

[ABOUT  
SATS](#)[LEADERSHIP  
STATEMENT](#)[SUSTAINABILITY  
FRAMEWORK](#)[SUSTAINABLE  
NUTRITION](#)[TREASURING  
RESOURCES](#)[CONNECTING  
PEOPLE](#)[ENSURING  
TRANSPARENCY AND  
ACCOUNTABILITY](#)[INDEPENDENT  
STATEMENT](#)[ANNEX](#)[GLOSSARY](#)

**Inaugural  
Sustainability  
Report 2016-17**



# Treasuring Resources

Use Scarce Resources Efficiently >

Reduce Emissions >

Grow with SATS >



# Treasuring Resources

At SATS, we understand the impact our operations will have on the environment, and we use our resources responsibly.

As the leading provider of gateway services and food solutions in the region, we are committed to reduce emissions and waste through increased efficiency, and to shift towards renewable and sustainable energy, water and material sources.

Embracing our “Passion to Delight” service attitude, we adopt a people-friendly approach to automation and digitisation, ensuring that technology enables our employees to be more productive and fulfil their full potential.



ABOUT  
SATS

LEADERSHIP  
STATEMENT

SUSTAINABILITY  
FRAMEWORK

SUSTAINABLE  
NUTRITION

**TREASURING  
RESOURCES**

CONNECTING  
PEOPLE

ENSURING  
TRANSPARENCY AND  
ACCOUNTABILITY

INDEPENDENT  
STATEMENT

ANNEX

GLOSSARY

**Inaugural  
Sustainability  
Report 2016-17**

# Use Scarce Resources Efficiently

Resource scarcity amplifies the need for businesses to use resources efficiently. Waste reduction will not only create efficiency, but also lower costs. As we reduce, reuse, and recycle, we can derive savings from materials, energy and transport.

At SATS, we recognise that the traditional model of 'take-make-use-dispose' is unsustainable. As such, we are committed to harnessing technology and improving our processes to ensure that wastage is kept to a minimum. In the long-term, we aim to contribute meaningfully to the circular economy, where industrial systems are intentionally restorative and regenerative.



## Use Scarce Resources Efficiently

“

**By taking a more proactive stance towards environmental sustainability, we are confident that we will continue to build trust and create value for our stakeholders in the long run.**

”

Recognising the need for a more holistic and systematic approach towards identifying, measuring, monitoring and managing our environmental issues, we embarked on the ISO 14001 Environmental Management certification in 2017. In addition to facilitating improvement in environmental performance through more efficient use of resources and reduction of waste, the ISO 140001 certification process has also helped us to ensure that waste management and daily working procedures meet international industry-specific environmental standards.

In the process of obtaining this certification, we reviewed our existing operational procedures and also

developed new procedures to better align with the ISO 140001 standards. These procedures include improvement in the disposal methods of used batteries, oil-stained clothes and metal spare parts etc. to be more environmentally-friendly. More significantly, we have made improvements to the maintenance of our waste oil treatment plant to reduce pollution incidents.

We require the suppliers who work with us to comply with local environmental laws, and encourage them to observe best environmental practices. Suppliers who adopt sustainable business practices are also preferred. By taking a more proactive stance towards environmental sustainability, we are confident that we

will continue to build trust and create value for our stakeholders in the long run.

In the reporting period, there were no incidences of non-compliance with environmental laws and regulations.

At our In-flight Catering Centres, we have been working with our licenced recycling vendor since 2008 to recycle plastic, metal, carton boxes, cooking oil and glass at SICC1 and SICC2. Compared with 2015, our recycling rate has improved as a whole.

*please refer to*

**CHART 1.0**

ABOUT SATS

LEADERSHIP STATEMENT

SUSTAINABILITY FRAMEWORK

SUSTAINABLE NUTRITION

**TREASURING RESOURCES**

CONNECTING PEOPLE

ENSURING TRANSPARENCY AND ACCOUNTABILITY

INDEPENDENT STATEMENT

ANNEX

GLOSSARY

**Inaugural Sustainability Report 2016-17**

# Use Scarce Resources Efficiently

ABOUT SATS

LEADERSHIP STATEMENT

SUSTAINABILITY FRAMEWORK

SUSTAINABLE NUTRITION

**TREASURING RESOURCES**

CONNECTING PEOPLE

ENSURING TRANSPARENCY AND ACCOUNTABILITY

INDEPENDENT STATEMENT

ANNEX

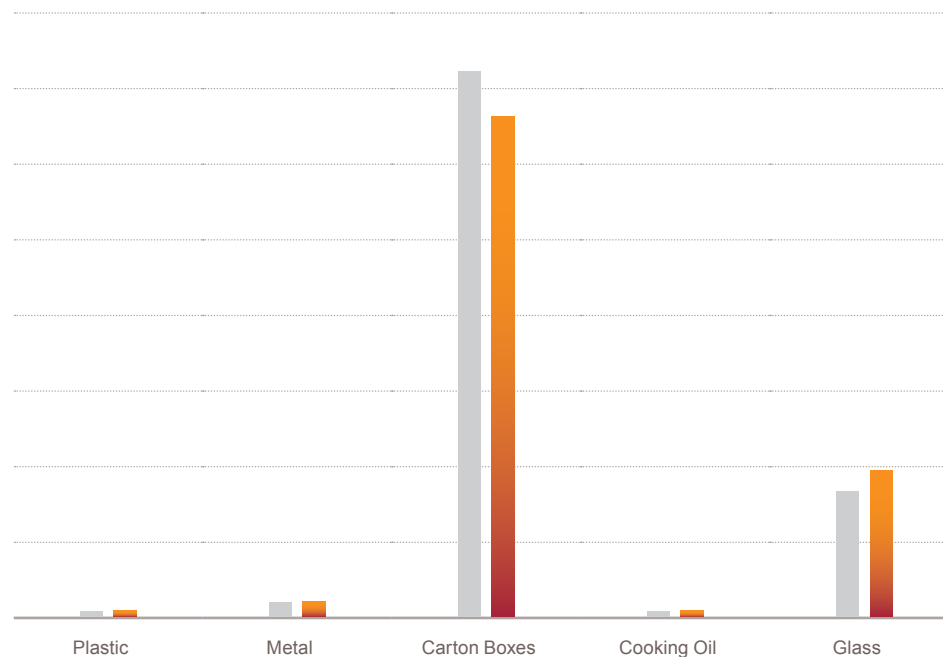
GLOSSARY

**Inaugural Sustainability Report 2016-17**

**CHART 1.0**

## WEIGHT OF WASTE BEING RECYCLED AT SICC1 and SICC2

(kg)



(kg)	Plastic	Metal	Carton Boxes	Cooking Oil	Glass
● FY2015-16	6,617	21,978	904,210	6,590	206,090
● FY2016-17	7,786	22,606	828,630	8,085	239,816



## Use Scarce Resources Efficiently

ABOUT SATS

LEADERSHIP STATEMENT

SUSTAINABILITY FRAMEWORK

SUSTAINABLE NUTRITION

**TREASURING RESOURCES**

CONNECTING PEOPLE

ENSURING TRANSPARENCY AND ACCOUNTABILITY

INDEPENDENT STATEMENT

ANNEX

GLOSSARY

**Inaugural Sustainability Report 2016-17**

### WATER MANAGEMENT

Water is essential to SATS: we use 656,000,000 litres of water in SICC1 and SICC2 alone. It is crucial that we use water efficiently to keep our operations going. Appreciating the importance of water conservation, we continue to employ water-efficient technologies and improve our processes as part of our ongoing conservation efforts:

#### Installation of water-saving fittings on pantry and garden taps in SICC1 and SICC2

- Key outcome: Reduce water consumption by 60%
- Current status: Installed 24 fittings on pantry taps and 247 garden taps in both centres

#### Dishwasher replacement in SICC1 and SICC2

- Key outcome: Reduce water consumption by 20%
- Current status: Replaced one unit in SICC1 and two units in SICC2, and target to replace two more units in SICC2 by May 2019.

