



AIR TRAFFIC & NAVIGATION SERVICES SOC LIMITED

# SUSTAINABILITY REPORT 2015



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## KEY SUSTAINABILITY INDICATORS

Table 1: Key sustainability indicators

Key sustainability indicators	2014/15	2013/14	2012/13	Progress ▲ - ▼
Total revenue	R1,412 billion	R1,293 billion	R1,196 billion	↑
Total operating cost	R1,079 billion	R981 million	R925 million	↑
Total capital expenditure	R137 million, with additional R29 million committed	R113 million, with additional R61 million committed	R20,7 million with additional R176,8 committed	↑
Total employee cost	R686 million	R627 million	R570 million	↑
Total staff complement	1,076	1,033	983	↑
Number of permanent employees	928	980	924	↓
Overall EE representation	69,56%	67,06%	63,37	↑
% Female representation	44,05%	40,92%	38,52%	↑
Number of bursars and learners	80	84	47	↓
Training investment as percentage of salary bill	3,68%	2,94%	3,0%	↑
Corporate social investment contribution	R1,730,760	R1,343,760	R208,131	↑
Procurement recognition level	Level 2: Procurement recognition level 125%	Level 5: Procurement recognition level 80%	Level 5: Procurement recognition level 80%	↑
Number of safety events	3,10 safety events per 100,000 air traffic movements	1,67 safety events per 100,000 air traffic movements	2,60 safety events per 100,000 air traffic movements	↓
Total carbon inventory for the financial year	19,135.47 tons CO <sub>2</sub> -e	10,469 tons CO <sub>2</sub> -e	7,857 tons CO <sub>2</sub> -e	↓
Percentage of ATNS's carbon emissions relating to electricity consumption	99%	97%	96%	↓
Percentage of the organisation's carbon emissions relating to the use of fuel	1%	3%	4%	↑

## KEY SUSTAINABILITY INDICATORS

Key sustainability indicators	2014/15	2013/14	2012/13	Progress ▲ - ▼
ATNS's total carbon emissions from Scope 1 sources	265 tons CO <sub>2</sub> -e	325 tons CO <sub>2</sub> -e	334 tons CO <sub>2</sub> -e	↑
Overall annual fuel usage	102,782 litres	126,083 litres	125,083 litres	↑
ATNS's total carbon emissions from Scope 2 sources	18,870.22 tons CO <sub>2</sub> -e	10,144 tons CO <sub>2</sub> -e	7,523 tons CO <sub>2</sub> -e	↓
Overall annual electricity usage	18,320,612 kWh	10,215,759 kWh	7,353,441 kWh	↓
Water usage	Not yet measured	Not yet measured	Not yet measured	-
Activities, products, and services in biodiversity protected areas and areas of high biodiversity value outside protected areas	1	1	1	↔
Number of employees trained in environmental training programmes	312 incl. departmental training	4	0	↑
Annual spend on environmental training	R506,610	R43,890	R nil	↑

Note: ATNS has improved data collection and analysis for electricity consumption, fuel consumption and overall carbon measurement. In previous years information was not consistent and data was not readily available. Accordingly, statistics reflects more accurate (increased) electricity consumption during the reporting year.

## ABOUT THE SUSTAINABILITY REPORT

### Our approach to sustainability reporting

Our 2015 Sustainability Report aligns with our Integrated Report and provides our stakeholders with a view of Air Traffic & Navigation Services SOC Limited's (ATNS') sustainability performance for the financial year 1 April 2014 to 31 March 2015. The report describes how we deliver sustainable outcomes through our sustainability-driven strategic business model and operational structure; as well as how we build and sustain value through our organisational culture, industry partnerships and in the way we engage our stakeholders. The theme for this year's reporting cycle aligns with the ATNS permission application process, being the year for submission of the new permission application for the period 2015/16-2019/20. The permission application details ATNS' service provision and standards. It includes infrastructure as well as human and financial resource requirements to achieve ATNS's goals over the five-year period of the permission. In this regard, the regulatory regime provides ATNS with a licence to operate. Being a regulated entity, the Company is required to comply with the process and to implement in accordance with the stipulations set out in the approved permission for the next five years.

### Report scope and boundary

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

This is ATNS' second stand-alone annual Sustainability Report in which we unpack our economic, social and environmental outcomes for the reporting year. By attempting to align our reporting with the GRI G4 sustainability reporting principles, we recognise the necessity for accuracy, transparency, reliability and connectivity of information and have used our best efforts to produce a report that harnesses these guiding norms. Accordingly, we aim to be thorough

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

With this being our second Sustainability Report, we aim to address the following:

- To improve on the foundational sustainability reporting structure, as presented in our first stand-alone sustainability report in 2014;
- To improve on the reporting of ATNS's internal sustainability reporting framework and performance information used in this report; and
- To acknowledge, in greater detail than we have before, the contributions of our Shareholder, the Department of Transport (DoT), as well as the contributions of our sector partners, employees and other stakeholders in collectively ensuring our long-term economic, social and environmental sustainability.

### Guided by leading practice frameworks

Whilst our report does not yet meet all requirements for the Global Reporting Initiative (GRI) G4 'Core' Guidelines, it contains standard disclosures as a reporting minimum.

We have also included, to varying degrees, disclosures from other globally accepted frameworks, in as much as they have guided the Company to source, benchmark and report on sustainability performance such as:

- The United Nations Global Compact
- Permission application process
- The ICAO Aviation System Block Upgrade (ASBU)
- The Carbon Disclosure Project (CDP), which informs our reporting on carbon emissions.

### Sustainability assurance

This report has not been fully assured by external assurance providers. However, ATNS has engaged an external assurance provider to provide assurance on parts of the report, such as specific key performance indicators, (KPIs) which have been assured by Kwinana-Equifin Auditors.

## ABOUT THE SUSTAINABILITY REPORT

### Suite and alignment of reports

We have prepared our corporate annual reporting for the financial year ended 31 March 2015 across the following three reports: the Integrated Report (ATNS-IR 2015), the Financial Report (ATNS-FR 2015) and the Sustainability Report (ATNS-SR 2015).

The ATNS-SR was prepared using the GRI G4 guidelines in terms of standard disclosures and the ATNS-IR follows the IIRC's International Integrated Reporting Framework V1.0. Both reports harness the principle of materiality to inform report content. The three reports should ideally be read in tandem: the ATNS-IR is a condensed version of both the ATNS-SR and the ATNS-FR and offers a comprehensive, yet abridged account of the content in both these reports. Similarly, collectively the ATNS-SR and ATNS-FR provide more detailed disclosures on ATNS's financial, social and environmental performance.

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

### Referencing content online

The ATNS-SR is available on our website as a downloadable document: <http://www.atns.co.za/annual-reports>. Documents providing additional information and detail on this printed report can be viewed online at: <http://www.atns.co.za/annual-reports>.

### Locate reporting indices online

#### GRI-G4 Index

The GRI-G4 Reporting Index associated with this report is located online at <http://www.atns.co.za/annual-reports> as a downloadable PDF document.

#### ASBU Reporting Index

The ICAO Aviation System Block Upgrade (ASBU) Reporting Index associated with this report is located online at <http://www.atns.co.za/annual-reports> as a downloadable PDF document.

#### Permission application

Permission application process and associated reports are located online at <http://www.atns.co.za/annual-reports> as a downloadable PDF document.

### Feedback

We welcome feedback on our sustainability reporting to ensure that we continue to disclose information that is pertinent to all our stakeholders. Should you wish to provide written feedback, kindly contact Ms Thandi Mosupyi at [marketing@atns.co.za](mailto:marketing@atns.co.za).

Physical address: Block C, East gate office park, South Boulevard Road, Bruma, 2198  
Postal address: Private Bag X15, Kempton Park, 1620  
Email: [marketing@atns.co.za](mailto:marketing@atns.co.za).

## ABOUT THE SUSTAINABILITY REPORT

### Navigating this report





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

#### Icons associated with strategic objectives and critical business partners

 Ensure long-term financial sustainability	 Manage the organisation's contribution to Climate Change
 Enhance operational efficiencies in line with global ATM standards	 Manage and preserve scarce and vulnerable resources
 Develop leadership capability in Africa ATM space	 Develop enterprise-wide awareness for accountable environmental impact
 Create a transformative organisation	 Maintain an impeccable governance framework
 Build a culture of safety	 Ensure regulatory alignment and compliance
 Build a skilled and capable employee resource base	 Ensure constructive and collaborative stakeholder relationships

### Navigate between reports

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

-  Refers to Volume 1 (ATNS-IR 2015) for further content
-  Refers to Volume 2 (ATNS-FR 2015) for further content
-  Refers to Volume 3 (ATNS-SR 2015) for further content
-  Reference content online

## BOARD SUSTAINABILITY STATEMENT

This is our second consecutive stand-alone Sustainability Report. It forms part of a three-volume series consisting of this report, the Financial Report and our third successive Integrated Report. The report aims to demonstrate ATNS's equitable consideration of key stakeholder groups in the context of our long-term growth strategy and to improve on our communication about our financial and non-financial impacts. Through our combined sustainability and integrated reporting process we disclose both financial and qualitative (non-financial) performance information as it relates to ATNS's business outcomes and the Company's contributions to the country's overall economic efficiency and competitiveness. As a State-Owned Company, ATNS's mandate from our Shareholder, represented by the Minister of Transport and the entire Department of Transport, directs us to contribute to both departmental and national outcomes. We are also mandated to deliver on this directive with the awareness that we have a broader responsibility to the entire South African nation. The latter encompasses the responsible consideration of our impacts on the economy, society and the environment.

We have used the Global Reporting Initiative (GRI) G4 sustainability reporting framework as a guide to present a report that is - to the best of our knowledge - accurate, transparent and reliable, and reports on issues that intersect between ATNS's business and the Company's stakeholder priorities. Whilst the report does not yet meet all requirements for the GRI G4 'Core' Guidelines, it contains standard disclosures as a reporting minimum.

We have reviewed the 2014/15 Sustainability Report and are confident that it provides essential disclosures on the Company's impacts on the economy, society and the environment. The report endeavours to align often disconnected reporting content from our operations, and to demonstrate how ATNS's growth strategy drives our long-term sustainability objectives. We are satisfied that this has been achieved through the 'materiality' focus of the report, which aligns directly with the materiality focus of our Integrated Report (Volume 1).

This year we have observed an improvement in the quality of sustainability information emerging from

### MS SINDI ZILWA CHAIRPERSON OF THE SOCIAL AND ETHICS COMMITTEE

Ms Zilwa is the CEO of Nkonki Inc., a registered firm of auditors established in 2003. She qualified as the second black woman chartered accountant in South Africa.

In 1998, she was awarded South Africa's "Business Woman of the Year" by the Executive Women's Club, now known as BWA; and in 2008, received "A Woman of Substance" award from the African Women Chartered Accountant's Forum.

Ms Zilwa serves as a non-executive director of the following listed companies: Aspen Limited, Discovery Limited, Rebois Limited and Woolworths Limited.



our operations as well as a greater emphasis on longer-term sustainability performance aspects. We commend everyone who contributed to the 2014/15 report and look forward to continually refining our sustainability performance reporting going forward.

**Sindi Zilwa**  
07 July 2015

## EXECUTIVE SUSTAINABILITY STATEMENT

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



### MR THABANI MTHIYANE Chief Executive Officer

South Africa is the second largest economy in Africa. From 2002 to 2008, South Africa grew at an average of 4,5% year-on-year, its fastest expansion since the establishment of democracy in 1994. However, in recent years, we have failed to address structural problems such as the widening gap between rich and poor, a low-skilled labour force, a high unemployment rate, deteriorating infrastructure, high corruption and pervasive crime. As a result, since the recession in 2008, South Africa's growth has been sluggish and below African average.

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, they impact economies in terms the cost of reduced or missed opportunities. Mobility is therefore one of the most fundamental and important characteristics of economic activity as it satisfies the basic need of going from one location to the other, a need shared by passengers, freight and information alike. Economies that possess greater mobility are often those with better opportunities to develop than those suffering from scarce mobility. Said differently, reduced mobility impedes development while greater mobility is a catalyst for development. From this perspective, it is imperative that, as a country, we need to build a globally competitive aviation industry that bolsters our economy by enabling tourism and by supporting our manufacturing and service industries.

## EXECUTIVE SUSTAINABILITY STATEMENT

South Africa's aviation sector has long demonstrated its resilience and flexibility in the face of multiple challenges. It has shown that it is both competitive and willing to embrace innovation. The domestic aviation industry supports 2,1% of the South African GDP and 227,000 jobs or 1,7% of the South African workforce. If the sector's contribution to the tourism industry is included, these figures rise to 3,1% of South Africa's GDP, and 2,6% of the workforce. ATNS is one of the vehicles that the Department of Transport uses to fulfil its responsibility to create employment for the youth and for previously disadvantaged communities.

Further, in 2010 there were 66 routes per week connecting major airports in South Africa to urban agglomerations around the world. A total of 12 of these routes were connecting South Africa to cities of more than 10 million inhabitants, with an average of 1,5 outbound flights per day available to passengers. It is estimated that a 10% improvement in air connectivity relative to GDP would see a R1,5 billion per annum increase in long-run GDP for South Africa's economy. South Africa's integration into the global air transport network is, therefore, important for the continued growth of the country's economy. However, the South African economy relies on a safe and efficient African airspace to Europe and elsewhere for trade. Traditionally Africa's air traffic safety records have been below acceptable international standards due to poor infrastructure and skills limitations. With the steady increase in air traffic due to trade and passenger movements in and between the African states, safety will remain a critical objective for all ANSPs and one which ATNS is obliged to address. The improvement of the African airspace – particularly in terms of global safety standards - will therefore contribute to greater intra-African trade and will increase trade flows between BRICS nations and the rest of the African continent.

As ATNS, we continue to strengthen our economic sustainability by remaining globally competitive and by pioneering new regional opportunities. Whilst our regulatory environment restricts our revenue growth potential within the South African market by strictly applying tariff adjustments, ATNS is in a strong position to broaden its business offerings to other markets. Further, the maturity of ATNS's domestic operations creates challenges for the business to generate new customers in South Africa going forward. It is therefore imperative for us to secure future growth and revenue by broadening our service offerings to other markets, including the wider Africa market. Our economic sustainability is, consequently, strongly dependent on the successful execution of our Africa expansion strategy, and our revenue growth and financial sustainability relies on our ability to develop new products and markets.

Additionally, as the air traffic management and safety industry becomes more consolidated, ATNS has positioned itself to become one of the ten global ANSPs that IATA envisions will constitute the global air traffic safety market by 2015. We are doing this by taking a more proactive approach to the provision of products and services to more countries, and by partnering with global suppliers. We are also working to ensure that local manufacturing suppliers can benefit from our global partnerships in the long-term by creating business linkages between local suppliers and the mega international technology OEMs through our procurement and supply chain processes. In this way, local suppliers can be capacitated over time to become OEMs of key aviation technology components in the supply chain, thereby enhancing their own local, regional and international competitiveness, and ultimately, growing together with ATNS in its expansionary strategy.

## EXECUTIVE SUSTAINABILITY STATEMENT

Globally, ATNS is regarded as a beacon of safety in airspace navigation, as well as a centre of excellence and an institute of reference. This standing can only be maintained if ATNS continues to employ and develop competent people who are aligned with the Company's culture of safety, professional excellence and sustainability awareness. Accordingly, we continue to drive an optimal supply of pertinent skills within the Company's operational departments, with a strong focus on the employment of Women, people of colour and people with disabilities. A marked challenge facing the organisation going forward is the growing requirement for air traffic controller (ATC) skills. ATNS competes with its international peers for air traffic controllers, resulting in high salaries offered to retain these skills. We are, however, proud to provide bursaries for motivated young candidates to train as air traffic controllers. ATNS's Aviation Training Academy (ATA) is a world-renowned academy, and in 2014 was awarded the International Air Transport Association (IATA) Worldwide Top Regional Training Partner for the third consecutive year.

In line with our Shareholder mandate from the Department of Transport, we are also committed to meeting our responsibilities with reference to environmental sustainability, and integrating sustainability principles within the Company's activities, products and services. This approach enables us to make strategic decisions that consider environmental impacts in the organisation's entire life cycle, from planning to the de-commission stage. Accordingly, we are well positioned to play a leadership

role in promoting accountable and environmentally sustainable business practices on the continent. ATNS's environmental sustainability reporting relates to both the Company's own environmental impacts, as well as the implications of environmental sustainability and climate change for its customers and the wider aviation industry.

There is strong and growing global demand for expanding air travel and air freight shipments. Although emissions from aviation currently account for approximately 3% of overall global carbon emissions, they are expected to increase significantly in the near future. The growth in the global population from 7 billion today to 9-10 billion in 2050 will be accompanied by a near six-fold increase in global economic output over the next 40 years and an increase in global GDP from USD 55 trillion today to USD 300 trillion by 2050. This is twice as large as the increase that occurred between 1970 and 2010.

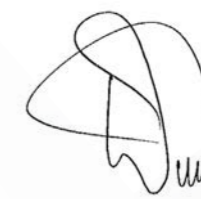
As air traffic movements are expected to increase, flexible optimisation of the airspace is required to ensure that safety and an operationally efficient environment are achieved. The aviation industry's impacts on the environment are evident globally and appropriate legislative frameworks are being adopted by the ATM sector world-wide. South Africa is a signatory to the Chicago Convention, which established the International Civil Aviation Organization (ICAO) as a specialised agency of the United Nations. ICAO has made commitments to curb emissions in response to the United Nations Framework Convention on

## EXECUTIVE SUSTAINABILITY STATEMENT

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

We have taken a strategic approach to the management of climate change and sustainability performance. Although we are in the early stages of our sustainability journey, the Company is committed to making environmental sustainability practices part of our core business. Training and education on environmental impacts and socially responsible behaviour form an integral part of the Company's overall drive to create long-term environmental sustainability. Further, ATNS supports the activities of ICAO's technical Committee on Aviation Environmental Protection (CAEP) in establishing global standards and recommendations for minimising the impact of aviation on the environment, and specifically the reduction of airspace noise and the improvement of airspace air quality. As part of our on-going commitment to reducing GHG emissions, ATNS is one of the founding members of the Indian Ocean Strategic Partnership to Reduce Emissions (INSPIRE), a partnership with airlines, ANSPs and airport partners to assess ways of reducing aviation's impact on the environment. The INSPIRE partnership is intended to be a collaborative network of partners and peer organisations across the Arabian Sea and Indian Ocean region dedicated to improving the efficiency and sustainability of aviation.

In closing, this – our second stand-alone sustainability report – demonstrates encouraging progress in our economic, social and environmental performance over the past year. As we move into our new Permission cycle, we will need to demonstrate superlative value to our users commensurate with our new tariff structures. This value will translate, not only in terms of practical efficiencies and quality services, but will be expressed through the many interdependent sustainability outcomes that we achieve through all our activities – for our company, our clients, the wider South African (and indeed African) economy and the environment. Further, we have the appropriate competencies, techniques and understanding to achieve even higher standards of safety excellence – and more than that, we have the passion to do so.



**Thabani Mthiyane**  
07 July 2015



## DETERMINING MATERIALITY

ATNS defines 'materiality' for its reporting in terms of 'issues' that substantively impact the organisation's ability to create and sustain value over the short, medium and long term. Significant material issues are determined by reviewing the Company's internal and external performance. Further, consultative processes are undertaken with key stakeholders to assess critical stakeholder issues and to outline ATNS's responses. ATNS' Sustainability Framework outlines multiple key sustainability issues, some of which have been clustered together as 'materiality aspects' to simplify our sustainability reporting.

ATNS has used a combination of internal and external criteria to determine whether an aspect is material,

including factors such as the organisation's overall mission and strategy, concerns expressed directly by stakeholders, broader social expectations, and the organisation's influence on up-stream entities (such as supply chain) and downstream entities (such as customers). Our assessments of materiality also consider the basic expectations expressed in the national and international standards and agreements with which the organisation is expected to comply.




Table 2 summarises the internal and external criteria used to determine the materiality of reported content and disclosures.

**Table 2: Criteria for determining materiality**

Internal criteria	External criteria
ICAO Performance-Based ATM Operational Framework and ASBU Methodology; and global aviation regulatory requirements.	Global air traffic management (ATM) requirements, trends and standards; as well as leading practice safety performance benchmarks which are articulated in the ICAO Global Air Navigation Plan and Global Aviation Safety Plan.
Statement of Strategic Intent and Shareholder Compact; 14 National Outcomes of Government and departmental outcomes of the Department of Transport.	Changes in the socio-economic developmental agenda and priorities of National Government.
ATNS Performance-Based Navigation Roadmap and Implementation Plan.	Socio-economic changes and challenges (e.g. barriers to market entry) in ATNS's key market segments (local and regional).
ATNS's mission, vision and values; and its strategic imperatives, critical issues, programmes and Key Performance Indicators (KPIs) as well as its Business Concept.	Critical commercial opportunities as well as market and environmental risks ATNS is geared to respond to, locally, regionally and globally; as well as factors which may impact ATNS's reputation, thereby influencing its ability to promote sustainable growth.
ATNS's Enterprise Risk Management (ERM) Process, including the key operational risks impacting the Company's strategic and operational objectives and the associated mitigating activities; as well as ATNS's governance and compliance frameworks; and the Company's Sustainability Framework and associated policies and processes to manage financial, social and environmental sustainability outcomes.	The provisions of various frameworks including: Public Finance Management Act (PFMA); King III Code on Corporate Governance (King III); Discussion papers issued by the South African Integrated Reporting Committee and the International Integrated Reporting Council (IIRC); International Financial Reporting Standards (IFRS); GRI Framework; United Nations Global Compact; Carbon Disclosure Project; B-BBEE Code.
Stakeholder expectations and feedback on material considerations as captured and monitored through ATNS' stakeholder engagement process – e.g. business community, Airport customers, ACSA, Non-Governmental Organisations (NGOs), National and Provincial Governments, regional partners, designated targeted groups, academics, investors and the media.	Regulatory trends including changes in the national, regional or global political environment and a changing regulatory landscape.

## DETERMINING MATERIALITY

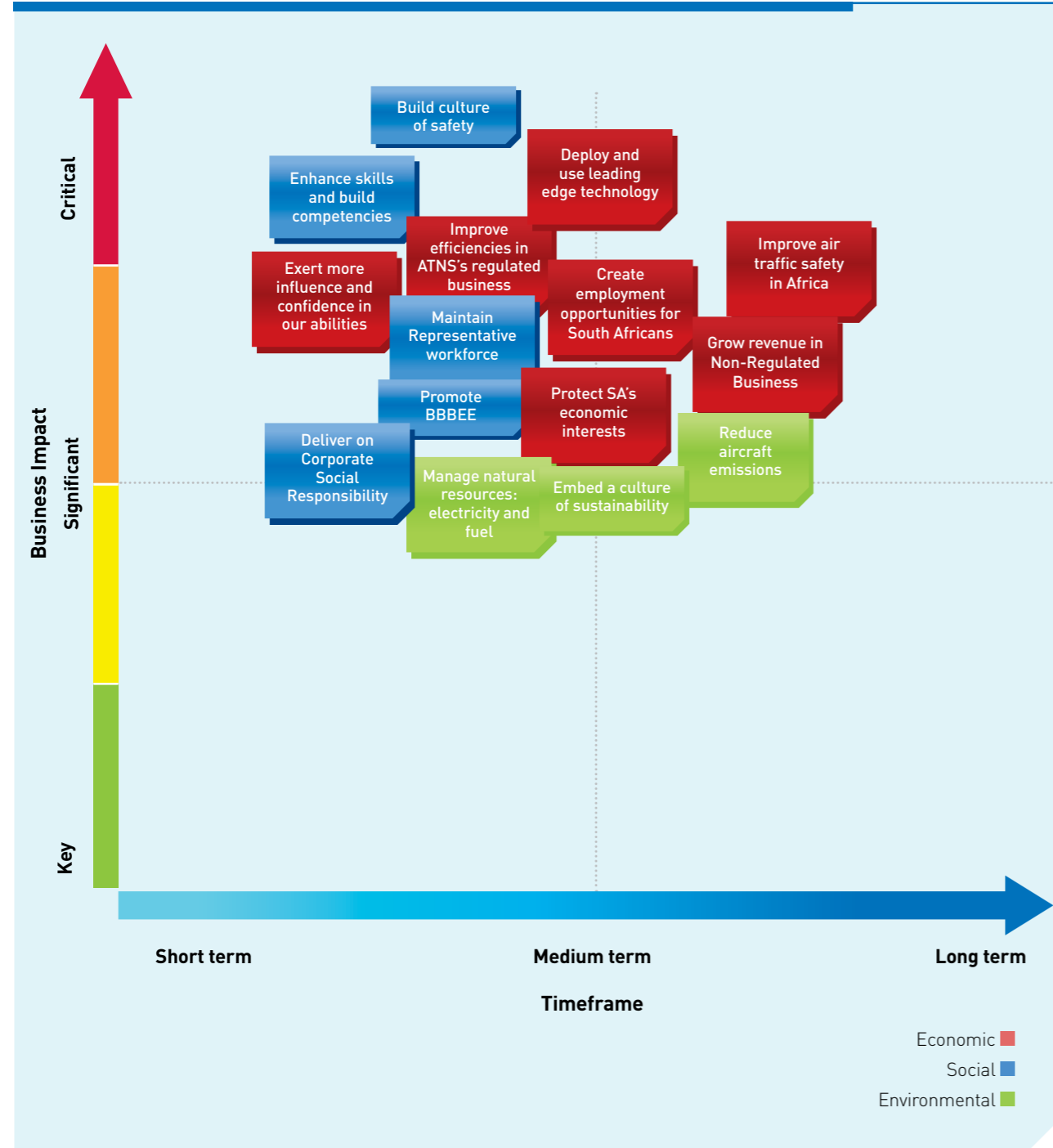
**Table 3: ATNS's material aspects**

 ECONOMIC sustainability	 SOCIAL sustainability	 ENVIRONMENTAL sustainability
1. Growing revenue in ATNS's non-regulated business.	1. Maintaining a representative workforce.	1. Embedding a culture of sustainability.
2. Protecting South Africa's economic interests and trade.	2. Promoting Broad-Based Black Economic Empowerment.	2. Reducing CO <sub>2</sub> emissions to address climate change.
3. Creating employment opportunities for South Africans.	3. Building a culture of safety.	3. Managing natural resources: a. Energy b. Water
4. Improving operational efficiencies and service reliability.	4. Enhancing skills and building competencies.	b. Airspace quality.
5. Deploying and using leading technologies.		3. Managing environmental impacts on sensitive areas: a. Noise impacts b. Biodiversity and protected habitats.
6. Exerting more influence and market confidence in our abilities.		
7. Improving air traffic safety in Africa.		

## DETERMINING MATERIALITY

Figure 1 illustrates ATNS's prioritisation of material issues in terms of the Company's short-, medium and long-term strategic vision.

**Figure 1: Matrix of material economic, social and environmental sustainability issues**



## ORGANISATIONAL PROFILE

### Operational overview

#### Nature of business

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

The principal purpose of ATNS is to plan and operate safe and efficient services in the airspace for which the State is responsible. ATNS is responsible for providing and maintaining reliable airspace infrastructure in South Africa, further enabling the delivery of air traffic services in a safe and efficient manner. The infrastructure consists of communications, navigation and surveillance (CNS) infrastructure. This infrastructure development is informed by regulatory requirements at a global level,

enabling new technologies as well as addressing the needs of the air traffic management (ATM) community. ATNS is also a commercialised ANSP operating on the "user pays" principle that relies on tariff revenues and debt funding for its operational and capital expenditure requirements. The tariffs that may be levied by ATNS are regulated by an independent Regulating Committee, established in terms of ATNS's founding legislation.

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

#### Principal activities

##### Regulated Business

At present 90% of ATNS's revenue is facilitated through its regulated business. The principal activities of ATNS's regulated business encompass the planning, operating and maintenance of safe and efficient air traffic management services in sovereign and delegated airspace for which the State is responsible.

Air navigation infrastructure and services consist of three main components:

1. Communication, Navigation and Surveillance infrastructure	
<b>Communications infrastructure</b>	ATNS operates an extensive VHF radio network to enable communications between air traffic control and pilots over the South African land mass. An HF Radio system is used as a means of communication for the oceanic region.
<b>Navigation infrastructure</b>	ATNS provides pilots with the ability to accurately determine their position over the ground, by providing a network of navigation aids such as VORs and distance measuring equipment (DME) throughout South Africa.
<b>Surveillance infrastructure</b>	At most of the major airports ATNS provides primary radar coverage for the terminal areas; and for en-route coverage, a network 'Monopulse Secondary Radar System' is utilised. At OR Tambo International Airport (ORTIA) and Cape Town International Airport (CTIA), 'Advanced Surface Movement Guidance and Control Systems' are used to provide a means of controlling the movement of aircraft and vehicles on the airfield.
2. Auxiliary aviation services, such as aeronautical information publications, flight procedure design and aeronautical surveys.	
3. Air traffic management.	

## ORGANISATIONAL PROFILE

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

#### Training institution

ATNS's training institution – the Aviation Training Academy (ATA) – operates as a division within the Company. The ATA offers a full range of air traffic services training, technical support training and related training in the disciplines of engineering, air traffic services and management. Training is provided to delegates in South Africa and the broader African continent. The ATA is an ISO9001:2000 accredited institution and has international cooperation agreements in place with partners such as the Embry Riddle Aeronautical University, Ecole Nationale de l'Aviation Civile (ENAC) and the University of the Witwatersrand (WITS), enabling the academy to maintain mutually beneficial partnerships in the presentation and accreditation of international courses in air traffic services (ATS). The ATA is a world-renowned academy, and in 2012, 2013 and 2014 was formally recognised as the International Air Transport Association (IATA) Worldwide Top Regional Training Partner.

#### Non-Regulated Business

ATNS's non-regulated business currently contributes 10% of the Company's revenue. The non-regulated business encompasses a long-term strategy to facilitate regional expansion through a subsidiary

vehicle presently known as "NEWCO". NEWCO will enable the Company to take a more robust and agile stance in the non-regulated business market without posing undue risks to its regulated market and shareholder. It will also enable ATNS to enter into joint ventures and partnerships with external suppliers so that the Company can harness more valuable market opportunities and extend its regional influence and reach.

#### ATNS's presence in South Africa

The Company provides aerodrome and approach control services at 9 ACSA airports throughout South Africa on a statutory basis. It further provides aerodrome services to 12 regional airports and approach procedural services to 4 regional airports, with both services provided on a contractual basis. The Company also provides national area control services, as well as oceanic control services in delegated international airspace, and Aeronautical Information Management services.

In addition, ATNS operates the Aeronautical Rescue Coordination Centre on behalf of the Department of Transport; and operates the African and Indian Ocean Area Regional Monitoring Agency on behalf of the International Civil Aviation Organisation. The Company is further delegated by the Department of Transport as the 'slot coordinator' for coordinated airports in South Africa.

ATNS is responsible for air traffic management in approximately 10% of the world's airspace as indicated in figure 3.

## ORGANISATIONAL PROFILE

Figure 2: ATNS's presence in South Africa

ATNS provides services to nine ACSA airports throughout South Africa on a statutory basis, and to 12 regional airports on a contractual basis.

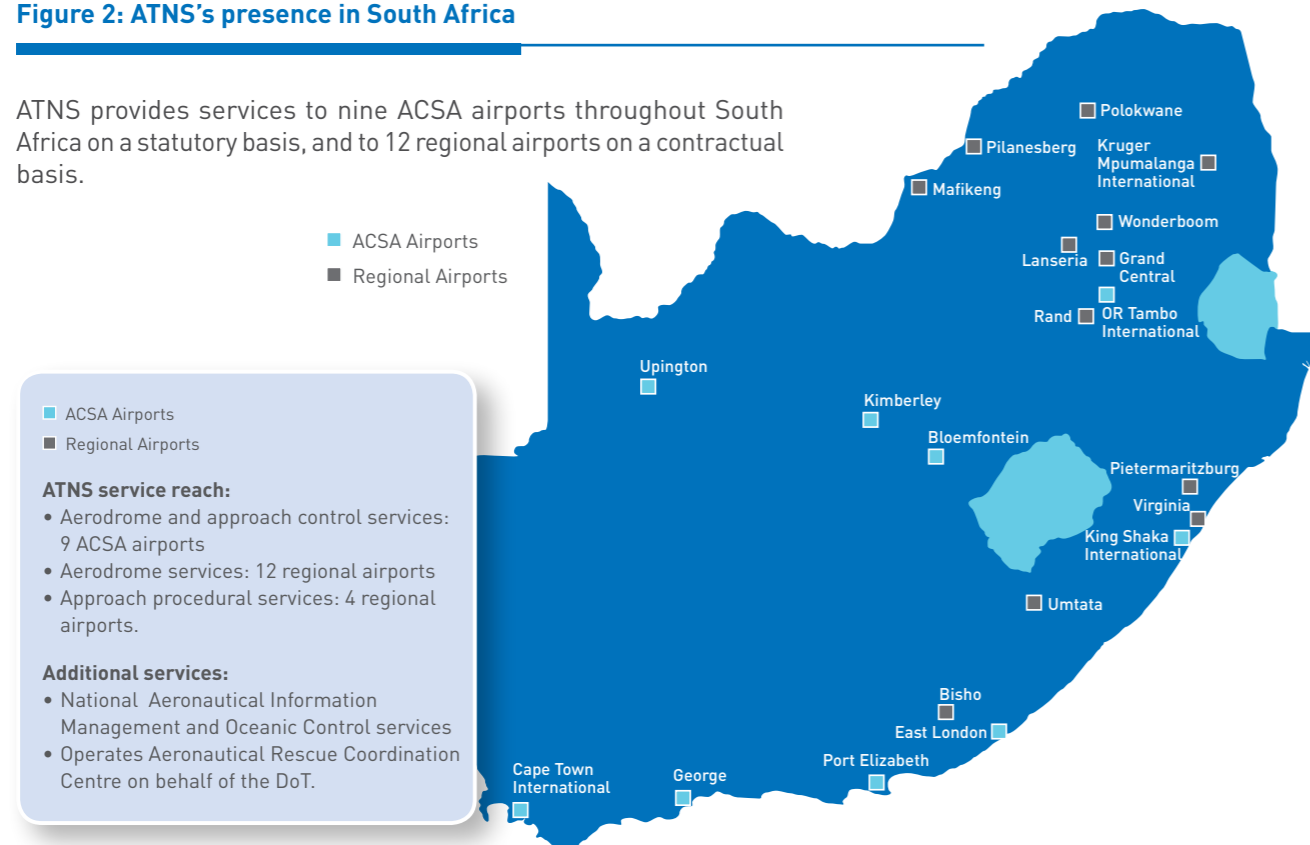
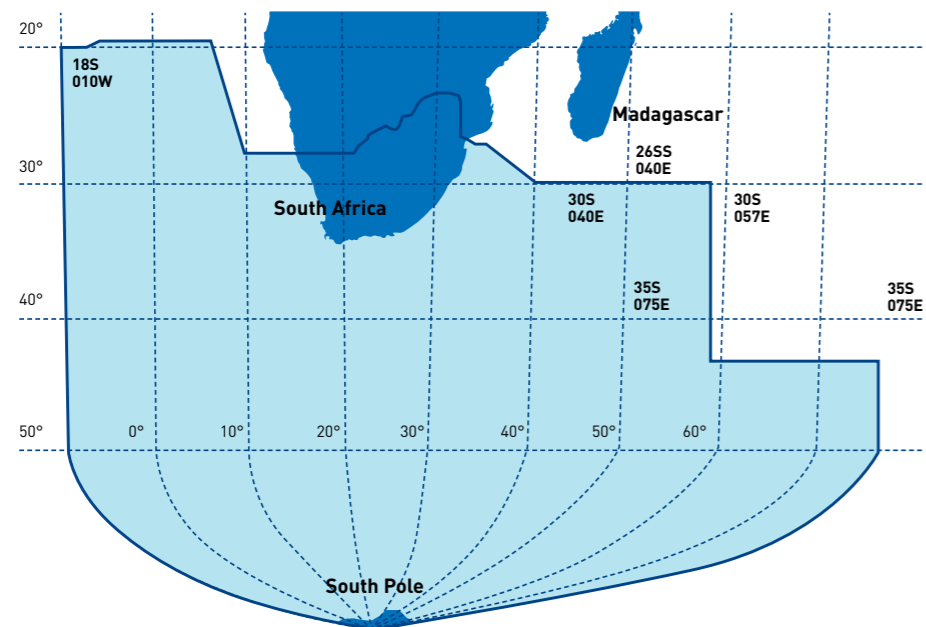
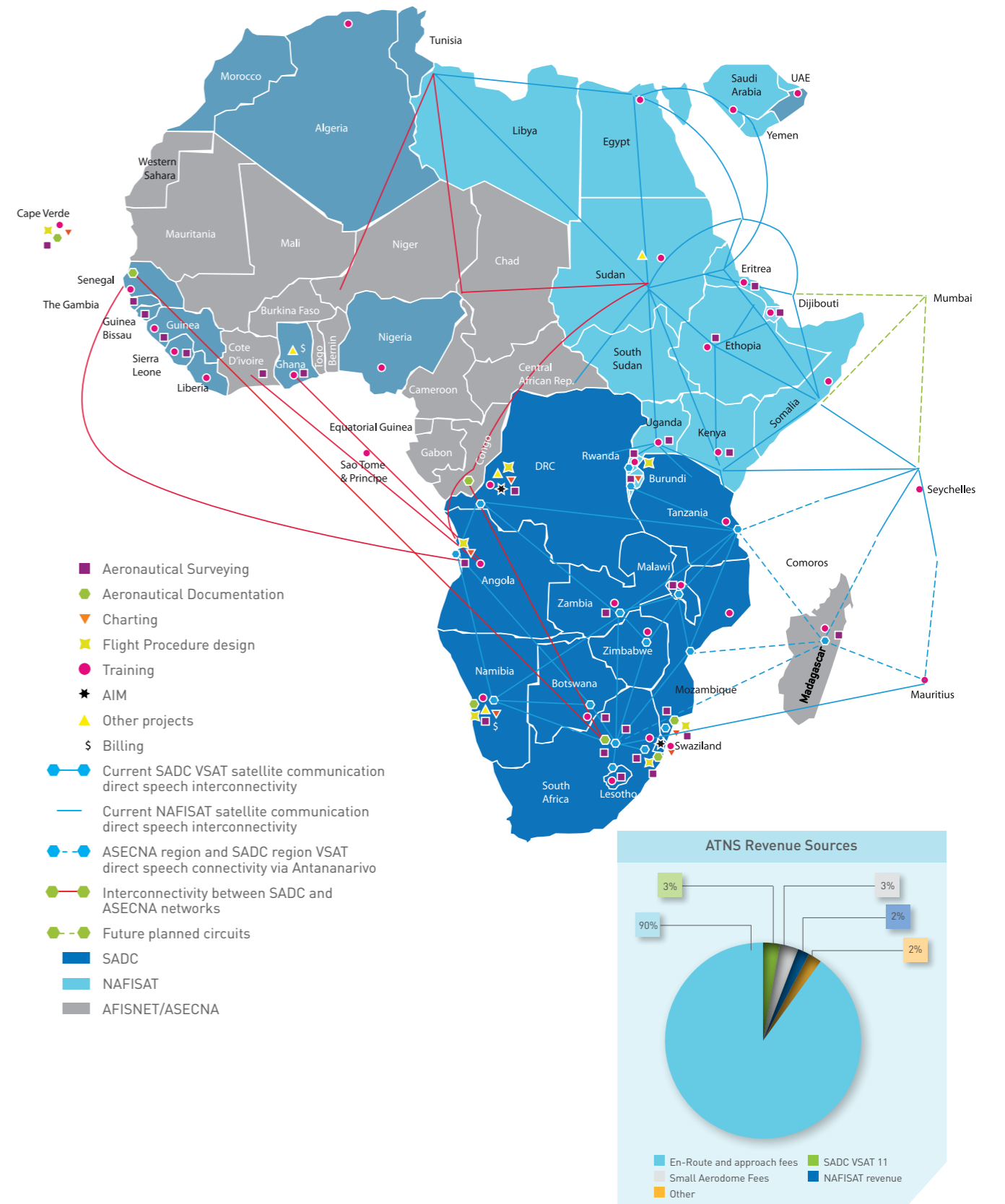


Figure 3: ATNS African Indian Ocean (AFI) regional airspace cover



## ORGANISATIONAL PROFILE

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



## ORGANISATIONAL PROFILE

### Primary products and services

Table 4 represents a combined 'current' and 'future-state' view of ATNS's existing products, customers and markets, as well as a view of new product and market development opportunities.

