

SERVING
TREASURING
HARNESSING

#GROWINGWITHPURPOSE

NURTURING
SUSTAINING
CULTIVATING



SATS Ltd.
Sustainability Report
2018-19

AT SATS,
WE PLACE PURPOSE AT
THE HEART OF OUR BUSINESS
AND INTO THE HANDS
OF OUR PEOPLE. WE ARE
#GROWINGWITHPURPOSE

OUR SUSTAINABILITY PILLARS



NOURISHING COMMUNITIES

- Make Healthy Food Affordable
- Tackle Food Wastage
- Ensure Supply Chain is Sustainable
- Uphold Food Safety



CONNECTING PEOPLE

- Ensure Seamless Connections
- Grow with SATS
- Safeguard Operational Safety
- Empower Communities



TREASURING RESOURCES

- Use Scarce Resources Efficiently
- Reduce Emissions

OTHER SECTIONS:

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SUSTAINABILITY FRAMEWORK

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ABOUT SATS

HANDLING OVER 126 MILLION PASSENGERS AND SERVING MORE THAN 167 MILLION MEALS IN FY2018-19, SATS IS THE LEADING PROVIDER OF FOOD SOLUTIONS AND GATEWAY SERVICES. SPURRED BY OUR BRAND PROMISE “PASSION TO DELIGHT”, WE STRIVE TOWARDS OUR VISION OF FEEDING AND CONNECTING ASIA.

SATS is Asia's leading provider of Food Solutions and Gateway Services.

Our food solutions include airline catering as well as central kitchens for food service chains and institutions. Our comprehensive gateway services encompass airfreight handling, passenger services, ramp handling, baggage handling, aviation security services, aircraft interior and exterior cleaning as well as cruise centre management.

SATS is present in over 60 locations and 13 countries across Asia Pacific and the Middle East.

SATS has been listed on the Singapore Exchange since May 2000. For more information, please visit www.sats.com.sg.

- **SAFETY & SECURITY**

Safety and Security is our first priority.

- **INNOVATION**

We are inspired to create new opportunities and generate new value in our business.

- **EXCELLENCE**

We are passionate about excellence and strive to give our best in everything we do.

- **TRUST**

We are honest and caring towards our customers, colleagues, business partners and the community.

- **COLLABORATION**

We work closely with our customers and care for our colleagues. Together, we bring out our best.

GEOGRAPHICAL PRESENCE

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WE ARE #EXPANDING ACROSS MAJOR CITIES TO FEED AND CONNECT ASIA THROUGH STRATEGIC COLLABORATIONS WITH OUR STAKEHOLDERS TO INNOVATE NEW SOLUTIONS AND SERVICES.

OVER 60 LOCATIONS IN 13 COUNTRIES

across Asia Pacific and the Middle East

126M*

PASSENGERS HANDLED

682K*

FLIGHTS HANDLED

167M*

MEALS SERVED

5.4M*

CARGO TONNAGE HANDLED

1. SINGAPORE

- Singapore

4. VIETNAM

- Ho Chi Minh City

7. INDONESIA

- Balikpapan
- Denpasar
- Jakarta
- Asam-Asam
- Binungan
- Bogor
- Depok
- Tangerang
- Bekasi
- Karawang
- Krasi
- Sesayap
- Narogong
- Satui
- Tuhup
- Batam
- Majalengka
- Makassar
- Manado
- Medan
- Surabaya
- Timika
- Yogyakarta

8. JAPAN

- Tokyo

9. AUSTRALIA

- Brisbane
- Rockhampton

11. MALAYSIA

- Kuala Lumpur
- Penang
- Alor Setar
- Ipoh
- Johor Bahru
- Kota Bharu
- Kota Kinabalu
- Kuala Terengganu
- Kuantan
- Kuching
- Labuan
- Malacca
- Miri

10. UNITED ARAB EMIRATES

- Abu Dhabi
- Dubai

12. OMAN

- Muscat

13. SAUDI ARABIA

- Dammam



Food Solutions



Gateway Services



Food Solutions +
Gateway Services

* Based on FY2018-19 statistics for Singapore & overseas operations
^ Change in calculation methodology

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Sustainability Report 2018-19

ABOUT THIS REPORT

This is SATS' Sustainability Report, which references disclosures from the Global Reporting Initiative. This Report contains data from SATS' financial year of 1 April 2018 to 31 March 2019, and covers the operations owned and managed by SATS' Singapore headquarters and its wholly-owned Singapore-incorporated subsidiaries. SATS' Sustainability Reports will be produced annually for each financial year.

We value your feedback and suggestions, which may be directed to:

SATS PUBLIC AFFAIRS AND BRANDING

20 Airport Boulevard,
Singapore 819659
Tel: 6541 8200

Email: info_enquiry@sats.com.sg



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BOARD STATEMENT

EULEEN GOH

CHAIRMAN

ALEX HUNGATE

PRESIDENT AND
CHIEF EXECUTIVE
OFFICER

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The Board provides guidance on the development of the business strategy at SATS and reviews effectiveness of all the programmes to ensure these are fit for the purpose and sustainable. In this respect, the Board also makes certain that sustainability goals are integrated into the business goals.

While risk appetite for SATS to pursue its vision of feeding and connecting Asia is set by the Board, we entrust the execution and monitoring of the company's business strategy including sustainability goals, to the President and Chief Executive Officer and his

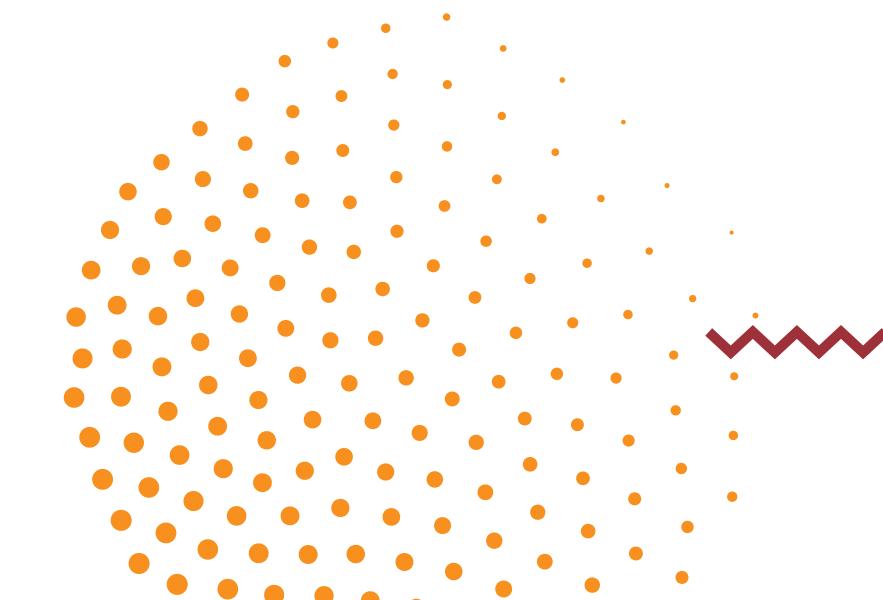
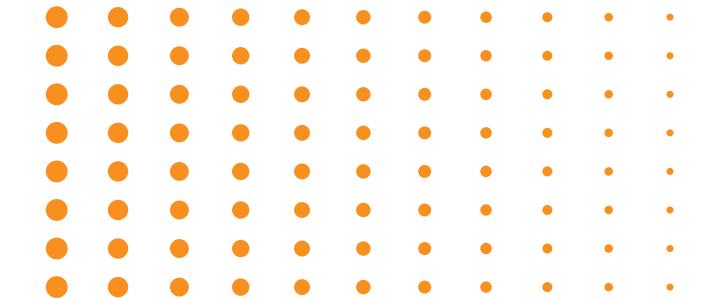
management team. To ensure a dedicated focus on sustainability, he has formed a Sustainability Committee comprising senior members of the executive management team to represent relevant parts of the organisation.

We report sustainability performance in accordance with SGX Sustainability Reporting Guide and take reference from Global Reporting Initiatives for disclosures on performance. Material topics are mapped to the United Nations' Sustainable Development Goals.

EULEEN GOH

Chairman

22 Jan 2019



BOARD OF DIRECTORS

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- 1. EULEEN GOH**
Chairman
Non-Executive and Independent Director
- 2. ALEX HUNGATE**
Executive Director
President and Chief Executive Officer
- 3. YAP KIM WAH**
Non-Executive and Independent Director
- 4. CHIA KIM HUAT**
Non-Executive and Independent Director
- 5. JENNY LEE**
Non-Executive and Independent Director
- 6. MICHAEL KOK**
Non-Executive and Independent Director
- 7. JESSICA TAN**
Non-Executive and Independent Director
- 8. YAP CHEE MENG**
Non-Executive and Independent Director
- 9. TAN SOO NAN**
Non-Executive and Independent Director
- 10. ACHAL ARGAWAL**
Non-Executive and Independent Director

SUSTAINABLE BUSINESS STRATEGY

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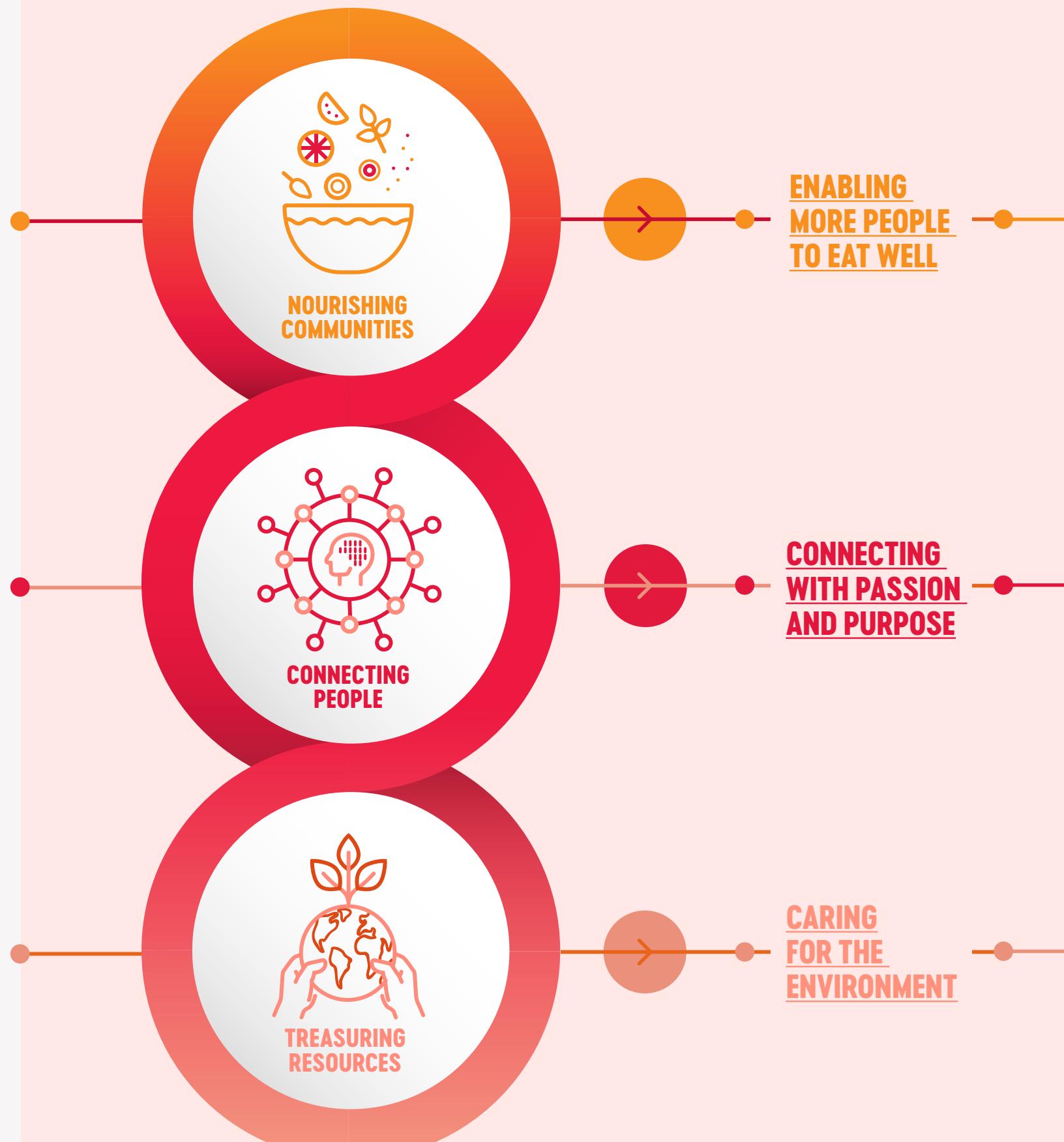
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As Asia's leading provider of Food Solutions and Gateway Services, we enable more people to eat well and connect seamlessly. #Sustaining our efforts at minimising the impact these activities have on the environment, we combine our operational excellence with technological innovations and work collaboratively with our stakeholders to create long-term value for the community through solving real issues.

TECHNOLOGY -DRIVEN PEOPLE-LED



OUR APPROACH> OUR SUSTAINABILITY PILLARS>

OUR VISION

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OUR SUSTAINABILITY FRAMEWORK

We established our sustainability framework in 2017, which outlines how our contribution to global sustainability challenges will drive the future success of SATS as a business. By adopting a **technology-driven, people-led** approach towards sustainability, we aim to create greater value for all our stakeholders.

In all **3 pillars** of our sustainability framework, our approach to harnessing technology to improve productivity and achieve scale has always been ground-up. We help our stakeholders fulfil their fullest potential by providing healthier meals and managing waste using our culinary expertise and food technology, ensuring more seamless connectivity for our customers through digitalisation, upskilling our people to enhance productivity, and optimising our resources through automation.

OUR SUSTAINABILITY FRAMEWORK

PILLARS



NOURISHING COMMUNITIES

ENABLING MORE PEOPLE TO EAT WELL

Harnessing our culinary innovation and technical expertise to provide better, more nutritious food from sustainable sources to improve the health and well-being of our communities and ecosystems.

2030 AMBITIONS

MAKE HEALTHY FOOD AFFORDABLE

- All customers are offered a healthy choice option
- Nutritional information will be provided for all inflight meals

TACKLE FOOD WASTAGE

- Halve food wastage in all operations from a 2018 baseline

ENSURE SUPPLY CHAIN IS SUSTAINABLE

- Food supply chain for 100% of high-risk products traceable to origin
- 100% of fish and palm oil originate from sustainable sources

UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS

2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



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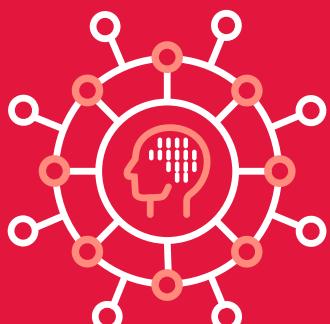
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CONNECTING PEOPLE

CONNECTING WITH PASSION AND PURPOSE

Ensuring seamless connections for passengers and cargo every day, while empowering communities and our people to fulfil their fullest potential, we embrace technology, digitalisation and change.

ENSURE SEAMLESS CONNECTIONS

- 100% paperless hub
- High score on seamless connectivity customer and cargo experience
- Zero-tolerance of security breaches (robust fallback system)

GROW WITH SATS

- Employee engagement score of 80%
- 80 hours of employee training per year
- 30% of talents for critical and key positions filled by internal transfers
- 40% female representation at senior management level

EMPOWER COMMUNITIES

- Touch 4 million lives by 2030 through social and community investments that impart our expertise, to empower people to fulfil their fullest potential

8 DECENT WORK AND ECONOMIC GROWTH



TREASURING RESOURCES

CARING FOR THE ENVIRONMENT

Enhancing our operational efficiencies and reducing our carbon footprint and waste while shifting to renewable and sustainable sources of energy, water and raw materials to lessen the impact our business has on the environment.

USE SCARCE RESOURCES EFFICIENTLY

- 100% wastewater treatment
- 50% water recycled for non-food use
- Sustainable food packaging

REDUCE EMISSIONS

- 100% electric ground handling equipment*
- 40% usage of renewable energy in SATS-owned buildings
- 80% reduction in carbon footprint by 2030

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



SUSTAINABILITY GOVERNANCE

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Building a sustainable business requires a collective, coordinated effort across all levels of the organisation from its leaders to individual employees.

Our Sustainability Governance structure determines the Accountable and Responsible drivers of SATS sustainability programmes under three key areas of focus.

At SATS, we believe that leaders should lead by example and stay actively engaged with staff in order to create a culture of shared values, genuine collaboration and purposeful growth. Reporting directly to our PCEO, the leadership committee comprises senior representation from the Food Solutions, Gateway Services, Group Services and Human Capital departments, supported by the Finance and Public Affairs & Branding team.

It is leadership, starting with commitment from the board of directors, who will determine the success of our sustainability efforts. As leaders, the constant, visible commitment to our values forms the bedrock of compliance and responsible behaviour by our company and our people.

BOARD

PCEO

NOURISHING COMMUNITIES

EVP FOOD SOLUTIONS

CONNECTING PEOPLE

SVP HUMAN CAPITAL

TREASURING RESOURCES

EVP GATEWAY SERVICES
EVP GROUP SERVICES

INNOVATION & PRODUCT DEVELOPMENT

KITCHEN PRODUCTION

FOOD PROCUREMENT

TECHNOLOGY

CARGO

RISK MANAGEMENT

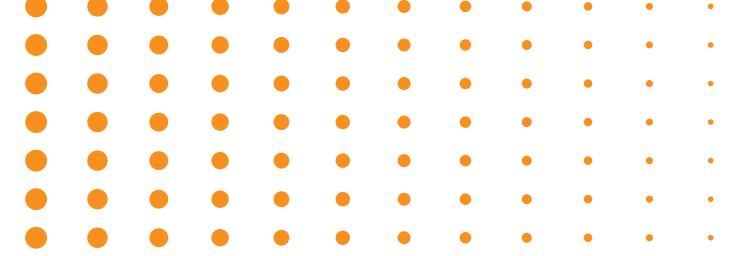
MAINTENANCE & TRAINING

PROPERTY MANAGEMENT

CATERING TECHNICAL SERVICES

HUMAN CAPITAL

FINANCE
PUBLIC AFFAIRS & BRANDING



STAKEHOLDER ENGAGEMENT

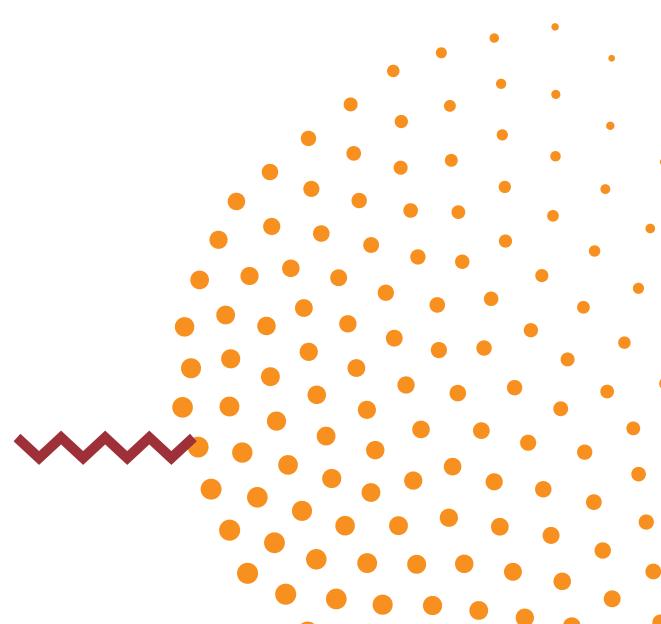
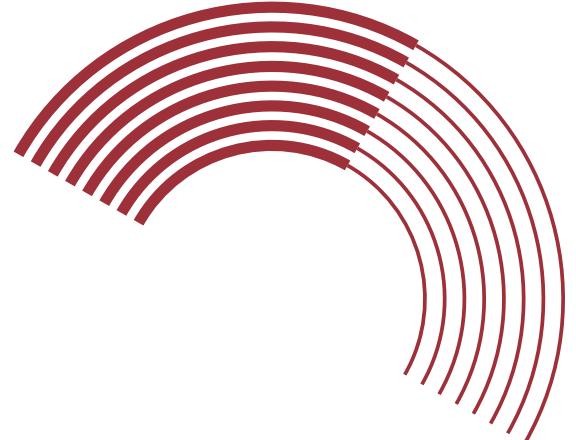
SATS' sustainability journey is built on an inclusive and collaborative process, tapping on the best of technology and human talent to create value for our stakeholder communities.

With shifting global trends and environmental patterns, and the resultant impact on developments around the world, it is important for us to constantly review our strategy and approach towards building a business that remains sustainable for years to come.

Through continuous dialogue, regular meetings, networking sessions and annual surveys, we seek to gather insights on material areas that matter.

The knowledge and data collected then guides our decision-making, policies and initiatives across the organisation.

This year, we carried out a large-scale stakeholder engagement survey involving 189 respondents including customers, suppliers, the investment community, government regulators, NGOs, the media, supranational institutions, community, business associations, employees and trade unions. In identifying the material issues that remain critical, the survey provides context to our sustainability goals and initiatives, supporting our vision of Feeding and Connecting Asia with passion and purpose.



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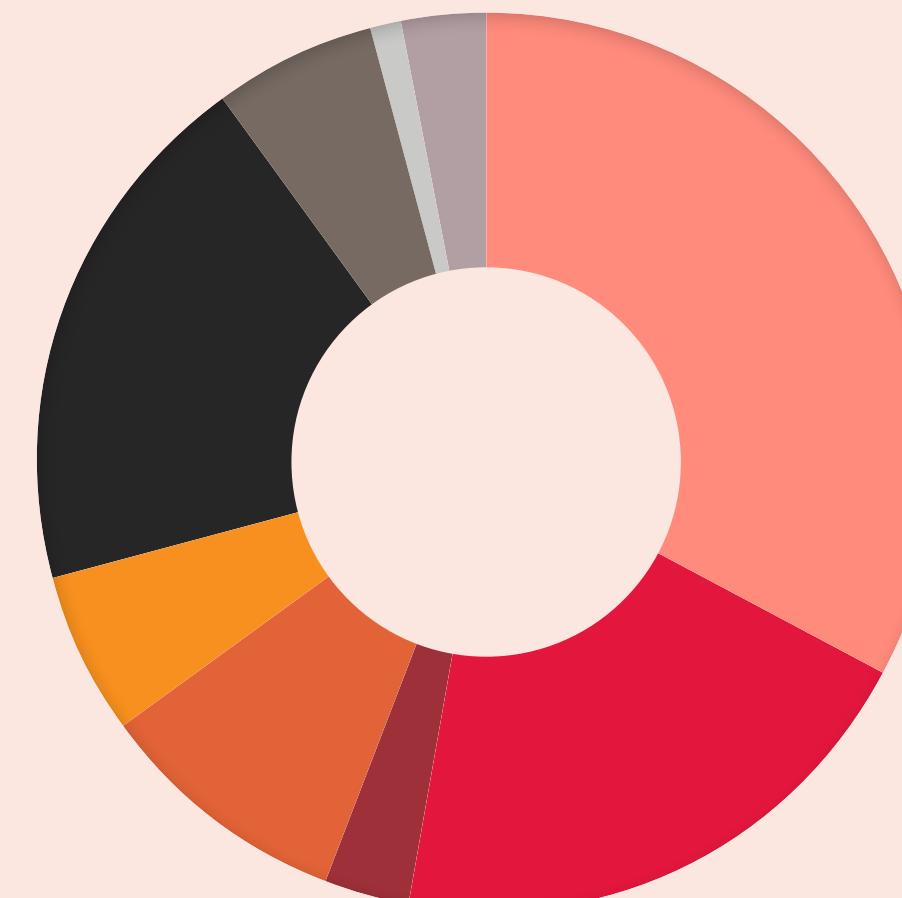
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STAKEHOLDER ENGAGEMENT SURVEY

The objectives of the stakeholder engagement exercise is to validate our material goals, gauge stakeholders' perception on the importance of Environmental, Social and Governance (ESG) topics, align our goals with those of our key stakeholders and prioritise the sustainability initiatives that matter most. We conducted a stakeholder mapping exercise to identify, define, categorise and prioritise stakeholders by importance to SATS. The stakeholder engagement was then conducted through an online survey and phone interviews for selected stakeholders.



