


Orion Group

Sustainability Report 2013

15 April 2014

This Report is available in the Sustainability
section of the Orion Group's website,
at www.orion.fi

Orion Group Sustainability Report 2013 (according to GRI)

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- 2 Partly reported
- 3 Not reported

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| | Customer privacy | | |
| PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. | 1 | 77 |
| | Compliance | | |
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Orion's approach to corporate responsibility

Orion's commitment to responsible operation and continuous development has been confirmed in the following statement by the Executive Management Board:

Orion is committed to responsibility and continuous improvement.

The operations and activities in the Orion Group are based on compliance with laws and regulations, as well as with ethically acceptable operating practices. These principles, together with Orion's Values and our dedication to 'Building well-being', are the key drivers for us in our approach to corporate responsibility in our daily work, in what ever we do.

With our strong devotion to promoting health, we aim to enhance trust in Orion as a company that cares for and contributes to the welfare of mankind. We are committed to sustainable development and constantly improving performance, aiming for highest standards in the industry with respect to the environment, health and safety.

We aim to be a trustworthy partner in terms of economic, social and environmental criteria. We also aim to be an attractive and solid workplace, respecting human rights and equality. Our commitment to responsibility allows us to expect the same from our business partners.

1. Orion Group's vision and strategy

Strategy and management approach

Orion's mission is to build well-being. To this end, Orion provides pharmaceuticals and diagnostic tests that help patients to treat their illnesses effectively. Effective drugs also provide added value for patients by improving quality of life. Responsibility and caring about the consequences of our operations and their impact on people, the environment and society are key parameters for the smart and viable operating practices applied by Orion in order to reach its strategic objectives.

Orion aims to be an innovative European R&D-based pharmaceutical and diagnostic company with a special emphasis on developing medicinal treatments and diagnostic tests for global markets. Innovation is at the centre of Orion's vision, because the development of innovative products alone is not enough in the current competitive environment: the company's overall approach should be based on innovation. Orion aims to have innovative, effective practices and business models throughout its operations.

The corporate values – Mutual trust and respect / Customer focus / Innovation / Achievement / Quality, reliability and safety – are the basic elements behind the implementation of the strategy.

Orion's strategic aims are profitable growth and increased shareholder value, whilst keeping business risks under control. Orion's strategy focuses on three key themes:

- Growth of business operations through a competitive product portfolio
- Strengthening the market position in Europe
- Development of operational flexibility and efficiency



All of Orion's business divisions play a major role in achieving the financial objectives of the Group. The two largest divisions, Proprietary Products and Specialty Products, are most crucial, however. Orion strives to achieve synergies between patent-protected proprietary drugs, off-patent (generic) prescription drugs and self-care products.

A description of the strategy of the Orion Group is available on the corporate website www.orion.fi.

1.1 Statement by the CEO about the relevance of sustainability to Orion and associated challenges

President and CEO Timo Lappalainen:

Year after year I have become more and more convinced that sustainability is an important factor of a company's value creation and that the perception of sustainability is also reflected in the company's market value. The share price is a rapidly reacting indicator of trust. Investors with risk awareness assess not only economic revenue but also responsibility. They neither anticipate nor like unpleasant surprises. Poorly managed sustainability risks have extensive consequences and cause difficulties to business. It takes time and considerable resources to recover the lost trust.



Our aim is to carry our corporate responsibilities so well that our stakeholders' confidence in Orion and our products can even tolerate minor occasional setbacks. Since we started CSR reporting we have taken many tasks onto the to-do list, and we have already got many good things done.

We have succeeded to reduce energy consumption considerably, and we achieved our goal two years ahead of schedule. Here, Fermion's Hango plant especially has done excellent work for the benefit of the entire Group. The savings achieved so far motivate us to continue efforts.

The corporate culture in the Orion Group strongly relies on our values. Employees show firm commitment to the Group's codes and policies, and ethically acceptable practices. We understand that Orion's good reputation shall not be jeopardised by making short-sighted choices, or by participating in ethically dubious business.

Compliance with the regulatory requirements and the commonly agreed pharmaceutical industry codes concerning the supply chain, research and development, and marketing is at the core of our corporate responsibility. Medicinal authorities and our business partners are frequent visitors at our sites, inspecting the quality and safety of our operations. The causes of their observations are amended without delay. As a listed company we also take care of our communication obligations towards our shareholders and the capital markets.

Despite constant improvement efforts, our to-do list has no end. We also know that things will never get completely perfect. The following items are on our list of near term actions:

The upward curve of injuries signals that we must take a firmer grip on safety at our sites. We want to take care of our people by ensuring workplace safety and by requiring uncompromised attendance to the safety guidelines. Our goal is zero accidents.

We have progressed with plans to improve the quality of our water discharges, but could we advance more rapidly? There are no ready to apply, simple solutions available for our purposes, which is why alternative techniques must be engineered and tested before we can proceed.

We still have potential to save energy. The euros we have already invested in energy efficiency have been earned back rapidly, which shows that the investments involve not only ecologic benefits but also a clear business interest.

In a pharmaceutical company, one of the quality risks of corporate responsibility is contained in the global and complex supplier networks. Every year we conduct an increasing number of audits of our suppliers and supplier candidates to ensure their compliance and eligibility. The sites to be inspected are sampled, so we cannot get absolute assurance, but the results indicate that on-site audits are worth the effort and that we can strengthen mutual trust and competence.

Again, we have many great achievements to be proud of, but there remains a lot more to do to further develop Orion towards an even more responsible company.

1.2 Description of key impacts, risks, and opportunities

The most relevant risks of the Orion Group's operations are characterised in the Corporate Governance Statement, accessible on Orion's corporate website at www.orion.fi.

2. Organisational profile

Detailed information about the Orion Group's operations and operational scope can be found on Orion's website at www.orion.fi/en/orion.

2.1 Name of the organisation and

2.4 Location of headquarters

Orion Corporation
Orionintie 1 A
FI-02200 Espoo, Finland

2.2 Primary brands, products and/or services

Pharmaceuticals
Active pharmaceutical ingredients
Diagnostic tests
Contract manufacturing of pharmaceuticals to other companies

The product portfolio and operations are featured in the Products and Services section of Orion's corporate website, at www.orion.fi/products-and-services.

