



**STEAMSHIPS**  
TRADING COMPANY LIMITED

18 July 2023

ASX/PNGX  
MARKET ANNOUNCEMENTS

**STEAMSHIPS CORPORATE GOVERNANCE STATEMENT 2022**

To supplement the *amended* Appendix 4G and resubmitted on 18<sup>th</sup> July 2023, Steamships hereby annex a copy of the board approved 31 December 2022 Corporate Governance Statement which can also be found at <https://www.steamships.com.pg/about-us/corporate-governance>

**Michael Scantlebury**  
Company Secretary  
Steamships Trading Company Limited



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## A Commitment to Good Governance

Corporate Governance Statement 31<sup>st</sup> December 2022

Steamships is committed to adopting and implementing rigorous corporate governance practices across all its activities and divisions. The following corporate governance report has been approved by the Board of Directors.

Steamships has adopted the following governance structure:



\* meets quarterly

\*\* meets monthly



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Directors' attendance at the Board and relevant Board Committee meetings during 2022 is as follows:

<b>Board of committee Attendance 2022</b>				
	<b>Board</b>	<b>Audit &amp; Risk</b>	<b>Remuneration &amp; Nomination</b>	<b>Strategic Planning</b>
GL Cundle	4/4		2/2	1/1
LM Bromley	4/4	4/4	2/2	1/1
DH Cox OL, OBE	4/4	4/4		1/1
WT Kamit CBE	4/4	3/4		
JB Rae-Smith	4/4			
P Aitsi MBE	4/4			
MR Scantlebury	4/4			1/1
RPN Bray	4/4		2/2	1/1
CD Hansor		3/3		

Steamships believes it complied with the Australian Stock Exchange Corporate Governance Principles & Recommendations (the fourth edition) during the twelve months ended 31 December 2022, except as disclosed below. References noted below as "ASX CGS Principles" align to this document.

Each section addressing a key principle includes references to relevant information that appears in the 2022 Annual Report or on Steamships' website.

## Principle 1 / Lay Solid Foundations for management and Oversight

Steamships internal management systems and processes are designed to support the Board in providing strategic guidance for the Company and provide effective management oversight. The Board operates under a charter (in accordance with ASX CGS Principles 1.1) which defines the Board's duties and those delegated to committees and management. This charter is reviewed annually.

The Company makes careful and appropriate enquiries before appointing a director (in accordance with ASX CGS Principles 1.2) and has a written contractual agreement with each of its directors' and senior executives (ASX CGS Principles 1.3). During 2022 the Chairman of the board conducted a performance evaluation of the board, its committees, and the directors. In addition, performance evaluations for all senior executives were carried out.

The Company Secretary reports to the board, through the Chairman, and agrees all agenda items, meeting minutes and dates of future meetings (in accordance with ASX CGS Principles 1.4).

Neither the Chairman of the Board of Directors nor the Chairperson of the Audit & Risk Committee is independent. This is contrary to the ASX CGS principles and recommendation 2.5 and 4.1 (a)(2)). Both are connected to major shareholders of Steamships Trading Co Ltd. The Chairman of the board is not the CEO.



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Recognising that a committed and diverse workforce improves operating performance and delivery of objectives, Steamships has a diversity policy in place at all levels, including the board (in accordance with ASX CGS Principles 1.5). This policy promotes gender diversity and PNG citizen development. As at December 2022 two of the eight directors are female (being 25%) Progress is reported quarterly to the board. The objective is to have a minimum of 30% of directors and senior managers of each gender.

A summary of the status as at 31 December 2022, and comparison between 2021 and 2022, is as follows:

## 2022

Citizens and Females in Senior Manager Positions	Total Head count	Total Senior roles	Total citizen in Senior roles	% of Citizen in Senior Roles	Total Female in Senior Roles	% Female in Senior Roles
Logistics	1109	85	71	84%	9	11%
Property, Hotel	849	50	32	64%	20	40%
Stevedoring	646	22	19	86%	2	9%
Head Office	101	21	17	81%	12	57%
	<b>2705</b>	<b>178</b>	<b>139</b>	<b>78%</b>	<b>43</b>	<b>24%</b>

