



**SATS LTD.**  
Annual Report 2014-15

**SATS** is Asia's leading food solutions and gateway services company.

Our state-of-the-art facilities and comprehensive suite of services give us scale advantages as we serve both the existing and emerging needs of our customers.

Seamless co-ordination across our extensive operations enables us to better connect our customers and passengers at different gateways throughout Asia.

New technologies, our culture of innovation and the passion of our people are creating new opportunities to invent new ways of working and drive greater efficiencies.

# Contents

## Overview

Theme	01
Five-Year Group Financial and Operational Summary	02

## Strategy

Embracing Technology	04
Developing Innovative Solutions	06
Creating New Revenue Streams	08
Chairman's Statement	10
PCEO's Statement	14
Geographical Presence	18
Board of Directors	20

## Performance

Operations Review: Food Solutions	22
Operations Review: Gateway Services	24
Financial Review	26

## Governance

Board of Directors	31
Executive Management	34
Corporate Social Responsibility	40
Corporate Governance Report	42
Risk Management and Internal Control Statement	60

## Financials

Financial Calendar	64
Financial Statements	65

Additional Information	157
Information on Shareholdings	158
Notice of Annual General Meeting	160
Proxy Form	
Corporate Information	



**Power Up** is a phrase that encapsulates the transformation of SATS. The transformation starts by Powering Up our heartware – every single one of us – with the Passion to Delight. When we Power Up, we bring energy to our work, a sense of urgency and creativity that has real impact on our customers and the business. Our collective energy drives the successful implementation of strategy to use our scale and connectivity to increase productivity and new revenues.

# Five-Year Group Financial and Operational Summary

	FY2014-15	FY2013-14	FY2012-13	FY2011-12	FY2010-11
<b>Income Statement (\$ million)</b>					
Total revenue	1,753.2	1,786.7	1,819.0	1,871.6	1,729.1
Operating profit	178.0	171.0	192.3	165.7	184.5
Share of results of associates/joint venture, net of tax	48.1	47.2	52.7	41.2	46.9
Profit after tax	190.7	182.1	184.8	175.0	191.8
Profit attributable to owners of the Company	195.7	180.4	184.8	170.9	191.4
<b>Statement of Financial Position (\$ million)</b>					
Equity holders' funds	1,441.1	1,416.8	1,403.4	1,508.3	1,523.0
Non-controlling interests	76.5	97.6	96.8	105.8	100.1
<b>Total Equity</b>	<b>1,517.6</b>	<b>1,514.4</b>	<b>1,500.2</b>	<b>1,614.1</b>	<b>1,623.1</b>
Property, plant and equipment	551.7	567.9	592.2	653.9	741.9
Investment properties	7.0	9.2	11.3	13.5	16.2
Other non-current assets	668.3	718.1	619.5	625.0	872.4
Current assets	792.7	724.6	780.3	831.2	687.6
Total assets	2,019.7	2,019.8	2,003.3	2,123.6	2,318.1
Non-current liabilities	156.3	175.9	193.0	237.2	201.4
Current liabilities	345.8	329.5	310.1	272.3	493.6
Total liabilities	502.1	505.4	503.1	509.5	695.0
<b>Net Assets</b>	<b>1,517.6</b>	<b>1,514.4</b>	<b>1,500.2</b>	<b>1,614.1</b>	<b>1,623.1</b>
<b>Financial Ratios</b>					
Return on equity (%)	13.7	12.8	12.7	11.3	12.7
Return on total assets (%)	9.4	9.1	9.0	7.9	9.1
Net margin (%)	10.9	10.2	10.2	9.4	11.1
Debt-equity ratio (times)	0.07	0.08	0.09	0.10	0.12
Economic value added (EVA) (\$ million)	49.9	39.9	68.5	42.7	68.3
<b>Productivity and Employee Data</b>					
Value added (\$ million)	1,022.0	1,011.4	1,018.3	1,014.7	916.9
Value added per employee (\$)	71,704	69,222	70,732	69,475	69,200
Value added per \$ employment cost (times)	1.43	1.43	1.48	1.50	1.60
Revenue per employee (\$)	123,004	122,284	126,354	128,148	130,500
Staff costs per employee (\$)	50,134	48,254	47,705	46,305	43,212
Average number of employees	14,253*	14,611	14,396	14,605	13,250

\* This is the number of full time equivalent employees, including participants in the flexible-hour work scheme that was introduced in FY2014-15.

	FY2014-15	FY2013-14	FY2012-13	FY2011-12	FY2010-11
<b>Per Share Data</b>					
Earnings after tax					
- Basic (cents)	<b>17.5</b>	16.1	16.6	15.4	17.4
- Diluted (cents)	<b>17.4</b>	16.0	16.5	15.4	17.3
Net assets value per share (cents)	<b>130.4</b>	126.6	126.0	136.0	137.5
<b>Dividends</b>					
Interim dividend per share (cents)	<b>5.0</b>	5.0	5.0	5.0	5.0
Final and special dividends per share (cents)	<b>9.0</b>	8.0	10.0	21.0	12.0
Dividend cover (times)	<b>1.3</b>	1.2	1.1	0.6	1.0
Dividend payout (%)	<b>79.3</b>	80.9	90.7	168.6	98.4
<b>Cash Flows (\$ million)</b>					
Cash flows from operations	<b>272.8</b>	288.3	277.5	210.7	250.2
Free cash flow	<b>175.1</b>	189.8	208.1	103.7	132.1
Capital expenditure	<b>61.3</b>	57.1	37.8	64.3	68.1
<b>Operating Statistics</b>					
Cargo/mail processed (million tonnes)	<b>1.57</b>	1.50	1.46	1.50	1.49
Passengers handled (million)	<b>41.60</b>	43.47	41.23	37.92	35.38
Gross meals produced (million)	<b>26.44</b>	26.11	28.26	26.50	25.06
Flights handled (thousand)	<b>126.11</b>	134.09	123.01	115.19	103.73

**Notes:**

- 1 SATS' financial year is from 1 April to 31 March. Throughout this report, all financial figures are stated in Singapore Dollars and include both continuing and discontinued operations, unless otherwise stated.
- 2 Return on equity is profit attributable to owners of the Company expressed as a percentage of the average equity holders' funds.
- 3 Debt-equity ratio is gross debt divided by equity attributable to owners of the Company at 31 March.
- 4 Basic earnings per share is computed by dividing profit attributable to owners of the Company by the weighted average number of fully paid shares in issue.
- 5 Diluted earnings per share is computed by dividing profit attributable to owners of the Company by the weighted average number of fully paid shares in issue after adjusting for dilution of shares under the various employee share plans.
- 6 Net asset value per share is computed by dividing equity attributable to owners of the Company by the ordinary shares (excluding treasury shares) in issue at 31 March.
- 7 Dividend cover is derived by dividing profit attributable to owners of the Company by total dividend (net of tax).
- 8 Dividend payout ratio is derived by dividing total dividend (net of tax) by profit attributable to owners of the Company.
- 9 Free cash flow comprises cash flows from operating activities less cash purchases of capital expenditure.
- 10 Final dividend for FY2014-15 is subject to Shareholders' approval at the forthcoming Annual General Meeting.
- 11 Gross meals produced refer to airline meals catered at Singapore Changi Airport but exclude meals sold on board low-cost carriers.

**14** AND **62**  
**ROBOTIC** **VISION**  
**ARMS** **CAMERAS**

Our new automated tray assembly line uses the latest robotic arm technology with a 360° vision inspection system to pick, check and place airline service wares and food items onto meal trays.





# Embracing Technology

## At the Very Heart of Our Business.

Technology advances are opening up new possibilities for us to Power Up previously manual operations. Through investments in technology and more efficient processes, our staff can be deployed to higher value-added activities, creating a scale advantage that makes us more cost competitive. As volumes increase, we benefit from greater productivity and enhanced financial performance.



# Developing Innovative Solutions

## Through a Culture of Collaboration.

Our engaged people Power Up interactions with their colleagues and customers to deliver seamless service across Asia. One example is in cold-chain handling, where our internationally-certified expertise and network of facilities enable us to continue expanding our share in the fast-growing pharmaceutical handling market.





FROM  
**-28°C TO +25°C**

SATS Coolport is Asia's first on-airport facility, dedicated to the cold-chain handling of premium perishable and pharmaceutical airfreight. Our goal is to build a cold-chain network to serve our customers with uniformly high service standards across Asia.



# Creating New Revenue Streams

**Through Scale and Connectivity.**

We Power Up our revenues by supporting our customers as they expand across Asia and by vertical integration into adjacent activities. We work together with our community of customers and partners to generate new ideas and pioneer new services.



CHOICE OF  
**>30**  
MENU OPTIONS

We have applied retort technology to some of our chefs' most popular recipes to create tasty, shelf-stable and cost-effective meal solutions for our customers including low-cost carriers. To date, we have developed more than 30 retort tray meal options.

# Chairman's Statement

## Dear Shareholders,

For the financial year in review, the external environment remained challenging, with an uncertain global economic outlook and airlines in the region facing overcapacity and margin pressure. Although oil prices and jet fuel costs declined, competitive pressures in regional aviation remained high.

In light of these factors, our revenue declined 1.9% year-on-year to \$1.75 billion in FY2014-15. However, our continued efforts to manage cost, improve productivity and invest in new technologies have yielded positive results. Our profit attributable to owners of the Company increased 8.5% to \$195.7 million and return on equity was 13.7%, up from 12.8% a year ago.

As at 31 March 2015, our total assets stood at \$2.02 billion while free cash flow generated during the year amounted to \$175.1 million. Our debt-to-equity ratio remained at a healthy 0.07 times.

Taking into consideration our financial performance as well as capital management and long-term growth objectives, your Board of Directors has proposed a final ordinary dividend of 9 cents per share. Including the interim ordinary dividend of 5 cents per share paid on 12 December 2014, the total dividend of 14 cents per share translates to a dividend payout ratio of 79.3%. If approved at the forthcoming Annual General Meeting on 21 July, the proposed dividend will be paid on 12 August.

We have a strong pipeline of organic and inorganic growth opportunities across the

region to strengthen our position as Asia's leading food solutions and gateway services company. However, we will continue to be disciplined in our allocation of capital in order to earn the best returns on a risk-adjusted basis and strike a balance between investing for growth and rewarding our Shareholders through dividends. We will continue to invest in our state-of-the-art facilities, comprehensive suite of services and new technologies to transform our operations to be more productive and cost-efficient in the long run. We will also pursue opportunities in adjacent businesses and new customer segments.

In a move to grow scale and improve the operating leverage of our food business, we formed a 51:49 joint venture in Singapore with global food giant BRF in April this year. To be named SATS BRF Food, the joint venture will specialise in meat processing and the manufacturing of branded food products for distribution to retailers, restaurants, distributors, wholesalers and ship chandlers.

We are very positive about the attractive growth opportunities for this business. A key supplier of SATS, BRF is the world's sixth largest food company by market value and is responsible for 20% of the global poultry trade. Leveraging its capabilities in retail marketing and sales as well as our knowledge of local food distribution and state-of-the-art facilities, SATS BRF Food will focus on expanding supply of higher value, semi-processed meat, and branded food products for the Singapore market. It plans to enter other Southeast Asian markets eventually, catering to the growing middle classes in the region.

Return on Equity

13.7%

Earnings Per Share

17.5¢

**We will continue to invest in our state-of-the-art facilities, comprehensive suite of services and new technologies to transform our operations to be more productive and cost-efficient in the long run. We will also pursue opportunities in adjacent businesses and new customer segments.**



**Edmund Cheng**  
Chairman

## Chairman's Statement



### CONNECTING WITH THE COMMUNITY

Our commitment to service goes beyond serving our customers to serving the community too. As a socially responsible organisation, we continue to expand our role in our communities where we live and work. Many of our staff are also active volunteers who participate in our group-wide programmes to reach out to the underprivileged.

For the year in review, the SATS Foundation – our main vehicle for community engagement – continued to support worthwhile causes such as the Assumption Pathway School and RSVP Singapore as part of its objective to create a long-term difference through enablement and empowerment. It also supported new beneficiary organisations including Bizlink Centre, a non-profit organisation that provides employment opportunities for people with disabilities.

At a grassroots level, the SATS Staff Association (SSA) maintained its unflagging efforts to rally our people in channelling their skills, time, and donations towards those in need. Over the last 12 months, the SSA spearheaded nearly 30 different projects, including the SATS-Elderly Sector Network Carnival. Held in October, this event saw our staff hosting some 350 elderly from 20 homes for the aged for a day of fun and games.

### OUR VISION

Looking ahead, we have a clear vision to be Asia's leading food solutions and gateway services provider. We want to be the first-choice provider by delighting customers with our innovation and passion. We will continue to drive greater scale advantages and connectivity across our network through our state-of-the-art facilities, comprehensive services and accelerated use of technology.

Management has shared this vision throughout the Group and it is evident that everyone at SATS is committed to achieving it.

### OUTLOOK

In the near term, while reduced jet fuel prices will provide our customers some relief, the regional aviation landscape remains challenging. Growth at Changi Airport is expected to stay moderate.

Despite slowing economic growth and rising manpower costs, the structural growth prospects of Asia and the fundamentals of the Singapore air hub remain intact. Demand for efficient travel, quality food and e-commerce will continue to grow, driven by the region's rapid pace of urbanisation. We believe that SATS is well-positioned to capture these exciting

and attractive opportunities. We will continue the transformation of our operations to improve productivity and support our future growth.

### ACKNOWLEDGEMENTS

I wish to thank my fellow Board members for their wise counsel and invaluable contributions throughout the year. There is no doubt that the collective work of the Board and management on governance and enterprise risk management will serve our Company and Shareholders well. A fitting tribute to their work – and supported in no small part by management and staff – is the bronze award SATS attained in the 'Best Managed Board' category of the Singapore Corporate Awards 2014.

I also wish to express my appreciation to Leo Yip who resigned from the Board on 1 March 2015. Leo served as an independent director for close to five years. He was a member of both the Nominating Committee, and the Remuneration and Human Resource Committee. On behalf of the Board, I thank him for his unstinting service and support.

At the same time, I would like to extend a warm welcome to Michael Kok who joined the Board on 6 March 2015. Michael's wealth of experience in the food industry will be invaluable in steering our growth strategy going forward.

My heartfelt thanks also go to our customers, partners, staff unions and you, our Shareholders, for your continued confidence and support.

Last but not least, I wish to record my deepest appreciation to all our employees. Their passion to innovate and dedication to their work have helped us achieve so much over the past year. They remain the key driving force of our Power Up transformation. I am confident that we can sustain the momentum and continue to create significant value for you, our Shareholders.

### Edmund Cheng

Chairman

25 May 2015



# PCEO's Statement

## Dear Shareholders,

Despite the slowing demand in some of our key markets, we were able to improve our operating and net profits in FY2014-15 by 4.1% and 8.5% respectively, using our scale and new technologies to reduce costs and improve productivity.

Overall expenditure fell 2.5% for the year as we gained benefits from the combined scale of our aviation and non-aviation catering businesses through Group-wide, strategic purchasing arrangements with key suppliers and integrated supply chain improvements.

Falling oil prices in the second half of the year along with initiatives to reduce our carbon footprint also lowered our energy costs, contributing to a reduction in other costs of 8.8%.

In addition, we found sustainable ways of improving productivity by investing in new technologies and in our people to ensure that every one of our colleagues has opportunities to improve their skills and capabilities. We handled volumes similar to the prior year with 500 fewer people; so that despite the sharp increase in labour costs across Asia, we were able to limit growth in staff expenses to 1.5%.

Our progress has also been recognised by the Civil Aviation Authority of Singapore (CAAS) which awarded SATS three out of 16 awards in its Process Innovation Challenge 2 showcase of productivity best practices. These awards were for raising productivity in our airline meal tray assembly through process redesign; reducing man-hours involved in sorting and transferring airlines' cargo pallets between airfreight terminals; and achieving significant reduction in man-hours in the breaking down of inbound cargo pallets and containers.

Further innovations have made aviation catering more productive. For instance, the use of autonomous guided vehicles in our kitchens has eliminated the multiple trips that our meal tray assembly staff need to make between the assembly line and the chiller to replenish food items.

In December last year, we added a flexible assembly line into our inflight catering operations. Where airline meal trays used to be assembled and inspected manually in lines of five to six staff each, the new automated line requires only two to three staff to control the operations. We have also introduced an automated cutlery system using ultrasonic technology to improve cutlery washing while deploying machines to do the tasks of cutlery sorting and packing.

In other cases, we have been the catalyst for technology adoption across the industry. In April 2015, we launched e-Acceptance, a significantly more efficient system for processing export clearances for airfreight. By partnering the Singapore Aircargo Agents Association and CAAS to implement this first-in-Singapore initiative, we can expect to boost productivity by around 30% and reduce the industry's carbon footprint by saving 600,000 sheets of paper annually.

We are working ever closer with our network of JVs and associates across Asia to improve productivity and also to create valuable connectivity for our customers. They contributed \$48.1 million or 25% of our net profit and are critical to our growth strategy. The investment that we made in PT Cardig Aero Services in Indonesia in February 2014 performed according to plan, with excellent collaboration creating value for both companies.

Net  
Profit

**\$195.7M**

Free Cash  
Flow

**\$175.1M**

**Despite the slowing demand in some of our key markets, we were able to improve our operating and net profits in FY2014-15 by 4.1% and 8.5% respectively, using our scale and new technologies to reduce costs and improve productivity.**





**Alex Hungate**  
President and  
Chief Executive Officer

## PCEO's Statement

### TARGETING NEW GROWTH

Our consolidated revenue declined by 1.9%, with 4.7% lower food revenue offset by 2.8% higher gateway revenue. This reduction was due mainly to lower spending by some customers in Japan and Singapore.

While we expect the underlying volumes in both markets to improve over time, we took action to grow non-aviation revenues by using our scale. By targeting new accounts in the catchment area of our large-scale inflight kitchens in Singapore, China, Japan, India and the Philippines, we have created a more diversified revenue stream and improved our scale and cost advantage further.

However, overcapacity at Narita airport and the translation impact of a weaker Japanese Yen continued to affect TFK's performance. Therefore in March this year, we took measures to restructure our cost base with a voluntary severance programme which has left us with a leaner cost structure.

Our cargo volumes hit a new record high of 1.6 million tonnes in FY2014-15. Investments in new high quality services which build valuable linkages for our cargo customers across the region have helped us win market share. In addition, demand for pharmaceutical and other perishable handling has been consistently strong and we expect it to continue to grow.

Last November, our perishable handling centre SATS Coolport was recognised by the International Air Transport Association (IATA) as the world's first Centre of Excellence for Independent Validators in pharmaceutical handling. This certification allows our people to provide consultancy and training to other industry stakeholders in the rigorous requirements of pharmaceutical handling.

Recently in April, we launched the SATS Coolport Academy, an independent training institute offering IATA-certified and other related courses across the region. In conjunction with the launch, IATA appointed the Academy as its first Regional Training Partner in Asia Pacific for pharmaceutical handling.

During the year, we made good progress in upgrading our unique cold-chain network across Asia as our cargo associates in Hong Kong and Indonesia and our joint venture in India were successful in attaining certifications in Good Distribution Practice. Construction of AISATS Coolport, Bengaluru's first dedicated perishable handling facility at Kempegowda International Airport, is now underway. Our goal is to eventually certify our entire network so that we can offer our customers uniformly high service standards across an unbroken cold-chain.

In line with this objective, we concluded a Memorandum of Understanding (MOU) in January this year with our customer Swiss WorldCargo and its partner ground handling company Cargologic.



The aim of this MOU is to enhance all parties' cargo handling services and establish the basis for future collaborations in areas such as e-initiatives, temperature-controlled transport management and specialised handling solutions. Leveraging Cargologic's and SATS' networks across Europe and Asia respectively, the alliance will help to promote end-to-end carriage of premium, care-intensive cargo on Swiss WorldCargo's flights.

The number of ships calling at the Marina Bay Cruise Centre, one of our newer businesses, fell slightly year-on-year, as did the number of passengers passing through the cruise terminal. However, with Royal Caribbean International launching its year-round sailings from Singapore for the first time this year and 20 cruise ships home-porting or turning around at the terminal, both metrics are expected to improve this year.

The opening of the Singapore Sports Hub last June marked our entry into sports catering, adding scale to our overall institutional catering business. We have catered to more than 80 world-class events, including the World Club 10s Rugby and the Women's Tennis Association Finals, held at the venue over the last year. This financial year will see us catering to similar prestigious events such as the Barclays Asia Trophy at the Sports Hub as well as catering to the north cluster at the 28th SEA Games.

## POWER UP

Our team of passionate and dedicated employees is our main source of ideas for driving productivity, growth and innovation. Our FY2014-15 results are a testament to their commitment and ingenuity. As our transformation progresses, they are involved in every project right from idea generation, through planning to implementation. With each project, we communicate the rationale for change and continually seek their feedback. There is great energy and commitment amongst them to serve our customers – what we call our 'Passion to Delight'.



Our commitment to service is fundamental to the 'Passion to Delight' that we all share. An outstanding example of this was how our institutional catering team worked selflessly around the clock to deliver 60,000 meals and 450,000 bottles of water to multiple locations during the week of mourning on the passing of Singapore's founding Prime Minister Mr Lee Kuan Yew.

