Marel´s 2021 climate-related financial disclosure (TCFD) summary

This document should be viewed in combination with Marel's 2021 sustainability related disclosure.

Marel's TCFD journey

Marel committed to integrating the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) into its 2021 climate-risk reporting. This was the first full year for Marel to internalize and implement the recommendations by the TCFD. As a founding member of the Nordic CEOs for a Sustainable Future, in May 2021 Marel released a guide on TCFD "Climate Risk Management, a Guide to Getting Started" to boost further TCFD support across the Nordic countries.

Having performed several climate assessment exercises throughout the year, Marel is better placed to embed climate risks in its strategic decisions going forward. The first year of Marel's TCFD journey created momentum for conducting exploratory analysis and improving understanding of what climate change means for its business, customers, and the community it engages with.

Timeline of climate action

2015
Joined the **UN Global Compact** as a signatory

2016
Approved a **CSR guidance policy** as compass for sustainable development

2017
Joined the **UN Global Compact** as a participant
Launched the **Sustainability Scorecard** to the product development process

2018
Founding member of the **Nordic CEOs for a Sustainable Future** coalition

2019
Certified as a **NASDAQ ESG transparency partner**
Introduced a **Sustainable procurement pillar**
Conducted **first full life cycle analysis**

2020
Integrating sustainability and finance by securing a new **EUR 700m sustainabilty linked syndicated credit facility**
Conducted a comprehensive **materiality analysis with over 160 stakeholders**
Established a **Sustainability Team as part of the CEO office**
Established a **Sustainability and ESG Committee**
Established a **Responsible Supply Chain risk management**
Finalized **life cycle analysis** of four core cross-industry products
Adopted a **Green Electricity Procurement Policy**
Announced commitment to integrate the recommendations by the **TCFD**
Announced commitment to the **Science Based Targets initiative**
Announced commitment to be **carbon neutral** well before 2050

2021
Launched **supplier sustainability program** involving EcoVadis
Life cycle analysis of seven core cross-industry solutions
100% of all new innovations passed **Marel's sustainability innovation scorecard**
Increased renewable electricity for Marel's manufacturing facilities to 61% (from 53% in 2020)
Commitment to becoming **net zero by 2040**
First climate stress testing to assess potential impacts on Marel's business under two scenarios
Gained further insights into product related purchased goods emissions (**Scope 3**)
Sustainability included as one of five key risks for Marel
Launch of **Marel's first sustainability program**, including environmental targets related to carbon emissions, recycling of waste, and use of renewable electricity

2040
Net zero by 2040

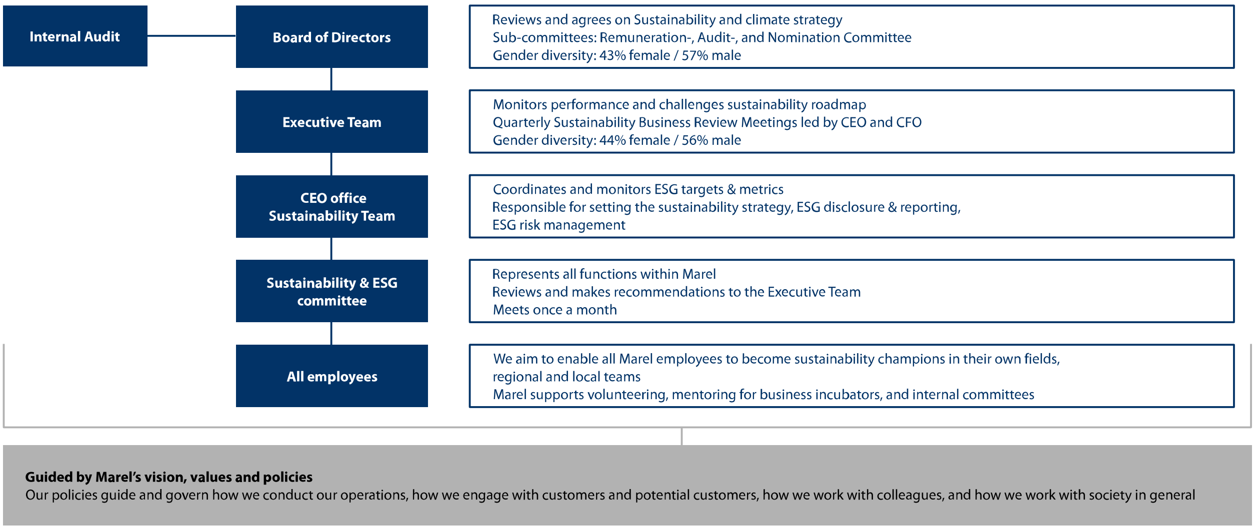
Governance

Effective governance underpins every corporate agenda at Marel. Marel has a best-in-class sustainability governance structure. Responsible governance is set with a clear objective of ingraining environmental, social, and governance (ESG) guidelines into all of Marel's business planning and operations.

