



| GRIEG SHIPPING GROUP



Corporate Responsibility 2008



CEO Camilla Grieg:

Yes, we are committed to CR

We aim to be a driving force within the field of corporate responsibility in the shipping industry, with full integration of environmental, social and ethical concerns in our business strategies and daily operations.

The Grieg Shipping Group supports the UN declaration of human rights, the ten principles of the UN Global Compact and the ISO 14001 certification. This commits us to high ethical and environmental standards in the way we conduct our business.

With our newly established 100% ownership of Grieg Star Shipping, which was also an important milestone for our Group, we are better equipped to execute our long-term vision and strategy.

The Grieg Shipping Group’s vision is to create lasting value through our common effort. As long-term players, we intend to serve our customers and be an attractive employer also in the future, which is why we must be able to withstand and survive market downturns and see and act upon the opportunities offered by developments of this kind.

We have established our own manning agency in the Philippines to further develop and strengthen our relationship with our seafarers and build on their expertise to successfully manage future challenges at sea.





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Fact Highlights 2008:

Environment: Five vessels were awarded the Green Passport showing them to be in compliance with the IMO Guidelines on ship recycling. A further 9 will qualify in 2009 and 9 more in 2010.

Employees: Focus on personal development achieved by training, motivation and engagement. This will again be on top of our agenda in 2009.

Social Responsibility: We have implemented a supplier code of conduct (SCC) and presented it as best practice in the Norwegian shipping industry.

Commitments: We have joined the UN Global Compact and taken the first steps towards reporting in accordance with GRI guidelines. For the first time the Grieg Shipping Group issues a separate corporate responsibility report.

Create values and act responsibly

In our vision we draw attention to value creation, and how we will achieve this working together with our stakeholders. By doing so we contribute to economic and social development. It is our aim to realize this without jeopardizing future generations' opportunities to grow and prosper.

Likewise, our company culture is defined by our values

Solid, Proud, Open and Committed

They are the cornerstones for our attitudes, behaviour and actions, and they guide the way we do our business and how we measure our success.

These are also the main components of our view on corporate responsibility. It is not about nice words and good intentions. At the end of the day it all boils down to our ability to act and deliver in accordance with our vision, values, policies and guidelines.

In the Corporate Responsibility (CR) report 2008 we visualize our commitments and actions concerning business performance, human resources, environment and social responsibility.

Given the nature of the global maritime industry, the list of stakeholders cover a wide range – starting with our employees and ending with society in general. In our strategy for corporate responsibility the Grieg Shipping Group targeted three groups of stakeholders in 2008; employees, the environment in which we operate and our suppliers.

Throughout the year we focused on engaging these stakeholders to create more commitment to our environmental vision, our ethical guidelines and values, and our efforts in the area of corporate social responsibility.

We are proud of what we have achieved so far, but we acknowledge that both our industry and we as a company must continue the hard work in order to improve our performance in all areas.

During 2008 the Grieg Shipping Group joined the UN Global Compact (UNGC) and committed us to the UNGC's ten principles as an important part of the company's social responsibility policy.

For the first time we have taken a step towards reporting progress in accordance with the Global Reporting Initiative (GRI). This section provides a selection of basic information, to a certain extent defined by the GRI Guidelines.

Six main stakeholders

Understanding the priorities and concerns of stakeholders is vital to ensure that the Grieg Shipping Group continuously improves and raises the bar on our sustainability efforts.

We accept having a responsibility for an ethical and conscientious relationship with the following stakeholders:

- Employees
- Customers
- Suppliers
- Business partners
- The environment
- Society in general

“We shall attract the most talented people and be acknowledged as the shipping company where they want to work and develop”

Overall objective for human resources strategy

Both manual and electronic navigation onboard to ensure a safe voyage.

Grieg Shipping Group:

- 48 employees on shore
- 568 seafarers
- Owns and manages 23 open-hatch general cargo vessels
- Contracts for four newbuildings with delivery in 2009 and 2010.
- Located in Bergen, Oslo, Mobile (Alabama), Shanghai (PRC) and Manila (Philippines).

Long term success in achieving the objectives of the HR strategy will be visible in our ability to deliver a culture and working environment which among others values:

- High performance and teamwork
- Fairness of treatment
- Respect for difference and diversity



Cadets practicing manual navigation at the Philippine Merchant Marine Academy in Manila.

Employees always at the core

During 2008 the Grieg Shipping Group kept a constant focus on employee engagement and personal development. Our employees have always been at the core of our business. Guided by our values, we have worked together to further strengthen our corporate culture and develop our skills and capabilities.

A structured approach to involvement and interaction with both seafarers and land-based employees provides us with a strong foundation for improvement work. Valuable learning and sharing of knowledge has taken place in different arenas, such as conferences and seminars, as well as on-the-job training.

Throughout the year we renewed and refreshed some fundamental people processes and tools, such as the employee dialogue, development plans and the role of the leaders. It is our aim to take this even further by establishing a holistic people performance management process, focusing on creating a constructive approach to improvement and development.

The lives and wellbeing of our people at sea is always on top of the agenda. We work relentlessly to ensure that the seafarers are provided with means to ease the hardship and strain associated with life at sea. Furthermore, our officers and ratings who manage lives, vessels and cargo 365 days a year, are meeting challenges that require all their skills, and the right attitude and level of awareness. Ensuring that they all receive appropriate training and the opportunity to rise through the ranks will continue to be a main focus. Our involvement in crewing and training activities in Manila is about to become even greater with the establishment of our new manning agency. This constitutes a solid platform for growth, giving us the opportunity to take a leading role in attracting and developing Philippine seafarers.

Grooming our future managers

The demands on maritime officers are great and challenging. Being part of the ship management requires knowledge and skills in all aspects of safe vessel operations. Our main source for the recruitment and development of future officers is the cadet programme. We take part in the Norwegian Shipowners' Association's cadet project in the Philippines, but also use other channels for the selection and education of our cadets. On a yearly basis about 50 cadets are graduated, well prepared and equipped to embark on an exciting career on board our vessels.

We recruit cadets from the Philippine Merchant Marine Academy, John B. Lacson University and the University of Cebu. The universities attract students from all over the Philippines. A substantial proportion coming from large islands like Cebu, Davao, Bohol, Mindanao, Panay and Negros, which are among the country's poorest regions. Being selected as a cadet by one of the international shipowners is like winning the lottery. For thousands of Philippine families seeing a son or daughter graduating from a maritime university is like finding a way

out of poverty and the possibility of a better life in the future. All ships' officers must be trained in compliance with competence standards required by the UN International Maritime Organization's STCW Convention (the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers).

