Stakeholder Identification in the Shipping Industry

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Preface.

This dissertation symbolizes the end of my Master Degree in International Relations at the Norwegian University of Life Sciences. Working with this dissertation has been a educational process and has given me a deeper insight into stakeholder management within the shipping industry.

The aim of this dissertation has been to understand how the shipping industry, viewed from Grieg Philippines' perspective, identifies and prioritize stakeholders.

The journey of this dissertation from beginning to end has been a challenging process, though an experience I would not have been without. Firstly, I would like to thank my supervisor, William Derman for all your feedback. Further, a big thanks to Elisabeth Grieg, Eli Vassenden, Jannicke Steen and Mariann Revheim from Grieg Star who participated in the research process. I would not have been able to write this dissertation without your help.

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Gina Marie Lie.
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Executive Summary.

The goal of this thesis is to understand how stakeholders in the shipping industry is identified and prioritized, and what challenges might follow. This will be answered by looking at one case study: Grieg Philippines.

Stakeholder management is an increasingly important aspect of corporate social responsibility (CSR). Companies are involving stakeholders into their business strategies due to the increasing pressures that they face from various stakeholders. The identification and prioritization of stakeholders is particularly complicated in the shipping industry due to the industry's presence in communities all over the world. The globalized nature of the industry creates a pressure to engage in corporate social responsibility in all the local communities that they are located. Shipping companies experience pressure to engage in CSR in order to deal with these complicated issues. However, it can be difficult to evaluate and prioritize which of these stakeholders the industry have to consider when working with CSR.

The dissertation is based on a qualitative research method by conducting semi-structured interviews with relevant employees in Grieg Star AS. The interviews have given the dissertation depth with regards to questions of corporate social responsibility and stakeholder management. The theoretical framework used in order to answer the research questions is theories of corporate social responsibility, stakeholder theory and stakeholder salience theory. The framework has provided a basis with an aim of understanding how Grieg Philippines identifies their stakeholders, what criteria's that are present when identifying stakeholders and what challenges they face.

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1. Introduction

According to the Norwegian Government, the basis for businesses to uphold their social responsibilities understands the social and environmental concerns of their stakeholders. Companies should include stakeholder identification and stakeholder involvement into their business and corporate social responsibility strategies. Stakeholders have to be implemented as a part of the company CSR strategy to identify their importance to the company's success. As such, Norwegian businesses are expected to integrate stakeholder concerns into their business practice and to uphold the laws and regulations in the countries they operate (Stortingsmelding nr. 10, 2008-2009). Businesses are increasingly expected to integrate laws and norms from developed countries such as laws on labour rights in the developing world. With the increasing presence of stakeholders and an expectation that businesses should be more transparent, it becomes more difficult for businesses not to uphold corporate social responsibilities (Hillman & Keim, 2001). As stakeholders' expectations and concerns varies from country to country based on their cultural, political, economic and legal contexts, businesses has to consider and understand each context in order to develop long-term profitable relationships. In order for businesses to uphold a good reputation and to receive support, stakeholders have to be integrated into the business CSR strategy.

The Norwegian government emphasize the importance of voluntariness when engaging in CSR by stating that "Social responsibilities means what businesses do on a voluntary basis beyond complying with existing laws and regulations in the country that they operate" (Stortingsmelding nr. 10, 2008-2009, p. 7). The shipping industry is subjected to international regulations from the International Labour Organization (ILO) and the International Maritime Organization (IMO). The industry has therefore been subjected to much criticism since the international regulations is said to remove the voluntariness from the industry. By upholding international regulations, shipping companies has not seen the value in doing more to uphold their social responsibilities.

Managers are faced with a complicated range of stakeholders with often competing claims and expectations and this is particularly evident in the shipping industry. The shipping industry is a highly globalized industry with ships sailing into ports all over

the world and the industry is therefore involved in a range of environmental, social and economic impacts on various communities. They are responsible for emissions to air, discharges to water, waste management, recycling and pollution incidents. Social concerns can be related to employee relations, such as ensuring training, safety and security, or to wider social issues such as human rights, poverty and disaster recovery. This creates a need for a complex CSR strategy with concerns for stakeholders located all over the world.

Based on the complication of identifying and prioritizing stakeholders in the shipping industry, this dissertation will attempt to understand how the Norwegian shipping industry identifies and prioritize stakeholders and what factors that might affect this. The dissertation will look at one Norwegian shipping company and present the business' perspective on identification and prioritization of stakeholders.

1.1. Problem Statement

The focus on this master thesis is stakeholder management within the shipping industry by focusing on one shipping company, Grieg Philippines. The company is chosen because I have been employed in Grieg Star in Oslo since August 2016. During my employment my interest for their work in the Philippines have grown, particularly due to their high presence and the multiple societal challenges that they face there. I therefore wish to understand how Grieg Philippines identify prioritize stakeholders. The dissertation will therefore base itself on the following research question:

- *How does Grieg Philippines identify their stakeholders?*

The following sub-questions are chosen to deepen the purpose of the thesis:

- *Who does Grieg Philippines consider to be their stakeholders?*

- *How does Grieg Philippines prioritize their multiple stakeholders claims, and what challenges do the company experience?*

1.2. The Structure of the Thesis

This master thesis is structured into 6 chapters:

Chapter 1: Introduction. This chapter discuss the purpose of the thesis and problem statement.

Chapter 2: Theoretical framework. This chapter discuss the theoretical aspects and previous research on corporate social responsibility and stakeholder theory.

Chapter 3: Research Methods. This chapter will deal with the thesis' research methods, which includes the reasoning behind the chosen research method, selection of units and interviews. The chapter discuss relevant questions regarding research such as research ethics, reliability and validity.

Chapter 4: The Contextual Framework. This chapter will discuss corporate social responsibility in the shipping industry and provide a framework for Grieg Star and Grieg Philippines, and their corporate social responsibility initiatives.

Chapter 5: Findings. This chapter includes the analysis and a discussion of the results from the research, and also compares this to the theory presented in chapter 2 and 4.

Chapter 6: Summary of Findings and Conclusions. This chapter provides a conclusion of the main findings from the research, and suggestions for further research.

1.3. Glossary

Globalization: The process by which businesses or other organizations develop international influence or start operating on an international scale

Stakeholder Awareness: The knowledge that stakeholders have in order to make well-informed decisions in a particular situation.

Stakeholder Engagement: The practice of interacting with, and influencing project stakeholders to the overall benefit of the project and its advocates. It is the practice of influencing a variety of outcomes through consultation, communication, negotiation, compromise, and relationship building.

Stakeholders Management: The systematic identification, analysis, planning and implementation of actions designed to engage with stakeholders".

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2. Literature Review

This chapter will discuss the current literature on corporate social responsibility, including motivational factors for working with CSR. It will also discuss stakeholder theory to understand how businesses can identify and prioritize stakeholders that matter to the company. Firstly, the chapter will present definitions and the history of corporate social responsibility, as well as motivations for doing corporate social responsibility. Secondly, the chapter will discuss stakeholder theories and stakeholder identification frameworks, as well as critique of these stakeholder theories. Lastly, the theoretical framework of the thesis will be presented with a discussion of how the literature will be used in the analysis in order to answer the research questions.

2.1. Corporate Social Responsibility

Corporate Social Responsibility (CSR) is relevant to the main goals of an organization's core business. It is a holistic approach to business as it enhances the business' success while at the same time working for the wider community. CSR exemplifies the importance of a supportive relationship between businesses and the wider community in which the business operates (Chandler, 2014). Various terms has been used to explain Corporate Social Responsibility such as corporate responsibility, corporate citizenship, sustainability, and corporate social performance. This has led to a critique against CSR since the definitions is seen as lacking clarity. CSR has therefore become a complicated phenomenon to understand as the definitions include different ways of working with CSR, depending on the country of origin, organization or author (Freeman & Hasnaoui, 2011). The historical context of the country of origin, together with the size, age and legitimacy of the business are all factors that affect the way corporate social responsibility is interpreted and defined (Ihlen & Hoivik, 2012).

Visser, Matten, Tolhurst & Pohl (2010) found that it is not possible to find one definition as corporate social responsibility is made up of various related terms, concepts and subjects. Their findings suggest that CSR is related to 10 core terms, 85 key terms and 250 definition terms (Visser, Matten, Tolhurst & Pohl, 2010). In Dahlsruds' (2008) analysis of 37 definitions of CSR, he found that there is not

necessarily a lack of consistent definitions, rather that the definitions are describing a common phenomenon. Dahlsrud found five dimensions each describing CSR; the stakeholder dimension, the social dimension, the economic dimension, the voluntariness dimension and the environmental dimension. All the definitions of CSR in his analysis included at least one of these dimensions. The phenomenons that are defined are not context specific, so the confusion arises to how these phenomenons should be implemented in business. The problem is therefore not that there is a lack of a common definition, but how companies should implement them into their business strategies (Dahlsrud, 2008).

One of the most accepted definitions of CSR is that of The World Business Council of Sustainable Development (WBCSD):

"Corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large." (WBCSD, 1999, p. 3).

This underlines the fact that businesses cannot and does not exist in a vacuum, but rather that it is important for businesses to understand the wider context in which they operate. Businesses needs to understand the stakeholders that might be affected by their operations and also understand the interdependence that exists between businesses and stakeholders. In order for the business to survive, and develop and uphold a good business reputation, businesses have to maintain a close relationship with stakeholders. This is particularly important since stakeholders can affect a company's reputation by claiming that they are acting irresponsibly (Coombs & Holladay, 2013), as seen in the tobacco, weapons, pornography and alcohol industry (Morsing & Schultz, 2006).

The free market has increased businesses presence in the social, environmental and economic spheres as their impacts has become globalized. Privatization has increased businesses importance and together with private - public cooperation, businesses has a greater influence on public policy. This is also applicable on an international level as businesses are involved in partnerships with inter- and supranational bodies (Visser,

et. al, 2010). Globalization calls for greater responsibility on the part of companies when doing business in other countries, particularly in the developing world where there is a lack of equality, workers rights, social development, and where the minimal wages are low. These expectations been visible in the apparel industry, where there has been an increasing pressure to work with CSR in order to increase the living standards for the society in which they work. Many businesses are for example expected and encouraged to apply laws and norms regarding child labour and workers rights from developed countries in the developing world (Hillman & Keim, 2001).

A business' focus on corporate social and ethical responsibility is important to stakeholders and will lead to greater support and legitimacy for the company. Due to the increasing CSR rankings and CSR surveillance institutions, together with the attention towards not only a company's activity but also the decisions and activities of suppliers, consumers and politicians, new strategic communication tools is needed. Stakeholder awareness becomes complicated and information of a company's CSR policies is available through other communication channels than just the company's reports. This puts greater pressure on companies to act ethically, as stakeholder support is vital to the company's long-term value creation. Interestingly, research show that companies that exposes their social and ethical initiatives are more likely to retrieve criticism from their stakeholders. This increases the responsibility of companies to include stakeholders and to be transparent about their business (Morsing & Schultz, 2006).

2.2. Historical Background

CSR originated as a concept already in 1926 when Clark noted that businesses have ethical obligations to the society where they operate. In 1932 Berle wrote the first article discussing CSR as the responsibility of corporate managers to provide "safety, security, or means of support for that part of the community which is unable to earn its living in the normal channels of work or trade"(Freeman & Hasnaoui, 2011). This was further discussed by Harvard Professor E. Merrick Dodd, who contended that corporations do not only have a responsibility to their shareholders but to society as a whole. He argued that companies are encouraged by law to work for the good of the

community, rather than purely working for providing their owners with profits (Cochran, 2007).

It was, however, not until the Post World War 2 period and the beginning of the Cold War that businesses became interested in CSR. This was due to the increasing threat of the Soviet Communism that increased Western protection of the free-market capitalism (Carroll & Shabana, 2010). During the 1960's there were further attempts to find a comprehensive definition to CSR, where the focus was mainly on the economic paradigm. CSR was seen as a way of making economic returns to stakeholders and as a strategy to enhance the perception of the company (Freeman & Hasnaoui, 2011). CSR grew as a concept as a result of increased social movements working for civil rights, women's rights, consumer's rights and the environmental movement. These social movements increased social awareness and consciousness that increased the pressure on businesses to take responsibility for society. This extended to the 1970's where businesses were argued to engage in CSR as a response to increased expectations from society (Carroll & Shabana, 2010).

During the 1980's and 1990's new definitions, research and themes was developed, which broadened the understanding of CSR. These definitions included corporate public policy, business ethics, stakeholder theory and sustainable development (Carroll & Shabana, 2010). With the fall of the Soviet Union, the development of globalization and the free market came the idea of Corporate Social Responsibility. CSR strategies, practices, definitions and tools were implemented in different industries all over the world. The purpose of CSR was to enhance the social responsibility of businesses, rather than being dependent on nation state governments to take responsibility for the global impacts on society. As businesses have become present and relevant actors in society, more and more stakeholders that are affected by their actions have increasing expectations and demands on their actions (Visser, et. al, 2010).

2.3. Motivations for Working with Corporate Social Responsibility

One of the most important contributions to understanding why businesses have a responsibility to engage in CSR is Archie B. Carroll's pyramid of corporate social responsibility, seen in Figure 1. Carroll (1991) depicted a corporate social responsibility pyramid that includes four categories of business responsibilities for upholding their social responsibilities, explaining why businesses should work with CSR (Carroll, 1991). Included in the pyramid is that businesses has an economic, legal, ethical and philanthropic responsibility and provides businesses with a framework for their responsibilities to society (Carroll, 2016). This entails that businesses has an:

- *Economic responsibility* to society to be profitable in order to provide the society with goods and services. By adding value to the business they create profits, which benefits all stakeholders. This includes not only the shareholders who receive investment returns, but it also allows business to make employments that benefits society.

- *Legal responsibility* to comply the laws and regulations they are subjected to, which is a reflection of society's "codified ethics". Businesses are expected to act according to prevalent laws and regulations because society view these rules and regulations as fair business practices.

- *Ethical responsibility* to be ethical, which is a normative expectation from society that businesses should ethically beyond the laws and regulations they are expected to comply with. The ethical responsibilities reflect the prevalent norms, values, standards and practices of society, and is also a reflection of society's expectations of fair and respectful business.

- *Philanthropic responsibility* to be a good corporate citizen. A philanthropic responsibility reflects society's expectations that businesses should engage in social activities beyond what is mandated or expected in an ethical sense. This

includes donations, volunteering and community development. This expectation differentiates from the ethical responsibility in that it is not considered unethical to not engage in philanthropic activities, rather it is an expectation from society to behave as a good corporate citizen.
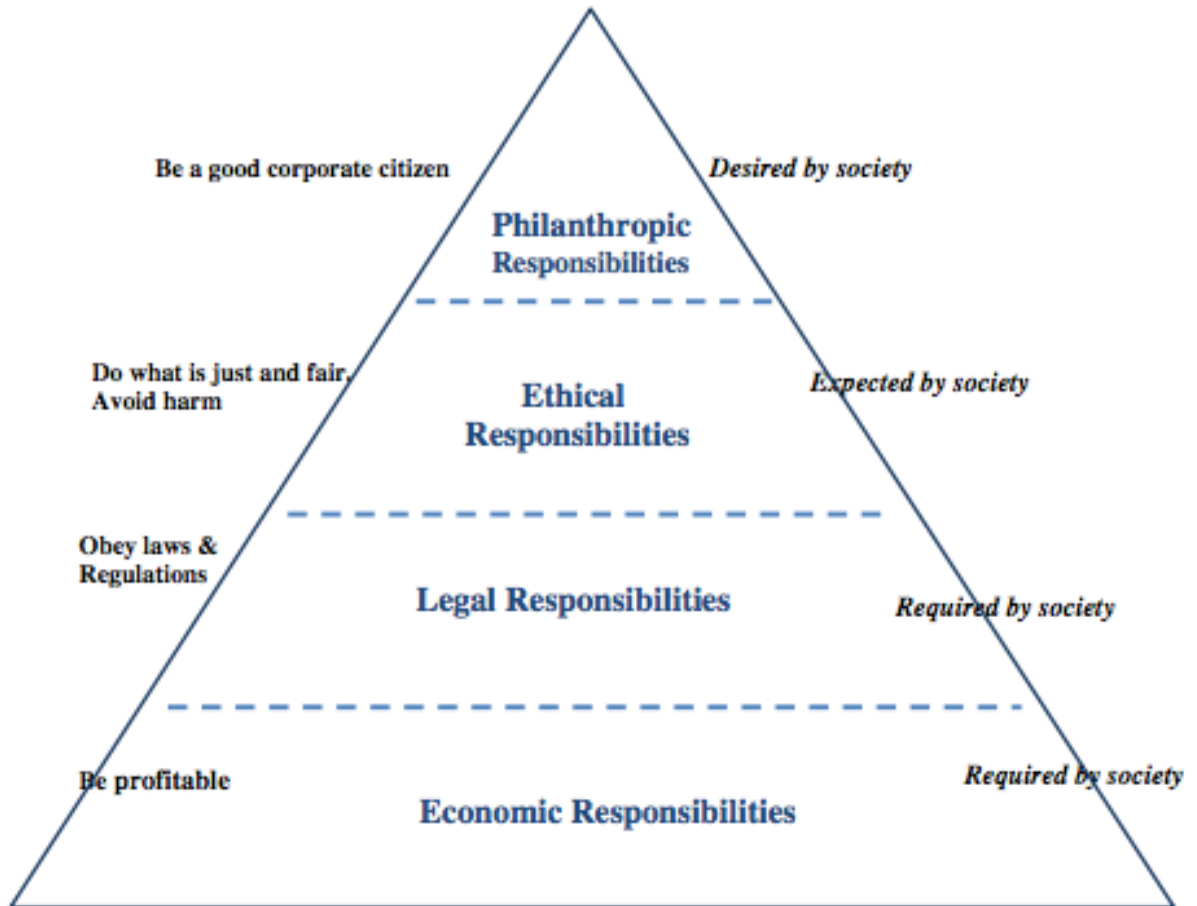
Figure 1. Carroll's Pyramid of Corporate Social Responsibility

Companies economic responsibilities is the baseline requirement of businesses to act responsibly, and as companies fulfil the basis of the pyramid they can continuously move up to fulfil the legal, ethical and philanthropic responsibilities. The expectations attached to these categories can change over time and can differentiate between societies depending on their cultural, social, economic and political context (Carroll, 2016). Businesses are expected to continuously comply with their economic, legal, ethical and philanthropic responsibilities, and they are therefore expected to meet the changing demands from society (Branco & Rodrigues, 2007).

It is difficult to separate the businesses that uphold their social responsibilities based on a pure wish to contribute to society and the businesses that do it out of profit-

making motives. Some businesses might uphold their responsibilities in order to avoid negative publicity and to create business-profits, thereby doing it in order to receive legitimacy (Sprinkle & Maines, 2010). Regardless of the motives of businesses for engaging in CSR, there are a number of motivations why they should involve CSR strategies into their businesses. One of the biggest motivations for companies to act responsibly is because of the high social expectations due to their involvement in social issues such as low living standards, exploitation, poverty and unemployment. Today, businesses are therefore increasingly expected to have some sort of a CSR strategy implemented in their business strategies (Hopkins, 2004). These expectations often come from the businesses various stakeholders and meeting these expectations by working with CSR can increase the business' competitiveness and reputation. Companies that do not meet the expectations of working with CSR can often experience negative consequences such as lower capital inflows, a loss of value creation and difficulties with recruitment (St. meld. nr. 10, 2008-2009).

Deegan (2006) explains legitimacy as dependent on the social environment in which a company is located. In order to receive legitimacy from society, a company should spend resources on describing their actions to society as they both influence each other. Receiving legitimacy is dependent on the company acting according to the norms and values set by their social environment (Deegan, 2006). Companies experience more social pressure to uphold their social responsibilities. Companies that work with CSR also experience more profitability as it attracts employees and consumers. The economic costs of doing CSR are outweighed by the benefits of CSR as businesses that is engaged in social development experience more profitability (Hopkins, 2004). In addition to increasing its profits, CSR is also a tool to increase employee motivation, reducing turnover and helps in recruitment. Due to the high expectations of working with CSR, it has become an important factor for employees to thrive at work (Sprinkle & Maines, 2010). Since companies are dependent on the infrastructure, employees and consumer base of the community where they work, they are required to understand the wider context in which it functions in order to survive. An important motivation is therefore to include local communities in their operations and to establish a positive reputation in order to grow (Chandler, 2014).

2.4. Stakeholder Theory

Stakeholder theory was first introduced in the Stanford Research Institute memo in 1963, where it was argued that without the involvement of stakeholders the organization would not be able to survive (Mitchell & Lee, 2013). Stakeholder engagement was developed in three phases. The involvement of stakeholders' arose due to increased external pressures from local communities who were negatively affected by the actions of companies. This was often sparked by a specific conflict between the companies and the stakeholders and limited to the issues related to the conflict. Companies reacted to the conflict rather than working proactive against the occurrence of such conflicts. This ad-hoc communication with stakeholders developed into the second phase where there was a realization that the inclusion of relevant stakeholders was actually beneficial for the companies as well. The ad-hoc communication therefore developed into broader and more established dialogue with relevant stakeholders before moving into the third phase. This phase is characterized by a systematic approach to stakeholder engagement, where a mutual understanding developed. Companies, together with stakeholders, came to a mutual solution of potential conflicts, thereby decreasing risks and future conflicts for the companies. Today, stakeholder engagement is well established as businesses have understood that it is crucial for the learning and innovation of the company. A mutual-dependence relationship between stakeholders and companies has developed, as both parties understand that they are mutually dependent on each other to solve problems. Companies CSR strategies and stakeholder engagement is incorporated into the strategic goals of the company. Stakeholders are included with a goal of gaining mutual insights, problem-solving and reaching mutual goals (Visser, et. al, 2010).

