

# Corporate Governance Report

SATS is committed to high standards of corporate governance which serve as a cornerstone for ethical conduct, sustainable corporate performance, operating competitiveness and accountability. Our corporate governance framework is built on principles that reflect our emphasis on strong and accountable leadership, effective internal controls and risk management, a responsible and transparent corporate culture and accountability to our shareholders and stakeholders.

We are pleased to report that for the financial year ended 31 March 2024 (FY2023-24), we have complied with the core principles of corporate governance set out in the Singapore Code of Corporate Governance 2018 (the Code) and also, in all material respects, with the provisions set out in the Code. Where there are any deviations from the provisions of the Code, we have provided appropriate explanations.

We are proud to have won the Singapore Corporate Governance Award (Diversity Category) at the SIAS Investors' Choice Awards 2023, which underscores our commitment to diversity and excellence in corporate governance.

## Board of Directors

### Key features of our Board:

- Separation of the role of Chairman, and President and Chief Executive Officer (PCEO)
- Thirteen out of our fourteen Directors are independent non-executive Directors
- Six out of our fourteen Directors are female

## Role of the Board

The Board provides entrepreneurial leadership, and is responsible for overseeing the business, financial performance and affairs of the Group. The Board's key functions include:

- Setting the overall business strategies, directions and long-term goals of the Group (which include appropriate focus on growth, value creation, innovation and sustainability) to be implemented by Management\*, and ensuring that adequate resources including financial and human resources are available
- Setting the values and standards (including ethical standards) of the Group and appropriate tone-from-the-top and desired organisational culture, ensuring that the Group's policies and practices are consistent with the culture, and that there is proper accountability within the Group
- Providing sound leadership and guidance to, and constructively challenging, the PCEO and Management
- Monitoring the performance of the PCEO and Management
- Engaging with and providing guidance to the PCEO and Management in the event of unforeseen and/or challenging macro-economic situations
- Evaluating and approving important matters such as major investments or divestments, funding needs and expenditure
- Having overall responsibility for the corporate governance, strategy, risk management and financial performance of the Group, including the processes of evaluating the adequacy of internal controls, risk management systems, financial reporting and compliance (including legal, tax and regulatory compliance)
- Ensuring policies, structures and mechanisms are in place to comply with legislative and regulatory requirements
- Ensuring effective communication with, and transparency and accountability to, key stakeholder groups
- Protecting and enhancing the reputation of the Group
- Considering sustainability issues as part of the Group's strategy
- Setting the Board diversity policy (including qualitative and quantitative objectives, where appropriate)

The Board has adopted a set of guidelines on matters that require its approval, which include matters of strategic importance, corporate governance practices, legal and regulatory compliance, risk management, maintenance of performance standards, corporate culture, reputation and ethical standards, corporate strategy, approval of business plans, review of results, approval and monitoring of major investments and strategic commitments, operating and capital expenditure budgets, and all matters which the Board is responsible for, or which the Board has delegated to committees, under relevant laws and regulations. These guidelines are communicated to Management in writing.

\* For clarity, references to "Management" in this Corporate Governance Report include members of the SATS Group Management Board (GMB) and the SATS Group Management Members

The Board also engages and works with Management in the development and execution of strategies, stakeholder engagement, as well as a wide range of matters in the areas of business, strategy, operational issues, governance and risk management. Management can tap on the unique and individual expertise and industry experience of each Director which facilitates focused interactions and discussions between such Directors and Management in the execution of the Company's strategy. There is a written Financial and Operating Approval Authority Matrix as well as a Delegation of Authority Matrix for WFS which set out the approval limits (based on established financial thresholds) of the Board, the Executive Committee, Management and senior members of the Worldwide Flight Services group of companies (WFS) for investments, purchases, disposals, selection of vendors, write-offs, etc.

## Board Code of Conduct

All Directors aim to objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of SATS and ensure proper accountability within the Company. They understand SATS' business as well as their duties as a director (including their roles as executive, non-executive and independent directors). The Board has adopted a Code of Conduct as a means to guide the Directors on the areas of ethical risk, and help nurture an environment where integrity and accountability are key attributes.

Our Board Code of Conduct includes the following key principles:

- Directors must avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of SATS
- Directors must immediately declare conflicts of interest in relation to any matter and recuse themselves from participating in any discussion and/or decision on the matter, and are expected to take necessary mitigating steps (if appropriate) to avoid the conflict
- Directors should consult the Chairman of the Board and the Chairman of the Nominating Committee before accepting any appointments to the board of directors of another public or private company
- Directors are to exercise due care and maintain the confidentiality of information entrusted to them by SATS or other parties who have business dealings with SATS
- Directors must carry out their responsibilities in compliance with SATS guidelines and policies, and applicable laws, rules and regulations
- Directors must not trade in the securities of SATS if, at the relevant time, they are in possession of non-public materially price-sensitive or trade-sensitive information

Also in place is a detailed Policy on Disclosure of Interests in Transactions by Directors which supplements the Board Code of Conduct. This policy sets out the legal obligations in respect of the disclosure requirements for conflicts under the Companies Act 1967 (Companies Act), and the procedure and best practice recommendations for making such disclosures. The Company also does not extend loans to its Directors.

## Board Composition

We have fourteen Directors on our Board, thirteen of whom (including the Chairman) are independent non-executive Directors (IDs). The PCEO is the only non-independent executive Director.

Under the Code, non-executive Directors should make up a majority of the Board whereas independent Directors should make up at least one-third of the Board. Our Chairman and Chairman-Designate are independent and as there is a majority of independent and non-executive Directors on our Board, the requirements of the Code are well met.

We have not appointed a lead independent Director as our Chairman is not conflicted and is independent. The Chairman and the PCEO are not related to each other.

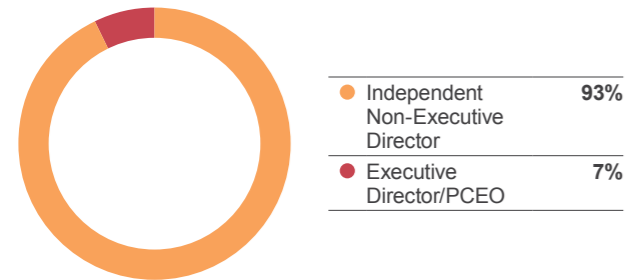
Our Directors are business leaders and professionals with financial, banking, sales and marketing, branding, consumer business, logistics and supply chain, digital sector, data technology and products, human resource, risk management, operational, technology, legal, venture capital investing, mergers and acquisitions, compliance and accounting backgrounds. The Directors also have broad experience in jurisdictions outside Singapore. We believe that the size and composition of the Board are currently appropriate given the size and geographic spread of our operations.

There is a process of refreshing the Board progressively over time which enables the Board to draw upon the experience of longer-serving Directors while at the same time tapping into fresh external perspectives and insights from more recent appointees.

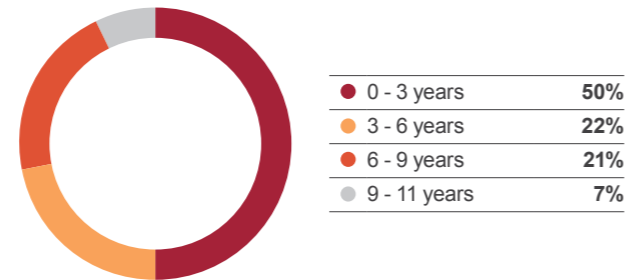
Mr Pier Luigi Sigismondi and Mr Mak Swee Wah were appointed as independent non-executive Directors on 5 September 2023 and 11 September 2023, respectively. Mr Sigismondi has extensive experience in the food and beverage industry and Mr Mak has extensive experience in the aviation industry. Ms Chan Lai Fung joined the Board on 28 February 2024 as an independent non-executive Director, bringing extensive experience in finance, education and national research, particularly in the areas of talent development and innovation. Mr Irving Tan joined the Board on 16 May 2024 as an independent non-executive Director and Chairman-designate, with tenured experience in sales and global operations, market transitions and customer and government dynamics. Their diverse skill sets and capabilities will enhance the existing competencies of the Board.

# Corporate Governance Report

## Independence



## Length of Service



Ms Euleen Goh, who has served for more than 10 years as an independent non-executive Director and more than seven years as the Chairman, will be retiring by rotation at the forthcoming Annual General Meeting (2024 AGM) and has notified the Company that she will not be seeking re-election. She will therefore cease to be a Director and the Chairman at the conclusion of the 2024 AGM, following which Mr Irving Tan, the current Chairman-designate, will take over as Chairman. Ms Goh will be appointed as Advisor to the Chairman following the conclusion of the 2024 AGM.

Ms Jenny Lee, who has served for five years, will step down as an independent non-executive Director at the conclusion of the 2024 AGM. In addition, Dr Detlef Trefzger, who has served for one year, will step down as independent non-executive Director at the conclusion of the 2024 AGM and consequently, cease to be the Chairman and a member of the Safety, Sustainability and Risk Committee.

## Board Diversity Policy, Targets, Timelines and Progress

We are committed to building an open, inclusive and collaborative culture and recognise the benefits of having a Board and Board Committees with diverse backgrounds and experience. We have adopted a Board Diversity Policy which focuses on the importance of an appropriate balance of skills, experience, gender, ethnicity, age, industry and geographical background and experience and professional qualifications in building an effective Board with the ability to guide and support us in achieving our strategic objectives and for sustainable growth and development. Such diversity will help to avoid groupthink, whilst at the same time allow the Board to better identify potential risks, foster constructive debate, raise challenging questions, and contribute to problem-solving.

Under our Board Diversity Policy, the Nominating Committee will, in reviewing the Board's composition, rotation and retirement of Directors and succession planning, consider aspects such as professional qualifications, industry and geographic knowledge, experience, skills, length of service and the needs of the Company. In particular, we consider gender to be an important aspect of diversity and strive to ensure that there is adequate gender mix on the Board; our Board Diversity Policy has been updated to introduce measurable targets to achieve diversity on the Board – our progress made on achieving these targets is further elaborated on below. All Board appointments will be based on merit, and will be considered against objective criteria and having due regard for the benefits of diversity on the Board, our needs and our core values.

The current make-up of our Board reflects our commitment to Board diversity in terms of gender, ethnicity, skills and experience and geographical background and experience. The Nominating Committee will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval.

## New Appointments

In FY2023-24, the Board made progress in achieving various aspects of diversity with the appointment of the following three new Directors:

- Mr Pier Luigi Sigismondi was appointed as an independent non-executive Director on 5 September 2023. He was the Executive Chairman of Sustenir Group Pte. Ltd. (Sustenir), a vertical farming start-up located in Singapore, until his recent resignation with effect from 23 May 2024. Prior to that, he was President and Executive Vice President of Dole Sunshine Company, where he drove a purpose-led transformation for over four years. Mr Sigismondi is based in Singapore and contributes to Board diversity in terms of ethnicity, age, geographical background, experience and skills, particularly in the food and beverage industry.

- Mr Mak Swee Wah was appointed as an independent non-executive Director on 11 September 2023. He was the Executive Vice President Operations and Chief Operations Officer of Singapore Airlines Limited (SIA) where he was responsible for SIA's Cabin Crew, Customer Services and Operations, Engineering and Flight Operations divisions. Prior to that, Mr Mak held various senior management positions in the marketing, planning and operational areas in SIA. He was also a non-executive director of SIA Engineering Company Limited (SIAEC). Mr Mak contributes to Board diversity in terms of geographical background and experience and skills in the aviation industry.
- Ms Chan Lai Fung was appointed as an independent non-executive Director on 28 February 2024. She is currently Deputy Chairman of NTUC Health. She had served in various appointments across several government ministries and agencies since 1987 before she retired from the Singapore Public Service in October 2023. Ms Chan contributes to Board diversity in terms of gender, geographical background, experience and skills in finance, education and national research, particularly in talent development and innovation.

In addition to the above new appointments in FY2023-24, Mr Irving Tan was appointed as an independent non-executive Director and Chairman-designate on 16 May 2024. He is currently Executive Vice President, Global Operations, at Western Digital and contributes to Board diversity in terms of geographical background, leadership experience and skills in sales and global operations, particularly in manufacturing, procurement and supply chain, and technology.

## Board Diversity Targets, Timelines and Progress

The Company's diversity targets for the Board (which are broadly categorised into "Skills and Experience", "Geographical Background and Experience", "Gender" and "Ethnicity"), its plans and timelines for achieving the targets, and its progress towards achieving the targets, are described below.

## Skills and Experience

### Areas of Diversity, Targets and Timelines

We aim to have Directors who, as a group, comprise individuals with an appropriate combination of qualifications and competencies, including skillsets and/or experience in at least a majority of the identified core competencies of accounting, finance, legal, supply chain management and logistics (including in the food and associated supply chain sectors), branding, business and management experience (including human capital development and management).

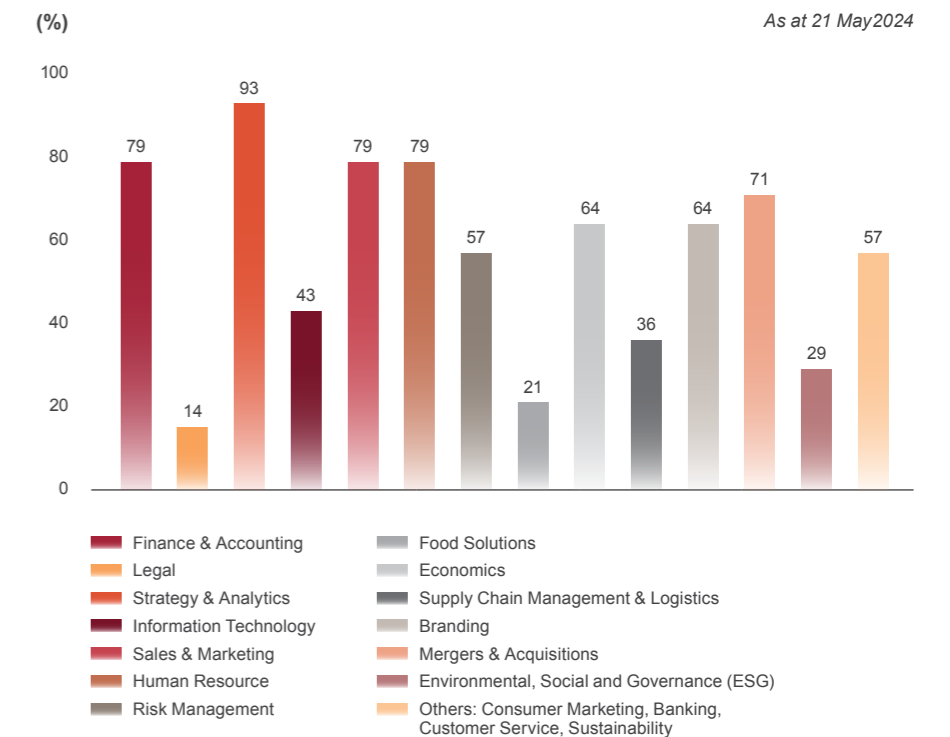
The Company's target is to maintain this level of diversity in skills and experience in the period leading up to 31 March 2026.

The Company believes that diversity in skills and experience would support the work of the Board and Board Committees and needs of the Company, and would also help shape the Company's strategic objectives and provide effective guidance and oversight of Management and the Company's operations.

By adding Directors with cargo, supply chain and logistics experience to our Board following the completion of the acquisition of Worldwide Flight Services, we strive to enhance and strengthen our capabilities in the realm of cargo and supply chain management.

### Targets Achieved/Progress Towards Achieving Targets

**ACHIEVED** – The current Board comprises Directors who collectively have an appropriate combination of qualifications and competencies – in particular, the Board possesses a majority of the identified core skillsets and experience as illustrated below.



As disclosed above, the appointments of Mr Pier Luigi Sigismondi, Mr Mak Swee Wah, Ms Chan Lai Fung and Mr Irving Tan on 5 September 2023, 11 September 2023, 28 February 2024 and 16 May 2024 respectively, have further enhanced the Board's diversity in skills and experience, especially in the areas of food and beverage, aviation, talent development, innovation, manufacturing, procurement and supply chain, and technology.

# Corporate Governance Report

## Geographical Background and Experience

### Areas of Diversity, Targets and Timelines

We aim to ensure that our Directors, as a group, represent geographically diverse backgrounds and experiences, which can effectively navigate challenges and opportunities, especially in the European and United States of America (US) markets, in light of the acquisition of WFS.

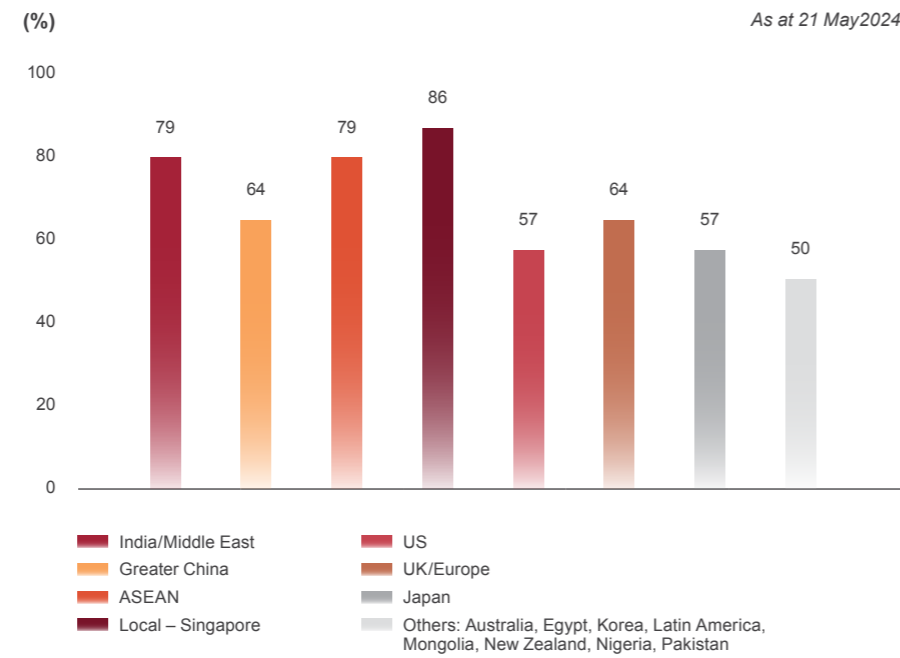
The Company's target is to maintain this level of diversity in geographical backgrounds and experience in the period leading up to 31 March 2026.

The Company believes that diversity in geographical backgrounds and experience would provide a broad spectrum of perspectives in Board and Board Committee deliberations, enabling the Company to effectively navigate the challenges and opportunities in the markets in which the Group operates.

We continue to search for Directors with a deep understanding of the European and US markets.

### Targets Achieved/Progress Towards Achieving Targets

**ACHIEVED** – The current Board, as a group, consists of Directors with varied geographical backgrounds and experience globally, including the Association of South East Asian Nations (ASEAN) region, the Middle East, Japan, US, the European Union, United Kingdom (UK), Greater China and India as illustrated below.



As disclosed above, the appointments of Mr Pier Luigi Sigismondi, Mr Mak Swee Wah, Ms Chan Lai Fung and Mr Irving Tan on 5 September 2023, 11 September 2023, 28 February 2024 and 16 May 2024 respectively, have further enhanced the Board's diversity in geographical background and experience – in particular, Mr Sigismondi has experience in India, Middle East, Greater China, Japan, ASEAN, Singapore, US and UK/Europe; Mr Mak has experience in India, Singapore and Australia; Ms Chan has experience in China, ASEAN, Singapore and Europe; and Mr Tan has experience in US, Greater China, Asia-Pacific, Japan, and Singapore.

## Gender

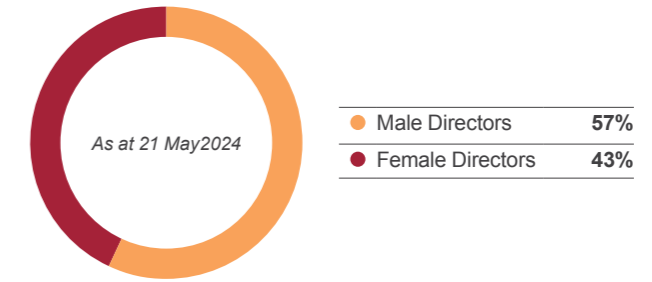
### Areas of Diversity, Targets and Timelines

Our Board Diversity Policy has a formalised target of at least 35% female representation on the Board. The Company's target is to maintain this level of gender diversity in the period leading up to 31 March 2026.

The Company believes that ensuring an optimum balance of gender representation on the Board would benefit the Company by giving it access to a broader talent pool as well as to ensure that perspectives and experiences are broad and diverse, so as to facilitate strategic thinking and problem solving.

### Targets Achieved/Progress Towards Achieving Targets

**ACHIEVED** – Currently, 6 out of 14 Directors (43% of the Board) are female as illustrated below.



The appointment of Ms Chan Lai Fung on 28 February 2024 further contributed to Board diversity in terms of gender.

## Ethnicity

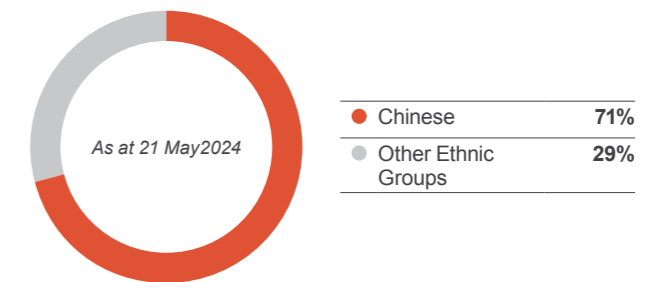
### Areas of Diversity, Targets and Timelines

We aim to bring together Directors with varied backgrounds, cultural insights and experiences. In particular, we aim for the Board to be represented by a diverse mix of ethnic cultures, and to maintain this level of ethnic diversity in the period leading up to 31 March 2026.

The Company believes that an ethnically diverse Board would benefit Board and Board Committee deliberations, and allow the Board to better understand SATS' businesses and customers in different markets.

### Targets Achieved/Progress Towards Achieving Targets

**ACHIEVED** – Currently, the Board comprises Directors who are from different ethnic groups – 10 out of 14 Directors (71% of the Board) are Chinese and the balance 4 Directors (29% of the Board) belong to other ethnic groups (i.e., Indian and European) as illustrated below.



The appointment of Mr Pier Luigi Sigismondi on 5 September 2023 further contributed to Board diversity in terms of ethnicity.

# Corporate Governance Report

We are committed to implementing the Board Diversity Policy, and any updates to implementation of this policy will be disclosed in future Corporate Governance Reports, as appropriate.

The Board, taking into account the views of the Nominating Committee, considers that diversity of the Board in terms of, *inter alia*, skills and experience, geographical background and experience, gender and ethnicity, will contribute to the quality of its decision-making process and serve the needs and plans of the Group. Further details on the Directors can be found in the “Board of Directors” section of this Annual Report.

## Role of the Chairman and the PCEO

The roles of our Chairman (Ms Euleen Goh) and PCEO (Mr Kerry Mok) are clearly separated to ensure that there are appropriate checks and balances, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the PCEO operate in a culture of trust and respect, collaborating on the development and communication of strategies and performance monitoring. The Chairman and the PCEO are not related to each other.

Mr Irving Tan, who was appointed on 16 May 2024 as an independent non-executive Director and Chairman-designate, will succeed Ms Euleen Goh as Chairman with effect from the conclusion of the 2024 AGM. Mr Tan and the PCEO are not related to each other.