**Table 4: Overview of ATNS's current and future product, service and market matrix**

Current products	Current users/ customers	Potential for new customers	Existing markets	New market segments	Degree to which outsourcing is used
ATS – ATC and AIM	<ul style="list-style-type: none"> <li>Air space users (airlines, GA, SAAF, SAPS, STATE)</li> <li>Governments (CAA, ETC.)</li> <li>Airport operators (ACSA &amp; NON-ACSA)</li> </ul>	<ul style="list-style-type: none"> <li>Local authorities and developers</li> <li>UAVS &amp; Very light jets</li> </ul>	<ul style="list-style-type: none"> <li>RSA – Statutory (C&amp;O)</li> <li>RSA – Contractual</li> </ul>	Selected global markets( AFI)	0%
VSAT (VSAT 2, NAFISAT and IVSAT)	<ul style="list-style-type: none"> <li>Governments (CAA, ETC.)</li> <li>ANSP</li> <li>Airport operators (ACSA &amp; NON-ACSA)</li> </ul>	<ul style="list-style-type: none"> <li>Governments (CAA, ETC.)</li> <li>ANSP</li> </ul>	<ul style="list-style-type: none"> <li>RSA – Statutory (C&amp;O)</li> <li>RSA – Contractual</li> <li>SADC – Prioritised</li> <li>AFI</li> </ul>	Selected global markets (ASECNA)	0%
Technical support	<ul style="list-style-type: none"> <li>ANSP</li> <li>Governments (CAA, ETC.)</li> <li>Airport operators (ACSA &amp; NON-ACSA)</li> </ul>	<ul style="list-style-type: none"> <li>Local authorities and developers</li> <li>Other new technologies</li> </ul>	<ul style="list-style-type: none"> <li>RSA – Statutory (C&amp;O)</li> <li>RSA – Contractual</li> <li>SADC – Prioritised</li> <li>AFI</li> </ul>	Northern and Central Africa	50%
Billing Bureau	<ul style="list-style-type: none"> <li>ANSP</li> <li>Governments (CAA, ETC.)</li> <li>Airport operators (ACSA &amp; NON-ACSA)</li> <li>Air space users (airlines, GA, SAAF SAPS, STATE)</li> </ul>	<ul style="list-style-type: none"> <li>Governments (CAA, ETC.)</li> </ul>	<ul style="list-style-type: none"> <li>RSA – Statutory (C&amp;O)</li> <li>RSA – Contractual</li> <li>SADC – Prioritised</li> <li>AFI</li> </ul>	ASECNA, Northern and Central Africa	50%
Surveys	<ul style="list-style-type: none"> <li>ANSP</li> <li>Governments (CAA, ETC.)</li> <li>Airport operators (ACSA &amp; NON-ACSA)</li> </ul>	<ul style="list-style-type: none"> <li>Local authorities and developers</li> </ul>	<ul style="list-style-type: none"> <li>RSA – Statutory (C&amp;O)</li> <li>RSA – Contractual</li> <li>SADC – Prioritised</li> <li>AFI</li> </ul>	ASECNA	50%
Consultancy	<ul style="list-style-type: none"> <li>Air space users (airlines, GA, SAAF, SAPS, STATE)</li> <li>ANSP</li> <li>Governments (CAA, ETC.)</li> <li>Airport operators (ACSA &amp; NON-ACSA)</li> </ul>	<ul style="list-style-type: none"> <li>Local authorities and developers</li> <li>Department of Education and Schools</li> <li>Other new technologies</li> <li>UAVS &amp; very light jets</li> </ul>	<ul style="list-style-type: none"> <li>RSA – Statutory (C&amp;O)</li> <li>RSA – Contractual</li> <li>SADC – Prioritised</li> <li>AFI</li> </ul>	North , Central Africa	50%

## ORGANISATIONAL PROFILE

Current products	Current users/ customers	Potential for new customers	Existing markets	New market segments	Degree to which outsourcing is used
ATM	<ul style="list-style-type: none"> <li>Air space users (airlines, GA, SAAF, SAPS, STATE)</li> <li>ANSP</li> <li>Governments (CAA, ETC.)</li> <li>Airport operators (ACSA &amp; NON-ACSA)</li> </ul>	<ul style="list-style-type: none"> <li>Local authorities and developers</li> <li>Other new technologies</li> <li>UAVS &amp; very light jets</li> </ul>	<ul style="list-style-type: none"> <li>RSA – Statutory (C&amp;O)</li> <li>RSA – Contractual</li> <li>SADC – Prioritised</li> <li>AFI</li> </ul>	North , Central Africa and Regional	20% (Charting )
CNS	<ul style="list-style-type: none"> <li>Air space users (airlines, GA, SAAF, SAPS, STATE)</li> <li>ANSP</li> <li>Governments (CAA, ETC.)</li> <li>Airport operators (ACSA &amp; NON-ACSA)</li> </ul>	<ul style="list-style-type: none"> <li>UAVS &amp; very light jets</li> <li>Other new technologies</li> </ul>	<ul style="list-style-type: none"> <li>RSA – Statutory (C&amp;O)</li> <li>RSA – Contractual</li> <li>SADC – Prioritised</li> <li>AFI</li> </ul>	North , Central Africa and Regional	50%
Flight procedure design	<ul style="list-style-type: none"> <li>Air space users (airlines, GA, SAAF, SAPS, STATE)</li> <li>ANSP</li> <li>Governments (CAA, ETC.)</li> <li>Airport operators (ACSA &amp; NON-ACSA)</li> </ul>	<ul style="list-style-type: none"> <li>Local authorities and developers</li> </ul>	<ul style="list-style-type: none"> <li>RSA – Statutory (C&amp;O)</li> <li>RSA – Contractual</li> <li>SADC – Prioritised</li> <li>AFI</li> </ul>	North , Central Africa and Regional	50%
Aeronautical information (AIP)	<ul style="list-style-type: none"> <li>Governments (CAA, ETC.)</li> </ul>	<ul style="list-style-type: none"> <li>Governments (CAA, ETC.)</li> </ul>	<ul style="list-style-type: none"> <li>SADC – Prioritised</li> <li>AFI</li> </ul>	North , Central Africa	0%
CAD	<ul style="list-style-type: none"> <li>ANSP</li> <li>Governments (CAA, ETC.)</li> </ul>	<ul style="list-style-type: none"> <li>ANSP</li> <li>Governments (CAA, ETC.)</li> </ul>	<ul style="list-style-type: none"> <li>RSA – Statutory (C&amp;O)</li> <li>RSA – Contractual</li> <li>SADC – Prioritised</li> <li>AFI</li> </ul>	<ul style="list-style-type: none"> <li>RSA – Statutory (C&amp;O)</li> <li>RSA – Contractual</li> <li>SADC – Prioritised</li> <li>AFI</li> </ul>	20%
Fast-time simulation	<ul style="list-style-type: none"> <li>ANSP</li> <li>Airport operators</li> <li>Airspace Users</li> </ul>	<ul style="list-style-type: none"> <li>ANSP</li> <li>Governments</li> </ul>	<ul style="list-style-type: none"> <li>RSA</li> </ul>	North , Central Africa and Regional	0%

## ORGANISATIONAL PROFILE

### Contextualising our operations

#### Global regulatory context

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

#### Regulatory framework

The regulatory framework within which ATNS operates comprises the Convention and its 19 annexes, which address the broad principles of civil aviation governance and the standards related to various aspects of civil aviation, including safety, personnel licensing, meteorology, air traffic services, aeronautical telecommunications and aeronautical information management. Further, a comprehensive supporting documentation base comprises 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 addressing 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.

#### Ensuring quality adherence and compliance

To ensure quality adherence and compliance with ICAO standards and recommendations, as well as with the South African Civil Aviation Regulations, the State established the South African Civil Aviation Authority (Act 40 of 1998), which is tasked with the safety regulation and oversight of civil aviation in South Africa. Given that ATNS is the monopoly provider of the national en-route as well as approach and aerodrome services at Airport Company of South Africa (ACSA) airports, the Regulating Committee for ACSA and ATNS was established through – and empowered by – both the ACSA Act (Act 44 of 1993) and the ATNS Act. This was undertaken to ensure independent economic and service standard regulation and oversight of ATNS; and to prevent abuse by ATNS of its monopoly position, whilst at the same time ensuring that ATNS remains sustainable as an independent, self-funding, state-owned company.

#### Economic and service standard regulation

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' service provision and standards, including infrastructure and human and financial resources required to realise ATNS's plans over the five-year period.

These plans are statutorily consulted on with stakeholders with a view to achieving consensus on all aspects of the permission application. The outcomes of consultations are included in the permission application as a consultation report, which is reviewed by the RC and taken into account when the tariff permission is granted. During the course of the permission, the RC reviews service standards and financial performance to confirm that ATNS is complying with the terms and conditions of the permission.

## ORGANISATIONAL PROFILE

Figure 5: Civil aviation regulatory and service delivery context



## ORGANISATIONAL PROFILE

### Global business context

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

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

The Africa Indian Ocean (AFI) Regional Plan is encapsulated in the ICAO document 7030/4. This forms the basis of the South African National Airspace Master Plan (NAMP), which is approved by all the aviation stakeholders in South Africa. The NAMP gives rise to the ATNS Air Traffic management (ATM) and Enabling Technologies Roadmaps, which meet the requirements of the ICAO SARPs and South African Civil Aviation Regulations and Technical Standards. The ATM and Enabling Technologies Roadmaps represent ATNS's ATM service delivery plans, supported by the necessary communications, navigation and surveillance infrastructure.

### ICAO Global Plans for 2014-2016

The ICAO member States have endorsed the ICAO Air Traffic Management Operational Concept, which defines the seamless global aviation system paradigm. This concept is, in turn, translated into the Global Air Navigation Plan (GANP), supported by the Global Aviation Safety Plan (GASP) and underpinned by the ICAO Standards and Recommended Practices (SARPs).

The main focus areas for the industry in the coming years, as stated in the ICAO global plans, are as follows:

- Reduce the rate and number of air traffic accidents worldwide through greater transparency of safety information, collaboration and responsiveness, using real-time analysis and reporting cycles, and by practicing greater regional accountability as outlined in the (GASP).
- Have a globally harmonised air navigation system that will provide unprecedented levels of transparency and planning certainty to States, regional implementation groups, service providers, airspace users, and industry stakeholders, based on agreed operational targets, standards, technologies, procedures, and regulatory approvals as expressed in the (GANP).
- Achieve greater balance between effective control measures and system-wide connectivity and efficiency by applying key principles such as risk management-based prioritisation, mutual recognition of equivalent security measures, and improved international cooperation.

### IATA Vision for 2050

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

### The customer

- It is anticipated that by 2050 there will be 16 billion passengers and 400 million tons of cargo.
- GDP of today's BRICS will equal that of the G7, shifting cargo flows.

### Shaping infrastructure

- Airport revenues will fund the air traffic management system.
- 10 global Air Traffic Services (ATS) providers will replace the current 180 at half the cost.
- Airlines will become the core of the industry value chain.
- Airlines will not be charged but will be paid for bringing in more business.
- Globalisation of ATM - political borders will cease to be blockers.

## ORGANISATIONAL PROFILE

### New energy source

- IATA bio fuels focus - reduce the carbon footprint of air travel by 80%.
- New economic opportunities will break the tyranny of oil.
- Governments have a strategic role in supporting this vision.

### Structuring for profitability

- Poor profitability makes every economic shock a fight for survival.
- Efficiency gains seldom make it to the bottom line due to lack of commercial freedom to operate like a normal business.

### Developmental context - National Governmental Outcomes

South Africa's National Development Plan (NDP) provides guidelines for the country to eliminate poverty and to reduce inequality by 2030. Through the NDP, the South African Government intends to unite South Africans by unleashing the potential of its citizens, growing an inclusive economy, building capabilities, enhancing the capability of the State, fostering leadership capability and creating an environment conducive to collaborative approaches

Table 5: Governmental outcomes

Outcome 1	Improved quality of basic education
Outcome 2	A long and healthy life for all South Africans
Outcome 3	All people in South Africa being and feeling safe
Outcome 4	Decent employment through inclusive economic growth
Outcome 5	A skilled and capable workforce to support an inclusive growth path
Outcome 6	An efficient, competitive and responsive economic infrastructure network
Outcome 7	Vibrant, equitable and sustainable rural communities and food security for all
Outcome 8	Sustainable and improved quality of household life in human settlements
Outcome 9	A responsive, accountable, effective and efficient local government system
Outcome 10	Environmental assets and natural resources that are well protected and continually enhanced
Outcome 11	The creation of a better South Africa and contribution to a better and safer Africa and world
Outcome 12	An efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship

to complex challenges. ATNS' strategy supports the following NDP enabling milestones:

- Increase employment from 13 million in 2010 to 24 million in 2030.
- Raise per capita income from R50,000 in 2010 to R120,000 by 2030.
- Increase the share of national income of the bottom 40% from 6% to 10%.
- Establish a competitive base of infrastructure, human resources and regulatory frameworks.
- Ensure that skilled, technical, professional and managerial posts better reflect the country's racial, gender and disability makeup.
- Establish effective, safe and affordable public transport.
- Play a leading role in continental development, economic integration and human rights.

### Statement of Strategic Intent and Shareholder Compact

Our Shareholder, the Department of Transport (DoT), is driven by departmental outcomes to demonstrate its contribution to and support of national priorities. The President and the Cabinet developed 12 Governmental outcomes in 2010 to collectively address the key priorities of Government. The 12 outcomes identified and agreed to by the Cabinet are as follows:

## ORGANISATIONAL PROFILE

The Statement of Strategic Intent from the Minister of Transport, which provides reference for the Shareholder Compact in the medium term, outlines six national objectives for the transport sector, namely:

**Table 6: Department of Transport – Shareholder’s compact**

Outcome 1	An efficient and integrated transport infrastructure network for social and economic development
Outcome 2	A transport sector that is safe
Outcome 3	Improved rural access, infrastructure and mobility
Outcome 4	An improved public transport system
Outcome 5	An increased contribution to job creation
Outcome 6	An increased contribution of transport to environmental sustainability

### Performance context

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

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

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

The airline industry is also experiencing the formation of new partnerships, global alliances and cross-

border ownership structures that are changing traffic flows and hubs. This will lead to a smaller number of specialist airlines with geocentric hubs and the resources to deliver a wide range of services. Carriers may look to bulk up through partnerships or mergers to strengthen their competitiveness against other industry titans and better insulate themselves against volatile fuel prices and softening demand in some regions or other potentially turbulent market conditions.

### Structure and scale of operations

ATNS is a State-Owned Company (SOC), comprising a board of directors appointed by the Minister of Transport to provide oversight and guidance in implementing the ATNS Mandate. ATNS’ strategy, mandate and international legislatives - such as the ICAO ATM Operational Concept and GANP - are imperative to the execution of the corporate strategy. The structure of the Organisation’s operations affects the speed at which ATNS can adapt to changing environments. ATNS’ structure is based on its strategy and value chain, which comprises three main blocks:

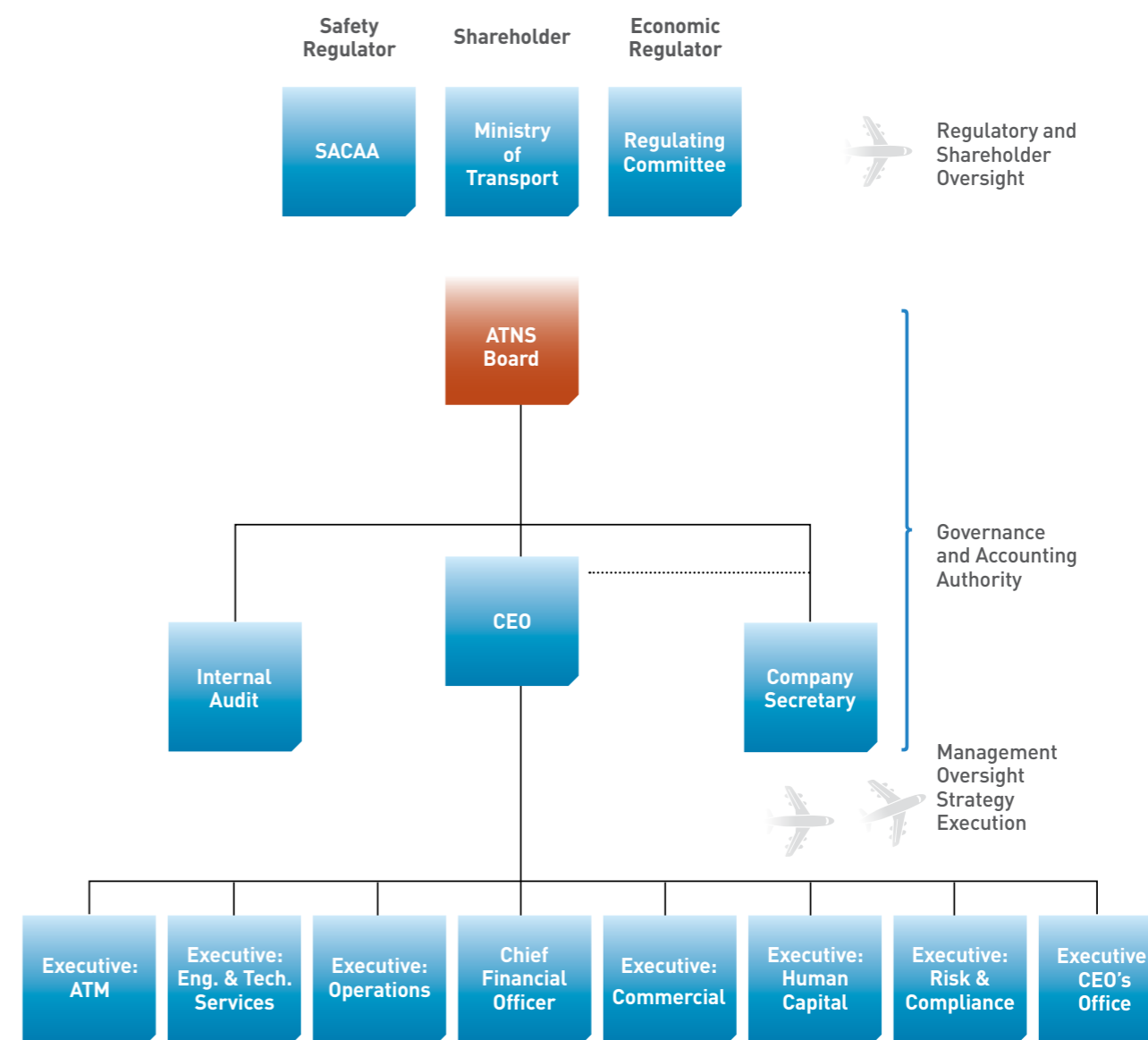
- ATM Operational Concept and GANP.
- Enabling/driving technologies, infrastructure and resources.
- ATM and technical support operations.

The operational concept is supported by corporate and support functions. The corporate function

## ORGANISATIONAL PROFILE

determines the direction of the Company as mandated by the Board through strategy formulation and execution by the Chief Executive Officer (CEO). The corporate function ensures that Executives plan adequately and utilise resources optimally as dictated by the 5-year permission cycle. Planning for strategic execution is also driven by the departmental operational and business plans.

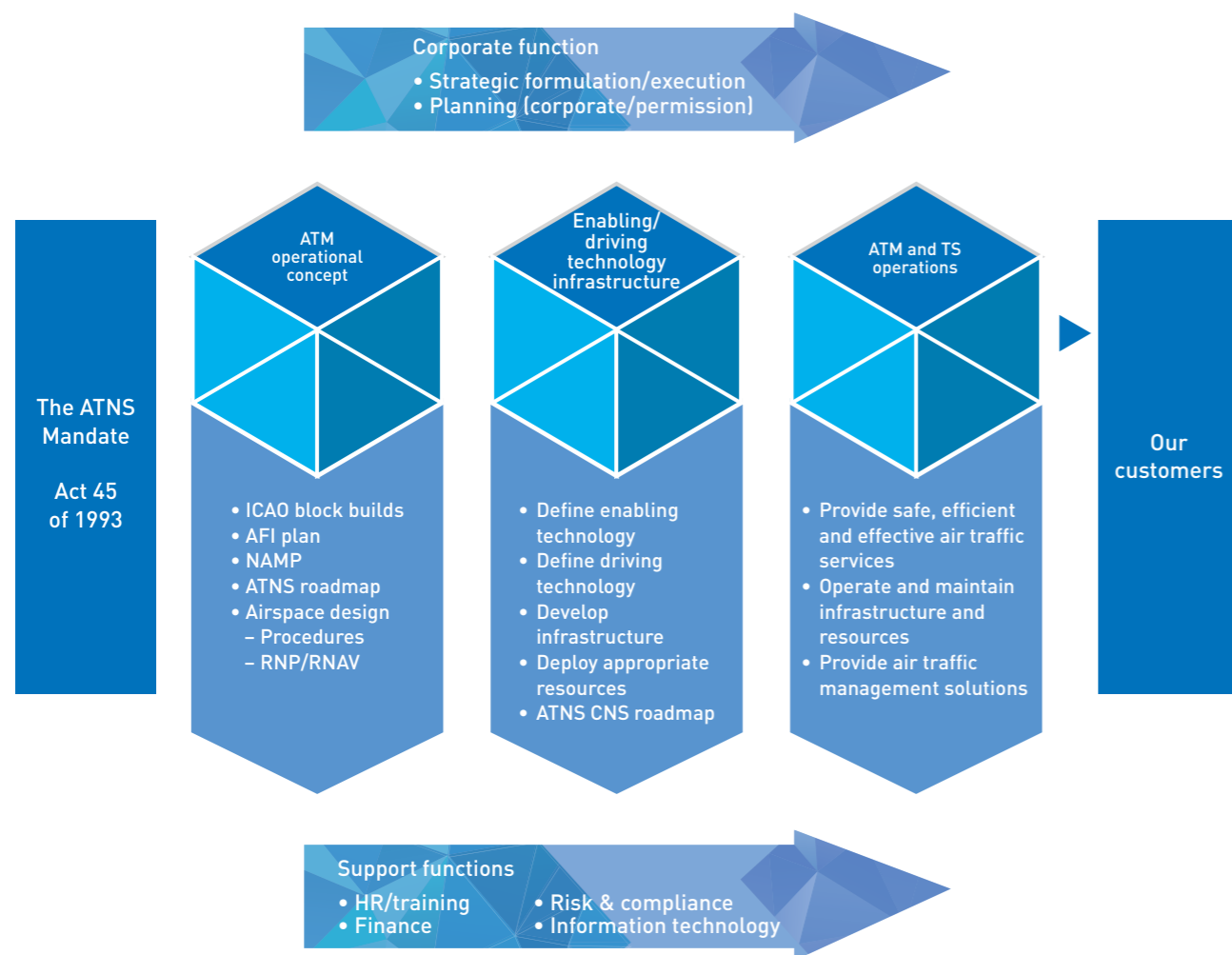
**Figure 6: Overview of the ATNS operating structure**





## ORGANISATIONAL PROFILE

Figure 7: ATNS Regulated Business Model – core and support functions



Refer to page 24 in the ATNS-IR for ATNS’s full value-creation process

### Support functions

ATNS’ support functions provide the governance frameworks and facilitate the effective functioning of the operating environment. They comprise:

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

### Awards received during the year

ATNS’s Aviation Training Academy (ATA) is a world-renowned academy, and in 2014 was again awarded the International Air Transport Association (IATA) Worldwide Top Regional Training Partner. This is the third successive year that the ATA has received this award.

In March 2015, the ATA progressed from being a TRAINAIR Plus Associate member to becoming a TRAINAIR Plus Full Member. This was achieved through the development of an ICAO standard training package which now forms part of the ICAO repository.

## ORGANISATIONAL PROFILE

### Scale and scope of operations

Table 7 provides a synopsis of the scale and scope of ATNS’s operations.

Table 7: Scale of the organisation 2015

Scale indicator	Actual 2013/14	Actual 2014/15	Target for 2015/16
Turnover	R1,293 billion	R1,412 billion	R1,346 billion
Operating costs	R981 million	R1,079 billion	R1,166 billion
Net profit	R244 million	R284 million	R148 million
Airspace cover	ATNS is responsible for ATM in approximately 12% of the world’s airspace.	ATNS is responsible for ATM in 10% of the world’s airspace.	ATNS to maintain responsibility for ATM in approximately 10% of the world’s airspace.
Local presence	9 ACSA airports (statutory)	9 ACSA airports (statutory)	9 ACSA airports (statutory)
Regional presence	12 regional airports (contractual)	13 regional airports (contractual)	13 regional airports (contractual)
Number of traffic movements during the year	302,219	301,965	296,955
Total employee numbers	1,033	983	1,148
B-BBEE rating	Level 5	Level 2	Level 2
Number and location of operational sites	21 operational sites: <ul style="list-style-type: none"> <li>• Cape Town Intl</li> <li>• OR Tambo Intl</li> <li>• King Shaka Intl</li> <li>• East London</li> <li>• Port Elizabeth</li> <li>• George</li> <li>• Bloemfontein</li> <li>• Kimberly</li> <li>• Upington</li> <li>• Bisho</li> <li>• Umtata</li> <li>• Virginia</li> <li>• Pietermaritzburg</li> <li>• Rand</li> <li>• Grand Central</li> <li>• Lanseria</li> <li>• Wonderboom</li> <li>• Polokwane</li> <li>• Kruger</li> <li>• Mafikeng</li> <li>• Pilanesburg</li> </ul>	21 operational sites: <ul style="list-style-type: none"> <li>• Cape Town Intl</li> <li>• OR Tambo Intl</li> <li>• King Shaka Intl</li> <li>• East London</li> <li>• Port Elizabeth</li> <li>• George</li> <li>• Bloemfontein</li> <li>• Kimberly</li> <li>• Upington</li> <li>• Bisho</li> <li>• Umtata</li> <li>• Virginia</li> <li>• Pietermaritzburg</li> <li>• Rand</li> <li>• Grand Central</li> <li>• Lanseria</li> <li>• Wonderboom</li> <li>• Polokwane</li> <li>• Kruger</li> <li>• Mafikeng</li> <li>• Pilanesburg</li> </ul>	21 operational sites: <ul style="list-style-type: none"> <li>• Cape Town Intl</li> <li>• OR Tambo Intl</li> <li>• King Shaka Intl</li> <li>• East London</li> <li>• Port Elizabeth</li> <li>• George</li> <li>• Bloemfontein</li> <li>• Kimberly</li> <li>• Upington</li> <li>• Bisho</li> <li>• Umtata</li> <li>• Virginia</li> <li>• Pietermaritzburg</li> <li>• Rand</li> <li>• Grand Central</li> <li>• Lanseria</li> <li>• Wonderboom</li> <li>• Polokwane</li> <li>• Kruger</li> <li>• Mafikeng</li> <li>• Pilanesburg</li> </ul>
Number of air controllers and engineers trained by ATA	655 ATCs 333 engineers	655 ATCs 579 engineers	652 ATCs 295 engineers

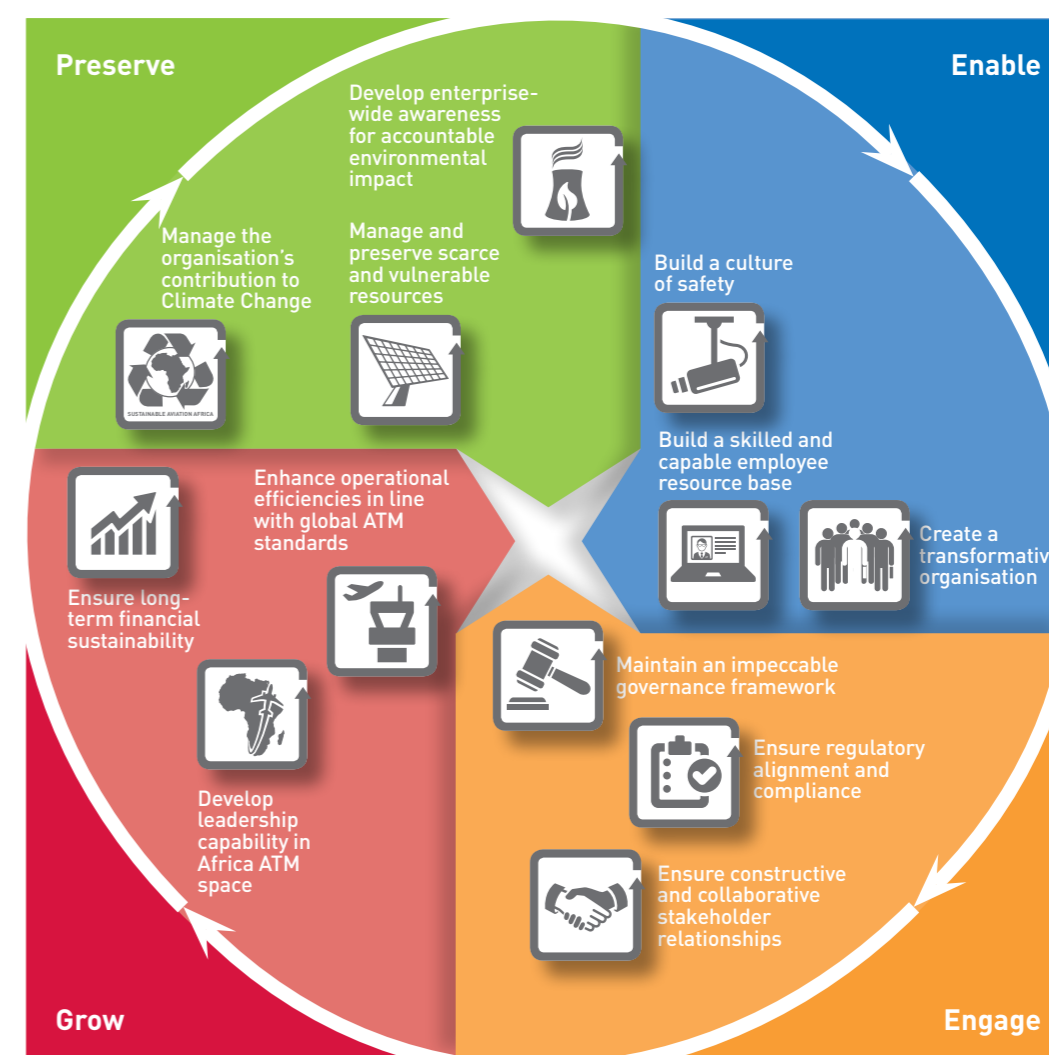


## SUSTAINABILITY PROFILE

### ATNS' sustainability framework

The ATNS-SR has been structured to reflect the economic, social and environmental performance outcomes as monitored through the Company's Sustainability Framework. The Sustainability Framework reflects the full spectrum of ATNS's key sustainability issues. However, not all key issues have been individually explored in this report. In some instances, key issues have been clustered together to simplify our sustainability reporting.

Figure 8: ATNS Sustainability Framework

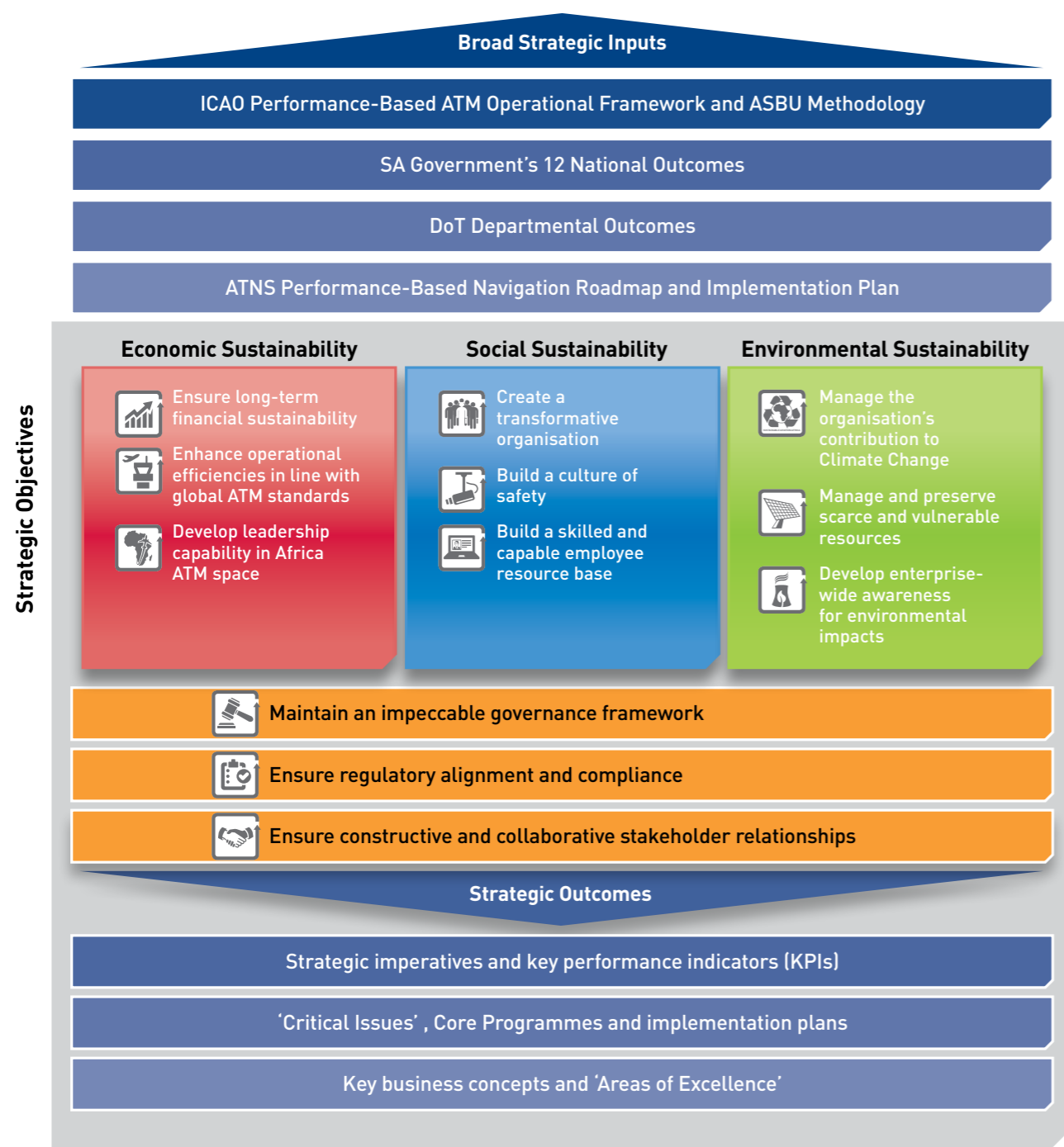


#### Key issues

- Enable**
  - Core and critical skills / training and development
  - Institutional knowledge
  - Culture of safety
  - Employee satisfaction and collaborative culture
  - Create a representative workforce
  - Long-term job creation
- Engage**
  - Ensure impeccable governance and ethics
  - Ensure regulatory compliance
  - Develop local suppliers
  - Shareholder management
  - Strategic partnership development
- Grow**
  - Enhance safety, reliability and availability
  - Ensure operational efficiency
  - ICT enablement
  - Innovation and R&D
  - Ensure long-term financial sustainability
  - Leadership development
  - Grow revenue in regulated and non-regulated business
  - Maintain airline economic sustainability
- Preserve**
  - Manage climate change impacts
  - Preserve scarce resources
  - Positive community involvement
  - Develop enterprise-wide awareness for accountable environmental impact

## ORGANISATIONAL PROFILE

Figure 9: ATNS Strategic Model



## ORGANISATIONAL PROFILE

### How the framework reflects us as a business

ATNS' Sustainability Framework reflects the organisation's role as a mandated public entity within the Department of Transport ('DoT'). As a State-Owned Company, our retained earnings are re-invested in our business and we are mandated by our Shareholder, represented by the Minister of Transport and the entire Department of Transport, to deliver on our directive with the awareness that we have a broader responsibility to the entire South African nation.

Our Sustainability Framework is informed by our Strategic Model (see Figure 9), which reflects the various strategic inputs into our business, as well as our strategic objectives and the associated outputs that inform our business operations. The model demonstrates ATNS's holistic approach to economic, social and environmental sustainability in that the three sustainability pillars serve as drivers of ATNS' strategic intent and operational momentum. Further, all three strategic pillars require that ATNS ensures impeccable governance oversight and regulatory compliance; as well as alignment with the needs of our various stakeholder communities.

Strategic inputs include the ICAO performance-based ATM operational Framework at a global level; the South African Government's national outcomes; the Department of Transport's departmental outcomes; and the ATNS Performance-Based Navigation Roadmap and Implementation Plan.

The Strategic Model – and hence our Sustainability Framework – is further aligned with the National Development Plan (NDP) and Medium Term Strategic Framework through four Departmental outcomes being, 'Outcome 3 – A transport sector that is safe'; 'Outcome 4 – An increased contribution to job creation'; 'Outcome 6 – An efficient and integrated transport infrastructure network for social and economic development'; and 'Outcome 10 – An increased contribution by transport to environmental sustainability'.

As the air transport industry evolves and changes, with new mega partnerships and global alliances forming, we recognise that our excellence in business can only be appreciated and valued when we can ensure long-term economic, social and environmental sustainability and therein, acknowledge the

interdependence and cyclical nature of our strategic decisions, operational practices and tactical impacts.

### Economic sustainability

We strengthen our economic sustainability by remaining globally competitive and regionally innovative. Given that our regulatory environment restricts our revenue growth potential within the South African market by strictly applying tariff adjustments, it is imperative for ATNS to broaden its business offerings to other markets. Our economic sustainability is, therefore, strongly dependent on the successful execution of our Africa expansion strategy. Our sustainability framework considers the risks, opportunities and impacts associated with this commercial strategy and maintains vigilant governance accountability for all our business practices.

### Social sustainability

Our social sustainability imperatives relate to our employees, our customers – and their customers – and the many varying communities impacted by our operations. Within the business, we aim to create a transformative organisation, with a skilled and capable employee base. We promote a culture of safety and the philosophy of 'zero harm to self, others and the environment'. We, furthermore aim to lead by example by aligning with local, regional and global regulatory frameworks for our commercial, social and environmental practices. Our sustainability framework is guided by the various regulatory frameworks and regulatory promulgations that govern our operations.

### Environmental sustainability

We promote environmental sustainability by minimising impacts on the environment that result from our activities to the greatest possible extent, and by introducing strategies to manage and preserve scarce resources. We further seek to help our stakeholders to minimise their environmental impact on their operations through flight efficiency programmes and other leading practice initiatives. Education and awareness plays an important role in creating attentiveness for and competency around sustainable environmental practices. Greater awareness and regulation of the environmental impact

## ORGANISATIONAL PROFILE

of air transport provides ATNS with a long-term opportunity to include sustainability strategies in our activities, products and services. The latter aligns with our vision of being the preferred supplier of air traffic management solutions to the African continent and international market.

