

Össur hf.'s Annual General Meeting 2023 - Minutes of the Meeting

Minutes of the Annual General Meeting of Össur hf. held on 10 March 2023. The Meeting was virtual as decided by the Board of Directors with an authorization in Article 17 of Össur's Articles of Association.

The Chairman of the Board of Directors, Mr. Niels Jacobsen, opened the Meeting at 9:00.

Mr. Gunnar Sturluson was elected the Chairman of the Meeting and Mr. Tómas Eiríksson was elected the Secretary of the Meeting.

Present at the Meeting were shareholders holding 311.178.297 shares, representing 74.0% of the active share capital of Össur.

The Chairman declared that the Meeting was lawfully convened and empowered to decide on all items on the agenda.

The Meeting was convened in accordance with its agenda.

1. The Board of Directors' report on Össur's activities for the preceding year

The Chairman of the Board of Directors, Mr. Niels Jacobsen, reported on Össur's operations and activities in the year 2022 on behalf of the Board.

2. Distribution of Össur's net profit for the fiscal year 2022

The shareholders approved to carry the net profit in 2022 over to the following year.

Shareholders holding 1.100 votes abstained.

3. Submission of the Consolidated Financial Statements of Össur for the preceding year for confirmation

Mr. Sveinn Sölvason, President & CEO, presented the Consolidated Financial Statements for the year 2022 and discussed Össur's financial performance.

Mr. Mark Jessen from ATP asked questions about the Company's EBITDA margin and opportunities to expand the business. Sveinn provided answers to Mark's questions.

The shareholders approved the Consolidated Financial Statements for the year 2022.

Shareholders holding 1.100 votes abstained.

4. The Board of Directors' report on remuneration and benefits

The Chairman of the Board of Directors, Mr. Niels Jacobsen, discussed Össur's compensation philosophy. He then reported on the remuneration and benefits of the Board of Directors, the President and CEO and the Executive Management, the estimated remaining costs of the current share option program and the execution of Össur's Remuneration Policy. Niels also discussed the Board's proposals under items 5-7.

5. Össur's Remuneration Policy

The shareholders approved the Remuneration Policy for Össur, as set out in Annex 1 to these minutes.

Shareholders holding 1.574.588 votes voted against and shareholders holding 22.533.987 votes abstained.

6. Remuneration to the Board of Directors for 2023

The shareholders approved the following remuneration to the Board of Directors for 2023:

Chairman of the Board – USD 108,000

Vice Chairman of the Board – USD 72,000

Board Member – USD 36,000

The shareholders also approved the following remuneration to the Audit Committee for 2023:

Chairman of the Audit Committee – USD 14,000

Audit Committee Member – USD 7,000

Shareholders holding 55.152 votes voted against and shareholders holding 611.229 votes abstained.

7. Long-term incentive programs

The shareholders approved the following proposal on long-term incentive programs:

A. Long-term incentive program for the President and CEO and other members of the Executive Management

Type of share-based incentive program: Performance share units ("PSUs"), which are converted into Össur shares on a 1:1 ratio at vesting.

Participants: The President and CEO and other members of the Executive Management.

Granting time: Annually in the first quarter, starting in 2024.

Vesting time: Three years from granting.

Performance period: The last financial year prior to the granting time.

Performance metrics and targets: Performance metrics and targets are set at the beginning of the performance period. Performance metrics shall be closely aligned with Össur's long-term strategy and sustainability and shall include a combination of financial, business and non-financial targets. Financial metrics shall weigh at least 75%.

PSUs value: PSUs value at granting depends on performance (see above) and Össur's share price (see below). At granting, the PSUs value (i) cannot be less than 30% and not more than 90% of the President and CEO's fixed annual salary, and (ii) cannot be less than 20% and not more than 60% of other executives' respective fixed annual salary.

Share price used for calculation of PSUs value: The volume-weighted average share price on Nasdaq Copenhagen the first five trading days following the date of publication of Össur's consolidated financial statement for the performance period.

Vesting condition: The respective executive must be employed by an Össur entity at vesting, subject to certain good leaver provisions.

Holding period: Two years from vesting (vested shares net of tax if applicable).

Clawback: Össur has the option to reclaim, in whole or in part, remuneration that has been based on false, misleading, insufficient or incorrect data, or if the participant acted in bad faith in respect of other matters, which resulted in too high remuneration or remuneration which would otherwise not have been paid.