The sustainability committee, a sub-committee of the executive team, is responsible for tracking the developments in climate risk management. The interdisciplinary committee makes recommendations to the executive team for proactive board oversight and governance on climate-related risks and opportunities.

Best-in-class sustainability governance structure

Clear objective of ingraining ESG into all of Marel's business planning and operations



Strategy

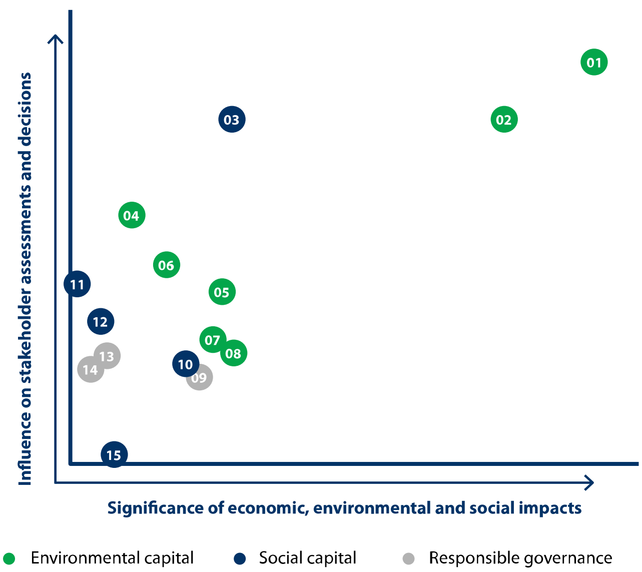
Climate change related risks and opportunities are a critical issue for Marel to manage, both internally and for its customers. To manage climate-related risks and opportunities in the food value chain, Marel needs to assist customers with using fewer natural resources, while minimizing its CO_2 footprint during production.

ESG materiality matrix

In its journey toward building resilience against the impacts of climate change, it is essential for Marel to understand the view of its internal and external stakeholders. This understanding enables Marel to be better placed in tackling the risks and capturing value from the opportunities that arise from climate change.

Through internal and external conversations with key stakeholders, Marel has gained significant insights and identified 15 key material topics. This exercise has assisted Marel in understanding the needs of the community it engages with and how those needs can be reflected in everything that Marel does.

Top 15 ESG topics based on a comprehensive stakeholder materiality analysis[1]



Rank	Material topics
1	Food waste reduction
2	Traceability & food safety
3	Animal wellbeing
4	Circular products & solutions
5	Environmental & safety impact
6	Emission, energy use & water
7	Sustainable protein
8	Sustainable innovation
9	Localized customer service
10	Responsible supply chain
11	Occupational health & safety
12	Talent attraction and retention
13	Flexibility & economic performance
14	Compliance & risk management
15	Diversity & inclusion

Notes: Company information. [1] Stakeholder materiality analysis conducted among more than 160 individual stakeholders in 2020. Conclusions on the main top 15 ESG topics is considered valid for 2021 and reflective of current materiality when it comes to the main ESG topics relevant for Marel (x-axis) and its stakeholders (y-axis).

Climate-related risk and opportunity triggers

During 2021, an assessment exercise was conducted based on the long-list TCFD model whereby 25 risk causes and 17 opportunity triggers were examined in light of likelihood and impact. Those risk causes and opportunity triggers were then further assessed in a double heat map.

Transition risks include policy and legal risks, risks arising from changing demand, availability of resources, and shift in consumer preferences, among others. Marel has also identified certain physical acute and chronic risks from rising temperatures and impacts on marine ecosystems.

Marel is conducting further analysis based on internal and external knowledge to further understand the impact of these risks. Multiple opportunity triggers have also been identified. These include among others a shift to better energy sources, development of new products and innovation, continuous integration of recycling, and new markets. All selected risk causes and opportunity triggers were assessed on impact and likelihood to determine which ones are most relevant for Marel.

Material opportunities and risks from climate change

Selected risk causes and opportunity triggers deemed most relevant for Marel

Identifier	Primary climate-related risk driver	Time horizon[1]	Likelihood	Magnitude of impact[2]	Likely potential financial impact[2]
Policy and Legal (Transition risk)	Emerging regulations on limitation of greenhouse gas emissions	Short-term	Likely	Medium	Increased operating/compliance costs
Market (Transition risk)	Increased cost of raw materials	Short-term	Likely	Medium	Reduced profitability
Energy sources (Opportunity)	Use of new technologies	Medium-term	Very likely	High	Increased revenues and increased profits
Products and services (Opportunity)	Development of new products or services through R&D and innovation	Medium-term	Very likely	High	Increased revenues and increased profitability
Market (Opportunity)	Access to new markets	Medium-term	Likely	High	Higher revenues

Notes: Company information. [1] Short-term <3yrs, Medium-term 3-10yrs, Long-term >10yrs. [2] Potential financial impact both positive and negative cannot yet be fully assessed and is likely to be integrated into Marel's day-to-day operations. Mitigating actions are being assessed and will be used going forward to align with Marel's business strategy to minimize negative effects and maximize the opportunities, where possible, from climate change on Marel's operations.