Stakeholder theory provides a framework for how businesses are understood in relation to the relevant actors that have some sort of stake in the company. The success of a company is dependent on these relationships to be successful and companies therefore have to create value for these stakeholders (Visser, et. al, 2010). To understand how a business functions, the business must understand their relationships with stakeholders and how this relationship becomes valuable (Freeman, Harrison & Wicks, 2007). Freeman, Velamuri & Moriarty (2006) offers an interpretation of CSR, which is based on two arguments. First of all, CSR is seen as

out dated because it promotes the separation thesis; the notion that business issues and social issues are two separate issues. The second problem with CSR is that it deals only with corporations and not all companies. It is not only corporations that have a social responsibility; it should apply to all forms of organizations. Freeman et. al (2006) argues therefore that companies doing CSR should take a stakeholder approach to CSR with a focus on long-term value creation for the stakeholders, cooperation, an understanding of broader social issues and a focus on ethical leadership. Companies needs to be willing to evaluate all relevant stakeholders and acknowledge them as important while at the same time seeing the broader social implications that might have an affect on the stakeholders (Freeman, Velamuri & Moriarty, B, 2007).

One of the main issues with stakeholder theory is how to identify and interact with stakeholders. Clarkson (1995) divides stakeholders into two groups; primary stakeholders and secondary stakeholders. Primary stakeholders are those "without whose continuing participation the corporation cannot survive as a going concern" (Clarkson, 1995, p. 106). Examples of primary stakeholders are shareholders, investors, employees, customers, governments, suppliers and communities that businesses are dependent on to get access to infrastructure and markets. These are the stakeholders that the businesses are immediately most dependent on because they are directly involved in the projects that businesses is involved in. They are crucial for both the short term and long term survival for businesses. Secondary stakeholders, on the other hand, are people who can be affected by the business but that are not directly involved in it. Secondary stakeholders are therefore less important for the survival of the company since they are not crucial for the success of the business (Clarkson, 1995).

One strategy to identify the stakeholders that should matter to the company is considering the relevant stakeholders' power in relation to the success of the company or project. Nasi, et al. (1997) argues that a business will respond to the most powerful stakeholder relevant for the project and the issues that they are concerned with (Branco & Rodrigues, 2007). Creating and maintaining relations with the primary stakeholders such as employees, investors and customers can increase the financial returns of a company as well as establishing a competitive advantage. Companies that

involve stakeholders are likely to develop loyalty and improving their reputation amongst stakeholders (Hillman & Keim, 2001). David Chandler (2014) argues that CSR continues to increase in relevance due to the increased affluence, growing social expectations and globalization, which again increases the flow of information. Combined, this creates more empowered stakeholders that will continue to be relevant for businesses that are engaged in CSR (Chandler, 2014). There has been an increased focus on the relationships between stakeholders and companies being a process-based relationship. Companies put more attention towards creating and maintaining long-term relationships with stakeholders and understanding how this process works. Stakeholder relationships are best maintained when companies focus on dialogue, agreement and consensus, in order to create a shared understanding (Morsing & Schultz, 2006). Balancing between the stakeholders and their expectations can be difficult, as these interests are often conflicting. Companies need therefore to prioritize stakeholders to be able to manage these different claims. However, many of the definitions on stakeholder engagement are vague and provide companies with little knowledge on how this task should be solved (Dahlsrud, 2008).

2.5. Stakeholders Versus Shareholders

Central to the stakeholder perspective is the debate between the stakeholder view and the shareholder view with Milton Friedman and Edward R. Freeman in the centre. Friedman (1962) rejects the stakeholder perspective by arguing that "Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible" (Friedman, 1982, p. 112). Friedman builds on Adam Smith's notion of an invisible hand, that the activities of workers will have unintended positive social consequences for the society. The free market is seen as inevitably fair because when actors in society pursues their own interests, these actions will have broader social benefits for the rest of the society (Friedman, 1982). In accordance with the shareholder view the main priority of a business should be the shareholders since any consideration for stakeholders would be to undermine our free society. The idea of corporate social responsibility with a regard for stakeholders demonstrates a misconception of what the free market is. As long as a company complies with the rules and regulations of the free market, without deception or fraud,

a company does not have any other responsibility than of that to their shareholders. Stakeholders are therefore seen as of little concern since they are not seen as a part of the business' responsibility (Friedman, 1962).

Friedman views charitable giving as inappropriate because the business thus removes corporate funds from their shareholders. By giving funds to charitable goals and removing funds from shareholders, the company is thereby removing the decision to give these funds from their shareholders. The shareholders should be able to decide whether to give the funds to charity or not and to what charity. If companies engage in social responsibility this will be a major step from an individualistic society and towards a corporate state. Companies engaging in social responsibility are thereby working against their own interests (Friedman, 1982). The shareholder view is shared by Carr, who differentiates between the morality of business and people. A business cannot live within the same moral boundaries as people and Carr therefore accepts that businesses have a lower set of moral standards than that of people. This allows businesses to conduct what he calls "business bluffing", which entails that businesses are permitted to give conscious misstatements, concealing facts or exaggerate. As long as businesses stay within the rules and laws they are required to follow, businesses are allowed to stretch the boundaries in order to make profits. Although he did recognize that the strive for profits should not directly harm stakeholders, he did argue that businesses should care about business strategy, not business ethics (Carr, 1968).

In "Stakeholder Theory of the Modern Corporation", Freeman (1998) challenges the shareholder perspective that the most relevant actors that a company needs to take into consideration is its stockholders (Freeman, 1998). Freeman disagrees with Friedman's position on the free market as revolving around actors striving for their own interests, by arguing that the free market rather is about actors working together to achieve common value. It is important that companies' work together for the common good because no company can achieve these values on their own (Freeman, 2006). Stakeholders in the stakeholder position are defined as being groups with a stake or a claim to the company, which includes "suppliers, customers, employees, stockholders, and the local community, as well as management in its role as agents for these groups" (Freeman, 1998, p. 38). Stakeholders include those who can either

benefit or be harmed by the activities of the company and therefore have the right to claim that the company considers them in their activities. Shareholders are included as a part of the groups of stakeholders that a company should pay attention to, but are not regarded as the only group to consider. Stakeholders should be considered as equally important as the shareholders of a company since they are equally as crucial for the company's success. A business, according to the stakeholder view, should always consider all the actors that might be affected by their activities since they have a social responsibility towards all stakeholders (Freeman, 1998). In contrast with the shareholder view, Freeman (2007) argues that it is not necessarily true that there is an inherent conflict between shareholders and stakeholders but rather that these interests are often aligned (Freeman, 2007).

Stakeholders are divided into two definitions; the narrow-definition and the wide-definition. The narrow-definition includes groups of people who are vital to the success of the company and the wide-definition includes groups of people that can be affected by the company's activities, but that does not pose any immediate threat for the success of the company. Managing the various stakeholder relationships is a part of the daily operations of companies, and companies have to gain knowledge in order to understand how these relationships work. If a company wishes to create value for their shareholders, it is crucial that the companies also create value for their stakeholders. In contrast with the shareholder view that the activities of companies will naturally have broader social benefits, the stakeholder perspective argues that companies have an active social responsibility. Broader social benefits will not arise solely by a company's actions, but by actively working towards inclusion of stakeholders in order to meet their demands and needs (Freeman, 2007).

2.6. Critique of Freeman's Stakeholder Theory

Mitchell, Agle & Wood (1997) argues that while Freeman's work has been an important contribution to the development of stakeholder theory, there is still a lack of a clear definition of whom and what stakeholders actually are. How are stakeholders identified, and to whom do managers pay attention? There is a need for a definition that includes the identification and separation of stakeholders from those who are non-stakeholders. Stakeholder identification and how managers balance the various claims and expectations of the stakeholders are not explained properly in the previous

stakeholder theories. Managers are faced with a wide range of stakeholders and they need to be able to prioritize these relationships and the various stakeholder expectations (Mitchell, Agle & Wood, 1997). Freeman's (1984) definition of stakeholders as " any group or individual who can affect or is affected by the achievement of the organization's objectives" is criticized by Agle, Mitchell and Sonnenfield (1999) for not being sufficiently specific. This definition leaves the companies deciding who the stakeholders are, what importance they have and in which field they are in. Freeman's definition does not give companies any guidance as to how this is decided and taken into account. The definition also excludes groups who do not have any power or any claim to the company, it only includes groups of stakeholder that can be seen as powerful and that has a direct relationship with the company. A broad definition of stakeholders creates complexity for managers since it gives relatively little guidance to which they should consider as stakeholders (Agle, Mitchell & Sonnenfield, 1999). This view is shared by Berman, Wicks, Kotcha & Jones (1999) who argue that stakeholder theory does not say anything about how managers deal with stakeholders or what happens when they deal with stakeholders. Little knowledge is provided to understand which interests of stakeholders should be attended to or how managers should attend them (Berman, Wicks, Kotha & Jones, 1999). Though stakeholder theory is important, the literature on stakeholder theory is large and some unexplained properly. Stakeholder theory has had a tendency to explain the concepts implicit rather than explicit, which creates confusion as to how it should be applied in specific settings (Donaldson & Preston, 1995).

2.7. Stakeholder Salience Theory

Stakeholder salience theory is recognized for its contributions to the development of stakeholder theory (Neville, Bell & Whitwell, 2011). The stakeholder salience theory was developed by Mitchell, Agle & Wood (1997) in an attempt to provide a stakeholder identification framework for managers in order to solve the confusion of stakeholder theory. In order to understand how managers can identify stakeholders they provided a framework that assumes which stakeholders' managers pay attention to based on specific stakeholders attributes and the combination of these attributes. The authors differentiates between the stakeholder approach and stakeholder theory, where the stakeholder approach introduces the notion that managers needs to include

other groups into their considerations than stockholders, while stakeholder theory posits who the stakeholders are and to whom the company's needs to consider (Mitchell, et. al, 1997). The theory can give prediction as to which stakeholders' managers' view as salient and how managers change their priorities between stakeholders. This is based on which of the three attributes; power, legitimacy and urgency that the stakeholders have and how this combination of attributes can change (Magness, 2007). Mitchell and Lee (2013) define stakeholder identification work as "an organization's activity aimed at recognizing stakeholders that matter to the organization". It is important for organizations to consider the needs and expectations of their stakeholders, and it is therefore crucial for managers to understand how stakeholders are identified and why they are salient (Mitchell & Lee, 2013).

Previous stakeholder theories is criticized for being flawed because of the focus on the competition between legitimacy and power and has thereby failed to recognize that the two are not mutually exclusive. Mitchell, et. al therefore propose a theory that not only combines power and legitimacy to see how they interact, but also includes urgency to demonstrate what types of stakeholders that arises when the three attributes are combined in different ways (Mitchell, et. al, 1997). The prioritization of stakeholders by evaluating their power, legitimacy and agency is defined as "organizing activities aimed at prioritizing competing stakeholder claims with respect to a given organization" (Wasieleski & Weber, 2017). The stakeholder salience framework is an important contribution to stakeholder theory since it explains the process of stakeholder identification and how their importance varies. The theory is a tool that managers should consider when identifying stakeholders. It is an on going evaluation since the power, legitimacy and urgency of stakeholders can vary and their importance to the company will vary as a result (Magness, 2007).

Stakeholders are identified based on a dynamic three factor model where the model presumes that stakeholders holds one of two of the following attributes at all time: power, legitimacy and urgency. The model is dynamic because the degree to which stakeholders hold these attributes can change (Magness, 2007). Based on these attributes managers can continuously evaluate which stakeholders are relevant to focus on. When the three attributes are combined in different ways, different types of stakeholders emerge and companies' expectations towards stakeholders change

accordingly (Mitchell, et. al, 1997). The relationship between these three attributes is positive, as stakeholders that hold more importance when they acquire more of these attributes (Wasieleski & Weber, 2017). Either of these attributes cannot alone explain stakeholder-manager relationships and managers therefore has to take all attributes into consideration in order to identify which stakeholders that matter to them. By ignoring one of these attributes, managers will not fully understand their stakeholder relationships (Mitchell, et. al, 1997).

Mitchell et. al (1997) agrees with the definition of power posited by Pfeffer and Weber that "power may be tricky to define, but it is not that difficult to recognize: '(it is) the ability of those who possess power to bring about the outcomes they desire" (Mitchell et. al, 1997, p. 865). The power of a stakeholder is based on their ability to influence the firm, depending on what type of power the stakeholder holds. A stakeholder has the power to the extent that the actor has access or is in possession of three types of power; coercive, utilitarian and normative power. Coercive power means the possibility of using force, violence, threat, sabotage, enforcement, courts, and/or legislation in order to influence another actor. If a stakeholder has utilitarian power, the stakeholder has the ability to withhold material or financial resources that is deemed salient for the company. Normative power is the power of symbols such as prestige and esteem, for example through using the media to express this (Parent & Deephouse, 2007). Legitimacy and power is linked since legitimacy is seen as behaving according to what is seen as socially acceptable, and this is often seen in relation to power when assessing the nature of relationships. Legitimacy is therefore based on the legitimacy of the stakeholder's relationship with the firm. Legitimacy and power can exist independently but together they give stakeholders authority. Weber's (1947) definition of authority is accepted in the stakeholder salience theory as the use of legitimate power. However, if a stakeholder has legitimacy in the company or in society but does not have the power to enforce it or seen by the company as having urgency to their claims, legitimacy alone will not be forceful enough. The third attribute in the stakeholder salience framework is urgency, which means the urgency of the stakeholder's claim on the firm. Urgency is defined as having the following attributes:

1. Time sensitivity: The stakeholders claims has a level of criticality to it, it's solution cannot be delayed.
2. Criticality: The stakeholder-manager relationship or the stakeholders' claim has a high degree of importance, for example if the stakeholder holds ownership to the company.

A stakeholder is not necessarily aware of their own possession of power and is thus not seen as having high salience, unless the stakeholder can acquire either legitimacy or urgency. A stakeholder will be seen as having authority if they have legitimacy as well as having power, and if they acquire urgency the stakeholders also gains the ability to exercise their claims through decision-making channels. This is equal for both legitimacy and urgency. These two attributes alone will not give them high salience with managers (Mitchell, et. al, 1997). The three attributes are continuously unstable and dynamic and a stakeholder can as such lose their acquired attributes and new stakeholders can arise as a result. The identification of stakeholders based on these attributes are socially constructed since it is in the manager's control whom is seen as salient stakeholders. Managers' perception of stakeholders is therefore crucial because it is the managers that decide the salience of the stakeholders (Magness, 2007). Managers attention to stakeholders will thus change according to the ends that managers want to reach, and will therefore identify certain stakeholders as important to reaching these ends. The framework presumes that stakeholders will increasingly be seen as of high importance by managers the more of these three attributes they possess.

Seven stakeholder types arise from combining these three attributes; three possessing one attribute, three possessing two attributes and one possessing all three attributes. If an actor does not possess any of these three attributes, they are not considered a stakeholder. The further into the circle that a stakeholder can be positioned, the more attributes the stakeholder have and thus its importance increases. Stakeholders possessing one attribute are identified as "latent stakeholders". Stakeholders possessing two attributes are considered as "expectant stakeholders". When stakeholders possess all attributes, they are identified as "definitive stakeholders". Within the latent and expectant stakeholders, there are seven sub-types of stakeholders depending on the combination of attributes, as seen in Figure 1. There

are three latent stakeholders: dormant, discretionary and demanding stakeholders. Three types of expectant stakeholders: dominant, dangerous and dependent (Mitchell, et. al, 1997).

POWER

1
Dormant
Stakeholder

LEGITIMACY

4
Dominant
Stakeholder

5
Dangerous
Stakeholder

7
Definitive
Stakeholder

2
Discretionary
Stakeholder

6
Dependent
Stakeholder

3
Demanding
Stakeholder

8
Nonstakeholder

URGENCY
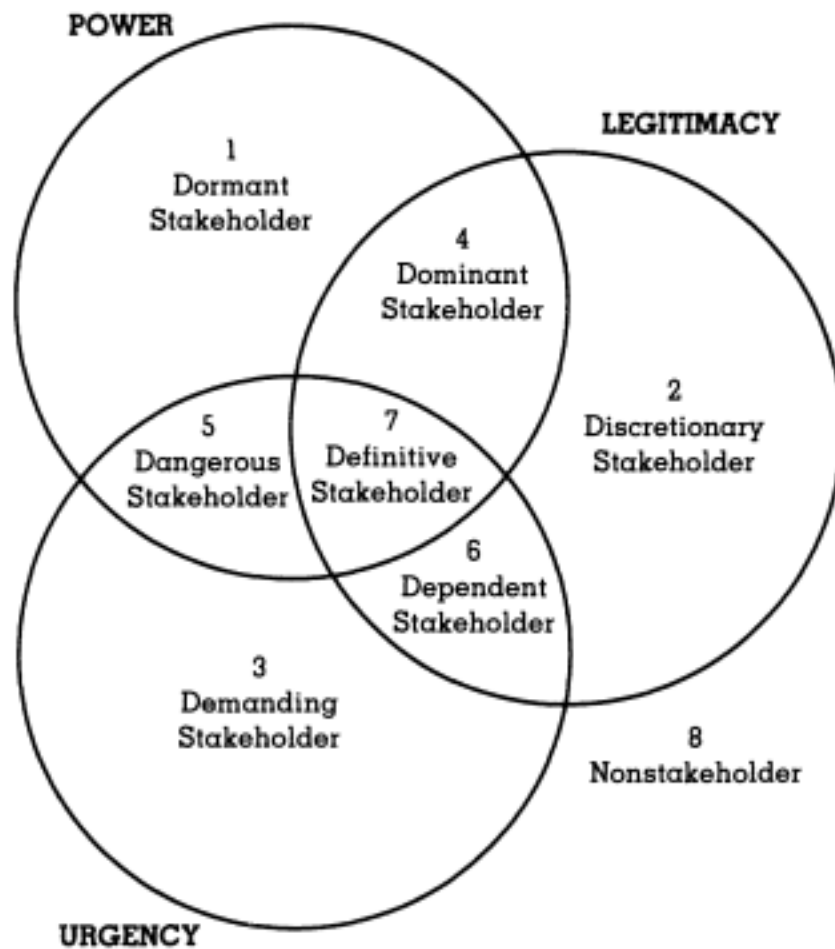
Figure 1. Stakeholder types.

The model proposed by Mitchell et. al (1997) will help managers to assess and identify stakeholders within these stakeholder types, depending on which of the three attributes they are considered to hold. The model adds to current theories on power and stakeholder interest by introducing urgency and legitimacy as attributes in addition to power, and can help managers further manage the different stakeholder relationships. In Agle, et. al's (1999) research on "What Matters to CEOs?", the stakeholder salience theory proposed by Mitchell, et. al. was tested to investigate its relevance to stakeholder identification. Their findings suggest that the stakeholder

salience theory is indeed relevant by confirming that power, legitimacy and urgency are highly relevant to managers. Their findings are consistent with what the theory presumes, that the more of these attributes stakeholders have, the more important they are considered to be by managers (Agle, et. al, 1999).

2.8. Critique of Marshall's Stakeholder Theory

While the stakeholder salience framework presented by Mitchell, et. al has received wide support for its contribution to the understanding of what types of stakeholders managers should focus on and why, it has received some criticism for its lack of contextuality (Neville, Bell & Whitwell, 2011). Firstly, the theory discusses stakeholders as actors independent of potential coalitions with other stakeholders. A stakeholder might not alone be perceived as salient, but together with one or more stakeholders the perception might be different. It is crucial for companies to understand stakeholder networks and how these networks can affect the company. Companies are faced with the challenge of dealing with more than one stakeholder with a common expectation or claim to the company, and a stakeholder identification framework should therefore take this into account (Neville & Menguc, 2006). Other research suggest the importance of the four stages of the organizational life; start-up, emerging growth, maturity, and revival. Where managers' prioritization of stakeholders varies depending on which of these stages the company is located, and where the importance of stakeholders will vary. For example, investors will be more important in the start-up phase of an organization than in the other stages and as such, stakeholder salience can change (Jawahar & McLaughlin, 2001). Parent and Deephouse (2011) research of two large sporting event organizing committees underlines the importance of contextuality. Their findings suggest that managers' role and hierarchical level affects their identification and prioritization of stakeholders. Further, they looked at the different types of power and found that the more of these three types of power a stakeholder had, the more salient it was. The stakeholder salience theory fails to understand the variety of the attributes that stakeholders possess. The question also arises as to how to consider legitimacy and to whom the stakeholder have legitimacy with. The stakeholder salience framework of Mitchell et. al leaves this unanswered and vague (Parent & Deephouse, 2011). Driscoll and Starik (2004) add on to the depth of the urgency attribute by connecting urgency with

probability. Managers need to evaluate the probability of stakeholders' urgent claims in deciding whether the stakeholders are deemed salient. As stakeholders' claims becomes more urgent and the probability of the claim occuring is high, the probability of managers paying attention to it is higher (Driscoll & Starik, 2004). The stakeholder salience theory is still missing a broader understanding of the contextuality and the variety of stakeholders and of the managers. Though power, legitimacy and urgency is relevant attributes to consider, the framework has to consider the varieties within the attributes and the varieties of companies. This framework still provides some confusion for managers due to the general perspective of the theory.

2.9. Theoretical Framework

The literature review has described relevant theories for understanding corporate social responsibility and motivations for engaging in CSR, as well as providing a framework for stakeholder identification and prioritization. The theories will be used in the analysis to put the answers of the respondents into a theoretical context. In order to answer the main research "how does Grieg Philippines identify their stakeholders?", the stakeholder salience framework will be used in order to identify the stakeholders mentioned in the interviews. This question will be discussed with the stakeholder salience as a basis, with the purpose of understanding what types of stakeholders that Grieg Philippines identifies and deals with. To further illustrate these stakeholder types, the analysis will also discuss who they consider to be stakeholders based on theories on stakeholder types. The analysis will also discuss how they prioritize the stakeholder's claims and what challenges they experience in working with stakeholders. Current stakeholder theories assumes that companies are faced with a difficult choice of balancing the conflicting expectations and claims of their stakeholders, which can affect the way that companies identify and prioritize stakeholders. The analysis will discuss to what extent, and how, this is true for Grieg Philippines.