Number of PSUs and the theoretical yearly market value of the program: If performance is on target, a total of approximately 250,000 PSUs will be granted each year with a total value of approximately USD 1.3 million based on the current Össur share price (closing price on Nasdaq Copenhagen on 23 January 2023) and the current annual fixed salary of the participants. The maximum grant is approximately 375,000 PSUs per year based on the same assumptions. The number of PSUs granted to the participants will follow the guidelines described in Össur's Remuneration Policy and will be reported in Össur's Remuneration Report.

B. Long-term incentive program for certain key employees

Type of share-based incentive program: Restrictive share units ("RSUs"), which are converted into Össur shares on a 1:1 ratio at vesting.

Participants: The Executive Management's direct reports at VP level (with exceptions) and key specialists in strategic positions.

Granting time: First quarter annually, starting in 2024.

Vesting time: Three years from granting.

Performance period: Not applicable.

Performance metrics and targets: Not applicable.

RSUs value: Not less than 5% and not more than 25% of the respective key employee's fixed annual salary depending on his/her role and responsibilities and as determined by the President and CEO each time.

Share price used for calculation of RSUs value: The volume-weighted average share price on Nasdaq Copenhagen the first five trading days following the date of publication of Össur's consolidated financial statement for the previous financial year.

Vesting condition: The respective key employee must be employed by an Össur entity at vesting, subject to certain good leaver provisions.

Holding period: No.

Clawback: Össur has the option to reclaim, in whole or in part, remuneration that has been based on false, misleading, insufficient or incorrect data, or if the participant acted in bad faith in respect of other matters, which resulted in too high remuneration or remuneration which would otherwise not have been paid.

Number of RSUs and the theoretical yearly market value of the program: A maximum of 325,000 RSUs will be granted each year with a total value of approximately USD 1.7 million based on the current share price (closing price on Nasdaq Copenhagen on 23 January 2023) and the current annual fixed salary of the participants.

Shareholders holding 1.574.588 votes voted against and shareholders holding 22.533.987 votes abstained.

8. Election of the Board of Directors

The Chairman informed the Meeting that five candidates had notified the Board of Directors of their candidature to the Board. As there were no other candidates, the Chairman declared that the following candidates were lawfully elected to the Board of Directors of Össur hf. until the next Annual General Meeting:

Ms. Guðbjörg Edda Eggertsdóttir

Dr. Alberto Esquenazi

Dr. Svafa Grönfeldt

Mr. Niels Jacobsen

Mr. Arne Boye Nielsen

9. Election of an Auditor

The Chairman informed the Meeting that PwC was the only candidate nominated as Össur's Auditor. As there were no other candidates, the Chairman declared that PwC was lawfully elected as Össur's auditor.

10. Share capital reduction

The shareholders approved to reduce Össur's share capital by ISK 2,000,000 nominal value by way of cancelling 2,000,000 of Össur's treasury shares of ISK 1 each. Thus, the share capital was decreased from ISK 423,000,000 nominal value to ISK 421,000,000 nominal value.

As a result of the capital reduction, Article 4, paragraph 1, of Össur's Articles of Association was amended and now states as follows:

"The share capital of the Company amounts to ISK 421,000,000 – fourhundredtwentyone-millionicelandickrónur – and is divided into the same number of shares with a nominal value of ISK 1 each."

Article 4, paragraph 1, of Össur's original Articles of Association in Icelandic now states as follows:

„Hlutfé félagsins er kr. 421.000.000 – fjögurhundruðtuttuguogeinmilljónkróna – að nafnverði og skiptist í jafnmarga hluti að nafnverði 1 króna hver.“

11. Authorization to initiate share buyback programs

The shareholders approved the following proposal on an authorization to initiate share buyback programs:

