



STEAMSHIPS

SUSTAINABILITY REPORT | 2018



“At Steamships the focus is to ensure that employees are afforded every opportunity to build strong, rewarding and successful careers in an environment of safety, trust, fairness and respect.”

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FOREWORD



A strong focus on Sustainability has been a key driver behind the longevity of Steamships. Developing our staff, operating in an environmentally responsible manner, and caring for the communities in which we operate will continue to be the platform for our success.

“A commitment to the three pillars of Our People, Our Environment, and Our Community, ensures that the company remains a significant contributor to the economic and social prosperity of Papua New Guinea”

In the past twelve months our employees have benefitted from a re-alignment of our training and development priorities, and the introduction of several new modules of leadership development training. Together with the introduction of an innovative and more comprehensive hospitality curriculum at our Coral Sea Hotels, and the creation of a Registered Training Office at our Joint Venture Port Services business, this ensures that our mission to “be the best company with which to do business with and to work for” is achieved.

From an environmental perspective, the way that we monitor and report energy usage continues to be refined and improved, as we seek to ensure that emissions and consumption, at an operational level, remain at acceptable international standard levels. The introduction of energy intensity and operational efficiency measurement in 2018 is a working example of such focus.

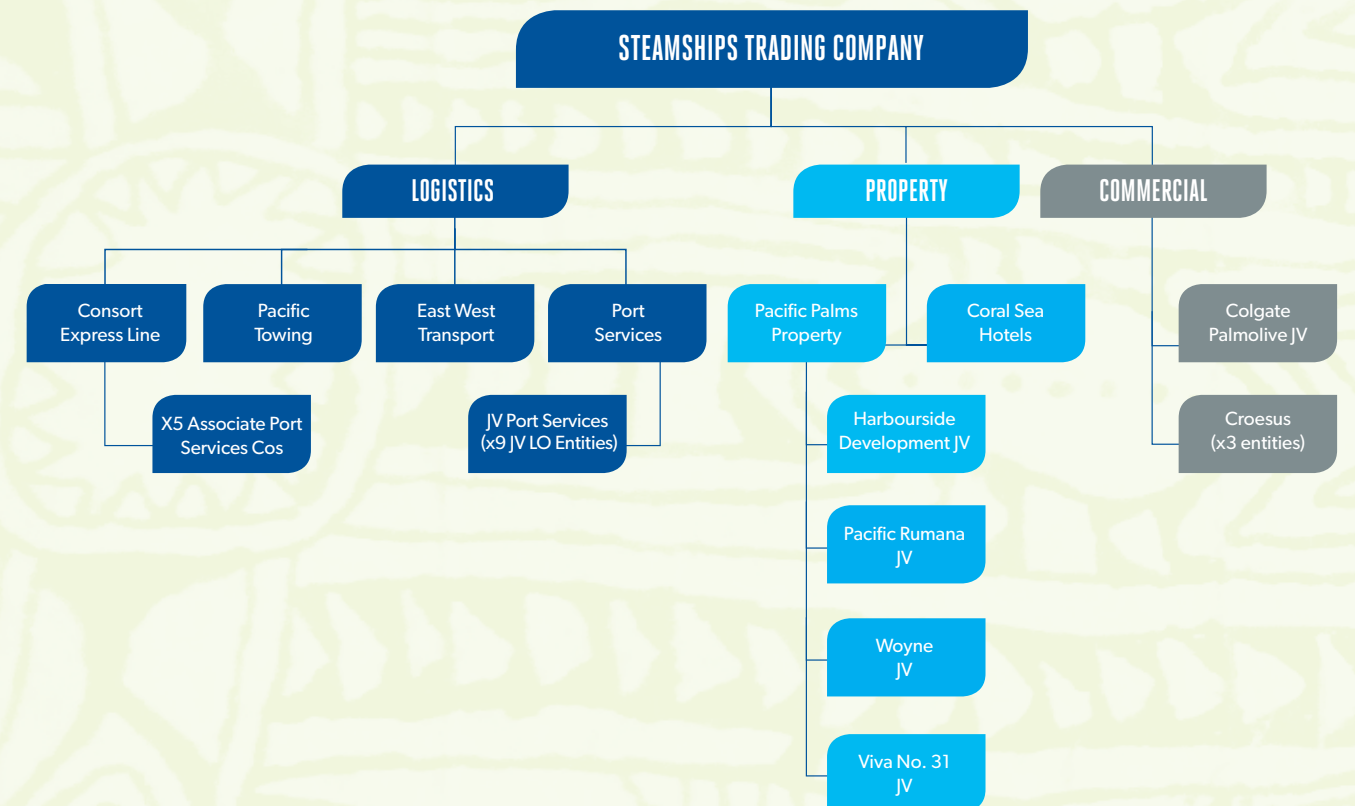
Our community engagement, particularly through the Steamships Community Grants Programme, continues to bring impactful benefit to those in our communities who require the most support. Steamships was pleased this year to make a donation of K250, 000 to the Highlands Earthquake relief effort, and during the year became a Foundation Sponsor of the ‘Bel Isi’ Project, a private sector initiative to address Gender Based Violence (GBV). These were but two of the many worthwhile contributions toward social development made by the company.

