



# Strengthening The Core Expanding Our Horizons

SATS Ltd. Sustainability Report FY2022-23



Explore








# Strengthening The Core Expanding Our Horizons

To accelerate our progress, SATS is embedding sustainability deeper into our business. We are also taking a collaborative, ecosystem-based approach to develop smart infrastructure to reduce our environmental impact, reduce and process food and packaging waste sustainably, and nurture skills for the future which enable our people and communities to fulfil their fullest potential.

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“At SATS, we are conscious of the influence our business has on the environment and the communities we serve; therefore, we have embedded sustainability in our strategy to strengthen our long-term value creation and make a positive impact today and in the future.”

**Kerry Mok**  
President & Chief Executive Officer

[Read Statement](#)



# President & CEO Statement



In FY23,  
SATS handled

**509K**  
flights

**109M**  
passengers

**4M**  
tonnes of cargo

**134M**  
meals across  
our network

## Scaling Up Sustainably

After three years of travel restrictions, we are glad that borders are re-opening and the aviation industry is finally recovering. In FY23, SATS handled 109 million passengers, 509,000 flights, 4 million tonnes of cargo, and produced 134 million meals across our network. These operating statistics will grow given the acquisition of WFS and as air travel resurges.

At SATS, we are conscious of the influence our business has on the environment and the communities we serve; therefore, we have embedded sustainability in our strategy to strengthen our long-term value creation and make a positive impact today and in the future. Leveraging technology to help us monitor our sustainability performance, we deployed various systems such as an AI-enabled waste management system to track waste from our kitchen operations. We partnered with EcoVadis, a trusted ESG ratings and performance improvement platform, to conduct sustainability assessments on our supply chain partners. Sustainability features are incorporated into new buildings such as SATS Food Hub which adopts a biophilic architectural design to harness the green features available in the Jurong Innovation District. ESG targets are incorporated into our executive performance targets linked to remuneration.

Last year, I spoke about operationalising SATS' sustainability strategy across the value chain to unlock the potential within the ecosystems to create a greater impact for our sustainability initiatives. Progressing with our strategy, we have been strengthening our core capabilities by aligning SATS with international best practices such as joining the IATA Environmental

Assessment Programme to become Asia Pacific's first ground handler to do so. Aligning ourselves with international best practices in environmental management allows SATS to plug into global platforms to introduce world-class standards to the partners we support.

At the same time, we have also expanded our sustainability horizons by sharing our capabilities with our suppliers and partners. In April 2023, SATS partnered with Enterprise Singapore and UN Global Compact Network Singapore, to conduct the first in a series of supplier engagement workshops. In these workshops, we shared with more than 20 of our strategic food suppliers and partners, many of whom are small-medium enterprises, the importance of embedding sustainability in their business and show them how to start tracking their carbon emissions.

## Deepening Commitment

The pandemic has presented new challenges and opportunities for businesses and communities. We completed a materiality assessment review this year to better align our priorities with our stakeholders. We have identified eight material topics which will be used to refine our sustainability efforts to create a greater impact. Deepening our commitment to embedding sustainability into our business, we have developed a group environmental policy and set up an ESG Steering Committee comprising members from our senior leadership team to establish greater alignment on ESG-related matters and ensure we invest appropriately in critical initiatives to achieve our goals. In line with new SGX regulations, all members of our board, as of 31 March 2023, have undergone SGX-mandated sustainability training.



## Progress on Developing Smart Infrastructure

Our investments in electrification, solarisation and optimisation have helped to reduce carbon emissions for SATS Group. Despite ramping up our operations ahead of travel recovery, we emitted almost 9% less carbon compared to the same period last year. In order to accurately track progress towards our Greenhouse Gas (GHG) intensity targets, we are restating our carbon footprint to account for significant GHG emissions associated with refrigerants, which contribute to Scope 1. In some of our markets, for example AAT Coolport, we are using an environmentally sustainable, non-ozone depleting refrigerant that has a 65% lower global warming potential (GWP) compared to traditional refrigerants in an effort to reduce carbon emissions from our cold chain operations.

As of FY23, we have converted 298 tractors, 150 forklifts, three vans and two air tugs in Singapore to electric

variants, making a great stride in increasing the electrification of ground support equipment from 8% in FY20 to 38% this year. Our electrification plan is also progressing well in other markets. In Greater China, AAT now owns and operates four electric cars, BCS has electrified 91% of its ground support equipment and vehicles, BGS has electrified close to 26% of its vehicles, and in India, AISATS has 26 electric passenger buses across our stations in New Delhi, Hyderabad and Bengaluru, 37 electric tugs, four electric transport vehicles at New Delhi and Bengaluru stations, and the first hybrid lower deck loader at Bengaluru.

Infrastructural development is a key enabler of vehicle electrification. Our ability to scale our electrification plan is dependent on the availability of airside charging infrastructure that is fit-for-use beyond tractors to include other types of vehicles of different dimensions and power needs. In this respect, we are working with airport authorities across our network to facilitate progress.



## President & CEO Statement

Through a combination of efforts across our network, we have reduced our food waste intensity from a baseline of 4.1% in FY21 to

**2.3%**  
in FY23.

### Progress on Reducing Food and Packaging Waste

Through a combination of efforts across our network, we have reduced our food waste intensity from a baseline of 4.1% in FY21 to 2.3% in FY23. SATS has been tracking food waste generated in our kitchens since 2020 using an AI-enabled waste tracking system. This has improved our material planning and reduced waste generated in our food production. We have implemented the use of a similar AI-enabled food waste tracking system in our newly opened Tianjin kitchen.

We will be extending our capability to track food waste to help our customers. Commencing 1 July 2023, we will be supporting Singapore Airlines to track unconsumed meals from inbound flights into Singapore. Measuring unconsumed meals on a flight will help to improve menu and demand planning to reduce wastage.

Frozen ready-to-eat-meals are gaining popularity with increased urbanisation. These products have extended shelf life and offer use-what-you-need convenience to reduce food waste. We have strengthened our capability to produce frozen ready-to-eat meals in our food factory in Thailand and our central kitchen in Tianjin. SATS has also started a trial with the Singapore Armed Forces to reduce food waste generated by unconsumed meals due to operational exigencies. By replacing some of the fresh rations distributed for field exercises with frozen bento meals, it allows the food to be prepared closer to when they are required to be consumed, potentially cutting food waste by about three tonnes annually.

We use a significant amount of packaging in our business, and work towards a circular economy approach to adopt packaging that is not only fit-for-purpose, but also designed for circularity. In this respect, we have formed a sustainable packaging task force and developed the golden rules of packaging to guide us in our choice of packaging materials to use. While we work towards the goal of developing and delivering packaging that is designed for circularity, we are seizing every opportunity to switch to using sustainable materials. For example, in China, our Beijing Airport Inflight Kitchen (BAIK) is using wooden cutlery with paper packaging for inflight meals in line with regulatory requirements.

### Progress on Nurturing Skills for The Future

We hired and trained more than 2,000 new employees to ensure we restart our operations in Singapore safely and efficiently. In line with our focus on achieving operational excellence, we digitalised many of our processes to facilitate seamless coordination

across several of our operations. We implemented a new digital ground operating system, G-Ops, that tracks the key operational milestones across apron processes in real-time across the terminals. This system facilitates better coordination of under-the-wing operations, from ramp to technical ramp and baggage handling. We use an eReadback platform layered with photo capture ability to ensure unit load devices with cargo and baggage are securely loaded in their assigned positions on a plane, and the locks are raised.

In a continuous effort to leverage technology to enhance productivity, SATS has participated in several trial projects with Changi Airport. For example, we have tested the use of autonomous baggage tractors for baggage transportation in a live environment at Terminal 3 and are continuing the second phase of the trial to operate the tractor remotely from a control centre. From March 2021 to September 2022, SATS participated in Changi Airport Group's truck dock slot booking trial aimed at reducing operating costs, boosting productivity, and reducing congestion at the Changi Airfreight Terminal. Building on learnings from the trial, SATS along with other industry stakeholders will continue to support Changi Airport Group in improving the booking system with a more integrated solution.

Our newly opened central kitchen in Tianjin also leverages automation and the Internet of Things (IoT) to improve the efficiency of operations and uplift the skills of our workforce. IoT enables cooking processes to be pre-programmed and monitored via live dashboards, with alerts automatically triggered in the event of any deviations from cooking timings and temperature

“I am grateful for the support from our customers and partners as we progress on this sustainability journey. Together we will catalyse positive change.”

settings in pre-set recipes to ensure strict compliance with high food quality and safety standards. Looking ahead, our new central kitchen in Bengaluru in India which is slated to open in August 2023 will provide opportunities for COVID parents to be trained in automated kitchen operations. An on-site childcare facility is also planned to enable these parents to work while their children are being cared for.

I am grateful for the support from our customers and partners as we progress on this sustainability journey, and the Board of Directors for their guidance. I would also like to thank our people for having the passion to make a difference not only for SATS, but also the communities that we serve. Together, we will catalyse positive change.

**Kerry Mok**  
President & Chief Executive Officer

23 May 2023







**Euleen Goh**



**Kerry Mok**



**Jenny Lee**



**Deborah Ong**



**Achal Agarwal**



**Vinita Bali**



**Jessica Tan**



**Tan Soo Nan**



**Chia Kim Huat**



**Eng Aik Meng**



**Detlef Trefzger**



**Yap Kim Wah**

## Board Statement

The Board believes that the business strategy of SATS must be sustainable in order to safeguard the long-term success of the company and its shareholders. As it oversees the development of the company's purpose, vision and mission, it makes certain that sustainability goals are integrated into all programmes and business imperatives.

While the Board sets the risk appetite for SATS to pursue its purpose to feed and connect communities, management provides stewardship on sustainability implementation and ensures that business strategy aligns with the company's sustainability goals. To provide a dedicated focus on sustainability, the Chief Sustainability Officer has set up an ESG Steering Committee comprising members from our senior leadership team to establish greater alignment on ESG-related matters and ensure we invest appropriately in critical initiatives to achieve our goals. The ESG Steering Committee is supported by the Sustainability Council comprising representatives from relevant parts of the SATS group.

SATS maps material topics to the United Nations' Sustainable Development Goals and reports sustainability performance in line with the SGX Sustainability Reporting Guide, with reference to the Global Reporting Initiative (GRI) Universal Standards 2021. Recognising the interrelationship between its business activities and climate change, SATS is providing greater disclosure in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD framework will provide additional guidance on how SATS manages climate risks and opportunities through the lenses of governance, strategy, risk management as well as metrics and targets. The achievement of our sustainability goals and those of our stakeholders will help build a resilient and progressive company that we can all be proud of.

**Euleen Goh**  
Chairman

23 May 2023



# Our Sustainability Framework

Our sustainability framework outlines how our response to global sustainability challenges will drive the future success of SATS as a business.

At SATS, we adopt a technology-driven, people-led approach to deliver long-term value for our stakeholders. We develop innovative solutions to improve our services and find more sustainable ways to perform our business activities without depleting scarce resources.

Our 2030 goals drive the three core themes within the sustainability framework to grow with purpose towards a sustainable future. In line with Industry 4.0 and related strategies to enable industrial transformation, the three themes of our new sustainability framework build upon our core competencies to:

- Develop smart infrastructure to reduce our environmental impact;
- Reduce and process food and packaging waste sustainably; and
- Nurture skills for the future which enable our people and communities to fulfil their fullest potential.

We also map material topics to the United Nations (UN) Sustainable Development Goals (SDGs), and continually review our sustainable business strategy to improve our stewardship and reporting format.

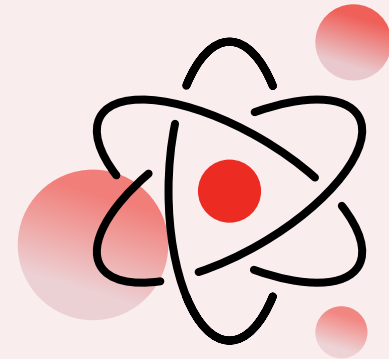
These cut across all the ESG issues that are relevant to our business.

## OUR SUSTAINABILITY THEMES

## UN SDGs

## GOALS

### DEVELOP SMART INFRASTRUCTURE



**Build and deploy smart infrastructure that includes airport ground support equipment and facilities.**



- Convert 100% of ground support equipment in Singapore hub to cleaner energy sources by 2030<sup>1</sup>.
- Reduce Singapore-based Scope 1 and 2 carbon footprint by 50% by 2030 from FY20 baseline.

### REDUCE FOOD AND PACKAGING WASTE



**Reduce and process food & packaging waste responsibly.**



- Halve food waste intensity in Singapore operations from 2021 baseline by 2028.
- Introduce 100% sustainable food packaging by 2030.

### NURTURE SKILLS FOR THE FUTURE



**Develop and share culinary, nutritional, service and technological expertise that will enable our people and the communities we serve to develop to their fullest potential.**



- Increase average value-add per employee across all subsidiaries by 50% by 2030 from FY21 baseline.
- Touch a million lives by sharing our expertise with the communities in which we operate, by 2030 from FY19 baseline.

<sup>1</sup> SATS will be reviewing the cleaner energy vehicle goal this year given that our global footprint has expanded with the integration of WFS and a re-baselining will need to be conducted before we refresh our goals in alignment with our ecosystem stakeholders.



# Governance Structure

Building a sustainable business requires a collective, coordinated effort across all levels of the organisation, from leaders to individual employees. Our sustainability governance structure sets out accountabilities and responsibilities for SATS to deliver on our sustainability priorities.

We are committed to engaging staff on sustainability across all levels of the organisation. Our Board has oversight of our sustainability strategy and performance, in addition to the adequacy and effectiveness of the Group's internal control and risk management system. While the Board makes certain that sustainability goals are integrated into all programmes and business imperatives, executive management at SATS provides stewardship and ensures that our business and strategy are aligned with our sustainability goals. This year, an ESG Steering Committee was set up, comprising members from our senior leadership team to establish greater alignment on ESG-related matters and ensure we invest appropriately in critical initiatives to achieve our goals.

The ESG Steering Committee is supported by our Sustainability Council, comprising 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 together with 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. The Chief Sustainability Officer (CSO) chairs the Sustainability Council.

For more details about our Board of Directors, risk management and corporate culture, please refer to our full corporate governance report as laid out in SATS Annual Report 2022-23.

## Board

Board of Directors

## Executive Management

SATS Group Management

ESG Steering Committee

## Sustainability Council





## Stakeholder Engagement

At SATS, we place stakeholder engagement at the heart of our sustainable business strategy. We strive to communicate openly, transparently, and in a timely manner with our stakeholders. To ensure that we are addressing the sustainability issues that matter most to our stakeholders, we engage in regular dialogue with them through a variety of channels and forums. SATS also discloses financial and non-financial performance on our corporate website, quarterly result updates and the Annual and Sustainability Reports for transparency.

Our stakeholder engagement efforts have helped us to better understand the diverse perspectives and priorities of our stakeholders, and to develop more effective responses and initiatives that address their concerns. For details of our stakeholder engagement approach, please refer to Annex C.

**“To ensure that we are addressing the sustainability issues that matter most to our stakeholders, we engage in regular dialogue with them through a variety of channels and forums.”**

## Materiality Assessment

Committed to conducting our business responsibly, we believe that materiality assessments form the bedrock of our sustainable business strategy, enabling us to focus and channel our efforts on the topics that matter most in terms of stakeholder relevance and business impact.

By better understanding, managing and disclosing our most significant impacts, we recognise that regular materiality assessment reviews allow us to enhance strategic decision-making, mitigate potential risks, identify business opportunities and strengthen stakeholder relationships.

SATS conducted our first materiality assessment in 2017 which was published in our inaugural Sustainability Report. As the business environment recovers with the easing of COVID-19 restrictions, we continue to see volatility in supply chains as a result of geopolitical factors and climate change, as well as evolving stakeholder expectations. Given these factors, it was timely and necessary for SATS to conduct a second comprehensive materiality assessment in FY23 to ensure the relevance of our material topics.

This assessment is aligned with the principle of materiality set out in the Global Reporting Initiative (GRI) Standards 2021 as well as the concept of double materiality adopted from the Guidelines on Non-Financial Reporting: Supplement on Reporting Climate-related Information<sup>1</sup> formally proposed by the European Commission. This concept guides us to assess the materiality of ESG topics from two perspectives: the impact on the financial value of the company; and the environmental and social impact on a broad range of stakeholders, including the potential impacts on their human rights.

To ensure an impartial and thorough evaluation, we engaged an independent consultant to support us in this assessment.

<sup>1</sup> Guidelines on Non-Financial Reporting: Supplement on Reporting Climate-related Information: [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52019XC0620\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52019XC0620(01))



# Materiality Assessment

We adopted a three-step approach in this assessment:



Desk-based research and benchmarking analysis were conducted to identify the initial list of material ESG topics where SATS may have actual and potential impacts on the economy, the environment, and people, including impacts on human rights.

- Megatrends and external environment analysis
- Peer benchmarking
- Requirements of ESG rating agencies and mainstream sustainability reporting standards

SATS' initial list of material ESG topics was assessed and prioritised from both the perspective of financial materiality and impact materiality through an extensive stakeholder engagement.

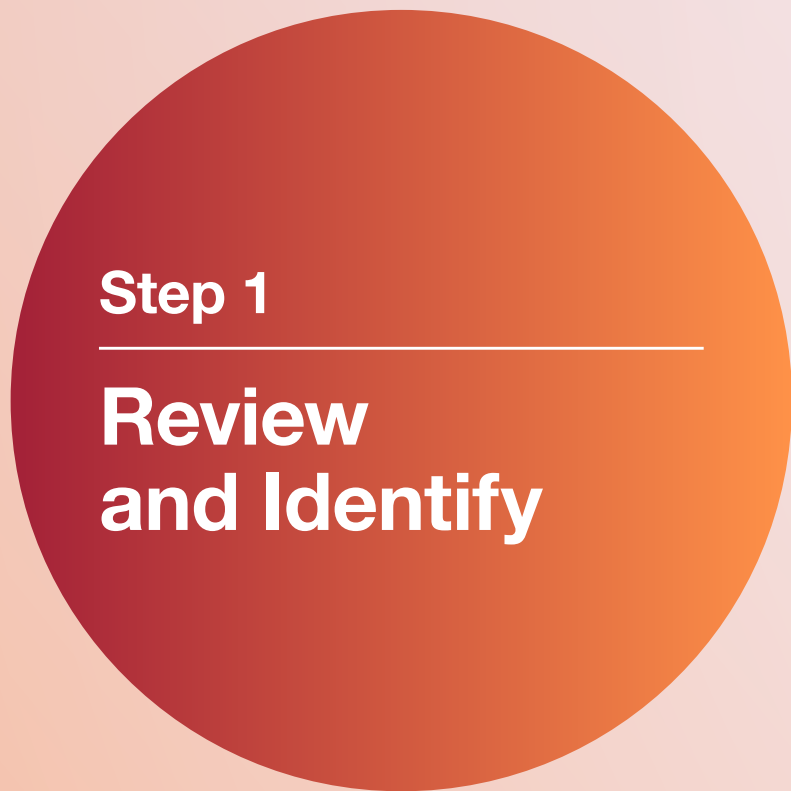
- Stakeholder identification and mapping across stakeholder groups
- A variety of engagement methods with internal stakeholders and key external stakeholders was used:
  - Quantitative online surveys
  - Qualitative interviews and focus groups

The quantitative and qualitative results were consolidated and analysed, then further rationalised and validated by the SATS Group Management team and approved by the Board of Directors.

- The SATS Group Management team rationalised and validated the materiality matrix resulting from Step 2, ensuring that the prioritised material topics remain relevant and pertinent to SATS
- The resulting materiality matrix was reviewed and approved by the Board of Directors



# Materiality Assessment



Desk-based research and benchmarking analysis were conducted to identify the initial list of material ESG topics where SATS may have actual and potential impacts on the economy, environment, and people, including impacts on human rights, and vice versa. Both internal and external sources were used, and this was done in two parts:



Megatrends and external environment scan through extensive research into major news sources and sustainability trends in the transport, transportation infrastructure and food industries, which can be further divided into food distributors, food retail and packaged foods and meats industries, to capture the hot topics in our industry sectors.



Extensive research on global reporting standards, ESG rating agencies' criteria and peers' disclosures.

As a result of this exercise, 16 ESG topics were shortlisted and identified as relevant to SATS in FY23.



# Materiality Assessment





This step involved assessing and prioritising the initial list of 16 ESG topics according to their importance to both external and internal stakeholders, as well as their impact on SATS' business success.

Engaging with our key stakeholders to refine our materiality assessment and aligning our ESG strategy with their priorities is pertinent to ensuring that our company remains sustainable and relevant.

An exercise was conducted together with SATS Group subsidiaries (entities within our operational control) to identify and map the relevant stakeholders with diverse interests and views of our organisation across ten stakeholder groups. A stakeholder engagement plan detailing the method and channel of engagement was developed.

While an online survey is essential and can provide quantitative results, we conducted interviews and focus group discussions with key internal and external stakeholders to glean further insights, perspectives and gather qualitative and descriptive feedback and suggestions.

Throughout these extensive engagements, the materiality of topics was considered through two lenses:

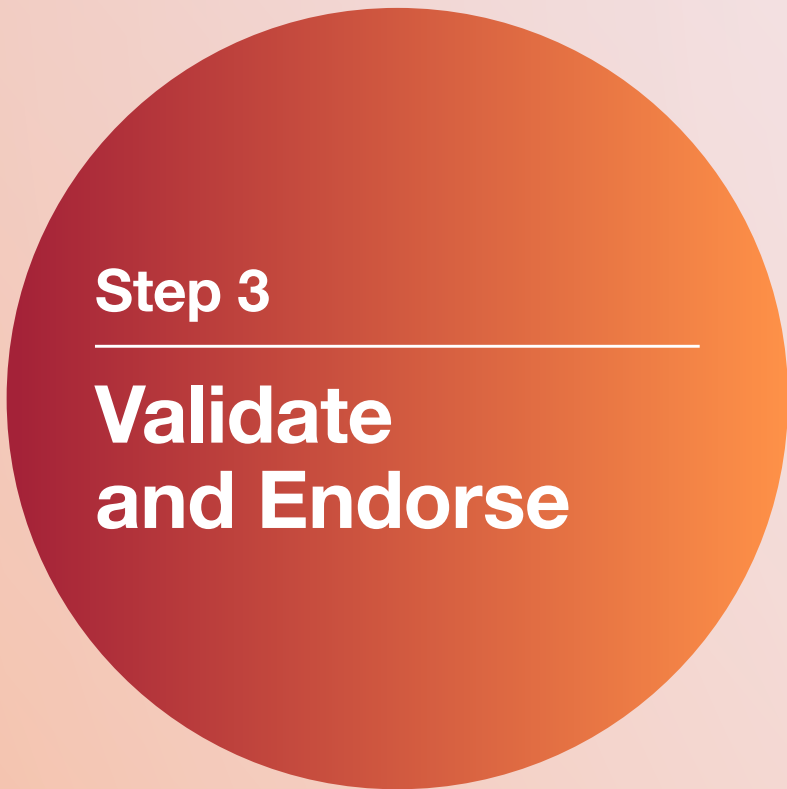
 <p><b>Financial materiality:</b> potential financial impact on SATS' performance, strategic position and development. The factors considered were: the potential impact of the topic on SATS' business activities; the importance of the topic to SATS' strategy and business priorities; and the level of stakeholders' interest in the topic.</p>	 <p><b>Impact materiality:</b> significant positive or negative impacts as a result of SATS' business activities on the economy, environment, and people, including impacts on human rights.</p>
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We received more than 200 survey responses from a diverse range of stakeholder groups, such as employees, customers, regulators, media and trade unions. Individual interviews were conducted with members of the Group's senior management team to understand the ESG issues that may impact SATS from their perspectives. Strategic external stakeholders, including regulators, customers and investors, were also engaged as individual organisations for extensive interviews. Focus group discussions were conducted with a broad range of key internal and external stakeholders including representatives from SATS' business units, regulators, customers, suppliers and analysts.

For our materiality matrix to capture the concerns and priorities of our key stakeholders comprehensively, the results of the online survey, interviews and focus group discussions were combined and used to assess and prioritise our material ESG topics.



# Materiality Assessment



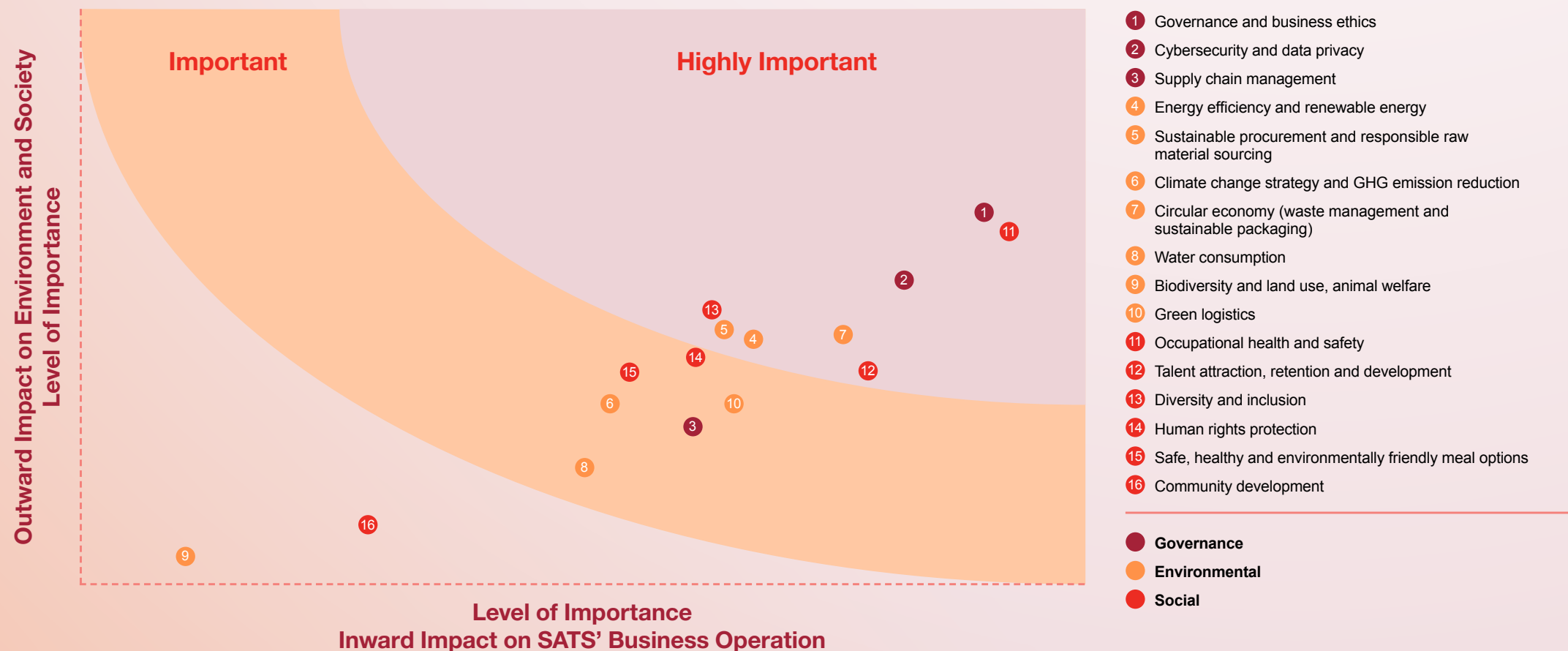
The materiality matrix resulting from Step 2 was rationalised and reviewed by the SATS Group Management team.

The results from Step 2 also revealed that ‘Diversity and inclusion’ was ranked low in importance from both the financial and impact materiality perspectives. With a forward-looking vision, the management team was of the view that ‘Diversity and inclusion’ should be a priority for SATS with our global expansion as we integrate WFS into the Group. The management team therefore made a collective decision to accord higher weightage and prioritise this topic as one of SATS’ highly important topics.

The following materiality matrix was further reviewed and endorsed by the Board. While the overall 16 topics have high relevance to SATS Group, the 8 highly important topics are SATS’ material topics from this assessment. These 8 topics will form the focus of SATS’ sustainability strategy and reporting and guide us in refreshing our sustainability framework next year. Champions with accountability or responsibility for driving progress will be appointed to lead the policy development, target-setting, and progress monitoring of each material topic.

The acquisition and integration of WFS is a significant development, but the transaction was not completed and therefore not included in this assessment period. Notwithstanding, WFS had conducted a materiality assessment in February 2022 and the resulting topics that were prioritised align well with the 8 highly important ESG topics from this assessment.

The financial and impact materiality of our top 8 material topics are described in Annex D.





“We will continue to raise the bar on sustainability in FY24. By mobilising and collaborating with our partners along the value chain, we aim to unlock the full potential of the ecosystem as a force for good.”

**Spencer Low**  
Chief Sustainability Officer

[Read Statement](#)



# CSO Statement

## Moving forward with SATS' sustainability agenda

Societal interest and awareness in terms of sustainability have grown tremendously in recent years. There is increasing focus on businesses' impacts on the environment and the community. Stakeholders, including institutional investors, are demanding a more comprehensive range of disclosures from companies and greater clarity, consistency and comparability in ESG reporting. New mandatory disclosure requirements are being introduced in various jurisdictions – the Corporate Sustainability Reporting Directive (CSRD) in Europe, and the work of the International Sustainability Standards Board (ISSB), part of the International Financial Reporting Standards (IFRS). These new protocols have significant implications for SATS in view of our integration with WFS. This year, we are conducting an internal review to validate the accuracy and reliability of the sustainability information that we disclose and setting Science-Based Targets in preparation for CDP and CSRD reporting.

As a combined entity, SATS including WFS will be able to use our global reach and expertise to create greater scale and synergies across our value chain to generate a bigger impact for our sustainability initiatives. We will be able to plug into various ecosystems to work with regional and international players, partners, customers and suppliers to advance our collective sustainability agenda. We will be able to learn through best practices to enhance the effectiveness of our programmes across our network. We are excited about this opportunity to leverage our scale as a force for doing good. In line with this, we will

be re-baselining our performance metrics and refreshing our goals as a combined entity with WFS.

To ensure the prioritised topics identified in our 2017 materiality assessment are still relevant, SATS conducted an extensive materiality assessment between October 2022 to April 2023 and identified the following eight material topics:

- Energy efficiency and renewable energy
- Circular economy (waste management and sustainable packaging)
- Sustainable procurement and responsible raw material sourcing
- Talent attraction, retention and development
- Occupational health and safety
- Diversity and inclusion
- Governance and business ethics
- Cybersecurity and data privacy

WFS conducted a materiality assessment in February 2022, and the prioritised topics they identified align well with the eight prioritised ESG topics above. Guided by these topics, we will refresh our sustainability framework in the coming year to take into consideration the addition of WFS's business and locations.

We will continue to work towards using cleaner energy for our vehicles and review our goals and policies for the combined fleet including WFS. Aligning ourselves to the Civil Aviation Authority of Singapore's International Advisory Panel on Sustainable Air Hub's recommendation to seek imported sources of low-carbon electricity, SATS will also embark on a study to

explore the feasibility of long-term renewable energy procurement via virtual power purchase agreements.

Advancing our agenda to accelerate our progress on sustainability, we will continue to work closely with ecosystem players such as regulatory authorities and our supply chain partners. Our objective is to uplift the sustainability literacy of our suppliers through ongoing initiatives such as our SATS Supplier Engagement Programme with the goal of reaching out to suppliers across our network. We recognise that many of our suppliers are small and medium-sized enterprises, who may not have the resources or capacity to embark on their own sustainability journeys alone. Starting from 1 April 2023, all sourcing activities of food-related goods and services will incorporate sustainability as part of vendor

selection criteria, encouraging our suppliers to incorporate ESG practices to support our collective goals. To enhance our sustainability performance, we have partnered with EcoVadis, a trusted ESG ratings and performance improvement platform, to conduct sustainability assessments on our supply chain partners.

We will continue to raise the bar on sustainability in FY24. By mobilising and collaborating with our partners along the value chain, we aim to unlock the full potential of the ecosystem as a force for good.

**Spencer Low**  
Chief Sustainability Officer

**23 May 2023**

“We will continue to work towards using cleaner energy for our vehicles and review our goals and policies for the combined fleet including WFS.”







