive momentum and addressing the challenges ahead.

Infrastructure Investment

In January 2024 the Permission was gazetted which provides a framework for the tariff increase of 6.42% on average and Capital investment of R21.7 billion. This will enable infrastructural investment in Cargo Midfield Terminal at OR Tambo International Airport, Passenger Terminal Expansions in Cape Town, George, Chief David Stuurman and King Phalo Airports. Refurbishment and upgrading of infrastructure constitutes the bulk of the investments to be made at 93% and Capacity projects are 7% of the total investment over the next 4 years. This focus is intended to restore our airport infrastructure to world class standards after the ravishing effects of the Covid-19 pandemic, and to expand our facilities to meet the next decades of passenger and trade facilitation requirements, and respond to the opportunities including the growth of Air Cargo and the African Continental Free Trade Area.

MESSAGE FROM THE CEO CONTINUED

On digitalisation

Together with the Executive team and broader management of ACSA, we continue to successfully implement most of the action plans agreed upon in the previous reporting period, including relevant asset management and access control policies that govern third parties. This remains a primary focus area for the company, notwithstanding the gaps identified within the internal environment, and some have been closed by the end of the reporting period as of 31 March 2024.

Our digitalisation efforts in the ensuing year include integration of the current information systems to the company with seamless planning processes, more especially in procurement and finance, to efficiently support the business in all transactions and decisions. We are committed to enhancing our IT governance and controls to ensure the security and integrity of our information systems.

On ESG

To strengthen our ESG reporting framework, ACSA has joined the ESG Reporting sub-group of the ACI World Environment Standing Committee. Subsequently, ACI World has published the first edition of ESG Management Best Practices, aimed at addressing common questions from airports seeking to initiate, enhance or expand their ESG reporting. Our involvement in this committee is assisting us in refining our ESG Strategy and reporting framework to meet the evolving needs of our stakeholders regarding performance and risk mitigation, while also fostering an inclusive institutional framework that promotes good governance, compliance and stewardship.

Business threats

The ongoing geopolitical tensions, coupled with persistent low growth and subdued business and investor confidence globally, expose our business to considerable risks, necessitating a cautious approach across all operational fronts. However, the recent Economic Regulatory Permission approval ensuring revenue certainty fills us with optimism regarding our ability to fully rebound from the impacts of the Covid-19 pandemic within

the designated timeframe. Our strategic emphasis on the non-aeronautical facets of our operations is of paramount importance, as it holds the potential to significantly transform ACSA, positioning it as a cornerstone of the Southern African economy. Through provision of the essential air transport infrastructure, we are a key enabler for seamless flow of trade and tourism in and out of our country. Serving as a pivotal hub and gateway to various destinations, our goal is to enhance connectivity and regional integration, not only within the country, but also across our continent and the globe.

Additionally, we have seen a recovery in the percentage of Black business share of commercial revenue generated, exceeding 55%.

The Audit and Risk Committee, which is independent, promotes accountability and service excellence. It monitors risk management processes, oversees the effectiveness of the internal control environment, including financial and performance reporting, and ensures compliance with legislation. We will work closely with the Audit and Risk Committee in designing adequate action plans for compliance findings and to improve the internal control environment for a significantly improved audit outcome next year.

Most importantly, throughout the reporting period, we have successfully maintained stability in key leadership positions, including the replacement of the position in the Chief Financial Officer in the third quarter of our financial year. This provided the much-needed guidance within the supply chain management function. We continue to struggle with striking the balance between the rate of traffic recovery and resourcing of the organisation especially in the SCM environment, which resulted in 36% vacancy rate by 31 March 2024, which had a significant contributing factor to many of the findings highlighted by Auditor-General.

We agreed with AGSA on prioritising the SCM environment in our audit scope. We are cognisant of the implication on the company's financial sustainability and the risk this poses to the company. Thus we have adopted a regular root cause analysis process to identify the real root causes of the SCM findings and implement consequence management as part of corrective measures against non-compliance and irregular expenditure.

Outlook

As we embark on the innovation growth and sustainability journey outlined in our Corporate Plan for the 2025 to 2027 financial years, it is important for us to continue with efforts to respond to the evolving needs of our passengers and operators throughout our network.

We expect the international traffic to remain stable and grow over the Corporate Plan cycle, varying by region. Traffic to and from destinations in Africa is projected to steadily increase, surpassing the 2019 levels by over 9% during the 2024 calendar year. We expect Meetings, Incentives, Conferences and Exhibitions (MICE) travel segment to continue to be the key driver of revenue and demand for travel, assuming that the aero-political and geopolitical landscape remains relatively constant.

The global air cargo market has proved to be remarkably resilient over the past four periods despite a decline of 1.9% in 2023 compared to the same period last year. The Company will be making significant infrastructure capital investments for the refurbishment of the existing Cargo facilities in this year and the largest Cargo investment of R5bn over the permission period through a new world class cargo terminal.

In addition to supporting the recovery of aeronautical revenue, we continue with efforts to diversify our revenue streams and to strengthen our control over the airport operations value chain. These measures will help us mitigate the operational risk and reliance on third-party as it relates to relevant activities at the airport.

To ensure that we remain an employer of choice and reward our staff for their commitment appropriately, we were pleased to be able to restore our employee benefits programme in full during the reporting period.

The Company has accepted the invitation to host the 33rd Airport Council International's Annual General Assembly for Africa from 16 to 22 September 2024. The event will take place at our newly constructed convention center at Aviation Park, Western Precinct Building, OR Tambo International Airport.

Thank you for your attention, and we look forward to making significant improvements in the upcoming year.



Ms Nompumelelo Mpofu
Chief Executive Officer



Mr Luzuko Mbotya, CFO

MESSAGE FROM THE CFO



The 2024 financial year was marked by a significant recovery in international and domestic traffic volumes, resulting in improvements in all key financial metrics. ACSA has shown remarkable agility and resilience in overcoming the challenges of the past four periods and remains committed to adapting and thriving in a rapidly changing environment.

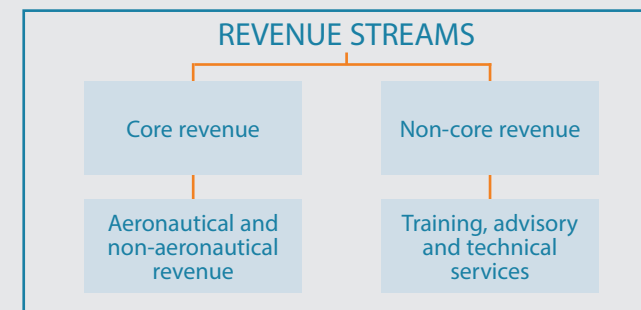
While ACSA had to face many challenges during the reporting period, I am pleased to be able to present positive results for the financial year ended 31 March 2024. Our consolidated Annual Financial Statements, on which this report is based, were prepared in accordance with the PFMA (No. 1 of 1999, as amended), the Companies Act (No. 71 of 2008, as amended), International Financial Reporting Standards (IFRS) and the JSE Debt Listing Requirements.

The Group achieved a notable improvement in all of its financial metrics, most notably reporting increases in both revenue and earnings before interest, tax, depreciation and amortisation (EBITDA). Revenue increased by 16% to R7.0 billion (2023: R6.0 billion) and EBITDA increased by 51% to R2.9 billion (2023: R1.9 billion). Profit before tax increased to R1.5 billion compared to a loss of R246 million in the previous period. This performance was largely attributable to the ongoing recovery in both international and domestic passenger traffic, increased cargo volumes, and the prudent management of operating and employee costs. We also maintained a solid financial position with total assets of R31.4 billion, slightly lower than the R31.8 billion at the beginning of the financial year due to a reduction in fixed assets.

These results are testament to the success of the Recover and Sustain Strategy and the revised Financial Plan that we put into place as a first response to the Covid-19 pandemic. They are also testament to the dedication of our Board, Executive Committee, Group Executives, management and staff, who have worked tirelessly and with dedication to restore the business to normal operations after the impact of both the Covid-19 pandemic and subsequent geopolitical events.

Having achieved a strong post-pandemic position, we are now able to focus on innovation, growth and sustainability rather than on recovery. We remain committed to our long-term goals, as expressed in our vision and mission, and will continue to adapt and thrive in response to evolving market demand and supply conditions.

Revenue



As indicated in the 'Group overview' section of this report, ACSA has two stream of revenue, our core revenue, which is derived from direct airport operations and regulated tariffs; and non-core revenue which is derived from the provision of technical advisory and consultancy services as well as from training delivered through the Training Academy.

Aeronautical revenue increased by 21% to R3.6 billion (2023: R3.0 billion) during the reporting period, resulting from an 8% increase in aircraft movements, a 16% increase in the number of departing passengers, and the implementation of a 4.4% inflationary increase in tariffs.

Similarly, non-aeronautical revenue increased by 12% to R3.4 billion (2023: R3.1 billion), reflecting a significant improvement in trade conditions. The bulk of this revenue was derived from retail rentals, which increased to R1.1 billion from R848 million in the previous period.

Revenue from non-core activities also showed remarkable improvement, with the Training Academy, in particular, exceeding target by 125% and closing the year on R5.4 million.

MESSAGE FROM THE CFO CONTINUED

Expenditure

From an expenditure point of view, talent acquisition received special attention throughout the year as we set out to fill vacancies created by the Staff Cost Reduction Programme that was introduced in the 2020 financial year. We were also in a position to restore and enhance employee rewards and benefits, surpassing pre-pandemic levels.

Employee expenditure therefore increased by 27% to R1.6 billion (2023: R1.2 billion), primarily due to an increase in headcount and the payment of an ex-gratia bonus amounting to R75 million to all employees, including executive management. An incentive bonus of R117 million, based on 4% of company EBITDA, has also been provided for.

Other operating expenditure increased by 6% to R2.5 billion (2023: R2.4 billion), with the primary contributing factors being increases in maintenance, security, utilities and cleaning costs related to the full reopening of airports and supporting services. R198 million tax expenditure recognised in respect of the 2018 to 2020 additional assessments, also contributed to the increase.

Property, plant and equipment

Capital expenditure for the year amounted to R568 million (2023: R422 million). This was attributable to ongoing airport maintenance, the reinstatement of our refurbishment and rehabilitation programme, and expenditure on efficiency and technology-related projects.

The value of the property, plant and equipment portfolio decreased to R15.9 billion (2023: R16.7 billion), primarily due to wear and tear as well as minimal expenditure on improvements and additions over the preceding four periods.

Investment properties

The value of investment properties increased to R7.9 billion (2023: R7.7 billion) as at 31 March 2024 due to a fair value gain of R243 million (2023: R209 million loss). This was primarily as a result of improved trading conditions as well as a slight improvement in the number of new leases taken up. In turn, this is indicative of continuing recovery in the commercial property market over the past two periods.

Trade and other receivables

Trade and other receivables closed with a balance of R1.66 billion (2023: R1.70 billion), largely due to an improvement in debtors' collections. Cash collections during the financial year amounted to R7.8 billion (2023: R5.8 billion). We did, however, write off R88 million in irrecoverable debts (2023: R463 million).

Further, the impairment provision has been reduced to R419 million from R456 million in the previous period as a more positive economic outlook is expected to result in improved trading conditions and greater volumes of passenger traffic. We also expect to be able to collect historic debt accumulated during the Covid-19 pandemic.

Funding

Cash and cash equivalents, excluding short-term investments, increased by R667 million to R2.9 billion by 31 March 2024. This was largely due to cash inflows of R3.6 billion generated from operations and R272 million derived from interest income.

Further, the Group repaid R2.1 billion in debt, most notably by settling the AIR02 bond and the INCA and AFD1 loans. The R1.7 billion AIR02 bond was repaid from funds raised through the issuing of bonds between November and December 2022. Interest payments over the same period amounted to R612 million. A dividend of R664 million was also accrued on preference shares. The Group anticipates paying dividends on these shares during the 2025 financial year subject to compliance with a liquidity and solvency assessment.

The Group is expected to maintain a positive cash position over the next 12 months and new debt funding will not be required during the 2025 financial year.

Credit metrics

All our covenant ratios, including the Net Debt-to-EBITDA and Debt Service Coverage Ratio, are within the threshold.

Covenant	Requirement	FY 2024 (Actual)
Credit ratings	Above investment grade BBB (national scale)	Aa1.za
Net debt capitalisation	Shall not exceed 65%	17%
Net debt/ EBITDA ratio	Shall not exceed 4 times	1.33x
Government shareholding	At least 50% plus one share	74.6%
Debt service cover ratio by available cash	Not less than 1.5 times	3.24x

Credit rating

The Group's credit rating has improved from negative in the 2023 financial year to stable in light of improved trading conditions during the reporting period.

Agency	Rating action	Ratings		Outlook
		Long-term local currency	National scale	
Moody's	Affirmed	Ba2	Aa1.za	Stable

MESSAGE FROM THE CFO CONTINUED

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure amounted to R114 000, which was incurred due to interest on overdue supplier accounts. This was a significant improvement on the R10 million incurred in the previous period, which was due to interest on overdue supplier accounts as well as to services paid for but not received.

Irregular expenditure

The irregular expenditure incurred during the reporting period was R98 million (2023: R59 million):

- Some of the goods, works or services were not procured through a procurement process which is fair, equitable, transparent and competitive, as required by section 51(1)(a)(iii) of the PFMA.
- Some of the contracts and quotations were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of PPPFA and Preferential Procurement Regulation 2022.

ACSA complies with the National Treasury Irregular Expenditure Framework as updated from time to time. Compliance is monitored through the Group's loss control function, which performs detections, assessments, determinations and investigations of expenditure transactions.

Outlook

Profitability is expected to improve during the three-year period of the current Corporate Plan, which concludes at the end of the 2027 financial year. By this time, global air traffic is expected to have reached 83% of pre-pandemic levels. In line with this, capital expenditure of R10 billion has been budgeted for over the three-year period. This has been allocated for the revitalisation of infrastructure to improve airport efficiency and elevate the user experience.

The Group continues to monitor the business environment to determine appropriate responses and to ensure long-term financial sustainability. We also continue to monitor efficiencies in our operations and to keep firm control over expenditure.



Luzuko Mbotya
Chief Financial Officer



OUR STRATEGY

Context

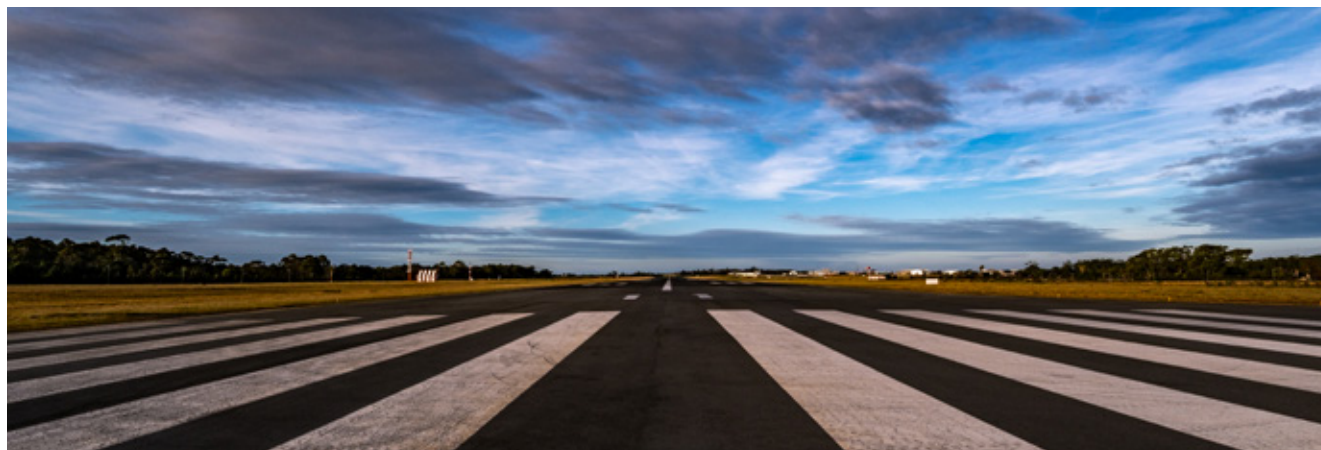
ACSA is committed to creating and delivering shareholder value, guided by our statutory mandate; to acquire, establish, develop, provide, maintain, manage, control or operate any airport or related facility. This mission is carried out in collaboration with key stakeholders to ensure the efficient and effective functioning of our airports.

Customer and stakeholder value creation for ACSA must be viewed through the lens of the Company's role in facilitating trade and tourism, with our airports serving as gateways in and out of destinations. As a regulated entity, ACSA's aeronautical activities are subject to economic regulation. However, through our non-aeronautical business value propositions, the Company continues to enhance its market competitiveness with the aim of increasing customers' willingness to pay for the services and/or products offered through partners.

During the reporting period, ACSA invested significant resources to enhance its marketing strategy, supported by extensive market research, particularly in areas such as sustainability and customer experience, to refine the Company's offerings.

In the post-Covid-19 era, the Company's primary focus has been on embedding a revised operating model and implementing an effective change management programme. Furthermore, operationally, ACSA intensified efforts to catch up on infrastructure maintenance and refurbishment backlogs to stabilise and enhance airport efficiencies, despite these efforts being constrained by limitations on capex during the reporting period.

A core theme throughout the three strategic timeframes defined by the Company's strategy is the diversification of the traditional business model, which will continue to be an area of focus during the Corporate Plan period. The Company aims to unlock value from non-aeronautical and non-core revenue activities through the insourcing of relevant airport activities previously performed by third parties on its airport platforms. This approach, pursued in the short, medium and long-term, supports ACSA's growth and sustainability objectives through 2030 and beyond. By seizing these opportunities, the Company aims to enhance operational efficiencies, bolster diversification efforts and ensure the resilience and sustainability of ACSA's overall business model.



Despite these challenges, the Company's actions have solidified its performance trajectory and laid a strong foundation to support the Corporate Plan's strategic focus on sustainable growth driven largely by innovation.

ACSA's commitment to value creation, coupled with our strategic focus on innovation and sustainability, positions the Company to continue driving growth and delivering superior value to its customers and stakeholders.

An outline of the strategy and the timeframes defined within it is given in the table below:

Our strategy at a glance

RECOVER AND SUSTAIN → INNOVATE, GROW AND SUSTAIN

2021 to 2025	2026 to 2030	2030 and beyond
Secure our core business of running airports and develop a diversified business model with the potential to transform the Group and increase revenue	Implement the diversified business model to secure business and financial sustainability and drive revenue growth	Operate the newly configured Airports Group South Africa with a redirected focus and a strong growth trajectory based on a diversified business model
Key actions: <ul style="list-style-type: none"> Rationalise business expenses Minimise capital expenditure Focus on replacement and refurbishment rather than infrastructure development 	Key actions: <ul style="list-style-type: none"> Focus on initiatives that secure the Group's long-term future and contribute to economic growth Secure and enhance development partnerships in order to increase capacity and diversify focus 	Key actions: <ul style="list-style-type: none"> Pronounced business growth

OUR STRATEGY CONTINUED

The focus areas for each strategic pillar of our business are:

RUN AIRPORTS

Run our airports efficiently, optimally and innovatively

2021 to 2025	2026 to 2030	2030 and beyond
Key actions: <ul style="list-style-type: none"> • Restructure the Group • Enhance productivity • Reduce costs • Maintain financial sustainability 	Key actions: <ul style="list-style-type: none"> • Enhance productivity • Reduce costs • Improve financial sustainability 	Key actions: <ul style="list-style-type: none"> • Enhance productivity • Reduce costs • Improve financial sustainability

DEVELOP AIRPORTS

Maintenance and engineering of assets, infrastructure planning and development, capacity enhancement, and expand partnerships

2021 to 2025	2026 to 2030	2030 and beyond
Focus areas: <ul style="list-style-type: none"> • Exploit and explore diversification opportunities for transformation of the Group and increase revenue • Identify future growth opportunities • Solidify partnerships that will unlock financial and other support to accelerate our planned growth strategies 	Focus areas: <ul style="list-style-type: none"> • Review deferred development projects to meet capacity demands • Introduce additional capacity to support growth initiatives and/or traffic growth 	Focus areas: <ul style="list-style-type: none"> • Introduce additional capacity in line with growth trajectory

GROW FOOTPRINT

Explore and develop growth opportunities in Africa and beyond

2021 to 2025	2026 to 2030	2030 and beyond
Focus areas: <ul style="list-style-type: none"> • Partner with municipal and provincial airports to maintain their licenses to operate • Offer airport management and advisory services • Explore opportunities to market ACSA services outside South Africa 	Focus areas: <ul style="list-style-type: none"> • Implement growth initiatives to enhance revenue and diversify 	Focus areas: <ul style="list-style-type: none"> • Implement growth opportunities for the Group's long-term sustainability

The successful implementation of our strategy over the past four periods has enabled us to achieve a solid recovery position despite the effects of the Covid-19 pandemic and subsequent geopolitical developments, with significant implications for the global economy. The implementation process, as outlined in the Corporate Plan, is monitored by the Company's Apex leadership through quarterly and annual reviews to ensure alignment with the competitive and operating landscape.

During the reporting period, to comply with best practices and statutory requirements, we undertook a comprehensive review of the Corporate Plan. This review resulted in an updated Corporate Plan, shifting the timeframe to the 2025 financial year through to the 2027 financial year. The revised plan was approved by ACSA's Board of Directors and came into effect on 1 April 2024, marking the start of the new financial year.

ACSA is committed to continuing the execution of its strategic programme as outlined in the Corporate Plan, consistent with its vision and mission of being the most sought-after partner in the world for the provision of airport management solutions by 2030.



OUR STRATEGY CONTINUED

Review of the reporting period

Overview

As the 2025 financial year begins, the Company is progressing from the initial phase outlined in our strategy to the second timeframe, placing a strong emphasis on innovation as a catalyst for sustainable growth. This underscores the Company's recognition of the shifting competitive landscape, market conditions and consumer behaviours, all of which play pivotal roles in the ongoing evolution of the global airport industry.

As the company advances into the second phase of its strategy with a refined strategic focus, the execution of ACSA's Global Strategic pillar remains pivotal in enhancing ACSA's global competitiveness. This involves actively seeking opportunities across Africa for exportation of ACSA's services and expansion of alliance network for robust business development.

This dual strategic approach not only shapes our own trajectory but also contributes to broaden transformation and growth within the aviation industry and across the African continent. We understand that innovation and community-centred growth serve as catalysts for transformative change and inclusivity, extending beyond mere technological advancements. Therefore, insourcing of key relevant airport activities is poised to catalyse and facilitate the involvement of small and medium enterprises (SMEs) in the airport value chain.

This evolution positions ACSA not only as a provider of air transport infrastructure and facilitator of people and goods, but also as an engine driving transformation and growth. It underscores the Company's unwavering commitment to embracing the future while upholding its core operational values of safety, security, efficiency and inclusivity.

Realising our vision

To achieve its vision, ACSA will continue focusing on effective and efficient implementation of key business and operational interventions outlined in the Corporate Plan. These interventions involve insourcing of aviation security to enhance the protection of aviation infrastructure against unlawful interference, streamlining of ground and cargo handling operations, and rationalisation of general aviation processes and supporting facilities to ensure compliance with civil aviation safety and security principles.

Additionally, ACSA's goal is to establish a comprehensive cargo and logistics infrastructure, capitalising on the opportunities presented by the African Continental Free Trade Agreement (AfCFTA), to foster growth.

The success of our strategy, underpinned by its strategic pillars, hinges on an efficient organisational design and capacity development to ensure successful execution.

The foundational strategic pillars, guided by the GFOM, include the Capability Model and People and Culture, ICT, Innovation, Growth, Global, Commercial and Stakeholder Management. These pillars collectively empower ACSA to navigate the post-pandemic era and drive sustainable growth. Further details are given in the relevant sections of this report.

Furthermore, recognising the resilience of cargo operations, especially in times of crisis, we have significantly updated our Cargo strategic pillar since 2021 as a crucial component of our strategy. This is aligned to our overall mandate and strategic focus and is especially designed to take advantage of developments in e-commerce.

In our pursuit of sustainable non-aeronautical revenue growth, we continue to work within the framework of our Aerotropolis pillar, which provides for the development of three aerotropolis and six smart airport cities. This is expected to stimulate logistics and real estate development, and foster economic growth for areas and communities around our airports. Supported by our Innovation pillar, the Aerotropolis positions ACSA as a nucleus for greater integration into the broader Metropolitans and regions for sustainable development and growth as well as enhancing global competitiveness.

In addition, we continue to review and update our Ground Handling and Fuel strategic pillars to ensure alignment with the operating and competitive landscape, consistent with ACSA's mandate as set out in the Airports Company Act and related amendments.

During the reporting period, we reviewed and updated our Commercial strategic pillars to enhance our ability to create and deliver sustainable value to our shareholders and key partners. Additionally, we updated our Marketing and Communications strategic pillars to align with our Passenger Experience and Mobilisation pillar. This update aims to encourage township and lower Living Standards Measure (LSM) customers to view airports not just as facilities/infrastructure for the elite but as vital platforms for economic opportunities and facilitators of efficient travel. These efforts are geared towards fostering transformation, inclusive growth and economic development.

Consulting with stakeholders

Throughout the reporting period, ACSA maintained its commitment to regular engagement with stakeholders and partners, including the local communities in which the Company operates. ACSA acknowledges the significance of these partnerships to enable efficient management of airport operations and foster mutual benefits for all stakeholders. This commitment entails aligning our Socio-Economic Development and Transformation strategic pillars with the socio-economic needs of the country, with a specific focus on the surrounding communities where ACSA operates, to achieve lasting impact and promote economic empowerment.