SURVEY PERIOD
**MAY 15 - JUNE 12
2019**

NO. OF RESPONDENTS
69

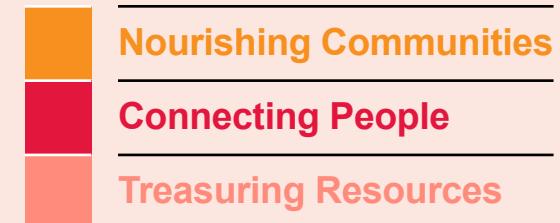
NO. OF PARTICIPANTS INVITED
189

PARTICIPATION RATE
37%*

* Average response rate for corporate online surveys = 10-15% (Source: Surveygizmo)

STAKEHOLDER REPRESENTATION

Employees (local and overseas)	33%
Customers (Direct)	20%
Investors (Institutional) and sell-side analysts	3%
Partners (Business)	9%
Partners (Government & Regulators)	6%
Suppliers	19%
Community	6%
NGOs	1%
Academia	3%



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MATERIAL TOPICS – RANKED BY SCORE

MATERIAL ISSUES		AVERAGE SCORE
1.	Food Security and Food Safety	9.4
2.	Health and Well-Being of Consumers	8.9
3.	Skilled Labour	8.9
4.	Cyber Security	8.7
5.	Resource Scarcity	8.4
6.	Sustainable Sourcing and Transparency in Supply Chains	8.3
7.	Materials Waste	8.2
8.	Changing Aviation Markets	8.2
9.	Food Waste	8.0
10.	Food Innovation and Technology	8.0
11.	Energy Efficiency and Transformation	8.0
12.	Carbon Emissions	8.0
13.	Changing Sustainability Regulations	8.0
14.	Geopolitical Instability	7.9

TOP 10 MOST IMPORTANT SATS SUSTAINABILITY INITIATIVES – RANKED BY SCORE

TOP 10 SUSTAINABILITY INITIATIVES		AVERAGE SCORE (OUT OF 3)
1.	Ensure that suppliers meet standards and qualifications for food safety	2.87
2.	Robust IT systems that have zero tolerance for cyber breach	2.83
3.	Personal data protection	2.80
4.	Upgrading our people through retraining and up-skilling to increase productivity and employability	2.77
5.	Re-designing processes to reduce waste	2.76
6.	Invest in technology and automation to mitigate increase in labour cost	2.74
7.	Secure mobile applications	2.74
8.	Encourage ground-up productivity initiatives	2.73
9.	Regulations relating to food e.g. food safety standards	2.72
10.	Re-design jobs that create higher value roles for our employees	2.71

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NOURISHING COMMUNITIES

ENABLING MORE PEOPLE TO EAT WELL

Harnessing our culinary innovation and technical expertise to provide better, more nutritious food from sustainable sources to improve the health and well-being of our communities and our ecosystems.

WHO ARE OUR PRIMARY STAKEHOLDERS?

Our customers, local communities and shareholders.

UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS



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MAKE HEALTHY FOOD AFFORDABLE

EXPLORING PLANT-BASED PROTEINS IN OUR RECIPES TO OFFER AIRLINES HEALTHIER MEAL OPTIONS THAT HAVE

A LOWER CARBON FOOTPRINT

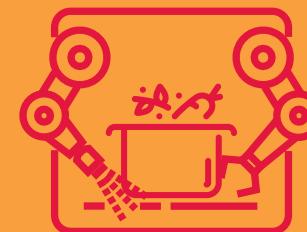


WORKING WITH SCHOOLS TO **EDUCATE CHILDREN ON GOOD EATING HABITS**

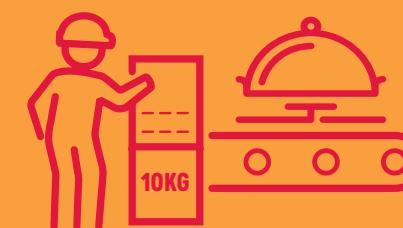


TACKLE FOOD WASTAGE

LAUNCHED NEW KITCHEN FACILITY TO **EXTEND SHELF LIFE OF FOOD AND MANAGE WASTE**



IMPLEMENTED **DIGITAL WEIGHING SCALE** TRIAL TO CAPTURE DATA ON VARIOUS WASTE STREAMS IN OUR PRODUCTION KITCHEN

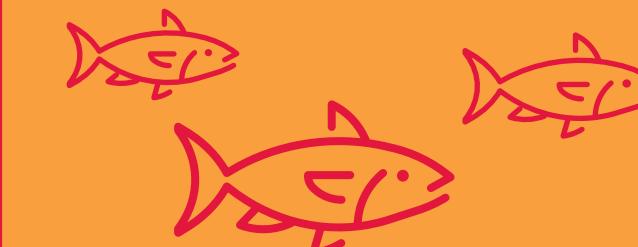


WORKING WITH ECOGEN TO CONVERT WASTE TO ENERGY IN THE FORM OF **REFUSE-DERIVED FUEL**



ENSURE SUPPLY CHAIN IS SUSTAINABLE

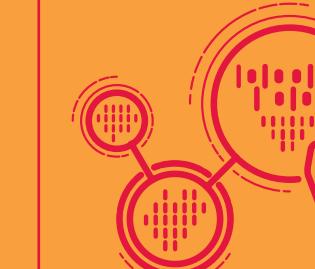
15% OF FISH FROM MSC-CERTIFIED SOURCES



COLLABORATION WITH **LOCAL VERTICAL FARMS**



CONCEPTUALISED THE DIGITAL INTEGRATED SUPPLY CHAIN (DISC) TO ENHANCE **END-TO-END VISIBILITY**



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MAKE HEALTHY FOOD AFFORDABLE

Globally, changes in dietary patterns and lifestyles as a result of increasing urbanisation are taking a toll on our health. The Asian Development Bank reports that in the Asia Pacific region alone, 2 out of every 5 adults are either overweight or obese.¹

Today, there is a growing awareness of the need to live and eat better through quality nutrition and healthier food. The food industry, in particular, can play an important role in ensuring that more people have access to nutritious and affordable meals that are sustainably produced.

¹ Asian Development Bank Institute. (2017). The Imminent Obesity Crisis in Asia and The Pacific: First Cost Estimates, p1.

In FY2018-19, SATS produced 167 million meals, handled 682,000 flights, 126 million passengers and 5.4 million tonnes of cargo. Focused on technology-driven food innovations, our expertise in large-batch production of freshly cooked food and wide distribution networks provide us with the ideal platform from which to make a positive impact on the health and well-being of our customers and communities.

OUR 2030 GOALS

TO ENSURE THAT ALL CUSTOMERS ARE OFFERED A HEALTHY CHOICE OPTION

TO PROVIDE NUTRITIONAL INFORMATION FOR ALL INFIGHT MEALS

TO USE HEALTHY INGREDIENTS IN OUR MEALS AND PROMOTE WELLNESS EATING

MEALS PRODUCED

167M



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ADOPTING A HOLISTIC APPROACH TOWARDS PROVIDING QUALITY NUTRITION

To bring about enduring change requires a holistic approach. This includes driving greater public awareness of the importance of healthy eating and providing the incentive to do so by making tasty, healthy food options readily available.

As part of our Food Solutions business, SATS provides inflight catering for over 35 airlines connecting passengers from Singapore to the region and the rest of the world. With the continued growth of air travel, we want to ensure that passengers get to eat as well in the air as they do on land. To this end, our chefs are working with our airline partners to promote the use of healthy ingredients and to introduce healthy choices along with nutritional information to customers on flights and in lounges by 2020.

Through our institutional catering arm, SATS also provides quality meals to SAF cookhouses, hospitals, corporate canteens and cafeterias, and schools including pantry supply to preschools.

In collaboration with SAF, SATS launched a series of initiatives in line with government-wide Healthier Catering and Healthier Drinks policies to encourage healthier eating and to improve dietary quality among Singaporeans.

Introduced in April 2018 in support of key dietary concerns, the initiatives include the use of plant-based oil for cooking, limiting deep-fried dishes to a maximum of 2 items per week, serving more wholegrain options and reducing the sugar content of hot and cold beverage in line with HPB guidelines.

MAKE HEALTHY FOOD AFFORDABLE

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To promote healthy eating and encourage the active consumption of healthier food options in schools, we have also been working with HPB to ensure that our menus comply with relevant nutritional guidelines of programmes such as HPB's Healthier Meals in Preschools Programme for preschools and Healthier Meals in Schools Programme for primary and secondary schools and student care catering.

In addition, we are also working to introduce items with the Healthier Choice Symbol² (HCS) into our schools' catering menu as well as pantry supply inventory to offer a wider range of healthy options to young customers.

To further advocate the benefits of quality nutrition and the fundamentals of healthy eating – "balance, variety and moderation", we participated in outreach events organised by our institutional customers to promote the message among school children.

In May 2018, SATS' dietitian participated in MindChamp's Food Revolution, conducting an interactive activity to promote the basic healthy eating principles to kindergarten children.

In a joint initiative between Sengkang Health and local public schools launched in February 2019, SATS developed a customised menu and supplied meals as part of a programme to encourage self-regulated healthy eating habits among 10- and 11-year-old students.

DRIVING LONG-TERM SUSTAINABILITY THROUGH RESEARCH AND DEVELOPMENT

Around the world, the widespread consequences of environmental degradation as a result of industrial and commercial activities are keenly felt in the changes that we observe in weather patterns, rising temperatures and sea levels.

Increasing urbanisation and the rapidly rising demand for food resources place tremendous pressures on agricultural yield and global fish populations, giving us a clear imperative to look hard for more sustainable alternatives.

² Introduced by Singapore's Health Promotion Board (HPB), the Healthier Choice Symbol identifies food products which are certified as healthier options, enabling consumers to make informed food choices. [Source: HPB](#)



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Putting our resources, talent and technology to good use, we have been investing in food science expertise to develop new products and recipes that use alternative, plant-based ingredients with the aim of offering customers a wider range of healthy choices made from sustainable ingredients.

To increase the selection of healthy options on inflight menus, SATS also developed a range of HCS ice cream for our airline customers.

In March 2019, SATS unveiled a new kitchen facility, C2+, that is equipped with new and innovative food technologies such as the FreshTech line – a commercial line that is the first in Asia to use a pasteurisation and sterilisation technology. This enables us to better maintain the taste, texture and nutritional properties of freshly cooked meals while extending shelf life.

The new facility also houses an Innovation Centre comprising of a Think Lab and a Research and Development kitchen, where our food technologists, dieticians and culinary

chefs work together to develop new ideas and product concepts. At the Think Lab, as part of the product development process, our food technologists also conduct essential tests to ensure consistency in the texture and nutritional value of our products.

Tapping on our research and product development capabilities to make a broader impact across society, SATS received a grant in December 2018 to embark on the Elderly Nutrition Development Programme, which was launched in June 2019.

Funded by Enterprise Singapore to address and support the nutritional needs of a growing senior population, the programme involves working with entities such as hospitals and nursing homes to create prototype ambient ready-to-eat meals with textural and nutritional properties that are suitable for the elderly, as well as high-protein ambient desserts for those who are at risk of malnutrition. At a later stage, a trial will be held to introduce these products to a wider group of consumers for consumer acceptance.

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TACKLE FOOD WASTAGE

Globally, approximately 20 to 30% of food is wasted along the value chain even before the point of consumption.³

For SATS, tackling the issue of waste along the food production supply chain is a key priority and an integral part of our sustainable business strategy. Operationally, reducing and managing food wastage can help us to achieve greater efficiencies, cost savings and even new sources of energy. For the environment, less waste translates to less pollution from activities like the decomposition of by-products and conventional waste disposal methods. Optimising the use of resources also reduces the need for fresh supplies of raw materials.

Serving over 167 million meals across more than 35 locations in Asia, the scale of our operations means that our efforts to manage, reduce and eventually eliminate food waste from our production streams can have a significant positive impact on the environment.

SERVING 167 MILLION MEALS ACROSS

>35 LOCATIONS IN ASIA



³ Business and Sustainable Development Commission. (2017). Better Business Better World: Sustainable Business Opportunities in Asia, p44.

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MAKING EFFICIENT FOOD WASTE MANAGEMENT A CORE PART OF OUR OPERATIONS

In order to better manage our waste output as well as identify the main sources and areas for improvement along the production chain, we have established a food waste management system in our production kitchens. This initiative aims to reduce the volume of avoidable waste and unnecessary disposal while we work on creating more sustainable cycles of renewal and regeneration.

To turn food and material waste into potential sources of energy, we are working with our Technical Projects team to explore the use of eco-digestors to convert food waste into refuse-derived fuel, recycled water and fertiliser. The first phase will be implemented in our production kitchens in September 2019.

Without the need to segregate organic and inorganic waste, this could significantly reduce the volume of waste sent to incinerators and landfills, close the waste loop and help to reduce our carbon footprint.

WE FIRMLY BELIEVE THAT THE SUCCESS OF OUR BUSINESS SHOULD NOT COME AT THE EXPENSE OF OUR ENVIRONMENT. ADOPTING A TECHNOLOGY-DRIVEN, PEOPLE-LED APPROACH, WE EQUIP AND EMPOWER OUR PEOPLE TO HARNESS TECHNOLOGY TO FURTHER OUR SUSTAINABILITY GOALS, TACKLING WASTAGE AND IMPROVING OUR FOOD PRODUCTION PROCESSES.

Beyond our production kitchens, we are also spearheading an initiative with airlines to expand the range of recyclable dry stores and facilitate the collection of unconsumed dry store products. Some of these items include cup noodles, biscuits, condiments like salt and pepper, and some types of ambient juices. Moving forward, our goal is to increase the percentage of participating airlines and the categories of recycled dry stores.

HARNESSING TECHNOLOGY AND DATA TO FURTHER OUR SUSTAINABILITY GOALS

This year, we launched a trial to introduce a simple and user-friendly system in our production kitchens that enables our chefs to measure, monitor and capture data on various waste streams during production.

Under the waste bins in our production kitchens, we placed digital scales installed with highly sensitive sensors that can detect and measure the weight of items as light as skin and bones as well as the estimated business and environmental costs of disposal per year. Using a touchscreen, each waste item is manually categorised in 2 simple steps and a daily summary is recorded.

This enables us to gain greater visibility of our waste output, gathering valuable data on various food waste streams that would help us to identify ways to improve production efficiencies and optimise material planning, therefore potentially reducing waste and operational costs.

CASE STUDY

LESS WASTAGE FOR MORE SUSTAINABLE NUTRITION

In March 2019, SATS unveiled a new S\$25 million kitchen, introducing new food technologies into the production line which can preserve nutritional qualities and enhance taste while significantly extending shelf life and reducing wastage.

1.

NEW PASTEURISATION AND STERILISATION TECHNOLOGY (FRESHTECH LINE)

The first of its kind in Asia, this system enables large-batch production of freshly cooked meals with an extended shelf life, retaining their visual, textural and nutritional properties without the use of preservatives.

With this new technology, depending on the product type, the shelf life of chilled products can be extended from 2 to 90 days while that of ambient products can be extended from 6 to 24 months. With a longer period for consumption, this reduces potential food wastage.

In addition, the use of pulse heating for pasteurisation and sterilisation of food enables better temperature control and consumes less energy.



As the delivery of shelf-stable products do not require end-to-end cold chain logistics, this reduces energy consumption in the supply chain, resulting in a lower environmental impact and carbon footprint.

The capacity for bulk production also lowers the frequency of production from daily to once or twice a week. This results in enhanced production efficiencies due to consolidated raw material planning, manpower scheduling and more effective optimisation of resources.

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2. AUTOMATED RICE LINE

With the capability to cook a wide variety of rice from Jasmine rice to flavoured rice like biryani, the new automated rice line can produce 4,000 portions of rice every hour. The line dispenses a pre-determined weight of rice and water based on a programmed recipe, before the rice undergoes a washing process and is cooked over a continuous gas tunnel.

With this new technology, we are able to centralise rice production and streamline manpower resources in our production kitchens. In the past, individual kitchens had to cook their own rice, which required approximately 8 staff. Today, it only requires a 3-man team dedicated to operating a central rice production line.

3. AUTOFRYER

The Autofryer enables large-batch cooking of food whilst continuously stirring the food to provide uniformity and consistency. In the past, it took about 90 minutes to cook 60kg of rice or noodles that required constant stirring with heavy ladles. Today, we are able to cook 60kg of rice or noodles in 30 minutes, tripling our capacity.

The automation process also alleviates the strenuous tasks of stirring large amounts of food for our kitchen crew, improves efficiency and provides a more consistent product.



4. THERMOFORMING LINE AND TRAY SEALER

Using a thermoforming process to vacuum pack food components, a roll of sheet is heated to form a specific shape and size using a mould to create the packaging. This process also helps to extend the shelf life of food products and the current capacity is 450 to 500kg of food product per hour depending on the nature of the product.

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ESTABLISHING RESPONSIBLE PLANNING AND PRODUCTION GUIDELINES

To facilitate better planning in terms of resource utilisation and finding ways to reduce both avoidable and unavoidable waste, we are establishing our food waste baseline starting from our production kitchens. One of the key enablers is our Food Operating System, which provides seamless integration with customer systems for real-time visibility to facilitate demand planning.

We are also deepening our collaboration with Singapore Airlines on a joint sustainability roadmap to mitigate our collective impact on the environment and to meet the demands of increasing air travel.

In addition, by streamlining the process of menu planning through more effective demand planning and resource utilisation along with more accurate food waste measurement across the production process, our goal is to achieve a 10% reduction from our baseline measurement by FY2019-20 and halving all food wastage by 2030.

PROMOTING INTERNAL EDUCATION AND AWARENESS

As an organisation committed to sustainability, our culture and our people are a reflection of our values. Through various platforms, we communicate our sustainability pillars and priorities and encourage our people to be mindful of ways we can reduce food waste in our daily lives.

To discourage the use of single-use plastics, we introduced a policy to encourage the use of only non-plastic utensils at our internal events. Our management also leads by example through efforts such as the distribution of individual sets of reusable cutlery and straw kits to all employees, which will take place during the December 2019 PCEO Walkabout.

SATS wants to create a culture where our people are motivated to bring and use their own cutlery during meals and internal events instead of using disposables ones.



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ENSURE SUPPLY CHAIN IS SUSTAINABLE

From local farms to multinational companies, SATS operates across an extensive and complex supply chain that involves 3,700 suppliers from all over the world. As a major customer and partner, we are well-positioned to influence our supplier communities by driving a demand for sustainable practices and production methods.

A sustainable supply chain based on responsible planning, clear regulations, transparency and greater accountability for the environment is beneficial to our business and our customers, with the potential to drive positive and enduring change across the industry.

EXTENSIVE AND COMPLEX SUPPLY CHAIN THAT INVOLVES

3,700 SUPPLIERS AROUND THE WORLD

SOURCING RESPONSIBLY

Each year, we use approximately 18,750 tonnes of food ingredients and raw materials, which account for approximately 20% of SATS Food Solutions Group operating expenditure. This includes the cost of cooking resources and ingredients such as cooking oil, seafood, poultry, meats, vegetables and eggs.

By making sustainability practices a core component of our supplier code of conduct, ensuring that suppliers meet specified standards and qualifications, and procuring only from accredited suppliers, we aim to strengthen the industry-wide imperative for responsible practices from farm to fork.

OUR 2030 GOALS

TO ENSURE THAT 100% OF FISH AND PALM OIL ORIGINATE FROM CERTIFIED SUSTAINABLE SOURCES

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GROWING OUR SUSTAINABLE FOOD SOURCES

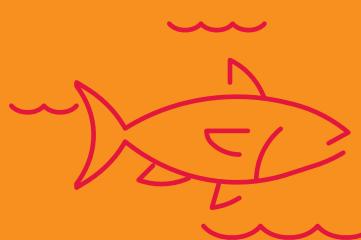
CASE STUDY



BEEF

5-STAR GRASS-FED BEEF TENDERLOIN PRODUCED UNDER THE "TRUE AUSSIE BEEF" LABEL

Produced under a rigorous traceability programme governed by Australia's Department of Agriculture, this category of beef is identified by the highest safety standards and quality, sustainable farming and processing methods, and a clean trace from farm to fork. We are also exploring plant-based proteins as an alternative to beef.

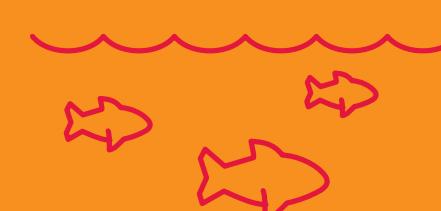


BARRAMUNDI

LOCALLY FARMED BARRAMUNDI

Without the need for air transport delivery, locally farmed barramundi has a smaller carbon footprint. 70% of the feed is plant-based, which means less energy and resources are required to produce the expected output of fish.

Employing best practices in aquaculture and animal husbandry, the farm fully complies with international standards in traceability and sustainable production. From feed mill to hatchery, farm to processing plant, the local supply chain has been awarded four stars for Best Aquaculture Practices, which is the highest level of accreditation.



FISH

MSC- AND ASC-CERTIFIED HOKI, ATLANTIC COD AND LING

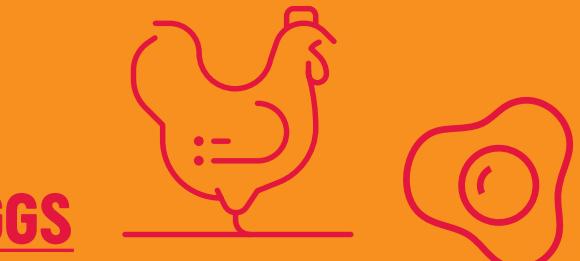
Currently, 15% of our fish in our inflight meals comes from MSC-certified sources. The long-term goal is to increase this to 25% by FY2020-21 and to make sure that 100% of our fish supply originates from certified sustainable sources by 2030.



VEGETABLES

LOCAL PRODUCE GROWN VIA VERTICAL FARMING METHODS

SATS is working with local farms to develop sustainable, long-term vegetable supplies produced using vertical farming methods. This reduces or eliminates risks stemming from disease, pests and pollution. Environmental factors such as temperature, humidity and light in vertical farms can also be better controlled.



EGGS

SUSTAINABLY RUN LOCAL FARM FOR LONG-TERM SUPPLY OF LIQUID EGGS

In collaboration with our strategic supplier N&N Agriculture, SATS aims to increase the local supply of liquid egg and develop new products to meet rising demand. Sustainably run, the farm uses technology to maintain optimal and energy-efficient farming conditions from fully computerised feed mixing to a computer-controlled tunnel ventilation system. In addition, the roofs of the chicken coops are constructed with special insulation materials for better temperature control and energy efficiency.

As part of waste management, chicken waste and sludge are converted by microorganisms into methane gas used to generate electricity and organic fertiliser respectively. N&N Agriculture produces 60% of our liquid egg supply, with capabilities to develop other value-added egg products.

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STRENGTHENING THE INTEGRITY OF THE SUPPLY CHAIN

In line with our goal of ensuring a secure and sustainable supply chain, SATS established the Digital Integrated Supply Chain (DISC) to achieve greater production efficiencies, full traceability, optimal value for our customers and the sustainable development of new products and services to meet the demands of various customer segments.

ENHANCED PLANNING AND OPTIMISATION

With centralised demand and supply planning, DISC enables us to improve our forecast accuracy with the agility to react to short-term demand changes and minimise service disruptions. Access to more accurate supply chain data also enables more robust resource and procurement planning, allowing us to better manage resource allocation, and optimise our inventory as well as production and distribution cost.

A STRATEGIC MULTI-SUPPLIER NETWORK FOR SECURE AND SUSTAINABLE FOOD SOURCES

As part of strengthening the DISC network and delivering greater value to our customers, SATS is on the constant lookout for suppliers to form strategic

long-term partnerships in areas such as delivery innovation, collaboration and co-branding activities.

In addition, DISC allows us to synergise procurement functions across key markets, which helps to ensure a secure supply of raw materials as well as minimise disruption and supply chain risk. This is supported by enterprise-wide procurement risk management policies to facilitate traceability, creating a streamlined and sustainable supply chain.

END-TO-END TRACEABILITY

Designed with an end-to-end inventory traceability framework, DISC provides customers with assurance in the quality of our products by providing farm-to-fork visibility.

Full traceability also gives us the ability to carry out quick investigation of customer feedback and to effectively manage potential product recalls, thereby enhancing service delivery and product consistency. By being able to identify the root causes of defective products, affected batches can be easily isolated and contained, thus improving overall product quality and service recovery.

