

2019/20 – 2021/22 ATNS CORPORATE PLAN

Final Version

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1 OFFICIAL SIGN-OFF

It is hereby certified that the ATNS Corporate Plan 2019/20-2021/22:

- Was developed by the management of ATNS under the guidance of the ATNS Board;
- Considers all the relevant policies, legislation and other mandates for which ATNS is responsible;
- Accurately reflects the strategic outcome-oriented goals and objectives which ATNS will endeavour to achieve over the period 2019/20 to 2021/22.

Thomas Kgokolo
Interim- Chief Executive Officer

Date

2 EXECUTIVE SUMMARY

ATNS faces exciting opportunities as well as critical challenges in dealing with external market forces and the operating environment. In the local operating environment, ATNS is embarking on year 2 of its new Permission cycle. After having successfully engaged the users and aviation Industry as part of the permission application process, the new permission was issued during August 2018.

Furthermore, ATNS continues to implement the Strategy adopted and approved in January 2015 by the Board of Directors. ATNS will embark on a comprehensive strategy review during 2019. The organization is conscious of the global economic factors which require us to continue striving for efficiency in operations and provide value to our stakeholders, especially the airspace users.

The 2019/20 – 2021/22 Corporate Plan prioritizes the activities according to the ATNS mandate. In this plan, further considerations to external environment factors, stakeholder concerns and expectations guide our deliberations in strategic choices.

The ATNS chosen strategy is the expansion of our products and services into the African continent through the non-regulated business. The higher purpose of this strategy is to improve air traffic safety in Africa. Currently the non-regulated business is already contributing 10% to ATNS overall revenue and the intention is to grow this percentage over time. ATNS's regional aspirations are also guided by the Africa Agenda 2063 which seeks to mobilize continental programmes to achieve social and economic transformation of the Continent.

All economies in the world value a quality air transport sector as a contributor to economic prosperity. ATNS unequivocally strives to respond to the radical economic transformation in the South African society. In this Corporate Plan, ATNS reflects on these governmental outcomes under the Strategy section.

ATNS is supported by various policies and/or plans that ensure effective governance and management of the organization. The corporate plan includes detailed projected and consolidated income statements, balance sheet and cash flow statement of the organization for the next three years.

ATNS values the support and direction of the Shareholder, the Minister of Transport and the entire Department of Transport. ATNS is committed to aligning all its activities and programmes to the governmental outcomes, the Shareholder's departmental outcomes, and the National Development Plan (NDP) through the Departmental Key Performance Indicators.

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

As a Schedule 2 public entity reporting to the Department of Transport, ATNS is complying fully with the statutory requirements to prepare and present a corporate plan annually. This 2019/20 – 2021/22 Corporate Plan aims to:

- Provide the Shareholding Minister with the current and future plans of the Company, as required by Section 7 of the ATNS Company Act (Act 45 of 1993),
- Comply with the requirements of Section 52 of the Public Finance Management Act (PFMA) (Act 1 of 1999),
- Comply with Treasury Regulation 29, and
- Comply with good reporting standards and good corporate governance.

The document framework is structured to support understanding of the ATNS strategy, from formulation to the expected future direction of the entity for the period 2019/20 – 2021/22. The contents of this document are ordered as follows:

Section A provides details of the ATNS business overview, as well as the legislative and regulatory framework within which ATNS operates.

Section B describes the ATNS Strategy and what it aims to achieve in the next three financial years.

Section C provides the supporting framework, which includes plans and policies supporting the management of ATNS.

ABOUT THIS CORPORATE PLAN

Corporate Plan 2019/20 – 2021/22

The Corporate Plan for 2019/20 – 2021/22 presents the strategic direction and three-year objectives of the Air Traffic and Navigation Services SOC Ltd. The key performance indicators and the financial plan for the 2019/20 – 2021/22 financial year are also indicated in this plan. The targets for the first financial year of the Corporate Plan have been set and projections for another two years provided.

The 2019/20 – 2021/22 Corporate Plan was prepared according to the following frameworks; the King Code of Governance for South Africa (King IV), ATNS Company Act (of 1993), Section 52 of the Public Finance Management Act (PFMA) (1 of 1999), Treasury Regulation 29 and corporate governance.

Scope and boundary

The 2019/20 – 2021/22 Corporate Plan includes background, overview, key performance indicators, governance structures, financial plan, strategic objectives, core programmes, critical issues and relevant supporting documents as stipulated in Section 52 of the Public Finance Management Act (PFMA) (1 of 1999).

Statement of precautionary approach

The transport sector – particularly aviation - is a critical component of the economy, impacting on development and the welfare of the entire population – both as an enabler of economic wellbeing, and its beneficiary. When transport systems are efficient, they provide economic and social opportunities and benefits that impact throughout the economy.

When transport systems are deficient or inefficient, they impact economies in terms of the cost of reduced or missed opportunities – as well as adverse environmental impacts. Flexible optimisation of the airspace is required to ensure that safety and operational efficiency are achieved in a domain when total air traffic movements are expected to marginally increase by an average of 1,07% and revenue movements by 2,23% over the period covered by this Corporate Plan. ATNS has an implicit and seminal role to play on the African continent to promote maximum compatibility between the safe and orderly development of civil aviation on the one hand and the quality of the environment on the other.

BOARD APPROVAL

The ATNS Board, assisted by its various committees, is ultimately responsible for overseeing the integrity of the 2019/20 – 2021/22 Corporate Plan. The Board has applied its collective mind to the preparation and presentation of the Corporate Plan and believes that it reflects the ATNS environment and presents fairly the company's strategy and its intended impact and outcomes regarding business, employees, society and the environment.

3 INTRODUCTION

The 2019/20 – 2021/22 Corporate Plan prioritizes ATNS's activities according to its mandate and Shareholder's expectations. We continue to be responsible for providing and maintaining reliable airspace infrastructure in South Africa; further enabling the delivery of air traffic services in a safe and efficient manner.

As the ATM sector moves towards greater commercialisation and becomes increasingly consolidated, ATNS has positioned itself to become one of the preferred global ANSPs constituting the global air traffic safety market. This will be achieved by taking a proactive approach to the provision of products and services. ATNS, as a State-Owned Company, has an explicit mandate to balance its financial imperatives with the National developmental outcomes of the South African economy.

We, therefore, leverage our procurement expenditure to increase locally-developed content by supporting and developing local suppliers. We are also working to ensure that local manufacturing suppliers can benefit from our global partnerships in the long-term by creating business linkages between local suppliers and the mega international technology Original Equipment Manufacturers (OEMs), throughout procurement and supply-chain processes. In this way, local suppliers can be capacitated over time to become future OEMs of key aviation technology components in the supply chain, thereby enhancing their own local, regional and international competitiveness, and ultimately, growing together with ATNS in its expansionary strategy.

Our strategy is influenced by and is linked to several other planning initiatives such as the Industrial Policy Action Plan (IPAP), as well as the developmental prerogatives of the South African Government. Strategic delivery aims to meet the increasing demands of longer-term traffic growth and complexity. The strategy seeks to adopt increasingly flexible practices, more efficient operations and more cost-sensitive business processes to counter unpredictable events.

The ATNS strategy is reviewed annually to reflect the development of new critical issues and strategic core projects, as well as to track the implementation thereof, to achieve outcome-oriented goals. ATNS has adopted a Strategic Thinking Process that provides a framework for formulating, articulating, communicating and implementing a clear, concise and explicit strategy for the organisation. The process for the development of the future strategic profile of the organisation includes an analysis of the current ATNS profile and current industry models; strategic scenario development and analysis; as well as stealth analysis. Ultimately, this leads to the development of our critical issues and core programmes.

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

Our Strategy Roadmap

Our strategic roadmap (Figure 1) demonstrates the company’s holistic approach to economic, social and environmental sustainability in that the three sustainability pillars serve as drivers of our strategic intent and operational momentum. The three strategic pillars, in turn, require that the Company ensures impeccable governance oversight, regulatory compliance and alignment with the needs of our wider stakeholder communities.

The model shows the strategic inputs into the business, including (but not limited to) the International Civil Aviation Organisation (ICAO) Performance-based Air Traffic Management (ATM) Operational Framework at a global level; the South African Government’s national outcomes; the Department of Transport’s departmental outcomes; and the ATNS Performance Based Navigation Roadmap and Implementation Plan.

Our strategic objectives are further refined and directed into strategic imperatives, core programmes and Key Performance Indicators (KPIs) to set specific performance targets and guide their practical achievement.

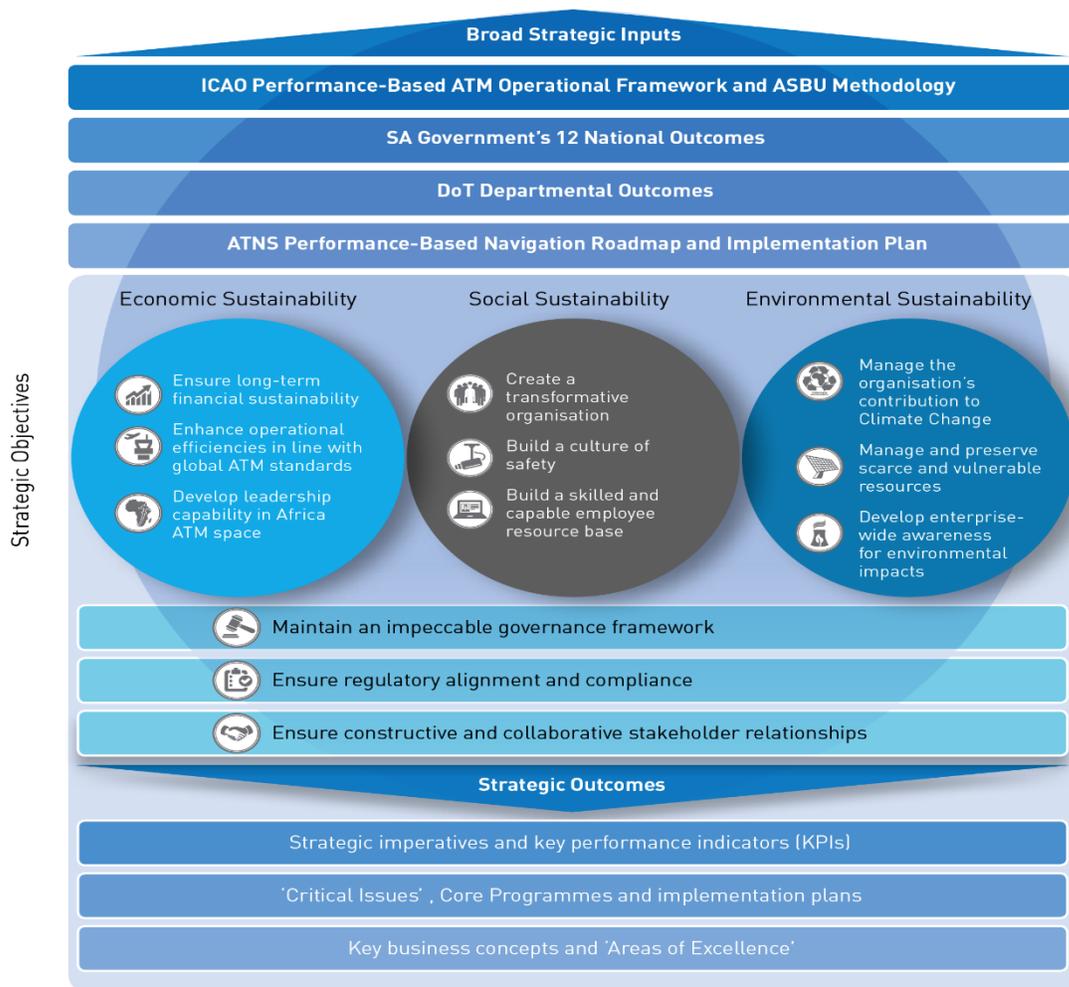


Figure 1 – ATNS Strategic Roadmap

4 ATNS BUSINESS OVERVIEW

The South African Government through the Department of Transport (DoT) is the sole Shareholder of ATNS and thus the company is regarded as a State-Owned Company (SOC) in terms of the PFMA and the Companies Act No.71 of 2008. The company is legally and financially independent and operates under applicable South African laws.

The Air Traffic and Navigation Service Company Limited was established in 1993 in terms of the ATNS Company Act (45 of 1993), to provide Air Traffic Management solutions and associated services on behalf of the State, in accordance with ICAO Standards and Recommended Practices and the South African Civil Aviation Regulations and Technical Standards. ATNS is an Air Navigation Service Provider (ANSP) and is governed by the nation's legislative and administrative framework. ATNS is also a commercialized ANSP operating on the "User Pays" principle that relies on current revenues and debt funding for its operational and capital expenditure requirements.

Our vision

To be the preferred supplier of Air Traffic Management solutions and associated services to the African continent and selected international markets.

Our mission

To provide safe, expeditious and efficient Air Traffic Management solutions and associated services.

Our values

- Accountability
- Fairness and Consistency
- Safety and Customer Service
- Open and Effective Communication
- Continuous Improvement and Innovation
- Employee Engagement and Development

5 THE PURPOSE OF ATNS

ATNS is the primary provider of air traffic, navigation and associated services (including training) within South Africa. The Company's operations further include:

- The supply of aeronautical information services, technical maintenance and aerodrome services;
- Alerting, and Search and Rescue co-ordination services;
- Management of the flexible use of airspace through the Central Airspace Management Unit (CAMU);
- Support for special events and special requirements such as test flights, demonstration flights;
- The implementation and maintenance of communication, navigation and surveillance infrastructure; and
- The training of licensed air traffic controllers and air traffic safety electronics personnel (ATSEP) through the ATNS Aviation Training Academy (ATA).

The economic regulation regime is specified in Section 11 of the ATNS Company Act. Section 11 of the ATNS Company Act (45 of 1993) specifies the economic regulation regime in respect of ATNS and prescribes that the Company shall not levy any air traffic service charge unless it is in possession of a valid written Permission that provides a tariff regime to be charged to users over a five-year cycle.

The Permission is issued by the Regulating Committee, which is required to balance the interests of the company with those of its clients, including promoting the safe, efficient, economic and profitable operation of the company. This encourages timely investment and ensures that the company can finance its obligations and has a reasonable prospect of earning a commercial return.

6 OUR CORPORATE GOVERNANCE

An independent Board of Directors, appointed by the Minister of Transport, is responsible for strategic direction and oversight of ATNS. The Chief Executive Officer (CEO), with the support of the Executive Committee, is responsible for the daily management of the company.

ATNS BOARD	COMPOSITION	CORE FUNCTIONS
Audit & Risk Committee	<ul style="list-style-type: none"> Chair: Non-Executive 3 Non-Executive Directors Convenes: 4 p/a 	Oversight: <ul style="list-style-type: none"> Monitors financial controls and reporting Reviews audit plans and adherence by external and internal auditors Ascertain reliability of audits Ensures financial reporting complies with IFRS and Companies Act Oversight of financial matters Nominates auditors for appointment Monitors risk appetite and controls Governance of risk and IT
Human Resources Committee	<ul style="list-style-type: none"> Chair: Non-Executive 1 Executive Director 4 Non-Executive Directors Convenes: 4 p/a 	Oversight: <ul style="list-style-type: none"> Establishes overall principles of reward and remuneration Determines remuneration of executive directors and executive heads in line with the market Ensures compliance with relevant laws and regulations Considers, reviews and approves Group policy on executive remuneration Reports on remuneration to stakeholders in the Company's integrated report
Social & Ethics Committee	<ul style="list-style-type: none"> Chair: Non-Executive 1 Executive Director 5 Non-Executive Directors Convenes: 4 p/a 	Oversight: <ul style="list-style-type: none"> Monitors and develops compliance with section 72(8) of the Companies Act (read in conjunction with regulation 43) Assists the Board with oversight of social and ethical matters related to the Company, incl.: <ul style="list-style-type: none"> good corporate citizenship; environment; health and public and safety; and consumer relationships, labour and employment.
Transformation, Investments & Projects Committee	<ul style="list-style-type: none"> Chair: Non-Executive 1 Executive Director 3 Non-Executive Directors Convenes: 4 p/a 	Oversight: <ul style="list-style-type: none"> Oversees the ATNS Capital Expenditure programme in line with the Economic Regulator permission document Ensures that appropriate procurement and provisioning systems are fair, equitable, transparent, competitive and cost-effective
Business Research, Operations and Development Committee	<ul style="list-style-type: none"> Chair: Non-Executive 1 Executive Directors 4 Non-Executive Directors Convenes: 4 p/a 	Oversight: <ul style="list-style-type: none"> Assesses and evaluates the viability of ATNS International Formulates the ATNS International strategy Established in accordance with applicable legislation The implementation of ATNS's African strategy is aligned with ATNS's strategic objectives Business opportunities are evaluated and recommended to the Board Provides oversight on business operations Monitors operational performance
Governance Committee	<ul style="list-style-type: none"> Chair: Non-Executive 1 Executive Directors 7 Non-Executive Directors Convenes: 4 p/a 	<ul style="list-style-type: none"> Reviews the effectiveness and composition of the board and its committees Reviews the general governance structures, processes and policies

Figure 2 – ATNS Corporate Governance Structure

The ATNS governance framework is determined by various legislations and standards; with specific reference to:

- ATNS Company Act, 1993 (45 of 1993),
- the Civil Aviation Act (13 of 2009),
- Protocol on Corporate Governance for the Public Sector 2002,
- King Report on Corporate Governance for South Africa, 2016 (King IV),
- Public Finance Management Act, 1999 (1 of 1999) (PFMA) as amended, and Treasury Regulations,
- Companies Act, 2008 (71 of 2008),

7 ATNS CONTROL FRAMEWORK

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

- Internal audit,
- Fraud prevention, detection and investigation,
- Enterprise Risk Management (ERM),
- Performance Management (Including safety, health, environment and quality),
- Information Technology (IT) management and IT governance,
- Regulatory Compliance (including the ATNS Permission application process).

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

- on-going activities that are built into the Company's normal, recurring operating activities, such as the Quality Management System (QMS) and safety regulation assurance and compliance,
- separate evaluations, such as combined assurance and internal auditing activities,
- monthly risk registers,
- the use of key risk indicators, which enable ongoing monitoring of risks to reduce both impacts and likelihood of occurrence,
- monthly monitoring and review of the risk register by the Internal Audit department,
- quarterly monitoring and review of risk management activities by Executive Risk Management (ERM) and Audit and Risk Committees.
- ongoing monitoring of regulatory compliance control with annual assurance from Internal audit.

8 OUR ORGANISATIONAL STRUCTURE

ATNS is a State-owned entity incorporated as a company comprising a Board of Directors appointed by the Minister of Transport to provide oversight and guidance on the implementation of the ATNS mandate. Based on the ATNS strategy, mandate and international prescripts such as ICAO ATM Operational Concept and Global Air Navigation Plan (GANP), it is imperative that ATNS has a structure that will facilitate the execution of the

Corporate Strategy. The structure will also influence the speed at which ATNS can adapt to changing environments. The ATNS structure is based on its strategy and value chain, which comprises three main blocks:

- ATM Operational Concept, GANP, and Global Aviation Safety Plan (GASP)
- Enabling/driving technologies, infrastructure and resources
- ATM and technical support operations

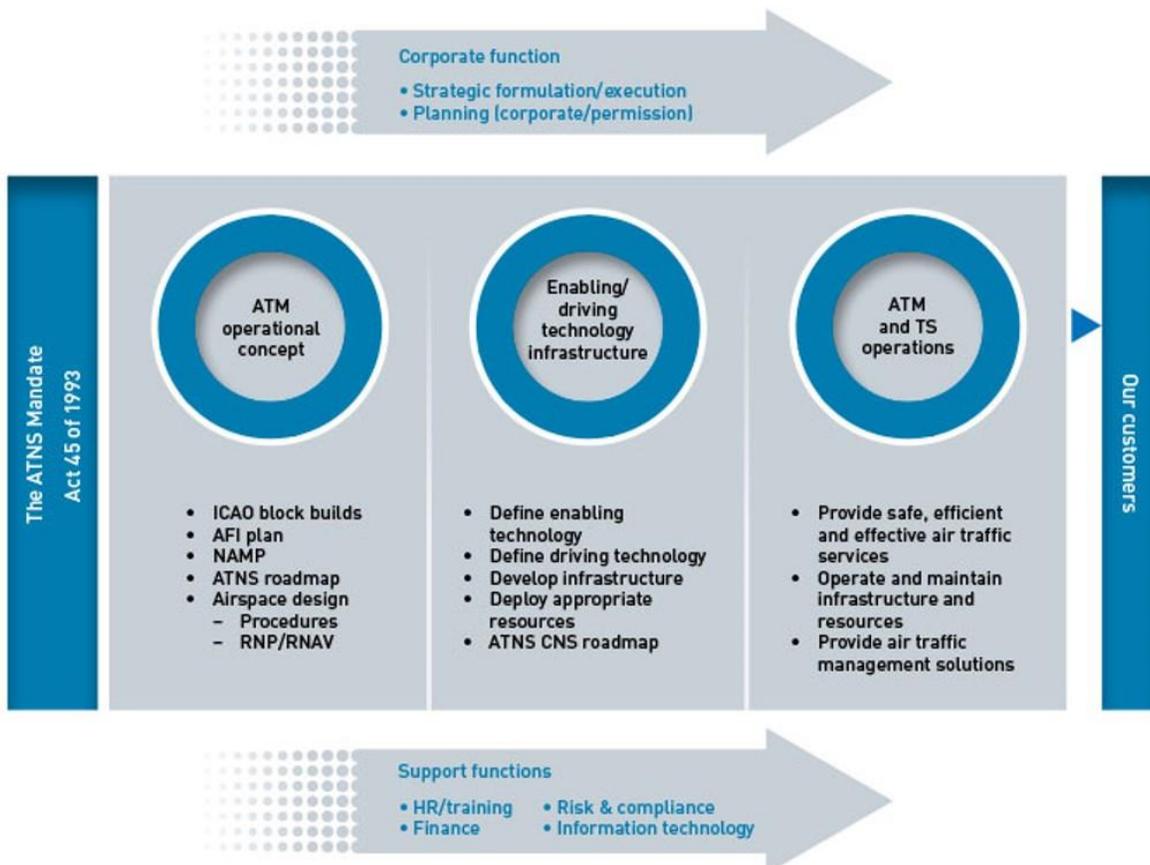


Figure 3– ATNS Regulated Business Model – Core and Support Functions

The operational concepts are supported by corporate and support functions. The corporate function determines the direction of the company as mandated by the Board, through the formulation and execution of the strategy by the CEO. This function ensures ATNS Executives adequately plan and utilize resources as dictated by the five-year Permission cycle. Execution of the strategy is also driven by the departmental operational and business plans. The support functions, such as Human Capital (HC), Finance, Information Technology (IT) as well as Risk, Legal and Compliance provide the pillars, governance frameworks, which are key for the effective functioning of the operating environment.

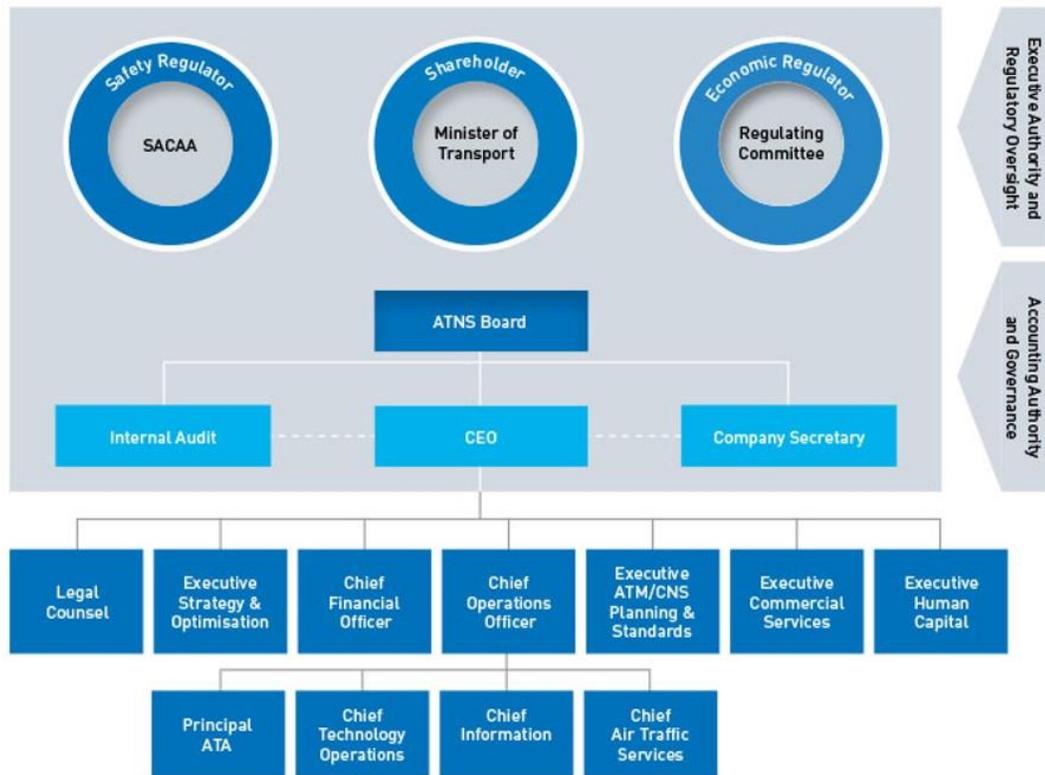


Figure 4 – ATNS Corporate Structure

9 OUR PEOPLE

ATNS builds and preserves human capital value through the individual capabilities, knowledge, skills and experience of the Company’s employees and managers. Leadership and employee motivation are two key drivers and influencers of organisational effectiveness. It is, therefore, important to create an environment in which employees are motivated, committed and share the collective goals of the organisation. Safety is a primary driver in our efforts to provide efficient air traffic service to our customers and the broader industry.

We strive to foster a culture of safety amongst our employees, external stakeholders and the broader ATM community. There is, therefore, an obvious need to build a proactive safety culture within ATNS, especially within its operations, where controllers are directly involved in air traffic management.

We seek to create an organisation that reflects the diversity of our society and that maximises the potential of our employees. We strive to;

- maintain a representative workforce,
- embed a culture of sustainability,
- promote an organisational culture that entrenches safety values,
- enhance skills and building competencies.

Our achievement of the 2018 Top Employer Certification is affirmation of our commitment to inclusive transformation, ensuring that all our employees are correctly matched to jobs, skilled and technically competent so that we have empowered and balanced employees that are able to master their current and future work requirements.

10 OUR FINANCIAL RESOURCES

ATNS Economic Regulatory Environment

As a monopoly, ATNS is regulated economically by the Regulating Committee (RC) that is a statutory body formed and appointed by the Shareholder, the DoT. The RC is empowered by the ATNS Company Act (45 of 1993) to issue a Permission to ATNS, which regulates the increase in specified tariffs that ATNS can issue and prescribes minimum service standard requirements for the regulated business. ATNS is, through the Permission, authorized to levy air traffic service charges on users (aircraft operators) for the use of air navigation infrastructure and/or the provision of an air traffic service. The permission has a five (5) year life span.

2017 Permission Status 2018/19 – 2022/23

In December 2016 the RC instructed ATNS to commence with the planning and industry consultation process towards a Permission Application for the financial year 2018/19 to 2022/23. The process of consultation with the industry stakeholders culminated in a Joint Consultation Report from ATNS and the Industry, which reflected the constructive and positive nature of the consultation meetings. Consensus was reached on most issues, although some issues remain unresolved due to differences of opinion. As part of ongoing active engagement, ATNS and the Industry will continue to engage to build consensus in areas where both parties could not agree.

ATNS's Permission application for the 2018/19 – 2022/23 Permission cycle was submitted to the Regulating Committee in November 2017 and ATNS received a Permission during August 2018.

Regulating Service Standards

The RC is sanctioned by the ATNS Act No.45 of 1993 to prescribe service standards. Section 11(7) (b) of the ATNS Act, determine that the Committee shall prescribe service standards for the Companies conforming to internationally accepted and recommended practices. The Committee sees this process of monitoring service standards as a necessary counter balance to economic regulation.

In prescribing the service standards, the RC seeks to ensure that ATNS's assets are sufficient to carry out its mandate; that ATNS effectively manage its infrastructure; and the users derive benefit from this. Service standards therefore create the platform for ATNS to sweat the assets and the results thereof are reported in the service standards report. The ATNS services standards are be prescribed in respect of communication; surveillance and navigation infrastructure, air traffic services or air navigation services. An example is the ability of the airspace sectors to service the airlines on a consistent and reliable basis.

ATNS Revenue Sources

ATNS' revenue resources are received mainly from the En-route and approach fees, which account for 90% of revenue. The figure below depicts the ATNS revenue split:

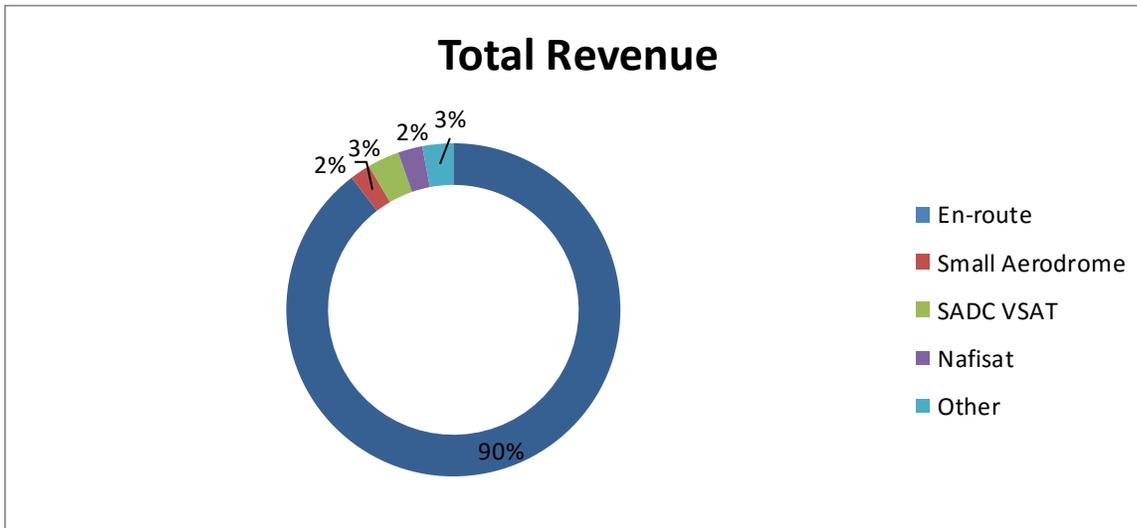


Figure 5 – ATNS Revenue Sources 201/2020

ATNS Expenses

The largest ATNS expenses result from staff costs which account for 62% of the Revenue, Telecommunication costs (5%) and Electronic Maintenance costs (4%). There are further related costs which are expected for a service-related organization such as ATNS. The ATNS costs do reflect similarities with other ANSPs in the world and are related to the Human Capital costs as well as airspace infrastructure costs.

11 OUR BUSINESS MODEL

Regulated Business

Guided by the socio-economic needs of our society, we are keenly aware that our operations and growth should never be divorced from the developmental outcomes we are mandated to achieve by our Shareholder. ATNS's mission is "to provide safe, expeditious and efficient air traffic management solutions and associated services." We do so by using best-in-class Communications, Navigation and Surveillance (CNS) infrastructure. As such, the Africa expansion strategy has been amplified by our focus on directing our infrastructure procurement expenditure towards creating and stimulating local manufacturing enterprises to become OEMs. In the medium term and through linkages with international OEMs, these local manufacturing enterprises will be proficient in providing key aviation technology components to the industry. The goal is to ensure that these enterprises remain sustainable through partnership opportunities and that they grow with ATNS into new markets.

At present 90% of ATNS's revenue is facilitated through its regulated business. Air navigation services and infrastructure consist of three main components:

- Communications, Navigation and Surveillance infrastructure,
- Auxiliary aviation services, such as Aeronautical Information Management (AIM), flight procedure design and aeronautical surveys and
- Air Traffic Management.

Economic Assumptions (Based on 2018/19 – 2022/23 Permission Application)

Parameter	18/19	19/20	20/21
Economic Projection:			
GDP (real)*	1.7	2.0	2.4
CPI*	5.1%	5.3%	5.6%
Risk-Free Rate	8.75%	9.43%	9.25%
Traffic Movements Projection			
Revenue movements	500 981	512 029	523 173
Non-Revenue movements	532 140	533 300	534 321
Total Movements	1 134 317	1 146 378	1 158 325
Total AAGR	1,11%	1,06%	1,04%
Tariff:			
X-factor	+3.0%	+1.4%	-0.4%
Correction Factor	-	-	-
Total Tariff	+7.5%	+0.5%	+5.0%

Table 1 – ATNS Economic Assumptions (*Figures based on BER data)

Traffic Movement Assumptions

In 2017/18, as part of the 2018/19 – 2022/23 Permission Application process, ATNS adopted a new traffic forecast philosophy that is focused on understanding how industry and macro-economic variables will influence air traffic movements. The result of this new approach demonstrate that total movements will continue to recover, largely driven by the aircraft revenue movements.

REVENUE	2016/17	2017/18	2018/19	2019/20	2020/21
ATM	481 840	489 751	500 981	512 029	523 173
AGR	0,61%	1,64%	2,29%	2,21%	2,18%

Table 2 – Aircraft Revenue Movements Prediction (All ATNS airports)

GA	2016/17	2017/18	2018/19	2019/20	2020/21
ATM	531 414	530 886	532 140	533 300	534 321
AAGR	-1.79%	-0,10%	0,24%	0,22%	0,19%

Table 3 – Aircraft Non- Revenue Movements (GA) Movements Prediction (All ATNS airports)

TOTAL	2016/17	2017/18	2018/19	2019/20	2020/21
ATM	1,115,346	1,121,891	1 134 317	1 146 378	1 158 325
AAGR	-0.66%	0.59%	1,11%	1,06%	1,04%

Table 4 – Aircraft Total Movements Prediction (All ATNS airports)

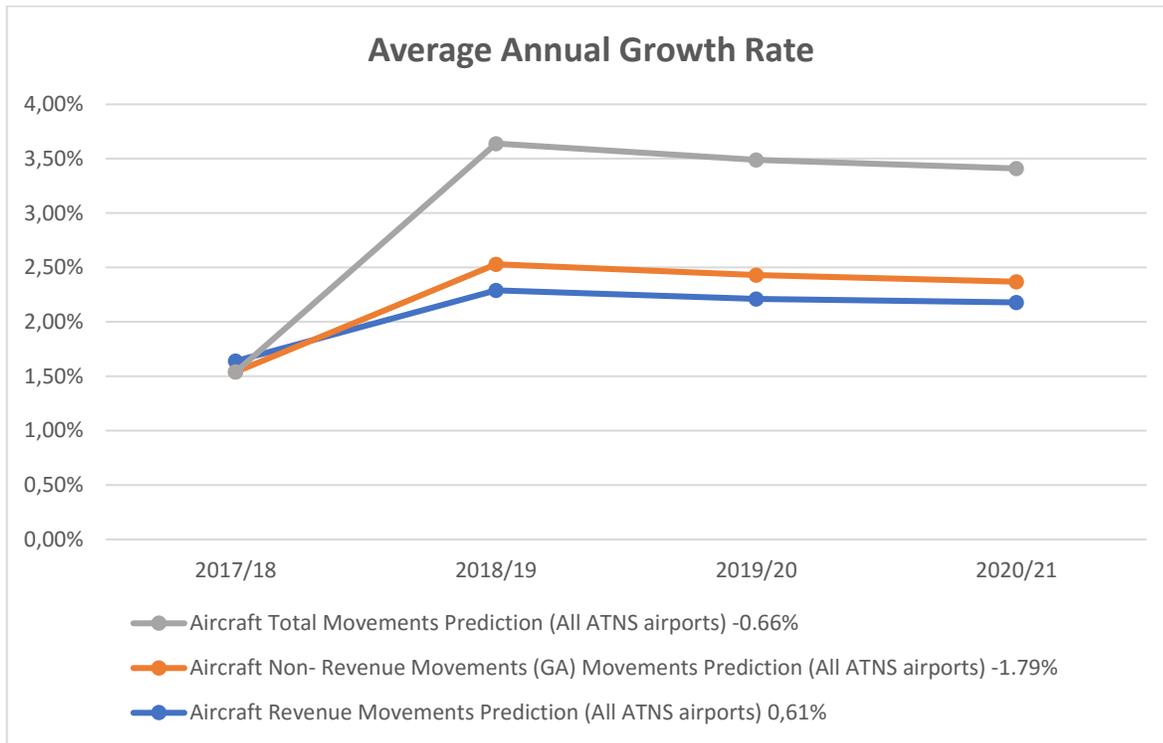


Figure 6 – AAGR Forecast (based on 2018/19 – 2022/23 Permission Cycle)

Scheduled and Non-Scheduled traffic movements for three main ACSA airports (FAOR, FACT and FALE) for the period of the Corporate Plan are indicated in the graphs below:

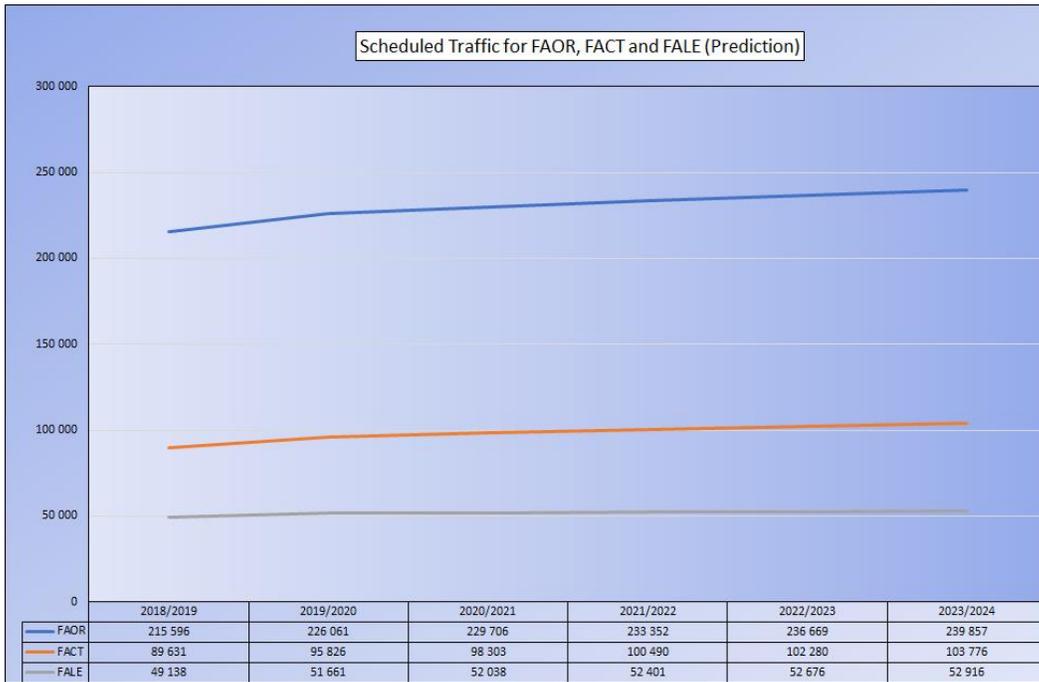


Figure 7 – Scheduled Traffic for FAOR, FACT & FALE (Prediction)

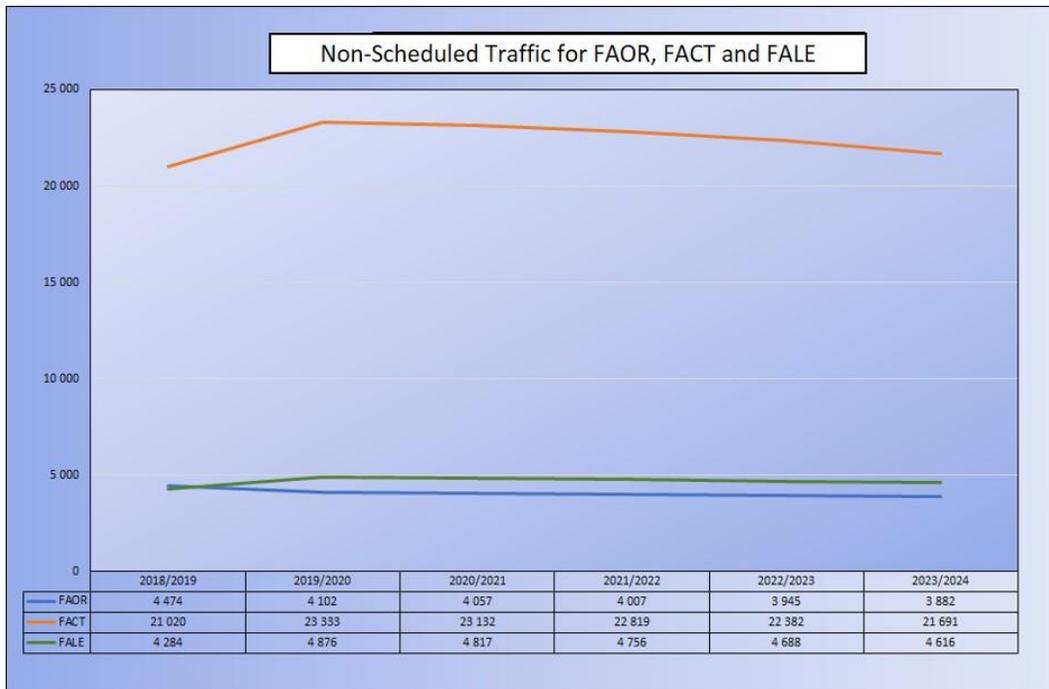


Figure 8 – Non-Scheduled Traffic for FAOR, FACT & FALE (Prediction)

Aviation Training Academy

ATNS operates the Aviation Training Academy (ATA), a successful and renowned training institution. The ATA offers a full range of air traffic services, air traffic safety electronics, management and other aviation-related training. The ATA is integral in providing a pipeline of competent ATS and ATSEP manpower to ATNS' air traffic and engineering departments as well as providing training to the broader African continent.

The ATA is a Fully Accredited Transport Education Training Authority (TETA) Training provider with ISO-9001:2015 accreditation. Its focus on healthy networking has resulted in the Academy having several international cooperation agreements in place with partners such as the Embry Riddle Aeronautical University, Ecole Nationale de l'Aviation Civile (ENAC) and the University of the Witwatersrand (WITS), enabling the Academy to maintain mutually beneficial partnerships in the presentation and accreditation of international courses in air traffic services (ATS). The ATA has a long-standing partnership with the International Air Transport Association (IATA), as a Regional Training Partner and an authorised Training Centre. This partnership enhances the product portfolio of the ATA, enabling us to deliver training products to a wider aviation sector, including distance learning delivery for certain courses. The ATA has been awarded the IATA Regional Training Partner Award for five consecutive years and was designated as an IATA Premier Circle Member in 2015 and 2018. In 2016, the ATA received an award from IATA for its continuous contribution towards the development of skills in the aviation industry. The Academy is also designated as an ICAO Regional Training Centre of Excellence.

The ATA's strategic direction, as approved by the Board in 2016, is aimed at positioning the ATA as an academic institution that is registered by the South African National Department of Higher Education and Training (DHET); and accredited by the South African Council of Higher Education and Training (CHE). The benefits of this initiative, amongst others, are:

- The establishment of a recognised academic ATC qualification in South Africa and the Continent.
- Creating a higher profile and demand for ATC training amongst young bright people.
- Creating of better opportunities for students to source external bursaries or loans for at least part of the training.
- Increasing the demand for the qualification and hence the ATC pipeline.
- Improving the quality of the student intake.
- Creating a base for broader aviation qualifications that can be delivered jointly with universities.
- Creating a potential for alternative career paths for ATCs.
- Fostering national and global benchmarking, monitoring and evaluation of the training and qualifications.
- Increasing the long-term competitiveness of ATA.

This exciting multi-year initiative seeks to enhance the way ATS training is conducted at the ATA, while proposing macro benefits to the organisation and the industry. Key stakeholders in the industry, including SACAA, ACSA, Ekurhuleni Metropolitan Council and DoT EXCO, have supported and endorsed this project.

Non-regulated business

ATNS's non-regulated business currently contributes +10% of the Company's revenue. The non-regulated business encompasses a long-term strategy geared at facilitating regional expansion through a subsidiary vehicle. The subsidiary will enable the ATNS to take a more focused stance in the non-regulated business market without posing undue risks to its regulated market and the Shareholder. It will also enable ATNS to enter into joint ventures and partnerships with external suppliers to harness valuable market opportunities and extend its regional influence and reach.

Strategic Alignment

The vision, mission and strategic objectives of ATNS emphasize its desire to become the preferred supplier of Air Traffic Management solutions and associated services on the African continent and selected international markets by providing safe, expeditious and efficient Air Traffic Management solutions and associated services. This to be done in a way that is safe, innovative, transformative and sustainable.

Rationale for Expansion

The ATNS rationale for expansion into the continent is based on global and national trends and priorities, growth opportunities in the African continent, improving air traffic safety in Africa, protecting South Africa economic interests and trade, creating employment opportunities, exerting more influence and market confidence in our abilities and responding to limited revenue growth opportunities in South Africa. The higher purpose of this Africa expansion strategy is "working together for safer African skies"

Growth Strategy

The growth strategy is anchored on two key approaches namely; the geographic focus that has identified countries that have the greatest need but are also amenable to ATNS. These countries will include most of SADC members, Anglophone Africa and the Indian Ocean Islands.

The second approach prioritise specific products/services such as Billing and Collection, Training, SADC VSAT / NAFISA, CNS maintenance, Central Aeronautical Database (CAD), regional Airports and upper airspace management. Some of these are tried and tested products/services that ATNS has been offering in the industry for a while. Others are reflection of an emerging need in the industry that driven by new but critical changes that are taking place. The requirements for Airports to meet stringent ICAO safety measures are partly driving these new opportunities.

Growth Plans

Starting in the 2015/16 financial year ATNS has focussed on delivering on the 10 Year Business plan as formulated and approved by the Board the year before. The business plan based on well researched data and enhanced through market intelligence gathered over the last few years projects a healthy growth over the next ten years. The key drivers for this strategy are:

- Defending key Products/Services (Defensive Strategy) – using our tried and tested products to defend our key markets and revenue targets.
- Launching a product/service offensive strategy that will propel the organisation to new heights. This to include taking the existing product and services to new markets, enhancing the current offerings, a solutions approach to regional challenges and expanding to new markets especially Francophone Africa.

Risk Management

Risk management has been built in to the strategy to ensure that management is aware of and is actively managing the risk factors that can affect the implementation of the strategy. The following risks were identified at the launch of the strategy:

- Financial risk
- Political and cultural risk
- Skills / resource shortage and organisational capacity risk
- Regulatory risk, both in South Africa and in client States
- Personal and security risk

Each risk has been evaluated in terms of root causes, potential consequences if not managed, potential impact to the business, the likelihood of its occurrence and the perceived effectiveness of the controls currently in place. This process is now matured in the organisation and the identification, evaluation and management of risks is a continuous effort with clear oversight by the Audit and Risk Board Committee.

Current State of the Non-Regulated Business 2018-19 Financial Year

The growth plans as implemented from the 2015/16 year have delivered a steady growth in revenues. The business has been able to defend its identified territory using the core products and services. Overall performance has been positive despite various challenges including competition and subdued levels of investments. Table 5 below reflects continuous growth ahead of budget for the last 4 years.

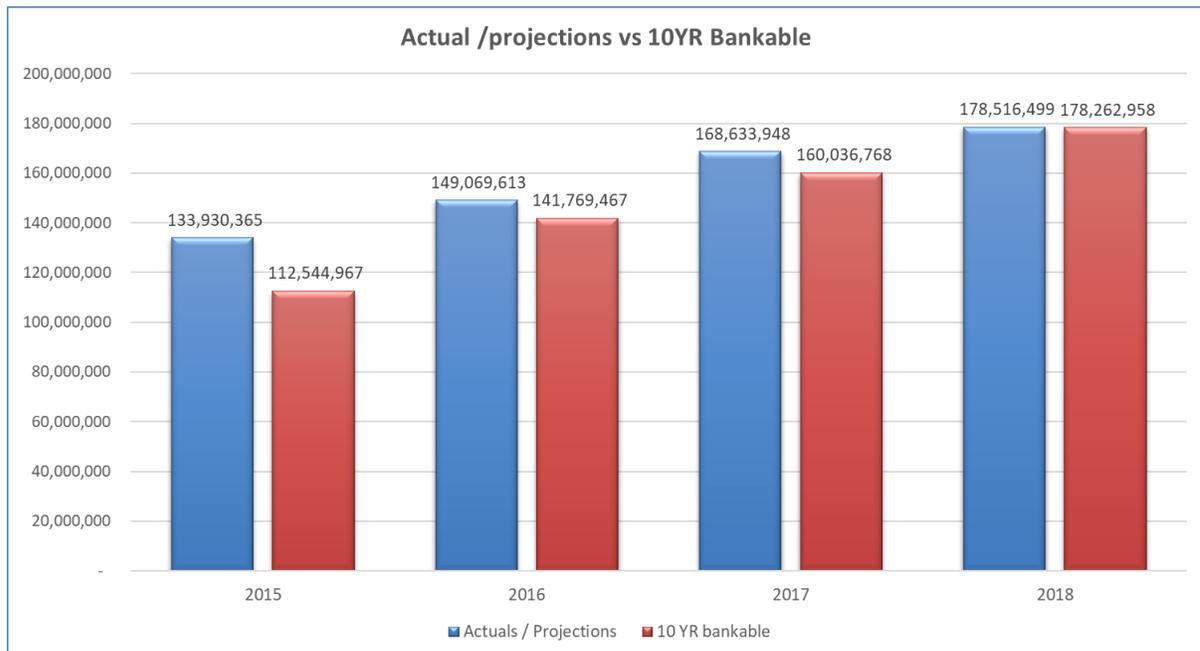


Table 5 – Actual/Projections for 10-Year Bankable Business Plan

While growth has been positive, this has been driven mainly by our existing products and services meaning a well-executed defensive strategy. The offensive strategy execution has delivered mixed results. This reflects a market that difficult to penetrate due to geo-political decisions, lack of funding and slow investments in new infrastructure. Services such as CAD, AIS to AIM while looking up now have been slow to translate to revenue

opportunities. However, our success in Namibia and the fact that South Africa (ATNS) has been designated a regional database service provider for CAD bears future opportunities. We have struggled with XTRAX due to challenges with product packaging and partner agreements.

