

TOPIC	QUESTION	RESPONSE
	9. What has been done to improve the diversification of the employment in relation to the pilots? Are there any accelerated programs to try and incorporate black people?	The Board has been advised by Management that a cadet pilot programme was put in place and saw 54 black young people achieving 750 flight hours. There are 5 cadet pilots who are already flying within SA Express and are in the final stages of their training. Furthermore, in considering employment opportunities for pilots, SAA prioritizes black candidates.
	10. How is the board going to deal with the broad based empowerment? Twenty years after democracy, only 2 % of the suppliers at SAA are black? What is the board doing to change these statistics and ensure procurement from small business?	The Board has not verified the accuracy of the 2% procurement as alluded to in the question. However, once it is verified, the board will respond in the affirmative to these questions.
<i>Financial Statements</i>	11. How much of SAA's revenue is foreign currency denominated? How much of SAA's revenue is received in USD.	In the 2015/16 Annual Financial Statement, SAA earned 51% of its revenue in foreign currency. Refer to page 75 of the Annual Report.
	12. SAA reduced their operating losses for the year under review, but how sustainable is this reduction should the external economic environment become unfavourable – rising fuel prices?	The company will be focused on growing its revenues and to continue to apply cost compression initiatives. It operates in a very competitive industry and the company is aware of the risks from external factors to its business and the airline industry. The Board wishes to clarify that the company has not reduced its losses for the year under review, which we presume refers to the 2016/17 financial year. The budgeted loss for 2016/17 was set at R1,7bn but the revised forecast refers to an expected loss of R3,5bn.
	13. How functional is SAA's internal audit.	As required by the Internal Auditing standards, the previous Audit and Risk Committee appointed an independent auditing firm to conduct an external assessment on SAA's Internal Audit function. The report was finalised in August 2016 and highlighted a number of