3. Methodology

In this Master Thesis it is assumed that the part of the world that is discussed is socially constructed and I therefore wish to receive the respondents subjective perceptions about the issues discussed. The framework developed by Mitchell et. al (1997) presumes that the identification and prioritization of stakeholders are socially constructed since it is based on the subjective opinions of managers. Subjectivity in this thesis means the respondents own experiences and their understanding of how Grieg Philippines identifies and prioritize their multiple stakeholders. The issues researched are not objectively independent of us and we cannot draw neutral conclusions that are independent of the respondents' own experiences.

In research it is common to separate between two main methods: inductive and deductive. Deductive methods means that the researcher has certain expectations through the gathering of theory and empirics related to the topics researched, and then gathers data to see if the expectations is consistent with reality. The reality is in this case the theory and empirics used to form certain expectations. Inductive method on the other hand is the opposite of deductive methods since the researcher has more of a open mind without expectations. The researcher gathers information about a certain topic without expectations of what the results of the research will be. The information gathered from an inductive method will lay the basis for creating new empirics (Jacbosen, 2000). In this thesis, I have chosen to do an inductive method, as the aim of this research is to not have any prior expectations for the outcome of the research. The aim is to provide information as a basis for new research in the future.

3.1. Research Design

When deciding the framework of research design, the researcher has to decide how to collect and analyze the data in order to answer the research questions. This means that the researcher has to consider each step of the research process in order to provide a suitable research design (Bryman, 2016). Research design is defined by Yin (2014) as "an action plan for getting from here to there, where there may be defined as the initial set of questions to be answered, and there is some set of conclusions (answers)

about these questions" (Yin, 2014). Research design can thus be understood as a researcher's plan of research from the research questions to conclusions. The research design is a guide through the collecting, analyzing, and interpretations of the data. Its purpose is to help the researcher collect and analyse data that is directly relevant to the research question (Bryman, 2016). When choosing a case study design it is possible to choose both quantitative research or qualitative research methods, or a combination of the two. A researcher can choose different types of research methods in order to answer the research questions, for example through interviews, observations or through questionnaires (Gillham, 2000).

Case studies are chosen because of the contextual frame of a phenomenon; case studies are appropriate when a researcher wants to explain a phenomenon within a particular context (Yin, 2014). This is suitable in this master thesis since the research purpose is to understand how Grieg Philippines identifies and prioritize their stakeholders.

A case study is appropriate as a research strategy when:
1. The research questions are posed as "how" or "why".
2. When the events in the research are out of the researchers control.
3. When the research is conducted on a phenomenon that is placed within a real-life context (Yin, 2014).

When choosing a case study, the researcher can either choose to do a single case study, which is the most used type, or a multiple-case study. The multiple-case study design means that the researcher compares two or three cases in order to improve theory building. I have chosen to conduct a single case study design, which means research on a single entity, such as a community, family, organization, person or event. Case studies is a focused and detailed examination of a particular setting, and is a thorough analysis of a single case (Bryman, 2016). Yin (1994) distinguishes between three types of case studies: descriptive, explanatory and exploratory case study. When deciding one of these case studies, it is important to have the three criteria in mind. A descriptive case study presupposes that the researcher presents a descriptive theory, and uses this as a basis to research a phenomenon in its natural context. The researcher uses a descriptive case study with a goal to describe a

phenomenon using a descriptive theory. An explanatory case study is used when a researcher want to explain how and why a phenomenon or an event has happened, and is used to describe the context of similar phenomenon or events. If a researcher wants to conduct a study of causation between two phenomenons, an explanatory case study is appropriate. The researcher examines gathered data both at the surface and at a deep level in order to answer the research questions and explain the phenomenon studied. An exploratory case study is appropriate when the researcher wants to study phenomenon that has been subjected to little previous research. An exploratory case study is then used to understand this phenomenon, and the goal is to identify the research questions or the research process. (Yin, 1994).

Much research has been done in order to understand the complexity of corporate social responsibility and different ways of identifying and prioritizing stakeholders has been proposed. However, the globalized nature of the shipping industry makes it difficult for shipping companies to identify their stakeholders. The nature and the importance of stakeholders within the shipping industry are ever changing, which creates a complex pattern of stakeholders. The purpose of this paper is to understand how and why a company identifies their stakeholders and how they are prioritized in a changing environment. The case study most appropriate in this paper will therefore be an exploratory case study. This choice is based on how much research is previously done on this particular issue, as well as how much time and resources that is available (Bryman, 2016).

Yin (2014) distinguished between four types of designs for case studies by using a 2X2 matrix:
1. Single-case (holistic) designs
2. Single-case (embedded) designs
3. Multiple-case (holistic) designs
4. Multiple-case (embedded) designs

I have chosen to conduct a single-case design in my research. One disadvantage by choosing a single-case study is that the research conducted turns out not to be true. It is therefore crucial that the researcher investigates the phenomenon thoroughly in order not to misrepresent the phenomenon. A multiple case study has the advantage of

being stronger and often results in more dependable results, since a multiple case study researches more than one case to highlight an issue (Yin, 2014). This thesis will look at Grieg Star within a wider context of the shipping industry and stakeholder theory. For the purpose of this thesis I have chosen a single-case embedded design. Embedded design differentiates from holistic design by focusing on subunits, and not only on the organization as a whole. As I am conducting interviews with certain employees that are relevant to my research questions, an embedded design is more appropriate than a holistic approach. The interviews will reflect the opinions of these employees, with the understanding that other employees might have different views of stakeholder identification and prioritization.

3.2. Object of Study

The object of study in this thesis is Grieg Philippines. The employees interviewed are employed in Grieg Star's offices in the Philippines, Oslo and Bergen, and is involved in identifying and prioritizing stakeholders. The companies are obligated to obey the company's codes of conduct and ethical principles, as well as the laws and regulations in which they operate. The Norwegian Government's White Paper on corporate social responsibility in a global economy states that:

"The Norwegian Government expects all companies to engage in social responsibility, regardless of the company is owned by private or public actors. The Government assumes that Norwegian businesses to be among the foremost to exercise social responsibility based on a good value base, awareness and reflection" (Stortingsmelding nr. 10, 2008-2009, p. 25).

This white paper also discuss the importance of the principles stated in the UN Global Compact, and includes various guidelines and expectations for Norwegian businesses in engaging in social responsibility. The companies are committed to following the UN Global Compact and the Norwegian Government's White Paper and this highly affect their business strategies (Stortingsmelding nr. 10, 2008-2009).

3.3. Qualitative Research Methods

When a social research strategy is chosen there are two research methods to choose from; qualitative or quantitative research, or a mixture of the two. To decide which research method to conduct, the researcher needs to establish what type of information they want to extract and how the information should be used (Bryman, 2016). In quantitative research, the information extracted is in the form of numbers expressed in figures or tables. When quantitative research methods is used the researcher have the opportunity to reach a larger population, thus the researcher can generalize the research to fit populations (Hellevik, 2011). Qualitative research on the other hand, gives the researcher deeper information about a smaller population. Qualitative research gives the researcher a large amount of information about a specific theme, situation, business or a part of a population, which can not be transformed into numbers. The researcher needs to decide between gathering a large amount of information to generalize to a larger population through quantitative research, and getting deeper information about a specific part of a population (Adams, Khan & Raeside, 2014).

It is the area of research that decides what type of research method that should be used. If the researcher want to know about people's attitudes towards a specific topic it is common to choose a quantitative research method through conducting a survey to reach as many people as possible. This gives the researcher specific information from a large population, with the aim of generalizing the findings (Bryman, 2016). Conducting interviews is common in qualitative research, where the researcher is given deeper information from a small population. A qualitative interview therefore gives the researcher information that is unique for the group of people included in the study. The goal of qualitative research is not to quantify the answers but rather to describe the respondents' social world through words. The qualitative research method therefore makes it possible to get insight into human expression through language and action (Kvale & Brinkmann, 2010).

A qualitative research method is most suitable in this thesis since the goal is to receive information from each respondent about how they experience identifying and prioritizing multiple stakeholders. This has given me the opportunity to conduct

research that is flexible since the interviews has been less structured compared to when conducting a quantitative interview where the questions are decided in advance and functions more rigid. A qualitative research interview has made it possible to supply with more questions and reflections during the data collection process since I have been able to ask follow-up questions during or after the interview. This has lead the research process into different paths that I did not expect going into this, and it has given the respondents more room to reflect on the subjects during the interviews. It has also made it possible to alter the interview questions based on the previous interviews, since I've received information that I did not have in advance. I could therefore base my interview questions on the information provided to me by the respondents.

3.4. The Interviews

I conducted open, semi-structured interviews in this thesis. Open, semi-structured interviews are a qualitative research method, which is suitable when the researcher want to understand what the respondent expresses, interprets and what meaning that the respondent attaches to the phenomenon discussed. Open, semi-structured interviews is often used when interviewing few respondents since the interview guide is more open, leaving room for the respondent to reflect around the questions asked and the answers given (Bryman, 2016). The themes for the interviews are chosen by the researcher in advance with a goal of receiving descriptions from the respondents about the themes (Kvale & Brinkmann, 2010). The interview guide, appendix 1, includes the themes I had chosen in advance of the interviews and reflects what I had planned to discuss during the interviews. Since I had chosen to do a semi-structured interview, the respondents were given the opportunity to speak freely around the themes I had chosen in advance. Another advantage with a semi-structured interview is that I had the opportunity to ask follow up questions and also give the respondents room to elaborate and also reflect on their answers. I gave room for the respondents to touch upon other themes than the ones included in the interview guide. The interviews gave me information and answers to questions that I had not expected going in to the interviews. This gave me the opportunity to include the themes I found important in the following interviews. A semi-structured interview is flexible because it gives the respondents the opportunity to explain how they understand the issues discussed. By

conducting a semi-structured interview, the researcher is able to ask follow-up questions and ask for elaboration by interviewing the respondents additionally (Bryman, 2016).

One of the disadvantages of conducting a semi-structured interview is that in contrast with a quantitative interview, where the questions and answers are standardized, in a qualitative interview the researcher will receive varied and large amounts of answers. This makes it more difficult to code the answers received because of the large amount of information that needs to be processed. There is a chance that the respondents give different answers to the same questions, either because they have different perceptions of the issues discussed or because they misinterpreted the questions asked (Bryman, 2016).

3.5. Sampling

Since the research questions in this thesis revolve around stakeholder identification and prioritization of Grieg Philippines, it was important to choose respondents that was directly relevant to my research questions. In order to increase the quality of the research to sample respondents that hold the information needed to answer the research questions (Adams, et. al, 2014). In contrast with quantitative research, where the aim is to conduct a random sample in order to generalize based on a wider population, the aim in qualitative research is to sample units that are directly relevant to the research questions (Hellevik, 2011). I have therefore chosen to do a purposive sampling method, which means that I sampled units strategically because they have the relevant professional experience and occupation to answer my research questions (Adams, et. al, 2014). When conducting a simple-case study, the researcher should firstly establish the case before sampling units that are relevant to the case of study (Adams, et. al, 2014).

My units of sampling consisted of 4 people employed in Grieg Star AS, located in Oslo, Bergen and in the Philippines. The respondents all works with HR, legal issues, manning, compliance and CSR. When doing case studies, a researcher might be limited because of the size of the population. However, the sampling units will be sufficient in answering the research questions due to their relevance to the goals of the research (Adams, et.al, 2014).

3.6. Presentation of the Respondents

Respondent 1: Jannicke Steen-Utvik. Employed in Grieg Star as HR Manager in Manila, Philippines. Responsibilities includes handling maritime human resources, training and competence development and crewing/manning. Ensuring compliance with Grieg Star's ethical guidelines and codes of conduct. Ensuring crewing operations and documentations are in accordance with national and international regulations.

Respondent 2: Mariann Revheim. Employed in Grieg Star in Oslo as Vice President, Legal & Compliance. Responsible for handling all corporate and business law related issues in general and corporate structure in the Grieg Star Group in Norway and internationally, including the Philippines. Responsible for compliance matters and compliance programs.

Respondent 3: Eli Karin Vassenden. Employed in Grieg Star in Bergen as Chief Shared Services. Responsibilities includes human resources, quality assurance through audits and prequalification of suppliers and the company's overall corporate social responsibility strategies.

Respondent 4: Elisabeth Grieg. Co-owner of the Grieg Group, CEO of Grieg International and Board Member in Grieg Star.

3.7. Interview Guide

An interview guide is a list of themes or questions to be asked during the interviews, with an aim of conducting a flexible interview. In a semi-structured interview, it is common to provide a general list of questions and for the researcher to ask follow-up questions. The interview guide should be general in order to provide the researcher flexibility during the interview (Bryman, 2016). The purpose of the semi-structured interviews is to receive the respondents' perceptions of Grieg Philippines stakeholders, and also an understanding of the process of identification and prioritization of these stakeholders. The questions formulated in the interview guide were based on the theory and empiri I had read in preparing for the interviews. The interview guide changed from interview to interview as new questions arose. Due to

the flexibility of semi-structured interviewing, I was able to adapt each interview to the respondents and ask follow-up questions. The goal of the interviews was to receive their subjective opinion about the topics discussed and how they experienced the identification and prioritization of stakeholders.

3.8. Conducting the Interviews

All the respondents were contacted via email with a short introduction to the research theme with a question of if they were willing to be interviewed. I did not give the respondents too much information about the research or the research questions since this could have an effect on the respondents' answers during the interviews. However, respondent 1 requested to get the questions in advance, and this was therefore sent via email in advance.

After I had received a confirmation from the respondents, I asked them if it was ok that the interviews would be taped in order to properly quote the respondents in the thesis. This would also give me the opportunity to take notes on their body language and thoughts on how they formulated themselves when answering the questions. All the respondents gave their informed consent that the interview could be taped digitally. The respondents were given the opportunity to decide when the interviews would take place because of their busy work schedule. Since two of the respondents are located in Bergen and the Philippines, the interviews were conducted via Skype. The respondents 2 and 4 are located in Oslo and the interviews were therefore conducted personally. The interviews took 40-60 minutes, depending on how much time they had to spare and how much they had to say about the issues.

Respondent 1 asked to receive the questions in forehand and gave me some answers via email in advance of the interview. This could be a disadvantage because it can take away some of the spontaneity of the respondents answers during the interview since the respondents have had the chance to think about her answers in advance. However, I saw it as an advantage since I was able to look at the email during the interview, which gave me the opportunity to prepare some follow-up questions that I might have not thought about during the interview. It was also an advantage since I experienced that the respondent forgot to mention some of the stakeholders that she mentioned in the e-mail, thereby providing me with more information in advance that

was an advantage during the interview. Respondent 2, 3 and 4 did not receive the questions in advance, and as a result the answers given were more spontaneous. This can have different outcomes, either that the respondents forget to inform and reflect in advance so that some important information is lost. However, this can also result in the respondents giving me spontaneous information during the discussions since they did not have a chance to reflect in advance.

3.9. Processing the Data.

In this section, I will clarify how I have processed the data and the information that was gathered through the interview process. The data that was gathered through the semi-structured interviews was transcribed and coded using the principles of grounded theory.

3.10. Transcription

Transcribing interviews means that the interviews are being transformed into written form so that it is easier for the researcher to analyse the interviews. The analysis of the interviews begins with the transcription process since the researcher goes through all the material and writes everything down, and it is therefore easier to get an overview of the material. The most important criteria when transcribing interviews in qualitative research is that the interview has been taped and that it is possible to hear what is being said on the tape (Kvale & Brinkmann, 2010). After every interview, I immediately started transcribing the material. This gave me the opportunity to reflect on the interview and write down additional follow-up questions that I could ask the respondents after the interview. Transcribing the interviews also prepared me for the following interviews because I had additional information and questions that I did not have prior to the interview. In qualitative research, the researcher should emphasize how the respondents answer, not just what they are saying (Bryman, 2016). One advantage with transcribing immediately was that I remembered the impressions I had from conducting the interview, and this was relevant for my interpretation of not just what the respondent said but how they said it. In preparation for the coding and analysis, I wrote down recurrent codes from the interviews conducted.

3.11. Coding

For the purpose of this thesis I have chosen grounded theory to analyse the data. The main component in grounded theory is coding, which entails transcribing and writing down recurrent codes that becomes uncovered during the interviews. One goal with coding is that the codes should reflect the purpose of the study and be theoretical significant. Since qualitative interviews result in a large amount of data, following the steps of coding in grounded theory helps the researcher narrow down the data in an on going process. Coding entails that the researcher carefully reads through the data while asking themselves analytical questions in order to define purpose of the data (Bryman, 2016). This is according to Charmaz (2006) the backbone of the analysis. The purpose of coding is to gather opinions from the interview from the respondents' perspective. Coding is about uncovering open and hidden processes together with the implicit processes. One of the advantages of conducting coding is that the researcher can find new meaning in the text by looking beyond its initial meaning (Charmaz, 2006).

Charmaz (2006) developed a three stage coding scheme, where at each stage the data becomes more focused. The first step, initial coding, entails that the researcher compares the data collected and writes down recurrent codes that reflects the respondents' words, opinions and actions. These codes should be short and a reflection of what is being said in the interviews and how this is being said. It is important that the researcher is careful when reading through the data because all parts of the data might be relevant. This often results in a wide range of codes. The second step, focused coding, which provides a base and a foundation for comparing the interviews and the formation of more clear categories. This involves that the researcher compares codes and keeps the codes most relevant to the research and the codes that occur most often. The researcher often combines codes from the initial coding to create new descriptive codes. The last step of the coding process is theoretical coding, which means that the researcher reviews the data and the codes from the two last stages to create codes that are theoretically relevant. At this stage, the researcher includes the theory to develop codes that reflect the purpose of the study. The researcher develops a greater understanding for the data collected through understanding the theoretical context of the data (Charmaz, 2006).

One disadvantage with using grounded theory is that it is very time consuming due to the on going process of coding the data. Using grounded theory requires the researcher to continuously review and re-review the data in order to have a deep understanding of the content of the data and to develop codes that are descriptive but also reflects the theory used. Grounded theory requires the researcher to be focused when coding because there is a risk of the researcher losing the context of the interviews and therefore some parts that would have been important to include in the analysis (Charmaz, 2006).

After transcribing each interview I immediately started underlining relevant statements and writing down codes in the margin. This made me more prepared for the next interview and it also strengthened my understanding of the data. One advantage by coding immediately was that it was easier to spot what information I needed more of. After doing an additional interview I compared the codes I had written down to see if there was recurrent codes of importance. When comparing the data and codes, it made it possible to narrow down the codes by finding similarities and dissimilarities in the interviews. When reading through the interviews it resulted in a continuous process between the text and the codes, which is one of the main points in grounded theory. During the theoretical coding process I reviewed my research questions, the theory I had chosen and how I wanted to answer the research questions based on the theory. By doing this I was able to draw lines between the theory and the interviews and create codes that were theoretically relevant.

3.12. Criterias of Quality: Validity and Reliability

To evaluate the quality of my research, I have to consider the validity and reliability of my research. These criteria's are used to evaluate how well one or more phenomenon is measured (Gripsrud, Olsson & Silkoset, 2008). There has been some criticism against using validity and reliability in qualitative research, arguing that it is not appropriate measures in qualitative research. A researcher therefore has to approach the evaluation of the validity and reliability of qualitative research than in quantitative research (Bryman, 2016). Validity refers to if the research measures what it is intended to measure, and a researcher has to ask themselves "am I measuring what I think I'm measuring?" (Brinkmann & Kvale, 2010). In quantitative research,

this can be tested by replicating the research to see if the results are the same. However, qualitative research cannot be duplicated and to test the validity of the research requires new methods of testing (Bryman, 2016). In order to evaluate the validity of qualitative research, the research has to reflect the phenomenon and variables that is the output for the research. In this lies that the evaluation of the validity of the research is an ongoing quality control process throughout the research, from deciding the theme and research questions, to the planning, interviews, transcription, analysis, validation and reporting. The researcher has to evaluate the dependability, probability and credibility of the research, where the findings have to be checked and interpreted (Kvale & Brinkmann, 2010). The evaluation of the validity of the research is therefore based on the interpretation of the data in the context that it is used. The validation of the data for one purpose is not necessarily valid when it is used in a different context (Gripsrud, et. al, 2008).

The reliability of the data is based on if the researcher can evaluate if the results from the research is dependable. Research can have a high degree of reliability, but this does not necessarily mean that the validity is high (Gripsrud, et. al, 2008). The reliability of the research conducted says something about its consistency and dependability. The main question to evaluate the reliability of the data is if the result can be reproduced by another researcher at another time, for example if the interviewees will answer the same questions as they did in an earlier research process with another researcher (Kvale & Brinkmann 2010). A criteria for ensuring reliability in the transcription process is that two people transcribe and then compare their transcription. This is to ensure that both of the researchers has transcribed and interpreted the information from the interviews equally. Since I have written this thesis alone, I had to transcribe the interviews independently. To ensure reliability of the transcription, I therefore transcribed everything that was said as well as transcribing the interviews immediately (Bryman, 2016).

It is difficult to evaluate the validity of the transcription and an objective translation from oral to written form is impossible to establish. A researcher therefore has to ensure that the way the interviews are transcribed reflect the purpose of the research. To ensure this, everything that is being said in the interview should be transcribed, including pauses, repetitions and the tone of voice. The researcher can find additional

information for the analysis by including reactions, denials or the relative mood of the respondent, which is important for the interpretation of the interview (Kvale & Brinkmann, 2010).

3.13. Research Ethics and Confidentiality

The goal of a qualitative research interview is to understand the respondents own perceptions related to the research questions and purpose. When choosing a qualitative research method it requires the researcher to be able to maintain subjectivity, and it also requires the researcher to respect ethical principles. Ethical issues will become apparent throughout the research process in a variety of ways (Kvale & Brinkmann, 2010).

