

MAREL HF. CORPORATE GOVERNANCE STATEMENT

Icelandic law and the company's corporate governance framework determine the duties of the various bodies within the company. They define and dictate how the company is governed and controlled – including the interaction between the CEO, who is responsible for day-to-day management, the Board of Directors, shareholders, regulators, and other stakeholders. Marel hf. is committed to recognized general principles aimed at ensuring good corporate governance.

1. CORPORATE GOVERNANCE FRAMEWORK AND COMPLIANCE

Marel's corporate governance consists of a framework of principles and rules, including its Articles of Association and the Guidelines on Corporate Governance issued in June 2015 by the Iceland Chamber of Commerce, NASDAQ Iceland and the Confederation of Icelandic Employers, which are accessible on the website of the Iceland [Chamber of Commerce](#).

In general, the company fully complies with the Guidelines on Corporate Governance, apart from the following exceptions:

Article 1.4 of the Guidelines concerning Share Registry: Marel is listed in ISK on Nasdaq Iceland and in EUR on Euronext in Amsterdam. In the Netherlands, shares are registered in the account-based electronic securities system operated by Euroclear Nederland, a central securities depository and clearing organization authorized under the Securities Bank Giro Transactions Act. All securities in its depository are registered in the name of Euroclear Nederland. Under Dutch property law governing Euroclear Nederland, the legal title to the shares registered in the name of Euroclear Nederland are owned by all investors collectively, each in proportion to their percentage shareholding. Dutch law further regulates how Euroclear Nederland must afford the investors the rights to the securities in its custody, such as voting rights and rights to dividends. For this reason, Marel is unable to keep a shareholder registry for the EUR shares listed on Euronext in Amsterdam. Marel

keeps a shareholder registry for the ISK shares listed on Nasdaq Iceland.

Article 1.5.1 of the Guidelines concerning the appointment of a Nomination Committee: According to the Guidelines, the shareholders' meeting shall appoint members to the Nomination Committee or decide how they should be appointed. Marel deviates from this provision as the Nomination Committee is a sub-committee of the Board of Directors, and the Board appoints its members. This is in line with the Dutch corporate governance code.

Article 1.5.3 of the Guidelines concerning the appointment of Board members in the Nomination Committee: as the Nomination Committee is a sub-committee of the Board of Directors, the members of the Nomination Committee are all also members of the Board of Directors. This is in line with the Dutch corporate governance code.

Article 1.5.6 of the Guidelines concerning the announcement of names of those appointed to the Nomination Committee at least six months before the AGM: Marel's Nomination Committee was established in December 2019; therefore the names of the members could not be published six months before the company's AGM scheduled to take place in March 2020.

2. MAIN ASPECTS OF INTERNAL CONTROLS AND THE COMPANY'S RISK MANAGEMENT IN CONNECTION WITH PREPARATION OF FINANCIAL STATEMENTS

The CEO is responsible for ensuring adequate internal controls and risk management in connection with financial reporting. The Board of Directors maintains an ongoing dialogue with the CEO to identify, describe and manage the business risks that the company may be exposed to. Material risks are discussed in the 2019 Consolidated Financial Statements.

INTERNAL AUDIT AND CONTROL

The company's risk management and internal controls for financial processes are designed to minimize the risk of material misstatements in financial reporting effectively. The internal auditor reports to the Board's Audit Committee and plays a key role in 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 examine the company's annual accounts in accordance with generally recognized auditing standards and, for this purpose, inspect its 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 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 6 March 2019. Auditors on KPMG's behalf are Sæmundur Valdimarsson and Hrafnhildur Helgadóttir, both Certified Public Accountants (CPAs). They have audited and endorsed without reservation Marel's consolidated financial statements for the year 2019.

3. THE COMPANY'S VALUES, CODE OF CONDUCT AND SOCIAL RESPONSIBILITY POLICY

VALUES

Marel's company values are its shared ideals and standards, providing direction in its everyday operations. The company's employees took part in defining these values, which are Unity, Excellence and Innovation. The values are continuously promoted in the company's daily operations.