The Board of Directors is authorized, until the next Annual General Meeting 13 March 2024, to allow Össur to initiate one or more share buyback programs (the "Programs") that comply with the provisions of Regulation No. 596/2014 of the European Parliament and of the Council on market abuse ("MAR") and the Commission's delegated regulation 2016/1052. The main purpose of the Programs shall be to reduce Össur's share capital, but the shares purchased may also be used to meet Össur's obligations under share incentive programs with employees. Össur may purchase up to 8,000,000 shares in total under the Programs, corresponding to 1.9% of

the current share capital. The total consideration for shares purchased under the Programs shall not exceed USD 40 million. Össur shall not purchase more than 25% of the average volume of the shares each trading day based on the average volume the 20 trading days preceding the date of purchase on the regulated market where the purchase is carried out. The purchase price shall not be higher than the price of the last independent trade or the highest current independent bid, whichever is higher, on the regulated market where the transaction is carried out. Each Program shall be managed by an investment firm or a credit institution which makes its trading decisions in relation to Össur's shares independently of, and without influence by, Össur regarding the timing of the purchases. Össur's purchases under the Programs shall be disclosed in accordance with law and regulations.

12. Amendments to Össur's Articles of Association

The shareholders approved to amend the following clauses in Össur's Articles of Association: Article 5, paragraph 2; Article 14; Article 15, paragraph 3; and add a new Article 22, paragraph 4.

Shareholders holding 612.329 votes abstained on items (a) and (b), and shareholders holding 1.100 votes abstained on items (c) and (d).

a) Article 5, paragraph 2 of Össur's Articles of Association now states as follows:

"The Board of Directors is authorized to increase the share capital of the Company in stages over five years by up to ISK 8,000,000 – eightmillionIcelandickrónur – in nominal value. The authorization shall only be utilized to fulfill agreements with employees et al. regarding share options or delivery of shares in accordance with the Company's share-based incentive programs. The pre-emptive rights provision of Article 34 of the Icelandic Act No. 2/1995 on Limited Liabilities Companies is not applicable. The share price and the rules governing the purchase of shares shall be in accordance with the terms of the agreements."

Article 5, paragraph 2, of Össur's original Articles of Association in Icelandic now states as follows:

"Stjórn félagsins er heimilt að auka hlutafé félagsins í áföngum á fimm árum um allt að kr. 8.000.000 – áttamilljónirkróna – að nafnverði. Heimildin skal aðeins nýtt til að uppfylla samninga sem gerðir hafa verið við starfsmenn o.fl. um kauprétti eða afhendingu hluta í samræmi við hlutabréfatengd hvatakerfi félagsins. Forgangsréttarákvæði 34. gr. laga um hlutafélög nr. 2/1995 eiga ekki við. Kaupgengi hlutanna og sölureglur skulu vera í samræmi við efni samninganna."

b) Article 14 of Össur's Articles of Association now states as follows:

"Shareholders' Meetings shall be convened with a minimum of three weeks' notice and a maximum of six weeks' notice.

The convocation shall be issued by electronic means to ensure fast access to it on a non-discriminatory basis. Reliable media shall be used to ensure effective dissemination of information to the public throughout the European Economic Area.

The convocation shall at least provide information on:

- 1. Where and when the Meeting is to take place and the proposed agenda. If a proposal to amend the Company's Articles of Association is to be taken for consideration at the Meeting, the main subject of the motion shall be specified in the convocation.*
- 2. Clear and precise rules on participation and voting in the Meeting, including:*

- a. *period to notify shareholder participation, cf. paragraph 4 below;*
 - b. *shareholders' rights to have items added to the agenda, and submit proposals and make enquiries for the Meeting, as well as the deadline by which such rights may be exercised;*
 - c. *rules on proxy voting and, as applicable, forms for proxy holders to use when casting votes, and to what extent the Company will recognize electronic notifications of appointment of proxy holders; and;*
 - d. *as applicable, rules on casting votes in writing or electronically.*
3. *Where and how the following full, unabridged documents can be obtained:*
- a. *documents to be submitted to the Meeting;*
 - b. *proposals and/or remarks from the Board of Directors or its sub-committees on each item of the draft agenda of the Meeting;*
 - c. *proposals the Company has received from the shareholders if any.*
4. *Website which has information the shareholders shall have access to in relation to the Meeting according to law.*

Shareholders shall notify the Company of their participation in a Shareholders' Meeting no later than five days before the Meeting.

A Shareholders' Meeting is valid, regardless of attendance, if the Meeting has been lawfully convened."

Article 14 of Össur's original Articles of Association in Icelandic now states as follows:

"Boða skal til hluthafafundar minnst þremur vikum fyrir fund og lengst sex vikum fyrir fund.