Going forward

From the 2025 financial year onwards, ACSA's primary focus will be on implementing the approved permission by the airport economic regulator to enhance efficiency and capacity across our network of airports. This permission includes an extensive capex programme of R21,7 billion over the remaining four years, featuring plans to transform the cargo and logistics area at OR Tambo International airport over the next three to eight years, positioning the airport as a leading air transport hub in the southern hemisphere.

OUR STRATEGY CONTINUED

ACSA is committed to addressing key pain points for travelers and airport users to ensure seamless flow in and out of our airports. This includes upgrade of self-service systems, security and facilitation systems, and parking facilities. Additionally, key infrastructure such as modernising and integrating public transport facilities, which will feature relevant retail offerings to promote local cuisine and content will also get an upgrade. Significant improvements are planned for our coastal airports, including upgrades to the domestic terminals at George, Chief Dawid Stuurman International, and Cape Town International Airport over the next two to four years to alleviate congestion and enhance the overall airport experience for travelers.

At the core of our strategy is unlocking economic opportunities across our network airports, with a particular emphasis on encouraging the participation of SMEs as drivers of economic growth and job creation. This involves localising key inputs into our business by sourcing from local suppliers, aiming to create jobs and improve living conditions of South Africans, thereby enhancing South Africa's global competitiveness. We are committed to creating economic opportunities for youth, women, and people living with disabilities across our network of airports.

Recognising the importance of sustainability and green tourism, we will continue to invest in and explore opportunities for alternative energy sources such as solar, hydrogen, and gas-to-power energy to align with national and industry imperatives.

Furthermore, we are positioning our ICAO and ACI accredited ACSA Training Academy to establish it as a leading provider of aviation training on the continent. Through strategic partnerships and collaborations, we aim to offer comprehensive training services to meet the evolving needs of the industry.

As we navigate the global competitive landscape ACSA's commitment remains steadfast in maximising value for shareholders and partners while delivering exceptional service to our customers. To this end ACSA's contribution to the development of aviation in the region plays a pivotal role in our country's economic development and act as an engine for trade and tourism growth on the continent.












THE SIX CAPITALS

Using six capital inputs, we add value through innovation, processes, procedures and good governance in order to deliver a range of measurable outputs.

Our Sustainability Framework, depicted in the following graphic, is aligned with the International Integrated Reporting <IR> Framework. It demonstrates the way in which we use our inputs to secure the sustainability of our business, contribute to the communities we serve and protect the natural environment in which we operate.

Our sustainability framework

FOCUS AREA	CAPITAL INPUTS	INTENDED OUTCOMES
 Business Sustainability and Growth	 Financial Capital	<ul style="list-style-type: none"> • Business and financial stability • A diversified business model • An extensive geographic footprint
	 Manufactured Capital	<ul style="list-style-type: none"> • Purpose-built and well-managed infrastructure • Consistently superior passenger and visitor experiences
	 Intellectual Capital	<ul style="list-style-type: none"> • A reputation for good governance, innovation and excellence • Sustainable business growth
 Our People and Society	 Human Capital	<ul style="list-style-type: none"> • Ongoing business transformation • A diverse, well-trained, properly supported, suitably rewarded and satisfied workforce
	 Social and Relationship Capital	<ul style="list-style-type: none"> • Informed and satisfied stakeholders • A valuable contribution to socio-economic transformation as a whole
 Our Environment	 Natural Capital	<ul style="list-style-type: none"> • Stringent management of our environmental impact as a business • Consistent progress towards becoming carbon neutral







THE SIX CAPITALS CONTINUED

Our value-creation process

RUN AIRPORTS | DEVELOP AIRPORTS | GROW FOOTPRINT

Connecting people to people, places, dreams and opportunities

FOCUS AREAS	KEY INPUTS	BUSINESS ACTIVITIES	OUR KEY OUTPUTS	OUR KEY OUTCOMES	
As defined in our Sustainability Framework	The financial, physical, intellectual, human, social, relationship and natural resources we make use of in running the Group	What we do	What we deliver	How we create, preserve or erode value internally and externally in the short, medium and long-term	
 Business Sustainability and Growth	 Financial capital <ul style="list-style-type: none"> Equity Debt financing 	<ul style="list-style-type: none"> Comply with local and international principles of good governance Participate in and contribute to legal and regulatory processes Develop, implement, monitor and assess strategies and plans Develop, implement, monitor and assess budgets and financial reports Identify and mitigate business risks Manage infrastructure and assets Manage operations and the quality of service delivery Engage with all stakeholders Manage the business's finances Manage the business's human resources Manage the business's IT Create an environment for innovation Manage the business's supply chains Manage the delivery of corporate services 	<ul style="list-style-type: none"> Demonstrably compliant corporate governance Legal and regulatory compliance Fit-for-purpose corporate and divisional strategies and plans Well-managed budgets at organisational, divisional and departmental level Fit-for-purpose risk management protocols Infrastructure and asset management processes, procedures and controls Operational management processes, procedures and controls Stakeholder engagement protocols and procedures Financial management processes and procedures Human resources management processes and procedures Training and development Fit-for-purpose and secure IT Technological, process and management innovations Secure supply chains management A well-recognised and respected corporate brand 	Financial outcomes Added value: <ul style="list-style-type: none"> Aeronautical revenue Non-aeronautical revenue Non-core revenue Clean audits A significant contribution to GDP 	Eroded value: <ul style="list-style-type: none"> While external factors have impacted on our revenue over the past four periods and therefore on our contribution to GDP, revenue has, been steadily improving since the implementation of our Recover and Sustain Strategy
	 Manufactured capital <ul style="list-style-type: none"> Nine airports and the related infrastructure, equipment and systems needed to process arriving and departing aircraft, passengers and cargo 			Infrastructure outcomes Added value: <ul style="list-style-type: none"> Well-managed and maintained airports that provide a level of service aligned to our vision and corporate plan Future-focused growth and development plans ACI Health Accreditation at all of our airports Compliance with local and international environmental standards 	Eroded value: <ul style="list-style-type: none"> While many infrastructure development projects had to be shelved during the Covid-19 pandemic, we have reassessed our infrastructure development programme over the past two periods and many projects that were previously on hold have been reinstated
	 Intellectual capital <ul style="list-style-type: none"> Nearly three decades of knowledge and experience directly related to running airports successfully Robust governance structures rooted in an ethical culture Proprietary systems and procedures 			Intellectual outcomes Added value: <ul style="list-style-type: none"> Established and compliant governance structures A strong culture of ethics that is constantly reinforced Exceptionally strong data collection and management protocols Valuable intellectual property Technological innovations to improve the passenger and stakeholder experience 	Eroded value: <ul style="list-style-type: none"> While we had to implement tactical reductions in staff numbers and institute other cost containment measures over the past three periods, which resulted in an erosion of our institutional knowledge and intellectual capital, we have been actively addressing this deficit over the past two periods and are employing suitable candidates to address this imbalance

THE SIX CAPITALS CONTINUED

Our value-creation process continued

RUN AIRPORTS DEVELOP AIRPORTS GROW FOOTPRINT				
Connecting people to people, places, dreams and opportunities				
FOCUS AREAS	KEY INPUTS	BUSINESS ACTIVITIES	OUR KEY OUTPUTS	OUR KEY OUTCOMES
As defined in our Sustainability Framework	The financial, physical, intellectual, human, social, relationship and natural resources we make use of in running the Group	What we do	What we deliver	How we create, preserve or erode value internally and externally in the short, medium and long-term
 People and Society	 Human capital <ul style="list-style-type: none"> Knowledgeable and highly experienced key personnel Lean, well-trained and productive workforce Employee profile that reflects national demographics Ethical culture Active business transformation programme 	<ul style="list-style-type: none"> Develop, implement, monitor and assess human capital, social and relationship strategies and plans Maintain an extensive training and skills development programme Engage with all stakeholders Deliver a full range of passenger and stakeholder services Provide technical advisory and consulting services Engage with local and international regulatory and industry bodies Engage with our aviation partners Engage with the communities in which we operate 	<ul style="list-style-type: none"> Fit-for-purpose people, engagement and culture management strategies and plans Well-trained, appropriately skilled and actively supported workforce Input into legal and regulatory frameworks Integrated passenger and airport management services Service innovations Technology innovations Active CSI Programme 	Human resources outcomes Added value: <ul style="list-style-type: none"> Lean and flexible organisational structure Measurable performance management and skills development programmes Comprehensive employee wellbeing programmes Recognition, incentives and awards Bursaries for employees and dependants of employees Eroded value: <ul style="list-style-type: none"> During and immediately after the Covid-19 pandemic, tactical reductions in staff numbers impacted on employee wellbeing and eroded our service delivery capabilities but we are now actively recruiting and training personnel to address this deficit
	 Social and relationship capital <ul style="list-style-type: none"> Strong relationships with all stakeholders Memberships of local and international industry bodies Proactive engagement with the communities in which we operate 			Social and relationship outcomes Added value: <ul style="list-style-type: none"> A substantial contribution to GDP Income for employees, suppliers and other partners Employee advancement Level 2 B-BBEE accreditation Education and social development through our CSI programme Support for the National Development Plan (NDP) and the UN Millennium Development Goals

THE SIX CAPITALS CONTINUED

Our value-creation process continued

RUN AIRPORTS DEVELOP AIRPORTS GROW FOOTPRINT				
Connecting people to people, places, dreams and opportunities				
FOCUS AREAS	KEY INPUTS	BUSINESS ACTIVITIES	OUR KEY OUTPUTS	OUR KEY OUTCOMES
As defined in our Sustainability Framework	The financial, physical, intellectual, human, social, relationship and natural resources we make use of in running the Group	What we do	What we deliver	How we create, preserve or erode value internally and externally in the short, medium and long-term
 Environment	 Natural capital <ul style="list-style-type: none"> Land Water Air Fuel Electricity 	<ul style="list-style-type: none"> Manage the land we own and contribute to the management of the land around our airports Manage our water usage Manage our emissions and the impact of our business on air quality Manage our fuel usage Manage our use of grid electricity and supplement it with energy derived from alternative sources Manage noise in and around our airports Manage waste and recycle all materials that can be recycled Manage the impact of our operations on birds and wildlife and minimise the possibility of bird and wildlife strikes on aircraft 	<ul style="list-style-type: none"> Fit-for-purpose environmental management strategies and plans Engaged, compliant and cooperative environmental management policies and practices Consistent reduction in the use of grid electricity Incremental increase in the use of alternative energy sources Humane and ecologically sound bird and wildlife management practices Consistent innovation in environmental management 	Environmental outcomes <ul style="list-style-type: none"> ACI airport carbon accreditation certification at all nine airports ISO 14001:2015 Environmental Management accreditation at all nine airports Corporate headquarters that are accredited by the Green Buildings Council Recycling of hundreds of tonnes of waste annually Four of our airports are equipped with solar farms Construction of a fifth solar farm is in progress

Key performance indicators

See our Performance Report on page 81 for a full breakdown and analysis of our strategic objectives, KPI and performance measures.

OUR OPERATING ENVIRONMENT

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OUR OPERATING ENVIRONMENT

Consistent with our business model, our strategy delineates and guides our operations, shaping our responses to internal and external factors within our operational sphere. This section aims to provide a comprehensive overview of our approach as a precursor to the subsequent performance review. Here, we delve into the key environmental factors that influenced our operations throughout the reporting period. We present details about our primary risks, how we manage them and our engagement with stakeholders.

Macro-economic factors

The global economy reported a modest 3.2% growth during the reporting period, which was consistent with growth in the previous period. Inflation nevertheless remained high at 6.8%, but the International Monetary Fund (IMF) expects this to decline to 5.9% in 2024.

Despite the positive growth, the economy continued to grapple with challenges posed by rising prices and limited growth prospects. This was partly due to heightened geopolitical tensions resulting from the Israeli-Palestine war and the ongoing Russia-Ukraine conflict, which entered its third year in February 2024. Together, these factors had direct implications for the aviation industry, leading to reduced demand for air travel, decreased revenues for airports and heightened operational risks.

Although growth exceeded expectations in the first quarter, the subsequent tightening of policy rates across major markets slowed trade and undermined confidence among businesses and consumers. Additionally, factors such as deglobalisation and consistently high oil prices posed a significant risk to both the macro- and micro-economic environment during the reporting period and since.

The resilience of global air travel was partially bolstered by economic growth and the excess savings accumulated by households during the Covid-19 pandemic, driving pent-up demand for air travel. Moreover, the lifting of Covid-19-related restrictions on international travel by China provided a steady yet modest demand for air travel and freight services, positively impacting passenger traffic and revenue streams for airports. The reliance on growth in Asian economies highlights the importance of strategic partnerships and route expansions into these regions for sustained industry growth and competitiveness.

In the final two quarters of the year, we observed a rapid decline in global inflation due to favourable global supply dynamics, surpassing initial predictions. However, the Red Sea crisis in Israel-Palestine introduced an additional factor that threatens to undermine this downward trajectory.

South Africa GDP growth experienced a slight contraction according to data released by Stats SA, driven by negative growth in key industries such as agriculture, manufacturing and construction. Despite an increase in government expenditure, a significant decrease in Gross Fixed Capital Formation offset the overall GDP growth. Household consumption

therefore saw a decline, potentially indicating reduced discretionary spending that will impact on domestic travel. However, net exports contributed positively to GDP growth, driven by a rise in exports and a decline in imports.

The overall inflation outlook for South Africa has shown some improvement, with inflation projected to decelerate to an average of 5.2% in 2024, partly due to lower global food and fuel prices as well as subdued domestic demand. Despite recent fuel price cuts offering relief, inflationary pressures persist across other sectors of the economy (Stats SA).

The global airline industry has made significant strides in recovering its traffic to pre-Covid-19 levels, with domestic traffic experiencing a notable resurgence.

According to analysis by ICAO, ACI and IATA, market segments worldwide are either achieving or nearing pre-pandemic levels of total passenger traffic, highlighting the resilience and recovery underway in the global aviation industry. Recovery trajectories do, however, vary across regions, with Africa showing notable growth while Asia-Pacific and Europe are facing challenges in regaining pre-pandemic air travel levels. Additionally, a modest uptick in air cargo demand has been observed, particularly in the Asia-Pacific region.

Persistent trade tensions between major economies, especially for the semiconductor industry, are adding strain to global trade dynamics. The 30th WTO Trade Monitoring Report on G20 trade measures highlighted concerns regarding the implementation of more trade-restrictive measures on goods than trade-facilitating ones. Global supply chains are facing additional disruptions in the aftermath of Covid-19 and the impacts of the Russia-Ukraine conflict. This is being compounded by issues along major trade routes, such as the Panama Canal and the Suez Canal, leading to supply chain disruptions.

In South Africa, the rand continued to be volatile and exhibited a general downward trend against all major currencies, losing around 8% of its value over the period. This naturally had a profound effect on the economy, pushing up the price of imports, petrol and food in particular – and driving up inflation. Interest rate hikes implemented to cool inflation had some effect but, in turn, limited consumer spending, resulting in growth for 2023 closing at 0.6%. More specifically industry-related, uncertainties in the supply of jet fuel continued to be an issue and, as a result, we have several initiatives in place to manage this risk.

With this ongoing uncertainty, especially in travel and tourism, we continued to implement our Innovate, Grow and Sustain Strategy, focusing especially on sustainable growth through innovation and on diversifying our revenue streams. Our operating model, developed in tandem with the strategy and illustrated on page 47, continues to provide a framework for this effort.

OUR OPERATING ENVIRONMENT CONTINUED

By mid-year, we had managed to bring all of our infrastructure back into full service and started to put mechanisms into place to enable innovation to enhance value creation. We were also able to reinstate our maintenance and infrastructure development programmes to ensure the business is fully capacitated for short, medium and long-term growth, and to fast-track the recruitment of suitably qualified personnel to fill critical vacancies.

From a traffic and route development perspective, we continued to face many challenges. Global recovery has been steadier than recovery at home, although international traffic volumes at Cape Town International Airport have continued to exceed targets, with many international flights, including flights from Brazil, now flying directly into Cape Town.

With Russia cut off from Society for Worldwide Interbank Financial Telecommunication (SWIFT), which is crucial for global transactions – and with the assets of the Russian Central Bank frozen – the country's ability

to conduct trade and access foreign assets has been severely curtailed. This has led to a major shift in traffic patterns.

Furthermore, while flights between South Africa and Israel have remained steady since the conflict between Israel and Palestine began in October 2023, the national airline of Israel, El Al, has embargoed flights to and from various countries and vice versa. This has compounded the effects of the war on both air traffic and supply chains, which has led to the decoupling of many economies worldwide.

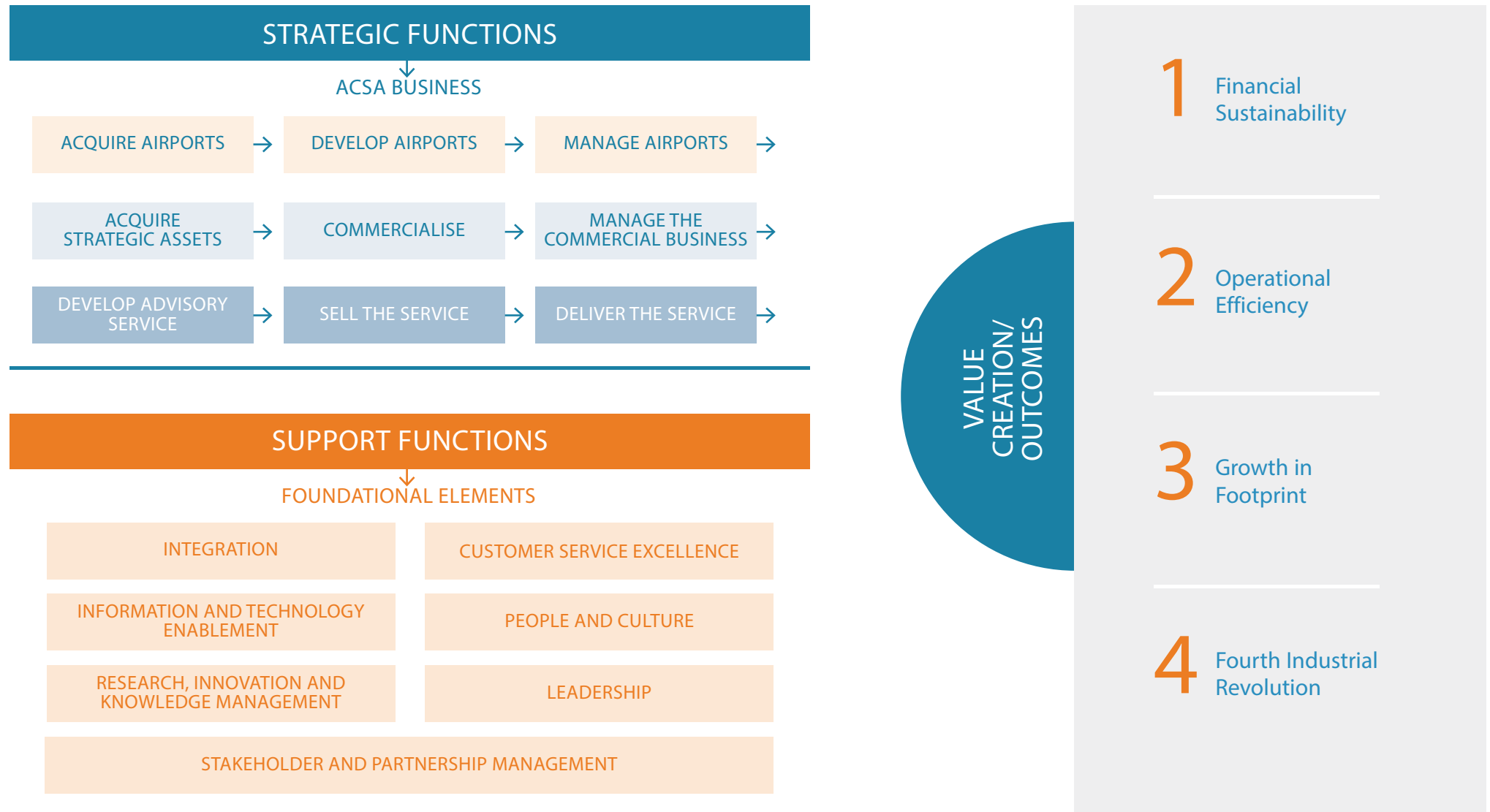
Both the global and local situations therefore remain uncertain, with weak demand in some of ACSA's key source markets, most notably the United States. Demand in the UK and Europe is more robust, with load factors between South Africa and the UK and Europe at an average of around 93%.

Furthermore, several airlines that cut flights to South Africa during the Covid-19 pandemic, including Cathay Pacific and Saudia (the national airline of Saudi Arabia), have resumed flights into both OR Tambo International and Cape Town International. Demand on airlines such as Emirates, Qatar Airways and Turkish Airlines also continues to be strong. In the regional market, there are now direct flights between Durban and Lusaka (Zambia) and between Johannesburg and both Harare (Zimbabwe) and Mbabane (Eswatini).

Domestic demand has dropped off as a result of constrained economic conditions and also as a result of a decrease in business and government travel since the start of the Covid-19 pandemic. Many domestic travelers are now moving to self-driving as an option, especially between destinations that involve a day's drive or less. This trajectory is expected to continue throughout most part of the 2025 financial year due to constraints on disposable income.



OUR OPERATING MODEL



KEY RISKS

The process of identifying the top risks to our business is standard operating procedure but has been more important than ever during the past four periods. Since the organisation started the journey towards full recovery from the Covid-19 pandemic, our risk universe has become highly dynamic and continues to be subject to multiple external factors.

Throughout the reporting period, ACSA continued in its endeavours to fully recover from the impact of Covid-19 pandemic. As a result, all airport facilities have been reinstated into operational service, accompanied by an intensified maintenance program elaborated upon in the Transformation section of this report. This intervention aims to elevate the customer experience across our airports by safeguarding the longevity of our assets and upholding compliance with Civil Aviation regulations and standards to ensure secure and safe airport operations.

Our infrastructure development plans align with our core strategic objectives of National Airports Development Plan with respect to airport management, development, and expansion. Furthermore, they bolster our post-Covid-19 ambition of diversifying revenue streams, which entails tapping into revenue opportunities from both aeronautical and non-aeronautical activities across our network.

An annual risk assessment is conducted, supplemented by quarterly risk reviews, to uphold the relevance and comprehensive implementation of our risk management processes. The key risks encountered during the reporting period are outlined in the subsequent tables, along with the mitigation measures and controls in place to manage each risk.

KEY RISKS CONTINUED

NATURE OF RISK	MITIGATION MEASURES AND CONTROLS
Business sustainability	
The risk of inability to adapt, recover and sustain operations after adverse external events, such as a pandemic or exposure to macro-economic or geopolitical events.	<p>Continuous alignment and ongoing assessments of our strategies, plans and models to ensure that the business is future pandemic and crises proof.</p> <p>Leveraged on our Recover and Sustain Strategy and an in-depth Corporate Plan in place to provide a framework for managing our post-Covid-19 recovery and growth to 2030. The principles in the Corporate Plan inform our response to all adverse events.</p> <p>Established and defined corporate governance structures, systems and procedures that are aligned with the guidelines given in King IV™. These enable us to respond quickly to all sustainability threats and risks.</p> <p>Long-term financial planning capabilities as well as the ability to adapt our financial planning to accommodate unforeseen events.</p> <p>Actively manage costs and liquidity.</p> <p>Partnerships in place to facilitate trade and promote both local and international tourism.</p>
Environmental sustainability	
The risk of lack of ability to manage and/or recover from an adverse event with serious environmental, social and/or governance impact.	<p>All our airports are ISO 14001:2015 certified to comply with international environmental management standards.</p> <p>ESG Framework in place and this is regularly reviewed and updated. All management measures currently in place are being adhered to.</p> <p>Recover and Sustain Strategy and an in-depth Corporate Plan in place to provide a framework for managing our post-Covid-19 recovery and growth to 2030. The principles in the Corporate Plan inform our response to all adverse events.</p> <p>Our environmental management programme focuses on energy conservation, climate change mitigation, water usage, waste management, air quality control, noise management and biodiversity. It is a key strategic aim for the Group to become carbon neutral as soon as financially and technologically possible.</p> <p>Environmental risk is closely monitored and a report on this is presented to the Board on a quarterly basis.</p>
Infrastructure sustainability	
The risk of not being able to maintain ageing infrastructure or develop new infrastructure to enable ACSA to proactively meet demand.	<p>Our infrastructure maintenance and capex programmes, which only had sufficient budget for essential maintenance and pre-contracted capex projects during the Covid-19 pandemic and in the immediate post-pandemic phase, have been resumed.</p> <p>A total of 1 158 infrastructure refurbishment and maintenance projects are now in progress at all our airports.</p> <p>Key infrastructure development projects are in progress at all our airports.</p>

KEY RISKS CONTINUED

NATURE OF RISK		MITIGATION MEASURES AND CONTROLS
Fuel security		
The risk of inability to continuously receive supply jet fuel and/or failure to cater Jet fuel to meet the growing demand for air travel and transportation.		<p>Strategic interventions for jet fuel supply have been adopted, and are currently being implemented to ensure supply security across our airports.</p> <p>We continue to engage with key stakeholders such as airline operators, the Petroleum Industry Association Fuel Forum and state agencies to ensure coordinated efforts.</p> <p>Jet A1 is predominantly imported into South Africa to bypass refinery constraints.</p>
Aviation security		
The risk of acts of unlawful interference with aviation operations.		<ul style="list-style-type: none"> • In the process of implementing a National Command Centre to monitor aviation security throughout our network. • Established Multidisciplinary Task Teams to manage aviation security at airport level. • Deployed a Tactical Crime Prevention and Intervention Unit for the protection of critical assets and infrastructure. • Conduct threat and vulnerability assessments and criminal network analyses in partnership with the SAPS and other security agencies. • Continuously scrutinise and follow up on any potential or actual security breaches. • In the process of replacing the x-ray machines at our boarding gates with Smart Security solutions. • Implementing behaviour detection screening at all our airports. • Developing Memorandums of Agreement with law enforcement agencies to detect potential acts of unlawful interference.