## 2021

Citizens and Females in Senior Manager Positions	Total Head count	Total Senior roles	Total citizen in Senior roles	% of Citizen in Senior Roles	Total Female in Senior Roles	% Female in Senior Roles
Logistics	1004	92	78	85%	11	12%
Property, Hotel	816	51	27	53%	20	39%
Stevedoring	590	18	14	78%	2	11%
Head Office	97	24	13	54%	9	38%
	<b>2507</b>	<b>185</b>	<b>132</b>	<b>71%</b>	<b>42</b>	<b>23%</b>

## Principal 2 / Structure the Board to Add Value

While the Board maintains overall responsibility for the systems of internal control and monitors their effectiveness, it is assisted in discharging its responsibilities by the Audit & Risk Committee, which, from July 2021, was composed of a non-executive chairperson and two independent non-executive directors. A third independent member joined the committee in June 2022. Except as disclosed above, the audit & risk committee is structured in accordance with ASX CGS principles and recommendation 4.1 and 7.1.

The members of the Audit & Risk Committee, their qualifications, and their attendance at meetings of the Committee held during the 2022 are shown above and in the Directors' Report contained in the 2022 Steamships' Annual Report. Mr. CD Hansor is not a member of the board of Directors. He is a Chartered Accountant and Registered Company Auditor. Formerly a partner with PricewaterhouseCoopers (PwC), Mr. Hansor brings specialist assurance experience to the Audit & Risk Committee from a 25 year career with PwC delivering audit and related services to a diverse portfolio of clients across the globe. Mr Hansor



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provides advisory services to several boards and is a non-executive director of Finance Corporation Limited and Trinity Anglican School Limited.

The Board has a Remuneration and Nomination Committee (in accordance with ASX CGS Principles 2.1) comprising three Directors (two non-executive, neither of whom are independent, and the Managing Director). The members of the Remuneration and Nomination Committee and their attendance at meetings of the Committee during 2022 are detailed above.

The Company maintains a board skills matrix which sets out the skills assessed across the board (in accordance with ASX CGS Principles 2.2). This matrix is not publicly disclosed.

Steamships follows the Global Reporting Initiative, a worldwide corporate sustainability transparency initiative, and since 2017 has adopted the G4 guidelines.

The Company identifies the following directors as being independent: DH Cox OBE OL, WT Kamit CBE and P Aitsi MBE. Directors' interests and length of service is disclosed in the Company's 2022 Annual Report. The board has reviewed the interests as declared and is of the opinion that they do not compromise the independence of the above-mentioned directors. This satisfies ASX CGS Principles 2.3.

ASX CGS principles and recommendation 2.4 states that "a majority of the board of a listed entity should be independent directors". The Company does not meet this recommendation. Given the nature of the shareholding and limited locally available skills, the board considers the current composition as appropriate.

New directors are inducted onto the board through a series of briefings from fellow directors (including the managing director and finance director). The Chairman regularly assesses the need for continuing professional development to ensure all directors have the skills and knowledge to perform their roles. This is in accordance with ASX CGS principles and recommendation 2.6.

The Board has received from its Managing Director a declaration that, in his opinion, the financial records of the entity for 2022 have been properly maintained and that the financial statements comply with the appropriate accounting standards and give true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. This is in accordance with ASX CGS principles and recommendation 4.2.

During 2022, management of Steamships and its divisions reported to the Audit & Risk Committee on the effectiveness of its risk management systems and performance in managing material business risks. Steamships' board and Strategic Planning Committee also formally reviews divisional risk registers and the corporate risk register as part of its annual strategic review.

## Principal 3 / Instill a Culture of Acting Lawfully, Ethically and Responsibly

Steamships' Code of Conduct is based on the Company's values and behaviours. It represents a commitment to uphold ethical practices as well as comply with legal and regulatory requirements. The Code applies to all employees and extends to directors and senior executives. It is disclosed on the



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Company's website and is reviewed annually by the Audit & Risk Committee (in accordance with ASX CGS principles and recommendation 3.1 and 3.2).

Other HR policies underpin the Code and cover health, safety, environment, security, drug & alcohol abuse, vehicle usage, cyber security, etc. The Code is signed by new joiners and is presented to all staff periodically as a training refresher. Proven material breaches of the Code result in termination of employment.