The responsibilities of the Chairman and the PCEO are clearly established and documented in writing in formal Role Statements, which have been adopted by the Board. The Chairman provides support and advice to the PCEO while at the same time respecting executive responsibility. The PCEO seeks support and advice from the Chairman while at the same time respecting the independence of the Chairman.

The Chairman leads the Board and acts independently of Management. The Chairman's primary role is to provide leadership to the Board and the Board Committees and to monitor the translation of the Board's decisions into executive action. In particular, the Chairman is responsible for the following:

## Leadership, Strategy and Culture

- Leading the Board and upholding the highest standards of integrity and probity
- Ensuring that the Board plays a full and constructive part in the development and determination of our strategy, overall objectives and sustenance and growth of our business, and promoting a culture of openness and debate
- Enhancing our standing as an organisation in local and global markets
- Ensuring an appropriate balance between the interests of our shareholders and other stakeholders such as employees, regulators, creditors and customers
- Promoting high standards of corporate governance
- Engaging with and providing guidance to the PCEO and Management in the event of unforeseen and/or challenging macro-economic situations (e.g., the COVID-19 pandemic)

## Board Matters

- Ensuring that the Board is properly organised, functions effectively and meets its obligations and responsibilities, including ensuring the Directors receive accurate, timely and clear information
- Setting the agenda for Board meetings and conducting effective Board meetings
- Ensuring effective liaison and communication and encouraging constructive relations within the Board and between Board and Management, in particular, between the Board and the PCEO
- Ensuring that the Directors have enough time and information to engage Management and to discuss various matters, and to facilitate the effective contribution of all the Directors
- Ensuring the responsibilities of the Board are well understood by both the Board and Management and the boundaries between the Board and Management are clearly understood and respected
- Ensuring that new Directors participate in a tailored orientation programme and that Directors are able to continually update their skills and knowledge
- Ensuring that the performance of the Board and each Director is evaluated at least once a year

## Relationship with Shareholders, Regulators and Key Customers

- Ensuring effective communication with shareholders and other stakeholders
- Representing the Board at official functions and meetings with stakeholders
- Communicating the views of our shareholders to the Board
- Promoting our interests when engaging with the regulators and key customers

The PCEO, assisted by senior members of Management, makes strategic proposals to the Board and after robust and constructive Board discussions, executes the agreed strategy, manages and develops the Group's businesses and implements the Board's decisions. The PCEO also communicates on behalf of the Company to different stakeholder groups such as shareholders, employees, government authorities and regulators, business partners, customers and the public.

## Board Meetings and Activities

The Board meets regularly and our Directors attend and actively participate in Board and Board Committee meetings. To facilitate meaningful participation, our Board and Board Committee meetings are planned and scheduled in advance. In addition, *ad hoc* Board meetings are convened if and when there are pressing matters requiring the Board's deliberation and decision between scheduled meetings. Board approvals for more routine matters may sometimes be obtained by the circulation of written resolutions, outside of Board meetings.

## Board Meetings

- The agenda for Board meetings is decided by the Chairman in consultation with the PCEO, with sufficient time provisioned for key and material topics
- Matters requiring decision and approval and matters which are for the Board's information is clearly set out in a detailed agenda
- To uphold appropriate corporate governance standards, key matters requiring Board approval are typically reserved for resolution at Board meetings rather than by written circulation to facilitate deeper discussions amongst Board members and Management and a more informed decision-making process
- As far as possible, all relevant information, papers and materials are made available to the Directors at least a week prior to the meeting; this would enable Directors who are unable to attend a meeting to provide inputs and raise queries on the agenda items
- Board papers are detailed and give the background, explanatory information, justification, risks and mitigation measures for each agenda item and mandate sought by Management, including, where applicable, relevant budgets, business plans, forecasts and projections and, in respect of budgets, any material variance between the projections and actual results are disclosed and explained
- Directors can ask for additional information as needed to make informed decisions
- All materials for Board and Board Committee meetings are uploaded onto a secure online portal which can be readily accessed on tablet devices provided to Directors
- A separate resource folder in the online portal contains the terms of reference of all Board Committees and all operating policies of the Group for the Directors' reference
- The Chairman encourages openness and debate at Board meetings and Directors participate actively in Board discussions and share their insights on issues and matters tabled
- Under the Company's Constitution, the quorum for Board meetings is two and Board resolutions are passed by simple majority
- The Company Secretary attends all Board meetings and minutes the proceedings
- The Company Secretary and members of the GMB are usually invited and are present at meetings of the Board and the Executive Committee
- Where necessary and/or expedient, the Board and Board Committees may invite any other member of Management or external advisors for specific projects to be present at their meetings
- External professionals may also be invited to present updates on corporate governance, legal, tax and/or accounting matters, listing rules and other relevant topics
- If a Director is unable to attend a meeting in person, he/she can participate by telephone or video conference as this is permitted under the Company's Constitution
- Minutes of meetings are prepared and circulated to the Directors, as far as practicable, within two weeks of the relevant meeting, and are archived in a separate folder in the secure online portal for easy access by the Directors

## Strategy and Other Meetings

- Since 2003, the Board conducts annual Board Strategy meetings for focused discussions on key strategic issues
- Board members lend their experience and expertise by being part of and contributing to strategy discussions which may be country or business specific outside of formal Board and Board Committee meetings
- Board members (led by the Chairman or other independent Directors as appropriate) also meet regularly with and without the presence of Management and review and monitor the performance of Management in meeting the goals and objectives set for them, and the chairman of such meetings provides feedback to the Board and/or the Chairman as appropriate
- Where appropriate, Board members are included in strategy discussions ahead of the Board Strategy Meeting to help formulate the strategies that will be presented at the meeting
- Board members provide guidance to Management in specific business areas or geographies where they have significant experience or expertise

# Corporate Governance Report

## Access to Information

- Board members receive information papers on material matters and issues being dealt with by Management, monthly financial reports covering operating statistics, Group operating expenses, geographical and industry performance, performance of each business segment, associate and joint-venture and an update on the Balance Sheet. The Board also receives monthly reports on the financial performance of the Group, strategy implementation updates, key operational matters, market updates, human resource developments, business development activities and updates on potential investment opportunities
- In addition, Board Committee members receive minutes and reports from Management relating to their specific areas of oversight, which may contain more detailed and specific information
- Queries by individual Directors on circulated papers are directed to Management who will respond accordingly and where relevant, Directors' queries and Management's responses are circulated to all Board members for their information

## Access to Management, Company Secretary and Independent Advisers

- The Board has separate and independent access to the members of the GMB, the Company Secretary, and other key members of Management, as well as to the internal and external auditors
- The Board also has separate and independent access to the Company Secretary, who supervises, monitors and advises on governance matters, compliance with the Company's Constitution and applicable laws and regulations (such as the Code and the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST)). The Company Secretary, who is trained in legal and company secretarial practices and keeps abreast on relevant developments in such practices, communicates with relevant regulatory authorities and shareholders, facilitates communication between the Board, its committees and Management, and helps with the orientation and the professional development of the Directors. The appointment and removal of the Company Secretary are subject to the approval of the Board
- There is also a Board-endorsed procedure for Directors, either individually or collectively, in furtherance of their duties, to take independent professional advice, if necessary, at SATS' expense
- In the case of mergers & acquisitions and other significant transactions requiring shareholder approval, the Board may appoint independent financial advisors to evaluate the relevant transaction terms

## Non-Executive Directors

- We have put in place processes to ensure that our non-executive Directors are well supported by accurate, complete and timely information, have unrestricted access to Management, have sufficient time and resources to discharge their oversight function effectively, and constructively challenge Management and help develop proposals on strategy
- To facilitate open discussion and review of the performance and effectiveness of Management, our non-executive Directors meet at least four scheduled times a year for informal discussions either before or after the scheduled Board meetings, and from time to time where required, without Management being present.

## Non-Executive Directors' Remuneration

Each Director receives a basic fee. The Chairman of the Board receives an additional Chairman's fee. Each Director who is a member or the Chairman of a Board Committee also receives a member's fee or a Board Committee Chairman's fee (as the case may be). Non-executive Directors who cease to be a Director during any part of the financial year are paid pro-rated fees for the term of their office. Each Director also receives an attendance fee for each Board meeting and Board Committee meeting attended by him/her during the financial year. The attendance fees for Board and Board Committee meetings vary according to whether the meeting is held in the state/country in which the Director is ordinarily resident and whether the Director is attending in person or via teleconference/video conference.

Whilst the Remuneration and Human Resource Committee is of the view that non-executive Directors should not be over-compensated, it is mindful that competitive and equitable remuneration will attract, motivate and retain Directors with the necessary experience and capabilities and desired attributes who can contribute to the Company's future development and growth.

The significant expansion of the Group's business globally following the acquisition of WFS in April 2023 calls for a Board with relevant experience, knowledge and a deeper understanding of global markets. However, as the Board committed itself to supporting Management in driving cost management initiatives and its efforts to regain profitability following the WFS acquisition and the impact of the COVID-19 pandemic, the Board had not proposed changes or increases to the scale of fees for the non-executive Directors in FY2023-24, despite recognising that an expanded Group with a global footprint will mean an increase in the time, effort and work scope demanded of each Director. In fact, the fee scale has not been revised since the financial year ended 31 March 2019.

To account for the Group's expansion, the Board has been and is being constantly re-shaped to include non-executive Directors with international experience and a global set of networks. To continue attracting, retaining and motivating talent to join the SATS Board, the fee scale will be revised as set out below for the financial year ending 31 March 2025 (FY2024-25) onwards:

Types of Appointment	Current scale of Directors' fees S\$	Proposed revised scale of Directors' fees for FY2024-25 onwards S\$
<b>Board of Directors</b>		
Basic fee	55,000	<b>70,000</b>
Board Chairman's fee	85,000	<b>110,000</b>
Board Deputy Chairman's fee	40,000	<b>48,000</b>
<b>Audit Committee</b>		
Committee Chairman's fee	36,000	<b>45,000</b>
Member's fee	23,000	<b>28,000</b>
<b>Executive Committee</b>		
Committee Chairman's fee	36,000	<b>45,000</b>
Member's fee	23,000	<b>28,000</b>
<b>Other Board Committees</b>		
Committee Chairman's fee	25,000	<b>30,000</b>
Member's fee	13,000	<b>15,000</b>
<b>Board Meeting Attendance Fee</b>		
Attendance via teleconference/videoconference	1,000	<b>1,000 (No Change)</b>
Attendance in person in home city (up to 4 hours for travel within home city)	2,500	<b>2,500 (No Change)</b>
Attendance in person outside home city	5,000	<b>5,000 (No Change)</b>
<b>Board Committee Meeting Attendance Fee</b>		
Attendance via teleconference/videoconference	500	<b>500 (No Change)</b>
Attendance in person in home city (up to 4 hours for travel within home city)	1,200	<b>1,200 (No Change)</b>
Attendance in person outside home city	2,500	<b>2,500 (No Change)</b>

For FY2023-24, shareholders' approval was sought and obtained for the payment of an aggregate sum of up to S\$1,500,000 as Directors' fees for the non-executive Directors. This sum, which represents an increase of S\$150,000 from FY2022-23, was to cater for prospective appointments of additional non-executive Directors to augment the Board for an expanded Group following the acquisition of WFS. The aggregate amount of Directors' fees paid and/or to be paid to 12 non-executive Directors for FY2023-24 is S\$1,227,928.95 (breakdown given below). The non-executive Directors did not receive any salary, performance-related income / bonuses, benefits in kind, stock options, share-based awards (other than as disclosed below) or other long-term incentives for FY2023-24.

For FY2024-25, approval of the shareholders will be sought, at the 2024 AGM, for the payment of an aggregate sum of up to S\$1,700,000 as Directors' fees for the non-executive Directors.

The proposed amount of Directors' fees for FY2024-25 takes into account the revised scale of fees set out above and was computed based on a Board composition of 11 non-executive Directors following the conclusion of the 2024 AGM and the anticipated number of Board and Board Committee meetings for FY2024-25, assuming attendance by all the Directors at such meetings. The proposed sum also caters for additional fees (if any) which may be payable due to additional board representations on the Company's subsidiary(ies) and/or joint ventures, or for additional Board Committee members being appointed in the course of FY2024-25. If approved, the proposed fees for FY2024-25 will facilitate the payment of Directors' fees during or soon after the financial year in which such fees are incurred.

Subject to the requisite shareholders' approvals being obtained, the non-executive Directors (including the Chairman) will each receive approximately 70 percent of his/her total Directors' fees for FY2024-25 in cash and approximately 30 percent in the form of SATS shares (FY2023-24: 70 percent in cash and 30 percent in shares).

# Corporate Governance Report

The share component is intended to be paid out in the form of awards under the SATS Restricted Share Plan. The awards will consist of fully paid shares with no performance conditions attached and no vesting periods imposed. However, the non-executive Directors will be required to retain a base shareholding worth up to one year's retainer fee for as long as he/she is on the Board, and for a period of one year after stepping down as a Director, in order to better align the interests of non-executive Directors with the interests of shareholders. A non-executive Director who steps down before the payment of the share component of his/her fees will receive all of his/her fees (calculated on a pro-rated basis, where applicable) in cash.

The cash component of the Directors' fees is intended to be paid half-yearly in arrears. The current intention is for the share component of the Directors' fees for FY2024-25 to be paid after the Annual General Meeting (AGM) in respect of FY2024-25 (2025 AGM) has been held. The actual number of shares to be awarded will be determined by reference to the volume-weighted average price of a share on the SGX-ST over the 10 trading days after the 2025 AGM, rounded down to the nearest hundred shares, and any residual balance will be settled in cash.

Details on the Directors' fees for FY2023-24, date of first appointment to the Board, date of last re-election, membership on Board Committees (during FY2023-24) and attendance at Board and Board Committee meetings, the Annual General Meeting held on 21 July 2023 (2023 AGM), in respect of the Directors who held office during FY2023-24, are set out below.

Name of Director	Date of first appointment to the Board	Date of last re-election to the Board	Board Meetings						2023 AGM	Total Directors' fees for FY2023-24 (SGD)	
			Board Committee Meetings								
			Attendance rate (1 April 2023 to 31 March 2024)								
			BOD <sup>(1)</sup>	NC <sup>(2)</sup>	EXCO <sup>(3)</sup>	AC <sup>(4)</sup>	SSRC <sup>(5)</sup>	RHRC <sup>(6)</sup>			
No. of meetings held (1 April 2023 to 31 March 2024)						8	3	4	4	4	5
<b>a) Executive Director</b>											
Mr Mok Tee Heong Kerry	1 Jan 2022	22 Jul 2022	8	–	4	–	–	–	–	1	No Fee*
<b>b) Independent Non-Executive Directors</b>											
Ms Euleen Goh <sup>#</sup>	1 Aug 2013 (Director) 19 Jul 2016 (Chairman)	22 Jul 2022	8	3	4	–	–	5	1	249,472.13	
Mr Achal Agarwal	1 Sep 2016	22 Jul 2022	8	–	4	–	–	5	1	117,000.00	
Ms Vinita Bali	10 May 2021	22 Jul 2021	7	–	4	3/3	–	–	1	124,079.24	
Mr Chia Kim Huat	15 Mar 2017	21 Jul 2023	7	3	–	–	4	–	1	105,800.00	
Ms Jenny Lee	25 Jan 2019	22 Jul 2022	5	–	–	–	–	–	1	68,000.00	
Mrs Deborah Ong	16 Nov 2020	21 Jul 2023	8	–	–	4	4	–	1	130,200.00	
Ms Jessica Tan	17 Apr 2017	21 Jul 2023	8	3	–	4	–	–	1	123,627.87	
Mr Tan Soo Nan <sup>(7)</sup>	25 Apr 2016	21 Jul 2021	2/2	–	–	1/1	1/1	–	1	33,823.29	
Mr Yap Kim Wah <sup>(8)</sup>	20 Jul 2016	24 Sep 2020	2/2	–	–	1/1	1/1	–	1	37,505.48	
Dr Detlef Trefzger <sup>(9)*</sup>	15 Apr 2023	21 Jul 2023	8	–	–	–	3	–	1	97,226.77	
Mr Eng Aik Meng <sup>(10)</sup>	15 Apr 2023	21 Jul 2023	8	–	–	–	–	5	1	89,498.90	
Mr Pier Luigi Sigismondi <sup>(11)</sup>	5 Sep 2023	–	4/4	–	–	–	2/2	–	–	53,730.60	
Mr Mak Swee Wah <sup>(12)</sup>	11 Sep 2023	–	4/4	–	–	2/2	–	–	–	58,162.29	
Ms Chan Lai Fung <sup>(13)</sup>	28 Feb 2024	–	2/2	–	–	–	n.m	–	–	11,131.15	

## Notes:

- <sup>(1)</sup> Board of Directors (BOD) meetings included a 2-day Board Strategy Meeting (BSM) held from 14 to 15 September 2023 in Bangkok, Thailand.
- <sup>(2)</sup> Nominating Committee (NC)
- <sup>(3)</sup> Executive Committee (EXCO)
- <sup>(4)</sup> Audit Committee (AC)
- <sup>(5)</sup> Safety, Sustainability and Risk Committee (SSRC), previously known as the Board Risk and Safety Committee.
- <sup>(6)</sup> Remuneration and Human Resource Committee (RHRC)
- <sup>(7)</sup> Mr Tan Soo Nan retired from the Board on 21 July 2023 and his Directors' fees for FY2023-24 was paid fully in cash. He attended 2 out of 2 BOD meetings, 1 out of 1 AC meeting and 1 out of 1 SSRC meeting held during his term as a member of the Board, the AC and the SSRC respectively in FY2023-24.
- <sup>(8)</sup> Mr Yap Kim Wah stepped down from the Board on 21 July 2023 and his Directors' fees for FY2023-24 was paid fully in cash. He attended 2 out of 2 BOD meetings, 1 out of 1 AC meeting and 1 out of 1 SSRC meeting held during his term as a member of the Board, the AC and the SSRC respectively in FY2023-24.
- <sup>(9)</sup> Dr Detlef Trefzger was appointed as an independent non-executive Director and a member of the SSRC on 15 April 2023. Subsequently, he was appointed as the Chairman of the SSRC on 22 July 2023, replacing Mr Tan Soo Nan. He attended 8 out of 8 BOD meetings and 3 out of 4 SSRC meetings held during his term as a member of the Board and the SSRC respectively in FY2023-24.
- <sup>(10)</sup> Mr Eng Aik Meng was appointed as an independent non-executive Director and a member of the RHRC on 15 April 2023. He attended 8 out of 8 BOD meetings and 5 out of 5 RHRC meetings held during his term as a member of the Board and the RHRC respectively in FY2023-24.
- <sup>(11)</sup> Mr Pier Luigi Sigismondi was appointed as an independent non-executive Director and a member of the SSRC on 5 September 2023. He attended 4 out of 4 BOD meetings and 2 out of 2 SSRC meetings held during his term as a member of the Board and the SSRC respectively in FY2023-24.
- <sup>(12)</sup> Mr Mak Swee Wah was appointed as an independent non-executive Director and a member of the AC on 11 September 2023. He attended 4 out of 4 BOD meetings and 2 out of 2 AC meetings held during his term as a member of the Board and the AC respectively in FY2023-24.
- <sup>(13)</sup> Ms Chan Lai Fung was appointed as an independent non-executive Director and a member of the SSRC on 28 February 2024. She attended 2 out of 2 BOD meetings during her term as a member of the Board in FY2023-24. There were no SSRC meetings held during her term as a member of the SSRC in FY2023-24.
- \* No Directors' fees were paid to PCEO, Mr Kerry Mok.
- # Ms Euleen Goh was appointed as the Chairman of the board of SATS Investments (III) Pte. Ltd. (SIPL3) (also referred to as the WFS Advisory Board - please refer to the "WFS Advisory Board" sub-section of this Corporate Governance Report for further details) with effect from 3 April 2023. She is entitled to an annual retainer fee of S\$36,000 and meeting attendance fees of S\$1,200 per meeting, payable by SIPL3. She was paid a pro-rated retainer fee of S\$35,803.28 for her services as a director of SIPL3 and attendance fees of S\$2,900 for attending 3 out of 3 meetings held by SIPL3 during FY2023-24.
- ^ Dr Detlef Trefzger was appointed as a director of SIPL3 with effect from 3 April 2023. He is entitled to an annual retainer fee of S\$25,000 and meeting attendance fees of S\$2,500 per meeting (outside home city), payable by SIPL3. He was paid a pro-rated retainer fee of S\$24,043.72 for his services as a director of SIPL3 and attendance fees of S\$5,500 for attending 3 out of 3 meetings held by SIPL3 during FY2023-24.

## Board Committees

The Board is supported in its functions by, and has delegated authority to, the following Board Committees which have been established to assist in the discharge of the Board's oversight function, based on written and clearly defined terms of reference:

- Executive Committee
- Audit Committee
- Nominating Committee
- Remuneration and Human Resource Committee
- Safety, Sustainability and Risk Committee

## Board Composition

The current compositions of our Board Committees are as follow:

Board Committee	Composition	Members
Executive Committee	• 4 members • 3 out of 4 (including Chairman) are IDs	• Ms Euleen Goh (Chairman) • Mr Kerry Mok • Mr Achal Agarwal • Ms Vinita Bali
Audit Committee	• 4 members • All IDs	• Mrs Deborah Ong (Chairman) • Ms Vinita Bali • Mr Mak Swee Wah • Ms Jessica Tan
Nominating Committee	• 3 members • All IDs	• Ms Jessica Tan (Chairman) • Ms Euleen Goh • Mr Chia Kim Huat
Remuneration and Human Resource Committee	• 3 members • All IDs	• Ms Euleen Goh (Chairman) • Mr Achal Agarwal • Mr Eng Aik Meng
Safety, Sustainability and Risk Committee	• 5 members • All IDs	• Dr Detlef Trefzger (Chairman) • Ms Chan Lai Fung • Mr Chia Kim Huat • Mrs Deborah Ong • Mr Pier Luigi Sigismondi

# Corporate Governance Report

## Executive Committee (EXCO)

The EXCO is chaired by Ms Euleen Goh and its members are Mr Kerry Mok, Mr Achal Agarwal and Ms Vinita Bali.

As Ms Euleen Goh will cease to be a Director with effect from the conclusion of the 2024 AGM, the NC has recommended that Mr Irving Tan be appointed as the Chairman of the EXCO in her place with effect from the conclusion of the 2024 AGM.

## Key Responsibilities of the EXCO

The key responsibilities of the EXCO include the following:

- Guide Management on business, strategic and operational issues
- Review and monitor key strategic and legal risks, financial policy and risk appetite limits
- Undertake initial review of the three to five year forecast/business plans and annual capital and operating expenditure budgets for the Group and guide the assessment of strategic opportunities and development of related business initiatives
- Grant initial or final approval (depending on the value) of transactions relating to the acquisition or disposal of businesses, assets or undertakings, joint ventures, mergers, amalgamations or similar corporate transactions
- Oversee the development and implementation of the Group's environmental, social and governance (ESG) strategy
- Establish bank accounts
- Grant powers of attorney
- Affix common seal
- Nominate Board members to SATS' subsidiaries and associated companies

## EXCO Meetings

The EXCO is required under its terms of reference to meet at least once in each financial year. The EXCO met four times in FY2023-24. Regular reports are presented at each meeting of the EXCO and matters such as the financial performance of the Group, status of strategy implementation, post investment reviews of significant investments and potential investments are discussed prior to seeking the relevant Board approvals and guidance. The Company Secretary and specific members of the GMB (depending on the topics of discussion to be tabled for presentation or approval at each meeting) are usually invited and are present at the meetings of the EXCO. Minutes of the meetings of the EXCO are forwarded to all Directors for their information. All circular resolutions of the EXCO are brought to the Board for notation at each quarterly Board meeting.