Philippine maritime education consists of four to five-year college degree programmes for officers. College admission requires the completion of six years of elementary and four years of secondary education. In general all the cadets go through a 4-year course of study, of which 1 year is shipboard training. During their sailing period they are exposed to life at sea, whilst taking part in many of the daily tasks related to maintenance and operation of the vessel.

The cadets graduate with the degree of Bachelor of Science in Marine Transportation or Marine Engineering. There is also the possibility of adding on a Master's degree in Shipping Business Management and Maritime Education.

E m p l o y e e s

Cause no harm

Health and safety is an integral part of our Safety, Security and Quality Management System, certified by DNV.

It is a main principle that our operations shall not cause any harm to personnel, the environment or property. This principle guides our improvement activities as well as our focus on personal awareness and responsibility. Furthermore, we strive to encompass a holistic perspective on lifestyle, wellbeing, nutrition, leadership, motivation and other factors vital to the development of a health and safety culture.

In accordance with public requirements, all individuals must undergo a medical examination in order to be accepted for service on board our vessels. In addition, a knowledge and understanding of our drug and alcohol policy is a company requirement.

Both onboard and land-based training, information, drills and initiatives to build motivation are high on the agenda, in combination with a strong focus on the working environment in general.

“Grieg Counts 4 Safety” was one such initiative, urging the seafarers to pay attention to incidents and accidents and to reflect upon how the working environment could be even safer. Two measures were established, one directed at injuries and the other at incidents. They were followed up by counting the days since the last undesired event.

Over the last few years specific steps have been taken to inform onboard personnel on topics related to health and wellbeing. As these issues are addressed during the officers’ conferences, when wives also take part.

Our improvements and achievements are closely monitored and followed up. We are currently measuring lost time due to accidents and the frequency of total reportable cases.

Fatal crew accident

On August 18, 2008 one of our crew members had an accident onboard one of our vessels and his life could not be saved.

Through our manning agency his family was immediately notified and offered all assistance and support. Assistance and support were also provided for the onboard staff and a mass was held prior to the vessel’s departure. In such tragic situations it is vital to have procedures and the apparatus needed to give all assistance and help required to make the burden for family and friends as manageable as possible.

This tragic accident was reported to the Norwegian Authorities and an investigation has been held. Two representatives from the Accident Investigation Board Norway (AIBN) went onboard the vessel in question, and carried out an investigation, interviewing all personnel involved and evaluating procedures and the scene of the accident.

AIBN also informed the deceased’s next-of-kin of the ongoing investigation. After the investigation was finalized a report was submitted and four recommendations were made, one to the manufacturer of the equipment, two to NMD and one to the shipowner. We will adhere to these recommendations for all vessels where this is relevant to ensure that this cannot happen again.

Immediately after the accident a report was sent to all vessels. Preventive measures were implemented on vessels with this design in order to prevent accidents of this kind happening again.

Fast Training

- *We have a strong focus on development regarding skills and capabilities*
- *We focus on attracting, developing and retaining motivated and highly competent people, committed to improving themselves and the company*
- *Our cadet programme in the Philippines is essential for recruiting future officers.*

An arena for improvement

The Grieg Shipping Group wants to take a proactive approach to corporate responsibility, expressed through our commitment to finding good solutions to environmental, ethical and social matters. To achieve this, it is essential that the seafarers are engaged, knowledgeable and take personal responsibility.

One way to engage our seafarers is through the Officers’ Conference, a bi-annual event which brings together approximately 65 officers and 5-6 representatives from the office. The conference is an important arena for communication, building relations, learning and exchanging experience.

HR & leadership

In 2008 the human element focus areas were corporate responsibility and leadership challenges. Unfamiliar topics for our officers, one may think? That may be so, but their knowledge and interest were obvious as they eagerly entered into the group discussions.

Training & welfare

During the conference, the officers discussed how they as responsible managers on board their vessels could act and behave in accordance with our common priorities and objectives. As always, ensuring safety and security is high on the list, as are a concern for the environment and energy efficient transportation. In addition, welfare for the seafarers and their families as well as training and development are important elements of the full picture.

Employee survey

Earlier in 2008 there was a survey directed at both seafarers and office personnel, addressing attitudes towards the company’s corporate responsibility activities. The results from this survey were presented and discussed at the conference. The officers displayed a deep interest in the subject and gave valuable input to the company. The matter is receiving our close attention and we will definitively consider their comments and remarks when planning future initiatives.

Office personnel

The conference for office personnel in 2008 was dedicated to communicating the revised company strategy. All the employees were taken through the company’s vision, goals and strategies. They spent time discussing our direction for the future and its implications at departmental and personal level.



Employees

A step into the maritime world

On behalf of the maritime industry in Norway, the Norwegian Shipowners' Association launched a two-year trainee programme in 2005.

"Maritime Trainee" involves the Grieg Shipping Group and 24 other companies in the maritime industry as a whole; shipowners, shipyards and maritime equipment companies, oil rig companies, classification societies, law firms, banks and shipbrokers. For the time being we have two trainees.

Maritime Trainee seeks to give each trainee a basic understanding so that he/she becomes capable of mastering numerous functions within the maritime industry, while still at an early stage of his/her career. The trainees hold a Master's degree in economics, technology or law, from universities in Norway and abroad.

The program runs over a two-year period. It consists of a combination of working in one company and, for some of the trainees, being an intern in another trainee company. Included is an academic programme of 35 days, comprising six different modules.

The academic programme fills several purposes: The most important is to increase the trainees' expertise through lectures, group projects and company presentations.

The two first modules of the academic programme take place in Norway, as do the fourth and fifth modules. The third module is held in Singapore. Over a period of seven days, the trainees will visit several Singaporean companies and Norwegian affiliates. They will also visit the National University of Singapore (NUS) for lectures on maritime, economic, political and cultural issues. The sixth and last module takes place in London in May the 2nd year.

The right choice for me

Bjørn Egil Skogvoll is superintendent trainee at the Grieg Shipping Group, following the Maritime Trainee Programme launched by the Norwegian Shipowners' Association.

Bjørn says: "I have never regretted the decision to participate in this programme. The reason I joined the Maritime Trainee Programme was because I have always been interested in the maritime industry, and I recognised this to be a unique opportunity to gain an introduction to the various sides of the maritime world. Here at the Grieg Shipping Group I have been welcomed with open arms and I am very satisfied with the arrangement. Pretty much from week one I have been trusted with a lot of responsibility and I am also in charge of the daily follow up of one of the vessels".

Bjørn's assignments vary from helping out with different projects in the office, to travelling all over the world to visit and inspect our vessels. He is very happy with the way Grieg has handled their responsibility, appointing a mentor to provide guidance and support on the day to day tasks, but also the fact that he is given the training and courses that he needs in order to become a Superintendent.