Boða skal til hluthafafundar með rafrænum hætti þannig að tryggður sé skjótur aðgangur að því á jafnréttisgrundvelli. Nota skal trausta miðla er tryggja virka útbreiðslu upplýsinga til almennings á evrópska efnahagssvæðinu.

Í fundarboði skal a.m.k. veita upplýsingar um:

1. *Fundarstað, fundartíma og drög að dagskrá. Ef taka á til meðferðar á fundinum tillögu til breytinga á samþykktum félagsins skal greina meginefni tillögunnar í fundarboði.*
2. *Skýrar og nákvæmar reglur um þátttöku og atkvæðagreiðslu á hluthafafundi. M.a. skal upplýsa um:*
 - a. *frest hluthafa til að tilkynna um þátttöku, sbr. 4. mgr. greinarinnar.*
 - b. *rétt hluthafa til að fá mál sett á dagskrá hluthafafundar, leggja fram ályktunartillögur og spyrja spurninga auk frests til að nýta þennan rétt;*
 - c. *reglur um atkvæðagreiðslu fyrir atbeina umboðsmanns, eyðublöð vegna slíkrar atkvæðagreiðslu og á hvern hátt félag sé reiðubúið að samþykkja rafrænar tilkynningar um skipun umboðsmanns;*
 - d. *reglur um skriflega eða rafræna atkvæðagreiðslu eftir því sem við á.*
3. *Hvar og hvernig nálgast megi óstyttna texta:*
 - a. *skjala sem lögð verða fyrir hluthafafund;*

b. ályktunartillagna og/eða eftir atvikum athugasemda frá stjórn félagsins eða nefndum hennar varðandi hvert atriði í drögum að dagskrá hluthafafundar;

c. ályktunartillagna hluthafa sem borist hafa félaginu.

4. Vefsíðu þar sem hluthafar geta nálgast upplýsingar sem þeir skulu hafa aðgang að á hluthafafundi samkvæmt lögum.

Hluthafar skulu tilkynna félaginu um þátttöku sína á hluthafafundi eigi síðar en fimm dögum fyrir fundinn.

Hluthafafundur er lögmætur án tillits til fundarsóknar ef hann er löglega boðaður.”

c) Article 15, paragraph 3, of Össur’s Articles of Association now states as follows:

“Each shareholder is entitled to have a specific item of business included on the agenda of a Shareholders’ Meeting, provided that the shareholder submits a request in writing or electronically to the Board of Directors with sufficient advance notice for the item to be included on the agenda, however, no later than one week after the documents referred to in paragraph 2 above have been published. The request shall include reasoning or a draft resolution to the Board of Directors. Information on the request shall be published on the Company’s website and made available to shareholders no later than three days before the Meeting, as well as the proposal itself and a revised agenda, as applicable.”

Article 15, paragraph 3, of Össur’s original Articles of Association in Icelandic now states as follows:

“Hver hluthafi á rétt á því að fá ákveðið mál tekið til meðferðar á hluthafafundi ef hann gerir skriflega eða rafræna kröfu um það til félagsstjórnar með það miklum fyrirvara að unnt sé að taka málið á dagskrá fundarins, þó í síðasta lagi viku eftir að þau gögn, sem vísað er til í 2. mgr. greinarinnar, hafa verið birt. Kröfu skal fylgja rökstuðningur eða drög að ályktun til félagsstjórnar. Upplýsingar um kröfuna skal birta á vefsíðu félagsins eigi síðar en þremur dögum fyrir fundinn, auk tillögunnar og eftir atvikum endurskoðaða dagskrá fundarins.”

d) Article 22, paragraph 4, of Össur’s Articles of Association states as follows:

“Voting rights at Shareholders’ Meetings are determined as of the time when the period to notify shareholder participation expires.”

