

MAREL HF. - CORPORATE GOVERNANCE STATEMENT

Marel hf. (also referred to as the “company”) is committed to the general principles of good corporate governance. Icelandic law and the company’s corporate governance framework determine the duties of the various bodies within the company. Corporate governance defines and dictates the way in which the company is directed and controlled – it involves the broader inter-workings of the CEO, responsible for the day-to-day management, the Board of Directors, the shareholders at large, regulators and other stakeholders.

In 2015, Marel initiated an external audit of its corporate governance structure and procedures, followed by a certification of the same. January 2016, the company received recognition as “Exemplary in Corporate Governance” from the Center for Corporate Governance at the University of Iceland.

1. Corporate governance framework and compliance

The company’s corporate governance consists of a framework of principles and rules, including its Articles of Association and the Guidelines on Corporate Governance issued in May 2015 by the Iceland Chamber of Commerce, NASDAQ Iceland and the Confederation of Icelandic Employers, accessible on the website of the Iceland Chamber of Commerce,

http://vi.is/%C3%BAtg%C3%A1fa/sk%C3%BDrslur/Corporate_Governance_Guidelines_5th_edition.pdf

In general, the company is in compliance with the Guidelines on Corporate Governance, with the following exemptions:

The company does not have a nomination committee. Marel’s Board of Directors regularly evaluates its work, composition and directors’ independence to ensure the members of the Board jointly have the relevant knowledge, experience and skills to fulfill the Board’s roles and responsibilities in the best interest of the company. The Board initiates discussions with the company’s largest shareholders on board composition and long term succession planning.

Marel has not issued a specific social responsibility policy. Corporate social responsibility is continuously on the agenda and important steps were made in 2015 in formalizing the company’s approach. The aim is to introduce the first results of this work in the annual report for 2015.

2. Main aspects of internal controls and the company’s risk management in connection with the preparation of financial statements

The CEO is responsible for ensuring sufficient internal control and risk management in connection with financial reporting. The Board of Directors has an ongoing dialogue with the CEO on the identification, description and handling of the business

risks to which the company may be exposed. Material risks are discussed in the Consolidated Financial Statements 2015.

Internal audit and control

The company's risk management and internal controls, in relation to financial processes, are designed with the purpose of effectively controlling the risk of material misstatements in financial reporting. The company's internal auditor reports to the Board's Audit Committee and plays a key role in relation to internal control.

External audit

An independent auditing firm is elected at the Annual General Meeting (AGM) for a term of one year. The external auditors shall examine the company's annual accounts in accordance with generally accepted accounting standards, and shall for this purpose inspect accounting records and other material relating to the operation and financial position of the company. The external auditors report any significant findings regarding accounting matters and any significant internal control deficiencies via the Audit Committee to the Board of Directors.

KPMG ehf. was elected as the company's auditor at the company's AGM held on 4 March 2015. Auditors on KPMG's behalf are Krístrun H. Ingólfssdóttir and Hrafnhildur Helgadóttir, both State Authorized Public Accountants. They have audited and signed without reservation Marel's consolidated financial statements for the year 2015.

3. The company's values, code of conduct and social responsibility policy

Values

Marel's company values are shared ideals and standards that provide direction in day to day operations. The company's employees had a direct hand in defining the values, which are: unity, excellence and innovation. The values are continuously promoted in daily operations.

Code of Conduct

The Board of Directors of Marel approved a Code of Conduct with global application in October 2012. It is closely linked with Marel's company values and is built on four pillars, i.e. employees' (including officers and directors) commitment to: (i) each other; (ii) customers and marketplace; (iii) shareholders and (iv) partners, communities and the environment. Marel's Code of Conduct can be found on the company's website: <http://marel.com/corporate/about-marel/governance/corporate-governance>

Corporate social responsibility

Being a responsible corporate citizen means going beyond statutory legal requirements to aligning all business operations with socially accepted principles and contributing to society in a positive way. Marel acknowledges its social responsibility and, as stated above, important steps were made in 2015 in formalizing the company's approach. The aim is to introduce the first results of this work in the annual report for 2015.

4. Composition and activities of the Board of Directors, its sub-committees, the CEO and Executive Team

The company has a two-tier management structure consisting of the Board of Directors and Executive Team, led by the CEO. The two bodies are separate, and no person serves as a member of both.

