

**Protokoll fört vid årsstämma med  
aktieägarna i Swedish Orphan Biovitrum  
AB (publ), org.nr 556038-9321,  
den 8 maj 2014 i Stockholm med början  
kl. 16.00**

*Minutes kept at annual general meeting of Swedish  
Orphan Biovitrum AB (publ), Reg. No. 556038-  
9321, held on May 8, 2014 in Stockholm starting at  
4 p.m.*

## **1. Stämmans öppnande / Opening of the meeting**

Öppnades årsstämman av styrelsens ordförande Bo Jesper Hansen som även presenterade bolagets styrelseledamöter, verkställande direktör och chefsjurist samt bolagets revisor.

*The annual general meeting was declared open by the chairman of the board of directors, Bo Jesper Hansen, who also presented the company's board members, chief executive officer and general counsel as well as the company's auditor.*

## **2. Val av ordförande vid stämman / Election of the chairman of the meeting**

Utsågs advokat Klaes Edhall till ordförande vid årsstämman.

*Lawyer Klaes Edhall was elected chairman of the annual general meeting.*

Det antecknades att styrelsen uppdragit åt bolagets chefsjurist Fredrik Berg att föra protokollet vid årsstämman.

*It was noted that the company's general counsel Fredrik Berg had been instructed by the board of directors to keep the minutes at the annual general meeting.*

Godkändes att vissa gäster, såsom anställda vid bolaget, skulle få närvara vid årsstämman.

*It was approved that certain guests, such as employees of the company, should be allowed to attend the annual general meeting.*

Informerade ordföranden att vissa av de ombud som företrädde utländska aktieägare meddelat att några av deras uppdragsgivare instruerat dessa att avseende vissa av dagordningens punkter rösta nej, att det sammanlagda röstetalet av dessa nej-röster inte i något ärende i sig kunde påverka den erforderliga majoriteten samt att, om ordföranden efterhörde huruvida han kunde anteckna att ett beslut fattats enhälligt, han därmed avsåg enhällighet med bortseende från dessa nej-röster.

*The chairman informed the meeting that certain representatives of foreign shareholders had conveyed that a number of their clients had instructed them to vote against certain items on the agenda, that the total number of votes of such shareholders would not in any case affect the required majority and, if the chairman would ask whether he could note that a resolution had been adopted unanimously, he thus intended unanimously save for such votes against.*

## **3. Upprättande och godkännande av röstlängd / Preparation and approval of the voting list**

Upprättades och framlades för godkännande förteckning enligt Bilaga 1 över närvarande aktieägare, ombud och biträden.

*A list of shareholders, proxies and advisors present at the meeting was drawn up and presented for approval at the meeting in accordance with Appendix 1.*

Godkändes förteckningen enligt Bilaga 1 som röstlängd.

*The list, Appendix 1, was approved to serve as voting list at the annual general meeting.*

#### 4. Godkännande av dagordning / *Approval of the agenda*

Godkändes den i kallelsen intagna dagordningen som dagordning för årsstämman.

*The agenda presented in the notice of the annual general meeting was approved to serve as the agenda for the annual general meeting.*

#### 5. Val av två justeringsmän / *Election of two persons to verify the minutes*

Beslutades att dagens protokoll skulle justeras av, jämte ordföranden, Maria De Geer representerande Sveriges Aktiesparares Riksförbund och Niklas Haak representerande ett antal utländska institutionella aktieägare.

*It was resolved that the minutes of the annual general meeting should be verified by Maria De Geer, representing the Swedish Shareholders' Association, and by Niklas Haak, representing a number of non-Swedish institutional shareholders, together with the chairman.*

#### 6. Prövning av om stämman blivit behörigen sammankallad / *Determination of whether the meeting had been duly convened*

Redogjordes för att kallelse till årsstämman skett genom annons i Post- och Inrikes Tidningar och på bolagets webbplats den 7 april 2014, samt att annons om att kallelse skett samtidigt publicerats i Svenska Dagbladet.

*It was informed that the notice of the annual general meeting had been published in Post- och Inrikes Tidningar (the Swedish National Gazette) and on the company's website on April 7, 2014, and that it had been announced at the same time in Svenska Dagbladet that a notice to the annual general meeting had been made.*

Konstaterades att årsstämman var i behörig ordning sammankallad.

*It was established that the annual general meeting had been duly convened.*

Antecknades att aktieägaren Arne Svahn framförde att han trots begäran till bolaget inte fått bolagsstämmandokument skickade till sig per post. Bolagets chefsjurist Fredrik Berg åtog sig att se över bolagets rutiner i detta avseende.

*It was noted that the shareholder Arne Svahn claimed that he had not received the general meeting documentation by regular mail despite having made such a request to the company. The company's general counsel Fredrik Berg stated that he would look into the company's routines in this respect.*

#### 7. Framläggande av årsredovisningen och revisionsberättelsen samt koncernredovisningen och koncernrevisionsberättelsen / *Presentation of the annual report and the auditor's report as well as the consolidated accounts and the auditor's report for the group*

Konstaterades att bolagets årsredovisning och koncernredovisning samt revisionsberättelsen och koncernrevisionsberättelsen för räkenskapsåret 1 januari – 31 december 2013 under tre veckor före stämman hållits tillgängliga på bolagets kontor och på bolagets hemsida och skickats till de aktieägare som så begärt samt även fanns tillgängliga på årsstämman.

*It was established that the company's annual report and consolidated financial statements as well as the auditor's report and the auditor's report for the group for the financial year January 1 – December 31, 2013 had been held available at the company's office and on the company's website during three weeks prior to the meeting, had been sent to shareholders who had requested so and was also available at the annual general meeting.*

Konstaterades att årsredovisningen samt koncernredovisningen framlagts i behörig ordning.