ATNS's environmentally-oriented material issues relate to the Company's core business and aim to provide efficient operational procedures to reduce aircraft CO<sub>2</sub> emissions. When designing procedures and selecting sites for ground-based equipment, ATNS takes the following into consideration as required by the National Environmental Management Act (NEMA) and Civil Aviation regulation:

- Required legal obligations and other requirements (National, provincial, local, international agreements and laws);
- National, provincial and local protected areas which include: sensitive biodiversity areas and heritage sites; and
- Noise-sensitive areas such as hospitals, schools and religious areas.

Furthermore, ATNS has adopted operational efficiency programmes such as Performance-Based Navigation, which helps to shorten routes and optimize gate-to-gate operations. The result of the shortened routes is reduced CO<sub>2</sub> emissions.

### What the framework enables us to do

Our Sustainability Framework enables us to:

- Align our activities with the Minister of Transport's Statement of Strategic Intent and the Shareholder Compact to ensure ATNS pursues sustainable economic, social and environmental outcomes.
- Build an integrated and intelligent view of the synergies and trade-offs between the various areas of performance in our business; and, therein, we continue to innovate around reporting mechanisms and 'reporting views' to better assess the interrelatedness of material performance information.
- Report performance progress to stakeholders on matters that are material to them.
- Plan for the future based on a candid analysis of our sustainability outcomes.
- Demonstrate the integrated nature of our Strategic Model (Figure 9) in the context of the Sustainability Framework by viewing the business in terms of a cyclical flow, following the four phases of: Enable,

Engage, Grow and Preserve; and by defining our material outcomes in alignment with this cyclical perspective (as depicted in Figure 8). This vision of a sustainable business is a constant reminder of the importance of integrated thinking; and that actions taken in terms of one facet today will impact all that follows.

### Building sustainability intelligence

As we mature in our sustainability reporting – and systemically build our 'sustainability intelligence' – we will also enhance our sustainability assurance by introducing sustainability assurance audits. Further, we will continue to engage with independent sustainability specialists and advisory firms to guide the business on future trends, risks and opportunities, particularly with regards to areas critical to the Air Traffic Management (ATM) space, such as:

- Business continuity
- Safety and emergency preparedness
- Constructive labour practices
- Impacts on local communities
- Environmental accountability and impacts on biodiversity



## ORGANISATIONAL PROFILE

- Management of resources (air quality, land, water and waste)
- Managing emissions and aircraft noise

### Broader sustainability context

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

shifts and turns. The previously unparalleled access to information – and the analysis of these global trends – prompts integrated and long-term consideration of the integral role played by State-Owned Companies in shaping a sustainable future for the country.

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

## GOVERNANCE AND SUSTAINABILITY MANAGEMENT

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

The directors are collectively responsible for directing and managing the Company's affairs. The CEO and his executive team manage the day-to-day activities of the Company to ensure that Board strategy, policies and resolutions are implemented and monitored. This governance structure enables ATNS to deliver on, and integrate the three sustainability pillars, namely financial, social and environmental sustainability in line with the sustainability management framework.

### Board Committees

#### Audit and Risk Committee

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

#### Human Resource Committee

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

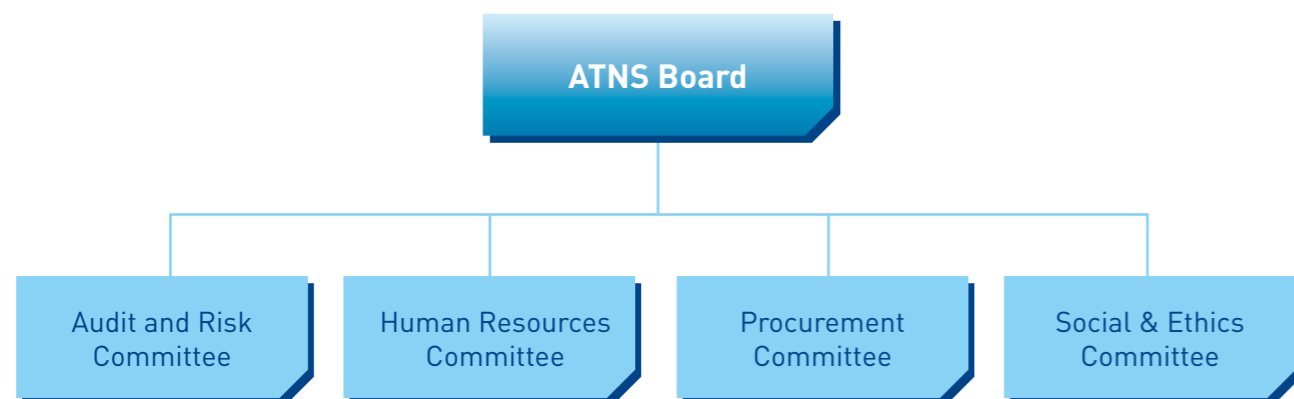
- Human capital development plan.
- Employment equity reports.
- Executive remuneration.
- The CEO and executives' 'performance evaluations'.
- Report on attraction, development and retention of talent for the organisation, as well as succession planning.
- Occupational health and safety audit report.

#### Procurement Committee

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

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

Figure 10: ATNS Board Structure



## GOVERNANCE AND SUSTAINABILITY MANAGEMENT

#### Social and Ethics Committee

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

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

#### IT Steering Committee

The IT Steering Committee represents all business units and focuses on the strategic aspects of information technology. This forum ensures the alignment of IT systems and ICT strategy to business strategy and approves projects based on their linkage to business strategic intents. This forum also supports projects to deliver IT solutions by making resources available.

The Architectural Forum focuses on maintaining the integrity of ATNS's enterprise architecture. This forum focuses on ensuring the architectural feasibility and impact of solutions, thus minimising unplanned events during project execution. The forum will also take into account ATM-related initiatives such as the ATM Roadmap to ensure ATNS's enterprise architecture is sustainable in the long term.

Table 8: Composition of Board and Board Committees

Committee	Total	Exec & Non-exec	% Male				% Female				
			Black	Mixed race	Indian	White	Black	Mixed race	Indian	White	
ATNS Executive Committee	9	Exec	5			2	2				
ATNS Board	8	Exec	2								
		Non-Exec	3				3				
Audit and Risk Committee	5	Exec	2								
		Non-Exec	1				2				
Human Resource Committee	5	Exec	2								
		Non-Exec	2				1				
Social and Ethics Committee	5	Exec	2								
		Non-Exec	2				1				
Procurement Committee	4	Exec	2								
		Non-Exec	1				1				

## GOVERNANCE AND SUSTAINABILITY MANAGEMENT

### Sustainability programme governance

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

#### Safety and health

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

#### Corporate social investment

ATNS delivers its CSI initiatives through two focus areas: a staff volunteerism approach and corporate projects. Staff volunteerism programmes recognise that ATNS's employees live within the broader South African social context and are, therefore, well placed to identify deserving CSI projects; whilst key corporate projects are identified as strategic projects aligned to long-term goals of the industry and aim to achieve such by empowering and involving our greater communities. Potential projects are forwarded to the Social and Ethics Committee for evaluation and approval, and are managed and monitored through this committee.

### Environmental management

The Environmental sustainability unit falls within the Executive office of the CEO and is responsible for managing, monitoring and reporting on issues of social and environmental sustainability, including carbon liability and energy efficiency, stakeholder engagement, and the management of aircraft emissions and noise. It does so through its reporting line into the Social and Ethics Committee. Issues pertaining to sustainability training are reported into the Human Resource Committee and issues relating to environmental compliance are reported into the Audit and Risk Committee. The Company has further appointed a dedicated resource at management level to facilitate environmental sustainability within ATNS's operations.

### Broad-Based Black Economic Empowerment (B-BBEE)

Broad-Based Black Economic Empowerment (B-BBEE) contributes directly to the economic transformation of South Africa and aims to bring about substantial increases in the numbers of black people that manage, own and have a controlling stake in the country's economy. It further intends to significantly decrease income inequalities.

ATNS, as a Public Entity, wholly owned by the Department of Transport is exempt from complying with the ownership element of the BEE scorecard. The Company complies with the adjusted generic B-BBEE scorecard as indicated in Figure 11. The scorecard addresses six areas, namely: 'management control', 'employment equity', 'skills development', 'preferential procurement', 'enterprise development' and 'socio-economic development'.

As part of our transformational journey, ATNS developed a B-BBEE strategy following the verification exercise. The strategy, while addressing all six elements of the generic B-BBEE scorecard is primarily focused on critical focus areas where we have not as yet achieved the desired results.

## GOVERNANCE AND SUSTAINABILITY MANAGEMENT

Figure 11: Generic B-BBEE scorecard



### B-BEE Scorecard elements

**Management control:** This aspect of the scorecard explores the number of black executives, non-executives and EXCO members (top management) that exert an influence on the Company in their relative roles.

Progress on performance is reported directly to the ATNS Board.

**Employment equity (EE):** Employment equity (EE) measures the initiatives intended to achieve equity in the workplace. It measures representation of designated employees' at all occupational levels within the Company.

All EE information contained in this report relates to the Employment Equity Plan that terminated on 31 March 2015. A new five-year Employment Equity Plan has been approved with effect from 1 April 2015 to 31 March 2020. Employment equity is an area of the scorecard that is mostly long term due to the fact that it relies on a combination of natural attrition, the capacity created by the ATS Training Pipeline and Engineering Learnerships.

Progress on EE performance is reported through Executive Management, Human Resources and Social and Ethics Committees. Further, the Company is in the process of developing an Employment Equity Plan for the year ahead.

**Skills development (SD):** Skills development measures the extent to which employers carry out training and development initiatives designed to develop the competencies of all employees, with specific focus on designated groups. During the year, these initiatives targeted the development of women. Initiatives included:

- A Management Development Programme.
- Executive and Management Coaching.

## GOVERNANCE AND SUSTAINABILITY MANAGEMENT

Progress on SD programmes is reported through the Executive Committee, Procurement Committee, Human Resource Committee and the Social and Ethics Committee.

**Preferential procurement:** Preferential Procurement measures the extent to which the enterprise buys goods and services from empowered suppliers.

Progress on preferential procurement is reported through the Procurement Committee.

**Enterprise development (ED):** The Enterprise Development Programme focuses on capacity building and infrastructure support provided to current EMEs and QSEs registered on the database, and identifies EMEs and QSEs providing goods and services across the ATNS value chain.

Progress on ED programmes is reported through the Procurement Committee.

**Socio-Economic Development (SED):** The SED programme provides funding for Mathematics and English programmes for Grade 8 to 12 Learners. ATNS provides continued support to schools through ICT infrastructure and extended educational support initiatives.


Progress on SED programmes is reported through the Social and Ethics Committee.


### Executive remuneration

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

State-owned companies require people with unique competencies and experience to provide strategic leadership; as well as direct and indirect employment opportunities for thousands of people. They are further responsible for generating returns on investor funding while having the added responsibility of managing strategic national resources.

Remuneration adjustments and incentive payments are based on individual performance. Further, the individual performance scorecards of the Executive Members are directly translated from the Shareholder's Compact and the strategic objectives of the Company. The measures for assessing executives are aligned with the targets in the Corporate Plan and Shareholder's Compact.

 Refer to page 58 in the ATNS-FR for full disclosure of all components of the Group Executive members' remuneration information.

 Refer to page 72 in the ATNS-IR for ATNS's Remuneration philosophy.

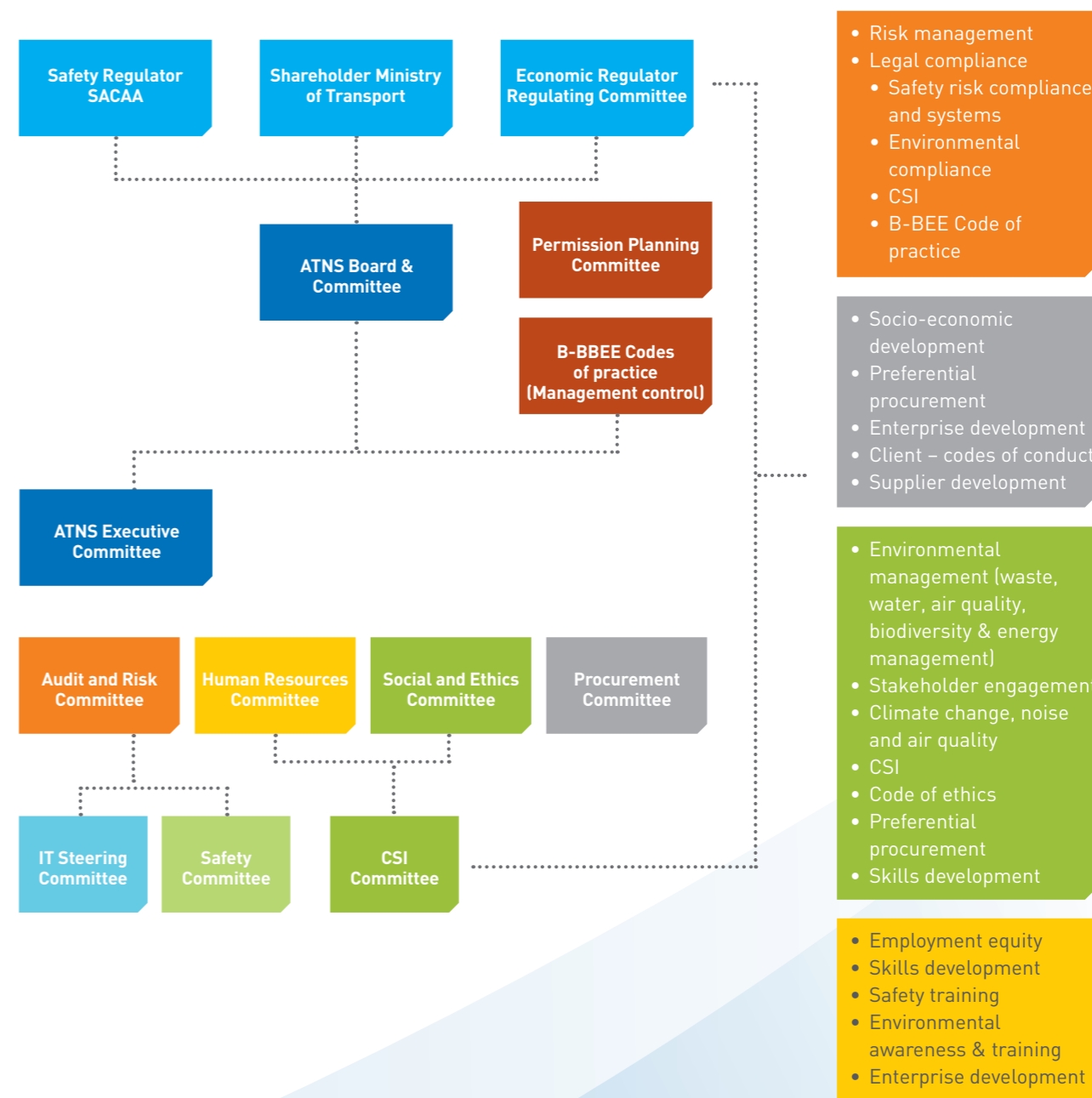
**Table 9: Overview of Executive remuneration - guaranteed**

	Salary R'000	Post-Retirement benefit fund contribution R'000	Other contributions R'000	Other payments R'000	Total 2014/15 R'000	Total 2013/14 R'000	Total 2012/13 R'000
<b>Total</b>	<b>13,530,025</b>	<b>1,796,433</b>	<b>200,798</b>	<b>3,338,347</b>	<b>18,865,680</b>	<b>19,150</b>	<b>18,130</b>

## GOVERNANCE AND SUSTAINABILITY MANAGEMENT

Figure 12 provides an overview of ATNS' sustainability governance structure, demonstrating both 'core governance' accountability as well as the flow of social and environmental sustainability governance inputs and approvals.

**Figure 12: ATNS Sustainability Governance Framework**




## GOVERNANCE AND SUSTAINABILITY MANAGEMENT

### Conflict of interest resolution

The fiduciary duties of ATNS’s directors are codified in the Companies Act. The latter prohibits the use of position, privileges or confidential information for personal gain or improper personal benefit.

In instances where an independent non-executive director or a prescribed officer has any direct or indirect personal or private business interest in a matter, he or she must be recused from the proceedings when such a matter is considered, unless the Board of Directors or Executive Committee decides that the member’s interest in the matter is either immaterial or irrelevant.

In its efforts to comply with Treasury Regulations and the PFMA, ATNS has developed a Fraud Prevention Plan. This should be read together with the ATNS Fraud Management Policy, Whistle-Blowing Policy and the ATNS Management Directive on Conflict of Interest Directive.

 These policies are accessible online at <http://www.atns.co.za/annual-reports>.

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

### Code of Ethics

ATNS’s Code of Ethics enables a culture of entrenched values and norms that guide the behaviour of the Company’s employees. The Code aims to instil ATNS’ shared value system which includes the broad values of accountability; safety and customer service; continuous improvement and innovation; employee engagement and development; fairness and consistency; and open and effective communication.

The Code commits the Executive Directors and employees to the highest standards of ethical behaviour and all ATNS employment contracts reference the Code. The Company’s service providers, suppliers and trade partners are also subject to the Code in that they are required to sign the Procurement Code of Conduct, which is based on the Company’s Code of Ethics.

The Executive: Human Capital is responsible for the development, review and implementation of the Code. The Code is reviewed annually. The Code informs fraud and corruption awareness training, and is accessible to all ATNS employees on the Company’s intranet. The Code is accessible online at <http://www.atns.co.za/annual-reports>.

### Entrenching our mission, vision and values

#### Vision

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

#### Mission

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

#### Values

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

## GOVERNANCE AND SUSTAINABILITY MANAGEMENT

Table 10: Value entrenchment framework

ATNS Value statement	Key institutional committees, programmes, policies and initiatives promoting cultural assimilation of ATNS’s values (Partial list)	Desired value impacts and outcomes
Accountability	<ul style="list-style-type: none"> <li>• ATNS’ Social and Ethics Committee.</li> <li>• ATNS Risk and Audit Committee; Internal Audit function and enterprise risk assessments.</li> <li>• Fraud Prevention Plan.</li> <li>• Fraud Management Policy.</li> <li>• Whistle-Blowing Policy.</li> <li>• ATNS Conflicts of Interest Policy.</li> <li>• Fraud hotline.</li> <li>• Client-Supplier Code of Conduct.</li> <li>• ATNS Code of Ethics.</li> <li>• ATNS Conflict of Interest Directive.</li> <li>• Code of ethics referenced in employee contracts.</li> </ul>	<ul style="list-style-type: none"> <li>• Promote responsible behaviour pertaining to relevant legislation and prevailing codes of best practice; good corporate citizenship, consumer relationships; sound labour practices.</li> <li>• Encourage a culture within ATNS where all employees, the public and other stakeholders behave ethically in their dealings with, or on behalf of, ATNS.</li> <li>• Improve accountability, efficiency and effective administration within ATNS.</li> <li>• Improve the application of systems, policies, procedures and regulations.</li> <li>• Change aspects of ATNS which could facilitate fraud and corruption or allow these to go unnoticed or unreported.</li> <li>• 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.</li> <li>• Encourage ATNS’s employees and trading partners to conform to an agreed set of norms and standards of good business practice.</li> <li>• Reduce possible fraud or corruption by suppliers and ATNS staff, by directing that all gifts offered by suppliers to ATNS officials must be formally disclosed in the gift register as per the Conflict of Interest Directive.</li> <li>• Holds employees at all levels accountable for their actions.</li> <li>• Demonstrates accountability for ensuring that the ATNS values are entrenched in the work environment.</li> </ul>



## GOVERNANCE AND SUSTAINABILITY MANAGEMENT



ATNS Value statement	Key institutional committees, programmes, policies and initiatives promoting cultural assimilation of ATNS's values (Partial list)	Desired value impacts and outcomes
Safety and customer service	<ul style="list-style-type: none"> <li>• Safety Management System (SMS).</li> <li>• Safety Management Plan.</li> <li>• Operations Safety Workshops.</li> <li>• Safety Culture Improvement Plan.</li> <li>• The Safety Culture Maturity Model.</li> <li>• Continuation training.</li> <li>• Organisational Alignment Project (OAP).</li> <li>• Stakeholder Engagement Plan.</li> <li>• Communication Plan.</li> <li>• Safety Awards programme.</li> <li>• Safety risk management.</li> <li>• Occupational Health and Safety procedure.</li> </ul>	<ul style="list-style-type: none"> <li>• Safety performance is a multivariable continuous system requiring continuous improvement and involvement of all stakeholders both on the front line and in supporting roles.</li> <li>• Ensures customer needs are met through excellent service and high standards.</li> <li>• Ensures compliance with safety standards and promotes a safe environment for staff and customers.</li> <li>• Safety critical concepts and messages identified during the Safety Workshop are used as the basis for the development of safety initiatives, training and promotion.</li> <li>• Continuation training provides all ATS personnel with the necessary knowledge and understanding to retain the current level of competence required by ATNS. It is intended that recurrent training will reinforce and confirm past knowledge that was gained and ensure that current competence levels are maintained.</li> <li>• The desired end-state of continuation training is that tangible safety benefits can be attributed to such training.</li> <li>• The OAP aims to improve existing products and services to add more value to our customers, to improve internal efficiencies and planning, and to better compete in the commercial marketplace.</li> <li>• The OAP further increases internal resources; maps and improves processes; and leverages technologies to support a larger customer base and product portfolio.</li> <li>• All contributions to ATM safety management are appropriately recognised through ATNS' Safety Awards programme.</li> </ul>
Continuous improvement and innovation	<ul style="list-style-type: none"> <li>• On-going training programmes through ATNS's training academy.</li> <li>• ATNS technology R&amp;D initiative.</li> <li>• Business Process Centre of Excellence.</li> <li>• Establishing internal subject matter expert task forces.</li> <li>• Registering more internal consultants with relevant professional bodies.</li> <li>• Business and market intelligence.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure that Business Processes are mapped across the organisation and can be managed, measured, and maintained.</li> <li>• Improve the internal workings of ATNS beyond just the Commercial Services department, to determine the processes, systems, technology, people, structure, and operations needed for growth in the non-regulated business market.</li> <li>• ATNS is shifting from merely being a user of acquired technologies to contributing to the value-chain of technology innovation and the development of domestically consumed technologies.</li> <li>• Identify and act on opportunities to improve or extend ATNS services.</li> </ul>

## GOVERNANCE AND SUSTAINABILITY MANAGEMENT



ATNS Value statement	Key institutional committees, programmes, policies and initiatives promoting cultural assimilation of ATNS's values (Partial list)	Desired value impacts and outcomes
Employee engagement and development	<ul style="list-style-type: none"> <li>• The Human Capital Development Plan.</li> <li>• Employment Equity Plan.</li> <li>• Organisational Alignment Project (OAP).</li> <li>• Various skills development programmes, e.g. development of black people with disabilities and leadership development programmes.</li> <li>• Funding of employee learnerships at various tertiary institutes as well as the executive coaching process.</li> <li>• ATNS' social volunteerism initiative.</li> <li>• Women Development Programme (WDP).</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• ATNS funds the development of employees across multiple disciplines, at various tertiary institutes. A large component of this constitutes leadership development.</li> <li>• Employees are encouraged to actively participate in ATNS' social investment programme by identifying deserving projects for funding within their communities.</li> <li>• The Women Development Programme (WDP) is voluntarily offered to all women at ATNS who wish to further their personal or career development.</li> <li>• ATNS promotes employee engagement by:                         <ul style="list-style-type: none"> <li>• Creating an environment where staff feel motivated</li> <li>• Recognising staff for their contributions</li> <li>• Promoting staff learning and development</li> <li>• Coaching and mentoring.</li> </ul> </li> </ul>
Fairness and consistency	<ul style="list-style-type: none"> <li>• ATNS B-BBEE Strategy and plan.</li> <li>• Preferential Procurement policies.</li> <li>• Reward and remuneration programmes.</li> <li>• Various programmes to develop and enhance female competency in the ATM environment:                         <ul style="list-style-type: none"> <li>• WITS Aviation Management Development Programme</li> <li>• ATNS coaching and mentoring programme</li> <li>• New Management Coaching</li> <li>• WITS Executive Development Programme</li> <li>• The IATA Aviation Management Diploma</li> <li>• Personal Assistant (PA) and Secretaries programme.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• ATNS' strategic objectives and prevailing culture support on-going equal opportunity initiatives, with specific emphasis on the African, Indian, mixed race designated group, women and people with disabilities.</li> <li>• Preferential procurement policies ensure that appropriate procurement and provisioning systems are fair, equitable, transparent, competitive and cost-effective; and further encourage employee end-users to be mindful of both the competencies and unique requirements of these supplier businesses (e.g. supplier development, skills transfer, job creation and fair service payment practices).</li> <li>• ATNS's reward and remuneration programmes are market-related and comply with the laws and regulations to ensure fair remuneration of all levels of competencies and management cadres, including executive levels.</li> <li>• Programmes provide management training from an Aviation perspective.</li> <li>• Dedicated coaches from different ATNS work streams enhance female trainees' ability to acclimatise and function optimally in their management role and prepare them for executive roles.</li> <li>• Development opportunities are provided for Personal Assistants and Secretaries to enhance their office management and personal development skills.</li> </ul>

## GOVERNANCE AND SUSTAINABILITY MANAGEMENT



ATNS Value statement	Key institutional committees, programmes, policies and initiatives promoting cultural assimilation of ATNS's values (Partial list)	Desired value impacts and outcomes
Open and effective communication	<ul style="list-style-type: none"> <li>Marketing and communication plans.</li> <li>Commercial services cross-departmental engagements, (e.g. sales forum meetings, quarterly sales forum meetings with different departments, online sales, data and reporting templates).</li> <li>Stakeholder engagement policy and plan.</li> </ul>	<ul style="list-style-type: none"> <li>Marketing and communication plans promote internal brand-alignment and create focused awareness for ATNS's products and services.</li> <li>Enhanced cross-departmental communications, collaboration and learning.</li> <li>The encouragement of two-way communication and collaboration amongst departments, employees and senior management.</li> <li>Sharing of relevant information timeously.</li> <li>Consultation of stakeholders on key decisions that affect them.</li> <li>The promotion of a shared vision and strategy so that everyone is working towards the same goal.</li> </ul>
Responsibility and care towards Environment and communities	<ul style="list-style-type: none"> <li>All components from the above section on 'Safety management and customer service'.</li> <li>Corporate Social Investment strategy.</li> <li>Sustainability and climate change stakeholder engagement policy.</li> <li>Sustainability Climate Change Strategy and Plan.</li> <li>Sustainability and Climate Change awareness initiatives and learning programmes for employees.</li> </ul>	<ul style="list-style-type: none"> <li>Corporate community projects identified by CSI committee.</li> <li>Employees are encouraged to identify social investment projects within their various communities where ATNS can make a positive developmental impact.</li> <li>Employees are engaged in a sustainability and climate change awareness learning programme to entrench a global citizenship culture at ATNS and to improve understanding of sustainability and climate change in the aviation context.</li> <li>Environmental sustainability is being entrenched in the planning, operation and decommissioning process on all ATNS activities, products and services.</li> <li>The minimisation of environmental impacts and enhanced environmental protection.</li> </ul>

### Managing strategic and operational risks

The ATNS Board and the Audit and Risk Committee have overall responsibility for the governance oversight of the Company's risk management process, and for ensuring that material risks that could impact the achievement of ATNS's objectives are identified and mitigated.

ATNS performs an annual company-wide risk assessment, which includes the identification and prioritisation of risks and the identification of internal mitigation controls. The risks are clustered and

recorded in the Company's risk register, which forms part of an overall Enterprise Risk Management (ERM) Framework.

The Risk and Compliance Department is responsible for the coordination of risk management activities and for ensuring consistent risk monitoring and progress reporting. The Risk and Compliance Department provides ERM progress reports to the Audit and Risk Committee on a quarterly basis.

The Risk Management Plan informs the annual coverage and rolling three-year strategic internal audit plans that are approved and monitored by the Audit and Risk Committee.

## GOVERNANCE AND SUSTAINABILITY MANAGEMENT



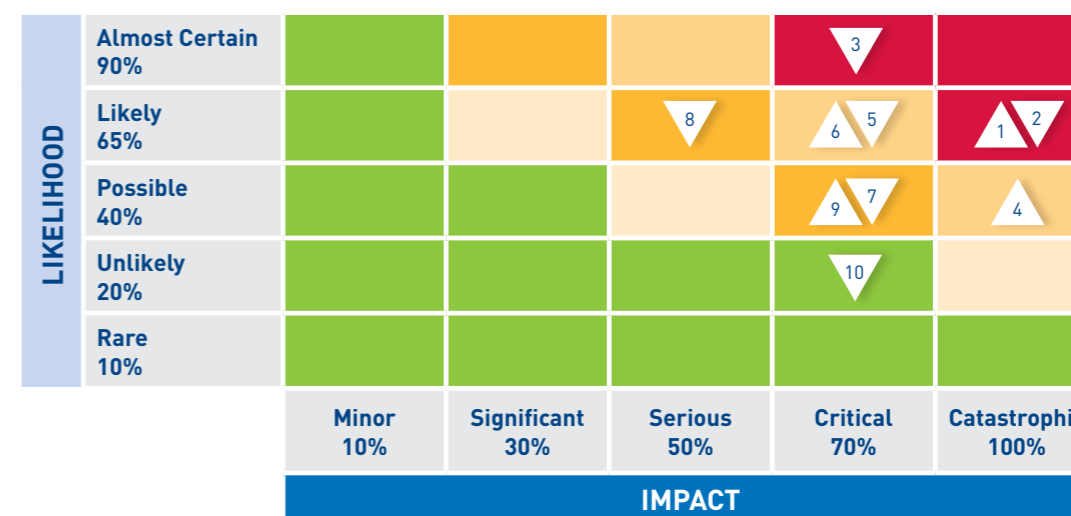
### ATNS's Top 10 Risks

1. Unavailability of deployed CNS technology
2. Non-achievement of Capex targets
3. Major safety event, e.g. mid-air collision
4. Non-achievement of the required target contribution level for B-BBEE
5. Inflexible and inefficient ATNS operations
6. ATNS's reliance on third party service providers

7. Physical security of infrastructure
8. Critical skills in global demand
9. Cyber security threat
10. Financial sustainability

Figure 13 depicts the Company's 'residual risk' profile and outlines the Company's top 10 risks once mitigation strategies and activities have been instituted.

Figure 13: ATNS Strategic Residual Risk Heat map



Residual risk exposure	Rating
Priority 1 - Immediate action	<span style="background-color: red; color: white;"> </span>
Priority 2 - More controls required	<span style="background-color: orange;"> </span>
Priority 3 - Monitor risk exposure	<span style="background-color: yellow;"> </span>
Priority 4 - Acceptable risk exposure	<span style="background-color: lightorange;"> </span>
Priority 5 - Reduce controls	<span style="background-color: green;"> </span>

## GOVERNANCE AND SUSTAINABILITY MANAGEMENT

Each performance section that follows (i.e. sections relating to Economic, Social and Environmental Sustainability performance) addresses risks, opportunities and mitigating initiatives unique to its area of sustainability, namely: economic sustainability, social sustainability and environmental sustainability.



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



Refer to pages 63 to 69 in the ATNS-IR for further particulars on ATNS's Control Framework as well as an ERM table linking material risks to strategy and associated mitigation activities.

### Key strategic risks

The table below highlights the key strategic risks that have been identified by ATNS.

**Table 11: Key strategic risks**

No.	Risk name	Risk owner	Mitigation plans
1	Unavailability of deployed CNS technology	Executive Engineering and Technical Services	<ul style="list-style-type: none"> <li>Continuous monitoring of controls.</li> <li>Implement a disaster recovery plan for triple redundancy.</li> <li>Ensure the adequate provision of spares for critical equipment.</li> <li>Draft Service Level Agreements (SLAs) with suppliers.</li> <li>Introduce 1-Year Period of Beneficial Use (PBU) for suppliers.</li> <li>Adhere to current QMS and Integrated Logistic Support Plans.</li> <li>Monitor findings from trend analyses.</li> <li>Implement ad hoc equipment life extension plans.</li> <li>Acquire VDF equipment.</li> </ul>
2	Non achievement of CAPEX target	Executive Engineering and Technical Services / Chief Financial Officer	<ul style="list-style-type: none"> <li>Prepare specifications within the timelines.</li> <li>CAPEX turnaround plan.</li> <li>Enhance CAPEX monitoring programs.</li> <li>Develop enterprise and supplier development strategy.</li> <li>Employ Enterprise and Supplier development Specialist.</li> <li>Employ additional procurement staff.</li> <li>Re-enforce monthly tracking meetings between Finance and ETS.</li> <li>Develop hedging policy.</li> </ul>
3	Non achievement of the required target contribution level for B-BBEE	Chief Financial Officer	<ul style="list-style-type: none"> <li>Improve the Skills Development Forum agenda to be aligned to the requirements of the Skills Development Act.</li> <li>Review current BEE strategy.</li> <li>Develop the Recruitment Strategy to promote ATNS careers and attract suitable EE/PWD candidates.</li> <li>Implement Enterprise and Supplier Development programmes. Employ a resource to manage the programmes.</li> <li>Implement updated SCM and PP and ED policies.</li> </ul>

## GOVERNANCE AND SUSTAINABILITY MANAGEMENT

No.	Risk name	Risk owner	Mitigation plans
4	Major safety event, e.g. mid-air collision	Chief Executive Officer	<ul style="list-style-type: none"> <li>Demand and capacity balancing in terminal airspaces (TMA) to reduce workload and improve efficiency.</li> <li>Deploy operational supervisors to monitor and coordinate daily operations in selected sectors.</li> <li>Implement the safety action plans nationwide.</li> <li>Airspace and procedure design assessment to identify improvement areas in support of safety and efficiency.</li> <li>Implement proactive measures to identify safety hazards and risks.</li> <li>Implement safety investigation teams.</li> <li>Improve management and oversight of daily operations.</li> </ul>
5	Inflexible and inefficient operations	Chief Executive Officer	<ul style="list-style-type: none"> <li>Continuously engage with stakeholders to influence legislation.</li> <li>Procure and implement operational performance reporting tool which will enable collection and analysis of operational data.</li> <li>Implement a resource tool that will assist in optimum staff utilisation.</li> <li>Participate in the development of Airport Slot Management and compliance framework.</li> <li>Participate in national airspace design review.</li> <li>Review, redesign and develop new procedures.</li> <li>Participate in appropriate ICAO and regional forums.</li> <li>Participate in Collaborative Decision Making (CDM) process with all stakeholders, including neighbouring ANSPs.</li> </ul>
6	Reliance on third party service providers	Executive Engineering and Technical Services	<ul style="list-style-type: none"> <li>Review SLAs annually.</li> <li>Review disaster recovery plans annually.</li> <li>Regularly test contingency plans.</li> </ul>
7	Physical security of infrastructure	Executive Engineering and Technical Services	<ul style="list-style-type: none"> <li>Continue to review physical security requirements.</li> </ul>
8	Critical skills in global demand	Executive Human Capital	<ul style="list-style-type: none"> <li>Implement a human capital plan to address skills shortages (to be done as part of approved strategy).</li> <li>Remuneration review (included in reward philosophy).</li> <li>Formalise Succession Planning for core critical positions (included in reward philosophy).</li> <li>All job descriptions to be reviewed (included in reward philosophy).</li> <li>Retention and transfer of institutional knowledge.</li> </ul>
9	Cyber Security threat	Executive Risk and Compliance	<ul style="list-style-type: none"> <li>Cyber security management training.</li> <li>Develop cyber security policy framework.</li> <li>Appoint IT security specialist.</li> </ul>
10	Financial sustainability	Chief Financial Officer	<ul style="list-style-type: none"> <li>Continuously monitor controls.</li> </ul>


## GOVERNANCE AND SUSTAINABILITY MANAGEMENT

### Supporting policies, plans and frameworks

Table 12 provides an overview of key policies, plans, frameworks and programmes that support ATNS’s approach to managing material economic aspects within the Company.

**Table 12: Key supporting policies, plans, frameworks and programmes**

Policies	Plans	Frameworks	Programmes
Dividend Policy*	The Financial Plan	<ul style="list-style-type: none"> <li>Asset and Liability Management Framework</li> </ul>	<ul style="list-style-type: none"> <li>Capital Expenditure Programme</li> </ul>
Investment Policy/ Hedging Policy*	The Borrowing Plan	<ul style="list-style-type: none"> <li>Risk Management</li> <li>Solvency and liquidation</li> <li>Materiality and significance framework</li> </ul>	<ul style="list-style-type: none"> <li>Capital Expenditure Programme</li> <li>ATNS EE Programmes: ATC training, Woman Development programme, Individual development programme</li> </ul>
Safety management policy*	Safety Management Plan	<ul style="list-style-type: none"> <li>Normal Operational Safety Survey</li> </ul>	<ul style="list-style-type: none"> <li>Safety management programme</li> <li>Diversity and change management programmes</li> </ul>
Whistleblowing policy*	Fraud Prevention Plan	<ul style="list-style-type: none"> <li>Values and code of conduct</li> </ul>	<ul style="list-style-type: none"> <li>Fraud and prevention workshops</li> </ul>
Talent Management Policy	Human Capital Plan	<ul style="list-style-type: none"> <li>Permission module</li> </ul>	<ul style="list-style-type: none"> <li>Skills and development programme</li> </ul>
Employment Equity Policy*	Employment Equity Plan	<ul style="list-style-type: none"> <li>ATNS Employment Equity framework</li> </ul>	<ul style="list-style-type: none"> <li>ATNS EE Programmes:                             <ul style="list-style-type: none"> <li>ATS training</li> <li>Learnership Programmes</li> <li>Engineering Graduate Development Programme</li> <li>Woman Development programme</li> <li>Management Coaching and Mentoring programme</li> </ul> </li> </ul>
Corporate Social Investment (CSI) policy*	Corporate Social Investment (CSI) plan	<ul style="list-style-type: none"> <li>Community projects (corporate and staff voluntarism projects)</li> </ul>	<ul style="list-style-type: none"> <li>CSI Investment programmes</li> </ul>
Sustainability Policy*	Sustainability Plan	<ul style="list-style-type: none"> <li>CSI, B-BBEE and Environmental strategy</li> </ul>	<ul style="list-style-type: none"> <li>Environmental awareness and protection programme</li> </ul>

 Policy documents marked with \* are accessible online at <http://www.atns.co.za/annual-reports>



## STAKEHOLDER ENGAGEMENT

ATNS's Materiality Assessment and Stakeholder Dialogue processes keep the business focused on the relevant means to provide the greatest benefit to our stakeholders and our company.

'Material impacts' refer to those that denote established concerns for key communities, or that have been identified using established tools such as impact assessment methodologies, risk assessments, regulatory compliance audits or product/market life cycle assessments. These impacts are those considered material enough to require active management or engagement by ATNS.

### Strategic Stakeholder dialogue

ATNS actively initiates dialogue with various key stakeholder groups, harnessing a wide range of channels as a way to promote participative and integrated decision-making. Stakeholder groups include the South African Weather Services (SAWS), South African Air Force (SAAF), Airports Company of South Africa (ACSA), South African Civil Aviation Authority (SACAA) and the International Air Transport Association (IATA).

