

Report by the Board of Directors of Swedish Orphan Biovitrum AB (publ) on the Compensation & Benefits committee's evaluation of remuneration to senior management

According to the Swedish Corporate Governance Code, the Board of Directors shall establish a remuneration committee, whose task is to prepare the Board of Directors' decisions in matters concerning remuneration principles, remuneration and other employment terms for the senior management, to monitor and evaluate existing and during the year completed programmes for variable remuneration to the senior management, to monitor and evaluate the application of the guidelines for remuneration to the senior management that the Annual General Meeting by law decides upon, as well as the current remuneration structures and levels of remuneration in the company.

Swedish Orphan Biovitrum AB (publ)'s Compensation & Benefits committee

The Board of Directors of Swedish Orphan Biovitrum AB (publ) has established a Compensation & Benefits committee, consisting of two Board members: Håkan Björklund (Chairman) and Helena Saxon, both independent in relation to the senior management. The Company's director of Human Resources serves as secretary of the committee, but is not a member.

The Compensation & Benefits committee's work

The Compensation & Benefits committee has held seven meetings during 2017, with the presence of both members at all of those meetings. In addition, Theresa Heggie, who resigned from the Board of Directors in April 2017 and until her resignation was a member of the Compensation & Benefits committee, participated in the first two meetings. At 2017 year's meetings the committee discussed and followed up on, among other things, the annual salary revision and short term incentives for the managing director and senior management. The committee has also presented proposals for nominations to and design of the long-term incentive programme, as well as a proposal regarding guidelines for remuneration to the senior management. Proposal regarding guidelines for remuneration to the senior management will be presented to the Annual General Meeting in May 2018, for the approval of the shareholders.

The Compensation & Benefits committee's evaluation and assessment

The Compensation & Benefits committee has in its work considered that Swedish Orphan Biovitrum AB (publ) shall apply remuneration levels that ensure that the company can attract and retain the best people in order to support the vision and strategy of the company. The position of total remuneration should be market competitive without being leading relative to competitors in each local market. The remuneration principles should also enable international hiring and support diversity within senior management.

In its assessment, the Compensation & Benefits Committee has evaluated the long-term incentive programme approved by the 2017 Annual General Meeting and has concluded that

the All Employee Programme as well as the Management Programme work well and satisfy the intended purposes.

The Compensation & Benefits Committee has further evaluated the existing short term incentive programme and has concluded that it would be beneficial to make some adjustments to the programme to ensure that the incentives fully support Swedish Orphan Biovitrum AB (publ)'s strategic objectives going forward. Further, the modified short term incentive programme has been simplified for the purpose of ensuring better transparency, understanding and foreseeability amongst the participants, and the maximum short term remuneration levels have been increased (excluding for the CEO) to enable pay out for extraordinary performances.

The Compensation & Benefits Committee has found that, subject to adjustment of the short term incentive programme, the remuneration structures and levels of compensation in Swedish Orphan Biovitrum AB (publ) are appropriate. This also holds true for other conditions of employment for the senior management.

The Compensation & Benefits Committee has further concluded that the compensation paid to the senior management has been in accordance with and without any deviations from the guidelines established by the Annual General Meeting 2017. Accordingly, the application of the guidelines regarding remuneration to the senior management has been correct.

Stockholm in March 2018

Swedish Orphan Biovitrum AB (publ)

The Board of Directors