Market / Geographic positions have improved with strong inroads in Rwanda, Angola, Sudan and Ghana. However, markets such as Nigeria, Kenya and Egypt have eluded us. These are big but complex market, our efforts with continue to give them focus they deserve.

The organisation will also continue to seek better products in terms of Billing and Revenue management as we consider this a critical offering for the markets we serve.

On the defensive front while this strategy has worked well so far, some revenue challenges have been experienced with SADC VSAT/NAFISAT and recently with some regional airports. Management continue to address these issues and the focus is on defending our revenue interests.

Looking Forward

The next 2 to 3 years will see ATNS embark on a full review of the Corporate Strategy and this will necessitate a review of the Growth Plans. The current strategy based on leveraging current expertise has its own challenges and this will need to be addressed. While the business continues to grow there are some storms gathering in the horizon in terms of competition, cheap substitutions of products and services, limited resources and restrictions imposed by the regulatory SOC environment.

12 ATNS SERVICES

ATNS’s services support seamless gate-to-gate Air Traffic Management (ATM) operations. This concept encompasses the taxi-out, departure, climb out, cruise, descent, arrival, landing and taxi-in phases of a flight. The ATM service delivery component is enabled by an advanced ATM system deployed at the Johannesburg and Cape Town air traffic control centres and associated terminal control units using enabling technologies such as communications, navigation and surveillance systems. The illustrated value chain is scalable across the total user-demand spectrum in the South African airspace.

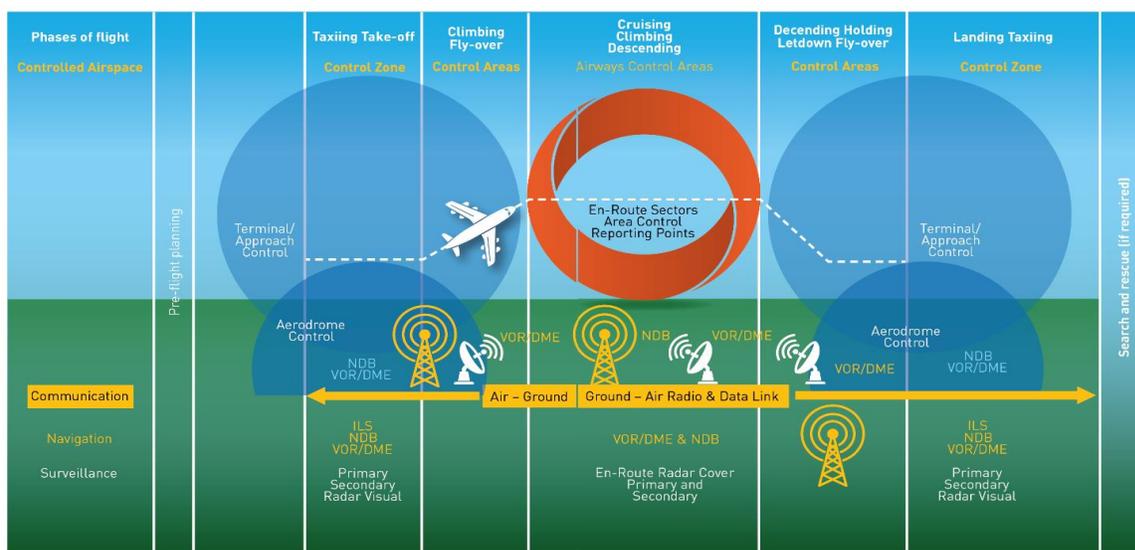


Figure 9 – ATM Value Chain

ATNS provides services in support of both regulated and non-regulated activities. The bouquet of services focusses on existing and new services/products and existing and new markets. Summaries of these services and markets are provided below:

EXISTING PRODUCTS AND SERVICES	NEW PRODUCTS AND SERVICES IN DEVELOPMENT
Air Traffic Flow Management (ATFM)	Collaborative Decision Making (CDM)
Training	<ul style="list-style-type: none"> • ATS Core Content Distance Learning programme • Human Factors and SMS for ATSEP Course • ATSEP Basic training • ATS Incident Investigator's Course
Air Traffic Services (ATS)	Carbon credits (efficient procedures / technologies)
Centralized Aeronautical Database (CAD)	NAVAIDS Flight Calibration
Engineering and Technical support	New consulting services (high visibility ATM event planning e.g. ASBU)
Aeronautical Billing & Collection Service	African Centralized Aeronautical Database (A-CAD)
Aeronautical WGS-84 Survey	ATMS Support Tools
Consultancy Services	
Airspace Management	
Flight Procedure Design	
Dataset Management (e.g. display systems)	

Table 6 – ATNS Services and Products

CURRENT MARKETS	NEW MARKETS
RSA – Statutory	Selected global ATM markets
RSA – Contractual	
SADC – Prioritised	
Africa and surrounding ocean islands	

Table 7 – ATNS Markets

13 ENVIRONMENT SCANNING AND BUILDING COMPETENCIES

The external macro environment has a significant effect on the ATNS strategy. It is accompanied by stakeholder expectations or concerns, which drive the business to operate efficiently and to focus on material issues. The following external environmental analysis as well as the stakeholder analysis provide the challenges, concerns and expectations faced by the ATNS business which require appropriate response.

4th Industrial Revolution impact to ATNS business and operations covering areas such as;

The First Industrial Revolution used water and steam power to mechanize production.

The Second used electric power to create mass production.

The Third used electronics and information technology to automate production.

Now a Fourth Industrial Revolution is building on the third, the digital revolution that has been occurring since the middle of the last century. It is characterized by a fusion of technologies that is blurring the lines between the physical, digital, and biological spheres.

Aviation, like many other sectors is dependent on a responsive technology to be able to be productive and efficient in executing its mandate. ATNS has an opportunity through emerging technologies, to enhance its ATM efficiency and improve on its safety performance.

Global Aviation is guided by ICAO in terms of the Chicago Convention, Related Annexes and Documents. The Global Air Traffic Management Operational Concept (GATMOC) describes the implementation of ATM/cns technology by providing a description of how the emerging and future ATM system should operate. This, in turn, will assist the aviation community to transition from the air traffic control environment of the twentieth century to the integrated and collaborative air traffic management system needed to meet aviation's needs in the twenty-first century. This effort should be seen as the next step in an evolutionary process that began with the FANS concept — the goal being an integrated, global ATM system.

The Aviation System Block Upgrades (ASBU) framework defined in the Global Air Navigation Plan represents a rolling, 15-year strategic Methodology which expands upon the direction provided within the Global Air Traffic Management Operational Concept ()

The ASBU methodology and its Modules define a programmatic and flexible global system and presents an opportunity to leverage on the pre-determined modules that could be of value to the entire aviation industry.

Over and above what ASBU calls for, ATNS has identified various initiatives that will ensure its sustainability:

- **Remote Air Traffic Services** – The provision of en-route and terminal control surveillance services as well as aerodrome services from separate locations does not support efforts to improve operational efficiencies. Resource duplication in service delivery and management/maintenance of infrastructure are examples of inefficiencies brought about by the duplication of similar services at different locations. These services can be consolidated and provided from centralized locations.

ATNS is consistently striving to improve efficiencies that support and benefit its aviation stakeholders by employing the latest technology and best practices as benchmarked against industry standards and practices. Remoting and clustering of ATS is aligned with ICAO recommended practices and industry best practice considering current technological enablers. ATNS would like to improve on efficiencies

and cost effectiveness provision of ATS, thereby contributing to affordability of the air transport industry.

- **The Karoo Core and Central Astronomy Advantage Areas** - The SKA is a global project in which South Africa is one of the ten members of the SKA Organisation. The other countries are: The United Kingdom, Australia, the Netherlands, Italy, China, India, Sweden, Canada and New Zealand. It has gained much national interest and has been hailed, including in our interactions with the DST, as being a leap forward in enabling technologies in the fields of data processing, data storage, receiver sensitivity, astronomy, etc. In these respects, it does constitute ground-breaking advances from a scientific perspective. The SKA is being developed in two phases, with phase 1 to begin in 2018 and phase 2 in the late 2020s. In SKA Phase 1 (SKA-1), Australia will host the low-frequency instrument with more than 500 stations, each containing around 250 individual dipole antennae, while South Africa will host an array of almost two hundred 15m dishes, incorporating the 64-dish MeerKAT telescope. ATNS has been involved in this project for the last two years. In this period, agreement had been reached between DOT and DST to research and identify the impact on SKA receivers, by civil aviation movements. It was agreed to identify mitigation measures which would be followed by the compilation of regulations under Section 155 of the Civil Aviation Act. This would be done in terms of Sections 22 and 23 of the Astronomy Geographic Advantage Act, 2007 (Act No. 21 of 2007) (Act). This presents an opportunity for ATNS to partner with SKA in identifying mitigation measures.
- **The Billing System** – The current billing system is overdue for an upgrade and poses a risk to the organisation’s financial sustainability. The planning to replace or upgrade the system has already started. Various options are being considered, including that of identifying a strategic partner to develop, operationalise and commercialise the system. The billing system should be able to integrate with all the relevant ATM system in accordance with System Wide Information Management (SWIM) Concept.
- **The Unmanned Aircraft Systems (UAS)** – UAS could be used to conduct WGS -84 survey as well as flight calibrations in South Africa as well as in the African continent. This technology could lead to various benefits such as cost reduction, quick turnaround, and accurate data for ATNS. Also, this technology will enable the ATNS Survey team, to access the survey sites where accessibility was a challenge or limited due to terrain

Democratized Artificial Intelligence (AI)

These AI technologies will be fully developed over the next 10 years. These technologies are for early adopters to adapt to new situations and solve problems. Cloud computing and open source will drive AI into ATNS or aviation industry enabled by the following technologies: AI Platform as a Service (PaaS), Artificial General Intelligence, Autonomous Driving (Levels 4 and 5), Autonomous Mobile Robots, Conversational AI Platform, Deep Neural Nets, Flying Autonomous Vehicles, Smart Robots, and Virtual Assistants.

- **AI Assistants:** Can be applied within Air Traffic Flow Management (ATFM) environment; to respond to slot availability, weather information, etc. through interactions using accepted language.
- **Smart Learning:** Machine learning algorithms to be applied to data to automate some of the ATM operations, such as Pre-Flight Plan Automation.
- **Sign-on for ATC or ATNS employees:** The facial recognition technology will be used to perform ATC or ATNS employees' verification and to match details as per Human Capital (HC) details.
- **Air Traffic Service Operations:** remoting, virtualisation, flight optimisation.
- **Aeronautical Information:** Standardisation of exchange mechanisms, data formats and types, new products/services (Space Weather), System Wide Information Management (SWIM).

These emerging technologies require transforming the enabling platforms that provide the required data for Airspace users, ATCs, etc. This will be enabled by the following technologies: Blockchain, Digital Twin, IoT Platform and Knowledge Graphs; which will reach maturity in the next five to 10 years

- App development on Airspace infringements, RPAS or AR technologies.
- Pre-flight planning and ATNS billing app.
- Blockchain could enable a seamless, automated process together with biometric recognition. Also, support SWIM, data access between information providers and information consumers.
- Air Traffic Flow Management: capacity optimisation, efficiency.
- Business Optimisation: digitisation, automation, human factors, e.g. Billing, etc.
- Business/Data Analytics, Intelligence and Econometrics: decision tools and platforms.
- Cybersecurity

Impact on Future Operating Environment

Emerging technology in the aviation sector, in line with the 4th industrial revolution, is calling for ANSP's to align their strategies with the ICAO concept of best equipped, best served customers. This is further enabled by the introduction of big data, digitisation and Artificial Intelligence (AI). The current infrastructure may not necessarily be able to serve the new generation airspace users, including the Unmanned Aircraft System (UAS). UAS are being used across a range of areas, for research, public safety, in agriculture, transportation management, and surveillance. These new and emerging users of airspace deliver tremendous value, whether transporting people and/ or goods, responding to an emergency, or gathering site data, search and rescue and many more.

As per the National Airspace Master Plan, airspace usage within South African airspace shall be utilised in a fair and equitable manner. It is foreseen that this will be facilitated through Flexible Use of Airspace application in a Collaborative Decision-Making Environment. It is a requirement to integrate drone operations within the commercial airspace environment. ATNS is working closely with the South African Air Force to address challenges around the Flexible Use of Airspace. The two organisations

through its established structures has agreed on the need for FUA and they will be engaging the other airspace users to ensure alignment and collaborative decision making. This will be facilitated through the working group activities of the National ATM/CNS Implementation Committee where ATNS has been appointed as the working group lead to develop a plan for UTM implementation.

Space-based ADS-B

Aireon will provide the first, global air traffic surveillance system using a space-based ADS-B network that makes it possible to extend visibility across the planet, in real-time. It is seen as an enabler for Performance Based Communication and Surveillance (PBCS) which currently ATM is developing a Concept of Operations (CONOPS) for the roll-out of. The PBCS concept applies RCP and RSP specifications, which allocate criteria to ATS provision, including communication services, aircraft capability, and the aircraft operator. ATNS has signed an agreement with Aireon as part of its research activities, to trial the system. The system is expected to be available for operational use in 2019. Once the system is available for operational, ATNS, as part of its research strategy, will conduct a cost benefit analysis to determine if there are any financial benefits for deploying the system for operational use. Some of the operational benefits include reduction in separation in the oceanic airspace from 50 NM lateral to 30 NM and later to 15NM. This will increase capacity in the oceanic airspace.

Emerging technology in the aviation sector, in line with the 4th industrial revolution, is calling for ANSP's to align their strategies with the ICAO concept of best equipped, best served customers. This is further enabled by the introduction of big data, digitization and AI. The current infrastructure may not necessarily be able to serve the new generation airspace users, including the UAS. The current Cape Town Runway Realignment project is presenting an opportunity for ATNS to test the emerging technology and leverage on the expected safe and efficient benefits.

A-SMGCS level 4

The proposed Cape Town Runway realignment project will potentially introduce safety risks into the ATM system. The risks of an incursion will be significantly mitigated by the introduction of A-SMGCS Level 4 (Advanced surface Movement Guidance Control System) ensuring improved situational awareness for both ATCs and flight crew. The A-SMGCS coupled with the follow greens capability further enhances the ATCs situational awareness by providing conflict resolution, alerting, route planning and guidance. Integrated Tower Systems solutions further enhances operations through integration of A-SMGCS with the following systems, EFS (Electronic flight strips), Airport ground lighting, Meteorological or Weather, A-VDGS (Advanced-Visual Docking Guidance System).

Tower Position:

The current tower in Cape Town will have to be relocated due to the potential restricted line of sight with the terminal building expansion. ATNS can look at technologies like Remote Towers to address this issue without necessarily having to construct a new tower. This will also improve the contingency capability which will support Disaster Recovery and Business Continuity strategies. The feasibility and safety cases will have to be properly developed before this technology is considered. The Remote Tower comes with an enhanced safety solution ensuring situational awareness is not compromised

during periods of LVOs (Low Visibility Operations), which is seen among others, to reduce runway incursions.

Enhanced Time-Based separation (eTBS)

With the predicted traffic growth in Cape Town, in the near future, and the constant traffic loading at O R Tambo with the challenges posed by the mix mode traffic operating in these airports, enhanced time-based separation is the solution. This could further reduce safety related incidents in the base legs turning to final approach, especially during windy seasons. This system calculates the related wake turbulence separation which could enhance efficiency in the mix mode traffic operations

Passive Radar

A traditional monostatic radar is referred to as a radar in which transmit and receive subsystems are co-located at one site. The transmit subsystem is responsible to emit a radio wave. This wave travels to an reaches a target, e.g. an aircraft, reflects from it, travels back, and received at the receive subsystem. Subsequently, determining the time delay between the transmitted and received signals permits to estimate the propagation time and distance to the target. By also determining the bearing towards the target, the target is then located by estimating its position. However, needing a powerful transmitter and requiring a spectrum license to generate emissions, places serious constraints on the traditional radars, as both factors lead to high costs and a need for maintenance that demands a high skill level.

Several major airports in South Africa have primary radars, augmented with secondary radars and supported by the Automatic Dependant Surveillance-Broadcast (ADS-B) and other systems. At the same time, for most of the smaller airports primary radars are overly expensive. The situation is similar in many other locations in Africa and other developing regions. A passive radar system gains its advantages over the traditional radars by using/"borrowing" an external transmitter, referred to as an illuminator of opportunity. Instead of the radar emitting a radio wave, the wave is emitted by an already existing transmitter operated by another party. Whilst nearly any source of radio signal may serve this role, the most popular choices are FM radio, digital TV broadcasting and cellular communication towers. Of these, the FM usually offers the best long range (several 100's of kilometres) detection coverage and, usually the best availability (especially in Africa), whilst higher frequencies used by TV broadcasting and cellular services normally offer more accurate target localization, but at short range (several 10's of kilometres).

Having eliminated the need for a dedicated transmitter, the hardware of passive radar only requires receiving a reference signal from the selected illuminator of opportunity and the signal reflected from the target, and then comparing them to determine the required parameters, such as distance/range to the target, the Doppler shifted frequency of the reflected signal in comparison to the reference signal etc. The recent developments in software defined radios (SDR), as well as advances in digital computing power, made these functions affordable.

Strategic Impact on regulated and non-regulated business models

Air Traffic Services no longer requires co-location with the respective airspace it services due to technology and infrastructure developments. The current Air Traffic Service Unit (ATSU) facilities may be replaced by a reduced number of facilities operated remotely and within a seamless, globally interoperable ATM System as envisioned in the Global Air Traffic Management Operational Concept document (Doc 9854).

To ensure a long-term growth strategy and continuous improvement on ATNS ATM Services, ATNS is required to review its operations and consolidate services and facilities to enable centralised remote ATM service provision. The Remoting Air Traffic Services (RATS) document that has been developed, will guide the centralisation and remoting of identified ATM service provision.

Expected benefits of RATS include ATC's cross validation on multiple positions allowing in turn for operational and financial benefits such as:

- Improve the overall safety performance
- reduced operating costs,
- common break and supervisor positions
- optimisation of nightshifts during low traffic volume through combined sectors.

The current high infrastructure costs, especially at remote airports will significantly be reduced if we deploy remote air traffic service technology. This concept is proven to be cost effective in other countries.

The Centralised Aeronautical Database (CAD) ATNS implemented for South Africa to meet the ICAO requirements for the State, was identified by ICAO as one of the regional Aeronautical Information Exchange Model (AIXM) databases in the AFI Region with Namibia already being connect as a client and many other African States in the process of becoming a client. The expansion of AIM service provision in the African Continent is in line with the ATNS Strategy.

ATNS has taken these positive and negative factors into consideration while planning for the 2019/20 financial year. The environmental scan was conducted by applying the PESTLE Model. The PESTLE analysis is described in the table below:

POLITICAL FACTORS	IMPACT ON ATNS BUSINESS	IMPACT
<ul style="list-style-type: none"> • Global conflicts – Iraq, Syria and others 	<ul style="list-style-type: none"> • Limited access (safety and Security) to our infrastructure especially in MAGHREB and Middle East regions 	-
<ul style="list-style-type: none"> • Terrorism 	<ul style="list-style-type: none"> • Compromised safety and security of flight 	-
<ul style="list-style-type: none"> • Elections in Africa 	<ul style="list-style-type: none"> • Positive/negative impact in our African business 	0
<ul style="list-style-type: none"> • Stable political environment in SA 	<ul style="list-style-type: none"> • Stable policy instruments 	+

ECONOMIC FACTORS	IMPACT ON ATNS BUSINESS	IMPACT
<ul style="list-style-type: none"> Developed nations GDP growth Slowing growth in Emerging economies USD strength as a major impact Weaker Rand will boost exports and support increased tourism Prolonged decline in commodity pricing – Oil, Gold, Platinum and others 	<ul style="list-style-type: none"> Improved Global air traffic volumes Reduced opportunities in African region Positive impact Non-Regulated Revenue (Africa) Improved international air traffic volumes Reduced movement due to unstable airline industry 	<ul style="list-style-type: none"> + 0 + + 0
SOCIAL FACTORS	IMPACT ON ATNS BUSINESS	IMPACT
<ul style="list-style-type: none"> Growth in middle income group in AFI and SA (young population, urbanisation) Shortage of skills within aviation in AFI and SA High unemployment rate Globalisation of job market Quality of education (Maths & Sciences lacking - Global competitiveness) Women & Youth representation and development 	<ul style="list-style-type: none"> Positive outlook for future travel Limited human resource availability Less travel – less economic activity Increased attrition rate Lack of skilled resources Improved female representation 	<ul style="list-style-type: none"> + - - - - +
TECHNOLOGICAL FACTORS	IMPACT ON ATNS BUSINESS	IMPACT
<ul style="list-style-type: none"> Cyber-Security and Crime Aviation System Block Upgrades (ASBU) Increase in use of commercial-off the shelf systems Remotely piloted aircraft systems Space Based Systems Square Kilometre Array 4th Industrial Revolution 	<ul style="list-style-type: none"> Exposure of safety of life systems Investment in required capabilities Greater availability and reduced costs New demand on ATM systems Enabler for ATM and regional services Restricted flight operations and increased flight distances Artificial Intelligence (AI), Machine Learning, Quantum Computing. Increasing efficiency and automation 	<ul style="list-style-type: none"> - + + 0 + - +
LEGAL FACTORS	IMPACT ON ATNS BUSINESS	IMPACT
<ul style="list-style-type: none"> Civil Aviation policy review Permission Review Process Amendment of ATNS Act Single Transport Economic Regulation (STER) 	<ul style="list-style-type: none"> Potential inclusion of Security responsibilities Financial sustainability risks Expanded scope and mandate Multi-modal Regulation. Possibility that Aviation could be over-shadowed by other modes of transport i.e. public, Roads, and rail. 	<ul style="list-style-type: none"> - - + -

14 OUR STRATEGY

The ATNS Strategy is an essential plan defining the operating environment and its influences on the objectives of the organisation. The ATNS strategy is influenced by and is linked to several other industry planning initiatives, in particular the South African government’s expectations.

It is through this plan that the organisation responds to the performance expected by the various stakeholders as well as to pro-actively provide innovative solution for the benefit of the Air Traffic Management community and society.

It is within the context of the ATNS mandate, operating, business and corporate governance frameworks environment, that the ATNS strategy is formulated. The strategy formulation process is based on having a vision of what the future of ATNS should look like and the situational analysis of its environment. The outcome was a short-, medium- and long-term strategic profile developed to ensure that ATNS achieves its strategic intent.

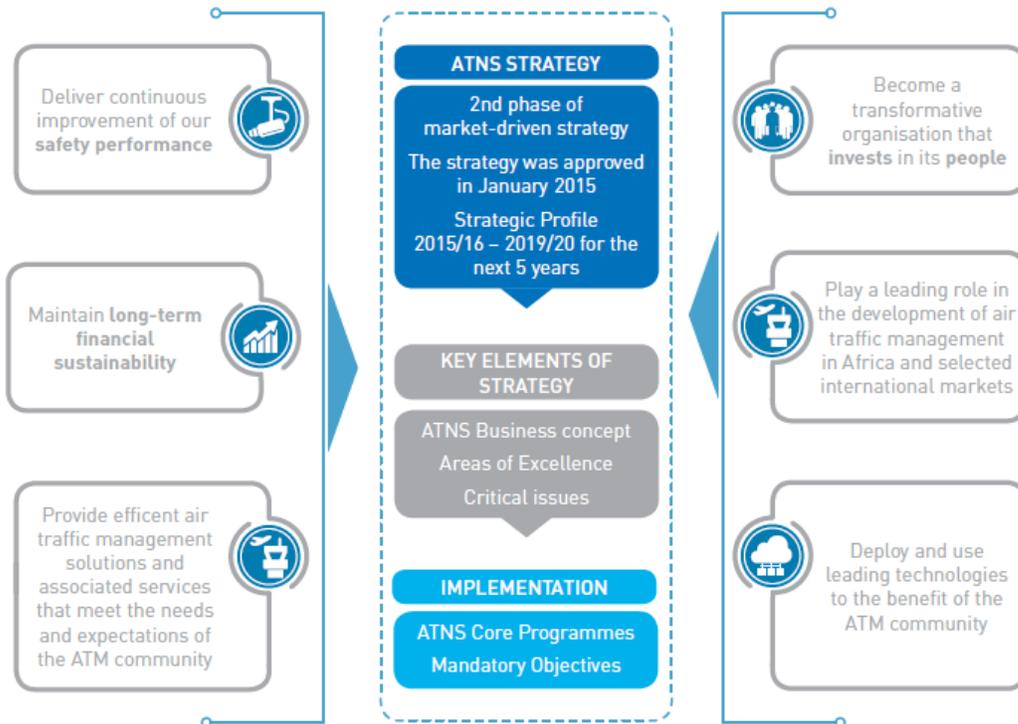


Figure 10: Strategic imperatives and strategic profile

ATNS Strategic Profile

The ATNS Strategic Profile is a well-documented plan of ATNS’s strategic objectives to be pursued in a defined 5-year period. The plan is the output of a strategic thinking process and is accompanied by a Strategy

Implementation Plan which provides unity for the organisation regarding the execution of the strategy as well as its alignment to departmental mandatory objectives.

ATNS Business Concept

The term “business concept” is largely synonymous with the terms “strategy mission”, “mandate” or “charter” that are used in other strategic approaches. A business concept can serve the organisation as a test-bed for making consistent and intelligent decisions.

Foremost among these concepts is the “driving force”, which determines the direction the company will take. The business concept statement will serve as a “strategic filter” for management to use in shaping all strategic business decisions. ATNS has identified the following business concepts to steer its direction:

- Our strategy is to focus on the needs and expectations of the ATM community, primarily in South Africa, with a greater emphasis on the rest of Africa and other selected global markets,
- We will develop a thorough understanding of the global ATM community with emphasis on product and service offerings, technology developments and clients to effectively respond to the needs and expectations of our selected markets with innovative and relevant ATM solutions and associated services,
- We will source, develop, market, distribute and support a complete range of ATM solutions and associated services that meet the needs and expectations of access, equity, safety, security, efficiency, predictability, environmental sustainability and affordability, thereby supporting our clients and the ATM community at large,
- It is an imperative that we continue to enhance our ATM solutions and associated service provision in South Africa, in order to maintain a platform from which we can develop and leverage strategic partnerships, our global influence as well as harmonized technologies and methods, to become the leading ATM provider in Africa, to secure our future growth, revenue, profit and relevance as a provider of choice,
- We will expedite our expansion into the rest of Africa and other selected global markets, through a focused business approach, whilst expanding our range of services in ATM that are appropriate for market needs and expectations,
- Our business model will be supported through attracting, developing, retaining and appropriately rewarding a diverse and motivated team that has the right skills, experience, commitment and drive to implement this strategy, creating win-win solutions and
- The effective implementation of this strategy will ensure a well-equipped resource base, responsible governance, industry transformation, enhanced sustainability and support the global ATM system.

Strategy Drivers

Within its legal mandate, ATNS positions itself to take advantage of opportunities and minimise threats in response to four external drivers:

- Macro trends and **industry developments** that it cannot influence. These include the consolidation of the aviation industry, the regionalization of air traffic services and the changing technology paradigm as air navigation services (ANS) become increasingly satellite-based.

- **Regulatory requirements** with which ATNS must comply, including safety regulation, economic regulation, governance requirements and shareholder needs
- Short to medium term **business conditions** to which ATNS must respond, as manifest in macro-economic developments and associated traffic growth; and
- The requirements of **stakeholder entities**, including clients, ACSA and others, with whom ATNS consults.

15 OUR STAKEHOLDERS

Stakeholder Concerns and ATNS's Response

Stakeholder Group	Main areas of interest / concern	ATNS' Stakeholder response
Government (DoT National Treasury, SAAF, ,)	Airspace Security Compliance with legislation and Government Policies Governance and Financial management	Provide access to surveillance and radio communication data Permanent liaison in operating environment Achievement of DoT Key Performance Indicators Report company performance quarterly and annually
Regulatory Bodies (SACAA, ICAO, Economic Regulator)	Compliance with Standard and Regulations Permission Application	Annual audits and maintenance of CAA issued operating licenses Permission approval
Airlines Industries Associations (IATA, BARSAA, AASA)	Consolidation of airspace Safety of airspace - Africa Quality and Cost Efficiency	Upper Airspace Control Centre (UACC), now known as Civil Aviation Upper Airspace Management Centre (CAUAMC) Bilateral Implementation of communication networks (SADC VSAT II and NAFISAT) and Training Permission stakeholder consultations
ANSP Industry Associations (CANSO)	Voice of ANSPs Benchmarking Peer review mechanisms	Participating in relevant working commissions through attending meetings, submitting and commenting on working papers.

Table 10 – Stakeholder Concerns and ATNS's Response

16 ATNS SAFETY PERFORMANCE IMPROVEMENT

The recent safety performance of ATNS ATS operations does not meet the expectations of the Company. To address the decline in safety performance ATNS has embarked on comprehensive initiatives to improve the safety performance. These initiatives are aimed at achieving sustainable safety improvements over an extended timeframe. The initiatives are:

Safety Turn-Around Plan

ATNS continues to implement initiatives across the organisation to improve safety performance. The ATNS Safety Turn-Around Plan (STAP) was approved by the Board during September 2018. The STAP explores the notion of a “practical drift” as a crucial element to analyse for a deeper understanding of the current safety challenges. A “practical drift” is generally due to the following two primary factors which tend to permeate all the layers of an aviation safety delivery system:

Latent factors: Conditions that are not overt and sometimes easily linked to the incident or accident. In most cases the latency is due to the fact that the factors can be very removed in time, functionality, geography and decision-making hierarchy from the actual incident/accident. The time gap between the incident and its real cause could be obscured by the passage of time e.g. a wrong decision like refusing to invest in a particular technology to save costs leading to an accident many years later.

Normalised Deviation: This is a situation where over time, operational deviations and exceptions become the norm (or even the rule) notwithstanding the fact that they have a contravention of standards, regulations, processes and procedures. These become “the way we do things here”. Sometimes these are due to operational exigencies where we need to “make a plan”, improving efficiency, lack of resources, “fixing” operational or technical inadequacies, shortcuts, bad habits that become the norm and are passed from one controller to the next, station/unit operational cultures that become the norm.

Translating the above to the ATNS environment, allows identification of the specific factors that have led to the current safety challenges. These contributing factors have been determined through visits to the stations, meeting staff, meeting managers at different levels, workshops, analyzing available information and data. These causal factors identified and addressed through the STAP are organisational factors, working conditions, people and safety defences. The STAP timeframes range from the short-term (3-6 months) and long-term (6-24 months). Most initiatives implemented under the STAP are however focused on the short-term with implementation during the 2018/19 financial year.

Safety Culture Improvement Plan (SCIP)

ATNS recognises that safety culture is the enabler that integrates the various SMS elements into a coherent system supporting safety improvement. Effective safety management requires a genuine commitment to safety on the part of everyone in the organisation. Contemporary thinking is that organisations are not immune from cultural considerations. The success of a SMS is completely dependent on the development of a positive and proactive safety culture in the ANSP organisation. Safety culture is presented within the CANSO Standard of Excellence (SoE) in SMS as a system enabler in that it has the most significant influence on the overall integration and evolution of SMS elements within the ANSP organisation. The implementation of the SCIP takes place under the auspices of the STAP, with some of the timeframes extending to the longer-term.

ATNS has launched a project to improve the safety culture through workstreams addressing the following themes:

- Safety Culture
- Safety policy and objectives
- Safety risk management
- Safety assurance
- Safety achievement
- Safety promotion
- Safety enablers

The tasks assigned to the workstreams are broken down into detailed plans addressing the various initiatives supporting the specific themes. Safety culture improvement is not a short-term initiative and the timeframes of the SCIP commence in the 2018/19 financial year and stretch to 2020/2021 financial year, depending upon the specific task. The figure below provides a summary of the SCIP, main themes and tasks:



Figure 11 - Safety Culture Improvement Plan

Safety Strategy

As identified in the STAP ATNS has formalised a safety Strategy to provide direction to the medium and long-term safety efforts of the Company. The ATNS mission emphasises the importance of safety in our service offering. To be able to deliver on that, ATNS requires a well-defined Safety Strategy (5-year horizon) that will be supported by a rolling Annual Safety Plan that has a Medium-Term Expenditure Framework (MTEF) three-year forward-looking view. The implementation of the Strategy and the Annual Safety Plan will be monitored, evaluated and reported through a dedicated and comprehensive Annual Safety Report. The structure of the Safety Strategy, Annual Safety Plan and Annual Safety report is depicted below:



Figure 12 - **Safety Planning, Implementation & Reporting Framework**

Safety Principles and Code

The ATNS delivery of safety is guided by five key principles.

Principle 1: Safety is a collective responsibility of all ATNS employees, however as an individual I take personal responsibility for safety as influenced by my work.

Principle 2: We cannot deliver safety without our people - Our PEOPLE are central to the safety performance of the Organisation.

Principle 3: Safety is sacrosanct, and we will never use it as an instrument to punish, to manipulate, or to bargain, in accordance with the principles of just culture.

Principle 4: Safety comes before anything, including profit, efficiency, or any socio-political factors.

Principle 5: We believe in a just culture.

Safety Philosophy

The way we deliver safety is guided by six fundamental approaches or philosophies. That is, our plans, our programmes, and our actions should be guided by these overarching ways of doing things or approaches.



Figure 13 – ATNS Safety Philosophy

Corporate Safety Goals

Goals are targets that should be accomplished for positive results. The Corporate safety goals have been categorized into five broad themes as indicated below. The five goals described below ensure that safety is incorporated in every element of the business (HR; Finance; IT; ATM etc) and delivery of safety is administered and accountable holistically.



Figure 14 – ATNS Safety Goals

SMS Maturity

ATNS routinely participates in the CANSO Standard of Excellence (SOE) Air Navigation Services Safety Maturity Survey. The SOE was published in 2016 and evaluates and measures the maturity of the volunteer ANSP safety management system and compliance with ICAO Annex 19. The survey tests 17 specific areas and rates area on the scale of A to E as depicted below:



Figure 15 – CANSO Standard of Excellence (SOE) SMS Maturity

During the survey conducted in March 2018 ATNS achieved the following results: A – 0, B – 0, C – 15, D – 18, E – 0. This implies that ATNS has achieved an SMS maturity rating of “C”. The overall results of the survey are summarised below:

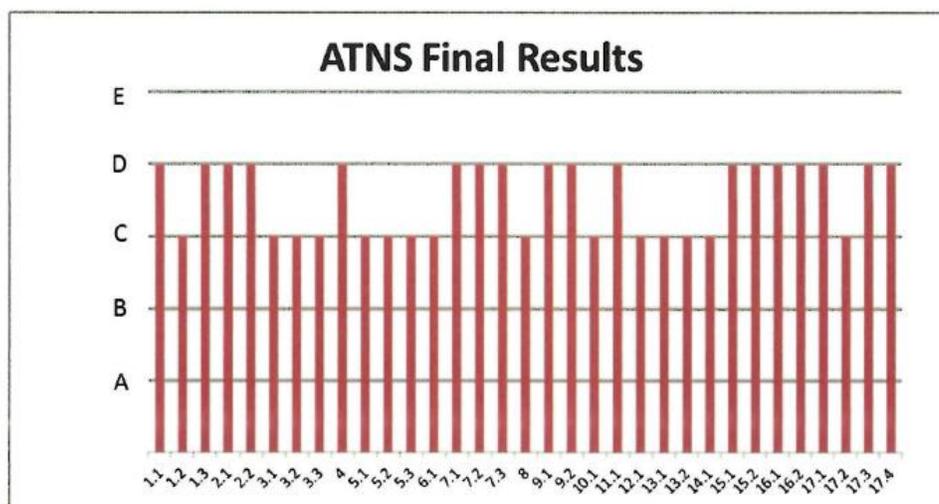


Figure 16 – ATNS SOE SMS Maturity Results

ATNS continues to implement initiatives to achieve survey ratings of “C” for identified components of the SMS Maturity Survey. This initiative will continue into the 2021/22 financial year and beyond.

STAKEHOLDER RELATIONS:

ATNS interacts daily with its stakeholders, whether in the process of marketing and selling its products and services, participating in industry and safety related groups or conferences, etc. To achieve a mutually beneficial situation with our stakeholders, ATNS needs to work in a collaborative manner and must continue to maintain inclusive and engaging relationships with key stakeholders. Continuous and sustained engagements with stakeholders of diverse experiences and expertise; manufacturers and suppliers of aviation and related product and services; and influential industry organisations and/or people with relevant opinions and interest can only deliver strong results for ATNS that extend beyond what we can attempt to achieve in isolation.

ATNS’s leadership team has identified areas of excellence that every member of the company should strive to achieve, and these include; Relationship management. ATNS’s objective regarding relationship management is espoused in the corporate strategic document as follows:

“We must excel at building lasting relationships with government and other strategic partners – suppliers, clients, the ATM Community and our people - that are built on trust, are flexible, relevant, supportive, robust and are conducive to creating win-win situations”

In 2013, ATNS created a Stakeholder and International Relations role with the objective of ensuring that the relationship management area of excellence is achieved. The Stakeholder and International Relations role endeavours to:

- Ensure that there is a coherent approach to stakeholder management across ATNS particularly when it relates to achieving commercial objectives in the non-regulated market, which includes the contractual aerodromes and the AFI region.
- Enable ATNS to have better planned and informed policies and procedures, projects, programs that support the commercial interests of the company and in particular, the market entry strategy into the non-regulated market.
- Position stakeholder management as a core focus of ATNS.
- Facilitate effective collaborative partnerships that will enable ATNS to achieve a win-win situation in providing products and services.

Benefits of Stakeholder engagement for ATNS and stakeholders

Stakeholder management yields important benefits for the stakeholders and also for ATNS by achieving what can be labelled as a win – win partnerships. Effective and sustainable stakeholder engagement enables a better planned and informed continental and regional projects, programs and services as ATNS is in a position to anticipate aspects that relate to safety; be part of the solution in addressing these issues; and be seen as an enabler instead of “big brother” in the region. Further, a well implemented stakeholder strategy ensures that there is an employee and industry buy-in, which is critical to advance the realisation of the 10 Year Bankable Business Plan.

For stakeholders, the benefits of engagement include the opportunity to shape the future of ATNS and position the company to become one of the few ANSPs that may remain after consolidation.

INTERNAL KEY STAKEHOLDERS

Internal stakeholders are those individuals or groups that can be considered as part of an organisation. Key ATNS internal stakeholders are shown in the figure below:

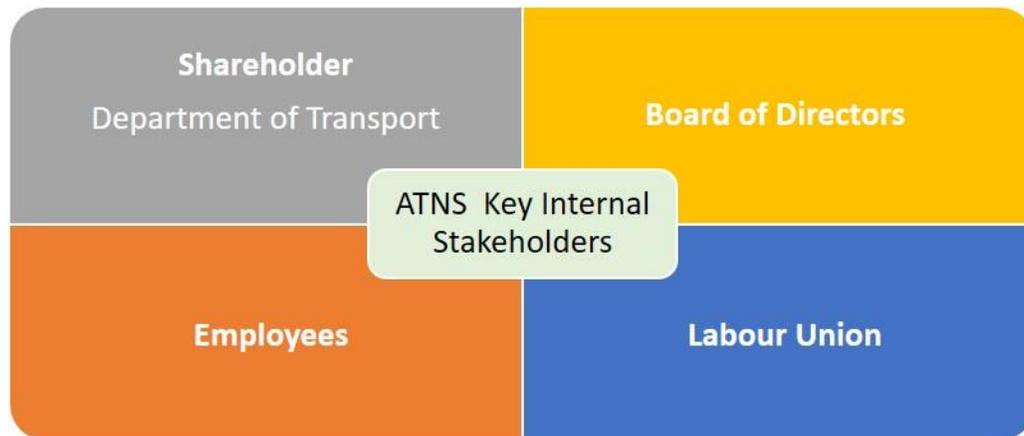


Figure 17– Internal Key Stakeholders

Shareholder

The Minister of Transport is the sole shareholder in the Company. The Minister and ATNS entered into a Shareholder's Compact in January 2006.

The purpose of the compact is to set out the mandated key performance measures and indicators to be attained by ATNS as agreed with its shareholder.

The **core mandate** of ATNS is as follows:

- Create a sustainable and improved RSA service delivery capability;
- Maintain financial integrity;
- Organisational transformation;
- Focus on Regional Strategic Opportunities;
- Create a sound partnering structure to pursue selected strategic opportunities;
- Undertake learnerships and internships to address core skills shortages in the air traffic and navigation control industry;
- Achieve Black Economic Empowerment (BEE) targets; and

- Provide quarterly reports to the Shareholder on performance against the objectives of this agreement.

The Shareholder’s **Compact includes a Corporate Plan such as this 2019/20 version, signed by the former Minister**; specified Reporting Requirements; and Performance Measures and Indicators. The performance measures are captured under seven national objectives against which ATNS aligned specific business objectives with associated performance measures.

These events have been superseded by the newly installed 6th Administration after the recently concluded national election on May 8. In his State of the Nation Address (SONA), the State President outlined the Medium-Term Strategy Framework (MTSF), anchored on the Electoral Mandate, National Development Plan and repackaged in line with Seven [7] apex priorities identified as follows:

- ***Priority 1: Economic Transformation and Job Creation***
- ***Priority 2: Education, Skills and Health***
- ***Priority 3: Consolidating the Social Wage through Reliable and Quality Basic Services***
- ***Priority 4: Spatial Integration, Human Settlements and Local Government***
- ***Priority 5: Social Cohesion and Safe Communities***
- ***Priority 6: A Capable, Ethical and Developmental State***
- ***Priority 7: A better Africa and World.***

The Minister has called for these apex priorities to be immediately infused into the current Annual Performance Plan (APP) as a bridge towards a revised Strategic Plan for the next 5 years. This repackaging of the APP to focus on high impact activities and projects must also incorporate the Minister’s 100 Days Plan conceptualised since his appointment and concluded at the recently concluded DoT Strategic Planning Session held on 28 – 30 June, 2019. This included the revision of DoT’s APP and as such this ATNS Corporate Plan 2019/20 (APP) has been duly revised in line with the Minister’s and DoT’s requirements.

All these objectives are also in line with the National Development plan. The national objectives and the corresponding ATNS commitments are:

NATIONAL OBJECTIVES	ATNS BUSINESS OBJECTIVES
<ul style="list-style-type: none"> ➤ Transport Safety and Security/ ➤ <i>Priority 5: Social Cohesion and Safe Communities</i> 	<ul style="list-style-type: none"> Safety service provision Airspace capacity and efficiency Operational efficiency Ensure commercial sustainability Performance-Based Navigation (PBN)

<ul style="list-style-type: none"> ➤ Infrastructure Development and High-Level Investment Plan for Transport ➤ Priority1:Economic Transformation and Job Creation 	<p>Development of optimized and efficient aviation infrastructure in a cost-effective manner.</p> <p>Operation of the satellite communication networks SADC VSAT II and NAFISAT</p>
<ul style="list-style-type: none"> ➤ The Fight Against Crime and Corruption ➤ Priority 6: A Capable, Ethical and Developmental State 	<p>Comply with relevant legislation, regulation and standards</p> <p>Fraud and whistle-blowing policy</p>
<ul style="list-style-type: none"> ➤ Environmental Protection ➤ Priority 7: A better Africa and World. 	<p>Implementation of programmes outlined in the sustainability and Environmental strategy which aims to enhance environmental protection</p> <p>Monitoring and reporting on ATNS carbon footprint</p>
<ul style="list-style-type: none"> ➤ Training to Contribute to Job Creation ➤ Priority 2: Education, Skills and Health ➤ Priority 1: Economic Transformation and Job Creation 	<p>Address societal challenges, thereby building a meaningful legacy for ATNS and the communities in which we operate.</p> <p>Manage the training pipeline for ATS and technical staff.</p> <p>Review and implement the HR plan to recruit, develop, retain, and reward employees across all disciplines.</p>
<ul style="list-style-type: none"> ➤ Broad Based Black Economic Empowerment ➤ Priority 5: Social Cohesion and Safe Communities ➤ Priority1:Economic Transformation and Job Creation 	<p>Achieve BBBEE targets. Achieve preferential procurement targets as set by the Transport Charter.</p>
<ul style="list-style-type: none"> ➤ Employment Equity ➤ Priority 2: Education, Skills and Health ➤ Priority 6: A Capable, Ethical and Developmental State 	<p>ATS EE targets (AIMO, ATSO, ATCO 1-3)</p> <p>ATNS EE targets</p>

Table 11 – National Objectives and Seven Apex Priorities Translated to ATNS Commitments

National Security

Apart from being the ultimate Shareholder and Regulator of ATNS, National Government has an interest in ATNS's performance from a national security perspective. The security requirement has manifest in a debate around the provision of primary airspace surveillance capacity, and in particular the responsibility to fund surveillance infrastructure required partly for security purposes and partly for safety and operational purposes.

The ATNS Act provides for the shareholder to direct the Company to carry out certain activities or install infrastructure, but any mandate outside the normal Company mandate should be appropriately funded by the Company

Board of Directors

The Board is vital to provide strategic direction of the organisation, the CEO and EXCO members are expected to provide necessary support, provide required information and documentation for them to make sound strategic decisions.

Employees

Employees are a critical component of any organisation. They require fair treatment in line with conditions of employment through ongoing engagement with the view of determining and acting on resolving issues of common interest. Thus, management should always endeavour to be honest, transparent in engaging with them.

Labour Union

While the labour union may seem to be as an external stakeholder, however their participation in the organisation through appointed representatives who are ATNS employees (Shop stewards) makes them an internal and integral part of the organisation. Management needs to continuously engage and consult with the union on the most important matters that impact on their members. It is always vital the relationship between management and the union must kept cordial.

Industry Developments

The strategic business context is made up of issues and trends outside of the Company's control. ATNS needs to acknowledge these trends, understand them and position itself to benefit from resultant opportunities and manage associated risks.

Regional Airspace Organisation & Consolidation

In the same way that the airline industry is consolidating towards a limited number of mega carriers and a number of smaller, more local low-cost operators, the Air Navigation Services Provider (ANSP) environment is consolidating too. For ANS the important driver is the synergy to be achieved from 'seamless skies', i.e. consolidated and integrated blocks of functional airspace where inter-operability is not subject to the limitations of national boundaries and national airspace control.

International Civil Aviation Organisation (ICAO) has developed a global ATM/CNS plan. There are ten sub-regions in the African plan, one of which comprises the SADC states. The SADC Committee of Transport Ministers endorsed the regional plan for communications, navigation, surveillance and air traffic management already in 1996. Government has mandated ATNS under S28 of the ICAO Convention to carry out various activities towards regional integration.

Approximately 80% of regional traffic originates in or is destined for South Africa, with the associated benefits for commerce and tourism. It should therefore be expected that ATNS play a major role in the management and operation of the regional airspace. Non-participation of South Africa in regional ATM/CNS provision would be contrary to the spirit of the ICAO Assembly and may also create an opportunity for competitor ANSPs to gain a foothold in the region.

Issues around the integration of regional airspace include ensuring sovereignty of airspace, determining shareholding in regional initiatives by member States and ensuring a fair take-up of regional resources in joint initiatives.

Technology and Service Delivery Paradigm

To support harmonization and inter-operability, CNS infrastructure will continue to gravitate towards satellite and digital technologies to overcome limitations of the current terrestrial-based systems and to reduce pilot and ATC workload by removing routine tasks from the human environment by automating processes as far as possible. Current demand and capacity constraints make the implementation of world-wide ATM/CNS systems indispensable.

ATNS is in the process of exploring the next generation of aviation technology, which will reduce investment costs on the ground. The challenge here remains the large number of non-transponder-equipped aircraft that cannot use new generation navigation or surveillance aids. This is not only an efficiency risk but even more so a safety risk

Regulatory Environment

The regulatory environment sets norms and parameters within which ATNS must act and comply. There is limited (but some) scope to influence these arrangements.

