

1. DEFINITIONS

- 1.1 When referred to in these rules (“the Rules”):
- 1.1.1 “the Company” shall mean Össur hf.,
 - 1.1.2 “the Board” shall mean the Board of Directors of the Company,
 - 1.1.3 “the Chairman” shall mean the Chairman of the Board,
 - 1.1.4 “the Vice-Chairman” shall mean the Vice-Chairman of the Board,
 - 1.1.5 “the CEO” shall mean the Chief Executive Officer of the Company,
 - 1.1.6 “the Executive Management” shall mean the CEO, the Chief Financial Officer of the Company, the Company’s Executive Vice President of Manufacturing and Operations, the Company’s Executive Vice President of Research and Development, the Executive Vice President of Sales and Marketing, the Executive Vice President of Clinics, and the Executive Vice President of HR and Corporate Strategy.
 - 1.1.7 “Shareholders’ Meetings” shall mean the Company’s Annual General Meetings and the Company’s Extraordinary General Meetings,
 - 1.1.8 “Annual General Meeting” shall mean the Company’s Annual General Meeting,
 - 1.1.9 “Articles of Association” shall mean the Company’s Articles of Association.

2. SIZE AND COMPOSITION OF THE BOARD

- 2.1 The Board is composed of 5 Members elected at each Annual General Meeting for a term of one year.
- 2.2 If a Member of the Board leaves the Board before the term end, the Board may decide either to hold an election of a new Member of the Board for the remaining time of the term, or postpone the election until the next Annual General Meeting, provided the Board continues to be quorum.
- 2.3 The Board shall propose to each Annual General Meeting the composition of the Board, considering the requirements of the Company and the skills the Board should have to best perform its tasks, as further outlined in Clause 15.

3. ALLOCATION OF RESPONSIBILITIES WITHIN THE BOARD

- 3.1 The Board shall, immediately following the Annual General Meeting each year, meet to allocate responsibilities between Members of the Board.
- 3.2 The Board shall elect a Chairman and a Vice-Chairman. The Chairman and the Vice-Chairman shall be elected by majority vote. In case of even votes, lots shall be cast to determine the results.
- 3.3 The Senior Member of the Board shall preside at Board Meetings pursuant to Clause 3.2 until the Board has elected a Chairman, who shall subsequently preside for the remainder of the Board Meeting.

4. THE BOARD'S ROLE AND DUTIES

- 4.1 The Board is the supreme authority in the affairs of the Company between Shareholders' Meetings.
- 4.2 The Board signs for the Company and its resolutions and agreements are binding for the Company. The signatures of the majority of the Members of the Board are required to bind the Company.
- 4.3 The Board may grant Members of the Board, the CEO and others an authorization to sign on behalf of the Company. The Board may also grant powers of procuration.
- 4.4 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.
- 4.5 The Board shall supervise the Company's activities and ensure that the Company's organization and operations are in good and proper order.
- 4.6 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.
- 4.7 The Board shall ensure adequate surveillance of the accounting and financial management of the Company.
- 4.8 Each year the Board shall evaluate the Company's capital structure.
- 4.9 Each year the Board shall discuss the Company's activities to ensure relevant diversity at management levels.
- 4.10 Members of the Board shall not perform special activities, including brief participation in the Company's daily operations, without the Board's prior written consent.
- 4.11 If individual Members of the Board wish to take up issues outside Board Meetings, they shall contact the CEO and not other employees of the Company.
- 4.12 Members of the Board shall familiarize themselves with all relevant information needed to have full understanding of the Company's operations and be able to take informed decisions.
- 4.13 Members of the Board shall only act according to their own conviction, not the instructions of those who have elected them.
- 4.14 Members of the Board shall familiarize themselves with and be bound by the provisions of statutory law, the rules of Nasdaq Copenhagen, and the Company's insider rules.
- 4.15 The responsibility, authority and tasks of the Board shall, in all respects other than provided in these Rules, be governed by the Icelandic Act on Limited Liability Companies, the Icelandic Act on Annual Accounts, and other applicable law, rules and regulations, as well as the Articles of Association.

5. THE CHAIRMAN'S ROLE AND DUTIES

- 5.1 The Chairman is responsible for the Board performing its duties in an orderly and efficient manner.
- 5.2 The Chairman shall ensure that Members of the Board update their knowledge of the Company and its operations on a regular basis to be able to participate in all decision-making.

