LERØY

GRI - REPORT 2015

GRI-REPORT 2015

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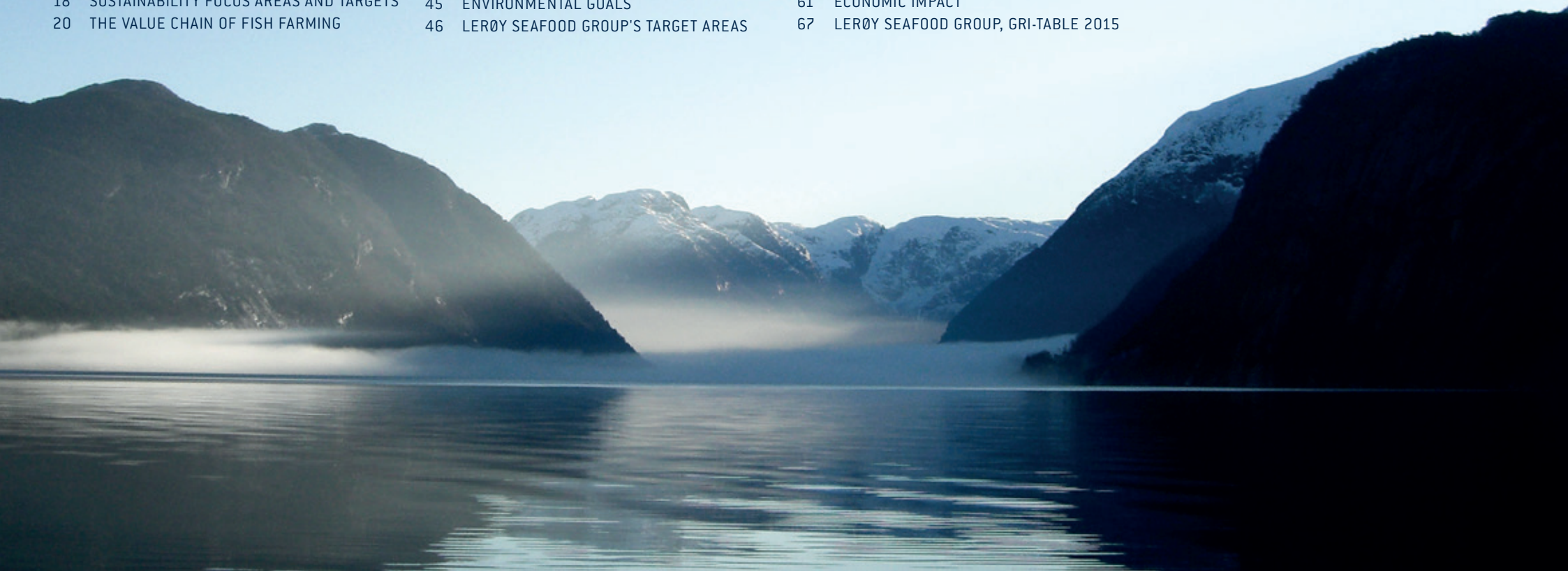


LERØY SEAFOOD GROUP

LERØY – IN EVERY KITCHEN

Lerøy Seafood Group is the leading exporter of seafood from Norway and the world's second largest producer of Atlantic salmon and trout. Our vision is "... to be the leading and most profitable global supplier of sustainable seafood", and every day we supply the equivalent of three million seafood meals to more than 70 markets worldwide.

The Group supplies a total range of seafood products from Norway including salmon, fjord trout, cod, saithe, mackerel, herring and shellfish. Lerøy Seafood Group is a wholly integrated company, carefully following each step throughout the entire value chain, from salmon egg to finished product.

Region	Licences	Smolt cap. (in mill)	2011 GWT	2012 GWT	2013 GWT	2014 GWT	2015 GWT	2016E GWT
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
Total 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 from and including second half 2014

** LSG's share of Villa Organic's volume in H1 2014, not consolidated

*** LSG's share, not consolidated

LOCAL ROOTS YET A GLOBAL PERSPECTIVE

WE HAVE OPERATIONS IN
52 MUNICIPALITIES IN NORWAY

- Farming
- Sales & Distribution
- VAP

1 **LERØY AURORA AS**
Number of licences: 26 • 2015 GWT: 29 200

2 **LERØY MIDT AS**
Number of licences: 57 • 2015 GWT: 71 400

3 **LERØY VEST AS**
Number of licences: 37 • 2015 GWT: 33 200

4 **SJØTROLL HAVBRUK AS**
Number of licences: 26 • 2015 GWT: 23 800

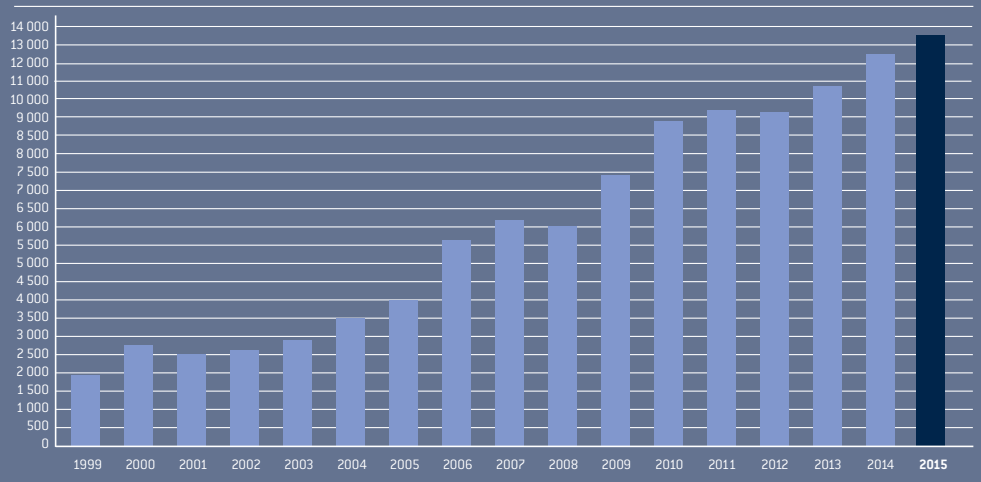
The Group's core activities are production of salmon and fjord trout, processing of seafood, product development, sale, marketing and distribution of seafood. Leroy Seafood Group has grown significantly both organically and through acquisitions over the last 15 years. In 2015 the Group had activities in 13 counties and 52 municipalities in Norway. The Group is a major employer in several of these municipalities and is grateful for the good support provided by both local and central public authorities.

In countries outside Norway, the Group is most active in Sweden and is well established in Stockholm, Gothenburg, Malmö and Smögen. In other countries, the Group has a global sales network made up of subsidiaries in Finland, Denmark, the Netherlands, France, Spain, Portugal and Turkey, and sales offices in China, Japan and the USA. In addition, the Group provides national distribution of fresh fish to the Norwegian market through wholesalers in Bergen, Oslo, Stavanger and Trondheim. Moreover, the Group has 14 processing facilities located in different European countries.

The Group aims to take good care of the environment, the fish we produce, and all people involved in our business. High quality is ensured by control systems and Lerøy is committed to food safety and delivers full traceability on all of its 2,500 products. In a global perspective, the production of Atlantic salmon and fjord trout is one of the most sustainable and environmentally friendly methods of food production that exists. However, the Group maintains a strong focus on the potential challenges represented by point pollution and other environmental impacts of the business. The Group's business is closely related to the natural conditions in Norwegian and international sources of fresh water and marine areas, and access to clean water and clean sea is a prerequisite for the Group's operations. The Group makes continuous investments to minimise its impact on the environment, and to maintain correct environmental attitudes among management and employees. At year-end 2015, the Group had 2,527 employees. In 2015, the Group produced 157,697 tons of salmon and trout, and exported seafood for more than NOK 13,45 billion.

GLOBAL PRESENCE

TURNOVER (NOK MILLION)



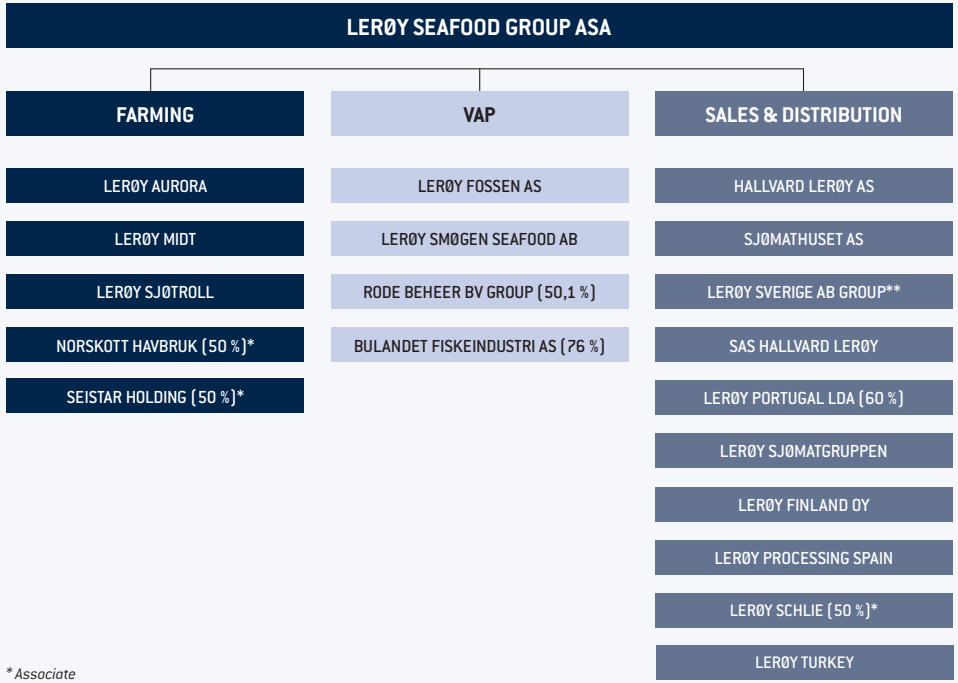
LERØY SEAFOOD GROUP, VALUE CHAIN AND THE DIFFERENT COMPANIES

One paramount 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 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 (S&D). The Group views its operations as regional with a global perspective. The Group aims to be an enterprise with local roots in communities where they have operations, thereby making a contribution to all local communities irrespective of region and nationality.

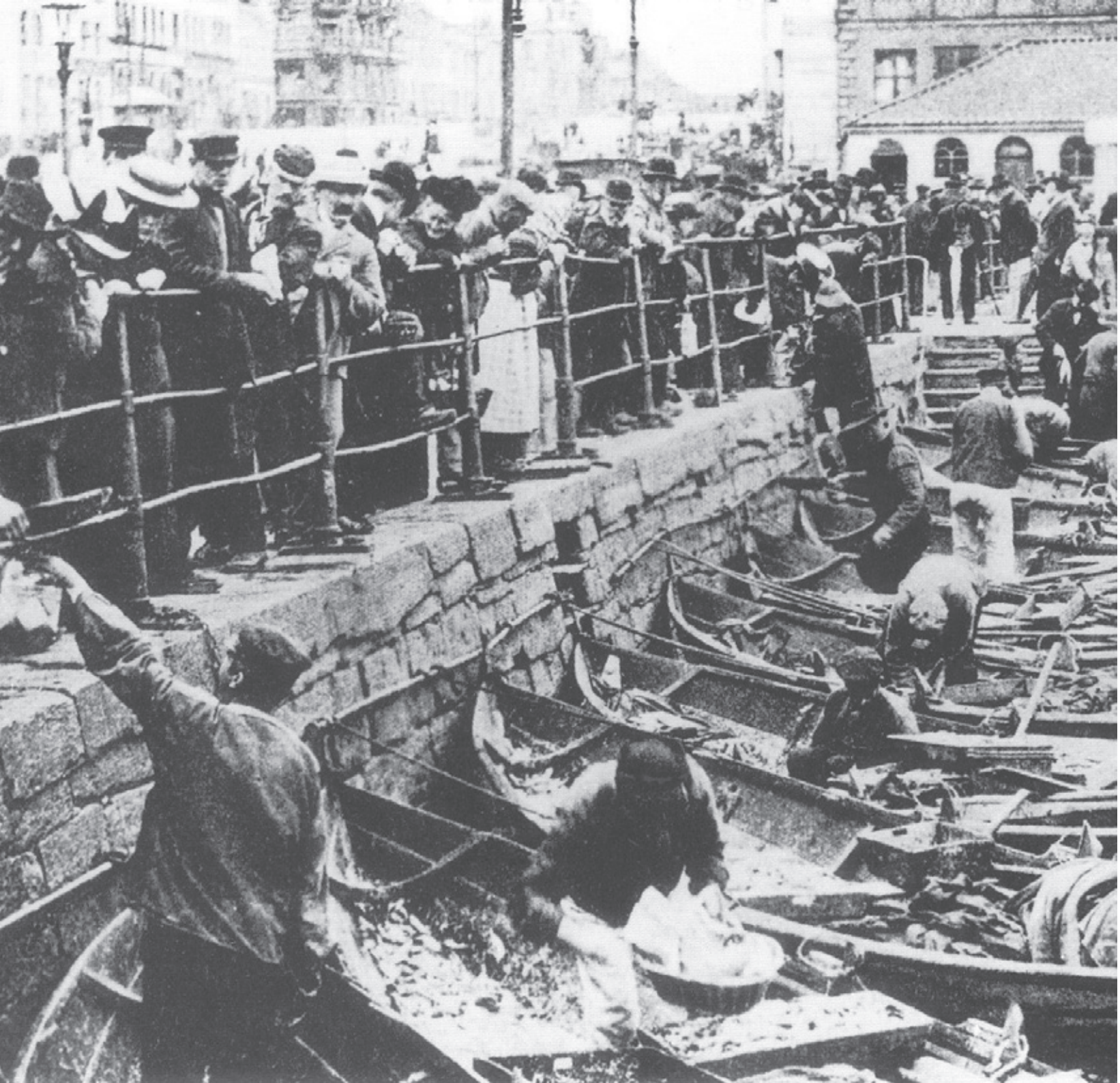
The Farming segment comprises the Group's activities involving production of salmon and trout and includes harvesting and an increasing volume of filleting. The Group companies in this segment represent a major employer along the Norwegian coastline, and strive to be visible and supportive in all operating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

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

The Sales & Distribution segment has a global reach, and is involved in sales, market development, product development, distribution and simple processing of the Group's own raw materials, but also a large volume of raw materials from partners and the Group's network of suppliers.



** Associate*
*** Excluding Lerøy Smøgen Seafood AB*



HISTORY AND 2015

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 on the Bergen fish market. The fish was hauled to market in a corf behind Ole Mikkel Lerøen's rowing boat, a journey that could take between 6 and 12 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 sr. and Elias Fjeldstad, established what today has become one of the Group's principal sales companies – Hallvard Lerøy AS. Since its establishment, the company has been a pioneering enterprise in a number of fields in the Norwegian fishing industry. The company's main focus has constantly been on development of markets for seafood, and the pioneering spirit is still very much alive in the Group.

IMPORTANT EVENTS 2015

PRODUCT DEVELOPMENT

- Lerøy consolidates their position as Norway's largest supplier of sushi
- Lerøy develops a delicious new dish – oven-ready cod with herb butter
- Developments to the category by supplying sliced salmon for buffets
- Launch of panco-crusted fillet of cod

ENVIRONMENT

- Further development of Ocean Forest
- LSG established as one of the largest producers of lumpfish
- Start-up of construction of Preline, closed containment facility for smolt
- Zero use of antibiotics for salmon in the sea since 2011
- Focus on various R&D&I projects within the environment and sustainability

STRATEGIC EVENTS

- Opening of Sjømathuset in Oslo in February. Norway's largest and most modern facility for freshly packaged products.
- 8 licences from Villa Organic AS were merged into Lerøy Aurora
- Agreement signed for the acquisition of seafood distributor Alarko in Turkey
- Purchase of 34% of lumpfish producer, Norsk Oppdrettsservice AS

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 – give 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, made adaptations to production at sea, but also taken measures to satisfy the market demand for all-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 their first volume of smolt from their 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 on 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 building and operating post-smolt facilities for the future.