"I can honestly say that I have chosen the right career. I consider Grieg Shipping to be an organisation which values its employees, and I am proud to be part of it", says Bjørn.



Crew on Star Japan. Photo: Skjalg Ekeland.

Grieg Counts 4 Safety

Through the years several initiatives have been taken to increase our safety awareness. In 2006 we walked for safety, and now we are counting for safety! In this speedy world, it is allowed to stop and think: Am I safe – is this safe? Our main goal is for all the seafarers to arrive back in the Philippines safe and sound, seeing the sign saying WELCOME HOME!

Together we shall make a difference.

By counting for safety we record and report accidents and unwanted incidents. Included herein are injuries which require medical treatment and lead to absence, environmental emission beyond approved regulations, and damage to the vessel or 3rd party which results in off hire, such as collisions, groundings or critical machinery breakdown.

A signboard is set up on board each vessel counting the days onboard this specific vessel since the last happening. In the offices in Bergen and Oslo there are signboards counting the days since the last happening on board our fleet.

It is our belief that keeping a strong focus on safety in this manner, directly involving the people on board, is an important step towards a strong safety culture.



- 45 000 vessels trading internationally
- Carrying 90 per cent of world trade
- Accounting for 4,5 per cent of CO2 emissions (car traffic more than 10 per cent)
- Safest and most efficient transportation with a minimum of pollution



Star Juventas passing through the Panama Canal. Photo: Grieg Star Shipping

Green carrier

The Grieg Shipping Group has high ambitions for its environmental performance. The goal is to become the preferred green carrier in the group's cargo segment.

Over the years, 2008 included, we have managed to significantly reduce the amount of waste and pollutants. Step by step we will assess the environmental impact of our operations and, by minimizing the use of materials and resources, we will reduce our consumption of energy and the resulting wastage to the lowest practical level. Our goal is to reduce the fleet fuel consumption by 20 per cent compared with 2006 level by 2015, hence reducing our emissions

accordingly. We are committed to comply with existing national and international rules and legislation concerning the protection of the environment.

Monitoring and record keeping

We have implemented many improvement projects on different levels. This will upgrade our vessels and make them more energy efficient,

while at the same time enabling us to reduce the total sailing cost.

We shall make use of our expertise and knowledge to pave the way in a continuous process towards a modern, competitive and sustainable business. We are therefore working relentlessly to improve housekeeping by conscientiously monitoring and keeping record of all potential environmental harmful activity onboard our vessels.

Our fleet of high quality and environmental friendly vessels shall be our trademark. We shall consolidate our position as one of the leading companies in terms of quality and the environmental performance. We believe that by setting our environmental standard at a high level we can further strengthen our market position to make us the preferred green carrier in our cargo segment.

Environment

New routines and technology

For many years the shipping industry has been united to reduce its emissions to air and sea. The Grieg Shipping Group has a hand on the wheel in relation to cooperation with other shipping companies.

There is ongoing work in Norway and internationally to develop new tools to reduce the industry's impact on the environment.

New technology is being developed to achieve a further reduction in emissions of CO₂, NO₂ and SO₂ from our fleet. Ballast water treatment, waste handling and ship recycling represent other challenges that we are targeting actively, and where there has been a positive development. We are proud of what we have achieved so far.

We constantly scan the market for new, effective equipment and systems which have received certification. The Grieg Shipping Group has started to develop a "Just in time" project for speed reduction. The vessels will know in good time before the journey when to reach the next harbour just in time to deliver the cargo to the customer.

The system enables the ship management to ensure economically and environmentally ideal logistic planning. Just in time systems reduce the use of oil and emissions of CO₂ into the air. If ships slowed their speed by 10 per cent, the average emission rate would drop by 19 per cent.

Certification

During 2008 we prepared for ISO 14001 certification and worked closely with the certification authority, Det norske Veritas (DnV) to prepare the required routines and procedures. Internal audits have been performed at our headquarters and onboard the vessels Star Eagle and Star Evviva.

The internal audit have resulted in a few cases of non-compliance, but they will all be taken care of and complied with in due time for certification. In order to achieve ISO 14001 certification we have to follow the defined standard for implementing, maintaining and improve our environmental performance. We are also committed to ensuring that we comply with our stated environmental policy.

Another element of the certification process is to ensure compliance with environmental laws and regulations, and our ambition is to be a vital step ahead of legislation and regulations.

Green passport

The Green Passport is given to vessels that have made an Inventory of all Hazardous Materials that can be found on board. The inventory is drawn up in order to safeguard the health and safety of the crew during maintenance work onboard, safeguard the health of yard staff and protect the environment when recycling the ship at a demolition yard. We are also actively involved together with other Norwegian ship-owning companies to develop knowledge and solutions to carry out recycling of vessels in the most proper way.

Fact ISO 14001

- *ISO 14001 is a certification standard which specifies the actual requirements for an environmental management system.*
- *Applies to environmental aspects which the organization controls and can influence.*
- *DnV is the certification authority.*

The climate change challenge

We have to do our part to reduce emissions to air, sea and land regardless of the fact that seaborne transportation is the most environmentally friendly means of transporting goods.

We do not face this alone, but we work together with the Norwegian shipping industry to find new ways of fighting pollution from our common operations. The Grieg Shipping Group has developed an environmental strategy that describes where and how we can contribute to reducing emissions from our ships.

In May 2008 the Grieg Shipping Group signed "Focus on the Climate", a government-sponsored national campaign in Norway through which companies and organizations commit themselves to reduce harmful CO₂ emissions from their operations, establish climate accounts, and involve their suppliers in doing the same.

Two workshops were organized at the headquarters in Bergen and in the Oslo office, inviting all office employees to identify improvement areas for reducing CO₂ emissions in the office, during travel and at home.

Global regulations

We agree with the view of the Norwegian Shipowners' Association (NSA) that greenhouse gas emissions from shipping should be regulated globally, either through a cap-and-trade scheme or a cap-and-charge system. We also support market-based measures to address shipping emissions, as long as they are introduced globally.

Environment

Mr. Green Passport's unique position

It is the goal of Grieg Shipping Group AS that all vessels of the fleet shall qualify for a Green Passport.

The first ships to qualify for the Green Passport were the "Star Dieppe", "Star Evviva" and "Star Eagle" which received a "Statement of Compliance with the IMO Resolution on Ship Recycling"

Recently, "Star Dover" and "Star Derby" have been through the inventory survey, thereby meeting the 2008 goal of having five vessels in compliance with the IMO Guidelines on Ship Recycling, Appendix 3, Part 1. A further three vessels are scheduled to qualify in 2009, and subsequently continue until all vessels are in compliance.

