



Corporate Social Responsibility Progress Report 2015





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CSR REPORT 2015

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Letter from the CEO



Jón Sigurðsson
Össur President and CEO

Össur is a global company, dedicated to improve people's mobility with products and services focused on bracing and supports and prosthetics. To be in the business of helping people is extremely rewarding. We are continuously striving to eliminate physical limitations caused by certain disabilities by delivering innovative solutions that improve the quality of life for those needing our products. Our mission to improve people's mobility has led us to reach one of our most important milestones: the introduction of the first mind-controlled Bionic prosthetic lower limbs for

amputees. Mind-controlled Bionic prosthetic legs are a remarkable clinical breakthrough in next-generation Bionic technology. By adapting to the individual's intentional movements and intuitive actions, we are closer than ever to creating prosthetics that are truly integrated with their user.

In a global company like Össur, employees interact with each other, as well as with stakeholders from many different cultures and backgrounds. Therefore, we are constantly striving for diversity within our company.

To build a strong and successful team of employees it is important to embrace diversity in its broadest sense. Likewise, we recognize the need to encourage diversity in our industry. To do that we have launched a Women's Leadership Initiative providing a forum that encourages interaction, community-building and educational opportunities that serve the needs of the growing number of women in the field.

We are proud to be among 103 businesses and institutions in Iceland that have signed a declaration to reduce emissions of greenhouse gases and to cut waste. This declaration was delivered at the 21st United Nations Climate Change Conference in Paris. Accordingly, we are putting more emphasis on reducing our environmental footprint.

We at Össur believe that by integrating our Corporate Social Responsibility (CSR) into our day-to-day business we are creating a stronger foundation for our Company and for future growth. We believe adhering to a strong CSR policy will help us take on future challenges.



About Össur



Össur focuses on improving people's mobility through the delivery of innovative technologies within the fields of prosthetics and bracing and supports.

Össur is known as a technical leader in the field of prosthetics and one of the leading companies in the field of bracing and supports.

The Company was founded in 1971 as a prosthetic clinic and has since then grown through innovation and acquisitions in both prosthetics and bracing and supports. Today Össur has a strong position in the industry and key markets and is in a good position to leverage on future opportunities.

Össur has been listed since 1999 and on NASDAQ in Copenhagen since 2009. Össur is headquartered in Reykjavik, Iceland. Össur has operations in 18 countries and around 2,500 employees. The Company's sales are well diversified by segments and geography. Sales in 2015 amounted to USD 483 million.

Össur's Two Business Segments

Bracing and Supports

Össur's bracing and supports products are used primarily to support joints and other body parts for therapeutic and preventative purposes. The Company offers a comprehensive line of custom made and off-the-shelf products with primary focus on osteoarthritis and injury solutions.

Prosthetics

Prosthetics are artificial limbs and related products for individuals who were born without limbs or who have had limbs amputated. Össur offers a full range of premium lower limb prosthetics, including liners, knees and feet.

2015 – Year in Review



Unloader® FIT – New addition to the Unloader OA brace family



Össur and Challenged Athletes Foundation continue partnership that supports people with limb loss



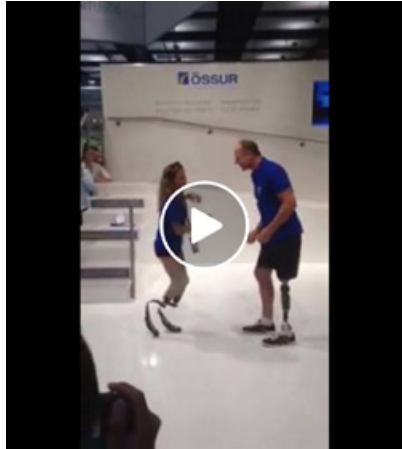
Össur and SpringActive explore next generation bionic prosthesis development

Low Active – New comprehensive product solutions for less active amputees launched



Mind-controlled prosthetics introduced at Össur Capital Markets Day





ISPO in Lyon, France (Sara and Hans dance video on social media ... over 16 million views)



Team Össur dominates at the IPC Athletics World Championships – 17 medals, 6 world records

MORE GREAT THINGS TO COME ...

Bloomberg Business
features Össur

**Bloomberg
Business**

**An Icelandic Company Is
Building Mind-Controlled
Bionic Limbs**

Prosthetics powered by 'mechatronics'

Össur Ambassador
Jami Marseilles
becomes first bilateral
female amputee
to complete a full
marathon



Corporate Strategy

Össur's vision is to be the leading company in non-invasive orthopaedics. Össur's business is improving people's mobility through innovative technologies within the fields of bracing and supports and prosthetics. Össur will continue to generate value for individuals and healthcare systems by focusing its business strategy on innovation, efficiency and growth.

VISION

Leading Company in Non-Invasive Orthopaedics

MISSION

We Improve People's Mobility

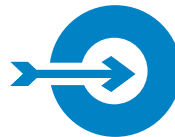
MAIN FOCUS AREAS



Innovation

Execute Ideas that Add Value

We embrace innovation in all our actions by creating value for our customers. We will be at the forefront of indication-related innovation to ensure our consistently strong position in the market.



Efficiency

Do Business Efficiently

We strive to increase efficiency and drive continuous improvement. We run efficient operations in the most optimal locations, hire passionate employees and deliver strong profit and cash flow.