KEY RISKS CONTINUED

NATURE OF RISK	MITIGATION MEASURES AND CONTROLS
Energy security	
The risk of inability to respond to and/or mitigate the impact of electricity disruption (loadshedding, national grid collapse) impacting our airports and stakeholders.	<p>Energy Management Strategy in place and have Energy Management Forums at all of our airports.</p> <p>In line with our strategic objectives, we are investing heavily in energy and demand management projects.</p> <p>Large on-site back-up generators in place at all of our airports to provide power during the periods in which we do not have grid electricity.</p> <p>Our capex budgets include provisions for additional generator capacity, if and as when needed, and our operating budgets allow for the purchase of the diesel required to run them.</p> <p>All six local airports have solar plants – the last one to be commissioned was KPA in March 2024. Solar farms were designed to reduce reliance on grid electricity and to enable us to manage the impact of loadshedding.</p> <p>Our Roadmap to Carbon Neutrality includes medium- to long-term solutions intended to enhance our energy security through the use of various forms of renewable energy.</p> <p>All of our airports will be equipped with alternative energy generation capabilities by 2030.</p> <p>The Enterprise Asset Management Department has developed a framework to mitigate the risk of the national grid collapsing, should the risk materialise. The framework outlines a six-point response consisting of: (i) prioritising load requirements, (ii) sustaining the load, (iii) maintaining availability, (iv) securing and sustaining supply, (v) engaging with stakeholders, and (vi) monitoring responsibilities and accountability.</p>
Digital transformation and information management	
The risk of not being able to adopt and deliver innovative, resilient and secure IT platforms and technologies that support our digital transformation and business growth objectives.	<p>IT Infrastructure and Digital Strategy in place, which is aligned with our Knowledge and Innovation Strategy, Enterprise Security Strategy, Enterprise Risk Management Strategy and Business Continuity Framework.</p> <p>Digital transformation roadmap in place to support this strategy and implementation is ongoing.</p> <p>Information Management Plan in place, which is monitored by our Information and Communication Technology Committee, and which provides the Board with quarterly reports.</p> <p>A secure and fit-for-purpose IT architecture in place. This is regularly assessed and updated in order to keep pace with rapid technological developments.</p> <p>Our digitalisation journey focuses on building, securing, maintaining, and developing an integrated system that is compliant, secure and resilient.</p>

KEY RISKS CONTINUED

NATURE OF RISK		MITIGATION MEASURES AND CONTROLS
Cybersecurity		
The risk of not being able to protect our digital systems and data from the growing threat of cyber attacks, which could comprise both our ability to operate and our reputation as a trusted airports operator.		<p>Cybersecurity Strategy in place and implementation is constantly monitored.</p> <p>Best-of-breed digital security systems, both on-site at all of our airports and in the Cloud.</p> <p>A team of cybersecurity experts on permanent staff, led by a Chief Information Security Officer (CISO).</p> <p>Monitoring of cybersecurity threats 24/7/365.</p> <p>Undertake biannual assurance assessments to supplement the annual cybersecurity audits undertaken by the Auditor-General.</p> <p>Cybersecurity insurance to mitigate against the threat posed by increasingly sophisticated cyber criminals.</p> <p>Comply fully with the Protection of Personal Information Act (POPIA), the General Data Protection Regulation (GDPR), the Payment Card Industry Data Security Standards (PCI DSS) and the Minimum Information Security Standards (MISS).</p> <p>Technology security tools in place to prevent data leakages and connectivity incidents.</p> <p>Use unique usernames and passwords to authenticate and authorise access to systems and information.</p> <p>Cybersecurity Operations Centre is operational.</p>
Tax compliance		
The risk of not being able to proactively manage compliance with tax legislation, which could lead to adverse consequences and/or missing out on tax saving opportunities.		<p>New tax compliance and management plan in place that provides for the tax management function to operate effectively and efficiently.</p> <p>In the process of sourcing the services of a specialised consulting firm to conduct a tax function maturity assessment and to provide recommendations on tax compliance and management.</p>
Contract management		
The risk of inability to manage ACSA contracts and lack of capacity to meet the expected contractual obligations.		<p>Service level agreements in place with all contractors and suppliers. These and all other legal instruments are aligned to the relevant Acts and regulations.</p> <p>All our service level agreements contain a standard clause that clearly articulates the responsibilities of suppliers and contractors.</p> <p>Developed procedures for defining, developing and monitoring the delivery of goods and services from contractors and suppliers.</p>

KEY RISKS CONTINUED

NATURE OF RISK	MITIGATION MEASURES AND CONTROLS
Insider threats	
<p>The risk of not being able to protect the business from criminality caused by insiders who have privileged access and are seeking financial gain through fraud and corruption.</p>	<p>Our Enterprise Security Strategy provides for the assessment and management of insider threats.</p> <p>Continuously assess and update the investigative capacity of our Enterprise Security division.</p> <p>Stringent vetting procedures for all employees.</p> <p>Loss Control Policy in place and are in the process of establishing a Loss Control Committee.</p> <p>Established a fully capacitated Consequence Management Department.</p>
Human capital	
<p>The risk of our people management approach being misaligned with corporate strategy, (Implementation of the recruitment strategy, relationships with our staff and other stakeholders being negatively impacted).</p>	<p>People and Culture Strategy as well as a Human Resources Optimisation Plan in place. Implementation of both is closely monitored and reported to the relevant committees.</p> <p>Board-approved Executive Succession Plan in place.</p> <p>Recruitment Policy and best-practice recruitment management procedures in place.</p> <p>The pay scales are market-related.</p> <p>EE plan and targets are closely adhered to.</p> <p>Workplace Orientation Programme for all permanent employees.</p> <p>Nurture the talent of our employees through training and skills development programmes. We also offer an Employee Bursary Scheme for study at tertiary level.</p> <p>Training and refresher courses on ACSA's values are regularly provided for all staff.</p>

OUR MATERIALITY CONTEXT

In addition to identifying the top risks we face in the current operating environment, we identify the most significant economic, industry, ESG matters that have the potential to impact our ability to create sustainable value well into the future.

Matters that are material to the sustainability of our business relate to our internal and external operating environment, key stakeholder concerns, and the risks that may or do impact our business. Consideration of these matters informs our business model, strategy, capital resource allocation and stakeholder engagement process.

Material matters are identified by drawing information from a range of sources.

Material matters analysis

The impact of the Covid-19 pandemic, subsequent geopolitical events, the global cost-of-living crisis and jet fuel shortages have radically changed the environment in which we operate as well as stakeholder expectations and perceptions.

The following analysis examines matters that are material to the sustainability, success and growth of our business over time. In each case, we describe the nature of the matter, our response to it, the impact of our response on our stakeholders, the strategic objectives of that response, the risk areas it relates to and the immediate outcomes we have to consider as a business.



OUR MATERIALITY CONTEXT CONTINUED



Material matter	Macro-environmental instability	
Description	<p>The process of globalisation, rapid technological development, the residual impact of the Covid-19 pandemic, the effects of geopolitical events, and the global cost-of-living crisis have all resulted in greater socio-economic instability around the world. As societies and economies are now so interconnected and interdependent, no single economy can be said to be insulated from external shocks, over which they may have little or no control.</p> <p>This makes accurate predictive modelling difficult and mitigation strategies are therefore provisional by nature.</p>	
Our response	<p>Our response to both external and internal shocks is to adopt a scenario planning approach to strategy and operational planning. This enables us to be flexible and agile as an organisation. We use this approach within the greater framework of our three strategic pillars: Run Airports, Develop Airports and Grow Footprint.</p>	
Impact on stakeholders	<p>Pandemic-related lockdowns around the world closed off certain markets altogether, influenced passengers' ability to travel, and affected the ability of suppliers and service providers to operate.</p> <p>In the post-pandemic period, global events such as Russia's invasion of Ukraine and the Israeli/Palestinian conflict have impacted on energy costs, supply chains, the cost-of-living and passenger purchasing behaviour. Globally, all of these factors resulted in a reconfiguration of routes and flight frequencies and, locally, the reconfiguration of the entire industry.</p>	
Strategic objectives	<ul style="list-style-type: none"> • Maintain business and financial stability • Maintain a clear focus on our three strategic pillars • Focus on digital innovation to improve efficiencies and the overall user experience • Plan for future growth • Transform and diversify our business • Maintain operational excellence • Manage safety and security • Strengthen our reputation • Manage the impact of change on our people and culture 	
Risk areas	<ul style="list-style-type: none"> • Business Sustainability • Financial Sustainability • Regulatory Uncertainty • Business Diversification • Safety and Security 	<ul style="list-style-type: none"> • Digital Transformation • Cybersecurity • People Strategy • Business Integration • Operational Planning
Immediate considerations and/or outcomes	<p>Ongoing uncertainty, both locally and internationally, means there is inevitably some level of ambiguity in our predictive models and risk mitigation strategies. We nevertheless continue to manage the business according to the Recover and Sustain Strategy and the revised Financial Plan adopted in 2020 as well as our most recent Corporate Plan.</p>	

OUR MATERIALITY CONTEXT CONTINUED

Material matter	Economic regulation
Description	Our aeronautical income is derived from regulated charges or tariffs. These comprise aircraft landing and parking charges and passenger services charges, which are reviewed in three-year cycles. The Airports Company Act (No. 44 of 1993) provides for an independent statutory body, the Regulating Committee, to oversee the economic regulation of the Group. Decision-making regarding regulated charges has, however, been unpredictable and has impacted on long-term financial and infrastructure planning and decision-making over the past four periods.
Our response	We consistently engage with the Economic Regulator regarding the best regulatory framework within which to secure our recovery and create a platform for future growth. We also engage with the Department of Transport on an ongoing basis.
Impact on stakeholders	A lack of predictability relating to our aeronautical revenue impacts on our ability to plan and invest in the necessary infrastructure to meet future demand. This, in turn, impacts on stakeholders that operate within our aviation ecosystem such as airlines, passengers and tenants, as well as on the broader South African economy.
Strategic objectives	<ul style="list-style-type: none"> • Secure business and financial recovery, sustainability and growth • Support internal and external transformation
Risk areas	<ul style="list-style-type: none"> • Business Sustainability • Financial Sustainability • Regulatory Uncertainty • Business Diversification • Business Integration • Operational Planning
Immediate considerations and/or outcomes	Constraints on revenue generation resulting from the regulatory model has limited our ability to take advantage of growth opportunities and has placed pressure on our ability to diversify our revenue. In the 2024 financial year, we were, however, able to resume key projects in our maintenance and infrastructure development programmes in order to support business growth.

Material matter	Digital technologies and cybersecurity
Description	Rapidly evolving digital technologies enable us to improve our operational efficiencies, levels of innovation, stakeholder satisfaction, and our safety and security. Most of our stakeholders continue to demand innovation and readily embrace new initiatives. While advances in technology and progress in digitalisation represent many opportunities, we are alert to the risks associated with these, especially the risk of cyber attacks, which has increased exponentially since the advent of remote and hybrid working.
Our response	Our IT and Digitalisation Strategy provides for us to adopt and leverage appropriate digital technologies in order to enhance operational efficiencies and the customer experience while simultaneously protecting our systems and information. During the Covid-19 pandemic, several initiatives in the strategy were placed on hold due to financial constraints. Key initiatives were nevertheless identified and prioritised, and funds were made available to implement them.
Impact on stakeholders	Our increased use of digital technology is enabling us to process passengers more safely, efficiently and conveniently, engage with multiple stakeholders online, and provide a digitally enabled working environment for our employees. It has vastly improved our operational, financial management and communications capabilities.
Strategic objectives	<ul style="list-style-type: none"> • Increase business efficiency, stakeholder satisfaction, and safety and security • Comply with all legal and regulatory requirements • Constantly introduce new innovations • Protect our business against cyber attacks • Secure our reputation as a leading airports management group • Create a solid and sustainable digital platform for growth
Risk areas	<ul style="list-style-type: none"> • Business Sustainability • Financial Sustainability • Business Diversification • Safety and Security • Digital Transformation • Cybersecurity • Regulatory Compliance • Brand and Reputation • People Strategy • Business Integration • Operational Planning
Immediate considerations and/or outcomes	Technological advancement and digitalisation require a high level of capital investment. Budgets nevertheless remain constrained and this is likely to impact on costs in the medium- to long-term.

OUR MATERIALITY CONTEXT CONTINUED

Material matter	Business growth
Description	Growth in the domestic, regional and international environments remains a key focus of our strategy. While our short-term focus has been on securing our recovery from the Covid-19 pandemic and navigating subsequent challenges, our medium- to long-term focus is on rebuilding and extending our route network, innovating to improve efficiencies and the airport user experience, maintaining our airports effectively, and resuming and/or undertaking key medium- and long-term infrastructure-development projects. We will also continue to actively seek opportunities that provide alternative sources of revenue and improve our long-term sustainability in South Africa, Africa and around the world.
Our response	To support our Recover and Sustain Strategy, an enhanced operating model backed by a fit-for-growth Capability Model has been developed and implementation is ongoing.
Impact on stakeholders	The diversification of our revenue streams is reducing our dependence on aeronautical revenue and our debt-to-finance ratios. The recovery and growth of our business is creating employment opportunities and stimulating economic activity both within and beyond our operations.
Strategic objectives	<ul style="list-style-type: none"> • Secure recovery and create a solid platform for growth • Secure business and financial sustainability • Diversify our business • Transform our business and contribute to broader socio-economic transformation • Grow our footprint • Support economic growth and job creation
Risk areas	<ul style="list-style-type: none"> • Business Sustainability • Financial Sustainability • Business Diversification • Safety and Security • Digital Transformation • Cybersecurity • Regulatory Compliance • Brand and Reputation • Business Integration • Operational Planning
Immediate considerations and/or outcomes	By diversifying our revenue sources, we are reducing our dependence on aeronautical revenue and creating a more robust and sustainable business.

Material matter	Safety and security
Description	We constantly review our safety and security model and benchmark it against international best practice. We also continuously engage with our law enforcement partners and invest in security enhancements, including integrated communications systems. Prevention and threat response procedures are in place to deal with crises should they arise and to ensure both personal safety and continuity of operations. This integrated safety and security approach throughout our environment is essential to provide airport security and aviation security in general.
Our response	We continue to engage with various stakeholders, including SACAA and our law enforcement partners, and to invest in security advancements to mitigate safety and security risks. Preventative and threat response procedures are in place at all our airports to deal with crises should they arise and to ensure personal safety and the continuity of operations.
Impact on stakeholders	Our airports continue to remain free of major safety incidents or security breaches.
Strategic objectives	<ul style="list-style-type: none"> • Provide a safe and secure environment for all of our stakeholders including our staff • Ensure that we have robust threat identification and prevention measures in place • Ensure that we have well-defined crisis response procedures in place • Ensure that we are able to secure business continuity in the events of a crisis • Secure our data and IT systems
Risk areas	<ul style="list-style-type: none"> • Business Sustainability • Financial Sustainability • Safety and Security • Digital Transformation • Cybersecurity • Regulatory Compliance • Brand and Reputation
Immediate considerations and/or outcomes	Increased safety and security measures come at a financial cost but also improve efficiency and have a positive influence on the overall passenger experience. Within the context of ongoing budget constraints we are introducing state-of-the-art innovations such as biometric identification technology to create digital tokens for passengers, which will enhance security and facilitate the movement of passengers throughout our airports. Further innovations include behaviour monitoring technology, which will help us monitor potential security threats.

OUR MATERIALITY CONTEXT CONTINUED

Material matter	Funding
Description	Negative perceptions of South Africa's economic prospects and of poor financial management in the public sector continue to be a significant issue. Our ability to access affordable funding may be affected by this and it may become a significant material threat to the long-term financial sustainability of our business.
Our response	Throughout the past four periods, we have been able to secure affordable funding, most notably by taking a loan from the Development Bank of Southern Africa (DBSA) and by issuing preferential shares. We also sold our stake in Mumbai International Airport Private Limited in the 2022 financial year.
Impact on stakeholders	The quality of the services we provide could be affected by ageing infrastructure and/or a lack of capacity. This, in turn, could impact negatively on our business and financial sustainability,
Strategic objectives	<ul style="list-style-type: none"> Secure business and financial sustainability Fund the diversification of the business Maintain and develop infrastructure Support innovation Provide quality services aligned with international best practice Provide optimal safety and security Fund digital transformation and cybersecurity Secure our reputation Support internal and external transformation
Risk areas	<ul style="list-style-type: none"> Business sustainability Financial sustainability Regulatory Uncertainty Business Diversification Safety and Security Digital Transformation Cybersecurity Regulatory Compliance Brand and Reputation Business Integration Operational Planning
Immediate considerations and/or outcomes	Our ability to access affordable funding influences our ability to maintain our existing assets and embark on major infrastructure projects and programmes. Limited capacity to secure funding would affect our ability to implement our strategic objectives, earn revenue, remain financially sustainable and grow our business. Conversely, the cost of funding means that we need to be selective about the projects we undertake.

Material matter	Acquisition and retention of skills
Description	Our employees are an essential component to our value-creation process as they have the skills needed to deliver excellence in all aspects of our business. In order to manage our skills mix effectively, we attract, retain and appropriately develop employees with critical skills, which supports our long-term sustainability. The Covid-19 pandemic did, however, impact on our skills profile and, in the 2024 financial year, we therefore fast-tracked recruitment to address the deficits we still have.
Our response	<p>The human resources cost-reduction programme we undertook in the 2021 and 2022 financial years resulted in many experienced employees leaving the Group and required both a freeze on recruitment and a reduction in training and development spend.</p> <p>Although these changes impacted on the organisation, our HR Optimisation Procedures mitigated their effect and enabled us to ensure business continuity. For example, they gave us the flexibility to deploy resources to areas of the business in which there were serious constraints and to insource certain activities that had previously been outsourced.</p>
Impact on stakeholders	Through active consultation with our staff and other stakeholders, we were able to implement our human resources cost-reduction programme ethically and effectively, with many employees opting to take voluntary retrenchment packages. Our remaining employees did, however, experience increased work pressure in the wake of this and we are now working to normalise this situation.
Strategic objectives	<ul style="list-style-type: none"> Secure business and financial sustainability Fill critical vacancies with suitably qualified people as rapidly as possible Manage human resources ethically and effectively Continue to provide educational, training and personal development opportunities Ensure that ACSA is recognised as an employee of choice within the aviation industry
Risk areas	<ul style="list-style-type: none"> Business sustainability Financial sustainability Safety and Security Brand and Reputation Business Integration Operational Planning
Immediate considerations and/or outcomes	As a result of the organisational realignment necessitated by the Covid-19 pandemic, the nature of some roles has changed and we foresee that others will cease to exist as the environment in which we operate changes. We are therefore focusing on continuous training and re-skilling, not only to retain our employees and the institutional knowledge they have, but also to reduce the need to acquire skills at significant cost.

OUR MATERIALITY CONTEXT CONTINUED

Material matter	Natural environment
Description	We consistently strive to reduce the impact of our operations on the environment through the effective management of aircraft noise, emissions, bird and wildlife strikes, land, water, electricity, fuel and waste but our environmental impact is nevertheless linked to operational intensity. In times of growth, our impact increases and in times of reduced operations – such as during the Covid-19 pandemic and in the immediate post-pandemic period – our impact decreases.
Our response	<p>We are proactive in the management of our impact through our environmental management system, which is ISO 14001 accredited. We also participate in the ACI's Airport Carbon Accreditation programme to ensure that we manage our carbon emissions optimally. We are aiming to reach zero Scope 1 and Scope 2 emissions by 2030.</p> <p>We generate our own power at four of our airports, where we have fully operational solar farms. These are currently being extended and enhanced, while a fifth is in development. We have also invested in instituting extensive energy management measure at all of our airports and are investing in research to explore long-term green energy and even green fuel options. We aim to be carbon neutral by 2050.</p> <p>Despite ongoing financial constraints, we have remained compliant with all legislative and regulatory requirements and continue to implement measures to manage our impact on the environment.</p>
Impact on stakeholders	ACSA's environmental impact was significantly reduced during the Covid-19 pandemic due to reduced operations, but this is naturally increasing as operational levels recover.
Strategic objectives	<ul style="list-style-type: none"> • Maintain compliance with legislation, regulation and international best practice in environmental management • Maintain the power generating capacity at our current solar farms and work towards commissioning the one currently under development • Maintain existing ACI accreditation and continue to reduce emissions in a phased manner • Maintain and consistently improve our skills capabilities in environmental management • Explore innovations in green energy and green fuel
Risk areas	<ul style="list-style-type: none"> • Business Sustainability • Financial Sustainability • Safety and Security • Regulatory Compliance • Brand and Reputation • Business Integration and Operational Planning • People Strategy
Immediate considerations and/or outcomes	While our negative impact on the environment was significantly reduced in the 2021 and 2022 financial years, we recognise that it is increasing again as operations recover. We therefore continue to strengthen our strategies, systems and procedures to mitigate this impact, which we are doing in partnership with various stakeholders.



STAKEHOLDER ENGAGEMENT

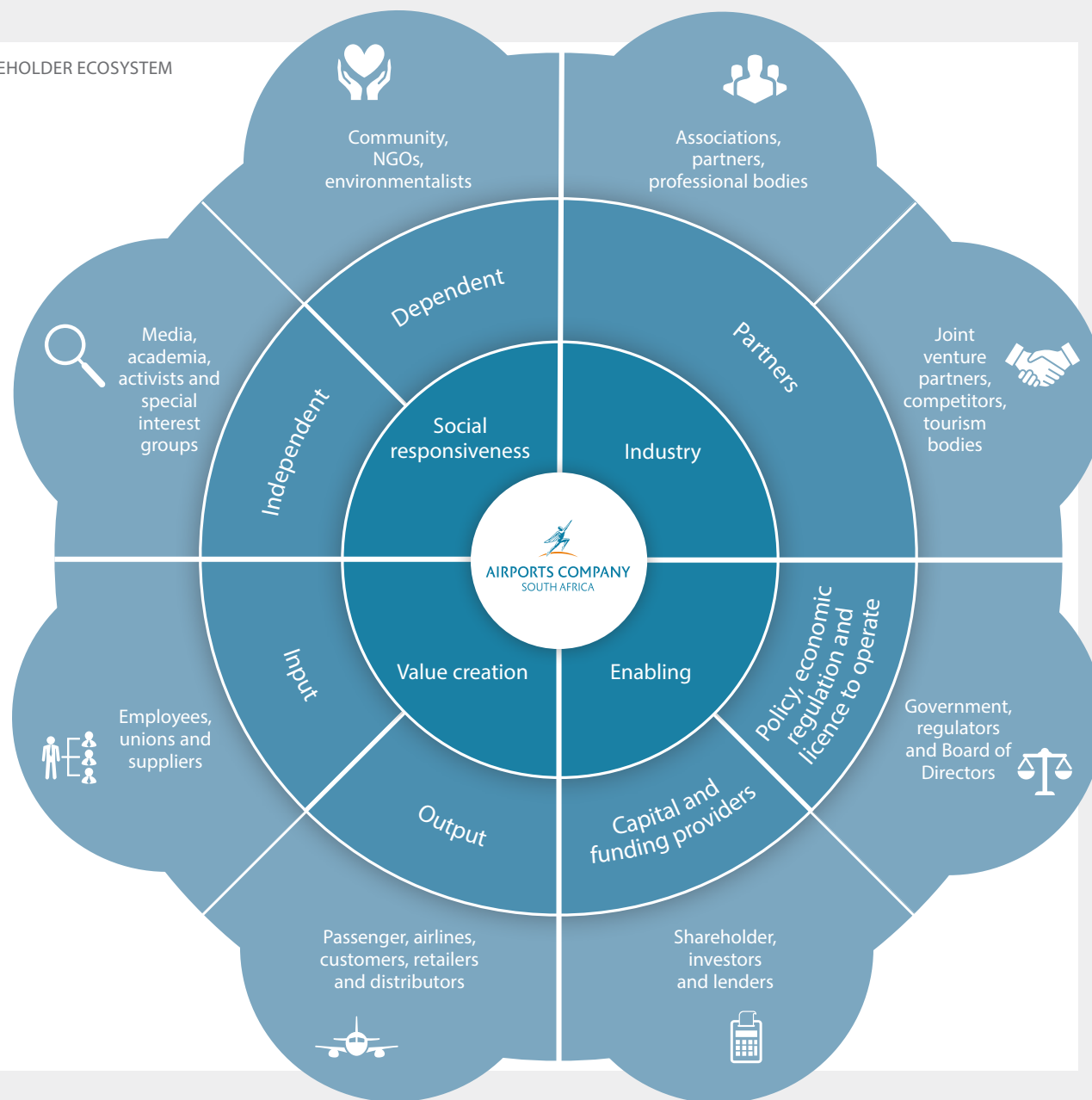
Stakeholders are at the heart of everything we do and, since 2018, we've been working to become more stakeholder-centric throughout our organisation. Guided by our Stakeholder Relations Management Strategy, which is aligned to our Innovate, Grow and Sustain Strategy, we are increasing our level of stakeholder engagement and being more proactive in all situations. We are aware of the critical role that stakeholders play in value creation and our long-term sustainability, and we are playing an active role in nurturing and enriching those relationships.

