

Össur hf.'s Annual General Meeting 2020 - Minutes of the Meeting

Minutes of the Annual General Meeting of Össur hf. held on the 12th of March 2020, at the Company's headquarters at Grjótháls 5, Reykjavík.

The Vice-Chairman of the Board of Directors, Dr. Kristján Tómas Ragnarsson, opened the Meeting at 9:00 a.m.

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 357,419,857 shares, representing 84.7% of the active share capital of the Company.

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 the Company's activities for the preceding year

The Vice-Chairman of the Board of Directors, Dr. Kristján Tómas Ragnarsson, reported on the Company's operations in the year 2019 on behalf of the Board.

2. Decision on the distribution of the Company's net profit for the fiscal year 2019

The shareholders unanimously approved that the Company pays a dividend of DKK 0.15 per share to shareholders for the year 2019, corresponding to approximately 14% of the Company's net profit. The Ex-Date is 13 March 2020, the Record Date is 16 March 2020 and the Payment Date is 26 March 2020. The remaining net profit in 2019 shall be carried over to the following year.

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

Mr. Jón Sigurðsson, President & CEO, presented the Consolidated Financial Statements for the year 2019. Jón also gave an overview of the current and ongoing operations and activities.

The shareholders unanimously approved the Consolidated Financial Statements for the year 2019.

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

The Vice-Chairman of the Board of Directors, Dr. Kristján Tómas Ragnarsson, discussed the Company'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 the Company's Remuneration Policy.

5. Decision on the Company's Remuneration Policy

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

6. Decision on remuneration to the Board of Directors for 2020

The shareholders unanimously approved the following remuneration to the Board of Directors for 2020:

Chairman of the Board – USD 100,000

Vice Chairman of the Board – USD 60,000

Board Members – USD 40,000

7. 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:

Mr. Arne Boye Nielsen

Mrs. Guðbjörg Edda Eggertsdóttir

Dr. Kristján Tómas Ragnarsson

Mr. Niels Jacobsen

Dr. Svafa Grönfeldt

8. Election of an Auditor

The shareholders lawfully elected Deloitte ehf. as the Company's auditor.

Shareholders holding 2,560,566 shares voted against.

9. Share capital reduction

The shareholders unanimously approved to reduce the Company's share capital by ISK 2,377,804 nominal value by way of cancelling 2,377,804 of the Company's own shares of ISK 1 each. Thus, the share capital was decreased from ISK 425,377,804 nominal value to 423,000,000 nominal value.

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


"The share capital of the Company amounts to ISK 423,000,000 – fourhundredtwentythree-millionIcelandickrónur – and is divided into the same number of shares with a nominal value of ISK 1 each."

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

„Hlutfé félagsins er kr. 423.000.000 – fjögurhundruðtuttuguogþrjámilljónirkróna – að nafnverði og skiptist í jafnmarga hluti að nafnverði 1 króna hver.“

10. Authorization to purchase own shares

Guðrún Inga Ingólfssdóttir took the floor on behalf of Gildi - Pension Fund and explained why it would vote against the Board's motion, see Annex 2 to these minutes.

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The shareholders lawfully approved the following motion on an authorization to purchase own shares:

“The Board of Directors is authorized, at any time in the next 30 months, to allow the Company to purchase own shares of up to 10% of the Company’s share capital as it is each time. 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.

This authorization is granted in accordance with Article 55 of the Icelandic Act No. 2/1995 on Limited Liability Companies.”

Shareholders holding 18,825,088 shares voted against.

11. Authorization to initiate share buyback programs

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

“The Board of Directors is authorized, until the next Annual General Meeting 8 March 2021, to allow the Company 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 the Company’s share capital, but the shares purchased may also be used to meet the Company’s obligations under share incentive programs with employees. The Company 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. The Company 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 the Company’s shares independently of, and without influence by, the Company regarding the timing of the purchases. The Company’s purchases under the Programs shall be disclosed in accordance with law and regulations.”

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

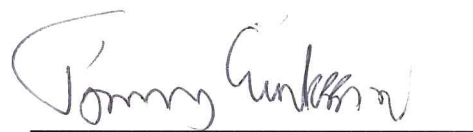
No one took the floor under this item.

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

The Chairman declared the Meeting adjourned at 9:40 a.m.



Gunnar Sturluson, Chairman



Tómas Eiríksson, Secretary

ANNEX I

THE REMUNERATION POLICY OF ÖSSUR HF.

Board of Directors, President & CEO and Executive Management

It is the policy and priority of Össur hf. and its subsidiaries ("the Company") to attract and retain exceptional employees long-term. In order to achieve this, the Company must have in place a competitive compensation structure in each of its operations. To the extent possible, the remuneration of managers and other employees shall be harmonized and fair, taking into account their responsibilities, local trends, performance and other relevant factors.

This Remuneration Policy is designed and implemented to ensure, to the extent possible, the alignment of interest of the Board of Directors, the President & CEO and the Executive Management with the Company's performance long-term and value creation for shareholders.