Michael Scantlebury,
Managing Director,
Steamships Trading Limited

FAST FACTS

Steamships is recognized as one of the leading commercial entities in Papua New Guinea and in 2018 celebrated a centenary of doing business in the country. Today Steamships is a well-established conglomerate with diverse commercial interests and listings on both the Port Moresby and Australian Stock Exchanges.

The Group employs just over 2,685 people in six divisions grouped under the three operating categories of Hotels and Property, Logistics and Commercial.



SCOPE OF THIS REPORT

- The report covers all major business units of Steamships. It does not include joint venture operations that are not under its management control.
- Steamships' sustainability performance aligns with the requirements of the Global Reporting Initiative (GRI), a worldwide corporate transparency initiative that Steamships has followed since 2013.
- Management approach and the Economic Performance, Legal, and Governance aspects of Steamships are reported in the Annual Company Report.
- The reporting period is for the calendar year 2018

HOTELS & PROPERTIES

Coral Sea Hotels

Coral Sea Hotels (CSH) operates nine hotel, residence and apartment properties offering full serviced hotel rooms and apartments as well as extensive food & beverage outlets, recreation and meeting, conference and banqueting facilities.

Two additions in 2018 were the 138 unit Air Niugini Residence in Port Moresby (April 2018) which is operated for Air Niugini under a management agreement, and the 43 room Cassowary Hotel in Kiunga, developed in partnership with local landowners representative CMCA.

CSH is the largest hotel group in PNG, offering 592 hotel rooms, 127 apartments and 138 residences. The group comprises the Grand Papua Hotel, the Gateway Hotel and Apartments, the Ela Beach Hotel and Apartments, Whittaker Apartments and the Air Niugini Residence in Port Moresby; the Huon Gulf Hotel in Lae; the Highlander Hotel and Apartments in Mount Hagen; the Bird of Paradise Hotel in Goroka and the Cassowary Hotel in Kiunga.

Pacific Palms Property

Pacific Palms Property (PPP) is one of the largest and most dynamic property developers and managers in PNG. The division continues to develop and hold property in the Residential, Commercial, Retail and Industrial sectors with building and land assets located in Port Moresby, Lae, Madang, Wewak, Goroka, Mt. Hagen, Popondetta and Rabaul.

PPP's strategy of making investments of scale and quality, in good locations continues to support stable revenues even though a current over-supply of property continues in Port Moresby within a contracted economy nationwide.



LOGISTICS: MARINE SERVICES

Consort Express Lines

Consort operates a fleet of 13 coastal vessels (4 geared, multi-purpose deep-water vessels and 9 shallow water landing craft and bulk carriers). All are PNG flagged and manned and all safety and technical specifications are maintained in accordance with Lloyds Registry international standards.

Consort connects 17 ports around PNG. The Company has scheduled services to the North Coast, South Coast, New Guinea Islands, Bougainville and Western Province. Consort proudly serves the people of PNG by providing an important supply link to many of the communities on its routes.

Consort also provides complementary depot services to customers at its Lae hub and is a shareholder and managers of a number of stevedoring operations around PNG. These stevedoring companies are partnerships between Consort and local landowner companies and provide significant employment opportunities for the nearby communities.