In particular, we continue to prioritise engagement with government, the financial community, the aviation industry and the private sector about key issues such as business sustainability, funding and the operation of airports according to best-practice operational and environmental guidelines.

Stakeholder groups

As the operator responsible for running the country's nine largest public airports, our stakeholder groups extend throughout society and the economy. The following diagram broadly illustrates the stakeholder ecosystem we engage with on an ongoing basis.

STAKEHOLDER ECOSYSTEM



STAKEHOLDER ENGAGEMENT CONTINUED

Stakeholder categories and methods of engagement

During the review of our strategy in 2020, we updated the way in which we categorise our stakeholders in order to facilitate more active and effective engagement. The following tables illustrate how we categorise stakeholder groups, how we engage with them, the issues that are most critical to them and what the desired outcomes of our engagement with each group are.

Value creation

Stakeholder category					
Passengers, airlines, tenants and concessionaires			Internal stakeholders		
Stakeholder group					
• Passengers and customers	• Domestic and international airlines	• Tenants and concessionaires	• Employees	• Unions	• Board of Directors
Engagement approaches					
• Traditional media, digital platforms	• Meetings	• Meetings and group presentations	• CEO live broadcast • Virtual Town Hall sessions	• Consultation sessions	• Board meetings

Enabling

Stakeholder category							
Oversight and regulation			Shareholders		Finance community		
Stakeholder group							
• DoT National Treasury	• Economic Regulating Committee	• National Treasury	• Portfolio Committee on Transport	• DoT, PIC, minority	• Investors	• Lenders	• Moody's
Engagement approaches							
• Annual general meetings	• Quarterly scheduled Meetings	• Quarterly scheduled meetings	• Oversight visits • Parliament presentation	• AGMs • Scheduled update meetings on business recovery, corporate plan and financial plan	• Investor virtual Conference • Meetings	• Investor Roadshows • One-on-one meetings	• One-on-one meetings
• Shareholder meetings	• One-on-one update meetings						
• Quarterly meetings							
• Parliament presentation							

STAKEHOLDER ENGAGEMENT CONTINUED



Social responsiveness

Stakeholder category				
Independent stakeholders		Dependent stakeholders		
Stakeholder group				
• Media	• Community	• NGOs	• Environment	• Activists and special interest groups
Engagement approaches				
• Interviews	• Meetings			
• Media briefings meetings				

Industry

Stakeholder category				
Industry bodies		Private sector		
Stakeholder group				
• Associations	• ACI, ICAO, IATA	• Tourism bodies	• Partners Air Access	• Joint venture partners
Engagement approaches				
• Meetings	• Conferences and forums	• Meetings and forums	• Meetings	• Meetings

STAKEHOLDER ENGAGEMENT CONTINUED

Stakeholder engagement cycle

Engagement with our stakeholders is conducted according to established procedures. The following diagram outlines the way in which we continuously engage with our stakeholders.

CYCLE OF STAKEHOLDER ENGAGEMENT PLAN DEVELOPMENT



TRANS- FORMATION 07



- 65 Our approach to transformation
- 67 Transforming our people
- 70 Transforming our supplier base
- 75 Transforming our society
- 76 Our society and environment
- 78 Our impact on the UN SDGs and the NDP

OUR APPROACH TO TRANSFORMATION

We have embedded an integrated, collaborative and sustainable approach to transforming our business, our people, society and the management of the natural environment into our strategy and business model. As a state-owned entity, this approach is aligned with the NDP and we regard transformation – both within our organisation and in society as a whole – as fundamental to our value-creation story.

Our commitment to improving the lives of historically disadvantaged South Africans through a wide range of initiatives has always gone beyond the requirements specified by legislation and focuses on tangible outcomes to promote socio-economic stability, improve living standards, strengthen our democracy and manage our impact on the natural environment.

We regard transformation as a process that eliminates the barriers to inclusion and creates new opportunities; a process that contributes to inclusive growth and fosters a sustainable future for everyone who lives, works and travels in our country. We also acknowledge the environmental impact of our operations and are committed to managing this responsibly.

While some of our transformation initiatives had to be curtailed during the Covid-19 pandemic, we continued to meet all regulatory requirements and to do whatever our resources enabled us to do. Now that we have not only achieved a firm recovery position, but are focusing on innovation, growth and sustainability rather than on recovery, we are progressively resuming our transformation agenda.

We track progress against our Transformation Strategy, which was revised in 2020 to complement our Recover and Sustain Strategy, and we have entrenched our objectives into our policies and KPIs. These are, in turn, aligned to the Integrated Transport Charter Codes, as set out in the amended Broad-Based Black Economic Empowerment (B-BBEE) Codes of Good Practice. A summary of our transformation status is given in the table below:

Transformation summary

	FY2024	FY2023
B-BBEE Accreditation	Level 2	Level 2
ACI Airport Carbon Accreditation Certification	Level 2 certification at four airports	Level 2 certification at four airports
Black business share of revenue generated	68%	50%
Number of job opportunities supported	18 567	16 225

Transformation Summary

B-BBEE ACCREDITATION

Level 2

(2023: Level 2)

ACI AIRPORT CARBON ACCREDITATION CERTIFICATION

Level 2 certification at four airports

(2023: Level 2 certification at four airports)

BLACK BUSINESS SHARE OF REVENUE GENERATED

68%

(2023: 50%)

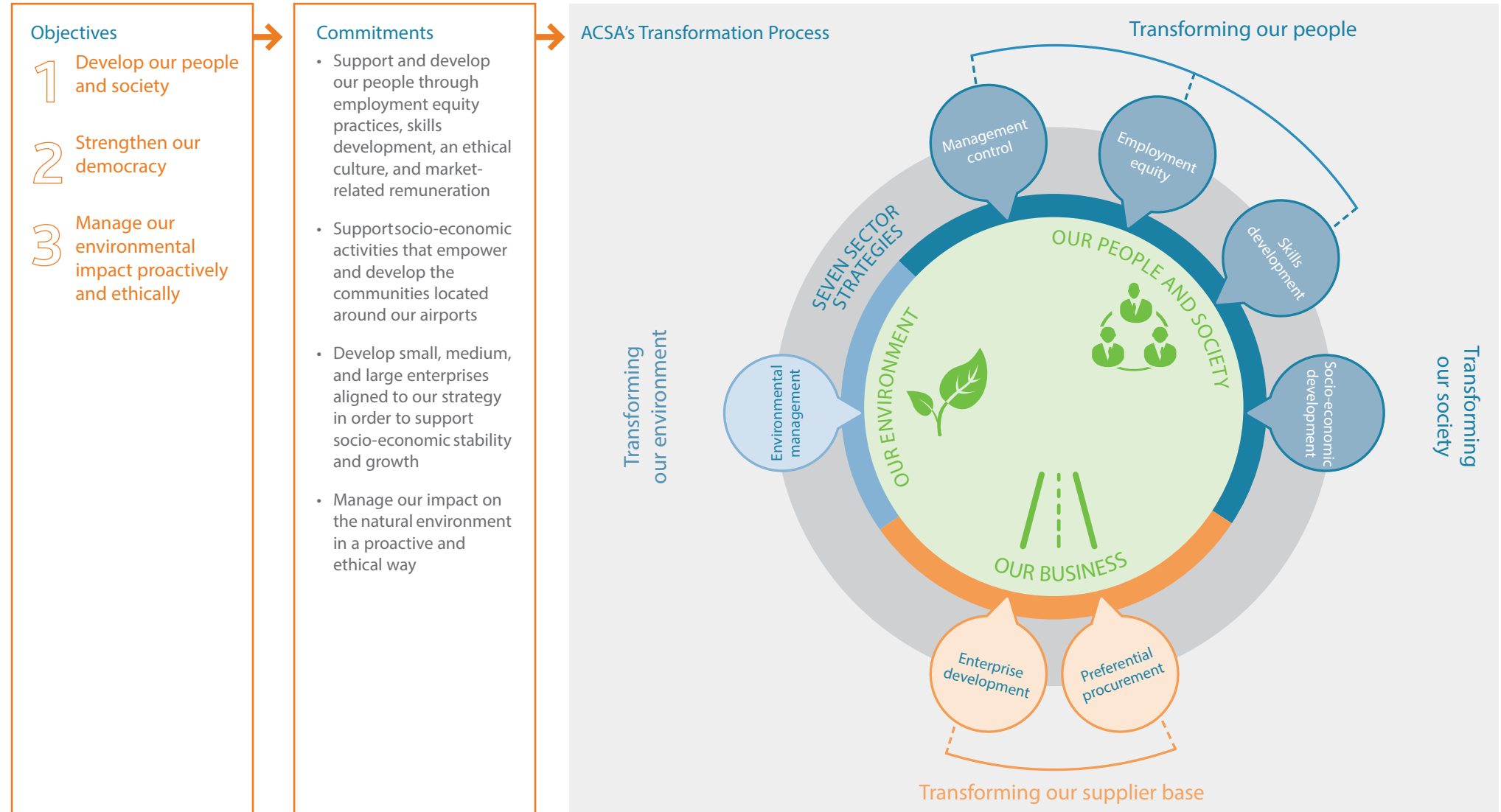
NUMBER OF JOB OPPORTUNITIES SUPPORTED

18 567

(2023: 16 225)

OUR APPROACH TO TRANSFORMATION CONTINUED

Integrated Transformation Agenda



TRANSFORMING OUR PEOPLE

While our ability to meet our internal transformation objectives was curtailed by the Covid-19 pandemic, we have successfully adapted to an entirely new socio-economic and operating environment. Within the framework of our Recover and Sustain Strategy, we are implementing our People and Culture Strategy, which sets out realistic short- and medium-term transformation objectives.

The key objectives of this strategy are to design a smart and flexible organisation, energise our workforce, build high-performance teams with future-focused skills, entrench an ethical culture, enhance our carbon intelligence, and strengthen our commercial agility.

Black participation in the economy as a whole nevertheless remains a major challenge and requires urgent attention and coordination between all key stakeholders in order to identify and build partnership opportunities that will help to reduce unemployment and secure economic empowerment. The involvement and commitment of social partners is essential if we are to achieve our broader transformation goals.

We also acknowledge the important and significant role of small, medium and micro enterprises (SMMEs) and co-operatives in the economy and are committed to investing in, supporting and developing SMMEs and co-operatives that are owned and/or managed by Black people, especially Black women, young people and people with disabilities.

To ensure a focused and conscious approach, strategic objectives in four key areas have been identified as crucial to accelerating our transformation agenda.

In the previous period, the Human Resources division also led the process of developing our Revised Governance Framework and Operating Model (GFOM), which takes new realities into account. This was developed to enable us to become a leaner and more agile organisation without having to compromise our transformation agenda. It is being implemented with the support of the Human Resources division.

Management control

The CEO, CFO and other members of the Board provide the strong and consistent leadership necessary to navigate the many complex challenges we have to face as a business and as a significant contributor to the goals of the NDP. They are supported by the Group's Executive Committee and the Management Committees in all of the operating units.

Increased market access	Build capacity	Contribute to sector participation	Promote access to funding
<ul style="list-style-type: none"> Number of new Black-owned service providers introduced into the industry % of procurement goods/ services issued and completed with Black-owned partnership requirement 	<ul style="list-style-type: none"> Number of Black professionals and/or SMMEs provided with training and up-skilling opportunities 	<ul style="list-style-type: none"> % of sector spend channelled toward SMMEs and Black-owned service providers % of sector revenue (where applicable) provided by Black-owned and SMME vendors 	<ul style="list-style-type: none"> % of QSE and EME supported in contract funding through direct spend Number of Black-owned service providers supported with funding through leveraging of funding network

Further information about our governance structures and procedures is available in our Governance and Remuneration Report, which complements the Integrated Annual Report and is part of our reporting suite.

Employment equity

Budget constraints during the Covid-19 pandemic meant that we had to put all but the most essential appointments on hold and delay the implementation of certain company-wide initiatives to enhance employment equity. However, as soon as the State of Disaster was lifted in April 2022, we undertook a process of developing a successive EE plan.

In the 2024 financial year, our focus was on rolling out the EE plan for the year and this was reviewed during the fourth quarter to take into account a reduction in employee count. A revised version of the plan will be rolled out in the 2025 financial year. ACSA's Employment Equity Report for the 2023 calendar year was submitted to the Department of Employment and Labour in December 2023.

The Human Resources division has been purposeful about integrating the solutions to employment equity barriers into the People and Culture Strategy to ensure that there is a consolidated focus on diversity and

inclusion issues, especially those relating to gender, youth and people living with disabilities. Among others, these issues include accessibility, economic participation by Black businesses and skills development.

The objective of the plan is to drive a transformation mindset throughout the organisation by ensuring that we attain and retain a diverse workforce, support the development of Black-owned businesses and promote youth development.

As in all aspects of our business, we continue to consult closely with our employees and their union representatives regarding our transformation and employment equity targets.

Employee demographics

We are also dedicated to ensuring our workforce reflects the demographics of South Africa's economically active population. The organisation is on the path of recovery and recruitment efforts are aimed at improving representation against the national targets for each demographic group. There are still areas needing improvement where there are high rates of under representation, such as the white male and white female employee population.

TRANSFORMING OUR PEOPLE CONTINUED

As at 31 March 2024, the total employee population was 2 765 (2023: 2 448), with Black representation being 96.8% (2023: 96.3%). This is 4.8% higher than the national employment equity target of 92%.

Employee demographics

	2024	2023
Total number of employees	2 765	2 448
Black representation	96.82%	96.3%
Female representation	49%	48%
Permanent employees	2 494	2 297
Temporary employees	189	72
Youth talent employees	84	79
Employees with disabilities	52	51
Employee turnover rate	8.9%	7%

Black males represent 51.9% of the employee population (2023: 49.77%) against a national target of 50%. White males and white females continue to be under-represented, with white males making up 2.40% of the employee population (2023: 2.2%) against a target of 4.5% and white females making up 2.40% (2023: 1.5%) against a target of 3.5%. The percentage of employees with disabilities is 1.99% and youth representation was 30.7% of the employee population.

A summary of our employment equity statistics is given in the table below:

Category	Employment equity representation		
Employment Equity Progress	Black (A,C,I) Representation	Black (A,C,I) Female Representation	African Female Representation
	2 677	1 301	1 146
	96.81%	47%	41.4%
Youth Representation	Black (A,C,I) Youth in Snr. Mgt.(E) and Above	Total Youth	Youth in Technical Positions
	1	848	178
	0.04%	29.8%	2.9%
Persons with Disability	Overall PwD (A,C,I,W) Representation	Black PwD (A,C,I) Representation	Black (A,C,I) Female PwD Representation
	52	49	23
	1.99%	1.8%	0.9%

Skills development

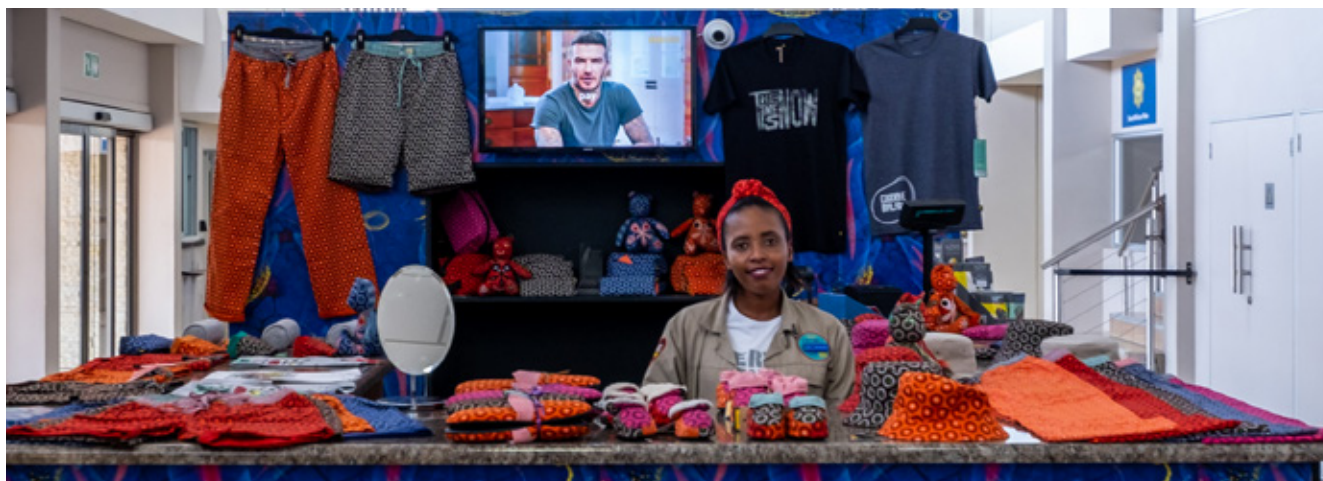
In compliance with Transport Education and Training Authority (TETA) requirements, we submitted a comprehensive Workplace Skills Plan for the reporting period. Drawing on input from line managers throughout the business, the plan focused on:

- Fulfilling the business's strategic objectives
- Implementing each division's business plan
- Regulatory training
- Workforce optimisation
- Continuous Professional Development
- Transformation

While young people between the ages of 18 and 35 are a primary focus for us, access to skills development and further education and training is available to all employees, up to and including those at executive level.

The realities of budget constraints nevertheless continued to be felt throughout the 2024 financial year, with only 62% of the proposed budget for training and skills development being approved.

ACSA's Learning and Development Department has two delivery channels, namely the Training Academy, which focuses on commercial development initiatives for external customers, and a Skills Development Department, which is dedicated to employee development.



TRANSFORMING OUR PEOPLE CONTINUED

Training Academy

In line with our organisational strategy, the Training Academy is currently implementing a Commercialisation Strategy and, of the nine priority areas identified in the strategy, four were the primary focus during the reporting period. These were Accreditation, Qualification Development, Curriculum Development, and Customers and Sales.

In addition to our existing accreditations from the Civil Aviation Authority (CAA) and the ICAO, the Academy secured accreditation from the Safety and Security Sector Education and Training Authority (SASSETA). This signifies that its training centre, materials and instructors meet SASSETA's rigorous standards, supporting ACSA's strategic objective of delivering exceptional safety and security training programmes for the aviation sector.

Further, in collaboration with ACI Africa, the Academy has embarked on a strategic partnership with the University of Cape Town to develop industry-specific qualifications, and both the data analysis and programme design phases have been completed. This collaborative project aims to offer accredited qualifications at National Qualifications Framework (NQF) Levels 7, 8 and 9. SASSETA accreditation will ensure that the courses we offer are certified by the South African Qualifications Authority (SAQA) and will count as credits towards various diploma and degree courses.

In the area of curriculum development, the Academy conducted a comprehensive needs assessment to identify the specific knowledge, skills and competencies required by students in Aviation Security (AVSEC), Fire and Rescue and Safety. Based on this, it has strategically aligned learning solutions to each development stage, ensuring that the required courses for career progression are clear, well-defined and formally approved.

Finally, the Academy's work to improve commercial agility through customer relationship management and sales was exceptional.

It significantly surpassed its projected revenue generation target of R2.2 million, closing the financial year with revenue of R5.4 million. This achievement was made even more remarkable given the resource limitations it had to contend with.

The Training Academy is the only aviation security training centre in the sub-Saharan region and has been accredited to provide training since 2004. With our business focus diversifying and shifting to concentrate on building non-aeronautical revenue, we recognise what a critical role it has to play in capacitating the organisation for future sustainability and success.

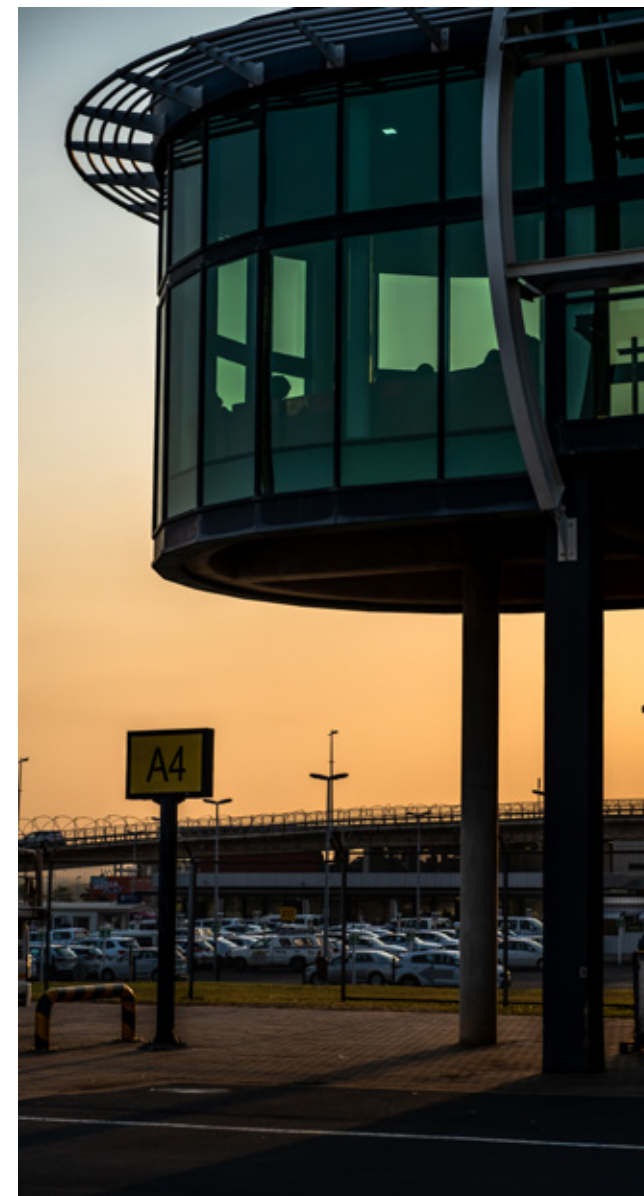
Workplace Skills Plan

A total of 1 965 training interventions were requested by 965 employees on ACSA's Workplace Skills Plan. As at 31 March 2024, 1 464 of the requested initiatives had been implemented, representing an execution rate of 75% and an investment of close to R15 million.

Further, in the 2024 financial year, we awarded 293 employee bursaries to the value of nearly R9.5 million. Of the recipients, 98% are Black (with 87% being Black African), 54% are female and 8% are persons with disabilities.

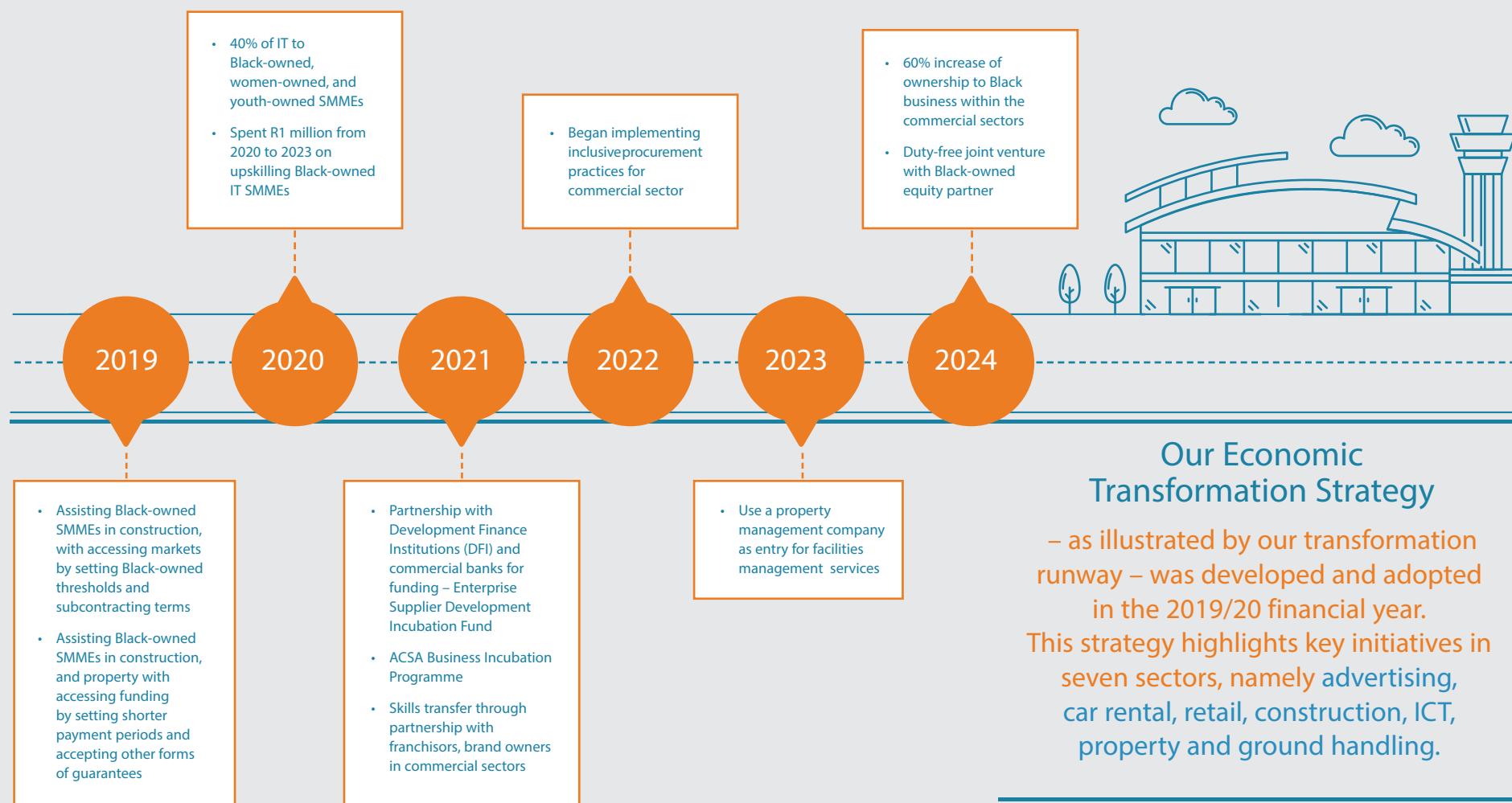
In addition, 76 bursaries to the value of just over R9.5 million were awarded for the children of employees. Of the recipients, 84% are Black Africans and 46% are female. There were no applications from persons with disabilities.

