

Marel's Sanctions Policy

Background

Marel is required to comply with laws imposing trade and financial restrictions on dealings with certain countries, entities and individuals. This Policy sets out requirements and procedures designed to promote compliance with sanctions laws.

This Policy applies to all Marel employees and companies (wherever located) who engage in business transactions and relationships with third parties. This includes customers, distributors, resellers, vendors, suppliers, joint venture partners, agents, shipping companies, financial institutions, trading counterparties and service providers. Sanctions may prohibit dealing with third parties either directly or indirectly.

Marel requires employees to comply with all applicable sanctions laws. In addition to sanctions applicable to Marel, employees may be required to comply with sanctions laws imposed by (a) their country of nationality, in particular if that is **the US or any EU member state**, and/or (b) the country in which the employee or its employing Marel entity is located or incorporated.

What are sanctions?

Economic and financial sanctions are laws which are typically used to combat terrorism, nuclear proliferation and/or to discourage activity that is condemned by the international community, by restricting the types of economic activity which can be undertaken with sanctions targets. Sanctions are imposed by many countries and several international organizations. They target countries, as well as many entities and individuals.

The most significant sanctions for Marel's business are EU and US sanctions. The main activities that are typically restricted by EU and/or US sanctions laws are:

- Dealings with designated entities or individuals (entities and individuals that are listed as being subject to targeted sanctions – i.e. who are subject to an asset freeze as summarized below) and where it is prohibited to provide them with funds or economic resources);
- Exports and re-exports to a sanctioned country (either in relation to all goods or services, or specified types of goods or services);
- Imports from, or dealings in property originating from, a sanctioned country (either in relation to all goods or services, or specified types of goods or services);
- Travel to, or from, a sanctioned country;
- New investments and other dealings in a sanctioned country, including dealings with its government, nationals and entities organized under its laws, or investment in particular sectors, or entities;
- Payments through a bank headquartered or trading in the EU or US that involve a sanctioned country, entity or person; and
- Involvement in (or approval of) contracts that involve a sanctioned country, entity or individual by EU or US companies or nationals (e.g. a payment instruction).

All Marel businesses must comply with the sanctions regimes applicable to them. Particular businesses may adopt additional procedures to promote compliance with applicable sanctions regimes. In addition, in certain circumstances, Marel may determine that specific sanctions will be applied beyond their immediate local jurisdiction, i.e. they will be applied on a "global" basis within Marel. Furthermore, Marel may, from time to time, adopt its own restrictions on dealing with certain countries, organizations, persons or entities, irrespective of whether they are the subject of particular sanctions applied by a country or international organization.

Asset freeze sanctions

Both the US and the EU have imposed asset freezing measures in relation to a number of different jurisdictions. Asset freezing sanctions apply to individuals and/or entities listed by the relevant jurisdiction as a "designated person" (for EU purposes) or a "Specially Designated National" or "SDN" (for US purposes).

Asset freezing measures require the "freezing" or "blocking" of property (including funds) owned or controlled by an asset freeze target, meaning that any dealing with those funds or property is prohibited (this includes a prohibition on receiving payments from the asset freeze target). Asset freeze restrictions also prohibit engaging in many other transactions with designated persons/SDNs, including making payments to, or providing goods or services to, the listed individual or entity (although certain types of transactions with an asset freeze target may be licensable by the relevant authorities).

Restrictions may also apply to entities owned or otherwise controlled by a designated person or SDN.

As discussed in the "key actions" section of this Policy, Marel has in place procedures for screening its counterparties against the current lists of designated persons and SDNs. You must ensure that these procedures are followed in order to ensure that Marel is able to identify any links to asset freeze targets and can ensure that it complies with applicable sanctions.

Lists of individuals and entities subject to US and EU asset freezing restrictions can be found at the following websites:

<https://sanctionssearch.ofac.treas.gov/> (US asset freeze list)

<http://hmt-sanctions.s3.amazonaws.com/sanctionsconlist.htm> (list of EU asset freeze targets)

How do sanctions affect Marel?

Countries targeted by the most restrictive and wide-ranging international sanctions are set out in the **High Risk** list below. These countries are all subject to restrictions on the supply of certain goods and services, in addition to their being significant lists of entities and individuals in those countries that are subject to targeted sanctions (asset freezes). It is more difficult to do any business lawfully with these countries, or companies or individuals located or based there, and additional advice may need to be taken to ensure compliance with sanctions.

There are also many other countries (see **Medium/Lower Risk** list below) in respect of which there are lists of individuals and entities who are targeted by asset freeze measures, which prohibit most dealings with those persons (including any payments to or from them, or any other transfer of goods/assets to or from them, as set out above). While these countries are considered to be lower risk, you should still check if you are dealing with persons on these or other sanctions lists.

The US and EU also impose sanctions on entities and individuals associated with terrorism and terrorist organizations. These sanctions are separate from the country-specific measures referred to above but compliance with these sanctions will also be achieved by checking if you are doing business with listed persons.

Please note that laws and lists of restricted individuals, entities and countries change regularly, and that in some cases government licenses can be sought to authorize dealings in sanctioned countries or with sanctioned entities or individuals (although this is often a slow and uncertain process). You must make sure you know the relevant rules and CHECK with Marel's Compliance team for any updates or advice you might need.