In FY2016-17, water consumption across SATS operations increased as a whole due to the replacement of chillers at SICC1 where water was drained to facilitate the replacement work. 2016 was also one of the hottest and driest years Singapore experienced; as such, the amount of water used for cooling increased significantly in 2016. Furthermore, as a result of an extended period of haze, there was more frequent washing of the Air Handling Units and vehicles. At the same time, the number of meals produced increased 5% compared to the previous year. During the reporting period, recycled water comprised 7% of total water consumption at our Inflight Catering Centres in Singapore.

Using sustainable packaging also helps to keep our environment clean and protects our water resources and supply chains.

*please refer to*

**CHART 1.1**

**+5%**

Number of meals produced in 2018

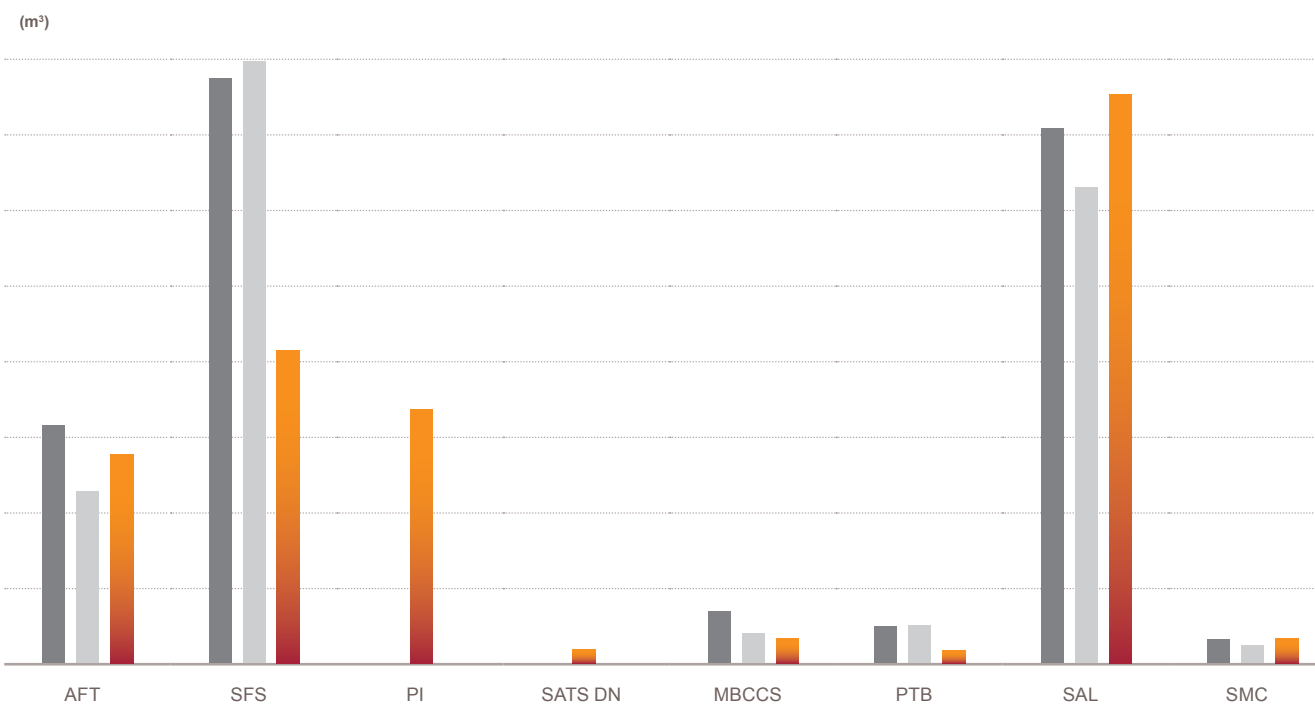
**7%**

Of total water consumption at our In-flight Catering Centres is recycled

# Use Scarce Resources Efficiently

**CHART 1.1**

## WATER CONSUMPTION FOR RESPECTIVE PREMISES



(m <sup>3</sup> )	AFT	SFS	PI	SATS DN	MBCCS	PTB	SAL	SMC
● FY2014-15	94,383	232,872	—	—	20,348	14,210	212,942	9,100
● FY2015-16	67,976	239,812	—	—	11,215	14,527	189,446	6,485
● FY2016-17	82,626	124,316	100,600	5,200	9,397	4,671	226,595	9,254

ABOUT  
SATSLEADERSHIP  
STATEMENTSUSTAINABILITY  
FRAMEWORKSUSTAINABLE  
NUTRITION**TREASURING  
RESOURCES**CONNECTING  
PEOPLEENSURING  
TRANSPARENCY AND  
ACCOUNTABILITYINDEPENDENT  
STATEMENT

ANNEX

GLOSSARY

**Inaugural  
Sustainability  
Report 2016-17**

# Reduce Emissions

Carbon emissions will cause climatic changes that could impact our sources of supply. It will also create health risks for our people working outside at airports.

Moving from fossil power to renewable energy will help shrink our carbon footprint and reduce the impact our operations have on the environment. Digitisation makes our operations more efficient, minimising the movement of people and equipment, thereby reducing energy consumption. For example, we have deployed Autonomous Guided Vehicles (AGVs) in our central kitchens, Smart Glass in Ramp and Smart Watch in Technical Ramp operations. Please refer to page 57 for more details on the Smart Glass and Smart Watch.





## Reduce Emissions

ABOUT  
SATS

LEADERSHIP  
STATEMENT

SUSTAINABILITY  
FRAMEWORK

SUSTAINABLE  
NUTRITION

**TREASURING  
RESOURCES**

CONNECTING  
PEOPLE

ENSURING  
TRANSPARENCY AND  
ACCOUNTABILITY

INDEPENDENT  
STATEMENT

ANNEX

GLOSSARY

**Inaugural  
Sustainability  
Report 2016-17**



**We are committed to reducing emissions and waste through increased efficiency, and a shift towards renewable and sustainable energy, water and material sources.**



### REDUCE CARBON FOOTPRINT

Mindful of the consequences of climate change, we actively minimise and manage our impact on the environment by embarking on several initiatives that have resulted in significant energy savings, to reduce our carbon footprint. In Singapore, for instance, a chiller modernisation programme which will be completed in August 2018 is estimated to save approximately 3.9GWh per year – enough energy to power some 7,800 refrigerators for a year. Our goal is to achieve an 80% reduction in carbon footprint from a 2018 baseline, by 2030.

#### LED tube installation in SICC1 and SICC2

- Key outcome: Reduce electricity consumption by 60% by replacing fluorescent tube with LED tube
- Current status: 85% completion for SICC1 and 70% completion for SICC2. 100% completion expected by November 2018

#### Adjustment to air con set point in office areas at SICC1 and SICC2

- Key outcome: Increased the set point from 22°C to 24.5°C and decrease the load of chiller system
- Current status: Implemented at SICC1 and SICC2

#### Chiller replacement project in SICC2

- Key outcome: Improved chiller efficiency and saved an estimated 1.8GWh/year by replacing aging chillers with more efficient ones
- Current status: Seven old chillers to be consolidated, and replaced with five new chillers. The tender has been awarded and the replacement works are expected to be completed by October 2018.

