

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. They define and dictate how the company is directed and controlled – including the interaction between the CEO, responsible for day-to-day management, the Board of Directors, shareholders, regulators and other stakeholders.

In 2015 Marel launched an external audit of its corporate governance structure and procedures, followed by a certification of the same. In 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

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, accessible on the website of the Iceland’s Chamber of Commerce.

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

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 possess the relevant knowledge, experience and skills to perform the Board’s tasks and responsibilities in the company’s best interest. The Board initiates discussions with the company’s largest shareholders on board composition and long-term succession planning.

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 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 2017.

Internal Audit and control

The company’s risk management and internal controls for financial processes are designed to minimize effectively 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 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 accepted 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 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 2 March 2017. 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 2017.

3 The company’s values, Code of Conduct and Social Responsibility Policy

Values

Marel’s company values are shared ideals and standards, providing direction in its everyday operations. The company’s employees took part in defining the values, which are: unity, excellence and

innovation. These 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, which was revised in July 2016. It is closely linked to Marel's company values and rests on four pillars, i.e. employees' (including officers' and directors') commitment 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/conduct>

Corporate Social Responsibility (CSR) and Diversity

Marel's CSR guidelines were approved by the Board of Directors and Marel's Executive team in 2016.

Further information on CSR and diversity policies are provided in the chapter on CSR in Marel's Annual Report and in the chapter on Corporate Social Responsibility starting on page 6 here below.

4 Composition and activities of the Board of Directors, its sub-committees, the CEO and the 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 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 seven Board members who were elected at the company's AGM on 2 March 2017.

The Board of Directors is responsible for the company's organization, for promoting the development of its long-term performance and ensuring proper conduct of its operation 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 sets targets for the company reflecting its objectives and formulates strategic policy to achieve these goals.

Regular board meetings are held with management over the course of the year, including quarterly meetings coinciding with publication of financial results, two off-site strategy sessions and an operational planning meeting for the coming year. 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 the Board's agenda and conduct a self-assessment. Additional meetings are convened as needed. All matters brought before a Board meeting are decided by 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 taken unless all members of the Board have been given an opportunity to discuss the matter.

The Board of Directors convened 12 times in 2017, with a weighted average attendance of 98%.

The Board of Directors has assessed which Board members are independent according to the Guidelines on Corporate Governance. All seven Board members, Ann Elizabeth Savage, Arnar Thor Masson, Asthildur Margret Otharsdottir, Helgi Magnusson, 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, Helgi Magnusson 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. In 2017, the Board engaged an external advisor to facilitate the evaluation, which included a thorough anonymous questionnaire, a peer assessment and one-on-one interviews with both members of the Board and senior management. 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 assessment and decides on any actions to be taken.

Profiles of Board members can be found here: <https://marel.com/board-of-directors>

The rules of procedures for the Board of Directors as well as for the Board's sub-committees are accessible here: <https://marel.com/rules-of-procedures>

Sub-committees

The Board's work is supported by its sub-committees, the 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 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 2017: Asthildur Margret Otharsdottir (Chairman), Ann Elizabeth Savage, Arnar Thor Masson and Olafur S. Gudmundsson.

The Remuneration Committee met 5 times in 2017. All meetings were fully attended.

Audit Committee

The Audit Committee is composed of three or four Board members 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 its 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 are Arnar Thor Masson (Chairman), Astvaldur Johannsson, Margret Jonsdottir, and Helgi Magnusson from March 2017. All members are independent of the company and its auditors, Arnar, Astvaldur, and Helgi are independent of large shareholders.

The Audit Committee convened 6 times in 2017. All meetings were fully attended.

CEO

Arni Oddur Thordarson assumed the position of CEO of Marel in November 2013. He has extensive international business experience within the industrial sector. Thordarson served on the Board of Directors of Marel since 2005, for most of that 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 7 February 2018 held 190,366,838 shares in Marel hf. (25.88% 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 authorized 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 decides on any actions to be taken.

