
Rules of procedure

Board of Directors
Marel hf.

Valid as of 28 October 2015

The Marel logo is displayed within a dark blue rectangular box. It features a stylized red swoosh above the word "marel" in a white, lowercase, sans-serif font.

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RULES OF PROCEDURE

FOR

THE BOARD OF DIRECTORS OF MAREL HF.

Marel Board Members shall act ethically and with integrity at all times and acknowledge their commitment to representing the long-term interests of the Company's shareholders. Board Members shall adhere to the Company's Code of Conduct, which shall be confirmed by their signature.

1. COMPOSITION OF THE BOARD

- 1.1 The Board shall be composed of 5-7 Board Members, to be elected at each Annual General Meeting for a term of one year.
- 1.2 The Board shall propose to each Annual General Meeting the size of the Board, within the limits stipulated in the Articles of Association.

2. ALLOCATION OF RESPONSIBILITIES WITHIN THE BOARD

- 2.1 The Board shall, immediately following the Company's Annual General Meeting each year, meet to allocate responsibilities between the Board Members.
- 2.2 The Senior Board Member shall preside at a Board Meeting until the Board has elected a Chairman, who shall subsequently preside at the remainder of the respective Board Meeting.
- 2.3 The Board shall elect a Chairman and a Vice-Chairman. The Chairman and the Vice-Chairman shall be elected by majority vote. In the event of an equality of votes, issues shall be decided by casting lots.
- 2.4 The Board shall elect the Chairmen and members of its Audit Committee and Remuneration Committee. The committee Chairmen and members shall be elected by majority vote. In the event of an equality of votes, issues shall be decided by casting lots.

3. THE BOARD'S ROLE AND DUTIES

- 3.1 The Board is the supreme authority in the affairs of the Company between Shareholders' Meetings.
- 3.2 The Board shall appoint a CEO to manage the Company's daily operations, decide the terms of his/her employment and supervise his/her work. Similarly, the Board terminates employment of a CEO. The CEO shall act in accordance with the Board's instructions and policies. The daily operations do not include measures, which are unusual or extraordinary.
- 3.3 The Board shall define decision making authorities and the division of responsibilities between the Board, the CEO and the Executive Team in the Company's Procedures for Governance and Control, including which decisions should be considered to be unusual or major and therefore under the sole authority of the Board. The CEO may only take such decisions if specially authorized by the Board, unless it is 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.
- 3.4 The Board shall promote the development and long-term performance of the Company, supervise its operations and strive to secure that the Company's organisation and activities are always in good and proper order.

- 3.5 The Board shall together with the CEO, establish goals for the Company in accordance with the Company's objectives pursuant to the Articles of Association, and shall formulate the policy and strategy required to achieve these goals.
- 3.6 The Board shall ensure adequate surveillance of accounting and disposal of the Company's financial assets and shall, at least once a year, confirm the Company's operating plan and budget.
- 3.7 The Board shall ensure that the Company's operations comply with existing laws and regulations.
- 3.8 Joint signatures of the majority of the Board bind the Company. Only the Board may grant powers of procuration.

4. BOARD MEMBERS' ROLES AND DUTIES

- 4.1 Board Members shall acquire an understanding of the role of the Board, their own role and responsibilities, as well as have knowledge of the laws and regulations that apply to the running of a business and the activities of the Company.
- 4.2 Board Members shall acquire an understanding of the objectives and projects of the Company and strive for contributing to the achievement of these objectives.
- 4.3 Board Members shall request and study all documents and information that they deem necessary in order to have a full understanding of the operations of the Company and to be able to make informed decisions.
- 4.4 Board Members shall strive to secure that internal controls are in place and that the decisions of the Board are complied with.
- 4.5 Board Members shall strive to secure that laws, rules and regulations are adhered to at all times in the Company's operations.
- 4.6 Board Members shall make every effort to foster a good atmosphere within the Board.
- 4.7 Board Members shall prevent their affairs, whether personal or business-related, from leading to a direct or indirect conflict of interests between themselves and the Company.
- 4.8 Board Members shall ensure that they have sufficient time to execute their duties with integrity.
- 4.9 Board members shall have access to independent expert consultants at the expense of the Company, if they consider it necessary to make independent and informed decisions. The engagement of such consultants shall be coordinated by the Chairman.
- 4.10 If individual Board Members wish to take up issues concerning the Company outside Board Meetings, they shall contact the Chairman, Vice Chairman, CEO, CFO, Compliance Officer or Internal Auditor. The Chairman and the Vice Chairman may, as they deem appropriate, be in direct contact with any member of the Executive Team.
- 4.11 In the event of communication between individual Board Members and/or between Board Members and employees of the Company, when such communication concerns in any way decisions taken by the Board or important grounds for such decisions, such communication shall be disclosed at the next Board Meeting.
- 4.12 Notwithstanding Clause 4.9, the Board can appoint certain tasks to Board Members as considered necessary, which shall then have full access to any of the Company's personnel and third parties as considered necessary.

