
Building a Sustainable Future

SATS has grown over the past 70 years to become the leading provider of Food Solutions and Gateway Services in Asia. This success was built upon the strong foundational values of Safety & Security, Trust, Excellence, Innovation and Collaboration. These values will continue to guide us as we look forward to an exciting future, feeding and connecting Asia.

The long-term sustainability of our business is contingent upon the quality of our products and services, our people, our community and our environment.

AN UNWAVERING FOCUS ON QUALITY

As a premium service provider, SATS is passionate about excellence and constantly strives to deliver the highest quality and value to our customers. This applies to safety and operational standards where we help our customers to streamline their processes to better meet regulatory compliance and stay competitive.

In our Food Solutions business, we have established a robust Food Safety and Quality Management System aimed at enabling our customers to meet their clients' expectations for safety, speed and accuracy. To further ensure the quality of our products are maintained through the food process chain, SATS has an end-to-end integrated quality assurance and traceability system which covers food sourcing, suppliers approval, storage, central food processing, as well as meal preparation and catering services. Our processes adhere to International Flight Services Association World Food Safety Guidelines, Singapore Food Regulations, Agri-Food & Veterinary Authority of Singapore's food safety standards, Hazard Analysis & Critical Control Points (HACCP) and ISO 22000 Food Safety Management System.

We pay attention to details and are focused on creating products that cater to the needs of passengers. For example, passengers may have special dietary requirements and our culinary team and dietician will design and develop non-standard

special meals for them to ensure compliance to the appropriate medical nutrition therapy. We will also make sure that the meals adhere to the dietary requirement for the respective airlines' non-standard special meals.

For Gateway Services, connectivity is key to maintaining quality. SATS strives to connect our operations across our network in the region to provide our customers and partners with seamless, reliable and consistent solutions. In this digital age, we are deploying technology to help us achieve better synergies within our operations, improve productivity and enhance digital experiences for our customers and partners.

For example, SATS has designed an integrated air cargo ground handling system – COSYS – which automates and simplifies ground handling, and provides real-time flight and shipment tracking information which helps in monitoring workflow and improving service levels and efficiency. We have deployed this solution across some of our associate companies in China, India, Indonesia and Taiwan.

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

INVESTING IN OUR PEOPLE

SATS is a people-led company. As a service business, our success is fuelled by our people who bring to life an exemplary service experience inspired by a collective Passion to Delight. To ensure a consistently high level of service, our training programmes reinforce a strong service-oriented culture across all levels of the organisation, beginning with a two-day SATS Brand Ambassador Programme for all our people. This year, we also rolled out this programme overseas to TFK in Japan and Oman Air SATS Cargo in Oman.

The sustainability of our business is also contingent upon having a ready pool of talent to

draw from. In Singapore, we have developed the SATS Graduate Assimilation Programme (GAP) as a means to attract fresh talent. In addition, under the SkillsFuture Earn and Learn Programme for Air Transport, we attract potential applicants from the Institute of Technical Education by offering structured career progression opportunities and reduced job training hours in lieu of elective training modules taken in school.

We want our people to grow together with us and encourage a spirit of continuous learning and development throughout the organisation. Our Development Assessment Centre (DAC) programme creates customised talent development frameworks, tailored for different employee grades. Core to the DAC are two modules – the STEP (Strive, Transform, Engage, Paceset), LEAP (Learn, Excel, Aspire, Propel) programmes. Aside from STEP and LEAP, we also mapped out a development roadmap in line with our people's respective career stages. We have also created a three-level leadership development programme called "SATS Connect".

In light of the tight manpower market, SATS also recognises the need to embrace technology and innovation to help us work faster and smarter. As we grow scale, we seek to harness automation to increase our productivity, improve quality of our food and services and optimise our resources through job redesign. The use of technology has allowed us to increase volume without a proportionate increase in cost leading to an improvement in margins and productivity. For FY2016-17, SATS' productivity, measured using Value Added per Employment Cost, increased 4.1% year-on-year.

ENABLING AND EMPOWERING THE COMMUNITY

Supporting the local communities that we operate in is integral to the concept of sustainability and by giving back, we hope to effect positive changes, create economic value and build a sustainable future.