Board of Directors

The company's Board of Directors is the supreme authority in the affairs of the company between shareholders' meetings. It is elected by shareholders at the AGM for a term of one year and operates in accordance with applicable Icelandic law and regulation, the company's Articles of Association and the Board's Rules of Procedure. The Board currently comprises seven Board members who were elected at the company's AGM on 4 March 2015.

The Board of Directors is responsible for the organization of the company, for promoting the development of its long-term performance and ensuring the proper conduct of its operation at all times. The Board of Directors shall decide on all matters regarded as extraordinary or of major consequence, as defined by the decision making authorities and division of responsibilities between the Board, the CEO and the Executive Team. The Board shall establish goals for the company in accordance with the company's objectives and shall formulate the policy and strategy required to achieve these goals.

Regular board meetings are held with management over the course of the year, including quarterly financial results meetings, a two day strategy session, a two day human resource and remuneration session and a next-year operational planning meeting. Company site visits as well as visits to customers are conducted each year. In addition, the Board of Directors meets at least once a year without the management to structure the Board's agenda and conduct a self- assessment. Additional meetings are convened as needed. All matters brought before a Board meeting shall be decided by majority vote, provided that the Board meeting has been lawfully convened. In the event of a tie vote, the Chairman of the Board casts the deciding vote. However, important decisions shall not be taken unless all members of the Board have had the opportunity to discuss the matter, if possible.

The Board of Directors convened 20 times in 2015, with a weighted average attendance of 95%.

The Board of Directors has made an assessment on which Board members are independent according to the Guidelines on Corporate Governance. All seven Board members are considered independent of the company: Ann Elizabeth Savage, Arnar Thor Masson, Asthildur Margret Otharsdottir, Helgi Magnusson, Margret Jonsdottir, Astvaldur Johannsson and Olafur S. Gudmundsson. Furthermore, five of the Board members are considered independent of the company's major shareholders; Ann Elizabeth Savage, Arnar Thor Masson, Asthildur Margret Otharsdottir, Helgi Magnusson and Astvaldur Johannsson.

Once a year, the Board of Directors evaluates the work, results, size and composition of the Board and the Board's sub-committees. Furthermore, the Board evaluates the work and results of the CEO according to previously established criteria, including whether the CEO has prepared and carried out a business strategy, which is consistent with the established goals. The Board discusses the results of the assessment and decides which actions are to be taken, if any.

Profiles of the Board members can be found here:

<http://marel.com/corporate/about-marel/governance/board-of-directors>

The rules of procedures for the Board of Directors as well as for the Board's sub-committees can be found on the company's website:

<http://marel.com/corporate/about-marel/governance/rules-of-procedures>

Sub-committees

The Board's work is supported by its working sub-committees: Remuneration Committee and Audit Committee. Sub-committee members are appointed by the Board of Directors for a term of one year, in accordance with the rules of each sub-committee adopted by the Board.

Remuneration Committee

The Remuneration Committee is composed of three members of the Board of Directors, unless the Board decides otherwise. The majority of the Remuneration Committee shall be independent of the company. The members of the Remuneration Committee shall possess the knowledge and expertise needed to perform the tasks of the Committee. The Remuneration Committee shall assist the Board in ensuring that compensation arrangements support the strategic aims of the company and enable the recruitment, motivation and retention of senior executives while also complying with legal and regulatory requirements. The committee is responsible for ensuring that the Board's and CEO's performance is evaluated annually and that succession planning is conducted.

Members of the Remuneration Committee are Asthildur Margret Otharsdottir (Chairman), Ann Elizabeth Savage and Arnar Thor Masson.

The Remuneration Committee convened 4 times in 2015. The meetings were all fully attended.

Audit Committee

The Audit Committee is composed of either three or four members of the Board of Directors, unless the Board decides otherwise. The majority of the Audit Committee shall be independent of the company and its external auditors. At least one member of the Audit Committee shall be independent of shareholders that hold 10% or more of the total share capital of the company. The members of the Audit Committee shall possess the knowledge and expertise needed to perform the tasks of the Audit Committee. At least one Member of the Audit Committee shall have solid knowledge and experience in the field of financial statements or auditing. Its field of work includes monitoring Marel's financial status and evaluating the company's internal monitoring and risk management systems, management reporting on finances, whether laws and regulations are followed, and the work of the company's internal and statutory auditors.

