

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 programs 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's Compensation & Benefits committee

The Board of Directors of Swedish Orphan Biovitrum has established a Compensation & Benefits committee, consisting of three Board members: Bo Jesper Hansen (Chairman), Hans GCP Schikan and Helena Saxon. Hans GCP Schikan and Helena Saxon are 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 5 meetings during 2014, with the presence of all three members at all 5 of those meetings. At these 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 program, 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 2015, 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 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 found that the long-term incentive program (“LTI”) approved by the Annual General Meeting 2014 can be improved by some adjustments. Accordingly, the structure of the program is proposed to be changed in order to put a greater emphasis on performance shares and less on matching shares. The aims are to align the program with market practice, to increase the number of participants in the program, and to align the interests of the employees’ with those of the shareholders to an even greater extent.

The CEO has expressed a wish to invest 4mSEK in Sobi. The CEO has, since his employment, continuously invested to the maximum level in the earlier LTIs 2011; 2012; 2013 and 2014. As there is insufficient capacity in the LTI 2015 to allow the CEO to invest as per his wishes, the Compensation & Benefits committee has worked to find an appropriate solution. In doing so, the Compensation & Benefits committee has also considered whether the conditions of the CEO’s participation in LTI 2015 should be amended as compared to the conditions in the LTIs implemented in 2012, 2013 and 2014, and instead be more aligned with the conditions in the LTI for the CEO implemented in 2011, and found that this should be the case. Accordingly, the conditions for the CEO’s participation is proposed to be amended to be aligned with conditions in the LTI for the CEO implemented in 2011, but with more challenging performance targets and with a reduced number of performance shares that may be subject to allotment.

In general, the Compensation & Benefits committee has found that the remuneration structures and levels of compensation in Swedish Orphan Biovitrum are appropriate. This is also 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 the guidelines established by the Annual General Meeting 2014. The application of the guidelines regarding remuneration to the senior management has thus been correct.

Stockholm in March 2015

Swedish Orphan Biovitrum AB (publ)

The Board of Directors