Lerøy Seafood Group and Bellona operate the R&D company Ocean Forest AS. This company's goal is to exploit nutrient salts discharged from fish farms. Developments remain at an early stage, but the main aim is to achieve **increased exploitation of resources**. More specifically, Ocean Forest is involved in the production of mussel flour 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 on new retail markets, including Finland and Spain. The Group has sustained its positive trend within product development in 2015, with the launch of a number of innovative products and new product types, mainly within freshly packaged fish.

On the marketing side, the Group has achieved a solid position for growth in new geographical areas via their investments in Turkey. The Group's shareholding in Lerøy Turkey (former Alfarm Alarko Lerøy) was increased from 50% to 100%

Trout - a stunning colour and delightful texture

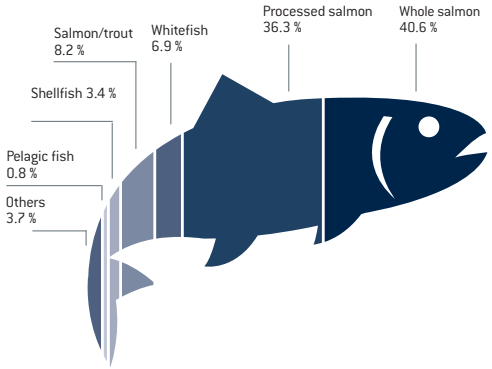
THE PRODUCTS

The Group divides its products into four main areas: salmon products, whitefish, pelagic fish and shellfish. The distinction between farmed species and wild fish is significant and requires different logistics and working methods. These products are distributed on the Norwegian market and more than 70 other markets worldwide.

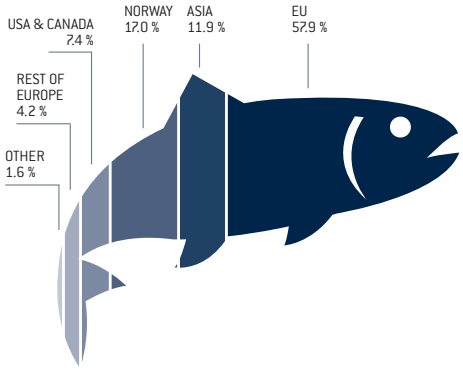
The Group's strategy is to meet the market's ever-increasing demands for food safety, quality, product range, cost efficiency and continuity of supply. This is achieved by coordinating the various elements in the value chain: the production units, the Group's sales network and established strategic alliances with sea farms, fishing vessels and fish processing plants primarily along the coast of Norway.

The Lerøy Seafood Group has a large portion of fresh fish products in its product range. At present the share of fresh fish products is more than 80%. After Atlantic salmon and trout, whitefish is the largest product area. In recent years, this product area has developed favourably through cooperation with a number of small and medium-sized companies. Lerøy Seafood Group is also a supplier of shellfish and fresh pelagic fish to Norwegian and European markets. The sale of shellfish and fresh pelagic fish represents a small but interesting niche product area.

PRODUCT AREAS YTD 2015



GEOGRAPHIC MARKET YTD 2015



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. Turnover for the year amounted to NOK 13.5 billion, up almost NOK 1 billion from 2014 and the highest turnover in the history of the Group. I am delighted to see that we are continuing as we have for the past 25 years to achieve growth, 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 unfortunately lower than in 2014, down from NOK 1,788 billion to NOK 1,380 billion. 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 a 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 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. All these entities have 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 the 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 on 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 are in dire need of more such forward-looking measures that can promote increased value generation.
The Norwegian coastline seems designed for fish farming and for the production of Atlantic salmon and rainbow trout in particular. When 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 facilities in use in Norway for fish farming has practically been halved, while salmon production has almost doubled in volume. The transition to fewer, larger facilities 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. Spin-off effect analyses 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, and 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.

We also experienced a tragic and unfortunate incident in 2015. On 31 August 2015, the worst possible accident occurred and we lost our colleague, Frode Pletten, in an accident at our facility in Ålforo in Fitjar. Frode was a very talented and highly respected colleague, with a vast capacity and enthusiasm for work. He was a joy to work with and a supportive colleague for all his co-workers. Frode will be missed both as a colleague and as a friend.

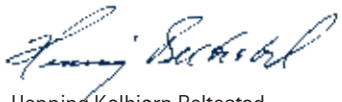
VAP

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, turnover and earnings. VAP currently comprises four factories with a wide product range and diverse number of 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 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 over a one-year period. If we are to achieve optimal operations and provide a reliable workplace for all our employees, we need to increase stability in our production of salmon and trout throughout the year. A more flexible MAB scheme would be an important factor in achieving this goal.

SALES & DISTRIBUTION

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 a remarkable development within this segment via major investments in our distribution network throughout Europe, but also dedicated employees who work hard to ensure that our customers receive deliveries of fresh seafood every day. 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

GOVERNANCE

When recruiting board members, the Group's owners have already for many years taken into consideration the Group's need for varied expertise, continuity, renewal and changes in ownership structure.

In 2015, the Board of Lerøy Seafood Group had Helge Singelstad as the Chairman, and the six Board members were Arne Møgster, Britt Kathrine Drivenes, Hege Charlotte Bakken, Hans Petter Vestre, Marianne Møgster and Didrik Munch. Read more about the board members in the Group's annual report. Neither the CEO nor other senior executives in Lerøy Seafood Group ASA are members of the company's Board of Directors.

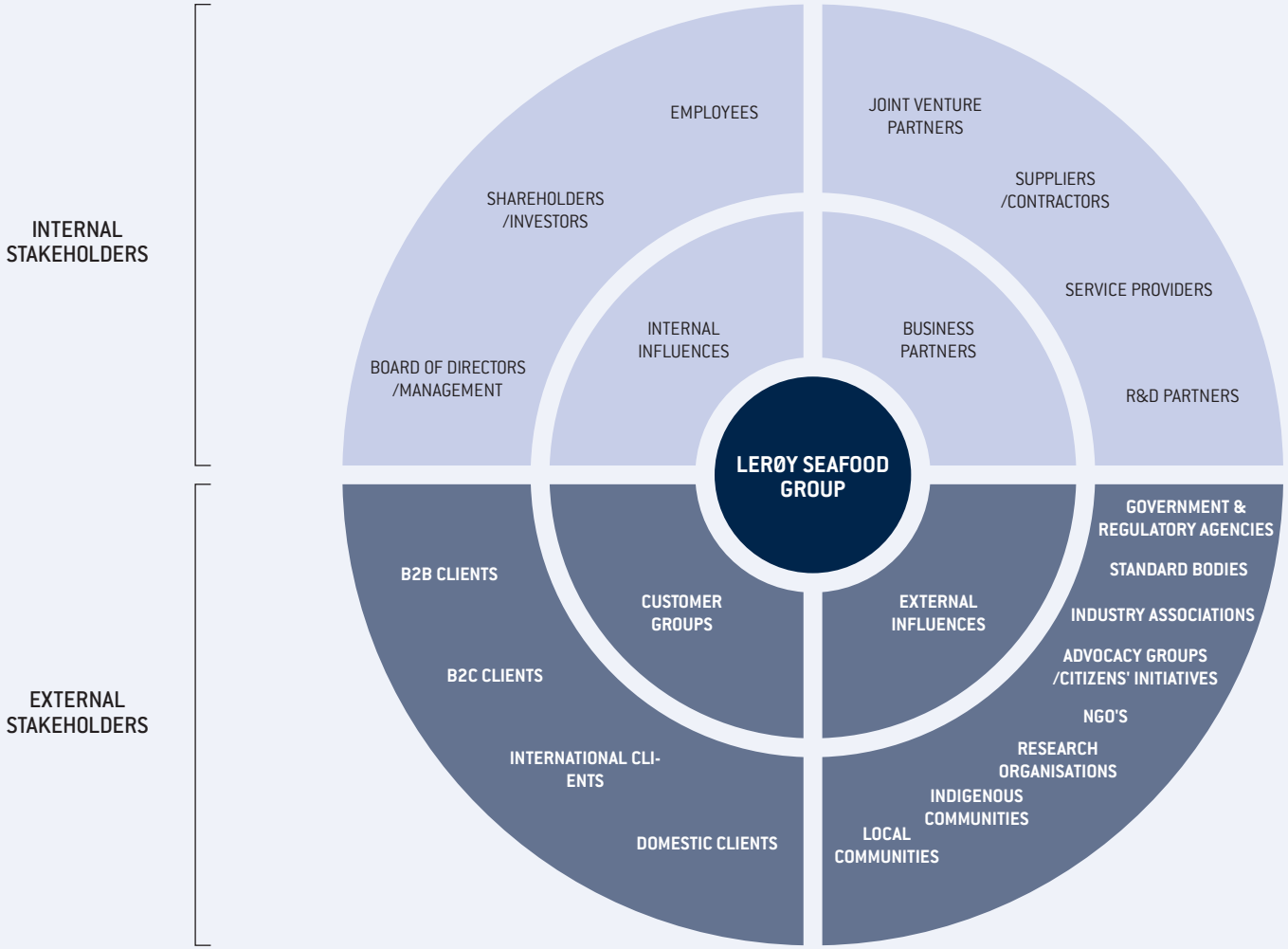
STAKEHOLDERS

A Stakeholder is an accountant, group, organisation, member or system who affects or can be affected by an organisation's actions. Lerøy Seafood Group has different stakeholders and communicates with these via,: meetings, annual reports, environmental reports, GRI reports, CDP reports, communication in media, announcements, registrations, public reporting, joint projects, partnership agreements, stock exchange, websites etc.

Good communications with stakeholders is important in our daily work. In a new process, we analyse our stakeholders on the basis of their influence on our organisation. This helps us to identify how to engage them more effectively, yet more importantly ensures shared value on both sides of the table.

Keywords:

- Acceptance of topics chosen
- Different perspectives on impacts
- Problem identification
- External impression
- Knowledge



MATERIALITY ANALYSIS

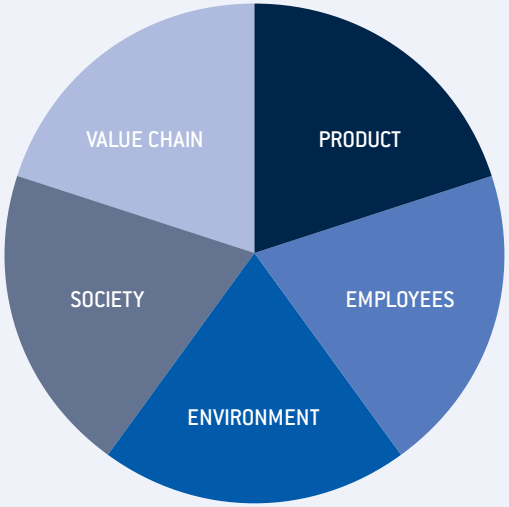
Lerøy Seafood Group conducted a materiality analysis in autumn 2015. The study was carried out by a third-party company, PwC, which conducted interviews with a sample of our key external and internal stakeholders. The interviews were conducted by telephone or face to face. The stakeholders were weighted to reflect their importance to Lerøy.

The aim of the analysis was to find out which areas our stakeholders consider to be important to report on, and whether these match the areas we ourselves consider important.

The materiality analysis has identified five main areas:

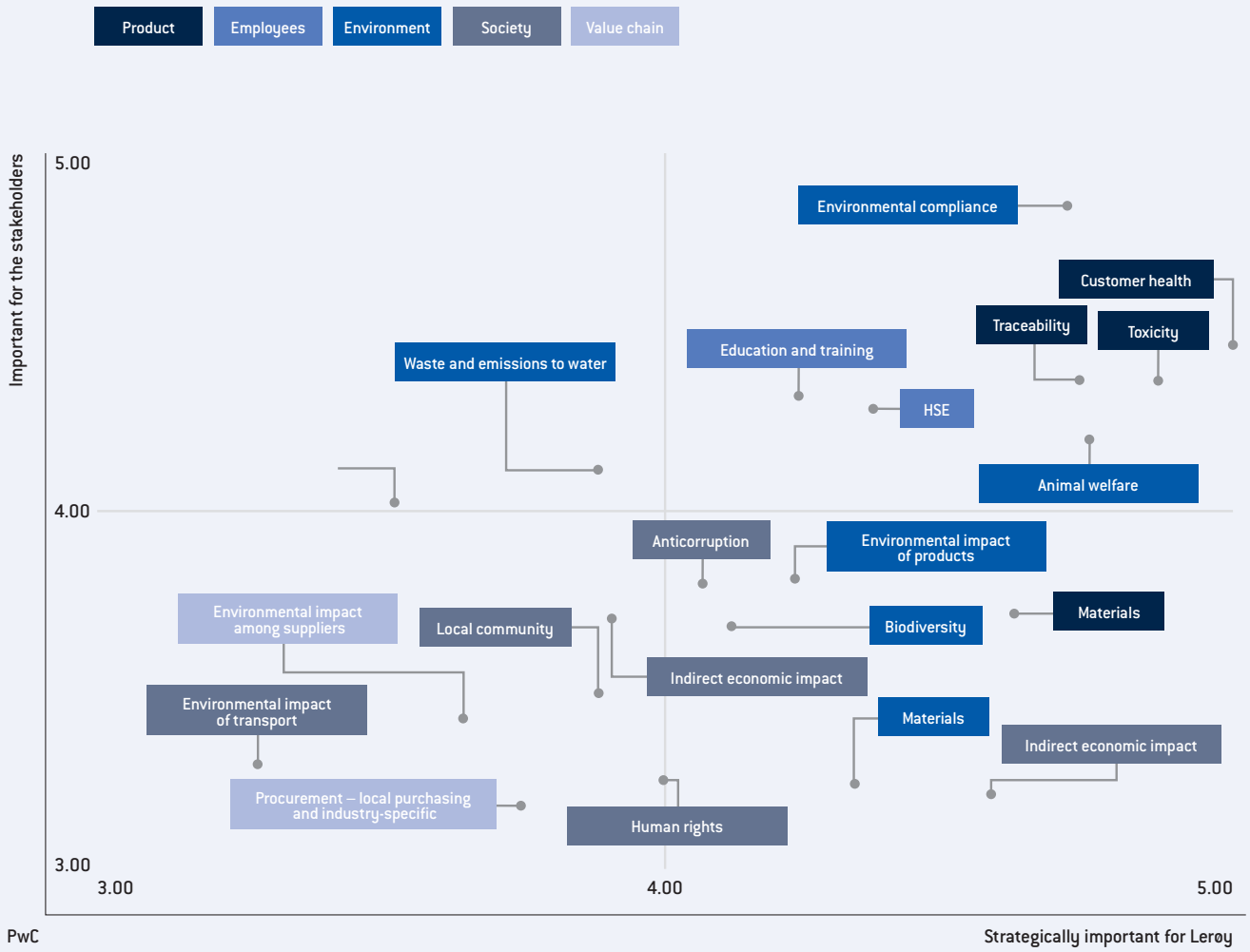
- Value chain
- Product
- Employees
- Environment
- Society

The importance attached to topics within these five areas varies among stakeholders.



FINDINGS FROM STAKEHOLDER DIALOGUE

Overview of the most material aspects



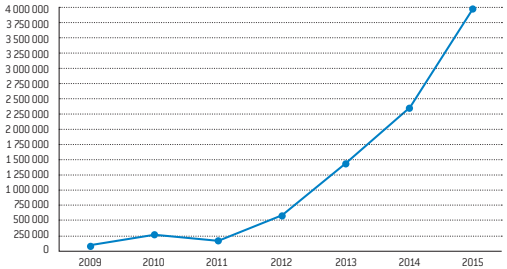
LERØY WORLDWIDE

PERSPECTIVES FROM DIFFERENT COMPANIES IN LERØY SEAFOOD GROUP:

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.

MSC AND KRAV LABELLED PRODUCTS SOLD IN SWEDEN 2011 – 2015 (KG)



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.