Members of the Audit Committee are Arnar Thor Masson (Chairman), Astvaldur Johannsson and Margret Jonsdottir. All members are independent of the company and its auditors, Arnar and Astvaldur are independent of large shareholders.

The Audit Committee convened 5 times in 2015 and held one seminar. The meetings were all fully attended.

CEO

Arni Oddur Thordarson took over as CEO of Marel in November 2013. He has extensive international business experience within the industrial sector. Thordarson has served on the Board of Directors of Marel since 2005, majority of the time as Chairman. He has an MBA degree from IMD Business School in Switzerland and a Cand.Oecon degree in Business Administration from the University of Iceland.

Thordarson is an Icelandic citizen, born in 1969. Thordarson and related parties hold 131,869 shares in Marel. He is a major shareholder of Eyrir Invest, which on 3 February 2016 held 215,366,838 shares in Marel hf. (29.28% of total issued shares).

The principal duties of the CEO are as follows:

- I. The CEO is responsible for daily operations and is obliged to follow the Board's policy and instructions in that regard. The daily operations do not include measures, which are unusual or extraordinary. The CEO may only take such measures if specially authorised by the Board, unless it impossible to wait for the Board's decision without substantial

disadvantage to the company's operations. In such an event, the CEO shall inform the Board of his/her measures, without delay.

- II. The CEO shall act as chairman in the company's material subsidiaries which are connected with the sales and manufacturing activities and/or the core activities of the company, unless the Board decides otherwise.
- III. The CEO is responsible for the work and results of the Executive Team.
- IV. The CEO shall ensure that the accounts of the company conform to law and accepted practices and that the treatment of company assets is secure. The CEO shall provide any information that may be requested by the company's Auditors.

At least once a year the CEO shall evaluate the work and results of the Executive Team, for which he is responsible, according to previously established criteria. The CEO shall discuss the results of the assessment with each member of the Executive Team and decide which actions shall be taken, if any.

At least once a year, the Chairman and the CEO shall have a meeting to discuss the results of the Board's assessment of the CEO's work and results and the proposed actions to be taken, if any. The CEO shall inform the Chairman of the results of his/her evaluation of the Executive Team and which actions will be taken, if any. The Chairman shall inform the Board of Directors of the discussions with the CEO as he/she deems necessary and appropriate.

Executive Team

The company's Executive Team is composed of 12 members: Arni Oddur Thordarson, Chief Executive Officer (CEO), Linda Jonsdottir, Chief Financial Officer (CFO), Arni Sigurdsson, EVP Strategy and Corporate Development, Anton de Weerd, Managing Director (EVP) of Poultry, David Wilson, Managing Director (EVP) of Meat, Gerrit den Bok, Managing Director (EVP) of Further Processing, Sigurdur Olason, Managing Director (EVP) of Fish, Sigsteinn P. Gretarsson, EVP Commercial, Petur Gudjonsson, EVP Commercial Regions, Paul van Warmerdam, EVP Supply Chain, Vidar Erlingsson, EVP Innovation and David Freyr Oddsson, EVP Human Resources.

Profiles of the Executive Team members can be found here: <http://marel.com/corporate/about-marel/governance/management>

5. Communication between shareholders and the Board of Directors

Shareholders' meetings, within the limits established by the company's Articles of Association and statutory law, are the supreme authority in Marel's affairs as well as the primary communication between shareholders and the Board of Directors. The AGM is scheduled once a year, before the end of August, and other shareholders' meetings are convened when necessary. The AGM is

advertised publicly with at least three-week's notice in accordance with Icelandic law.

The Chairman is the authorized spokesperson for the Board of Directors. The Board of Directors does not engage in communication regarding details of the company's financial results, which is the responsibility of authorized members of management. The Chairman initiates communication with the company's largest shareholders on an annual basis with the objective of establishing trust and understanding. All communication with shareholders is governed by rules and regulations on price sensitive and non-public information (insider information) and other sensitive business information, which may compromise the company's competitive position.

Further information on communication with shareholders can be found in the company's Investor Relations Policy:

<http://marel.com/corporate/investor-relations>

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