As we Power Up, we also generate more ideas. For example, we filed our first patent for a tow hitch sensor which enhances safety and improves our operating efficiency. This kind of innovation is the key to our long-term productivity and competitiveness.

The productivity improvements and cost savings during the past year are the first evidence that the transformation of SATS is underway. Our people across the Company are committed to making further progress. Ahead, there are many opportunities to grow our businesses in order to capitalise on urbanisation across Asia. We are ready to pursue the best of these opportunities with energy and passion.

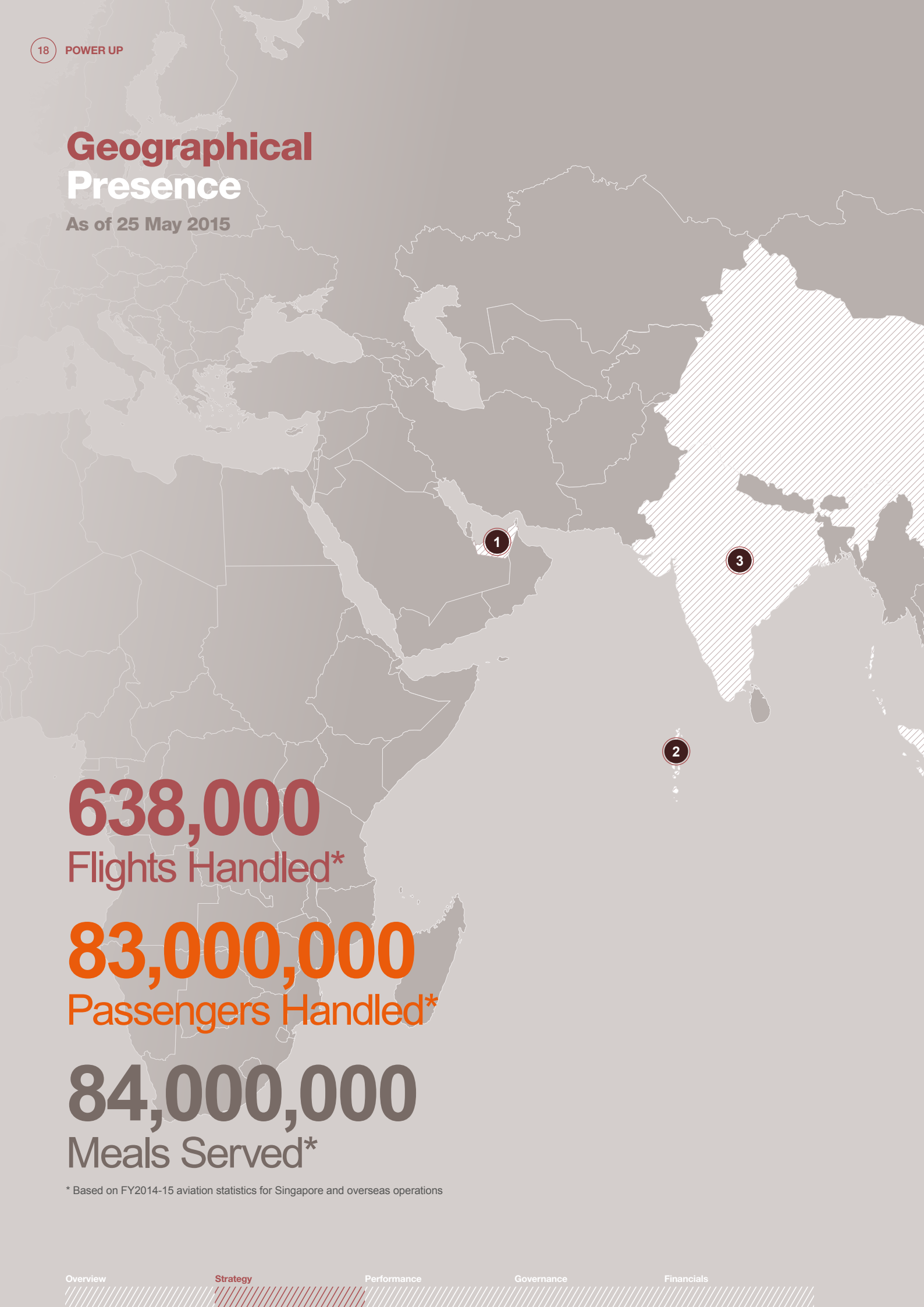
## Alex Hungate

President and Chief Executive Officer

25 May 2015

# Geographical Presence

As of 25 May 2015



**638,000**  
Flights Handled\*

**83,000,000**  
Passengers Handled\*

**84,000,000**  
Meals Served\*

\* Based on FY2014-15 aviation statistics for Singapore and overseas operations



**Spans**  
**43** Airports

**Across**  
**11** Countries

**1. United Arab Emirates**

Abu Dhabi

**2. Maldives**

Male

**3. India**

Bangalore  
Delhi

Amritsar  
Chennai  
Goa  
Kolkata  
Mumbai

Hyderabad  
Mangalore  
Trivandrum

**4. China**

Beijing  
Tianjin

Jilin  
Macau  
Shenyang

Hong Kong

**5. Japan**

Tokyo (Haneda and Narita)

**6. Taiwan**

Taipei

Kaohsiung  
Taichung

**7. Vietnam**

Ho Chi Minh City

**8. Philippines**

Manila

**9. Singapore**

Singapore

**10. Indonesia**

Denpasar  
Jakarta

Asam-Asam  
Batu Kajang  
Bontang  
Muara Teweh  
Sesayap, Tarakan

Balikpapan  
Bandung  
Batam  
Halim  
Lombok  
Makassar  
Manado  
Medan  
Padang  
Palembang  
Pekanbaru  
Semarang  
Solo  
Surabaya  
Timika  
Yogyakarta

**11. Australia**

Brisbane  
Rockhampton

Food Solutions

Gateway Services

Gateway Services + Food Solutions

# Board of Directors

- 1. Michael Kok**  
Non-Executive and Independent Director
  
- 2. David Baffsky**  
Non-Executive and Independent Director
  
- 3. Leo Yip**  
Non-Executive and Independent Director  
*(Stepped down on 1 March 2015)*
  
- 4. Nihal Kaviratne**  
Non-Executive and Independent Director
  
- 5. Euleen Goh**  
Non-Executive and Independent Director
  
- 6. Edmund Cheng**  
Chairman, Non-Executive and Independent Director
  
- 7. Alex Hungate**  
Executive Director, President and Chief Executive Officer
  
- 8. Yap Chee Meng**  
Non-Executive and Independent Director
  
- 9. Koh Poh Tiong**  
Non-Executive and Independent Director





# Operations Review: Food Solutions

Food solutions' revenue decreased 4.7% to \$1.05 billion. This was predominantly due to the weaker performance of TFK as well as the loss of revenue arising from the divestment of an Australian subsidiary, Urangan Fisheries.

Events across Southeast Asia also contributed to a challenging environment for aviation. These included political instability in Thailand, the MH370 and MH17 incidents, the depreciation of the Indonesian Rupiah, and a sharp reduction in Chinese visitors. As a result, we recorded a modest growth of 1.2% year-on-year in unit meals at Changi Airport.

Overall, food solutions' operating profit decreased 10.2% to \$127.4 million. However, our overseas food associates improved performance to contribute \$9.2 million share of after-tax profits, 59.6% higher than last year.

## GROWING SCALE

During the year in review, we focused on growing scale in our food business and improving our operating leverage.

At Changi Airport, we strengthened our leading position by securing 11 new and returning customers including Air France, Finnair, Hainan Airlines, KLM Royal Dutch Airlines and Jet Airways. We now cater for 45 airlines in Singapore, serving a total of over 26 million meals during the year, 1.3% more than last year.

We added scale to our overall institutional catering business with the opening of the Singapore Sports Hub last June. The venue hosted more than 80 world-class events including the World Club 10s Rugby and the Women's Tennis Association Finals over the last year. This year will see us catering to new prestigious events such as the 28th SEA Games and the Barclays Asia Trophy.

We also signed new institutional catering contracts with customers in the healthcare and education sectors, as well as with

multinational corporations for the provision of staff meals. As an example of scaling up our offerings, we built on the successful launch of our curry and potato sauce for KFC Singapore by exporting it to the fast-food chain's first-ever store in Myanmar.

In Japan, TFK secured new and returning customers such as Etihad Airways, Garuda Indonesia, Jetstar Japan and Singapore Airlines. However, revenues were still disappointing as certain customers reduced their spending. As a result, we have made cost reductions and now we must focus on winning new customers.

During the year, TFK commenced serving Eastern Chiba Medical Center, a non-airline customer operating near the Narita airport. It also opened a new restaurant in Terminal 1 of Narita airport and completed renovations for its halal-certified kitchen, allowing it to serve the increasing numbers of Muslim visitors from the Middle East and Southeast Asia.

The majority of our associates also achieved steady growth in the scale of their operations with the signing of new contracts.

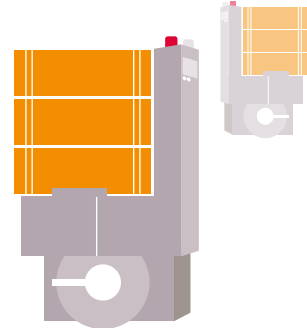
Beijing Airport Inflight Kitchen (BAIK) secured four new airline customers including Mahan Air, and Macau Catering Services (MCS) was awarded a catering contract by Plaza Premium Lounge Services Macau for its airport lounge.

Taj SATS Air Catering (TSAC) added new business from AirAsia India, SilkAir and Vistara, while Evergreen Sky Catering Corporation (EGSC) secured new contracts with SF Airlines and Turkish Airlines.

## INNOVATION AND PRODUCTIVITY

Besides growing scale, driving innovation and productivity is also critical to our competitive success. We are accelerating the implementation of technology in our food operations to help manage costs while adapting to changes in our operating environment.

## Autonomous Guided Vehicles (AGVs)



- At each meal tray assembly belt, five staff are positioned along the line with one being designated to replenish cold food items from the chiller which is located about 100 metres away from the belt.
- As each belt handles 12 to 14 flights in one shift, previously the designated staff had to make multiple trips to the chiller for replenishments.
- Now, our staff at the belts can radio their colleagues at the chiller for more supplies which will be delivered by AGVs to the belts.
- As a result, there are fewer disruptions to the meal tray assembly process and we have reduced our preparation time by 38%.





**We have automated the manual tasks of cutlery washing, sorting and packing. Where airline meal trays used to be assembled and inspected manually in lines of five to six workers each, our new state-of-the-art automated tray assembly line only requires two to three staff to control its operations. Beyond the significant manpower reductions, this automated line also delivers more consistent quality.**

We continued the transformation of our inflight catering kitchens by introducing autonomous guided vehicles (AGVs) and installing a flexible tray assembly line. AGVs now transport food items between store and assembly lines, reducing the demands on our staff.

In addition, we have automated the manual tasks of cutlery washing, sorting and packing. Where airline meal trays used to be assembled and inspected manually in lines of five to six workers each, our new state-of-the-art automated tray assembly line only requires two to three staff to control its operations. Beyond the significant manpower reductions, this automated line also delivers more consistent quality.

All these initiatives not only allow our staff to direct their skills to more value-added tasks, they also deliver significant cost savings through increased productivity and reduced manpower needs.

Similarly, our overseas associates have identified new areas that would benefit from the implementation of technology. For instance, BAIK installed an automated packing machine for salad dressing to improve productivity and reduce staff costs. EGSC also installed an automatic cutlery packing machine to enhance its efficiency.

Over the course of the year, our food operations in Singapore successfully implemented 20 LEAN projects to achieve a total savings of \$4.1 million. In addition, 36 staff underwent training in operational excellence and 24 were added to our pool of certified yellow and green belt holders.

At TFK, 19 LEAN projects were successfully carried out, which helped to reduce purchasing costs associated with food materials, improve work efficiency and support cross-functional deployment of staff. These projects resulted in savings of approximately \$4 million.

Efforts to reduce our energy consumption and our impact on the environment also contributed to substantial savings.

TFK replaced old florescent tubes at the Narita Rest House with LED lights to reduce its energy consumption while BAIK installed energy-saving smoke exhaust fans to make its kitchen a safer workplace for its staff.

Likewise, Taj Madras Flight Kitchen made greater use of renewable energy, reducing its reliance on diesel and saving roughly \$10,000 per month.

## AWARDS AND ACCOLADES

We are proud that the dedication of our staff and commitment to excellent service was recognised by the industry through a number of major awards and accolades.

SATS Executive Chef Matthew Yim and Executive Sous Chef Anderson Ho were part of the Singapore national team that won overall champion and gold awards in the Hot Cooking and Cold Display categories at the Villeroy & Boch Culinary World Cup 2014, which saw more than 1,000 chefs from 60 countries participating.

At the Asia Pacific On-Board Travel Culinary Challenge, TFK's Chef Stephane Lambert took the top spot while Cook Chai Ming Kent from SATS emerged as one of the six finalists competing for the winning title.

TFK was recognised by Malaysia Airlines for its 100% on-time performance, along with three of our other associates. MacroAsia Catering Services was also recognised as "Best Short Haul Caterer 2013" by All Nippon Airways for the second year in a row and achieved a gold award in Cathay Pacific's Caterer Performance Recognition Program.

TSAC won "Best Inflight Caterer Award" at Delhi airport for the third year in a row, reinforcing its position as a leader in quality and on-time performance.



# Operations Review: Gateway Services

Gateway services' revenue increased 2.8% to \$697 million. This was largely a result of growth in market share for cargo handling in Singapore and new customer wins by SATS HK which helped to offset a decline in flights and passengers handled arising from the loss of the Jetstar Asia account in Singapore.

With lower operating costs and a favourable shift in business mix towards cargo handling, operating profit increased 187% to \$39.6 million. However, pricing pressures and lower cargo volumes reported by some of our gateway associates saw our share of after-tax profits from gateway associates/joint ventures decreasing 6.2% to \$38.9 million.

## GROWING SCALE, ENHANCING CONNECTIVITY

During the year in review, we continued to improve our operating leverage by growing scale through new offerings across our gateway business and the addition of new customers.

Our operations at Singapore Changi Airport have grown to handle 63 airlines. In the past year, we signed ground handling contracts with nearly all of the new airlines flying to Singapore including Air New Zealand, Oman Air and Tigerair Taiwan. We also renewed ground and cargo handling contracts with several airlines including EVA Air, Japan Airlines, SilkAir, Tiger Airways and United Airlines.

We became the first ground handler in Singapore to attain the European Union Regulated Agents (EU RA3) accreditation, having met the stringent security requirements for screening air cargo and mail entering the European Union. A number of our overseas associates also attained the accreditation, including Asia Airfreight Terminal (AAT) in Hong Kong, PT Jasa Angkasa Semesta (JAS) in Indonesia and Tan Son Nhat Cargo Services in Vietnam.

In November, our perishable handling centre SATS Coolport became the world's first Centre of Excellence for Independent Validators in pharmaceutical handling, certified by the International Air Transport

Association (IATA). This certification allows SATS Coolport to train, advise and support other industry stakeholders in the rigorous requirements of pharmaceutical handling.

To raise the standards of cold-chain handling in Singapore and the region, we recently launched SATS Coolport Academy, an independent training institute offering IATA-certified and other related courses. In conjunction with the launch, the Academy was appointed by IATA as its first Regional Training Partner in pharmaceutical handling in Asia Pacific.

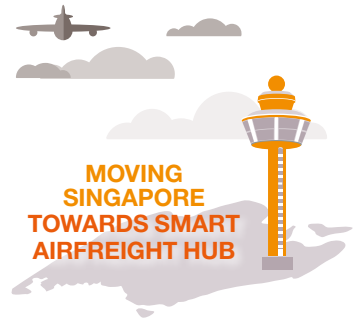
At the Marina Bay Cruise Centre, we welcomed several new vessels including Azamara Quest, MSC Orchestra and Rhapsody of the Seas. During the year, we handled more than 90 ship calls and nearly 393,000 passengers. We completed a comprehensive suite of infrastructure upgrades including the installation of a fourth passenger boarding bridge and new check-in counters on the departure mezzanine level last October. These enhancements improved the passenger flow considerably, in time for the high cruise season which began in November.

Beyond hardware upgrades, we also redesigned some of our processes in partnership with other cruise stakeholders. For instance, we worked with taxi companies to increase taxi supply during peak hours, and with the cruise operators to regulate the debarkation of passengers.

Overseas, our subsidiary and associates maintained momentum with new customer wins. SATS HK added carriers such as Air Busan, American Airlines and Thai Airways to its client roster while Evergreen Airline Services Corporation signed six new contracts for ground handling with airlines including AirAsia X, SilkAir and Vanilla Air.

Air India SATS Airport Services (AISATS) secured Vistara as a new customer for its Delhi and Hyderabad stations while JAS won new airline contracts at multiple airports including Air France, Jet Asia, Lufthansa and Saudi Arabian Airlines.

## SATS e-Acceptance



- Currently, the process for cargo acceptance is manual and requires hard copy submission of the export control form. However, the format of this form is not standardised across the airfreight industry, and is susceptible to human error during data entry.
- Cargo agents are required to present paper documents at our acceptance counter for processing before proceeding to the truck dock for the physical freight acceptance.
- By end-2015 when SATS' e-Acceptance is fully implemented, all information will be captured electronically. Cargo agents can bypass our acceptance counter and head straight to the truck dock for freight acceptance.
- This initiative is aligned with IATA's call for the industry to move from paper to electronic processes. It saves time and improves productivity by leveraging data at source.



**We took steps to review our processes and ensure we optimise the use of our most valuable resource – our people. In passenger services, we have deployed a pipeline of part-time staff that are on a flexible-hour scheme. Many of them are homemakers or students who cannot otherwise work on regular shifts. By matching their availability against peak hours, we are able to deploy them to supplement our full-time workforce while ensuring consistent, excellent service standards regardless of operational demands.**

Our associates also made progress in growing scale and expanding their capabilities. AISATS broke ground in March this year for Bengaluru's first dedicated perishable handling centre, AISATS Coolport. The new facility will provide a secure, end-to-end handling solution for perishables moving within our cold-chain network, hence enhancing regional connectivity for our customers.

AAT has been accredited as an Authorised Economic Operator (AEO) by the Hong Kong Customs and Excise Department, giving it prioritised clearance for customs inspection. It is the only cargo terminal operator in Hong Kong to have attained Tier 2 status, the highest for an AEO.

### INNOVATION AND PRODUCTIVITY

We continued to pursue initiatives that would help to transform our operations and raise productivity.

In partnership with the Civil Aviation Authority of Singapore and the Singapore Air cargo Agents Association, we recently pioneered a transformative initiative to digitise the process of export clearance for airfreight. When fully implemented in end-2015, we expect to improve productivity in this area by 30% and to save an estimated 600,000 sheets of paper annually.

In mid-2014, we began the trial test for iTrek personal digital assistants in our aircraft interior cleaning operations. These mobile devices not only help our cleaning staff track different airlines' handling requirements, but also facilitate communications as the staff can seek advice from their supervisors when encountering difficulties during cleaning. The progress of cleaning is also monitored through a digital checklist. This facilitates optimum deployment as staff can quickly be assigned to handle the next flight.

We also took steps to review our processes and ensure we optimise the use of our most valuable resource – our people. In passenger services, we have deployed a pipeline of part-time staff that are on a flexible-hour scheme. Many of them are homemakers or students who cannot otherwise work on regular shifts. By matching their availability against peak hours, we are able to deploy them to supplement our full-time workforce while ensuring consistent, excellent service standards regardless of operational demands.

During the year, our gateway operations implemented 34 operational excellence projects, yielding a total of \$4.4 million in savings. In addition, 39 staff underwent training in operational excellence and 26 were added to our pool of certified yellow and green belt holders.

The rest of our network also worked towards improvement in productivity and processes. AAT simplified the import handling processes for express airfreight in its cargo management system, reducing the time taken to check shipment records while simultaneously improving data accuracy. JAS reworked the routing of its ground support equipment and enhanced its refuelling control system. This resulted in a 24% reduction in fuel consumption, translating to an annual savings of approximately US\$60,000.

### AWARDS AND ACCOLADES

Locally and overseas, we are honoured to have received recognition for our consistent service quality, innovation, reliability and customer relationships.

SATS was named the Best Air Cargo Terminal Operator in Asia for the 16th time at the Asian Freight & Supply Chain Awards 2014. We also took home the Ground Handler of the Year title at the Payload Asia Awards 2014. In addition, two of our staff won the Service Team Award at Changi Airport Group's Annual Airport Celebrations.

Overseas, our subsidiary SATS HK and its staff received several awards from the Hong Kong Airport Authority, in recognition of its high levels of customer service and efficiency. AISATS was conferred the Best Air Cargo Terminal Management Award for the fourth consecutive year by the Indian Chamber of Commerce at the Indian Supply Chain Logistics Summit & Excellence Award 2015.

Beijing Aviation Ground Services was named Station of the Year for the Asia Pacific region by Delta Airlines while JAS was lauded by Singapore Airlines for achieving 100% punctuality at its Denpasar station and best baggage handling score at its Cengkareng station. JAS was also the silver medallist for Public Service Excellence Award conferred by the Indonesian Ministry of Transportation.



