



ARTICLES OF ASSOCIATION  
MAREL FOOD SYSTEMS HF.

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## ARTICLES OF ASSOCIATION

### MAREL FOOD SYSTEMS HF.

#### **1 Name, address and purpose of company**

- 1.1 The name of the company is Marel Food Systems hf.  
(Amended at shareholders meeting 5<sup>th</sup> of July 2007)
- 1.2 The corporation is a public limited liability company.
- 1.3 The company's address is Austurhraun 9, 210 Garðabær, Iceland.
- 1.4 The company's purpose is the development, design, manufacture, purchase, and sale of electronic devices, software, and related equipment, both domestically and internationally, as well as to provide associated services and operations. Furthermore management of real estate, purchase and sale of securities and ownership of subsidiaries.

(Amended at shareholders meeting 5<sup>th</sup> of July 2007)

#### **2 Share Capital**

##### **Share Capital – shares - votes**

The share capital of the company is ISK 580,300,312.  
(Special provisions on increasing share capital are found in Section 15)

- 2.1 Each share has a nominal value of one euro. However, a share shall have a value of ISK 1 until registered share capital has been converted to EUR.  
(Approved at Annual General Meeting 10<sup>th</sup> of March 2009)
- 2.3. At shareholders' meetings, one vote shall accompany each share in the company.
- 2.4. The Board of Directors may decide to register the share capital of the Company in foreign currency in accordance with the applicable law on public limited companies. If the Board of Directors decides to use this authorization, the share capital of the Company shall be registered in euros. The company Board of Directors is authorized to establish capital stock in euros in place of Icelandic króna, in accordance with article 4, paragraph 1 of Act no. 2/1995. Share conversion shall be conducted according to stipulations for financial statements in Act no. 3/2006, article 5 paragraph 1 regarding Public Limited Companies no. 2/1995. Furthermore, the Board of Directors shall also be authorized to make necessary changes to the company's Articles of Association resulting from the issue, including changing those amounts that appear in paragraph 2 of the company's Articles of Association regarding the change, with the same method of conversion.

(Approved at Annual General Meeting 7<sup>th</sup> of March 2008)

##### **Increasing share capital**

- 2.5. Decisions regarding increasing share capital in the company, both bonus issues and new subscriptions, can only be taken at a shareholders' meeting.

### **Pre-emptive rights**

- 2.6. Shareholders shall have pre-emptive rights to increase in share capital in proportion to their registered shareholding. It is authorized to depart from this clause according to article 3 paragraph, Art. 34 of the Act on Public Limited Liability Companies.

### **Shares – share register**

- 2.7. Company shares are issued electronically in accordance with laws on electronic registration of title of securities.
- 2.8. According to laws on electronic registration of title of securities, the share register is considered valid authentication for ownership of shares in the company, and dividends payments shall, as well as all announcements, be sent to the party who is the registered owner of the respective shares, who is at any time registered owner of shares in the share register of the company.

### **Selling shares and change of ownership**

- 2.9. No restraints are placed on the rights of shareholders to sell their shares. Changes in ownership and its execution shall be made in accordance with current laws on electronic registration of title of securities and regulations based on them.

### **Rights and obligations**

- 2.10. Shareholders are obligated, without their making specific commitments, to abide by the Articles of Association of the company in their current form a, or as they may later be when legitimately changed. Shareholders are not obligated, neither by Articles of Association of the company nor changes to them, to increase their shareholdings in the company or to accept their shares being redeemed. Shareholders are not responsible for any company liabilities beyond their share in the company, unless they accept such responsibility through legal action. This clause will neither be changed nor revoked by any resolution at shareholders' meetings.
- 2.11. No special rights are attached to any share in the company.

### **Communication with shareholders**

- 2.12. It is authorized to use electronic documentation and email interaction between the company and shareholders, in place of sending or presenting documents written on paper. This authorization applies to all types of interaction between the company and shareholders, for example announcements regarding shareholders' meetings, dividend payments and other announcements that the Board decides should be sent to shareholders. Such electronic interaction is equivalent to communications written on paper. The Board shall set regulations regarding the implementation of electronic communications and requirements regarding software, which shall be accessible to shareholders. Those shareholders who intend to take advantage of electronic communications with the company in this manner shall confirm it in accordance with those regulations set by the board.