5. CHAIRMAN'S ROLE AND DUTIES

- 5.1 The Chairman is responsible for the Board performing its duties in an orderly and efficient manner.
- 5.2 The Chairman shall help ensure that the procedures of the Board are in conformity with legislation, regulations and good corporate governance and that the Board is provided with the best possible working conditions.

- 5.3 The Chairman shall keep all Board Members informed of issues concerning the Company and encourage the activity of the Board in all decision-making.
- 5.4 The Chairman shall ensure that new Board Members receive necessary information and guidance in the procedures of the Board and the Company's affairs, including the Company's policies, its objectives, risk parameters and operations.
- 5.5 The Chairman shall ensure that the Board regularly updates its knowledge of the Company and its operations, in addition to ensuring that the Board generally receives, in the course of its work, detailed and explicit information and data in order to be able to perform its work.
- 5.6 The Chairman shall ensure that Board Members get proper guidance regarding the main issues involving corporate governance, e.g. regarding their statutory duties and responsibilities.
- 5.7 The Chairman shall take the initiative in the preparation and revision of the Board's rules of procedure.
- 5.8 The Chairman shall organize the agenda for the meetings of the Board, together with the Company's CEO, and supervise their convening and chairing. The Chairman shall ensure that Board meetings allow ample time for discussions and decision making, in particular for larger and more complicated issues.
- 5.9 The Chairman shall follow progress in the execution of Board decisions within the Company and confirm their implementation to the Board.
- 5.10 The Chairman shall ensure that the Board makes an annual assessment of their work and that of the sub-committees, as further stipulated in Clause 15.
- 5.11 The Chairman shall represent the Board in all matters of the Company, unless otherwise decided by the Board and shall take responsibility for relations between the Board and shareholders.
- 5.12 The Chairman shall generally communicate with the CEO and CFO on behalf of the Board.
- 5.13 Other specific tasks and duties the Chairman has are further outlined in other Clauses of these Rules.
- 5.14 In the absence of the Chairman, the Vice-Chairman shall perform the Chairman's duties.

6. BOARD MEETINGS

- 6.1 The Chairman convenes Board Meetings, in consultation with the CEO, and shall ensure that other Board Members receive notices of the Board Meetings.
- 6.2 Board Meetings shall be convened:
 - (i) immediately after each Annual General Meeting,
 - (ii) prior to the disclosure of the Company's financial statements each quarter,
 - (iii) no later than October each year to discuss the Company's strategy for the next year,
 - (iv) no later than October each year to discuss the Company's human resources and culture,
 - (v) no later than December each year to discuss the Company's budget for the next year,
 - (vi) no later than February each year to discuss the results of the Board's self assessment and areas of special focus for the year,
 - (vii) on other occasions as deemed necessary for the Board to be able to perform its tasks and duties in an efficient manner.
- 6.3 The Board shall no later than December each year have in place a schedule of regular Board Meetings for the upcoming year. At the end of each Board Meeting, a decision shall generally be made confirming the time of the next regular Board Meeting.
- 6.4 The Chairman of the Board must convene a Board Meeting if any Board Member, the CEO, the Company's Auditor (internal or external) or the Compliance Officer so requests.
- 6.5 Board Meetings shall be convened with at least 7 days' notice. However, the Chairman may convene Board Meetings on shorter notice if it is unavoidable due to special circumstances in the Chairman's opinion.

