

## **Corporate Governance.**

Under the Swedish Companies Act, the board of directors is ultimately responsible for the organization and the management of a company. Our articles of association provide that the board of directors must be elected by our shareholders and must consist of between three and twelve directors. In addition to the provisions in our articles of association, Swedish law provides that the labor unions that represent our employees have the right to appoint two additional directors and two deputy directors.

Under Swedish law, senior management and at least half of the board members must be residents of a country within the EEA, unless the Swedish Companies Registration Office grants an exemption. Our articles of association provide that board members shall be elected at the annual general meeting of shareholders and serve for a term expiring at the next annual general meeting.

The labor unions representing our employees have discretion to fix the term of the board members who are employee representatives. While such term may not exceed four years, these members may serve for an unlimited number of consecutive terms. Board members elected by our shareholders may be removed from office at any time by a general meeting of the shareholders, and vacancies on the board may only be filled by a resolution of the shareholders. The chief executive officer of a Swedish public limited liability company may not serve as chairman of the board under Swedish law.

Pursuant to its listing agreement with the OMX NASDAQ Stockholm, Sobi has undertaken to observe the Swedish Code of Corporate Governance (the "Corporate Governance Code"). The Corporate Governance Code is based on the principle of "comply or explain," meaning that a company may deviate from the provisions set forth therein, provided that each such deviation is properly explained.

According to the Corporate Governance Code we shall be required, among other things, to have a nomination committee, an audit committee and a remuneration committee. The Corporate Governance Code also sets forth composition requirements for each of these committees, as well as for the board of directors.

The nomination committee is a shareholders' committee that has responsibility for nominating directors to be appointed at the annual shareholders' meeting. The nomination committee is required to have at least three members, the majority of which must not be members of the board of directors. In addition, the chairman of the nomination committee is not permitted to be a member of the board of directors and the managing director or other company managers are not permitted to be members of the nomination committee.

The nomination committee shall make recommendations for the chairman, other members of the board and, if applicable, auditors as well as recommendations regarding the allocation of remuneration among these persons and regarding the allocation of remuneration in respect of committee work, if any. Such recommendations shall be presented at the annual shareholders' meeting.

At the annual general meeting of our shareholders on April 27, 2010, it was resolved that Swedish Orphan Biovitrum AB (publ) will have a nomination committee that shall consist of four members, three of whom shall be representatives of the three largest shareholders in the Company as per expiry of the month preceding the publication of the report for the third quarter according to the ordinary schedule, together with the Chairman of the Board of Directors. The members of the nomination committee shall be announced at least six months before the annual general meeting.

The Corporate Governance Code provides that we are to adhere to certain independence requirements as it pertains to the composition of our board of directors. Such requirements entail, among other things, that (i) no more than one member of our senior management may also serve as a member of our board; (ii) the majority of the board members must be independent of our company; and (iii) at least two of such independent board members must also be independent of our principal shareholders (i.e. shareholders who directly or indirectly control ten percent or more of our shares). The chairman of the board of directors is in accordance with the Corporate Governance Code appointed by the shareholders' meeting. Furthermore, according to the Corporate Governance Code, deputies shall not be appointed to the directors appointed by the shareholders' meeting.

Pursuant to the Corporate Governance Code we are obliged to attach a special report, a "Corporate Governance Report," to our annual report. Such Corporate Governance Report shall contain a statement that the Corporate Governance Code is being applied and a brief description of how such application has been conducted during the recent fiscal year. We shall also, in the Corporate Governance Report, indicate in what respects the Corporate Governance Code is not being applied and clearly explain the reasons

therefore. The report shall include whether or not our auditors have reviewed it. The members of our board of directors are not entitled to any benefits upon ceasing to serve as a member of the Board. No director has a family relationship with any other director or executive officer.