

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 Audit Committee” shall mean the Audit Committee of the Company,
 - 1.1.4 “the CEO” shall mean the Chief Executive Officer of the Company,
 - 1.1.5 “the CFO” shall mean the Chief Financial Officer of the Company,
 - 1.1.6 “Audit Report” shall mean a written report from the Auditor on important matters that have emerged during the audit, including potential weaknesses in internal controls,
 - 1.1.7 “the Auditor” shall mean the external Auditor of the Company,
 - 1.1.8 “Annual General Meeting” shall mean the Company’s Annual General Meeting.

2. COMPOSITION OF THE AUDIT COMMITTEE

- 2.1 The Audit Committee is composed of three Members of the Board to be elected by the Board no later than one month after each Annual General Meeting.
- 2.2 The majority of the Audit Committee shall be independent of the Company, the CEO and the Auditor.
- 2.3 The Members of the Audit Committee shall possess the knowledge and expertise needed to perform the tasks of the Audit Committee. At least one Member of the Audit Committee shall have solid knowledge and experience in the field of financial statements or auditing.
- 2.4 The Audit Committee shall elect a Chairman of the Audit Committee, which shall not be the same as the Chairman of the Board. The Chairman shall be elected by majority vote. In case of even votes, lots shall be cast to determine the results.

3. THE AUDIT COMMITTEE’S ROLE AND DUTIES

- 3.1 The Audit Committee main role is to ensure a competent and independent audit of the Company.
- 3.2 Each year the Audit Committee shall submit proposals to the Board on the nomination of an auditor candidate at the Annual General Meeting after assessing the auditor candidate’s independence and competence.
- 3.3 Each year the Audit Committee shall submit proposals to the Board on an agreement with the Auditor, containing e.g. provisions on the audit fees as well as the general scope of the Auditor’s non-audit services for the Company.
- 3.4 The Audit Committee shall monitor the Auditor’s work for the Company, including the audit of the consolidated financial statements.
- 3.5 The Audit Committee shall monitor the preparation of financial statements and report to the Board on significant accounting policies, significant accounting estimates, related party transactions and uncertainties and risks, including in relation to the outlook, prior to the Board’s approval of financial statements.

- 3.6 The Audit Committee shall monitor and assess the Company's internal control systems and its risk management and perform the Board's tasks and duties according to Clause 13 in the Board's Rules of Procedure.
- 3.7 The Audit Committee shall at least once a year assess the need for an internal audit.
- 3.8 The Audit Committee is only acting as an advisor to the Board and has no authority to take any decision on behalf of the Board.

4. MEETINGS

- 4.1 Audit Committee Meetings shall be called as often as necessary for the Audit Committee to be able to perform its tasks and duties in an efficient manner. Audit Committee Meetings shall generally be called in connection with Board Meetings as deemed appropriate.
- 4.2 The CEO, the CFO and the Auditor shall be invited to Audit Committee Meetings as the Audit Committee deems appropriate to fulfill its duties.
- 4.3 At least once a year the Audit Committee shall meet with the Auditor without the CEO being present.
- 4.4 Otherwise the Board's Rules of Procedure regarding Board Meetings shall apply, as appropriate.

5. MINUTES OF MEETINGS

- 5.1 Minutes shall be kept of all proceedings at Meetings of the Audit Committee. The Board's Rules of Procedure regarding Minutes of Board Meetings shall apply, as appropriate.

6. REPORTS AND OTHER INFORMATION

- 6.1 The Audit Committee may require the CEO, the CFO and the Auditor to provide the Audit Committee with any documents and information related to specific tasks of the Audit Committee. The form and quality of the information shall be decided by the Audit Committee each time.
- 6.2 The Auditor shall submit an Audit Report to the Audit Committee before the full year consolidated financial statements are approved.
- 6.3 As and when appropriate, the Audit Committee shall submit reports to the Board outlining the Audit Committee's most significant activities as well as its findings and proposals.
- 6.4 At least once a year the Audit Committee shall report to the Board on its activities for the previous year.
- 6.5 The Board may require the Audit Committee to provide the Board with additional documents and information related to specific tasks of the Audit Committee. The form and quality of the information shall be decided by the Board each time.

7. OTHER RESOURCES

- 7.1 The Audit Committee may require reasonable assistance from external advisors when performing its tasks and duties.

8. MISCELLANEOUS

- 8.1 Members of the Audit Committee have the same general obligations as Members of the Board, as stipulated in the Board's Rules of Procedure.
- 8.2 These Rules enter into force on the date of the adoption by the Board.
- 8.3 These Rules replace the Audit Committee's current rules of procedure, dated 9 March 2017.
- 8.4 These Rules shall be reviewed annually by the Board.
- 8.5 Only the Board may amend these Rules.
- 8.6 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.
- 8.7 These Rules have been adopted in accordance with Articles 108 (a)-(d) of the Icelandic Act No. 3/2006 on Annual Accounts and the Danish Recommendations on Corporate Governance.

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