CORPORATE SOCIAL RESPONSIBILITY AND DIVERSITY

Marel's corporate social responsibility (CSR) guidelines were approved by the Board of Directors and Marel's Executive Team in 2016.

Further information on CSR, Diversity and subsequent policies is provided in the section on CSR in Marel's Annual Report and the chapter on Corporate Social Responsibility starting on page five in this document.

CODE OF CONDUCT

Marel's Board of Directors approved a Code of Conduct with a global application in October 2012, which was revised in July 2016. It is closely linked to Marel's company values and rests on four pillars, i.e., the commitment of employees (including officers and directors) to: (i) each other; (ii) customers and

the marketplace; (iii) shareholders; and (iv) partners, communities and the environment.

Marel's Code of Conduct can be found on the company's website:
<https://marel.com/media/52016/marel-code-of-conduct-jul-2016.pdf>

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 Chief Executive Officer. The two bodies are separate, and no person serves as a member of both.

BOARD OF DIRECTORS

The Board of Directors has supreme authority in company affairs between shareholders' meetings. It is elected by shareholders at the Annual General Meeting for a one-year term and operates in accordance with applicable Icelandic laws and regulations, the company's Articles of Association and the Board's Rules of Procedure. The Board currently comprises of seven directors who were elected at the company's AGM on 6 March 2019.

The Board of Directors is responsible for the company's organization, for setting the objectives for long-term performance and business development and ensuring proper conduct of its operations at all times. The Board decides all matters regarded as extraordinary or of major consequence in accordance with the statutory division of responsibilities between the Board, CEO and Executive Team. The Board defines strategic objectives for the company and sets targets aimed at achieving these goals.

Regular board meetings are held with management over the course of the year, including quarterly meetings coinciding with the publication of financial results, two off-site strategy sessions and an operational planning meeting for the coming year. A number of on-site visits to company locations as well as to customers are conducted each year. In addition, the Board of Directors meets at least once a year without management to structure its agenda and conduct a self-assessment. Additional meetings are convened as needed. All

matters dealt with at Board meetings are decided by a majority vote, provided that the meeting has been lawfully convened. In the event of a tie vote, the Chairman casts the deciding vote. However, important decisions are not made unless all directors have been given an opportunity to discuss the matter.

The Board of Directors convened 18 times in 2019, with an average attendance of 96%.

The Board of Directors has assessed which directors are independent according to the Guidelines on Corporate Governance. All seven directors, Ann Elizabeth Savage, Arnar Thor Masson, Asthildur Margret Otharsdottir, Ton van der Laan, Margret Jonsdottir, Astvaldur Johannsson and Olafur S. Gudmundsson, are considered independent of the company. Furthermore, five of the Board members, Ann Elizabeth Savage, Arnar Thor Masson, Asthildur Margret Otharsdottir, Ton van der Laan and Astvaldur Johannsson, are considered independent of the company's major shareholders.

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 consistent with the company's established goals. The Board discusses the results of the evaluation and decides on any actions to be taken.

Profiles of the Board members can be found here: https://marel.com/investors/corporate-governance/our-leadership/#leadership_boardofdirectors

The Rules of Procedure for the Board of Directors and for the Board's sub-committees are accessible here: <https://marel.com/investors/corporate-governance/#governance-policies-and-documents>

SUB-COMMITTEES

A major share of the Board's work is carried out in its sub-committees, the Remuneration Committee, the Audit Committee and the newly established Nomination Committee. Sub-committee members are appointed by the Board of Directors for a term

of one year, in accordance with the rules set for each sub-committee by the Board.