Article 22, paragraph 4, of Össur’s original Articles of Association in Icelandic states as follows:

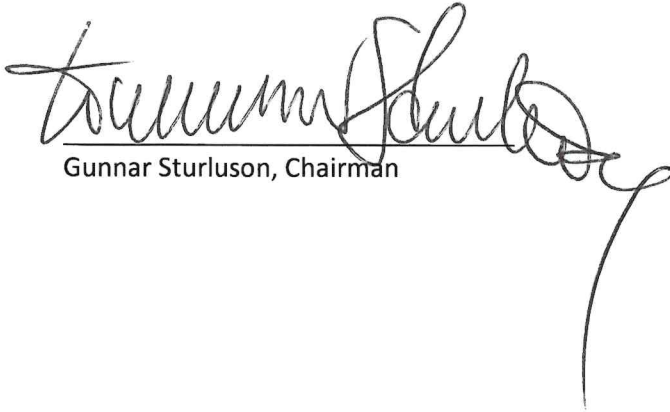
“Atkvæðisréttur á hluthafafundi miðast við það tímamark þegar fresti hluthafa til að tilkynna um þátttöku á hluthafafundi lýkur.”

13. Any other business lawfully submitted or approved for discussion at the Meeting

No other business was submitted for discussion.

The Secretary read the minutes aloud at the close of the Meeting. The shareholders made no comments.

The Chairman declared the Meeting adjourned at 10:20.



Gunnar Sturluson, Chairman



Tómas Eiríksson, Secretary

ANNEX 1

Remuneration Policy

1. General principles

This Remuneration Policy of Össur hf. (“Össur” or “Company”) sets out the principles of remuneration to the members of the Board of Directors (the “Board”), the President and CEO and other members of the Executive Management (“Executive Management”) in a clear and transparent way. This Policy has been prepared in accordance with Article 79 a. of the Icelandic Companies Act No. 2/1995 and the Danish Recommendations on Corporate Governance implemented by Nasdaq Copenhagen.

The overall objectives of the Remuneration Policy are to:

- Align long-term interest between the Board, the Executive Management, and Össur’s shareholders.
- Attract, retain, and engage qualified members of the Board and the Executive Management to drive Össur’s strategy in a sustainable way.

The Remuneration Policy offers a fixed base fee to members of the Board and a combination of a fixed and a variable remuneration to members of the Executive Management, which is deemed to support the policy objectives.

2. Remuneration of the Board

Composition	<p>The remuneration to members of the Board is comprised of a fixed base fee. The Chairman and the Vice Chairman receive a multiple of the fixed base fee.</p> <p>Board members are not entitled to any short-term incentives, such as bonuses, or long-term incentives, such as share options, performance share units, restrictive share units or other incentive programs.</p>
Purpose and alignment with strategy, long-term interests and sustainability	<p>The purpose is to attract, retain, and engage qualified members of the Board to drive Össur’s strategy in a sustainable way.</p> <p>The Board remuneration is based on a fixed base fee linked to the role and responsibility of the relevant Board member. The remuneration structure seeks to promote the Board’s focus on strategy, supervision, organization and governance of the Company. The Board members are not entitled to a variable remuneration to ensure that the Company’s long-term interests are taken into consideration.</p>

Benchmark	The Board remuneration is evaluated against relevant benchmarks, primarily international companies similar to Össur in size and complexity.
Fees and benefits	<p>Fixed base fee:</p> <ul style="list-style-type: none"> • Board members receive an annual fixed base fee. • The Chairman receives three times the fixed base fee. • The Vice Chairman receives two times the fixed base fee. <p>Board committee fee:</p> <ul style="list-style-type: none"> • Audit Committee members receive an annual Audit Committee fee. • The Chairman receives two times the Audit Committee fee. • No separate fee is paid to members of the Nomination Committee and the Remuneration Committee. <p>Fee for ad hoc tasks</p> <p>If the Board assigns a special ad hoc task to a Board member, the Board Member may receive a separate fee based on recommendation by the Remuneration Committee, which is subject to approval by the Annual General Meeting.</p> <p>Expenses</p> <p>The Board members' travel expenses and similar expenses incurred in relation to their participation in Board meetings are reimbursed by the Company.</p> <p>Directors and officers liability insurance</p> <p>The Company has a customary directors and officers liability insurance, which covers the Board members.</p>
Term	Board members are elected at the Annual General Meeting for a term of one year. No special termination provisions apply to the Board members, and they are not entitled to any compensation when they resign from the Board.
Remuneration	The remuneration of the Board of Directors is approved by the shareholders at the Annual General Meeting each year.