FISHCUT AND EUROSALMON TARGETS AND PERFORMANCE IN 2015

Fish Cut	Target 2015	Result in 2015	Target 2016
Strømforbruk	0,420Kwh/kg	0,38	0,420Kwh/kg
Vannforbruk	2,60L/kg	3,13	2,60L/kg
Totalt sykefravær	< 4,19	3,91	

Eurosalmon	Target 2015	Result in 2015	Target in 2015
Strømforbruk	0,400 KWh/Kg	0,158	0,400 KWh/Kg
Vannforbruk	2,50L/kg	2,36	2,50L/kg
Totalt sykefravær	< 4,92	5,73	< 4,92

ENVIRONMENTAL AND SUSTAINABILITY MANAGEMENT

The CEO of Lerøy Seafood Group has main responsibility for the environment and sustainability, whereas the Corporate Social Responsibility (CSR) is responsible for coordinating the efforts of all companies within the Group. 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 of decisive importance. The Managing Directors of each subsidiary are responsible for their companies' performance, and are supported by the Quality Managers who perform daily follow-up within the companies.

In order to develop internal competencies, a number of competency groups have been set up in Lerøy Seafood Group. The competency group for quality and the environment is made up of Quality Managers and led by the CSR Supervisor. In addition, the CSR Supervisor holds regular meetings with representatives from the other competency groups, where quality and the environment are on the agenda.

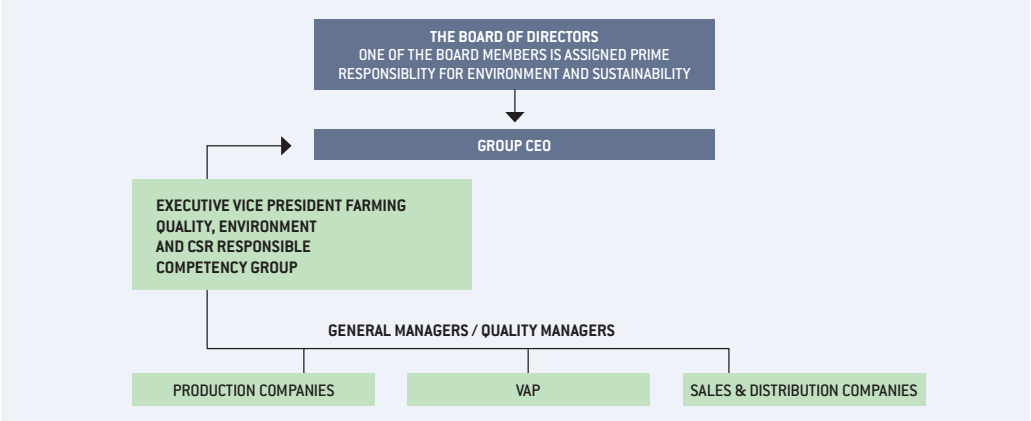
Lerøy Seafood Group has established competency groups within:

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

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 rules and regulations of our industry.

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



Lerøy Seafood Group will continuously seek to introduce improvements that will reduce pollution and help protect the environment. Our employees will focus on the company's environmental targets. In fact, Lerøy Seafood Group will include the environment as one of its main focus areas in the future, in terms of both employees and our products.

ETHICAL GUIDELINES

Lerøy Seafood Group is a corporation involved in global business and working relationships with suppliers and subcontractors worldwide. 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 guidelines have been reviewed by the Board of Directors and implemented in every Group company. The Group is responsible for ensuring practice of these ethical guidelines, but each employee also bears an individual responsibility to follow the guidelines when carrying out tasks for the Group. The company management is responsible for ensuring full practice of and compliance with the ethical guidelines. The set of ground rules has been divided into two separate areas and comprises the following:

Part 1: Factors relating to the company, suppliers and subcontractors.
Part 2: Factors relating to the individual employee.

Our goal is to combine healthy business management with a clear responsibility for society and the environment. As a general rule, Lerøy Seafood Group together with its suppliers and subcontractors shall fully comply with legislation in respective countries. The Group has a principal rule that the strictest requirements shall be met. In the event of deviations, measures shall be implemented to improve the situation.

The Group's goal is to contribute towards improving human rights, labour rights and environmental protection, both within the Group, in relation to our suppliers and subcontractors and in relation to trading partners. The Group did not expose any cases of corruption in 2015. Lerøy Seafood Group does not support individual political parties or individual politicians, but the Group takes part in public debate when in the interests of the Group. Environmental aspects shall be taken into consideration throughout the production and distribution chain, from production of raw materials to sales, and shall not be delimited to the Group's own activities. All attempts shall be made to safeguard local, regional and global environmental aspects. Aspects regarding animal ethics shall also be taken into full consideration.

Lerøy focuses on a good working environment, where job satisfaction is essential for the performance of important tasks. The photo above is from Lerøy Midt's new hatchery facility in Belsvik, Sør-Trøndelag.

SUSTAINABILITY FOCUS AREAS AND TARGETS

For Lerøy Seafood Group, it is essential to maintain a constant focus on areas where we have the greatest influence in terms of sustainability. We have therefore carried out a critical evaluation of the value chain and our working processes, and concluded that we currently have the greatest influence within the area of our fish farming activities. A major share of our efforts related to the environment and sustainability will therefore focus on fish farming.

Lerøy Seafood Group works hard to constantly improve the interaction between fish farming and the environment, aiming at generating positive and lasting environmental benefits. The Group has five main elements related to environmental work within fish farming activities:

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

The Group's fish farming companies have established a clearly defined set of goals for each operational segment and have developed operating procedures to ensure that they can reach these goals. The Group also carries out regular internal and external audits to ensure full compliance between operating procedures and proper conduct. In addition, the Group has implemented advanced technology to secure and monitor performance, and environmental requirements on our suppliers.

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 both the environment, the fish farming industry and our coastal communities.

KEY PERFORMANCE INDICATORS (KPI)	TARGETS FOR 2015	STATUS 2015	TARGETS 2016
1. Work to prevent accidental release of fish			
LS G KPI 1: Accidental release	0	7340	0
2. Measures to reduce salmon lice			
LS G KPI 2: Lice	0.1	Target achieved	< 0,2
LS G KPI 6: Use of medicines	Max. 4 chemical delousing procedures per generation in south / max. 1 in north	2,61 chemical delousing presedyres per generation in south and middle. 1 in north	1,5
3. Fish health and fish welfare			
LSG KPI 3: Mortality per generation	7.0 %	NA, due to new method for measuring	94
LS G KPI 4: Density	25 kg /m^3	Target achieved	Max. 25 kg/m^3
4. Efficient utilisation of land and sea areas 5. Reduction of discharge of nutrient salt per location			
LS G KPI 5: Location status	Max. average MOM-B per location: 1.5	Target achieved	Average 1,5
LS G KPI 7: Biological feed factor	Biological feed factor: 1.09	Target achieved	1,00
LS G KPI 10: Reduction of discharge of nutrient salts	R&D via Ocean Forest		Ongoing process
6. Other			
LS G KPI 8: Complaints from stakeholders	All complaints shall receive a written response	Target achieved	All complaints shall receive a written response
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 / ton produce	Each company establishes individual targets		
Water consumption in m^3 per ton produce	Each company establishes individual targets		
The share of packaged raw materials shall be increased (the term packaged raw materials is defined as commodities)	Each company establishes individual targets		

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.

ROE PRODUCTION

Lerøy Seafood Group has capacity to produce 130 million fertilised eggs per year. In 2015, the Group's production volume was 102 million fertilised eggs and the Group imported 12.5 million fertilised eggs.

The majority of the Group's production activities are certified according to Global Gap 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 from October to 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 can produce 51 million smolt per year in its subsidiaries. In 2015, the amount of smolt produced was between 45-55 million. Smolt production takes place in an onshore facility in fresh water, where hatched larvae are delivered from producer to individual young fish facilities. 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 regionalised its production of smolt in order to ensure optimal adaption of smolt quality.

Lerøy Seafood Group is mainly self-sufficient with smolt from its own young fish facilities. Selection of the smolt produced by Lerøy is based on traditional breeding methods, which are very similar to traditional breeding methods for livestock and poultry. The breeding programme for salmon is family-based, using a systematic measurement of the 22 different properties of Atlantic salmon. By measuring and keeping control of these properties, there is a good basis for selection for maximum genetic progress and minimal degree of inbreeding. New selection methods based on genetic markers have also been implemented in recent years.

FISH FARMING

Production of salmon takes place in carefully selected locations in the sea. An optimum environment must have good flow of water and the correct temperature range, topography, oxygen content and exposure. Once the location has been approved by fishery, environmental and coastal authorities, the cages (nets and floating devices) are installed at the location so that the fish will have the best possible environment. All parts of the production equipment are certified in accordance with a specified Norwegian standard: NS 9415 for floating fish farming installations.

Once the smolt are carefully assessed to determine whether they are ready for sea water, they are released to sea. Production in these facilities takes from 12 to 20 months, depending on temperature, genetic potential and the quality of the farming and care of the fish during this period. Production is monitored in the individual cages, where cameras and sensors ensure optimal feed and control to ensure optimal growth, fish health and welfare, and to prevent discharges to the environment.

PRODUCTION

Production at Lerøy is defined as slaughtering and processing. These processes take place in modern factories designed for the production of food and approved by the proper authorities. The fish is anaesthetised and put to death in accordance with set rules to avoid unnecessary suffering and to ensure high product quality. Lerøy Seafood Group has six facilities in Norway involved in slaughtering, packing and processing of salmon and trout. In addition, the Group has two plants that produce sushi and whitefish. Abroad, the Group has 14 plants that produce various seafood products where salmon products are the main focus. All of the facilities meet prevailing requirements regarding discharges to the external environment.

WORLD'S BIGGEST HATCHERY OPENED IN BELSVIK, NORWAY

In August 2013, Lerøy opened one of the world's biggest smolt plants, in Belsvik, Norway. The plant is also foremost in the world when it comes to recycling, as it reuses 98% of all water in the plant. The facility has a flow-through system and is able to produce 14 million smolt a year. The plant is strategically located in Belsvik, with short distances to Lerøy's aquaculture farms in Central Norway.

Concern for the environment has influenced the design, development and operation of this new facility, resulting in major changes to production systems and to new and eco-friendly methods:

- Water consumption: Use of recycling technology throughout the facility enables a 98-99% reduction in water consumption compared with conventional "flow-through" facilities, thereby preventing the need for major installations in the landscape, such as dams and pipelines. There is also very little impact on the biological diversity in the water source when compared with a flow-through facility. Water consumption in 2014 in Belsvik was 1.3 million m3 compared to the average amount of 65 million m3 required for corresponding production in a conventional facility. Water consumption at the facility has been approximately 3,000 litres per minute.

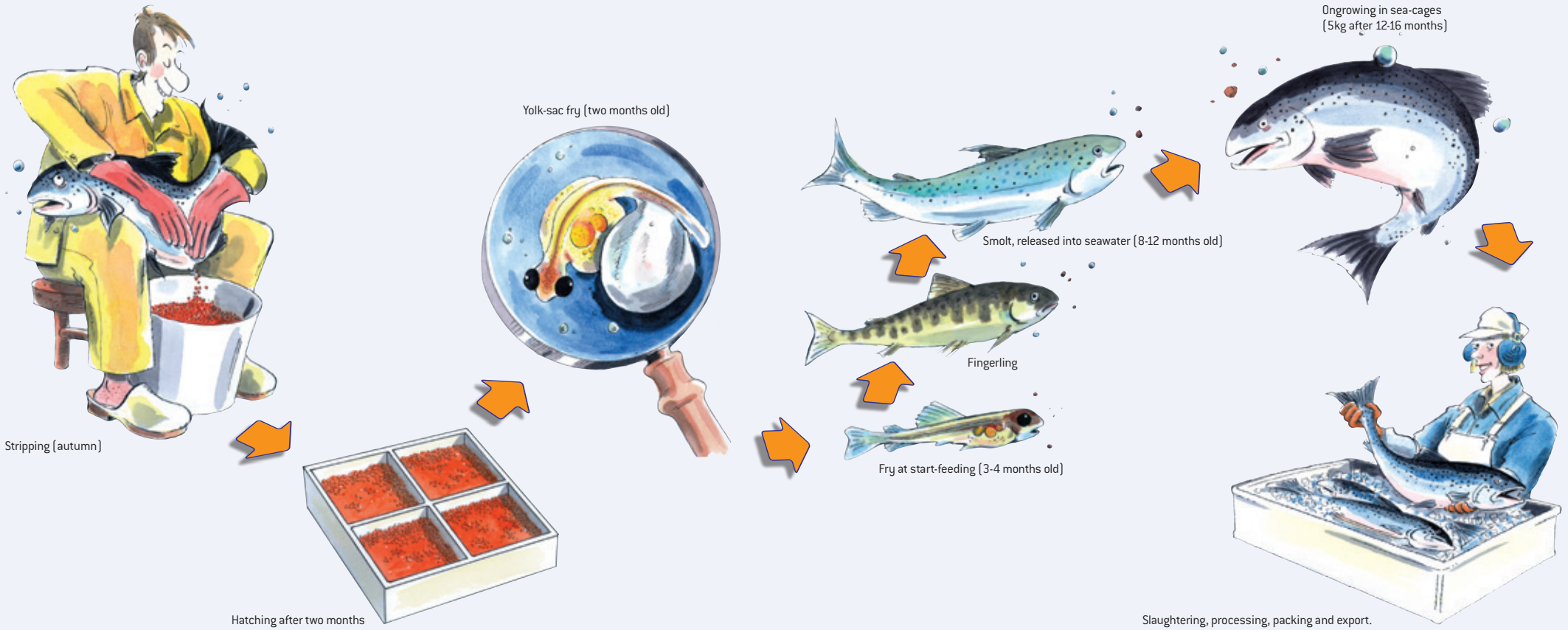
- Energy: The consumption of energy is lower in a facility using recycling technology compared to a flow-through facility. Although energy is required to pump and purify water, there are substantial savings to be made through utilising the energy of heated water. Heat energy at the Belsvik facility is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

- Sludge: Sludge generated in the mechanical filtering of water is set aside and preserved at the recycling facility. Sludge is a by-product, which can be used as soil improvement or fertiliser, or for the production of biogas.

Emissions to the recipient has been within the permitted levels with an average capture rate of suspended solids at 79.7% and 64.8% of organic matter (BOD). All accumulated sludge and organic material has been delivered to the biogas production

- Spills: Waste waters in a recycling facility pass through several filters and treatment 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 for accidental release than with conventional facilities.

The Group's environmental goals in 2013 focused on the transition to more eco-friendly operations, based on renewable energy sources and improved energy re-use. The opening of the Belsvik facility was a huge step forward in the right direction for Lerøy, with its high focus on energy efficiency.



FROM ROE TO PLATE

Stripping: The brood stock 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 80°C to hatch out.

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

Smolt: After about one year in a hatchery tank, the salmon have grown enough to be set out in seawater. At this point they have already undergone physiological changes that enable them to live in the sea. An average smolt weighs 80-100 g when it is released into the sea. Smolt used to be set out in the spring, but this now also takes place at other times of the year.

On-growing in the sea: After just over12-16 months in the sea cages, the salmon have grown to a weight of about 5 kg. The rate of growth depends, among other factors, on the water temperature.

Well-boats: Well-boats are used to transport both smolt from the hatchery to the on-growing farms and fully-grown live salmon from farms to the slaughterhouse. All salmon are slaughtered in specialised fish-processing plants. They are anaesthetised before they are slaughtered and are then immediately cleaned, sorted, chilled and processed for further transport. Some fish are smoked or turned into fillets or "table-ready" products, but most are sold as cleaned whole salmon.