# Progress Report

## Baseline (FY20)

SATS Group Emissions  
**120,737** tCO<sub>2</sub>e

Group Emissions (with refrigerants)  
**216,201** tCO<sub>2</sub>e

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GSE Electrification  
**8%** (comprising 78 baggage tractors)



## Progress as of FY23



SATS Group Emissions  
**112,168** tCO<sub>2</sub>e  
 (7.1% lower than baseline)

Group Emissions (with refrigerants)  
**208,246** tCO<sub>2</sub>e

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GSE Electrification  
**38%** (comprising 298 tractors, 150 forklifts, 2 airtugs)

## Goals

SATS Group Emissions  
 Reduce Singapore-based Scope 1 and 2 carbon emission by 2030 by  
**50%**

---

GSE Electrification  
 Convert  
**100%**  
 of ground support equipment in Singapore Hub to cleaner energy sources by 2030<sup>1</sup>



<sup>1</sup> SATS will be reviewing the cleaner energy vehicle goal this year given that our global footprint has expanded with the integration of WFS and a re-baselining will need to be conducted before we refresh our goals in alignment with our ecosystem stakeholders.





# Progress Report

## Baseline

Food Waste Intensity (FY21)

**4.1%**

Sustainable Food Packaging  
FY23 baseline is currently under analysis and validation



## Progress as of FY23



Food Waste Intensity

**2.3%**

Sustainable Food Packaging  
Formation of packaging task force and development of packaging "Golden Rules"

## Goals

Food Waste Intensity

Halve food waste intensity in Singapore operations by 2028

Sustainable Food Packaging

**100%**

sustainable food packaging by 2030







# Progress Report

## Baseline

Value-add per Employee (VAPE) (FY21)

**\$27,041**

Touch a Million Lives (FY19)

**103,506** lives



## Progress as of FY23



VAPE

**\$57,283**

Touch a Million Lives

**442,790** lives (cumulative)

## Goals

VAPE

Increase VAPE by

**50%**

from baseline by 2030

Touch a Million Lives

**1,000,000**

lives by 2030







UN SDGs



# Our Commitment to Climate Action

Progress on Electrification

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Progress on Energy Optimisation

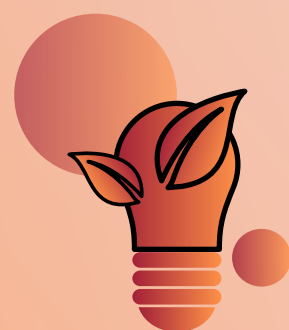
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Progress on Reducing Food and Packaging Waste

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# Environmental



**“We align ourselves with international best practices in environmental management to enable us to offer world-class standards to the customers we support.”**

Pre-pandemic, the aviation industry accounted for 2.4% of total global carbon emissions. In 2021, in readiness for the restart of air travel, the International Air Transport Association (IATA) approved a resolution for the global air transport industry to achieve net-zero carbon emissions by 2050. The complexity of the aviation ecosystem and the focus on safety require all stakeholders to collaborate to accelerate the transition to net zero by 2050.

SATS is taking a two-pronged approach to reducing carbon emissions and transitioning towards green energy use. We align ourselves with international best practices in environmental management to enable us to offer world-class standards to the customers we support. At the same time, we collaborate with our partners to share our knowledge and capability with our suppliers to help uplift the understanding of sustainable practices in the industry.

In line with our strategy, we have renewed our UN Global Compact Network Singapore (GCNS) membership for the new year, and we will continue to report on our progress towards meeting the principles through our annual Communication on Progress (COP) report. SATS is also a member of the local chapter of the Carbon Pricing Leadership Coalition (CPLC), jointly launched by GCNS and the World Bank's CPLC. The coalition aims to help companies realise the carbon cost of their business decisions and make conscious choices to mitigate carbon emissions. We are also joining LowCarbonSG, a capability-building programme to enable local businesses in Singapore to start monitoring and

reducing their carbon emissions. The CPLC and GCNS helm the programme, with support from the National Environment Agency and Enterprise Singapore.

To more accurately track progress towards our Greenhouse Gas (GHG) intensity targets, we restated our carbon footprint to account for GHG emissions associated with refrigerants, which contribute to Scope 1. In some of our markets, for example AAT Coolport, we use an environmentally sustainable, non-ozone depleting refrigerant with a 65% lower global warming potential (GWP) than traditional refrigerants to reduce the emission impact of our cold chain operations.

SATS has joined the IATA Environmental Assessment Programme (IEnvA), becoming Asia Pacific's first ground handler to do so. The IEnvA provides a consistent standard for improving environmental management in the aviation industry and aims to encourage continual improvements in performance through embedding environmental sustainability management in day-to-day operations and decision-making. The programme provides a framework for achieving environmental sustainability across all ground operations, such as cargo handling, apron and passenger services. The vigorous assessment involves training and workshops for our people to ensure proper implementation of the IEnvA Standards that represent industry best practices.

Deepening our commitment to the UN Global Compact principles, SATS has partnered with GCNS

## Environmental



and Enterprise Singapore to educate and support more than 20 of our strategic food suppliers and partners in their sustainability journeys. We aim to uplift the sustainability literacy of our suppliers, providing them with the resources and tools to improve their sustainability practices. These workshops are part of our ongoing SATS Supplier Engagement Programme, to reach out to as many suppliers across our network as possible. Related to this programme, we have also partnered with EcoVadis, a trusted ESG ratings and performance improvement platform, to enable us to conduct sustainability assessments on our supply chain partners. Starting from 1 April 2023, all sourcing activities of food-related goods and services will incorporate sustainability as part of vendor

**We are supporting more than**

**20**

of our strategic food suppliers and partners in their sustainability journeys.







# Environmental

selection criteria, encouraging our suppliers to incorporate ESG practices to support our collective goals.

We will also launch our Group Environmental Policy in FY24 to give our stakeholders a better understanding of how we manage the impacts of our business on the environment. The policy outlines our commitment to complying with relevant environmental legislation, regulations and standards and how we continually improve our environmental performance.

To strengthen our operational resilience in a 24/7 airport environment and mitigate the risk of electrical downtime, SATS is concurrently exploring using renewable diesel as an alternative cleaner energy source. We are working with partners in the aviation ecosystem to aggregate demand to enable a trial

in FY24 to ascertain the feasibility of adoption in local conditions. However, the current cost of renewable diesel is relatively steep. Without policy shifts, cost will remain a business challenge for potential adopters to grapple with.

We have also installed electric vehicle charging stations at our corporate office to encourage our employees to embrace green technologies.

Today, SATS has the most extensive solar PV system at Changi Airport, generating more than 11,000 MWh of renewable energy in 2022. Our system's renewable energy certificates (RECs) have been monetised to create a fund channelled back to the business units to further support carbon abatement projects. To mitigate the risk of rising energy prices, SATS will also embark on a study to explore

the financial feasibility of long-term renewable energy procurement via virtual power purchase agreements.

Our business units use water from municipal sources in their facilities for cooking, cleaning, cooling, and general sanitation. In view of the fact that SICC2 sits on the distribution network of NEWater, NEWater is currently the source of water for boilers and cooling towers at SICC2. NEWater contributed to 19% of total water consumption of SICC2 in FY23. However, we recognise other potential opportunities to explore and improve water efficiency and to recycle and reuse water for non-potable purposes such as general washing, process cooling as well as other boilers and cooling towers.

As part of the effort to improve metering and access to water consumption data, 44 digital water meters will replace the current analogue meters in kitchens, plant rooms (including cooling tower make-up water, rainwater tanks and boilers), and canteen stalls, of which 19 have been installed. The digital meters will enable the detection of water leakage and provide data on the consumption profile which can be analysed to help develop more targeted initiatives.

Additionally, we are exploring a water intelligent management technology which regulates the volumetric flow of water by restricting the volume of excess air in the water line. This could potentially reduce water consumption by 6% and water bills by up to 30%.

We will be setting water intensity targets at the site or facility level for our Singapore operations and engage relevant stakeholders in water stewardship initiatives.

**We generated more than**

**11,000 MWh**

of renewable energy in 2022, the most extensive solar PV system at Changi Airport

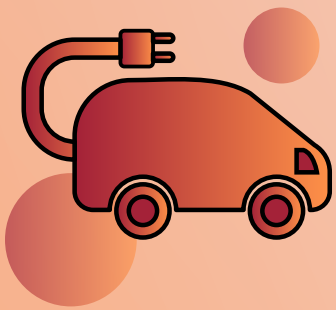
We are also working towards reducing food and packaging waste to protect our environment. In addition to using AI-powered systems to track food waste, we are also adopting a circular economy approach to packaging, ensuring they are designed for circularity. In this respect, we have formed a sustainable packaging task force and developed the golden rules of packaging to guide us in our choice of packaging materials. These golden rules of packaging will be rolled out in Singapore in the second half of 2023, with plans to extend them to all overseas subsidiaries.

Our food waste reduction strategy also encompasses sustainable solutions to process waste. In addition to a biodigester in SICC2, we will be deploying a 1-tonne WasteMaster machine at SICC1 in September 2023 to treat organic waste using a proprietary mixed-ion reactive approach. This approach breaks down the cellular structure of food waste, rapidly accelerating the natural decomposition process, without the introduction of heat, water, microorganisms, enzymes, or additives, therefore consuming no utilities and resources.





# Environmental



## Progress on Electrification

### SINGAPORE

**38%**

of Ground Support Equipment have been converted to electric variants

### GREATER CHINA

AAT electrified **44%** of its total light vehicle fleet to electric variants, abating an estimated 11 tCO<sub>2</sub>e annually in Scope 1 emissions

Beijing Aviation Ground Services converted **26%** of its vehicles to electric variants

Beijing CAH SATS Aviation Services converted **91%** of its vehicles to electric variants

Beijing Aviation Inflight Kitchen deployed its first electric van for meal delivery within the airside reducing up to **2.8 tCO<sub>2</sub>e** per annum of Scope 1 emissions

### MIDDLE EAST



At SATS Saudi Arabia, **90%** of forklifts are electric

### INDIA

AISATS:

- Purchased

**26** electric passenger buses and

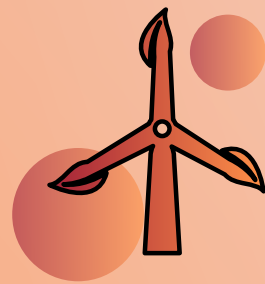
**37** electric tugs in New Delhi, Hyderabad and Bengaluru

- Deployed the first hybrid lower deck loader in Bengaluru and four electric crew transport vehicles at New Delhi and Bengaluru stations
- Deployed an in-house towable solar-powered passenger ramp bridge
- Implemented battery swapping for electric baggage tractors and towable flight loaders





# Environmental



## Progress on Energy Optimisation

### SINGAPORE

- Completed Phase 2 of lighting retrofit at our airfreight terminals and replaced

**849** high-bay lighting fixtures,

reducing the facility's electricity consumption by approximately 112 MWh year on year. This has resulted in cost savings of about \$35,000 and a reduction in annual carbon emissions of roughly 46 tCO<sub>2</sub>e

- To digitalise energy data management,

**40** digital electricity meters

have been installed at SICC2

- Conducting a study to evaluate the feasibility of installing a battery energy storage system (BESS) at our airfreight terminals to capture excess solar energy generated during daylight hours and store it for later use. The BESS is expected to provide energy savings of approximately

**2,540** MWh

and a reduction in annual carbon emissions of approximately 1,030 tCO<sub>2</sub>e

### GREATER CHINA

AAT:

- Replaced 400 ageing fluorescent tubes in common areas and the warehouse with LED T8 tubes in December 2022. This is expected to save electricity consumption by

**121** MWh

or 47 tCO<sub>2</sub>e annually

- Installed nine solar LED lights at the outdoor spaces of its garden terrace and car park, reducing an estimated

**21** MWh

annually in electricity consumption

- Implemented green features in Hong Kong's first airside perishables cold-chain handling facility, AAT Coolport

### JAPAN

SATS TFK:

- Implemented LED lighting at its Shibayama Plant, covering

**95%**

of ware washing and warehousing operations

- Installed solar-powered lights in employee bicycle parking areas

### INDIA

AISATS generates

**55%**

of its energy needs from renewable sources such as solar power



# Environmental



## Progress on Reducing Food and Packaging Waste

### SINGAPORE

- Collaborated with OCBC in the Sustainability Innovation Challenge to address challenges in the management and reduction of food and packaging waste
  - Conducting a feasibility study with one of the two winners of the challenge, Enexor Bioenergy, to assess the economic and environmental impact of converting inbound flight waste into renewable electricity generation and thermal energy
  - Conducting a feasibility pilot with TRIA for our frozen bento meals using plant-based top sealing film and packaging tray base to replace the current plastic ones

- Supporting our key customer, Singapore Airlines, to track unconsumed meals on inbound flights into Singapore from 1 July 2023

- Synchronising menus and raw material specifications for customers to reduce food waste at production

- Working with the Singapore Armed Forces (SAF) and NEA to segregate food waste from our cookhouse operations. About

**30%** of SATS-managed cookhouses are participating in this initiative

- Started a trial with SAF to replace some of the fresh rations with frozen bento meals to reduce food waste generated by unconsumed meals due to operational exigencies. The initiative could cut food waste by about

**3 tonnes** annually

- Organised internal packaging roadshows to uplift awareness and build knowledge of sustainable packaging

### GREATER CHINA



Beijing Aviation Inflight Kitchen introduced cutlery made of wood with paper packaging in FY23. Instead of plastics,

**1.3M** wooden cutlery sets

were used on our partner carriers between April 2022 to March 2023

### JAPAN

SATS TFK has switched to using sustainable wooden cutlery sets for Jetstar Japan Economy Class since June 2022, replacing

**25,000** plastic sets



UN SDGs



Progress on Health & Safety

[Go to page 26](#)

Progress on Nurturing Skills for the Future

[Go to page 27](#)

Progress on Community Impact

[Go to page 28](#)

# Nurturing Our People





# Social

People are the raison d'être and stewards of our purpose to feed and connect communities. The pandemic deepened our sense of commitment and purpose.

Working parents trust us to provide healthy, nutritious meals for their kids in childcare with our ready-to-heat meals. Busy, globe-trotting executives depend on us to help them stay healthy while on the go with our inflight meals.

As the first point of contact for travellers across our network, our people in passenger services are essential in enabling travellers to experience the warm hospitality of the airlines that we represent.

Disruptions to our cargo operations could cause manufacturing operations to shut down or critical medications not reaching people who need them. Our cargo and ramp operations have to run like clockwork and are carefully managed to uphold the highest safety standards in ensuring seamless connectivity of essential trade flows.

SATS' focus on people starts with caring for our employees and empowering them to create a multiplier effect on the communities we serve globally. Safety is non-negotiable in our business. We strive to create a safe work environment for our people so they can return home safely to their families at the end of the work day. We build a strong

**SATS Group now operates in more than**

**200**

locations in over 20 countries

safety culture based on ownership and high leadership engagement, focusing on identifying and mitigating safety risks. We provide employee feedback channels and programmes such as Speak-Up and Gemba Conversations to encourage engagement.

With the completion of the acquisition of WFS on 3 April 2023, SATS Group now operates in more than 200 locations in over 20 countries. This heightens the importance of diversity and inclusion in helping us to connect better to the diverse communities that we serve.

We believe in creating a better, shared future for all. Besides charity donations, we also leverage our capabilities to work with institutions and organisations to help train life readiness skills for people who are differently abled and to participate in environmental awareness initiatives.



“People are the raison d'être and stewards of our purpose to feed and connect communities.”





# Social

## SINGAPORE

- Launched a Speak-Up channel which enables ground-up communication via a dedicated WhatsApp line to receive feedback from all employees in Singapore. Any stakeholder can share feedback, ideas and suggestions on safety, hazards, sustainability, or waste management. The feedback received is directed to the respective departments for follow-up. Our PCEO reviews a routine report of all feedback received.
- Stepped up the “Gemba Conversation” Programme. Launched on World Day for Safety and Health at Work on 28 April 2022, the programme offers a platform for our leadership team to reinforce safety through communications. Mutual learning allows the leadership to acknowledge good practices while identifying areas for improvement.
- All employees, including new hires and existing employees, are required to attend mandatory safety training. This mandatory course is delivered via e-learning on the SATS Learning Management System (LMS). On top of the mandatory safety training, specific task training is conducted by line trainers for all employees assigned to specific tasks.
- Our Safety Management System (SMS) e-Learning Modules were launched on 26 May 2022 to align SMS training across all business units. These modules meet regulatory requirements for SMS training as well as airside safety training mandated by IATA and most airlines. The first module on SMS is applicable to all business units, inclusive of non-aviation entities, while the

second module on Airside Safety is applicable to all SATS aviation employees.

- In the reporting period of FY23, there was no recordable work-related ill health or fatality due to work-related ill health.
- SATS and SATS Workers’ Union (SATSWU) received two new recognitions from the National Trades Union Congress (NTUC). At the NTUC U Safe Forum and Awards 2022, SATS took home the U Safe Advocate Award, while SATSWU received the U Safe Champion Award.
- SATS received the WSH Asia Award 2022 for New & Innovative Solutions from the World of Safety & Health Asia for significantly reducing ground-handling hazards using GSE sensors. The sensors are able to restrict movements or cut off the engine when the GSE comes too close to an aircraft.
- SATS was also awarded the bizSAFE certificate by the Singapore Workplace Safety and Health Council.
- Building a safety culture is a journey. SATS conducted an expanded safety culture survey in FY23, with all business units receiving their own individual performance with a further breakdown at the departmental level to help teams understand the strengths and opportunities for improvement. Previous safety culture surveys were only conducted for business units with operations that impact aviation safety, while our safety culture survey this year was extended to all business units in Singapore.

## INDIA

### AISATS:

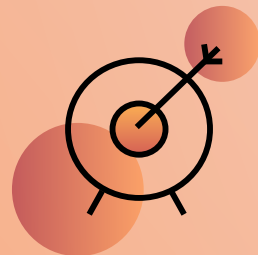
- Free health check camp at Hyderabad and New Delhi stations for more than 372 employees.
- New Delhi station also organised a health talk on ergonomics & back pain in association with the Indian Spinal Injury Centre, Vasant Kunj, in January 2023.



## Progress on Health & Safety



# Social



Progress on Nurturing Skills for the Future

## SINGAPORE

- For FY23, we leveraged the LinkedIn Learning platform to provide our employees with additional learning opportunities and LinkedIn has recognised our efforts at the LinkedIn Talent Awards 2022 and awarded SATS the “Learning Champion”

- Training hours:

- Total training hours for FY23:

**591,564** hours

- Total number of active unique headcount in SATS Learning Management System:

**12,283** (inclusive of active and inactive employees)

- Average training hours per employee:

**48** hours

## SAUDI ARABIA

Total number of employees in operations:

**90**

Each employee received

**153** hours of training per cycle<sup>1</sup>

## INDONESIA

In 2022, 3,633 employees participated in

**13,096** hours of training

averaging 23.56 hours per employee

<sup>1</sup> Each training cycle is three years.



# Social



## Progress on Community Impact

### SINGAPORE

- 103,928 lives touched in the communities in which we operate, through SATS expertise sharing (culinary, nutritional, service and technology). This brings our total to 442,790 lives touched since FY19
- Total donations made during reporting period was \$421,131 with a total of 133 volunteers fulfilling 1,011 volunteering hours
- Donation of \$100,000 to build Asian and Western training kitchens at Pathlight School Tampines for persons with autism
- SATS chefs conducted masterclasses for students at An Evening @ The ART
- Thirty volunteers from SATS were in force to pack some 8,500 Fu Dai (福袋) prosperity care packs to send to families and seniors in need

### INDONESIA

- PT CAS:
- Donation made towards National K3 activities at the Darma Henwa Satui site
  - Donated food and non-food goods to victims of the Cianjur earthquake in collaboration with PT Jasa Angkasa Semesta, PT JAS Aero Engineering, PT Purantara Mitra Angkasa Dua, PT Cardig Anugrah Sarana Catering and PT Cardig Anugra Sarana Bersama
  - Held iftar and carried out charity activities for orphans
  - Conducted a Ramadan donation programme at the Darma Henwa Kintap site
  - Carried out mangrove tree planting and beach cleaning in Bali
  - Donations made to the Laa Raiba Fih Foundation, which is dedicated to various charitable and humanitarian activities with the aim of improving the lives of those in need

### INDIA

- AISATS:
- Participated in World Environment Day to raise environmental awareness in the workplace by planting indoor plants on 5 June 2022
  - Partnered with IDFC First Bank to conduct a “Self Defence” class for female colleagues on International Women’s Day
  - Launched the Women Empowerment programme, “Malhar”, on 22 February 2023, which included a health talk on women’s reproductive health
  - Visited a nursing home, Abhaya Ashram, on 8 March 2023 at Mangalore
  - Our customer services, ramp services, quality assurance, human resources, training, security and marketing teams also visited an orphanage home in Hyderabad to distribute juices, biscuits, chocolates and stationery items, along with two water dispensers to hearing-impaired students
  - In January 2023, more than 200 employees from AISATS participated in the Tata blood donation drive across various stations in Hyderabad, Bengaluru and Thiruvananthapuram
  - Supported the construction and renovation of a crematorium in Mumbai and built public toilets in Bangalore, including one for the differently abled





# Conducting Business Ethically

UN SDGs







# Governance

Good corporate governance and responsible business conduct are foundational for building trust with our stakeholders. As we expand globally, we will encounter more complex regulatory environments. To ensure we act with integrity under all circumstances and make the right decisions, SATS adopts a zero-tolerance approach towards bribery, corruption, fraud and unethical behaviour. We subscribe to the standards in the ISO 37001 anti-bribery management systems certification to help strengthen our anti-bribery compliance programmes.<sup>1</sup>

Building an ethical and compliant culture is an ongoing journey. We have developed policies relating to environmental, social and governance issues to give guidance and clarity on how we conduct ourselves in these critical areas. We have trained Ethics & Compliance champions in our business units to ensure compliance at the business level, and implemented mandatory learning to reinforce compliance with SATS' Business Ethics & Corporate Governance policy. We achieved a completion rate of 92% in FY23 for our Anti-Bribery & Anti-Corruption e-learning module.

A yearly bribery risk review exercise is also conducted to ensure that changes to business context are incorporated into the risk registers and effective control measures are employed to mitigate newly identified risks. In addition, we also conduct annual ISO 37001 Internal Audits to ensure SATS' Anti-Bribery Management System stays robust.

<sup>1</sup> In FY22, we successfully obtained the ISO 37001 Certification for SATS Ltd, 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 and SATS Seletar Aviation Service Pte Ltd. In FY23, we extended the certification to another six Singapore-based subsidiaries, namely 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.

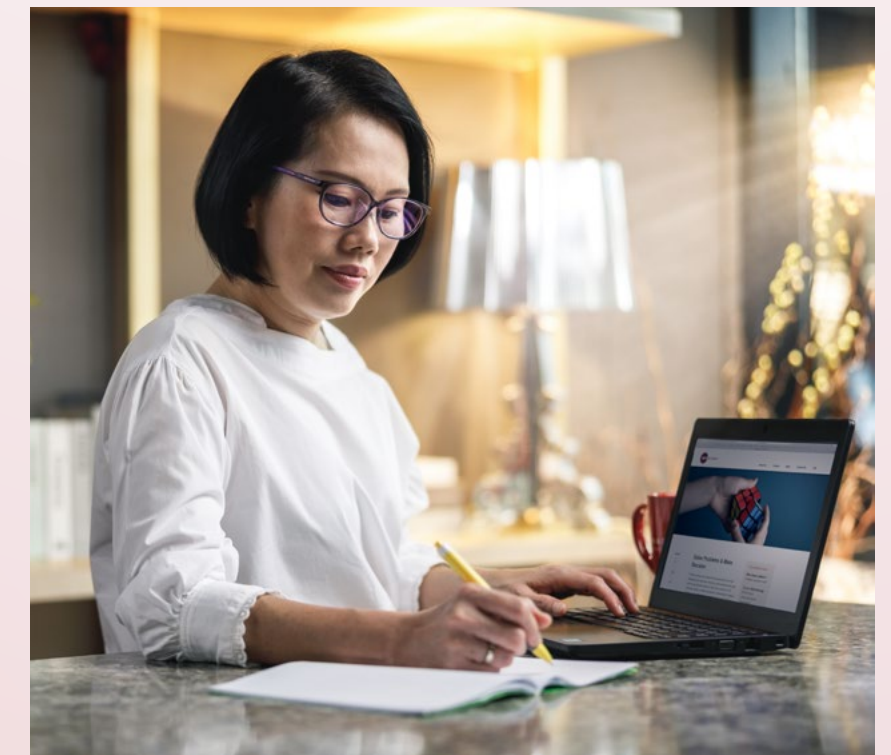
We subscribe to the standards in the

## ISO 37001

anti-bribery management systems certification to help strengthen our anti-bribery compliance programmes.



“SATS adopts a zero-tolerance approach towards bribery, corruption, fraud and unethical behaviour.”







# Governance

## ENVIRONMENT

### Energy efficiency and renewable energy

- Climate change policy *(to be developed)*
- Renewable energy policy *(to be developed)*
- ISO 50001 (Energy Management)
- ISO 14001 (Environmental Management Systems)
- IATA Environmental Assessment
- LowCarbonSG *(pending)*

### Circular economy (waste management and sustainable packaging)

- Golden rules of packaging *(to be published)*
- Waste management policy *(to be developed)*

### Sustainable procurement and responsible raw material sourcing

- Supplier code of conduct
- Sustainable procurement guide
- SATS procurement governance policy

## SOCIAL

### Talent attraction, retention and development

- Training & development policy
- Talent attraction & retention policy

### Occupational health and safety

- Safety policy
- ISO 22000 (Food Safety Management)
- Food safety & quality management systems
- HACCP

### Diversity and inclusion

- Diversity and inclusion policy *(to be developed)*

## GOVERNANCE

### Governance and business ethics

- Anti-bribery & corruption policy
- ISO 37001 (Anti-Bribery Management Systems)
- Gift & entertainment guidance paper
- SATS code of ethics & business conduct
- Whistle-blowing policy – Page 100-101 of AR
- Employee code of conduct (SATS Human Capital)

### Cybersecurity and data privacy

- Information security policy
- Privacy policy



# Governance

The World Economic Forum's Global Risks Report 2022 stated that

**95%**

of cybersecurity issues are traced to human errors.



With increasing dependency on interconnected systems and remote work arrangements, cybersecurity risks are fast becoming a major concern for many companies. The World Economic Forum's Global Risks Report 2022 stated that 95%<sup>1</sup> of cybersecurity issues are traced to human errors. At SATS, we pay a lot of attention to employee awareness and training. Realistic phishing simulation exercises are conducted biannually to educate our employees on the latest cyber threats and how to report suspicious emails promptly. We believe that by promoting a cyber secure culture, we empower our employees to be vigilant and proactive in protecting our systems and data.

Our SATS Information Security policy and its supporting standards and guidelines are aligned with ISO 27001. Our Cybersecurity Management Framework is designed to protect, detect and respond to cybersecurity threats, and strengthen our cyber resilience.



We engage reputable third-parties to conduct independent security assessments, typically known as Red Team exercises. These experts evaluate our security controls and processes, ensuring we meet industry standards and best practices. These assessments further enhance our security measures.

The cybersecurity risk landscape is constantly evolving, and we continuously monitor the evolving landscape and conduct regular internal and external security audits to evaluate the effectiveness of our security controls across our systems. Such measures enable us to adopt a proactive approach to the early identification of potential risks and vulnerability and the implementation of timely mitigations to strengthen our overall security posture.

“We believe that by promoting a cyber secure culture, we empower our employees to be vigilant and proactive in protecting our systems and data.”

<sup>1</sup> [https://www3.weforum.org/docs/WEF\\_The\\_Global\\_Risks\\_Report\\_2022.pdf](https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2022.pdf)





# Governance

For our Food Solutions business, we have established a robust Food Safety and Quality Management System to ensure high food safety standards. We have established an end-to-end integrated quality assurance and traceability system which covers food sourcing, storage, central food processing, as well as meal preparation and catering services to ensure the quality of our products is maintained throughout the food processing chain.

Our processes and extensive Food Safety Management System (FSMS) are developed with reference to various food safety standards, such as the ISO 22000 (Food Safety Management System), International Flight Services Association's World Food Safety Guidelines, Hazard Analysis Critical Control Point (HACCP) Control Plan, World Food Safety Guidelines, Quality & Safety Alliance for In-flight Services (QSAI) Food Processing Safety and Food Processing Quality standard.

We adopt the best practices of both local and international standards with strict food safety controls. The FSMS is periodically audited by our airline customers, third-party auditors such as TÜV-SÜD and Medina, and inspected by the Singapore Food Agency (SFA). Our Quality Assurance (QA) team also conducts our own audits and inspections involving random sampling of food samples, raw materials, water, ice and hygiene swabs for microbiological testing. This allows us to verify the effectiveness of the FSMS, identify trends and enable preemptive actions to be taken.

On our production floor, we have also designed a proper kitchen layout to enable a single directional



flow to prevent any potential cross-contamination. Our FSMS is also reviewed by our senior management regularly to ensure continued effectiveness and suitability.

At SATS, we only procure raw materials from an approved vendor list. Vendors on this list must pass all quality assurance pre-qualifying audits and food establishments must be licensed by SFA with a minimum 'B' Grade. Supplier audits are conducted by our QA team periodically. Our Singapore QA team also oversees the FSMS, policies and QA protocols of our overseas food production facilities, who also have their respective local QA teams.

For our inflight catering facilities, we have a very stringent deep cleaning regime to upkeep the cleanliness and hygiene standards, and pest control is also stationed in-house to conduct routine monitoring and ensure prompt response and action if required.

We also ensure that proper staff training and induction that includes food safety and hygiene is conducted for all employees before they can enter food handling areas or commence food handling tasks. Besides our people, preventive maintenance and calibration is in place for all equipment that is critical to ensuring food safety and quality.



“Besides our people, preventive maintenance and calibration is in place for all equipment that is critical to ensuring food safety and quality.”



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# Environmental GRI Disclosures

### GRI 305: Absolute GHG emissions

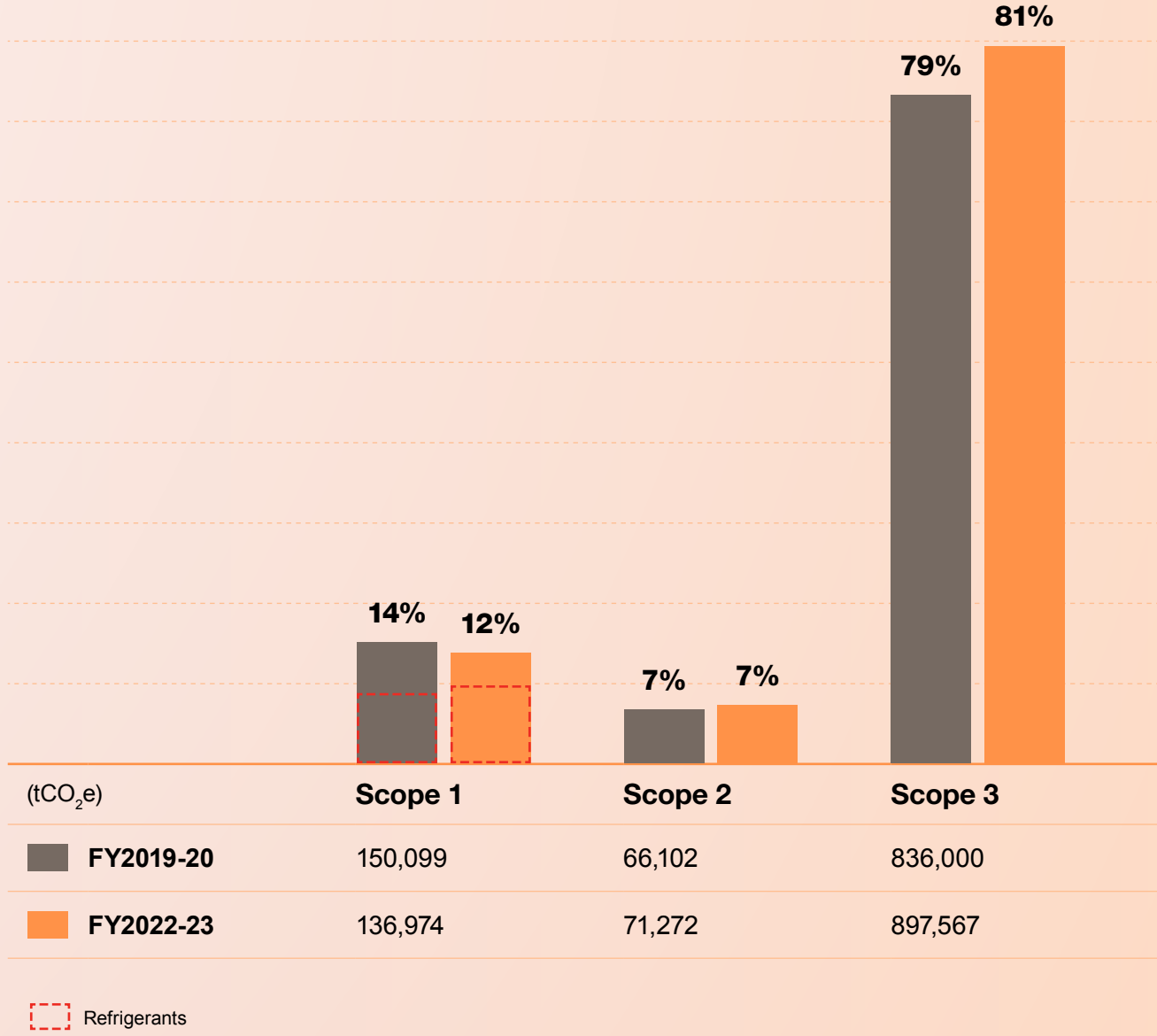
Similar to last year, SATS used the operational control methodology for our carbon footprint assessment, which involved mapping out operations for data collection from SATS and subsidiaries across the region over which SATS has full operational control. This covered activities in our Singapore headquarters and operations in Australia, China, Hong Kong, Japan, Malaysia, Saudi Arabia, Thailand and the United Kingdom.