The respondents was informed about the purpose of the research and given information about their rights to confidentiality. If the respondents wish to be anonymous, the researcher has to treat their personal information with care so that information that can identify the respondents is not included. In addition, the researcher has to store the recordings and transcriptions in a safe place and delete the recordings when they are no longer needed. If the respondents want to be anonymous, this can affect the reliability and the ideal of verifiability. However, none of the respondent wanted to be anonymous in the dissertation or considered the topics discussed as sensitive topics. The researcher should always inform the respondents about who will have access to the research and about the respondents rights to access to the transcription and analysis (Kvale & Brinkmann, 2010). None of the respondents asked to read through the transcription. It is important to uphold the integrity of the people interviewed throughout the research process; the interview and through the interpretation and presentation of the data (Fangen, 2010). Throughout the interview process I have been open and honest in my communication with the respondent by explaining the purpose of the thesis and their rights to confidentiality. I have expressed understanding that their explanations and interpretations do not necessarily represent the company as a whole.

4. Contextual Framework

4.1. Corporate Social Responsibility in the Shipping Industry

Corporate Social Responsibility is according to the European Commission based on following the law as well as voluntarily "integrating social, environmental, ethical, consumer, and human rights concerns into their business strategy and operations". Thus, corporate social responsibility is mainly based on voluntariness (European Commission). Since the shipping industry is subjected to laws under the International Labour Organization (ILO) and the International Maritime Organization (IMO), the industry has been criticized for only obliging to the laws set by ILO and IMO, which removes the voluntariness of working with social responsibility beyond these laws and regulations (Hamad, 2016: Poulovassilis & Medianis, 2013).

Poulovassilis & Medianis (2013) identifies three potential challenges for the shipping industry; environmental, social and economic. In order for the shipping industry to develop a sustainable CSR policy, all these concerns needs to be included in their business strategies. Environmental concerns are related to the shipping industry's effect on the environment, which includes emissions to air, discharges to water, waste management, recycling and pollution incidents. Social concerns can be related to employee relations, such as ensuring training, safety and security, or to wider social issues such as human rights, poverty and disaster recovery. The economic concerns includes managing the expectations and demands from stakeholders about generating profits and revenue, as well as pressures the business environment, together with the global economic environment, supply and demand, and costs of ship operations (Poulovassilis & Medianis, 2013).

In order to meet these challenges, the shipping industry should involve relevant stakeholders and develop environmental and social standards for their activities. Shipping companies should include stakeholders in their activities so that they are held accountable by other actors that are affected by their activities than only their shareholders (Poulovassilis & Medianis, 2013). However, stakeholder management has been difficult to implement in the shipping industry due to the complexity of stakeholders within their supply chain. Shipping companies handles a wide range of

ships in different parts of the world that reach a multitude of ports, and engage with a multitude of actors. This makes it difficult for shipping companies to meet the complexity of demands from their various stakeholders, and even to define stakeholders and their importance (Hamad, 2016).

The involvement of different stakeholders in the shipping industry has increased and the industry face more demands and expectations connected to environmental, social and ethical issues. Shipping companies are responsible for various social problems that are brought to the local communities in which they operate, as seen in the figure. The shipping industry should therefore include these stakeholders in decisions regarding the company's economic, social and ethical impacts in order to find sustainable solutions that reduce risks. In order to sufficiently include stakeholders in these decisions it is important that shipping companies provide the stakeholders with trustworthy and credible data, information and reports (Hamad, 2016).

4.2. The Norwegian Context

The Norwegian Government has clear expectations towards all Norwegian companies to engage in CSR and including stakeholders in their CSR work:

"The Government underlies an understanding of corporate social responsibility that involves companies integrating social and environmental considerations in their daily operations and in relation to their stakeholders. Social responsibility implies what companies do on a voluntary basis in addition to complying with existing laws and regulations in the country in which they operate. Enterprises should contribute to positive social development through value creation, decent practice in their own business and by paying attention to the local community and other stakeholders" (St.meld. nr. 10, 2008-2009).

Norwegian businesses who operate globally should maintain good business practice abroad the same way as they do in Norway. An important part of maintaining good business practice is through close collaboration with stakeholders in order to strengthen the local communities by increasing local competency and economic possibilities. In order to do so, companies should include relevant stakeholders from an early stage (St.meld. nr. 10, 2008-2009). The Norwegian Government's

expectations towards Norwegian businesses to include relevant stakeholders as a part of engaging in good business practice has an effect on how Norwegian businesses act abroad. If and to what extent shipping companies work with CSR will therefore in large part depend on their country of origin and what expectations their local government has towards working with CSR. The Norwegian Government regulates Norwegian businesses CSR initiatives through reporting requirements, where the minimum requirement is following the Norwegian law.

The Norwegian Government supports the UN Global Compact and encourages Norwegian businesses to implement them into their business. The United Nations Sustainable Development Goals (SDGs) was put into place in September 2015. The SDGs are 17 development goals that includes education, poverty, climate change and gender equality. The Global Compact is a set of common values and principles shared by all the member states, and is the largest voluntary initiative for social development. The businesses that includes the UN Global Compact in their work is required to report on their progress, a so called Communication on Progress (COP) through either their company annual report or sustainability report (St.meld. nr. 10, 2008-2009).

4.3. Presentation of the Company

The Grieg Group was founded in 1884 by the shipbroker Joachim Grieg in Bergen, Norway. The Grieg Group is a family owned business, where 75% of the company is owned by the Grieg family and 25% is owned by Grieg Foundation. Grieg Star is owned by the privately owned Grieg Group. The Grieg Group's headquarter is located in Bergen and is responsible for ship management and development, accounting, procurement and HR. In their offices in Oslo, the finance and legal department is located together with Grieg Green. Their break bulk terminal is located in British Columbia in Canada, while the crewing agency is located in their offices in Manila, Philippines (Grieg Star).

Grieg Star AS is a part of the Grieg Group and was founded in 1961, originally specializing in the trade of wood pulp and paper. Grieg Star is now a fully integrated shipping group. Grieg Star owns a specialized and diversified open hatch fleet, and owns and manages a financial investment portfolio. Through their pool agreement with G2Ocean, Grieg Star is one of the largest Open Hatch shipping operations (Grieg

Star). G2Ocean is a joint venture of two shipping companies: Gearbulk and Grieg Star (G2Ocean). All of the Grieg Star ships are used by G2Ocean worldwide and Grieg Star is responsible for the management of the ships.
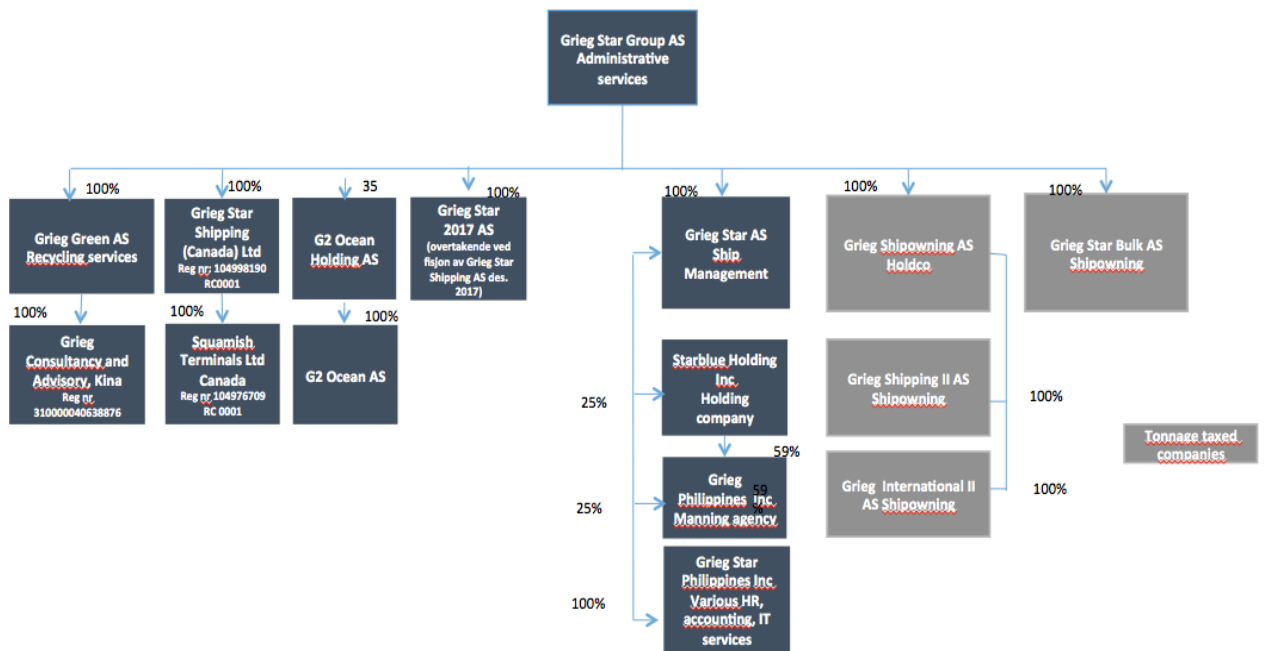
Figure 2. Grieg Group Corporate Structure.

Figure 2 demonstrates the corporate structure of Grieg Star Group. Grieg Star AS owns 25% of Starblue Holding Inc, who owns 59% of Grieg Philippines. As such, Grieg Star AS owns 14% of Grieg Star Philippines indirectly through the holding company. Grieg Star AS owns 25% of Grieg Philippines directly, while the remaining 16% of the company is owned by local Philippines.

4.4. Grieg Philippines

Grieg Philippines was established under Grieg Star in 2009. The company focuses on training and education of seafarers, with a focus on establishing a common company culture. The aim of Grieg Philippines is to give high quality education to seafarers, and to supply officers and crew to its fleet of open-hatch wessels. Grieg Philippines is highly focused on corporate social responsibility, which is defined as "a form of corporate self-regulation integrated into a business model". Grieg Star and Grieg

Philippines are obliged to follow the same ethical principles, with a focus on fair business, common values, anti-corruption, anti-discrimination and engaging in business with other companies who share the same business ethics as they do. More about Grieg Philippines will be discussed below and can be found in the Grieg Star Corporate Social Responsibility Report 2016 in appendix 2.

4.5. Grieg Star AS and their Corporate Social Responsibility

Grieg Star is a member of EcoVadis, Trident Alliance, IMO, they are ISO 14001:2004 certified, as well as committed to following the UN Global Compact. Grieg Star is also a member of the Norwegian Shipowners' Association, an interest and employers' organization for Norwegian-affiliated companies within shipping and offshore construction activities. Members achieve guidance on how to work in accordance with the UN Sustainable Development Goals and how to conduct corporate social responsibility in the shipping industry (Norwegian Shipowners Association Corporate Social Responsibility Report, 2016). More about Grieg Star's involvement and memberships can be found in appendix 2.

Grieg Star has integrated the UN Global Compact into all parts of their business strategies and operative work (Grieg Star). The UN's Global Compact consists of 10 principles regarding human rights, labour standards, environmental concerns and fighting corruption. The Global Compact is a volunteer global network of businesses that integrates sustainable leadership and development. It is expected that all the businesses involved integrates the 10 principles in their business strategies and that the businesses reports on their activities and progress related to the Global Compact. This can be found in appendix 2, the Grieg Star Corporate Social Responsibility Report 2016.

Grieg Star values are: Open, Solid, Proud and Committed. The ethical principles that the shipping company follows includes fair, honest and open business practice, anti-corruption, anti-discrimination, as well as only engaging in business with actors who share the same values, keep clear records of business transactions, avoid situations where personal interests conflicts with the Grieg Group objectives and lastly, treat all information, assets and property with responsibility and professionalism. The Grieg Star Group has more than 370 suppliers world wide, and the company therefore

developed Grieg Stars' supplier code of conduct in 2008. The supplier code of conduct ensures that their values and ethical guidelines, as well as legal requirements are followed in the supply chain. The suppliers and contractors are required to follow ethical, environmental and social standards set by the company (Grieg Star Corporate Social Responsibility Report, 2016).

Identification of and working with stakeholders is included in the Grieg Star Group 2016 Corporate Social Responsibility Report, with the aim of transparent communication with their stakeholders. The report further argues that for Grieg Star to be able to compete with other companies in the shipping industry, it is crucial that they have open communication with their stakeholders based on areas of improvement, responsible business practices and reporting. It is important for the Grieg Star Group to maintain an ethical relationship with all their stakeholders:

"Understanding the priorities and concerns of stakeholders is vital to ensure that we continuously improve and raise the bar in our sustainability efforts. Without preparing to meet the expectations of today and tomorrow, we cannot succeed in the long term (Grieg Star Shipping Group, 2010, p. 24)*."*

Grieg Star Groups' stakeholder strategy includes identifying and selecting stakeholders that are key for their area of business, and including them through dialogue and active involvement. A number of issues has been discussed through the engagement of stakeholders, such as health and safety, competence development and environmental and active dilemma training (Grieg Shipping Group Annual & Corporate Social Responsibility Report, 2010).

5. Research Findings

In this section I will explain and evaluate the data gathered by conducting a qualitative research method through semi-structured interviews. In addition to this, I have coded the interview data through grounded theory. The empirical findings are presented based on the data from the interviews and the theoretical framework. First I will present an overview of the stakeholders that the respondent identified, following a presentation of the identification of stakeholders based on the framework of Mitchell et. al, and lastly present the prioritization of stakeholders and what challenges that might affect the relationships with their stakeholders.

5.1. Overview of Stakeholders

The Grieg Star Corporate Social Responsibility Report of 2016 includes a list of the company's stakeholders:

1. Employees
2. Suppliers
3. The Environment
4. Local Community

This is a general list of stakeholders that the company has to relate to in all countries that they operate. The report does not give further definitions to what is meant by employees, suppliers, the environment or the local community. Particularly is the environment and local community general terms that could apply to any part of the environment or local communities all over the world. This general list of stakeholders could be a source of misunderstandings or confusion in deciding who are the company's stakeholders and how they specifically identifies them. Grieg Star is a large shipping company with ships sailing worldwide. Due to this, the company therefore has to consider the relevant stakeholders for them in all parts of their shipping operations (Grieg Star, 2016). The stakeholder salience theory assumes that stakeholders will vary due to the manager's perceptions of their power, legitimacy and urgency. This could vary depending on what country the stakeholders are located, and their importance will therefore vary depending on their perceived power, urgency and legitimacy in their country of origin (Mitchell, et. al. 1997).

5.1.1. Who does Grieg Philippines consider to be their stakeholders?

Respondent 3 and 4 was asked to explain why it is important for the company to identify stakeholders:

"It is crucial for us that we have a close understanding and contact with those who are important for us in order to run the company. But also because it enables us to leave the footprint we want related to how we run the company" (Respondent 4).

"Both because we have to deal with it regularly and because we have to deal with it when it comes to employees because they have to know as much as possible to do a good job and they have to feel included to do a good job and to contribute to the company's goals and to make suggestions and correct where something is done wrong" (Respondent 3).

I asked the respondents what meaning they attach to a stakeholder:

"A stakeholder, it is 360 degrees really because everyone in some way has a stake in a business or in a product, so in my head it's both the owners, employees and of course the local government and the local community" (Respondent 3).

The respondent view that who the company regards as a stakeholder is varying depending on what types of business sector the company works in. This is particularly true when it comes to NGOs and unions because their degree of importance and influence will vary from product to product and from business to business. Respondent 2 has a different perspective than respondent 3 of what a stakeholder is:

"I would think a stakeholder is someone who has an interest in that the company is being driven according with how the owners want it to be driven. I see it from the owner's perspective. I evaluate stakeholders based on what is important for us as a company, because if they are not happy with the quality of the crew in the Philippines on the owners side, that the customers (Grieg Star Group/G2Ocean) are unhappy, and the costs of course, the costs is very important".

The respondents' perceptions about the most salient stakeholders vary depending how they socially construct stakeholders and their importance, which is the presumption in the stakeholder salience theory (Mitchell, et. al. 1997). Companies often involve stakeholders in order to develop loyalty and improving their reputation amongst stakeholders (Hillman & Keim, 2011). All the respondents interviewed mentioned that the reputation of the company was the most significant criteria when identifying stakeholders. The company can be seen as building loyalty where it is seen as most appropriate in order to build their reputation and create support. This is as presented in the legitimacy theory by Deegan (2006), where companies that spend time building loyalty in their social environment also receives legitimacy. It is therefore important for the company to act according to the norms and values set by society, and in order to do this the company has to understand these norms and values (Deegan, 2006). Grieg Philippines does this through communication and collaboration with the stakeholders that they view as important. However, they had different views on which stakeholders that are most important in this regard. Respondent 1, who works with manning in the Philippines, views this from the perspective of the manning agency in the Philippines:

"Our stakeholders are the seafarers, even though they are our product they are also our customers. Even though Grieg Star is the customer of their services, I would view the seafarers as our customer as well since they expect that we deliver. I'm speaking from the manning agency of course. I think that's where we can have an effect and it is important for us to be clear in our expectations and to influence the organizational culture that we want to see".

Figure 2 presents an overview of the stakeholders that were mentioned in the 4 interviews. A total of 19 stakeholders were mentioned. Some of the stakeholders were only mentioned once; the environment, local owners, G2Ocean, the media, the Grieg family and the Norwegian embassy. All of the respondents agreed that the local authorities and local community is perceived to be a stakeholder. The remaining stakeholders were mentioned at least twice.

Figure 2. Overview of Grieg Stars' Stakeholders.

Clarkson identifies a company's primary stakeholders as being shareholders, investors, employees, customers, governments, suppliers and communities. The primary stakeholders are actors that the company is dependent on in the community to get access to infrastructure and markets (Clarkson, 1995). All of the respondents mentioned primary stakeholders, such as employees, the local community and local authorities. Two of the respondents mentioned the shareholder Grieg Star Group as a stakeholder and one mentioned G2Ocean. Only one respondent, respondent 4, mentioned the Grieg family as being a primary stakeholder. In contrast with the

shareholder perspective, the respondents did not acknowledge shareholders as being the most salient stakeholders.

The local community is a vague definition, so I asked the respondents to explain what it means. Respondent 2, 3 and 4 define the local community as a stakeholder, and they agree on the definition of the local community as being directly connected to their employees. Respondent 1 says explains the increasing importance of the local community:

"I think that we see that the importance of the families of the seafarers has increased. We can influence them mostly through their wifes or by creating relationships with their wives and parents. This is particularly apparent for our young seafarers".

Respondent 3 explains what she defines as the local community and their importance:

"It is clear that they (the local community) is a stakeholder, but it is clear that when we define the local community, what is it? It is not the people located around the office, but it is those in that little village of 300 people where the wife of our employee lives because she is the one in the village who gets the pay check on a specific date every time". Respondent 3.

The local community, based on how the respondents define it is important to the company because it creates support from the local communities of the employees. If Grieg Philippines treat their employees with respect and if they get their pay checks at the right date every time, this will spread to their local communities and create a good reputation for the company.

Secondary stakeholders are people who might be affected by the actions of the company but that are not directly involved in or significant in terms of the survival of the company. Examples of secondary stakeholders can be the media and special interest groups, who have the power to mobilize public opinion, either if it's in the business interests or not. Secondary stakeholders as such are not crucial for the survival of the company but have the power to cause damage or to create support for the company (Clarkson, 1995). One respondent mentioned the media as a stakeholder and three mentioned NGO's. However, as the respondents point to during the

interviews, the Non Governmental Organizations (NGO's) that the company deal with is of different importance. Some NGO's are more relevant to the company than others for example if Grieg Star want to have greater impact on the government it is important for them to collaborate with other powerful NGO's on issues that concerns them. This is because, as respondent 1 says: *"Together we will have a stronger voice than alone"*.

5.2. Stakeholder Salience

In the interviews with the respondents a total of 19 stakeholders was identified, seen in Table 2. Of these 19 stakeholders, 3 stakeholder types from the stakeholder salience theory was identified; one latent stakeholder and two expectant stakeholders, seen in Table 2. None of the respondents identified any of the other stakeholder groups; Discretionary, Demanding, Dangerous or Dependent stakeholders.

Dormant Stakeholders	Dominant Stakeholders	Dependent Stakeholders
• Criminal Groups	• Seafarers • Employees • Customers • Suppliers • Educational Institution • The Local Community • Local Owners • Local Authorities • Grieg Star Group • G2Ocean • The Grieg Family • The Media • NGO's • Unions at Seaports • Authorities at Seaports • Agents at Seaports • The Norwegian Embassy	• The environment

Table 2. Stakeholder Types.

5.2.1. Dormant Stakeholders

The latent stakeholder identified, the dormant stakeholder "criminal groups", only possess the power attribute. Latent stakeholders are viewed to be of least importance to managers due to their possession of only one of the three attributes (Mitchell, et. al,

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1997). This is consistent with their perceived importance of the respondents interviewed. Only one respondent mentioned them as a potential stakeholder, but was not sure if she identified them as a stakeholder:

"It's another type of crime in the Philippines. So there is a risk we need to be aware of and then we of course can discuss if they are a type of stakeholder or not. They do affect us, what we do and how we work and that we have to have a security guard in the door and that sort of thing" Respondent 3.

A dormant stakeholder, who only possesses the attribute of power, does not have any legitimate claim nor viewed as being an urgent stakeholder. Since the stakeholder "criminal groups" does not have legitimacy nor urgency, their acclaimed power cannot be used. However, if the stakeholder can acquire one of the other attributes, they will be viewed as salient by the managers of the firm (Mitchell et. al, 1997). Respondent 4 discuss safety issues in the Philippines, but rather regards the Norwegian Embassy as an important stakeholder connected to the issue of safety:

"Safety is important. Safety for our people, and for all our stakeholders as well. It is an important area vi need to understand enough about and have guidelines about it. To have close communication with the Norwegian Embassy in the Philippines is important because they have their own apparatus that looks at the safety situation".

5.2.2. Dormant Stakeholders

Two expectant stakeholders was identified by the respondents; dominant and dependent stakeholders. The largest group of stakeholders is that of the dominant stakeholders, with 17 stakeholders mentioned in the interviews. A dominant stakeholder holds both legitimacy and power, but does not have any urgent claims to the company. Because of the legitimate claims of these stakeholders and their power to act upon them, they will be perceived as salient to managers and most likely will have some sort of established and formalized relationship with the company. Examples include company board members, community leaders and investors. Dominant stakeholders are often viewed by managers as the most salient stakeholders to companies, and are the recipients of annual and environmental reports and statements (Mitchell, et. al, 1997). This is consistent with the findings from the

interviews particularly as this was the largest groups of stakeholders mentioned. Common for all the respondents is that they all mentioned the company's reputation as most important when identifying these stakeholders.

