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CONNECTING PEOPLE

CONNECTING WITH PASSION AND PURPOSE

Ensuring seamless connections for passengers and cargo every day, while empowering communities and our people to fulfil their fullest potential, we embrace technology, digitalisation and change.

WHO ARE OUR PRIMARY STAKEHOLDERS?

Our employees, customers, local communities and shareholders.

UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS







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Sustainability Report 2018-19 ENSURE SEAMLESS CONNECTIONS

LAUNCHED COSYS+, A CLOUD-BASED APPLICATION, TO

ENHANCE CARGO TRACEABILITY



NOMINATED 1 PASSENGER SERVICES STAFF FOR THE

NATIONAL EXCELLENT SERVICES AWARDS (EXSA)



GROW WITH SATS

EMPLOYEE ENGAGEMENT SCORE

76%

(ABOVE THE ASIAN AVERAGE OF 65%)



VALUE ADDED
PER EMPLOYMENT
COST (VAPEC)

1.55



TOTAL TRAINING HOURS

69 HOURS

PER EMPLOYEE



VOLUNTARY ATTRITION RATE

11%

(LOWER THAN NATIONAL AVERAGE OF 21.6%)



RATE OF NEW HIRES

16%

(LOWER THAN NATIONAL AVERAGE OF 27.6%)



GENDER DIVERSITY

23%

FEMALE REPRESENTATION IN SENIOR MANAGEMENT (OUR 2030 GOAL IS 40%)



* SENIOR MANAGEMENT IS DEFINED AS VPS AND ABOVE **EMPOWER COMMUNITIES**

IMPACTED
250,000
BENEFICIARIES



SATS FOUNDATION AND SATS STAFF ASSOCIATION DONATED >\$800,000



TOTAL VOLUNTEERING HOURS 4,518 HOURS



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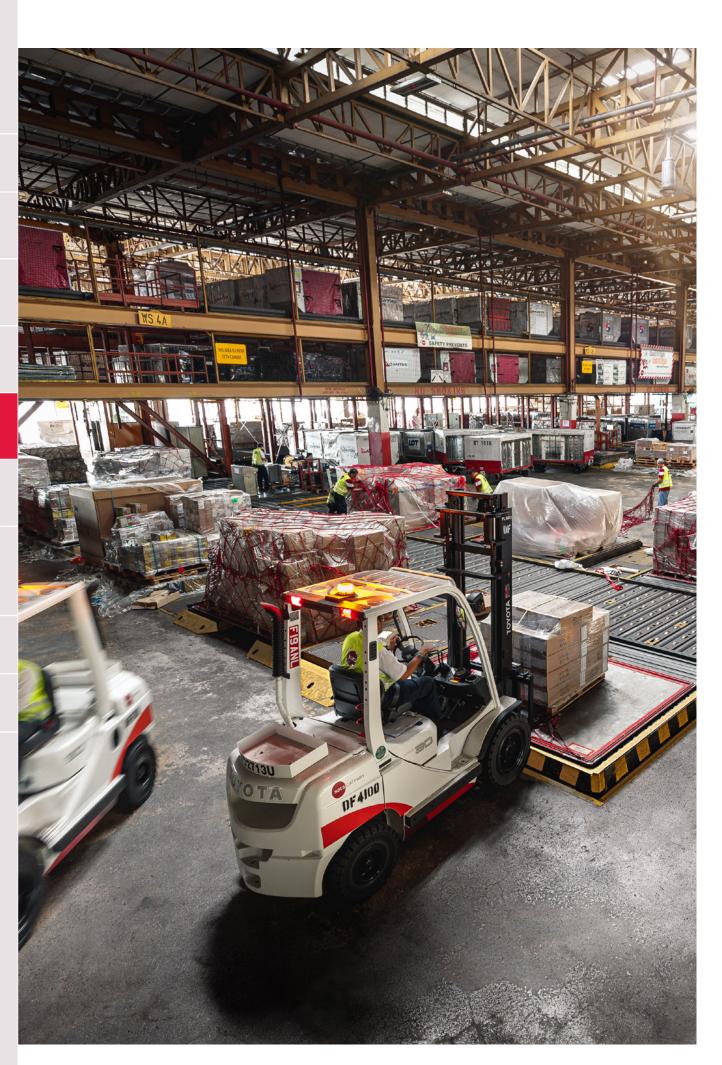
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ENSURE SEAMLESS CONNECTIONS

This year, SATS managed 682,000 flights, 126 million passengers and 5.4 million tonnes of cargo travelling from or through Singapore to the rest of the world. The use of innovative technology and digitalisation have greatly enhanced our ability to manage a huge volume of passenger and cargo movements securely and efficiently while reducing our impact on the environment.

As air travel continues to grow and countries continue to engage in global economic activity, we want to enable people, communities and businesses to stay seamlessly connected, facilitating the growth of international trade, aviation and other industries.

OUR 2030 GOALS

TO ACHIEVE A HIGH SCORE ON SEAMLESS CONNECTIVITY CUSTOMER AND CARGO EXPERIENCE

TO BECOME A 100% PAPERLESS HUB

TO PRACTISE ZERO-TOLERANCE TOWARDS SECURITY BREACHES WITH A ROBUST FALLBACK SYSTEM

THIS YEAR, SATS MANAGED

682K FLIGHTS
126M PASSENGERS
5.4M TONNES OF CARGO

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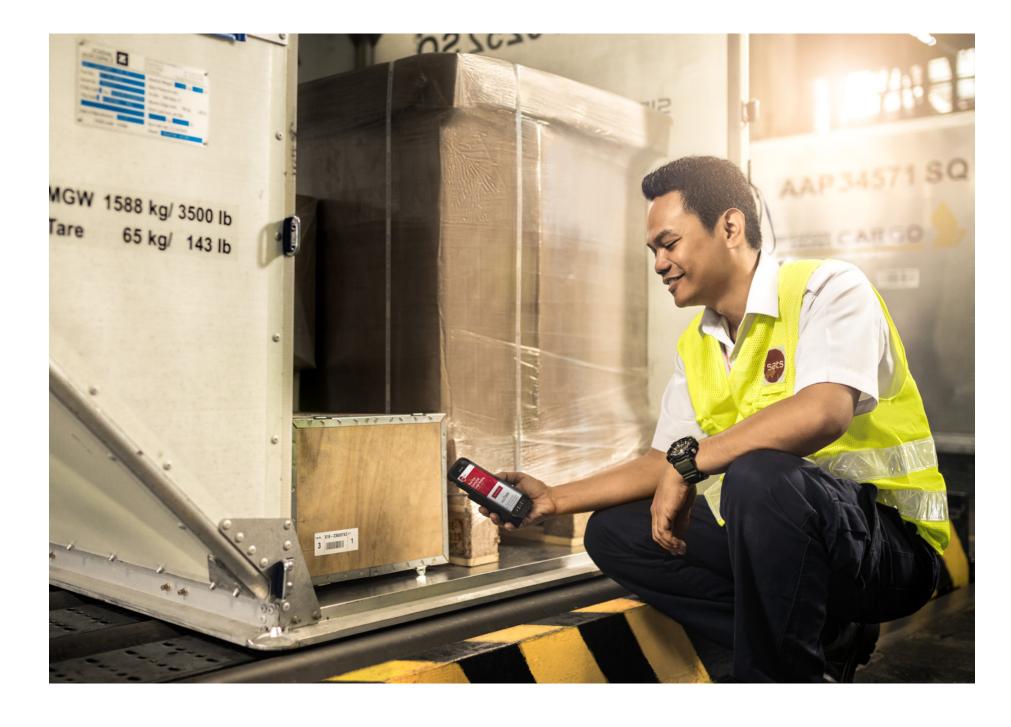
DIGITALISATION FOR SMOOTHER CONNECTIVITY AND GREATER OPERATIONAL EFFICIENCIES

For SATS, digitalisation is a key enabler of our sustainable business strategy, enabling us to create more seamless trade corridors, greater efficiencies and ease of movement by minimising unnecessary movement, disruption and wastage.

To meet the needs of a rapidly growing e-commerce market, the SATS eFulfilment platform was created to allow for a seamless flow of cross-border parcels as well as end-to-end track-and-trace capabilities with seamless data flow to all gateway services partners within the platform.

Integrating the platform with that of customs authorities at destination countries also facilitates pre-arrival customs clearance, thus reducing end-to-end delivery times of B2C e-commerce purchases. This helps to promote trade flows to serve a growing e-commerce market in Asia.

For greater traceability across a complex network of regional trade corridors, SATS created an RFID-enabled tracking system that enables real-time track-and-trace for selected cargo in key markets from origin to destination airport. Launched in Singapore, the RFID connectivity has since been extended to China, Hong Kong, Indonesia and India.



