

MAREL HF.
ANNUAL GENERAL MEETING 2014

5 MARCH 2014

PROPOSALS OF THE BOARD OF DIRECTORS

1. Proposal on dividends payment for the operational year 2013

The Board of Directors proposes that no dividends will be paid for the operational year 2013.

2. Proposal on remuneration to board members for the year 2014 and of the Auditor for the year 2013

The Board of Directors proposes that the remuneration to Board members for the year 2014 remains unamended from last two years and be as follows: the Chairman will receive €7,500 per month, the Chairman of the Audit Committee will receive €5,000 per month and other members of the Board of Directors will receive €2,500 per month. The remuneration will be paid on the 15th 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 2013 will be approved unamended for the year 2014, except for modifications due to changes in the Company's operational structure. 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 can not 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 79 a 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. Amendments of the Company's Articles of Association

The Board of Directors proposes to make the following amendments to the Company's Articles of Association:

a) Proposed amendment of Article 4.20

It is proposed that Article 4.20 regarding proposals from shareholders to shareholders meetings is adjusted to recent amendments made to Article 86 of the Icelandic Companies Act No. 2/1995. It is proposed that the Article reads as follows:

"Each shareholder has the right to have a specific matter discussed at a shareholders' meeting, if he submits a request, in a written form or electronically, to the Board with enough notice to enable the matter to be placed on the agenda, but no later than 10 full days prior to the meeting. A rationale or a draft resolution shall be enclosed with such request to the Board. No later than 3 full days prior to the meeting, the Board shall inform the shareholders of the existence of the request, the proposal if applicable, as well as an updated agenda of the shareholders meeting if applicable, such as on the Company's website."

b) Proposed amendment of Article 5.1

It is proposed that Article 5.1 is amended with regards to the number of Directors elected to sit on the Board of Directors, i.e. from 7-9 to 5-7. It is proposed that the Article reads as follows:

"The company's Annual General Meeting annually elects 5-7 (five to seven) people to sit on the Board of Directors. Their suitability is determined by law."

c) Proposed amendment of Article 11.1

It is proposed that Article 11.1 regarding own shares is adjusted to amendments made to Article 55(2) of the Icelandic Companies Act No. 2/1995. It is proposed that the Article reads as follows:

"The company is permitted to own up to 10% of own shares. Voting rights may not be exercised for shares owned by the company. Shares can only be acquired in accordance with authorization for the Board of Directors at a shareholders' meeting. Authorization for the Board of Directors to purchase own shares shall only be granted for a limited time which shall be a maximum of 5 years each time. The Board of

Directors shall set working procedures regarding the purchase and sale of own shares."

d) Proposed amendment of Article 15.1

It is proposed that Article 15.1 regarding the authorisation of the Board of Directors to issue new shares in relation to fulfilment of share option agreements is slightly amended in terms of the maximum amount of nominal value (current amount is ISK 45,000,000 of which ISK 8,432,500 has been utilised) and the duration of the authorisation. It is proposed that the article reads as follows:

"The company's Board of Directors is authorised to increase share capital by as much as ISK 35,000,000 nominal value by issuing new shares. Shareholders do not enjoy pre-emptive rights to subscribe for these new shares, which shall be used to fulfil share option contracts concluded with employees etc. in accordance with the Company's currently applicable stock option programme. The purchase price of shares and terms of sale shall be as provided for in contract concluded by the Board or CEO with the individual concerned. This authorisation shall apply for five years from its adoption."

e) Proposed amendment of Article 15.2

It is proposed that Article 15.2 regarding the authorisation of the Board of Directors to issue new shares is renewed and amended in terms of the maximum amount of nominal value (current amount is ISK 240,000,000 of which ISK 146,836,185 has been utilised) and the duration of the authorisation. It is proposed that the article reads as follows:

"The Company's Board of Directors is authorised to increase its share capital by up to ISK 100,000,000 nominal value, or the equivalent in EUR if the Company's share capital has already been registered in that currency when the authorisation is utilised. Details of the purchase price of shares and terms of sale shall be determined by the Company's Board of Directors. Shareholders waive their pre-emptive rights, as provided for in Art. 34 of Act No. 2/1995 on Public Limited Companies provided that the price for the new shares will not be lower than 10% under the posted average price of shares in the Company for the four weeks immediately preceding the sale. The Company's Board of Directors may, however, authorise individual shareholders in each instance to subscribe for part or all of the new shares. 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 authorisation shall be valid for 5 years from the date of its adoption, insofar as it has not been utilised prior to that time."

5. Election of Board

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, February 28th 2014.

6. Election of auditors

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

7. Proposal to grant authorization to the Board of Directors to purchase own shares

The Board of Directors proposes that the Company is authorized to acquire up to 10% of its own shares at a price no higher than 10% over and no lower than 10% under the posted average price of shares in the Company for the two weeks immediately preceding the acquisition. Further 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 five years from approval. Earlier authorisation shall be withdrawn.

*Gardabaer, Iceland – 11 February 2014
The Board of Directors of Marel hf.*