

Marel's Tax Strategy in the UK – year ended 31 December 2019

Background

Marel has two 100% group companies in the U.K., both part of a Global group that supplies advanced processing solutions for the animal protein industry. Marel is a global company headquartered in Iceland and is listed at the Icelandic NASDAQ and Amsterdam EURONEXT stock exchanges. Marel has operations in more than 30 countries world-wide and employs about 6500 people. One of the U.K. operations is a specialized supplier of labelling technology in the food industry. The other U.K. operation is a sales and service office supporting all Marel products for the local market.

Marel is the leading global provider of advanced processing systems and services to the Poultry, Meat and Fish industries. In partnership with its customers Marel transforms the way food is processed. Marel's vision is of a world where quality food is produced sustainably and affordably.

Over the last years Marel has invested significantly in the U.K., in terms of employment and capital investment.

Marel's direct contribution to taxation in the UK economy spans corporate, employment, property and insurance premium taxes, as well as some minor other taxes.

Approach to Risk Management and Governance Arrangements

Marel believes that a responsible approach to tax is essential for the sustainability of its business. Marel's approach to taxes conforms to Marel's global Code of Conduct and is founded on a key set of principles approved by the Marel's Board of Directors. Marel aims to ensure full compliance and supports transparency.

The U.K. operations report EBIT in the finance hierarchical chain to the Corporate Controlling Director and report the tax position to the Corporate Tax Director, who both ultimately report to the Chief Financial Officer of Marel hf in Iceland.

Marel ensures that its tax team has the necessary skills to manage the tax position of the group through training and continuous professional development. Marel will make use of external tax advice when dealing with significant and/or complex transactions as well as for issues that are considered technically complex or subject to uncertainty.

Marel uses a tax risk management framework to identify, mitigate, manage and report tax risk globally and within the U.K. Marel maintains tax policies and procedures at a global and local level for key tax processes including compliance, transfer pricing and risk management/governance.

Many of these policies are reviewed annually and updated in relation to changing legislation (national and international), business operations, and business and tax risks identified.

Marel aims to report the right and proper amount of tax due according to where value is created and is committed to paying the taxes legally due and ensuring compliance with all legislative requirements in the UK.

Attitude to Tax Planning and Tax Risk

Marel adopts a conservative approach to tax planning and will only be involved in tax planning to the extent that it supports commercial activities, in order that these activities can be carried out in a tax effective manner whilst remaining compliant with all relevant tax legislation.

Marel claims relevant tax reliefs made available by the UK government, in line with the public policy objectives of such reliefs.

Marel applies OECD guidelines and UK legislation when considering the pricing of intercompany transactions between Marel UK and other Marel group entities.

Marel does not utilize tax havens to reduce the Group's tax liabilities. Furthermore, Marel does not interpret tax law in a manner contrary to its original intentions.

Where uncertainty over interpretation of tax law arises, Marel will consult with external advisors and HMRC as necessary, in order to minimize uncertainty and therefore risk.

Working with HMRC

Marel UK operates a transparent, honest and proactive approach to its interaction with HMRC. In particular, Marel UK commits to:

- Meeting its compliance obligations in a timely manner, making accurate returns and providing adequate disclosure on returns and in relation to specific transactions
- When required discussing Marel UK's tax affairs with HMRC on a real time basis, in case of complexity or uncertainty.
- Considering the impact of new legislation and interpretation of tax law which impacts Marel in the UK.

This UK Tax Strategy document was reviewed and approved by the Head of Finance UK & Ireland on 19 February 2020

Marel considers this document to comply with the UK legislative requirement in paragraph 16(2) and paragraph 25(1), Schedule 19, Finance Act 2016.