2.3 Operational structure of the organisation

Proprietary Products:

Patented prescription drugs for central nervous system diseases, oncology and critical care, Easyhaler® pulmonary drugs

Specialty Products:

Generic (off-patent) prescription products and self-care products

Animal Health:

Veterinary medicines and products for pets and production animals

Fermion:

Active pharmaceutical ingredients

Orion Diagnostica:

Diagnostic test systems for healthcare service providers and industry

2.5 Countries where the organisation operates, and countries with operations relevant to the sustainability issues covered in the report

Finland

Headquarters and administration in Espoo
Pharmaceutical manufacturing in Espoo, Turku, Kuopio and Salo
Active pharmaceutical ingredient manufacturing in Hanko and Oulu (Fermion)
Diagnostics manufacturing in Espoo (Orion Diagnostica Oy)
Pharmaceutical research centres in Espoo and Turku

Marketing: Espoo, Turku, Kuopio, Oulu and Tampere
 Outside Finland
 Marketing organisations in 24 countries in Europe
 Subsidiary FinOrion Pharma India Pvt. Ltd. in India

2.6 Nature of ownership and legal form

Orion Corporation is a public company whose shares are listed on Nasdaq OMX Helsinki. At the end of 2013, the company had approximately 56,800 registered shareholders, of which 54,000 were households. Households held approximately 46% of the entire stock.

Details on the shareholder base are provided at www.orion.fi. Most of the data is updated on a monthly basis.

2.7 Markets served

The Orion Group operates in the pharmaceutical and diagnostics markets. Customers in these sectors include healthcare providers and professionals, consumers and other pharmaceutical companies. In healthcare, customers primarily include specialist doctors and general practitioners, vets, pharmacies, hospitals, healthcare centres, clinics and laboratories and their respective supply organisations.

Orion's products are available in more than a hundred countries. Finland is the main market area, contributing 27% of the net sales for 2013. Scandinavia and rest of Europe accounted for 46% of the net sales, and North America and the rest of the world accounted for 27%. Outside Europe, Orion operates by granting marketing licenses to its products to other pharmaceutical companies.

2.8 Scale of the reporting organisation

The Group's net sales in 2013 amounted to EUR 1,007 million. International operations accounted for about 73 per cent of the net sales. At the end of 2013, the Group had 3,519 employees, of whom some 2,816 in Finland and 703 in the foreign subsidiaries.

Net sales of the Orion Group by market area 2011–2013

| EUR million | 2011 | 2012 | 2013 |
|-------------------|-------|-------|---------|
| Finland | 240.7 | 257.3 | 274.6 |
| Scandinavia | 120.3 | 126.3 | 130.7 |
| Other Europe | 274.7 | 292.2 | 328.8 |
| North America | 70.9 | 109.9 | 146.0 |
| Other markets | 120.6 | 143.7 | 126.8 |
| Orion Group total | 771.5 | 849.9 | 1 006.9 |

Key figures for 2011–2013

| | 2011 | 2012 | 2013 |
|---|-------|--------|---------|
| Net sales, EUR million | 917.9 | 980.4 | 1 006.9 |
| International operations, EUR million | 677.2 | 723.1 | 732.3 |
| % of net sales | 73.8% | 73.8% | 72.7% |
| Operating profit, EUR million | 282.9 | 280.9 | 267.7 |
| % of net sales | 30.8% | 28.4% | 26.6% |
| Profit before taxes, EUR million | 282.0 | 276.6 | 264.0 |
| % of net sales | 30.7% | 28.2% | 26.2% |
| Income tax expense, EUR million | 72.4 | 69.7 | 57.8 |
| R&D expenses, EUR million | 87.5 | 105.8 | 101.9 |
| % of net sales | 9.5% | 10.8% | 10.1% |
| Capital expenditure, EUR million | 49.5 | 46.8 | 77.9 |
| % of net sales | 5.4% | 4.8% | 7.7% |
| Assets total, EUR million | 779.1 | 835.7 | 979.0 |
| Equity ratio, % | 62.4% | 61.0% | 53.6% |
| Gearing, % | -6.9% | -1.7% | 8.4% |
| Interest-bearing liabilities, EUR million | 88.7 | 136.7 | 257.8 |
| Non-interest-bearing liabilities, EUR million | 190.5 | 189.5 | 207.8 |
| Cash and cash equivalents, EUR million | 123.0 | 145.2 | 214.7 |
| ROCE (before taxes), % | 49.4% | 45.9 % | 38.5% |
| ROE (after taxes), % | 43.3% | 41.0% | 40.3 |
| Personnel at the end of the period | 3 425 | 3 486 | 3 519 |
| Average personnel during the period | 3 328 | 3 495 | 3 540 |
| Personnel expenses, EUR million | 186.0 | 214.8 | 218.1 |

2.9 Significant changes during the reporting period regarding size, structure, or ownership

Orion's current operational structure has been in place since the demerger in the summer of 2006, when Orion Corporation started as a new company concentrating on pharmaceuticals and diagnostics. In accordance with its strategy, Orion has expanded the geographical territory covered by its own marketing organisation for pharmaceuticals by establishing its own subsidiaries in an increasing number of European countries.

All production sites are located in Finland. In 2013, Orion established a major new site in Salo, southern Finland, concentrating there the packaging lines of all tablets as well as the warehouses for finished goods. The Salo site belongs to the Supply Chain organisation of the Pharmaceuticals business division and, accordingly, it is included in the GRI indicator figures reported for Orion Corporation.

Orion Diagnostica Oy closed down its Turku factory in 2013 and operates now all its manufacturing lines in Espoo.

The average number of Orion Group employees was 3,540 in 2013. In the three-year review period from 2011 to 2013 it has grown by 212 persons or 6 percent. The most notable increase in the number of employees has taken place in the pharmaceuticals supply chain functions in Finland. The personnel of Orion Diagnostica decreased by about 60 in 2013, in result of shutting down the operations in Turku.

The number of shareholders was about 56,760 at the end of 2013. Close to 66% of the total sharestock and about 93% of the total votes were in Finnish ownership.

| | 2011 | 2012 | 2013 |
|------------------------|--------|--------|--------|
| Number of shareholders | 57 200 | 56 500 | 56 760 |

2.10 Awards received in the reporting period

In March 2013, Orion was awarded as the 'Mover of the year 2012' as an acknowledgement by TEA, an organisation for workplace sports, of Orion's long-term support and promotion of sporting activities at the workplace. Orion motivates its employees in many ways to sporting and to taking care of their physical condition. Orion especially promotes the employees' team sporting clubs, in which team spirit is enhanced, well-being is built and, as an additional bonus, the members get motivated by success in tournaments and doing things together.

In the annual Stetari competition of the Finnish Medical Journal, Orion was awarded for its pharmaceutical advertising. The panel of doctors awarded Orion in two categories: with silver for a good advertisement of a single prescription medicine, and bronze for the overall impression of a set of three advertisements of an individual company. All the altogether 78 advertisements published in the Finnish Medical Journal in 2013 were evaluated.

