LERØY

ENVIRONMENTAL REPORT 2015

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LERØY SEAFOOD GROUP

HISTORY

The Lerøy Seafood Group can trace its operations back to the end of the 19th century, when the fisherman-farmer Ole Mikkel Lerøen started selling live fish at the fish market in Bergen. This was fish he either had caught himself or bought from other fishermen. The fish was hauled to market in corfs behind Ole Mikkel Lerøen's rowing boat from the island of Lerøy to the fish market in Bergen, a journey that could take between six and twelve hours, depending on prevailing winds and currents.

Over time, Ole Mikkel Lerøen's operations gradually came to include retail sales in Bergen, the sale of live shellfish and a budding export business. In 1939, two of his employees, Hallvard Lerøy Senior and Elias Fjeldstad, established a wholesaler and seafood export company – Hallvard Lerøy AS. In time, the company invested in a facility where they could receive pelagic and white fish and carry out fish farming. Poor results and insufficient capitalisation in the late 1980s and early 1990s forced the company to close down its facility for receipt of fish and sell its shareholdings at that time in fish farming in order to safeguard their core operation: wholesale and exports. In 1994, the company carried out a last emergency share issue and started the process of re-establishing a healthy business. At that time, the company's equity was valued at NOK 20 million, prior to an issue worth NOK 5 million.

The potential for growth within fish farming in combination with increasing customer requirements necessitated a radical change in the Group's business concept and strategy. The new strategy was extremely capital intensive. Up to 1997, the Group had been a family-owned operation.

In 1997, a private placing with financial investors was carried out for the first time. The purpose of the placing was to develop the Group throughout the entire value chain, and participate in the future consolidation of the fish farming industry. The initial step in what was to become a number of major investments within fish farming occurred in 1999, when the company acquired a minority interest in what was then Hydrotech-Gruppen AS. In the summer of 2001, Norskott Havbruk AS was founded with the sole purpose of acquiring Golden Sea Products, now Scottish Sea Farms Ltd, in the UK. The Group was listed on the Oslo Stock Exchange in June 2002, providing access to the capital market for the Group and thereby strategic financial room to manoeuvre. Sufficient access to capital and expertise have been critical factors in the development of the Group from a wholesaler/ seafood exporter to the current global and fully integrated seafood corporation.

At the turn of the new millennium, large parts of the fish farming industry were seriously undercapitalised and suffering from the impact of a short-term perspective and a lack of risk management. This was not compatible with the requirements placed on enterprises in the fish farming industry at that time. Lerøy Seafood Group had achieved a more solid position by August 2003, when they purchased Nye Midnor AS as it was then called – the company that now makes up the main share of Lerøy Midt AS. The Group went on to acquire Lerøy Aurora AS in 2005, Fossen AS and the remaining shares in Hydrotech-Gruppen AS in 2006, Lerøy Vest in 2007 via a business combination and a majority shareholding in Sjøtroll Havbruk AS in 2010. The acquisition and demerger of Villa Organic were conducted in 2014. Working with highly skilled local management, the above-mentioned companies along with a number of minor acquisitions have been developed

via organic growth over the years to form what is now the second-largest producer of Atlantic salmon and trout. The fish farming segment employed 1,252 persons in Norway at the end of 2015.

The Group has over time made substantial investments within the Processing segment (VAP). These investments in VAP (value-added processing) not only generate a wider product range and open the door to new markets, but also provide more room for manoeuvre in relation to the sale of own-produced salmon and trout. The Group made their ambitions clear in 2002 with the investment in fish smoking capacity in Sweden (Lerøy Smøgen). They went on in 2005 to invest in a processing facility for white fish in Bulandet (Bulandet Fiskeindustri) in order to further expand their product range. In 2006, the Group expanded its high-value processing plant for trout and salmon on the island of Osterøy (Lerøy Fossen).

The Group's acquisition of 50.1% of the shares in the Dutch seafood company Rode Beheer BV Group took place in 2012. The Group has subsequently gone on to expand capacity at all its existing plants. The framework conditions for industrial development in Norway are increasingly unsatisfactory, resulting in a trend whereby production is outsourced from Norway to countries with low production costs. Despite this trend, Lerøy Seafood Group has invested heavily in Norway, most recently with the development and doubling in capacity of the plant on the island of Osterøy outside Bergen in 2014. The VAP segment currently employs 506 persons, 177 of whom work in Norway.

The Group's ambition to increase demand for seafood in the form of new products for new markets has constantly been the driving force behind the Group's investments in the Sales & Distribution segment. This segment not only sells its own production of salmon and trout, but also has a high level of sales activity in cooperation with third parties, ensuring a wide product range for the Group within seafood. In recent years, the Group has also made significant investments in processing facilities, in order to be part of the "revolution" within the distribution of fresh seafood. These investments have been made in what are known as "fish-cuts" – processing facilities where proximity to the customer is key. The distribution of fresh seafood requires quality throughout the entire organisation, flexibility, continuity in supply and a high level of service. Today, the Group has a number of fish-cut facilities across Europe, and sells its products to more than 70 markets worldwide.

The Sales & Distribution segment currently employs 759 persons, 363 of whom work in Norway.

Ever since its very foundation, the Group has taken a pioneering role within a number of areas in the Norwegian, and subsequently international, seafood industry. The main focus has always been on developing the markets for seafood. The Group has very frequently been the first to launch in new markets, or to commercialise new species of fish. One of the main goals for the Group is to be an innovator within seafood, and preferably in cooperation with the end customer. This is important not only within product development, but also in other areas such as the development of efficient logistics and distribution. The pioneering spirit is still very much alive in the Group. At the start of 2016, Lerøy Seafood Group is well positioned for further growth and development.

IMPORTANT EVENTS IN 2015

ENVIRONMENT AND R&D

In 2013, the Group decided to become a significant producer of **cleaner fish**. Throughout 2015, Lerøy Seafood Group has taken a leading role in investments in cleaner fish for fish farming. The acquisition of 100% of the shares in Senja Akvakultursenter AS and 51% of the shares in Norsk Oppdrettsservice AS, in addition to the start-up of lumpfish production in a number of facilities, will – according to plans – afford the Group a self-sufficient supply of cleaner fish in 2016.

Over time, the Group has invested in capacity to deliver quality smolt throughout the year and made adaptations to production at sea, as well as taking measures to satisfy the market demand for year-round supply of salmon and trout. One central element in this process is the Group's investments in smolt facilities that make use of **recycling** technology. In 2015, Lerøy Aurora's smolt plant in Laksefjord in Finnmark delivered the first volume of smolt from its new, modern recycling plant. This represented a further boost to the Group's smolt capacity.

Over time, Lerøy Seafood Group has invested considerable resources in the development of technology for the production of post-smolt in closed-containment floating facilities. The Group has facilitated the development, production and testing of a pilot version of a post-smolt facility. The Group is also a partner in a long-term research project together with the Research Council of Norway. This project will afford the Group increased knowledge within technology and biology with a view to provide, build and operate post-smolt facilities for the future.

Lerøy Seafood Group and Bellona jointly operate the R&D company Ocean Forest AS. The aim is to exploit nutrient salts discharged from fish farms. Developments remain at an early stage, but the main aim is to achieve i**ncreased exploitation of resources**. More specifically, Ocean Forest is involved in the production of mussel meal as a source of marine protein. The company is also involved in the cultivation of tangle, a kelp plant with an extreme growth rate in cold seasons that we hope can be used as a source of protein. Based on the results of research in 2015, the Group is confident that these innovations may make a positive contribution to **even more sustainable production** in the years to come.

In 2015, the Group acquired a 50% shareholding in Seistar Holding AS, a shipping company involved in **well boats**. This allows the Group more control over what is an increasingly important part of the value chain.

PRODUCT AND MARKET DEVELOPMENT

Lerøy Seafood Group is the largest producer of sushi in Norway, and has now expanded this segment with successful launches in new retail markets, including Finland and Spain. The Group has sustained its positive trend within product development in 2015, launching a number of innovative products and new product types, mainly within fresh packaged fish.

On the marketing side, the Group has positioned itself for growth in new geographical areas via increased investments in Turkey. The Group's ownership interest in Lerøy Turkey (formerly Alfarm Alarko Lerøy) was increased from 50% to 100%.

BUSINESS OVERVIEW LERØY – IN EVERY KITCHEN

Lerøy Seafood Group's vision

Lerøy Seafood Group's vision is to be the leading and most profitable global supplier of sustainable, quality seafood.

The seafood market is experiencing ever-increasing demands on traceability, food safety, product quality, cost efficiency, sustainability, continuity of supply and a higher level of processing. The Group maintains a strong focus on the market, and a vertically integrated value chain is of decisive importance in order to offer end customers the right product at the right time. By actively developing new markets and new products from fisheries and fish farming based on sustainable principles, the Group aims to develop profitable, efficient and binding alliances both nationally and internationally within both supply and marketing.

Historically, the Group's growth has been based on sound operations, acquisitions, development of acquired companies and building of alliances. The Board of Directors and management continuously target strategic, forward-looking models for the Group's activities. These will continue to include business combinations and acquisitions, both upstream and downstream.

The Group's strategy is based on economic and environmental sustainability. Lerøy Seafood Group is one of the world's largest corporations in the seafood sector, and shall maintain an operational model that allows it to choose and develop sustainable solutions throughout the value chain.

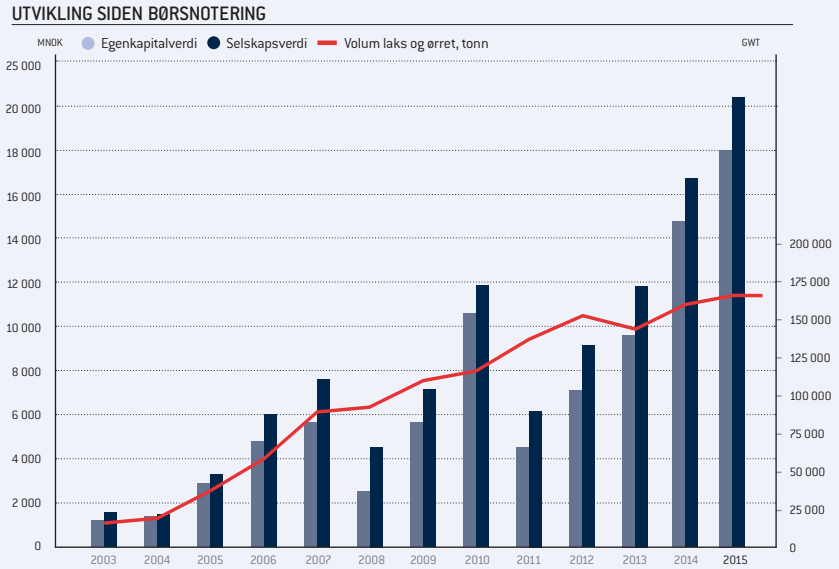
The Group's operations are based on what is produced in the sea, and are highly dependent on the proper management of these resources, allowing for growth for the industry and the continuing supply of high-quality products in the future. Lerøy Seafood Group has a long list of environmental goals with indicators measured at regular intervals. These are described in the chapter entitled "Environment - Sustainability" and in the company's Environmental Report.

HISTORY AND KEY FOCUS AREAS

Lerøy Seafood Group has experienced significant growth, both organic and through acquisitions, over the past 15 years. As of today, the Group is the world's second-largest producer of Atlantic salmon and trout, and one of the world's largest seafood exporters. The seafood industry, and particularly fish farming, is still a young industry with substantial potential for future development and growth.

The Board of Directors and management are in no doubt that former acquisitions have created substantial value for the company and its shareholders. Future investments must also lay the foundations for sound operations and profitability. This criterion includes a special focus on management expertise and, of equal importance, the expertise within the organisation as a whole.

The Group's core activities demand various forms of expertise and a high degree of adaptability. For this reason, our organisation is made up of people with a wide range of formal backgrounds and practical experience from different sectors of trade and industry. As the Group is involved in a global industry which experiences continuous changes and developments in framework conditions, it is paramount that our employees remain up to date and expand their expertise. The Group has a young yet highly experienced organisation. With the constant rate of change



in framework conditions for the Group, we rely on employees who are dynamic, willing to learn and flexible. The Group has employees who meet these requirements. Our employees work hard to improve the Group's competitive edge and earnings, and are passionate about ensuring that the individual companies fulfil future requirements and thereby achieve the Group's strategic goals and performance requirements.

The Group's rapid development in recent years has been made possible by capable people who have found the Group to be an attractive employer. One of several important prerequisites for the Group's continued positive development is its ability to offer attractive jobs to as many talented employees as possible. The Group must maintain a strong focus on leading the competition for result-oriented and skilled personnel with a high capacity for work and change.

The growth of Lerøy Seafood Group generates an increasing demand for business systems, risk management and capital. The Group maintains a continuous focus on developing business systems which can grow with the company and which provide a competitive edge in the marketplace. Risk management is key and involves all parts of the Group's operations. The Group's production companies face a substantial biological risk, and there is also substantial risk associated with the Sales & Distribution activities.

The Group has a very strong focus on risk management in its daily operations, as well as by ensuring that potential acquisitions and alliances match the company's risk profile.

Fish farming is very capital intensive. The industry has historically been undercapitalised, with an ensuing high level of financial risk. This is not compatible with the cyclical nature of the industry. Having a healthy, flexible and sustainable source of financing has always been, and will remain, a key focus in Lerøy's strategy. The corporate management and Board of Directors are actively involved in securing financial and structural relationships which allow the Group to achieve its long-term financial goals. The company's financial contingency planning, both present and future, will allow the Group to take part in the value-generating structural reorganisation currently under way in the industry.

LERØY SEAFOOD GROUP, VALUE CHAIN AND THE DIFFERENT SEGMENTS

One important element in Lerøy Seafood Group's strategy is to be a fully integrated supplier of the Group's key products, Atlantic salmon and trout, and the business is currently operated via a number of subsidiaries in Norway and abroad. The Group reports within three segments: Farming, Value-added Processing (VAP) and Sales & Distribution. The Group views its operations as local with a global perspective. The Group aims to be an enterprise with local roots in communities where it has operations, thereby making a contribution to all local communities irrespective of region and nationality.

The Farming segment comprises the Group's activities involving production of salmon and trout, and includes harvesting and an increasing volume of filleting. The Group companies in this segment represent a major employer along the Norwegian coastline, and strive to be visible and active in all the regions in which they operate.

The VAP segment is involved in high-value processing of mainly salmon and trout, but also other species. The segment's products are increasingly sold to the global market.

The Sales & Distribution segment has a global reach, comprising sales, marketing, product development, distribution and simple processing of the Group's own raw materials, as well as a large volume of raw materials from partners and networks of external suppliers.

Region	Licenses	Smolt (in mill)	2011 Tons	2012 Tons	2013 Tons	2014 Tons	2015 Tons	2016E Tons
Lerøy Aurora AS*	26	12	18 100	20 000	24 200	26 800	29 200	34 000
Lerøy Midt AS	57	22	62 300	61 900	58 900	68 300	71 400	65 000
Lerøy Sjøtroll	63	23	56 200	71 600	61 700	63 200	57 100	71 000
Sum Norway	146	52,1	136 600	153 400	144 800	158 300	157 700	170 000
Villa Organic AS**						6 000		
Norskott Havbruk (UK)***			10 900	13 600	13 400	13 800	13 500	13 000
Total			**147 500**	**167 100**	**158 200**	**178 100**	**171 200**	**183 000**

Associates

* Includes volume from Lerøy Finnmark AS with effect from second half of 2014 inclusive
** LSG's share of Villa Organic's volume in H1 2014, not consolidated
*** LSG's share, not consolidated

FISH FARMING

In order to comply with the seafood market's increasingly strict requirements on traceability, food safety, product quality, cost efficiency, sustainability and continuity of supply within the Group's main areas of Atlantic salmon and trout, the Group considers it vital to aim for a position as a fully integrated supplier. Control over the entire value chain, including coordinated growth within central parts of the production chain, has been a core part of the Group's strategy since 1997.

Measures implemented to achieve this goal comprise major investments in new smolt production, including production based on recycling technology. The Group has carried out major developments, including a new facility completed in 2013 in Central Norway, completion of a new facility in North Norway in 2015 and completion of a new facility in West Norway this past winter.

Since 2002, the Group's production of Atlantic salmon and trout has enjoyed a tremendous development and now comprises units that in total harvested 158,000 tonnes of salmon and trout from 146 licences in 2015. The Group is thus now the second-largest producer of Atlantic salmon and trout in the world. Production takes place in three regions in Norway. The northernmost region comprises Troms and Finnmark counties, where Lerøy Aurora AS produces

salmon from 26 licences. In Central Norway, Lerøy Midt AS produces salmon from 57 licences. The third and final region is West Norway, where Lerøy Vest AS and Sjøtroll Havbruk AS produce salmon and trout from 63 licences. In addition, the Group's production of salmon in Scotland is effected through the associate Norskott Havbruk AS. The Group owns 50% of this company, which reported a harvest volume of 27,000 tonnes of salmon in 2015. Lerøy has estimated a harvest volume of 170,000 tonnes in Norway in 2016, or 183,000 tonnes including the volume from Norskott Havbruk. The Group believes it has the potential to achieve further growth in volume with its existing licences.

There are several factors behind the increase in Group costs per kilo produced of salmon and trout in 2015 compared with 2014. These include increased feed costs – caused by the weaker Norwegian krone – and increased costs for combating salmon lice. Politicians continue to stipulate increasingly stringent framework conditions for fish farming in Norway. The amendment to the salmon lice regulation effected in 2013 has been and continues to represent a challenging adaptation for the Group. These challenges have had a negative impact on both the Group's and the Norwegian fish farming industry's costs and production volume. Nonetheless, the Norwegian fish farming industry, despite its relatively young age, has always shown a good ability to solve new challenges.

The problems involving salmon lice will be solved, but the Group is fully aware of the investments and innovations this will require, and how much the Group still has to learn. In the long term, the problem of salmon lice must be solved by means of prevention rather than treatment. Investments in measures to prevent salmon lice saw a substantial increase in 2015 and are projected to be even higher in 2016. The number of treatments was reduced by 35% in 2015 compared with 2014. Nonetheless, the Group remained in a transitional phase in 2015, incurring substantial costs for both prevention and treatment.

The Group is not satisfied with cost developments in 2015, and a number of measures have been introduced to reduce costs. These include a major investment in the use of cleaner fish, improved well boat capacity and more mechanical delousing. Other key factors in the fight against salmon lice include a special focus and training in-house.

The Norwegian krone remains weak. At the start of 2016, feed prices are expected to be higher than in 2015. Despite the increase in feed costs, the Group is confident that it has the capacity in

2016 to level off costs per kilo produced and, in the long term, achieve a reduction in costs.

Prices realised for the Group for salmon and trout combined were up 3% measured in Norwegian krone, although prices realised for trout were significantly lower in 2015 than in 2014. The global production of salmon increased by 4% in 2015 compared with 2014. However, the impact of the ban on imports to Russia of products such as Norwegian salmon and trout – introduced on 7 August 2014 –meant that exports to important markets were much higher than indicated by the global growth in production. Another important factor for the market and prices realised in 2015 was the considerably weaker Norwegian krone, making Norwegian salmon products much more competitive.

In total, these factors resulted in a market price for salmon, measured in Euro, which was lower in 2015 than in 2014. Due to the weaker Norwegian krone, this decline translated to a 2% increase when measured in Norwegian krone per kg. For most of 2015, salmon prices measured in Euro were close to the average inflation-adjusted prices over the past 10 years. The strong growth in the volume of products delivered to Europe bears witness to high demand from this market. Towards the end of 2015 and the start of 2016, the growth in exports to Europe declined due to the limited supply of salmon, and the continued high demand has resulted in high prices measured both in Euro and Norwegian krone. The strong demand for salmon and trout, combined with the projected limited growth in supply in the near future, gives grounds for optimism despite the challenges related to regulatory framework conditions.

The impact of the import ban for salmon was significant, but given that 50% of Norwegian trout exports previously went to Russia, it was unavoidable that the trout market would suffer much more. This negative impact was further reinforced when Russia's neighbouring countries introduced a ban on imports of trout in August 2015, a ban which has subsequently been lifted. As the Group is the world's largest producer of trout, the prices realised and the profit figure in 2015 are considerably impaired by the fact that prices realised for trout were lower than for salmon. The Group is not satisfied with the prices realised for trout in 2015, but has introduced a series of measures on various markets. At the start of 2016, the Group has a more optimistic outlook to the developments in trout prices, but expects the prices realised for trout to remain lower than those for salmon in 2016.

The total impact of these factors on volume, price and costs was an increase in revenue for the

Farming segment, from NOK 6,243 million in 2014 to NOK 6,494 million in 2015. During the same period, the operating profit fell from NOK 1,380 million in 2014 to NOK 988 million in 2015. The operating profit per kilo produced fell from NOK 8.7 in 2014 to NOK 6.3 in 2015.

NORTH NORWAY

In 2013, the Group acquired a significant ownership interest in Villa Organic AS, and the company was split between the two main owners, Lerøy Seafood Group ASA and SalMar ASA in July 2014. The Group's share of the company was merged with Lerøy Aurora AS at the start of 2015. This acquisition gave Lerøy Aurora AS access to eight new licences in Finnmark county. In addition, Lerøy Aurora AS was awarded one demonstration licence in 2015.

Lerøy Aurora AS represents the backbone of production in North Norway, and the company is a fully integrated producer of Atlantic salmon. The company had 26 licences in 2015 and harvested 29,200 tonnes of Atlantic salmon, up from 26,800 tonnes in 2014. Access to new licences paves the way for continued growth, and Lerøy Aurora expects to harvest 34,000

tonnes of Atlantic salmon in 2016.

In 2014 and 2015, Lerøy Aurora has developed new capacity for the production of smolt at its facility in Laksefjord. This investment, costing around NOK 150 million, will increase production capacity in Laksefjord to 11.5 million smolt weighing 80-100 grams. The investment has also made it possible to take seawater on land, allowing for production of larger smolt. The new facility will give Lerøy Aurora access to more and larger high-quality smolt, thereby increasing production volumes and minimising production time at sea. The Group has high expectations for this investment, and expects it to give further scope for improvements to the already excellent operations at Lerøy Aurora.

Lerøy Aurora's salmon-processing facility on the island of Skjervøy is one of the most modern in Norway.

Not only does this facility harvest its own fish, it also provides slaughtering services for other suppliers. In 2015, an investment was made in a fully automatic filleting line on Skjervøy, significantly increasing the plant's filleting capacity.

Due to higher feed prices, Lerøy Aurora experienced an increase in release from stock costs in 2015 compared with 2014. In total, the North Norway region reported an operating margin per kilo produced of NOK 15.4, up from NOK 13.8 in 2014. The Group is very satisfied with the development in Lerøy Aurora and will do its utmost to allow Lerøy Aurora to continue to grow within its region in the years to come.

CENTRAL NORWAY

Lerøy Midt AS owns 57 licences and has substantial processing capacity. In 2015, the company harvested 71,400 tonnes of Atlantic salmon, up from 68,300 tonnes in 2014. The second half of 2015 was a very challenging period for Lerøy Midt. The company was obliged to carry out early harvest at their facility, resulting in a lower average weight than planned for harvested salmon. The company's costs per kilo produced were consequently higher, and the early harvest also had a very negative impact on prices realised in the second half of 2015. The obligatory early harvest will affect production volume, sales volume and cost levels at the start of 2016.

For 2015 in total, Lerøy Midt reported an operating margin per kilo produced of NOK 6.5, down from NOK 9.8 in 2014.

Neither the Group nor Lerøy Midt AS are satisfied with the company's performance in 2015, but Lerøy Midt has a motivated organisation and is working purposefully to re-establish its position as one of the world-leading enterprises in the industry. An impressive number of measures have been introduced, including better supply of cleaner fish, large well boat capacity and access to mechanical delousing. The company expects to report better results in 2016. Projected harvest volume for 2016 is 65,000 tonnes.

Despite the challenges, Lerøy Midt continued to record positive results from its recycling technology for smolt production in Belsvik in 2015. The facility in Belsvik was completed in 2013 at a total cost of NOK 350 million, and has production capacity of around 14 million smolt weighing 80-100 grams. The new plant can report successful operations, and the Group has high expectations that the new plant will allow for further optimisation of operations at sea, in addition to supplying smolt of an extremely high quality.

REGION VEST

Lerøy Seafood Group is represented in West Norway by **Lerøy Vest AS,** a wholly owned subsidiary, and **Sjøtroll Havbruk AS**, in which **Lerøy Seafood Group** owns 50.71% of the shares.

Lerøy Vest AS has 37 licences and harvested 33,200 tonnes of Atlantic salmon and trout in 2015, compared with 36,900 tonnes in 2014. In addition to facilities for ongrowing at sea, Lerøy Vest AS produces smolt. 2014 was a very difficult year in Hordaland due to an unusually warm summer and a very low flow of fresh water in the fjord systems. This situation greatly improved in 2015,but the conditions in 2014 affected the fish harvested in 2015. The cost level in 2015 is higher than deemed normal by the Group, but the Group remains confident that the measures implemented will gradually have a positive effect through 2016. In 2015, Lerøy Vest also had to tackle the previously mentioned market challenges for trout. The company's operating margin was NOK 1.1 per kilo produced in 2015, down from NOK 6.2 in 2014.

Sjøtroll Havbruk AS has 26 licences and harvested 23,800 tonnes in 2015, down from 26,300 tonnes in 2014. Sjøtroll Havbruk AS is involved in the production of fry and smolt, consumer products, slaughtering and processing. For the same reasons as Lerøy Vest, the company reported weak earnings in 2015 with an operating margin per kilo produced of NOK 1.4, down from NOK 4.3 in 2014.

The situation and earnings in Hordaland in the last few years have not been satisfactory. A number of measures have been introduced to remedy the situation. In 2016, the companies will be more self-sufficient in terms of cleaner fish (lumpfish) and will have access to larger well boats and more equipment for mechanical delousing. Moreover, the Group is taking action to further improve the level of collaboration between fish farming businesses in the region.

PROCESSING (VAP)

Lerøy Seafood Group has and will continue to invest considerable sums of money in value-added processing of Atlantic salmon and trout. The Group believes that new product development is a key factor in sustaining growth in demand for Atlantic salmon and trout. This segment supplies a wide range of products such as portion sizes, smoked and cured salmon, sandwich fillings/toppings, sushi/sashimi dishes and ready-to-cook products. The majority of the Group's processing capacity is dedicated to processing Atlantic salmon and trout.

Lerøy Fossen AS is a salmon- and trout-processing company and has the largest fish-smoking facility in Norway. The company has strong local roots and a focus on quality. The company's products are sold all over the world, fitting exceptionally well into Lerøy Seafood Group's marketing strategy, which calls for increasing levels of processing. A total investment of NOK 50 million was made in 2014 and 2015 to double capacity at the facility. The new capacity was only partially utilised in 2015, but the company can significantly improve its capacity utilisation.

Lerøy Smøgen Seafood AB is a Swedish seafood company involved in the production of various types of smoked seafood products. It also produces and distributes seafood salads and products based on shellfish in brine. Its products are marketed in a number of countries. Lerøy Smøgen Seafood AB is an important incubator for new products in Lerøy Seafood Group ASA. The Group made an investment of SEK 75 million in 2013 to extend the facility in Smøgen. This facility is now one of the most modern and efficient plants in the world for the production of highly processed seafood, including salmon. The revenue generated by the company increased as a result of the higher capacity in 2014, and continued to rise in 2015.

Lerøy Seafood Group made a substantial boost to investments in processing in 2012 with the acquisition of 50.1% of the Dutch seafood group **Rode Beheer B.V. (Rode)**. Rode is a leading producer of processed seafood in the Netherlands and has a wide product range comprising smoked, marinated, freshly packaged and frozen products. Rode is extremely well positioned for supplying high-quality seafood to customers in markets such as the Benelux countries, Germany and France. Lerøy Seafood Group ASA is extremely satisfied with the company's development.

Bulandet Fiskeindustri AS is a modern Norwegian company processing white fish for the Norwegian grocery market. The facility is located in Bulandet in the county of Sogn og Fjordane. The most important raw materials are saithe, cod, cusk and ling, and the company's products play an important role in complementing the Group's product range.

SALES & DISTRIBUTION

A central aspect of Lerøy Seafood Group's strategy for growth is to offer new products to new markets. This requires knowledge of and proximity to both customer and market. Lerøy Seafood Group has a long, proud history within the sale and distribution of seafood. Today, the Group sells its products to more than 70 markets worldwide and has a vast network of customers in the majority of these markets. Not only does this afford the Group unique knowledge of market trends, it also allows for a significant diversification of risk.

The Group divides its products into the main sectors of salmon products, white fish, pelagic fish and shellfish. On the market for salmon products, the Group sells and distributes its entire own production volume, but also sells a substantial volume of products supplied by alliances with a number of other seafood producers. This generates economies of scale via

increased exploitation of the Group's sales network. White fish is almost exclusively based on raw materials caught in the wild. The Group's extensive processing capacity and sales and distribution network makes it a very attractive partner for companies involved in fishing that target high-quality fresh and frozen seafood. The Group is confident that this area offers significant potential for development.

In recent years, this product area has developed favourably through cooperation with a number of small and medium-sized companies, and the Group intends to develop these partnerships going forward. The Group is also a supplier of shellfish and fresh pelagic fish to both Norway and Europe. Fresh pelagic fish currently represents a small but interesting niche market.

The Sales & Distribution segment operates with a clear distinction between farmed species and wild fish, and these require different logistics and working methods. In addition, more than 80% of products distributed are fresh, placing extremely high requirements on market proximity and efficient logistics.

Lerøy Seafood Group has a long-term goal for the Sales & Distribution segment to grow so that it can generate an operating margin of between 2.5 and 3.0% per year. In 2015, the segment reported revenue of NOK 12.6 billion, up from NOK 12.0 billion in 2014. The operating margin in 2015 was 2.3%, up from 2.0% in 2014. Operating profit for the segment was up from NOK 241 million in 2014 to NOK 287 million in 2015. In recent years, the Group has made significant investments in so-called "fish-cuts". These are factories/facilities on the end market with relatively simple processing but large volumes, where proximity to the end customer is key. In many ways, these "fish-cuts" represent a revolution in the distribution of fresh fish. New and simple consumer-oriented packaging, in addition to short and efficient logistics systems make it possible for many more retailers to sell fresh fish. This development is a very important driver for demand for both salmonoids and other species of fish. The Group opened several new fish-cuts in 2014 and 2015, incurring start-up costs. The Group has started to see positive effects from several of these investments in 2015, and is well positioned in several markets.

Hallvard Lerøy AS has the highest revenue of all the Group companies, and reported both record-high revenue and profit in 2015. The company reported revenue of NOK 11.0 billion in 2015, compared with NOK 10.7 billion in 2014. Hallvard Lerøy is a market-oriented organisation with a focus on customer needs, providing the basis for cost-efficient management of individual customers. The Group can meet market demand for a diversified product range through its own production volume and its well-established cooperation network with producers and fishing boats.

In view of Hallvard Lerøy AS' central position in the value chain, developing and maintaining its interaction with partners is a priority area. The Group's global sales network comprises Hallvard Lerøy AS' sales offices in a number of countries, as well as associates in Sweden, Finland, France, the Netherlands, Spain, Portugal and Turkey. Hallvard Lerøy AS has sales offices in China, Japan, France and the USA. The sales offices and the associates therefore cover different parts of the Group's international markets. The Group's presence in central markets allows for closer follow-up of key customers and for the development of new customer relationships. The Group will work to establish a presence in new markets in the years ahead.

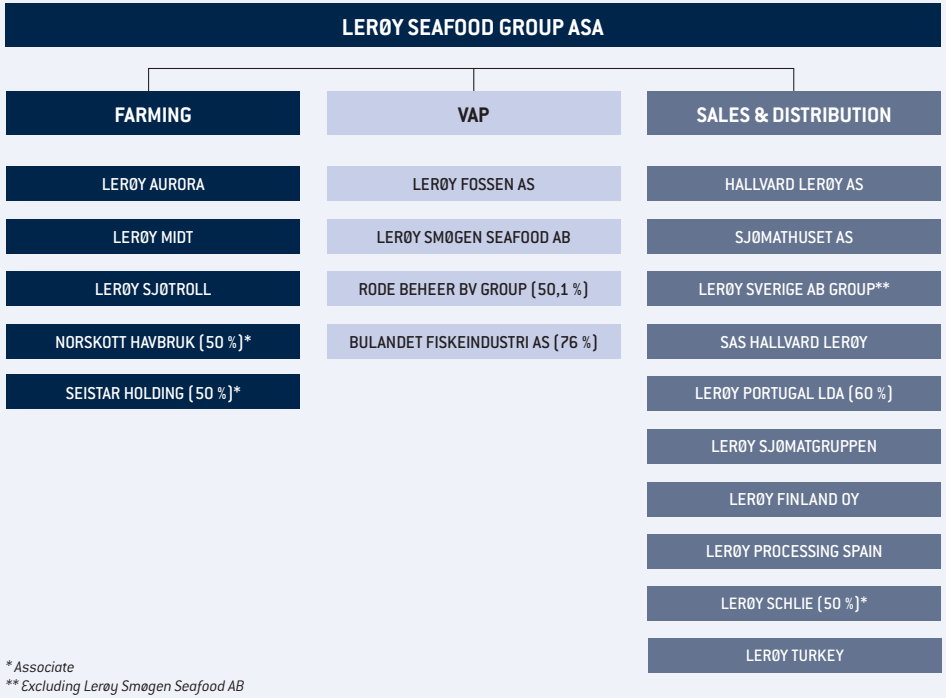
In addition to international sales and marketing, the Group is also engaged in nationwide distribution of fresh fish to the Norwegian market via Lerøy Sjømatgruppen AS, in which the Group's Norwegian wholesalers participate with other external enterprises. This business is based upon establishing regional foundations and expertise in the region in which the customer operates. At the same time, the Group's network offers economies of scale from nationwide

marketing and distribution of seafood. Experience gained from this network, and other activities, allowed the Group to sign a long-term agreement with Norway's largest grocery chain in 2013. On the basis of this agreement, a new and large-scale production plant for fish was established – Sjømathuset AS. The new facility started operations in 2014 and has paved the way for a revolution within freshly packaged fish and sushi in Norway. Production volume at the facility is high and on the increase, and the Group is looking forward to developing the seafood category in Norway together with the country's largest grocery chain.