*It was established that the annual report and the consolidated financial statements were duly presented.*



Föredrogs revisionsberättelsen och koncernrevisionsberättelsen av bolagets huvudansvarige revisor, Mikael Winkvist.

*The auditor's report and the auditor's report for the group were presented by the company's auditor in charge, Mikael Winkvist.*

Konstaterades även att revisionsberättelsen och koncernrevisionsberättelsen framlagts i behörig ordning.

*It was also established that the auditor's report and the auditor's report for the group were duly presented.*

## **8. Verkställande direktörens anförande / *Speech by the managing director***

Höll verkställande direktören Geoffrey McDonough ett anförande vari lämnades en redogörelse för verksamheten under verksamhetsåret 2013 och första kvartalet 2014.

*The chief executive officer, Geoffrey McDonough, gave a speech including an account for the company's business during the business year 2013 and the first quarter of 2014.*

## **9. Redogörelse för styrelsens och styrelsekommittéernas arbete / *Presentation of the work performed by the board of directors and its committees***

Redogjorde styrelseordföranden Bo Jesper Hansen för styrelsens arbete samt för arbetet i ersättnings- och revisionskommittén och den vetenskapliga kommittén under verksamhetsåret 2013.

*The chairman of the board of directors, Bo Jesper Hansen, presented the work of the board of directors and the work of the compensation & benefits, the audit and the scientific committees during the business year 2013.*

Bereddes aktieägarna tillfälle att ställa frågor med anledning av årsredovisning och revisionsberättelse, verkställande direktörens anförande samt styrelseordförandens redogörelse, vilka verkställande direktören besvarade.

*The shareholders were given the opportunity to ask questions with respect to the annual report and the auditor's report, the chief executive officer's speech and the chairman's of the board of directors presentation, which the chief executive officer answered.*

## **10. Beslut om fastställelse av resultaträkningen och balansräkningen samt koncernresultaträkningen och koncernbalansräkningen / *Resolution regarding adoption of the income statement and the balance sheet as well as the consolidated income statement and the consolidated balance sheet***

Fastställdes den i årsredovisningen intagna resultaträkningen och balansräkningen samt koncernresultaträkningen (i årsredovisningen benämnd Koncernens rapport över totalresultat) och koncernbalansräkningen (i årsredovisningen benämnd Koncernens balansräkning).

*The income statement and the balance sheet as well as the consolidated income statement (in the annual report labelled Group's Statement of Comprehensive Income) and the consolidated balance sheet (in the annual report labelled Group Balance Sheet), respectively, in the annual report were adopted.*

## **11. Beslut om dispositioner beträffande bolagets vinst eller förlust enligt den fastställda balansräkningen / *Resolution regarding allocation of the company's results pursuant to the adopted balance sheet***

Beslöts, i enlighet med styrelsens förslag, att till förfogande stående vinstmedel om 4 672 982 798 kronor skall balanseras i ny räkning.

*It was resolved, in accordance with the proposal of the board of directors, that the company's retained profits of SEK 4,672,982,798 shall be carried forward.*

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**12. Beslut om ansvarsfrihet för styrelseledamöterna och den verkställande direktören / Resolution regarding discharge from liability for the members of the board of directors and the chief executive officer**

Beviljades styrelsens ledamöter och den verkställande direktören ansvarsfrihet för förvaltningen av bolagets angelägenheter under räkenskapsåret 2013.

*The members of the board of directors and the chief executive officer were discharged from liability in respect of their management of the company's affairs during the financial year 2013.*

Antecknades att de röstberättigade styrelseledamöterna och den verkställande direktören inte deltog i beslutet.

*It was noted that the members of the board of directors and the chief executive officer who were entitled to vote did not participate in the resolution.*

**13. Fastställande av arvoden åt styrelseledamöterna och revisorn / Determination of fees to the members of the board of directors and the auditor**

Redogjorde valberedningens ordförande, Petra Hedengran, för valberedningens sammansättning, valberedningens arbete under 2013, valberedningens förslag inför årsstämman samt för valberedningens motiverade yttrande däröver. Konstaterades att valberedningens fullständiga förslag fanns tillgängligt på årsstämman, under tre veckor före stämman funnits tillgängligt på bolagets kontor och på bolagets hemsida, skickats till aktieägare som så begärt samt presenterats i kallelsen.

*The chairman of the nomination committee, Petra Hedengran, presented the composition of the nomination committee, the work of the nomination committee during the year 2013, the proposals by the nomination committee to the annual general meeting, as well as the nomination committee's motivated opinion thereto. It was established that the nomination committee's complete proposals were available at the annual general meeting, had been held available at the company's office and on the company's website during three weeks prior to the meeting, had been sent to shareholders who had requested so and had been presented in the notice to the annual general meeting.*

Antecknades att valberedningen rekommenderade styrelsen att anta en policy enligt vilken styrelseledamöter, som inte tidigare har motsvarande innehav, under en femårsperiod, förväntas bygga upp ett eget innehav av aktier i Swedish Orphan Biovitrum till ett marknadsvärde som förväntas motsvara minst ett års arvode före skatt, exklusive arvode för kommittéarbete.