As a result of all of these initiatives, our B-BBEE skills development score increased from seven points to 18 points. We aim to obtain the maximum 25 points in the 2025 financial year, which will help us to reach B-BBEE Level 1.



TRANSFORMING OUR SUPPLIER BASE

Our Economic Transformation Strategy – as illustrated by our transformation runway – was developed and adopted in the 2020 financial year. This strategy highlights key initiatives in seven sectors, namely advertising, car rental, retail, construction, ICT, property and ground handling.



TRANSFORMING OUR SUPPLIER BASE CONTINUED

Seven key sectors

Our strategies in the seven sectors we have identified are focused on preferential procurement and enterprise development. In the advertising, car rental and retail sectors, we engage in non-aeronautical revenue-generating commercial activities and contribute to the transformation of suppliers and service providers through various enterprise development initiatives.

In our ground handling operations, we do not engage in any commercial activities, but contribute to transformation by setting specific requirements in our ground-handling license agreements and by providing suppliers with access to enterprise development opportunities.

In the construction, IT and property sectors, we support transformation in our supplier base through the preferential procurement of goods and services, setting procurement performance targets that are monitored and reported on using a transformation dashboard.



Preferential procurement

At the start of the Covid-19 pandemic, we engaged with our suppliers about the impact it was likely to have on their businesses and ours. In particular, we identified the 20 top suppliers that could be at risk of having their B-BBEE ratings downgraded as a result of having to take measures in response to the various levels of lockdown.

As part of our ongoing supplier performance monitoring process, we have actively engaged with all of our suppliers throughout the intervening period to ensure that they have been able to remain B-BBEE compliant. We have done this by using our transformation dashboard to monitor actual procurement spend against targets. A summary of our performance in the 2024 financial year is given in the table adjacent.

During the reporting period, our overall controllable procurement spend performance was R2.8 billion. This included R551 million spent on infrastructure. Of the overall spend, 74% (R2.08 billion) was spent with B-BBEE suppliers against a target of 80%, 68% (R1.4 billion) was spent with 51% Black-owned suppliers against a target of 50%, and 37% (R770 million) was spent with 30% Black women-owned suppliers against a target of 15%.

Further, R242 million of controllable spend was used to support exempt micro enterprises (EMEs), representing 11.63% of total spend against a target of 20%. R513 million was used to support qualifying small enterprises (QSEs), representing 25% of spend against a target of 20%; R187 million was used to support youth-owned enterprises, representing 9.01% of spend against a target of 20%; and R149 million was used to support enterprises owned and run by people with disabilities, representing 7.17% of spend against a target of 10%.

B-BBEE procurement spend category	Target		2024		2023
For all suppliers	80%	↑	76.92%	↑	74.72%
From 50% or more Black-owned suppliers	50%	↓	65.00%	↓	70.00%
From 30% or more Black-women suppliers	15%	↑	39.00%	↑	38.00%
From QSEs	20%	→	23.00%	↓	23.00%
From EMEs	20%	↓	9.86%	↓	11.12%
From 51% youth-owned companies	20%	↑	6.78%	↑	5.15%
From people with disabilities-owned companies	10%	↓	7.78%	↑	8.63%

TRANSFORMING OUR SUPPLIER BASE CONTINUED

Our revised flagship projects in the construction, IT, operations, security and commercial sectors have remained a priority and have enabled us to meet our procurement targets. Despite budget constraints, we have been able to continue contributing to economic transformation through these projects.

By the start of the new business cycle in the 2024 financial year, we had regained a firm recovery position although passenger traffic was below forecast. With the uncertainties of both the local and global market in mind, we undertook a full review of our capex programme and put a revised development plan into place for the period to 2032.

We have adopted a conservative approach to reinstating capacity projects and those that were approved for reinstatement had to go through the necessary planning stages before we could proceed to procurement.

Construction

As we entered the 2024 financial year, we had Board permission to restart terminal expansion and modification projects at Cape Town International Airport, Chief Dawid Stuurman International Airport in Gqeberha (previously Port Elizabeth) and King Phalo Airport in East London. We also had permission to reinitiate the refurbishment of the cargo precinct at OR Tambo International Airport in Johannesburg and the refurbishment of the runways at Bram Fischer International Airport (Bloemfontein) and Kimberley Airport.

Planning on another flagship project, a new midfield cargo terminal at OR Tambo International, was also resumed and an assessment phase was undertaken. This R5.7 billion project will contribute to socio-economic transformation in many ways, not least through job creation and the promotion of trade. Construction work on the project will resume in the 2025 financial year and R3 billion of the total budget will be disbursed during the year.

Also, at OR Tambo International, we are in the process of doing the necessary assessments for a midfield passenger terminal complex, for which there is a construction budget of R15 billion. Work on this complex is scheduled to take place during the 2028 to 2032 business cycle.

Already in progress is an extension to the international bussing station at the airport, for which there is a budget of R245 million.

At Cape Town International, four infrastructure projects are in various stages of development. Construction work on three of these will take place during the current business cycle. They include the construction of extensions to the domestic departure lounge and gates, for which there is a budget of R388 million; the construction of a new domestic arrivals terminal, for which there is a budget of R1 billion; and the realignment of one of the runways, for which there is a budget of R6 billion. The redevelopment of Terminal 2, for which there is a budget of R4.3 billion, is currently in the planning stage and construction will take place in the next business cycle.

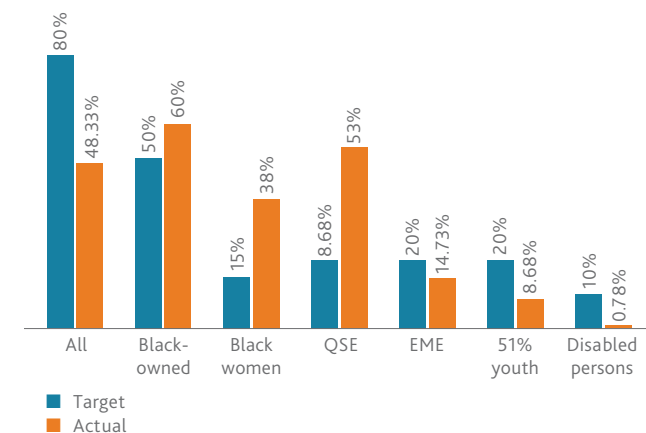
Key infrastructure development projects are also in various stages of development at Chief Dawid Stuurman International, George Airport and King Phalo Airport. These have a total development budget of R1.92 billion.

A further 1 158 infrastructure refurbishment and maintenance projects are in progress at our airports and these have a total budget of R11.8 billion.

The purpose of these projects is to maintain our assets in such a way that we are able to retain our license to operate as well as provide safe airport operations and a seamless passenger and airport user experience. A further 78 corporate projects are in various stages of implementation and have a budget of R5.27 billion.

Finally, in line with our strategic objectives, we are investing heavily in energy and demand management projects. In particular, we are currently extending our energy demand management and solar PV solutions at OR Tambo International, King Shaka International (Durban) and Cape Town International. The total construction budget for these three projects is R1.06 billion. We are also in the planning stage for a gas-to-power trigeneration plant, which is scheduled for construction between 2027 and 2032. The budget for this project is R2.034 billion.

IAM B-BBEE PROCUREMENT SPEND



TRANSFORMING OUR SUPPLIER BASE CONTINUED

Information Technology

Current performance on all contracted projects is in line with our IT transformation targets. The process of digitalising outdated or redundant processes is ongoing and the digital roadmap that was defined to support our organisational strategy includes a capital expenditure budget of R1.2 billion for the five years to the end of the 2025 financial year.

During the reporting period, we spent R49 million (2023: R224 million) on executing projects outlined in the roadmap. These are concerned with improving the passenger and airline experience, enhancing cybersecurity, updating our IT infrastructure and automating core business processes. Detailed information about these projects is given in the Performance Review section of this report.

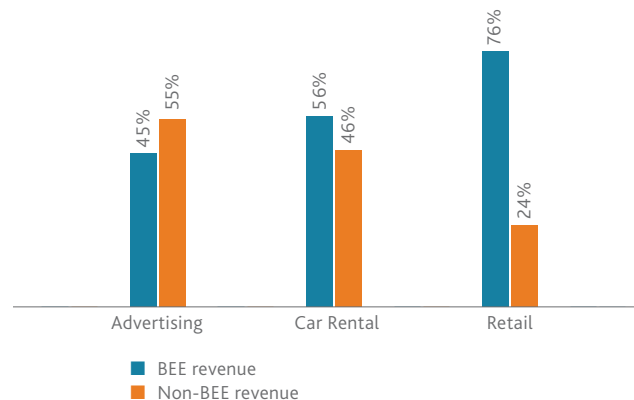
Strategic projects such as the design and implementation of the passenger self-service programme, Common-Use Self-Service (CUSS) kiosks, commercialisation initiatives and parking equipment will provide secure, innovative and resilient digital platforms to meet customer expectations and deliver on our B-BBEE commitments.

R560 million of the IT budget for the reporting period was spent with Black-owned companies; 25% with companies owned by Black women, 15.24% with QSEs, 0.03% with companies owned by Black youth and 22% with companies owned by people with disabilities. Of the total spend on Black businesses, R379.34 million was OPEX and R181 million was capex.

Commercial

The Commercial division's priority is to ensure successful transformation through the share of Black business in commercial revenue generation. In the 2024 financial year, Black-owned businesses contributed 68% of ACSA's commercial revenue against a target of 55%, largely due to a recent empowerment transaction by the Core Duty Free operator. A breakdown of procurement by revenue source is given below.

BEE COMPARISON BY BUSINESS UNIT

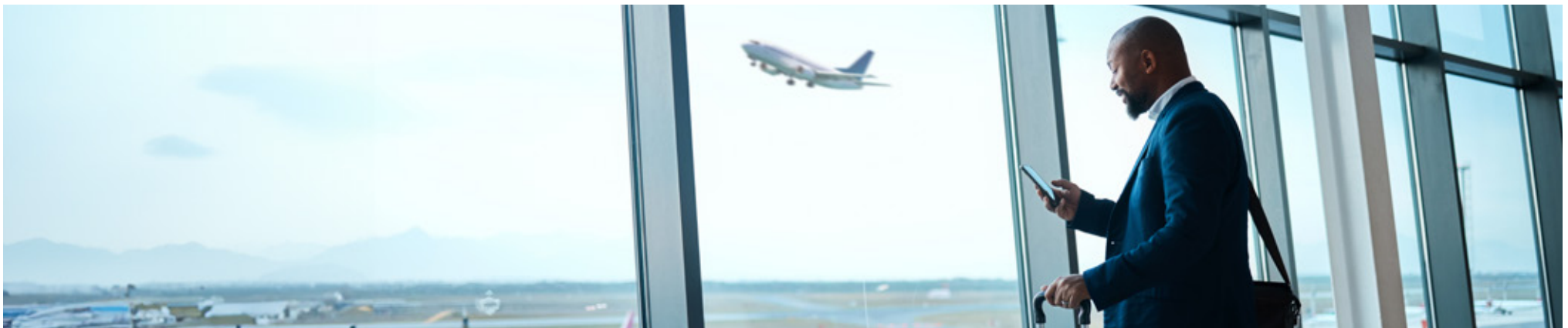


Ground handling

ACSA issues licenses to companies that provide services to aircraft on the airside. Licenses are issued to provide catering services to aircraft, airline self-handling, ground handling services and aircraft technical maintenance services.

During the reporting period, 16 airside licenses were issued to service providers, three of which were not B-BBEE compliant. Processes to address non-compliance with the other two service providers.

All service providers are continually engaged to encourage them to improve their B-BBEE status.



TRANSFORMING OUR SUPPLIER BASE CONTINUED

Enterprise development

Our enterprise supplier development initiatives support not only large companies, but SMMEs as well. We include SMMEs in our supplier base and provide both financial and non-financial support for them to increase economic participation and stimulate job creation. This, in turn, supports the growth and sustainability of the aviation sector while also advancing our own transformation objectives.

With our support, SMMEs can grow into scalable businesses that have the potential to become part of our supplier development programme and, ultimately, to become preferred procurement partners.

During the course of the year, our Socio-Economic Development Strategy and Policy was updated and, with the input of both internal and external stakeholders, was further aligned with our procurement objectives. The revised strategy defines our procurement objectives as well as our enterprise and community development objectives for the 2025 financial year.

The following table gives a summary of our key enterprise development initiatives in the 2024 financial year:

Programme	Partners	Activity
Entrepreneur 'Giving it Wings' Programme	Mangaung Chamber of Commerce and Industry (MCCI) iLembe Chamber of Commerce and Tourism (iLembe)	'Giving it Wings' is an extension of the Entrepreneur Programme already running in KwaZulu-Natal and around George in the Western Cape. Engagements were held to socialise the programme and expand the enterprise development business accelerator programme into Free State under the stewardship of Bram Fischer Airport. The programmes provide an opportunity for SMMEs in the Mangaung district especially Botshabelo, Thabanchu, Brandfort, and Ladybrand areas to grow their business through the business accelerator programme.
ACSA-dtic Black Industrialist Programme	Department of Trade, Industry and Competition (dtic)	The dtic has established the Black Industrialist Programme, which promotes the growth and competitiveness of Black-owned and -managed enterprises in the manufacturing sector. As an SOC, our role is to participate in this programme through our procurement and supplier development mechanisms. Emphasis has therefore been placed on the need ensure that Black manufacturers have access to markets and on facilitating supplier development initiatives. Luggage trolleys, in particular, have the potential to be part of the suite of products that can sustain the local manufacturing sector and create much-needed jobs.
ACSA-DTIC Black Industrialist Programme Open Days	Department of Trade, Industry and Competition (dtic) Industrial Development Corporation (IDC)	In June 2022, ACSA and its partners established a working group on localisation. This was formed to ensure that ACSA can leverage public procurement to build domestic manufacturing across various sectors. The Black Industrialist Programme was highlighted as a channel to address some of the procurement challenges within our value chain. Black Industrialist Open Day activations were therefore identified as an intervention that could be used to expose local manufacturers to our procurement value chain. Open days were successfully hosted in KwaZulu-Natal, Eastern Cape and Western Cape and the programme is ongoing.



TRANSFORMING OUR SOCIETY

We contribute to transforming our society as a whole by supporting historically disadvantaged communities located near our airports in compliance with our Socio-Economic Development Strategy. Through the implementation of this strategy, we fulfil the requirements of the B-BBEE Act (No. 53 of 2003), the Department of Trade and Industry's Codes of Good Practice and the NDP.

During the reporting period, we invested R7.9 million in development projects throughout the country (2023: R13.7 million), focusing on the communities in which we operate. These included projects in early childhood development, agri-processing and food technology, malaria prevention, renewable energy, food and gardening, nutrition, entrepreneurship training, carpentry and furniture-making, waste management and recycling, sewing, brickmaking skills and paving, poverty alleviation, and nature conservation.

Socio Economic impact

Company level contribution

GDP contribution R9.4 billion

Employment contribution 18 567 jobs

Income contribution R3.2 billion

ACSA Corporate Office,

GDP contribution R1.0 billion

Employment contribution 5 755 jobs

Income contribution R1.1 billion



OUR SOCIETY AND ENVIRONMENT

We proactively assess and manage the environmental impact of our operations in line with our integrated transformation and sustainability objectives. While our impact on the environment was considerably lower during the Covid-19 pandemic, it has naturally increased as normal operations have resumed.

Socio-economic impact

We support and enable economic growth, transformation and development through our operations, although our ability to do so was naturally affected during the Covid-19 pandemic and in the immediate post-pandemic period.

Our socio-economic impact study for the 2024 financial year once again demonstrated how much our positive impact on communities and the national economy has been compromised by the Covid-19 pandemic, illustrating just how widespread and devastating its effects have been.

We are nevertheless deeply committed to managing our environmental impact and have best-practice strategies, policies, processes and procedures in place to do so. Ongoing engagements are held with the relevant regulators to ensure that ACSA remains compliant with its obligations regarding environmental monitoring and reporting.

ISO 14001:2015

The certification audits for all nine airports took place during the reporting period. All met the requirements of the ISO 14001:2015 Environmental Management System Standard and were duly certified. Audits will continue in line with the usual certification cycle.

Legislation and compliance

In terms of compliance, we have contracted environmental legal consultants to assist with the development and implementation of site-specific environmental legal registers, which take into account primary, secondary and tertiary legislation in all spheres of government. These registers will provide each airport with the legal requirements pertinent for their location and context, as well as with formal means for tracking compliance.

Airport carbon accreditation

OR Tambo International, Cape Town International, King Shaka International and Chief Dawid Stuurman International all maintained their Level 2 Airport Carbon Accreditation throughout the reporting period. Level 2 accreditation is only awarded if an airport is able to demonstrate emissions reductions for the accreditation period when compared to the rolling average over the previous three years.

As recovery improves, we will investigate the feasibility of expanding this programme to the remaining airports in our portfolio.

Emissions reporting and carbon tax

We also continue to report on the emissions produced by our standby generators as per the requirements of the National Environmental Management: Air Quality Act (No. 39 of 2004) and consequently file for carbon tax in our annual disclosures to the South African Revenue Service.

Roadmap to carbon neutrality

The constraints on capital expenditure during and immediately after the Covid-19 pandemic resulted in us having to adjust the timing on the projects that make up our Roadmap to Carbon Neutrality. While the initial goal of achieving carbon neutrality for Scope 1 and Scope 2 emissions at all of our nine airports by 2030 has not changed, the timing of the projects required to reach this goal has been amended, with most energy-reduction projects having been moved into the 2027 to 2030 period.

At present, our focus is on the production of renewable energy at our largest airports, which is not only contributing to our carbon neutrality goals but also reducing our dependency on the national grid. These initiatives, together with the use of natural gas to generate electricity, which is less carbon-intensive than coal-powered generation, are helping us to lower carbon emissions.

Our decarbonisation journey is based on three pillars, namely creating an energy-efficient culture, reducing energy consumption and introducing a sustainable energy mix.

As a baseline, we are keenly focused on creating an energy-efficient culture and have developed a comprehensive Energy Management Strategy. In line with this, we have put energy management forums into place throughout the organisation and these forums monitor and report on every aspect of our energy demand management. The strategy itself is regularly reviewed and updated to accommodate evolving challenges and developments.

Our progress towards reducing energy consumption is also well underway and has included initiatives such as heating, ventilation and air conditioning (HVAC) optimisation, the replacement of luminaire lighting installations, the upgrading of energy management instrumentation, and the installation of double glazing, geyser sleeves, LED lighting, and movement sensors to switch lights on and off as needed.

All new infrastructure projects are designed to optimise energy usage and our corporate offices at OR Tambo International, which were completed in the 2021 financial year, have been granted a four-star rating for sustainable building design by the Green Building Council of South Africa.

We have also made significant progress on our journey towards a sustainable energy mix and four of our airports are already equipped with solar farms. These are designed to reduce our reliance on grid electricity and to enable us to manage the impact of loadshedding. A fifth solar farm has been planned and is in the development phase. To complement this, our socioeconomic development programme includes an allocation for solar energy skills development at community level.

In addition, we are moving into the implementation phase of a project to construct a gas-to-power trigeneration plant at OR Tambo International. Trigeneration or combined cooling, heat and power (CCHP) is a process through which a natural gas-fired generator produces electricity while the heat from the combustion process is used to generate chilled water for air conditioning. A further two trigeneration plants are in the planning phase and will be constructed at Cape Town International and King Shaka International between 2029 and 2031.

OUR SOCIETY AND ENVIRONMENT CONTINUED

On the fuel side of the equation, the rising cost of aviation fuel necessitates that we invest in research and development to further explore Sustainable Aviation Fuel (SAF). We are also exploring partnerships to develop infrastructure for the production of SAF at all of our airports. In addition, we are steadily introducing more battery-powered vehicles for ground handling and transportation functions at all of our airports.

We anticipate that these initiatives will position ACSA as a leader in sustainable aviation and airport management practices.

Noise management

As in the previous period, the number of noise complaints received was very low, with only one complaint being logged at Upington International Airport (2023: 5). The low number of complaints is evidence of the successful implementation of noise abatement measures at all of our airports.

Bird strikes







The number of bird strikes reported during the period was 322 (2023: 254). The increase in the number of strikes should be seen in relation to the progressive recovery to normal business operations and the increase in passenger traffic. We have comprehensive and humane bird strike management procedures in place at all of our airports.

Environmental incidents

There were no environmental incidents during the reporting period.

Key environmental metrics

As at 18 May 2024

						
Airport	Electricity consumption (kWh)	Water consumption (kl)	Total waste (Kg)	Waste recycled (kg)	Noise complaints (#)	Bird strikes (#)
Bram Fischer International Airport	3 180 033	78 920	0*	0*		
Cape Town International Airport	73 795 365	532 483	2 108 401	1 908 061		
Chief Dawid Stuurman International Airport	4 170 778	49 075	66 813	23 637		
George Airport	1 382 064	36 952	9 122	3 220		
King Phalo Airport	2 789 120	24 070	0*	0*		
King Shaka International Airport	25 524 604	254 883	829 951	335 712		
Kimberley Airport	552 947	7 178	0*	0*		
OR Tambo International Airport	89 784 039	509 533	4 791 000	928 000		
Upington International Airport	611 126	17 776	9 312	5 547		
Total	196 237 233	1 424 843	7 738 664	3 177 320	1^	322^

* The waste is not being measured.

^ Collective data is analysed.



OUR IMPACT ON THE UN SDGs AND THE NDP

The United Nations Sustainable Development Goals (SDGs) provide a framework for improving the living standards of the world's population, protecting the environment and eliminating gender and income inequality. Globally, they are used as a benchmark to measure the contributions made by businesses, industry and other organisations to the process of sustainable development. We measure our development contributions within this framework as well as within the framework of South Africa's NDP.

The aim of the NDP is to significantly reduce poverty and inequality by 2030. The framework it provides consists of 15 chapters that focus on critical issues such as unemployment, education, infrastructure development, inclusive economic development, access to quality healthcare, environmental sustainability and corruption.

In line with the SDGs and the NDP, we aim to create sustainable value for all stakeholders and minimise the negative impacts we have on the communities in which we operate as well as on the natural environment.



OUR IMPACT ON THE UN SDGS AND THE NDP CONTINUED

Contributions to our Sustainability Framework

Our commitment to the transformation of our business, our people, society and the environment is integral to our organisation. Our transformation objectives are aligned with our strategic objectives and contribute to our Sustainability Framework in the following ways:



Our business

- Black-owned business shares 68% of our commercial revenue.
- Interventions across seven sectors, as aligned with our Transformation Strategy, maximise our contribution to the growth of Black-owned businesses and the creation of jobs and opportunities.
- We supported 18 567 job opportunities during the reporting period (2023: 16 225).



Our people and society

- We maintained a Level 2 B-BBEE level and a 125% recognition level.
- Black South African employees represent 96.8% of our workforce.
- Women represent 49% of our workforce, while persons with disabilities represent 1.99%.
- We supported 84 young people through various youth talent development initiatives during the reporting period.
- Our socio-economic development investment of R7,9 million supported projects in our focus areas of education, philanthropy, youth and women's empowerment.



Our environment

- All of our airports maintained ISO 14001:2015 accreditation for environmental management.
- Four of our airports maintained Level 2 airport carbon emissions certification.

Outlook

As we shift our strategic focus from recovery to innovation and growth, we will continue to focus not only on compliance with legislative and regulatory requirements, but also on maintaining a practical approach to supporting our people, our suppliers and society as a whole. We will also continue to work tirelessly towards our environmental sustainability goals.

Our integrated transformation agenda – supported by our transformation working group – will continue to drive this effort the infrastructure investment and implications and opportunities for transformation through enterprise development, and job creation.