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

The regulatory framework comprises the convention and its 19 annexes, which deal with the broad principles of civil aviation governance and the standards related to various aspects of civil aviation, among which are safety personnel licensing, meteorology, air traffic services, aeronautical telecommunications and aeronautical information management. In addition, there is a host of supporting documents including recommended practices, design manuals and guidance material related to various aspects of civil aviation.

To meet its obligations in terms of the Chicago Convention, the South African government has enacted primary legislation dealing with various aspects of civil aviation. The Civil Aviation Act (Act 13 of 2009), supported by Civil Aviation Regulations and Technical Standards, provides the regulatory framework within which ATNS delivers air navigation services on behalf of the state.

In terms of Article 28 of the Chicago Convention, the State is required to provide air navigation services and infrastructure in compliance with the standards and recommended practices as promulgated from time to time by ICAO. The convention makes provision for the State to delegate responsibility for the provision of services; however, the state remains accountable for ensuring compliance with the standards and recommended practices.

ATNS was established by the ATNS Act (45 of 1993) and delegated to provide air navigation services on behalf of the State. These services are provided on the “user pays” principle. To ensure quality and compliance with ICAO standards and recommendations, as well as with the South African Civil Aviation Regulations, the State established the South African Civil Aviation Authority (40 of 1998), which is tasked with the safety regulation and oversight of civil aviation in South Africa. In addition, given that ATNS is the sole provider of the national en-route, as well as approach, and aerodrome services at ACSA airports, the Regulating Committee for ACSA and ATNS was established through and empowered by both the ACSA Act (44 of 1993) and the ATNS Act. This was undertaken to ensure independent economic and service standard regulation and oversight of ATNS, to prevent abuse by ATNS of its dominant position, while at the same time ensuring that ATNS remains sustainable as an independent, self-funding, state-owned company.

Economic and service standard regulation by the Regulating Committee (RC) is achieved by way of a tariff permission issued by the RC on the basis of a Permission Application submitted by ATNS for a period of five years. The permission application details ATNS’s service provision and standards, infrastructure as well as human and financial resources required to realize the plans over the five-year period.

Safety and Operational Regulation

The International Civil Aviation Organisation (ICAO) determines the direction, standards and recommended practices of civil aviation internationally. As a Member State, South Africa is required to adopt ICAO standards and practices in the national safety regulatory environment. ICAO further lays the ground for global and regional ATM/CNS plans.

The South African Civil Aviation Authority (SACAA) is the statutory body overseeing the safety performance of ATNS. It regulates civil aviation infrastructure, service providers and personnel according to Standards and Recommended Practices (SARPs) contained in the Civil Aviation Regulations (CARs). The CARs are formulated in consultation under the auspices of the Civil Aviation Regulation Committee (CARCOM).

Airspace Designation

National airspace planning is carried out through the National Airspace Committee (NASCOM), responsible for the maintenance of the South African Airspace National Master Plan. This plan complements the ICAO regional airspace plan.

Economic Regulation

The statutory Regulating Committee regulates ATNS from an economic perspective. This includes the capping of the Company's tariffs as well as prescribing minimum service standards. In setting these price caps and standards, the RC considers the safety, capacity and value-for-money interests of users as well as the long-term commercial interests of the Company.

Corporate Governance

In addition to the ATNS Act, Corporate Governance is directed by King IV recommendations, the Protocol on Corporate Governance in the Public Sector and the (PFMA). The PFMA places particular emphasis on proper supply chain management, financial controls and governance and risk management arrangements.

There are no pertinent issues from the governance framework that need to be specifically mentioned in the strategic review, except to note that governance requirements are steadily increasing and already place a burden on the Company.

External Environment

The external environment is made up of events and issues of a more temporary nature, but which the Company also cannot control. Since these issues are much closer to ATNS, the Company can foresee and plan for them and react timeously when this environment changes.

Macro Economy Environment

The generally subdued economic climate is projected to continue, although key monetary variables driving the Permission are all projected to increase gradually in the new Permission. These include stable projected inflation, risk-free returns, the prime interest rate and continued Rand depreciation. These have the effect of increasing ATNS's cost base.

Traffic Environment and Peak Demand

ATNS has developed a new traffic philosophy as outlined in the Traffic Forecast Module that is focused on understanding how industry and macroeconomic variables will influence air traffic movements. This new approach will also consider the data that is generated from the tower logs to enable ATNS internal planning.

Other External Issues

Other external topics which may influence the Company's performance include:

- Government's policy around the development of new airports and
- Government's policy around 'open skies' and specifically the implementation of the Yamoussoukro Declaration, which could affect traffic to and from South Africa.

EXTERNAL AND INDUSTRY RELATED STAKEHOLDERS

External stakeholders are those individuals or groups that can be considered part of the environment which ATNS finds itself conducting its business with or within. Some of those stakeholders are shown below.



Figure 18 – External and Industry Related Stakeholders

Partnership and collaboration

ATNS places significant value in partnering and collaborating with likeminded suppliers, service providers, ANSPs and other aviation role players that we might initially view as competitors. ATNS endeavours to collaborate and establish more partnerships with these aviation key players with the objective of creating win-win solutions for all parties. It is recognised that there are areas where ATNS might not have the required capacity and capability as dictated by the needs of the customers at a specific time, and that in order to be responsive, ATNS will need to collaborate with other industry players to meet these needs. The provision of VSAT flagship in the continent is because of partnership and collaboration with ICAO, IATA and participating States.

ATNS actively participates in various forums and actively communicate sustainability programmes to the organisation’s stakeholders.:

- Airport Collaborative Decision Making (A-CDM),
- CANSO Environmental Working Group,
- CANSO PBN Working Group,
- CANSO Safety Standing Committee
- ASIOACG11/INSPIRE7 (Arabian Sea Indian Ocean ATS coordination group/Indian Ocean Strategic Partnership to Reduce Carbon Emissions),

- DoT State Action Plan collaboration with SACAA,
- OPSCOM,
- NASCOM and
- SADC Upper Airspace.

Sustainability is dynamic and influenced by international markets, social issues ATNS has been successfully implementing environmental management programmes as outlined in board approved Sustainability strategy that focuses on corporate sustainability and mainly issues pertaining to environmental protection. The ultimate objective is to enable environmental protection aligned to industry objectives, legislative requirements and increased customer satisfaction.

As air traffic movement is expected to increase, flexible optimisation of the airspace is required to ensure that safety and an operationally efficient environment is achieved. The aviation industry's impacts on the environment are evident and globally and appropriate legislative frameworks are being adopted by the ATM sector world-wide. The global aviation community is increasingly ensuring that all three pillars of sustainability are integrated into the core of the business.

Global discussion and pressures require corporates to commit to addressing issues of climate change and enhancing environmental integrity. At ICAO's 39th meeting (2016) the global agreement reached the following outcomes:

- the establishment of a Global Market Based Measure (GMBM) to offset international aviation CO₂ emissions to reach the global objective of carbon neutral growth by 2020
- the prevention of risks arising from conflict zones,
- the interaction between national, regional and global rules on drones,
- the adoption of a CO₂ standard for aircraft emissions and
- progress towards sustainable global air transport.

Conference of Parties, COP 21 in Paris, influences the industry's movement towards responding to climate change issues and keeping the global average temperature to below 2°C above pre-industrial levels and put in measures to limit the temperature increase to 1.5°C.

ATNS Sustainability and Environmental Strategy seeks to align to the above international and local requirements therefore the strategy aligns to international and national legislative requirements; UNFCCC (United Nations Framework Convention for Climate Change) and ICAO's environmental requirements. Therefore, the Strategy aims to steer organisation to proactively address environmental issues.

ATNS will continuously improve the implementation of the Sustainability programmes enable the organisation to meet its Sustainability objectives, and legislation and stakeholder perceptions. The aviation industry is yet to fully realize its true potential to fully integrate environmental aspects but guidance from not only legislative and regulatory frameworks plays a fundamental part in ensuring that carbon emissions are reduced, and emission reduction targets are achieved resulting in minimal impact on the natural environment. ATNS will

continuously improve the implementation of the Sustainability programmes enable the organisation to meet its Sustainability objectives.

Areas of Excellence

Areas of excellence are strategic skills or capabilities that support the driving force. These are things we do better than anything else, and better than our competitors. They make the strategy work. In good times we invest maximally in the enhancement of these skills or capabilities. In bad times they are the last area to be cut.



Figure 19– Areas of Excellence

ATNS Future Strategic Profile and Business Model

ATNS recognizes its significance and role in the Republic of South Africa through the regulated provision of Air Traffic Services within the borders of the country. ATNS has plans to continue providing excellent and optimized services in the regulated business. The organisation also offers strategically important range of related services throughout South Africa and other African countries. Through the Strategic thinking process, ATNS has recognized that this additional, unregulated international business is essential to the company’s growth and positioning in the continent.

The focus, therefore, of the market-driven strategy lies in the provision of ancillary services, such as air traffic control training, procedure design, consulting and sophisticated satellite communications technology, through the non-regulated business model. The products and services offerings have been carefully selected to enhance the current offering and to pro-actively provide innovative packages for the future needs of the business and industry. These products and services are the key components of the non-regulated business that position ATNS as a leading transnational supplier of air traffic expertise and technology. The focus and

emphasis for the non-regulated business will be placed on the provision of the following products and services, amongst others, across the continent:

- ASBU planning and deployment consulting services,
- Air Traffic Services,
- Engineering (Technical) services,
- AIS – AIM products and services,
- Air Traffic Management Personnel training,
- Flight Calibration,
- ATFM/ ATM Consulting services,
- Central Aeronautical Database (CAD),
- CNS/ATM Systems maintenance/installation/consulting.

Market segments and geographical markets

- **Current Markets** – ATNS provides services to 9 South African statutory airports which are operated by ACSA and 12 regional airports on a contractual basis. The contractual service at Grand Central will terminate on 31 December 2018.



Figure 20 – Current Markets – South Africa

- **Current and New AFI Market:** The figure below depicts the current and selected new markets in the AFI region. The selection criteria for the markets is based on the following factors:
 - analysis of external market research and intelligence gained through customer engagements;
 - countries where ATNS already has established contracts and good working relationships;
 - ATNS' current capabilities and what is required to build these;
 - current and potential revenue contributors; and
 - strategic intent for the organisation's ambitions.

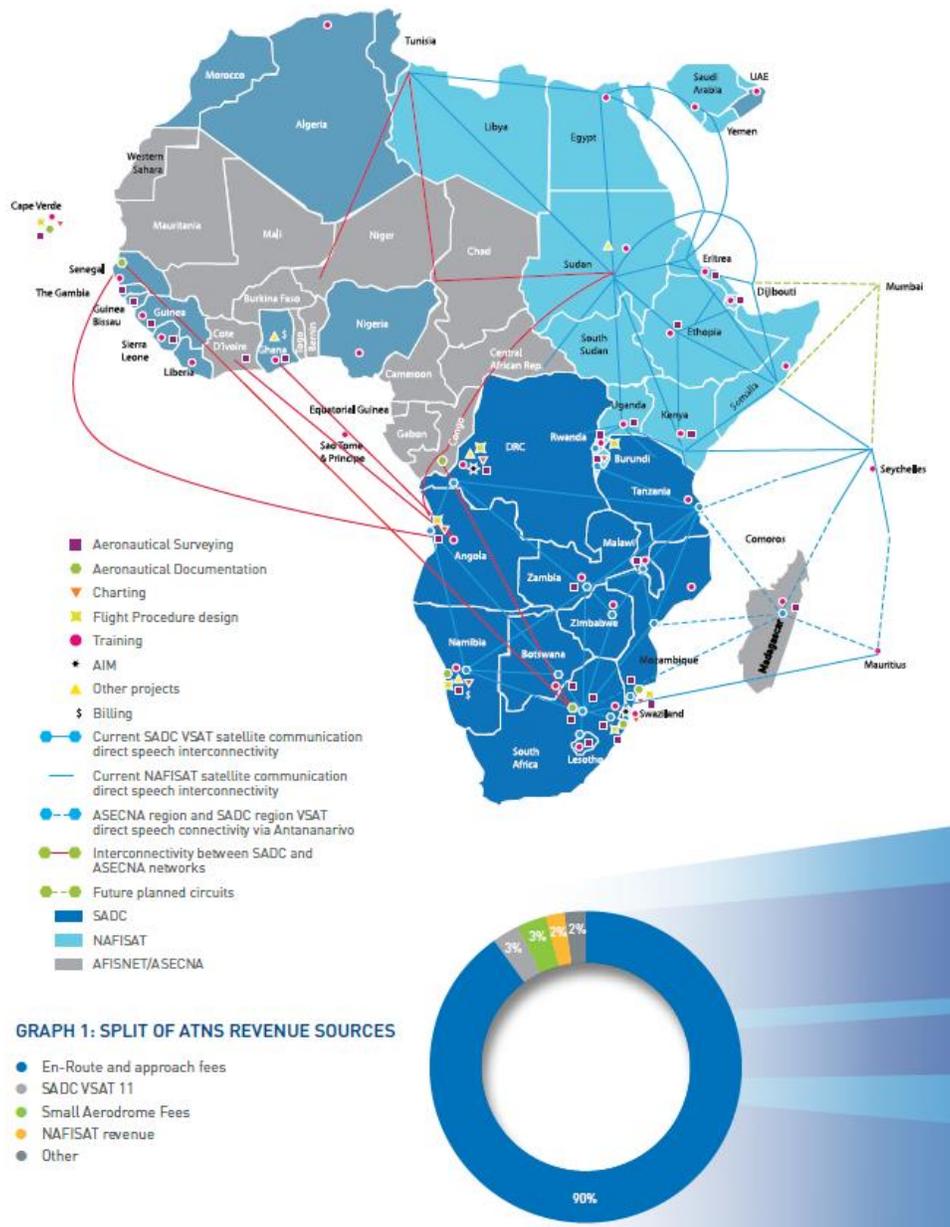


Figure 21 – Current and New AFI market ATNS’ Extended Services in Africa and beyond

ATNS Critical Issues

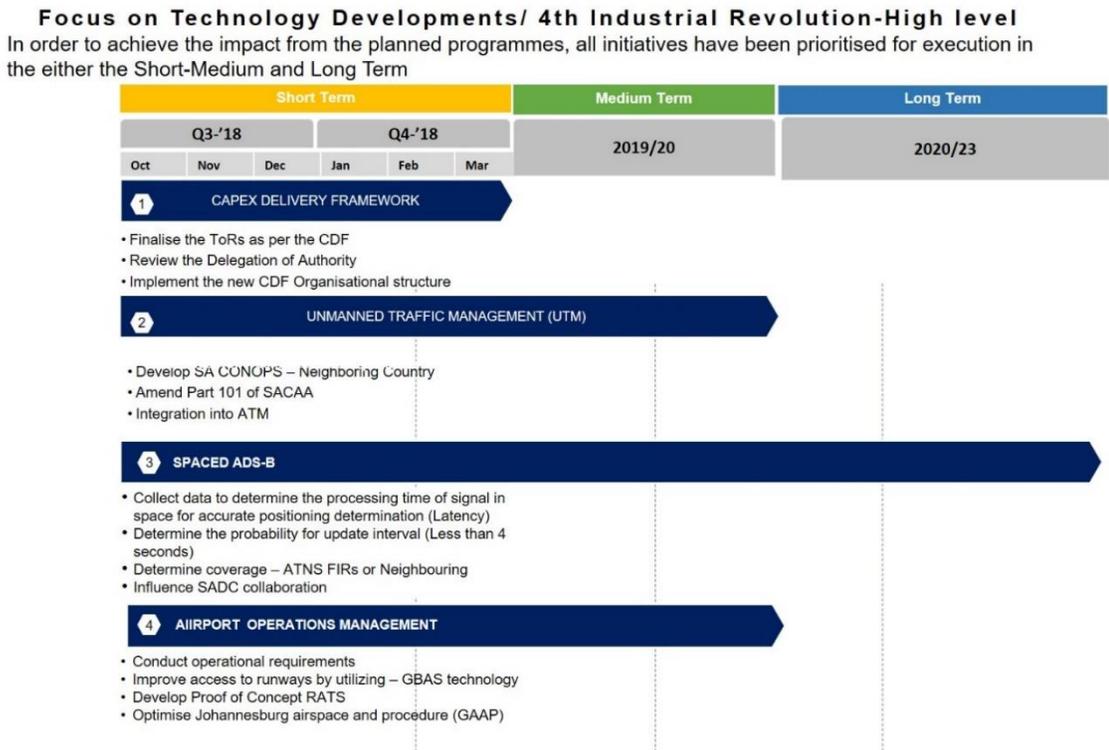
Critical Issues are the bridge between the current profile and the future strategic profile of ATNS that management has deliberately decided to pursue. High priority critical issues are set to be achievable within a financial year. They are reviewed yearly for successful implementation and new critical issues are developed in line with achieving the company’s profile.

The 2018/19 FY was disrupted early in the year due to the induction of the new interim board. Therefore, management was not able to firm up its key strategic deliverables in the form of critical issues and core programmes. This usually takes place in the first quarter of the year and once confirmed these deliverables are performance driven through the corporate BSC. Due to the corporate BSC approval by board taking place at the end of the second quarter, management has been compelled to compress the planning and delivery window.

In this regard there was a need to realign and retime these deliverables. Two interim EXCO committees were established to reprioritise critical issues and core programmes and develop the corporate plan. EXCO closely monitors performance on these initiatives.

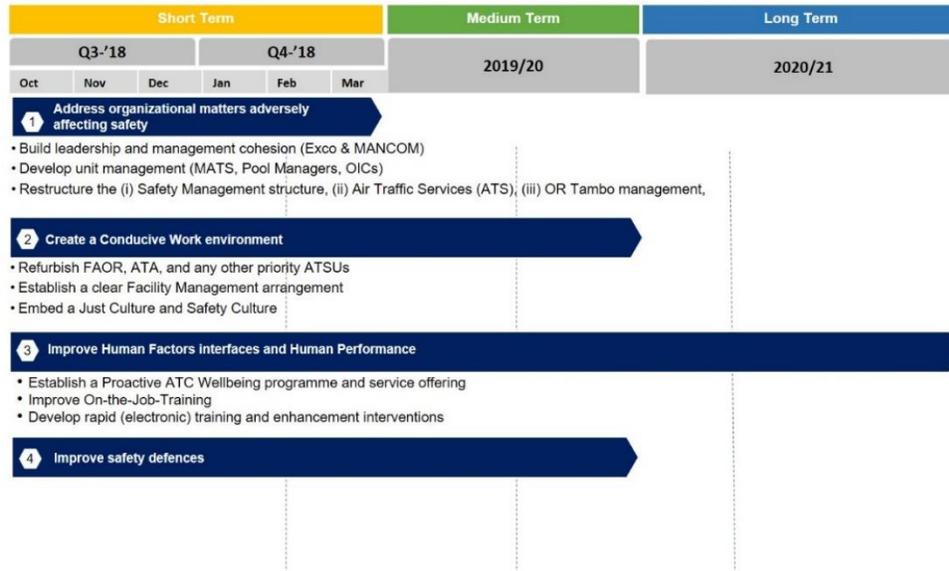
ATNS Core Programmes

ATNS has Core Programmes which will ensure ATNS attains, maintain and enhance supremacy in the chosen strategy. The Core Programmes are linked to Strategic Imperatives and other organisational High Priority Critical Issues as identified during the strategy review process. Below is a list of the Core Programmes, which ensure execution of the ATNS Strategy.



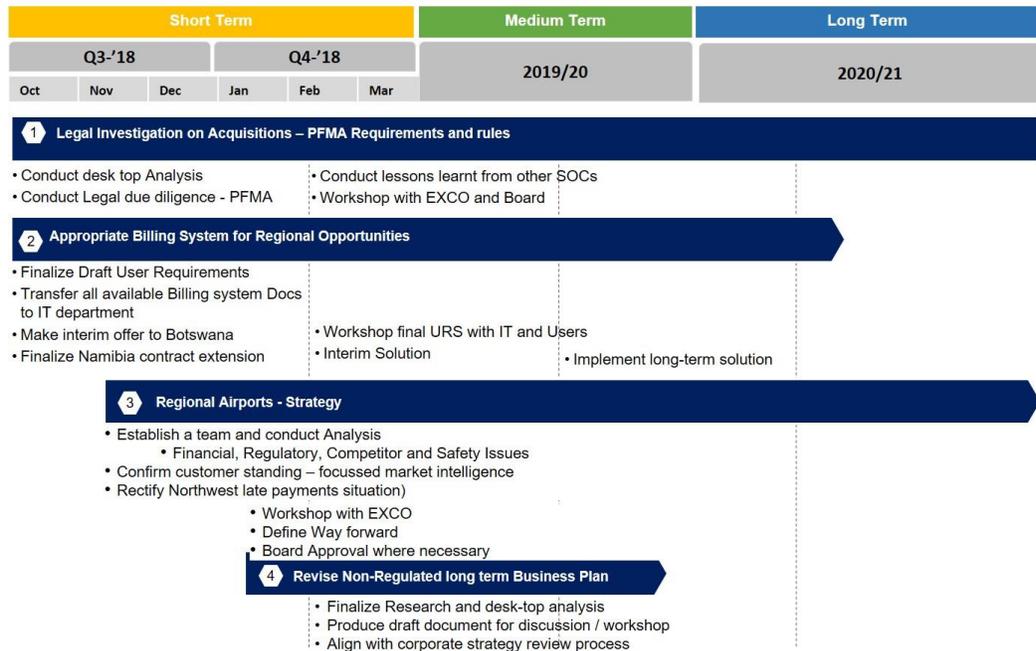
Safety Performance Program Timelines – High Level

In order to achieve the impact from the planned programmes, all initiatives have been prioritised for execution in the either the Short-Medium and Long Term



10 YEAR BANKABLE BUSINESS PLAN/AFI TACTICAL PLAN-High level

In order to achieve the impact from the planned programmes, all initiatives have been prioritised for execution in the either the Short-Medium and Long Term



ATA Strategy and Plan-High level

In order to achieve the impact from the planned programmes, all initiatives have been prioritised for execution in the either the Short-Medium and Long Term



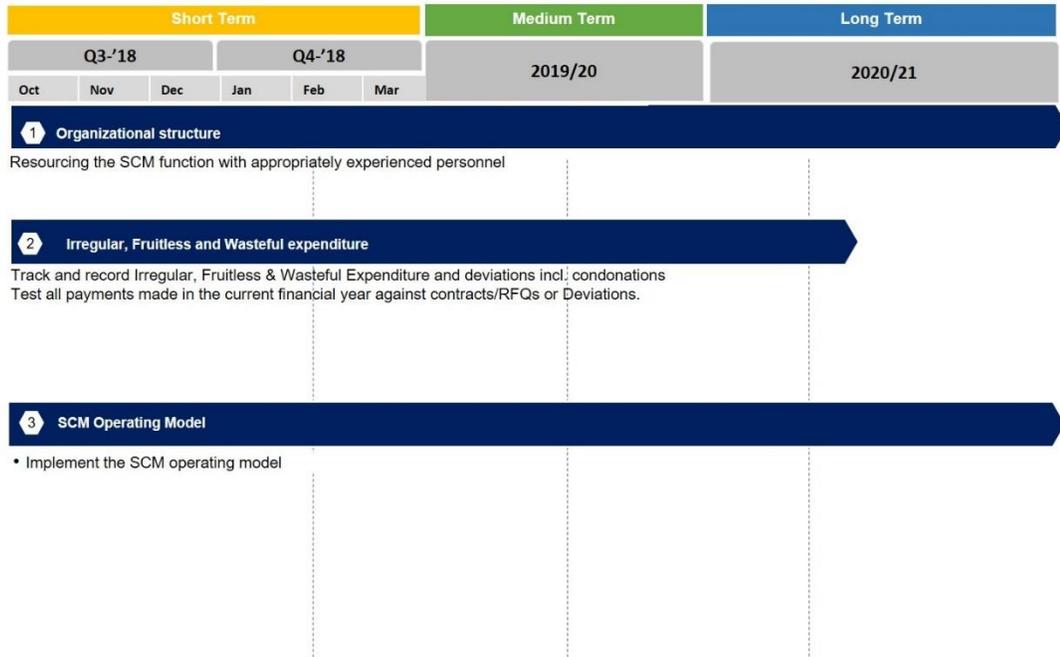
ATNS Audit improvement plan Timelines – High Level

In order to achieve the impact from the planned programmes, all initiatives have been prioritised for execution in the either the Short-Medium and Long Term



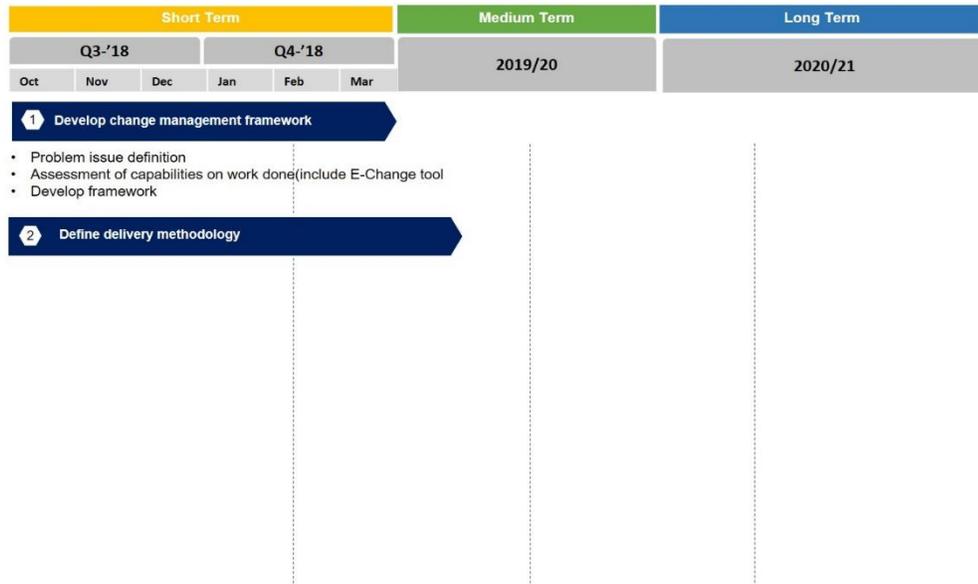
SCM– High Level

In order to achieve the impact from the planned programmes, all initiatives have been prioritised for execution in the either the Short-Medium and Long Term



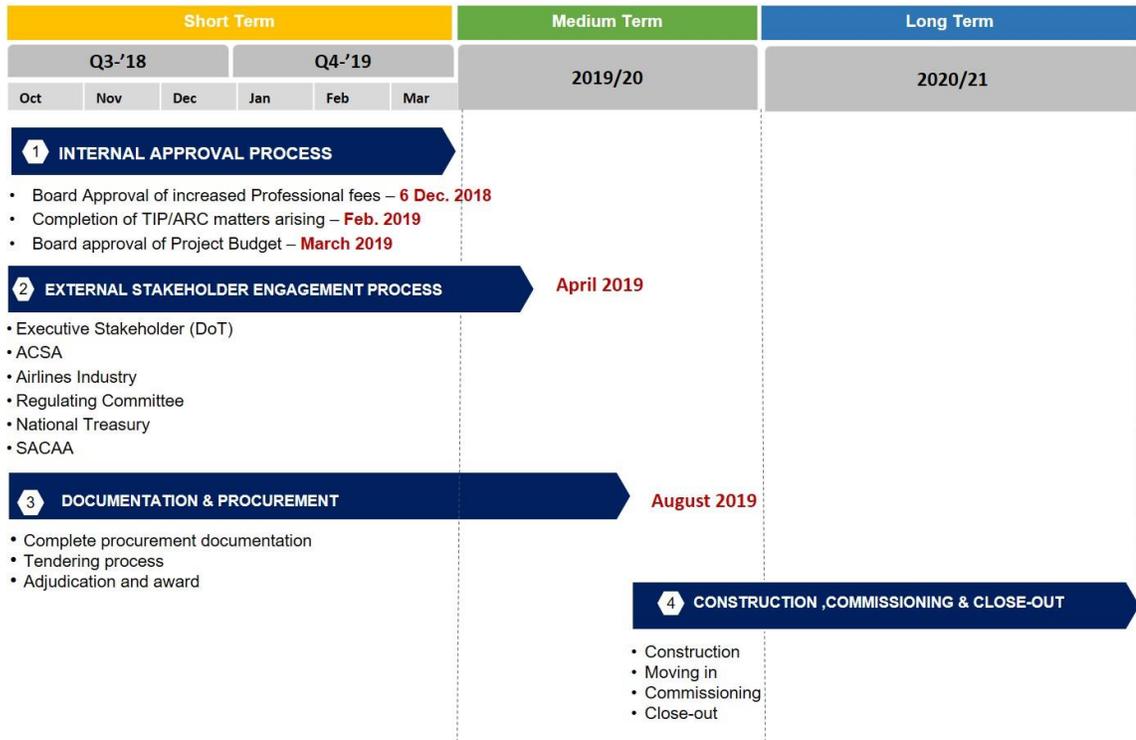
Implementation of change management methodology

In order to achieve the impact from the planned programmes, all initiatives have been prioritised for execution in the either the Short-Medium and Long Term



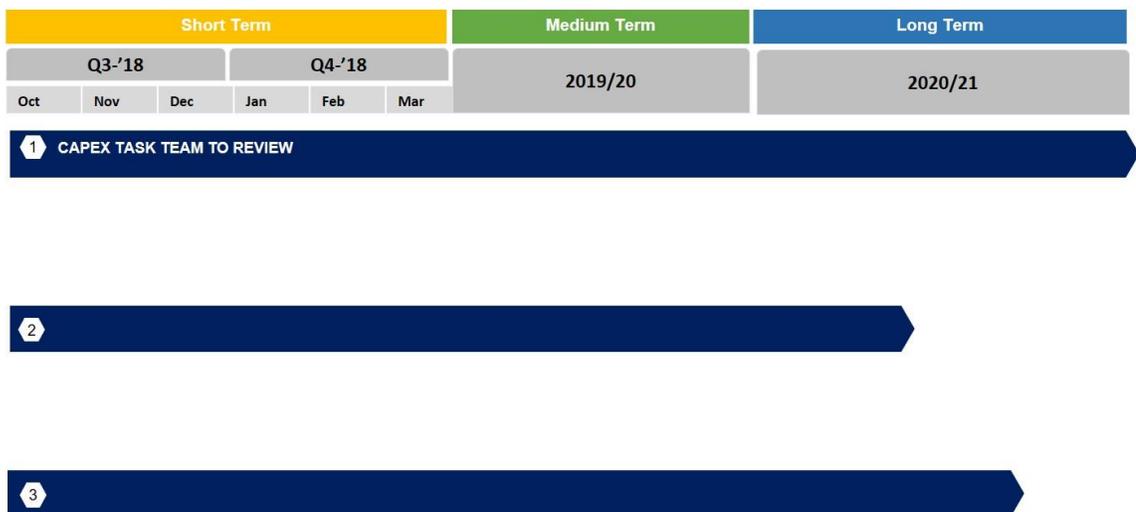
ISANDO Property development – High Level

In order to achieve the impact from the planned programmes, all initiatives have been prioritised for execution in either the Short-Medium and Long Term



Capex Management

In order to achieve the impact from the planned programmes, all initiatives have been prioritised for execution in the either the Short-Medium and Long Term



Our Strategic Risk Heat Map

ATNS has identified the top risks that will hinder the organisation from achieving its objectives based on an assessment of the internal ATNS operational environment. These top ten (10) risks were identified and rated on their level of impact and likelihood and were ranked according to their priorities. During this process, the risk mitigation strategies were developed and are monitored on an on-going basis. The figure below indicates the heat map for the top ten (10) risks.

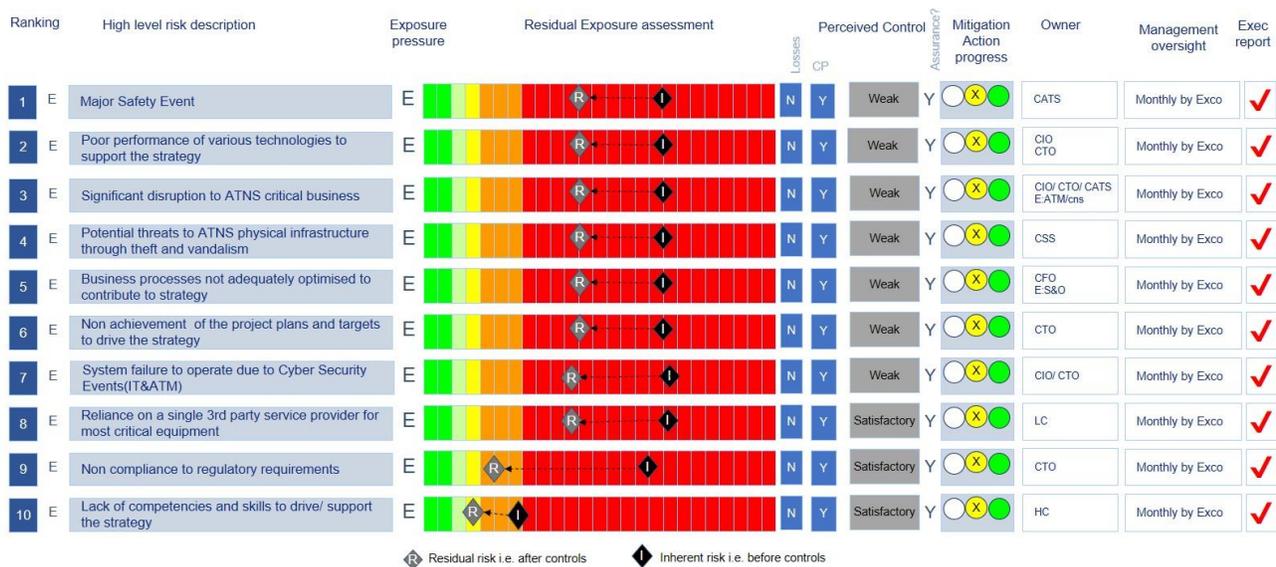


Figure 22 – Strategic Risk Heat Map

17 OUR SUSTAINABILITY OUTLOOK

In pursuit of a culture of sustainability, ATNS has identified three focus key areas, these being social, economic and environment, that aim to drive overall sustainability and existence of the business and enable us to deliver the national governmental outcomes whilst focusing on our core business in line with our mandate. Our sustainability context is fully guided by the national governmental and the Shareholder’s departmental outcomes. Our Strategic Model and Sustainability Framework enables us to primarily focus on the needs and expectations of the South African ATM community; however, they also consider the rest of Africa and other selected global markets. This wider perspective enables us to monitor and measure our sustainability priorities in the context of a broader ATM environment and to respond to changes in more informed and globally relevant ways. We remain vigilant of the global challenges and inter-related risks associated with rapid economic, environmental, geo-political, social and technological shifts and turns.

Our sustainability framework enables us to:

- Align to the Minister of Transport’s Statement of Strategic Intent, the Shareholder Compact and Department of Transport’s Green Strategy to ensure ATNS pursues sustainable economic, social and environmental outcomes,
- Build an integrated and intelligent view of the synergies and trade-offs between the various sustainability performance areas,
- Report performance progress and material issues to stakeholders,

- Demonstrate the integrated nature of our Strategic Model in the context of the Sustainability Framework and on our sustainability outcomes: Enable, Engage, Grow and Preserve; and by defining our material outcomes and drive and support integrated thinking,
- Building sustainability intelligence and innovations which will enable ATNS to become a leader in the industry while responding to the broader socio-economic objectives of the country and continent
- Further acknowledge the importance of Global Sustainable Development Goals (SDGs) which aim to alleviate poverty, protect the environment and ensure prosperity as the leading drivers of the new sustainable development agenda. This ultimately influences our sustainability framework in achieving our developmental mandate

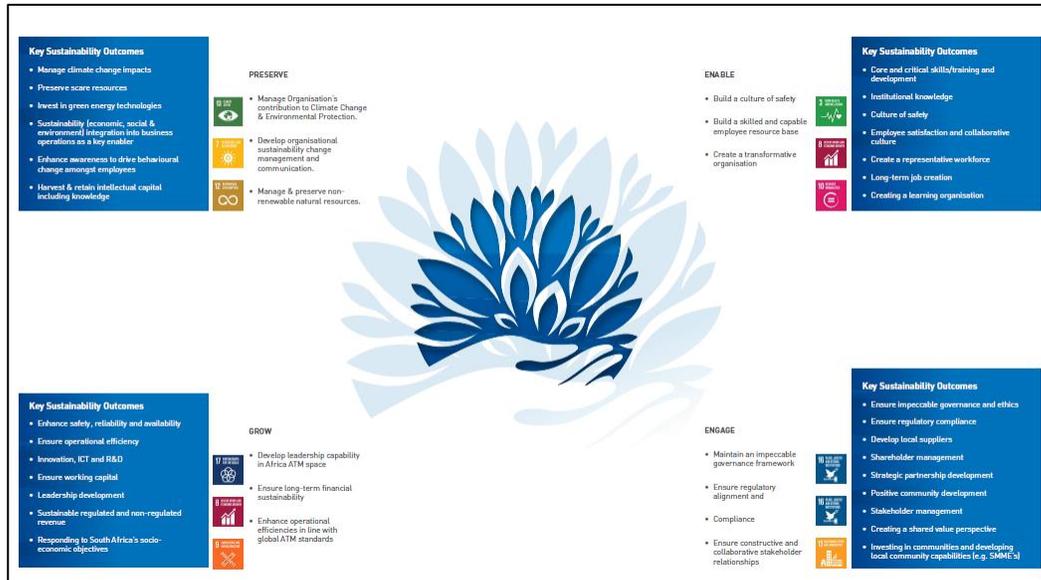


Figure 23 – ATNS Sustainability Framework

18 FINANCIAL OVERVIEW

The financial plan is based on the following key assumptions:

Assumptions	FY20
General CPI	5.2% *
Interest payable (%)	10.0% **
Interest receivable (%)	6.4% **
Salary increases	6.3% *
R \$ exchange	13.4 *
R £ exchange	18.1 *
R € exchange	16.2 *

Table 12 – Key Financial Assumptions

* BER Forecast, September 2018

** Permission FY 2019-2023

Description	2017/18 Actual	2018/19 Forecast	2019/20 Budget	2020/21 Projections	2021/22 Projections	3 Year Growth
Tariff Revenue	1,402,408	1,476,864	1,492,633	1,588,552	1,689,296	4.2%
Other Revenue	191,093	190,643	195,088	205,592	215,173	3.3%
Total Revenue	1,593,501	1,667,507	1,687,721	1,794,144	1,904,470	4.1%
Salaries and Related Costs	816,547	946,786	1,052,483	1,115,632	1,182,570	4.0%
Traveling Expenses	53,129	46,946	50,000	52,500	55,125	3.3%
Telecommunication Expenses	49,609	51,356	55,516	58,958	61,905	3.7%
Administration Fees	72,088	75,138	89,164	93,622	98,303	3.3%
Electronic Maintenance	69,584	78,100	70,138	77,152	83,324	5.9%
Professional Fees	24,077	22,000	39,114	41,147	43,205	3.4%
Other Operational Expenditure	197,110	181,685	149,672	148,232	160,050	2.3%
Total Operating Expenses	1,282,143	1,402,011	1,506,087	1,587,243	1,684,483	3.8%
EBITDA	311,358	265,496	181,634	206,900	219,987	6.6%
Overhead Expenditure	129,900	140,595	145,097	159,607	171,577	5.7%
Net Funding	-84,195	-80,777	-87,081	-91,663	-97,357	3.8%
Profit Before Tax	265,653	205,678	123,618	138,956	145,767	5.6%
Tax	75,498	57,590	34,613	38,908	40,815	5.6%
Net Profit After Tax	190,154	148,088	89,005	100,048	104,952	5.6%

All values in R'000

Table 13 – Summarised Financial Performance

Total Revenue

This revenue is based on the number of aircraft movements and the tariff increase and estimates implemented each year. The volume growth is a sum of movement growth and the change in aircraft mix.

The tariff increases, and projections as contained in the financial plan are as follows:

Description	2019/20	2020/21	2021/22
CPI	5.1%	5.4%	5.6%
X	4.6%	0.4%	5.0%
Total tariff increase	0.5%	5.0%	0.6%
Traffic movement increases	2.2%	2.2%	2.1%

Source: Permission to levy ATS charges, 6 August 2018

Table 14 – Tariff Increases

Tariff Revenue

Over the period under review, tariff revenue is expected to grow by an average of 4.2% over the three year period as a result of an increase in both the tariff and traffic movements. As depicted above, the tariff revenue will increase by 0.5%, 5.0% and 0.6% respectively.

Other Revenue

Other revenue increases by 3.3% over a three-year period mainly due to the following:

- Revenue earned from SADC VSAT III and NAFISAT networks as a result of increased Flight Information Region (FIR) crossings;
- Technical support rendered to various countries. Contract were secured with Namibia and Swaziland to provide the Central Aeronautical Database (CAD) services;
- WGS – 84 surveys, flight and procedure design projects carried out for various countries;
- External training revenue based on training contracts that are currently in the pipeline; and
- The slight increase on small aerodromes due to the negotiated increases on contract renewal.

Expenditure

Inflation and the increase in operational capacity are the key drivers of increases in operating expenses. Major expenses are discussed below:

Salaries and Related Costs

Salaries and related costs are expected to increase by 4.0% over the three year period and the main drivers are the human capital plan for both Air Traffic Services (ATS) and non-ATS related. The following factors have been taken into account in the determination of the personnel head-counts and related costs

- On-time availability of human resources in order to provide critical services to ATNS and its clients;
- Ensuring a sufficient flow of trainees to respond to increased demand and to replenish attrition;
- Provision of safe and efficient air traffic management services; and
- The implementation of appropriate infrastructure and resources to meet operations requirements as agreed with the users

Travelling Expenses

The 3.3% increase over the three year period for travelling expenses is as a result of stringent cost cutting measures that were put in place. Travel trips have been prioritized to allow travel that is linked to the generation of revenue and industry related conferences and forums that will empower personnel. This also includes travel and accommodation for the Bursars and ATS trainees in the Human Capital as well as ATS respectively.

The travel is driven by initiatives of the company amongst others to:

- Generate other revenue;
- Implement the strategy objectives;
- Empower personnel to attend industry related conferences and forums; and
- Foster stakeholder relations both locally and internationally.

Telecommunication Expenses

The 3.7% increase over the three year period on telecommunication expenses is mainly due to the following:

- Leasing of the satellite spectrum to be used for internal VSAT to distribute surveillance information and data from surveillance sensors /radar sites to the processing centre and display to the air traffic controllers. Also, a provision for rental and leasing the satellite spectrum is provisioned for the Satellite (TSAT) service that enables ATNS to monitor and control all its navigational (VOR/DVOR and DME) equipment from the ATM centres;
- Some radar sites have VHF installations and in an emergency ATC pilot to ATC communication can be done over the internal VSAT system. The internal VSAT system is more reliable than terrestrial data links and is not subjected to outages due to theft and vandalism;
- Central Atlantic Flight Information Region Satellite Network (CAFSAT) VSAT network that enables aeronautical data to be sent and received between Johannesburg South Africa, Recife Brazil and Gran Canaria Spain;
- The Wide Area Network (WAN) upgrade to reduce traffic when information is transmitted to our remote locations. The upgrade will allow head office to consolidate resources in larger data centers that are scattered across the organization; and

- Dedicated communications links for the transfer and sharing of ATM information between various airports including data transfer from the different CNS sites and facilities

Administration Fees

The 3.3% increase over the three year period in administration costs is mainly as result of:

- Increased bad debts mainly due to the provision for bad debts as a result of perceived increased risk on the recoverability of certain debtors;
- Additional computer software and licenses acquired to support. Among others, the Oracle licenses, ATS Resource tool, Flight procedure design software, corporate sustainability and performance management tool and Euro-Control Tokai software subscription license (it was previously a free service from Euro-Control. NB. This is in addition to the Euro-Control database license;
- Publishing expenses as a result of among others the integrated annual reports and climate sustainability publications; and
- IATA network management fees mainly due to the agreement between ATNS and IATA on the sharing of profits after tax.

Electronic Maintenance Costs

The 5.9% increase over the three year period is mainly due to the maintenance support contracts. These invoices are settled in foreign currency and would thus be affected by foreign exchange fluctuations.

Professional Fees

Professional fees comprise costs relating to external and internal audit fees, research and development initiatives, consulting services and legal costs. The 3.4% increase over the three year period is mainly due to, among others, the consultants that will be rendering specialized external services that will be required to enable different business units to achieve their strategic objectives. ATNS has limited the outsourcing of specialized consulting and legal services in favour of employing or training internal resources, where feasible.

Other Operational Expenditure

Other operational expenditure consists mainly of municipal services, other maintenance, contract services, building maintenance, motor vehicle expenses, insurance, and rental of equipment, office buildings, motor vehicle expenses, calibration expenses, security and marketing expenses.

Other operational expenditure will increase by 2.3% over the three year period to cater for safety related initiatives and fee increases that are imposed by various service providers.

Net Funding

Net funding is the difference between interest paid and received. The 3.8% increase over the three-year period is calculated based on the loans to be taken to fund capital expenditure (CAPEX) as well as the projected available cash flow for the period.

Details	Actual 2017/18	2018/19 Forecast	2019/20 Budget	2020/21 Projections	2021/22 Projections
Assets					
Non-Current Assets	1,445,262,955	1,647,433,834	1,691,310,699	1,734,041,311	1,830,487,244
Current Assets	1,639,380,839	1,584,377,544	1,683,984,825	1,853,808,043	1,976,660,962
Total Assets	3,084,643,794	3,231,811,378	3,375,295,524	3,587,849,354	3,807,148,206
Total Equity					
	2,617,321,904	2,765,410,260	2,854,415,008	2,954,463,476	3,059,415,767
Liabilities					
Non-Current Liabilities	99,910,666	70,818,426	92,130,203	163,395,277	235,042,528
Current Liabilities	367,411,223	395,582,693	428,750,310	469,990,604	512,689,910
Total Liabilities	467,321,889	466,401,119	520,880,513	633,385,881	747,732,438
Total Equity & Liabilities	3,084,643,794	3,231,811,378	3,375,295,524	3,587,849,354	3,807,148,206

Table 15 – Consolidated Balance Sheet

Description	Actual 2017/18	Forecast 2018/19	Budget 2019/20	Projections 2020/21	Projections 2021/22
Cash Flow from Operating Activities					
Net cash flows from operating activities	351,760,969	310,184,089	309,576,306	218,375,918	166,482,744
Investing activities					
Net cash flows in investing activities	-304,855,460	-377,912,111	-219,440,184	-197,292,331	-282,597,826
Financing activities					
Net cash flows from financing activities	-1,098,815	-3,721,151	47,190,280	132,117,546	220,275,808
Net increase/decrease in cash and cash equivalents	45,806,694	-71,449,173	137,326,402	153,201,133	104,160,726
Cash and cash equivalents at end of year	1,342,664,164	1,271,214,991	1,408,541,393	1,561,742,526	1,665,903,252

Table 16 – Consolidated Cashflow Statement

KEY FINANCIAL RATIOS

Profitability

The ROCE is a measure of the extent to which a company utilizes its resources efficiently to generate profits.

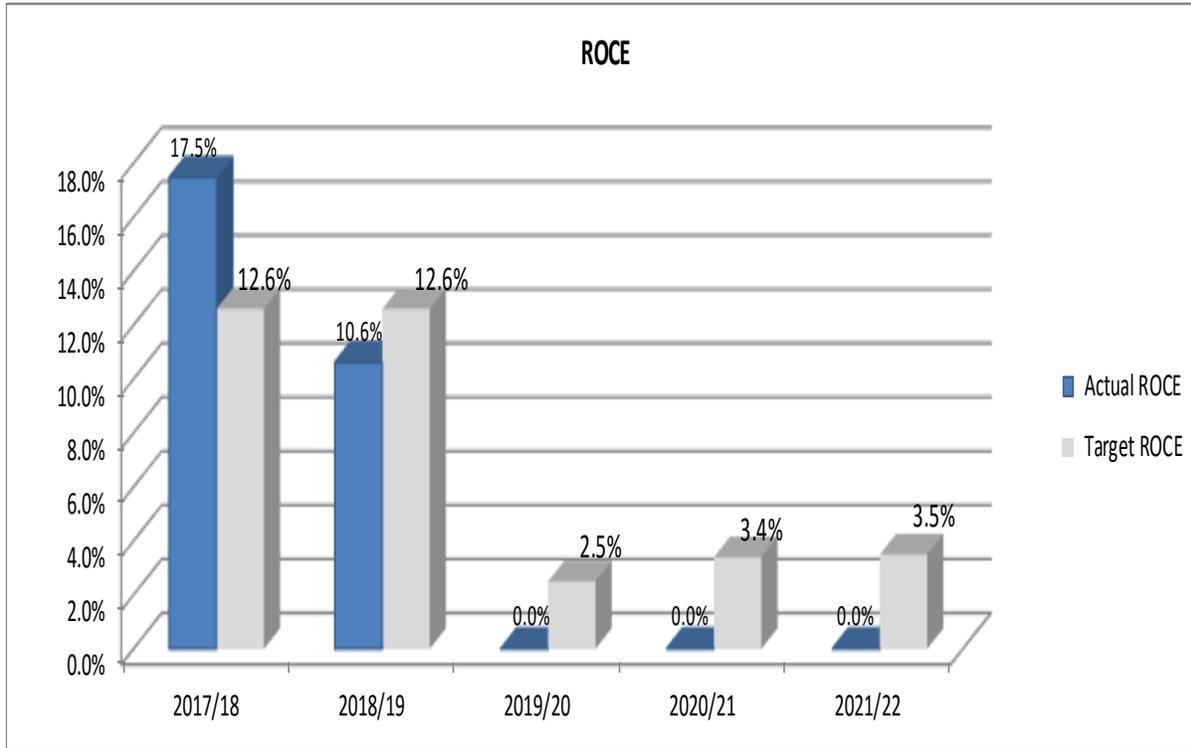


Figure 24 – ROCE

SOLVENCY

The debt equity ratio is a prime indicator of the company's solvency. The debt/equity ratio is directly linked to the investment in capital expenditure. The investment will be mainly funded by loans that will be obtained from financial institutions.