# Financial Review

## HIGHLIGHTS

The Group generated revenue of \$1,753.2 million in FY2014-15, a drop of \$33.5 million or 1.9% from last financial year. Revenue from food solutions dropped by \$52.1 million or 4.7% to \$1,051.5 million, largely due to lower contributions from its Japan subsidiary TFK Corporation, absence of revenue contribution from Urangan Fisheries due to divestment and the weakening of the Japanese Yen. Gateway services' revenue, on the other hand, increased by \$18.9 million or 2.8% to \$697 million, with growth in both the Singapore and Hong Kong entities.

Group's expenses fell by \$40.5 million or 2.5% to \$1,575.2 million. The drop was mainly in cost of raw materials, depreciation charges as well as other costs. Despite the competitive labour market and the increase in government levies, the Group managed to limit the increase in staff costs to 1.5%. This was achieved through productivity measures including dynamic rostering, the engagement of flexible-hour workers and the deployment of new technology.

The Group achieved operating profit of \$178 million in the current financial year, a growth of \$7 million or 4.1% over last year. Share of after-tax profits from associates/joint ventures increased by \$0.9 million or 1.9% to \$48.1 million. Higher contributions came from the food solutions associates, partially offset by lower contributions from gateway associates/joint ventures.

Profit attributable to owners of the company grew \$15.3 million or 8.5% to \$195.7 million, from \$180.4 million in the preceding year. Return on equity was 13.7%, 0.9 percentage point higher than last year. The Group maintained a healthy cash balance with short-term deposits of \$410.9 million and free cash flow of \$175.1 million. Its debt-to-equity ratio remained healthy at 0.07 times.

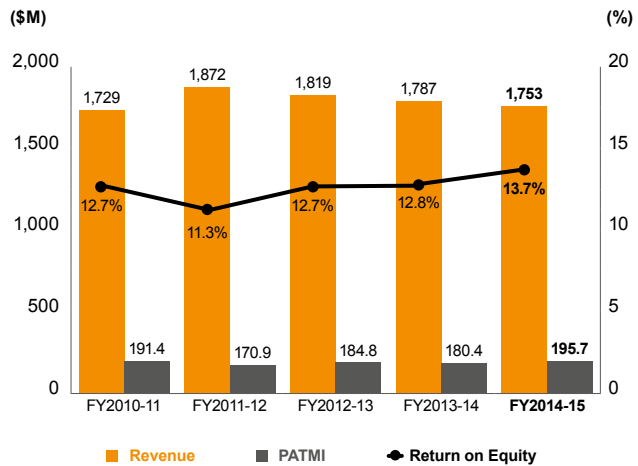
## EARNINGS PER SHARE

The Group's earnings per share grew 8.7% to 17.5 cents in the current financial year, compared to 16.1 cents a year ago.

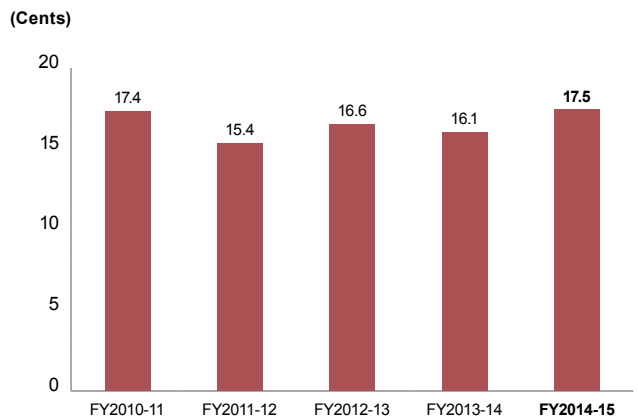
## DIVIDENDS

The Company paid an interim dividend of 5 cents per share during the year in respect of FY2014-15 amounting to \$55.8 million. The Board of Directors has proposed a final ordinary dividend of 9 cents per share to be paid, subject to Shareholders' approval in the forthcoming Annual General Meeting. The total ordinary dividend for FY2014-15, if approved, will be 14 cents per share. This represents 79.3% payout ratio.

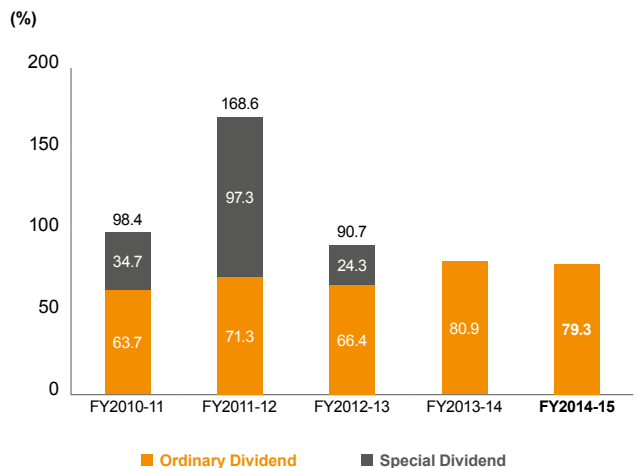
## Revenue and Profitability



## Earnings Per Share

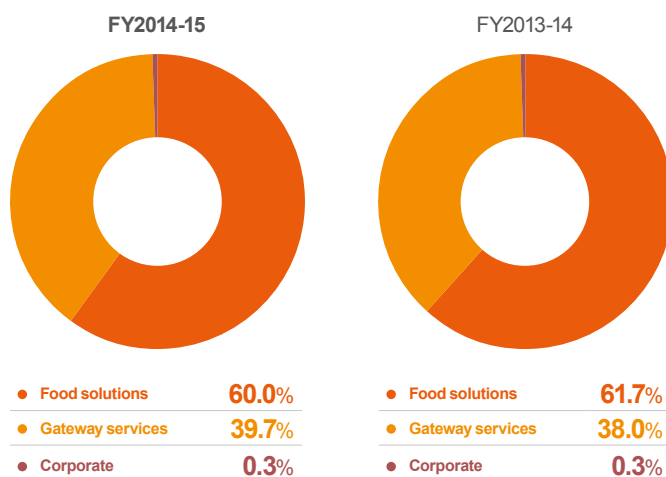


## Dividend Payout Ratio



## REVENUE - BY BUSINESS, INDUSTRY AND GEOGRAPHICAL LOCATION

### Business



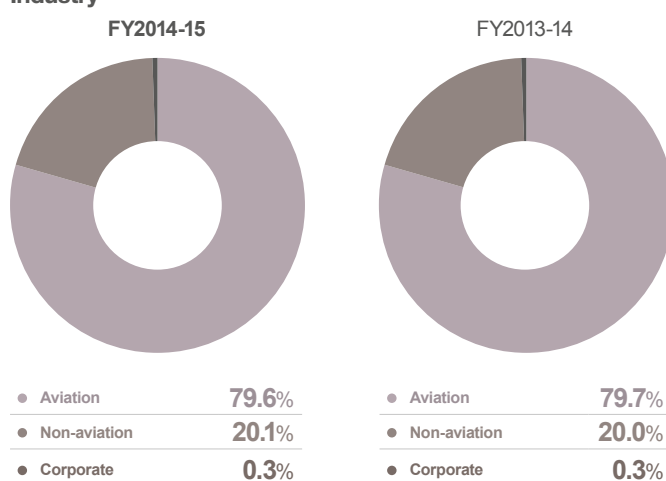
### By Business

Revenue (\$M)	FY2014-15	FY2013-14	YOY % Change
Food solutions	1,051.5	1,103.6	(4.7)
Gateway services	697.0	678.1	2.8
Corporate	4.7	5.0	(7.9)
<b>Total</b>	<b>1,753.2</b>	<b>1,786.7</b>	<b>(1.9)</b>

#### Notes:

- Food solutions: revenue from inflight catering, institutional catering, remote catering, food distribution and logistics, chilled, frozen and retort food manufacturing, hospitality services and airline linen and laundry services.
- Gateway services: revenue from airport and cruise terminal services, including ground and cargo handling, passenger and security services, baggage handling, apron services and cargo logistics services.
- Corporate: revenue from the corporate arm.

### Industry



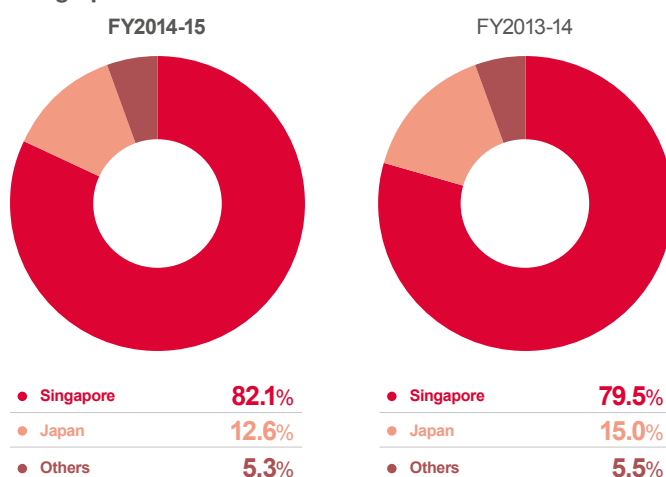
### By Industry

Revenue (\$M)	FY2014-15	FY2013-14	YOY % Change
Aviation	1,395.4	1,424.2	(2.0)
Non-aviation	353.1	357.5	(1.2)
Corporate	4.7	5.0	(7.9)
<b>Total</b>	<b>1,753.2</b>	<b>1,786.7</b>	<b>(1.9)</b>

#### Notes:

- Aviation: revenue from aviation-related businesses in food solutions and gateway services.
- Non-aviation: revenue from Singapore Food Industries group, Food and Allied Support Services Corporation group and SATS-Creuers Cruise Services.
- Corporate: revenue from the corporate arm.

### Geographical Location



### By Geographical Location

Revenue (\$M)	FY2014-15	FY2013-14	YOY % Change
Singapore	1,439.9	1,421.0	1.3
Japan	220.9	268.1	(17.6)
Others	92.4	97.6	(5.3)
<b>Total</b>	<b>1,753.2</b>	<b>1,786.7</b>	<b>(1.9)</b>

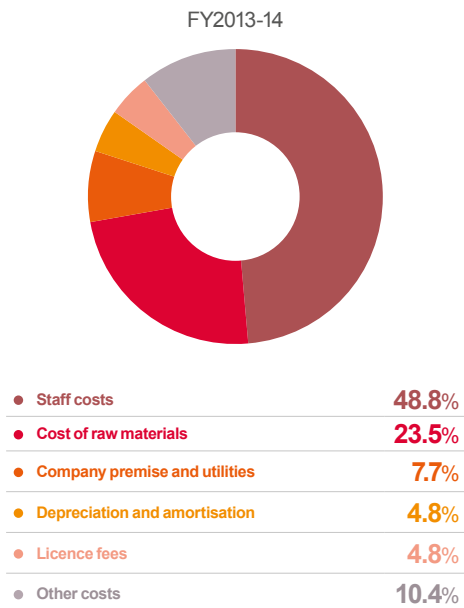
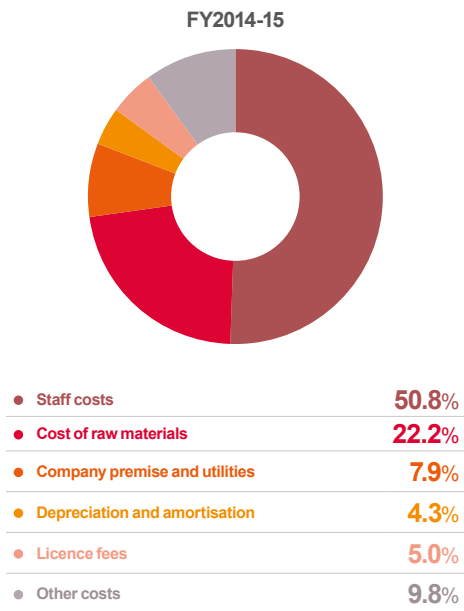
#### Notes:

- Singapore: revenue from food solutions and gateway services within Singapore.
- Japan: revenue from TFK.
- Others: revenue from Singapore Food Industries group (Australia), Food and Allied Support Services Corporation group (Abu Dhabi and India) and SATS HK.

## Financial Review

### EXPENDITURE

The Group's operating expenditure in FY2014-15 was \$1,575.2 million, a drop of \$40.5 million or 2.5%. The drop was mainly in cost of raw materials, depreciation and amortisation charges as well as other costs. Staff costs and cost of raw materials continue to make up bulk of the expenditure, amounting to 73% of the total expenses of the Group.



### CASH FLOWS AND FINANCIAL POSITION

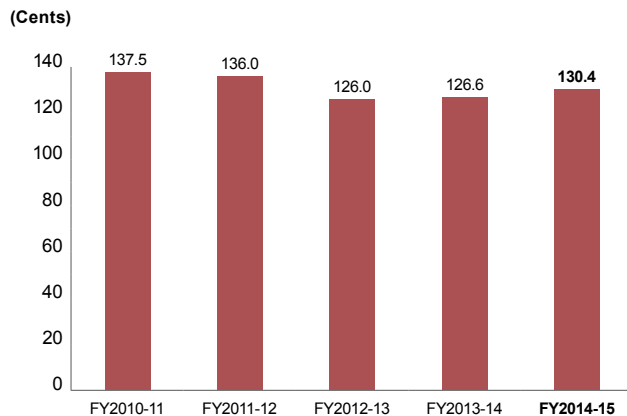
As at 31 March 2015, the equity attributable to the owners of the Company was \$1,441.1 million, an increase of 1.7% compared to \$1,416.8 million a year ago. The increase was mainly due to profit generated during the year, partly offset by the dividend payment of \$145.6 million to Shareholders and the purchase of treasury shares amounting to \$54.9 million during the financial year. Total Group assets of \$2,019.7 million as at 31 March 2015 were around the same level a year ago.

The Group had ending cash and cash equivalents of \$429.7 million as at 31 March 2015, which was \$90.1 million higher than the same period last year. This included \$18.8 million cash balances classified as assets held for sale. On 16 April 2015, the Group entered into a joint venture agreement with BRF GmbH to set up a company food distribution business. The Group had classified certain assets under its food distribution business to be transferred to this new joint venture company as "Assets of disposal groups classified as held for sale".

Net cash from operating activities was \$236.4 million, a drop of \$10.5 million from last financial year. Net cash generated from investing activities was \$58.1 million, an increase of \$204 million, attributed mainly to higher dividends received from the associates/joint ventures, proceeds from its disposal of interest in its associates and subsidiary, as well as the absence of cash outflow from investment versus last year. Last financial year, the Group invested \$118.3 million in an associate, PT Cardig Aero Services.

Cash used in financing activities was \$199.6 million, \$37 million higher than the prior year due mainly to purchase of treasury shares and lower proceeds from the exercise of share options, partly offset by lower dividends paid to Shareholders. The Group's free cash flow generated during the financial year was \$175.1 million. Group gearing (as measured by gross debt/equity) remained healthy at 0.07 times, compared to 0.08 times a year ago.

### Net Asset Value Per Share



## VALUE ADDED

The value added of the Group was \$1,022 million, an increase of \$10.6 million or 1% compared to the preceding year. The value distribution for FY2014-15 is reflected in the chart below.

Value Added Statement (\$ million)	FY2014-15	FY2013-14	FY2012-13	FY2011-12	FY2010-11
Total Revenue	<b>1,753.2</b>	1,786.7	1,819.0	1,871.6	1,729.1
Less: Purchase of goods and services	<b>792.4</b>	833.4	847.0	920.9	876.0
	<b>960.8</b>	953.3	972.0	950.7	853.1
Add/(less):					
Interest income	<b>1.6</b>	1.1	1.1	1.1	0.5
Share of profits before tax of associates/ joint venture	<b>61.3</b>	57.9	64.2	55.5	61.2
Amortisation of deferred income	<b>–</b>	–	–	0.7	0.9
(Loss)/Gain on disposal of property, plant and equipment	<b>(2.2)</b>	–	(2.5)	0.1	0.2
Income from long term investments	<b>0.7</b>	1.9	1.3	1.2	1.0
Exceptional items *	<b>(0.2)</b>	(2.8)	(17.8)	5.4	–
Total value added available for distribution	<b>1,022.0</b>	1,011.4	1,018.3	1,014.7	916.9
Applied as follows:					
To employees					
- Salaries and other staff costs	<b>714.6</b>	705.0	686.8	676.3	572.5
To government					
- Corporate taxes **	<b>47.3</b>	44.2	51.3	51.8	53.7
To supplier of capital					
- Dividends	<b>145.6</b>	168.4	288.6	188.5	143.5
- Interest on borrowings	<b>1.2</b>	2.9	2.6	2.9	2.8
Retained for future capital requirements					
- Depreciation and amortisation	<b>68.2</b>	77.2	92.9	108.6	96.1
- Non-controlling interests	<b>(5.0)</b>	1.7	–	4.1	0.4
- Retained profits	<b>50.1</b>	12.0	(103.9)	(17.5)	47.9
Total value added	<b>1,022.0</b>	1,011.4	1,018.3	1,014.7	916.9
Value added per \$ revenue	<b>0.58</b>	0.57	0.56	0.54	0.53
Value added per \$ employment cost	<b>1.43</b>	1.43	1.48	1.50	1.60
Value added per \$ investment in fixed assets	<b>0.67</b>	0.67	0.67	0.67	0.58

### Notes:

\* Exceptional items refer to (i) Impairment loss on carrying value of Assets Held for Sale (FY2014-15: \$0.2 million, FY2013-14: \$2.6 million)  
(ii) Other non-operating expenses (FY2014-15: nil, FY2013-14: \$0.2 million).

\*\* Includes share of tax of associates/joint venture.

## Financial Review

### STAFF STRENGTH AND PRODUCTIVITY

The average number of employees in the Group over the current financial year was 14,253, a drop of 2.5% from the preceding year. This is the full time equivalent employees, including those under the flexible-hour work scheme that was introduced in the current financial year. The reduction was achieved as a result of the various productivity measures taken including the embracing of new technology to achieve higher efficiencies.

The breakdown of the average number of employees is as follows:

	FY2014-15	FY2013-14	YOY % Change
Food solutions	5,597	5,709	(2.0)
Gateway services	8,376	8,607	(2.7)
Corporate	280	295	(5.1)
Total	14,253	14,611	(2.5)

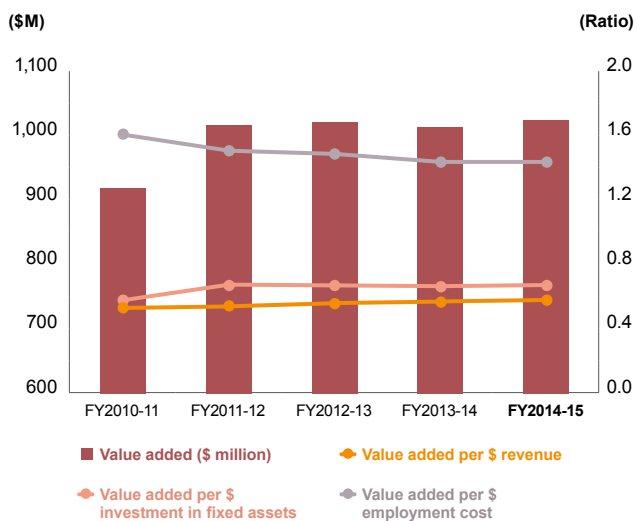
The staff productivity, measured by value added per employee, grew by 3.6% to \$71,704. This was achieved through productivity initiatives and cost controls, despite wage inflation and a competitive landscape. Value added per dollar of employment cost remained at the same level as last year at 1.43 times.

Productivity Analysis	FY2014-15	FY2013-14	FY2012-13	FY2011-12	FY2010-11
Value added (\$ million)	1,022.0	1,011.4	1,018.3	1,014.7	916.9
Value added per employee (\$)	71,704	69,222	70,732	69,475	69,200
Value added per \$ employment cost (times)	1.43	1.43	1.48	1.50	1.60
Revenue per employee (\$)	123,004	122,284	126,354	128,148	130,500
Staff costs per employee (\$) **	50,134	48,254	47,705	46,305	43,212

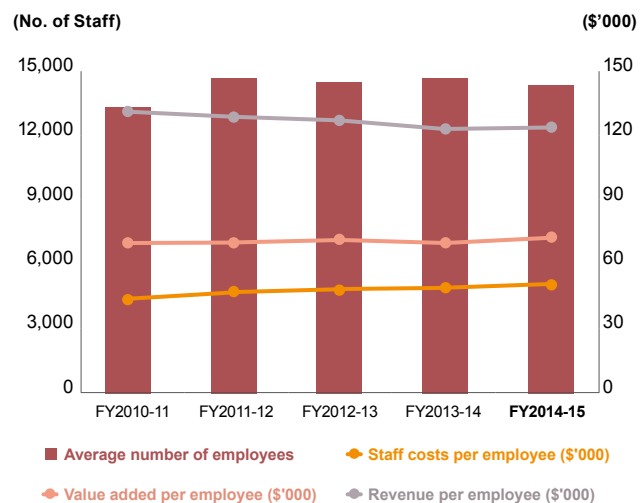
Note:

\*\* Staff costs exclude cost of contract labour.