Growth

Sustainable Growth

We will achieve growth by successfully commercializing our innovation through our local go-to-market strategy and commitment to our customers' needs. We will further develop our business and leverage untapped market opportunities.

Values

Össur's core values ensure successful cooperation and partnerships, and are the foundation for the strategy and the Company's success.

HONESTY

Show respect by adhering to facts and reality, fulfilling promises and claims, and admitting failures. Nurture honest communication throughout the Company by sharing information and respecting each other's time and workload.

FRUGALITY

Use resources wisely. The Company aims to minimize costs across all areas of its business through effective communication, preparedness, planning and optimized processes.

COURAGE

To be open for changes and constantly strive for improvement. Challenge unwritten rules, show initiative and take calculated risks, while at the same time, taking responsibility for ideas, decisions and actions.



Össur's Approach to CSR

Össur has been committed to the active development of its CSR for years. This report contains an overview of the Company's approach to CSR, as well as key measurements and progress.

Össur is committed to maintain high standards of ethical, environmental and social responsibility. The Company's values – Honesty, Frugality and Courage – serve as the foundation and driving force behind Össur's culture, guiding employees in their day-to-day activities and in their decision-making. Össur's values encourage employees to take social, ethical and environmental stands beyond the Company's legal obligations. In addition, these values help the Company adapt to the various cultures in which it conducts business.

To integrate and make CSR a natural part of Össur's operations, the Company's focus has been on involving employees across the organization. This enables the Company to foster discussions at all levels and guides employees in their day-to-day decisions. Össur monitors various aspects within CSR and publishes measurements and future goals.



Overview of main initiatives supporting the Global Compact principles



Environment

Össur started implementing the ISO 14001 environmental standard in 2011. Currently, all main manufacturing locations are certified.



Labor Practices

Össur's focus has been on a safe workplace and to eliminate discrimination in any form. The Company has established an equal opportunities policy and implemented initiatives encouraging diversity in the workplace.



Human Rights

Össur's most comprehensive project regarding human rights has been in relation to audits on product suppliers in Asia. Other activities include clauses and declarations with respect to human rights in contracts with business partners.



Anti-Corruption

In recent years a set of global processes and procedures have been established to better evaluate the Company's main risk areas and take adequate measures to prevent corrupt practices.

Areas of Action

- Signed declaration on climate issues
- Increased employee awareness
- Review of processes
- Safe workplace
- Diversity and equal opportunity
- Women's initiative in the O&P industry
- Health and safety at product suppliers in Asia
- Education on fire protection
- Social and compliance audits
- Anti-Corruption and Bribery training and education
- Screening and risk assessment of business partners in high-risk areas

Human Rights and Labor Practices

The Workplace

Össur employs 2,500 people in 18 countries. In order to further develop as a company, it's essential to encourage a sense of responsibility in the workplace. Every day, employees make decisions that can impact the Company. It's of great importance that employees understand the impact of their decisions and take into account the Company's possible gains or losses in terms of financial value, as well as environmental or social value.

Occupational Health and Safety

Össur considers health and safety of its employee's as one of the Company's most important priorities. Over the past few years, numerous projects have been initiated to increase risk awareness among employees and change the mindset. As part of the continuous improvement culture, employees are encouraged to submit ideas to improve their work environments with particular focus on safety. The total number of implemented ideas in 2015 were 7,500. Suggestions relating to safety matters accounted for 12%, while other suggestions concerned environment, delivery performance, quality, efficiency, personal development and general improvements of the working environment. Additionally, a special attention is on fire prevention where all major manufacturing and warehouse locations are audited quarterly by local site safety representatives, and every two to three years by an external expert.

Regardless of focus on safety matters, 2015 results show that incidents are above the Company's goal for Incidents per 100 employees which was <2.1. The main reasons for increased number of incidents is related to operational changes, better reporting and transparency. In 2015 all incidents were tracked, even first aid related incidents where the employee returned back to work without restrictions. Several of the incidents were not considered recordable, however, they are included on the safety dashboard. The goal for 2016 is to reduce incidents per 100 employees down to 1.9. To achieve this goal and to improve employee safety several initiatives are planned this year, such as Job Hazard Analysis (JHA) which is a process that will expose potential risks within the operations as well as to minimize or eliminate the potential risk to employees. This is a global project that most sites will participate in and report on findings and improvements.



Össur strives to promote the importance of a healthy lifestyle to its employees. Össur offers employees regular health checks and promotes preventive health measures. Additionally, Össur supports and promotes various health activities where employees participate in activities such as running or cycling and raising money for charity at the same time.

Equally, Össur strives to educate reimbursement authorities and relevant healthcare professionals, as well as the Company's end users, of the importance of

staying mobile. Mobility and general health and well-being is very important for everyone, and even more important for amputees and people with impaired mobility. Össur tests and

researches the effectiveness of its products to promote health economics and benefits for healthcare systems and the end users.

