
Rules of procedure

Board of Directors
Marel hf.

Valid as of 9 February 2010



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RULES OF PROCEDURE

FOR

MAREL HF.

1. COMPOSITION OF THE BOARD

- 1.1 The Board shall be composed of 5-9 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 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 pursuant to Clause 3.3 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.

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 Company's Signature is written by the Board. Joint signatures of the majority of the Board bind the Company. Only the Board may grant powers of procuracy.
- 3.3 A majority of votes determines results at Board of Directors' meetings. If there is an equal number of votes, the Chairman shall cast the deciding vote.
- 3.4 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, as further outlined in Clause 6 of these Rules. Similarly, the Board terminates employment of a CEO.
- 3.5 The Board shall supervise continuously and precisely all aspects of the Company's operations and ensure that the Company's organisation and activities are always in good and proper order.
- 3.6 The Board shall 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.
- 3.7 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.
- 3.8 If individual Board Members wish to take up issues concerning the Company outside Board Meetings, they shall contact the Chairman or the CEO, not other employees of the Company. Board members can as well directly contact or consult with the Compliance Officer and the Internal Auditor.
- 3.9 Notwithstanding Clause 3.8, 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.

- 3.10 Board Members shall familiarise themselves with all relevant information needed to have full understanding of the Company's operations and be able to take informed decisions.
- 3.11 A Board Member shall only act according to his own conviction, not the instructions of those who have elected him.
- 3.12 Board Members shall familiarise themselves with and be bound by the provisions of statutory law, general rules and regulations of stock markets and the Company's own rules on the treatment of insider information, insider trading and trading with the Company's own shares and other financial instruments.
- 3.13 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, the Icelandic Act on Annual Accounts, and other applicable legislation as well as the Articles of Association.

4. THE CHAIRMAN'S ROLE AND DUTIES

- 4.1 The Chairman is responsible for the Board performing its duties in an orderly and efficient manner.
- 4.2 The Chairman shall ensure that Board Members update their knowledge of the Company and its operations on a regular basis to be able to participate in all decision-making.
- 4.3 The Chairman shall ensure that the Board generally receives exact and clear information to be able to perform its duties.
- 4.4 The Chairman shall represent the Board in all matters of the Company, unless otherwise decided by the Board. The Chairman, together with the BoM, is also responsible for the external relations of the Company in accordance with Company traditions and circumstances at any time.
- 4.5 The Chairman shall generally communicate with the CEO and BoM on behalf of the Board.
- 4.6 Other specific tasks and duties the Chairman has are further outlined in other Clauses of these Rules.
- 4.7 In the absence of the Chairman, the Vice-Chairman shall perform his/her duties.

5. THE CEO'S ROLE AND DUTIES

- 5.1 The Board shall appoint a CEO to manage the Company's daily operations. The Board shall make an employment agreement in writing with the CEO, containing e.g. provisions on his/her salary and other terms of employment. The Board may entrust the Chairman to handle the negotiations of such appointment.
- 5.2 The CEO is responsible for daily operations and is obliged to follow the Board's policy and instructions in that regard. The daily operations do not include measures which are unusual or extraordinary. The CEO may only take such measures if specially authorised by the Board, unless it 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.
- 5.3 The CEO shall act as chairman in the Company's material subsidiaries which are connected with the sales and manufacturing activities and/or the core activities of the Company, unless the Board decides otherwise.
- 5.4 The CEO is responsible for the work and results of the BoM. At least once a year the CEO shall evaluate the work and results of the BoM according to previously established criteria. The CEO shall discuss the results of the assessment with each member of the BoM and decide which actions shall be taken, if any.
- 5.5 At least once a year the Chairman and the CEO shall have a meeting to discuss the results of the Board's assessment of the CEO's work and results and the proposed actions to be taken, if any, cf. Clause 17. The CEO shall inform the Chairman of the results of his/her evaluation of the BoM and which actions will be taken, if any. The Chairman shall inform the Board of the discussions with the CEO as he/she deems necessary and appropriate.

- 5.6 The CEO shall ensure that the accounts of the Company conform to the law and accepted practices and that the treatment of the property of the Company is secure. The CEO shall provide any information that may be requested by the Company's Auditors.
- 5.7 The CEO shall inform the Board on his/her business activities which are not related to the Company.
- 5.8 The CEO's roles and duties as described here are not exhaustive, as other specific tasks and duties the CEO has may further be outlined in other Clauses of these Rules, his/her employment contract and applicable law and rules.