Lerøy Sverige AB is a holding company for the three Swedish companies Lerøy Allt i Fisk AB, Lerøy Stockholm AB and Lerøy Nordhav AB. Lerøy Allt i Fisk AB in Gothenburg is a full-range seafood company with a particularly strong position on the Swedish catering and institutional households market. Lerøy Stockholm AB is located in Stockholm and is one of the city's largest distributors of seafood, with a particularly high level of expertise in the grocery trade. The Swedish market has been challenging for several years now but remains an important market for Lerøy. The Group and the Swedish businesses have implemented several major initiatives in 2014 and 2015, and reorganised the company, and earnings have seen a considerable improvement in 2015. Lerøy Allt i Fisk AB and Lerøy Nordhav AB are now major wholesalers while Lerøy Stockholm AB has been reorganised based on the model applied for Sjømathuset AS in Oslo. The Group expects to see a sustained positive development in activities in Sweden in 2016.

The sales and distribution activities in France are of vital importance and currently consist of **SAS Hallvard Lerøy,** which has two fish-cuts and a sales office in Boulogne. France represents an important market for Lerøy. Subsequent to the construction of a new facility completed in 2013, the subgroup SAS Hallvard Lerøy now has two major facilities for processing and distribution of fresh seafood in France. The Group has a close cooperation with local management in France regarding further development of operations.

In 2014, the Group started sales and distribution activities in Spain with the establishment of **Lerøy Processing Spain**. The company has a modern facility in a central location on the outskirts of Madrid. The facility operates on the same model as Sjømathuset in Oslo and has become a major producer of sushi and other products. Activities involving sushi started in 2015, and the company projects further growth in this business in 2016.



Operations in Portugal are run by **Lerøy Portugal Lda**. The company enjoys a good position on the Iberian Peninsula, which is a large and important market for Norwegian seafood. The company works purposefully to improve its position as a distributor of fresh seafood in Portugal.

Lerøy Finland OY was consolidated into Lerøy Seafood Group in 2011. Lerøy Finland OY is located in Åbo/Turku in Finland, and enjoys a strong position within sale and distribution of seafood on its domestic market. Development of this market has proved extremely difficult, but the Group has seen an improvement at the start of 2016.

The Group's operations in Turkey are managed by **Lerøy Turkey**. In close collaboration with Hallvard Lerøy AS, the company has developed the Turkish market for Atlantic salmon. In 2015, Lerøy Seafood Group increased its ownership interest in the company from 50% to 100%. The former name of the company, before it became a subsidiary, was **Alfarm Alarko Lerøy.** Turkey is an exciting market with significant potential. The company is continuously developing its sales to forward-looking and demanding customers in an exciting market for fresh fish. In addition to importing and distributing fresh fish, the company is also engaged in processing and smoking of fish.

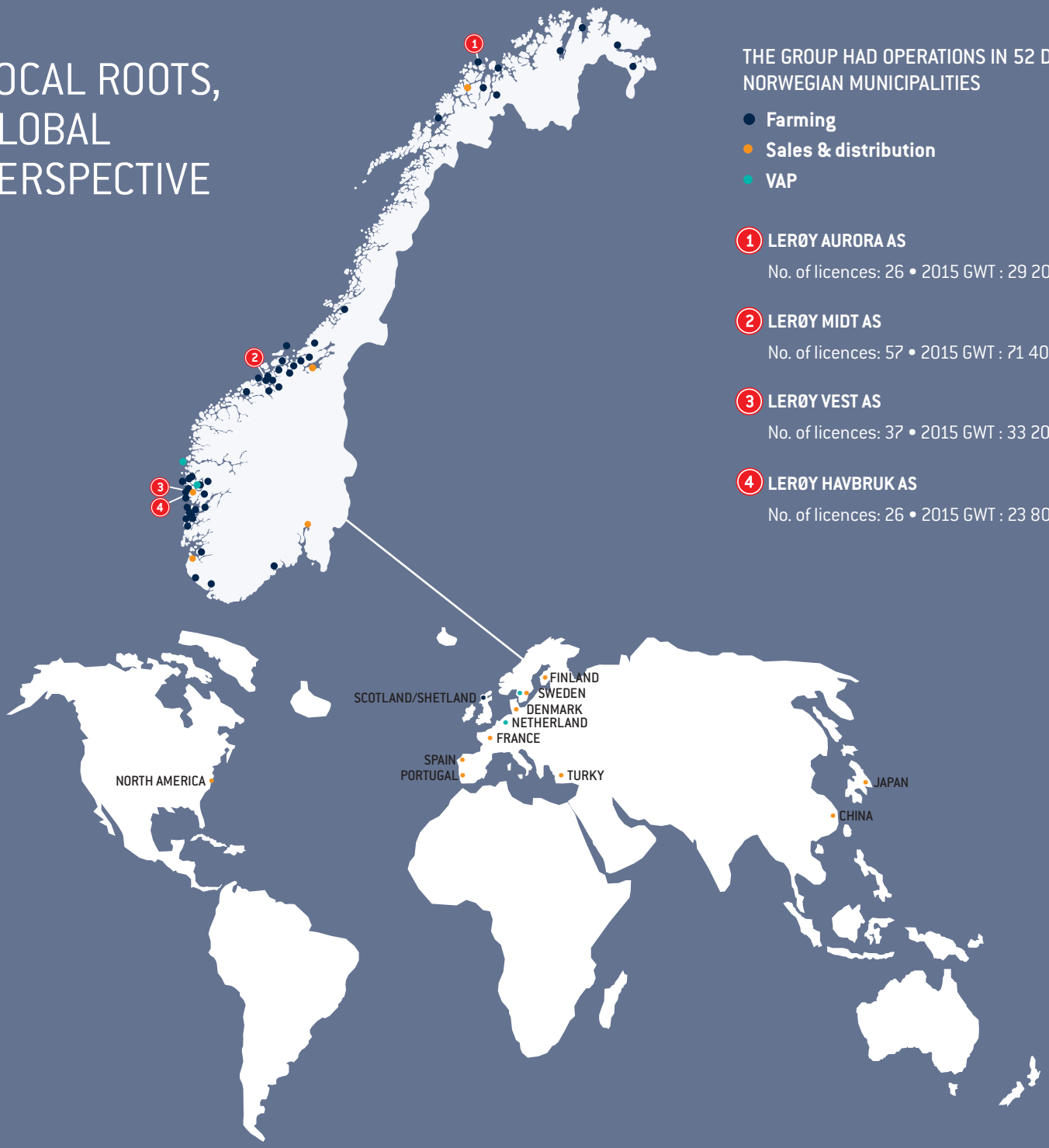
ASSOCIATES

Lerøy Seafood Group ASA has ownership interests in several associates, of which **Norskott Havbruk AS** and Seistar Holding AS are the two largest. Norskott Havbruk AS is 50% owned by Lerøy Seafood Group ASA and the fish farming company SalMar ASA respectively. Norskott Havbruk was set up in 2001 for the sole purpose of acquiring the company currently named Scottish Sea Farms Ltd. (SSF). SSF is the second-largest fish farming company in Scotland with a harvest volume of 27,000 tonnes of salmon in 2015. SSF produces smolt, mainly to cover its own needs. The company runs two modern land-based plants for processing salmon in Scotland and on the Shetland Islands. The company is actively involved in consolidating its position as the leading and most cost-efficient producer of high-quality Atlantic salmon within the EU. The company is already well positioned in several market segments with a focus on high quality, for instance under the respected brand name Label Rouge. The company expects to harvest 26,000 tonnes of salmon in 2016. SSF has a high potential for organic growth in the years to come, and aims to achieve an annual harvest volume of between 35,000 and 40,000 tonnes from existing licences. In order to achieve this goal, the company plans to make further investments within smolt production over the next two years.

In 2015, the Group acquired a 50% ownership interest in **Seistar Holding AS**, a shipping company involved in well boats. Seistar Holding AS is a supplier of well boat services to companies in West Norway. The company has ordered a new large well boat scheduled for delivery in the late summer of 2016.

For some time now, the Group has had a working relationship with Brdr. Schlie in Denmark. In 2013, the parties entered into a joint venture and founded Lerøy Schlie AS, with a 50% stake each. **Lerøy Schlie A/S** has started operations in a facility for processing and packaging of fresh fish, primarily for distribution in Denmark. In 2015, the company has significantly increased activities, and now has a good platform for growth in Denmark and surrounding countries.

LOCAL ROOTS, GLOBAL PERSPECTIVE



THE GROUP HAD OPERATIONS IN 52 DIFFERENT NORWEGIAN MUNICIPALITIES

- **Farming**
- **Sales & distribution**
- **VAP**

1 LERØY AURORA AS

No. of licences: 26 • 2015 GWT : 29 200

2 LERØY MIDT AS

No. of licences: 57 • 2015 GWT : 71 400

3 LERØY VEST AS

No. of licences: 37 • 2015 GWT : 33 200

4 LERØY HAVBRUK AS

No. of licences: 26 • 2015 GWT : 23 800

LOCALITIES

Lerøy Midt

Lerøy Sjøtroll

Lerøy Aurora

THE BOARD OF DIRECTORS

In its central position between owners and management, it is the Board of Directors' function to safeguard the shareholders' need for strategic governance and operational control. The function and focus of the Board will always vary somewhat depending on circumstances within the company and on developments in the external business environment.

Chairman of the Board, Helge Singelstad, was appointed to the Board at the extraordinary general shareholders' meeting on 26 November 2009. Helge Singelstad holds a degree in computer engineering, a degree in Business Administration from the Norwegian School of Economics and Administration (NHH) and has completed a basic course in law at the University of Bergen. Helge Singelstad has previously been CEO, Vice CEO and CFO of Lerøy Seafood Group over a number of years. Consequently, he has broad knowledge of the Group and the industry.

Helge Singelstad is also Chairman of Austevoll Seafood ASA and a member of the board of DOF ASA. In addition, he is the Managing Director of Laco AS. Helge Singelstad has no shares or

options in Lerøy Seafood Group ASA as of 31 December 2014, but indirectly owns shares in the company as a shareholder of Austevoll Seafood ASA.

Pursuant to the Norwegian Public Companies Act, the Chief Executive Officer is not permitted to be a board member. NUES, the Norwegian Code of Practice for Corporate Governance, is also very clear in its recommendation that neither the CEO nor other executive personnel in the company should be board members. In Lerøy Seafood Group ASA, neither the CEO nor other executive personnel are members of the board of directors.

For several years, as well as in its seven meetings in 2013, the Board has maintained a particular focus on the connection between practical operations and strategic business development. The Board and management work purposefully to develop the Group into the most profitable, fully integrated, international seafood group. This work has for a considerable time been carried out in accordance with our public announcements. The Board's work reflects this strategy and the results are shown through management implementation. Although the strategic development of the company is a continuous process and part of the work of the Board of Directors, the company also holds dedicated strategy meetings. Strategy meetings were held in 2015.

The Group structure, with autonomous entities in different regions, is supervised through participation by Group management in the administrative bodies of the various companies. Through their representation on the boards of the subsidiaries, employees also contribute to satisfactory operational development. The audit committee conducts quality assurance of internal control and reporting. It is also responsible for the Board of Directors' dialogue with and monitoring of the external auditor. The audit committee held three meetings in 2015.

One of the board members is allocated principal responsibility for the environment and sustainability. An extensive review of the company's activities in relation to the environment and sustainability is carried out during meetings of the audit committee.

A set of instructions has been prepared for the work of the Board of Directors. The scope of the work of the CEO is laid down in a separate set of instructions, and the CEO maintains close dialogue with the company's Chairman of the Board.

At the annual general meeting of 25 May 2005, article 5 of the company's Articles of Association was amended in order to allow for a nomination committee in the company. The nomination committee consists of three members elected by the shareholders' meeting for a period of two years. The company's nomination committee is charged with preparing proposals for the composition of a shareholder-elected board of directors and to submit recommendations to the shareholders' meeting for appointments to the board.

Lerøy Seafood Group aims to supply high-quality products in order to develop a profitable, efficient and binding collaborative network within both supply and marketing. The Board of Directors will continue to work with the company's management to develop and adapt the Group's control systems for the environment and business operations in line with national and international requirements.

The Board of Directors underlines the importance of strategic, forward-looking business models, which may comprise acquisitions and business combinations both downstream and upstream. The Board actively follows a policy to ensure the financial and structural premises required to meet the Group's long-term financial goals.

Based on continued growth and improved profitability, Lerøy Seafood Group aims to generate financial value for its shareholders, staff and society in general. Lerøy Seafood Group aims to achieve satisfactory profitability in all its activities.

RISK MANAGEMENT

Risk management and internal control

The Group's activities are varied, depending on each entity's position in the value chain, and consequently require differentiated forms of management and follow-up. Good internal management systems are essential for success, and these must be continuously developed in order to accommodate fluctuating conditions. The Group's regional structure with independent entities, also in respect of short-term reporting, facilitates good control and strong focus. Internal control is based on daily and weekly reports that are summarised into monthly reports tailored to the individual company, and at Group level. There is an emphasis on developing uniform reporting procedures and formats in order to ensure correct reporting from all entities and up to an aggregate level.

As Lerøy Seafood Group is an international seafood corporation with decentralised operations and a significant volume of biological production, the company is exposed to a number of risk factors. The Board of Directors therefore works hard to ensure that the Group implements all measures required to control risk, to limit individual risks and to keep risk as a whole within acceptable constraints.

Operating risk

Fish farming takes place in relatively open seas which provide the best conditions for fish farming in terms of the environment and health of the fish. However, this places significant demands on both personnel and equipment. The production plants are continuously subjected to the forces of nature, representing a certain risk of damage to equipment which, in turn, may result in accidental release of fish. The company reported accidental release of fish in 2015, cf. the more detailed description in the Group's Environmental Report. Keeping animals in intensive cultures will always entail a certain risk of illness. Fish are particularly vulnerable to illness when they start life at sea, as they are exposed to stress during this period and have to adapt to a completely new environment. The risk of illness can be reduced by ensuring high-quality smolt, vaccinations, good conditions and the correct localities for the fish. The Group also has a focus on sustainable feed.

For further comments on biological production, please refer to the Group's Environmental Report.

Market risk

The developments in global salmon and trout prices have a considerable impact on the results achieved by the Group. The Group seeks to reduce this risk factor by ensuring that a certain proportion of revenue comes from so-called contract sales.

In addition, Norwegian fish farming and the fish processing industry in Norway and the EU have a history of exposure to the risk represented by the constant threat of long-term political trade barriers imposed by the EU Commission. In 2008, the EU Commission abolished the programme which involved so-called minimum prices for Norwegian salmon and punitive duties on Norwegian trout. In 2011, punitive duties on whole salmon exported to the USA were also lifted. Russia introduced a

ban on imports of salmon and trout from Norway on 7 August 2014. As Russia is normally a major market for Norwegian salmon and trout, the import ban had a negative impact on prices realised for trout in 2015.

Currency risk
The Group has international operations and is thus exposed to currency risk. The Group makes use of currency derivatives combined with withdrawals/deposits in multi-currency accounts in order to minimise currency risk on outstanding accounts receivable, signed sales contracts and ongoing contractual negotiations. The Group's long-term liabilities are mainly in Norwegian krone.

Credit risk
Pursuant to the Group's strategy for managing credit risk, the Group's accounts receivable are mainly covered by credit insurance or other forms of security. All new customers are subjected to a credit rating.

Interest rate risk
The majority of the Group's long-term liabilities are at floating rates of interest, representing exposure to increases in the market interest rate. Interest rate swap agreements are signed to reduce interest rate risk.

Liquidity risk
The most significant individual factor related to liquidity risk is fluctuations in salmon prices. Liquidity is also affected by fluctuations in production and slaughter volumes and changes in feed prices, which is the most prominent single factor on the cost side. Feed costs are impacted by the developments in prices for marine raw materials and agricultural products.

Review by the Board of Directors
A significant share of the work of the Board of Directors is ensuring that the company management is familiar with and understands the Group's risk areas and that risk is managed by means of appropriate internal control. Frequent evaluations and assessments are conducted of both the management's and Board's understanding of risk and internal control. The audit committee plays an important role in these evaluations and assessments.

Description of the main elements of risk management and internal control related to financial reports

Internal control within the Group is based on the framework of the "Committee of Sponsoring Organizations of the Treadway Commissions" (COSO), and covers control environment, risk assessment, control activities, information and communication, and follow-up. The content of these different elements is described in detail below.

Control environment

The core of an enterprise is the employees' individual qualities, ethical values and competence, in addition to the environment in which they work.

Guidelines for financial reporting

On behalf of the CFO, the Chief Accountant for the Group provides guidelines to entities within the Group. These guidelines place requirements on both the content of and process for financial reporting.

Organisation and responsibility

The Chief Accountant for the Group reports to the CFO and is responsible for areas such as financial reporting, budgets and internal control of financial reporting within the Group.

The Directors of the reporting entities are responsible for continuous financial monitoring and reporting. The entities all have management groups and financial functions which are adapted to their organisation and business. The entity managers shall ensure implementation of appropriate and efficient internal control and are responsible for compliance with requirements.

The audit committee shall monitor the process of financial reporting and ensure that the Group's internal control and risk management systems function efficiently. The audit committee shall also ensure that the Group has an independent and efficient external auditor.

The financial statements for all companies in the Group are audited by an external auditor, within the framework established in international standards for auditing and quality control.

Risk assessment

The Chief Accountant for the Group and the CFO identify, assess and monitor the risk of errors in the Group's financial reports, together with the managers of each entity.

Control activities

Reporting entities are responsible for the implementation of adequate control actions in order to prevent errors in the financial reports.

Processes and control measures have been established to ensure quality assurance of financial reports. These measures comprise mandates, division of work, reconciliation/documentation, IT controls, analyses, management reviews and Board representation within subsidiaries.

The Chief Accountant for the Group provides guidelines for financial reporting to the different Group entities. The Chief Accountant for the Group ensures that reporting takes place in accordance with prevailing legislation, accounting standards, established accounting principles and the Board's guidelines.

The Chief Accountant and the CFO continuously assess the financial reporting of the Group companies and segments. Analyses are carried out in relation to previous periods, between different entities and in relation to other companies within the same industry.

Review by the Group management
The Group management reviews the financial reports on a monthly basis, including the development in figures for profit/loss and balance sheet.

Reviews by the audit committee, Board and general meeting
The audit committee and Board review the Group's financial reports on a quarterly basis. During such reviews, the audit committee has discussions with the management and external auditor. At least once a year, the Board holds a meeting with the external auditor, without the presence of the management.

The Board reviews the interim accounts and draft annual accounts. The annual accounts are adopted by the shareholders' meeting.

Information and communication
The Group has a strict policy of providing correct and open information to shareholders, potential shareholders and other stakeholders. Item 13, "Information and communication", contains more detailed information.

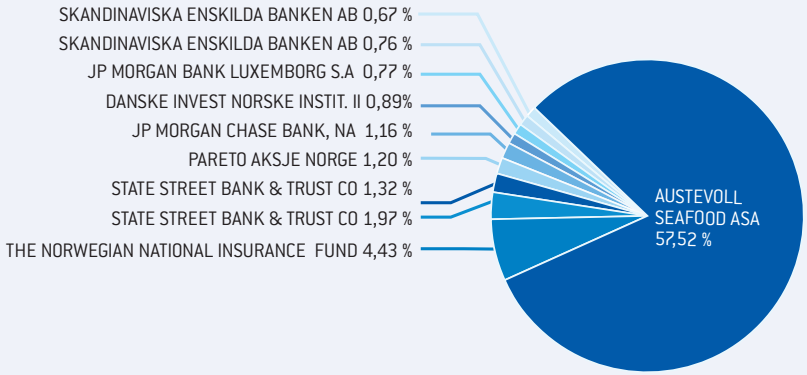
Follow-up of reporting entities
Those persons responsible for reporting entities shall ensure appropriate and efficient internal control in accordance with requirements, and are responsible for compliance with such requirements.

Group level
The Chief Accountant and CFO review the financial reports issued by the entities and the Group, and assess any errors, omissions and required improvements.

External auditor
The external auditor shall provide the audit committee with a description of the main elements of the audit from the previous financial year, in particular significant weak points identified during internal control related to the process of financial reporting.

The Board of Directors
The Board, represented by the audit committee, monitors the process of financial reporting.

THE 10 LARGEST SHAREHOLDERS



OWNERSHIP

When recruiting board members, the company's owners have for many years considered the company's needs for varied expertise, continuity, renewal and changes in ownership structure. It will always be in the interest of the company's stakeholders to ensure that the composition of the Board varies in line with the demands made on the company and with expectations regarding Group performance. The Board's assessment of its own performance and of Group management must of necessity be seen in conjunction with the Group's performance. To date, the Board has not issued reports on its assessment of its own work; this is a conscious priority decision and must be viewed in connection with other announcements in the company's communications to the public. Moreover, external assessments of the Board's work are probably the most influential and are likely to remain so in the future.

STAKEHOLDERS

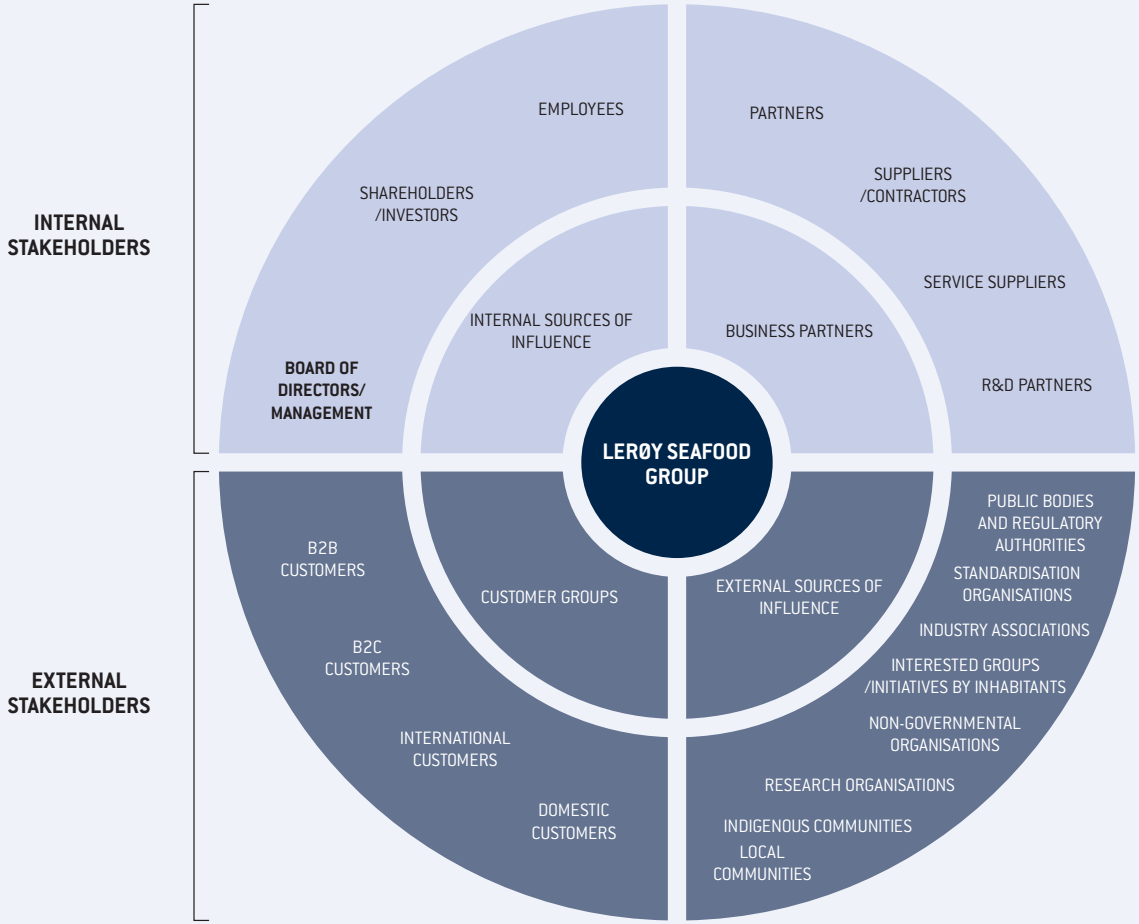
A stakeholder is an accountant, a group, an organisation, a member or a system that has an influence on or may be affected by the actions of an organisation. Lerøy Seafood Group has various stakeholders and communicates with them via meetings, annual reports, environmental reports, GRI reports, CDP reports, the media, announcements, registration, public reports, collaborative projects, cooperation agreements, the stock exchange, web pages etc.

Successful communication with stakeholders is an important part of daily activities. One new process introduced is the analysis of stakeholders based on the influence they have on our organisation. This helps us identify how we can involve them more efficiently, and not least ensure that both parties benefit from the cooperation.

Key words:

- Approval of selected subjects
- Various perspectives on influence
- Identification of problems
- External perception
- Know-how

STAKEHOLDERS



CONCERNED OPTIMIST

The level of activity for the Group in 2015 was high! We have achieved a stronger market position and further developed important relations with both customers and suppliers. Revenue for the year amounted to NOK 13.5 billion, up almost NOK 1 billion from 2014 and the highest revenue in the history of the Group. I am delighted to see that we are continuing to achieve growth, as we have for the past 25 years, and I am constantly positively surprised by how strong demand is for seafood. This allows me to feel optimistic about the Group's position moving forward.

Lerøy Seafood Group ASA is a fully integrated corporation in control of the entire value chain from egg to finished product and to the end customer. This affords unique opportunities to influence the development of the value chain and salmon and trout as a product category in cooperation with central end customers worldwide. The company's future development is determined by our ability to achieve continuous improvements, increased efficiency, innovation and development of sustainable solutions throughout the value chain. We shall continue to work extremely hard to sustain the positive development of the Group's market position.

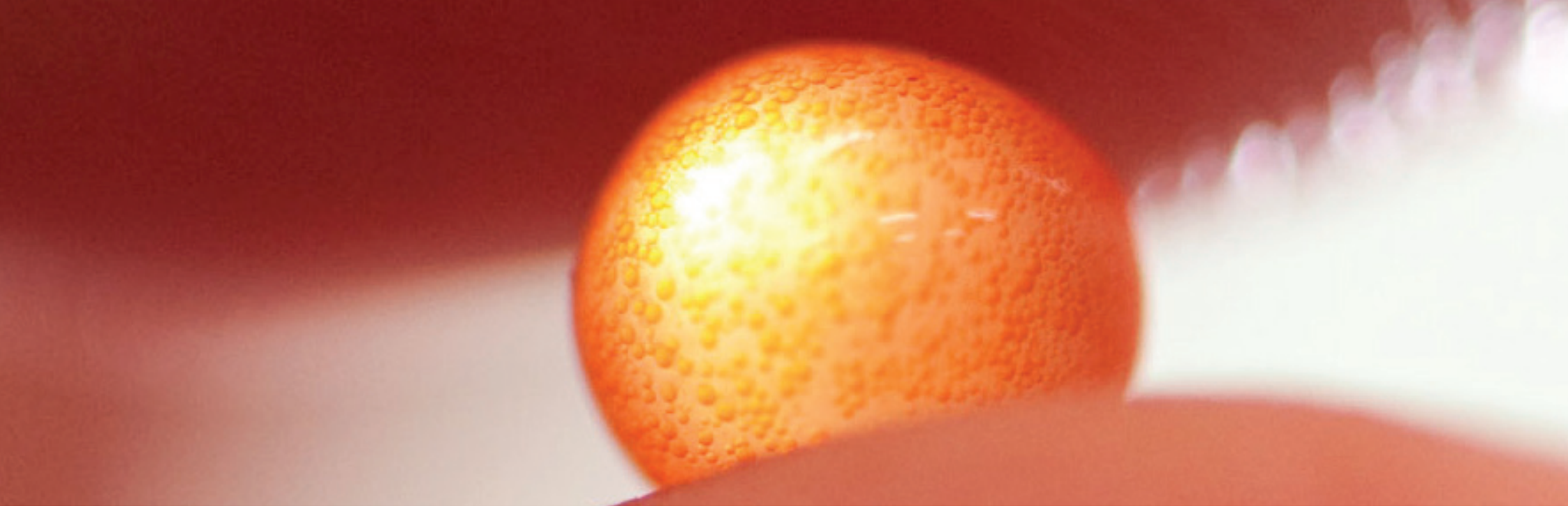
At the same time, 2015 has been a year full of challenges. The Group's operating profit in 2015 was lower than in 2014, down from NOK 1,788 million to NOK 1,380 million. The main reason for the decline is the increase in costs for salmon and trout production. This is cause for concern. I am very confident in the measures we have taken, and we are now focusing on turning around cost developments in 2016.

Another cause for concern that emerged in 2015 is the projected lack of growth in the Norwegian fish farming industry. We do not expect to see growth in Norwegian production in the period from 2012 to 2018, and the outlook after this period is uncertain. There is vast potential for lasting value generation within the global growth in demand for seafood, and it is essential to ensure that this value generation can take place in Norway and not just in other regions.

Today, Lerøy has three operating segments with a total of 2,527 employees distributed as follows: 1,252 in Farming, 506 in VAP and 759 in Sales & Distribution. Each has grown significantly in recent years.

FARMING

Lerøy Seafood Group is the world's second-largest producer of Atlantic salmon and trout with a total production in 2015 of 158,000 tonnes, on a par with the volume reported in 2014. The framework conditions for production of salmon and trout in Norway are increasingly stringent. It takes time to adapt to these conditions, and we are working very hard to do so. The outlook for growth in the Norwegian fish farming industry is at an all-time low. Despite this, there remains considerable potential to generate value from the global growth in demand for salmon and trout. It is extremely important that politicians allow Norway to take part in this value generation.



Norway has the most sustainable salmon production in the world. We also have the most stringent statutory requirements for our production processes. The abolition of feed quotas and the introduction of the so-called MAB regime in 2005 were forward-looking and positive political decisions. We need more such forward-looking measures that can stimulate increased value generation.

The Norwegian coastline seems designed for fish farming and for the production of Atlantic salmon and rainbow trout in particular. Compared with other production processes for protein, the fish farming industry makes very efficient use of space and is, on a global scale, a very competitive form of food production in terms of environmental protection. It goes without saying that it is in the greatest interest of the seafood industry to achieve sustainable fish farming. Moreover, it is in the interest of society that the fish farming industry – as with other industries – is evaluated comprehensively with a view to sustainability, applying criteria for economic, social and environmental sustainability when assessing future growth.
From the year 2000 until the time of writing, the number of localities in use in Norway for fish

farming has practically been halved, while salmon production has almost doubled in volume. The transition to fewer, larger localities located in more appropriate areas has provided a substantial reduction in utilisation of land and sea areas per kilo fish produced, and has simultaneously afforded substantial gains for the environment. Today, the Norwegian fish farming industry utilises as little as 0.5% of the Norwegian coastline within the maritime boundaries. At the same time, access to land and sea areas is the greatest obstacle to the future growth of the industry. I find it almost impossible to comprehend that Norway could have arrived at such an impasse.

When the Norwegian Storting and government adopt the annual allocations of MAB or licences, it is of decisive importance that the municipalities follow up by setting aside land and sea areas accordingly. Ripple effect analysis published by Nofima in December 2014 indicate that the Norwegian fish farming industry purchased goods and services in Norway for a total of NOK 34.3 billion and generated NOK 42 billion in export income for the nation. These figures were significantly higher in 2015. The fish farming industry of the future will continue to develop towards solutions that are even more efficient in terms of space and the environment. At the same time, concepts will be developed involving multitrophic aquaculture (IMTA) that combine current species with the production of algae and mussels, allowing for the cultivation of marine proteins for consumers and for fish farming. This can be exemplified in our cooperation with Bellona, represented by Ocean Forest.

The Group unfortunately experienced a tragic accident that has had a vast impact on the company. On 31 August 2015, one of our companies experienced the worst possible accident. Our colleague, Frode Pletten, died in a work accident at our facility in Ålforo, Fitjar. Frode was an extremely skilled and highly respected colleague with an immense capacity and motivation for work. He was always in a good mood and was a great team mate for all his colleagues. He will be sorely missed both as a colleague and as a friend.

VAP

In recent years, Lerøy has invested heavily in this segment. It is therefore very rewarding to note that 2015 is the best year we have had in terms of volume, revenue and earnings. VAP currently comprises four factories with good diversity of product range, markets and segments. I am confident that with today's organisation, we are in an excellent position to achieve sustained growth within this category. A strong focus in the future on innovation, improved efficiency, technological developments, automation,production and the sale of high-quality products will be decisive factors for our competitiveness and future growth. One of the most difficult challenges we face is the fluctuating supply of raw materials in the course of a year. If we are to achieve optimal operations and provide a secure workplace for all our employees, we need to achieve more stable production of salmon and trout throughout the year. A more flexible MAB scheme would help to achieve this goal.