The remuneration of the President & CEO and the Executive Management shall be determined as follows:

1. Fixed salary. When determining fixed salary, account should be taken of their responsibilities, local trends, performance and other relevant factors, such as the remuneration of their peers in other international companies of similar size.

2. Bonuses for short-term performance. Bonuses for short-term performance can be up to 67% of the basic salary. In determining bonuses, special attention shall be given to the Company's overall results, actual growth, long-term profitability and value creation for shareholders. Bonuses may be paid quarterly, semi-annually or annually.

Bonuses may be paid with shares in the Company, in part or in full. The shares shall not be delivered until three years after the bonus has been determined.

If bonus payments have clearly been based on false, misleading or insufficient data, such payments shall be repaid to the extent correct data shows that no or lower bonus would have been paid.

3. Share-based incentives for long-term performance. Share-based incentives, including share options, may be offered. The key terms of such share-based incentive agreements or plans shall be submitted to a Shareholders' Meeting for approval. Put options shall not be offered and no loans or guarantees shall be granted.

4. Pension contributions. Pension contributions are paid in accordance with applicable laws and employment agreements. No pension liabilities shall be undertaken, unless required by law.

5. Severance payments. No special retirement agreements shall be made, but instead shall mutual termination clauses in employment agreements apply. Termination clauses shall not exceed twenty-four (24) months.

6. Other benefits. Other benefits are awarded or reimbursed on the basis of individual employment contracts and local market practices.


The remuneration of the Board of Directors shall be approved by the Company's Annual General Meeting each year and paid in cash.



This Remuneration Policy shall apply to all future employment agreements with the President & CEO and the Executive Management. Existing agreements shall remain unchanged and in full force unless otherwise agreed by relevant parties.

The Remuneration Policy is binding for the Board as regards share options, cf. item 3 above. In other instances the Remuneration Policy shall be of guidance for the Board. Any departure from the Remuneration Policy shall be recorded and reasoned in the Board's Minutes.

This Remuneration Policy has been approved by the Board of Directors of Össur hf. in accordance with Article 79. a. of the Icelandic Companies Act No. 2/1995, taking into consideration the Danish Recommendations on Corporate Governance. The Remuneration Policy is reviewed once a year and shall be approved at the Company's Annual General Meeting, with or without amendments.

GE 2 

Össur hf.
Att. Niels Jacobsen, Chairman
Grjótháls 1-3
110 Reykjavík, Iceland

Reykjavík, 11 March 2020

Comments and position of Gildi Pension Fund at the 2020 Annual General Meeting of Össur


Gildi Pension Fund would like to congratulate the Board of Directors, management and staff for the results of operations and the presentation of the annual results for 2019. Gildi has the following comments with respect to two items on the agenda of the Annual General Meeting which the fund requests to be noted at the meeting and in the meeting minutes under the respective items.

Remuneration Policy (item 5 on the Agenda)

Gildi welcomes the addition of a Remuneration Report prepared in advance of the meeting with information for shareholders on the execution of the Remuneration Policy of Össur, as previously noted to the Board of Directors prior to the 2019 AGM. As we anticipate the execution to remain the same, Gildi will vote in favour of Össur's Remuneration Policy.

Share-based incentives, including share options, may be offered under the Remuneration Policy, the key terms of which shall be submitted to a Shareholders' Meeting for approval. A plan to this effect is in place and could be up for renewal at the 2021 Annual General Meeting.

Should such request for renewal be presented at the 2021 AGM we encourage the Board of Directors to provide information in the relevant proposal on the expected allocation of share-based incentives to individual members of management under such plan (i.e. allocation principles or guidelines). This could for example be done by informing shareholders on what the expected maximum value of options will be at the time of allocation as a percentage of fixed salaries or other similar relevant metric. This would provide shareholders further insight into the execution of the plan and any relevant changes from current practice if they are anticipated.

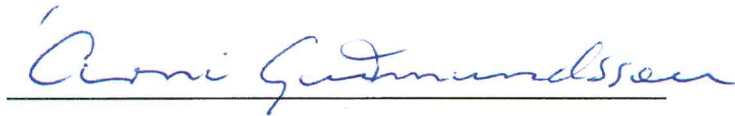
GE 1 

Purchase of own shares (item 10 on the Agenda)

Gildi will vote against the authorization for the Company to purchase own shares. This is because the authorization does not describe how the company intends to transact in its own shares and is too open in our view. We believe Össur does not need to transact in its own shares using for example off-market block trades and can use other ways to achieve the same goals that are more formal and pre-defined. This would ensure more transparency and visibility for shareholders about how the Company transacts in its own shares.

At the 2015 AGM of Össur Gildi submitted an amendment proposal with respect to the same item and we refer to that proposal for further arguments.

On behalf of Gildi Pension Fund



Árni Guðmundsson Managing Director