Respondent 3 highlights the importance of the local community and the media:

"I think the local community and the media and all types of public opinion is important because we want to be out there and sell what we do and that we are doing well and what we can do, and in order to do that we need to be visible. This is especially important because when it comes to our reputation we have always been an 'undercover group', right, because the shipping industry has felt that what we are doing is nobody's business".

The company has established and formalized relationships in various degrees with all the dominant stakeholders. For example, respondent 4 highlights that the company has *"a long-standing relationship with WWF and we support SOS Children's Villages as well. We started our collaboration with WWF in 2011".* The World Wildlife Fund (WWF) and SOS Children's villages are both recipients of funds from Grieg Star. Issues they have collaborated on is for example environmental issues such as marine conservation.

Seafarers, employees, the local community and suppliers were all seen as influential because they are seen as the bearers of Grieg Stars' ethical values and principles. Respondent 4 emphasized the importance for the company to identify stakeholders that share Grieg Stars' ethical values and principles, if not the relationship between the company and the stakeholders would not work:

"It is important for all parts of the company; it is important for everything we do, it is important for us so that we can make money, it is important for us so that we can work properly, and not at least for people to be able to identify with what we do. It is important for the identity of the company, for the reputation and important for the whole value chain".

Equally important is the communication with the agents at the seaports: "*The agents can sometimes say that there are certain requirements that we don't fulfil and waiting*

for that to be solved, we can be refused to enter the ports" (Respondent 2)*.* This extends to the company's seafarers due to the risk of corruption, respondent 3 explains *"Of course when you go to an Indian seaport, the agents enter the ships and says that 'this is going to be fine, as long as you give us some gifts'.* Respondent 2 explains this as a pay or delay principle:

"Filipinos are at the bottom of the ladder and they find it difficult to resist the demands of corruption. But we have our principles of not engaging in corruption, so sometimes we do experience some minor delays. But I have seen a positive trend because more shipping companies stand together against corruption, so we experience less of it than before".

Respondent 1 explains that they experience less attempts in seaports. *"We have developed a certain profile and since we are at certain seaports regularly, they understand that there is no need to even ask".*

This can be interpreted as the agents at the seaports gradually losing their power to pressure shipping companies to pay their way out of delays. As such, agents are still viewed as a stakeholder but their claims are gradually losing their power as shipping companies' work together to avoid corruption.

5.2.3. Dependent Stakeholders

One dependent stakeholder, the environment, was mentioned by one of the respondents; respondent 2: "*The environment is a stakeholder. The seafarers have an environmental policy that deals with garbage handling on board the ships, discharges to water and sorting of garbage".*

Dependent stakeholders are defined based on their possession of both legitimate and urgent claims towards the company, but that has a lack of power to enforce these claims. Because of the lack of power these stakeholders are dependent on other powerful stakeholders or managers in order to enforce their claims. The environment is used as an example in Mitchell et. al's framework due to the legitimacy and urgency of the natural environment, but its lack of power to enforce any of these claims. The environment is dependent on powerful stakeholders to act upon these

claims and to enforce them. If a dependent stakeholder can get through with their demands and receive support from powerful stakeholders, they can become definitive stakeholders (Mitchell, et. al. 1997).

In the case of Grieg Star Group the environment is seen of little importance as a stakeholder, respondent 2 was the only respondent who mentioned it briefly as a potential stakeholder. Respondent 1 and 4 discuss the implications of the typhoon and their involvement in the clean-up in the time after, however they did not mention the environment as a stakeholder alone or in combination with any powerful groups. *"After the typhoon, many of our employees helped clean up"* (Respondent 4).

"Many of the local fishermen lost their small fishing boats, they were ruined in the storm. So we thought, ok, maybe they should learn to build boats of other materials than wood. So we built about 80 or 100 boats. But instead of just building them, we thought them how they could do it on their own" (Respondent 1).

The environment therefore has not at any point been viewed as a definitive stakeholder, as none of the respondents viewed any incidents as crucial for the company. Even though it should, in accordance with the framework, receive more salience from managers, the environment receives little salience from the respondents. This might be because the respondents identify stakeholders as being people or groups, and therefore doesn't recognize the environment as being a stakeholder.

5.3. Stakeholder Prioritization

Shipping companies are faced with a range of competing claims from stakeholders. As stakeholders relevance to the company increases, shipping companies experience an expectation to include stakeholders in their CSR strategies. Due to the wide range of stakeholders relevant to shipping companies, it is a challenge to identify and prioritize them based on their claims. Mitchell et. al. assumes that who managers identify as stakeholders and how they are prioritized are based on how the stakeholders are perceived by managers (Mitchell. et. al, 1997). Based on this, I asked the respondents to prioritize the stakeholders. Respondent 1 and 2 mentioned 6 stakeholders during the interview, while respondent 3 and 4 mentioned 9 stakeholders. This is presented in table 2 below.

Respondent 1	**Respondent 2**	**Respondent 3**	**Respondent 4**
• Seafarers • Employees • The Local Community • Local Owners • Local Authorities • Suppliers • NGO's	• Grieg Star Group • G2Ocean • Agents at Seaports • The Environment • The Local Community • Local Authorities	• Employees • Educational Institution • Local Authorities • Grieg Star Group • The Local Community • NGO's • The Media • Unions at Seaports • Government at Seaports	• Customers • Suppliers • Employees • Local Authorities • The Grieg Family • The Local Community • The Norwegian Embassy • Educational Institution • NGO's

Table 2. Stakeholders mentioned by the respondents in prioritized order.

Respondent 3 is asked if she consider stakeholders to differ based on their country of origin, in which she replies: *"The stakeholders are the same but the content of the stakeholders differ around the world"*.

All the respondents interviewed mentioned that the reputation of the company was the most significant criteria when identifying stakeholders. However, they had different views on which stakeholders can affect their reputation the most.

"A bad reputation can ruin a company. So we have to consider that all the time. But we don't do things because we want a good reputation, that would be wrong. But we want to do things proper, all the time. Then we will get a good reputation because of the way we act and because we talk about the good that we do" Respondent 3.

Respondent 1 explains the reason for prioritizing the seafarers and employees as stakeholders:

"They have an effect on our output, they are crucial for our reputation. Because they work for Grieg so if they do something that is against what we stand for, that will have consequences for us not being able to attract seafarers or in worst case that we decide that we no longer want to employ Filipino seafarers".

Respondent 1 is located in the office in Manila, which might explain the focus on stakeholders located in the Philippines and also the focus on seafarers and employees.

This can have an effect on how the respondent identifies the company's stakeholders, as she is mostly concerned with the immediate relationships in the Philippines.

Respondent 2 mentioned G2Ocean and Grieg Star Group as the most salient stakeholders: *"They are very concerned with the quality, so the company's reputation and the quality of the delivery to customers are the most important criteria for deciding stakeholders"*.

This prioritization might be because, as respondent 2 mentions, the respondent views the identification and prioritization from the owners perspective.

Respondent 3 view their employees, the educational institution and local authorities as most salient based on their power to influence the company's operations:

"They have very strong control over the systematics and the ability for people to work at sea and have strong control over who travels in and out. And the educational institution is strong because we, I mean, if we don't have the right certificates, we cannot sail" Respondent 3.

The Grieg family is the primary owner of the company, however respondent 4 is the only respondent that mentions the Grieg family as a stakeholder. This could be a reflection of her position in the company as the respondent is a member of the family and owner of the company. Respondent 4 highlights the importance of choosing stakeholders that share the same values and principles as they do when asked what criterias she considers in prioritizing stakeholders *"When we get a new deal for example, we have to consider if these are decent people. It's the same in every context, employment, identification of suppliers"*.

5.4. Challenges in Stakeholder relations

This section will discuss the respondents' view of whether or not the company deals with any conflicting interests and how they solve this. It will also discuss how corruption is viewed by all the respondents as the main challenge when working with stakeholders in the Philippines, and also how their differing views on the company's

CSR strategy can affect their perception of how the company work with CSR and how they identify stakeholders.

5.4.1. Conflicting Interests

According to Dahlsrud (2008) it can be difficult for companies to balance between the conflicting expectations, interests and claims of multiple stakeholders. In order to meet these conflicting claims, companies need to prioritize stakeholders in order to understand which claims are the most important to meet (Dahlsrud, 2008). None of the respondents reflected over that the stakeholders have conflicting interests or that it resulted in any sort of conflict. Conflicting interests of stakeholders is therefore not seen as a factor that affects the relationships with their stakeholders in a negative way. Respondent 2 is asked if the company ever experience any conflicts of interests between the company and the stakeholders:

"*Some minor conflicts might appear, for example regarding the crew. And we discuss this with G2Ocean as our supplier since we buy commercial services, and they have some reasonable requirements to our crew. So we do discuss, as it should be. But we always find a common solution*".

Having stakeholders with conflicting interests would not work for the company, according to respondent 4.

"*We would never identify or get involved with anyone or anything that does not have the same interests as we do. We would never do business with someone we feel is not doing business with the same set of values or demands as we do*".

Stakeholders are therefore not seen as affecting the company's decisions as such, rather that the company strategically chooses stakeholders that share their values and principles in order to avoid conflicts.

The shareholder perspective argue that companies should only consider the interests of their shareholders and that their interests is not aligned with that of other stakeholders. The company should therefore only pay attention to their shareholders, not other stakeholders (Friedman, 1962). None of the respondents considered the

interests of their shareholders as conflicting with the interests of other stakeholders. Though respondent 2 viewed the shareholders as the most salient stakeholders, she did not regard them as the only stakeholders or consider the shareholders interests as different to that of the stakeholders. This is also reflected in the interview with respondent 4 who explains that it is important to the company to identify stakeholders that hold the same values as the company.

Respondent 3 explains that though she does not recognize any new unforeseen stakeholders, they do recognize that they are frequently involved in new situations where a stakeholder can suddenly hold more power. Respondent 3 explains that:

"We are constantly involved in new situations, right, if I would define it as a new stakeholder or a stakeholder that gets more power than expected, I would say I'm leaning towards the latter. Something can be viewed as ok in one seaport and then there is someone in a union in a different port that think it's suddenly not ok, so then you have stakeholders that holds extreme power that you cannot fight".

None of the other respondents mentioned this scenario. Even though respondent 3 address some stakeholders' 'extreme power' as something the company cannot fight, they are not regarded as the most important stakeholders. This demonstrates the importance of legitimacy in connection with the company's reputation when selecting stakeholders, and not power in itself.

5.4.2. Corruption

Corruption is a widespread problem in the Philippines and includes illicit behaviour such as bribery, graft and fraud. This is evident in all parts of the Filipino Government, police force and in all levels of society (Office of the Ombudsman. 2014). Transparency International rank the Philippines with a score of 34 of 100, where 0 is highly corrupt and 100 is very clean (Transparency International). High levels of corruption is damaging to the wider society as it increases the level of poverty, while reducing social services and the quality of infrastructure (The World Bank. 2001). The main challenge that the respondents identified when dealing with stakeholders is regarding corruption, though this has been an issue from the establishment of Grieg Philippines. *"Corruption is a huge problem in the Philippines*

so that is one area where we need to be very clear, both towards our suppliers and the local authorities and so on" Respondent 4.

The challenge of corruption requires the company to spend time educating their stakeholders about their corruption policies in order to avoid corruption in the future:

"We had an integrity seminar 5 years ago. We were very concerned with that in the beginning. We had an integrity seminar where we invited all our suppliers, even though they only delivered paper to the copy machine, the were invited. We invited those that delivered security services, employees, everyone. It is clear that particularly that they had never had a focus on integrity and the importance of ethical principles, what corruption and blackmail looks like. We did some exercises and we had a speaker. It was very well received. But of course, now when we meet our suppliers and collaborators, we refer to our supplier code of conduct and we are starting to make a profile. In that market, everyone knows that Grieg they want to do things right" Respondent 1.

Even though corruption is seen as the most challenging, the company still employs Filipino seafarers and crew for their ships. The company fills the gap between the company and the stakeholders in the Philippines by including all stakeholders in knowledge building, for example through integrity seminars. It is the company, not the stakeholders, that makes demands regarding their professional relationship. By making demands, the company is contributing to increasing the level of knowledge by including the stakeholders in their value chain.

The respondents express some frustration towards the Filipino government because of their tendency to change the rules and regulations frequently. Respondent 1 says that the main changes they have to consider in the Philippines applies to changes in rules and what is required to sail internationally:

"We often have to handle changes in rules, what is needed to sail internationally. In such a situation we identify stakeholders based on who has the responsibility for that in the Philippines. How proactive are they? Are they just the opposite? Then we need to evaluate if there is a gap and how we can fill it".

Respondent 3 does not view this as affecting the company in any significant way.

"I would say that they (the government) is pretty unchanged because they've been doing this for a long time. So we know that there's going to be new demands, we know that there's going to be new rules and challenges all the time, so it's about keeping up to date".

Respondent 3 and 4 states that it is challenging to handle the local government in the Philippines, particularly because of the high level of corruption together with the changing rules. This is made more complicated since the government is described by respondent 3:*"The manning agency is highly regulated by the government...But the government is a big mill that grinds and it grinds quite slowly. It is very difficult to get things done quickly".*

The government has ever since the company was established in the Philippines been changing rules and regulations, and the government is therefore seen as stable because it is something that they expect to happen. This requires, as respondent 3 mentions, that Grieg Philippines has a constant overview of the changes that happens and how the company can meet these changes.

5.4.3. The Company's CSR Strategy

As only one of the respondents mentioned the company's list of stakeholders, I asked the respondents to explain the company's CSR strategy. Respondent 1 and 4 has some differing views when it comes to the strategy:

"I would see it as an advantage that we have what you call a CSR strategy, I would have wanted that we wrote it down as a strategy. I feel like we have some looser elements that together form a strategy. We have our values, we have our ethical guidelines, we talk about the UN Global Compact, maritime anti-corruption, together these elements that we work with consists of a strategy about giving back to society through the work we do"(Respondent 1).

"We have clear guidelines so from my standpoint as chairman for the company, we have made it clear, we know what we can and cannot do. We have a strategy, we have clear guidelines for it, communication, safety, corruption, how we treat our employees and so on. So there is no disagreement or different ways of seeing it"(Respondent 4).

The different views on the CSR strategy might be explained by the respondent 4 role in the preparation of the strategy and is therefore informed of its content, while respondent 1 does not participate in its preparation. This is reinforced because she is employed in the Philippines, which can have an additional influence on her perception of the strategy. This misunderstanding is extended to their perception of the company's list of stakeholders. Respondent 2 is the only one that mentions the company's list over stakeholders. *"The company has a general list of stakeholders. But of course, the list is not static. It changes depending on the country or community we are talking about"*. The respondent is asked what the criteria they have based the list on:*" I don't know. We have that list of stakeholders but we don't follow it as it is, in our daily business"*.

Respondent 1, 3 and 4 did not mention the list over the company's stakeholders. This is either because they are not aware that it exists or because they do not deal with it on a regular basis or at all. This lack of a specific CSR strategy and agreement on stakeholders results in that the respondents role in the company in large part decide who they view as stakeholders and how they relate to them.

6. Discussions and Conclusions

I have attempted to answer the following research question: How does Grieg Philippines identify their stakeholders? In order to deepen the discussion of the research question, I included the following sub-questions: Who does Grieg Philippines consider to be their stakeholders? How does Grieg Philippines prioritize their multiple stakeholders and what challenges do they experience?

Considering that Grieg Philippines has existed in the Philippines since 2009, almost 10 years, it is less important for the company to establish legitimacy in the same way as it was in the beginning. The respondents all perceived the various stakeholders as aware of their ethical principles, values and norms. Even though the stakeholders has remained stable, the way they work with the stakeholders differ in some way. In the beginning, the company focused much more on creating awareness and knowledge amongst their stakeholders regarding company values and principles. This is less important now as the stakeholders have more knowledge of the company's business ethics. It is also apparent that the 10 years has taught the company an understanding of the local culture. This further creates knowledge of the local processes and how they should communicate with their stakeholders. This might be an explanation of the perceived lack of conflicts between the company and the stakeholders. The results of this research could as such have had a different outcome had I interviewed the respondents during the establishment of the company in the Philippines.

The CSR strategy of Grieg Star can be argued to have a long-term perspective with a focus on knowledge building, creating loyalty through building relationships and through close communication with their stakeholders. This is a strategic perspective on the part of the company as knowledge building creates competent workforce for the company. In accordance with the CSR definition of WBCSD, Grieg Star acknowledges the fact that the company does not exist in a vacuum and that in order for the company to survive in the long run, it has to include stakeholders into their CSR strategies both in short term and long term projects.

Based on the data from the interviews, three main factors influence the identification and prioritization of stakeholders:

1. Who they perceive as able to influence the reputation of the company
2. What part of the company they represent
3. Who they interact with due to their role in the company

The most important criteria for the respondents in identifying stakeholders were identifying stakeholders that mostly affects the reputation of the company. Who the respondents prioritized as stakeholders differed based on their role in the company. Respondent 1, who is located in the office in Manila, was mostly concerned with the stakeholders located in the Philippines, such as seafarers, employees and the local community. Respondent 3 and 4 however, who represent what they see as 'the owners perspective' mentioned Grieg Star Group, G2Ocean and respondent 4 mentioned the family as a stakeholder. Since the Grieg Star group is a family owned company, it is interesting that none of the respondents mentioned them as a stakeholder. The only respondent who mentioned them is a member of the family. Many reasons could explain this, either because the respondents did not think of it or that the respondents do not deal regularly with the family and that they therefore do not consider them to be a stakeholder.

During the interview it was apparent that the respondents had some different views on the company's corporate social responsibility strategy. Respondent 1 viewed this as fragmented, while respondent 4 did not understand how the employees in the company could differ in their views of the CSR strategy. Respondent 4 argued that the strategy both is clear and concrete. This could be because respondent 4 is the most involved in creating the company's CSR report, while the other respondents are not. This is particularly true for respondent 1, who is located in the Philippines and is therefore most distant to the company's decision-making. A part of the company CSR strategy is the company's list of stakeholders: employees, suppliers, the environment and the local community. All of the respondents mentioned the local community, two of the respondents mentioned employees and suppliers and only one mentioned the environment. The list of stakeholders was only mentioned by one of the respondents, none of the others mentioned the list nor did they refer to the company CSR report. None of the respondents knew of any company policy or criterias for identifying stakeholders.

The lack of awareness of the company's CSR report and list of stakeholders by the respondents can reflect their differing answers and which of the stakeholders they view as most important. In deciding this, their job responsibilities, what part of the company they represent and who they interact with as a result, has clearly impacted who they define as the company's stakeholders. This extends to their view of which stakeholders hold the most power to influence the reputation of the company, as they experience this differently depending on who they interact with through their jobs. Even though there is a lack of coherence regarding the prioritization between the respondents, they agree that there are little sources of conflicts between what they perceive as the company's' goals and their stakeholders goals. All the respondent view the company's stakeholders as relatively stable, though they do experience some challenges when dealing with multiple stakeholders, which relates to changes in rules and regulations, pay or delay and corruption. The respondents all agree that there are no or only minor sources of conflicts related to dealing with the multiple stakeholders. This is seen as something that is solved easily through communication, because if they cannot solve it or do not have the same values as their stakeholders, their relationship would not work. This is also a crucial point for the company when dealing with stakeholders.

The respondents identified 1 dormant, 17 dominant and 1 dependent stakeholder. Perhaps the most apparent in defining these types was the lack between the respondents of stakeholders with the attribute "urgency". None of the respondents reflected over that any of the stakeholders identified had at any time any urgent claims that they viewed as important. Some incidents had happened, such as changes in regulations, pay or delay incidents or the typhoon, but they had little impact of the company. The only stakeholder with the urgency attribute that was identified is the environment, the only dependent stakeholder mentioned, but this was only mentioned briefly by one respondent. Though it should receive more salience because it is mentioned in the list of the company's stakeholders. In addition, in accordance with the framework by Mitchell, et. al (1997), the environment should be of greater salience to companies.

The respondents mentioned the dominant stakeholders most times and they were the group who repeatedly was seen as the most salient stakeholders. The framework by Mitchell, et. al. (1997) assumes that managers often view this group as the most salient stakeholders since they are all stakeholders that the company has some form of established relationship with. This was true for the respondents identification of stakeholders, and this also extends to the identification of the dormant stakeholder 'criminal groups'. This is seen in the stakeholder salience framework as the stakeholder group with least salience to managers as they only hold one attribute, power.

The stakeholder salience framework was used in the analysis to understand the company's identification of stakeholders, which is the main research question in this thesis. Based on the respondents' answers, it is true that managers saw the dominant stakeholders as most salient. However, none of the respondents mentioned power and legitimacy explicit in their answers when discussing stakeholders. What they described as stakeholders that mostly could affect the company's reputation is therefore assumed to be a powerful and legitimate group of stakeholders. Reputation was mentioned by all respondents multiple times as most important. Based on the interviews, I would argue that the respondents job description, what department they represent and who they interact with of most importance in identifying the stakeholders. This is something that is not explained in the stakeholder salience framework, the framework only says something about stakeholder identification being socially constructed but not what lies behind this construction.

7. Concluding Remarks

This research process has been a rewarding process and has given me insight into stakeholder identification problems in the shipping industry. The research has aimed at providing a deeper understanding for how the shipping industry identifies stakeholders and what challenges they meet in doing this. This has been done through semi-structured interviews with four respondents from Grieg Star.

As the research in this thesis is conducted based on the interviews of four respondents from one shipping company, it is not generalizable to a wider population. The research findings is not either representative for other shipping companies or the industry as a whole. The findings is based on the four respondents perspectives on one company's challenges. In order to understand stakeholder identification in the shipping industry, future research should quantitatively research shipping companies in order to create a wider understanding for these issues in the industry. This would provide a broader basis to understand what complexities follow stakeholder identification issues in the shipping industry and how this is dealt with. Particularly interesting would it be to compare shipping companies in order to understand if the challenges they meet is shared by other companies.

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Appendix 1.