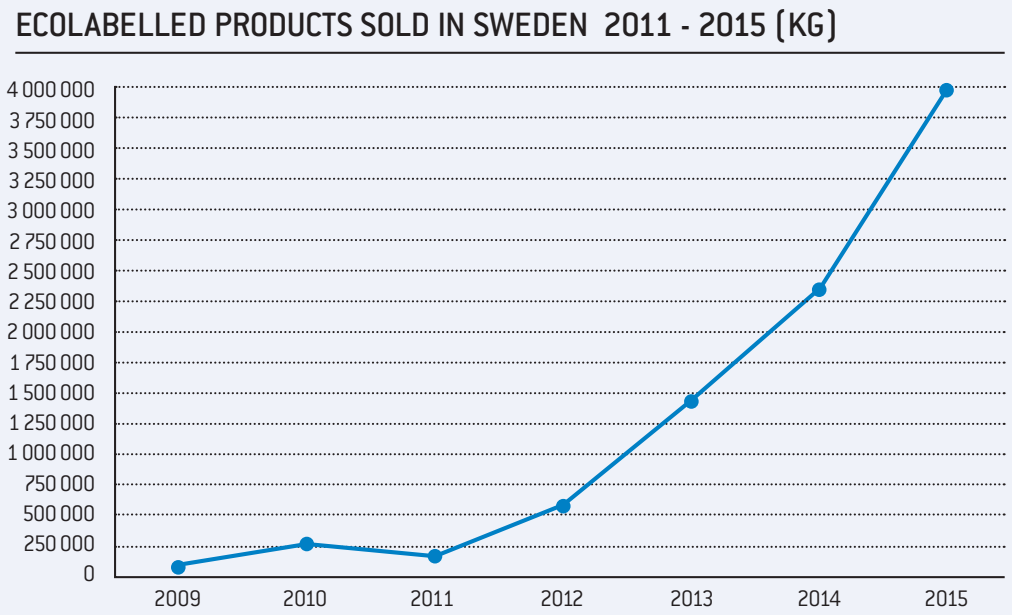
SALG OG DISTRIBUSJON

Lerøy is much more than just salmon and trout. With our increasingly comprehensive distribution network, we sell, produce, package and distribute a significant volume of all types of seafood. We are now one of the world's largest seafood corporations with a main focus on sales of fresh seafood. We have achieved an impressive development within this segment via new investments in our distribution network throughout Europe, but also thanks to our talented and highly motivated employees, who work so hard to make sure our customers receive fresh seafood deliveries day in and day out. Lerøy follows a clear strategy to invest in new markets in order to further boost demand for seafood from Lerøy. This process takes time, but our hard work is bearing fruit. We have proven over time that we have the capacity to develop the seafood category by applying motivation and innovation, and we have no intention of stopping now.

I would like to end by thanking all our employees and partners for their wonderful efforts in 2015!

Henning Kolbjørn Beltestad
CEO
Lerøy Seafood Group

CRITICAL PERFORMANCE INDICATORS (CPI)	TARGET FOR 2015	STATUS 2015	TARGET FOR
1. Work to prevent accidental release of fish			
LS G KPI 1: No. fish	0	7340	0
2. Measures to reduce salmon lice			
LS G KPI 2: Fully developed female lice	0,1	Target achieved	< 0,2
LS G KPI 6: Number of chemical delousing procedures per generation	Max. 4 in South Norway and 1 in North Norway	2.61 in South Norway and less than 1 in North Norway	1,5
3. Fish health and fish welfare			
LSG KPI 3: Mortality per generation %	7,0	N/A, due to new measurement method	6
LS G KPI 4: Density kg/m3	25	Target achieved	Max. 25
4. Efficient utillisation of land and sea areas 5. Reduction of discarge of nutrient salts per locality			
LS G KPI 5: Locality status Average MOM B	1,5	Target achieved	1,5
LS G KPI 7: Biological feed factor	1,09	Target achieved	1,00
LS G KPI 10: Reduction of discharge of nutrient salts	R&D via Ocean Forest	Target achieved	Ongoing process
6. Other			
LS G KPI 8: Complaints from stakeholders in writing	All complaints shall be answered in writing	Target achieved	All complaints shall be answered
LS G KPI 9: Fish feed	Increased content of MSC-certified raw materials FishSource score for marine raw materials for individual species > 6, biomass score > 8 + FFDRo < 2.95	Ongoing process	Ongoing process
Energy consumption in kWh / tonne produce	Each company establishes individual		
targets Water consumption in m3 / tonne produce targets	Each company establishes individual		
The share of packaged raw materials shall be increased (the term “packaged raw materials” is defined as commodities)	Each company establishes individual targets		



LERØY IN SWEDEN

Lerøy Smøgen Seafood AB in Sweden is one of the Group's largest processing facilities. The facility is one of the largest in Europe for processing of salmon, and has a complete, certified environmental control system in compliance with ISO 14001. In addition, the Group has three wholesale companies located in Sweden: one in Stockholm, one in Gothenburg and one in Lomma. In total, these companies increased their sales of ecolabelled products by 72% from 2014 to 2015. The share of ecolabelled products in 2015 comprised approx. 27.6% of the total volume of products sold, compared with 17.5% in 2014.

Swedish consumers are among those consumers most interested in ecolabelled products in Europe.

TARGETS AND RESULTS FOR FISH CUT AND EUROSALMON IN 2015

Fish Cut	Targets 2015	Result 2015	Targets 2016
Power consumption	0,420Kwh/kg	0,38	0,420Kwh/kg
Water consumption	2,60L/kg	3,13	2,60L/kg
Total sick leave	< 4,19	3,91	

Eurosalmon	Targets 2015		
Power consumption	0,400 KWh/Kg	0,158	0,400 KWh/Kg
Water consumption	2,50L/kg	2,36	2,50L/kg
Total sick leave	< 4,92	5,73	< 4,92

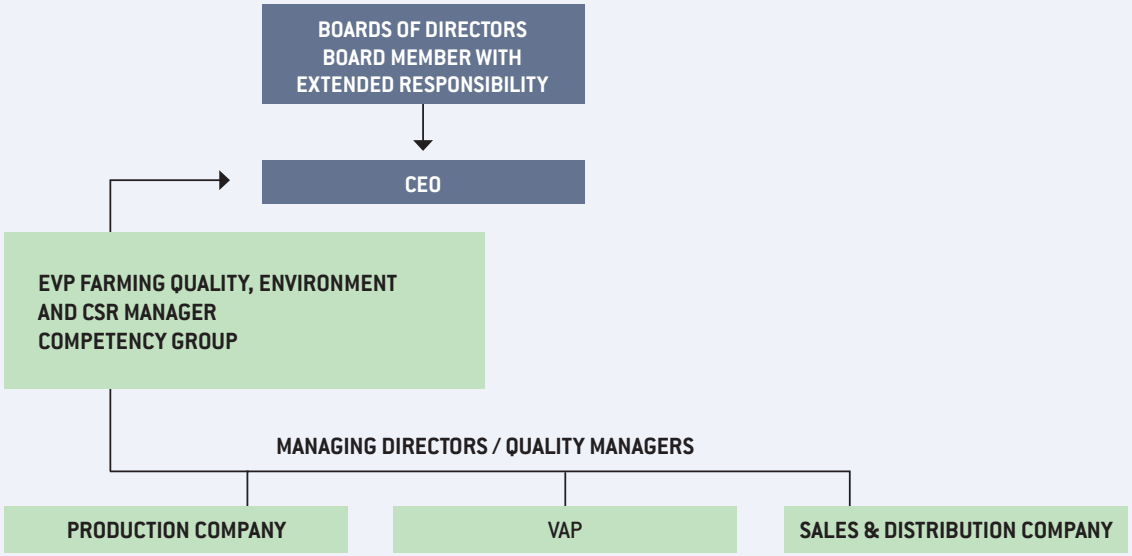
FROM OUR PRODUCTION COMPANIES IN FRANCE: FISH CUT AND EUROSALMON

The environment and sustainability are natural elements in the French companies' guidelines, and both companies have carried out extensive work in recent years in these areas. As a result, the companies now have clearly defined goals for both the environment and social responsibility.

FOCUS ON THE CUSTOMER ON THE JAPANESE MARKET

The environment and sustainability are also focus areas on the Japanese market. In recent years, international organisations such as WWF, Greenpeace and Sustainable Fisheries Partnership have all launched campaigns on the Japanese seafood market. The Japanese consumer is environmentally conscious and an increasing number of consumers prefer to buy products with an environmental label. A clear trend has emerged in recent years for high sales of products labelled as MSC and ASC.

Foto: Tim Bird



ORGANISATION OF ENVIRONMENT AND SUSTAINABILITY

The Board of Directors of Lerøy Seafood Group ASA has one member who is assigned extended responsibility for the environment and sustainability. In the Group, the CEO has main responsibility for this area. The Quality, Environment and CSR Manager is responsible for coordinating work for all the companies within the Group. Responsibility is also delegated to the Managing Director of each subsidiary, while the Quality Manager or delegate is responsible for daily follow-up within the companies.

A number of competency groups have been set up in Lerøy Seafood Group. The various Quality Managers make up a competency group for quality and the environment, as illustrated below.

This is led by the Quality, Environment and CSR Manager. The Quality, Environment and CSR Manager holds regular meetings with representatives from the other competency groups, where quality and the environment are on the agenda.

Lerøy Seafood Group has established competency groups within:

- Quality and the environment
- Production of fish for consumption
- Production of young fish
- Fish health
- Industry
- Economy

THE VALUE CHAIN

WHAT ARE OUR FOCUS AREAS?

For Lerøy Seafood Group as a corporation, it is essential to maintain a constant focus on areas where we have the greatest influence in terms of sustainability. Based on a critical evaluation of the value chain and our processes, we have reached the conclusion that we currently have the greatest influence within our work on the different areas related to our fish farming activities. A major share of our efforts related to the environment and sustainability will therefore focus on fish farming.

A materiality assessment was performed in 2015, involving interviews of in-house and external stakeholders. The assessment concluded that our sustainability reports should focus on five main areas: product, employees, environment, society and value chain. These areas will therefore receive particular focus in the company's GRI and sustainability report.

VISION

We shall be the leading and most profitable global supplier of sustainable quality seafood.

ENVIRONMENTAL POLICY

Lerøy Seafood Group is one of the largest seafood corporations in the world. We live off the natural resources produced in the sea and rely on these resources being properly managed so that we can continue to sell seafood in the future. The management of Lerøy Seafood Group will do their utmost to ensure that the products manufactured and purchased comply with the prevailing regulations and requirements of our industry.

We will furthermore strive to find the most environmentally friendly and sustainable systems for our products through close cooperation with our customers and suppliers of fish feed and transport.

Lerøy Seafood Group also seeks continuously to identify improvements which may reduce pollution and help protect the environment.

The management and employees will focus on the goals set, and the environment and sustainability will be important focus areas for Lerøy Seafood Group in the years to come.

ENVIRONMENTAL VISION

Take action today – for a difference tomorrow

ENVIRONMENTAL TARGETS

As previously mentioned, Lerøy Seafood Group is a company with activities that cover every part of the value chain.

Environmental targets have been established for all focus areas in the value chain. All key performance indicators are measured on a monthly basis and utilised internally in order to achieve improvements within individual companies and for benchmarking between comparable companies.

Environmental targets have been established for the following indicators:

- LSG KPI 1: accidental release
- LSG KPI 2: lice
- LSG KPI 3: mortality
- LSG KPI 4: density
- LSG KPI 5: locality status
- LSG KPI 6: use of medicines
- LSG KPI 7: biological feed factor
- LSG KPI 8: complaints from stakeholders
- LSG KPI 9: fish feed
- LSG KPI 10: reduction of discharge of nutrient salts
- energy consumption per kWh/tonne produce
- water consumption per m3/tonne produce
- utilisation of packaging

ROE PRODUCTION

Lerøy Seafood Group has capacity to produce 130 million fertilised eggs per year.

Production is in the main GLOBALG.A.P.-certified and roe production is subject to particularly stringent requirements on fish health and the environment. Roe production involves taking parent fish ashore in May prior to stripping. Production of roe takes place mainly in October, November and December. Roe is delivered from the breeding facilities to the young fish facilities during the hatched larvae stage. The development of hatched larvae takes place at defined temperatures, allowing for flexible delivery times within certain limits. This allows the Group to adapt production, allowing for optimal utilisation of capacity in the young fish facilities.

SMOLT PRODUCTION

Lerøy Seafood Group via its subsidiaries can produce 45-55 million smolt per year, depending on the size of the smolt. Smolt production takes place in an onshore facility in fresh water, where hatched larvae are delivered from roe producer to each young fish facility. The roe hatch, and the fry receive start feed in the young fish facilities. The first smolt are delivered from the young fish facilities to the production facilities 8 to 12 months after hatching. Lerøy Seafood Group has largely regionalised its production of smolt in order to ensure optimal adaptation of smolt quality. In 2015, the Group produced approximately 40 million smolt.

The companies in Lerøy Seafood Group are mainly self-sufficient with smolt from their own young fish facilities. Selection of the smolt produced by Lerøy is based on traditional breeding methods and new selection methods based on genetic markers (QTL).

The smolt delivered from the Group's own facilities in 2015 originated from roe from parent fish which had been selected according to several genetic markers (QTL) for extra resistance to e.g. infectious pancreatic necrosis (IPN). This virus has previously caused major losses after fish have been released to sea, and the Group now has a much lower rate of loss after the introduction of genetic markers. 2015 also saw the use of roe from parent fish selected using genetic markers (QTL) for strong resistance to pancreas disease (PD), CMS (cardiomyopathy syndrome) and improved salmon lice resistance. The company expects to see a corresponding reduction in loss in the years to come as a result of the above.

In the first week of 2013, Lerøy Midt's new young fish facility in Belsvik started operations. This has been established to replace a number of smaller facilities, and production in this region will now feature new and more eco-friendly methods.

The facility in Belsvik has been able to fully supply the orders placed by the Farming segment. This means that the facility has supplied 10 million fish with an average weight of 100 grams in 2015. This figure is slightly lower than originally planned, but the size of each individual fish is higher.

Water consumption at the facility has been approximately 3,000 litres per minute, corresponding to a recycling rate of 98-99%.

As planned, water heating has been provided by exploitation of seawater heat using a heat pump.

Discharges to recipients have been within the limits set for the discharge permit, with an average rate of purification of suspended substances (SS) of 80% and 65% for organic material (BOF5). All accumulated mud and organic material has been delivered to biogas production plants.

Noise analyses have been carried out and show that noise from the facility complies with requirements from the County Governor's environmental protection department.

In 2014, the facility received approval for a measuring station in Belsvikbekken stream, for control of minimum water flow and passage of fish in order to ensure return of anadromous fish. This station was built in 2015.

RECYCLING STATION

Water consumption: Use of recycling technology throughout the facility helps reduce water consumption by 98-99% compared with a conventional flow-through facility, thereby avoiding the need for major installations in the landscape, such as dams and pipelines. This will allow for a very low impact on nature and the biological diversity in the water source compared with the consequences of a flow-through facility. Water consumption at the Belsvik facility will be logged.

Energy: The consumption of energy is lower in a recycling facility than in a flow-through facility. Although a certain amount of energy is required to pump and purify water, there are substantial savings to be made from recycling the energy found in heated water. Heat energy at the Belsvik facility is based on the exploitation of seawater heat using a heat pump.

Mud generated by the mechanical filtering of water is used in the recycling facility. Mud is a resource which can be used as soil improvement or fertiliser, or for the production of biogas.

Accidental release: Outflow water in a recycling plant passes through several filters and purification processes before arriving at the recipient. Outflow water is reduced by 98-99% compared with conventional facilities. This provides for a much higher prevention rate of accidental release than with conventional facilities.

The transition to large recycling plants will result in the gradual closure of small, conventional young fish facilities. All the small young fish facilities make use of water sources which, in time, can either be used to produce eco-friendly power, or the watercourses can be returned to their natural state.

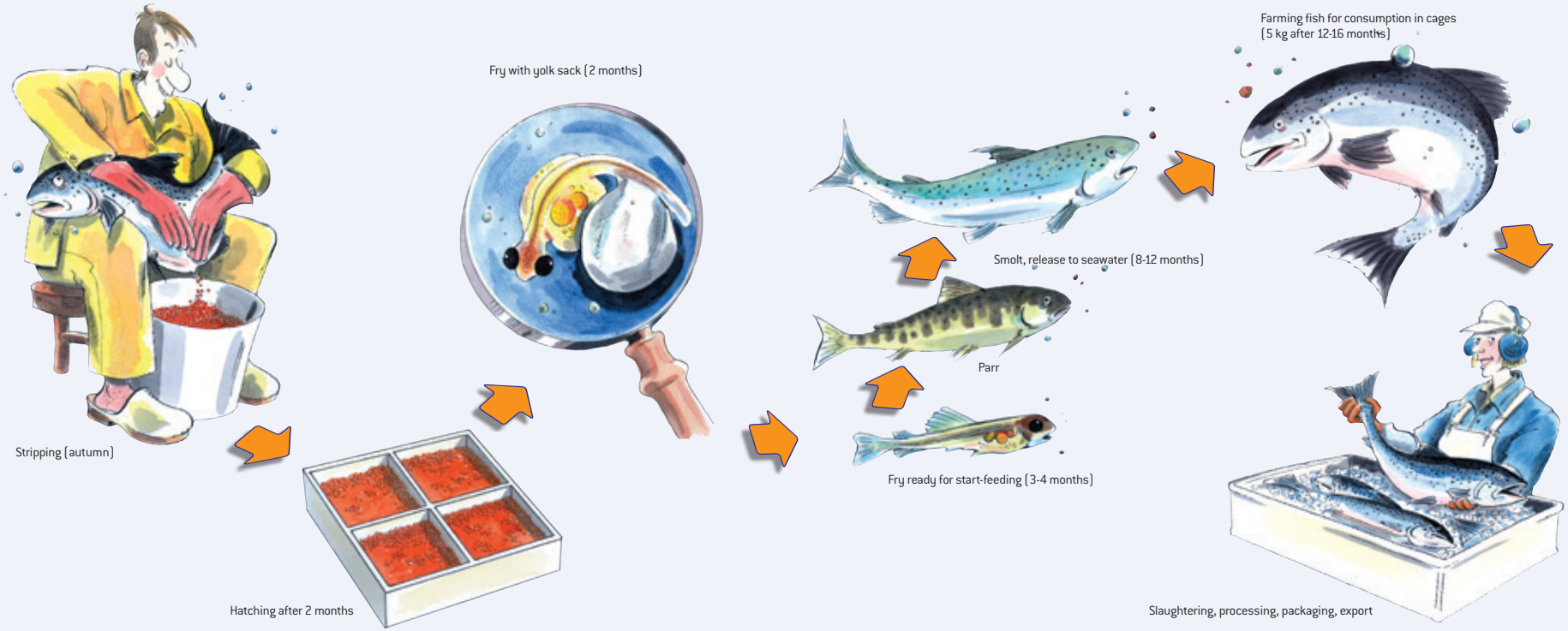
The environmental targets in 2012 were to phase out traditional sources of energy and make the transition to more energy-friendly operations, based on renewable energy sources and improved energy recycling. The phase-in of the new Belsvik facility is a huge step in the right direction for Lerøy, with a view to energy consumption at its young fish facilities.

PRODUCTION OF FISH FOR CONSUMPTION

Production of salmon in the sea takes place in carefully selected localities. An optimum environment must have a good flow of water and the correct temperature range, topography, oxygen content and exposure. Once the locality has been selected and approved by the fisheries authorities, environmental authorities, municipality, coastal authorities and other stakeholders, the cages (nets and floating devices) are installed at the locality so that the fish will have the best possible environment. All parts of the production equipment are certified according to a specific standard in order to ensure that the locality can withstand exposure to the prevailing environment. Once the smolt have been carefully assessed to determine whether they are ready for sea water, they are released to sea. Production in these localities takes from 12 to 20 months, depending on temperature and time of release. Production is monitored by camera and sensors in each cage. This ensures optimal feed and control, so that we can prevent discharges to the environment and ensure optimal growth and fish health, in addition to optimal fish welfare.

INDUSTRY

Production is defined as slaughtering and processing, which take place in modern factories designed for production of food and approved by the proper authorities. The fish are anaesthetised by a blow or shock then put to death in accordance with applicable rules to avoid unnecessary suffering and to ensure top product quality. Lerøy Seafood Group currently has seven own facilities for production of everything from whole gutted salmon to processed products within all categories. The facilities meet applicable requirements regarding discharges to the external environment.



FROM ROE TO PLATE

Stripping: The parent fish are stripped of their roe and milt. The inseminated roe are placed in the hatchery, where they take 60 days at a maximum water temperature of 8 degrees Celsius to hatch out.

Hatching: When the eggshell breaks, the eggs hatch out, yielding fry with large yolk-sacs on their stomachs. The yolk-sac is the fry's "lunch-box" for the first few weeks of its life before it gradually begins to take dry feed. This is known as start-feeding.

Smolt: After about one year in a hatchery tank, the salmon have grown enough to be released into the sea. At this point they have already undergone physiological changes that enable them to live in the sea. An average smolt weighs approximately 80-100 grams when it is

released into the sea. Smolt used to be released in the spring, but this now also takes place at other times of the year.

Ongrowing in the sea: After 12-16 months in the sea cages, the salmon have grown to a weight of about 5 kg. The rate of growth depends on, among other factors, the water temperature and light.

Well boats are used to transport live salmon. These boats are used for transport of smolt from the hatchery to the ongrowing farms and of fully grown live salmon from farms to the slaughterhouse. All salmon are slaughtered in the company's own slaughtering plants. They are anaesthetised before slaughter and are then immediately cut, gutted, sorted, chilled and made ready for further transport. After slaughter, some of the fish is processed into fillets, smoked salmon or "table-ready" products etc., but most is sold as fresh, gutted fish.

Transport: Around every 20 minutes, every day of the year, a trailer fully loaded with salmon crosses the Norwegian border on its way to the market. In addition, salmon is also exported on board our own salmon aircraft. Several companies are now also evaluating the use of sea transport to carry salmon from processing plants to market.

Foto: Tim Bird

ENVIRONMENT - SUSTAINABILITY «TAKE ACTION TODAY FOR A DIFFERENCE TOMORROW»

Norway has internationally unparalleled conditions for seafood production. Few nations can boast such a rich coastal culture, where the seafood industry has played such a central role throughout history in providing for vigorous local communities along the coast. With the global population approaching 9 billion (by 2050), it seems perfectly natural for the increased demand for food production to be satisfied by a significant increase in fish farming.

Lerøy Seafood Group has a strategy whereby its fish farming activities are based on a "lasting perspective" which forms the foundations for the Group's utilisation of coastal resources. Such a perspective requires the involvement of owners, employees and suppliers and is applied daily as we work to produce the best seafood in the world from production activities based on natural resources.

Lerøy Seafood Group is organised with local management for its fish farming activities, and the local management's knowledge of and care for the local environment are key. The Group has built robust systems for biological, environmental and economic monitoring and reporting, creating a closely knit operating community among the Group management and local managers. Lerøy Seafood Group shall take a leading role in constantly improving the interaction between fish farming and the environment, aiming at providing a safe working environment and generating lasting environmental gains.
One important tool in our efforts to reach our environmental targets for fish farming is certification according to international environmental standards, including GlobalG.A.P. and ASC.

This allows us to guarantee and document that our fish farming activities are the foremost in the world in terms of environmentally sustainable production and that we possess both the competencies and capacity to make progress in such an important field. Lerøy Seafood Group was the first fish farming corporation in the world to achieve ASC certification for its entire value chain – from production to consumer.
The Group is experiencing significant demand for ASC-certified salmon, and has increased its production of ASC fish in 2015 to ensure continuity of supply of ASC-certified products.

The following areas are of particular importance for the operational part of the Group's environmental work within fish farming:

- Measures to reduce salmon lice
- Fish health and fish welfare
- Work to prevent accidental release of fish
- Efficient utilisation of land and sea areas
- Reduction of discharge of nutrient salts from facilities

Throughout 2015, the Group has implemented special measures within prevention of salmon lice and accidental release, based on the experience gained after Hurricane Nina in January 2015. Lerøy Seafood Group has fish farming activities in three regions: North Norway, Central Norway and West Norway. While Lerøy Seafood Group in North Norway has not experienced problems with excessive levels of salmon lice, our companies in Central Norway and West Norway

have incurred major costs in 2015, higher than normal, in order to keep lice under the limits specified in the regulations. This is a problem we share with the rest of the industry in these two regions. Having documented positive results with the use of lumpfish as a lice eater, Lerøy Seafood Group has decided to invest heavily in our own production of lumpfish as a cleaner fish at our facilities. In 2015, the Group has built up capacity that allows for self-sufficient supply of lumpfish. Our lumpfish strategy, in combination with other mechanical methods, ensures a substantial reduction in the use of medical treatment in 2016, and the Group aims to eliminate all use of current medical methods within a two-year period.
In addition, the Group has invested substantial resources in development projects to strengthen sustainability within fish farming, including:

- raw materials for fish feed
  - ensuring compliance with our requirements for sustainable and regulated fishing
  - ensuring that fish health, fish welfare and the environment are taken into account when developing and producing new raw materials for fish feed
  - contributing to the production of new marine raw materials for fish feed
- developing new technology for fish farming in both fresh water and at sea
- paving the way for improvements to bio-safety throughout the value chain, from parent fish to harvesting.

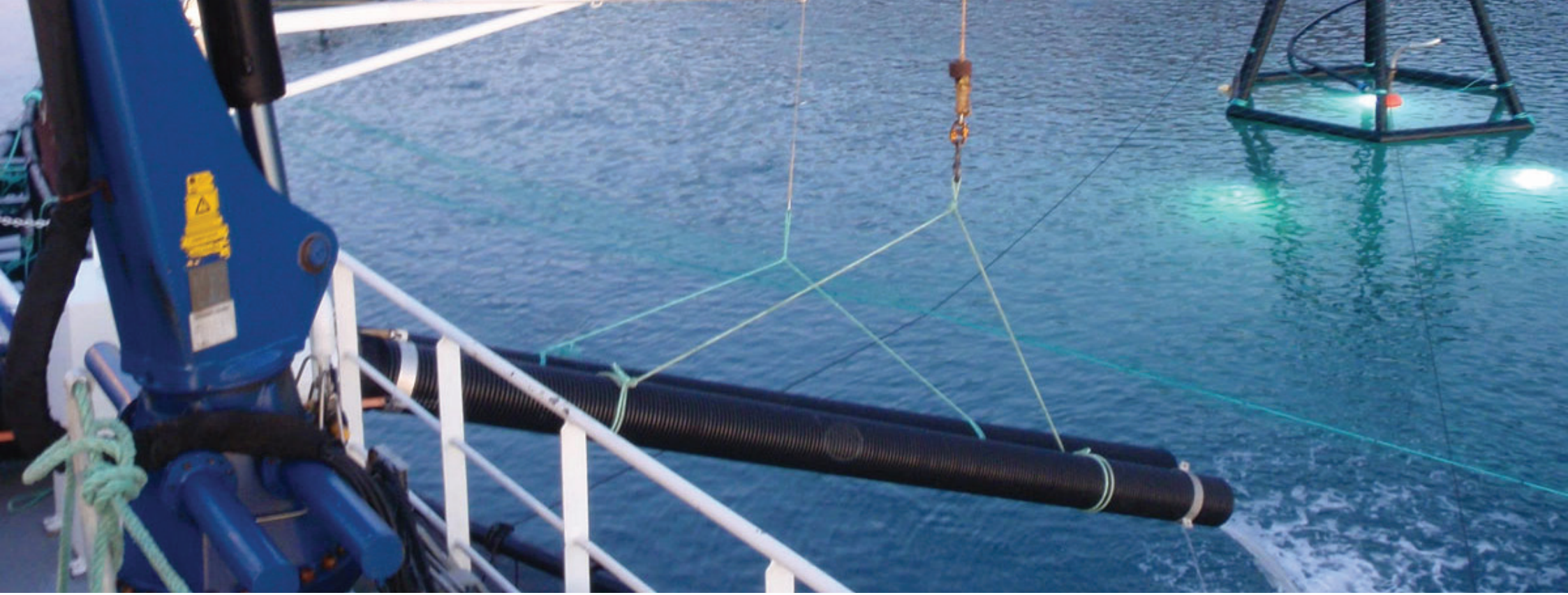
The Group's fish farming companies have established a clearly defined set of goals for each main operating area and have developed operating procedures specifically to ensure that they can reach the goals set in these important environmental areas. The Group also carries out regular internal and external audits to ensure full correspondence between operating procedures and execution. The Group has implemented advanced technology to secure and monitor operations. In addition, we have further developed our requirement specifications for our suppliers, aiming to promote their active participation in the work to achieve our environmental targets.

For Lerøy Seafood Group, it is essential to maintain a focus on the entire concept of sustainability, a concept that encompasses not only the environment, but also social and economic factors. Our industry plays a significant role within society, and Lerøy Seafood Group in Norway aims to take its social responsibility very seriously. We aim to ensure that the social benefits provided by our activities are safeguarded by maintaining robust and profitable businesses, by providing ripple effects within local communities, and by having a clear environmental management profile within fish farming.

There is vast potential off the coast of Norway for increased production of seafood. At the same time, however, we also have a strong obligation to ensure full environmental protection so that we can realise our "lasting perspective" for fish farming.

Our environmental vision – "Take action today for a difference tomorrow" – therefore provides a clear statement from every employee within the Group that we fully intend, every day, to take the initiative for environmental improvements, benefiting the environment, the fish farming industry and our coastal communities.

Stig Nilsen
konserndirektør havbruk
Lerøy Seafood Group



R&D - FARMING

RESEARCH, DEVELOPMENT AND INNOVATION

Research, development and innovation are central factors in the work to further develop the entire value chain in Lerøy Seafood Group. The Group has a history of active participation in R&D&I projects either directly or via our subsidiaries in order to ensure proximity to and ownership of the projects and maximum exploitation of input factors. Competencies related to ordering and implementation are central aspects of Lerøy Seafood Group's R&D&I work. We shall have the ability to formulate our challenges and goals as precisely as possible, and to implement results at a rapid rate throughout the organisation. We are more than willing to carry out R&D&I work in cooperation with national and international R&D groups. Our R&D&I projects are fully comprehensive, covering a number of innovation projects in cooperation with internal and external enterprises and participation in major research projects such as the Research Council of Norway's SFI scheme (SFI – centre for research-based innovation).

The Group's R&D&I efforts in 2015 have focused on five main subjects:

1) fighting salmon lice
2) feed / feed utilisation / feeding strategies
3) fish health
4) technology
5) IMTA

Ever-greater emphasis is given to increased innovation as a fundamental element in securing Norway's future. Lerøy Seafood Group is recognised for its innovative efforts over the past century. We aim to continue in this way, and our ambition is to be at the very forefront of innovation within every part of our value chain.

SALMON LICE

The company has a general strategy for fighting salmon lice, based on the principle of "Integrated Pest Management", i.e. the implementation of a number of measures to prevent and fight salmon lice, wherein treatment with medication is the last resort.

The Group's R&D&I work related to salmon lice takes four different approaches:

1) keep the salmon away from lice
2) keep the lice away from salmon
3) destroy the lice before they find the salmon
4) destroy the lice once they have attached to the salmon

The first three methods are preventive, while the fourth involves treating salmon infected with lice. Lerøy uses all four methods, and has applied for a specific R&D licence to test "packages" of different measures at full scale according to the principle of "Integrated Pest Management".

Lerøy Seafood Group employs a package of initiatives comprising cleaner fish (ballan wrasse, goldsinny wrasse and/or lumpfish) which eat the lice from salmon, functional feed to reinforce fish resistance to lice, and efficient and systematic cleaning procedures for nets etc.

to allow the cleaner fish to feed properly, combined with coordinated and selective use of medicinal treatment when required. When appropriate,the "combination method" is used after agreement with the patent holder in order to minimise use of medicines while reducing the risk of resistance to medication. Hydrogen peroxide, which has no negative impact on the environment, is also used extensively where appropriate.

Lerøy Seafood Group is involved in a number of comprehensive research projects involving the fight against salmon lice. As one of two fish farming companies, Lerøy Seafood Group is part of the prestigious research programme entitled "SFI Salmon Louse Research Centre", a 5+3-year research programme with a total financial framework of more than NOK 200 million. The focus of this programme is on strengthening both the non-specific and specific natural defences of fish against salmon lice, the development of precise methods for resistance testing, development of new medicinal methods of treatment and the utilisation of salmon lice genomics in order to develop more precise research tools and treatment techniques. To date, know-how about salmon lice has advanced significantly, laying the foundations for development of feed types that reduce the scope of lice infection for salmon or increase the salmon's ability to rid itself of lice infection. Several gene tests have been developed and commercialised, indicating the sensitivity of salmon lice to different medical treatment methods utilised. This ensures an optimal choice of treatment agent and method when medicines are necessary. Furthermore, both vaccines and repellers with long-term effect are under development.

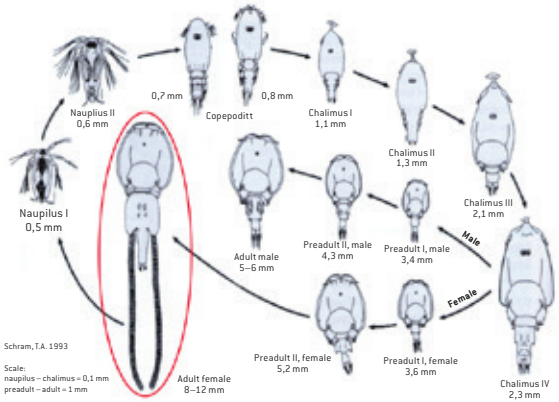
LUMPFISH

Having documented positive results with the use of lumpfish as a lice eater, Lerøy Seafood Group has decided to invest heavily in our own production of lumpfish. The production and utilisation of lumpfish as cleaner fish in our facilities makes us less reliant on cleaner fish caught in the wild. At the same time, we will be able to achieve optimal density and release time for cleaner fish in our cages, depending on problems with lice in individual locations.