Project engineer Olaf Tronvold is in a unique position. He has been trained by Det norske Veritas to carry out the surveys for the Green Passport Inventory in-house. He became the first ever Norwegian to be approved by Det norske Veritas to carry out the Green Passport Inventory survey.

Olaf Tronvold states: "Nobody knows more about the conditions on our vessels than we do. We can rapidly compile an inventory of all hazardous materials that can be found on board. But it should be emphasised that none of the materials onboard our vessels today represent a threat to our employees' health as long as the materials are not moved from their original location. It is when we start carrying out repairs or scrapping vessels that the necessary precautions have to be taken."

Our new K-class vessels, to be delivered from a Korean Shipyard 2009/2010, will be provided with the Green Passport when leaving the Yard, and it will remain onboard until their last voyage to the recirculation yard, some 30 – 35 years from now. The Green Passport is presently a voluntary practice, but sooner or later it is likely to be a part of the IMO regulations. The Inventory being carried out onboard includes, but is not limited to, materials such as Asbestos, PCB, radioactive materials, oily and non-oily waste, plastic, and other potentially hazardous substances.

Olaf Tronvold looking for hazardous materials on board one of our vessels as a part of the green passport process. Photo: crew



Fact

We have also implemented an ethical conduct test containing three important questions when facing a minor or major ethical dilemma.

The three questions to be asked are:
Is it legal? Is it right? Can it be justified?

By guiding the way we think and act, and by encouraging us to be open, the guidelines and questions shall be our tool to maintain our high ethical standard.

Full steam ahead

We strengthened our focus on corporate responsibility in 2008 and we will continue to focus worldwide on our performance as a socially responsible player.

Despite our accomplishments, we acknowledge the need to maintain a common strategic approach to Corporate Social Responsibility with improved internal follow-up mechanisms and procedures within all our business entities.

The list of stakeholders in our business is wide. In 2008 we chose to target on three groups of stakeholders; employees, the environment in which we operate and our suppliers. These stakeholders are challenged to broaden their commitment to our environmental vision and ethical guidelines, and to our values and activities in the area of corporate social responsibility.

During 2008 the Grieg Shipping Group joined UN Global Compact (UNGC), committing itself to the UNGC ten principles as an important part of the company's social responsibility policy. We support the World Business Council of Sustainable Development. For the first time we have taken a step towards reporting status and progress in accordance with the Global Reporting Initiative (GRI).

The Grieg Shipping Group has implemented ethical guidelines and developed and implemented the Suppliers' Code of Conduct (SCC). We also feel proud when seeing the progress that has resulted from our special commitment in the Philippines, the SOS Children's Village at Cebu.

Obviously, our major concern is our employees at sea and on land, but our responsibilities and commitments to the communities where our activities are located are also a serious matter for us.

Raise ethical awareness

The Grieg Group has implemented common ethical guidelines. As part of the global community we wish to make known what the Group is doing to raise ethical awareness among its employees.

The Group emphasizes a high ethical standard, and we are proud of the way we are doing business. We cannot fight unethical behaviour alone, but we will be clear about what is not acceptable and the war on corruption will have our open and vociferous support.

We acknowledge that the practice of an unambiguous and national "Code of Conduct" is challenging in a diverse business with international operations. Thus, our ethical guidelines are developed

to give clear guidance when our employee's dilemmas are in conflict with other management and business cultures. The guidelines are based on simple principles of transparency and reporting.

Our ethical guidelines underline the responsibility we have for an ethical and conscientious relationship with our colleagues, customers, suppliers and co-operators, owners, competitors, the public sector, society at large and the local and global environment.

The guidelines can be accessed at www.grieg.no and cover our values, responsibilities, business ethics, conflicts of interest, competence, gifts/services/representation, personal interests, information handling and professional secrecy.

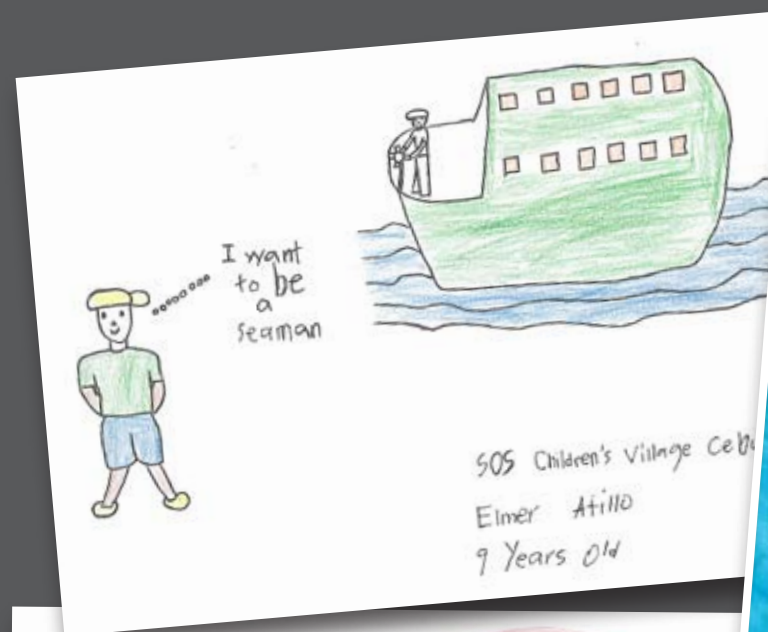
Social responsibility

SOS children decorating new vessels

A drawing competition involving children (age 6-19) from two SOS Children's Villages in the Philippines was launched by Grieg Shipping Group

Three of our newbuildings will be decorated with the colourful and creative drawings.

In advance, the children located in Manila and Cebu where equipped with crayons, paint and paper. By the end of the year we had received 130 impressive drawings and both SOS villages will be rewarded.



Social responsibility



Children in the SOS Children's villages in Cebu performing for visitors from Norway.
Photo:

Cebu - a case for our hearts

The Norwegian Shipowners' Association (NSA) took the initiative to involve itself and Norwegian shipping companies in taking a small measure of responsibility for society in general and the children in particular in the Philippines. Our common SOS family programme supports 1032 children and families, and the Grieg Shipping Group is happy to be a part of this engagement.

Twelve Norwegian shipping companies cover the operating cost for one house each in the village. This means that the whole village is being financial supported through this project.

The response among our employees has been overwhelming. All our vessels and many of our office employees have responded positively. Their contributions cover more than the annual cost for one house. This means that this projects have the full support of the employees in Grieg Shipping Group. Twice a week 210 children get food rations from seven different stations. Many of the children are offered a place in the SOS kindergarten, and together with local authorities the aid programme is coordinated and future plans and activities are drawn up.