Climate scenario analysis

Scenarios help Marel test its business resilience against a range of plausible climate futures in the face of broad uncertainty. Climate scenarios are not about predicting the future but can help Marel to identify and evaluate the likely climate-related risks and opportunities.

To enhance understanding of the impact that climate change can have on Marel's business, a high-level assessment has been conducted to look at (i) a below 2 degrees warming scenario and (ii) an above 2 degrees warming scenario. This high-level assessment is in line with the TCFD recommendations. The scenarios adopted by Marel are based on pairing of the Intergovernmental Panel on Climate Change's (IPCC) Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs). RCPs and SSPs provide information on factors such as global emissions, socioeconomic variables, and biodiversity.

The RCP and SSP combinations used by Marel for guidance on its climate scenario analysis are:

- SSP1/RCP2.6 This scenario is in line with the Paris Agreement. In this scenario there is less inequality and higher prosperity. The world is able to tackle and mitigate critical climate risks.
- SSP4/RCP4.5 This scenario assumes a delayed and uncoordinated global response to climate change. With unequal investment in human capital globally and increasing disparities in economic opportunity among different regions, in this scenario the world faces greater climate change mitigation challenges.

Through the lenses of IPCC scenarios, Marel is analyzing identified risks and opportunity triggers to estimate the impact on its value chain. In 2021 this involved translating IPCC scenario narratives in the context of Marel to better inform internal stakeholders on the intensity of each risk and opportunity trigger under SSP1/RCP2.6 and SS4/RCP4.5. Marel aims to review its climate impact assessment methodology in 2022 in line with global efforts toward limiting global warming.

Risk management

In 2020, Marel started incorporating climate risk as part of its internal control framework. Sustainability is one of five risk categories. This is part of Marel's commitment to implementing TCFD's recommendations. Climate risk within Marel is defined as a risk arising from the interaction between hazard, vulnerability, and exposure related to climate change impacts.

Risk categories

Strategic	Strategic risk	Risk that affects Marel's strategic ambitions, including economic and political developments
	Business risk	Risk related to customers, competition, government policy, etc.
	Reputational risk	Risk of damage to Marel's brand and reputation, resulting from actions that could be perceived as inappropriate, unethical, or inconsistent with Marel's values
Operations	Operational risk	Risk related to inadequate internal processes, people, and systems
Financial reporting	Financial reporting risk	Risk related to treasury and accounting, including finance, market, and credit risk
	Market risk	Risk related to financial markets, including FX and interest rate risks
	Credit risk	Risk that relates to credit quality of our customers and other business partners
Complicance	Compliance risk	Risk arising from failure to comply with laws and regulations, including internal standards and policies
Sustainability	Climate risk	Risk arising from the interaction between hazard, vulnerability, and exposure related to climate change impacts

Metrics and targets

Marel is on an ongoing journey tracking and reporting its carbon footprint in line with the Greenhouse Gas (GHG) Protocol. As of 2021 Marel reports on its emissions in scope 1, 2, and 3 (calculated in line with the GHG Protocol methodology) and several emission intensity metrics.

GHG emissions[1]

In tCO_2e	2021	2020	Change year-on-year
Scope 1: direct GHG emissions	7,563	6,041	+25%
Scope 2: indirect (market-based)	7,328	9,371	-22%
Scope 2: indirect (location-based)	8,755	8,887	-1%
Scope 3: other indirect emissions	3,738	3,717	+1%
Total tCO_2e	**18,629**	**19,129**	**-3%**

Carbon emissions intensity[1]

	2021	2020	Change year-on-year
Kg CO_2e average FTE	2,636	3,007	-12%
Kg CO_2e per EUR 1,000 of revenues	13.8	15.7	-12%

Notes: [1] Company information on Marel's market-based carbon emissions and carbon emission intensity. Please see the ESG Explanatory Note on 2020 restatements and Marel's 2021 NASDAQ ESG Indicators for further details

As part of Marel's sustainability program, Marel is committed to becoming net zero by 2040. Marel's medium-term sustainability program complements Marel's long-term climate ambitions as it sets a science-based target in 2022 in line with the Paris Agreement.

Key environmental targets set for 2026[1]

Reduce carbon emissions[2] by 20% by 2026	Increase recycling of waste to 90% by 2026	Powering >85% manufacturing facilities on renewable electricity by 2026

Notes: [1] Environmental targets are set against base year 2019. [2] Includes scope 1, scope 2, and business travel from scope 3.