In 2014, Lerøy Seafood Group acquired 34% of the shares in lumpfish producer Norsk Oppdrettsservice AS, with facilities in Flekkefjord and Molde. This allows us to provide a satisfactory supply of lumpfish to our regions in South and Central Norway. Lerøy Seafood Group also has ownership rights in production facilities for lumpfish in

North Norway. As a result, we can also achieve a self-sufficient supply of lumpfish for our localities in North Norway if necessary. To date, salmon lice have not been problematic at our facilities in North Norway.

Our goal is to be self-sufficient in the supply of lumpfish by the end of 2015. Our lumpfish strategy shall ensure a substantial reduction in our use of medicinal treatment in 2015, and close to zero use in all our fish farms in 2016.



Sea lice: Lepeophtheirus salmonis

The use of wrasse is an important element in Lerøy Seafood Group's strategy to fight salmon lice. To date, we have purchased wild wrasse from professional fishermen, but Lerøy Seafood Group has taken part in two different projects involving the farming of wrasse. These projects have now allowed us to establish farming of wrasse. Experience indicates that wild wrasse are very vulnerable in terms of handling and injury. A programme of close follow-up has therefore been established in order to prevent local overfishing and to ensure the gentlest possible handling of the fish.

To date, the use of wrasse has been very successful and Lerøy Seafood Group aims to extend its utilisation of this method. In order to ensure a regular and predictable supply and correct fishing of the natural stocks, Lerøy Seafood Group is taking part in the project financed by the Norwegian Seafood Research Fund for wrasse production (with a total budget of NOK 33.1 million). This allows us to ensure that our R&D activities in this area target our industry, while acquiring new expertise as it emerges.

Lerøy Seafood Group also chairs several other R&D projects which focus on combating salmon lice, in cooperation with research institutions, equipment suppliers and other fish farming companies. The main objective for these projects is to:

- Keep the salmon away from the upper parts of the sea waters where we know there is the highest concentration of salmon lice larvae. We make use of LED lights with a special wavelength or physical barriers, taking into account the fact that salmon require access to air to regulate buoyancy.
- Use of lasers to remove lice from freely swimming salmon. Laser treatment of salmon lice.

FEED AND FEED UTILISATION

Feed is the largest individual input factor for Lerøy Seafood Group and we place a significant focus on optimal and cost-efficient utilisation of feed. Lerøy Seafood Group works closely with our feed suppliers to influence the further development of feed composition in order to ensure that it is as highly adapted as possible to our fish farming environment, our fish material and our different markets. We have established ultramodern R&D facilities where we carry out feed trials, maintaining full control of feeding and the volume of feed eaten per vessel. Several trials have been performed in 2015 involving the use of new raw materials in the feed and benchmarking of existing feed concepts.

Moreover, Lerøy has maintained a major focus in 2015 on feeding regimes, and has accumulated and incorporated "best practice" throughout the organisation. Lerøy Seafood Group has an extra focus on the quality of the end product supplied to the end customer. Throughout the year, the Group has invested significant resources in the concept of sustainability and in certification schemes for individual raw materials. Salmon from Lerøy shall have a high level of Omega 3 fatty acids, and we currently produce some of the most Omega 3-rich salmon on the market. This may present a challenge in terms of sustainable exploitation of the available resources rich in Omega 3, but we have an extensive programme that targets making salmon a net producer of marine Omega 3 fatty acids, in the same way that salmon is currently a major net producer of marine protein.

We maintain a significant focus on the correct use of raw materials with a view to optimal exploitation of marine resources, fish welfare and quality. FINS (Fish Intervention Studies) is a major project involving the effect of fish on human health. The objective of the project is to both document and explain the effect of marine protein and fat in the form of fatty and lean fish on the medical and mental health of population groups such as children, pupils at lower secondary school, people who are overweight and the elderly.

The project has a total budget of more than NOK 60 million. The Norwegian Seafood Research Fund (FHF) is financing the project, in direct cooperation with enterprises such as Lerøy Seafood Group. The project is chaired by NIFES, the National Institute of Nutrition and Seafood Research, in Bergen.

Lerøy Seafood is also playing an active role in the project focusing on nutritional quality and the end product's importance for the physical and mental health of the consumer.

FISH HEALTH

Lerøy Seafood Group maintains a constant focus on fish health and controls fish health at our facilities. The fish farming industry faces a number of health-related challenges which cannot currently be solved by vaccination or medication – in particular viruses – but also faces other more unspecific problems such as gill problems and ulceration during the winter. Together with the Department of Biology at the University of Bergen, Lerøy Seafood Group has established a position for a PhD student in nutrition to work systematically on problems with

fish gills. We are also actively involved in working with vaccine suppliers to solve the problems relating to ulceration.

Fish health has been a target area for Lerøy Seafood Group.

TECHNOLOGY

The current production practice, using open cages located in waters close to the coast, represents the greatest advantage for the Norwegian fish farming industry, but the concept brings certain challenges, for example the risk of lice and accidental release. Lerøy Seafood Group is actively involved in several research projects challenging current technology in order to further develop the industry to become as environmentally and financially sustainable as possible.

Lerøy Seafood Group has enjoyed a collaboration with Preline AS since 2010, working toward the development of a closed-containment floating facility for post-smolt production. This collaboration has resulted in what is close to a full-scale pilot facility that was launched to

sea in the winter of 2015 at Sagen, Samnanger municipality in Hordaland county. In a Preline facility, smolt will be produced in a closed-containment facility at sea. The smolt will remain in the facility until they weigh approx. 1 kg, when they will be transferred to open cages. This will reduce the amount of production time in open cages. The first fish were released to the facility in the spring of 2015, and production round no. 2 started in October.

To date, we have recorded positive results in terms of growth and survival. There have been no salmon lice in the facility since start-up – an extremely encouraging sign but not surprising given that all the water in the facility is taken from sea depths far below the level where you normally find salmon lice larvae.

Lerøy Seafood Group currently owns more than 91% of the shares in Preline AS. Lerøy is also a partner in SFI CtrlAQUA, a centre for research-based innovation(2015-2022), which aims to develop and document a range of post-smolt concepts. Lerøy Seafood Group believes that the problems relating to lice and accidental release of salmon will be resolved. One major technological challenge is to identify and implement localities with the highest possible degree of biological sustainability. Such localities may place new requirements on equipment and operational formats which we currently do not face today. At the same time, we rely on the goodwill of our local communities so that we can make use of such localities. Lerøy Seafood Group is involved in several projects targeting both offshore fish farming and use of closed-containment fish farming technology for parts of the production phase.

The accidental release of farmed salmon is a challenge to the industry in terms of sustainability, economic loss and impairment to the industry's reputation. Both in-house projects and active participation in R&D projects have allowed the Group to further optimise its production equipment and operating procedures. However, we are fully aware that none of our facilities (whether sea- or land-based, open or closed) are 100% safe from accidental release, as indicated by the report issued by the Norwegian Board of Technology, entitled "Salmon farming in the future". Several closed-containment production concepts are currently being tested. Lerøy Seafood Group is confident that closed-containment, floating concepts may provide a solution for particularly vulnerable locations, from smoltification until the fish weighs approximately 1 kg. We participate in a number of R&D projects within this area, e.g.the OPP project (Optimal Post-Smolt Production).

Lerøy Seafood Group is also involved in a new full-scale project together with several other major fish farming enterprises in Norway. The project involves tracing escaped fish back to its original locality. New technology has been developed to allow traceability of salmon back to its original locality by carrying out analyses of fish scales. The new technology can be used to trace a farmed fish back to its owner.

Lerøy Seafood Group played an active role in establishing the study entitled “How can charting the salmon genome help solve the challenges of the Norwegian fish farming industry?”, which is financed by the Norwegian Seafood Research Fund and led by the Department of Biology at the University of Bergen. There is no doubt that this project opens the door to a number of unknown methods now that the salmon genome has been mapped, and this will have a substantial impact on salmon welfare, combating disease and optimising operations.

Lerøy Seafood Group, together with bodies such as the Norwegian Seafood Research Fund and the Research Council of Norway, is fronting an initiative to establish a common knowledge platform to gain a greater perspective on knowledge of genomics (system biology), and to make a ”salmon database” available to the industry.


FOOD SAFETY

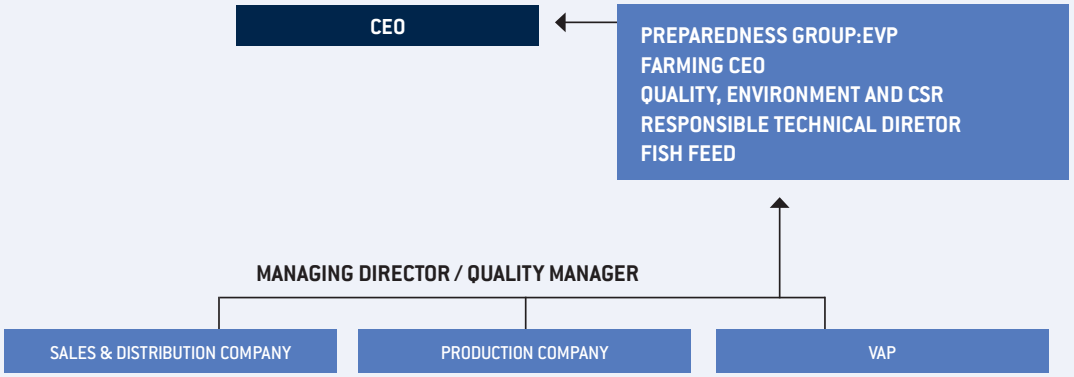
All the customer has to do is register the number on the packaging at www.gladlaks.no to receive information about the history of the fish purchased, from roe to packaging plant.

FOOD SAFETY

Lerøy Seafood Group is actively involved in all parts of the value chain in order to ensure supply of safe products to the consumer. Based on experience gained over many years, we have developed a quality system which contains routines and procedures to ensure supply of safe products. As a part of our quality assurance routines, we carry out control and monitoring of our manufacturers and partners. This involves specifying requirements for their quality systems and procedures, and carrying out analyses and monitoring. Our quality team carries out between 250 and 300 quality audits every year. Moreover, the products are controlled by Lerøy Seafood Group at different stages throughout the entire production process; from egg/receiving plants to finished product in a box and, in certain cases, up to delivery to the customer.

For many years, Lerøy Seafood Group has followed a definitive strategy for quality assurance. The Group companies have developed different control systems based on their position in the value chain. We have certifications including GLOBALG.A.P., MSC, ASC, ISO 14001, HACCP, IFS, BRC and ISO 9001.

ORGANISATION OF THE PREPAREDNESS



PREPAREDNESS

RECALL

Lerøy Seafood Group has full traceability for all products from boat/cage to customer. Every year, recall tests are carried out in relation to our major manufacturers. In 2015, Hallvard Lerøy AS carried out seven recall tests.

PREPAREDNESS GROUP

The preparedness group is made up of: the CEO, the EVP Farming, the technical director for fish feed/R&D and quality/environment, and CSR responsible in Lerøy Seafood Group. The preparedness group has primary responsibility, both internally and externally, for communications and handling of any relevant challenges/crises.

TRACEABILITY - OPENNESS

Lerøy Seafood Group has full traceability for all products. For species related to fish farming, such as salmon, trout and cod, the customer can go to Lerøy Seafood Group's website, www.lsg.no, to download traceability information for products sold via Hallvard Lerøy AS.

In 2015, Norgesgruppen and Lerøy Seafood Group launched a new concept under the brand name Gladlaks. The fundamental principle of this new concept is traceability. The concept has its own website: Gladlaks.no. Consumers can use this website to gain a full insight into the entire value chain for products purchased simply by entering a traceability code found on the product packaging.

EXAMPLE OF A RECALL TEST

LERØY

Feedback detail overview

Claim no.	25361	**Team**	Quality
Source	Production	**Claim Type**	Recall test
Producer	Austevoll Fiskeindustri AS		

Case history

Description	Registered by	Date	Status
Årlig tilbakekallingstest H-72	RUJ@leroy.no	13.04.2010 14:48:50	New
Øvelse startet kl: 13:30			
Myndighetene i Vietnam har påvist medisinrester i et parti fryste laksehoder V cut pakket hos H-72 22.10.2009. Kunden A&D CO. Ltd har kjøpt 50 kasser med totalt 1 022,1 kg. myndighetene har gitt kunden og oss pålegg om å trekke tilbake all fisk som samsvarer med dette partiet. På bakgrunn av dette er det viktig at vi får vite hvilken lokalitet fisken stammer fra, slik at vi kan spore opp hvem som har mottatt samme fisken.			
Test startet 13.04.2010 kl 13.30, parti identifisert og sporet kl: 13:51.	RUJ@leroy.no	13.04.2010 14:48:50	New
Totalt 2 840 kg laksehoder produsert i partiet, alt levert til samme kunde i Vietnam (Sojitz). Laksen kommer fra Sauøy Merd 8 og 14, partinummer 121129. Mattilsynet er informert om test.	RUJ@leroy.no	13.04.2010 14:48:50	New
Automatically approved when closed.	RUJ@leroy.no	13.04.2010 14:48:50	Approved
Sporingstest tok 21 minutter- Partinummer kontrollert og samsvarer med Sauøy Merd 8 og 14. Suksess.	RUJ@leroy.no	13.04.2010 14:48:50	Closed

TRACEABILITY

Lerøy Seafood Group has full traceability for all products. For species related to fish farming, such as salmon, trout, cod etc. the customer can go to Hallvard Lerøy AS' website, www.leroyseafood.com, to download traceability information for products sold via Hallvard Lerøy AS.

The current traceability system follows a fish from roe stage to finished, packaged product. When the customer logs in to the system, they receive detailed information on the product throughout the entire value chain. All data is entered in the Group's database and can subsequently be downloaded on request via the traceability system. Individual customers have user accounts that allow them to trace products on a specific invoice. Each LOT provides the customer with traceability information from parent fish to slaughter, including locality, feed, treatments and quality information such as fat, colour and condition.

EXAMPLE OF TRACEABILITY DOCUMENTATION

LERØY Creating Tasteful Solutions

Lot: 132155 Specie: Norwegian Atlantic Salmon

Trace Information

Broodstock

Broodstock:	Aslvik
License:	12699
Strain:	AquaGen

Juvenile

Hatchery:	Lakselfjord	Smolt Plant:	Lakselfjord
License:	FL80003	License:	FL80003
Hatching Period:	- 2011-08-01	Wellboat:	
Smolt Weight:	81 g		

Farm

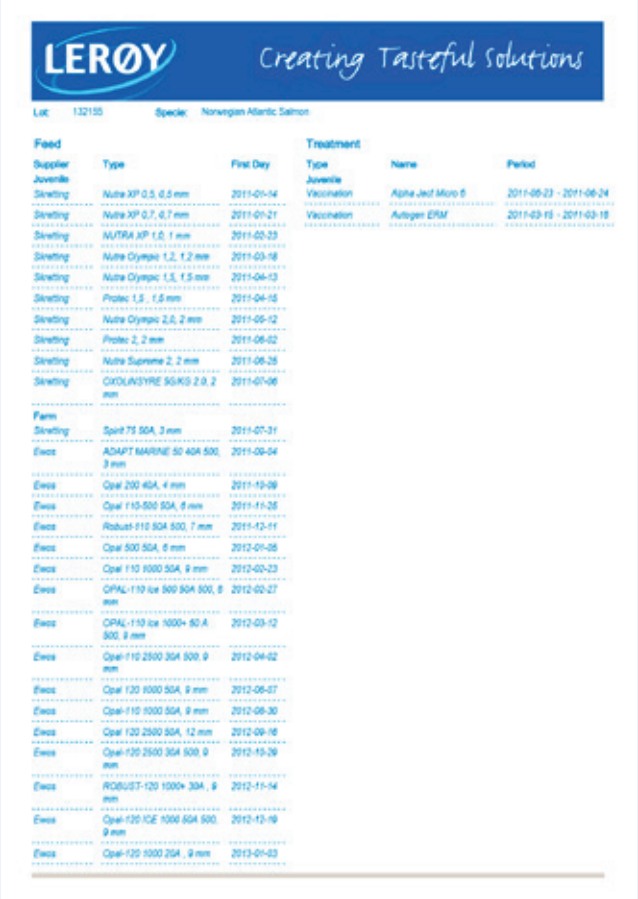
Fish Farm:	1112 Gourtejohka	Last Day of Feeding:	2013-02-04
Farm License:		Temp. Last Day of Feeding:	2,5 C
Location License:	10734	Date of Sea Transfer:	2011-07-30
Name of Fjord:	Kåfjord, Lyngen	Wellboat:	
Cage Density:	3 kg/m3	Duration of Transport:	0 hours
Cage Number:	1208		

Packing Station

Packing Station:	Lerøy Aurora AS 7126	Packing Date:	2013-02-15
License:	T-126	Core Temperature:	2,0 C

Processing

Processing Plant:	Lerøy Aurora As Stjernøy
License:	T-126
Processing Date:	2013-02-16



LERØY Creating Tasteful Solutions

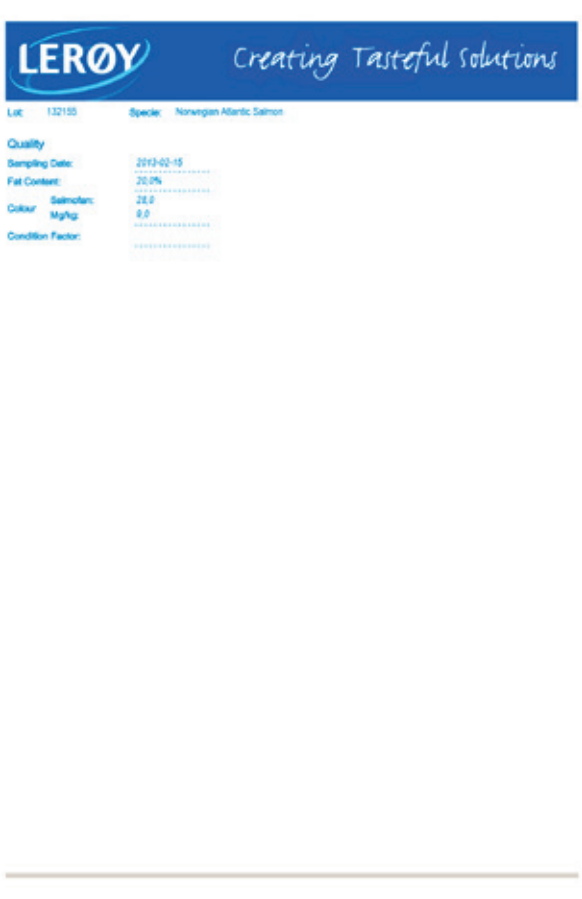
Lot: 132155 Specie: Norwegian Atlantic Salmon

Feed

Supplier	Type	First Day
Juvenile		
Skretting	Nutra XP 0,5, 0,5 mm	2011-01-14
Skretting	Nutra XP 0,7, 0,7 mm	2011-01-21
Skretting	NUTRA XP 1,0, 1 mm	2011-02-23
Skretting	Nutra Olympic 1,2, 1,2 mm	2011-03-18
Skretting	Nutra Olympic 1,5, 1,5 mm	2011-04-13
Skretting	Protec 1,5 , 1,5 mm	2011-04-15
Skretting	Nutra Olympic 2,0, 2 mm	2011-05-12
Skretting	Protec 2, 2 mm	2011-06-02
Skretting	Nutra Supreme 2, 2 mm	2011-06-26
Skretting	CAROLINSYRE SG/KS 2,0, 2 mm	2011-07-06
Farm		
Skretting	Spirit 75 SGA, 3 mm	2011-07-31
Ewos	ADAPT MARINE 50 40A 500, 3 mm	2011-08-04
Ewos	Opal 200 40A, 4 mm	2011-10-09
Ewos	Opal 110-500 50A, 6 mm	2011-11-25
Ewos	Robust-110 50A 500, 7 mm	2011-12-11
Ewos	Opal 500 50A, 6 mm	2012-01-05
Ewos	Opal 110 1000 50A, 9 mm	2012-02-23
Ewos	OPAL-110 Ice 500 50A 500, 9 mm	2012-02-27
Ewos	OPAL-110 Ice 1000+ 50 A 500, 9 mm	2012-03-12
Ewos	Opal-110 2500 30A 500, 9 mm	2012-04-02
Ewos	Opal 120 1000 50A, 9 mm	2012-06-07
Ewos	Opal-110 1000 50A, 9 mm	2012-06-30
Ewos	Opal 120 2500 50A, 12 mm	2012-09-16
Ewos	Opal-120 2500 30A 500, 9 mm	2012-10-29
Ewos	ROBUST-120 1000+ 30A , 9 mm	2012-11-14
Ewos	Opal-120 ICE 1000 50A 500, 9 mm	2012-12-19
Ewos	Opal-120 1000 20A , 9 mm	2013-01-03

Treatment

Type	Name	Period
Juvenile		
Vaccination	Alpha Ject Micro 6	2011-06-23 - 2011-06-24
Vaccination	Autogen ERM	2011-03-15 - 2011-03-16



LERØY Creating Tasteful Solutions

Lot: 132155 Specie: Norwegian Atlantic Salmon

Quality

Sampling Date:	2013-02-15		
Fat Content:	20,0%		
Colour	Salmofan:	28,0	
	Mg/kg:	8,0	
Condition Factor:			

QUALITY ASSURANCE AND CERTIFICATION

One important aspect of the Group's quality and environmental work is certification to international standards. In 2013, Lerøy Seafood Group was the first company in the world to achieve ASC certification. This standard guarantees that the company operates its fish farms in an eco-friendly and sustainable manner.

The Group has worked hard for many years to ensure high quality, and has developed control systems based on GLOBALG.A.P.; MSC; ASC; ISO 9000, 14000 and 22000; BRC; IFS; Label Rouge; NS 9415 and HACCP. These standards apply to different areas, for example:

- Fish farming is covered by GLOBALG.A.P. and ASC certificates.
- All the Group's production facilities have BRC certificates.
- The sales department at the Bergen headquarters has certification according to ISO 9001, and has "chain of custody" for ASC, MSC and GLOBALG.A.P.
- All fish farming production equipment is certified according to the NS 9415 standard for marine fish farms.

GLOBALG.A.P. (Good Agricultural Practice)
– frivillig standard for sertifisering av jordbruksprodukter

MSC (Marine Stewardship Council)
– a standard for sustainability for fish caught in the wild

ASC (Aqua Stewardship Council)
– a standard for sustainability for farmed fish

ISO 9000
– standard for quality assurance systems

ISO 14000
– standard for environmental management systems

ISO 22000 – Standard for food safety

BRC (British Retail Consortium)
– Quality standard with focus on food safety

IFS (International Featured Standard)
– standards for quality and safe food

Label Rouge – quality assurance in France

NS 9415
– Norwegian standard for marine fish farms

HACCP (Hazard Analytical Critical Control Point)
– principles for risk analysis

LERØY NR. 1 - ASC

We are extremely proud to confirm that the three first localities in the world to gain certification according to this standard are all linked to Lerøy.

No. 1 Jarfjord – Villa Organic
No. 2 Hogsneset Nord – Lerøy Midt
No. 3 Årøya – Lerøy Aurora

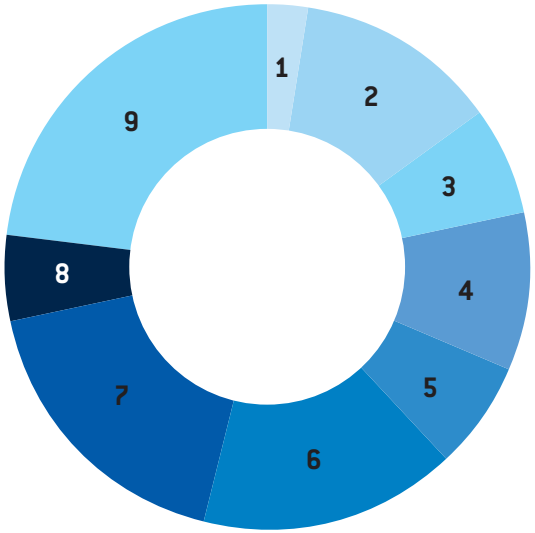
Lerøy Seafood Group was the first company in the world to offer the market salmon produced to the new ASC environmental standard – Aquaculture Stewardship Council – in 2014.

Lerøy Seafood Group was also the first company in the world to have the entire distribution chain for salmon approved to the ASC standard.

ASC stands for Aquaculture Stewardship Council. This is a standard for fish farming and is based on the same criteria as for the MSC standard (Marine Stewardship Council) for fish caught in the wild. The ASC standard is currently the most comprehensive standard on the market in terms of responsible and sustainable salmon production. The standard makes numerous requirements for salmon production: a total of 152 main requirements, with related sub-requirements, divided into nine different fields.

The standard is based on the following nine fields:

1) Legal requirements
2) Conservation of natural habitat and biodiversity
3) Conservation of water resources and water quality
4) Conservation of species diversity and wild populations
5) Use of feed and feed raw materials
6) Fish health
7) Social responsibility
8) Being a good neighbour
9) Smolt production



Distribution of the different requirements in the ASC standard in relation to the nine different focus areas

- Legal requirements
- Conservation of natural habitat and biodiversity
- Conservation of water resources and water quality
- Conservation of species diversity and wild populations
- Use of feed and feed raw materials
- Fish health
- Social responsibility
- Being a good neighbour
- Smolt production

ASC-APPROVED DISTRIBUTION CHAIN FOR SALMON

The Group is now able to supply ASC-certified products every week throughout the year.

For Lerøy Seafood Group, operations and production according to the ASC standard is a natural continuation of the Group's strong commitment to protecting the environment .

This allows us to guarantee and document that our fish farming activities are the foremost in the world in terms of environmentally sustainable production, and that we possess both the competencies and capacity to make progress in such an important field.

GLOBALG.A.P.

GLOBALG.A.P. is a standard for environmental protection during production and for the working environment for our production employees.

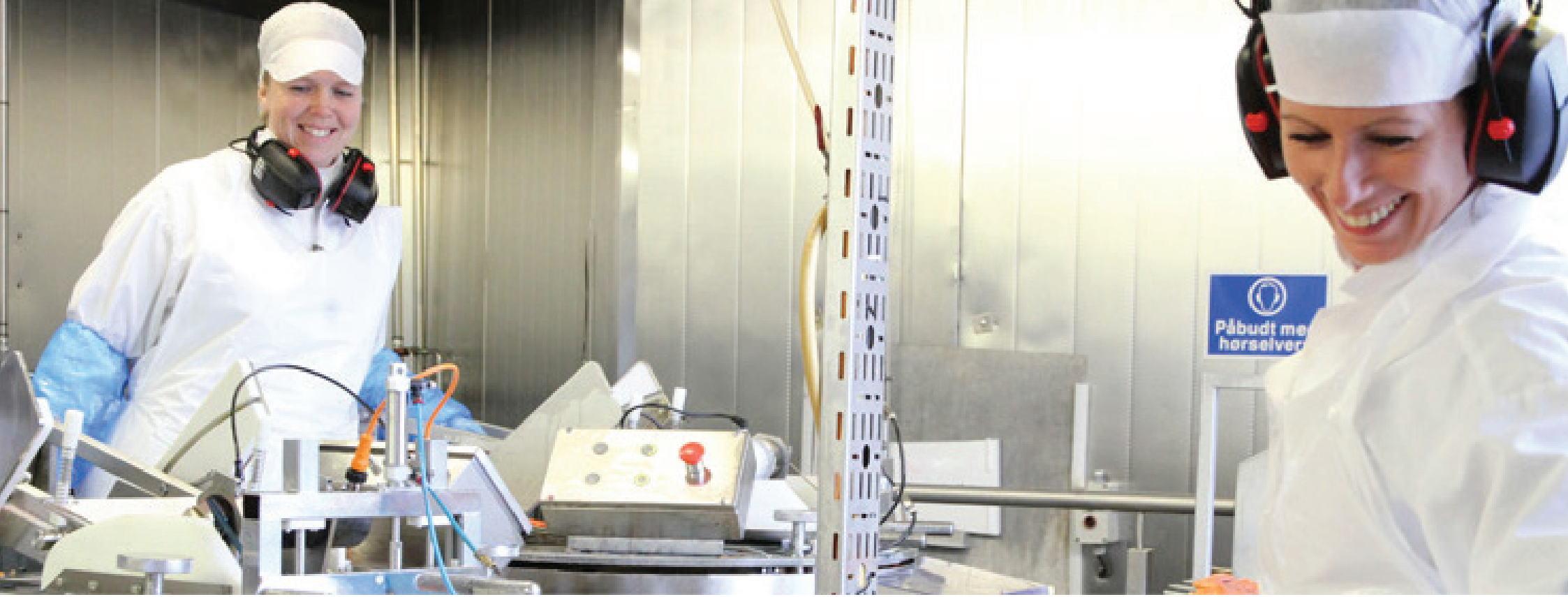
- The Global Partnership for Safe and Sustainable Agriculture

Scope of the standard:
Roe - Smolt - Fish for consumption - Production

The standard covers the production process from roe stage to fish slaughter.

There are GLOBAL G.A.P. standards in the following areas:

- Fruit and vegetables
- Flowers and ornamental shrubs
- Integrated agriculture, modules for sheep, pigs, cattle, poultry and dairy
- Coffee
- Integrated aquaculture - salmon and trout
- In the pipeline: pangasius, shrimp, tilapia



FOCUS AREAS

Food Safety: The standard is based on criteria for food safety developed from the application of generic HACCP principles (Hazard Analysis & Critical Control Points).

Environment: The standard comprises environmental protection and Good Aquaculture Practices developed to minimise negative environmental impacts of fish farming.

Employees' health, safety and welfare: The standard stipulates global limits for occupational health and safety in production facilities, and awareness of and responsibility for socially related subjects in the workplace. However, this should not be seen as a substitute for thorough audits of ethical social responsibility.

Fish welfare: The standard sets global criteria for fish welfare in production facilities.

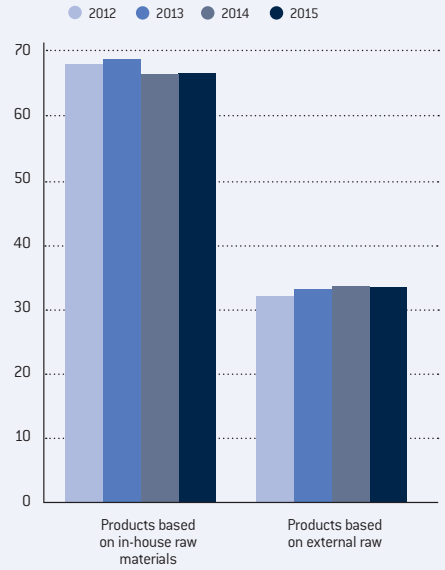
BRAND PRODUCTS

In recent years, Lerøy Seafood Group has targeted the sale of its own brands under the Lerøy brand. The Group also produces products under other brands such as: Aurora Salmon, Poseidon, Smögen Seafood, Fossen, Finest, Aurora Seafood, Catch and Fossen Fjord Fish.

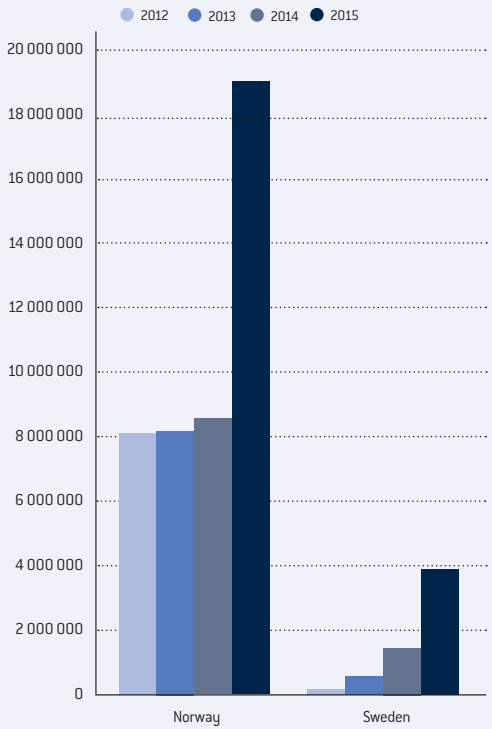
In 2015, the percentage of products based on raw materials owned by the Group was 65.5%, compared with 67.4% in 2014.

The Group also sells a number of products certified to rise to various sustainability regulations, such as ASC, MSC, GLOBALG.A.P. and Debio/KRAV. The volume of certified fish sold is higher than the volume labelled with a certification label. This is because the current production volume exceeds market demand for these products. However, there has been a significant increase in demand for certified products from 2014 to 2015, and in particular for ASC-certified fish.