Stakeholder engagement vehicles include quarterly EXCO to EXCO meetings, road-shows, industry safety workshops, and 'thought leadership' programmes, such as the annual ATNS Avi Afrique Innovation Summit. We share plans, collaborations and information on material issues of safety, training and Air Traffic Management (ATM); as well as Engineering and Technical Services (ETS).



### Key stakeholders

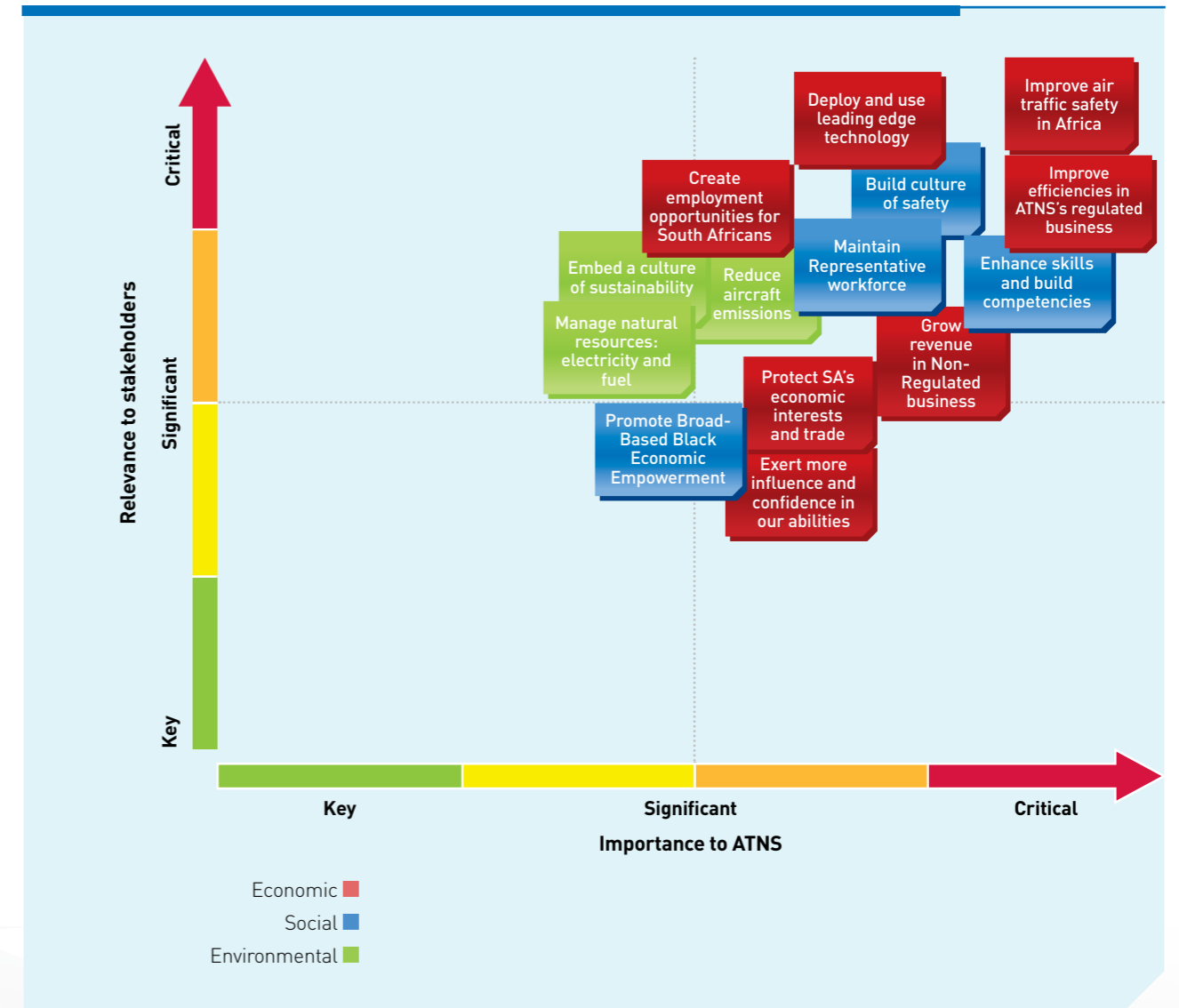
ATNS's key stakeholders are as follows:

- International Civil Aviation Organisation (ICAO)
- South African Air Force (SAAF)
- South African Civil Aviation Authority (SACAA)
- International Air Transport Association (IATA)
- Airlines Association of South Africa (AASA)
- Board of Airline Representatives of South Africa
- National Department of Transport (DoT)
- South African Weather Services (SAWS)
- Economic Regulator
- ATNS staff
- Continental ANSPs
- Media
- CANSO
- Solidarity Trade Union
- Schools, students and educational institutions (Universities)
- Job seekers
- Regional aerodrome owners
- CAASA
- Strategic partners, e.g. ANSPs outside the continent and selected supply chain entities

The Stakeholder Materiality Matrix (Figure 14) provides an overview of stakeholder priorities in terms of material issues, whilst prioritising these issues in terms of ATNS' strategic and operational imperatives. It is important to state that ATNS views the business's long-term commercial wellbeing and its stakeholders' interests as mutually inclusive. The Company recognises that long-term economic, social and environmental sustainability requires continuous dialogue with stakeholder groups to assess the impact of its operations on the wider stakeholder community. Accordingly, ATNS continues to review its business practices and impacts to better align with stakeholder priorities.

## STAKEHOLDER ENGAGEMENT

Figure 14: Stakeholder materiality matrix: Stakeholder prioritisation of material issues



## STAKEHOLDER ENGAGEMENT



### Approach to stakeholder engagement

Table 13 outlines ATNS's approach to stakeholder engagement according to the following criteria:

- Stakeholder group
- Engagement approach / vehicle
- Frequency of engagement
- Main areas of stakeholder interest / concerns
- ATNS's response to stakeholder concerns
- Responsiveness measurement

**Table 13: ATNS' Stakeholder engagement framework**

Stakeholder Group	Engagement approach	Frequency of engagement	Main areas of interest / concern	ATNS' Stakeholder response	Responsiveness measurement
South African Air Force (SAAF)	EXCO meetings: ATNS Bruma and SAAF HQ	Quarterly	<ul style="list-style-type: none"> <li>• Flexible use of airspace</li> <li>• UACC</li> <li>• Training</li> <li>• Engineering and technical services</li> <li>• Joint Flight Procedure Development Plan (JFPDP)</li> <li>• Presidential protection units (VVIP units)</li> </ul>	<ul style="list-style-type: none"> <li>• Enabling partnerships through continual lobbying</li> </ul>	<ul style="list-style-type: none"> <li>• Deliverables as per agreements and MOUs</li> </ul>
South African Civil Aviation Authority (SACAA)	EXCO meetings: ATNS Bruma and SACAA Campus	Quarterly	<ul style="list-style-type: none"> <li>• Regulatory compliance and enabling regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Information sharing and collaborations on safety training and ATM</li> <li>• Critical stakeholder workshops</li> </ul>	<ul style="list-style-type: none"> <li>• Improved working relationships and synergy</li> </ul>
International Air Transport Association (IATA)	EXCO meetings: ATNS Bruma and IATA offices Sandton	Quarterly	<ul style="list-style-type: none"> <li>• Entrenching valuable partnerships</li> <li>• Endorsement as regional training</li> <li>• VSAT network management</li> <li>• ATM</li> <li>• Implementation</li> </ul>	<ul style="list-style-type: none"> <li>• Collaborations on training</li> <li>• Partnerships on VSAT</li> <li>• Demonstration of value to IATA members</li> <li>• Sponsorship of IATA Safety Conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in IATA trainees and proof of endorsement in the region as regional trainer</li> <li>• Retention of VSAT networks</li> <li>• Cooperation in ATM initiatives</li> </ul>
Airlines Association of South Africa (AASA)	Business meetings: AASA	Quarterly	<ul style="list-style-type: none"> <li>• Meeting industry needs</li> </ul>	<ul style="list-style-type: none"> <li>• Use forum as source of customer feedback – e.g. OPSCOM forum to bring together key stakeholders and users that ATM serves</li> </ul>	<ul style="list-style-type: none"> <li>• Alignment of our services with user expectations</li> </ul>
National Department of Transport (DoT)	EXCO / Shareholder meetings	Quarterly	<ul style="list-style-type: none"> <li>• ATNS is an efficient and professional managed entity</li> </ul>	<ul style="list-style-type: none"> <li>• Share plans and align strategies to national strategies</li> <li>• Keep Shareholder informed of plans and actions</li> </ul>	<ul style="list-style-type: none"> <li>• Open channels of communication</li> <li>• Support for changes that improve ATM services</li> </ul>

## STAKEHOLDER ENGAGEMENT



Stakeholder Group	Engagement approach	Frequency of engagement	Main areas of interest / concern	ATNS' Stakeholder response	Responsiveness measurement
Economic Regulator	Meetings	Bi-Annual	<ul style="list-style-type: none"> <li>• Tariff management and service standards reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Lobbying and reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Maintaining open lines of communication leading to sustainable relationship</li> </ul>
ATNS staff	Direct staff engagement	Monthly	<ul style="list-style-type: none"> <li>• Individual employee concerns within the work environment</li> </ul>	<ul style="list-style-type: none"> <li>• Talent sourcing, reward and development</li> </ul>	<ul style="list-style-type: none"> <li>• Employee satisfaction and skills retention</li> </ul>
Continental ANSPs	Call schedules and market visits	Quarterly	<ul style="list-style-type: none"> <li>• ATNS products and services</li> </ul>	<ul style="list-style-type: none"> <li>• Procure ATNS services and products</li> </ul>	<ul style="list-style-type: none"> <li>• Contract signing</li> </ul>
Media	PR and sound media management	Continuous	<ul style="list-style-type: none"> <li>• ATNS is credible, open and accessible</li> </ul>	<ul style="list-style-type: none"> <li>• Share product and service information through sound media relations</li> </ul>	<ul style="list-style-type: none"> <li>• Improved media relations</li> </ul>
CANSO	Conference attendance	Regularly	<ul style="list-style-type: none"> <li>• Improved global ATM</li> </ul>	<ul style="list-style-type: none"> <li>• Share plans and information on ATNS's future growth and service offerings</li> </ul>	<ul style="list-style-type: none"> <li>• Improved global working relations</li> </ul>
Students	Social media and road-shows	Continuous	<ul style="list-style-type: none"> <li>• The sky is not the limit – it is where it all begins!</li> </ul>	<ul style="list-style-type: none"> <li>• Brochures to schools and activation through social media</li> <li>• Bursary and learnership scheme</li> </ul>	<ul style="list-style-type: none"> <li>• Improved learner registration at the ATA and subsequent recruitment into the ATNS workforce</li> </ul>
Job seekers	PR / Media	Continuous	<ul style="list-style-type: none"> <li>• ATNS is an employer of choice</li> </ul>	<ul style="list-style-type: none"> <li>• Advertising through website</li> </ul>	<ul style="list-style-type: none"> <li>• Trained individuals accessing the job market</li> </ul>
Regional aerodrome owners	Scheduled meetings	Quarterly	<ul style="list-style-type: none"> <li>• ATNS is a partner in safety and growth</li> </ul>	<ul style="list-style-type: none"> <li>• Share plans and information on ATNS's future growth and service offerings</li> </ul>	<ul style="list-style-type: none"> <li>• Improved business and working relations</li> </ul>
CAASA	Scheduled meetings	Bi-Annually	<ul style="list-style-type: none"> <li>• ATNS is a partner in safety and growth</li> </ul>	<ul style="list-style-type: none"> <li>• Share plans and information on ATNS's future growth and service offerings</li> </ul>	<ul style="list-style-type: none"> <li>• No audit findings related to aviation safety</li> </ul>
Strategic partnerships with ANSPs outside the continent	Scheduled meetings	Continuous	<ul style="list-style-type: none"> <li>• Improved relations lead to better collaborations in ATM</li> </ul>	<ul style="list-style-type: none"> <li>• ATNS signing MOU</li> </ul>	<ul style="list-style-type: none"> <li>• Improved working relations</li> </ul>

## STAKEHOLDER ENGAGEMENT

### Commitments to external initiatives

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

#### The ICAO Aviation System Block Upgrades (ASBU)

According to ICAO, air traffic growth expands two-fold every 15 years. If not properly supported by the necessary regulatory and infrastructure framework, this growth can lead to an increase in safety risks and negative environmental impacts. A careful balance between these factors is critical for maintaining continued air traffic growth. A key challenge for the aviation community is the achievement of safety and operational improvements on a globally harmonised basis, while remaining environmentally responsible and cost-effective.

To meet this challenge, 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.

#### Civil Air Navigation Organisation (CANSO)

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

#### The 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 USTDA, has 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 the selected African countries. ATNS as the Grantee has contracted Exelis Inc., the world's largest terrestrial air traffic surveillance network as the prime contractor in assessing the surveillance competencies and benefits that space-based ADS-B can offer to the African continent. The latter will encompass regions that have not had any surveillance capabilities in the past. In ensuring the successful delivery of a space-based ADS-B feasibility study, Exelis Inc. has subcontracted Aireon LLC, the developer of the space-based global air traffic surveillance system. The outcome of the study will offer recommendations on the following:

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

The main assessment will be focused on South Africa but the study will also indicate basic equipment needs for other air navigation service providers (ANSPs) so as to enable other AFI ANSPs to understand the requirements and costs of deploying and operating ground systems to utilise the space-based ADS-B aircraft surveillance system.

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

As part of its on-going commitment to reducing GHG emissions, ATNS is one of the founding members of the Indian Ocean Strategic Partnership to Reduce Emissions (INSPIRE), a partnership with airlines, ANSPs and airport partners to assess ways of reducing aviation's impact on the environment. The INSPIRE partnership 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.

#### The GHG Protocol Corporate Standard

The first ATNS Carbon Emission Inventory and footprint was calculated using best practice methodology. A carbon inventory for an organisation

## STAKEHOLDER ENGAGEMENT

involves accounting for all greenhouse gas (GHG) emissions released as a result of the operations of the organisation. In line with international leading practice, the calculation of a carbon inventory was done in accordance with the GHG Protocol Corporate Standard. The results of this carbon inventory will act as a baseline against which future ATNS carbon footprints will be benchmarked. In 2014, ATNS continued to calculate its carbon footprint and is getting closer to setting targets that will ensure the reduction of emissions in daily operations.

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

In ensuring superior achievement of "Absorptive Capacity" and promotion of "Strategic Collaboration", ATNS has established a strong alliance with the University of Pretoria's Department of Electrical Engineering and Computer Systems in the areas of telecommunication.

The purpose of the alliance is to participate in leading research activities that deliver world-class research and educational output for the benefit of ATNS, the University of Pretoria (UP) and telecommunications industries. This initiative also aims to build capacity and create learning opportunities for both undergraduate and postgraduate engineering students who come from historically disadvantaged

backgrounds. Opportunities are created through the Engineering Graduate Development Programme, such as vacation work and bursary sponsorship. The students have the opportunity to further their knowledge and studies through ATNS's contribution. The alliance is formed on the basis that students will conduct ATNS-identified projects that will yield commercial or operational outcomes for the benefit of the aviation industry. To this end, six projects are completed and have been identified for potential commercialisation.

#### ATA alliances with technology-oriented academic institutions

The Aviation Training Academy (ATA), a division of ATNS SOC Ltd, is accredited by several Universities to offer experiential learning programmes in Electrical Engineering (Electronic) Level I & II; and Computer Systems Engineering Level I & II. Partner institutions include the University of Johannesburg, Durban University of Technology and the Central University of Technology.

A student who successfully completes the programme receives accreditation upon submission of a fully documented logbook and subsequently the university awards a National Diploma in the respective discipline. The accreditation is valid for two years with an option to renew once the university conducts a full audit at ATA facilities.

## KEY PERFORMANCE AREAS

As a State-Owned Company, ATNS is mandated by its Shareholder, as represented by the Minister of Transport and the Department of Transport, to address and contribute to departmental outcomes – and subsequently the national outcomes – as directed by the Shareholder’s Compact. The purpose of the Compact is to set out the mandated key performance measures and indicators to drive the full gamut of ATNS’s commercial activities.

ATNS has developed seven key performance areas (KPA) and their associated key performance indicators (KPIs) by which the Company monitors and measures its economic, social and environmental performance.



Refer to page 100 in the ATNS-IR for more detailed commentary on ATNS’s performance for each KPA during the reporting year relative to the previous year.

**Table 14: Overview of ATNS Key Performance Areas (KPA) and associated Key Performance Indicators (KPIs)**

	Key performance area	Objective measures	Performance for 2014/15
	Transport safety and security	<ul style="list-style-type: none"> <li>Reduce the ATNS safety events rate.</li> <li>Increase airspace capacity in line with runway throughput determined by ATNS and ACSA jointly.</li> <li>Reduce overall traffic delays.</li> <li>Achievement of service availability.</li> <li>Ensure financial sustainability.</li> <li>Implement ICAO PBN concept in South Africa.</li> <li>Near-term implementation targets in line with South African PBN Roadmap.</li> </ul>	<ul style="list-style-type: none"> <li>3.10 safety events per 100 000 air traffic movements.</li> <li>Airspace capacity (Airport)                             <ul style="list-style-type: none"> <li>FAOR = 59</li> <li>FALE = 19</li> <li>FACT = 40</li> </ul> </li> <li>Runway throughput demand in movements per hour                             <ul style="list-style-type: none"> <li>FAOR = 54</li> <li>FALE = 15</li> <li>FACT = 37</li> </ul> </li> <li>Average Service availability                             <ul style="list-style-type: none"> <li>C 99.991%</li> <li>N 99.993%</li> <li>S 99.988%</li> </ul> </li> <li>Meeting financial target as per budget.                             <ul style="list-style-type: none"> <li>D/E = 0%</li> <li>C/A = 6.5:1</li> <li>ROCE =25,3%</li> </ul> </li> <li>Design Reports for submission to SACAA (RNP APCH).</li> <li>Design Reports for submission to SACAA (RNP APCH). This equates to 67% instrument runways located at ACSA airports.</li> </ul>
	Infrastructure development and high-level investment plan for Transport	<ul style="list-style-type: none"> <li>Adoption and approval of CAPEX.</li> <li>Implementation of CAPEX 2014/15.</li> <li>Strategic plan.</li> <li>Roadmap.</li> <li>Operational plan.</li> <li>Optimise revenue and ensure network availability (SADC VSAT 2 and NAFISAT).</li> </ul>	<ul style="list-style-type: none"> <li>CAPEX Implementation plan of 2014/15: R60,11 million.</li> <li>SADC VSAT                             <ul style="list-style-type: none"> <li>Network availability - SLA: 99,93%</li> <li>Revenue: R37,1 million.</li> </ul> </li> <li>NAFISAT                             <ul style="list-style-type: none"> <li>SLA: 99,97%</li> <li>Revenue: R33,2 million.</li> </ul> </li> </ul>

## KEY PERFORMANCE AREAS

	Key performance area	Objective measures	Performance for 2014/15
	The fight against fraud and corruption	<ul style="list-style-type: none"> <li>100% regulatory compliance.</li> <li>Fighting corruption and promoting good governance.</li> </ul>	<ul style="list-style-type: none"> <li>ATNS continues to comply with relevant legislation, regulations and standards. No material findings were reported for the period under review.</li> <li>9 Whistle Blowing matters were reported for the year. 1 matter was not resolved within the 90 days target. Initial investigations on the matter necessitated handing the matter over to a forensic specialist. The matter is now finalised.</li> </ul>
	Environmental protection	<ul style="list-style-type: none"> <li>Minimise gaseous emissions.</li> <li>Human resources/training.</li> <li>Performance assessment.</li> </ul>	<ul style="list-style-type: none"> <li>Quarter 4 Carbon footprint report.</li> <li>312 employees trained, 65,3% achievement against the target.</li> <li>Baseline environmental assessment/ performance assessment of en-route airspace compiled.</li> </ul>
	Training to contribute to job creation	<ul style="list-style-type: none"> <li>ATS bursaries.</li> <li>Engineering learnerships.</li> <li>Engineering Graduate Programme.</li> <li>ATS training pipeline.</li> <li>Adult Basic Education and Training.</li> </ul>	<ul style="list-style-type: none"> <li>ATS: 80.</li> <li>Engineering learnerships: 12.</li> <li>ETS – GEDP: 9.</li> <li>Ext .Bursaries: 1.</li> <li>Unemployed Graduates : 5.</li> <li>ATCO3: 210.</li> <li>ATCO2: 34.</li> <li>ATCO1: 107.</li> <li>Eng. Techs: 82.</li> <li>Eng. Satellite: 5.</li> <li>3,68% Rand value of salary bill.</li> </ul>
	Broad-Based Black Economic Empowerment (B-BBEE)	<ul style="list-style-type: none"> <li>Percentage of discretionary spend on B-BBEE.</li> <li>Total discretionary OPEX budgeted.</li> <li>Total CAPEX budgeted.</li> </ul>	<ul style="list-style-type: none"> <li>Level 2 B-BBEE Status.</li> <li>Management Control 16.00/15.00.</li> <li>Employment Equity 13.52/15.00.</li> <li>Skills Development 16.00/20.00.</li> <li>Preferential Procurement 17.92/20.00.</li> <li>Enterprise Dev. 15.00/15.00.</li> <li>Socio-Economic Dev. 15.00/15.00.</li> <li>Total 93.44/100.00</li> </ul>
	Employment equity	<ul style="list-style-type: none"> <li>Achieve alignment of company staff profile with the demographics of the country.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>62,29% ATS AIC.</li> <li>41,75% ATS female.</li> <li>ATNS AIC: 69,56%.</li> <li>ATNS Female: 44,05%.</li> <li>ATNS PWD: 2,79%.</li> </ul>



## ECONOMIC PERFORMANCE

### Introduction

ATNS's financial performance is clearly outlined in the Integrated Annual Report and Annual Financial Statements. The organisation's fiscal accomplishment is indicative of ATNS's economic sustainability. The Company however, considers the creation of broader economic value to influence the wider South African economy and contributions to broader stakeholder and customer values as equally important aspects of its economic sustainability.

The economic indicators discussed in this report illustrate the general and specific flows of economic outcomes, both from the organisation to key stakeholder groups and between different stakeholders. They further demonstrate the main economic impacts of the organisation on society at large, whilst illustrating appropriate management controls that will empower the organisation to continuously improve on its economic sustainability objectives. ATNS' strategic goals continue to be outcomes-oriented and are formulated to respond to national priorities and industry needs and expectations.

In the years leading up to the current strategic model, ATNS had adopted a strategic approach that is both internally and externally focused. This is a market-

driven strategy that not only focuses on the Company's own performance but also considers the role of market performance, the operating environment, and customer expectations and needs in determining economic sustainability. This consideration of external influences, in addition to internal strategy and operations on economic sustainability is illustrated by the role that market performance is seen to have on financial performance. Ultimately, this approach will result in economic sustainability of the business.

The underlying logic of a market-driven strategy is that national and international industries and businesses, as well as the customers that form 'the market', should be the starting point in business strategy formulation. The first phase of developing the strategy involved sessions that led to the construction of a 'snapshot' of the Company in its present form. The objective of the first phase was to determine the current economic driving force, business concept and existing areas of excellence. This was followed by the setting of strategic objectives, addressing critical issues and departmental planning sessions.

The first market driven strategy was approved and implemented in 2010 and subsequently reviewed in May 2011. The strategy review session entailed a reassessment of the internal and external operating

## ECONOMIC PERFORMANCE

environments of the Company and a realignment of its strategy. This resulted in a revision of the strategy, vision and mission, areas of excellence, strategic objectives and mandatory operational objectives. The strategy was approved by the ATNS Board in January 2012 and subsequently implemented.

In July 2014 ATNS entered the second phase of its market-driven strategy and ushered in the 2015 – 2019 strategic profile, which included new critical issues for 2015/16. The strategy further revised the areas of excellence, strategic objectives and new operational objectives. This new strategy was presented to the Board in November 2014.

### Material economic aspects

As a State-Owned Company, ATNS's returned earnings are re-invested in the business. Further, the Company is mandated by its Shareholder, represented by both the Minister of Transport and the Department of Transport, to deliver on Government's developmental mandate, with the awareness that ATNS has a broader responsibility to the South African nation.

The mandate from Government requires ATNS to act as a primary catalyst for economic growth and job creation in South Africa. In addition, the organisation


has to deliver considerable economic outcomes to society. These results are to be achieved through operational efficiencies, competency development, new market development, job creation, local supplier development, ethical business practices, regulatory compliance, and the prudent and efficient use of natural resources.

Whilst the social and environmental sustainability interests of the organisation will be elaborated on further on in this report, this section on economic sustainability is chiefly concerned with the following material drivers of economic growth:


- Maintaining long-term financial sustainability and growing revenue in ATNS's non-regulated business
- Protecting South Africa's economic interests and trade
- Creating employment opportunities for our employees and the broader South African citizenry
- Playing a leading role in development of Air Traffic Management in Africa and selected markets
- Deploying and using leading technologies in the ATM community
- Delivering continuous improvement in air traffic safety
- Providing efficient Air Traffic Management solutions and associated services which meet the needs and expectations of the ATM community.

## ECONOMIC PERFORMANCE

Table 15: Consolidated view of material economic issues linked to strategy


Strategic objective	Material issue	Why it is material to ATNS	Applicable Key Performance Areas (KPA) to measure the effectiveness of our management approach	Management approach
 <p>Ensure long-term financial sustainability by maintaining and growing market share</p>	Growing revenue in ATNS's non-regulated business.	ATNS's revenue growth and financial sustainability relies on new product/market development. This includes the successful implementation of the Company's African expansion strategy. Economic regulation by the South African Regulating Committee restricts revenue growth potential within the South African market by strictly applying tariff adjustments. Further, the maturity of ATNS's national or domestic operations will create challenges for the business to generate new customers in South Africa. It is therefore imperative for ATNS to secure future growth and revenue by broadening its service offerings to other markets, including the wider Africa market.	<b>KPA-1: Transport safety and security.</b> 1.5. Ensure commercial sustainability. <b>KPA-3: The fight against fraud and corruption.</b> 3.1. Comply with relevant legislation, regulation and standards.	<ul style="list-style-type: none"> <li>• ATNS's 10-Year Business Plan.</li> <li>• Financial model for market expansion and the establishment of a subsidiary including resources, structure, legal requirements, skills, systems and technologies.</li> <li>• Sustainability and risk analysis, including legal and compliance requirements.</li> <li>• Structured business case for the expansion of the non-regulated business.</li> <li>• Market entry strategy for selected services and products as well as selected countries for expansion.</li> <li>• Manage stakeholder engagement with EXCO, Board, shareholders and industry; as well as stakeholders on the continent (AFI region).</li> <li>• Successful implementation of the AFI tactical plan.</li> </ul>

## ECONOMIC PERFORMANCE

Strategic objective	Material issue	Why it is material to ATNS	Applicable Key Performance Areas (KPA) to measure the effectiveness of our management approach	Management approach
 <p>Ensure long-term financial sustainability by maintaining and growing market share</p>	Protecting South Africa's economic interests and trade.	In 2010 there were 66 routes per week connecting major airports in South Africa to urban agglomerations around the world. A total of 12 of these routes were connecting South Africa to cities of more than 10 million inhabitants, with an average of 1,5 outbound flights per day available to passengers. It is estimated that a 10% improvement in air connectivity relative to GDP would see a R1,5 billion per annum increase in long-run GDP for South Africa's economy. South Africa's integration into the global air transport network is therefore important for the continued growth of the country's economy. The South African economy relies on a safe and efficient African airspace to Europe and elsewhere for trade. Further, the improvement of African airspace contributes to greater intra-African trade. As a fully commercialised entity operating in the African market, ATNS could also be a beneficiary of the increase in trade flows between BRICS nations and the rest of the African continent.	<b>KPA-1: Transport safety and security.</b> 1.1. Safety service provision. 1.2. Airspace capacity and efficiency. 1.3. Operational efficiency. 1.4. Operational efficiency. 1.5. Ensure commercial sustainability. 1.6. Performance-based navigation (PBN). <b>KPA-2: Infrastructure development and high-level investment plan for transport.</b> 2.1. Development of optimised and efficient aviation infrastructure in a cost-effective manner. 2.2. Operation of the satellite communication networks - SADC VSAT 2. 2.3. Operation of the satellite communication networks - NAFISAT. <b>KPA-3: The fight against fraud and corruption.</b> 3.1. Comply with relevant legislation, regulation and standards. 3.2. Fraud and whistleblowing policy. <b>KPA-5: Training to contribute to job creation.</b> 5.1. Address societal challenges, thereby building a meaningful legacy for ATNS and the communities in which we operate.	<ul style="list-style-type: none"> <li>• ATNS's 10-Year Business Plan.</li> <li>• Financial model for market expansion and the establishment of a subsidiary, including resources, structure, legal requirements, skills, systems and technologies.</li> <li>• Sustainability and risk analysis, including legal and compliance requirements.</li> <li>• Structured business case for the expansion of the non-regulated business.</li> <li>• Market entry strategy for selected services and products as well as selected countries for expansion.</li> <li>• Manage stakeholder engagement with EXCO, Board, shareholders and industry; as well as stakeholders on the continent (AFI region).</li> <li>• Successful implementation of the ATNS five-year permission application.</li> </ul>


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Strategic objective	Material issue	Why it is material to ATNS	Applicable Key Performance Areas (KPA) to measure the effectiveness of our management approach	Management approach
 <p>Ensure long-term financial sustainability by maintaining and growing market share</p>	Creating employment opportunities for South Africans.	The aviation industry has a significant economic impact across some of the major African markets. In South Africa, the aviation industry supports 2,1% of South African GDP and 227,000 jobs or 1,7% of the South African workforce. If the sector's contribution to the tourism industry is included, these figures go up to 3,1% of South African GDP, creating 343,000 jobs, or 2,6% of the workforce. ATNS is one of the vehicles that the Department of Transport uses to fulfil its responsibility to create employment for the youth and for previously disadvantaged communities. However, jobs can only be created in a growing market and the best way for ATNS to be exposed to this growth is to expand into the AFI region.	<p><b>KPA-5: Training to contribute to job creation.</b></p> <p>5.1. Address societal challenges, thereby building a meaningful legacy for ATNS and the communities in which we operate.</p> <p><b>KPA-6: Broad-Based Black Economic Empowerment.</b></p> <p>6.1. Achieve B-BBEE targets. And achieve preferential procurement targets as set by the Transport Charter.</p> <p><b>KPA-7: Employment Equity.</b></p> <p>7.1. ATS EE targets (AIMO, ATSO, ATCO 1-3).</p> <p>7.2. ATNS EE targets.</p>	<ul style="list-style-type: none"> <li>Promotion of local supplier development, including a preferential procurement policy to promote the use of B-BBEE empowered suppliers.</li> <li>ATNS Employment Equity plan, which is critical in ensuring that the organisational profile is aligned to national demographics.</li> <li>Successful implementation of the ATNS five-year permission application.</li> <li>Deployment of ATNS infrastructure in line with the goal of being an ATM technology innovator on the African continent and ensuring operational efficiencies.</li> <li>ATA training model review, which entails ATS Candidate recruitment, ATS &amp; ETS training progress and programmes as well as field-oriented programmes.</li> <li>Management of significant risks and opportunities to the organisation and adherence to legal and other requirements.</li> </ul>


## ECONOMIC PERFORMANCE



Strategic objective	Material issue	Why it is material to ATNS	Applicable Key Performance Areas (KPA) to measure the effectiveness of our management approach	Management approach
 <p>Enhance operational efficiencies in line with global ATM standards</p>	Enhancing operational efficiencies and service reliability.	ATNS's own economic sustainability is directly dependent on the demand for air travel. Ensuring operational efficiency and reliability for its customers would not only maintain and improve safety standards but will also keep operating costs down, which in turn would ensure that air transport stays affordable and that the number of flights increases. Alongside the AFI expansion strategy, ATNS's focus remains firmly on the regulated business in creating the necessary efficiencies that will translate to value-add for the client base (users).	<p><b>KPA-1: Transport safety and security.</b></p> <p>1.1. Safety service provision.</p> <p>1.2. Airspace capacity and efficiency.</p> <p>1.3. Operational efficiency.</p> <p>1.4. Operational efficiency.</p> <p>1.5. Ensure commercial sustainability.</p> <p>1.6. Performance-based navigation (PBN).</p> <p><b>KPA-2: Infrastructure development and high-level investment plan for transport.</b></p> <p>2.1. Development of optimised and efficient aviation infrastructure in a cost-effective manner.</p> <p>2.2. Operation of the satellite communication networks - SADC VSAT 2.</p> <p>2.3. Operation of the satellite communication networks - NAFISAT.</p> <p><b>KPA-3: The fight against fraud and corruption.</b></p> <p>3.1. Comply with relevant legislation, regulation and standards.</p> <p>3.2. Fraud and whistle-blowing policy.</p>	<ul style="list-style-type: none"> <li>Deployment of ATNS infrastructure in line with the goal of being an ATM technology innovator in the African continent and ensuring operational efficiencies.</li> <li>ATNS infrastructure development and CAPEX investment plan.</li> <li>Execution of ATNS ATM road map.</li> <li>ASBU implementation.</li> <li>Air Traffic Management System infrastructure - CAATS programme.</li> <li>Investment in Communication, Navigation and Surveillance infrastructure.</li> <li>Monitor infrastructure performance through service level agreement targets.</li> <li>Implementation of Sustainability and climate change strategy to enable integration in the regulated and non-regulated business, this includes alignment with industry requirements.</li> </ul>


## ECONOMIC PERFORMANCE



Strategic objective	Material issue	Why it is material to ATNS	Applicable Key Performance Areas (KPAs) to measure the effectiveness of our management approach	Management approach
 Enhance operational efficiencies in line with global ATM standards	Deploying and using leading technologies.	In line with the vision of the South African Government to move the country towards a knowledge-based economy, ATNS is shifting from merely being a user of the acquired technologies to contributing to the value chain of technology innovation and the development of locally consumed technologies. In this way, ATNS is positioning the Company as a leader in ATM technology innovation on the African continent. Further, ATNS recognises the critical role of leading edge technology in ensuring operational efficiencies – in terms of safe operations, environmental impacts, empowered employees, and optimal infrastructure investment.	<b>KPA-1: Transport safety and security.</b> 1.1. Safety service provision. 1.2. Airspace capacity and efficiency. 1.3. Operational efficiency. 1.4. Operational efficiency. 1.5. Ensure commercial sustainability. 1.6. Performance-based navigation (PBN). <b>KPA-2: Infrastructure development and high-level investment plan for transport.</b> 2.1. Development of optimised and efficient aviation infrastructure in a cost-effective manner. 2.2. Operation of the satellite communication networks - SADC VSAT 2. 2.3. Operation of the satellite communication networks – NAFISAT.	<ul style="list-style-type: none"> <li>• Deployment of ATNS infrastructure in line with the goal of being an ATM technology innovator on the African continent and ensuring operational efficiencies.</li> <li>• ATNS infrastructure development and CAPEX investment plan.</li> <li>• Air Traffic Management System infrastructure - CAATS programme.</li> <li>• Investment in Communication, Navigation and Surveillance infrastructure.</li> <li>• Monitor infrastructure performance through service level agreement (SLA) targets.</li> <li>• Execution of ATNS ATM road map - ASBU implementation.</li> <li>• Implementation of ATM/CNS systems to deliver on stakeholder expectation.</li> <li>• Monitor industry trends.</li> <li>• Implement the sustainability and climate change strategy to enable integration in the regulated and non-regulated business, this includes alignment with industry requirements.</li> </ul>


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Strategic objective	Material issue	Why it is material to ATNS	Applicable Key Performance Areas (KPAs) to measure the effectiveness of our management approach	Management approach
 Develop leadership capability in the Africa ATM space	Exerting more influence and market confidence in our abilities.	As the air traffic management and safety industry becomes more consolidated, ATNS needs to increase its market share in Africa so as to remain one of the ten global ANSPs that IATA envisions will constitute the global air traffic safety market in 2050. ATNS has positioned itself well towards becoming one of these ten ANSPs by taking a more proactive approach to providing products and services to more countries and partnering with global suppliers. ATNS is playing a leading role on the continent by hosting the Civil Air Navigation Organization (CANSO) regional office and collaborating with other entities regionally and globally in its visibly active involvement in ICAO, IATA, and other industry networks and associations.	<b>KPA-1: Transport safety and security.</b> 1.1. Safety service provision. 1.2. Airspace capacity and efficiency. 1.3. Operational efficiency. 1.4. Operational efficiency. 1.5. Ensure commercial sustainability. 1.6. Performance-based navigation (PBN). <b>KPA-2: Infrastructure development and high-level investment plan for transport.</b> 2.1. Development of optimised and efficient aviation infrastructure in a cost-effective manner. 2.2. Operation of the satellite communication networks - SADC VSAT 2. 2.3. Operation of the satellite communication networks – NAFISAT. <b>KPA-3: The fight against fraud and corruption.</b> 3.1. Comply with relevant legislation, regulation and standards. 3.2. Fraud and whistle-blowing policy.	<ul style="list-style-type: none"> <li>• Successful implementation of the ATNS's 10-Year Business Plan.</li> <li>• Financial model for market expansion and the establishment of a subsidiary, including resources, structure, legal requirements, skills, systems and technologies.</li> <li>• Fully establish the new ATNS subsidiary to be self-funding and sustainable.</li> <li>• Maintain and enhance relations with key stakeholders within the industry and the African continent.</li> <li>• Manage significant risks and opportunities facing the organisation and adhere to legal and other requirements.</li> </ul>

## ECONOMIC PERFORMANCE



Strategic objective	Material issue	Why it is material to ATNS	Applicable Key Performance Areas (KPA) to measure the effectiveness of our management approach	Management approach
 Develop leadership capability in the Africa ATM space	Improving air traffic safety in Africa	ATNS's business is firmly anchored in aviation safety, and specifically safe, secure and cost-effective air transport. This prioritization of safety has extended ATNS' sphere of influence across South Africa's borders into Africa. A key principle for the Africa expansion strategy is to promote enhanced traffic safety on the continent. Traditionally Africa's air traffic safety records have been below acceptable international standards due to poor infrastructure and skills limitations. With the steady increase in air traffic due to trade and passenger movements in and between the African states, safety will remain a critical objective for all ANSPs and one which ATNS is obliged to address.	<b>KPA-1: Transport safety and security.</b> 1.1. Safety service provision. 1.2. Airspace capacity and efficiency. 1.3. Operational efficiency. 1.4. Operational efficiency. 1.6. Performance-based navigation (PBN).	<ul style="list-style-type: none"> <li>ATNS infrastructure development and CAPEX investment plan.</li> <li>Execution of ATNS ATM road map - ASBU implementation.</li> <li>Implementation of ATM/CNS systems to deliver on stakeholder expectation and keeping abreast of industry trends.</li> <li>Deliver on IT repositioning initiative:                             <ul style="list-style-type: none"> <li>Establish the Business Process Centre of Excellence</li> <li>Map the AS-IS Business processes in ATNS</li> <li>Establish formal knowledge management initiatives in ATNS</li> <li>Network and security assessment</li> </ul> </li> <li>Proof of concept for Cloud Computing CRM has been concluded.</li> </ul>
			<b>KPA-2: Infrastructure development and high-level investment plan for transport.</b> 2.1. Development of optimised and efficient aviation infrastructure in a cost-effective manner.	
			<b>KPA-3: The fight against fraud and corruption.</b> 3.1. Comply with relevant legislation, regulation and standards.	

## ECONOMIC PERFORMANCE



### Our management approach to promoting economic sustainability

ATNS's material economic aspects are addressed through the integration of several key enablers of economic sustainability, including the following:

- ATNS's 10-Year Business Plan and accompanying Financial Model;
- The Company's addressing of 'Strategic Critical Issues', and the implementation of 'Core Programmes';
- The Company's Capital Investment Plan; and specifically, its advanced Technology Investment Initiative; and
- Local Supplier Development (SD) Plan.

