



SUSTAINABILITY REPORT | 2020

STEAMSHIPS' SUSTAINABILITY REPORT

Steamships Trading Company and its subsidiary companies will conduct their activities in a manner that protects the environment, health, security and safety of our employees, contractors, and customers. The Steamships Sustainable Development Policy commits the Steamships Group to playing an active role as a responsible corporate citizen.

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 workplaces, 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 in them.
- 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.
- We will 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 Health, Safety, Security, and the Environment (HSSE) is the responsibility of all staff.
- All companies in which Steamships Trading Company Limited has a controlling interest will have action plans to apply 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 and the 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 an 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 healthy 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 an operational level with the intention of improving performance wherever possible.

Our Community

Steamships Trading Company has a large footprint in PNG, and it is essential to have a positive impact on the communities in which it operates.



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Environmental Impact Statement



This report is printed by an ISO14001 printer using vegetable based inks on Wood Free FSC accredited paper which has been sourced through the Woodland Trust scheme consuming the following resources:



0.056
tonne of carbon



526.1
litres of water



0.1mil
BTUs



0.66
trees

FOREWORD



“A positive focus on Sustainable Development is an investment in Papua New Guinea. At Steamships, we conduct our activities in a manner that protects our people, our community, and our environment. By doing so we deliver lasting value to our shareholders and contribute positively to PNG’s future.”

In what was a very tough year, I am happy to say that our commitment to the key Sustainability pillars of People, the Community, and our Environment did not waiver.

People are our greatest asset, and despite the restrictive impact of the COVID-19 pandemic, we achieved significant milestones. Our Frontline Leader Development Program was successfully launched, and the Team Leader Development and Graduate Development programs continued to be delivered despite local and international restrictions on the movement of staff and trainers. In response to the pandemic the company conducted ‘Reunite & Refresh’ seminars to inspire senior managers through the crisis, and a Special Voluntary Leave Scheme was put in place to maximise staff retention. In the area of safety, the company achieved the impressive milestone of celebrating 12 months lost time injury free, and two of our businesses, JVPS and EWT, achieved ISO certification in 2020.

Our work with the community was also affected due to the restrictions introduced by the pandemic. However, our Community Grants Program still delivered much needed assistance to multi-year partners in the areas of education sponsorship, child literacy, health and sanitation, and positive social welfare advocacy. Each year we challenge ourselves to be creative and broaden our scope, and I was particularly pleased to see delivery of new projects in the Conflict Islands and as far east as the Mortlock Islands.

Addressing our impact on the environment is an enduring challenge and we continue to refine the way that we measure energy consumption in our businesses. This is a work in progress which has yielded modest results and in 2021 we will consider the option of ‘project based’ change as a more impactful way to address environmental sustainability.

The year 2020 has challenged the company in many ways, and it is pleasing to present a report that reflects a strong performance across our three underpinning pillars of Sustainability.