In the annual employer image survey conducted by Universum among students in 2013, Orion was ranked as the second-most ideal employer in Finland by students of engineering or natural sciences. Ideal employers in the fields of technology were regarded to be more responsible than others. Orion's ranking jumped up to Nr. 2 from the previous year's 11. As many as 10,519 university level students responded to the survey, 2,939 students representing engineering or natural sciences.
<http://universumglobal.com/ideal-employer-rankings/student-surveys/finland/>

3. Report parameters

3.1 Reporting period for information provided

The reporting period is one calendar year. This report focuses on 2013. Comparative data is provided for 2011–2013.

3.2 Date of most recent previous report

The Report for 2013 is the 5th sustainability report of the Orion Group. The previous sustainability report was dated and published on 24 April 2013.

Orion published its first sustainability report in 2010, covering the years 2007–2009. The PDF files of the Reports for 2009–2012 are available in the Sustainability section on the corporate website, at www.orion.fi. The web pages which previously offered the details of each Report will be shut down in mid 2014, in connection with a major corporate website renewal.

3.3 Reporting cycle

Orion Corporation publishes a sustainability report for each calendar year.

3.4 Contact point for questions regarding the report or its contents

The person responsible for report compilation at Orion Corporation is Anne Allo, Corporate Responsibility Officer, tel. +358 10 426 3735, e-mail: anne.allo@orion.fi. She is also the company's contact person for sustainability-related questions.

3.5 Process for defining report content

The indicators included in Orion's sustainability reporting have been selected and specified in working groups consisting of persons with good understanding and expertise of the area of sustainability they represent. The calculation methods used in reporting were also determined in these groups. Materiality was also assessed for each indicator when setting up the data management system for GRI-based reporting. The reporting infrastructure is provided by ToFuture Oy.

The materiality was evaluated and the key stakeholders of the company were identified in workshops led by consultants who specialise in sustainability reporting. Based on a further assessment, the prioritising, principles and boundaries used in this report as well as the key stakeholder groups were confirmed by the steering group for sustainability reporting. The steering group consists of three members from Orion's Executive Management Board (i.e., Senior Vice President, Corporate Functions, Senior Vice President, Supply Chain, and CFO), Vice President, Quality Assurance, Vice President, Communications, and the Corporate Responsibility Officer responsible for the report compilation.

In sustainability reporting, Orion follows the GRI Version G3 guidance, principles, terms, indicators, calculation methods and structure as closely as possible. Orion has chosen the applicable meters and indicators from GRI G3 standard disclosures and supplemented them with calculated and descriptive indicators derived from Orion's operations. These Orion-specific indicators are primarily related to product quality and product/patient safety.

Emphasis is on responsibility for the product and the patient, and well-being at workplace

Orion considers product responsibility a primary concern among all the aspects of corporate responsibility. As a manufacturer of pharmaceutical and diagnostic products, Orion emphasises its responsibility for product safety. Responsibility and caring are an integral, uncompromised and natural part of everything we do at Orion. Product safety is linked to all activities starting from research and development. The responsibility of the manufacturer and the principal of the manufacturer for the safety, quality and uncompromised compliance with requirements covers all the phases and functions of research and development, the Supply Chain organisation as well as marketing and communication. Orion's basic mission is to build sustained well-being by providing efficient, safe and competitive products for the diagnosis, prevention and treatment of illnesses.

Orion promotes health and quality of life with its products and by providing guidance on the correct and proper use and storing of Orion's products to consumers and healthcare professionals. Complementary education and training provided by the company to healthcare professionals, in particular to doctors and nurses as well as to pharmacy personnel, as well as Orion's support to patient organisations also largely fall in the scope of product responsibility.

Another emphasis of Orion's social responsibility is on the workplace and the company's employees. As a working community of highly educated professionals it is important for Orion to ensure that they are satisfied with Orion, their working conditions, work assignments and the way they are rewarded for good work. Orion wants its employees to feel that they have opportunities for professional development and that their experience to be doing high quality, rewarding and inspiring work that is important for the society, and that their working community is well managed and safe, and people are equally treated.

Emphasis of environmental responsibility is on materials use and energy

The environmental burden caused by Orion's production plants is relatively low. The processes represent up-to-date technology, and investments are constantly made in process technology and methods to increase the efficiency of use and treatment of chemicals. Orion aims to reach performance levels significantly better than the levels required by the environmental permits.

Key themes in Orion's environmental responsibility include the chemicals and other materials used as raw materials and excipients in the manufacture of pharmaceuticals and active ingredients, as well as packaging. Accurate, cost-conscious and wise use of materials, energy and water is the key to reduced environmental burden as well as to increased economic value-added.

Energy efficiency is subject to particular monitoring and development in Orion. Projects and activities are underway across the Group to achieve savings, both in energy consumption and costs.

Improvement of waste water treatment is one of the actual development activities in Orion. A lot of water is consumed especially in the cleaning of process equipment. New treatment technologies enable us a better recovery of the substances which do not belong to waste waters.

3.6 Boundary of the report

Orion's sustainability report principally covers Group-wide operations. Measurement data is gathered from each operational location and grouped according to the Group structure. All Orion manufacturing units are located in Finland, which means that the calculation of indicators such as material flows and related responsibilities are based on the processes of Finnish units. The foreign operational units of the Group are primarily marketing or liaison offices that market the pharmaceutical or diagnostic products, mainly in the country they are located in, and almost all of their employees are involved in marketing except for a few employees working in support functions.

Orion provides relevant Group-wide information under the GRI indicators used in reporting. The following organisational groupings are used in the calculations:

Orion Group

Orion Corporation

- Pharmaceutical operations Espoo
- Pharmaceutical operations Turku
- Pharmaceutical operations Kuopio
- Pharmaceutical operations Salo, as of 2013
- Subcontractors for Pharmaceutical operations (when applicable)
- Foreign Orion Pharma and Orion Diagnostica marketing subsidiaries and FinOrion Pharma India Pvt. Ltd. in India

Orion Diagnostica Oy

- Diagnostics operations Espoo, including R&D unit in Oulu
- Diagnostics operations Turku (operations in Turku ended in 2013)
- Subcontractors for Diagnostics operations (when applicable)

Fermion Oy

- Pilot plant Espoo
- API manufacturing Hanko
- API manufacturing Oulu

3.7 Specific limitations in the scope or boundary of the report

Foreign subsidiaries are not included in environmental performance indicators. Also part of the data showing structural information about employees is limited due to insufficient data for the subsidiaries. Due to the relatively small size of the offices, their impact on the total performance is, however, minor.

3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations

Certain indicators have been reported with more accurate figures than previously. The report does not include such new items as would affect the comparability of the data reported for the preceding years. A note is given concerning comparability in the context of the data where necessary.

3.9 Data measurement techniques and the bases of calculations

Orion uses the applicable calculation principles of the GRI guidelines in its sustainability reporting. The measurement techniques and calculation methods are described in more detail for some indicators if the method is not otherwise clear or if it deviates from the GRI guidelines.