- 6.6 Notices of Board Meetings shall be in writing, and shall specify the agenda of the Board Meeting. Agenda items requesting Board approval or a specific decision by the Board shall be highlighted as such. Documents concerning individual items of business on the agenda of a Board Meeting shall be published in the Board of Directors electronic data room no later than three working days before regular Board Meetings, unless otherwise decided by the Chairman. Documents in the Board's data room remain accessible to the Board Members after the meeting. Under special circumstances the Chairman may decide to distribute documents only on the Board Meeting itself and request Board Members to return them at the end of the Board Meeting.
- 6.7 Board Meetings shall generally be held at one of the Company's offices. In special circumstances, Board Meetings may be convened elsewhere if the Chairman decides that the subject of the meeting or other circumstances so warrant.
- 6.8 The Board shall aim for annually visiting at least one of the Company's locations outside Iceland with the aim of enhancing understanding of the Company's operations and engaging with employees.
- 6.9 Board Meetings may be convened with the assistance of electronic media as far as that is in conformity with the implementation of the tasks of the Board in the Chairman's opinion. However, a Board Member or the CEO may request a Board Meeting to be held in a conventional manner. The Chairman may decide that individual Board Members can participate in Board Meetings by electronic media.
- 6.10 The Chairman of the Board shall preside at Board Meetings. In the event that the Chairman is unable to attend a Board Meeting, the Vice-Chairman shall preside at the Board Meeting.
- 6.11 The CEO and the CFO shall have the right to attend Board Meetings and shall have the right to speak and to submit proposals, unless otherwise decided by the Board in individual cases. Other employees may be invited to join Board Meetings as appropriate.
- 6.12 The Board shall at least once a year meet without the CEO and CFO to evaluate their performance, Board performance and the performance of Board's subcommittees.
- 6.13 Under special circumstances the Chairman may, instead of convening a Board Meeting, inform Board Members of a particular issue in writing or by telephone, and take a vote by correspondence or by telephone. Decisions made in this manner shall be submitted to the next Board Meeting for confirmation.
- 6.14 The language spoken at Board Meetings and used in documents and correspondence within the Board and between the Board and management is English.

7. DECISIONS OF THE BOARD

- 7.1 The presence of the majority of the Board Members constitutes a quorum. Important decisions, however, may not be taken unless all Board Members have had the opportunity, if possible, to discuss the matter.
- 7.2 All matters brought before a Board Meeting shall be decided by a simple majority. In the event of an equality of votes, the Chairman shall cast the deciding vote.

8. CONFLICT OF INTEREST

- 8.1 Board Members and the CEO shall at all times ensure that his/her (and his/her related parties') private and professional interests – directly or indirectly – are not in conflict with the interests of the Company. The Board shall record any resolutions in respect of such matters in the Board Minutes.
- 8.2 Board Members and the CEO shall not take part in any handling of matters in Board Meetings or any process of negotiation between the Company and themselves, lawsuits brought against them, negotiations between the Company and any third party or lawsuits against any third party, in which they have a substantial interest which may be contrary to the Company's

interests. Board Members and the CEO are under an obligation to report such incidents to the Board.

- 8.3 Any agreements which a Board Member or the CEO may enter into with the Company, and any agreements between the Company and a third party, must be submitted to the Board for approval (or rejection) if the Board Member or the CEO have a substantial interest in such agreements which may conflict with the Company's interests.

9. MINUTES OF BOARD MEETINGS

- 9.1 The Chairman of the Board shall ensure that Minutes are kept of all proceedings at Board Meetings and all decisions made by the Board.
- 9.2 The following shall be recorded in the Minutes:
- (i) The place, date, time and number of the Board Meeting.
 - (ii) Who is present at the Board Meeting and who is presiding.
 - (iii) The Agenda of the Board Meeting.
 - (iv) Documents made available to Board Members before the meeting or handed out or presented at the meeting. A copy of all such documents shall be either kept in the Board of Directors electronic data room or with the minutes.
 - (v) A short account of deliberations at the Board Meeting and of decisions that were made.
 - (vi) The time and place of the next Board Meeting.
 - (vii) The name of the person writing the Minutes.
- 9.3 If a Board Member or the CEO disagrees with a decision made by the Board, he/she is entitled to have his/her dissenting opinion recorded in the Minutes.
- 9.4 If the Minutes have not been completed at the end of a Board Meeting, they shall be available for review on the Board's electronic data room within 10 business days and signed at the next Board Meeting.
- 9.5 The Minutes shall be signed by all those present at the Board Meeting. Board Members who were not present at a Board Meeting shall attest by their signature that they have acquainted themselves with the Minutes of that Board Meeting.
- 9.6 Minutes entered in the Company's Book of Minutes shall be regarded as full proof of what has transpired at Board Meetings.

10. INTERNAL CONTROLS AND RISK MANAGEMENT

- 10.1 The Board shall strive to secure that an active system of internal controls is established within the Company, including that a formalized arrangement of the internal controls system, its documentation and regular verification of its functioning.
- 10.2 In connection with the Board's decision on the Company's strategy and goals, the CEO shall be responsible for identifying the greatest business and Company risks involved in achieving targets, and a plan on how to mitigate those risk factors.
- 10.3 The CEO shall be responsible for providing reliable and fair financial information and following the law and rules that apply to the Company's operations.
- 10.4 The Company's Auditor (internal and/or external) may be invited to Board Meetings when matters related to internal controls and risk management are on the Agenda, as the Board deems appropriate.
- 10.5 The Board can decide that the Audit Committee shall perform the Board's tasks and duties according to this Clause 10.