- 5.3 The Chairman shall ensure that the Board generally receives exact and clear information to be able to perform its duties.
- 5.4 The Chairman shall represent the Board in all matters of the Company, unless otherwise decided by the Board. The Chairman, together with the CEO, is also responsible for the external relations of the Company in accordance with Company traditions and circumstances at any time.
- 5.5 The Chairman shall generally communicate with the CEO on behalf of the Board outside Board Meetings.
- 5.6 Other specific tasks and duties the Chairman has are further outlined in other Clauses of these Rules.
- 5.7 In the absence of the Chairman, the Vice-Chairman shall perform his/her duties.

6. THE CEO'S ROLE AND DUTIES

- 6.1 The Board shall appoint a CEO to manage the Company's daily operations. The Board shall make an employment contract in writing with the CEO, containing provisions on his/her salary and other terms of employment. The Board may entrust the Chairman to handle the negotiations.
- 6.2 The CEO is responsible for daily operations and is obliged to follow the Board's policy and directions, within the limits provided for by the Articles of Association and law. The daily operations do not include measures which are unusual or extraordinary. The CEO may only take such measures if specially authorized by the Board, unless it is 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. For the avoidance of doubt, if the Board has granted the CEO an authority to sign on behalf of the Company and/or granted him/her with powers of procuration, such authorizations are not limited by the foregoing.
- 6.3 The CEO shall decide on directorship in the Company's subsidiaries and associates on behalf of the Company.
- 6.4 The CEO is responsible for the performance of the Executive Management. At least once a year the CEO shall evaluate the performance of the Executive Management according to previously established criteria. The CEO shall discuss the results of the evaluation with each member of the Executive Management and decide which actions shall be taken, if any.
- 6.5 At least once a year the Chairman and the CEO shall have a meeting to discuss the results of the Board's evaluation of the CEO's performance and the actions to be taken, if any, cf. Clause 17. The CEO shall inform the Chairman of the results of his/her evaluation of the Executive Management 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.
- 6.6 The CEO shall ensure that the Company's consolidated financial statements are prepared in accordance with law and accepted practices and the Company's assets are handled in a secure manner.
- 6.7 The CEO shall inform the Board on his/her business activities which are not related to the Company.
- 6.8 Other specific tasks and duties the CEO has are further outlined in other Clauses of these Rules, his/her employment contract and applicable law and rules.

7. BOARD MEETINGS

- 7.1 The Chairman calls for Board Meetings, in consultation with the CEO, and shall ensure that other Members of the Board receive notices of the Board Meetings.
- 7.2 Board Meetings shall be called:
- 7.2.1 immediately after each Annual General Meeting,
 - 7.2.2 prior to the disclosure of the Company's financial statements each quarter.
 - 7.2.3 in August/September each year to discuss the Company's strategy for the next year,
 - 7.2.4 in December each year to discuss and approve the Company's strategy and financials for the next year,
 - 7.2.5 on other occasions as deemed necessary for the Board to be able to perform its tasks and duties in an efficient manner.
- 7.3 The Board shall have in place a schedule of regular Board Meetings at least six months in advance. At the end of each Board Meeting, the time of the next regular Board Meeting shall be confirmed.
- 7.4 The Chairman must call a Board Meeting if any Member of the Board, the CEO or the Company's Auditor so requests.
- 7.5 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.
- 7.6 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 Members of the Board or made available on a restricted website no later than two working days before the Board Meeting, unless otherwise decided by the Chairman. Documents for the strategic Board Meetings in August/September and December shall ideally be sent one week in advance. In special circumstances the Chairman may decide to distribute documents only on the Board Meeting itself and request Members of the Board to return them at the end of the Board Meeting.
- 7.7 Board Meetings shall generally be held in the Company's offices. However, the Chairman may decide to convene Board Meetings elsewhere.
- 7.8 Board Meetings may be convened by using conferencing call systems or other appropriate communications systems. However, a Member of the Board or the CEO may request that a Board Meeting is held in a conventional manner.
- 7.9 The Chairman shall preside at Board Meetings. If the Chairman is unable to attend a Board Meeting, the Vice-Chairman shall preside at the Board Meeting.
- 7.10 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 specific instances.
- 7.11 In special circumstances the Chairman may, instead of calling a Board Meeting, inform Members of the Board of an 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.

8. DECISIONS OF THE BOARD

- 8.1 The presence of the majority of the Board constitutes a quorum. Important decisions may, however, not be taken unless all Members of the Board have had the opportunity to discuss the matter, if possible.
- 8.2 A simple majority will decide issues at Board Meetings. In case of even votes, the Chairman has the deciding vote.