By providing short and long-term vessel charters specialising in shallow water river shipping, Consort is able to develop,

implement and support intermodal logistics solutions linked to land based services such as road transport, cargo handling, storage, agency, customs clearance, lay down areas and warehousing.

Pacific Towing

Pacific Towing is the leading provider of harbour reputation for excellence and reliability in marine services throughout PNG and the broader Pacific Region. A full member of the International Salvage Union, Pacific Towing retains a fast responder salvage capability complemented by a comprehensive range of ancillary marine services. These include life raft sales, rental and servicing, commercial diving, subsea pipeline inspections, PLEM hook up and release services, and pollution prevention and oil Pacific Towing is headquartered in Port Moresby and operates 13 tugs and 10 associated support vessels in five ports across PNG (Port Moresby, Lae, Rabaul, Kimbe and Madang). Dedicated harbour towage services extend to the Solomon Islands through a subsidiary company operating in Honiara.



LOGISTICS: TRANSPORT & PORT SERVICES

East West Transport

East West Transport (EWT) is one of the country's largest multifaceted transport and logistics companies, with ISO accreditation of 14001, Environmental Management, & 18001, Occupational Health & Safety. Based in Port Moresby with a presence in Lae, Kimbe, Rabaul, Madang, Wewak, Alotau and Kavieng. The company has a sizable fleet of prime movers, heavy and light trucks, and forklifts and reach stackers ranging from 2.5 to 80 tons in capacity.

All equipment is supported by localised workshop facilities, safety teams and emergency vehicles. EWT operates across a wide spectrum of transport related activities including bulk fuel, containerised cargo, sawdust and break-bulk cargo, and provides depot services such as equipment hire, warehousing and yard storage. EWT also offers a licensed customs cargo clearance service in Lae and Port Moresby with the ability to clear cargo in any location where EWT has a presence. The division capitalises on its close relationships with sister companies in shipping and stevedoring by offering specialised end-to-end project solutions for the mining, oil and gas sectors and now commercial sectors.

JV Port Services

The group's six Joint Venture Port Services (JVPS) businesses offer a full range of stevedoring and handling facilities in the ports of Alotau, Oro, Madang, Kimbe, Kaviang and Kiunga. In addition, JVPS manages a seventh stevedoring company on behalf of Consort Express Lines in Port Moresby.

With a fleet of specialist equipment, the businesses handle all types of containers, as well as project cargo, break-bulk, RO-RO, LO-LO and grains. The stevedoring companies are joint ventures between Steamships and local landowner groups at the respective ports. Each joint venture employs a local workforce and is structured in a manner so that a share of earnings is returned to the community in which the joint-venture operates.



SUSTAINABLE DEVELOPMENT

At Steamships, sustainability is central to everything we do. We believe that our environmental and social performance is as important as our financial performance, as is our duty of care to our staff. By maintaining a clear focus on the three pillars of **Our People**, **Our Environment** and **Our Community**, Steamships remains a major contributor to the economic development of PNG and a committed steward of the unique environment and culture of our nation.



Photo courtesy of Bak Bilong Pikinini

OUR PEOPLE

Our people remain our most important asset. We strive to ensure that work at a Steamships business is a rewarding and enjoyable experience.

- Steamships is an equal opportunity employer and treats all employees with dignity and respect.
- We provide a safe and secure work environment and promote healthier lifestyles.
- We provide development opportunities and rewarding careers.

OUR ENVIRONMENT

Responsible and sustainable energy consumption is an area of increased focus at Steamships. There is regular monitoring and reporting of energy use, water use, waste and environmental emissions at operational level with the intention of improving performance wherever possible. At present environmental reporting is still restricted to CO2 emission and water consumption data, waste and energy emissions. Total usage is measured and recorded however as yet there is no relevant business analysis of the supplied information.