3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement

3.11 Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report

No material changes have been made to the scope, boundary or measurement methods in comparison with the previous report. The following structural changes implemented within the reporting units in 2013 have been taken into account:

- The figures of Orion Corporation are affected by the new tablet packaging and warehousing site established in Salo, Finland, in 2013.
- All data concerning Orion Diagnostica Oy are reported as those of the company's main location in Espoo, following the closing down of diagnostic production operations in Turku in 2013.

Under indicators EN5 and EN7, energy efficiency performance of the Orion Group is dealt with in more detail than in previous reports. The reported figures are based on the EK Energy Efficiency Program follow-up data. The data are sourced from the database maintained by Motiva Oy.

3.12. GRI content index

A comparison with the GRI G3 guidelines and location of the disclosures in the Report is provided as a list of contents, on pages 2–8.

3.13 Policy and current practice with regard to seeking external assurance for the report

No assurance has been sought for this report from external assurance providers.

4. Governance, commitments and engagement

4.1 Governance structure

The governance structure of the Orion Group is described in detail at the corporate website, at www.orion.fi. Orion Corporation follows the Finnish Corporate Governance Code 2010 for companies listed on Nasdaq OMX Helsinki. However, Orion Corporation deviates from recommendation 22 of the Code concerning the election of members to the Nomination Committee, which can also include persons other than members of the Board. The Code is available at www.cgfinland.fi.

4.2 Chairman of the Board of Directors

The Chairman of the Board of Directors of Orion Corporation is not an executive officer.

4.3 Independence of the Board of Directors

All Board members are independent of the Company and its significant shareholders in the manner described in Recommendation 15 of the Finnish Corporate Governance Code.

4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body

The shareholders exercise their decision-making authority at the General Meeting of the Shareholders. According to Chapter 5, Section 5 of the Finnish Companies Act, a shareholder shall have the right to have a matter falling within the competence of the General Meeting dealt with by the General Meeting, if the shareholder so demands in writing from the Board of Directors well in advance of the meeting, so that the matter can be mentioned in the notice.

There is no representative of the employees on the Board of Directors.

A representative of the employees is present at the meetings of the Executive Management Board of the Orion Group. The employees elect their representative for a term of 3 years.

Forums for employee interaction with Group management include the mandatory employer-employee procedures, a semi-annual Group-level consultation meeting and the annual meeting of an international European Works Council. All employees of the Group have access to the Orion Group-wide intranet system, which offers not only daily news flows but also various ways to share information, discuss and network with colleagues.

4.5 Compensation

The remuneration principles and the remuneration of the Board and Group management are described under the Corporate Governance section of the corporate website, at www.orion.fi. The influence of the company's social and environmental performance on the management remuneration principles has not been determined specifically.

4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided

Members of the Board of Directors must adhere to the Section on Disqualification of the Finnish Limited Liability Companies Act. Disqualified members must inform the Board meeting before the matter in question is dealt with and must not participate in the consideration of the matter. Names of disqualified members are always recorded in the Minutes of the meeting.

4.7 Process for determining the qualifications and expertise of the members of the highest governance body

The Board of Directors is elected by the Annual General Meeting for a term of one year, starting from the AGM and ending at the end of the next Annual General Meeting. The Nomination Committee's task is to prepare and present a recommendation to the Board of Directors concerning the composition and compensation of the Board to be elected by the Annual General Meeting. The committee's recommendations do not, however, obligate the Board of Directors to present its proposals to the AGM in line with the recommendations. The Nomination Committee prepares its recommendations observing the qualification requirements provided in the Companies Act and recommendation 9 of the Finnish Corporate Governance Code.

According to the Companies Act, the following cannot be Members of the Board of Directors: legal persons, minors, persons under guardianship, persons with restricted legal competency and bankrupts. According to the Finnish Corporate Governance Code, the constitution of the Board must be such that it allows the Board to look after its responsibilities effectively. The constitution must also be considerate of the needs of the company and its current stage of development. The members elected to the Board of Directors must be sufficiently competent and able to assign enough time for taking care of their responsibilities. Both genders must be represented in the Board of Directors.

Members of the Audit Committee must be competent in the responsibility area of the committee, and at least one of the members must have expertise in accounting and bookkeeping or auditing.

4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation

Orion builds well-being with its products and operations. The values of the Group – Mutual trust and respect, Customer focus, Innovation, Achievement and Quality, reliability and safety – unite Orion employees in the supply of products that promote well-being and health.

The values are the corner stone. In addition to them, every Orion employee is committed to following the ethical standards and business practices determined in the Code of Conduct. They are the basic rules the employees observe in interactions with each other and the stakeholders of the company, and with society and environment. The Code is available at www.orion.fi.

4.9 Procedures of the Board of Directors for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles

The Board of Directors monitors Orion's economic, social and environmental performance according to the same principles as other performance areas of the Group, which include the Group's risk management policy and insurance policy, among other things.

4.10 Processes for evaluating the Board of Directors' own performance, particularly with respect to economic, environmental, and social performance

The Board of Directors self-evaluates its performance and working methods annually.

4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organisation

Risk management constitutes a significant part of the Orion Group's corporate governance and is an integral part of the Company's responsibility structure, operational control principles, and business operations. The aim is by all applicable means to identify, measure and manage the risks that might threaten the Company's operations and the achievement of the objectives set for the Company, as well as to improve ability to acknowledge such known risks which cannot be completely eliminated.

Risk management is not a separate function but embedded as a natural and normal process within day-to-day business and management.

Overall risk management processes, practical actions and the definition of responsibilities are developed by means of regular risk identification approaches. Details on Orion's risk management are presented on the website at www.orion.fi.

4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses

Orion is a member of the international Responsible Care programme, which is a voluntary environment, health and safety initiative of the chemical industry. The objective of the programme is to promote operations that are in line with sustainable development, from both the social and environmental points of view. All participating companies are committed to developing their products and operations in a way that increases social well-being. The programme has participants from over 50 countries. Finnish companies' membership in Responsible Care is coordinated by Chemical Industry Finland which reports on the performance on an annual basis at www.kemianteollisuus.fi/en.

Orion is also a member of the Energy Efficiency Programme launched by the Confederation of Finnish Industries, EK. Under the agreement, Orion aims to cut its energy consumption by 9% by 2016, compared with the 2005 level. This includes the consumption of energy, heat and fuels. Energy conservation achievements based on compromised quality of production or working conditions are not acceptable.

