

# PROPOSALS OF THE BOARD OF DIRECTORS

## Explanatory notes to voting items on the agenda

### Agenda item 4

#### Submission of the annual accounts of the Company for the preceding year for confirmation

The Board of Directors proposes to confirm the audited Annual Financial Statements for the year 2020.

### Agenda item 5

#### Decision on how to address the profit from the Company's operations for the year 2020

The Board of Directors proposes that a dividend of 5.45 euro cents per share be paid for the operational year 2020. The estimated total dividend payment will be around EUR 41.0 million corresponding to approximately 40% of profits for the year, which amounted to EUR 102.1 million. 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 19 March 2021 (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 22 March 2021, which is the proposed record date for dividends. The Board of Directors will propose that payment date of the dividend is 7 April 2021.

Shareholders holding shares listed on Nasdaq Iceland will receive the dividend payment in ISK based on the midrate of EUR/ISK as published by the Central Bank of Iceland in the morning of the AGM. Shareholders holding shares listed on Euronext Amsterdam will receive the dividend payment in EUR.

The Board of Directors otherwise refers to the annual accounts for the year 2020 as regards how to address the profit for the year 2020 and proposes that the profit will be carried over to the following year.

### Agenda item 7

#### Proposal on the Company's remuneration policy

The Board of Directors proposes the following amendments to the Remuneration Policy from 2020:

Amending the wording on short-term incentives, see underlined and strikethrough section: *"Short-term incentives, based on the achievement of a number of pre-defined financial, ESG (Environmental, Social & Governance) and ~~non-financial~~ strategic business targets approved by the Board of Directors".*

Adding the following sentence to the section on severance payments, see underlined section: *"Severance payments shall comply with local legal framework, however never exceeding the equivalent of 24 months' base salary".*

It is proposed that the Remuneration Policy is otherwise unamended. The proposed revised Remuneration Policy for 2021 is as follows:

#### Marel Remuneration Policy

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 pre-defined financial, ESG (Environmental, Social & Governance) and strategic business targets approved by the Board of Directors. Short-term incentives for the CEO amount to 50% of annual base salary at target and can reach a maximum of 70%. Short-term incentives for other members of the Executive Team can amount to up to 45% of the annual fixed base salary at target and reach a maximum of 60%. Short-term incentive payments are subject to recovery, provided that they have been based on data, which proved to be manifestly misstated, false or misleading.
- **Long-term incentives** in the form of stock options. Marel has implemented stock option programs with the objective of aligning interests of executive management and selected employees in strategic positions with the long-term goals of the Company and its shareholders. The value of stock options, based on the option pricing model of Black-Scholes, granted to an employee in any given year shall not exceed 60% of annual fixed base salary. The key terms of share-based incentive agreements and programs shall be submitted to a Shareholders' Meeting for approval.
- **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, however never exceeding the equivalent of 24 months' base salary.

#### *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 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.

## Agenda item 8

### Decision on remuneration to the members of the Board of Directors for the year 2021

The Board of Director proposes: i) an increase in the director's fee from EUR 44,400 to 45,600 per annum; ii) no amendments to the Audit Committee fees which remain at EUR 12,000 per annum; iii) no amendments to the Remuneration Committee fees which remain at EUR 8,400 per annum; and iv) no amendments to the Nomination Committee fees which remain at EUR 3,600 per annum. As before, the Chairman will receive a triple annual fee, the Vice-Chairman a x1.5 times annual fee and the Chairman of the Audit Committee a x0.5 times annual fee. Fees are paid in fixed monthly payments.

According to the proposal, total board and committee fees will increase by 2.3% from 2020 to 2021.

## Agenda item 9

### Decision on remuneration of the Company's auditors for the preceding year of operation

The Board of Directors proposes that the auditors' fees will be paid against their invoices approved by the Company.

## Agenda item 10

### Proposal to amend the Company's Articles of Association

The Board of Directors proposes to amend Article 15.2 of the Company's Articles of Association, concerning an authorization to the Board to increase share capital. The current authorization states that shareholders waive their pre-emptive rights provided that the new shares are used as payment for acquisitions, which excludes the possibility of raising capital through an offering, e.g. in relation to a sizable acquisition. In order to increase Marel's financial flexibility and agility to execute the Company's clear growth strategy, the Board proposes that the authorization is partly adjusted to European market practice adding the possibility to sell new shares through an offering managed by a financial institution while lowering the nominal value of the authorization from ISK 100 million to ISK 75 million, the latter corresponding to 9.7% of total issued shares. It is moreover proposed that the amended authorization will be valid for 18 months, thus shortening the validity period from 5 years and providing for regular reassessment of the authorization.

The original and authentic version of the Articles of Association is in Icelandic, and the English version is a translation of the Icelandic version.

#### Proposal to amend Article 15.2 of the Company's Articles of Association

*"The Company's Board of Directors is authorized to increase its share capital by up to ISK ~~100~~75,000,000 nominal value by issuing new shares. The Company's Board of Directors shall determine details of the ~~purchase~~ price of shares and terms of sale. Shareholders waive their pre-emptive rights, as provided for in Art. 34 of Act No. 2/1995 on Public Limited Companies provided that the new shares will be used ~~as payment~~ in relation to acquisition of new businesses or strategic investments and that the price for the new shares will not be lower than 10% under the ~~posted~~ average closing price of shares in the Company five days immediately preceding the sale as reported on the regulated markets where the Company's shares are listed for the ~~four weeks~~ immediately preceding the sale. The new shares shall be used as payment in relation to acquisition of new businesses or strategic investments, or sold through an offering managed by a financial institution. There are no restrictions on trading in the new shares. These new shares shall be of the same class and bear the same rights as other shares in the company. They shall confer rights in the Company as of the date the increase in share capital is registered. The Company's Board of Directors may decide to have subscribers pay for the new shares in part or in full by other means than cash payment. This authorization shall be valid for ~~5 years~~ 18 months from the date of its adoption, insofar as it has not been utilized prior to that time."*

## Agenda item 11

### Election of the Board of Directors

The following proposals of the Board of Directors are based on the Nomination Committee's recommendations.

Candidatures for the Board of Directors shall be submitted in writing to the Board of Directors before 16:00 GMT/ 17:00 CET on 3 March 2021, e-mail: agm@marel.com.

#### Agenda item 11.1

##### Proposal to elect seven Directors to serve on the Board of Directors

According to Article 5.1 of the Company's Articles of Association, the Annual General meeting elects 5-7 people to the Board of Directors. The Board of Directors proposes that the Company's shareholders elect seven directors to serve on the Board of Directors.

#### Agenda item 11.2

##### Proposal for appointments of members to the Board of Directors

The Board of Directors proposes that the following candidates will be appointed as members of the Board of Directors:

- 11.2.1 Ann Elizabeth Savage**
- 11.2.2 Arnar Thor Masson**
- 11.2.3 Astvaldur Johannsson**
- 11.2.4 Lillie Li Valeur**
- 11.2.5 Dr. Olafur Steinn Gudmundsson**
- 11.2.6 Dr. Svafa Grönfeldt**
- 11.2.7 Ton van der Laan**

## Agenda item 12

### Election of the Company's auditors

The Board of Directors proposes according to recommendation of the Audit Committee that the auditors KPMG ehf. will be elected as the Company's auditors.

## Agenda item 13

### Proposal to renew authorization to the Board of Directors to purchase treasury shares of 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.