In tandem with SATS' food safety and Quality Management System

and SATS' Transport Management System, DISC's end-to-end traceability framework enables us to fulfil our orders safely and efficiently, minimising delays and reducing our carbon footprint.

DATA-DRIVEN ACTIONABILITY AND COLLABORATION

DISC is a data collection centre that helps us make "buy or make" decisions, in order to optimise cost competitiveness. By delivering data-driven insights and visibility, SATS' DISC Control Tower enhances our decision-making capabilities and gives us the ability to act with speed and agility, resulting in a more resilient and sustainable supply chain.

To maintain supply chain excellence, the DISC Centre of Excellence implements industry best practices together with a robust performance management system to track processes and governance.

As testament of our efforts to establish a sustainable supply, SATS attained the Marine Stewardship Council (MSC) consumer-facing organisation (CFO) Multi-site Chain of Custody (CoC) standard (MSC-C-55971) and the Aquaculture Stewardship Council (ASC) CFO Multi-site CoC standard (ASC-C-01503).

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DEVELOPING SUSTAINABLE PACKAGING AS PART OF BETTER PLASTICS MANAGEMENT

According to a World Economic Forum study, an estimated 8 million tonnes of plastics end up in the ocean every year. This is an alarming amount that is equivalent to emptying 1 garbage truck into the ocean every minute. At this rate, if nothing changes, there will be more plastic than fish in the ocean (by weight) by 2050.⁴

Very often, we rely on packaging to protect the integrity of products from production to delivery and consumption. Recognising that there is an urgent need to reduce our use of plastics, we are exploring ways to find sustainable alternatives and re-designing certain processes to reduce the amount of plastics used.

AS PART OF AN ONGOING REVIEW OF EXISTING CONSUMABLE ITEMS, WE ARE CARRYING OUT A LIFE-CYCLE ANALYSIS AND COMPARATIVE ASSESSMENT OF OUR PACKAGING MATERIAL.

Building on our findings, further study will be carried out to explore and identify options that fulfil the requirements of packaging type, packaging material and capacity for avoidable food waste.

⁴ World Economic Forum. (2016). The New Plastics Economy: Rethinking the Future of Plastics, p7.



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SATS PRODUCES

170,000 FRESHLY COOKED MEALS DAILY

UPHOLD FOOD SAFETY

As a leading food solutions provider, food safety is of utmost importance in order to deliver on our promise to provide our customers with fresh, quality and tasty food. Producing approximately 170,000 freshly cooked meals daily, our kitchens are required to systematically handle a large volume of raw materials and ingredients in compliance with stringent guidelines and food safety regulations.

These include International Flight Services Association's World Food Safety Guidelines, Singapore Food Regulations, Singapore Food Agency's food safety standards, HACCP regulations and the ISO 22000 Food Safety Management System.

Our robust Food Safety and Quality Management System also enables us to consistently maintain the highest standards of quality and safety throughout our entire production process from preparation to delivery.

IMPROVING QUALITY ASSURANCE STANDARDS WITH DIGITAL TECHNOLOGY

Critical Control Points (CCP) in our production kitchens are identified at crucial stages in the production process to monitor and ensure food safety.

This year, to achieve greater consistency and minimise room for human error, the CCP monitoring process will be digitalised with features including real-time monitoring and an alert system to inform operations staff of any deviations in the process.

In addition, the system's centralised database archiving allows for better data traceability, which facilitates the auditing process. The digitalised CCP system also eliminates the use of paper and the need for space to store physical copies of past records.

OUR 2030 GOALS

TO ESTABLISH A FOOD SUPPLY CHAIN FOR 100% OF HIGH-RISK PRODUCTS TRACEABLE TO ORIGIN

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CONNECTING PEOPLE

ENSURE SEAMLESS CONNECTIONS

GROW WITH SATS

SAFEGUARD OPERATIONAL SAFETY

EMPOWER COMMUNITIES

"AT SATS, #CULTIVATING SUSTAINABILITY IS INTEGRAL TO OUR BUSINESS AND ENSURES THAT WE GROW RESPONSIBLY. I HELP TO KEEP IT AT THE HEART OF OUR SUSTAINABLE BUSINESS STRATEGY."

TAN YEN LING

#GROWINGWITHPURPOSE

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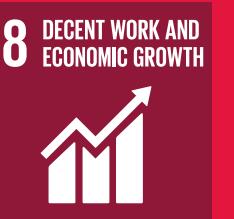
CONNECTING WITH PASSION AND PURPOSE

Ensuring seamless connections for passengers and cargo every day, while empowering communities and our people to fulfil their fullest potential, we embrace technology, digitalisation and change.

WHO ARE OUR PRIMARY STAKEHOLDERS?

Our employees, customers, local communities and shareholders.

UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS



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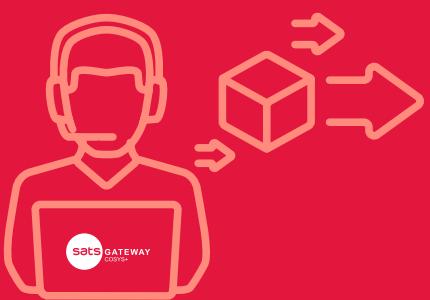
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ENSURE SEAMLESS CONNECTIONS

LAUNCHED COSYS+, A CLOUD-BASED APPLICATION, TO
ENHANCE CARGO TRACEABILITY

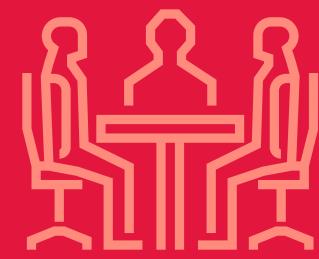


NOMINATED 1 PASSENGER SERVICES STAFF FOR THE
NATIONAL EXCELLENT SERVICES AWARDS (EXSA)



EMPLOYEE ENGAGEMENT SCORE

76%
(ABOVE THE ASIAN AVERAGE OF 65%)



VALUE ADDED PER EMPLOYMENT COST (VAPEC)

1.55



GROW WITH SATS

TOTAL TRAINING HOURS

69 HOURS
PER EMPLOYEE



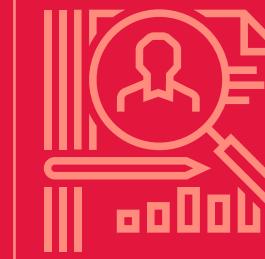
VOLUNTARY ATTRITION RATE

11%
(LOWER THAN NATIONAL AVERAGE OF 21.6%)



RATE OF NEW HIRES

16%
(LOWER THAN NATIONAL AVERAGE OF 27.6%)



GENDER DIVERSITY

23%
FEMALE REPRESENTATION IN SENIOR MANAGEMENT (OUR 2030 GOAL IS 40%)

* SENIOR MANAGEMENT IS DEFINED AS VPS AND ABOVE



EMPOWER COMMUNITIES

IMPACTED
250,000 BENEFICIARIES



SATS FOUNDATION AND SATS STAFF ASSOCIATION DONATED
>\$800,000



TOTAL VOLUNTEERING HOURS
4,518 HOURS



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ENSURE SEAMLESS CONNECTIONS

This year, SATS managed 682,000 flights, 126 million passengers and 5.4 million tonnes of cargo travelling from or through Singapore to the rest of the world. The use of innovative technology and digitalisation have greatly enhanced our ability to manage a huge volume of passenger and cargo movements securely and efficiently while reducing our impact on the environment.

As air travel continues to grow and countries continue to engage in global economic activity, we want to enable people, communities and businesses to stay seamlessly connected, facilitating the growth of international trade, aviation and other industries.

OUR 2030 GOALS

TO ACHIEVE A HIGH SCORE ON SEAMLESS CONNECTIVITY CUSTOMER AND CARGO EXPERIENCE

TO BECOME A 100% PAPERLESS HUB

TO PRACTISE ZERO-TOLERANCE TOWARDS SECURITY BREACHES WITH A ROBUST FALBACK SYSTEM

THIS YEAR,
SATS MANAGED

682K FLIGHTS

126M PASSENGERS

5.4M TONNES OF CARGO

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DIGITALISATION FOR SMOOTHER CONNECTIVITY AND GREATER OPERATIONAL EFFICIENCIES

For SATS, digitalisation is a key enabler of our sustainable business strategy, enabling us to create more seamless trade corridors, greater efficiencies and ease of movement by minimising unnecessary movement, disruption and wastage.

To meet the needs of a rapidly growing e-commerce market, the SATS eFulfilment platform was created to allow for a seamless flow of cross-border parcels as well as end-to-end track-and-trace capabilities with seamless data flow to all gateway services partners within the platform.

Integrating the platform with that of customs authorities at destination countries also facilitates pre-arrival customs clearance, thus reducing end-to-end delivery times of B2C e-commerce purchases. This helps to promote trade flows to serve a growing e-commerce market in Asia.

For greater traceability across a complex network of regional trade corridors, SATS created an RFID-enabled tracking system that enables real-time track-and-trace for selected cargo in key markets from origin to destination airport. Launched in Singapore, the RFID connectivity has since been extended to China, Hong Kong, Indonesia and India.



ENSURE SEAMLESS CONNECTIONS

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To further streamline freight procedures and develop data-driven operational efficiencies, we have introduced paperless processes such as the electronic airway bill (e-AWB) and digital aviation security forms.



As of February 2019, Singapore has the highest e-AWB penetration rate in Asia Pacific at 77.4% and ranks among the top 5 globally in terms of e-AWB volume. By digitalising paper processes, we helped to eliminate a total of 3 million pieces of paper for our customers and partners across the industry including airlines and freight forwarders, bringing us closer to our goal of becoming a 100% paperless hub by 2030.

In addition, the adoption of digital aviation security forms has enabled us to achieve greater operational productivity and efficiency. As the digital forms only require selecting from a list of data options in the relevant fields, this reduces the time taken for data entry as well as the risk of potential errors. With a centralised database, information can be easily retrieved via smartphones and accessed for daily monitoring. Using data mining tools, in-depth analysis can be performed to identify operational gaps and areas of improvement. To date, 25% of aviation security forms have been digitised with the aim of having all our security forms digitised by FY2020-21.

DIRECT AND INDIRECT PAPER SAVINGS

3M SHEETS OF PAPER

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CASE STUDY

NEXT-GENERATION CARGO WAREHOUSE MANAGEMENT: COSYS+

Implemented since December 2018, COSYS+ is a new generation, cloud-based RFID-enabled tracking system for high-value and express cargo in our hubs in Singapore, China, India and Indonesia. This solution allows airlines, shippers and consignees to track the uplift and delivery of express and premium cargo in real time from the point of origin to the destination airport.

COSYS+ also comes with an improved graphic user interface, an enhanced digital workflow engine, an intuitive dashboard and reporting features as well as built-in escalation and alert mechanisms.



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MORE SEAMLESS CONNECTIVITY

The enhanced technological features of COSYS+ enable us to provide more seamless connectivity across a complex international freight network. For instance, digitalised processes such as the Cargo E-pouch enable the easy sharing of scanned documents such as invoices, packing lists and certificates of origins, which can now be processed at the delivery destination.

Additionally, the incorporation of Express Courier Centre terminal operations into the new system now allows for electronic submission instead of paper faxes. This helps to reduce processing time and paper usage.

We can also achieve greater operational efficiencies and quicker response times with the use of a new cargo rule processing engine that allows us to easily configure and apply new business rules, airline requirements or security rule changes.

IMPROVED SECURITY AND TRACKING

The use of COSYS+ imaging capabilities helps to tighten security and tracking measures during the cargo handling process. COSYS+ mobility devices enable us to provide photographic updates to airlines

during incident reporting such as the discovery of damaged unit load devices. The use of image recognition will also enable us to introduce systemised dangerous goods acceptance, significantly reducing the risk of human error.

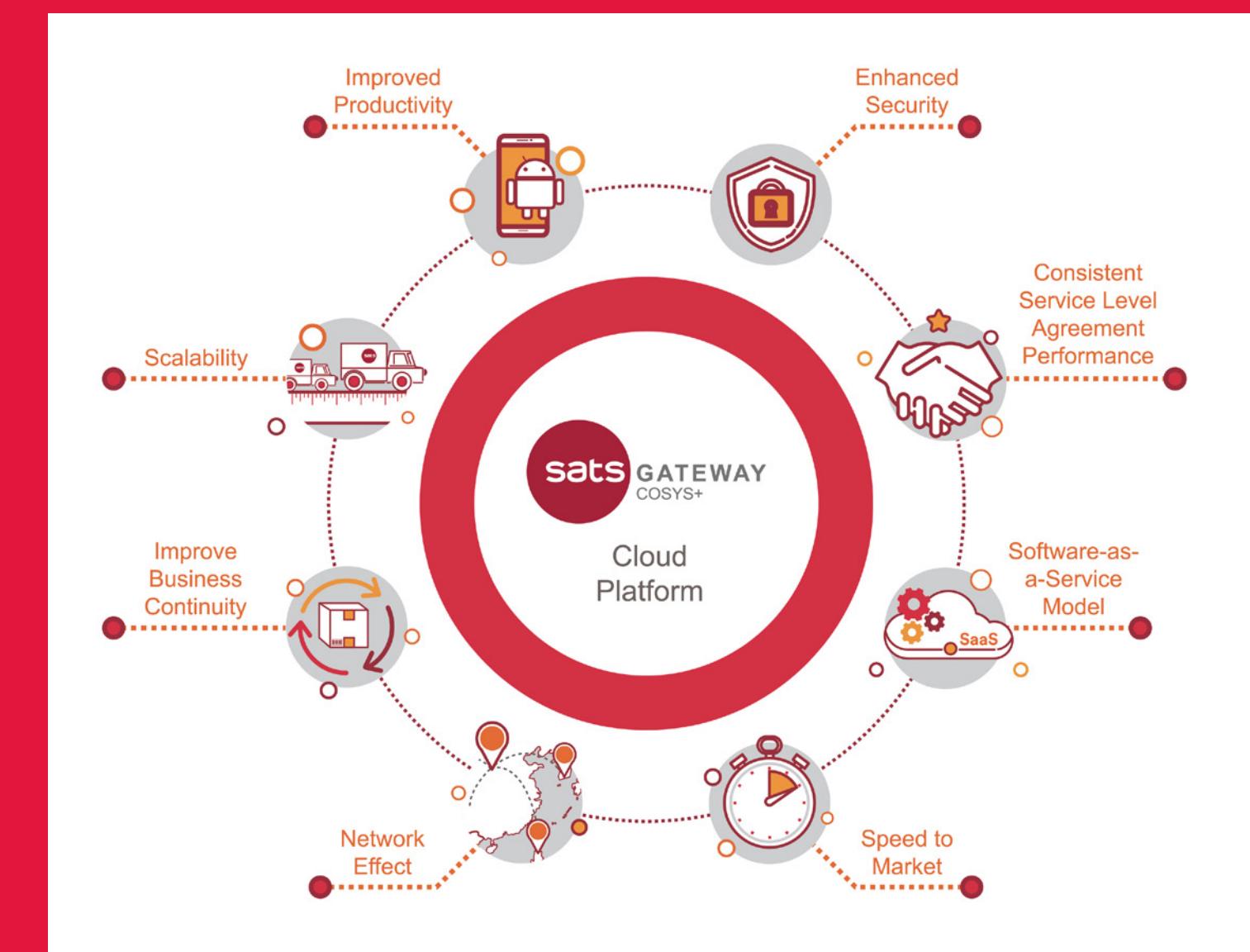
At each key stage of cargo processing, COSYS+ monitoring screens provide visibility and real-time status updates of cargo shipments. At the same time, a centralised tracing management platform enables us to provide detailed tracing updates for easy tracking, reducing the likelihood of mishandled cargo.

MOVING FORWARD

Under a memorandum of understanding between SATS and the Port of Singapore Authority (PSA), COSYS+ will be integrated with CALISTATM, the global supply chain platform developed by PSA's subsidiary GeTS Asia Pte Ltd.

This collaboration is aimed at improving data transparency and easing shipment movement within different free-trade zones by providing greater visibility across multi-modal transport routes, better protection of cargo integrity and potential savings in transit times and costs.

Such initiatives not only serve to strengthen Singapore's position as a global hub for air and sea cargo, they also enhance the overall competitiveness of the freight industry.



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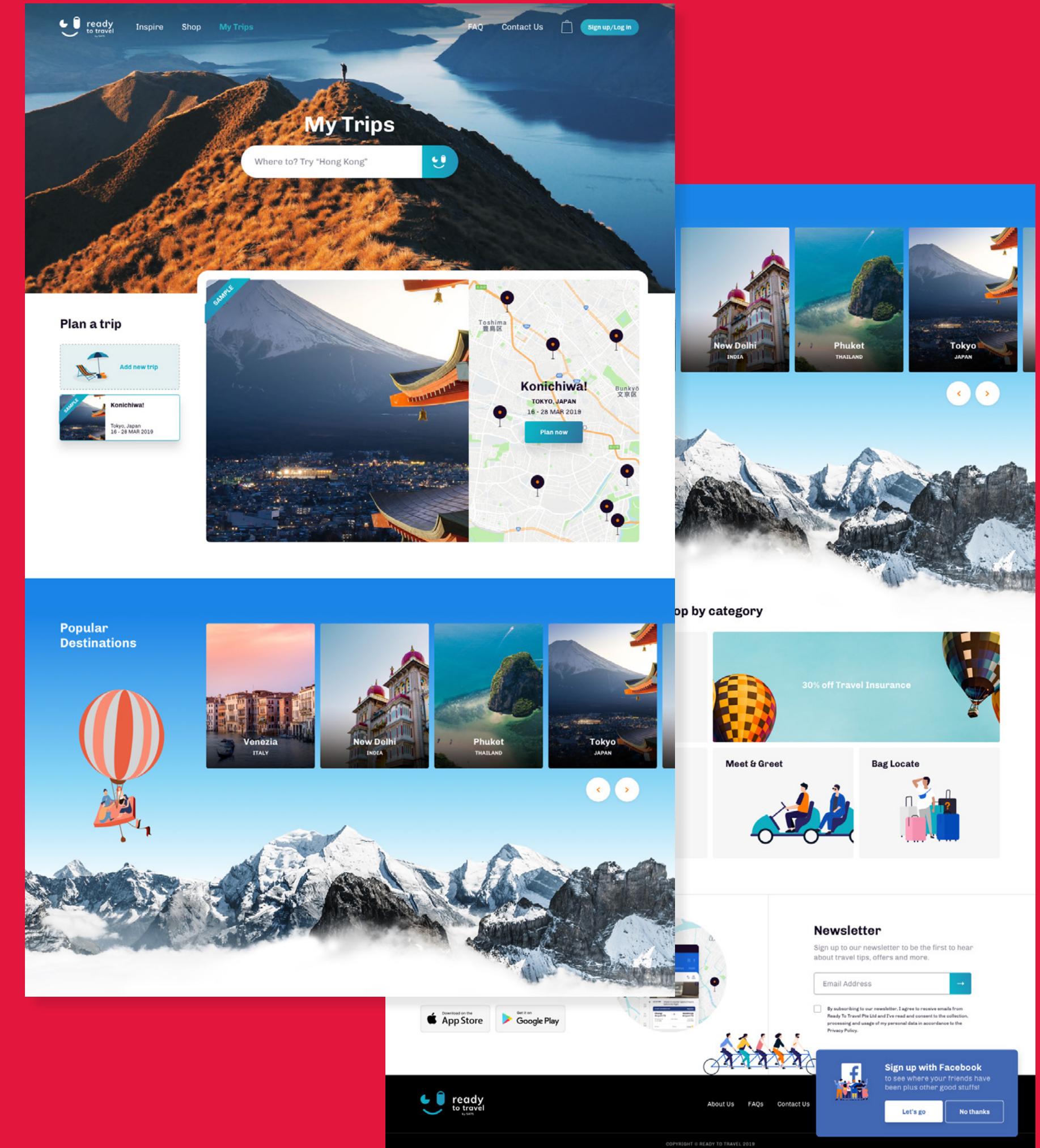
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READY TO TRAVEL THE WORLD

For today's digitally savvy traveller, SATS designed the Ready To Travel (RTT) app that enables users to build trip itineraries and book airport and travel-related services such as mobile data plans. Through the RTT app, travellers can also receive important flight alerts, gate information and travel advisories.

The inaugural product of SATS' new digital consumer capabilities that extend across digital platforms, digital marketing, data analytics and business intelligence, the app reflects our culture of innovation as we constantly seek new ways to provide seamless connectivity throughout a passenger's journey.



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ENHANCED LOUNGE MANAGEMENT SYSTEM (LMS)

As a leading provider of gateway services, SATS serves thousands of passengers every day, providing smooth connections across the airport including passenger lounges.

With the installation of an enhanced LMS, our Customer Service Agents can now process the entry to passenger lounges more quickly. In addition to functions that automatically check for eligibility and validity of passenger status, the system is able to capture information from scanned documents and auto-populate required fields. This minimises the need for manual entry and tabulation, reducing passenger waiting time and eligibility disputes.

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CONNECTING WITH PASSION AND PURPOSE

JAHIR HUSSEIN, DUTY MANAGER

A nominee for the 2018 National Excellent Services Awards (EXSA), Jahir is a familiar face to many within the airport ground operations community.

A natural leader and skilled professional, his exemplary work ethics, passion and dedication to his work have played an integral role in elevating the customer experience at the airport and creating seamless connectivity for passengers at critical points in their journey.

In particular, Jahir has been repeatedly commended for his efficient and effective handling of several major flight delays by rapidly containing the situation and working with his team on developing solutions while making sure that the most pressing needs of passengers were taken care of.

On 23 April 2018, pre-empting the on-ground situation following the arrival of a flight that was 3 hours 42 minutes late due to technical reasons, Jahir swiftly activated his delay handling team to secure rooms and flight bookings for passengers with missed connections.



ENSURE SEAMLESS CONNECTIONS

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With insufficient rooms available, Jahir and team worked simultaneously with the control centre to reschedule the connecting flight for 9 of the 62 passengers, and rebook flights for the remaining 53 passengers. With support from Changi Airport staff, he arranged for a refreshment cart to provide for waiting passengers and stayed with the team until the early hours of the morning despite being off-duty at that time.

Applying the same degree of professionalism and resourcefulness, Jahir handled another flight delay on 17 September 2018 just as quickly and effectively. To alleviate passenger anxiety, Jahir provided constant status updates and announcements at regular intervals. Passenger lounges were also kept informed for premium passengers.

During such stressful scenarios, his steadfast presence and experience provided clear direction for the team, strengthening the degree of organisation and teamwork while offering much-needed support to passengers. With his intervention, similar incidents in September 2018 involving 3 separate flights all scored beyond 80% in terms of the overall handling rate.

To those who work with him, Jahir is someone who often goes above and beyond the call of duty, taking the lead in working through issues to overcome problems and challenges with his team.

A dedicated individual, Jahir is also a team player who supports and enables others to fulfil their potential in their respective roles. He takes full ownership of his actions and decisions at work, continuously seeking ways to improve and better serve his customers while sharing best practices with colleagues.

A TRUE EMBODIMENT OF SATS' BRAND PROMISE "PASSION TO DELIGHT", INDIVIDUALS LIKE JAHIR PLAY AN INVALUABLE ROLE IN CONTRIBUTING TO OUR GROWTH AS A SUSTAINABLE BUSINESS, CREATING LASTING VALUE FOR OUR CUSTOMERS, OUR PEOPLE AND THE AVIATION INDUSTRY.



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PROVIDING GREATER PERFORMANCE, ON-GROUND EFFICIENCY AND VALUE TO OUR CUSTOMERS

At SATS, we measure seamless connectivity for passengers based on the transfer time between connecting flights. Our current intra-terminal inbound transfer time is 45 minutes and that of inter-terminal transfers is 50 minutes.

To ensure smooth and seamless passenger transfers at the airport, we set up a dedicated delay handling team where staff are assigned to specific gates based on the number of passengers who are transiting and connecting to another flight.

For passengers who have shorter connecting times, our delay handling staff help to expedite their transfer by personally guiding them to their gate, making sure that they do not miss their connecting flights. By providing on-ground service excellence and efficiency, this results in a better customer experience and a higher level of satisfaction.