### Group Value Added Productivity Ratios



### Group Staff Strength and Productivity



### ECONOMIC VALUE ADDED (EVA)

The Group achieved EVA of \$49.9 million in the current financial year. This is a significant improvement of \$10 million or 25.1% over the preceding financial year.



## Board of Directors

As at 25 May 2015



### EDMUND CHENG WAI WING

CHAIRMAN  
NON-EXECUTIVE AND INDEPENDENT DIRECTOR

**Date of first appointment as a Director**  
22 May 2003  
**Date of last re-election as a Director**  
26 July 2012  
**Length of service as a Director**  
12 years 0 month

#### Board committee(s) served on:

- Chairman, Board Executive Committee
- Chairman, Remuneration and Human Resource Committee
- Member, Nominating Committee

#### Present directorships

##### Listed companies

- Deputy Chairman, Wing Tai Holdings Limited
- Executive Director, Wing Tai Malaysia Berhad

##### Others

- Chairman, Mapletree Investments Pte Ltd
- Chairman, TFK Corporation

#### Major appointments (other than directorships)

- Member, Presidential Council of Real Estate Developers' Association of Singapore (REDAS)
- Member, Global Council for Asia Society

#### Past directorships in listed companies held over the preceding three years

Nil

#### Past key appointments

- Founding Chairman, DesignSingapore Council
- Chairman, National Arts Council
- Chairman, Singapore Tourism Board
- Chairman, The Esplanade Co Ltd
- Director, Singapore Airlines Limited
- Authority Member, Urban Redevelopment Authority
- Director, Construction Industry Development Board
- Member, Board of Trustees, Nanyang Technological University

#### Achievements

- The Public Service Star (BAR) from the Singapore Government
- The Public Service Star (BBM) from the Singapore Government
- "Officier de l'Ordre des Arts et des Lettres" by the Government of the Republic of France
- "Outstanding Contribution to Tourism Award" from the Singapore Government

#### Academic and professional qualification(s)

- Bachelor of Science degree in Civil Engineering, Northwestern University, USA
- Master of Architecture, Carnegie Mellon University, USA



### ALEXANDER CHARLES HUNGATE

EXECUTIVE DIRECTOR, PRESIDENT AND CHIEF EXECUTIVE OFFICER

**Date of first appointment as a Director**  
27 July 2011  
**Date of last re-election as a Director**  
26 July 2013  
**Length of service as a Director**  
3 years 10 months

#### Board committee(s) served on

- Member, Board Executive Committee
- Member, Board Risk and Safety Committee

#### Present directorships

##### Listed companies

Nil

##### Others

- Chairman, Asia Airfreight Terminal Company Limited
- Chairman, SATS-Creuers Cruise Services Pte. Ltd.
- Chairman, SATS HK Limited
- Air India SATS Airport Services Private Limited
- Food and Allied Support Services Corporation Pte. Ltd.
- SATS (India) Co. Private Limited
- SATS Investments Pte. Ltd.
- SATS Investments (II) Pte. Ltd.
- Singapore International Chamber of Commerce
- TFK Corporation
- SATS BRF Food Pte. Ltd.

#### Major appointments (other than directorships)

- Council Member, National Youth Achievement Award Association Advisory Board

#### Past directorships in listed companies held over the preceding three years

Nil

#### Past key appointments

- Chairman, Factiva
- Chairman, HSBC Bank Turkey A.S.
- Chief Executive Officer, The Hongkong and Shanghai Banking Corporation Limited, Singapore
- Global Head of Personal Financial Services and Marketing, HSBC
- Member, HSBC's Group Management Board and Risk Management Committee
- Director, The Hongkong and Shanghai Banking Corporation Limited and its group of companies
- Director, HSBC Bank Egypt S.A.E
- Council Member, The Association of Banks in Singapore
- Managing Director, Reuters, Asia Pacific

#### Academic and professional qualification(s)

- Master of Arts in Engineering, Economics and Management, Oxford University, UK
- Master of Business Administration (Baker Scholar), Harvard Business School, USA



### DAVID ZALMON BAFFSKY

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

**Date of first appointment as a Director**  
15 May 2008  
**Date of last re-appointment as a Director**  
23 July 2014  
**Length of service as a Director**  
7 years 0 month

#### Board committee(s) served on

- Chairman, Nominating Committee
- Member, Remuneration and Human Resource Committee

#### Present directorships

##### Listed companies

- Chairman, Ariadne Australia Limited

##### Others

- Chairman, Food and Allied Support Services Corporation Pte. Ltd.
- Chairman, Investa Funds Management Limited
- FASSCO International (Australia) Pty Ltd
- Sydney Olympic Park Authority
- Australian Brandenburg Orchestra
- Destination NSW

#### Major appointments (other than directorships)

- Honorary Chairman, Accor Asia Pacific
- Trustee and Chairman of Risk Management Committee, Art Gallery of New South Wales
- Deputy Chairman of Audit, Risk & Compliance Committee, Sydney Olympic Park Authority
- Founding Director and Life Member, Australian Tourism Task Force
- Member, Australian Government's Advisory Group on National Security

#### Past directorships in listed companies held over the preceding three years

Nil

#### Past key appointments

- Executive Chairman, Accor Asia Pacific
- Chairman, Citistate Corporation Limited
- Chairman, Voyages Indigenous Tourism Australia Limited
- Founder and Director, Tourism Asset Holdings Limited
- Director, Edenred Pte Ltd
- Director, Indigenous Land Corporation
- Director, Singapore Tourism Board

#### Achievements

- Officer, General Division of the Order of Australia (AO)
- Centenary Medal for "Service to Australian Society through Business Indigenous Affairs and the Arts"
- Chevalier in l'Ordre National de la Legion d'Honneur
- "Asia Pacific Hotelier of the Year" by Jones Lang LaSalle

#### Academic and professional qualification(s)

- Bachelor of Law, University of Sydney, Australia

## Board of Directors

As at 25 May 2015



### EULEEN GOH YIU KIANG

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

**Date of first appointment as a Director**  
1 August 2013

**Date of last re-election as a Director**  
23 July 2014

**Length of service as a Director**  
1 year 9 months

#### Board committee(s) served on

- Chairman, Audit Committee
- Member, Board Executive Committee
- Member, Nominating Committee

#### Present directorships

##### Listed companies

- CapitaLand Limited
- DBS Group Holdings Ltd
- Royal Dutch Shell plc

##### Others

- Chairman, DBS Foundation Ltd
- Chairman, Singapore Chinese Girls' School
- DBS Bank Ltd
- Singapore Health Services Pte Ltd

#### Major appointments (other than directorships)

- Chairperson, NorthLight School Board of Governors
- Trustee, Singapore Institute of International Affairs Endowment Fund

#### Past directorships in listed companies held over the preceding three years

- Director, Aviva Plc
- Director, Singapore Airlines Limited
- Director, Singapore Exchange Limited

#### Past key appointments

- Group Head, Corporate & Institutional Banking Sales, Standard Chartered Bank
- Chief Executive Officer, Standard Chartered Bank Singapore

#### Achievements

- Her World Woman of the Year 2005
- Public Service Medal at the Singapore National Day awards 2005
- Public Service Star at the Singapore National Day awards 2012

#### Academic and professional qualification(s)

- Associate member, Institute of Chartered Accountants in England & Wales
- Member, The Chartered Institute of Taxation, UK
- Fellow, Institute of Singapore Chartered Accountants
- Associate member, Institute of Financial Services, UK
- Fellow, Singapore Institute of Directors



### NIHAL VIJAYA DEVADAS KAVIRATNE CBE

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

**Date of first appointment as a Director**  
30 July 2010

**Date of last re-appointment as a Director**  
23 July 2014

**Length of service as a Director**  
4 years 10 months

#### Board committee(s) served on

- Member, Audit Committee
- Member, Board Risk and Safety Committee

#### Present directorships

##### Listed companies

- Chairman, Akzo Nobel India Limited
- DBS Group Holdings Ltd
- GlaxoSmithKline Pharmaceuticals Limited
- Olam International Limited
- Starhub Limited

##### Others

- Chairman, Caraway Pte. Ltd.
- President Commissioner, PT TVS Motor Company
- DBS Bank Ltd
- DBS Foundation Ltd
- TVS Motor (Singapore) Pte. Limited

#### Major appointments (other than directorships)

- Founder, St Jude India ChildCare Centres
- Founder President, The International Wine & Food Society, Bombay Branch
- Member, Bain & Company SEA/Indonesia Advisory Board
- Member, UK Government's Department for International Development (DFID) Private Sector Portfolio Advisory Committee for India
- Governing Board Member, The Bombay Mothers and Children Welfare Society
- Patron, The Indian Cancer Society

#### Past directorships in listed companies held over the preceding three years

- Agro Tech Foods Limited (an affiliate of ConAgra Foods Inc)
- Titan Industries Ltd

#### Past key appointments

- Chairman and Chief Executive Officer of PT Unilever, Indonesia
- Chairman, Home & Oral Care, Unilever Asia
- Managing Director, Unilever Argentina
- Director, TVS Motor Company (Europe) BV
- Director, Wildlife Reserves Singapore Pte Ltd

#### Achievements

- BusinessWeek Stars of Asia Award, one of the "25 leaders at forefront of change"
- Queen's 2004 New Year Honours List and conferred the Commander of the British Empire (CBE), UK
- Chevalier du Tastevin

#### Academic and professional qualification(s)

- BA (Honours), Bombay University, India
- Advanced Management Program, Harvard Business School, USA
- AEP, Northwestern University, USA



### KOH POH TIONG

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

**Date of first appointment as a Director**  
1 November 2011

**Date of last re-election as a Director**  
23 July 2014

**Length of service as a Director**  
3 years 6 months

#### Board committee(s) served on

- Member, Audit Committee
- Member, Remuneration and Human Resource Committee

#### Present directorships

##### Listed companies

- Chairman and Senior Adviser, Ezra Holdings Limited
- Director and Adviser, Fraser and Neave Limited
- Petra Foods Limited
- Raffles Medical Group Ltd
- United Engineers Limited

##### Others

- Chairman, Times Publishing Limited
- The Great Eastern Life Assurance Company

#### Major appointments (other than directorships)

- Chairman, Singapore Kindness Movement
- Chairman, National Kidney Foundation

#### Past directorships in listed companies held over the preceding three years

Nil

#### Past key appointments

- Chairman, Agri-Food & Veterinary Authority
- Chairman of Advisory Committee, Gan Eng Seng School
- Chief Executive Officer, Food and Beverage, Fraser and Neave Limited
- Chief Executive Officer, Asia Pacific Breweries Limited
- Director, National Healthcare Group Pte Ltd
- Director, PSA International Pte Ltd
- Director, PSA Corporation Pte Ltd
- Member of Resource Panel, Government Parliamentary Committee (Finance, Trade & Industry)

#### Achievements

- Public Service Star Award from the Singapore Government (Singapore Kindness Movement)
- The Public Service Medal from the Singapore Government (Agri-food & Veterinary Authority)
- Service to Education Award by the Ministry of Education
- Outstanding CEO Award from DHL/The Business Times

#### Academic and professional qualification(s)

- Bachelor of Science, University of Singapore



### MICHAEL KOK PAK KUAN

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

**Date of first appointment as a Director**  
6 March 2015

**Date of last re-election as a Director**  
N.A.

**Length of service as a Director**  
2 months

#### Board committee(s) served on

- Member, Board Executive Committee

#### Present directorships

##### Listed companies

- Dairy Farm International Holdings Limited
- Jardine Cycle and Carriage Limited
- Mapletree Greater China Commercial Trust Management Ltd

##### Others

- KPK & Son Realty Pte Ltd

**Major appointments (other than directorships)**  
Nil

**Past directorships in listed companies held over the preceding three years**  
Nil

#### Past key appointments

- Giant Hypermarket (Ulu Kelang) Sdn Bhd
- Teng Mini Market Centre Sdn Bhd
- Giant South Asia (Vietnam) Ltd
- Trustee, Dairy Farm Education Trust
- Dairy Farm Management Services Limited
- Foodworld Supermarkets Private Ltd  
(Formerly known as Foodworld Supermarkets Ltd)
- GCH Retail (Malaysia) Sdn Bhd
- Hayselton Enterprises Limited
- Health and Glow Retailing Private Ltd  
(Formerly known as RPG Guardian Private Ltd)
- Maxim's Caterers Ltd
- Mindset Limited
- The Dairy Farm Company, Limited
- The Consumer Goods Forum
- SINO-Singapore Jilin Food Zone Development and Management Co. Ltd

#### Achievements

- Outstanding Chief Executive Officer (Overseas) 2008 by the Singapore Business Awards
- Lifetime Achievement Award and World Retail Hall of Fame by the World Retail Congress

#### Academic and professional qualification(s)

- Senior Executive Programme, London Business School, UK
- Advanced Management Program, Harvard Business School, USA
- Member, Chartered Institute of Marketing, UK



### YAP CHEE MENG

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

**Date of first appointment as a Director**  
1 October 2013

**Date of last re-election as a Director**  
23 July 2014

**Length of service as a Director**  
1 year 7 months

#### Board committee(s) served on

- Chairman, Board Risk and Safety Committee
- Member, Audit Committee

#### Present directorships

##### Listed companies

- Keppel Land Limited  
(will be delisted on 16 July 2015)
- SMRT Corporation Ltd

##### Others

- AXA Insurance Singapore Pte Ltd
- The Esplanade Co Ltd
- Pavilion Gas Pte Ltd

**Major appointments (other than directorships)**  
• Board Member, National Research Foundation

**Past directorships in listed companies held over the preceding three years**  
Nil

#### Past key appointments

- Chief Operating Officer for the Asia Pacific Region, KPMG International
- Member, KPMG International's Global Executive Team
- Regional Head of Financial Services, KPMG Asia Pacific
- Senior Partner / Leadership Team, KPMG Singapore
- Country Head of Financial Services & Real Estates, KPMG Singapore
- Member, various Committees, ACRA and ICPAS

#### Academic and professional qualification(s)

- Fellow, Institute of Chartered Accountants in England & Wales
- Fellow, Institute of Singapore Chartered Accountants

# Executive Management

- 1. Goh Siang Han
- 2. Wong Chee Meng
- 3. Denis Marie
- 4. Helen Chan
- 5. Ronald Yeo
- 6. Wong Hong
- 7. Alex Hungate
- 8. Yacoob Piberdi
- 9. Andrew Lim
- 10. Pauline Tan





- 11. Thomas Ching
- 12. Tony Goh
- 13. Ferry Chung
- 14. Tan Chuan Lye
- 15. Cho Wee Peng
- 16. Prema Subramaniam
- 17. Chang Seow Kuay
- 18. Tan Li Lian
- 19. Nazri Othman

## Executive Management

### TAN CHUAN LYE

Mr Tan is the Chairman, Food Solutions of SATS since January 2014. Prior to this, he was its Chief Executive Officer from April 2012 to December 2013.

Mr Tan joined SATS in May 1976. In a career spanning 39 years, he has held managerial positions in SIA Ground Services and SATS Airport Services Pte Ltd, and was responsible for both SIA and SATS' Changi Airport Terminal 2 operations. He was SATS' Executive Vice President, Food Solutions from October 2009 to March 2012, overseeing and growing its aviation and non-aviation food businesses.

Mr Tan is the Chairman of Singapore Food Industries Pte. Ltd., SFI Manufacturing Private Limited, and Sports Catering Services Pte. Ltd. He is also the Vice Chairman of Beijing Airport Inflight Kitchen Ltd.

Mr Tan sits on various Boards of SATS' subsidiaries and associated companies. He graduated from the University of Singapore with a Bachelor of Social Science (Honours) degree, majoring in Economics.

### CHO WEE PENG

Mr Cho is SATS' Chief Financial Officer since July 2013. He oversees finance, treasury, insurance, investor relations and corporate communications functions of the Group. He will also oversee corporate strategy planning and business development from July 2015.

Mr Cho has experience in finance in both local and multinational companies in Singapore and the US. Before joining SATS, he was the Group Executive Vice President and Chief Financial Officer of Hyflux Ltd, where he was responsible for finance, investments, treasury and information technology functions of the Group. He

was also with The Dow Chemical Company, holding roles in treasury, financial planning, corporate finance, credit and financial risk management in its corporate headquarters in Michigan, and its Asia Pacific office in Singapore.

Mr Cho sits on various Boards of SATS' subsidiaries. He graduated from the Nanyang Technological University with a Bachelor of Accountancy (2nd upper honours) and also holds a Master of Science (Applied Finance) from the National University of Singapore. He is a Chartered Financial Analyst since 2001.

### FERRY CHUNG QING AN

Mr Chung joined SATS in August 2011 as Executive Vice President, Enterprise Development. He oversees its corporate strategy and planning, business development and investment portfolio, technology innovation, information technology, centre of excellence for lean management, general administration (facility and central purchasing) and enterprise risk management.

Prior to this, Mr Chung was the Global Vice President with CISCO Systems Inc, a global networking and telecommunications company in the US. He was based in Singapore and Shanghai for the position. He was instrumental in setting up the Integrated Solutions Group in the Asia Pacific region and China, focusing on major enterprise customers brought about by the huge urbanisation opportunities in China. He also held other key senior positions in Siemens, Cap Gemini Ernst & Young, KPMG Consulting Asia Pacific, Deloitte & Touche Consulting and Accenture.

Mr Chung sits on the various Boards of SATS' subsidiaries and associated companies. He is the Vice Chairman of PT Cardig Aero Services Tbk, Vice President Commissioner of PT Jasa Angkasa Semesta Tbk, Vice Chairman of Tan Son Nhat Cargo Services Ltd,

and a Director of Taj-SATS Air Catering Limited. He graduated from the University of Auckland with a Bachelor of Computer Science degree. Mr Chung has resigned and his last with SATS is 31 July.

### YACOOB BIN AHMED PIPERDI

Mr Piperdi is SATS' Executive Vice President, Gateway Services since January 2014. Prior to this, he was Executive Vice President, Food Solutions.

Mr Piperdi joined SATS in April 1981. He has assumed various positions including Senior Vice President, Cargo Services; Vice President, Apron Services; Vice President, Cargo Services; and Vice President, Inflight Catering Centre 2. He also held other managerial positions in apron and baggage, passenger services, marketing and SIA Ground Services, where he was responsible for network procedures and ground handling contracts.

Mr Piperdi sits on various Boards of SATS' subsidiaries and associated companies. He graduated from the National University of Singapore with a Bachelor of Arts (Honours) degree, majoring in English.

### WONG HONG

Mr Wong is the Executive Vice President, Food Solutions of SATS since April 2014. He joined in July 2012 as Executive Vice President, Gateway Services.

Prior to this, Mr Wong was the Regional Director, Asia Pacific for Industry Distribution & Financial Services at the International Air Transport Association (IATA). He was responsible for managing its airline settlement systems and accreditation programme covering passenger and cargo agents across the Asia Pacific region. Before IATA, he spent three

years with MasterCard International and 13 years with Singapore Airlines, holding various senior appointments.

Mr Wong sits on various Boards of SATS' subsidiaries and associated companies. A Singapore Airlines Scholar, he holds a Bachelor in Engineering (Honours) degree, majoring in Electrical from the National University of Singapore. He is also a Harvard Business School alumni, having completed the General Management Program (2011).

---

### HELEN CHAN YIN FOONG

Ms Chan is SATS' Senior Vice President, Finance. She joined in August 2011 as the Group Financial Controller and was promoted to her current position in October 2013. She manages both corporate and regional finance functions of the Group.

Ms Chan has more than 20 years of experience in the field of finance. Prior to joining SATS, she was the Finance Director of NCS Pte Ltd and the Financial Controller of Singapore Computer Systems Limited.

Ms Chan sits on the Board of a SATS' subsidiary. She graduated from the National University of Singapore with a Bachelor Degree in Accountancy. She is a Chartered Accountant (Singapore) and a member of the Institute of Singapore Chartered Accountants.

---

### CHANG SEOW KUAY

Mr Chang is the General Manager of SATS BRF Food Pte. Ltd. since June 2015. Prior to this, he was Senior Vice President, Institutional Catering of SATS' subsidiary, Singapore Food Industries Pte. Ltd., from November 2012 to April 2015.

Mr Chang joined SATS in June 1990 and has held various appointments including Senior Vice President, Gateway and Food (Overseas

Operations); Senior Vice President, Food Solutions (Overseas Operations); Chief Executive Officer of Country Foods Pte. Ltd.; Senior Vice President, Special Projects; Vice President, Business Planning & Development, and other managerial positions in catering production and marketing. He was seconded to Beijing Airport Inflight Kitchen Ltd in May 1995 to start up its catering operations.

Mr Chang sits on various Boards of SATS' subsidiaries and associated companies. He graduated from the National University of Singapore with a Bachelor of Science (Honours) degree, majoring in Biochemistry.

---

### THOMAS CHING CHUN FONG

Mr Ching is the Senior Vice President, Institutional Catering of Singapore Food Industries Pte. Ltd. since June 2015. Prior to this, he was SATS' Vice President, Catering Marketing and was responsible for expanding the customer base of its aviation catering business.

Mr Ching joined SATS in March 1992, starting his career in its subsidiary, SATS Aero Laundry Pte. Ltd. He held various managerial positions there and was responsible for managing its operations and growing its aviation and non-aviation customer base.

