



## ARTICLES OF ASSOCIATION

### MAREL HF.

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# ARTICLES OF ASSOCIATION

## MAREL HF.

### **1 Name, address and purpose of company**

- 1.1 The name of the company is Marel hf.
- 1.2 The corporation is a public limited liability company.
- 1.3 The company's headquarters are located at Austurhraun 9, 210 Garðabær, Iceland.
- 1.4 The company's purpose is the development, design, manufacture, purchase, and sale of electronic devices, software, and related equipment, both domestically and internationally, as well as to provide associated services and operations.

### **2 Share Capital**

#### **Capital stock – shares - votes**

- 2.1 The share capital of the company is ISK 367,080,732.
- 2.2 Each share has a par value of ISK 1.00.
- 2.3 At shareholder meetings, one vote shall accompany each share in the company.

(Special provisions about increasing share capital and other special provisions are found in paragraphs 15 and 16).

#### **Increasing share capital**

- 2.4 Decisions regarding increasing share capital in the company, both bonus issues and new subscriptions, can only be taken at a shareholder meeting.

#### **Pre-emptive rights**

- 2.5 Shareholders shall have priority regarding purchasing increased share capital in proportion to their registered shareholding. It is authorized to depart from this clause cf. article 3 paragraph in the Act on Public Limited Liability Companies.

#### **Shares – share ledger**

- 2.6 Company shares are issued electronically in accordance with laws regarding electronic registration of securities.
- 2.7 According to laws on electronic registration of securities, the share ledger is considered valid authentication for ownership of shares in the company, and dividends shall, as well as all announcements, be sent to the party who is the registered owner of the respective shares.

#### **Selling shares and change of ownership**

- 2.8 No restraints are placed on the rights of shareholders to sell their shares. Changes of ownership and its implementation are made in accordance with current laws regarding electronic registration of securities and regulations based on them.

### **Rights and obligations**

- 2.9 Shareholders are obligated, without their making specific commitments, to abide by the company's Articles of Association as they currently are, or as they may later be when lawfully changed. Shareholders are not obligated, neither by laws of incorporation nor changes to them, to increase their shareholdings in the company or to accept their shares being redeemed. Shareholders are not responsible for any company liabilities beyond their share in the company, unless they accept such responsibility through legal action. This clause will neither be changed nor revoked by any resolution at shareholder meetings.

- 2.10 No special prerogatives are attached to any shares in the company.

### **Interaction with shareholders**

- 2.11 It is authorized to use electronic documentation and email interaction between the company and shareholders, in place of sending or presenting documents written on paper. This authorization applies to all types of interaction between the company and shareholders, for example announcements regarding shareholder meetings, dividend payments and other announcements that the Board decides should be sent to shareholders. Such electronic interaction is equivalent to communications written on paper. The Board shall set regulations regarding the implementation of electronic communications and requirements regarding software, which shall be accessible to shareholders. Those shareholders who intend to take advantage of electronic communications with the company in this manner shall confirm it in accordance with those regulations set by the board.

## **3 Administration**

- 3.1 The company is governed by:

1. Shareholder meetings.
2. Board of Directors.
3. CEO.

## **4 Shareholder meetings**

- 4.1 The highest authority regarding all company matters, within the limitations of these Articles of Association and the law of the land state, is in the hands of lawfully held shareholder meetings.

### **Right to participate**

- 4.2 The right to attend a shareholder meeting is granted to shareholders, shareholder proxies, company auditors and the CEO, even if not a shareholder. The board can invite specialists to individual meetings if their expertise or assistance is needed.
- 4.3 The Board is authorized to allow shareholders to participate in proceedings at shareholder meetings through electronic means without being present at the meeting venue. The Board may deem that equipment is sufficiently secure to enable shareholders to participate in the meeting through electronic means

without being at the meeting venue. If the Board decides to use this authorization, it shall be specially noted in the announcement for the shareholder meeting.

- 4.4 Shareholders intending to participate electronically shall inform the company's office with 5-day's notice, and submit written questions regarding the agenda or present documents that they would like answers to at the meeting.
- 4.5 Shareholders shall have access to instructions regarding participation in shareholder meetings through electronic means, along with a password and the necessary software for such participation. A password entered into the computer program is equivalent to the signature of the respective shareholder, and is considered acknowledgment of his participation in the shareholder meeting.

