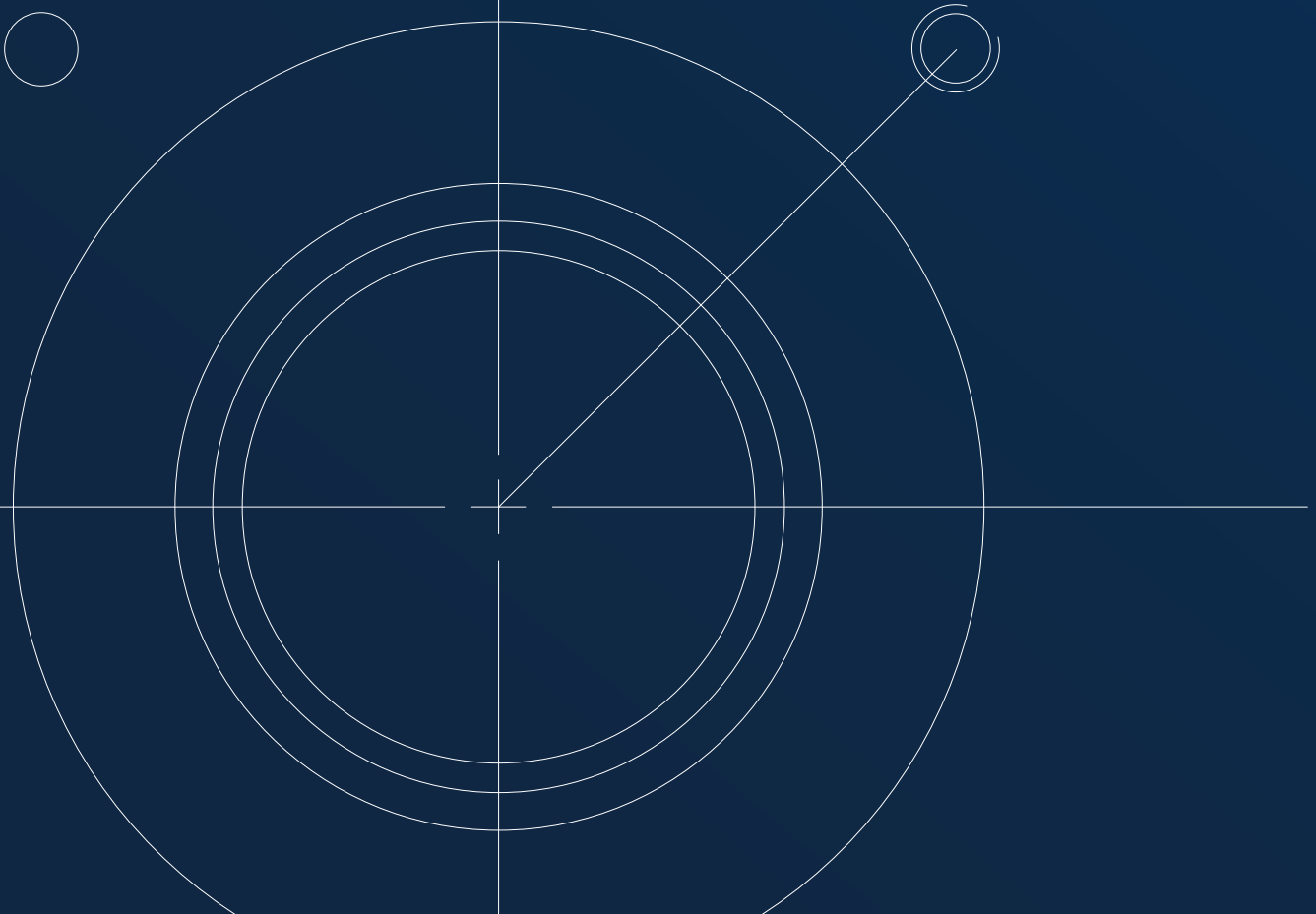


# EU Taxonomy



# EU Taxonomy for sustainable activities

## Background and scope

In 2019, the European Union (EU) introduced the EU Green Deal, a strategic initiative with the ambitious goal of achieving carbon neutrality by the year 2050. A pivotal element of this initiative is the establishment of the EU Taxonomy, a classification system designed to facilitate the funding of the transition to a sustainable economy and channel financial resources towards environmentally responsible activities. The EU Taxonomy places emphasis on activities contributing significantly to overall emissions and offers substantial potential for their reduction. This framework is designed to provide clarity and guidance for investors, businesses, and policymakers seeking to promote sustainable practices and investments.