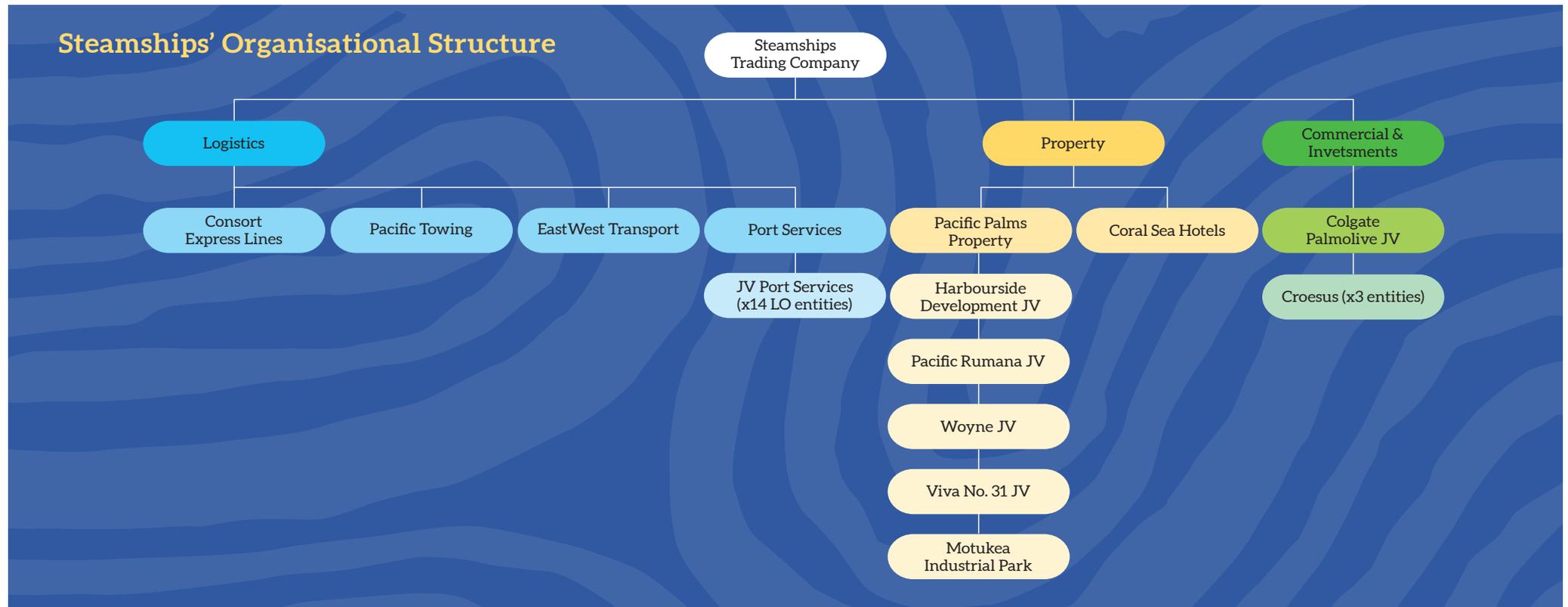
Rupert Bray
Managing Director
Steamships Trading Limited

SCOPE OF WORKS

- 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, 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 company Annual Report.
- The reporting period is calendar year 2020.

FAST FACTS

Steamships is a well-established conglomerate with diverse commercial interests and is listed on both the Port Moresby and Australian stock exchanges. The Steamships Group employs just over 2,000 people in six divisions grouped under the three operating categories - Hotels and Property, Logistics and Commercial.



HOTELS & PROPERTIES

Coral Sea Hotels

Coral Sea Hotels is the largest hotel group in PNG, managing eight hotels and one serviced apartment block. 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 (under a management agreement) 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. The group also operates several food and beverage outlets including the fast-food chain Enzo's, Ela Beach Bakery and Bonjour Café in Deloitte Tower.

Pacific Palms Property (PPP)

Pacific Palms Property 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 and Rabaul. PPP's strategy of making investments of scale and quality in good locations continues to support stable revenues. The focus for 2021 is to continue to improve customer service, keep high maintenance standards and maximise occupancy. The outlook for 2021 is for a relatively flat year, emulating 2020. Longer term, PPP remains well positioned to benefit from the next cycle with high quality properties across all categories and is confident of its prospects.

LOGISTICS: MARINE SERVICE

Consort

Consort operates a fleet of 10 PNG flagged coastal vessels.

Consort consistently connects 14 ports around PNG. It has scheduled services to locations on the north coast, south coast, New Guinea islands, Bougainville, and Western Province. Consort proudly serves the people of the country by providing an important supply link to the many communities on its routes.

Consort carries a range of cargoes including containerised, break-bulk, reefer, LCL and project cargo. Consort transports cargo for a diverse customer base from domestic manufacturers and

wholesalers to international liner carriers transshipping cargo. In addition to owning and operating ships, Consort manages PNG's largest fleet of containers, offering customers easy access to a wide range of container types.

Consort provides short and long-term vessel charters specialising in shallow water river shipping, and develops, implements, and supports intermodal logistics solutions linked to land-based services such as road transport, cargo handling, storage, customs clearance, lay down areas and warehousing.



LOGISTICS: TRANSPORT & PORT SERVICES

Pacific Towing

Pacific Towing is PNG's market leader in the provision of a diverse range of marine services, enjoying a reputation for excellence and reliability across the Pacific region. The company is a full member of the International Salvage Union and the International Spill Control Organisation.