SALE OF PRODUCTS BASED ON IN-HOUSE RAW MATERIALS (%)

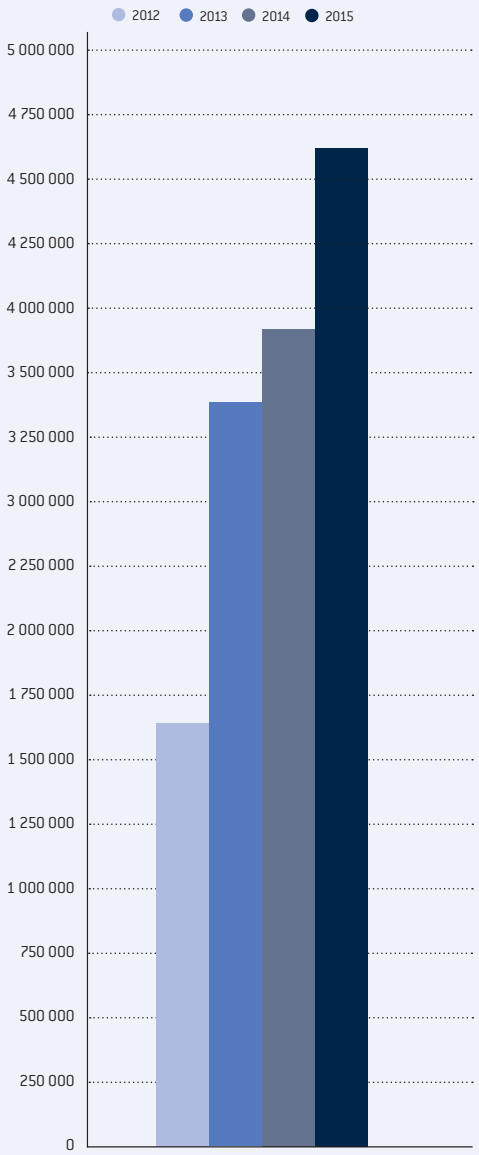


ASC/MSC/KRAV-LABELLED PRODUCTS SOLD VIA HALLVARD LERØY AS AND LERØY SVERIGE AB (KG)



The products sold from Norway have MSC certificates but are not labelled with MSC or sold as MSC products.

SALE OF GLOBALG.A.P.- CERTIFIED SALMON VIA HALLVARD LERØY AS (KG)



Salmon is certified to the GLOBALG.A.P. standard, but will not always be labelled with the GLOBALG.A.P. brand.

EAT FISH – STAY HEALTHY!

“Fish is good for your health, all year round.” This old Norwegian saying has been confirmed by research in recent years. It has been shown that eating seafood lowers the risk of cardiovascular diseases. Norwegian health authorities and WHO, the World Health Organization, recommend that everybody should eat more seafood. The Norwegian Directorate of Health has published new dietary advice in which they recommend eating seafood 2-3 times a week.

KEY ADVICE FOR A HEALTHY DIET

What you eat and drink has a direct influence on your health. The Directorate of Health recommends a varied diet with plenty of vegetables, fruit, berries, wholegrain cereal products and fish, and limited amounts of processed meat, red meat, salt and sugar. Products carrying the keyhole symbol are a good choice.

- You should eat at least five portions of vegetables, fruit and berries every day.
- You should eat wholegrain cereal products every day.
- Your daily diet should also include low-fat dairy products.
- Eat fish for dinner two to three times a week. Fish is also recommended as sandwich fillings/toppings. This corresponds to a total of 300-450 grams of pure fish a week.
- Six portions of sandwich filling with fish equals around one dinner portion.
- At least 200 grams of this should be oily fish such as salmon, trout, mackerel or herring.
- We recommend fish products carrying the keyhole symbol.
- Choose lean meat and lean meat products.
- Limit the amount of processed and red meat you eat.
- Choose cooking oils, and liquid and soft margarine instead of hard margarine and butter.
- Choose foods with low salt levels and limit the use of salt when cooking and on food.
- Avoid daily intake of food and drink with a high sugar content.
- Drink water to quench your thirst.
- Keep a good balance between your energy intake in the form of food and drink, and the energy you expend in various activities.

LOOK FOR PRODUCTS WITH THE KEYHOLE SYMBOL!

The keyhole symbol makes it easier for customers to choose healthy products. The Directorate of Health and the Norwegian Food Safety Authority are behind the keyhole system.

Compared with other foods of the same type, products with the keyhole symbol fulfil one or more of the following requirements:

- Lower and healthier fat content
- Less sugar
- Less salt
- More fibre and wholegrain

Lerøy Seafood Group has the keyhole symbol in focus when developing new products. We aim to provide our customers with healthy and safe products which also have health benefits.

LIFESTYLE RELATED DISEASES ARE EXPECTED TO REPRESENT A GLOBAL CHALLENGE FOR THE FUTURE

THE WHO HAS ESTIMATED THAT:
80% of all heart attacks
90% of people with type 2 diabetes
30% of cancer cases

CAN BE PREVENTED BY:
Better diet
Physical activity
Not smoking

CARDIOVASCULAR DISEASES
Overweight
Diabetes
Osteoporosis

1999:
60% of all deaths
43% of all illnesses

2025:
73% of all deaths
60% of all illnesses

Fish is rich in protein and Omega 3, and does not contain sugar. There is a current trend for diets high in sugar and with excessive levels of Omega 6. By replacing parts of your diet with seafood, you gain a double benefit: You eat less sugar and less Omega 6, while at the same time consuming more Omega 3 and other important nutrients. Omega 3 and Omega 6 are different types of n-3 and n-6 fatty acids. It is generally believed that it is specifically the marine n-3 fatty acids, Omega-3, that generate positive health effects. We find high levels of these fatty acids in oily fish such as salmon and trout.

The most important Omega-3 fatty acids are DHA and EPA. These are essential fatty acids, meaning that the body needs them to maintain several vital functions. These essential fatty acids are only found in seafood and, moreover, the Omega-3 type of fatty acid can only be obtained through the food we eat since the body does not produce it. It is therefore vitally important to supply the body with enough of the right type of Omega-3.

Lack of essential fatty acids shows up as skin problems, nervous system disturbances and reduced growth in children. Today's nutritional debate focuses to a considerable degree on the importance of essential fatty acids in preventing, for example, cardiovascular diseases and arteriosclerosis.

An imbalance between Omega-3 and Omega-6 fatty acids contributes to lifestyle diseases such as heart disease, type 2 diabetes, cancer and mental illnesses.

The ratio of these two acids in the blood should be 2:1, i.e. more Omega-3 than Omega-6. There is also a growing body of evidence indicating that people with rheumatic ailments, such as inflammation of the joints, are able to reduce the inflammation reaction by taking fish oils, preferably together with vitamin E and the trace element selenium.

EFSA, the European Food Safety Authority, recommends that healthy people have a daily intake of 0.25 grams EPA and DHA, 1.75 grams per week, in order to prevent cardiovascular disease. On average, 100 grams of salmon contains 2.1 grams of EPA and DHA.

So by eating 100 grams of salmon, you consume the recommended volume and more.

A varied diet with different types of seafood is the best guarantee for providing your body with essential nutrients. Eating fish is a good investment in your own health. What is more, it is delicious and can be prepared in a whole number of different ways – on the barbecue, in the oven, boiled, fried or just raw.

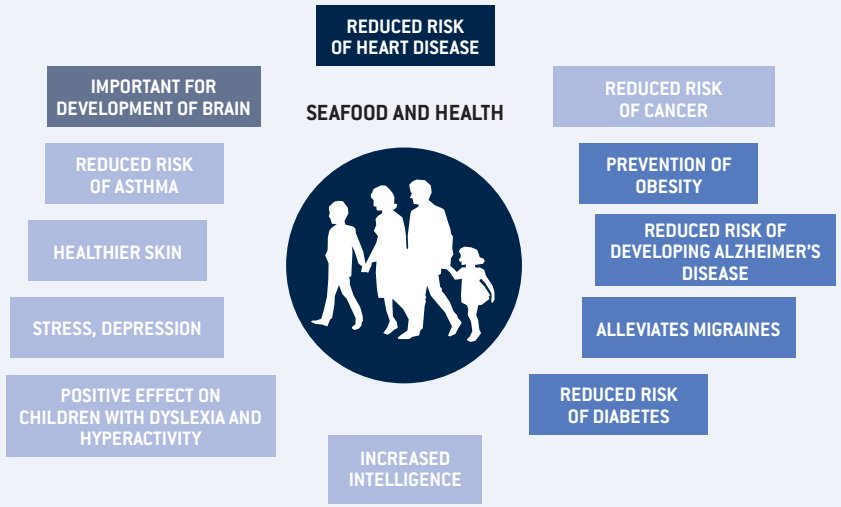
Research has shown that a combination of fat and sugar may lead to obesity. And of interest to weight watchers, the data indicate that it makes a difference if the fat in your food is combined with sugar rather than with protein. A study carried out at the National Institute for Nutrition and Seafood, research shows that diets composed of sugar in combination with fat resulted in significantly more obesity than a diet composed of protein and fat. The diet composed of protein and fat also resulted in less weight gain than a diet with fewer calories. The reason is probably that when limiting the supply of sugar, production of sugar for energy to the brain and other organs must come from consumption of fatty tissue.

The increasing incidence of obesity will be one of our greatest challenges in the years ahead and, as we know, can lead to diabetes. Diabetes is a growing health problem, both nationally and globally, and it has been estimated that 300 million people will have type 2 diabetes in 2025. Meanwhile, other studies suggest that fish protein can protect against the risk of diabetes. A balanced diet is extremely important in the prevention of disease.

There is overwhelming documentation to show that, in general, eating fish is good for our health. Also, there are strong indications that consumption of oily fish slows and prevents the development of heart and cardiovascular diseases. Consumption of fish and other seafood is also important for development of the foetus, particularly with regards to weight gain and neurological development. Other studies have shown positive effects on illnesses such as dementia, post-partum depression, osteoporosis, skin diseases, migraine and hyperactivity.

One factor that may require a limit to the consumption of oily fish is its content of dioxins and dioxin equivalents such as PCB. However, today's control of raw materials in fish feed and the fish itself mean that the environmental toxins in fish are far below the recommended limit values. Tolerable, weekly intake (TWI) of dioxin and dioxin equivalents such as PCB is 14 pg TE per kg bodyweight per week. This means that a person weighing 70 kg can eat 980 pg TE per week (TE - toxic equivalents / pg = Pico gram).

THE RESULTS OF VARIOUS STUDIES IN DIFFERENT PARTS OF THE WORLD INDICATE THAT EATING SEAFOOD, PARTICULARLY OILY FISH, HAS A POSITIVE IMPACT ON VARIOUS DISEASES



The darker the colour of the box, the higher the number of studies concluding that seafood has a positive impact.

Tests of LSG's salmon show that in 2012 the fish contained approx. 0.49 pg TE/g. A portion of salmon normally weighs 200 grams. This means that by eating a salmon meal with 200 grams of fish, your intake is approx. 98 pg TE. In other words, we can eat 10 salmon meals with 200 grams fish per week without exceeding the recommended intake of TE. Recommended limits are usually set with a considerable safety margin. By eating seafood, we also cover the daily needs for other vital nutrients such as vitamins B12, D and E.

Nutritional content of salmon (National Institute of Nutrition and Seafood Research)						
Product	Ash g/ 100 g	Energy g/ 100 g	Fat g/ 100 g	Protein g/ 100 g	Carbohydrates g/ 100 g	Solids g/ 100 g
Salmon, farmed	0.9-1.3	784-1202	9-23	14-26.1	0	30-42

Water-soluble vitamins:	Fat-soluble vitamins:	Minerals	Trace elements	Amino acids
Biotin	Alpha-tocopherol (vitamin E)	Phosphorus (P)	Fluoride (F)	Alanine
Folic acid	Gamma-tocopherol (vitamin E)	Potassium (K)	Iron (Fe)	Arginine
Cobalamin (B12)	Vitamin A1 (Sum retinol)	Calcium (Ca)	Iodine (I)	Aspartic acid
Niacin	Vitamin A2 (3.4 didehydro-all-trans-retinol)	Magnesium (Mg)	Copper (Cu)	Phenylalanine
Pantothenic acid	Vitamin D (D3)	Natrium (Na)	Selenium (Se)	Glutamine acid
Pyridoxine (B6)			Zinc (Zn)	Glycine
Riboflavin (B2)				Histidine
Thiamine (B1)				Hydroxyproline
				Isoleucine
				Leucine
				Lysine
				Methionine
				Proline
				Serine
				Taurine
				Threonine
				Tryptophan
				Tyrosine
				Valine


EXTERNAL ENVIRONMENT

LERØY SEAFOOD GROUP'S FOCUS AREAS FOR THE EXTERNAL ENVIRONMENT

- Accidental release
- Lice
- Fish health
- Localities
- Fish feed containing raw materials
- Greenhouse gases
- Residual raw materials
- Distribution

ACCIDENTAL RELEASE

Prevention of accidental release of fish is an extremely important and high-priority area for Lerøy Seafood Group. Lerøy Seafood Group invests a considerable amount of work in optimising equipment and routines to avoid accidental release of fish. Actual incidents of accidental release and all events that can lead to accidental release are reported to the fisheries authorities. Securing against accidental release is a question of maintaining a focus on execution/action, good planning of all operations in order to ensure safe execution and efficient re-examination of operations. Key elements are: ATTITUDE, ACTION and RESPONSIBILITY. However, these have no impact if not clearly defined by management. Moreover, it is essential that all employees are made aware of their responsibility to ensure zero accidental release of fish within our companies.

Three incidents involving accidental release were registered by Lerøy Seafood Group in 2015, involving a total of 7,340 fish. This corresponds to 0.007% of the total number of fish we had in the sea in 2015, and 4.6% of the total figure for accidental release in Norway.

Date	Company	Locality	Art	Number
12.01	Lerøy Vest	13563	Trout	7264
11.04	Lerøy Vest	10375	Salmon	14
04.07	Lerøy Midt	19855	Salmon	60

12.01.15 Accidental release of trout caused by Hurricane Nina.
The recapture rate for these fish was 89.5%.
11.04.15 Accidental release during delousing.
04.07.15 Accidental release after storm, hole in net caused by friction.

None of our young fish facilities reported accidental release in 2015. Following accidents that could have caused, or actually did cause, accidental release of fish, it is of utmost importance that all circumstances surrounding the episode are made known to everybody in the organisation. Such events are used actively in personnel training and for optimising routines and equipment. An increased focus on accidental release in recent years has already resulted in several changes to our facilities in order to prevent similar incidents in the future.

Main goal: "Zero accidental release".

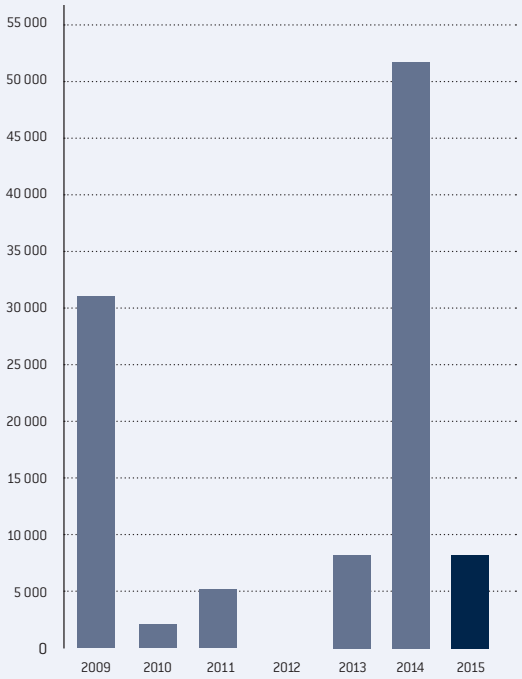
Specific measures include:

- Production of large smolt in closed-containment facility
- Replacement of nets
- All facilities shall comply with the new Nytech standard
- Certificates for all facilities
- Active participation in the further development of solutions to prevent accidental release, with a focus on solutions targeting nonconformances in bottom ring, chain and nets
- Modernisation of equipment
- No nets in sea without drawings
- Never assembling a haul rope where there is no cross rope
- Marking of nets
- Extensive use of camera/divers during/after work on nets
- New procedures for net handling
- New log form for all work involving nets

We can increase our:

- Continual work on attitudes
- Control/re-examination – always
- Continual revision of procedures
- Assessment of suppliers
- Use of new technology for monitoring

ACCIDENTAL RELEASE IN LERØY SEAFOOD GROUP (NO. OF FISH)



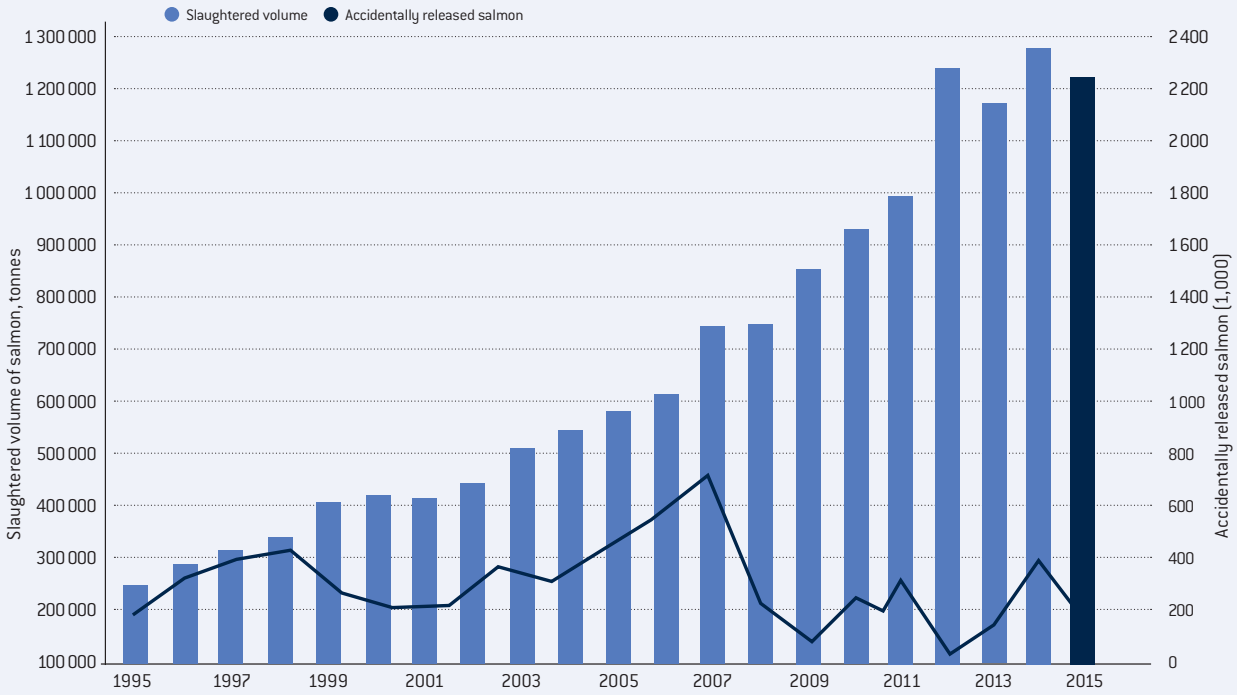
It is important that incidents that result in accidental release of fish give rise to exchange of experience between fish farming companies. The companies in the Lerøy Seafood Group participate in groups where experience and expertise are shared among

the actors. In order to improve our preparedness, we also collaborate with other fish farming companies in our vicinity and participate actively in the work to increase expertise and enhance preparedness by taking part in activities coordinated by FHL (the Norwegian Seafood Federation). Moreover, our fish-farming companies maintain close contact and communication with the authorities regarding prevention of accidental release of fish.

Not only do we comply with statutory requirements, we have implemented other preventive measures:

- Established a common preparedness stock of 500 retrieval nets in Kristiansund that are ready for release by a trained team when needed.
- Established a collaboration agreement with other major companies in Central Norway where each company is committed to keeping a central preparedness stock of 500 retrieval nets to be used by all companies to help the company experiencing an accidental release situation.
- Established more frequent and extensive internal control.
- Routine diver inspections of nets after release in the sea, as well as through the entire production phase.

ACCIDENTAL RELEASE OF SALMON AND PRODUCTION GROWTH OVER THE LAST 15-20 YEARS



The table shows accidental release of salmon compared with total volume of harvested salmon in Norway.

- Increased requirements for maintenance inspections between each release.

- Participation in various development projects to test new equipment. One example is the GRIP project, which provided important answers to how nets and cages should be built and connected in order to prevent friction and wear.

- Surveillance project for unmanned facilities.

The fish farming companies in Leroy Seafood Group will have prevention of accidental releases as one of its top priorities in the year to come, and will continue to maintain a focus on work to prevent accidental release.

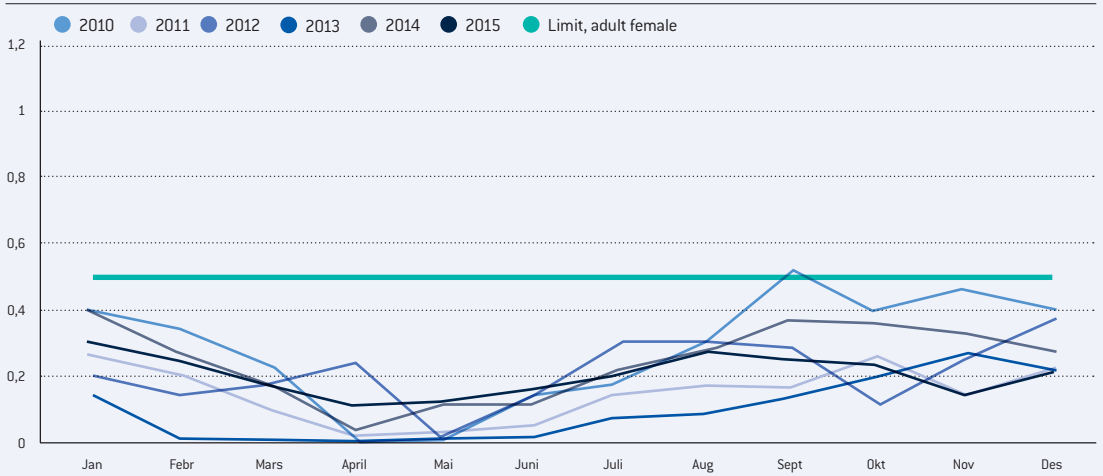
Main goal: "Zero – 0 – accidental release".

LICE

Our evaluation of the salmon lice situation in 2015, based on our average figures, shows that we achieved one of the best results in a long time. However, there were major differences among the geographical locations in 2015. Lerøy Aurora AS in North Norway was very successful in combating salmon lice. Lerøy Sjøtroll in West Norway increased their investments in lumpfish and wrasse, resulting in a significant reduction in the number of treatments required. In Central Norway, however, we experienced an autumn with abnormally difficult challenges, which also had a major impact on production. The challenges faced in Central Norway required early harvest of fish in certain localities and, in general, an increase in input factors to combat and control salmon lice.

In order to meet this challenge, the Group has further developed its salmon lice strategy and will be implementing additional measures in 2016 to achieve its goal of a sustained low level of lice. The use of cleaner fish is a central element in this strategy and has, over time, proved to be one of the most efficient methods for continuous lice control. The Group continues to advance its expertise and own production of cleaner fish. In 2016, the Group will be in a much stronger position in which to meet the challenges presented by this parasite.

DEVELOPMENT OF ADULT FEMALE LICE, LERØY SEAFOOD GROUP (AVERAGE NO. LICE PER FISH)



Methods to combat lice that do not involve medical treatment will help support the work carried out with cleaner fish and in total will help us achieve our goal of a sustained low level of lice at the same time as minimising our need for treatments. The introduction of new methods, including fresh water, temperate water and various mechanical alternatives will further reduce the Group's dependence on current delousing methods.

The Group cooperates with other enterprises and research groups to actively contribute towards joint efforts aiming to establish new knowledge and new tools with which to fight salmon lice. New knowledge and new tools are implemented as they emerge and will form part of the Group's future lice strategy alongside existing measures.

Chitin inhibitors are a group of delousing agents used in Norway and abroad to fight salmon lice. At present, it is suspected that chitin inhibitors may cause damage to certain species during ecdysis. The severity of this problem has not however been documented, making it difficult to reach a conclusion on the use of chitin inhibitors. Chitin inhibitors have been approved by Norwegian authorities for use to combat salmon lice, but Lerøy Seafood Group has decided to take a precautionary approach.

Lerøy has confidence in the use of cleaner fish in the fight against salmon lice, and has now facilitated own production of lumpfish in all three regions where we have fish farming activities. Norsk Oppdretts Service, the main supplier of lumpfish to Lerøy Sjøtroll, received the Directorate of Fisheries' Environment Award 2015 at the Aqua Nor fair last year. The company shared the award with Akvaplan Niva.

Chitin inhibitors shall therefore not be used where this is not necessary due to resistance problems. Any use of chitin inhibitors requires special approval.

Since 2011, the Group has utilised chitin inhibitors on one occasion at one facility.

Lerøy Seafood Group is working hard to achieve its long-term goal of eliminating the use of medicines to combat salmon lice if justifiable in relation to regulations and factors relating to fish health.

Main goal:
«We aim to avoid salmon lice of reproductive age in our fish farms, and we aim to avoid use of medicines in treating lice infestation."
"We aim to avoid salmon lice of reproductive age in our fish farms,
and we aim to avoid use of medicines in treating lice infestation».

CHEMICALS USED IN DELOUSING AGENTS, LERØY SEAFOOD GROUP (ACTIVE AGENT)

	VIA FEED	VIA BATH (GRAMS)	HYDROGEN PEROXIDE* (KG)
2013	2,08	0,01	0,00
2014	3,06	2,35	38,74
2015	3,91	0,18	44,94

* Hydrogen peroxide is also used for AGD treatment

Important target areas for the future:

- More intensive use of wrasse than before
- Use of alternative release patterns and locality structures
- Continuous monitoring of release and localities
- Treatment with approved treatment agents
- Coordination among facilities
- Test of mussels in relation to delousing.

We aim to achieve this by focusing on three main areas:

Prevention:

- Good localities
- Good smolt
- Clean nets
- Common plan for fallow areas

Monitoring:

- Counting of lice
- Notification of lice counts to neighbouring facilities
- Better communication between neighbouring facilities
- Effective monitoring can result in the right treatment at the right time and reduce the number of treatments

Treatment:

- Use of delousing bath – tarp and well boat
- Feed
- Wrasse
- Rotation of medicines
- Common treatment in certain areas correctly timed to suit emigration of wild smolt
- Treatment in good weather conditions
- Follow-up and corrective action.

The volume of chemicals used for delousing by Lerøy Seafood Group has seen a substantial reduction in recent years, while the volume nationwide has increased. There has been a particularly high increase in the use of chitin inhibitors nationwide.

PLANS – TARGETS FOR 2016

Main target: "We aim to avoid salmon lice of reproductive age and we aim to avoid use of chemicals in treating lice infestation."

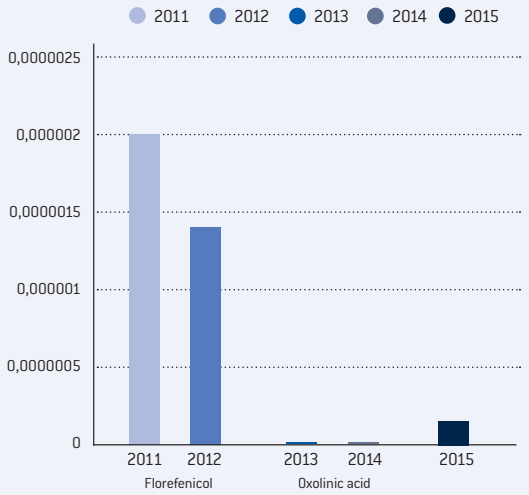
- Increased use of own-produced lumpfish
- Optimal utilisation of wrasse
- Strategic utilisation of treatments
- Introduction of new methods
- Limiting infestation pressure
- Lumpfish production
- Improved rotation of use of medication over larger areas
- Large wrasse for parent fish and in areas with more than one generation
- The capacity to execute treatments within authority deadlines in all localities and coordinated throughout generations
- Compliance with authority requirements in the regulations regarding lice and zone regulations
- Cooperation with other enterprises

TREATMENT

Salmon is by far the healthiest "farmed animal" among the species from which food is produced here in Norway. No antibiotics have been administered to fish in the sea in recent years. Any antibiotics utilised were administered to young fish to prevent disease. In 2015, Lerøy Seafood Group utilised a total 246,520 tonnes of fish feed and 38.4 kg of antibiotics, active agents. In other words, 0.00000016% of our fish feed contained antibiotics. The graphs display the use of antibiotics in Lerøy Seafood Group, in the Norwegian fish farming industry and in Norwegian agriculture.

Lerøy Seafood Group's goal is to restrict the use of medicines.

MEDICATION, ACTIVE AGENT, USED FOR FISH FARMING
LERØY SEAFOOD GROUP (KG/KG FISH GROSS GROWTH)



LOCALITIES

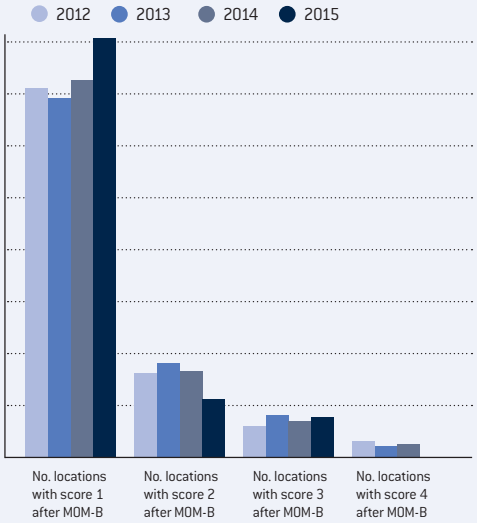
All the localities utilised by Lerøy Seafood Group are approved for fish farming by various Norwegian bodies.

Furthermore, approval requires numerous analyses, and compliance with many requirements and local conditions.

A MOM-B evaluation is carried out by a third-party company and involves taking samples from the seabed under cages and around the cages in a facility. All the parameters from the evaluation are allocated points according to how much the sediment is impacted by organic materials. The difference between acceptable and unacceptable sediment condition is established as the largest accumulation which allows digging bottom fauna to survive in the sediment. The evaluation is carried out when the biomass at the locality is at peak. On the basis of these investigations, the individual locality receives a score from 1 to 4, where 1 is the best

MOM-B stands for:
M – matfiskanlegg (production facility)
O – overvåkning (monitoring)
M – modellering (modelling)

STATUS OF LOCALITIES, LERØY SEAFOOD GROUP 2012-2015 (NUMBER)



The investigation has 3 parts:

- Fauna investigation
- Chemical investigation (pH and oxidation-reduction potential)
- Sensory investigation (gas, colour, odour, consistency, dredge volume and mud depth)

All the parameters from the evaluation are allocated points according to how much the sediment is impacted by organic materials. The difference between acceptable and unacceptable sediment condition is established as the largest accumulation which allows digging bottom fauna to survive in the sediment. The investigation is executed when production of one generation is at peak.

On the basis of these investigations, the individual locality receives a score from 1 to 4, where 1 is the best.

The score achieved also provides an indication of when the next MOM-B investigation shall be carried out. A lower score requires more frequent seabed investigations than a high score.

In addition to the MOM investigations carried out by third-party companies, investigations are also conducted locally at individual facilities. These include measurement of density, oxygen level in the sea, currents, water quality, visibility, dives under the facility etc.

Each facility is also linked with all the neighbouring facilities in a zone-based cooperation relating to lice, protecting against accidental release, preventing the spread of disease, outbreaks of disease etc.

TARGETS FOR LOCALITY STATUS FOR 2016

MOM-B samples shall always be taken before releasing fish to a locality. Fish must not be released when the score is 3 or 4 without an additional evaluation of locality status being in place that states the reason for the lack of restitution. If a score of 3 or 4 is reported for a locality, a MOM-C sample shall be taken.

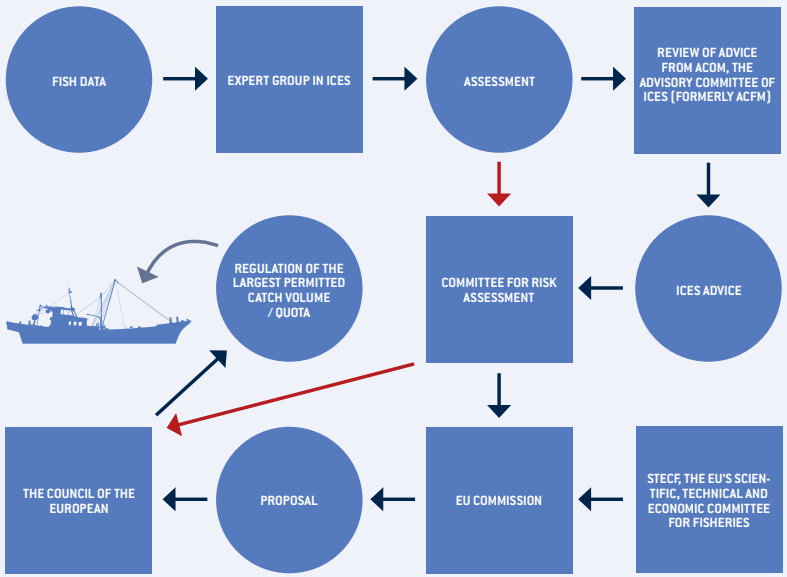
FISH FEED

EXPLOITATION

Lerøy Seafood Group plays an active role together with fish feed suppliers in ensuring that the raw materials used in our feed are:

- Fished/harvested in an ethically sound manner
- Fished/harvested in compliance with legal frameworks
- Based on sustainable fishing/harvesting

Process for stipulating annual quotas for catch of wild fish in the North Atlantic:



Lerøy Seafood Group has established requirements for its fish feed suppliers in order to make sure that raw materials for fish feed are managed in a satisfactory manner. Lerøy Seafood Group requires all suppliers to monitor the stipulation of and compliance with quotas, and the utilisation of catches. Lerøy Seafood Group requires the raw materials in its fish feed to come from geographical areas regulated by national quotas for the respective species, and where the quotas are allocated as far as possible in conformance with accepted scientific recommendations. We require all our feed suppliers to prioritise use of raw materials that have been certified in accordance with the IFFO's (International Fishmeal and Fish Oil Organisation) standard for sustainability or raw materials with MSC (Marine Stewardship Council) certification. The use of cuttings shall be prioritised where possible.