### ATNS's 10-Year Business Plan

In January 2012, the ATNS Board of Directors approved the original 10-year business plan and financial model for market expansion and the establishment of a subsidiary. These documents were updated in October 2013 based on changes in the marketplace and in the internal business environment. The updated 10-year business plan and financial model were approved in principle by the ATNS Executive Committee (EXCO) and the Board in October 2013. This plan provides an overview of ATNS's strategic impetus and includes;

- A summary of the Company's current scope of business in South Africa and the rest of the continent.
- The Company's financial position and structure.
- A rationale for expansion in the non-regulated business market.
- The year-on-year market entry strategy based on selected products and services and countries for expansion.
- Legal and human resource requirements
- A country, market and project-related risk analysis.
- A summary of the financial model; and
- A high level implementation plan.

In June 2014 ATNS's EXCO and Board approved the Ministerial pack for submission and approval by the Shareholder. Additional progress to-date includes the preparation of key stakeholder consultation. The stakeholders' written feedback will be included as part of the Ministerial approval submission.

In-line with the 10-year business plan and Africa Indian Ocean region (AFI), ATNS has established an Organisational Alignment Project to improve internal working of the business by identifying processes, systems, technology, human resources, structure, and operations needed for growth in the non-regulated business market. The project aims to ultimately create a commercial mind-set across the organisation. This initiative is being reported and tracked through the NEWCO programme.

### ATNS's Africa strategy

ATNS views the Africa Indian Ocean (AFI) region as offering substantial growth opportunities. The development of an expansion strategy in the region with its associated implementation plan remains a key focus in the next three years. The rationale for regional expansion is based on the restrictive revenues from the regulated market in which ATNS operates, and the associated expectation that these revenues will decline further. In addition, the strategy is a response to global and national trends and priorities and growth opportunities on the African continent. ATNS' strategic vision for its Africa Strategy is encapsulated by the goals of improving air traffic safety in Africa, protecting South Africa's economic interests and trade, creating employment opportunities and exerting more influence and market confidence in its abilities in a manner that protects and promotes environmental sustainability.

The non-regulated business is already contributing 10% to ATNS's overall revenue and the intention is to grow this percentage over time. Accordingly, ATNS is establishing a 100% wholly-owned subsidiary company, presently referred to as 'NEWCO', to enable the Company to become more robust in leveraging the growth opportunities presented by the international market.

Parallel to the AFI expansion strategy, ATNS remains focused on the regulated business in line with its primary mandate of creating and protecting value for key stakeholders in the regulated business, while simultaneously reducing potential risks to the Shareholder. ATNS's new permission cycle 2015/16 – 2019/20 will enable ATNS to meet its strategic objectives and to deliver operational performance in a cost-effective manner.

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### Strategic 'Critical Issues' and 'Core Programmes'

#### ATNS Critical Issues

'Critical issues' are the bridge between the Company's current and future strategic profiles. 'High priority critical issues' are viewed as being achievable within a financial year and are reviewed annually in terms of their successful implementation.

**Table 16: High priority critical issues for the financial year 2014/15**

High Priority Critical Issues	Performance 2014/15
NEWCO Programme	The NEWCO Programme is a longer-term strategy to continue the expansion into the region through a subsidiary vehicle of ATNS known as "NEWCO". NEWCO will enable ATNS to take a more assertive and agile stance in the non-regulated business market without posing undue risks to its regulated market and shareholder. In June 2014 the ATNS EXCO and Board approved the Ministerial Pack for submission and approval by the Shareholder. Additional progress to date includes the preparation of key stakeholder consultation. The stakeholders' written feedback will be included as part of the Ministerial approval submission.
Africa Indian Ocean (AFI) Strategy – Tactical implementation plan	ATNS foresees substantial growth opportunities in the AFI region and as such, the development of an expansion strategy. The latter includes an implementation plan and remains a key focus for the next three years. Progress to-date includes: <ul style="list-style-type: none"> <li>• The establishment of sales forum meetings with other departments;</li> <li>• An updated market plan based on market intelligence;</li> <li>• A financial system to cater for non-regulated revenue and expenses;</li> <li>• A draft pricing structure developed for ATA and ATM, which is currently under review; and</li> <li>• Processes to support the non-regulated business.</li> </ul>
Permission Planning	2014/15 was the year for submission of the new permission application, which will commence in 2015/16 to 2019/20. This permission application presents a new economic regulatory chapter for ATNS in the form of a new Permission. During the year, ATNS engaged the Airline Industry as part of the permission process. The new permission cycle will inform the Company's specified tariffs as well as service standard requirements for the regulated business. ATNS is actively involved and collaborating with the Regulating Committee to ensure favourable and sustainable outcomes for the industry.
Business Processes (BP)	Business Processes (BP) entails representation of the organisational and operational model in a visual manner to enable unified organisational understanding, as well as the promotion of operational standardisation and the creation of a crystallised view of the current situation as the basis for improvement, maturity and optimisation. BP has achieved the following progress to date: <ul style="list-style-type: none"> <li>• Establishment of a Business Processes Competency Centre (BPCC).</li> <li>• Appointment of an additional full time BP Specialist.</li> <li>• Augmented BP Specialists with appointment of consultants.</li> <li>• Procurement and installation of the BP Modelling and analysis tool.</li> <li>• Mapped detailed processes for Finance, Supply Chain Management and BPM process areas.</li> <li>• Mapped end-to-end Level 3 Processes (i.e. process categories within all ATNS core processes).</li> <li>• Mapped the following NEWCO baseline processes; Assets Efficiency, Expectations, Operating Margins after Tax, Revenue Growth.</li> <li>• Defined detailed project plans for mapping status quo business processes for the organisation.</li> </ul>

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#### Collaborative ATNS Air Traffic System (CAATS)

Technology is a central enabler in delivering safe skies and customer-centric services. To this end, Collaborative ATNS Air Traffic System (CAATS) is one of the single largest CAPEX investments for the Company in the last decade, and entails the acquisition of new and advanced technology for Air Traffic Management to replace the current Air Traffic Management Automation system nationally. The system is used by Air Traffic Controllers to manage and control the national airspace system.

The CAATS programme will enable ATNS to enter an exciting era of technological advancement in its operations to benefit the ATM community and ensure safer skies. The objective is to ensure that South African aviation infrastructure is aligned with global leading practices and standards. In so doing, CAATS will contribute to the country's safe and efficient aviation environment and add positive socio-economic value to the country.

ATNS has identified the following 'Critical Issues' for the 2015/16 financial year:

1. Build a trusting relationship with employees and stakeholders by integrating and expressing the Company's core values through all its activities.
2. Review and implement a revised structure to implement the ATNS strategy (regulated and non-regulated).
3. Develop and resource a business intelligence function within the Company, which will also include sourcing and analysing strategic market intelligence.
4. Develop and implement a funding and delivery model for the acceleration of the non-regulated business.
5. Develop and implement a performance management mechanism to monitor the implementation of the strategy.
6. Develop and implement a talent management plan, which will also encompass succession planning.
7. Investigate, develop and provide a third-party funding plan applicable for each country of operation.

#### ATNS Core Programmes

ATNS has essential programmes that are central to the Company's strategy and the delivery of value to our shareholder and other stakeholders. The programmes are undertaken in the context of the ATNS mandate and are linked to other national priorities. They further align with applicable corporate governance frameworks.

The Core Programmes include the following:

- Programme 1: The ATM Roadmap – ASBU
- Programme 2: NEWCO Programme

- Programme 3: Business Processes
- Programme 4: IT Repositioning
- Programme 5: ATA – Training Model Review
- Programme 6: Remote Service Provision

The programmes are underpinned by the ATNS budget structure and integrated resource plans. The realisation and effective implementation of these programmes will have a direct impact on ATNS's future strategic profile.

#### Programme 1: The ATNS ATM Roadmap – ASBU

The combined effects of continued traffic growth, the drive for efficiency improvements and the availability of new technology are changing the operating environment. To keep pace with these developments, modifications are required in the governance and institutional framework for the provision of air navigation services. Accordingly, ATNS has developed the ATM Roadmap to support the Company's strategic plan for implementing the ATM/CNS systems. The roadmap provides more detailed guidance on the content of implementation plans and consequently, provides the motivation for permission requests as well as a foundation for budgets. The ATM Roadmap also serves as input into the ATNS Integrated Technology Plan.

The ATNS Roadmap is a high priority 'critical issue' for the Company and will be reviewed in the 2015/16 financial year. The review will include the ICAO initiative and Aviation System Block Upgrades (ASBU), and will support initiatives aimed at fulfilling ATM community needs and expectations of access, equity, safety, efficiency, predictability, environmental sustainability and affordability. ASBU initiatives have

## ECONOMIC PERFORMANCE

been formulated to define a level of governance - and to deliver an accompanying conceptual framework - to ensure that much-needed upgrades are coordinated and globally harmonised.

ATNS fully endorses the ASBU initiative, as is required in setting the vision and framework for global harmonisation of air traffic management. ATNS is progressing well with its performance improvements through the implementation of the relevant ASBU Blocks 0 and 1 of the ICAO (GANP) by developing priorities and targets for the South African aviation environment in line with operational requirements.

The ATM Roadmap and the Integrated Technology Plan form part of the South African National Airspace Master Plan, which in turn conforms to the ICAO GANP.

ATNS's implementation plans align with global and regional plans, and support harmonisation and interoperability. The initiatives described in the ATM Roadmap will form the basis of the Company's activities and work programmes for the evolution of the South African ATM system and associated technology implementation until 2028 and beyond.

### Programme 2: NEWCO Programme

The NEWCO Programme is a longer-term strategy to continue ATNS's expansion into the region through a subsidiary vehicle known as "NEWCO". NEWCO will enable ATNS to take a more assertive and agile stance in the non-regulated business market without posing undue risks to its regulated market and shareholder. It will also enable ATNS to enter into joint ventures and partnerships with external suppliers so that the Company can harness more valuable market opportunities and extend its influence and reach.

In January 2012, the ATNS Board approved the original 10-year business plan, as well as a financial model to support market expansion and the establishment of a subsidiary. The 10-year plan was updated and approved by the ATNS EXCO and Board in October 2013. The updated 10-year business plan encompasses the Company's current scope of business in South Africa and the rest of the continent. It further includes a year-on-year market entry strategy based on selected products and services and countries for

expansion; as well as legal and human resource requirements; an analysis of key material risks; a summary of the financial model; and a high-level implementation plan.

In order to establish the NEWCO entity, ATNS needs to go through a defined process for ministerial approval. In June 2014, the ATNS EXCO and Board approved the Ministerial Pack for submission and approval by the Shareholder. ATNS plans to have consultation meetings with all impacted stakeholders before the end of March 2015. Stakeholders include users, such as the Department of Transport (DoT), AASA, BARSAs & IATA; union; and regulator. This will enable stakeholders to respond in writing by 15 April 2015. A notice of Ministerial Application to DoT is planned for June 2015 and a final ministerial approval pack is envisaged for submission in August 2015.

### Programme 3: Business Processes initiative

Through the ATNS Business Processes (BP) initiative, business 'process owners' are engaged to align business requirements and technology system enablers. Numerous benefits have emerged from the BP initiative, including the valuable ability to represent the organisation and its operational model as a cohesive and integrated whole; as well as the associated benefits of fostering organisational understanding among employees. Further, the initiative has led to the promotion of operational standardisation; the capturing and institutionalising of corporate memory; and the creation of a well-defined conceptual platform from which to improve, mature and optimise process requirements.

The BP Programme has achieved the following milestones to date:

- Establishing a Business Processes Competency Centre (BPCC).
- Appointing an additional fulltime BP Specialist.
- Supporting the work of BP Specialists through the inputs of additional consulting services.
- Procuring and installing the BP Modelling and analysis tool.
- Mapping detailed processes for Finance, Supply Chain Management and BPM process areas.
- Mapping end-to-end Level-3 Processes (i.e. process categories within all ATNS core processes).
- Mapping the following NEWCO baseline processes:
  - Assets Efficiency.

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- Expectations.
- Operating Margins after Tax.
- Revenue Growth.
- Defining a detailed project plan for mapping As-Is Organisation Business Processes.

In the year ahead, the BPCC plans to achieve the following key deliverables:

- Finalise the end-to-end 'As-Is' Levels 4 and 5 processes;
- Map the overall end-to-end 'To-Be' processes, including organisation-wide integration; and
- Develop a detailed implementation roadmap based on the 'To-Be' process.

### Programme 4: IT Repositioning Initiative

ATNS has achieved numerous successes in the advancement of information technology (IT) from 2011 to date based on the 2010 IT Strategy. The most notable achievements to-date include:

- Establishment of the Business Process Centre of Excellence.
- Mapping of the 'As-Is' business processes in ATNS.
- Implementation of various Knowledge Management initiatives.

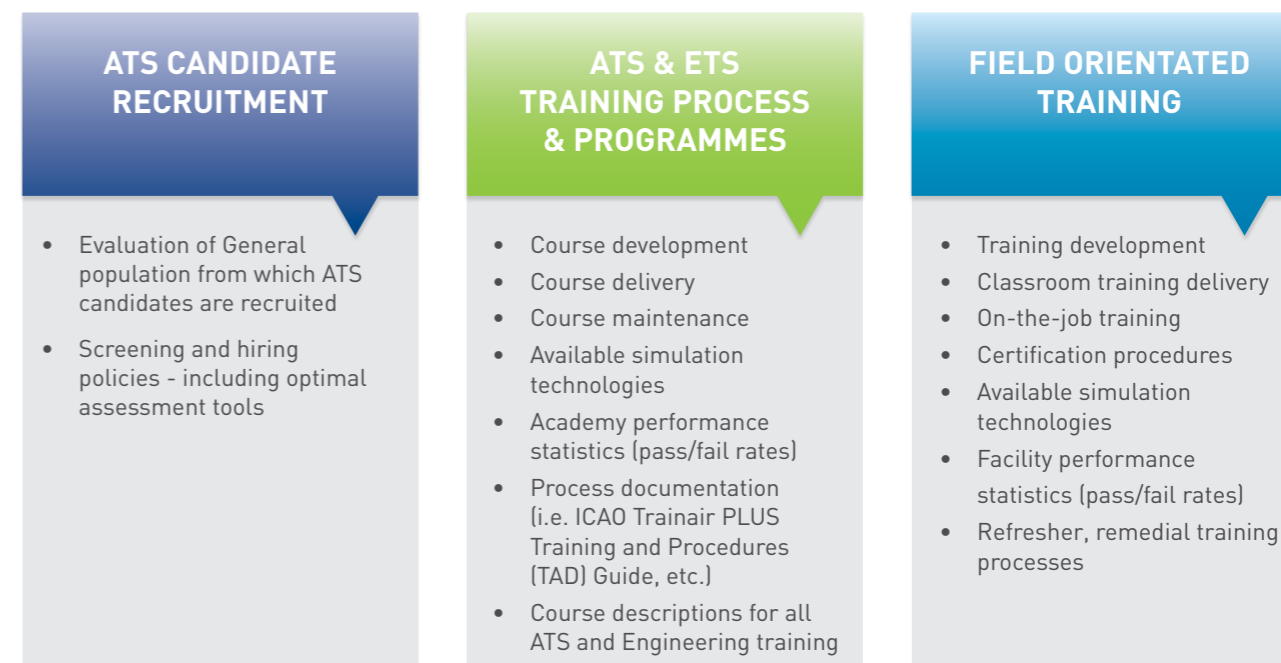
- The successful conclusion of a proof of concept for Cloud Computing CRM.
- A company-wide network and security assessment.

In 2014 a review of the IT services Delivery Model was conducted to meet internal and external customer needs. A plan is in development to manage end-to-end internal and external client experiences. This will ensure that catalogued IT services are provided as expected by clients and that services are optimally used.

### Programme 5: ATA - Training model review

During the year, ATNS embarked on an initiative to optimise the academy's operations, which included a review of the current training model within the ATS and the Engineering sections. The scope of optimisation will ultimately impact the entire training value chain, from design to delivery. It is envisaged that optimising the current training model is a key element in transitioning the academy from a cost-centric to a profit-centric model. Figure 15 outlines the three priority 'streams' that will be reviewed for optimisation going forward.

Figure 15: Training Model Review



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### Programme 6: Remote Service provision

The consolidation of approach control services for various airport terminal areas (where practical, safe and cost effective) supports the ongoing need for cost reduction and quality control. This is key in supporting ATNS's growth objectives, as well as the growth of the industry at large in a sluggish economy.

Air Traffic service requirements in certain airports may be necessary on account of geographic location despite low traffic volumes. ATNS recognises this challenge and is considering the use of remote aerodrome control services by using the latest technology. Remote tower technology will enable the use of aerodrome control services at a separate location. The remote tower service has the following benefits:

- Improved levels of air traffic service at a lower cost.
- Improved situational awareness in low-visibility conditions.
- Centralised, more streamlined services for multiple remote airfields.
- Alternatives to new construction given 'line-of-sight' limitations.
- Reduced capital expenditure requirements on new towers.
- Greater staffing flexibility.

ATNS provides air traffic services at 9 statutory airports as well as contractual air traffic control service at 12 airports. ATS sectors are currently configured as follows:

- 9 ACC sectors with an additional one planned over the next 5 years depending on traffic growth. The remoting and consolidation of en-route control services enable reduction in the number of en-route control sectors and the related resources requirement.
- 10 Approach radar sectors with 1 additional sector planned over the next 2 years as well as 4 approach procedural sectors. The remoting and clustering of approach radar control services will enable a reduction in the number of approach control sectors and related resource requirements, given available technology support.
- 30 aerodrome control sectors. The remoting of identified aerodrome control services through remote tower technology will enable a reduction in the number of aerodrome control sectors and related resource requirements.

### ATNS's Infrastructure Investment Strategy

In addition to the above enabler programmes, ATNS's Infrastructure Investment Strategy and Capital Expenditure Plans are key enablers for creating economic value as well as continually enhancing operational efficiencies and service reliability. ATNS's infrastructure development is updated to conform to regulatory requirements at a global level; as well as to harness new enabling technologies and to address the specific requirements of the air traffic management (ATM) community.

With current economic challenges resulting in airlines facing even greater pressures in terms of financial performance, ATNS has adopted the approach of developing business cases for Capital Expenditure projects. The business case approach has been a useful tool to prioritise projects in line with industry requirements.

In line with ATNS' Shareholder Mandate to deliver safe skies and customer-centric services, technology is a central service enabler. To this end, ATNS has invested in the acquisition of new and advanced technology for Air Traffic Management to replace the current national Air Traffic Management Automation system. The system is used by our Air Traffic Controllers to manage and control the national airspace system.

This advanced Technology Investment Initiative will be one of the single largest CAPEX investments that ATNS has embarked upon in the last decade and is steered under the programme 'Collaborative ATNS Air Traffic System' (CAATS). Through this programme, ATNS will enter a new era of operational technology advancement for the benefit of the ATM community. South African aviation infrastructure is considered world class and has contributed to the country's aviation safety record. It is, therefore, imperative that we continue to invest wisely in this area to support the country's overall transport infrastructure.

### Communications infrastructure

Very high frequency (VHF) communications will remain the primary tool for air traffic control for the foreseeable future. The requirement for instantaneous contact between controller and pilot – and the fact that safety may be jeopardised without it – means

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Table 17: ATNS Capital Expenditure

Description	2013/14	2014/15	2015/16
Communications	90,640,176	8,741,118	65,272,054
Navigation	63,586,928	7,557,932	0
Surveillance	32,621,344	1,412,766	148,632,318
Display Systems	14,163,712	83,158,762	5,175,444
Simulator Systems	-	343,769	0
Software	49,661,975	25,388,053	1,983,733
General	11,877,164	10,543,457	21,503,845
<b>Total</b>	<b>262,551,298</b>	<b>137,145,857</b>	<b>242,567,394</b>

that VHF voice communication will remain the backbone of controller/pilot communications for the foreseeable future. During the period of this investment plan, the existing VHF network will be replaced and/or upgraded depending on operational requirements and the associated business cases. A VHF emergency overlay network will also be implemented.

The voice communication and control system (VCCS) is used to relay the communications between air traffic controllers, pilots and other air traffic service units. During this period, all the major airport switches will be replaced or upgraded depending on the requirements and results from cost benefit analyses.

The backbone of all ATNS's information communications technology is hosted on the ATNS-wide-area network. The Capital Investment Plan will prioritise 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.

Due to the complex nature of the network, monitoring tools will be implemented to ensure that network usage and availability is maintained within pre-determined parameters. The current Communications infrastructure can be summarised as follows:

- 22 Local VHF Sites;
- 42 Remote VHF sites; and
- 2 HF Sites.

### Navigation infrastructure

Looking ahead, it will be prudent for South Africa to maintain a ground-based navigation system, either as redundancy for, or an alternative to, newer navigation systems trends, such as GPS.

There is a requirement to systematically install a 'distance measuring equipment' (DME) network as a backup network for the global navigation satellite system (GNSS). During this planned period, a DME-to-DME network will be deployed for terminal airspace operations.

Further, ATNS will initiate the replacement of VHF Directional Finder (VDF) equipment at regulated and regional airports where there is either a single surveillance system or none in operation to comply with Regulations (SA-CAR 139.02.19(f)). The current Navigation infrastructure can be summarised as follows:

- 36 VOR sites;
- 10 VDF sites;
- 20 DME sites; and
- 12 NDB sites.

### Surveillance infrastructure

Primary and Secondary Surveillance Radars (PSRs and SSRs) are currently the principal source of electronic surveillance data to ATNS, apart from Automatic Dependent Surveillance-Contract (ADS-C) in the Oceanic areas.



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Three secondary surveillance radars will be replaced during the planning period (2015/16 to 2017/18). Multilateration systems are ideally suited for supplementing areas of poor coverage where SSRs are constrained by the environment, and as a back-up system for SSR. Multilateration systems are normally compatible with Automatic Dependent Surveillance-Broadcast (ADS-B). Installing multilateration systems, therefore sets the foundation for the future use of ADS-B. ATNS plans to deploy new wide-area multilateration networks in the Lowveld as well in the Johannesburg west sector. The current

Surveillance infrastructure can be summarised as follows:

- 2 Surface Movement Radar Systems;
- 8 Primary Radar Systems; and
- 17 Secondary Radar Systems (9 stand-alone).

### Infrastructure performance

ATNS's infrastructure performance is measured in accordance with the Service Level Agreement (SLA) targets that are based on the agreed key performance indicators (KPIs) – refer to page 60 in this report.

**Table 18: Quarterly infrastructure system availability**

System	Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Communication	99,109%	100,00%	100%	99,962%	100%
Navigation	98,315%	100,00%	100%	99,973%	100%
Surveillance	99,863%	99,969%	100%	99,982%	100%

**Table 19: Quarterly network availability**

System	Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
SADC VSAT II	98,5%	99,87%	99,95%	99,99%	98,50%
NAFISAT	98,5%	99,99%	99,98%	99,99%	99,99%

### Air Traffic Management System infrastructure

The largest capital investment in this period will be the replacement programme for the Display System, as used by Air Traffic Controllers for situational awareness. The current system, which is known as the national Air Traffic Management Automation system, is obsolete and reached its 'end of support' period in 2014. Since the deployment of the current system in the market more than ten years ago, there have been numerous new technological developments. Consequently, it was necessary to conduct a competitive bid for a new system through a request for tender (RFT) process, as opposed to upgrading the current system with the existing supplier.

Safety is a critical concern in the aviation industry. As a result, Air Traffic Controllers' situational awareness should be fostered through continuously updated data. Furthermore, Air Traffic Controllers should be unburdened from non-critical activities by automating repetitive tasks. Electronic Flight Strip Systems have the potential to seamlessly coordinate flights between controllers in the same room, in the same air traffic services unit (ATSU), as well as in different ATSUs, resulting in the reduction of errors experienced during coordination (read-back or hear-back). Implementation of the electronic flight strips is planned for regional airports during this investment period.

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### Simulator infrastructure

The existing radar simulator at the Aviation Training Academy (ATA) is reaching the end of its design life and the intention is to replace the generic radar simulator with a suitable simulator to enhance the training capabilities for new trainees. The simulator will be replaced as part of the ATM system replacement programme. Additionally, 3D desktop simulators are being installed to enhance ATA's delivery capacity.

### Local supplier development

Local supplier development is a national imperative and an important enabler of economic sustainability. ATNS intends to address the historic imbalances that previously excluded large sections of the population from meaningful participation in the economy. By leveraging procurement expenditure, we aim to increase locally developed content by supporting and developing local suppliers. In doing so, the Company complies with the Department of Trade and Industry's (DTI's) Codes of Good Practice and benefits by:

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



ATNS's Preferred Procurement Policy promotes the use of B-BBEE empowered suppliers to achieve the 70% compliance target and is available for view online at <http://www.atns.co.za/annual-reports>

The policy prioritises procurement from suppliers who have the following B-BBEE credentials:

- Exempt Micro Enterprises (EME)
- Qualifying Small Enterprises (QSE)
- Suppliers with 51% Black Ownership
- Suppliers with at least 30% Black Women Ownership.

**Table 20: Overview of B-BBEE procurement spend**

Supplier category	Actual: 2012/13	Actual: 2013/14	Actual: 2014/15
Total B-BBEE spend of total measurable procurement spend	R256,110,494	R367,014,361	R381,144,298.74
% B-BBEE spend of total measurable procurement spend	86%	79%	73,70%
% Spend: Black-owned enterprises	0,19%	21%	9,99%
% Spend: Black women-owned enterprises	0,02%	5%	4,76%
% Spend: Exempted micro-enterprises	6,50%	4,32%	7,35%
% Spend: Qualifying small enterprises	Not captured	Not captured	9,07%

## ECONOMIC PERFORMANCE

### Financial performance overview

ATNS's financial performance for the year is reviewed in more detail in the ATNS-IAR and ATNS-AFS. Tables 21 and 22 provide a consolidated view of the Company's financial performance in the context of ATNS's broader economic sustainability from the perspective of economic value, generated and distributed during the year.

**Table 21: Economic value generated**

Economic value generated	2014/15 R	2013/14 R	2012/13 R	Progress
Total revenue	1,459,589 billion	1,326,397 billion	1,223,430 billion	↑
Tariff revenue	1,267,728	1,159,326	1,074,657	↑
Other revenue	191,852	167,071	148,773	↑
Total assets	2,186,418	1,863,431	1,729,085	↑
Total equity	1,909,820	1,626,356	1,382,094	↑
Cash generated from operations	426,593	389,018	333,413	↑
Current ratio	6.5:1	6.7:1	4.1:1	↓
Gearing ratio	0	0	8%	↔
Total borrowings as at 31 March 2015	0	0	118,979	↔

**Table 22: Economic value distributed**

Economic value distributed	2014/15 R	2013/14 R	2012/13 R	Progress
<b>Value added</b>				
Total operating cost	1,077,806	981,009	787,219	↓
<b>Distribution of wealth</b>				
Employee wages and benefits	686,122	627,412	570,623	↑
Payments to providers of capital	0	118,979	91,394	↓
Payments to the Shareholder	-	-	-	↔
Payments to Government as income tax (including deferred tax)	101,161	94,064	74,843	↑

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### Managing economic sustainability risks

**Table 23: Economic risk impacts and opportunities**

Risk 1: Major safety event			
Risk classification	Risk impact	Opportunities	ATNS's response
<ul style="list-style-type: none"> <li>Physical</li> <li>Institutional</li> <li>Reputation</li> </ul>	ATNS's business is firmly anchored in aviation safety, and specifically safe, secure and cost effective air transport. Any major safety event, whether local, regional or global, will place a spotlight on ATNS's performance. If a major safety event occurs in the context of ATNS's operations, the impact may be catastrophic in that lives are lost. Other risk impacts include financial losses and reputational degradation.	ATNS's emphasis on safety has extended the Company's sphere of influence across South Africa's borders into the rest of Africa. ATNS is well placed to collaborate with ICAO to facilitate interoperability and modernisation of air transportation through its block upgrades initiative and to assist African countries in meeting the ICAO safety performance improvement standards of performance improvements.	<ul style="list-style-type: none"> <li>Deployment of operational supervisors to monitor and coordinate daily operations in selected sectors.</li> <li>Demand and capacity balancing in terminal airspaces (TMA) to reduce workload and improve efficiency.</li> <li>Implementation of the Safety action plans nation-wide.</li> <li>Airspace and procedure design assessment to identify improvement areas in support of safety and efficiency.</li> <li>Implementation of proactive measures to identify safety hazards and risks.</li> <li>Implementation of safety investigation teams.</li> <li>Improved management and oversight of daily operations.</li> </ul>
Risk 2: Financial sustainability			
Risk classification	Risk impact	Opportunities	ATNS's response
<ul style="list-style-type: none"> <li>Financial</li> <li>Reputation</li> </ul>	Regulating Committee (RC) restricts revenue from tariffs by a price cap. This has a potential of limiting revenue growth within the South African market. Further, the maturity of ATNS's domestic operations will create future challenges for the business to generate new customers in South Africa.	It is imperative for ATNS to secure future growth and revenue by broadening its service offerings to other markets. The business's Africa strategy provides opportunities to maximise revenue and strengthen ATNS's position globally.  Further, the functioning of the industry's economic regulation is also undergoing a review of the Funding Model used for the economic regulation of ACSA and ATNS. ATNS is actively collaborating with the Regulating Committee to ensure sustainable and favourable outcomes for the industry.	<ul style="list-style-type: none"> <li>Continuously monitor and highlight noncompliance at executive level.</li> </ul>

## ECONOMIC PERFORMANCE



Risk 3: Inflexible and inefficient operations			
Risk classification	Risk impact	Opportunities	ATNS's response going forward
<ul style="list-style-type: none"> <li>Physical</li> <li>Institutional</li> <li>Financial</li> <li>Reputation</li> </ul>	<p>Inflexible and inefficient operations could have a critical impact on the business, including major safety events. Operational inefficiencies impact the availability and reliability of ATNS' services and can also have critical environmental impacts. Operational inefficiencies can further result in poor service, financial losses and reputational risk.</p>	<p>ATNS's focus remains firmly on creating the necessary efficiencies that will translate to value-add for its clients (users). The new permission cycle 2015/16 – 2019/20 will provide an opportunity to achieve the most efficient structure for ATNS to meet its strategic objectives and to deliver operational performance and cost-effectiveness.</p>	<ul style="list-style-type: none"> <li>Continuously engage with stakeholders to influence legislation.</li> <li>Procurement and implementation of operational performance reporting tool which will enable collection and analysis of operational data.</li> <li>Implementation of ATS Resource tool that will assist in optimum staff utilization.</li> <li>Participation in development of Airport Slot Management and compliance framework.</li> <li>Participation in national airspace design review.</li> <li>Participation in appropriate ICAO and regional forums.</li> <li>Participation in Collaborative Decision Making (CDM) process with all stakeholders including neighbouring ANSP.</li> </ul>
Risk 4: Structural economic challenges in South Africa			
Risk classification	Risk impact	Opportunities	ATNS's response going forward
<ul style="list-style-type: none"> <li>Physical</li> <li>Financial</li> </ul>	<p>Slow rates of global and local economic growth, volatile commodity markets, widening social inequality, structural unemployment and skills shortages in South Africa have a direct impact on ATNS's business, its customers, funders, employees and suppliers.</p>	<p>As a State-Owned Company, ATNS is mandated by the Department of Transport to create employment, particularly for unemployed youth and previously disadvantaged communities and to boost local supplier development. New product and market developments in the regulated business – as well as ATNS's Africa expansion strategy – are ideal vehicles to achieve these critical developmental imperatives.</p>	<ul style="list-style-type: none"> <li>Implementation of human capital plan to address skills shortages (to be done as part of approved strategy).</li> <li>Remuneration review (included in reward philosophy).</li> <li>HC to formalise Succession Planning for core critical positions (included in reward philosophy).</li> <li>All JDs to be reviewed (included in reward philosophy).</li> <li>Retention and transfer of the institutional knowledge.</li> </ul>



Minister of Transport  
Elizabeth Dipuo Peters

## SOCIAL PERFORMANCE


### Introduction

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



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

### Material social aspects

**Table 24: Consolidated view of material social issues linked to strategy**


Strategic objective	Material issue	Why it is material to ATNS	Applicable Key Performance Areas (KPA) to measure the effectiveness of our management approach	Management approach
 Create a transformative organisation	Create a representative workforce	ATNS's long-term social value creation lies in being committed to the transformation of our society through employment equity and black economic empowerment. ATNS is committed to the principles of equity and anti-discrimination. We seek to create an organisation that reflects the diversity of our society and that maximises the potential of our employees. As a State-Owned Company, ATNS has a responsibility to align to the country's national goals and to support Government's initiatives to address the socio-economic legacy of the past.	<b>KPA-3: The fight against fraud and corruption.</b> 3.1. Comply with relevant legislation, regulation and standards. <b>KPA-5: Training to contribute to job creation.</b> 5.1. Address societal challenges, thereby building a meaningful legacy for ATNS and the communities in which we operate. <b>KPA-6: Broad-Based Black Economic Empowerment.</b> 6.1. Achieve B-BBEE targets. And achieve preferential procurement targets as set by the Transport Charter. <b>KPA-7: Employment Equity.</b> 7.1. ATS EE targets (AIMO, ATSO, ATCO 1-3). 7.2. ATNS EE targets.	<ul style="list-style-type: none"> <li>Implement the newly revised and approved Employment Equity Plan through current company processes to enable full integration into the business.</li> <li>Adhere to the periodic monitoring intervals of the plan to ensure relevance and adequacy.</li> </ul>

## SOCIAL PERFORMANCE

Strategic objective	Material issue	Why it is material to ATNS	Applicable Key Performance Areas (KPA) to measure the effectiveness of our management approach	Management approach
 Create a transformative organisation	Broad-Based Black Economic Empowerment	As a State-Owned Company, ATNS has a key responsibility as a national agent of commerce to strengthen the economic position of South Africa. Through our B-BBEE practices, we have the opportunity to shape the future of the South African air traffic management sector. Broadly, these practices extend to job creation, poverty alleviation and skills development.	<b>KPA-6: Broad-Based Black Economic Empowerment.</b> 6.1. Achieve B-BBEE targets. And achieve preferential procurement targets as set by the Transport Charter. <b>KPA-7: Employment Equity.</b> 7.1. ATS EE targets (AIMO, ATSO, ATCO 1-3). 7.2. ATNS EE targets.	<ul style="list-style-type: none"> <li>Improve the Skills Development Forum agenda to be aligned to the requirements of the Skills Development Act.</li> <li>Develop a Recruitment Strategy to promote ATNS careers and attract suitable EE/PWD candidates.</li> <li>Implement enterprise and Supplier Development programmes and appoint a resource to manage the programme.</li> <li>Implement updated supplier chain management (SCM) and preferential procurement (PP) &amp; enterprise development (ED) policies.</li> </ul>
 Build a culture of safety	Building a culture of safety	Safety is the primary driver for ATNS's collective efforts and the Company strives to build a shared culture of safety amongst its employees as well as its external stakeholders from the wider ATM community. At a global level, civil aviation is planned to be seamlessly integrated across national boundaries, with common service standards and quality, irrespective of who provides the Air Navigation Service; be it a State, a group of States or delegated service providers. As an ICAO member state, South Africa has endorsed the ICAO Air Traffic Management Operational Concept, which defines the seamless global aviation system concept. This concept is in turn translated into the Global Air Navigation Plan (GANP), supported by the Global Aviation Safety Plan (GASP) and underpinned by the ICAO Standards and Recommended Practices (SARPs).	<b>KPA-1: Transport safety and security.</b> 1.1. Safety service provision. 1.2. Airspace capacity and efficiency. 1.3. Operational efficiency. 1.4. Operational efficiency. 1.6. Performance-based navigation (PBN). <b>KPA-3: The fight against fraud and corruption.</b> 3.1. Comply with relevant legislation, regulation and standards.	<ul style="list-style-type: none"> <li>Balance demand and capacity in terminal airspaces (TMA) to reduce workload and improve efficiency.</li> <li>Deploy operational supervisors to monitor and coordinate daily operations in selected sectors.</li> <li>Implement safety action plans nation-wide in line with the current safety policy.</li> <li>Assess airspace and procedure design to identify areas of improvement in support of safety and efficiency.</li> <li>Implement proactive measures to identify safety hazards and risks.</li> <li>Promote awareness training on safety-related issues to entrench a safety ethos amongst employees.</li> </ul>

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Strategic objective	Material issue	Why it is material to ATNS	Applicable Key Performance Areas (KPA) to measure the effectiveness of our management approach	Management approach
 Build a skilled and capable employee resource base	Enhancing skills and building competencies	ATNS's continued success relies on its ability to attract, recruit and retain diverse, qualified and skilled professionals. ATNS continues to recruit, train and develop its staff to ensure the adequate supply of skills within the Company's operational departments with a strong focus on women. Globally regarded as a beacon of safety in airspace navigation, ATNS is regarded as a centre of excellence and an institute of reference. This standing can only be maintained if ATNS continues to employ and develop competent people who are aligned with the Company's desired culture of safety, professional excellence and sustainability awareness.	<b>KPA-4: Implementation of Environmental Plan. Human resources/ training.</b> <b>KPA-5: Training to contribute to job creation.</b> 5.1. Address societal challenges, thereby building a meaningful legacy for ATNS and the communities in which we operate. 5.2. Manage the training pipeline for ATS and technical staff. 5.3. Review and implement the HR plan to recruit, develop, retain, and reward employees across all disciplines.	<ul style="list-style-type: none"> <li>The ATNS Leadership Blueprint, promoting organisational leadership through the following initiatives:                             <ul style="list-style-type: none"> <li>Executive coaching</li> <li>The Women's Development Programme</li> <li>The Ecole Nationale de l'Aviation Civile (ENAC) Masters Programme</li> <li>Executive Development Programmes</li> <li>International Leadership Development.</li> </ul> </li> <li>The Women's Development Programme continues to provide development opportunities within the following streams:                             <ul style="list-style-type: none"> <li>The WITS Aviation Management Development Programme</li> <li>The ATNS Coaching and Mentoring Programme</li> <li>The New Management Coaching Programme</li> <li>The IATA Aviation Management Diploma</li> <li>The PA and Secretary Programme.</li> <li>The Aviation Training Academy (ATA) training model review which entails; air traffic service (ATS) candidate recruitment, ATS &amp; Engineering and Technical Services (ETS) training progress and programmes.</li> </ul> </li> </ul>

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### Maintaining a representative workforce

#### Our management approach

#### Employment equity

Representation in the workforce is guided by ATNS's internal Employment Equity (EE) Plan which is aligned to the Employment Equity Act, 1998 (Act No. 55 of 1998). ATNS' strategic objectives and prevailing organisational culture support on-going equal opportunity initiatives, with specific emphasis on the designated groups. The previous five-year ATNS Board-approved Employment Equity Plan terminated on 31 March 2015. A new five-year Employment Equity Plan has been approved and will take effect 1 April 2015 to 31 March 2020.

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 is reviewed annually to adjust targets as and when required.

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

- To create a balanced profile of employees within the Company through all occupational categories and levels in the workforce.
- To eliminate any discriminatory practices in terms of race, gender or disability.
- To provide for the Company's present and future requirements in terms of skilled staff, in line with the business plan.
- To implement, monitor and evaluate appropriate measures aimed at redressing the effects of the past imbalances created by discriminatory employment policies and practices.

The EE Plan is reviewed on an annual basis and progress is monitored and reported on a monthly basis to the Executive Management Committee, as well as reported quarterly to the Human Resource and Social and Ethics Committees.