1. CSR in the Philippines.

- In what ways do Grieg Star work with CSR in the Philippines?
- Do you experience any challenges working with CSR in the Philippines?

2. Identifying Stakeholders.

- How would you define a stakeholder?
- Who does Grieg Star identify as their primary stakeholders? Why?
- How does Grieg Star identify these stakeholders?
- Why is it important for you to have an overview of your stakeholders?

3. Challenges.

- What kind of impact does the stakeholders have on the work you do?
- Has there been any changes in who you consider as important stakeholders? How do you manage this?
- Has there been any challenges in identifying stakeholders or in your collaboration with them?

GRIEG STAR

THE GLOBAL COMPACT
WE SUPPORT

2016
Corporate
responsibility
report

Content

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The world around us is changing at a pace we're hardly able to capture, and sometimes in directions difficult to foresee. Yet, we must do our best to understand, because the future of the maritime industry is indisputably inter-twined with the deeper changes in geopolitics, world economy and human development.

A constant state of change has always been a feature of our industry, and we know very well that there are moments when more radical shifts will occur. I believe we're at the thresh-old of such a moment right now. Driving this revolution are threats from climate change and profound social instability, combined with op-portunities produced by the staggering rise of urban middle-class and breathtaking techno-logical developments in an ever more globalized and knowledge-driven economy. Together, they will fundamentally impact and change the way we live our lives and do our business.

It is troubling to see how some respond to these changes by retracting from the global community, ignoring our commonalities and undermining shared international commit-ments. It is worrying when countries we used to trust as standard-bearers for an open, free and inclusive world now are feasting on self-centered concepts of a world divid-ed between us and them, encouraged by a public outcry for higher barriers and stronger borders.

That is not our way. True, the shipping mar-kets have been in turmoil since the economic crisis hit us in 2008. And yes, many of us have been through some serious struggles just to survive these last years. And I know, we still have difficulties ahead of us. But we have also learned that risks can emerge hand in

hand with new and exciting opportunities. For centuries, shipping has opened and connected the world to a splendid exchange of goods and services, knowledge, people and ideas.

Demanding times only encourages us to find new and better ways. Just like we did when Grieg Star and Gearbulk joined forces and launched G2 Ocean, the largest fleet of open hatch vessels worldwide. With a vision of «Pi-oneering sustainable shipping solutions», our mind-set and goals are certainly to take a lead in the next era of international shipping.

Our response from the Grieg Group is very clear: Individuals, governments and busi-nesses - we are in this together. Our commitment to the UN Global Compact and support for the Sustainable Devel-opment Goals are acknowledgements of our responsibility as global citizens.

> ❝ **Individuals, governments and businesses - we are in this together**

Together we must address some serious chal-lenges. They are shared across countries and political divides, languages, cultures and reli-gious beliefs, across continents and the deep oceans. Because healthy businesses thrive within healthy societies. And healthier societ-ies can only come true when we, the private sector, are engaged to develop profitable and sustainable business-solutions responding to human needs. So, we'll have to joint our forces, mobilize our finest resources - and act togeth-er. That's the only viable way forward.

Elisabeth Grieg
Chair, Board of Directors

*Create lasting value
through our common effort*

Our Vision

Our mission:

Grieg Star - A solid and dynamic partner

Grieg Star is a solid, long term business partner, more dynamic than its competitors, recognized by a strong company culture, fully integrated with efficient cooperation and processes.

Grieg Star is continuously looking for new solutions and improvements and is not afraid of doing things its own way, whether it is related to smarter and more efficient solutions for customers or new solutions for environmental care.

In the heart of our competitive strength lies a sincere commitment to our business partners and a strong understanding of the market.

Our values

Solid

We emphasize the importance of having a strong economic foundation and a long term approach to our business.

We strive towards quality and competence and act on sound ethical principles.

We stand by our commitments.

Committed

We are committed to the same vision, mission, values and objectives as well as the interests of our stakeholders.

We take great interest in our job and working environment, building a strong and including company culture.

We accept responsibility for the environment and the society.

Open

We inform, invite and include.

We are honest, speak clearly and direct.

We are open minded and regard integrity and respect as indisputable requirements.

Proud

We want to be proud of our business, its methods, products and results.

We assume responsibility for a solid brand name an a good working environment.

We contribute to the welfare of our society.

How we do it

How we govern

Our board

The Grieg Star Group Board of Directors is lead by Chair Elisabeth Grieg and meets regularly in Bergen and Oslo to stake out the long term strategies for the company. Since last year we have had some changes in the composition of the board. Bjørn Gabriel Reed and Rune Birkeland have left the board, and Susanne Munch Thore sat a short period. In June 2017 Michelle Williams entered as Board Member. Board members abstain from board discussions if potential conflict of interests occur. Board members are recruited using independent executive search.

The Board of Directors comprises:

Elisabeth Grieg
(Chair and owner)

Camilla Grieg
(CEO and owner)

Kai Grøtterud

Michelle Williams

Didrik Munch

GRI 4:1
GRI 4:2
GRI 4:3
GRI 4:4
GRI 4:6
GRI 4:9

Our Management team

The Grieg Star Management Team, lead by CEO Camilla Grieg, oversees day-to-day business. They meet weekly to implement strategies and plans approved by the Board, and to ensure holistic operations. The team consists of leaders from all parts of our business. In 2016 the team consisted of 44 % women.

GRI 4.1

Risk management

Risk management is vital to protect the environment as well as our people, vessels, cargo, equipment and business. January 1st 2015 our new Quality Management Reporting System (QMRS) was put into force. This includes Improvement Reporting and Audits & Inspections.

As of January 1st 2016 the QMRS was expanded to include chartering, operation and anti-corruption reporting. Our Quality Manager and the QMS Steering Committee head this work.

Risk assessments are always performed in accordance with governing documents in our Quality Management System.

GRI 1:2
GRI 2.3
GRI 4.11
GRI SO2

Business continuity and emergency response

To be able to continue to conduct our operations and business in case of an incident, emergency and business continuity plans are a vital part of our governing documents. The Emergency Preparedness Team convenes whenever an incident occurs, and drills are carried out regularly both onshore and on board our vessels, to ensure our organisation is fit for purpose. We review the emergency plans continuously, both as result of findings during drills and based on new knowledge.

Fire drill onboard STAR LOFOTEN, October 2016

Ethics and anti corruption

Ethical guidelines

GRI 4:8

As a member of the Grieg Group, Grieg Star aims to be recognized by high standards for health and safety, environment and ethics. The objective of the ethical guidelines is to state the requirements for business practice and personal behaviour. The target group is all employees working for the Grieg Group, including the members of the Boards of each company and subsidiary of the Grieg Group. It is the responsibility of all employees to understand and demonstrate these principles. All relevant Norwegian and international laws and regulations must be carefully observed. Personal and business conduct must be well within the intentions of the principles outlined below. The management in each of the companies has the overall responsibility to ensure that the guidelines are observed and respected. Violations of the ethical guidelines will have consequences, and serious incidents may result in termination of employment. The ethical guidelines are approved by the Board of Directors in each company within the Grieg Group and apply from January 2013.

The values shared by all Grieg Group companies shall be expressed in the way business is conducted, in interaction with each other, and with customers, suppliers and other stakeholders. The values are: Open, Solid, Proud and Committed.

Our ethical principles

1. We will carry out our business fairly, honestly and openly
2. We do not accept any form of discrimination of employees or others involved in our activities
3. We do not accept any form of corruption, nor will we condone it taking place on our behalf so as to influence business.
4. We will avoid doing business with others who do not accept our values and who may harm our reputation.
5. We shall be careful about giving and accepting gifts or other services.
6. We will keep clear and updated records of all business transactions made on behalf of the Grieg Group.
7. We will avoid situations where personal interests may conflict with the interests of the Grieg Group.
8. We will treat all information, assets and property of the Grieg Group responsibly and professionally.

If an employee is concerned about a potential breach of any of the Grieg Group's ethical principles, these concerns should be reported immediately. Individuals may report through the regular channels; to their superior, or to their superior's superior. As from 2017, employees may also report directly to the Grieg Group Whistle-blower Channel, a web-based solution established by EY also covering anonymous reporting

All our vessels have clearly visible signs on board, communicating risk awareness and our strict no-corruption policy in five languages.

options. The concern may also be raised to any member of the board of directors in each respective company within the Grieg Group.

Reporting of potential breaches of the ethical principles is considered loyal, and will be treated in a responsible manner. Whoever reports such incidents will not experience any negative consequences.

Anti corruption

With its global presence, the shipping industry operates in environments particularly prone to corruption, countries with poor governance and legal frameworks, and ports in lack of structures and standard operating procedures. Corruption risks may range from small facilitation payments to bribes, extortion and trading in influence. The legal framework on anti-corruption is ever stricter and requires businesses to take action and work systematically to reduce risks.

Grieg Star recognises the need to provide employees and third parties with clear ethical guidelines and regular support in tackling these challenges. Our leaders need to set the tone and demonstrate our commitment to high ethical standards. Similarly, our captains and crew need to be supported. They are in the front line when facing the challenge; pay or risk delay. On board our ships we state our no-corruption policy clearly to all visitors and officials. The message is communicated in five languages; English, Mandarin Chinese, Hindu, Arabic and Bahasa Indonesia. This message is also sent out to our agents. All reported incidents of corruption are recorded, and whenever appropriate raised with agents and local port offices.

To fight corruption in the maritime industry, Grieg Star has joined the Maritime Anti-Corruption Network (MACN), a global business network working for a maritime industry free of all types of corruption. MACN consists of a member-elected steering committee, several working groups, and the MACN member meetings. Members meet in-person at least twice a year, with more frequent interaction through working groups.

WE SUPPORT

GRI 4:12
GRI 4:13
GRI S04
GRI S05

Anti-corruption training workshops for the seafarers are conducted at bi-annual officers' conferences and regularly at our manning office.

WE SUPPORT

GRI SO3

Bergen

Squamish
Vancouver
R

Livorno

Atlanta
Mobile
Savannah

Rio de Janeiro
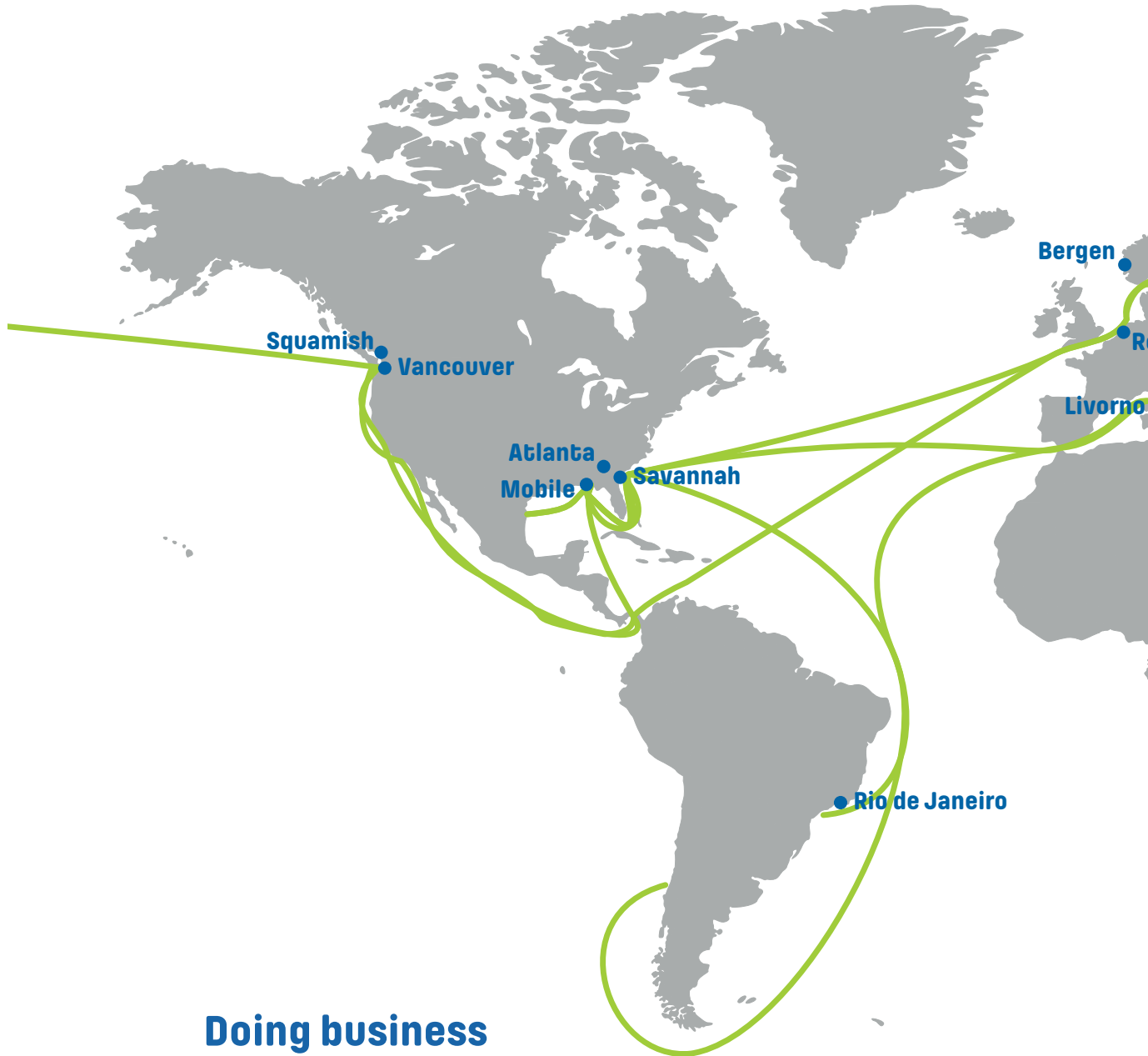
Doing business

What we do

THE GLOBAL COMPACT
WE SUPPORT
GRI 2:2
GRI 2:6
GRI 2:7
GRI 2:8

Grieg Star is a fully integrated shipping company, and is part of the privately owned Grieg Group, established in 1884. We transported approx. 11 million tons of cargo in 2016, of which 58% parcel and break-bulk cargo and 42% dry bulk cargo. In 2016 we had a loss of USD 7.6 million, with an equity of USD 444 million and liabilities of USD 630 million. Wood pulp and paper have been our most important cargo since our beginning in 1961. However, as the benefits of our specialised ships became evident, other industries have also come to prefer our service.

Our specialised ships are built to meet our customers' high quality requirements and to deliver superior cargo care. Highly qualified seafarers, trained for our operations, man the ships. A high return rate among the crew is emphasised to ensure familiarity with the ships and operational requirements.

Grieg Star focuses on long-term competence development both onboard and ashore. In-house ship management ensures safe and efficient operation. Safety and security of employees, the environment, cargoes and ships have the highest priority.

Oslo
Gothenburg
otterdam
Seoul
Shanghai
Tokyo
Manila
Singapore

Where we are

Operating worldwide, we have offices in USA, Canada, Europe, Asia and South America. Grieg Star headquarters is located in Bergen, Norway.

Our branch offices outside Norway are staffed with experienced commercial and operational people who deal directly with customers and with the stowage, loading and discharging of the ships in direct contact with local stevedores, agents and vendors. Grieg Star also owns Squamish Terminals in British Columbia, Canada.

GRI 2:3
GRI 2:4
GRI 2:5

How we are organised

Grieg Star consists of several companies, based on tasks or geography. The main division is between operating companies dealing with chartering, ship management, three ship owning companies and the group's holding company. Our branch offices are either subsidiaries of or departments in the chartering company. Our manning office and support in Manila are also separate companies. In addition we own Grieg Green, a supplier of sustainable recycling of vessels, offshore units, Inventory of Hazardous Materials (IHM) and related services.

GRI 2:3

Suppliers Code of conduct

Making sure vessels are equipped and attended to with all the necessary supplies and services at all times, is a complex task, involving suppliers across the world.

GRI 4.16

With more than 370 suppliers, our main challenge is to influence them effectively. Grieg Stars' supplier code of conduct was established in 2008, and went through a total revision in 2015, ensuring it is aligned with new expectations to businesses and our own strategic approach to the supply chain. It represents an extension of our values, ethical guidelines and ISO14001 requirements. Through this code Grieg Star requires our suppliers and contractors to observe high ethical, environmental and social standards.

GRI HR1
GRI HR2
GRI HR6
GRI HR7

Grieg Star has a great number of suppliers and the inclusion of our Supplier Code of Conduct is currently focused on suppliers to vessels, which accounts for approximately 80% of our purchases. We have developed a self-assessment checklist to accompany the Supplier Code of Conduct. Suppliers are asked to fill in the self-assessment form, and to provide Grieg Star with feedback on their overall performance within all areas covered by the Supplier Code of Conduct. Human rights issues such as child labour, forced labour, discrimination and freedom of association are included in the assessment. The suppliers are also scrutinized whenever we performs a due diligence as part of our pre-qualification of supplier contracts.

GRI 4.16

No frame agreement with suppliers to our vessels is concluded unless the Supplier Code of Conduct and checklist are completed and agreed upon, or the supplier have it's own SSC. This is also standard practice within Incentra, a purchasing organisation where Grieg Star is member.

Running a ship demands a large quantity of consumables and spare parts.

STAR FUJI at the new East Dock at Squamish Terminals, BC.

Our vessels

Fleet Composition

Grieg Star was in 2016 a fully integrated shipping company, focusing on two categories of vessels: Open Hatch general cargo carriers and conventional Bulk carriers. We operated a fleet of over 40 vessels transporting parcel cargo; break bulk and dry bulk cargoes.

In the period from 2012 to 2014 we took delivery of ten brand new Open Hatch vessels, our L-class. These vessels are different from our older vessels by having four slewing cranes instead of gantry cranes we have on our 20 other Open Hatch vessels. The box-shaped holds, efficient cranes, dehumidification systems and state-of-the-art cargo equipment, enable loading and discharge of the cargo with minimum handling, ensuring safe stowage and minimum delays. Dehumidification systems ensure that the air quality in the holds is right for the various types of goods carried. Further, the vessels' unobstructed deck, included tween decks, provides for excellent stowage, and a safe and damage free ocean transit for various project cargoes.

Our conventional bulk department presently operates a modern fleet of about 10 owned and chartered geared and grab-fitted ships ranging from 25,000 to 81,000 DWT, combining contracts and tramping in worldwide trades. In 2015 we acquired two brand new Eco-design Ultramax bulk carriers.

Recycling and Grieg Green

During 2016 we recycled two of our vessels. Keeping in line with our policy and the IMO Hong Kong International Convention for the Sound Recycling of Ships (2009), all were dismantled in a responsible manner: Environmentally verified and documented. Grieg Star will not use the beaching method, even if this is a far more profitable way of dismantling old vessels. In 2010 Grieg Star started Grieg Green, a company focusing on providing a sustainable recycling process for old vessels.

Through Grieg Green we promote and make it possible for other ship owners to recycle their vessels, offshore units etc. in a social and environmentally responsible manner through a fully documented process at certified ship-breaking yards. Grieg Green handpicks from what they consider to be among the world's top recycling yards – by using their own "score-card" rating method. They follow up and obtain reports from regular inspections. In addition the company offers Green Passport/Inventory of Hazardous Materials to vessel owners.

GRI 4.12

Who we are

Our people

Our owners

GRI 2:6

Grieg Star is a family owned company, with the fifth generation Griegs as its owners: Elisabeth Grieg, Camilla Grieg, Per Grieg Jr. and Elna-Kathrine Grieg. Indirectly the Grieg Foundation owns 25% of the shares. Per Grieg Sr. leads the foundation (for more on the foundation, see page 34).

To secure a continuing sound family owned business, a program to ensure the knowledge and commitment of the next generation has been implemented. The Next Generation Program gathers the heirs of the four owners on a regular basis to educate and prepare them for a future shift of generation.

Our employees

Our business success relies on the quality of our people and the work they all do. This requires highly specialized skills, dedication and a professional attitude combined with commercial awareness. Being able to build good relations with customers, business partners and colleagues is imperative for success.

High-level formal education constitutes the basis for any critical competence in Grieg Star. All areas are manned with people educated at university level, spanning from finance, economy and law to engineers and social sciences. Today we have a good mix of recruits at post-graduate entry level and people with longer professional experience in addition.

Other characteristics and personality traits are important above and beyond professional proficiency. In general we always need a sufficient amount of people who have a profound understanding of the nature of our business and our processes, are able to innovate and are open-minded in looking for new solutions, as well as curious and open for change.

GRI 2.8
GRI LA1
GRI LA2
GRI SO1

In 2016 we had 257 employees in the shore organisation, of which 40% are females. 111 are employed at the headquarters in Norway, while the rest are located at the branch offices and our manning office in Manila. As a rule all staff are employed locally and hired on local terms.

The personell turnover in Grieg Star in 2016 was 5,2% (6,4% in 2015). The turnover figure is based on number of permanent employees who have voluntarily left the company, excluding retirees.

40% 60%
Gender balance on shore

Age distribution

58+ yrs **20%**

20-35 yrs **23%**

36-57 yrs **57%**

Years of service

20+ yrs **20%**

10-19 yrs **26%**

0-9 yrs **53%**
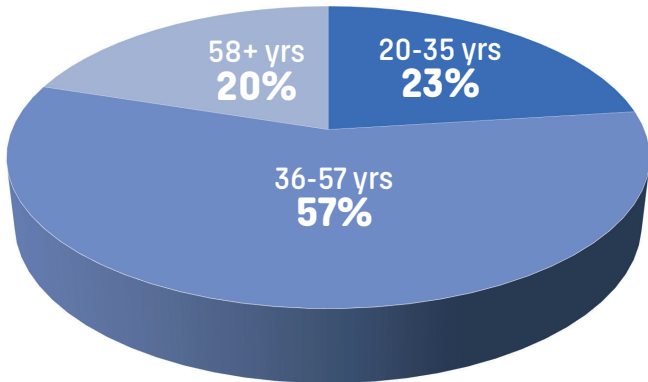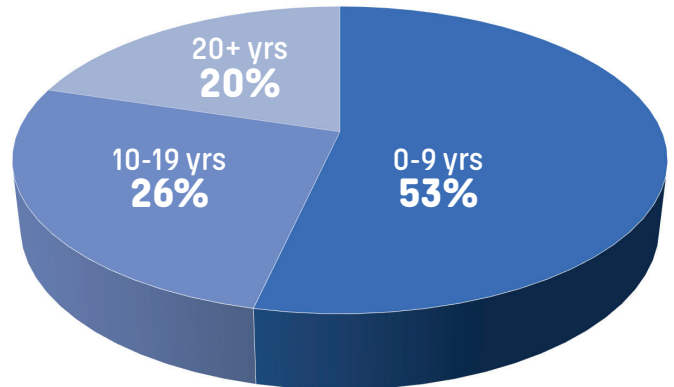
We have a very competent workforce with long service in the company. 46% of the workforce has been in the company for more than 10 years. The age distribution shows that we have a pool of talents with young people, and a group of people who will retire in the coming years, giving new opportunities for the young generation as people retire.