REMUNERATION COMMITTEE

The Remuneration Committee is composed of three Board members unless the Board decides otherwise. The majority of the Remuneration Committee shall be independent of the company and possess the knowledge and expertise needed to perform the Committee's tasks. The Remuneration Committee is intended to 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 performance of the Board and CEO is evaluated annually, and that succession planning is conducted.

The current Board decided to appoint four members to the Remuneration Committee as of March 2019: Asthildur Margret Otharsdottir (Chair), Ann Elizabeth Savage, Arnar Thor Masson and Olafur S. Gudmundsson.

The Remuneration Committee convened four times in 2019. All meetings were fully attended.

AUDIT COMMITTEE

The Audit Committee is composed of three or four Board directors unless the Board decides otherwise. The majority of the Audit Committee shall be independent of the company, and its external auditors and at least one member shall be independent of shareholders holding 10% or more of the company's total share capital. Members of the Audit Committee must possess the knowledge and expertise needed to perform their tasks. At least one member needs to have solid knowledge and experience of financial statements or auditing. Its 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 since March 2019 are Arnar Thor Masson (Chairman), Astvaldur Johannsson, Margret Jonsdottir and Ton van der Laan. All members are independent of the company

and its auditors, while Ton van der Laan, Arnar Thor Masson and Astvaldur Johannsson are independent of large shareholders.

The Audit Committee convened seven times in 2019, with an average attendance of 93%.

NOMINATION COMMITTEE

The Nomination Committee is composed of three members elected by the Board. The Nomination Committee was established in 2019 as communicated at Marel's AGM 2019. The main objective of the Committee is to assist the Company's shareholders in a structured and transparent way with ensuring that the Board and its Committees consist of Directors with the appropriate balance of skills, experience, diversity, independence and knowledge, enabling effective execution of duties and responsibilities. The Nomination Committee identifies and nominates candidates for the Board, and members of the Board's committees, who can fulfill these requirements. The majority of the members of the Nomination Committee shall be independent of the Company and of shareholders that hold 10% or more of the total share capital of the Company.

The Board has taken a balanced view of Corporate Governance Principles in Iceland and the Netherlands when structuring the framework for the Nomination Committee. Members of the Nomination Committee since December 2019 are Arnar Thor Masson (Chairman), Asthildur Margret Otharsdottir and Olafur S. Gudmundsson.

The Nomination Committee did not convene in 2019.

CHIEF EXECUTIVE OFFICER

Arni Oddur Thordarson assumed the position of CEO of Marel in November 2013. An Icelandic citizen, born in 1969, Mr. Thordarson has extensive international business experience within the industrial sector. He has an MBA degree from IMD Business School in Switzerland and a Cand. oecon. degree in Business Administration from the University of Iceland. Mr. Thordarson served on the Board of Directors of Marel from 2005-2013, for most of that time as Chairman.

Together with related parties, his direct holding is 131,869 shares in Marel. He is a major shareholder

of Eyrir Invest, which on 5 February 2020, held 190,366,838 shares in Marel hf. (24.69% of total issued shares).

- I. The CEO is responsible for daily operations and is obliged to follow the Board's policy and instructions in that regard. Daily operations do not include measures that are unusual or extraordinary. The CEO may only take such measures if specifically authorized by the Board or unless it was impossible to wait for the Board's decision without substantial disadvantage to the company's operations. In such an event, the CEO must inform the Board of his/her actions without delay.
- II. The CEO is responsible for the work and results of the Executive Team.
- III. The CEO shall act as Chairman of the Board in the company's significant subsidiaries and core activities of the company unless the Board decides otherwise.
- IV. The CEO shall ensure that the accounts of the company comply with the law and accepted financial reporting practices and that the treatment of company assets is secure. The CEO shall provide any information requested by the company's auditors.
- V. At least once a year, the CEO shall evaluate the work and results of the Executive Team that he heads according to previously established criteria. The CEO shall discuss the results of his evaluation with each member of the Executive Team and decide on any actions to be taken.