*It was noted that the nomination committee recommended the board of directors to establish a shareholding policy pursuant to which the members of the Board of Directors, that do not already have such holding, are expected to, over a five year period, acquire an ownership in Swedish Orphan Biovitrum shares with a market value which is expected to correspond to at least one year board remuneration, before taxes, excluding remuneration for committee work.*

Upplyste stämmans sekreterare om att styrelse- och kommittéarvode kan utbetalas som lön alternativt, under vissa villkor och under förutsättning att det är kostnadsneutralt för Swedish Orphan Biovitrum, faktureras från ledamotens bolag. Upplystes vidare om att styrelse- och kommittéarvoden utgår med tillägg för sedvanliga sociala avgifter, eller i den mån uppdraget utförs genom bolag, sådant arvode uppjusterat med belopp motsvarande de sociala avgifter som Swedish Orphan Biovitrum därmed inte har att erlagga.

*The minutes checker of the meeting informed that fees for board and committee assignments may be paid as salary, or alternatively, under certain conditions and provided that it is cost-neutral for Swedish Orphan Biovitrum, may be invoiced by the relevant board member's company. It was further informed that board and committee fees are subject to customary social security charges, or, where the assignment is carried out through a company, the fee may be increased by an amount corresponding to the social security charges that are not payable in such case by Swedish Orphan Biovitrum.*



Beslöts, i enlighet med valberedningens förslag, att styrelsearvode för tiden intill slutet av nästa årsstämma skall utgå med totalt 2.630.000 kronor att fördelas med 310.000 kronor till varje ledamot i styrelsen med undantag för styrelsens ordförande som inte skall erhålla något styrelsearvode eller arvode för arbete i kommitté, att arvode för arbete i revisionskommittén skall utgå med 100.000 kronor till dess ordförande och med 60.000 kronor till varje övrig ledamot i kommittén, att arvode för arbete i ersättningskommittén skall utgå med 60.000 kronor till dess ordförande och med 30.000 kronor till varje övrig ledamot i kommittén samt att arvode för arbete i den vetenskapliga kommittén skall utgå med 60.000 kronor till dess ordförande och med 30.000 kronor till varje övrig ledamot i kommittén. Beslöts vidare att, i tillägg till nämnda arvoden, för varje fysiskt styrelsemöte som hålls i Sverige skall utgå ett mötesarvode om 10.000 kronor till varje ledamot boende i Europa men utanför Norden och ett mötesarvode om 20.000 kronor till ledamot boende utanför Europa.

*It was resolved, in accordance with the proposal of the nomination committee, that the fees to be paid to the board of directors shall, until the end of the next annual general meeting, amount to in total SEK 2,630,000 distributed with SEK 310,000 to each board member with the exception of the chairman who shall not receive any fee for his board assignment, nor any fee for his committee work, that fees for work in the audit committee shall be SEK 100,000 to the chairman and SEK 60,000 to each other member of the committee, that fees for work in the remuneration committee shall be SEK 60,000 to the chairman and SEK 30,000 to each other member of the committee and that fees for work in the scientific committee shall be SEK 60,000 to the chairman and SEK 30,000 to each other member of the committee. It was further resolved that, in addition to the mentioned fees, for each physical meeting of the board of directors held in Sweden a meeting fee of SEK 10,000 be paid to the members of the board of directors who reside in Europe but outside the Nordic countries and a meeting fee of SEK 20,000 be paid to the members of the board of directors who reside outside Europe.*

Beslöts, i enlighet med valberedningens förslag, att arvode till revisorn skall utgå enligt sedvanliga debiteringsnormer och godkänd räkning.

*It was resolved, in accordance with the proposal of the nomination committee, that the remuneration to the auditor shall be paid in accordance with normal standards and an approved invoice.*

#### **14. Bestämmande av antalet styrelseledamöter och styrelsesuppleanter samt revisorer och revisorssuppleanter / Determination of the number of directors and deputy directors as well as auditors and deputy auditors**

Beslöts, i enlighet med valberedningens förslag, att antalet styrelseledamöter för tiden intill slutet av nästa årsstämma skall vara åtta ordinarie ledamöter utan suppleanter samt att antalet revisorer för tiden intill slutet av nästa årsstämma skall vara en utan revisorssuppleant.

*It was resolved, in accordance with the proposal of the nomination committee, that the board of directors shall consist of eight ordinary directors with no deputies until the end of the next annual general meeting and that the company shall have one auditor without deputy until the end of the next annual general meeting.*

#### **15. Val av styrelseordförande, styrelseledamöter och revisor / Election of chairman, members of the board of directors and auditor**

Antecknades att en redogörelse för föreslagna styrelseledamöters uppdrag i andra företag framlagts vid årsstämman före styrelsevalet.

*It was noted that information regarding the proposed board members' engagements for other companies had been presented at the annual general meeting before the election of the members of the board of directors.*

Beslöts, i enlighet med valberedningens förslag, att omvälja styrelseledamöterna Adine Grate Axén, Matthew Gantz, Bo Jesper Hansen, Lennart Johansson, Helena Saxon, Hans GCP Schikan och Hans Wigzell, att välja Annette Clancy till ny styrelseledamot samt att omvälja Bo Jesper Hansen till styrelsens ordförande.

*It was resolved, in accordance with the proposal of the nomination committee, to re-elect the board members*



*Adine Grate Axén, Matthew Gantz, Bo Jesper Hansen, Lennart Johansson, Helena Saxon, Hans GCP Schikan and Hans Wigzell, to elect Annette Clancy as new board member and to re-elect Bo Jesper Hansen as chairman of the board of directors.*

Vidare beslöts, i enlighet med valberedningens förslag, att välja Ernst & Young till ny revisor i bolaget fram till slutet av årsstämman 2015. Antecknades att bolaget har underrättats om att Björn Olsson har utsetts till huvudansvarig revisor.