4.13 Memberships in associations and/or national/international advocacy organisations

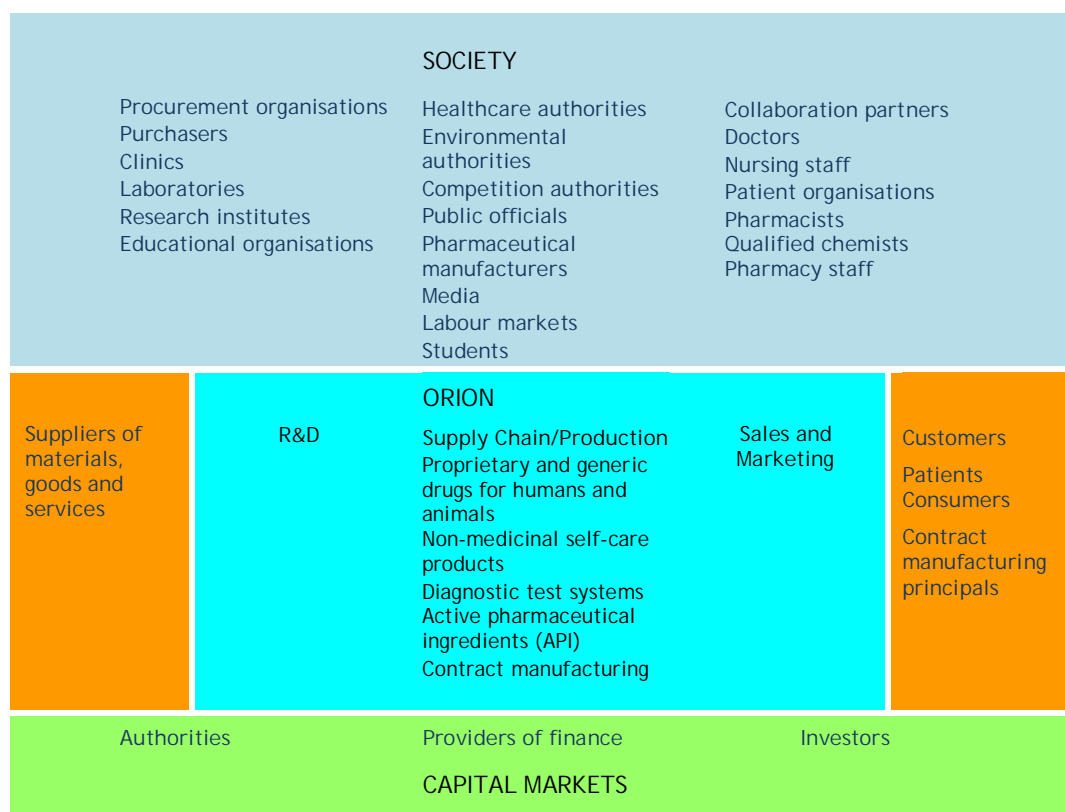
The following industry associations and advocacy organisations are relevant to the Group, and Orion Corporation and/or its subsidiaries are members thereof:

- Chemical Industry Federation of Finland / Confederation of Finnish Industries, EK
- EFPIA, European Federation of Pharmaceutical Industry Associations
- Helsinki Region Chamber of Commerce
- Turku Chamber of Commerce
- Environmental Register of Packaging PYR Ltd
- Finnish Health Technology Association (FIHTA) / The Federation of Finnish Technology Industries
- Finpro ry
- Association for Finnish Work
- Excellence Finland
- Sailab ry and its national sister organisations in countries where Orion Diagnostica has presence
- EDMA, European Diagnostic Manufacturing Association

4.14 List of stakeholder groups engaged by the organisation and

4.15 Basis for identification and selection of stakeholders

Multiple stakeholder groups being in interaction with Orion and its representatives are both affected by Orion's activities and can affect Orion's performance and operating conditions, directly or indirectly.



The stakeholders relevant in view of Orion's corporate responsibility have been determined in workshops by the specialist employees engaged in the reporting of sustainability at Orion. The list of stakeholders has been confirmed by the steering group for sustainability reporting, consisting of Group-level executives. Assessment criteria included reasonable expectations of stakeholder groups and their importance in relation to Orion's business operations as a whole.

Stakeholder groups which are important to Orion's business and to which Orion's corporate responsibility issues can be supposed to be of particular interest:

- Patients and consumers
- Orion employees
- Healthcare authorities
- Marketing and research partners
- Contract manufacturing principals
- Shareholders
- Customers (doctors, nursing staff, pharmacies, clinics, laboratories, research institutes, decision-makers in procurement organisations)
- Suppliers of goods and services
- Patient organisations, civic organisations
- Media, forums in social media
- Nasdaq OMX Helsinki Stock Exchange and the Financial Supervisory Authority (FIN-FSA)
- Investors: financial entities, analysts, portfolio managers, investment advisors
- Job applicants, students, educational institutions
- Competition authorities
- Environmental authorities
- Other authorities
- Banks and insurance companies
- Neighbours

4.16 Approaches to stakeholder engagement

Orion engages with its stakeholder groups in various ways. Orion has not established engagement mechanisms focusing specifically on economic, social or environmental sustainability.

Orion prefers transparent and interactive communication. The regulations and requirements concerning communications of listed companies set provisions for Orion's communication activities. External communication consists of communication to and with customers, partners, capital markets, shareholders, decision makers, media and the general public. Web-based services are increasingly utilised and offered by Orion, such as the annual report, internet and extranet websites dealing with specific therapeutic themes, electronic publications and extranet websites to professional customers, and services and thematic websites for consumers. Orion develops its communication activities towards increased interaction, engaging and attracting stakeholders into discussion with the company. Several Facebook websites are maintained for different target groups.

5. Disclosure on Management Approach, DMA

The management approaches (DMA) are described separately for each indicator category alongside the performance indicators. In this document, they are located on the following pages:

| | |
|---|----------|
| Management approach of Economic Responsibility | p. 24–25 |
| Management approach of Environmental Responsibility | p. 28–31 |
| Management approach of Labour Practices and Decent Work | p. 45–51 |
| Management approach of Human Rights | p. 62–63 |
| Management approach of Society Performance | p. 65–66 |
| Management approach of Product Responsibility | p. 68–72 |

6. Performance indicators

EC – Economic Responsibility

Management approach of Economic Responsibility (DMA EC)

Orion's economic responsibility consists of producing economic value added for both shareholders and other stakeholders, such as personnel, customers and suppliers of goods and services. To this end, we develop our operations systematically, utilise our resources efficiently and manage risks. Corporate governance is also part of the economic responsibility of a public company, as well as open and regular communication about the development of our financial performance and the factors affecting it.

A good financial result is necessary to enable the Group to attend to also the other areas of corporate responsibility as a corporate citizen and ensure sustained operational continuity in the future. The better we manage our finances and are able to provide employment, the more society will benefit from Orion's economic added value.

