

**MAREL HF.  
ANNUAL GENERAL MEETING 2016**

**2 MARCH 2016**

**PROPOSALS OF THE BOARD OF DIRECTORS**

**1. Proposal on how to address the profit for the operational year 2015**

The Board of Directors proposes that a dividend of 1.58 euro cents per share be paid for the operational year 2015. The estimated total dividend payment will be approximately 11.3 million euro corresponding to approximately 20% of profits for the year which amounted to 56.7 million euro. The proposed dividend is in line with Marel's targeted capital allocation and dividend policy.

If approved by Marel's shareholders, the Company's shares traded on and after 3 March 2016 (Ex-date) will be ex-dividend and the right to a dividend will be constricted to shareholders identified in the Company's shareholders registry at the end of 4 March 2016, which is the proposed record date. The board will propose that payment date of the dividend is 23 March 2016.

The Board of Directors otherwise refers to the annual accounts as regards how to address the profit for the year 2015 and proposes that the profit will be carried over to the following year.

**2. Proposal on remuneration to board members for the year 2016 and of the Auditor for the year 2015**

The Board of Directors proposes that the remuneration to Board members for the year 2016 will be as follows: the Chairman will receive €8,250 per month and other members of the Board of Directors will receive €2,750 per month. Members of sub-committees of the Board will further receive remuneration in the amount of €750 per month. The chairman of the audit committee receives remuneration in the amount of €2,750 per month. The remuneration will be paid on the 15<sup>th</sup> day of each month. Furthermore, the Board of Directors proposes that the Auditor's fees will be paid against their invoices approved by the Company.

**3. Proposal of a Remuneration Policy for the Company**

The Board of Directors proposes that the Remuneration Policy for the year 2015 will be approved unamended for the year 2016. The proposed Policy is as follows.

The Remuneration Policy of Marel hf. and its subsidiaries (the "Company"), is designed to attract, motivate and retain exceptional employees in a competitive and international market. The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

The Remuneration Policy applies to the Company's senior management, including its Executive Team and Board of Directors.

**Executive Team Remuneration**

The remuneration of Marel's Executive Team is proposed by the Remuneration Committee and subsequently approved by the Board of Directors. It is evaluated annually against performance and a benchmark of international companies, which in size and complexity are similar to Marel. Benchmark information is obtained from internationally recognized compensation service consultancies.

Total remuneration shall be comprised as follows:

- A **fixed base salary**, set at a level aimed at attracting and retaining executives with professional and personal competences required to drive the Company's performance.
- **Short-term incentives**, based on the achievement of a number of individual, pre-defined financial and strategic business targets approved by the Board of Directors. Short-term incentives cannot exceed 40% of the fixed base salary, and are partly related to financial targets and partly to non-financial, strategic business targets. Short-term incentive payments are subject to recovery, provided that they have clearly been based on data, which proved to be manifestly misstated, false or misleading.
- **Long-term incentives** in the form of **stock options**, promoting a balance between short-term achievements and long-term thinking. The Company's stock option program is further specified below.
- **Pension contributions**, made in accordance with applicable laws and employment agreements.
- **Severance payments** in accordance with termination clauses in employment agreements. Severance payments shall comply with local legal framework.

### **Long Term Incentive Stock Option Program**

Marel has implemented stock option programs with the objective of aligning interests of the executive management and selected key employees with the long-term goals of the Company and its shareholders.

The Company's stock option program is designed with the intention of providing program participants with annual stock options for which the calculated estimated future gain equals up to a maximum of 20% of annual based salary at the date of issue. The stock options plan is long term for five to seven years with the first vesting time three years. Exercise price is adjusted annually with a hurdle rate as well as future dividend payments.

The Company's stock option program does not include any commitments for future issues and can be cancelled at any time. The program shall be reassessed annually and the structure of future issues can be changed, subject to shareholders' approval.

### **Board of Directors**

Members of the Board of Directors shall receive a fixed, monthly payment in accordance with the decision of the Annual General Meeting of the Company. The Board shall submit a proposal on the fee for the upcoming operating year, taking into account the extent of responsibilities and time commitment, the results of the Company and benchmark data on fees paid by European peer companies, which in size and complexity are similar to Marel.

Board members are not offered stock options or participation in incentive schemes.

Individual board members may take on specific ad hoc tasks outside their normal duties assigned by the Board. In each such case, the Board may determine a fixed fee for the work carried out related to those tasks, which shall be disclosed in the Company's annual financial statements.

### **Disclosure of Information**

Information on the total remuneration of members of the Company's Board of Directors, Executive Team and senior management accountable for more than 10% of the assets or earnings of the Company, shall be disclosed in the Company's annual financial statements. This includes any deferred payments and extraordinary contracts during the preceding financial year.

### **Approval of the Remuneration Policy**

This Remuneration Policy shall apply to all future employment agreements with members of Company's Executive Team and Board of Directors.

The Remuneration Policy is binding for the Board of Directors as regards its provisions on stock options. In other respects, the Remuneration Policy shall be of guidance for the Board. Any departure from the policy shall be recorded and reasoned in the Board's minutes.

This Remuneration Policy has been approved by the Board of Directors of Marel hf. in accordance with article 79a of the Icelandic Companies Act No. 2/1995, taking into consideration the NASDAQ OMX Iceland Rules for Issuers of Financial Instruments and the Icelandic Guidelines on Corporate Governance. The Remuneration Policy is reviewed annually and shall be approved by the Company's Annual General Meeting, with or without amendments.

The Company's Remuneration Policy shall be published on its website.

#### **4. Election of Board of Directors**

The Board of Directors proposes that the Company's shareholders elect seven Directors to serve on the Board of Directors.

The deadline for nominations to the Board of Directors of Marel hf. will expire at 16:00 pm, 26 February 2016.

#### **5. Election of the Company's auditors**

The Board of Directors proposes that the auditors KPMG ehf. will be elected as the Company's auditors.

#### **6. Proposal to grant authorization to the Board of Directors to purchase treasury shares in the Company**

The Board of Directors proposes that the Company is authorized to acquire up to 10% of its own shares. Requirements pursuant to Article 55 of the Icelandic Companies Act No. 2/1995 shall be taken into consideration when own shares are purchased on the basis of this authorization.

It is furthermore proposed, that this authorization is effective for the next 18 months from approval. Earlier authorization shall be withdrawn.

*Gardabaer, Iceland – 9 February 2016  
The Board of Directors of Marel hf.*