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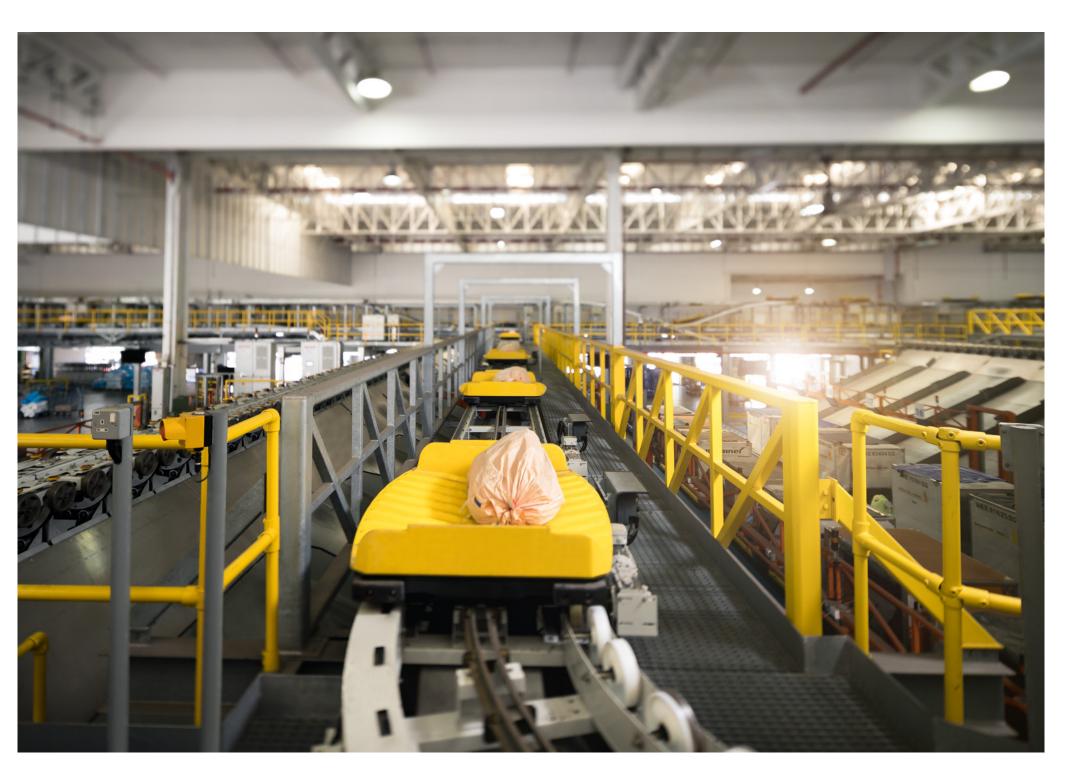
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Sustainability Report 2018-19 To further streamline freight procedures and develop data-driven operational efficiencies, we have introduced paperless processes such as the electronic airway bill (e-AWB) and digital aviation security forms.



As of February 2019, Singapore has the highest e-AWB penetration rate in Asia Pacific at 77.4% and ranks among the top 5 globally in terms of e-AWB volume. By digitalising paper processes, we helped to eliminate a total of 3 million pieces of paper for our customers and partners across the industry including airlines and freight forwarders, bringing us closer to our goal of becoming a 100% paperless hub by 2030.

In addition, the adoption of digital aviation security forms has enabled us to achieve greater operational productivity and efficiency. As the digital forms only require selecting from a list of data options in the relevant fields, this reduces the time taken for data entry as well as the risk of potential errors. With a centralised database, information can be easily retrieved via smartphones and accessed for daily monitoring. Using data mining tools, in-depth analysis can be performed to identify operational gaps and areas of improvement. To date, 25% of aviation security forms have been digitised with the aim of having all our security forms digitised by FY2020-21.

DIRECT AND INDIRECT PAPER SAVINGS



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Sustainability Report 2018-19 CASE STUDY

NEXT-GENERATION CARGO WAREHOUSE MANAGEMENT: COSYS+

Implemented since December 2018, COSYS+ is a new generation, cloud-based RFID-enabled tracking system for high-value and express cargo in our hubs in Singapore, China, India and Indonesia. This solution allows airlines, shippers and consignees to track the uplift and delivery of express and premium cargo in real time from the point of origin to the destination airport.

COSYS+ also comes with an improved graphic user interface, an enhanced digital workflow engine, an intuitive dashboard and reporting features as well as built-in escalation and alert mechanisms.



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MORE SEAMLESS CONNECTIVITY

The enhanced technological features of COSYS+ enable us to provide more seamless connectivity across a complex international freight network. For instance, digitalised processes such as the Cargo E-pouch enable the easy sharing of scanned documents such as invoices, packing lists and certificates of origins, which can now be processed at the delivery destination.

Additionally, the incorporation of Express Courier Centre terminal operations into the new system now allows for electronic submission instead of paper faxes. This helps to reduce processing time and paper usage.

We can also achieve greater operational efficiencies and quicker response times with the use of a new cargo rule processing engine that allows us to easily configure and apply new business rules, airline requirements or security rule changes.

IMPROVED SECURITY AND TRACKING

The use of COSYS+ imaging capabilities helps to tighten security and tracking measures during the cargo handling process. COSYS+ mobility devices enable us to provide photographic updates to airlines

during incident reporting such as the discovery of damaged unit load devices. The use of image recognition will also enable us to introduce systemised dangerous goods acceptance, significantly reducing the risk of human error.

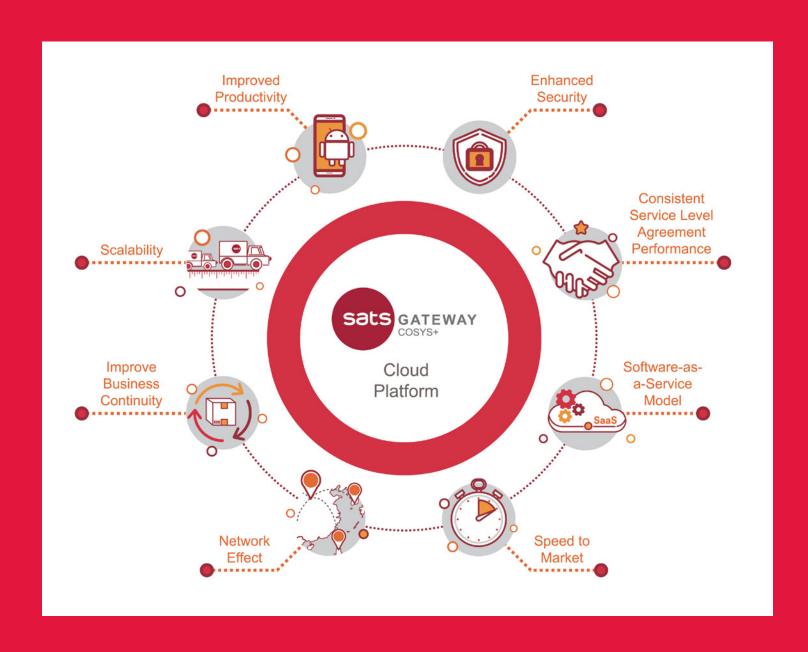
At each key stage of cargo processing, COSYS+ monitoring screens provide visibility and real-time status updates of cargo shipments. At the same time, a centralised tracing management platform enables us to provide detailed tracing updates for easy tracking, reducing the likelihood of mishandled cargo.

MOVING FORWARD

Under a memorandum of understanding between SATS and the Port of Singapore Authority (PSA), COSYS+ will be integrated with CALISTATM, the global supply chain platform developed by PSA's subsidiary GeTS Asia Pte Ltd.

This collaboration is aimed at improving data transparency and easing shipment movement within different free-trade zones by providing greater visibility across multi-modal transport routes, better protection of cargo integrity and potential savings in transit times and costs.

Such initiatives not only serve to strengthen Singapore's position as a global hub for air and sea cargo, they also enhance the overall competitiveness of the freight industry.