Measurements on Safety					
Measurement Indicator	2012	2013	2014	2015	Goal 2016
Incident per 100 employees	3,4	2,2	2,0	3,4	1,9
Incident causing a lost day	12	12	16	28	0



Equal Opportunities and Diversity

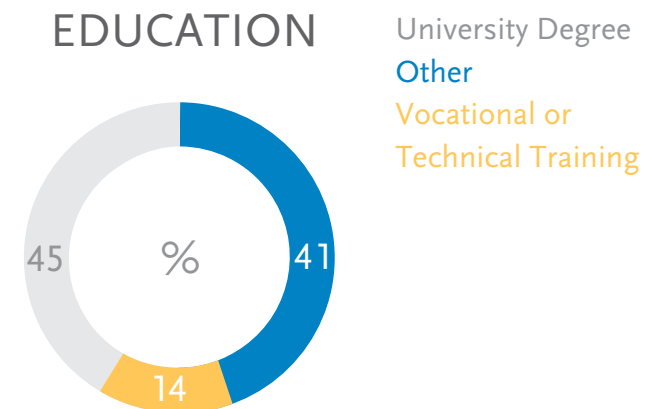
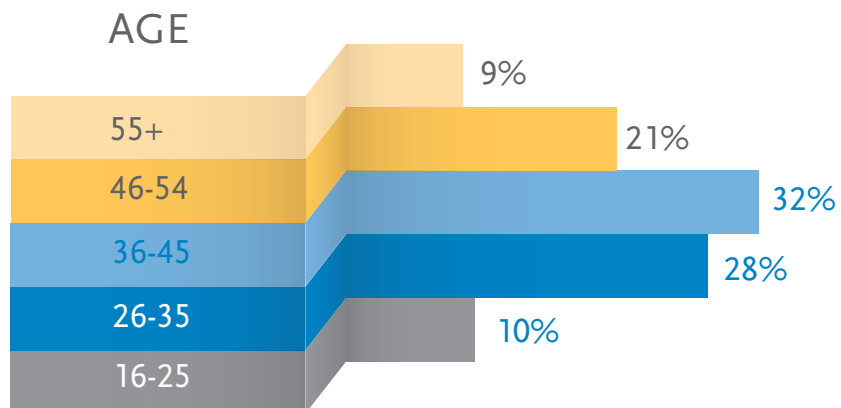
In a global company like Össur, employees interact with each other, and stakeholders from many different cultures and backgrounds. Therefore, diversity must be addressed. To build a strong and successful team of employees, diversity in its broadest sense is important. Different functions of the Company require different types of skill sets. For each and every employee to thrive and add value to the Company, it is essential for them to be assigned appropriately challenging tasks, and to be trusted to take on broader responsibilities.

In 2015, the Company's commitment to employee engagement was reflected in the results of the by-annual Motivational Index Survey, which measures employees' motivation and feelings about Össur as an employer. Motivation, engagement and job satisfaction are areas of strength within the Company with employee scores of 4.4 out of 5.0 on satisfaction surveys.

Össur is committed to develop working conditions in which employees can achieve their full potential. In order for Össur to grow, develop and maintain its competitive positions in an ever-changing international environment, it's important that employees have the opportunity to improve their knowledge and skills. Therefore, the Company offers employees numerous learning opportunities.

Audit on Equal Remuneration

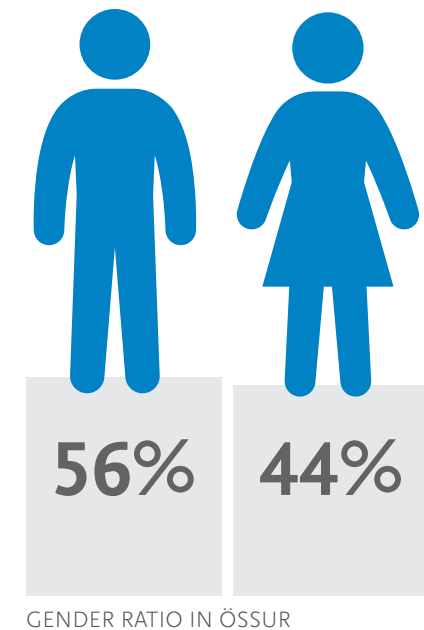
In 2014, the Company's first external audit on equal remuneration was completed. The audit addressed equal remuneration for women and men in the Company's operation in Iceland. The audit was conducted by PwC and is performed by-annually. In the Americas, salary audits on all employees are done annually as part of standard compensation review procedures.



Measurements on Equal Opportunities						
Aspect	Measurement	2012	2013	2014	2015	Goal 2016
Diversity and Equal Opportunity	Percentage of women in management positions	n/a ¹	30%	31%	32%	>30%

¹Comparable numbers not available.

Gender and Diversity, Overview of Management Positions					
	Management Level	EVP & VP	Senior Management	Middle & First Management	Total
2015	Female	20%	21%	36%	32%
	Male	80%	79%	64%	68%
2014	Female	19%	17%	35%	31%
	Male	81%	83%	65%	69%
2013	Female	15%	16%	39%	30%
	Male	85%	84%	61%	70%



Encouragement of a diverse workplace benefits the Company, because diversity brings myriad perspectives from which to make decisions, which in turn can lead to better results. Össur wants to be an attractive workplace. To reach that goal the Company needs to create an environment where both men and women have the opportunity to perform and contribute to the Company's success. To support the equal

opportunity plan, Össur ensures that recruiting and internal promotion strategies are aligned. The Company's goal is to utilize the skills, strengths and knowledge of all employees without gender-based discrimination.