At least once a year, the Chairman and the CEO hold a meeting to discuss the results of the Board's assessment of the CEO's work and results 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 11 members:

- Arni Oddur Thordarson, Chief Executive Officer
- Linda Jonsdottir, Chief Financial Officer
- Petur Gudjonsson, EVP Commercial
- Folkert Bölger, EVP Supply Chain
- Arni Sigurdsson, EVP Strategy and Corporate Development
- David Freyr Oddsson, EVP Human Resources
- Sigurdur Olason, Managing Director (EVP) of Fish
- Jesper Hjortshøj, Managing Director (EVP) of Further Processing
- Anton de Weerd, Managing Director (EVP) of Poultry
- David Wilson, Managing Director (EVP) of Meat

- Vidar Erlingsson, EVP Innovation

Profiles of the Executive Team members can be found here:

<https://marel.com/executive-team>

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 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 three 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 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 with the objective of exchanging view on matters related to corporate governance, as well as establishing 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/ir-policy>

Corporate Social Responsibility

Being a responsible corporate citizen is a top priority for Marel. In the long run, this is simply good for business as well as for the people who make and use our diverse range of products. We take great pride in exceeding statutory legal requirements to align our business operations with socially accepted principles, while striving to contribute to society in a positive way. To guide our entire organization on our responsible conduct,

Marel has established a policy on [Corporate Social Responsibility](#) that focuses on three separate areas: People, Planet and Profits. It implements the ISO 26000 standards, and we are a signatory of the United Nations Global Compact.

In 2017, we were part of the NASDAQ Sustainable Markets Initiative for the first time, following [NASDAQ's ESG reporting guidelines](#). Definitions for each indicator can be found in the guidelines.

		2017	2016
E1	Direct & Indirect GhG Emissions	21,232 tCO ₂ e	-
E2	Carbon Intensity	20.44 kgCO ₂ e Per 1000 €	-
E3	Direct & Indirect Energy Consumption	28.7 GWh	26.2 GWh
E4	Energy Intensity	83 KWh per m ² / 4,371 kgCO ₂ e per FTE	94.78 KWh per m ² / -
E5	Primary Energy Source	Natural Gas	-
E6	Renewable Energy Intensity	40% of total energy consumed	-
E7	Water Management	-	-
E8	Waste Management	-	-
E9	Environmental Policy	Yes	Yes
E10	Environmental Impacts	Yes	Yes
S1	CEO Pay Ratio	15.2:1	-
S2	Gender Pay Ratio	-	-
S3	Employee Turnover Ratio	-	-
S4	Gender Diversity	15.4/84.6	15.3/84.7
S5	Temporary Worker Ratio	16.2%	-
S6	Non-Discrimination Policy	Yes	No
S7	Injury Rate	-	-
S8	Global Health Policy	Yes	Yes
S9	Child & Forced Labor Policy	Yes	Yes
S10	Human Rights Policy	Yes	Yes
S11	Human Rights Violations	No	No
S12	Board Diversity	42.1/57.9 <i>All independent of Marel</i>	42.1/57.9 <i>All independent of Marel</i>
G1	Board - Separation of Powers	No	No
G2	Board - Transparent Practices	Yes	Yes
G3	Incentivized Pay	No	No
G4	Fair Labor Practices	Yes	Yes
G5	Supplier Code of Conduct	Yes	Yes
G6	Ethics Code of Conduct	Yes	Yes
G7	Bribery/ Anti-Corruption Code	Yes	Yes
G8	Tax Transparency	No	No
G9	Sustainability Report	Yes	Yes
G10	Other Framework Disclosure	Yes	Yes
G11	External Validation Assurance	Partial	Partial

Social Responsibility

At Marel, our objective is to develop food processing solutions to help feed the needs of a growing world more safely and efficiently while minimizing the environmental impact. To meet these objectives, we need to act responsibly towards society, our employees, our customers and their social environment. Making Social Responsibility a priority of our corporate culture means we are dedicated to providing a safe and healthy working environment with equal opportunities for all of our employees. We feel it is important to foster individual and team development and to ensure the right of freedom of association for all of our employees.