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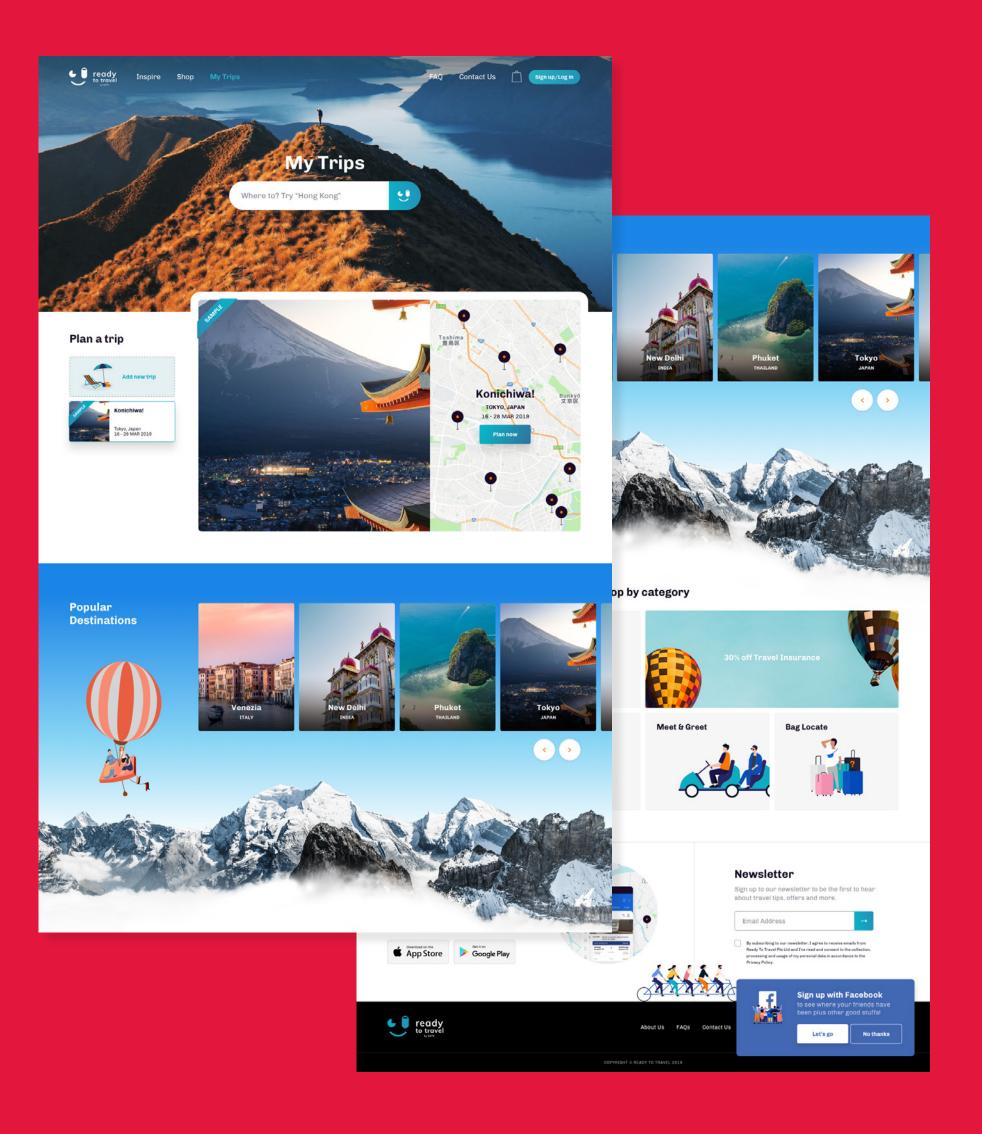
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CASE STUDY

READY TO TRAVEL THE WORLD

For today's digitally savvy traveller, SATS designed the Ready To Travel (RTT) app that enables users to build trip itineraries and book airport and travel-related services such as mobile data plans. Through the RTT app, travellers can also receive important flight alerts, gate information and travel advisories.

The inaugural product of SATS' new digital consumer capabilities that extend across digital platforms, digital marketing, data analytics and business intelligence, the appreflects our culture of innovation as we constantly seek new ways to provide seamless connectivity throughout a passenger's journey.



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ENHANCED LOUNGE MANAGEMENT SYSTEM (LMS)

As a leading provider of gateway services, SATS serves thousands of passengers every day, providing smooth connections across the airport including passenger lounges.

With the installation of an enhanced LMS, our Customer Service Agents can now process the entry to passenger lounges more quickly. In addition to functions that automatically check for eligibility and validity of passenger status, the system is able to capture information from scanned documents and auto-populate required fields. This minimises the need for manual entry and tabulation, reducing passenger waiting time and eligibility disputes.

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CASE STUDY

CONNECTING WITH PASSION AND PURPOSE

JAHIR HUSSEIN, DUTY MANAGER

A nominee for the 2018 National Excellent Services Awards (EXSA), Jahir is a familiar face to many within the airport ground operations community.

A natural leader and skilled professional, his exemplary work ethics, passion and dedication to his work have played an integral role in elevating the customer experience at the airport and creating seamless connectivity for passengers at critical points in their journey.

In particular, Jahir has been repeatedly commended for his efficient and effective handling of several major flight delays by rapidly containing the situation and working with his team on developing solutions while making sure that the most pressing needs of passengers were taken care of.

On 23 April 2018, pre-empting the on-ground situation following the arrival of a flight that was 3 hours 42 minutes late due to technical reasons, Jahir swiftly activated his delay handling team to secure rooms and flight bookings for passengers with missed connections.

ENSURE SEAMLESS CONNECTIONS

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Sustainability Report 2018-19 With insufficient rooms available,
Jahir and team worked simultaneously
with the control centre to reschedule
the connecting flight for 9 of the 62
passengers, and rebook flights for the
remaining 53 passengers. With support
from Changi Airport staff, he arranged
for a refreshment cart to provide for
waiting passengers and stayed with
the team until the early hours of the
morning despite being off-duty at
that time.

Applying the same degree of professionalism and resourcefulness, Jahir handled another flight delay on 17 September 2018 just as quickly and effectively. To alleviate passenger anxiety, Jahir provided constant status updates and announcements at regular intervals. Passenger lounges were also kept informed for premium passengers.

During such stressful scenarios, his steadfast presence and experience provided clear direction for the team, strengthening the degree of organisation and teamwork while offering much-needed support to passengers. With his intervention, similar incidents in September 2018 involving 3 separate flights all scored beyond 80% in terms of the overall handling rate.

To those who work with him, Jahir is someone who often goes above and beyond the call of duty, taking the lead in working through issues to overcome problems and challenges with his team.

A dedicated individual, Jahir is also a team player who supports and enables others to fulfil their potential in their respective roles. He takes full ownership of his actions and decisions at work, continuously seeking ways to improve and better serve his customers while sharing best practices with colleagues.

A TRUE EMBODIMENT OF SATS'
BRAND PROMISE "PASSION TO
DELIGHT", INDIVIDUALS LIKE JAHIR
PLAY AN INVALUABLE ROLE IN
CONTRIBUTING TO OUR GROWTH
AS A SUSTAINABLE BUSINESS,
CREATING LASTING VALUE FOR OUR
CUSTOMERS, OUR PEOPLE
AND THE AVIATION INDUSTRY.



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PROVIDING GREATER PERFORMANCE, ON-GROUND EFFICIENCY AND VALUE TO OUR CUSTOMERS

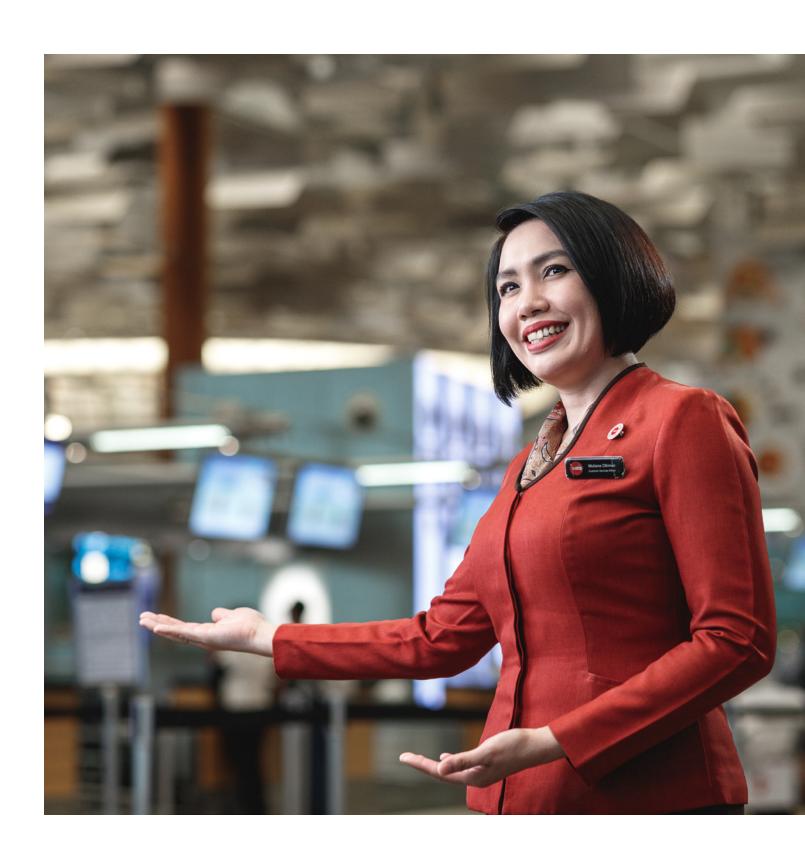
At SATS, we measure seamless connectivity for passengers based on the transfer time between connecting flights. Our current intra-terminal inbound transfer time is 45 minutes and that of inter-terminal transfers is 50 minutes.