Össur recruits competent and ambitious individuals who are capable of working on demanding projects, and hiring decisions are

based on skills and ability. When recruiting for open positions, the Company makes an effort to source diverse candidates, which often includes posting open positions on job sites targeting women, minorities, disabled persons and military veterans.

We
come
from all
around
the
world



United Nations Women's Empowerment Principles

Encouragement of diversity in the workplace is beneficial as it helps gain diverse perspectives from which to make decisions, which in turn leads to better results. Össur signed the United Nations Women's Empowerment Principles in May 2014.

Women's Leadership Initiative to encourage diversity in the industry

In 2014, Össur launched a new Women's Leadership Initiative to encourage greater diversity and inclusiveness in the Orthotic and Prosthetic (O&P) industry. The program is intended to support O&P practitioners by providing a new forum that encourages interaction, community-building and educational opportunities that serve the needs of the growing number of women in the field. Currently, the initiative is focused on the U.S. market, the Company's largest market. Women currently comprise about 20% of all O&P professionals in the U.S. This number has more than doubled over the past decade, and women now comprise more than half of all students enrolled in graduate-level O&P programs. Össur spearheaded the Women's Leadership Initiative because it recognizes the importance of providing dedicated resources to help encourage

more women to join the profession, and to marshal their growing influence in the field. For starters, Össur sponsored a survey among female practitioners. The results indicated that they felt strongly about the need for support and a desire to participate in a leadership program. The program's focus and initiatives are based on the survey's results.

Össur Women's Leadership Initiative seeks to encourage and support O&P practitioners by providing a forum for discussion and education.

Main goals:

- Engage inclusively with both men and women to provide development support to female practitioners
- Bring awareness to gender biases in the workplace and practices that promote diversity
- Create a forum for female practitioners to network and provide support to each other
- Establish a greater number of female role models for future practitioners
- Create a positive, balanced perception of both male and female industry leaders

In 2015, the Women's Leadership Initiative featured an array of valuable resources, including an educational webinar series and a dedicated blog. The goal for 2016 is to continue with current blogs and educational webinars in

addition to adding a three-day conference with a diverse group of speakers in order to provide leadership education. The conference will also create a good opportunity for female practitioners to meet and share their experiences. This will be the first time such an event will be hosted within the industry, and it has already created excitement within the field.

Demonstrating Össur's commitment to diversity, the Americas region joined the California Diversity Council in 2015, an affiliate of the National Diversity Council. The Council is a non-profit organization that seeks to champion diversity in both businesses and communities across the nation in order to create a truly open society where everyone is valued for their unique perspective and viewpoints. Össur, along with other employers in the Council, will champion diversity in the community, host multi-cultural roundtables, participate in the Women In Leadership Symposiums, and offer education, development and networking opportunities for members.

Össur's Women's leadership initiative has received deserved industry attention, including a large cover on the O&P Almanac.

Supply Chain

Össur manufactures its products in four main locations: Iceland, Mexico and two locations in France. In addition, Össur has product suppliers in Asia, which manufacture bracing and supports products.

Bracing and supports products are manufactured in Mexico, France and by suppliers in Asia. The vast majority of the Company's prosthetic products are manufactured in Iceland; however, a small amount of prosthetic products are manufactured in Michigan, U.S. The Company's main distribution centers are in Holland, the U.S. and the U.K. All manufacturing locations and distribution centers have adopted lean manufacturing processes in addition to extensive loss prevention initiatives which are focused on both personal safety and plant safety.

Raw Material Suppliers

Össur has more than 500 active suppliers, of which about 100 are considered critical by current definitions. The critical suppliers are evaluated annually based on certain criteria, including quality, reliability, price, service and responsibility. Following an evaluation, the results are sent to the suppliers along with feedback and opportunities for improvement. Suppliers that reach a score of 75 points or more on the scale of 100 are considered to show "good results." Suppliers who do not deliver results in line or above the Company's target are offered the opportunity to adapt accordingly, and in some instances suppliers are replaced. In the past, questions related to social responsibility have been added to the evaluation. In 2014 all critical suppliers were required to sign statements on human rights and anti-corruption. The goal is to have all critical suppliers to commit to the Company's requirements by 2017.

Measurements on Raw Material Suppliers

	2013	2014	2015
Evaluation of critical suppliers ²	70%	69%	73%
Critical raw material suppliers that have signed clauses on human rights	n/a ¹	56%	88%

¹Comparable numbers not available.

²Suppliers which have reached 75 points or above.



New approach on how to define critical suppliers

During 2015 it was decided to change the definition of a critical supplier from a business and health risk to more patient focused measurements. Any supplier that provides a component that could cause unreasonable risk to the patient, clinician or others involved is now defined as a critical supplier and, as such, stricter controls are applied. Classification and categorization of suppliers is currently underway, and an evaluation based on this new setup is in progress. This reclassification project is expected to be finalized in Q2 2016.