Mr Ching graduated from the National University of Singapore with a Bachelor of Business Administration degree.

---

### GOH SIANG HAN

Mr Goh is the Senior Vice President, Inflight Catering of SATS. He joined in January 1991 and was promoted to his current position in July 2014.

Prior to this, Mr Goh was Vice President, Catering Operations, overseeing meals production at Inflight Catering Centre 1. He has also assumed various positions in

## Executive Management

passenger services, apron, baggage operations and industrial relations.

Mr Goh is the Alternate Director of Servair-SATS Holding Company Pte Ltd and sits on various Boards of SATS' subsidiaries and associated companies. He graduated from the National University of Singapore with Bachelor of Business Administration (Honours) degree.

---

### TONY GOH AIK KWANG

Mr Goh is the Senior Vice President, Sales & Marketing of SATS. He is responsible for airline network marketing, and management of key accounts and ground handling contracts in Singapore.

Mr Goh joined SATS in July 1978 and was appointed to his current position since July 2008. Prior to this, he has held various executive and managerial positions in the Group.

Mr Goh sits on the Board of a SATS' subsidiary. He graduated from the University of Singapore with a Bachelor of Business Administration (Honours) degree.

---

### ANDREW LIM CHENG YUEH

Mr Lim is SATS' Senior Vice President, Greater China since June 2015. Prior to this, he was the Senior Vice President, Passenger Services.

Mr Lim joined SATS in May 1979 and has assumed various positions including Senior Vice President, Greater China; Senior Vice President, Apron and Passenger Services; as well as other managerial positions covering cargo, security services, passenger services, human resources and training, and in SIA Cargo.

Mr Lim sits on various Boards of SATS' subsidiaries and associated

companies. He graduated from the University of Singapore with a Bachelor of Social Science (Honours) degree, majoring in Sociology.

---

### DENIS SURESH KUMAR MARIE

Mr Marie is the Senior Vice President, Apron Services of SATS since June 2012. He concurrently oversees the operations of SATS Security Services Private Limited. Prior to this, he was the Senior Vice President, Passenger Services. He joined SATS in October 2001 as General Manager of SATS Security Services Private Limited.

Mr Marie has a wealth of experience in security and law enforcement. Before joining SATS, he held senior positions in training and security management, including appointment as Deputy Assistant Commissioner with CISCO.

Mr Marie sits on various Boards of SATS' subsidiaries. He graduated from the Oklahoma City University in the US with a Bachelor of Science degree, majoring in Business Administration.

---

### NAZRI BIN OTHMAN

Mr Nazri is the Senior Vice President, Passenger Services of SATS since June 2015. Prior to this, he was seconded to PT Jasa Angkasa Semesta Tbk from July 2004 to May 2015, where he held the position of Vice President Director and Chief Operating Officer.

Mr Nazri joined SATS in July 1994 and took on various positions in baggage and apron transport, passenger services, and cargo services.

Mr Nazri is a Board member of PT Jasa Angkasa Semesta Tbk. He graduated from the National University of Singapore with a

Bachelor of Social Science (Honours) degree, majoring in Sociology.

---

### PREMA D/O K SUBRAMANIAM

Ms Subramaniam is SATS' General Counsel and Senior Vice President, Legal and Secretariat since July 2012. She is concurrently the Company Secretary of SATS and its various subsidiaries. She is responsible for the legal and corporate secretarial affairs of SATS and supports the Board of Directors and the various Board Committees in ensuring that all legal, corporate governance and regulatory matters are in compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited as well as the Companies Act.

Ms Subramaniam brings with her a wealth of experience in the legal and corporate secretarial fields. She was formerly the General Counsel of Fortis Healthcare International Pte Limited; Vice President, Corporate Secretariat & Legal of SMRT Corporation Ltd; and Vice President, Legal of Singapore Technologies Kinetics Ltd.

Ms Subramaniam graduated from the National University of Singapore with a Bachelor of Laws (Honours) degree and is a member of the Singapore Academy of Law.

---

### TAN LI LIAN

Ms Tan is the Senior Vice President, Human Capital of SATS. She joined in August 2010 as Vice President, Human Capital and was promoted to her current position in April 2012. She leads the Human Capital team in talent attraction and resource planning, rewards and performance management, human capital development, employee relations, organisation development and all other human capital related programmes.



Before joining SATS, Ms Tan held various senior Human Capital appointments in KPMG Consulting Asia Pacific, Singapore Computer Systems Limited, and Singapore Telecommunications Ltd.

Ms Tan has a wealth of experience in the field of human capital and is currently the Treasurer in the Human Capital Board of Singapore. She graduated from Texas A&M University with a Bachelor's degree in Business Administration, majoring in Finance.

---

### PAULINE TAN POH LIN

Ms Tan is SATS' Senior Vice President, Technology since August 2014. She is responsible for the overall technology re-engineering activities and delivery of the technology roadmap for SATS which includes process and product innovation. She will also oversee information technology services and centre of excellence from July 2015.

Prior to this, Ms Tan was the Senior Vice President, Group Information Technology of Neptune Orient Lines Limited and the Senior Director at Infocomm Development Authority of Singapore.

Ms Tan graduated from the National University of Singapore with a Bachelor of Science degree.

---

### WONG CHEE MENG

Mr Wong is SATS' Senior Vice President, Cargo Services since April 2015. Prior to this, he was the Senior Vice President, Company Planning and Projects.

Mr Wong joined SATS in April 1989 and has assumed various positions in catering, human resources and airport services. In January 2011, he was seconded to SATS' subsidiary, TFK

Corporation, as its Executive Vice President and Representative Director, overseeing its inflight catering operations in Narita and Haneda airports. He was also previously posted to Beijing Airport Inflight Kitchen Ltd. and Air Macau.

Mr Wong graduated from the University of Singapore with a Bachelor of Science (Honours) degree, majoring in Building.

---

### RONALD YEO YOON CHOO

Mr Yeo is SATS' Senior Vice President, Planning and Support Services from July 2015. He oversees risk and safety management, company planning and projects, and corporate administration such as central purchasing and tender management, property management and staff transport. Prior to this, he was the Senior Vice President, Cargo Services and Senior Vice President, Gateway Services (Overseas Operations), where he was responsible for the performance of SATS' overseas operating units.

Mr Yeo joined SATS in 1978 and has assumed various positions in business planning and development, marketing, cargo, passenger and baggage services, and SIA Ground Services.

Mr Yeo sits on various Boards of SATS' subsidiaries and associated companies. He graduated from the University of Singapore with a Bachelor of Engineering (Honours) degree.

# Corporate Social Responsibility

SATS is committed to being a socially responsible organisation through connecting with the communities we touch, and minimising the impact our activities have on the environment.

## DRIVING SOCIAL CHANGE THROUGH PARTNERSHIP

SATS Foundation, our main vehicle for community engagement, aims to support the underprivileged through initiatives that focus on enabling and empowering them for the long-term, rather than just providing monetary and transient assistance.

The Foundation's objectives are to:

- enable change by supporting individuals and families in need;
- empower achievement by offering training and other opportunities to help beneficiaries realise their aspirations; and
- rebuild lives by helping disadvantaged individuals and families integrate with society and aid retirees in their career transition.

Upholding our belief in driving social change through enablement and empowerment, we deepened our relationship with the Assumption Pathway School (APS).

APS is an educational institute that provides secondary-level education and vocational training for students who are unable to access or complete mainstream secondary schooling.

We continued our support for the school's training restaurant through culinary programmes as well as sponsorship of its marketing and advertising activities. We also provided financial assistance to needy students along with two awards to recognise academic success. Furthermore, we offered internships to some of the students to help them gain relevant work experience, and we hired some graduates of APS directly into SATS.

RSVP Singapore - The Organisation of Senior Volunteers, is a non-profit organisation that provides opportunities for seniors to serve the community and enrich lives through volunteerism. SATS' support for RSVP Singapore focuses on training senior volunteers in social service, so as to motivate and equip them with the skills they need to effectively contribute to the community.

In total, we contributed approximately \$270,000 in funding to APS and RSVP Singapore, which was distributed and administered by Community Foundation Singapore – an independent, philanthropic organisation.

We also supported Bizlink Centre, a non-profit organisation that provides employment and job assessment services for the disabled and disadvantaged. Last August, we commissioned a special project that involved our senior management working with its beneficiaries, to





design tealight holders for our staff in celebration of Deepavali.

To help raise funds and promote social service programmes, we supported a number of charity runs including the POSB PAssion Run for Kids and the Singapore Airlines Charity Run. A team of 191 staff also participated in the Singapore Airlines Charity Run held in November.

### FOCUSING ON THE COMMUNITY

As well as volunteering for events organised by SATS Foundation, our people organised other community activities themselves. Through the SATS Staff Association (SSA), they contributed more than \$140,000 and a significant amount of their time during the year to nearly 30 SSA initiatives and events.

These include:

- monthly donations to the National Kidney Foundation (NKF) to cover the costs of artificial kidneys for 50 patients from its dialysis centre in Tampines;
- raising \$40,000 for disaster relief efforts in the wake of the major earthquake in Nepal;
- monthly distribution of food packages and provision of basic housekeeping for needy families;
- daily provision of lunch for Arc Children's Centre, an independent day-care facility for children undergoing treatment for life-threatening illnesses;

- a treat for 100 patients from Wong Sui Ha Edna-NKF Dialysis Centre in celebration of International Chefs Day, where our multinational culinary team prepared a nutritious spread for them;
- hosting 28 children from Arc Children's Centre for an afternoon of fun activities; and
- a Chinese New Year celebration for more than 300 beneficiaries at Society for the Aged Sick.

In October, 180 staff also volunteered at the SATS-Elderly Sector Network Carnival held at the Marina Bay Cruise Centre. Our people hosted some 350 beneficiaries from 20 elderly homes in the largest ever community event organised by SSA.

Overseas, our subsidiaries and associates did their part too. SATS HK continued its involvement with the community by organising a number of visits to elderly centres while staff of Asia Airfreight Terminal volunteered at a children's home, organising a painting day and bringing mooncakes to them as well.

Air India SATS Airport Services (AISATS) distributed reusable clothing to the Uday Foundation, a non-profit organisation based in Delhi that seeks to improve the lives of children. It also donated stationery to disadvantaged school children in Bangalore. Maldives Inflight Catering supported a children's home, providing building maintenance and laundry service as well as organising an outing for the children.

### MINIMISING OUR FOOTPRINT

An important part of our role as a socially responsible organisation is contributing to a greener future for all. The efficient use of our resources not only helps to minimise our impact on the environment, but also provides benefits for our business.

Acknowledging this, we implemented a number of initiatives – both large and small-scale – that increased the efficiency of our systems and delivered a total savings of more than \$250,000 arising from reduced utilities consumption.

One of these initiatives was the installation of a heat pump energy recovery system. This system allowed us to reuse waste energy from our kitchen and in turn reduce the load being placed on our air-conditioning system.

We also upgraded the refrigeration and chiller systems at our airfreight terminals with newer and more energy-efficient ones; and installed split-unit chillers in the Marina Bay Cruise Centre in order to realise savings through more localised cooling of this large space.

TFK replaced its existing lightings with more energy-efficient fixtures, contributing to a reduction of more than 50,000 kilowatt-hours of energy use. Similarly, AISATS replaced 100 old lamps with new LED lights in its cargo terminal, reducing energy consumption by 60%. It also initiated the usage of renewable and clean burning biodiesel for its fleet of forklifts to reduce emission of harmful pollutants.

# Corporate Governance Report

SATS Ltd. (“SATS” or the “Company”) strives to maintain high standards of corporate governance within the Company and its subsidiaries (the “Group”) by promoting performance management and accountability to enhance long-term shareholder value, and by constantly reviewing processes, policies and practices. For example, the Company was early in complying with many of the revised guidelines in the 2012 Code of Corporate Governance (“2012 Code”) even prior to the commencement of the 2012 Code. This report (“Report”) describes SATS’ corporate governance policies and practices with specific reference to the principles and guidelines set out in the 2012 Code.

**PRINCIPLE 1:  
COMPANY TO BE HEADED BY AN EFFECTIVE BOARD  
TO LEAD AND CONTROL THE COMPANY**

The Board is responsible for overseeing the business, financial performance and affairs of the Group. Management’s role is to ensure that the day-to-day operations and administration of the Group are carried out in accordance with the policies and strategies determined by the Board, and in that respect, Management is fully accountable to the Board.

The key functions of the Board are to:

- set the overall business strategies and directions of the Group to be implemented by Management, and to provide leadership and guidance to Management;
- set the Group’s values and standards, and ensure that obligations to Shareholders and other stakeholders are met;
- monitor the performance of Management;
- oversee and conduct regular reviews of the business, financial performance and affairs of the Group;
- evaluate and approve important matters such as major investments, funding needs and expenditure;
- have overall responsibility for corporate governance, including the processes of evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- ensure communication with all stakeholders; and
- protect and enhance the reputation of the Group.

The Board is supported in its functions by the following Board Committees which have been established to assist in the discharge of the Board’s oversight function:

- Board Executive Committee;
- Audit Committee;
- Nominating Committee;
- Remuneration and Human Resource Committee; and
- Board Risk and Safety Committee.

The complete list of each Director's membership in the Board Committees is set out in the table below:

Board Member	Board Membership	Board Executive Committee	Audit Committee	Nominating Committee	Remuneration and Human Resource Committee	Board Risk and Safety Committee
Mr Edmund Cheng <sup>1</sup>	Chairman & Independent Director	Chairman		Member	Chairman	
Mr Alex Hungate <sup>2</sup>	Executive Director	Member				Member
Mr David Baffsky	Independent Director			Chairman	Member	
Ms Euleen Goh <sup>3</sup>	Independent Director	Member	Chairman	Member		
Mr Nihal Kaviratne	Independent Director		Member			Member
Mr Koh Poh Tiong	Independent Director		Member		Member	
Mr Michael Kok <sup>4</sup>	Independent Director	Member				
Mr Yap Chee Meng <sup>5</sup>	Independent Director		Member			Chairman
Mr Leo Yip <sup>6</sup>	Independent Director			Member	Member	

Notes:

- 1 Mr Edmund Cheng was appointed as member of the Nominating Committee with effect from 31 October 2014.
- 2 Mr Alex Hungate is also the President and Chief Executive Officer ("PCEO"). He was appointed as member of the Board Risk & Safety Committee with effect from 31 October 2014.
- 3 Ms Euleen Goh was appointed as member of the Nominating Committee with effect from 1 May 2015.
- 4 Mr Michael Kok was appointed to the Board on 6 March 2015 and further appointed as member of the Board Executive Committee with effect from 1 May 2015.
- 5 Mr Yap Chee Meng was appointed as member of the Audit Committee with effect from 1 May 2015.
- 6 Mr Leo Yip resigned as Director on 1 March 2015 and relinquished all Board Committee appointments on the same day including his membership on the Nominating Committee and Remuneration and Human Resource Committee.

Further details on each of the Board Committees along with a summary of their respective terms of reference can be found subsequently in this Report.

Board meetings are scheduled in advance. In addition, ad hoc Board meetings are convened if and when there are pressing matters requiring the Board's deliberation and decision in between the scheduled meetings. Since 2003, the Board has also conducted annual Board Strategy meetings in order to have more focused discussions on key strategic issues. The General Counsel, the Chief Financial Officer ("CFO") and the Executive Vice Presidents ("EVP") are usually invited and are present at the meetings of the Board Executive Committee. The Board and Board Committees may invite any member of the Management team to be present at the meetings.

The Company's Articles of Association ("**Articles**") allow Directors to participate in Board and Board Committee meetings by way of telephone or video conference or other similar means of communication equipment whereby all persons participating in the meeting are able to hear each other, without requiring their physical presence at the meeting. The Company has set up telephone and video conference facilities to enable alternative means of participation in Board and Board Committee meetings. To facilitate the effective participation of Directors at Board and Board Committee meetings, papers and materials are made available at least a week prior to the meeting. This enables any Director who is unable to attend a Board or Board Committee meeting to provide input and raise any queries on matters discussed. In FY2014-15, two meetings of the Board and Board Committee were held via telephone conference.

## Corporate Governance Report

The Directors' attendance at Board and Board Committee meetings as well as the two-day Board strategy meeting held in FY2014-15 are set out below.

	No. of Board and Board Committee meetings attended in FY2014-15					
	Board Meetings (including Board Strategy Meeting)	Board Executive Committee ("Exco")	Audit Committee ("AC") (including a joint meeting with the BRSC)	Nominating Committee ("NC")	Remuneration and Human Resource Committee ("RHRC")	Board Risk and Safety Committee ("BRSC")
No. of meetings held	6	4	5	1	2	4
<b>Board Members</b>						
Mr Edmund Cheng <sup>1</sup>	6	4			2	
Mr Alex Hungate <sup>2</sup>	6	4				2/2
Mr David Baffsky	5			1	2	
Ms Euleen Goh <sup>3</sup>	6	4	5			
Mr Nihal Kaviratne	6		4			3
Mr Koh Poh Tiong	6		5		2	
Mr Michael Kok <sup>4</sup>	1/1					
Mr Yap Chee Meng <sup>3</sup>	6					4
Mr Leo Yip <sup>5</sup>	5/5			1	2	

Notes:

- Mr Edmund Cheng was only appointed as a member of the NC on 31 October 2014 and he has therefore not attended the meeting of the NC held on 20 May 2014.
- Mr Alex Hungate was appointed as a member of the BRSC on 31 October 2014. He attended two out of two BRSC meetings held during his term as a member of the BRSC.
- Ms Euleen Goh and Mr Yap Chee Meng were appointed as member of the NC and the AC, respectively on 1 May 2015. Ms Goh and Mr Yap have therefore not attended the meetings of the NC and the AC, respectively held in FY2014-15.
- Mr Michael Kok was appointed to the Board on 6 March 2015 and further appointed as member of the Exco on 1 May 2015. He attended one out of one Board meeting held during his term as Director.
- Mr Leo Yip resigned as Director on 1 March 2015 and relinquished all Board Committee appointments on the same day. He attended five out of five Board meetings held during his term as Director in FY2014-15.

All members of the Board participate actively in Board discussions and share their insights on issues and matters tabled. The Board engages with and provides leadership to Management in the development and execution of strategies, stakeholders' engagement as well as a myriad of matters in the areas of business, strategy, operational issues and risk management. Board members meet regularly with and without the presence of Management and review and monitor the performance of Management in meeting the goals and objectives set for them.

The Board has adopted a set of guidelines on matters that require its approval, which include all matters of strategic importance, corporate governance practices, legal and regulatory compliance, risk management, maintenance of performance standards, corporate strategy, approval of business plans, approval of manpower establishment, operating and capital expenditure budgets, and approval and monitoring of major investments and strategic commitments.

#### **Board Executive Committee**

The Board has delegated to the Board Executive Committee the function of reviewing and approving certain matters, which include, inter alia, reviewing and monitoring the Company's key strategic risks, legal risks, financial policy and risk appetite limits, for approval by the Board; guiding Management on business, strategic and operational issues as well as risk management; undertaking an initial review of the three to five year forecast/business plans and annual capital and operating expenditure budgets for the Group; granting initial or final approval (depending on the value) of transactions relating to the acquisition or disposal of businesses, assets or undertakings, joint ventures, mergers, amalgamations or similar corporate transactions; establishing bank accounts; granting powers of attorney; affixation of the Company's common seal; and nominating Board members to the Company's subsidiaries and associated companies. Minutes of the meetings of the Board Executive Committee are forwarded to all Directors for their information.

The Board Executive Committee comprises the following four members:

- Mr Edmund Cheng, Chairman
- Mr Alex Hungate, Member
- Ms Euleen Goh, Member
- Mr Michael Kok, Member (*appointed 1 May 2015*)

The Board Executive Committee is required under its terms of reference to meet at least once in each financial year. The Board Executive Committee met four times in FY2014-15. Regular reports are presented at each meeting of the Board Executive Committee on the performance of the Group's subsidiaries, associated companies and joint ventures, and the operational performance of the Group. The General Counsel, the CFO and the EVPs are usually invited and are present at the meetings of the Board Executive Committee.

#### **Orientation and Training for Directors**

Newly-appointed Directors undergo a comprehensive and tailored familiarisation programme, which includes visits to major businesses and joint ventures, site visits to the kitchens, apron and cargo terminals, abattoir, etc., as well as presentations by members of Management, to facilitate the Directors' understanding of the Group's objectives, strategic plans, businesses, operations and processes. Each of the newly-appointed Directors is also sent a formal appointment letter setting out directors' duties and obligations, and enclosing the Company's latest Annual Report and copies of the minutes of immediate past Board and Board Committee meetings. They are also provided with other materials relating to the Board and Board Committees, including the terms of reference of the various Board Committees as well as relevant guidelines and policies.

The Directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in the Companies Act, Chapter 50 (the "**Companies Act**"), Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), Securities and Futures Act, etc. to enable them to carry out their statutory and fiduciary duties as well as to update and refresh them on matters that may affect and/or enhance their performance as Board members. Legal advisors are also invited to brief the Board on any new laws and regulations. In FY2014-15, a presentation was made to the Board on cyber security. During the 2014 Board Strategy meeting, external consultants were invited to speak to the Board on technology transformation. As part of the Directors' ongoing training programme, Directors are recommended and encouraged to attend conference, courses and seminars conducted by external organisations on corporate governance, leadership and industry-related subjects. The registration process is facilitated by the Company with course fees borne by the Company.