The taxonomy is structured around six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

An economic activity is deemed 'eligible' when it falls under the description of an EU Taxonomy activity listed in one of the corresponding annexes. An eligible economic activity has the potential to make a substantial contribution to one or more of the environmental objectives of the EU Taxonomy.

An economic activity is deemed 'aligned' when it meets the technical screening criteria of the EU Taxonomy. To meet the associated technical screening criteria set out for a company's activity, the activity needs to substantially contribute to one of the six environmental objectives, do no significant harm (DNSH) to the remaining five environmental objectives, and adhere to the minimum safeguards (MS) criteria. Once all three aspects of the technical screening criteria have been met, an activity is determined to be 'aligned' and environmentally sustainable under the EU Taxonomy.

The EU Taxonomy requires companies to disclose both qualitatively and quantitatively on its eligibility and alignment. Companies need to disclose three key performance indicators: turnover, capital expenditure (CapEx) and operational expenditure (OpEx).

In 2023, the European Commission adopted the final delegated acts supporting the Taxonomy Regulation. These delegated acts outlined technical screening criteria for additional activities linked to the first two environmental objectives (Climate Change Mitigation and Climate Change Adaptation), and in addition the introduction of criteria and reporting obligations for activities pursuing the remaining four environmental objectives were adopted.

The far-reaching impact of the EU Taxonomy Regulation extends beyond EU borders, to all EEA countries including Iceland, Norway and Liechtenstein. The EU Taxonomy was transposed and implemented under Icelandic law in the Icelandic Act on Sustainability Disclosures in Financial Services and Taxonomy for Sustainable Investments (No. 1682/2023) and received final approval from the Icelandic parliament on May 3, 2023.

The regulation took effect on June 1, 2023 and follows a similar phase-in approach as to EU registered companies for the initial reporting years. Icelandic companies are only required to report its share of eligible and aligned activities against the first two environmental objectives; Climate change mitigation and Climate change adaptation.

At Marel, we endorse the EU Taxonomy and its objectives and understand that considering the evolving nature of the EU Taxonomy Regulation, coupled with diverse perspectives on interpretation and application, a practical and forward-looking approach to reporting is required. Therefore, Marel is committed to staying up-to-date with regulatory changes and to aligning its taxonomy-related methodologies, with the latest guidance from the European Commission. As the regulatory landscape continues to unfold, Marel stands ready to adapt and enhance its reporting to reflect our ongoing dedication to sustainability.

## Economic activities eligible under the EU taxonomy

Our core activities are providing advanced processing equipment, systems, software and services to the food processing industry. These activities were assessed against the two environmental objectives of climate change mitigation and climate change adaptation for eligibility.

The first step of the eligibility analysis was to determine Marel's revenue generating economic activities. Through review of internal documentation, we have identified the following business segments with associated revenue generating economic activities.

1. Manufacturing of equipment for Poultry, Meat, Fish and Plant, Pet & Feed industries
2. Spare parts – Manufacturing and sale of spare parts
3. Maintenance – Execution of maintenance activities related to sold equipment.
4. Service – Software solutions services

These activities were predominantly assessed for eligibility based on their descriptions, as the NACE Codes included in the EU Taxonomy Regulation are more used as guidance during the analysis process.

Following, these four identified economic activities were assessed the list of corresponding activities listed under the Climate Change Mitigation (Annex 1) and Climate Change Adaptation (Annex 2) to determine whether they were included within the EU Taxonomy Annexes 1 and 2 and, therefore, eligible.