*It was furthermore resolved, in accordance with the proposal of the nomination committee, to elect Ernst & Young as new auditor of the company for the time until the end of the annual general meeting 2015. It was noted that the company has been informed that Björn Olsson has been appointed auditor in charge.*

**16. Beslut om riktlinjer för ersättning till ledande befattningshavare /  
Resolution regarding guidelines for remuneration to the management**

Konstaterades att det fullständiga förslaget fanns tillgängligt på årsstämman och under tre veckor före stämman funnits tillgängligt på bolagets kontor och på bolagets hemsida och skickats till aktieägare som så begärt samt presenterats i kallelsen. Konstaterades vidare att revisorns yttrande avseende bolagets tillämpning av riktlinjerna för ersättning till ledande befattningshavare under föregående år fanns tillgängligt på årsstämman och under tre veckor före stämman funnits tillgängligt på bolagets kontor och på bolagets hemsida samt skickats till aktieägare som så begärt.

*It was established that the complete proposal was available at the annual general meeting and had been held available at the company's office and on the company's website during three weeks prior to the meeting, had been sent to shareholders who had requested so and had been presented in the notice to the annual general meeting. It was further established that the auditor's statement regarding the company's compliance with the guidelines for remuneration to the management was available at the annual general meeting and had been held available at the company's office and on the company's website during three weeks prior to the meeting and had been sent to shareholders who had requested so.*

Beslöts att anta riktlinjer för ersättning till ledande befattningshavare i enlighet med styrelsens förslag, Bilaga 2.

*It was resolved to approve the guidelines for remuneration to the management in accordance with the proposal of the board of directors, Appendix 2.*

**17. Beslut om (A) inrättande av ett långsiktigt incitamentsprogram samt (B) säkringsåtgärder i anledning därav / Resolution regarding (A) the implementation of a long-term incentive program and (B) hedging arrangements in respect thereof**

Redogjorde Bo Jesper Hansen för det huvudsakliga innehållet i styrelsens förslag till beslut om ett långsiktigt incitamentsprogram. Konstaterades att det fullständiga förslaget fanns tillgängligt på årsstämman, under tre veckor före stämman funnits tillgängligt på bolagets kontor och på bolagets hemsida och skickats till aktieägare som så begärt samt presenterats i kallelsen. Konstaterades vidare att styrelsens yttrande enligt 19 kap. 22 § aktiebolagslagen fanns tillgängligt på årsstämman och under tre veckor före stämman funnits tillgängligt på bolagets kontor och på bolagets hemsida samt skickats till aktieägare som så begärt.

*The principal content of the board of directors' proposal regarding a long-term incentive program was presented by Bo Jesper Hansen. It was established that the complete proposal was available at the annual general meeting, had been held available at the company's office and on the company's website during three weeks prior to the meeting, had been sent to shareholders who had requested so and had been presented in the notice to the annual general meeting. It was further established that the board of directors' statement in accordance with Chapter 19 Section 22 of the Swedish Companies Act was available at the annual general meeting and had been held available at the company's office and on the company's website during three weeks prior to the meeting and had been sent to shareholders who had requested so.*



Beslöts om inrättande av ett långsiktigt incitamentsprogram i enlighet med punkten A. i styrelsens förslag, Bilaga 3.

*It was resolved on the implementation of a long-term incentive program in accordance with item A. in the proposal of the board of directors, Appendix 3.*

Antecknades att ett antal Swedbank Robur-fonder, representerande tillsammans motsvarande cirka 4,59 procent av det totala antalet aktier och röster på stämman, röstade mot styrelsens förslag då de anser att enbart en ökning av aktiekursen inte utgör ett lämpligt prestationsvillkor eftersom aktiekursen kan påverkas av andra yttre faktorer.

*It was noted that a number of Swedbank Robur funds, representing in aggregate approximately 4.59 per cent of the total number of shares and votes at the meeting, voted against the board of director's proposal as they do not consider merely an increase of the share price to be an appropriate performance condition since the share price may be affected by other external circumstances.*

Beslöts om säkringsåtgärder i anledning av det långsiktiga incitamentsprogrammet i enlighet med punkten B.1 i styrelsens förslag, Bilaga 3, och att verkställande direktören bemyndigas att vidta de smärre justeringar i beslutet avseende den riktade emissionen av inlösen- och omvandlingsbara C-aktier som kan visa sig erforderliga i samband med registreringen därav vid Bolagsverket och Euroclear Sweden AB. Antecknades att beslutet fattats enhälligt, med undantag för de utländska aktieägare som meddelat att de avsåg rösta nej till säkringsåtgärderna, representerande tillsammans motsvarande cirka 5,73 procent av det totala antalet aktier och röster på stämman.

*It was resolved on hedging arrangements in respect of the long-term incentive program in accordance with item B.1 in the proposal of the board of directors, Appendix 3, and that the chief executive officer be authorised to make minor adjustments in the decision concerning the directed issue of redeemable and convertible series C shares as may be required in connection with the registration thereof at the Swedish Companies Registration Office and Euroclear Sweden AB. It was noted that the resolution was adopted unanimously, save for the foreign shareholders who had conveyed that they intended to vote against the hedging arrangements, representing in aggregate approximately 5.73 per cent of the total number of votes and shares at the meeting.*

#### **18. Beslut om överlåtelse av egna aktier / Resolution regarding transfers of own shares**

Redogjorde stämmans ordförande för det huvudsakliga innehållet i styrelsens förslag till beslut om överlåtelse av egna aktier. Konstaterades att det fullständiga förslaget fanns tillgängligt på årsstämman, under tre veckor före stämman funnits tillgängligt på bolagets kontor och på bolagets hemsida och skickats till aktieägare som så begärt samt presenterats i kallelsen.