## Principal 4 / Safeguard the Integrity of Corporate Reports

Steamships recognises the importance of the accuracy and integrity of its financial reports and has the structure in place to achieve this. The Audit & Risk Committee meets frequently (five times p.a. with two of these meetings being to review and approve the disclosure of interim and annual results and financial statements). The Audit & Risk Committee holds regular meetings with the external auditors (with and without senior management present).

The Company has a "whistleblowing" policy (in accordance with ASX CGS principles and recommendation 3.3). All incidents reported are investigated and are escalated to the Audit & Risk Committee.

The Audit & Risk Committee is responsible for the appointment, performance, and independence of the external auditors. PwC were re-appointed following a tender process in 2020. It is a practice of PwC that the engagement partner rotates after five years.

The external auditor is required to attend the Company's Annual General Meeting where shareholder questions can be addressed.

The Company has an anti-bribery and corruption policy which is contained within the Code of Conduct (see above). This is in accordance with ASX CGS principles and recommendation 3.4.

## Principal 5 / Make Timely and Balanced Disclosure

Steamships has a written policy to ensure compliance with the ongoing ASX Listing Rules disclosure requirements and PNGX Markets (being the Public Disclosure and External Communications Policy) which is reviewed annually. The Board received copies of all ASX market announcements promptly. This is in accordance with ASX CGS principles and recommendation 5.1 and 5.2.

The Company does not disclose periodic corporate reports other than the half yearly and annual results.

The Company does not give investor or analyst presentations.

## Principal 6 / Respect the Rights of Security Holders

The above-mentioned policy ensures that the Company is aware of the need to provide effective communication to shareholders on the activities of the Company. This is most effectively achieved through the website. in accordance with ASX CGS principles and recommendation 6.1



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The Company does not have an investor relations programme (contrary to ASX CGS principles and recommendation 6.2)

The Annual General Meeting is held in Port Moresby and all shareholders are invited to attend. The Company has established a tele-conference facility to encourage greater participation of shareholders at the AGM if they are unable to attend in-person (in accordance with ASX CGS principles and recommendation 6.3). Substantive resolutions are decided by a show of hands rather than a poll (contrary to ASX CGS principles and recommendation 6.4).

Although the website contains all information sent to Shareholders. The Company is giving consideration to electronic communication. This is not available yet and as such in not accordance with ASX CGS principles and recommendation 6.5.

## Principal 7 / Recognise and Manage Risk

Steamships recognizes that the management of risk is a fundamental component of doing business in Papua New Guinea. This is managed through a comprehensive risk register compiled by each of the divisions' management teams, reviewed semi-annually, and endorsed by the executive directors. Divisions present their risk register to the Audit & Risk Committee and Strategic Planning Committee (sub-committees of the board) annually in accordance with ASX CGS principles and recommendation 7.1 and 7.2. The board also reviewed and approved the risk register in November 2022 and will review annually.

The Health and Safety Committee meets monthly with representation from across the businesses and the Group HSSE Manager and is chaired by the Managing Director. The observations and actions from this committee are reported to the Board quarterly.

Steamships is committed to operating to ISO standards. The Logistics and Property divisions have been awarded ISO 18001 (Safety), 14001 (Environment) and ISO 45001 (Quality). The Hospitality division is expected to be accredited for the same standard in 2023. The Hospitality division has HACCP certification for food safety in all restaurants and food outlets.

The Company has an internal audit function run by a qualified and experienced manager with an assistant auditor. This team is supported by further internal audit resources, under a contract for services, with the Company's major shareholder, John Swire & Sons Ltd. This is in accordance with ASX CGS principles and recommendation 7.3.

The Company does not have a material exposure to environmental or social risks, although the former is a growing risk for all who live and work in Papua New Guinea. Consideration of these risks is in accordance with ASX CGS principles and recommendation 7.4.

## Principal 8 / Remuneration Fairly and Responsibly

The Remuneration and Nomination Committee meets at least annually (often semi-annually) to review pay and bonus arrangements for all employees, succession planning and to review remuneration for Board and Committee Members. This is in accordance with ASX CGS principles and recommendation 8.1.



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The Company does not, however, disclose its policies and practices regarding remuneration of directors and senior executives. This is contrary to ASX CGS principles and recommendation 8.2.

The Company does not have an equity-based remuneration scheme (and ASX CGS principles and recommendation 8.3 is not relevant)