#### Installation of solar panels at Changi Airfreight Terminals 5 and 6

- Key outcome: Provide 4.5GWh/year of electricity by switching to renewable energy sources
- Current status: Completed installation of solar panels in December 2016; commissioned in April 2017

#### Replacement of high bay light to energy-efficient induction light

- Key outcome: Saves electricity usage by 1.2GWh/year
- Current status: Project was completed in 2014

As a result of these energy-saving initiatives, our electricity consumption for SICC1 and SICC2 fell during the reporting period. By 2030, we aim to achieve 40% of renewable energy use in our buildings.

*please refer to*

**CHART 1.2**

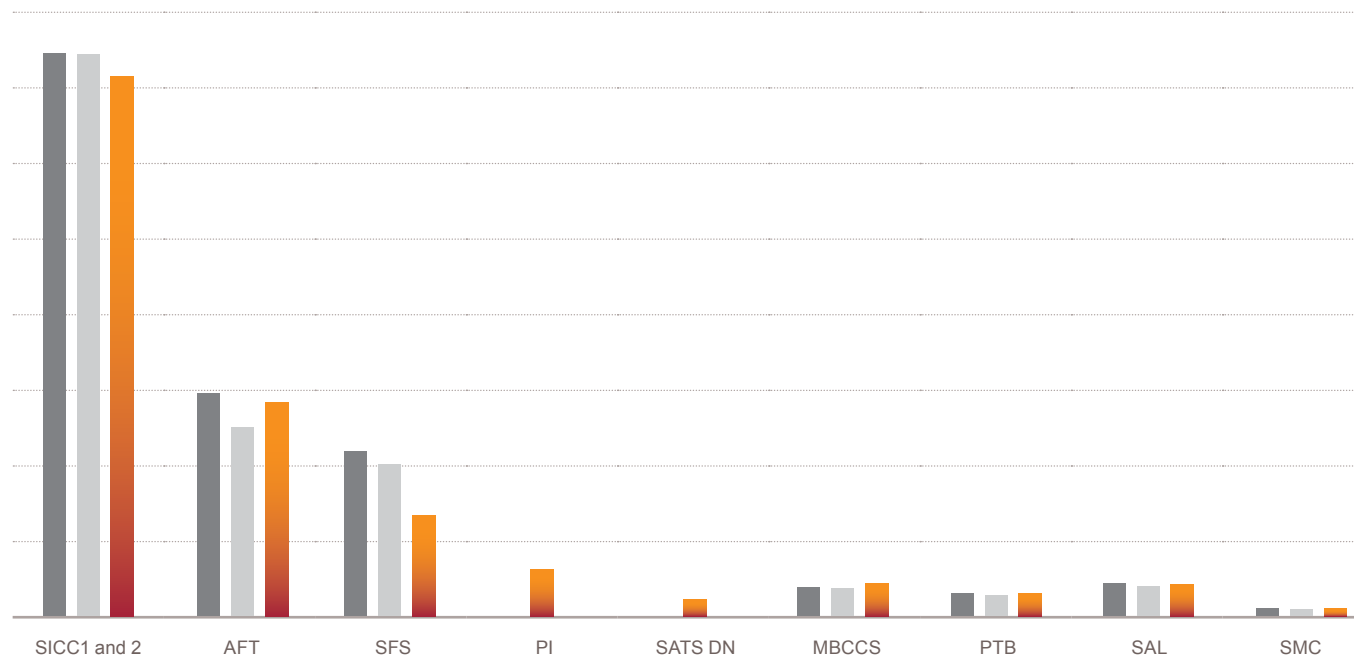
**CHART 1.3**

**CHART 1.4**

CHART 1.2

## ELECTRICITY CONSUMPTION FOR RESPECTIVE PREMISES

(kWh)



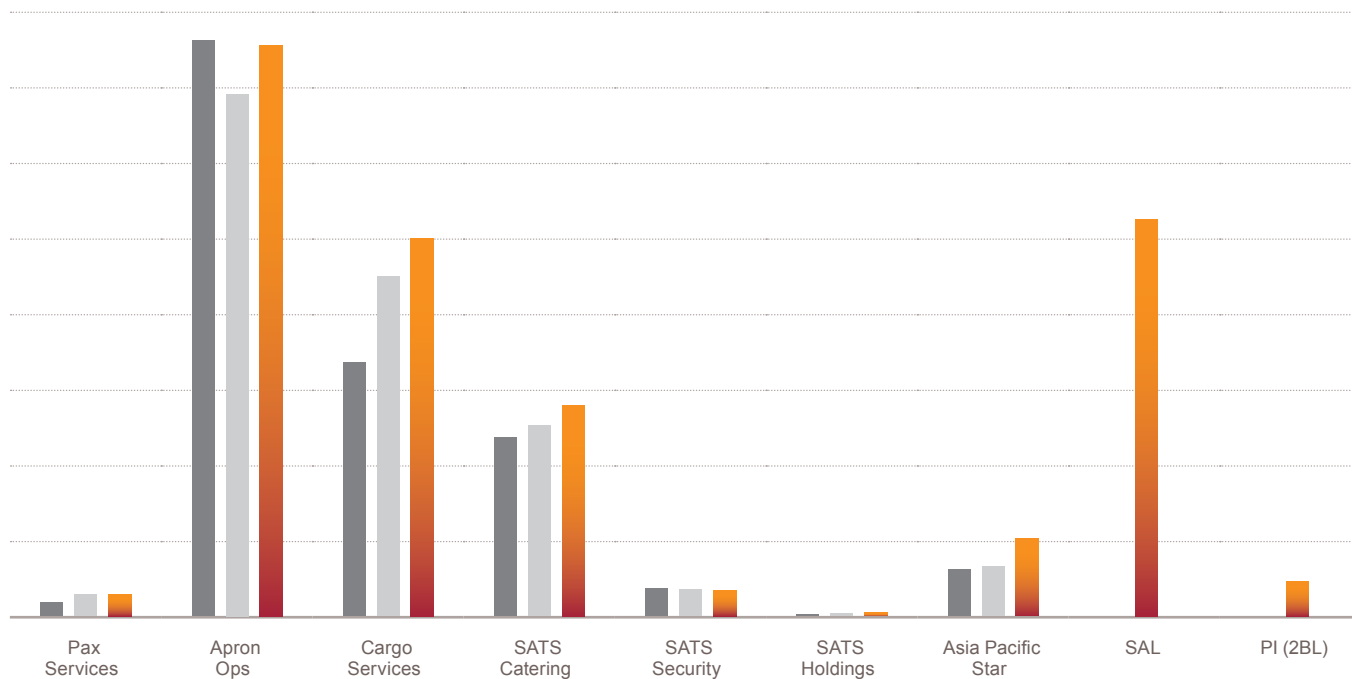
(kWh)	SICC1 and 2	AFT	SFS	PI	SATS DN	MBCCS	PTB	SAL	SMC
● FY2014-15	65,033,465	25,686,582	19,057,958	—	—	3,282,864	2,568,452	3,731,370	835,990
● FY2015-16	64,901,649	21,771,992	17,564,489	—	—	3,143,756	2,415,336	3,453,601	803,703
● FY2016-17	62,412,128	24,746,409	11,667,751	5,385,361	1,861,855	3,814,381	2,604,126	3,698,230	815,563

# Reduce Emissions

**CHART 1.3**

## DIESEL CONSUMPTION FOR RESPECTIVE BUSINESS UNITS

(litres)