Relying solely on the Philippines as the source for seafaring personnel, all our seafarers are hired through our manning office in Manila or recruited as cadets. The manning office adheres to international ILO conventions as well as the Maritime Labour Convention in all its practices that affect the seafarers.

The seafarers are per agreement contractual workers, but we see a lot of advantages by treating them as regular employees and strive to ensure a high retention rate. Ship officers have 6 months contracts, and receive stand by payment while on leave. Ratings apply for sailing periods of 9 months. All crew is voluntarily organized by international seafarers´ associations, and consequently covered by collective bargaining agreements and any other international rules and standards that apply.

We do not employ any children in our operations, nor accept that our suppliers do so.

The number of sailing personnel is approximately 650 at any given time, of which 13 are female cadets or officers.

We had 44 % females in the top management team in 2016. Among all managers 19,4% were female. The group's Board of Directors currently consist of 60 % women and 40 % men.

Retention rate

2013	2014	2015	2016
91,7%	84,6%	96,1%	96,2%

Retention of seafarers. Numbers before 2014 is not fully comparable due to change in methodology

THE GLOBAL COMPACT
WE SUPPORT

GRI 4.12
GRI LA2
GRI LA4
GRI LA5
GRI LA6
GRI LA9
GRI LT9
GRI LT16
GRI LT17
GRIHR5

THE GLOBAL COMPACT
WE SUPPORT

GRI LA1

Training

It is our aim to provide a working environment where our people will thrive and develop by working together, and have the opportunity to combine formal education, on-the-job training and new challenges. We offer our employees a wide range of learning opportunities, which includes both technical and non-technical skills training.

Managers are responsible for identifying training needs together with their employees through daily follow-up and annual employee dialogues. We make use of internal and external classroom training covering a wide range of subjects, which our employees are invited to attend as part of their development. In 2016 we started using e-learning as a platform for self studies within a variety of topics.

New employees go through a familiarization program with introduction to the company and the duties of their position. In addition employees visit a ship and terminal as part of the introduction program to learn how the ships and terminals operate, as well as meeting the crew.

As an international organization, we see it as very valuable that our employees have working knowledge from our offices in the countries abroad or from the head office in Norway. Our young talents are therefore encouraged to work abroad for shorter or longer periods of time as part of their career program.

As part of the knowledge sharing, we also organize events where employees are invited to attend and take part in discussions on subject matters of interest. With respect to our seafarers, education and certificates are the basic formal requirements. The high level of technological specialization onboard and the general complexity of ship operations combined with regulatory requirements make the demands on competence levels of crew increase. Grieg Star follows the international convention called Standards of Training, Certification and Watchkeeping (STCW) as well as other official requirements. In addition we have developed a set of tailor made courses and training programs in order to make sure that all the seafarers are able to handle the equipment they meet onboard our vessels, as well as obtain company specific skills.

Competence development and training are vital to ensure operational and situational understanding and to build confidence. In 2016, 618 training participants were recorded, divided on 28 company-specific courses. Some courses are mandatory for all seafarers, while others are specific to rank. This calculates into 1365 days spent on company-specific training courses.

In 2016, much focus has been on leadership, management, communication and team-working skills where 92 management level officers attended the Maritime Resource Management (MRM) training, a course specifically targeted on how to lead people

THE GLOBAL COMPACT
WE SUPPORT
GRI 4.12

STCW
Standards of training, Certification and Watchkeeping

THE GLOBAL COMPACT
WE SUPPORT
GRI LA10

Officers' workshop in the new premises of Grieg Philippines, February 2016

and manage resources better. The remaining management level officers are expected to take the training in 2017. They will be joined in by the operational level and petty officers, and later, the rest of the ratings. MRM has also been extended to the Technical and Maritime Superintendents (now Vessel Managers) and Grieg Philippines and Grieg Star Philippines employees. Thirteen employees from Bergen and five (5) from Manila have taken the MRM in 2016. More shore employees are targeted in 2017. The goal is to refresh our managers on best leadership and management practices, put everyone involved in ship management on the same page and speak the same language, enhance ship-shore and onboard communication routines, strengthen the organizational safety culture, and eventually bring down the number accidents and unwanted incidents closer to zero.

Before going on board, all our seafarers have to complete the Pre Departure Orientation Seminar (PDOS) held in our offices in Manila. The seminar focuses on health, safety, security, discipline, procedures and regulations. Whenever appropriate this includes training, and prevention and risk-control regarding diseases.

All vessels are conducting Safety Representative Working Environment Committee (SRWEC) meetings once a month. The company requires all officers to attend the NIS required SRWEC/PEC course.

Through the SRWEC meetings the Shipboard Management has the opportunity for to give information to the Officers and Crew and getting feedback and suggestions in return. The SRWEC meetings are important forums where Officers and Crew can freely discuss and gain experience from each other. Areas like safety, security and working environment are in focus and we strongly believe that these meetings are important for rising consciousness with regards to these topics.

The HSSEQ department makes monthly summaries based on all vessels inputs/feedback from the SRWEC reports and all Improvement reports that has been received each month. This is being distributed as experience transfer in our Quality Management Reporting System (QMRS).

THE GLOBAL COMPACT
WE SUPPORT
GRI 4.16
GRI LA8

THE GLOBAL COMPACT
WE SUPPORT
GRI 4.12

The Grieg Star Cadets at UCML in Cebu, Philippines, February 2016

Developing competence from within

Academic performance, good communication skills, personal suitability and dedication are essential in selecting our future seafarers.

GRI 4.13

In preparation for the future need of officers, cadets have been selected every year through the Norwegian Shipowners' Association's (NSA) Philippines Cadet Program. Grieg Star, together with the NSA Philippines Cadet Program, interviews and selects the students before they begin their education at one of the leading maritime universities in the Philippines. For the past years, we have had at any given time about 100 cadets in our system. We also source cadets from our own seafarers, where the children or siblings of our sailing personnel, can apply for seagoing service in order to earn their certificates as licensed officers.

One of the most important aspects to evaluate is the cadets' ability to communicate. Further, we consider the ability to adapt to a life at sea, as well as inquiring about the cadets' adaptability to teamwork versus individual work. It is also essential to evaluate the candidate's level of realistic ambition and determination, in addition to the person's physique as much of the work onboard can be physically challenging. To ensure harmonious relations onboard, it is also important that the candidates we choose to embark on a journey with are from provinces all over the Philippines, to ensure a geographical spread of our seafarers onboard.

The first years in the company are of great significance to obtain a good understanding of the company culture and operational procedures. An open dialogue to discuss the development of the cadets and the career path ahead of them is important to continuously evaluate the progress made.

Gender and ethnicity equality

Grieg Star does not accept discrimination in any form. This ensures all employees the same opportunities to personal and professional development, irrespective of gender, age, ethnical background, nationality or age. Discrimination shall be non-existent when it comes to recruitment, advancement and remuneration. Our aim is to give all employees the possibility to reach their potential while increasing Grieg Star´s competitive edge and value creation.

We had no reports of any kind of discrimination in 2016.

GRI HR4

Health

Grieg Star maintains an overview of sick leave in accordance with current laws and regulations. In 2016 the general sick leave for the global on-shore organization was 3 %, including long and short term absence. Working environment committees oversees the company's work on health and safety.

Sick leave is reported and followed up on a continuous basis by the managers in cooperation with the employee and Human Resources Department.

GRI 4.16
GRI LA7
GRI LA6

Safety and health video

IN 2015 Grieg Star took part of an industry-initiated survey, organized by Marine Benefits, called Project Re:fresh, focusing on the health and well-being of Filipino seafarers, in the areas of physical, psychological, social and spiritual well-being.

To follow up this, and highlight safety procedures on board, an animated video was produced in 2016, and is now running non stop at our crewing agency's office in Manila. The video is also used on board our vessels for new seafarers and visitors. The slogan of the video is "Work with safety - come home safely". Posters stating the same is in process of being produced, and will be placed in common areas on board our vessels.

GRI 4.17
GRI LA8

WORK WITH
SAFETY
COME HOME
SAFELY

GRIEG STAR

Safety poster based on the new safety video.

Safety

GRI LA7

The safety on our vessels is of our uttermost concern, and we have an ongoing focus on preparing our seafarers as well as stevedores and visitors.

This focus has given results, reducing injuries compared to previous years. The most objective measure of this is the Loss Time Injury Frequency (LTIF), which measures the number of hours a seafarer is unable to work due to injuries. Our LTIF went up in 2016, resulting in new measures being implemented to avoid further increases.

LTIF

2013	2014	2015	2016
2.17	2.80	1.46	2.44

Repatriation due to accident/illness

2013		2014		2015		2016	
Acc.	Ill.	Acc.	Ill.	Acc.	Ill.	Acc.	Ill.
3	12	6	9	2	10	3	14

As in the four previous years, we had no fatal accidents in 2016. Still accidents do happen, and we repatriated three seafarers due to injuries after accidents, and 14 seafarers were sent home because of illness.

Total Near Miss reports

2013	2014	2015	2016
82	96	192	144

Sometimes incidents happen without resulting in injuries. We record these as well, defined as Near Misses. In 2016 the number of Near Miss Reports was lower than the year before, but still high. This is partly because of our focus on encouraging the crew to report. These reports make it easier for us to evaluate our procedures to prevent dangerous situations in the future.

Port State Control

Port State Control (PSC) is the inspection of ships in ports by PSC inspectors to control and verify that the competency of the master and officers on board, and the condition of the ship and its equipment comply with the requirements of international conventions, and further that the vessel is manned and operated in compliance with applicable international law.

GRI LT13

During 2016 Grieg Star had 115 Port State Controls on 34 ships, showing on average 0.8 deficiencies per inspection. This is up from 0.78 in 2015.

We had one Port State Control Inspection in 2016 which resulted in a detention. The deficiencies were dealt with immediately, and the shore and onboard management analyzed the deficiencies for preventive measure and fleet experience transfer.

Rightship

Grieg Star is a member of Rightship (www.rightship.com), who performs Risk- and Environmental Rating. Rightship inspects our vessels, and report and grade our quality based on their findings. In 2016 Rightship changed their rating system, making the numbers for 2016 not possible to compare with previous ratings.

The fleet average Environmental Rating improved from 3,5 in 2015 to 3,9 in 2016. In addition, our affiliation with ESI (Environmental Ship Index) has contributed to the growth in the Rightship system for our L-class and K-class. The newer tonnage scores higher on the ranking due to newer technology.

Risk ranking

2013	2014	2015	2016
4.91	5.00	4.91	4.1

Environment ranking

2013	2014	2015	2016
2.4	3.5	3.5	3.9

GRI 4.12
GRI 4.13

RIGHTSHIP

The rightship scale spands from 0 to 5, where 5 is top score.

Star Harmonia is among our high Rightship ranking vessels.

USCG Qualship 21

The Norwegian Flag Administration (NMA) is at present not in compliance with the USCG Qualship criteria. The QUALSHIP 21 program require that any flag state have a detention ratio less than 1.0% over a 3 years rolling period. The NOR/NIS fleet had a 3 years average detention rate of 1,09% which disqualified NIS vessels to apply for Qualship21 renewal until flag state improves the detention ratio. Marshall Island Flagged Vessels met the QUALSHIP21 requirements and therefore qualified to apply for renewal. However, all our vessels that have valid Qualship21 certificate are enrolled in the program as long as the certificate is valid.

GRI 4.12

How we communicate

Good communications is necessary to be able to run a sustainable, responsible and profitable company. Over the years Grieg Star has invested in several solutions to ensure good communications internally and externally.

External communication systems

Beside active usage of web site and social media, Grieg Star used several digital services to interact with our customers, agents and other stakeholders. StarPort, TMS and SIMS are some of these. Through these systems we improve efficiency and accuracy, and reduce the amount of paper consumed and sent.

Internal communication systems

Our main service for internal communication is the intranet 130+ and the combined intranet and online portals Crewnet and Vesselnet. All systems provide extensive information and access to a wide variety of systems, reports and tools important in day-to-day operations. Our own IT department continuously develop these and new systems according to need.

The Grieg Review, an open meeting for all Grieg Group employees, are streamed live over the Internet to all our employees world wide.

Our Open Meetings for our employees are held in Bergen four times a year. From 2015 these meetings are filmed and shared with all employees world wide, to ensure the same information is shared all over the organisation. In 2016 two of these were in addition streamed live. The annual Grieg Review, and open meeting for all employees in the Grieg Group is streamed live as well as made available for later viewing.

QMRS

Our new Quality Management Reporting System (QMRS) was put into force January 1st 2015. Through this we are able to report and capture vital information regarding safety, quality and environmental matters.

Video conferencing

With offices in 15 different countries as well as over 30 owned vessels, good solutions for talking to each other are vital. We have started to work on increasing the usage of electronic communication channels like Skype, Facetime and Viber. In addition to improving the quality of day-to-day communication our goal is also to reduce travel cost and CO_2 footprint, as well as bothersome travel.

On board internet access

For most seafarers, contact with family and loved ones at home is one of the most important welfare concerns.

To ensure such contact, all our ships are equipped with a system that gives our seafarers access to personal e-mail, unlimited SMS text messaging, social networking and browsing the Internet. In 2016 we started a test to increase the bandwidth on board our vessels, with a goal to implement new systems onboard in 2017.

Crew magazine

Due to low bandwidth some places at sea, it is not always simple for our crew onboard to access our digital solutions. We therefore publish an electronic magazine for our seafarers, providing important news on the company, business and situation at home when needed. This magazine is made available on the crew computers onboard.

Mobility

To ensure flexibility, most land based employees are equipped with lap tops and mobile phones. This makes it possible for them to work from outside the office if needed, either for private or business reasons. They have access to all the same systems and communication channels when outside the office by using virtual private networks (VPN).

Crew magazine

GRI LT10

GRI LT10

Our responsibility

Environment

Grieg Star envisions a future where we have no harmful emissions to air, sea and land. The path to this future is long, but we are committed to walk the talk. Shipping – which transports about 90% of global goods – is, statistically, the least environmentally damaging mode of transport, taking its productive value into consideration. Still, the emissions of greenhouse gases (GHG) from the shipping industry constitutes about 2,5% of global emissions, and shipping emissions are by some predicted to increase between 50% and 250% by 2050 depending on future economic and energy developments.

We take this problem seriously, and work towards reducing the emissions from our operations significantly in the years to come. Our vision is to ultimately have no harmful emissions to air, sea and land. It is important to stress that this is not a zero emission vision. A zero emission scenario is not technically possible in the foreseeable future. The world will rely on use of hydrocarbons for years to come, but the level of such usage is possible to lower. Our vision is to not harm the environment in any way in the conduct of our business.

Regardless of our strategy and goals, national and international agreements and regulations on environmental issues will be amended and set in force in the years to come. Our goal is to be in accordance with or exceed such regulations before their implementation dates.

Emissions to air

Carbon dioxide (CO2)

When a vessel is burning one ton of fuel, approximately three tons of CO_2 is released, due to the chemical reaction of burning. For Grieg Star it is important to reduce the fuel usage of our ships. In 2016 we burned 170,489 tons of fuel, emitting 532,987 tons of CO_2. Over the years we have implemented several measures to ensure such reductions, both technical and operational. What we have done is illustrated at pages 28 and 29.

Even if the 1997 Kyoto Protocol uses 1990 as a base year for CO_2 emissions, we are not able to use the same. Our knowledge of our emissions expressed by EEOI (Energy Efficiency Operational Indicator) for 1990 is simply not available. We do, however, have good data from 2007 onwards, and have so far used this as our base year. We have valid reasons to assume that our emissions in the years from 1990 to 2007 did not grow. In that period our fleet changed dramatically in size, and engine and propeller technology as well as ship designs in general improved. We therefore assume that our 2007-levels are comparable or better than the world 1990-levels. Our goals should therefore be comparable or better than those of the various national and international governments and organisations.

From 2007 to 2015, we reduced the EEOI by 19%. As the index is based on emissions per transported cargo weight, we saw a worsening of the numbers in 2016. The low general market, and the fact that we transported more leigh weight, but volume intense cargo, saw our EEOI return to our numbers in 2008.

CO₂
2007-2020
-35%
2020-2030
-10%
2030-2050
-10%?
Remaining in 2050
45%?
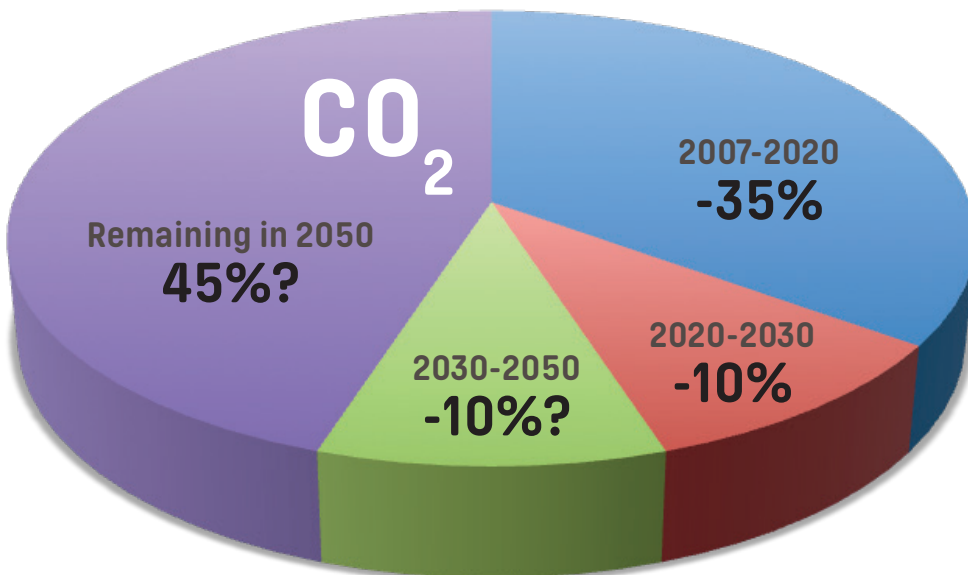
Sulphur Oxide (SOx)

The emissions of SOx are not a danger to the climate, but have potentially serious effects on the environment locally or regionally, causing health issues for people, animals and vegetation.

GRI EN20

The emissions of SOx from our vessels are directly related to the amount of sulphur in the fuel we burn. Many coastal areas in the world are now implementing Emission Control Areas (ECAs) where fuel burned may not contain more than 0,1% sulphur. Grieg Star welcomes these initiatives, and follows the regulations strictly. Our goal is to always comply with or exceed the ECA regulations.

SOx emissions

2013	2014	2015	2016
3,904	3,557	3,465	3,870

tons emitted

To further reduce our emissions of SOx, we work on several measures to reduce the amount of fuel burnt, e.g. a project trying to use battery technology on our cranes to reduce engine usage when at port.

Nitrogen Oxides (NOx)

GRI EN18
GRI EN20

In small amounts nitrogen oxides (NOx) can act as nutrients for plants. High levels, however, are damaging to plant life. Excessive exposure to NOx may have serious health effects in humans and animals. NOx also contribute to global warming.

NOx emissions

2013	2014	2015	2016
16,445	15,702	15,551	15,959

tons emitted

International regulations on NOx are progressively more stringent, demanding engines built in 2016 or later to emit no more than 20% of the levels in 2010. Among the measures we have implemented in this regard is installing sliding fuel valves on all our vessels built after 1987. Our goal is to reduce NOx by 35% by this measure alone. The battery project will also reduce such emissions while the ships alongside in port.

Particulate matter

Solid or liquid particles from unburnt matter are always emitted from combustion processes. The biggest particles are what humans see as smoke. Some of these particles may have negative health effects, especially in the lungs. Particulate matter has also the potential to modify the climate through the formation of clouds and snow. Particles also contribute to acid deposition and may absorb solar radiation and impair/reduce visibility. Our work on reducing fuel consumption and run our engines in the best possible way, reduces emission of such particles.

Emissions to water

Our vessels travel from one place on the earth to another all the time. This makes it a possibility for us to take with us organisms from one ocean to another. The organisms may be brought there through our ballast water system or attached to our vessels' hull. Such non-indigenous organisms may have harmful effects on the eco system in which they are brought into. International bodies work hard to reduce such transferral of organisms from one area of the earth to another, and several regulations are or will be set in force. The International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM Convention) was adopted by consensus at a Diplomatic Conference held at IMO Headquarters in London on 13 February 2004. The convention was been ratified in 2016, and is planned to enter into force in 2017, even if there are some uncertainties connected to it.

We have started installing the necessary equipment on our vessels, and aim to be in compliance in due time.

GRI EN12

Consumed fresh water is generally produced onboard or purchased where required. Estimated grey water per crew is 200 litres per day, approximately 50,000 litres per year.

GRI EN8
GRI EN21

Oil spill

Grieg Star had no oil spills in 2016.

GRI EN23

Emissions to land

As for most businesses our operations create waste. We have, however, good routines for handling such waste in a sustainable manner. All waste onboard our ships is either incinerated in special ovens onboard, or brought to land for proper handling. Dunnage is properly sorted and recycled while in port. We do not use disposable dunnage bags, but repair and reuse the bags to reduce waste.

GRI EN22

Our offices all have proper waste handling, making sure we send the waste for recycling whenever this is possible.