#### **Electronic shareholder meetings**

- 4.6 The Board is authorized to decide that a shareholder meeting will be held only through electronic means.
- 4.7 If the Board considers it acceptable to hold a meeting that is strictly electronic, using the appropriate equipment and providing shareholders with the ability to participate in meeting activities and balloting, the announcement shall include information regarding technical equipment as well as information on how shareholders announce their electronic participation and where they can receive further information, instructions and passwords for participating in the meeting. A password entered into the computer program is equivalent to the signature of the respective shareholder, and is considered acknowledgment of his participation in the shareholder meeting.

#### **Absentee voting**

- 4.8 If the Board considers it feasible to give shareholders the opportunity to participate in shareholder meetings using electronic means, shareholders shall be given the opportunity to vote on proposals or participate in balloting through the mail. The Board sets regulations regarding implementing such balloting.

#### **Proxy**

- 4.9 Shareholders may authorize another person to attend shareholder meetings on his behalf. The representative shall submit a written and dated proxy.
- 4.10 Proxies will not be validly rescinded as concerns the company after they have been submitted and meeting documents handed over, or after the meeting has been called to order, whichever comes first.

#### **Lawful shareholder meeting**

- 4.11 A shareholder meeting is deemed duly constituted if representatives attending control at least half of all shares.
- 4.12 **Annual General Meeting**
- 4.13 An Annual General Meeting shall be held within eight months from the end of each financial year. Annual General Meetings shall be announced in the same manner as other shareholder meetings, in accordance with stipulations in paragraphs 4.16 and 4.17.

## **Agenda for the Annual General Meeting**

4.14 The following matters shall be addressed at AGMs:

1. Board of Director's report on operations for the previous operating year.
2. Confirmation of the financial statements and decision taken on how to handle the company's profit or loss for the financial year.
3. Decisions taken on remuneration to executives and auditors.
4. Proposal by the Board regarding a remuneration policy.
5. Election of the Board, in accordance with Clause 5.01.
6. Election of auditors, in accordance with Clause 10.1.
7. Proposal from shareholders that shall be placed on the agenda in accordance with Cause 4.20 cf. Article 4 paragraph 88 of the Act on Public Limited Liability Companies.
8. Other matters.

If shareholders controlling at least 1/3 of all shares make a written request at the annual meeting, decisions regarding Clause 2 shall be postponed and taken up at an extraordinary annual meeting to be held not earlier than one month, and not later than two months, later. Further postponements may not be requested.

The financial statements of the company, the Board of Director's report on operations and the auditors' report shall be available for shareholders to examine at the company's headquarters 7 days prior to the AGM.

### **Notification of a shareholder meeting**

4.15 The Board of Directors shall call a shareholders' meeting when deemed necessary, or in accordance with a meeting resolution, or when elected auditors or shareholders that control at least 1/10 of all shares make a written request, stating the subject matter of the meeting.

4.16 When a lawful request for a meeting has been made, the Board shall be required to call a meeting within 14 days from when the request arrives. If the Board has not called a meeting within this period, it is permitted to demand that a meeting be called in accordance with Article 2 paragraph 87 of Act on Public Limited Liability Companies

4.17 Shareholder meetings shall be announced with advertisements in the media or through electronic means.

### **Notice of announcement**

4.18 Shareholder meetings shall be announced with a minimum of one week's notice and a maximum of four week's notice. It is preferable that the AGM be announced with two week's notice if the Board considers it possible, but it is permitted to announce the meeting with one week's notice.

4.19 Matters to be discussed at the meeting shall be stated in the announcement.

4.20 If changes to the Articles of Association are on the agenda, the announcement shall include the main proposals to be discussed.

### **Proposals from shareholders**

4.21 Each shareholder has the right to have a specific matter discussed at a shareholder meeting, if he submits a written request to the Board with enough notice to enable the matter to be placed on the agenda, which shall be available for examination 7 full days prior to the meeting.

## **Agenda**

4.22 The agenda shall be available at the company office for examination, along with final proposals to be voted on, not less than 7 full days prior to the meeting.

