

Our Commitment to Governance

Conducting business ethically and with the highest level of integrity to future-proof the success of SATS.

UN SDG



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Governance

“ SATS introduced carbon intensity reduction as part of management performance targets linked to remuneration. We set the targets to track carbon intensity performance for the three most significant areas of our business in Singapore – per gross meal produced, per flight handled, and per tonne of cargo handled.”



Meals

(kgCO₂e/gross meal produced)

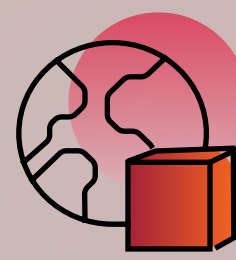
	Threshold	Target	Exceed
Target	0.94	0.85	0.77
Actual	0.84 (Met Target)		



Flights

(kgCO₂e/flight handled)

	Threshold	Target	Exceed
Target	172	156	140
Actual	130.18 (Exceeded Target)		



Cargo

(kgCO₂e/tonne of cargo handled)

	Threshold	Target	Exceed
Target	9.0	8.2	7.4
Actual	7.00 (Exceeded Target)		

Our sustainability goals contribute significantly to fulfilling our purpose to feed and connect communities. They drive our three focus areas – to develop smart infrastructure to reduce our environmental impact, reduce and process food and packaging waste sustainably, and nurture skills for the future.

As Asia’s leading food solutions and gateway services provider, SATS works with our stakeholders to deliver heartfelt innovation to ensure the sustainability of our business as well as that of the communities we serve. At SATS, we are guided by our core values of safety, passion to delight, innovation, trust, and teamwork to develop a high-performing culture that cuts across geographical diversity. Our objective is to work with our customers and partners in the various aviation, food, and supply chain ecosystems to leverage sustainability efforts to find a collaborative advantage, rather than a competitive one, that will benefit the larger community.

Embedded in our unique culture is a set of ethical practices that define the standards of behaviour expected of everyone working at SATS. These ethical practices reflect our priorities

across all three themes in our sustainable business strategy. They govern how we engage with our stakeholders in the ecosystem, helping us uphold the highest standards of integrity and business conduct.

To establish greater accountability for our decarbonisation programme, SATS introduced carbon intensity reduction as part of management performance targets linked to remuneration in FY2021-22.

We set the targets to track carbon intensity performance for the three most significant areas of our business in Singapore – per gross meal produced, per flight handled, and per tonne of cargo handled.

The carbon intensity performance for these three metrics was tracked and reported monthly. Our performance for the year was calculated from the absolute emissions¹ reported for Singapore-based entities, divided by the respective gross meal, flight, and cargo tonnage recorded in our operating statistics. We have met our target for gross meal produced and exceeded our targets for flights and cargo handled.

¹ Absolute emissions used in our carbon intensity exclude solar generation.

Governance

Strengthening Ethical Governance

“ The ISO 37001 certification provides assurance to our stakeholders on the robustness of our management system in preventing, detecting and responding to bribery and corruption.”

In FY2021-22, SATS embarked on a journey to reinforce our anti-bribery and anti-corruption efforts, and SATS and seven of its Singapore-based companies achieved certification for the rigorous International Organisation for Standardisation (ISO) 37001 standard. This ISO standard specifies requirements and provides guidance for establishing, implementing, maintaining, reviewing and improving an anti-bribery management system. It has specific requirements on organisational context (which includes the need to conduct bribery risk assessment), leadership, planning, support (which includes the requirement for awareness, training

and communication), operation (which includes the need for due diligence, channels to raise concerns and procedures for investigation), performance evaluation and improvement.

The ISO 37001 certification provides assurance to our stakeholders on the robustness of our management system in preventing, detecting and responding to bribery and corruption. SATS intends to certify another six of its Singapore-based subsidiaries in FY2022-23, and subsequently its overseas subsidiaries in phases.

To ensure compliance with the standards, SATS' Internal Audit and Ethics and Compliance departments jointly conducted 24 face-to-face and two virtual Risk and Control training sessions for employees. Anti-bribery and anti-corruption awareness training is now part of the induction programme conducted by SATS Academy for new employees. To reinforce the importance of adhering to ethical practices, all employees from Administrative Officer to Vice President will be required to complete an online anti-bribery and anti-corruption training on an annual basis.

We extend our policy of ethical practices to suppliers too. All new suppliers will be required to comply with the SATS' Supplier Code of Conduct, which specifically prohibits bribery and corruption. In addition, we have also included in our contracts with suppliers the right to terminate for non-compliance with our ethical practices.

To further strengthen internal controls, a Fraud Risk Review exercise was conducted this financial year at the business unit and department levels, to identify any potentially fraudulent activities that could occur in key processes, and facilitate the implementation of a combination of preventive and detective anti-fraud control measures.

