



SUSTAINABILITY REPORT | 2019



Level 5 Harbourside West
Stanley Esplanade | NCD 121 | Papua New Guinea
P: +675 313 7429 / 79987000
steamships.com.pg



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.

Our strategy is aligned to the United Nations Sustainable Development Goals. 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.

- 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.

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.

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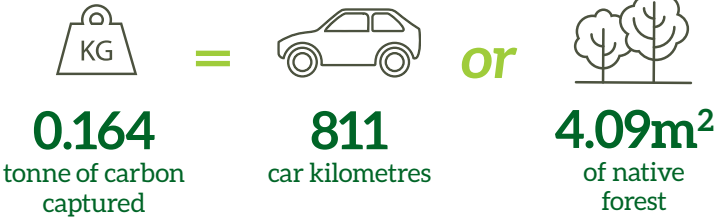
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Environmental Impact Statement



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FOREWORD



Sustainable development is a journey of continuous improvement, and it's pleasing to report that we continue to bring sharper focus and incremental progress to the way that we approach sustainability.

A genuine commitment to the principles of Sustainable Development has always underpinned the way that Steamships operates, and is key to delivering lasting value to its customers and shareholders

As always, it is about Our People, Our Environment, and Our Community, and how we at Steamships focus on these three pillars to make a meaningful contribution to the growth and prosperity of Papua New Guinea.

The safety and development of our people is paramount, and the delivery of over 130,000 hours of training across a variety of subject areas such as safety, customer service and technical skills, is testimony to that. I'm particularly pleased at the steps taken to focus our leadership delivery. Training tomorrow's leaders is essential to a sustainable future, and by the end of the year, over thirty of our Managers had completed our Team Leadership Development Programme (TLDP), a management development tool that was introduced only a year prior. This has complemented the seven year old Graduate Development Programme, which saw three participants complete their rotations and join the full time Steamships workforce in 2019.

We continue to refine the way that we measure our impact on the environment and it is encouraging that the discipline of monthly measurement and regular reporting

has resulted in better efficiency and reduced energy consumption in our businesses.

Environmental responsibility was also a part of our community engagement focus in 2019. The partnership with The Sago Network to introduce 'hygienic dry toilets' as part of the Laukanu Sanitation Programme in the Morobe Province was a highlight of our Grants Programme activity, and the ongoing participation in World Environment day in the NCD ensures that awareness at schools level is appropriately focused.