At least once a year, the Chairman and the CEO will meet to discuss the results of the Board's evaluation of the CEO's work and performance and any proposed actions in response. The CEO reviews with the Chairman the results of his/her evaluation of the Executive Team and what actions may be needed, if any. The Chairman reports to the Board of Directors on discussions with the CEO as he/she deems necessary and appropriate.

EXECUTIVE TEAM

The company's Executive Team is composed of twelve members:

EXECUTIVE

- Arni Oddur Thordarson, *Chief Executive Officer*
- Linda Jonsdottir, *Chief Financial Officer*

- Arni Sigurdsson, *EVP Strategy and Corporate Development*

OPERATIONS

- Einar Einarsson, EVP Global Markets
- Ulrika Lindberg, EVP Service
- Folkert Bölger, EVP *Global* Supply Chain
- Vidar Erlingsson, EVP Innovation
- David Freyr Oddsson, EVP Human Resources

BUSINESS UNITS

- Roger Claessens, Managing Director (EVP) of Marel Poultry
- David Wilson, Managing Director (EVP) of Marel Meat
- Sigurdur Olason, Managing Director (EVP) of Marel Fish
- Jesper Hjortshøj, Managing Director (EVP) of Further Processing

Profiles of the Executive Team members can be found here:

https://marel.com/investors/corporate-governance/our-leadership/#leadership_executiveteam

5. COMMUNICATION BETWEEN SHAREHOLDERS AND THE BOARD OF DIRECTORS

Shareholders' meetings, within 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 means of communication between shareholders and the Board of Directors. The AGM is held each year before the end of August, and other shareholders' meetings are convened when necessary. The AGM is advertised publicly with at least two weeks' notice in accordance with Icelandic law.

The Chairman is the Board's authorized spokesperson. The Board of Directors does not engage in communication regarding the details of the company's operational matters and financial results, which is the responsibility of authorized members of management.

The Chairman communicates with the company's largest shareholders on an annual basis to

exchange views on matters related to corporate governance and to maintain trust and understanding. All communication with shareholders is governed by rules and regulations on price-sensitive and non-public information (insider information) and on other sensitive business information, which could compromise the company's competitive position.

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

<https://marel.com/media/65974/investor-relations-policy.pdf>

Corporate Social Responsibility

Being a responsible corporate citizen is a top priority for Marel. Marel takes great pride in exceeding statutory legal requirements to align business operations with socially and environmentally accepted principles while striving to contribute to society positively. Marel established a policy on Corporate Social Responsibility in 2015 that focuses on three separate areas: people, planet and profits. It implements the ISO 26000 standard and guides Marel in fulfilling the UN's sustainable development goals and takes guidance in SASB's industry-standard on Industrial Machinery and Goods. Marel has been a signatory to the United Nations Global Compact since 2015 and a participant since 2017.

In 2019 Marel started working on redefining ambitions regarding Corporate Responsibility, a project that will be finalized in 2020.

In 2017, Marel took part in the NASDAQ Sustainable Markets Initiative for the first time, following NASDAQ's ESG reporting guidelines. Several actions were taken to improve the organization's ESG performance in 2019, including enhancing the organization's health, safety and environment processes as well as implementing a sustainability pillar into procurement practices. More information about the NASDAQ ESG project can be found here.