To ensure smooth and seamless passenger transfers at the airport, we set up a dedicated delay handling team where staff are assigned to specific gates based on the number of passengers who are transiting and connecting to another flight.

For passengers who have shorter connecting times, our delay handling staff help to expedite their transfer by personally guiding them to their gate, making sure that they do not miss their connecting flights. By providing on-ground service excellence and efficiency, this results in a better customer experience and a higher level of satisfaction.

Some examples of best practices that contributed to enhanced passenger connectivity and overall improvements in staff performance are:

- 1. Informing airport food establishments about flight delays using paper slips instead of verbal notification. This prevents affected passengers from being rejected when presenting their airline meal vouchers.
- 2. Having Customer Service Agents go on board delayed arrival flights to make announcements regarding delay procedures, so as to provide better assurance to affected passengers.
- 3. Identifying specific needs of passengers during a flight delay, such as special dietary requirements and providing suggestions on where they can find such meals within the airport.



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ENSURING STABILITY THROUGH RISK MANAGEMENT

Digitalisation and greater connectivity bring a growing level of cyber security risk where criminal access to sophisticated technology and exploitation of new social engineering techniques have made it easier to stage cyberattacks and engineer data breaches.

From enhancing user awareness to building our cyber defences, SATS adopts a comprehensive defence towards strengthening our cybersecurity, protecting the security and stability of our business and operations.

Covering security controls in 3 key areas, SATS' Cyber Security Management Framework is designed to protect our businesses and information assets by detecting and responding swiftly to cyber security threats and recovering quickly from any attack.

Building on our cyber security efforts, since August 2018, we have implemented changes and initiatives under a zero-tolerance policy towards security breaches, reinforced by a robust fall-back system.

Through a variety of simulation and table-top exercises, the SATS Cyber Security Awareness Programme aims to generate greater awareness of cyber security risks among employees and what they can do to help reduce the risk level across the organisation.

As part of the programme, SATS has conducted e-learning and phishing simulation campaigns to educate staff on how to identify and prevent a phishing attack. New employees will need to go through the e-learning exercise when they join SATS and all employees are required to participate

in 2 phishing simulation exercises annually with the latest exercise completed in May 2019. To assess the level of employee readiness towards cyber threats, a survey is also conducted every year and results are used to identify knowledge gaps, which will help SATS plan our awareness programmes for the following year.

At the same time, SATS is building and strengthening our digital infrastructure against cyber security risks and potential threats by adopting multilayered defences and advanced security technology.

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CYBER SECURITY MANAGEMENT FRAMEWORK

PROTECTION

Ability to protect, limit or contain the impact of a potential cyber security event

OPERATIONS

Timely discovery of cyber security events and response to recover the system

GOVERNANCE

Proactively identify cyber risks and establish process and procedure to focus, prioritise its efforts towards minimising cyber security risks

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- Intrusion Protection System
- Firewall
- Virtual Private Network
- Proxy Service
- Email and Site Filter
- Switch & Router

Mobile Security

Host Security

Server Security

System Security

Application Security

Data Protection

Access Control

Identity and Access Management

Security Information and Event

Management

Incident Response and Management

Threat Intelligence

Vulnerability Management

Patch Management

Capacity Management

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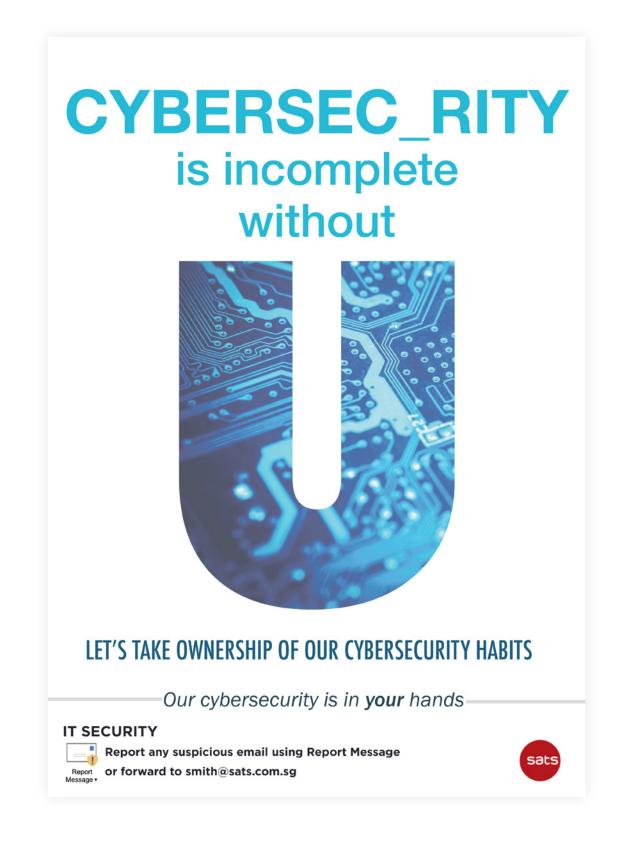
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We have installed systemic enhancements such as the implementation of Microsoft Azure Information Protection that ensures the enforcement of information classification and protection. In addition, all SATS-issued mobile phones for operational use are managed and secured with a Mobile Device Management solution featuring security policies and remote erase functions.

In an ongoing effort to develop better end-user security and connectivity, we are carrying out a modernisation of all SATS-issued personal computers through a Centralised Operating Environment programme. The exercise is scheduled to complete in 2019. To date, 80% of this exercise has been completed.

To extend support and facilitate knowledge sharing on cyber security best practices, we established the SATS Joint Ventures (JVs) and Subsidiaries cyber security consultancy in August 2018. Offering a suite of services, the consultancy aims to improve the cyber security posture of our JVs and subsidiaries as well as their readiness in responding to cyberattack by elevating the level of cyber security knowledge and capabilities within the respective organisations.

Within the physical environment, it is equally important to minimise aviation risk across the entire spectrum of our operations. As such, SATS practises a zero-tolerance policy with regard to unauthorised access to inflight kitchens and restricted areas.



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GROW WITH SATS

Our people are the driving force behind the progress and sustainability of our business, playing an integral role in fulfilling our vision of Feeding and Connecting Asia and delivering on our brand promise of "Passion to Delight".

With the increasing use of innovative technology and digital applications across our operations, we encourage our people to commit to a journey of lifelong learning, acquiring new skills that would make them more productive, relevant and valuable in the workforce of the future. By providing them with opportunities to expand their professional horizons and reach their fullest potential, we want to enable our people and our business to grow with equal passion and purpose.

OUR 2030 GOALS

TO PROVIDE 80 HOURS OF EMPLOYEE TRAINING PER YEAR

TO FILL 30% OF CRITICAL AND KEY POSITIONS WITH INTERNAL TRANSFERS

TO ACHIEVE 40% FEMALE REPRESENTATION AT SENIOR MANAGEMENT LEVEL

TO ACHIEVE AN EMPLOYEE ENGAGEMENT SCORE OF 80%

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Sustainability Report 2018-19 **CASE STUDY**

BUILDING A RESILIENT ORGANISATION THROUGH CULTURE AND ENGAGEMENT

The 4 leadership principles form the basis of our organisational culture at SATS, where we believe that every employee can develop a personal resilience towards changes, embracing technology and innovation to best serve our customers and maximise business outcomes.

First introduced in November 2017, SATS continues to reinforce the 4 leadership principles across all levels of employees, integrating it into all aspects of the workplace environment through a series of engagement initiatives under 3 key action areas – aware, apply and assess.

SATS Leadership Principles



Be Outcome-Oriented



Be Courageous



Be Open-Minded



Servant Leadership

AWARE

As part of the awareness programme, Workshops on Accelerating Change & Transformation through Leadership were conducted to introduce executives to the 4 leadership principles.

Non-executives participated in the "SkillsFuture for Digital Workplace" workshop, a national programme contextualised for SATS employees.

APPLY

Change champion workshops were conducted for change champions (volunteer employee advocates) to equip them with the skills to engage others effectively and help spread the message. We introduced initiatives like 'Bright Spots' to recognise employees who actively practised the 4 leadership principles in their jobs, as well as learning cards that were distributed to all staff as a visual reminder.

ASSESS

Progress is regularly monitored and results are used to identify areas of improvement. The goal is to create an organisation that thrives with a culture of innovative thinking, positive energy and a growth mindset as we continue our collective pursuit of purposeful and sustainable growth.

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1. OPPORTUNITIES FOR LEARNING AND DEVELOPMENT

At SATS, the learning journey begins the day an individual joins us. Every new hire goes through a structured training plan designed to equip them with the necessary technical skills and competencies to perform their job well. This includes classroom training, practical and on-the-job training, e-learning, and simulation activities.

Applying a combination of innovative technology and coaching, learning is multi-faceted and engaging. For instance, virtual reality technology is used to simulate scenarios for technical ramp training, allowing novices to practise manual marshalling in a safe environment while they are coached by experienced peers.