Most of the key figures related to economic responsibility are presented in Orion's consolidated financial statements, which are prepared in accordance with the International Financial Reporting Standards (IFRS). The corporate responsibility report refers to the statements without repeating the figures. We will present some key figures in accordance to the recommendations of the Global Reporting Initiative (GRI) here. The financial statements also provide information on Orion's current economic objectives and dividend policy.

Management of economic responsibility follows the general guidelines established in Orion's Corporate Governance Manual. They consist of clear definitions of responsibility, setting and monitoring of objectives and appropriately organised internal control. More detailed descriptions of Orion's corporate governance principles, risk management and internal control, are presented in Orion's regular financial statements and under the Orion section of the corporate internet website, at www.orion.fi/corporate-governance-en.

Goals and performance

Orion aims for ensuring the Group's financial stability and profitable growth. Continued investment in the development of the product portfolio is required in order to increase net sales. To Orion, financial stability means an operating profit that exceeds 20% of net sales and an equity ratio of at least 50%. In the challenging economic situation and the changes that have taken place in the business environment over the recent years, the Orion Group has been able to grow steadily, operate profitably and pay good dividends to the shareholders.

Orion's net sales for 2013 grew by 2.7% and operating profit decreased by 3.8% from those of 2012. Operating profit for 2013 was EUR 268 million (278 million for 2012), return on capital employed before taxes was 38.5% (45.9%). EUR 1.25 per share were paid in dividends, representing 85.6% (88.4%) of earnings per share. Of the good and stable financial result, Orion has paid the taxes due, regularly and on time. The Group has also always taken care of its pension commitments in full. In the comparison of financial performance, Orion has been ranked among the best of the Finnish listed companies year after year.

Sustained economic success requires a continuous ability to ensure competitiveness and cost-effectiveness with the right strategy decisions and enhancement of procedures and the product portfolio. Orion's growth is based on a competitive diagnostic and pharmaceutical product portfolio, which the Group builds by actively developing new products in both Orion's own R&D organisation and

through wide-ranging cooperation with external parties. In 2013, Orion's R&D expenses totalled approximately EUR 102 (106) million, representing approximately 10% of its net sales.

Orion's shareholder base is quite diverse. There have not been any major changes in the ownership structure. The clearly largest shareholder group consists of private Finnish individuals. Detailed information on the shareholder base is presented and updated on a monthly basis in the "Investors" section of Orion's website.

As a public listed company, Orion fulfils its disclosure obligations diligently. The Group also actively develops its corporate communications, and aims to utilise different communication channels and tools in a versatile yet purposeful manner. Orion focuses on the good quality contents of its financial statements and website to provide capital markets and shareholders with up-to-date information about the Group's operations and performance. Orion also organises regular meetings with investors in various locations in Finland and abroad. A calendar for investors is accessible under the "Investors" section of the corporate website containing both past and up-coming investor events and roadshows.

Indicators of Orion's economic performance

EC1 Economic value added generated and distributed to stakeholders

| EUR million | 2011 | 2012 | 2013 |
|--|--------------|---------------|-------------|
| Revenues | 917.9 | 980.4 | 1 006.9 |
| Operating costs | 451.9 | 493.6 | 526.7 |
| Employee wages and benefits ¹⁾ | 186.0 | 214.8 | 218.1 |
| Payments to government (gross taxes and royalties) ¹⁾ | 72.4 | 69.7 | 57.8 |
| Payments to providers of capital | 192.1 | 213.6 | 210.2 |
| Community investments | 0.2 | 0.3 | 0.3 |
| Economic value retained | +15.3 | - 11.6 | -6.2 |



- 1) The figures for 2012 differ from those presented earlier, due to adoption of revised IAS 19 in the calculation of employee benefits.

Orion takes care of its economic obligations towards personnel, partners, owners and the society. The company is proactive towards this responsibility, with an aim to identify and manage the risks related to the operations and their further development in the best possible way.

Orion aims to ensure the economic sustainability of its operations over the coming years. The company has set objectives for profit development and financial position to ensure economic stability, create a solid foundation for long-term profitable growth and enable operations and profitability even in economically challenging times.

Orion is a company whose products are of significant social importance. Orion offers its employees the chance to develop, manufacture and sell products that promote well-being, health and quality of life, and offers a fair compensation and good employee benefits in return. The Orion Group employs 3,540 people of whom 2,820 work in facilities in Finland. Orion is one of the largest private employers in Espoo, Turku and Hanko. Approximately 700 employees are working in the foreign subsidiaries and representative offices, mostly in marketing and sales operations.

Orion employees pay national and regional taxes based on the salaries they receive from Orion. As a profitable company, Orion is a major tax payer: in 2013, the Group paid over EUR 58 (70) million in income taxes.

Orion partners with goods and service suppliers who share the responsibility values of Orion. Invoices for deliveries that meet the agreed terms are paid by Orion according to the agreed schedule. Correspondingly, Orion aims to minimise its own overdue trade receivables.

As a stock exchange listed company, Orion is expected to generate added economic value for its shareholders. According to its dividend policy, Orion takes into account the distributable funds and the capital expenditure and other financial requirements in the medium and long term to achieve the financial objectives. Orion has been a stable dividend payer and has during the past years paid dividends with an average payout ratio of about 85–90 per cent of the total annual earnings attributable to the owners.

EC3 Coverage of the Group's pension obligations

The Group has pension plans in accordance with each country's local regulations and practices. The Group has both defined contribution and defined benefit plans. In the defined contribution plans, the Group pays fixed contributions to separate entities, such as pension insurance companies in Finland, who manage the pensions. The Group has no legal or constructive obligations to pay further contributions if the recipient of the contribution is unable to pay the employee benefits. The Group's most important defined benefit pension plans are in Finland, where statutory insurance under the Employees' Pensions Act (TyEL) has been arranged through the Orion Pension Fund for the Group's clerical employees and supplementary pension security for some of the clerical employees. In addition, the Group management has defined benefit pension plans taken out with life insurance companies.

The Group's pension obligations are listed under Note 12 "Pension assets and pension liabilities" of Orion Financial Statements 2013. At the end of 2013, the Group's pension obligations totalled EUR 255.8 (224.8) million. At the end of 2013, the Group had a pension asset of EUR 39.6 (37.4) million from the Pension Fund and a liability of EUR 0.3 (0.5) million to other units.

The Financial Statements 2013 are accessible at the corporate website, at www.orion.fi/en.

EC4 Significant financial assistance received from government

| EUR million | 2011 | 2012 | 2013 |
|-------------|------|------|------|
| In Finland | 1.2 | 0.9 | 0.7 |

Orion has received funding for its development projects from the Finnish Funding Agency for Technology and Innovation (Tekes). Tekes grants funding to Finnish companies and institutions to promote research, development and innovation as well as to share related risks. Part of the projects receiving financial support from Tekes are not public.