Core services include towage, moorage, salvage, commercial diving, and life raft sales and servicing.

The company operates a fleet of 25 vessels, 15 tugs and 10 associated support vessels, and has fast responder salvage capability. Vessels are stationed in five ports across PNG - Port Moresby, Lae, Rabaul, Kimbe and Madang. An additional tug dedicated to harbour towage services continues to be based in Honiara at the company's operations in the Solomon Islands. The company expanded its fleet in 2020 with the purchase of the tug 'Waiowa', which increased the fleet's towage and salvage capabilities.



East West Transport (EWT)

East West Transport is one of Papua New Guinea's largest multifaceted transport and logistics companies. It is ISO accredited for environmental management, occupational health & safety, and quality. Based in Port Moresby, it has operations in Lae, Kimbe, Rabaul, Madang, Wewak, Alotau and Kavieng. The company has a large fleet of prime movers, heavy and light trucks, forklifts and reach stackers ranging from 2.5 to 80 tons in capacity.

All equipment is supported by localised workshop facilities, safety and emergency response teams and vehicles.

EWT operates across a wide spectrum of transport related activities including bulk fuel, containerised cargo and break-bulk cargo, and provides depot services such as equipment hire, warehousing and bonded or unbonded 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 logistics and project solutions for the mining, oil & gas, and commercial sectors.

JV Port Services (JVPS)

Joint Venture Port Services operate eleven businesses throughout the country including in the principal ports of Port Moresby and Lae, ports elsewhere on the mainland and on Bougainville, New Ireland, and New Britain.

The core port businesses offer a full range of stevedoring and handling facilities. With a fleet of specialist equipment, the businesses handle all types of containers, as well as project cargo, break-bulk, RO-RO, LO-LO, grains and cement.

The stevedoring companies are joint ventures between Steamships and local landowner groups at the respective ports around the country.

Each joint venture employs a local workforce and is structured in a manner so that a significant share of earnings is returned to the community in which the joint ventures operate.

JVPS is the only group of stevedoring and handling companies in PNG to be ISO accredited for quality, safety, and environment.

The business continues to work hard to provide a seamless logistics solution for customers in PNG drawing on the combined strengths of Swire Shipping, Consort and East West Transport.

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, our 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:

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



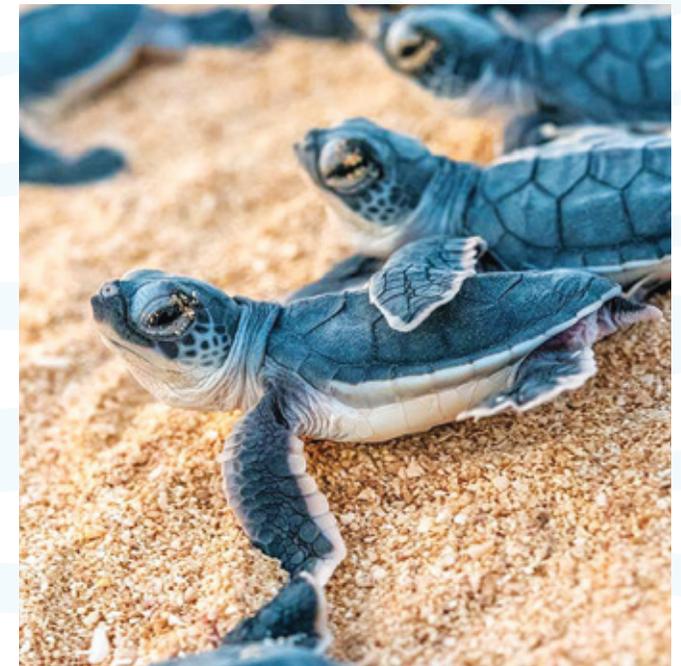
Our Community

Steamships recognises that every business must earn and maintain its right to operate. Having a positive impact on the communities in which it operates is key to this. Engagement with the community is facilitated through involvement in social programmes that prioritise 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.



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 an 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...

Challenges of 2020 and COVID-19 strengthened our teams and created opportunities.