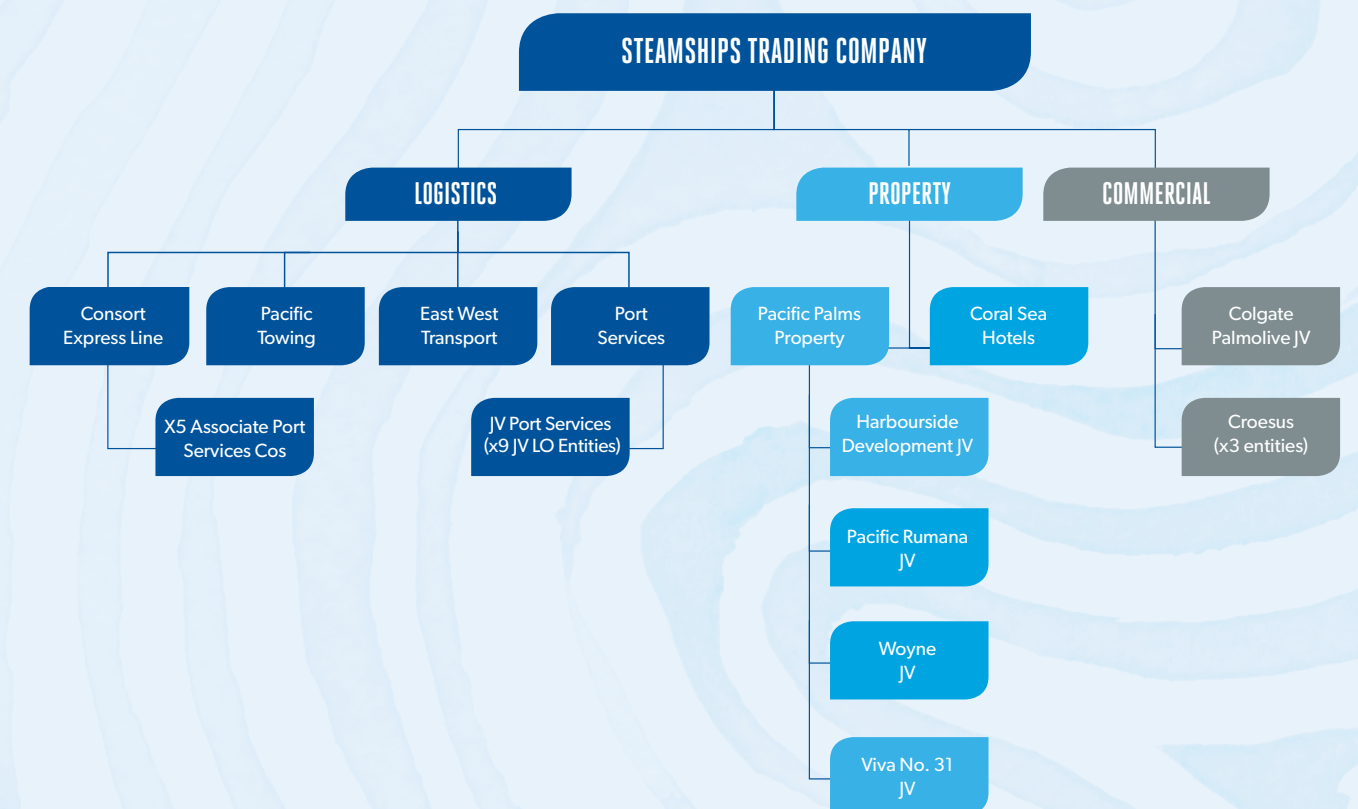
Our Community Grants Programme delivered around two million kina of funding to a number of worthy initiatives in the areas of health, education, and social welfare. Of particular note was the first time introduction of a Cervical Cancer HPV vaccination programme through Spacim Pikinini, which will be fully rolled out in 2020, and will hopefully be the forerunner to a nationwide solution to save the lives of many women and girls.

Michael Scantlebury,
Managing Director,
Steamships Trading Limited

FAST FACTS

Steamships is recognised 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 2,000 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 2019

HOTELS & PROPERTIES

Coral Sea Hotels

One of Papua New Guinea's hospitality pioneers, Coral Sea Hotels (CSH) offers premium mid-market and upscale quality hotels, residences and apartments in the country and is the largest hotel group in the country.

The CSH group includes Huon Gulf Hotel, Bird of Paradise Hotel, Highlander Hotel & Apartments, Cassowary Hotel, Ela Beach Hotel & Apartments, Gateway Hotel & Apartments, Grand Papua Hotel and Air Niugini Residences (managed by CSH). Together the group provides a total of 681 rooms and 142 apartments in the nine (9) properties they manage in Port Moresby, Lae, Mt. Hagen, Goroka and Kiunga.

Standard services provided across all CSH properties include complementary wi-fi, airport shuttle, meeting and conference facilities, free parking and 24 hour security.

Pacific Palms Property

Pacific Palms Property (PPP) continues to deliver some of Papua New Guinea's most progressive commercial developments and is one of the most dynamic Property development and management entities in the country. In addition to commercial properties, the division manages and develops residential, industrial and retail properties across in Port Moresby, Lae, Madang, Mt. Hagen, Rabaul, Popondetta, Goroka and Wewak.

PPP's Project and Development team specialize in property master planning, land acquisition, investment assessment and construction management and currently has 14 projects in Port Moresby, Lae and Mt. Hagen.