Product suppliers

Part of Össur's manufacturing of bracing and supports products is outsourced to manufacturers in China and Taiwan. Össur and its partners are instructed to follow a special code of conduct. Additionally, all contracts address human rights with special focus on compensation and health and safety. To ensure proper working conditions and responsible production processes, Össur works closely with its suppliers. Every week local Össur employees visit the factories to monitor and audit processes and product quality before anything is shipped to Össur warehouses. Additionally, external parties audit the suppliers annually on social compliance and human rights matters, as well as risk and safety matters. Össur uses the results

to assist the suppliers to make further progress and to develop their operations. Results from the audits show that non-conformities have decreased by 18% between years and critical concerns have decreased by 38% between years. To improve the risk profile of its suppliers, Össur hosted risk and safety seminars for the Company's most critical suppliers, those that manufacture 95% of outsourced products in Asia.

The Asia manufacturing and sourcing team is responsible for the product suppliers in Asia. The division consists of a team of 13 people. The team works closely with suppliers, and on average there are one or two Össur employees at each supplier, up to three days every week.

To maintain focus on the product suppliers, one of the initiatives has been not to increase the number of suppliers if possible. The Company has maintained the same number of suppliers between years, however the Company has decreased the number of product suppliers by 3 since 2012, from 11 at yearend 2012 to 8 at yearend 2015.

Main initiatives in 2016

Since 2014, an increased focus has been placed on education and safety measures at product suppliers in order to ensure safe working conditions, and to improve the risk profile of suppliers. In 2016, efforts will be made to continue supporting the Company's suppliers in order to improve processes.

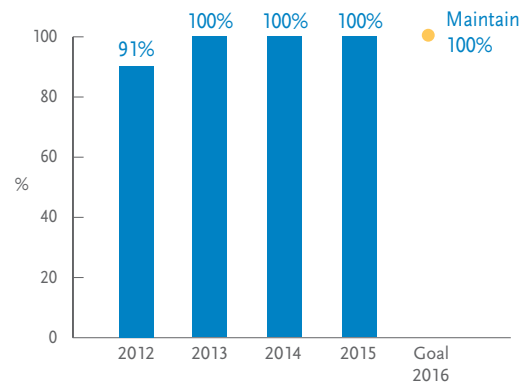
External Audits on Product Suppliers

	2014	2015	Goal 2016
Social Compliance Audit	100%	100%	100%
Fire and safety Audit*	97%	95%	95%
Internal Audits (audits performed by Össur employees)	100%	100%	100%

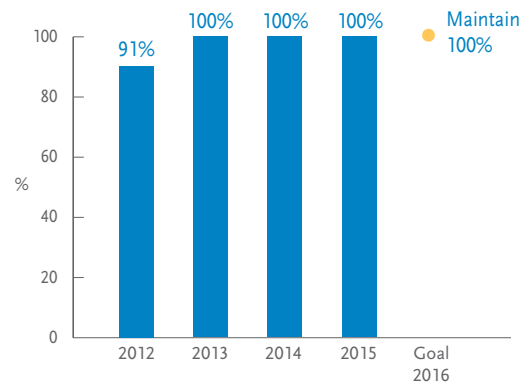
*Manufacture 95% of the Company's outsourced products in Asia.

Measurements on human rights

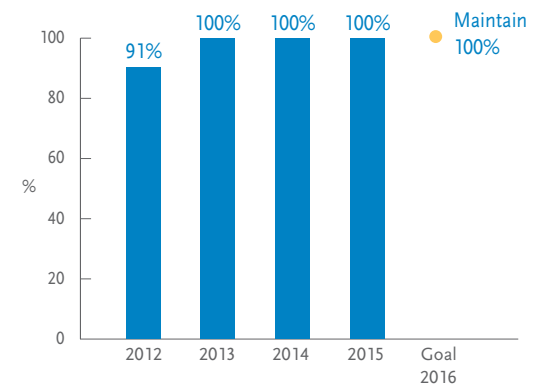
Product suppliers audited regarding child labor



Clauses in agreements with product suppliers on human rights



Product suppliers audited regarding human rights



Environment and Quality

Quality & Regulatory

Össur has had a certified quality management system in place since 1993 that is based upon ISO management standards. Össur is currently certified with ISO9001:2000, ISO13485:2003, 2012 and ISO14001. The system also complies with the applicable medical device regulations in the countries that Össur sells to, including but not limited to the requirements of the FDA Quality System 21CFR820, the European Medical Device Directive EU 93/42/ECC and

the Canadian Medical Device regulations SOR/98-282.

The Company has been growing in recent years, both through acquisitions and organic growth, adding products and locations to the organization. When experiencing rapid periods of growth, processes and procedures need to be adjusted accordingly. In the last couple of years, the Company has been strengthening its quality system, reevaluating processes and establishing new approaches. In 2015 number of projects were initiated resulting in significant

improvements that will further strengthen the focus on quality and safety of the Company's products.

Customer feedback

Össur values feedback from customers, both in relation to products and services. Össur regularly conducts surveys among its customers and monitors claims and feedback. Össur has strengthened the customer feedback process and system allowing improved capture and detailed analysis to identify improvement opportunities.

Össur believes that recently established quality centers play a key role in cooperation and alignment of processes between departments allowing Össur to provide higher quality products and increased safety for users.