Some examples of best practices that contributed to enhanced passenger connectivity and overall improvements in staff performance are:

- 1. Informing airport food establishments about flight delays using paper slips instead of verbal notification. This prevents affected passengers from being rejected when presenting their airline meal vouchers.**
- 2. Having Customer Service Agents go on board delayed arrival flights to make announcements regarding delay procedures, so as to provide better assurance to affected passengers.**
- 3. Identifying specific needs of passengers during a flight delay, such as special dietary requirements and providing suggestions on where they can find such meals within the airport.**



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ENSURING STABILITY THROUGH RISK MANAGEMENT

Digitalisation and greater connectivity bring a growing level of cyber security risk where criminal access to sophisticated technology and exploitation of new social engineering techniques have made it easier to stage cyberattacks and engineer data breaches.

From enhancing user awareness to building our cyber defences, SATS adopts a comprehensive defence towards strengthening our cybersecurity, protecting the security and stability of our business and operations.

Covering security controls in 3 key areas, SATS' Cyber Security Management Framework is designed to protect our businesses and information assets by detecting and responding swiftly to cyber security threats and recovering quickly from any attack.

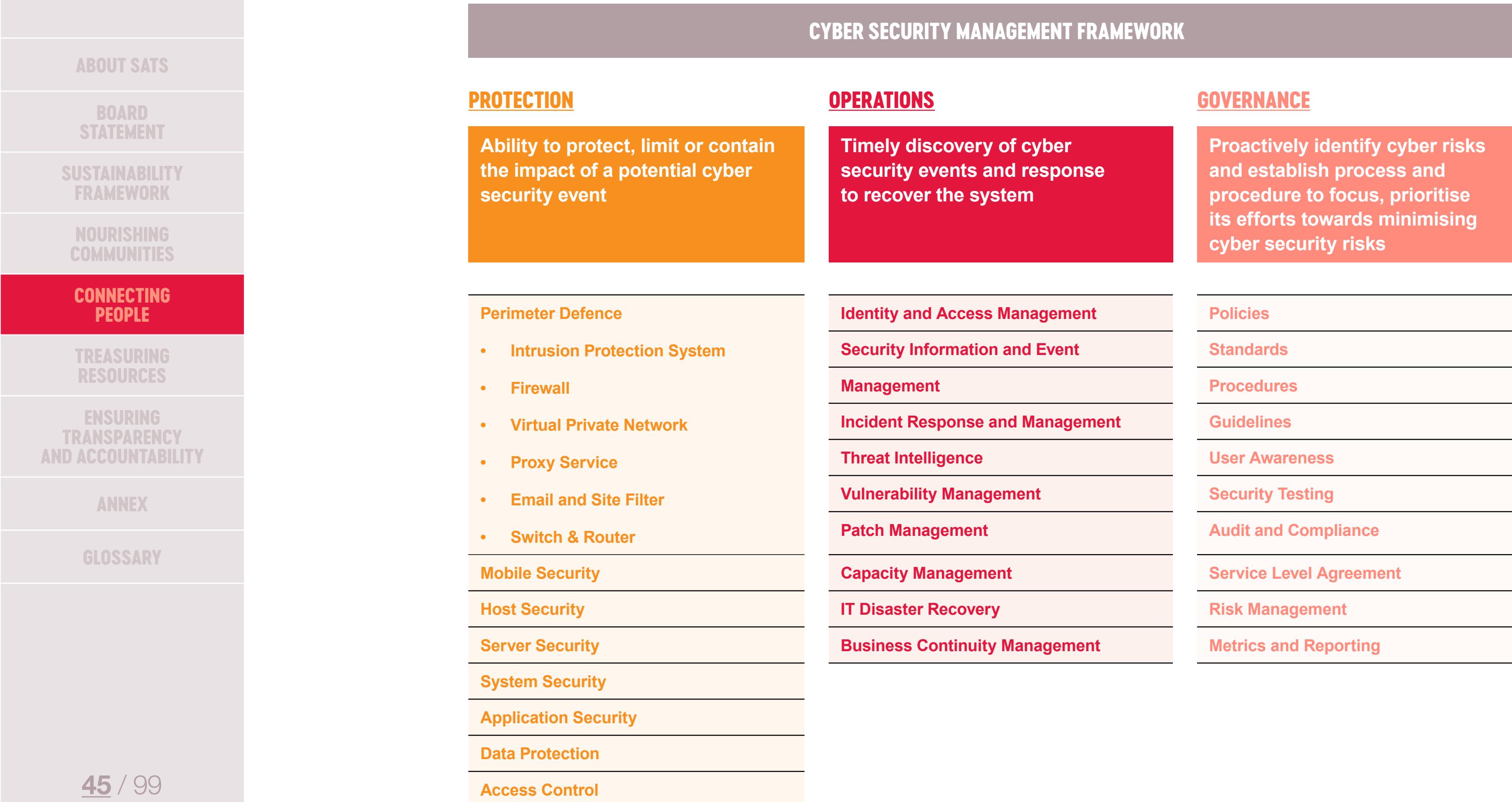
Building on our cyber security efforts, since August 2018, we have implemented changes and initiatives under a zero-tolerance policy towards security breaches, reinforced by a robust fall-back system.

Through a variety of simulation and table-top exercises, the SATS Cyber Security Awareness Programme aims to generate greater awareness of cyber security risks among employees and what they can do to help reduce the risk level across the organisation.

As part of the programme, SATS has conducted e-learning and phishing simulation campaigns to educate staff on how to identify and prevent a phishing attack. New employees will need to go through the e-learning exercise when they join SATS and all employees are required to participate

in 2 phishing simulation exercises annually with the latest exercise completed in May 2019. To assess the level of employee readiness towards cyber threats, a survey is also conducted every year and results are used to identify knowledge gaps, which will help SATS plan our awareness programmes for the following year.

At the same time, SATS is building and strengthening our digital infrastructure against cyber security risks and potential threats by adopting multi-layered defences and advanced security technology.



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We have installed systemic enhancements such as the implementation of Microsoft Azure Information Protection that ensures the enforcement of information classification and protection. In addition, all SATS-issued mobile phones for operational use are managed and secured with a Mobile Device Management solution featuring security policies and remote erase functions.

In an ongoing effort to develop better end-user security and connectivity, we are carrying out a modernisation of all SATS-issued personal computers through a Centralised Operating Environment programme. The exercise is scheduled to complete in 2019. To date, 80% of this exercise has been completed.

To extend support and facilitate knowledge sharing on cyber security best practices, we established the SATS Joint Ventures (JVs) and Subsidiaries cyber security consultancy in August 2018. Offering a suite of services, the consultancy aims to improve the cyber security posture of our JVs and subsidiaries as well as their readiness in responding to cyberattack by elevating the level of cyber security knowledge and capabilities within the respective organisations.

Within the physical environment, it is equally important to minimise aviation risk across the entire spectrum of our operations. As such, SATS practises a zero-tolerance policy with regard to unauthorised access to inflight kitchens and restricted areas.

CYBERSECURITY

is incomplete without



LET'S TAKE OWNERSHIP OF OUR CYBERSECURITY HABITS

Our cybersecurity is in your hands

IT SECURITY

 Report any suspicious email using Report Message
or forward to smith@sats.com.sg



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GROW WITH SATS

Our people are the driving force behind the progress and sustainability of our business, playing an integral role in fulfilling our vision of Feeding and Connecting Asia and delivering on our brand promise of “**Passion to Delight**”.

With the increasing use of innovative technology and digital applications across our operations, we encourage our people to commit to a journey of lifelong learning, acquiring new skills that would make them more productive, relevant and valuable in the workforce of the future. By providing them with opportunities to expand their professional horizons and reach their fullest potential, we want to enable our people and our business to grow with equal passion and purpose.

OUR 2030 GOALS

TO PROVIDE 80 HOURS OF EMPLOYEE TRAINING PER YEAR

TO FILL 30% OF CRITICAL AND KEY POSITIONS WITH INTERNAL TRANSFERS

TO ACHIEVE 40% FEMALE REPRESENTATION AT SENIOR MANAGEMENT LEVEL

TO ACHIEVE AN EMPLOYEE ENGAGEMENT SCORE OF 80%

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BUILDING A RESILIENT ORGANISATION THROUGH CULTURE AND ENGAGEMENT

The 4 leadership principles form the basis of our organisational culture at SATS, where we believe that every employee can develop a personal resilience towards changes, embracing technology and innovation to best serve our customers and maximise business outcomes.

First introduced in November 2017, SATS continues to reinforce the 4 leadership principles across all levels of employees, integrating it into all aspects of the workplace environment through a series of engagement initiatives under 3 key action areas – aware, apply and assess.

AWARE

As part of the awareness programme, Workshops on Accelerating Change & Transformation through Leadership were conducted to introduce executives to the 4 leadership principles. Non-executives participated in the “SkillsFuture for Digital Workplace” workshop, a national programme contextualised for SATS employees.

APPLY

Change champion workshops were conducted for change champions (volunteer employee advocates) to equip them with the skills to engage others effectively and help spread the message. We introduced initiatives like ‘Bright Spots’ to recognise employees who actively practised the 4 leadership principles in their jobs, as well as learning cards that were distributed to all staff as a visual reminder.

ASSESS

Progress is regularly monitored and results are used to identify areas of improvement. The goal is to create an organisation that thrives with a culture of innovative thinking, positive energy and a growth mindset as we continue our collective pursuit of purposeful and sustainable growth.



Be Outcome-Oriented



Be Courageous



Be Open-Minded



Servant Leadership

SATS Leadership Principles

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1. OPPORTUNITIES FOR LEARNING AND DEVELOPMENT

At SATS, the learning journey begins the day an individual joins us. Every new hire goes through a structured training plan designed to equip them with the necessary technical skills and competencies to perform their job well. This includes classroom training, practical and on-the-job training, e-learning, and simulation activities.

Applying a combination of innovative technology and coaching, learning is multi-faceted and engaging. For instance, virtual reality technology is used to simulate scenarios for technical ramp training, allowing novices to practise manual marshalling in a safe environment while they are coached by experienced peers.

At the same time, we strongly believe in creating a workplace where talents are carefully nurtured and our people are given equal opportunities to grow. Many of our employees are non-executives who may have been

unable to pursue further education during their schooling years due to various reasons. Introduced in 2006, the SATS Continuous Education Scheme (CES) offers them an opportunity to continue or extend their learning journey by obtaining company sponsorship to pursue specialised certification, diploma or degree courses.

To date, all SATS in-house trainers have obtained the Advanced Certificate of Training and Assessment, while all Human Capital executives are undergoing training to obtain national certification. In addition, 4 employees have been enrolled in bachelor's degree courses and 10 are attending diploma courses.

In July 2018, the SATS Academy was launched to help build a sustainable talent pipeline with the core skills and competencies required to support the growth of aviation in Singapore. Encompassing both customised technical training and development programmes, the line-up at SATS

“THE SATS ACADEMY BRINGS ALL THE LEARNING OPPORTUNITIES UNDER ONE ROOF. WHETHER YOU WANT TO LEARN IN A CLASSROOM, THROUGH ON-THE-JOB TRAINING, E-LEARNING OR EVEN VIRTUAL REALITY LEARNING, IT IS LEARNING AT THE POINT OF NEED, WHICH IS REALLY CRITICAL. THIS IS A MULTI-MEDIA, FLEXIBLE LEARNING ACADEMY WITH ALL THE LEARNING CAPABILITIES UNDER ONE ROOF TO HELP US ALL CONTINUE ACHIEVING A FABULOUS LIFELONG LEARNING JOURNEY.”

ALEX HUNGATE

PCEO, SATS

Academy includes the Graduate Assimilation Programme and CES. In collaboration with SkillsFuture Singapore, SATS is also working to align its programmes with the Skills Framework for Air Transport, to obtain accreditation that will enable its employees to receive national certification.

Our 2030 goal is to ensure that our people benefit from 80 hours of structured and unstructured training a year, compared to our current baseline of 69 hours.



CASE STUDY

VIRTUAL TRAINING: THE WORLD'S FIRST AIRSIDE DRIVING SIMULATOR

Unveiled at the launch of the SATS Academy in July 2018, the Airside Driving Simulator is the first of its kind – a five-in-one airport Ground Support Equipment (GSE) simulator console that can simulate tractor, van, Hi-Lift, cargo loader and conveyor belt operations.

Incorporated as part of the standard driving training programme, the Airside Driving Simulator enables SATS to improve the driving competency of our workers by simulating extreme driving scenarios that are not feasible in reality, such as accidents and emergencies or night and inclement weather situations.

In addition, it prevents operational interruptions by enabling offline training while valuable physical GSE assets are retained for actual operations. Equipped with artificial intelligence, the simulator also allows us to set a more objective test assessment to track the training performance of staff.



By tapping on technology to enhance the quality of training and provide a more consistent training environment, we are able to reduce the overall duration required to produce fully trained and competent drivers. For instance, the number of man days required for tractor driving training has been reduced by 30%.

To date, more than 1,500 staff have undergone training provided by the Airside Driving Simulator.

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2. JOB ENLARGEMENT AND CAREER DEVELOPMENT

In line with our technology-driven, people-led approach, we focus on building a culture where change and innovation is embraced, where our people are empowered by knowledge and technology, harnessing both to better serve our customers, drive business outcomes and advance our sustainability goals.

THE USE OF TECHNOLOGY HAS ENABLED US TO INCREASE VOLUME WITHOUT A PROPORTIONATE INCREASE IN COST, LEADING TO AN IMPROVEMENT IN MARGINS AND PRODUCTIVITY. AS A RESULT, SATS' PRODUCTIVITY, MEASURED BY VALUE ADDED PER EMPLOYMENT COST, SAW AN IMPROVEMENT OF 7.4% OVER THE PAST THREE YEARS.

To facilitate long-term business continuity and talent retention, our goal is to fill one third of critical and key positions with internal transfers across the organisation. Potential candidates are first identified through an annual succession planning exercise and nurtured through development plans designed to prepared them for their future role.

3. LEADERSHIP PROGRAMMES

We believe that organisations thrive best when guided by shared values, sound leadership, and clear goals directed at purposeful and sustainable growth. At SATS, we advocate a culture of servant leadership where leaders must develop a mindset that is open, courageous, and outcome-driven.

To nurture present and future leaders with the skills and agility they need to take the business forward, we have established milestone programmes that focus on a range of topics from leadership fundamentals to broader trends. These programmes provide level-appropriate training and development for individuals at various career stages.

Targeted at supervisors and Administrative Officers (AOs), *SATS Connect Fundamental* and *SATS Connect I* are centred on the basics of leadership and guiding individuals on making the transition from a follower to a leader. For managers, *SATS Connect II* introduces intermediate functional and soft skills targeted at helping individuals to become better leaders. *SATS Connect III* involves senior management, who form committees to deliberate issues relating to business direction and growth.



EXPANDING HORIZONS, GROWING WITH SATS

As digitalisation and technological transformation continue to change the way businesses operate, SATS remains productive by streamlining our processes and re-designing jobs, which also provides our people with valuable opportunities for professional growth and career advancement.



CONSOLIDATED COUNTER, CALL CENTRE AND CLAIMS TEAMS

To optimise manpower and increase productivity of Operations Assistants (OA) at the Call Centre, Counter and Belt Claims within the Lost and Found department, we carried out a job re-design and job enlargement initiative to streamline the various teams and functions.

AIRLINE LOUNGES

Since the launch of the new lounge management system in 2018, 50 Customer Services Agents have been undergoing a series of highly customised training initiatives, which will equip them with the right skill sets and attitude to deliver attentive service and sell services that will anticipate the needs of and impress premium passengers. The series of training initiatives will be completed by 2020.

NO. OF STAFF UNDERGOING UPSKILLING INITIATIVES : 50

OAs who were previously accountable for either Counter or Call Centre duties will be upskilled through cross and on-the-job training to enable all OAs to effectively perform and be deployed for both sets of duties. The role will eventually be renamed ‘Passenger Experience Agent’.

In addition, the role of Belt Claims OA will be expanded to include the ability to make critical decisions including handling exceptions and issue management during times of inclement weather. Serving as the main point of contact with Changi Airport Group, the new role will alleviate the workload of on-shift Duty Managers, allowing them to handle broader operations more effectively. In the longer term, it will also lead to more career progression opportunities.

NO. OF STAFF INVOLVED IN JOB RE-DESIGN : 64

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CASE STUDY

C2+ CAPABILITY TRANSFER PROGRAMME (CTP)

The opening of SATS' new kitchen facility, C2+, saw the introduction of the latest food technology into our operations including customised equipment and specialised machinery.

To operate the new production line at C2+, our staff needed to acquire new skills and capabilities with regard to pasteurisation and sterilisation technology as well as innovative areas of mechatronics through training and knowledge transfer by foreign experts.



In 2018, SATS applied for and was awarded the Capability Transfer Programme (CTP) by the Ministry of Manpower – a pilot programme that supports companies in expediting the transfer of global capabilities into Singapore.

Comprising classroom training as well as practical, hands-on training, the ongoing CTP programme is carried out in 2 phases. The first involves the transfer of foreign capabilities to a local subject matter expert via training conducted by US specialists. Following this, the second phase then involves the training of local staff by the subject matter expert.

In total, the CTP programme will involve the training and upskilling of 50 of our food technologists, dietitians, chefs and technicians. Upon completing their training, the team will be able to master and manage the new kitchen technology to effectively create tasty, nutritious menus for our customers.

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4. MEANINGFUL STAFF ENGAGEMENT

Our people are our most valuable resource and one of our key priorities is to create a supportive, caring and progressive workplace environment, where individuals, teams and ideas thrive.

In addition to offering fair pay and safe working conditions, we advocate respect and understanding among colleagues, provide equal opportunities for growth, collaboration and innovation.

GUIDED BY OUR LEADERSHIP PRINCIPLES, WE DEVELOPED A SERIES OF INITIATIVES AND PLATFORMS TO FACILITATE MEANINGFUL EXCHANGE AND ENGAGEMENT ACROSS ALL LEVELS AND DEPARTMENTS WITHIN THE ORGANISATION.

In FY2018-19, SATS launched the OnePeople initiative, comprising of a series of digital platforms that will be introduced in phases. Powered by an integrated cloud-based system, these platforms will allow employees to perform Human Capital services such as learning and performance management at any time and from any location. As part of Phase 1, MySATS+ is a mobile app that provides on-the-go access to SATS news and a collaborative digital workspace where employees can interact with one another.

To encourage positive interaction and dialogue, we also created regular channels of communication such as breakfast sessions between staff and senior management. By giving employees a chance to hear from our leaders in a more informal setting, we hope that the stories, insights and views shared will help to create a progressive ripple effect throughout the organisation.

GROW WITH SATS

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We want our employees to Grow with SATS and one of the ways to do so is by enriching their lives with meaningful and healthy activities to encourage an active lifestyle. We recognise their contributions through various awards such as the Long Service Awards to honour the dedication of long-serving employees, as well as the PCEO Awards to drive the spirit of innovation and teamwork.

To date, 37% of our staff have served for 20 years or more, in an organisation where 4 generations of employees work harmoniously alongside 4 unions to achieve SATS' vision to Feed and Connect Asia. This diversity promotes innovation and creativity, while inventive engagement programmes are tailored to promote collaboration and sustain the momentum required for business growth.

To facilitate engagement among colleagues and build camaraderie across the organisation, we organise large- and small-scale employee engagement activities throughout the year based on 3 levels – SATS-wide events to encourage inter-business unit (BU) collaboration, BU-level events to promote bonding within the same unit and individual activities for employees' self-development. Activities such as SATS Charity Run, inter-BU sports challenge and SATS Nite-out were conducted throughout the year. On average, SATS employees can choose to participate in at least 3 different types of engagement activities every month.

The focus of our engagement efforts is based on priority areas identified through an annual employee engagement survey and feedback from past initiatives.

In FY2018-19, we achieved an employee engagement score of 76%, well above the Asia Pacific average of 65%.⁵

This year, the priority areas identified include creating an agile workforce that embraces diversity, increasing senior leadership communication and improving non-monetary benefits for our employees, which would be addressed through engagement efforts in FY2019-20.

⁵ Singapore Business Insider. 2018 Employee Engagement Trends: Singapore Employees Least Engaged Among Major Asian Markets.

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5. FAIR LABOUR PRACTICES AND RESPECT FOR HUMAN RIGHTS

As a people-focused organisation, SATS is deeply committed to providing equal opportunity employment and fair labour practices in line with Singapore's Tripartite Alliance for Fair Employment Practices and Guidelines.

Our employees have the right to freedom of association and to exercise that right by joining a union. In addition, our union representatives are given a platform to introduce the unions to new employees at our bi-monthly employee familiarisation programme.

Currently, 83% of our general employees are SATSWU members, 57% of our AOs are AESU members, while 59% of our SFS general employees are represented in FDAWU.

SATS shares a constructive relationship with our union representatives by maintaining open and regular communication, and sharing collective agreements that provide fair outcomes for all union members. For instance, our collective agreement covers compensation for death or permanent total incapacity as a result of injuries arising from and in the course of employment. Prior to the implementation of significant operational changes, unions are given 3 to 6 months' notice, depending on the complexity of the change.

6. A POLICY OF DIVERSITY ACROSS ALL LEVELS OF THE ORGANISATION

SATS is an equal opportunity employer and we are fully committed to creating and maintaining an organisation that embraces and celebrates diversity. As part of our continuous efforts to ensure equal employment and advancement opportunities for all, we aim to increase female representation at the senior management level from 23% currently, to 40% by 2030.

EMPLOYEE CATEGORY BY AGE GROUP

AGE GROUP/ GENDER	VP & ABOVE	MANAGERS TO AVP	EXECUTIVE	NON-EXECUTIVE	FLEXI/TEMP	GRAND TOTAL
FEMALE	15	91	288	3,392	474	4,260
<30	—	2	99	921	194	1,216
30-39	1	47	95	774	29	946
40-49	7	28	54	712	75	876
50-59	7	13	30	567	95	712
>60	—	1	10	418	81	510
MALE	49	152	471	6,718	479	7,869
<30	—	—	73	1,617	186	1,876
30-39	1	43	135	1,608	14	1,801
40-49	20	55	114	1,274	54	1,517
50-59	21	38	93	1,366	77	1,595
>60	7	16	56	853	148	1,080

FOR ADDITIONAL INFORMATION, PLEASE REFER TO:

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As testament to our employee engagement efforts, our annual attrition rate stands at 11% during the reporting period, substantially below the national average of 21.6% in 2018. Likewise, our recruitment rate of 16% is significantly lower than the national average of 27.6%.⁶

⁶ Annual figures derived by respectively multiplying the average monthly attrition and recruitment rates by 12.
Source: Ministry of Manpower

TABLE 01

a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.

AGE GROUP/ GENDER	CORPORATE SOLUTIONS	FOOD SOLUTIONS	GATEWAY SERVICES	GRAND TOTAL
FEMALE	32	396	562	990
<30	14	130	382	526
30 to 39	17	116	127	260
40 to 49	1	123	26	150
50 to 59	–	22	19	41
>60	–	5	8	13
MALE	26	552	863	1,441
<30	8	251	509	768
30 to 39	9	164	203	376
40 to 49	6	98	97	201
50 to 59	3	32	36	71
>60	–	7	18	25
GRAND TOTAL	58	948	1,425	2,431
OVERALL ANNUALISED RATE OF NEW HIRE				16%

b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.