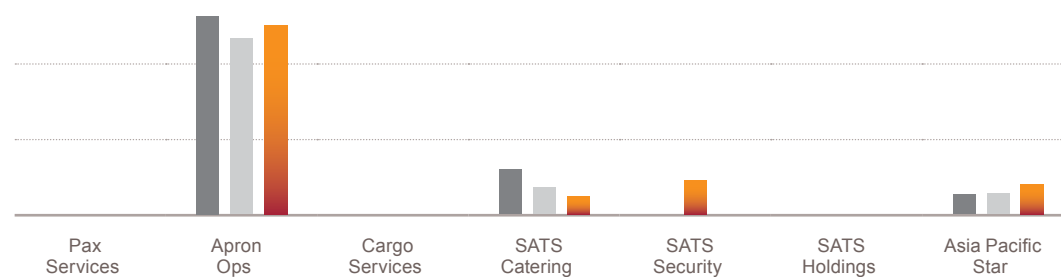
(litres)	Pax Services	Apron Ops	Cargo Services	SATS Catering	SATS Security	SATS Holdings	Asia Pacific Star	SAL	PI (2BL)
● FY2014-15	91,773	3,816,821	1,681,721	1,183,927	183,465	617	305,471	—	—
● FY2015-16	140,442	3,459,319	2,249,818	1,261,006	174,388	850	325,767	—	—
● FY2016-17	144,202	3,779,392	2,501,655	1,391,799	169,846	1,113	510,788	2,629,055	230,000



CHART 1.4

## PETROL CONSUMPTION FOR RESPECTIVE BUSINESS UNITS

(litres)



(litres)	Pax Services	Apron Ops	Cargo Services	SATS Catering	SATS Security	SATS Holdings	Asia Pacific Star
● FY2014-15	–	32,804	–	7,298	–	–	3,275
● FY2015-16	–	29,118	–	4,420	–	–	3,433
● FY2016-17	–	31,245	–	2,844	5,544	–	4,920

## Reduce Emissions

### CASE STUDY

# Going Electric

To reduce emissions that could impact the environment, we put together a four-year master plan (2017-2020) to convert our diesel GSEs to electric ones. 48 hybrid tractors, which have a higher fuel efficiency than traditional diesel tractors, are currently being used for our operations at Changi Airport Terminals 2 and 3. By 2020, we aim to convert

59% of our diesel GSE to electric ones. In addition, we have also embarked on a two-year master plan (2017-2018) to install charging points for our electric tractors. Subject to the development of the infrastructure by the airport authorities, we aim to have a full fleet of electric ground handling equipment by 2030.

# 48



Hybrid tractors used at Changi Airport Terminals 2 and 3

*please refer to*

CHART 1.5

CHART 1.6



ABOUT  
SATS

LEADERSHIP  
STATEMENT

SUSTAINABILITY  
FRAMEWORK

SUSTAINABLE  
NUTRITION

**TREASURING  
RESOURCES**

CONNECTING  
PEOPLE

ENSURING  
TRANSPARENCY AND  
ACCOUNTABILITY

INDEPENDENT  
STATEMENT

ANNEX

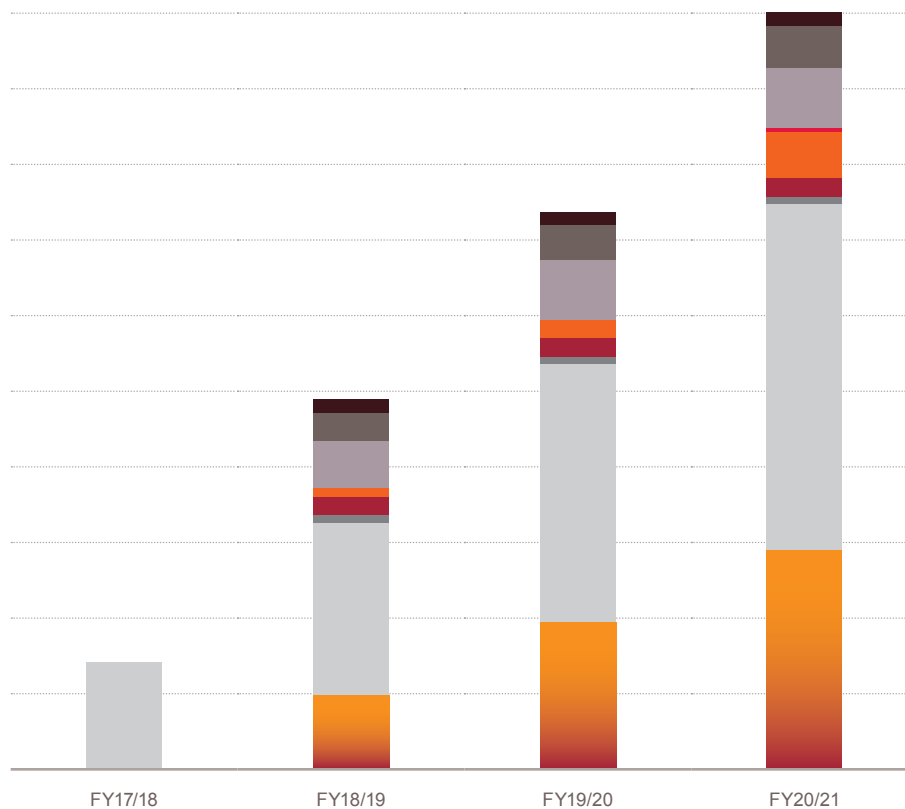
GLOSSARY

Inaugural  
Sustainability  
Report 2016-17

CHART 1.5

## CONVERSION OF DIESEL GSE TO eGSE

(No. of Units)



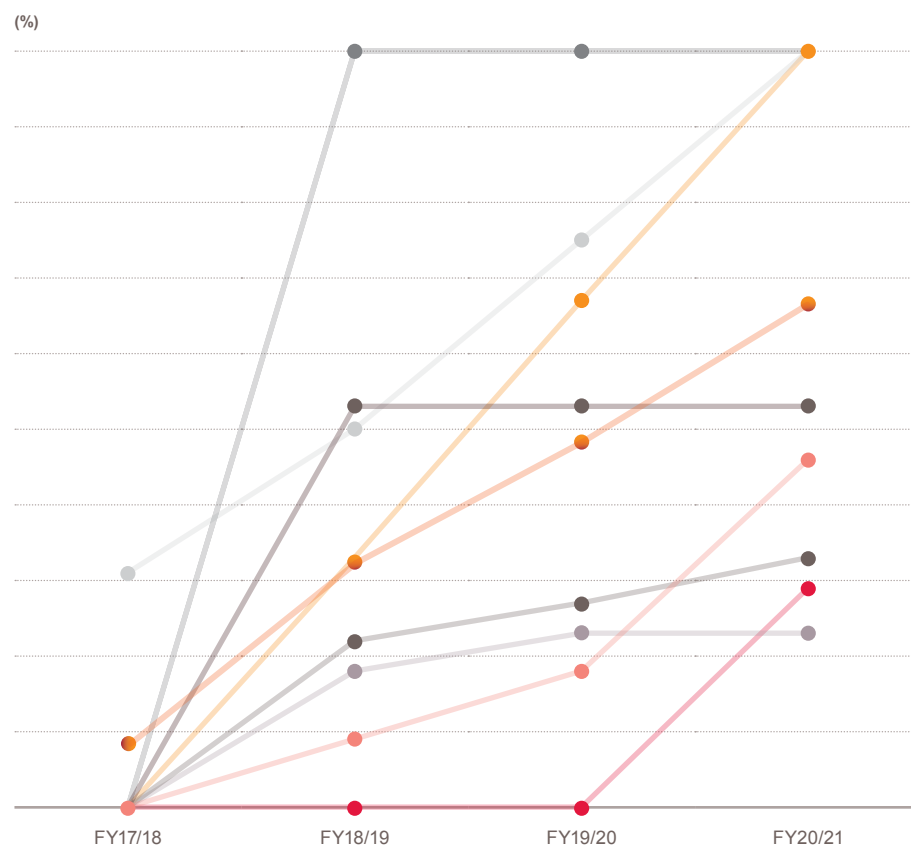
(No. of Units)	FY2017-18	FY2018-19	FY2019-20	FY2020-21
● Passenger Step	—	9	9	9
● JCPL	—	19	23	28
● Van/Car	—	31	40	40
● Apron Bus	—	—	—	2
● Skyloader	—	6	12	31
● Hi-Lift: AIC	—	12	12	12
● Hi-Lift: APS	—	5	5	5
● Tractor	70	114	171	229
● Forklift	—	48	96	144
<b>Total</b>	<b>70</b>	<b>244</b>	<b>368</b>	<b>500</b>