Certifications of Össur Sites (Total 10 Sites)

	ISO 9001	ISO 13485	ISO 14001
Reykjavík, Iceland		X	X
Eindhoven, the Netherlands		X	X
Manchester, U.K.		X	X
Uppsala, Sweden		X	X
St.Etienne, France	X	X	X
Foothill Ranch, California		X	
Tijuana, Mexico		X	X
Albion, Michigan		X	
Paulsboro, New Jersey		X	
Camarillo, California		X	



The Safety of Our Users

Strongly focused on
CONTINUOUS IMPROVEMENT,
we monitor and respond to needs.

We comply with international **MEDICAL DEVICE**
regulations to ensure user safety.

We use best practice standards to
ensure **PRODUCT QUALITY** and
user safety.

Environment

Össur understands its responsibility to reduce and control its environmental footprint. Össur's environmental impact primarily comes through its manufacturing sites, which use raw materials, such as plastics, silicone and carbon fiber in addition to anodizing of metals which also impacts the environment. In 2011, Össur started to implement the ISO 14001 environmental standard, which has now been implemented at six locations, including all major manufacturing locations. Össur strives to continuously advance its processes in order to better utilize raw materials and reduce the Company's environmental impact.

Key Focus Areas include:

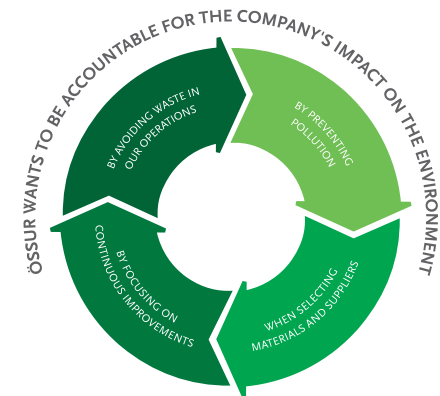
- Prevent pollution by avoiding, reducing or controlling pollutant or waste
- Take environmental issues into account when selecting materials and suppliers
- Focus on continuous improvements via annual environmental objectives

Through the reorganization of the quality department, environmental concerns have received increased focus. The Company is now devoting more resources to safeguarding the

environment, which enables Össur to reevaluate current procedures. This increased focus on the environment is encouraging for employees.

Employees are urged to turn in suggestions on how to improve their work environment. In 2015, seven percent of the suggestions were related to environmental concerns.

As discussed in last year's report, the research & development department is increasing its focus on environmental sustainability. This is done through the design process, with the aim to minimize the environmental impact of products throughout their entire lifecycle. This involves carefully selecting materials when working on new projects, minimizing waste in manufacturing, as well as guiding end users on the disposability of products. In 2015, a ground-work has been done on analyzing opportunities for environmental improvements and deciding which product lines to start focusing on. In 2016, the Company will take steps to implement new processes, helping employees to be better equipped to include environmental aspects when making decisions about new product development.



Össur's goal is to be accountable for the Company's impact on the environment

- Össur is committed to working in accordance with relevant laws, regulations and other requirements
- Strives to preserve the environment and prevent pollution
- Emphasizes continuous improvements focusing on environmental impact
- Recognizes that its operations impact the environment in a number of ways

Össur signs a declaration to take active measures on Climate Issues

A declaration signed by 103 business and institutions in Iceland was delivered at the 21st United Nations Climate Change Conference in Paris 30 November - 11 December 2015

Össur together with 103 businesses and institutions in Iceland signed a declaration in November 2015 to reduce emissions of greenhouse gases and to cut waste. This project is a joint venture launched by the City of Reykjavik and Festa, the Icelandic Centre for Corporate Social Responsibility. This initiative is intended to motivate businesses and institutions to reduce their emissions of greenhouse gases, thus actively taking responsibility towards global environmental concerns and the local community. Participants in this initiative will publish their goals by mid-June 2016 and report on the progress on annual basis. Össur is proud to be part of this initiative.



Declaration on Climate Issues
Reykjavík 2015



Anti-Corruption

As reported in last year's report, the Company has increased its focus on anti-corruption in the past two years, establishing global processes and procedures, enabling Össur to evaluate and conduct risk assessments on its business partners and take adequate measurements to prevent corrupt practices.

In 2015, the primary focus was on the screening and risk assessment of distributors and business partners. To identify the scope of the project, distributors and business partners were identified based on annual sales and geography, with a focus on countries that have a low score on the Transparency International list on corruption. The first wave of the risk assessment was focused on countries with a corruption score below 50, which resulted in the screening of distributors and business partners in 11 countries. No material concerns were identified and the screening program provided an overview and understanding of Össur's business partners that operate in high-risk countries, and revealed potential exposures related to corruption and bribery. At the same time distribution agreements were reviewed and updated adding clauses on anti-corruption and anti-bribery. In the second half of 2015, the next wave of the screening project was initiated, focusing on countries with a certain level of annual sales and corruption score below 70.

Two main anti-corruption projects are planned for 2016, the second wave of the screening and risk assessment, as well as to establish educational program and training on anti-corruption and bribery. The second wave of the risk assessment will be finalized by mid-year. The training program consists of: face-to-face training, on-line training sessions as well as internal material for awareness building. The main emphasis will be on training key employees and employees located in high-risk areas or responsible for the Company's business in high-risk areas.