One aspect of our Social Responsibility is to engage with the local communities and stakeholders where we operate to seek local participation and insights. We are investing in these locations for the long term. This is not only good for our business, it helps spur innovation and education among our labor force. Naturally, human rights violations, including any forced labor, under-age labor or illegal labor conditions, are not tolerated under any circumstances.

Human Resources

Our Human Resources mission is to engage competent employees and to provide them with a supportive and ambitious work environment that motivates and encourages them to make Marel's vision their own. To do this, we provide excellent training and opportunities for further education and job development. We work hard to promote a spirit of teamwork and co-operation throughout the whole organization.

We recognize the value of cultural diversity, while at the same time encouraging and strengthening our values of unity, innovation and excellence. A policy of open communication, as well as promoting a culture that seeks a healthy balance between work

and personal life is important to us, and we believe it is no less valuable for our employees. We believe this will not only help our employees maintain a creative and stimulating work environment, but also foster innovation and employee satisfaction that will benefit our company in the long run.

	2015	2016	2017
Average number of full-time employees during the year	3,886	4,599	4,912

In order to deal with seasonal fluctuations in order processing and other variances in project load Marel employs a number of temporary workers. In 2017 the ratio for full time temporary workers was 16.20% of the total workforce.

HR country numbers

	Total	Share
Netherlands	1,437	29%
U.S.	631	13%
Iceland	627	13%
Brazil	544	11%
Denmark	533	11%
U.K. & Ireland	191	4%
Other countries	950	19%
Average FTEs in 2017	4,912	100%
FTEs at year end 2017	5,459	

Safety, Health and Environment

Providing a safe and healthy working environment for all our employees and contractors working in Marel facilities is the right thing to do and we take pride in doing it well. Safety, health and the environment concern everybody, and we do our utmost to make sure our employees have the necessary competence, tools and instructions to perform their work professionally and safely.

Every Marel employee is also accountable for his or her own safety. Local management of all Marel entities are responsible for assuring that processes

and procedures are established within their entity that comply with Marel’s safety, health and environment policy and local laws.

A Marel corporate Safety, Health and Environment (SHE) Support Team monitors compliance with the Marel [SHE Policy](#) and facilitates the process for improvement.

Diversity

[A global diversity policy](#) was adopted by the Board of Directors in 2017 and will be implemented from 2018 onwards. Its objective is to ensure equality and diversity within Marel as well as increasing job satisfaction and well-being in the workplace. We aim to make sure that employees are not discriminated against on the grounds of their gender, beliefs, nationality, race, sexual orientation, religion, colour, personal finances, family, age or on any other grounds.

We believe this policy will help make Marel a more desirable and responsible workplace that will, in turn, attract and keep the most qualified employees. Our global diversity policy applies to all

Marel 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 and integration
3. Acting strong and decisively against any bullying, violence or harassment
4. Increasing the visibility of Marel

The data and statistics on diversity that we collect are systematically evaluated to ensure successful implementation of the policy. The results will be presented in a clear and organized manner and used to help management understand where we need to improve and where we are performing well in terms of diversity.

Rates of new employee hires

	2016		2017	
	Female	Male	Female	Male
Rates of new employee hires	18.5%	81.5%	19.87%	80.13%

Composition of governance bodies and breakdown of employees according to gender

	2016			2017		
	Female	Male	Total	Female	Male	Total
Board of directors	42.9%	57.1%	7	42.9%	57.1%	7
Executive team	9.1%	90.9%	11	9.1%	90.9%	11
Employees	15.3%	84.7%	3,861*	15.4%	84.6%	4,301**

*MPS employees not included

**Contingent workers and Sulmaq employees not included

Forced Labor and Under-age Workers

We have a zero-tolerance policy at Marel where human rights violations are concerned, including

child labor and/or illegal labor conditions. All our employees must have reached the legal working age in the country where they work. None of our

facilities are allowed to be associated with illegal labor conditions or forced labor. In 2017, we required all new suppliers to comply with the same standards as Marel does on issues related to human rights and labor, as described in our Code of Conduct.