## **Proposals to alter the agenda**

4.23 Lawfully submitted proposals to supplement or alter the agenda may be proposed at the meeting itself, even though they have not been available to shareholders for examination.

## **Matters not on the agenda**

4.24 If a matter is not on the agenda, it is not possible to make a final determination on it at a shareholder meeting, except with the approval of all shareholders in the company, but a resolution may be made concerning it as guidance for the Board.

4.25 If proposals are submitted under the item "Other matters," they will not be presented for final determination cf. Clause 4.23

## **Chairperson**

4.26 A Chairperson, elected by the meeting, presides over a shareholder meeting and nominates a meeting secretary with the approval of the meeting. The Chairperson shall resolve all matters regarding the meeting in accordance with these Articles of Association and laws. Furthermore, the Chairperson decides the form of discussion, matters to be handled in the meeting and voting.

## **Minutes**

4.27 The minutes of the meeting shall be taken, and all resolutions recorded, along with a brief description of the proceedings. The minutes shall be read aloud and comments recorded. The minutes shall be signed by the Chairperson and the secretary. The minutes shall then be full verification of that which occurred at each shareholder meeting.

## **Voting**

4.28 At shareholder meetings, a majority vote determines outcomes, unless otherwise stated in the Articles of Association or by law. Proposals receiving an equal number of votes are rejected. When two or more people receive the same number of votes during a ballot, a toss-up shall determine the outcome.

## **5 Board of Directors**

5.1 The company's AGM annually elects 6 people to sit on the Board. Their suitability is determined by law.

## **Candidature**

5.2 They who intend to put themselves forward for election to the Board shall declare so in writing to the company's board at least five full days prior to the start of the AGM. The declaration of candidacy for the Board shall include, in addition to the candidate's name, ID number and address, information

regarding primary occupation, other board participation, education, experience and shareholdings in the company. Information regarding vested interests with the company's main customers and competitors, as well as shareholders who own more than 10% in the company, shall be disclosed.

- 5.3 The Board of Directors shall go over the candidacy declarations and give the candidates, in a verifiable manner, one week to resolve any shortcomings in the announcements. If improvements are not made to the shortcomings of the declarations within the week, the Board determines the validity of the candidacy. Board decisions may be brought before shareholder meetings, which make final determinations regarding the validity of a candidacy.
- 5.4 Information about candidates for the board shall be submitted to shareholders for examination at the company's offices not later than 2 days prior to the shareholder meeting.

## **6 Election of the board**

- 6.1 Election of directors is determined according to a majority vote among individuals.
- 6.2 Election of directors shall as a rule be conducted on written ballots, if proposals are submitted for more people than there are positions.
- 6.3 If there are 200 or more shareholders in the company, then shareholders who control at least 1/10<sup>th</sup> of company shares can request that a proportional or cumulative election be held when electing directors. If shareholders are fewer than 200, they need to control 1/5<sup>th</sup> of company shares to make such a request.
- 6.4 A request for a proportional or cumulative election shall be submitted to the company Board at least five days prior to the shareholder meeting.

## **7 Division of Board responsibilities**

- 7.1 The Board chooses a Chairman from among its members, after which it assigns responsibilities according to need.
- 7.2 The Chairman takes the floor and calls the meeting to order. Meetings shall be held whenever he deems necessary. A Board meeting shall as a rule be held at the request of a director or the CEO.
- 7.3 Board members are permitted to participate in Board meetings using telecommunication equipment.

## **8 Board meetings**

### **Duly constituted Board meetings**

- 8.1 A Board meeting makes decisions when a majority of directors participate in the meeting. Important decisions, however, may not be taken unless all directors have had the possibility to discuss the matter, if this is possible.

### **Voting**

- 8.2 A majority of votes determines results at Board meetings. If there is an equal number of votes, the Chairman's vote counts as double.

## **Minutes**

- 8.3 Directors shall take the minutes of board meetings, and confirm them with their signatures.

## **Goals and responsibilities**

- 8.4 The Board is the highest authority in company matters relating to shareholders, and sets operational goals for the company with the interests of the company and shareholders as its guiding light – in conformance with the purpose of company. The Board discusses company matters in between shareholder meetings and commits the company with its decisions and contracts. The Board hires the CEO, one or more, determines salary and benefits and concludes a written employment contract.
- 8.5 The Board gives authorization to sign for the company.
- 8.6 The signatures of a majority of Board members are required to obligate the company.
- 8.7 The Board operates according to working procedures that the Board sets based on laws governing public limited liability companies.