PERFORMANCE REVIEW

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PERFORMANCE REPORT

The table below summarises ACSA's cumulative KPI results as at 31 March 2024:

		Progress corporate plan target				Achieved /not achieved (YES/NO)	FY2023/24 Actual	FY2023/24 Target	
Strategic objectives and KPIs		Weight	Q1	Q2	Q3				Q4
Our Business									
Financial sustainability	EBITDA (cumulative)	18%	●	●	●	●	yes	R2 812m	R1 862m
	CAPEX allocation (cumulative)	18%	●	●	●	●	no	R551m	R679m
Diversify the business portfolio	Aeronautical revenue (cumulative)	12%	●	●	●	●	yes	R3 586m	R3 234m
	Non-aeronautical revenue (cumulative)	12%	●	●	●	●	yes	R3 194m	R2 756m
Increase reputation	Reputation index	10%	●	●	●	●	yes	61.3%	60% Reputational Index Survey
	Passenger satisfaction	6%	●	●	●	●	yes	3.86	3.74
	Operation efficiency Index	6%	●	●	●	●	yes	3.5	3
Our People and Society									
Transform ACSA Business	B-BBEE Level	4.7%	●	●	●	●	yes	Level 2	Level 2
	% Black business share of company revenue generated	4.7%	●	●	●	●	yes	68%	55%
	# of job opportunities created	4.6%	●	●	●	●	yes	18 567	16 991
Our Environment									
Reduce environmental impact	ACI Carbon Accreditation Level	4%	●	●	●	●	yes	Maintain ACI Level 2 Accreditation for at least 3 Airports (ORTIA, CTIA, KSIA)	Maintain Level 2 Reduction Certification for at least 3 airports (ORTIA, CTIA, KSIA)
Total number of KPIs achieved		100%	6/8	7/8	7/8	10/11			

Legend key

● KPI target met or exceeded

● KPI target not met

● Annual target

BUSINESS ENABLEMENT

Human capital

Overview

During the reporting period, our focus in human capital management was centred on implementing our People and Culture Strategy to align with the strategic goals of the business. This involved collaboration across various functions in Human Relations such as strategy, talent acquisition, employee relations, training, shared services and rewards to support the business.

We also continued to monitor compliance with our Performance Management Policy in order to embed a culture of high performance and productivity, and undertook several research and special projects to ensure that our human capital management is informed by sound principles and best practice.

A key area of emphasis continued to be employee wellbeing, rewards and benefits, which was aimed at restoring and enhancing benefits post-pandemic. A benchmark exercise was conducted against the market, which led to new uptake on the housing subsidy and the staff bursary scheme, and extended eligibility coverage to a greater number of employees. Furthermore, ex-gratia bonuses were paid together with market-related salary increases for all employees.

Additionally, ACSA successfully submitted a new Transformation and EE plan to the Department of Employment and Labour for the period up to 2028, underscoring our commitment to diversity and inclusion. Health and safety across our business remained a top priority, and we continued to review our policies to ensure alignment with South Africa's Occupational Health and Safety Act (No. 85 of 1993) and all other relevant regulations.

Regular communication with staff was maintained through Employee Focus Groups and CEO-led Roadshows to foster meaningful engagement with employees.

Governance Framework and Operating Model

We continue with the implementation, monitoring and evaluation of the GFOM, initially introduced in 2016 and subsequently revised during the 2021 financial year in response to the Covid-19 crisis. The Group has successfully concluded the first phase in the implementation process and change management efforts to fully integrate GFOM into our operations are ongoing.

During the reporting period, PwC was contracted to assist with the Change Management process and support ACSA with the implementation of the GFOM through a dedicated project called the Organisational Design and Change Project. This commenced in September 2023 and Phase One was completed in March 2024. Moreover, the IT and Finance divisions continue to engage with the operating divisions to align cost centres with the revised organisational structure envisioned in the model.

The baseline assessment and proposed recommendations for Phase 2 of the Organisational Design and Change Management project points towards a pressing need for an end-to-end organisational design, which will include the review of organisational architecture on micro- and macrostructure level, capacity planning, capability modelling, business process mapping, role profiling – including workforce transition – and the overall implementation of the matrix structure.

Talent acquisition

As the world of work evolves in the post-pandemic environment, novel business trends are emerging. At operational level, these are challenging us to look at new ways of sourcing talent and of integrating that talent into the workforce.

Driven by the changes that have come about in recent years as a result of technological development and greater workforce mobility, we are involved in an ongoing process of investigating new staffing models and talent sourcing platforms, and have specifically increased our usage of social media to tap into the Open Talent Economy. This is enabling us to engage with talent beyond traditional recruitment boundaries.

Talent acquisition received special attention throughout the year as we set out to fill vacancies created as a result of the Staff Cost Reduction Programme that was introduced in 2020. Further information on priority recruitment is given in the Transformation section of this report.

Learning and development

In line with TETA requirements, we submitted our Workplace Skills Plan (WSP) for the 2024 financial year. During the development of this plan, line managers were consulted and they contributed input related to strategic objectives, departmental business plans, regulatory training, workforce optimisation and transformation.

Our learning and development initiatives are delivered through two channels, namely the Training Academy, which focuses on commercial development initiatives for external customers, and the Skills Development Programme, which focuses on the development of our internal employees.

Our training budget has remained constrained, with the budget allocation for the 2024 financial year being 62% below the proposed budget for planned training initiatives. We were, however, able to considerably increase training for employees compared to the previous period.

The Training Academy, which is the only aviation security training centre in the sub-Saharan region, continues to implement a commercialisation strategy that is aligned to our organisational strategy. Detailed information about this and our learning and skills development programme is given in the Transformation section of this report.

Employee relations

Our employee relations environment, which we manage actively, is currently stable.

In accordance with the bargaining agreement for 2023, the employee relations teams agreed with organised labour to develop local and national labour forums. These provide structured platforms for ongoing engagement.

ACSA and organised labour engaged in wage negotiations, which were successfully concluded. A 7% wage increase was agreed to across the board, effective from 1 September 2023. Also, in the third quarter, ACSA entered into a Recognition and Procedural Agreement with NEHAWU and NUMSA, which further cemented the long-established and healthy working relationship between the Group and organised labour.

BUSINESS ENABLEMENT CONTINUED

Employment equity and transformation

The EE plan for the reporting period was rolled out and this process was assessed in the fourth quarter. New employment equity targets have been set for the 2025 financial year. Detailed information about our employment equity and transformation programme is given in the Transformation section of this report.

Bursary programme

As part of our commitment to developing talent and supporting lifelong learning, our Employee Bursary Programme provides financial assistance for further education. Due to financial constraints, we have only been able to sponsor employees who were already in the programme by March 2020 over the past three periods. However, in September 2023, we were again able to open up the programme to new applicants. By 31 March 2024, 293 bursaries to the value of R9.5 million had been granted.

In addition to offering bursaries for employees, we offer bursaries for the children of employees in Grades A to C. These are to enable them to pursue studies in disciplines identified on the South African National Scarce Skills list. The programme also offers workplace exposure through vacation work, providing recipients with practical work exposure and, ultimately, with permanent employment where opportunities exist. By 31 March 2024, 76 bursaries to the value of R5 million had been awarded to the children of employees. Of these recipients, 84% were Black Africans and 46% were female.

Remuneration and performance management

We aim to attract talent and support our employees by offering a competitive remuneration mix. Salaries and remuneration policies are benchmarked against and aligned with the market.

In all our activities, we adhere to the principles of good governance as set out in the King IV™. A full analysis of how we do this is given in our Governance and Remuneration Report, which complements the Integrated Annual Report and forms part of our annual reporting suite. Details of the mandates, activities and performance of the Board and the Committees of the Board are also provided in that report, as are details of our remuneration policies and practices.

Employee engagement and wellness

Despite budget constraints, we continued to actively engage with our employees and to support their wellbeing through the various initiatives that are part of our ACSA Cares employee health and wellness programme. This is delivered through our wellness partner, Proactive Health Solutions (PHS) and includes an employee assistance programme.

During the fourth quarter, the Group Executive: Human Resources also held employee engagement sessions to provide feedback on the annual Employee Satisfaction Survey as well as on the CEO roadshows conducted during the reporting period.

Special projects

At the start of the previous period, we introduced a Hybrid Membership Programme to accommodate the new practice of hybrid working for qualifying employees, based on their work functions. This has been successfully implemented and is now embedded throughout the organisation. The programme not only accommodates various levels of remote working but is aimed at driving and encouraging behaviours in line with our PRIDE values.

The qualifying criteria for the programme are illustrated in this diagram:



HYBRID MEMBERSHIP PROGRAMME



BUSINESS ENABLEMENT CONTINUED

Another notable project introduced during the previous period was Project Sebenza, which was designed to address the loss of critical aviation-related skills and resources during the Covid-19 pandemic. This allowed for us to lift the moratorium on recruitment that had been put into place in March 2020 so that we could rebuild capacity in line with traffic recovery. During the 2024 financial year, we focused strongly on recruiting suitably qualified personnel in order to build up ACSA's human capital capacity. Recruitment statistics are presented in the Transformation section of this report.

Also, during the reporting period, the Human Resources and Leadership Committee of ACI Africa, the regional authority of ACI, requested that ACSA lead the process of developing performance management guidelines in order to facilitate the delivery of key airport management KPIs such as ACI accreditations and Airport Service Quality. It specifically requested that the guidelines include motivational factors that make performance meaningful to employees to encourage affiliation and productivity. Draft guidelines were presented on 15 October 2023 at an ACI conference held in Dakar, Senegal.

The guidelines have been finalised and the specifications have expanded beyond the initial requirements. ACSA has now been called upon to spearhead industry white paper initiatives concerning airport performance and productivity. This will not only enhance ACI Africa's reputation, it will solidify ACSA's position as a thought leader in the area of performance management and productivity. Ultimately, this project will also support the efforts to commercialise ACSA's Training Academy through the provision of human resources advisory services.

Outlook

In the 2025 financial year, the Human Resources division will continue to deliver on key priorities identified in the People and Culture Strategy and to monitor implementation. A strategy review session was held in the fourth quarter of the reporting period and was used to set the tone for the 2025 financial year.

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

IT and digitalisation

Overview

The need to digitalise the airport environment, our operational processes and the user experience is a core strategic focus for ACSA and the digitalisation process had to be accelerated in response to the impact of the Covid-19 pandemic.

Remote and hybrid working solutions had to be put into place at short notice and we had to rapidly improve our ability to deliver a contactless travel experience. Our operational processes also had to be extremely flexible in order to accommodate changes in lockdown levels.

Over the past four periods, our IT Infrastructure and Digital Strategy has provided the robust structure we have needed to manage these challenges. The primary objective of this strategy is to adopt and leverage appropriate technology to support our value-creation process through the delivery of a consistently positive customer experience, paperless travel, automated cost management, greater efficiency, revenue diversification and, ultimately, business growth.

A digital transformation roadmap is in place to support this strategy and it includes a capex allocation of R1.2 billion for the five years to the end of the 2025 financial year. Annual allocations are adjusted in alignment with the revised Financial Plan adopted in 2020.

In the 2024 financial year, we spent R224 million on executing various initiatives defined in the roadmap. These were directly related to the passenger experience, cybersecurity, IT infrastructure and the automation of core business processes.

Although we have been working with reduced budgets since 2020, we have continued to honour our commitments on existing projects and to implement the projects for which tenders had already been signed prior to the Covid-19 pandemic. Other than these contractual obligations, we have prioritised urgent and high-impact projects intended to secure business security and continuity.

We have, in particular, had to prioritise cybersecurity as the incidence of cyber attacks worldwide has ramped up considerably since the start of the Covid-19 pandemic, partly due to the rapid implementation of remote and hybrid working solutions, which has resulted in system vulnerabilities across the board. In 2020 alone, malware attacks increased by 358%

globally compared to 2019 and the incidence of cyber attacks increased by 125% in 2021.

It is estimated that, in 2023, there were around 800 000 cyber attacks worldwide – and this number is expected to increase year-on-year. Compounding the change to the threat landscape ushered in by the Covid-19 pandemic, Russia's invasion of Ukraine in 2022 had a massive impact, with cyber crime increasing exponentially. Of note is that, at present, 92% of malware is delivered by email and 74% of security breaches are caused by human error. Further, as supply chains have become more interconnected and complex, 40% of cyber attacks on businesses now occur indirectly through the supply chain.

Our response

ACSA is a critical organ of state and connects South Africa with the international economy. We operate in an industry that has a major appetite for technology, not only for business purposes but to secure the passengers and other stakeholders who use our airports. In order to fulfil our mandate, we have been leveraging technology and digitalising our operations, which has added extensive capability, but has also expanded our threat landscape.

To ensure that Group operations are secure, compliant and resilient, we have invested extensively in Microsoft security systems, both on-site and in the Cloud. Further investment in additional Microsoft technologies is enabling us to create an operating model customised to the needs of a SOC and to mature our overall IT capabilities.

Working in conjunction with Microsoft and South African partners, we have, for instance, established a dedicated cybersecurity operations centre (SOC) to deal with the threat of cyber attacks. The centre focuses on three key touchpoints, namely people, processes and technology, and will receive considerable financial support from Microsoft over the next five years. SOC analysts are on duty 24/7/365 to focus on security

BUSINESS ENABLEMENT CONTINUED

incident monitoring and remediation, automation of core SOC processes, and the enablement of our technology investments.

Although there remain constraints on our budget, we continue to use a zero trust architecture approach by leveraging off existing investments and making use of a cybersecurity mesh architecture. This has enabled us to deploy security controls closer to our various assets and to support hybrid workers. While we have a high level of digital security, we continue to prioritise key initiatives throughout the business and to focus heavily on cyber and information security.

Key strategic projects

As we forge ahead with the implementation of our strategy, we are focusing on the following key projects, all of which have a direct impact on passengers, airport users and airlines:

- The introduction of biometric technology, including fingerprints and facial recognition. Biometric technology is being used to create digital identities (tokens) for passengers passing through security checkpoints, boarding control points and boarding gates. Embedded in a self-service programme, the technology is designed to expedite passenger movement at critical airport touchpoints, such as at baggage drop-offs, immigration control and boarding gates. With this technology, we aim to significantly reduce reliance on human intervention and to offer passengers the flexibility of a self-service option.

In the initial implementation phase, we are introducing automated border control gates for both arrivals and departures at OR Tambo International Airport in Johannesburg, King Shaka International Airport in Durban and Cape Town International Airport. The second phase will involve the implementation of self-service bag drop facilities and self-boarding gates at each of these airports. In Phase 3, we will extend these capabilities to all of the airports in our portfolio.

- Upgrades to the Airport Management System, Common-Use Passenger Processing System (CUPPS), and Common-Use Self-Service (CUSS) kiosks, which are integral to airport operations. Implementing these solutions will ensure that passenger and airline processing systems are aligned with aviation industry trends and best practices and that they meet the expectations of these stakeholders, allowing flexibility and efficient passenger processing at check-in counters and/or kiosks and boarding gates. They will be implemented throughout the airport network during the 2025 and 2026 financial years.

- The modernisation of parking equipment and supporting systems. We have replaced the systems that had reached end-of-life status at OR Tambo International, King Shaka International and Cape Town International. This has been done to ensure that there is a seamless and positive experience for passengers and other airport users when using our parking facilities. The newly installed equipment has a ticketless capability, which will eliminate the need for printed tickets in the near future.

We have also introduced alternative payment methods to further enrich the user experience. In addition to traditional cash payments, motorists can now conveniently pay for their tickets using credit cards, debit cards or the ACSA mobile app. These diversified payment options not only cater for evolving consumer preferences but also contribute to a cashless environment, minimising the operational complexities associated with cash handling.

We will install the new parking systems at the other airports in our portfolio during the 2025 and 2026 financial years.

- Commercialisation initiatives. The IT function continuously supports ACSA's commercialisation strategy, which is designed to enable the business to diversify its revenue streams and grow non-aeronautical revenue. There are three notable commercialisation initiatives in progress.

The first of these is designed to ensure that we have revenue assurance from retailers through transaction data collection and analytics. With the second, we are embracing cutting-edge Artificial Intelligence (AI) and diversifying our partnerships with the various role players in the traveller's journey. This is being done to create a digital traveller platform that will offer the majority of services that are important to any traveller. Thirdly, we are commercialising our last-mile offering to airport tenants to include network and Wi-Fi services through a consolidated Distributed Antenna System (DAS) partnership, which will improve connectivity and economies of scale. These projects are currently being implemented and will be fully installed by the end of the 2026 financial year.

These and other initiatives are positioning ACSA for sustained growth, operational excellence and continued success in delivering world-class airport services in alignment with aviation industry best practices and passenger expectations.

Organisational development

At organisational level, we have automated all human resources processes in order to improve efficiencies. The new system provides a range of productivity management tools, which facilitate the efficient and effective allocation of resources as well as productivity monitoring. This project was rolled out during the reporting period.

Further, the IT division has partnered closely with ACSA's business functions to maintain strategic relevance and provide technological enablement. As we face protracted economic uncertainty, the division is helping to create an efficient, process-optimised organisation by streamlining operations, maximising budget and keeping pace with the demand for evolving technological solutions.

The following technically proficient and process-orientated solutions are aligned to the division's plan-build-run objectives:

- Office capability has been improved in order to manage demand and align priorities to capacity.
- Distinct roles and responsibilities related to end-to-end workflow processes that deliver predictable and measured results have been defined.
- Governance processes to ensure that IT systems are designed and deployed to deliver expected service levels have been put into place to support the business's operations.

Staff enablement and experience

Most of our employees had the necessary systems at their disposal to work from home when the first lockdown of the Covid-19 pandemic was announced in March 2020. We had already rolled out Microsoft 365 across all of our operations and, by the time that the initial 'hard' lockdown was lifted, we had introduced Adobe's digital signature to complement existing systems and enhance security.

During the reporting period, we continued to focus on training and support for staff who travel frequently or work on a hybrid basis. Using a dedicated service portal, employees can request IT equipment and services, stay informed with regard to the status of their logged tickets, and engage with the service desk. We also continuously improve security on staff devices and enhance the usage of and comfort with such platforms as Microsoft Teams and OneDrive.

BUSINESS ENABLEMENT CONTINUED

Employee experience is, in fact, the primary focus of our digital workplace investments. The economic slowdown, changes in ways of communicating, and greater collaboration between individuals and teams means that IT is focusing on making operations more efficient and user-friendly. We are doing this by adopting a strategic focus on unified communications and collaborations (UCC) tools and hardware. We are also exploring ways to make our ACSA app a platform that will allow our employees to conveniently access HR functions on the go.

In addition, we are working to embed diversity, equity and inclusion (DEI) principles into our Digital Workspace Strategy by maximising and communicating the benefits of a human-centric work environment.

All of our initiatives are implemented within the framework of our Cyber and Information Security Strategy and are operationalised as part of our structured and formalised Information Security Management System (ISMS). Cyber and information security awareness sessions are conducted at all of our airports and we are pleased to report that we did not record any significant cybersecurity incidents during the year.

ESG outcomes

In response to a greater emphasis on ESG outcomes, the IT division has also started to invest in modular devices and intelligence-driven IT sustainability management tools to monitor and reduce environmental impact. ACSA is aiming to create an equitable technology experience for all employees and to address any technology gaps that may be impacting on their engagement and performance. As we discontinue the use of legacy technologies, processes and efficiencies are improving, there is greater cost optimisation, and we are creating a strong platform for organisational agility and future growth.

Further, IT is building relationships with ESG leaders by extending the life span of assets and increasing levels of reuse to reduce emission.

Outlook

IT, like all other areas of the business, has been affected by necessary cost containment measures over the past four periods. However, we are now in a position to begin revisiting capex projects that were in the planning phase prior to the Covid-19 pandemic. We are therefore engaging with various stakeholders with the intention of executing innovative IT and digitalisation initiatives through collaboration. These engagements have the potential to result in beneficial public-private partnerships.

All current and planned initiatives support the objectives of the second timeframe defined in our Recover and Sustain Strategy, in which the focus is on innovation, growth and sustainability. They are, in particular, designed to enhance the passenger experience, improve vertical integration throughout the Group and increase the proportion of revenue derived from non-aeronautical services.

As in the reporting period, the 2025 financial year is expected to bring little relief from global turmoil, regional conflicts and local pressures, which will amplify the need to sustain and steer digital transformation investments in line with policy and passenger priorities. This means that investments in digital technology will be expected to have a tangible impact on the transformation of constituent services, improve the capacity to provide data insights and decisions, and demonstrate that digital infrastructures and information systems are being updated in line with emerging technologies, trends and user expectations.

The IT division will need to continue to prove mission relevance and quantify the impact of its technology initiatives and capabilities. This will need to be done while simultaneously dealing with sector-specific challenges such as low digital maturity, eroding citizen trust, scarcity of talent and persistent difficulties in scaling innovation.

Within this context, the IT division will continue to anchor digital investments in the priorities of mission-critical objectives by assessing how new technologies can and will accelerate or disrupt the organisation's strategic goals. We will provide the technological support to articulate ACSA's vision by linking current technology to longer-term expectations, taking into account impacts on the organisation's mission, airport users, communities and government operations.

Enhancing data analytics and governance capabilities is essential to support ACSA as it evolves as well as to demonstrate its innovative capabilities. The ability to gain insight from data to support informed decision-making will therefore continue to be an essential focus. Within the context of our strategy and digital roadmap, we have defined initiatives that will support the creation of a digital culture and the adoption of technologies for data analytics. This will include a responsible focus on the use of AI, supported by defining policies that will govern its use at ACSA.

We further recognise that cyber crime will remain one of our most critical strategic risks. Since our employees are exposed to interconnected

systems, they represent the most vulnerable points of contact with our own IT systems. Keeping them informed about threat identification is therefore critical as we navigate evolving ways of working. Executing our Cybersecurity Awareness Programme is therefore a top priority for the upcoming two periods and, by doing this, we anticipate an improvement in employee behaviour and decision-making in cyber space.

Finally, the IT division will continue to contribute to ACSA's ESG objectives by ensuring that our data centres are more energy efficient. In order to do this, we will be adopting a prefabricated modular data centre design, which will allow us to expand capacity on demand while simultaneously reducing costs, promoting efficiencies and reducing energy usage.



RUN AIRPORTS

Overview

Running airports is our core business and is essential to our value-creation process. As we recover from the impact of the Covid-19 pandemic, subsequent geopolitical events and low economic growth at home, this remains our primary focus as we work to secure our sustainability and create a viable platform for future growth.

Since 2020, we have reimagined the way in which we run our business and have reconfigured our operations to ensure that we are a more flexible, efficient and adaptable organisation. Within this context, our most immediate task in the post-pandemic period was to restore our operations to full functionality, build passenger confidence, diversify our revenue and begin laying the foundation for a new kind of airport network in a new kind of socio-economic environment.

Airports are not only transportation nodes but have an important role to play in economic growth and social wellbeing. We see our portfolio within this broader context and as a means to facilitate economic integration at both national and local level.

At local level, each of our airports is an engine for economic development in the region that surrounds the airport and an integrator of economic opportunities, as illustrated in the adjacent graphic.

From this, it is clear to see that our network has an essential role to play in supporting national efforts to build a strong and sustainable economy.

During the reporting period, we were able to restore all of our infrastructure to fully operational status and, although we were still faced with budget constraints, to resume our infrastructure capex and maintenance programme. Detailed information about the programme is available in the Transformation section of this report.

Further, while passenger traffic and aircraft movements remained unpredictable, ACSA was able to secure a firm recovery position and to embark on a new strategic phase focused on innovation, growth and sustainability rather than just on recovery. We are nevertheless mindful of the structural changes to the air travel and air cargo markets over the past four periods and continue to focus on diversifying our revenue streams.

Business travel, for instance, continues to recover mainly in the MICE (meetings, incentives, conferences and exhibitions) segment as both businesses and government have cut back on more general business travel.

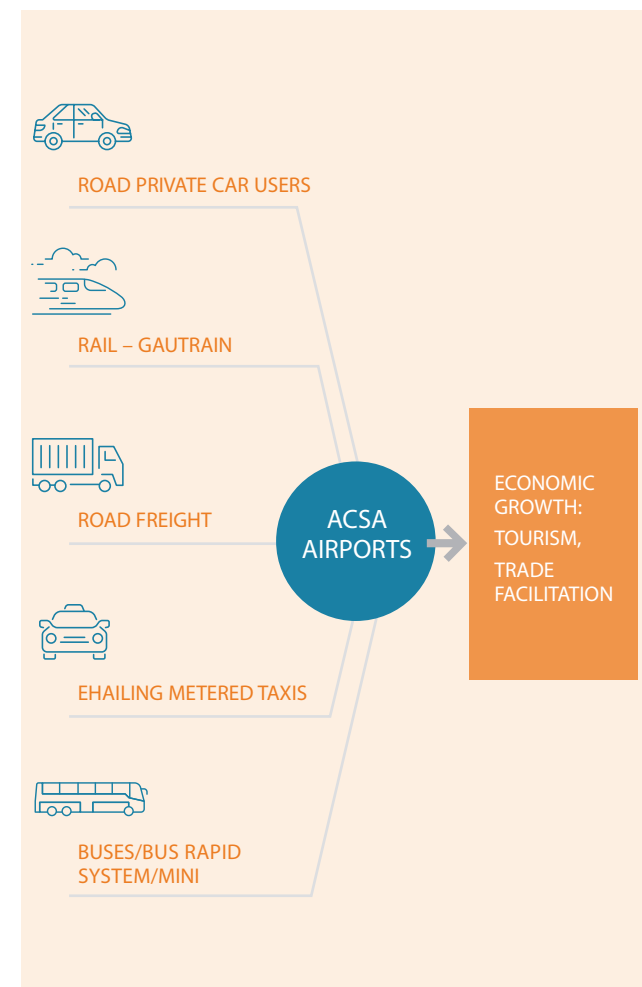
At local level, each of our airports is an engine for economic development in the region that surrounds the airport and an integrator of economic opportunities, as illustrated in the following graphic:

LOCAL ECONOMIC INTEGRATION



At national level, our airports are a modal integrator that facilitates trade, tourism and investment:

NATIONAL MODAL INTEGRATION



RUN AIRPORTS CONTINUED

Recovery in both business and leisure travel naturally varies across the network, with Cape Town International seeing a notable increase in international arrivals and departures, supported by the city's highly active marketing programme. OR Tambo, on the other hand, has continued to see increases in local and regional passenger traffic as well as in cargo movement.

