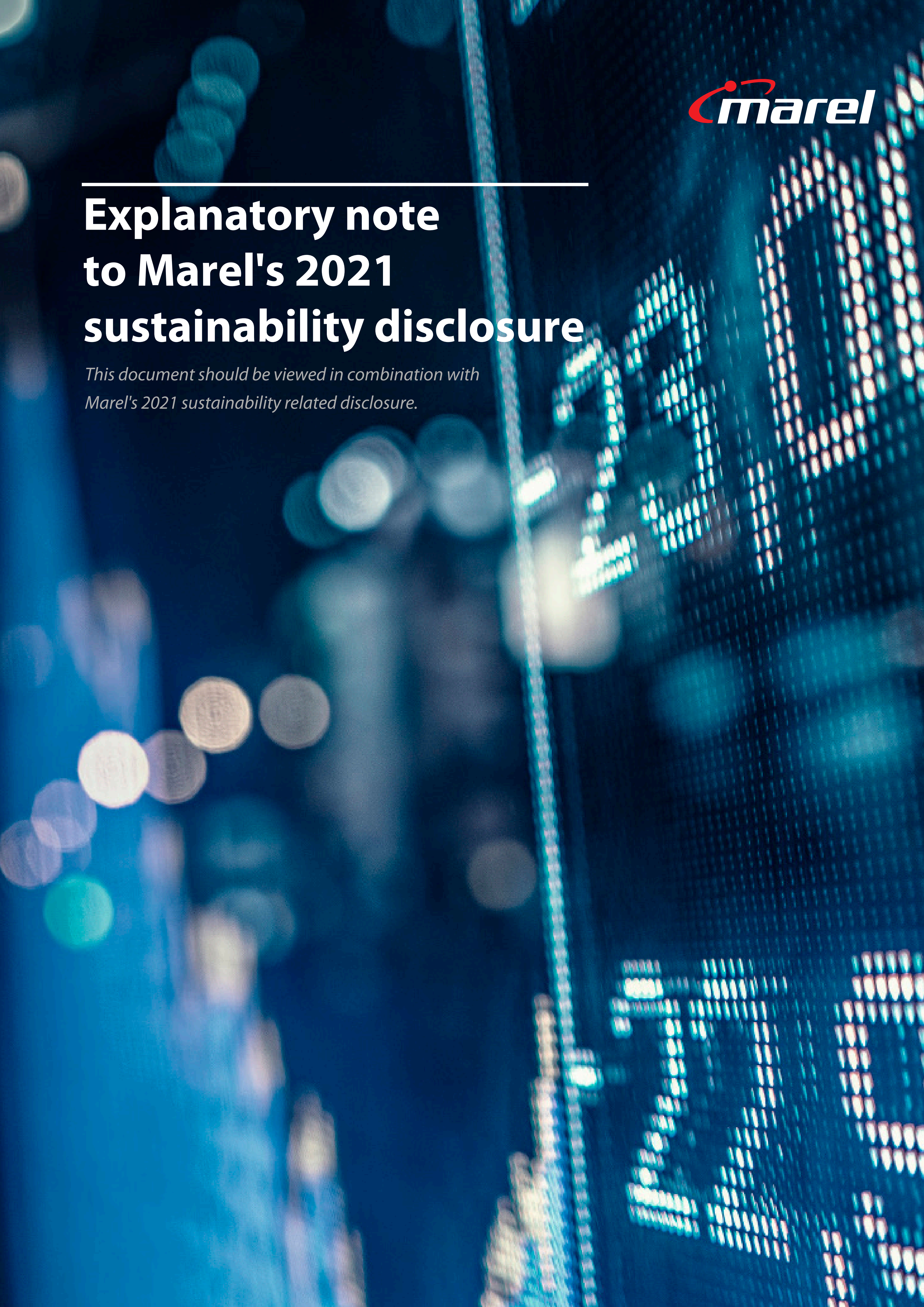
Explanatory note to Marel's 2021 sustainability disclosure

This document should be viewed in combination with Marel's 2021 sustainability related disclosure.



Reporting scope and principles

Marel follows the Nasdaq ESG reporting guidelines and has been a Nasdaq ESG transparency partner since 2019. The Nasdaq ESG guidelines are aligned in most cases with the Global Reporting Initiative, the UN Global Compact, the Task Force on Climate Related Financial Disclosures and the Sustainability Accounting Standards Board. Marel presents its sustainability performance in line with the principles as described in this explanatory note as it believes it represents Marel's sustainability performance as best as possible until the global sustainability reporting landscape transitions towards homogenization of the various standards.

Entities that Marel has financial control over are included in its sustainability data. Marel does not account for sustainability performance from the operations it owns an interest in but has no control. Our sustainability reporting excludes recent acquisitions such as PMJ, Curio, and Valka in 2021. TREIF, acquired by Marel in October 2020 is excluded in the 2020 and included in the 2021 sustainability metrics, with the exception of the gender pay ratio. Total market-based carbon emissions decreased by 3% in 2021 compared to 2020. If TREIF was excluded in the 2021 environmental data, carbon emission decrease would have been 7%.

While the environmental data is in line with our expectations, we note an increase in carbon emissions from company owned vehicles for 2021 compared to 2020. This increase is two-fold. On one hand we collected more data based on actuals instead of using estimates, and secondly there has been some normalization in traveling by company car compared to 2020 when traveling was restricted during the pandemic.