3. Remuneration of the Executive Management

Composition	The remuneration of the Executive Management is comprised of a fixed salary, bonuses for short-term performance, performance share units (from 2024) and share options (until 2024) for long-term performance, pension contribution and other benefits, such as car, phone, internet connection etc.
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Purpose and alignment with strategy, long-term interests and sustainability	<p>The purpose is to attract, retain, and engage qualified members of the Executive Management to drive Össur's strategy in a sustainable way.</p> <p>The combination of a fixed and variable remuneration aims to achieve a balance for the Executive Management to engage in reasonable and calculated risk-taking for the short-term while creating long-term value and growth for the shareholders and other stakeholders.</p> <p>The fixed salary is provided at a competitive level to support that executive decision-making strikes the appropriate balance between risk and reward as well as short- and long-term perspective.</p> <p>The variable remuneration is designed to promote high performance in line with the Company's strategy. The variable remuneration is based on performance metrics which are aligned with Össur's long-term strategy and sustainability.</p> <p>The short-term incentive is designed to incentivize executives to achieve short-term performance targets and to ensure high level performance, both for individual members of the Executive Management and collectively.</p> <p>The long-term incentive is designed to promote delivery on Össur's long-term strategy and maximizing long-term value creation for shareholders and other stakeholders.</p>
Benchmark	<p>The remuneration of the Executive Management is evaluated against relevant benchmarks, primarily international companies similar to Össur in size and complexity.</p>
Fixed salary	
	<p>The determination of the fixed salary for each member of the Executive Management takes account of the executive's responsibilities, local trends, performance and other relevant factors.</p>
Variable Remuneration	
Short-Term Incentives (STI)	<p>Short-term incentives are one-year bonuses paid out in cash and are linked to the level of achievement of predefined metrics for each member of the Executive Management.</p> <p>Performance metrics for short-term incentives shall reflect the specific business goals for the year which contribute to Össur's long-term strategy and sustainability. The metrics include a combination of financial and non-financial targets where special attention shall be given to the Company's overall results, actual growth, long-term profitability and value creation for shareholders. Financial metrics weigh at least 75%.</p> <p>The performance metrics and targets are set at the beginning of the year and include the determination of threshold and the level of performance to be achieved for maximum payout.</p>

	<p>The performance assessment takes place at the beginning of the year following the performance year. The assessment is based on the results achieved, as published in the financial reports submitted to the stock market, and relevant external and internal reports.</p> <p>Additional cash bonus may be paid out to an executive in extraordinary circumstances, but total short-term incentives may never exceed 67% of the executive's annual fixed salary.</p>
<p>Long-Term Incentives (LTI)</p>	<p>Long-term incentives are in the form of yearly granted performance share units (PSUs) and are linked to the level of achievement of predefined metrics for the Executive Management.</p> <p>The vesting period of the PSUs is three years. At vesting, the PSUs are converted into Össur shares on a 1:1 ratio.</p> <p>Performance metrics for long-term incentives shall be closely aligned with Össur's long-term strategy and sustainability. The metrics include a combination of financial, business and non-financial targets. Financial metrics weigh at least 75%.</p> <p>The performance metrics and targets are set at the beginning of the year and include the determination of threshold and the level of performance to be achieved for maximum grant.</p> <p>The performance assessment takes place at the beginning of the year following the performance year. The assessment is based on the results achieved, as published in the financial reports submitted to the stock market, and relevant external and internal reports.</p> <p>The PSUs are granted in the first quarter following each performance year. The value of the PSUs for the President and CEO cannot be less than 30% and not more than 90% of his/her annual fixed salary. The value of the PSUs for other executives cannot be less than 20% and not more than 60% of their respective annual fixed salary.</p> <p>The share price used to calculate the number of PSUs granted is the volume-weighted average share price on Nasdaq Copenhagen the first five trading days following the date of publication of Össur's consolidated financial statement for the performance year.</p> <p>During the three-year vesting period, the market value of the granted PSUs will change, depending on the development of Össur's share price.</p> <p>It is a vesting condition that the relevant executive is still employed with the company at the end of the three-year vesting period, subject to certain good leaver provisions.</p> <p>The intention with the long-term incentives is for the Executive Management to obtain ownership of Össur shares to align their interest with the shareholders. Therefore, executives will be required to hold their Össur shares, net of taxes (if applicable), for 2 years following vesting.</p>