At the same time, we strongly believe in creating a workplace where talents are carefully nurtured and our people are given equal opportunities to grow. Many of our employees are non-executives who may have been unable to pursue further education during their schooling years due to various reasons. Introduced in 2006, the SATS Continuous Education Scheme (CES) offers them an opportunity to continue or extend their learning journey by obtaining company sponsorship to pursue specialised certification, diploma or degree courses.

To date, all SATS in-house trainers have obtained the Advanced Certificate of Training and Assessment, while all Human Capital executives are undergoing training to obtain national certification. In addition, 4 employees have been enrolled in bachelor's degree courses and 10 are attending diploma courses.

In July 2018, the SATS Academy was launched to help build a sustainable talent pipeline with the core skills and competencies required to support the growth of aviation in Singapore. Encompassing both customised technical training and development programmes, the line-up at SATS

THE SATS ACADEMY BRINGS ALL THE LEARNING OPPORTUNITIES UNDER ONE ROOF. WHETHER YOU WANT TO LEARN IN A CLASSROOM, THROUGH ON-THE-JOB TRAINING, E-LEARNING OR EVEN VIRTUAL REALITY LEARNING, IT IS LEARNING AT THE POINT OF NEED, WHICH IS REALLY CRITICAL. THIS IS A MULTI-MEDIA, FLEXIBLE LEARNING ACADEMY WITH ALL THE LEARNING CAPABILITIES UNDER ONE ROOF TO HELP US ALL CONTINUE ACHIEVING A FABULOUS LIFELONG LEARNING JOURNEY.

ALEX HUNGATE
PCEO, SATS

Academy includes the Graduate Assimilation Programme and CES. In collaboration with SkillsFuture Singapore, SATS is also working to align its programmes with the Skills Framework for Air Transport, to obtain accreditation that will enable its employees to receive national certification.

Our 2030 goal is to ensure that our people benefit from 80 hours of structured and unstructured training a year, compared to our current baseline of 69 hours.



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CASE STUDY

VIRTUAL TRAINING: THE WORLD'S FIRST AIRSIDE DRIVING SIMULATOR

Unveiled at the launch of the SATS
Academy in July 2018, the Airside
Driving Simulator is the first of its kind
– a five-in-one airport Ground Support
Equipment (GSE) simulator console that
can simulate tractor, van, Hi-Lift, cargo
loader and conveyor belt operations.

Incorporated as part of the standard driving training programme, the Airside Driving Simulator enables SATS to improve the driving competency of our workers by simulating extreme driving scenarios that are not feasible in reality, such as accidents and emergencies or night and inclement weather situations.

In addition, it prevents operational interruptions by enabling offline training while valuable physical GSE assets are retained for actual operations. Equipped with artificial intelligence, the simulator also allows us to set a more objective test assessment to track the training performance of staff.



To date, more than 1,500 staff have undergone training provided by the Airside Driving Simulator.



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2. JOB ENLARGEMENT AND CAREER DEVELOPMENT

In line with our technology-driven, people-led approach, we focus on building a culture where change and innovation is embraced, where our people are empowered by knowledge and technology, harnessing both to better serve our customers, drive business outcomes and advance our sustainability goals.

THE USE OF TECHNOLOGY HAS
ENABLED US TO INCREASE VOLUME
WITHOUT A PROPORTIONATE
INCREASE IN COST, LEADING TO AN
IMPROVEMENT IN MARGINS AND
PRODUCTIVITY. AS A RESULT,
SATS' PRODUCTIVITY, MEASURED
BY VALUE ADDED PER EMPLOYMENT
COST, SAW AN IMPROVEMENT OF
7.4% OVER THE PAST THREE YEARS.

To facilitate long-term business continuity and talent retention, our goal is to fill one third of critical and key positions with internal transfers across the organisation. Potential candidates are first identified through an annual succession planning exercise and nurtured through development plans designed to prepared them for their future role.

3. LEADERSHIP PROGRAMMES

We believe that organisations thrive best when guided by shared values, sound leadership, and clear goals directed at purposeful and sustainable growth. At SATS, we advocate a culture of servant leadership where leaders must develop a mindset that is open, courageous, and outcome-driven.

To nurture present and future leaders with the skills and agility they need to take the business forward, we have established milestone programmes that focus on a range of topics from leadership fundamentals to broader trends. These programmes provide level-appropriate training and development for individuals at various career stages.

Targeted at supervisors and Administrative Officers (AOs), SATS Connect Fundamental and SATS Connect I are centred on the basics of leadership and guiding individuals on making the transition from a follower to a leader. For managers, SATS Connect II introduces intermediate functional and soft skills targeted at helping individuals to become better leaders. SATS Connect III involves senior management, who form committees to deliberate issues relating to business direction and growth.



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CASE STUDY

EXPANDING HORIZONS, GROWING WITH SATS

As digitalisation and technological transformation continue to change the way businesses operate, SATS remains productive by streamlining our processes and re-designing jobs, which also provides our people with valuable opportunities for professional growth and career advancement.





AIRLINE LOUNGES

Since the launch of the new lounge management system in 2018, 50 Customer Services Agents have been undergoing a series of highly customised training initiatives, which will equip them with the right skill sets and attitude to deliver attentive service and sell services that will anticipate the needs of and impress premium passengers. The series of training initiatives will be completed by 2020.

NO. OF STAFF UNDERGOING UPSKILLING INITIATIVES 50

CONSOLIDATED COUNTER, CALL CENTRE AND CLAIMS TEAMS

To optimise manpower and increase productivity of Operations Assistants (OA) at the Call Centre, Counter and Belt Claims within the Lost and Found department, we carried out a job re-design and job enlargement initiative to streamline the various teams and functions.

OAs who were previously accountable for either Counter or Call Centre duties will be upskilled through cross and onthe-job training to enable all OAs to effectively perform and be deployed for both sets of duties. The role will eventually be renamed 'Passenger Experience Agent'.

In addition, the role of Belt Claims OA will be expanded to include the ability to make critical decisions including handling exceptions and issue management during times of inclement weather. Serving as the main point of contact with Changi Airport Group, the new role will alleviate the workload of on-shift Duty Managers, allowing them to handle broader operations more effectively. In the longer term, it will also lead to more career progression opportunities.

NO. OF STAFF INVOLVED IN JOB RE-DESIGN

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C2+ CAPABILITY TRANSFER PROGRAMME (CTP)

The opening of SATS' new kitchen facility, C2+, saw the introduction of the latest food technology into our operations including customised equipment and specialised machinery.

To operate the new production line at C2+, our staff needed to acquire new skills and capabilities with regard to pasteurisation and sterilisation technology as well as innovative areas of mechatronics through training and knowledge transfer by foreign experts.

In 2018, SATS applied for and was awarded the Capability Transfer Programme (CTP) by the Ministry of Manpower – a pilot programme that supports companies in expediting the transfer of global capabilities into Singapore.

Comprising classroom training as well as practical, hands-on training, the ongoing CTP programme is carried out in 2 phases. The first involves the transfer of foreign capabilities to a local subject matter expert via training conducted by US specialists. Following this, the second phase then involves the training of local staff by the subject matter expert.

In total, the CTP programme will involve the training and upskilling of 50 of our food technologists, dietitians, chefs and technicians. Upon completing their training, the team will be able to master and manage the new kitchen technology to effectively create tasty, nutritious menus for our customers.



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4. MEANINGFUL STAFF ENGAGEMENT

Our people are our most valuable resource and one of our key priorities is to create a supportive, caring and progressive workplace environment, where individuals, teams and ideas thrive.

In addition to offering fair pay and safe working conditions, we advocate respect and understanding among colleagues, provide equal opportunities for growth, collaboration and innovation.

GUIDED BY OUR LEADERSHIP
PRINCIPLES, WE DEVELOPED A SERIES
OF INITIATIVES AND PLATFORMS TO
FACILITATE MEANINGFUL EXCHANGE
AND ENGAGEMENT ACROSS ALL
LEVELS AND DEPARTMENTS WITHIN
THE ORGANISATION.

In FY2018-19, SATS launched the OnePeople initiative, comprising of a series of digital platforms that will be introduced in phases. Powered by an integrated cloud-based system, these platforms will allow employees to perform Human Capital services such as learning and performance management at any time and from any location. As part of Phase 1, MySATS+ is a mobile app that provides on-the-go access to SATS news and a collaborative digital workspace where employees can interact with one another.

To encourage positive interaction and dialogue, we also created regular channels of communication such as breakfast sessions between staff and senior management. By giving employees a chance to hear from our leaders in a more informal setting, we hope that the stories, insights and views shared will help to create a progressive ripple effect throughout the organisation.