## Audit Committee (AC)

The AC is chaired by Mrs Deborah Ong, and its members are Ms Jessica Tan, Ms Vinita Bali and Mr Mak Swee Wah. All the AC members (including the AC Chairman) are independent.

The AC members collectively have extensive experience in finance, accounting, human resource, information technology, business strategy, strategy and analytics, and in the aviation industry. The Board is of the view that the members of the AC have the necessary and appropriate expertise to effectively discharge their duties as AC members.

All members of the AC (including the AC Chairman) have recent and relevant accounting or related financial management expertise or experience.

Mrs Deborah Ong, the AC Chairman, was a partner in the Assurance practice at PricewaterhouseCoopers LLP and has more than 30 years of public accounting experience, providing audit and advisory services to companies in various industries. Mrs Ong has a proven record of managing the audits of large listed companies with operations both in and outside of Singapore. She is currently a board member of the Monetary Authority of Singapore, a board member and the chairperson of the respective audit and risk committees of the Lee Kong Chian School of Medicine Governing Board at Nanyang Technological University, Workforce Singapore, and SkillsFuture Singapore.

Ms Jessica Tan was Chairman of Singapore's Finance, Trade and Industry Government Parliamentary Committee (GPC) from 2010 to 2015. In 2016, she was appointed Chairman of Singapore's Public Accounts Committee (PAC) till June 2020. The PAC examines various accounts of the Government showing the appropriation of funds granted by Parliament to meet public expenditure, as well as other accounts laid before Parliament. In 2021, Ms Tan was appointed as a member of the Finance and Trade and Industry GPC and the Communications and Information GPC. Ms Tan has over 27 years of experience in the information technology industry, including 13 years with Microsoft and 14 years with IBM. At Microsoft, she served as the Managing Director of Microsoft Singapore between July 2013 and December 2016 and the General Manager of the Enterprise and Partner Group for Microsoft Asia Pacific between July 2011 and December 2013. Ms Tan joined Microsoft from IBM (based in Singapore), where she last held the role of Director Networking Services of IBM Global Services Asia Pacific Region.

Ms Tan is currently the Lead Independent Director and a Board member of CapitalLand India Trust Management Pte. Ltd. (the Trustee-Manager of CapitalLand India Trust) as well as a Board member of Mitsui & Co., Ltd. (Mitsui), (listed on the Tokyo Stock Exchange).

Ms Vinita Bali holds a Master of Management Studies with 37 years of professional experience in various business roles, including 13 years of experience as President, CEO or Managing Director (MD) of various organisations. In her roles as President of the Andean Division for The Coca-Cola Company (based in Chile) and as MD and CEO of Britannia Industries (listed on the stock exchanges in India), she had full responsibility for business results as an executive director, and interacted with investors, analysts and the media. In terms of her non-executive independent director roles, Ms Bali is currently a member of the audit committees of Syngene Ltd and Bajaj Auto Ltd (both listed on the stock exchanges in India). Her prior audit committee memberships as a non-executive director included Bunge Ltd (listed on the NYSE), Titan Company and Crisil Ltd (both listed on the Indian stock exchange).

Mr Mak Swee Wah was the Executive Vice President, Operations and Chief Operations Officer of Singapore Airlines (SIA), where he was responsible for SIA's cabin crew, customer services and operations, engineering and flight operations. With over 20 years of experience in senior management positions in the marketing, planning, and operational areas, he has developed a robust understanding of business processes, risk management, and strategic decision making. His senior management tenure provided exposure to financial and audit issues, particularly in aligning operational activities with financial regulations and audit standards, thus enhancing his ability to assess financial statements and understand the financial implications of operational strategies. He was also the non-executive director of SIAEC from April 2020 to September 2023. Mr Mak graduated from the London School of Economics and Political Science with a Master's Degree in Science, majoring in Operational Research, and a Bachelor of Science (First Class Honours) in Accounting and Finance. Mr Mak is currently a Director of Mount Faber Leisure Group Pte. Ltd., a member of Civil Aviation Authority of Singapore – Air Hub Development Advisory Committee and Senior Fellow of the Singapore Aviation Academy.

None of the AC members were partners or directors of SATS' existing external auditors within the previous two years prior to their appointment to the AC and none of the AC members have any financial interest in SATS' existing external auditors.

## Key Responsibilities of the AC

The AC's primary role is to assist the Board with oversight of the integrity of financial statements and on the adequacy and effectiveness of internal controls and risk management systems in relation to financial reporting and other financial related risks and controls. It has explicit authority to investigate any matter within its terms of reference, full access to and co-operation of Management, and full discretion to invite any Director or executive officer to attend its meetings. It also has reasonable resources to discharge its functions.

SATS' Group Internal Audit team, and the external auditors, report their findings and recommendations to the AC independently. In particular, should the external auditors, in their review of the Company's year-end financial statements, raise any significant issues which have a material impact on the interim financial statements or financial updates previously announced by the Company, the AC shall bring this to the Board's attention immediately and will also advise the Board if changes are needed to improve the quality of future interim financial statements or financial updates. The external auditors also update and keep the AC informed about relevant changes to accounting standards and issues which have a material impact on the financial statements.

The AC's key responsibilities include the review of:

### Financial Reporting

- Financial statements and financial results announcements/voluntary quarterly business updates for the relevant quarters, including the review of significant reporting issues and judgments
- Revisions/additions/updates to the accounting policies for write-offs, capital expenditure, disposal of assets and investments, and other financial policies
- The assurance from the PCEO and Chief Financial Officer (CFO) on the financial records and financial statements

### Internal Controls

- Compliance and information technology (financial reporting) risks
- The adequacy and effectiveness of the risk management and internal controls systems regarding financial reporting, accounting and other financial related risks and controls (and other risk and controls as delegated by the Board), at least annually
- The Board's Risk Management and Internal Controls Statement in conjunction with the Safety, Sustainability & Risk Committee
- The policy and arrangements by which our employees and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters in order for such concerns to be independently investigated and appropriately followed up on

# Corporate Governance Report

## External Audit

- The external audit plan, the external auditors' management letter, the scope and results of the external audit and Management's response
- The quality of the work carried out by the external auditors and the basis of such assessment, such as the use of ACRA's Audit Quality Indicators Disclosure Framework
- The assistance given by the executive officers of the Group and the Company Secretary to the external auditors
- The adequacy, effectiveness and independence of the external auditors
- The appointment, re-appointment or removal of the external auditors after evaluating their performance (taking into consideration ACRA's Audit Quality Indicators Disclosure Framework), the audit fee and terms of engagement, and making recommendation to the Board on the proposal to shareholders for the selection of external auditors

## Internal Audit

- The adequacy of resources for the internal audit function and that it is staffed with persons with the relevant qualifications and experience and complies with the standards set by nationally or internationally recognised professional bodies, ensuring the appropriate standing of the internal audit function within SATS and its primary line of reporting to the AC
- The adequacy, effectiveness, independence, scope and results of the internal audit function, audit programme and the internal audit charter, including making recommendations to the Board on establishing an adequate, effective and independent internal audit function
- The hiring, removal, evaluation and compensation of the Head of Internal Audit
- Major findings on internal audit during the year and Management's responses thereto, difficulties encountered during the course of the audit, significant changes to the audit programme and compliance with relevant professional internal audit standards

## Interested Person Transactions

- Interested person transactions as required under the Listing Manual of the SGX-ST (Listing Manual) and our mandate for interested person transactions (Shareholders' Mandate)

## Whistleblowing Reporting

- Review the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control, or other in-scope matters (as defined in the SATS Whistleblowing Policy)
- Review reports on all in-scope whistleblowing incidents and ensure that they will be appropriately dealt with
- Review the disclosure of the SATS Whistleblowing Policy in the Annual Report, and publicly disclose the procedures for raising such concerns as appropriate

The AC is also tasked to perform all other functions and responsibilities of an audit committee that may be imposed by the Companies Act, the Listing Manual, the Code and other relevant laws and regulations, and reports to the Board on how it has discharged its responsibilities and whether it was able to discharge its duties independently.

During the financial year under review, the AC reviewed the Group's financial statements before the announcement of the Group's half-year and full-year results as well as the voluntary business updates for the first and third quarters of the financial year. In the process, it reviewed the key areas of management judgment, critical accounting policies, and any significant changes that would have a material impact on the financial statements.

As part of its continuous monitoring and financial reporting process, SATS closely assesses the carrying value of its investments in subsidiaries, associates, joint ventures, property, plant and equipment as well as intangible assets for indication of impairment. Management has been proactively following up on the developments of its businesses across the Group and there are regular reviews of the financial performance and projections as well as cash flow status of its investments. For assets or investments with indication of impairment, Management will determine the assets' recoverable amount based on value in use calculations using cashflow projections covering five to ten-year periods. The estimates on revenue forecasts, profit margins, growth rates and discount rates used in these cashflow projections will take into account assumptions on the current market condition, the long-term viability of customers and cost initiatives. Sensitivity analyses were also performed to evaluate whether reasonable changes in the key assumptions would lead to possible impairment. The AC reviewed and challenged Management's assumptions in relation to such asset impairment reviews and provided useful insights and guidance to Management.

The Key Audit Matter(s) are set out below:

Key Audit Matter(s) (KAM)	AC commentary on the KAM(s), how the matter(s) was/were reviewed and what decision(s) was/were taken
Impairment of non-financial assets, including goodwill	<p>The AC reviewed Management's approach and methodology applied in the impairment assessment, focusing on cash generating units (CGUs) with goodwill and CGUs with indicators of impairment, and the key assumptions used in the determination of their value-in-use, including the macroeconomic outlook and other key drivers of cash flow projections.</p> <p>The determination of value-in-use is highly dependent on the assumptions applied in respect of projected revenue, profit margins, cashflows, terminal growth rates and discount rates. The AC also considered recent market analyst reports to obtain an understanding of the actual growth rates and outlook of the industries in which the CGUs operate.</p> <p>The AC considered the findings of the external auditors, including their assessment of the suitability of valuation methodologies and the underlying key assumptions applied in the determination of the value-in-use of the CGUs.</p> <p>The AC was satisfied with the impairment review process, approach and methodology used, and the conclusion of the impairment review performed by Management.</p>
Accounting for acquisition of WFS	<p>During the financial year, the Group completed the acquisition of WFS. The acquisition requires the evaluation of the fair values of the identifiable assets (including intangible assets acquired) and liabilities assumed.</p> <p>The AC reviewed Management's approach and methodology applied in the evaluation of the fair values of identifiable assets and liabilities assumed which involves significant estimates of the cashflow projection, discount rate, useful lives of assets and allocation of the resultant goodwill.</p> <p>The AC considered the analysis provided by an external valuation specialist in relation to the basis of identifying and valuing customer relationship, intangible assets and joint ventures.</p> <p>The AC also considered the findings of the external auditors, including their assessment of the suitability of valuation methodologies and the underlying key assumptions applied in the valuation model.</p> <p>The AC was satisfied with Management's approach, methodology used, and evaluation of the fair value of identifiable assets and liabilities assumed.</p>

## AC Meetings

The AC is required under its terms of reference to meet at least four times a year. The AC met four times in FY2023-24, including a joint AC and Safety, Sustainability and Risk Committee meeting.

The AC meets with the external auditors and with the internal auditors, in each case without the presence of Management, at least annually.

## Review of Independence and Objectivity of External Auditors

The AC reviews the independence and objectivity of the external auditors annually, taking into consideration the requirements under the Accountants Act 2004. It has also reviewed the nature and volume of non-audit services provided by the external auditors to the Group during FY2023-24, KPMG LLP, and the fees, expenses and emoluments paid or made to them, and is satisfied that they have no significant impact on the independence and objectivity of the external auditors. The fees payable to KPMG LLP for FY2023-24 is disclosed in the audited financial statements.

At the recommendation of the AC and as approved by the Board, the re-appointment of KPMG LLP as the external auditors is subject to shareholders' approval at the 2024 AGM.

The Company has complied with Rule 712, Rule 713 and Rule 715 of the Listing Manual in relation to its auditing firms and the rotation of the audit partner.

## Accountability

The Company adopts half-yearly reporting of its financial results which are prepared in accordance with the Singapore Financial Reporting Standards (International). Shareholders were presented with the half-year and full-year financial results within 45 days of the end of the half year financial period and 60 days of the end of the financial year respectively. Through the release of its financial results, the Board aims to present the shareholders with a balanced and understandable assessment of SATS' performance, position and prospects. However, in order to provide shareholders with a better understanding of the Company's performance in the context of the current business environment, the Company also provides voluntary quarterly business updates containing meaningful and relevant financial and non-financial information on the Company's performance for the first

# Corporate Governance Report

and third quarters of each financial year. These voluntary quarterly business updates will include a discussion of the significant factors that affected the Company's interim performance and relevant market trends including the risks and opportunities that may have a material impact on the Company's prospects.

SATS strives to communicate pertinent information to shareholders and the investment community in a clear and detailed manner, and on a regular and timely basis. We disseminate material price-sensitive and trade-sensitive information to the public on a timely and non-selective basis, to provide our stakeholders with the latest and most relevant information they require to make informed decisions about the value of SATS and our long-term prospects.

SATS also participates in face-to-face/virtual investor conferences to meet with investors who are interested in knowing more about our business. We also respond to email requests from key institutional investors to meet with senior members of Management on specific matters and queries about our business. Communications with our stakeholders are conducted in an open and transparent manner and in compliance with the requirements of the Listing Manual.

## Integrity of Financial Statements

The Company has in place a process to support Management's representations to the Board on the integrity of the Group's financial statements and internal control systems in relation to the requirement under the Listing Manual for the Board to issue a negative assurance statement that accompanies the Company's announcement of its financial statements.

Quarterly management accounts of the Group (covering unaudited consolidated financial results and explanatory notes explaining variance) are circulated to the Board for their information.

## Independent Internal Audit Function

The Group's Internal Audit Department's (GIA) objectives, scope of authority and responsibilities are defined in the Group's Internal Audit Charter, which is approved by the AC. The AC is satisfied that GIA is adequately resourced, effective and independent of the activities it audits. GIA does not undertake any operational responsibility or authority over any of the activities within its audit scope.

GIA serves to provide the AC with reasonable assurance that the Group maintains adequate and effective internal controls covering financial, operational, compliance and information technology controls, and risk management systems. GIA also undertakes whistleblowing investigations.

GIA adopts a risk-based approach in formulating the annual internal audit plan that aligns its activities to the key risk areas across the Group. The annual internal audit plan is developed based on a documented risk and control assessment framework, which considers inherent risk and control effectiveness of each auditable entity or process in the Group, and includes consideration of inputs and expectations from Management and the Board. Audit projects are planned based on the results of the assessment, with priority given to auditing higher risk areas. In accordance with Rule 711B(3) of the Listing Manual, an internal review was conducted by GIA on the sustainability reporting processes in FY2023-24 to further strengthen the Company's procedures and controls. The AC reviewed all significant audit findings reported, recommendations made, and Management's responses thereto. GIA reported the results of remediating actions taken to the AC quarterly, after Management ensured that GIA's recommendations had been implemented in a timely manner. The internal controls relating to sustainability reporting under the scope of review by GIA was overall rated as Satisfactory.

The annual internal audit plan is reviewed and approved by the AC. The AC conducts an annual review of the adequacy, effectiveness, independence, scope and results of the internal audit function and ensures that GIA has appropriate standing within the Group to perform its function effectively. GIA also works closely with Management in its internal control advisory review role to promote effective risk management, robust internal control and good governance practices.

Audit reports containing identified issues and corrective action plans are reported to the AC and Senior Management<sup>1</sup>. Progress of the corrective action plans is monitored and past due action plans are included in regular reports to Senior Management and the AC. GIA works closely with the external auditors to coordinate audit efforts and updates the external auditors of all relevant audit matters.

<sup>1</sup> Senior Management are employees holding the rank of Senior Vice President and above.

GIA is headed by Head, Group Internal Audit and staffed by suitably qualified and experienced executives. Internal auditors report to the Head, Group Internal Audit, who reports functionally to the AC. In the execution of its audit activities, GIA is authorised to obtain the assistance of specialist or specialised services (such as technology audits) from within or outside of the organisation or to outsource audit projects to reputable firms with project-appropriate resources and specialised skills. In situations where the audit work to be carried out by GIA may potentially give rise to conflicts of interest, it will be brought to the attention of the AC. The AC may authorise such audit work to be carried out by an independent third party as it deems appropriate.

The appointment and removal of the Head, Group Internal Audit are subject to the approval of the AC. Under the Group's Internal Audit Charter, GIA has full access to the AC and unrestricted access to all the Group's documents, records, properties and personnel. Restrictions to these accesses imposed by any employee of the Group (including Management), which prevents GIA from performing its duties, will be reported immediately to PCEO or directly to the AC, based on circumstances as determined by the Head, Group Internal Audit.

GIA is a corporate member of the Singapore chapter of the Institute of Internal Auditors (IIA). It is guided by the Standards for the Professional Practice of Internal Auditing set by the IIA. In line with leading practices, GIA has a Quality Assurance and Improvement Programme that covers its audit activity and conforms to the International Standards for the Professional Practice of Internal Auditing. External Quality Assurance Reviews are carried out at least once every five years by qualified professionals from an external organisation. Training and development opportunities are provided for GIA staff to ensure their technical knowledge and skill sets remain current and relevant. Support is also given to GIA staff to achieve and maintain their certification and relevant professional accreditations (e.g., Certified Internal Auditor, Certified Fraud Examiner, Certified Information Systems Auditor and Chartered Accountants, etc.). A structured programme is in place for professional service providers engaged by the Group to regularly share their knowledge and expertise with GIA staff. GIA staff also attend external trainings and seminars conducted by reputable public accounting and auditing firms, and professional associations such as IIA, Association of Certified Fraud Examiners, Institute of Singapore Chartered Accountants and ISACA.

## Review of Interested Person Transactions

The Group has established policies and procedures to comply with the reporting requirements under Chapter 9 of the Listing Manual relating to Interested Person Transactions (IPTs). GIA regularly reviews the IPTs entered into by the Group to verify the accuracy and completeness of the relevant IPT disclosures. The IPTs will be documented and submitted in a report to the AC for their review. During the financial year under review, the AC, assisted by the GIA, reviewed the IPTs (including those IPTs entered into pursuant to the Shareholders' Mandate approved by shareholders at the 2023 AGM), and is satisfied that the IPTs were made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The details of the Shareholders' Mandate (as proposed to be renewed at the 2024 AGM) are set out in the Appendix to the Letter to Shareholders dated 20 June 2024 (2024 Letter to Shareholders). The Appendix describes, *inter alia*, the review procedures for determining transaction prices of, and the relevant internal approval thresholds for, IPTs entered into pursuant to the Shareholders' Mandate.

As required by the Listing Manual, details of the IPTs entered into by the Group are disclosed in this Annual Report. Pursuant to the Listing Manual, where any IPT requires specific shareholders' approval, the interested person and any associate of the interested person must abstain from voting on the resolution and must not accept appointments as proxies unless specific instructions as to voting have been given. In relation to the annual renewal of the Shareholders' Mandate at the Company's AGMs, interested persons covered by the mandate, as well as their associates, must abstain from voting on the resolution to renew the Shareholders' Mandate and the Company will disregard any votes cast by such persons on such resolution.

## Nominating Committee (NC)

The NC is chaired by Ms Jessica Tan, and its members are Ms Euleen Goh and Mr Chia Kim Huat. All of the NC members (including the NC Chairman) are independent.

Ms Euleen Goh will cease to be a Director and thereupon, as a member of the NC, with effect from the conclusion of the 2024 AGM. The Company will announce Ms Goh's replacement on the Nominating Committee in due course.

## Key Responsibilities of the NC

The key responsibilities of the NC include the following:

- Implement and monitor the Board Diversity Policy, and review and make recommendations to the Board on the composition of the Board, taking into consideration diversity of skills, experience, gender, age, knowledge, size, geography, nationality and ethnicity
- Make recommendations to the Board regarding the process for identification and selection of new Directors, including recommending Directors for appointment to the Board Committees
- Make recommendations to the Board on re-nominations and re-appointments of existing Directors
- Review and make recommendations to the Board on succession planning for Board and Board Committee members, including for the Chairman of the Board and the Chairmen of the respective Board Committees
- Evaluate the independence of Directors on an annual basis, and as and when circumstances require
- Determine if Directors are able to and have been adequately and effectively carrying out their duties as Directors of SATS, especially those who hold multiple directorships and principal commitments

# Corporate Governance Report

- Implement the Board evaluation process for assessing the effectiveness of the Board as a whole and the effectiveness of the Board Chairman, Board Committees and Directors
- Review and make recommendations to the Board on the training and professional development programmes for the Directors, and ensuring that new Directors are aware of their duties and obligations and undergo the listed entity director training programme (where necessary)
- Save as otherwise disclosed below, such other authorities and duties as provided in the Code

Under Provision 4.1(a) of the Code, one of the responsibilities of the NC is to make recommendations to the Board on relevant matters relating to the review of succession plans for directors, in particular the Chairman, the CEO and key management personnel. Practice Guidance 4 accompanying the Code was amended with effect from 1 July 2021 to clarify that the Board, having regard to the particular circumstances of the company, has the prerogative to determine that any other board committee can be given the responsibility to review the succession plans for the PCEO and key management personnel.

The Board has considered the requirements of the Company and decided that the review of succession plans for the PCEO and key management personnel (within the meaning of the Code and the accompanying Practice Guidance) would be under the purview of our Remuneration and Human Resource Committee (RHRC) instead of our NC. The RHRC, together with the PCEO (as applicable), conducts an annual succession planning review of the Relevant Key Management Personnel<sup>2</sup> and other selected key positions, taking into account, the Group's current needs and future strategic capabilities. Any recommendations made by the RHRC on the review of succession plans for the PCEO and the Relevant Key Management Personnel<sup>2</sup> will be presented to the Board for approval. Such an arrangement allows the RHRC to consider succession planning holistically with other human resource related issues such as remuneration, talent retention and recruitment. Further, the undertaking of the review of succession plans for the PCEO and Relevant Key Management Personnel<sup>2</sup> by the RHRC instead of the NC does not detract from the underlying principle that there should be a formal and transparent process for the appointment of the PCEO and the Relevant Key Management Personnel. Both the NC and RHRC consist entirely of independent non-executive Directors.

## NC Meetings

The NC met three times in FY2023-24. The NC terms of reference requires the NC to meet at least once a year.

## Review of Board Composition and Size

The Board, through the NC, reviews the composition of the Board, taking into consideration diversity of skills, experience, gender, age, knowledge, size, geographical background and experience, nationality and ethnicity. The NC has developed a set of principles to guide it in carrying out its responsibilities of reviewing and determining an appropriate Board composition, and implements and monitors the Board Diversity Policy. The NC reviews the composition of the Board to ensure that the Board comprises Directors who as a group provide core competencies, in areas such as accounting, finance, legal, supply chain management and logistics, branding, business, management (including human capital development and management) experience, industry knowledge, technology, strategic planning experience, and customer-based experience/knowledge, required for the Board to be effective.