*The principal content of the board of directors' proposal regarding transfers of own shares was presented by the chairman of the meeting. It was established that the complete proposal was available at the annual general meeting, had been held available at the company's office and on the company's website during three weeks prior to the meeting, had been sent to shareholders who had requested so and had been presented in the notice to the annual general meeting.*

Beslöts om överlåtelse av egna aktier i enlighet med styrelsens förslag, Bilaga 4.

Antecknades att beslutet fattats enhälligt.

*It was resolved on transfer of own shares in accordance with the proposal of the board of directors, Appendix 4. It was noted that the resolution was adopted unanimously.*

#### **19. Stämmans avslutande / Closing of the meeting**

Framförde bolagets styrelseordförande, Bo Jesper Hansen, ett tack riktat till bl.a. bolagets tidigare huvudansvarige revisor Mikael Winkvist, stämмоordföranden Klaes Edhall samt bolagets ledning och anställda för värdefulla arbetsinsatser samt styrelsens ledamöter för ett givande styrelsearbete under det gångna året.

*The chairman of the board of directors, Bo Jesper Hansen, thanked, among others, the company's previous auditor in*

charge Mikael Winkvist, the chairman of the annual general meeting Klaes Edhall and the company's management and employees for their valuable efforts and the members of the board for a rewarding board work during the past year.

Förklarades årsstämman avslutad.

*The annual general meeting was declared closed.*

Vid protokollet / Minutes kept by



Fredrik Berg


Justeras / Approved



Klaes Edhall



Maria De Geer



Niklas Haak



***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 2015. 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 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% of the annual gross salary (including pension) for the managing director and not more than 20 – 50% 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 2013 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% 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.





***Proposal regarding (A) the implementation of a long-term incentive program and (B) hedging arrangements in respect thereof (item 17)***

***Background***

The Board of Directors of Swedish Orphan Biovitrum AB (publ) ("**Sobi**") proposes that the annual general meeting 2014 resolves on the implementation of a long-term incentive program (the "**Program**"). The proposed Program gives all present and future permanent employees of the Sobi Group (excluding employees based in the U.S) the opportunity of becoming shareholders in Sobi. It is proposed that the Program be divided into two parts: (I) one part directed to executives and directors (the "**Executive Program**") and (II) one part directed to all other employees (the "**All Employee Program**").

The overall purpose of the Program is to closely align the employees' interests with those of the shareholders and to create a long-term commitment to Sobi. The Executive Program provides Sobi with a crucial component of a competitive total compensation package with which to attract and retain executives who are critical to Sobi's on-going success. The All Employee Program creates a motivating effect for the entire permanent workforce of the Sobi Group. For these reasons the Board of Directors considers that having recurring long-term incentive programs is a vital and important part of Sobi's total compensation program.

The Board of Directors of Sobi has evaluated the long-term incentive program resolved on by the 2013 annual general meeting and has concluded that both the Executive Program and the All Employee Program satisfy the intended purposes.

Similarly to the incentive program resolved on by the 2013 annual meeting, the Program shall be inspiring, achievable, easy to understand, cost effective to administrate, and easy to communicate. Following implementation of the Program, the Board of Directors intends to carry out an evaluation thereof in order to systematically analyse the achieved results in relation to the aim outlined above. The aim of the evaluation will be to determine whether the Program satisfies its purposes, and this will also include the review of the outcome and the costs for the Program.

***A. Implementation of the Program***

The Board of Directors proposes that the annual general meeting 2014 resolves on the implementation of the Program in accordance with the principal terms and conditions set out below.

***I. Terms and conditions applying to the Executive Program***

- (a) The Executive Program is proposed to be open to no more than 88 permanent employees of the Sobi Group, whereof no more than 69 permanent employees on director level of the Sobi Group ("**Directors**"), no more than 11 permanent

employees on executive level 1 of the Sobi Group ("**E1 Members**"), no more than 7 members on executive level 2 of the Sobi Group ("**E2 Members**") and the Chief Executive Officer of Sobi ("**CEO**").

- (b) The Executive Program will allow Directors, E1 Members and E2 Members and the CEO to make investments of their own in common shares in Sobi ("**Executive Investment Shares**"). For each Executive Investment Share, Directors, E1 Members and E2 Members and the CEO will have the possibility to be allotted 1 common share in Sobi free of charge ("**Executive Matching Share**"), from Sobi or from a designated third party. The Executive Matching Shares will be allotted after the expiration of a 3 year lock-up period, starting on the date the Directors, E1 Members and E2 Members and the CEO were notified by Sobi of their admission to the Executive Program (the "**Lock-up Period**"). Sobi must notify the Directors, E1 Members and E2 Members and the CEO of their admission to the Executive Program no later than on 31 December 2014.
- (c) Moreover, Directors, E1 Members and E2 Members and the CEO will, depending on the share price development of the Sobi common share, after the expiration of the Lock-up Period have the possibility to be allotted additional common shares in Sobi free of charge ("**Executive Performance Shares**"), from Sobi or from a designated third party. Directors may be allotted no more than 2 Executive Performance Shares, E1 Members and E2 Members no more than 3.5 Executive Performance Shares and the CEO no more than 5.5 Executive Performance Shares, for each Executive Investment Share. In order for any allotment of Executive Performance Shares to take place the share price of the Sobi common share, adjusted for any dividend payments,<sup>1</sup> must increase with more than 15%. For maximum allotment of Executive Performance Shares to take place, the share price of the Sobi common share, adjusted for any dividend payments,<sup>2</sup> must increase with at least 75%. If the share price increase, adjusted for any dividend payments,<sup>3</sup> is between 15% and 75% the program participants will receive a linear allotment of Executive Performance Shares. The calculation of the share price development shall be based on a comparison of the volume-weighted average price paid for the Sobi common share on NASDAQ OMX Stockholm, adjusted for any dividend payments,<sup>4</sup> during a period of 10 trading days immediately prior to the start of the Lock-up Period and the volume-weighted average price paid for the Sobi common share on NASDAQ OMX Stockholm, adjusted for any dividend payments,<sup>5</sup> during the last 10 trading days of the Lock-up Period.