SOS Children's Villages has a long history in the Philippines. Since 1968 seven villages have been established and five more villages are due to be built by 2016. The goal is to help 26 800 children to grow up in a safe environment and be educated.

There is a food crisis and families live on less then one US dollar per day. Increasing food prices make it even more difficult to survive. All SOS villages in the Philippines are forced to reduce costs and use savings to provide food.



Family medical plan

Through quality systems and work onboard, the Grieg Shipping Group always focuses on health and safety. At the same time we realise that it is critical for our seafarers to know that their families at home are safe. Our “Family Medical Plan” is an important contribution in this direction. The seafarer’s wife and children between the age of 30 days and 19 years are covered by this insurance, regardless of the number of children.

We know that many of our seafarers have had no cover at all. That is why the extent of the coverage shall ensure that if one of our seafarers or his family member ever has to undergo long and extensive treatment the cover chosen will be sufficient. Grieg Shipping Group has worked closely with our manning agent

to employ Philippine seafarers onboard our vessels since 1982. We are a long-term employer in this market, and by introducing more extensive cover under the Family Medical Plan than is most commonly found, we are showing that we intend to remain the preferred employer in the future.

Guiding our suppliers

The Grieg Shipping Group operates in many countries with diverse cultures and economies. Around the world we have many suppliers and contractors to provide a wide range of goods and services. We therefore strive to establish close co-operation in order to assist the supplier and contractor to improve business standards and employee welfare.

The Suppliers’ Code of Conduct (SCC) is the platform used to develop close co-operation with any supplier and contractor doing business with us.

To ensure the establishment of a socially responsible shipping industry worldwide, the Grieg Shipping Group expects suppliers and contractors to adhere to all relevant laws, rules and regulations, and strive to improve their practices where necessary making certain that their individual suppliers adhere to the same standards and legal requirements.

Our strategy is to present the SCC to each supplier face to face. The SCC is also an important part of every contract negotiation for newbuildings and dockings. The SCC is communicated to all employees to ensure that there is a focus on these guidelines in all parts of our value chain.

The SCC was presented at a meeting of Incentra, in line with our general intention to share best practice with our colleagues in the shipping industry. It was well received, with positive feedback from the Incentra members who may consider adopting the SCC.

How to blow the whistle

Under Norwegian legislation (Working Environment Act) an employee has a right and a duty to alert management, the board of directors or the authorities if irregularities or unethical affairs occur that are in violation of ethical or environmental guidelines.

The Grieg Shipping Group has implemented guidelines and established procedures for whistle blowing.

While the whistle blower guidelines are in compliance with Norwegian law and have been established primarily for our activities in Norway, our ethical guidelines challenge everyone in the company to take action if they discover any violation of our policies and guidelines.

Fact

Suppliers Code of Conduct (SCC)

1. *Freedom of Association and Collective Bargaining*
2. *Forced Labour*
3. *Child Labour*
4. *Human Rights*

Tables

GREENHOUSE GAS EMISSIONS

Emissions to air	2008	2007	2006
Fuel consumption	149 389 tons	164 000 tons	156 123 tons
NO2 emissions	14 003 tons	16 400 tons	16 052 tons
CO2 emissions	465 197 tons	510 696 tons	486 167 tons
SO2 emissions	7 585 tons	Not measured	

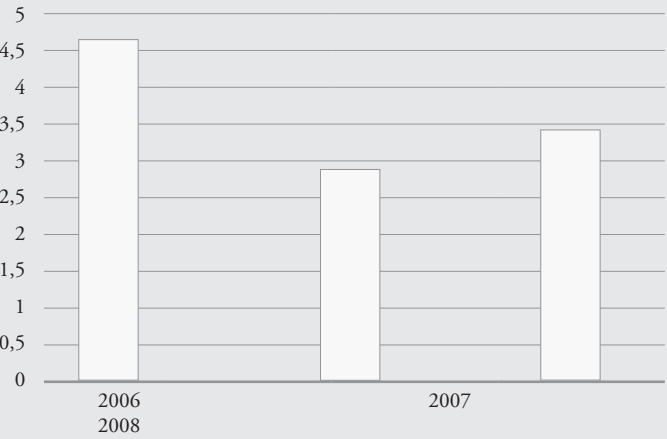
Fuel consumption:
The reason for the rather high reduction in fuel consumption from 2007 to 2008 is a combination of improved energy performance, less transported nautical miles and the fact that the Star Evviva was off-hire for a few months in 2008.

NO2 emissions: NO2 is estimated based on “Toll og Avgiftsdirektoratets retningslinjer” for calculation of NO2 tax, and IMO guidelines.

CO2 emissions: A bit down compared with 2007. This is directly related to a reduction in fuel consumption.

SO2 emissions: 2008 was the first year when SO2 emissions were measured.

CO2 INDEX



EMPLOYEES

Employees	Land		Sea		Total
	Male	Female	Male	Female	
2008	25	23	568	-	616
2007	23	23	556	-	602
2006	23	22	518	-	563

Leading positions by gender	Male	Female
Board of Directors	60%	40%
Management Group	50%	50%
Middle management	67%	33%

Nationalities	2008	2007	2006
Norwegian	45	43	42
Philippines	570	558	520
Other	1	1	1
Total	616	602	563

Lost time Injury Frequencies	2008	2007	2006
Lost time Injury Frequencies	3,5	3,0	2,6
Total Reportable Cases Frequencies	6,0	10,5	9,2
Number of casualties leading to repatriation	7	6	3
Number of “near casualties” reported (all human)	7	16	18

Return rate - sea	2008	2007	2006
Capt./Ch.eng	98%	100%	100%
Ch.off/1st.eng.	100%	95%	93%
Jr.officer	100%	95%	97%
Crew	92%	84%	88%

Absent rate - shore	2008	2007	2006
	1,23%	3,24%	2,12%

EPI INDEXES. TOTAL 2006 - 2008

The Environment Protection Index (EPI) is Grieg Shipping Group’s Index for measuring our environmental performance related to waste management, emissions to air, releases to water and other environmental incidents. The EPI is related to environmental incidents, and does not include our objectives

to emissions relative to normal operations and the usage of non polluting articles of consumption etc.

EPI is calculated as: $EPI = EI * 1000 /$



Photo: Skjalg Ekeland



Communication on progress

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption.

The Grieg Shipping Group committed to the UN Global Compact ten principles in 2008.

As a participant in the Global Compact initiative, the Grieg Shipping Group will implement the ten principles in its business strategies and operative work.

We wish to contribute to a sustainable development in markets, trade, technology and finance in all parts of the world.

The Grieg Shipping Group gives its assurance that the Global Compact and the 10 principles will be integrated in its operations and corporate culture.

We will promote and use our influence to voice Global Compact's ideas, and we will report implementation progress annually.