2021 is the first time we are showing the carbon emissions from scope 2 on a market and location basis. This allows Marel to better show its progress to purchase renewable electricity that is emitting less greenhouse gases than country averages. In 2021 we reclassified nuclear electricity as non-renewable. In preparation for Marel setting a science-based target, we are switching from using UK DEFRA based conversion factors to International Energy Agency (IEA)'s country specific conversion factors for our electricity usage per location. In 2021 we further aligned our emission scoping with the GHG Protocol, whereby moving emissions from waste into scope 3 (previously under scope 1).

Marel's ESG data covers the reporting year from January until December, with the exception of the emission data from business air travel (scope 3) where we have opted to report the December until November period to provide full year information as December data is only available after publication of Marel's ESG disclosure.

As we become more mature in our ESG data journey we have more and better data quality available for 2021 compared to prior years, capturing not just manufacturing locations but also office locations. This further limits the need for using estimates going forward. As our data scope further increased in 2021 and the above-mentioned changes were implemented, the 2020 environmental indicators have been restated to allow a like-for-like comparison. We did this in close consultation with our sustainability advisor Sustainalize, part of the ERM Group.

Following a pre-assurance assignment with an external party during 2021 we have gained further insights and learnings which we have built into our 2021 sustainability reporting. This has led us to restate the 2020 employee turnover ratio and further define ESG metrics that reflect the sustainability journey that Marel is on.

Definitions and abbreviations

Average full-time employee

Average of employees at end of each month based on full-time equivalent.

CEO pay ratio

CEO total compensation to median Icelandic FTE compensation. CEO long-term incentives based on Black-Scholes.

CMD

Capital Markets Day. Marel held a CMD mini-session on Sustainability in December 2021.

Contingent workers ratio

Percentage of total headcount held by contingent workers. Contingent workers are workers not on Marel payroll. Also referred to as Third Party Workers.

CSR

Corporate Social Responsibility

Emission intensity

Emission intensity is represented by three metrics: (i) volume of carbon emissions per 1,000 Euros of revenue, (ii) emissions per square meter of all Marel facilities globally and, (iii) emissions per average full-time employee. All expressed in tons CO2e (carbon dioxide equivalent).

Employee turnover ratio

Percentage of employee turnover per average employee headcount.

Energy intensity

Total energy usage in megawatt hours (MWH) per average full- time employee.

Energy usage
Total amount of energy directly and indirectly consumed by Marel in gigawatt hours (GWH).

ESG
Environmental, Social, and Governance

Overall female ratio
Percentage of total enterprise headcount held by women.

Gender pay ratio
Male median annual base salary to female median annual base salary of employees at Marel at year-end. Salaries of part-time employees are annualized to full-time.

GHG Protocol
Greenhouse Gas Protocol

GDPR
General Data Protection Regulation

Headcount
Person with an employment agreement for an (un)limited period, either full-time or part-time and being paid directly by Marel. The words employee and headcount are used interchangeably.

HSE
Health, safety, and the environment

Independent board directors
All seven members of the Board of Directors: Ann Elizabeth Savage, Arnar Thor Masson, Astvaldur Johannsson, Lillie Li Valeur, Olafur S. Gudmundsson, Svafa Grönfeldt and Ton van der Laan, are considered independent of the company. Furthermore, six of the Board members, Ann Elizabeth Savage, Arnar Thor Masson, Astvaldur Johannsson, Lillie Li Valeur, Svafa Grönfeldt and Ton van der Laan, are considered independent of the company's major shareholders.

Injury rate
Total reportable incident rate (TRIR) measured as number of total reportable injuries per 100 employees.

Market-based and location-based
Marel reports both a market-based and location-based scope 2 emissions figure, in line with the recommendation of the GHG protocol.

The market-based figure reflects emissions resulting from the specific electricity mix and other contractual instruments that Marel has purposefully purchased.

The location-based approach reflects the average emissions intensity of grids on which energy consumption occurs, using mostly grid-average emission factor data.

In instances where the energy mix is unknown the location-based approach is used to calculate the carbon emissions based on the average kgCO2-eq/kWh that applies in the country of that facility. These country specific energy mixes are derived from the International Energy Agency.

Non-renewable energy
Includes natural gas, coal, oil, and nuclear.

Renewable energy
Includes hydro, solar, wind, and biomass.

SBTi
Science Based Target initiative. Science-based targets provide companies with a clearly defined path to reduce emissions in line with the Paris Agreement goals.

Scope 1, 2 & 3
According to the Greenhouse Gas Protocol:

Scope 1: All direct GHG emissions that occur from sources directly controlled by the company. Marel's scope 1 is composed of the emissions from the combustion of natural gas in controlled boilers and the emissions from fuel combustion in vehicles operated by Marel such as company cars. Leased vehicles are operational leases and are reported under scope 1 based on their tank-to-wheel emissions.

Scope 2: All indirect GHG emissions that are associated with the purchase of electricity, steam, heat, or cooling. For Marel, scope 2 is composed of the emissions resulting from generating electricity purchased or used by Marel in offices and manufacturing facilities. Additionally, the emissions resulting from generating district heating is included in scope 2.

Scope 3: All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. In total there are 8 upstream emission categories and 7 downstream emission categories. Marel currently reports on business travel by air (downstream) and waste generated in operations (downstream) from its manufacturing facilities.

TCFD
Task Force on Climate-Related Financial Disclosures. Marel's 2021 climate-related report will be published as part of the 2021 Annual Report in March 2022.