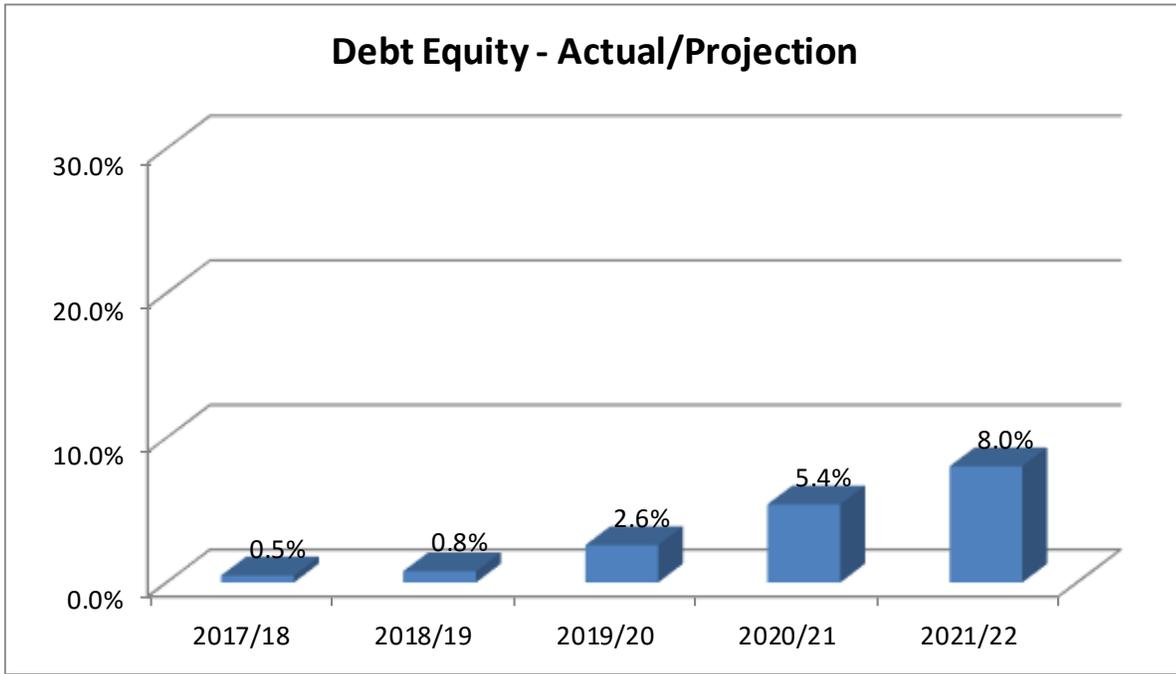


Figure 25 – Debt Equity Ratio

ATNS will seek to maintain a debt to equity ratio in the region of 10% to 45% in funding its capital expenditure.

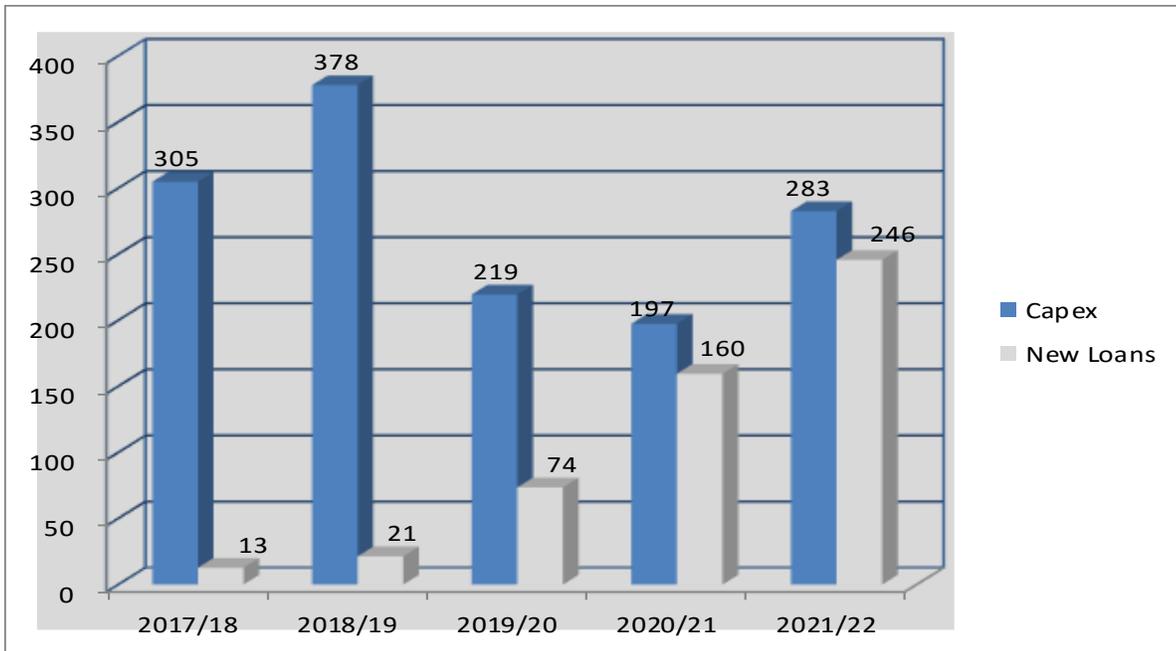


Figure 26 – CAPEX

LIQUIDITY

The average norm for an acceptable current ratio is 2:1, this indicates that the company is liquid and thus in a position to meet its short term debt commitments. The company is expected to maintain a healthy current ratio throughout the five year period under review.

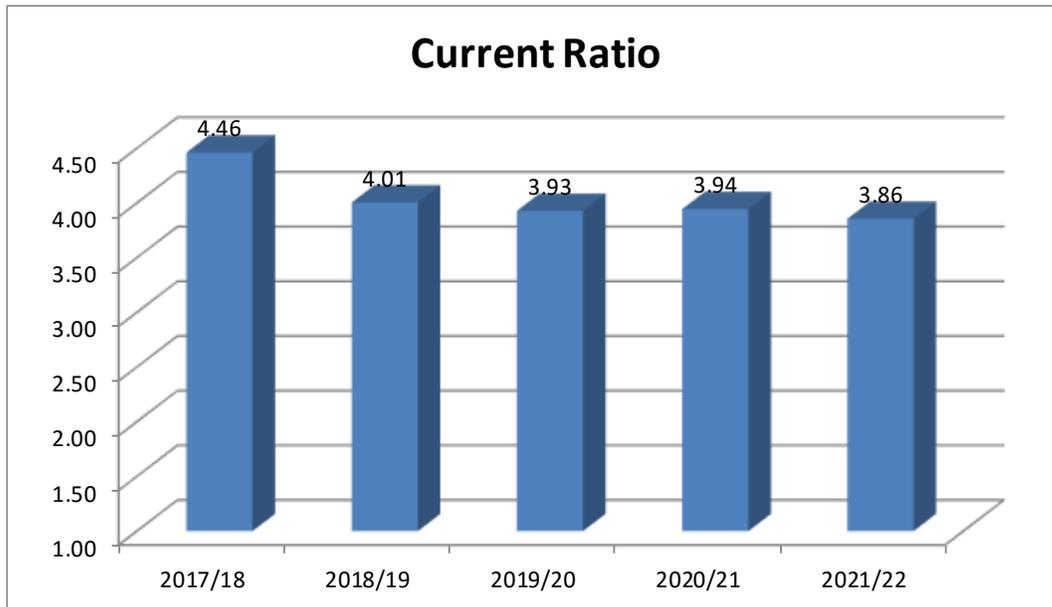


Figure 27 – Current Ratio

Interest Cover

The interest cover ratio is used to determine how easily the company can pay interest on outstanding debt. A value of more than two is normally considered reasonably safe. The graph below indicates that the company's earnings can cover the interest payments on its debt.

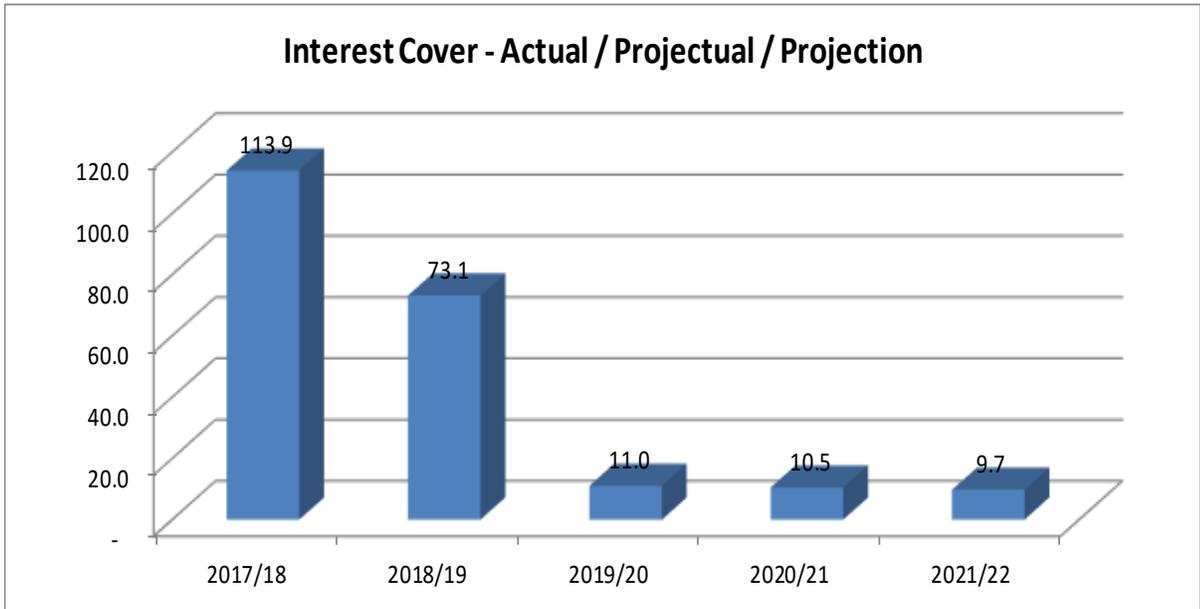


Figure 28 – Interest Cover

CREDIT RISK

Credit risk arises from loans and receivables, trade and other receivables and cash and cash equivalents. The company has no significant concentration of credit risk. It has policies in place to ensure that sales of services are made to clients with an appropriate credit history.

Ongoing credit evaluations are performed on the financial position of these clients. In addition, exposure is reduced by deposits and bank guarantee held on behalf of clients. Clients who are unable to provide a deposit or bank guarantee are required to pay for services in advance.

CONCLUSION

The financial information as presented project a continued financial sustainability of ATNS irrespective of the subdued economic environment in which it operates. Management will continue with efforts of ensuring that the company achieves its strategic objectives in an efficient manner.

19 INNOVATION, CAPEX PLAN AND ATM OPERATIONS

Innovation

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

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

ATNS exhibits greater possibilities of innovation. As a result, ATNS Research and Development (R&D) emphasises a methodology where research activities are undertaken with the purpose to innovate, develop, enhance and/or validate technology solutions. This initiative has potential to be commercialised or operationalized for primary use in the ATM operational environment. The outcomes of the R&D may lead to product development, process development and or improvement.

To achieve this, ATNS R&D will be strategically partnering with both the Original Equipment Manufacturer (OEM), research agencies and institutions for technology research and development including funding for the identified R&D activities. This will enable ATNS R&D department to deliver on the following ATNS strategic imperatives:

- To provide efficient air traffic management solutions and associated services which meet the needs and expectations of the ATM community.
- To play a leading role in the development of air traffic management in Africa and selected international markets.
- To deploy and use leading technologies to the benefit of the ATM community.

CAPEX Plan

The ICAO ASBUs incorporate a long-term perspective, matching that of the three companion ICAO publications (Global Air Traffic Management Operational Concept, Manual on Air Traffic Management System Requirements and Manual on Global Performance of the Air Navigation System). They coordinate clear aircraft and ground-based operational objectives together with the avionics, data link and ATM system requirements needed to achieve them. The overall strategy serves to provide industry-wide transparency and essential investment certainty for operators, equipment manufacturers and ANSPs. The ATNS long term strategy and associated planning addresses the requirements to increase user flexibility and maximise operating efficiencies. This will in turn lead to increased system capacity and improved safety levels in the future ATNS ATM/cns system. This is fully aligned with the ASBU concept, South African National Airspace Master Plan and the ATNS ATM Roadmap.

The planning process identifies specific technology and/or technological solutions, to support the infrastructural backbone for ATNS ATM service delivery. The objective in all initiatives remain the achievement of an interoperable National Air Traffic Management system for all users during all phases of flight that meets agreed levels of safety, providing for optimum economic operations, that are environmentally sustainable, and meets National Security requirements. This is also in line with the key tenets of the ATNS strategy business concept; to focus on the needs of the ATM community primarily in South Africa; with a greater emphasis on the rest of Africa and other selected global markets.

The acquisition, establishment, development, provision, maintenance and operation of air navigation infrastructures is underpinned by the National public procurement framework, cognisant of the need to support the national development goals and value for money objectives in line with stakeholder expectations. These infrastructure investments represent the necessary baseline upon which the operational improvements and their associated benefits can be achieved.

With the current economic climate change and airlines facing even greater pressures on financial performance, ATNS has adopted the approach of developing business cases for future CAPEX projects. The business case approach has aided the process of project prioritization - in line with the industry requirements. Various capital investment projects have been identified and presented as part of the (2018/19- 2022/23) Permission Application process. These were reviewed and considered for approval by the Regulating Committee. The table below shows an abridged cashflow plan for the different disciplines initiatives for the 201/20 to 2021/22 financial years.

Description	Forecast 2018/2019	Budget 2019/2020	Projections	
			2020/2021	2021/2022
Communications	196,568	39,844	47,118	43,611
Navigation	54,813	33,428	78,156	55,142
Surveillance	31,939	70,060	14,476	96,981
Display Systems	18,602	36,480	31,921	54,877
Simulator and Systems		-	2,467	8,260
Software	8,424	3,223	3,847	2,050
General: Buildings	41,644	27,289	8,744	9,256
General: Elect & Mech equipment	18,025	3,843	5,316	8,026
General: test equipment	3,159	1,758	2,099	1,757
General: Tools	1,053	586	700	586
General: Motor vehicles	-	-	-	-
General: Office furniture and fittings	1,580	1,758	1,049	879
General: Computer equipment	2,106	1,172	1,399	1,172
	377,912	219,440	197,292	282,598

**All values in ZAR*

Table 17 – Capital Expenditure Plans

The details and the list of project initiatives for the following three years of the Permission (2018/19 - 2022/23) is recorded as part of the Permission CNS CAPEX Module and the yearly Capital investments and implementations plans. The paragraphs below summarise the overview of the different investment disciplines and the rationale to these investments.

Communications Infrastructure

VHF communication systems will remain the primary tool for air-to-ground and ground-to-air communication for the foreseeable future. The rationale behind the deployment of VHF radio systems is to adhere to the main Air Traffic Requirement (ATM) requirement for instantaneous contact between controller and pilot, and the fact that safety may be jeopardised without it. This means that VHF voice communication service remains the backbone of controller/pilot communications. The VHF radios deployed as part of the Project Speak-Easy launched between 1997 and 1999 was to ensure that the entire Flight Information Regions at 1500ft above ground level (AGL) and where required were covered by communication infrastructure to achieve desired communication service availability levels. A need was further identified for the expansion and enhancement of the VHF network coverage at flight level 1500ft above Ground Level for all the air traffic services regions: Johannesburg FIR, Cape Town FIR, Durban FIR, Port Elizabeth FIR, East London FIR, Bloemfontein FIR and Kimberley FIR and also an upgrade the VHF network coverage due to some of the equipment becoming obsolete. The VHF Network capacity has become inadequate for the demand in South Africa and most of the radios have reached end of life and become obsolete. To this end, Johannesburg FIR, Cape Town FIR, Bloemfontein FIR and Kimberley FIR VHF network coverage has been upgraded.

The VCCS is used to relay the communications between air traffic controllers, pilots and other air traffic service units. This forms the backbone as the communication switch and during this period the replacement of the existing VCCS at the major airport will be concluded. The VCCS system makes use of loudspeakers, headset, foot switch, and touch screen human machine interface (HMI). It is ATNS requirements for the VCCS system to interface to Telephone lines, PCUG (Private Telephone Network), VHF channels, Controller and Instructor headset / microphone / footswitch and with the Legal recording system. All workstations in the control centre will be equipped with VCCS Controller positions.

The justification for the existing Southern African Development Community (SADC) Very Small Aperture Terminal (VSAT) network implementation was to interconnect SADC control centres to improve the reliability of the AFTN and Air Traffic Services Direct Speech (ATS/DS) between neighbouring countries. A major setback of AFTN is that it allows the exchange of communication using the X.25 protocol, which is very old and to some extent incompatible with new technologies. As new communication mediums become available and systems are replaced, the AFTN is slowly being phased out and replaced with the ATN and AMHS (Aeronautical Message Handling System).

The backbone of all information communications technology within ATNS is hosted on the ATNS wide area network. Consideration is to be given to the equipment that is used to establish and maintain the network infrastructure. There is also a requirement to implement a higher level of security on the network to ensure that network integrity is maintained. Network infrastructure will be reviewed and managed on an on-going basis to refresh the technology at all ATNS sites, thus ensuring service delivery. It is anticipated that a major

network upgrade will coincide with the server upgrade. The storage solutions that would be installed as part of the sever upgrades have also been incorporated. Investments are primarily aimed at ensuring that business process are automated and aligned to the strategy of the organisation.

Navigation Infrastructure

It remains a requirement for South Africa to provide a ground based (terrestrial) navigation system, either as a redundancy for, or an alternate to newer (satellite) navigation systems trends such as GPS. It will therefore be necessary for ATNS to maintain the present VOR/DVOR/DME navigation infrastructure with a cost benefit analysis required at the economical end-off life to determine the replacement requirement. In terms of the ICAO ASBUs, this approach supports the roadmap for Block 0 into Block 3. One of ATNS's navigation strategy involves the deployment of a DME-DME navigational aid network around six TMA in the country. This addresses the requirement for the implementation of Performance Based Navigation (PBN), articulated in the South African PBN Roadmap. DME-DME network will serve as a backup for GNSS and comply with the PBN requirements as required. Existing DME facilities will as far as possible be incorporated into this DME-DME network. The DME-DME network will cover the terminal areas (TMA) of the King Shaka, Port Elizabeth, George, East London, Cape Town, Oliver Tambo in sequence of priority. DME/DME positioning is based on the aircraft RNAV system triangulating position from multiple DME ranges from DME facility locations in the aircraft database. The resulting accuracy of the position solution depends on the range to the DMEs and their relative geometry.

There is also a requirement to systematically install a DME-DME network as a backup network for the Global Navigation Satellite System (GNSS). During this plan period, the implementation of the DME-DME network within terminal areas will be expedited to support PBN operations and provide a backup to GNSS.

ATNS continues to evaluate the feasibility of navigation technologies and solutions that are efficient and can ultimately assist in yielding efficiencies for the users. The technical implications of implementing GNSS and associated initiatives in terms of ABAS, SBAS and GBAS is also being evaluated. The deployment of GNSS monitoring stations at identified airports is planned for this period. As well as during this plan, the technical study for the implementation of GBAS is underway.

Surveillance Infrastructure

Primary and Secondary surveillance radars (PSRs and SSRs) are currently the main surveillance systems used by ATNS apart from contract automatic dependent surveillance (ADS-C) in the Oceanic areas. The existing surveillance service on the golden triangle will be maintained whereby coverage will be provided by two sensors from FL195 at all times. In other areas the current service will be maintained and migrated to full coverage of continental airspace from FL145 in line with AFI requirements. To this end, all Terminal Area (TMA) radars for OR Tambo, Cape Town and King Shaka international airports are being replaced. The rationale behind the replacement of these radar systems is to meet or exceed the demands placed on ATNS by its customers, in terms of efficiency, safety, functionality and quality of service. ATNS has a network of 18 radars, a combination of both primary surveillance (PSR) and secondary surveillance radars (SSR) for air traffic management activities. The need for the replacement of existing co-mount radars such as OR Tambo (commissioned in June 2000), Cape Town (commissioned in August 2000), Durban-Bluff (commissioned in

August 1999), and Blesberg (commissioned in 1999) is due to the normal replacement cycle and age of the radars as well as the essential and a basic RCMS requirement for the provision of Air Traffic Control services.

Multi-lateration surveillance systems are ideally suited for supplementing areas of poor coverage where SSRs are constrained by the environment and as a back-up system for SSRs. The current WAM deployments aims to fulfil the surveillance requirement, whereas future WAM deployments in support of operational requirements will address current shortcomings and Mode-S limitations. During this period, the implementation of new Wide Area Multi-lateration (WAM) networks in the Lowveld and Northern Cape as well as the network expansion to cover areas within Johannesburg and Cape Town will be conducted. Furthermore, ATNS has entered into a data agreement with Aireon to enable real-time air traffic surveillance throughout South African airspace, especially oceanic area where ground infrastructure is not possible.

Air Traffic Management System Infrastructure

In the aviation industry safety is a major concern, as a result Air Traffic Controllers' situational awareness should be fostered through continuously updated data. Furthermore, Air Traffic Controllers should be unburdened from continuous noncritical activities by automating repetitive tasks. Electronic Flight Strip Systems (EFS) have the potential to seamlessly coordinate flights between controllers in the same room, in the same ATSU and different ATSU's, resulting in the reduction of errors experienced during coordination (read-back or hear-back). Electronic flight strip implementation at the regional airports is included in the plan.

The current display System as used by Air Traffic Controllers for situational awareness has been deployed at all relevant units. This Programme, known as Collaborative Advance Air Traffic Service (CAATS) has replaced the old ATNS ATM system with a modernized one. CAATS programme's key functions are Flight Data Processing, Conflict Probe and MTCD Processing, Radar Data Processing, ADS-C/CPDLC, ADS-B Processing, Safety Net and Monitoring Aids, Traffic Flow Management Functions, Environmental Data Processing as well as Recording and Playback. It is an Air Traffic Management (ATM) system deployed at the ATNS Control Centre's and Remote Approach Units (RAU) with the main processing located at Johannesburg Control Centre (OR Tambo International Airport) and Cape Town Control Centre (Cape Town International Airport). It is also operated at three (3) Remote Approach Units (RAUs) from Cape Town Control Centre in George, Port Elizabeth, and East London. CAATS' programme also includes the provision of two (2) System Support Suites (SSS), one each located in Johannesburg and Cape Town Control Centre's. This new and advanced ATM technology deployed as part of the CAATS Programme will enable high level airspace management, operational efficiency as well as future capacity and scalability requirements.

SADC VSAT and NAFISAT-Network Management and Future Networks

The SADC VSAT II and NAFISAT networks provide Air Traffic Services/Direct Speech (ATS/DS) and Aeronautical Fixed Telecommunication Network (AFTN) services. The NAFISAT network provides connectivity between 13 Air Traffic Control Centres (ATCC's) in North East Africa including Saudi Arabia and Yemen (NAFISAT). The SADC VSAT II network provides connectivity between 16 ATCC's. Both networks also interconnect with the neighbouring ASECNA VSAT networks in the North West African Region.

Annually, the NAFISAT network carries an average of 1 019 364 ATS/DS calls and 18 275 760 AFTN messages between the 13 ATCC's forming part of the network with a system availability exceeding of 99.9%. The SADC VSAT II network carries annually, 612 876 ATS/DS calls and 14 357 520 AFTN messages between the 16 ATCCs forming part of the network with a system availability exceeding 99.8%.

The SADC VSAT II and NAFISAT have been operational from November 2006 and April 2007 respectively. The service agreements governing the two networks were renewed in 2015 and will run up to November 2022. The renewal of these agreements was underpinned by the need for the joint network service providers (ATNS and IATA) to upgrade the networks, thereby addressing obsolescence issues as well as introducing the IP capability into the networks.

The first quarter of the 2017/18 Financial Year marked a key milestone in the SADC VSATII/NAFISAT Upgrade Programme with the seamless transfer of aeronautical communications services to the new and upgraded SADC VSAT II and NAFISAT networks. Services across 27 of the 29 sites were transferred to the new networks in March 2017, whilst the outstanding sites continue to operate on the old network. Specific sites such as Sana'a in Yemen remain a challenge due to political instability and the ongoing conflict in the area. In the next two years, ATNS plans to perform a full review of the network including the development of strategies to ensure that Company retains its status as the preferred service provider beyond 2022.

Performance-Based Navigation Implementation

Performance-Based Navigation (PBN) defines performance requirements for aircraft navigating on an ATS route, in a terminal procedure or within a designated airspace. PBN supports an increase in ATM system capacity and efficiency, as well as bringing about environmental and safety benefits.

At the 36th ICAO General Assembly, States agreed to Resolution A36-23, which urges all states to implement routes and airport procedures in accordance with the ICAO PBN criteria. In support of the resolution, the ICAO Regional PBN Implementation Task Forces were established to coordinate the regional implementation programmes. PBN supports the global aviation community by:

- reducing aviation congestion,
- conserving fuel,
- protecting the environment through emission reduction, reduced of aircraft noise,
- maintaining reliable, all-weather operations,
- improving flexibility,
- enhancing operating returns,
- increasing the safety of regional and national airspace systems.

ATNS has developed the National PBN Roadmap and the National PBN Implementation Plan in cooperation with the ATM Community and aligned to regional and global plans. The PBN Roadmap provides a high-level strategy for the evolution of navigation capabilities to be implemented in three timeframes: near term (2008-2012), mid-term (2013-2016), and long term (2017 and Beyond). The strategy rests upon two key navigation concepts; RNAV and RNP. It also encompasses instrument approaches, Standard Instrument Departure (SID) and Standard Terminal Arrival (STAR) operations, as well as en-route continental, oceanic and remote

operations. The PBN Roadmap and the Implementation Plan have ensured that South Africa has achieved the short and medium-term objectives and is on track to meet the long-term objectives. Under the leadership of ATNS a National PBN Steering Committee and a South African PBN Implementation Task Team have been established. These bodies ensure PBN implementation in accordance with the established guidance material.

Gauteng Area PBN Plan - GAPP

The project was launched with a workshop held with affected stakeholders to determine the scope of the procedure review and what urgent changes are required for the Johannesburg Terminal Control Area (TMA).

Changes and development of procedures are required because the traffic demands within the Gauteng airspace have continued to grow and thus the workload and responsibilities of the existing controller function have also grown. Measures had to be considered that will enable the workload of the position to be contained within the acceptable level of safety and service provision parameters and at the same time increase the efficiency.

The purpose of GAPP is to amongst other, review procedures and the associated airspace to support PBN Implementation, in line with the ATM Roadmap and the National Airspace Master Plan (NAMPP).

This project is aimed at optimising the Gauteng Airspace in terms of reduced track miles providing for greater efficiencies as well as increased safety. To achieve this, the GAPP Project Milestones will be to:

- Agree on Operational Requirements
- Create the Airspace Design Team
- Decide project objectives, scope and timescales
- Analyse the Reference Scenario – Collect data
- Select Performance Criteria, Safety Policy and Safety Criteria
- Agree on ATM/CNS Assumptions
- Airspace Design – Routes and Holds
- Navigation Analysis of Airspace Design
- Airspace Design – Structures & Sectors
- Selecting an ICAO Navigation Specification
- Airspace Concept Validation
- Procedure Design
- Procedure Validation
- ATC System Integration
- Awareness and Training
- Implementation
- Post Implementation Review

Departure Delays

The delays are measured at two levels: the average delay per flight and the average delay per delayed flight. These delays are reported as part of the DoT KPI performance metrics measures. ATNS routinely measures departure delays arising from any operational disruption attributable to among others:

- ATNS,

- airport operators,
- airline operators,
- weather,
- other air navigation service providers.

Airborne Delays

Currently no automated methodology exists for the determination of airborne delays and the analysis of individual flights is the only means of assessing the extent of such delays. The flight plan times (for various routes between major city pairs) are used to measure airborne delays. Delays are calculated on a quarterly basis by comparing the Estimated Elapsed Time (EET) of the flight plan and the time difference between departure times and landing time. Only flights for which actual departure times, actual elapsed times, flight plan EETs are available are used in this data analysis. The contributing factors to these delays are not described, as it is not possible to determine whether the delay was due to head-wind, weather avoidance, inaccurate estimated elapsed time provided, or ATNS related restrictions and en-route holding.

ATNS is in the process of procuring and deploying the advanced ATM system (CAATS) part of which will include automation of full flight trajectory performance reporting.

20 ATNS INFRASTRUCTURE PERFORMANCE

The performance of the ATNS CNS infrastructure is measured in accordance with the system availability, Service Level Agreements (SLA's). These SLA targets determine the agreed key performance indicators (KPIs). This CNS infrastructure performance is reported as part of the DoT KPI performance metrics measures.

The CNS equipment availability figures are based on the weighted average of individual availabilities for the different CNS systems as prepared by the Operations Technology (OT) Department. The systems availability is specified during the design phase and thereafter encapsulated in the various SLAs monitored by OT. From an operational perspective, the relevant availability targets are achieved through ensuring that there is sufficient redundancy incorporated into the design.

Over the years, the CNS equipment SLA performance has been achieved well within the SLA targets except Navigation. However, in the case of the telecommunication and electrical infrastructure, it is to be noted that the complementary nature of ATNS infrastructure is dependent on services that are offered by third parties such as Telkom and Eskom, especially at remote sites. The occurrences of cable theft have seen the navigation SLA being adversely affected by peculiar incidents involving simultaneous outages from both service providers. In the past, this phenomenon was unlikely, but due to an increase in these occurrences, ATNS is in the process of implementing measures to expand its own independent communication network that will extend to remote sites that are currently reliant on these service providers.

Fault Reporting Centre

One of the Infrastructure Research and Development (IRD) initiative is the expansion of the current ATNS Fault Reporting Centre (FRC) into a collective and fully comprehensive Fault Management Centre (FMC) within the Engineering and Technical spheres. The FMC will enable monitoring, first line intervention and configuration of communication, navigation and surveillance systems both nationally and internationally. The backbone of the Management Centre will be a state-of-the-art customised maintenance management system with full reporting functionality.

Innovation and Research

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

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

ATNS exhibits greater possibilities of innovation. As a result, ATNS AR emphasises a methodology where research activities are undertaken with the purpose to innovate, develop, enhance and/or validate technology solutions. This initiative has potential to be commercialised or operationalized for primary use in the ATM operational environment. The outcomes of the applied research may lead to product development, process development and or improvement.

To achieve this, ATM/cns Planning will be strategically partnering with both the Original Equipment Manufacturer (OEM), research agencies and institutions for technology research and development. This will enable ATM/cns Planning department to deliver on the following ATNS strategic imperatives:

- To provide efficient air traffic management solutions and associated services which meet the needs and expectations of the ATM community.
- To play a leading role in the development of air traffic management in Africa and selected international markets.
- To deploy and use leading technologies to the benefit of the ATM community.

21 OUR RESPONSE TO EXTERNAL INITIATIVES

National Outcomes

ATNS, as a Schedule 2 government entity, through the execution of its mandate, assists the country in enhancing economic growth. The key mandate for ATNS is to provide safe air traffic and associated services. As a world-renowned organisation with an excellent safety record, ATNS is contributing to the service delivery mandate of the State as well as the priority focus to ensure that all people in South Africa are and feel safe. As

a provider of airspace infrastructure, ATNS ensures that the aviation sector in the country and beyond the borders is efficient and responsive.

Like many others the aviation industry pursues national transformation initiatives. ATNS has taken great strides to improve the national demographic representation of Air Traffic Controllers in the country. The comprehensive Air Traffic Control Bursar and Engineering Learnership programmes provide employment opportunities for South Africa's youth (18 – 35 years). On average, the organisation incorporates approximately 60 individuals from these programmes into the organisation annually.

The ATNS bursar programme roadshow is presented all year round, reaching all nine provinces to ensure representation for students in rural communities. ATNS has partnered with the Department of Transport and other aviation stakeholders and provincial governments to bridge the gap between urban and rural representation in aviation opportunities. Our participation in the Aviation Transformation roundtable Letsema ensures that we tirelessly work towards achieving black representation in this sector. ATNS recruitment policies and Employment Equity objectives aggressively target the African, Indian and Coloured candidates, women and youth, people with disabilities and the youth. Coming from a very low base over the years, ATNS has successfully improved the representation of the previously disadvantaged year-on-year. This improvement ensures that decent employment is available and reachable for all the people of this country.

Another major programme to which ATNS is committed is the implementation of the Women's Development programme. The Women's Development programme is designed to provide developmental opportunities for women in the organisation. The initiative comprises of four programmes which address incremental stages of corporate development for women. The programme is voluntarily offered to all women within ATNS who wish to further their personal or career development. It is within the organisation's strategy to facilitate the appropriate representation of women and youth on at all levels of the organisation in line with ATNS's EE Plan.

In pursuit of its transformative programme, that ATNS will continue funding in the future, is the Leadership Development programme that aims to develop employees across multiple disciplines, at various tertiary institutions. Included in the leadership development is Executive and Senior Management coaching to ensure succession planning within the organisation. Development of ATNS staff members is guided by the ATNS Talent and Succession Management Plan.

ATNS understands that radical economic transformation is crucial if South Africa is to have a meaningful impact in the world. The ATNS policies have been revised to ensure that the Broad-based Black Economic Empowerment (BBBEE) is fast-tracked and that we increase our spending on Enterprise Development. The ATNS procurement policies are geared towards localisation and set specific targets to transform the provision of aviation related services. The ATNS BBBEE strategy is discussed in more detail in the Corporate Sustainability section under transformation.

Guided by the socio-economic needs of our society, ATNS is keenly aware that our operations and growth should never be divorced from the developmental outcomes we are mandated to achieve by our Shareholder.

As ATNS, our mission is “to provide safe, expeditious and efficient air traffic management solutions and associated services.” This is achieved using best-in-class CNS infrastructure.

Continental Outcomes

ATNS will continue providing and maintaining the two satellite networks, namely the SADC VSAT II and NAFISAT. The SADC VSAT II and NAFISAT provides communications network from Cape to Cairo, thus making a significant contribution to the safety of the African skies. This infrastructure also contributes to the intra-African trade goals.

The Africa expansion strategy has been amplified by focusing on our substantial infrastructure programme. The programme stimulates the development of small and medium enterprises through a structured approach and linkage to international OEM's.

ICAO Aviation System Block Upgrades

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

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

The ASBU concept, described in the Global Air Navigation Plan (ICAO Document 9750) allows for a flexible global systems approach, which enables all member States to advance their own air navigation capabilities based on their specific operational requirements. Implementation of many of these modules will minimise the impact on the adverse environmental effects of civil aviation activities. ATNS fully endorses the ASBU initiative as it is essential in setting the vision and framework for the global harmonisation of air traffic management.

Civil Air Navigation Services Organisation (CANSO)

ATNS is a founding member of the Civil Air Navigation Services Organisation (CANSO). ATNS plays a leading role on the African continent by hosting the CANSO Regional Office and collaborating with other entities regionally and globally in its visibly active involvement in ICAO, IATA, and other industry networks and associations.

USTDA/ATNS Space-based ADS-B Feasibility Study

As part of ATNS effort to improve the safety and efficiency of African aviation, ATNS in collaboration with the United States Trade and Development Agency (USTDA) contributed towards a funding grant to conduct a satellite surveillance feasibility study utilising the space-based ADS-B technology. The study will establish a model for the deployment and operation of space-based global air traffic surveillance in selected African countries. The following advisory outcomes are anticipated as part of the study:

- satellite services required,
- equipment on the ground and in the air,
- system maintenance and training requirements,

- a financial model to support the deployment and operation of the Aireon system in Africa.

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

Indian Ocean Strategic Partnership to Reduce Emissions (INSPIRE) initiative

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

Air Traffic Management (ATM)

ATNS developed and consulted the ATNS ATM Roadmap with the airspace users to support the requirements of the NAMP and provide strategic guidance regarding the implementation of an interoperable and harmonized, performance based, air traffic management system within South African airspace addressing global, regional and national expectations.

The objective of the ATNS ATM Roadmap is to deliver the Future ATNS ATM System and establishes the framework of operational improvements, and their deployment interdependencies adapted to the ATNS area of responsibility. The ATNS ATM Roadmap serves as the initial starting point for the planning and submission of the ATNS permission application to the Regulator.

During the permission period ATNS will continue to strive towards a safe and efficient ATM service provision. Some of the initiatives will consider and include the following:

- Transition from Procedural Approach Control Services to Surveillance - Approach Control Services.
- Cape Town Runway Realignment and other ACSA Developments
- Gauteng Area PBN Plan (GAPP)
- Transition from AIS to AIM
- A focus on the future and the delivery of the future ATNS Air Traffic Management system must recognize initiatives and achievements of the past. The Future Airspace Management Efficiency (FAME) Project has delivered a number of safety, operational and financial benefits to the current air traffic management system. These benefits were achieved mainly through the rationalization of the South African airspace, the reduction of flight information regions from five to three and the location of en-route control centres at Johannesburg and Cape Town as opposed to the five historical locations. The implementation of random oceanic operations and the flexible use of airspace throughout South Africa are recognized as great contributors to reduced Airline operating costs.
- ATNS, in conjunction with the neighboring air navigation service providers, have established random routing areas in the Indian and Atlantic oceans. These initiatives enable airspace users to record

reduced flight times and savings in fuel burn with the resulting benefits to the environment. The successful implementation of Reduced Vertical Separation Minima (RVSM) within AFI on 25 September 2008 delivered benefits in terms of safety, environmental impact of aviation and capacity through the availability of additional flight levels. Flexible use of airspace was introduced to ensure that the entire airspace is a national resource and that segregated airspaces are temporary in nature. This benefits military, commercial and other airspace users.

- Performance Based Navigation (PBN) has been implemented to facilitate efforts within the global aviation community to reduce airspace congestion, conserve fuel, protect the environment, reduce the impact of aircraft noise and maintain reliable, all-weather operations. It provides operators with greater flexibility and better operating returns while increasing the safety of regional and national airspace systems.

22 SUPPORTING FRAMEWORKS

Annexure A – Governance Structure

Annexure B – Risk management plan

Annexure C – Fraud prevention plan

Annexure D – Materiality and Significance framework

Annexure E – Financial plan

Annexure F – Human capital plan

Annexure G – Employment Equity Plan

Annexure H - Safety management plan

Annexure I – Information technology plan

Annexure J – Corporate sustainability plan

Annexure K – Commercial Services plan

Annexure L – Aviation Training Academy

Acronyms & Abbreviations

Company Information

Appendix A – Shareholders Compact

Appendix B – Key Performance Indicators

23 ANNEXURE A – GOVERNANCE STRUCTURE

Structure of the Board

The Board of Directors exercises their oversight of ATNS on the basis of objectivity and independence. The Directors are collectively responsible for directing and managing the company affairs. The CEO and his executive team manage the day-to-day activities of the company to ensure that Board strategy, policies and resolutions are implemented and monitored. In appointing the Board, the Shareholder has maintained a unitary Board, with a sufficient mix of skills to lead the company effectively and efficiently.

Governance and Assurance

ATNS is committed to sound corporate governance practices, which are continuously reviewed to ensure that leading practice standards are maintained as recommended by the King Code of Governance for South Africa (2016) (KING IV); The Company's governance practices are underpinned by the values and principles that inform our day-to-day activities, including responsiveness, collaboration, transparency, integrity and accountability.

As a State-Owned Company, ATNS's governance relationship with its sole Shareholder - the Government of South Africa, exercised through the Minister of Transport - is managed through the Shareholder's Compact. The Compact sets out the Shareholder's commercial and developmental requirements and expectations.

The Board of Directors is the focal point for - and the custodian of - the Company's governance framework through its committee structures, its relationship with management, its Shareholder and other Company stakeholders. The primary purpose of the Board of Directors is to provide strategic direction to ensure the Company fulfils its statutory, commercial and developmental objectives, thereby promoting long-term financial and organisational sustainability.

Application of KING IV

ATNS continues to review the Company's corporate governance practices to ensure that leading practice standards are maintained as recommended by the King Code of Governance for South Africa [2016]. We are committed to the governance principles of KING IV and continue to develop governance policies, practices and procedures in line with an integrated governance, risk and compliance framework.

We maintained our application of KING IV during the year and considered the impact that King IV will have on processes and policies going forward. The Board of Directors is satisfied that every effort has been made in 2017/18 to apply all material aspects of KING IV as far as appropriate.

In line with our integrated view of King IV, our plans for 2019/20 include:

- A detailed gap analysis;
- Training for the Board of Directors, executive management and key staff; and
- Detailed planning to address identified gaps, which will include reviewing governance structures, processes, policies and relevant company documentation.

Ethical Leadership and Corporate Citizenship

The Board of Directors – as the focal point for and custodian of corporate governance - and senior management are committed to the highest standards of corporate governance and strive to achieve the highest moral and ethical operational and behavioral standards, as well as sound and transparent business practices.

The Board of Directors met seven times during the year. Its paramount responsibility is to ensure that the Company performs optimally in creating value by setting direction through strategic objectives and key policies. In doing so, the Board of Directors appropriately considers the legitimate interests and expectations of all its stakeholders.

Board of Directors

Appointment of directors

The appointment of directors to the Board of Directors is a formal and transparent process and a matter considered by the Shareholder and Cabinet as a whole. The appointment of directors is facilitated by the Department of Transport Oversight Unit.

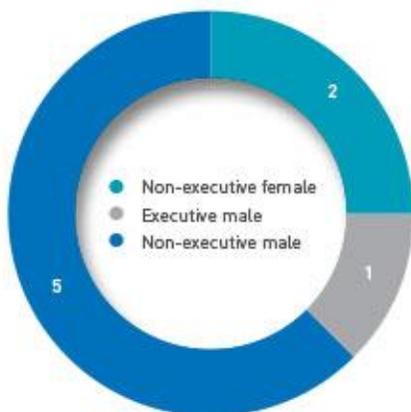
All appointments are subject to approval by the Shareholder Minister, as well as ‘fit and proper’ tests in terms of the Public Finance Management Act, the Companies Act, and any other applicable legislation.

The ATNS Board of Directors is governed by a Board of Directors Charter, which outlines the principal provisions of the ATNS Act, the fiduciary responsibilities of directors, the relationship with executive management, and matters of policy that the Shareholder and the Board of Directors ought to follow to ensure good corporate governance. The Board of Directors regards the Charter as a living document, updated periodically to align with changes required by relevant legislation and regulation.

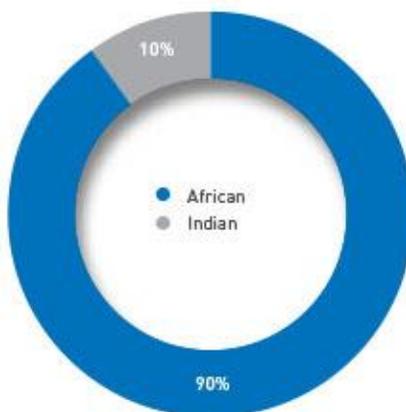
Period of office of Board of Directors members

The appointment of ATNS Directors is governed by the Company’s Memorandum of Incorporation (MOI). Non-Executive Directors have a three (3) year fixed term of appointment. A third of the directors retire by rotation each year and are eligible for re-election by the Shareholder at the Annual General Meeting (AGM) of the Company. Directors appointed to fill a vacancy on the Board of Directors during the year retire at the next AGM, enabling the Shareholder the opportunity to confirm their appointment.

GRAPH 2: BOARD OF DIRECTORS REPRESENTATION – GENDER PROFILE



GRAPH 3: BOARD OF DIRECTORS REPRESENTATION – ETHNICITY PROFILE



GRAPH 4: EXECUTIVE COMMITTEE REPRESENTATION

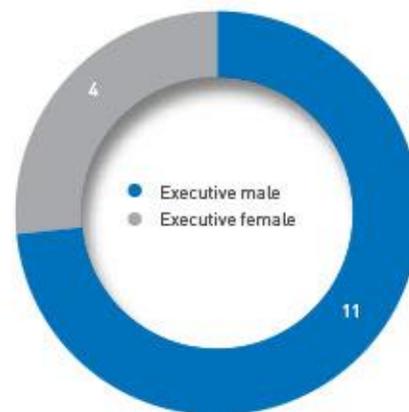


Figure 1 – Governance Structure Representation

Composition of the Board of Directors

The Company has a unitary Board of Directors structure comprising one (1) Executive Director and seven (7) Non-Executive Directors. Two Executive members serve as invitees on the Board.

The Board of Directors drives and directs strategy within the entity and has the ultimate responsibility for directing and monitoring performance of the organisation. The Board is composed of members with a wide range of skills, experience and knowledge required to meet organisational requirements. The appointment of ATNS Directors is governed by the Company’s Memorandum of Incorporation (MOI) and guided by the prescripts of the applicable legislation i.e. the PFMA 1 of 1999 and the Companies Act 71 of 2008.

The independence of the Chairman and the separation of the Chairman’s responsibilities from those of the Chief Executive Officer (CEO) ensures a balance of authority precluding any one director from exercising unencumbered powers of decision-making. The Chairman of the Board derives his or her power from the Company MOI and leads the Board in objective and effective discharge of governance roles and responsibilities. The Chairman is the link between management (CEO) and the Board of Directors. The roles of the CEO and Chairman are separate as per required standards to ensure a balance of power and authority. The Chairman is responsible for leading the Board and the CEO is responsible for execution of the strategy.

Roles and Responsibilities

The Board of Directors conducts its business in accordance with the principles of KING IV, which include exercising discipline, independence, responsibility, fairness, social responsibility and transparency, and the accountability of directors to all stakeholders. The Board of Directors’ formal charter sets out its roles and responsibilities:

- Providing effective leadership based on an ethical foundation.

- Ensuring that the Company has an effective and independent Audit and Risk Committee.
- Contributing towards and approving the strategic direction of the Company.
- Satisfying itself that the strategy and business plans proposed for the achievement of the ATNS's objectives do not give rise to risks that have not been thoroughly assessed by management.
- Ensuring that the strategy will result in sustainable outcomes, considering financial, environmental and social objectives as approved by the Board of Directors.
- Ensuring the integrity of the Company's integrated annual report.
- Defining levels of authority and areas of materiality and approving a framework for delegated authority.
- Reporting on the effectiveness of the Company's system of internal controls.
- Taking responsibility for the governance of risk through effective risk management practices, including regularly reviewing and evaluating risks to the Company and ensuring the existence of an effective risk-based internal audit function, as well as appropriate internal controls.
- Ensuring that the Company is, and is seen to be, a responsible corporate citizen.

Induction of directors

All new Directors participate in a formal induction process. Upon appointment, directors are provided with recent Board and committee documents, information on legal and governance obligations, the Company's MOI and recent reports. Guidance is provided on the requirements of the Public Finance Management Act, No.1 of 1999 (PFMA); King IV and the Companies Act, No. 71 of 2008, as amended from time to time. Directors are entitled to seek independent legal advice at the cost of the Company. Meetings are arranged between new directors and members of Exco, to ensure that the former develops a full grasp of their areas of responsibility and of the complex businesses and operations of ATNS. During the period under review, the newly-appointed Board had three (3) separate Induction sessions dealing with the company overview, the operations at the Aviation Training Academy and thorough Corporate Governance training, facilitated by the Institute of Directors SA (IoDSA).

Board of Directors and Committee Evaluations

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

- An assessment of the performance and effectiveness of the Board and that of individual directors inclusive of the CEO;
- A peer evaluation by all Directors ranking their fellow directors on contribution to the Board; and
- An evaluation of each committee by members of the committee, focusing on effectiveness of the Chairperson and the contribution of individual committee members.

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

Director training and development

All directors are expected to keep abreast of changes in trends in the business and in ATNS's environment. Director training and development is arranged on an annual basis with access to courses that would benefit and develop the Directors from an Air Traffic Management perspective as well as general Director development. Site visits to the operations are arranged at least once a year to familiarise the directors with the operational and environmental aspects of the business.

Roles and responsibilities

Chairperson of the Board of Directors and Chief Executive Officer

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

Independent non-executive directors

Directors' skills

The independent non-executive directors possess varied skills and experience from diverse industries. They are principally free from any business relationships that could hamper their objectivity or judgement in terms of the Company's business and activities.