In FY23, SATS' overall emissions were 1,105,813 tCO<sub>2</sub>e, of which 12% were from Scope 1 (direct combustion of diesel, motor gasoline, town gas, liquefied petroleum gas and natural gas, as well as fugitive emissions of refrigerants), 7% from Scope 2 (purchased electricity, steam, heating and cooling) and 81% from Scope 3 (value chain emissions). In accordance with GHG Protocol, Scope 2 emissions can be calculated using market-based and location-based methods. In FY23, our Scope 2 emissions was 71,272 tCO<sub>2</sub>e using the market-based method. Using the location-based method, our Scope 2 emissions was 74,488 tCO<sub>2</sub>e. This year, we are disclosing the impact of refrigerants, the data for which was not collected in the past. Refrigerants refer to working fluids used in the refrigeration cycle of chillers, freezers, air conditioning systems and heat pumps. These contribute to fugitive emissions which are gas losses released into the atmosphere. The inclusion of refrigerants has a 46% impact on our overall Scope 1 and 2 group emissions given that refrigerants have a significantly higher global warming potential than carbon dioxide.

As we gain maturity in our Scope 1 and 2 reporting, we will be accounting for the GHG emissions associated with refrigerants under Scope 1 going forward.

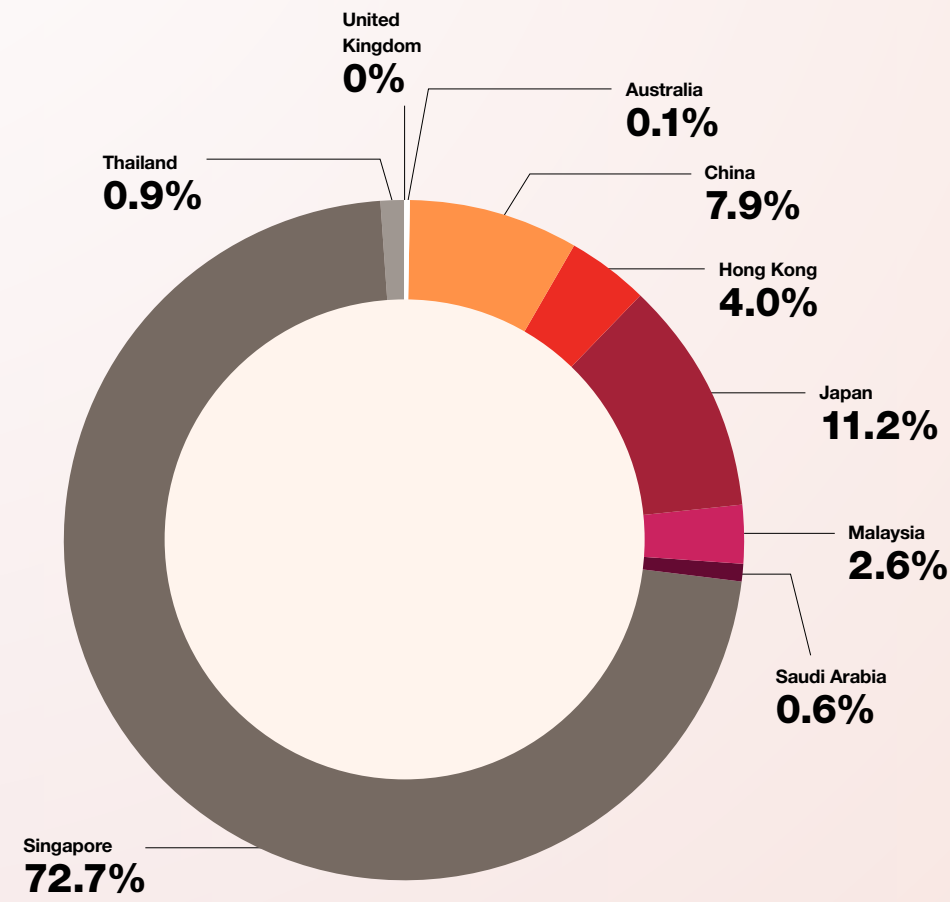
Scope 1 emissions (tCO <sub>2</sub> e)	Fuel combustion (stationary and mobile)	Fugitive emissions (refrigerants)
<b>FY2019-20</b>	54,635	95,464
<b>FY2022-23</b>	40,896	96,078

### SATS Scope 1, 2 and 3 Emissions

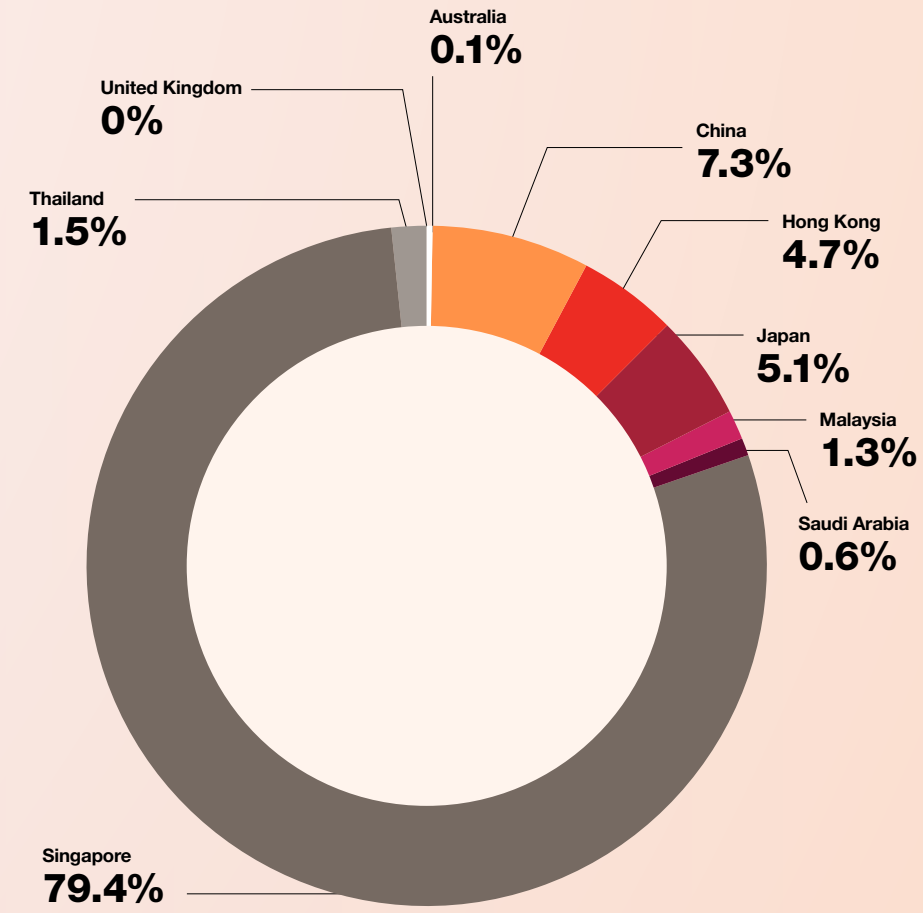




### Energy Breakdown by Country

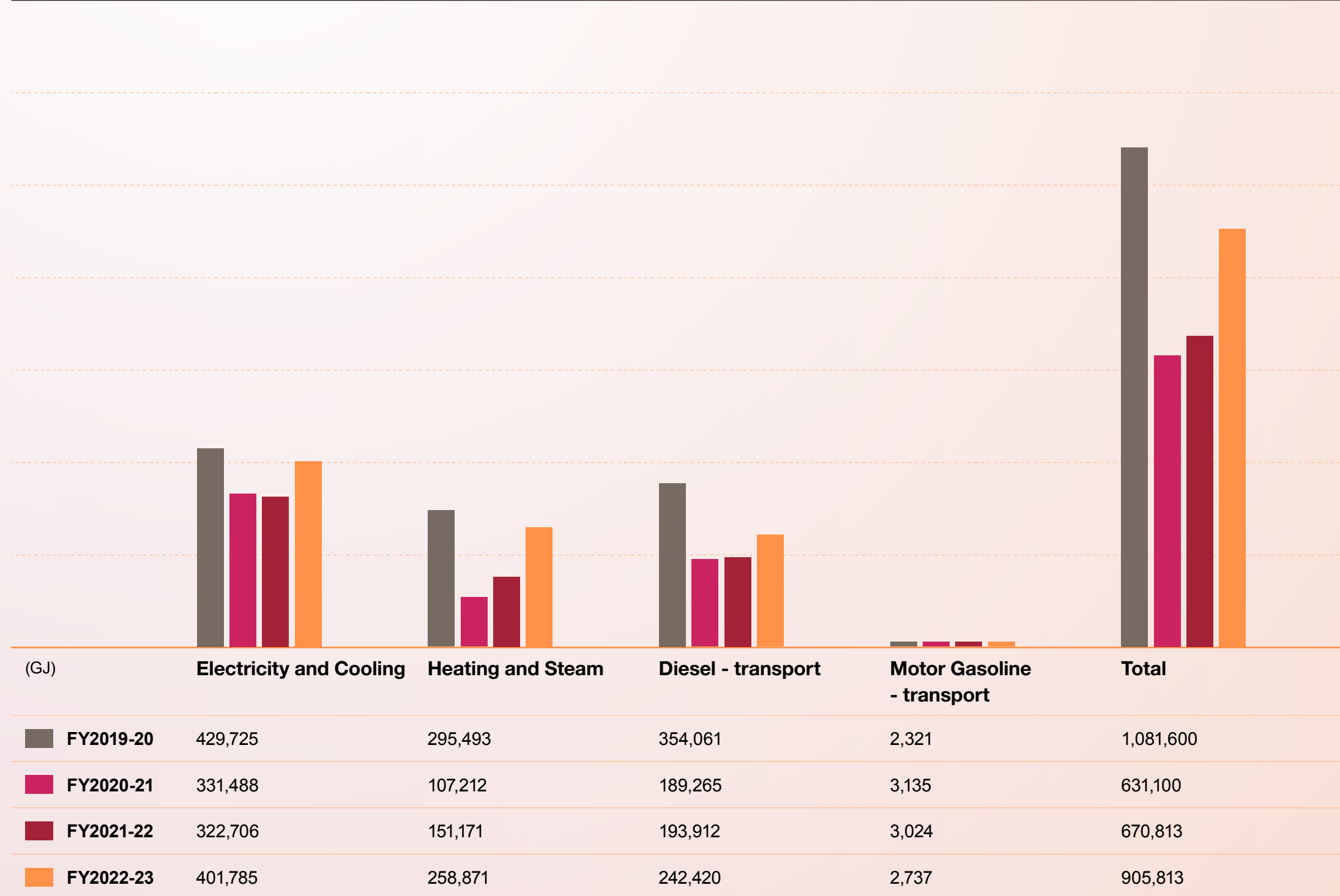


### Emissions Breakdown by Country

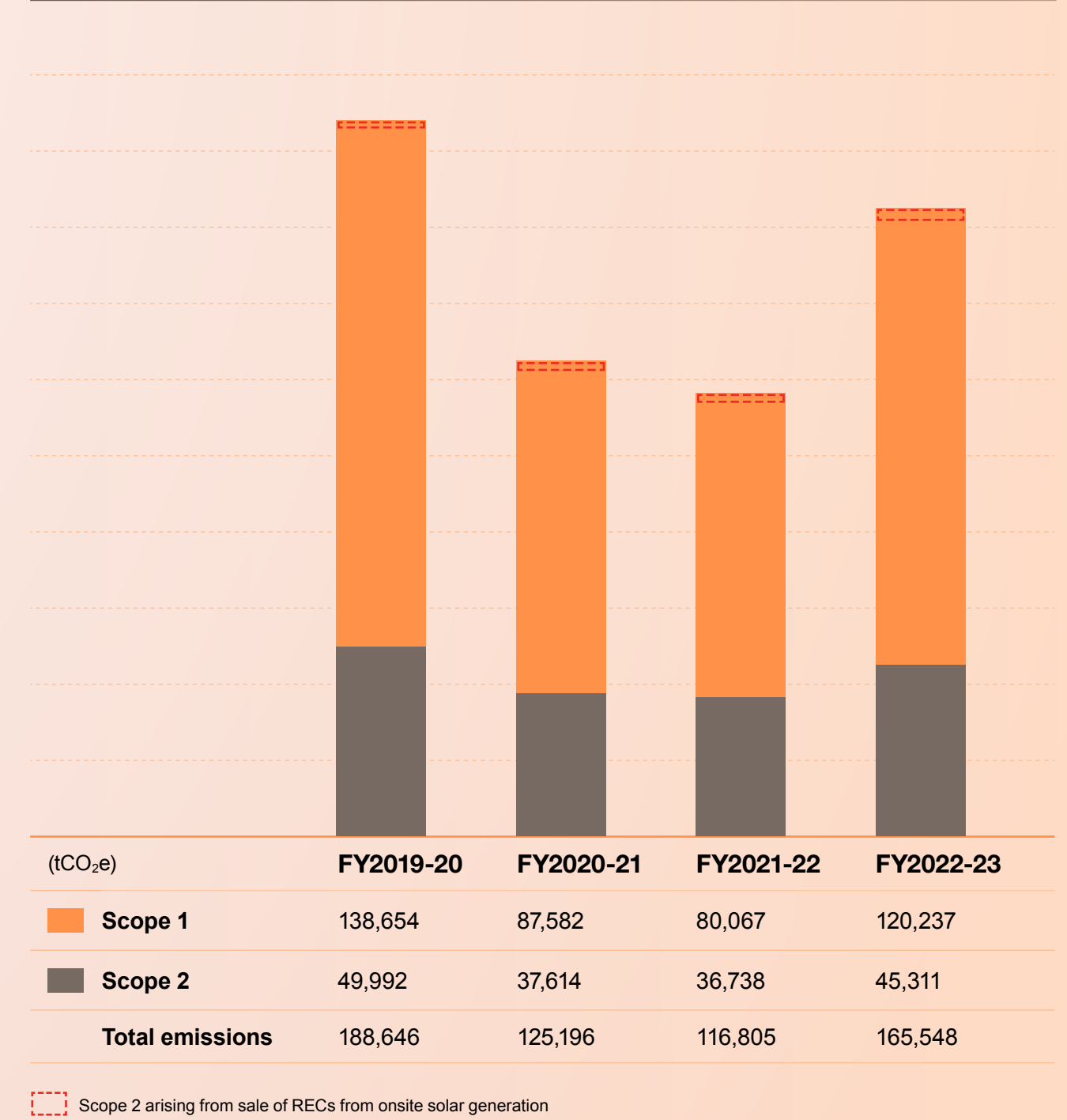




### Total Energy Consumed by Singapore Operations



### Scope 1 and 2 Emissions for Singapore Operations



\* Adjustments made to emissions of all previous financial years following an internal review conducted on Singapore operations' emissions to include the impact of refrigerants on Scope 1.



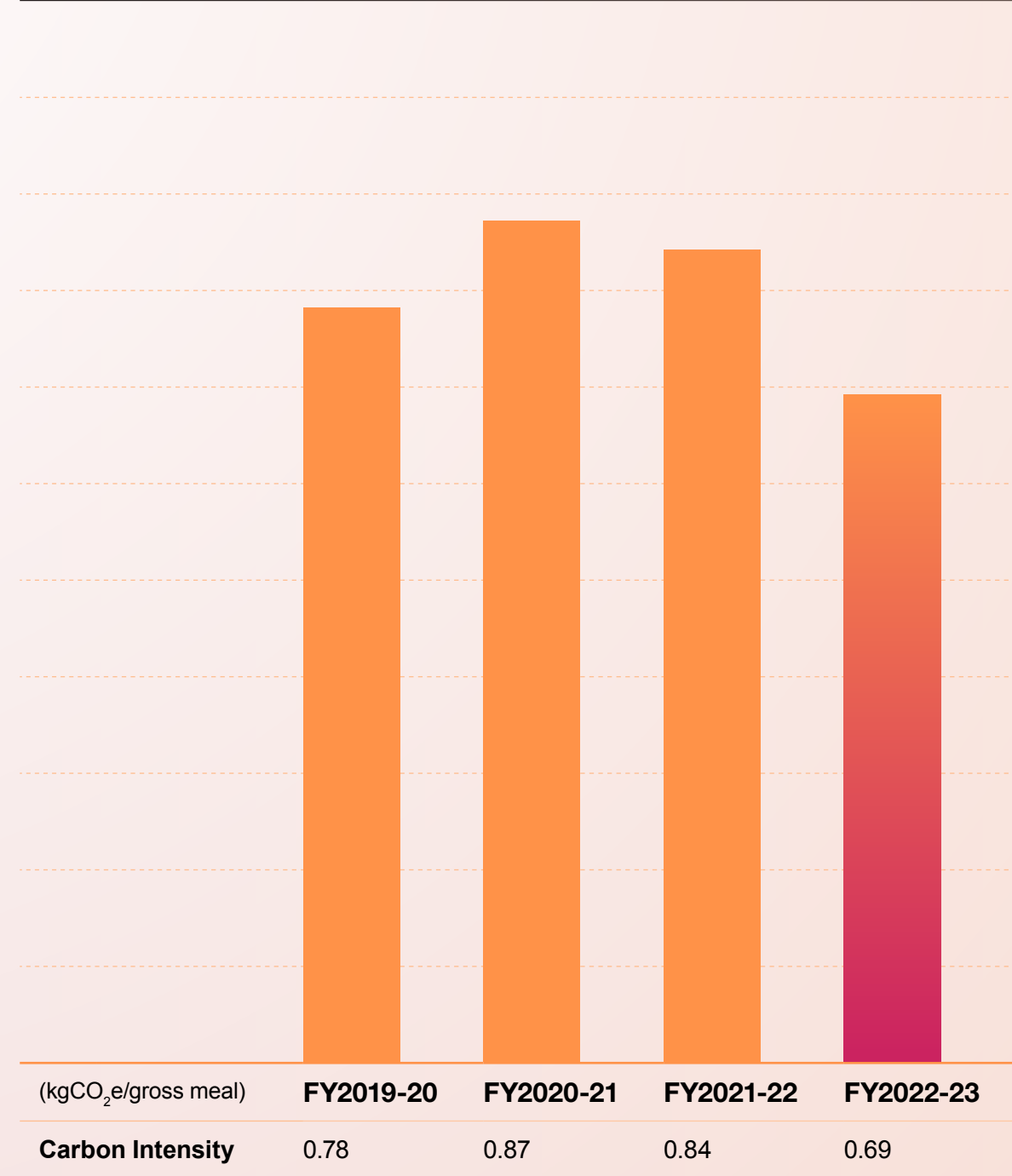
**Environmental  
GRI Disclosures**

**Carbon and Energy Intensities**

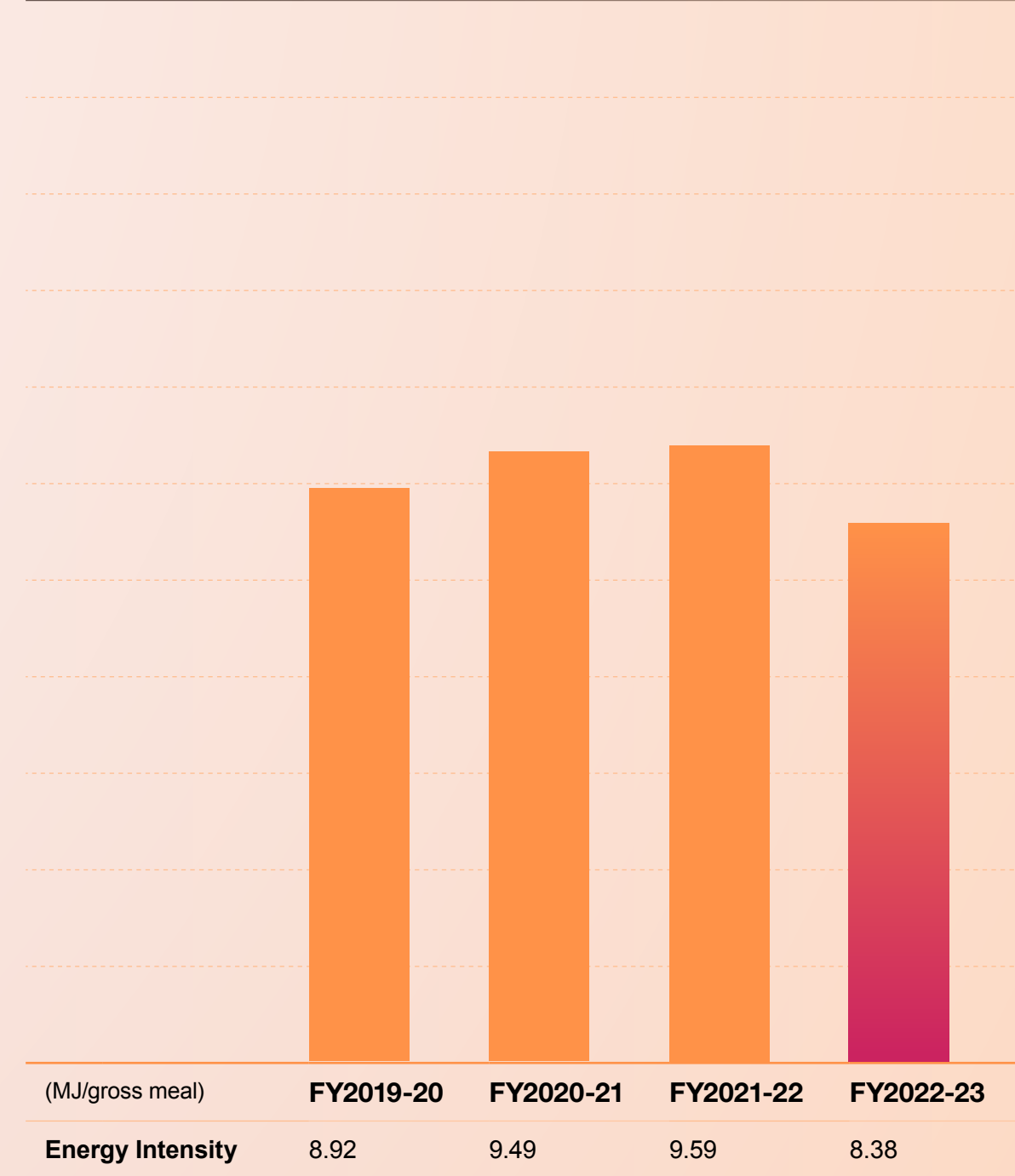
To establish greater accountability for our decarbonisation roadmap, SATS introduced carbon intensity reduction as part of management performance targets linked to remuneration since FY22. We have been tracking our carbon intensity performance for the three most significant areas of our business in Singapore – carbon emissions per gross meal produced, per flight handled and per tonne of cargo handled.

The carbon intensity performance for these three metrics are tracked and reported monthly. Our performance for the year was calculated from the absolute emissions, excluding solar generation, reported for Singapore-based entities only, divided by the respective gross meals, flights, and cargo tonnage recorded in our operating statistics. Carbon intensity for meals and flights showed a downward trend since FY22, primarily driven by higher meal production and flight volumes. Carbon intensity for cargo reflected a slight increase in FY23 due to cargo’s softening volumes.