Amidst the challenges of 2020, Steamships steadily maintained its focus on its greatest asset - people. The company Frontline Leader Development Program was successfully launched with 22 managers, in parallel with 6th & 7th re-runs of the Team Leader Development and Graduate Development programs.



Despite local and international restrictions on movement of staff and trainers, opportunities through virtual sharing platforms strengthened business communications and staff morale; connecting teams on a more regular basis that would otherwise have cost a plane ticket for an effective meeting.

Additional initiatives were executed including a series of robust 60-minute leadership trainings called 'Reunite & Refresh' to inspire senior managers through crisis, and a Special Voluntary Leave Scheme for staff retention.

AND THEIR SAFETY

Safety is a journey of continuous improvement. Progressive safety performance in 2020 was reported despite the challenges that COVID-19 presented.

In August 2020, the Steamships Group celebrated 12 months of being LTI free - quite an achievement when one considers the nature of some of the businesses and the daily hazards faced by many of our employees.

Improvement was also evident in the fact that JV Port Services and East West Transport achieved ISO certification in 2020. The focus for 2021 will be to achieve ISO status for the other businesses in the Group.

Steamships continue to do well in removing risk in our workplaces through safety observation, management walks, self-inspections, and near-miss reporting. As a Group, we surpassed our 2020 Total Leading Indicator target.

Even so, it is worthwhile to remind ourselves that we face risks every day. We are responsible for and to each other to make sure we come to work safely and return home safely.

With the same spirit that has served us well in 2020, we look forward to continuing to achieve more highlights on our zero-harm journey in 2021.

2020 STEAMSHIPS COMMUNITY GRANTS

Despite the many challenges experienced because of COVID-19 and a reduced economy, the Steamships Community Grants Program funded several projects to deliver education and health services. Whilst several projects have been deferred to 2021 because of the current pandemic, the charities funded by STC Grants Program remain committed to providing health, education, and social initiatives next year.

The current economic situation means that 2021 will see a decrease in the pool of funds for the Steamships Community Grants Program. We will provide a sharper focus on 'in kind' support to drive our kina value further.

2020 total investment in programs was K2 million. This includes Buk Bilong Pikinini's five-year plan and Australia Awards PNG three-year partnership which concluded this year. Steamships paid K60,702.33 for the operational costs of the Buk Bilong Pikinini learning centre at Pari.



An Aid Post for Mortlock Islands

STC Total funding: K110,000 (MTICCA Inc)

In the first quarter we finalised payments to the Mortlock Island Association for the construction of an aid post on the islands. Project completion was scheduled for December 2020 however because of COVID-19 and the unavailability of the vessel from mainland Bougainville to the Mortlocks, construction will now commence in January 2021.

Sustainable building for Sago Studio

Total STC funding: K195,000 (MTICCA Inc)

Sago Network's two-part project funding started in early March just before the first lock down in the country due to COVID-19. Sago Studio at Unitech Lae and Barakau Sanitation projects scheduled for 2020 were postponed because of COVID-19. Both projects have been moved forward to 2021.

House of Hope a beacon of hope

Total STC funding: K300,000+ (Salvation Army)

Salvation Army's House of Hope provides a safe house as well as being a centre for providing HIV care for the most vulnerable people, in most cases women and children whose parents have died of HIV.

Steamships sponsorship in 2020 included the annual Christmas Appeal held at Ela Beach Hotel.

Training and Development is key

Total STC funding: K212,217 (Australia Awards PNG (AUSAID))

Australia Awards PNG and Steamships three-year partnership included the sponsorship of three nursing scholars and female marine cadets.



Creating an inclusive community

Total STC funding: K50,000 (Cheshire Disability Service)

Steamships supports the Cheshire Disability Service programs through an annual funding of K50,000. The funding supports work carried out for the community rehabilitation programs as well paying for one administrative staff member.

Protecting our women and children

STC Corporate membership K100,000 (Bel Isi)

STC funding K200,000 (Femili PNG)

Steamships subscription to and membership of the Bel Isi organisation includes separate funding for the case management centre managed by Femili PNG, which supports and assists women and children experiencing family violence.

Marine conservation and protection

STC funding K12,000 (Conflict Island)

An exciting conservation program signed up by Steamships as part of its environmental initiatives. The funding will assist two local workers' wages.