# Reduce Emissions

CHART 1.6

## CONVERSION RATE OF DIESEL GSE TO eGSE



(%)	FY2017-18	FY2018-19	FY2019-20	FY2020-21
● Passenger Step	0	53	53	53
● JCPL	0	22	27	33
● Van/Car	0	18	23	23
● Apron Bus	0	0	0	29
● Skyloader	0	9	18	46
● Hi-Lift: AIC	0	100	100	100
● Hi-Lift: APS	0	100	100	100
● Tractor	31	50	75	100
● Forklift	0	33	67	100
● Total	8	29	43	59

# Grow with SATS

ABOUT  
SATSLEADERSHIP  
STATEMENTSUSTAINABILITY  
FRAMEWORKSUSTAINABLE  
NUTRITIONTREASURING  
RESOURCESCONNECTING  
PEOPLEENSURING  
TRANSPARENCY AND  
ACCOUNTABILITYINDEPENDENT  
STATEMENT

ANNEX

GLOSSARY

Inaugural  
Sustainability  
Report 2016-17

Our people are valuable and we recognise their contributions with fair pay and safe working conditions. We promote respect and understanding in the workplace, offering equal opportunities to all our people. We encourage our people to develop new skills and lead innovation to improve services for our customers. Higher productivity helps to create more opportunities for them and we fund better pay through a progressive wage model. We are committed to providing an open culture guided by our leadership principles.

A testament to our employee engagement efforts, our annual attrition rate stands at 11% during the reporting period, substantially below the national average of 23.4%<sup>1</sup> in 2016. Likewise, our recruitment rate at 16% is significantly lower than the national average of 26.4%<sup>2</sup>.

<sup>1</sup> Source: <http://stats.mom.gov.sg/Pages/Labour-Turnover-Summary-Table.aspx> (23.4% computed by multiplying the annual average monthly resignation rate by 12)

<sup>2</sup> Source: <http://stats.mom.gov.sg/Pages/Labour-Turnover-Summary-Table.aspx> (26.4% computed by multiplying the annual average monthly recruitment rate by 12)

*please refer to*

**CHART 1.7**

**CHART 1.8**

Age Group/ Gender	Food Solutions	Gateway	Corp	Grand Total
<b>FEMALE</b>	<b>154</b>	<b>380</b>	<b>24</b>	<b>558</b>
<30	54	231	4	<b>289</b>
30 to 39	41	106	13	<b>160</b>
40 to 49	14	29	6	<b>49</b>
50 to 59	21	12	1	<b>34</b>
>60	24	2	—	<b>26</b>
<b>MALE</b>	<b>220</b>	<b>395</b>	<b>11</b>	<b>626</b>
<30	77	179	—	<b>256</b>
30 to 39	51	113	5	<b>169</b>
40 to 49	25	55	5	<b>85</b>
50 to 59	49	28	1	<b>78</b>
>60	18	20	—	<b>38</b>
<b>Grand Total</b>	<b>374</b>	<b>775</b>	<b>35</b>	<b>1,184</b>

**Overall Annualised Voluntary Attrition Rate**

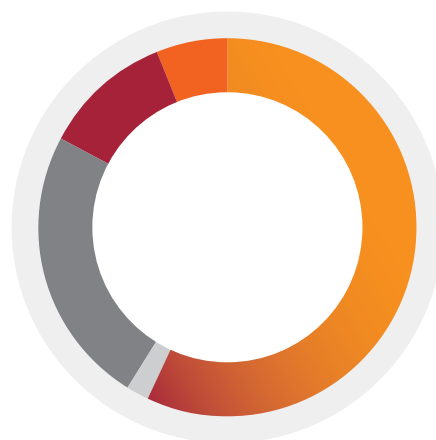
**11%**

Age Group/ Gender	Corp	Food Solutions	Gateway	Grand Total
<b>MALE</b>	<b>28</b>	<b>367</b>	<b>756</b>	<b>1151</b>
<30	7	179	457	<b>643</b>
30 to 39	8	84	168	<b>260</b>
40 to 49	9	57	70	<b>136</b>
50 to 59	4	36	37	<b>77</b>
>60	—	11	24	<b>35</b>
<b>FEMALE</b>	<b>24</b>	<b>173</b>	<b>371</b>	<b>568</b>
<30	7	78	260	<b>345</b>
30 to 39	9	48	94	<b>151</b>
40 to 49	5	27	13	<b>45</b>
50 to 59	3	14	3	<b>20</b>
>60	—	6	1	<b>7</b>
<b>Grand Total</b>	<b>52</b>	<b>540</b>	<b>1,127</b>	<b>1,719</b>

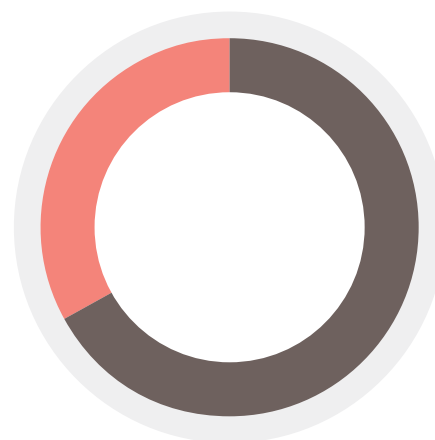
**Overall Annualised Rate of New Hire**

**16%**

CHART 1.7

NEW EMPLOYEE HIRES  
BY AGE GROUP

● <30	57%
● 30 to 39	24%
● 40 to 49	11%
● 50 to 59	6%
● >60	2%
Total	100%

NEW EMPLOYEE HIRES  
BY GENDER

● Male	67%
● Female	33%
Total	100%

NEW EMPLOYEE HIRES  
BY BUSINESS UNITS

● Corporate	3%
● Food Solutions	31%
● Gateway Services	66%
Total	100%

ABOUT  
SATSLEADERSHIP  
STATEMENTSUSTAINABILITY  
FRAMEWORKSUSTAINABLE  
NUTRITIONTREASURING  
RESOURCESCONNECTING  
PEOPLEENSURING  
TRANSPARENCY AND  
ACCOUNTABILITYINDEPENDENT  
STATEMENT