**Carbon Intensity for Meals**

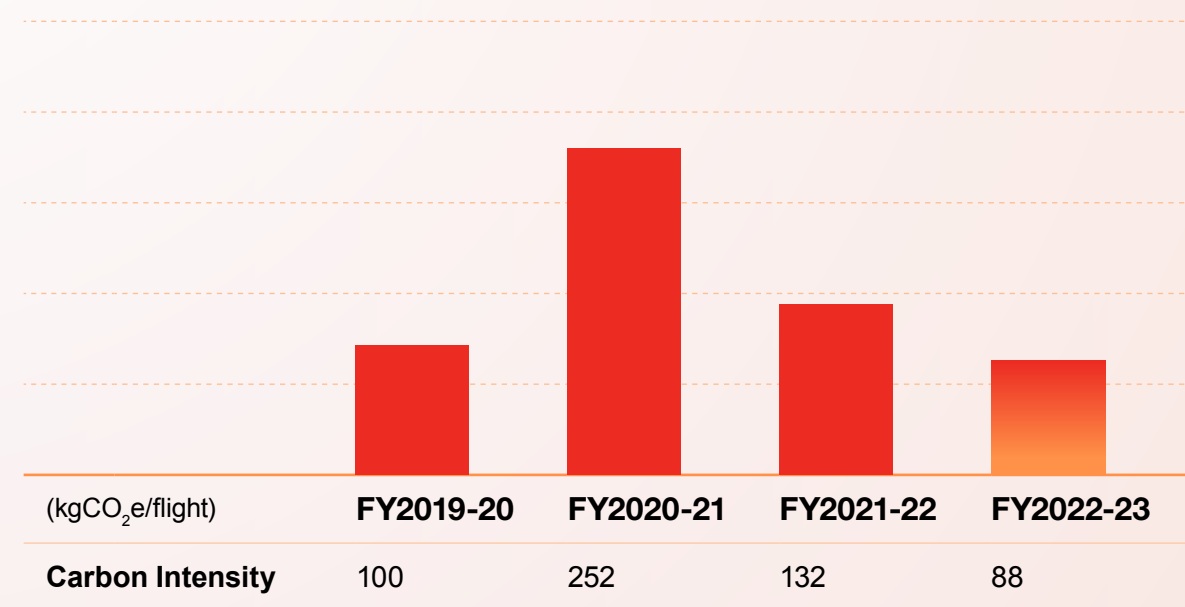


**Energy Intensity for Meals**

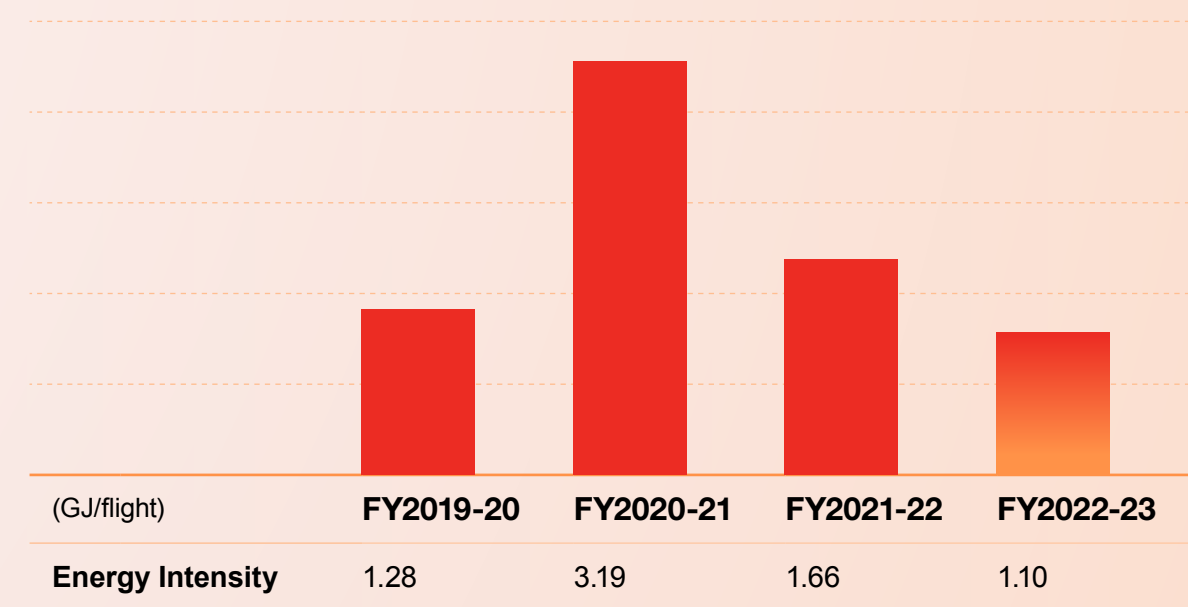




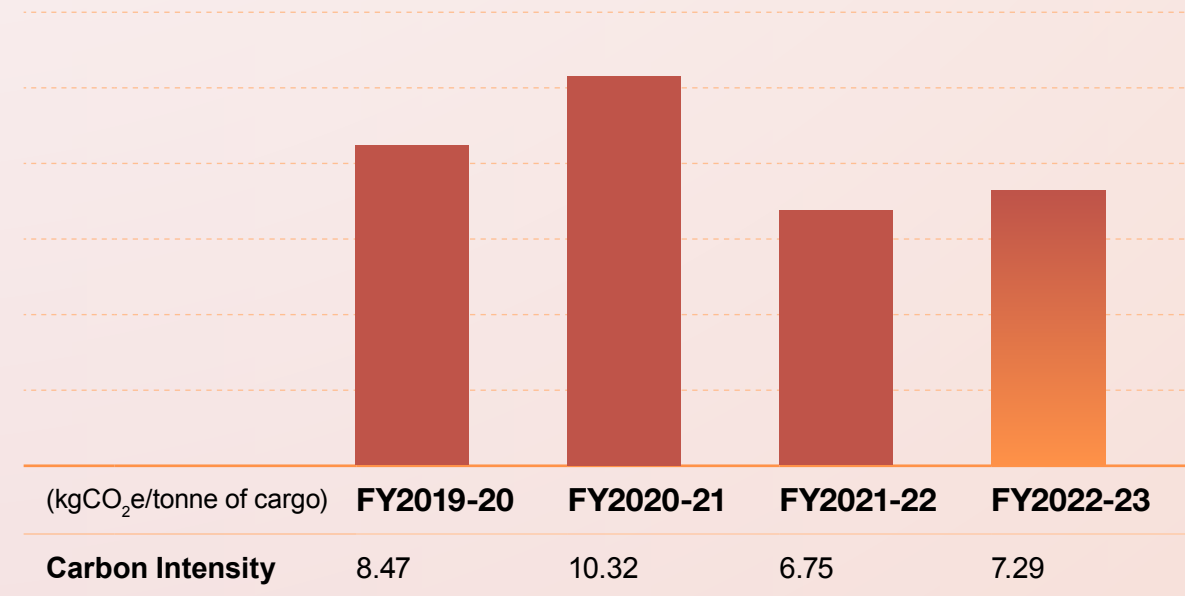
### Carbon Intensity for Flights



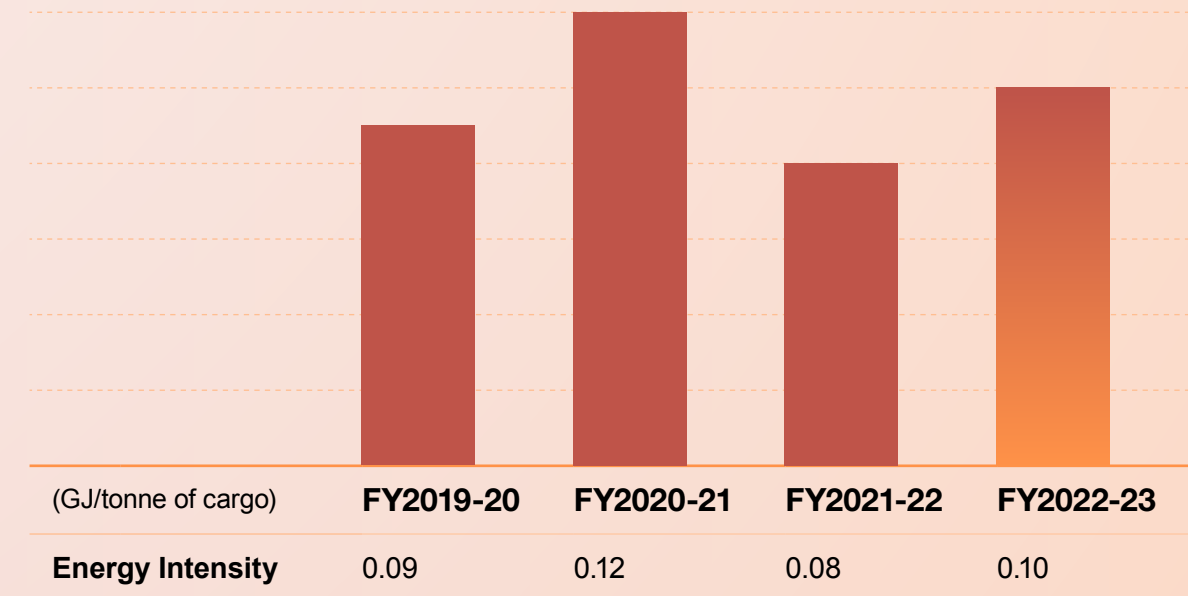
### Energy Intensity for Flights



### Carbon Intensity for Cargo

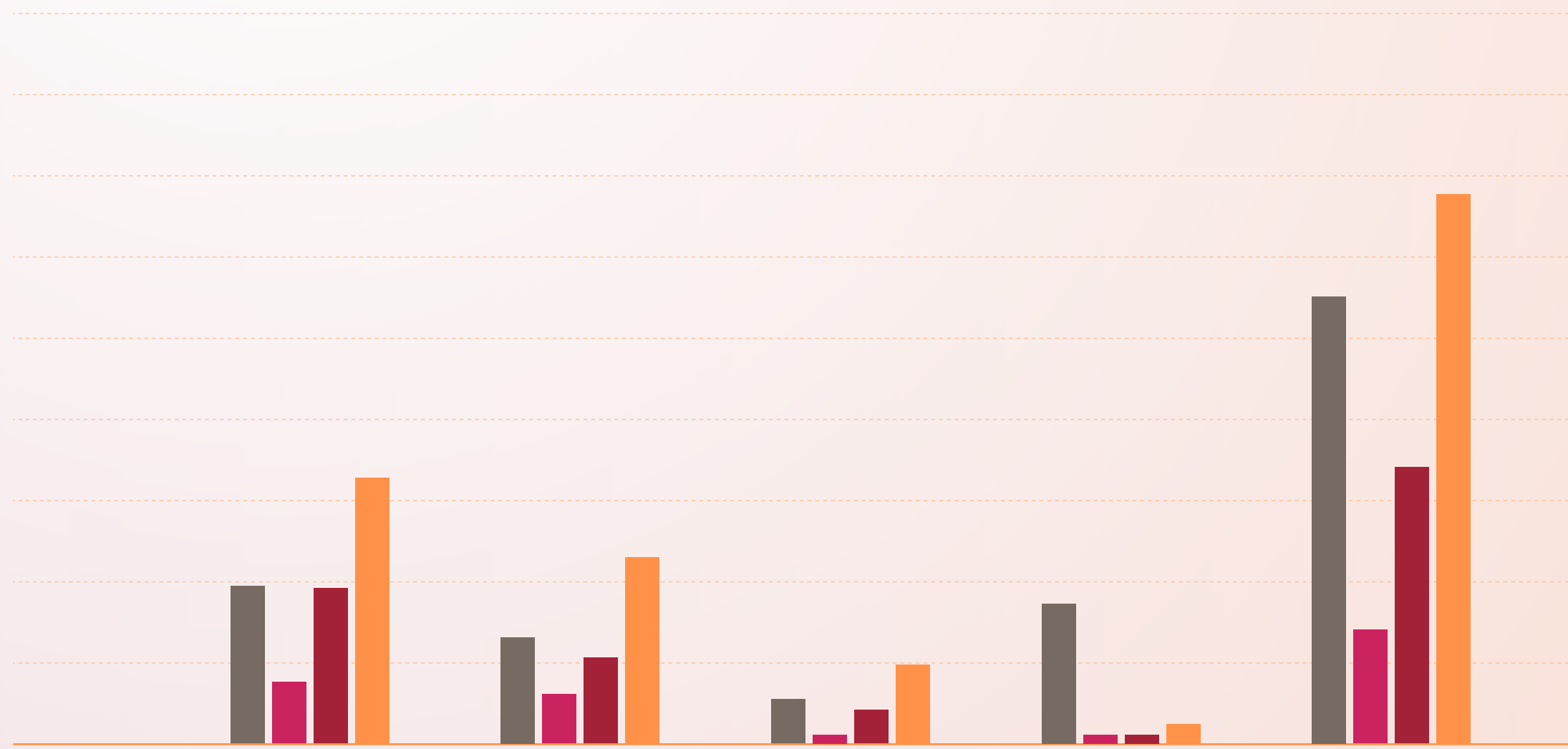


### Energy Intensity for Cargo



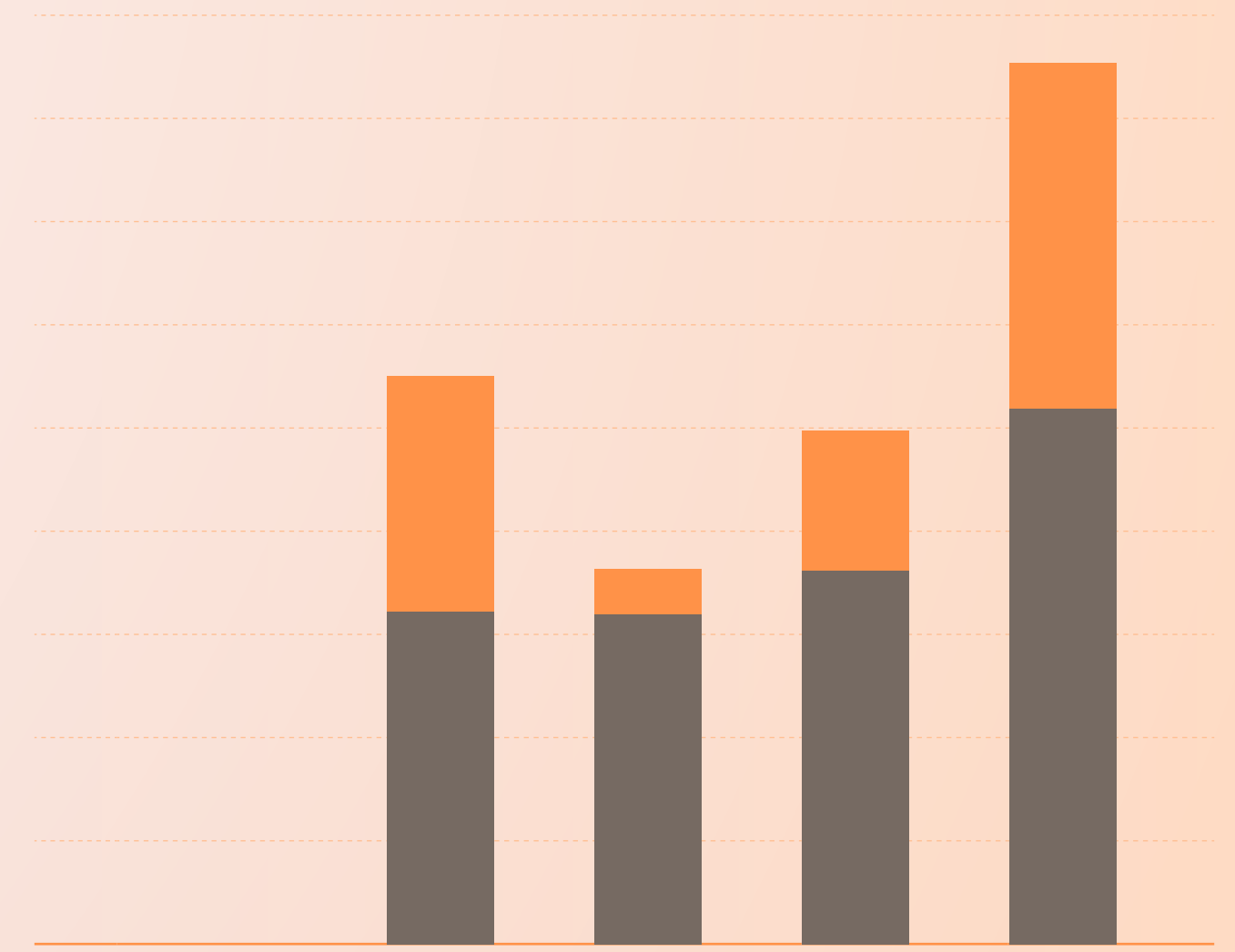


### Total Energy Consumed by Overseas Operations



(GJ)	Electricity and Cooling	Heating and Steam	Diesel - transport	Motor Gasoline - transport	Total
FY2019-20	96,838	65,244	26,989	86,024	275,095
FY2020-21	37,780	30,230	561	1,289	69,860
FY2021-22	95,627	52,882	20,627	1,001	170,137
FY2022-23	163,621	114,437	48,289	11,795	338,142

### Scope 1, 2 and Total Emissions for Overseas Operations



(tCO <sub>2</sub> e)	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Scope 1	11,445	2,208	6,812	16,738
Scope 2	16,111	15,971	18,105	25,960
Total emissions	27,556	18,179	24,917	42,698



## Scope 3 Emissions

### Methodology

This is SATS' second year calculating our Scope 3 emissions. Similar to last year, we conducted a high-level spend-based assessment to identify the sources of emissions within our value chain. We used the Quantis assessment tool, the GHG Protocol approved tool that applies industry-average emissions factors based on the economic value of purchased goods and services.

As the Quantis assessment tool will be discontinued later this year, SATS will be exploring other methods to enhance the reporting of our Scope 3 emissions moving forward.

### Boundary

To obtain our spend-based data, the Sustainability team collaborated with colleagues from various departments across SATS, including Global Procurement, SATS Procurement Services, Finance, as well as operational teams in both Gateway Services and Food Solutions. We also worked closely with our local and

overseas subsidiaries, joint ventures, investments, and associates to gather and analyse data. Notably, this year we adopted a hybrid approach for calculating Category 15: Investments, combining real activity data with the investment value in dollars. While the majority of SATS' subsidiaries, joint ventures, investments, and associates provided their Scope 1 and 2 data, we are exploring training programmes to enhance data collection accuracy and comprehensiveness for those who were unable to provide complete data. This approach will ensure a more accurate and holistic calculation for Category 15 in future reporting cycles.

### Key Findings

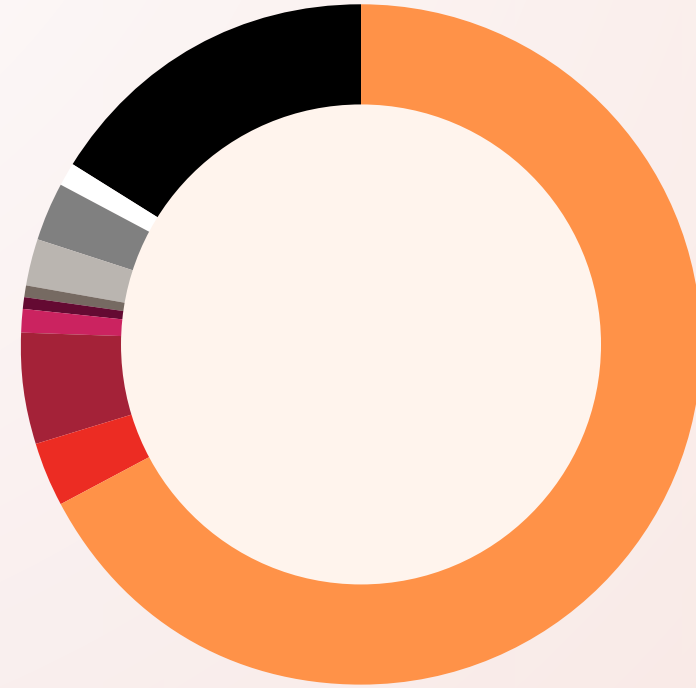
From last year's assessment, we identified that our hotspots largely stemmed from the two main segments of "Agriculture, Hunting, Forestry and Fishing" and "Food, Beverages and Tobacco" under Category 1: Purchased Goods and Services. That assessment helped us focus our efforts on our strategic food suppliers through our Supplier Engagement Programme.

This year, we continue to observe similar hotspots, with Scope 3 contributing to about 81% of our total emissions. Under Scope 3, Category 1: Purchased Goods and Services accounted for approximately 67% of emissions which is similar to that of our FY20 baseline. The sectors that made the most significant contributions within this category align with the findings from the previous year: "Agriculture, Hunting, Forestry, and Fishing", as well as "Food, Beverages, and Tobacco". Notably, within these sectors the purchase of meat and poultry remains the primary driver of emissions for SATS.

Another significant finding relates to Category 15: Investments. Last year, we estimated emissions from this category using the dollar value of investments, which amounted to around 192,280 tCO<sub>2</sub>e per year (approximately 23% of total Scope 3 emissions). This year, employing a hybrid approach that combines real activity data with the dollar amount of investment, emissions from this category reflected a more accurate 143,199 tCO<sub>2</sub>e per year (approximately 16% of total Scope 3 emissions). Nonetheless, Category 15: Investments continues to be the second largest contributor to SATS' Scope 3 emissions.

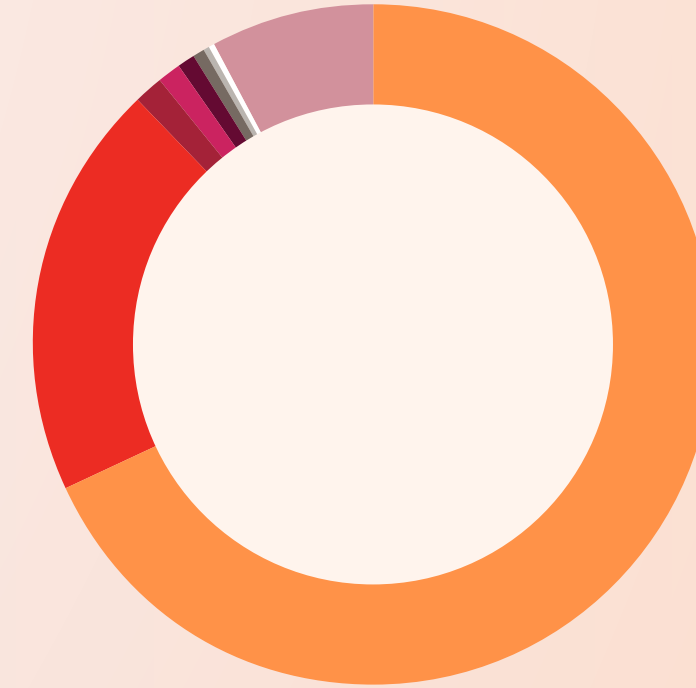


### Scope 3 Emissions Breakdown (tCO<sub>2</sub>e)



Category	(%)
1: Purchased goods and services	67.3%
2: Capital goods	3.1%
3: Fuel and energy-related activities (not included in Scope 1 and 2)	5.4%
4: Upstream transportation and distribution	0.9%
5: Waste generated in operations	0.7%
6: Business travel	0.4%
7: Employee commuting	2.3%
8: Upstream leased assets – (Under operational control method – it is assumed that leased assets are covered under Scope 1 and 2)	0%
9: Downstream transportation and distribution	Negligible
10: Processing of sold products	Negligible
11: Use of sold products – NA to SATS	0%
12: End of life of sold products	2.8%
13: Downstream leased assets	1.1%
14: Franchises – NA to SATS	NA
15: Investments	16.0%

### Breakdown of Category 1: Purchased Goods and Services (tCO<sub>2</sub>e)



Broad sector of purchased goods and services	(%)
1. Agriculture, Hunting, Forestry and Fishing	68.73%
2. Food, Beverages and Tobacco	19.69%
3. Other Supporting and Auxiliary Transport Activities; Activities of Travel Agencies	1.60%
4. Real Estate Activities	0.97%
5. Sale, Maintenance and Repair of Motor Vehicles and Motorcycles, Retail Sale of Fuel	0.51%
6. Rubber and Plastics	0.29%
7. Pulp, Paper, Paper, Printing and Publishing	0.28%
8. Chemicals and Chemical Products	0.25%
9. Others	7.68%



**Environmental  
GRI Disclosures**

One of the themes of our sustainability framework is to reduce and process food and packaging waste responsibly. For food waste specifically, our goal is to halve food waste intensity in all operations by 2028 from our 2021 baseline. Similar to carbon intensity, food waste intensity is measured by the total volume of food waste per unit of production output. In FY23, we achieved a food waste intensity of 2.3% compared to 4.1% in the previous financial year, thanks to initiatives such as greater standardisation of raw materials across channels as well as improvements in related procurement practices.

**GRI 306: Waste generation**

**Total weight of non-hazardous waste 24,005 tonne**

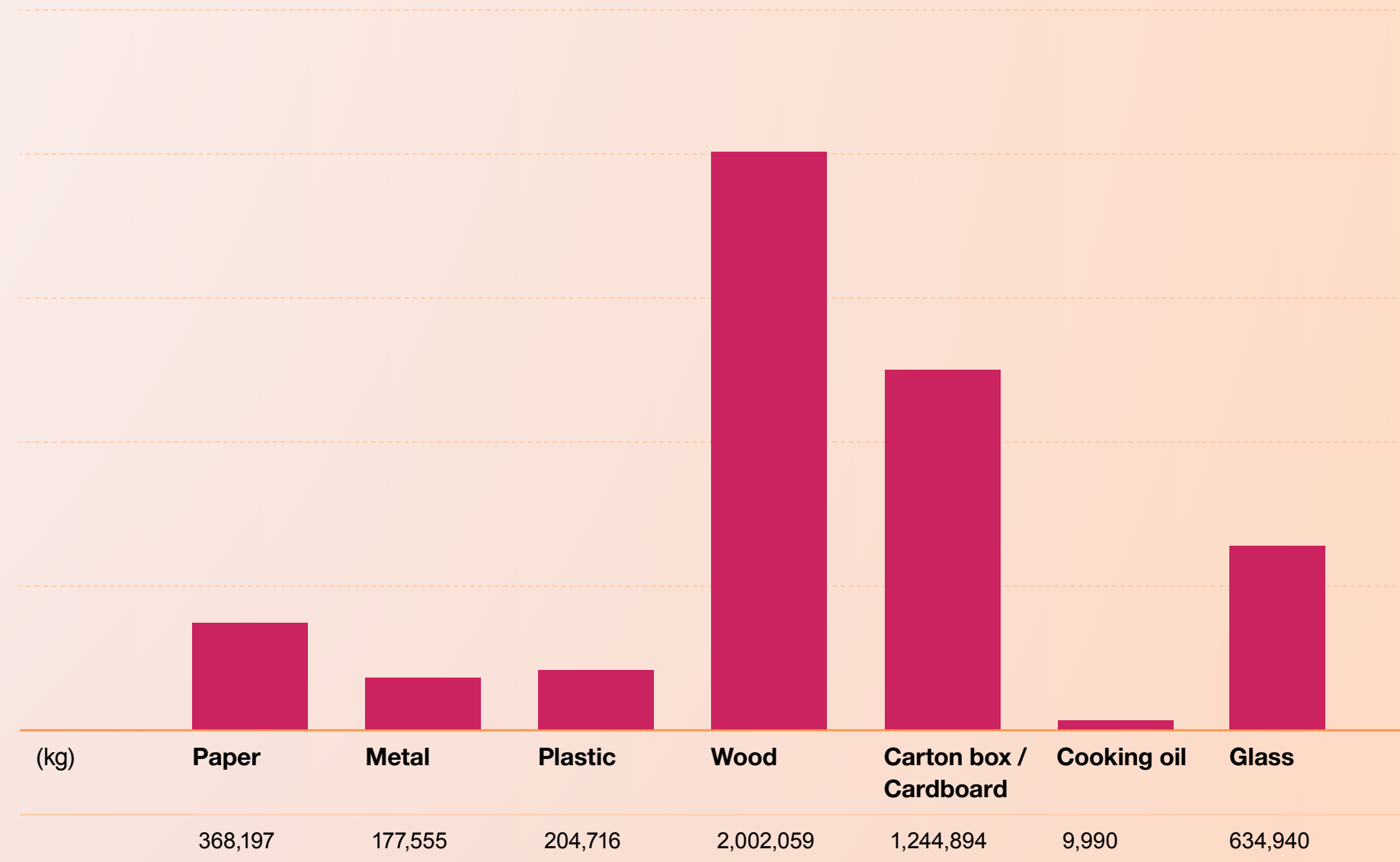
**Total weight of hazardous waste 62.3 tonne**

Hazardous Waste	Weight (tonne)	Disposal Method
Hazardous solid waste	11.4	Incineration
Waste oil	50.9	Recycled
<b>Total</b>	<b>62.3</b>	

Non-hazardous Waste	Weight (tonne)	Disposal Method
General Waste	19,363	Incineration
Recyclable Waste	4,642	Recycled
<b>Total</b>	<b>24,005</b>	

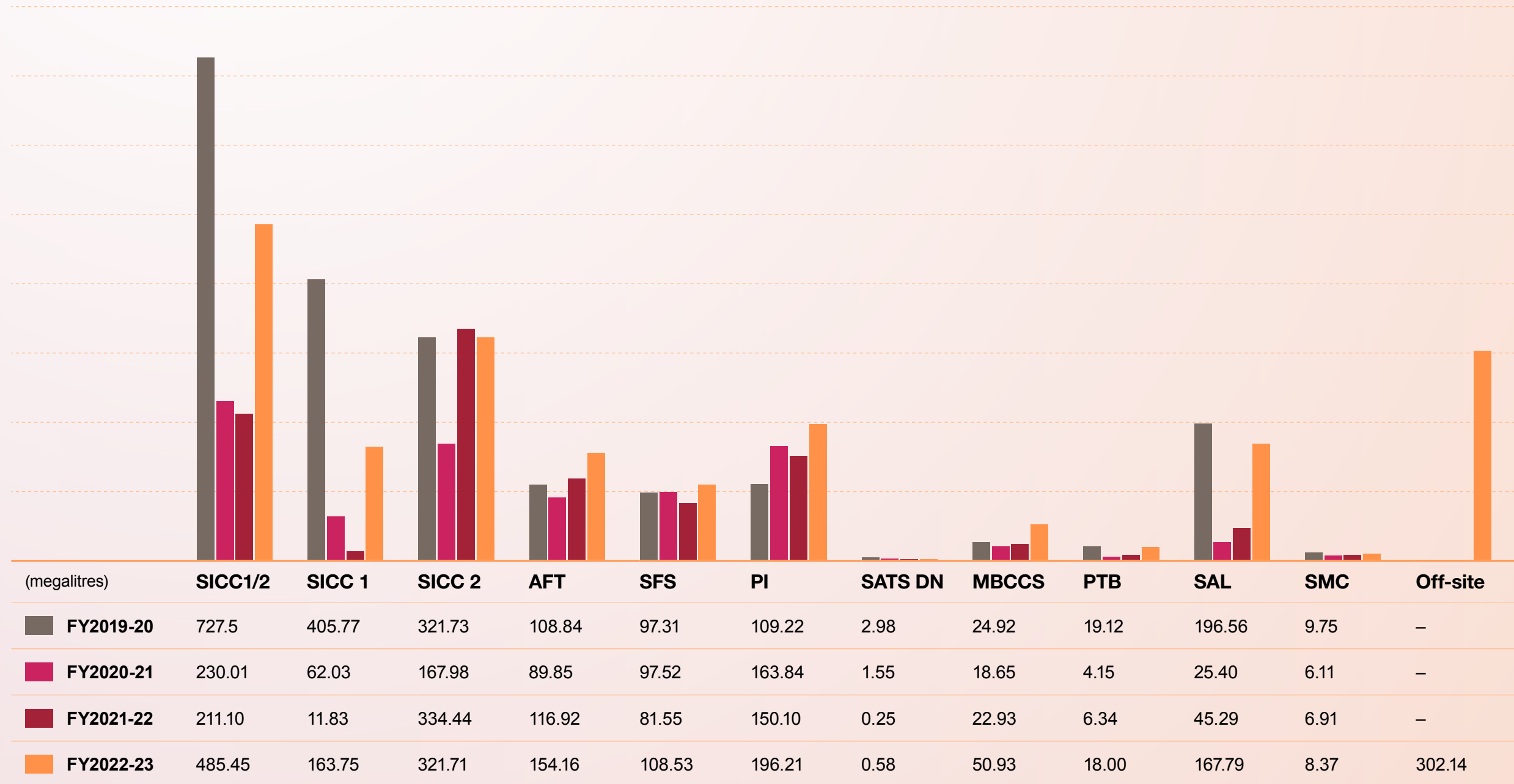
During the reporting period, our operations in Singapore generated about 2.7 times more general waste compared to FY22. This was a result of the ramp up in aviation volumes and the reopening of SATS Inflight Catering Centre 1, which led to a 5.3 times increase in flights handled and 2.6 times increase in gross meals produced. About 19% of non-hazardous waste was recycled.

**Total Weight of Recycled Waste by Type**



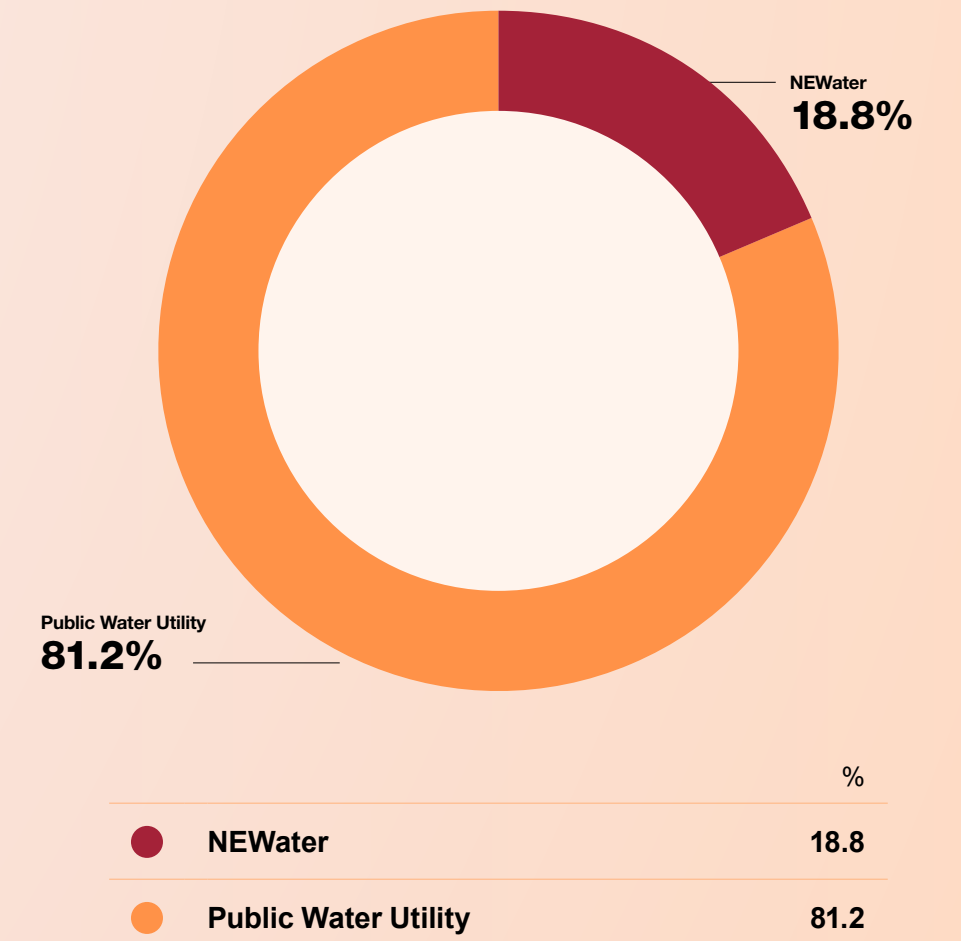


## Water Withdrawal on Singapore Premises



\* Off-site refers to production of meals on our clients' premises and utilities are within operational control. These premises include hospitals, Home Team Academy and SAF Cookhouses.

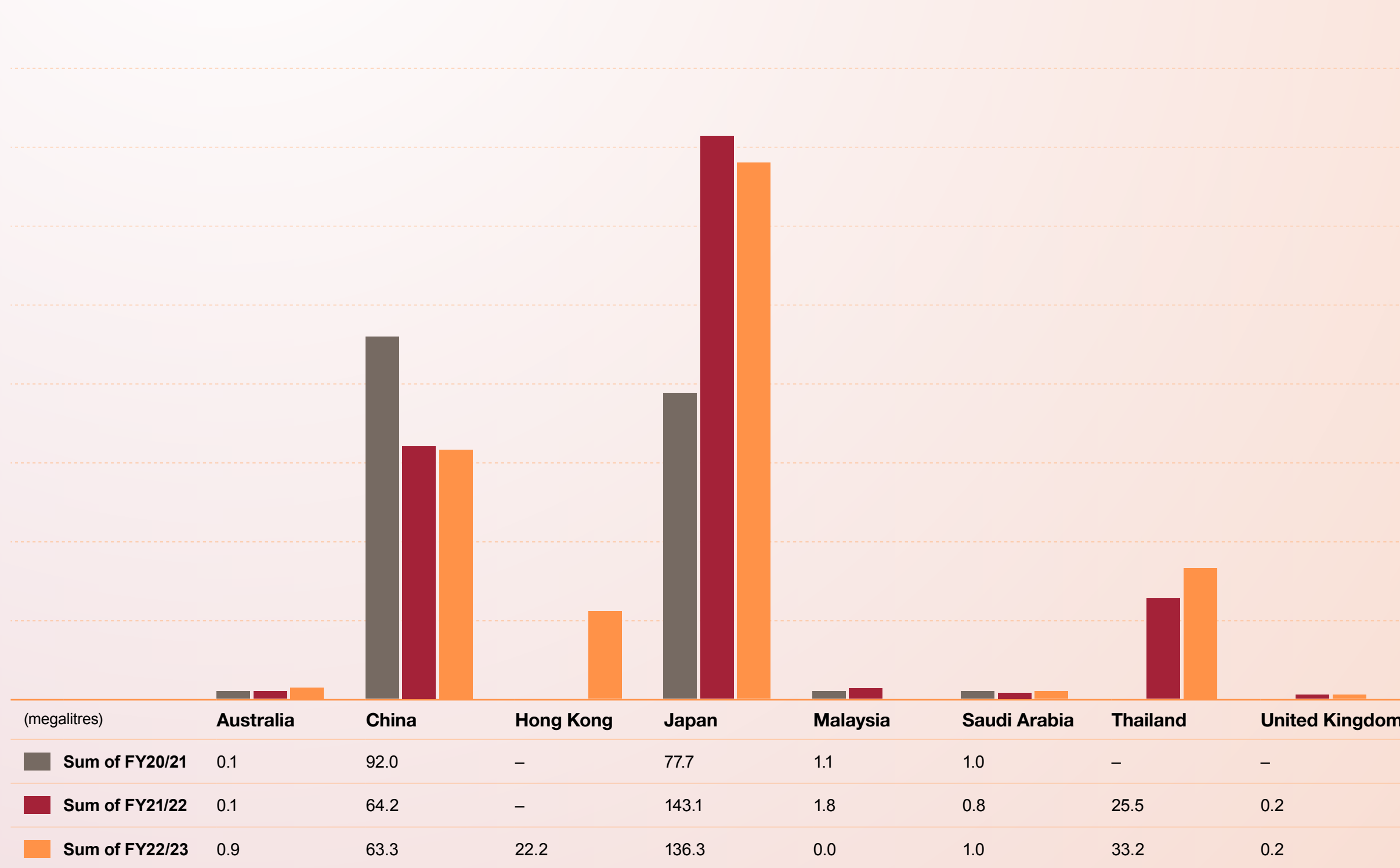
## Water Sources at SICC2



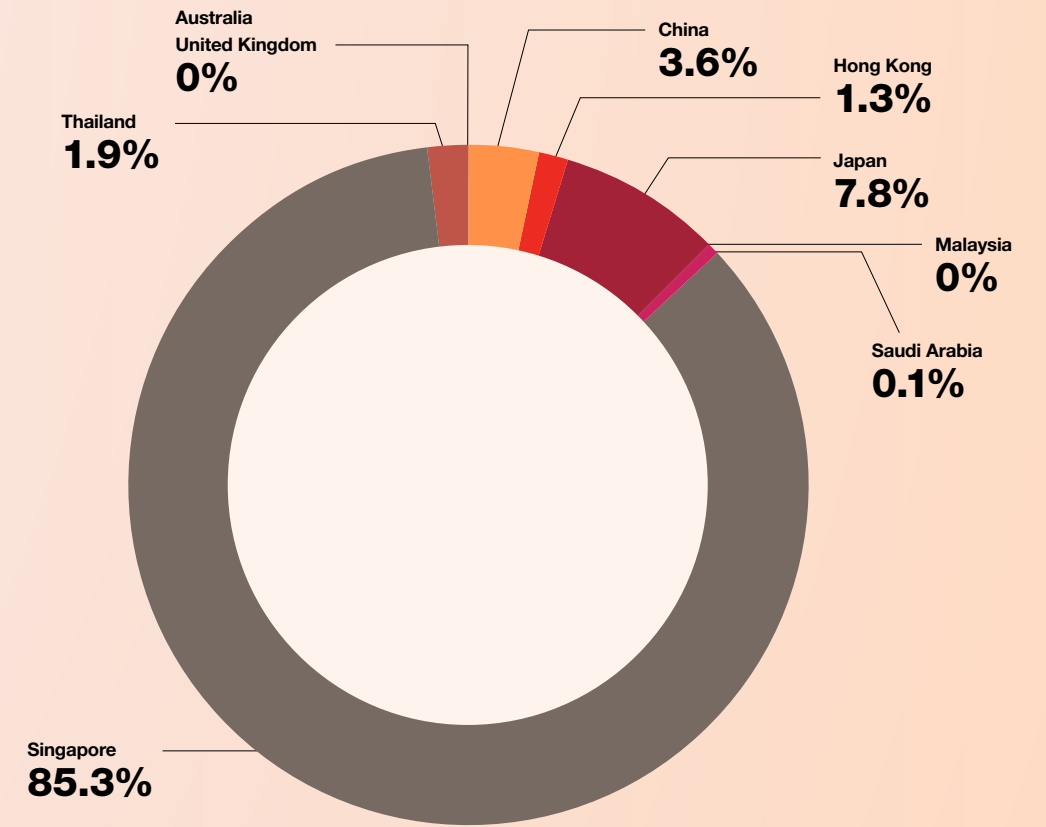
\* SICC2 sits on the distribution network of NEWater. In FY2223, NEWater contributed to 19% of total consumption.