AGE GROUP/ GENDER	CORPORATE SOLUTIONS	FOOD SOLUTIONS	GATEWAY SERVICES	GRAND TOTAL
FEMALE	24	318	545	887
<30	4	96	333	433
30 to 39	11	76	139	226
40 to 49	4	82	40	126
50 to 59	3	23	19	45
>60	2	41	14	57
MALE	13	384	824	1,221
<30	7	132	412	551
30 to 39	0	118	202	320
40 to 49	0	68	72	140
50 to 59	4	30	55	89
>60	2	36	83	121
GRAND TOTAL	37	702	1,369	2,108
OVERALL ANNUALISED VOLUNTARY ATTRITION RATE				11%

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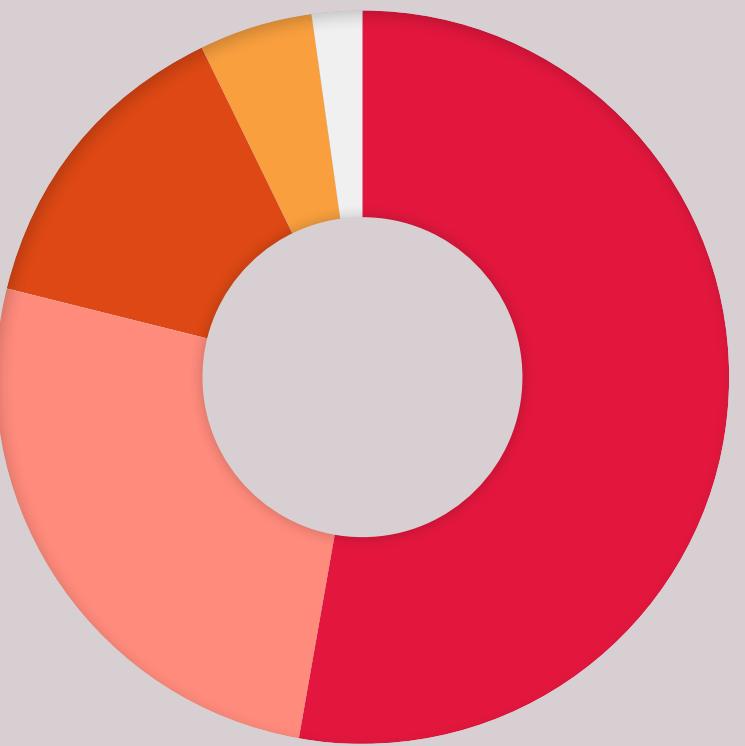
CONNECTING PEOPLE

TREASURING RESOURCES

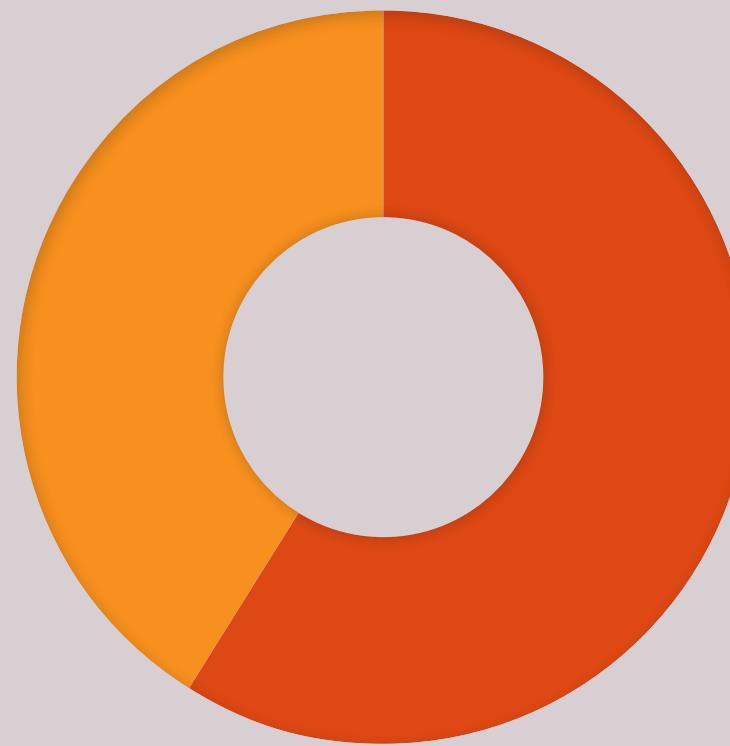
ENSURING TRANSPARENCY AND ACCOUNTABILITY

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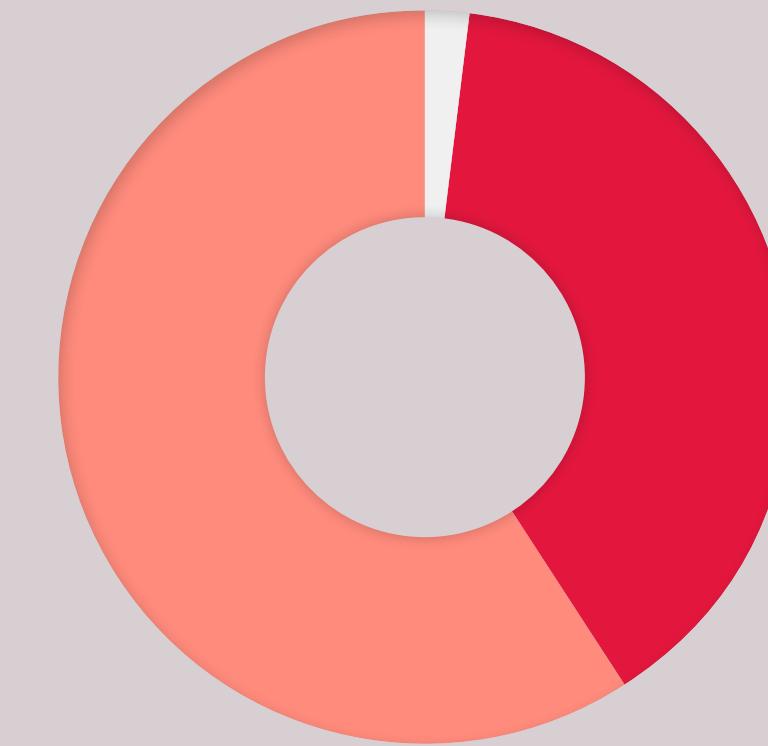
GLOSSARY



NEW EMPLOYEE HIRES BY AGE GROUP



NEW EMPLOYEE HIRES BY GENDER



NEW EMPLOYEE HIRES BY BUSINESS UNITS

CHART 02

ABOUT SATS

BOARD STATEMENT

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NOURISHING COMMUNITIES

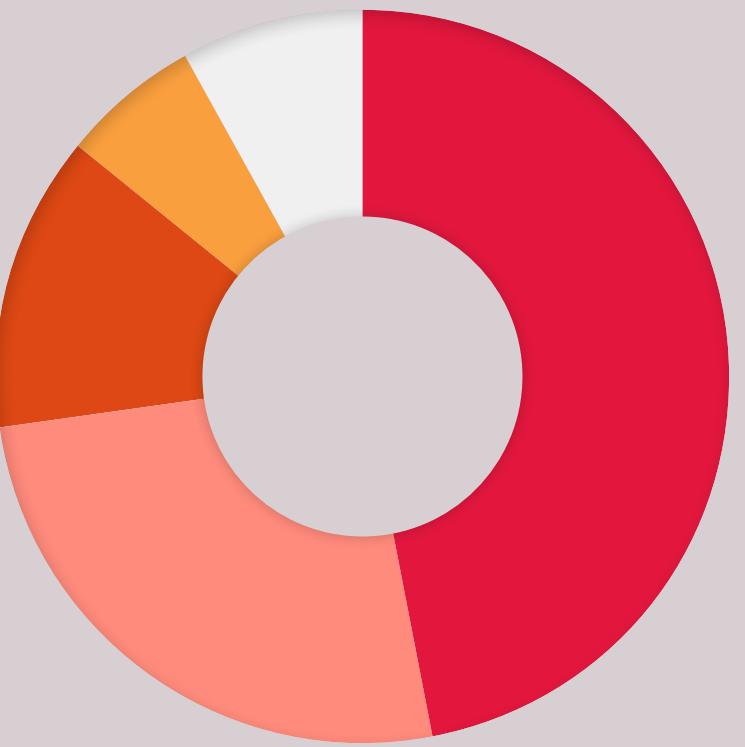
CONNECTING PEOPLE

TREASURING RESOURCES

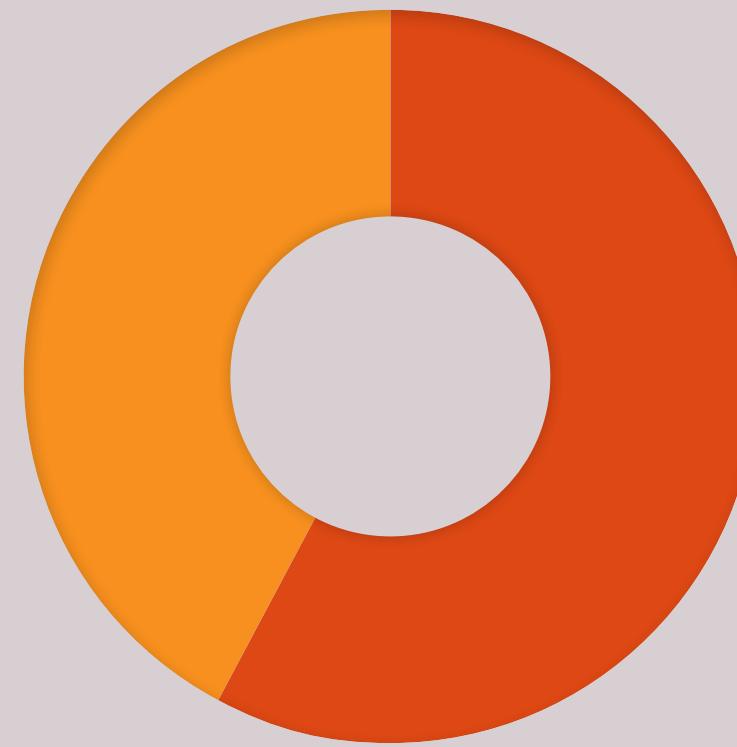
ENSURING TRANSPARENCY AND ACCOUNTABILITY

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EMPLOYEE TURNOVER BY AGE GROUP

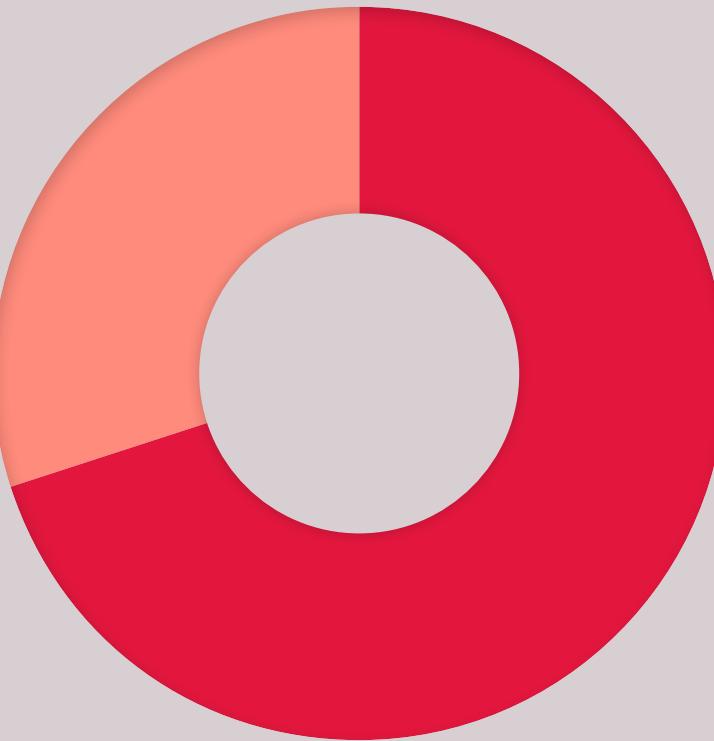


EMPLOYEE TURNOVER BY GENDER



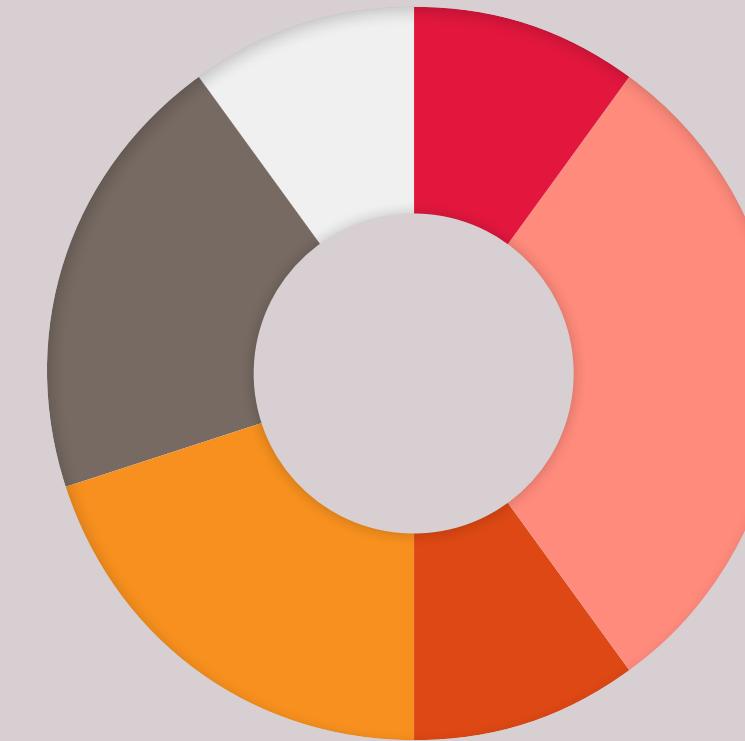
EMPLOYEE TURNOVER BY BUSINESS UNITS

CHART 03



**BOARD
GENDER DIVERSITY**

	Male Directors	70%
	Female Directors	30%
	Total	100%

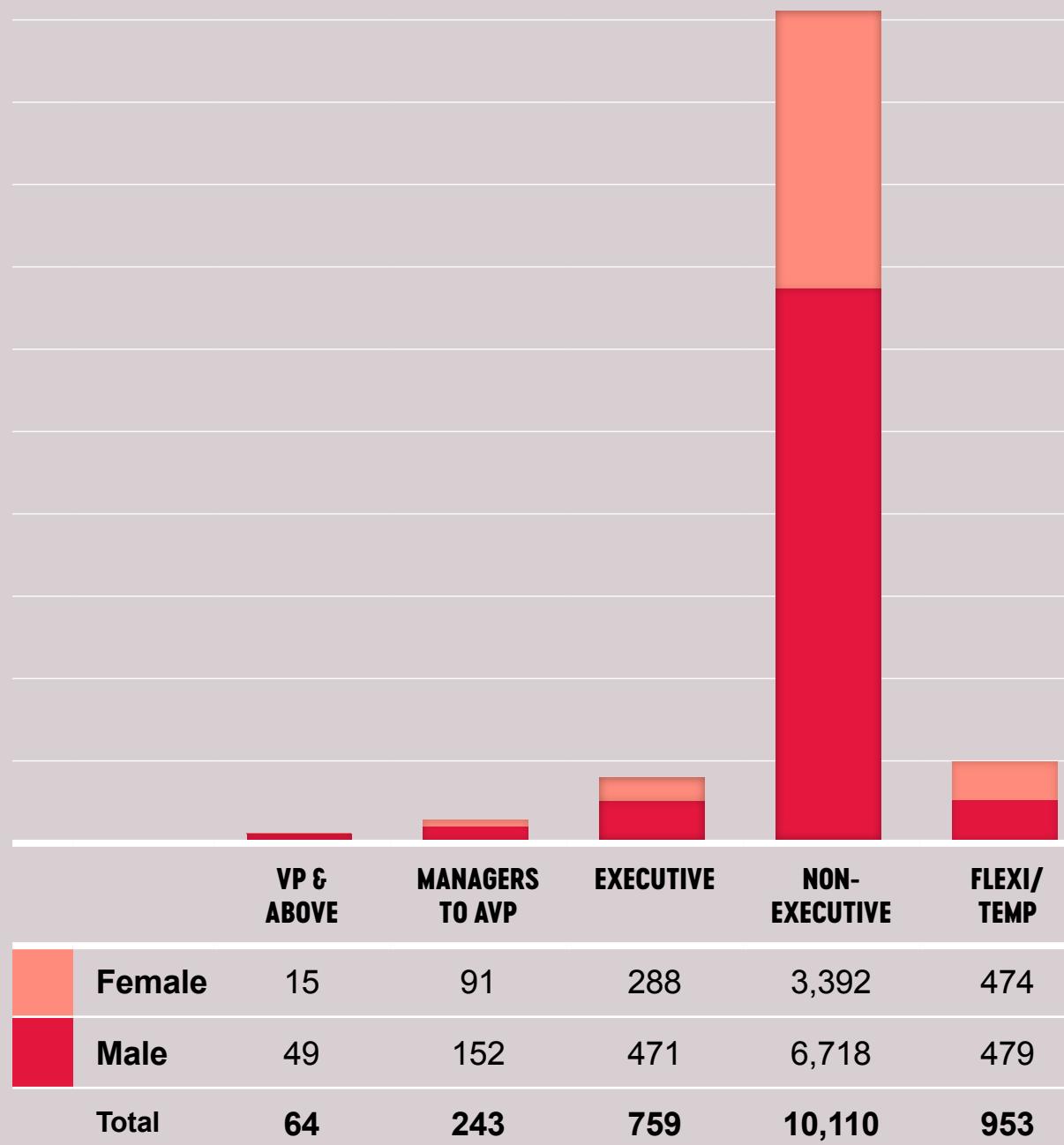


**AGE OF
DIRECTORS**

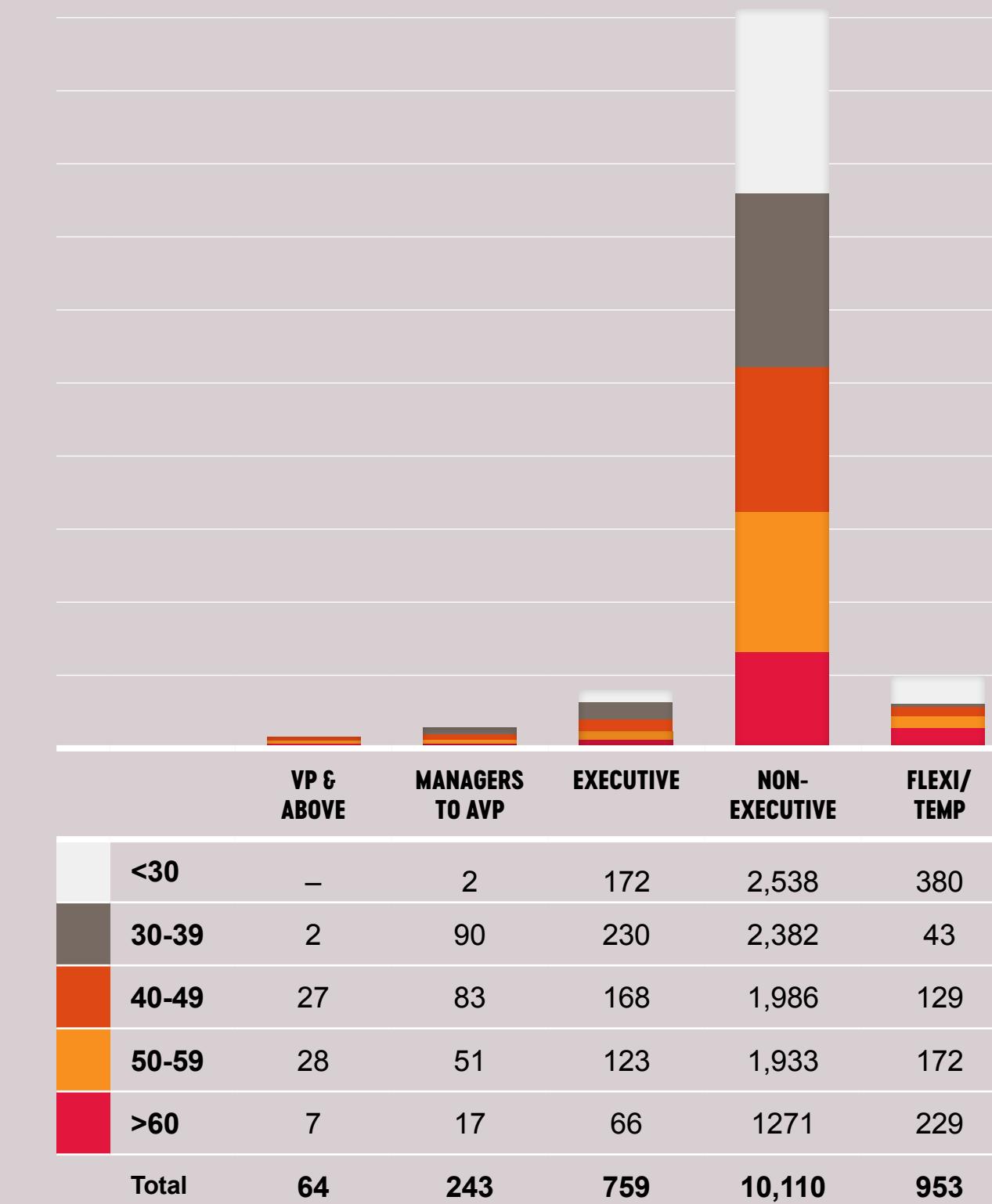
	46-50	10%
	51-55	30%
	56-60	10%
	61-65	20%
	66-70	20%
	71-75	10%
	Total	100%

CHART 04

EMPLOYEE CATEGORY BY GENDER



EMPLOYEE CATEGORY BY AGE GROUP



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SATS OCCUPATIONAL HEALTH & SAFETY (OHS) POLICY

At SATS we are committed to providing a safe, secure and healthy work environment for our people. In line with our core values, we maintain and promote an effective occupational health and safety management program. Our SATS approach is as follows:

Strive to anticipate hazards and possible terror risks and eliminate them to prevent personal injury/illness to employees or loss/damage to equipment and property.

Assure a high level of compliance by meeting applicable legal requirements and adopting best practices.

ITrain and educate employees and contractors to prevent accidents and injuries, including managing and responding to terror threats, and promoting a healthy lifestyle.

Seek and implement all reasonable measures to provide the best possible care in maintenance of our equipment and facilities.

This Policy will be kept up-to-date and relevant, and communicated to everyone at SATS as well as to all persons working under the control of SATS, so that they are reminded of their individual OHS obligations.

We are all responsible for preventing injury and ill-health, both to ourselves as well as to fellow colleagues.

The prevention of accidents is a joint effort. We collaborate to continually improve our occupational health & safety performance to make our company the best and safest place to work.

Alex Hungate
President & Chief Executive Officer
SATS Ltd.



Dated: 09 May 2018

SAFEGUARD OPERATIONAL SAFETY

Safety is one of SATS' core values and is deeply rooted in our DNA. As a premium service provider with extensive regional operations, we are committed to ensuring a safe, secure and healthy environment for our people, customers and the community. Our Occupational Health and Safety Management System, which was established in 2008, has been certified as meeting the internationally recognised OHSAS 18001 Occupational Safety & Health Management System. This certification is audited on an annual basis.

OUR 2030 GOALS

TO ACHIEVE 50% REDUCTION IN ACCIDENT FREQUENCY RATE AND LOST MAN-DAYS

TO ACHIEVE 50% REDUCTION IN ERGONOMIC INJURIES THROUGH THE IMPROVEMENT OF MAN-MACHINE INTERFACE

TO DEVELOP A FULLY DIGITALISED SAFETY MANAGEMENT SYSTEM ACCESSIBLE WORLDWIDE

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MAINTAINING STRICT AND ROBUST SAFETY REGULATIONS

Regular audits are conducted by our customers and partners as well as numerous local and international safety and quality certifications, including OHSAS 18001, ISO 9001 Quality Management System and IATA's Safety Audit for Ground Operations, which is an audit standard applicable to ground handling companies worldwide, coupled with a uniform set of standards relevant for the specific activities of any ground handler.