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

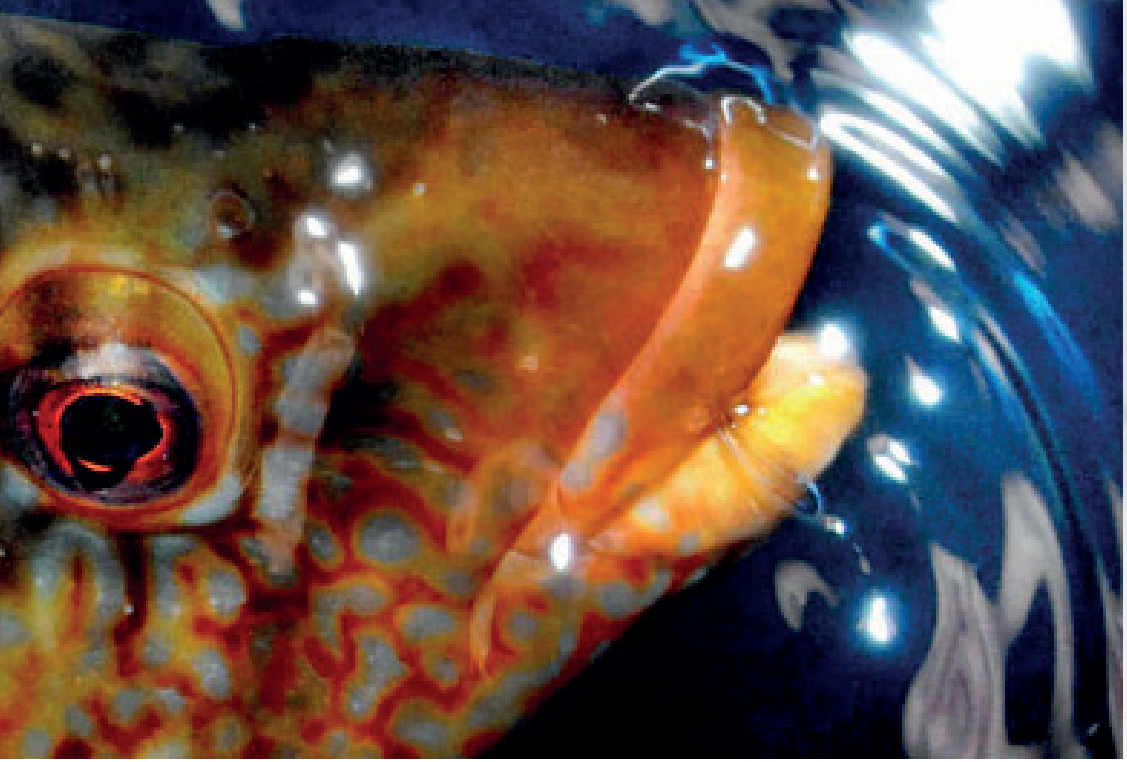
RESEARCH, DEVELOPMENT AND INNOVATION

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 the 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) Combating salmon lice
2) Feed/feed utilisation/feeding strategies
3) Fish health
4) Technology
5) IMTA

An increase in innovation is increasingly underlined as a fundamental element for the future of Norway. 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.

Preline, contructions



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:

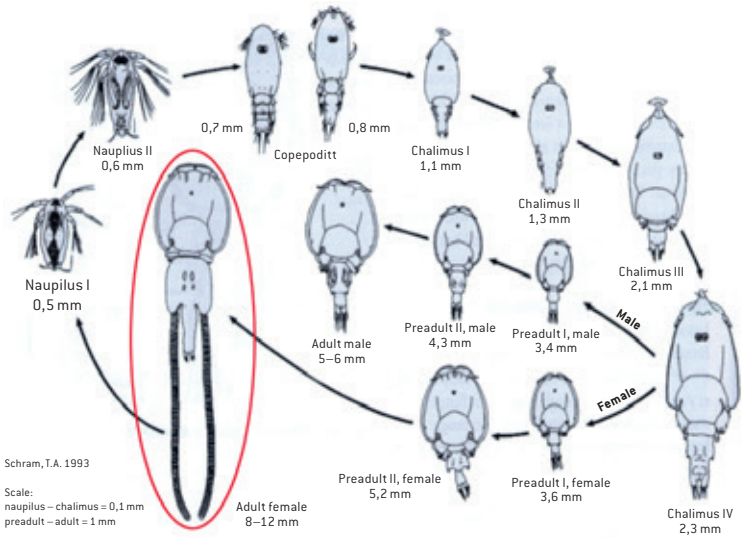
1) keep the salmon away from lice
2) keep the lice away from salmon
3) destroy the lice before they find the salmon
4) destroy the lice once they have attached to the salmon

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.



Sea lice: Lepeophtheirus salmonis

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.

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

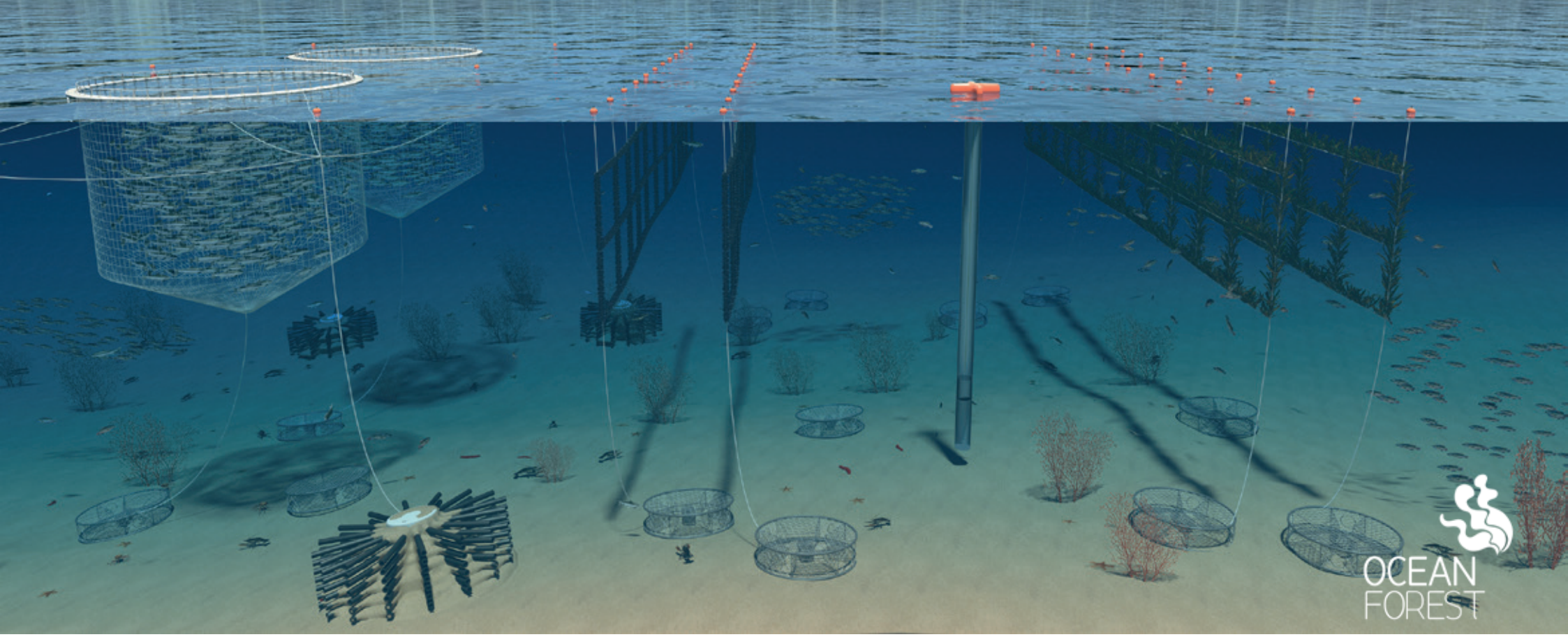
Feed is the largest individual input factor for Lerøy Seafood Group and we place a significant focus on optimal and cost-efficient utilisation of feed. Lerøy Seafood Group works closely with our feed suppliers to influence the further development of feed composition in order to ensure that it is as highly 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.



KEY PROJECTS FOR SUSTAINABILITY

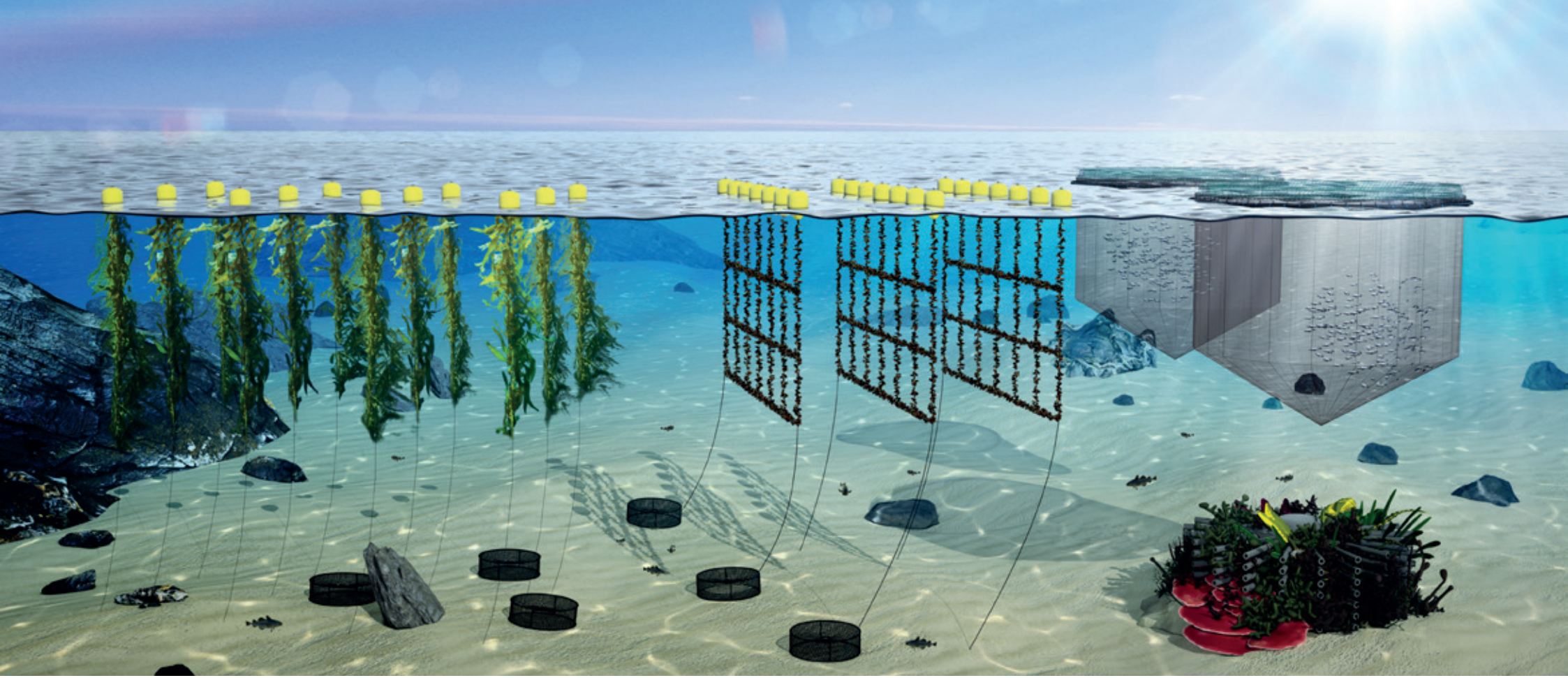
OCEAN FOREST

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.

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.

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

PRELINE

Lerøy Seafood Group has enjoyed a collaboration with Preline AS since 2010, working toward the development of a closed containment 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 the region of Hordaland. 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 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 91% of the shares in Preline AS. Lerøy is also a partner with CtrlAQUA, a centre for research-based innovation (SFI) (2015-2022). Together, both parties aim to develop and document a range of post-smolt concepts.

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.

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.

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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

The target for Lerøy Seafood Group is to ensure, together with the Group's feed suppliers, that the raw materials used in the Group's feed are fished and harvested in an ethically sound manner and in compliance with legal frameworks and based on sustainable harvest and fishing. In addition, the Group is actively involved in all parts of the value chain in order to ensure supply of safe products to the consumer.

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 making requirements on their quality systems and procedures, and making analyses and monitoring operations. Our quality team carries out between 150 to 200 external quality audits every year. This is required so that we can feel safe that the products we purchase are in compliance with the requirements we place on our own products. Moreover, the products are controlled by Lerøy Seafood Group at different stages throughout the entire production process, from egg/processing plants to finished product in a box and, in certain cases, up to delivery to the customer. The aquaculture industry is strictly regulated by the Norwegian authorities who frequently visit our plants to ensure that they operate in accordance with applicable laws and regulations. Lerøy Seafood Group is continuously working to satisfy all demands of our stakeholders.

Lerøy Seafood Group currently has a large number of manufacturers of fish and shellfish. Our audit system includes a risk analysis of manufacturers in order to determine how often the individual manufacturer is to be audited. The analysis covers risk related to product, volume purchased, customer requirements, history of complaints and results of audits.

TRACEABILITY AND PREPAREDNESS

Lerøy Seafood Group has full traceability for all products from boat/cage to customer. For species related to fish farming, such as salmon, trout and cod, customers can go to Hallvard Lerøy's website 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 customers log on to the system, they receive detailed information on the product throughout the entire value chain. The system provides information on fish from parent fish stage to slaughter, such as location, treatments and also quality information such as fat, colour and condition.

Every year, recall tests are carried out by the Group's major manufacturers to ensure traceability for all products from boat or cage to customer. In 2015, Hallvard Lerøy carried out seven recall tests. These tests involve contacting the manufacturer about a fictional matter, tracing the products from production and identifying which customers have received the product. A risk assessment is always carried out to determine whether the product should be recalled and which bodies are to be notified.

The typical procedure for recall of products consists of the following phases:

1. Written explanation of nonconformity
2. Classification:
   - Class I: Need for information
   - Class II: Other faults/nonconformities in the product
   - Class III: Products representing a health risk
3. Notify manufacturer and management /preparedness team
4. Tracking product, verify nonconformity
5. Notify customers
6. Written explanation of what is to be withdrawn
7. Inventory / Destruction
8. Corrective action to prevent recurrence

Lerøy Seafood Group has compiled a directive for preparedness and recall of products. The preparedness group comprises representatives from management, production, market, quality and environment.

The Group did not have any recalls of products in 2015.

LERØY Creating Tasteful solutions

Lot: 132155 Specie: Norwegian Atlantic Salmon

Trace Information

Broodstock

Broodstock:	Aakvik
License:	12899
Strain:	AquaGen

Juvenile

Hatchery:	Laksefjord	Smolt Plant:	Laksefjord
License:	FLB0003	License:	FLB0003
Hatching Period:	- 2011-08-01	Wellboat:	
Smolt Weight:	61 g		

Farm

Fish Farm:	1112 Gourtesjohka	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 T126	Packing Date:	2013-02-15
License:	T-126	Core Temperature:	2,0 C

Processing

Processing Plant:	Lerøy Aurora As Skjervøy
License:	T-126
Processing Date:	2013-02-15

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	2011-06-25
Skretting	OXOLINSYRE 5G/KG 2.0, 2 mm	2011-07-06
Farm		
Skretting	Spirit 75 50A, 3 mm	2011-07-31
Ewos	ADAPT MARINE 50 40A 500, 3 mm	2011-09-04
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, 6 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	2012-08-30
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:	9,0
Condition Factor:		

ORGANISATION OF THE PREPAREDNESS GROUP

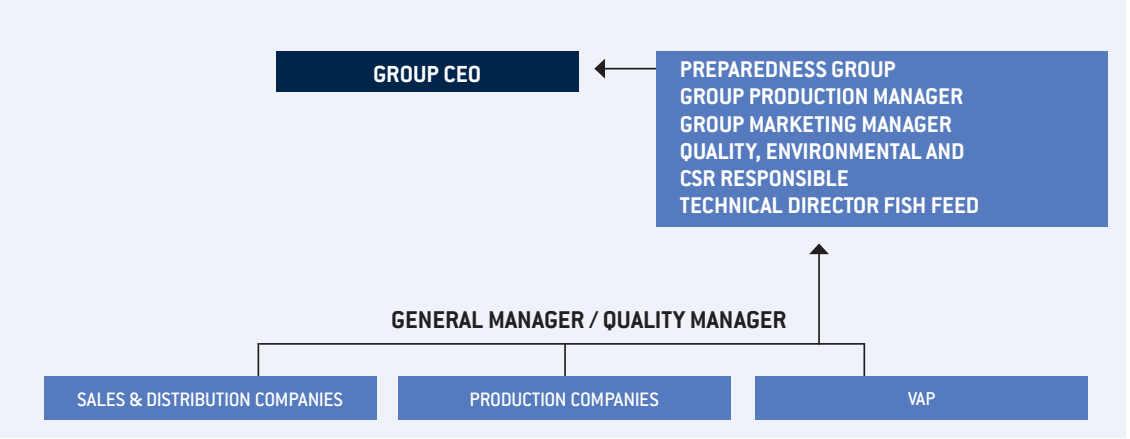
The preparedness group comprises representatives from management, production, market, quality and environment. The group has primary responsibility, both internally and externally, for communications, handling and execution of relevant challenges/crises which occur in relation to different bodies which enforce requirements on the Group.