## Water Withdrawal by Overseas Operations



## Water Withdrawal by Country



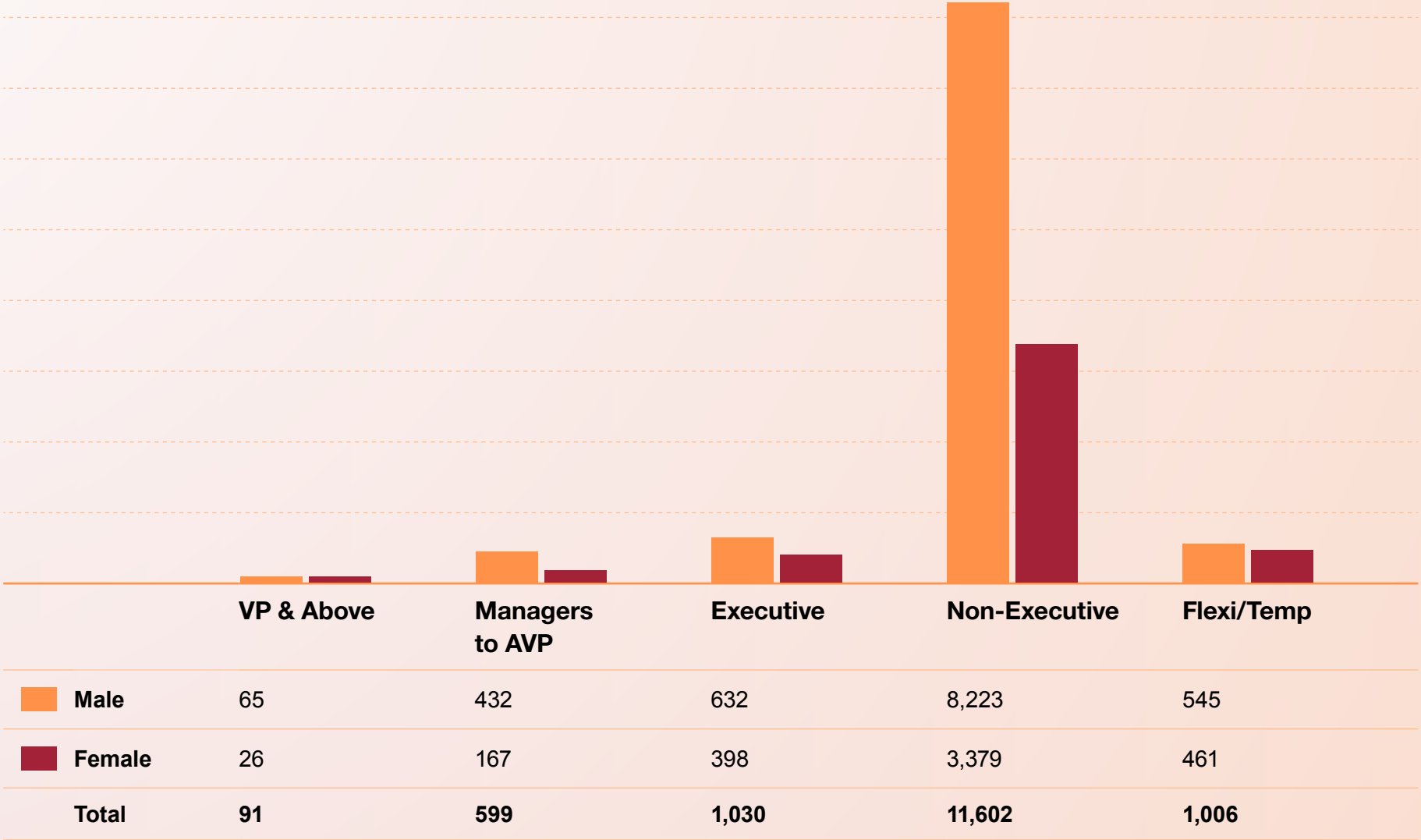
	Megalitres
Australia	0.9
China	63.3
Hong Kong	22.2
Japan	136.3
Malaysia	0.0
Saudi Arabia	1.0
Singapore	1,492.2
Thailand	33.2
United Kingdom	0.2
<b>Total</b>	<b>1,749.2</b>



# Social GRI Disclosures

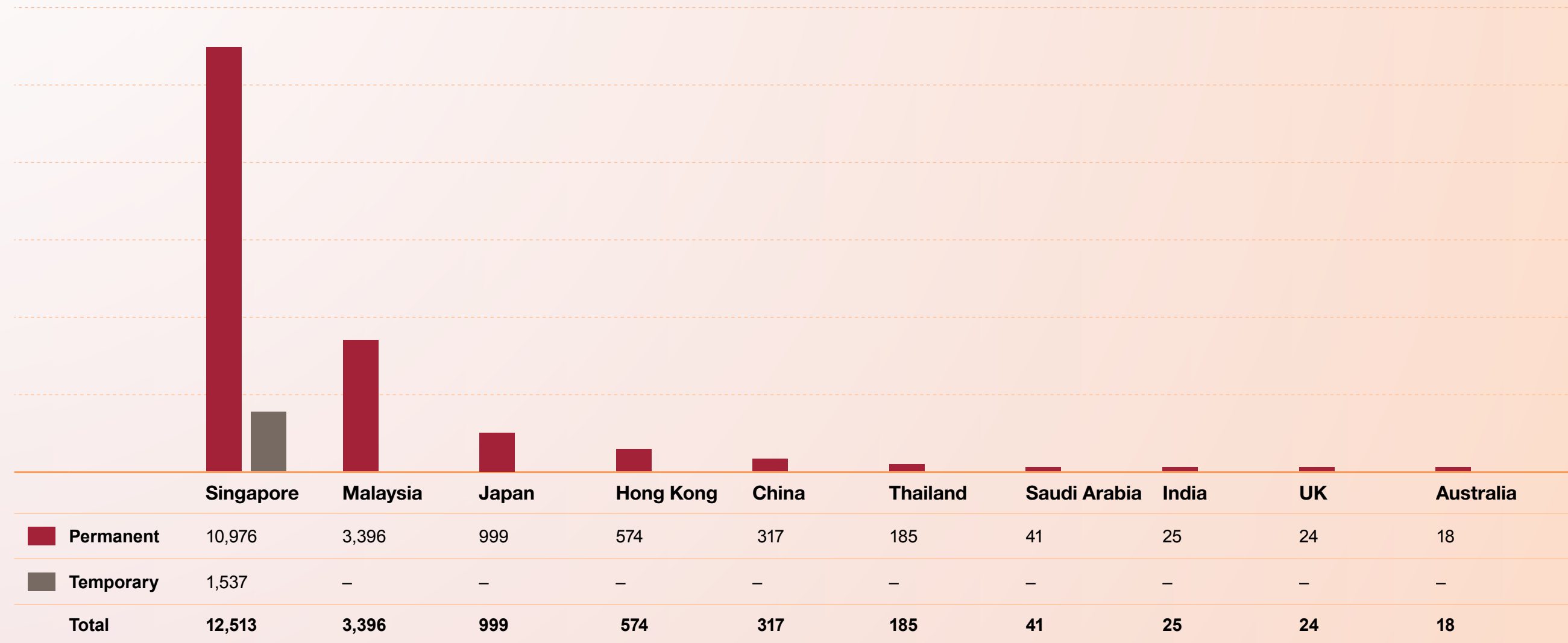
As of 31 March 2023, the group's total full-time employee headcount stands at 16,555, of which 19.8% have been with the company for 20 years or more. Our overall annualised rate of new hires is 56% while the overall annualised voluntary attrition rate is 18%.

Employee Category by Gender



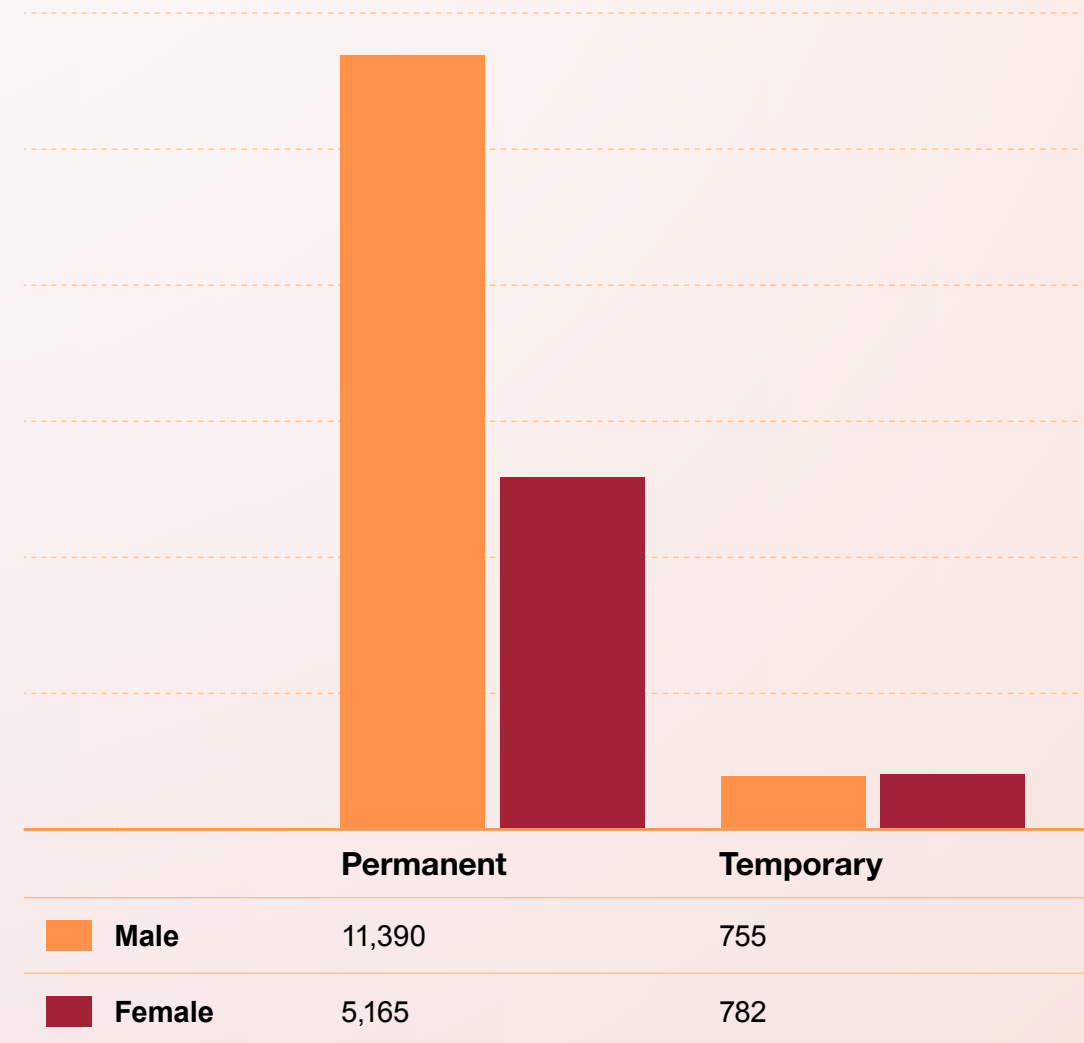


### Total Number of Employees by Employee Contract by Region



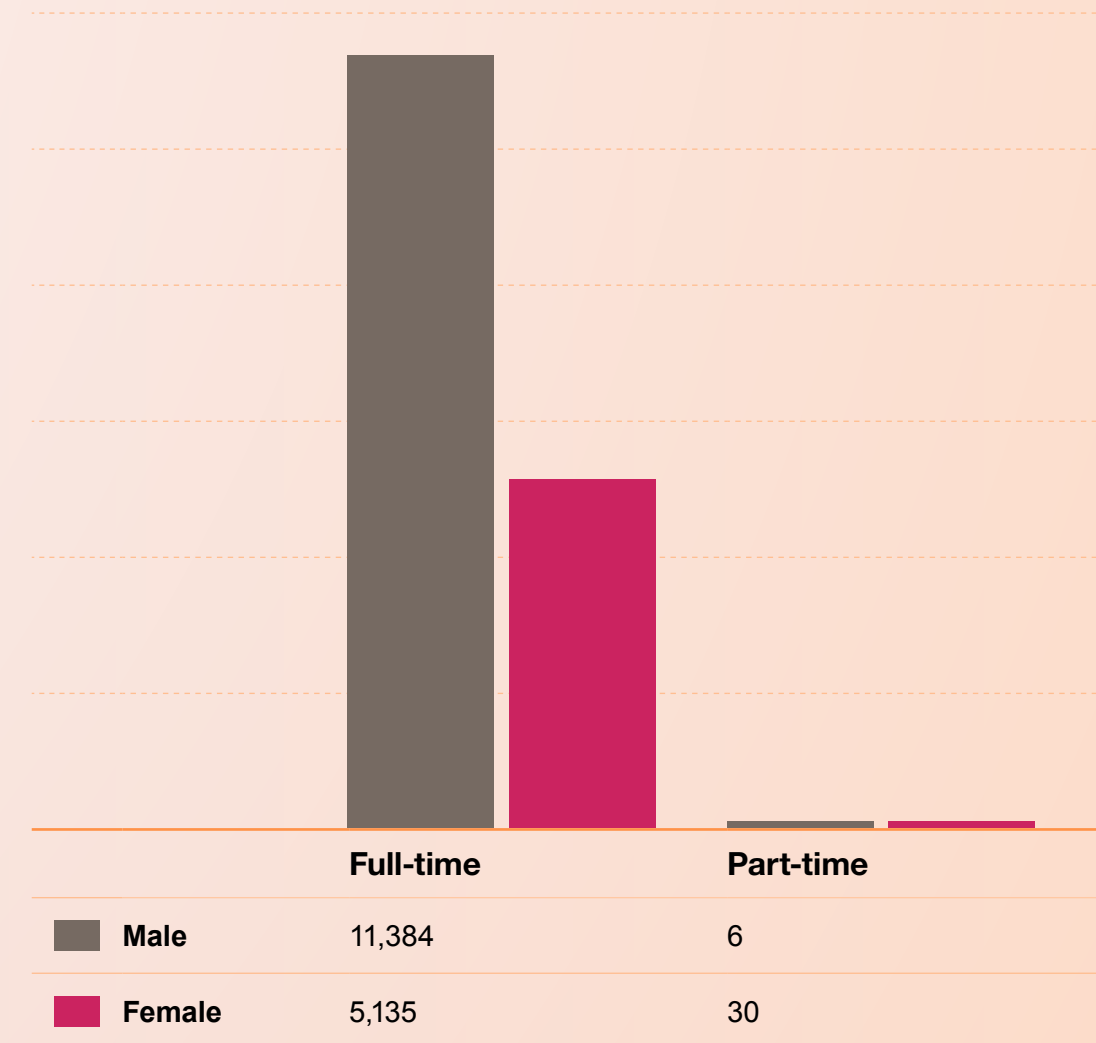


### Total Number of Employees by Employment Contract by Gender



Term contract employees are known as temporary staff and refer to those who are on fixed-term contracts of employment that will terminate upon the expiry of a specific term unless it is renewed.

### Total Number of Employees by Employment Type by Gender



“**Part-time employee**” refers to an employee who is required under his or her contract of service with an employer to work for less than 35 hours a week.

“**Full-time employee**” refers to an employee who is required under his or her contract of service with an employer to work for not less than 35 hours a week.

Both “full-time” and “part-time” employees are considered “permanent employees”.



Social  
GRI Disclosures

**GRI Standard  
102-41**

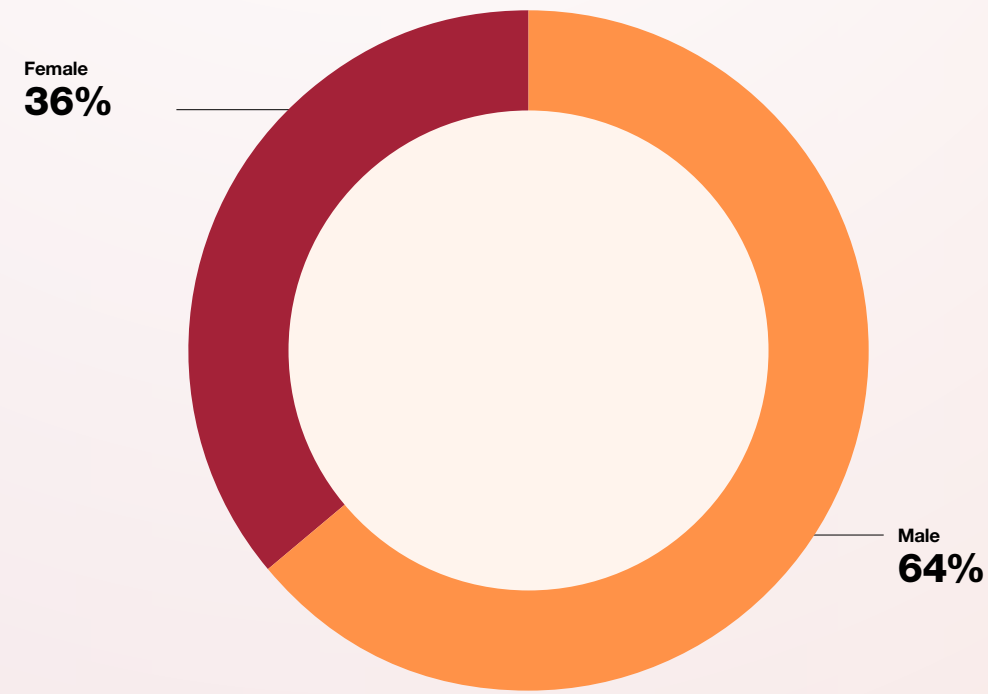
Entity	Count of Employees covered by collective bargaining agreements	Percentage of total employees covered by collective bargaining agreements
SATS Singapore	4,963	52.18%
SATS Shared Services (Malaysia)	Not applicable	Not applicable
GTR	Not applicable	Not applicable
SATS Greater China	Not applicable	Not applicable
SATS India	Not applicable	Not applicable
SATS TFK (Japan)	990	99.10%
SATS Thailand	Not applicable	Not applicable
SATS Saudi Arabia	Not applicable	Not applicable
Monty's Bakehouse	Not applicable	Not applicable
AAT (Hong Kong)	Not applicable	Not applicable
<b>TOTAL</b>	<b>5,953</b>	<b>56.64%</b>

The reason for employees not covered by collective bargaining agreements in the entities that state "Not applicable" is the non-existence of unions.



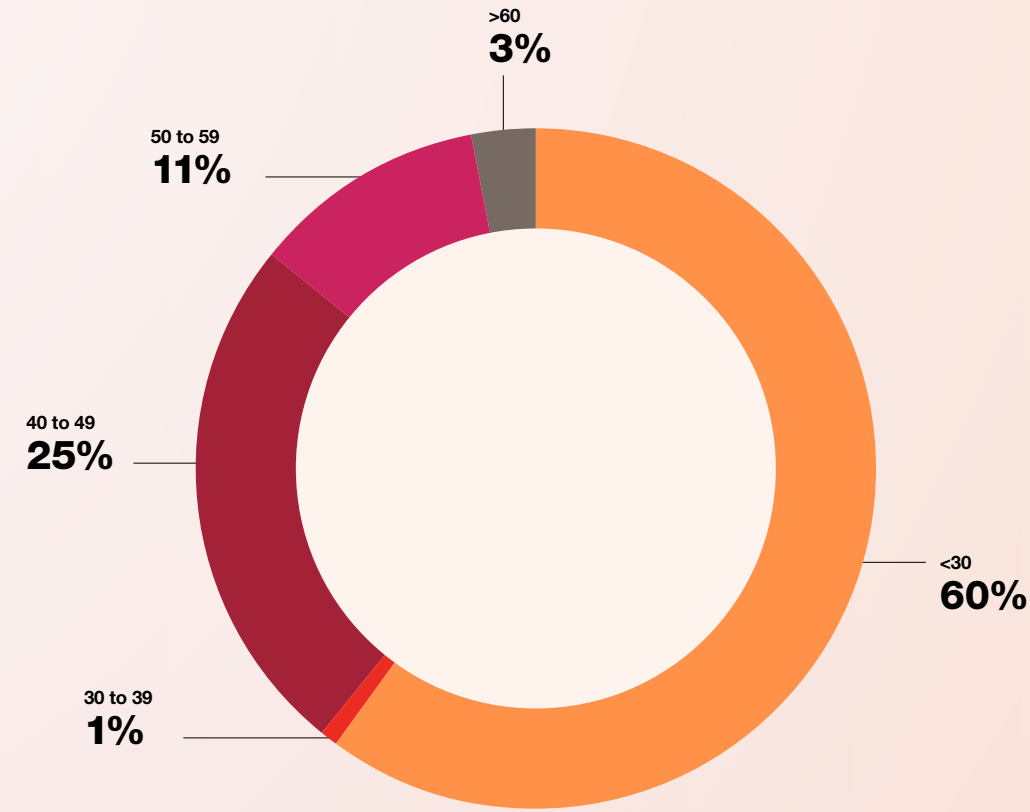
**GRI Standard 401: Employment**

**New Employee Hires by Gender**



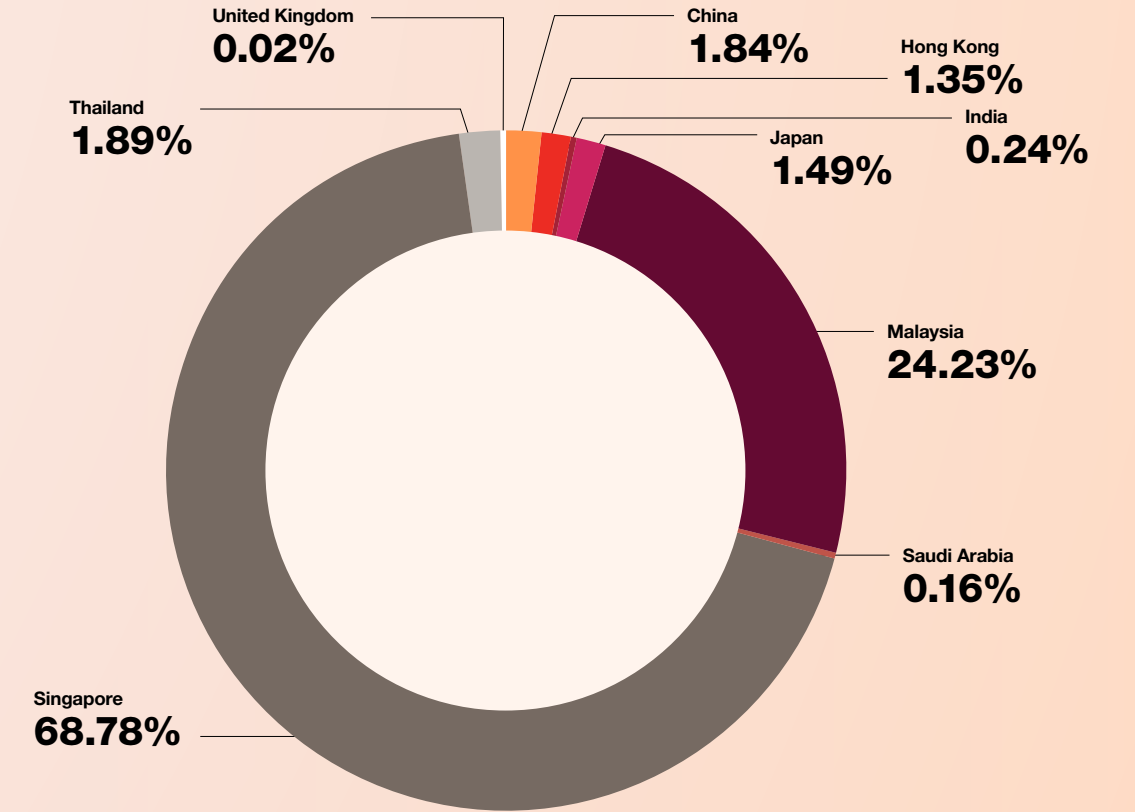
	Total number
Male	5,324
Female	2,950
<b>Total</b>	<b>8,274</b>

**New Employee Hires by Age Group**



	Total number
<30	4,932
30 to 39	119
40 to 49	2,048
50 to 59	901
>60	274
<b>Total</b>	<b>8,274</b>

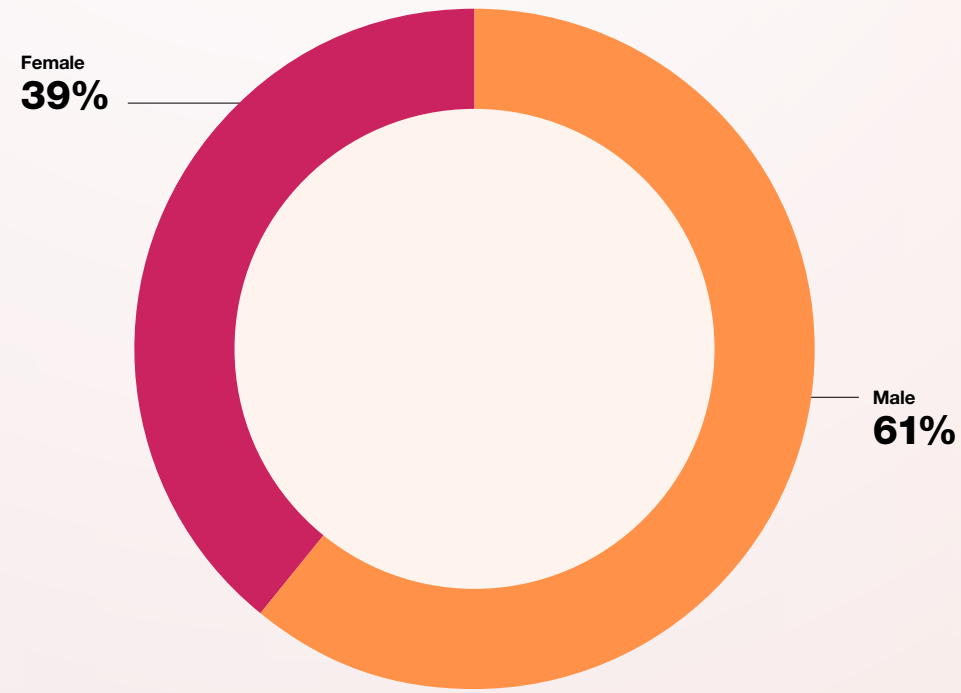
**New Employee Hires by Region**



	Total number
China	152
Hong Kong	112
India	20
Japan	123
Malaysia	2,005
Saudi Arabia	13
Singapore	5,691
Thailand	156
UK	2
<b>Total</b>	<b>8,274</b>

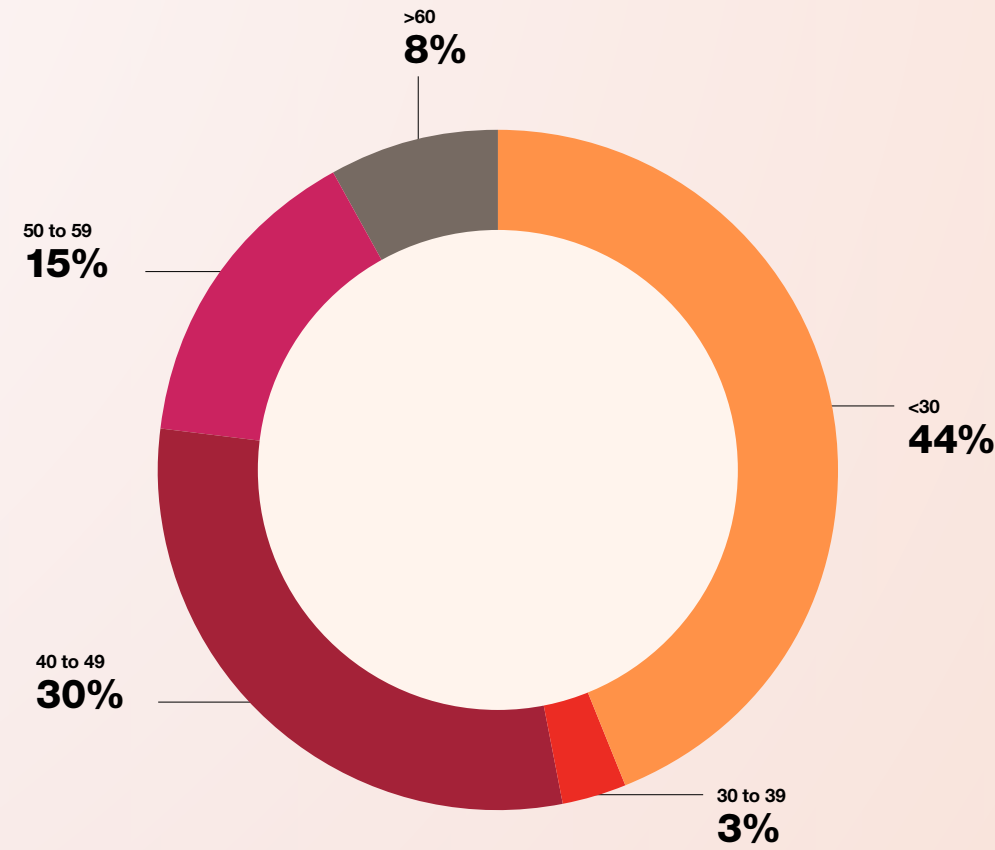


### Employee Turnover by Gender



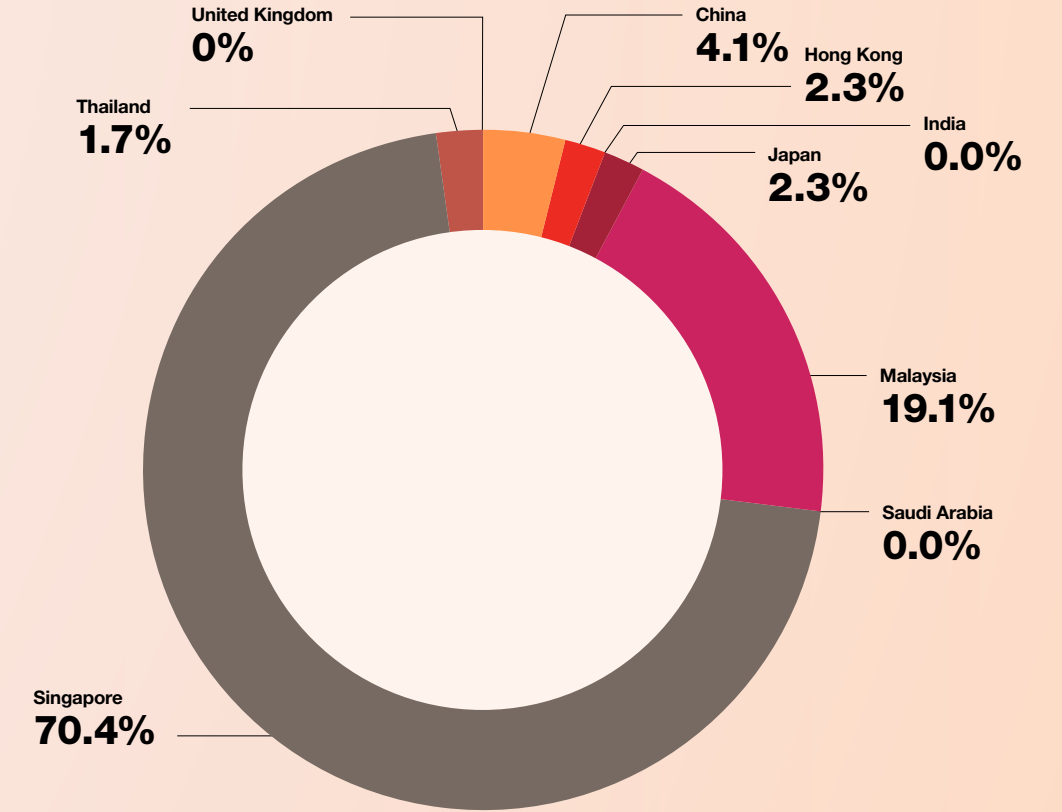
	Total number
Male	1,636
Female	1,039
<b>Total</b>	<b>2,675</b>