	NASDAQ ESG Indicator	2019	2018
E1	Direct & Indirect GhG Emissions	19,600 tCO ₂ e	20,659 tCO ₂ e*
E2	Emission Intensity	15.26 kgCO ₂ per 1000 €	17.24 kgCO ₂ e per 1000€*
E3	Energy Usage	49.5 GWh	48.9 GWh*
E4	Energy Intensity	7.9 MWh per FTE	8.4 MWh per FTE*
E5	Energy Mix	Renewables	Renewables
E6	Water Usage	-	-
E7	Environmental operations	Yes	Yes
E8	Climate Related Risk Oversight	No	No
E9	Sustainability Issue Oversight	Yes	Yes
E10	Climate Risk Mitigation	-	-
S1	CEO Pay Ratio	12.8:1	12.5:1
S2	Gender Pay Ratio	1.1:1	1.1:1
S3	Employee Turnover Ratio	10.9%	11.9%
S4	Gender Diversity	16/84	15/85
S5	Contractors/Part-Time Worker Ratio	14%	16%
S6	Non-Discrimination Policy	Yes	Yes
S7	Injury Rate	3.8	3.2
S8	Global Health & Safety Policy	Yes	Yes
S9	Child & Forced Labor Policy	Yes	Yes
S10	Human Rights Policy	Yes	Yes
G1	Board Diversity	42.1/57.9 <i>All independent of Marel</i>	42.1/57.9 <i>All independent of Marel</i>
G2	Board Independence	Yes	Yes
G3	Incentivized Pay	No	No
G4	Collective Bargaining	Yes	Yes
G5	Supplier Code of Conduct	Yes	Yes
G6	Ethics & Anti-Corruption	Yes	Yes
G7	Data Privacy	Yes	Yes
G8	Sustainability Report	Yes	Yes
G9	Disclosure Practices	UN's SDG's	UN's SDG's
G10	External Validation Assurance	Partial	Partial

* Restated due to improved data accuracy

Social Responsibility

Marel develops and builds food processing solutions that help feed a growing world more safely and efficiently while seeking approaches that minimize environmental impact. To meet these objectives, Marel finds it is essential to act responsibly towards society, its people, customers and their social environment. Making social responsibility a priority of Marel's corporate culture means that the company is dedicated to providing a safe and healthy working environment that fosters diversity and inclusion. Marel believes that it is essential to support individual and team development and to ensure the right of freedom of association.

One aspect of Marel's social responsibility is to engage actively and systematically with the local communities and stakeholders where they operate by seeking local participation and insights. Marel is investing in these locations for the long-term. Not only is this good for business, but it also helps spur innovation and capacity building among Marel's current and future workforce.

Human rights violations, including any forced labor, under-age labor or illegal labor conditions, are not tolerated under any circumstances.

Human Resources

The vision of Marel's Human Resources is that people drive the company's success. By encouraging a culture of learning with engaged people, Marel is seeking value-added ways of working. Marel provides a supportive and ambitious work environment that motivates and inspires people to make Marel's vision their own. To do this, the company provides a wide variety of training and opportunities for further education, career development and succession.

Employee engagement has been defined as the key factor in measuring the overall health and wellbeing of the organization. A worldwide network of engagement champions has provided engagement training to managers. Between annual appraisals, all managers work actively on action plans with their teams. In 2019, Marel managers initiated 400 action plans to improve employee engagement.

	2019	2018	2017
Average number of total full-time employees during the year	6,303	5,794	4,912

To deal with seasonal fluctuations in order processing, and other variances in project load, Marel employs a number of temporary workers. In 2019, the ratio of full-time temporary workers was 14% of the total workforce, down from 16% in 2018.

Employees in FTEs	2019	2018
Europe, Middle East and Africa ^{*)}	4,093	3,684
Americas	1,423	1,330
Asia and Oceania	311	270
Employees	5,827	5,284
3rd party workers	476	510
	6,303	5,794

Health, Safety and Environment

Providing a healthy and safe working environment for Marel employees, contractors and visitors is imperative, and the company takes pride in doing it well. Risks associated with health, safety and the environment of Marel's employees concern all stakeholders related to the company, and Marel does the utmost to make sure employees have the necessary competence, environment, tools and instructions to perform their work professionally and safely.

Local management of all Marel entities is responsible for assuring that processes and procedures are established within their entity comply with Marel's health, safety and environment policy and local laws. In 2019, approximately 100 managers were certified through the company's Health, Safety and Environment (HSE) program.

A Global HSE team monitors compliance with the Marel [HSE Policy](#) and facilitates the process for improvement globally.