## Eligibility Overview

		EU Taxonomy					
		Climate Change Mitigation	Climate Change Adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	pollution prevention and control	Protection and restoration of biodiversity and ecosystems
<b>Marel's economic activities</b>	<b>1.</b> Manufacturing of equipment for Poultry, Meat, Fish and Plant, Pet & Feed industries	Yes	Yes	To be assessed in the next year	To be assessed in the next year	To be assessed in the next year	To be assessed in the next year
	<b>2.</b> Spare parts – Manufacturing and sale of spare parts	No	No	To be assessed in the next year	To be assessed in the next year	To be assessed in the next year	To be assessed in the next year
	<b>3.</b> Maintenance – Execution of maintenance activities related to sold equipment	No	No	To be assessed in the next year	To be assessed in the next year	To be assessed in the next year	To be assessed in the next year
	<b>4.</b> Service -Software solutions services	No	No	To be assessed in the next year	To be assessed in the next year	To be assessed in the next year	To be assessed in the next year

Marel's economic activity 1. *Manufacturing of equipment for Poultry, Meat, Fish and Plant, Pet & Feed industries* was deemed eligible against activity 3.6 *Manufacture of other low carbon technologies for both Climate Change Mitigation and Climate Change Adaptation*.

In the upcoming year Marel aims to perform the eligibility assessment against all six environmental objectives.

## Economic activities aligned under the EU taxonomy

In order for Marel's eligible activities to be classified as aligned, the following requirements need to be met under the technical screening criteria as set out under the corresponding eligible activity (as set out in the EU Taxonomy Regulations):

1. Substantially contribution to one of the environmental objectives;
2. Meet the requirements of the Do No Significant Harm criteria, and;
3. Compliance against the Minimum Safeguard criteria

As this is Marel's first year of reporting in accordance with the EU Taxonomy regulations, only the first step of the alignment assessment was conducted against the corresponding technical screening criteria of activity 3.6. Manufacture of other low carbon technologies "(Climate Change Mitigation)" for the eligible economic activity: Manufacturing of equipment for Poultry, Meat, Fish and Plant, Pet & Feed industries) as in the section above.

Through initial analysis, we have assessed this economic activity to potentially contribute substantially to the technical screening criteria of activity 3.6. Manufacture of other low carbon technologies under Climate Change Mitigation (Annex 1) within the EU Taxonomy regulation. This analysis was substantiated through Marel's being able to support clients in the Poultry, Meat, Fish and Plant, Pet & Feed processing industries to reduce their greenhouse gas emissions

through the application of Marel's equipment. Currently Marel has performed 12 Life Cycle Analyses (LCAs) following international and EU Taxonomy recognized frameworks such as ISO 14044 and ISO 14040. Further in-depth analysis will be performed prior to reporting economic activities as Taxonomy aligned. This includes assessment against the DNSH and MS criteria.

### Key performance indicators (KPI) under the EU Taxonomy

#### KPI Definitions

Marel followed the KPI definitions of turnover, capital expenditure and operating expense as set out in the EU Taxonomy Regulation.

#### Turnover

Turnover under EU taxonomy is equal to the consolidated revenues as reported in our Consolidated Statement of Income, amounting to EUR 1,721.4 million, which represents the denominator for this KPI. The numerator is calculated by considering the portion of revenue that has been recognized as eligible or aligned with the EU taxonomy.

#### CapEx

CapEx under EU taxonomy is the sum of additions in property, plant and equipment, intangible assets and right of use assets from both investments and acquisitions resulting from business combinations, amounting to EUR 107.4 million which represents the denominator for this KPI. The numerator is calculated by considering the portion of

CapEx associated with defined eligible or aligned activities, CapEx part of a CapEx Plan or purchase of the output of an EU Taxonomy activity and/or individual measures (mainly activities listed in point 7.3-7.6 in Annex I of the Climate Delegated Act), that has been recognized within the EU taxonomy definitions. CapEx included in the Consolidated Financial Statements excludes the impact from acquisitions resulting from business combinations. The impact from acquisitions is included in Note 5 – Business combinations to the Consolidated Financial Statements.

#### OpEx

OpEx is calculated in accordance with the EU taxonomy as direct non-capitalized costs incurred for the day-to-day servicing of assets, consisting of research and development costs, short-term leases, maintenance and repair costs and other similar costs, amounting to EUR 112.8 million which represents the denominator for this KPI. The numerator is calculated by considering the portion of OpEx associated with defined eligible or aligned activities, CapEx part of a CapEx Plan or purchase of the output of a EU Taxonomy activity and/or individual measures (mainly activities listed in point 7.3-7.6 in Annex I of the Climate Delegated Act), that has been recognised within the EU taxonomy definitions. This definition differs from OpEx as included in our Consolidated Statement of Income, The differences is associated with the exclusion of depreciation, amortizations, general and

administrative, and sales and marketing related expenses under the OpEx scope of the EU Taxonomy Regulation.