## **3. Administration**

- 3.4. The company is governed by:
1. shareholders' meetings,
  2. the Board of Directors,
  3. the Chief Executive Officer.

#### **4. Shareholder meetings**

- 4.4. The highest authority regarding all company matters, within the limitations of these Articles of Association and statutory law, rests with the legitimate shareholders' meetings.

##### **Right to participate**

- 4.5. The right to attend a shareholders' meeting is granted to shareholders, shareholders' proxies, company auditors and the Chief Executive Officer of the Company, irrespective of whether he is a shareholder or not. The Board of Directors can invite specialists to individual meetings if their expertise or assistance is needed.
- 4.6. The Board of Directors is authorized to allow shareholders to participate in proceedings at shareholders' meetings through electronic means without being present at the meeting venue. The Board may deem that equipment is sufficiently secure to enable shareholders to participate in the meeting through electronic means without being at the meeting venue. If the Board of Directors decides to use this authorization, it shall be specially noted in the announcement for the shareholders' meeting.
- 4.7. Shareholders intending to participate electronically shall inform the company's office with 5-day's notice, and submit written questions regarding the agenda or present documents that they would like answers to at the meeting.
- 4.8. Shareholders shall have access to instructions regarding participation in shareholders' meetings through electronic means, along with a password and the necessary software for such participation. A password entered into the computer program is equivalent to the signature of the respective shareholder, and is considered acknowledgment of his participation in the shareholders' meeting.

##### **Electronic shareholders' meetings**

- 4.9. The Board is authorized to decide that a shareholders' meeting will be held only through electronic means.
- 4.10. If the Board of Directors considers it acceptable to hold a meeting that is strictly electronic, using the appropriate equipment and providing shareholders with the ability to participate in meeting activities and balloting, the announcement shall include information regarding technical equipment as well as information on how shareholders announce their electronic participation and where they can receive further information, instructions and passwords for participating in the meeting. A password entered into the computer program is equivalent to the signature of the respective shareholder, and is considered acknowledgment of his participation in the shareholders' meeting.

##### **Absentee voting**

- 4.11. If the Board of Directors considers it feasible to give shareholders the opportunity to participate in shareholders' meetings using electronic means, shareholders shall be given the opportunity to vote on proposals or participate in balloting through the mail. The Board of Directors sets regulations regarding implementing such balloting.

##### **Proxy**

- 4.12. Shareholders may authorize another person to attend shareholders' meetings on his behalf. The representative shall submit a written and dated proxy.

- 4.13. Proxies will not be validly rescinded as concerns the company after they have been submitted and meeting documents handed over, or after the meeting has been called to order, whichever comes first.

#### **Lawful shareholders' meeting**

- 4.14. A shareholders' meeting is deemed duly constituted if representatives attending control at least half of all shares.

#### **4.15. Annual General Meeting**

- 4.16. An Annual General Meeting shall be held within eight months from the end of each financial year. Annual General Meetings shall be announced in the same manner as other shareholders' meetings, in accordance with stipulations in paragraphs 4.16 and 4.17.

#### **Agenda for the Annual General Meeting**

- 4.17. The following matters shall be addressed at Annual General Meeting:
1. Board of Director's report on operations for the previous operating year.
  2. Confirmation of the financial statements and decision taken on how to handle the company's profit or loss for the financial year.
  3. Decisions on remuneration to the members of the Board of Directors.
  4. Proposal by the Board of Directors regarding a remuneration policy.
  5. Election of the Board of Directors, in accordance with Clause 5.01.
  6. Election of auditor, in accordance with Clause 10.1.
  7. Proposals from shareholders that shall be placed on the agenda in accordance with Cause 4.20 cf. Article 4 paragraph 88 of the Act on Public Limited Liability Companies.
  8. Any other business.