Access to information

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

Company Secretary

The ATNS Company Secretary provides guidance to the Chairman and directors, both individually and collectively, on their duties, responsibilities and powers. The ATNS company secretary also advises on corporate governance, and on compliance with legislation and other relevant regulations.

Succession Planning

The Human Resources Committee and the Board of Directors review succession planning as a regular item on their respective agendas. The HRC, in line with its terms of reference, and from time to time, reviews the general composition of the Board of Directors and makes appropriate recommendations on the appointment of new executive or non-executive directors.

Conflict of Interest

On a quarterly basis, the Company actively solicits from its directors details regarding external shareholdings, directorships, contractual relationships, and any form of relationship that have the potential to create conflicts of interests while they serve as directors on the Board. The declarations received from the directors are closely scrutinised by both the chairman and the company secretary and are tabled at the beginning of each quarterly Board meeting. At every Board, Board committee, Executive committee and other Management committee meeting, every member is required to declare or confirm absence of any potential conflict of interest before deliberations. Where a conflict arises, directors are required to recuse themselves from the discussions.

Materiality

Levels of materiality regarding capital expenditure and changes in the operation of the business have been determined, with all matters falling outside these parameters requiring formal Board of Directors authorisation. These matters are monitored and evaluated on a regular basis through the Procurement Committee. ATNS has a Materiality and Significance Framework to monitor and manage the risk of material losses through criminal conduct, irregular expenditure, and fruitless and wasteful expenditure.

It is the responsibility of the Minister of Transport (with whom rests the primary responsibility for appropriate ATNS oversight and accountability to Parliament) to ensure that these risks are identified, reduced and managed. The ATNS Significance Framework is designed to assist the Minister in discharging this responsibility.

Committees of the Board of Directors

The Board of Directors has established various standing committees that are ultimately accountable to it. These committees assist the Board of Directors by focusing on specialist areas. The committees meet independently and provide feedback to the main Board of Directors through their respective Chairpersons.

Audit and Risk Committee

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

Governance of risk

As a State-Owned Company operating within an international regulatory environment – as well as a globally volatile economic climate – ATNS needs to ensure vigilant risk management. Further, the Company provides organisation-wide assurance on priority issues such as regulatory compliance, safety management, environmental compliance, reputation management, operational efficiency, and project and financial risk management. The Board of Directors ultimately determines the various levels of risk tolerance of the organisation, and delegates the overall design, implementation and monitoring of risk to management. An annual enterprise risk assessment is performed, and mitigation controls are monitored through the enterprise risk management framework.

The governance of information technology (IT)

The organisation runs a successful IT Steering Committee, which meets every quarter to facilitate cooperation between user departments and the IT department to ensure that business objectives are met. A sub-committee of the IT Steering Committee – the ‘Enterprise Architecture and Technology forum’ - was launched at the end of the 2017/18 financial year. The Enterprise Architecture and Technology forum was formulated to:

- Oversee the formulation and implementation of shared principles, standards, policies, guidelines and technology-related reference models for the IT and Operations Technology (OT) environments;
- Assure technology designs for IT/OT infrastructure and the Wide Area Network and information security related infrastructure;
- Guide and promote technology architecture implementations; and
- Execute and implement decisions and tasks delegated to it by the IT Steering Committee.

A monthly IT Executive Committee meeting structure was also formulated during the 2017/18 financial year, which serves as a forum for IT senior management and business leaders to discuss current priorities and to report IT performance to the business using a set of established performance metrics.

The Company also ran effective information security campaigns during the year to inform users of potential risks and to promote safer online behaviour. Disaster recovery simulations served to test the effectiveness of the controls put in place to ensure continuity of business in the event of a disaster.

The Company is in the process of formulating a new IT strategy that is aligned to organisational strategy, particularly with regards to organisational performance and sustainability goals.

The plans for the current financial year and beyond are to:

- Mature processes for exploring leading-edge technology, global best practices and emerging good practices to exploit them in support of corporate sustainability goals;
- Refresh ageing technology for operational efficiency and business continuity;
- Enhance and implement IT policies, procedures and responsibilities for managing information security,

information management and information privacy;

- Perform regular IT security risk and impact analysis; and
- Formulate and ensure approval of the IT security strategy by the ATNS Board of Directors

Compliance with laws, codes, rules and standards

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

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

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

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

- The compliance officer reports non-compliance with laws and regulations to the Audit and Risk Committee; and
- The ATNS Compliance function has unrestricted access to the Chairperson of the Audit and Risk Committee.

Internal Audit

Internal audit is an independent, objective assurance and consulting function. It reports administratively to the CEO and functionally to the Audit and Risk Committee (ARC) as provided for in the PFMA. Internal audit's main function is to give assurance to Management and the Board on the adequacy and effectiveness of controls, governance and risk management.

An external quality assessment review was conducted subsequent to year end to assess the internal audit function's conformity to The Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing as required in terms of the PFMA. The review raised significant findings relating to non-conformity with the Institute of Internal Auditors (IIA) standards, non-delivery of the internal audit plan for the year under review and the capacity of the internal audit function. An improvement plan to address

findings from the review will receive attention during the 2019/20 financial year.

Governing Stakeholder Relationships

ATNS recognises that it does not operate in a vacuum and is therefore cognisant of the environment within which it operates. This includes acknowledging the Company's direct and indirect impact on its stakeholders, thereby informing how it conducts its business. ATNS strives to maintain proactive stakeholder relationships and to manage stakeholder expectations as well as potential reputational risks by aligning the Company's objectives with stakeholder priorities.

The Board of Directors further undertakes to use its best efforts to balance the diverse interests of ATNS's stakeholders and to engage stakeholder groups on material issues that may impact the Company's long-term economic, social and environmental sustainability.

Integrated Reporting and Disclosure

Through its integrated reporting, ATNS aspires to provide a comprehensive and integrated representation of the Company's performance in terms of both its finances and its sustainability. ATNS's Integrated Report is published annually and presents an overview of the Company's activities, practices and financial performance for the year; and presents a balanced analysis of our sustainability performance strategy in relation to issues that are relevant and material to ATNS and its stakeholders.

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

ATNS Board of Directors

SIMPHIWE THOBELA

Chairperson

Date of birth: 26 March 1972

COMMITTEES

- Governance Committee

AREAS OF CORE EXPERTISE [SKILLS & EXPERIENCE]

- Leadership
- Governance
- Financial Management
- Supply Chain Management

ACADEMIC QUALIFICATION

- B. Com Logistics – (University of South Africa)
- Post Graduate Diploma in Public Management – (Regenesys School of Public Administration)

- Master of Town and Regional Planning – (University of KwaZulu-Natal)
- PhD Candidate (University of The Free State)

DATE OF 1ST APPOINTMENT

- 21 May 2018

ACTIVE MEMBERSHIPS ON OTHER BOARDS

- Directorship/Shareholder/Trusteeship:
 - IlimaLethu Trust
 - Magwa Tea Estate Board

SULEMAN BADAT

Date of birth: 20 November 1962

COMMITTEES

- Governance Committee
- Social and Ethics Committee
- Audit and Risk Committee
- Business Research, Operations and Development Committee

AREAS OF CORE EXPERTISE [SKILLS & EXPERIENCE]

- Governance
- Risk Management
- Compliance

ACADEMIC QUALIFICATION

- Bachelor of Accountancy (University of Kwa-Zulu Natal)
- CA (SA)
- Certificate of Risk Management & Assurance (IIA)

DATE OF 1ST APPOINTMENT

- 13 April 2018

ACTIVE MEMBERSHIPS ON OTHER BOARDS

- Directorship/Shareholder/Trusteeship:
 - Howden Africa Holdings Limited
 - Marine Living Resources Fund
 - Project Assurance Solutions (Pty) Ltd

KYANSAMBO VUNDLA

Date of birth: 10 October 1978

COMMITTEES

- Governance Committee
- Transformation, Investments and Projects Committee
- Audit and Risk Committee
- Social and Ethics Committee

AREAS OF CORE EXPERTISE [SKILLS & EXPERIENCE]

- Financial Management
- Insurance

ACADEMIC QUALIFICATION

- Bcom Accounting (Rhodes University)
- Higher Postgraduate diploma Accounting (Rhodes University)
- Postgraduate diploma in Mechanics of Project Finance (Middlesex University)

DATE OF 1ST APPOINTMENT

- 13 April 2018

ACTIVE MEMBERSHIPS ON OTHER BOARDS

- Workforce Limited - Non-Executive Director

NOMATHEMBA KUBHEKA

Date of birth: 1 January 1967

COMMITTEES

- Human Resources Committee
- Social and Ethics Committee
- Transformation, Investment and Projects Committee

AREAS OF CORE EXPERTISE [SKILLS & EXPERIENCE]

- Talent management and skills development
- Corporate negotiations
- Project management
- Research and development planning
- Logistics
- Property development and facilities management

ACADEMIC QUALIFICATION

- Bachelor of Arts in Education (University of the Witwatersrand)
- MSc in Building (University of the Witwatersrand)

DATE OF 1ST APPOINTMENT

- 22 August 2018

ACTIVE MEMBERSHIPS ON OTHER BOARDS

- SANCO Development Institute (SDI)
- SANCO Investment Group (SIG)
- The Mining Qualification Authority (MQA)

ZENZELE MYEZA

Date of birth: 28 July 1960

COMMITTEES

- Governance Committee
- Social and Ethics Committee
- Human Resources Committee
- Business Research, Operations and Development Committee

AREAS OF CORE EXPERTISE [SKILLS & EXPERIENCE]

- Financial Management
- Investment Management
- Auditing
- Risk Management
- Information Technology
- Business development
- Operations
- Marketing Management
- Property Management
- Project Management
- Human Resources
- Development facilities management

ACADEMIC QUALIFICATION

- Bcom Accounting (University of Zululand)
- MBA (UKZN)
- Certificate in Aviation Management (IAMTI, Canada)
- Certificate in Corporate Governance (University of Johannesburg)
- Certificate in Retail Management (University of Pretoria)
- Property Development Program (UCT Graduate School of Business)

DATE OF 1ST APPOINTMENT

- 13 April 2018

ACTIVE MEMBERSHIPS ON OTHER BOARDS

- Directorship/Shareholder/Trusteeship:
 - Chas Everitt International Property Group
 - Rand Water Medical Scheme

NLJ NGEMA

Date of birth: 25 September 1950

COMMITTEES

- Governance Committee
- Business Research, Operations and Development Committee
- Social and Ethics Committee
- Human Resources Committee

AREAS OF CORE EXPERTISE [SKILLS & EXPERIENCE]

- Strategic Planning
- Policy Formulation
- Strategy Formulation
- Resource Management
- Driving Transformation
- Aviation
- Aerospace

ACADEMIC QUALIFICATION

- Private Pilots Licence (CAA Nigeria)
- Commercial Pilots Licence(CAA UK) with the following rating: Instrument rating, night rating, multi engine rating, flight instructor rating
- Airline Transport Pilots Licence (FAA USA) rated on the following a/c:
- Boeing B767, BAE 146, Viscount 700 & 800, BE200, BE55, PA23, PC6, Cessnas 182, 172, 152 & 150 (aerobatics) Military Senior Command and Staff Diploma
 - Senior Management Programme
 - Defence Resource Management
 - Defence Management (Wits)
 - Advance Air Operations Law certificate
 - AVIATION Leaders Programme in Public Policy

DATE OF 1ST APPOINTMENT

13 April 2018

KHULILE BOQWANA

Date of birth: 28 July 1972

COMMITTEES

- Governance Committee
- Audit and Risk Committee
- Human Resources Committee
- Transformation, Investment and Projects Committee

AREAS OF CORE EXPERTISE [SKILLS & EXPERIENCE]

- Investment and Regulation
- Airport Infrastructure Regulation
- Broadcasting and Telecommunications
- Energy Regulation
- Corporate Strategy
- Corporate Governance
- Policy Regulation
- Project Management

ACADEMIC QUALIFICATION

- Senior Teachers Diploma
- B Compt
- Masters in Business Leadership

DATE OF 1ST APPOINTMENT

- 13 April 2018

Composition of The Board of Directors and Board of Directors Committees

COMMITTEE	TOTAL	EXEC & NON-EXEC	% MALE				% FEMALE			
			African	Coloured	Indian	White	African	Coloured	Indian	White
ATNS Executive Committee	12	Exec	8	0	0	1	3	0	0	0
ATNS Board of Directors	8	Exec	1	0	0	0	0	0	0	0
		Non-Exec	4	0	1	0	2	0	0	0
Audit and Risk Committee	3	Exec		0	0	0	0	0	0	0
		Non-Exec	1	0	1	0	1	0	0	0
Human Resources Committee	5	Exec	1	0	0	0	0	0	0	0
		Non-Exec	3	0	0	0	1	0	0	0
Social and Ethics Committee	6	Exec	1	0	0	0	0	0	0	0
		Non-exec	2	0	1	0	2	0		0
Transformation, Investments and Projects Committee	4	Exec	1	0	0	0	0	0	0	0
		Non-Exec	1	0	0	0	2	0	0	0
Business Research, Operations and Development Committee	5	Exec	1							
		Non-exec	3		1					

Table 1 –Composition of The Board of Directors and Board of Directors Committees

Board of Directors Committee Responsibilities for Integrated Reporting Elements

INTEGRATED REPORTING ELEMENTS	REQUIRED ACTIVITIES	BOARD COMMITTEE
Risks and opportunities	<ul style="list-style-type: none"> Review adequacy and effectiveness of ATNS’s Enterprise Risk Management (ERM) process and associated control environment. Identify and assess material risks. Ensure effective mitigation activities to prevent or 	<ul style="list-style-type: none"> Audit and Risk Committee Business Research, Operations and Development Committee

INTEGRATED REPORTING ELEMENTS	REQUIRED ACTIVITIES	BOARD COMMITTEE
	<p>minimise the adverse impacts of material risks.</p> <ul style="list-style-type: none"> Identify opportunities for innovation and growth. 	
Strategy and resource allocation	<ul style="list-style-type: none"> Ensure appropriate strategic responses to risks and opportunities. Ensure appropriate and efficient processes, procedures and policies to provide an enabling environment and structural support to the Company's business. Ensure appropriate allocation of the various 'capitals', including: <ul style="list-style-type: none"> Financial capital (e.g., long-term borrowings) Manufactured capital (e.g., property, plant and equipment) Intellectual capital (e.g., brands, trade-marks and patents) Human capital (e.g., permanent employees) Social and relationship capital (e.g., industry alliances) Natural capital (e.g., air space, electricity and fuel) 	<ul style="list-style-type: none"> Audit and Risk Committee Human Resources Committee Transformation, Investments and Projects Committee IT Steering Committee Social and Ethics Committee Safety Committee
Remuneration and incentives	<ul style="list-style-type: none"> Ensure appropriate, market-related remuneration, linked to performance. Ensure incentives and rewards are market-related and managed according to performance against targets, as per ATNS's Shareholder Compact and strategic objectives. 	<ul style="list-style-type: none"> Human Resources Committee Social and Ethics Committee
Safety and health	<ul style="list-style-type: none"> Ensure a safe working environment for ATNS employees. Ensure alignment with global safety standards. Ensure 'safe procurement'. Ensure 'safety culture', including safety training. 	<ul style="list-style-type: none"> Safety Committee Transformation, Investments and Projects Committee Social and Ethics Committee Human Resources Committee
Organisational transformation	<ul style="list-style-type: none"> Ensure ATNS B-BBEE Strategy align with Dti's Codes of Good Practice. Maintain and ensure favourable black representation at Board of Directors and Top Management levels. Ensure on-going equal opportunity initiatives. Ensure that procurement practices align with ATNS's enterprise development (ED) and supplier development (SED) objectives. 	<ul style="list-style-type: none"> Audit and Risk Committee Human Resources Committee Transformation, Investments and Projects Committee Social and Ethics Committee

INTEGRATED REPORTING ELEMENTS	REQUIRED ACTIVITIES	BOARD COMMITTEE
Environmental management	<ul style="list-style-type: none"> • Ensure environmental sustainability through the management of carbon emissions and energy efficiency. • Ensure responsible operational impacts on communities and bio-spheres (e.g., noise reduction). • Ensure environmental risk management and compliance. • Ensure organisational awareness for environmental sustainability issues. • Ensure environmentally-responsible procurement practices. • Ensure 'Green technology' practices. 	<ul style="list-style-type: none"> • Audit and Risk Committee • Social and Ethics Committee • Human Resources Committee • Transformation, Investments and Projects Committee • IT Steering Committee
Stakeholder engagement and relationship management	<ul style="list-style-type: none"> • Ensure positive stakeholder relationship engagement and management. • Ensure proactive support for suppliers and constructive supplier management. • Ensure positive employee relations and encourage adherence to ATNS's Code of Conduct and embed the Company's Values throughout the organisation. • Ensure proactive SLA compliance management with suppliers. • Ensure an enabling work environment for employees to achieve their professional and personal goals, share ideas, communicate openly and report concerns. 	<ul style="list-style-type: none"> • Social and Ethics Committee • Transformation, Investments and Projects Committee • Human Resources Committee • Audit and Risk Committee • IT Steering Committee

Table 2 – Board of Directors Committee Responsibilities for Integrated Reporting Elements

ATNS Executive Committee

THOMAS KGOKOLO

Interim Chief Executive Officer (Executive Director)

Appointed: 1 October 2018

Areas of core expertise [skills and experience]

- Finance
- Auditing
- Risk Management
- Investment Management
- Business valuations

Academic qualification

- CA(SA)
- MBA (Gordon Institute of Business Sciences)
- B Compt Honours (University of South Africa)
- B Com Accounting Sciences (University of Pretoria)

AYANDA MANQELE

Acting Company Secretary

Appointed: 11 October 2017

Areas of core expertise [skills and experience]

- Corporate Governance
- Litigation
- Company Law
- Labour Law
- Corporate Reporting

Academic qualification

- Bachelor of Arts in Law
- Bachelor of Laws-LLB (UKZN)
- Admitted Attorney (2011)
- Professional Post-Graduate Qualification: Company Secretarial and Governance Practice (CSSA) Current

MATOME MOHOLOLA

Acting Chief Financial Officer

Appointed: 1 October 2017

Areas of core expertise [skills and experience]

- Financial Management
- Retail
- Manufacturing services
- Government Business

Academic qualification

- CA (SA),
- MBA (Georgetown University – USA and ESADE Business School – Spain)
- MCOM Tax (University of Pretoria)
- B Com (University of Venda)
- BACC (University of Witwatersrand)

JEOFFREY MATSHOBA

Executive: Air Traffic Management/cns

Appointed: 1 July 2015

Areas of core expertise [skills and experience]

- Aviation operations
- Airspace Management

Academic qualification

- BCom
- International Executive Development Program (WITS and London Business School)

THANDEKA MDEBUKA

Legal Counsel

Appointed: 01 April 2018

Areas of core expertise [skills and experience]

- Legal compliance
- Advocacy
- Contract negotiation and management
- Litigation
- Risk assessment

Academic qualification

- LLB (University of UKZN)
- LLM- Mercantile Law (University of Pretoria)
- Business Leadership Programme (GIBS)
- Certificate in Contract Drafting (LSSA)
- Admitted Attorney (2004)

ZORRO BOSHIELO

Chief Technology Officer

Appointed: 1 December 2015

Areas of core expertise [skills and experience]

- Technical support and maintenance
- Telecommunications and technology – systems design, planning, development, implementation and maintenance
- Technology lifecycle management and support services
- Electronic engineering
- Ventures and business development
- Project Management

Academic qualification

- BSc Electrical Engineering
- BEng Honors Computer Engineering
- MBL
- Certificate in Advanced Executive Programme

LESEGO R MAHAMBA: Chief Audit Executive

Appointed: 1 February 2018

Areas of core expertise [skills and experience]

- Audit and Risk management
- Strategy and Planning
- Commerce and business analysis
- Compliance

Academic qualification

- Chartered Accountant South Africa CA(SA)
- Master's in business administration (MBA) (University of Reading, UK, 2016)
- Bcom Accounting Sciences (University of Pretoria, 2005)
- Bcom Economics (University of Pretoria, 2004)

THABANI MYEZA

Executive: Commercial Services

Appointed: 1 April 2015

Areas of core expertise [skills and experience]

- Commercial services and business development
- New market strategies (locally and internationally)
- Policy development and operational policy alignment
- Regional business expansion

Academic qualification

- BCom Accounting (University of Zululand)
- MBA General Management (Texas Southern University)

TENDANI NDOU

Principal: Aviation Training Academy

Appointed: 1 June 2011

Areas of core expertise [skills and experience]

- Risk, audit and compliance
- Corporate Governance
- Accounting, finance and management

Academic qualification

- BCom (Hons) Cost Management
- Accounting (University of Venda)
- CIA and Certificate in Control Self-Assessment (CCSA) (Institute of Internal Auditors (IIA))
- Higher Education Diploma (UNISA)
- Global Executive MBA (Gerogetown, USA and Esade Business School, Spain)

CAROL TOMAS

Chief Information Officer

Appointed: 1 October 2018

Areas of core expertise [skills and experience]

ICT systems planning and implementation
Cyber security
IT Governance
Strategic planning

Academic qualification

MBA,

MIKM (Masters in Knowledge and Information Management),
Cobit 5,
Togaf8 certified

DUMISANI H SANGWENI Executive: Strategy & Optimisation

Appointed: 1 May 2010

Areas of core expertise [skills and experience]

- Commerce and business analysis
- Strategy and Planning
- Aviation operations management
- Transport and airline logistics

Academic qualification

- BSc in Aviation Technology (Embry Riddle Aeronautical University, USA,1991)
- Postgraduate diploma: Transport Economics (Rand Afrikaans University, Johannesburg 1997)
- Postgraduate diploma: Business Administration (PBL) (University of South Africa, 1999)

DR. SANDILE MALINGA

Chief Operations Officer

Appointed: 1 September 2016

Areas of core expertise [skills and experience]

- Aerospace technology & systems
- Navigation, communication and surveillance management
- Research, Development & Innovation management
- High-value Project Implementation
- Operations management
- Strategy and planning

Academic qualification

- PhD in Physics (Rhodes University)
- MBA (Business School, Netherlands)

HENNIE MARAIS

Chief: Air Traffic Services

Appointed: 1 March 2010

Areas of core expertise [skills and experience]

- Aviation operations management
- Training and mentoring
- Governance, compliance and regulatory oversight
- Safety management
- Strategy and planning

Academic qualification

Aerodrome, Approach an Area Procedural and Radar validations
Senior Management Programme (University of Stellenbosch)

How ATNS's Control Framework Creates Value

COMPONENT	HOW IT CREATES VALUE FOR THE ORGANISATION
Internal audit	<ul style="list-style-type: none"> • Supports the Company by providing independent assurance over the adequacy and effectiveness of the governance, risk management and control environment, including other key controls as presented by management, and risks emanating from the top 10 strategic risks of the Company. • Helps the organisation to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes to ensure that the following objectives are achieved: <ul style="list-style-type: none"> ➤ Risks are properly managed. ➤ Policies, regulations and laws are complied with. ➤ Data is accurate, timely, useful, reliable and relevant. ➤ Operations are effective and efficient and add value.
Fraud prevention, detection and investigation	<ul style="list-style-type: none"> • ATNS has a zero-tolerance approach to fraud and corruption. A fraud prevention plan is annually approved by the board and monitored throughout the year. ATNS fraud and corruption methodology enables the Company to identify and mitigate the occurrence of fraud and corruption through risk assessment and compliance checks. These are performed Companywide on an annual basis. These assessments help to identify potential high-risk areas of fraud and corruption. • Most reported incidences of fraud activities as per the whistle blowing hotline and from line management are in the following areas: Financial Control, Supply Chain Management and Human Resources. (i.e. procurement misconduct and recruitment process). Management have placed more controls to prevent, detect, and mitigate the fraud risk in these areas. • The ATNS strategic imperatives represent the overarching themes of the Fraud Risk Management Plan in that they not only embrace the fraud risk management initiatives undertaken in previous years, but also emphasise the related root causes of fraud and corruption emanating from the areas of governance, people, methods and practices. Fraud and Corruption awareness education encompasses formal training annually with all employees, including both bargaining and non-bargaining council employees. • ATNS's anonymous Whistle Blowing Hotline is in place for the reporting of suspected fraudulent or unethical behaviour via an outsourced toll-free hotline. Reports are relayed to the Chief Audit Executive, Chief Executive Officer, as well as to the Chairman of the Audit and Risk Committee. Staff awareness of this facility is promoted through posters, the intranet and the training programme undertaken to all staff. • The hotline is available 24 hours a day, seven days a week and call centre agents can converse in all official languages.
IT governance	<ul style="list-style-type: none"> • The Company has developed a comprehensive list of IT risks that are linked to the organisation's objectives. The top five IT risks include: <ul style="list-style-type: none"> ➤ Cyber security threats.

COMPONENT	HOW IT CREATES VALUE FOR THE ORGANISATION
	<ul style="list-style-type: none"> ➤ Inadequately managed information and business intelligence. ➤ Unauthorised access to operational and back-office systems. ➤ Lack of security on IT assets. ➤ Inappropriate IT assets disposal. <ul style="list-style-type: none"> ● Each risk has a list of mitigation actions to improve the management of the risk, and these actions are monitored regularly and reviewed in joint sittings between the IT department and the Risk Management department.
IT governance (continued)	<ul style="list-style-type: none"> ● The Company is in the process of finalising the control self-assessment framework in line with recommendations of the external auditors. The framework will assist the IT department to: <ul style="list-style-type: none"> ➤ Conduct an assessment of risks and controls; ➤ Develop recommendations for improvement; ➤ Enhance the department’s ability to achieve its objectives; ➤ Improve communication within the team; and ➤ Improve the efficiency and effectiveness of IT operations.
Regulatory compliance	<ul style="list-style-type: none"> ● ATNS established a Permission Planning Committee (PPC) as a permanent Executive Committee subcommittee, with the express purpose of facilitating the permission planning process. ● ATNS subscribes to a modular approach in compiling permissions and the PPC, through its Permission Module Managers project team, drives the preparation and maintenance of information modules needed to compile permission applications as mandated by the Regulating Committee in its Approach document. ● The PPC also ensures modules are kept ‘live’ and updated on an annual basis to monitor progress in the implementation of the current permission, thereby tracking ‘actual’ versus ‘budgeted’ permission Key Performance Indicators (KPIs) and reporting on deviations. This provides input for the yearly budgeting process in addition to developing a repository of historic permission data needed to feed into and help guide subsequent permission application processes.

COMPONENT	HOW IT CREATES VALUE FOR THE ORGANISATION
Enterprise risk management (ERM)	<ul style="list-style-type: none"> • Enterprise Risk Management (ERM) aims to achieve an appropriate balance between opportunities realised for gain, while minimising adverse impact. To achieve best-practice levels, ATNS considers the requirements of the guidelines of the King Report on Corporate Governance for South Africa, 2017 (King IV), and ISO 31000: 2009 Risk Management Standard. The strategic risk profile is based on the Six Strategic Imperatives of ATNS • The strategic risks of ATNS are reassessed on an annual basis by considering the basic available information on changes, research in both internal and external environment of the entity. The risks are identified, evaluated and assessed on an inherent risk basis, prior existing controls are considered. The control effectiveness of the risk is rated by the ATNS Executive team on a rating scale varying from weak to very good. This results in a calculated residual risk rating per risk identified. Therefore, mitigation strategies are developed to mitigate the risks based on their level of priority ranking. • To ensure continuous improvement in the risk management process, the risk ownership has been enhanced by the Senior Management team by formally appointing departmental and ATSU risk champions to embed risk management within their area of operations. Formal risk management training was conducted for all the risk champions to build capacity within the risk department. This enhances risk advisory at an operational and departmental level.

Table 3 – How ATNS’s Control Framework Creates Value

Statement of adequacy of ATNS’s internal control environment

Based on the consideration and analysis of information and explanations from management, the assessment of internal controls by internal audit, including internal financial controls and external audit reviews; the Audit and Risk Committee is of the opinion that the internal controls of the Company were partially effective throughout the year under review in ensuring that:

- Risks are properly managed
- The Company’s assets were safeguarded;
- Proper accounting records were maintained; and
- Compliance with laws, regulations and contracts was ensured.

Where internal control weaknesses were identified, these were discussed with management and corrective actions were taken to minimise the risk. Consequence management linked to unresolved audit findings is being driven at the Board of Directors level to ensure management responds adequately to repeat findings by both internal and external auditors. Management is undertaking an overhaul of ATNS’s IT systems to improve internal controls.

The Committee and management have also addressed issues of non-compliance with policies and procedures received through the auditors and the whistleblowing hotline. The Committee is driving an internal educational process to reemphasise the importance of regulatory compliance within the Company.

Quality statement

ATNS has been an ISO 9001 certified organisation since 1998. The ISO 9001:2015 standard replaced the previous ISO 9001:2008 standard. As the custodian of ATNS's Quality Management System (QMS), the Strategy and Optimisation department embarked on a process to embed the updated ISO 9001:2015 standard throughout the organisation. The aim for retaining ISO 9001:2015 certification is to improve its business processes, reduce company-wide waste, lower overall costs, and setting company-wide direction, while taking cognizance of risks and opportunities.

Monitoring and evaluation: QMS auditing is a crucial business management tool used within ATNS to monitor and evaluate its documented processes, procedures and responsibilities to achieve ATNS's quality policies and objectives, and to ensure complete adherence to statutory and regulatory requirements. Consequently, conforming to the monitoring and evaluation approach, ATNS provides its customers with the surety of cost-effective, value-add and safe products and services.

In the year ahead, the Company intends to fully complete the process of aligning policies, procedures and processes to the updated ISO 9001:2015 standard in preparation for the January 2019 audit, and to instill a holistic and integrated management approach and culture throughout the organisation.

Code of ethics

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

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

24 ANNEXURE B – RISK MANAGEMENT PLAN

Overview

ATNS has adopted an Enterprise Risk Management framework which is based on the ISO 31000 which describes how the organisation will incorporate risk management process into day to day activities

Enterprise risk management is a fundamental component in ensuring that ATNS fulfils its mandate, through the continuous assessment of current risks and the identification of new risks. All risks, whether strategic or operational in nature, are documented in risk registers and continually addressed through mitigation actions and treatment.

Risk Management is a standing agenda item of the MANCOM, OPSCOM, BRODC and Audit and Risk committees, the strategic risk and operational risks are reviewed annually, and progress are monitored monthly through the risk section and its committees. At the beginning of the financial year, 9 strategic risk were identified with the residual risk level exposure of which 5 are sitting at priority 1, 3 at priority 2 and 1 at priority 4. During the course of the current financial year, the organisational strategic profile changed due to new emerging risks that were identified and some risk rating changes, this led to the top ten strategic risks currently identified with mitigation plans and time lines of which 6 are sitting at priority 1, 3 at priority 2 and 1 at priority 3.

Risk Appetite and Tolerance

ATNS also recognises that there are risks inherent to the nature of our core operations, and seeks to manage and mitigate these risks in a way that minimises the likelihood and impact of occurrence

ATNS has an overall cautious appetite for taking risk that could influence the achievement of strategic objectives and for delivering ATNS's mandate and pursue opportunities where the rewards outweigh the risks. ATNS and its management will implement adequate control measures to mitigate these risks to acceptable levels of residual risk exposure to the company and its stakeholders.

ATNS TOP-10 STRATEGIC RISK REGISTER

	Category	Risk description	Impact	Likelihood	Inherent risk exposure	Perceived control effectiveness	Residual risk exposure	Actions to improve management of the risk
1	Operations	Major safety events involving ATNS which could potentially result in the loss of life and reputational damage to the company	Catastrophic	Almost Certain	Extreme	Weak	Priority 1	<p>Develop a safety climate that will drive a coherent, enterprise-wide safety culture.</p> <p>Finalise the integrated security strategy, policy and framework Refurbishment of ORT</p> <p>Establish a clear facility management arrangement</p> <p>Restructure Safety Management, ATS and ORT Management Implement safety turnaround plan (STAP)</p>
2	IT	Non-availability or poor performance of various technologies to support the strategy due to unreliability of key technologies, IT network stability and unintegrated ICT infrastructure	Critical	Almost Certain	Extreme	Weak	Priority 1	<p>Develop Enterprise architecture</p> <p>Revise ICT strategy (including cyber and cloud strategy)</p> <p>Implement comprehensive IT Governance structure</p> <p>Develop plans to integrate unmanned traffic management into ATM;</p> <p>Develop ATNS research funding model.</p>
3	Operations	Significant and prolonged disruption to ATNS critical business due to a catastrophic event - natural or man-made	Critical	Almost Certain	Extreme	Weak	Priority 1	<p>Enhance IT Disaster Recovery Plan;</p> <p>Ensure there is adequate coverage of critical data in back-up processes;</p> <p>Conduct simulation for disaster recovery plans for identified critical processes</p> <p>Conduct an integrated DR test for critical Departments</p> <p>Implement ATM Disaster Recovery Project</p> <p>Incorporate billing into the site to site replication</p> <p>Develop a disease outbreak contingency plan</p> <p>Develop a national plan to address the movement of unmanned aerial systems</p>

	Category	Risk description	Impact	Likelihood	Inherent risk exposure	Perceived control effectiveness	Residual risk exposure	Actions to improve management of the risk
4	Security	Potential threats to ATNS physical infrastructure through theft and vandalism. Safety and security of employees at work and when travelling on business"	Catastrophic	Almost Certain	Extreme	Weak	Priority 1	Finalise the integrated security strategy, policy and framework Develop a security program; Roll out the site security project. Develop a security training plan for all employees Conduct regular security risk & threat assessments
5	Business Process	Business processes not adequately optimised to contribute to strategy in terms of efficiency and effectiveness across ATNS.	Critical	Almost Certain	Extreme	Weak	Priority 1	Implement the SCM model Implement a new billing system; Develop and implement an integrated business process to the required maturity levels; Explore the transversal agreement for contract Management
6	Operations	Non-achievement of the project plans and targets to drive the strategy	Catastrophic	Almost Certain	Extreme	Weak	Priority 1	Capex Implementation - Status and Outlook / Recovery Plan and Capex Delivery Framework Implementation Monitor the implementation for the CDF Review governance structure for the implementation of the CDF
7	Technology	System failure to operate due to Cyber Security Events (IT&ATM)	Catastrophic	Likely	Extreme	Weak	Priority 1	Develop Cyber Security Strategy Develop and implement a Communication and Education Plan around cyber Develop Cyber Security Plan Develop Information Security Policy Identify and secure all hardware and software assets that are vulnerable

	Category	Risk description	Impact	Likelihood	Inherent risk exposure	Perceived control effectiveness	Residual risk exposure	Actions to improve management of the risk
8	Supply Chain Management	ATNS's reliance on a single 3rd party service providers for most of ATNS critical equipment (Eskom, Telkom, Thales)	Critical	Almost Certain	Extreme	Weak	Priority 1	Investigate possibility of acquiring/ joint ventures with sole third-party service providers; Implementation of the enterprise development plan as approved
9	Compliance	Non-compliance to regulatory requirements applicable to ATNS by the business	Critical	Almost Certain	Extreme	Satisfactory	Priority 2	Implement Compliance Risk Management Plans. Monitor and report compliance and non-compliance with regulatory requirements Improved governance and internal control initiatives
10	People	Lack of competencies and skills to drive/support the strategy (Right -people, skills, leadership, organisational structure)"	Critical	Likely	High	Satisfactory	Priority 3	Building a highly skilled and professional public ATNS Refine performance development process to enable alignment of organisational KPA to individual KPAs. Implement learning programmes that not only solve for the business of today but also the business of tomorrow. Organise and align jobs according to the type of work and level of work required. Develop clear departmental strategy Establish leadership and management programmes incl. leadership coaching and mentoring;

Table 1 – ATNS Top-10 Strategic Risk Register

Our opportunities for growth

Category	Opportunity description	Opportunity action plans
Opportunity	Increasing the footprint, scope and impact of ATNS.	<p>Fast track the growth strategy for regulated and non-regulated business.</p> <p>Implement the 10 Year Bankable Business Plan / AFI Tactical Plan and Regional Airports issues of loss of FARB, FAGC and others.</p> <p>Develop an acquisition strategy focusing on key suppliers and competitors.</p>
Opportunity	Ensuring strategic far-sightedness, detailed insight and understanding of global market dynamics, and readily available information on technological and business trends, suppliers, products, clients and competitors.	<p>Tap into Unmanned Aerial Vehicles (Drones) market.</p> <p>Develop strategy for small aerodromes that will include funding and retention.</p> <p>Consider entering the space for the maintenance support contracts.</p> <p>Excelling at building lasting relationships with government and other strategic partners – suppliers, clients, the ATM Community and our people - that are built on trust, are flexible, relevant, supportive, robust and are conducive to creating win-win situations.</p>
Opportunity	Excelling at building lasting relationships with government and other strategic partners – suppliers, clients, the ATM Community and our people - that are built on trust, are flexible, relevant, supportive, robust and are conducive to creating win-win situations.	Invest time in building relation with key stakeholders (e.g. Government, Suppliers, Clients, ATM community, Regulator).
Opportunity	Introduction of successful products and services that will improve performance significantly and enable growth in ATNS.	<p>Ensure that ATNS's prolonged sustainability and competitive advantage is maintained.</p> <p>Conduct critical R&D with a quest to develop and deploy innovative aviation technologies and concepts addressing security, efficiency, including environmental compatibility and security that are embodied in ATM and CNS roadmaps.</p>

25 ANNEXURE C – FRAUD PREVENTION PLAN

As part of ATNS's plan to comply with Treasury Regulations and the PFMA, it has undertaken the development of a Fraud Prevention Plan. This should be read together with the ATNS Fraud Management Policy, Whistle-Blowing Process, Supply Chain Management Policy, ATNS code of conduct and the ATNS Management Directive on Conflict of Interest Directive.

The plan takes into account the risks of fraud as identified in risk assessments initiated by ATNS. The plan details strategic fraud and corruption risks that must be addressed and that could jeopardize the successful implementation of each component of the plan.

The Plan is dynamic and will continually evolve as ATNS makes changes and improvements in its drive to promote ethics, as well as to fight fraud and corruption.

The Fraud Prevention Plan provides for, among others, the mechanisms for:

- early detection of fraud,
- the investigation of fraud in order to minimize its negative impact and
- special initiatives that need to be undertaken to prevent fraud.

Objectives

The objectives of the plan can be summarised as follows:

- encourage a culture within ATNS where all employees, the public and other stakeholders behave ethically in their dealings with, or on behalf of, ATNS,
- improve accountability, efficiency and effective administration within ATNS,
- improve the application of systems, policies, procedures and regulations,
- change aspects of ATNS which could facilitate fraud and corruption and allow these to go unnoticed or unreported and
- encourage all employees and other stakeholders to strive towards the prevention and detection of fraud and corruption impacting or having the potential to impact ATNS.

Framework

The Fraud Prevention Plan provides for the process in terms of which the ATNS will mitigate, control and reduce the risk of fraud. The Fraud Prevention Plan also provides for, among others, the mechanisms for the early detection of fraud and for the professional investigation of fraud offences so as to minimise the negative effects of fraud.

The ATNS's Fraud Prevention Plan will focus on addressing the root causes of fraud. This document is not all-encompassing and should not be seen as the only process relevant to the ATNS's fraud prevention

initiatives. It will be reviewed on an ongoing basis. Specific initiatives to be undertaken to prevent fraud are listed below and thereafter discussed in greater detail:

- a comprehensive Fraud Risk Register for ATNS,
- training and awareness,
- employee wellness programmes,
- whistle blowing hotline,
- recognition,
- pre-employment vetting,
- expediting disciplinary processes,
- lessons learnt and
- proactive fraud detection.

Comprehensive Fraud Risk Register

Acknowledging the fact that it faces diverse business risks from both internal and external sources, and in order to comply with the requirements of the Treasury Regulations to the PFMA, ATNS will conduct its fraud risk assessment and develop a register. This information will be used to assist management with the following:

- prioritising areas for attention and subsequently developing appropriate controls to limit the material risks identified and
- enabling management to continually assess and update the risk profile (incorporating fraud and corruption risk) of ATNS.

Presentations to employees of ATNS will be conducted in order to ensure that they have a more detailed understanding of the fraud and corruption risks facing ATNS and the areas wherein these risks exist, thus enhancing the prospect of detecting irregularities earlier.

Training and awareness

ATNS will provide a fraud training programme to highlight the risk of fraud in the ATNS, empower employees to recognize fraud in its infancy and to guide the fraud prevention team in developing the most optimum processes in combating fraud.

Training is vital for every fraud prevention plan, as this is the process through which employees are empowered to become actively involved in fraud prevention and detection.

Fraud hotline (whistle blowing hotline 0800 220 917)

Through this service, all stakeholders can report suspected fraud. This service is a useful tool, through which the momentum and interest in the fraud prevention initiatives can be maintained.

Internal Audit Function reports to the Social and Ethics Committee cases involving:

- hoax calls,
- allegations of a criminal nature,

- allegations that could potentially justify disciplinary action, and
- other reported issues and/or alleged irregularities such as human resources disputes, personality clashes, political or racial grievances, sexual harassment, xenophobia, and the like.

Specific cases requiring further investigation will also be reported and followed up through internal audit. ATNS strives to investigate all cases reported through the whistle blowing hotline within 90 days. Awareness of the ethics hotlines is crucial to its success. As a result, the promotion of awareness thereof shall form part of the communication strategy for the Fraud Prevention Plan.

Supplier and trading partner awareness

ATNS shall endeavour to obtain all relevant information about its trading partners to limit its exposure to potentially unsavoury business associates and also to incorporate these trading partners into the fraud prevention initiatives. ATNS is exposed to significant supplier fraud risk and will therefore, among other measures:

- initiate “Get to know your supplier” programmes,
- set suitable ground rules for all interactions between trading partners and ATNS’ employees;
- set clear guidelines on “unacceptable gifts”,
- make attempted extortion a reportable offence,
- commit trading partners to a Client-Supplier Code of Conduct,
- ensure that ATNS knows exactly with whom it is dealing, which can be achieved by asking for all relevant information directly from the supplier and
- encourage trading partners to become actively involved in fraud prevention and early reporting thereof.

Client-Supplier Code of Conduct

Just as the ATNS binds its employees to abide by the ATNS’ Code of Ethics, so too will its trading partners be expected to conform to an agreed set of norms and standards for good business practice. The Client-Supplier Code of Conduct shall endeavour to provide for an undertaking by trading partners to adhere to ATNS’ policies, including related principles, essential to establishing a healthy trading partnership. Such a document requires formal and written acceptance by the respective trading partners and serves to achieve a contractual obligation between the parties. The Client-Supplier Code of Conduct shall inter alia, make provision for:

- the maintenance of open and honest communication,
- undertakings to report all attempted, suspected or actual fraudulent activities,
- undertakings to co-operate/participate with any investigation/enquiry initiated by or on behalf of the ATNS and
- suppliers’ consent to the disciplinary jurisdiction of ATNS, without limiting ATNS right to any other legal recourse, including the blacklisting of suppliers.

Report fraud

All suppliers will be required to report any incident where any ATNS employee attempts to solicit favours, gifts, kickbacks or donations from suppliers of whatever nature and/or amount. Under no circumstances may the supplier consent to any such requests or demands from any employee.

Disclose gifts

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

A gift declaration register must be maintained and updated on an ongoing basis by ATNS.

Lessons learnt

A review of past cases shall be undertaken in detail to facilitate the learning process, thereby addressing past weaknesses to prevent a repeat of such offences. ATNS commits its Risk Section to assess all major fraud cases from the following perspectives:

- internal controls that were either inefficient or non-existent to facilitate the detection of the fraud,
- internal controls that did not identify the fraud at an earlier stage and
- warning signs that were not recognised.

An assessment of the responses to the above shall be undertaken to prevent a recurrence of the fraud and to ensure that identified weaknesses are addressed or that additional training is provided.

26 ANNEXURE D – MATERIALITY AND SIGNIFICANCE FRAMEWORK

Requirements of the Public Finance Management Act (1 of 1999) (PFMA)

Section 54(2) of the Public Finance Management Act no 1 of 1999 (PFMA) requires that before a public entity concludes any of the following transactions, the accounting authority i.e. the board of directors (Board), must promptly and in writing inform, the relevant treasury of the transaction. The submission for approval of the transaction by the executive authority, being the Minister of Transport, must include the following relevant particulars of the transaction to:

- Establishment or participation in the establishment of a company;
- Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;
- Acquisition or disposal of a significant shareholding in a company;
- Acquisition or disposal of a significant asset;
- Commencement or cessation of a significant business activity; and
- A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.

Section 51(1)(g) of the PFMA requires the Board to promptly inform National Treasury of any new entity the public entity intends to establish or in the establishment of which the public entity takes the initiative. The Board must allow the National Treasury a reasonable time to submit its decision prior to formal establishment.

Section 55(2)(b) read with section 55(1)(d) of the PFMA requires that the annual report and financial statements of a public entity, must include particulars of any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year.

For the purposes of sections 54(2) and 55(2)(b) of the PFMA, “material” and “significant” are not defined. Treasury Regulation 28.3.1 provides for the Board to develop and agree a framework of acceptable levels of “materiality” and “significance” with the Minister of Transport (“Significant Transactions”). This framework is referred to as the Materiality & Significance Framework.

Materiality framework

In arriving at the materiality level, the following factors were taken into account:

- a. Guidelines issued by the National Treasury;
- b. The nature of ATNS business;
- c. Statutory requirements affecting ATNS;
- d. The inherent and control risks associated with ATNS; and

e. Quantitative and qualitative issues.

From a company perspective, materiality is set at fifteen million-rand R15m based on the lower level of the Total assets and adjusted down to account for qualitative considerations.

Criminal conduct

All expenditure that results from illegal act, fraudulent act and/or criminal behaviour will be reported to the Audit and Risk Committee and disclosed in the annual report.

Irregular expenditure

Irregular expenditure incurred in contravention of, or that is not in accordance with the requirements of any applicable legislation will be reported to the Audit and Risk Committee and disclosed in the annual report.

Fruitless and wasteful expenditure

All fruitless and wasteful expenditure will be reported to the Audit and Risk Committee and will be disclosed in the annual report.

Significance framework

It is the responsibility of the Minister of Transport (with whom the primary responsibility for appropriate ATNS oversight and accountability to Parliament rests) to ensure that these risks are identified, reduced and managed. The ATNS significance framework is designed to assist the Minister in discharging this responsibility.

In line with Section 9 of the ATNS Act, any land expropriated by the state and transferred to the company cannot be sold without the consent of the Shareholding Minister.

In line with Section 12 of the ATNS Act, the company shall advertise in a business plan its intention to terminate or substantially curtail an air traffic service or air navigation service that was rendered by the state immediately prior to the transfer date.

All other acquisitions and disposals as included in the three-yearly business plan as evaluated by the RC for ATNS is subject to approval in terms of the company's mandate matrix.

SIGNIFICANCE FRAMEWORK

The ATNS significance framework is set out below:

Section of PFMA	Significance Level	Report point	Action	Responsibility
S54(2)(b) Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement	ATNS enters into a long-term contract with the partnership, trust, unincorporated joint venture or similar arrangement in excess of 1% of the total revenue of the last reported revenue numbers	Formal terms and conditions agreed in draft MOU	Draft MOU and signed covering memorandum signed by the ATNS Chairman submitted to the Minister	Company secretary Proof of submission and date

Section of PFMA	Significance Level	Report point	Action	Responsibility
S54(2)(c) Acquisition or disposal of a significant shareholding in a company	Any acquisition or disposal of an interest in a company is deemed significant	Formal signed agreement, containing suspense provision, requiring ministerial approval	Copy of signed agreement and covering memorandum signed by the ATNS Chairman submitted to the Minister	Company secretary Proof of submission and date
S54(2)(d) Acquisition or disposal of a significant asset	The acquisition or disposal of land and/or buildings Any asset whose value exceeds hundred million R100m is deemed significant	Board decision to sell asset or fixed property – evidenced by the minutes of the board meeting where the decision was taken	Explanatory memorandum signed by the ATNS Chairman and copy of board minutes submitted to the minister	Company secretary Proof of submission and date
S54(2)(e) Commencement or cessation of a significant business activity	The cessation of any activity related to the provision of air traffic, management solutions and associated services within South Africa, including ancillary activities such as: <ul style="list-style-type: none"> the supply of aeronautical information services, technical maintenance and aerodrome services, alert, search and rescue co-ordination services, management of the flexible use of airspace through the Central Airspace Management Unit (CAMU), support for special events and special requirements such as test flights, demonstration flights and alike, the implementation and maintenance of a terrestrial-based navigational infrastructure and the training of licensed air traffic controllers and technical staff through the ATNS ATA are deemed significant 	Board decision to commence or cease the indicated activity – evidenced by minutes of the relevant Board meeting	Explanatory memorandum signed by the ATNS Chairman and copy of minutes submitted to the Minister	Company secretary Proof of submission and date
S54(2)(f) A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement	All partnerships, trusts, unincorporated joint ventures or similar arrangements are deemed significant. Any change affecting: <ul style="list-style-type: none"> board representation/stewardship, control, quantum of interest/ownership, loan account, risk rating, commencement/cessation of a business activity, or 	Any notice issued by the affected entity to ATNS notifying it about the intended change	Explanatory memorandum signed by the ATNS Chairman and copy of notice submitted to the Minister	Company secretary Proof of submission and date

Section of PFMA	Significance Level	Report point	Action	Responsibility
	<ul style="list-style-type: none"> acquisition/ disposal of significant assets of the affected entity is deemed significant 			

Table 2 – Significance Framework

27 ANNEXURE E – FINANCIAL PLAN

ATNS BORROWING PLAN

ATNS raises funds from the market to finance its capital expenditure program. The borrowing plan is driven by its planned capital expenditure cash flow, gearing and current ratio.