ANNEX

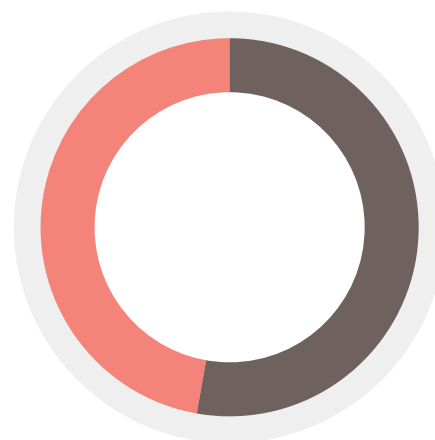
GLOSSARY



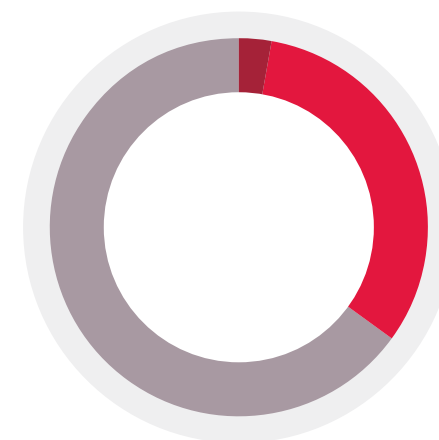
CHART 1.8

EMPLOYEE TURNOVER  
BY AGE GROUP

● <30	46%
● 30 to 39	28%
● 40 to 49	11%
● 50 to 59	9%
● >60	5%
Total	100%

EMPLOYEE TURNOVER  
BY GENDER

● Male	53%
● Female	47%
Total	100%

EMPLOYEE TURNOVER  
BY BUSINESS UNITS

● Corporate	3%
● Food Solutions	32%
● Gateway Services	65%
Total	100%

ABOUT  
SATSLEADERSHIP  
STATEMENTSUSTAINABILITY  
FRAMEWORKSUSTAINABLE  
NUTRITIONTREASURING  
RESOURCESCONNECTING  
PEOPLEENSURING  
TRANSPARENCY AND  
ACCOUNTABILITYINDEPENDENT  
STATEMENT

ANNEX

GLOSSARY

ABOUT  
SATSLEADERSHIP  
STATEMENTSUSTAINABILITY  
FRAMEWORKSUSTAINABLE  
NUTRITIONTREASURING  
RESOURCESCONNECTING  
PEOPLEENSURING  
TRANSPARENCY AND  
ACCOUNTABILITYINDEPENDENT  
STATEMENT

ANNEX

GLOSSARY

Inaugural  
Sustainability  
Report 2016-17**LEARNING AND DEVELOPMENT**

As a leading global services company headquartered in Asia, our people are critical to our business growth. In order to achieve this, we foster an open culture to drive employee engagement.

We are devoted to people development. Leading by example, managers encourage our people to develop new skills and lead innovation to enable them to reach their fullest potential at work.

Our People vision is to engage and develop employees in an open environment of learning and sharing.

Our Human Capital Development Framework comprises:

- (i) functional skills training and
- (ii) soft skills training

We build a performance-driven culture centred on SATS' five core values: Excellence, Safety & Security, Innovation, Trust, and Collaboration. In line with this, we have established a People Development System comprising learning principles, policies, learning centre, training framework, learning roadmap, learning initiatives, learning management system, and Development Assessment Centre.

To reinforce a strong service culture across all levels, our training programme for each new employee begins with the SATS Ambassador Programme. All employees across management levels are required to undergo this two-day training programme.

During the reporting period, 100% of our employees received a regular performance and career development review. On average, our employees received 68 hours of training in the year under review. By 2030, we aim to have an average of 80 hours of training per employee, per year.

“

**Leading by example, managers encourage our people to develop new skills and lead innovation to enable them to reach their fullest potential at work.**

”

**100%**

SATS employees received regular performance and career development review

**68 hours**

Total hours for training in the year under review

**SATS ACADEMY**

SATS Academy was set up with the strategic intent to develop employees and allow them to grow with SATS. The programmes at the Academy comprise (i) functional skills training and (ii) soft skills training. The functional skills programme aims to develop technical competencies by mapping our programmes to SkillsFuture Singapore's Skills Framework for Air Transport and international organisations such as International Air Transport Association (IATA). Employees who have completed these programmes will be awarded certifications. On the other hand, the soft skills training will focus on shaping the culture, building and developing management, and leadership competencies.

“

**We believe that a well-trained workforce is critical to the growth of our business.**

”

The programmes are designed to be a mixture of structured facilitated learning, structured non-facilitated learning, and informal learning – all aimed to engage a diversified employee profile with different learning needs and styles. Learning activities are customised to the topics covered to help employees learn through their own discovery and participation.

All our trainings are andragogically designed and activity-based to engage the five senses of participants.

We believe that a well-trained workforce is critical to the growth of our business. We train our employees to deliver the SATS brand promise of “Passion to Delight” so that we achieve our mission “to be the first choice provider” and our vision of Feeding and Connecting Asia.



ABOUT  
SATS

LEADERSHIP  
STATEMENT

SUSTAINABILITY  
FRAMEWORK

SUSTAINABLE  
NUTRITION

**TREASURING  
RESOURCES**

CONNECTING  
PEOPLE

ENSURING  
TRANSPARENCY AND  
ACCOUNTABILITY

INDEPENDENT  
STATEMENT

ANNEX

GLOSSARY

**Inaugural  
Sustainability  
Report 2016-17**

### SATS CONNECT

As we expand our presence in the region, we need to transform our culture into one where our people are more entrepreneurial, resilient, future-ready, quicker to adapt; and our leaders are more dynamic to lead and drive change.

To prepare our leaders to lead, shape, and engage our people, we have created a three-level leadership development programme known as SATS Connect. It begins with a focused workshop with the Senior Management Team. The programmes are designed to develop leadership competencies that will help them to become nimble in handling complex, ambiguous situations or relate to trends, to inspire our people to achieve results. Some examples of the

workshops conducted include topics on understanding future trends; methodology for crisis communication; and storytelling skills to inspire and engage.

In 2017, the Senior Management Team committed to developing a SATS culture that is aligned with accelerating change and transformation. A key outcome of the workshop was the establishment of a set of core leadership principles. These principles underpin SATS' efforts to accelerate transformation and create a culture that embraces growth, change, and innovation.



### Leadership Programmes

The Global Leadership Programme grooms global leaders for SATS through a process of identifying internal talents, putting them through a one-year training programme, before posting them overseas for a year. The plan is to place 48 leaders through the programme by the end of 2022. To ensure that our employees have a global orientation, we also provide opportunities for them to have overseas exposure. As of March 2017, 37 of our employees have gone on overseas assignments. We hope to have 30% of critical and key positions filled by internal transfers by 2030.

### Redesigning Jobs

SATS adopts a technology-driven, people-led approach to employee up-skilling and job enlargement. To better serve our customers, we invest in technology to enhance our capabilities to

handle large-scale operations efficiently, and improve the quality of our food and services. The use of technology has allowed us to increase volume without a proportionate increase in cost, leading to an improvement in margins and productivity. In the reporting period, SATS' productivity, measured by Value Added per Employment Cost, increased 4.1% year-on-year. By harnessing technology, we have also achieved a 310 basis point expansion in operating margin and 7.7% increase in Value Added per Employment Cost over the past three years.

Recognising the shift towards digitisation and technological transformation, and taking into consideration our nation's aging population, we embarked on a journey to streamline our business processes. Specifically, we explored automation to make our operations less labour intensive. This has enabled us to redesign jobs so that we can remunerate our employees based on a progressive wage model and enable their career advancement with us.

For example, the SATS eCommerce AirHub deploys technology to triple mailbag processing capacity and deliver

quicker turnaround for international eCommerce mail. This technology-driven approach has transformed the jobs of 100 employees under mail operations and allowed us to consolidate the roles of an equipment operator, operations assistant, and cargo coordinator into a new higher-value position entitled "eHub Specialist". To date, 24 employees have been reassigned this role after undergoing three months of training. These eHub Specialists are given additional allowances for their enlarged scope of work.