No human rights violations were reported in 2017.

Freedom of Association

We are 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). We ensure that these rights can be exercised by all our employees and those of our business partners directly associated with Marel’s services, products and operations.

Engagement with Local Communities

Our main involvement in local communities occurs through our operations in the countries where we

Environmental Responsibility

Throughout our value chain we encourage and promote the most efficient use of resources to minimize environmental impact and prioritize environmental protection. Innovation is at the core of this strategy. We continuously focus on creating new methods for improving yields and minimizing waste in food production by reducing the use of scarce resources such as energy and water while promoting food safety, traceability and animal welfare.

One of our goals toward sustainability is to help our customers use less water and energy while minimizing their CO² footprint during production. A number of projects have been implemented in order to support precautionary approaches to environmental challenges. We have undertaken initiatives to promote greater environmental responsibility along our entire value chain.

work. We focus mainly on educational outreach in collaboration with local educational institutions, and through continuing education of our own employees. Many of our production facilities have internship and trainee programs to assist talented young professionals entering the workforce in developing their skills in a professional and safe environment.

Another aspect of engaging with local communities is our commitment to fast-track economic development in underdeveloped countries. By introducing new food processing technologies to these locales, we have immediate and radical effects on production capabilities, worker safety and food traceability. One of the main growth sectors for us is the creation of shared value through partnerships in new markets. We intend to deliver market-altering solutions that increase both general well-being and economic progress in all the markets where we operate.

In 2017 a Sustainability Scorecard was added to the product development process which encourages inclusion of sustainable features from the beginning of the product development process.

Energy

Projects that we have instituted to minimize energy consumption at Marel include installing car charging points for employees and visitors who own electric cars, replacing regular light bulbs with LED lighting where feasible and undertaking a number of local projects prioritizing energy efficiency. We are also constantly upgrading our own manufacturing equipment to increase its energy efficiency along with other capabilities.

Energy consumption & intensity

	Total KWh	KWh per m ²	KWh per employee
2016	26,245,071	94.78	5,706
2017	28,714,628	83.00	5,912

Our primary energy sources are natural gas and renewables with almost 47% of all electricity consumed by Marel produced by burning natural gas and 40% made by renewables.

Electricity consumed by Marel by origin

Origin	Total KWh	% of total energy consumed
Coal	3,746,648	13%
Gas	13,390,049	47%
Oil	153,591	<1%
Renewables	11,423,172	40%

Carbon Emissions

Despite our efforts to continually minimize our environmental footprint, overall carbon emissions have risen simply due to the fact that the company continues to expand. The two largest indirect contributors to our carbon footprint are energy consumption in Marel facilities and employee air travel.

In order to better understand the indirect carbon footprint of the energy we consume in our facilities, all locations now report on the generation source of energy used to produce the electricity used in our facilities. This data is then processed by our collaborators from [Circular Solutions](#) who verify our carbon footprint.

- Scope 1 emissions are very limited because no *Stationary Combustion* occurs in facilities controlled by Marel and *Mobile Combustion* is limited to only 150 vehicles. Scope 1 is therefore not measured.
- Scope 2 emissions data are solely from the electricity and heating used in our offices and manufacturing facilities.
- Scope 3 emissions are mainly the result of employee air travel. Logistics are not included.

Scope 2 – Heating and electricity

Carbon emissions in 2017	kgCO2e from Electricity	kgCO2e from Heating	Total kgCO2e
Total	7,126,832	6,569,747	13,696,579

In order to understand and minimize our indirect carbon footprint, all of our larger facilities are installing an energy monitoring system from [eTactica](#). Locations undergoing renovations are also installing solar cells on their roofs to generate locally some of the energy consumed on site.