## Corporate Governance Report

### PRINCIPLE 2:

#### STRONG AND INDEPENDENT ELEMENT ON THE BOARD TO EXERCISE OBJECTIVE JUDGEMENT

##### Independent Directors

There is a strong and independent element on the Board, as seven out of the eight Directors on the Board are currently considered by the Nominating Committee and the Board to be independent.

Mr Alex Hungate is the only Executive Director on the Board and is at the same time the PCEO of the Company. He is thus a non-independent Director. The nature of the Company's business and operations merit the continuity of an Executive Director on the Board to provide Independent Directors with the requisite background and knowledge to facilitate their independent judgment and decision making.

Every year, the Nominating Committee determines the independence of each Director, after taking into account the definition of an independent Director under the 2012 Code and guidance as to relationships that may exist of which would deem a director to be non-independent. The Nominating Committee also takes into account the annual confirmation of independence completed by each Director. Directors are required under the annual confirmation to critically assess their independence.

The Nominating Committee and the Board determines that with the exception of Mr Alex Hungate, the Executive Director, the remaining seven Non-Executive Directors are considered as independent.

As of 25 May 2015, Mr Edmund Cheng would have served as Chairman of the Board for approximately 12 years. The Nominating Committee (with the Chairman recusing) has conducted a detailed review of Mr Edmund Cheng's independence which included a self-assessment by Mr Cheng and a substantive assessment by the Nominating Committee. The Nominating Committee takes into account, among other things, whether a Director's long-term relationship with Management could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment with a view to the best interests of the Company. With respect to Mr Edmund Cheng's independence, the Nominating Committee also considered the following factors:-

- he is the leader of the Board and together with the Board sets the strategic direction for the Company;
- he does not interfere with the day to day management of the business operations nor does he participate in any operational or management meetings but instead he coaches and guides the PCEO in the operational implementation and strategic transformation of the Company;

- in Singapore, which is considered an emerging market in the corporate governance field, it is difficult to find people with his skills and experience and depth of knowledge of the industry and it is to the benefit of the Management and the Board that he continues to lead as an independent Chairman; and
- there has been no increase in Directors' fees for the past few years and the level of remuneration paid to Mr Edmund Cheng would not compromise his independence.

The Board (with the Chairman recusing) taking into account the views of the Nominating Committee, has reviewed the extent to which Mr Cheng remains independent, and is of the firm view that Mr Cheng has contributed effectively by providing impartial and autonomous views, advice and judgment, and in the manner in which he discharges his responsibilities as a Director. The Board is thus satisfied that, despite Mr Cheng's length of tenure, he is considered independent, that his leadership qualities as well as deep knowledge and involvement in the industry remain important for the Board and the Company, that there is no association with Management that could compromise his independence, and that therefore, he remains independent.

##### Board Composition and Size

The Board, through the Nominating Committee, reviews the diversity of skills, experience, gender, knowledge, size and composition of the Board. The Nominating Committee has developed a set of principles to guide it in carrying out its responsibilities of reviewing and determining an appropriate Board size and composition. The Nominating Committee reviews the composition of the Board to ensure that the Board comprises Directors who as a group provide core competencies, in areas such as accounting, finance, legal, business, management (including human capital development and management) experience, industry knowledge, strategic planning experience, and customer-based experience/knowledge, required for the Board to be effective. The Board taking into account the review and recommendation of the Nominating Committee, has determined that knowledge and experience in supply chain logistics, technology and marketing are required to be added to the core competencies of the Board. Mr Michael Kok, who has extensive regional experience in the retail and food industry, and is also knowledgeable in supply chain management and logistics, was subsequently appointed to the Board on 6 March 2015.

The Board, in concurrence with the Nominating Committee, is of the view that, taking into account the nature and scope of the operations of the Company, the requirements of the Company's businesses and to facilitate effective decision-making, the appropriate size of the Board should range from



eight to twelve members, with independent Directors making up at least one-third of the Board. No individual or small groups of individuals dominate the Board's decision-making.

The Company has put in place processes to ensure that non-executive Directors are well supported by accurate, complete and timely information, unrestricted access to Management, and have sufficient time and resources to discharge their oversight function effectively, and to constructively challenge and help develop proposals on strategy. To facilitate open discussion and review of the effectiveness of Management, Board members meet up from time to time for informal discussions prior to the scheduled Board meetings, without Management being present.

**PRINCIPLE 3:  
ROLES OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER  
TO BE SEPARATE TO ENSURE A BALANCE OF POWER  
AND AUTHORITY**

Mr Edmund Cheng is the non-executive and independent Chairman, and Mr Alex Hungate is the PCEO of the Company. The roles of the Chairman and the PCEO are clearly separated to ensure appropriate checks and balances, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the PCEO are not related to each other.

The responsibilities of the Chairman and PCEO are documented and agreed on by the Board. The Chairman of the Board leads the Board to ensure its effectiveness in all aspects of its role, and sets its agenda, guides the dissemination of accurate, timely and clear information amongst Board members, promotes openness and debate at Board level, facilitates effective communication with Shareholders, encourages constructive relations within the Board and between the Board and Management, facilitates the effective contributions of the Directors, and promotes high standards of corporate governance.

The PCEO, assisted by the EVPs and senior management, makes strategic proposals to the Board and after robust and constructive Board discussions, executes the agreed strategy, manages and develops the Group's businesses and implements the Board's decisions.

**PRINCIPLE 4:  
FORMAL AND TRANSPARENT PROCESS FOR  
APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS**

**Nominating Committee**

The Board has established a Nominating Committee with written terms of reference clearly setting out its authority and duties, which include the following:

- reviewing and making recommendations to the Board on the diversity of skills, experience, gender, knowledge, size and composition of the Board;
- making recommendations to the Board regarding the process for identification and selection of new Directors, including recommending Directors for appointment to the Board Committees;
- making recommendations to the Board on re-nominations and re-appointments of existing Directors;
- reviewing succession planning of Board and Board Committee members, including for the Chairman of the Board;
- evaluating the independence of Directors on an annual basis, and as and when circumstances require;
- determining if Directors who hold directorships on other boards are able to and have been adequately carrying out their duties as Directors of the Company;
- developing and carrying out the process for assessing the effectiveness of the Board as a whole and the effectiveness of the Board Committees, and assessing the contributions made by the Chairman of the Board. The assessment of each individual Director's contribution to the effectiveness of the Board is a joint responsibility of the Nominating Committee Chairman and the Board Chairman;
- reviewing the training and professional development programmes for the Board; and
- carrying out such other authorities and duties as provided in the 2012 Code.

The Nominating Committee comprises the following members, all of whom (including the Chairman) are independent Directors:

- Mr David Baffsky, Chairman
- Mr Edmund Cheng, Member
- Ms Euleen Goh, Member (*appointed 1 May 2015*)

The Nominating Committee met once in FY2014-15, which met the requirement under its terms of reference.

## Corporate Governance Report

### RE-NOMINATION AND RE-APPOINTMENT OF DIRECTORS

Details of the Directors' dates of first appointment to the Board and last re-appointment/re-election as Directors are set out below:

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-appointment/re-election as a Director
Mr Edmund Cheng <sup>1</sup>	Chairman	22 May 2003 (as Director and Chairman)	26 July 2012
Mr Alex Hungate <sup>2</sup>	Executive Director	27 July 2011	26 July 2013
Mr David Baffsky <sup>3</sup>	Director	15 May 2008	23 July 2014
Ms Euleen Goh <sup>4</sup>	Director	1 August 2013	23 July 2014
Mr Nihal Kaviratne <sup>5</sup>	Director	30 July 2010	23 July 2014
Mr Koh Poh Tiong	Director	1 November 2011	23 July 2014
Mr Michael Kok <sup>6</sup>	Director	6 March 2015	Not Applicable
Mr Yap Chee Meng	Director	1 October 2013	23 July 2014
Mr Leo Yip <sup>7</sup>	Director	1 September 2010	Not Applicable

#### Notes:

- Mr Edmund Cheng, who will retire pursuant to Article 83, has indicated his willingness to stand for re-election at the Company's 42nd Annual General Meeting to be held on 21 July 2015 ("42nd AGM"). He is currently the Chairman of the Remuneration and Human Resource Committee and a member of the Board Executive Committee and Nominating Committee. Mr Cheng is considered an independent Director.
- Mr Alex Hungate is also the PCEO of the Company. Pursuant to the Articles of the Company, any Director so appointed as Chief Executive Officer, such Director shall not, while holding that office, be subject to the same provisions as to retirement by rotation, resignation and removal as the other Directors.
- Mr David Baffsky is above the age of 70 years and will retire pursuant to Section 153(6) of the Companies Act at the 42nd AGM. He has indicated his willingness to stand for re-appointment at the 42nd AGM. Mr Baffsky is the Chairman of the Nominating Committee and a member of the Remuneration and Human Resource Committee. Mr Baffsky is considered an independent Director.
- Ms Euleen Goh, who will retire pursuant to Article 83, has indicated her willingness to stand for re-election at the 42nd AGM. She is currently the Chairman of the Audit Committee and member of the Board Executive Committee and Nominating Committee. Ms Goh is considered an independent Director.
- Mr Nihal Kaviratne is above the age of 70 years and will retire pursuant to Section 153(6) of the Companies Act at the 42nd AGM. He has indicated his willingness to stand for re-appointment at the 42nd AGM. Mr Kaviratne is a member of the Audit Committee and the Board Risk and Safety Committee. Mr Kaviratne is considered an independent Director.
- Mr Michael Kok was appointed to the Board on 6 March 2015 and will retire pursuant to Article 90 at the 42nd AGM. He has indicated his willingness to stand for re-election at the 42nd AGM. Mr Kok is a member of the Board Executive Committee. Mr Kok is considered an independent Director.
- Mr Leo Yip resigned as Director on 1 March 2015.

The Articles require one-third (or the number nearest one-third rounded upwards to the next whole number) of the Directors for the time being to retire from office at each AGM. Retiring Directors are selected based on those who have been longest in office since their last election, and as between those persons who became or who were re-appointed Directors on the same day, selection will be by agreement or by lot. Retiring Directors are eligible for re-election under the Articles. All Directors are required to retire from office at least once every three years. All new Directors appointed by the Board during the financial year shall hold office only until the next AGM, but will be eligible for re-appointment at that AGM. As required by law, a Director who reaches or is over the age of 70 years old is required to retire and stand for re-appointment at every AGM.

The Directors standing for re-election pursuant to Article 83 at the 42nd AGM are Mr Edmund Cheng and Ms Euleen Goh, and Mr Michael Kok is standing for re-election pursuant to Article 90. Mr David Baffsky and Mr Nihal Kaviratne are standing for re-appointment pursuant to Section 153(6) of the Companies Act. The Nominating Committee (after

having taken into consideration the principles for the determination of the Board size and composition adopted by it) recommends their retirement and re-appointment, after assessing their contribution and performance (including attendance, preparedness, participation and candour) as Directors, and the Board has endorsed the recommendation.

With effect from FY2010-11, newly appointed non-executive Directors are appointed to serve an initial term of three years and such initial term of office may be renewed for a subsequent term or terms of up to a total of three years, expiring at the AGM of the Company closest to the 6th anniversary of their initial appointment. The tenure of each Director would be considered at that juncture, taking into account the recommendations of the Nominating Committee and subject to the Board's approval. However, the Board recognises the contribution of Directors who over time have developed deep insights into the Group's businesses and operations and who are therefore able to provide invaluable contributions to the Board as a whole. In such cases, the Board may exercise its discretion to extend the term and retain the services of the Director.

### Independence Review

The Nominating Committee is tasked to determine on an annual basis, and as and when circumstances require, whether or not a Director is independent, bearing in mind the definition of an “independent Director” and guidance as to the types of relationships which would deem a Director not to be independent, under the 2012 Code.

### Selection and Appointment of New Directors

The Nominating Committee regularly reviews the existing attributes and competencies of the Board in order to determine the desired expertise or experience required to strengthen or supplement the Board. Such reviews assist the Nominating Committee in identifying and nominating suitable candidates for appointment to the Board.

The Nominating Committee is in charge of making recommendations to the Board regarding the identification and selection of new Directors. Taking into consideration the desired qualifications, skill sets, competencies and experience which are required to supplement the Board’s existing attributes, if need be, the Nominating Committee may seek assistance from external search consultants for the selection of potential candidates. Directors and Management may also put forward names of potential candidates, together with their curriculum vitae, for consideration. The Nominating Committee, together with the Chairman of the Board, then meet with the short-listed candidates to assess their suitability, before submitting the appropriate recommendations as to the appointment of any candidate to the Board for its approval.

### Review of Directors’ Time Commitments

The Nominating Committee determines annually whether a Director has been adequately carrying out his duties as a Director of the Company, taking into consideration the number of that Director’s other listed company board representations and other principal commitments. In respect of FY2014-15, the Nominating Committee is of the view that the number of each Director’s other directorships was in line with the Company’s guideline that the maximum number of listed company board representations which any Director may hold should range from five to seven. The Nominating Committee is of the view that each Director has been able to effectively discharge his duties as a Director of the Company.

### Key Information Regarding the Directors

More information on each of the Directors, their respective backgrounds (such as academic and professional qualifications) and fields of expertise as well as their present and past directorships or chairmanships in other listed companies and other major appointments over the preceding three years can be found in the “**Board of Directors**” section of this Annual Report. Information on their shareholdings in the Company can be obtained in the “**Directors’ Report**” in the “**Financials**” section of this Annual Report.

### PRINCIPLE 5:

#### FORMAL ASSESSMENT OF EFFECTIVENESS OF THE BOARD AND BOARD COMMITTEES AND INDIVIDUAL DIRECTOR’S CONTRIBUTIONS

The Board, with the assistance of the Nominating Committee, has implemented a process for assessing the effectiveness of the Board as a whole and its Board Committees, and for assessing the contributions by the Chairman of the Board.

The Chairman of the Board meets with the Chairman of the Nominating Committee to discuss the assessment of each individual Director to the effectiveness of the Board.

Assessment of Board and Board Committees and individual Director’s performance is carried out annually. In FY2014-15, the Nominating Committee conducted the Board assessment by way of a questionnaire (the “**Questionnaire**”) developed in conjunction with external consultants, Aon Hewitt. The Questionnaire comprises two sections. Section 1 of the Questionnaire concerns Board and Board Committees assessment and covers areas such as Board composition, information management, Board processes, investor relations and corporate social responsibility, managing the Company’s performance, strategic review, individual committee assessments, PCEO performance and succession planning, Directors’ development and management, risk management, etc. Section 2 of the Questionnaire requires each Director to assess his/her own performance as well as the performance of his/her peers in areas such as contribution, knowledge, ability, teaming, integrity, personal commitment, etc. with the objective of continuous improvement in the quality of Board discussions.

The Board assessment exercise provides an opportunity to obtain constructive feedback from each Director on whether the Board’s procedures and processes allow him/her to discharge his/her duties effectively and the changes which should be made to enhance the effectiveness of the Board and/or Board Committees. The individual Director’s assessment exercise allows for peer review with a view to encouraging the increasing effectiveness of and contribution by Board members.

The relevance and effectiveness of each collective Board evaluation exercise is further enhanced by private session held between the Chairman and each Director to discuss and assess the individual performance of the Director. These one-to-one sessions provide a forum for the Chairman to raise and address with each Director, in a conducive setting, issues or matters pertaining to the Board and the individual Director’s performance on the Board, and for free and constructive dialogue on an individual basis. It also enables the Chairman and each Director, respectively, to give mutual feedback on individual performance of the

## Corporate Governance Report

Director as well as the Chairman, in order to identify areas for individual improvement as well as to assess how each Director may contribute more effectively to the collective performance of the Board (and, in the case of the Chairman, enhance the leadership of the Board).

### PRINCIPLE 6: BOARD'S ACCESS TO INFORMATION

The Board is issued with detailed Board papers by Management giving the background, explanatory information, justification, risks and mitigation measures for each decision and mandate sought by Management, including, where applicable, relevant budgets, business plans, forecasts and projections. Directors are entitled to request from Management additional information as needed to make informed decisions. Information papers on material matters and issues being dealt with by Management, and quarterly reports on major operational matters, market updates, business development activities and potential investment opportunities, are also circulated to the Board. In addition, various Board Committees receive minutes and reports from Management relating to their specific areas of oversight, which may contain more detailed and specific information.

As part of good corporate governance, Board papers or additional information for decision or discussion at Board meetings are circulated, to the extent practicable, a reasonable period in advance of the meetings for Directors' review and consideration, and key matters requiring decision are largely reserved for resolution at Board meetings rather than by circulation to facilitate discussion amongst Board members and with Management. The detailed agenda of each Board meeting sets out clearly matters requiring decision and approval and matters which are for the Board's information.

The Board has separate access to the PCEO, EVPs, CFO, General Counsel and other key Management, as well as the Company's internal and external auditors. Queries by individual Directors on circulated papers are directed to Management who will respond accordingly. Where relevant, Directors' queries and Management's responses are circulated to all Board members for their information.

The Board is supported by the Board Secretariat team and has separate and independent access to the Company

Secretary. The Company Secretary attends all Board meetings and minutes the proceedings. The role of the Company Secretary has been defined by the Board to include supervising, monitoring and advising on all governance matters, compliance by the Company with its Memorandum and Articles of Association, laws and regulations, the 2012 Code, and the Listing Manual of the SGX-ST; communicating with relevant regulatory authorities and bodies and Shareholders on behalf of the Company; and performing such other duties of a company secretary, as required under laws and regulations or as specified in the Listing Manual of the SGX-ST or the Articles, or as required by the Chairman of the Board or the Chairman of any Board Committee or the Directors (or any of them), as the case may be. In addition, the Company Secretary assists the Chairman to ensure that there is good information flow within the Board and the Board Committees, and between Management and the Directors. The Company Secretary facilitates orientation and assists with professional development of the Directors as may be required. The appointment and removal of the Company Secretary are subject to the approval of the Board.

There is also a Board-endorsed procedure for Directors, either individually or collectively, in furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense.

### PRINCIPLE 7: FORMAL AND TRANSPARENT PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

#### Remuneration and Human Resource Committee

The Board has established a Remuneration and Human Resource Committee. The Remuneration and Human Resource Committee comprises the following members, all of whom (including the Chairman) are non-executive and independent Directors:

- Mr Edmund Cheng, Chairman
- Mr David Baffsky, Member
- Mr Koh Poh Tiong, Member

The Remuneration and Human Resource Committee is required by its terms of reference to meet at least twice each financial year, with additional meetings to be convened as and when required. The Committee convened two meetings in FY2014-15.

The written terms of reference of the Remuneration and Human Resource Committee clearly set out its authority and duties, which include the following:

- reviewing and recommending the general remuneration framework for the Board (including Directors' fees and allowances) and key management personnel;
- overseeing the terms of appointment, scope of duties and remuneration of the PCEO, as well as any other appointment of equivalent seniority to the PCEO within the Company, and reviewing and recommending the specific remuneration packages of those occupying the position of EVP and above within the Group to the Board;
- implementing and administering the Company's Employee Share Option Plan, Restricted Share Plan and Performance Share Plan (collectively, the "**Share Plans**") in accordance with the prevailing rules of the Share Plans, requirements of the Listing Manual of the SGX-ST and applicable laws and regulations;
- overseeing the recruitment, promotion and distribution of staff talent within the Group;
- reviewing, overseeing and advising on the structure, organisation and alignment of the functions and management of the Group;
- reviewing succession planning of the Group;
- overseeing industrial relations matters; and
- carrying out such other authorities and duties as provided in the 2012 Code.

The Remuneration and Human Resource Committee has access to expert advice from external consultants. In FY2014-15, the Remuneration and Human Resource Committee sought views on market practices and trends from an external consultant, Aon Hewitt. The Remuneration and Human Resource Committee undertook a review of the independence and objectivity of the external consultants through discussions with them and was satisfied that the external consultant had no relationships with the Company that would affect their independence.

More details of each of the Share Plans can be found in the Annexure to this Report, and also in the "**Directors' Report**" in the "**Financials**" section of this Annual Report.

The Remuneration and Human Resource Committee's recommendations regarding Directors' remuneration have been submitted to and endorsed by the Board.

**PRINCIPLE 8:  
LEVEL OF DIRECTORS' REMUNERATION SHOULD BE  
APPROPRIATE TO ATTRACT, RETAIN AND MOTIVATE  
BUT NOT BE EXCESSIVE**

Every Director receives a basic fee. In addition, he receives a Chairman's fee if he is the Chairman of the Board, as well as the relevant Board Committee fee (depending on whether he served in the capacity as the Chairman or as a member of the relevant Board Committee) for each position he held on a Board Committee, during FY 2014-15. Non-Executive Directors, who ceased to be a director during any part of the financial year, are paid pro-rated fees for the term of his office. Each Director also receives an attendance fee for each Board meeting and Board Committee meeting attended by him during the financial year. The attendance fees for Board and Board Committee meetings vary according to whether the meeting is held in the state/country in which the Director is ordinarily resident and whether the Director is attending in person or via teleconference/video conference.