Good seamanship and operational practice

Optimized slow-steaming to reduce engine load.

Weather routing system used in all vessels for optimal sailing route.

Frequency control of large pumps on new vessels. Expecting substantial energy saving during land stay.

Increased use of Eco-speed to reduce fuel consumption.

Electronic fuel injection on main engines chosen for L-class vessels.

Marorka Energy Efficiency System installed on five vessels.

Model tests for optimal trim per-formed on all vessels newer than the G-class. Model data included in cargo stewing software to obtain optimal trim.

Green passport on all new and operating ships.

Traditional light bulbs replaced by LED.

Mevis duct so far installed on four vessels. Tests indicate 5-6 % fuel reduction.

Propellers polished every 6 months

Auto tuning for optimal operation of Main Engine

Frequenzy controlled pumps to reduce energy consumption.

Propeller Boss Cap Fin (PBCF) installed on K-class vessels. 2 % energy reduction expected.

Sliding fuel valves installed on G-class and newer. Reduces NOx emissions by 35 %.

Stern tube oil replace by biodegradeble oil

Environmental measures on our vessels

L-class cranes uses 35% less power than conventional cranes.

Bilge systems upgraded on all vessels

Cooling agent changed from Freon to R-417 in order to reduce CFC emissions.

Soap dispensers for washing machines. Estimated annual reduction of 7 tonnes soap for the fleet.

Waste water from cleaning storage tanks installed on most vessels. Contaminated water is handled on shore.

Ballast water treatment systems for selected new vessels.

No aft trusters on L-class to be able to optimize hull to reduce energy consumption.

Sand blasting of hull during dockings to better roughness

Bildge water equipment upgraded to filter everything down to 5 ppm. Regulations say 15 ppm.

Roughness measurement of hull for better antifouling decisions.

Testing state-of-the-art Antifouling systems

● Engine
● Hull
● Navigation
● Vessel general/Accomodation

Inventory of Hazardous Materials (IHM)

The IMO Guidelines on Ship Recycling of 2009 introduced the IHM for ships. It was envisaged that this document, containing an inventory of all materials used in the construction of a ship that are potentially hazardous to human health or the environment, would accompany the ship throughout its working life.

GRI 10:2

All vessels in our fleet have the IHM/Green Passport. Changes of materials onboard listed on the inventory are registered in our Planned Maintenance System (PMS) system. The IHM has recently been used when recycling ships, whereby hazardous materials have been located and handled as specified in "Appendix 3, part 2, of the IMO Guidelines on ship recycling".

UN Global Compact

GRI 4.12

The UN Global Compact is a strategic policy initiative for companies dedicated to sustainable business development.

Grieg Star Group committed to the ten principles of the UN Global Compact in 2008, and strives to implement these principles in our strategies and operative work. It is imperative that these principles become embedded in the way we conduct our business and thus our corporate culture. We promote and use our influence to voice UN Global Compact's principles and ideas, and report on progress by applying the Global Reporting Initiative as our reporting standard.

Trident Alliance

GRI 4.12
GRI 4.13

The Trident Alliance is a coalition of shipping owners and operators who share a common interest in robust enforcement of maritime sulphur regulations and are willing to collaborate to help bring it about. The strengths and attributes of the different members and partners will be used to drive the various strategies identified to improve enforcement.

Grieg Star is a member of the Trident alliance.

The threat of weak enforcement of sulphur regulations is escalating. Responsible industry is taking the initiative to mitigate this threat, in interest of the environment and human health, as well as creating a level playing field for business. By speaking with a united voice we have the greatest chance to bring about change.

Every 15 minutes our vessels automatically send us vital information. These are analysed by our employees to make it possible for us to better our environmental performance.

ISO 14001:2004

Grieg Star is ISO 14001:2004 certified. ISO 14001:2004 sets out the criteria for our environmental management system and maps out a framework that we follow to set up an effective environmental management system.

During 2016 we have had internal audits as well as external intermediate and renewal audits carried out by DNV-GL or BV to ensure that our systems are in accordance with the framework of ISO 14001:2004 and the ISM and ISPS codes. Non-Conformities are entered into our QMRS and changes to procedures resulting from these audits are implemented through our Quality Management System (QMS).

Ecovadis

There are many ways of showing how sustainable a business is. We have decided to work with EcoVadis to measure how we do. EcoVadis operates a collaborative platform providing Supplier Sustainability Ratings for global supply chains.

Our EcoVadis score in 2016 was 48, up by 10 points from 2015 and up 20 points from our start in 2014. The average in our business was 42.6 points in 2016. We still have work to do to document our sustainable business practices, and aim to score even better.

Ecovadis score

Environment	70
Labor Pratices	40
Fair Business Practices	50
Sustainable Procurement	30

GRI 4.12

14001:2004 certified

2016 CSR Rating — SILVER — ecovadis

Grieg Foundation

The Grieg Foundation owns 25% of the shares in Grieg Group, but holds no voting rights. The money gained by the ownership is donated to benevolent projects all over the world. In 2016, the Grieg Foundation donated 29 million Norwegian kroners (approx. USD 3.4 million). Half of the funds goes to projects targeting children and youth. This map show some of the projects, marked with ligh blue.

Stine Sofies Stiftelse: This Norwegian foundation fight for abused children's rights.

MNOK
2,6

Squamish Terminals Youth & Environment Fund: A permanent community foundation endowment fund supporting local projects.

Ron Anderson Memorial Scholarship Fund: scholarship to the local high school for those entering university in business, transportation or engineering

CAD
1,000

Herring Habitat Restoration: A partnership with Streamkeepers to enhance herring habitat (underneath Squamish Terminals' docks)

Port as a classroom: Seafarers from several of our vessels visited middle schools and student visisted ships to learn about the business.

CAD
2,000

The Postmedia Raise-a-Reader campaign exists to empower today's children and families with tools to improve their reading skills.

MNOK
0.3,8

MNOK
2

CARF: The Kolibri Project is engaged in work among children and young people at risk at favela areas in Sao Paulo, Brazil.

Pestalozzi: Education for academically giftet youths with limited educational prospects in their home country.

Local contributions

Every year our different offices and employees contribute in small and big ways to their local community, to all kind of charity causes. Some of them are found on the map, market with purple.

Haukeland University Hospital: medical research and trials.

MNOK 2,9

MNOK 2

CARE: Grieg Foundation sponsors CAREs work for gender equality world wide.

MNOK 6

SOS Childrens Villages: Work for gender equality policy among 134 SOS member countries

MNOK 0.5

Sahara Forest Project: A research project trying to regreen the desert.

MPHP 0.2

Klasum ng Pagasa: An organization which builds schools in remote areas in the Phillippines.

MNOK 0.1

Red Cross: Support for their work to help children refugees world wide

Many of our employees donate monthly to the operations of a home in the SOS Childrens Villages in Cebu.

Our history

| Year	
1884	Joachim Grieg sets up his shipbroker business in Bergen, Norway
1959	Per Waaler establishes AS Star Shipping November 24th, but the company is not formally registered until April 11th 1961
1962	In November the Star Pool come into effect, formalized February 5th 1963. Star Shipping and Westfal-Larsen & co agree to make vessels available for a joint shipping operation.
1963	Star Shipping's first subsidiary is established in Sydney, Australia. The year after an office is established in New York, and in 1966 in Vancouver. Our global presence is starting.
1964	The Star Pool agreement is even more formalized, as Star Bulk Shipping Company is formed on September 18th, with Westfal-Larsen & co and Star Shipping as equal owners.
1965	The first ships are equipped with gantry cranes to secure more accurate stowage and larger output per hour. The gantry cranes stay on as preferred cranes on the Star vessels until the L-class is acquired in 2012.
1965	The company's first long time cargo contract is signed: packaged lumber from British Columbia to Australia. Further contracts are to be signed the following year. Our focus on long term relationships with customers starts in earnest.
1965	In a Board meeting in Star Bulk Shipping on September 13th, it is decided to order three Open Hatch vessels, the first in the Star system. Since then the Open Hatch vessels have been the backbone of the Star fleet.
1970	Fred Olsen & co closes down their Fred Olsen Line and enters as a 30% owner of Star Bulk Shipping alongside Per Waaler/Per Grieg controlled Billabong and Westfall-Larsen & co.
1971	Star decides to invest in Squamish Terminals in British Columbia, and three years later Star is sole owner. To this day Grieg Star is the proud owner of Squamish Terminals.
1972	To reflect that Star has advanced from being a bulk transporter, the name of the company changes to Star Shipping. At the same time the name and common identity is approved, giving all the vessels Star names and yellow funnels with the star flag – a tradition we have carried on ever since.
1973	Star Shipping enters into a pool with greek shipping company Rethymnis and Kulukundis and establishes Conventional Bulk-Carriers Division (CBCD). The partnership secures a growth in CBCD from 2 million tons cargo shipped in 1972 to 12 million tons in 2000.
1988	Fred Olsen & Co sell their shares in Star, and the original partners are left alone as owners in a 50/50 split.
1995	Westfal-Larsen & Co decide to sell their Star vessels to a new company formed by the Westfal-Larsen brothers in Singapore: Masterbulk. Masterbulk take over the Westfal-Larsen position in Star Shipping.
2001	The last of the 3rd generation owners and gründers retire. Per Grieg retires at an age of 70, leaving his place on the board to his daughter Camilla Grieg.
2008	The Star organisation and business is split. Grieg continues to operate a slimmer Star Shipping, while Masterbulk set up their own organisation. Star Shipping is integrated as a part of Grieg Star, moving its Headquarters to Grieg Gaarden in Bergen.
2010	Grieg Star establishes Grieg Green, a company focusing on sustainable recycling of ships.
2012	One of the biggest new building programs start. Grieg Star orders 10 identical Open Hatch vessels, leaving the gantry crane for the first time since 1965.
2016	Initiated talks with Gearbulk to establish G2 Ocean. The joint Venture went live May 1st 2017.

Our fleet

Class	Name	Built	DWT	Type	Owned/LTTC/BB
F	Star Fuji	1985	40,850	Open Hatch	Owned
G	Star Gran	1986	43,712	Open Hatch	Owned
G	Star Grip	1986	43,712	Open Hatch	Owned
H	Star Hansa	1995	46,580	Open Hatch	Owned
H	Star Harmonia	1998	46,580	Open Hatch	Owned
H	Star Herdla	1994	46,580	Open Hatch	Owned
H	Star Hidra	1994	46,580	Open Hatch	Owned
I	Star Isfjord	2000	46,547	Open Hatch	Owned
I	Star Ismene	1999	46,547	Open Hatch	Owned
I	Star Istind	1999	46,547	Open Hatch	Owned
J	Star Japan	2004	44,837	Open Hatch	Owned
J	Star Java	2006	44,837	Open Hatch	Owned
J	Star Juventas	2004	44,837	Open Hatch	Owned
K	Star Kilimanjaro	2009	49,924	Open Hatch	Owned
K	Star Kinn	2010	49,924	Open Hatch	Owned
K	Star Kirkenes	2009	49,924	Open Hatch	Owned
K	Star Kvarven	2010	49,924	Open Hatch	Owned
L	Star Laguna	2012	50,761	Open Hatch	Owned
L	Star Lima	2012	50,761	Open Hatch	Owned
L	Star Lindesnes	2013	50,761	Open Hatch	Owned
L	Star Livorno	2013	50,761	Open Hatch	Owned
L	Star Loen	2013	50,761	Open Hatch	Owned
L	Star Lofoten	2013	50,761	Open Hatch	Owned
L	Star Louisiana	2013	50,761	Open Hatch	BB
L	Star Luster	2013	50,761	Open Hatch	Owned
L	Star Lygra	2014	50,761	Open Hatch	BB
L	Star Lysefjord	2013	50,761	Open Hatch	Owned
M	Kai Xuan	2008	50,761	Open Hatch	BB
M	Star Minerva	2008	50,757	Open Hatch	BB
M	Star Navarra	2010	51,593	Open Hatch	LTTC
M	Star Dalmatia	2011	51,593	Open Hatch	LTTC
-	Star Athena	2012	58,018	Conv. bulk	Owned
-	Star Artemis	2015	63,132	Conv. bulk	Owned
-	Star Eracle	2012	58,018	Conv. bulk	Owned
-	Star Eos	2015	63,132	Conv. bulk	Owned
-	Star Norita	2012	58,097	Conv. bulk	LTTC
-	Star Maine	2015	61,263	Conv. bulk	LTTC
-	Star Pathfinder	2015	61,298	Conv. bulk	LTTC
-	Star Crimson	2015	61,150	Conv. bulk	LTTC
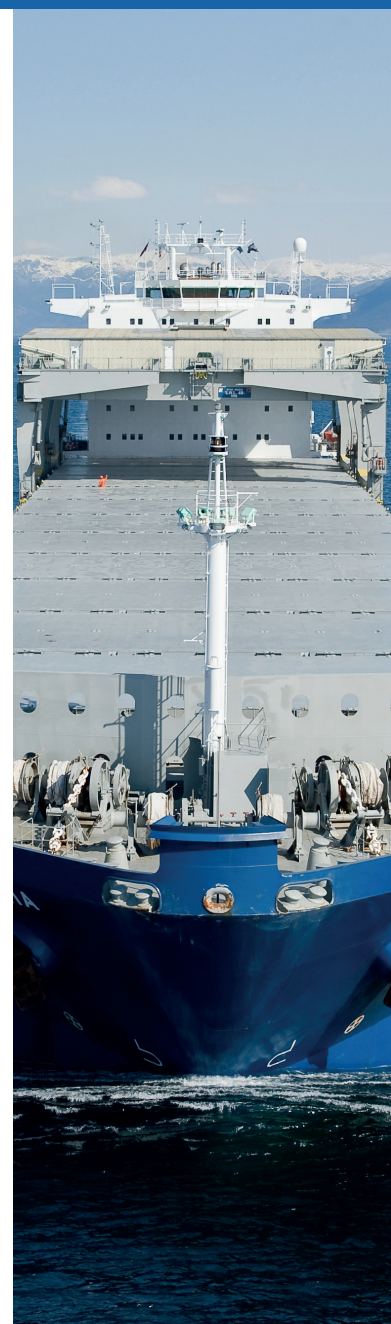
31 Open Hatch vessels
8 Conventional Bulk carriers
39 vessels in total
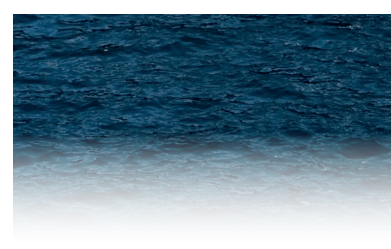
Global Reporting Initiative

GRI Standard Disclosure indicators	Description of the Indicator	Page/References
Strategy and Analysis		
1.1	Statement from the most senior decision maker of the organization	Page 3 and Grieg Star Annual Report 2016 (AR16)
1.2	Description of key impacts, risks, and opportunities.	Pages 3 and 7, AR16
Organizational Profile		
2.1	Name of the organization	Grieg Star
2.2	Primary brands, products, and/or services	Page 10
2.3	Operational structure of the organisation	Page 10
2.4	Location of organization's headquarters	Page 10
2.5	Countries where the organization operates	Pages 10, 11
2.6	Nature of ownership and legal form	Pages 10, 14
2.7	Markets served	Page 10
2.8	Scale of the reporting organisation	Pages 10, 14, AR16
2.9	Significant changes in size, structure, or ownership	None
2.10	Awards received in the reporting period	Page 32
Report Parameters		
3.1	Reporting period	2016
3.2	Date of most recent previous report (if any)	March 2015
3.3	Reporting cycle (annual, biennial, etc.)	Annual
3.4	Contact point for questions regarding the report or its content	Senior Vice President Ole Steinar Mjell
3.5	Process for defining report content	Involvement of relevant departments
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, etc).	All subsidiaries, divisions and countries included.
3.7	Limitations on the scope of boundary of the report	GRI reporting does not include Product Responsibility. Customer related indicators are not measured per today and other indicators are irrelevant.
3.8	Basis for reporting on joint ventures, subsidiaries etc	Refer to accounting principles in AR16
3.9	Data measurements techniques	Refer to accounting principles in AR16
3.10	Effect of any re-statements of information	None
3.11	Changes in the scope, boundary, or measurement methods	None
3.12	GRI Index table	Pages 36-39
3.13	External assurance for the report	Financial reporting only. Other parameters are self declared.
Governance, Commitments and Engagement		
4.1	Governance structure of the organisation	Page 6
4.2	Whether the Chair of the highest governance body is also an executive officer	Page 6
4.3	For unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Page 6
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Page 6
4.5	Compensation for the highest governance body, senior managers, and executives	AR16

Corporate Responsibility Report 2016

4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Page 6
4.7	Process for determining the qualifications and expertise of the members of the highest governance body	Page 6
4.8	Internally developed statements of mission or values, codes of conduct, and principles	Page 8
4.9	Procedures of the highest governance body for overseeing the organization	Page 6
4.10	Processes for evaluating the highest governance body's own performance	Internal audit and self assessment
4.11	Whether and how the precautionary approach or principles is addressed by the organisation	Page 7
4.12	Externally developed charters, principles, or other initiatives to which the organisation subscribes or endorses	Pages 9, 13, 16, 17, 21, 30, 31
4.13	Memberships in associations and/or national/international advocacy organisations	Pages 9, 18, 21, 30
4.14	List of stakeholder groups engaged by the organization	Employees, suppliers, environment, local community
4.15	Basis for identification and selection of stakeholders with whom to engage	Strategic decision to target some key stakeholders actively.
4.16	Approaches to stakeholder engagement	Pages 12, 17, 19
4.17	Key topics and concerns that have been raised through stakeholder engagement	Health & safety , competence development on environmental issues. Co-operation with WWF Norway, NSA and other shipping companies to increase energy efficiency. International anti-corruption network for shipping industry, the Maritime Anti-Corruption Network.

ECONOMIC PERFORMANCE INDICATORS

Management Approach

EC1	Direct economic value generated and distributed	AR16
EC2	Financial implications and other risks and opportunities due to climate change.	Page 3, AR16
EC3	Coverage of the organization's defined benefit plan obligations.	AR16
EC4	Significant financial assistance received from government.	AR16
EC6	Spending on locally-based suppliers at significant location of operation.	Not reported
EC7	Procedures for local hiring proportion of senior management	AR16
EC8	Infrastructure investments and services provided primarily for public benefit	Pages 32, 33, AR16

ENVIRONMENTAL PERFORMANCE INDICATORS

Management Approach

EN1	Materials used by weight or volume	NA
EN2	Percentage of materials used that are recycled input materials	NA
EN3	Direct energy consumption by primary energy source	Page 25
EN4	Indirect energy consumption by primary source	Not recorded
EN5*	Energy saved due to conservation and efficiency improvements	Page 25
EN8	Total water withdrawal by source	Page 27

EN11	Location and size of land in areas of high biodiversity value outside protected areas	Not relevant
EN12	Impacts on biodiversity in protected areas and areas of high biodiversity	Page 27
EN16	Total direct and indirect greenhouse gas emissions by weight	Page 25
EN17	Other relevant indirect greenhouse gas emissions by weight	Page 26
EN18*	Initiatives to reduce greenhouse gas emissions and reductions achieved	Pages 25, 26
EN19	Emissions of ozone-depleting substances by weight	Not reported
EN20	NOx, SOx, and other significant air emissions by type and weight	Page 26
EN21	Total water discharge by quality and destination	Page 21
EN22	Total weight of waste by type and disposal method	Page 27
EN23	Total number and volume of significant spills	Page 27
EN26	Environmental impacts of products and services, and extent of impact mitigation	Not reported
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Not reported
EN28	Significant fines and sanctions for non-compliance with environmental laws and regulations	None

SOCIAL PERFOMANCE INDICATORS

Labor Practices and Decent Work

Management Approach

LA1	Total workforce by employment type, employment contract, and region	Pages 14-15
LA2	Employee turnover by age group, gender, and region	Pages 14-15
LA4	Percentage of employees covered by collective bargaining agreements	Page 15
LA5	Minimum notice period(s) regarding operational changes	Page 15
LA6*	Formal joint management-worker health and safety committees	Pages 15, 19
LA7	Injuries, occupational diseases, lost days, absenteeism, and work-related fatalities	Pages 15, 20
LA8	Education, training, prevention, and risk-control programs in place regarding serious diseases	Pages 17, 19
LA9*	Health and safety topics covered in formal agreements with trade unions	Page 16
LA10	Average hours of training per year per employee by employee category	Page 17
LA13	Diversity within governance bodies and employee categories	AR16
LA14	Ratio of basic salary of men to women by employee category	Not reported

Mobile worker working pattern

LT9	Description of policies and programmes to determine working hours and rest hours, rest facilities and leave for seafarers	Page 15
LT10	Approaches to provision of facilities to enable mobile workers to maintain personal communication while working	Page 23

Ship safety inspections

LT13	List the accients when ships have been detained by port inspectors	Page 20

Use of labour providers

LT16	Describe how these criterias relate to existing international standards such as conventions of the ILO	Page 15

Continuity of employment

LT17	Describe measures in place to provide income security and employment continuity for workers employed/contraced repeatedly but not continuously	Page 15

Human Rights

Management Approach

HR1	Human rights clauses or screening related to investment agreements	Page 12
HR2	Screening of suppliers and contractors regarding human rights	Page 12
HR4	Total number of discrimination and actions taken	Page 19
HR5	Freedom of association and collective bargaining	Page 15
HR6	Child labor, and measures taken to contribute to the elimination of child labor	Page 15
HR7	Forced or compulsory labor	Page 12

Society

Management Approach

SO1	Impacts of operations on communities, including entering, operating, and exiting	None
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Page 7
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Page 9
SO4	Actions taken in response to incidents of corruption.	Page 9
SO5	Public policy positions and participation in public policy development and lobbying	Page 9
SO7*	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	None
SO8	Fines for non-compliance with laws and regulations concerning provision and use of products	None

Grieg Star Group applies the G3 core performance indicators and some specific indicators for the Transport & Logistics sector in its reporting on sustainability. The GRI index for 2016 is self-declared.