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We want our employees to Grow with SATS and one of the ways to do so is by enriching their lives with meaningful and healthy activities to encourage an active lifestyle. We recognise their contributions through various awards such as the Long Service Awards to honour the dedication of long-serving employees, as well as the PCEO Awards to drive the spirit of innovation and teamwork.

To date, 37% of our staff have served for 20 years or more, in an organisation where 4 generations of employees work harmoniously alongside 4 unions to achieve SATS' vision to Feed and Connect Asia. This diversity promotes innovation and creativity, while inventive engagement programmes are tailored to promote collaboration and sustain the momentum required for business growth.

To facilitate engagement among colleagues and build camaraderie across the organisation, we organise large- and small-scale employee engagement activities throughout the year based on 3 levels – SATS-wide events to encourage inter-business unit (BU) collaboration, BU-level events to promote bonding within the same unit and individual activities for employees' self-development. Activities such as SATS Charity Run, inter-BU sports challenge and SATS Nite-out were conducted throughout the year. On average, SATS employees can choose to participate in at least 3 different types of engagement activities every month.

The focus of our engagement efforts is based on priority areas identified through an annual employee engagement survey and feedback from past initiatives.

In FY2018-19, we achieved an employee engagement score of 76%, well above the Asia Pacific average of 65%.⁵

This year, the priority areas identified include creating an agile workforce that embraces diversity, increasing senior leadership communication and improving non-monetary benefits for our employees, which would be addressed through engagement efforts in FY2019-20.

Singapore Business
 Insider. 2018 Employee
 Engagement Trends:
 Singapore Employees Least
 Engaged Among Major
 Asian Markets.

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5. FAIR LABOUR PRACTICES AND **RESPECT FOR HUMAN RIGHTS**

As a people-focused organisation, SATS is deeply committed to providing equal opportunity employment and fair labour practices in line with Singapore's Tripartite Alliance for Fair Employment Practices and Guidelines.

Our employees have the right to freedom of association and to exercise that right by joining a union. In addition, our union representatives are given a platform to introduce the unions to new employees at our bi-monthly employee familiarisation programme.

Currently, 83% of our general employees are SATSWU members, 57% of our AOs are AESU members, while 59% of our SFS general employees are represented in FDAWU.

SATS shares a constructive relationship with our union representatives by maintaining open and regular communication, and sharing collective agreements that provide fair outcomes for all union members. For instance, our collective agreement covers compensation for death or permanent total incapacity as a result of injuries arising from and in the course of employment. Prior to the implementation of significant operational changes, unions are given 3 to 6 months' notice, depending on the complexity of the change.

6. A POLICY OF DIVERSITY ACROSS ALL **LEVELS OF THE ORGANISATION**

SATS is an equal opportunity employer and we are fully committed to creating and maintaining an organisation that embraces and celebrates diversity. As part of our continuous efforts to ensure equal employment and advancement opportunities for all, we aim to increase female representation at the senior management level from 23% currently, to 40% by 2030.

EMPLOYEE CATEGORY BY AGE GROUP

AGE GROUP/ GENDER	VP & ABOVE	MANAGERS TO AVP	EXECUTIVE	NON- EXECUTIVE	FLEXI/ TEMP	GRAND TOTAL
FEMALE	15	91	288	3,392	474	4,260
<30	_	2	99	921	194	1,216
30-39	1	47	95	774	29	946
40-49	7	28	54	712	75	876
50-59	7	13	30	567	95	712
>60	_	1	10	418	81	510
MALE	49	152	471	6,718	479	7,869
<30	_	_	73	1,617	186	1,876
30-39	1	43	135	1,608	14	1,801
40-49	20	55	114	1,274	54	1,517
50-59	21	38	93	1,366	77	1,595
>60	7	16	56	853	148	1,080

FOR ADDITIONAL INFORMATION, PLEASE REFER TO:

TABLE 01

CHART 01

CHART 02

CHART 03

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As testament to our employee engagement efforts, our annual attrition rate stands at 11% during the reporting period, substantially below the national average of 21.6% in 2018. Likewise, our recruitment rate of 16% is significantly lower than the national average of 27.6%.6

Annual figures derived by respectively multiplying the average monthly attrition and recruitment rates by 12. <u>Source: Ministry of Manpower</u>

TABLE 01

a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.

AGE GROUP/ GENDER	CORPORATE	FOOD SOLUTIONS	GATEWAY SERVICES	GRAND TOTAL
FEMALE	32	396	562	990
<30	14	130	382	526
30 to 39	17	116	127	260
40 to 49	1	123	26	150
50 to 59	_	22	19	41
>60	_	5	8	13
MALE	26	552	863	1,441
<30	8	251	509	768
30 to 39	9	164	203	376
40 to 49	6	98	97	201
50 to 59	3	32	36	71
>60	_	7	18	25
GRAND TOTAL	. 58	948	1,425	2,431
OVERALL ANNUALISED RATE OF NEW HIRE				16%

b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.

AGE GROUP/ GENDER	CORPORATE	FOOD SOLUTIONS	GATEWAY SERVICES	GRAND TOTAL
FEMALE	24	318	545	887
<30	4	96	333	433
30 to 39	11	76	139	226
40 to 49	4	82	40	126
50 to 59	3	23	19	45
>60	2	41	14	57
MALE	13	384	824	1,221
<30	7	132	412	551
30 to 39	0	118	202	320
40 to 49	0	68	72	140
50 to 59	4	30	55	89
>60	2	36	83	121
GRAND TOTAL	. 37	702	1,369	2,108
OVERALL ANNUALISED VOLUNTARY ATTRITION RATE				11%

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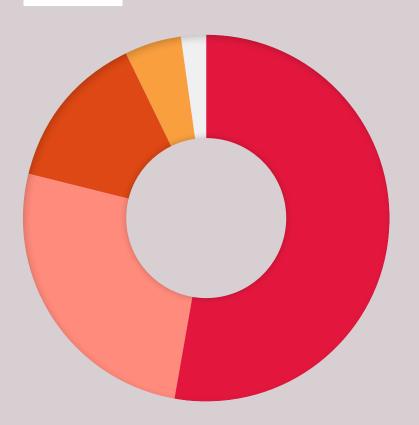
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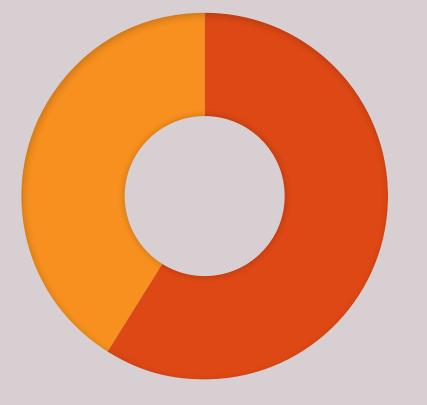
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CHART 01



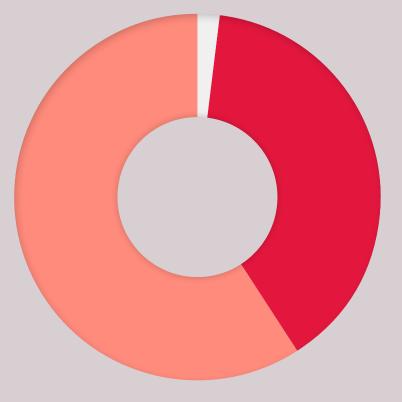
NEW EMPLOYEE HIRES BY AGE GROUP

_		
	<30	53%
	30 to 39	26%
	40 to 49	14%
	50 to 59	5%
	>60	2%
	Total	100%



NEW EMPLOYEE HIRES BY GENDER

Male	59%
Female	41%
Total	100%



NEW EMPLOYEE HIRES BY BUSINESS UNITS

Corporate	2%
Food Solutions	39%
Gateway Services	59%
Total	100%

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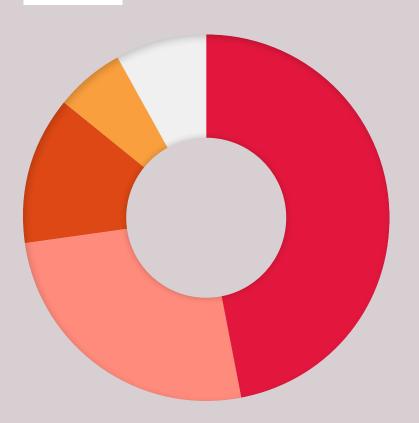
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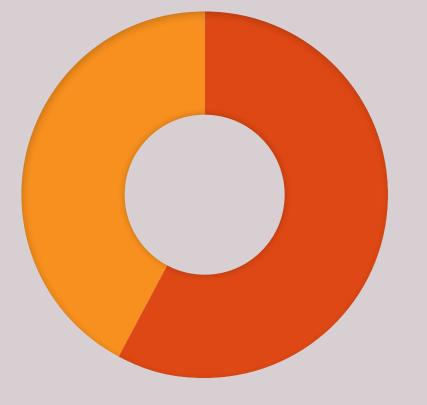
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CHART 02