These may be:

- Media
- Customers
- Authorities
- Organisations
- Consumers
- In-house, accidents/crises which affect employees

A separate directive has been compiled for preparedness and recall of products

ORGANISERING AV BEREDSKAPSGRUPPE



QUALITY

Based on experience gained over many years, Lerøy Seafood Group has developed a quality system containing routines and procedures to ensure supply of safe products. As a part of the quality assurance routines, the Group carries out control and monitoring of manufacturers and partners. This involves setting requirements on their quality systems and procedures, and analysing and monitoring their operations.

Lerøy Seafood Group's quality team carries out 150 to 200 external quality audits every year. This is required to ensure the purchased products are in compliance with the same requirements set on the Group's own products. Moreover, the products are controlled by the Group at all stages throughout the entire production process, from egg or processing plants to finished product in a box and even up to delivery to the customer.

All products are marked in relation to prevailing marking regulations in Norway or the EU and in import countries and in relation to customer requirements. Experience gained from individual cases of poor food safety over recent years has resulted in an increased focus on food safety. Lerøy Seafood Group takes this work very seriously and has invested significant resources in developing satisfactory procedures and systems in order to ensure that the Group is in compliance with its own strict requirements and the externally set food safety requirements.

QUALITY IN THE SUPPLY CHAIN

Fish feed is the most important raw material for seafood production, and quality assurance is absolutely essential. In 2015, Lerøy Seafood Group purchased its fish feed from EWOS and Skretting. Lerøy Seafood Group has introduced a comprehensive sampling program for re-examination of feed in terms of chemical content, dust, presence of foreign agents etc. The feed supplier carries out audits of its own suppliers and Lerøy Seafood Group executes annual audits of the feed companies. These measures, combined with the internal control by feed suppliers and traceability, allow us to maintain control of feed content and quality.

QUALITY AND ENVIRONMENTAL CERTIFICATION

An important tool in the Group's quality and environmental efforts is certification according to international standards. In 2013, Lerøy Seafood Group was the first company worldwide to be certified according to the ASC standard which ensures that our aquaculture business is conducted in an environmentally sound and sustainable manner.

The Group has worked for many years to assure high quality and has developed control systems based on Global Gap, MSC, ASC, ISO 9000; 14000 and 22000, BRC, IFS, Label Rouge, NS 9415 and HACCP. These standards are applied where appropriate, for example:

- Fish farming is covered by Global GAP and ASC certificates
- All the Group's production plants have BRC certification
- The sales department at the Bergen headquarters is certified in accordance with ISO 9001, and the "chain of custody" for ASC, MSC and Global Gap
- All fish farming production equipment is certified in accordance with the NS 9415 standard for floating fish farming installations.

Global GAP (Good Agricultural Practice) – Voluntary standard for the certification of agricultural products

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

ASC (Aqua Stewardship Council) – Standard for sustainability for farmed fish

ISO 9000 – Standard for quality management system

ISO 14000 – Standard for environmental management system

ISO 22000 – Standard for food safety

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

IFS (International Featured Standard) – Quality and food safety standards

Label Rouge – Quality assurance in France

NS 9415 – Norwegian standard for floating fish farming installations

HACCP (Hazard Analytical Critical Control Point) – Risk analysis principles

GLOBAL GAP (GOOD AGRICULTURAL PRACTICE)

Global GAP is a standard for environmental conditions involving the Group's production activities and employees' working environment. The standard covers the production process from roe stage to fish slaughter.

Focus areas within Global GAP:

- Food Safety: The standard is based on criteria for food safety developed from the generic HACCP* principles.
- Environment: The standard has two parts, one for environmental protection and one for good aquaculture practice to minimise the negative environmental impact of aquaculture.
- Employees' health, safety and welfare: The standard sets global criteria for workers' health and safety in the production facilities, and contains guidelines for social issues.
- Fish welfare: The standard sets forth global criteria for fish welfare in production facilities.

*HACCP (Hazard Analytical Critical Control Point) – Risk analysis containing critical control points

ASC (AQUA STEWARDSHIP COUNCIL)

The ASC is a certification and labelling programme for responsibly farmed seafood. The ASC has various standards compiled for fish farming, while the MSC (Marine Stewardship Council) compiles standards for fish caught in the wild.
To date, the ASC has compiled eight standards, covering 12 species, all based on the same principles:

- Comprehensive legal compliance
- Conservation of natural habitat and biodiversity
- Conservation of water resources
- Conservation of species diversity and wild population through prevention of escapes
- Use of feed and other inputs that are sourced responsibly
- Good animal health (no unnecessary use of antibiotics and chemicals)
- Social responsibility for workers and communities impacted by farming

FIRST ASC CERTIFICATION

Lerøy Seafood Group has been involved in the development of the ASC standard since 2004 and was the very first company in the world to offer the market salmon produced according to the new environmental standard – ASC, Aquaculture Stewardship Council.
The three first facilities in the world to gain certification according to this standard all are connected to Lerøy.

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

The goal is to gain ASC certification for all our fish farming facilities. By the end of 2014, all fish sold by Lerøy Aurora had the ASC certification.

Furthermore, Lerøy has achieved ASC chain of custody for its sales, distribution and value added processing chain, and is now able to offer the Japanese, American and European markets a variety of ASC certified salmon products.

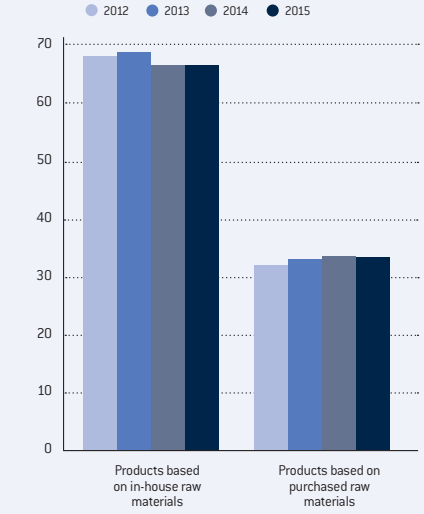
BRAND PRODUCTS

In recent years, Lerøy Seafood Group has targeted the sale of its own brand products 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.

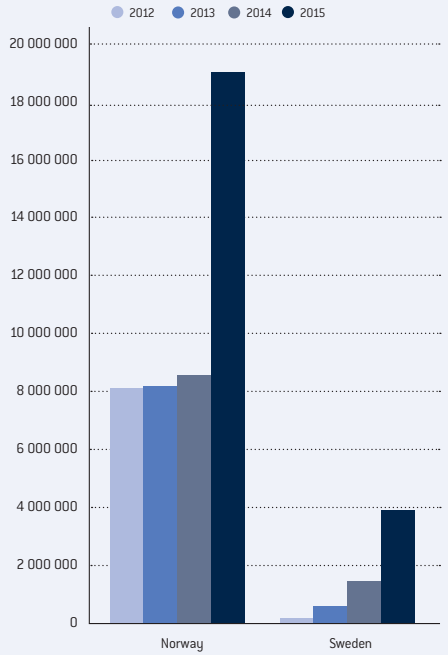
In 2015, the percentage of products based on raw materials owned by the Group was 65.5%, compared with 67.4% in 2014.

The Group also sells a number of products certified to various sustainability standards, 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 (%)

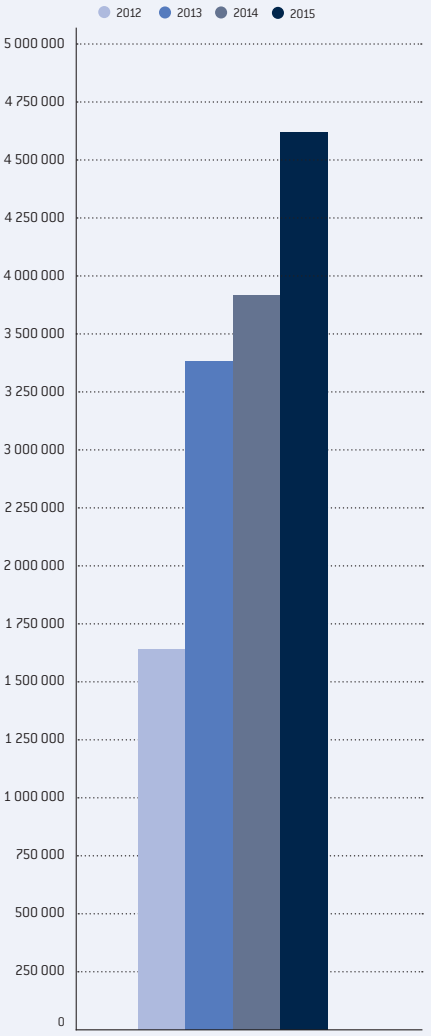


ASC/MSC/KRAV-LABELLED PRODUCTS SOLD VIA HALLVARD LERØY AS AND LERØY SVERIGE AB (KG)



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

SALE OF GLOBAL G.A.P. CERTIFIED SALMON VIA HALLVARD LERØY AS (KG)



Salmon is certified to the GLOBAL G.A.P. standard, but will not always have the GLOBAL G.A.P. brand.

HEALTHY PRODUCTS

"Fish is good for your health, all year round". This Norwegian saying has repeatedly been confirmed by research in recent years. It has been shown that eating seafood lowers the risk of cardiovascular disease. Consumption of fish and other seafood is also important for development of the foetus, particularly as regards weight gain and neurological development. According to the Directorate of Health in Norway, it is recommended to eat seafood 2-3 times a week.

Fish is rich in protein and Omega 3, and does not contain sugar. It is generally believed that marine n-3 fatty acids – such as Omega-3 – play an important role in generating positive health benefits. There are lots of these fatty acids in fat fish such as salmon and trout.

What eventually could limit the consumption of fat fish is its content of dioxins and similar substances like PCB, but with today's control of raw materials in fish feed and the fish itself, the limits for environmental toxins in fish are far below recommended values. An average person can eat ten salmon meals containing 200 grams of fish without exceeding the recommended maximum weekly values.

Between 95-98 % of our products are low in saturated fat, trans fats, sodium and added sugars.

The company participates in a salt partnership established by Norwegian authorities. The partnership consists of the government, business partners and R & D partners and its aim is to reduce the salt content in food.

THE ENVIRONMENT

Lerøy Seafood Group believes that aquaculture activities must be conducted with an "eternal perspective" as a condition for exploitation of coastal resources. The Group works hard to constantly improve the interaction between fish farming and the environment, aiming at generating positive and lasting environmental benefits.

The Group's environmental vision – "Take action today for a difference tomorrow" – is a clear signal from every employee that every day we will be pushing for environmental improvements to benefit the environment, aquaculture and our coastal communities.

ENVIRONMENTAL GOALS

The Group's seafood companies have set clear goals for each of the operational key areas and developed operating procedures that are particularly designed to ensure achievement in these key environmental areas. Through internal and external audits, we can ensure that there is consistency between operating procedures and good action.

THE GROUP HAS FIVE MAIN ELEMENTS RELATED TO ENVIRONMENTAL WORK:

1. Work to prevent accidental release of fish
2. Measures to reduce salmon lice
3. Fish health and fish welfare
4. Efficient utilisation of land and sea areas
5. Reduced discharge of nutrient salts from premises

These five elements are closely monitored through key performance indicators that are measured on a monthly basis and utilised internally in order to achieve improvements within individual companies and for benchmarking between comparable companies.

See the targets pages 16.

LERØY SEAFOOD GROUP'S TARGET AREAS FOR THE EXTERNAL ENVIRONMENT

- Accidental release
- Lice
- Fish health
- Locations
- Fish feed incl. raw materials
- Greenhouse gases
- Residual raw materials
- Distribution

ACCIDENTAL RELEASE

Prevention of accidental release of fish is an 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 company.

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

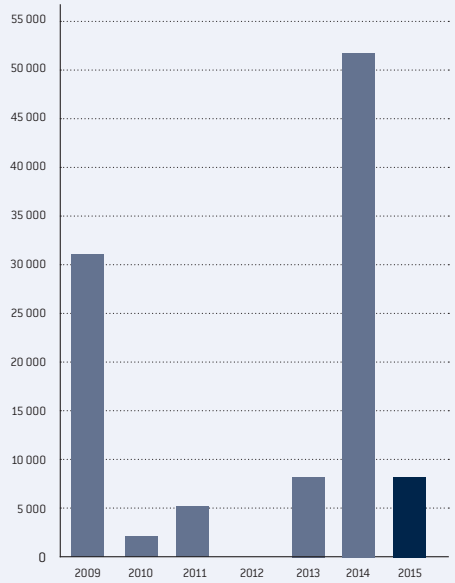
Date	Company	Location	Species	No. of units
12.01	Lerøy Vest	13563	Trout	7,264
11.04	Lerøy Vest	10375	Salmon	14
04.07	Lerøy Midt	19855	Salmon	60

12.01.15 Accidental release of trout caused by hurricane Nina. The recapture ratio 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. When the Group experiences accidents that could have caused, or actually did cause, accidental release of fish, it is of utmost importance that all circumstances surrounding the incident are made known to everybody in the organisation. Such incidents 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 amendments to our facilities in order to prevent similar incidents in the future.

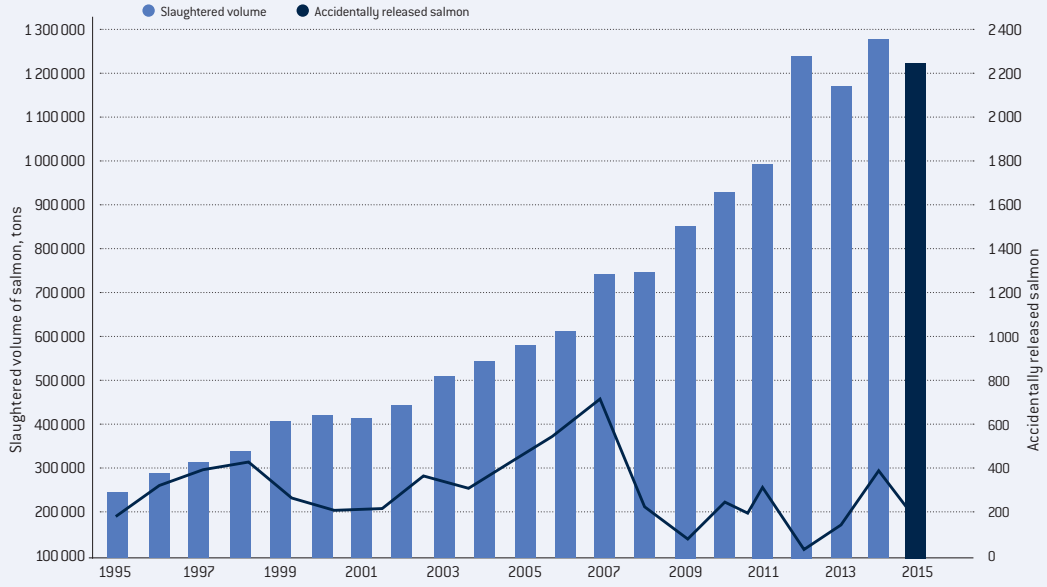
Main goal: "Zero accidental release".

The company cooperates with various organizations on measures to prevent escapes and to limit the impact of escapees to wild species and water bodies.

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



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



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

MEASURE TO REDUCE SALMON 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.

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.

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.