OUR COMMUNITY

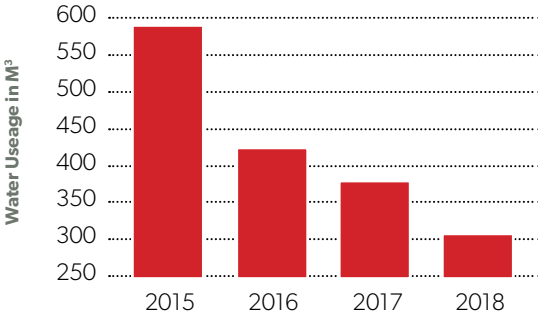
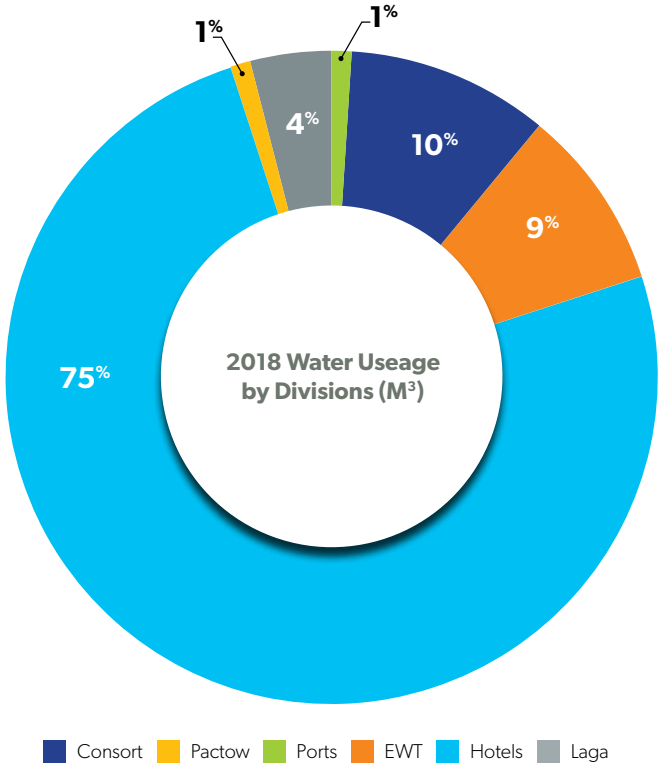
Steamships Trading Company has a considerable footprint in PNG and it is considered essential to have a positive impact on the various communities in which it operates. The Steamships Sustainable Development Policy commits the Group to playing an active role as a responsible corporate citizen.

AREAS OF SUSTAINABILITY FOCUS

2018 Highlights

- Total water useage trending downward by 4% from 2017
- Total energy useage trending downward by 7% from 2017
- Total carbon emissions trending downward by 80% from 2017