Because Marel’s company network spans the globe, Air travel by Marel employees has a negative impact on the environment. As carbon emissions from the aviation industry are considered a leading contributor to global warming, and we feel it is important to understand our role and what we can do about it.

In 2016, we established a new travel platform to monitor the environmental impact caused by employee travel. By collecting and visualizing this data we have already made improvements and identified possibilities for reducing our carbon footprint when it comes to employee travel.

Scope 3 – Employee air travel

	tCO2e
2016	7,654
2017	7,535

Through our travel policy, we will strive to continuously lower our carbon footprint by actively encouraging employees to use alternative means of meeting and communicating with each other and our customers.

Total Carbon emissions

As yet, Marel lacks a complete overview of the organization’s total carbon emissions. We will nevertheless continue our work on measuring our

footprint and improve, wherever we can, our understanding of the company's impact on the environment and efforts in response.

Carbon emission & intensity

	Total kgCO2e	kgCO2e per FTE	kgCO2e per 1000 € of revenues
2017	21,231,964	4,322	20.44

Marel is currently not participating in carbon offsetting programs or green energy certification. We will continue to increase the prevalence of renewable energy used by procuring cleaner energy wherever possible as well as improving efficiency in our production processes, employee travel and other operations.

Animal Welfare

Our commitment toward social responsibility extends beyond our employees and customers. Because we are in the food processing business, animal welfare is high on our agenda particularly for 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 taking projects into further development. By highlighting animal welfare in the sustainability scorecard we are ensuring environmental and economic responsibility in the most crucial stages of the lifecycle of the product. By instituting good animal welfare practices in general, we can increase the quality of products and production while simultaneously reducing the carbon footprint of food processors using Marel solutions.

Over the years, we have introduced a number of innovative solutions that take animal welfare into greater consideration. These include:

- [CAS Smooth flow stunner](#)
- [ATLAS system](#)
- [CO2 Stunning](#)
- [Live Pig Handling](#)

Throughout the food processing industry, it has become mandatory for companies to follow guidelines of social responsibility and sustainability in their operations and to consider the effects they have on people, the planet and profits. We are determined to stay ahead of the general market trend and continue our focus on developing solutions that respect the highest standards of animal welfare.

Economic Responsibility

Throughout our company we promote good business practices along our value chain through transparency, innovation and collaboration with all our partners. Long-term profitability and fair trade are vital aspects of how we want to conduct our business. Continuous improvements are made to make sure that we, our partners, customers and suppliers are compliant with international law, anti-corruption rules and compliance regulations. We believe that all parties must contribute fairly towards the societies in which they operate.

Economic Value Generated

We operate a global network of sales and service units and produce a range of products that are manufactured in the Netherlands, the United States of America, Iceland, Denmark, England and Slovakia.

The economic value generated by our operations in 2017 amounted to EUR 1038.2 million, consisting of sales and gains on sales of assets. Furthermore, we directly employed an average of 4,912 full-time employees in 2017. Salaries paid during the year, excluding related expenses, amounted to EUR 306.2 million, or 29.5% of the economic value generated.

The contributions we make to the societies in which we operate 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 2017 amounted to €59.7 million (2016: €52.2m) or 5.7% of the economic value generated. Employment taxes represent 46% of the levies during the period and 38% are corporate income taxes. In addition to the direct taxes, Marel collects and pays various taxes and duties on behalf of governments. Total taxes and duties collected in 2017 amounted to €77.2 million (2016: €72.7m). In 2017, the total tax footprint amounted to €136.9 million (2016: €124.9m).

Bribery/Anti-Corruption

We know that our company's reputation is crucial to our success. Therefore, compliance with global

anti-bribery and anti-corruption laws and regulations are taken very seriously. The anti-bribery and anti-corruption policy adopted in January 2016 reinforces our 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. As an international company, we adhere to the anti-bribery and anti-corruption laws of all the countries in which we operate around the world.

Further information about our anti-bribery and anti-corruption can be found here:

<https://marel.com/conduct>