### Employee Turnover by Age Group



	Total number
<30	1,168
30 to 39	74
40 to 49	816
50 to 59	403
>60	214
<b>Total</b>	<b>2,675</b>

### Employee Turnover by Region



	Total number
China	111
Hong Kong	62
India	2
Japan	61
Malaysia	510
Saudi Arabia	2
Singapore	1,882
Thailand	45
UK	0
<b>Total</b>	<b>2,675</b>



Social  
GRI Disclosures

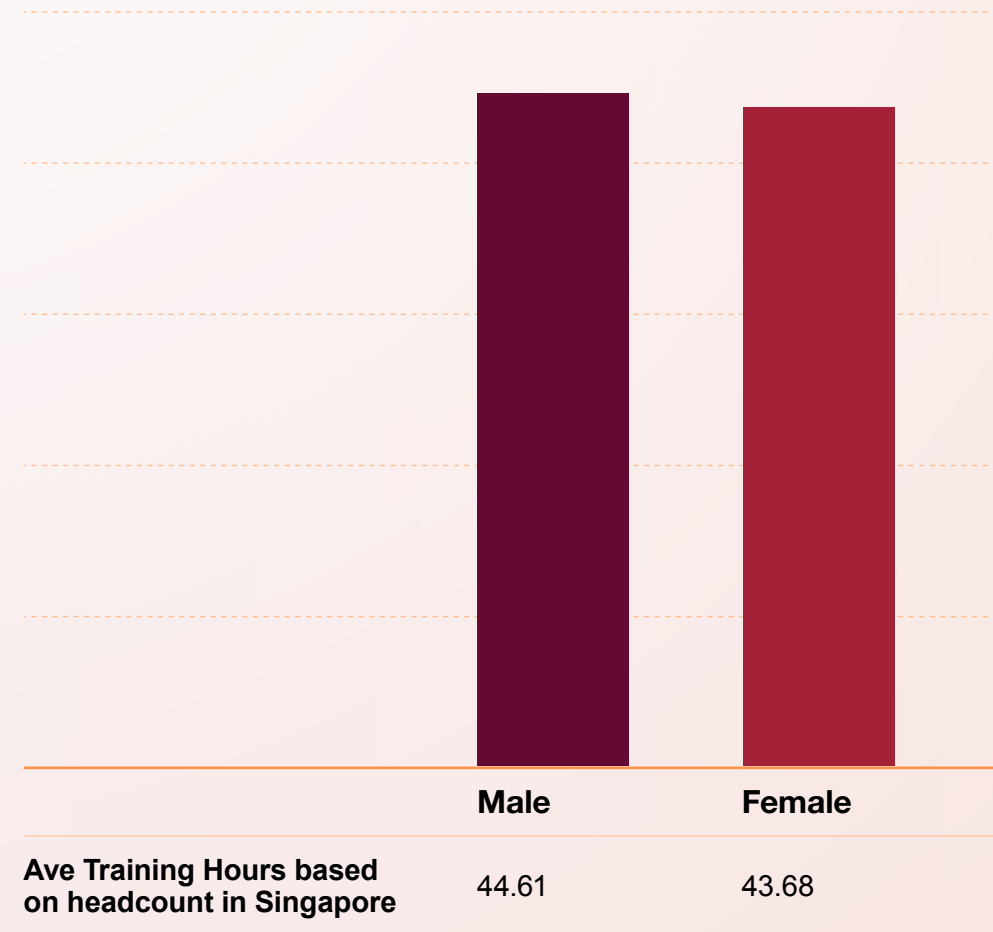
**GRI Standard 402:  
Labour/Management  
Relations**

GRI Standard 402-1 Minimum notice periods regarding operational changes			
Entity	a) Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them.	b) For organisations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements.	Remarks
<b>SATS Singapore</b>	4 weeks. The entire process will typically take approximately a month. We will discuss job role changes with both the union and staff prior to actual deployment.	Yes, notice periods are specified.  1) SATSWU: 2 weeks (employee in employment <5yrs); 1 month (>5yrs) 2) AESU: 2 months 3) SISEU: 1 month 4) FDAWU: 2 weeks	The entire process will typically take approximately a month. We will discuss job role changes with both the union and staff prior to actual deployment.
<b>SATS Shared Services (Malaysia)</b>	2 weeks	Not applicable	
<b>GTR (Malaysia)</b>	Not applicable	Not applicable	
<b>SATS Greater China</b>	30 days	Not applicable	30 days
<b>SATS India</b>	Not applicable	Not applicable	
<b>SATS TFK (Japan)</b>	If there are significant changes in job duties or work rules, we will hold an explanatory meeting for employees approximately one month in advance and, if necessary, ask for their signature on an agreement form. Additionally, we will submit the necessary documents to the Labour Standards Supervision Office.	No specific statement in the agreements	
<b>SATS Saudi Arabia</b>	30 days' notice required to employees prior to the implementation of significant operational changes that could substantially affect them	Not applicable	
<b>Monty's Bakehouse (UK)</b>	As much as possible, maybe 1 – 2 weeks, but depends upon circumstances. No minimum period due to low number of employees.	Not applicable	
<b>SATS Food Solutions (Thailand)</b>	2 weeks prior to actual implementation	Not application	
<b>AAT (Hong Kong)</b>	Not applicable	Not applicable	



**GRI Standard  
404: Training and  
Education**

**Average Training Hours by Gender  
(Singapore)**

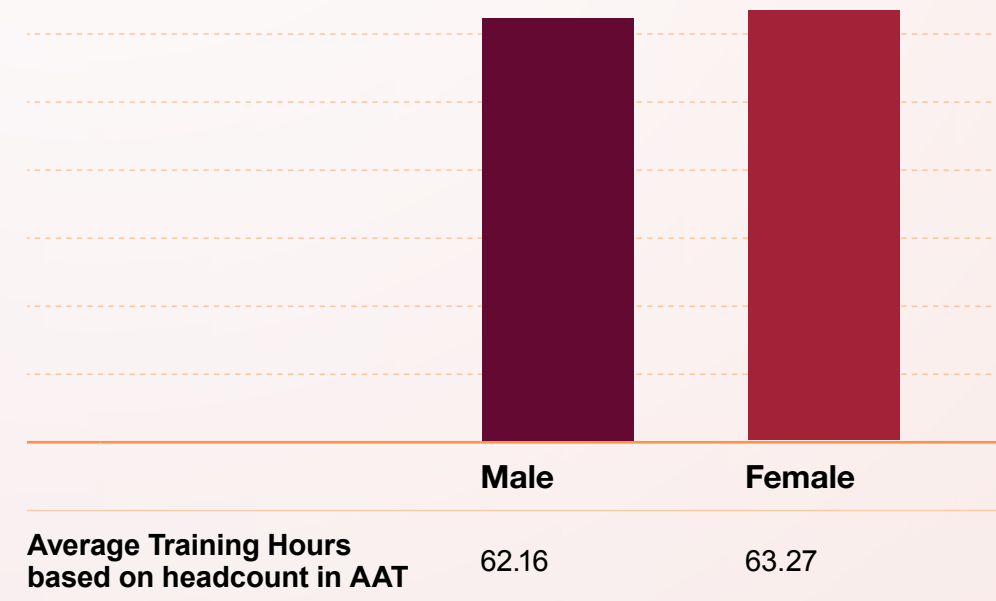


**Average Training Hours by Employee Category  
(Singapore)**

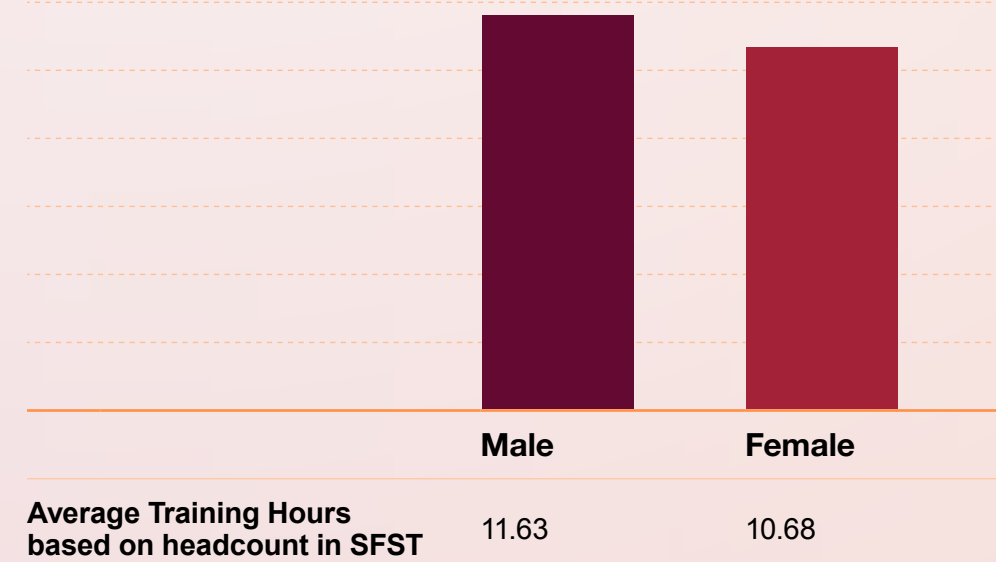




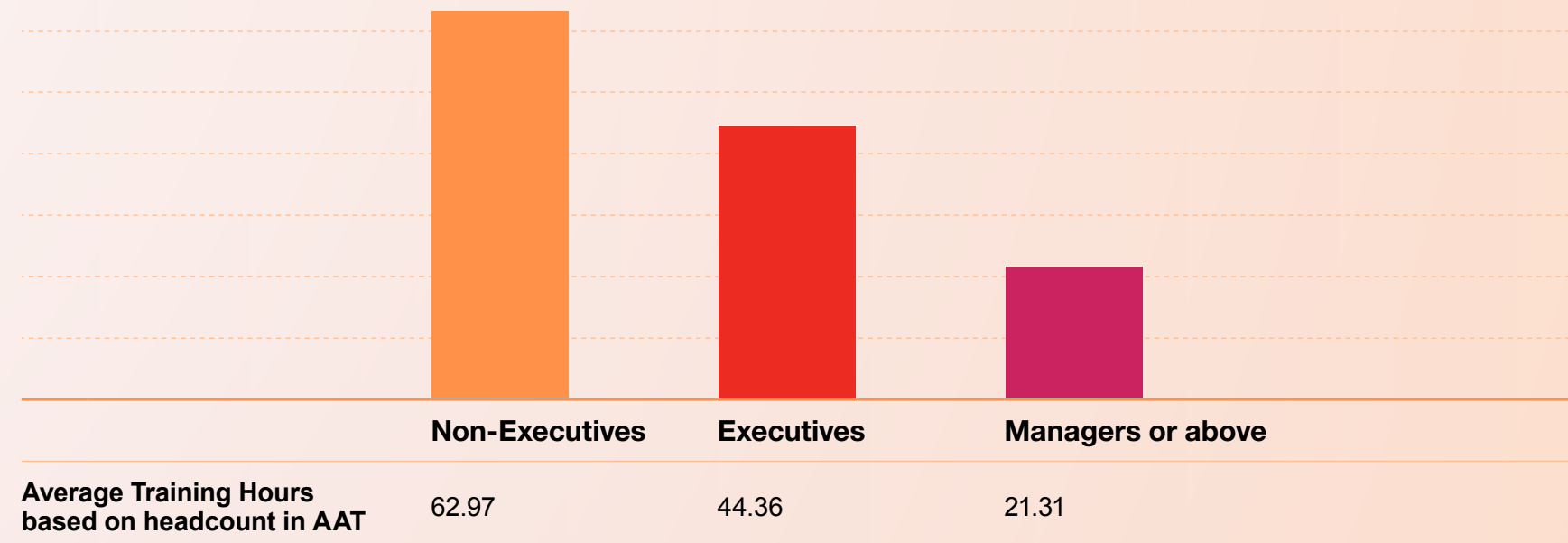
### Average Training Hours by Gender (AAT - Hong Kong)



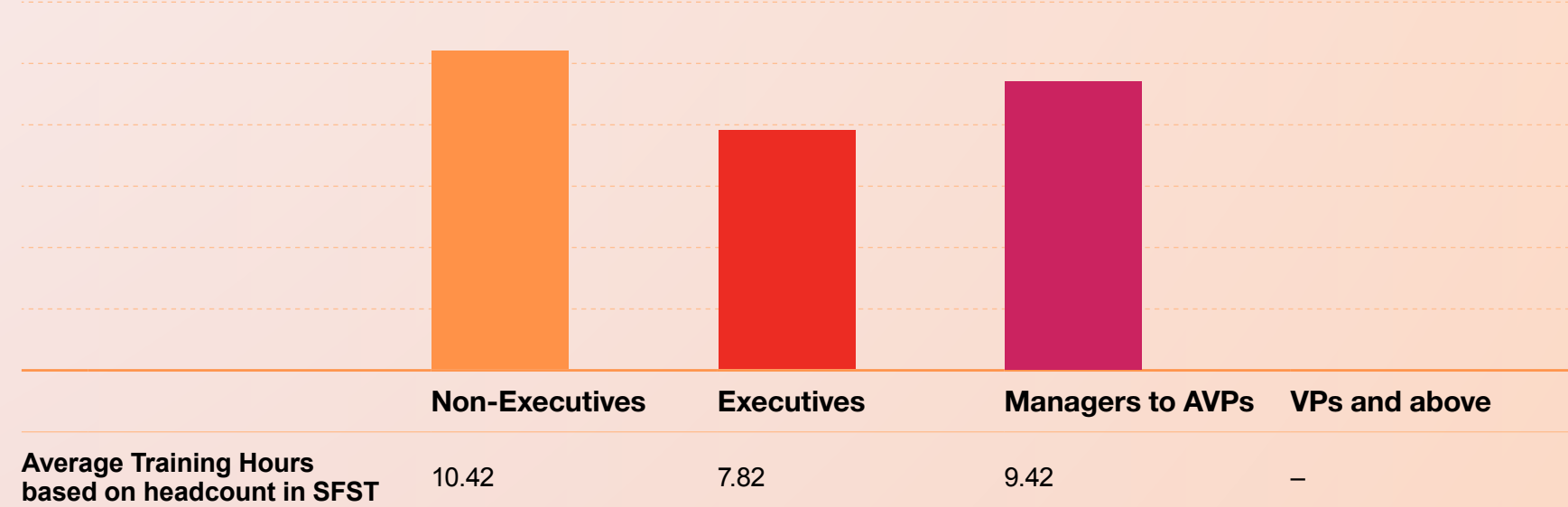
### Average Training Hours by Gender (SATS Food Solutions Thailand)



### Average Training Hours by Employee Category (AAT - Hong Kong)



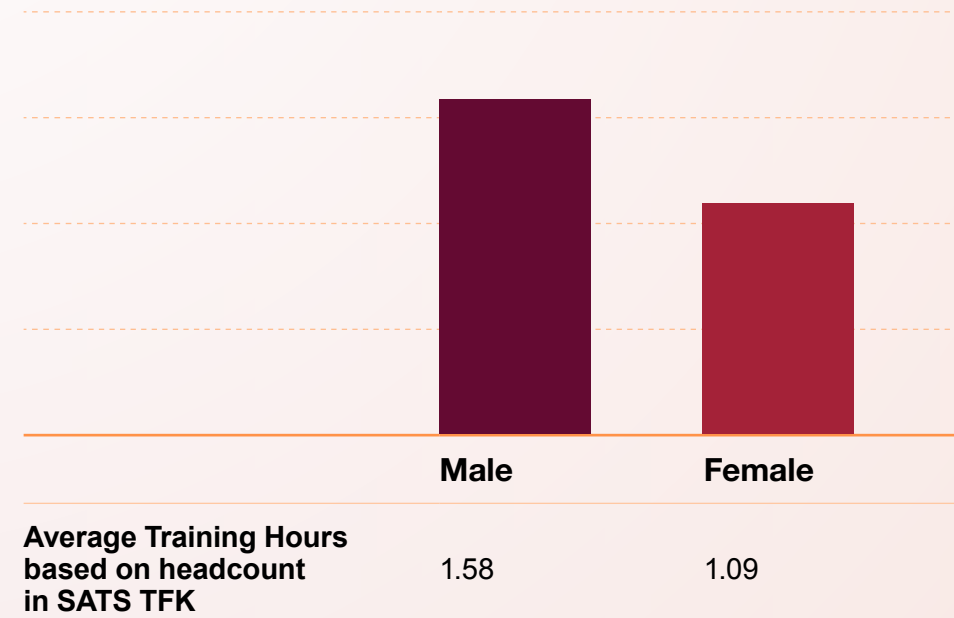
### Average Training Hours by Employee Category (SATS Food Solutions Thailand)



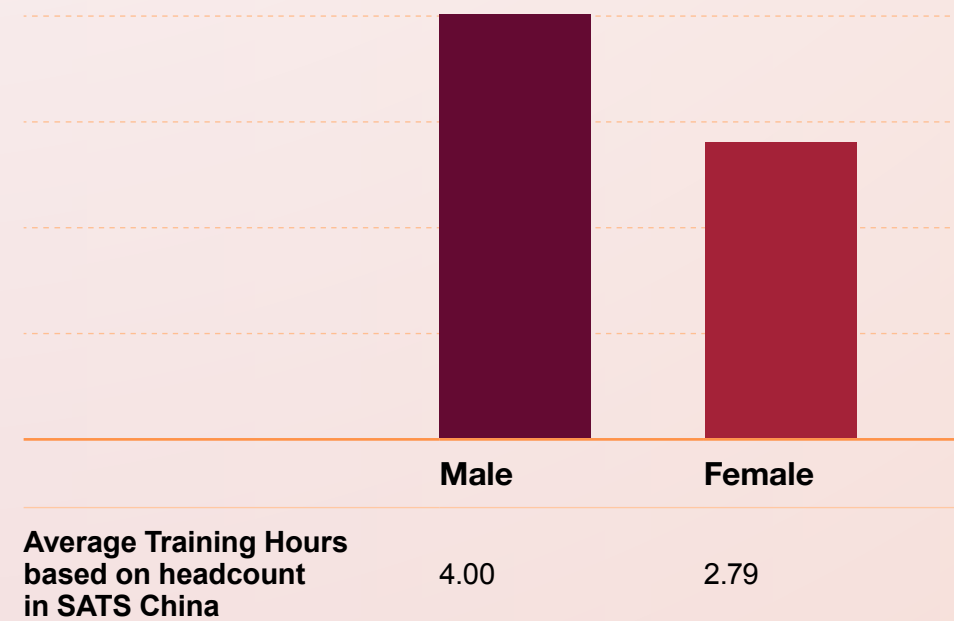


**GRI Standard 402:  
Labour/Management  
Relations**

**Average Training Hours by Gender  
(SATS TFK - Japan)**



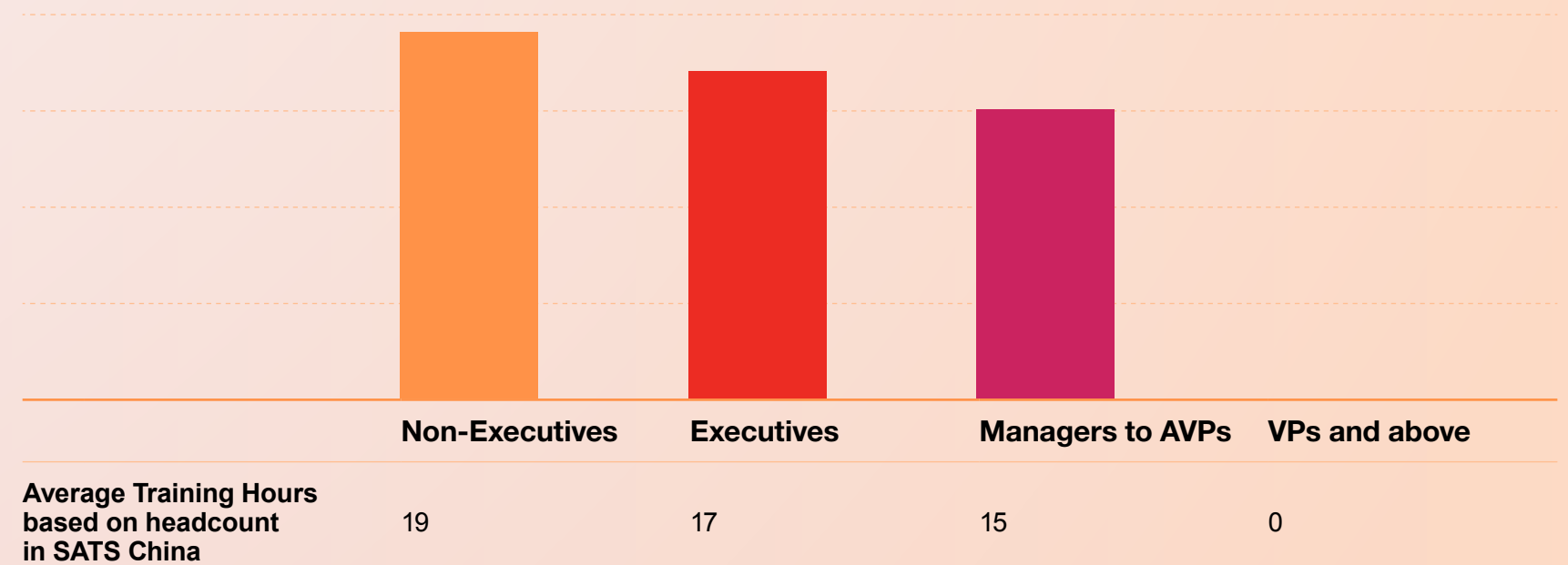
**Average Training Hours by Gender  
(SATS China)**



**Average Training Hours by Employee Category  
(SATS TFK - Japan)**



**Average Training Hours by Employee Category  
(SATS China)**





Social  
GRI Disclosures

**GRI Standard 403**

**Occupational Health and Safety**

a INJURIES		Period : 1 April 22 – 31 Mar 23	
EMPLOYEES		Number	Rate
i	The number and rate of fatalities as a result of work-related injury	0	0
ii	The number and rate of high-consequence work-related injuries (excluding fatalities)	0	0
iii	The number and rate of recordable work-related injuries	485	11.84
iv	The main types of work-related injury	Slips, trips & falls over-exertion and strenuous movement	
		Over-exertion and strenuous movement	
v	The number of hours worked	40,978,124	

Our statistics do not differentiate non-employees from employees. All employees, casual workers, and service crews are included in the incident reporting framework as a whole and the statistics are reported as above.

Lost Time Incident (LTI) is a common metric used in the safety industry, and is defined as those incidents which lead to injuries, causing the employee to be unable to work for a minimum of one day. This is similar to what SATS tracks as the Work-related Injuries (WI) rate and GRI disclosures on recordable work-related injuries rate, which is 11.84. This rate means that we had 11.84 LTI<sup>1</sup> per million manhours.

In the reporting period of FY23, there was no recordable work-related ill health or fatality as a result of work-related ill health.

<sup>1</sup> Rate of recordable work-related injuries =  $\frac{\text{Number of recordable work-related injuries}}{\text{Number of hours worked}} \times 1,000,000$

**b HAZARDS**

The work-related hazards that pose a risk of high-consequence injury, including:

i	How these hazards have been determined	The hazards are determined based on two categories of unsafe act or unsafe conditions. Under each category, there are sub-categories, which are loosely defined, that fall under each item. For example, a wet floor would be considered an unsafe condition and someone performing a work activity without proper PPE would fall under unsafe act.
ii	Which of these hazards have caused or contributed to high-consequence injuries during the reporting period	One example would be a spike of work at height (unsafe act) that occurred. Fortunately, while there were no high-consequence injuries from the reported hazards, it could have caused a potential high-consequence injury.
iii	Actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls	The business successfully reduced WAH* incidents being reported as hazards with a safety flash campaign as well as ensuring awareness amongst all staff for WAH related issues via toolbox briefings and read and sign.

\* WAH = Work At Height

**c INFORMATION**

i	How these hazards have been determined	The hazards are determined based on two categories of unsafe act or unsafe conditions. Under each category, there are sub-categories, which are loosely defined, that fall under each item. For example, a wet floor would be considered an unsafe condition and someone performing a work activity without proper PPE would fall under unsafe act.
ii	Which of these hazards have caused or contributed to cases of ill health during the reporting period	An example would be noise pollution due to the exposure to noise above 85db from aircraft engines.
iii	Whether the rates have been calculated based on 200,000 or 1,000,000 hours worked	1,000,000 hours
iv	Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded	No worker is excluded from this disclosure. All employees, casual workers, and service crews are included in the incident reporting framework.
v	Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used	All incident and injury information were reported onto an Incident Management System, where the data is combined with other information, such as man hours, and generated into a safety report on a monthly basis.



# Governance GRI Disclosures

## Board Diversity

SATS has adopted a Board Diversity Policy which focuses on the importance of an appropriate balance of skills, experience, gender, age, industry and geographic knowledge 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. It is a requirement under the SGX Listing Manual that an issuer must maintain a board diversity policy that addresses gender, skills and experience, and any other relevant aspects of diversity.

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 the Nominating Committee and as approved by the Board.

## Management Diversity

At SATS, 27.6% of our senior management team is comprised of female leaders. Senior management refers to Vice Presidents and above. 62.2% of critical and key positions are filled by internal talent during the reporting period. The company achieved an employee engagement score of 77% compared to 76% in the previous reporting period.

**11**

Total number of board members

**55%**  
Male

**45%**  
Female

**0%**  
Non-binary

**0%**  
Under 30 years old

**0%**  
30-50 years old

**100%**  
Above 50 years old

**91%**  
Independent

**9%**  
Executive

**18%** From minority or vulnerable groups  
(defined as non-Singaporean Chinese)



## GRI Standard 102-13

## Membership of Associations

Entity	FY2020/21
<b>SATS Singapore</b>	International Air Transport Association Singapore Business Federation Singapore National Employers Federation
<b>SATS Shared Services (Malaysia)</b>	Not applicable
<b>GTR (Malaysia)</b>	Not applicable
<b>SATS Greater China</b>	Not applicable
<b>SATS TFK (Japan)</b>	Chiba safety driving and traffic education, Airport district council NAA Airport Operators Committee Narita Corporate Tax Study group Narita Fire and Disaster Prevention Association Narita Indirect Tax Association, Narita office Narita Labour Standards Association Narita Tourism Association Narita Withholding Tax Association Japan Inflight Catering Association Narita Chamber of Commerce Narita Liquor Merchants Association Public Opinion Study Association Association des Disciples d'Auguste Escoffier du Japon The Association for the Advancement of the Japanese Culinary Art Mizuho Bank study group
<b>SATS Saudi Arabia</b>	Not applicable
<b>Monty's Bakehouse (UK)</b>	Member of CampdenBRI
<b>SATS Food Solutions (Thailand)</b>	Not applicable
<b>AAT (Hong Kong)</b>	Not applicable

## List of Certifications

Certifications and Accreditations	Activities covered
<b>ISO 45001: Occupational Health &amp; Safety System</b>	Integrated Ground Handling, Inflight and Institutional Catering, Food Distribution, Aviation Security Services
<b>IATA Safety Audit for Ground Operations programme (ISAGO)</b>	Organisation and Management, Load Control, Passenger and Baggage Handling, Aircraft Handling and Loading, Aircraft Ground Movement, Cargo and Mail Handling
<b>bizSAFE Level Star by the Singapore Workplace Safety and Health Council</b>	
<b>ISO 37001: Anti-bribery Management Systems</b>	SATS Ltd, 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 and SATS Seletar Aviation Service Pte Ltd. In 2022/2023, we extended the certification to another six Singapore-based subsidiaries, namely 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.
<b>ISO 14001: Environmental Management System</b>	Cargo and Mail Handling Services, Production of Inflight Meals including Associated Services



## Ethics & Compliance

We strongly believe in conducting business with the highest standards of ethics and integrity and being in strict compliance with all applicable laws and regulatory requirements. As we grow globally, we are also inevitably exposed to more complex legal and regulatory risks. As such, our company firmly adopts a zero-tolerance approach towards bribery, corruption, fraud and unethical behaviour and aims to limit its risk exposure through the adoption of best practices and the attainment of the ISO 37001 standard certification as an assurance of the robustness of our established anti-bribery management system. These endeavours not only aim at protecting the reputation of our company but also serve to safeguard the interests of our shareholders and stakeholders.

In 2021/2022, we had successfully obtained the ISO 37001 certification for SATS Ltd, 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 and SATS Seletar Aviation Service Pte Ltd. In 2022/2023, we extended the certification to another six Singapore-based subsidiaries, namely 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. In mitigating risks faced in other jurisdictions, we also have plans to obtain ISO 37001 certification for our overseas subsidiaries in the near future.

In 2022/2023, SATS also issued its Code of Ethics & Business Conduct which provides guidance to the staff on their expected ethical behaviour in carrying out their roles and responsibilities and when they deal with our various stakeholders. This public document was also published in the SATS corporate website as a testament to SATS' commitment to uphold the highest standards of integrity and business conduct and to comply with all local laws and regulations, company policies and operating procedures wherever we operate.

To ensure effective implementation of compliance policies, an Ethics & Compliance champion was appointed by each subsidiary and business unit and these champions were trained by the Ethics & Compliance team to be equipped with skills and knowledge to help discharge their role as Ethics & Compliance champions.

In the areas of awareness and training, the completion rate of the Anti-bribery & Anti-Corruption e-learning module by employees exceeded 92% in 2022. Posters were also strategically used to raise employee awareness of whistle-blowing channels, the need to declare gifts and entertainment and the importance of anti-bribery and anti-corruption policies.

In addition, the Ethics & Compliance team also facilitated many deep-dive sessions with selected business units to better understand the bribery and corruption risks faced by the business units so that relevant and effective control measures could be identified and employed to mitigate risk exposure. Every year, each business unit is required to conduct a bribery risk review exercise to ensure that changes to business context are regularly updated in the risk registers and to assess the effectiveness of control measures employed to mitigate identified risks. In addition, ISO 37001 Internal Audits are also conducted on business units on an annual basis. Selected business units will also be subjected to a Surveillance Audit by external ISO 37001 certification auditors every year. These serve as assurance to stakeholders of the robustness of SATS' Anti-Bribery Management System.

As building an ethical and compliant culture is an ongoing journey, the Ethics & Compliance team will continue to review its existing system and processes for higher effectiveness and efficiency. SATS will also continue to communicate its unwavering position against any form of bribery, corruption and unethical behaviour to all its stakeholders including business partners.

For more information on our Ethics and Compliance, kindly refer to our Corporate Governance Report in the Annual Report.





## Annex A

# About this Report and Contact Info

This is SATS' sixth Sustainability Report, demonstrating our unwavering commitment to sustainability. This report has been prepared with reference to the GRI Standards, as well as the SGX Sustainability Reporting Guide.