6. BOARD MEETINGS

- 6.1 The Chairman calls Board Meetings, in consultation with the CEO, and shall ensure that other Board Members receive notices of the Board Meetings.
- 6.2 The Board shall at least once a year meet without BoM members to evaluate BoM performance, Board performance and the performance of Board's subcommittees.
- 6.3 Board Meetings shall be called:
 - (i) immediately after each Annual General Meeting,
 - (ii) prior to the disclosure of the Company's financial statements each quarter,
 - (iii) no later than September each year to discuss the Company's strategy for the next year,
 - (iv) no later than December each year to discuss the Company's budget for the next year,
 - (v) on other occasions as deemed necessary for the Board to be able to perform its tasks and duties in an efficient manner.
- 6.4 The Board shall have in place a schedule of regular Board Meetings at least six months ahead in time. At the end of each Board Meeting, a decision shall generally be made confirming the time of the next regular Board Meeting.
- 6.5 The Chairman of the Board must call a Board Meeting if any Board Member, the CEO, the Company's Auditor (internal or external) or the Compliance Officer so requests.
- 6.6 Board Meetings shall be convened with at least 7 days' notice. However, the Chairman may call Board Meetings on shorter notice if unavoidable due to special circumstances in the Chairman's opinion.
- 6.7 Notices of Board Meetings shall generally be in writing, and shall specify the agenda of the Board Meeting. Documents concerning individual items of business on the agenda of a Board Meeting shall be sent via e-mail to the Board Members no later than two working days before regular Board Meetings, unless otherwise decided by the Chairman. In 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.
- 6.8 Board Meetings shall generally be held in 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.
- 6.9 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 that a Board Meeting is held in a conventional manner.
- 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 shall attend all Board Meetings and shall have the right to speak and to submit proposals, unless otherwise decided by the Board in individual cases.
- 6.12 In special circumstances the Chairman may, instead of calling 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.

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. DISQUALIFICATION

- 8.1 Board Members and the CEO shall not take part in 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, unless a mutual decision is reached between the respective parties to do so. Board Members and the CEO are under an obligation to report such incidents.
- 8.2 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 time and place of the Board Meeting.
 - (ii) Who is present at the Board Meeting and who is presiding.
 - (iii) The Agenda of the Board Meeting.
 - (iv) A short account of deliberations at the Board Meeting and which decisions were made.
 - (v) The time and place of the next Board Meeting.
 - (vi) 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 sent to Board Members for their approval prior to 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. REPORTS AND OTHER INFORMATION FROM THE CEO

- 10.1 Prior to Board Meetings the CEO shall, in the manner described in Clause 6.6, submit a report to the Board outlining in broad terms the Company's most significant activities.
- 10.2 The CEO shall ensure that the Board regularly receives precise information related to finance, structure and operations of the Company in order for the Board to be able to perform its duties.
- 10.3 The Board may require the CEO to provide Board Members with additional documents and information related to specific tasks of the Board. The form and quality of the information shall be decided by the Board each time.

11. SIGNATURE OF THE ANNUAL STATEMENTS

- 11.1 The quarterly and annual financial statements as well as the consolidated financial statements of the Company shall be submitted to the Board for signature by the Board and the CEO.
- 11.2 If a Board Member or the CEO is of the opinion that the annual financial statement or the consolidated financial statements should not be approved, or if they have other objections which in their opinion should be brought to the attention of shareholders, they are entitled to include a note to this effect with their signature of the accounts.

12. INTERNAL CONTROLS AND RISK MANAGEMENT

- 12.1 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.
- 12.2 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.
- 12.3 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.
- 12.4 The Board can decide that the Auditing Committee shall perform the Board's tasks and duties according to this Clause 12. The Auditing Committee shall report to the Board on its work.

13. SHAREHOLDERS' MEETINGS

- 13.1 The Chairman, the CEO and the majority of Board Members 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 other members of BoM respectively. If possible, the Company's Auditors shall attend Shareholders' Meetings.
- 13.2 All Shareholders' Meetings shall be called in accordance with applicable laws, regulations and Articles of Association of the Company.
- 13.3 All Shareholders' Meetings notices, including the agenda, shall give the shareholders satisfactory information on the items to be discussed at the Shareholders' Meeting.
- 13.4 All communication with the Company's shareholders shall be clear, honest and unitary. The Board shall be informed of shareholders proposals and questions and the Board shall supervise the Company's reactions thereto.
- 13.5 The Board shall ensure that the interests of all shareholders are always protected and that shareholders receive equal treatment.

14. CANDIDATES TO THE BOARD AND NEW BOARD MEMBERS

- 14.1 When nominating candidates to the Board, the Board shall take into consideration the composition of the Board and what kind of experience, knowledge, expertise and other qualities the candidate should possess.
- 14.2 The Board shall furthermore assess the independence of all candidates to the Board, cf. Clause 16. The Board's result shall be made available to the Company's shareholders prior to the Company's Annual General Meeting.
- 14.3 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.