Measurements on Anti-corruption and Bribery				
	2012	2013	2014	2015
Critical raw material suppliers that have signed clauses on Anti-Corruption and Bribery	n/a ¹	n/a ¹	56%	88%

¹Comparable numbers not available.



Compliance

In line with the Company's core values of honesty and courage, Össur realizes that it is important to be aware of the various laws and regulations in its business environment in which the Company operates. Össur always prepares to adapt to future developments.

A Whistle Blower Scheme

The Company provides employees with ways of reporting conduct that they reasonably believe violates applicable laws, regulations or the Company's policies. The Company treats all reports as confidential and any issue will be discussed only with those individuals who have a "need to know." The Company's policy strictly prohibits any retaliatory action against a person reporting actual or potential compliance issues in good faith, whether or not the reports ultimately prove to be well founded.

Corporate Governance

Össur hf. is an Icelandic company listed on NASDAQ in Copenhagen. The Annual General Meeting is the supreme governing body of

the Company. As a listed company, Össur communicates with its shareholders and other stakeholders about the Company's financial and business developments in an open and honest manner.

Össur provides investors, analysts and other stakeholders with timely and accurate information. Every year, Össur hosts investor meetings and teleconferences with the CEO, CFO and IR Manager, following quarterly reports and other key events.

As a listed company, Össur complies with various rules and regulations. The Company has chosen to follow the Danish Recommendations on Corporate Governance because the Company's shares are traded on NASDAQ Copenhagen.

The Company's Corporate Governance statement includes information on the following items:

- A reference to the corporate governance recommendations the Company follows and how the Company addresses the

recommendations, including any deviations and explanations thereto.

- A description of the main aspects of internal controls and risk management systems in connection with the preparation of financial statements.
- A description of the Company's organizational structure and the role and composition of each function.

A complete report on the Company's compliance with each recommendation in the Danish Recommendations on Corporate Governance is available on the Company's website:

www.ossur.com/investors

Support and Responsibility

One aspect of responsibility is to show support for the societies and environment in which the Company operates. Össur believes that it has a great responsibility towards disabled people, not only by providing products, but equally to support third-party initiatives aimed at better care and support for disabled people. The Company believes it is important that the perception of disabled people is positive and together with great athletes participating in the Paralympics, as well as other elite sporting events, the perception of people with a disability has changed. Hopefully this will motivate others whose own mobility has been challenged, and encourage them to play more active roles in society with even greater confidence.

Additionally, Össur believes it has a responsibility in relation to the education of healthcare professionals that work in the field of prosthetics and bracing and supports. In this respect, Össur cooperates with universities in both the U.S. and Europe on research projects, and has on average in the range of 6-10 interns at any given time. For over a decade, Össur has had an educational program called Össur Academy. The Össur Academy is committed to

furthering the level of education and quality of prosthetic and orthopaedic knowledge among professionals, patients and their families. The aim is to enable orthotists, prosthetists and other medical professionals to achieve clinical success through accessible information and the services Össur provides. Össur also has in place a program called “The Össur Orthopaedic Fellowship Program.” This is a 12-month academic program designed to enhance the clinical, surgical, and research skills of orthopaedic/musculoskeletal healthcare specialists.

Össur offers a research grant program both in the field of prosthetics and bracing and supports. The program is designed to provide funding for scientific research in the areas of lower extremity biomechanics, dynamic/active rehabilitation, ortho biologics, functional bracing, clinical patient outcomes and related healthcare economics.

Support And Charity

Össur supports and partners with a wide range of organizations around the globe. As a leading orthopaedic manufacturer, it is the Company's

responsibility and privilege to champion the industry and serve patients and practitioners in every way possible. In fulfilling this mission, Össur believes it is obliged to provide not only world-class products, but also lend support to those relying upon them. As such Össur's focus is to work with associations and funds that support people with disabilities, in particular increasing access to sports activities and increasing the visibility of sports for disabled people. In most countries Össur operates, it is involved with local associations for people with disabilities, such as Amputee Coalition of America, Challenged Athlete Foundation and Iceland Sports Association for the Disabled, to name a few.

Community initiative in South Africa

Össur encourages employees to participate in community support and every year various initiatives are supported through participation in various events. Last year employees in South Africa came up with a new idea on how they could improve the life of poor children in townships close to the Company's location in Cape Town, South Africa. In the townships, people are living in small containers, sometimes over 10 people in each container, and without a toilet or shower. The employees came up with an idea on how to save money to buy food for the poor children.

Each month the warehouse in South Africa receives a container with pallets from Össur's warehouse in Eindhoven. Since it is expensive to ship the empty pallets back to Eindhoven, they are now sold locally. The proceeds are then used to buy food and cook for the children. This initiative started in February 2015, and each month the warehouse team uses their spare time to cook food for these disadvantaged children. On average the Company handed out meals to 70 children at each serving. Towards the end of the year the warehouse team had to stop going into the townships due to safety reasons, so the project has developed into support for a nearby



hospital, St Joseph's Home, which takes care of children, who have long-term ailments, and orphans. The team brought teddy bears, fruit and vegetables and some zinc crème and played



with the children during their visit. Össur is very proud of this team and their initiative.