Maximum gearing limits have been evaluated in terms of the following:

- the Company's asset base,
- sustainability of the Company's profitability,
- industry norm and
- need for spare borrowing capacity to take advantage of potential new business opportunities which will increase the Company's non-regulated revenue.

In this regard, ATNS has concluded that the optimal gearing levels of between 10 and 45% are acceptable without placing undue risk to the Company. During the 2018/19 year no new loans will be registered as ATNS has submitted an updated request to the Minister of Transport to obtain funding for the current permission period. The new borrowing programme is envisaged to only be finalized during the course of 2019/20.

Details	2018/19	2019/20	2020/21	2021/22
CAPEX	219,362,540	210,963,148	313,617,553	565,376,638
New Loans	0	42,192,630	193,868,686	254,419,487

All values in ZAR

Table 1 – Future Borrowing

SOURCE OF FUNDING

In terms of Section 5(3) of the ATNS Act and Section 66 of the PFMA, the Company has to obtain approval from the both the Minister of Transport and the Minister of Finance to borrow funds.

The Company does not envisage any obstacles in sourcing the required funds based on its financial statements and its good relationship with the bankers. The Company will consider various debt funding. Options including a combination of options listed:

- finance leases,
- long-term financing (Bank term loans),
- short-term financing (Bank rolling term loans),
- securitized term notes (Debt capital markets),
- commercial paper (Debt capital market- short term), and
- export credit agency funding.

DIVIDEND PLAN

In terms of the current economic regulations under which ATNS operates, there is always a risk of profits generated by the company being clawed back by the RC. The claw back is applied retrospectively making it risky to distribute profits generated for both current and past financial periods. It is on that basis that the company opts to retain distributable profits for re-investment and to maintain its financial sustainability for a foreseeable period.

INVESTMENT POLICY

Investment and liquidity requirements

The major share of ATNS's revenues is in the form of monthly billings for air traffic control services rendered. The remaining 'other revenue' takes the form of less periodic income. Expenditures are mostly monthly, except for CAPEX of which the cash outflow depends on the requirements of specific projects. Altogether, ATNS aims at maintaining a minimum cash balance of two months' operating expenditure plus capital loan payables.

The following graph shows the cash balance over the last twenty-two months. The cash balance ranged from R1.249 billion in November 2016 to R1.505 billion in October 2018. There is substantial variability in the cash levels. From an investment perspective, ATNS does not maintain large cash reserves for lengthy periods, and the Company requires spot (immediate) access to available cash. The cash housing facility it requires is therefore of a call nature.

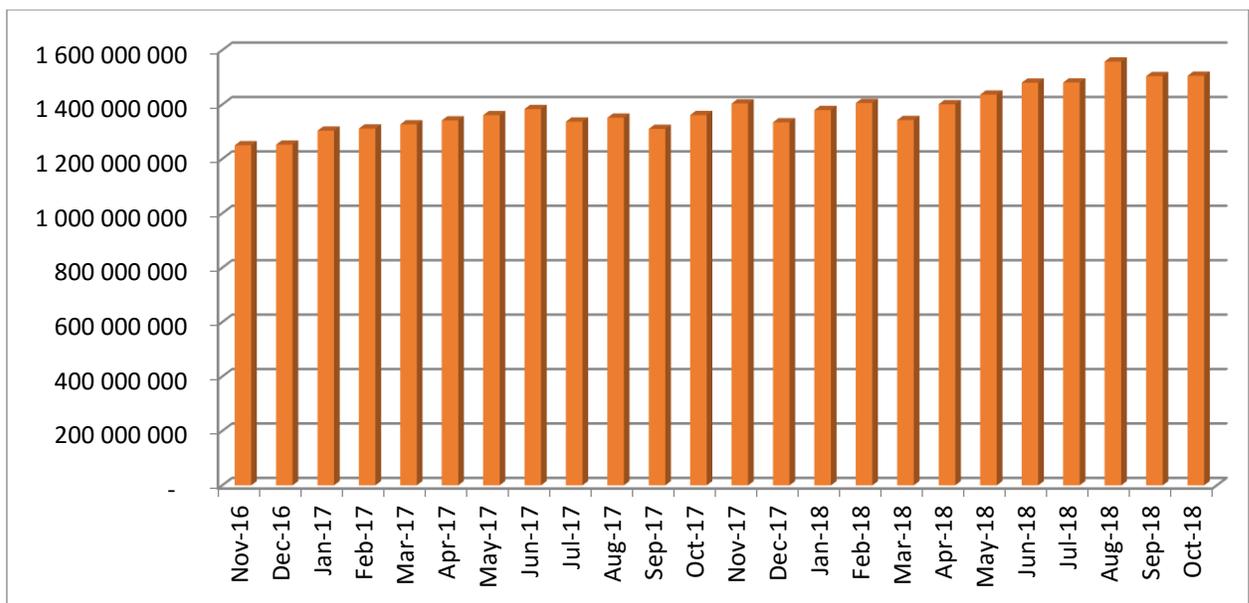


Figure 1: ATNS Cash and Cash Equivalents Balance

Selection of Investment Instrument/s

Surplus funds (after taking into account the company's working capital requirements) may be invested in any instrument that does not require more than one month's notice to unwind. The preferred instrument is a short-term fixed deposit. No funds may be invested in any derivative instrument/s. Separate instruments may be used for local and foreign currencies.

Selection of Counterparty/parties

The Company opens and manages bank accounts in terms of the Banking Framework stipulated in section 31.2 of Treasury Regulation 29. The investment/s may be made with the same bank/s as engaged or which may be engaged in terms of the Banking Framework, including the requirements as stipulated in S31.2.2 of Treasury Regulation 29.

Investment Limits per Investment Instrument and Institution

Amounts up to one billion rand or equivalent foreign currency may be deposited with a single institution, whether in one or more investment instruments. Anything above one billion rand will be subjected to a proper risk assessment and an optimal split will be determined to diversify the perceived risk. Approval for the investment and withdrawal of money shall be granted as follows:

- amount up to R100 million by the Chief Financial Officer (CFO) and
- amount exceeding R100 million by CEO and the Board.

The CFO shall ensure that no money is deposited directly with the investment institution, but that all such money flow through the Company's bank account to the investment institution. Withdrawal shall be by way of original documents only.

ASSET AND LIABILITY MANAGEMENT**ASSET MANAGEMENT****FIXED ASSETS**

The Company has a capital expenditure plan that spans over multiple years and it is reviewed regularly. The plan takes into account legislation, capacity requirements, efficiency, technological changes and end of life replacements. The Permission application includes a detailed capital expenditure plan which is robustly discussed with the users. The Board approves the Permission application.

Annually the capital expenditure plan is reviewed and approved by the Board. Capital expenditure within delegated limits is presented to the Procurement Executive Committee (PEC) for approval or the committee recommends for approval to the Board Procurement Committee via the Executive Committee in terms of the Company's Mandate Matrix.

All fixed assets are capitalised and included in the fixed assets register once the asset is bought; depreciation however starts when the asset is ready to be used. All fixed asset disposals are submitted for approval as per the Company's mandate matrix in terms of Section 9 of the ATNS Act, any land

expropriated by the State and transferred to the Company cannot be sold without the consent of the Minister of Transport as Shareholder.

Trade Receivables

ATNS, through its policies and procedures has implemented a system that ensures effective and timely billing of all revenues due to ATNS. The Billing department gets measured on the number of credit notes issued to ensure accurate billing. The Company issues pro-forma invoices to its major clients prior to issuing the final account for the month to minimize queries which may potentially result in late payments.

The Company's major clients have to provide guarantees or deposits equivalent to their average two months' billing to reduce the Company's risk in the event the debtor ceases operations.

The Debtors' department is responsible for maintaining the client database and facilitating timeous collection. Debtors, excluding VSAT II and NAFISAT that cannot be recovered are grounded after the grounding procedure has been followed.

Most VSAT and NAFISAT user clients are members of IATA and pay for the services rendered via the IATA clearing house. Approximately 60 % of VSAT and NAFISAT revenue is generated by IATA members. This reduces the risk of recovering outstanding monies.

Bad debt provisions are accounted for monthly in line with the Company's Credit policy and all bad debt write offs are done in accordance with the Company's mandate matrix.

INVENTORY

No inventory is carried by the Company and all major components are carried in Property Plant and Equipment.

CASH AND CASH EQUIVALENT

The Company's cash flow is monitored monthly to ensure that the Company has or will have sufficient funds to cover its operational expenses and loan obligations. Bank reconciliations are performed, reviewed and approved monthly.

Petty cash is operated on an imprest system. All purchases via petty cash must be done in accordance to the Supply Chain Policy and in adherence to the Petty Cash policy. All petty cash reimbursements must be approved by senior managers at the various geographical areas where ATNS operates.

The Company has insurance cover for fraud.

LIABILITY MANAGEMENT

DEFERRED INCOME TAX LIABILITY

Deferred Income Tax Liability is calculated on all temporary differences using principal tax rate of 28%. Deferred income tax is only adjusted at financial year end.

TRADE AND OTHER TRADE PAYABLES

Purchase requisitions are approved in accordance with ATNS mandate matrix. Purchase requisitions are converted to purchase orders by procurement. The purchase order and supplier invoices are matched by the Creditor's department once the product and/or service have been received/rendered.

Prior to any payments being made to a supplier, a reconciliation is done between the supplier's statement and the AP ledger. Creditors' reconciliations are approved by the General Ledger Accountant and Senior Manager: Financial Controls. Outstanding reconciling items are followed up on a monthly basis and escalated to senior and executive management where required.

INTEREST BEARING LOANS AND BORROWINGS

The interest-bearing loans and borrowings are reconciled on a monthly basis to the Banks instalment sale agreement.

PROVISION FOR LIABILITIES

To ensure the accuracy of the monthly financial reports, provisions and accruals for liabilities are raised for the following items:

- expenses incurred but supplier invoices not yet processed,
- outstanding leave,
- performance bonus,
- income tax, and
- audit fees.

HEDGING POLICY

The Company will, where necessary, hedge against foreign currency fluctuation deemed by taking forward cover for the following:

- capital expenditure,
- electronic maintenance support contracts, and
- computer software.

28 ANNEXURE F– HUMAN CAPITAL PLAN

The purpose of the Human Capital (HC) Strategy is to provide value adding Human Resources services through effective partnerships within the business. The HC department will develop a number of people management initiatives which will support the company in achieving its strategic, tactical and operational objectives.

Given the realities that confronts ATNS as well as the demands placed on the HC function, the following areas will be the focus of activities of the Human Capital department, prioritized as follows:

- Talent Management,
- Change management,
- Performance Management,
- Rewards & Recognition and Employee Value Proposition
- Employee Wellness
- Management, Leadership, Learning and Development
- Employee Relations and Transformation
- Human Resource Management and Control

ATNS will always achieve its objectives through its people. The HC function will provide the company with quality HR services, enabling all departments to deliver on their strategic and operational objectives through effective and efficient people management policies, procedures and practices. Furthermore, the HC function will continue to monitor developments globally, in the labour market and within the company and adjust the people strategy to align with strategic objectives as well as the changing realities in the global air navigation industry.

It is important to note and acknowledge that the organisational culture is determined by the people management processes as practiced by the leadership team; it is these practices that also drive the values of the company. The HC function will therefore partner with the business in the development and implementation of people management practices which will afford the opportunity to all employees to live the values.

ATNS is seen, globally, as a beacon of safety in airspace navigation; it is seen as a centre of excellence and an institute of reference. This perception and standing can only be maintained if ATNS continues to employ and develop competent people who are aligned to the desired culture at ATNS.

The Human Capital Plan operationalises the department's intent in ensuring optimum staff numbers are available to ensure sustainable ATM operations. This is accomplished through effective management of the ATS and ETS training pipeline.

MANAGEMENT OF ATS AND ENGINEERING TRAINING PIPELINES

ATNS continues to be responsible for recruiting, training and developing its staff to ensure adequate supply within the operational departments.

The Human Capital Department has developed a Human Capital Plan which details the delivered ATNS required services. The services level required has been planned according to anticipated demand as calculated using peak traffic demand, peak capacity requirements and taking into account the duration of the peak as well as ensuring optimal quality and safety levels. One important output of this plan is the training pipeline which provides an 18-month internal training forecast ensuring that training throughput is closely managed.

The training of fully qualified Air Traffic Services (ATS) staff stretches across a period of three (3) to five (5) years dependent on the operational requirements. Such training includes academic and practical rating training at the Aviation Training Academy and operational validation training in ATNS operational environments.

ATNS is driving the recruitment of engineering students from accredited institutions. In 2019/20 – 2021/22 there will be a total intake of eighteen (18) students for the Engineering Graduate Development Programme (EGDP). With the EGDP now extended into a two-year programme, the total number of learners and graduates are eleven (11) for 2018/19, The successful students from these programmes become potential feeders into the pool of qualified engineering technicians.

ATNS is cognisant of the fact that the labour market and potential job seekers are located across the country in cities, towns and rural areas. As a responsible corporate citizen ATNS has identified the need to expand recruitment of bursars across the country. To achieve this objective ATNS undertakes to develop and implement strategies to achieve a 60/40 distribution of bursars recruited from Gauteng and other provinces of South Africa over a period of three years.

The number of ATS bursars and engineering students are indicated in the table below:

Discipline	Actual 2016/2017	Actual 2017/2018	Forecast for 31/03/2019	Target 2019/20	Target 2020/21	Target 2021/22
ATS bursars	81	60	60	20	20	20
Engineering students/ Graduates	11	11	10	6	6	6

Table 1: Number of ATS bursars and engineering students

The continual training of ATS personnel and engineers through the current training pipelines has resulted positively in the growth of qualified ATCO1s and engineering technicians.

Training numbers in ATS and Engineering disciplines, over the past three FYs, are depicted in the table below.

Year ending	Actual 2016/17	Actual 2017/2018	Forecast for 31/03/19	Target 2019/20	Target 2020/21	Target 2021/22
ATSO	138	180	213	138	138	138
ATCO 1	119	134	124	121	121	121
ATCO 2	37	37	43	37	37	37
ATCO 3	226	211	221	226	226	226
ATSEP	84	83	83	79	79	79

Table 2 – ATS and OT Staffing Versus Targets

Financial Year	Male	Female	African	Indian	Coloured	White
2015/16	346	375	574	21	46	80
2016/17	352	286	545	22	26	59
2017/18	430	433	723	22	27	91
TOTAL AIC			2006			

Table 3 – ATA Training Delivered to ATS and OT Staff

External training

The ATA also provides training to several other countries on the Continent and beyond in the engineering, air traffic services and management disciplines such as IATA Diploma programmes. The ATA training product portfolio has been expanded to include ICAO-GSI and ICAO Trainair Plus Training. The IATA portfolio now includes distance learning programmes. Since 2015/16 FY, the ATA has trained a total of 2411 external delegates, including 495 ATS delegates and 239 Engineering delegates.

29 ANNEXURE G – EMPLOYMENT EQUITY PLAN

Employment equity remains a business imperative to ensure that our workplace profile is aligned to the national demographics and the integrated transport sector's B-BBEE charter.

The ATNS strategic objectives and prevailing culture support ongoing equal opportunity initiatives, with specific emphasis on the African, Indian, Coloured (AIC) designated group, women and youth, and people with disabilities. The current five-year ATNS EE plan came into effect on the 01 April 2015.

Implementation through the various line departments is championed by the CEO and executive management, and cascades to the middle, lower and operational levels in the company.

The five-year EE plan is intended to transform the ATNS employee profile to reflect national demographics and will be reviewed annually to adjust targets as and when necessary.

In line with the Employment Equity Act, the current ATNS five-year EE plan encompasses the following objectives:

- working towards creating a balanced profile of employees within the company through all occupational categories and levels in the workforce,
- eliminating any discriminatory practices in terms of race, gender or disability,
- providing for the company's present and future requirements for skilled staff, in line with its business plan and
- implementing, monitoring and evaluating appropriate measures aimed at redressing the effects of the past imbalances created by discriminatory employment policies and practices.

The table below reflects the historic EE profile from which future transformational goals are derived.

EMPLOYEE CATEGORY	2010 /11	2011 /12	2012 /13	2013 /14	2014 /15	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20	2020/ 21	2021/ 22
Air traffic service – AIC	48.1	49.0	52.3 3	56.0 1	62.2 9	67.45	68.72	72.27	76.0	76.38	76.76	77.26
Air traffic service – Female	33.5	34.0	35.7 0	36.8 2	41.7 5	38.68	42	46.55	47.0	47.5	47.73	47.97
Organisation-wide – AIC	58.1	60.9	63.3 7	67.0 6	69.5 6	73.88	74	76.98	77.0	77.38	77.77	78.16
Organisation-wide – Female	33.9	37.4	38.5 2	40.9 2	44.0 5	43.77	47	47.35	49.0	49.25	49.49	49.74
PWD	2.76	3.09	2.91	2.85	2.79	2.48	3	3.3	3.5	3.52	3.54	3.55

Table 1: The ATNS Employment Equity Trend and Targets (%)

The plan is reviewed on an annual basis and the progress is monitored and reported upon monthly.

MANAGEMENT, LEADERSHIP, LEARNING AND DEVELOPMENT PROGRAMMES

In line with the Employment Equity Plan, ATNS has identified several initiatives that will ensure that ATNS's transformational goals become a reality. These initiatives, outlined below, are also in support of the National Skills Development Plan:

Women & Youth Empowerment Programme

A key strategic objective for ATNS is transformation. One aspect of transformation that has proven to be a challenge is the lack of representation of women and youth in leadership positions and the integration of the Youth Empowerment Programme into ATNS. Historically, the aviation industry and by implication ATNS, has been male dominated, with leadership positions mainly occupied by men. Although transformation has become a strong drive at ATNS, women and youth still struggle to move up the ranks to fill critical leadership roles. To address the lack of women and youth leaders, ATNS has embarked on a women and youth empowerment programme that continues to empower women and youth both internally and externally.

The following programmes have been introduced and sustained since 2009 to benefit female employees within the ATNS:

Management Development Programme

To address the leadership and management, ATNS is embarking empowerment programme that will empower all employees internally and externally.

Bursaries for Women and Youth

ATNS will continue to offer deserving high potential and talented employees bursaries to be trained for the ATS pipeline targeting females.

Rotation opportunities Women and Youth

Offer high potential and talented employees exposure and experience gathering using Engineering graduates/Learnership Programmes

Experience-learning opportunities for Women and Youth

Offer females and the youth with potential opportunities for exposure and experiential learning through non ATS/ETS Graduate Development Programme.

Corporate Training Programme: Competency Based Development Programmes aligned to Levels of Work

There is strategic integration of all training programme curriculums with the organisational strategy & business requirements relating to competencies & skills. This is defined according to the Levels of Work and required competencies by the business.

Early Childhood Development Programme and Basic Education Development: to ensure that all our people will have access to lifelong learning, education and training opportunities, which will in turn, contribute towards improving the quality of life and the building of a peaceful, prosperous and democratic South Africa.

Child of the employee Bursar: To provide financial assistance to children of employees pursuing qualification that will ensure a supply of scarce skills to the company;

Induction Programme: To bring new staff into an organisation and introduces the working environment and the set-up of the employee within the organisation.

External Programmes

IATA Aviation Management Diploma provides preferential training opportunities for female employees

Senior Management Coaching for newly appointed female managers, to enable them to function optimally within their new roles.

Techno Girl Programme that exposes female learners to the aviation industry and work environment

ABET has been extended to the ATNS regions;

Graduate in Training Programme: Programme is the work based experimental learning opportunity that ATNS offer to young South Africans preferably Black (African, Indian and Coloured) who have graduated from different tertiary institution.

People with Disability Learnership: Improve employment prospects of people/previously disadvantaged by unfair discrimination;

Bursary Programme with Thusanani Foundation Programme is offer opportunity to young South Africans preferably Black (African, Indian and Coloured) who are busy with studying with different tertiary institution in South Africa.

Skill Development plays a critical role towards the achievement of our strategic objectives. Skill Development of employees is necessary to develop the necessary competencies and skills required by the workforce to perform their duties at an optimum level in their roles, and to provide future career

opportunities within ATNS as per Skill Development Act. Investment in training and development continues to remain a high priority within ATNS. This also entrenches ATNS' commitment to the National Skills Development Strategy addressing historic inequalities. The following Employment Equity and Skill Development initiatives were implemented during the Financial Year 2019/20 and 2021/22

Skill Development Initiative	People Trained 2019/20	People Trained 2020/21	People Trained 2021/22
Support Graduates	12	12	12
Learnership (People Living with Disability)	10	10	10
Short Courses	200	210	220
Internal Bursars	60	60	60
Unemployed Bursars (Child of the employee)	20	22	24
Techno Girls	10	10	10
Thusanani Foundation	20	20	20
Adult Education and Training (AET)	20	20	20
Early Childhood Development	450	516	544
Basic Education Development	450	516	544
Management Development Programme	10	12	14
Women Development Programme	10	12	14
Diversity Management/Awareness Training	170	187	206
Disability Management/Awareness Training	170	187	206
Whistle blowing Awareness	100	500	700
Industrial Relations Training (Chairing, Initiating, Incapacities, Arbitration Skills and Conducting Disciplinary Hearings)	40	40	50
Ethics Training	100	500	500
Governance, Risk and Compliance Training	100	500	500
King VI	50	100	100
Quality Management Implementation (Policy and procedure implementation)	100	500	500

Table 2: Skill Development Initiatives

COACHING AND MENTORSHIP PROGRAMME

Over the years ATNS has funded the development of employees across multiple disciplines, at various levels. A large component of this constitutes leadership development. Executive and Senior Manager coaching will continue, with Senior Management being included in the coaching process. The intention is to embed coaching and mentoring best practice modalities within the organisation.

The following initiatives will support leadership development in ATNS:

2019/2020

- Implementation of the ATNS Legacy Programme
- Subject matter expert (SME) mentorship programme
- Coaching for Executives and Senior Managers
- One-on-one coaching for Ops leadership in key positions

2020/2021

- Group coaching at all leadership levels
- Coaching for WDP/Leadership Development candidates

2021/2022

- Group coaching for all leadership levels
- Coaching for WDP/Leadership Development candidates

EMPLOYEE VALUE PROPOSITION

Employee Value Proposition is one of the strategic ATNS has adopted to engage employees, as well as attract and retain top talent when used and communicated effectively.

As a result, ATNS has embarked on a journey to assess through EVP survey and improve on competitive rewards, communication of those rewards can have a greater impact on employee satisfaction, with lower labour turnover rate at a reasonable cost.

The HR focus is to define, develop & implement a compelling ATNSP EVP taking into consideration current & future organizational needs.

For 2019/20 the EVP framework

- Implementation of EVP framework with change management plan
- 70% of EVP pillars launched in the organization
- All project deliverables are on time and within budget

2020/2021

- 100% of EVP pillars are launched
- All project deliverables are on time and within budget
- ATNS employees are retained and continuously engaged

2021/2022

- Embed EVP in all organization processes e.g. Customer satisfaction, Vacancy filling rates, online applications for employment etc.
- Continuously attain Top Employer Certification
- Highly engaged employees

30 ANNEXURE H - SAFETY MANAGEMENT PLAN

Safety is the primary driver for the collective efforts of ATNS. The purpose of this section is to provide an overview of the ATNS Safety Management System (SMS). The SMS forms part of the risk management and compliance assurance initiatives within ATNS. Safety is imbued in the ATNS Values System that drives ideal behaviours and forms part of the primary strategic imperatives; “to deliver continuous improvement of our safety performance”. ATNS officially implemented the ATNS SMS in 2006 to continuously improve our safety performance and to comply with the ICAO requirement for States to implement safety management programmes. The SMS implementation enables ATNS to be compliant with South African Civil Aviation Regulations (CAR) Part 40, which supports the ICAO Safety (Annex 19) requirements.

OVERVIEW

Experience in other industries and lessons learned in the investigation of aircraft accidents have emphasized the importance of managing safety in an explicit, systematic and proactive manner.

Explicit means that all safety management activities should be documented, visible and performed independently from other management activities.

Systematic means that safety management activities will be in accordance with a pre-determined plan and will be applied in a consistent manner throughout the organisation.

Proactive means the adoption of an approach that emphasizes prevention, through the identification of hazards and the introduction of risk mitigation measures before the risk-bearing event occurs and adversely affects safety performance.

ATNS's SMS Policy

Safety is not negotiable in all our ATM system activities. We are committed to implementing, developing and improving appropriate strategies, management systems, processes and procedures to ensure that all our ATM Service Delivery (ATMSD) activities uphold the highest level of safety performance and meet national and international standards and expectations.

Our commitment is as follows:

- Promoting safety culture within and outside of ATNS;
- Providing skilled and trained resources;
- Ensuring that proper levels of competency are maintained;
- Regularly reviewing safety results and processes;
- Leading communication on Safety Management issues; and
- Ensure that all accountabilities and responsibilities are understood.

We all have a responsibility for safety. The application of an effective SMS is integral to all our ATM system activities, with the objective of achieving the highest level of safety standards and expected performance.

The SMS encompasses all the Air Traffic Services activities of ATNS, including that of the ATA. Projects and acquisition and commissioning of equipment and systems are performed in conjunction with appropriate safety assessments and the identification and mitigation of associated risks, including security implications related to the staff, installations and facilities of ATNS.

Recent SMS Developments

During 2017 ATNS subjected its SMS to the CANSO Standard of Excellence for Air Navigation Services (SEANS) assessment which evaluates the SMS against ICAO Annex 19 requirements to determine its maturity. The maturity levels vary from A to E with A being the lowest level of maturity and E being the highest. The SMS maturity level was determined to be “B” with some areas found to be deficient and in need of review. The review was conducted in the FY 2017/18 and resulted in the identification and implementation of several activities aimed at addressing the deficiencies. These included amongst others the training of OT staff on SMS as well as the development of a Just Culture Policy. A follow-up assessment was conducted at the end of the financial year to re-assess the SMS maturity level, based on the activities undertaken. The follow-up assessment rated ATNS’s SMS at Level “C” indicating that all the ICAO Annex 19 requirements have been met. Safety performance benchmarking is conducted annually through CANSO. Data for IFR Losses of Separation (LoS) and Runway Incursions (RI) is submitted for benchmarking against other ANSP’s.

Safety Performance Measurement

ATNS routinely measures and reports on the safety performance of the organisation with the objective of achieving continuous improvement in safe service delivery. During the 2013/14 financial year ATNS adopted additional safety performance indicators. These indicators aim at reporting the successful service delivery of ATNS measured against the number of Instrument Flight Rule (IFR) flight hours. The overarching value is the number of losses of separation related to aircraft being provided with a service. This measure can be compared to the same metric obtained from CANSO and serves to support the benchmarking of safety performance.

ATNS introduced this safety measurement into the Corporate Plan and associated KPI’s for the first time during the 2015/16 financial year and will continue to measure and report safety performance against this measurement. In addition, ATNS has introduced a risk-based safety metric which is derived from an internationally recognized Risk Assessment Tool (RAT). The metric is referred to as the risk safety index (RSI).

The RSI indicates the risk associated with each safety event. The target set by ATNS for this metric is a range between 44 -56. A number higher than 44 indicates risk that is manageable and tolerable with mitigation and a number below 44 indicates increased risk. It is in the best interests of aviation safety to have the RSI as high as possible. ATNS is working very hard with all the relevant stakeholders to eradicate all our safety events that are below an RSI of 24.

Safety Performance Measurement

ATNS experienced a total of 55 safety events over the FY 2017-2018. The break-down of the safety events were Losses of separation, Runway Incursions, Airprox events and ATC operational events. ATNS views safety of its operations in a very serious light and is putting resources in place to address the safety issues from a holistic point of view taking into account all the contributing factors. To this effect a safety turn-around strategy has been drafted and is currently under implementation to ensure that the downward trend being experienced is turned around.

ATNS's safety performance based on the RSI was 40 as at the end of March 2017 and at the end of March 2018 39, both of which are below the targeted range of between 44 and 52, this signals a decline in the safety performance however the high overall number of safety events is a growing concern and is currently monitored closely. The safe operations based on IFR flight hours metric has not been met with ATNS achieving 99.990% at the end of both March 2017 and 2018 against a target of 99.995%. The efforts to improve safety performance are continuing in line with our strategic imperative which is to deliver continuous improvement of our safety performance. The safety performance remains a concern and will continue to receive management attention.

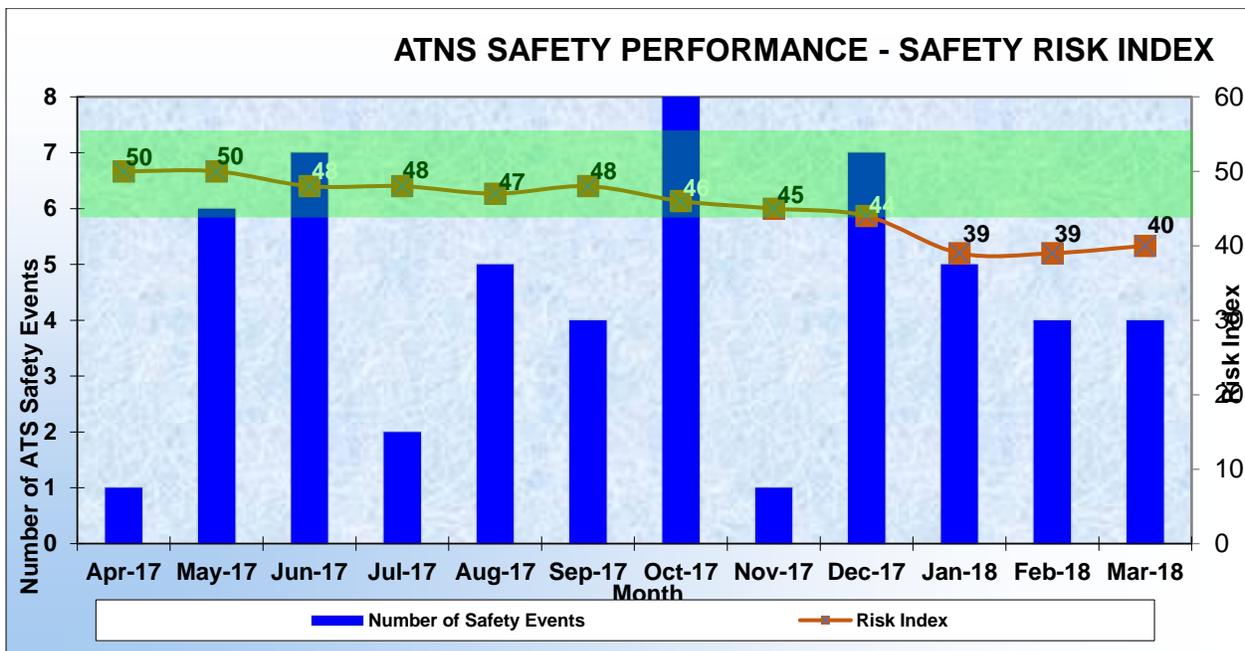


Figure 1: The RSI Graph for Apr 2017 – Mar 2018

		Catastrophic	Hazardous	Major	Minor	Negligible
		A	B	C	D	E
Frequent	5	5A (4)	5B (12)	5C (24)	5D (40)	5E (56)
Occasional	4	4A (8)	4B (20)	4C (36)	4D (52)	4E (68)
Remote	3	3A (16)	3B (32)	3C (48)	3D (64)	3E (88)
Improbable	2	2A (28)	2B (44)	2C (60)	2D (84)	2E (96)
Extremely Improbable	1	1A (72)	1B (76)	1C (80)	1D (92)	1E (100)

Figure 2: The RSI Distribution for Apr 2017 – Mar 2018

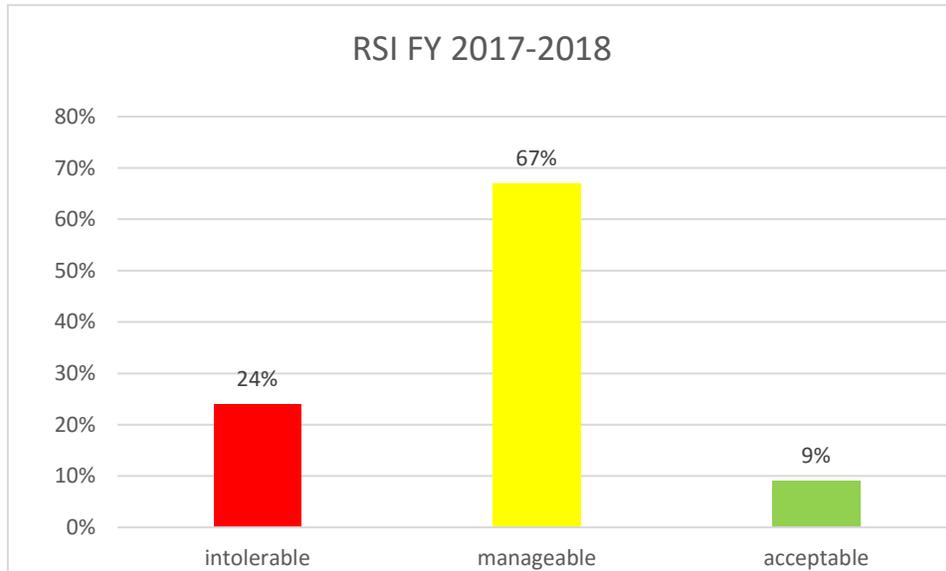


Figure 3: RSI in percentages for FY 2017-2018

Purpose of the Safety Management Plan

The main aim of Air Traffic Management is to manage the safety of air traffic departing and landing at the various airports as well as during the en-route phase of flight. ATNS Safety Management System enables the effective management of safety through the identification; assessment and effective mitigation of safety risks.

Safety performance is a multivariable continuous system which requires continuous improvement and involvement of all stakeholders both in the front line and supporting roles. The ATNS Safety Management Plan focuses on the operations safety interventions, routine activities and leadership actions required to support the ATNS safety improvement efforts. The safety action plan is reviewed annually to ensure relevance and support continuous improvement.

31 ANNEXURE I – INFORMATION TECHNOLOGY PLAN

Information and Communication Technology (IT) is an important support unit for the ATNS business and a key enabler for many of its strategic initiatives. The use of technology and information is ubiquitous today, driving many organisational changes and new initiatives, as well as causing new risks through the growth of cyber-crime. Technology has the potential to transform the business, and at the same time is the foundation of the networked organisation, cutting through geographic locations and organisational silos to connect people and delivering services and products to the business to create value. Information is a critical asset which needs to be managed, providing both insights and opportunity to the organisation.

Business has retained the strategic imperatives from the previous year for this new plan. Technology and information strategy and the Information technology strategic plan for 2019 – 2021 therefore is focused on consolidation, governance, security and the pragmatic achievement of a secure, stable and business-driven environment.

The networked organisation creates a new spectrum of technology related risk, which includes the risk of non-availability of client-facing systems, privacy disclosures, or missed opportunities due to unstable architecture. Achievement of stability, and security with a focus on business can require significant investment, and ensuring transparency, and good oversight is therefore important.

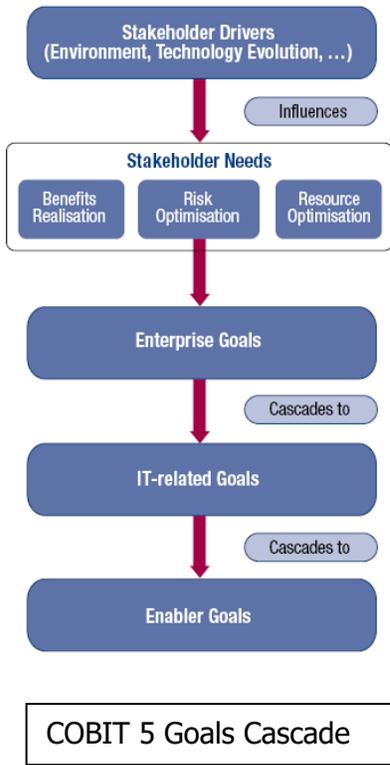
The achievement of stability will entail a review of all current activities with a consolidation where duplications exist. Legacy systems will be addressed through a replacement and risk mitigation plan. Structures will be revisited per the permission to ensure that the department is adequately staffed and resourced.

During the next year the creation of a federated model of servicing for the regional stations will be further expanded to ensure that services are provided at a far better level of efficiency and effectiveness.

Governance of technology and information

Governance of technology and information should deliver value and mitigate technology and information risk to business. Stakeholder drivers create stakeholder needs, which translate into Enterprise Goals (See Cobit 5 Goals Cascade). These cascade into IT-related goals and from there to enabler goals. Enabler goals influence the achievement of strategic goals and in the Cobit 5 model include Principles, Policies and frameworks; Processes; Organisational Structure; Culture, Ethics and Behaviour; Information; Services Infrastructure and applications, and People, skills and competencies.

Alignment of the Technology and Information strategy to the overall strategic direction is an imperative if value is to be extracted from technology and information. Strategic planning and alignment, technology investment evaluations, resources (including enterprise architecture) planning and management as well as management of technology and information risk areas are the building blocks of technology and information governance.



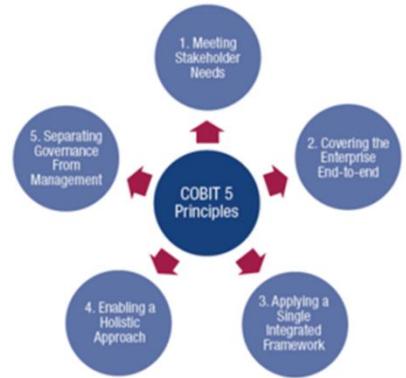
Structures, principles, practices and anticipated outcomes are crafted as guidance to users of technology and information services and products.

King IV recognizes the role that technology and information play in an enterprise. According to King IV, the governing body should govern technology and information in a way that supports the organisation in defining core purpose and to set and achieve strategic objectives. The Information Technology department has implemented some aspects of IT Governance, but these are not clearly aligned with King IV. King IV has been effective from 1 November 2017 and therefore alignment to King IV is an imperative. King IV has 17 principles, one of which relates to technology and governance specifically. The separation of technology and information¹ in order to ensure more emphasis on each aspect is taken into account in the governance approach.

Eight practices related to the principles are recommended by King IV for the governance of IT. These practices can be directly mapped against Cobit-5.

The basis of Cobit 5 are five principles (right), informed by 7 enablers and supported by 34 processes which must be selected and adapted to the specific organisation.

The Cobit 5 enablers reference organisational principles, policies and frameworks; processes; organisational structures; culture, ethics and behaviour; information; services, infrastructure and applications; as well as people skills and competencies. Implementation will therefore require a comprehensive review/development in all these areas.



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¹ King IV Report on Corporate Governance™ for South Africa, 2016 (King IV™)
 “In King IV it is recognised that technology and information overlap but are also distinct sources of value creation which pose individual risks and opportunities. It is to reinforce this distinction that this section in the King IV Code now refers to technology and information instead of information technology.”

Cloud systems

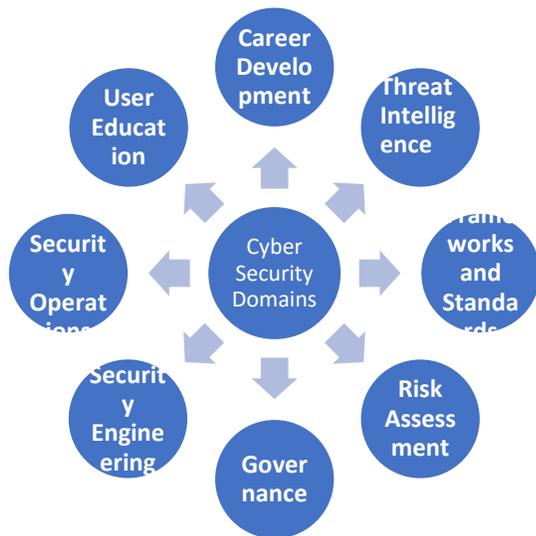
The development of a robust cloud strategy, which informs how cloud will be used and the expected value will enhance the offerings from the Information Technology Department and increase the value to business.

Cyber Security

In South Africa as in the rest of the world, transformation brought about by digitalisation has created new dependencies. Much of the economy, the administration of government and the provision of many essential services now rely on the integrity of cyberspace and on the infrastructure, systems and data which underpin it. A loss of trust in that integrity would jeopardise the benefits of this technological revolution. Older technology, both hardware and software were designed and built before the advent of the levels of cyber-crime experienced today, and therefore built without the stringent security which is essential for all newer technology today.

Cyberspace undoubtedly has benefits. New technologies which include sensor devices, the widespread of affordable and high-speed Internet, and the advancement of Big Data analytics technologies, all facilitate more streamlined processes, action taking and ultimately the adding of value to the lives of people. Cyberspace has created an interconnected and converged information society within which data and information can flow freely without being constrained by national or other borders. Innovation and

economic activity have flowed to cyberspace.



Cyber is a world like no other. It is a world where the attackers operate in the shadows and are unknown, their motives often financial but could be terrorism related, thus are both safety and security related. The biggest challenges related to cyber security are the need for

awareness and knowledge and to move swiftly once a potential threat is detected. In developing a strategy to deal with cyber it will be important to ensure that all eight domains are considered carefully.

INFORMATION TECHNOLOGY OBJECTIVES

To provide business with innovation and simplification through technology, by ensuring business involvement with IT decision making, improved project delivery and alignment with business needs.

To improve governance risk and compliance within IT, by embedding technology and information governance through frameworks, structures, principles, practices, with clearly defined anticipated outcomes. King IV principles aligned with Cobit5 will provide a structured method of implementation and a measure of success.

To add value by and improve service through applying an appropriate IT Operating Model and cascading it through the structures in alignment with IT governance.

To develop comprehensive Information and Cyber Security strategy and plan for implementation.

To communicate to and educate users of technology through various forums including governance structures and other mediums.

To work towards a high performing IT team by improving motivation, and commitment.

32 ANNEXURE J – CORPORATE SUSTAINABILITY PLAN

ATNS, as one of the leading ANSPs, is committed towards addressing socio-economic transformation in national boundaries, but also within the continent, whilst enhancing environmental protection to ensure carbon neutral growth of the industry. Various programmes are implemented, and research initiatives enhance the sustainability maturity level which informs the strategic direction of the Company. The Sustainability and Environmental Strategy aims to align business operations to the requirements of the various legislative and policy frameworks governing sustainability which will enable the Company to support the global agenda. In responding to these frameworks, ATNS can monitor and measure sustainability performance and make informed decisions regarding business growth, socio-economic needs and delivering on environmental objectives. ATNS recognises that to achieve these goals, positive stakeholder relations play a critical role, in conjunction with addressing global challenges and inter-related risks associated with rapid economic, environmental, geo-political, social and technological advancements.

ATNS's sustainability objectives respond to national, international and industry environmental goals. As the Shareholder, the Department of Transport informs environmental sustainability outcomes that ATNS must address. The aviation industry has growing commitment towards a collaborative effort for meeting the global sustainability agenda. ATNS's Sustainability and Environmental Strategy enables the Company to contribute to the United Nations Sustainable Development Goals from a global perspective, the South African National Development Plan 2030, from a national perspective, and ICAO, CAA and other industry related environmental requirements.

ATNS CORPORATE SOCIAL INVESTMENT (CSI)

CSI

Community empowerment forms part of ATNS's goal to contribute towards uplifting the previously disadvantaged communities through education related programmes. As part of social transformation strategy, education is a fundamental tool which plays a critical role in addressing socio-economic challenges within communities. As a result, ATNS continue to adopt and implement programs that promote mathematics and physical science learning as well as English as medium of instruction at schools. This leads to the provision of Information and Communication Technology (ICT) infrastructure at primary and secondary schools in different provinces.

ATNS spends more than 1% of its Net Profit after Tax (NPAT) on CSI Projects of which 80% is spent on corporate projects and the remaining 20% on staff initiatives and other ad-hoc requests such as disaster management.

Selected schools mainly in rural areas are identified and assisted with relevant learning facilities. Career awareness campaigns are also carried out to ensure that learners may have interest on aviation related career consider ATNS as an employer of choice because of Company's unique offerings.

IMPLEMENTATION PLAN

ATNS has identified the following elements as part of the promotion of Mathematics, Science and English:

ICT and Science Lab infrastructure

ATNS will continue to donate Information and Communication Technology (ICT) and Science Laboratory infrastructure in most needy schools. In addition, computer literacy and physical science capacity development will be provided to educators through relevant Teacher Support Programmes.

Learner and Educator development programme

ATNS continue sponsor the Maths and Science winter school programme for the identified underperforming school/s in one of the targeted provinces for 2019/20 financial year and beyond.

The second phase of Educator capacity development programme will also be implemented to enhance the teaching skills amongst educators. The Programme provides teacher support and mentoring, professional development opportunities and learner support.

3-D Mobile Simulator

ATNS acquired a 3-D mobile simulator for the following objectives:

- to provide learners with an actual ATC environment which can stimulate excitement to consider ATC as a career,
- to be used for the roadshows/career awareness and to stimulate excitement and encourage learners to consider a career in aviation particularly in ATC and engineering,
- to encourage students to choose pure Math, English and Science as subjects, which are relevant to pursuing careers within ATNS,
- from a brand recognition perspective, the secondary benefit of this project will be an increased exposure to a new market (learners, teachers and parents),
- the mobile mini 3-D simulator serves as a platform to demonstrate the operation of a control tower and the technology used, and

Partnership

In partnership with the South African Agency for Science and Technology Advancement (SASTA) and LASEC SA (Pty) Ltd, ATNS continue to enhance learning in the Science Technology Engineering and Mathematics (STEM) subjects which are evaluated by SAATA and the equipment provided by LASEC.

BBBEE

BBBEE Strategy

ATNS is in the process of aligning its Transformation approach with the Draft Amended Public Sub Sector, particularly the Transport Charter, Broad Based Black Economic Empowerment Codes.

Various Departments within ATNS are working towards attaining the set targets. In the previous financial year ATNS conducted a BBBEE Verification against the old BBBEE Codes and achieved a Level 2 BBBEE Contributor.

Furthermore, ATNS conducts internal BBBEE monthly audits to assess its performance against the BBBEE Codes. The quarterly assessments play an important role in that they give a picture of whether ATNS is working towards its intended goals.

ATNS intends to achieve a BBBEE level 2 against the relevant Codes. This will require a total score of 85 points should be achieved.

Approach to Enterprise and Supplier Development

ATNS's approach towards Enterprise and Supplier Development is to increase a pool of black owned Suppliers that play a significant role in the Aviation industry. Furthermore, ATNS intend to support research and development programs undertaken by selected academic institutions in the country. This approach is intended strengthen research and development in aviation and to also prepare suppliers to compete with multinationals dominating the Aviation Industry in the future. A gap analysis is conducted to identify shortfalls and thereafter, relevant interventions are pursued to close identified gaps.

With regards to Suppliers Development, ATNS aim at ensuring that the multinationals that possess the skills partner with black owned Exempted Micro Enterprises mainly to transfer the skills for installation and maintenance of the equipment procured from abroad, an area which is still dominated by big conglomerates.

Below are some of the objectives of enterprises and supplier development:

- transform the Aviation industry to ensure participation of black owned companies,
- improved BBBEE rating for ATNS,
- ensure transference of skills from multinationals to black owned EMEs and
- develop black owned Suppliers through ED to graduate to Supplier Development.

Socio Economic Development (SED)

The Socio-Economic Development element measures the extent to which entities carry out initiatives that contribute towards socio-economic development that promote access to the economy for black people. The strategy is to spend more than 1% of NPAT on developing and implementing initiatives for learners at schools.

ENVIRONMENTAL PLAN

ATNS sustainability and environment strategy has been successfully being implemented since 2017 and it currently in the second year of implementation with the aim of achieving full integration and sustainable growth by 2022 as outlined in the vision statement.