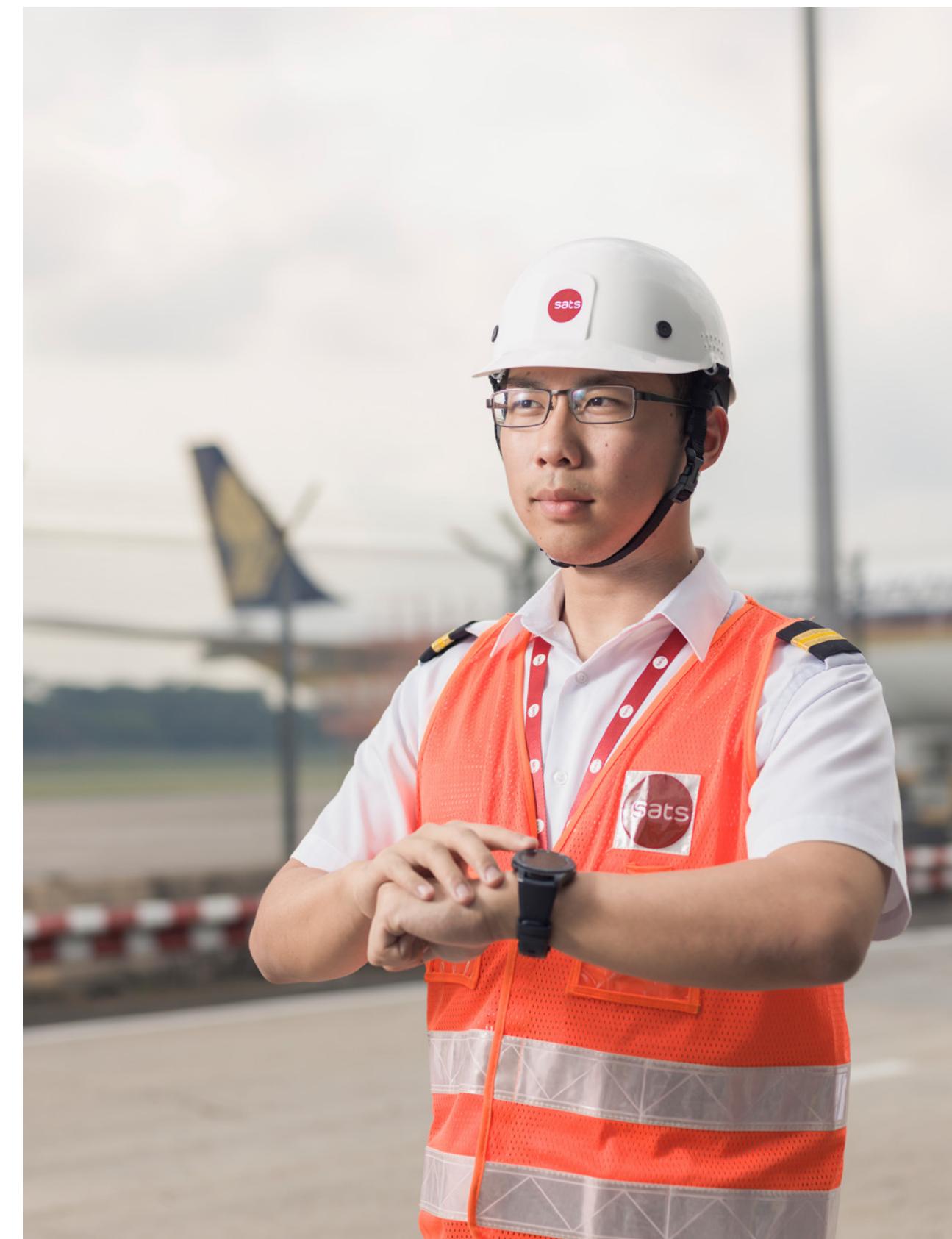
Together, we strive to inculcate positive mindsets, attitudes and relevant skills in all levels of the organisation, so that every employee is able to progress safely with SATS in this dynamic environment. The management also advocates "Just Culture", a culture that creates an atmosphere of trust which encourages and rewards our people for providing essential safety-related information.

Formal joint management-worker health and safety committees oversee safety at both the site and BU level.

Additionally, safety and health topics are discussed at SATSWU's monthly meeting with SATS' management, which is chaired by SATS' PCEO. Topics discussed at the meetings include safety initiatives, safety inspection, work-related accidents, accident prevention and safety education.

SATS complies with the Workplace Safety and Health Incident Reporting regulation, which stipulates that an iReport must be filed for work injury incidents that meet the reportability criteria. In addition, we have an in-house incident reporting procedure that requires all incidents to be reported to supervisors or safety personnel within 24 hours.

The three most common injuries amongst SATS' employees include being caught in between objects, over-exertion, and slips, trips and falls. Compared to last year, the injury rate and lost-day rate across SATS' operations have improved from 4.51 to 4.18 and 273.09 to 229.98 respectively. There were no work-related fatalities in the reporting period.



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CREATING A SAFE ENVIRONMENT FOR OUR PEOPLE, CUSTOMERS AND THE COMMUNITY

In July 2018, we implemented a forklift improvement programme with the objective of elevating the level of safety during daily forklift operations within the warehouse. A project team was established to drive employee awareness of safety issues as well as develop and implement various safety initiatives. These include installing forklifts with speed-limiting devices, a system which projects a blue light to alert pedestrians of reversing vehicles and a neutral power-cut sensor to ensure that unmanned forklifts remain stationary.

Since implementation, the programme has resulted in a safer and more secure work environment for our people, customers and the community, reducing the number of incidents by 80%. In recognition of the value created by this initiative, the project won the 2018 WSH Innovation Projects Award presented by Singapore's Workplace Safety and Health Council. Moving forward, with the ongoing transition to fully electric GSEs, we are studying the feasibility of installing the same features in our new fleet of electric forklifts as well.

We are cognisant of the fact that occupational activities such as the loading and unloading of cargo as well as the docking and undocking of GSEs pose a higher risk to our Cargo and Ramp employees of strains, sprains and other musculoskeletal conditions. Outreach sessions are thus held regularly by Business Unit Management to increase employees' situational awareness on the common risks that they are exposed to. SATS has also been engaging HPB on an ergonomics and fatigue management programme to prevent work-related health issues and injuries, and to improve work postures.

SATS also ensures workplace safety by guarding against the threat of cyberattacks and acts of terrorism. In line with the SGSecure guide for workplaces, in addition to the existing framework and controls to defend ourselves against cyber threats, SATS has also implemented initiatives to raise our preparedness against terrorism.



SAFEGUARD OPERATIONAL SAFETY

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For instance, we have appointed and registered an SGSecure representative with the Ministry of Manpower, who will serve as the point of contact for the authorities in times of crises and help to disseminate updates.

Regular drills and communications are also conducted to familiarise all employees on emergency escape routes while selected individuals have been given additional responsibilities to further boost our readiness level. A special group of responders have been identified and trained on occupational first aid (CPR/AED) and on how to fight incipient fires while a group of Buddies were trained in psychological first aid skills to help co-workers cope with difficult situations.

AS TESTAMENT TO OUR EFFORTS TO PROVIDE A SAFE OPERATING ENVIRONMENT FOR THE AIRPORT COMMUNITY, SATS WON 3 INDIVIDUAL AND 3 TEAM AWARDS AT THE 2018 AIRPORT SAFETY AWARDS.

One of the award-winning initiatives is the installation of an engine cut-off system in tractors to ensure that unmanned vehicles remain stationary and to reduce the number of runaway vehicles that may result in personnel injury and damage to aircraft or other equipment in the airside area.

Presented annually, the award recognises exceptional actions or contributions by members of the airport community, who go beyond their scope of work to effectively prevent safety incidents or injuries.



CASE STUDY

HANDLING DANGEROUS GOODS SAFELY

9% of the cargo that SATS handles every year for export lodged-in by freight forwarders includes items classified as ‘dangerous goods’ (DG) such as compressed gas, radioactive material, batteries, biological substances and chemicals.

Due to their hazardous nature, such cargo must be declared in the proper manner and comply with relevant laws and freight regulations. Besides legal implications, the mishandling of DG has serious implications on the safety of our cargo handling staff and aviation partners as well.

To address the issue of non-compliant or undeclared shipments of DG, to decrease the number of such incidents, and to ensure compliance to IATA regulations, SATS implemented a fundamental change in the way DG are tendered for acceptance. The change builds on the current mandatory and robust checking process that is compliant with IATA DG regulations.

As an additional level of compulsory checks, freight forwarders are now required to register their DG-competent assigned personnel, who will be the only ones authorised to complete the first-level DG checklist.

The change was implemented through a holistic and consultative process that involved the freight forwarding community, airlines, the Civil Aviation Authority of Singapore and The Singapore Air Cargo Agents Association.

On 28 August 2018, SATS launched a Dangerous Goods campaign that advocated key safety messages followed by focus group discussion with key stakeholders in September and October 2018. The discussions gathered important feedback that served to identify the most pertinent issues and concerns, which were taken into account during the transition.

As testament to the success of our efforts, in the period following the change from November 2018 to February 2019, the number of DG shipments rejected for non-compliance saw a 29% decrease in February 2019 compared to the first 6 months of 2018. Since the change in process, only 5 cases of undeclared dangerous



goods shipments have been reported compared to 8 cases reported from July to August 2018 alone.

Moving forward, to ensure greater compliance, we will enforce a strict penalty system where DG-competent personnel whose shipments fail to comply with the mandated regulatory requirements will be blacklisted.

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EMPOWER COMMUNITIES

While business outcomes are important to us as we continue to grow, the impact we have on our ecosystems and local communities matter as well.

At SATS, our passion to delight in service of others is reflected in our community engagement activities, which represent our values and who we are. As a people-led organisation, our people are actively involved in supporting the needs of local communities, giving back and helping others to realise their full potential.

This year, our programmes and initiatives provided for close to 250,000 beneficiaries across schools, charities, non-profit organisations and healthcare providers as well as more than \$800,000 in donations to charity and non-profit organisations from the SATS Foundation and SATS Staff Association. The year-long line-up of events and activities involved 1,349 staff, who contributed more than 4,500 volunteer hours in total.

OUR 2030 GOALS

**TO TOUCH 4 MILLION LIVES BY 2030
THROUGH SOCIAL AND COMMUNITY
INVESTMENTS THAT IMPART OUR EXPERTISE,
TO EMPOWER PEOPLE TO FULFIL THEIR
FULLEST POTENTIAL**

SATS PROVIDED FOR:

~250,000 BENEFICIARIES

WITH

>\$800,000 IN DONATIONS



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A GROUND-UP, COLLECTIVE APPROACH TOWARDS AFFECTING POSITIVE CHANGE

Led by our people, the SATS Volunteering Programme, supported by the SATS Staff Association, is centred round supporting and giving back to local communities through a series of meaningful programmes and initiatives held throughout the year.

This year, we launched the SATS Volunteering Framework, a 3-tier framework that serves to guide our social engagement activities and pledges to support vulnerable communities by helping others fulfil their potential for a more sustainable future. *Be-United* involves participation at large-scale charitable activities that promotes positivity and awareness of current social issues. *Be-Friend* focuses on providing activity support and meet with beneficiaries at interactive sessions. *Be-Yond* is focused on dedicating regular assistance to support charities in their respective causes.

GIVING BACK WHERE IT MATTERS

Every year, natural disasters and events occur in the region that affect the lives of countless people. In such situations, there is often an urgent need for basic necessities, food and water.

For SATS, disaster relief support is a way for us to make an immediate difference by providing assistance where it is most needed, helping those affected to recover and begin rebuilding their lives. Since 2003, SATS has been supporting relief missions around the region, dispatching food supplies in the form of ready-to-eat meals to aid survivors of natural disasters.

On 11 September 2018, through The Salvation Army's disaster relief operations, we donated 24,000 ration pouches to help 6,000 displaced survivors following the collapse of the Laos dam.

At SATS, our culture of giving and creating value for others extends to the workplace environment as well. In

tandem with Giving Week, Singapore's nation-wide movement to build a #CityofGood, SATS initiated a week-long campaign to foster a more caring and inclusive workplace. Our staff had the chance to explore various ways of giving through workshops, talks, opportunities to volunteer with our charity partners for food distribution and donation drives, as well as supporting social enterprises at our #DoGood bazaar.

SATS Giving Week concluded on a high note, with our staff contributing nearly 600kg of food products to The Boys Brigade's Share-a-Gift campaign, which reaches out to 6,909 households that receive assistance from government-funded ComCare programmes and 211 voluntary welfare organisations.



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TREASURING RESOURCES

USE SCARCE RESOURCES EFFICIENTLY

REDUCE EMISSIONS

“AT SATS, WE CARE FOR THE ENVIRONMENT. I HELP IN #TREASURING OUR RESOURCES BY ENHANCING OUR RECYCLING RATE AND SHIFTING TOWARDS RENEWABLE SOURCES OF ENERGY.”

KENNETH LOH

#GROWINGWITHPURPOSE

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TREASURING RESOURCES

CARING FOR THE ENVIRONMENT

Enhancing our operational efficiencies and reducing our carbon footprint and waste while shifting to renewable and sustainable sources of energy, water and raw materials to lessen the impact our business has on the environment.

WHO ARE OUR PRIMARY STAKEHOLDERS?

Our customers, employees, shareholders, local communities and the environment.

UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS



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USE SCARCE RESOURCES EFFICIENTLY

ELECTRICITY

110 GWh

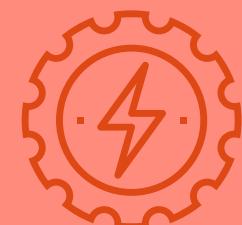
6% DECREASE IN CONSUMPTION OVER THE LAST 2 YEARS



ELECTRICITY CONSUMPTION AVERAGE OF

1.45 kWh

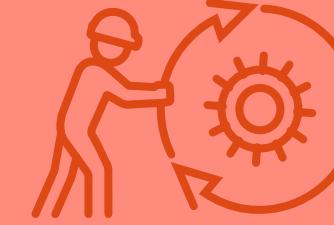
PER PASSENGER HANDLED



INCREASED RECYCLING RATE

+4.4%

OVER THE LAST 3 YEARS



REDUCE EMISSIONS

GENERATED

4.8 GWh

FROM RENEWABLE ENERGY



SAVED

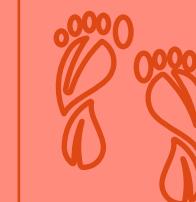
446,706 LITRES

OF FUEL EQUIVALENT TO 1,215.04 TONNES OF CO₂ EMISSIONS



INTRODUCED THE WORLD'S FIRST
AIRSIDE DRIVING SIMULATOR

EMBARKED ON A SATS-WIDE CARBON FOOTPRINT AUDIT TO
ESTABLISH OUR CARBON EMISSIONS BASELINE



WATER CONSUMPTION

1,353 MILLION LITRES

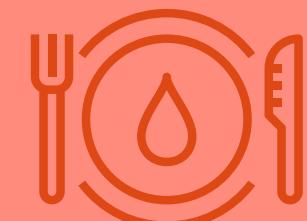
33% DECREASE IN CONSUMPTION OVER THE LAST 2 YEARS



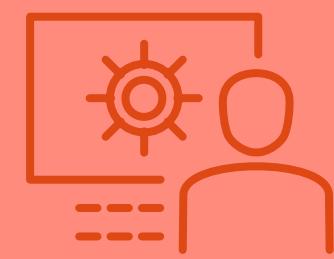
WATER CONSUMPTION AVERAGE OF

15 LITRES

PER UNIT MEAL



LAUNCHED DIGITAL TWIN TECHNOLOGY TO
OPTIMISE RESOURCES FOR PRODUCTION PLANNING

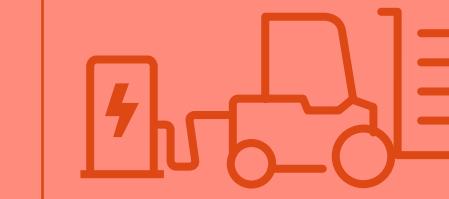


78 ELECTRIC TRACTORS

09 ELECTRIC FORKLIFTS

06 ELECTRIC PALLET TRUCKS

PLANS TO CONVERT ANOTHER 220 DIESEL TRACTORS ACROSS ALL APRON UNITS



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USE SCARCE RESOURCES EFFICIENTLY

Recognising that competition for talent, raw materials, energy and water will increase operational costs and place strains on the environment, we are constantly working to manage our growth in a sustainable and purposeful manner.

Integrating digital technology, energy-efficient innovations and environmentally conscious practices into our operations, we strive to optimise the use of resources by reducing wastage, increasing efficiencies and creating productive and sustainable cycles of renewal and regeneration.

OUR 2030 GOALS

TO ACHIEVE 100% WASTEWATER TREATMENT

TO USE 50% RECYCLED WATER FOR NON-FOOD USE

TO USE SUSTAINABLE FOOD PACKAGING



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CASE STUDY

DIGITAL TWIN: DATA-DRIVEN SUSTAINABILITY

A digital twin is a replica of an actual product or process, an evolving digital profile based on cumulative real-time, real-world data measurements of its current and past behaviour, that can help to optimise business performance.⁷

Recognising its potential to help us utilise our resources more efficiently and achieve long-term, sustainable growth, SATS harnessed Digital Twin technology to enhance resource planning, improve operational efficiencies and knowledge management through the use of simulations and real-time data.

Through simulations, users are able to identify key bottlenecks and effectively allocate resources such

as manpower and raw materials based on specific operations. With greater visibility of demand fluctuations and possible operational scenarios, capacity and resource planning can also be done before actual implementation and with greater accuracy.

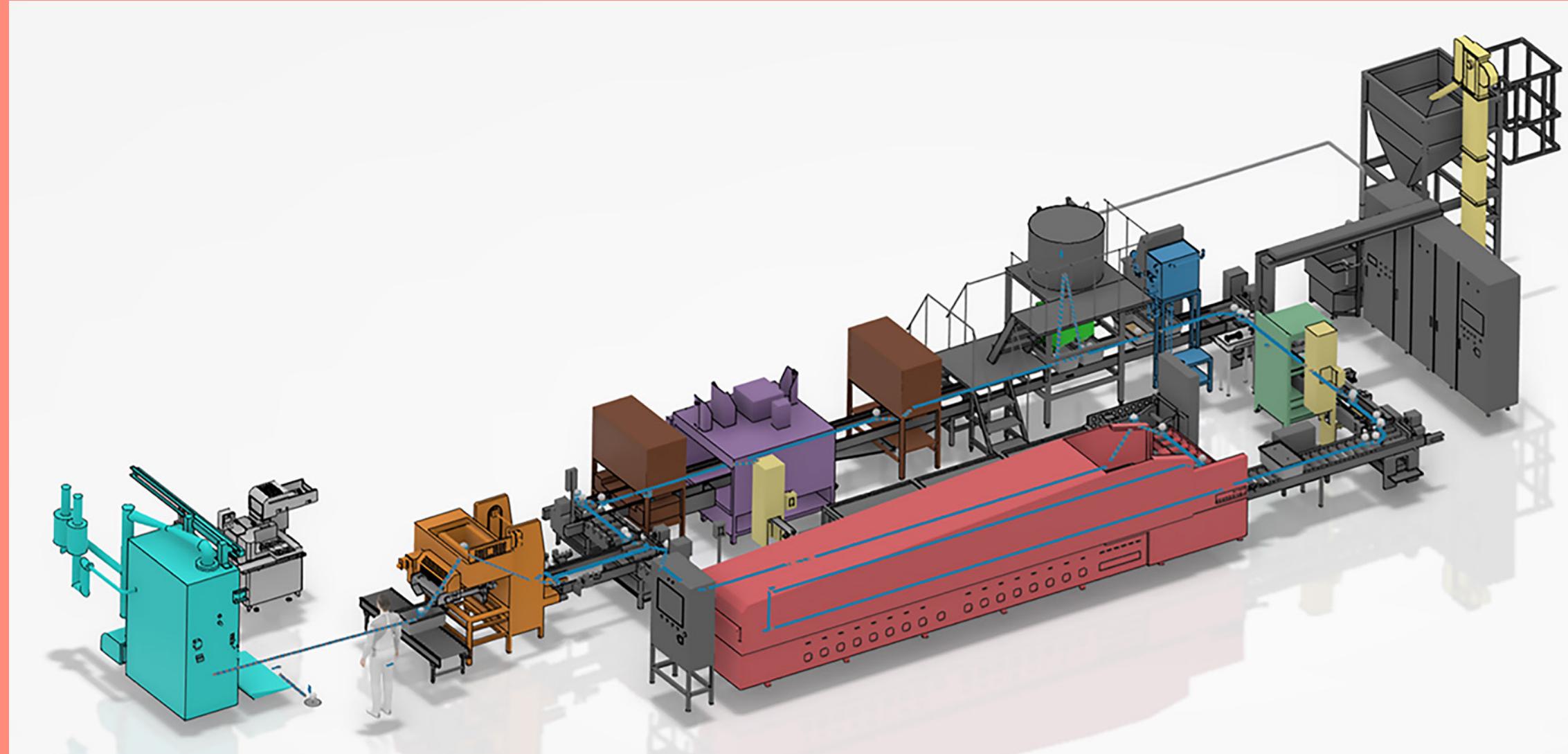
With Digital Twin technology, the introduction of new machinery or production lines can be simulated through comprehensive 3D processes on a virtual environment. This enables us to better understand the potential impact on our operations, identify critical points of failure and make adjustments before actual deployment. Likewise,

modifications to existing production, process flows and equipment can be virtually analysed and optimised before actual implementation.

Better knowledge management enables us to achieve better outcomes. In a kitchen environment, sensors installed provide real-time data that help us improve response time when handling different scenarios such as bottlenecks or disruptions.

In the longer term, this technology can also be applied across different operations, which enables planning for future expansions or new processes.

⁷ Deloitte University Press. (2017). Industry 4.0 and The Digital Twin: Manufacturing Meets Its Match, p3.



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STRENGTHENING OUR RECYCLING CAPABILITIES

Recycling waste materials and wastewater plays an important role in reducing greenhouse gas emissions that result from resource disposal. In line with our pursuit of sustainable growth, finding ways to reuse resources and maximise their utility not only contributes towards lowering our emissions, it also alleviates the strain on the environment due to the large-scale extraction of virgin resources.

Since 2008, SATS has been working with our licenced vendor to recycle plastic, metal, carton boxes, cooking oil and glass at SATS Inflight Catering Centres 1 and 2. Our recycling rate has improved by 4.4% over the last 3 years.

With water usage growing twice as fast as the rate of population growth and more countries experiencing water stress⁸, there is a clear impetus for us to do our part by improving our water management and recycling efforts. Over the last 2 years, our combined efforts have resulted in a 33% decrease in water consumption across our operations.

Moving forward, we are in the midst of implementing rainwater collection projects at premises such as SAL and AFT while working with partners to develop extensive water recycling projects. We are in the process of increasing the volume of recycled water to 220 cubic metres per day, which consists of treated greywater for toilet flushing, general washing, irrigation and the cooling tower.

⁸ Source: UN-Water



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PRACTISING CONSCIOUS CONSUMPTION

Globally, there is a growing movement to address the indiscriminate use and disposal of products like single-use plastics. In 2018, Taiwan announced a blanket ban on single-use plastic items such as straws, plastic bags and cups by 2030. Similarly, in January 2019, the European Union introduced restrictions on single-use items including plastic cutlery, plates and straws. This reflects a growing awareness that materials like plastic, when consumed in huge amounts on a daily basis, have a detrimental impact on the environment at the end of their short life cycles.

At SATS, we are equally committed to doing our part to encourage more conscious consumption, thereby reducing the demand for products that are not environmentally sustainable. For our staff, we will design and distribute SATS-branded personal cutlery to advocate the use of reusable cutlery and cups for all in-house functions and staff canteens. In doing so, we hope to significantly reduce the volume of plastic and disposable waste produced.

At the same time, we are exploring alternative packaging such as biodegradable material, to replace single-use plastic packaging in our production and laundry operations, where possible.