Table 25 reflects the historic EE profile from which future transformational goals are derived.

**Table 25: Historic consolidated EE profile**

Employee group	2010/11	2011/12	2012/13	2013/14	2014/15
African, Indian and mixed race	58,17%	60,69%	63,37%	67,06%	69,56%
Female	33,09%	37,41%	38,52%	40,92%	44,05%
Bursars and learners	118	86	47	84	92
Total staff complement	874	927	983	1,033	1,076

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**Table 26: Expanded EE profile**

Occupational Level	Black Men	Black Women	Indian Men	Indian Women	Mixed Race Men	Mixed Race Women	White Men	White Women
Top Management	2	0	0	0	0	0	0	0
Senior Management	2	3	0	0	0	0	2	0
Professional	14	10	1	0	1	0	6	3
Skilled	235	228	44	31	38	33	231	95
Semi-Skilled	23	13	0	0	6	0	2	1
Unskilled	34	23	0	0	0	0	0	0
<b>Total</b>	<b>310</b>	<b>277</b>	<b>45</b>	<b>31</b>	<b>45</b>	<b>33</b>	<b>241</b>	<b>99</b>

### Developing the roles of Women within ATNS

The Women Development Programme (WDP) was designed to provide developmental opportunities for women in the organisation. The initiative comprises four programmes which address incremental stages of corporate development for women. The programme is voluntarily offered to all women at ATNS who wish to further their personal or career development. The facilitation of appropriate representation of women at all levels of the organisation aligns strategically with ATNS’s EE Plan. Since its inception in 2009, the WDP has had the following objectives:

- Providing opportunities for women to progress in the organisation.
- Enabling sufficient representation of women at the various organisational cadres, particularly professional, executive and management levels.
- Attracting and retaining professional women.
- Supporting the achievement of employment equity objectives where the need to appoint/promote women has been identified.
- Enhancing ‘employer of choice’ recognition by ensuring equity and representation of women.
- Providing a space for women to share their insights, wisdom, experiences, challenges, fears and circumstances with a view to enriching their lives and work practices.
- Creating a greater recruitment pool for women, together with opportunities for career advancement as stipulated in the ATNS EE Plan.

- Improving the lives of women within ATNS as well as the broader South African community.

During the financial year, ATNS trained and developed 38 women in non-managerial roles through the initiatives mentioned above.

### Broad-Based Black Economic Empowerment

#### Our management approach

ATNS’s B-BBEE strategy is an important driver in achieving the Company’s goals towards economic and social sustainability. Certain initiatives have been identified to improve ATNS’s B-BBEE contribution level, including the development of a B-BBEE Strategy in accordance with the B-BBEE Codes of Good Practice that will guide the organisation towards an improved rating. The Codes of Good Practice were implemented during the 2014/15 financial year with the intention of achieving a Level 3 rating by 2015/16. The Company has achieved and exceeded this goal by achieving a Level 2 rating based on a BEE verification exercise undertaken during the 2014/15 financial year.

The ATNS B-BBEE Strategy aligns with the South African Governments’ transformation initiatives of job creation, poverty alleviation and skills development. The associated B-BBEE action plan highlights the need to:

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

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

### Management control

ATNS performed well on this element during the year, scoring 16 points with 1 bonus point being achieved for Black independent non-executive directors.

### Employment equity (EE)

ATNS scored 12.20 points out of 15 points, with no points being scored for the employment of black people with disabilities.

### Skills development (SD)

ATNS’s current state indicates a score of 16.00 out of 20 points as recorded during the 2014 verification process. The Company did not score any points on “Black people with disabilities” due to the non-disclosure of disability status.

ATNS is implementing learning programmes for all employees, including people living with disabilities, in line with organisational needs. Further, the Company regularly reviews the Skills Development Strategy that forms part of the ATNS Talent

Management Initiative. The Learning Management System maintains records of training interventions implemented for all employees. In order to improve on the Skills Development score, reporting will be submitted on the number of people with disabilities and not include the level of disability and names of staff members with disabilities.

### Preferential procurement

A score of 15.77 out of a possible 20 points was achieved during the 2013 verification process. To improve this score, the Company developed a Preferential Procurement and Enterprise Development Policy. According to the policy, which can be viewed online at <http://www.atns.co.za/annual-reports>, the Company will prioritise procuring from suppliers who have the following B-BBEE credentials:

- Exempt Micro Enterprises (EME).
- Qualifying Small Enterprises (QSE).
- Suppliers that are 51% Black-Owned.
- Suppliers that are 30% Black Women-Owned.
- Local suppliers with a level 1 – 4 B-BBEE recognition contribution factor.

Furthermore, the Company’s Financial System is being reviewed and upgraded. This upgrade will enable ATNS to capture the detailed B-BBEE credentials of all suppliers, thereby enabling the Company to report accurately on all Preferential Procurement indicators.

### Socio-Economic Development (SED)

ATNS continues to provide support to schools through the funding of Mathematics and English programmes geared towards Grade 6 to 12 Learners; as well as providing ICT infrastructure and extended educational support initiatives.

Table 27 outlines the core elements of ATNS’s B-BBEE Strategy and the annual targets set to maintain a Level 2 rating in 2015/16.

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**Table 27: Overview of the core elements of ATNS's B-BBEE Strategy**

Element	Verified Performance 2012/13	Verified Performance 2013/14	Target Current Performance 2014/15	Current Performance 2014/15	Target 2015/16
Management Control	15.00	15.00	15.00	16.00	16.00
Employment Equity	11.45	9.73	15.00	15.80	15.80
Skills Development	14.33	14.33	20.00	16.00	16.00
Preferential Procurement	12.33	15.77	20.00	19.21	19.21
Enterprise Development and Supplier Development	0	0	15.00	15.00	15.00
Socio-Economic Development	6.61	6.21	15.00	15.00	15.00
Overall Score	59.72	61.04	100.00	97.01	97.01
Procurement Recognition Level	Level 5	Level 5	Level 5	Level 2	Level 2

### Building a culture of safety

#### Our management approach

Safety is the primary driver for ATNS's collective efforts. The Company strives to build a shared culture of safety among its employees as well as its external stakeholders from the wider ATM community. At a global level, civil aviation is planned to be seamlessly integrated across national boundaries, with common service standards and quality, irrespective of who provides the Air Navigation Service; be it a State, a group of States or delegated service providers. 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 developed additional safety performance indicators. These indicators report on the successful service delivery of ATNS, measured against the number of Instrument Flight Rule (IFR) flight hours. The overarching value is represented by the number of 'losses of separation' related to aircraft being provided with a service. This measure can be compared to the same metric obtained from the Civil Air Navigation Services Organization (CANSO) and serves to support the benchmarking of safety performance. ATNS will be

introducing this safety measurement and associated KPI's for the first time during the 2015/16 financial year.

#### Safety Management System (SMS) Policy

ATNS' Safety Management System (SMS) and SMS Policy, together with the Safety Management Plan form part of the Company's risk management and compliance assurance initiatives. ATNS officially implemented the ATNS SMS during September 2006 to comply with the ICAO Annex 19 requirement for States to implement ATS safety management programmes. ATNS complies with South African Civil Aviation Regulations (CAR) Part 40, supporting Annex 19 requirements.



The SMS policy is available online at <http://www.atns.co.za/annual-reports>

Excellence in safety, as a guiding principle, remains non-negotiable across 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 levels of safety performance and meet national and international standards and expectations.

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Accordingly, we remain steadfast in delivering the following safety imperatives:

- Developing and embedding a safety culture across all our ATM system activities that recognises the importance and value of effective aviation safety management and acknowledges, at all times, that safety is paramount.
- Clearly defining for all personnel their accountabilities and responsibilities for development and performance, which include safety imperatives.
- Minimising the risk associated with an aircraft incident or accident to a point that is "as low as reasonably/practicably achievable".
- Ensuring externally supplied systems and services that impact upon the safety of our ATM service delivery (ATMSD) operations meet appropriate safety standards.
- Actively developing and improving our safety processes and procedures to meet the safety standards and, whenever possible, exceeding ICAO standards and recommended practices (SARPs).
- Ensuring that all personnel are provided with adequate and appropriate safety information and training; are competent in safety matters; and are only allocated tasks commensurate with their skills.
- Ensuring sufficiently skilled and trained resources are available to develop safety strategy and implement policy.
- Establishing and measuring our ATM system safety performance against objectives and targets.
- Achieving the highest levels of safety standards and performance in all our ATM activities.
- Continually improving on our safety performance.
- Conducting safety and management reviews and ensuring that relevant action is taken where required.

#### Scope of the Safety Management System (SMS)

The Safety Management System encompasses all ATNS's ATMSD activities, including that of the Aviation Training Academy (ATA). Its scope extends to all levels of management, instructors involved in training ATMSD staff, operational air traffic controllers, air traffic service assistants, aeronautical information management personnel and technical support. Project execution, as well as the acquisition and commissioning of equipment and systems are performed in conjunction with appropriate safety

assessments and the identification and mitigation of associated risks, including security implications related to ATNS' staff, installations and facilities.

SMS benchmarking is conducted against CANSO and EUROCONTROL Standards of Excellence. Comprehensive safety audits were conducted during the year to include air traffic services, technical services and criteria relating to human factors.

Figure 16 represents the core components of ATNS' Safety Management System and demonstrates the Company's integrated approach to safety management, with a view to embedding a culture of safety into the organisation.

#### Continuous safety improvement and implementation of ATNS' Safety Management Plan

Safety is the first and overriding priority in air traffic management in ATNS and as such ensuring safety in our operation remains paramount and is not negotiable. We remain committed to continuous improvement of our safety performance through the provision of resources, leadership and management to enable the achievement of our safety objectives.

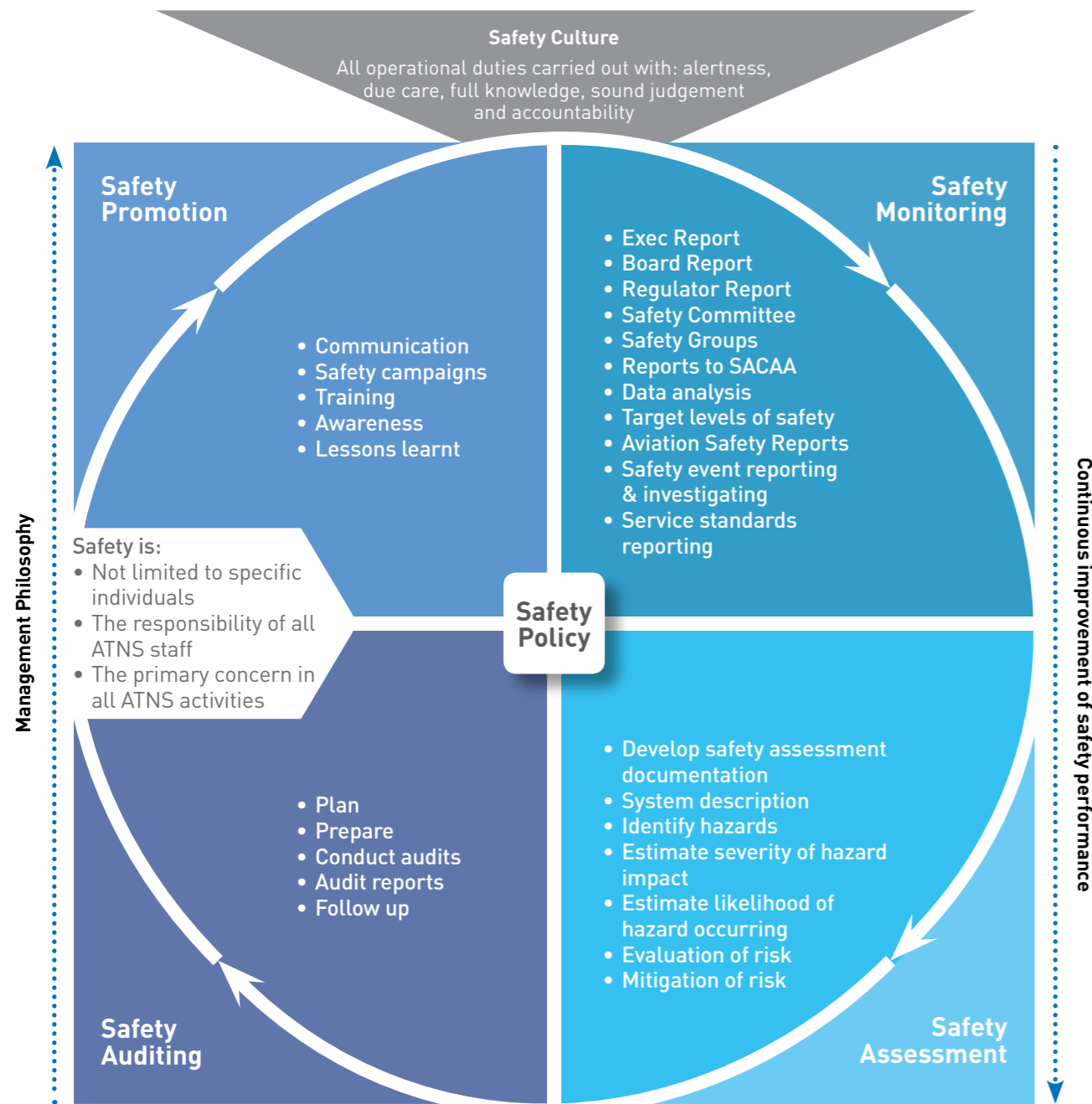
We acknowledge the fact that safety performance is dependent upon human and organisational performance factors, and to this end our safety action plans are being implemented and continually improved to respond to real time demands of the operational environment.

Organisational performance factors are being addressed through our continuous improvements in management, procedures, processes and systems, while human performance factors are addressed through efforts aimed at addressing human error and improving staff morale and motivation.

There were 34 safety event attributable to air traffic service as at 31 March 2015. This has resulted in a safety event ratio of 3.10 per 100,000 movements (see graph below). Although the safety event ratio is above the Board target, we are confident that the current and planned safety interventions will return this ratio to within acceptable levels.

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Figure 16: Safety Management System Components



**Supporting organisational requirements:**

- Responsibility and accountability
- Role of safety manager
- Training and competencies of personnel
- Safety documentation
- Security
- Resources

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Safety action plans are created annually and consider the findings of operational analyses. The latter includes the identification of hazards and gaps, as well as factors contributing to previous safety events and new applicable operational safety concepts. In addition to the annual safety action plan, which we formally develop in terms of our safety management system, there are continuous adjustments and additions to the plan in response to periodic operational demands. ATNS continues to improve the process of safety investigation and related data analysis to ensure that remedial action plans flowing from this process are effective in reducing the recurrence of these events. In addition to the national safety actions, each unit has its own local safety-related actions to manage and improve safety.

While there are dedicated and focused actions to address human performance failures and organisational factors, it is important to note that factors contributing to safety events cannot be entirely eliminated. The Company is committed to proactively and continuously managing the safety drivers in a systematic way.

The following are safety action plans identified for 2014/15:

**Routine activities and action plans**

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

In addition to the routine activities, the following safety initiatives are undertaken:

**Annual safety workshop**

An annual safety workshop is held to discuss safety performance for the past 12 Months, as well as to identify contributing factors and to develop safety action plans for the following financial year. ATNS hosted the annual safety workshop on the 15th and 16th of September 2014, and as part of this workshop invited neighbouring air navigation service providers to participate, namely Namibia, Botswana, Zimbabwe, Mozambique, Swaziland and Lesotho. The theme of this safety workshop was Safety beyond Regional Boundaries, acknowledging the fact that in our business of managing air traffic, we share common boundaries with our neighbours and thereby become links in a chain in delivering safe skies to the flying community.

During the workshop, the following key focus areas were identified for the 2015/16 financial year:

1. Promoting collaboration and partnership in ATS personnel training programmes, safety management programmes, and infrastructure investment programmes to achieve seamless integration of Air Navigation infrastructure and systems.
2. Pursuing the concept of 'Upper Airspace Management'.
3. Addressing coordination failures between Flight Information Regions (FIRs) - and more specifically, coordination failures at waypoint ILDIR.
4. Establishing a 'Go Team' to coordinate processes for SMS implementation in the region.
5. Implementing Normal Operation Safety Survey (NOSS) as a proactive tool for identifying risks and hazards in the operating environment as well as introducing TEM to help prevent human error.
6. Establishing joint Pilot/ATC training programmes to close the gaps between the two workplace environments.
7. Participating in general aviation safety programmes.
8. Consolidating EQ in the recruitment and selection of ATS personnel.
9. Conducting ATS management training to improve ATM leadership skills.



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10. Reviewing models used in the management and operation of airports owned by provincial governments and municipalities especially as it pertains to airport licensing and air traffic service approval requirements.
11. Extending the establishment of Runway safety teams beyond ACSA airports.
12. Establishing a National Safety Programme.

Various stakeholders were identified to lead the work around each of the focus areas and action plan.

Going forward, the ATNS Safety workshop will become a regional conference to ensure that the discussion around safety extends beyond the borders of South Africa as a contribution to safer skies for the African region.

### Regional Airport Safety Programme

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

### Research and development of operational concepts and safety

Research and development of new concepts is vital for the improvement of safety and efficiency of operations. Performance-Based Navigation (PBN) is increasingly seen as the most practical solution for regulating the expanding domain of navigation

systems. The implementation of PBN in South Africa requires a radical realignment of the way that navigation systems are perceived. This impacts on the way that certification, regulation, oversight and operation of navigation systems are performed. Going forward, the support from stakeholders will be of critical importance for the implementation of PBN at national level. ATNS is responsible for the implementation of the PBN road map in South Africa.

Other research efforts include the review of the effectiveness of 'Strip Merge' as a controller support tool to enhance operational efficiency. This includes Continuous Climb Operations (CCO) and Continuous Decent Operations (CDO), and the maintenance of separation between aircraft during sequencing. As part of this research programme, ATNS representatives visited Budapest air traffic control centre in Hungary in November 2014 to observe and study the implementation of a Strip Merger tool.

Further research projects anticipated in the short and medium term include:

- Evaluating time-based final approach and landing spacing tools and related air traffic management techniques (used by NATS) for application in busy terminal areas. It is anticipated that this project - if successfully implemented - will yield the following benefits:
  - Optimum spacing on final approach and landing;
  - Consistency in delivering adequate runway throughput; and
  - Reduced complexity of sequencing and related controller mental workload, with associated safety benefits.
- Conducting a study to evaluate error probability rates in performing selected APP/ACC radar functions; the results of this study will guide interventions to manage human performance errors in the area and approach pools.

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- Conducting a study to evaluate error probability rates for performing selected ADC functions. The results of this study will guide interventions to manage human performance errors in the aerodrome environment.

### Management training to enhance employee engagement and motivation

Leadership and employee motivation are two key drivers and influencers of organisational effectiveness. Organisational leadership achieves organisational objectives through the efforts of employees. It is, therefore, important to create an environment in which employees are motivated, committed and share the collective goals of the organisation. ATNS has created a 'leadership blue print' as a platform to improve leadership skills and to capacitate management to lead highly technical teams. The entire ATS management team is expected to undergo 'ship training' as an input to building relationships with employees, as well as improve performance and safety management. The training is expected to commence by May 2015.

### Continuation Training

Continuation training spans various training programmes to maintain the skills of air traffic controllers, and to provide refresher courses and emergency training. Continuation training further consists of theoretical and practical courses, together with simulation training, where appropriate.

Continuation training aims to provide all ATS personnel with the necessary knowledge and understanding to retain the current levels of competence required by ATNS. It is intended that recurrent training will reinforce and confirm past knowledge gained and ensure that current competency levels are maintained

In addition to simulator training, the Company is also planning to cross-train selected controllers from quieter stations to gain experience in busier stations to improve skills and performance.

### Supervision of service delivery

Supervision of service delivery is critical for delivering safe service. Pool Managers (PMs) and Officers in Charge (OiCs) are responsible for planning and directing air traffic service delivery for their various areas of responsibility. They are further responsible for attending to the following:

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

Given that PMs and OiCs may not be at the unit in a full-time capacity (i.e. 24/7), senior members from the Air Traffic Control Officer (ATCO) pools are appointed on a shift-by-shift basis to fulfil supervisory functions as indicated above.

In February 2015, ATNS introduced the Visible Safety Campaign which promotes a significant increase in visible oversight of operations at all the air traffic service units. The campaign further encourages an increase in work hours to enhance peer supervision where staffing permits. The campaign is premised on the provision of real-time support functions, including management, to achieve sustainable and improved operational safety performance.

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Another form of supervision introduced during the year combines 'Planner' and 'Supervisor' functions in the ORTIA approach to ensure that this oversight role becomes active in monitoring and assisting the active controllers. This type of supervision has already prevented numerous safety threats, which could have developed into safety events. This approach takes a view similar to that of the cockpit environment where the flying pilot is monitored and assisted by the non-flying pilot. The ORTIA approach is a complex sector; and implementing such an intervention using senior controllers will go a long way to reduce the number of safety events occurring in the ORTIA approach.

### Safety Culture Maturity Model

There is an obvious need for a proactive safety culture in ATNS, especially within its operations, where controllers are directly involved in the separation of aircraft. The need for having 'informed', 'just', 'flexible' and 'learning' cultures in an operational centre is apparent; however, this requirement is not always obvious to those who are not at the operational 'sharp end', such as the developers of new technologies, systems and procedures. The Safety Culture Maturity Model contains five iterative stages of maturity, against which organisations can benchmark and progress sequentially by building on their safety culture strengths and minimising weaknesses. During the 2014/15 financial year ATNS embarked on an organisation-wide Safety Culture Maturity Survey. The results of this survey were incorporated into action plans for each Department within ATNS.

### Safety performance assurance

#### Safety metrics

ATNS has introduced strategic safety objectives which are measurable and linked to the major components of the ATNS SMS. The strategic safety objectives provide practical expression to the Company's safety management expectations. They provide the benchmark reference against which the Regulator, the aviation industry and the public can determine the safety performance of the organisation. Safety performance assurance provides the means by which ATNS can verify that it is meeting its safety performance targets. To do this, data must be collected and analysed to enable the achieved level of safety performance to be assessed. In addition, an effective monitoring programme increases the probability of detecting any weaknesses in the system's defences before an active failure leads to a serious safety occurrence or accident.

Identifying weaknesses in the system's defences requires more than the collection of data and the production of summary statistics. The underlying causes of reported occurrences are not necessarily immediately apparent. Hence, an investigation of occurrence reports - and any other information concerning possible hazards - should go hand-in-hand with safety performance assurance. Safety performance assurance and investigation activities play both a reactive and a proactive role in the safety management system.

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The following safety metrics are currently being utilised within ATNS to help identify the required safety performance indicators and targets:

- Safety Ratio: Number of Safety Events attributed to ATNS per 100,000 movements, based on total tower movements i.e. arrival, departure, training and over-flight statistics.
- Risk Safety Index (RSI).
- Runway Incursion Severity Classification (RISC).

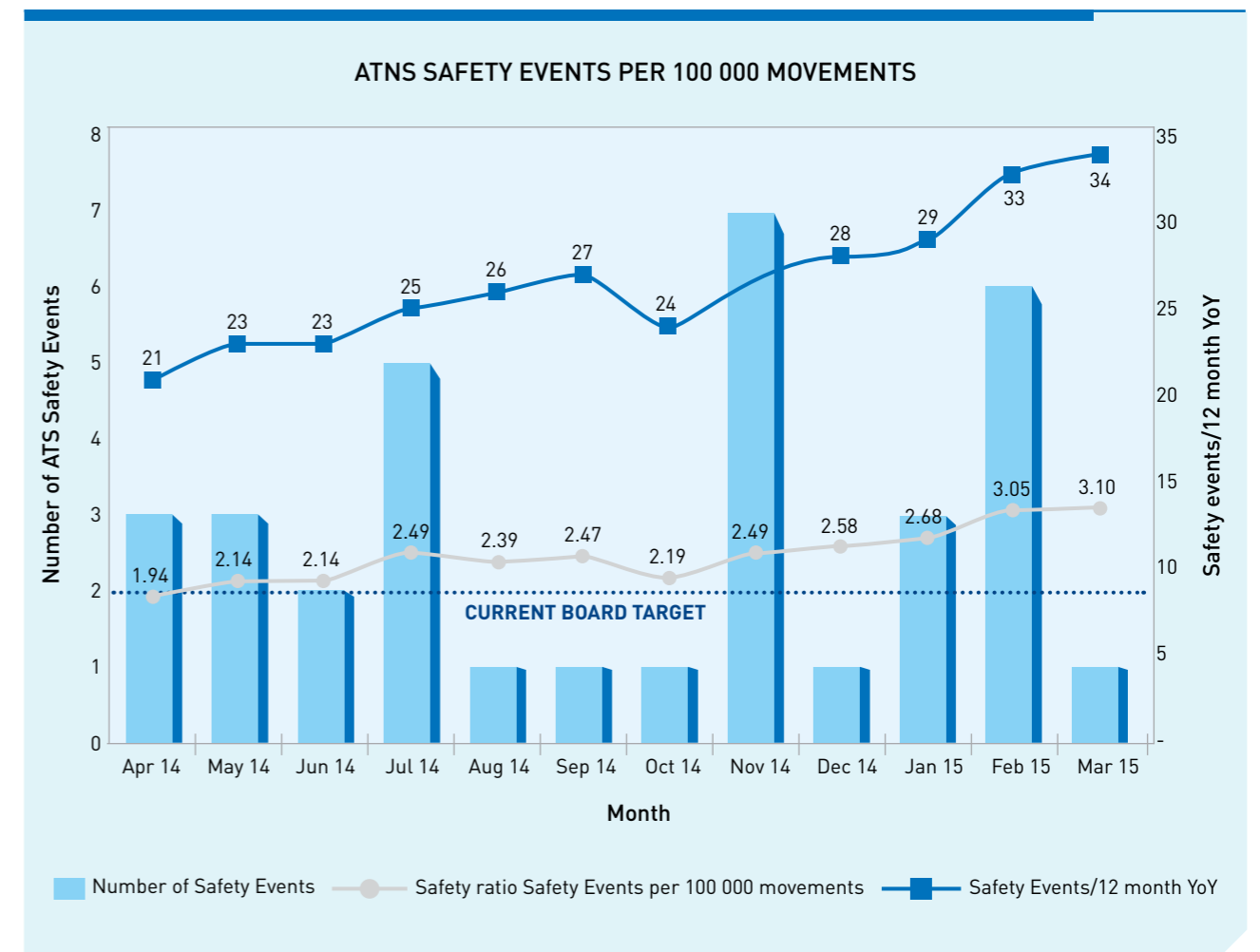
The current set of performance indicators are based on benchmarking activities that originated with CANSO during the year 2000. These indicators were adopted by the ATNS Board and Executive Committee over the years, given that the SACAA had not promulgated the required target levels of safety for the State (South Africa). While the first performance

indicator is acceptable to ATNS and, as such cannot be changed given that this is the desired outcome, the remaining two indicators have not evolved. Further research is required on the remaining indicators given that the safety ratio and SSE scheme have flaws that could place ATNS in a false sphere of security.

### Safety Risk Indicator (SRI)

A scoring system has been developed to present the SRI in a meaningful way. Overall, 25 blocks are assigned a value where the high risk safety events score a low value and the low risk safety events score a high score. This information is then plotted onto the SRI classification table (Figure 17). To assess which safety events fall within the acceptable,

Graph 1: ATNS safety performance: safety events per 100 000 movements as at 31 March 2015



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tolerable and intolerable ranges, the safety risk tolerability matrix from Chapter 5 of the ICAO Safety Management Manual (DOC 9859) is utilised to determine these ranges.

The calculated ranges are as follows:

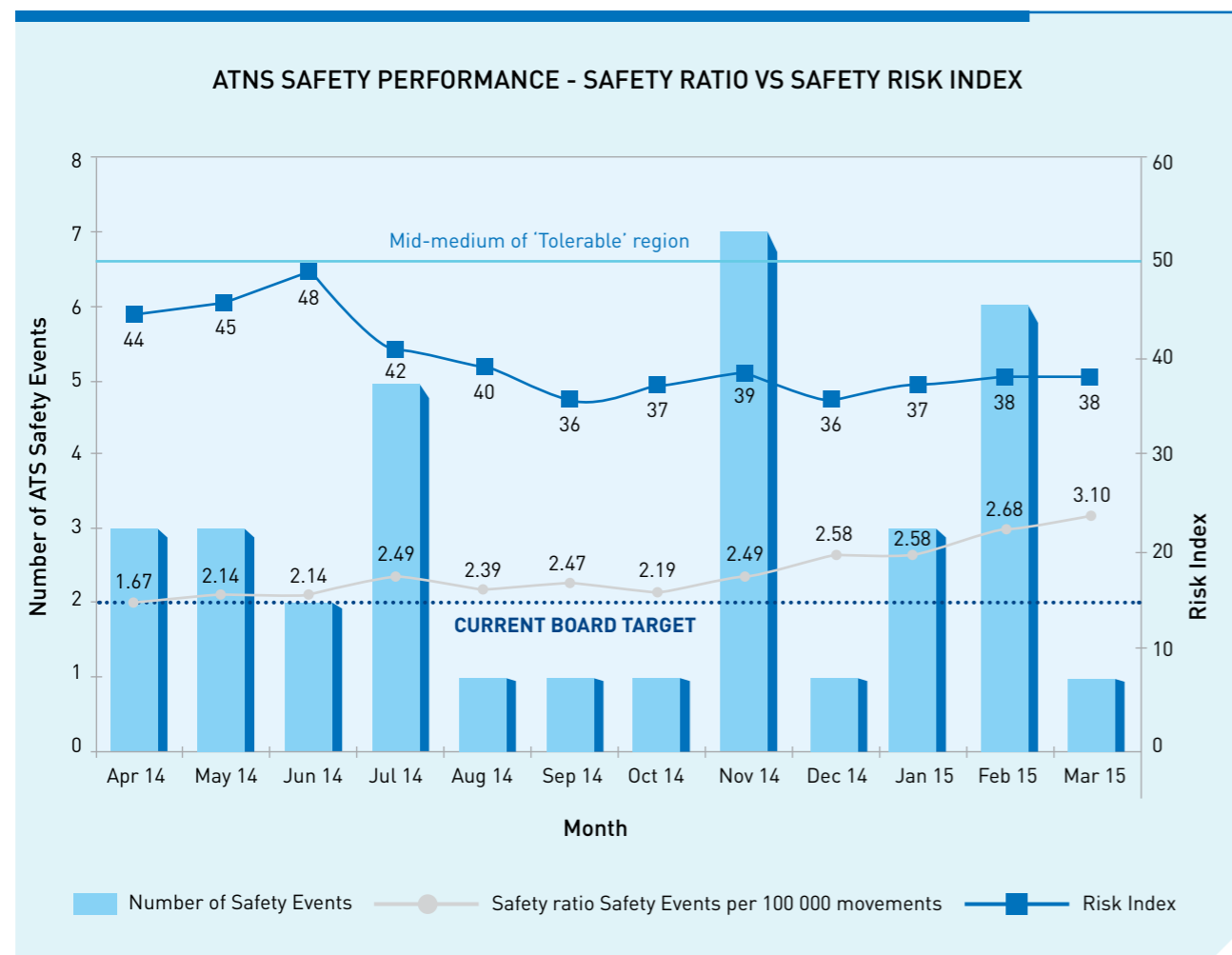
- "Acceptable" range - between 100 and 77 (Green);
- "Tolerable" range - between 76 and 27 (Yellow); and
- "Intolerable" range - between 26 and 0 (Red).

To enhance performance information in relation to the current safety ratio (events per 100,000 aircraft movements), which fall within a 12-month moving average, additional research is conducted into past safety events and these are converted (using the RAT

and the scoring system) to calculate a 12-month moving average.

An average is determined for each month where there is more than one safety event and then included into the calculation for the moving average. Currently, ATNS displays safety performance data on two graphs utilising safety metrics: the first indicates the average safety risk to ATNS (Graph 1), with the value not being influenced by air traffic movements, and the second, indicates the existing safety ratio of safety events per 100,000 movements (Graph 2). Analysis of Graph 1 indicates that an acceptable performance is achieved where the safety ratio decreases towards 2.0 and below, and the SRI increases in value i.e., the lines of the graph diverge away from each other.

**Graph 2: ATNS safety performance: safety ratio vs. safety risk index as at 31 March 2015**



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In some cases the SRI can continue to increase (improve), indicating lower risk to ATNS for safety events, even though the number of safety events may have increased, including the safety ratio (i.e. reference for January 2014). A midpoint median has been determined to be at 50 points in the "Tolerable" region. It is proposed that the SRI target should be at this midpoint and the improvements increasing towards the "Acceptable" region.

**Figure 17: SRI Classification Table**

		Serious	Major	Significant	Minor	No safety effect
		A	B	C	D	E
Very Frequent	5	5A 4	5B 12	5C 24	5D 52	5E 72
Frequent	4	4A 8	4B 25	4C 36	4D 56	4E 76
Occasional	3	3A 20	3B 32	3C 48	3D 68	3E 88
Rare	2	2A 28	2B 44	2C 64	2D 84	2E 96
Extremely Rare	1	1A 940	1B 60	1C 80	1D 92	1E 100

**Table 28: Quarterly safety performance for 2014/15**

Targets 2013/14	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual
≥ 99,992%	99,995%	99,996%	99,995%	99,994

### A skilled and capable workforce

#### Our management approach

ATNS's continued success relies on its ability to attract, recruit and retain diverse, qualified and skilled professionals. The Company's Human Resource (HR) function monitors HR developments in the local and global labour markets as well as in the air navigation sector to benchmark performance standards and market-related remuneration levels. The Company's Human Capital Strategy is adjusted to align with ATNS' strategic objectives as well as the specific national developmental objectives outlined in the Company's Shareholder Mandate and associated key performance areas.

The HR function also partners with the business to define and promote the desired organisational behavioural aspects – such as integrity, safety and harmlessness – that align with the Company's value system and supports the ATNS organisational culture. These values are incorporated in the Company's HR processes, policies and procedures.


The Company's Human Capital mandatory objectives provide a medium- to long-term contextual framework for the following human resource components:


- Implementing a Human Resources Business Partner Model (HRBP).
- Implementing an upgraded remuneration and reward policy.

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- Developing clearly defined human resources processes which optimise the HR function.
- Developing a five-year employment equity Plan.
- Developing a Human Capital Plan for the permission process.
- Facilitating a collective bargaining process, and finalising a new substantive agreement.

ATNS's human resource philosophy promotes an in-depth understanding of the business among employees, together with an appreciation for their unique roles within the organisation's value chain. The Company uses a balanced score-card approach to measure individual and team performance relative to ATNS' strategic objectives. Various initiatives have been introduced to ensure organisational alignment and a collaborative culture, as the Company continues to transform in line with its commercial, developmental and expansionary aspirations.

 Refer to page 45 in this report for a consolidated view of how ATNS embeds its desired organisational behavioural aspects within the Company.

 Refer to page 72 in the ATNS-IR for ATNS's remuneration philosophy.

### Excellence through development

The flagship Women's Development Programme continues to provide development opportunities within the following streams:

- The **WITS Aviation Management Development Programme**, which was developed specifically for ATNS, provides management training with an Aviation perspective. To date, 32 women have graduated from this programme.
- The **ATNS Coaching and Mentoring Programme** provides combined training and interaction sessions with coaches. To date, 4 executives, 6 senior managers and 2 managers (women) have been selected to participate, with dedicated

coaches from different work streams in the organisation.

- The **New Management Coaching Programme** provides external coaches for newly appointed female senior managers and managers and is designed to enhance participants' abilities to acclimatise to and function optimally in their management roles.
- The **IATA Aviation Management Diploma** provides preferential training opportunities for female employees.
- The **PA and Secretary Programme** provides development opportunities for PAs and Secretaries to enhance their office management skills.

As ATNS drives transformation throughout its operations, the Company continues to build a strong HR function and to assess operational performance against local and global professional norms. In so doing, we are able to identify points of concern related to organisational change (e.g. low levels of morale, increased absenteeism or higher staff turnover) as well as opportunities to innovate (e.g. enhancing leadership capability or promoting career development based on unique talents and competencies). ATNS recognises that organisational development is sustained by individual development, which in turn relies on an organisational culture that encourages people to experience, reflect and grow.

The ATNS Leadership Blueprint, developed in 2009, continues to promote organisational leadership through the following initiatives:

- Executive coaching.
- The Women's Development Programme.
- The ENAC Masters Programme.
- Executive Development Programmes.
- International Leadership Development.

There was a general increase in absenteeism for the period under review, from a total of 5,060 days lost in 2012/13 to 9,727 days lost in 2013/14 and 10,915 days lost in 2014/15.

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### Employee wellness: managing change and building leadership

Employee wellness forms an integral part of ATNS's overall Human Capital Strategy. For ATNS, an operational environment that is anything less than performance-oriented could impact the Company's overall efficiency and performance, lead to incurred costs as a result of absenteeism and pose a safety risk.

**Table 29: Overview of annual absenteeism within ATNS**

Gender	2011/12	2012/13	2013/14	2014/15
Male	4,140	2,538	5,017	6,112.4
Female	5,659	2,522	4,710	4,802.6
<b>Total</b>	<b>9,799</b>	<b>5,060</b>	<b>9,727</b>	<b>10,915</b>

**Table 30: Leave type calculated quarterly for 2014/15**

Leave Type	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2014/15 Total	2013/14 Total
Annual Leave	3,168	3,697	6,783	5,823	19,471	21,409
Sick Leave	1,104	1,526	1,858	1,561	6,049	6,173
Maternity Leave	2,222	372	294	605	3,493	2,163
Unpaid Maternity Leave	38	25	20	25	108	284
Family Responsibility Leave	114	185	178	167	644	658
Study Leave	97	89	223	36	445	695
Special Leave	47	67	36	26	176	724

**Table 31: Total turnover of ATNS employees for 2014/15**

Occupational Level	Black Men	Black Women	Indian Men	Indian Women	Mixed Race Men	Mixed Race Women	White Men	White Women
Top Management	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0
Professional	3	1	0	0	0	0	0	0
Skilled	12	7	2	1	1	3	11	4
Semi-Skilled	1	1	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
<b>Total</b>	<b>16</b>	<b>9</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>11</b>	<b>4</b>

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**Table 32: Total new ATNS employees hired during 2014/15**

Occupational Level	Black Men	Black Women	Indian Men	Indian Women	Mixed Race Men	Mixed Race Women	White Men	White Women
Top Management	0	0	0	0	0	0	0	0
Senior Management	1	1	0	0	0	0	0	0
Professional	2	5	0	0	0	0	0	0
Skilled	35	24	2	0	2	4	9	4
Semi-Skilled	4	1	0	0	1	0	0	0
Unskilled	2	12	0	0	0	0	0	0
<b>Total</b>	<b>44</b>	<b>43</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>4</b>	<b>9</b>	<b>4</b>

### Performance management and reward

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

During the year, all applicable employees' performance reviews were processed and performance management schedules were compiled, reflecting the proposed increases, based on the performance management directive.

The performance management process and its data was moderated by audit firm, PriceWaterhouseCoopers. This process entailed, inter alia, validating scores, verifying accuracy, evaluating the organisation's performance management system and actual performance, and offering recommendations for continuous improvement.

The moderated performance management schedules were forwarded to Executives for recommendations and sign-off. Recommendations were incorporated

and final sign-off was obtained. The scores reflected that most employees in the organisation are meeting expectations in terms of their routine objectives.