	<p>PSUs will first be granted in Q1 2024 (based on performance in 2023). The Company's current share option program, approved by the Annual General Meeting in March 2021, expires in March 2024 and will not be renewed.</p>			
Other provisions on STI and LTI	<p>For the long-term interests and sustainability of Össur, the Board may in exceptional circumstances, based on a recommendation from the Remuneration Committee, waive or adjust performance metrics if they have become obsolete or not appropriate due to events which could not be taken into account at the beginning of the year, such as strategy changes, unforeseen external factors etc.</p>			
Size and relativity of the components	Remuneration Component	Relative size at minimum performance	Relative size at on-target performance	Relative size at maximum performance
	Fixed salary	77-83%	52-61%	39-52%
	Short-term incentive	0%	15-26%	17-30%
	Long-term incentive	17-23%	21-31%	26-35%
	Total	100%	100%	100%
Clawback and other provisions				
Clawback	<p>The Company has the option to reclaim, in whole or in part, any earned, paid or vested variable remuneration payments that have been based on false, misleading, insufficient or incorrect data, or if the recipient acted in bad faith in respect of other matters, which resulted in too high variable remuneration or variable remuneration which would otherwise not have been paid. The option to claw back is valid for up to 12 months after payout or vesting of the variable remuneration.</p>			
Other benefits	<p>The members of the Executive Management are granted no cash benefits such as company car, phone, internet connection etc. in line with local practice.</p>			
Term	<p>Executive employment agreements are entered into for an indefinite period with a mutual right of termination.</p>			
Termination of employment and severance pay	<p>No special retirement agreements shall be made. Mutual termination clauses in employment agreements apply and shall not exceed 24 months.</p> <p>Pension contributions are paid in accordance with applicable laws and employment agreements. No pension liabilities shall be undertaken, unless required by law.</p>			

<p>Recruitment arrangements</p>	<p>In accordance with Össur's priority to attract and retain exceptional executives long-term, external candidates may be offered compensation as a part of sign-on arrangement during recruitment. The compensation may be in the form of cash payment, shares or a share incentive. Össur will seek to minimize the use of sign-on arrangements.</p> <p>If a sign-on agreement is deemed necessary to attract exceptional executives, the terms for such an agreement will be determined on a case-by-case basis.</p>
<p>Directors and officers liability insurance and indemnification</p>	<p>The Company has a customary directors and officers liability insurance, which also covers the members of the Executive Management. If the insurance coverage is insufficient, the Company will in certain cases indemnify, to the fullest extent permitted by law and the Company's Articles of Association, additional claims that an executive may personally incur, provided that such claims are not caused by gross negligence or willful misconduct by the executive.</p> <p>The Board is authorized to determine to whom and in which cases indemnification shall be granted. The Board is also authorized to decide on the detailed terms of the indemnification.</p>

4. Governance

The decision-making process and the role of the Remuneration Committee

The Board has established a Remuneration Committee, which is composed of the Chairman of the Board and the Chairman of the Audit Committee. According to the Remuneration Committee's terms of reference, its main objective is to prepare recommendations to the Board in relation to the Remuneration Policy and remuneration for the Board, the President and CEO and other members of the Executive Management.

Remuneration Policy

The Remuneration Committee reviews annually the Remuneration Policy and submits proposed amendments to the Remuneration Policy, if any, to the Board. The Board reviews the proposed amendments and approves the Remuneration Policy, with or without amendments. The Board then submits the Remuneration Policy to the Annual General Meeting for final approval, with or without amendments. The Remuneration Policy must be approved by the Annual General Meeting each year.

Board Remuneration

The Remuneration Committee reviews annually the Board Remuneration for the preceding year and submits proposals on the Board Remuneration for the following year to the Board. The Board reviews and approves the proposal, with or without amendments. The Board then submits the proposed Board Remuneration for the following year to the Annual General Meeting for final approval, with or without amendments.

Implementation

The Remuneration Committee ensures that the Executive Management's actual remuneration complies with the Remuneration Policy and the evaluation of the respective individual's performance metrics. The Remuneration Committee also assists with the preparation and submits a proposal to the Board on the annual Remuneration Report. Furthermore, the Remuneration Committee provides recommendations to the Board on ad-hoc basis on matters related to the Remuneration Policy.