Overview of Measurements

Measurements on Safety					
Measurement Indicator	2012	2013	2014	2015	Goal 2016
Incident per 100 employees	3,4	2,2	2,0	3,4	1,9
Incident causing a lost day	12	12	16	28	0

Measurements on Equal Opportunities						
Aspect	Measurement	2012	2013	2014	2015	Goal 2016
Diversity and Equal opportunity	Percentage of women in management positions	n/a ¹	30%	31%	32%	>30%

Gender and Diversity, Overview of Management Positions					
	Management Level	EVP & VP	Senior Management	Middle & First Management	Total
2015	Female	20%	21%	36%	32%
	Male	80%	79%	64%	68%
2014	Female	19%	17%	35%	31%
	Male	81%	83%	65%	69%
2013	Female	15%	16%	39%	30%
	Male	85%	84%	61%	70%

¹Comparable numbers not available.

²Suppliers which have reached 75 points or above.

³Manufacture 95% of the Company's outsourced products in Asia.

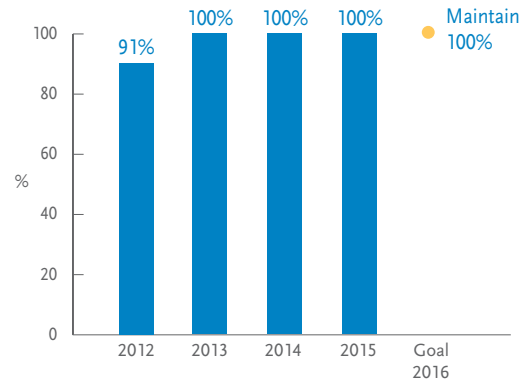
Measurements on Raw Material Suppliers			
	2013	2014	2015
Evaluation of critical suppliers ²	70%	69%	73%
Critical raw material suppliers that have signed clauses on human rights	n/a ¹	56%	88%

External Audits on Product Suppliers			
	2014	2015	Goal 2016
Social Compliance Audit	100%	100%	100%
Fire and safety Audit ³	97%	95%	>95%
Internal Audits (audits performed by Össur employees)	100%	100%	100%

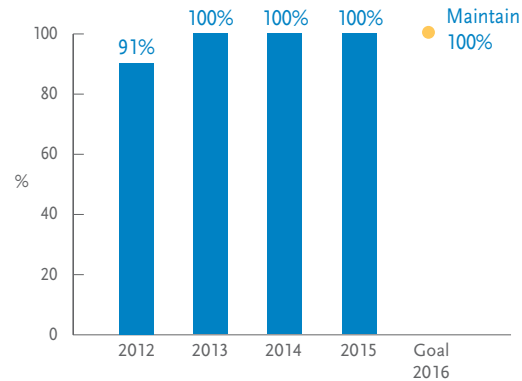
Measurements on Anti-corruption and Bribery				
	2012	2013	2014	2015
Critical raw material suppliers that have signed clauses on Anti-Corruption and Bribery	n/a ¹	n/a ¹	56%	88%

Measurements on human rights

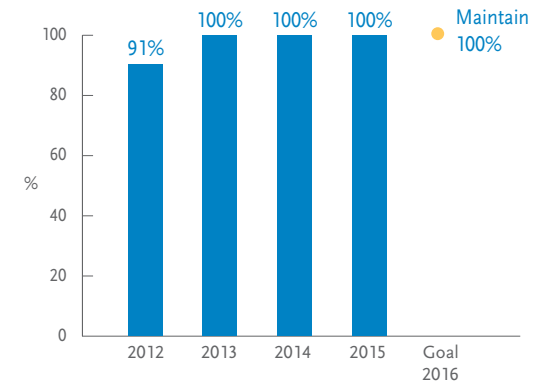
Product suppliers audited regarding child labor



Clauses in agreements with product suppliers on human rights



Product suppliers audited regarding human rights



Certifications of Össur Sites (Total 10 Sites)

	ISO 9001	ISO 13485	ISO 14001
Reykjavík, Iceland		X	X
Eindhoven, the Netherlands		X	X
Manchester, U.K.		X	X
Uppsala, Sweden		X	X
St.Etienne, France	X	X	X
Foothill Ranch, California		X	
Tijuana, Mexico		X	X
Albion, Michigan		X	
Paulsboro, New Jersey		X	
Camarillo, California		X	

Goals and Key Focus for 2016

In 2016, Össur will continue to engage employees and increase awareness of CSR and the Company's initiatives and progress. Additionally, training and educational programs will be rolled out with a primary focus on ethics and anti-corruption and anti-bribery. The training initiatives will be through various channels, including face-to-face meetings and online solutions. Another strong focus area is continued engagement with product suppliers in Asia through audits and assisting them to improve processes.

For other areas and aspects, such as environmental and labor practices, Össur will continue with its current approach. Not all of the Company's operations have been included in this analysis; however, work on expanding the scope of CSR continues.

About the Report

In this report, Össur discusses various aspects within social responsibility and how the Company approaches the subject. Össur has identified its critical focus areas, and has addressed related projects and initiatives in this report. As a participant in the UN Global Compact Initiative, the main focus of this report is on the four areas identified by the Global Compact: environment, labor practices, human rights and anti-corruption.

To structure and support CSR initiatives within the Company, Össur has used resources and guidelines issued by the Global Compact, GRI (Global Reporting Initiative), as well as the ISO 26000 standards.





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