2018 Water Usage by Division (EN8)



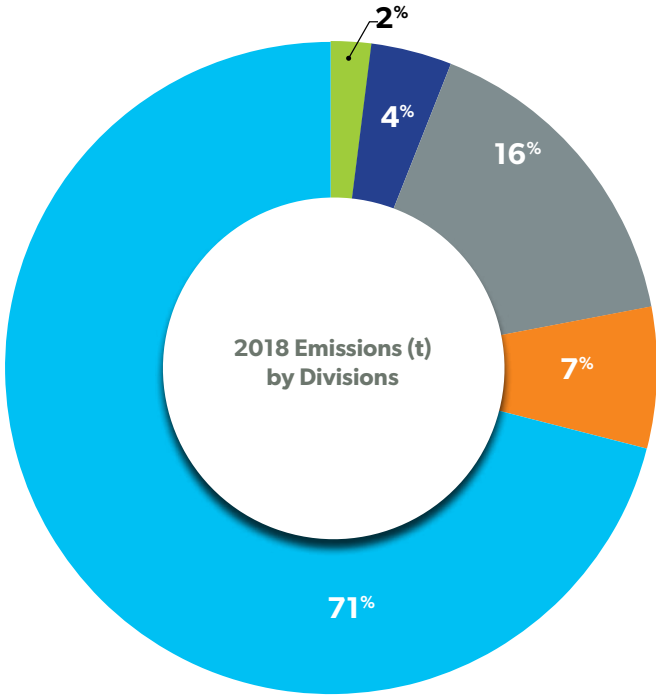
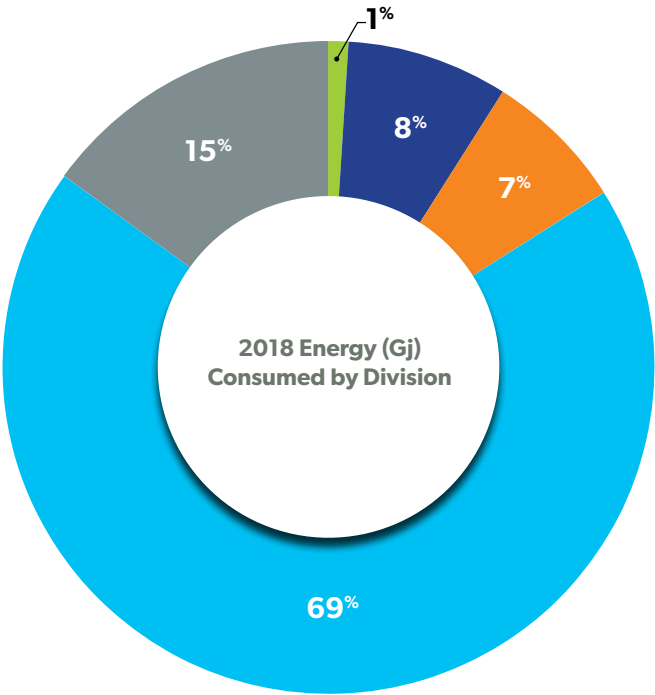
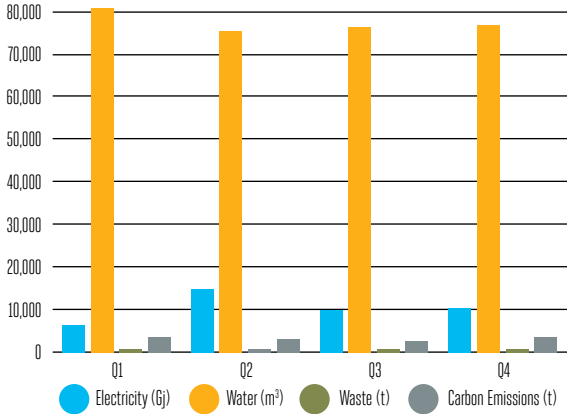
	2015	2016	2017	2018
Water Usage (M³)	594,310	524,330	503,825	305,390

	Water Usage (M³)
Consort	31375
Ports	4063.03
EWT	26933.16
Pactow	3800.2
Hotels	227,325.39
PPP	770
Laga	11124
Group	305390.78

Total Consumption by Group 2018

Energy (Gj)	2015	2016	2017	2018
Direct Energy	852,492	801,189	751,819	719,116
Indirect Energy	70,456	73,419	62,373	44,323
Total Energy	922,948	874,608	814,192	763,439

Carbon (Tonnes)	2015	2016	2017	2018
Direct (Scope 1)	66,244	59,300	55,645	2,221
Indirect (Scope 2)	11,405	11,829	10,049	11,429
Total Emissions	77,649	71,129	65,694	13,650



2018 Energy (Gj) Consumed by Division (EN3 & EN4)

	Energy Usage (Gj)
Consort	3316.7772
Ports	591.16446
EWT	2905.427196
Pactow	67.95036
Hotels	30551.5166
PPP	63.6516
Laga	6820.6104
Group	44317.09782

2018 Carbon (CO²) Emission by Divisions (EN15)

	Carbon Emission (t)
Consort	477
Ports	152.4367863
EWT	749.1887168
Pactow	17.52157853
Hotels	7877.968524
PPP	18.05252364
Laga	1758.752429
Group	11050.92056

OUR PEOPLE...

Steamships people are its most critical asset. At Steamships the focus is to ensure that employees are afforded every opportunity to build strong, rewarding and successful careers in an environment of safety, trust, fairness and respect.

Continuity has become the word with Steamships Learning and Development. Our focus of fairness and consistency was exemplified with the rolling out of the Swire Team Leadership Development program for key managers across the business and an increased focus on Performance Management, Talent Management and Succession Planning. Emphasis on the 70:20:10 Learning philosophy within our Senior Management and HR teams continues to strengthen the foundation of development and bring learning to the forefront of our business.