The Board, in concurrence with the NC, is of the view that, taking into account the nature and scope of our operations, the requirements of our businesses and to facilitate effective decision-making, the appropriate size of the Board should range from 8 to 12 members, with independent Directors making up the majority of the Board (in our case, 13 out of 14 Directors are independent) notwithstanding that Rule 210(5)(c) of the Listing Manual only requires that independent directors comprise at least one-third of an issuer's board at any time. No individual or small groups of individuals dominate the Board's decision-making. As at the date of the Notice of AGM for the 2024 AGM, the Board comprised 14 Directors. This increase from the recommended Board size of between 8 to 12 members is temporary, and is meant to accommodate the transition between tenured and new Board members. In particular, Ms Euleen Goh will step down as Chairman and a Director of the Board and SIPL3 on 19 July 2024 at the conclusion of the 2024 AGM, and Mr Irving Tan, the current Chairman-designate, will succeed her as Chairman of the Board. In addition, both Ms Jenny Lee and Dr Detlef Trefzger have notified the Company that they will be stepping down from the Board with effect from the conclusion of the 2024 AGM. Accordingly, upon the conclusion of the 2024 AGM, the Board will comprise 11 Directors.

No alternate Directors were appointed during FY2023-24. The Board will generally avoid approving the appointment of alternate Directors, which is in line with the principle that Directors must be able to commit time to SATS' affairs. The Board believes that alternate Directors should only be appointed in exceptional circumstances, and will generally not approve the appointment of alternate Directors.

<sup>2</sup> Relevant Key Management Personnel refers to the PCEO and his direct reports.

Each Director brings to the Board a myriad of technical, professional, business and geographical experience and competencies to SATS, as can be seen from the "Skills and Experience" and "Geographical Background and Experience" charts set out in the "Board Diversity Policy, Targets, Timelines and Progress" section in this Annual Report. The NC, when sourcing and identifying suitable candidates for the Board, aims to ensure that the Board has an appropriate balance and diversity of skills, experience and knowledge in setting the overall business strategies and directions of the Company and its group of companies as well as providing guidance to the Management. Whilst the current Directors' Expertise and Experience matrix reflects that the Directors have the expertise in the requisite areas identified by the Board as described in the "Board Composition" section in this Annual Report above, the Board continues to be re-shaped in alignment with the expanded scope of our business. In reviewing the Board's composition, rotation and retirement of Directors and succession planning, the NC gives due regard to ensuring Board diversity.

## Selection and Appointment of New Directors

The NC regularly reviews the existing attributes and competencies of the Board in order to determine the desired experience or expertise required to strengthen or supplement the Board, taking into consideration the existing composition of the Board and the need for progressive renewal of, and diversity on, the Board. A Directors' Experience and Expertise matrix is prepared, which provides an overview of the Directors' experience and expertise and serves as a guide for the NC when sourcing and identifying suitable candidates for the Board.

The NC is responsible for making recommendations to the Board regarding the identification and selection of new Directors. Taking into consideration the desired qualifications, skill sets, competencies and experience which are required to supplement the Board's existing attributes, if need be, the NC may seek assistance from external search consultants for the selection of potential candidates. No external search consultant was engaged during FY2023-24. Directors and Management may also put forward names of potential candidates, together with their curriculum vitae, for consideration. The NC, together with the Chairman of the Board, then meet with the short-listed candidates to assess their suitability, before submitting the appropriate appointment recommendations to the Board for approval.

## Succession Planning and Board Renewal

The NC has reviewed and considered the succession plans for the Board and Board Committee members.

As part of the Board renewal process:

- Mr Pier Luigi Sigismondi was appointed as an independent non-executive Director with effect from 5 September 2023;
- Mr Mak Swee Wah was appointed as an independent non-executive Director with effect from 11 September 2023;
- Ms Chan Lai Fung was appointed as an independent non-executive Director with effect from 28 February 2024; and
- Mr Irving Tan was appointed as an independent non-executive Director and Chairman-designate with effect from 16 May 2024.

They will retire in accordance with Article 96 of the Company's Constitution and will offer themselves for re-election at the 2024 AGM.

Ms Euleen Goh, who has served for more than 10 years as an independent non-executive Director and more than seven years as the Board Chairman, will be retiring by rotation at the 2024 AGM and has notified the Company that she will not be seeking re-election. She will therefore cease to be a Director and the Chairman at the conclusion of the 2024 AGM, following which Mr Irving Tan, the current Chairman-designate, will succeed her as Chairman.

Following the appointment of Mr Sigismondi, Mr Mak and Ms Chan, the Board (upon the recommendation of the NC) made the following changes to the compositions of the AC and SSRC:

- Mr Pier Luigi Sigismondi has been appointed as a member of the SSRC with effect from 5 September 2023;
- Mr Mak Swee Wah has been appointed as a member of the AC with effect from 11 September 2023; and
- Ms Chan Lai Fung has been appointed as a member of the SSRC with effect from 28 February 2024.

Ms Euleen Goh and Dr Detlef Trefzger will cease to be Directors and thereupon, as members/Chairmen of the respective Committees on which they sit, with effect from the conclusion of the 2024 AGM. The Company will announce their replacements on these Committees in due course.

In identifying any potential candidates for the Board, the NC will also take into account whether the candidate has fully discharged his/her duties and obligations during his/her previous directorship of a company listed on the SGX-ST, whether the candidate has previously served on the board of a company with an adverse track record or with a history of irregularities or is/was under investigation by regulators and whether a candidate's resignation from the board of any such company would cast doubt on his/her ability to act as a Director of the Company.

## Review of Directors' Independence

The NC is tasked to determine on an annual basis, and as and when circumstances require, whether or not a Director is independent, having regard to the definition of an "independent Director" and guidance as to the types of relationships which would deem a Director not to be independent, under the Listing Manual, the Code and its accompanying Practice Guidance.

# Corporate Governance Report

Under the Code, an “independent Director” is one who is independent in conduct, character and judgement, and has no relationship with SATS, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgement with a view to the best interests of SATS. Under the Listing Manual, a Director will not be independent if he/she is employed or has been employed by SATS or any of its related corporations in the current or any of the past three financial years, or if he/she has an immediate family member who is employed or has been employed by SATS or any of its related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the RHRC.

The Directors complete an annual confirmation of independence, whereby they are required to critically assess their independence, which the NC takes into account for the purposes of this review. The Directors are mindful, however, that the relationships identified in the annual confirmation of independence are only indicators of possible situations where independent judgment may be impaired, but are not in themselves conclusive. Independence is often only meaningful in the context of each particular relationship considering the business environment, shareholding, organisational structure and operating constraints. Directors also disclose any relationship with SATS, its related corporations, its substantial shareholders or its officers which may affect their independence, as and when they arise.

The NC and the Board have determined that the independent Directors as at the end of FY2023-24 are Ms Euleen Goh, Mr Achal Agarwal, Ms Vinita Bali, Mr Chia Kim Huat, Ms Jenny Lee, Mrs Deborah Ong, Ms Jessica Tan, Dr Detlef Trefzger, Mr Eng Aik Meng, Mr Pier Luigi Sigismondi, Mr Mak Swee Wah and Ms Chan Lai Fung.

Ms Euleen Goh first joined the Board as an independent Director on 1 August 2013 (and as Board Chairman with effect from 19 July 2016) and reached nine years of service on 1 August 2022. The Company obtained the requisite approvals from shareholders at the Company’s 2022 AGM for the continued appointment of Ms Goh as an independent Director beyond 1 August 2022 via the two-tier voting process under the then applicable Rule 210(5)(d)(iii)(A) and Rule 210(5)(d)(iii)(B) of the Listing Manual. But for the amendment to the Listing Manual implemented by the SGX-ST on 11 January 2023 to cap the tenure of independent directors of issuers to nine years (as discussed in the next paragraph), the requisite approvals obtained under Rule 210(5)(d)(iii) in relation to the independence status of Ms Goh would have remained in force until (i) her retirement or resignation as a Director, or (ii) the conclusion of the third AGM following the passing of the relevant resolutions for her continued appointment as an independent Director, whichever is the earlier.

On 11 January 2023, the SGX-ST removed with immediate effect the two-tier vote mechanism under Rule 210(5)(d)(iii) and introduced new Rule 210(5)(d)(iv) which limits the tenure of independent directors serving on the boards of listed issuers to nine years. As a transition, independent directors whose tenure exceeds the nine-year limit can continue to be deemed independent until the issuer’s AGM held for the financial year ending on or after 31 December 2023 so long as they meet the requirements in Rule 210(5)(d)(i) and Rule 210(5)(d)(ii) of the Listing Manual. As Ms Goh satisfies these requirements, she can continue to be deemed independent until the conclusion of the 2024 AGM.

In seeking the requisite approvals under Rule 210(5)(d)(iii) for Ms Goh to continue as an independent Director at the 2022 AGM, the Company had sought to strike an appropriate balance between the need for Board refreshment and the need to provide continuity in leadership and guidance to Management amidst the challenging operating environment. There had also been changes to the key members of Management over the recent years, including the appointment of Mr Kerry Mok as PCEO on 15 December 2021. As the Company had been gearing up for aviation recovery, there had also been significant transformation to focus on operational excellence and proficiency as well as to meet the increasing demands of our customers and eco-system partners. The NC (with Ms Goh abstaining and recusing herself) had considered the above factors and assessed then that it would be in the best interests of the Company for Ms Goh to continue serving as an independent Director and Board Chairman in order to oversee Management transition and implementation of the various initiatives. The NC was of the view that the Company would benefit from an independent Director who had, over time, accumulated deep institutional knowledge, expertise and valuable insights into the Company’s business and established strong relationships with key regulators and customers. In seeking the requisite approvals under Rule 210(5)(d)(iii) for Ms Goh to continue as an independent Director at the 2022 AGM, the NC and the Board (in both cases, with Ms Goh abstaining and recusing herself from the deliberations as to her independence) determined that Ms Goh’s independence from Management had not been compromised despite her long tenure as she remained objective and independent-minded in Board and Board Committee deliberations. In light of her robust discussions with PCEO and the Management team during Board and Board Committee meetings and her constructive challenges to them on matters raised for deliberations and taking into account that during her tenure as an independent Director, there had been various changes to the key members of Management (including the PCEO), the NC and the Board determined that Ms Goh’s independence was not compromised due to her long tenure of working with the same management team.

For the same reasons, the NC and the Board (in both cases with Ms Goh abstaining and recusing herself from the deliberations as to her independence) are of the view that Ms Goh can continue to be regarded as an independent Director until the conclusion of the 2024 AGM. As disclosed above, Ms Goh, who will be retiring by rotation at the 2024 AGM, has notified the Company that she will not be seeking re-election as a Director of the Company at the 2024 AGM.

Ms Jenny Lee was appointed to the Board on 25 January 2019. She was subsequently appointed as a non-executive independent Director of Temasek Holdings (Private) Limited (Temasek) with effect from 1 January 2022. Temasek is a substantial shareholder of SATS. Ms Lee has confirmed to the Company that she is not accustomed or under any obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of Temasek in relation to SATS’ corporate affairs. She further confirmed that her appointment as a Director of Temasek does not interfere, and would not be reasonably perceived to interfere, with the exercise of her independent business judgement in the best interests of SATS and she does not have any other relationship (whether familial, business, financial, employment or otherwise) with Temasek that could interfere, or be reasonably perceived to interfere, with the exercise of her independent business judgement in the best interests of SATS. She has agreed to recuse herself from participating in any and all discussions and decisions concerning transactions/matters and/or proposed transactions/matters between SATS and Temasek. The NC and the Board (with Ms Lee abstaining and recusing herself from the Board’s deliberations), having reviewed Ms Lee’s declaration of independence and her above-mentioned confirmations, have determined that Ms Lee is an independent Director. As disclosed above, Ms Lee has notified the Company that she will be stepping down from the Board with effect from the conclusion of the 2024 AGM.

Mr Eng Aik Meng was appointed to the Board on 15 April 2023. He was appointed as a non-executive independent Director of 65 Equity Partners Pte Ltd (65EP), a wholly owned subsidiary of Temasek, with effect from 15 March 2021. Temasek is a substantial shareholder of SATS. Mr Eng has confirmed to the Company that he is not accustomed or under any obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of Temasek in relation to SATS’ corporate affairs. He further confirmed that his appointment as a Director of 65EP does not interfere, and would not be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of SATS and he does not have any other relationship (whether familial, business, financial, employment or otherwise) with 65EP or Temasek that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of SATS. The NC and the Board (with Mr Eng abstaining and recusing himself from the Board’s deliberations), having reviewed Mr Eng’s declaration of independence and his above-mentioned confirmations, have determined that Mr Eng is an independent Director.

Ms Jessica Tan was appointed to the Board on 17 April 2017. She was subsequently appointed as a Non-Executive Director of Mitsui with effect from 21 June 2023. Ms Tan has agreed that, in the event of any business dealings with Mitsui requiring the Board’s approval, she will recuse herself from participating in any and all discussions and decisions involving Mitsui’s dealings with SATS. Following from this, the NC determined that the business relationships between SATS and Mitsui would not affect Ms Tan’s independence as a Director of SATS. The NC and the Board (in both cases with Ms Tan abstaining and recusing herself from the deliberations), having reviewed Ms Tan’s declaration of independence and taking into consideration her agreement to recuse herself from discussions and decisions involving Mitsui, are of view that Ms Tan’s directorship at Mitsui does not interfere with the exercise of her independent business judgement in the best interests of SATS, and have therefore determined that Ms Tan is an independent Director.

Mr Pier Luigi Sigismondi was appointed to the Board on 5 September 2023. Mr Sigismondi was the Executive Chairman at Sustenir during FY2023-24 and recently resigned as a director and the Executive Chairman of Sustenir with effect from 23 May 2024. Although Sustenir had not formed any commercial relationship with the SATS Group, Mr Sigismondi had (prior to his resignation from Sustenir) agreed to recuse himself from participating in all discussions and decisions concerning transactions/matters between the SATS Group and Sustenir, its subsidiaries, associates and/or competitors. The NC and the Board (with Mr Sigismondi abstaining and recusing himself from the Board’s deliberations), having reviewed Mr Sigismondi’s declaration of independence and taking into consideration his agreement to recuse himself from discussions and decisions involving Sustenir, are of the view that Mr Sigismondi’s previous role at Sustenir does not interfere with the exercise of his independent business judgement in the best interests of SATS, and have therefore determined that Mr Sigismondi is an independent Director.

Apart from the roles/positions specifically described in the preceding two paragraphs, some of our Directors are also board members or executive officers of other organisations that provide or receive services to or from the SATS Group in the ordinary course of business and on normal commercial terms. These transactions were entered into based on merit and competitive terms negotiated by Management, and the relevant Directors were not involved in the process for, or approval of, the transactions. These Directors have also confirmed that they were not involved in the decision by their respective organisations to enter into the transactions with the SATS Group. The NC and the Board considered the conduct of each such Director in the discharge of their duties and responsibilities as Directors of SATS, and are of the view that the foregoing relationships did not impair their ability to act with independent judgment in the discharge of their duties and responsibilities as SATS Directors. On this basis, the Board, taking into account the views of the NC, arrived at the determination that each such Director is independent. The relevant Directors recused themselves from the Board’s and (where applicable) the NC’s deliberations on their own independence.

Mr Kerry Mok is the PCEO, and is the only executive Director on the Board. He is thus a non-independent Director. The nature of our business and operations merit the continuity of an executive Director on the Board to provide independent Directors with the requisite background and knowledge to facilitate their independent judgment and decision-making.

# Corporate Governance Report

## Review of Directors' Time Commitments

The NC determines annually whether a Director has been adequately carrying out his/her duties as a Director of SATS, taking into consideration the number of that Director's other listed company board representations and other principal commitments. The NC is of the view that the number of each Director's other directorships was in line with our internal guideline that the maximum number of listed company board representations which any non-executive Director may hold should not be more than six. Having regard to each Director's attendance record for Board and, where applicable, Board Committee meetings, and his/her ability to contribute effectively thereat, the NC is of the view that each Director has been able to effectively discharge his/her duties as a Director of SATS, and is satisfied that Directors who hold multiple board representations nevertheless devoted sufficient time and attention to SATS's affairs. In particular, the NC reviewed the Directors' time commitments in FY2023-24, and the NC and the Board noted that notwithstanding the number of other non-listed directorships that Ms Jenny Lee holds, she has been able to attend most of the Board meetings and has contributed substantially to the discussions at such meetings and whenever called upon for ad-hoc meetings.

The role of the Chairman, in particular, requires significant time commitment. As Board Chairman, Ms Euleen Goh plays a crucial role as she is required to provide leadership to the Board and to ensure that the Board plays a full and constructive part in the development and determination of the Group's strategies, objectives and growth. The NC and the Board (each, without Ms Goh's participation) were of the view that she has managed her other time commitments appropriately and has enough capacity to discharge her obligations as our Chairman. This was reflected in her full attendance of all relevant meetings and the time spent in the conduct of her various duties as outlined in this Corporate Governance Report.

The NC had also carefully deliberated on Mr Irving Tan's candidacy as a Director and Chairman-designate of the SATS Group given his current executive role in a global conglomerate. Having discussed with Mr Tan the time commitments and obligations expected of the role of Chairman, the NC is of the view that he would be able to manage his other time commitments appropriately and will have sufficient capacity and bandwidth to discharge his obligations as Chairman of the SATS Board.

During FY2023-24, most Directors achieved full attendance for Board and Board Committee meetings held during their respective tenures as Directors and (where applicable) Board Committee members. The meeting attendance records of all Directors, their list of directorships and other principal commitments are fully disclosed in our Annual Report.

## Assessment of Board Performance

The Board, with the assistance of the NC, has approved the objective performance criteria and implemented a process for assessing the effectiveness of the Board as a whole and its Board Committees, and for assessing the contributions by the Chairman and each individual Director of the Board.

The NC assesses each individual Director's contribution to the effectiveness of the Board annually and as and when required.

Assessment of Board and Board Committees and individual Directors' performance is carried out annually through evaluation questionnaires. As the NC has determined that an external consultant will be engaged once every three years and Egon Zehnder (an independent global management consulting firm with no other connection with SATS or any of the Directors) was engaged for the Board performance assessment process in FY2022-23, no external consultant was engaged for the Board performance assessment process in FY2023-24.

The questionnaire sent to Directors has evaluations on the Board and Board Committees, on peer performance, and on self-assessment on independence. Issues such as Board composition, Board independence, Board dynamics and culture (including support and recognition of Management), Board processes, information management and flow, ESG, ethics and investor relations (including effectiveness of the Board in fulfilling its role of creating and delivering sustainable value to shareholders (while also keeping other stakeholders' interests in balance)), leadership and oversight of the Company's strategy and performance, benchmarking with industry peers, effectiveness of Board Committees, PCEO performance and succession planning, Directors' development and management, and risk management are covered. Directors are also encouraged to provide feedback on areas in which they have seen improvement or decline in FY2023-24, identify areas in which the Board has done well (relative to other companies on which they also sit as directors), and recommend useful practices for adoption by the Board. For the peer evaluation contained in the questionnaire, the Directors are encouraged to provide comments about the contribution of their peers, the objective of which is to show whether each Director has demonstrated his/her willingness and ability to constructively challenge and contribute effectively to the Board, and his/her commitment to his/her roles on the Board.

Feedback from the GMB members regarding the Board's performance was not obtained in FY2023-24. This feedback collection exercise is usually conducted once every three years when the NC appoints an external consultant to facilitate the Board evaluation process.

The results from the questionnaires and the feedback obtained from the Directors were collated by the Company Secretary and shared with the Board Chairman and the NC members, and subsequently with the entire Board. Based on the feedback received from the Directors, the following aspects of the Board stood out:

- strong governance, independence and depth of knowledge of Board members;
- expertise in the financial and structural aspects of mergers and acquisitions transactions;
- the Board is committed and spends significant time on Company matters; and
- the Board is well-managed and enjoys good dynamics with sufficient debate and discussions amongst Board members.

The Board Chairman held discussions with each individual Director on any concerns which the Director might have, provided him/her with feedback on his/her performance, and also sought his/her feedback on the Chairman's own performance. The Board discussed the findings of the evaluation and agreed to follow-up on proposed action items.

## Orientation and Training for Directors

The NC exercises oversight of the orientation, training and professional development of Directors.

We have a formal and structured orientation framework. Newly-appointed Directors undergo a two-day familiarisation exercise whereby they undergo a comprehensive and tailored programme, including visits to major businesses and joint ventures, site visits to the kitchens, SATS Integrated Control Centre and Cargo Security Control Centre etc., as well as presentations by members of Management, to facilitate the Directors' understanding of the Group's objectives, strategic plans, businesses, operations and processes. Each newly-appointed Director is also sent a formal appointment letter setting out his/her roles, duties, obligations and responsibilities. The Director is also requested to provide an undertaking to use his/her best endeavours to comply with the requirements of the Listing Manual. External legal counsel may also be engaged to conduct briefing sessions for newly-appointed Directors on the roles and responsibilities of a Singapore listed company director. As newly appointed Directors, Mr Pier Luigi Sigismondi, Mr Mak Swee Wah, Ms Chan Lai Fung and Mr Irving Tan have (i) been briefed by members of Management on the Groups' objectives, strategic plans, businesses operations and processes, and (ii) visited the Company's facilities in Singapore to familiarise themselves with its various business operations.

Copies of the minutes of immediate past Board and Board Committee meetings are made available on a secure online portal. Directors are also provided with other materials relating to the Board and Board Committees, including the terms of reference of the various Board Committees on which they are appointed as well as relevant guidelines and policies.

A new Director who has no prior experience as a director of an issuer listed on the SGX-ST must also undergo mandatory training in his/her roles and responsibilities as prescribed by the SGX-ST, unless the NC is of the view that training is not required because he/she has other relevant experience, in which case the basis of its assessment will be disclosed.

Mr Pier Sigismondi has attended and completed his training on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST in March 2024. Ms Chan Lai Fung will complete the requisite training within one year from her appointment. The NC has assessed that Mr Mak Swee Wah and Mr Irving Tan are not required to attend the requisite training as they have prior experience as a director of an SGX-listed company or as a director of the manager of an SGX-listed business trust. Mr Mak Swee Wah was a non-executive director of SIAEC (listed on the SGX-ST) and Mr Irving Tan was an independent non-executive director of Netlink NBN Management Pte. Ltd., the manager of Netlink NBN Trust (listed on the SGX-ST).

The Directors are provided with continuing education, particularly on relevant new laws, regulations and changing commercial risks. They are briefed by the Company Secretary in areas such as directors' duties and responsibilities under the Companies Act, Listing Manual and Securities and Futures Act 2001 (SFA) to enable them to carry out their statutory and fiduciary duties as well as to update and refresh them on matters that may affect and/or enhance their performance as Board members.

As part of the Directors' ongoing training, Directors are encouraged to attend training, conferences, courses and seminars conducted by external organisations such as the Singapore Institute of Directors and Temasek Management Services Pte. Ltd. on corporate governance, leadership and industry-related subjects. The registration process is facilitated by SATS and the course fees are borne by SATS. Workshops, conferences and seminars attended by some of the Directors during FY2023-24 included a two-day Asia Board Leadership Summit organised by the Human Capital Leadership Institute, which was held from 30 to 31 January 2024.