Diversity

Marel's Global Diversity and Inclusion policy guides and ensures commitment to fostering, cultivating and preserving a culture of diversity and inclusion within the company and increasing job satisfaction and well-being in the workplace. The policy supports Marel in becoming a work environment where diversity and inclusion are recognized and valued, and all employees are treated with respect and dignity.

By instituting this policy Marel will be a more desirable and responsible workplace that will, in turn, attract and keep the most qualified employees. Marel's global diversity policy applies to all employees and governance bodies, including the Board of Directors, its sub-committees and the

Executive Team. The diversity policy rests on the four following pillars, each equally important:

1. Ensuring equal opportunity
2. Promoting a company culture of tolerance, diversity and inclusion
3. Acting strong and decisively against any bullying, violence or harassment
4. Increasing the visibility of Marel as an employer of choice

Marel's diversity and inclusion committee is appointed biannually, and its members must represent the diversity of the employees and the communities in which they work.

Composition of governance bodies and headcount according to gender

	2019			2018		
	Female	Male	Total	Female	Male	Total
Board of Directors	43%	57%	7	43%	57%	7
Executive team	17%	83%	12	17%	83%	12
Employees	16,1%	83,9%	6,303	15.4%	84.6%	5,794

Human Rights and Illegal Labor

There is a zero-tolerance policy at Marel concerning human rights violations, including child labor or illegal labor conditions. All employees must have reached the legal working age in the country where they work. No Marel facility shall be associated with illegal labor conditions or forced labor. Since 2017, all new suppliers have been required to comply with the same standards as Marel does on issues related to human rights and labor, as described in Marel's Code of Conduct.

No human rights violations were reported in 2019.

Freedom of Association

Marel is committed to respecting all employees' freedom of association and right to collective

bargaining without discrimination, as established in the Freedom of Association and Protection of the Right to Organize Convention ([C.87](#)) and the Right to Organize and Collective Bargaining Convention ([C.98](#)). Marel ensures that these rights may be exercised by all employees, business partners and those directly associated with Marel's services, products and operations.

Local and Global Communities

Marel actively participates in the local communities in the countries where it operates. The focus is mainly on educational outreach in collaboration with local educational institutions, and through continuing education of employees. Many production facilities have internships and trainee

programs to promote talented young professionals entering the workforce in developing their skills in a professional and safe environment.

Another aspect of engaging with local communities is the company's commitment to fast-track social initiatives in developing economies. By introducing new food processing technologies to these locales, Marel can have an immediate and radical effect on production capabilities, worker safety and food traceability. One of the primary growth sectors for Marel is in the creation of shared value through partnerships in new markets. By delivering market-altering solutions Marel intends to increase both general well-being and economic progress in all of the company's markets.

In 2019, Marel implemented [a Global Charitable Giving and Social Participation Policy](#) to further align the organization's strategy with its vision and purpose.

Environmental Responsibility

Throughout the entire value-chain, Marel encourages and promotes the most efficient use of resources to minimize environmental impact and prioritize environmental protection in food processing. Innovation is at the core of this strategy. By continuously focusing on the creation of new methods for improving yields and minimizing waste in food production, Marel is reducing the use of scarce resources such as energy and water while promoting food safety, traceability and animal wellbeing.

In 2019, meaningful steps were taken in analyzing and understanding how to improve sustainability in Marel's supply chain function, especially procurement. A sustainable procurement roadmap was developed, and the pillar of sustainability added as the fifth dimension of Marel's procurement principles.

Climate change related risks are a critical and relevant issue for Marel to manage, both internally and for its customers. Many initiatives have been implemented to mitigate and manage climate related risks. A pivotal action to manage climate risks in the value chain Marel operates in is to assist customers in using less natural resources while

minimizing their CO₂ footprint during production. Several projects have been implemented to support precautionary approaches to environmental challenges and to promote greater environmental responsibility along the entire value chain.