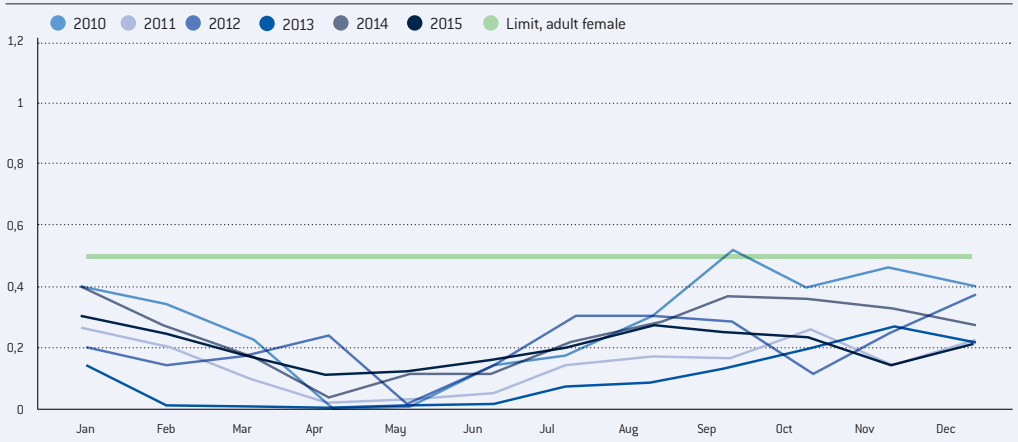
Lerøy Seafood Group is working hard to achieve its long-term goal of eliminating the use of medicines to combat salmon lice if justifiable in relation to regulations and factors relating to fish health.

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».

DEVELOPMENT OF FULLY DEVELOPED FEMALE SEA LICE WITH EGG STRINGS, LERØY SEAFOOD GROUP (AVERAGE NUMBER OF LICE PR FISH)



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.

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

	FEED (GRAM)	VIA BATHS (GRAM)	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.

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

FISH HEALTH AND WELFARE

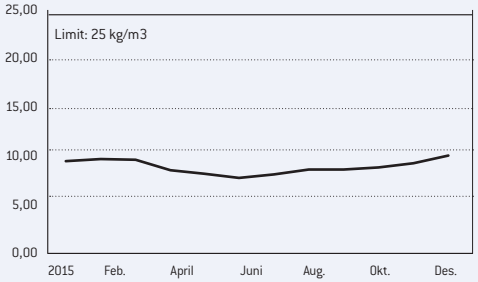
Target: Increase survival rate from release to slaughter

- KPI 3 Death rate per generation 7%
- KPI 4 Density max 25 kg / m3

The main target for fish health and welfare is to increase fish survival rate from release to slaughter. All employees involved in fish farming are participating in training focusing on fish welfare.

Fish welfare is developed and monitored by keeping use of medicines at a minimum, with careful assessment of use, using only approved medicines which have documented environmental impact in accordance with the requirements of SLV, monitoring and documenting tolerance and following up biological feed factors.

DENSITY IN CAGE, KG/M3, ALL LOCATIONS
LERØY SEAFOOD GROUP 2015



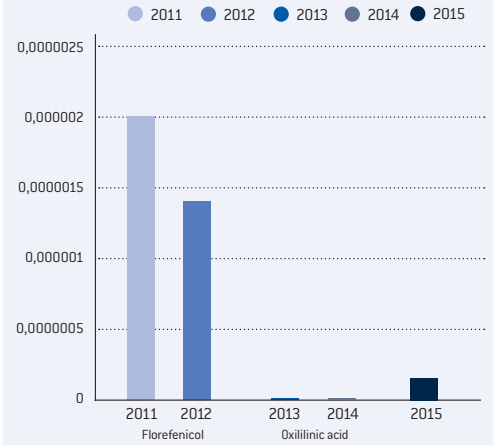
Furthermore, cage density, i.e. how much space the fish have in the cages, influences fish welfare. The maximum limit is 25 kg/m3 but the results in 2015 were far below this limit, indicating that the fish have enough space in the cages.

BACTERIAL TREATMENTS

Salmon is by far the healthiest "farmed animal" among the species from which food is produced here in Norway. No antibiotics have been administered for fish in the sea in recent years. The only type of antibiotic used is administered to young fish. In 2015, Lerøy Seafood Group utilised a total 246,520 tons of fish feed and 38.4 kg of antibiotics, active agents. This represents a 0,00000016% proportion of antibiotics in our fish feed.

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

MEDICATION, ACTIVE AGENTS, USED IN FARMING
LERØY SEAFOOD GROUP (KG/KG FISH GROSS GROWTH)



Read more about R&D activities related to fish health: Group / R&D

The Group will not use any kind of antibiotics if it is not necessary for fishwelfare. There is also no use of anti-infalmmatroies, hormones or growth promotion treatments in our production.

EFFICIENT UTILISATION OF LAND AND SEA AREAS

Target: Avoid harmful impact on species caused by intervention in natural environment in fjord systems, including sedimentation/sea beds.

- KPI 5: Average MOM-B max 1.5 per location

All the locations utilised by Lerøy Seafood Group are approved for fish farming by various Norwegian authorities. Before starting operations at a location, approval is required from a number of official and private bodies. Furthermore, approval requires compliance with numerous analyses, requirements and local conditions.

One of the assessments carried out both prior to approval for operations at a location and during fish farming at the facility is a so-called MOM-B evaluation.

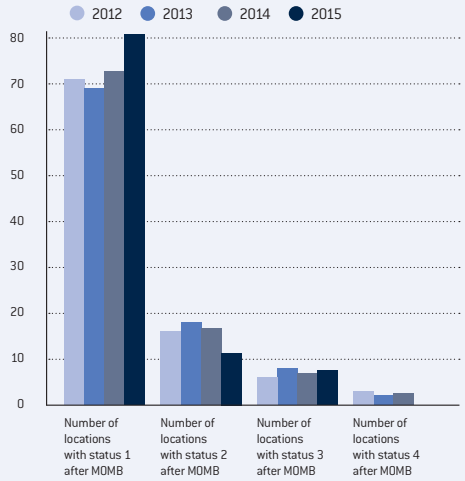
MOM-B stands for:
M – matfiskanlegg (production facility)
O – overvåkning (monitoring)
M – modellering (models)

A MOM-B evaluation is carried out by a third party and involves extraction of samples from the seabed under cages and around the cages in a facility.

The analysis has three parts:
1. Fauna investigation
2. Chemical investigation (pH and oxidation-reduction potential)
3. Sensory investigation (gas, colour, odour, consistency, dredge volume and mud depth)

All parameters are given points according to how much sediment is influenced by the organic substance. The distinction between acceptable and unacceptable sediment condition is set to the largest accumulation that allows burrowing benthic organisms living in the sediment. The analyses are executed when production of one generation is at peak. On the basis of these investigations, the individual location receives a score, which also provides an indication of when the next MOM-B investigation should be carried out. A poor score often requires more frequent seabed investigations than a good score.

STATUS OF LOCATIONS,
LERØY SEAFOOD GROUP, 2012 - 2015



Score 1 is the best score you can get and score 4 is the poorest score you can get.

Score 1 is the best score you can get and score 4 is the poorest score you can get.

In addition to MOM-B, analyses 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 neighbouring facilities in a zone-based cooperation to cooperate on topics such as lice and preventing accidental release, spread of disease, outbreaks of disease etc.

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

DISCHARGE OF NUTRIENT SALTS

Target: Reduction of nutrient salts discharged from premises

The farming of salmon and trout results in discharges of nutrient salts, such as phosphorus and nitrogen. The production of algae and mussels results in intake and elimination of these nutrient salts. This provides the potential for a lifecycle that is beneficial from a sustainability perspective, where algae, mussels and fish for consumption are farmed in an MTA (multi-trophic aquaculture) process.

In 2013, Lerøy cooperated with Bellona to found a new company – Ocean Forest AS – to conduct research and development based on integrated multi-trophic aquaculture (IMTA). Ocean Forest will develop solutions that reduce costs for bio-production in the ocean and develop economic profit by utilising biomass for products.

As with the algae, the Group also aims for industrial production of mussels. Not only do mussels have a high content of Omega 3 fatty acids, they also contain other important nutrients which are of value for salmon. Industrial production of mussels could prove an important and sustainable source of raw materials for the feed industry. Mussel farming could also represent a substantial benefit in the elimination of phosphorus and nitrogen from seawater. An additional benefit with mussels is that they absorb CO2 in their shells.

RAW MATERIALS

FISH FEED

Target: KPI 9 Fish feed

- **FishSource scores for marine raw materials, separated species, ≥ 6 biomass score ≥ 8**
  What are the FishSource scores?
  http://www.fishsource.org/

FishSource does not have its "own" sustainability rating system, rather providing the user with straight forward, clear, information on how international, accredited systems would rate/have rated the fisheries. Scores make use of commonly reported numbers from stock assessments but they do not define a fishery as "good" or "bad". Fisheries can be ranked against one another and give insights into how other groups would score a fishery against current measures of sustainability. Scores currently relate to the Marine Stewardship Council (MSC) standards, which in turn rely on international organisations' criteria – e.g. International Council for the Exploration of the Sea – ICES. Scores have been developed in a way that a score of 8 has a parallel of an 80 MSC rating – i.e., an "unconditional pass" on that criteria, towards MSC certification. The same rationale applies to, e.g., a FishSource score below 6 – "the fishery will be ineligible for certification" [MSC standards].

- FFRDm < 1.35, Forage Fish Dependency Ratio
- Increased usage of raw materials, which are certified according to a sustainability standard

	FIFO meal	FIFO oil
2010	0.85	2.5
2011	0.55	1.99
2012	0.38	1.74
2013	0.44	1.41
2014	0,57	2.09
2015	0.63	1.56

Fish feed is the most important raw material for seafood production, and quality assurance of the feed is therefore of great importance. There are no requirements for use of specific feed for fish, but there are clearly defined nutritional requirements for the content of raw materials. In nature, fish is a part of the salmon's diet, therefore salmon feed contains both fishmeal and fish oil. In 2015, the main raw materials in fish feed in Lerøy Seafood Group were Blue whiting and trimmings. These raw materials mainly come from wild fish which is not suited for human consumption or not in demand.

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**

In 2015, the feed suppliers for the Group were Biomar, Ewos and Skretting. The Group has an extensive sampling programme for the control of feeds with regard to chemical composition, dust, contaminants etc. The feed suppliers audit their own suppliers, and Lerøy Seafood Group conducts annual audits of feed companies. This, together with the feed suppliers' self-monitoring and traceability systems, means that we have control of feed content and quality. Furthermore, our target is to ensure, together with the feed suppliers, that the raw materials used in the Group's feed are both fished and harvested in an ethically sound manner and in compliance with legal frameworks and based on sustainable harvesting or fishing.

In general, salmon farming has traditionally depended on a supply of wild fish for fish feed as a large volume of fish oil is consumed by the industry. In recent years, this has significantly reduced, as fish oil has been replaced by vegetable oils, mainly originating from soya and rapeseed. Originally, fish feed had a 70% content of marine raw materials, whereas the fish feed used in the Group in 2015 contained approx. 30% marine and 70% vegetable raw materials. The transition to vegetable raw materials is mainly attributed to access to raw materials, but also due to the increased focus on sustainable production.

Fish as meal and oil will provide much more sustainable utilisation if supplied directly for human consumption compared to feed for animals. We try to supply wild fish directly to consumption and produce fish feed from the cuttings, where possible. Raw materials from wild fish are used as an ingredient in many different types of animal feed. Salmon is the one species that most efficiently converts raw materials into an edible product.

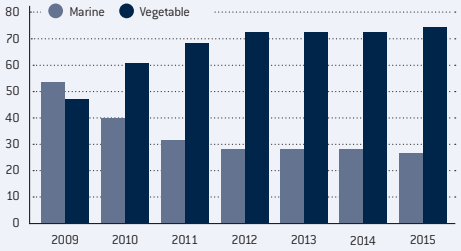
"FISH IN – FISH OUT" – FIFO

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.

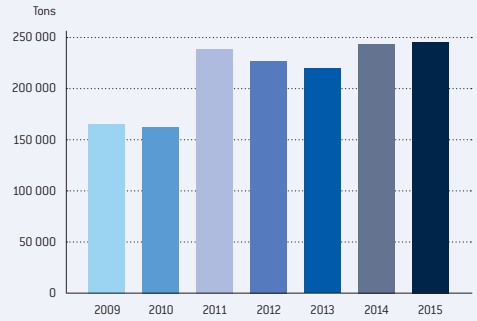
For 2015, the FIFO value for protein at Lerøy Seafood Group will be approx. 0.63, while the FIFO value for fish oil will be approx. 1.56. It is natural to calculate one FIFO value for protein and one FIFO value for oil, as these two raw materials have very different characteristics. We need 1.56 kg of 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

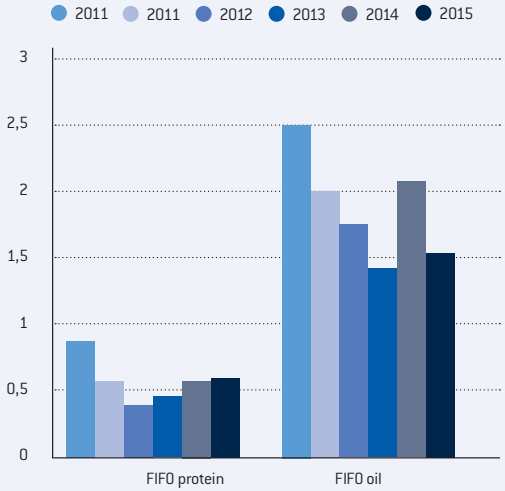
DEVELOPMENT OF RAW MATERIALS IN FEED (%)



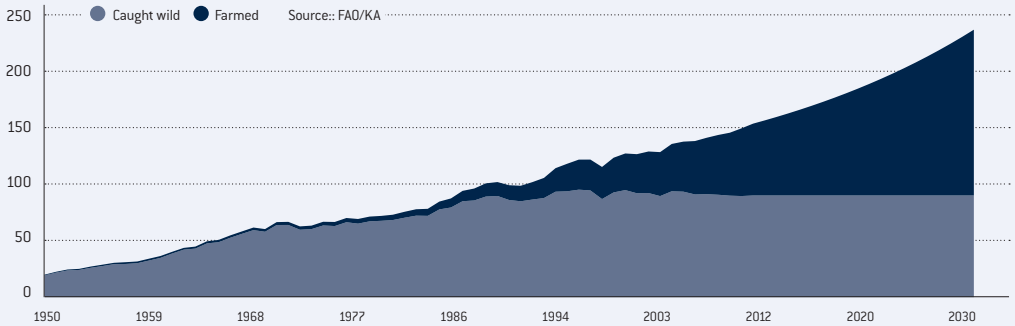
CONSUMPTION OF FISHFEED IN LERØY SEAFOOD GROUP



FISH IN - FISH OUT • LERØY SEAFOOD GROUP (KG)



DEVELOPMENT AND ESTIMATES - WILD CAUGHT AND AQUACULTURE PRODUCTION 1950 - 2030 (MILLION TONNES)



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 rape.

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 lasting 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.

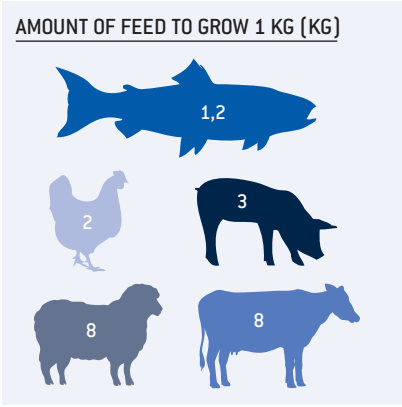
Fishermen will first try to deliver their catch for human consumption.

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.