Certification schemes shall have guidelines which comply with the requirement for sustainability, including for small-scale pelagic fishing. Palm oil should not be used. Soya-based raw materials require "Round Table for Responsible Soy (RTRS)" certification or similar.

FISH FEED

Fish feed is the most important input factor in fish farming, and quality assurance of feed and feed raw materials is therefore absolutely essential. In 2015, Lerøy Seafood Group purchased feed from all three major suppliers in Norway: EWOS, Skretting and BioMar.

Lerøy Seafood Group works closely together with our feed suppliers and takes an active and influential role in the further development of feed composition in order to ensure that it is as highly adapted as possible to our fish farming environment, our fish material and our market strategy. In order to facilitate these efforts, the Group has developed highly modern R&D facilities where feed tests can be carried out. In 2015, several trials were performed on both the use of new raw materials in feed and in benchmarking existing feed concepts. Lerøy Seafood Group has a particular focus on product quality for the end customer. Throughout the year, the Group has intensified its efforts on sustainability and certification schemes for individual raw materials. Salmon from Lerøy shall have a high level of the long chain Omega-3 fatty acids EPA and DHA.

Fish oil is currently the only Omega 3-rich source of oil available when it comes to the essential fatty acids EPA and DHA. The aquaculture industry currently consumes up to 80% of the worldwide production of fish oil. Lerøy has chosen to sustain a higher level of Omega 3 in their fish feed than the industry standard, with a view to both fish welfare and the quality of the end product. We are actively involved in measures to optimise utilisation of this valuable raw material and to identify other good and sustainable sources of Omega 3.

Lerøy Seafood Group has a comprehensive sampling programme for re-examination of feed in terms of chemical content, dust, presence of foreign substances etc. The Group is able to trace both species and origin of the raw materials used in its fish feed. The feed suppliers carry out audits of their own suppliers, and Lerøy Seafood Group executes annual audits of the feed companies. These measures, combined with internal control activities by feed suppliers and traceability, allow us to maintain control of feed content and quality.

Access to raw materials for fish feed is good, despite a number of external factors that impact the supply. There are no special requirements for the raw material content of feed for fish (for example fishmeal), but there are clear nutritional requirements.

In 2015, there has been an increasing demand for marine raw materials. This coincided with a powerful El Ninõ in South America, putting pressure on the supply of marine raw materials. The Group has taken an active approach to these challenges and has been able to find successful and sustainable solutions in cooperation with the feed industry.

RAW MATERIALS FOR FISH FEED

In the future, the fish farming industry will require alternative sources of raw materials for fish feed. Originally, fish feed had a 70% content of marine raw materials. In recent years, this percentage has been gradually reduced and replaced by vegetable raw materials. Today, the feed we use contains approximately 70% vegetable raw materials and approximately 30% marine raw materials.

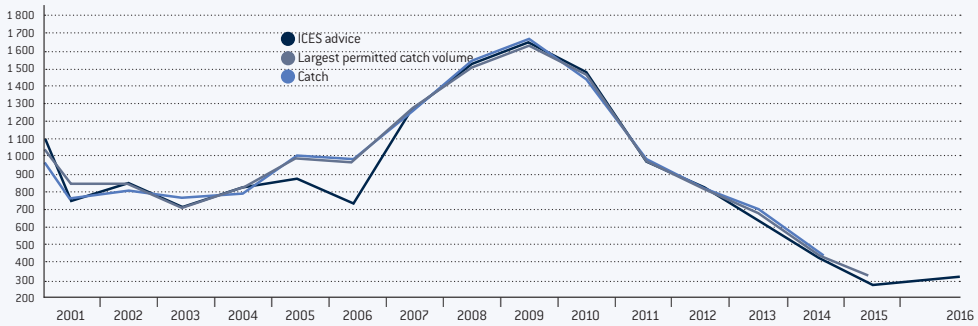
The transition to vegetable raw materials is mainly attributed to the supply of raw materials. Today, we prefer to produce fish feed from cuttings from the wild fish industry and to supply wild fish directly for human consumption where possible. Raw material from wild fish is utilised as an ingredient in numerous different types of animal feed. Among all farmed animals, salmon is the most efficient at converting raw materials into a consumable good. The volume of wild fish caught and utilised for fishmeal and oil remains relatively stable and will most likely not increase in the near future.

The steady growth of the fish farming industry, particularly in Asia, and the vast increase in direct consumption by humans, for example in Omega 3 capsules, have resulted in higher prices and a reduced supply of marine raw materials for other markets such as fish feed. The introduction of new raw materials for fish feed is one of the most important focus areas in Ocean Forest, where we aim to make use of nutrient salts to produce new raw materials for fish feed. Meal from mussels is one example of this.

MARINE RAW INGREDIENTS IN FISH FEED, LERØY SEAFOOD GROUP 2015

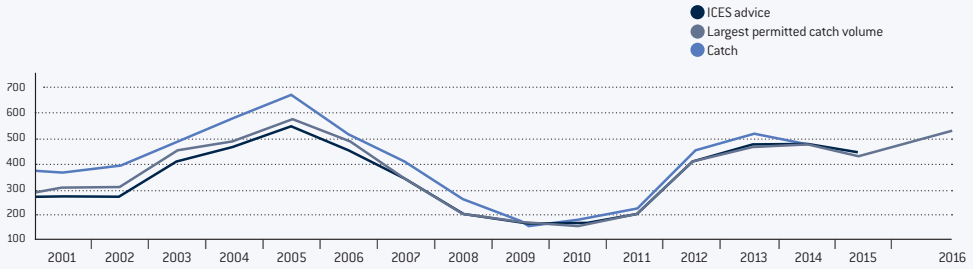
English	Latin	Norwegian	% Fish meal	% Fish oil
Blue whiting	*Micromesistius poutassou*	Kolmule	32,30	5,91
Capelin	*Mallotus villosus*	Lodde	10,69	6,20
Capelin trimmings	*Mallotus villosus*	Loddeavskjær	2,56	2,05
Herring	*Clupea harengus*	Sild	1,26	1,76
Herring trimmings	*Clupea harengus*	Sildeavskjær	14,79	9,32
Horse mackerel	*Trachurus trachurus*	Hestmakrell	0,05	0,00
Jack mackerel	*Trachurus murphyi*	Stillehavsmakrell	0,55	0,00
Krill	*Euphausia superba*	Krill	2,66	0,00
Mackerel trimmings	*Scomber scombrus*	Makrellavskjær	1,29	1,87
Menhaden	*Brevoortia patronus*	Beinfisk	0,00	11,89
Norway pout	*Trisopterus esmarkii*	Øyepål	2,01	1,55
Peruvian anchoveta	*Engraulis ringens*	Ansjos	8,80	27,68
Pilchard	*Sardina pilchardius*	Sardin	0,00	4,35
Sandeel	*Ammodytes marinus*	Tobis	4,93	8,38
Sprat	*Sprattus sprattus sprattus*	Brisling Nordsjøen	6,48	5,73
Sprat	*Sprattus sprattus balticus*	Brisling Østersjøen	0,88	4,11
Whitefish trimmings		Hvitfiskavskjær	10,74	9,20
Total			**100,00**	**100,00**

NORWEGIAN SPRING-SPAWNING HERRING, COMPARISON OF SCIENTIFIC ADVICE, LARGEST PERMITTED CATCH VOLUME AND ACTUAL CATCH (1,000 TONNES)

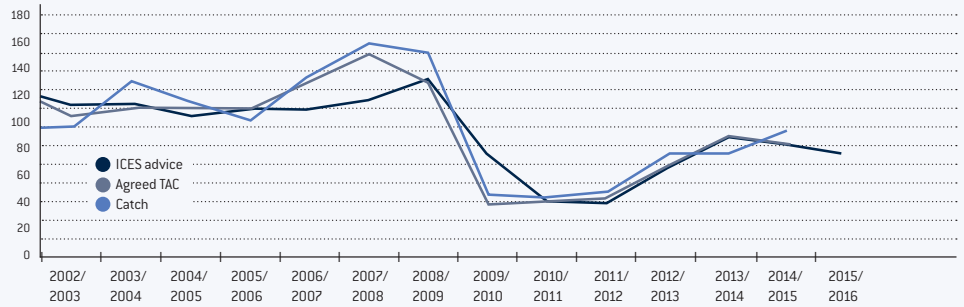


No agreement was established for largest permitted catch volume between 2003 and 2006.
The figure is the total of the quotas for each individual party.

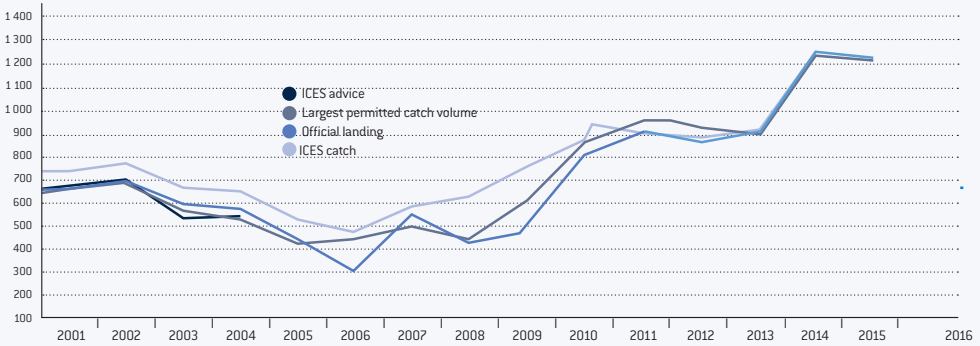
NORTH SEA HERRING, COMPARISON OF SCIENTIFIC ADVICE, LARGEST PERMITTED CATCH VOLUME AND ACTUAL CATCH (1,000 TONNES)



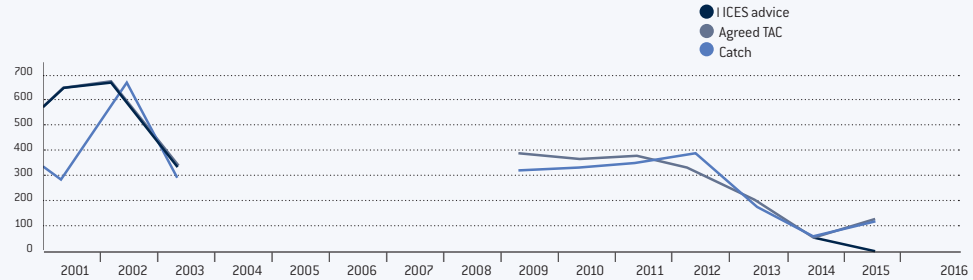
ICELANDIC HERRING, COMPARING SCIENTIFIC ADVICE, AGREED TAC AND ACTUAL CATCH. (1 000 TONNES)



ATLANTIC MACKEREL (1,000 TONNES)

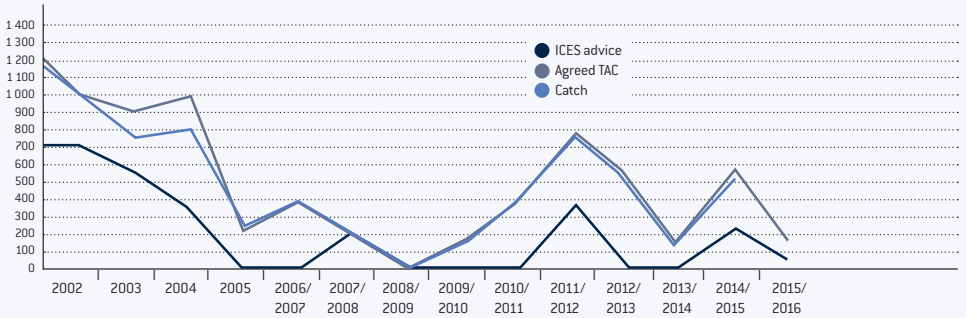


CAPELIN, COMPARISON OF SCIENTIFIC ADVICE, LARGEST PERMITTED CATCH VOLUME AND ACTUAL CATCH (1,000 TONNES)

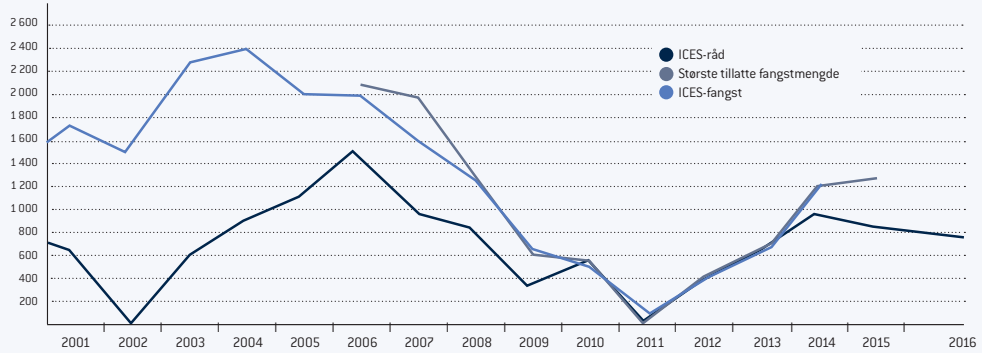


Capelin fishing was stopped between 2004 and 2009.

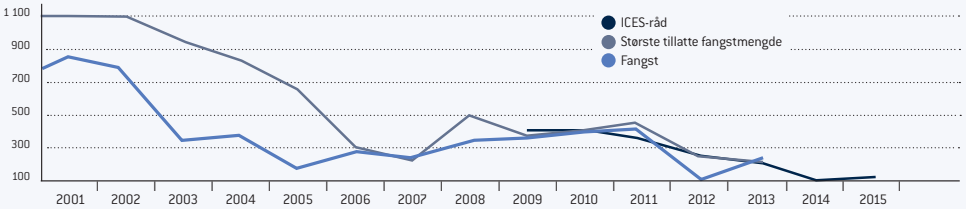
BARENTS SEA CAPELIN, COMPARING SCIENTIFIC ADVICE, AGREED TAC AND ACTUAL CATCH (1000 TONNES)



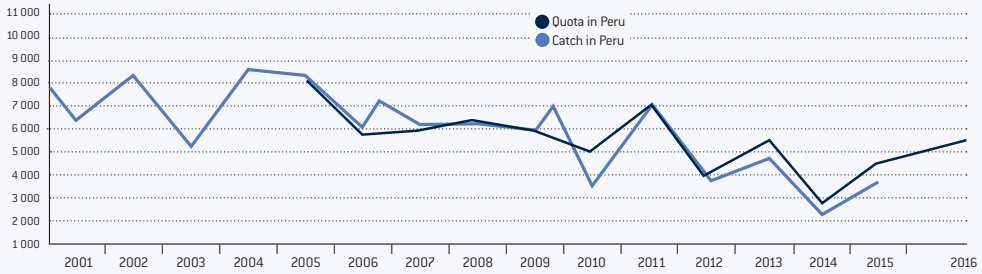
BLUE WHITING (1,000 TONNES)



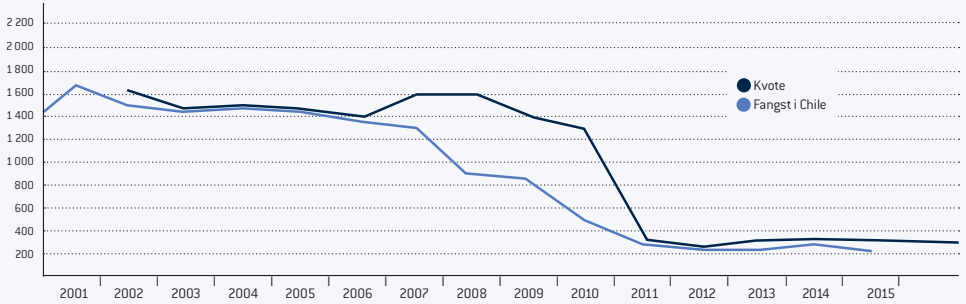
SAND EEL, COMPARISON OF SCIENTIFIC ADVICE, LARGEST PERMITTED CATCH VOLUME AND ACTUAL CATCH (1,000 TONNES)



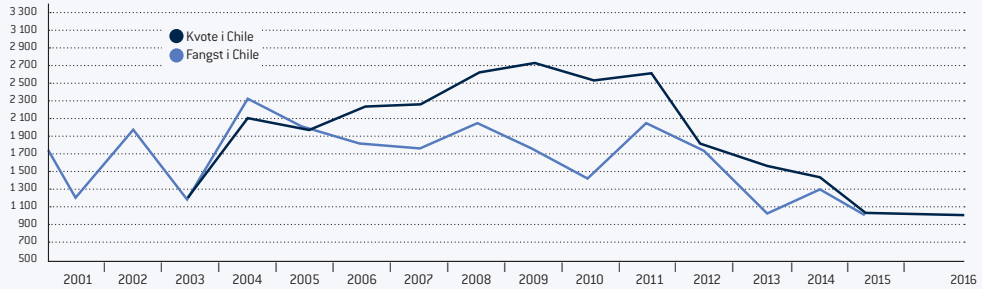
ANCHOVY, COMPARISON OF SCIENTIFIC ADVICE, QUOTA AND ACTUAL CATCH (1,000 TONNES)



JACK MACKEREL, COMPARISON OF SCIENTIFIC ADVICE, QUOTA AND ACTUAL CATCH (1,000 TONNES)



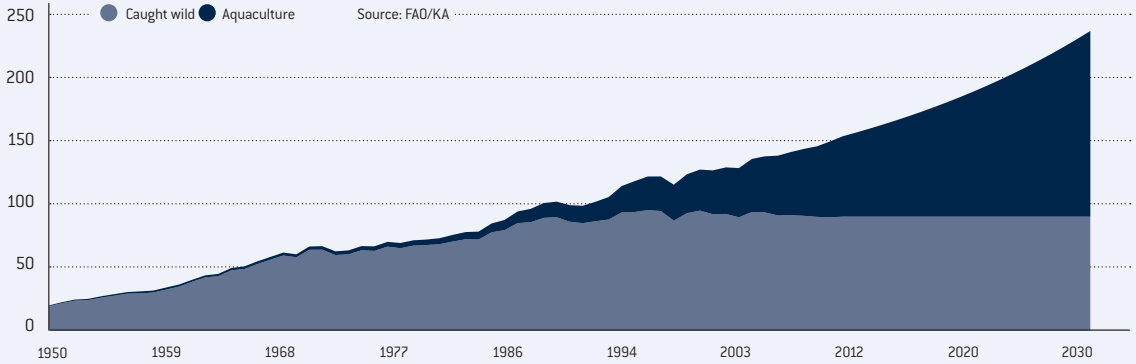
SARDINE/ANCHOVY, COMPARISON OF SCIENTIFIC ADVICE, QUOTA AND ACTUAL CATCH (1,000 TONNES)



Catch methods for the most common marine species:

Capelin: Ring net, floating trawler, trawler
Herring: Ring net, trawler
Mackerel: Purse seine, trawler Sand eel: Fine-mesh trawler
Blue whiting: Ring net with pelagic trawler, industrial trawler
Brisling: Industrial trawler, coastal net vessel
Norway pout: Small-mesh trawler

DEVELOPMENT AND ESTIMATES - WILD FISH AND AQUACULTURE PRODUCTION 1950 -2030 (MILLION TONS)



Researchers at the National Institute of Nutrition and Seafood Research in Bergen, among others, have proved that salmon stores the Omega 3-rich fatty acids when the level of these substances is reduced in the fish feed. Irrespective of this, oily fish such as Atlantic salmon will have a level of Omega 3 which is several times higher than any other high-volume foodstuff.

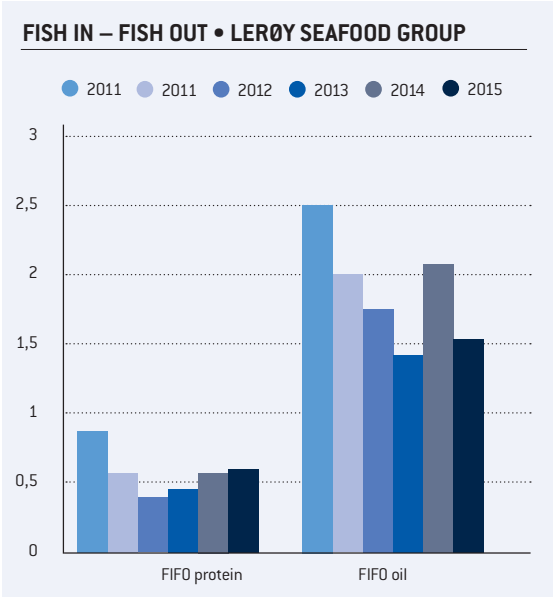
In recent years, a new major consumer of Omega 3-rich fish oils has emerged on the market: the Omega 3 industry producing pills and capsules. In 2014, this industry utilised approx. 20% of the world's fish oil in production. The retention and biological value of Omega 3 fatty acids will in the majority of cases be higher when used in fish feed than via capsules.

FIFO (FISH IN – FISH OUT)

FIFO is the volume of wild fish used to produce 1 kg of salmon. The targets set in the ASC standard are: FIFO for protein (meal) lower than 1.31 and FIFO for oil lower than 2.85.

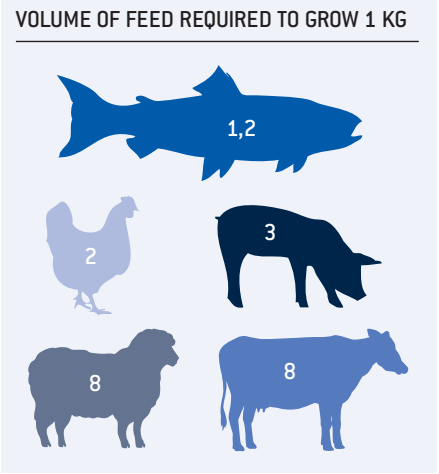
For 2015, the FIFO value for protein at Lerøy Seafood Group will be approx. 0.63, while the FIFO value for fish oil will be approx. 1.56. It is natural to calculate one FIFO value for protein and one FIFO value for oil, as these two raw materials have very different characteristics. We need 1.56 kg of wild fish to produce enough oil to produce 1 kg of salmon, but we only need 0.63 kg of wild fish to gain enough protein for 1 kg of salmon. As such, we have a surplus of fishmeal that can be utilised for other products.

The main reason for the reduction in FIFO for oil from 2014 to 2015 is that the use of cuttings in feed has increased and a higher volume of oil from South America has been utilised. Measures have been introduced to ensure an increase in the volume of cuttings in feedi 2015



FEED FACTOR

The feed factor is an important indicator of how efficiently we convert feed in relation to produced volume of fish. Salmon farming is exceptionally efficient compared with other domestic animals. The feed factor for chickens is approx. 2 and for pork approx. 3.5, while Lerøy Seafood Group's fish farming companies reported a feed factor of 1.18 for salmon in 2013. This implies that we need 1.18 kg feed to produce 1 kg salmon, while we need 3.5 kg feed to produce 1 kg pork.



The following actions have been initiated in order to reduce the feed factor:

- Investment in better monitoring equipment
- Training of personnel
- Implementing new locality structures
- Improved fish health with special focus on salmon lice
- Feeding adapted to oxygen
- Increased focus on clean nets

In 2014, capelin and anchoveta were the largest input factors among the marine raw materials in feed. The largest input factors among vegetable raw materials were soya and rapeseed.

In recent years, there has been a marked increase in vegetable sources of raw materials for fish feed. This leads to a reduction in the utilisation of marine raw materials and, in turn, reduced utilisation of different fish species.

Within the farming of salmon and trout, fish feed is the most important individual component in terms of both environmental accounts and costs. Lerøy Seafood Group relies on sustainable production of the fish used in fish feed so that the Group can continue to produce tasty and healthy seafood in a long-term perspective. In principle, it is desirable that all fish suitable for consumption is used as human food, but in practice this is not always possible. Fishermen will first try to deliver their catch for human consumption.

However, onshore capacity to receive large volumes of fish is often insufficient. A large volume of the parts of the fish used for fish feed come from by-products of the actual fish.

Demand for raw materials is a prerequisite for sale of fish for human consumption. It is important to underline that fish not suited for direct human consumption is best used as feed for other fish species.

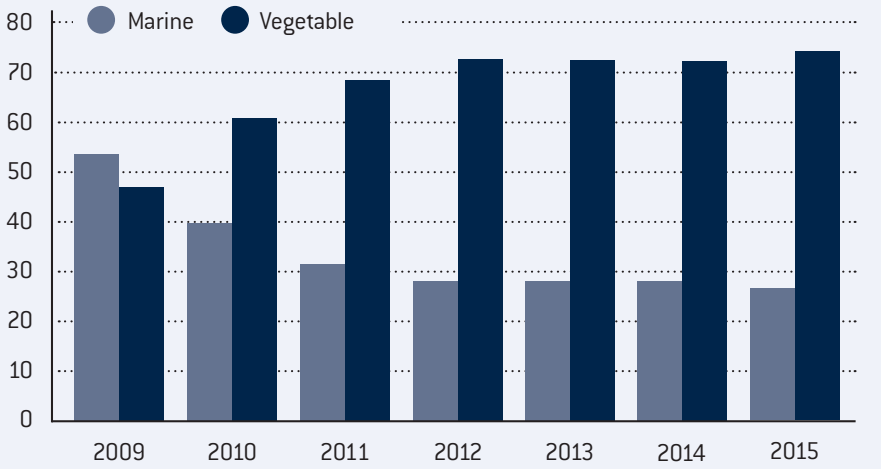
It is paradoxical to maintain that salmon farming is a problem in terms of use of industrial fish when we know that 50% of all fishmeal is used for raising other domestic animals such as pigs, chickens and other warm-blooded species. Salmon and trout are champions when it comes to recycling of industrial fish. At the same time, they bring the healthy essential fatty acids into human consumption.

In nature, fish is a natural part of the salmon's diet and farmed salmon is therefore a fantastic vector for introducing valuable marine proteins and oils into the human diet. We feel privileged to be part of this, and to be able to participate in its future development.

OTHER RAW MATERIALS

Salmon feed contains both fishmeal and fish oil. These raw materials mainly come from wild fish which is not suited for human consumption or not in demand. Salmon farming has traditionally depended on a supply of wild fish since a lot of fish oil is consumed. In recent years, this dependency has been significantly reduced, since much of the fish oil has been replaced with vegetable oils. Today, more than half of the oil used comes from vegetable sources.

DEVELOPMENT IN RAW MATERIALS IN FEED IN LERØY SEAFOOD GROUP (%)

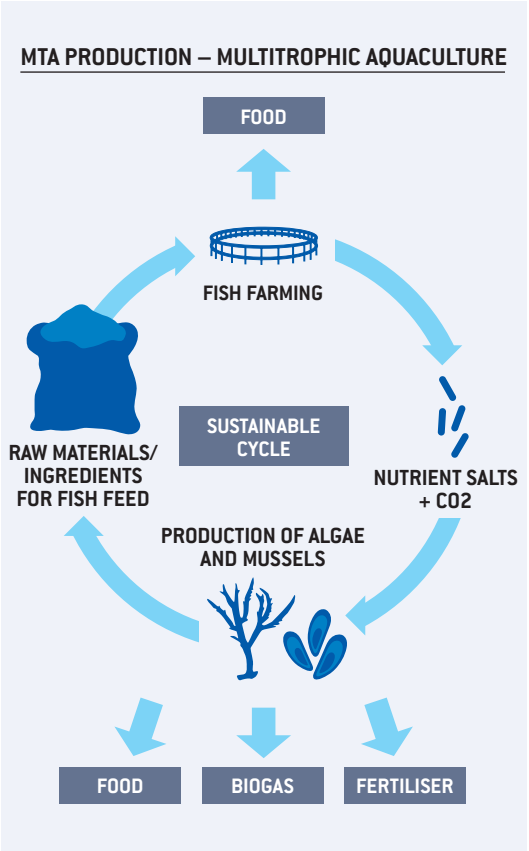


THE RAW MATERIALS MARKET

In the future, the fish farming industry will require alternative sources of raw materials for fish feed. Originally, fish feed contained approx.. 70% marine raw materials. In recent years, this percentage has been gradually reduced and replaced by vegetable raw materials. Today, the feed we use contains approximately 70% vegetable raw materials and approximately 30% marine raw materials.

The transition to vegetable raw materials is mainly attributed to the supply of raw materials. Today, we prefer to produce fish feed from cuttings from the wild fish industry and to supply wild fish directly for human consumption where possible. Raw material from wild fish is utilised as an ingredient in numerous different types of animal feed. Among all farmed animals, salmon is the most efficient at converting raw materials into a consumable good. The volume of wild fish caught and utilised for fishmeal and oil remains relatively stable and will most likely not increase in the near future.

The steady growth of the fish farming industry, particularly in Asia, and the vast increase in direct consumption by humans, for example in Omega 3 capsules, have resulted in higher prices and a reduced supply of marine raw materials for other markets such as fish feed. The introduction of new raw materials for fish feed is one of the most important focus areas in Ocean Forest, where we aim to make use of nutrient salts to produce new raw materials for fish feed. Meal from mussels is one example of this.



KEY PROJECTS FOR SUSTAINABILITY

OCEAN FOREST

Sustainable fish farming is a high priority for Lerøy Seafood Group. New, enterprising projects and innovation play a decisive role in identifying good sources of marine raw materials for a growing fish farming industry and to feed a growing population in the years ahead. In 2013, Lerøy cooperated with the environmental organisation Bellona to launch an ambitious project principally targeting exploitation of those products we have in excess in order to produce those products of which we need more.

The company's vision is: The sea – the major future source of new production of food, feed ingredients and energy/biomass, through the capture of CO2.

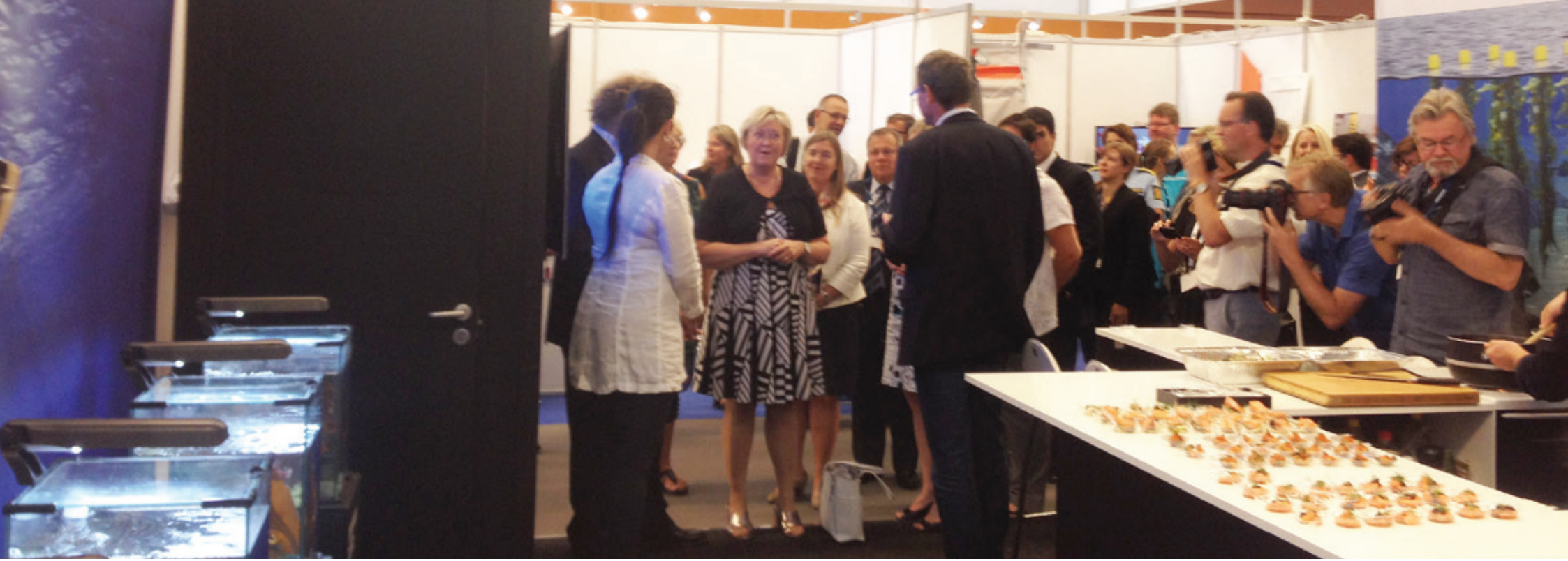
Lerøy Seafood Group and Bellona, together with national and international R&D groups, aim to research how the organic interaction between different species can help solve the environmental challenges created by fish farming. While at the same time attempting to achieve significant value generation by taking a leading role in finding new sources of biomass for human consumption, fish feed and bio-energy. The cultivation of kelp, shellfish and invertebrates together with fish is a new concept within the history of Norwegian fish farming. Waste produced by one species becomes a resource for another species, forming an interacting eco-system of value-generating species in harmony with their environment. Mussels, kelp and other invertebrates filter large organic particles from fish feed or carried by water currents from fish farming plants, e.g. small lice larvae. At the same time, these organisms absorb excess nutrient salts along with large quantities of CO2. By increasing production of these new species, we can enhance value generation, while also producing high-quality raw materials that can be utilised to produce fish feed, for consumption or for energy production.