LOGISTICS: MARINE SERVICES

Consort Express Lines

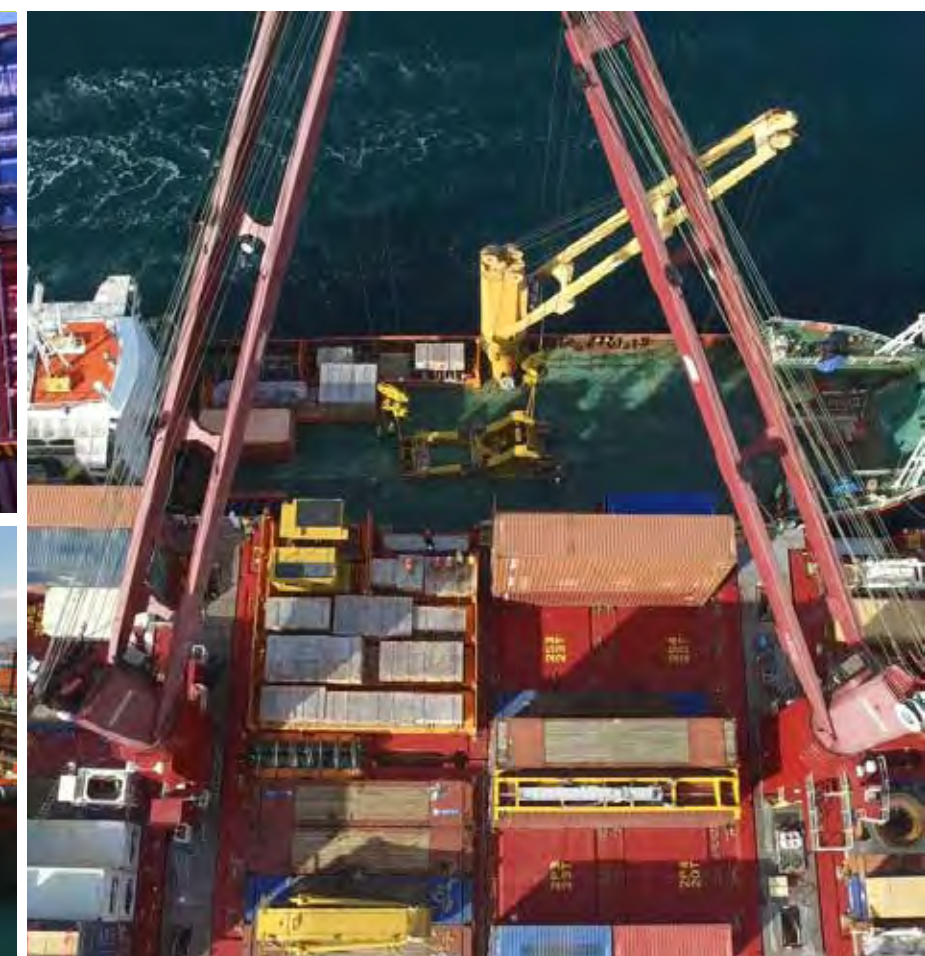
Consort transports cargo in a liner project and charter capacity for diverse domestic businesses ranging from local farming to transport and construction companies, manufacturers and wholesalers, international energy and mining companies.

As the largest coastal shipping company in the country Consort currently has nine operating vessels and has invested more than K240 million in an extensive fleet and infrastructure to provide reliable scheduled liner shipping service for FCL, LCL and break-bulk shipments. Scheduled liner service operates to 14 main ports (Alotau, Basamuk, Buka, Kieta, Kimbe, Kiunga, Lae, Lorengau, Madang, Oro Bay, Port Moresby, Rabaul, Vanimo and Wewak) and transports an average of 6500 containers annually.

Pacific Towing

Pacific Towing (PacTow) services multiple industries and clients throughout Oceania and South East Asia and draws upon 42 years of maritime safety experience. The company has a fleet of well-maintained vessels with an exceptionally trained and committed team and operates in Port Moresby, Lae, Madang, Kimbe, Rabaul, Solomon Islands and Fiji.

Marine services provided include salvage, life raft servicing and repairs, marine towage, diving contractors and hull cleaning. In 2019, PacTow imported environmentally responsible Hull Cleaning technology. All necessary environmental testing and accreditation has been conducted and regulatory authorities, including the National Maritime Safety Authority have approved this system.



LOGISTICS: TRANSPORT & PORT SERVICES

East West Transport

East West Transport (EWT) is an accredited ISO service provider ISO 14001, Environmental Management, and ISO 18001, Occupational Health & Safety, and is one of the country's largest multifaceted transport and logistics company with nil LTI sitting at 2059 days as of November 2019. EWT does well over 30,000 movements annually and operates in Kimbe, Kavieng, Rabaul, Madang, Wewak and Port Moresby, for reputable clients such as Coca Cola Amitil, City Pharmacy Limited, Puma and Pacific Industries.

EWT services have expanded to cater for bulk fuel, containerized freight, break bulk cargo as well as depot related services such as yard storage, warehousing and equipment hire.

JV Port Services

The Joint Venture Port Services (JVPS) has partnership with ten landowner groups and operates in the ports of Kieta, Buka, Kavieng, Kimbe, Madang, Lae, Oro Bay, Alotau, Port Moresby and Kiunga.

