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Read PCEO Statement →

PCEO Statement

Dear Shareholders,

Sustainability sits at the heart of our business strategy. Our purpose and mission are linked to the long-term interests of our customers, our communities and our people because we believe that this will, in turn, ensure the long-term success of SATS. Our sustainability framework focuses on three key themes – developing smart infrastructure, reducing food and packaging waste, and nurturing skills for the future.

Developing Smart Infrastructure

Our digital transformation is a multi-year journey, involving cultural change, the buildout of technological capabilities and process changes in parallel. For example, SATS' eAcceptance facility, which we implemented some years ago to achieve a paperless hub, enabled freight forwarders in Singapore to lodge cargo using digitalised processes during the lockdown when movements were restricted. Our pharma handling facilities in Bangalore, Beijing and Singapore facilitated the storage and transport of vaccines safely and swiftly.

We are actively leveraging our capabilities and investments in automation and digitalisation to help

in community relief efforts across our network. For example, the automated rice line in SATS Inflight Catering Centre 2 in Singapore gave SATS the capacity to feed workers in essential services, while our digital integrated supply chain kept the supply chain in motion when sources of supply were disrupted by the pandemic. The airport pass retrieval lockers controlled by face-recognition technology installed by SATS' associate Beijing Aviation Ground Services have enabled airport operations to continue uninterrupted during the pandemic in China.

Reducing Food and Packaging Waste

SATS has been working with our customers and suppliers to find ways to reduce food and packaging waste. Our subsidiary in the UK, Monty's Bakehouse, is a market leader in developing products with sustainable packaging, having developed a range of biodegradable packaging for handheld snacks. They are now raising the bar further by developing substrates that can be broken down to provide a closed-loop solution to reduce packaging waste. In partnership with Singapore Airlines, we have developed environmentally friendly food packaging made from natural materials that biodigesters at SATS can break down to reduce waste by as much as 60%.

SATS is taking steps to help reduce global food waste by working with our customers and suppliers to use more plant-based proteins. Plant-based proteins enable specific cuts of proteins, e.g. beef tenderloin, to be produced in large quantities without creating an equal amount of waste in other cuts of proteins. Using plant-based proteins will also reduce carbon emissions.

Nurturing Skills for the Future

Investing in our people has strengthened our collective resilience and agility. Over the past year, SATS undertook the most extensive redeployment and reskilling of people in its history. SATS Academy trained 11,154 aviation workers under the SkillsFutureSG Enhanced Training Support Package (ETSP), and 4,000 SATS employees were reskilled, multiskilled and redeployed under Workforce Singapore's Place and Train and Professional Conversion Programmes. Our employees across all age groups switched to using a digital platform for e-learning when restrictions were placed on in-person interactions. LinkedIn Learning commended SATS for achieving higher user completion rates against global benchmarks.

Commitment to Climate Action

Operating in an environment where extreme weather can have a direct impact on our business, SATS is firmly committed to addressing issues related to climate change. We followed the Taskforce on Climate-related Financial Disclosures' process to develop climate scenarios to better understand the company's exposure to the risks and opportunities of climate change, and incorporated mitigating actions to build climate resilience into our business. This year, SATS has also included carbon intensity reduction as part of management performance targets which are linked to remuneration.

Overall, it has been a challenging year, but the pandemic has given us a renewed sense of the importance of our purpose to feed and connect communities. We will pursue our mission with renewed vigour to create a greater impact and build a resilient, progressive company for all stakeholders.

Alex Hungate

President & Chief Executive Officer

1 June 2021