Ocean Forest AS is a joint venture between Lerøy Seafood Group ASA and Bellona Holding AS, and had its first full year of operations in 2014. The company's personnel are all employees of different Lerøy Seafood Group companies. Ocean Forest AS has focused on establishing a knowledge base for production of oligotrophic species such as mussels and various macro-algae, based on recycling nutrient salts.

A SUSTAINABLE FISH FARMING INDUSTRY

OCEAN FOREST HAS THE FOLLOWING AMBITIOUS GOALS:

- Production of sustainable raw materials and clean energy
- Production of marine raw materials for feed
- Absorption of large volumes of CO2
- Minimise environmental impact from Norwegian fish farming



The company has licences for production of macro-algae such as sweet tangle, winged kelp and dulse, in addition to the production of mussels. These licences are linked to a total of three of Lerøy Sjøtroll's facilities in Hordaland. A major macro-algae project was initiated in 2015. This involves testing various cultivation techniques and substrates for sweet tangle and winged kelp. The project and its impact on the surrounding environment are closely monitored by the Institute of Marine Research in Bergen.

In cooperation with Pelagia Karmsund Fiskemel, Ocean Forest has introduced full-scale production of mussel meal. The goal is to produce a replacement for fishmeal. The meal produced has been tested in several feed trials with salmon, and has shown very promising results. The aim for the near future is to optimise production techniques.

PRELINE

Lerøy Seafood Group has enjoyed a collaboration with Preline AS since 2010, working toward the development of a closed-containment floating facility for post-smolt production. This collaboration has resulted in what is close to a full-scale pilot facility that was launched to sea in the winter of 2015 at Sagen, Samnanger municipality in Hordaland county. In a Preline facility, smolt will be produced in a closed-containment facility at sea. The smolt will remain in the facility until they weigh approx. 1 kg, when they will be transferred to open cages. This will reduce the production time in open cages. The first fish were released to the facility in the spring of 2015, and production round number 2 started in October. To date, we have recorded positive results in terms of growth and survival. There have been no salmon lice in the facility since start-up – an extremely encouraging sign but not surprising, given that all the water in the facility is taken from sea depths far below the level where salmon lice larvae are normally found.

Lerøy Seafood Group currently owns 91% of the shares in Preline AS. Lerøy is also a partner in SFI CtrlAQUA, a centre for research-based innovation (2015-2022), which aims to develop and document a range of post-smolt concepts.

The advantages provided by a floating, closed-containment post-smolt facility can be summarised as follows:

- improved control of biological and physical factors (current, temperature, 02, pathogens etc.)
- reduced infection pressure by using deep-sea water (25-30 metres)
- reduce risk of salmon lice and subsequent lice treatment
- lower mortality rate
- reduced accidental release
- improved biomass control
- improved growth, improved feed factor
- reduced loss
- delivery of autumn smolt in the spring and spring smolt in the autumn
- improved utilisation of facilities for fish for consumption, including equipment
- improved financial profit and reputation

ENSILAGE OF RESIDUAL RAW MATERIALS FROM FISHING OF WHITE FISH

As a shareholder in Austevoll Seafood, Lerøy Seafood Group has opportunities to exploit raw materials that were previously dumped at sea by the deep-sea fishing fleet. Over the past years, Hordafôr, another company within the AUSS Group, has worked actively to utilise raw materials otherwise regarded as waste. This included not only fish guts and heads, but also by-catches etc. Hordafôr is currently working on a major project in cooperation with the white fish industry and fleet in North Norway, supported by the Norwegian Seafood Research Fund.

In 2011, the Norwegian and foreign deep-sea fishing fleet delivered around 580,000 tonnes of white fish (round weight) to Norwegian harbours (statistics provided by the Norwegian Directorate of Fisheries). Assuming that approximately 30% of this round weight can be utilised as ensilage, there is a total potential of 175,000 tonnes of raw materials available from the deep-sea fishing fleet for white fish which can be utilised, for example for fish feed.

GREENHOUSE GAS EMISSIONS

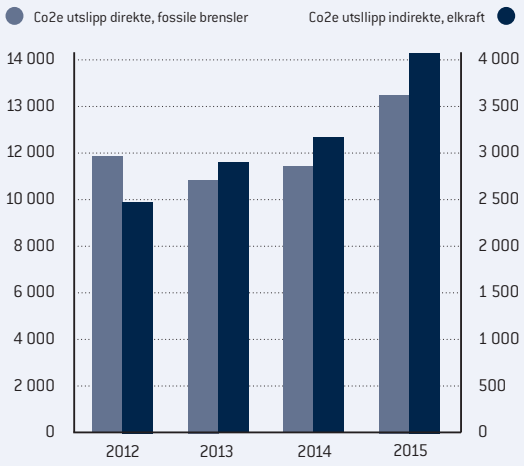
Below is a brief summary of the general framework and assumptions made when calculating greenhouse gas emissions for Lerøy Seafood Group in 2015.

The framework selected for calculating emissions includes emissions from combustion processes required for the operation of the Group's fish farming companies and the related processing activities. This is referred to in the following as "direct emissions". The Group also wanted to gain an overview of the indirect impact on global warming from the company's activities and has therefore included CO2 emissions from the production of electricity consumed by the company's fish farming companies in Norway.

Significant sources of greenhouse gas emissions from Lerøy Seafood Group's core activities in Norway have been included in the calculations.

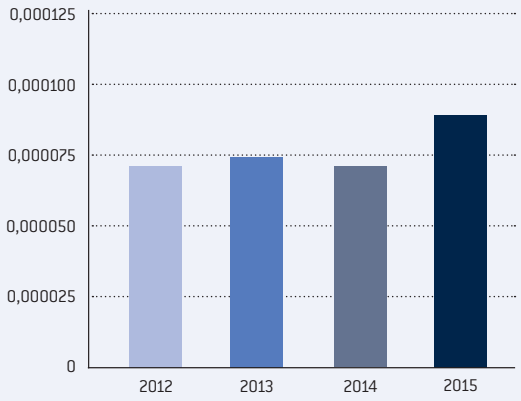
The purchase of products and services, e.g. fish feed and transport services, has not been included. Lerøy Seafood Group is currently working on obtaining a good basis for calculating the above. The tables below provide a summary of consumption of fossil fuels, electricity and greenhouse gas emissions.

TOTAL GREENHOUSEGAS EMISSIONS 2012-2015 (TONNE CO2E) - PRODUCTION FISH



Calculations comply with ISO 14064/GHG protocol.

CO2E EMISSIONS PER KG FISH PRODUCED, GROSS GROWTH



DIRECT EMISSIONS

Direct emissions of CO2, CH4, and N20 are calculated on the basis of available data.

CO2 emissions are only calculated from combustion of diesel, heating oil and undefined fossil fuels. Undefined fossil fuels are defined in this context as diesel/heating oil.

Emissions from combustion of petrol are assumed to come from passenger vehicles, allowing for calculation of CO2, CH4 and N20 emissions.

Emissions from combustion of marine gas oil are assumed to come from boats, allowing for calculation of CO2, CH4 and N20 emissions. All CH4 and N20 emissions are converted to CO2 equivalents in order to allow total reporting. All factors used in calculating direct emissions of CO2, CH4 and N20 are taken from the overview of factors for the fish farming industry in IPCC-2006.

TOTAL GREENHOUSEGAS EMISSIONS 2015 (TONNES)

	Farming	VAP	Sales & Distribution	Lerøy Seafood Group
Scope 1	13 249,49	442,13	223,77	13 915,39
Scope 2	4 084,68	2 738,01	2 368,29	9 190,98
Total	17 334,17	3 180,14	2 592,06	23 106,37

* Comprice 95% of the companies in Lerøy Seafood Group ASA

INDIRECT EMISSIONS

Consumption of electricity also results in emissions of greenhouse gases. We have calculated our emissions of CO2 based on a Norwegian mix of electricity. The consumption of electricity is classified as indirect emissions.

GLOBAL WARMING POTENTIAL (GWP)

Different greenhouse gases have a different potential when it comes to global warming. GWP provides an indicator with which to weigh all greenhouse gas emissions against one other and to produce total potential CO2 equivalents. In a 100-year perspective, emissions of 1 tonne CH4, for example, will have an equal impact on global warming as emissions of 25 tonnes CO2.

ENVIRONMENTAL ACCOUNTS

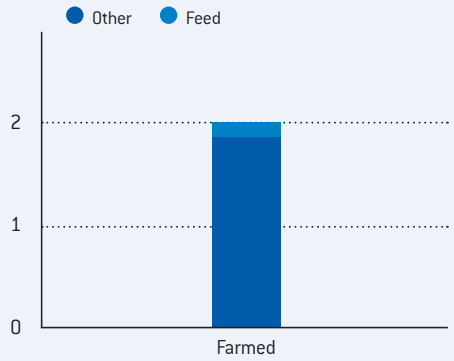
Lerøy Seafood Group has to date not prepared separate environmental accounts using the LCA method for CO2 equivalents discharged to the environment from our production. We have, however, participated in various projects to analyse emissions of environmental gasses from production of salmon, both as whole fish and as fillets.

On behalf of FHL (the Norwegian Seafood Federation) and Norges Fiskarlag, SINTEF Fiskeri og Havbruk AS together with SIK, Institutet för Livsmedel och Bioteknik AB carried out a study of Norwegian seafood in 2009 under the heading "Carbon footprint and energy use of Norwegian seafood products". This study is representative of the products we produce.

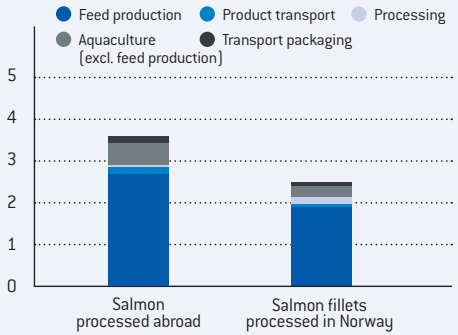
The results from this study showed greenhouse gas emissions for whole salmon of 2.0 kg CO2e per kilo live weight.

Lerøy Seafood Group has decided to focus on processed products, with an emphasis on processing in Norway. One of the reasons for this was to achieve a reduction in greenhouse gas emissions per kg consumable good.

GREENHOUSE GAS EMISSIONS
(KG CO2E/KG LIVE WEIGHT)



PROCESSING IN NORWAY VERSUS ABROAD,
GREENHOUSE GAS EMISSIONS (KG CO2)

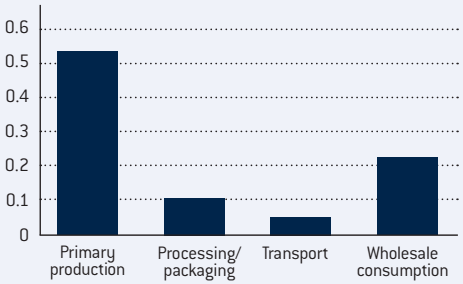


ECOLABELLING

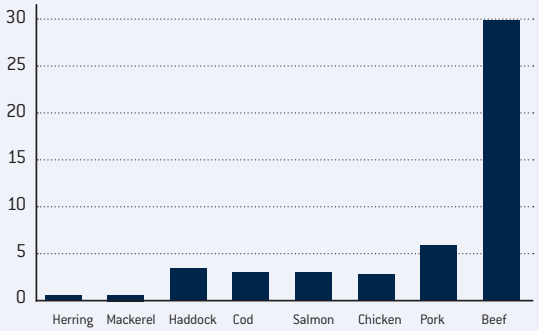
A few countries have started to label various products with their CO2 footprint. However, as of today there is no established standard for how this is to be implemented. As we see it, without standardised labelling for CO2, we risk confusing consumers when they try to compare the various CO2 labels on different products. For this reason we have decided to postpone labelling our products until a standard procedure has been established.

We input various resources to the value chain and at the same time greenhouse gases are emitted from the production chain. The resources used and discharged are converted to CO2 equivalents to produce environmental accounts. The amount of CO2 impacting the environment depends on where in the cycle we are. It is very important to keep in mind that a product impacts the environment with the total of CO2 equivalents throughout the entire cycle.

GREENHOUSE GAS EMISSIONS (KG CO2E) PER 227 G FRESH SALMON FILLET FROM FISH FARM IN BRITISH COLUMBIA DELIVERED TO SAN FRANCISCO



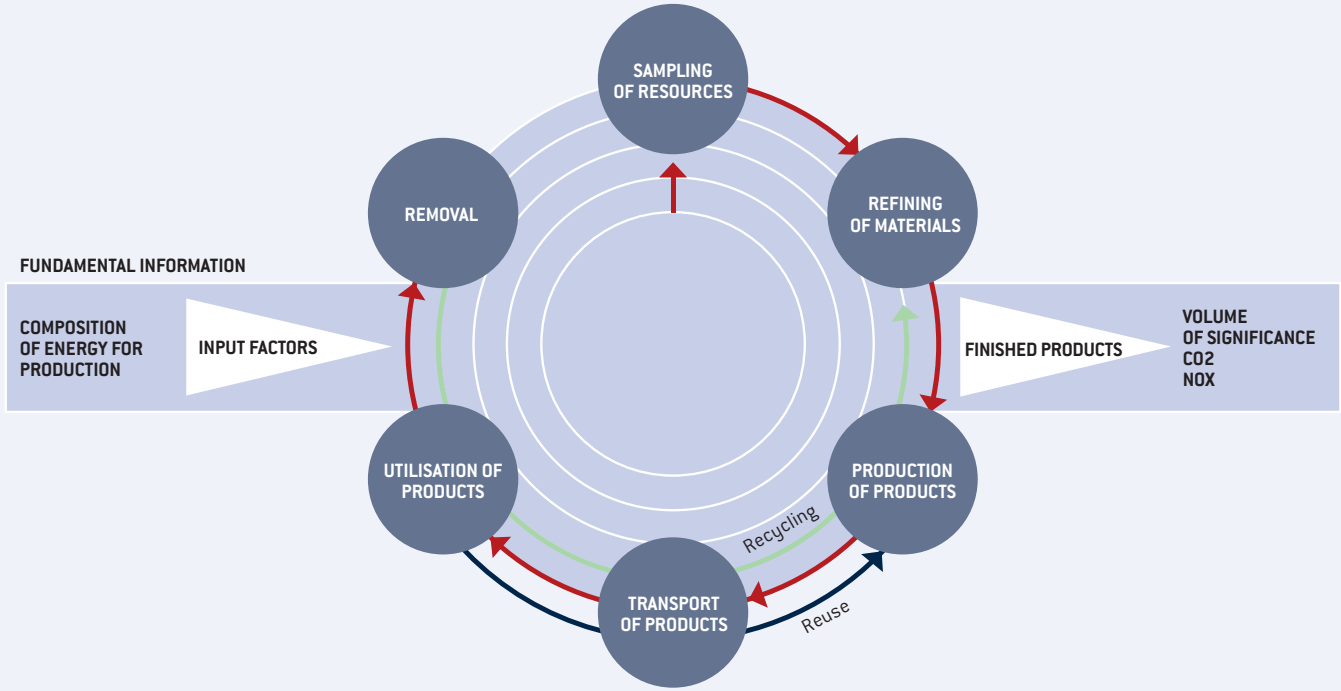
GREENHOUSE GAS EMISSIONS (KG CO2E/KG EDIBLE PART DURING SLAUGHTER/LANDING)



For example: if we label a product as it is taken out of the shop, a raw portion of salmon will be labelled with a lower CO2 value than a heated salmon portion taken from the hot-food counter. However, if we look at the entire cycle, the warm salmon portion will normally score better than the cold one because it is probably cooked in an industrial oven in the shop. If you bring a cold salmon portion home to the kitchen and cook it in an average household oven, the CO2 value will be higher.

The average consumer will probably not be able to assess these factors. It will therefore be to everybody's advantage if a standard is established for how far in the cycle we should go when calculating the CO2 value, and how this should be labelled on the product.

THE LCA METHOD
LIFE CYCLE ASSESSMENT



In 2010, a committee was established in Norway to compile a Norwegian standard for ecolabelling of seafood. Lerøy Seafood Group played an active role in this work, together with other representatives of the Norwegian fishing industry. The standard was completed and launched in the summer of 2012. It will be promoted as an ISO standard, and the aim is to establish the standard internationally for ecolabelling of all types of foods.

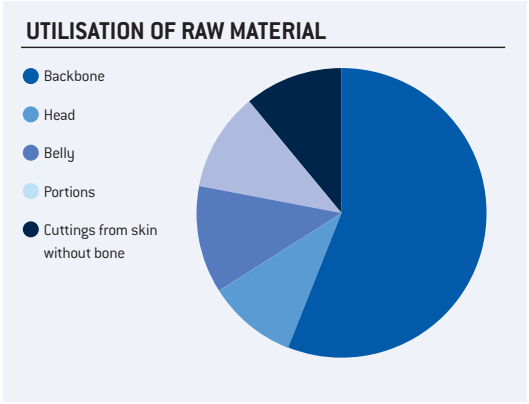
The majority of products and services in themselves cause negligible pollution. It is the factories that manufacture products, the lorries that transport them, the consumers that consume them and the combustion plants where waste is burned that represent the highest emissions. Life cycle analyses will help a company understand how their products and services impact on climate change, and which parts of the process require a focus in order to reduce environmental impact.

A life cycle analysis for a product can help a company:

- Reduce greenhouse gas emissions
- Uncover potential cost savings
- Integrate climate impact into selection of suppliers, materials, product development, production processes
- Demonstrate an environmental and social responsibility
- Provide information to customers and consumers on the environmental impact of a product/service

RESIDUAL RAW MATERIALS

Lerøy Seafood Group works to achieve the highest possible rate of utilisation of raw materials produced. This implies a goal of 100% utilisation of all nutritious raw material not used in the main production. The proportion of residual raw materials depends on the type and specification of our processed products. The most important processed products are salmon and trout fillets and portions, with or without skin.



The utilisation rate for fillets is between 55% and 74%, i.e. between 55% and 74% of the salmon (gutted weight) becomes main product, while the rest is residual raw materials. In the case of portions, the yield is between 45% and 68%, depending on specification.

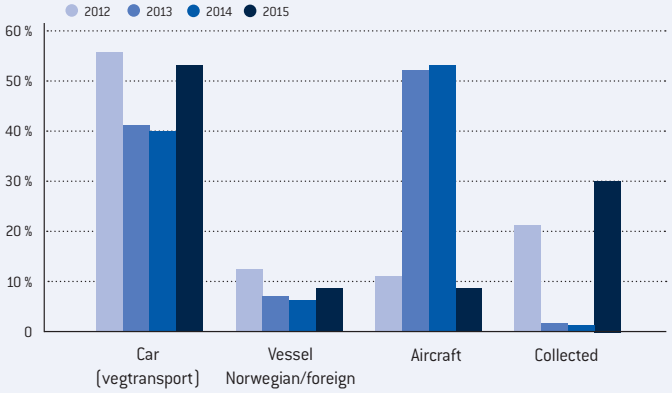
DISTRIBUTION

How can we contribute to environmental protection by thinking green for logistics? By being environmentally conscious in our choice of logistics solutions, we can contribute to reduced CO2 emissions. Carbon dioxide is a colourless and odourless gas. It is produced naturally by humans and animals, and in connection with human activities such as combustion of petrol, diesel oil, coal, fuel oil and wood.

In practice, we often face demands to be both profitable and to protect the environment. Transport that is expensive for the company and at the same time harmful to the environment is, of course, not something we want. If the solution is good for the environment but not profitable for the company, the environment is protected but the solution is not a good one for the company. The optimal solution is one that is good for the environment and provides improved profitability for the company. Such solutions will also be motivating and therefore easier to implement. Often we discover that environmentally friendly solutions do not cost as much as we thought, and that a focus on the environment often contributes to increased profitability.

Hallvard Lerøy AS is the largest sales and distribution company in Lerøy Seafood Group. In 2015, transport was distributed as illustrated below.

DISTRIBUTION IN HALLVARD LERØY 2012-2015

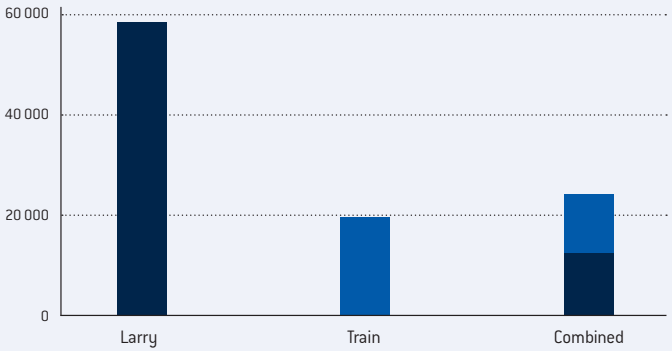


ROAD TRANSPORT

The majority of distribution still takes place by road. This is mainly due to the limited options in terms of logistics solutions in the different regions. A number of our customers choose to provide transport themselves and therefore pick up products directly from our facilities. We work closely together with our transport suppliers, reinforcing the importance of environmental protection. All together, the vehicles we use in our distribution are much newer and better than those that several of our customers have been using. If we can encourage some of these customers to use our distribution network, this will reduce CO2 emissions.

We continuously look for new distribution solutions that provide the level of service we currently offer our customers, while also being competitive on price. For example, in 2009 we altered one of our most heavily used routes to France. Whereas we previously transported salmon fillets from Norway to Arras in France in fully loaded trucks, we now make use of rail transport for parts of the route. This has allowed us to increase profitability as well as reduce our CO2 emissions. Solutions like these will make it easier for us to contribute positively to environmental protection.

RESOURCE UTILISATION , PRIMARY ENERGY (MEGAJOULE)



By making use of rail transport for parts of the route between Trondheim and Rotterdam, we have achieved a 68.5% reduction in C02, down from 3.91 to 1.23 tonnes.

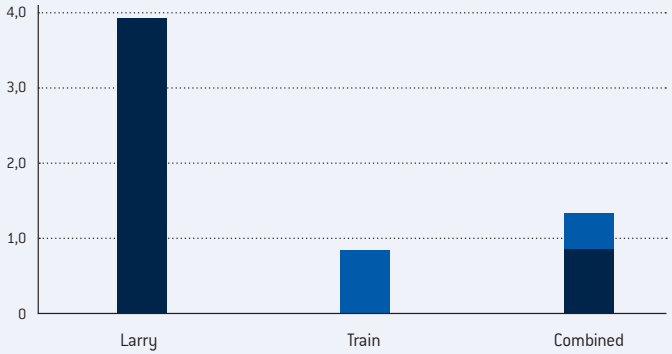
The fact that the major transport companies now offer rail transport of entire articulated trailers to Germany and Holland gives us new opportunities to make more use of rail transport.

AIR TRANSPORT

The volume of fish transported by air has seen an increase in the past year, due to increased sales to Asia, Australia and the USA. We work closely with our air transport suppliers in order to identify the best air freight systems and the best solutions for the environment.

Among other things, we work closely with a major airline that has scheduled passenger flights covering many of our markets. We make use of the cargo capacity on these planes, which are modern and mainly fly the shortest distance possible from A to B. Consciously focusing on this type of air freight helps us to access our market using the most modern and least polluting planes. Conscious choices and attitudes have enabled us to fly lower product volumes in dedicated cargo planes.

CARBON DIOXIDE GREENHOUSE GAS, GLOBAL WARMING (TONNES)



RAIL TRANSPORT

Essentially all of our products from Northern Norway are transported to Southern Norway by train. This system works well during the summer months. During the winter we sometimes experience delays of varying length that require uneconomical and non eco-friendly solutions.

BOAT TRANSPORT

It is currently our frozen seafood that is transported by boat. We will maintain our focus on eco-friendly logistics in the years ahead and will collaborate closely with our main suppliers of distribution services to contribute to eco-friendly developments in this area.

Our increased focus on processed fish and the fact that we process many of our products in Norway allow us to make positive contributions to environmental protection.

CUSTOMER

We aim to achieve closer cooperation with our customers in maintaining a sustainable industry. Our goal for the future remains "Lerøy in every kitchen".

SOCIAL RESPONSIBILITY

EMPLOYEES

The parent company Lerøy Seafood Group ASA has its head office in Bergen, Norway. In addition to the Group's CEO, the parent company has ten employees. Administratively, all personnel functions are handled by the wholly owned subsidiary Hallvard Lerøy AS. At year-end 2015, the Group had 2,527 employees, with 837 women and 1,690 men, compared with a total of 2,306 at year-end 2014.

Of the Group's total number of employees, 1,802 work in Norway and 725 abroad. Independently of the demand for equal opportunities for men and women, the Group has always emphasised individual skills, performance and responsibility in its recruitment policy and salary systems. Furthermore, the Group seeks to ensure equal opportunities and rights for all employees at all times, and to prevent discrimination based on national origin, ethnicity, skin colour, language, religion or personal philosophy. One of the company's goals is to provide a workplace without discrimination because of disabilities.

The company will arrange for individually adapted workplaces and work tasks where possible for employees or work applicants with disabilities.

The company is a player in a global industry and the company's working environment changes continuously. This requires flexible employees who are dynamic and willing to adapt and learn.

The Board of Directors would like to take this opportunity to praise the employees' efforts, their understanding of the need for a results-oriented operational focus and for their willingness to adapt to change throughout the organisation. The Board of Directors would like to thank all employees for their hard work in 2015.

On 31 August 2015, one of our companies experienced the worst possible accident. One of Sjøtroll Havbruk AS' employees died in an accident at work. This was a tragic accident that has had a vast impact on the company and will continue to do so for a long time. Apart from this tragic fatality, only minor injuries were registered among the employees in 2015.

Sick leave totalled 5.8%, slightly up from 5.7% in 2014. Sick leave comprises 3.2% long-term sick leave and 2.6% short-term sick leave. The Board of Directors is not happy with the increase in sick-leave, but is pleased to observe that the Group works actively to keep sick leave as low as possible. However, the organisations in the individual subsidiaries are continuously being developed to ensure that they can deal with new challenges and changes in framework conditions. The working environment and cooperative atmosphere are good.

The individual companies in Lerøy Seafood Group all have employee representatives to take charge of the formal cooperation between company and employees. Lerøy Seafood Group also aims for an open organisation and to ensure the best possible working environment for all employees.

The Group's personnel are highly skilled, and the working environment is positive, cheerful and where employees display enthusiasm for their work. Our employees are good at their jobs and are inspired by the "Lerøy spirit".

The individual companies arrange various events, such as family days, social gatherings, motivation or sporting events. Most of our subsidiaries have employees who take part in sporting events via their employers.

SALMON – AN IMPORTANT SOURCE OF PROTEIN FOR THE FUTURE

The FAO or Food and Agriculture Organization of the United Nations has estimated that the world's population will increase to approx. 9 billion people by the year 2050. A population growth of approx. 30% will require increased food production of approx. 30%, based on current food production volumes. We will need some source of protein in the future. Foods rich in protein include meat, eggs, milk and seafood.

The greatest challenges we face in the future when it comes to food production will be:

- production areas/availability of land
- fresh water
- energy

Only 30% of the earth's surface is land, and land availability will be a struggle in the future. Should available land be used for industry in order to provide jobs for future generations? Should we use the land to build houses for future generations? The growing population also requires a good infrastructure, comprising schools, hospitals, kindergartens, roads etc. These are all requirements that have to be assessed in relation to the land required to produce food.

Facts about salmon

Feed volume kg, per kg. fish	**1.2**
Energy retention%	**27**
Protein retention%	**24**
Footprint water: litres/kg edible volume protein	**1.950**
Footprint CO2: e/kg edible volume protein	**2.5**
Agricultural land: m2, utilised per kg edible volume protein	**3.2**
Use of antibiotics in sea	**No**
Omega 3 content: g, per 100 gram protein	**10.9**
Essential minerals and vitamins: Selenium, Iodine, Vitamins A, D and E, B6 and B12	
Yield %, from whole fish	**68**

70% of the earth's surface is covered by oceans, and we currently exploit far too little of the earth's waters for food production. Only 5% of the food we eat on a global scale comes from the sea. By comparison, 40% comes from farming and 55% from vegetable sources. With such limited land availability and limited access to fresh water and energy, the sea will have to provide for a large volume of the increased requirement for protein. We cannot count on sufficient volumes of wild fish in the future, so an increase in production of food from the sea must be derived from some type of fish farming.

Salmon production may still involve certain challenges, but the positive aspects of this source of protein far outweigh the negative. If we eat salmon, then another foodstuff is spared. If we did not eat salmon, somebody else, somewhere in the world, would have to produce another source of food.

No matter what type of food we produce, we leave a footprint. The question we have to ask ourselves for the future is how we can make this footprint as small as possible. Salmon production is one of the answers to this question. Salmon is the first fish to compete practically across the board with other proteins. It can compete with both white and red meat, and does so in every corner of the world. Not only is salmon an attractive and tasty product, it is also healthy and is acceptably priced. The increase in the middle class worldwide implies an increased demand for proteins.

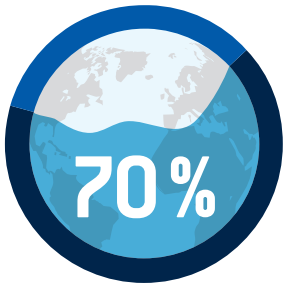
So why should salmon be part of this increase?

- Production of salmon is three-dimensional and does not require a lot of space. A fish farm normally comprises eight rings. Each ring contains 97% water and 3% fish. One salmon farm alone can produce 8,000 tonnes of salmon. In order to produce a corresponding amount of beef, you need approximately 27,000 cows.
- Salmon is a poikilothermic animal, which means that it adapts to sea temperatures. It does not need a "roof over its head", eliminating the need to supply energy to keep the salmon warm. 27% of the energy utilised in fish feed is reproduced in the edible part of a salmon. By comparison, this figure is 10% for chicken and 14% for pork. In addition, salmon has a higher exploitation rate of protein and phosphorus from its feed.
- Salmon need approx. 1.2 kg of feed to grow 1 kg. Chickens need 2 kg, pigs 3 kg, sheep and cattle 8 kg.
- Salmon has a minimal requirement for fresh water compared with land-based animals. The water footprint for salmon production is 1.95 litres per kg of edible meat, compared with 4.325 litres per kg of edible meat for chicken. The same figure for pork is 5,988 litres/kg and for beef 15,415 litres/kg.
- Salmon has a low CO2 footprint – approx. 2.5 kg CO2e/kg protein. By comparison, chicken has a CO2 footprint of 3.4, pork has 3.9 and beef has approx. 30.
- You get a high yield from salmon, i.e. you can eat 68% of a salmon. The comparative figure for chicken is 46%, pork 52% and beef approx. 38%.
- Salmon is healthy! Salmon has a high Omega-3 content and a low Omega-6 content. We tend to focus on Omega-3 in our diets and forget Omega-6. The World Health Organization, WHO, is concerned about the high consumption of Omega-6 in our diets,
  and recommends that we all reduce the amount of Omega-6 we eat. In addition, salmon contains Vitamins A, E and D and is rich in the minerals zinc and iodine. The health authorities recommend that we eat more fish and reduce our consumption of red meat. An increase in our consumption of seafood will improve public health.
  It has been documented that salmon has a positive effect on cardiovascular diseases, and several trials have shown a positive impact on other lifestyle diseases such as dementia, diabetes, depression etc.

In addition to all the important factors above, the salmon industry generates significant income for Norway, creates high employment and improved infrastructure and lays the foundations for a major supplier industry in different parts of Norway.

THE SEA PROVIDING FOOD FOR FUTURE GENERATIONS

With the projected growth in population to come, the world will need more food. It is estimated that the global population in 2050 will increase to approx. 9 billion. How will we manage to feed all these people?



- There will be a shortage of agricultural areas on land.
- We believe we will suffer a shortage of fresh water
- People will need more space to build their homes
- How will our future energy supply be and how can we make use of the available energy supply in the most efficient manner with a view to availability and emissions?
- More than 70% of the earth's surface is covered by sea.

- In Norway, we currently use only 0.5% of our offshore waters for fish farming
- A mere 5% of current food consumption comprises marine proteins

Current:

40% comes from animal proteins, beef/pork

55% comes from vegetable proteins, corn products

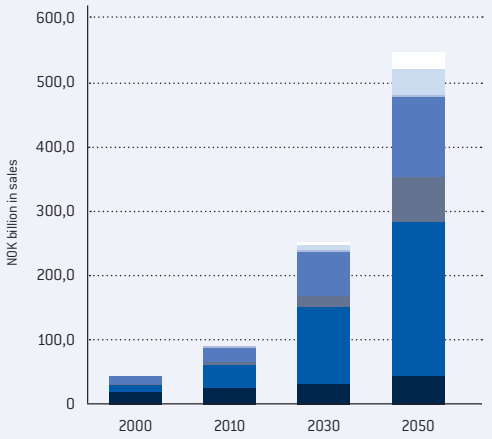
5% comes from marine proteins, fish, seafood

A whole number of factors reveal the importance of the sea as the source of food for future generations.

- The sea is home to numerous species about which we still know very little, and which undoubtedly will contribute to a healthy diet in the future. Marine resources not only cover fish, but plants, shellfish and new species which most probably will help us cover the future requirement for food.
- Those species we are familiar with today have a low CO2 footprint and very efficient feed exploitation rate. The edible portion of the animal/fish is high. You get a lot of meat in relation to the amount of feed used per kg fish. This means that you need approx. 1 kg feed to produce 1 kg of fish.
- The different species require little fresh water.
- No heating energy is required (in comparison to e.g. barns for animals on land).
- Many of the species currently found in the sea will contain marine fatty acids that are highly beneficial for nutrition and diet.
- WHO, World Health Organization, recommends that we eat less Omega 6. Seafood has a low content of Omega 6.
- Seafood also has a high content of essential vitamins and minerals.
- There is much to support the claim that a higher consumption of seafood will improve health among many populations, and boost social economics.