Core operational indicators

PASSENGER TRAFFIC

	FY2023/24		FY2022/23		FY2021/22	
AIRPORT CODE	DEPARTURE PAX	ARRIVAL LANDINGS	DEPARTURE PAX	ARRIVAL LANDINGS	DEPARTURE PAX	ARRIVAL LANDINGS
JNB	8 953 794	102 152	7 828 651	90 775	4 819 924	70 025
CPT	5 033 936	49 581	4 216 937	45 145	2 850 795	37 767
DUR	2 502 622	20 560	2 166 478	18 672	1 613 224	14 929
PLZ	715 473	19 901	597 570	20 001	455 748	22 052
BFN	173 893	6 251	160 120	6 868	103 197	6 236
UTN	27 011	2 970	24 671	2 825	14 272	2 127
ELS	420 510	8 524	364 601	8 831	327 227	9 284
GRJ	407 004	14 622	384 060	14 349	306 732	10 213
KIM	78 516	3 775	70 127	4 322	47 222	4 184
Total	18 312 759	228 336	15 813 215	211 788	10 538 341	176 817

DEPARTURES AND ARRIVALS

	FY2023/24 Scheduled		FY2023/24 Non-Scheduled		FY2019/20 Scheduled		FY2019/20 Non-Scheduled	
FLIGHT CODE	DEPARTURE PAX	ARRIVAL LANDINGS	DEPARTURE PAX	ARRIVAL LANDINGS	DEPARTURE PAX	ARRIVAL LANDINGS	DEPARTURE PAX	ARRIVAL LANDINGS
D	12 718 733	122 601	45 034	51 885	14 527 118	132 324	41 166	62 766
I	5 092 590	39 249	17 888	2 031	5 821 311	40 707	13 550	1 729
R	435 001	11 494	3 513	1 076	517 641	12 134	2 559	1 231

RECOVERY IN RELATION TO FY2019/2020

	FY2023/24 Scheduled		FY2023/24 Non-Scheduled	
FLIGHT CODE	DEPARTURE PAX	ARRIVAL LANDINGS	DEPARTURE PAX	ARRIVAL LANDINGS
D	88%	93%	109%	83%
I	87%	96%	132%	117%
R	84%	95%	137%	87%



RUN AIRPORTS CONTINUED

Occupational health and safety

In the 2024 financial year, we continued to manage occupational health and safety (OHAS) in accordance with the principles of ISO 45001. Our OHAS procedures and business processes were reviewed and updated.

We have third-party operated on-site clinics to provide emergency medical support at the following airports: OR Tambo International, Cape Town International, King Shaka International, and Chief Dawid Stuurman International Airport.

To support the on-site clinics, new Emergency Medical Services (EMS) has been added to Cape Town International and King Shaka International. The EMS services at OR Tambo International, are expected to be online during the 2025 financial year.



OHAS occurrences

During the reporting period, ACSA recorded no work-related fatalities among its employees, stakeholder employees or contractor employees at any of the nine airports it manages.

However, there has been 22 medical-related fatalities among passengers recorded during the reporting period with no occupational diseases reported.

The table below summarises the cumulative safety, health and environmental occurrences reported for the period from FY2021 to FY2024:

Description	FY2020/21	FY2021/22	FY2022/23	FY2023/24
Runway incursions	1*	6*	3	6
Runway excursions	0	1	1	0
Runway trespassing events	0*	5	1	2
Total airside trespassing events (including runway trespassing)	0*	5	1	2
Airside aircraft-related incidents/accidents	3*	13	18	14
Bird strikes	172*	195	254	322
Non-work fatalities	13*	0	24	22
Work fatalities	0	0	1	0
Work-related severe injuries	6*	6	16	23
Occupational diseases	0	0	2	0
Noise complaints	3*	5	5	1
Significant spillages	0	0	0	0
Non-conformances reported	–	1	1	0

* These figures were overstated in the Integrated Annual Report 2023 and have been adjusted.



RUN AIRPORTS CONTINUED

Security and compliance

ACSA's airports are critical installations and some of our airports are designated as National Key Points in terms of the National Key Points Act (No. 102 of 1980).

Our Enterprise Security and Compliance encourages an integrated, multi-agency safety, security and compliance approach throughout our network of airports. This provides the framework necessary to provide seamless security services at all ACSA-owned and/or operated airports in line with the mandate set out in the National Aviation Security Plan.

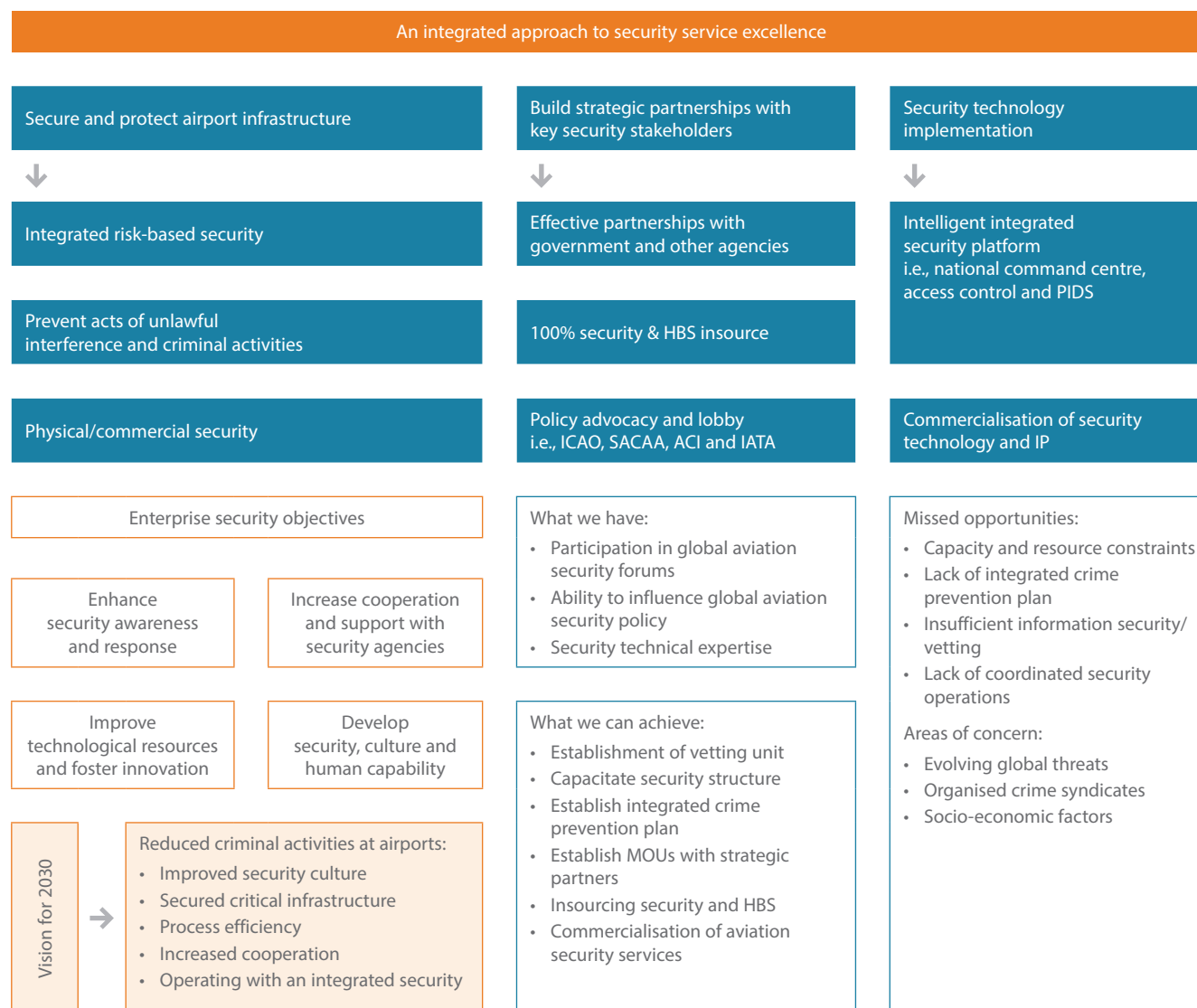
During the previous period, we rolled out an aviation security model that is vertically and horizontally integrated with other law enforcement authorities. This focuses on all aspects of our business, from passenger security to IT, cargo and infrastructure security.

The Enterprise Security and Compliance interventions focuses on three key areas, as illustrated adjacent.

An integrated approach to security service excellence

As mentioned in our IT review, new technologies will continue to play a vital role in enhancing our security capabilities, and the adoption of these is allowed for in our digital transformation roadmap. In particular, we have prioritised initiatives that focus on passenger screening and cyber crime.

Among others, these include an automated border control system, which we are implementing in collaboration with Home Affairs and the national Border Management Authority. We have also partnered with Microsoft to enhance our IT and cybersecurity, and work with various law enforcement agencies to identify and mitigate against security threats.



RUN AIRPORTS CONTINUED

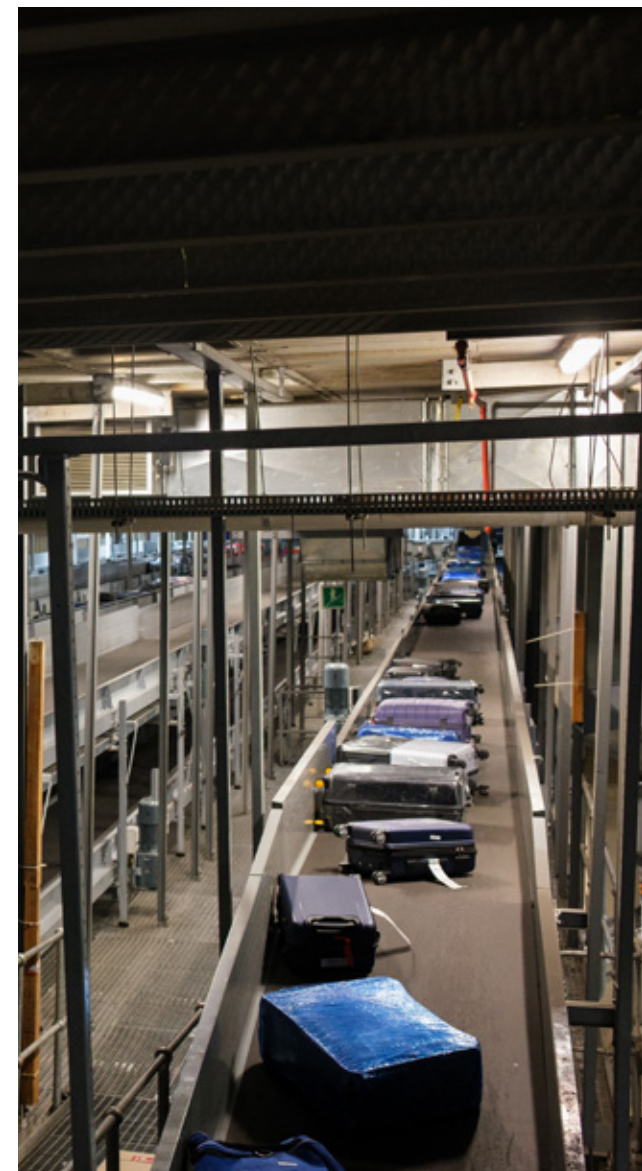
SECURITY OPERATIONS INDICATORS

SECURITY OPERATIONS		FY2021/22	FY2022/23	FY2022/23
Preventing acts of unlawful interference	Prevent acts of unlawful interference	0	0	Zero acts of unlawful interference
	Protect baggage and reducing pilferage	33%	39%	A 10% reduction in baggage pilfering incidents year-on-year
	Screen of all passengers and baggage	100%	100%	100% screening of passengers and baggage
Crime management	Reduce criminal activities, especially major incidents	1	0	1 major incident (heist, stowaway/s, armed robbery or attack)
Security compliance	Reduce repeat findings by internal audit	13	4	Zero repeat findings
	Reduce SACAA Level 1 findings	0*	0	Maximum 20 SACAA Level 1 findings

* This number was overstated in the Integrated Annual Report of 2022 and has been adjusted.

Outlook

As we look ahead, we remain committed to our core business of managing and running airports efficiently to enhance passenger experience. Additionally, in the short- and medium-term we plan to kick-off the expansion of our cargo and logistics capabilities and capacity. This will include continuous exploration of our airports as transformation hubs and gateways into the destinations. In collaboration with our key stakeholders and industry, we plan to achieve this through diversification of our services with the aim to create integrated and interconnected aerotropolis at each of our major airports.



DEVELOP AIRPORTS

Overview

Developing world-class airport infrastructure that is designed to meet the needs of all airport users and is aligned with industry requirements supports our vision of being a world-leading airport business.

Prior to the Covid-19 pandemic, when many of our airports were operating at or near design capacity in peak hours, large capital investment projects were planned for capacity expansion and efficiencies. However, with the onset of the Covid-19 pandemic, we had to reassess our entire capital development programme and only projects that had already been contracted remained in progress during the Covid-19 pandemic and in the immediate post-pandemic period.

As we have now reached a relative recovery position in line with our strategy, priority has been given to projects that:

- protect the airports' licenses to operate;
- provide a safe, efficient and attractive environment for passengers and other airport users;
- mitigate risk;
- ensure that facilities remain compliant with regulations; and
- allow for equipment to be replaced when we have been unable to secure an operating baseline through overhauls and/or intensified maintenance.

Larger infrastructure projects that have been on hold since 2020 and are now in progress again include:

- the terminal refurbishment and expansion projects at all seven airports;
- the refurbishment of the cargo precinct at OR Tambo International;
- the expansion of the international bussing station at OR Tambo International;
- the planning for a new midfield cargo terminal at OR Tambo International;
- the realignment of the runway at Cape Town International; and
- the refurbishment of the runways at Bram Fischer International Airport in Bloemfontein and Kimberley Airport.

We remain committed to improving and expanding the infrastructure in our portfolio in order to unlock both the commercial and development potential inherent in our airports and to grow footprint, especially in Africa. We anticipate that this will deliver significant socio-economic benefits at both national and regional level.

Enterprise project management

Our capital investment programme is managed through our Enterprise Project Management Office (EPMO), which enables us to evaluate and respond to business and financial challenges in a structured and centralised way. The budget for the programme, which provides for over 1 500 projects, is R10 billion over the next three years of the Corporate Plan period, and it allows for the reinstatement of many projects deferred during the Covid-19 pandemic. Capital allocation targets are set at enterprise level and replacement, refurbishment and safety-critical projects are prioritised.

The EPMO has developed and implemented a standardised enterprise project management environment and uses a set of 32 project management frameworks to define the roles and functions that support its lifecycle management methodology. These align all project management office functions and gate controls across IT, maintenance, engineering, security, major infrastructure and fleet. As a result, our project management maturity has improved significantly over the past four periods, resulting in greater efficiency and better cost containment. An online enterprise project management solution has also been developed to provide for the continuous improvement of project management skills and capacity.

Infrastructure planning

Airport master plans that are closely aligned with our overall business strategy are crafted for each airport and take into account municipal spatial development frameworks and plans. They address the integration of airport development into the local authority's broader spatial development plans and more needs-specific plans such as integrated transport plans.

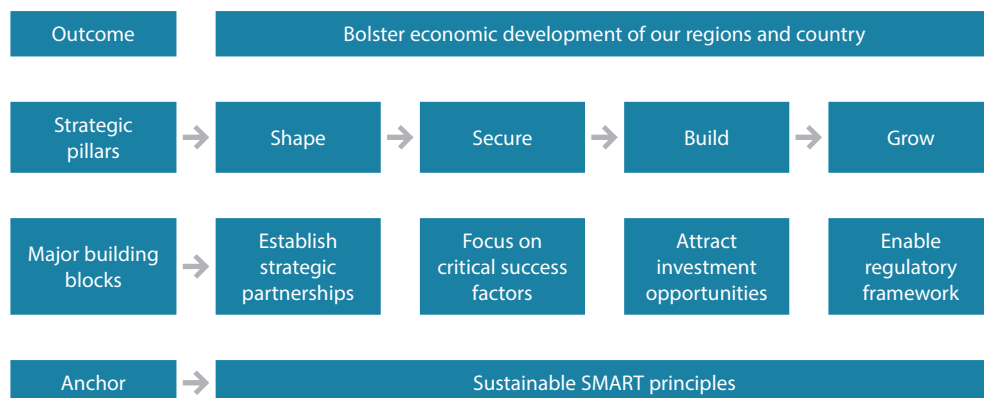
An airport master plan is an expression of a vision for the ultimate development of an airport. It is a road map for efficiently meeting aviation demand in the foreseeable future while also preserving the flexibility necessary to respond to changing industry conditions. Master plans also consider infrastructure enablement such as bulk services, access routes and environmental conditions.

At ACSA, we have adopted an integrated approach to airport planning and development, which is expressed in our Aerotropolis and Airport Cities Strategy. An aerotropolis or airport city is an urban area or city centred around an airport, with the airport fulfilling multiple functions.

In terms of this strategy, our aim is to define specific critical success factors for each airport, to support these by creating enabling conditions, and to identify appropriate developments, projects and initiatives for that airport. The master plan for each airport identifies the kind of infrastructure needed at that location, defines the precincts within the airport where that infrastructure is needed, allows for detailed development plans for areas such as the terminal precinct and the cargo precinct, and provides for the implementation of individual projects, such as terminal buildings, parkades or aircraft stands.

The aim of the Aerotropolis and Airport Cities Strategy is to promote economic growth and development for the benefit of the Group, the regions in which the airports operate and the country as a whole. On a macro-economic level, it is aligned to the goals of the NDP and, from a business perspective, it is intended to improve our competitiveness, maximise revenues, improve the accessibility of our airports, and promote connectivity between airports and regional hubs.

DEVELOP AIRPORTS CONTINUED



The vision for our aerotropolises and airport cities is to attract smart, relevant aviation and non-aviation development to our airports in order to diversify our income streams and, ultimately, to secure our long-term sustainability.

The execution of this strategy depends on several critical success factors, namely strategic partnerships in both the public and private sectors, suitable investment opportunities, the availability of adequate capital budget, an integrated approach to project planning and implementation, and a responsive regulatory framework.

To date, aerotropolis master plans have been concluded for the City of Ekurhuleni, where OR Tambo International is located, and the City of Durban, where King Shaka International is located. In addition, an aerotropolis feasibility study has been conducted for the City of Cape Town and the outcomes of this are being used to inform our strategy for that airport and the Western Cape regional hub.

Innovation plays a pivotal role in realising our Aerotropolis and Airport Cities ambitions, as well as advancing the continent's regional integration endeavours.

Our Innovation strategic pillar is designed to leverage evolutionary, breakthrough and revolutionary innovations across all aspects of our operations. This approach recognises the diverse requirements for innovation within our business ecosystem, ensuring adaptability and effectiveness in achieving our strategic objectives:

- Our approach to fostering innovation is rooted in the strategic utilisation of our existing knowledge assets through the implementation of advanced knowledge management systems. This includes strategic integration of emergent technologies to harmonise with prevailing digital trends in airport business operations. We continue to systematically assess and prioritise innovation endeavours in accordance with fundamental business imperatives such as cost reduction, productivity enhancement and increased customer satisfaction.
- Consequently, we have embarked on various initiatives aligned with these imperatives, such as the deployment of a self-service programme consistent with the IATA Fast Travel initiative. The goal is to provide passengers with an expanded array of automated and touchless services, accessible through online platforms, our dedicated application or on-site facilities at our airports. Moreover, we are exploring other key passenger facilitation technologies such as biometric identification systems, to fortify airport security measures and streamline passenger processing.
- Furthermore, we have instituted a spectrum of energy efficiency measures across our infrastructure portfolio, encompassing the establishment of active solar farms at select airports, alongside initiatives harnessing geothermal, gas, wind and waste-to-power resources. These endeavours not only contribute to mitigating our carbon footprint but also bolster our resilience by reducing our reliance on national power grids. The overarching objective is to transition all operational facets off-grid in the long run.
- Additionally, we are committed to maintaining ISO 14001 carbon accreditation across all our airport facilities, as certified by ACI.

DEVELOP AIRPORTS CONTINUED

Property development and asset management

Property development

The property development division aims to maximise ACSA's real estate value, which includes vacant land in and around our airports. This is done through the development of infrastructure to unlock opportunities that are adjacent and complementary to our core business of running airports. Typical investments include conference facilities, transportation nodes, cargo facilities, office parks and logistics platforms to name a few. The property portfolio plays a crucial role in the airport business, as the revenues generated help reduce or offset the cost of airport operations. This leads to more competitive charges for airline operators, ultimately benefiting travelers.

As previously mentioned, infrastructure projects deferred in 2020 are now being revisited and prioritised. We are focusing on incubating projects in general aviation, aircraft services and facilities for travelers. Most projects that were in progress at the time have now been completed.

These include certain refurbishment projects and ACSA's new office park at OR Tambo International. The 33 000m² Aviation Park campus comprises three buildings, the first of which is used by ACSA as its head office, while the other two form part of our rental property portfolio.

A world-class facility, the campus has been granted a four-star rating for sustainable building design by the Green Building Council of South Africa. This relates in large part to the use of energy-efficient infrastructure, which features primary lighting by natural light, occupancy sensors to minimise electricity usage, the use of rainwater harvesting, and vegetated areas to promote natural thermal inertia. There is also a sophisticated building management system in place, which ensures all the sub-systems of the building are working in harmony to achieve the most efficient and sustainable outcomes.

Aviation Park is the first major infrastructure development project we have undertaken in the past ten years and is testimony to our ability to manage projects of this size.

Enterprise Asset Management

Enterprise Asset Management is a function tasked with managing ACSA's infrastructure and assets throughout their lifecycle. This encompasses the responsibility for optimising the return-on-asset levels through safe and relevant engineering practices as well as technology selection that is suitable for an airport environment. The division continues to ensure that infrastructure and operations are scaled to passenger traffic at an acceptable cost.

To achieve this, we are guided by our maintenance regime standards for core, key and supporting assets. This ensures the safety of airport operations and compliance with regulatory standards. The following table indicates how our assets and technologies are categorised:

CATEGORISATION OF VARIOUS ASSETS AND TECHNOLOGIES

Category	Examples of assets/technology classes			
Core assets				
Without these assets ACSA will experience business interruptions with the possibility of a downgrade or airport closure due to non-compliance.	<ul style="list-style-type: none">• Airside pavements (runways, taxiways and aprons)• Airfield navigational aids• Baggage systems• Aircraft fuel hydrant systems• Electrical power (primary and secondary systems)• Fire-fighting systems including fire detection and PA (airport-category-dependent systems)• Water systems (underground and associated pumps)• Terminal building structures			
Key assets				
An airport can operate without these assets for between eight and 48 hours if they are unavailable.	<ul style="list-style-type: none">• Security screening equipment• Waste management• Key assets• People movers (lifts and escalators)• HVAC systems• Emergency lighting	<ul style="list-style-type: none">• Fire-fighting systems (not airport category dependent)• PBBs (Passenger Boarding Bridges)• Perimeter fences• Bulk services• Storm water and sewer pumps• UPS (Uninterrupted Power Supply)	<ul style="list-style-type: none">• Cleaning• Plumbing• Landscaping and grass cutting• Asset tracking• Inventory• Landside pavements• Baggage trolleys	
Supporting assets				
We are able to sustain the business without these assets and unavailability will have a minimal impact on operations. Rectification would, however, be needed to sustain the integrity of the ACSA brand.	<ul style="list-style-type: none">• ADS (Automatic Dependant Surveillance)• GPUs (Ground Power Units)• Ablutions• Road blockers, booms and turnstiles• Roller shutter doors	<ul style="list-style-type: none">• Building furnishings• Terminal building lighting• BMS (Baggages Management Systems)• Complex maintenance, repairs and overall cMRO• Landed cost management	<ul style="list-style-type: none">• eAM Oracle module• FAR Oracle module• GIS (Geographic Information System)• Property management Oracle module• Sliding doors	

DEVELOP AIRPORTS CONTINUED

The ability to achieve and sustain reduced cost baselines during and after the Covid-19 pandemic has been attributable to:

- Implementation of a revised service catalogue for maintenance services, bundling similar services to reduce the required full-time equivalents and align contract specifications with the maintenance regimes. This output-based service contracting approach will continue as part of our maintenance programme.
- Critical review and identification of maintenance activities that can be performed by in-house artisans and other technical teams, including weekly generator on-load testing and asset inspections. This is a process of deciding which maintenance activities can be performed by in-house artisans and technical staff (e.g. weekly generator on-load testing and asset inspections). Ongoing tooling, training and development have enhanced the technical skills and equipment knowledge of first-line maintenance staff.

Additionally, we have implemented an in-house asset assurance programme to ensure the maintenance regimes are completed on time and meet quality and regulatory standards. For quality assurance tasks that require certified inspectors, such as lift or refrigeration inspections, certified professionals are employed.

