

Proposal regarding guidelines for remuneration for the Management (item 16)

The Board of Directors proposes that the Annual General Meeting resolves on guidelines for remuneration for the Management as set forth below which shall apply until the Annual General Meeting 2020. The Management is defined as the managing director of Swedish Orphan Biovitrum AB (publ) and the executives who report to the managing director and are members of the senior management.

Objective

The objective of the guidelines is to ensure that the company can attract and retain the best people in order to support the vision and strategy of the company. Remuneration for the Management is designed on a total remuneration approach. The position of total remuneration should be market competitive without being leading relative to competitors in each local market. The market comparisons should be made against a set of peer group companies with comparable sizes, industries and complexity. The remuneration guidelines should enable international hiring and should support diversity within the Management. The remuneration may consist of the following components:

- A, Fixed Base Pay
- B, Variable Pay - so-called Short Term Incentives
- C, Long Term Incentives
- D, Pensions
- E, Other Benefits

To the extent a member of the Board of Directors carries out work for the company or for another group company, in addition to the board work, consulting fees and/or other remuneration for such work may be payable.

Fixed Base Pay

The fixed base pay of the Management should be based on competence, responsibility and performance. The company uses an international evaluation system in order to evaluate the scope and responsibility of the position.

Variable Pay

The annual Short-Term Incentive plan is based on the achievement of annual performance objectives (corporate and individual). Payment is based on achievement of the pre-determined objectives. The annual performance objectives are defined in advance by the Compensation & Benefits Committee and approved by the Board of Directors.

These objectives are determined for the promotion of the company's long-term development, value creation and financial growth and shall be designed in a way that does not encourage an excessive risk-taking. The Short-Term Incentives are limited to 100% of the annual gross salary for the managing director and 60% of the fixed annual salary for the other members of the management.

Long-term Incentives

The company can introduce long-term incentive programmes for all or some of its employees. The objectives of such a programme should be to align the employees' interests with those of the shareholders, to create a long-term commitment to the company, to be a tool to retain and attract executives and top talent, to offer participants to take part in the company's long-term success and value creation, and to contribute to a competitive total remuneration.

For more information on the company's current incentive programmes, see note 11 in the annual report 2018 (to be published 18 April 2019).

Pensions

The preferred pension plan design is defined contribution¹. If the operating environment requires the establishment of a defined benefit pension plan by law or other regulations, such a plan may be established. The defined benefit level should in such cases be limited to the mandatory level.

Other Benefits

Fixed salary during notice periods and severance pay, including payments for any restrictions on competition, shall in total not exceed an amount equivalent to the fixed base pay for two years. In addition to this restriction, the total severance payment shall be limited to the existing monthly salary for the remaining months up to the age of 65.

Additional compensation may also be paid out in extraordinary circumstances, provided that such arrangement is of a one-time nature and is agreed on an individual basis for management recruitment or retention purposes or as compensation for extraordinary efforts beyond the individual's ordinary assignment. Such compensation shall be in line with market practice and may for example include a one-time cash payment, a support package including relocation and tax filing support, retention bonus or severance payment in case of a change of control, or similar. The compensation shall not exceed the amount of the fixed base pay for three years and shall not be paid more than once a year per individual. Resolutions on such compensation shall be made by the Board of Directors based on a proposal from the Compensation & Benefits Committee.

¹ A defined contribution pension plan defines the level of contribution that will be paid into the pension plan for each employee.

Deviation from the guidelines

The Board of Directors may resolve to deviate from the guidelines if the Board of Directors, in an individual case, is of the opinion that there are special circumstances justifying that.