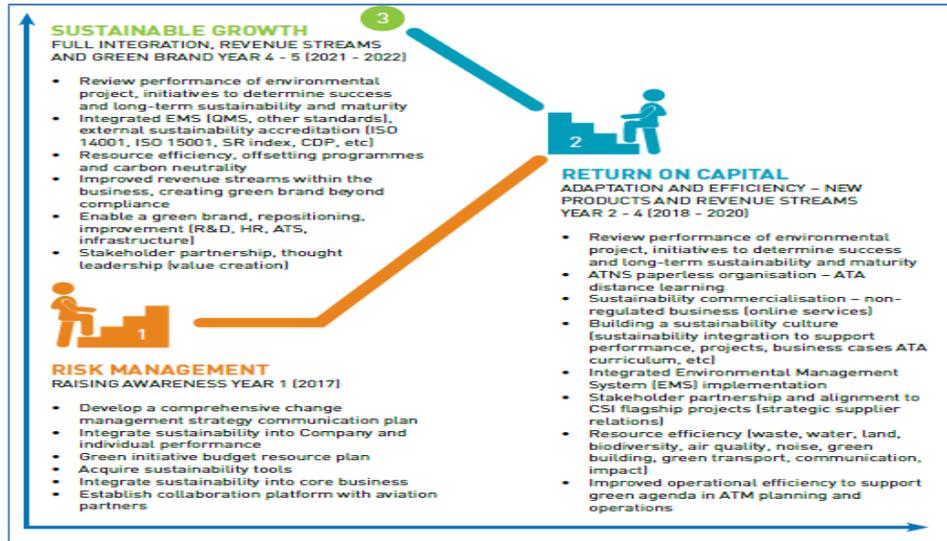


Figure 1: Environmental Sustainability Road Map

Initiatives and programmes for 2019/2020 adopted aligned in line with the above continuum include:

- Implementation of the change management programmes to embed a sustainability conscious culture which includes sustainability e-learning roll out for staff and management
- Implementation Environmental Management System (ISO 14001) for OR Tambo and ATA
- Tracking of sustainability performance KPIs in line with agreed sustainability objectives
- Development Sustainability guideline development in support of the core business
- Development of sustainability policy to support the corporate strategy
- Acquire sustainability tools to enable sustainability performance & reporting
- Improved sustainability auditing and monitoring
- Carbon footprint monitoring and energy management

Review of successful implementation of the programmes will also guide initiatives for 2019/2020 implementation and beyond to support the above road map.

Waste management	Carbon footprint reporting	Energy efficiency
Sustainability performance reporting	Water management	Green building principals
Stakeholder relations (DOT, CANSO, SACAA)	Corporate social responsibility	Sustainability communication and training
Legal compliance and auditing	Noise, emission reduction & climate change	Land, biodiversity & heritage

Figure 2: Sustainability programmes

In addition to 2018 focus areas, in 2019/20 the organisation lined-up several projects as outlined in the strategy road map which will focus on embedding a sustainability into the business and the programmes are as follows:

ATNS Carbon footprint Reporting:

Carbon footprint inventory will enable ATNS to explore and prepare for voluntary carbon disclosure programmes (CDP) which will be the focus in 2019/20 furthermore in preparation for the carbon tax and the recent climate change bill as well as the Green Transport bill an analysis of the organisational response to these strategic objectives and legislative requirement will be conducted. The includes analysis of the inventory inputs which inform reporting.

The South African National Treasury will be implementing a carbon tax at R120 per tonne of CO2 in 2017. The first draft carbon tax bill published for public comments in November 2018, the National Treasury indicated that the revised bill will be presented in Parliament mid 2018 whoever the bill has not yet been promulgated as a result development will be monitored. once comments have been received by March 2018.

ATNS as a state-owned entity and one of the key stakeholders within the aviation sector will continuous report on the carbon footprint emission and contribute to reducing emissions as a result of our activities and services.

Energy Management

ATNS uses energy to provide communication, navigation and surveillance services to the users and to facilitate the safe movement of aircraft in the controlled airspace. ATNS has begun to implement energy efficiency initiatives in line with the strategic action plan. Focus for previous financial year was deploying smart energy meters at centres and equipment since to enable a more informed energy baseline which

will inform target setting and reduction programmes in the near future which will be guided by the below initiatives:

- Awareness training amongst the staff to support and the energy intervention programmes
- Incorporation of energy objectives and renewable energy sources at the Isando/Spartan Head Office integration in the project design
- Development and implementation of sustainability energy guidelines for integration to key strategic project in the planning stage
- Development of an energy policy or framework
- Implementation of the energy efficiency feasibility study option including piloting renewable energy sources and energy efficiency
- Real time energy monitoring and dashboard and reporting
- Energy modelling for Isando building completed and options identified (including photovoltaic)
- Green procurement to support energy management programmes

Sustainability performance monitoring and Reporting:

ATNS strives to achieve business excellence and recognises that business reporting is a key factor in illustrating the impact of business operations on the triple bottom line. ATNS compiles an annual Sustainability report which outlines performance on sustainability triple-bottom-line. The focus for in the short term is to improve reporting and the level of sustainability performance. The focus areas will be developing and implementation sustainability reporting strategy and road map which will inform our trajectory and maturity.

To supporting seamless reporting and performance monitoring on sustainability focus areas, the organisation has approved the acquisition of a sustainability tool is aligned to Global Reporting Initiative and allows for improved management, reduction and reporting on sustainability matrices such as emissions through a centralised and integrated management system meet environmental standards and legislative requirements as well as overall sustainability objectives. The tool will provide the organisation with the ability to monitor and improve the 5-year strategic road map.

Environmental Management System (ISO 14001) and Natural resource efficiency

ATNS' manages the impact of business operations on natural resources through initiatives that address water, waste, biodiversity, emissions as well as the communication thereof to all internal stakeholders that have direct and indirect impact on the natural environment. Site resource efficiency surveys were conducted to indicate the current gaps at centre level that will require measures to be implemented and/or enhanced in order to monitor and manage environmental aspects.

Interventions include establishing the baseline for water consumption as per invoiced bills which also include electricity consumption. Subsequently, this will enable reduction targets to be determined. Furthermore, ATNS manages both hazardous and general waste, and currently has assessed the

requirements at centre level to address waste generated accordingly. Each site will be able measure waste generated and recycled which will enable the overall company's diverted waste from landfill to be determined and reported on continuously. In addition to waste, compliance to the National Environmental Management Act (No. 107 of 1998) and associated legislation and regulations is integrated into ATNS' approach to managing biodiversity of various communication, navigation and surveillance equipment sites.

To ensure continuous improvement in the measuring, monitoring and management of natural resources, the introduction of the ISO Environmental Management System (ISO 14001:2015) standard has been initiated to enable processes and procedures pertaining to environmental management and performance to be implemented effectively. This includes ensuring compliance through auditing and following a proactive approach to implementing mitigation measures. Furthermore, sustainability e-learning has been introduced ear-marked at management, technical, air traffic services and support employees which must be conducted annually to enable continuous organisational awareness on matters relating to environmental sustainability, thus natural resource efficiency.

Environmental Performance- Air Traffic Management Operations

ATNS is committed to implementing more efficient measures in designing procedures which will ensure that aircraft optimise the airspace to gain not only fuel savings, but also cost savings and ultimately emission reductions. The Company aims to ensure that the deployment of aviation infrastructure has minimal environmental impacts and that alternative energy sources contribute to the industry goal. Furthermore, ATNS compiles an annual performance report which aims to provide information regarding the environmental performance as a result of air traffic management service provision in support of the ICAO global environmental sustainability goals. The report further outlines environmental benefits as a result of implementation of operational efficiency and air traffic management planning processes such as Performance Based Navigation in line with ICAO standards.

ATNS has been implementing programmes aimed at enhancing efficient of air traffic management operations, improve gate to gate operations as a result these programmes support environmental objectives of reduced aircraft noise, improved air quality and emission by reducing track miles and efficient operations. The focus in the near term will be tracking of ATNS ASBU road map initiatives with which align to ATM/cns plan, these include implementation of CCO and CDO (Continuous Climb and decent Operations) aligned to our performance-based navigation roll out, Airport Collaborative Decision Making, effective implementation of Wake Re-categorisation at various airports and assessment on how these impact on emission reduction objectives. ATNS will continue implementing PBN as a strategic programme in supporting environmental improvement of aircraft emission from an ANSP perspective.

33 ANNEXURE K – COMMERCIAL SERVICES PLAN

DRIVING THE GROWTH STRATEGY

The Commercial Services plan, expressed through the AFI Tactical Plan, is in line with the ATNS vision, mission and strategic objectives, which are expansionist in nature. ATNS sees the Africa and Indian Ocean (AFI) Region as a huge growth opportunity for its products and services and means for creating safer skies, for remaining competitive considering future consolidation, and for further developing longer term relationships with its African neighbours. The non-regulatory business is already contributing just over 10% to ATNS’s overall revenue and the intention is to grow this according to its growth plan ambitions.

Commercial Services, while supporting the core business through marketing and communication, is primarily operating from the Non-Regulated Business Model as shown in Figure 1 below. Considering this, ATNS has submitted a request to establish a subsidiary to the Executive Authority/Shareholder. Once approved, the subsidiary will house all the non-regulated business. The model below indicates a planned aspiration including additional focus or emphasis for growing ATNS’ non-regulated business market share in the coming years.

Non-Regulated Business Model

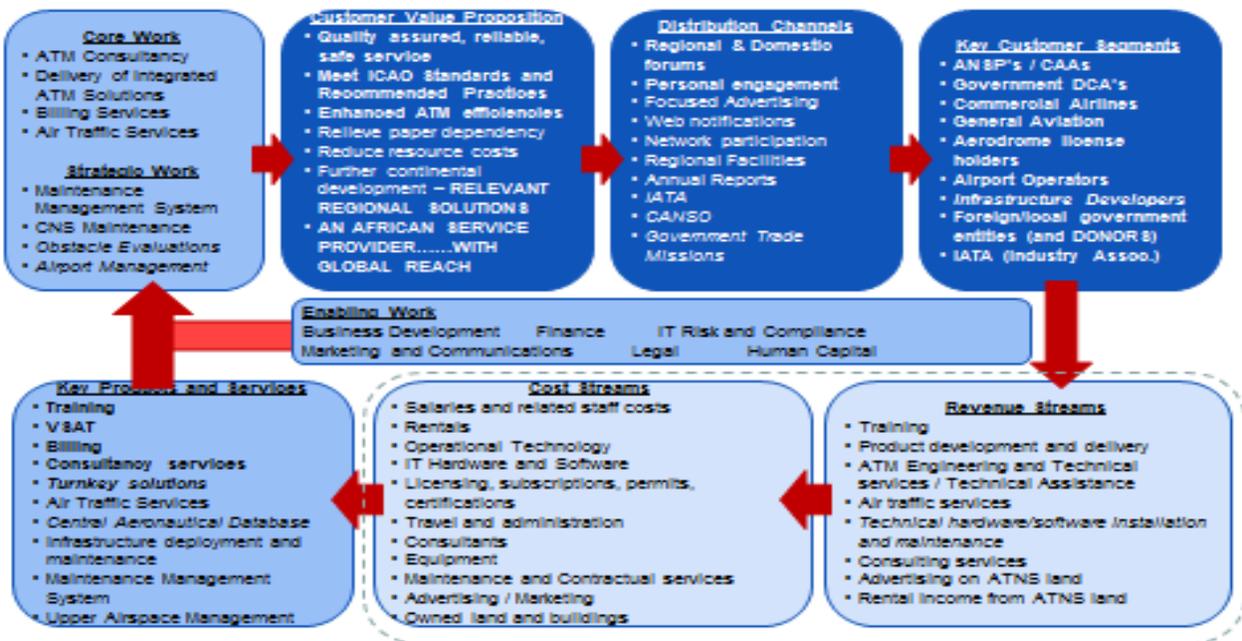


Figure 1: ATNS Non-Regulated Business Model

The above business model supports the enhancement and growth of non-regulated business. It is based on a shared services/resources model in the early stages while enabling the new company to build scale. The model, driven mainly by the current Commercial Services department; will evolve as the business

grows and will require regular reviews. In order to implement this business model, the Commercial Services department is focusing on the following objectives and activities:

Delivering on Non-Regulated Business

The resourcing of our Non-regulated business is an ongoing process that seeks to enable delivery while managing costs at appropriate levels. We continue to build strategic regional solutions such as the African – Central Aeronautical Database, regional Billing/Revenue Management solution, Technical Support for regional ANSPs and retaining our premier position as network provider/manager for both SADC VSAT and NAFISAT.

The process of building regional solutions is closely linked to our relationships with strategic partners, mainly Original Equipment Manufacturers (OEMs) and / or other ANSPs that are willing to work in the African continent in partnership with ATNS. Our target is to launch at 3 commercial business partnerships in the next 3 years. The discussions with some of the partners are in advanced stages and the teams are now focused on fine-tuning the business plans.

Our training offering remains the premier service for the industry. In the next few years, working closely with the Aviation Training Academy the focus is on reviewing the packaging of training courses (ensuring relevance), enhancing capacity and expanding the offering to include related in order to broaden the customer base. Geographical, we are also looking at expanding our regional reach through training delivery partnerships in West Africa.

Lastly, we have started the process of enhancing our in-house capability on Commercial Innovation. As we seek to broaden our play on regional solutions we are working on leveraging more of internal capabilities and experience for commercial value. Figure 2 below reflects how we leverage some of our core internal innovations for regional commercialization. We continue to work with the Technology Innovation Agency (TIA) and the Council for Scientific & Industrial Research (CSIR) in advancing the development of new products /services. All initiatives will be business case-driven and will follow due process.



Figure 2: Core Pillars of Strategy

Core Pillars of Strategy

The key focus of the strategy does not change and is still driven by 3 core areas thus helping to solidify the foundation of a future standalone business. The core pillars of the strategy are:

- **Service Delivery Focus:** creating a focused area of expertise to drive service / project delivery,
- **De-risking the business:** focus on finding / building significant business lines (regional solutions) that grow the revenues to significant levels
- **Strategic Partnerships:** acknowledging our internal limitations by using a two-pronged strategy to enhance our delivery capability but also to mitigate risks where appropriate

AFI Tactical Plan Project

The AFI tactical plan as developed in 2014/15 has been identified as key in achieving commercial success and aggressively driving revenue in the non-regulated environment. This plan will be reviewed in the period 2019/20 to set new targets and include lessons learnt from the last four years.

The planned Non-Regulated revenue budget for 2019/20 – 2020/22 is shown below:

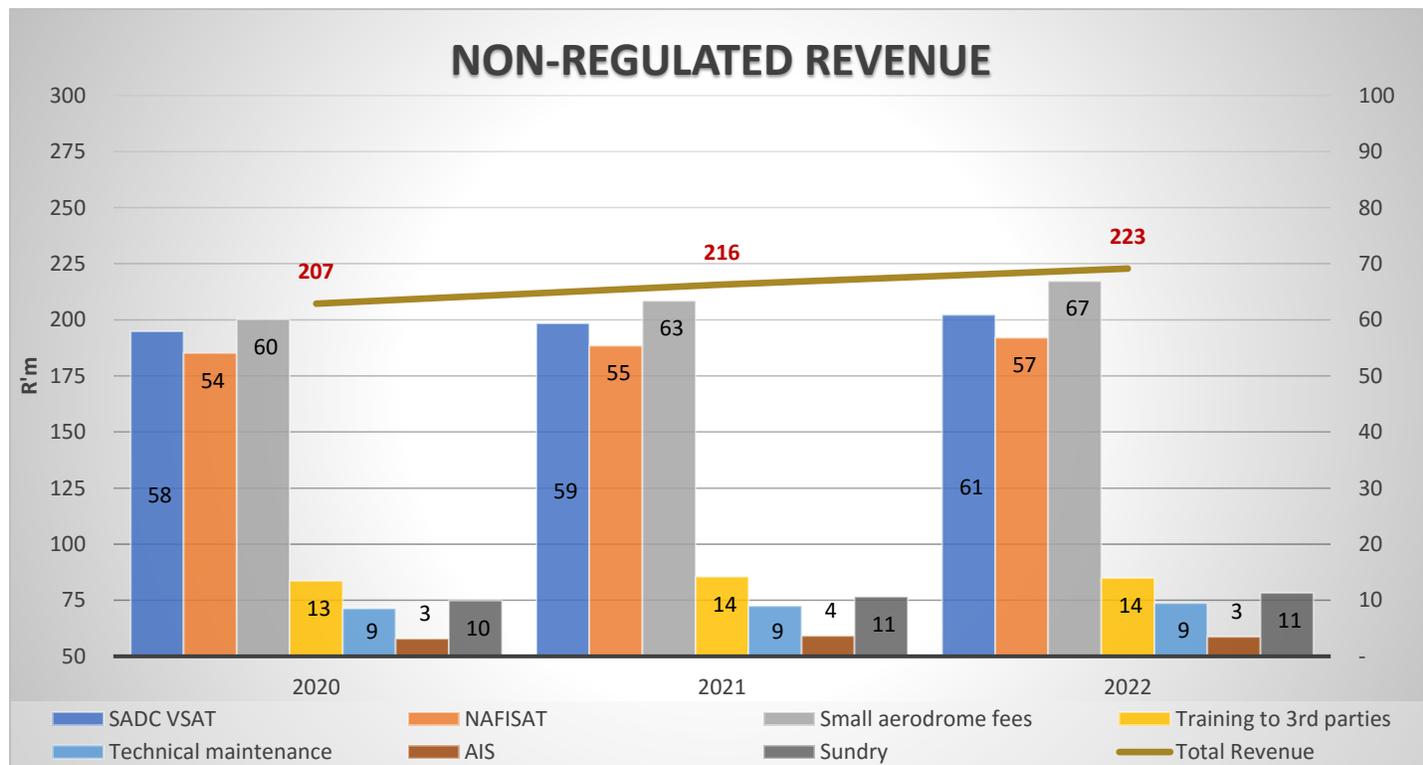


Figure 3: Non-Regulated Revenue

BUSINESS DEVELOPMENT OBJECTIVES

Develop an enabling market intelligence environment

Identify, collect and structure wide-ranging competitor product/ services, market trends and customer information that will enable development of relevant service offering, segmenting and targeting of the market.

Review industry needs and build key partnerships with solution providers. The Continent of Africa continues to build capacity to provide relevant and efficient solutions that have been customized for local conditions. The new company will focus on these areas over and above the normal products and services.

Reinforce the value proposition

To become a one stop service provider to clients for Air Traffic Management solutions and associated services including safety compliance, improve staff competencies, system improvement and financial sustainability.

Create an implementation framework and drive execution

Achieve non-regulated sales revenue and cost target as per the budget. Review the AFI Tactical Plan

Build for the future

Create an agile organisation that can work with various partners to grow non-regulated revenues of 20% of total ATNS revenues in 5 years.

MARKETING AND COMMUNICATIONS

The Marketing and Communications function has a mandatory objective of providing a reliable marketing service that helps the organisation to meet the needs and expectations of the ATM community in South Africa, the AFI region and selected markets as well as position ATNS as a brand of Choice to our selected markets and stakeholders. To this end the marketing function supports both the regulated and non-regulated business and will drive the following strategic focus themes which will be under pinned by performance and effective communication:

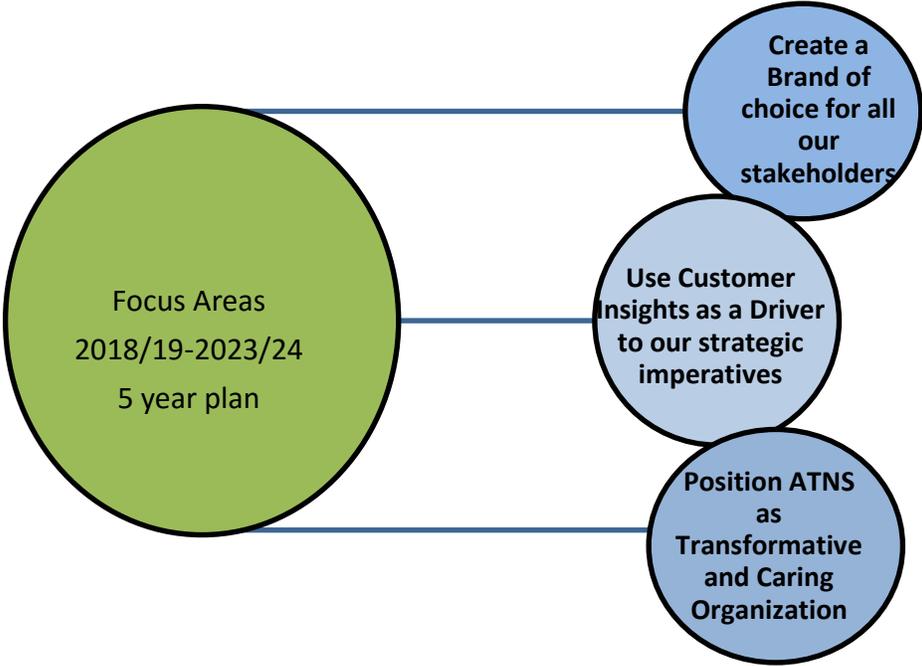


Figure 4: Marketing Focus Areas

The focus areas will be driven by the following high-level activities

1. BRAND OF CHOICE FOR ALL OUR STAKEHOLDERS

Key messages/ activities for each group



Figure 5: Key Messages for each group

Item	Activity	Details
Staff	<ul style="list-style-type: none"> • Living the values • Compelling Employee value proposition (EVP) Launch (remuneration, work place, employee programs etc) • Brand clarity- what does our brand stand for • Clarity in terms of strategic objectives (KPI), Core Programs • Promote Staff as a Collaborative Decision-Making Tool • Update communications plan to achieve effective communication and information sharing • Safety interventions as our no 1 priority 	
Customers	<ul style="list-style-type: none"> • Rejuvenate our brand <p>ATNS is a 25-year-old Brand, to sustain its relevance in the market place for the next 25 years, the brand requires some rejuvenation</p> <p>To sustain its relevance for the next 25 years</p> <p>Define what our brand stands for</p> <p>“Unlocking Winning Partnerships” (what our brand currently stands for) and the current values what does it mean for our stakeholders</p>	<p>Align our values to the values that clients hold paramount: “If people believe they share values with a company, they will stay loyal to the brand.”</p> <p>Assure our customers of our safety interventions</p>
Customers	<ul style="list-style-type: none"> • Provide appropriate Products and Services-Focus on Big 5 products <ul style="list-style-type: none"> • (1) Training <ul style="list-style-type: none"> • Air Traffic Service Training (ATS) • Engineering Technical Service (ETS) • IATA Courses • ICAO • (2) WGS-84 and Obstacle Evaluation • (3) Technical Services • (4) AIS To AIM • (5) ATS Provision 	<ul style="list-style-type: none"> • Profile the Training Academy as a Leading Aviation Training facility to (Bursars, Delegates & Alumni) in the region • Re-focus the alumni programme and make it more appealing to the region • Provide relevant Technology solutions • Ensure availability of CNS equipment and ATM Solutions • Promote Environmental Sustainability Program
Customers	Stakeholder engagement, Consultation, effective communication and information sharing	<ul style="list-style-type: none"> • Profile our provision of safety in operations

		<ul style="list-style-type: none"> • Improve our customer experience and treat customers fairly • Provide exceptional customer experience at Events, Conferences, meetings and all engagements • Continue to partner with our key stakeholders, such as ICAO, IATA, CANSO, AFRAA, AASA, IFAIMA, IFATSEA • Map stakeholders to industry initiatives and understand their position on their attainment of industry initiatives such as ASBU, SMS, AIS Roadmap • This will help to guide the programs we profile to the clients • And help to improve our communication efforts
Shareholder	Share our good story	<ul style="list-style-type: none"> • The SOE that supports the government mandate • Ethical and strong leadership
The Board Regulators	Communication and demonstration of meeting KPI	<ul style="list-style-type: none"> • Ethical and strong leadership • Financial sustainability • Compliance • For the Regulators

Table 1: Key Activities for each group

2. USE CUSTOMER INSIGHTS AS A DRIVER FOR OUR STRATEGIC IMPERATIVES

Item	Activity	Details
Research and customer insights	<ol style="list-style-type: none"> 1. Conduct Customer Satisfaction survey 2. Conduct Competitor analysis 3. Benchmarking 4. Implement other research methods i.e. Focus Groups, Mistry Shopper 	<ol style="list-style-type: none"> 1. Hear and listen to what our customers are telling us 2. Hear, listen and see what competitors are doing 3. Compare, learn from industry leaders Learn from Technology trends 4. See what the OMEs are doing
Business Plan Review	<ul style="list-style-type: none"> • Review of past performance of the business plan objectives to determine effectiveness of the plan • Set business plan targets for the next 10 years (objectives of the plan 2019-2029) 	<ul style="list-style-type: none"> • Review all the assumptions that were made in the initial plan • Review of market movements (clients/competitors) • Review the current and technology opportunities (ASBU and otherwise). • Review product and services matrix (retire/existing/new) • Review of the Financial Model of the plan

Table 2: Customer Insights Align to Business Plan

3. ATNS is a Proudly South African Organisation that is a global player

Position ATNS as a Proudly SA company that is a Global leader in the ATM Space	Position ATNS as Proudly SA Company that is a Thought Leader in the ATM Space / Technology space
<ul style="list-style-type: none"> • We are firmly rooted in our South African/ Africa roots but play in the Global landscape (ATNS International) • We are an SOE that listens to the needs of our society and meet the expectations of our National demands • We care about the needs of all our customers – Albert Taylor Award • CSI – helps to address some of the challenges in our society • Women’s Development, Graduate Programme 	<ul style="list-style-type: none"> Avi Afrique Safety Management System (SMS) Space Based A-DSB A- CAD CANSO Maturity Survey Support AIS to AIM transition steps PBN

<ul style="list-style-type: none"> • We support people with Disabilities • Procurement in terms of the B-BBEE • Quality Management processes ISO 2015 • Accreditations of our ATA • Top Employer to work for • We are a company that cares about the environment and embed sustainability in our processes (sustainability and environmental Strategy) 	
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Table 3: ATNS Business Transformation and Growth

ATNS STRATEGIC ALLIANCES AND FLAGSHIP EVENTS

CANSO

CANSO is the global voice of Air Navigation Services Providers (ANSP) worldwide. It is an organisation that was founded in 1996 to represent members’ views in major regulatory and industry forums, including ICAO, where it has official observer status.

Significantly, ATNS is a founding member of the CANSO organisation. ATNS has participated in CANSO activities with the strategic intent aimed at positioning ATNS to global standards, creating skill and learning as well as creating advantaged networks within the aviation industry.

CANSO Global has regional offices around the world which lead CANSO’s policy and coordinate ANSP best practice in the different regions.

CANSO’s Africa Regional office was established in 2012 and is, hosted by ATNS. The office gives an ATM voice to the African region that is faced with significant challenges in infrastructure development. The CANSO Africa office has successfully acquired 11 regional members. There is constant engagement with other countries to expand the regional membership.

CANSO AFRICA’S REGIONAL AGENDA

The CANSO Africa region vision and critical areas are aligned to the Global Vision 2020 strategic framework and work programmes with input from all CANSO AFRICA members.

The CANSO Africa Regional Workgroups

The critical areas of focus and the work programme for the region is executed through workgroups lead by experts from different countries. The Africa Office has the following workgroups:

- Operations Workgroup – this workgroup is working on the principle of transforming global performance.
- Safety Workgroup – this workgroup drives safety performance, focusing on runway safety, runway incursions and excursions.

ATNS's role in hosting the CANSO Africa Regional Office is critical to strengthening of stakeholder relationships and networks in the AFI Region in keeping with the strategy, areas of excellence; building lasting relationships with communities, government and other strategic partners.

34 ANNEXURE L – AVIATION TRAINING ACADEMY

The Aviation Training Academy (ATA) is a successful and renowned aviation training organisation. The ATA offers a full range of air traffic services, air traffic safety electronics, management and other aviation-related training. The ATA is integral in providing a pipeline of competent ATS and ATSEP manpower to ATNS' air traffic and engineering departments, as well as providing training to the broader African continent.

The ATA is a Fully Accredited Transport Education Training Authority (TETA) Training provider with ISO-9001:2015 accreditation. Its focus on healthy networking has resulted in the Academy having several international cooperation agreements in place with partners such as the Embry Riddle Aeronautical University, Ecole Nationale de l'Aviation Civile (ENAC) and the University of the Witwatersrand (WITS), enabling the Academy to maintain mutually beneficial partnerships in the presentation and accreditation of international courses in air traffic services (ATS). The ATA has a long-standing partnership with the International Air Transport Association (IATA), as a Regional Training Partner and an authorised Training Centre. This partnership enhances the product portfolio of the ATA, enabling us to deliver training products to a wider aviation sector, including distance learning delivery for certain courses. The ATA has been awarded the IATA Regional Training Partner Award for five consecutive years and was designated as an IATA Premier Circle Member in 2015 and 2018. In 2016, the ATA received an award from IATA for its continuous contribution towards the development of skills in the aviation industry. The Academy is also designated as an ICAO Regional Training Centre of Excellence.

The ATA's strategic direction, as approved by the Board in 2016, is aimed at positioning the ATA as an academic institution that is registered by the South African National Department of Higher Education and Training (DHET); and accredited by the South African Council of Higher Education and Training (CHE). The benefits of this initiative, amongst others, are:

- The establishment of a recognised academic ATC qualification in South Africa and the Continent.
- Creating a higher profile and demand for ATC training amongst young bright people.
- Creating of better opportunities for students to source external bursaries or loans for at least part of the training.
- Increasing the demand for the qualification and hence the ATC pipeline.
- Improving the quality of the student intake.
- Creating a base for broader aviation qualifications that can be delivered jointly with universities.
- Creating a potential for alternative career paths for ATCs.
- Fostering national and global benchmarking, monitoring and evaluation of the training and qualifications.
- Increasing the long-term competitiveness of ATA.

This exciting multi-year initiative seeks to enhance the way ATS training is conducted at the ATA, while proposing macro benefits to the organisation and the industry. Key stakeholders in the industry, including SACAA, ACSA, Ekurhuleni Metropolitan Council and DoT EXCO, have supported and endorsed this project. The diagram below depicts the timelines associated with the high-level activities within this project.

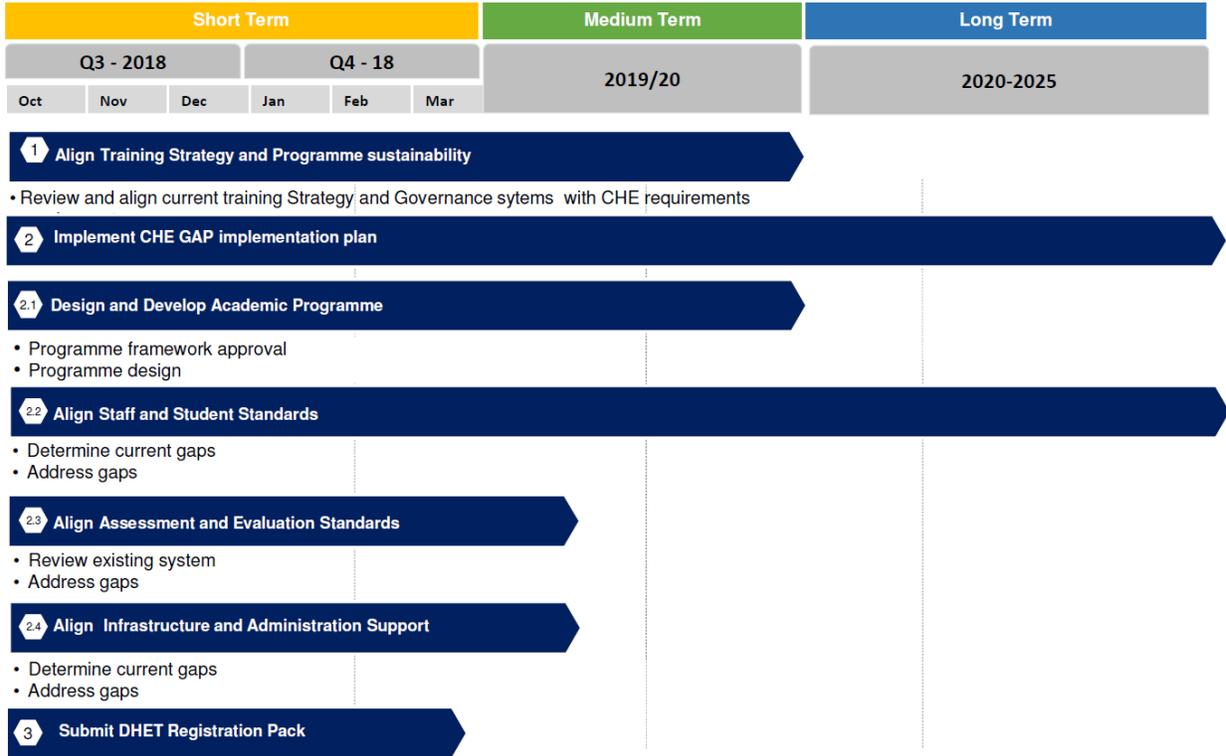


Figure 1: Key Activities for ATA Strategy

At an operational level the ATA will focus on the following short-term objectives:

- The second phase of the ATA refurbishment project aimed at optimising the current infrastructure to accommodate the planned and expected future domestic and international training demands;
- The full implementation of the ICAO competency-based training and assessment framework across all ATM disciplines, in collaboration with ATS and OT;
- Establishing the infrastructure to implement e-learning. This will be a collaborative effort with ATNS IT to ensure full integration with relevant ICT systems;
- The capacitation of the ATA with appropriate skills and competencies, including a training research and development capability, to facilitate the transformation of the learning environment to better address the requirements of the next generation of aviation professionals.

35 ABBREVIATIONS AND ACRONYMS

3D	Three Dimensional
3G	Third Generation
3GPP	Third Generation Partnership Project
AAGR	Average Annual Growth Rate
AAIM	Aircraft Autonomous Integrity Monitoring
AASA	Airline Association Southern Africa
ABAS	Aircraft – based Augmentation
ACARS	Aircraft Communications, Addressing and Reporting System
ACAS	Airborne Collision Avoidance System
ACC	Area Control Centre
ADF	Automatic Direction Finder
ADS	Automatic Dependent Surveillance
ADS – B	Automatic Dependent Surveillance – Broadcast
ADS – C	Automatic Dependent Surveillance – Contract
AERMAC	Aeronautical Message and Communication (Software Product)
AFI	Africa – Indian Ocean Region
AFN	ATC Facilities Notification (Fans 1/A Message)
AFS	Aeronautical Fixed Service
AFTN	Aeronautical Fixed Telecommunications Network
AGC	Automatic Gain Control
AGHME	Aircraft Geometric Height Measurement Element
AIDC	Air Traffic Services Inter – Facility Data Communications
AIM	Aeronautical Information Management
AIMU	Aeronautical Information Management Unit
AIP	Aeronautical Information Publication
AIREP	Air Report
AIS	Aeronautical Information Services
AMC	Airspace Management Cells
AMC	Airport Management Centre
AMCP	Aeronautical Mobile Communications Panel
AMHS	ATS Message Handling System
AMO	Aircraft Maintenance Organisation
AMS	Aeronautical Mobile Service
AMSRS	Aeronautical Mobile-Satellite (R) Service
AMSS	Aeronautical Mobile-Satellite Service
ANR's	Air Navigation Regulations
ANSP	Air Navigation Service Provider
AO	Aircraft Operators

AOC	Aircraft Operating Company / Committee
AOC	Air Operators Certificate
AORRA	Atlantic Ocean Random Route Area
APIRG	AFI Planning and Implementation Regional Group
APN	Access Point Name
APP	Approach
APR	Automatic Position Reporting
APV	Approach with Vertical Guidance
APV-AR	Approach with Vertical Guidance – Authorization Required
AR	Applied Research
AR	Area of Routing
ASBU	Aviation Systems Block Upgrades
ASE	Altimetry System Error
ASM	Airspace Management
A-SMGCS	Advanced Surface Movement Guidance & Control System
ASP	Aeronautical Surveillance Panel
ATA	Aviation Training Academy
ATA	Actual Time of Arrival
ATC	Air Traffic Control
ATCC	Air Traffic Control Centre
ATD	Actual Time of Departure
ATFM	Air Traffic Flow Management
ATIS	Automatic Terminal Information Service
ATM	Air Traffic Management
ATMSD	ATM Service Delivery
ATM/cns	Air Traffic Management/communication navigation surveillance
ATN	Aeronautical Telecommunications Network
ATOM	ADSAT Trials Operations Manual
ATS	Air Traffic Services or Aircraft Tracking System
ATS/DS	Air Traffic Service / Direct Speech
ATSMHS	Air Traffic Services Message Handling System
ATSU	Air Traffic Service Unit
BARSA	Board of Airline Representatives of South Africa
BER	Bit Error Rate / Beyond Economical Repair
BITE	Build-in Test Equipment
BOM	Bill of Material
BOQ	Bill of Quantity
CAATS	Collaborative Advance Air Traffic Services
CAD	Central #Aeronautical Database

CAMU	Central Airspace Management Unit
CANSO	Civil Air Navigation Organisation
CAPEX	Capital Expenditure
CAR	Civil Aviation Regulations
CATS	Civil Aviation Technical Standards
CATS 139	Aerodromes and Heliports
CATS 141	Aviation Training Organisations
CATS 171	Aeronautical Telecommunication Service Provider
CATS 172	Airspace and Air Traffic Services
CATS 173	Flight Procedure Design
CATS 175	Aeronautical Information Services
CATS 65	Air Traffic Service Personnel Licensing
CATS 67	Medical Requirements
CATS 92	Conveyance of Dangerous Goods
CATS-ACCID & INCID	Civil Aviation Technical Standards / Accidents and Incidents
CAUAMC	Civil Aviation Upper Airspace Management Centre
CDI	Course Deviation Indicator
CDM	Collaborative Decision Making
CDP	Communications Data Processor
CDR's	Conditional Routes
CDRL	Contract Document Requirement List
CDU	Control and Display unit
CDU	Course Development Unit
CEO	Chief Executive Officer
CEU	Central Executive Unit
CFE	Customer Furnished Equipment
CFIT	Controlled Flight Into Terrain
CFMU	Central Flow Management Unit
CLD	Clearance Delivery
CM	Context Management
CNS	Communications, Navigation and Surveillance
COE	Conditions of Employment
COM	Communications
CPDLC	Controller Pilot Data Link Communication
CPI	Consumer Price Index
CRC	Cyclic Redundancy check
CRM	Customer Relationship Management
CRM	Crew Resource Management
CRM	Collision Risk Modelling

CSD	Circuit Switched Data
CTA	Control Area
CTR	Control Zone
CUG	Closed User Group
DAIW	Danger Area Infringement Warning
DARPs	Dynamic air route planning
DARPs	Dynamic air reroute procedure
D-ATIS	Digital Automatic Terminal Information System
DC	Disciplinary Code
DCA	Director Civil Aviation
DCPC	Direct Controller Pilot Communications (voice/data)
DCW	Digital Chart of The World
DDP	Delivered Duty Paid
DECT	Digital Enhanced Cordless Telecommunications
DEP	Departure
DF	Directional Finder
D-FIS	Digital Flight Information Service
DGNSS	Differential Global Navigation Satellite System
DHCP	Dynamic Host Configuration Protocol
DI	Direction Indicator
DL	Data Link
DLC	Departure Clearance
DME	Distance Measuring Equipment
DoT	Department of Transport
DTED	Digital Terrain Elevation Data
DTM	Dual Transfer Mode
DTMF	Dual Tone Multi Frequency
DVD	Digital Versatile Disk
DVOR	Doppler VOR
DVR	Digital Video Recorder
EASA	European Aviation Safety Agency
EATCHIP	European Air Traffic Control Harmonisation and Integration Program
EATMS	European Air Traffic Management System
ECAC	European Civil Aviation
ECP	Engineering Change Proposal
EET	Estimated Elapsed Time
EGDP	Engineering Graduate Development Programme
EGNOS	European Geostationary Navigation Overlay System

EMS	Environmental Management System
ENAC	Ecole Nationale de l'Aviation Civile
ERM	Executive Risk Management
ETA	Estimated Time of Arrival
EUR	European Region
FANS	Future Air Navigation Systems
FAT	Factory Acceptance Tests
FDP	Flight Data Processor
FDPS	Flight Data Processing System
FET	Further Education & Training
FF-ICE	Flight and Flow Information for a collaborative environment
FIC	Flight Information Centre
FIR	Flight Information Region
FIS	Flight Information Service
FL	Flight Level
FMC	Flight Management Computer
FMECA	Failure Mode Effect and Critical Analyses
FMP	Flow Management Position
FMS	Flight Management System
FOB	Free on Board
FOR	Free on Rail
FPL	Flight Plan
FRACAS	Failure Mode Effect and Corrective Action System
FRT	Fixed Radius Transition
FTA	Fault Tree Analyses
FTE	Flight Technical Error
FUA	Flexible Use of Airspace
GA	General Aviation
GAAP	General Aviation Accident Prevention
GANP	Global Aviation Navigation Plan
GAPP	Gauteng Area PBN Plan
GASI	General Aviation Safety Initiative
GBAS	Ground Based Augmentation System
GCA	Global Compensation Allowance
GES	Ground Earth Station
GHG	Green House Gas (GHG) emissions
GIC	GNSS Integrity Channel
GLONASS	Global Navigation Satellite System (Russian Federation)
GMU	GPS Monitoring Unit

GNSS	Global Navigational Satellite System
GPRS	General Packet Radio Service
GPS	Global Positioning System
GS	Ground Speed
GSM	Global System for Mobile Communications
GUI	Graphical User Interface
HC	Human Capital
HDL	HF Data Link
HF	High Frequency
HFDL	High Frequency Data Link
HME	Height Monitoring Equipment
HMI	Human Machine Interface
HMU	Height Monitoring Unit
HTTP	Hyper Text Transfer Protocol
IAS	Indicated Air Speed
ICAO	International Civil Aviation Organisation
ICG	Implementation Coordination Group
ICT	Information Communication Technology
IFR	Instrument Flight Rules
ILS	Instrument Landing System
IMAP	Internet Message Access Protocol
INS	Inertial Navigation System
INSPIRE	Indian Ocean Strategic Partnership to Reduce Emissions
IORRA	Indian Ocean Random Route Area
IP	Internet Protocol
IP	Intellectual Property
IRS	Inertial Reference System
IRU	Inertial Reference Unit
ISD	Integrated Service Digital Network
ISO	International Organisation for Standardisation
ISP	Internet Service Provider
ISS	Investigation and Standards Specialist
IT	Information Technology
JAA	Joint Aviation Authorities
JIT	Just In Time
KPI	Key Performance Indicator
KSIA	King Shaka International Airport
LAAS	Local Area Augmentation System
LAN	Local Area Network

LCC	Life Cycle Cost
LCD	Liquid Crystal Display
LHD	Large Height Deviation
LIS	Logistic Information System
LNAV	Lateral Navigation
LRU	Line Replaceable Unit
LS	Logistic Support
LSA	Logistic Support Analyses
MACS	Minimum Acceptable Communication Service
MARS	Minimum Acceptable Radar Service
MASPS	Minimum System Performance Specification
MCDU	Multi-Purpose Control and Display Unit (Acars and FMC)
MCO	Marketing communication Officer
MCOMS	Marketing and Communication Specialist
MDF	Main Distribution Frame/ Management Development Facilitator
MDP	Management Development Program
MEL	Minimum Equipment List
MER	Manager Employee Relations
MET	Meteorological
METAR	Aviation routine weather report
MLAT	Multi-lateration
MLS	Microwave Landing System
MMR	Multimode Receiver
MMR	Minimum Monitoring Requirements
MMS	Maintenance Management System (Software product)
MNPS	Minimum Navigation Performance Specifications
MNT	Mach Number Technique
MODE S	Mode S SSR Data Link
MRT	Multi Radar Tracking
MSA	Minimum Sector Altitude
MSAW	Minimum Safe Altitude Warning System
MSPSR	Multi – Static Primary Surveillance Radar
MSSR	Mono-pulse Secondary Surveillance Radar
MTBF	Mean Time Before Failure
MTCA	Medium Term Conflict Alert
MTSF	Medium Term Strategic Framework
MTTR	Mean Time To Repair
NAFISAT	North East Africa Indian Ocean VSAT Network
NAVAID	Navigation Aids

NDB	Non - Directional Beacon
NGO	Non-Governmental Organisation
NM	Nautical Mile
NOTAM	Notice To Airmen
NPA	Non-precision Approach
NQF	National Qualifications Framework
NSE	Navigation System Error
NSTB	National Satellite Test Bed
NVP	
OEM	Original Equipment Manufacturer
OLDI	On Line Data Interchange
OPS	Operations
ORTIA	OR Tambo International Airport
OT	Operations Technology
PANS-OPS	Procedure for ANS-Aircraft Operations
PBN	Performance Based Navigation
PBU	Period of Beneficial Use
PBX	Private Branch eXchange
PCM	Pulse Code Modulation
PCUG	Private Closed User Group
PDA	Personal Digital Assistant
PDC	Pre - Departure Clearance
PHS&T	Packaging, Handling, Storage and Transportation
POP	Post Office Protocol
POTS	Plain Old Telephone System
PPP	Point-to-Point Protocol
PSIR	Pre-sentence Investigation Report
PSR	Primary Surveillance Radar
PSTN	Public Switched Telephone Network
PTN	Private Telecommunication Network
PVN	Private Voice Network
PWT	Personal Wireless Telecommunications
QMS	Quality Management System
QNH	Pressure Setting for Altimeters (Usually n Hecta-pascals)
RA	Resolution Advisory (ACAS A\C Warning)
RAFC	Regional Area Forecasting Centre
RAIM	Receiver Autonomous Integrity Monitoring
RAM	Reliability, Availability and Maintainability
RAN	Regional Air Navigation

RC	Regulating Committee
RCMMS	Remote Control Monitoring & Maintenance System
RCMS	Remote Control and Monitoring System
RCP	Required Communication Performance
RDP	Radar Data Processor
RF	Radius to Fix Area Navigation
RFC	Request for Change
RFP	Request for Proposal / Radar Front Processor
RFQ	Request for Quotation
RFT	Request for Tender
RM	Records Management
RMACG	Regional Monitoring Agency Coordination Group
RNAV	Required Area Navigation
RNP	Required Navigation Performance
ROD	Record of Decision
ROD	Rate of Descent
ROI	Registration of Interest
ROT	Runway Occupation Time
ROX	Rate of Exchange
RPL	Repetitive Flight Plan/ Recognition of prior Learning
RPS	Recording and Playback System
RSP	Required Surveillance Performance
R/T	Radiotelephony
RTCA	Requirements and Technical Concepts for Aviation
RVR	Runway Visual Range
RVSM	Reduced Vertical Separation Minima
SA	South Africa
SAAF	South African Air Force
SAM	South American Region
SARP's	Standards and Recommended Practices
SAT	Site Acceptance Tests
SAT	South Atlantic
SATCOM	Satellite Communications
SBAS	Space Based Augmentation System
SDH	Synchronous Digital Hierarchy
SID	Standard Instrument Departure
SIGMET	Information concerning en-route phenomena which may affect the safety of aircraft operations (i.e. Significant Metrology)
SIGWX	Significant Weather

SLA	Service Level Agreement
SME	Small and Medium Size Enterprise
SMS-C	Short Message Service Centre
SNMP	Simple Network Management Protocol
SOC	State Owned Corporation
SRA	Special Rules Airspace / Surveillance Radar Approach
SRE	Surveillance Radar Element
SRU	Shop Replace able Unit / Surveillance Radar Unit
SSA	Skills Attraction Allowance
SSR	Secondary Surveillance Radar
SSS	System Support Suite
STAR	Standard Terminal Arrival Route
STCA	Short Term Conflict Alert
SVGCA	Station Variable Global Compensation Allowance
SWC	Soccer World Cup
SWIM	System Wide Information Management
TA	Traffic Advisory
TAAM	Total Airport and Airspace Modelling Software
TAF	Terminal Area Forecast
TAR	Terminal Approach Radar
TAS	True Air Speed
TAT	Turn Around Time
TCAS	Traffic Collision Avoidance System
TCP	Transmission Control Protocol
TDM	Track Definition Message (Time Division Multiplex)
TETA	Transport Education Training Authority
TLS	Target Level of Safety
TMA	Terminal Control Area (Terminal Manoeuvring Area)
TOS	Traffic Orientation Scheme
TSA	Temporary Segregated Area
TSE	Total System Error
UACC	Upper Airspace Control Centre
UHF	Ultra-High Frequency
USB	Universal Serial Bus
VCCS	Voice Communication and Control Switch
VCR	Visual Control Room
VDF	VHF Directional Finder
VDL	VHF Data Link
VFR	Visual Flight Rules

VHF	Very High Frequency
VNAV	Vertical Navigation
VoIP	Voice Over Internet Protocol
VOR	VHF Omni directional Radio Range
VPN	Virtual Private Network
VSAT	Very Small Aperture Terminal
WAAS	Wide Area Augmentation System
WAFS	World Area Forecast System
WAM	Wide Area Multilateration
WAN	Wide Area Network
WAP	Wireless Application Protocol
WGS-84	World Geodetic Reference System 1984
WiFi	Wireless Fidelity
Wits	University of the Witwatersrand
WLAN	Wireless Local Access Network
WPF	Workplace Forum
WWW	World Wide Web

36 COMPANY INFORMATION

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APPENDIX A- SHAREHOLDERS COMPACT



SHAREHOLDER COMPACT

Entered into by and between

GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA

HEREIN REPRESENTED BY THE MINISTER OF TRANSPORT

and

THE BOARD OF

ATNS

2019/20

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1. INTRODUCTION

- 1.1. The Entity has been established in terms of the Act and is listed in Schedule 2 of the PFMA and the Objectives and the functions of the Entity are governed by the Act;
- 1.2. In terms of Regulation 29.2 of the Regulations –
 - 1.2.1. the Accounting Authority for a public entity listed in Schedule 2, 3B and 3D must, in consultation with its Executive Authority, annually conclude a Shareholder Compact; and
 - 1.2.2. the Shareholder Compact must document the mandated key performance measures and indicators to be attained by the public entity as agreed between the Accounting Authority and the Executive Authority.
- 1.3. The Accounting Authority must, in terms of the PFMA, comply with its fiduciary duties and manage all revenue, expenditure, assets and liabilities of the Entity effectively and efficiently;
- 1.4. The Executive Authority and the Accounting Authority wish to:
 - 1.4.1. establish a transparent and accountable working relationship on matters relating the implementation of the provisions of the PFMA, the Companies Act and the Act; and the Articles of Associations
 - 1.4.2. enter into this Shareholder Compact, to assist the Parties to measure the Accounting Authority and the Entity's performance, and to support and manage the working relationship between them; and
 - 1.4.3. enter into this Shareholder Compact to execute their obligations in terms of Regulation 29.2 of the Regulations for the financial year 2019/20

2. DEFINITIONS AND INTERPRETATION

2.1. Definitions.

In this Shareholder Agreement, the following expressions and words have the meaning assigned to them below and derivative expressions and words will have a corresponding meaning, unless inconsistent with or otherwise indicated by the context –

- 2.1.1. "**Accounting Authority**" means the board of directors as appointed in accordance with the Act;
- 2.1.2. "**Act**" means the Air Traffic and Navigation Act 1993 (Act No. 45 of 1993);
- 2.1.3. "**Articles**" means the articles of association of the Entity in terms of the Companies Act;
- 2.1.4. "**Chairperson**" means the Chairperson of the Accounting Authority;
- 2.1.5. "**Committee**" means a Committee of the Accounting Authority required in terms of the PFMA and the Regulations;
- 2.1.6. "**Companies Act**" means the Companies Act, 2008 (Act No. 71 of 2008), as amended;
- 2.1.7. "**Company Secretary**" means the person appointed as the secretary of the Accounting Authority as defined in the Companies Act;
- 2.1.8. "**Corporate Plan**" means the corporate plan as stated in section 52(b) of the PFMA;

- 2.1.9. **"Department"** means the National Department of Transport;
- 2.1.10. **"Director"** means a member of the Accounting Authority as referred to in the Act and Companies Act;
- 2.1.11. **"Entity"** means Air Traffic and Navigation Services SOC Limited;
- 2.1.12. **"Effective Date"** means date of signature of this Agreement by the last Party signing in time;
- 2.1.13. **"Executive Authority"** means the Minister of Transport or his delegate;
- 2.1.14. **"Financial Year"** means the Financial Year beginning on 1 April of a specific year and ending on 31 March of the following year;
- 2.1.15. **"King Report"** means the King Report on Corporate Governance for South Africa, 2009, as updated and amended.
- 2.1.16. **"Member"** means a member of a Committee;
- 2.1.17. **"Memorandum"** means the Memorandum of Association of the Entity;
- 2.1.18. **"Month"** means a calendar month;
- 2.1.19. **"Parties"** means the Executive Authority and the Accounting Authority or any one of them as the context may indicate;
- 2.1.20. **"PFMA"** means the Public Finance Management Act, Act No. 1 of 1999, as amended;
- 2.1.21. **"Regulations"** means the Treasury Regulations to the PFMA initially published under GNR 345 of 9 April 2001, as amended;
- 2.1.22. **"Representative"** means a person appointed by the Parties in terms of this Shareholder Compact to fulfil and administer the functions set out herein on behalf of the Party which appointed such person;
- 2.1.23. **"Shareholder Compact"** means this document, as required in terms of Regulation 29.2 of the Regulations, including all annexures hereto;
- 2.1.24. **"Statute"** means any act of Parliament or regulation thereto or any other enactment having the force of law;
- 2.1.25. **"Strategic Plan"** means the Strategic Plan of the Entity, under Regulations 5 and 30.1.3 of the Regulations; and
- 2.1.26. **"Writing"** means handwritten, type-written or printed communication, including telegram, facsimile transmission, electronic transmission or any like communication and "in Writing" and "Written" shall have corresponding meanings.