All 216 Catering Loading Assistants and Operations Assistant (Delivery) also underwent training to upgrade their existing skills.

Similarly, about 104 Apron Equipment Operators were trained to handle additional apron equipment. This provided them with greater responsibilities and better opportunities to progress to the next job level.

## +4.1%

Productivity based on Value Added per Employment Cost

## 216

Catering Loading Assistants and Operations Assistant (Delivery) underwent skills upgrading

## 104

Apron Equipment Operators' roles have been expanded

## Grow with SATS

ABOUT  
SATSLEADERSHIP  
STATEMENTSUSTAINABILITY  
FRAMEWORKSUSTAINABLE  
NUTRITIONTREASURING  
RESOURCESCONNECTING  
PEOPLEENSURING  
TRANSPARENCY AND  
ACCOUNTABILITYINDEPENDENT  
STATEMENT

ANNEX

GLOSSARY

Inaugural  
Sustainability  
Report 2016-17

The automation processes have enhanced our customer service by enabling us to provide value-added services in a more efficient manner. It has also resulted in more engaged employees and facilitated succession planning, with a talent pipeline for the company as we develop our employees' competencies for future jobs. During the year in review, we received an employee engagement score of 74%, above the national average of 59%<sup>3</sup>. Our goal is to achieve a score of 80% by 2030.

In a time of fast-paced change, employees are kept apprised of changes to job processes and positions. Town hall sessions, business and department meetings, as well as one-on-one engagement sessions are conducted with employees on a regular basis. Similar sessions and meetings are also held through the unions.

### Professional Conversion Programme (PCP)

Whenever certain job roles are displaced, our first approach is to re-train and redeploy affected employees to other roles. For example, under the Professional Conversion Programme for Air Transport, we re-train employees for new roles in partnership with educational institutions like Temasek Polytechnic. When redeployment is not possible, we work closely with NTUC and agencies such as e2i (Employment and

Employability Institute) for the re-training and outplacement of affected employees to other companies. In situations where we are unable to identify a suitable job even after considering all re-employment options, we offer affected staff an Employment Assistance Payment.

### STAFF WELFARE AND BENEFITS

Besides competitive remuneration, our employees also enjoy comprehensive welfare and benefit schemes. Our full-time and part-time employees are provided with healthcare insurance with deferred coverage for general practitioner, specialist, dental and hospitalisation claims.

All full-time and part-time employees who meet the government funding criteria under the Child Development Co-Savings Act, and who have worked for the Company for at least three months, are entitled to paid childcare leave, as well as maternity/paternity leave.

For the year in review, 1,113 female and 2,344 male employees across SATS' operations in Singapore were entitled to parental leave. Out of which, 48.9% (544) of female employees and 60.3% (1,413) of male employees utilised their parental leave. In the reporting period, 100% of our employees returned to work after parental leave ended. 537 female and 1,397 male employees who returned to work after their parental leave remained

74%

Employee engagement score

employed 12 months after their return to work, signifying a 99% return rate respectively.

In compliance with the Retirement and Re-employment Act, we offer re-employment to eligible employees who are turning 62, up to age 67, to continue their employment with us. In addition, we make contributions to the Central Provident Fund in Singapore, a defined contribution pension scheme which helps employees fund their retirement.

To prepare employees aged 55 and above for re-employment and/or retirement, SATS conducts a programme called "Making my Choice" to help mature employees understand the options that are available to stay active and contribute purposefully as they move into the third age.

<sup>3</sup> Source: <http://www.straitstimes.com/business/singapore-employees-least-engaged-in-asia-study-finds>

**LABOUR PRACTICES  
AND HUMAN RIGHTS**

We provide a fair performance-based remuneration culture that is inclusive, collaborative, and diversified. We practise fair employment that is in line with Singapore's Tripartite Alliance for Fair Employment Practices and Guidelines.

We also recognise that in order to attract and retain talent, fair and favourable working conditions have to be provided for our employees. We are committed to respecting and promoting human rights and good labour practices.

SATS respects our employees' rights to freedom of association and their right to be part of a union. We provide a platform for our union representatives to introduce the unions to new employees at our employee familiarisation programme which is conducted twice a month. 82% of our general employees (GE) are SATSWU members, 56% of our Administrative Officers (AO) are AESU members, while 61% of our SATS Food Services (SFS) general employees are represented in FDAWU.

At SATS, we have established a framework to build a sustainable culture that promotes respect for labour rights, through regular dialogue with employees or their recognised employee representatives. Open communication platforms with our union representatives include monthly breakfast meetings, quarterly tea sessions, luncheons, as well as monthly Union Management (UM) Meetings chaired by our PCEO.

Our business unit (BU) leaders will engage our union representatives at monthly scheduled BU-union meetings. Any operational changes that may impact our workers, will be discussed at any of these avenues or as required before implementation. Annual retreats, regular team-building and CSR engagement activities are also organised to reinforce this trust and collaboration between union and management. In addition, as stated in our Supplier Code of Conduct, we expect our suppliers to respect the human rights of their employees, and provide a safe, fair, and non-discriminatory work environment.

Prior to implementation of significant operational changes, SATS works with the unions and follows the tripartite guidelines depending on the complexity of the change.

**SATS respects our employees' rights to freedom of association and their right to be part of a union.**

## Grow with SATS

### DIVERSITY

At SATS, every employee's contribution is equally respected. We are committed to creating and maintaining an environment that promotes equal opportunity to all and embraces diversity. In general, the ratio of basic salary and remuneration of women to men is 1:1.17. By 2030, we aim to achieve 40% female representation at the senior management level.

#### Board Diversity

We are committed to building an open, inclusive, and collaborative culture, and recognise the benefits of having a Board with diverse backgrounds and experience. We have adopted a Board Diversity Policy which focuses on the importance of an appropriate balance of skills, experience, gender, industry and geographical knowledge, and professional qualification, in building an effective Board with the ability to guide and support us in achieving our strategic objectives for sustainable growth and development.

Such diversity will allow the Board to better identify potential risks, raise challenging questions, and contribute to problem-solving. In particular, we consider gender to be an important aspect of diversity and strive to ensure that there is adequate female representation on the Board. All Board appointments will be based on merit of candidates, and will be considered against objective criteria and having due regard for the benefits of diversity on the Board, our needs and our core values. The current make-up of our Board reflects our commitment to diversity in gender, nationality, ethnicity, skills and knowledge.

### FEMALE EMPLOYEES BY AGE GROUP

Age Group	Job Grade					Grand Total
	Senior Mgt	Managers to VP	Executive	Non-Executive	Flexi/Temp	
<20	—	—	—	60	34	94
21-30	—	5	110	912	103	1,130
31-40	—	35	79	644	20	778
41-50	1	35	48	685	57	826
51-60	3	15	32	579	64	693
>61	—	2	8	353	59	422
<b>Grand Total</b>	<b>4</b>	<b>92</b>	<b>277</b>	<b>3233</b>	<b>337</b>	<b>3,943</b>

### MALE EMPLOYEES BY AGE GROUP

Age Group	Job Grade					Grand Total
	Senior Mgt	Managers to VP	Executive	Non-Executive	Flexi/Temp	
<20	—	—	—	30	23	53
21-30	—	2	76	1,675	82	1,835
31-40	1	42	112	1,387	6	1,548
41-50	1	62	109	1,326	16	1,514
51-60	7	42	82	1,343	35	1,509
>61	3	18	46	750	95	912
<b>Grand Total</b>	<b>12</b>	<b>166</b>	<b>425</b>	<b>6,511</b>	<b>257</b>	<b>7,371</b>

During the reporting period, there were no reported incidences of discrimination.