Conflict Island works towards the conservation and protection of marine life including their turtle Conservation Programme.

Protecting our flora and fauna

STC funding K30,000 (Port Moresby Nature Park)

Steamships donated K30,000 to the Port Moresby Nature Park.

The Park sought corporate companies help to prevent their operations from closing because of the COVID pandemic. Coral Sea Hotels have opened an Enzo's outlet in the park.

Expanding learning centers for early learning

STC funding K1.6 million (Five -year partnership 2020-2024)

2020 Payment: K60,702.33 (Pari operational costs, Buk Bilong Pikinini)

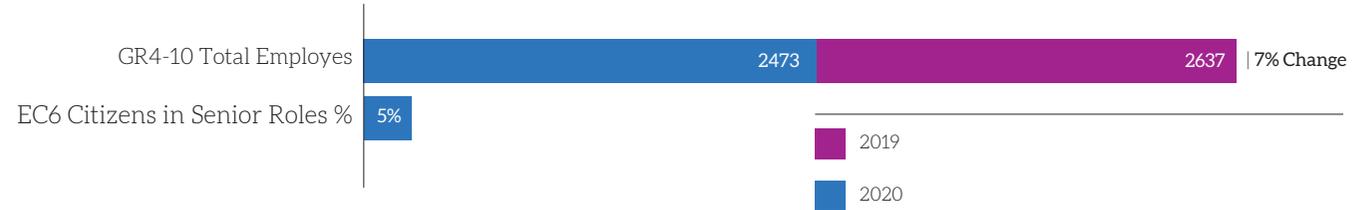
A five-year partnership with Buk Bilong Pikinini aims to build learning centres and libraries in Motu and Koita villages. The partnership between Motu Koita Assembly, BbP and STC in early 2020 saw the completion of a building in Pari village with an official opening held in September, attended by the Chairman of the Motu Koita Assembly, the Managing Director of Steamships, community leaders and invited guests.

2020 SUSTAINABLE DEVELOPMENT HIGHLIGHTS

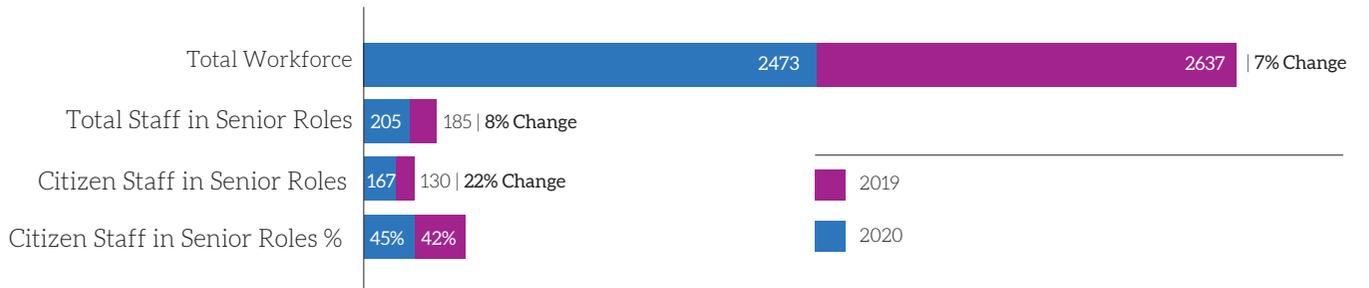
- Reduction in fuel usage.
- Reduction in water usage.
- Reunite and Refresh program for management staff.
- Turtle conservation programme funding in the Conflict Islands.
- Continued funding for education initiatives through Buk Bilong Pikinini, World Literacy Week and other programmes.