In addition, we have also aligned our climate-related disclosures to the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. Our sustainability performance data not only covers our Singapore operations, but also the overseas subsidiaries over which we have operational control. The expanded reporting scope allows us to provide a more complete picture of the Group's sustainability impact and performance. Data in this report covers our financial year dated 1 April 2022 to 31 March 2023.

We welcome feedback and suggestions. You may direct them to:

### SATS Corporate Communications

20 Airport Boulevard,

Singapore 819659

Tel: +65 6541 8200

Email: [info\\_enquiry@sats.com.sg](mailto:info_enquiry@sats.com.sg)



## Annex B

# SATS Group Environmental Policy

### Introduction

SATS Ltd. is an industry leader in providing food solutions and gateway services with a global presence. With the completion of the acquisition of Worldwide Flight Services (WFS) in April 2023, SATS has become a leading global air cargo handler, operating in more than 200 key cargo and ground handling hubs in over 20 countries. In addition to our growing food catering business, our cargo business will cover trade routes responsible for over 50% of global air cargo volumes. We are cognisant of the fact that the large scale of our operations and the nature of our industries have an impact on the environment, and we are highly committed to being a responsible company and generating positive impact with our sustainability initiatives across our value chain, as we fulfil our purpose to feed and connect communities.

### Commitment

At SATS, we understand that effectively managing environmental, social and governance (ESG) risks and opportunities is vital for us to secure our future, sustainable economic prosperity and the health of our planet. Our environmental goals to Develop Smart Infrastructure and Reduce Food and Packaging Waste, commit us to being environmentally conscious. We integrate these principles into our work processes, culture, and network to manage the impact of our business on the environment. The following are our main objectives:

#### Sustainability is Our Business

We strive to integrate sustainability into our corporate strategy and make sustainability central to everything we do. Our core businesses and subsidiaries are encouraged to embed sustainability in their operations. Environmental considerations will also be an important factor in future investments.

### Pioneering Leadership and Continuous Improvement

We aim to lead in the aviation and food solutions industries by demonstrating thought leadership, foresight and innovative approaches to sustainability. Our focus on continuous improvement will allow us to identify new opportunities and challenge ourselves to strive for better environmental performance.

### Mobilising and Empowering Employees

Employee engagement is key to our success, and we aim to harness the skills and knowledge of our people to address sustainability-related issues. At the same time, we endeavour to strengthen our employees' sustainability understanding by building broader awareness and attentiveness to our organisation's efforts and initiatives to generate value for our business and that of our customers. Our people-led approach will empower our employees to contribute ideas and feedback and roll out initiatives within their country, company, division, or subsidiary.

### Partnering with Stakeholders for Collaborative Advantage

We acknowledge the importance of ecosystem collaboration and stakeholder engagements, which will provide opportunities to develop solutions that benefit all stakeholders. This includes regulators, suppliers, customers, standards bodies and even competitors. We are also committed to helping our supply chain partners adopt sustainable business practices through outreach programmes and other appropriate policies to drive a culture of sustainability and social responsibility for our environment.

### Driving Innovation and Technology Adoption

We are committed to fostering innovation, staying abreast of green technology advancements, investing in solutions that minimise our carbon footprint, developing environmentally-friendly products and services and mitigating any environmental risks in our business. We will also continually upgrade our environmental management systems to monitor and improve our environmental performance.





## Annex B (continued)

### Achieving Transparency

To ensure that we remain transparent to all our stakeholders, we will strive to enhance data quality through our reporting and disclosures. To support this effort, SATS' Internal Audit is working toward providing assurance on our sustainability reporting process. This will enable us to better track our progress and help our stakeholders make informed decisions.

### Minimising Negative Environmental Impact

We will continuously seek out ways to reduce our emissions, protect the natural environment, minimise any negative environmental impact and improve our overall environmental performance. This includes optimising our energy consumption, increasing the use of renewable energy, improving productivity and efficiency, transitioning to cleaner energy vehicles, exploring sustainable packaging and strengthening our procurement practices.

Recognising that our carbon footprint extends beyond those within our operations, we endeavour to reduce our Scopes 1 and 2 Greenhouse Gas emissions and continuously refine our processes for measuring and reducing our Scope 3 (value chain) emissions.

### Complying with Environmental Regulations

Given SATS' global footprint, we endeavour to stay informed, adhere to relevant regulations, and collaborate with regulators where necessary to shape and advance sustainable environmental regulations.

### Future Sustainability Roadmap

As the sustainability landscape is constantly changing, SATS is committed to reviewing and improving our Environmental Policy annually. In the near future, we have the following plans in the pipeline:

#### 1. *Food Security*

- Maintaining access to affordable and nutritious food, in light of supply chain disruptions resulting from climate change, by focusing on enhancing our supply chain resilience.

#### 2. *Standards and Reporting*

- Preparing for CDP, CSRD reporting, seeking internal and external assurance to validate the accuracy and reliability of sustainability information disclosed and setting Science-Based Targets.

#### 3. *Responsible Sourcing*

- Indicating preference for ISO 14001 certified vendors, procuring in accordance with our Supplier Code of Conduct and introducing the use of eco-friendly and recyclable materials where appropriate.
- Building biodiversity protection into our procurement policies.

#### 4. *Sustainable Employment*

- Committing to diversity and inclusion across all levels and operations, nurturing skills for the future and cultivating lifelong learning, investing in our people and helping them to reach their fullest potential.

### Policy Communication and Review

This Policy applies at all levels and to all companies within the SATS Group. We encourage every subsidiary, employee, contractor and supplier to support this Policy and to either align with these policies or adopt similar ones. We encourage all stakeholders to read our Annual Sustainability Report to gain a deeper understanding of SATS' goals and sustainability initiatives. We welcome all stakeholders' feedback on the Policy. Please visit our website for the reports: [www.sats.com.sg/sustainable-business/impact](http://www.sats.com.sg/sustainable-business/impact)

This Policy has been reviewed by SATS' ESG Steering Committee and approved by the Board of Directors, who are committed to executing and providing resources to support the Policy. It will be periodically reviewed, revised, and communicated to employees via internal communication channels and made available to all other interested parties via the company's website. It will also be translated into various languages for SATS' employees and suppliers globally.

Effective 26 June 2023

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**Euleen Goh**  
Chairman

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**Kerry Mok**  
President and CEO





## Annex C

## Stakeholder Engagement

Key Stakeholder Groups	Engagement Method and Frequency	Key Topics and Concerns Raised	SATS' Response
<b>Employees and trade unions</b>	<ul style="list-style-type: none"> <li>Annual employee engagement survey</li> <li>Monthly staff bonding activities</li> <li>Breakfast sessions between staff and senior management</li> <li>OnePeople initiative to engage employees on digital platforms</li> <li>SpeakUp@SATS for employees in Singapore to provide feedback and ideas</li> <li>Reporting systems for employees to report work-related risks</li> <li>Monthly breakfast meetings and quarterly tea sessions or luncheons with union representatives</li> <li>Monthly Union Management Meetings chaired by PCEO</li> <li>Regular performance and career development review</li> <li>Whistleblowing platforms</li> </ul>	<ul style="list-style-type: none"> <li>Creating an agile workforce that embraces diversity and inclusion</li> <li>Increasing senior leadership communication</li> <li>Improving non-monetary benefits for our employees</li> <li>Automation's impact on employment</li> <li>Automation and digitalisation</li> <li>Talent attraction, retention and development</li> <li>Knowledge transfer on sustainability issues</li> <li>Enhancement of knowledge on sustainability issues</li> <li>Sustainability communications</li> <li>Long-term financial sustainability of the company</li> </ul>	<ul style="list-style-type: none"> <li>Continue to provide retraining, multi-skilling and upskilling to increase productivity and employability for all staff, such as with in-house training and company sponsorship for certification, diploma or degree courses</li> <li>Uphold our "technology-driven, people-led" approach and maintain a high level of engagement in the process of digitalisation and automation</li> <li>Encourage conscious consumption among our employees and educate them on sustainable developments through sharing or training sessions</li> <li>Provide designated platform for union representatives to introduce unions to new employees at our bi-monthly employee familiarisation programme</li> </ul>
<b>Customers and consumers</b>	<ul style="list-style-type: none"> <li>Daily customer interactions by on-ground service teams, such as the dedicated delay handling team</li> <li>Regular audits by our customers</li> <li>Regular outreach events, such as events to promote healthy diets to our young customers (schoolchildren)</li> </ul>	<ul style="list-style-type: none"> <li>More customisable and personalised options for food menus to meet the diverse preferences of customers</li> <li>Sustainable practices in operations such as the use of packaging materials and waste management</li> <li>Exploring the use of plant-based ingredients in menu offerings</li> <li>Offering carbon footprint information by meal type</li> </ul>	<ul style="list-style-type: none"> <li>Continue to work with our partners to promote the use of healthy ingredients</li> <li>Provide allergen information for all meals by 2030</li> <li>Uphold our high standard in food safety, starting with the selection of quality raw materials from our suppliers to quality management in our kitchens</li> <li>Adopt new technology to enhance product quality</li> <li>Establish Digital Integrated Supply Chain (DISC) to enable end-to-end traceability</li> </ul>
<b>Institutional investors and sell-side analysts</b>	<ul style="list-style-type: none"> <li>Annual General Meeting and quarterly earnings conference</li> <li>Participation in investor conferences to meet with investors</li> <li>Response to email requests from key institutional investors to meet with senior management on specific matters and queries about our business</li> <li>Dedicated investor relations team and clearly-defined investor relations policy to guide our communication with investors</li> <li>Capital Markets Day for investors and analyst</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability roadmap and targets</li> <li>Capital investments in sustainability initiatives</li> <li>Clarity in business guidance and financial statements</li> <li>Human capital management plans</li> <li>Cost implication of sustainability initiatives</li> <li>Sustainable development and long-term growth</li> <li>Capital investments in sustainability initiatives</li> <li>Use of renewable energy</li> <li>Programmes on reducing and managing food wastage</li> </ul>	<ul style="list-style-type: none"> <li>Harness technology and automation to enhance our operational efficiency and achieve scale</li> <li>Expand the installation of rooftop solar panels across our premises</li> <li>Invest with long-term view of creating shared value for our stakeholders</li> <li>Manage food waste responsibly by improving demand planning, optimising supply chain efficiencies and judiciously using of food trimmings in our production</li> </ul>
<b>Partners (Business)</b>	<ul style="list-style-type: none"> <li>Regular face-to-face meetings, phone calls and emails to discuss projects</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable sourcing</li> <li>Carbon and energy reduction and waste issues</li> <li>Automation and digitalisation</li> <li>Value creation through partnership</li> </ul>	<ul style="list-style-type: none"> <li>Uphold our Code of Conduct, build our relationship with business partners through integrity and continue to practise sustainable and responsible sourcing</li> <li>Invest in technology to create value for our business partners</li> <li>Launch initiatives with our partners to enhance the travel experience, such as assisting SIA in their launch of the P60 service to enable passengers to order duty-free goods up to 60 minutes before flight departure</li> <li>Continue to track and reduce waste and carbon emissions</li> </ul>



## Annex C (continued)


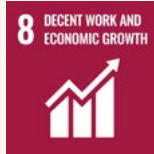

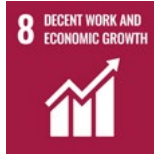


Key Stakeholder Groups	Engagement Method and Frequency	Key Topics and Concerns Raised	SATS' Response
<b>Partners (Government &amp; Regulators)</b>	<ul style="list-style-type: none"> <li>• Company announcements</li> <li>• Quarterly financial results announcement</li> <li>• News releases</li> <li>• Corporate presentations on website</li> <li>• Regular communications with government authorities and regulators by our management team, including PCEO on behalf of the company</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability communication efforts</li> <li>• Close engagement with regulators</li> <li>• Sustainability roadmap and targets</li> <li>• Workers' well-being</li> <li>• Cybersecurity</li> <li>• Automation and digitalisation</li> <li>• Regulatory and legal compliance e.g. the NEA's mandatory packaging reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Board has overall responsibility in regulatory and legal compliance</li> <li>• Protect our employees through fair employment and a robust occupational health and safety management system. Continue to improve employees' well-being through engagement activities, training and provision of other non-monetary benefits</li> <li>• Invest in technology to enhance digitalisation and automation</li> <li>• Establish policies and practices to form a comprehensive cyber defence system</li> <li>• Implement initiatives to reduce our carbon footprint, such as the electrification of our fleet</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Face-to-face meetings, phone calls and emails on a project-basis</li> <li>• Annual suppliers' day forum</li> <li>• Ongoing SATS' suppliers' engagement programme</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive information in sustainability reporting</li> <li>• Sustainability innovation</li> <li>• Sustainable sourcing</li> <li>• Comprehensive yield testing</li> <li>• Openness to proposals and ideas for cost-effective raw materials</li> <li>• Sustainable product packaging</li> <li>• Nutritional quality of products</li> </ul>	<ul style="list-style-type: none"> <li>• Uphold our Supplier Code of Conduct to ensure suppliers meet specified standards and qualifications</li> <li>• Continue to form strategic long-term partnerships in areas such as delivery innovation, collaboration and co-branding activities</li> </ul>
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>• Various community outreach and engagement activities, including donations and volunteering programmes</li> <li>• Company announcements</li> <li>• Quarterly financial results announcement</li> <li>• News releases</li> <li>• Corporate presentations on website</li> <li>• Donations to local communities through SATS Foundation and SATS Staff Association</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable waste management</li> <li>• Carbon emission reduction</li> <li>• Empowering our communities through education</li> <li>• Sustainable development in line with international best practices</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to track and reduce waste and carbon emissions</li> <li>• Conduct school outreach programmes to educate children on healthy eating habits</li> </ul>
<b>NGOs</b>	<ul style="list-style-type: none"> <li>• Company announcements</li> <li>• Quarterly financial results announcement</li> <li>• News releases</li> <li>• Corporate presentations on website</li> <li>• Donations to NGOs through SATS Foundation and SATS Staff Association</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable development in line with international best practices</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with sustainability regulations and integration of sustainable practices beyond compliance</li> </ul>












Annex D

# Materiality Assessment

SDGs	Material Topic	Description of Impact and Financial Materiality		GRI Topics
  	<p><b>Energy efficiency and renewable energy</b></p>	<p><b>Impact Materiality:</b> Energy efficiency and renewable energy play a significant role in decarbonisation and mitigating climate change. Consuming a significant amount of energy given the nature of our business, we recognise the environmental impact we can make by adopting energy efficiency measures and renewable energy. Energy efficiency measures such as electrifying diesel-powered vehicles also reduces smog and benefits the operating environment for employees and the communities. By investing in energy efficiency measures, we can unlock new opportunities for innovation, drive cost savings and strengthen our competitive advantage.</p>	<p><b>Financial Materiality:</b> There is increasing global attention and regulations on decarbonisation of economies. Our strategy is to structurally improve energy efficiency, maximise on-site solar energy generation and explore long-term renewable energy procurement and cleaner sources of energy. By taking steps early, we can reduce our reliance on fossil fuels and better prepare for the transition to a low carbon economy.</p>	<p><b>GRI 302:</b> Energy</p> <p><b>GRI 305:</b> Emissions</p>
  	<p><b>Sustainable procurement and responsible raw material sourcing</b></p>	<p><b>Impact Materiality:</b> As a food solutions provider, SATS sources a wide range of products, raw materials and services from a wide supplier base that includes both local and overseas suppliers. Sustainable procurement practices can help to reduce SATS' Scope 3 emissions and create positive biodiversity and social impact along our value chain. Working with ethical suppliers with sustainable practices could also create more demand and economies of scale for sustainable products.</p>	<p><b>Financial Materiality:</b> Increasingly, consumers, investors, and other stakeholders are placing greater emphasis on sustainable procurement and responsible raw material sourcing. Failure to meet their sustainability expectations can result in the risk of decreased competitive advantage, loss of customers, and decreased investor confidence, which would adversely impact the long-term growth of SATS. By prioritising sustainable procurement and responsible raw material sourcing, SATS will be able to reduce the risks and avoid other potential financial loss arising from supply chain disruptions, legal issues, reputational damage and failure to adhere to sustainability legislations. Furthermore, sustainable procurement and responsible raw material sourcing can generate new revenue opportunities by attracting environmentally conscious consumers and improve supply chain efficiency.</p>	<p><b>GRI 204:</b> Procurement Practices</p> <p><b>GRI 308:</b> Supplier Environmental Assessment</p> <p><b>GRI 414:</b> Supplier Social Assessment</p>






## Annex D (continued)

SDGs	Material Topic	Description of Impact and Financial Materiality	GRI Topics	
  	<b>Circular economy (waste management and sustainable packaging)</b>	<p><b>Impact Materiality:</b> The traditional “take, make, use and dispose” model has led to excessive waste, notably in terms of food and packaging. Environmental pollution, climate change and natural resource depletion may result from excessive waste, improper waste management and unsustainable packaging practices. A more circular economy will drive greater resource productivity, help to reduce environmental impacts and better address emerging resource security and scarcity issues in the future.</p>	<p><b>Financial Materiality:</b> Increasingly strict regulations that aim to address waste generation and plastic packaging could result in higher compliance costs, or conversely regulatory fines, legal liability and reputational damage as a result of non-compliance (directly or indirectly through customers). In certain situations, optimising the use of our resources, e.g. reducing food and packaging waste, could reduce operating cost. At other times, there may be higher costs both operationally and administratively to implement environmentally-friendly initiatives. For example, adopting alternative packaging sources that are more sustainable may currently cost more than conventional packaging. We will evaluate our service offerings to ensure that they are in line with customers’ willingness to adopt such initiatives.</p>	<b>GRI 306:</b> Waste
	<b>Occupational health and safety (OHS)</b>	<p><b>Impact Materiality:</b> Workplace injuries or illnesses can have a detrimental effect on employee well-being and morale as well as on our social licence to operate. Recognising that OHS contributes to talent attraction and retention, we prioritise and invest in providing a safe and healthy work environment. To accomplish this, we have developed a comprehensive health and safety programme designed to minimise the risks associated with our business activities.</p>	<p><b>Financial Materiality:</b> Workplace injuries or illnesses could result in significant costs, including medical expenses, workers’ compensation claims, regulatory penalties and lost productivity. Failure to manage health and safety may lead to reputational damage and erode stakeholders’ trust in SATS. On the other hand, providing a safe and healthy work environment can improve employee retention and productivity, which in turn ensures the continuity of the business. We strive to eliminate any health and safety hazards by implementing preventative measures and addressing potential risks in the workplace.</p>	<b>GRI 403:</b> Occupational Health and Safety
  	<b>Talent attraction, retention and development</b>	<p><b>Impact Materiality:</b> SATS’ investments in talent development and upskilling have a positive impact on the communities we operate in, beyond the SATS business. Through job redesign and leveraging automation and digitalisation, we invest in our workforce through upskilling and reskilling to create higher value and better paying jobs. This will secure the position of our workers in the future economy, while also ensuring that SATS is able to continue attracting and retaining the best talent in the market.</p>	<p><b>Financial Materiality:</b> Attracting, retaining and developing talent needed for business strategy execution is critical to sustainable business performance and continued growth. Low talent retention is also financially detrimental, resulting in higher recruitment, onboarding and training costs, lower productivity and loss of experience. Enhancing employee experience and sharpening our talents’ skillsets are vital for us to remain competitive and capture growth opportunities in current and new markets. The impact of this topic is magnified with SATS’ expansion of our footprint globally.</p>	<p><b>GRI 401:</b> Employment</p> <p><b>GRI 402:</b> Labour/ Management Relations</p> <p><b>GRI 404:</b> Training and Education</p>





## Annex D (continued)

SDGs	Material Topic	Description of Impact and Financial Materiality		GRI Topics
	<b>Diversity and inclusion</b>	<p><b>Impact Materiality:</b> At SATS, we are dedicated to cultivating a culture of diversity and inclusion within our organisation, recognising that an inclusive culture of respecting and acknowledging a broad range of perspectives and experiences enhances collaboration and drives better business outcomes. With the integration of WFS and a global workforce, diversity and inclusion plays a greater role than before in promoting talent attraction and engagement.</p>	<p><b>Financial Materiality:</b> By embracing diversity and inclusion, we can tap into a broad range of perspectives and experiences that can lead to innovative ideas, better decision-making and long-term business success. A diverse workforce can also help us to better understand and serve the needs of our diverse customer base, which can drive increased customer loyalty and revenue growth.</p>	<p><b>GRI 405:</b> Diversity and Equal Opportunity</p> <p><b>GRI 406:</b> Non-discrimination</p>
	<b>Cybersecurity and data privacy</b>	<p><b>Impact Materiality:</b> Our focus on cybersecurity and data privacy is critical to our long-term success as a company as we digitalise our businesses and expand our IT infrastructure and service offering. Any data breach or cyberattack could lead to negative publicity, reputational damage, and have severe consequences for the aviation and non-aviation ecosystems we operate in. This, in turn, could lead to decreased customer trust and loyalty, as well as potential legal liabilities and financial penalties. Therefore, building our cyber resilience has been a top priority, enabling us to proactively address potential cyber incidents and recover quickly from any disruptions to our services.</p>	<p><b>Financial Materiality:</b> Any data breach or cyberattack could result in significant losses, including business disruption, remediation expenses, legal fees and lost revenue. On the other hand, we recognise that strong cybersecurity and data privacy practices can enhance stakeholders' trust and loyalty, resulting in a positive impact on our financial performance over the long run. Moreover, implementing robust cybersecurity measures can provide a competitive advantage in today's digital landscape, helping to attract new customers and retain existing ones.</p>	<p><b>GRI 418:</b> Customer Privacy</p>
	<b>Governance and business ethics</b>	<p><b>Impact Materiality:</b> We believe that our focus on governance and business ethics enhances stakeholders' trust and confidence and this is critical to SATS' long-term success. We recognise that unethical behaviour or weak corporate governance could have a negative impact on the people whom we interact with in our value chain. This, in turn, could lead to negative publicity and damage to our reputation and credibility. As such, we regularly review and update our policies and procedures to ensure that we are meeting best practices and standards.</p>	<p><b>Financial Materiality:</b> Violation of laws and regulations could result in criminal and civil sanctions including significant fines, whereas weak corporate governance or unethical behaviour could erode trust and confidence of stakeholders (including shareholders, customers, regulators and employees) and this may in turn adversely affect the business viability of SATS. Wherever we operate, we comply with all applicable laws and regulations and with our company's internal policies and operating procedures. We engage the community and our stakeholders in an honest, ethical and lawful manner and are committed to upholding the highest standards of integrity and business conduct.</p>	<p><b>GRI 205:</b> Anti-Corruption</p> <p><b>GRI 206:</b> Anti-Competitive Behaviour</p>



## Annex E

# Task Force on Climate-related Financial Disclosures (TCFD)

### Climate Scenario Analysis

In response to the increasingly urgent need to transition to a lower-carbon economy to mitigate the consequences of climate change, SATS is committed to building our climate risk resilience in line with TCFD recommendations.

Following the TCFD's process, we developed climate scenarios that aim to assess the physical and transition<sup>1</sup> risks and opportunities that our businesses face. A series of workshops involving senior management and members from various departments was conducted to determine our exposure to climate-related impacts, assess the relative significance of key risks and opportunities, examine mitigating actions, and identify ways to build climate resilience. We remain dedicated to providing transparent disclosures and addressing climate-related risks and opportunities, which enable us to build climate resilience into our business and strategy.

To better understand how the changing climate may affect our direct operations and its value chain, we used what we term a “business as usual” scenario (4°C) and a strong mitigation scenario (1.5°C to 2°C) to assess our risks and opportunities in each. In the former scenario, greater focus is placed on assessing potential physical risks to our businesses as a result of events brought about by or related to climate change such as extreme weather, rising sea levels, drought, water stress and flooding. In comparison, the strong mitigation scenario placed greater emphasis on transition risks. In order to meet the goals laid out in the Paris Agreement regarding reductions in global levels of greenhouse gas (GHG) emissions and successfully transition to a more sustainable, lower-carbon world, there needs to be radical changes in regulations and in individual and organisational behaviour, as well as technological breakthroughs.

<sup>1</sup> Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change.

TCFD's Recommended Disclosures	SATS Approach	Report Section
<b>Governance</b> SATS governance around climate-related risks and opportunities	<ul style="list-style-type: none"> <li>Our board-level (Board Risk and Safety Committee) has oversight of climate-related risks and opportunities and typically meets biannually to review emerging climate-related issues and our low-carbon strategy and initiatives.</li> <li>The ESG Steering Committee comprising members from our senior leadership team was set up, in accordance with its terms of reference, to establish greater alignment on ESG-related matters and ensure we invest appropriately in critical initiatives to mitigate climate-related risks.</li> <li>Our Chief Sustainability Officer (CSO) chairs the Sustainability Council which, according to its terms of reference, supports the ESG Steering Committee.</li> </ul>	Governance Structure
<b>Strategy</b> Proactive approach to identify and pre-empt potential impact of climate-related risks by setting ESG targets and practices to prepare business units accordingly.	<ul style="list-style-type: none"> <li>We strive to stay abreast of trends and highlight potential opportunities and develop innovative solutions to lower our carbon footprint, in line with ESG best practices.</li> <li>Materiality Analysis: In 2019, we undertook an extensive engagement exercise with our key stakeholder groups to validate the material ESG issues first identified in 2017, and to align our goals with those of our key stakeholders. In 2021, our management has decided to focus our efforts on selected priority material issues, as reflected in the latest sustainability framework.</li> <li>Climate Change Scenario Planning: Two key global scenarios served as references for our scenario analysis:-                             <ol style="list-style-type: none"> <li>RCP8.5 high GHG emissions scenario in Intergovernmental Panel on Climate Change's Fifth Assessment Report (IPCC AR5)</li> <li>2°C Scenario (2DS) and Beyond 2°C Scenario (B2DS) in International Energy Agency (IEA)'s Energy Technology Perspectives 2017</li> </ol> </li> </ul>	Sustainability Framework and CSO Statement  Climate Scenario Analysis
<b>Targets and metrics</b>	<ul style="list-style-type: none"> <li>We have been tracking and reporting our Scope 1 and 2 carbon emissions since 2018 based on the global GHG Protocol greenhouse gas accounting standards, with the addition of fugitive emissions of refrigerants starting in this reporting period, and have also been disclosing related metrics in our annual Sustainability Reports.</li> <li>We have a long-term carbon emissions target to reduce our carbon footprint by 50% by 2030, from our FY20 baseline.</li> </ul>	Sustainability Framework and GRI Disclosures

The risks and opportunities discussed in each of the scenarios are listed below:

Business as usual scenario (4°C)	Strong mitigation scenario (1.5-2°C)
<ul style="list-style-type: none"> <li>Raw material availability and prices</li> <li>Extreme weather events (that result in property damage and loss of productivity)</li> <li>Disruption to supply chain</li> <li>Water stress</li> </ul>	<ul style="list-style-type: none"> <li>Changes in the aviation sector</li> <li>Raw material costs (due to changes in the agriculture sector)</li> <li>Changes in diets (with the growing availability and popularity of alternative proteins)</li> <li>Carbon prices</li> <li>Energy efficiency and renewable energy</li> <li>Waste management</li> </ul>





## Annex E (continued)

Description and potential impact	Mitigating actions
<p><b>Physical risk:</b> Extreme heat causing health hazards to workers, especially those working outdoors such as on the tarmac, where there is direct exposure to weather elements. Heat-related illnesses among staff may lead to workforce shortage, disruption to operations and higher operational costs.</p>	<ul style="list-style-type: none"> <li>Redesign uniforms using dry-fit material for staff exposed to long periods of heat and provide ample water breaks for hydration</li> <li>Provide personal protection equipment (PPE) or cooling vests to staff (Ramp Operations)</li> </ul>
<p><b>Physical risk:</b> Extreme weather may result in volatility in raw material prices, damage to physical assets, depressing the market for air travel leading to loss in revenue and increasing maintenance costs.</p> <p>Operational services such as flight scheduling and loading/off-loading services may also be affected.</p>	<ul style="list-style-type: none"> <li>Develop local supply base and strategic partners</li> <li>Develop preemptive supply chain strategy for higher risk areas (local and foreign)</li> <li>Reduce wastage</li> <li>Produce meals with longer shelf-life</li> <li>Work with the relevant authorities to provide necessary infrastructure to ensure continuation of services</li> </ul>
<p><b>Transition risk:</b> The lack of a proper sustainable procurement framework may lead to reputational risk and loss of market share for subsidiaries like Country Foods.</p>	<ul style="list-style-type: none"> <li>Implement a supplier onboarding checklist and process</li> <li>Conduct regular engagements and audits to ensure that suppliers adopt sustainable practices</li> </ul>
<p><b>Transition risk:</b> Regulatory changes such as the implementation of carbon taxes, diesel taxes, climate bond as well as legislation, fines and penalties, and higher insurance premiums, higher operational and facilities maintenance costs incurred in the transition towards becoming a low-carbon or carbon-neutral business</p>	<ul style="list-style-type: none"> <li>Adopt the use of energy-efficient equipment</li> <li>Implement heat recovery and renewable energy systems</li> <li>Explore how circularity framework can be implemented</li> <li>Replace diesel vehicles with electric vehicles</li> <li>Increase natural lighting and the use of energy efficient equipment (Cargo)</li> <li>Implement a sensor system to regulate lighting and air-conditioning (Cargo)</li> <li>Replace parts with recyclable materials, where possible (Cargo)</li> <li>Optimise processes continually</li> <li>Make concerted efforts to encourage and educate our people to reduce, reuse and recycle</li> </ul>

Description and potential impact	How we manage it
<p><b>Transition risk:</b> Corporate finance implications such as increased acquisition and integration costs arising from new investments (e.g. shadow pricing, more stringent energy efficiency and other ESG requirements, and climate-related risks) along with fewer investment opportunities</p>	
<p><b>Opportunity:</b> Sustainable procurement and waste management systems that prevent unnecessary food and materials wastage (e.g. paper, plastics, food waste) and maximise sustainable efforts such as recycling and food composting</p>	<ul style="list-style-type: none"> <li>Optimise production system at the new SATS Food Hub to minimise wastage and energy footprint</li> <li>Develop a pro-recycling company culture where staff are encouraged to segregate discarded items so that waste can be effectively recycled (e.g. by providing more recycling bins for different waste categories across our premises)</li> <li>Explore new opportunities to upcycle material waste into usable products</li> <li>Explore feasible solutions for water recycling</li> <li>Partner with waste processing companies to improve recycling efforts</li> <li>Engage with suppliers proactively for responsible sourcing of raw materials</li> <li>Continue to recycle materials such as plastics, carton boxes, metals and glass bottles and used cooking oil</li> </ul>
<p><b>Opportunity:</b> Expand the use of renewable energy, implement energy-efficient technologies, optimise building designs to reduce energy intensity</p>	<ul style="list-style-type: none"> <li>Invest in heat recovery models</li> <li>Explore renewable energy and energy-efficient equipment</li> <li>Implement IoT to maximise overall equipment effectiveness</li> <li>Engage experienced contractors to design heat exchange network and layout to reduce air-conditioned spaces</li> <li>Convert all our lighting requirements to LED and incorporate the use of light sensors to optimise energy use in buildings.</li> <li>Continue to expand rooftop solar installations across our premises where appropriate</li> </ul>
<p><b>Opportunity:</b> De-risk and shorten our supply chain by engaging multiple vendors and developing a sustainable local supply base (e.g. local fish farms, hydroponics farms)</p>	<ul style="list-style-type: none"> <li>Expand and diversify supply sources and leverage our food trading and distribution networks</li> <li>Engage continually with suppliers</li> <li>Partner with local farms to promote locally grown products</li> <li>Procure raw materials like proteins from sustainable sources</li> <li>Organise regular suppliers' day to promote local produce to our customers</li> </ul>
<p><b>Opportunity:</b> Position SATS as a sustainable company, which may strengthen employee recruitment, retention, reputation and customer loyalty.</p>	<ul style="list-style-type: none"> <li>Continue to promote SATS' stewardship</li> </ul>
<p><b>Opportunity:</b> Increased business and investment opportunities, partnerships and funding from ESG initiatives (ESG financial instruments, green bonds and government grants)</p>	<ul style="list-style-type: none"> <li>Collaborate with government agencies to explore potential partnerships and possible incentives to develop sustainability capabilities and functions</li> <li>Explore green financing for the SATS Food Hub</li> </ul>



## Annex E (continued)

Sustainability sits at the heart of SATS’ business strategy and our purpose and mission are linked to the long-term interests of customers, communities and people. SATS has adopted the TCFD framework as an approach to identify and address the potential impact of climate-related risks and opportunities on business strategy and operations.