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<sup>1</sup> So-called Total Shareholder Return.

<sup>2</sup> See footnote 1.

<sup>3</sup> See footnote 1.

<sup>4</sup> See footnote 1.

<sup>5</sup> See footnote 1.



- (d) The maximum number of Executive Investment Shares each program participant may invest in depends on if he/she participates in the Executive Program as Director, E1 Members, E2 Members or CEO and the respective gross annual average salary for 2014 for each such category. Executive Investment Shares may be acquired by Directors for an amount corresponding to no more than 10% of the gross annual average fixed salary for Directors in 2014, by E1 Members for an amount corresponding to no more than 15% of the gross annual average fixed salary for E1 Members in 2014, by E2 Members for an amount corresponding to no more than 20% of the gross annual average fixed salary for E2 Members in 2014 and by the CEO for an amount corresponding to no more than 20% of the gross annual salary (including pension) in 2014.

## **II. Terms and conditions applying to the All Employee Program**

- (a) The All Employee Program is proposed to be open to approximately 400 permanent employees of the Sobi Group ("**Employees**").
- (b) The All Employee Program will allow Employees to make investments of their own in common shares in Sobi ("**Employee Investment Shares**"). For each Employee Investment Share, the Employees will have the possibility to be allotted 1 common share in Sobi free of charge ("**Employee Matching Share**"), from Sobi or from a designated third party. The Employee Matching Shares will be allotted after the expiration of a 3 year lock-up period, starting on the date the Employees were notified by Sobi of their admission to the All Employee Program (the "**Lock-up Period**"). Sobi must notify the Employees of their admission to the All Employee Program no later than on 31 December 2014.
- (c) Moreover, Employees will, depending on the share price development of the Sobi common share, after the expiration of the Lock-up Period have the possibility to be allotted additional common shares in Sobi free of charge ("**Employee Performance Shares**"), from Sobi or from a designated third party. Employees may be allotted no more than 1 Employee Performance Share for each Employee Investment Share. In order for any allotment of Employee Performance Shares to take place the share price of the Sobi common share, adjusted for any dividend payments,<sup>6</sup> must increase with more than 15%. For maximum allotment of Employee Performance Shares to take place, the share price of the Sobi common share, adjusted for any dividend payments,<sup>7</sup> must increase with at least 75%. If the share price increase, adjusted for any dividend payments,<sup>8</sup> is between 15% and 75% the program participants will receive a linear allotment of Employee Performance Shares. The calculation of the share price development shall be based on a comparison of the volume-weighted average price paid for the Sobi common share on NASDAQ OMX Stockholm,

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<sup>6</sup> See footnote 1.

<sup>7</sup> See footnote 1.

<sup>8</sup> See footnote 1.

adjusted for any dividend payments,<sup>9</sup> during a period of 10 trading days immediately prior to the start of the Lock-up Period and the volume-weighted average price paid for the Sobi common share on NASDAQ OMX Stockholm, adjusted for any dividend payments,<sup>10</sup> during the last 10 trading days of the Lock-up Period.

- (d) The maximum number of Employee Investment Shares each Employee may invest in depends on the gross annual average fixed salary for Employees in 2014. Employee Investment Shares may be acquired for an amount corresponding to no more than 5% of the gross annual average fixed salary for Employees in 2014.

**III. *Terms and conditions applying to both the Executive Program and the All Employee Program***

- (a) Program participants must normally purchase Investment Shares<sup>11</sup> in connection with the start of the Lock-up Period.
- (b) Matching and Performance Shares<sup>12</sup> may normally be allotted only after the expiration of the Lock-up Period.
- (c) In order for a program participant to be allotted Matching and Performance Shares it is a condition that, with certain specific exemptions, he/she has been permanently employed within the Sobi Group for the duration of the whole Lock-up Period and that the participant, throughout this Lock-up Period, has retained the Investment Shares purchased. Investment Shares disposed of prior to the expiration of the Lock-up Period will not be included in the calculation to determine any allotment of Matching and Performance Shares.
- (d) If significant changes in the Sobi Group or in the market occur which, in the opinion of the Board of Directors, would result in a situation where the conditions for allotment of Performance Shares under the Program become unreasonable, the Board of Directors shall be entitled to make adjustments to the Program, including, among other things, be entitled to resolve on a reduced allotment of Performance Shares, or that no Performance Shares shall be allotted at all.
- (e) The Board of Directors shall be authorised to establish the detailed terms and conditions for the Program. The Board of Directors may, in that regard, make necessary adjustments to satisfy certain regulations or market conditions outside Sweden.

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<sup>9</sup> See footnote 1.

<sup>10</sup> See footnote 1.

<sup>11</sup> "Investment Shares" includes Executive Investment Shares and Employee Investment Shares.

<sup>12</sup> "Matching Shares" includes Executive Matching Shares and Employee Matching Shares and "Performance Shares" includes Executive Performance Shares and Employee Performance Shares.