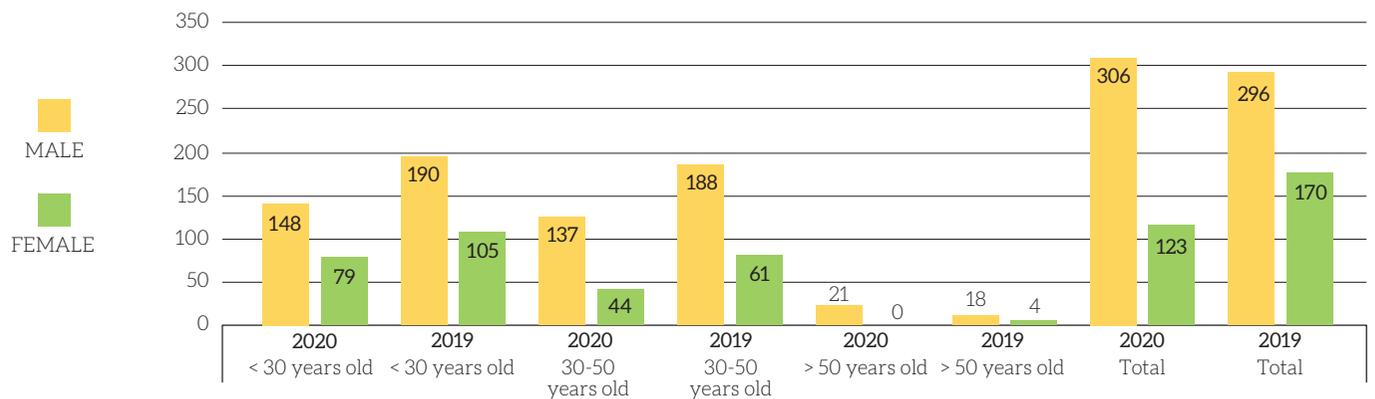
2020 Development Highlights (GR4 Indicator)



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



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



People Disclosure	Description	Reported	Cross-Reference/ Direct Answer	Page Link
G4-11	Percentage of total employees covered by collective bargaining agreements	FY 2020 had 167 (6.6%). Did not report in 2019		

Proportion of senior management hired from the local community at significant locations of operations (EC6).

2020 Development Highlights				
GR4 Indicator	Description	2020	2019	% Change
G4-10	Total employees	2473	2637	7
EC6	Citizens in senior roles %	4.50		

Steamships group	2020	2019	% change
Total workforce	2473	2637	7
Total staff in senior roles	205	185	8
Citizen staff in senior roles	167	130	22
% Citizen staff in Senior Roles	45%	42%	22

People Disclosure	Description	Reported	Cross-Reference/Direct Answer	Page Link
G4-11	percentage of total employees covered by collective bargaining agreements	FY 2020 had 167 (6.6%) 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	2020		2019	
	M	F	M	F
< 30	148	79	190	105
30-50	137	44	188	61
> 50	21	0	18	4
Total	306	123	296	170

What is GRI?

The Global Report Initiative is an international not-for-profit organisation that has pioneered and developed a comprehensive sustainable reporting framework widely used around the world.

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

Thousands of organisations, of all sizes and sector, 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
- Social

The guidelines offer two options to an organisation in order to prepare its sustainability report 'in accordance' with the Guidelines:

- The Core option
- The Comprehensive option

AREAS OF SUSTAINABILITY FOCUS

Our Performance

Steamships monitors and manages its use of energy. Reporting monthly ensures that the company operates responsibly with minimum impact on the environment.

In 2020, amidst the challenges of COVID-19 resulting in the restriction of movement and operations, the company's CO² emissions decreased. Steamships Group companies reported a total decrease in energy, fuel, and water.

The company continues to create greater awareness around reporting and monitoring the responsible use of energy, fuel, and water.

The introduction of SwireThrive 2.0 during the Swire Sustainable Development Forum via virtual attendance will be a priority for Steamships in 2021. The company is in the process of developing its strategy to align with SwireThrive 2.0.

2020 Highlights

A downward trend in energy, fuel and water usage was recorded in 2020. Much of this was a result of the severe reductions in business travel and operations due to COVID-19.

- CO² emissions decreased because of reduced usage on energy and fuel. The graphics indicate this reduction across the company.
- Water usage reduced across the **Steamships Group**.
- Waste reductions were recorded in several divisions and will continue to be a work in progress for the Group. A well-designed system for recording waste remains a focal area for the company.