The Grieg Shipping Group's vision is to "Create lasting value through our common effort".

We do this by contributing to economic and social development, without jeopardizing future generation's possibilities. Joining Global Compact is an important part of the company's social responsibility policy, and we look forward to continuing our contribution to the global initiative.

- The UN Global Compact has two objectives:
- Mainstream the ten principles in business activities around the world
 - Catalyze actions in support of broader UN goals, including the Millennium Development Goals (MDGs)

With these twin and complementary objectives in mind, the Global Compact has shaped an initiative that provides collaborative solutions to the most fundamental challenges facing both business and society.

The initiative is global and local; private and public; voluntary yet accountable. The Global Compact has a unique constellation of participants and stakeholders - bringing companies together with governments, civil society, labour, the United Nations, and other key parties and elements.

The 10 principles

		Corresponding GRI indicators	CR report page
HUMAN RIGHTS			
Principle 1:	Businesses should support and respect the protection of internationally proclaimed human rights; and	HR 1-7	3, 9, 23, 26
Principle 2:	Businesses should make sure that they are not complicit in human rights abuses.	HR 1, 2	3, 9, 25, 26
LABOUR STANDARDS			
Principle 3:	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	HR 5 LA 4-5 LT 14	23, 26, 35
Principle 4:	Businesses should uphold the elimination of all forms of forced and compulsory labour;	HR 7	23, 26
Principle 5:	Businesses should uphold the effective abolition of child labour;	HR 6	23, 26
Principle 6:	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	HR 4 LA 2 LA 13, 14	24, 35
ENVIRONMENT			
Principle 7:	Businesses should support a precautionary approach to environmental challenges;	Profile disclosure 4, 11	14-19
Principle 8:	Businesses should undertake initiatives to promote greater environmental responsibility; and	EN 2 EN 5-7 EN 10 EN 13, 14, 18, 21, 22, 26, 27	14, 16, 17 32, 34
Principle 9:	Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN 2, 5, 6, 7, 10, 18, 26, 27	16, 17, 32, 34
ANTI-CORRUPTION			
Principle 10:	Businesses should work against corruption in all its forms, including extortion and bribery.	SO 2 SO 3, SO 4	23, 35



Global Reporting Initiative (GRI)

In this report the Grieg Shipping Group has taken the first steps towards compliance with the GRI’s sustainable development reporting. It is a start, which we intend to follow up in our 2009 Corporate Responsibility Report.

The Global Reporting Initiative’s (GRI) vision is that disclosure on economic, environmental, and social performance is as commonplace and comparable as financial reporting, and important to organizational success.

GRI’s mission is to create conditions for the transparent and reliable exchange of sustainability information through the development and continuous improvement of the GRI Sustainability Reporting Frame.

Sustainability reports based on the GRI framework can be used to benchmark organizational performance with respect to laws, norms, codes, performance standards and voluntary initiatives; demonstrate organizational commitment to sustainable development; and compare organizational performance over time.



GRI Element / Indicator		Page/References
PROFILE		
STRATEGY AND ANALYSIS		
1.1	Statement from the most senior decision maker of the organization	A page 7 CR page 3
1.2	Description of key impacts, risks, and opportunities.	A 7,16-18, 27-28 CR 16-17
ORGANIZATIONAL PROFILE		
2.1	Name of the organization	Grieg Shipping Group AS. A 42
2.2	Primary brands, products, and/or services	A 4,7-15, 20-21 Ship owner/Ship management
2.3	Operational structure of the organisation	A 8-9,12-15
2.4	Location of organization's headquarters	Bergen, Norway
2.5	Countries where the organization operates	Norway, USA, Philippines, China, A 4, CR 7
2.6	Nature of ownership and legal form	Shareholding company, not listed
2.7	Markets served	A 8-15 World-wide
2.8	Scale of the reporting organisation	A 8-15, CR 33, nøkkeltall
2.9	Significant changes in size, structure, or ownership	A 4-5, 7-11
2.10	Awards received in the reporting period	Nothing to report
REPORT PARAMETERS		
3.1	Reporting period	2008
3.2	Date of most recent previous report (if any)	Annual Report 2007
3.3	Reporting cycle (annual, biennial, etc.)	Annual
3.4	Contact point for questions regarding the report or its content	Director HR Ole Steinar Mjell, www.grieg.no
3.5	Process for defining report content	A 43, CR Process involving management group, HR/CR department
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, etc).	A 8-9, 43-44 CR 6
3.7	Limitations on the scope of boundary of the report	A 43-44, CR; First time reporting on GRI, focus on three main stakeholders
3.8	Basis for reporting on joint ventures, subsidiaries etc	A 43-44
3.9	Data measurements techniques	A 43, 44, CR 13
3.10	Effect of any re-statements of information	No significant restatements
3.11	Changes in the scope, boundary, or measurement methods	Significat changes
3.12	GRI Index table	CR 28-29
3.13	External assurance for the report	CR From 2009
GOVERNANCE, COMMITMENTS AND ENGAGEMENT		
4.1	Governance structure of the organisation	A 9, 20-23
4.2	Whether the Chair of the highest governance body is also an executive officer	The chair is not executive officer

4.3	For unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	No unitary board structure
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	A 23-24 CR 24
4.5	Compensation for the highest governance body, senior managers, and executives	A note 14
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	A 21-22
4.7	Process for determining the qualifications and expertise of the members of the highest governance body	A 21-22
4.8	Internally developed statements of mission or values, codes of conduct, and principles	A 5, 22-23, 34-36, 4-5 CR 6-7, 20-21
4. 9	Procedures of the highest governance body for overseeing the organization	A 21-22
4.10	Processes for evaluating the highest governance body’s own performance	A 21-22
4.11	Whether and how the precautionary approach or principles is addressed by the organisation	A 24 CR 14-19
4.12	Externally developed charters, principles, or other initiatives to which the organisation subscribes or endorses	A 7,21,23,25,34 CR 3,5,12,16-17,20,26
4.13	Memberships in associations and/or national/international advocacy organisations	A 24, CR 9, 17, 22-23, The Chair is president in Norwegian Shipowner Association
4.14	List of stakeholder groups engaged by the organization	A 34-36 CR 6,
4.15	Basis for identification and selection of stakeholders with whom to engage	CR 6
4.16	Approaches to stakeholder engagement	CR 6,8-9,11
4.17	Key topics and concerns that have been raised through stakeholder engagement	CR 11 Ethics, safety, medical plan, education