Whilst the Remuneration and Human Resource Committee is mindful that Non-Executive Directors should not be over-compensated, it opined that competitive and equitable remuneration will attract, motivate and retain Directors with the necessary experience and capabilities and desired attributes who can contribute to the Company's future development and growth. In FY2014-15, the Remuneration and Human Resource Committee had considered whether to pay a portion of the Directors' remuneration in the form of shares. The Board, taking into account the recommendation of the Remuneration and Human Resource Committee, opined that all the Non-Executive Directors of the Company have continually acted in the best interest of the Company and are aligned to the interests of Shareholders, and there is therefore no compelling reason to implement any scheme for Directors to hold shares in the Company.

The Board believes that the existing fee structure is appropriate for the requirements of the Company, taking into account factors such as effort and time spent and responsibilities of the Directors.

## Corporate Governance Report

The proposed scale of Directors' fees for the financial year ending 31 March 2016 remains unchanged from that of FY2014-15, and is set out below.

Types of Appointment	Scale of Directors' fees (FY2015-16)
<b>Board of Directors</b>	<b>S\$</b>
Basic fee	45,000
Board Chairman's fee	40,000
Board Deputy Chairman's fee	30,000
<b>Audit Committee</b>	
Committee Chairman's fee	30,000
Member's fee	20,000
<b>Board Executive Committee</b>	
Committee Chairman's fee	30,000
Member's fee	10,000
<b>Other Board Committees</b>	
Committee Chairman's fee	20,000
Member's fee	10,000
<b>Board Meeting Attendance Fee</b>	
Attendance via teleconference/videoconference	1,000
Attendance in person in home city (up to 4 hours for travel within home city)	2,500
Attendance in person outside home city	5,000
<b>Board Committee Meeting Attendance Fee</b>	
Attendance via teleconference/videoconference	500
Attendance in person in home city (up to 4 hours for travel within home city)	1,200
Attendance in person outside home city	2,500

### PRINCIPLE 9:

#### DISCLOSURE ON REMUNERATION POLICY, LEVEL AND MIX OF REMUNERATION, AND PROCEDURE FOR SETTING REMUNERATION

##### Directors' Remuneration

The Directors' remuneration paid out for FY2014-15 is as indicated in the table below:

Directors	Total Fees Paid (S\$)
Mr Edmund Cheng <sup>1</sup>	184,227
Mr David Baffsky <sup>2</sup>	132,000
Ms Euleen Goh	111,800
Mr Nihal Kaviratne	114,000
Mr Koh Poh Tiong	99,400
Mr Michael Kok <sup>3</sup>	5,715
Mr Yap Chee Meng	85,800
Mr Leo Yip <sup>4</sup>	76,744
Mr David Heng <sup>5</sup>	37,643
Mr Keith Tay <sup>6</sup>	75,361

##### Notes:

- Mr Edmund Cheng was appointed as a member of the Nominating Committee on 31 October 2014. The fees include retainer and attendance fees paid by TFK Corporation ("TFK"), a subsidiary of the Company, to Mr Cheng as its Director.
- Mr David Baffsky was paid retainer fees and attendance fees as Chairman of SATS joint venture subsidiary, Food and Allied Support Services Corporation Pte. Ltd ("Fassco").
- Mr Michael Kok was appointed as a Director of the Company on 6 March 2015.
- Mr Leo Yip resigned as a Director of the Company with effect from 1 March 2015 and relinquished all Board Committee appointments on the same day.
- Mr David Heng retired following the conclusion of the 41st AGM held on 23 July 2014 and relinquished all Board Committee appointments on the same day. The fees include retainer and attendance fees paid by TFK to Mr Heng as its Director until his retirement from the Board of TFK on 23 July 2014.
- Mr Keith Tay retired following the conclusion of the 41st AGM held on 23 July 2014 and relinquished all Board Committee appointments on the same day. Consequently, he ceased to be a Director of Fassco, where he was paid Board membership and attendance fees. Mr Tay was also paid retainer and attendance fees by TFK until his retirement from the Board of TFK on 23 July 2014.

At the 42nd AGM of the Company, approval of the Shareholders will be sought for Directors' fees of up to S\$1,300,000 for the financial year ending 31 March 2016. The additional fees sought are to provide for the appointment of additional Directors, addition to the existing composition of the Board Committees, formation of additional Board Committees and/or fees for appointment to the Board of SATS group of companies, if so required. To facilitate timely payment of Directors' fees, the fees will be paid in arrears on a half-yearly basis in the course of the financial year once the fees have been approved at the 42nd AGM.

### Key Executives' Remuneration

The Company's key executives' remuneration framework is designed to link rewards to Company and individual performance, and takes into consideration the risk policies of the Company so as to be symmetric with risk outcomes and sensitive to the time horizon of risks. The framework enables the Company to align key executive compensation with the interests of Shareholders and promotes the long-term success of the Company.

The key executives' remuneration framework includes the components of variable bonus (of which, a portion is tied to Economic Value Added ("EVA") performance) and share awards under the SATS Restricted Share Plan ("SATS RSP") and/or the SATS Performance Share Plan ("SATS PSP"), in addition to fixed basic salary, annual wage supplement ("AWS") and fixed allowances. The Company considers the PCEO and his direct reports as its key executives. With the introduction of share awards under the SATS RSP and the SATS PSP for employees of

managerial grade and above in the Company, including key executives, in 2006, the Company has phased out the award of employee share options under the Senior Executive Share Option Scheme (one of the two schemes under the SATS Employee Share Option Plan ("ESOP") which was adopted by the Company in 2000) as part of the key executives' remuneration framework with effect from FY2007-08. The final grant of share options under the ESOP was made in July 2008. The payment of variable bonuses and grants of share awards under the SATS RSP and the SATS PSP are in turn dependent on the Company's financial performance as well as the key executives' individual performance through their achievement of certain key performance indicators set for them. In FY2014-15, a total of 1,670,000 shares and 1,373,000 shares have been granted under the SATS RSP and SATS PSP respectively.

Details such as the plan description, performance conditions, vesting conditions and payout of each of the SATS RSP and SATS PSP are set out in the Share-Based Payment section of the Director's Report and the corresponding "Notes to Financial Statements" section of this Report.

No termination, retirement or post-employment benefits were granted to Directors, the PCEO or the top five key management personnel of the Company (who are not Directors or the PCEO) during FY2014-15.

The aggregate compensation paid to or accrued to the PCEO and top five key management personnel (who are also not Directors or the PCEO as at the date of this Report) for FY2014-15 is indicated in the table below:

President and Chief Executive Officer (PCEO)		Salary <sup>2</sup> (S\$)	Bonuses <sup>3</sup> (S\$)	Benefits (S\$)	Total (S\$)	Award under SATS RSP <sup>4</sup>	Award under SATS PSP <sup>4</sup>
Alex Hungate		894,000	705,000	62,000	1,661,000	161,000	380,000
Key Management Personnel	Remuneration Band <sup>1</sup>	Salary <sup>2</sup> (S\$)	Bonuses <sup>3</sup> (S\$)	Benefits (S\$)	Total (S\$)	Award under SATS RSP <sup>4</sup>	Award under SATS PSP <sup>4</sup>
		%	(%)	%	%		
Tan Chuan Lye	\$1,000,001 to \$1,250,000	74	20	6	100	51,000	97,000
	\$500,001 to \$750,000	63	31	6	100	51,000	97,000
Yacob Bin Ahmed Piperdi	\$500,001 to \$750,000	80	13	7	100	34,000	64,000
	\$500,001 to \$750,000	75	20	5	100	51,000	97,000
Cho Wee Peng	\$500,001 to \$750,000	75	20	5	100	51,000	97,000
	\$500,001 to \$750,000	75	20	5	100	51,000	97,000
Ferry Chung Qing An		75	20	5	100	51,000	97,000

#### Notes:

- 1 Remuneration bands as indicated do not include the value of any awards granted under the SATS RSP and/or SATS PSP.
- 2 Salary includes AWS and employer's CPF for the year ended 31 March 2015.
- 3 Variable bonus comprises both actual performance bonus and EVA bonus paid for FY2013-14.
- 4 Denotes the base awards of shares granted under the SATS RSP and the SATS PSP for FY2014-15 on 6 August 2014 and 20 October 2014 respectively. Final number of shares awarded to the recipient could range between 0% and 120% of the base granted under the SATS RSP, and between 0% and 150% of the base award granted under the SATS PSP. All awards of shares will vest in the award holder subject to the achievement of pre-determined targets over a one-year period for the SATS RSP and a three-year period for the SATS PSP. The fair value at grant for the SATS RSP and the SATS PSP for FY2014-15 is at \$2.83 and \$1.50 respectively.

## Corporate Governance Report

The aggregate total compensation paid to the top five key management personnel (who are not also Directors or the PCEO as at the date of this report) was S\$3,478,000.

None of the immediate family members of a Director or of the PCEO was employed by the Company or its related companies during FY2014-15.

Further details regarding each of the Share Plans are provided in the Annexure to this Report, and also in the “**Report of the Board of Directors**” and “**Notes to Financial Statements**” in the “**Financials**” section of this Annual Report.

### PRINCIPLE 10: ACCOUNTABILITY

Shareholders are presented with the quarterly and full-year financial results respectively within 45 days of the end of the quarter and 60 days of the end of the financial year. Through the release of its financial results, the Board aims to present the Shareholders with a balanced and understandable assessment of SATS’ performance, position and prospects. The Company has in place a process to support Management’s representations to the Board on the integrity of the Group’s financial statements and internal control systems in relation to the requirement under the Listing Manual of the SGX-ST for the Board to issue a negative assurance statement that accompanies the Company’s announcement of its quarterly and full-year financial statements.

Monthly management accounts of the Group (covering, inter alia, consolidated unaudited profit and loss accounts, consolidated balance sheet and explanatory notes explaining any variance) are circulated to the Board for their information.

### PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk. It ensures that Management maintains sound risk management and internal control systems to safeguard Shareholders’ interests, investments and the Group’s assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. It also determines the company’s levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of the risk management and internal control systems.

The Board through the Audit Committee, oversees and reviews the adequacy and effectiveness of the Group’s

internal control functions, as well as assesses financial and compliance risks; through the Board Risk and Safety Committee, it oversees and reviews the Group’s operational and information technology risks and ensures that a robust risk management system is maintained; and through the Board Executive Committee, oversees the strategic, legal and financial risks faced by the Group.

### Board Risk and Safety Committee

The Board Risk and Safety Committee oversees and reviews the adequacy and effectiveness of the Group’s risk and safety management systems and programmes.

The Board Risk and Safety Committee comprises the following members, a majority of whom (including the Chairman) are non-executive and independent Directors:

- Mr Yap Chee Meng, Chairman
- Mr Nihal Kaviratne, Member
- Mr Alex Hungate, Member

The written terms of reference of the Board Risk and Safety Committee clearly set out its authority and duties, which include the review of the following:

- adequacy of resources for the risk management functions and that they have appropriate standing within the Group;
- the risk management policies and practices and the types and level of risks faced by the Group;
- the activities of the SATS Group Risk and Safety Committee which is responsible for putting in place risk management processes and methodologies, identifying risks and instilling mitigation plans, updating risk registers and profiles;
- reports on any material breaches of risk limits and the adequacy of proposed action;
- the Board’s Risk Management and Internal Controls Statement;
- the Group’s safety system and programmes for effectiveness and compliance with regulatory requirements and best industry practices for food safety, workplace safety and health;
- regular reports on safety, initiation of remedial actions and assessment of level of compliance with the safety management plan;
- food safety and accident investigation findings and implementation of recommendations by Management; and
- adequacy of insurance coverage for the Group.

During the year under review, the Audit Committee was invited for the risk management discussion. Together with the Board Risk and Safety Committee, both Board Committees endorsed and approved for recommendation to the Board, the SATS Group Key Risks, Assurance Reporting Dashboard, Risk Appetite Statement and Tolerance Limits.



The Board Risk and Safety Committee is required by its terms of reference to meet at least four times a year. The Committee met four times in FY2014-15.

The “**Risk Management and Internal Controls Statement**” section in this Annual Report sets out details of the Group’s systems of internal controls and risk management, and the Board’s views on the adequacy and effectiveness of the Group’s risk management and internal control systems, including financial, operational, compliance and information technology controls.

## **PRINCIPLE 12: AUDIT COMMITTEE**

### **Audit Committee**

The Audit Committee comprises the following members, all of whom (including the Chairman) are non-executive and independent Directors:-

- Ms Euleen Goh, Chairman
- Mr Nihal Kaviratne, Member
- Mr Koh Poh Tiong, Member
- Mr Yap Chee Meng, Member (*appointed on 1 May 2015*)

The Audit Committee’s primary role is to assist the Board to ensure the integrity of financial reporting and sound internal control systems. During the year, it reviewed the Group’s financial statements before the announcement of the quarterly and full-year results. In the process, it reviewed the key areas of management judgment, critical accounting policies, and any significant changes that would have a material impact on the financial statements.

Two members of the Audit Committee, including the Chairman, are qualified accountants. All members of the Audit Committee have extensive experience in financial management. The Board is of the view that the members of the Audit Committee have the necessary and appropriate expertise and experience to effectively discharge their duties as members of the Audit Committee.

The external auditors update and keep the Audit Committee informed about relevant changes to accounting standards and issues which have a material impact on financial statements.

The Audit Committee has explicit authority to investigate any matter within its terms of reference, full access to and co-operation of Management, and full discretion to invite any Director or executive officer to attend its meetings. It also has reasonable resources to discharge its functions. The Company’s internal audit team, and the external auditors, report their findings and recommendations to the Audit Committee independently.

The Audit Committee is required by its terms of reference to meet at least four times a year. It met four times in FY2014-15, and at least one of these meetings was conducted without the presence of Management. During the year under review, the Audit Committee held a joint discussion with the Board Risk and Safety Committee, whereby both Board Committees endorsed and approved for recommendation to the Board, the SATS Group Key Risks, Assurance Reporting Dashboard, Risk Appetite Statement and Tolerance Limits.

The Audit Committee meets (a) with the external auditors, and (b) with the internal auditors, in each case without the presence of Management, at least annually. The Audit Committee reviews the independence and objectivity of the external auditors annually. It has also reviewed the nature and volume of non-audit services provided by its external auditors to the Group during FY2014-15, and the fees, expenses and emoluments paid or made to the external auditors, and is satisfied that they have no significant impact on the independence and objectivity of the external auditors. For details of fees payable to the auditors in respect of audit and non-audit services, please refer to Note 6 of the Notes to the Financial Statements on page 102.

In addition to the review of the independence and objectivity of the Auditors and as part of good corporate governance initiatives, the Audit Committee invited large established accounting firms to participate in a request for proposal for the appointment of auditors of the Company for the financial year ending 31 March 2016. The Board of Directors, taking into consideration the recommendation of the Audit Committee, is recommending that KPMG LLP be appointed as the auditors of the Company for the financial year ending 31 March 2016, at the forthcoming 42nd AGM of the Company. In recommending the appointment of KPMG LLP to replace the retiring auditors, Ernst & Young LLP as auditors of the Company, the Directors and the Audit Committee have taken into consideration various factors, such as, that KPMG LLP has adequate resources and experience to handle the audit, the audit engagement partner assigned to the audit has the appropriate level of experience and there will be an adequate number of suitably experienced supervisory and professional staff to be assigned to the audit, having due regard to the size and complexity of the Group.

Ernst & Young LLP has been the auditors of the Company since the inception of the Company. The Directors wish to express their appreciation for the past services rendered by Ernst & Young LLP.

The Company has complied with Rule 712, and Rule 715 read with 716 of the Listing Manual of the SGX-ST in relation to its auditing firms.

## Corporate Governance Report

Under the terms of reference of the Audit Committee, its responsibilities include the review of the following:

- compliance and information technology (financial reporting) risks;
- quarterly and annual financial statements and financial announcements as required under the Listing Manual of the SGX-ST;
- the policy and arrangements by which employees of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
- the external audit plan, the external auditors' management letter, the scope and results of the external audit;
- independence and objectivity of the external auditors;
- the appointment, re-appointment or removal of the external auditors, the audit fee, and recommendation to the Board on the proposal to Shareholders for the selection of external auditors;
- adequacy of resources for the internal audit function, ensuring the appropriate standing of the internal audit function within the Company and its primary line of reporting to the Chairman of the Audit Committee (with secondary administrative reporting to the PCEO);
- adequacy and effectiveness of the internal audit function, scope of internal audit work, audit programme and the internal audit charter;
- hiring, removal, evaluation and compensation of the Head of Internal Audit;
- major findings on internal audit during the year and Management's responses thereto, difficulties encountered during the course of the audit, significant changes to the audit programme and compliance with relevant professional internal audit standards;
- adequacy and effectiveness of the Company's internal controls at least annually, with Management and the internal and/or external auditors, and to report annually to the Board, on the adequacy and effectiveness of the Company's internal controls, including financial, operational, accounting, compliance and information technology controls;
- the Board's Risk Management and Internal Controls Statement;
- suspected fraud or irregularity or suspected infringement of any Singapore law, rule or regulation of which the Audit Committee is aware, which has or is likely to have a material impact on the Company's or Group's operating results or financial position, and the findings of any internal investigations and Management's response thereto;
- revisions/additions/updates to the accounting policies for write-offs, capital expenditure, disposal of assets and investments, and other financial policies of the Company;

- compliance matters, including corporate securities trading policies, with the Group's General Counsel and/or the Company Secretary (or such persons of equivalent authority); and
- interested person transactions as required under the Listing Manual of the SGX-ST and the Company's Shareholders' mandate for interested person transactions.

The Audit Committee is also tasked to perform all other functions and responsibilities of an audit committee that may be imposed by the Companies Act, the Listing Manual of the SGX-ST, the 2012 Code and other relevant laws and regulations.

### Whistle-blowing Policy

The Company's "Policy on Reporting Wrongdoing" institutionalises the Group's procedures on reporting possible improprieties, independent investigation of such matters, and follow-up actions. A dedicated email address, and a 24-hour hotline managed by an independent external service provider, allows employees or any other persons who discover or suspect impropriety to report the same. All information received is treated confidentially. Results of the investigation would not be disclosed or discussed with anyone other than those who have a legitimate right to know.

Anonymous complaints may be considered, taking into account factors such as the seriousness of the issues raised, the credibility of the concern and the likelihood of confirming the allegation from attributable sources.

### Banking Transaction Procedures

Lenders to the Company are notified that all bank transactions undertaken by any member of the Group must be properly authorised, including the opening of new bank accounts and any proposed credit facilities. Each member of the Group has its own approval limits and procedures for every banking transaction, having regard to the nature of the transaction concerned. These approval limits and procedures are updated from time to time and are available on request. The bankers of each member of the Group have been advised to verify, in accordance with the verification process set out in the applicable procedures, that the transaction is properly authorised.

### PRINCIPLE 13: INDEPENDENT INTERNAL AUDIT FUNCTION

The Company's Internal Audit Department ("IAD") provides the Audit Committee with reasonable assurance that the Company maintains adequate and effective internal controls, through assessing the design and operating

effectiveness of key internal controls and procedures that govern key business processes and risks identified in the overall risk framework of the Group.

IAD is headed by Vice President, Internal Audit, and staffed by suitably qualified executives. Under the Group's Internal Audit Charter, which was approved by the Audit Committee, IAD has unrestricted access to the Audit Committee and unfettered access to all the Group's documents, records, properties and personnel.

The internal auditors report directly to the Audit Committee and administratively to the PCEO. The Audit Committee conducts an annual review of the adequacy and effectiveness of the internal audit function. In situations where the audit work to be carried out by the internal auditors may potentially give rise to conflicts of interest, it will be brought to the attention of the Audit Committee. The Audit Committee may authorise such audit work to be carried out by an independent third party as it deems appropriate.

IAD adopts a risk-based approach in formulating the annual internal audit plan that aligns its activities to the key risk areas across the Group. The annual internal audit plan is reviewed and approved by the Audit Committee.

IAD is a corporate member of the Singapore chapter of the Institute of Internal Auditors ("IIA"). It is guided by the Standards for the Professional Practice of Internal Auditing set by the IIA. Training and development opportunities are provided for IAD staff to ensure their technical knowledge and skill sets remain current and relevant.

#### **PRINCIPLE 14: SHAREHOLDERS RIGHTS AND RESPONSIBILITIES**

SATS practices fair and equal dissemination of information. All media releases, announcements and investor presentations are issued via SGXNET and uploaded on the Company's website, providing timely information to Shareholders.

Shareholders are informed of general meetings through notices published in the newspapers, electronic releases via the SGXNET operated by the Singapore Exchanges and reports or circulars sent to all Shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any Shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance. While the Articles currently provide for a limit of up to two proxies for each Shareholder (including nominee companies), the Company, in compliance with the spirit of

the 2012 Code, allows nominee companies to specify, in writing, the names of the beneficial owners of shares in the Company to attend general meetings as observers. The voting rights of Shareholders are described in the Annual Report, and Shareholders are briefed on the rules and voting procedures at the beginning of general meetings. The Company also encourages Shareholders to actively participate in general meetings, which are held in convenient locations. The Company has taken cognizance of the Companies (Amendment) Bill passed by Parliament in October 2014 and the introduction of multiple proxies in 2016.