A Sustainability Scorecard has been a part of the product development process since 2017, which encourages the inclusion of sustainable features of products from the first stage of the product development process. The scorecard is intended to assist Marel's Innovation team focus on aspects relevant to the value chain it is a part of in becoming more sustainable. In 2019, 87% of all new innovation projects approved for further development were rated according to a sustainability scorecard in the feasibility stage.

In 2019, Marel continued to analyze the environmental impact of key products over their life cycle (LCA). Three core cross-industry products have now been analyzed, and the company will continue to investigate key products.

Waste Management

The operational and environmental risk associated to waste management is very material at Marel. In 2019, a full-scale analysis of all of Marel's waste-streams was carried out. The analysis provided a comprehensive overview of the company's waste footprint. For example, how much waste ends in landfills and how much is either reused or recycled.

Significant improvements were made toward digitizing and improving efficiency in Marel's Waste management in 2019, with all major manufacturing locations now reporting. In 2019, Marel recycled or reused 74% of the total waste volume of 5,573 tons.

Energy

Projects that Marel has introduced for minimizing energy consumption include installing car-charging points for employees and visitors who own electric vehicles, replacing regular light bulbs with LED lighting where feasible, and installing energy management systems in the largest manufacturing facilities. Continuous upgrades are being made to manufacturing equipment to increase its energy efficiency along with other capabilities.

Energy consumption and intensity

	Total GWh	KWh per m²	MWh per employee
2019	49.5	165	7.9
2018	48.9	198	8.4

Marel's primary sources for electric energy are renewable energy and natural gas, with around 56% of all electricity energy consumed by Marel produced by renewables and 29% generated by burning natural gas.

Electricity consumed by Marel by origin

Origin	Total energy consumed 2019	Total energy consumed 2018
Non-Renewables	44%	44%
Renewables	56%	56%

Carbon Emissions

Despite efforts to continually minimize its environmental footprint, overall carbon emissions have been rising steadily over the past few years, simply because Marel is a growing company. The two largest contributors to Marel's carbon footprint are energy consumption in facilities and employee air travel. In 2019 emissions were lower than in previous years mainly due to less employee travel, cleaner energy used and a significant decrease in number of vehicles directly operated by the company.

To better understand the carbon footprint of the energy Marel consumes, all facilities now report on the generation source(s) of energy used to produce the electricity and heating used in their facilities. In collaboration with Sustainalize, a company that verifies Marel's carbon footprint, the data is processed under the following:

- Scope 1 emissions are from *Mobile Combustion* emissions from the 840 vehicles operated by the company and natural gas burned to heat facilities.
- Scope 2 emissions are mostly from the electricity used in offices and manufacturing facilities as well as waste management from manufacturing.

- Scope 3 emissions are mainly the result of employee air travel. Other upstream or downstream activities are currently not included, but in 2019 management started working on collecting data to publish Marel's Scope 3 emissions in 2020.

Scope 1 – Mobile combustion and heating

Carbon emissions	Number of Vehicles	tCO₂e from Vehicles	tCO₂e from Heating	Total tCO₂e
2019	840	2,135	1,725	3,860
2018	1,020	2,507*	1,636*	4,143*

*Restated due to improved data accuracy

Scope 2 – Electricity and waste

Carbon emissions	tCO₂e from Electricity	tCO₂e from Waste	Total tCO₂e
2019	3,087	340	3,427
2018	3,167*	466	3,633*

*Restated due to improved data accuracy

Scope 3 – Employee air travel

	tCO₂e
2019	12,313
2018	12,880
2017	10,317

In order to understand and minimize the indirect carbon footprint, most of Marel's larger facilities have installed an energy monitoring system from eTactica. Locations undergoing renovations are also installing solar cells on their roofs to locally generate some of the energy consumed on-site.