JVPS has achieved ISO accreditation ISO 45001 for Safety and Environmental standards. As part of safety being a fundamental part of the business, JVPS has introduced its own Registered Training Organization (RTO) enabling staff to access nationally recognizes training. In addition, JVPS provides RO-RO and LO-LO, terminal services, project cargo, break bulk handling, container services, cargo tracking and washing, reefer monitoring and stevedoring services.



SUSTAINABLE DEVELOPMENT

A genuine commitment to the principles of Sustainable Development has always underpinned the way that Steamships operates, and is key to delivering lasting value to its customers and shareholders. This commitment, articulated by a focus on **Our People**, **Our Environment** and **Our Community** will ensure that the Company remains relevant, and continues to make a valuable and lasting economic and social contribution to Papua New Guinea.



Our People

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.

We strive to ensure that:

- 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 Community

Steamships recognizes that every business has to earn and maintain its right to operate. Having a positive impact on the various communities in which it operates is key to this. Engagement with the community is facilitated through an involvement in social programmes that prioritize four key areas; health, social welfare, education, sports and culture, with emphasis on women and children. The aim is to identify projects and partnerships that bring measurable, meaningful, and positive impact to those in most need. The company committed over K2.0 million to various community based initiatives in 2019.



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.

Reporting continues to be refined to ensure we minimise the environmental impact of our commercial footprint.

OUR PEOPLE...

Continuity has become the word with Steamships Learning and Development.

Fairness and consistency was exemplified with over thirty managers completing our six month Team Leadership Development Programme (TLDP) since its launch in 2018. This has been an important contributor to leadership development in our business. We have since developed an over-arching leadership development framework to link the TLDP and our Graduate Development Programme, and look forward to launching our new Front Leaders Development Programme in 2020.

Emphasis on communication and building synergies within our talent pool, continues to strengthen the foundation of development and bring learning to the forefront our business. A successful inaugural Annual HR Conference supporting this, was held mid-year engaging HR teams in dialogue around the development and welfare of our employees.



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.

Promoting our value of Safety First, employees from our Logistics and Property divisions underwent custom designed HSSE training to ensure standards of working in confined spaces at basic and supervisory levels. Through our Pacific Towing business, we continued to co-sponsor the gender transformative Women's Maritime Scholarship Programme with Australian Awards and China Navigation and Company, encouraging more women into the industry. With

valuable support from our internal trainers and external service providers, over 130,000 training hours captured in 2019.

We have taken bold steps in strengthening our safe and secure workplaces through the implementation of new frameworks and training of staff. We will continue to invest into the future of PNG through the development and welfare of our managers and talents, and continue to be the employer of choice.

OUR ENVIRONMENT...

Our key focus in 2019 continued to be on energy, water, waste and CO₂ emissions.

The company recorded a steady level of consumption for the group with a few notable improvements from several divisions.

Some highlights in the environmental initiatives included a partnership with Sago Network's dry toilet project and workshops in Laukanu in Morobe Province.

Education remains an integral part of Steamships environmental awareness. More than 10 schools in Port Moresby and Central participated in the annual Steamships Environmental Schools Programme. The programme encourages students to discuss environmental issues within their communities and share innovative ideas to better understand how they can be solved.



AND OUR COMMUNITY

Steamships recognizes that every business has to earn and maintain its right to operate.

Having a positive impact on the various communities in which it operates is key to this. Engagement with the community is facilitated through an involvement in social programmes that prioritize four key areas; health, social welfare, education, sports and culture, with emphasis on women and children.

The aim is to identify projects and partnerships that bring measurable, meaningful, and positive impact to those in most need. The company committed over K2.0 million to various community based initiatives in 2019.

2019 PROGRAM PARTNER REPORT

Gateway Children Fund Funding K92,000

Steamships partnership with the Gateway Children's Fund dates back to 2017. In 2019 the school was able to add one more classroom as a result of Steamships Community Grants Programme. The Gateway School provides elementary education to children living in the Moitaka area in Port Moresby.

Sago Network (Laukanu Sanitation Project) Funding K180,000

The Laukanu Sanitation Project is aimed at improving sanitation facilities and creating awareness in remote areas. The Project headed by Sago Network started in 2018 with major funding from Steamships. Laukanu village is located in Morobe Province.