ATNS and the recognised trade union, Solidarity, entered into a four-year substantive salary agreement that will commence on 1 April 2015. Contained in this agreement is a newly developed performance management system, which applies to all employees within the administrative bargaining unit. This scheme will, furthermore, be applicable to all administrative employees outside the bargaining unit in administration as well as selected Technical Bargaining unit positions. The focus of this scheme is to align performance to strategic objectives, professional competencies and industry expectations. ATNS's reward and remuneration practices are aligned to selected international and appropriate local markets and comply with all relevant laws and regulations.

### Promoting excellence through recruitment and training

ATNS continues to recruit, train and develop its staff to ensure the adequate supply of skills within the Company's operational departments. Globally regarded as a beacon of safety in airspace navigation, ATNS is regarded as a centre of excellence and an institute of reference. This standing can only be maintained if ATNS continues to employ and develop competent people who are aligned with the Company's

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desired culture of safety, professional excellence and sustainability awareness.

ATNS's divisional training institution, the Aviation Training Academy (ATA), provides a full range of air traffic services training, technical support training and related training to delegates in South Africa and the broader African continent. Training is facilitated in the disciplines of engineering, air traffic services and management. The ATA is an ISO9001:2000 accredited institution and has international cooperation agreements with partners such as the Embry Riddle Aeronautical University, ENAC and WITS, enabling the ATA to maintain mutually beneficial partnerships in the presentation and accreditation of ATS International courses.

### Contributing to a pool of engineering skills

ATNS drives the recruitment of engineering learnerships from accredited institutions, thereby further contributing to the overall development of a qualified pool of engineering skills nationally. Typically, ATNS recruits ten students annually; however, during the year the Company awarded six engineering learnerships and certified five engineering graduates. Successful students from the learnership pipeline usually feed into the pool of qualified engineering technicians and junior systems engineers.

The number of ATS bursars and engineering learnerships for the year are outlined in Table 33.

**Table 33: Number of ATS bursars and engineering learnerships**

Discipline	2010/11	2011/12	2012/13	2013/14	2014/15
ATS bursars	108	69	47	74	80
Engineering learnerships / Graduates	10	17	12	6 learnerships 4 graduates	21
CSI Bursar	0	0	0	0	2

Table 34 illustrates the current complement in these disciplines.

**Table 34: Operations numbers**

Discipline	2013/14 complement	2014/15 complement
ATSO	137	155
ATCO1	109	107
Trainee engineering technicians	14	0
Assistant engineering technicians	15	15
Engineering technicians	71	87

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### Internal training

Since 2009, ATNS has trained a total of 2,034 students in ATS-related disciplines and 1,516 students in engineering-related disciplines, at an average pass rate of 92,2%.

The continual training of ATS personnel and engineers through the current training pipeline has resulted positively in the growth of qualified ATCO1s (Air Traffic Control Officers) and engineering technicians.

### External training

Since 2009, ATNS has trained a total of 583 ATS and 384 engineering students, at a pass rate of 92%.

Table 35 shows the overall staff requirement including ATS core personnel, bursary students and learnerships for the year under review, whilst Table 36 shows an expanded view of traffic service and engineering bursars and learnerships.

**Table 35: Overall staff requirement including ATS personnel, bursary students and learnerships**

Year ending	Actual March 2012/13	Actual March 2013/14	Actual March 2014/15	SR reported 2014/15	Forecast March 2015/16
ATNS core	1,021	1,110	1,129	1,093	1,136
VSAT/NAFISAT (finance)	4	3	8	4	8
VSAT/NAFISAT (technical services)	6	4	4	6	5
<b>Total</b>	<b>1,031</b>	<b>1,117</b>	<b>1,141</b>	<b>1,103</b>	<b>1,149</b>

**Table 36: Expanded view of traffic service and engineering bursars and learnerships**

Year ending	Actual March 2011/12	Actual March 2012/13	Actual March 2013/14	Actual March 2014/15	SR reported 2014/15	Forecast March 2015/16
ATSO	128	122	137	155	142	138
ATCO 1	117	116	109	107	119	119
ATCO 2	40	42	40	34	37	37
ATCO 3	189	190	206	210	226	226
Graduate engineers/ Learnerships	12	0	10	10	11	16
Technical specialists	11	12	13	16	18	20
Engineering technicians	75	75	71	87	84	79
<b>Total</b>	<b>572</b>	<b>557</b>	<b>586</b>	<b>619</b>	<b>637</b>	<b>635</b>

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### Positive community involvement

ATNS's commitment to expanded social transformation is expressed in its community development programmes. ATNS's Corporate Social Investment (CSI) aims to empower and uplift those most vulnerable in society. The focal point of these initiatives is to ensure long-term social sustainability amongst communities identified and assisted by ATNS. In support of Government's socio-economic development objectives, ATNS's total spend on Corporate Social Investment (CSI) for 2014/15 was R1,730 000, which contributed to the Company's achievement of an overall B-BBEE score of Level 2.

### ATNS Corporate Social Investment (CSI) Strategy

ATNS's Corporate Social Investment Strategy is driven by the Company's requirement to align its strategy to national socio-economic developmental imperatives; as well as national Government outcomes and the DoT's departmental outcomes. ATNS delivers its CSI initiatives through two vehicles: a staff volunteerism approach and corporate projects. Staff

volunteerism programmes recognise that ATNS's employees live within the broader South African social context and are, therefore, well placed to identify deserving CSI projects. It further encourages employees to identify projects within their own communities for CSI participation according to the Company's approval and funding guidelines.

ATNS aims to build a comprehensive database of projects to facilitate an analysis of the trends associated with the different social areas requiring most assistance, such as education, job creation, and environmental projects or HIV/Aids projects. Within a three-year period the Company will determine which areas should become ATNS's formal CSI target areas for on-going funding and support.

As a technology-driven organisation, ATNS envisages that its CSI strategy, once embedded, will be directed to prioritise CSI initiatives which encourage research and technology development. The organisation's future CSI focus on technology will be driven through the R&D forum developed in 2012 known as Avi Afrique and will continue to explore new initiatives aligned with the Company's strategy.

### Container Library Project

The Container Library Project is a joint initiative between ATNS and Breadline Africa. The project facilitates the conversion and refurbishment of old containers into libraries to be donated to underprivileged schools. The project further involves the procurement and donation of books and the training of library management personnel. This project commenced in 2013/14 and was completed in 2014/15.

ATNS and Breadline Africa have identified four schools from three different provinces that will benefit from this initiative based on the selection criteria from Breadline Africa:

- Selowe Primary School – Limpopo Province
- Ineeleng Primary School - North West Province
- Dirisanang Intermediate School - Free State Province
- Lujecweni Primary School - Eastern Cape Province



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### Maths & Science Programme

ATNS has identified the Maths and Science Programme as a flagship programme which aims to support the development of Mathematics and Science in rural-based schools. The Company donated a series of computers to Highveld Secondary School in Mpumalanga along with an installed system called "Y-Teach". Y-Teach assists teachers to enhance teaching practices with the assistance of film-based media to provide class exercise, simulations, animations and complete white-board lessons. Y-Teach further provides educators with over 30,000 interactive professional resources for Grades 8 to 12. The project was officially handed over to the School and the community by the Deputy Minister of Transport in the beginning of the year.

Working with EduTrade in promoting education, ATNS is also donating a refurbished science laboratory, library and computer centre to Ngotshe Secondary School in KwaZulu-Natal. EduTrade will also provide Maths and Science Workshops for teachers from Ngotshe Secondary School and three more neighbouring school in the area. The Company has identified education as a critical enabler of a successful future and has prioritised Maths and Science programmes within rural communities with limited educational resources and support.

### Badplaas Project: Bantfwabetfu Secondary School and Elukwatini Community Hall

ATNS is assisting Bantfwabetfu Secondary School, situated in the town of Badplaas in the Mpumalanga Province, with a much needed infrastructure upgrade project. The school is one of the oldest in the area. The Company has upgraded a classroom and administration block and has also refurbished learning tools and equipment. A sporting facility has also been constructed for the school. Other structural upgrades have included the enhancement of information technology access through a new computer laboratory and the refurbishment of the school's main library and science laboratory. The Bantfwabetfu Secondary School project will be rolled out over the next three to five years, and will ultimately extend to include the upgrade of the nearby Elukwatini Community Hall.

### Beacon Valley

ATNS and Airports Company South Africa jointly own land in the Western Cape which is not currently being utilised. The nearby community has made representation to the municipality for the land to be used as a recreational facility. Following the Western Cape City Council's request for ATNS to partner them, ATNS is exploring the possibility of converting the land into a sports facility. The applicable legislation/by-laws would be considered before any project can be commissioned.

### Launch of school container library at Qibi Primary School



### Launch of school container library at Lujecweni Primary School



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Table 37: A summary of ATNS's projects supported together with invested amounts for the year 2014/15

No	Project	Amount	% of spend Benefiting Disadvantaged Communities
1	Selowe Primary School	R 560,000.00	100%
2	Bantfwabetfu Secondary	R 250,000.00	100%
3	Ngotshe Secondary School	R 250,000.00	100%
4	Beacon Valley	R 70,000.00	100%
5	Highveld Secondary	R 600,000.00	100%
	<b>Total Spend</b>	<b>R 1,730,000.00</b>	<b>100%</b>
	<b>1% of NPAT</b>	R 1,300,000.00	

ATNS will continue to support the development of Maths and Science programmes in schools from primary level in line with our sustainability framework. The Company will prioritise training of teachers through partnerships with the Department of Basic Education, both at National and Provincial levels, Universities, and other teacher training institutions and NGOs.

Table 38: Social sustainability risk impacts and opportunities

Risk 1: Safety related risks / failure to align with global air-traffic safety standards			
Risk classification	Risk impact	Opportunities	ATNS's response
<ul style="list-style-type: none"> <li>Physical</li> <li>Reputational</li> <li>Regulatory</li> <li>Financial</li> </ul>	Safety is the core driver for ATNS's collective efforts. In the ATM sector, safety incidents can have catastrophic impacts.	ATNS's key opportunity for expanding its operations into the continent is based on the issue of air traffic safety, as expressed through the maxim "working together for safer African skies". ATNS can play a leadership role in improving air-traffic safety in Africa through infrastructure management and skills transfer.	<ul style="list-style-type: none"> <li>Implementation of ASBU modules.</li> <li>Participation in CANSO safety workshops.</li> <li>The introduction of supervisors in Operations.</li> <li>Demand and capacity balancing in terminal airspaces (TMA).</li> <li>Participation in national airspace design review.</li> <li>Review, redesign and new procedure development.</li> <li>Introduction of automated processes / system (rostering tool).</li> <li>PANSOPS training for identified individuals.</li> </ul>

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Risk 2: Over-reliance on third party service providers			
Risk classification	Risk impact	Opportunities	ATNS's response
<ul style="list-style-type: none"> <li>Financial</li> <li>Institutional</li> <li>Regulatory</li> </ul>	An over-reliance on third party service providers could result in institutional knowledge being drained from the Company rather than forming part of ATNS's institutional knowledge. Further, ATNS could face additional risks of non-compliance with safety or professional standards, which in turn may cause regulatory risks, reputational harm and financial losses.	ATNS can build lasting strategic partnerships with key suppliers and industry partners. These relationships should be built on trust, relevance, flexibility and be mutually beneficial. Skills transfer and process improvements can become an important aspect of these relationships, particularly in terms of the Company's expansion strategy.	<ul style="list-style-type: none"> <li>Approved supplier database.</li> <li>Service level agreements (SLAs).</li> <li>Annual review of the disaster recovery plans.</li> <li>Regular testing of the contingency plans.</li> <li>Supplier code of conduct.</li> <li>ATNS training and leadership development programmes.</li> </ul>
Risk 3: Failure to source critical skills that are globally in demand			
Risk classification	Risk impact	Opportunities	ATNS's response
<ul style="list-style-type: none"> <li>Institutional</li> <li>Physical</li> </ul>	The failure to attract, recruit and retain critical skills can result in reduced competency, efficiency and productivity for the Company. Operating in the ATM sector, these can have catastrophic consequences in terms of safety, reliability and cost-effectiveness.	ATNS can leverage its existing skills expertise and institutional knowledge as it expands into the African continent to transfer skills to other countries that lag in skills and social development.	<ul style="list-style-type: none"> <li>ATNS's training academy (ATA) and training programmes provide a pipeline of skilled engineering graduates.</li> <li>Implementation of human capital plan to address skills shortages.</li> <li>Workshop the internal parity exercise for ET instructors.</li> <li>Formal HR benchmarking process.</li> <li>Review, refinement and implementation of ATNS training.</li> <li>Succession Planning for core critical positions.</li> <li>Skills development programmes – e.g. Leadership Development Blueprint.</li> </ul>
Risk 4: Failure to achieve the target employment equity (EE) and B-BBEE targets			
Risk classification	Risk impact	Opportunities	ATNS's response going forward
<ul style="list-style-type: none"> <li>Institutional</li> <li>Regulatory</li> </ul>	Employment equity remains a business imperative for ATNS. If we fall short of our EE targets we will fail to align with national demographics and the integrated transport sector's B-BBEE charter.	As a State-Owned Company, ATNS can set the bar high in terms of a transformative organisational structure; and play a leadership role in reflecting national demographics by creating a balanced profile of employees through all occupational categories and levels in the workforce.	<ul style="list-style-type: none"> <li>The Board approved the five-year ATNS EE plan.</li> <li>ATNS's B-BBEE strategy addressing management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development.</li> <li>Enterprise Development and Preferential treatment policy.</li> <li>Improve the Skills Development Forum agenda to be aligned to the Skills Development Act requirements.</li> <li>Implement the Recruitment Strategy to promote ATNS careers and attract suitable EE/PWD candidates.</li> </ul>

## ENVIRONMENTAL PERFORMANCE

### Introduction

Climate change has been identified as a global risk with overwhelming uncertainties, requiring collaborative efforts from organs of State and global organisations. ATNS has identified climate change as a key risk impacting the long-term sustainability of the business. As air traffic movements are expected to increase, flexible optimisation of the airspace is required to ensure that safety and an operationally efficient environment are achieved. The aviation industry's impacts on the environment are evident globally and appropriate legislative frameworks are being adopted by the ATM sector world-wide. South Africa is a signatory to the Chicago Convention, which established the International Civil Aviation Organization (ICAO) as a specialised agency of the United Nations. ICAO has made commitments to curb emissions in response to the United Nations Framework Convention on Climate Change (UNFCCC). As an ICAO member state, South Africa, and ATNS in

particular, has an implicit and seminal role to play on the African continent to promote maximum compatibility between the safe and orderly development of civil aviation on the one hand and the quality of the environment on the other.

ATNS, in line with its Shareholder mandate from the Department of Transport, is committed to meeting its responsibilities with reference to environmental sustainability, and integrating sustainability principles within the Company's activities, products and services. This approach enables ATNS to make strategic decisions that consider environmental impacts in the organisation's entire life cycle, from planning to the de-commission stage. Accordingly, the Company is well positioned to play a leadership role in promoting accountable and environmentally sustainable business practices on the continent. ATNS's environmental sustainability reporting relates to both the Company's own environmental impacts, as well as the implications of environmental sustainability and climate change for its customers and the wider aviation industry.

Figure 18: Environmental sustainability drivers







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### Material environmental aspects

Table 39: Consolidated view of material environmental issues linked to strategy


Strategic objective	Material issue	Why it is material to ATNS	Applicable Key Performance Areas (KPA) to measure the effectiveness of our management approach	Management approach
 Develop integrated approach to promoting awareness and accountability for environmental protection	Embedding a culture of sustainability with a focus on environmental sustainability.	ATNS approaches the management of climate change and sustainability performance within the organisation strategically. Although ATNS is in the early stages of its sustainability journey, the Company is committed to making environmental sustainability practices part of our core business, not to simply achieve compliance, but to ensure a viable, relevant and sustainable future for the Company. Training and education on environmental impacts and socially responsible behaviour form an integral part of the Company's overall drive to create long-term environmental sustainability.	<b>KPA-3: The fight against fraud and corruption.</b> 3.1. Comply with relevant legislation, regulation and standards. <b>KPA-4: Environmental protection.</b> <ul style="list-style-type: none"> <li>Minimise gaseous emissions.</li> <li>Human resource training on matters of sustainability.</li> <li>Performance assessment.</li> </ul>	<ul style="list-style-type: none"> <li>Awareness training and education of employees on environmental protection and integration of sustainability.</li> <li>Appointment of adequate resources to deliver on the strategy.</li> <li>Continuous, transparent communication on key environmental elements.</li> <li>Review of current policies, processes and procedures.</li> </ul>
	Reducing CO <sub>2</sub> emissions.	Climate change may contribute to a number of changes in weather patterns including an increased frequency and intensity of severe weather events. Such environmental events negatively impact the aviation industry. ATNS recognises the need to understand potential risks associated with climate change and, therein, ensuring safe and efficient air transport. The risks of not doing so are very high as it directly impacts on safety.	<b>KPA-1: Transport safety and security.</b> 1.2. Airspace capacity and efficiency. 1.3. Operational efficiency. 1.4. Operational efficiency. 1.6. Performance-Based Navigation (PBN). <b>KPA-3: The fight against fraud and corruption.</b> 3.1. Operational efficiency. Comply with relevant legislation, regulation and standards. <b>KPA-4: Environmental protection.</b> <ul style="list-style-type: none"> <li>Minimise gaseous emissions.</li> <li>Human resource training on matters of sustainability.</li> <li>Performance assessment.</li> </ul>	<ul style="list-style-type: none"> <li>INSPIRE initiative.</li> <li>ASBU block upgrades.</li> <li>Performance Based Navigation (PBN).</li> <li>Airspace optimization and efficiencies.</li> <li>Procedure design.</li> <li>Oceanic random routing.</li> </ul>

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Strategic objective	Material issue	Why it is material to ATNS	Applicable Key Performance Areas (KPA) to measure the effectiveness of our management approach	Management approach
 Manage and preserve scarce and vulnerable resources	Managing natural resources: electricity, water and fuel.	ATNS provides a service to the airspace users within South Africa on a sustainable basis to meet user expectations in terms of safety, efficiency, predictability and affordability. In providing this service ATNS does not consume raw material or natural resources in a production process. However, ATNS provides a service within South African sovereign and delegated airspace, and in this context airspace can be considered a natural resource. The services of ATNS, therefore, influence the impact airspace users have on natural capital through gaseous emissions and noise. Further, ATNS uses energy to provide communication, navigation and surveillance services to the airlines and to facilitate the safe movement of aircrafts in the controlled airspace.	<b>KPA-1: Transport safety and security.</b> 1.2. Airspace capacity and efficiency. 1.3. Operational efficiency. 1.4. Operational efficiency. 1.6. Performance-Based Navigation (PBN). <b>KPA-4: Environmental protection.</b> <ul style="list-style-type: none"> <li>Minimise gaseous emissions.</li> <li>Human resource training on matters of sustainability.</li> <li>Performance assessment.</li> </ul>	<ul style="list-style-type: none"> <li>INSPIRE initiative.</li> <li>ASBU block upgrades.</li> <li>Performance-Based Navigation (PBN).</li> <li>Airspace optimisation and efficiencies.</li> <li>Procedure design.</li> <li>Oceanic random routing.</li> <li>IT repositioning - green IT.</li> <li>Energy efficiency initiative.</li> <li>Green office management.</li> </ul>

## ENVIRONMENTAL PERFORMANCE



Strategic objective	Material issue	Why it is material to ATNS	Applicable Key Performance Areas (KPA) to measure the effectiveness of our management approach	Management approach
 Manage and preserve scarce and vulnerable resources	Reducing aircraft noise and improving airspace air quality.	ATNS supports the activities of ICAO's technical Committee on Aviation Environmental Protection (CAEP) in establishing global standards and recommendations for minimising the impact of aviation on the environment, and specifically the reduction of airspace noise and improvement of airspace air quality. The key risk associated with not addressing aircraft noise is the adverse reactions of communities impacted by the noise. This could lead to complications and delays in future development and expansion of airports. Additionally, this could lead to flight restrictions, which may have a negative impact on fuel burn as aircraft may be forced to use a less efficient route to minimise noise.	<b>KPA-1: Transport safety and security.</b> 1.2. Airspace capacity and efficiency. 1.3. Operational efficiency. 1.4. Operational efficiency. <b>KPA-4: Environmental protection.</b> <ul style="list-style-type: none"> <li>Performance assessment of noise abatement initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>ASBU block upgrades.</li> <li>Noise monitoring and modelling.</li> <li>Compliance to legal requirements; Environmental Impact Assessment Record of Decision (EIA- ROD).</li> <li>Noise abatement procedures.</li> <li>Procedure design "clean speed".</li> </ul>
	Reducing impacts of aviation on sensitive biodiversity areas and protected habitats.	ATNS supports the activities of ICAO's technical Committee on Aviation Environmental Protection (CAEP) in establishing global standards and recommendations for minimising the impact of aviation on the environment. ATNS's activities and services have the potential to impact on biodiversity areas. The Organisation's activities and services have been aligned to assess impacts on sensitive areas and develop processes and monitoring programmes to preserve biodiversity areas. Key sensitive biodiversity areas have been identified and these have been regulated in order to preserve them and minimise the impact of aviation on them.	<b>KPA-1: Transport safety and security.</b> 1.2. Airspace capacity and efficiency. 1.3. Operational efficiency. 1.4. Operational efficiency. 1.6. Performance-Based Navigation (PBN). <b>KPA-3: The fight against fraud and corruption.</b> 3.1. Operational efficiency. Comply with relevant legislation, regulation and standards. <b>KPA-4: Environmental protection.</b> <ul style="list-style-type: none"> <li>Minimise gaseous emissions.</li> <li>Human resource training on matters of sustainability.</li> <li>Performance assessment.</li> </ul>	<ul style="list-style-type: none"> <li>ASBU block upgrades.                             <ul style="list-style-type: none"> <li>Performance-Based Navigation (PBN).</li> <li>Airspace optimisation and efficiencies.</li> <li>Procedure design.</li> <li>Oceanic random routing.</li> </ul> </li> </ul>

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### Reduction of Aircraft CO<sub>2</sub> emissions

#### Our approach to managing CO<sub>2</sub> emissions

ATNS recognises that as an ANSP, it has an influence on carbon emissions from aircraft, mainly relating to the efficiency of the ATM network. ATNS further recognises the need to address GHG emissions from aviation activities, and that this requires the active engagement and cooperation of the Company and its various stakeholders.

Climate change may contribute to a number of changes in weather patterns, including an increase in frequency and intensity of severe weather events. ATNS recognises the need to understand the potential risks associated with climate change and, therein, to ensure safe and efficient air transport. The risks of not doing so are very high as it directly impacts on safety.

ATNS pursues enhanced operational efficiency for the organisation and its customers through various initiatives, including the implementation of the International Civil Aviation Organisation (ICAO) Aviation System Block Upgrades (ASBU) concept. The ASBU concept 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.

By aligning with the ASBU concept, ATNS is able to promote various operational efficiencies, including fuel efficient routing, optimal traffic flow management, Performance-Based Navigation (PBN) and attention to fuel optimal speed control. By continuously improving these processes, ATNS has an opportunity to provide added value to airspace users through a decrease in fuel usage, a reduction in fuel costs, and reduced environmental impact.

The following initiatives are at the centre of ATNS's operational efficiency drive:

#### Performance-Based Navigation (PBN)

Performance-based, fuel-efficient flying navigation utilises the improved navigation capability of aircraft

to enable more accurate operations in the departure, en-route and arrival phases of flight. The enhanced navigation capability allows for reduced separation between aircraft and facilitates optimum trajectories, resulting in reduced fuel burn and less CO<sub>2</sub> and noise emissions. We are also planning to further develop the continuous descent approaches. This initiative will allow for aircraft to use the minimum power setting and to reduce fuel burn during the descent and arrival phases of flight.

ATNS will implement PBN in South Africa, achieving the ICAO near-, and medium-term targets as articulated in the South African PBN Roadmap.

#### Airspace efficiencies

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

#### Procedure design

ATNS applies a design philosophy of 'clean speed arrivals and departures' and shortened routings, whenever flight procedures are being developed. The term 'clean speed' indicates that the aircraft flies at a speed and power setting that does not require the use of additional control surface (i.e., flaps, slats, and so forth). The ASBU initiatives of Continuous Climb Operations (CCO) and Continuous Descent Operations (CDO) are applied to all new designs as a matter of course. All flight procedure designs are subjected to the ICAO PBN process. Of significance in the process is the stakeholder involvement and consultation process.

#### Oceanic random routing areas

ATNS has been instrumental in implementing random routing within the Atlantic and Indian Ocean areas.

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This initiative allows aircraft to make optimum use of upper winds in their route planning and execution, enabling higher efficiencies and reduced fuel burn, with less CO<sub>2</sub> emissions. ATNS has implemented User Preferred Routes (UPR) in both the Indian and Atlantic Oceanic regions under its jurisdiction.

### Reduced vertical separation minima (RVSM)

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

### ATFM tool: balancing demand and capacity

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

### The INSPIRE initiative

As part of its on-going commitment towards reducing GHG emissions, ATNS is also one of the founding members of the Indian Ocean Strategic Partnership to Reduce Emissions (INSPIRE). The initiative is a partnership with airlines, ANSPs and airport partners to identify ways to reduce aviation's impact on the environment. The INSPIRE partnership is intended to be a collaborative network of partners and peer organisations across the Arabian Sea and Indian Ocean region, dedicated to improving the efficiency and sustainability of aviation. ATNS is currently exploring other initiatives aimed at reducing emissions in the Atlantic and continental areas.

Further, adding to the general benefits derived from less thrust being employed, the use of Performance-Based Navigation (PBN) ensures that the lateral path can also be routed to avoid more noise-sensitive areas.

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

Another good example of how the ASBU concept can improve airport operations is the use of collaborative decision-making (CDM), also known as A-CDM. Modules relating to A-CDM allow for the implementation of a collaborative set of applications and permit the sharing of surface operations data among the different operators at the airport. A-CDM aims to improve the management of surface traffic, leading to reduced delays on movement and manoeuvring areas. Apart from the enhanced safety, efficiency and situational awareness gained, A-CDM contributes to reduced taxi time, reduced fuel and carbon emissions, and reduced aircraft engine run time.

Several other modules are expected to deliver benefits through fuel savings and reduced CO<sub>2</sub> emissions. The Committee on Aviation Environmental Protection (CAEP) has undertaken an initiative to quantify these reductions, in order to provide member states and stakeholders with a better assessment of the expected environmental benefits.

ATNS fully endorses the ASBU initiative as it is essential in setting the vision and framework for the global harmonisation of air traffic management. ATNS is progressing well with its performance improvements through the implementation of all the relevant provision of ASBU 'Block 0' of the ICAO GANP by developing South African priorities and targets according to operational needs. ATNS's ATM Road map and integrated Technology plan form part of the South African National Airspace Master Plan, which in turn conforms to the ICAO GANP.

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### ICAO Block Upgrades: Minimising the adverse environmental impacts of civil aviation activities

According to ICAO, air traffic growth expands two-fold every 15 years. If not properly supported by the necessary regulatory and infrastructure framework, this growth can lead to an increase in safety risks and negative environmental impacts. A careful balance between these factors is critical for maintaining continued air traffic growth. A key challenge for the aviation community is the achievement of safety and operational improvements on a globally harmonised basis, while remaining environmentally responsible and cost-effective.

To meet this challenge, 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 Block Upgrade concept is a pragmatic 'system of modules', each one comprised of technologies and procedures that are structured to achieve a specific performance capability. Each module is

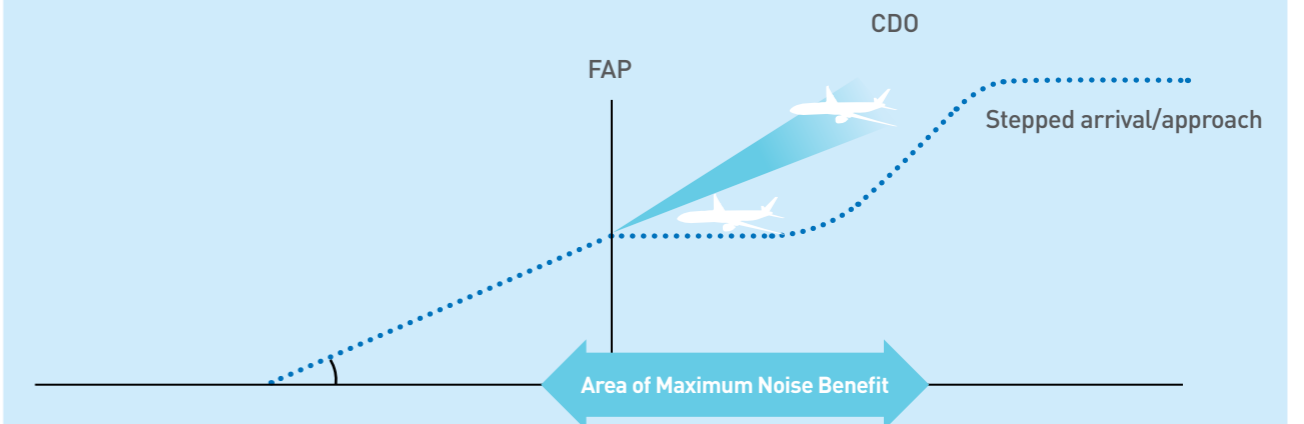
linked to one of four specific and interrelated performance improvement areas, namely:

1. Airport operations.
2. Globally interoperable systems and data.
3. Optimum capacity and flexible flights.
4. Efficient flight paths.

Structuring the modules in this way, the ASBU concept allows for a flexible global systems approach, which enables all member states to advance their own air navigation capabilities based on their specific operational requirements.

By implementing many of these modules, the adverse environmental effects of civil aviation activities can be minimised. For instance, modules that allow for improved flexibility and efficiency in descent and departure operations significantly reduce fuel burn and therefore provide fuel savings and reduced CO<sub>2</sub> emissions. Modules which apply the concept of Continuous Descent Operations (CDOs) feature optimised profile descents that enable aircraft to descend from high cruise altitudes to the final airport approach at minimum thrust settings, thus decreasing noise in local communities and using up to 30% less fuel than standard "stepped" approaches.

Figure 19: Example of continuous descent operation (CDO)



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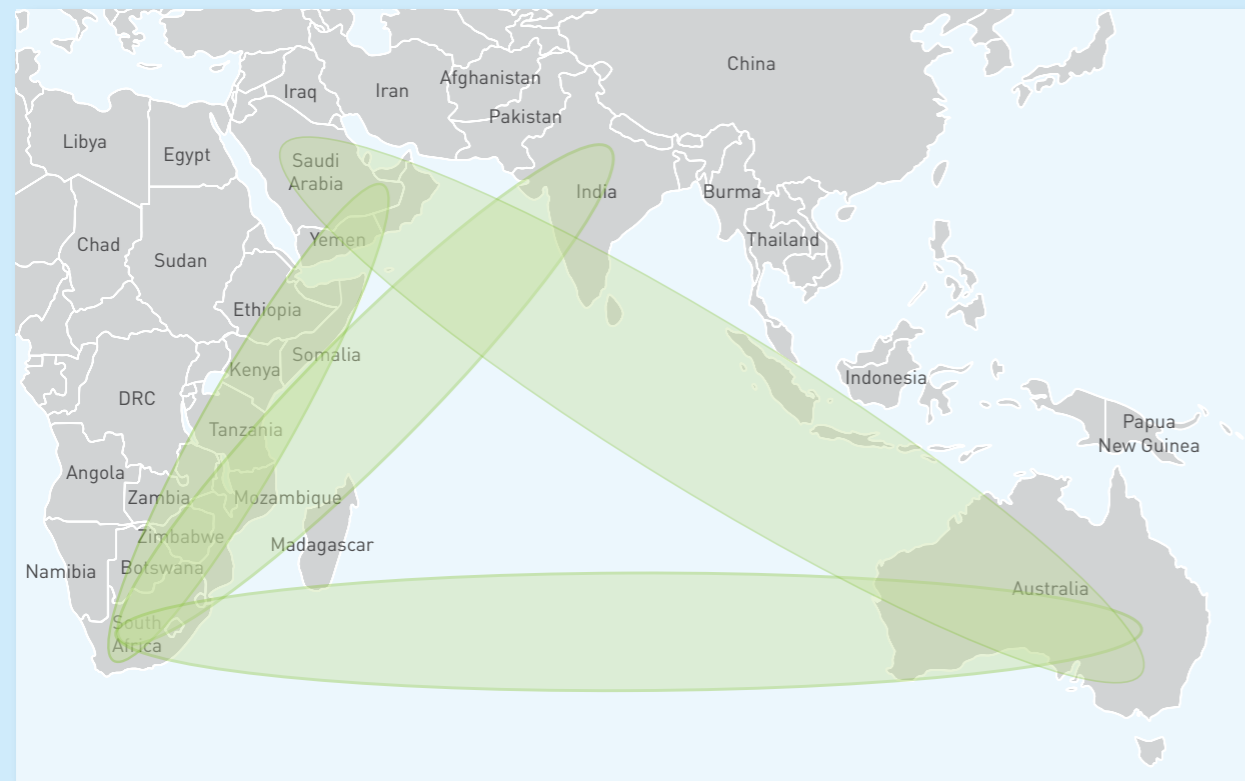


### The INSPIRE initiative

The aviation sector has a long and distinguished record of environmental achievement. Relative to other industries that emit global greenhouse gases (GHG), aviation's contribution represents only 3% of global greenhouse gas emissions. Technological advancement has significantly reduced aircraft fuel consumption and emissions on a per-passenger basis over the last 30 years, and the industry is committed to improving on this record. But we face a discernible challenge in the Asia Pacific region as air transport activity is expected to continue to grow steadily throughout the region. In order to meet the growing regional demand for air transportation, while maintaining the industry's leadership position, it is essential for aviation partners to collaborate on environmental stewardship.

On February 18, 2008, a multi-lateral partnership known as the Asia and South Pacific Initiative to Reduce Emissions (ASPIRE) was created in Singapore. The first air navigation service providers (ANSPs) to sign the ASPIRE joint statement were Airservices Australia, Airways New Zealand, and the Federal Aviation Administration. Since then ASPIRE has expanded to include Japan Civil Aviation Authority (JCAB) as a major partner. The civil Aviation Authority of Singapore (CAAS) joined the program in Feb 2010. These air navigation service providers aid flights in incorporating techniques to reduce fuel consumption and emissions, such as flying the most direct and optimum route between departure and destination. This also includes using ground power (instead of the aircraft's auxiliary power unit, which burns jet

Figure 20: INSPIRE initiative per region



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fuel), thereby minimising on-ground delays, utilising expedient taxi and preferential runways, and conducting uninterrupted climb and descent paths.

With positive results and the success with the ASPIRE model it was envisaged that the model would be expanded to other regions. Therefore, to complement this work, the Indian Ocean Strategic Partnership to Reduce Emissions (INSPIRE) was formed. INSPIRE is aimed at supporting operations in three distinct regions:

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

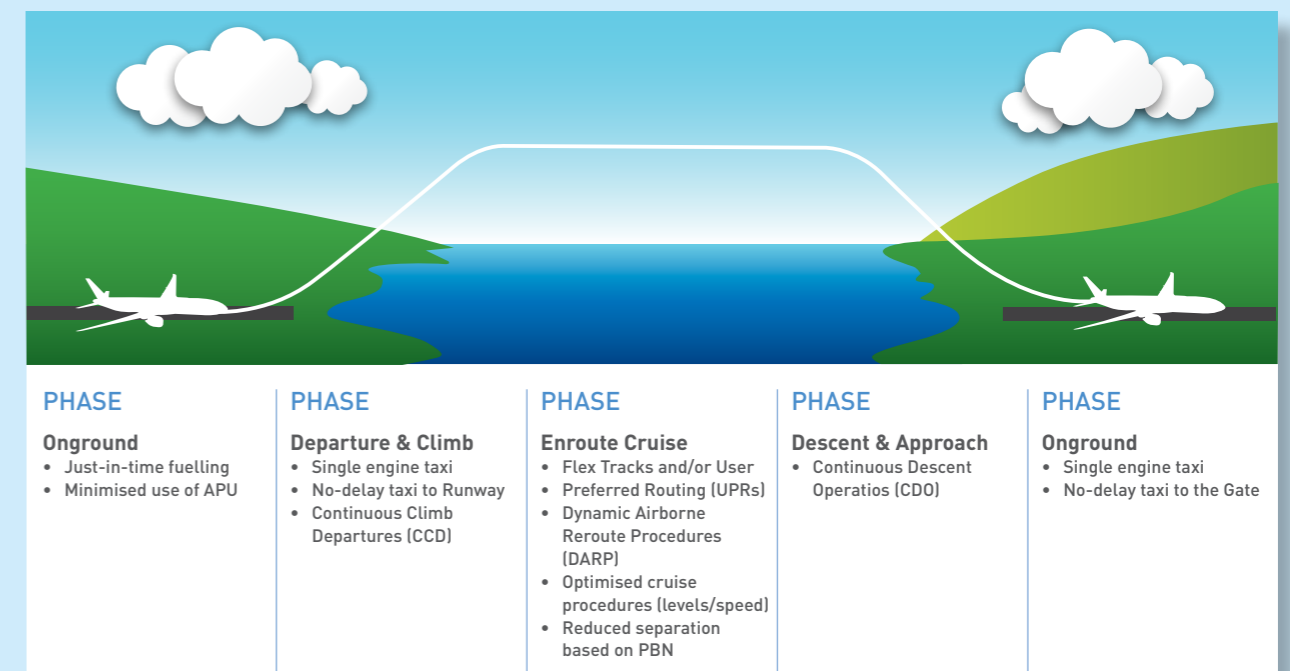
The partners under INSPIRE are committed to working closely with airlines and other stakeholders in the region in order to:

- Accelerate the development and implementation of operational procedures to reduce the

environmental footprint for all phases of flight on an operation by operation basis, from gate to gate;

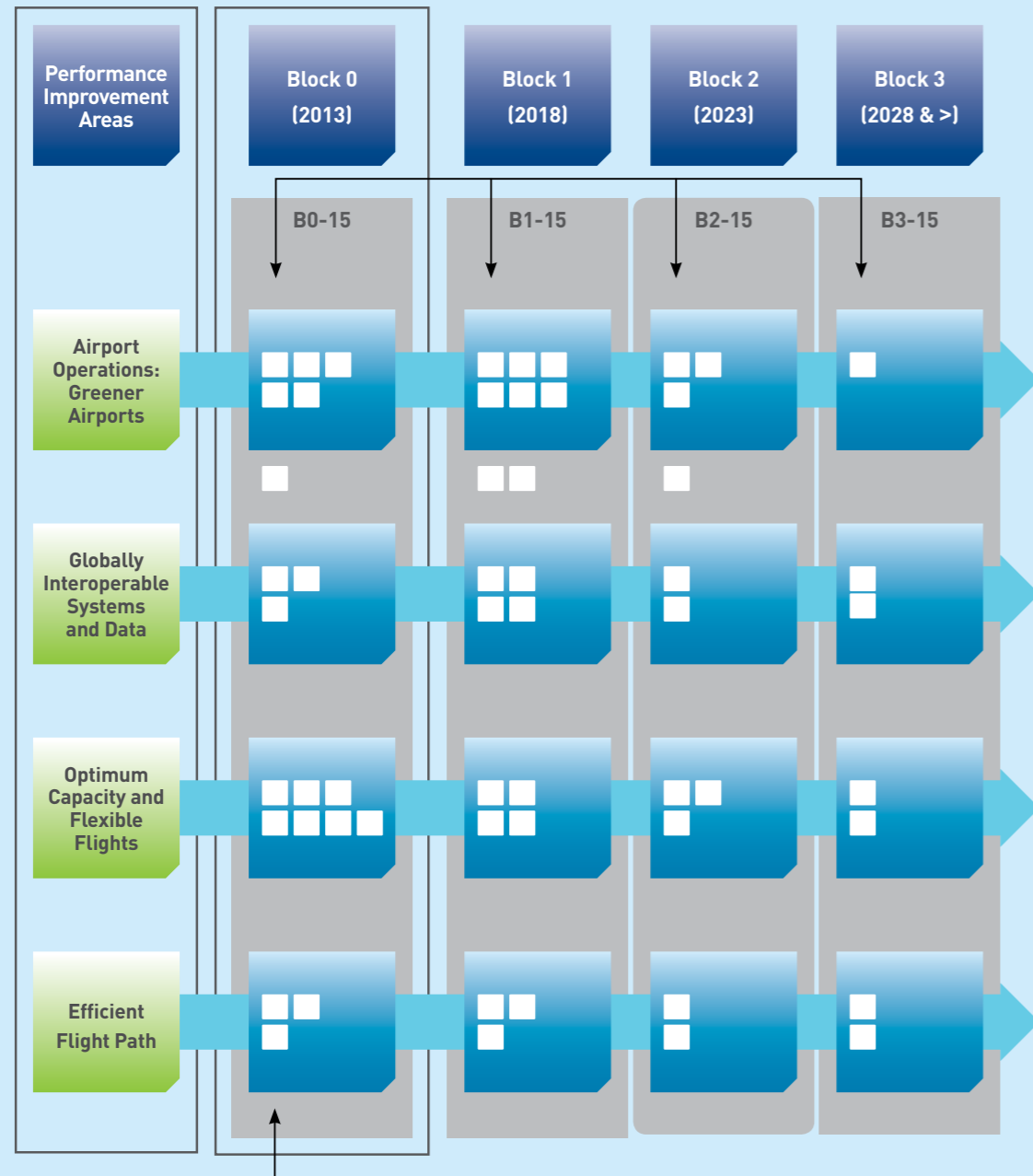
- Facilitate world-wide interoperability of environmentally friendly procedures and standards;
- Capitalise on existing technology and best practices;
- Develop shared performance metrics to measure improvements in the environmental performance of the air transport system;
- Provide a systematic approach to ensure appropriate mitigation actions with short, medium and long-term results; and
- Communicate and publicize INSPIRE environmental initiatives, goals, progress and performance to the global aviation community, the press and the general public.