- (f) Participation in the Program presupposes that such participation is legally possible in the various jurisdictions concerned and that the administrative costs and financial efforts are reasonable in the opinion of the Board of Directors.
  - (g) The Program shall comprise no more than 1,445,929 common shares in Sobi, of which 197,486 constitute Executive Matching Shares, 571,459 constitute Executive Performance Shares, 165,645 constitute Employee Matching Shares and 165,645 constitute Employee Performance Shares. The remaining 345,694 common shares in Sobi are such shares that may be transferred by Sobi in order to cover the cash flow effects associated with the Program, primarily social security charges.
  - (h) The number of Matching Shares and Performance Shares will be subject to recalculation as a result of intervening bonus issues, splits, rights issues and/or other similar corporate events.
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*Costs for the Program etc.*

The costs for the Program, which are charged in the profit and loss account, are calculated according to the accounting standard IFRS 2 and distributed on a linear basis over the vesting period. The calculation has been made based on the following assumptions: (i) a market price of the Sobi common share of SEK 72, (ii) no dividend is paid by Sobi during the Program and (iii) an assessment of future volatility in respect of the Sobi common share. In total, this can lead to maximum costs for the Program of approximately SEK 38.3 million, excluding social security costs. The costs for social security charges are calculated to approximately SEK 15.1 million assuming an annual share price increase of 10% during the Lock-up Period. In addition to what is set forth above, the maximum costs for the Program have been based on a share price of SEK 72 at the time of the program participant's own investment, that the Program comprises approximately 490 participants, that each program participant makes a maximum investment and based on historical employee turnover for the group of 5%. If the share price increases from SEK 72 with 10% until the implementation of the Program the effect on costs would only be marginal as the number of Matching and Performance Shares would be reduced correspondingly. Also in case of a decrease in the share price the effect on costs would be marginal. The expected annual costs, including social security charges, corresponds to approximately 3% of Sobi's total employee costs.

If the Program had been implemented in 2013, if the company had had costs in accordance with the example in the preceding paragraph, and Matching and Performance Shares had been allotted in 2013 in accordance with the assumptions in the sample calculation, which among other things assumes an annual share price increase of 10% during the Lock-up Period, the earnings per share for the financial year 2013 had decreased by SEK 0.05 to SEK -0.40 and the shareholders' equity per share for the financial year 2013 had decreased by SEK 0.09 to SEK 17.54.

### *Dilution*

Upon full allotment of Matching Shares and Performance Shares, the number of shares under the Program amounts to 1,100,235 common shares in Sobi, corresponding to a dilution effect of approximately 0.41% of the share capital and the votes. Aggregated with the 345,694 shares that may be transferred in order to cover the cash flow effects associated with the Program, primarily social security charges, the maximum dilution effect of the Program amounts to 0.53%. If all outstanding long-term incentive programs are included in the calculation, then the corresponding maximum level of dilution amounts to 1.87%.

### *Hedging arrangements*

The Board of Directors proposes that the annual general meeting, as a main alternative, resolves (i) on a directed issue of redeemable and convertible series C shares and (ii) to authorize the Board of Directors to resolve on the repurchase of all issued redeemable and convertible series C shares. Following conversion to common shares in Sobi, the shares are intended to be transferred to program participants as well as transferred on a regulated market in order to cover the cash flow effects associated with the Program, primarily social security charges. For this purpose, the Board of Directors further proposes that the annual general meeting resolves (iii) on transfers of own common shares free of charge to program participants. As further described in item B.1(iii) below, the Board of Directors proposes that shares acquired for the purpose of securing Sobi's obligations under previous share programs also may be transferred under the Program. The detailed conditions for the Board of Directors' main alternative are set out in item B.1 below.

Since the Program, in principle, is not expected to give rise to any initial social security payments for the Sobi Group, the Board of Directors has decided not to propose to the annual general meeting 2014 to resolve on transfers of own common shares on a regulated market in order to cover such payments. However, prior to the transfers of common shares to program participants, the Board of Directors intends to propose to the annual general meeting 2017 that transfers be made of own common shares on a regulated market in order to cover above mentioned costs.

Should the majority required under item B.1 below not be reached, the Board of Directors proposes that Sobi shall be able to enter into an equity swap agreement with a third party, in accordance with item B.2 below.

### *Preparations of the proposal*

The Compensation & Benefits Committee of Sobi has prepared guidelines for the proposed Program. These guidelines have been presented for and adopted by the Board of Directors.

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## **B. *Hedging arrangements in respect of the Program***

### **B.1 *Directed issue of redeemable and convertible series C shares, authorization for the Board of Directors to resolve to repurchase all issued redeemable and***

*convertible series C shares and transfers of own common shares to program participants*

(i) Resolution on a directed issue of redeemable and convertible series C shares

Increase of Sobi's share capital by no more than SEK 217,385 through an issue of no more than 396,180 series C shares in Sobi.

The issue shall be effected on the following terms.

- (a) The new shares shall – with deviation from the shareholders' preferential right to subscribe for shares – be subscribed for only by an external party who has been informed in advance.
- (b) The price to be paid for each new share shall correspond to the quotient value of the share at the time of the subscription of the shares.<sup>13</sup>
- (c) The new shares shall be subscribed for during the period May 9 – September 15, 2014, with a right for the Board of Directors to extend the subscription period. Oversubscription is not permitted.
- (d) Payment for shares subscribed for shall be effected at subscription of the shares.
- (e) The new shares shall entitle to dividends from and including the financial year 2014.
- (f) The new shares will be subject to restrictions as set forth in Chapter 4, Section 6 (conversion provision) and Chapter 20, Section 31 (redemption provision) in the Swedish Companies Act (SFS 2005:551).