The figures reported in EC4 are based on the Annual reviews of Tekes, and they contain both direct cash funding and project-specific loans. The annual reviews and summaries of public projects receiving Tekes funding are available at <http://www.tekes.fi/en>.

The total Tekes funding paid to units of the Orion Group totalled EUR 710,909, of which pharmaceutical R&D projects of Orion Corporation accounted for EUR 474,062. Orion Diagnostica received EUR 188,172 and Fermion EUR 48,675.

The funding received by Orion Corporation was for prognostic models and technologies for accelerating pharmaceutical R&D processes, new ways of drug administration, and research of treatment approaches to certain cancers and central nervous system disorders.

Of the projects funded by Tekes in 2013, *Building up translational medicine framework-tools and workflows* ended in 2013, and *IMproved PArenteral Depots* will end in 2014.

The EUR 48,675 funding received by Fermion Oy was for a non-public development project which started in 2013.

Part of the total Tekes funding to the Orion Group was for research projects which are being conducted in consortiums administrated by SalWe Ltd., a non-profit company and Strategic Centre for Science, Technology and Innovation in Health and Well-being. Orion Diagnostica is a member in the *Intelligent Monitoring (IMO)* programme, which combines the diagnostic in vitro and in vivo measurement and the handling of medicinal health information. The goal of this SalWe coordinated program is to develop innovative, intelligent and cost-efficient tools providing individual persons or healthcare professionals improved means for the benefit of individual well-being and health. The EUR 188,172 direct funding received by Orion Diagnostica covered expenses of this programme.

Orion Corporation is a consortium member in the *Mind and Body* programme, the goal of which is to establish strategic knowhow and new solutions for improved management of obesity and brain disorders. Orion Corporation received EUR 26,983 from Tekes for its expenses of this program.

Information about SalWe Ltd is accessible at <http://www.salwe.org>.

EC (own) Donations

In 2013, Orion supported purposes of public interest with donations of approximately EUR 237,300 (242,200). The main focus areas of the Group's support include medical research, patient organisations and other associations promoting healthcare, defence and veterans, children and youth, education and culture.

At Group level, the prioritised charitable organisation receiving financial support from Orion is *Plan*, which works to improve the living circumstances and quality of life of children in developing countries. As a corporate partner and sponsor of Plan, Orion supports early childhood education of children in the state of Timor-Leste (East Timor) in Asia. Information about the collaboration is provided at www.orion.fi/plan-collaboration.

With its greatest single donation, Orion supported the *New Children's Hospital 2017* project. Orion belongs to the Major Donors, i.e. those contributing at least EUR 100,000 for this fund-raising campaign. The purpose of the campaign is to accelerate building of a new, best-in-class pediatric hospital for children requiring special treatment and care. The hospital shall replace the old Children's Clinic in Helsinki. Orion provides additional support for this socially important fund-raising campaign by donating EUR 0.10 of each package of the vitamin D preparation *DeviSol* sold in January-June 2014.

Information about Orion's *collaboration with patient organisations* is provided in the Sustainability section of the Group's website, directly accessible at www.orion.fi/patient-organisation-collaboration.

EN – Environmental Responsibility

Management approach of Environmental Responsibility (DMA EN)

Goals and performance

The importance of considering the Company's environmental impacts in the management, control and development of operations is emphasised in the Orion Group. As a principle, the environmental impacts of decisions and solutions shall be identified and considered in decision-making, operations are to be developed to preserve biodiversity, and each location shall have established the procedures necessary for managing exceptional events and situations.

The operations of Orion's manufacturing facilities for pharmaceutical preparations and active pharmaceutical ingredients require environmental permissions as specified in the Environmental Protection Decree of Finland. The environmental regulations and permissions are location-specific. They provide the acceptable maximum levels for emissions into air, soil and water as well as the methods and scopes for the measurement, monitoring and reporting the items detailed in the permission.

The minimum levels set in legislation, regulations and the environmental permits are usually not satisfactory targets for Orion in the management of environmental responsibility. A higher target for the performance can often prove more meaningful than the minimum level, also in terms of economy.

In summer 2013, Orion's management confirmed an environmental, health and safety policy for Orion which as a Group-level commitment determines how all units and organisations belonging to the Group promote the well-being of the environment and the workplace.

Environmental, Health and Safety (EHS) Policy of the Orion Group

Orion is committed to proactively reducing and preventing those effects of its operations, products and services which may cause harm to environment, occupational health or safety.

The most significant environmental impacts of Orion's operations arise from the use of materials, energy and water. The emphasis of environmental management is on the efficiency of materials and energy use, waste water and the procedures for selecting and managing suppliers and partners.

Orion manages occupational health and safety risks with the organisations' expertise and collaboration, and with continuous improvements in safety. Actions are planned and taken to prevent injuries and health hazards. Employee well-being and the entire working community's ability to work are promoted by using appropriate and safe working methods.

Orion adheres to applicable legislation and other regulatory requirements concerning its operations. Orion applies such methods and practices in its operations, organisations and processes as promote ecological efficiency and occupational safety, and develops them in line with targets and with foresight.

Committed to continuous development and improvement, Orion assesses the fulfilment of its environmental and occupational safety commitments, prioritises matters to be developed, sets targets and objectives, and follows up on the progress of actions.

Orion promotes its employees' awareness of the Company's environmental matters and occupational safety targets through training and communications to engage the Orion community to act in accordance with the Company's EHS principles, objectives and programs. Orion also expects high environmental, occupational health and safety standards from its partners.

Orion informs its stakeholders about the progress of its environmental and occupational health and safety performance mainly in the Company's sustainability reports.

Focus areas in Orion's environmental activities

The most important objects of attention in the management of Orion's environmental affairs are the chemicals used in the manufacturing processes and laboratories, consumption of energy and water, waste resulting from the operations, emissions into air, water and soil, as well as materials and energy efficiency.

Orion is establishing a systematic and goal-oriented environmental management system based on the principles of the ISO 14001 environmental standard. The new approach first encompasses the pharmaceutical preparations business – the units under the auxiliary business name Orion Pharma – and the Group's head office functions. In Orion's Sustainability Reports, these units constitute the reporting unit 'Orion Corporation'. Corresponding environmental management systems will be defined for Fermion and Orion Diagnostica at a later stage.

Waste in all forms is an important object for Orion in the efforts to reduce the company's environmental burden. Orion's objectives are aligned with the priority targets specified in the EU-level waste strategy, which are included in the new Waste Act which entered into force in May 2012. These priorities include avoiding the production of waste and recycling the produced waste materials. If waste cannot be re-used as material, it must be used in another way whenever possible, such as for energy. The amount of landfill waste is to be minimised.