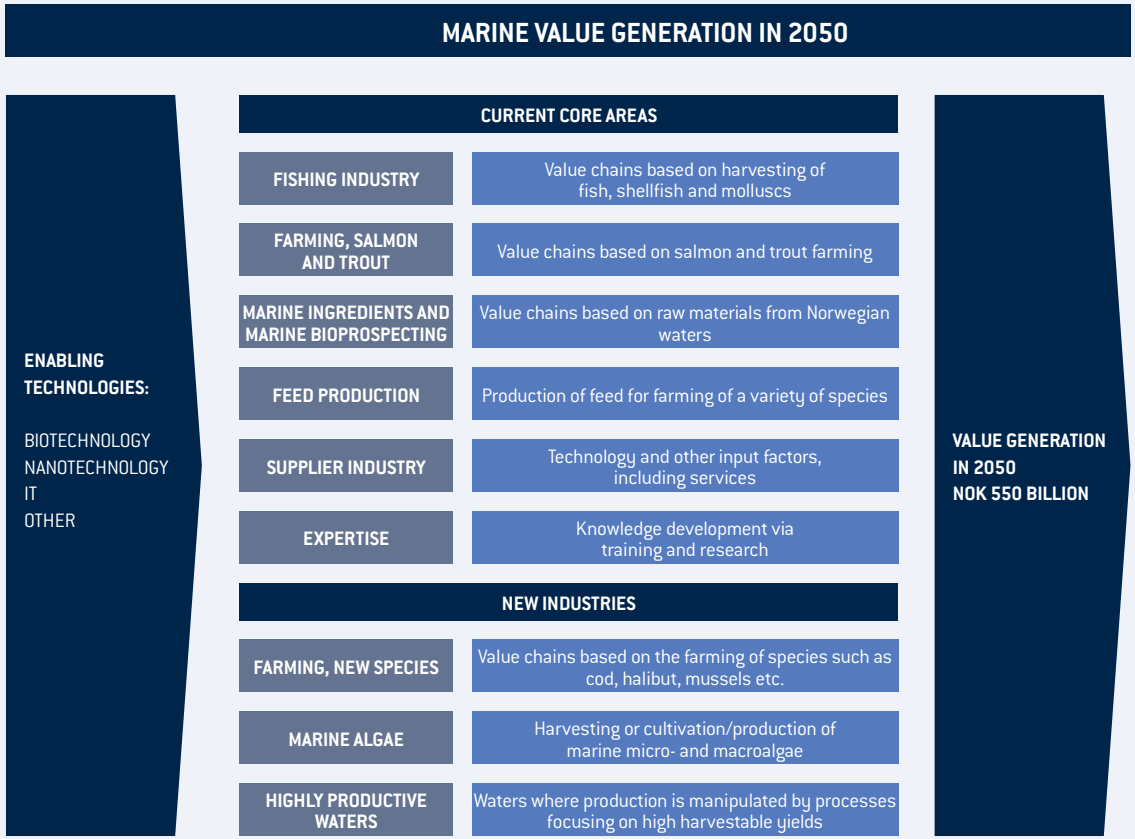
In 2012, SINTEF published a report entitled "Value created from productive oceans in 2050". The report was commissioned by DKNVS and NTVA (The Royal Norwegian Society of Sciences and Letters and the Norwegian Academy of Technological Sciences) and inspired many exciting ideas about the sea as a source of food for future generations.

SCENARIO 2050: VALUE GENERATION POTENTIAL IN THE MARINE SECTOR



As the figure indicates, there is room for growth within the current farming of salmon and salmon fish, but also for new species, marine algae and marine ingredients.

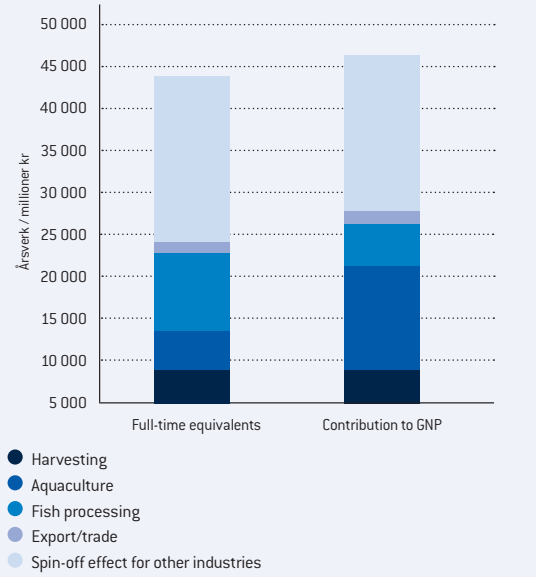
This may also pave the way for a number of new industries in Norway:



Not least, new employment and income for Norway as a nation.

We are therefore confident that the further development of marine resources is of great importance both for the Group, for Norway and for the world at large.

VALUE GENERATION FOR NORWEGIAN SEAFOOD INDUSTRY (SINTEF REPORT A23089)



ETHICS AND SOCIAL RESPONSIBILITY

Lerøy Seafood Group is strongly committed to its social responsibility. Our aim is to combine healthy business management with a clear responsibility for society and the environment.

Employees shall behave in a manner which displays social consciousness and professionalism, respect for colleagues and other partners. As a general rule, Lerøy Seafood Group with suppliers and subcontractors shall fully comply with legislation in respective countries and the company's own/Lerøy Seafood Group's quality systems/procedures. The Group has a principal rule that the strictest requirements shall be met.

In the event of nonconformities, measures shall be implemented to improve the situation. Our goal is to contribute towards improving human rights, labour rights and environmental protection, both within our own Group, in relation to our suppliers and subcontractors and in relation to our trading partners.

Lerøy Seafood Group's business information will be precisely and elaborately communicated, both internally and externally. All accounting information shall be correct, fully registered and presented in accordance with laws and regulations, including relevant accounting standards. In relation to prevailing laws regarding securities and standards for stock exchange listing, Lerøy Seafood ASA is obliged to ensure complete, precise, accurate and understandable information in the interim financial statements and other documents.

In order to safeguard all our activities, we have prepared a set of ground rules which apply to us and our partners on a daily basis. Our ethical code of conduct has been reviewed by the Board of Directors and implemented in every Group company. Individual companies are responsible for ensuring practice of our ethical guidelines.
In addition, each employee is responsible for the performance of their own jobs. The company management is responsible for ensuring compliance with the ethical guidelines.

The ethical guidelines have been divided into two parts and comprise: Part 1: Factors relating to the company, suppliers and subcontractors Part 2: Factors relating to the individual employee.

Key words for the contents of the ethical guidelines:

- Ethical requirements on suppliers and subcontractors
- Requirements on regulation of working conditions for employees
- The rights of the company's employees, employees of suppliers and subcontractors
- Factors involving HSE
- Forced labour/discrimination
- Exploitation of resources and impact on local environment
- Corruption
- Notification of censurable conditions
- Ethical guides for employees representing the company outside the workplace

FACTORS OUTSIDE THE WORKPLACE

All forms of environmental crime or ruthless exploitation of natural resources in the local environment are strictly prohibited. The local environment and production site shall be protected from pollution damage. Chemicals and other hazardous substances shall be properly handled. Production and the utilisation of raw materials for production shall not represent destruction of resources.

Lerøy Seafood Group shall not either directly or indirectly contribute to the destruction of the source of income for marginalised communities, for example by seizing large plots of land or other natural resources on which these communities rely. Lerøy Seafood Group shall make a positive contribution towards sustaining a good environment for the local communities where our companies are located.

Lerøy Seafood Group does not support individual political parties or individual politicians. Lerøy Seafood Group has the right to take part in public debate, when in the interests of the Group.

All external communications to media/press etc. that are not of a local nature shall be taken care of by the company's CEO.

Production shall not conflict with national or international legislation and environmental regulations. Relevant permits shall be procured where necessary.

Environmental aspects shall be taken into account throughout the production and distribution chain, from production of raw materials to sales, and shall not be delimited to individual activities. Local, regional and global environmental aspects shall be taken into account. Animal ethics shall be taken into account.

LERØY KIT

To date, Lerøy has donated a total of 280,000 pieces of sushi to a wide variety of events for children and young people.

Over the past two years, Lerøy has handed out sushi and other seafood to support clubs and associations. The "Lerøy Kit" comprises a sushi board and other seafood products such as smoked trout, fish burgers, fresh fish and cod nuggets. The kit is adapted to suit the size of event and kitchen facilities.

The aim with the kit is to help provide healthier food to children and young people, particularly in connection with events where the general rule is to serve unhealthy food.

The products are donated free of charge and the organiser can choose whether to sell the products or use them in-house, e.g. for lunches or evening meals. Irrespective of their choice, the income will benefit the club and will promote healthier food at this type of event.

In 2015, 160 clubs and associations received the kit. In total, Lerøy has made donations of seafood at a value of several million krone.

ECONOMIC RESPONSIBILITY

CONTRIBUTIONS TO LOCAL COMMUNITIES

Lerøy Seafood Group is fully committed to develop the local communities where the Group's different facilities are located, and aims to generate increased earnings for these communities by purchasing the highest ratio possible of local goods, equipment and services. Lerøy Seafood Group's companies in Norway purchased goods, equipment and services totalling NOK 11 billion in 2015. The figures show that the Group purchased these goods, equipment and services from 295 different municipalities in Norway. In 2015, the Group had facilities located in 52 different Norwegian municipalities. Our employees contributed NOK 236 million in income tax to 131 different municipalities. Based on our activities over the past seven years, Lerøy Seafood Group as a corporation has paid NOK 1.8 billion in tax. As such, we make an important contribution towards sustaining a number of local communities and workplaces in many different parts of Norway.

Lerøy Seafood Group compiles GRI reports according to the Global Reporting Initiative. This report can be downloaded from the company's website, www.lsg.no

As a corporation, Lerøy Seafood Group has decided to support activities related to children and young people in local communities. Diet, health and healthy eating are important elements in our efforts to help children and young people, and are essential for young people if they want to achieve their goals. We are therefore always happy to see children and young people enjoying healthy seafood at different events.

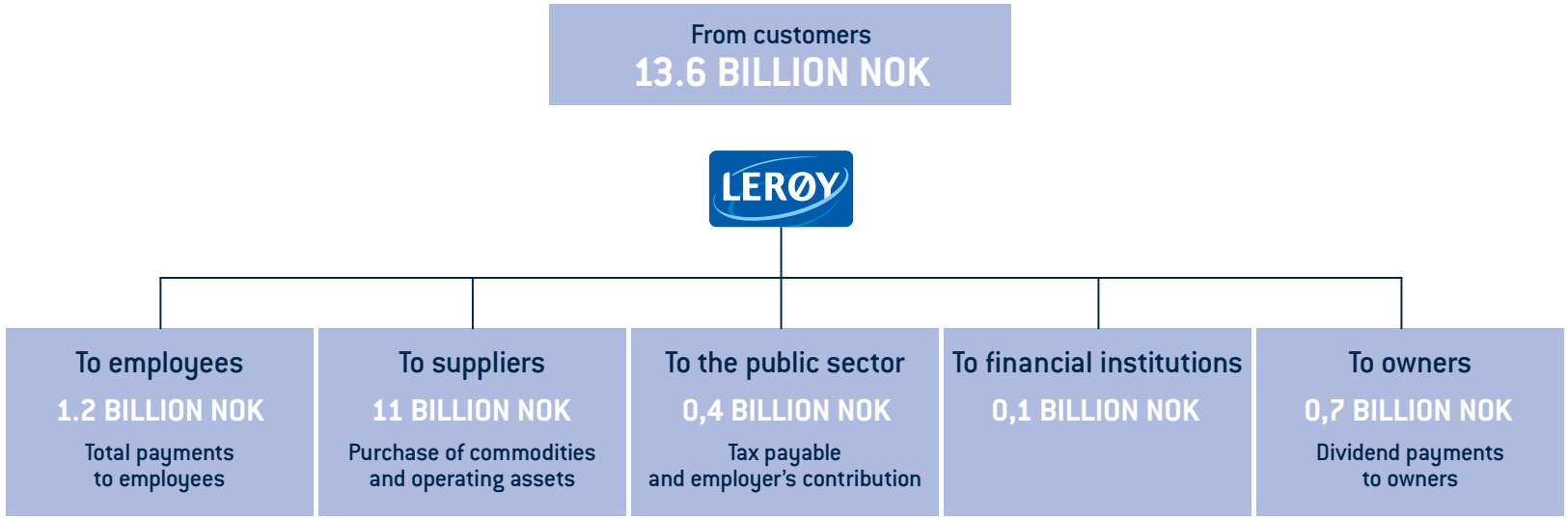
As yet another consequence of our decentralised locations, we make contributions to investments in buildings, infrastructure, quays, floating quays and modern equipment in small, local communities. These form the grounds for local commerce. For certain suppliers in the municipalities in which we have facilities, we represent between 25 to 80% of their economic basis.

Lerøy Seafood Group compiles GRI reports according to the Global Reporting Initiative. These reports can be downloaded from the company's website, www. lsg.no. Lerøy Seafood Group has a company policy to support different activities involving children and young people in local communities. Diet, health and healthy eating are important elements in our efforts to help children and young people, and are essential for young people if they want to achieve their goals. We are therefore always happy to see children and young people enjoying healthy seafood at different events.

We always strive to develop close relationships with our local communities, and are happy to contribute in a number of areas. We sponsor and support local sports clubs and sponsor a number of local festivals/ various events, serving a range of seafood products to visitors and participants.

We also take part in a number of activities where our employees and local inhabitants help protect the environment by clearing beaches, picking up rubbish etc. We hold "environmental days" in several municipalities.

ECONOMIC VALUE GENERATION AND DISTRIBUTION PER SECTOR IN 2015



According to a ripple effect analysis performed by Nofima, based on 2013 figures, the fish farming industry will generate a number of ripple effects. The table below shows the most significant of these.

	TOTAL	PER LOCALITY IN USE
Employment (full-time equivalents)	24 299	42
Farming	9 621	17
Derived (suppliers, immediate)	14 678	25
Volume produced (tonnes)	1 243 000	2 169
Purchase (NOK million)	34 300	60
Export (NOK million)	42 200	74
Value generation (NOK million)	14 735	25,7
Tax cost from companies (NOK million)	3 207	

The purchases made by the fish farming industry have ripple effects throughout most of Norway.

Goods are purchased from a number of different segments. The most important of these are:

- Industry
  - Rubber goods and plastic industry
  - Machine industry
  - Textile industry
  - Machine repairs and installation
  - Chemical industry
  - Metal industry
  - Timber and wood industry
  - Paper and paper goods industry
  - Computer and electronics industry
  - Transportation industry
  - Printing, graphic industry
  - Mineral product industry
  - Electrotechnical industry
- Agriculture, forestry and fishing
- Transport and storage
- Commodities, car repairs
- Financial services and insurance
- Professional, scientific and technical services
- Building and construction
- Power supply
- Public admin, defence, social insurance
- Sale and operation of real estate
- Commercial services
- Information and communication
- Hotel and restaurant trade
- Mining and extraction
- Water, sewage and waste removal
- Other services
- Cultural activities, entertainment etc.
- Health and social services
- Commodities, repair of vehicles
- Education

The fish farming industry is an extremely area-efficient producer of protein. The direct physical surface area utilised for salmon and trout production in Norway in 2013 was 21.09 square kilometres, upon which 1,243,000 tonnes of protein were produced from 573 localities. This implies an average production of 58,949 tonnes salmon/trout per square kilometre water surface area.

Every full-time equivalent in the production of fish for consumption generated an average value of NOK 3.5 million in 2013. By comparison, each full-time equivalent in agriculture had a value generation of NOK 360,000.

In terms of value generation per full-time equivalent, the figure for aquaculture is much higher than the average for mainland Norway. Value generation (contribution to GNP) is the value remaining after deduction of costs related to consumption of goods and services as part of the production process. The average value generation for mainland Norway was NOK 0.83 million per full-time equivalent, while the corresponding figure for aquaculture was NOK 3.5 million per full-time equivalent. A simple calculation tells us that with 2,527 employees, Lerøy Seafood Group made a contribution towards value generation of NOK 8,845 million in 2015.
The supplier industry is experiencing growth and the choice of suppliers and subcontractors will become increasingly important for the future development of the seafood industry.

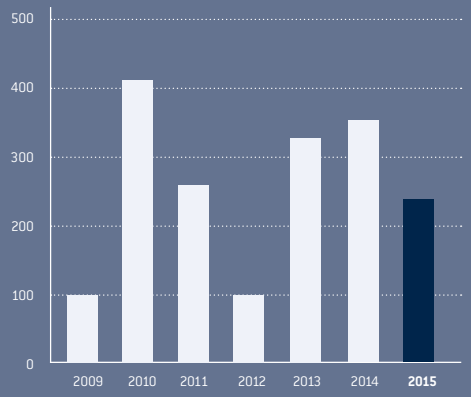
*SINTEF: "The significance of the fishing and agriculture industries for Norway in 2009 – a national and regional ripple effect analysis."
**SINTEF-report A26088 (2014): "Value generation and employment in the Norwegian seafood industry". Nofima, ripple effect analysis performed in 2014 based on figures from 2013.

Lerøy Seafood Group is an active supporter of children and young people by making contributions to local clubs and associations.

The elite group in the Norwegian Rowing Association enjoy some fresh shrimp after a tough training session.

IN 2015, LERØY SEAFOOD GROUP MADE A WIDE RANGE OF CONTRIBUTIONS TO MUNICIPALITIES AND LOCAL COMMUNITIES.

LERØY SEAFOOD GROUP HAS PAID A TOTAL OF NOK 1.8 BILLION IN TAX OVER THE PAST YEARS (TAX PAYABLE 2009-2015)



We had company activities in 52 different Norwegian municipalities

Our employees paid tax income to 131 different Norwegian municipalities at a total value of NOK 236 million

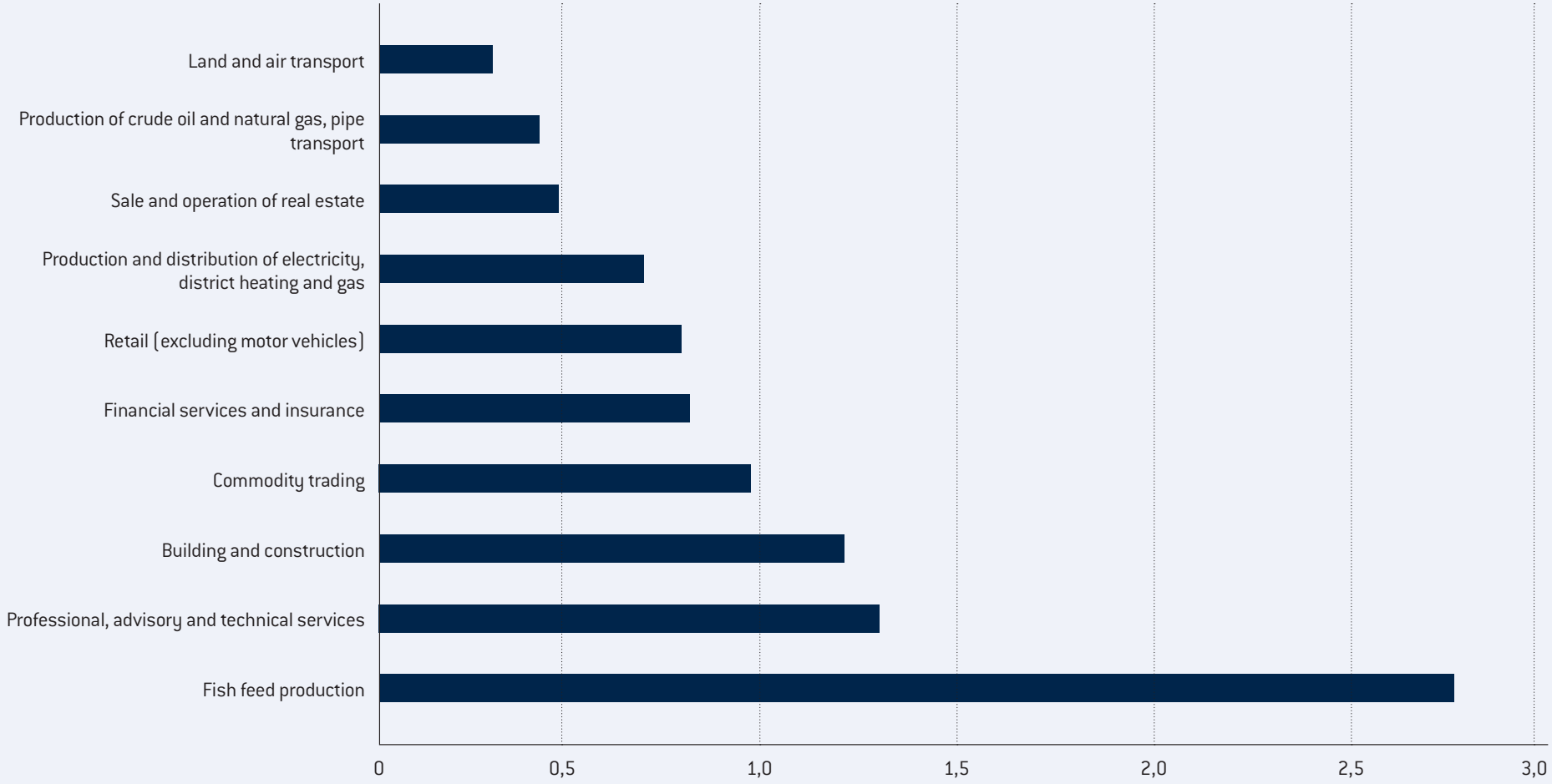
Tertnes

We purchased goods and services worth NOK 11 billion from 295 different Norwegian municipalities

*Our business in total generated value of NOK 8.3 billion**

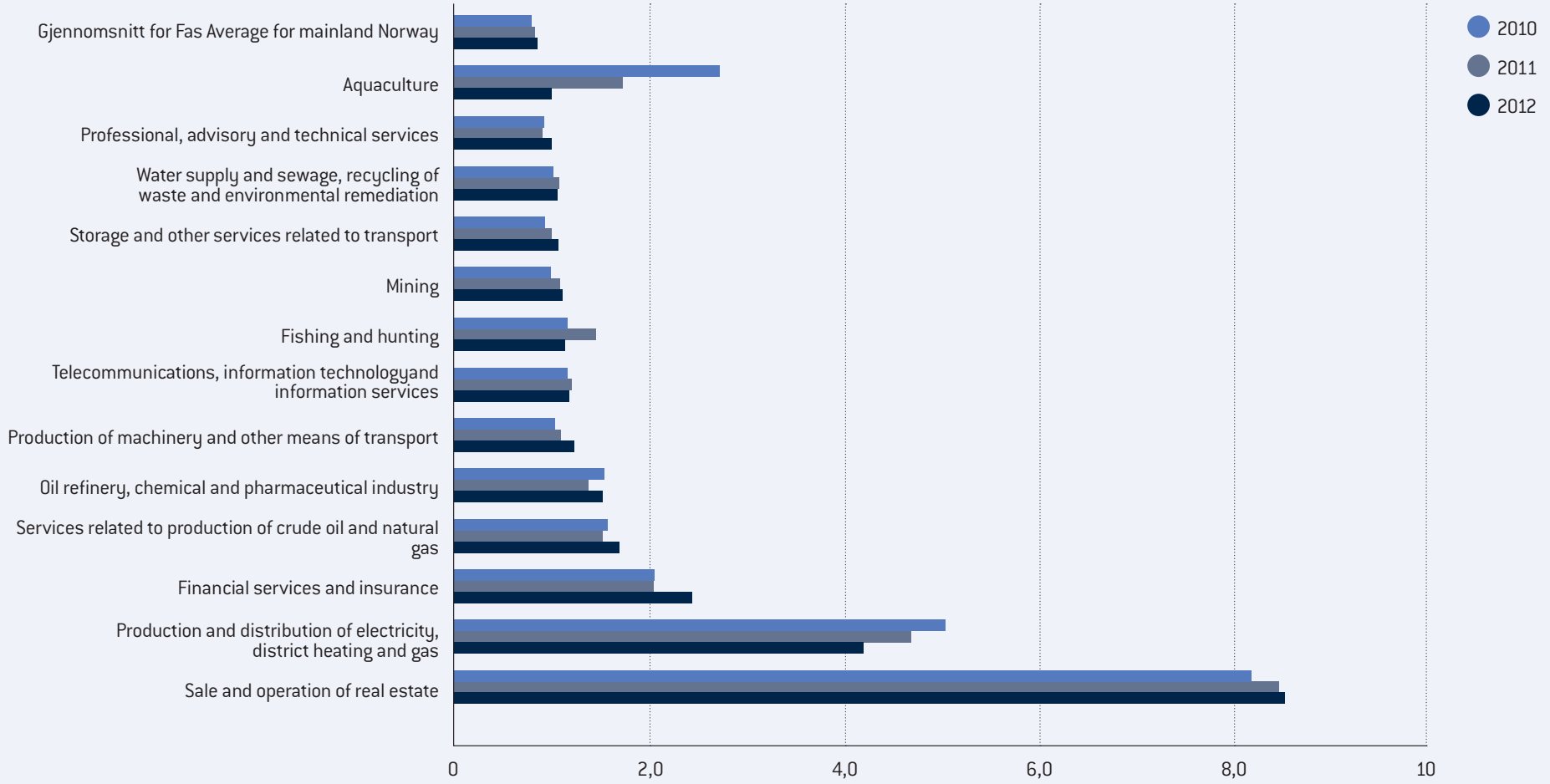
*Every full-time equivalent in the production of fish for consumption generated an average value of NOK 3.5 million. Source: The Nofima report entitled "National ripple effects of the fish farming industry". The figures are based on figures from 2013.

THE TEN INDUSTRY GROUPS WITH THE HIGHEST RIPPLE EFFECT (CONTRIBUTION TO GNP) GENERATED BY THE VALUE CHAIN BASED ON FISH FARMING IN 2012



Sandberg et al. (2014)

VALUE GENERATION (IN NOK MILLION) PER FULL-TIME EQUIVALENT FOR THE 14 INDUSTRY GROUPS IN NORWAY WITH THE HIGHEST VALUE GENERATION PER FULL-TIME EQUIVALENT IN 2012*

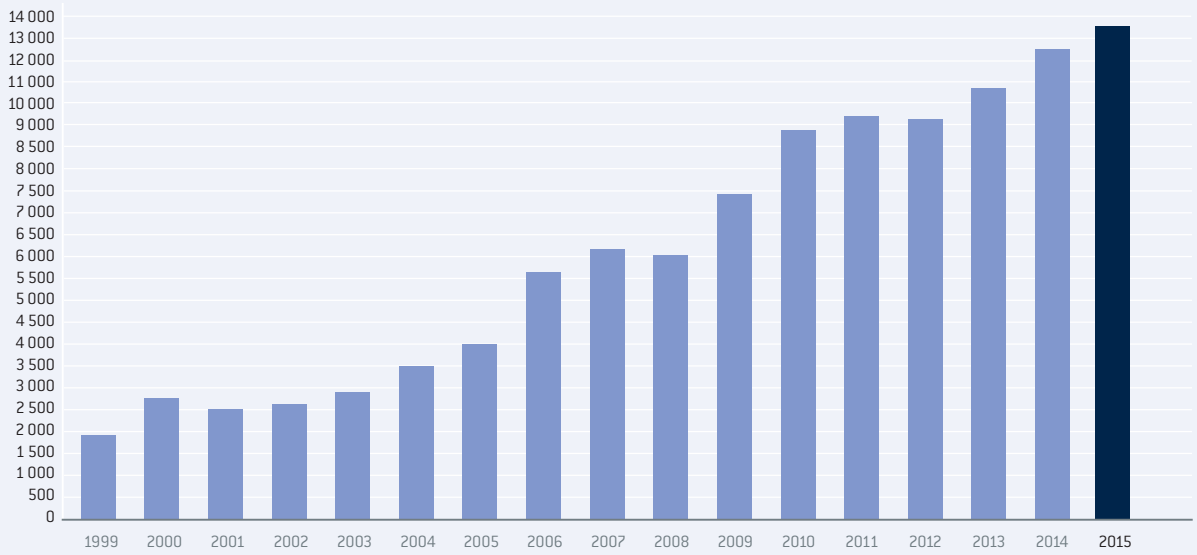


*based on provisional figures from the public accounts for 2012

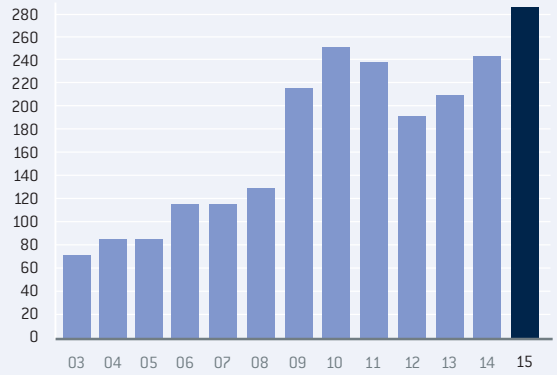
Sandberg, M., Henriksen, K., Aspaas, S., Bull-Berg, H., Johansen, U. (2014): "Value generation and employment in the Norwegian seafood industry – a ripple effect analysis with a focus on 2012." SINTEF Fisheries and Aquaculture and SINTEF Technology and Society, Report A26088

KEY FIGURES AND GRAPHS FOR THE GROUP

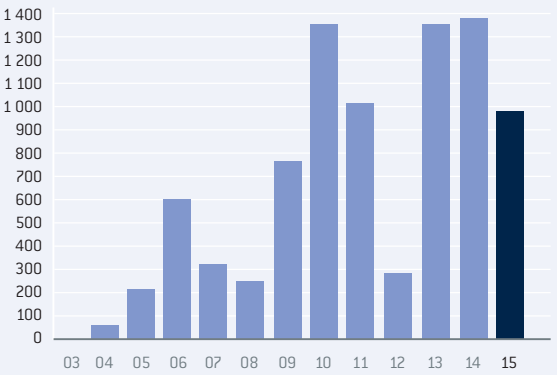
PROFIT PERFORMANCE (FIGURE IN NOK MILLION)



DEVELOPMENT IN OPERATING PROFIT FOR THE SALES & DISTRIBUTION SEGMENT (FIGURES IN NOK MILLION)

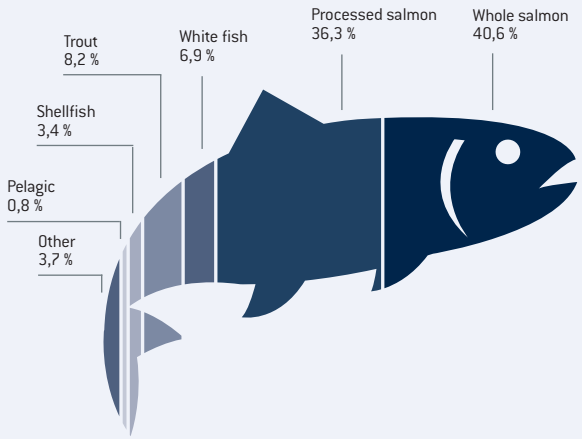


DEVELOPMENT IN OPERATING PROFIT FOR FARMING SEGMENT BEFORE VALUE ADJUSTMENT FISH IN SEA (FIGURES IN NOK MILLION)

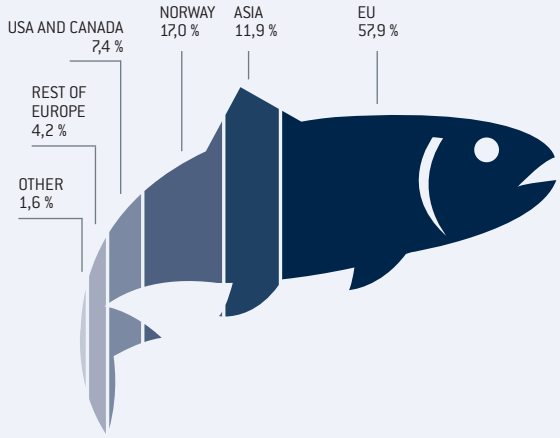


KEY FIGURES AND GRAPHS FOR THE GROUP

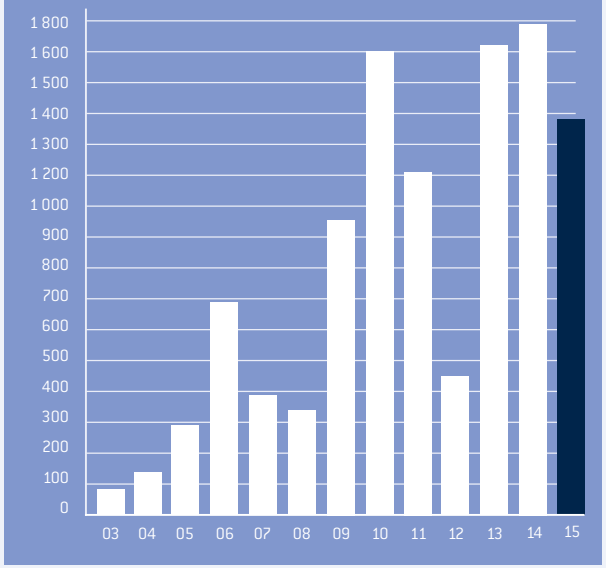
SALES BY PRODUCT 2015



SALES BY MARKET 2015



DEVELOPMENT IN OPERATING PROFIT BEFORE BIOMASS ADJUSTMENT LSG GROUP (FIGURES IN NOK MILLION)




LERØY