Buk Bilong Pikinini Funding K145,000

An impact rewarding charity that promotes and provides early learning facilities as well as facilitates the programs. STC is a foundation sponsor since BbP inception 12 years ago. STC sponsorship in 2019 and for the next five years includes learning centres in Lae, Goroka and Port Moresby. In 2019 STC, Motu Koita Assembly and the communities within NCD will construct several learning centres which will be facilitated by BbP. The project is valued at K2 million.

Spacim Pikinini Funding K83,000

The funding supports the call for awareness and provision of the cervical vaccine HPV in Milne Bay Province for Primary School female students. Spacim Pikini works with Boroko Rotary Club and the National Health Department. The shortage of the vaccine in the year meant that the schedule for 2019 was moved forward to 2020.

Hiri Moale Festival Funding K100,000

STC support dates back to the early 1990s. Steamships supports cultural education as well as forming partnerships with the community's within which its business operates in. The funding assisted the construction of the Hiri Moale Lagatoi as well as various community activities to celebrate the Hiri Moale Festival in Port Moresby.

Australian DFAT partnership Funding K130,000

An incredible and rewarding partnership between Steamships, Pactow , CNCo and the AAPNG. This scholarship provides training and on the job experience for young female maritime cadets on board CNCo vessels, Pacific Towing as well as the maritime college. This is a three year partnership and Steamships is proud to be a part of the advancement and development of women in PNG.

Bel Isi Funding K100,000

Steamships support the campaign against gender violence. STC is a foundation sponsor since the program's inception in 2018. Each year companies show their support and advocate by participating in various activities including the "walk against gender based violence" in November.

Cheshire Disability Service Funding K50,000

Cheshire has been a charity that Steamships has supported over the last 20 years. The annual sponsorship of K50,000 assists Cheshire projects including community based rehabilitation and various activities.

Salvation Army Funding K291,352

Apart from the various activities organised by Salvos, STC funds and supports the House of Hope. The building located at Ela Beach facilitates an early learning centre, safe house for women and children experiencing domestic violence as well as HIV and Aids program.



2019 SUSTAINABLE DEVELOPMENT HIGHLIGHTS

Steamships Trading Company and the Global Reporting Initiative (GRI)

Steamships Trading Company is committed to providing an accurate and relevant set of data from across the Group and improving this as its systems mature over time. This is done in accordance with the Global Reporting Initiative's G4 Guidelines.

The primary sustainability data disclosed in this report was collected by all Steamships Divisions and reported to the Steamships Board on a quarterly basis throughout 2019.

Year-on-year comparisons are made with baseline data collected in 2018.

Steamships is committed to providing an accurate and relevant set of data from across the Group and improving this as its systems mature over time.

The table on the following page outlines a list of GRI indicators adopted by Steamships.

2019 SUSTAINABLE DEVELOPMENT HIGHLIGHTS				
GR4 Indicator	Description	2019	2018	% Change
G4-10	Total employees	2637	2685	- 2%
EC6	Citizens in senior roles %			

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

STEAMSHIPS GROUP	2019	2018	% change
Total Workforce	2637	2685	-2
Total Staff in Senior Roles	185	141	+31
Citizen Staff in Senior Roles	130	89	46
% Citizen Staff in Senior Roles	42%		

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 2019		

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

STEAMSHIPS GROUP	2019		2018	
	M	F	M	F
<30	190	105	371	125
30 to 50	188	61	526	122
>50	18	4	94	9
Total	396	170	991	256

The principles of Sustainable Development remain core to how Steamships conducts its business...