In line with this, our Corporate Social Responsibility activities are aimed at enabling change and empowering individuals in our communities. This year, SATS organised our inaugural Be Active @ SATS Charity Run, and saw 800 employees, family and friends participating in the event. We raised a total of

\$150,000 for Assisi Hospice, with the funds going towards the purchase of a new, specially fitted van that will shuttle patients between their homes and the hospice for palliative day care.

We believe that access to education and training can empower individuals by providing opportunities to pursue a better future. By partnering with local educational institutions like Assumption Pathway School to provide financial aid, dispense achievement awards to students and offer student internships, SATS is contributing efforts to transform and empower the lives of local youth. SATS also believes in supporting platforms where local youth and talent can acquire the experience and capabilities, which may lead to promising career paths in the future. We provided sponsorship to the biennial WorldSkills Singapore competition where Singaporean youth could showcase their technical skills and the best performers may represent Singapore at the 43rd WorldSkills Competition in Abu Dhabi in 2017.

We have also provided various scholarships and bursaries to disadvantaged students including the SATSWU Scholarship Awards, the Republic Polytechnic Education Fund and the Singapore Institute of Technology Bursary. Beijing Airport Inflight Kitchen (BAIK) and PT Jasa Angkasa Semesta (PT JAS) have also provided scholarships for students in poverty and the children of the airport and air force community respectively.

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Our overseas operations play an active role in giving back to the greater community in various other ways. For example, PT JAS and MacroAsia Catering Services participated in blood donation drives. In addition, PT JAS has also provided community business support through building a fish farm for the community, while AISATS has funded the renovation of a public school in Vijayapura, Bangalore. Maldives Inflight Catering has also sponsored care workers at Maldives Children's Home (Kudakudhinge Hiya) and Fiyavathi Children's Home, which houses orphans and vulnerable children deprived of other means of primary care.

Brahim's SATS Food Services (Brahim's SATS) was bestowed "Malaysia Best Employer for Disability Management Award 2016 – Gold Award" by the Ministry of Human Resource, Malaysia, for its contribution to provide excellent disability management to their employees.

ENSURING SUSTAINABLE GROWTH FOR AVIATION

Asia is set to drive much of the growth in air travel and is projected to contribute an additional 1.8 billion annual passengers by 2035. While this presents business opportunities, increasing air traffic is also a contributing factor to climate change. As the largest ground handler and caterer in Asia, SATS believes that we have a responsibility to ensure sustainable, long-term growth and are committed to minimising the impact of our activities on the environment.

Reflecting our strong commitment to sustainability, SATS Group of companies is currently ISO 14000 certified under the Environment Management System (EMS), an internationally recognised environmental management standard. Since 2014,

SATS has also embarked on an energy management framework where we track our energy usage and deploy strategies to manage and improve our energy usage.

For example, in Singapore, we embarked on a chiller modernisation programme in Singapore, which we estimate will save approximately 3.9GWh per year: enough energy to power some 7,800 refrigerators for a year. Asia Airfreight Terminal (AAT) in Hong Kong has also replaced its air-conditioner within its operations with a more energy efficient model. Several of our overseas operations including AAT, BAIK, Beijing Ground Services (BGS), PT JAS and TFK have also replaced existing lights with LED lights within their facilities to reduce energy consumption.

Aside from reducing energy consumption, we are also taking steps to explore the usage of other forms of energy. This year, our inflight catering facility in India, Taj Madras Flight Kitchen has installed rooftop solar panels to generate electricity and also started to procure wind energy.

Brahim's SATS has also played a role in creating environmental awareness by partnering the Forest Research Institute Malaysia to organise educational talks for staff and family members and plant 80 trees at the Taman Wetlands in Putrajaya.

AAT was accorded several awards acknowledging their efforts to minimise environmental impact, including the "Hong Kong Green Organisation" by the Environmental Campaign Committee of Hong Kong and the Hong Kong Awards for Environmental Excellence's Energywise Label "Class of Excellence", which is the highest recognition in the category of energy reduction. BGS also won an award from the Shunyi District Government of Beijing for the green initiatives that they had implemented in the year.