SATS has a whistleblowing policy that provides an anonymous channel and protection from retaliation for reporting, in good faith, actual or suspected wrongdoings, by any SATS employee or business partner. We will investigate and report to the relevant board committees all alleged cases of corruption. Employees found breaching the company's policies will be dealt with in accordance with

internal disciplinary procedures. SATS joined the United Nations Global Compact as a signatory member, demonstrating our commitment to human rights, labour, environment and anti-corruption. As a signatory to the United Nations Global Compact, we pledge to align our strategies and operations with 10 universal principles on human rights, labour, environment, and anti-corruption, to develop plans that put people and the environment at the heart of our business to be a force for good.



“ SATS is a signatory of the United Nations Global Compact, and is committed to aligning our strategies and operations to the universal principles of human rights, labour, environment, and anti-corruption.”



We have met our targets for gross meal produced and exceeded our targets for flights and cargo handled.

Governance

Governing Supply Chain

“ We are working to strengthen our supply chain governance and resilience by engaging the partners in our value chain on ESG aspects beyond the traditional assessment criteria.”

To ensure social responsibility and governance, SATS has been working with our customers and suppliers to implement initiatives that help us reduce the impact of our activities on the environment and the communities in which we operate. We have incorporated various ESG criteria into our business practices. In February 2017, we launched the Supplier Code of Conduct which was further enhanced in November 2021 to include our refreshed purpose, vision and mission, core values and the range of environmental criteria

we may use to assess our suppliers. It is now mandatory for potential suppliers to accept SATS' Supplier Code of Conduct before they can participate in SATS' sourcing activities. SATS' Sustainability, Enterprise Risk Management and Global Procurement teams adopt one approach when integrating ESG criteria into our vendor selection and procurement practices across SATS Group entities, including all local and overseas subsidiaries over which we have operational control.

We are working to strengthen our supply chain governance and resilience by engaging the partners in our value chain on ESG aspects beyond the traditional assessment criteria. In the Global Procurement Operations Manual implemented starting 1 January 2022, we incorporated ESG criteria into our Global Procurement Best Value framework, Global Procurement Sourcing Principles and Global Procurement Responsible Sourcing framework. We will develop a supplier selection strategy that includes ESG criteria, conduct supply chain risk screening, and measure the ESG performance of our suppliers regardless of their scale of operations.

Stakeholder Engagement

We engage our internal and external stakeholders regularly through multiple channels to seek alignment on material issues that guide our decision making. Working collaboratively with stakeholders creates a more significant positive impact on the environment and the communities we serve. For example, to help our business units keep a pulse on sustainability, a Sustainability Council comprising representatives from all major business units and overseas representatives, meets regularly to share best practices and spearhead sustainability initiatives. SATS also serves as a key stakeholder in the Singapore Government's OneAviation Sustainability plan and the International Advisory Panel for Sustainable Aviation Hub. In FY2021-22, we also engaged more than 400 analysts/investors in 30 or more meetings to give them deeper insights into our business performance and sustainability initiatives.



We leverage our expertise and work with our stakeholders across various aviation, food and supply chain ecosystems to build collaborative advantage for everyone.

Governance

Reporting Framework

We report our sustainability performance following the SGX Sustainability Reporting Guide and the Global Reporting Initiative (GRI) Standards: Core option. The increasing focus on climate change has resulted in calls for a transition to a lower-carbon economy.

In FY2021-22, we followed the Task Force on Climate-related Financial Disclosures (TCFD) process to develop climate scenarios to better understand the Company's exposure to the risks and opportunities of climate change. We incorporated mitigating actions to build climate resilience into our business, and we will continue strengthening our climate reporting following TCFD recommendations. 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 the recent increased emphasis on climate-related disclosures, SATS will continue to provide and improve our climate-related disclosures consistent with the TCFD recommendations in our future sustainability reports.

Awards and Certifications

Attained

ISO 37001
certification, the international standard
for anti-bribery management systems

Topped Singapore Governance
and Transparency Index for the
Second Year
running in the general category



Winner: Corporate Excellence & Resilience Award, Singapore Corporate Awards 2020/2021 Special Edition



Winner: Singapore Corporate Governance Award (Diversity category), SIAS Investors' Choice Awards 2021



Winner: Silver and Bronze Awards for Innovation in Publications for SATS FY2018-19 and FY2019-20 Annual Reports respectively, The Asia-Pacific Stevie Awards 2021



Runner-up: Shareholder Communications Excellence Award (Big Cap category), SIAS Investors' Choice Awards 2021

For more information on governance, please refer to the Corporate Governance section of SATS Annual Report.