15. INDEPENDENT BOARD MEMBERS

- 15.1 The majority of Board Members shall be independent of the Company.
- 15.2 At least two of the Board Members shall be independent of shareholders that hold 10% or more of the total share capital of the Company.
- 15.3 The Board shall assess whether Board Members are independent within the meaning of Clauses 15.1 and 15.2, in accordance with the Icelandic Guidelines on Corporate Governance.
- 15.4 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.

16. COMMITTEES OF THE BOARD

- 16.1 The Board has established an Audit Committee in accordance with the Icelandic Act on Annual Accounts. The Audit Committee's composition, role, duties, authority etc. is dealt with in the Board's Rules of the Audit Committee.
- 16.2 The Board has established a Remuneration Committee. The Remuneration Committee's composition, role, duties, authority etc. is dealt with in the Board's Rules of the Remuneration Committee.
- 16.3 The Board may establish other 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 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.

17. ASSESSMENT OF THE WORK, RESULTS, SIZE AND COMPOSITION OF THE BOARD

- 17.1 The Board shall at least once a year evaluate the work, results, size and composition of the Board, as well as the work and results of individual Board Members and the Board's Committees.
- 17.2 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.
- 17.3 The Chairman shall be in charge of the process. The Chairman may seek external assistance as he/she deems appropriate.
- 17.4 The Board shall discuss the results of the assessment and decide which actions are to be taken, if any.

18. OBLIGATIONS OF THE BOARD IN RELATION TO A PUBLIC TAKEOVER BID

- 18.1 The Board must consider the interests of the Company in all its actions and must not deny the shareholders an opportunity to take a decision on a public takeover bid.
- 18.2 From such time as a decision on a bid for the Company's shares is made public, or the Board becomes aware that a bid is imminent, and until the results of the bid are made public, the Board must not take any action which may influence the bid except with prior authorisation of a Shareholders' Meeting. This shall apply, inter alia, to decisions on:
 - (i) issuing new share capital or financial instruments of the Company or its subsidiaries,
 - (ii) acquisition or sale of own financial instruments or financial instruments of its subsidiaries,
 - (iii) merger of the Company or its subsidiaries with other companies,
 - (iv) acquisition or sale of assets or anything else which could have a significant impact on the activities of the Company or its subsidiaries,
 - (v) agreements not falling under the Company's normal course of business,

- (vi) significant changes in the terms of employment of management,
 - (vii) other decisions which could have equivalent implications for the activities of the Company or its subsidiaries.
- 18.3 The Board may, however, seek alternative bids without the approval of a Shareholders' Meeting.
- 18.4 A Shareholders' Meeting must also confirm or approve any decision taken before the beginning of the period specified in Clause 18.2 if such decision has not yet been partly or fully implemented and does not fall under the normal course of the Company's business.
- 18.5 The Board shall draw up and make public a report setting out its reasoned opinion of the bid and its terms. Each Member of the Board shall also disclose whether he/she or his/her financially related parties intend to accept the bid, if applicable. The opinion must include the views of the Board on the offeror's strategic plans and what implications the Board believes the bid may have on the Company's interests, the employment of its management and personnel and the locations of the Company's places of business. If the Board receives in good time an opinion from employees' representatives on the effects of the bid on the employment of company personnel, that opinion shall be appended to the Board's report.
- 18.6 If opinions vary among Board Members concerning the bid, this shall be specified in the report. If Board Members are parties to the bid, or are acting in concert with the offeror, or in other respects have significant interests at stake concerning the outcome of the bid, this shall be mentioned in the Board's report. Those Board Members who are parties to the bid, or are acting in concert with the offeror or in other respects have significant interests at stake concerning the outcome of the bid, shall not participate in drawing up the Board's report.
- 18.7 If Board Members, or parties acting in concert with them, are parties to a bid or ineligible in other respects to discuss the bid, and as a result the Board does not constitute a quorum, the Board shall have an independent financial undertaking assess the bid and its terms.
- 18.8 The Board's report must be made public at least one week prior to the expiry of the period of validity of the bid.
- 18.9 If the offeror amends the bid the Board must, within seven days of the date when the amended bid is made public, prepare and make public a supplement to its report setting out the Board's opinion on the amendments in question.

19. CONFIDENTIALITY

- 19.1 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.
- 19.2 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 authority. Board Members shall treat insider information in accordance with the Company's internal rules thereto.
- 19.3 Board Members shall store all documents and information they receive in relation to their duties in a secure manner.
- 19.4 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 consent of the Chairman.
- 19.5 The Board Members' duty of confidentiality shall remain valid after a Board Member leaves or resigns from the Board.