Ongoing budget constraints impact our asset management function; thus capex projects are prioritised based on safety and risk, recurring and/or single points of failure, end of life, technology obsolescence, and modernisation.

To address the backlog in infrastructure maintenance and development caused by the Covid-19 pandemic, we are implementing a rolling capex programme, that was developed in consultation with the aviation industry in January 2020. This programme involves cyclical renewal of infrastructure and assets using standard, replicable processes, reducing duplication in engineering design and accelerating execution based on lessons learned from previous projects.

We are also engaging specialised services that were deferred during the Covid-19 pandemic. These services, which are necessary for compliance with regulations and the Asset Management Strategic pillar, include bulk services planning, fuel master planning, corrosion engineering, energy performance certification, fuel infrastructure rehabilitation costs for NERSA applications, and infrastructure condition monitoring.

Outlook

Despite exceeding our performance expectations for the year, we remain cautious due to the volatile macro environment, marked by ongoing geopolitical tensions that negatively impact growth. With inflation expected to slow down in the second half of 2024, which may provide relief for consumers, potentially boosting air travel and spending.

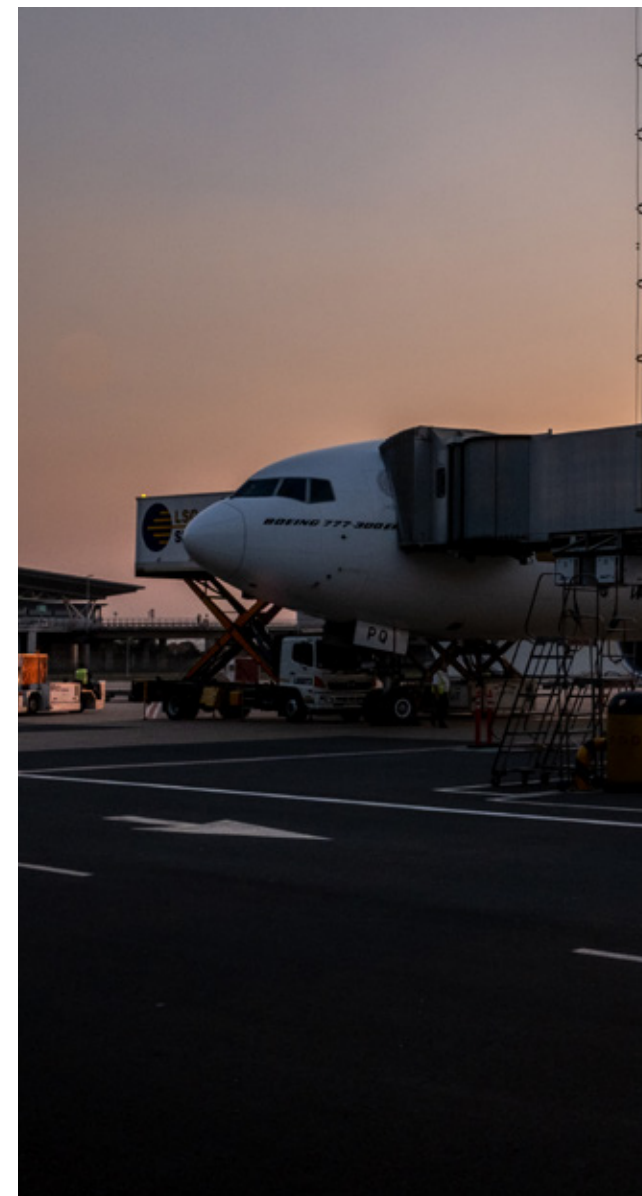
ACSA is encouraged by the passenger traffic recovery rate across its network, currently at 88%. Although this is four percentage points below the ACI global passenger forecast of 92%, which exceeds the pessimistic forecast scenario of 83%.

Our corporate plan focuses on generating and delivering sustainable growth as we move into the next phases of our strategy, driven by innovation. Key initiatives include revitalising infrastructure to enhance airport efficiency and user experience, supported by a capex commitment of over R10 billion throughout the corporate plan period.

We are prioritising retaining and attracting key talent by addressing our workforce's needs and adapting to the competitive global workforce landscape. Enhancing collaboration with stakeholders within the airport ecosystem is crucial for fostering seamless operations, enriching the user experience and advancing growth and sustainability objectives.

We have strategically allocated resources to ensure the smooth implementation of our strategy and the R21.7 billion capex permission granted by the Economic Regulator. Furthermore, in the next three to six years we will be focusing on cargo and logistics development with plans for the Midfield Cargo Terminal and restructuring of our business and operational model to align with opportunities presented by the AfCFTA.

These efforts aim to bolster our resilience and position ACSA for continued success in a dynamic macro environment.



GROW FOOTPRINT

Overview

Growing our footprint is a fundamental aspect of our strategy and a response to changing opportunities in the domestic, regional and international air transportation markets. As we shift from our focus on post-pandemic recovery to a focus on innovation and growth, this remains a core objective that is vital to securing sustainable value creation.

We therefore continue to pursue our growth objectives, focusing in particular on increasing passenger numbers and expansion our route network. This includes the strengthening of our presence in the cargo segment, and implementing our Aerotropolis and Airport Cities strategic intervention. We also continue to seek opportunities to expand on our commercial interests and to offer advisory services to airports outside of our portfolio, both locally and internationally.

Globally, passenger traffic is edging closer to pre-pandemic levels with RPKs growing by 36.9% year-on-year in 2023. Despite ongoing macro-economic risks, the aviation industry is expecting to reach a milestone in its recovery in 2024 and to secure 102.5% of pre-Covid-19 passenger levels. This positive trajectory is being fuelled by a robust demand for leisure travel, with a significant development in 2023 being the reopening of aviation markets in China.

Closer to home, passenger traffic on African airlines grew by 38.7% year-on-year in 2023 and passenger traffic in Africa reached 221 million (SABRE, ACSA 2024), translating to a 3.2% increase on 2019 figures. This momentum is projected to continue, with the region set to see an increase to 253 million passengers in 2024, which is equivalent to 110.6% of the 2019 benchmark. Key markets like Egypt, Morocco and Tunisia are anticipated to be significant contributors to this growth.

While traffic recovery in the European and Asia-Pacific markets is likely to be less robust and while recovery in North America is expected to slow, a bullish growth trend is also expected to continue in Latin American and the Caribbean.

Driven by these trends, international passenger traffic at Cape Town International Airport was 125% above target in the 2024 financial year, making it an increasingly important hub for direct flights from destinations around the world. International passenger traffic at the other major airports in our portfolio also increased.

Further, while domestic traffic remains unpredictable, largely due to economic constraints, we continue to see a steady improvement in this market, which is resulting in greater passenger traffic through all of our airports. From a risk point of view, however, persistently low economic growth, high levels of inflation and high interest rates continue to limit consumer spending and to affect domestic travel, particularly in the leisure and 'visiting friends and relatives' (VFR) segments.

More generally, the IATA has noted that the global trends which supported such rapid growth in air transportation in second half of the 20th century are becoming less supportive for various reasons. Coupled with tepid international growth, the destabilising influence of geopolitical events and regulatory uncertainty at home, growth in aeronautical revenue is likely to remain unpredictable in the short term.

This scenario strongly supports our diversification strategy and our intent to create airports that attract not only passengers from additional segments of the South African population, but which also offer business, entertainment, conferencing, exhibition, accommodation and other attractions for a broader audience of airport users.

Route development

With these factors in mind, we continue to work closely with our partners to expand our route network in order to secure and grow passenger numbers. We also continue to collaborate with key stakeholders – from tourism authorities to local government and provincial structures – to ensure alignment with national trade, tourism and socio-economic development objectives.

ACSA's network passenger recovery reached 88% in the 2024 financial year. Scheduled passenger traffic reached a recovery rate of 87%, with a total of 18 246 324 departing passengers. ACSA's three main international airports collectively account for 85% of all air passenger

traffic in South Africa. OR Tambo International accounts for 49% of departing passenger traffic, while Cape Town International continues to boast a high recovery rate.

All three market segments continue to outperform expectations, with both the domestic and international market segments continuing to lead recovery with an 88% and 87% recovery in relation to pre-Covid passenger levels respectively. The regional market segment recovered to 84% during the reporting period owing to the increased capacity from new routes and route expansions by airlines such as SAA, Eswatini Air, Airlink Cemair and Air Botswana.

The international market segment has shown consistency in its recovery, which has been fuelled by reinstated international routes by SAA, LATAM, Cathay Pacific and Saudia Airlines. The additional capacity resulted in the segment recovering to 92% in February 2024, the highest network recovery level for the international market segment across the network.



GROW FOOTPRINT CONTINUED

In the 2024 financial year, ACSA added 37 new routes to its network, but also saw eight routes being discontinued. The routes added were:

Airline	Routes added
Latam	Johannesburg – São Paulo
Federal Airlines Pty Ltd	Johannesburg – Londolozi
Eswatini Air	Cape Town – Manzini
Eswatini Air	Durban – Manzini
Eswatini Air	Johannesburg – Manzini
Cathay Pacific Airways Ltd	Johannesburg – Hong Kong
Saudi Arabian Airlines	Johannesburg – Jeddah
Zambia Airways	Johannesburg – Lusaka
Air Algerie	Johannesburg – Algiers
Fly Namibia	Cape Town – Walvis Bay
Lam Mozambique	Cape Town – Maputo
Lam Mozambique	Johannesburg – Inhambane
Lam Mozambique	Johannesburg – Beira
Pro-Flight	Cape Town – Lusaka
Pro-Flight	Durban – Lusaka
South African Airways	Cape Town – São Paulo
South African Airways	Johannesburg – Abidjan
South African Airways	Johannesburg – Port Elizabeth
South African Airways	Johannesburg – São Paulo
South African Airways	Johannesburg – Blantyre
South African Airways	Johannesburg – Lilongwe
Cemair	Cape Town – East London
Cemair	Durban – George
Cemair	East London – Cape Town
Cemair	Johannesburg – Harare
Cemair	Johannesburg – Victoria Falls
Cemair	Johannesburg – Kasane
Cemair	Johannesburg – Maun
Fly Safair	Cape Town – George
Fly Safair	Johannesburg – Harare
Fly Safair	Johannesburg – Livingstone
Fly Safair	Johannesburg – Victoria Falls
Fly Safair	Johannesburg – Maputo
Airlink	Johannesburg – Lilongwe
Airlink	Johannesburg – Blantyre
Airlink	Johannesburg – Nossi-Be
Airlink	Johannesburg – Nairobi

Airlines currently operating flights into and from ACSA airports are:

Domestic			
Airlines	JNB	CPT	DUR
Lift	✈	✈	✈
Fly Cemair	✈	✈	✈
South African Airways	✈	✈	✈
Airlink	✈	✈	✈
FlySafair	✈	✈	✈
	5	5	5



International			
Airlines	JNB	CPT	DUR
Air Austral	✈		
Air Botswana	✈	✈	
Air China	✈		
Air Côte D'Ivoire	✈		
Air France	✈	✈	
Air Mauritius	✈		
Air Peace	✈		
Air Seychelles	✈		
Air Zimbabwe	✈		
British Airways	✈	✈	
Saudia Airlines	✈		
ASKY	✈		
Delta Air Lines	✈	✈	
Lufthansa	✈	✈	
EgyptAir	✈		
Air Algerie	✈		
Emirates	✈	✈	✈
Ethiopian Airlines	✈	✈	
Etihad Airways	✈		
Fastjet Zimbabwe	✈		
Kenya Airways	✈	✈	
KLM Royal Dutch Airlines	✈	✈	
LAM Mozambique	✈	✈	
Malawian Airlines	✈		
Pro-flight Zambia	✈	✈	✈
Qantas Airways	✈		
Qatar Airways	✈	✈	✈
RwandAir	✈	✈	
Eswatini Air	✈	✈	✈
Singapore Airlines	✈	✈	
SWISS Air	✈		
TAAG Angola	✈	✈	
Turkish Airlines	✈	✈	✈
United Airlines	✈	✈	
Ugandan Airlines	✈		
Fly CAA	✈		
Condor	✈	✈	
Virgin Atlantic	✈	✈	
LATAM	✈		
Fly Namibia		✈	
Cathay Pacific	✈		
Total	45	26	10

GROW FOOTPRINT CONTINUED

ACSA is also a founding member of several route development structures that, in collaboration local government, facilitate wider access to air travel and transportation. Despite restrictions, most of these structures remained active throughout the Covid-19 pandemic and continue to remain active.

While activity has been concentrated around the country's three largest airports during the past four periods, enabling connectivity between smaller communities and large cities remains a top priority.

We therefore continue to work closely with local government to explore various mechanisms that will enable smaller communities to plug into the national air transport network.

During the reporting period, the following structures were active:

- Gauteng Air Access. The Department of Tourism actively drives route development for OR Tambo International in partnership with the City of Ekurhuleni, the Gauteng Tourism Agency, the Gauteng Growth and Development Agency and South African Tourism
- Durban Direct, which operates in partnership with Dube Tradeport and the Department of Economic Development and Environmental Affairs
- Cape Town Air Access, which operates in partnership with Wesgro (a trade and investment agency), Cape Town Tourism, the Department of Economic Development and Environmental Affairs, South African Tourism and private sector partners
- Garden Route Airlift, which operates in partnership with George municipality and the Garden Route District Municipality
- Nelson Mandela Bay Airlift, which operates in partnership with Nelson Mandela Bay Metropolitan Municipality, the Eastern Cape Development Corporation, the Eastern Cape Parks and Tourism Agency and the Nelson Mandela Chamber of Commerce
- Upington Airlift, which operates in partnership: in partnership with the Dawid Kruiper local municipality, the Department of Trade and Industry, the Department of Economic Development and Tourism and the local Chamber of Commerce

Airport management and advisory services

Our primary focus in this area of the business is on providing comprehensive management and advisory services to local airports. We recognise the significance of these airports as vital transportation hubs within their respective regions. By offering specialised expertise and industry knowledge, we aim to assist them in navigating complex challenges, optimising their operations and achieving long-term success.

During the reporting period, we expanded our local footprint by entering into a five-year airport management service level agreement with Umhlathuze Municipality for the management of Richard's Bay Airport. We also entered into a five-year agreement with the City of Tshwane to provide technical and advisory services for Wonderboom National Airport, North of Pretoria.

In addition, we concluded a memorandum of understanding with Gateway Airports Authority Limited (GAAL) for the management of Polokwane International Airport and potentially for other airports in Limpopo. The nature of the partnership with GAAL is to provide technical and advisory services related to planning, airport management and operations to ensure compliance with Civil Aviation regulations and standards. The partnership is also consistent with ACSA's developmental mandate and the need to foster an integrated national air transport network to facilitate the seamless flow of people and goods across and beyond South Africa's borders.

Finally, a memorandum of understanding regarding the management of Mkhuze Airport in KwaZulu-Natal is currently under consideration with the UMhloosinga Development Agency.

In the international arena, we concluded a five-year Airport Commercial Master Services Agreement with the Democratic Republic of Congo's (DRC's) air transportation authority, Regie des Voies Aeriennes (RVA), which provides for the development of airports across the DRC. RVA oversees a network of 54 airports in the country and nine of these have been identified as priorities for intervention and development. This includes the development of key airport master plans, runways and access roads planning, terminal buildings development, airport commercial interventions, and the training of personnel in various technical areas.

The initial implementation phase, which involved site assessments for Kinshasa N'djili International Airport in Ndolo and Lubumbashi International Airport were concluded in the second quarter of the year. In the final quarter, we presented a due diligence report and intervention proposals to RVA for discussion and subsequent negotiations with ACSA. The implementation of Phase One commenced in the first quarter of the 2025 financial year.

ACSA Training Academy

In order to capitalise on the opportunities available to diversify our revenue streams, we are in the process of commercialising our training academy and transforming it into an industry-wide African regional aviation training centre of excellence. The centre is a stand-alone entity that leverages our human capital, institutional knowledge and experience to offer tailored programmes for both internal and external clients.

Outlook

Uncertainties within both the global and national environments continue to pose a risk to our growth objectives, but we expect to be able to expand our route network significantly in the 2025 financial year.

Uncertainty relating to South African aviation policy nevertheless continues to erode confidence among airlines, and constraints on bilateral air-service agreements will continue to limit growth potential.

We will nevertheless continue to pursue our innovation and growth objectives and to implement critical capacity expansion projects. We will simultaneously focus our 'Grow Footprint' objective on leveraging capacity that will support the diversification of revenue streams. We will also continue to focus on planning for the implementation of our Aerotropolis Strategy and for expansion into potentially high-growth markets in Africa.

Our ultimate goal is to establish connections to every major city in Africa, thereby diversifying our international source market portfolio and supporting Africa's broader regional integration objectives in line with the Abuja Treaty of 1991.

ABRIDGED FINANCIAL STATEMENTS

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ABRIDGED STATEMENT OF FINANCIAL POSITION

as at 31 March 2024

GROUP				
Figures in R'000	March 2024	March 2023	Movement	%
Assets				
Non-current assets	24 584 653	25 202 026	(617 373)	(2.4%)
Property and equipment, investment properties and intangible assets	23 905 678	24 434 755	(529 077)	(2.2%)
Investments in associates and joint venture	424 988	427 906	(2 918)	(0.7%)
Other non-current assets	253 987	339 365	(85 378)	(25.2%)
Current assets	6 849 272	6 605 000	244 272	4%
Investments and cash and cash equivalents	5 185 871	4 906 680	279 191	6%
Other current assets	1 662 289	1 697 135	(34 846)	(2.1%)
Non-current assets held for sale	1 112	1 185	(73)	(6.2%)
Total Assets	31 433 925	31 807 026	(373 101)	(1.2%)
Equity and liabilities				
Equity	18 827 290	18 363 324	463 966	2.5%
Non-current liabilities	9 311 808	9 134 727	177 081	1.9%
Interest-bearing borrowings	7 652 663	8 246 844	(594 181)	(7.2%)
Other non-current liabilities	1 659 145	887 883	771 262	86.9%
Current liabilities	3 294 827	4 308 975	(1 014 148)	(23.5%)
Total Liabilities	12 606 635	13 443 702	(837 067)	(6.2%)
Total Liabilities and Equity	31 433 925	31 807 026	(373 101)	(1.2%)

ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2024

GROUP				
Figures in R'000	March 2024	March 2023	Movement	%
Revenue and other operating income	7 028 378	6 065 173	963 205	15.9%
Employee benefit expense	(1 575 903)	(1 241 833)	(334 070)	26.9%
Operating expenses	(2 541 796)	(2 392 349)	(149 447)	6.2%
Impairment loss on trade and other receivables	(51 149)	(541 716)	490 567	(90.6%)
Earnings before interest, tax, depreciation and amortisation	2 859 530	1 889 275	970 255	51.4%
Fair value gain/(loss) on investment property	243 339	(208 781)	452 120	(216.6%)
Depreciation and amortisation expense	(1 291 603)	(1 385 857)	94 254	(6.8%)
(Losses)/gains from equity accounted investments	(2 918)	6 519	(9 437)	(144.8%)
Net finance expense	(353 907)	(546 827)	192 920	(35.3%)
Profit/(Loss) before taxation	1 454 441	(245 671)	1 700 112	(692.0%)
Taxation	(982 489)	(220 384)	(762 105)	345.8%
Profit/(Loss) for the year	471 952	(466 055)	938 007	(201.3%)
Effective tax rate	(68%)	(90%)		
Cost to income ratio	(59%)	(60%)		

ABRIDGED STATEMENT OF CASH FLOWS

for the year ended 31 March 2024

	GROUP			
Figures in R'000	March 2024	March 2023	Movement	%
Net cash inflow from operating activities	3 493 890	2 457 020	1 036 870	42.2%
Net cash outflow from investing activities	(76 006)	(2 072 895)	1 996 889	(96.3%)
Net cash (outflow)/inflow from financing activities	(2 751 348)	751 195	(3 502 543)	(466.3%)
Repayment of derivatives	(89)	(1 111)		
Interest-bearing borrowings repaid	(2 139 077)	(296 355)		
Interest-bearing borrowings raised	–	1 665 744		
Interest paid	(612 182)	(617 083)		
Net increase in cash and cash equivalents	666 536	1 135 320	(468 784)	(41.3%)
Effect of exchange rate changes on cash, and cash equivalents	6	75	(69)	(92.0%)
Cash and cash equivalents at the beginning of the year	2 183 624	1 048 229	1 135 395	108.3%
Cash and cash equivalents at the end of the year	2 850 166	2 183 624	666 542	30.5%

NATIONAL TREASURY COMPLIANCE REPORTING

Irregular expenditure

Reconciliation of irregular expenditure

Description	March 2024 R'000	March 2023 R'000
Opening balance	289 149	480 320
Prior period errors	–	4 212
As restated	289 149	484 532
Add: Irregular expenditure confirmed	97 719	59 086
Less: Irregular expenditure condoned	(7 374)	–
Less: Irregular expenditure not condoned and removed	(54 153)	(254 469)
Closing balance	325 341	289 149

a) Reconciling notes to the annual financial statement disclosure

Description	March 2024 R'000	March 2023 R'000
Irregular expenditure that was under assessment in 2022/2023	–	21 470
Irregular expenditure that relates to 2022/23 and identified in 2023/24**	–	–
Irregular expenditure for the current year	97 719	37 616
Total	97 719	59 086

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

Description	March 2024 R'000	March 2023 R'000
Irregular expenditure under assessment	7 132	40 261
Irregular expenditure under determination	8 452	84 300
Irregular expenditure under investigation	–	–
Total	15 584	124 561

c) Details of current and previous year irregular expenditure removed – (not condoned)

Description	March 2024 R'000	March 2023 R'000
Irregular expenditure condoned and removed	(54 153)	(254 469)
Total	(54 153)	(254 469)

Removals relate to expenditure previously initially classified as irregular for the following reasons:

- documents not found during the audit process
- no evidence of modification approval prior to spending.

Upon further investigation, the relevant documentation was found to exist and be appropriate.

Fruitless and wasteful expenditure

Reconciliation of Fruitless and wasteful expenditure

Description	March 2024 R'000	March 2023 R'000
Opening balance	17 436	9 055
Prior period errors	–	(2 177)
As restated	17 436	6 878
Add: Fruitless and wasteful expenditure confirmed	114	10 558
Closing balance	17 550	17 436

a) Reconciling notes to the annual financial statement disclosure

Description	March 2024 R'000	March 2023 R'000
Fruitless and wasteful expenditure that relates to 2022/23 and identified in 2023/24	–	4 011
Fruitless and wasteful expenditure for the current year	114	6 547
Total	114	10 558

KEY STATISTICS

	FY2023/24	FY2022/23	FY2021/22	FY2020/21	FY2019/20	FY2018/19	FY2017/18
Aircraft landings							
International	39 249	33 156	22 792	10 330	40 707	41 604	41 597
Domestic	122 601	109 075	91 026	43 674	132 324	137 028	142 096
Regional	11 494	9 354	6 732	2 619	12 134	13 013	13 427
Unscheduled	54 992	60 203	56 267	43 340	65 726	67 603	67 373
Total	228 336	211 788	176 817	99 963	250 891	259 248	264 493
Departing passengers							
International	5 092 590	4 268 098	1 684 480	412 322	5 821 311	6 026 313	5 969 555
Domestic	12 718 733	11 117 216	8 614 009	4 023 639	14 527 118	14 482 705	14 244 015
Regional	435 001	356 069	187 166	37 189	517 641	547 968	560 568
Unscheduled	66 435	71 832	52 686	97 268	57 275	61 019	63 871
Total	18 312 759	15 813 215	10 538 341	4 570 418	20 923 345	21 118 005	20 838 009
Number of Airlines							
International	45	42	36	32	69	46	44
Domestic	5	7	7	6	8	8	10
Aeronautical tariffs* (vat exclusive)							
Passenger service charges							
Domestic	84.68	80.80	78.36	75.44	75.44	75.44	71.93
Regional	175.56	167.52	162.47	157.02	157.02	157.02	148.51
International	231.35	220.75	214.09	207.02	207.02	207.02	195.61
Landing fees (based on an aircraft with a maximum take-off weight of 60 000kg) (vat exclusive)							
Domestic	3 576.99	3 413.16	3 396.23	3 287.47	3 287.47	3 287.47	3 107.27
Regional	5 353.48	5 108.17	4 954.27	4 795.49	4 795.49	4 795.49	7 820.17
International	7 036.28	6 714.06	6 511.63	6 303.06	6 303.06	6 303.06	9 236.37
Operational volume (in numbers) aircraft landings							
OR Tambo International Airport	102 152	90 774	70 025	35 235	105 978	109 836	110 336
Cape Town International Airport	49 581	45 145	37 767	19 494	47 452	49 335	51 499
King Shaka International Airport	20 560	18 672	14 929	7 330	25 376	25 567	27 056
Chief Dawid Stuurman (Port Elizabeth) International Airport	19 901	20 001	22 052	15 016	24 139	22 657	26 974
King Phalo (East London) Airport	8 524	6 868	6 236	5 293	8 739	12 430	13 521
George Airport	14 622	2 825	2 127	1 348	3 083	21 506	17 056
Bram Fischer International Airport	6 251	8 831	9 284	4 634	13 289	9 442	9 935
Kimberley Airport	3 775	14 349	10 213	9 143	18 391	4 894	4 445
Upington International Airport	2 970	4 322	4 184	2 470	4 444	3 581	3 671
Total	228 336	211 788	176 817	99 963	250 891	259 248	264 493