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**Sustainability
Report 2017-18**

Board Statement

The Board provides guidance on the development of the business strategy at SATS and reviews effectiveness of all the programmes to ensure these are fit for the purpose and sustainable. In this respect, the Board also makes certain that sustainability goals are integrated into the business goals.

While risk appetite for SATS to pursue its vision of feeding and connecting Asia is set by the Board, we entrust the execution and monitoring of the company's business strategy including sustainability goals, to the President

and Chief Executive Officer and his management team. To ensure a dedicated focus on sustainability, he has formed a Sustainability Committee comprising senior members of the executive management team to represent relevant parts of the organisation.

We report sustainability performance in accordance with SGX Sustainability Reporting Guide and take reference from Global Reporting Initiatives for disclosures on performance. Material topics are mapped to the United Nations' Sustainable Development Goals.

from left to right

Euleen Goh
Chairman**Alex Hungate**
President and
Chief Executive Officer**Euleen Goh**
Chairman

22 Jan 2019

PCEO's Statement

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Dear Stakeholders,

Sustainability is, naturally, a vital facet of our business strategy. Every aspect of the strategy reflects our desire to build a company that will lead our industry long into the future.

While we are confident that growth in aviation, eCommerce, and demand for safe, healthy food will continue to create opportunities for SATS, we also know that competition for talent, raw materials, energy and water will increase operational costs and place strains on our environment.

This is why we take a technology-driven, people-led approach to everything that we do: encouraging innovative solutions to improve services and promote healthy eating without depleting scarce resources.

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In the year, we have also seen savings in water and energy consumption from our efforts at managing water usage and conversion to renewable sources of energy such as solar panels and electric tractors.

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I am pleased to inform we have made progress with our sustainability efforts since we started sustainability reporting for the year ended FY2016-17. Despite pricing pressures from the airlines, our automation projects have allowed us to harness volume growth to achieve productivity gains. Over a four-year period, our Value Added per Employment Cost has increased 11.2%. Our employee engagement score remains high at 76%, way above the Asian average of 65%.

In the year, we have also seen savings in water and energy consumption from our efforts at managing water usage and conversion to renewable sources of energy such as solar panels and electric tractors. Water used per unit meal produced has declined 23% while electricity consumption has decreased

4.6% despite the increase in volume of meals produced and passengers and cargo handled.

Looking forward, our goal is to inspire innovation not just within SATS, but throughout our ecosystem. We hope to be the partner that is the catalyst for companies big and small to work together to create greater value for all our stakeholders.

Alex Hungate

President and Chief Executive Officer
SATS Ltd
13 Dec 2018