In 2018, our Graduate Development Program was revamped to focus on developing aspiring executive leaders through our Management and Accounting pathways. Competency

blocks were introduced to streamline projects and assignments for all trainees and provide more structure learning in the classroom and on the job.

Implementation of PNG's first hospitality industry specific development program was also successful in our Coral Seas Hotels Group where our first cohort of 18 talents undertook a six month course in PNG. We were also proud to partner with Divine Word University to encourage its high performing students in Tourism and Hospitality. Building partnerships with tertiary institutions through curriculum consultation workshops and roadshow visits are a significant contribution to pre-employment initiatives in the corporate sector.

The development of our technical specialists are always a big highlight for our company. Joint Venture Port Services Registered Training Organization provider assists with specific skill set development for our staff in the field. We continue to sponsor our shipping employees with qualifications at the PNG Maritime College in Madang and are proud to co-sponsor the gender transformative Women's Maritime Scholarship Program with Australian Awards and China Navigation and Company.

We will continue to invest into the future of PNG through the development and welfare of its national managers and talents and continue to be the employer of choice.



Photo courtesy of AAPNG



AND THEIR SAFETY

Steamships' approach to safety is focused on the development of a "Wok Seif" culture and the adoption of a "zero harm" mandate at all levels of the operation.

This approach has been promoted through the implementation of safety management systems, and managed through regular and detailed reporting of safety statistics, the continuous conduct of safety awareness and training, and robust safety performance monitoring through

regular meetings and audits.

Effective management of health and safety and security performance translates directly to superior employee and business performance, so a clearly articulated and effectively executed HSSE strategic plan is important. There has been a measurable improvement in

the HSSE performance of Steamships companies over successive years since 2013 but fluctuations occur, and the challenge remains to put in place robust systems, processes and behaviour that deliver 'best in class' safety performance.



OUR ENVIRONMENT...

Responsible energy and water consumption, as well as acceptable levels of environmental emissions continue to be a priority for the Steamships group of companies. The trending of recorded data over the last three years indicates positive progress in that regard. Traditionally, only CO2 emissions, and energy and water consumption have been recorded, however, in accordance with best practice, waste measurement was introduced for the first time in 2018. Steamships divisions are now required to measure and record significant waste emission. This was trialed during the year and will be officially included in reporting in 2019.

In an effort to bring better accuracy and more meaning to environmental

reporting, a number of new measures were introduced in 2018. Energy intensity metrics and an operational efficiency measurement are now applied to data. The method is being refined and incorporated into a new reporting tool, Credit 360, which is expected to be implemented in mid-2019.

Children continue to be a target group for our environmental activity. The Annual World Environment Day schools Programme in Port Moresby was again sponsored by Steamships, bringing together schoolchildren from Primary and Secondary levels for poster, debates and essay competitions on the World Environment Day theme of "Beat Plastic Pollution".

“Strive to be an employer of choice by providing an environment in which all employees are treated fairly and encouraged to realise their full potential”

OUR COMMUNITY...

Working with the communities in which we do business remains a core activity of the company. Our agenda continue to prioritize; good health and wellbeing, quality education, reduced inequalities, and gender empowerment.

Traditional partners, including Susu Mama, in the Western Highlands, and the Salvation Army House of Hope continued to receive funding to provide medical interventions and support to marginalized members of society, and Buk bilong Pikinini, relocated an NCD library to Hagara Primary School, in the heart of Hanuabada village.

A number of new partnerships were also announced in the year with the likes of The Kokoda Track Foundation, the Sago Network, Wantaim PNG, and the Grass skirt Project.

Women continued to be a focus with the sponsorship of ten female cadets on a three year “study and work” scholarship at the National Maritime College, a partnership between Steamships, Pacific Towing, CNCO, and the government of

Australia. Additionally, Steamships agreed to be a Foundation sponsor of the “Bel Isi” Project, a corporate initiative to address gender based violence.

Steamships also responded to a significant natural disaster. An earthquake of 7.5 magnitude hit the highlands region of Papua New Guinea on 26th February 2018, causing extensive damage in the Hela and Southern Highlands' provinces, also affecting Western Highland, Gulf, and Western Provinces. Over half a million people were directly affected by the event. An amount of K250,000 was contributed to the Earthquake disaster relief effort, through four separate relief providers.