PLEASE REFER TO:

CHART 05

CHART 06

CHART 07

CHART 05

WEIGHT OF WASTE BEING RECYCLED AT SICC1 AND SICC2

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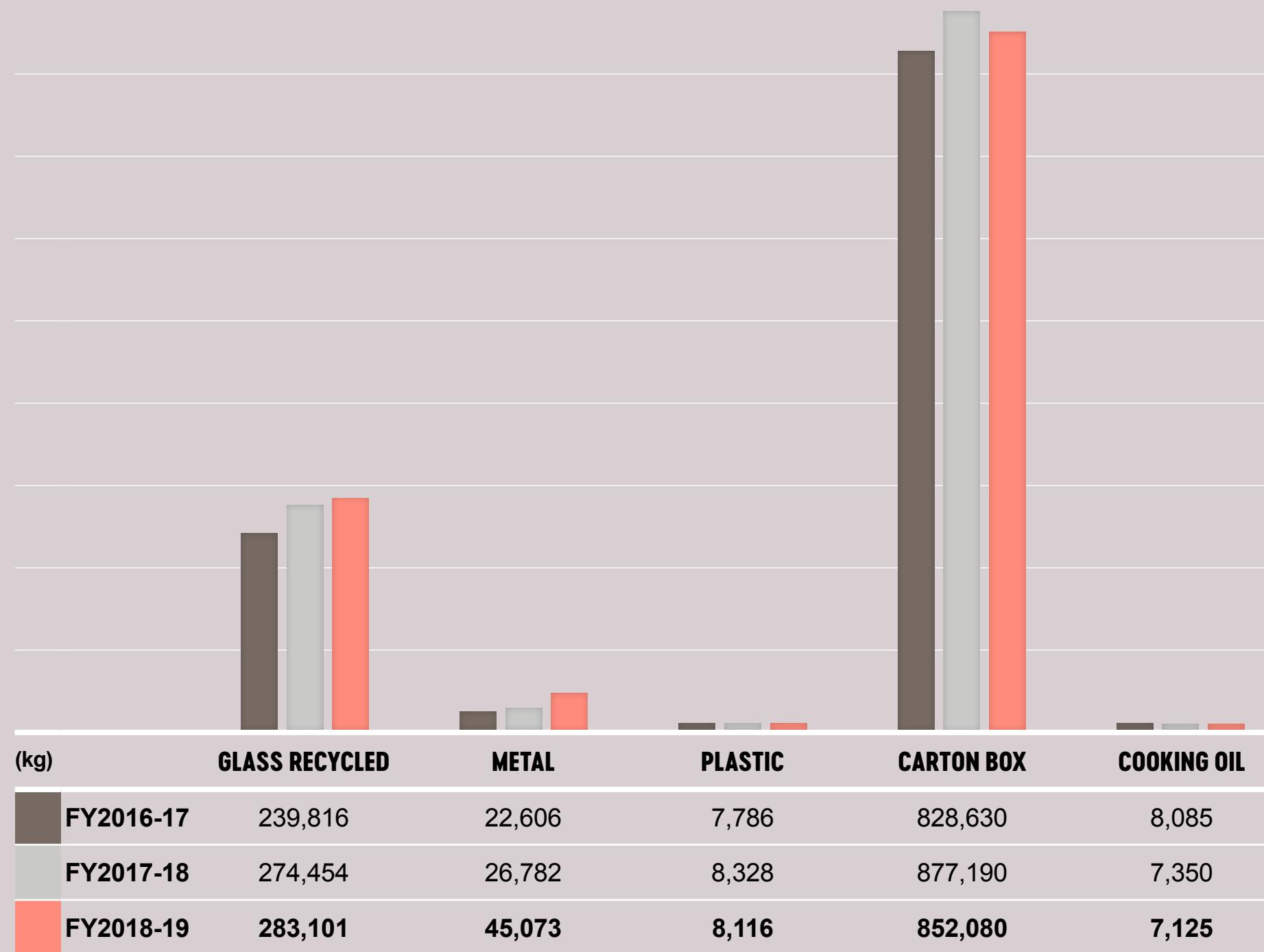
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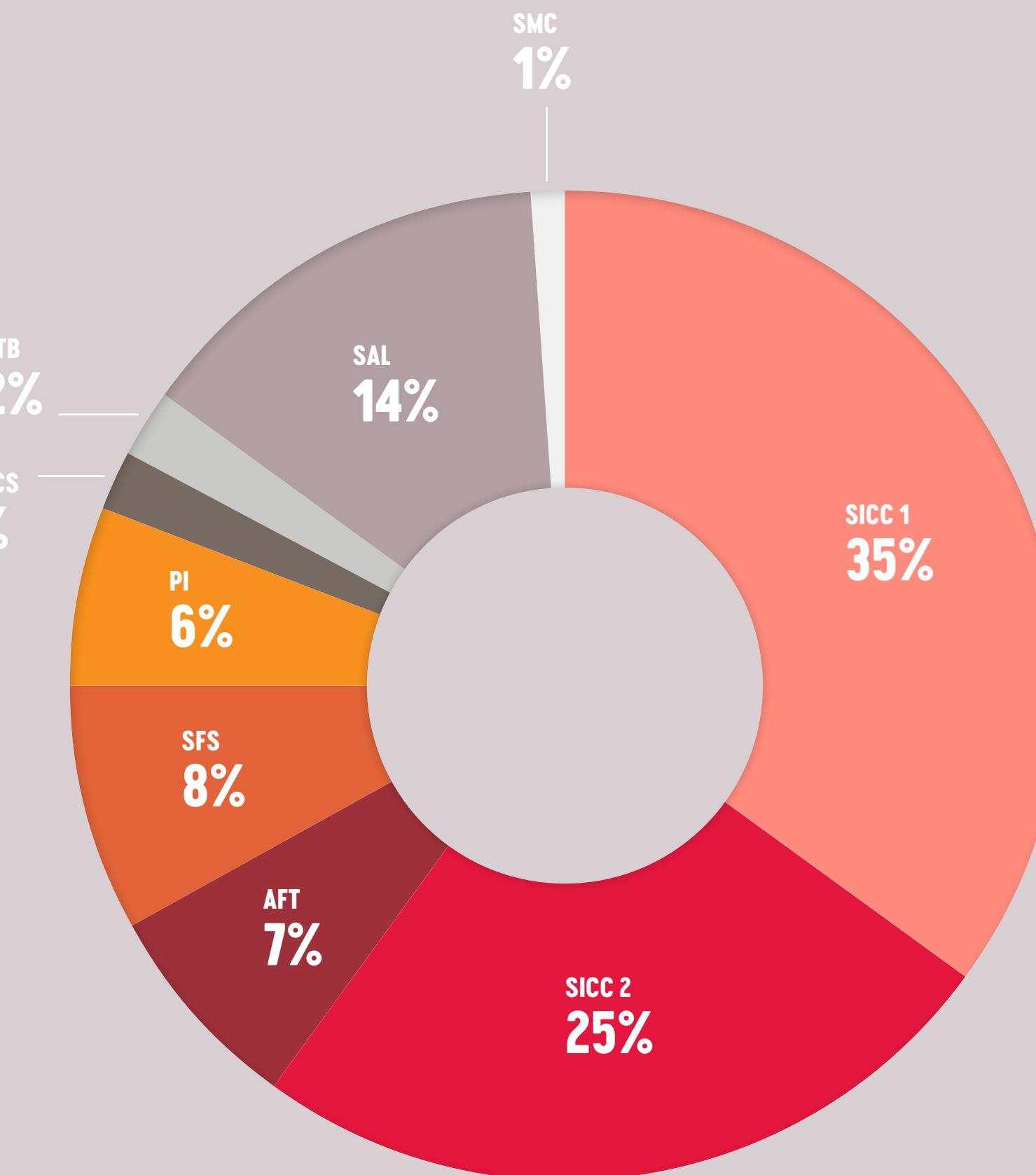
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TOTAL WATER CONSUMPTION

1,353 MILLION LITRES

33% DECREASE OVER THE LAST 2 YEARS

CHART 06

ANNUAL WATER CONSUMPTION BY BUILDINGS

	(m ³)
SICC 1	471,711
SICC 2	335,553
AFT	99,205
SFS	106,399
PI	77,322
SATS DN	4,404
MBCCS	33,319
PTB	23,766
SAL	191,489
SMC	10,264

USE SCARCE RESOURCES EFFICIENTLY

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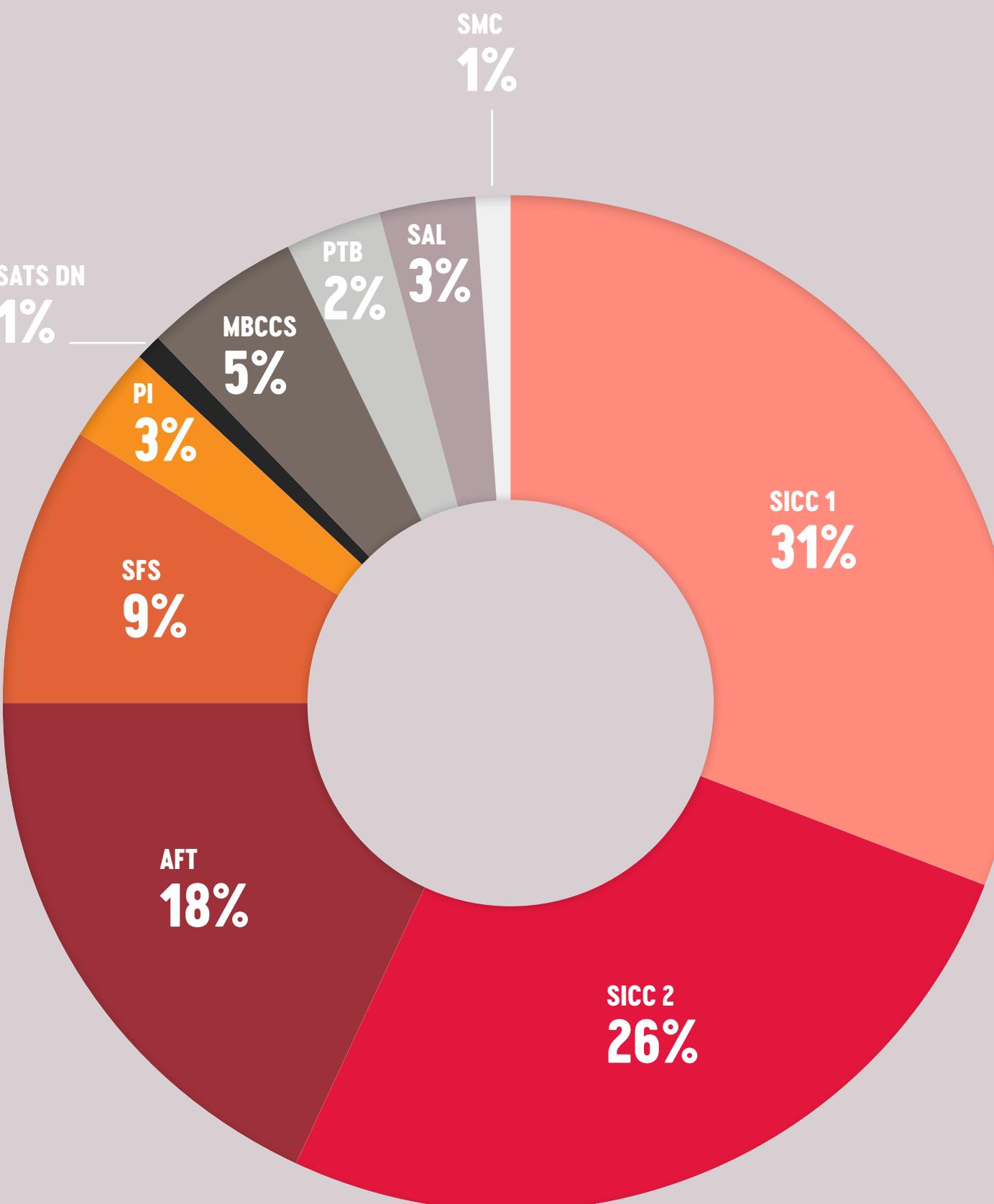
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TOTAL ELECTRICITY CONSUMPTION

110 GWh TOTAL

6% DECREASE OVER THE LAST 2 YEARS

CHART 07

ANNUAL ELECTRICITY CONSUMPTION BY BUILDINGS

	(kWh)
SICC 1	34,980,000
SICC 2	28,450,373
AFT	19,813,238
SFS	9,634,999
PI	3,118,787
SATS DN	1,422,915
MBCCS	5,465,530
PTB	3,319,073
SAL	3,361,310
SMC	871,199

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REDUCE EMISSIONS

Greenhouse gases like carbon dioxide are responsible for trapping heat in the earth's atmosphere, contributing to rising temperatures, rising sea levels and weather extremes, which affect all forms of life on land and in the ocean.

Within the aviation community, airports around the world are making a collective effort to reduce their carbon emissions in a bid to create a more sustainable industry. From May 2017 to May 2018, accredited airports under the global carbon management standard, Airport Carbon Accreditation, have successfully reduced an amount of carbon dioxide emissions under their direct control that is equivalent to an amount which would take more than 8 million trees planted over 10 years to absorb.⁹

⁹ Airports Council International. (2018). Global Climate Action by Airports up 25% in the Past Year.

* Subject to the development of infrastructure and facilities to support electric ground equipment by airports.

As a leading provider of gateway services and food solutions in the region, we believe that we have an obligation and a pivotal role to play in driving positive climate action and reducing our carbon footprint across our businesses.

This year, the highlights of our sustainability efforts include integrating environment policies and practices into our operations, developing greater energy efficiency and increasing our use of renewable energy.

OUR 2030 GOALS

TO EMPLOY 100% ELECTRIC GROUND HANDLING EQUIPMENT*

TO ACHIEVE 40% USAGE OF RENEWABLE ENERGY IN SATS-OWNED BUILDINGS

TO ACHIEVE 80% REDUCTION IN CARBON FOOTPRINT BY 2030



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ALIGNING PRACTICE WITH POLICY

To identify our carbon emissions baseline on which we can build our sustainability goals and measure progress, we worked with external consultants, NEA, CAG and relevant business units to conduct a carbon footprint audit across our Singapore operations.

Using a defined methodology, we audited the operations of SICC1, SICC2, SFS, SAL, AFT, SMC, MBCCS and SATS Cargo. This exercise is crucial in helping us to devise standardised regulations, implement abatement measures and optimise the process of planning and implementation of future initiatives.



CARBON EMISSIONS CALCULATION METHODOLOGY

To calculate the volume of emissions, energy consumption data was compiled from different sources within SATS. Where possible, raw data was used – as close to the original data source as possible. The information was collected on a monthly basis and entered into the reporting tool.

The reporting tool contains input sheets that are separated into 5 classifications describing the different companies within SATS. These include Singaporean Subsidiaries, Singaporean Associates

and Joint Ventures, Overseas Associates, Overseas Subsidiaries and Overseas Joint Ventures. Each company in the SATS corporate group is allocated into one of these classifications.

Under each company, different facilities are identified – these comprise the physical installations and activities of each company that generate emissions through fuel and electricity consumption. Within each facility, the respective data input are tagged to the relevant emission points identified. Moving forward, carbon emission data will be recorded accordingly.

DIFFERENT EMISSIONS SOURCES

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The different emissions sources use different estimation methods to calculate greenhouse gas emissions.

FUEL COMBUSTION

A number of different fuels are used within SATS' operations. Each of these is reported in units of measurement specific to a particular emission point. These are then converted to required units of measurement that are used to calculate the volume of greenhouse gas emissions. The units of measurement supplied (reported units) and the required units for calculations are shown in the table on the right.

To calculate the emissions, the amount of fuel consumed is first converted to energy units. For emissions with required units in kg, the lower heating values published under NEA's Greenhouse Gas Measurement and Reporting Guidelines or the IPCC Guidelines for National Greenhouse Gas Inventories are used.

The lower heating values are used because these are consistent with the emissions factors that are used for calculating emissions. Each lower heating value is presented in GJ/kg so the gigajoules of each fuel combusted are calculated. Those fuels that are reported in energy units (kWh or MMBTU) are also converted to GJ.

Emissions factors for each fuel type are then used to calculate the greenhouse gas emissions from the energy consumed. Each fuel type has an emissions factor that is presented in kg of *CO₂-e per GJ of fuel combusted. Emissions factors for carbon dioxide, methane and nitrous oxide are presented separately for each fuel type.

FUEL TYPE	REPORTED UNITS	REQUIRED UNITS	CONVERSION METHOD
Diesel	Litres	kg	Diesel density = 0.831 kg/L
Petrol	Litres	kg	Petrol density = 0.748 kg/L
Town gas	kWh	MWh	1 MWh = 1,000 kWh
	Sm ³	kg	Gas density = 0.604 kg/Sm ³
	MMBTU	GJ	1 MMBTU = 1.055 GJ
LPG	kg	kg	Not applicable

- * CO₂-e = Carbon Dioxide Emission
- GJ = Gigajoule
- kg = Kilogramme
- L = Litre
- kWh = Kilowatt Hour
- MWh = Megawatt Hour
- Sm³ = Standard Cubic Metre
- MMBTU = Metric Million British Thermal Unit

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The global warming potential for each of these 3 greenhouse gases is then converted to kilogrammes of equivalent carbon dioxide (kg CO₂-e). These global warming potentials, taken from the IPCC Assessment Report 4, represent the relative warming of methane and nitrous oxide compared to carbon dioxide. Methane for example, has a global warming potential of 25 t CO₂-e/t CH₄ –, which indicates that it is 25 times more powerful as a greenhouse gas over a 100-year time horizon.

SCOPE 2 EMISSIONS

Scope 2 emissions refer to indirect emissions and in this data set, it comes purely from purchased electricity. These are calculated from invoices and other records such as utility bills showing the kWh of electricity purchased for different facilities or purposes. To calculate scope 2 emissions, the average grid emissions factor for the country in which that electricity is purchased is used. This is generally presented in units of kg CO₂-e/kWh. In Singapore, the grid emission factor is currently 0.413 kg CO₂-e/kWh.



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INCREASING USE OF RENEWABLE ENERGY AND ENERGY-EFFICIENT EQUIPMENT

To reduce our carbon footprint and lower the greenhouse effect on our environment, we are working to increase our reliance on renewable sources of energy as viable, long-term alternatives. In FY2018-19, SATS generated 4.8GWh from renewable energy – enough to power approximately 13,000 four-room flats for a year.

Solar energy currently comprises 4% of the energy supplied to SATS facilities such as SFS, SMC and AFT. Our goal for FY2019-20 is to explore solar usage in other areas such as ground support equipment (GSEs).

At the same time, we are working with our partners on ways to increase our supply of solar energy as well as on initiatives such as the development of solar arrays on all viable roof spaces. The collaboration will also include testing of solar photovoltaic thermal panels, which is projected to provide for about 15% of the hot water supply in ICC1, as a potential energy supply for our laundry and food processing plants.

Besides growing our sources of renewable energy, the use of energy-efficient equipment also plays an important part in reducing our overall emissions. SATS has carried out chiller replacement projects at SICC 1, SICC 2 and Changi Airfreight Terminals 1 to 6, replacing existing chiller plant systems with new ones that are equipped with energy management features. In FY2018-19, these replacements have enabled us to save 1.79GWh, which is equivalent to the annual energy consumption of approximately 4,800 four-room flats.



DEVELOPING NEW WAYS TO GO GREENER

Applying a technology-driven, people-led approach to growing the business in line with our sustainability goals, SATS is constantly exploring new and productive ways to harness innovative technology for greener and more efficient operations. In doing so, we hope to create lasting value for our customers, our people, the airport and aviation community as well as the natural environment.

PLEASE REFER TO:[CHART 08](#)[CHART 09](#)[TABLE 02](#)[TABLE 03](#)[TABLE 04](#)

CHART 08

DIESEL CONSUMPTION FOR RESPECTIVE BUSINESS UNITS

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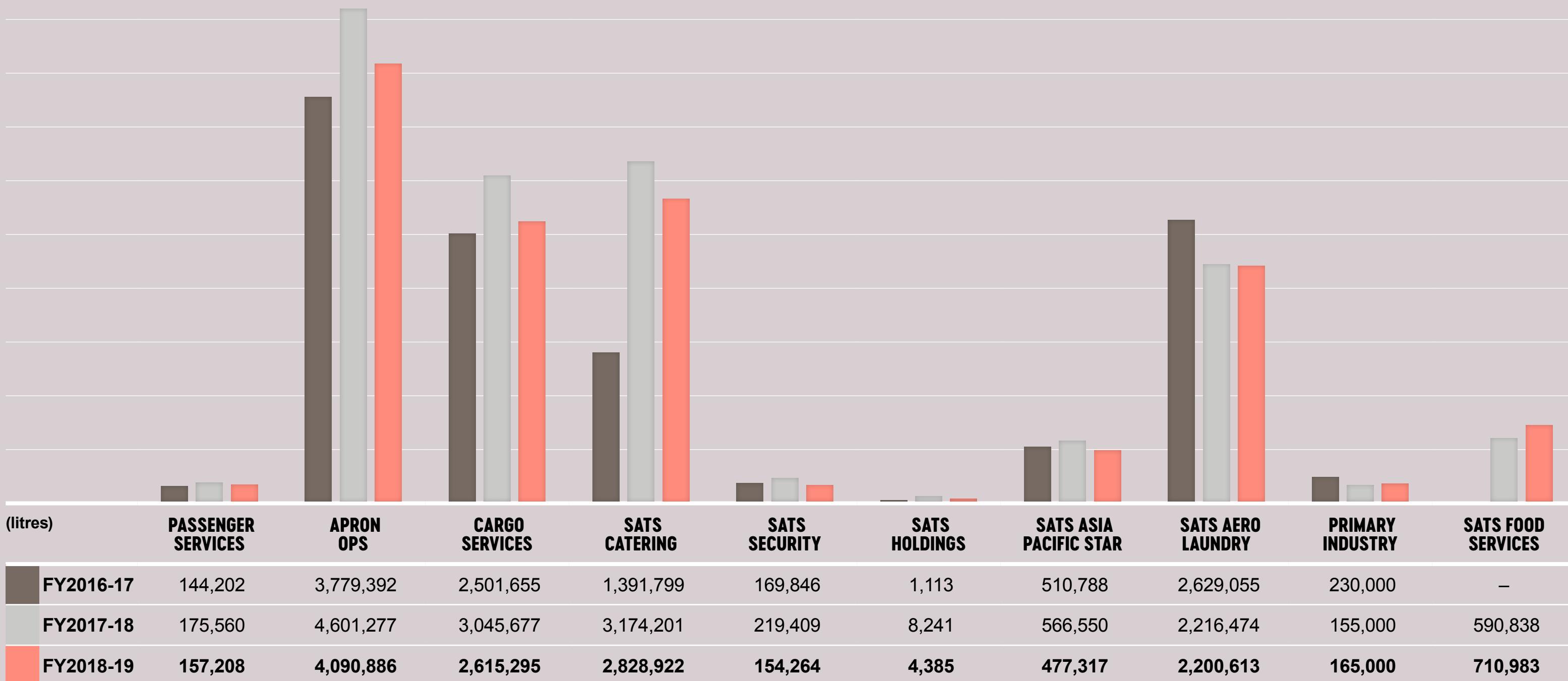


CHART 09

PETROL CONSUMPTION FOR RESPECTIVE BUSINESS UNITS

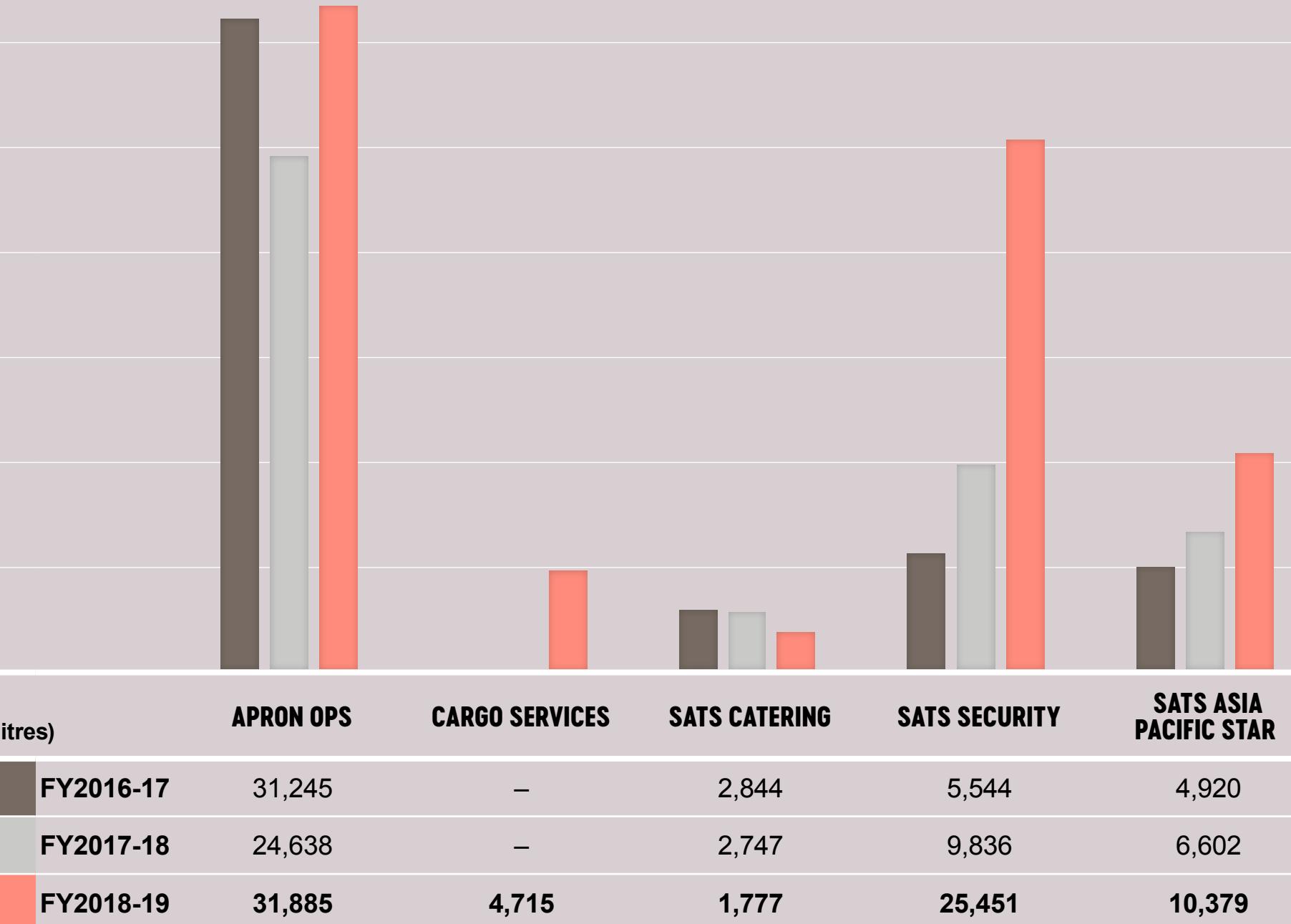


TABLE 02**EMISSIONS BY FACILITY TYPE**

FACILITY TYPE	ENERGY (GJ)	EMISSIONS (T CO ₂ -E)		TOTAL EMISSIONS
		SCOPE 1 EMISSIONS	SCOPE 2 EMISSIONS	
Food preparation and delivery	516,402	14,949	36,229	51,179
Building operations	135,313	0	18,267	18,267
Cargo services	179,389	7,918	9,951	17,870
Apron and ramp services	148,100	11,023	0	11,023
Laundry operations	85,191	5,971	804	6,775
Management of international cruise terminal	19,676	0	2,656	2,656
Abattoir	28,182	651	1,516	2,167
Ground handling services	15,749	1,186	0	1,186
Security services	6,417	480	0	480
Passenger services	6,097	459	0	459
Maintenance operations	3,134	0	423	423
Administration services	158	12	0	12
TOTAL	1,143,809	42,650	69,847	112,496