Conflicts of interest

The following measures have been taken to manage possible conflicts of interest in deciding on, reviewing and implementing the Remuneration Policy and the Board Remuneration:

- The President and CEO and other members of the Executive Management have no decision-making power in relation to the Remuneration Policy or the Board Remuneration.
- The Remuneration Policy and the Board Remuneration are submitted to the Annual General Meeting for consideration and final approval, with or without amendments.
- The members of the Remuneration Committee do not receive a separate fee for their work on the Remuneration Committee.
- According to the Remuneration Committee's terms of reference, it shall ensure that the actual remuneration to the President and CEO and other members of the Executive Management complies with the Remuneration Policy and the evaluation of the respective executive's performance.
- The execution of the Remuneration Policy for the preceding year is published in a Remuneration Report reviewed by the Remuneration Committee and approved by the Board.
- The Board is obliged to explain any deviation from the Remuneration Policy on the following Annual General Meeting and in the respective Remuneration Report.

5. Considerations

Shareholder considerations

The interest of the shareholders has been taken into consideration by aligning the interest of the Board and the Executive Management with the Company's long-term performance and value creation for the shareholders.

At the Annual General Meeting in March 2022, the Remuneration Policy was approved by more than 99% of the votes and more than 92% of the share capital represented at the meeting. The shareholders did not provide any comments on the Remuneration Policy at the Annual General Meeting and therefore no reflections or amendments have been made because of shareholder input.

Employee considerations

The remuneration of the Executive Management consists of fixed salary, a pension contribution, a short-term cash-based incentive, a long-term share-based incentive and other benefits. Apart from (i) the long-term incentive program, which is offered to the Executive Management, their direct reports at VP level (with exceptions) and key specialist in strategic positions, and (ii) directors and officers liability insurance and indemnification, which may be offered to the Executive Management and certain employees that serve as directors and officers in the Company's subsidiaries, these components are in principle applicable to all employees with deviations due to roles, local practices and requirements. In reviewing the fixed salary of executives, the Remuneration Committee considers the overall level of salary increases being awarded to employees in the executive's local market in the relevant year. Pension contribution is aligned with local practices both for executives and other employees. The framework for target setting in the STI for executives is similar to the framework applicable to other employee groups, however, certain employee groups have other terms due to the nature of their role, collective agreements etc. The targets in the LTI for executives are linked to financial and non-financial metrics link to the long-term strategy. Other employment terms are to a large extent based on local practices and requirements and are the same for executives and other employees.

6. Effect, deviations and approval

Effect

This Remuneration Policy is applicable to remuneration in relation to the calendar year 2023 and later as well as to agreements on remuneration entered into, extended or changed following its adoption at the Annual General Meeting on 10 March 2023.

Deviations

To achieve the overall objective of this Remuneration Policy, the Board may in exceptional circumstances, based on recommendations from the Remuneration Committee, decide to deviate from the Remuneration Policy if parts of it no longer drive business performance, the achievement of the Company's strategy or the Executive Management's motivation and retention. In such cases, the Board is obliged to explain the reason for the deviation at the following Annual General Meeting and include a description of the deviation in the Remuneration Report presented at the Annual General Meeting.

Approval

This Remuneration Policy was approved by the Board on 30 January 2023 and proposed by the Board for adoption at the Annual General Meeting on 10 March 2023.

The Remuneration Policy is available on www.ossur.com

7. Appendix: Amendments

In general, this Remuneration Policy is much more detailed than the Remuneration Policy approved at the Annual General Meeting in 2022. The aim is to provide more transparency to shareholders and other stakeholders on the Company's objectives and practices concerning remuneration to the Board and the Executive Management.

The main changes from the previous policy:

- More clarity on Board Remuneration – see “Fees and benefits” in Chapter 2.
- Introduction of a Board Committee fee to the members of the Audit Committee – see “Fees and benefits” in Chapter 2.
- Introduction of non-financial performance metrics for Short-Term Incentives – see “Short-Term Incentives (STI)” in Chapter 3.
- Introduction of a new type of long-term incentive program for the Executive Management; performance share units (PSUs) – see “Long-Term Incentives (LTI)” in Chapter 3.
- Introduction of possibility to offer compensation as a part of sign-on arrangement during recruitment – see “Recruitment arrangements” in Chapter 3.
- Text added on directors and officers liability and introduction of possibility to indemnify the Executive Management in certain cases – see “Directors and officers liability insurance and indemnification” in Chapter 3.
- More clarity on remuneration governance – see Chapter 4 (Governance).