Photo courtesy of Kokoda Track Foundation



Photo courtesy of Sago Network

STEAMSHIPS' SUSTAINABLE DEVELOPMENT POLICY

Steamships Trading Company and its subsidiary companies will conduct our activities in a manner that protects the environment, health, security and safety of our employees, contractors, and customers. We wish to excel as corporate citizens.

To do this, Steamships will meet or exceed all legal requirements and;

- Operate in a manner which safeguards the health and safety of all our stakeholders. Zero harm is our goal.
- Provide and maintain safe places of work and equipment;
- Continually review work places, equipment and procedures to further improve safety;
- Provide occupational health and safety training for employees
- Play an active role as a responsible corporate citizen, being involved in community engagement programs and encouraging staff to participate.
- Be a good steward of the natural resources under our influence and ensure that all potential adverse impacts of our operations on the environment are identified and appropriately managed.
- Favour suppliers and contractors who promote sustainable development.
- Strive to be an employer of choice by providing an environment in which all employees are treated fairly and encouraged to realise their full potential.

Making it happen:

- The promotion and maintenance of HSSE is the responsibility of all staff.
- All companies in which Steamships Trading Company Limited has a controlling interest will have action plans for applying this policy in a way which is relevant to their business.
- We will encourage other companies in which we have an interest as a shareholder or through our supply chain to implement similar policies.
- We will monitor our performance and report regularly.
- Operate in a manner which safeguards the health and safety of all our stakeholders. Zero harm is our goal.
- Provide and maintain safe places of work and equipment;
- Continually review work places, equipment and procedures to further improve safety;
- Provide occupational health and safety training for employees
- Play an active role as a responsible corporate citizen, being involved in community engagement programs and encouraging staff to participate.
- Be a good steward of the natural resources under our influence and ensure that all potential adverse impacts of our operations on the environment are identified and appropriately managed.
- Favour suppliers and contractors who promote sustainable development.
- Strive to be an employer of choice by providing an environment in which all employees are treated fairly and encouraged to realise their full potential.



Photo courtesy of Burnet Institute

2018 PROGRAM PARTNER REPORT

Buk Bilong Pikinini

Purpose: Develop learning centres for children in marginalized communities to access quality education services. The libraries are located in Lae, Goroka and Port Moresby.

The library facilities aim to increase and improve literacy rates in the disadvantage communities. The age range is between 5-7 years old preparing for Elementary school.

Salvation Army

Purpose: Steamships continues to support the work of Salvation Army. STC pays rental to the House of Hope and additional in kind support for the Red Shield Gold competition.

Funding supports projects that involve gender based violence, safe house for abused women and children; children who have become orphans because their parents have died of HIV.

House of Hope provides awareness on HIV, early learning for children and refuge.

Photo courtesy of Burnet Institute



Burnet Institute

Purpose: The overall goal of the project is to improve maternal, newborn and infant survival through understanding the causes of poor growth in the first year of life, and to evaluate the quality of health services provided during pregnancy, childbirth, and the first year of life.

Grass Skirt Project

Purpose: Part of a pilot for a community-led program using sport to address non-communicable diseases, anti-social behaviour and social inequality.

Bel Isi

Purpose: To access services provided by Bel Isi as a member company. Bel Isi provides referral path, legal services, safe house and secured transportation for STC employees experiencing domestic violence. The service supports the STC employee and their children. STC sponsors Bel Isi with an office space.

Photo courtesy of Buk Bilong Pikinini



Photo courtesy of Gym in a Box

Sago Network

Purpose: Improve sanitation in schools and communities in rural areas where septic toilets are expensive to set up. Laukanu and Kelkel coastal villages are located on the north coast of PNG in Morobe Province with over 700 people who predominantly live off subsistence farming. Due to high water tables, the community and school lacks safe toilet and sanitation facilities which create severe health and educational challenges for girls and children.

Oil Search Foundation

Purpose: STC donated K100,000 to Oil Search Foundation (OSF) for the purchase and delivery of essential medical equipment to the provincial hospitals of the Southern Highlands and Hela provinces to assist victims of the earthquake. The generous donation will be used to purchase three electrocardiogram machines and one defibrillator for the provincial hospitals in these two provinces. The two provinces were hit hard on 26 February by an earthquake measuring 7.5 magnitude.