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TABLE 03

EMISSIONS BY FUEL TYPE

FUEL TYPE	ENERGY (GJ)	EMISSIONS (T CO ₂ -E)		TOTAL EMISSIONS
		SCOPE 1 EMISSIONS	SCOPE 2 EMISSIONS	
Electricity	517,383	0	69,847	69,847
Diesel - stationary	248,389	18,469	0	18,469
Diesel - transport	242,936	18,308	0	18,308
Town gas - SG	125,721	5,263	0	5,263
LPG - stationary	6,964	440	0	440
Motor Gasoline - transport	1,376	98	0	98
Motor Gasoline - stationary	1,040	72	0	72
TOTAL	1,143,809	42,650	69,847	112,496

TABLE 04

EMISSIONS BY SINGAPORE COMPANY

COMPANY	ENERGY (GJ)	EMISSIONS (T CO ₂ -E)		TOTAL EMISSIONS
		SCOPE 1 EMISSIONS	SCOPE 2 EMISSIONS	
SATS Airport Services Pte Ltd	472,019	19,400	28,642	48,041
SATS Catering Pte Ltd	427,633	11,398	30,828	42,225
SFI Manufacturing Pte Ltd	65,656	2,260	4,646	6,906
SATS Aero Laundry Pte Ltd	85,191	5,971	804	6,775
SATS Creuers Cruise Services Pte Ltd	19,676	0	2,656	2,656
Primary Industries Pte Ltd	28,182	651	1,516	2,167
SATS Asia Pacific Star Pte Ltd	17,534	1,320	0	1,320
SATS BRF Food Pte Ltd	12,969	942	64	1,006
SATS Delaware North Pte Ltd	5,569	6	692	697
SATS Security Services Private Limited	6,417	480	0	480
SATS Food Services Pte Ltd	2,791	210	0	210
SATS Ltd	158	12	0	12
SATS Aerolog Express Pte Ltd	14	1	0	1
TOTAL	1,143,809	42,650	69,847	112,496

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CASE STUDY

THE POWER OF GOING ELECTRIC

To ensure that we continue to grow sustainably, reducing our long-term environmental, operating and energy costs, we are carrying out an 11-year master plan to transition fully from diesel GSEs to electric ones by 2030. This includes the provision of sustainable charging points, which use data and predictive analytics to optimise utility and resource scheduling.

Since the introduction of the first batch of electric tractors in August 2017, we have successfully converted a total of 93 GSEs to electric ones comprising 78 tractors, 9 forklifts and 6 pallet trucks. Today, fully electric tractors have been deployed at Changi Airport's Terminals 2, 3 and 4 baggage departments.



REDUCE EMISSIONS

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Sustainability Report 2018-19



In the process of going fully electric and expanding our deployment of electric GSEs across our ground operations, a tender has been awarded for the replacement of 220 units of diesel tractor across all apron units at Changi Airport. We have a total of 1,172 motorised GSEs, including 144 forklifts used in our cargo operations, of which 9 are electric. By March 2020, approximately one-third of our total fleet will be converted to electric GSEs.

The successful transformation of our ground operations also requires close collaboration with our airport partner, CAG, to develop provisions for electric vehicles such as increasing the number of electric charging stations from 22 points to 114 units.

SUSTAINABILITY IMPACT

1. A HEALTHIER WORKING ENVIRONMENT

Switching to electric vehicles has resulted in a reduction in noise levels, fumes and carbon emissions from diesel tractors, creating a quieter and healthier working environment at baggage handling areas.

2. A SMALLER CARBON FOOTPRINT

In 2018, the conversion to electric GSEs saved approximately 446,706 litres of fuel, which is equivalent to an estimated 1,215 tonnes of carbon dioxide – an amount that would take 20,000 tree seedlings 10 years to sequester.

3. LOWER MAINTENANCE COSTS

Replacing diesel vehicles with electric ones also removes a key source of soot, reducing maintenance costs of cleaning the walls of buildings.

4. ENHANCED SAFETY

With in-built speed regulators that limit the speed of forward and reverse movement to 20km/h and 5km/h respectively, the electric tractors are designed to ensure greater safety levels during operations.

Patented by SATS, the tow-hitch sensor is installed on electric tractors to prevent baggage trolleys, pallet dollies and mail trolleys in the airside from dislodging when being towed. When reversing, a reverse blue light is activated to provide visible warning to other operators. In addition, seat sensors have also been fixed to prevent the possibility of a runaway tractor when unmanned at the airside.



Moving forward, SATS is working with potential vendors including car manufacturers such as Renault and Hyundai to explore conversion options for GSEs such as transport vans, cars and apron passenger buses.

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CORPORATE GOVERNANCE

We are dedicated to upholding the highest standards of corporate governance. Our corporate governance principles reflect our focus on strong leadership, effective internal controls and risk management, a robust corporate culture, accountability to shareholders and engagement with stakeholders.

In line with our commitment to promote high levels of corporate governance, we have elected to adopt the new Code of Corporate Governance 2018 (2018 Code) early. Although under Rule 710 of the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST), we are required to describe our corporate governance practices with specific reference to the 2018 Code only in our annual report from the next financial year ending 31 March 2020 (FY2019-20) onwards, we are adopting Rule 710 in advance. In this report, our corporate governance practices for the financial year ended 31 March 2019 (FY2018-19) will therefore be described with specific reference to the 2018 Code, and we will not be making any reference to the Code of Corporate Governance 2012.

We are pleased to report that for FY2018-19, we have complied with the core principles of corporate governance laid down under the 2018 Code and also, in all material respects, with the provisions that underpin the principles of the 2018 Code. Where there are any deviations from the provisions of the 2018 Code, we have provided appropriate explanations.

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RISK MANAGEMENT AND INTERNAL CONTROLS STATEMENT

The Board is responsible for risk governance, and for determining the Company's level of risk tolerance and risk appetite. The Board oversees and reviews at least annually the adequacy and effectiveness of the Group's internal controls and risk management system implemented by Management to address risks. This system aims to provide reasonable assurance to investors regarding:

- Safeguarding the Group's assets against unauthorised or improper use or disposal
- Protection against material misstatements or losses
- Maintenance of proper accounting records
- Reliability of financial information used within the business and for publication
- Compliance with appropriate legislations, regulations (including requirements under the listing rules of the SGX-ST) and adoption of applicable corporate governance best practices
- Identification and management of business risks

RISK MANAGEMENT ORGANISATIONAL STRUCTURE

The Board Risk and Safety Committee (BRSC) assists the Board in reviewing the adequacy and effectiveness of the systems of safety and risk management. Under its oversight, the safety and risk management programme is executed with an integrated view of the organisation and its needs in mind.

The BRSC is supported by the SATS Group Risk and Safety Committee (SGRSC). The BRSC reviews the activities of the SGRSC, including regular risk management reports, initiatives, processes and exercises. The SGRSC, chaired by the PCEO, meets on a quarterly basis to review the risk management system and mitigation measures.

The Risk and Safety Management Department coordinates and facilitates the risk management processes within the Group. It provides support to the SGRSC in carrying out its functions.

The Group risk management reporting structure is as depicted in the diagram on the next page.

RISK MANAGEMENT AND SAFETY ORGANISATIONAL STRUCTURE

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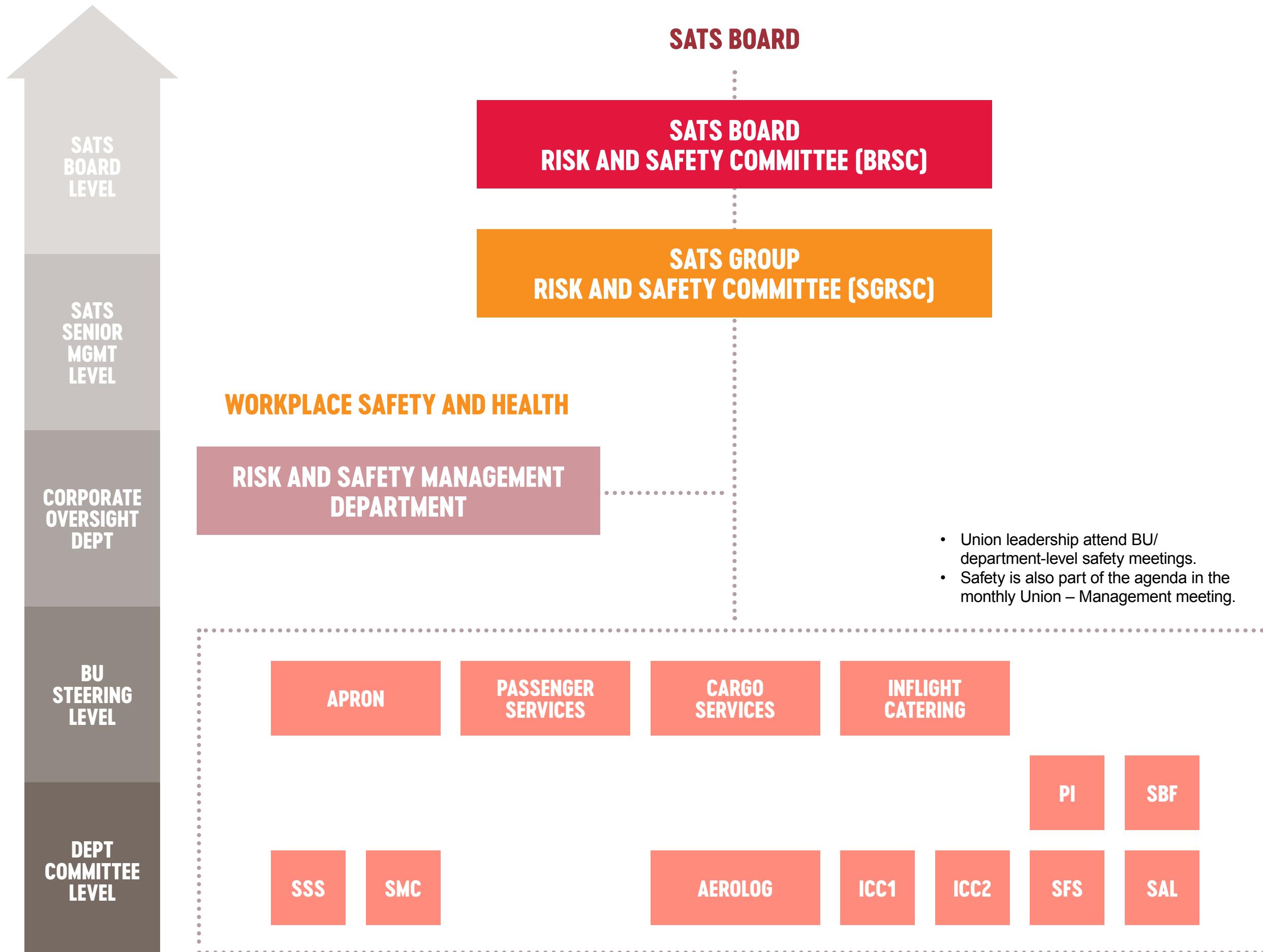
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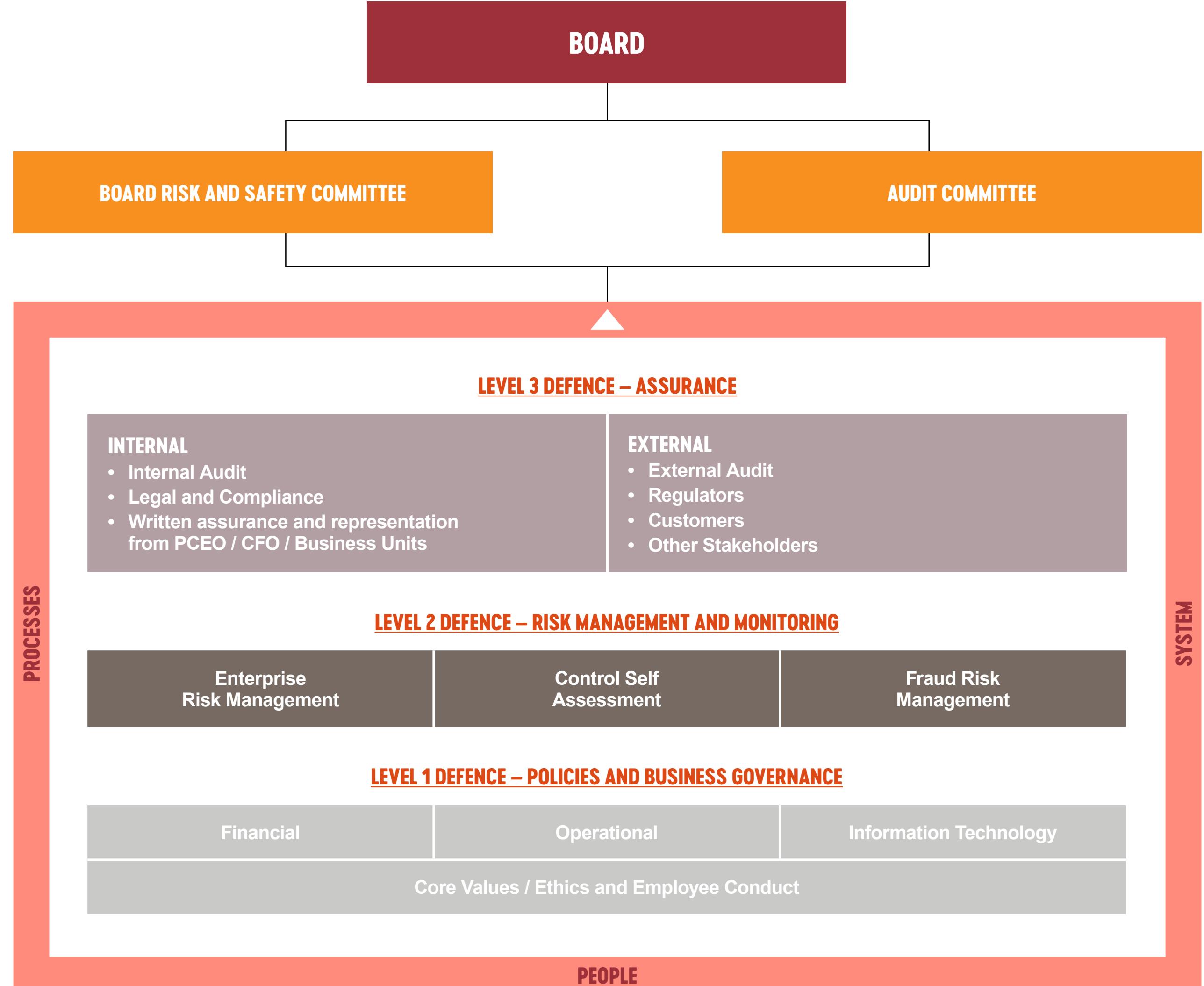
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MANAGEMENT CONTROLS AND ASSURANCE FRAMEWORK

The Group's Management Controls and Assurance Framework (Framework) comprises 3 levels of defence towards ensuring the adequacy and effectiveness of the Group's system of risk management and internal controls.

For more information on this framework, please refer to pages 73 to 76 of SATS Ltd. Annual Report FY2018-19.



CORPORATE CULTURE

SATS CODE OF CONDUCT

The SATS Code of Conduct sets out the standards of behaviour by which we deal with our customers, business partners, colleagues, suppliers and each other. All employees are required to read and acknowledge the Code of Conduct upon joining the Company. The principles covered in the Code of Conduct are:

PASSION TO DELIGHT

Standing behind our promise of quality are the people with the passion to delight. We believe in fostering a collaborative environment where every employee of the organisation is obliged to observe our code of conduct in interactions within the employees, customers and business partners.

HIGH INTEGRITY

We build trust with business partners through integrity. We forbid employees to seek work outside of SATS so that they can give full devotion to the work they do for us. Integrity is further protected through non-competition and non-solicitation requirements for a period

of one year after the employee has ceased employment with us.

We are careful to avoid situations where personal connections or financial interests may influence impartiality. Employees are required to inform us of situations where they have family members who have business dealings with us. Further, employees and members of their family are not allowed to accept gifts or preferential treatment arising from their employment with us.

Information is valuable to our business. Employees are expected to keep confidentiality, not make false claims and refrain from insider trading.

SAFETY IN THE WORKPLACE

Workplace safety is of paramount importance to our business. We ensure that all employees and contractors are adequately trained to perform their tasks competently and we insist on strict adherence to safety rules.

SAFEGUARDING ASSETS

Employees are expected to exercise responsibility and good judgement in the use of company assets. Use of these properties must be authorised and the individual is required to comply with the rules governing usage.

ETHICS AND COMPLIANCE

We are fully committed to conducting business with integrity, having responsible business practices consistent with the highest ethical standards and being in compliance with all applicable laws and regulatory requirements. As we continue to grow in a complex business environment and expand to different jurisdictions, an Ethics and Compliance Department was established with a reporting line to the Board Risk and Safety Committee.

WHISTLE-BLOWING POLICY

Our "Policy on Reporting Wrongdoing" institutionalises the Group's procedures on reporting possible improprieties, independent investigation of such matters, and follow-up actions. Complaints or suspicions of impropriety can be made by employees, customers, suppliers or other persons in the form of emails, faxes, letters or written/verbal reports. A dedicated email address and hotline is maintained by the Internal Audit Department (IAD) to receive such complaints or reports. Anonymous complaints may be considered, taking into account factors such as the seriousness of the issues raised, the credibility of the concern and the likelihood of confirming the allegation from attributable sources.

Our IAD is responsible for reviewing all complaints received unless it concerns the Head of Internal Audit or the PCEO. Any complaint concerning the Head of Internal Audit or the PCEO is escalated to the Audit Committee (AC) Chairman who may delegate investigation of such complaints to any person deemed fit by the AC Chairman. Depending on the complexity and the nature of complaint, external service providers may be engaged to assist in investigations.

BANKING TRANSACTION PROCEDURES

Our lenders are notified that all bank transactions undertaken by any member of the Group must be properly authorised, including the opening of new bank accounts and any proposed credit facilities. Each member of the Group has its own approval limits and procedures for every banking transaction, having regard to the nature of the transaction concerned. These approval limits and procedures are updated from time to time and are available on request. The bankers of each member of the Group have been advised to verify, in accordance with the verification process set out in the applicable procedures, that the transaction is properly authorised.

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Food innovation and technology

The adoption of new techniques and processes now enables us to keep food fresher and longer. New food technologies also help to enhance productivity and production capacities.

Food security and food safety

Fluctuating food supplies and prices, coupled with the degradation of agricultural ecosystems, threatens to disrupt global food supply chains. It is crucial to preserve the quality and safety of food supplies, ensuring access to affordable and nutritious food.

Food waste

Food waste generates pollution, potentially increasing operational costs and financial losses. Tapping on technology enables us to tackle food waste by improving our processes, optimising resource and demand planning, and converting waste into renewable energy.

Health and well-being of consumers

Increasing urbanisation results in changing dietary patterns and lifestyles that affect our health and well-being. Globally, there is a growing awareness and imperative to eat and live better through quality nutrition and healthier food.

Sustainable sourcing and transparency in supply chains

To ensure that raw materials are sourced in a way that does not harm the environment, farmers, or human health, it is important to work with ethical and sustainable suppliers, grow sustainable food supplies and strengthen the integrity of the supply chain including traceability of high-risk products.

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Changing aviation markets (e.g. growth of Low Cost Carriers)

The rise of the middle class has led to increased air travel, which has resulted in the growing presence of budget airlines and new routes. Changes to how airlines manage cargo and passengers will have a significant impact on the growth of sustainable businesses and on the environment.

Changing sustainability regulations

The Paris Agreement and the United Nations Sustainable Development Goals have formalised the premise that businesses should be held accountable for their social and environmental impacts. Governments across Asia are introducing and enforcing new regulations, fees and penalties for the production of waste and carbon emissions.

Cyber security

Digitisation and automation increase dependence on IT systems as well as vulnerability to data breaches and cyberattacks. Cyberattacks can severely disrupt operations and pose serious risks to an organisation's critical infrastructure, business and reputation.

Geopolitical instability

Protectionism in major economies, the threat of terrorism, interstate conflicts and trade wars as well as increasing migrant and refugee flows could impact global trade flows, business growth and safety. Maintaining secure and seamless connectivity in the movement of people and goods is critical.

Skilled labour shortage

Skilled labour shortage or 'skills gap' is where a business is unable to find and hire qualified or skilled workers to fill a position. For businesses, this can result in increased operating costs as well as risks and challenges that result from the inability to replace key personnel or fill critical positions.

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Carbon emissions

Greenhouse gas emissions and climate change are causing significant and adverse impacts on ecosystems, air quality, agriculture, and human and animal health. To drive long-term and meaningful change requires widespread collaboration and collective effort.

Energy efficiency and transformation

A safe, reliable and sufficient supply of energy is needed to meet the demands of a growing world population and support urban cities with rising living standards. The challenge lies in ensuring energy efficiency and production with minimal damage to the environment.

Materials waste

The traditional “take, make, use and dispose” model has led to excessive waste, notably in terms of food, plastics and electronics. Poor waste management could result in environmental pollution and an increase in manpower and operational costs.

Resource scarcity

Increasing competition and scarcity of resources such as water, energy, raw materials and human talent lead to higher operational costs for businesses and places a greater strain on the environment. With fewer options, businesses must use scarce resources efficiently to remain sustainable and thrive.

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AESU Air Transport Executive Staff Union

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AFT Airfreight Terminal

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ASC Aquaculture Stewardship Council
BRSC Board Risk and Safety Committeee

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CAG Changi Airport Group
CFC / HCFC Chlorofluorocarbon / Hydrochlorofluorocarbon

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CoC Chain of Custody

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EU European Union

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FDAWU Food Drinks & Allied Workers' Union
HACCP Hazard Analysis & Critical Control Points

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HPB Health Promotion Board

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IAD Internal Audit Department
IATA International Air Transport Association
ICAO International Civil Aviation Organisation
IPCC Intergovernmental Panel on Climate Change
MBCCS Marina Bay Cruise Centre Singapore
MSC Marine Stewardship Council

NEA National Environment Agency

NGO Non-Government Organisation

OHSAS Occupational Health and Safety Assessment

PCEO President & Chief Executive Officer

PI Primary Industries Pte Ltd (Subsidiary of SATS Food Services Pte. Ltd.)

PSA Port of Singapore Authority

PTB Passenger Terminal Building

SAF Singapore Armed Forces

SAL SATS Aero Laundry

SATS DN SATS Delaware North

SATSWU SATS Workers' Union

SFS SATS Food Services

SGRSC SATS Group Risk and Safety Committee

SGX Singapore Exchange

SICC SATS Inflight Catering Centre

SMC SATS Maintenance Centre

SSA SATS Staff Association