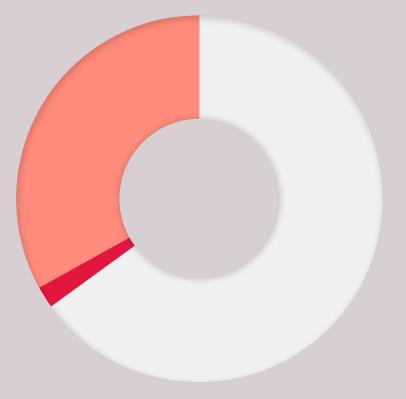
EMPLOYEE TURNOVER BY AGE GROUP

<30	47%
30 to 39	26%
40 to 49	13%
50 to 59	6%
>60	8%
Total	100%



EMPLOYEE TURNOVER BY GENDER

Male	58%
Female	42%
Total	100%



EMPLOYEE TURNOVER BY BUSINESS UNITS

Corporate	65%
Food Solutions	2%
Gateway Services	33%
Total	100%

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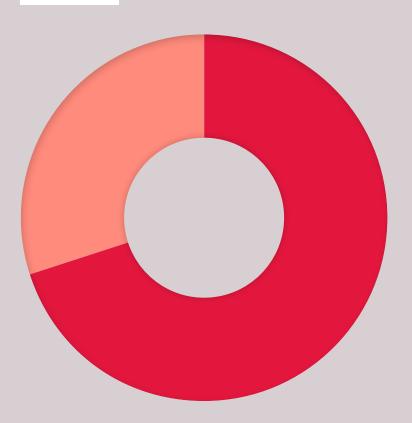
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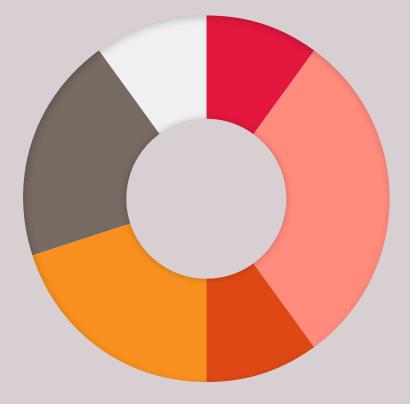
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CHART 03



BOARD GENDER DIVERSITY

Male Directors	70%
Female Directors	30%
Total	100%



AGE OF DIRECTORS

46-50	10%
51-55	30%
56-60	10%
61-65	20%
66-70	20%
71-75	10%
Total	100%

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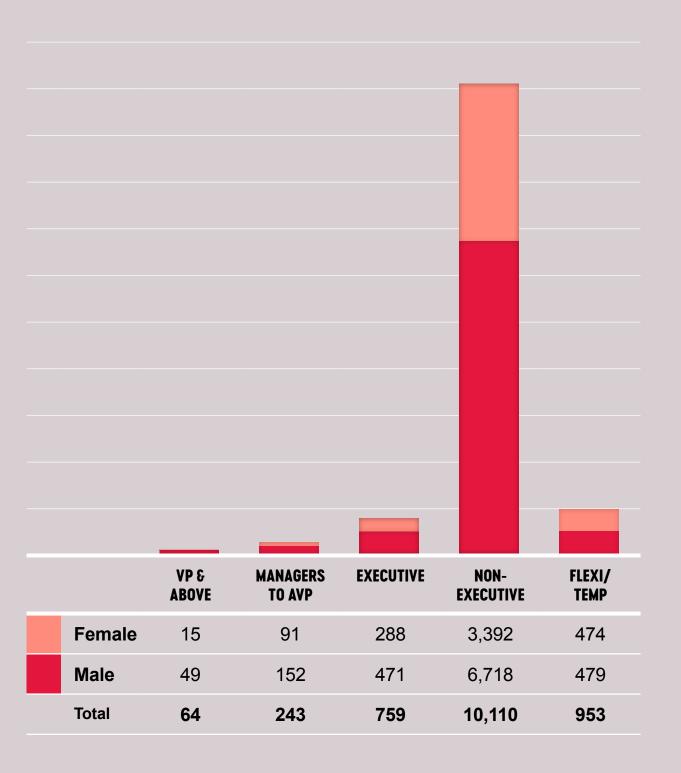
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CHART 04

EMPLOYEE CATEGORY BY GENDER



EMPLOYEE CATEGORY BY AGE GROUP



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SATS OCCUPATIONAL HEALTH & SAFETY (OHS) POLICY

At SATS we are committed to providing a safe, secure and healthy work environment for our people. In line with our core values, we maintain and promote an effective occupational health and safety management program. Our SATS approach is as follows:

Strive to anticipate hazards and possible terror risks and eliminate them to prevent personal injury/illness to employees or loss/damage to equipment and property.

<u>Assure a high level of compliance by meeting applicable legal requirements and adopting best practices.</u>

<u>Train</u> and educate employees and contractors to prevent accidents and injuries, including managing and responding to terror threats, and promoting a healthy lifestyle.

Seek and implement all reasonable measures to provide the best possible care in maintenance of our equipment and facilities.

This Policy will be kept up-to-date and relevant, and communicated to everyone at SATS as well as to all persons working under the control of SATS, so that they are reminded of their individual OHS obligations.

We are all responsible for preventing injury and ill-health, both to ourselves as well as to fellow colleagues.

The prevention of accidents is a joint effort. We collaborate to continually improve our occupational health & safety performance to make our company the best and safest place to work.

Alex Hungate

President & Chief Executive Officer
SATS Ltd.



Dated: 09 May 2018

SAFEGUARD OPERATIONAL SAFETY

Safety is one of SATS' core values and is deeply rooted in our DNA. As a premium service provider with extensive regional operations, we are committed to ensuring a safe, secure and healthy environment for our people, customers and the community. Our Occupational Health and Safety Management System, which was established in 2008, has been certified as meeting the internationally recognised OHSAS 18001 Occupational Safety & Health Management System. This certification is audited on an annual basis.

OUR 2030 GOALS

TO ACHIEVE 50% REDUCTION IN ACCIDENT FREQUENCY RATE AND LOST MAN-DAYS

TO ACHIEVE 50% REDUCTION IN ERGONOMIC INJURIES THROUGH THE IMPROVEMENT OF MAN-MACHINE INTERFACE

TO DEVELOP A FULLY DIGITALISED SAFETY MANAGEMENT SYSTEM ACCESSIBLE WORLDWIDE

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MAINTAINING STRICT AND ROBUST SAFETY REGULATIONS

Regular audits are conducted by our customers and partners as well as numerous local and international safety and quality certifications, including OHSAS 18001, ISO 9001 Quality Management System and IATA's Safety Audit for Ground Operations, which is an audit standard applicable to ground handling companies worldwide, coupled with a uniform set of standards relevant for the specific activities of any ground handler.

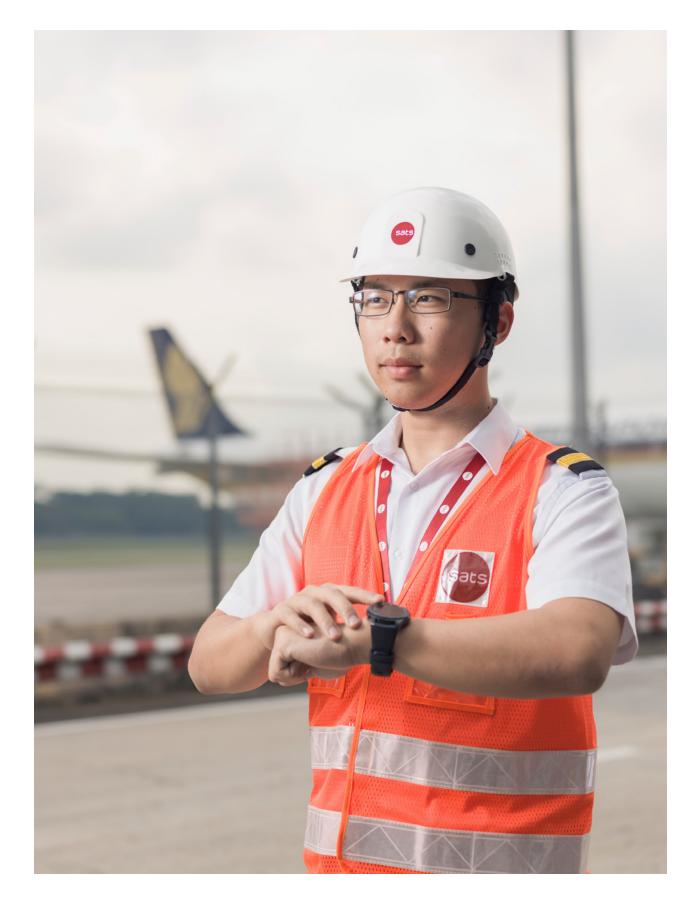
Together, we strive to inculcate positive mindsets, attitudes and relevant skills in all levels of the organisation, so that every employee is able to progress safely with SATS in this dynamic environment. The management also advocates "Just Culture", a culture that creates an atmosphere of trust which encourages and rewards our people for providing essential safety-related information.