Because Marel's company network spans the globe, air travel by Marel employees has a substantial negative impact on the environment. Considering the fact that carbon emissions from the aviation industry are a substantial contributor to global warming, Marel is working towards minimizing employee air travel.

In 2016, Marel established a new travel platform to monitor the environmental impact caused by employee travel. By collecting and visualizing the data, the company has already seen improvements and opportunities for reducing its carbon footprint when it comes to employee travel.

Marel's travel policy aims to continuously lower its carbon footprint by actively encouraging employees to use alternative means of meeting and communicating with each other and customers. Emissions from air traveled decreased by 4.4% in 2019.

Total carbon emission and intensity

	Total tCO2e	KgCO2e per FTE	kgCO2e per 1000 € of revenues
2019	19.600	3.110	15.26
2018	20,659*	3.565*	17.24*

*Restated due to improved data accuracy

Marel is currently not participating in any carbon offsetting programs or green energy certification. Ideally, Marel will continue to increase the prevalence of renewable energy used by procuring cleaner energy whenever possible, and by improving efficiency in production processes, employee travel, fleet management, waste management and other operations.

Animal Wellbeing

A strong commitment to social responsibility extends beyond Marel's employees and customers. Because Marel is in the food processing business, animal wellbeing is high on its agenda, particularly in research and development. In 2017, a sustainability scorecard was introduced within the company's innovation process, where a number of sustainability indicators play a role in deciding the feasibility of moving projects into further development, including animal wellbeing. By highlighting animal wellbeing in the sustainability scorecard, Marel is ensuring environmental and economic responsibility in the most crucial stages of the lifecycle of the product. By instituting good animal wellbeing practices in general, Marel can increase the quality of its products and production while simultaneously reducing the carbon footprint of food processors using Marel solutions.

Economic Responsibility

Throughout the company, Marel promotes ethical business practices along the entire value-chain through transparency, innovation and collaboration with all its partners. Long-term profitability and fair trade are vital aspects of how Marel conducts business. Continuous improvements are made to guarantee that partners, customers, suppliers, and Marel are compliant with international law, anti-corruption rules and compliance regulations. Marel firmly believes that all parties must contribute equitably towards the societies in which they operate.

Economic Value Generated

Marel operates a global network of sales and service units and produces a wide range of products that are manufactured in the Netherlands, the United States of America, Brazil, China, Iceland, Denmark, Germany, England and Slovakia.

The economic value generated by Marel's operations in 2019 amounted to EUR 1,284 million, consisting mostly of sales. Furthermore, Marel directly employed an average of 6,303 full-time employees in 2019. Salaries paid during the year, excluding related expenses, amounted to EUR 372 million (2018: EUR 344m), or 29% of the economic value generated.

The contributions Marel makes to the communities it operates in consist of many different elements, including salaries paid to employees and goods and services purchased from local suppliers.

Tax footprint

Taxes paid by Marel in 2019 amounted to EUR 81.2 million (2018: EUR 72.9m) or 6.3% of the economic value generated. Employment taxes represent 45.5% of the levies during the period, and 43.3% are total taxes borne by Marel. In addition to the direct taxes, Marel collects various taxes and duties on behalf of governments. Total taxes and duties collected in 2019 amounted to EUR 100.2 million (2018: EUR 91.7m). In 2019, the total tax footprint amounted to EUR 181.4 million (2018: EUR 164.6m).

Bribery/Anti-Corruption

Marel understands that a company's reputation is crucial to its success. Therefore, compliance with

global anti-bribery and anti-corruption laws and regulations are taken very seriously by the company. The anti-bribery and anti-corruption policy adopted in January 2016 reinforces the company's commitment. It applies to all employees, officers and directors, and any contractors, consultants, agents and other business partners engaged in business on behalf of Marel. Marel adheres to the anti-bribery and anti-corruption laws of all the countries that they operate in around the world.

Further information about Marel's anti-bribery and anti-corruption policy can be found here:
<https://marel.com/about/governance/#reports-documents>