11. COMMUNICATION WITH SHAREHOLDERS

- 11.1 Shareholders' Meetings are the supreme authority in Marel's affairs as well as the primary communication between shareholders and the Board.
- 11.2 The Chairman, the CEO, the majority of Board Members and at least one member of each of the Board's sub-committees shall attend all Shareholders' Meetings. If the Chairman or the CEO are unable to attend in person, they shall participate with the assistance of electronic media if possible, or they may be represented by the Vice-Chairman and the CFO respectively. If possible, the Company's Auditors shall attend Shareholders' Meetings.
- 11.3 All communication with the Company's shareholders shall be clear and honest.
- 11.4 Members of the Board shall not engage in communication regarding details of the financial results. The Board shall ensure that the Company sets an Investor Relations Policy to further specify communication with shareholders and the market.
- 11.5 All communication with shareholders is governed by rules and regulations on price sensitive and non-public information (insider information) and other sensitive business information, which may compromise the Company's competitive position.
- 11.6 The Chairman shall initiate communication with the Company's largest shareholders on an annual basis with the objective discussing matters related to corporate governance as well as establishing trust and understanding.
- 11.7 The Board shall be informed of shareholders proposals and questions and the Board shall supervise the Company's reactions thereto.
- 11.8 The Board shall ensure that the interests of all shareholders are always equally protected by the Company and that shareholders receive equal treatment.
- 11.9 The Chairman is the authorized spokesman for the Board.

12. CANDIDATES TO THE BOARD AND NEW BOARD MEMBERS

- 12.1 The Board shall evaluate its composition and what kind of experience, knowledge, expertise and other qualities Board Members should possess, taking into consideration the strategic objectives of the Company as well as the results of the Board's annual self-assessment. The Board shall consider succession planning and provide such input to the Company's shareholders as deemed appropriate.
- 12.2 New Board Members shall be given an introduction to the Company affairs, including its policies, goals, risks and operations as well as the Board's work and procedures. New Board Members shall receive relevant introduction of the Company for them to be able to perform their duties as Board Members.
- 12.3 The Board can decide that the Remuneration Committee performs its tasks and duties according to this clause.

13. INDEPENDENT BOARD MEMBERS

- 13.1 The Board shall assess whether Board Members are independent of the Company and/or of shareholders that hold 10% or more of the total share capital of the Company, in accordance with the Icelandic Guidelines on Corporate Governance.
- 13.2 Each Board Member shall provide the Board with necessary information to conduct the assessment and inform the Board of any subsequent changes that might affect such an assessment.

14. SUB-COMMITTEES OF THE BOARD

- 14.1 The Board is responsible for the appointment and activities of its sub-committees and they operate under its authority. The establishment of a sub-committee does not reduce the responsibilities of the Board or relieve it of any liability. Decision-making powers remain with the entire Board.

- 14.2 The Board shall establish an Audit Committee in accordance with the Icelandic Act no. 17/2006 on Annual Accounts. The Audit Committee's composition, role, duties, authority etc. are stipulated in the Audit Committee's Rules of Procedure. Information on Audit Committee meetings, including agendas, documents distributed before and at the meetings and minutes, shall be accessible for all Board Members in the Board's electronic data room. All Board Members shall have the right to attend meetings of the Audit Committee unless otherwise decided by the Committee's Chairman in individual cases.
- 14.3 The Board shall establish a Remuneration Committee. The Remuneration Committee's composition, role, duties, authority etc. are stipulated in the Remuneration Committee's Rules of Procedure.
- 14.4 The Board may establish other sub-committees if considered appropriate and feasible to deal with specific tasks, taking into account the size and composition of the Board and the Company's activities. The composition, role, duties, authority etc. of each sub-committee shall be dealt with in separate rules approved by the Board. Furthermore, the Board may in exceptional circumstances assign certain tasks to one or more Board Members for study or preparation for discussion at a Board Meeting.
- 14.5 The Board's sub-committees shall ensure that the Board regularly receives accurate information on the main projects of the committee and shall at least annually submit to the Board a report on their projects.
- 14.6 The Board's sub-committees shall annually evaluate their own work.