We have identified and disclosed a number of risks and opportunities in our direct operations and value chain – with consideration for both a “business-as-usual scenario” (4°C) and a “strong mitigation scenario” (1.5°C to 2°C). As a result of this exercise, management and mitigation actions have been proposed and reported according to TCFD recommendations.

To further our understanding of the financial impact of climate transition risks and opportunities and to enhance the organisation’s TCFD reporting, SATS commissioned Willis Towers Watson (WTW) to conduct a risk assessment and quantification exercise. The exercise’s objectives were as follows:

1. Assess these risks and opportunities in terms of ‘Likelihood’ and ‘Financial Impact’ under each scenario – this will in turn support the prioritisation and scaling of resources and investments needed to mitigate risks and capitalise on opportunities.
2. Foster exchange of insights and risk management practices amongst our management and operational teams – to continue strengthening awareness and support which will help our progress towards our sustainability goals.

### Scope of Pilot Exercise

Given the scale and diversity of SATS’ business and the complexity of transition risks and opportunities, this exercise serves as a pilot for more in-depth risk assessment in the future by focusing on selected risks and on SATS’ Singapore-based businesses.

## SATS’ Enterprise Risk Management Risk Matrix

Very Unlikely (1)	Unlikely (2)	Possible (3)	Likely (4)	Very Likely (5)
Event may only occur in exceptional circumstances (<5% chance of occurrence)	Event is conceivable but rare or has a remote possibility of happening (5% to 25% chance of)	Event could conceivably occur (>25% to 50% chance of occurrence)	Event should probably occur in most circumstances (>50% to 75% chance of occurrence)	Event will occur in most circumstances (>75% chance of occurrence)
Event expected to occur < 3 years	Event expected to occur <1 year	Event expected to occur < 6 months	Event expected to occur < 3 months	Event expected to occur < 1 month

The following risks and opportunities were shortlisted for assessment and quantification:

1. Energy Costs
2. Green Finance
3. Supply Chain
4. Impact on Aviation Sector

These were selected based on their anticipated impact on the business and the fact that these risks would necessitate inputs and support from multiple stakeholders in the business to adapt to and mitigate.

### Approach and Methodology

The risk assessment process is aligned to SATS’ existing Enterprise Risk Management (“ERM”) framework, which is similar to those of many other large organisations.

To assess each transition risk and opportunity for SATS, subject matter experts and stakeholders across different functions within SATS (“participants”) articulated how each risk and opportunity would impact the organisation, and where applicable what SATS’ current and planned response would be.

To prepare for this assessment, the SATS sustainability team and WTW risk consulting team conducted extensive research and collated relevant SATS information to form a preliminary view on each risk and opportunity. Additional inputs were then sought from the participants which were then validated, supplemented and challenged in a 3-hour workshop, which took place on 10 March 2023.

Participants were prompted to consider these for each risk and opportunity:

- SATS’ current state and value at risk
- Changes under different climate scenarios by 2030
- Vulnerability of the business
- Controls/practices in place to mitigate the risks or take advantage of opportunities
- Financial impact of risks and opportunities

To align with SATS’ existing ERM framework:

- Likelihood ratings of 1 to 5 were assigned and defined as “Very Unlikely”, “Unlikely”, “Possible”, “Likely” and “Very Likely” – based on the chance of occurrence
- Financial impact ratings of 1 to 5 were assigned to correspond with SATS’ existing ERM scale criteria, as detailed in the diagram above. Where feasible, we obtained the financial estimates in SGD or a range and then to apply the rating based on the estimated figure or range accordingly

The financial impact is of particular interest for most organisations. The suggested approach to derive this is to review the existing capital deployment, revenue base, and/or expenses, and apply research and subject matter expertise to estimate whether these will increase or decrease by 2030 under each climate scenario. By ranking the risks by impact and likelihood, SATS will be able to prioritise where resources should be focused.





## Annex E (continued)

### Key Findings

Climate risks and opportunities will have a substantial financial impact on SATS. In particular:

1. Energy costs will have a high likelihood of materially increasing SATS' expense (\$5m or greater) on an annual basis – given the anticipated increase in unit costs.
2. Impact on the aviation sector may be the largest – but the likelihood of a significant change in demand by 2030 is estimated to be low.

Observations from the workshop are as follows:

- The subject of climate risk generated substantial interest; the session had over 25 participants, despite initial invite of 15 participants.
- The participants came from various departments within SATS' Singapore business and represented a strong cross-section of knowledge, experience and perspective:
  - o Catering Operations
  - o Country Foods (food distribution and logistics)
  - o Finance / Treasury
  - o Group Internal Audit
  - o Marketing
  - o Operations / Technical & Systems Support
  - o Procurement
  - o Property Management
  - o Strategy

- Given the large group size, there was a great variance in opinion on how climate risk might impact SATS' business and more specifically the functions within SATS. However, several common themes emerged:
  - o Sound understanding of the differences between physical risks and transition risks
  - o Appreciation that physical risks are reliant on airport management
  - o Awareness that transition risks and opportunities develop quickly, thus having an immediate impact on SATS' business
  - o Carbon tax as a headline item and the fact that there is ongoing management effort to minimise this

- The value and importance of assessing, quantifying, managing and reporting climate risk have been well reinforced by SATS' management and sustainability team. The challenge in implementation was to link day-to-day performance metrics (measured in financial terms) back to measurements in consumption and emissions. This has been particularly complex when it comes to energy costs.
- To develop deeper risk understanding and quantification to support a climate risk management strategy, it is recommended to have smaller focus discussion groups to walk through real-life situations as part of scenario analysis.

### Risk/Opportunity #1 – Energy Costs

For 2022, the Singapore business incurred \$48m in energy consumption costs. There is a clear recognition that energy costs are complex – specifically it is difficult to isolate the impact from climate vs. other risk drivers (for example, geopolitical).

Increasing efficiency will help SATS to mitigate against cost volatility. Thus far, there have been efforts and achievements in reducing consumption and emissions. There are questions as to whether SATS can continue to improve in these areas since it is more difficult to drive efficiencies beyond the initial gains. The energy-related risks and opportunities were separated into two elements: 1) Consumption cost and 2) Carbon tax.

### Consumption cost

To quantify the risk, the following steps were taken:

1. Take SATS' current consumption (907,914 GJ) and cost base (\$48m) – for each of the four sources (Electricity & Cooling, Heating & Steam, Diesel Transport, Gasoline Transport).
2. Assume no increase or reduction in consumption per unit of output (or per \$ of revenue)
3. For each climate scenario, apply the projected per unit (GJ) cost for 2030 per Network for Greening the Financial System (NGFS) scenario explorer

Cost increases under each scenario are deemed to be likely (50% to 75%). The financial impact is estimated to be \$13m of additional cost under the 1.5°C scenario and \$6.4m under the 4°C scenario.

The opportunity would likely stem from SATS' reduction in consumption per unit of output i.e. energy intensity. This is more challenging to estimate as 1) the pace of electrification or transition to cleaner energy vehicles is largely dependent on the availability and suitability of the charging infrastructure at Changi airside; 2) in order to achieve significant reduction in consumption, new facilities and additional capital expenditures will be required to buy more efficient equipment (refrigeration and cooling being major cost elements).

Using a very conservative estimate – assuming that SATS will be able to reduce its consumption by circa 7% (this includes replacing all internal combustion engine vehicles and 30% of diesel vehicles with electric equivalents), the benefits would be \$290k under 1.5°C and \$535k under 4°C. We recommend further investigations to be made on efficiency gains from using new facilities (such as the Food Hub in Jurong, expected to be completed in 2025), and other means such as district cooling to derive a more realistic estimate.

### Carbon tax

Currently the Singapore carbon tax regime is applicable to facilities with direct emissions of over 25,000 tonnes of CO<sub>2</sub> annually.

At this point in time, none of SATS' existing facilities exceeds this threshold and substantial efforts are made to keep emissions under this level. However, given that carbon taxes are a continuously evolving topic globally, there are uncertainties and it is conceivable that the threshold will be lowered in the future. Therefore, we suggest a further sensitivity analysis based on per facility emissions and lower thresholds.

Furthermore, SATS has a target of reducing Singapore-based Scope 1 and 2 emissions by 50% by 2030. This would require major step changes particularly in light of the company's continued growth. We will further review the underlying assumptions (including the investments required to achieve this goal).

### Risk/Opportunity #2 – Green Finance

There was wide recognition by the workshop participants that this presents an opportunity for SATS. The likelihood of this being an opportunity is deemed as "Likely" (50% to 75%).

The risk that the financing costs of SATS and its industry peers will increase (compared to market) solely due to perception that the company or the sector is not environmentally sustainable, or not seen to be proactive enough in managing climate change, was briefly considered although it was deemed quite remote. For example S&P had made 23 and 32 rating downgrades due to ESG concerns for the month of August 2022 and for the month of March 2023 respectively. While these are a relatively small proportion of all ratings made by the rating agency (4,600), it is a trend worth watching. It is interesting to note that climate risk-related downgrades may affect 20% of global corporates by 2025<sup>2</sup>.

Proceeds from green bonds could be used to fund carbon abatement and sustainability projects – for example, investment in renewable energy generation, as well as retrofitting/upgrading to more energy-efficient equipment.

Research has shown that companies improve their environmental performance as a result of issuing green bonds, and that companies experience an increase in ownership by long-term and green investors. For example, City Developments Limited (CDL) have stated sustainable finance has been important in advancing the adoption of green building innovations to design, build and maintain its assets.

<sup>2</sup> <https://www.fitchratings.com/research/corporate-finance/climate-risk-related-downgrade-may-affect-20-of-global-corporates-by-2035-08-03-2023>





## Annex E (continued)

Based on various research, the savings for green bond issuers vary considerably though it could be up to 20 basis points (bp). Taking a conservative estimate of 10 bp, the annual finance cost of a \$100m project would be reduced by \$100k.

Whilst the financial impact is not significant, this offers another funding source and enhances SATS' reputation in sustainability.

Furthermore, there is a general awareness amongst participants that the fund would have to be used appropriately to minimise greenwashing and other reputational risks.

Sustainability-linked loans are an area in development and will become more commonplace. This will require more reporting resources to substantiate that underlying targets are being met. Whilst this presents an interesting opportunity for SATS in the future, the more apparent next step would be to focus on green bonds to increase financing for green projects to further reduce emissions.

### Risk/Opportunity #3 – Supply Chain

Crops, livestock, water, plastics and other inputs will be affected by both physical and transition climate risks. In SATS' context, protein forms the largest portion of its raw material cost base.

Food supply is a large part of SATS' current cost base – for the Singapore business, the annual cost is approximately \$258m based on existing levels of production.

The risk was deemed to be “possible” (25% to 50%) in terms of likelihood for both 1.5°C and 4°C albeit for somewhat different reasons.

Under the 1.5°C scenario, the cost impact is likely due to changes in market preferences, resulting in increased competition for certain types of food supply (regional supply within Southeast Asia to minimise emissions from transportation and/or lower-emission protein such as poultry, eggs and plant-based proteins). Under the 4°C scenario, supply chain risk is likely to be driven by more volatile acute and chronic physical risks (though the impact may not fully manifest itself by 2030).

In both scenarios, SATS currently has (and is anticipated to continue to have) flexibility in selecting more cost effective and/or sustainable ingredients, for example using alternative proteins.

Furthermore, sustainability-driven taxes (for example on plastics) could drive costs higher for packaging and ingredients (e.g. palm oil, soya and cocoa). Increased cost of fuel could also affect the transport of raw materials and products to customers.

The cost impact is more challenging to ascertain. Based on a high-level estimate, SATS may incur an increase to its food supply cost of 5% (or circa \$12.9m), part of which would need to be passed on to customers.

Engagement with customers is important to ensure sustainability goals are shared – this will help customers see (and pay for) the value of additional investments and costs associated with sustainability-related initiatives.

Food loss and waste are responsible for 8 to 10% of all greenhouse gas emissions globally and reducing food waste is an impactful way to mitigate against climate change. SATS' food waste intensity stands very low at 2.3% in FY23 and may not have significant room for further improvements.

### Risk/Opportunity #4 – Impact on Aviation Sector

Despite heightened attention to climate change, global aviation traffic is predicted to grow significantly over the next two decades.

Singapore's aviation sector is making decarbonisation a priority, with a dedicated sustainability unit set up in both the CAAS and the Ministry of Transport to guide the sector as it transitions to net zero carbon emissions by 2050, in line with the long-term global aspirational goal of UN aviation agency the International Civil Aviation Organisation (ICAO) for international aviation to achieve net-zero carbon emissions by 2050.

At the same time, carbon taxes could potentially have a major impact on the aviation industry worldwide. For instance, SATS group's FY23 Scope 1 carbon emission was 136,974 tCO<sub>2</sub>e. Using a very high-level estimate of \$50/tCO<sub>2</sub>e (under a business-as-usual scenario), would mean an increased cost base of S\$6.86m per year; and \$150/tCO<sub>2</sub>e (under strong mitigation scenario) would mean a cost impact of S\$20.55m per year.

Given the tight profit margins of the aviation industry as a whole, this increased cost will need to be passed on to customers which may in turn impact demand for SATS' products and services, in particular those related to passengers.

Sustainable aviation fuel is seen as the longer-term solution to make this sector more sustainable. Considerable progress has been made though it remains to be seen whether this will help reduce the industry's emissions significantly by 2030.

Furthermore, SATS has multiple business streams which will help its resilience in the event of reduced passenger demand for commercial flights. It can increase its focus on non-aviation catering and on cargo handling (which is less price sensitive than passenger air travel).





## Annex F

# Energy and Greenhouse Gas Calculation Methodology

### Data collection

Our energy consumption data are collected monthly. We used actual data wherever possible to achieve a high level of accuracy and credibility. For this reporting period, some estimations were made due to delayed receipt of invoices. To identify relevant carbon emission points across companies within SATS we used a reporting tool to facilitate data collection. Under each company, further analysis was performed to identify different facilities controlled by the company, such as physical installations and activities, that generate carbon emissions. After the relevant carbon emission points were identified through this process, data input would be tagged to them for reporting. For this reporting period, we used the operational control approach in our consolidation of emissions data, which comprise data from Singapore and overseas subsidiaries. We have been tracking and reporting our Scope 1 and 2 carbon emissions since 2018 based on the global GHG Protocol greenhouse gas accounting standards, with the addition of fugitive emissions of refrigerants starting in this reporting period.

# Different Emission Sources

### Scope 1 emission

Our sources of Scope 1 direct GHG emissions are refrigerants and fuel combustion. Major types of refrigerants we use are R404A and R22 and the fuel we use include diesel, petrol, town gas and liquefied petroleum gas (LPG). No biogenic carbon dioxide emission was generated at any of our facilities during the reporting period. Gases included in our Scope 1 calculations include carbon dioxide, methane, nitrous oxide and hydrofluorocarbons. We use emission factors from Singapore's Energy Market Authority and National Environment Agency, the Intergovernmental Panel on Climate Change (IPCC) and the 100-year global warming potentials from the IPCC Assessment Report 6 to convert each gas to its carbon dioxide equivalent.

### Scope 2 emission

We calculate our Scope 2 indirect GHG emissions arising from purchased electricity steam, heat, and cooling using data retrieved from utility bills and meter readings. In accordance with GHG Protocol, Scope 2 emissions can be calculated using location-based and market-based methods. For location-based emissions, we use the average grid emissions factor for the country in which that electricity is purchased to calculate the emissions. Sources of these emission factors are Singapore's Energy Market Authority, grid emission factors published by the Institute for Global Environmental Strategies, 2011 UNDP in Ghana GHG inventory, Australian Government National Greenhouse Accounts Factors and the United Kingdom's Department for Business, Energy & Industrial Strategy (BEIS) GHG Conversion Factors for Company Reporting. We use supplier-specific data (where available) in the calculation of our market-based emissions. We have switched to an electricity provider that supplies green electricity backed by bundled energy attribute certificates (EACs) since April 2022, for all our facilities where we are a contestable consumer in Singapore's electricity market and which are not operating within the Changi Airport grid. After verification of these EACs, it is confirmed that they are from hydroelectric projects in Vietnam. Hence, while we have explored supplier green tariff as a renewable electricity option, we acknowledge that supply availability in Singapore is very limited. In view of the fact that we take guidance from the GHG Protocol, the bundled green electricity we purchase will not be used to offset our Scope 2 GHG emissions generated in Singapore given the market boundary criteria. The supplier green tariff, however, will be considered as part of our decarbonisation strategy in other markets, where electricity bundled with EACs can be sourced from within the boundary of the respective markets in which we are consuming electricity.



## Annex G

## GRI Content Index

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
<b>General Disclosures</b>			
<b>The organisation and its reporting practices</b>			
<b>GRI 2: General Disclosures 2021</b>	2-1	Organisational details	Refer to SATS Annual Report 2022-2023
	2-2	Entities included in the organisation's sustainability reporting	Annex H, Page 77
	2-3	Reporting period, frequency and contact point	Annex A, Page 60
	2-4	Restatements of information	Environment Progress, Page 18
	2-5	External assurance	Not applicable
<b>Activities and workers</b>			
	2-6	Activities, value chain and other business relationships	Refer to SATS Annual Report 2022-2023
	2-7	Employees	Social Progress, Page 24 GRI Disclosures, Page 46
	2-8	Workers who are not employees	GRI Disclosures, Page 46
<b>Governance</b>			
	2-9	Governance structure and composition	Our Sustainability Framework > Governance structure, Page 7
	2-10	Nomination and selection of the highest governance body	Our Sustainability Framework > Governance structure, Page 7
	2-11	Chair of the highest governance body	Our Sustainability Framework > Governance structure, Page 7
	2-12	Role of the highest governance body in overseeing the management of impacts	Our Sustainability Framework > Governance structure, Page 7
	2-13	Delegation of responsibility for managing impacts	Our Sustainability Framework > Governance structure, Page 7
	2-14	Role of the highest governance body in sustainability reporting	Our Sustainability Framework > Governance structure, Page 7
	2-15	Conflicts of interest	FY2022-23 Annual Report, Page 97
	2-16	Communication of critical concerns	Governance, Page 29
	2-17	Collective knowledge of the highest governance body	Our Sustainability Framework > Governance structure, Page 7

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
<b>General Disclosures</b>			
<b>Governance</b>			
	2-18	Evaluation of the performance of the highest governance body	FY2022-23 Annual Report, Page 84
	2-19	Remuneration policies	FY2022-23 Annual Report, Page 84
	2-20	Process to determine remuneration	FY2022-23 Annual Report, Page 84
	2-21	Annual total compensation ratio	FY2022-23 Annual Report, Page 84
<b>Strategy, policies and practices</b>			
	2-22	Statement on sustainable development strategy	CSO Statement, Page 13
	2-23	Policy commitments	Annex B: SATS Group Environmental Policy, Page 60
	2-24	Embedding policy commitments	Annex B: SATS Group Environmental Policy, Page 60
	2-25	Processes to remediate negative impacts	Covered in Environmental, Social, Governance Progress Reports, Page 18
	2-26	Mechanisms for seeking advice and raising concerns	Annex C: Stakeholder Engagement, Page 62
	2-27	Compliance with laws and regulations	GRI Disclosures > List of Certifications, Page 58
	2-28	Membership associations	GRI Disclosures > Membership of Associations, Page 58
<b>Stakeholder engagement</b>			
	2-29	Approach to stakeholder engagement	Annex C: Stakeholder Engagement, Page 62
	2-30	Collective bargaining agreements	GRI Disclosures > Page 49
<b>Disclosures on material topics</b>			
<b>GRI 3: Material Topics 2021</b>	3-1	Process to determine material topics	Our Sustainability Framework > Materiality Assessment, Page 8
	3-2	List of material topics	Annex D: Materiality Assessment, Page 64
	3-3	Management of material topics	Covered in Environmental, Social, Governance Progress Reports, Page 18





## Annex G

## GRI Content Index

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
<b>Topic Specific Disclosures</b>			
<b>Category: Economics</b>			
<b>Procurement Practices</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Covered in Environmental, Social, Governance Progress Reports, Page 18
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Proportion of spending on local suppliers is more than 90% (only Singapore-based operations)
<b>Category: Environmental</b>			
<b>Energy</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Covered in Environmental, Social, Governance Progress Reports, Page 18
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	GRI Disclosures > Energy Breakdown by Country, Page 36
	302-2	Energy consumption outside of the organisation	Data not available
	302-3	Energy intensity	GRI Disclosures > Energy Intensity, Page 38
	302-4	Reduction of energy consumption	Environmental > Progress on Energy Optimisation, Page 22
	302-5	Reductions in energy requirements of products and services	Environmental > Progress on Energy Optimisation, Page 23
<b>Water and Effluents</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Covered in Environmental, Social, Governance Progress Reports, Page 18
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Environmental, Page 18
	303-2	Management of water discharge-related impacts	Environmental, Page 18
	303-3	Water withdrawal	GRI Disclosures > Water Withdrawal > Page 44
	303-4	Water discharge	Data not available
	303-5	Water consumption	GRI Disclosures > Water Withdrawal > Page 44

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
<b>Emissions</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Covered in Environmental, Social, Governance Progress Reports, Page 18
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	GRI Disclosures > SATS Scope 1, 2 and 3 Emissions, Page 35
	305-2	Energy indirect (Scope 2) GHG emissions	GRI Disclosures > SATS Scope 1, 2 and 3 Emissions, Page 35
	305-3	Other indirect (Scope 3) GHG emissions	GRI Disclosures > SATS Scope 1, 2 and 3 Emissions, Page 35
	305-4	GHG emissions intensity	GRI Disclosures > Carbon Intensity, Page 38
	305-5	Reduction of GHG emissions	Environmental, Page 18
<b>Waste</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Covered in Environmental, Social, Governance Progress Reports, Page 18
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	GRI Disclosures > Waste Generation, Page 43
	306-2	Management of significant waste-related impacts	GRI Disclosures > Waste Generation, Page 43
	306-3	Waste generated	GRI Disclosures > Waste Generation, Page 43
	306-4	Waste diverted from disposal	GRI Disclosures > Waste Generation, Page 43
	306-5	Waste directed to disposal	GRI Disclosures > Waste Generation, Page 43
<b>Category: Environmental Compliance</b>			
<b>Supplier Environmental Assessment</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Covered in Environmental, Social, Governance Progress Reports, Page 18
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Environmental > Page 18 and Annex C: Stakeholder Engagement > Suppliers, Page 62
	308-2	Negative environmental impacts in the supply chain and actions taken	Annex B: SATS Group Environmental Policy > Minimising Negative Environmental Impact, Page 61



## Annex G (continued)

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
<b>Category: Social</b>			
<b>Employment</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Covered in Environmental, Social, Governance Progress Reports, Page 18
<b>GRI 401: Employment 2016</b>	401-1	New employee hires and employee turnover	GRI Disclosures > Number of Employees, Page 50
	401-3	Parental leave	In accordance with statutory schemes
<b>Labour-Management Relations</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Covered in Environmental, Social, Governance Progress Reports, Page 18
<b>GRI 402: Labor/ Management Relations 2016</b>	402-1	Minimum notice periods regarding operational changes	GRI Disclosure > Minimum Notice Period Regarding Operational Changes, Page 52
<b>Occupational Health and Safety</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Covered in Environmental, Social, Governance Progress Reports, Page 18
<b>GRI 403: Occupational Health and Safety 2016</b>	403-1	Occupational health and safety management system	Social > Progress on Health & Safety, Page 26
	403-2	Hazard identification, risk assessment, and incident investigation	Social > Progress on Health & Safety, Page 26
	403-3	Occupational health services	Social > Progress on Health & Safety, Page 26
	403-4	Worker participation, consultation, and communication on occupational health and safety	Social > Progress on Health & Safety, Page 26
	403-5	Worker training on occupational health and safety	Social > Progress on Health & Safety, Page 26
	403-6	Promotion of worker health	Social > Progress on Health & Safety, Page 26
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Social > Progress on Health & Safety, Page 26
	403-8	Workers covered by an occupational health and safety management system	Social > Progress on Health & Safety, Page 26
	403-9	Work-related injuries	GRI Disclosures > Work-related Injuries, Page 56
	403-10	Work-related ill health	GRI Disclosures > Work-related Injuries, Page 56

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
<b>Training and Education</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Covered in Environmental, Social, Governance Progress Reports, Page 18
<b>GRI 404: Training and Education 2016</b>	404-1	Average hours of training per year per employee	GRI Disclosure > Average Training Hours, Page 53
	404-2	Programs for upgrading employee skills and transition assistance programs	Social > Progress on Nurturing Skills for the Future, Page 27
	404-3	Percentage of employees receiving regular performance and career development reviews	Data not available
<b>Diversity and Equal Opportunity</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Covered in Environmental, Social, Governance Progress Reports, Page 18
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1	Diversity of governance bodies and employees	GRI Disclosure > Board Diversity, Page 57
	405-2	Ratio of basic salary and remuneration of women to men	Data not available
<b>Non-discrimination</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Covered in Environmental, Social, Governance Progress Reports, Page 18
<b>GRI 406: Non-discrimination 2016</b>	406-1	Incidents of discrimination and corrective actions taken	Data not available
<b>Supplier Social Assessment</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Covered in Environmental, Social, Governance Progress Reports, Page 18
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1	New suppliers that were screened using social criteria	Annex C: Supplier Engagement > Suppliers, Page 62
	414-2	Negative social impacts in the supply chain and actions taken	Annex B: SATS Group Environmental Policy > Minimising Negative Environmental Impact, Page 60





## Annex G (continued)

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
<b>Customer Health and Safety</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Covered in Environmental, Social, Governance Progress Reports, Page 18
<b>GRI 416: Customer Health and Safety 2016</b>	416-1	Assessment of the health and safety impacts of product and service categories	Governance, Page 29
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Governance, Page 29
<b>Customer Privacy</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Covered in Environmental, Social, Governance Progress Reports, Page 18
<b>GRI 418: Customer Privacy 2016</b>	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Governance, Page 29
<b>Category: Governance</b>			
<b>Anti-corruption</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Covered in Environmental, Social, Governance Progress Reports, Page 18
<b>GRI 205: Anti-corruption 2016</b>	205-1	Operations assessed for risks related to corruption	Governance, Page 29
	205-2	Communication and training about anti-corruption policies and procedures	Governance, Page 29
	205-3	Confirmed incidents of corruption and actions taken	Governance, Page 29



## Annex H

### Entities

Company	Country of Incorporation
SATS Ltd	Singapore
Subsidiaries	Country of Incorporation
SATS Airport Services Pte Ltd	Singapore
SATS Catering Pte Ltd	Singapore
SATS Aero Laundry Pte Ltd	Singapore
SATS Security Services Private Limited	Singapore
SATS Asia-Pacific Star Private Limited	Singapore
SATS Aerolog Express Pte. Ltd.	Singapore
SATS Investments Pte. Ltd.	Singapore
SATS Food Services Singapore Pte. Ltd.	Singapore
SATS Institutional Catering Pte Ltd	Singapore
SFI Food Pte. Ltd.	Singapore
SFI Manufacturing Private Limited	Singapore
Primary Industries Private Limited	Singapore
Hog Auction Market Pte. Ltd.	Singapore
SATS Delaware North Pte. Ltd.	Singapore
SATS-Creuers Cruise Services Pte. Ltd.	Singapore
SATS Investments (II) Pte. Ltd.	Singapore
Cemerlang Pte. Ltd.	Singapore

Subsidiaries	Country of Incorporation
GTRSG Pte. Ltd.	Singapore
SATS Consumer Services Pte. Ltd.	Singapore
SATS Seletar Aviation Services Pte. Ltd.	Singapore
Country Foods Pte. Ltd.	Singapore
Real Tasty Pte Ltd	Singapore
The Aviation Sustainability Forum Ltd.	Singapore
SATS Treasury Pte Ltd	Singapore
SATS Investments (III) Pte Ltd	Singapore
SATS Services Sdn Bhd	Malaysia
GTRH Sdn Bhd	Malaysia
GTR Sdn. Bhd	Malaysia
TFK Corporation	Japan
Inflight Foods Co., Ltd	Japan
Narita Dry Ice Co., Ltd	Japan
New Tokyo Service Co., Ltd	Japan
Shanghai ST Food Industries Co., Limited	China
SATS (Kunshan) Food Co., Ltd	China
SATS China Co., Ltd	China
SATS (Tianjin) Food Co., Ltd.	China

Subsidiaries	Country of Incorporation
Nanjing Weizhou Airline Food Corp., Ltd.	China
Ganzhou SATS Aviation Food Co., Ltd	China
Huizhou Weilian Airline Food Co., Ltd.	China
Shenzhen Weilian Air Catering Co., Ltd	China
Zhoushan Weilian Air Catering Co., Ltd	China
Zhanjiang Wuchuan Weilian Air Catering Co., Ltd	China
Jiangxi Weilian Air Catering Co., Ltd.	China
SATS (India) Co. Private Limited	India
SATS Food Solutions India Private Limited	India
SATS (Thailand) Co., Ltd	Thailand
SATS Food Solutions (Thailand) Co., Ltd.	Thailand
Primary Industries (Qld) Pty Ltd	Australia
SATS Saudi Arabia	Saudi Arabia
Monty's Bakehouse UK Limited	United Kingdom
Monty's Bakehouse NL B.V.	Netherlands
Asia Airfreight Terminal Company Limited	Hong Kong
Asia Airfreight Services Limited	Hong Kong

As at 31 March 2023





## Annex I

# Glossary

<b>AAT</b>	Asia Airfreight Terminal Company Limited	<b>GCNS</b>	UN Global Compact Network Singapore	<b>PV</b>	Photovoltaic
<b>AESU</b>	Air-Transport Executive Staff Union	<b>GHG</b>	Greenhouse Gas	<b>SAL</b>	SATS Aero Laundry Pte. Ltd.
<b>AFT</b>	Airfreight Terminal	<b>GJ</b>	Gigajoules	<b>SATS DN</b>	SATS Delaware North Pte. Ltd.
<b>AHU</b>	Air Handling Unit	<b>GPS</b>	Global Positioning System	<b>SATS TFK</b>	SATS Tokyo Flight Kitchen (Japan)
<b>AI</b>	Artificial Intelligence	<b>GRI</b>	Global Reporting Initiative	<b>SATSWU</b>	SATS Workers' Union
<b>AISATS</b>	Air India SATS Airport Services Private Limited	<b>GSE</b>	Ground Support Equipment	<b>SFS</b>	SATS Food Services Singapore Pte. Ltd.
<b>ART</b>	Assumption Restaurant for Training	<b>HACCP</b>	Hazard Analysis and Critical Control Points	<b>SGIC</b>	SATS Global Innovation Centre
<b>BCS</b>	Beijing CAH SATS Aviation Services Co., Ltd.	<b>IATA</b>	International Air Transport Association	<b>SGX</b>	Singapore Exchange
<b>BGS</b>	Beijing Aviation Ground Services Co., Ltd	<b>IIoT</b>	Industrial Internet of Things	<b>SIA</b>	Singapore Airlines
<b>CAAS</b>	Civil Aviation Authority of Singapore	<b>ISO</b>	International Organisation for Standardisation	<b>SICC</b>	SATS Inflight Catering Centre
<b>CAG</b>	Changi Airport Group	<b>LED</b>	Light-emitting Diode	<b>SISEU</b>	Singapore Industrial and Services Employees' Union
<b>CAH</b>	Capital Airport Holding Limited	<b>LPG</b>	Liquefied Petroleum Gas	<b>SMC</b>	SATS Maintenance Centre
<b>CASC</b>	China Aerospace Science and Technology Corporation	<b>MBCCS</b>	Marina Bay Cruise Centre Singapore	<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>CDP</b>	Carbon Disclosure Project	<b>NGO</b>	Non-governmental Organisation	<b>tCO<sub>2</sub>e</b>	Tonnes of Carbon Dioxide Equivalent
<b>Country Foods</b>	Country Foods Pte. Ltd.	<b>OEE</b>	Overall Equipment Effectiveness	<b>UN SDGs</b>	United Nations Sustainable Development Goals
<b>CSO</b>	Chief Sustainability Officer	<b>PCEO</b>	President & Chief Executive Officer	<b>WFS</b>	Worldwide Flight Services
<b>ESG</b>	Environmental, Social and Governance	<b>PI</b>	Primary Industries Private Limited	<b>WSH</b>	Workplace Safety and Health
<b>EV</b>	Electric Vehicle	<b>PTB</b>	Passenger Terminal Building		
<b>FDAWU</b>	Food, Drinks and Allied Workers Union	<b>PT CAS</b>	PT Cardig Aero Services TBK (Indonesia)		