If shareholders controlling at least 1/3 of all shares make a written request at the annual meeting, decisions regarding Clause 2 shall be postponed and taken up at an extraordinary annual meeting to be held not earlier than one month, and not later than two months, later. Further postponements may not be requested.

The financial statements of the company, the Board of Director's report on operations and the auditors' report shall be available for shareholders to examine at the company's headquarters 7 days prior to the Annual General Meeting.

#### **Notification of a shareholders' meeting**

- 4.18. The Board of Directors shall call a shareholders' meeting when deemed necessary, or in accordance with a meeting resolution, or when elected auditors or shareholders that control at least 1/10 of all shares make a written request, stating the subject matter of the meeting.
- 4.19. When a lawful request for a meeting has been made, the Board of Directors shall be required to call a meeting within 14 days from when the request arrives. If the Board has not called a meeting within this period, it is permitted to demand that a meeting be called in accordance with Article 2 paragraph 87 of Act on Public Limited Liability Companies
- 4.20. Shareholder meetings shall be announced with advertisements in the media or through electronic means.

#### **Notice of announcement**

- 4.21. Shareholder meetings shall be announced with a minimum of one week's notice and a maximum of four week's notice. It is preferable that the Annual General Meeting be announced with two week's notice if the Board of Directors considers it possible, but it is permitted to announce the meeting with one week's notice.

- 4.22. Matters to be discussed at the meeting shall be stated in the announcement.
- 4.23. If changes to the Articles of Association are on the agenda, the announcement shall include the main proposals to be discussed.

#### **Proposals from shareholders**

- 4.24. Each shareholder has the right to have a specific matter discussed at a shareholders' meeting, if he submits a written request to the Board with enough notice to enable the matter to be placed on the agenda, which shall be available for examination 7 full days prior to the meeting.

#### **Agenda**

- 4.25. The agenda shall be available at the company office for examination, along with final proposals to be voted on, not less than 7 full days prior to the meeting.

#### **Proposals to alter the agenda**

- 4.26. Lawfully submitted proposals to supplement or alter the agenda may be proposed at the meeting itself, even though they have not been available to shareholders for examination.

#### **Matters not on the agenda**

- 4.27. If a matter is not on the agenda, it is not possible to make a final determination on it at a shareholders' meeting, except with the approval of all shareholders in the company, but a resolution may be made concerning it as guidance for the Board of Directors.
- 4.28. If proposals are submitted under the item "Other matters," they will not be presented for final determination cf. Clause 4.23

#### **Chairperson**

- 4.29. A Chairperson, elected by the meeting, presides over a shareholders' meeting and nominates a meeting secretary with the approval of the meeting. The Chairperson shall resolve all matters regarding the meeting in accordance with these Articles of Association and laws. Furthermore, the Chairperson decides the form of discussion, matters to be handled in the meeting and voting.

#### **Minutes**

- 4.30. The minutes of the meeting shall be taken, and all resolutions recorded, along with a brief description of the proceedings. The minutes shall be read aloud and comments recorded. The minutes shall be signed by the Chairperson and the secretary. The minutes shall then be full verification of that which occurred at each shareholders' meeting.

#### **Voting**

- 4.31. At shareholders' meetings, a majority vote determines outcomes, unless otherwise stated in the Articles of Association or by law. Proposals receiving an equal number of votes are rejected. When two or more people receive the same number of votes during a ballot, a toss-up shall determine the outcome.

### **5. Board of Directors**

- 5.4. The company's Annual General Meeting annually elects 6 people to sit on the Board of Directors. Their suitability is determined by law.

