

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

The Board of Directors proposes that the annual general meeting resolves on principles for remuneration to Management as set forth below which shall apply until the annual general meeting 2016. The Management is defined as the managing director of Swedish Orphan Biovitrum and the executives who report to him and are members of the senior management, as well as members of the Board of Directors if employment or consulting agreements are entered into.

Objective

The objective 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 to the Management should be built 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 principles 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, departmental¹ and individual). No payment will be made unless these objectives are achieved. The annual performance objectives are defined in advance by the Compensation & Benefits Committee and approved by the Board of Directors.

¹ Departmental objectives are not applicable for the managing director.

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 may not amount to more than 50% of the annual gross salary for the managing director and not more than 40% of the fixed annual salary for the other members of the management (pension may occasionally be included as a basis for calculating Short Term Incentives).

Long Term Incentives

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

For more information on Swedish Orphan Biovitrum's current incentive programs, see Swedish Orphan Biovitrum's annual report 2014 note 12.

Pensions

The Swedish Orphan Biovitrum preferred pension plan design is defined contribution². 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 made for management recruitment or retention purposes and is agreed on an individual basis. Such extraordinary arrangements 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.

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.

² A defined contribution pension plan defines the level of contribution that will be paid into the pension plan for each employee.