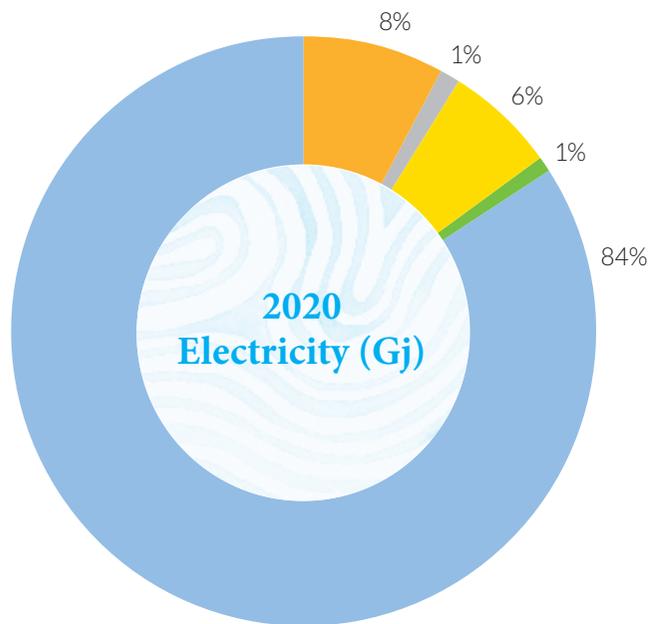
Energy (G) '000s	2019	2020
Direct Energy	459,172	328,706
Indirect Energy	41,980	37,436
Total Energy	501,152	366,142

Carbon (Tonnes)	2019	2020
Direct (Scope 1)	1,330	1,072
Indirect (Scope 2)	10,811	8,607
Total Emissions	12,141	9,678



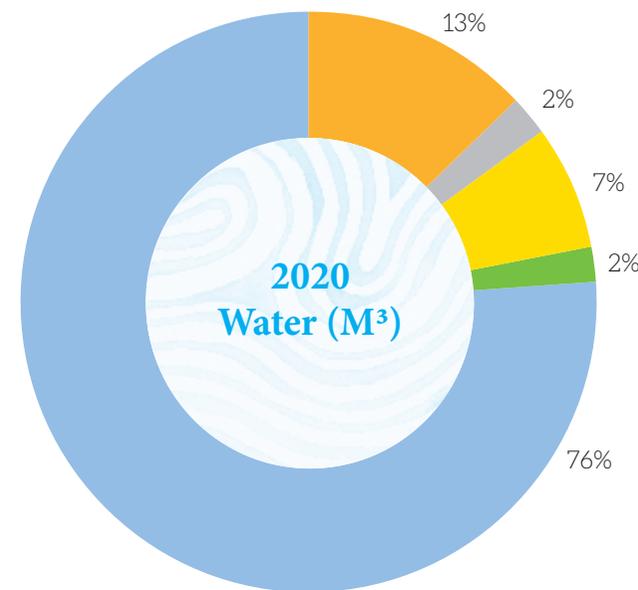
Electricity (Gj)

Division	Electricity (Gj)
Hotels	31,339
EWT	3,092
JV Ports	493
Consort	2,200
Pactow	67
PPP	245



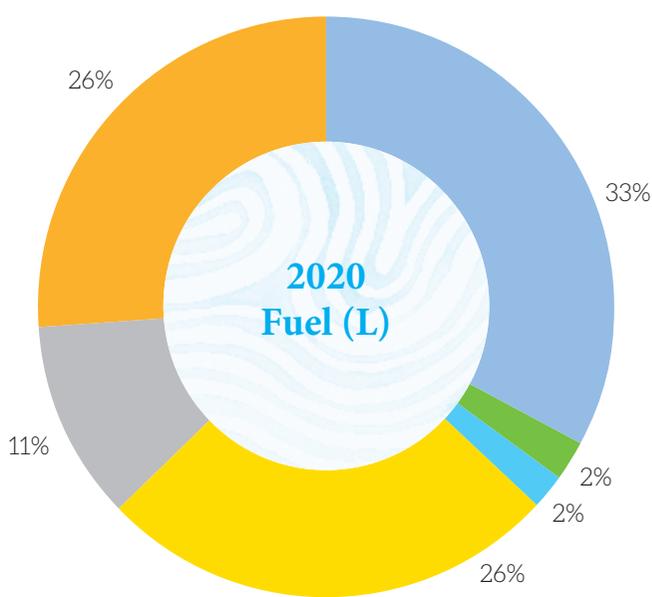
Water (M³)