Pursuant to Rule 720(7) of the Listing Manual, except Ms Chan Lai Fung who was appointed on 28 February 2024, all of the Directors in office as at the end of FY2023-24 have completed the required training on sustainability matters as prescribed by the SGX-ST during the course of FY2023-24. Ms Chan, as well as Mr Irving Tan, who was appointed after the end of FY2023-24, will undergo the required training on sustainability matters as prescribed by the SGX-ST during the course of FY2024-25.

# Corporate Governance Report

## Review of Board Tenure

The NC reviews the tenure of the non-executive Directors. With effect from FY2010-11, newly appointed non-executive Directors are appointed to serve an initial term of three years and such initial term of office may be renewed for subsequent terms upon the recommendation of NC and as approved by the Board.

## Rotation and Re-Election of Directors

The NC reviews and recommends to the Board the rotation and re-election of Directors at the AGM, taking into consideration the composition and the need for progressive renewal of the Board.

One-third (or the number nearest one-third rounded upwards to the next whole number) of the Directors are required to retire from office at each AGM. All Directors (including the PCEO) are required to retire from office at least once every three years. Retiring Directors are eligible for re-election. All new Directors appointed by the Board during the financial year hold office only until the next AGM, but will be eligible for re-appointment at that AGM.

The Directors who are retiring by rotation under Article 90 of the Company's Constitution and standing for re-election at the forthcoming AGM are Mr Kerry Mok, Mr Achal Agarwal and Ms Vinita Bali. Mr Pier Luigi Sigismondi, Mr Mak Swee Wah, Ms Chan Lai Fung and Mr Irving Tan, who were appointed after the last AGM, will be retiring under Article 96 of the Company's Constitution and will be standing for re-election at the forthcoming AGM. The NC (after having taken into consideration the principles for the determination of the Board size and composition adopted by it and where applicable, the duration of their appointments to the Board) recommends the re-election of each of the Directors standing for re-election at the forthcoming AGM. The NC's recommendation, which has been endorsed by the Board, follows the NC's assessment of the Directors' competencies, commitment, contribution and performance (including attendance, preparedness, participation and candour at Board and Board Committee meetings) including, where applicable, his/her performance as an independent Director.

## Remuneration and Human Resource Committee (RHRC)

The RHRC is chaired by Ms Euleen Goh, and its members are Mr Achal Agarwal and Mr Eng Aik Meng. All of the RHRC members (including the RHRC Chairman) are independent Directors.

Ms Euleen Goh will cease to be a Director and thereupon, as RHRC Chairman, with effect from the conclusion of the 2024 AGM. The Company will announce Ms Goh's replacement on the RHRC in due course.

The RHRC has access to expert advice from external consultants on remuneration. In FY2023-24, the RHRC sought views on market practices and trends from an external consultant, Aon Hewitt, on top management compensation. The RHRC reviewed the independence and objectivity of the external consultant and was satisfied that the external consultant has no relationships with the Company that would affect its independence and objectivity.

## Key Responsibilities of the RHRC

The RHRC plays an important role in helping to ensure that we are able to attract, recruit, motivate and retain the best talents through competitive remuneration and progressive policies such as pay-for-performance so as to achieve the Group's goals, provide good stewardship and deliver sustainable shareholder value. Its key responsibilities include:

- Reviewing and recommending the remuneration framework of the Company (including compensation structure, bonus and employee share plans) to the Board for endorsement
- Reviewing and recommending the specific remuneration packages for each Director, the PCEO and each Relevant Key Management Personnel, to the Board for endorsement
- Overseeing the terms of appointment and scope of duties of the PCEO and other Relevant Key Management Personnel, including succession planning for their roles
- Evaluating on an annual basis, the achievement of performance targets for each Relevant Key Management Personnel as agreed at the beginning of the financial year with the Board and/or the PCEO, as the case may be, and recommending to the Board their respective total compensation
- Reviewing and approving compensation payable to the PCEO and the Relevant Key Management Personnel in the event of early termination of their contracts of services, if such payment is considered appropriate in the circumstances by the RHRC
- Advising on the organisation structure to drive the Company's strategic growth
- Reviewing succession planning for Relevant Key Management Personnel including the PCEO position and other selected key positions, with the PCEO, taking into account current needs and future strategic capabilities
- Reviewing talent development framework and processes to build deep bench strength and a strong talent pipeline
- Carrying out such other authorities and duties as provided in the Code

In discharging its responsibilities, the RHRC considers all aspects of remuneration and performs benchmarking exercises against comparable organisations, to ensure that all aspects of remuneration (including termination terms) are fair and competitive.

The RHRC's recommendations regarding remuneration of the PCEO, Relevant Key Management Personnel and the non-executive Directors have been submitted to and endorsed by the Board, which is ultimately accountable for all remuneration decisions.

## RHRC Meetings

The RHRC is required by its terms of reference to meet at least twice each financial year, with additional meetings to be convened as and when required. The RHRC met five times in FY2023-24.

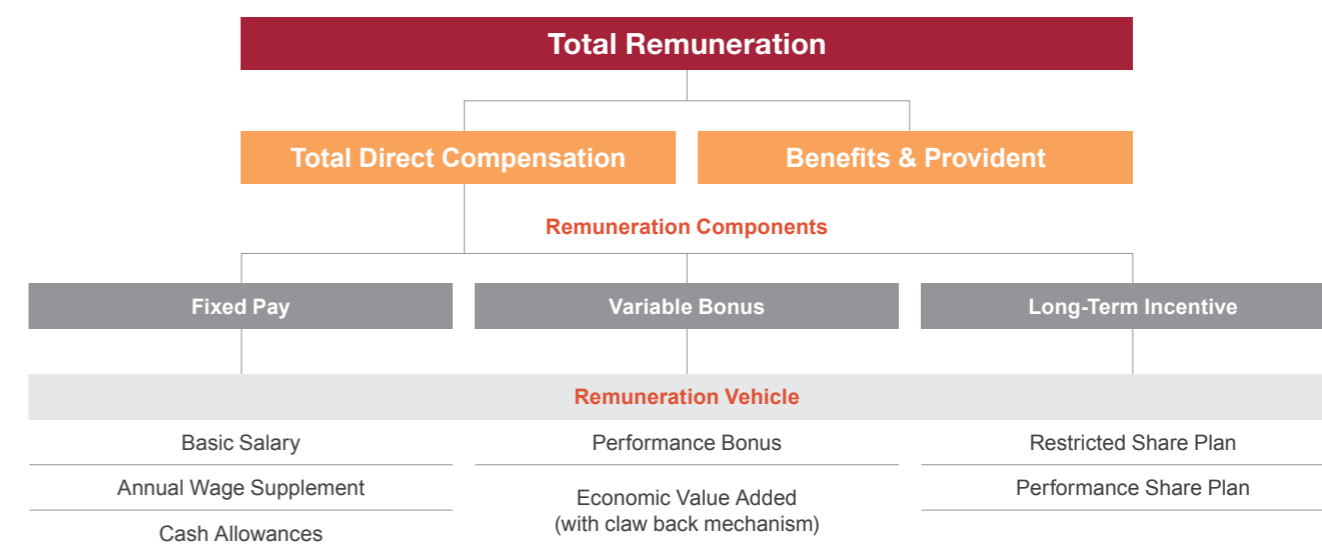
## Key Executives' Remuneration

The Company's key executives' remuneration framework is designed to link a significant and appropriate proportion of rewards to the Company and individual performance, and takes into consideration the risk policies of the Company so as to be symmetric with risk outcomes and sensitive to the time horizon of risks. The framework aligns key executives' compensation with the interests of shareholders, balancing between short-term and long-term business interests and sustainability, as defined within the Company's strategy and risk policies.

## Remuneration Mix for Key Executives

The principle of remuneration starts with the compensation mix – fixed pay, variable bonus and long-term incentive. Such direct compensation in cash or SATS shares, together with benefits and provident for social security where applicable, make up total remuneration.

Total direct compensation and its respective remuneration components' pay-out are symmetric with Company and individual performance over time. These remuneration components, in turn, consist of remuneration vehicles separately targeting and moderating pay-outs contingent on short and long term shareholder interest and business sustainability. The eligibility, granting and payout conditions for each vehicle differ. Overall remuneration components and types are summarised below:



## Benchmarking and Target Pay Positioning

A target fixed pay for each key executive position is benchmarked to the market, ensuring market responsiveness to position job worth. Individuals are paid relative to their target pay position determined by their performance and competencies against expectations of the position. At the total direct compensation level, individuals' annualised pay-out is benchmarked to the market to reflect individual and Company performance. Benefit policies are benchmarked and assessed separately based on competitiveness and prevalence of provision in the market.

### Fixed Pay

This consists of basic salary, annual wage supplement (AWS) and cash allowances.

### Variable Bonus

This comprises Performance Bonus (PB) and Economic Value Added (EVA).

# Corporate Governance Report

## (a) Performance Bonus

PB rewards annual financial and operating achievements at the Group, Company and individual level. Target levels across each of the following Key Performance Indicators (KPI) are determined at the beginning of each financial year and are cascaded down. The following KPIs are allocated with equal weightage for non-managerial level employees:

- SATS Group PATMI
- Business Unit's Operating Profit
- Business Unit's Operational Performance Scorecard

The Group Balanced Scorecard and the Division Balanced Scorecard, which use the same metrics, are used for the measurement of achievement for key executives and managerial level employees respectively. The targets comprised in the Group Balanced Scorecard include Financial, Operational Excellence, Customer, People and Strategic Initiatives including Sustainability. The weightage of each of the respective targets is approved by the RHRC.

For Senior Management, an individual Performance Scorecard comprising the following quantitative and qualitative targets are used: Financial and Business, Customer, People and Strategic Transformation Objectives. In determining the payout quantum for each Relevant Key Management Personnel, the RHRC considers the overall actual achievement against Group, business unit and individual performance scorecard.

After the close of the financial year, the RHRC reviews and approves a bonus pool that is commensurate with the achievements against targets, taking into consideration exogenous factors such as the changing business environment, regulatory landscape and industry trends.

For individuals in control functions, performance targets are principally based on the achievement of the objectives of their functions.

## (b) Economic Value Added-Based Incentive Plan (EBIP)

The EBIP rewards for sustainable shareholder value creation over the medium term achieved by growing profits, deploying capital efficiently and managing the risk profile and risk time horizon of the business. A portion of the annual performance-related bonus of Senior Management and key executives is tied to the EVA achieved by the Group in the year. Under the plan, one-third of the accumulated EBIP bonus, comprising the EBIP declared in the financial year and the balance of such bonus brought forward from preceding years (which comprises multiple years of incentive dollar retained in the EVA bank), is paid out in cash each year. The remaining two-thirds are carried forward in the individual executive's EBIP account and such amount is at risk as it is subject to performance-related clawback and could be reduced in the event of EVA underperformance in future years. This mechanism encourages key executives to work for sustainable EVA generation and to adopt strategies that are aligned with the long-term interests of the Group.

The rules of the EBIP are subject to review by the RHRC, which has the discretion, under the authority of the Board, to amend the rules where appropriate and relevant to the business conditions.

## Long-Term Incentives

Long-term incentives reward for long-term shareholder value creation (contingent on Group and Company financial and operating achievements, individual performance level, Return on Invested Capital (ROIC), Total Shareholder Returns (TSR) and Carbon Reduction). SATS provisionally grants share awards to employees of managerial grade and above, including Senior Management and key executives, via the SATS Restricted Share Plan and the SATS Performance Share Plan. When performance conditions are met, vested share awards lead to employees becoming shareholders.

### (a) The SATS Restricted Share Plan (SATS RSP)

The SATS RSP is an incentive plan for management level employees. Under the plan, awards typically involve a specified number of shares being granted at the end of the performance cycle which is dependent on individual position level within the Company, and the extent of the achievement of the financial and operating targets at the Group, Company and individual performance levels.

Performance period and performance conditions are typically required for the financial year preceding each tranche of payment. The first tranche of the award will vest immediately after the end of the performance period and the remaining balance will vest equally over the next two financial years to encourage the retention of such employees.

Grants of fully paid shares under the SATS RSP may also be made to the non-executive Directors in lieu of part of the cash amount of their Directors' remuneration. Such grants will have no performance conditions attached and no vesting periods imposed.

### (b) The SATS Performance Share Plan (SATS PSP)

Under the SATS PSP, an initial award is made in the form of a right to receive shares, provided TSR and other performance targets are met in the future. Annual awards are made based on performance of key senior executives. The final award, which can vary between 0-150% of the initial award, depends on stretched value-aligned performance targets. They are based on ROIC (45%), Absolute TSR (40%) and Carbon Reduction (15%) targets being met over the performance period of three financial years.

In FY2023-24, a total of 5,074,600 shares and 570,000 shares have been granted under the SATS RSP and SATS PSP respectively.

Details such as the plan description, performance conditions, vesting conditions and payouts under the SATS RSP and SATS PSP are set out in the Annexure below, and also in the Share-Based Payment section of the "Directors' Statement" and in the "Notes to the Financial Statements" in the "Financials" section of this Annual Report.

Shareholders' approval is being sought for the proposed extension of, and alterations to, the SATS RSP and the SATS PSP at the 2024 AGM. Please refer to the 2024 Letter to Shareholders for more details.

No termination, retirement or post-employment benefits were granted to Directors or the PCEO during FY2023-24.

Details of the compensation paid or accrued to the PCEO and the top five Key Management Personnel (excluding the PCEO) as at 31 March 2024, for FY2023-24 are set out below:

President and Chief Executive Officer (PCEO)	Salary <sup>1</sup>	Bonuses <sup>2</sup>	Benefits	Share Awards Vested During FY2023-24	Total
Kerry Mok Tee Heong	<b>S\$916,352</b> 38%	<b>S\$896,702</b> 37%	<b>S\$74,278</b> 3%	<b>S\$537,728<sup>3</sup></b> 22%	<b>S\$2,425,061</b> 100%

Top Five Key Management Personnel (excluding PCEO)	Remuneration Band	Salary <sup>1</sup> (%)	Bonuses <sup>2</sup> (%)	Benefits (%)	Share Awards Vested During FY2023-24 (%)	Total (%)
Michael Simpson	S\$2,000,001 to S\$2,250,000	42	58	0	0	100
John Batten	S\$1,250,001 to S\$1,500,000	46	54	0	0	100
Bob Chi Cheng Bock	S\$1,250,001 to S\$1,500,000	37	35	5	23 <sup>3</sup>	100
Manfred Seah Kok Khong	S\$1,250,001 to S\$1,500,000	37	34	3	26 <sup>3</sup>	100
Stanley Goh Yuen Por	S\$750,001 to S\$1,000,000	66	27	7	0	100

#### Notes:

- <sup>1</sup> Other than for Michael Simpson and John Batten, salary includes Annual Wage Supplement and employer's CPF for the year ended 31 March 2024.
- <sup>2</sup> Other than for Michael Simpson and John Batten, variable bonus comprises of both actual performance bonus and economic value added (EVA) bonus in respect of the Company's and the individual's performance for FY2023-24.
- <sup>3</sup> Represents aggregate value of shares that vested in accordance with the terms of the SATS RSP and SATS PSP during FY2023-24.
- <sup>4</sup> A Key Management Personnel, Donny Cheah Chi Choy, left the SATS Group with effect from 1 July 2023. The pro-rated amount of his compensation for FY2023-24 was within the remuneration band of S\$500,000 to S\$750,000 (Breakdown: Salary (51%), Bonuses (8%), Benefits (9%) and Share Awards Vested During FY2023-24 (32%).

The aggregate total compensation paid to the top five Key Management Personnel (who are neither Directors nor the PCEO) as at 31 March 2024 and Donny Cheah Chi Choy for FY2023-24 was S\$7,629,386.

No immediate family members of any Director or of the PCEO were employed by the Company or any of its related companies during FY2023-24.

# Corporate Governance Report

## Learning and Development Programmes for Employees

Learning and development is part of our DNA at SATS. We have anchored training and development to build a performance-driven culture centred around SATS' five people values: Safety, Customer Focus, Respect, Teamwork and Excellence. We put great emphasis on people development because we believe that a workforce that is well-trained with the necessary competencies and has the adaptability to change is the critical success factor to the growth of the business. The objectives are to harness the potential of its people and to bring out the best in them. To do this, we seek to enhance employee experience and engagement by strengthening their sense of belonging to the organisation, and maximising employee productivity to help SATS' businesses grow and thrive. We want to create a purpose-driven environment for our people.

At SATS, we believe that it is only when we develop each individual to do their jobs in a committed and purposeful manner, we can then have the desired business outcome. We recognise that our leaders set the tone of the SATS culture, which has a great impact on our business performance. Hence, we have refreshed and launched a new leadership framework. A series of leadership transition programmes was designed and deployed to front line leaders, leaders of team, leaders of community and strategic leaders. This series of leadership programmes is transition-focused, to equip our employees as they take on leadership roles, as the quality of leadership is an important aspect of our employee value proposition and will have a direct impact to our staff engagement and retention.

Besides the training for our leaders, we also have a "Leading Self" programme for individual contributors, and an Employee Development Programme for our general employees. On top of technical skill training, the Employee Development Programme, which consists of e-learning modules and classroom training, focuses on soft skills to develop each individual.

As SATS grows its businesses locally and globally, we recognise that corporate governance remains a fundamental and core aspect to focus on to ensure that SATS continues to operate in a responsible and ethical manner. In line with this, SATS will continue to craft and update mandatory learning programmes on topics pertaining to corporate governance, such as legal regulations, cybersecurity, people management etc. SATS employees undergo relevant training and subsequent refresher trainings to ensure that understanding and adherence to regulations is embedded in all job grades and at all times.

Learning and development is essential in ensuring that employees have the necessary knowledge, skills, and abilities to perform their jobs effectively and adapt to changing business needs. We believe that when the organisation is focused on people development, we can then truly achieve our vision of becoming the market leader in delighting customers with innovative food and seamless connections, as well as fulfil our purpose to feed and connect communities. More information on the Company's purpose, vision and core values, can be found on our corporate website at the URL <https://www.sats.com.sg/about-sats/who-we-are>.

## Talent and Succession Management

SATS firmly believes that our global talent pool is one of our most important assets and competitive advantages. We have in place talent management and succession planning practices for the heritage SATS and WFS organisations. To maximise the benefits of our global footprint, we have put in place plans to develop a robust global talent management framework. This framework, co-created by talent partners and business representatives across the three regions in which we operate, will define our talent philosophy, strategy and globally consistent practices for identifying, developing and deploying talent.

The talent review and succession management exercises for both heritage organisations were recently concluded. Deliberate efforts are now being invested to develop identified potential successors and high-performing employees. In November 2023, we launched Elevate, a global talent experience programme where high-potential employees will undertake a short-term cross-geography assignment with specific business goals and outcomes. This is an exciting and meaningful talent development opportunity for our global talent to share and learn best practices in a cross-cultural setting.

There are also plans in place to review and redesign our structured talent development programme to make it relevant and scalable for a global talent pool. The revamped programme will ensure that our identified successors and talent will have opportunities to broaden their business exposure and deepen their technical and leadership capabilities. All these efforts will not only cement SATS as a global leader in our industry, but also go a long way in advancing our ambition to be a global employer of choice.

## Safety, Sustainability and Risk Committee (SSRC)

The Board Risk and Safety Committee (BRSC) has been renamed as the Safety, Sustainability and Risk Committee to better reflect the committee's expanded scope, now encompassing the Company's sustainability matters.

The SSRC is chaired by Dr Detlef Trefzger, and its members are Ms Chan Lai Fung, Mr Chia Kim Huat, Mrs Deborah Ong and Mr Pier Luigi Sigismondi. All of the SSRC members (including the SSRC Chairman) are independent Directors.

Dr Detlef Trefzger will cease to be a Director and thereupon, as SSRC Chairman, with effect from the conclusion of the 2024 AGM. The Company will announce Dr Trefzger's replacement on the SSRC in due course.

## Key Responsibilities of the SSRC

The SSRC oversees and monitors the adequacy and effectiveness of the Group's<sup>3</sup> risk and safety management systems and programmes and also the Group's implementation of its sustainability strategy. Its key responsibilities include providing guidance on:

- The activities of the SATS Group Safety, Sustainability and Risk Management Committee (SSRMC) chaired by the PCEO, which is responsible for putting in place risk management processes and methodologies, identifying risks, implementing mitigation plans, and updating risk registers and profiles
- The Group's risk areas related to strategic, financial, operational, technology (including cybersecurity), and legal and regulatory compliance considerations
- The adequacy of resources for the risk management functions and whether they have an appropriate standing within the Group
- The risk management policies and practices as well as the types and level of risks faced by the Group
- The adequacy of proposed actions in response to any material breaches of risk limits
- In conjunction with the AC, the Board's Risk Management and Internal Controls Statement
- The Group's risk and safety management system and programmes for effectiveness and compliance with regulatory requirements and industry best practices for food safety, workplace safety and health
- Adequacy of the reporting on safety, initiation of remedial actions and assessment of the level of compliance with the safety management plan
- Food safety and accident investigation findings and implementation of recommendations by Management
- Sustainability-related matters to ensure alignment with SATS' strategic goals and sustainability commitments and compliance with applicable regulatory requirements
- The development and execution of SATS' overall ESG strategy to enable Management to explore opportunities for sustainable growth

## SSRC Meetings

The SSRC is required by its terms of reference to meet at least four times a year. The SSRC met four times in FY2023-24, including a joint AC and SSRC meeting.

## 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. It determines the nature and extent of the significant risks which the Group is willing to take to achieve its strategic and business objectives. The Board oversees, monitors and provides guidance at least annually on 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 of 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

<sup>3</sup> The WFS Advisory Board reports to the Board on all WFS matters, including risk and safety management.

# Corporate Governance Report

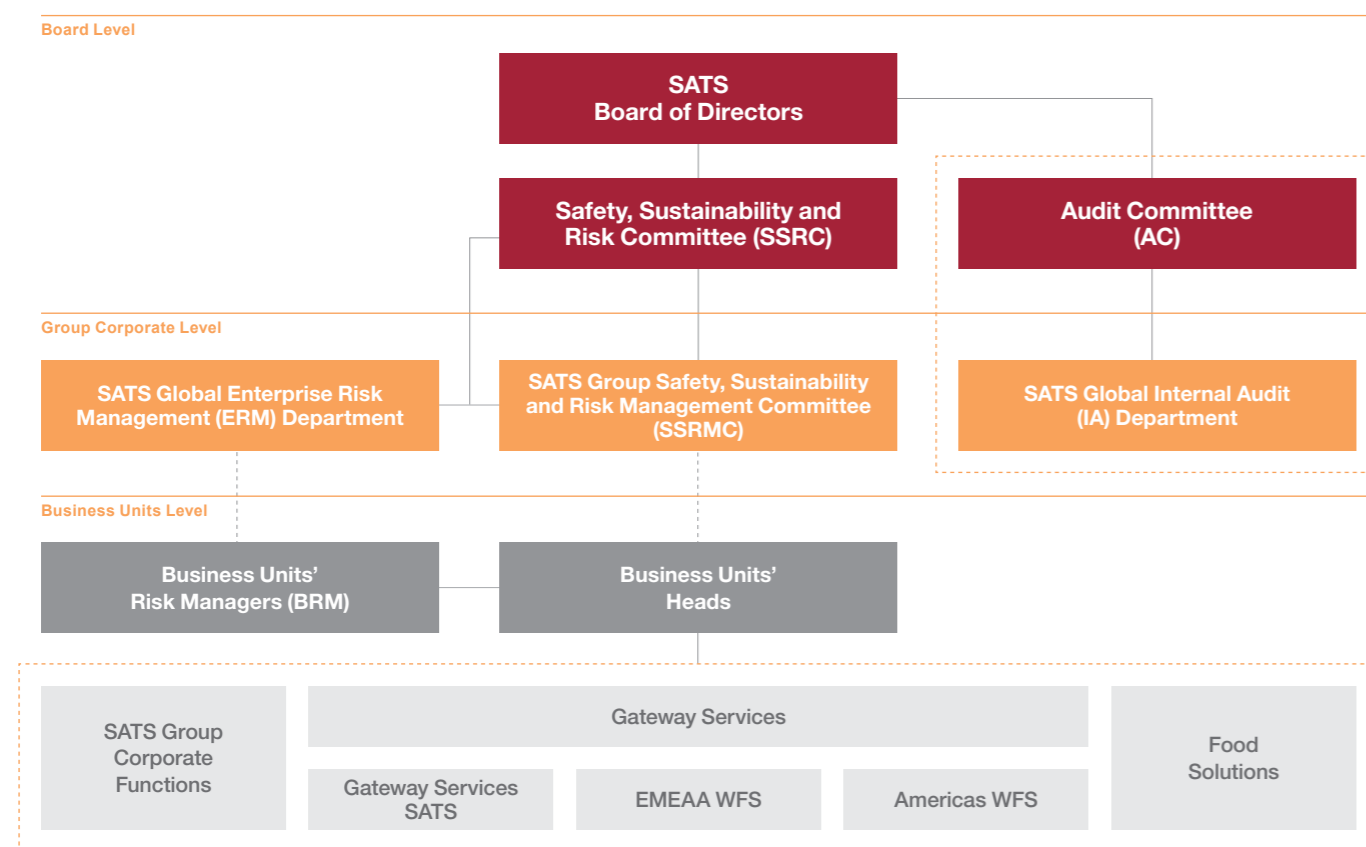
## Risk Management Organisational Structure

The SSRC assists the Board in overseeing the adequacy and effectiveness of the safety and risk management systems. Under its oversight, the safety and risk management programme is executed with an integrated view of the organisation and its needs in mind.