Breach of sanctions

Serious penalties are imposed for breach of sanctions, and any sanctions breach risks serious reputational harm to Marel. Breaches can result in the revocation of permits to export, and/or the commission of a criminal offence, punishable by imprisonment, a large fine or both, both in respect of Marel as well as of the individuals involved in and/or responsible for the breach. Disciplinary action may be taken in respect of knowing or negligent breach of sanctions by Marel employees.

Key actions - what you must do

It is of critical importance to establish who you are trading with, who else is involved in the transaction and whether any sanctions may be applicable. Each function is required to follow due diligence processes in order to comply with this policy.

Some basic rules to always follow:

- Consult with Legal/Compliance immediately if you are requested to deal with an entity or individual in a high-risk country or if you suspect a sanctioned country, entity or individual is involved.
- Follow Marel's guidelines on sanctions screening processes as well as Marel's guidelines on doing business with Iran and Sudan as applicable. These guidelines are accessible at Marel's intranet, see further in Annex to this Policy.
- Consult with Legal/Compliance to include or review sanctions wording in contracts, including letters of credit.
- If the activity is permitted but involves a sanctioned country, payments paid or received may need to be ring-fenced from the rest of the Marel group. Consult with Legal/Compliance for further information before committing to or undertaking any relevant transactions.
- Report any known or suspected sanctions breaches to Legal/Compliance.
- Report to Legal/Compliance if you are aware that any existing counterparty has become subject to sanctions.

Training

Legal/Compliance along with HR and management will ensure that relevant employees are made aware of the sanctions compliance procedures applicable to them. Training will be delivered to relevant employees

Monitoring and review

The Compliance Officer is responsible for this Policy. Any questions regarding this Policy or concerns about suspected breaches of this Policy should be directed to Legal/Compliance.

The Policy will be reviewed annually to ensure its ongoing appropriateness. As the lists of sanctions targets change periodically, employees should refer to the applicable websites for current information. Legal/Compliance will supplement the list of Restricted Countries in the event of new sanctions regimes being introduced, or existing regimes being significantly amended.

List of Restricted Countries

High Risk Countries

Cuba (No EU sanctions; US: significant sanctions)

Crimea

Iran (EU sanctions relaxed; US significant risks remain)

North Korea (also known as DPRK or the Democratic People's Republic of Korea)

Sudan (North and South)

Syria

Venezuela (US sanctions only)

Medium/Lower Risk Countries

Afghanistan

Belarus

Burundi

Central African Republic

China

Democratic Republic of the Congo

Egypt

Eritrea

Republic of Guinea

Republic of Guinea-Bissau

Russia/Ukraine

Iraq

Lebanon

Liberia

Libya

Myanmar

Somalia

Tunisia

Yemen

Zimbabwe

Annex 1

Steps Plan: Doing business with High Risk countries and Medium Risk countries

Before engaging in any transaction and **before** sending out a proposal to parties located in High Risk or Medium Risk countries, you must fill out the relevant **Sanctions Report template** available on Marel's Compliance site on the intranet:

<https://intranet.mymarel.com/Compliance%E2%80%8B%E2%80%8B%E2%80%8B%E2%80%8B%E2%80%8B/Pages/default.aspx>

You should choose the correct template depending on if you are dealing with High risk or Medium risk countries – you will find the definitions of High and Medium risk countries on page 4 of this Policy. Seek assistance from Marel's Compliance team if necessary.

- (A) When filling out the **Sanctions Report** template you must collect the following information, as you will also see when looking at the Sanctions Report template itself:
1. **For High Risk and Medium Risk countries:** Information on **customer**, including information on major shareholders and directors/CEO.
 2. **For High Risk countries only:** Document the total value of the contract, currency, payment terms and processes, dates. Provide information on the **payment party if different from the customer**; also provide explanation and information on major shareholder of payment party if it is a legal entity.
 3. **For High Risk and Medium Risk countries:** If an **agent** is involved provide information on agent and contract/commission amount.
 4. **For High Risk countries only:** If an **agent is involved and the payment-receiving party is different** from the agent you must provide an explanation and information on the party receiving the payment on behalf of agent.
 5. **For High Risk and Medium Risk countries:** Confirm that there are **no dual-use** items involved.
 6. **For High Risk countries:** Document and confirm if any items are of **US origin**.

Once you have completed the Sanctions Report you should **submit the Sanctions Report to the Compliance team** that will then perform sanctions screening of all such parties.

- (B) **High Risk countries - Customer declaration:** The customer should sign a **declaration** confirming that it is not subject to any relevant sanctions and that it will notify Marel of any changes in ownership or management during the duration of the business relationship. Template for such a declaration is available on Marel's Compliance site on the intranet.
- (C) **High Risk countries - Payment process:** Discuss the **payment process** beforehand with customers, and agents if applicable. If payments are to be made through different parties and/or countries than the contractual parties, ask for an explanation. **Always notify** Marel's Compliance team in such cases. In case your customer is located in **another High Risk country than Iran and Sudan**, please contact Treasury and Compliance beforehand to evaluate if and how the transaction may take place with regard to receiving payments.
- Follow the payment process instructions described in the Guidelines and **contact Treasury** (corporatetreasury@marel.com) regarding all incoming and outgoing payments **directly or indirectly from and to Iran and Sudan** as they must be pre-announced to the relevant bank's sanctions desk.

Reference is furthermore made to Marel's Guidelines to doing business in Iran which are available on the Compliance site on the intranet.