(ii) Authorization for the Board of Directors to decide on a repurchase of all issued redeemable and convertible series C shares

Authorization for the Board of Directors to decide on a repurchase of all issued redeemable and convertible series C shares in Sobi on the following terms.

- (a) Repurchase may be made through a public offer directed to all owners of series C shares in Sobi.
- (b) The authorization is valid and may be exercised on one or several occasions until the annual general meeting 2015.
- (c) The number of series C shares permitted to be repurchased shall amount to no more than 396,180.

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<sup>13</sup> The quotient value of the share as per the day of this notice is approximately SEK 0.55.



- (d) Repurchase of shares shall be made at a lowest price per share of 100% and a highest price of 105% of the quotient value, applicable at the time of the subscription of shares according to section B.1(i) above.
- (e) Payment for shares repurchased shall be made in cash.
- (f) The Board of Directors shall be authorized to establish additional terms for the repurchase.
- (g) Repurchase shall also include a so-called interim share, designated by Euroclear Sweden AB as a "paid subscription share" (Sw. *BTA*) relating to a series C share.

The repurchase of own shares is an integrated part of the hedging arrangements for the Program. The reason for the proposed possibility to repurchase own shares is that Sobi shall be able to fulfil its obligations pursuant to the Program.

(iii) Resolution on transfers of own common shares to program participants

In total 5,163,172 series C shares were issued and repurchased by Sobi under previous share programs for the purpose of securing Sobi's obligations under such programs. The shares have subsequently been converted to common shares. Full allotment of shares will not take place under these programs and, accordingly, all shares will not be required to secure the obligations under such programs. The Board of Directors proposes that 1,049,749 common shares, which are no longer required to secure the obligations of Sobi under previous share programs, together with the shares issued and repurchased in accordance with items B.1(i) and B.1(ii) above, following conversion to common shares, may be transferred under the Program.

Transfers of Sobi's own common shares to program participants may be made on the following terms.

- (a) Transfers may be made only of common shares in Sobi, whereby a maximum of 1,100,235 common shares in Sobi (corresponding to 197,486 Executive Matching Shares, 571,459 Executive Performance Shares, 165,645 Employee Matching Shares and 165,645 Employee Performance Shares) may be transferred free of charge to program participants.
- (b) Right to purchase common shares in Sobi free of charge shall – with deviation from the shareholders' preferential rights – be granted to such persons within the Sobi Group who are participants in the Program.
- (c) Transfers of common shares in Sobi shall be made free of charge at the time and on the other terms that the program participants are entitled to be allotted shares.
- (d) The number of common shares in Sobi that may be transferred under the Program will be subject to recalculation as a result of intervening bonus issues, splits, rights issues and/or other similar corporate events.

## *B.2 Equity swap agreement with a third party*

Should the majority required under item B.1 above not be reached, the Board of Directors proposes that the annual general meeting resolves that the expected financial exposure of the Program shall be hedged by Sobi being able to enter into an equity swap agreement with a third party on terms in accordance with market practice, whereby the third party in its own name shall be entitled to acquire and transfer common shares in Sobi to the program participants.

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### *Conditions*

The annual general meeting's resolution on the implementation of the Program according to item A. above is conditional upon the meeting either resolving in accordance with the Board of Directors' proposal under item B.1 above or in accordance with the Board of Directors' proposal under item B.2 above.

### *Majority requirements*

The annual general meeting's resolution according to item A. above requires a simple majority among the votes cast. A valid resolution under item B.1 above requires that shareholders representing not less than nine-tenths of the votes cast as well as of the shares represented at the meeting approve the resolution. A valid resolution under item B.2 above requires a simple majority among the votes cast.

### *The reason for the deviation from the shareholders' preferential rights etc.*

The issue, repurchase and transfer of common shares in Sobi form part for the accomplishment of the proposed Program. Therefore, and in light of the above, the Board of Directors considers it to be advantageous for Sobi and the shareholders that the program participants are offered to become shareholders in Sobi.

For the purpose of minimizing Sobi's costs for the Program, the subscription price has been set at the quotient value of the share.

### *Previous incentive programs in Sobi*

For a description of the company's other long-term incentive programs, reference is made to the company's annual report for 2013, note 14, and the company's web site, [www.sobi.com](http://www.sobi.com). In addition to the programs described there, no other long-term incentive programs have been implemented in Sobi.

### *Authorization for the CEO*

The Board of Directors proposes that the CEO shall be authorized to make the minor adjustments to the above resolution regarding the directed issue of redeemable and convertible series C shares in connection with the registration thereof with the Swedish Companies Registration Office and Euroclear Sweden AB.



***Proposal regarding transfer of own shares (item 18)***

The Board of Directors proposes that the annual general meeting resolves that not more than 338,766 common shares may, prior to the annual general meeting 2015, be transferred for the purpose of covering certain payments, primarily social security charges that may occur in relation to the Share Program 2011 and the CEO Share Program 2011. Transfer of shares shall be effected on NASDAQ OMX Stockholm at a price within the, at each time, prevailing price interval for the share. The number of shares that may be transferred shall be subject to recalculation in the event of an intervening bonus issue, split, rights issue and/or other similar events.

***Majority requirements, etc.***

The purpose of the Board of Directors' proposal to transfer shares is to secure for future cash flow effects due to payments of social security costs connected with the Share Program 2011 and the CEO Share Program 2011. A valid resolution requires approval of shareholders representing at least two-thirds of the votes cast as well as the shares represented at the general meeting.