Formal joint management-worker health and safety committees oversee safety at both the site and BU level.

Additionally, safety and health topics are discussed at SATSWU's monthly meeting with SATS' management, which is chaired by SATS' PCEO. Topics discussed at the meetings include safety initiatives, safety inspection, work-related accidents, accident prevention and safety education.

SATS complies with the Workplace Safety and Health Incident Reporting regulation, which stipulates that an iReport must be filed for work injury incidents that meet the reportability criteria. In addition, we have an in-house incident reporting procedure that requires all incidents to be reported to supervisors or safety personnel within 24 hours.

The three most common injuries amongst SATS' employees include being caught in between objects, over-exertion, and slips, trips and falls. Compared to last year, the injury rate and lost-day rate across SATS' operations have improved from 4.51 to 4.18 and 273.09 to 229.98 respectively. There were no work-related fatalities in the reporting period.



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CREATING A SAFE ENVIRONMENT FOR OUR PEOPLE, CUSTOMERS AND THE COMMUNITY

In July 2018, we implemented a forklift improvement programme with the objective of elevating the level of safety during daily forklift operations within the warehouse. A project team was established to drive employee awareness of safety issues as well as develop and implement various safety initiatives. These include installing forklifts with speed-limiting devices, a system which projects a blue light to alert pedestrians of reversing vehicles and a neutral power-cut sensor to ensure that unmanned forklifts remain stationary.

Since implementation, the programme has resulted in a safer and more secure work environment for our people, customers and the community, reducing the number of incidents by 80%. In recognition of the value created by this initiative, the project won the 2018 WSH Innovation Projects Award presented by Singapore's Workplace Safety and Health Council. Moving forward, with the ongoing transition to fully electric GSEs, we are studying the feasibility of installing the same features in our new fleet of electric forklifts as well.

We are cognisant of the fact that occupational activities such as the loading and unloading of cargo as well as the docking and undocking of GSEs pose a higher risk to our Cargo and Ramp employees of strains, sprains and other musculoskeletal conditions. Outreach sessions are thus held regularly by Business Unit Management to increase employees' situational awareness on the common risks that they are exposed to. SATS has also been engaging HPB on an ergonomics and fatigue management programme to prevent work-related health issues and injuries, and to improve work postures.

SATS also ensures workplace safety by guarding against the threat of cyberattacks and acts of terrorism. In line with the SGSecure guide for workplaces, in addition to the existing framework and controls to defend ourselves against cyber threats, SATS has also implemented initiatives to raise our preparedness against terrorism.



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For instance, we have appointed and registered an SGSecure representative with the Ministry of Manpower, who will serve as the point of contact for the authorities in times of crises and help to disseminate updates.

Regular drills and communications are also conducted to familiarise all employees on emergency escape routes while selected individuals have been given additional responsibilities to further boost our readiness level. A special group of responders have been identified and trained on occupational first aid (CPR/AED) and on how to fight incipient fires while a group of Buddies were trained in psychological first aid skills to help co-workers cope with difficult situations.

AS TESTAMENT TO OUR EFFORTS
TO PROVIDE A SAFE OPERATING
ENVIRONMENT FOR THE AIRPORT
COMMUNITY, SATS WON 3 INDIVIDUAL
AND 3 TEAM AWARDS AT THE 2018
AIRPORT SAFETY AWARDS.

One of the award-winning initiatives is the installation of an engine cutoff system in tractors to ensure that unmanned vehicles remain stationary and to reduce the number of runaway vehicles that may result in personnel injury and damage to aircraft or other equipment in the airside area.

Presented annually, the award recognises exceptional actions or contributions by members of the airport community, who go beyond their scope of work to effectively prevent safety incidents or injuries.



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Sustainability Report 2018-19 **CASE STUDY**

HANDLING DANGEROUS GOODS SAFELY

9% of the cargo that SATS handles every year for export lodged-in by freight forwarders includes items classified as 'dangerous goods' (DG) such as compressed gas, radioactive material, batteries, biological substances and chemicals.

Due to their hazardous nature, such cargo must be declared in the proper manner and comply with relevant laws and freight regulations. Besides legal implications, the mishandling of DG has serious implications on the safety of our cargo handling staff and aviation partners as well.

To address the issue of noncompliant or undeclared shipments of DG, to decrease the number of such incidents, and to ensure compliance to IATA regulations, SATS implemented a fundamental change in the way DG are tendered for acceptance. The change builds on the current mandatory and robust checking process that is compliant with IATA DG regulations. As an additional level of compulsory checks, freight forwarders are now required to register their DG-competent assigned personnel, who will be the only ones authorised to complete the first-level DG checklist.

The change was implemented through a holistic and consultative process that involved the freight forwarding community, airlines, the Civil Aviation Authority of Singapore and The Singapore Air Cargo Agents Association.

On 28 August 2018, SATS launched a Dangerous Goods campaign that advocated key safety messages followed by focus group discussion with key stakeholders in September and October 2018. The discussions gathered important feedback that served to identify the most pertinent issues and concerns, which were taken into account during the transition.

As testament to the success of our efforts, in the period following the change from November 2018 to February 2019, the number of DG shipments rejected for non-compliance saw a 29% decrease in February 2019 compared to the first 6 months of 2018. Since the change in process, only 5 cases of undeclared dangerous



goods shipments have been reported compared to 8 cases reported from July to August 2018 alone.

Moving forward, to ensure greater compliance, we will enforce a strict penalty system where DG-competent personnel whose shipments fail to comply with the mandated regulatory requirements will be blacklisted.

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EMPOWER COMMUNITIES

While business outcomes are important to us as we continue to grow, the impact we have on our ecosystems and local communities matter as well.

At SATS, our passion to delight in service of others is reflected in our community engagement activities, which represent our values and who we are. As a people-led organisation, our people are actively involved in supporting the needs of local communities, giving back and helping others to realise their full potential.

This year, our programmes and initiatives provided for close to 250,000 beneficiaries across schools, charities, non-profit organisations and healthcare providers as well as more than \$800,000 in donations to charity and non-profit organisations from the SATS Foundation and SATS Staff Association. The year-long line-up of events and activities involved 1,349 staff, who contributed more than 4,500 volunteer hours in total.

OUR 2030 GOALS

TO TOUCH 4 MILLION LIVES BY 2030 THROUGH SOCIAL AND COMMUNITY INVESTMENTS THAT IMPART OUR EXPERTISE, TO EMPOWER PEOPLE TO FULFIL THEIR FULLEST POTENTIAL

SATS PROVIDED FOR:

~250,000 BENEFICIARIES
WITH
>\$800,000 IN DONATIONS



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A GROUND-UP, COLLECTIVE APPROACH TOWARDS AFFECTING POSITIVE CHANGE

Led by our people, the SATS Volunteering Programme, supported by the SATS Staff Association, is centred round supporting and giving back to local communities through a series of meaningful programmes and initiatives held throughout the year.

This year, we launched the SATS Volunteering Framework, a 3-tier framework that serves to guide our social engagement activities and pledges to support vulnerable communities by helping others fulfil their potential for a more sustainable future. Be-United involves participation at large-scale charitable activities that promotes positivity and awareness of current social issues. Be-Friend focuses on providing activity support and meet with beneficiaries at interactive sessions. Be-Yond is focused on dedicating regular assistance to support charities in their respective causes.

GIVING BACK WHERE IT MATTERS

Every year, natural disasters and events occur in the region that affect the lives of countless people. In such situations, there is often an urgent need for basic necessities, food and water.

For SATS, disaster relief support is a way for us to make an immediate difference by providing assistance where it is most needed, helping those affected to recover and begin rebuilding their lives. Since 2003, SATS has been supporting relief missions around the region, dispatching food supplies in the form of ready-to-eat meals to aid survivors of natural disasters.

On 11 September 2018, through The Salvation Army's disaster relief operations, we donated 24,000 ration pouches to help 6,000 displaced survivors following the collapse of the Laos dam.

At SATS, our culture of giving and creating value for others extends to the workplace environment as well. In

tandem with Giving Week, Singapore's nation-wide movement to build a #CityofGood, SATS initiated a weeklong campaign to foster a more caring and inclusive workplace. Our staff had the chance to explore various ways of giving through workshops, talks, opportunities to volunteer with our charity partners for food distribution and donation drives, as well as supporting social enterprises at our #DoGood bazaar.

SATS Giving Week concluded on a high note, with our staff contributing nearly 600kg of food products to The Boys Brigade's Share-a-Gift campaign, which reaches out to 6,909 households that receive assistance from government-funded ComCare programmes and 211 voluntary welfare organisations.