#### **PRINCIPLE 15: REGULAR, EFFECTIVE AND FAIR COMMUNICATION WITH SHAREHOLDERS**

SATS strives to communicate pertinent information to Shareholders and the investment community on a regular and timely basis; in a clear, forthcoming and detailed manner; and by taking into consideration their views when addressing their concerns.

The Company disseminates material, price-sensitive information to ensure that it is made publicly available on a timely and non-selective basis. Material information relating to SATS' financial performance, business and strategic developments is published on SGXNET first, followed by the Company's website ([www.sats.com.sg](http://www.sats.com.sg)).

In addition, there is a dedicated Investor Relations section on the Company's website where current and past annual reports, quarterly financial results, webcasts of quarterly earnings briefings, the latest corporate presentations, and other information considered to be of interest to Shareholders and the investment community are readily available.

Every quarter, with the exception of the fourth quarter, the Company organises an earnings conference call with live audio webcast to brief Shareholders, the investment community and the media on SATS' financial performance as well as key business and corporate developments. For the fourth quarter, it hosts a face-to-face briefing for both analysts and the media, with live audio webcast. An on-demand audio webcast is made available on its website on the same day of each earnings conference call and briefing.

The Company's Corporate Relations department, together with the PCEO, and the CFO, actively engage Shareholders and the investment community from Singapore and overseas through investor meetings, conference calls, investment conferences and operational site visits to help them better understand the Company's businesses

## Corporate Governance Report

and growth strategy. The Company also participated in seminars organised by the Securities Investors Association Singapore in its bid to reach out to retail Shareholders. To grow and achieve a wider geographical spread in its shareholder base, the Company tracks changes in its share register on a regular basis.

The Company's Corporate Relations department is responsible for managing the dissemination of corporate information to the media, the public, Shareholders and the investment community. It also promotes relations with and acts as a liaison point for such entities and parties.

### PRINCIPLE 16: GREATER SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

The Company's Articles currently do not provide for Shareholders to vote at general meetings in absentia such as by mail, email or fax. The Company will consider implementing the relevant amendments to the Articles if the Board is of the view that there is a demand for such alternative methods of voting, and after the Company has evaluated and put in place the necessary security processes to facilitate absentia voting, and prevention measures against errors, fraud and other irregularities.

At general meetings, each distinct issue is proposed as a separate resolution. All resolutions are put to the vote by electronic poll voting. The Chairmen of the various Board Committees as well as the external auditors will be present and available to address questions at the AGM.

The Company Secretary prepares minutes of Shareholders' meetings, which incorporate comments or queries from Shareholders and responses from the Board and Management. These minutes are available to Shareholders upon their request.

### DEALINGS IN SECURITIES

In line with the rules of the Listing Manual of the SGX-ST, the Company has in place a policy and guidelines on dealings in the securities of the Company, which have been disseminated to employees of the Group and Directors of the companies within the Group. The policy and guidelines restrict certain employees (including all administrative officers and employees of managerial grade and above, and employees in departments which are likely to be privy to confidential material price-sensitive information, such as the offices of the PCEO, EVPs and Senior Vice Presidents, the Legal and Finance departments, and departments or units of companies in the Group having charge of business development and/or marketing activities) from trading in the

Company's securities during the period falling two weeks before the announcement of the Company's quarterly financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full-year financial statements.

The Company has also adopted a procedure for a trading halt in the Company's securities, which assists the Company to manage its continuous disclosure obligations in accordance with the spirit of rule 703 of the Listing Manual of the SGX-ST in the event of a leak of material unpublished information, or a false rumour or report where a media comment about the Company is sufficiently specific and detailed to warrant a response or to adequately respond to a query by the SGX-ST arising from such leak of material unpublished information or a false rumour or report.

In addition, the Directors and employees of the Company are prohibited at all times from trading in the Company's securities if they are in possession of non-public, price-sensitive information of the Company. The policy and guidelines also remind employees and Directors of the Group that they should not deal in the Company's securities on short-term considerations, and to be mindful of the insider trading prohibitions under the Securities and Futures Act whenever trading in the Company's or any other corporation's securities.

### ANNEXURE

#### Share Plans

##### (I) ESOP

The Company has ceased to issue further grants of share options under the ESOP since the last grant in July 2008. Please refer to the "Report of the Board of Directors" and "Notes to Financial Statements" in the "Financials" section of this Report for more details relating to the ESOP.

##### (II) SATS RSP and SATS PSP

The SATS RSP and the SATS PSP were approved by Shareholders at the Extraordinary General Meeting of the Company held on 19 July 2005 and were due to expire on July 2015. A 10-year extension until July 2025 was approved at the 41st AGM of the Company. There will be no change to the maximum limit of new shares which may be issued under the SATS RSP and the SATS PSP following the extension of their respective durations. These plans were introduced with a view to further strengthening the Company's competitiveness in attracting and retaining talented key senior management and senior executives. The SATS RSP and the SATS PSP aim to more directly

align the interests of key senior management and senior executives with the interests of Shareholders, to improve performance and achieve sustainable growth for the Company in the changing business environment, and to foster a greater ownership culture amongst key senior management and senior executives. These plans contemplate the award of fully paid shares of the Company, when and after pre-determined performance or service conditions are accomplished. Non-executive Directors of the Group are not eligible to participate in the SATS RSP and the SATS PSP.

The SATS RSP serves as an additional motivational tool to recruit and retain talented senior executives as well as to reward Company and individual performance. In addition, it enhances the Group's overall compensation packages, strengthening the Group's ability to attract and retain high performing talent. The SATS PSP is targeted at a select group of key senior management who shoulder the responsibility for the Company's performance and who are able to drive the growth of the Company through innovation, creativity and superior performance. Awards under the SATS PSP are performance-based, with performance targets set in accordance with medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets are stretched targets based on criteria such as total Shareholders' return, economic value added, market share, market ranking or return on sales.

Awards granted under the SATS RSP, which is intended to apply to a broader base of senior executives, will vest only after the satisfactory completion of time-based service conditions, that is, after the participant has served the Group for a specified number of years (time-based restricted awards) or, where the award is performance-based (performance-based restricted awards), after a further period of service beyond the performance target completion date. No minimum vesting periods are prescribed under the SATS RSP, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis. Award of such performance-based restricted awards is intended to ensure that the earning of shares under the SATS RSP is aligned with the pay-for-performance principle. The use of time-based restricted awards will only be made on a case-by-case basis where business needs justify such awards.

The selection of a participant and the number of shares which he would be awarded under the SATS RSP will be determined at the absolute discretion of the Remuneration and Human Resource Committee, which will take into account criteria such as his or her rank, job performance, creativity, innovativeness, entrepreneurship, years of

service and potential for future development, his or her contribution to the success and development of the Group and, if applicable, the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period.

Under the SATS RSP and the SATS PSP, the Remuneration and Human Resource Committee has the discretion to determine whether the performance condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Remuneration and Human Resource Committee has the right to make reference to the audited results of the Company or the Group to take into account such factors as the Remuneration and Human Resource Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if the Remuneration and Human Resource Committee decides that a changed performance target would be a fairer measure of performance.

The senior executives who are participants of SATS RSP and SATS PSP are required to observe a moratorium on a minimum threshold of their shares in the Company. They are prohibited from trading, pledging or hedging their minimum threshold. The Remuneration and Human Resource Committee in their review of the Company's share plans also reviewed the minimum threshold. The Remuneration and Human Resource Committee commissioned a review of the minimum threshold by an external consultant, Aon Hewitt, in October 2014 and had approved the findings and recommendation of Aon Hewitt.

The aggregate number of shares which may be issued pursuant to awards granted under the SATS RSP or the SATS PSP, when added to the number of new shares issued and issuable in respect of all options granted under the ESOP, and all awards under the SATS RSP and the SATS PSP, may not exceed 15 percent of the total number of issued ordinary shares in the capital of the Company on the day preceding the relevant date of award.

For FY2014, the total number of shares in the awards granted under the SATS RSP and SATS PSP did not exceed 0.3 percent of the total number of issued shares (excluding treasury shares). The obligation to deliver the shares is expected to be satisfied out of treasury shares.

# Risk Management and Internal Control Statement

## RESPONSIBILITY

The Board is responsible for risk governance, and for overseeing and reviewing the adequacy and effectiveness of the Group's internal controls and risk management system implemented by Management to address strategic, financial, operational, compliance and information technology risks. This system by its nature can only provide reasonable, but not absolute, assurance to investors regarding:

- the safeguarding and protection of the Group's assets against unauthorised or improper use or disposal;
- protection against material misstatements or losses;
- the maintenance of proper accounting records;
- the reliability of financial information used within the business and for publication;
- the compliance with appropriate legislations, regulations and best practices; and
- the identification and containment of business risks.

## RISK MANAGEMENT ORGANISATIONAL STRUCTURE

### Board Executive Committee

The Board, through the Board Executive Committee ("EXCO"), regularly reviews and monitors the key strategic and legal risks facing the Company. The EXCO also reviews the financial policy and risk appetite limits, on the advice of the Board Risk and Safety Committee ("BRSC"), for the approval of the Board. In addition, it provides advice and guidance to the Group's Management on managing business, strategic and operational issues.

### Audit Committee

The Board, through the Audit Committee ("AC"), oversees and reviews the financial controls and

reporting process, ensures the integrity of the Group's financial statements, and the adequacy and effectiveness of the Group's internal control and compliance systems.

The Group's internal audit provides an independent assessment to the AC on the processes and controls which may have a material financial impact on the Company. There are formal procedures for both internal and external auditors to report independently their conclusions and recommendations to the AC.

The AC reviews the policy and arrangements by which employees of the Company and any other persons may in confidence raise concerns about possible improprieties in financial reporting and other matters.

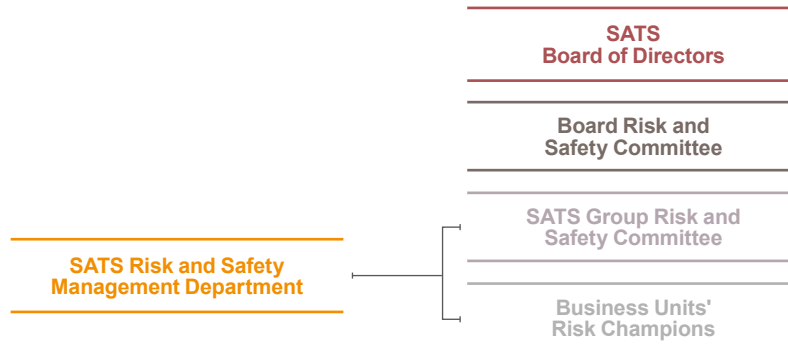
### Board Risk and Safety Committee

The Board, through the BRSC, oversees and reviews the Group's operational and information technology risks (including cyber security risks). The BRSC assists the Board in reviewing the adequacy and effectiveness of the systems of safety and risk management. Under its oversight, the safety and risk management programme is executed with an integrated view of the organisation and its needs in mind.

The BRSC is supported by the SATS Group Risk and Safety Committee ("SGRSC"). The BRSC reviews the activities of the SGRSC, including regular risk management reports, initiatives, processes and exercises. The SGRSC, chaired by the President and Chief Executive Officer ("PCEO"), meets on a quarterly basis to review the risk management system and mitigation measures.

The Risk and Safety Management Department coordinates and facilitates the risk management processes within the Group. It provides support to the SGRSC in carrying out its functions.

The Group has formalised its risk management reporting structure as depicted in the diagram below.

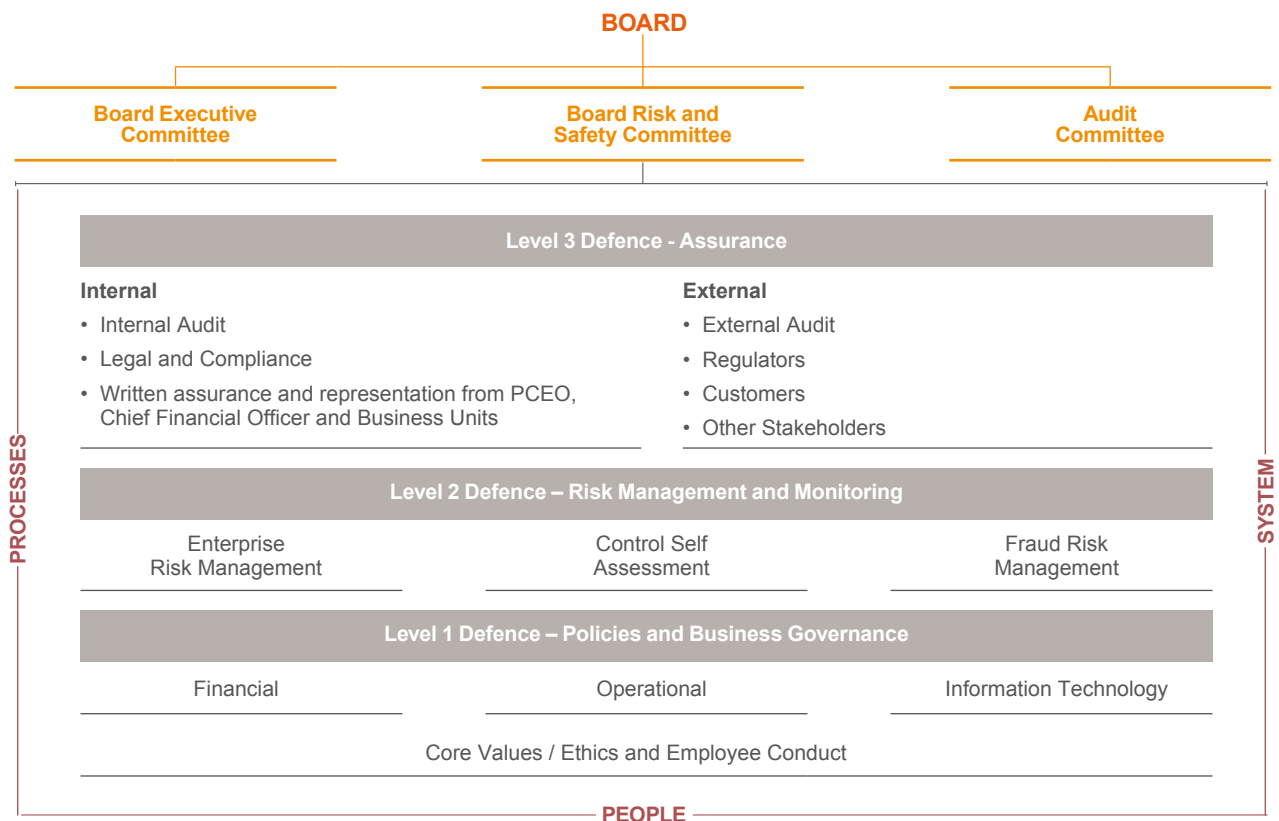


During the year, Management and a third-party consultant completed the review of the Group’s risk management policies and processes against the risk management practices set out in ISO31000:2009 standards. Management has received the consultant’s recommendations and implemented the relevant recommendations.

More information on the EXCO, AC and BRSC’s composition, authorities and duties can be found in the “**Corporate Governance**” section of this Annual Report.

**MANAGEMENT CONTROLS AND ASSURANCE FRAMEWORK**

The Group’s Management Controls and Assurance Framework (“**Framework**”) comprises three levels of defence towards ensuring the adequacy and effectiveness of the Group’s system of risk management and internal controls.



## Risk Management and Internal Control Statement

### LEVEL 1 DEFENCE – POLICIES AND BUSINESS GOVERNANCE

Management ensures good corporate governance through the implementation and management of policies and procedures relevant to the Group's business environment. These policies and procedures govern financial, operational, information technology and compliance matters.

The Group's key policies and procedures include:

- written terms of reference for various Management and Board Committees;
- defined roles and responsibilities, and authorisation levels for all aspects of the businesses that are set out in the authority matrix, including guidelines on matters requiring the Board's approval;
- appropriate management organisational structures;
- a planned and coordinated budgeting process where operating units prepare budgets for the coming year that are approved by both Management and the Board; and
- policies that set out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity. They cover areas such as workplace health and safety, conduct in the workplace, safeguarding of the Company's assets (including proprietary information and intellectual properties), confidentiality, conflict of interest, and non-solicitation of customers and employees.

The Group has its own approval limits and procedures for every banking and finance transaction, having regard to the nature of the transaction concerned. All banking and finance transactions undertaken by the Group must be properly authorised, including the opening of new bank accounts and the taking up of any proposed credit facilities and the Group's key insurance coverage, the adequacy of which is reviewed on a yearly basis. These approval limits and procedures are updated from time to time and are available on request to the bankers of and lenders of the Group.

### LEVEL 2 DEFENCE – RISK MANAGEMENT AND MONITORING

The Risk Management system concentrates on those key risks which may have a significant influence on the Group's assets, finances and profits, and those that may potentially endanger the continued existence of the Group's companies. Procedures used facilitate early detection and control of risks.

The operational business units meet regularly to review risk and control matters, including ascertaining that there are effective follow-up procedures. The outcome and status are reported to the BRSC and the AC for review and information.

The Group carried out reviews of the key risk profiles of the Group. The preventive and mitigating control actions were further refined and developed for adequacy and effectiveness.

The on-going process to identify, assess, monitor and manage business risks that will impede the achievement of the Group's objectives is continuously reviewed for improvements. The key risks are evaluated based on probability and consequence of a preset scale and ranked accordingly, and this enables the Group to allocate its resources to deal with the different levels of business risks. The risk management process, which has been put in place throughout the year and up to the date of this statement, is firmly embedded within the Group's business operations and is every employee's responsibility.

The following are the key risk management activities carried out within the Group during the year:

- risk review and identification exercises conducted at the business units and departments, to review the existing risks in the risk register and to identify new risks that may have emerged;
- business continuity/contingency plans were tested during the financial year under review. The procedures were fine-tuned and enhanced for improvements further to the post mortem briefings held; and



- control self assessment (“CSA”) exercise carried out by the business units. This exercise requires the various business units to assess the status of their respective internal controls and develop action plans to remedy identified control weaknesses.

Fraud risk management processes include conflict of interest declaration and the implementation of policies such as SATS Whistle-Blower Policy and Code of Conduct to establish a clear tone from the top with regard to employees’ business and ethical conduct.

### LEVEL 3 DEFENCE – ASSURANCE

Management monitors internal controls through CSAs that have been developed based on the principle of minimum acceptable controls. During the course of the year, a number of the questionnaires used in conducting the CSAs were updated to reflect the changes in the organisation and to increase the strength of the control environment.

Written assurances and representations, together with an attached checklist of key elements of internal controls approved by the Board, have been obtained from all the executive heads of all the Company’s operating subsidiaries as well as from the executive heads or other appropriate officers of all of the Company’s active associated companies, that their respective companies’ internal controls were adequate during the financial year under review.

The Group’s Internal Auditors review the effectiveness of the Group’s material internal controls (addressing financial, operational, information technology and compliance risks), and risk management system. The external auditors will highlight any material internal control weaknesses which have come to their attention in the course of their statutory audit. Any significant non-compliance or failures in

internal controls and recommendations for improvement are reported to the AC.

The details of the Group’s independent Internal Audit function are set out in the “**Corporate Governance**” section of this Annual Report.

### BOARD’S OVERSIGHT

The Board of Directors, supported by the AC and BRSC, oversees the Group’s systems of internal controls and risk management. The Board has received assurance from the PCEO and Chief Financial Officer:

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group’s operations and financial position; and
- (b) regarding the adequacy and effectiveness of the Group’s risk management and internal control systems, addressing financial, operational, compliance and information technology risks.

### CONCLUSION

Taking into account the views of the AC and BRSC in the exercise of their responsibilities under their respective terms of reference, the framework of management controls, the internal control policies and procedures established and maintained by the Group’s Management, the reviews conducted by the internal and external auditors and the documented governance assurance, the Board opines, with the concurrence of the AC, that the systems of internal controls and risk management (addressing financial, operational, compliance and information technology risks) were adequate and effective as at the date of the “**Directors’ Report**”.

# Financial Calendar



**Financial year ended  
31 MARCH 2015**



**22  
JUL**

Announcement of 1Q FY2014-15 results  
Results conference call with live webcast

**13  
AUG**

Payment of final dividend

**13  
NOV**

Announcement of 2Q FY2014-15 results  
Results conference call with live webcast

**12  
DEC**

Payment of interim dividend



**4  
FEB**

Announcement of 3Q FY2014-15 results  
Results conference call with live webcast

**14  
MAY**

Announcement of 4Q FY2014-15 results  
Results briefing for analysts and media  
with live webcast

**23  
JUN**

Despatch of Summary Report to Shareholders

**7  
JUL**

Despatch of Annual Report to Shareholders

**21  
JUL**

42nd Annual General Meeting

**29  
JUL**

Book closure date

**12  
AUG**

Proposed payment of final dividend



**Financial year ending  
31 MARCH 2016**



**23  
JUL**

Proposed announcement of 1Q FY2015-16 results

**4  
NOV**

Proposed announcement of 2Q FY2015-16 results



**FEB**

Proposed announcement of 3Q FY2015-16 results

**MAY**

Proposed announcement of 4Q FY2015-16 results