20. RULES AND POLICIES

- 20.1 The Board shall adopt policies on ethics within the Company and the Company's social responsibility.
- 20.2 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.

- 20.3 The Board shall adopt an investor relations policy.
- 20.4 The Board may adopt further rules and policies as deemed necessary and appropriate.

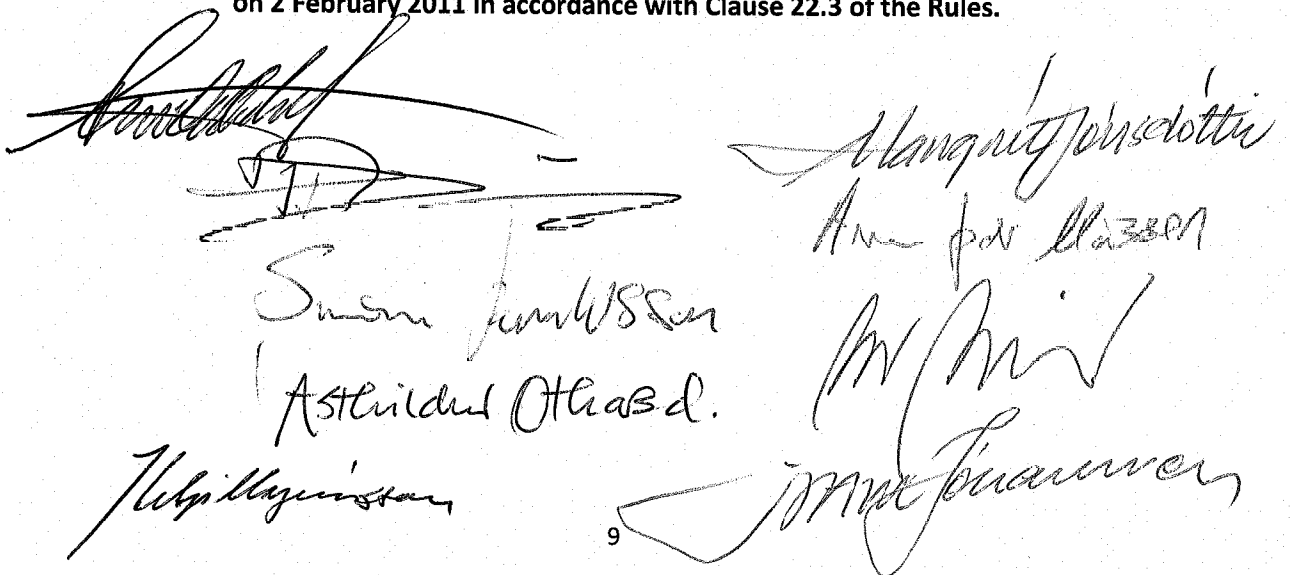
21. DEFINITIONS

- 21.1 When referred to in these rules ("the Rules"):
 - 21.1.1 "the Company" shall mean Marel Food Systems hf.,
 - 21.1.2 "the Board" shall mean the Board of Directors of the Company,
 - 21.1.3 "the Chairman" shall mean the Chairman of the Board,
 - 21.1.4 "the Vice-Chairman" shall mean the Vice-Chairman of the Board,
 - 21.1.5 "the CEO" shall mean the Chief Executive Officer of the Company,
 - 21.1.6 "the BoM" shall mean the Board of Management of the Company, consisting of the CEO, the Chief Financial Officer of the Company, and the CEO of Marel ehf.
 - 21.1.7 "Compliance Officer" shall mean the Compliance Officer of the Company
 - 21.1.8 "Shareholders' Meetings" shall mean the Company's Annual General Meeting and Extraordinary General Meetings,
 - 21.1.9 "Annual General Meeting" shall mean the Company's Annual General Meeting,
 - 21.1.10 "Articles of Association" shall mean the Company's Articles of Association.

22. MISCELLANEOUS

- 22.1 These Rules enter into force on the date of the adoption by the Board.
- 22.2 These Rules replace the Board's current rules of procedure, dated 10 August 2004.
- 22.3 These Rules shall be reviewed annually.
- 22.4 Only the Board may amend these Rules. A majority vote of the Board is required to amend these Rules.
- 22.5 The original of these Rules, as amended (if applicable), shall at all times be maintained in the Company's Book of Minutes.
- 22.6 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.
- 22.7 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 9 February 2010, and reviewed and reconfirmed on 2 February 2011 in accordance with Clause 22.3 of the Rules.



Sveinn Jónsson
 Sveinn Jónsson
 Astriður Ólafsd.
 Hilpa Magnúsdóttir
 Magnúsdóttir
 Ann for Elizabeth
 M. M. M.
 Magnúsdóttir