The SSRC is supported by the SSRMC. The SSRC monitors the activities of the SSRMC, including regular risk management reports, initiatives, processes and exercises. The SSRMC meets on a quarterly basis to review the risk management system and mitigation measures.

The Group Enterprise Risk Management (ERM) Department coordinates and facilitates the risk management processes within the Group. It provides support to the SSRMC in carrying out its functions.

The Group risk management reporting structure is as depicted in the diagram below.



## Risk Management Overview

At SATS, we understand that risks are an inevitable part of doing business and that effectively identifying, assessing and managing risks is integral to allowing us to execute our strategic goals and objectives. The ability to embed and link risk closely to strategy and performance allows us to create a structured platform that drives the right behaviours, culture and mindset to achieve informed decision making for value creation and sustainable growth for the organisation.

We have in place a comprehensive ERM Framework that provides a structured approach and process to risk management including the monitoring of risk performance of key risk areas through key risk indicators. We are currently performing an overall review and refresh of our ERM Framework and approach to ensure that it remains relevant, effective and practical.

Management has identified five main risk focus areas – Strategic, Financial, Operational, Compliance and Technology. The Board, including its various committees, oversees the executive actions taken by Management for the following key risks under the risk focus areas:

Key Risks	What are the risks?
<b>Strategic</b>	
<b>Market Economics &amp; Competition</b>	<p>Risk of erosion of market share, irrelevancy of business model or profitability pressures arising from:</p> <ul style="list-style-type: none"> <li>Susceptibility to market disruptions from macroeconomic shifts, geopolitical tensions and political instability;</li> <li>Inability to retain competitive advantage and market leadership due to lack of cost discipline, failure to manage key customers and stakeholders' expectations and/or failure to innovate to capture new growth opportunities; and/or</li> <li>Overreliance on key sectors or geographies resulting in concentration risk.</li> </ul>
<b>Talent &amp; Organisational Development</b>	<p>Risk of Inability to attract and retain talent to support the business due to:</p> <ul style="list-style-type: none"> <li>Tight labour market conditions, poor workplace culture and/or inadequate compensation and benefits as compared to the industry peers/cross-sector competition;</li> <li>Inadequate talent development program and career development pathways; and/or</li> <li>Lack of quality bench strength and key succession planning to cater for attrition or ageing workforce.</li> </ul>
<b>Sustainability (ESG)</b>	<p>Risk of ESG impacts on our investments, projects and operations such as:</p> <ul style="list-style-type: none"> <li>Failure to consider and mitigate climate related physical and transition risks;</li> <li>Inadequately pricing or capturing ESG related risks; and/or</li> <li>Failure to implement ESG related disclosures that are in line with regulatory requirements.</li> </ul>
<b>Financial</b>	
<b>Financial Resiliency and Controls</b>	<p>Risk of inability to maintain investment grade rating, access to capital markets funding and poor investor's confidence due to:</p> <ul style="list-style-type: none"> <li>Weak balance sheet, inadequate liquidity and cash flow, inefficient capital structure and/or poor financial ratios;</li> <li>Poor management of market related risks (FX, commodity prices, interest rates, etc.);</li> <li>Overexposed credit risks from key customers and counterparties resulting in them not meeting financial obligations as they fall due;</li> <li>Breaches of key financial and loan covenants; and/or</li> <li>Weak internal controls over financial reporting resulting in inaccurate financials or financial misstatements.</li> </ul>
<b>Operational</b>	
<b>Operational &amp; Business Process Management</b>	<p>Risk of disruption to business operations/inefficient business processes and sub-optimal productivity arising from:</p> <ul style="list-style-type: none"> <li>Operational lapses such as unplanned facilities/plant shutdowns or reduced availability due to poor machinery and equipment maintenance, non-compliance with SOPs, manpower/workforce shortages and/or labour strikes, etc.;</li> <li>Poor project management and execution resulting in delays, cost overruns, variation orders and quality issues; and/or</li> <li>Inability to synergise and integrate business processes across sectors and geographies.</li> </ul>
<b>Supply Chain &amp; Third-Party Risks</b>	<p>Risk of reputational and financial related risks and/or operational disruptions arising from outsourcing or use of third-parties associates, vendors and suppliers:</p> <ul style="list-style-type: none"> <li>Lack of proper onboarding and due diligence process for third party associates and vendors/suppliers;</li> <li>Poor performance and contract management and enforcement such as inadequate legal safeguards in contractual arrangements;</li> <li>Misalignment of corporate values and ethics requirements;</li> <li>Weak business process and internal controls of third parties resulting in data breaches or operational lapses; and/or</li> <li>Supply chain disruptions (both material unavailability or quality issues).</li> </ul>

# Corporate Governance Report

Key Risks	What are the risks?
<b>Operational (cont'd)</b>	
<b>Health, Safety &amp; Security</b>	<p>Risk of health and safety incidents such as food safety and aviation related incidents, disease outbreaks and pandemics, mental health related issues etc. leading to loss time injuries and fatalities due to a less than desirable Health, Safety and Environment (HSE) culture and mindset and lack of health and safety related trainings and awareness; and/or</p> <p>Risk of physical security incidents such as unauthorised access, terrorism and sabotage at operations and project sites due to poor security measures, trainings and awareness.</p>
<b>Business Continuity</b>	<p>Unpreparedness in responding to crisis related events such as fire, natural calamities, pandemics or major business disruptions that impede the ability to continue business operations or impact lives and assets. This could be due to:</p> <ul style="list-style-type: none"> <li>A lack of robust crisis response and business continuity/recovery plans, including training and exercises;</li> <li>A lack of structured and timely escalation procedures; and/or</li> <li>Poor insurance strategy, inadequate insurance coverage and/or poor insurance response and lengthy claims processes.</li> </ul>
<b>Compliance</b>	
<b>Legal &amp; Regulatory Compliance</b>	<p>Risk of non-compliances with applicable laws and regulations resulting in fines, stop-work orders, suspension or termination of operating licenses/permits. This could be due to:</p> <ul style="list-style-type: none"> <li>Unfamiliarity with overseas markets, volatile political conditions or unclear laws and regulations;</li> <li>Increasing cost of compliance and inability to react to with rapid and complex regulatory changes;</li> <li>Weak or poor understanding of the organisation's compliance management system; and/or</li> <li>Complexity and adequacy of addressing compliance requirements of global sanctions laws/ regulations.</li> </ul>
<b>Fraud, Corruption &amp; Bribery</b>	<p>Intentional act to obtain an unfair advantage or unlawful gain. This could arise from the following:</p> <ul style="list-style-type: none"> <li>Offering or accepting any payment, gift, favour or advantage as an inducement to (i) advance a business advantage, (ii) avoid taking an official action, (iii) gain an improper business advantage, or (iv) influence business outcomes; and/or</li> <li>Any dishonest or fraudulent behaviours or activities that undermine the integrity of the organisation including the misappropriation of assets and intentional misstatements of financial statements.</li> </ul>
<b>Technology</b>	
<b>Cyber &amp; Data Security</b>	<p>Risk of breach of privacy, loss of sensitive and confidential information, ransomware and disruption to infrastructure from cyber-attacks. This is due to:</p> <ul style="list-style-type: none"> <li>Increased sophistication in methods (direct hacking, phishing, etc.) deployed by threat actors riding on accelerated digitisation and generative AI, remote working and digital connectivity;</li> <li>Weak cyber and data security infrastructure, policy and procedures and lack of training and awareness; and/or</li> <li>Lack of an established data governance framework and adequate communications and training to employees.</li> </ul>
<b>Technological shifts and advancement</b>	<p>Risk of not innovating and or keeping pace with technological advancements and disruptions as we transit into a physical-digital environment which may render our services, systems or processes becoming inefficient, obsolete or uncompetitive.</p>

## Strategic

Current and future portfolio considerations form a key aspect of SATS' strategic risk. SATS regularly monitors overseas developments, sensing growth in new markets and seizing investment opportunities when they arise. Over the course of such current and future investments, factors such as customer and country concentration or exposure to higher-risk countries have to be accounted for. The Group is also acutely aware of the impact of an evolving and often volatile macroeconomic environment including heightened geopolitical tensions, rising interest rates and sticky inflation.

The Group also concerns itself with having the right mix of talent and capital for future success. SATS believes that employee empowerment leads to higher productivity and improved services for customers. Thus, many initiatives have been launched to provide employees with more opportunities for growth, allowing them to realise their career aspirations with SATS.

Contributing to environmental responsibility and improved sustainability, the Group adopts a technology-driven, people-led approach to create greater value for our stakeholders. This includes enhancing SATS' operational efficiencies and reducing carbon footprint and waste while shifting to renewable and more sustainable sources of energy, water and raw materials to lessen the impact that the business can have on the environment. More information can be found in the Group's sustainability report

## Financial

SATS recognises the need for a comprehensive financial risk management system, given the globalised and diversified nature of the Group's businesses. SATS' overall philosophy to financial risk management is to manage the effects of economic uncertainty on the Group's financial performance, with its policies subject to regular Board reviews. Currently, foreign currency, interest rate and credit and liquidity risks form the main areas of concern for SATS' financial risk management.

The Group has its own approval limits and procedures for every banking and finance transaction, having regard to the nature of the transaction concerned. All banking and finance transactions undertaken by the Group must be properly authorised, including the opening of new bank accounts and the taking up of any proposed credit facilities and the Group's key insurance coverage, the adequacy of which is reviewed on a yearly basis. These approval limits and procedures are updated from time to time and are available on request to the bankers and lenders to the Group.

More information on these risk areas can be found in the "Notes to the Financial Statements" in the "Financials" section of this Annual Report.

## Tax Strategy and Governance Framework

In line with SATS' Corporate Governance principles and core values, SATS adheres to the highest standard of integrity in managing its tax affairs and in complying with applicable local tax laws. SATS exercises due care and activates prescribed protocols in tax risk management and also embraces a transparent posture in meeting its tax reporting obligations.

### Compliance with Tax Law

As SATS continues to expand its global footprint, it is fully committed to complying with the tax law and regulations where SATS has established a taxable presence or where a tax reporting obligation arises according to the local law.

SATS exercises good faith effort in meeting all tax filings and payment obligations on a timely basis. Operating in the current global business landscape has become increasingly dynamic and challenging where there are stricter regulatory requirements in tax reporting and tax transparency. SATS commits to being a responsible taxpayer and remains vigilant in meeting these requirements. More importantly, SATS does not condone the behaviour of profit shifting with a tax avoidance intent to minimise its tax obligation and maintains the principle of paying its fair share of taxes in all relevant countries where it has a tax filing obligation.

Where relevant, business or legal entity reorganisation plans are led by valid commercial reasons that support SATS' business strategy. In the event that these business reorganisation plans may give rise to tax consequences, appropriate external tax advice will be sought to address the relevant risk and potential financial impact that may arise from these business reorganisation plans.

### Governance for Managing Tax Risk

SATS' tax risk and governance framework conforms to the principles under its Corporate Governance framework. SATS' Board has fully embraced the Corporate Governance principles since their adoption. Appropriate delegation of authority has been put in place to set up an adequate tax governance and control framework. The tax governance and control framework is fully endorsed by the Board and is designed to safeguard the Group from material financial or reputational risks.

Tax laws and regulations are constantly evolving and becoming more complex. The heightening demands in tax reporting obligations significantly increases the risk of unintentional non-compliance. SATS is committed to act responsibly and with integrity in relation to the management of its tax affairs.

# Corporate Governance Report

SATS supports competitive business growth without compromising the integrity of its tax risk and governance principles. Differences in interpretation and/or enforcement of tax laws, rules and regulations may create tax risks, which SATS will proactively seek to identify, evaluate, manage and monitor through compliance, disclosure and an adequate control framework. Any significant tax issues will be channelled to the Senior Management and/or the Board according to the established risk management protocols and the delegation of authority framework.

The level of tax risk that SATS accepts is aligned with its business strategy, core values, corporate social responsibility and reputation. SATS seeks the counsel of external advisors, when relevant, to assess the tax risks associated with the interpretation of tax laws, rules or regulations. Care is duly exercised in the assessment of tax risks based on the available facts.

## Relationship with Tax Authorities

SATS is committed to nurture a collaborative relationship with the tax authorities and to exercise due care and professionalism in responding to questions or queries raised by the respective tax authorities. We seek appropriate opportunities to develop mutually respectful relationships with tax authorities based on transparency and trust. Where relevant, SATS intends to work with relevant authorities and legislators to engage in discussions, obtain advance rulings on certain transactions or seek clarity around any points of uncertainty arising from the interpretation or application of tax laws, rules and regulations.

## Operational

Given the critical nature of SATS' operations in the aviation sector, the Group's operational risks include the potential for adverse exogenous events, trade sanctions, terrorism and workplace and food safety incidents. SATS aims to reduce these risks through inculcating a culture of vigilance and resilience, cybersecurity, food hygiene and mindfulness for workplace safety at all organisational levels. Risk managers within all business units have also been appointed to efficiently consolidate and streamline the risk management processes across the various business units.

SATS also conducts regular audits across all its operational domains to ensure that stringent safety and quality standards are met. These include internationally recognised certifications such as ISO 45001, ISO 9001, ISO 14001, ISO 22000 and HACCP. More information on such accreditation can be found in the "Safety" section of the Group's sustainability report. SATS has also actively participated in the SGSecure@Workplaces programme, having been registered under the Singapore Police Force and Singapore Civil Defence Force's Safety and Security Watch Group scheme.

SATS is actively monitoring and mitigating the first and second order risks created by the on-going war between Russia and Ukraine as well as the Israel-Hamas conflict in the Middle East, including global supply chain disruptions, increased food and energy prices, and resultant inflationary pressures. Management has determined that the direct impact of these war/conflict events in terms of lost business, bad debt provisions, etc. has not been material but will continue to actively monitor the situation.

## Compliance

Operating in a highly regulated environment and owing to the strength of the SATS brand as a major institution in cargo, ground handling and catering, SATS is mindful of the importance of developing sustainable work practices and managing reputational and compliance risks, including fraud. SATS has in place an ethics and compliance program and has implemented a comprehensive set of procedures to ensure that legal and industry regulations are monitored and complied with, thus mitigating as far as practicable the occurrence and impact of these risks as they arise.

The Board and Management also actively monitors on a continuous basis, the Group's exposure or link to sanctions-related risks which are relevant and material to SATS' operations as an enlarged group following the acquisition of WFS. The Group has put in place a sanctions program that entails (i) a sanctions policy and operations procedure to address and mitigate known and potential sanctions risks, (ii) enhancement of proprietary software screening tools to detect, report and block sanctioned activity in our cargo operations, (iii) the use of third party vendor tools to screen for sanctions-related risks amongst other compliance risks, and (iv) providing guidance to our businesses on our approach to contracts with our counterparties. Neither SATS, its subsidiaries nor its associated companies are presently on any sanctions list. Although the Group may have exposure to sanctions-related risks in operations in which it does not have management or operational control (e.g., via its associated companies or joint ventures), the Board and Management have assessed that such exposure does not materially change the risk profile of the Group and does not materially impact the Group's operations.

## Technology

SATS recognises that cyber and data security risks have become a key concern for the Group as we continue to embrace digital transformation and leverage advanced technology solutions to drive business growth and optimise efficiencies. SATS is committed to implementing a robust cybersecurity risk management strategy and data governance framework to protect against constantly advancing and evolving cyber threats as well as data security related risks.

SATS continues to prioritise and maintain a strong focus on cybersecurity management, including security governance in the operational technology (OT) domain. OT refers to hardware and software used to monitor and control physical processes and assets, such as sensors, controllers and closed-circuit televisions. SATS' Information Security policy and its supporting standards and guidelines are aligned with ISO27001. The SATS Cyber Security Management Framework is designed to protect, detect and respond to cybersecurity threats, and strengthen SATS' cyber resilience.

## Cyber Security Management Framework

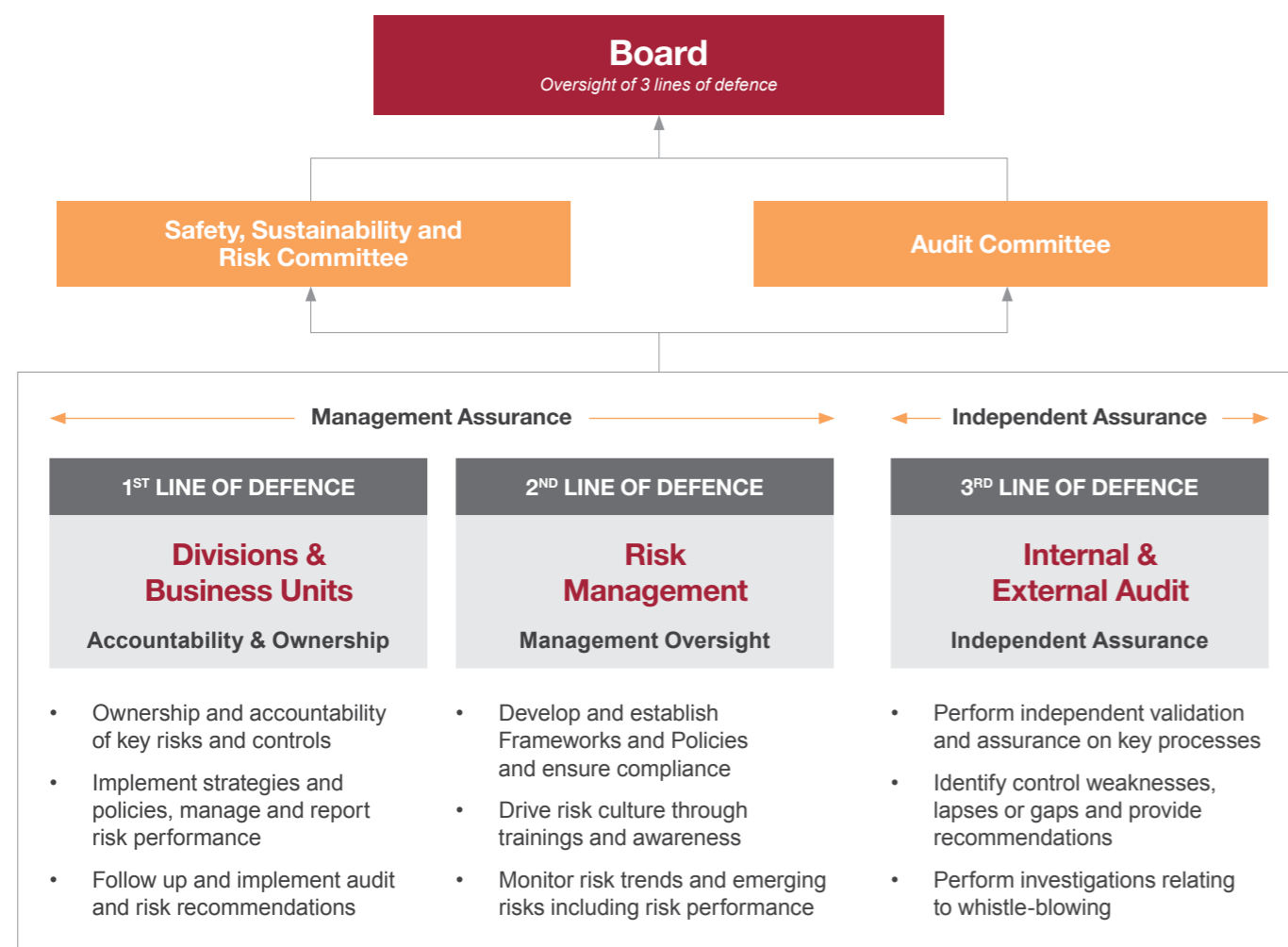
Defence-in-Depth	Attacker's Perspective	Cybersecure Culture	Collective Defence
<p><b>Deploying multiple layers of security measures to protect against different types of attacks, reduce the likelihood of successful attacks and minimise the impact of any breaches.</b></p>	<p><b>Looking at SATS' systems and networks from the point of view of attackers to understand how they might try to exploit SATS' systems and take proactive steps to prevent or mitigate those attacks.</b></p>	<p><b>Promoting safe and responsible behaviour when using SATS' IT assets and empowering employees to spot and report cyberattacks promptly.</b></p>	<p><b>Working together within a trusted community by collaborating and sharing insights, best practices, and resources to improve our overall security posture and better defend against cyber threats.</b></p>
<p>Standardised System Criticality baselines:</p> <ol style="list-style-type: none"> <li>Critical</li> <li>Essential</li> <li>Standard</li> </ol>	<p>Continuous attack surface monitoring</p>	<p>Security awareness programme</p>	<p>Threat insight sharing within trusted community (Temasek Dome)</p>
<p>Cyber Maturity assessment based on the Cybersecurity Framework by the National Institute of Standards and Technology at the US Department of Commerce</p>	<p>External penetration tests programme</p>	<p>Phishing simulations</p>	<p>Knowledge sharing and collaboration with the Singapore aviation ecosystem</p>
<p>Multi-layer security controls:</p> <ul style="list-style-type: none"> <li>Firewalls</li> <li>Intrusion Prevention System</li> <li>Secure Internet Access</li> <li>Email Protection</li> <li>Network Segmentation</li> <li>Mobile Security</li> <li>Endpoint Protection</li> <li>Cloud Security</li> <li>Infrastructure Security</li> <li>Application Security</li> <li>Data Encryption</li> <li>Multi-Factor Authentication</li> <li>Zero Trust</li> </ul>	<p>System and infrastructure vulnerability assessments</p>	<p>Cyber tabletop exercises</p>	<p>Active community involvement and partnership</p>
	<p>Red-team exercises</p>	<p>Incident reporting reward programme</p>	
	<p>Technical Incident Response rehearsals</p>	<p>Acceptable Use Policy</p>	
	<p>Cyber Threat Intelligence</p>	<p>Data Privacy Policy</p>	

Following the acquisition of WFS, SATS has expanded its cybersecurity mandate to cover the enlarged SATS Group globally, which includes its subsidiaries and stations in various regions. This expansion also involves integration of existing cybersecurity teams from SATS and WFS into a single global cybersecurity team. In line with our commitment to transparency and accountability, cybersecurity reports are presented to the SSRMC and SSRC on a quarterly basis.