ECONOMIC PERFORMANCE INDICATORS

	MANAGEMENT APPROACH	A 7,20, 25-29
EC1	Direct economic value generated and distributed	A 4, 25-26, 29-31, 37-40 CR key figures
EC2	Financial implications and other risks and opportunities due to climate change.	Will be reported next year(2009)
EC3	Coverage of the organization’s defined benefit plan obligations.	A 54
EC4	Significant financial assistance received from government.	A 52, tax reduction by environmental investment plan
EC6	Spending on locally-based suppliers at significant location of operation.	Not reported
EC7	Procedures for local hiring proportion of senior management	Not reported
EC8	Infrastructure investments and services provided primarily for public benefit	CR 8-9, 22, 24

ENVIRONMENTAL PERFORMANCE INDICATORS

	MANAGEMENT APPROACH	A 24-25, 34-36, CR 3,14-17, 19, 26
EN1	Materials used by weight or volume	Not reported
EN2	Percentage of materials used that are recycled input materials	Not reported
EN3	Direct energy consumption by primary energy source	CR 14, 32
EN4	Indirect energy consumption by primary source	Will be reported (2009)
EN5*	Energy saved due to conservation and efficiency improvements	CR 14, 16, 33
EN8	Total water withdrawal by source	Will be reported (2009)
EN11	Location and size of land in areas of high biodiversity value outside protected areas	Not relevant for the company
EN12	Impacts on biodiversity in protected areas and areas of high biodiversity	Not relevant for the company
EN16	Total direct and indirect greenhouse gas emissions by weight	CR 14, 32
EN17	Other relevant indirect greenhouse gas emissions by weight	Not reported
EN18*	Initiatives to reduce greenhouse gas emissions and reductions achieved	A 25 CR14, 16-17, 32
EN19	Emissions of ozone-depleting substances by weight	Not reported
EN20	NOx, SOx, and other significant air emissions by type and weight	A 25 CR 32
EN21	Total water discharge by quality and destination	will be reported (2009)
EN22	Total weight of waste by type and disposal method	Will be reported (2009)
EN23	Total number and volume of significant spills	Routines for reporting will be evaluated for 2009
EN26	Environmental impacts of products and services, and extent of impact mitigation	A 24-25 CR 15-17, 19
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Not relevant for the company
EN28	Significant fines and sanctions for non-compliance with environmental laws and regulations	Nothing to report

SOCIAL PERFORMANCE INDICATORS

	LABOR PRACTICES AND DECENT WORK	
	MANAGEMENT APPROACH	A 34-36 CR 3, 7-10, 13, 20-21, 23-24, 26
LA1	Total workforce by employment type, employment contract, and region	A 24 CR 7, 33
LA2	Employee turnover by age group, gender, and region	CR 33

LA4	Percentage of employees covered by collective bargaining agreements	Shore; individual basis, sea;100% International standards
LA5	Minimum notice period(s) regarding operational changes	International rules and standards are followed
LA6*	Formal joint management-worker health and safety committees	Practiced onboard the vessels because of size of organisation
LA7	Injuries, occupational diseases, lost days, absenteeism, and work-related fatalities	A 24 CR 10,13, 33
LA8	Education, training, prevention, and risk-control programs in place regarding serious diseases	CR 10, 25
LA9*	Health and safety topics covered in formal agreements with trade unions	CR 26 International standards, and our Family medical plan
LA10	Average hours of training per year per employee by employee category	Will be reported (2009)
LA13	Diversity within governance bodies and employee categories	A 24 CR 33
LA14	Ratio of basic salary of men to women by employee category	Will be reported (2009)
	Mobile worker working pattern	
LT9	Description of policies and programmes to determine working hours and rest hours, rest facilities and leave for seafarers	Will be reported (2009)
LT10	Approaces to provision of facilities to enable mobile workers to maintain personal communication while working	Mobile phones and email access
	Ship safety inspections	
LT13	List the accients when ships have been detained by port inspectors	Nothing to report
	Use of labour providers	
	Describe how these criterias relate to existing international standards such as conventions of the ILO	CR 9, Our recruitment office on the Philippines follows international conventions(ILO)
	Continuity of employment	
LT17	Describe measures in place to provide income security and employment continuity for workers employed/contraced repeatedly but not continuously	Seafarer(ratings) have contracts for one period (9 months) at sea at a time, and have to apply for next period. Officers have stand by payment

HUMAN RIGHTS

	MANAGEMENT APPROACH	A 34-36 CR 3, 9, 23, 26
HR1	Human rights clauses or screening related to investment agreements	CR 23
HR2	Screening of suppliers and contractors regarding human rights	CR5, 23
HR4	Total number of discrimination and actions taken	Nothing to report
HR5	Freedom of association and collective bargaining	CR 23, 26 Crew is organized by international seamen associations
HR6	Child labor, and measures taken to contribute to the elimination of child labor	CR 23, 26
HR7	Forced or compulsory labor	CR 23, 26

SOCIETY

	MANAGEMENT APPROACH	A 34-36 CR 3, 9, 20-21, 24, 26
SO1	Impacts of operations on communities, including entering, operating, and exiting	CR 9, 20-24
SO2	Percentage and total number of business units analyzed for risks related to corruption.	A 34-36, Analysis performed in 2007
SO3	Percentage of employees trained in organization’s anti-corruption policies and procedures.	CR 23
SO4	Actions taken in response to incidents of corruption.	Nothing to report
SO5	Public policy positions and participation in public policy development and lobbying	Through Norwegian Shipowner Association
SO7*	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Nothing to report
SO8	Fines and non-monetary sanctions for non-compliance with laws and regulations	Nothing to report
	Product Responsibility	
	Management Approach	CR 3-5
PR1	Health and safety impacts of products and services assessed for improvement	Not relevant
PR3	Product and service subject to information requirements	Not relevant
PR6	Adherence to laws, standards, and voluntary codes related to marketing communications	Not relevant
PR8*	Complaints regarding breaches of customer privacy and losses of customer data	Nothing to report
PR9	Fines for non-compliance with laws and regulations concerning provision and use of products	Nothing to report