SOCIAL	COST (KINA)	INTENDED IMPACT	CURRENT STATUS
Gateway Children's Fund	92,000	Increase early learning capacity for over 250 children through classroom infrastructure plus medical checks	In progress
Sago Network (Laukanu Sanitation Project)	180, 000	Raising the standard of sanitation facilities with rural communities who require a cost-effective Sanitation solution.	Funded
Buk Bilong Pikinini	1,9323,607.90	As part of an agreement between Steamship, Motu-Koita Assembly and Buk Bilong Pikinini, learning centres will be established across the Motu-Koita villages over the next 5 years	In progress
	221,430.00	STC continues to support Buk Bilong Pikinini learning centres in Lae, Goroka and Port Moresby.	Funded
Hiri Moale Festival Sponsorship	100,000	Construction of Lagatoi by the Motu Koita people of Port Moresby	Funded
Spacim Pikinini	83,230	To expand a pilot cervical cancer vaccination program in the Milne Bay Province	In progress
Bel Isi	100,000	Steamships continues its sponsored association with the Bel Isi Project and actively accessed the program several times in 2019	Funded
Australian DFAT partnership	129,696	This scholarship provides training and on the job experience for nursing and young women in maritime	Funded
Kokoda Track Fund	200,000	Up skilling elementary school teachers, community health workers and village volunteers & the assembly of hygiene kits for women in rural areas	Funded
Cheshire	50, 000	The annual sponsorship of K50,000 assists Cheshire projects including community based rehabilitation and various activities.	Funded
Salvation Army	294,851.24	Funds and supports the House of Hope located at Ela Beach facilitates an early learning centre, safe house for women and children experiencing domestic violence as well as HIV and Aids program	Funded

What is the GRI?

The Global Reporting Initiative (GRI) is an international not-for-profit organisation that has pioneered and developed a comprehensive Sustainability Reporting Framework which is widely used around the world.

The GRI Framework is a reporting system that provides metrics and methods for measuring and reporting sustainability-related impacts and performance, enabling greater organisational transparency and accountability.

Thousands of organisations, of all sizes and sectors, use GRI's Framework to understand and communicate their sustainability performance.

The GRI's G4 Guidelines were launched in 2013. Performance Indicators are organised into three categories: Economic, Environment and Social. The Guidelines offer two options to an organisation in order to prepare its sustainability report 'in accordance' with the Guidelines: the Core option and the Comprehensive option. The options do not relate to the quality of the report or to the performance of the organisation. They reflect the compliance of the organisation's sustainability report with the Guidelines. Steamships 2016 Sustainability Report is in accordance with the "core" requirements of the G4 Guidelines.

More information on the GRI and the G4 Guidelines can be found at www.globalreporting.org

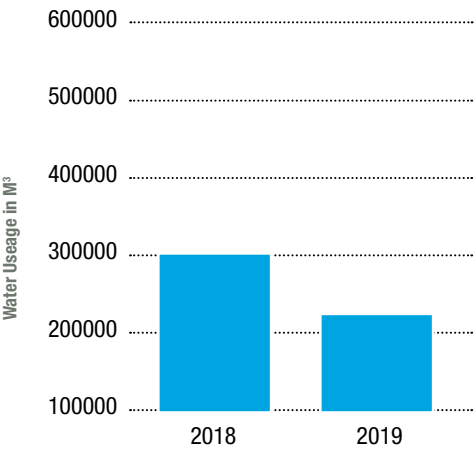
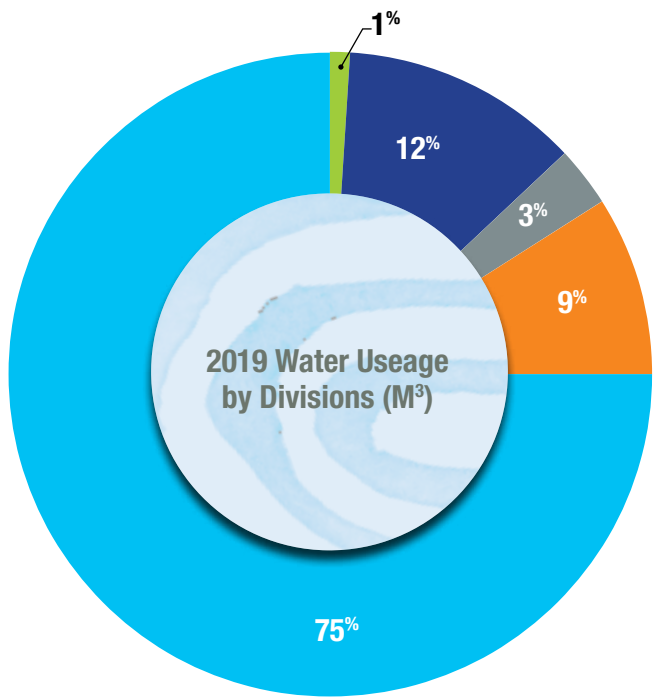
AREAS OF SUSTAINABILITY FOCUS

Our Performance

Responsible and sustainable energy consumption is encouraged at Steamships. The company monitors its energy use, water use and environmental emissions at every operational level, with the intention of improving performance wherever possible.