15. PERFORMANCE ASSESSMENT

- 15.1 The Board shall at least once a year evaluate the structure, process, performance and culture of the Board and its Committees as well as identify areas of focus for the upcoming year.
- 15.2 Furthermore, the Board shall evaluate the work and results of the CEO according to previously established criteria, including whether the CEO has prepared and carried out a business strategy which is consistent with the established goals for the Company. At least once a year the Chairman and the CEO shall discuss the results of the Board's assessment of the CEO's work and the proposed actions to be taken, if any.
- 15.3 The Chairman shall be in charge of the annual evaluation process. The Chairman may seek external assistance or advice as he/she deems appropriate.
- 15.4 The CEO is responsible for the work and results of the Executive Team. At least once a year the CEO shall evaluate the work and results of the Executive Team according to previously established criteria. The CEO shall discuss the results of the assessment with each member of the Executive Team and decide which actions shall be taken, if any. The CEO shall inform the Remuneration Committee of the results of his/her evaluation of the Executive Team and which actions will be taken, if any.
- 15.5 The Board shall discuss the results of the assessments and decide which actions are to be taken, if any.

16. CONFIDENTIALITY

- 16.1 Board Members are bound by strict confidentiality regarding the affairs of the Company, the Company's customers, and other matters which may come to their knowledge in the course of their work as Board Members.
- 16.2 Board Members shall not disclose confidential information unless required to do so by law, regulations or rules of stock exchanges or by any court or relevant authority. Board Members shall treat insider information in accordance with the Company's internal rules thereto.
- 16.3 Board Members shall store all documents and information they receive in relation to their duties in a secure manner.

- 16.4 Board Members, other than the Chairman, shall not express their opinions to the media or address the public in any other manner regarding the Company's affairs, except with the Chairman's consent.
- 16.5 The Board Members' duty of confidentiality shall remain valid after a Board Member leaves or resigns from the Board.

17. INSIDER INFORMATION, INSIDER TRADING AND TRADING WITH OWN SHARES

- 17.1 The Board shall adopt rules on the treatment of insider information, insider trading and trading with the Company's own shares and other financial instruments. The rules shall be accessible on the Company's website.
- 17.2 The Board shall reassess the content of these rules at least once a year.
- 17.3 Members of Board or the Executive Team shall not conduct or be engaged in speculative transactions concerning shares and/or other securities issued by or relating to Marel.

18. DEFINITIONS

- 18.1 When referred to in these rules ("the Rules"):
 - 18.1.1 "the Company" shall mean Marel hf.,
 - 18.1.2 "the Board" shall mean the Board of Directors of the Company,
 - 18.1.3 "the Chairman" shall mean the Chairman of the Board,
 - 18.1.4 "the Vice-Chairman" shall mean the Vice-Chairman of the Board,
 - 18.1.5 "the CEO" shall mean the Chief Executive Officer of the Company,
 - 18.1.6 "the Senior Board Member" shall mean the longest serving member of the Board of Directors.
 - 18.1.7 "Compliance Officer" shall mean the Compliance Officer of the Company
 - 18.1.8 "Shareholders' Meetings" shall mean the Company's Annual General Meeting and Extraordinary General Meetings,
 - 18.1.9 "Annual General Meeting" shall mean the Company's Annual General Meeting,
 - 18.1.10 "Articles of Association" shall mean the Company's Articles of Association.

19. MISCELLANEOUS

- 19.1 The responsibility, authority and tasks of the Board shall, in all respects other than provided in these Rules, be governed by the Icelandic Companies Act no. 2/1995, the Icelandic Act on Annual Accounts no. 17/2006, and other applicable legislation as well as the Articles of Association.
- 19.2 These Rules enter into force on the date of the adoption by the Board.
- 19.3 These Rules shall be reviewed annually.
- 19.4 Only the Board may amend these Rules. A majority vote of the Board is required to amend these Rules.
- 19.5 The original of these Rules, as amended (if applicable), shall at all times be maintained in the Company's Book of Minutes.
- 19.6 At the time of the adoption of these Rules, all Board Members shall sign the original thereof. If the Board approves any amendments to the Rules all Board Members shall sign an original copy of the Rules as amended. The Rules shall be presented to New Board Members, who shall sign the original thereof to confirm their receipt of the Rules.
- 19.7 These Rules have been adopted in accordance with Article 70, Paragraph 5, of the Act No. 2/1995 on Public Limited Companies, Nasdaq OMX Iceland hf.'s Rules for Issuers of Financial Instruments, and the Guidelines on Corporate Governance, published by the Iceland Chamber of Commerce, NASDAQ OMX Iceland hf. and the Confederation of Icelandic Employers.

Adopted by the Board of Directors of Marel hf. on 28 October 2015.


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