* GRI Additional Performance Indicator

Key figures in USD

	Figures in	2008	2007	2006	2005	2004	2003
From Profit and Loss Statement							
Gross Revenue	Mill.	208	204	127	158	148	93
EBITDA (1)	Mill.	134	96	70	109	105	54
Operating Result	Mill.	114	117	51	90	87	39
Net Financial Items	Mill.	-36	-1	12	8	4	-3
Result before Tax	Mill.	78	116	62	98	90	36
From Balance Sheet							
Ships and other fixed assets	Mill.	481	445	469	341	347	286
Current assets	Mill.	330	355	218	191	175	117
Shareholder's equity at book value	Mill.	442	377	391	339	285	233
Long term liabilities	Mill.	321	331	248	154	174	130
Current liabilities	Mill.	49	93	48	39	65	42
Total assets	Mill.	811	800	687	532	524	405
Profitability and Financial Ratios							
Return on total assets (2)	%	11.6	17.4	12.6	19.8	21	10.6
Return on equity (3)	%	19.0	30.1	17.1	31.3	34.9	15.3
Cash flow (4)	Mill.	98	137	82	116	108	51
Interest bearing debt	Mill.	273	233	242	146	164	125
Liquid assets (5)	Mill.	284	331	206	184	169	114
Debt repayment capability (6)	Years	-	-	0.4	-	-	0.2
Current ratio (7)		6.7	3.8	4,5	4.9	2.7	2.8
Equity ratio (8)	%	54.5	47.1	56.9	63.8	54.4	57.5
USD/NOK per 31.12		7.00	5.41	6.26	6.77	6.04	6.68
Average USD/NOK		5.64	5.86	6.42	6.45	6.74	7.08

1. Operating result before depreciation and gain (loss) on sale of fixed assets

2. Net result before tax plus financial expenses divided by average total assets

3. Net result before tax divided by average book shareholder's equity

4. Net result before tax plus depreciation

5. Bank deposit and securities

6. Interest bearing debt less liquid assets, divided by net cash-flow (4) before gain (loss) on sale of fixed assets

7. Current assets divided by current liabilities

8. Book shareholder's equity as percentage of total asset

COMMENTS

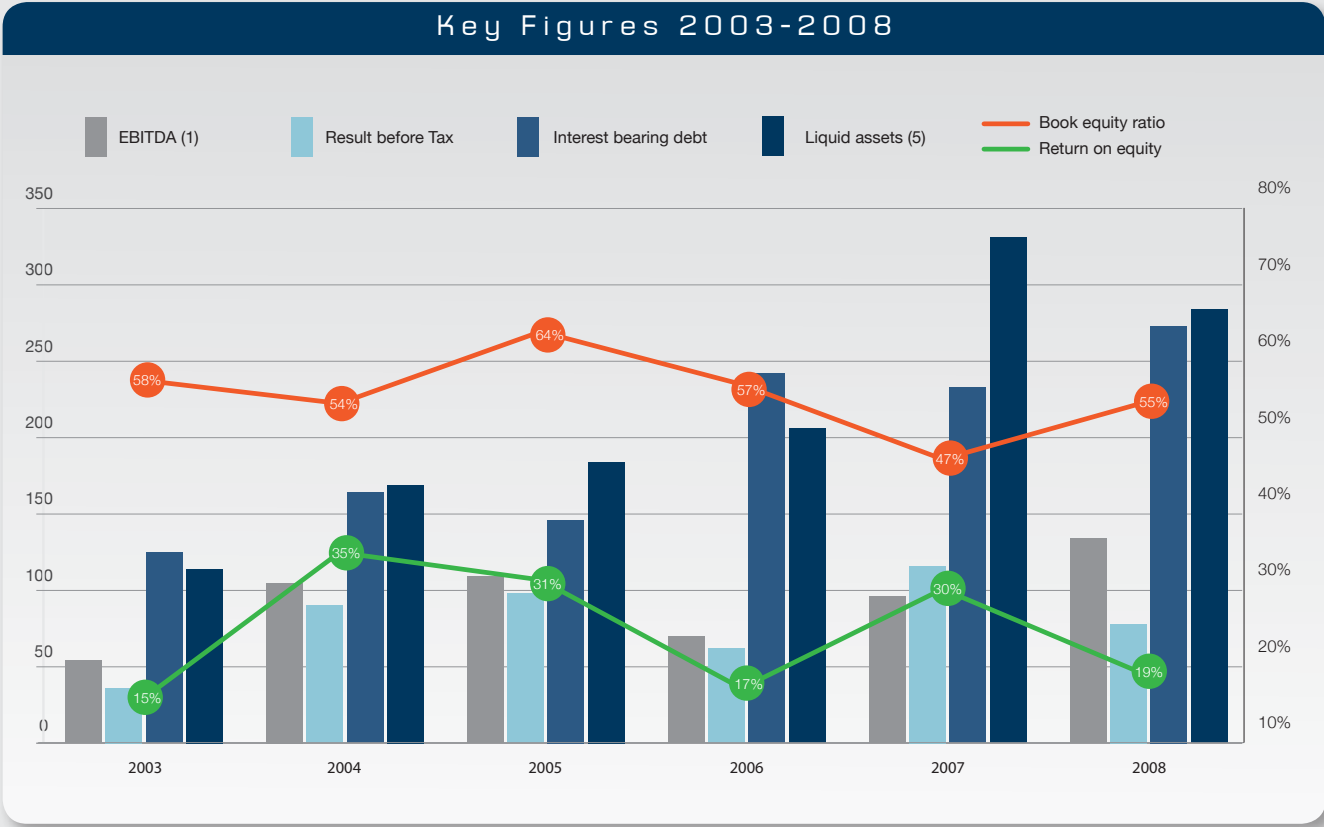
In the table above the Grieg Shipping Group's main Profit&Loss and Balance Sheet items as well as key financial figures and ratios are presented.

Based on the fact that the all revenues and the majority of expenses as well as assets and liabilities are USD based, the key figures are presented in USD. Thus, we display figures with genuine comparability over time without being influenced by currency fluctuations.

Given various changes that have taken place in Group's legal corporate structure over the last years, we choose to present figures in USD summed up for the shipowning companies only, versus using consolidated figures that constitute the basis for the official Norwegian consolidated accounts for the entire Grieg Shipping Group Holding AS concern (as presented in the Directors' Report on page 20 and the Consolidated Accounts on page 38 of the Annual Report). This way, we are able to present figures that are historically comparable for the shipping activities. The shipowning companies in the Group comprise Grieg Shipping AS, Grieg International II AS, Grieg Maritime AS and a 50% share in the general partnership ANS Billabong II. Companies not

included in the USD figures appear in Note 5 of the consolidated accounts of the Group.

When presenting the USD figures for the shipowning companies only, key figures and ratios will in general appear more improved than if we had been displaying same for the entire consolidated Group. In approximate numbers, the combined result of the shipowning companies for 2008 is about USD 15.4m higher than the result of the consolidated accounts of Grieg Shipping Group Holding AS. There are mainly three causes for this difference; On a consolidated Group level about USD 6.7m is charged as depreciation on intangible assets such as goodwill and contracts (ref. Note 3 of the consolidated accounts). Furthermore, net financial income and expenses is about USD 2.3m higher for the shipowning companies than for the Group due to lack of elimination of intra company items as well as negative net financial income and expenses related to the non shipowning companies. Finally, the shipowning companies has accounted for dividends received from daughter companies of about USD 6.3m which is eliminated in the Group' consolidated accounts.





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