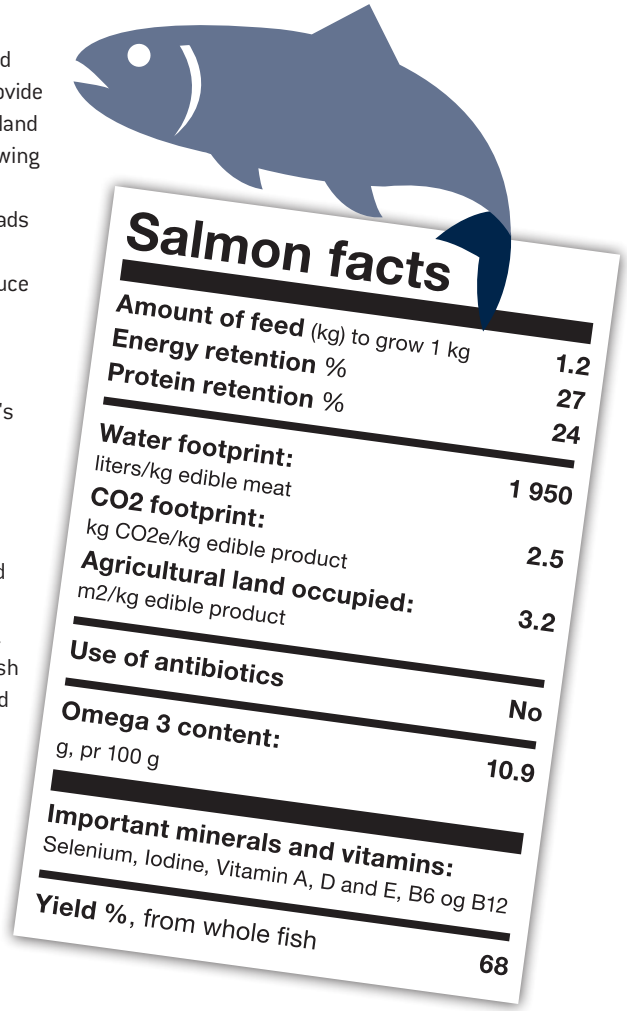
SALMON – AN IMPORTANT SOURCE OF PROTEIN FOR FUTURE GENERATIONS

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

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

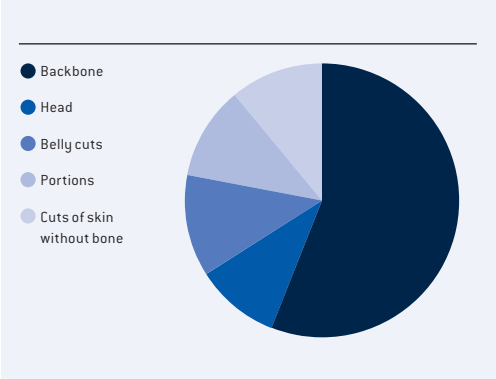
Only 30% of the earth's surface is land, and land availability will be a struggle in the future. Should available land be used for industry in order to provide jobs for future generations? Should we use the land to build houses for future generations? The growing population also requires a good infrastructure,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

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 aquaculture.



BY-PRODUCTS

The major by-products in Lerøy Seafood Group's operations are:



Lerøy Seafood Group works hard to achieve the highest possible rate of utilisation of raw materials produced or caught. This implies a goal of 100% utilisation of all nutritious raw material not used in the main production process. The by-product share depends on the type and specification of the processed products. The most important processed products are fillets and salmon and trout portions with or without skin. The utilisation rate for fillets is between 55 – 74%, while the residual products become by-products.
For portions, the utilisation rate is between 45 – 68% depending on the specification.

EMISSIONS

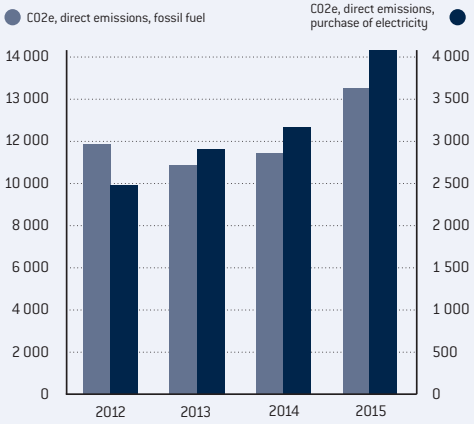
Lerøy Seafood Group has participated in various projects for analysing greenhouse gas emissions from the production of salmon, both as whole fish and as fillets. For example, the Group participated in a committee in Norway to formulate a standard for climate labelling of seafood. The standard "NS 9418 Carbon footprint for seafood" was published in 2013 and will be submitted as an ISO standard – the objective is for this to be an international standard for climate labelling of all types of food products. When the carbon footprint of a seafood product is calculated, all phases of the life cycle must be taken into account. For aquaculture products, this involves calculating greenhouse gas emissions from pre-production, farming of fish, transporting fish to harvest, waste management, cooling and transport to the retailer etc.

The main sources of greenhouse gas emissions in Lerøy Seafood Group's operations derive from energy consumption for the Group's operations and from fish feed. The purchase of products and services, of which fish feed and transport services make up a major share, are not at the moment included in the calculations as the Group has decided to focus on processed products with an emphasis on processing in Norway. One of the reasons for setting this goal was to achieve a reduction in greenhouse gas emissions per kg edible seafood.

The Group is working towards the goals set in the Paris agreement.

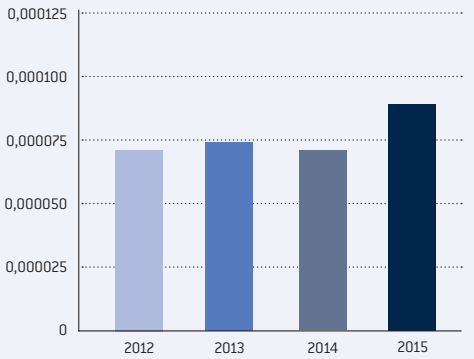
The 2020 package is a set of binding legislation to ensure the EU meets its climate and energy targets for the year 2020. 20% cut in greenhouse gas emissions (from 1990 levels) 20% improvement in energy efficiency.

GREENHOUSE GAS EMISSIONS, USE OF FOSSIL FUEL AND PURCHASE OF ELECTRICITY, (TONNES CO2E) FARMING DIV.



Calculations caomply with ISO 14064/GHG

CO2E EMISSIONS TOTAL PER KG FISH PRODUCED GROSS INCREMENT



	2015	2014	2013	2012
Total consumption of fossil fuels, litres	5,080,626	4,252,729	3,927,876	4,464,489
Total consumption of electricity, GWh	78	60	58.0	53,1
Total CO2 emissions, tCO2	17,349	14,770	13,909	14,404

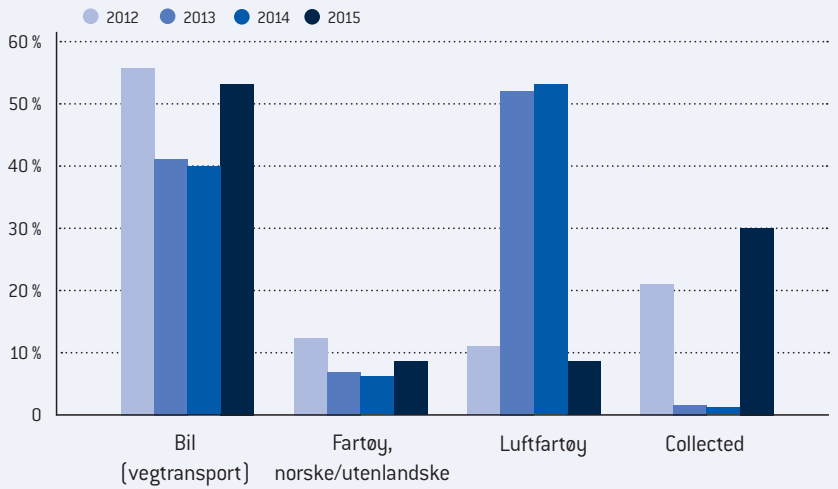
The emission factors are based on IPCC-2006 overview of factors for the fish farming industry.

EMISSIONS FROM LOGISTICS

Lerøy Seafood Group can influence its greenhouse gas emissions through developing logistics solutions. Identifying the optimal transportation solution is beneficial for the environment while at the same time contributing to Group profitability. More than 80% of the Group's products are distributed fresh. This places stringent requirements on proximity to the market and effective logistics solutions.

Hallvard Lerøy AS is the largest sales and distribution company within the Lerøy Seafood Group. The transport methods utilised by Hallvard Lerøy AS are road transport, airplanes, ships and containers. In 2013, over 55% of product distribution was by road. In addition, almost 30% of products were picked up by customers.

DISTRIBUSJON I 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 told, the vehicles we use in our distribution are much newer and better than those which 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 this will make it easier for us to contribute positively to environmental protection.

By making use of rail transport for parts of the route between Trondheim and Rotterdam, we have achieved a 68.5% reduction in CO2, 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.

RAIL TRANSPORT

Lerøy Seafood Group's products from Northern Norway are transported to Southern Norway mainly by rail. This system works well during the summer months. During the winter there are sometimes delays due to weather conditions etc. that force the Group to make use of uneconomical solutions that may also be less than optimal for the environment.

BOAT TRANSPORT

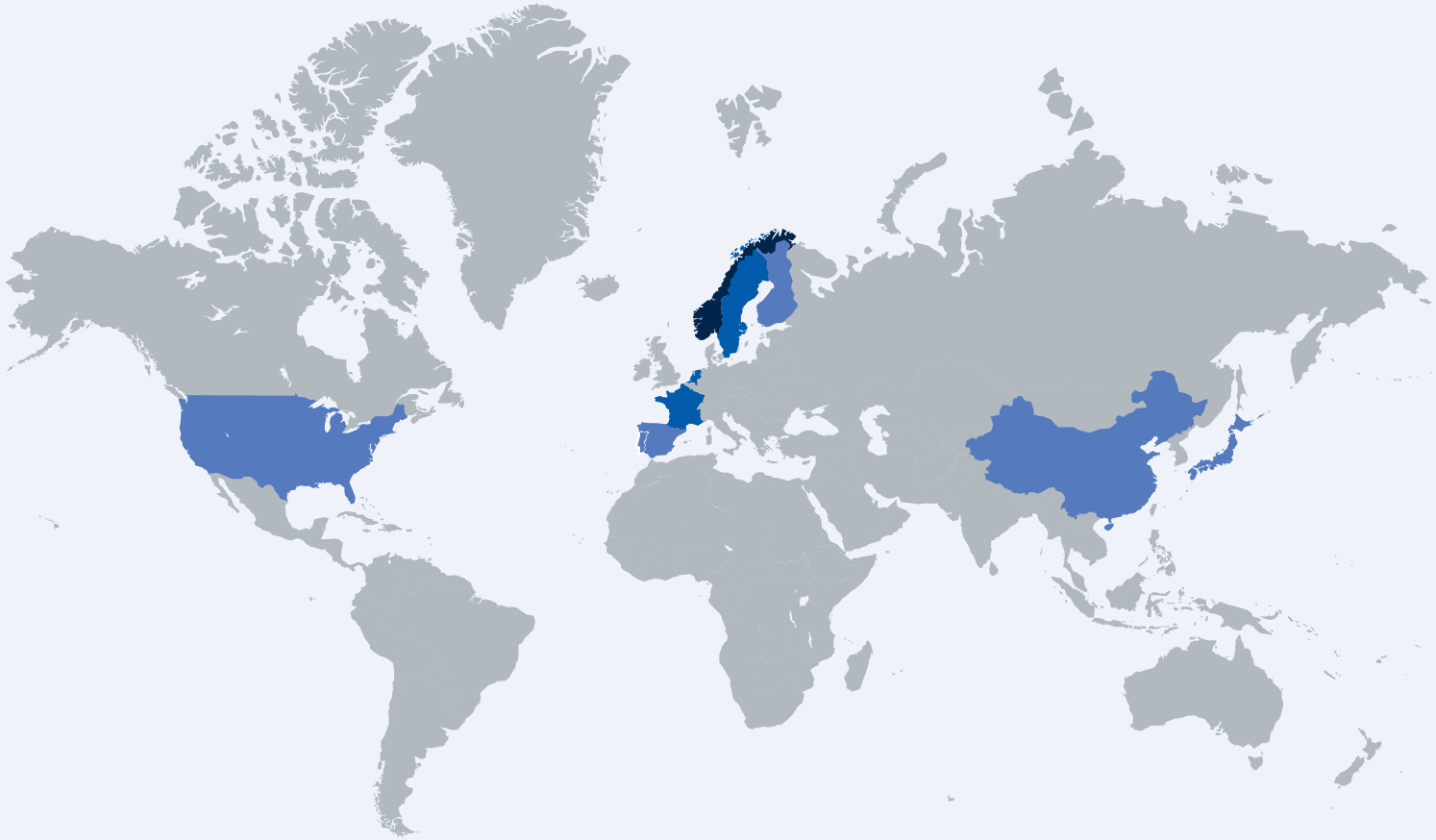
It is currently our frozen seafood that is transported by boat. We will maintain our focus on eco-friendly logistics in the years ahead and will collaborate closely with our main suppliers of distribution services to contribute to eco-friendly developments in this area.
Our increased focus on processed fish and the fact that we process many of our products in Norway allow us to make positive contributions to environmental protection.

SOCIAL AND ECONOMIC WELFARE

WHERE DO OUR EMPLOYEES WORK?

NUMBER OF EMPLOYEES

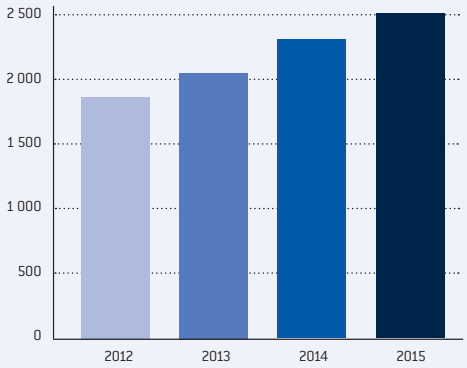
- 0 - 100
- 100 - 500
- 500+



EMPLOYEES

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

NUMBER OF EMPLOYEES



language, religion or personal philosophy. One of the company's goals is to provide a workplace without discrimination because of disabilities. For employees or work applicants with disabilities, the company will arrange for individually adapted workplaces and work tasks where possible.

The company is a player in a global industry where the constant rate of change in framework conditions 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 an operational focus which targets results and for their willingness to adapt to change throughout the entire organisation. The Board of Directors would like to thank all employees for their hard work in 2015.

EMPLOYEE WELFARE

In 2015, only minor injuries were reported among employees. The Group's Norwegian subsidiaries reported an accumulated sick leave of 5,8% (5,7% in 2014). This figure comprises 3,2% long-term and 2.6% short-term sick leave. The Group works actively to keep sick leave rates as low as possible. Comparable sick leave statistics are not available from our foreign subsidiaries. However, the organisations in the individual subsidiaries are subject to continuous development and all employees within the Group complete training in health and safety. The Group takes particular responsibility in relation to children and the young, to ensure good guidance and follow-up, helping avoid accidents or other negative incidents. Number of accidents, near misses and safety are recorded monthly. In 2015 one of our employees died in an accident at work. This was a very tragic accident that has had a vast impact on the Group 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.

The Group offers various forms of skills development for our employees, as internal/ external courses, further education, training on operations assessed for risks related to corruption and t trainee programs etc. The different companies in Lerøy Seafood Group have their own employee representatives who take care of the formal cooperation between company and employee. All employees are entitled to join or establish trade unions as they choose. Each company has different types of events they organise. These may be family days, social gatherings, motivation meetings or events involving sports. The majority of our subsidiaries offer different types of sporting activities for their employees.

SUPPLIERS

The Group has developed a set of ethical guidelines that is included in our purchase agreements. Code of Conduct are in focus and protects the individual employee`s rights. The guidelines are based on UN guidelines for human rights.
The content in the ethical guidelines are communicated also to subcontractors.
Our purchase of goods and services amounted in 2015 to 11 billion NOK divided into 295 Norwegian municipalities.

The Group's main suppliers are suppliers of equipment and fish feed.

REQUIREMENTS FOR SUPPLIERS

In 2015, Lerøy Seafood Group purchased feed from Biomar, EWOS and Skretting. The main target is to ensure that the raw materials used in the Group's feed are both fished or harvested in an ethically sound manner and in compliance with legal frameworks and based on sustainable harvest or fishing. The Group cooperates with feed suppliers in the work required to meet this target.

The Group has established requirements for its suppliers of fish feed to make sure that raw materials are managed in a satisfactory manner. Moreover, the Group will require its suppliers to closely monitor how quotas are established and respected, and how the catch is utilised. Lerøy Seafood Group requires that the raw materials in its fish feed must come from 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, such as ICES, FAO, IMARPE, SERNAPESCA*.

The Group requires that all of its feed suppliers prioritise use of raw materials certified in accordance with IFFO's standard for sustainability, or raw materials with MSC certification or similar. The supplier's certification scheme should be a member of ISEAL and have guidelines for sustainability requirements also for small pelagic fisheries. Palm oil should not be used. Raw materials based on soya require "Roundtable on Responsible Soy" RTRS, certification or similar.