9. DISQUALIFICATION

- 9.1 Members of the Board 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. Members of the Board and the CEO are under an obligation to report such incidents.
- 9.2 Any agreements which a Member of the Board 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 a Member of the Board or the CEO have a substantial interest in such agreements which may conflict with the Company's interests.

10. MINUTES OF BOARD MEETINGS

- 10.1 The Chairman shall ensure that the Secretary to the Board keeps Minutes of all proceedings at Board Meetings and all decisions made by the Board.
- 10.2 The following shall be recorded in the Minutes:
- 10.2.1 The time and place of the Board Meeting.
 - 10.2.2 Who is present at the Board Meeting and who is presiding.
 - 10.2.3 The agenda of the Board Meeting.
 - 10.2.4 A short account of deliberations at the Board Meeting and which decisions and resolutions were made, including voting results.
 - 10.2.5 The time and place of the next Board Meeting.
- 10.3 If a Member of the Board or the CEO is not in agreement with a decision or resolution made by the Board, they are entitled to have their dissenting opinion entered into the Minutes.
- 10.4 The Board Minutes shall be sent to Members of the Board for their approval prior to the next Board Meeting.
- 10.5 The Minutes shall be signed by Members of the Board, the CEO and the Secretary to the Board. Each page shall be initialed at the bottom. Members of the Board 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.
- 10.6 The recorded Minutes shall constitute conclusive proof of the proceedings of a Board Meeting.

11. REPORTS AND OTHER INFORMATION FROM THE CEO

- 11.1 Prior to Board Meetings where the Company's financial statements each quarter will be discussed, the CEO shall, in the manner described in Clause 7.6, submit a presentation to the Board outlining in broad terms the Company's most significant activities in that quarter.
- 11.2 The CEO shall ensure that the Board regularly receives precise information related to finance, structure and operations of the Company for the Board to be able to perform its duties.
- 11.3 The Board may require the CEO to provide the Board 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.

12. SIGNATURE OF THE CONSOLIDATED FINANCIAL STATEMENTS

- 12.1 The quarterly and annual consolidated financial statements of the Company shall be submitted to the Board for signature by the Board and the CEO. If a Member of the Board or the CEO believes the consolidated financial statements should not be approved, or if he/she has other objections which in his/her opinion should be brought to the attention of shareholders, he/she is entitled to include a note to this effect with their signature of the statements.

13. INTERNAL CONTROLS AND RISK MANAGEMENT

- 13.1 In connection with the Board's decision on the Company's strategy and goals, the CEO shall be responsible for identifying the greatest business risks involved in achieving them.
- 13.2 Furthermore, the CEO shall be responsible for identifying risks related to the Company providing reliable and fair financial information and following the law and rules that apply to the Company's operations.
- 13.3 The CEO is responsible for preparing a plan for the Company's risk management based on risks identified. The plan shall be submitted to the Board for approval.
- 13.4 The CEO is responsible for the execution of the Board's approved plan within the Company.
- 13.5 The CEO shall regularly, and at least once a year, report to the Board on how the Company has managed to eliminate, reduce, divide or accept such risks with respect to the Board's approved plan.
- 13.6 The Company's Auditor may be invited to Board Meetings when matters related to internal controls and risk management are on the agenda, as the Board deems appropriate.
- 13.7 The Board can decide that the Audit Committee shall perform the Board's tasks and duties according to this Clause 13. The Audit Committee shall report to the Board on its work.

14. SHAREHOLDERS' MEETINGS

- 14.1 Members of the Board and the CEO shall attend all Shareholders' Meetings. If a Member of the Board or the CEO is unable to attend in person, he/she shall participate with the assistance of electronic media if possible.
- 14.2 All Shareholders' Meetings shall be called at sufficient notice to enable the shareholders to prepare for the Shareholders' Meeting.
- 14.3 All Shareholders' Meetings notices, including the agenda, shall give the shareholders satisfactory information on the items to be discussed at the Shareholders' Meeting.
- 14.4 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.
- 14.5 The Board shall ensure that the interests of all shareholders are always protected and that shareholders receive equal treatment.