Division	Water Usage M³
Hotels	148,760
EWT	25,412
JV Ports	3,600
Consort	12,859
Pactow	3,826
PPP	934

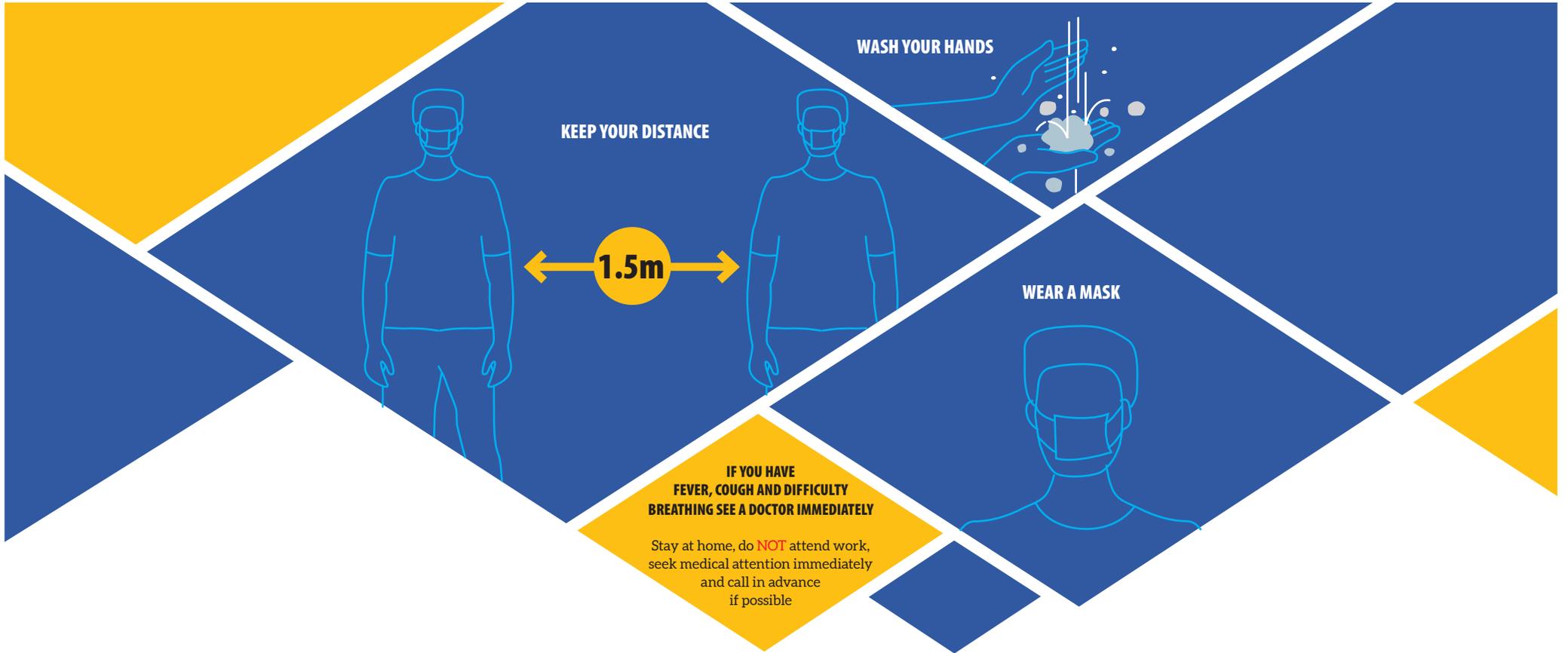


Fuel (L)

Division	Fuel (L)
Hotels	200,296
EWT	2,185,419
JV Ports	979,157
Consort	2,248,604
Pactow	2,829,302
PPP	148,600



■ EWT
 ■ JV Ports
 ■ Consort
 ■ Pactow
 ■ PPP



HELP **STOP** THE SPREAD OF COVID-19

We don't just do business in PNG. It's our home.