# Corporate Governance Report

## Management Controls and Assurance Framework

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



## Board's Oversight

The Board of Directors, supported by the AC and the SSRC, oversees the Group's systems of internal controls and risk management. The Board required and has received assurance from the PCEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and financial position.

Additionally, the PCEO and relevant business heads who are responsible have provided the Board assurances on the adequacy and effectiveness of the Group's risk management and internal control systems, addressing financial, operational, compliance and technology risks.

The Board, AC and SSRC have been focused on identifying and reviewing key risk areas, and ensuring adequate measures have been put in place to contain and/or manage the risks. The AC regularly reviews the Group's financials, projections, and its finance watchlist, which provides visibility on higher risk areas such as accounts receivable, carrying value of investments, asset obsolescence and funding requirements. Key financial ratios and financial covenants are also tracked and presented to alert the Board, AC and SSRC on the financial condition of the Group.

Material updates and risks are highlighted to the SSRC at its quarterly meetings as well as through the monthly risk reports. The SSRC is kept abreast of the financial impact of significant risks (if any) and quarterly reports on the financial forecast are provided to the SSRC. The Key Risk Indicators were enhanced to include tracking of cashflow forecasts as well as compliance with covenants.

## 1<sup>st</sup> Line of Defence – Accountability and Ownership

Under the 1<sup>st</sup> Line of Defence, the relevant businesses and divisions are responsible for the identification and mitigation of the risks in their respective business. Management ensures good corporate governance through the implementation and management of policies and procedures relevant to the Group's business environment. These policies and procedures govern financial, operational, information technology and compliance matters. Employees are also guided by SATS' core values and are expected to strictly comply with our Code of Conduct.

The following structure and policies and procedures are in place:

- Written terms of reference for Management and Board Committees
- Defined roles and responsibilities, and authorisation levels for all aspects of the businesses that are set out in the Financial and Operating Approval Authority Matrix, including guidelines on matters requiring the Board's approval
- Appropriate management organisational structures
- A planned and coordinated budgeting process where operating units prepare budgets for the coming year that are to be approved by both Management and the Board
- Policies that set out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity. These cover areas such as workplace health and safety, conduct in the workplace, safeguarding of the Company's assets (including proprietary information and intellectual property), confidentiality, conflict of interest, and non-solicitation of customers and employees

## 2<sup>nd</sup> Line of Defence – Oversight

Under the 2<sup>nd</sup> Line of Defence, management assurance frameworks are established to provide the necessary oversight and governance over the activities undertaken by the respective divisions and business units. The ERM framework has been integrated with Strategy and Performance as the Group recognises the importance of connecting strategic decision-making and entity performance with risk management to accelerate the Group's growth and enhance performance.

The risk management system focuses on those key risks which may have a significant influence on the Group's assets, finances and profits, and those that may potentially endanger the continued existence of the Group's companies. The procedures adopted facilitate the early detection and control of risks. The operational business units meet regularly to review risk and control matters, including ascertaining that there are effective follow-up procedures. The outcome and status of such matters are reported regularly to the SSRC and the AC for review and information.

As part of ensuring that the risk profile of the group remains relevant and updated, the Group has carried out reviews of its key risk profiles, with preventive and mitigating control actions further refined and developed for adequacy and effectiveness.

The ongoing process to identify, assess, monitor and manage business risks that can impede the achievement of the Group's objectives is continuously reviewed for improvements. The key risks are assessed by their probability, consequence and velocity on a predetermined scale, and then ranked accordingly. The risk management process, which is in place throughout the year and up to the date of this statement, is firmly embedded within the Group's business operations and is every employee's responsibility.

## 3<sup>rd</sup> Line of Defence – Independent Assurance

Under the 3<sup>rd</sup> Line of Defence, both internal and external audit provides the Board and SATS' Senior Management with independent assurance on the adequacy and effectiveness of the system of internal controls, risk management and governance. Specifically, external audit also considers the internal controls relevant to SATS' preparation of financial statements and performs tests on such internal controls, where they are deemed to be necessary.

Written assurances and representations on the adequacy and effectiveness of the risk management and internal control systems have also been obtained from all relevant Key Management Personnel for the entities and functions under their charge.

The external auditors will highlight any material internal control weaknesses that have come to their attention in the course of their statutory audit. Any significant non-compliance or failures in internal controls and recommendations for improvement are reported to the AC.

The details of the Group's independent Internal Audit function are set out in the "Audit Committee" sub-section of this Corporate Governance Report.

## Conclusion

Taking into account the views of the AC and SSRC in the exercise of their responsibilities under their respective terms of reference, the framework of management controls, the internal control policies and procedures established and maintained by the Management, the reviews conducted by the internal and external auditors and the documented governance assurance, the Board is of the opinion that the systems of internal controls and risk management (addressing financial, operational, compliance and technology controls) that the Group considers relevant and material to its current business scope and environment were adequate and effective as at the date of the Directors' Statement set out in this Annual Report. The AC concurs with the Board's opinion.

# Corporate Governance Report

However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision-making, human error, losses, fraud, cyberattacks or other irregularities.

## Advisory Panel

### Indonesia Advisory Panel

The Indonesia Advisory Panel (IAP) was constituted on 15 January 2021 with a non-executive advisory function to provide expertise and advice in relation to SATS' investments, strategic imperatives and growth aspirations in Indonesia. The knowledge and expertise of the distinguished panel members help SATS keep abreast of market developments and policy initiatives in this important market.

The specific objectives of the IAP are to:

- (i) share perspectives on major economic, social and industry trends that may affect the Company in Indonesia;
- (ii) lend their expertise, insights and advice on specific projects undertaken by the Company in Indonesia;
- (iii) provide guidance and advice on managing partnerships, regulators and other key stakeholders in Indonesia including advising the Company on navigating the business and regulatory environment and, political and cultural sensitivities; and
- (iv) advise SATS in establishing communication with contacts in Indonesia such as industry players, potential business partners and advisers to help the Company achieve its growth aspirations in Indonesia.

IAP members are not Board directors and the IAP is not a decision-making forum. However, the IAP is directly accountable to the Board. The IAP is chaired by Mr Nihal Kaviratne CBE, with Dr R.M. Marty M. Natalegawa as a member. The late Dr Kuntoro Mangkusubroto was a member of the IAP until his passing on 17 December 2023. The PCEO, Board Chairman and Mr Chia Kim Huat (who is assigned to provide added counsel to the management of the Company's Indonesian business) attend these meetings. The IAP met once in FY2023-24.

In view of the completion of disposal of shares in the capital of PT Cardig Aero Services Tbk, the IAP will be dissolved in July 2024.

The Board and Management herein acknowledge and express their gratitude and thanks to Mr Nihal Kaviratne CBE, Dr R.M. Marty M. Natalegawa and the late Dr Kuntoro Mangkusubroto for their contributions, counsel and support as members of the IAP.

## WFS Advisory Board

The board of SATS Investments (III) Pte. Ltd. (SIPL3), a wholly-owned subsidiary of SATS, is institutionalised within SATS as the WFS Advisory Board (WAB). The WAB, which was formed on 3 April 2023, operates as an advisory board that specifically provides expertise, advice and guidance in relation to the business affairs, strategic and operational matters of the WFS group (WFS Group) following the acquisition of WFS.

The members of the WAB include (i) Ms Euleen Goh, who serves as the Chairman of the WAB; (ii) Mr Nils Andersen, who serves as Deputy Chairman of the WAB, (iii) Mr Kerry Mok; (iv) Dr Detlef Trefzger; and (v) Mr Onno Boots. Mr Andersen has extensive experience in fast-moving consumer goods, oil and gas, transport and logistics whereas Mr Boots' experience is in the aviation, logistics and supply chain industries. Pursuant to its terms of reference, the WAB is delegated with full authority by the Board to oversee and provide guidance on the business affairs of the WFS Group. There is a delegation of authority matrix under which the WAB's approval is required for certain key WFS Group matters.

As Ms Euleen Goh will cease to be a Director with effect from the conclusion of the 2024 AGM, and given that direct oversight over the affairs of the WFS Group has fully transitioned to the Board, the Board will be taking steps to reconstitute and internalise the board of SIPL3 with SATS Group employees in line with SATS' internal management structures. Accordingly, the WAB will be dissolved shortly following the conclusion of the 2024 AGM. In conjunction with his retirement from the Board with effect from the conclusion of the 2024 AGM, Dr Detlef Trefzger will concurrently also cease to be a director of SIPL3. Mr Nils Andersen and Mr Onno Boots will also cease to be directors of SIPL3 shortly after the conclusion of the 2024 AGM.

The Board and Management express their sincere gratitude and appreciation to all the members of the WAB for their dedicated counsel, contributions and steer of the WAB in the past financial year.

## Corporate Culture

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. Employees are regularly reminded of the need to comply with the Code of Conduct. The principles covered in the Code of Conduct include:

- **High Integrity**  
We build trust with business partners through integrity. Unless Management has given special approval, 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 an 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 individuals are required to comply with the rules governing such usage.

As the Group embarks on the next phase of our global growth strategy, we have taken the opportunity to reframe our value culture. Being a global organisation with a broader remit in many more locations, the Group has introduced a new set of People Values as a cornerstone of what SATS stands for as a global team. Our updated values reflect our dedication to putting people first in all aspects of our business and to embrace the values we want to embed across our Group. These five values focus on each employee's personal responsibilities across every aspect of our day-to-day operations and decision-making processes, with safety always being top of mind:

### Safety

The safety and well-being of our team members, customers, and stakeholders are paramount. We prioritise a culture of safety, adhering to rigorous protocols and best practices to ensure a secure environment for all.

### Customer Focus

Our customers are at the heart of everything we do. We are committed to understanding their needs, exceeding their expectations, and delivering exceptional experiences that build lasting partnerships.

### Respect

We value diversity, inclusion, and mutual respect. We treat everyone with dignity and empathy, fostering an environment where all individuals feel valued, heard, and empowered to succeed.

### Excellence

We strive for excellence in all that we do. From the services we provide to the relationships we cultivate, we pursue the highest standards of quality, innovation, and continuous improvement. A spirit of excellence inspires and motivates us to continuously improve and thereby bring out the best in everyone.

### Teamwork

Collaboration is the cornerstone of our success. We recognise the collective strength of our team and embrace a spirit of collaboration, communication and support to achieve our common goals.

We have a shared responsibility to ensure our People Values are not just words on paper. They must be the guiding principles which embody our behaviour, accountability, and collaboration, and empower us to be the best we can be.

## Ethics and Compliance

We strongly believe in conducting business with the highest standards of ethics and integrity, and being in strict compliance with applicable laws and regulatory requirements. As we grow globally, we are also inevitably exposed to more complex legal and regulatory risks. In the face of such opportunities and uncertainties, our Company firmly adopts a zero-tolerance approach towards bribery, corruption, fraud and illegal or unethical behaviour.

# Corporate Governance Report

We have in place global policies and procedures to address compliance with applicable laws and regulations including those relating to bribery and corruption, sanctions and personal data protection. We have a set of procedures that apply to our suppliers, customers and joint venture partnerships.

In addition to the various compliance policies and procedures, our Code of Ethics and Business Conduct (published on our website) applies to employees and sets out the standards of behaviour according to which we deal with colleagues and with third parties, including customers, business partners and suppliers. This is a testament to SATS' commitment to upholding the highest standards of integrity and business conduct.

SATS' Supplier's Code of Conduct provides guidance on compliance with various laws and regulations and expected ethical behaviour towards suppliers which SATS engages. Our whistle-blowing channels provide an avenue to both employees and the public to report any actual or suspected wrong-doings committed by a SATS employee or business partner.

As part of our anti-bribery and anti-corruption program, we have obtained the ISO 37001 Certification for SATS Ltd. and 13 of its key subsidiaries operating in Singapore, namely SATS Airport Services Pte Ltd, SATS Catering Pte Ltd, SATS Aero Laundry Pte Ltd, SATS Food Services Pte Ltd, SATS Institutional Catering Pte Ltd, SFI Manufacturing Pte Ltd, SATS Seletar Aviation Service Pte Ltd, SATS Security Services Pte Ltd, SATS Asia-Pacific Star Pte Ltd, Primary Industries Pte Ltd, Hog Auction Market Pte Ltd, SATS-Creuers Cruise Services Pte Ltd and Country Foods Pte Ltd.

As building an ethical and compliant culture is an ongoing journey, the Ethics & Compliance team will continue to review and update its existing systems, policies and processes to ensure the business complies with existing and new laws and regulations, and takes into consideration industry best practices.

## Whistleblowing Policy

The Group has put in place the SATS Whistleblowing Policy which sets out the procedure to make a report on possible or suspected misconduct or wrongdoing relating to the Group and its officers by a whistleblower. A whistleblower could be an employee, officer, Director, customer, supplier, contractor, agent or any member of the public. Under the SATS Whistleblowing Policy, all employees and officers of the Group have the responsibility to promptly report any misconduct or wrongdoing involving suspected fraud, corruption, other illegal or unethical practices or other similar matters which may cause financial loss to the Group or damage the Group's reputation.

Whistleblowers may identify themselves or make anonymous reports in the form of emails, letters or written/verbal reports directly to the GIA, or via dedicated whistleblowing channels through email at [tipoffs@sats.com.sg](mailto:tipoffs@sats.com.sg), via hotline number at +65 6370 7736 (Singapore) / 1800 2666 703 (India) / (800) 461 9330 (WFS), and through the online whistleblowing platforms for SATS (at <https://sats.whispli.com>) and WFS (via the WFS Ethics & Compliance Portal) (whistleblowing channels). On the online whistleblowing platforms, whistleblowers can continue to communicate anonymously via the secured messaging channels to provide additional information or receive updates. The SATS Whistleblowing Policy further provides that reports and investigations, as well as the identity of the whistleblower, are kept confidential to the extent practicable or permitted by law or the applicable regulatory authority.

The SATS Whistleblowing Policy and SATS Code of Conduct expressly provide that there shall be no reprisal (whether in the form of termination, retribution, harassment or any unfair treatment) against a whistleblower who has made a report in good faith, even if the concerns raised may be mistaken.

Our GIA is the independent function which is responsible for reviewing and investigating all whistleblowing reports received to consider the seriousness of the issues raised, the credibility of the concern and the likelihood of confirming the allegation from attributable sources and if such reports are made in good faith. After considering these factors, an assessment is made as to whether further investigations are required and if investigations should be undertaken by the GIA or another appropriately skilled and knowledgeable independent investigation team as appropriate. Depending on the complexity and the nature of the reports, external service providers may be engaged to assist in investigations. If a report concerns the Head, Group Internal Audit or the PCEO, the report is escalated to the AC Chairman who may delegate investigation of such report to any person deemed fit by the AC Chairman.

The AC is responsible for the oversight and monitoring of whistleblowing and reviews the adequacy of the whistleblowing arrangements. On a quarterly basis, the GIA reports to the AC on all whistleblowing reports received (in respect of both SATS and WFS) and the outcome of investigations on reports involving fraud, corruption, theft, conflict of interest and financial statement fraud. The above internal processes ensure that reported incidents are subject to independent thorough investigations and appropriate follow-up actions, including referral to the appropriate disciplinary process where there is misconduct.

As part of the Group's efforts to promote strong ethical values as well as fraud and control awareness, references to the SATS Whistleblowing Policy are made in the SATS Employee Handbook and SATS' Anti-Bribery and Anti-Corruption Policy and are covered during employee trainings and periodic communications to all employees. The SATS Whistleblowing Policy is made available to all employees on the Group's intranet and the whistleblowing channels on the Group's intranet and corporate website. The Group is continuing to harmonise the policies of the WFS Group with those of the SATS Group, with a view to ensuring the adoption of best practices and behaviours that are common to the enlarged entity.

## Banking Transaction Procedures

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.

## Accountability to Shareholders

### Shareholder Rights

SATS practices fair and equal dissemination of information. All media releases, announcements and investor presentations are issued via SGXNET and uploaded on our website, providing timely information to shareholders.

Shareholders are informed of general meetings through notices published in the newspapers, electronic releases and/or reports or circulars sent to all shareholders. We generally provide our shareholders with longer than the minimum notice period required for general meetings. We also give our shareholders the necessary information on each resolution so as to enable them to exercise their votes on an informed basis. In particular, for resolutions on the election or re-election of Directors, sufficient information is provided on their background, their contributions to SATS and their Board and Board Committee positions so that shareholders may properly assess the candidacy of such Directors.

Shareholders are given the opportunity to participate effectively in and vote at general meetings. They are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. Shareholders also have the right to call for general meetings by requisition, in accordance with the provisions of the Companies Act.

Provision 11.4 of the Code provides for a company's constitution to allow for *absentia* voting at general meetings of shareholders. Our Constitution currently does not, however, permit shareholders to vote at general meetings *in absentia* (such as via mail, email or fax). We will consider implementing the relevant amendments to the Company's Constitution if the Board is of the view that there is a demand for such alternative methods of voting, and after we have evaluated and put in place the necessary security processes to facilitate *in absentia* voting, and prevention measures against errors, fraud and other irregularities. Shareholders nevertheless already have the opportunity to communicate their views on matters affecting the Company even when they are not in attendance at general meetings as each shareholder is allowed to appoint up to two proxies to vote on his/her behalf at the meeting through proxy forms sent in advance. Institutional shareholders are allowed to appoint multiple proxies, so indirect investors who hold shares through nominee companies, custodian banks, CPF agent banks or SRS operators may be appointed as proxies to attend, speak and vote at the AGM.

The voting rights of shareholders are described in the Annual Report, and shareholders are briefed by independent scrutineers on the rules and voting procedures at the beginning of general meetings. We encourage shareholders to actively participate in general meetings, which are held at convenient locations.

## Communication with Shareholders

### Investor Relations

SATS' Mission and Values reflect our aim to create value across our businesses for our customers, industry partners, shareholders and employees. As such, SATS strives to communicate pertinent information to shareholders and the investment community in a clear and detailed manner on a regular and timely basis. We commit to disclosing material price- and trade-sensitive information to the public on a prompt and inclusive basis, providing our stakeholders with the latest, most relevant information they require to make informed decisions about the value of SATS and our long-term prospects. Material information relating to our financial performance, business and strategic developments is published on SGXNET first, followed by our website at [www.sats.com.sg](http://www.sats.com.sg).

As required by the Listing Manual, the Company discloses the names of its substantial shareholders<sup>5</sup> and a breakdown of their direct and deemed interests (including how such interests are held or derived) in its annual report every year. The Company also disseminates, via SGXNET, the notifications it receives from its substantial shareholders, in accordance with the provisions of the SFA.

<sup>5</sup> A substantial shareholder is a person who has an interest in one or more voting shares in the Company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company.

# Corporate Governance Report

A dedicated investor relations section on our website enables access for our shareholders and the investment community to pertinent information about SATS such as annual reports, financial results/voluntary quarterly business updates, webcasts of earnings briefings, and the latest corporate presentations. Shareholders are also able to access a copy of the Company's Constitution on its website.

In addition, we have many channels that offer engagement and dialogue opportunities with Management for our stakeholders to better understand our business strategy. In FY2023-24, we organised post-results conference calls at the end of every quarter of the financial year, with live audio webcasts to brief shareholders, the investment community and the media on our financial performance and key business and corporate developments. We also make available an on-demand audio recording of such sessions on our website within three business days.

Furthermore, we regularly participate in investor conferences held both locally and overseas to meet with investors who are interested in knowing more about our business and we make it a point to respond to requests from key institutional investors to meet with select members of Management on specific matters and queries about our business. In FY2023-24, we extended our reach to investors through our participation in 13 conferences.

Our Corporate Affairs department acts as our corporate liaison to facilitate the flow of information between SATS and our stakeholders, including investors, analysts, government agencies, the media and the general public. The department disseminates corporate information that promotes a transparent and positive relationship with all our stakeholders and manages enquiries about our business performance and requests for meetings with Management. Shareholders who wish to contact SATS may get in touch with the Corporate Affairs department by completing the General Enquiry Form on our website, accessible from the URL <https://www.sats.com.sg/about-sats/contact-us/general-enquiry-form>, with "Investor Relations" selected as the nature of enquiry.

A dedicated investor relations team in the Finance Department works closely with the Corporate Affairs team to implement a defined investor relations programme. Upon receiving queries and feedback, our Corporate Affairs team will consult the relevant subject matter experts before responding appropriately. Communications with our stakeholders are conducted in an open, transparent manner and in compliance with SGX requirements. The Board receives regular updates from Management on feedback received from stakeholders and is generally kept apprised of stakeholder discussions and queries.

## Sustainability

Combating climate change is a matter of great urgency and priority, and the status quo is no longer an option. Action against climate change is a task that requires a global joint effort shared across all countries, sectors and supply chains. For SATS, firm and decisive actions to decarbonise our operations will contribute to this collective effort. As aviation volumes continue their recovery to pre-COVID levels, SATS continues to take the opportunity to improve our ESG performance across our global network, including the operations of the newly-acquired WFS. In FY2023-24, we renewed our membership as a signatory of the United Nations Global Compact (UNGC), demonstrating the Company's commitment to the UNGC's 10 universal principles relating to human rights, labour, environment and anti-corruption. The Company, which is the first ground handler in the Asia Pacific region to join the International Air Transport Association Environmental Assessment programme, aims to strengthen our environmental management systems and processes, starting with our cargo, property and ground handling operations in Singapore. This allows us to align ourselves with international best practices in environmental management in order to support our partners with world-class standards.

SATS has extended our Environmental Policy to WFS, in keeping with our commitment to minimise our carbon footprint, optimise our resources and mitigate any environmental risks in our business. The Environmental Policy has also been translated to various key languages catering to our global network and published on our website under "Sustainability – Policies and Reference Documents" at the URL <https://www.sats.com.sg/sustainable-business/references>.

The Board provides guidance on the development of the Company's business strategy and reviews the effectiveness of all programmes to ensure they are sustainable and fit for purpose. It also makes certain that we integrate business objectives with sustainability goals, making sustainability a vital facet of our business strategy. In FY2023-24, SATS expanded the Terms of Reference of the former BRSC to include sustainability matters and renamed the Board Committee as the "Safety, Sustainability and Risk Committee", signalling the importance of sustainability in our business strategy. The SSRMC, chaired by the PCEO and comprising senior members of the GMB, now includes executives from WFS, ensuring alignment among top decision-makers on ESG ambition and initiatives. The SSRMC also evaluates the business cases and trade-offs for the implementation of ESG projects, including resourcing, capital allocation and potential financial impact across SATS' global network.

The Group's sustainability governance structure was also updated in view of WFS' integration with SATS. The Sustainability Council was divided into regional ESG councils to better support ESG champions in their respective business units and regions. The Sustainability Council comprises sustainability champions from the business units and staff representatives across 18 key departments as well as representatives from our overseas subsidiaries. The Sustainability Council evaluates the effectiveness of our sustainability programmes with reference to key performance metrics each month, shares best practices between Singapore and our overseas operations, and governs the proceeds from the sale of our Renewable Energy Certificates by channelling them towards meaningful sustainability initiatives.

