

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

The Board of Directors proposes that the annual general meeting resolves to approve the Board of Directors' proposal regarding guidelines for remuneration for the management as set forth below which shall apply until the annual general meeting 2013. In this context, the management means the managing director of Swedish Orphan Biovitrum and the executives who, from time to time, are reporting to him and who are also members of the senior management, as well as members of the Board of Directors to the extent employment or consulting agreements are entered into.

Motives

Swedish Orphan Biovitrum shall offer a total remuneration in line with market conditions to enable the company to recruit and retain competent personnel. The remuneration to the management may consist of fixed salary, variable salary, pension and other compensation. Long-term incentive programs may be offered in addition to the above and will then be submitted to the annual general meeting for approval. The remuneration is mainly based on position, performance and the company's and the member's, respectively, performance in relation to objectives determined in advance.

Fixed salary

The fixed salary for the managing director and the other members of the management shall be in line with market conditions and mirror the demands and responsibility that the position entails. The fixed salary for the managing director and the other members of the management is revised once every year, as per 1 January.

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.

Variable salary

The variable salary for the managing director and the other members of the management shall be based on the company's fulfillment of objectives determined in advance. These objectives are determined for the promotion of the company's/the group'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 variable salary may not amount to more than 50 per cent of the annual gross salary (including pension) for the managing director and not more than 20 – 50 per cent of the fixed annual salary (excluding pension, or in specific cases, including pension) for the other members of the management.

Long-term incentive programs

Long-term incentive programs may constitute a complement to the fixed salary and the variable salary. The program participants are nominated based on competence, performance and to retain key employees with the company. The outcome is dependent on the fulfillment of certain predetermined performance requirements. The aim with having long-term incentive programs shall be to create a long-term commitment to Swedish Orphan Biovitrum, to offer the participants to take part in Swedish Orphan Biovitrum's long-term success and value creation and to create possibilities to attract and retain members of the management and key employees. For more information on Swedish Orphan Biovitrum's current incentive programs, see Swedish Orphan Biovitrum's annual report 2011 note 14.

Other compensation and terms of employment

The pension benefits for the managing director and the other members of the management shall preferably consist of premium based pension plans, but may also be defined-benefit pursuant to collective agreements.

Fixed salary during notice periods and severance payment, including payments for any restrictions on competition, shall in aggregate not exceed an amount equivalent to the fixed salary for two years. The total severance payment shall for all members of the management be limited to the existing monthly salary for the remaining months up to the age of 65.

The managing director may, in case of a change of control of the company meaning that more than 50 per cent of the shares in the company are owned by one shareholder, (i) be entitled to a retention bonus corresponding to maximum 6 monthly gross salaries (including pension) provided that notice of termination of the managing director's employment has not been given 6 months after the change of control, alternatively (ii) in case of a material change of the managing director's employment conditions, be entitled to terminate the employment with a right to severance payment in accordance with the above. Upon a material change in the business, other executives may (i) be entitled to a retention bonus corresponding to maximum 6 monthly fixed salaries (excluding pension, or in specific cases, including pension), provided that notice of termination of employment has not been given 6 months after such change, alternatively (ii) under certain circumstances, be entitled to terminate the employment with a right to severance payment, however, corresponding to maximum 12 monthly fixed salaries (excluding pension, or in specific cases, including pension), to be paid in addition to the salary during the notice period.

Other compensation may consist of other customary benefits, such as healthcare insurance, which shall not constitute a material portion of the total remuneration.

In addition thereto, additional compensation may 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, or a support package including relocation support, tax filing support, 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.