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

ICES - International Council for the Exploration of the Sea – an organisation for enhanced ocean sustainability
FAO - Food and Agriculture Organization of the United Nations
IMARPE – Instituto del Mar del Perú
SERNAPESCA – Servicio Nacional de Pesca y Acuicultura (Chile)
IFFO – The Marine Ingredients Organisation
ISEAL - International Social and Environmental Accreditation and Labelling Alliance
RTRS - Roundtable on Responsible Soy

ECONOMIC IMPACT

ECONOMIC VALUE GENERATED AND DISTRIBUTED

Lerøy Seafood Group is strongly involved in the local communities in the areas we are located, and aims to contribute to local incomes in the form of purchasing goods, services and supplies locally whenever possible. The total purchases of goods and services by the Group's companies in Norway amounted to NOK 13.45 billion in 2015, and these purchases were made in more than 295 municipalities in Norway. In 2015, the Group's operations were located in 52 municipalities in Norway. Our employees contributed NOK 236 million in taxes to 131 municipalities. Based on our business over the last five years, the Group has contributed NOK 1.8 billion in taxes. As such, we contribute to the maintenance of a number of communities and workplaces around Norway.

LOCAL COMMUNITIES

Lerøy Seafood Group's companies are often located in decentralised areas, making significant contributions to employment and income in the local communities. As far as we know, we have not affected any communities negatively. The Group aims to develop positive, close cooperation with these communities and makes contributions through sponsoring and supporting local sports clubs and festivals/various events. The Group supports various local activities related to children and young people. Diet, health and healthy eating are important common values in this collaboration. It is therefore rewarding to see children and young people enjoying healthy food at different events supported by the Group.

With our decentralised locations, we also make contributions to investments in buildings, infrastructure, quays, floating quays and modern equipment in small, local communities. These form the grounds for local commerce. In fact, we represent 25-80% of the economical basis for certain suppliers in the municipalities in which we have facilities.

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

	TOTAL	PER LOCATION IN USE
Employment (full-time equivalents)	24,299	42
Farming	9,621	17
Derived (suppliers, immediate)	14,678	25
Volume produced (tons)	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 spin-off 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

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

Ladies from Hallvard Lerøy keeping fit on a hike to Fløyen in Bergen.

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 tons of protein were produced from 573 locations. This implies an average production of 58,949 tons 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 expenses 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 our 2,527 employees in Lerøy Seafood Group make a contribution towards value generation of NOK 8,845 million. 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, spin-off analysis performed in 2014 based on figures from 2013.

IN 2015, LERØY SEAFOOD GROUP MADE NUMEROUS DIFFERENT CONTRIBUTIONS TO MUNICIPALITIES AND LOCAL COMMUNITIES.

The Group had operations in 52 different Norwegian municipalities.

Our employees paid income tax to 131 different Norwegian municipalities, totalling NOK 236 million.

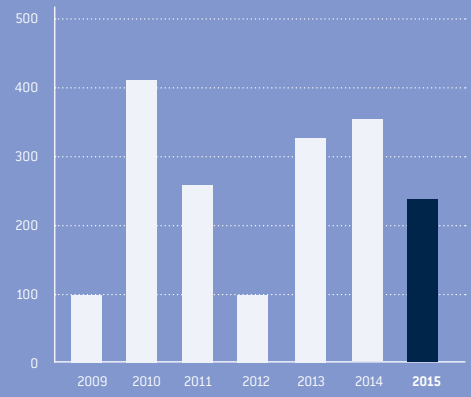
Tertnes

We purchased goods and services for a total NOK 11 billion from 295 different Norwegian municipalities.

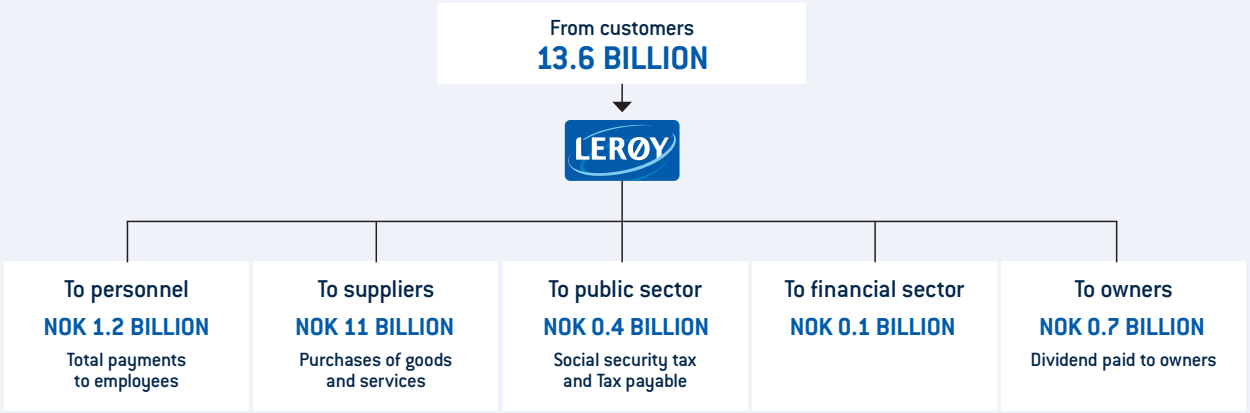
*Our operations generated NOK 8.3 billion in value generation **

** Each full-time equivalent within our production of consumer products represents value generation of NOK 3.5 million. Source: Nofima report "National spin-off effect of fish farming industry". The figures are based on 2013 figures.

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



ECONOMIC VALUE GENERATION AND DISTRIBUTION PER SECTOR IN 2015



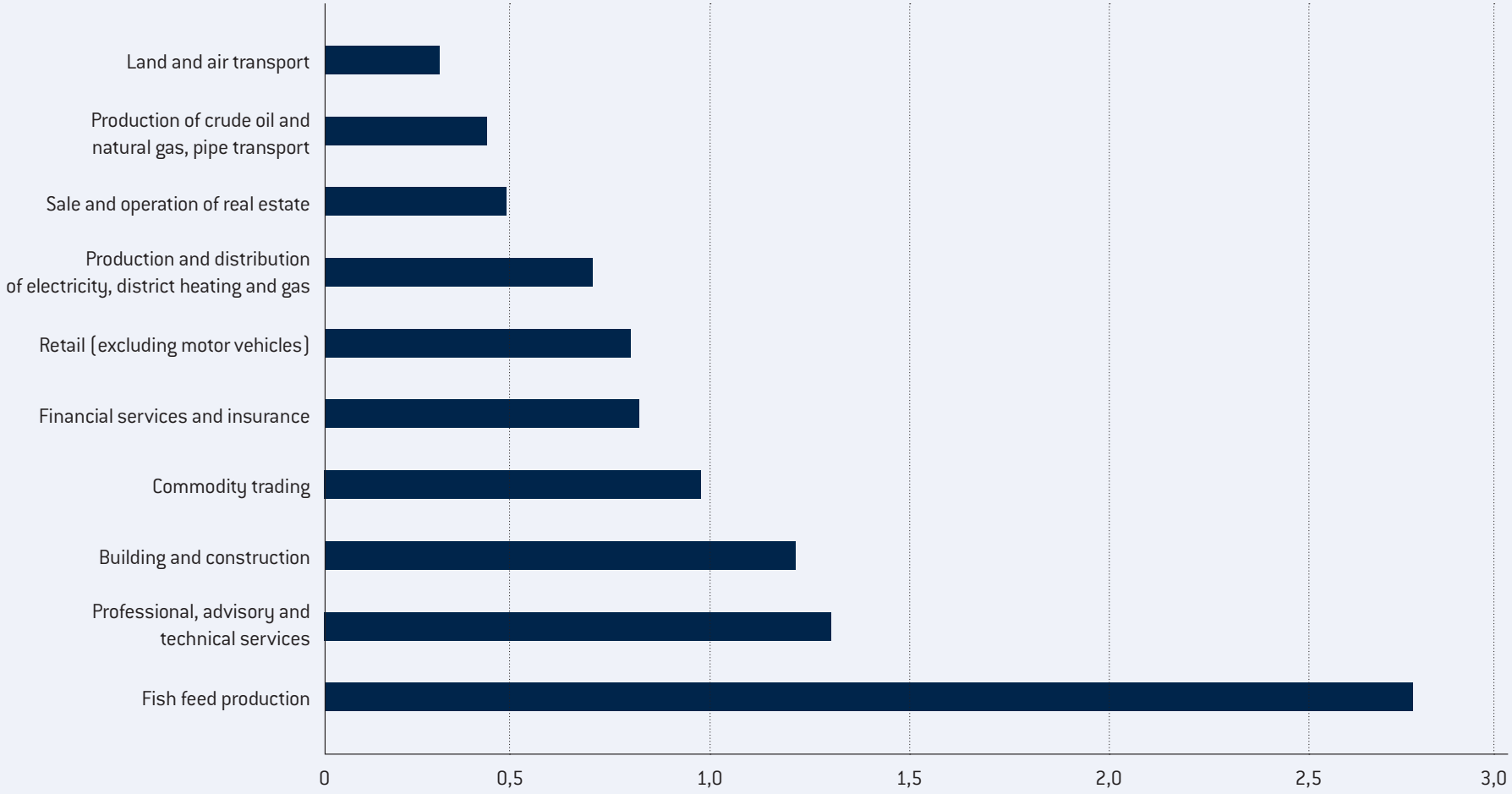
HOVEDTALL LERØY SEAFOOD GROUP KONSERN

(TALL I NOK 1.000)

	2015	2014	2013	2012	2011	2010	2009
Driftsinntekter	**13 450 725**	12 579 465	10 764 714	9 102 941	9 176 873	8 887 671	7 473 807
Driftsresultat før av- og nedskrivniger og verdijustering på biologiske eiendeler	**1 813 869**	2 160 138	1 938 474	774 866	1 484 797	1 805 874	1 154 163
Driftsresultat *	**1 379 953**	1 788 676	1 625 799	450 098	1 212 898	1 586 249	950 156
Resultat før skatt *	**1 320 815**	1 816 813	1 630 011	379 913	1 183 314	1 623 307	926 615
Høstet volum (GWT)	**157 697**	158 258	144 784	153 403	136 672	116 824	108 400
EBIT/kg (før biomassejustering)	**8,8**	11,3	11,2	2,9	8,9	13,6	8,8
LSG børskurs på årets siste handledag	**330,00**	273,00	177 ,00	129,50	84,00	192,00	105,00
Utbytte per aksje (utbetalingsår)	**12,00**	10,00	7 ,00	7 ,00	10,00	7,00	2,80
Utbytte per aksje, utbet. neste år	**12,00**	12,00	10,00	7,00	7,00	10,00	7,00
Driftsmargin*	**10,3 %**	14,2 %	15,1 %	4,9 %	13,2 %	17,8 %	12,7 %
Resultatmargin *	**9,8 %**	14,4 %	15,1 %	4,2 %	12,9 %	18,3 %	12,4 %
Resultat per aksje *	**19,38**	24,04	21,12	5,11	15,13	22,08	12,80
ROCE * (annualisert)	**14,5 %**	21,2 %	20,7 %	6,2 %	17,9 %	27,5 %	18,1 %
Egenkapitalandel	**54,8 %**	54,4 %	54,3 %	50,7 %	50,6 %	52,8 %	51,8 %
Netto rentebærende gjeld	**2 594 653**	1 876 121	2 116 865	2 231 860	1 592 914	1 298 726	1 442 823

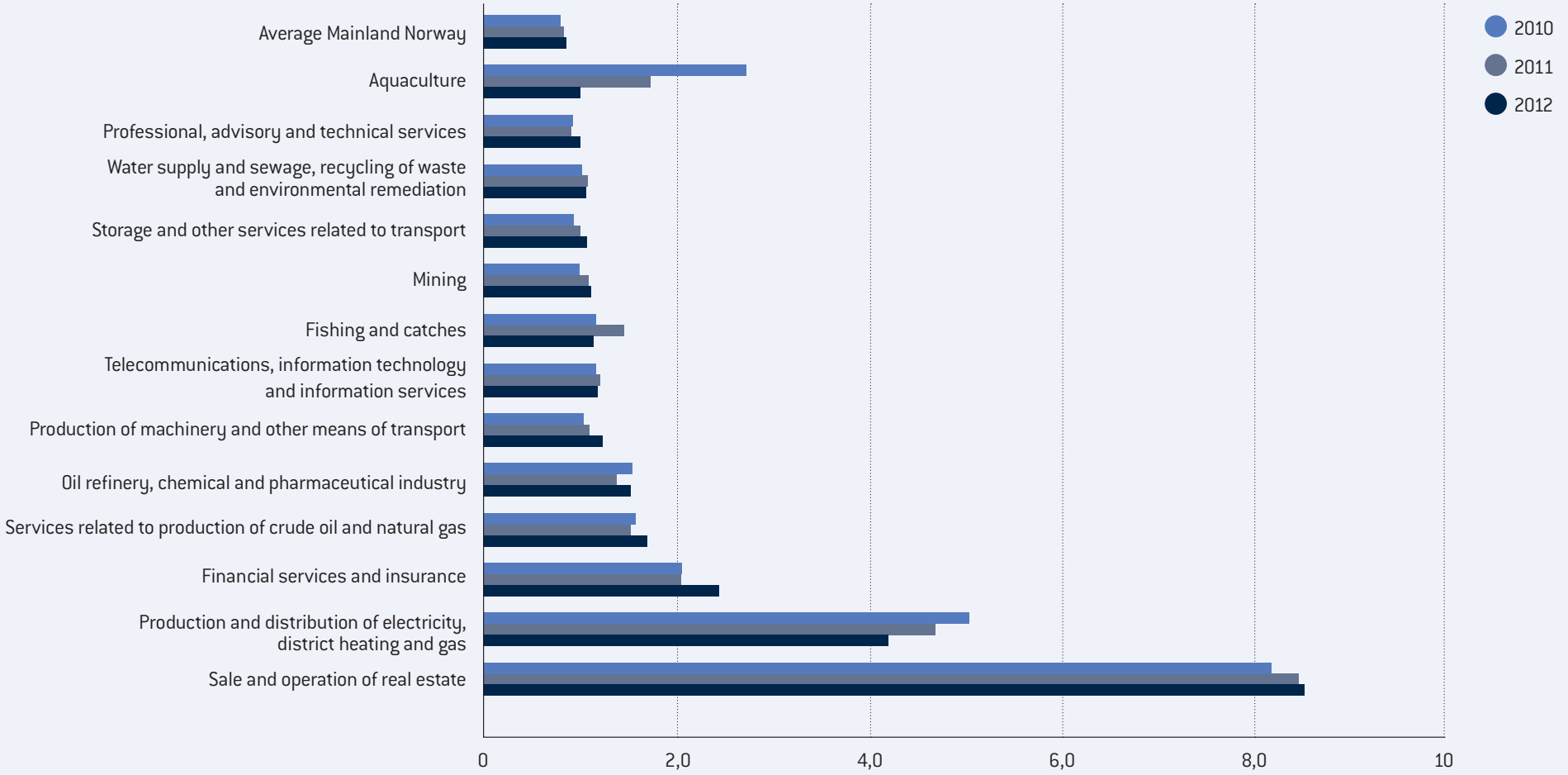
* Før virkelig verdijustering av biologiske eiendeler

THE TEN INDUSTRY GROUPS WITH THE HIGHEST SPIN-OFF EFFECT (CONTRIBUTION TO GNP) GENERATED BY THE VALUE CHAIN BASED ON AQUACULTURE IN 2012



Sandberg et al. (2014)

VALUE CREATION (IN NOK MILLION) PER FULL-TIME EQUIVALENT FOR THE 14 INDUSTRY GROUPS IN NORWAY WITH THE HIGHEST VALUE CREATION 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) Verdiskaping og sysselsetting i norsk sjømatnæring – en ringvirkningsanalyse med fokus på 2012. SINTEF Fiskeri og havbruk og SINTEF Teknologi og samfunn, Rapport A26088

LERØY SEAFOOD GROUP, GRI-TABLE 2015

The report uses the GRI (Global Reporting Initiative) G4 reporting framework as a reference. In addition, the report includes GRI's Food Processing Sector Supplement indicators, where applicable.

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