Our refreshed sustainability framework now reflects our combined ambition and goals that contribute significantly to fulfilling our purpose to feed and connect communities. Building upon our core competencies to enable our business, stakeholders and the community to grow with purpose, our sustainability framework drives our four focus areas – namely decarbonisation, sustainable sourcing, waste & packaging, and diversity & inclusion. In FY2022-23, we conducted a second Materiality Assessment review since the first in 2017, to help the Company recalibrate and focus its sustainability efforts on the topics that matter most in terms of stakeholder relevance and business impact. In FY2023-24, these material topics were reviewed and aligned with those of WFS to ensure they remain relevant for our expanded footprint. More details on this review and prioritisation can be found in our Sustainability Report.

We report our sustainability performance in accordance with the SGX Sustainability Reporting Guide, taking reference from the Global Reporting Initiative Standards. The increasing focus on climate change has resulted in calls for a transition to a lower-carbon economy. FY2023-24 is the first year in which our sustainability reporting includes WFS, and serves as the baseline for our global ESG ambitions. In FY2022-23, we enhanced our Task Force on Climate-related Financial Disclosures' process to further assess the financial quantification of climate-related risks and opportunities, as these will help support investments into mitigation actions and strengthen our climate resilience as a business. These include investing in energy-efficient equipment within our facilities, developing local supply base to ensure supply chain resilience and assessing the impact of carbon taxes on energy prices to prepare the Company for such a transition. More details of our climate disclosures can be found on pages 67-71 of the FY2022-23 Sustainability Report in Annex E. We also map material topics to the United Nations Sustainable Development Goals, and continually review our sustainable business strategy to improve our stewardship and reporting format. Following SGX's requirements on mandatory climate reporting, SATS will continue to provide and further improve our climate-related disclosures in our future sustainability reports.

We engage our internal and external stakeholders regularly through multiple channels to seek alignment on material issues that guide our decision-making. The conversion of existing vehicles in our vehicle fleet to cleaner energy vehicles is one of our decarbonisation levers and we work in close alignment with our ecosystem stakeholders, such as the airport authorities in planning for airside charging infrastructure and with vehicle manufacturers for feasibility trials. As part of ongoing efforts to align our sustainability goals with those of our stakeholders, we have engaged Singapore Airlines to align our sustainability priorities and review areas in which we should jointly focus our efforts. By working collaboratively with all stakeholders, we create a greater positive impact on the environment and the communities we serve.

As SATS continues to grow our food-related businesses, we are expanding our ESG policies and practices beyond our own operations to those of our suppliers. Since 1 April 2023, all sourcing activities of food-related goods and services have incorporated sustainability as part of vendor selection criteria, encouraging our suppliers to incorporate ESG practices to support our collective goals.

We recognise that many of these suppliers are small and medium-sized enterprises, and they may not have the resources or capacity to embark on their own sustainability journeys alone. Therefore, we are endeavouring to provide support and resources to help these suppliers adopt sustainable business practices and enhance their carbon management, through a series of supplier outreach initiatives and workshops. SATS believes that sustainability is a collective effort and we hope to create a shared commitment to sustainability across our supply chain. As we move forward, we will continue to evaluate and improve our supplier outreach and engagement initiatives to ensure that we are making a meaningful impact on our supply chain.

## Dividend Policy

The Company is committed to paying dividends to shareholders equitably and sustainably. The Company's policy is to pay dividends that grow progressively with earnings, while taking into account the Company's cash flow generation capacity, level of cash and reserves, reinvestment and capital expenditure needs for sustainable growth, debt repayments to strengthen its balance sheet, any circumstances which might reduce the amount of reserves available to pay dividends and factors that the Board considers to be relevant in determining the allocation of earnings for distribution and the amount of dividends.

Upon approval by shareholders at the general meeting, dividends are generally paid to all shareholders within 15 market days after the record date.

In the event of a material variation in declared dividends compared to the previous corresponding period, or any decision not to declare a dividend, the reasons for such will be disclosed in accordance with the Listing Manual.

# Corporate Governance Report

## Conduct of Shareholder Meetings

Generally, all Directors are required to attend general meetings and are present for the entire duration of general meetings. The Chairman of the Board, the Chairman of each of the EXCO, AC, NC, RHRC and SSRC and the external auditors are present to address shareholders' queries. Our PCEO makes presentations at AGMs to update shareholders on our performance, position and prospects, and the presentation materials are uploaded onto SGXNET and our corporate website. The Chairman of the meeting is tasked with facilitating constructive dialogue between the shareholders and the Board, Management and the external auditors. Where appropriate, the Chairman allows specific Directors, such as the respective Board Committee chairmen, to answer queries on matters related to their roles. Shareholders are also given an opportunity to interact with the Directors before and/or after general meetings. We try our best not to schedule our AGMs during peak periods when these might coincide with the AGMs of other listed companies.

At general meetings, each distinct issue is proposed as a separate resolution and resolutions are generally not "bundled" or made inter-conditional on each other. Where resolutions are "bundled", the reasons and material implications for doing so are set out in the notice calling for the general meeting.

All resolutions are put to the vote by electronic poll voting. Voting by poll allows for an equitable and transparent voting process. Shareholders will be better able to demonstrate their concerns in a manner more accurately reflective of their shareholdings. Independent scrutineers are appointed to conduct the voting process. Independent scrutineers brief the shareholders on the e-polling voting process and verify and tabulate votes after each resolution. The results of the voting at the general meetings showing the number of votes cast for and against each resolution and the respective percentages are shown to the shareholders at the end of each resolution before the Chairman makes a declaration on the passing of the resolution. In addition, the voting results at the general meetings showing the number of votes cast for and against each resolution and the respective percentages and the name of the independent scrutineer will be announced via SGXNET immediately after each general meeting.

The Company Secretary prepares minutes of shareholders' meetings, which incorporate substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management. These minutes are published on our corporate website and on SGXNET within one month of the AGM.

## 2023 AGM

Following the cessation of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 on 1 July 2023 and pursuant to legislative amendments to the Companies Act, as read with Rule 730A of the Listing Manual and practice guidance amendment by the SGX-ST on the conduct of general meetings by issuers on and after 1 July 2023, which requires listed companies to hold all their general meetings either at a physical place in Singapore, or at a physical place in Singapore and using virtual meeting technology, the Company held its 2023 AGM in a wholly physical format at the Garden Ballroom, Level 1, Parkroyal Collection Marina Bay, 6 Raffles Boulevard, Singapore 039594 on Friday, 21 July 2023 at 11.00 a.m.. Shareholders were given the opportunity to submit written questions prior to the 2023 AGM, and all substantial and relevant comments and queries were responded to through publication on SGXNET and the Company's corporate website on 15 July 2023.

## 2024 AGM

As with the 2023 AGM, the 2024 AGM will be held in a wholly physical format. There will be no option for shareholders to participate virtually. Shareholders will also be given the opportunity to submit written questions prior to the 2024 AGM, and all substantial and relevant comments and queries received by the stated deadline will be responded to at least 48 hours prior to the closing date and time for the lodgement of proxy forms, through publication on SGXNET and the Company's corporate website. For more information on the 2024 AGM, please refer to the Notice of AGM for the 2024 AGM.

## Dealings in Securities

In line with the rules of the Listing Manual, we have in place a policy and guidelines on dealings in Company securities for the Company and for employees of the Group and Directors of the companies within the Group. The policy and guidelines restrict the Company and certain employees (including all administrative officers and employees of managerial grade and above, and employees in departments which are likely to be privy to confidential material price-sensitive or trade-sensitive information, such as the offices of the senior members of Management, the Legal and Finance departments, and departments or units of companies in the Group having charge of business development and/or marketing activities) from trading in Company securities during the period of one month immediately preceding the announcement of our half year and full year financial statements and during the period of two weeks immediately preceding the announcement of our voluntary quarterly business updates containing meaningful and relevant financial and non-financial information on our performance for the first and third quarters of each financial year.

The Company has also adopted a procedure for a trading halt in Company securities, which assists us to manage our continuous disclosure obligations in accordance with the spirit of Rule 703 of the Listing Manual in the event of a leak of material unpublished information, or a false rumour or report where a media comment about us is sufficiently specific and detailed to warrant a response or to adequately respond to a query by the SGX-ST arising from such leak of material unpublished information or a false rumour or report.

In addition, the Company and the Group's Directors and employees are prohibited at all times from trading in the Company's securities whilst in possession of non-public, price-sensitive or trade-sensitive information. The policy and guidelines also remind employees and Directors of the Group that they should not deal in our securities on short-term considerations, and to be mindful of the insider trading prohibitions under the SFA whenever trading in our or any other corporation's securities. Directors are also reminded of their obligations under the SFA to give the requisite notice to the Company of any interests in securities of the Company or of any of its related corporations, and of any changes, within two business days after they acquire such interests or, as the case may be, after they become aware of the changes. In any event, the non-executive Directors who are currently our shareholders hold an insignificant number of shares in SATS.

## Our Engagement Activities and Initiatives with Business Partners and Key Stakeholders

SATS has established appropriate channels to identify and engage with our key stakeholder groups in addition to our shareholders. We recognise the importance of sharing detailed knowledge of our business and having regular interactions with our stakeholders to determine material concerns for our business. These engagements enable SATS to review business processes, report on the progress of initiatives, and share ideas and knowledge for deeper collaboration with our partners.

## Investor and Media Outreach

On the communications front, SATS is committed to transparency by providing timely and informative updates relating to Company announcements, financial results/voluntary quarterly business updates, news releases, and corporate presentations on its corporate website. We observe best practices when communicating with key stakeholders such as by tailoring relevant information for specific groups, considering constructive feedback on pertinent issues and postponing engagements during blackout periods.

SATS interacts with the investment community through various channels. We hold quarterly meetings with analysts and investors to discuss SATS' financial performance and address related queries. During these meetings, we also provide updates on the integration of WFS with SATS and the progress made towards achieving the committed potential EBITDA synergies. We share pertinent information with the broader investment community through updates on the SATS and SGX websites.

During FY2023-24, we held 105 face-to-face/virtual meetings with 428 analysts and investors and conducted 4 facility tours for our investors.

On 17 November 2023, SATS established a US\$3 billion multicurrency debt issuance programme and subsequently held 23 meetings with 122 debt investors in Hong Kong, London and Singapore.

Through regular press releases and SGX announcements, we keep the investment community informed of material information such as new investments, commercial wins, and strategic collaborations.

## Journey in Operational Excellence

In the wake of the WFS acquisition, the SATS Group pursued a comprehensive integration process, fostering a culture of collaboration across different functions and levels. Through detailed consultative planning and execution, we reorganised corporate support functions, streamlined workflows, optimised processes and embarked on the journey of harmonising policies and systems. Data visibility and best practice sharing has enabled the Group to disseminate insights and successes and refine operational practices across the network. We have also embraced technology, automation, artificial intelligence and machine learning to automate workflows to enhance efficiency and accuracy while reducing manual intervention. Examples include driving adoption of the International Air Transport Association's ONE Record digital data-sharing standard in France and Hong Kong, scaling Lean Six Sigma Green Belt programs in the US and autonomous vehicle initiatives in Singapore, Hong Kong and Spain. We have also embarked on collaborations with strategic partners such as Kuehne+Nagel to co-develop and implement solutions for customers across our global network of stations. Through the continuous pursuit of excellence, we continue to maintain our high service standards for our customers and realised efficiencies while continuing to lay the foundations for growth and value creation.

## Enhancing Health, Safety, Security and Environment

Ensuring safety remains our paramount commitment at SATS, aligning with our core values and reflecting our steadfast dedication to cultivating a secure environment across our operations. Over the past year, significant strides have been made in bolstering our global Health, Safety, Security, and Environment (HSSE) framework. This has entailed the establishment of a global HSSE team structure, the introduction of standardised reporting metrics, and the implementation of an integrated SATS Group Safety Culture model spanning all business divisions and geographic regions. Moreover, our concerted efforts to promote knowledge sharing and best practice adoption have been instrumental in advancing aviation safety standards throughout our network, resulting in continual year-on-year improvements in workplace injury rates across diverse regions. Concurrently, we have extended our focus in food safety risk management, deploying comprehensive protocols across SATS Food Solutions entities in key markets such as India, China, Thailand, and Japan, leveraging the expertise honed in our Singapore operations.

# Corporate Governance Report

Furthermore, we have charted a roadmap to unify disparate HSSE information technology systems, slated for execution in the forthcoming year. This strategic initiative aims to transition teams in different countries onto a singular global HSSE platform, facilitating enhanced visibility and management of HSSE risks across the Group's worksites. With real-time tracking capabilities encompassing incidents, audits, inspections, risk assessments and action plans, this consolidation will expedite the standardisation of processes and bolster effectiveness. Importantly, it will empower scalable dissemination of insights, fostering a culture of shared learning and enabling swift response to emerging challenges.

The Company has established a centralised procurement function with two key purchasing resource teams which manage the procurement of food-related goods and services and non-food-related categories to drive procurement efficiency.

SATS also has a Global Procurement Policy and a Global Procurement Operation Manual. Our Global Procurement Policy is guided by five principles: best total value, honest, ethical and fair dealings, externally linked supply solutions, competition and collaboration, and long-term supplier partnership.

In line with the above, SATS engages our suppliers and vendors to embed the ESG criteria and practices in our Global Procurement Policy, supply chain management, and vendor selection and evaluation processes. We started our Supplier Engagement Programme in April 2023 and have seen more than 80 participants from approximately 60 unique suppliers attending our sustainability and carbon accounting workshops.

The workshops offer suppliers an excellent opportunity to enhance their knowledge of SATS' sustainability framework, goals and initiatives, while also equipping them with essential skills in carbon emissions tracking and management.

As part of our efforts to promote sustainability across our supply chain, SATS has collaborated with EcoVadis, a trusted platform that provides ESG ratings and performance improvement services. Through this partnership, we aim to assess and monitor the ESG performance of our suppliers. It will allow SATS to follow up on actions to close assessed gaps. So far, we have assessed 100% of our critical suppliers, 11% of our strategic suppliers and 4 non-strategic suppliers (which cumulatively account for 35% of SATS' food third party spend in FY2023-24), and are in the process of assessing a further 14% of our strategic suppliers (accounting for a further 5% of SATS' food third party spend in FY2023-24).

SATS actively collaborates with various stakeholders across different industries to promote sustainable practices through an ecosystem approach. Following the integration with WFS, we reviewed SATS' materiality assessment conducted in 2023 before the integration and WFS' independent materiality assessment completed in 2022. Both assessments identified several material topics that were highly aligned between both organisations, including corporate governance and ethics, diversity and inclusion, environment, health and safety, and supply chain sustainability. These topics have been incorporated into our refreshed Group Sustainability Framework, which includes renewed ambitions and targets. Our strategy is based on these materiality assessments, allowing us to focus on the most relevant topics for stakeholders that will generate the most significant business impact. In line with new regulations issued by the SGX-ST, except Ms Chan Lai Fung who was appointed on 28 February 2024, all Board members who held office as at the end of FY2023-24 have completed the required training on sustainability matters as prescribed by the SGX-ST during the course of FY2023-24.

As part of our Supplier Engagement Programme, SATS collaborated with United Overseas Bank (UOB) to provide SATS suppliers, especially small and medium enterprises, with access to UOB's ecosystem of sustainability solution providers. The goal was to help them decarbonise their operations. The "SATS x UOB Electric Mobility Workshop" was the first event in this collaboration and aimed to educate SATS' critical and strategic suppliers on the benefits and opportunities associated with transitioning to Commercial Electric Vehicles (CEVs) for their businesses. During the workshop, suppliers were able to test drive the CEVs and view the latest models, including 14 and 20-footer refrigerated trucks. They also gained insights into the various enablers for transitioning to CEVs, including financial considerations such as costs and incentives, charging infrastructure, as well as key vehicle attributes such as driving range, battery performance, and safety considerations.

We engage with our suppliers, who are mostly small and medium-sized businesses and also collaborate with local companies to develop new sustainability initiatives. For instance, we are partnering with TRIA, a Singapore-based company that provides sustainable packaging solutions, on a Proof of Concept for Closed-Loop Catering to support our institutional catering business. We are utilising TRIA's proprietary Rapid Depolymerisation technology to handle the post-consumption packaging and food waste that we receive from our operations to achieve circularity.

Besides collaborating with our suppliers, SATS also actively engages with our customers to support their sustainability journeys. For example, we conducted packaging and waste management workshops with airlines such as Scoot, Jetstar and SIA to educate and train their crew, inflight services and commercial teams through design thinking, technical life-cycle awareness of different packaging materials and brainstorming on collaboration opportunities to tackle cabin waste.

SATS was also represented by our former Chief Sustainability Officer at the COP28 United Nations Climate Change Conference in Dubai in December 2023 to discuss the opportunities and challenges in decarbonising the aviation sector.

## Singapore Hub

SATS actively collaborates and consults with Changi Airport stakeholders (such as Changi Airport Group (CAG), Civil Aviation Authority of Singapore (CAAS), National Trades Union Congress, SIA and other airlines) as well as a broad range of industry players in Singapore to seek feedback and collaboration on the continued sustainability and efficiency of the Singapore aviation hub. In partnership with NTUC and CAAS, the Company Training Committee has been working on job redesign initiatives to enhance the roles and career paths of the aviation workforce. This collaboration aims to equip employees with the necessary skills and knowledge to adapt to evolving industry demands, ensuring a more resilient and capable workforce. Additionally, we are conducting a comprehensive review of wage benchmarks and career progression pathways to ensure that every staff member enjoys a fulfilling, appreciated, and meaningful employee experience with SATS.

In a continuous effort to leverage technology to enhance productivity, SATS is participating in several new projects at Changi Airport. For example, we are testing the use of autonomous baggage tractors for baggage transportation in a live environment at Terminal 3 of Changi Airport and are continuing the second phase of the trial to operate the tractor remotely from a control centre. Since the second half of 2023, SATS has worked with CAG, CAAS and Singapore Telecommunications Limited to identify use cases of the 5G mobile network, aimed at enhancing the speed of connection to boost productivity. Along with other industry stakeholders, SATS will continue to support CAG in improving the truck dock slot booking system with a more integrated solution.

During FY2023-24, we also collaborated with CAG to ensure the provision of suitable and sufficient charging infrastructure to facilitate the launch of electric airfield buses that can transport over 100 passengers per bus and cover a range of more than 240 km on a single charge. These buses will be used to transport passengers to and from remote bays at Changi Airport.

## ANNEXURE

### Share Plans

#### SATS RSP and SATS PSP

The SATS RSP and the SATS PSP were approved by shareholders at the Extraordinary General Meeting of the Company held on 19 July 2005 for an initial term of 10 years till 18 July 2015. A 10-year extension until 18 July 2025 was approved at the 41<sup>st</sup> AGM of the Company. There was no change to the maximum limit of new shares which may be issued under the SATS RSP and the SATS PSP following the extension of their respective durations which was approved by shareholders at the 41<sup>st</sup> AGM. Shareholders' approval is being sought for a proposed (further) extension of, and alterations to, the SATS RSP and the SATS PSP at the 2024 AGM. If approved, the duration of the SATS RSP and the SATS PSP will be extended for a further 10-years up to (and including) 18 July 2035. Please refer to the 2024 Letter to Shareholders for more details.

The SATS RSP and SATS PSP were introduced with a view to further strengthening the Company's competitiveness in attracting and retaining talented key senior members of Management and executives. The SATS RSP and the SATS PSP aim to more directly align the interests of key senior members of Management and executives with the interests of shareholders, to improve performance and achieve sustainable growth for the Company in the changing business environment, and to foster a greater ownership culture amongst key senior members of Management and executives. These plans contemplate the award of fully paid shares of the Company, when and after pre-determined performance or service conditions are accomplished.

The SATS RSP serves as an additional motivational tool to recruit and retain talented executives as well as to reward Company and individual performance. In addition, it enhances the Group's overall compensation packages, strengthening the Group's ability to attract and retain high performing talent. Shareholders' approval was also obtained at the 46<sup>th</sup> AGM of the Company to alter the SATS RSP to enable non-executive Directors to participate in the SATS RSP, so as to permit grants of fully paid shares to be made under the SATS RSP to non-executive Directors as part of their Directors' remuneration.

The SATS PSP is targeted at a select group of key senior members of Management who shoulder the responsibility for the Company's performance and who are able to drive the growth of the Company through innovation, creativity and superior performance. Awards under the SATS PSP are performance-based, with performance targets set in accordance with medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets are stretched targets based on criteria such as total shareholders' return, economic value added, market share, market ranking or return on sales.

# Corporate Governance Report

Awards granted to executives under the SATS RSP, which is intended to apply to a broader base of executives, will typically vest only after the satisfactory completion of time-based service conditions, that is, after the participant has served the Group for a specified number of years (time-based restricted awards) or, where the award is performance-based (performance-based restricted awards), after a further period of service beyond the performance target completion date. Awards granted to the non-executive Directors under the SATS RSP in lieu of part of the cash amount of their Directors' remuneration consist of fully paid shares with no performance conditions attached and no vesting periods imposed. However, such non-executive Directors will be required to retain a base shareholding worth up to one year's retainer fee for as long as he/she is on the Board of the Company, and for a period of one year after stepping down as a Director.

No minimum vesting periods are prescribed under the SATS RSP, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis. The grant of such performance-based restricted awards is intended to ensure that the earning of shares under the SATS RSP is aligned with the pay-for-performance principle. The use of time-based restricted awards will only be made on a case-by-case basis where business needs justify such awards.

The selection of a participant and the number of shares which he/she would be awarded under the SATS RSP will be determined at the absolute discretion of the RHRC, which will take into account criteria such as his/her rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, his/her contribution to the success and development of the Group and, if applicable, the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period.

Under the SATS RSP and the SATS PSP, the RHRC has the discretion to determine whether the performance condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the RHRC has the right to make reference to the audited results of the Company or the Group to take into account such factors as the RHRC may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if the RHRC decides that a changed performance target would be a fairer measure of performance.

The senior members of Management who are participants of the SATS RSP and the SATS PSP are required to observe a moratorium on a minimum threshold of their shares in the Company. They are prohibited from trading, pledging or hedging their minimum threshold. The RHRC in their review of the Company's share plans also reviewed the minimum threshold. The RHRC commissioned a review of the minimum threshold by an external consultant, Aon Hewitt, in October 2014 and had approved the findings and recommendation of Aon Hewitt.

The aggregate number of shares which may be issued pursuant to awards granted under the SATS RSP and the SATS PSP, when added to the number of new shares issued and issuable in respect of all options granted under the SATS Employee Share Option Plan (which expired in 2010 and under which there are no longer any outstanding options), and all awards granted under the SATS RSP and the SATS PSP, may not exceed 15 percent of the total number of issued ordinary shares in the capital of the Company (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual)) on the day preceding the relevant date of award.

For FY2023-24, the total number of shares comprised in awards granted under the SATS RSP and SATS PSP did not exceed 0.4 percent of the total number of issued shares (excluding treasury shares and subsidiary holdings).

# Financial Statements

Directors' Statement	126
Independent Auditors' Report	131
Consolidated Income Statement	136
Consolidated Statement of Comprehensive Income	137
Statements of Financial Position	138
Statements of Changes in Equity	140
Consolidated Statement of Cash Flows	143
Notes to the Financial Statements	144