*please refer to*

**CHART 1.9**

**CHART 1.10**

ABOUT  
SATS

LEADERSHIP  
STATEMENT

SUSTAINABILITY  
FRAMEWORK

SUSTAINABLE  
NUTRITION

**TREASURING  
RESOURCES**

CONNECTING  
PEOPLE

ENSURING  
TRANSPARENCY AND  
ACCOUNTABILITY

INDEPENDENT  
STATEMENT

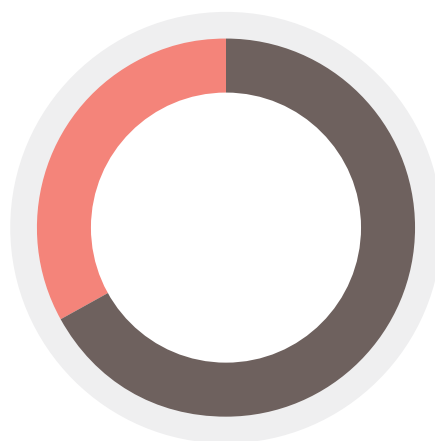
ANNEX

GLOSSARY

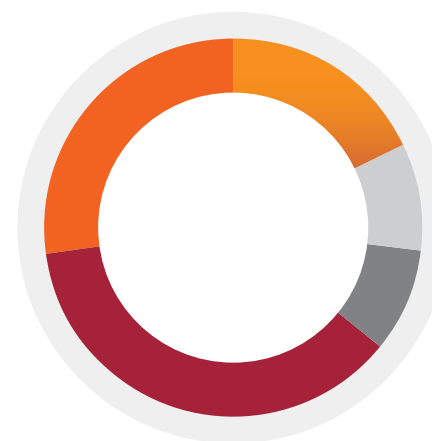
**Inaugural  
Sustainability  
Report 2016-17**



CHART 1.9

BOARD  
GENDER DIVERSITY

● Male Directors	82%
● Female Directors	18%
Total	100%

AGE OF  
DIRECTORS

● 46-50	18%
● 51-55	9%
● 56-60	9%
● 61-65	37%
● 66-70	27%
Total	100%

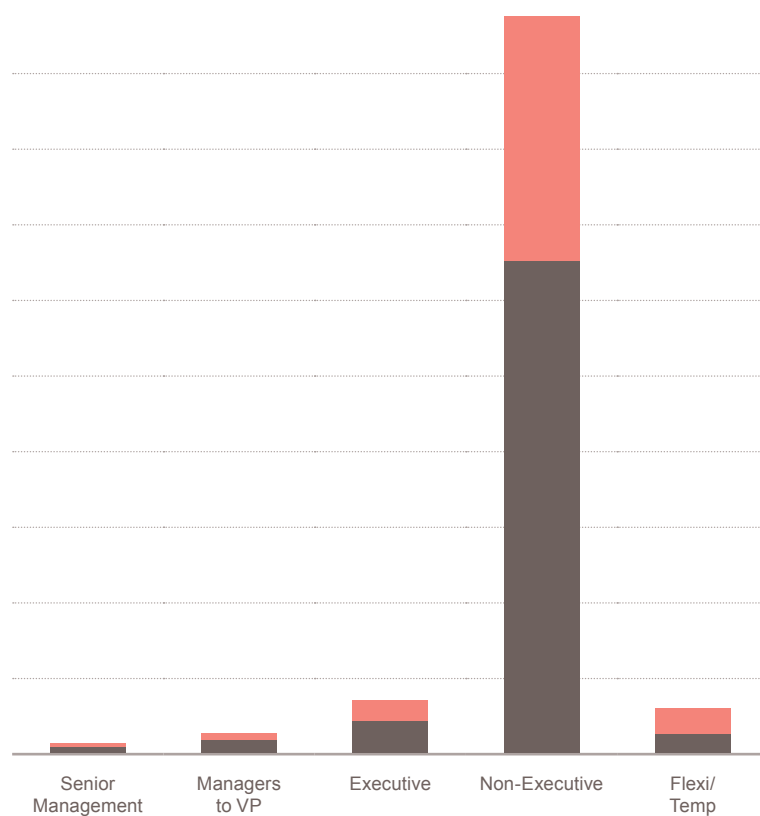
ABOUT  
SATSLEADERSHIP  
STATEMENTSUSTAINABILITY  
FRAMEWORKSUSTAINABLE  
NUTRITIONTREASURING  
RESOURCESCONNECTING  
PEOPLEENSURING  
TRANSPARENCY AND  
ACCOUNTABILITYINDEPENDENT  
STATEMENT

ANNEX

GLOSSARY

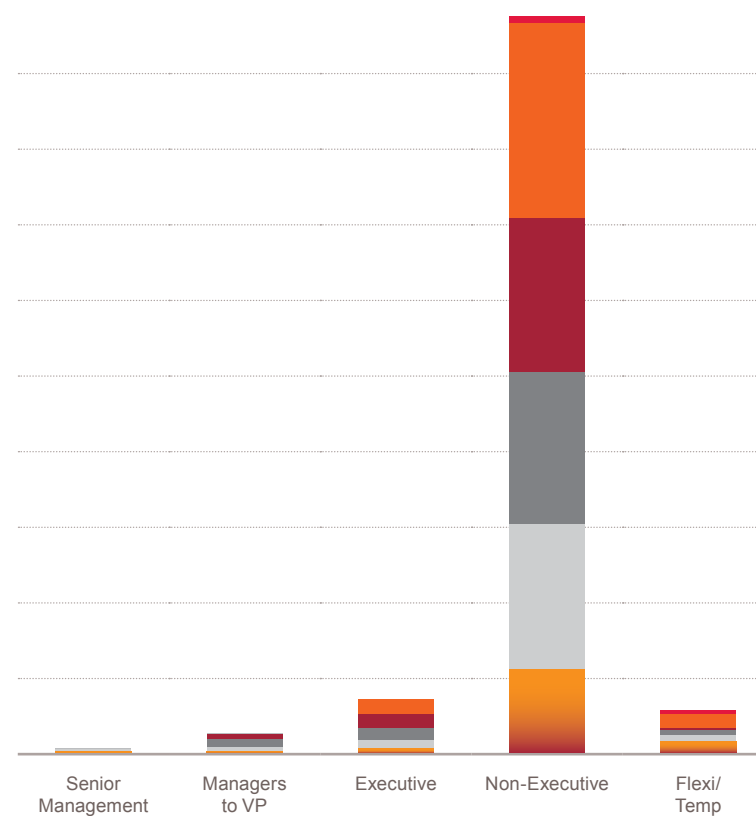
CHART 1.10

## EMPLOYEE CATEGORY BY GENDER



Gender	Senior Management	Managers to VP	Executive	Non-Executive	Flexi/Temp
Female	4	92	277	3,233	337
Male	12	166	425	6,511	257
<b>Total</b>	<b>16</b>	<b>258</b>	<b>702</b>	<b>9,744</b>	<b>594</b>

## EMPLOYEE CATEGORY BY AGE GROUP



Age Group	Senior Management	Managers to VP	Executive	Non-Executive	Flexi/Temp
<20	—	—	—	90	57
21-30	—	7	186	2,587	185
31-40	1	77	191	2,031	26
41-50	2	97	157	2,011	73
51-60	10	57	114	1,922	99
>61	3	20	54	1,103	154
<b>Total</b>	<b>16</b>	<b>258</b>	<b>702</b>	<b>9,744</b>	<b>594</b>