15. CANDIDATES TO THE BOARD AND NEW MEMBERS

- 15.1 When nominating candidates to the Board, the Board shall take into consideration the legal requirements as well as the composition of the Board and what kind of experience, knowledge, expertise and other qualities the candidate should possess. No member of the Executive Management shall be nominated by the Board as a candidate to the Board.
- 15.2 The Board shall furthermore assess the independence of all Members of the Board and candidates to the Board. The Board's results shall be made available to the Company's shareholders prior to the Company's Annual General Meeting.
- 15.3 New Members of the Board shall be introduced the Company affairs, including its policies, goals, risks and operations as well as the Board's work and procedures. New Members of the Board shall be offered relevant supplementary training as deemed appropriate for them to be able to perform their duties as Members of the Board.

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. are set out in the Board's Audit Committee Rules of Procedure.
- 16.2 The Board may establish other committees if considered appropriate and feasible to deal with specific tasks, considering 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 Members of the Board for study or preparation for discussion at a Board Meeting.

17. PERFORMANCE EVALUATION

- 17.1 The Board shall at least once a year evaluate the performance of the Board and the individual Members of the Board. The performance evaluation shall include:
 - 17.1.1 Contribution and results

- 17.1.2 Cooperation with the CEO
- 17.1.3 The Chairman's leadership
- 17.1.4 The composition of the Board (including competences, diversity and the number of members)
- 17.1.5 The work in the committees and the committee structure
- 17.1.6 The organization and the quality of the material that is submitted to the board of directors
- 17.2 The Chairman shall oversee the evaluation process and propose the actions to be taken, if any. The Chairman shall seek external assistance at least every three years.
- 17.3 Furthermore, the Board shall at least once a year evaluate the performance of the CEO according to pre-defined criteria, including the CEO's collaboration with the Board and whether he/she has prepared and carried out a business strategy which is consistent with the established goals.
- 17.4 The Chairman and the CEO shall have a meeting once a year to discuss the results of the Board's evaluation of the CEO's performance and the actions to be taken, if any.
- 17.5 Information on all significant changes deriving from the evaluation shall be published in accordance with the Company's investor relations policy.

18. OBLIGATIONS OF THE BOARD IN RELATION TO A 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 takeover bid that may be made. The Board shall follow the applicable law provisions in these circumstances.

19. CONFIDENTIALITY

- 19.1 Members of the Board are bound by confidentiality regarding the affairs of the Company, the Company's customers, and other matters which may come to their knowledge during their work as Members of the Board.
- 19.2 Members of the Board shall not disclose confidential information unless required to do so by law, regulations or rules of stock exchanges or by any court or authority. Members of the Board shall treat insider information in accordance with the Company's internal rules thereto.
- 19.3 Members of the Board shall store all documents and information they receive in relation to their duties in a secure manner.
- 19.4 Members of the Board, other than the Chairman, shall normally 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 duty of confidentiality shall remain valid after a Member of the Board leaves or resigns from the Board.

20. RULES AND POLICIES

- 20.1 The Board shall approve a remuneration policy for the Board and the Executive Management. The remuneration policy shall be reviewed once a year and laid before

the Annual General Meeting for approval, with or without amendments. Any departure from the remuneration policy shall be recorded and reasoned in Board Minutes.

- 20.2 The Board shall adopt policies on ethics within the Company and the Company's corporate social responsibility.
- 20.3 The Board shall adopt insider rules.
- 20.4 The Board shall adopt a diversity policy.
- 20.5 The Board shall adopt an investor relations policy.
- 20.6 The Board shall adopt a whistleblower scheme.
- 20.7 The Board may adopt further rules and policies as deemed necessary and appropriate.

21. MISCELLANEOUS

- 21.1 These Rules enter into force on the date of the adoption by the Board of Directors.
- 21.2 These Rules replace the Board's current rules of procedure, dated 9 March 2017.
- 21.3 These Rules shall be reviewed annually.
- 21.4 Only the Board may amend these Rules.
- 21.5 At the time of the adoption of these Rules, all Members of the Board shall sign the original thereof. If the Board approves any amendments to the Rules all Members of the Board shall sign an original copy of the Rules as amended. The Rules shall be presented to New Members of the Board, who shall sign the original thereof to confirm their receipt of the Rules.
- 21.6 These Rules have been adopted in accordance with Article 70, Paragraph 5, of the Icelandic Companies Act No. 2/1995.

Adopted by the Board of Directors on 8 March 2018.

Board of Directors

Niels Jacobsen
Chairman

Kristján T. Ragnarsson
Vice-Chairman

Arne Boye Nielsen
Member

Guðbjörg Edda Eggertsdóttir
Member

Svafa Grönfeldt
Member