### Assessment of compliance with regulation (EU) 2020/852

A precise definition is provided per activity included in the annexes of the EU Taxonomy, describing the economic activities that fall within the scope of the EU Taxonomy. The eligible activities reported on in these disclosures were activities that fall within these precise definitions provided by delegated acts and recommendations by the Platform on Sustainable Finance.

Marel has acted in good conscience and has rigorously followed the scope in the definitions described in the accompanying EU Taxonomy regulatory documentation provided by the EU Commission. We have not included any eligible activities that were deemed out of the scope of these definitions. When there was doubt regarding the inclusion of an activity, a decision was made to exclude the activity as eligible to allow for further in-depth analysis. For that, Marel commits to rectifying or excluding any inaccuracies in the subsequent reporting year in light of new insights or clarifications from the EU Commission. Our commitment to accuracy, transparency, and compliance remains, ensuring our reporting aligns with the evolving EU Taxonomy Regulation established by the EU Commission.

## KPI Disclosure Tables

Turnover				Substantial Contribution Criteria						DNSH (Do No Significant Harm) criteria									
Economic activities (1)	Code (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)*	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy aligned proportion of total turnover, year N (18)**	Category (enabling activity) (20)	Category (transitional activity) (21)
Text		Millions	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. Taxonomy-eligible activities</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)*</b>																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0%	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		
Of which enabling		0%	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	E	
Of which transitional		0%	0%	0%						n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		T
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
1. Manufacturing of equipment for Poultry, Meat, Fish and Plant, Pet & Feed industries		3.6	935,5	54,3%													54,3%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)			935,5	54,3%													54,3%		
<b>Total (A.1+A.2)</b>			<b>935,5</b>	<b>54,3%</b>															
<b>B. Taxonomy-non-eligible activities</b>																			
Turnover of Taxonomy-non-eligible activities			785,9	45,7%															
<b>Total (A+B)</b>			<b>1721,4</b>	<b>100%</b>															

CapEx				Substantial Contribution Criteria						DNSH (Do No Significant Harm) criteria									
Economic activities (1)	Code (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)*	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy aligned proportion of total CapEx	Category (enabling activity) (20)	Category (transitional activity) (21)
Text		Millions	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. Taxonomy-eligible activities</b>																			
<b>A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)*</b>																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		
Of which enabling		0	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	E	
Of which transitional		0%	0%	0%						n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		T
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
1. Manufacturing of equipment for Poultry, Meat, Fish and Plant, Pet & Feed industries		3.6	28,8	26,8%													26,8%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)			28,8	26,8%													26,8%		
<b>Total (A.1+A.2)</b>		<b>28,8</b>	<b>26,8%</b>																
<b>B. Taxonomy-non-eligible activities</b>																			
CapEx of Taxonomy-non-eligible activities		78,6	73,2%																
<b>Total (A+B)</b>		<b>107,4</b>	<b>100%</b>																

OpEx				Substantial Contribution Criteria						DNSH (Do No Significant Harm) criteria									
Economic activities (1)	Code (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)*	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy aligned proportion of total OpEx, year	Category (enabling activity) (20)	Category (transitional activity) (21)
Text		Millions	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. Taxonomy-eligible activities</b>																			
<b>A.1. OpEx of environmentally sustainable activities (Taxonomy-aligned)*</b>																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		
Of which enabling		0	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	E	
Of which transitional		0%	0%	0%						n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		T
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
1. Manufacturing of equipment for Poultry, Meat, Fish and Plant, Pet & Feed industries	3.6	90,2	80,0%														80,0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		90,2	80,0%														80,0%		
<b>Total (A.1+A.2)</b>		<b>90,2</b>	<b>80,0%</b>																
<b>B. Taxonomy-non-eligible activities</b>																			
OpEx of Taxonomy-non-eligible activities		22,6	20,0%																
<b>Total (A+B)</b>		<b>112,8</b>	<b>100%</b>																