Photo courtesy of Oil Search Foundation



Photo courtesy of Sago Network

Earthquake Relief Fund

Purpose: Steamships donated K100,000 to its partners to assist in providing medical supplies and essentials to devastated areas affected by the Earthquake in February. The areas affected were Southern Highlands and Western Province.

Kokoda Track Foundation

Purpose: To assist the delivery of the Teach for Tomorrow training to partially-trained teachers across Southern Highlands and East Sepik Provinces.



Photo courtesy of Kokoda Track Foundation

2018 SUSTAINABLE DEVELOPMENT HIGHLIGHTS

Approximately K528, 000 was expended in the 4th quarter of 2018, as part of K1.46 million spent on Community Engagements activities throughout the year.

A further K500, 000 was provisioned to be disbursed in the first quarter of 2019, pending finalisation of paperwork for the Burnet Institute and the co-sponsored Nurses and Marine Cadet Scholarships with Australian DFAT.

Other expenditure accrued includes funding of the rentals for the Bel Isi Project office and the Salvation Army House of Hope, as well as potential extra funding for the Gateway Children's Fund and the Coalition for Change.

“ The principles of Sustainable Development remain core to how Steamships conducts its business and are key to delivering long term value to its customers and shareholders. ”

SOCIAL	COST (KINA)	INTENDED IMPACT	CURRENT STATUS
Sago Network	84,250	Improve sanitation in rural schools and community in Lae.	In progress
Grass Skirt Project	89,800	Part of a pilot for a community-led program using sport to address non-communicable diseases, anti-social behaviour and social inequality using sports to create awareness.	In progress
Wantaim PNG	45,000	A project that aims to provide workshops on feminine hygiene in two wards on Manus Island.	In progress
Bel Isi	100,000 + sponsorship of admin premises over a two year period	A private public initiative to address the issues regarding gender based violence.	Registered partner and sponsor
Buk Bilong Pikinini Hagara Elementary Learning Centre	K45,000 as part of annual funding of K180,000	Increase and support early learning for the school and nearby communities.	The Learning Centre is now fully functional and used by children in the elementary class
Earthquake disaster relief	K250,000	Funded relief work of five organizations	Funded
Hiri Moale sponsorship	K100,000	Construction of Lagatoi's by the Motu Koita people of Port Moresby.	Funded
Burnet Institute	K400,000 over a two year period	Researching the alarming increase of 'stunting' in PNG.	Payment completed in Q1 2019
Kokoda Track Foundation	K150,000	Provision of 'gap training' to qualify 7,000 elementary school teachers throughout PNG.	Fully funded
Australian DFAT partnership	Three year agreement at K130,000 p.a.	Three Nursing scholarships and 10 female maritime cadetships	First year fully funded.
Salvation Army	K291,300	Funding supports projects that involve gender based violence, safe house for abused women and children. The House of Hope provides awareness on HIV, early learning for children and refuge.	Ongoing support

2018 SUSTAINABLE DEVELOPMENT HIGHLIGHTS

GR4 Indicator	Description	2017	2016	% Change
G4-10	Total employees	2685	3165	- 16%
EC6	Citizens in senior roles %			

Proportion of Senior Management Hired from the Local Community at Significant Locations of Operation (EC6)

STEAMSHIPS GROUP	2018	2017	% change
Total Workforce	2685	3165	-16%
Total Staff in Senior Roles	141	155	-9%
Citizen Staff in Senior Roles	89	103	-15%
% Citizen Staff in Senior Roles			

PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE/ DIRECT ANSWER	PAGE LINK
G4-11	Percentage of total employees covered by collective bargaining agreements.	Did not report in 2016	201	

Total Number and Rates of New Employee Hires and Employee Turnover by Age Group, Gender and Region (LA1)

STEAMSHIPS GROUP	2018		2017	
	M	F	M	F
<30	371	125	182	122
30 to 50	526	122	159	53
>50	94	9	23	3
Total	991	256	364	178
Turnover %	46%			



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