## **Board committees**

- 8.8 If committees are elected by the Board in accordance with stipulations in working procedures, their conclusions shall only be proposals for the Board, which is not obligated by them when making determinations in individual matters unless otherwise stipulated by law.

## **9 CEO**

- 9.1 The CEO is responsible for daily operations in accordance with those directives that he has been given by the Board. Daily operations do not include matters that are irregular or of major significance.
- 9.2 The CEO shall see that company accounts are entered in accordance with law and convention, and that company assets are handled in a reliable manner.
- 9.3 The CEO is obligated to abide by all board directives. He is required to provide the auditors with all information requested.

## **10 Accounts and auditing**

- 10.1 The financial year is the calendar year. Financial statements shall be audited by an auditing company. An auditing company shall be elected at the AGM for one year at a time.

## **11 Company's own shares**

- 11.1 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 at a shareholder meeting. Authorization for the Board to purchase own shares is limited to a maximum of 18 months each time. The Board shall set working procedures regarding the purchase and sale of own shares.



## **12 Changes to the Articles of Association**

12.1 The company's Articles of Association may only be changed at company shareholder meetings that are duly constituted. Such upcoming changes shall be specifically stated in meeting announcements and include a discussion of the main points. A decision will only be valid if it has been approved by at least 2/3 of votes cast, and approved by shareholders who control at least 2/3 of the shares represented at the shareholder meeting.

## **13 Liquidation of the company**

13.1 If considered advisable or necessary to liquidate the company, a proposal and implementation to that end shall be in accordance with Chapter XIII of the Act on Public Limited Liability Companies.

## **14 Mergers and partition**

14.1 The merging or amalgamation of the company with other companies, or partition, is conducted in accordance with Chapter XIV of the Act on Public Limited Liability Companies.

## **15 Special provisions regarding increases in capital stock, etc.**

15.1 The company Board is authorized to increase the company's capital stock in stages or all at once for up to ISK 12,000,000 nominal value by issuing new shares. Shareholders waive their priority rights with respect to these new shares, which shall be used to fulfill stock option agreements the company makes with its employees and others in accordance with the stock option plan valid at each time. The subscription price and other terms shall be in accordance with the stock option agreements the Board of Directors or the General Manager makes with the respective party. This authorization shall be valid for five years from its approval. (Approved at the shareholder meeting on 28 February 2006.)

15.2 The company Board is authorized to increase the company's share capital by up to ISK 60,000,000 nominal value to allocate as payment for shares in other companies or to finance the external growth of Marel hf. Shareholders shall partially or fully waive their pre-emptive rights. Shares shall convey rights as of the registration date of the share capital increase. This authorization shall be valid for 18 months. (Approved on a Share holders' meeting 18 August 2006. In September 2006, thereof ISK 15,000,000 was sold.)

## **16 Board authorization to convert capital stock into euros**

16.1 The company Board is authorized to establish capital stock in euros in place of Icelandic króna, in accordance with article 4, paragraph 1 of Act no. 2/1995. Share conversion shall be conducted according to stipulations for financial statements in Act no. 3/2006, article 5 paragraph 1 regarding Public Limited Companies no. 2/1995. Furthermore, the Board shall also be authorized to make necessary changes to the company's Articles of Association resulting from the issue, including changing those amounts that appear in paragraph 2 of the company's Articles of Association regarding the change, with the same method of conversion.

## **17 Other clauses**

17.1 When provisions in these Articles of Association do not cover specific issues, actions taken shall be in accordance with Act no. 2/1995 regarding Public Limited Liability Companies.



Headlines of some articles, and information in small letters, are not part of the Articles of Association, but rather included for convenience.

These Articles of Association were approved at the company's shareholder meeting [●] and replace older Articles of Association.

Reykjavík, [●]

Pr. pr. [●]

### **Translated from the Icelandic**

This is an unofficial translation of the Icelandic original Articles of Association. In the event of any discrepancies the original Icelandic version shall prevail.