Figure 21: Gate-to-gate phases



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Figure 22: Aviation System Block Upgrade Methodology



Modules (actual number of modules per block/performance area may vary)

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### Managing natural resources

ATNS's approach to conserving natural resources derives from the organisation's commitment to environmental stewardship. The preservation of natural resources aligns with the Company's commitment to providing safe, secure, efficient and environmentally friendly air traffic solutions, which considers the responsible management of natural resources. The use of energy is material to the organisation and enables ATNS to deliver its services.

The Company requires energy and fuel to provide communication, navigation and surveillance services to airlines in order to facilitate the safe movement of aircrafts in the controlled airspace. The failure to manage electricity consumption within the Company's daily operations can lead to inefficient operations and operational cost-increases.

### Managing energy and fuel consumption

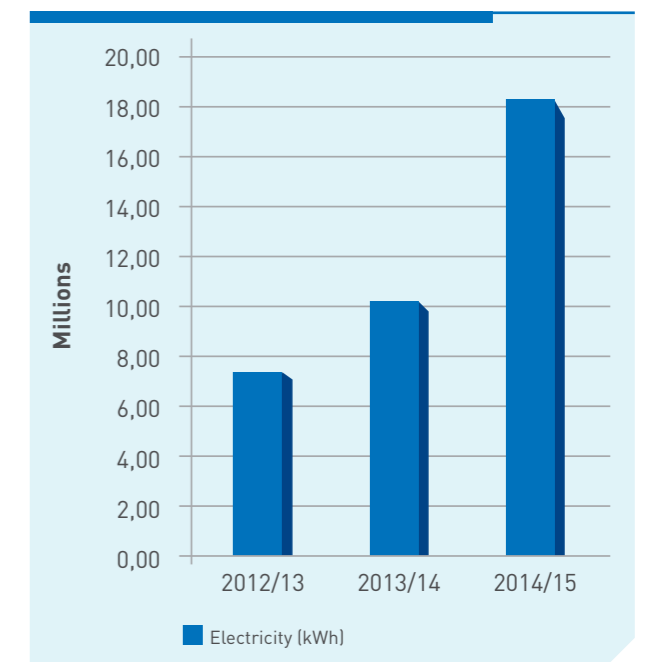
Electricity usage accounts for approximately 98% of the organisation emissions, with fuels accounting for 2% of usage. Over the years ATNS has conducted energy assessments to understand the Company's consumption trends so as to enable energy reduction measures. The Company's energy consumption is mainly detailed in ATNS's carbon footprint reporting. Based on the review, the following reporting components have been included in the Company's short- and long-term energy implementation plan:

- Identifying the major sources of energy consumption within the energy footprint by asset class.
- Providing commentary on future energy-related price-risk.
- Providing commentary on the associated carbon risks and opportunities associated with the Company's energy footprint.
- Providing high level recommendations on energy management approach options.
- Reviewing appropriate prevention programmes for managing fuel consumption and potential contamination to the receiving environment.

ATNS provides aerodrome and approach control services at 9 ACSA airports throughout South Africa on a statutory basis. It further provides aerodrome services to 12 regional airports and approach procedural services to 4 regional airports, both on a contractual basis. Increase in electricity consumption is attributable to the intensified use of electricity, mainly as a result of services provided through

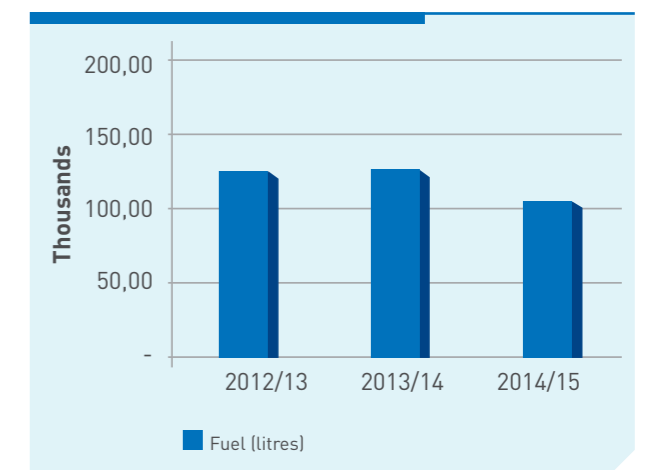
communication, navigation and surveillance at the airports; and as a result of ACSA operations at international airports, where infrastructure equipment is located and high volumes of traffic are experienced. Fuel-generated alternatives are used, particularly during interrupted electricity supply as a result of load-shedding.

Graph 3: ATNS Electricity consumption



ATNS has improved data collection and analysis for electricity consumption for the respective airport centres. In previous years information was not consistent and data was not readily available. Accordingly, statistics reflects more accurate (increased) electricity consumption during the reporting year.

Graph 4: ATNS Fuel consumption



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### Energy efficiency programmes

ATNS has implemented energy efficiency programmes in line with the Company's decision to incorporate energy efficiency into the existing sustainability and climate change strategy. The following short-term initiatives have been implemented at the ATNS Corporate office building:

- Retrofitting of energy intensive lighting to more efficient LED lighting;
- Installing motion sensors in the main building, which includes offices and boardrooms;
- Installing timers for heating, ventilation and air-conditioning systems (HVAC) and all geysers;
- Installing an in-house energy monitoring unit to enable effective measuring and management of energy usage; and
- Training employees on energy efficiency to create awareness.

In line with ATNS' strategic objective to reduce energy, the Company is exploring the following initiatives to manage energy and fuel consumption across the organisation:

- Energy efficient buildings across the country;
- Green IT initiatives to reduce energy;
- Free cooling;
- Efficient lighting;
- Installation of solar panels;
- Conversion of remote equipment to solar power; and
- Reviewing programmes and procedures for managing fuels.

The organisation's Engineering Research and Development function is exploring the use of fuel cells for remote areas of operation as an alternative to current energy sources. Unavailability of energy supply has significant impacts on operations, with the current infrastructure being highly reliant on energy supply.

### Measuring Carbon Footprint emissions

The Carbon Emission Inventory Initiative entails accounting for all GHG emissions released as a result of the Company's operations. ATNS's greenhouse gas and emission reporting is in accordance with the Greenhouse Gas (GHG) Protocol Corporate Standard. The results of the first carbon inventory acts as a baseline for benchmarking the current year's carbon footprint and that of future years.

ATNS's carbon footprint calculation involves accounting for all Greenhouse Gas (GHG) emissions released as a result of the organisation's activities, products and services. In-line with international best practice, the calculation of a carbon inventory is done in accordance with the GHG gas Protocol, which is an accounting tool used internationally to quantify, understand and manage greenhouse gas emissions. During the 2015 reporting year, ATNS embarked on its fourth annual carbon inventory calculation cycle (period: 1 April 2014 to 31 March 2015). The first carbon inventory calculation was performed in 2012 and serves as the baseline carbon inventory for 2013, 2014 and 2015. Progressive carbon footprint reporting enables the Company to better understand its emission trends and to identify opportunities to reduce emissions. It also demonstrates ATNS's commitment to environmental sustainability.

The organisation is in the process of developing systems and processes to include scope 3 emissions in the next financial year's reporting cycle as this will influence overall organisational environmental performance. Data collection from ATNS has improved compared to previous years. There is still room for improvement in the overall identification, collection, documentation, reporting and verification of data; this is specifically at the remote sites where estimated information is used and actual reported information is later accounted for in the reporting cycle.

### Organisational boundaries

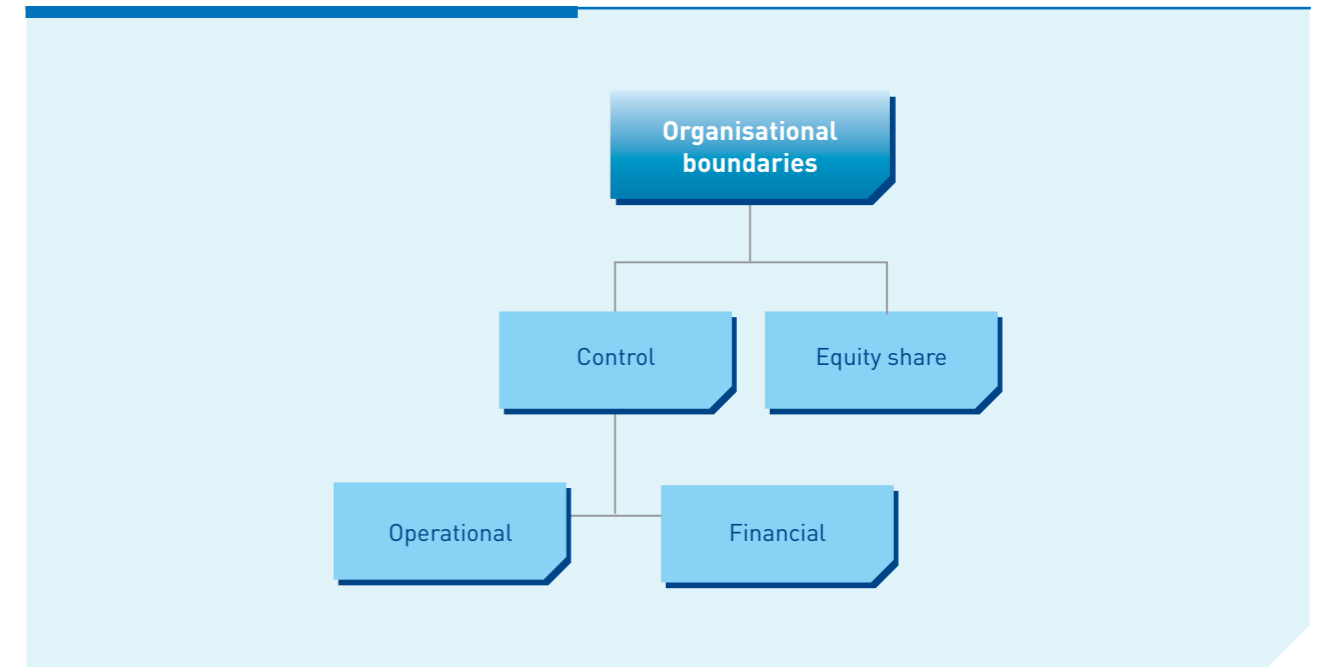
Businesses may vary in terms of legal and organisational structure. There are two distinct approaches for carbon footprint accounting that must follow the same considerations, similar to financial accounting within a corporation. Organisational boundaries can either be defined via the control approach or equity share. These can be further split into the operational approach or financial approach as depicted in Figure 23.

Under the GHG Protocol, organisational boundaries can be set using two approaches:

- **Control Approach:** under the control approach, companies account for 100% of the greenhouse gas (GHG) emissions that result from operations over which it has control.
- **Equity Approach:** under the equity approach, companies account for the GHG emissions from

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Figure 23: defining organisational boundaries



operations according to their equity stake in the operations. This represents a financial risk or exposure for the company in terms of GHG emissions from operations. Emissions of the entities in which the organisation has a share must be counted proportionally to the shareholding.

ATNS has used the control approach to calculate its carbon inventory. The following facilities have been included in the carbon inventory:

- ATNS operations at regulated airports.
- ATNS head office and training academy.
- ATNS remote sites (Communication, Surveillance and Navigational equipment).

The following operational emission sources under each scope of emissions have been reported for the reporting period:

**Scope 1: Fuel consumption in company-owned and leased vehicles:** ATNS has a number of owned and leased vehicles within its operations. All fuel for the entire fleet (leased and owned) which was consumed during the 2015 financial year has been included within scope 1 emissions of the 2015 carbon inventory calculation. This includes both petrol and diesel vehicles.

**Scope 2: Electricity consumption:** ATNS has a number of owned and leased sites across a variety of geographies in South Africa. Many of these sites include equipment which consumes electricity. The emissions from electricity consumption at each of these operational sites are reported under scope 2 emissions.

### ATNS overall carbon inventory for 2014/15

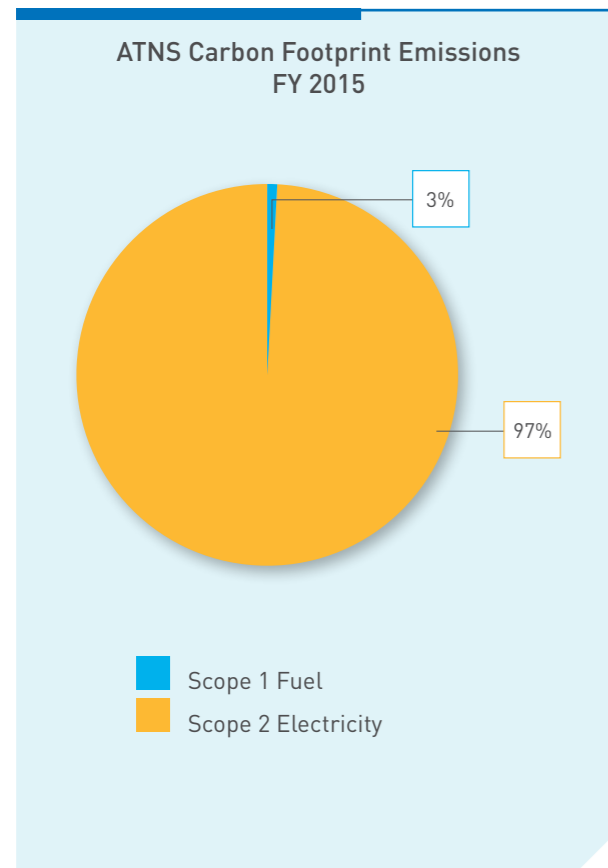
ATNS's total carbon inventory for the 2015 financial year is 19,135.47 tons of CO<sub>2</sub>e. Approximately 99% of the organisation's carbon emissions relate to electricity consumption, whilst the remaining 1% of emissions relate to the use of fuel. This represents a 143,54% increase from the 2012 baseline carbon inventory, which totalled 7,857 tons of CO<sub>2</sub>e and a 82% increase on the 2014 carbon inventory that totalled 10,469 tons of CO<sub>2</sub>e.

Electricity accounting for the largest GHG emissions of all the emissions reported is mainly due to the high energy intensity of ACSA operations; particularly facilities at international airports.

Facilities at the ACSA airports and Eskom billed sites represent the two groupings with the largest

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**Graph 5: ATNS 2014/15 financial year carbon inventory by emission scope**



emissions. ACSA accounts for approximately 86% of emissions reported whilst Eskom-billed sites account for approximately 6%.

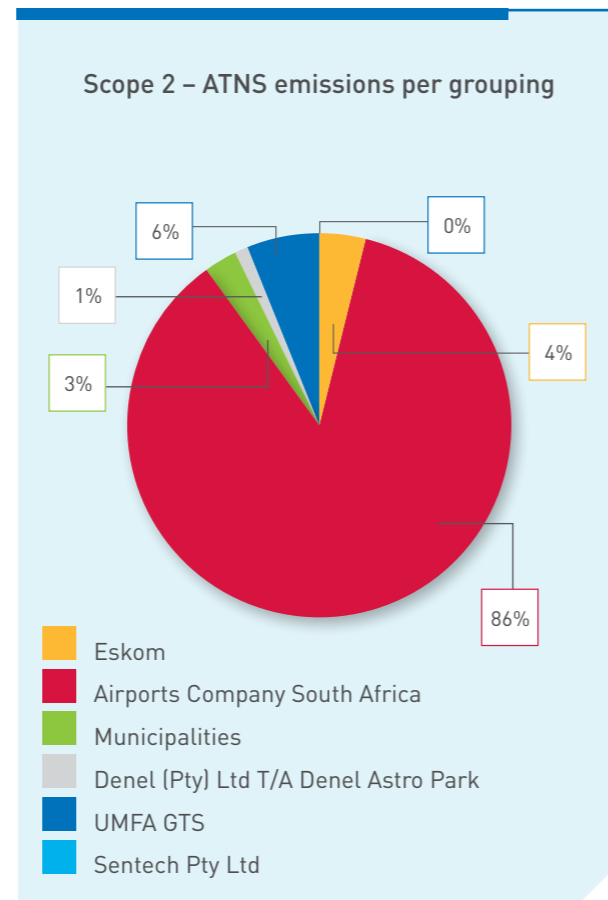
### Waste and water management

Waste generated by ATNS can impact on the receiving environment and on communities at large. ATNS addresses waste management with due caution and has developed processes to enable the responsible management and disposal of waste by adopting the waste hierarchy approach. The Company ensures that disposal of waste (both general and hazardous waste) complies with current legislative requirements.

#### Step 1: Avoidance or Prevention

The organisation should use processes that produce the least possible waste by aiming to use Cleaner Technologies to avoid creating waste.

**Graph 6: Scope 2 Emissions per grouping**



#### Step 2: Reduction and Reuse

Reuse of waste products is encouraged, thereby reducing overall waste products.

#### Step 3: Recycling and Resource Recovery

Where waste can no longer be reused, it can be recycled to a similar product or used as a raw material to create other products. This includes the treatment and incineration of waste where latent heat energy can be utilised to generate power.

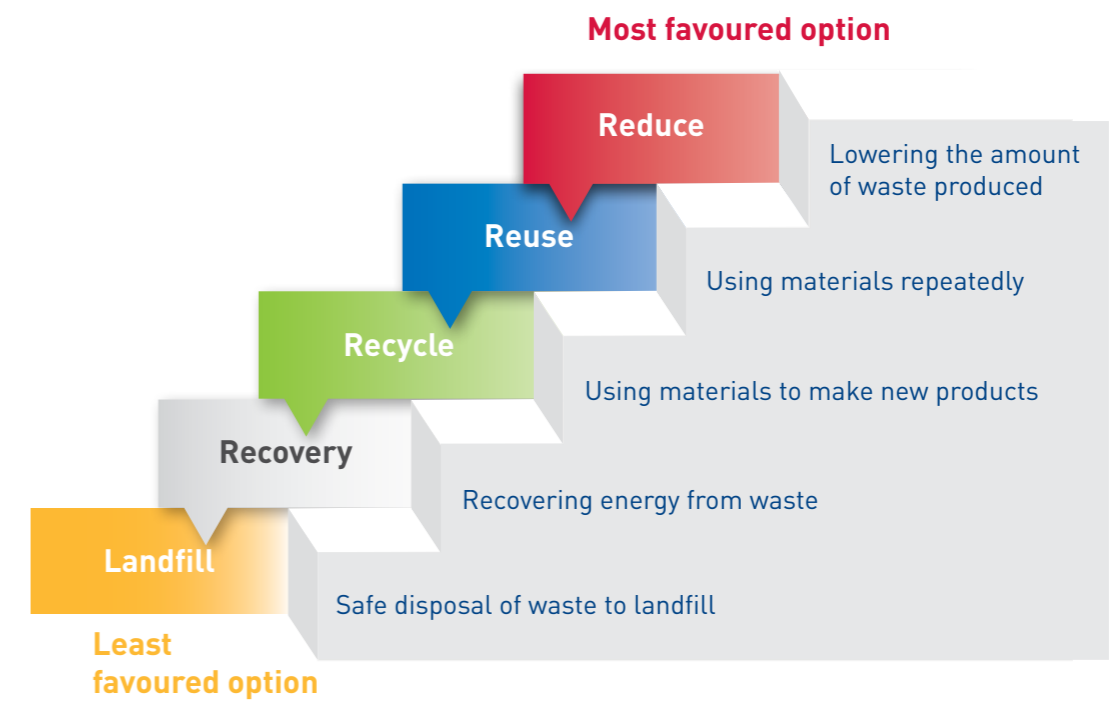
#### Step 4: Disposal

All waste remaining after steps 1 to 3 must go to a properly designed, operated and permitted waste disposal site.

This strategy will ensure that waste is controlled from its creation to its disposal ('cradle to grave' principle).

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**Figure 24: Waste hierarchy**



The following sustainability initiatives have been introduced to promote a paperless environment and recycling activities:

- Centralised Aeronautical Database (CAD) and AFI-CAD, paperless environment initiative.
- Paperless ATM initiative.
- Paper recycling initiative.
- Electronic filing initiative.

Further, ATNS is in the process of implementing an e-learning platform for all training programmes undertaken at the Air Traffic Academy (ATA). Programmes for recycling initiatives for general and hazardous waste are also in the process of being reviewed.

ATNS considers the responsible management of water resources to be of the utmost importance and ensures, as far as possible, that the Company's activities do not impact negatively on water resources. It further attempts to ensure that water is efficiently managed across the organisation. Water conservation is becoming increasingly critical in South Africa given

growing levels of pollution and the volatility of long-term weather patterns. Climate change can also impact on water availability. Accordingly, the Company's initiatives to address the effects of climate change also consider the impacts on water availability. Employees currently receive training on water management and conservation. ATNS will continue to research innovative ways to improve its water conservation and utilisation.

### Biodiversity and rehabilitation management

Two related material issues for ATNS are the need to reduce aircraft noise and to improve airspace air quality. Accordingly, the Company strives to provide efficient operational procedures to reduce aircraft noise and emissions. In designing airspace procedures, sensitive biodiversity areas, such as protected and heritage sites, are integrated into the planning, design, operations and decommissioning phases.

During the South African Radar Replacement and Improvement Programme (SARRIP) in 2002, ATNS

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installed a radar system at the Blesberg peak of the Swartberg mountain range in the Southern-western Cape. As the radar site was located in a conservation area, environmental stewardship had to be implemented and conditions of the environmental impact assessment (EIA) had to be adopted. The latter included limiting access to the site and subsequently laying underground cables to minimise the impact on birdlife and other sensitive fauna and flora. ATNS continues to monitor the site 12 years later to ensure that conditions of the EIA are adhered to. This approach is implemented in all other operational processes to ensure that negative impacts are minimised and precautionary environmental elements are integrated into the Company's decision-making.

### Our approach to managing airspace quality

ATNS supports the activities of ICAO's technical Committee on Aviation Environmental Protection (CAEP) in establishing global standards and recommendations for minimising the impact of aviation on the environment, and specifically the reduction of airspace noise and improvement of airspace air quality. The key challenge associated with not addressing aircraft noise is the adverse reactions of communities impacted by the noise. This could lead to complications and delays in future development and expansion of airports. Additionally, this could lead to flight restrictions, which may have a negative impact on fuel burn, as aircraft may be forced to use a less efficient route to minimise noise.

### Improving air-quality through noise abatement

The issue of noise abatement is as critical an issue in improving environmental quality in the global aviation industry, as are the issues of fuel burn and CO<sub>2</sub> emissions, and constitutes a critical basis for ICAO's environmental goal of reducing the number of people affected by aircraft noise.

The following initiatives have been introduced to reduce noise in the air traffic environment:

- Flight procedure design to support compliance with noise abatement requirements, as specified in the Environmental Impact Assessment Record of Decision (EIA ROD). Noise profiling and noise contours are also being considered.
- Application of power setting and climb gradient restriction to support noise abatement.

- Compliance with specific noise abatement rules for individual airports.
- Design of 'clean speed' procedures.
- Continuous descent approaches.
- South African Air Force Baro-VNAV proposal to provide greater access to those Air Force Bases for diversionary purposes.

### Our approach to managing biodiversity and the rehabilitation of protected areas

ATNS's material issues are focused on providing efficiency in operational procedures to reduce aircraft CO<sub>2</sub> emissions. When designing procedures, ATNS takes the following into consideration as required by the National Environmental Management Act (NEMA) and Civil aviation regulation:

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

### Embedding a culture of sustainability

#### Our management approach

ATNS developed a long-term Sustainability and Climate Change (SCC) Strategy which was approved by the Board in 2014. This strategy follows the foundational strategy developed by Deloitte in 2011, which aims to build a strong foundation for promoting sustainable business practices in ATNS's operations (Figure 25). The strategy speaks to ATNS's values and is intended to complement the B-BBEE strategy and CSI Strategy; to enhance the overarching business sustainability strategy. The strategy confirms the Company's long-term commitment to being an environmentally responsible organisation.

The SCC Strategy provides the multiple bases for identifying and monitoring material sustainability risks and opportunities; and facilitates the overall management of material environmental impacts. Further, the strategy addresses legislation and regulatory frameworks relating to Climate Change and how these frameworks impact ATNS's customers and the wider aviation industry.

The SCC Strategy relates to both ATNS's own operational sustainability performance as well as the

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implications of environmental impacts from its customers' activities and that of the aviation industry at large.

The strategic approach of the SCC Strategy is illustrated by Figure 25 below. The controlled and regulated environment in which ATNS operates is represented by the regulatory structure, of which the guiding principles have been considered in the development of the SCC strategy. Given ATNS's definitive dependence on customers, the strategy has both an external and an internal focus area. The external focus area provides added value to ATNS customers and the internal focus area ensures the environmental impact of ATNS's activities remains at a minimum; and that sustainability becomes part of the Company's culture.

Four core management components drive the Company's sustainability initiatives, namely: Measure and Manage; Educate and Involve; Solutions and Innovations; and Communications and Strategy. The core components enable the strategic imperatives to

be grouped and managed, each housing a related set of Sustainable Climate Change initiatives.

During the year, ATNS embarked on the following activities as directed in the SCC Strategy:


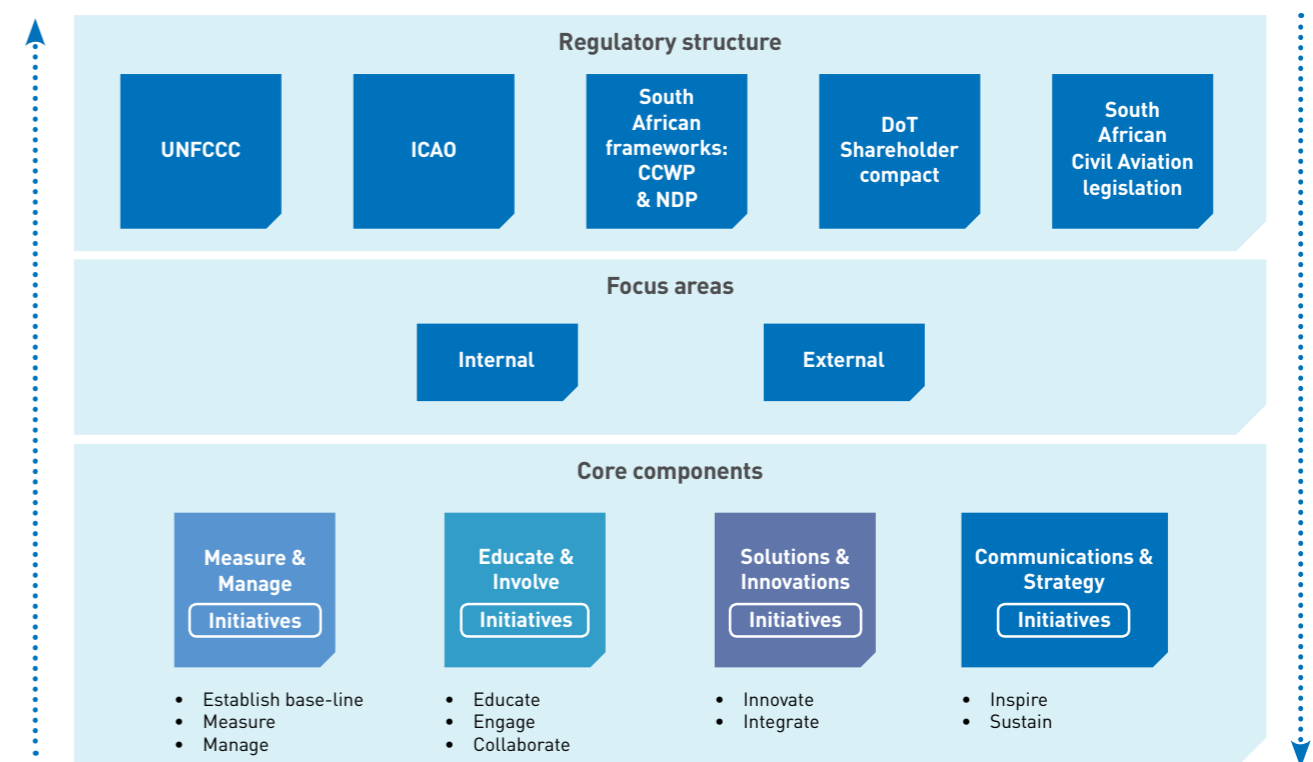
- Calculated the ATNS's carbon footprint inventory for the 2014/15 financial year.
- Implemented an internal Environmental Awareness Programme for ATNS employees.
-  Developed an EXCO-approved Stakeholder Engagement Policy (available online at <http://www.atns.co.za/annual-reports>)
- Reviewed the National Environmental Management Act (NEMA) to ascertain air-quality standards and requirements.
- Developed a legal and regulatory register, as well as a monitoring and reporting framework for the Social and Ethics Committee with regards to 'green practices' within the Company.
- Participated in the South African Civil Aviation Authority (SACAA) Aviation Environmental Protection (AEP) Forum and contributed to the overall State Environmental Protection Plan.

Figure 25: ATNS Sustainable Climate Change Strategy





## ENVIRONMENTAL PERFORMANCE

### IT – Repositioning (Green IT Initiative)

In 2012, ATNS’s Information Technology department introduced a ‘green’ practice as part of the global drive to reduce the carbon footprint of server environments through the efficient use of available resources. This was achieved by employing innovative server virtualisation technologies, resulting in ATNS achieving efficiency improvements in the server environment amounting to 75% less power and cooling; as well as a reduction in associated infrastructure costs for the range of servers that have been virtualised.

A further reduction in power and cooling was achieved through SMART server technology, which enables the server to only use additional resources when under processing load. During periods of ‘low load’

or ‘no load’, the servers run using the bare minimum of power.

### Sustainability and Climate Change Strategic Plan

Our Sustainability and Climate Change Strategic Plan provides an overview of our approach to managing long-term environmental sustainability in the organisation. We will continue to use our best efforts to embed a culture of sustainability within the organisation by prioritising material environmental aspects, improving performance information, setting appropriate environmental KPIs, sharing information on environmental impacts and impeccable business practices with our employees and engaging internal and external stakeholders in our improvement initiatives.

### Environmental compliance

ATNS periodically monitors its compliance with NEMA and related regulations related to relevant and material issues that affect ATNS, as well as ATNS stakeholders.

### Managing environmental risks

The following six material risks have been derived from the Company’s ERM analysis as they pertain to ATNS’s long-term environmental sustainability.

**Table 40: Environmental risk impacts and opportunities**

Risk 1: Failure to reduce carbon emissions in operations			
Risk classification	Risk impact	Opportunities	ATNS’s response
Physical Reputation	The risk of not addressing the issue of fuel burn and CO <sub>2</sub> emissions include: failure to comply with international and national aviation regulations and significantly contributing to climate change.	Fuel burn and CO <sub>2</sub> emissions are directly proportional. When fuel burn is reduced so too are CO <sub>2</sub> emissions. ATNS has the opportunity to add value to its customers: through initiatives such as Performance-Based Navigation (PBN), fuel burn is reduced, providing fuel savings for the airlines and reducing CO <sub>2</sub> emissions.	<ul style="list-style-type: none"> <li>Calculating ATNS’s carbon footprint and obtaining an assurance and verification report.</li> <li>Develop and implement energy efficient short- and long-term plans to minimize consumption and explore renewable energy streams for the organisation.</li> <li>Defining and implementation the ATNS operational efficiency programme and prioritise initiatives i.e. ASBU road map.</li> <li>Staying abreast of national and international requirements and related initiatives aimed at responding to climate change issues; IATA, ICAO, CANSO, DEA, SACAA, DOT.</li> <li>Participate in collaborative initiatives with the aviation industry in reducing emissions.</li> </ul>

## ENVIRONMENTAL PERFORMANCE

### Risk 2: Failure to reduce electricity and fuel consumption in ATNS’s daily operations

Risk classification	Risk impact	Opportunities	ATNS’s response
Physical Institutional	The failure to reduce electricity and fuel consumption relates to inefficient operations and operational cost-increases. Further, not paying attention to the organisation’s daily impact on the environment can set a poor example for employees and other stakeholders in that ATNS is not seen to take a ‘leadership’ position in terms of its own sustainability ‘house-keeping’.	Lower fuel and energy consumption can result in directly reduced operational costs. Further, by promoting operational efficiencies in its daily operations – through greater energy and fuel efficiency and lower rates of consumption – ATNS’ sustainability leadership sets a positive example for responsible environmental awareness among internal and external stakeholders.	<ul style="list-style-type: none"> <li>Implementing environmental management system and energy management strategy and framework in line with ISO 14001; ISO50001.</li> <li>Exploring energy efficiency initiatives, including the use of renewable energy options at remote sites.</li> <li>Implementing an Environmental Management Policy and supporting management processes and procedures.</li> <li>Exploring options for reducing electricity consumption, such as high efficiency power supply transformers; ensuring efficiency of existing building design (air leaks, ventilation and insulation); and installing efficient air conditioning units.</li> <li>Continuous education and awareness amongst ATNS employees on energy management.</li> <li>Performing a detailed measurement of ATNS’s fuel/cost efficiency resulting from ATNS initiatives.</li> </ul>

### Risk 3: Price uncertainty of electricity and fuel

Risk classification	Risk impact	Opportunities	ATNS’s response
Regulatory Physical Institutional	Both electricity and fuel prices are forecast to increase significantly in the coming years, resulting in increased operational costs. In particular, electricity forms 98% of ATNS’s energy footprint.*	Opportunities exist to reduce operational costs by reducing electricity and fuel costs on both the supply and demand side. Further, ‘quick win’ opportunities and long-term benefits exist for ATNS to become more energy-efficient through initiatives such as energy conversion, load shifting and energy substitution.	<ul style="list-style-type: none"> <li>Exploring energy purchasing options, e.g. negotiating tariffs.</li> <li>Tracking of fuel consumption and adherence to maintenance procedures.</li> <li>Implementation of energy efficiency short- and long-term plans to minimize consumption and the exploration of renewable energy streams for the organisation.</li> <li>Staying abreast of legislative requirements (SA treasury – Carbon Tax and ICAO – Market based measures for Aviation industry).</li> </ul>

### Risk 4: Non-compliance with environmental legislation and Climate Change regulations

Risk classification	Risk impact	Opportunities	ATNS’s response
Regulatory Institutional Reputation	Not addressing the risk of possible future changes in regulation could place ATNS in a situation where operational changes may need to be done as a last minute resort to avoid penalties and reputational risk. This may disrupt the quality of the Company’s service delivery and have a negative impact on customers.	Environmental sustainability is fast becoming a high priority for governments and the private sector. ATNS has an opportunity to collaborate with stakeholders to influence future legislation to ensure a high degree of uniformity with recognised ICAO principles.	<ul style="list-style-type: none"> <li>Developing a legal and regulatory register as well as a monitoring and reporting framework for the Social and Ethics Committee.</li> <li>Identifying and confirming processes to be integrated into the day-to-day business processes for critical areas.</li> <li>Participating in collaborative initiatives with the aviation industry in order to address Climate Change issues. (IATA, ICAO, CANSO, DEA, SACAA, DOT).</li> <li>Staying abreast of national and international requirements and related initiatives aimed at responding to climate change issues – IATA, ICAO, CANSO, DEA, SACAA, DOT.</li> </ul>

## ENVIRONMENTAL PERFORMANCE

### Risk 5: Failure to embed environmental awareness programmes in the organisation

Risk classification	Risk impact	Opportunities	ATNS's response
Institutional Reputation	Lack of education and awareness creates the risk that sustainability efforts may be wasted due to a lack of understanding of how the Company's operations impact the natural environment. Another risk is that, due to a lack of education, opportunities may be lost as employees are unable to identify and suggest solutions which could be beneficial for the Company.	The opportunity for ATNS is to embed a culture of sustainability excellence through education and environmental impact awareness. Educated employees will be able to identify opportunities and risks in their daily activities and as such drive innovation, especially when provided with a platform for feedback.	<ul style="list-style-type: none"> <li>• Providing sustainability and Climate Change training to the organisation and EXCO.</li> <li>• Implementing organisation-wide Sustainability and Climate Change awareness programmes.</li> <li>• The implementation of an environmental management system.</li> <li>• Strengthening integrated reporting and ensuring it sufficiently addresses the three sustainability pillars (Social, Economic and Environmental).</li> </ul>

### Risk 6: Failure to engage the ATM community on ATNS's environmental management initiatives

Risk classification	Risk impact	Opportunities	ATNS's response
Regulatory Institutional Reputation	Climate change is a global issue and requires collaborative effort, if ATNS operates in isolation in addressing these issues it runs the risk of becoming a stagnant organisation, negatively impacting the reputation and sustainability of the Company.	ATNS is highly dependent on customers for its financial sustainability. Environmental impacts (local air quality and noise) affect communities living in close proximity to airports. Collaboration with stakeholders provides an opportunity to share information, which could inspire new and innovative ideas and promote ATNS as a responsible corporate citizen, thereby preserving reputational integrity.	<ul style="list-style-type: none"> <li>• Constructing a Stakeholder Engagement policy and engagement plan.</li> <li>• Participating in the newly formulated SACAA Aviation Environmental Protection Committee which is the forum for the State to provide involvement at the ICAO's Committee on Aviation Environmental Protection.</li> <li>• Continuing to attend industry symposiums and workgroups (e.g. ICAO and CANSO) to share in progress on environmental objectives and to ensure ATNS's environmental objectives align with that of the ATM community.</li> <li>• Participating in the Department of Transport's environmental forums.</li> </ul>

## ABBREVIATIONS AND ACRONYMS

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



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



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

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