## **Candidature**

- 5.5. They who intend to put themselves forward for election to the Board of Directors shall declare so in writing to the company's Board of Directors at least five full days prior to the start of the Annual General Meeting. The declaration of candidacy for the Board of Directors shall include, in addition to the candidate's name, ID number and address, information regarding primary occupation, other board of directors participation, education, experience and shareholdings in the company. Information regarding vested interests with the company's main customers and competitors, as well as shareholders who own more than 10% in the company, shall be disclosed.
- 5.6. The Board of Directors shall go over the candidacy declarations and give the candidates, in a verifiable manner, one week to resolve any shortcomings in the announcements. If improvements are not made to the shortcomings of the declarations within the week, the Board of Directors determines the validity of the candidacy. Board of Directors decisions may be brought before shareholders' meetings, which make final determinations regarding the validity of a candidacy.
- 5.7. Information about candidates for the Board of Directors shall be submitted to shareholders for examination at the company's offices not later than 2 days prior to the shareholders' meeting.

## **6. Election of the Board of Directors**

- 6.4. Election of directors is determined according to a majority vote among individuals.
- 6.5. Election of directors shall as a rule be conducted on written ballots, if proposals are submitted for more people than there are positions.
- 6.6. If there are 200 or more shareholders in the company, then shareholders who control at least 1/10<sup>th</sup> of company shares can request that a proportional or cumulative election be held when electing directors. If shareholders are fewer than 200, they need to control 1/5<sup>th</sup> of company shares to make such a request.
- 6.7. A request for a proportional or cumulative election shall be submitted to the company Board of Directors at least five days prior to the shareholders' meeting.

## **7. Division of Board of Directors' responsibilities**

- 7.4. The Board of Directors chooses a Chairman from among its members, after which it assigns responsibilities according to need.
- 7.5. The Chairman takes the floor and calls the meeting to order. Meetings shall be held whenever he deems necessary. A Board of Directors meeting shall as a rule be held at the request of a director or the Chief Executive Officer.
- 7.6. Directors are permitted to participate in Board of Directors' meetings using telecommunication equipment.

## **8. Board of Directors' meetings**

### **Duly constituted Board of Directors' meetings**

- 8.4. A Board of Directors' meeting makes decisions when a majority of directors participate in the meeting. Important decisions, however, may not be taken unless all directors have had the possibility to discuss the matter, if this is possible.

## **Voting**

- 8.5. A majority of votes determines results at Board of Directors' meetings. If there is an equal number of votes, the Chairman's vote counts as double.

## **Minutes**

- 8.6. Directors shall take the minutes of Board of Directors' meetings, and confirm them with their signatures.

## **Goals and responsibilities**

- 8.7. The Board of Directors is the highest authority in company matters relating to shareholders, and sets operational goals for the company with the interests of the company and shareholders as its guiding light - in conformance with the purpose of company. The Board of Directors discusses company matters in between shareholders' meetings and commits the company with its decisions and contracts. The Board of Directors hires the Chief Executive Officer, one or more, determines salary and benefits and concludes a written employment contract.
- 8.8. The Board of Directors gives authorization to sign for the company.
- 8.9. The signatures of a majority of Directors is required to obligate the company.
- 8.10. The Board of Directors' operates according to working procedures that the Board of Directors sets based on laws governing public limited liability companies.

## **Board of Directors' committees**

- 8.11. If committees are elected by the Board of Directors in accordance with stipulations in working procedures, their conclusions shall only be proposals for the Board of Directors, which is not obligated by them when making determinations in individual matters unless otherwise stipulated by law.

## **9. Chief Executive Officer**

- 9.4. The Chief Executive Officer is responsible for daily operations in accordance with those directives that he has been given by the Board of Directors. Daily operations do not include matters that are irregular or of major significance.
- 9.5. The Chief Executive Officer shall see that company accounts are entered in accordance with law and convention, and that company assets are handled in a reliable manner.
- 9.6. The Chief Executive Officer is obligated to abide by all Board of Directors' directives. He is required to provide the auditors with all information requested.

## **10. Accounts and auditing**

- 10.4. The financial year is the calendar year. Financial statements shall be audited by an auditing company. An auditing company shall be elected at the Annual General Meeting for one year at a time.