Interpretation.

In this Shareholder Compact –

- 2.2.1. unless the context indicates a contrary intention an expression which denotes -
 - 2.2.1.1. any reference to the singular includes the plural and *vice versa*;
 - 2.2.1.2. any reference to the natural person includes legal persons and *vice versa*; and
 - 2.2.1.3. any reference to a gender includes the other genders;
- 2.2.2. when any number of days is prescribed same shall, unless otherwise specifically stated, be reckoned exclusively of the first and inclusively of the last day;
- 2.2.3. where words have been defined in the body of this Shareholder Compact, such words shall, unless otherwise required by the context, have the meanings so assigned to them throughout this Shareholder Compact;
- 2.2.4. where any provision contemplates a notice to be given or agreement to be reached between the Parties, such notice or agreement shall be in writing, unless expressly provided otherwise;

- 2.2.5. if any provision of this Shareholder Compact is in any way inconsistent with the provisions of the PFMA, the Companies Act, or the Act, the relevant provision of the PFMA, the Companies Act, or the Act shall prevail, and this Shareholder Compact shall be read in all respects subject thereto; and
- 2.2.6. if any provision of this Shareholder Compact is in any way inconsistent with the Articles and/or the Memorandum of the Entity, the provision of Articles and/or Memorandum shall prevail and the Articles and/or Memorandum shall be amended accordingly. In the event of such a conflict, the Entity agrees to take all such necessary actions, and such actions as are conducive, to amend the Articles and/or Memorandum as necessary under this clause 2.2.6.

3. **PURPOSE OF SHAREHOLDER COMPACT**

- 3.1. The purpose of this Shareholder Compact is to –
 - 3.1.1. formalise and regulate the working relationship **between** the Executive Authority and the Accounting Authority;
 - 3.1.2. give effect to the mandate of the Entity; and
 - 3.1.3. give effect to the obligations of the Parties to conclude a Shareholder Compact as stated in Regulation 29.2 of the Regulations.

4. **LEGISLATIVE MANDATE OF THE ENTITY**

- 4.1. The legislative mandate of the Entity is set out in the Act and the Entity is required to perform and comply with such legislative mandate as read in the Act in conjunction with the Articles.
- 4.2. Concurrent with achieving the legislative mandate, the Entity shall deliver on and adhere to the national priorities of Government.
- 4.3. The Accounting Authority shall integrate any governmental policy, relating to the Entity, into its Corporate Plan, key performance measures and indicators and borrowing programme in order to execute its legislative mandate.

5. **CRITICAL ASSUMPTIONS**

The Parties have assumed that the timeous submission of the documentation under this Shareholder Compact being provided to the Accounting Authority is critical to:

- 5.1. the Department making informed decisions; and
- 5.2. providing the National Treasury and the Executive Authority with information which enables the efficient execution of the Executive Authority's mandate.
- 5.3. Accordingly, the following documentation is required by the date allocated next to the document name annually–
 - 5.3.1. Draft Corporate Plan – End of January
 - 5.3.2. Draft Shareholder Compact – End of January

- 5.3.3. Corporate Plan – end of February
- 5.3.4. Shareholder Compact, including performance indicators – End of February
- 5.3.5. Budget Inputs – End of February
- 5.3.6. MTEC Inputs - where applicable End of July
- 5.3.7. ENE Inputs – End of November
- 5.3.8. Annual Reports – End of August
- 5.3.9. AGM Notices – End of August

6. **ROLES AND RESPONSIBILITIES OF THE EXECUTIVE AUTHORITY**

- 6.1. As stated in section 63 of the PFMA, the role and responsibility of the Executive Authority is to exercise the Executive Authority’s ownership powers to ensure that the Entity complies with the Act, the PFMA and the financial policies of the Executive Authority.
- 6.2. The Executive Authority may, in writing or other means desirable, instruct the Accounting Authority to discontinue any activity of the Accounting Authority within a specified period, where such activity is contrary to the strategic or economic interest of the Republic of South Africa.
- 6.3. The Executive Authority may, intervene in the following as the Executive Authority sees fit:
 - 6.3.1. the overall assessment of the Accounting Authority’s performance on the basis of the Entity’s actual performance in delivering the desired outcomes and objectives of the Entity and pre-agreed objectives of Government; and
 - 6.3.2. the overall monitoring and reporting to Parliament of the financial, commercial and socio-economic strategic performance of the Entity. For this purpose, the Accounting Authority shall report to the Executive Authority on the matters and at the intervals stipulated in the PFMA and the Shareholder Compact.
- 6.4. The Executive Authority has the right to solicit independent advice and audit support in the discharge of the Executive Authority role and functions in terms of the Shareholder Compact and **Appendix A**.

7. **UNDERTAKINGS BY the EXECUTIVE AUTHORITY**

- 7.1. The Executive Authority undertakes to –
 - 7.1.1. provide an environment that encourages the discretion of the Accounting Authority regarding matters falling within its authority, as provided for in the Act, the Articles and this Shareholder Compact;
 - 7.1.2. expedite the implementation of critical decisions;
 - 7.1.3. facilitate the proper constitution of the Accounting Authority and to fill vacancies that arise promptly;
 - 7.1.4. promote the Entity’s programmes in Cabinet where such programmes have been approved by the Executive Authority;
 - 7.1.5. engage with the Accounting Authority, before exercising any of his or her powers in terms of the Act, if the exercise of such power will –

- 7.1.5.1. affect the performance of the Entity's functions;
- 7.1.5.2. commit the Entity to implement or give effect to a decision made by the Executive Authority; or
- 7.1.5.3. have a substantial financial impact on the Entity; and
- 7.1.6. facilitate the adjustment of agreed measures and indicators and/or provide the resources to enable the Entity to meet any such issued directives or any agreed plans.

8. THE ENTITY

8.1. Role of the Accounting Authority

The Accounting Authority collectively represents the Entity and all acts of or under the Entity.

8.2. Responsibilities of Accounting Authority

- 8.2.1. The Accounting Authority is responsible for the performance of the Entity and is fully accountable to the Executive Authority for such performance.
- 8.2.2. The Accounting Authority is bound by and shall abide by, its statutory and fiduciary duties and will exercise the fiduciary duties of due diligence care and skill.
- 8.2.3. The Directors of the Accounting Authority will disclose any personal interest in decisions taken by the Accounting Authority in the conflict register referred to in clause 8.2.8.27 below.
- 8.2.4. The Directors of the Accounting Authority agree to be individually and severally liable pursuant to the PFMA and the Companies Act, for fraud, reckless trading, failure to disclose interest in contracts, falsifying books and records, or making false statements.
- 8.2.5. The Directors agree that, with respect to negligence by a Director, the level of such liability referred to in 8.2.4 above, will vary according to the degree of a Director's obligation to be involved in the day-to-day activities of the Entity.
- 8.2.6. The Accounting Authority is responsible for timeously and prudently undertaking all key activities required for the efficient and effective running of the Entity, including but not limited to appointment of senior executives to the Entity and capital decisions within the ordinary course of business.
- 8.2.7. The Accounting Authority shall provide a quarterly reporting package, the first of which is due on 31 July 2018 and is to cover the period of 1 April 2018 to 30 June 2018, to the Executive Authority on the matters and in the approved format. Each subsequent quarterly reporting package will be provided to the Executive Authority for each Financial Year by the date indicated opposite the period stated below-
 - 8.2.7.1. 31 October 2018 for the period 1 July 2018 to 30 September 2018;
 - 8.2.7.2. 31 January 2018 for the period 1 October 2018 to 31 December 2018; and
 - 8.2.7.3. 30 April 2018 for the period 1 January 2018 to 31 March 2018
- 8.2.8. The Accounting Authority shall ensure that:
 - 8.2.8.1. each member of the Accounting Authority is fully aware of, and complies with all applicable Statutes, government policies and codes of business practices;

- 8.2.8.2. it concludes a shareholder compact with the Executive Authority on or before the start of the new financial year.
- 8.2.8.3. the Directors of the Accounting Authority have unrestricted access to accurate, relevant information of the Entity;
- 8.2.8.4. there is appropriate and effective induction, education and training offered to new and existing Directors of the Accounting Authority;
- 8.2.8.5. the Directors of the Accounting Authority act on a fully informed basis, in good faith, with diligence, skill and care and in the best interest of the Entity, whilst taking account the interests of all stakeholders, including employees, creditors, customers, suppliers and local communities;
- 8.2.8.6. the Entity acts in accordance with, and achieves the key performance measures and indicators set in, **Appendix B** hereto;
- 8.2.8.7. the key performance measures and indicators the Executive Authority requires, as set out in this Shareholder Compact and **Appendix A**, are achieved and can be measured in terms of **Appendix B**;
- 8.2.8.8. the Entity maintains adequate accounting records and the Entity prepares financial statements for each Financial Year, which fairly presents the affairs of the Entity;
- 8.2.8.9. the Entity consistently applies suitable accounting policies, supported by reasonable and prudent judgments and estimates, in the preparation of the financial statements;
- 8.2.8.10. the Entity maximises the benefits from the resources allocated to it and undertake rigorous auditing processes and proactive financial management;
- 8.2.8.11. the Entity pursues efficiency through developing enhanced administrative, evaluation, information and technical processes;
- 8.2.8.12. the Entity holds that number of annual general meetings and in the manner prescribed in the Companies Act;
- 8.2.8.13. it develops a clear definition of the levels of materiality or sensitivity in order to determine the scope of delegation of authority and ensures that it reserves specific powers and authority to itself;
- 8.2.8.14. all delegations of authority are reduced to writing and kept under review; and
- 8.2.8.15. the Entity –
 - 8.2.8.15.1. investigates, and where appropriate, researches or employs methodologies that will be to the national benefit or could contribute to alleviating the financial burden of those to whom the Entity provides services;
 - 8.2.8.15.2. diligently adheres to the corporate objectives statement, Corporate Plan, reporting requirements and borrowing programme for the relevant Financial Year;
 - 8.2.8.15.3. diligently carries out all necessary actions of the Entity in accordance with PFMA, the Companies Act, the Regulations and this Shareholder Compact;
 - 8.2.8.15.4. only engages in transactions within its ordinary course of business; and
 - 8.2.8.15.5. only disposes of assets in accordance with the PFMA and the Act, within the normal course of business.
- 8.2.8.16. it gives strategic direction to and controls the Entity;

- 8.2.8.17. it monitors the Entity's management closely by implementing the Accounting Authority's plans and strategies;
- 8.2.8.18. it complies with Statutes, government policies and codes of business practice;
- 8.2.8.19. it develops and implements an effective succession plan for Executive Directors and adhere thereto;
- 8.2.8.20. it develops and implements effective internal control procedures in accordance with the PFMA, the Regulations, the King Report and best practice governance;
- 8.2.8.21. it communicates with the Executive Authority and relevant stakeholders openly and promptly;
- 8.2.8.22. it formulates, monitors and reviews corporate strategy, major plans of action, risk policy, annual budgets and business plans of the;
- 8.2.8.23. it maintains adequate accounting records on an annual or such more frequent basis as the Accounting Authority may determine;
- 8.2.8.24. at least annually, appraises the performance of the Directors, and Chairperson;
- 8.2.8.25. it reviews and evaluates its required mix of skills and experience and other qualities in order to assess the effectiveness of the entire Accounting Authority, its Committees and the contribution of each individual Director during his/her entire term of office;
- 8.2.8.26. it establishes an appropriate mechanism for reporting the results of the Accounting Authority assessment to the Executive Authority;
- 8.2.8.27. it monitors and manages potential conflicts of interest of the Directors and management promptly and keeps a register of the conflicts of interests of all its employees;
- 8.2.8.28. it always maintains the highest standard of integrity, responsibility and accountability and ensure that it finds a fair balance between conforming to corporate governance principles and the performance of the Entity;
- 8.2.8.29. it closely monitors the process of disclosure and communication and exercises objective judgment on the affairs of the Entity and its independent of management;
- 8.2.8.30. it deals expeditiously with the directions given by the Executive Authority and promote and support the policies of Government; and
- 8.2.8.31. it supports the Executive Authority and the Department with the development and implementation of the national strategic objectives such as ASGISA and the New Growth Path.
- 8.2.9. The Accounting Authority warrants that it is fully conversant with all relevant statutory and fiduciary requirements having a direct or indirect bearing on –
 - 8.2.9.1. the Shareholder Compact; and
 - 8.2.9.2. the Accounting Authority's fiduciary duties.
- 8.2.10. Should the Accounting Authority become aware of any circumstances or problems, which has prevented it, is preventing it or will prevent it from performing its duties or functions that will have a significant effect on such duties and functions, it shall, as soon as is reasonably possible after becoming aware thereof, advise the Executive Authority in writing of such circumstances or problems.
- 8.2.11. The Accounting Authority undertakes not to delegate responsibility under the PFMA requirements stated below –

- 8.2.11.1. development of the annual Corporate Plan for the Entity;
- 8.2.11.2. carrying out the quarterly reporting;
- 8.2.11.3. preparation of the annual report and financial statements;
- 8.2.11.4. submissions in terms of Section 54 (2) of the PFMA; and
- 8.2.11.5. development of the Materiality Framework; and
- 8.2.11.6. applications for variation or renegotiation of the Shareholder Compact.

8.3. Services by the Entity to the Executive Authority and Department

- 8.3.1. The Entity will provide those services as are required in terms of its legislative mandate the Act and the Executive Authority's objectives.
- 8.3.2. The Entity will make itself aware of any changes to its service obligations but subject to, the provisions of clause 7.1.6 above, take all necessary steps to efficiently begin providing such services.
- 8.3.3. The Entity will provide technical support as required by the Department when the latter is negotiating and concluding international agreements with other states.
- 8.3.4. The Entity will remain abreast with international and national affairs in the Aviation industry and make recommendations to the Executive Authority and the Department with regard to matters connected with Aviation policy.
- 8.3.5. The Entity shall, upon request of the Executive Authority –
 - 8.3.5.1. assist the Executive Authority, or any other person whom the Executive Authority may designate, in any investigation, prosecution or any other steps resulting from occurrence of any industry matter; or
 - 8.3.5.2. furnish the Executive Authority, or such other person, with information, documents, written declarations or any other evidence which it has in its possession and which is related to such incident.
- 8.3.6. The Entity undertakes to co-operate and liaise with relevant law enforcement agencies regarding information in their possession that may be required by a court of law.
- 8.3.7. The Accounting Authority will keep the Executive Authority informed on matters of concern between the Entity and other state departments and authorities within the Republic of South Africa;
- 8.3.8. The Accounting Authority shall notify the Executive Authority of any agreements, which the Entity may enter into with other state department.
- 8.3.9. The Entity will provide the information necessary to execute departmental functions & responsibilities as and when requested.
- 8.3.10. The Entity will provide Board resolutions under signature of the Board Secretary or Chairperson to accompany documentation and submissions where approval by the Minister is necessary.

8.4. National Strategic Objectives

- 8.4.1. The Accounting Authority shall support and undertake to assist the Executive Authority and the Department with the development and implementation of National Strategic Objectives.
- 8.4.2. The Executive Authority shall formally document and communicate to the Accounting Authority any national strategic objectives to ensure that the strategic objectives of the Entity coincide with the national policy.

- 8.4.3. The Accounting Authority shall ensure that the Entity shall implement such policies, to promote and support certain specified key objectives of Government and shall report through its Chairperson to the Executive Authority.
- 8.4.4. The Accounting Authority shall implement at least the following policies –
- 8.4.4.1. those which the Executive Authority requires;
 - 8.4.4.2. those which are legislated;
 - 8.4.4.3. employment equity policy;
 - 8.4.4.4. procurement policy, which takes into, account Black Economic Empowerment and a fair and objective procurement process in terms of the BEE guidelines set by the Department of Trade and Industry;
 - 8.4.4.5. position the Entity to deal with the global and economic challenges facing the aviation industry by delivering a predictable safe, efficient and reliable service to all the Entity users;
 - 8.4.4.6. publish, and revise as or when required, review, a code of ethics and accountability of the Accounting Authority and the Entity; and
 - 8.4.4.7. to align the Entity’s overall operations with the global aviation matters and trends as well as aligning the operations cluster with the Entity’s strategies and all relevant stakeholders like the Department and those who use its services.

9. CORPORATE GOVERNANCE

- 9.1. Subject to the provisions of the Memorandum of Incorporation, the Entity will comply with the PFMA and the Regulations and shall comply, as far as is reasonably possible, with the King Report. The Accounting Authority must establish Committees to improve its effectiveness. Committees shall be formed as required by the business, provided that no less Committees shall be formed than the minimum set out by the PFMA and the Regulations.
- 9.2. The Parties shall, where applicable, implement good practice guidelines as recommended in the King Report and the Protocol on Governance in the Public Sector, 2002.
- 9.3. The Entity is required to support the Department on the finalisation of the appointment process of the Chief Executive including the provision, to the Department, the board resolution on the interviewed candidates.

10. TREATMENT OF DEVELOPMENTAL OBJECTIVES

The Parties agree that the Entity’s corporate objectives shall include developmental and socio-economic objectives and that the achievement of all such objectives shall be measured through quarterly and annual reports in the encompassing reports on:

- 10.1. Key performance measures and indicators; and PFMA reports; and
- 10.2. Governance reports (Audit and Risk report).

11. DURATION AND PROCESS OF CONCLUDING SHAREHOLDER COMPACT

- 11.1. The content of the Shareholder Compact shall remain the same but will be reviewed annually by the Parties, in accordance with Regulation 29.2 of the Regulations.
- 11.2. The following minimum supporting documentation relating to this Shareholder Compact is to be maintained by the Accounting Authority and access thereto is to be provided to the Executive and/or the Department on any reasonable request therefore –
 - 11.2.1. Corporate Plan covering a three-year period
 - 11.2.2. fraud prevention plan;
 - 11.2.3. any approved amendments to the documents stated in 11.2.1 above;
 - 11.2.4. code ethics
 - 11.2.5. corporate governance schedules;
 - 11.2.6. management’s register of conflicts of interest
 - 11.2.7. risk management plan; and
 - 11.2.8. the signed statement of responsibility and delegations.

12. **QUARTERLY EVALUATION**

If the Executive Authority establishes that, after any quarterly assessment of the measures and indicators, the Entity fails–

- 12.1. to meet any one or more of the agreed measures and indicators:
 - 12.2. to meet the projected income or net cash; or
 - 12.3. to adhere to the corporate objectives statement; or
 - 12.4. to comply with the PFMA; or
 - 12.5. to comply with any Legislation, Memorandum of Association or Articles of Association
- then the Executive Authority may, execute his executive authority in a manner that is consistent with his mandate.
- 12.6. Comply with quarterly performance indicators and measures indicated in **Appendix B**
 - 12.7. Comply with Governance matters

13. **BUDGETING AND FINANCING CYCLE**

- 13.1. The Parties recognize that the Executive Authority before the commencement of the new Financial Year must approve the Entity’s annual budget and Corporate Plan.
- 13.2. The Entity shall deal with any allocations or transfer from the national government, as listed in the schedules to the Division of Revenue Act for the applicable Financial Year, in accordance with the provisions of the PFMA and the Regulations.
- 13.3. Payments to the Entity shall take account of –
 - 13.3.1. actual outputs to be delivered;
 - 13.3.2. capital expenditure incurred in terms of the business plan for the year;

- 13.3.3. the agreed minimum funds that will be at the Entity's disposal; and
- 13.3.4. other relevant factors mentioned in the Act, the PFMA and the Regulations.
- 13.4. The Executive Authority undertakes to pay all amounts due to the Entity provided that the Department has received the legislated PFMA clearance certificate relating to such amounts.
- 13.5. Parties agree that the annual budget of the Entity shall include a projection of revenue, expenditure for that year.
- 13.6. The Accounting Authority shall before incurring any additional funding not provided for in the annual budget or Corporate Plan request approval in writing from the Executive Authority for onwards transmission and approval by the National Treasury.
- 13.7. The Entity shall not, without the approval of the Executive Authority, enter into transactions which bind or may bind the Entity to any future financial commitments.

14. **COMMUNICATION BETWEEN EXECUTIVE AUTHORITY AND ACCOUNTING AUTHORITY**

- 14.1. The Executive Authority may interact with the Accounting Authority and/or the Chairperson as the Executive Authority sees fit.
- 14.2. Communication between the Executive Authority and the Chairperson, with respect to the national agenda and the matters relating to the Executive Authority's role in respect of the Entity, is anticipated to be enhanced through interactions in the Executive Authority/Chairperson forum.

15. **GENERAL OBLIGATIONS AND UNDERTAKINGS BY THE PARTIES TO ONE ANOTHER**

15.1. Liaison with the Media

- 15.1.1 The Parties agree to advise each other in advance of any intention to liaise with the media, particularly if the subject matter to be addressed may have an adverse effect on the powers, rights and privileges of the other Party.
- 15.1.2. However, the above does not in any way deprive a Party of its right to freely communicate with the public on matters that relate to its core-function.
- 15.1.3. The Parties shall maintain an open and transparent relationship and appraise each other of decisions or planned decisions timeously, to avoid the occurrence of embarrassment and surprises, this applies especially to dealings with the media and other third parties.

15.2. Interaction with Foreign States and International Organisations

Before any agreements representing South Africa's interests are negotiated or entered into, permission from the Executive Authority must be sought, clearly outlining the Entity's intentions and the implications for the Executive Authority and South Africa.

15.3. Access to Information

With reference to section 8.3.9, and in addition to information referred to in the Act and this Shareholder Compact relating to the annexures hereto, the Accounting Authority undertakes to, on reasonable request –

- 15.3.1. furnish the Executive Authority and/or the Department, with any such information as may be required from time to time;

- 15.3.2. provide the Executive Authority and/or the Department with copies of agendas, reports and confirmed minutes of every Accounting Authority meeting; and
- 15.3.3. by the Executive Authority, provide the Executive Authority and/or the Department with an updated report or information on the Entity's activities and financial position.

16. **GENERAL**

16.1. No Variation

- 16.1.1. Except for as provided for previously in this Shareholder Compact relating to the annexures hereto, no variation or consensual cancellation of this Shareholder Compact, and no addition to this Shareholder Compact, including this clause, shall be of any force or effect unless reduced to writing and signed by the Parties.
- 16.1.2. The Parties shall follow a process to be determined by the Department to affect any variations to this Shareholder Compact.

16.2. Conflict Resolution

- 16.2.1. In the event of either Party fails to comply with any provision of this Shareholder Compact, or if any dispute arises between the Parties as to the interpretation, application or performance of any provision of this Shareholder Compact (including, but not limited to, whether or not the Entity has met its measures and indicators, proposed or new regulations and/or a decision by the Executive Authority affecting the agreed measures and indicators), the matter shall first be referred to the Representatives of the Parties who will use their best endeavours to resolve the dispute within 14 (fourteen) days of the dispute having been referred to them.
- 16.2.2. Should the Parties' Representatives fail to resolve the dispute within 14 (fourteen) days, the Parties' Representatives shall refer the dispute to the Executive Authority and the Chairperson, who shall use their best endeavours to resolve the dispute.
- 16.2.3. Should the Executive Authority and the Chairperson fail to reach an agreement in regard to the resolution of the dispute, the Executive Authority may refer the matter to an independent third party appointed by the Executive Authority or his delegate (where allowed).
- 16.2.4. The matter shall be resolved by the decision of the Executive Authority, or where applicable, the person appointed in terms of clause 0 above.
- 16.2.5. The matter shall be resolved at the Executive Authority's discretion and any decision by the Executive Authority or such person shall be final and binding on the Parties.

16.3. Whole Agreement

- 16.3.1. This Shareholder Compact, together with the annexures hereto (and any amendments or later annexures as approved by the Entity's relevant Executive Authority) constitutes the whole of the agreement between the Parties. No instructions, agreements, representations or warranties between the Parties other than those set out herein, are binding on the Parties.
- 16.3.2. All undertakings and annexures to this Shareholder Compact are declared active when this document is signed.

16.4. Domicilia and Notices

16.4.1. The Parties choose as their domicilia citandi et executandi their respective addresses set out in this clause for all purposes arising out of or in connection with this Shareholder Compact at which addresses all processes and notices arising out of or in connection with this Shareholder Compact, may validly be served upon or delivered to the Parties.

16.4.2. For purposes of this Shareholder Compact the Parties' respective addresses shall be –

16.4.2.1. Executive Authority:

**Department of Transport
Corner Struben & Bosman
Pretoria
0001**

Fax Number: 012 309 3779

Marked for the attention of: Ms. Metja Maloba

MalobaM@dot.gov.za

16.4.2.2. The Entity:

**Air Traffic and Navigation Service Company
Eastgate Office Park
Block C, South Boulevard Road,
Bruma
2198**

Ayandama@atns.co.za

Marked for the attention of: Ayanda Manqele, Company Secretary (Acting)

or at such other address in the Republic of South Africa of which the Party concerned may notify the other in Writing provided that no street address mentioned in this sub clause shall be changed to a post office box or poste restante.

16.4.3. Any notice given in terms of this Shareholder Compact shall be in Writing and shall -

16.4.3.1. if delivered by hand, be deemed to have been duly received by the addressee on the date of delivery;

16.4.3.2. if transmitted by facsimile, be deemed to have been received by the addressee on the 1st (first) business day following the date of dispatch, unless the contrary is proved.

16.4.4. Notwithstanding anything to the contrary contained or implied in this Shareholder Compact, a written notice or communication actually received by one of the Parties from another, including by way of facsimile transmission, shall be adequate written notice or communication to such Party.

THUS DONE AND SIGNED at _____ on this _____ day of _____
2017.

CHAIRMAN OF THE BOARD

AS WITNESSES:

1 _____

2 _____

THUS DONE AND SIGNED at _____ on this _____ day of _____ 2019.

MINISTER OF TRANSPORT

AS WITNESSES:

1 _____

2. _____

APPENDIX B- KEY PERFORMANCE INDICATORS

Our Shareholder, the Department of Transport (DoT), is driven by departmental outcomes to demonstrate its contribution to and support of national priorities. On 23 July 2014, the Cabinet adopted the 2014 – 2019 Medium-Term Strategic Framework (MTSF) to be used as the comprehensive five-year implementation plan for the National Development Plan (NDP) 2030 Vision. The MTSF is structured around 14 priority outcomes which cover key focus areas identified in the NDP. The 14 outcomes identified are as follows:

OUTCOME	OUTCOME DESCRIPTION	NDP REFERENCE
Outcome 1	1. Quality basic education	(NDP Chapter 9)
Outcome 2	2. A long and healthy life for all	(NDP Chapter 10)
Outcome 3	3. All people in South Africa are and feel safe	(NDP Chapters 12 & 14)
Outcome 4	4. Decent employment through inclusive economic growth	(NDP Chapter 3)
Outcome 5	5. Skilled and capable workforce to support an inclusive growth path	(NDP Chapter 9)
Outcome 6	6. An efficient, competitive and responsive economic infrastructure network	(NDP Chapter 4)
Outcome 7	7. Vibrant, equitable, sustainable rural communities contributing to food security for all	(NDP Chapter 6)
Outcome 8	8. Sustainable human settlements and improved quality of household life	(NDP Chapter 8)
Outcome 9	9. Responsive, accountable, effective and efficient local government system	(NDP Chapter 13)
Outcome 10	10. Protect and enhance our environmental assets and natural resources	(NDP Chapter 5)
Outcome 11	11. Create a better South Africa, a better Africa and a better world	(NDP Chapter 7)
Outcome 12	12. An efficient, effective and development oriented public service	(NDP Chapter 13)
Outcome 13	13. Social protection	(NDP Chapter 11)
Outcome 14	14. Nation building and social cohesion	(NDP Chapter 15)

Subsequent the elections on 08 May 2019 that ushered the 6th Administration, the following 7 Apex Priorities have been identified by Cabinet and must form part of our Medium-Term Strategy framework (MTSF) that find expression in our recently approved DoT KPIs 2019/20 and the Strategic Performance Roadmap with linked Indexes. The 7 Apex priorities are identified below and align to the 14 priority outcomes and also continue to underpin the MTSF that guides the implementation of the National Development Plan (NDP) 2030 Vision:

The Seven Priorities derived from the Electoral Mandate + SONA 2019:

PRIORITY	PRIORITY DESCRIPTION	NDP REFERENCE
Priority 1	1. Economic Transformation and Job Creation	(NDP Chapter 3)
Priority 2	2. Education, Skills and Health	(NDP Chapter 3)
Priority 3	3. Consolidating the Social Wage through Reliable and Quality Basic Services	(NDP Chapter 6, 13 & 8)
Priority 4	4. Spatial Integration, Human Settlements and Local Government	(NDP Chapter 6)
Priority 5	5. Social Cohesion and Safe Communities	(NDP Chapters 12 & 14)
Priority 6	6. A Capable, Ethical and Developmental State	(NDP Chapter 13)
Priority 7	7. A better Africa and World	(NDP Chapter 7)

Item no.	Business objectives	Objective measures	Annual performance indicators	Annual Targets 2019/20	Annual Targets 2020/21	Annual Targets 2021/22
1.	OUTCOME 3: TRANSPORT SAFETY AND SECURITY					
	➤ Priority 5: Social Cohesion and Safe Communities					
1.1	Accidents	Zero accidents	No accidents attributed to ATNS	0	0	0
1.2	Risk Assessment Tool (RAT)	Reduce the risk associated with safety events	Less than 25% of safety events will have a high-risk bearing rating (Cat A, B)	≤25%	≤25%	≤25%
1.3	Safety service provision	Reduce the number of safety events per capita	Actual number of safety incidents of 2 or less events per 100 000 air traffic movements	≤ 2 safety incidents per 100 000 air traffic movements	≤ 2 safety incidents per 100 000 air traffic movements	≤ 2 safety incidents per 100 000 air traffic movements
1.4	SMS maturity	CANSO SMS Maturity Standard of Excellence (SoE) survey	ATNS will maintain a safety maturity survey rating of C (at least 50% above C)	SMS maturity survey rating of C (at least 50% above C)	SMS maturity survey rating of C (at least 50% above C)	SMS maturity survey rating of C (at least 50% above C)
1.5	Operational Efficiency	Reduce overall traffic delays	Average delay per delayed flight (off block time)	360 sec	360 sec	360 sec
1.6	Operational efficiency	Achievement of CNS Systems Availability	Average CNS Systems Availability	C: 99.67% N: 98.65% S: 99.77%	C: 99.67% N: 98.65% S: 99.77%	C: 99.67% N: 98.65% S: 99.77%
1.7	Ensure commercial sustainability	Ensure financial sustainability	Meeting financial target as per Budget.	D/E =5.3% C/A =2.5:1 ROCE =6.6%	D/E =11.3% C/A =2.5:1 ROCE =4.4%	D/E =14.0% C/A =2.5:1 ROCE =3.2%
			Meeting financial target as per Budget. SADC VSAT 2	SADC VSAT 2: Revenue R51.0m	SADC VSAT 2: Revenue R51.9m	SADC VSAT 2: Revenue R53.0m
			Meeting financial target as per Budget. NAFISAT	NAFISAT: Revenue R39.2m	NAFISAT: Revenue R39.9m	NAFISAT: Revenue R40.7m
1.8	PBN Operational Enhancement	Airspace and Flight Procedures enhancement	4 Design Reports for submission to SACAA	4 Design Reports for submission to SACAA	4 Design Reports for submission to SACAA	4 Design Reports for submission to SACAA

			16 Design Reports for submission to SACAA (SIDS/STARS)	16 Instrument Flight Procedures Design reports	16 Instrument Flight Procedures Design reports	16 Instrument Flight Procedures Design reports
2.	OUTCOME 6: INFRASTRUCTURE DEVELOPMENT AND HIGH-LEVEL INVESTMENT PLAN FOR TRANSPORT					
	➤ Priority 1: Economic Transformation and Job Creation/ Priority 7: A better Africa and World					
2.1	Development of optimized and efficient aviation infrastructure in a cost-effective manner.	Approved CAPEX Cashflow Plan for 2019/20	Compliance with the Cashflow plan milestones for 2019/20 CAPEX (R263.0m)	R219m	R197,292m	R282m
2.2	Operation of the satellite communication networks SADC VSAT 2	Ensure network availability	Network availability as per SLA targets	SLA – 98.5%	SLA – 98.5%	SLA – 98.5%
2.3	Operation of the satellite communication networks NAFISAT	Ensure network availability	Network availability as per SLA targets	SLA – 98.5%	SLA – 98.5%	SLA – 98.5%

Item no.	Business objectives	Objective Measures	Annual performance indicators	Annual Targets 2019/20	Annual Targets 2020/21	Annual Targets 2021/22
3.	OUTCOME 9: THE FIGHT AGAINST FRAUD AND CORRUPTION					
	➤ Priority 6: A Capable, Ethical and Developmental State					
3.1	Comply with relevant legislation, regulation and standards	Full (one is either compliant or not & therefore percentile measurement not accurate)	External audit outcome	Unqualified audit outcome	Unqualified audit outcome	Unqualified audit outcome
3.2	All whistle blowing matters reported are investigated	Fighting corruption and promoting good governance	Matters investigated as per policy	Investigation of matters reported to be completed within 90 days	Investigation of matters reported to be completed within 90 days.	Investigation of matters reported to be completed within 90 days
4.	OUTCOME 10: ENVIRONMENTAL PROTECTION					
	➤ Priority 7: A better Africa and World					
4.1	Implementation of environmental plan	Environmental Management System Implementation	Implementation of EMS at ATNS units/stations	Implementation of four units/stations	Implementation of four units/stations	Implementation of EMS at all ATNS sites and recommendation for certification
5.	OUTCOME 5: TRAINING TO CONTRIBUTE TO JOB CREATION					
	➤ Priority 2: Education, Skills and Health/ Priority 1: Economic Transformation and Job Creation					
5.1	Address societal challenges, thereby building a meaningful legacy for ATNS and the communities in which we operate	ATS bursaries and engineering learnership	Trained ATS and engineering learnerships	ATS – 20 Engineering Learnership 6 ETS – GEDP - 5 Unemployed Graduates 10	ATS – 20 Engineering Learnership 6 ETS – GEDP – 4 Unemployed Graduates 10	ATS - 20 Engineering Learnership 6 ETS – GEDP 4 Unemployed Graduates 10
5.2	Manage the training pipeline for ATS and technical staff	Adoption and approval of HC plan as per budget ATS and TS training plan Operational or implementation plan	Achievement of the numbers as per budget Adoption and approval of training plan	ATCO 3 - 226 ATCO 2 - 37 ATCO 1 - 121	ATCO 3 - 226 ATCO 2 - 37 ATCO 1 - 121	ATCO 3 – 226 ATCO 2 – 37 ATCO 1 - 121

			Compliance with the milestones of the plans	Eng. Techs - 74 Eng. Satellite Technicians - 5	Eng. Techs - 74 Eng. Satellite Technicians -5	Eng. Technicians – 74 Eng. Satellite Technicians – 5
5.3	Review and implement the HC plan to recruit, develop, retain, and reward employees across all disciplines	Development programmes for all employees, with emphasis on AIC, women and youth	Training investment as percentage of a Cost to Company	6% Rand value of Cost to Company	6% Rand value of Cost to Company	6% Rand value of Cost to Company

Item no.	Business objectives	Objective measures	Annual performance indicators	Annual Targets 2019/20	Annual Targets 2020/21	Annual Targets 2021/22
6.	OUTCOME 4: BROAD-BASED BLACK ECONOMIC EMPOWERMENT/					
	➤ Priority 1: Economic Transformation and Job Creation					
6.1	Achieve BBBEE targets. Achieve preferential procurement targets as set by the Transport Charter	Percentage of discretionary spend on BBBEE. Total discretionary OPEX budgeted. Total CAPEX budgeted.	Achievement of BBBEE targets as per the Transport Charter	BBBEE level 2 *Progress towards achieving level 3 will be monitored on a quarterly basis	BBBEE level 2 *Progress towards achieving level 3 will be monitored on a quarterly basis	BBBEE level 2 *Progress towards achieving level 3 will be monitored on a quarterly basis
7.	OUTCOME 4: EMPLOYMENT EQUITY					
	➤ Priority 2: Education, Skills and Health/ Priority 6: A Capable, Ethical and Developmental State					
7.1	ATS EE targets (AIMO, ATSO, ATCO 1-3)	Achieve representation towards alignment of company staff profile with the demographics of the country	5% increase: 2017/2018 AIC Target 1% increase: 2017/18 ATS female target	70% ATS AIC 44%	% ATS AIC +0.5%	+1% ATS AIC +0.5%
7.2	ATNS EE targets	Increase representation of black (AIC) racial grouping with a particular focus on African and female representation towards creating alignment with the demographics of the country.	1% increase: 2017/18 AIC 1% increase: 2017/18 Female Target Target = 1% higher than the National target of PwD	76% AIC 48% female representation 3.5% people with disabilities	+1% AIC +0.5% AIC 3.5% people with disabilities	+1% AIC +0.5% AIC 3.5% people with disabilities

ATNS CORPORATE PLAN DOT KPIs 2019/20

Item no.	Business objectives	Objective measures	Annual performance indicators	Quarter 1 Targets 2019/20	Quarter 2 Targets 2019/20	Quarter 3 Targets 2019/20	Quarter 4 Targets 2019/20	Annual Targets 2019/20
1.	OUTCOME 3: TRANSPORT SAFETY AND SECURITY							
1.1	Accidents	Zero accidents	No accidents attributed to ATNS	0	0	0	0	0
1.2	Risk Assessment Tool (RAT)	Reduce the risk associated with safety events	Less than 25% of safety events will have a high-risk bearing rating (Cat A, B)	≤25%	≤25%	≤25%	≤25%	≤25%
1.3	Safety service provision	Reduce the number of safety events per capita	Actual number of safety incidents of 2 or less events per 100 000 air traffic movements	≤ 2 safety incidents per 100 000 air traffic movements	≤ 2 safety incidents per 100 000 air traffic movements	≤ 2 safety incidents per 100 000 air traffic movements	≤ 2 safety incidents per 100 000 air traffic movements	≤ 2 safety incidents per 100 000 air traffic movements
1.4	SMS maturity	CANSO SMS Maturity Standard of Excellence (SoE) survey	ATNS will maintain a safety maturity survey rating of C (at least 50% above C)	SMS maturity survey rating of C (at least 50% above C)	SMS maturity survey rating of C (at least 50% above C)	SMS maturity survey rating of C (at least 50% above C)	SMS maturity survey rating of C (at least 50% above C)	SMS maturity survey rating of C (at least 50% above C)
1.5	Operational Efficiency	Reduce ATM delays	Average delay per delayed flight (off block time)	360 sec				
1.6	Operational Efficiency	Achievement of CNS Systems Availability	Average CNS Systems Availability	C: 99.67% N: 98.65% S: 99.77%				
1.7	Ensure commercial sustainability	Ensure financial sustainability	Meeting financial target as per Budget.	D/E =0.65% C/A =2.5:1 ROCE =0.63%	D/E =1.3% C/A =2.5:1 ROCE =1.25%	D/E =1.95% C/A =2.5:1 ROCE =1.8%	D/E =2.6% C/A =3.9:1 ROCE =2.5%	D/E =2.6% C/A =3.9:1 ROCE =2.5%
			Meeting financial target as per Budget – SADC VSAT 2	SADC VSAT 2- Revenue: R12.8m	SADC VSAT 2: Revenue R25.6m	SADC VSAT 2: Revenue R38.4m	SADC VSAT 2: Revenue R51.9m	SADC VSAT 2: Revenue R51.9m
			Meeting financial target as per Budget – NAFISAT	NAFISAT: Revenue R9.8m	NAFISAT: Revenue R19.6m	NAFISAT: Revenue R29.4m	NAFISAT: Revenue R39.9m	NAFISAT: Revenue R39.9m
1.8	PBN Operational Enhancement	Airspace and Flight Procedures enhancement	4 Design Reports for submission to SACAA	1 RNAV (GNSS) Baro VNAV	4 Instrument Flight Procedures Design reports			
			16 Design Reports for submission to SACAA (SIDS/STARS)	4 RNAV (GNSS) SID/STAR	16 Instrument Flight Procedures Design reports			

Item no.	Business objectives	Objective measures	Annual performance indicators	Quarter 1 Targets 2019/20	Quarter 2 Targets 2019/20	Quarter 3 Targets 2019/20	Quarter 4 Targets 2019/20	Annual Targets 2019/20
2.	OUTCOME 6: INFRASTRUCTURE DEVELOPMENT AND HIGH-LEVEL INVESTMENT PLAN FOR TRANSPORT							
2.1	Development of optimized and efficient aviation infrastructure in a cost-effective manner	Approved CAPEX Cashflow Plan	Compliance with the CAPEX Cashflow plan milestones (R211m)	Annual target	Annual target	Annual target	R 219m	R 219m
2.2	Operation of the satellite communication networks SADC VSAT 2	Ensure network availability	Achievement of the revenue and network availability as per SLA targets	BSC with range SLA – 98.5%	SLA –98.5%	SLA –98.5%	SLA – 98.5%	SLA – 98.5%
2.3	Operation of the satellite communication networks NAFISAT	Ensure network availability	Achievement of the revenue and network availability as per SLA targets	BSC with range SLA – 98.5%	SLA – 98.5%	SLA – 98.5%	SLA – 98.5%	SLA – 98.5%
3.	OUTCOME 9: THE FIGHT AGAINST FRAUD AND CORRUPTION							
3.1	Comply with relevant legislation, regulation and standards	To be compliant with all applicable legislation or at least have controls in place towards being a compliant business.	External audit outcome					Unqualified audit outcome
3.2	All whistle blowing matters reported are investigated	Fighting corruption and promoting good governance	Preliminary investigations are completed for all reported whistleblowing matters	Preliminary Investigation of all whistleblowing matters reported to be completed within 90 days from the date of receipt	Preliminary Investigation of all whistleblowing matters reported to be completed within 90 days from the date of receipt	Preliminary Investigation of all whistleblowing matters reported to be completed within 90 days from the date of receipt	Preliminary Investigation of whistleblowing matters reported to be completed within 90 days from the date of receipt	Investigation of whistleblowing matters reported to be completed within 90 days from the date of receipt

Item no.	Business objectives	Objective measures	Annual performance indicators	Quarter 1 Targets 2019/20	Quarter 2 Targets 2019/20	Quarter 3 Targets 2019/20	Quarter 4 Targets 2019/20	Annual Targets 2019/20
4.	OUTCOME 10: ENVIRONMENTAL PROTECTION							
4.1	Implementation of environmental Plan	Environmental Management system implementation	Implementation at four stations	1 Station	2 Stations	3 Stations	4 Stations	Implementation of EMS at four stations/units
5.	OUTCOME 5: TRAINING TO CONTRIBUTE TO JOB CREATION							
5.1	Address societal challenges, thereby building a meaningful legacy for ATNS and the communities in which we operate	ATS bursaries and engineering learnership	Trained ATS and engineering learnerships	ATS Bursars10 ENG LEARNERSHIPS— 6 ETS – GEDP - 5 Unemployed Graduates 10			ATS Bursars10	ATS - 20 Engineering Learnership 6 ETS – GEDP - 5 Unemployed Graduates 10
5.2	Manage the training pipeline for ATS and technical staff	Adoption and approval of HC plan as per budget ATS and TS training plan Operational or implementation plan	Achievement of the numbers as per budget Adoption and approval of training plan Compliance with the milestones of the plans	ATCO 3 - 226 ATCO 2 - 37 ATCO 1 - 121 Eng. Techs – 74 Eng. Satellite Technicians - 5	ATCO 3 - 226 ATCO 2 - 37 ATCO 1 - 121 Eng. Techs – 74 Eng. Satellite Technicians - 5	ATCO 3 - 226 ATCO 2 - 37 ATCO 1 - 121 Eng. Techs – 74 Eng. Satellite Technicians - 5	ATCO 3 - 226 ATCO 2 - 37 ATCO 1 - 121 Eng. Techs – 74 Eng. Satellite Technicians - 5	ATCO 3 - 226 ATCO 2 - 37 ATCO 1 - 121 Eng. Techs – 74 Eng. Satellite Technicians - 5
5.3	Review and implement the HC plan to recruit, develop, retain, and reward employees across all disciplines	Development programmes for all employees, with emphasis on AIC and women	Training investment as percentage of a Cost to Company	6% Rand value of Cost to Company	6% Rand value of Cost to Company	6% Rand value of Cost to Company	6% Rand value of Cost to Company	6% Rand value of Cost to Company

Item no.	Business objectives	Objective measures	Annual performance indicators	Quarter 1 Targets 2019/20	Quarter 2 Targets 2019/20	Quarter 3 Targets 2019/20	Quarter 4 Targets 2019/20	Annual Targets 2019/20
6.	OUTCOME 4: BROAD-BASED BLACK ECONOMIC EMPOWERMENT							
6.1	Achieve BBBEE targets. Achieve preferential procurement targets as set by the Transport Charter	Percentage of discretionary spend on BBBEE. Total discretionary OPEX budgeted. Total CAPEX budgeted.	Achievement of BBBEE targets as per the Transport Charter	BBBEE level 2 Maintain level 2				
7.	OUTCOME 4: EMPLOYMENT EQUITY							
7.1	ATS EE targets (AIMO, ATSO, ATCO 1-3)	Achieve representation towards alignment of company staff profile with the demographics of the country	5% increase: 2017/2018 AIC Target 1% increase: 2017/18 ATS female target	71% ATS AIC 45%				
7.2	ATNS EE targets	Increase representation of black (AIC) racial grouping with a particular focus on African and female representation towards creating alignment with the demographics of the country.	1% increase: 2017/18 AIC 1% increase: 2017/18 Female Target Target = 1% higher than the National target of PwD	77% AIC 48% female representation 3.5% people with disabilities				