Despite significant efforts, improving energy efficiency remains a challenge for our businesses. Greater awareness continues to be a significant focus in the company's approach to minimise any negative impact on the environment.

2019 Water Usage by Division (EN8)



Consort Pactow Ports EWT Hotels PPP

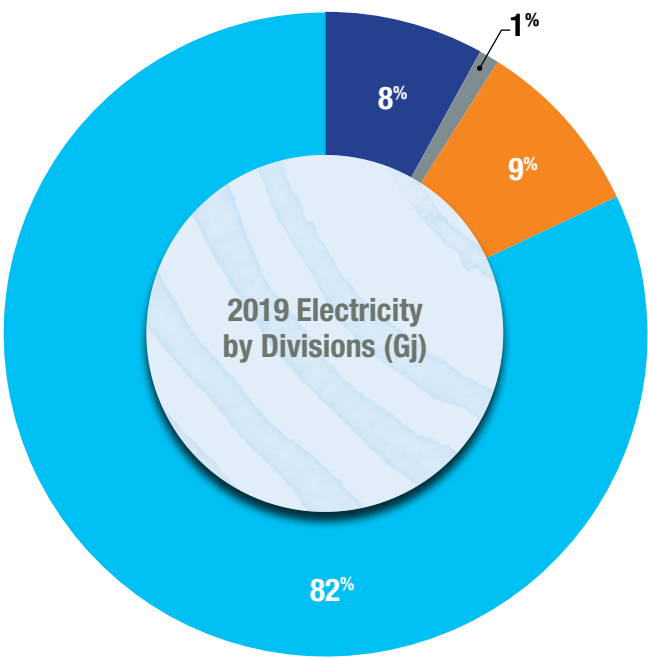
	2018	2019
Water Usage (M³)	305,390	235,121

Division	Water Usage (M³)
Hotels	182,315
EWT	21,188
JV Ports	5,901
Consort	29,812
Pactow	3,005
PPP	922

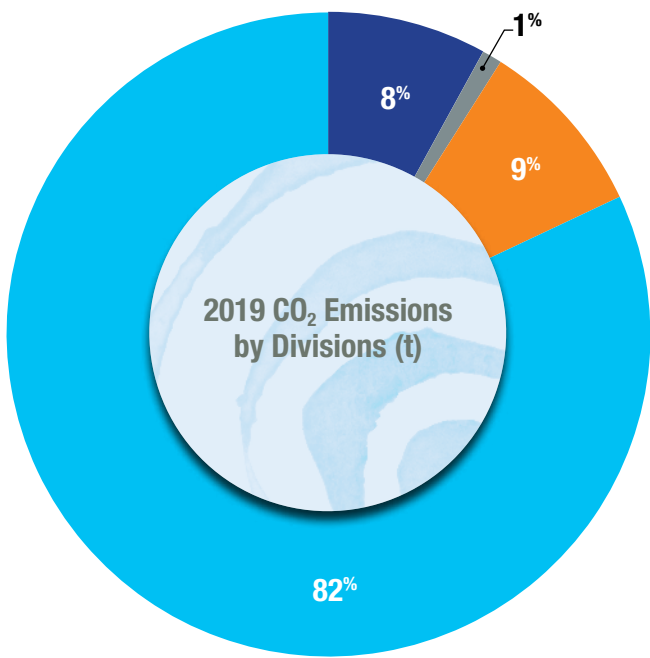
2019 Highlights

- Responsible energy consumption was recorded in 2019 across the group.
- A steady downward trend in water usage was recorded indicating that a number of divisions have installed water monitoring systems to measure consumption levels.
- A high recording for waste output in November notably in the logistics division. An area that continues to be of focus and efforts are in place to identify procedures and develop methods to avoid, reduce, re-use, capture and store waste where possible.
- Carbon emissions for Scope 1 and Scope 2 decreased as a result of responsible energy consumption.

2019 Power Usage by Division



2019 Carbon Emissions by Division



Consort Pactow Ports EWT Hotels PPP

Energy (Gj '000s)	2018	2019
Direct Energy	719,116	459,172
Indirect Energy	44,323	41,980
Total Energy	763,439	501,152

Carbon (Tonnes)	2018	2019
Direct (Scope 1)	2,221	1,330
Indirect (Scope 2)	11,429	10,811
Total Emissions	13,650	12,141

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