## **11. Company's own shares**

- 11.4. The company is permitted to own up to 10% of own shares. Voting rights may not be exercised for shares owned by the company. Shares can only be acquired in accordance with authorization for the Board of Directors at a shareholders'



meeting. Authorization for the Board of Directors to purchase own shares is limited to a maximum of 18 months each time. The Board of Directors shall set working procedures regarding the purchase and sale of own shares.

## **12. Changes to the Articles of Association**

- 12.4. The company's Articles of Association may only be changed at company shareholders' meetings that are duly constituted. Such upcoming changes shall be specifically stated in meeting announcements and include a discussion of the main points. A decision will only be valid if it has been approved by at least 2/3 of votes cast, and approved by shareholders who control at least 2/3 of the shares represented at the shareholders' meeting.

## **13. Liquidation of the company**

- 13.4. If considered advisable or necessary to liquidate the company, a proposal and implementation to that end shall be in accordance with Chapter XIII of the Act on Public Limited Liability Companies.

## **14. Mergers and partition**

- 14.4. The merging or amalgamation of the company with other companies, or partition, is conducted in accordance with Chapter XIV of the Act on Public Limited Liability Companies.

## **15. Special provisions regarding increases in capital stock, etc.**

- 15.1 The company's Board of Directors is authorised to increase share capital by as much as ISK 12,000,000 nominal value by issuing new shares. Shareholders do not enjoy pre-emptive rights to subscribe for these new shares, which shall be used to fulfil share option contracts concluded with employees etc. in accordance with the Company's currently applicable stock option programme. The purchase price of shares and terms of sale shall be as provided for in contract concluded by the Board or CEO with the individual concerned. This authorisation shall apply for five years from its adoption.

(Adopted by a shareholders' meeting on 28<sup>th</sup> February 2006)  
(ISK 3,204,965 of the authorisation utilised on 10<sup>th</sup> August 2007)

- 15.2 The Company's Board of Directors is authorised to increase its share capital by up to ISK 240,000,000 nominal value, or the equivalent in EUR if the Company's share capital has already been registered in that currency when the authorisation is utilised. Details of the purchase price of shares and terms of sale shall be determined by the Company's Board of Directors. Shareholders waive their pre-emptive rights, as provided for in Art. 34 of Act No. 2/1995 on Public Limited Companies provided that the price for the new shares will not be lower than 10% under the posted average price of shares in the Company for the four weeks immediately preceding the sale. The Company's Board of Directors may, however, authorise individual shareholders in each instance to subscribe for part or all of the new shares. There are no restrictions on trading in the new shares. These new shares shall be of the same class and bear the same rights as other shares in the company. They shall confer rights in the Company as of the date the increase in share capital is registered. The Company's Board of Directors may decide to have subscribers pay for the new shares in part or in full by other means than cash payment. This authorisation shall be valid for 3 years from the date of its adoption, insofar as it has not been utilised prior to that time.

(Approved by the Annual General Meeting on 10<sup>th</sup> March 2009)

- 15.3. The Company's Board is authorised to issue bonus shares in the current financial year increasing the company's share capital to as much as five-fold the present amount. The Company's share capital may thereby be increased to as much as

ISK 2,321,201,248 or an equivalent amount in EUR if the Company's share capital has already been registered in that currency when the authorisation is utilised. In such case the conversion rate shall be the same as applied when the share capital was converted to EUR.

(Approved by the Annual General Meeting on 10<sup>th</sup> March 2009)

#### **16. Other clauses**

- 16.4. When provisions in these Articles of Association do not cover specific issues, actions taken shall be in accordance with Act no. 2/1995 regarding Public Limited Liability Companies.



Headlines of some articles, and information in small letters, are not part of the Articles of Association, but rather included for convenience.

These are the Articles of Association for the Company with added changes of today's date.

Garðabær, 10<sup>th</sup> of March 2009  
On behalf of the Board of Directors of Marel Food Systems hf.

  
Guðrún Björg Birgisdóttir, Attorney at law

#### **Translation from the Icelandic**

*This is a translation of the Icelandic original Articles of Association. Although every effort has been made to ensure accuracy, in the event of discrepancy only the original Icelandic version is authentic.*