Waste is in a direct relationship with the efficiency of materials use. Materials efficiency is affected by a complex combination of a variety of factors. In simplified terms it means a high output in proportion to the input resources – *more with less*. In the manufacture of pharmaceuticals, the tolerance of errors and defects is zero. A batch which fails to meet the specified requirements concerning quality and standard operating procedures, is hazardous waste, and all input resources – materials, energy, time and labour – consumed for its production are lost.

Procedures

Orion monitors the environmental impacts of its operations by, for example, measuring and calculating the volumes of chemicals, solvents and other substances, water and energy consumed and emissions to water and air as well as keeping track of waste and recording waste statistics. Investments are made at every operational site on an annual basis, both with the primary purpose to reduce environmental burden and as part of major upgradings and replacement investments implemented in accordance with the company's long-term investment plans. Risk assessments also give guidance for the planning and implementation of investments and other measures to reduce environmental impacts.

The manufacturing processes of pharmaceutical products, active pharmaceutical ingredients and diagnostics products differ very much from each other, and accordingly, they also generate emissions and waste differently both in terms of amounts and type. Most of Orion's total waste is hazardous, and most of it comes from active pharmaceutical ingredients (API) processes, and to some extent also from the manufacture of pharmaceutical products. The reason for the large volumes is the fact that all such materials which contain or may contain active pharmaceutical ingredients or other chemical substances classified as hazardous shall be treated as hazardous. Fermion, which produces APIs by means of synthetic methods of organic chemistry, handles great volumes of raw materials at its plants in Hanko and Oulu and generates most of the Orion Group's total hazardous waste. The waste from Orion's manufacturing plants for pharmaceutical and diagnostics products in Espoo, Turku, Kuopio and Salo is mostly non-hazardous and most of it can be delivered for re-use elsewhere or used for generating energy. The proportions of hazardous waste and landfill waste are low.

Fermion accounts for more than 90% of the total solvents used by the Orion Group. The volatile organic compound (VOC) emissions from the solvents are under efficient control today, thanks to combustion technologies above all, but also process engineering solutions which have reduced the need of using solvents.

The primary objectives of pharmaceutical research for developing both new drugs and generics include not only clinically efficacious and safe drugs, but also quality and reliability. The methods applied in pharmaceutical R&D are mainly directed by the regulations of drug and health authorities. Their main purpose in turn is first and foremost to ensure that the applied research method yields as reliable a result as possible. When possible, the most environmentally friendly option is selected.

Organisational responsibility

The management responsibilities of environmental affairs are allocated according to the operational structure of the Group. This means that the managers of each business division and line function are primarily responsible for the management of their respective environmental affairs. The focus areas and practices are mainly determined by the nature of operation of each division and function, relevant authority regulations and legislation and environmental risks related to the operation in question.

Business divisions and line functions are responsible for identifying the main environmental impacts of their operation and to develop their operations and activities in an environmentally friendly manner. They also draft division and location specific procedures for environmental damage and accidents, document the main tasks and activities that have an impact on environmental safety and issue guidelines for them as well as draft and maintain operating procedures for the collecting, processing and archiving of information related to environmental safety.

Each Orion employee is responsible for operating according to environmental principles in their daily work.

Training and awareness

Orion organises training to maintain and develop the personnel's awareness of environmental affairs and to encourage the personnel's commitment to Orion's environmental objectives. Aspects of environmental protection are included in training programs when appropriate and possible.

Supervisors have a special responsibility for ensuring that the personnel and new employees receive sufficient training on the safety procedures and environmental matters of the department and division.

Responsible Care programme and the Energy Efficiency Programme of the Confederation of Finnish Industries

Orion is a member of the chemical industry's global voluntary initiative *Responsible Care*, under which companies work together to continuously improve their health, safety and environmental performance. Details about the programme are available at www.kemianteollisuus.fi/en.

Orion is also committed to the *EK Energy Efficiency Programme* launched by the Confederation of Finnish Industries, EK. Under the agreement, Orion aims to cut its energy consumption by 9% by 2016, compared with the 2005 level. This includes the consumption of energy, heat and fuels. Compromised quality of production or working conditions are not acceptable ways of reaching the goals of the program. The Energy Efficiency Programme is part of Finland's involvements in the 'Europe 2020' programme of the European Commission.

Orion is promoting its energy efficiency in accordance with action plans and goals set for each operational site. In general, the most challenging goals are those relating to electricity consumption, whereas those concerning heating energy are achievable more easily.

Adoption of REACH and CLP legislation in Orion

Fermion is the part of the Orion Group that is subject to the provisions of the *REACH Regulation concerning Registration, Evaluation, Authorisation and Restriction of Chemicals* which require Fermion to register all solvents and intermediate products imported or produced by the company in amounts of at least one tonne per year. All chemicals covered by the REACH legislation must be entered into the register by the end of May 2018.

Neither pharmaceutical products or substances used in them, nor diagnostic products are concerned by the requirements of REACH. These product groups are regulated and controlled by healthcare authorities, with special regulatory registration and authorisation procedures.

The renewed classification and labelling of chemicals according to *CLP legislation* (Classification, Labeling and Packaging of Substances and Mixtures) which entered into force in 2009, concerns the entire supply chain of Orion to a considerable extent. The purpose of CLP is to harmonise the classification and labeling system of chemicals within the EU to the principles recommended in the United Nations' GHS (Globally Harmonised System of Classification and Labeling of Chemicals). The idea

of the GHS is to use the same principles in the classification and labeling of chemicals worldwide and to harmonise the rules and regulations on the transport, sale and use of chemicals.

The classifications and of all the chemicals manufactured and used by Orion have been re-assessed and renewed, and all substance-specific safety data sheets (SDS) as well as the hazard and precautionary statements have been updated in accordance with CLP.

Complementary references in the Sustainability section at www.orion.fi:

EHS Policy

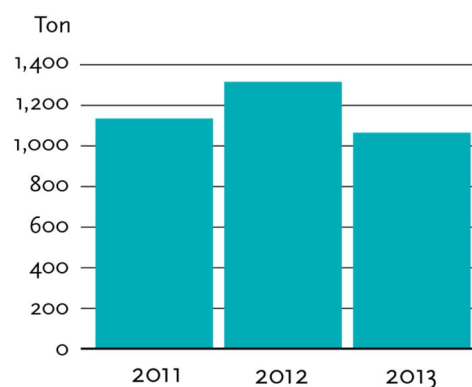
Anticipations towards Suppliers

Indicators of Orion's environmental performance

EN (own) Production volumes by type of product

| Ton | 2011 | 2012 | 2013 |
|--|-------|-------|-------|
| Tablets | 1 172 | 1 308 | 1 112 |
| Injection products | 68 | 57 | 50 |
| Gels and ointments | 687 | 746 | 803 |
| Liquid preparations | 476 | 400 | 356 |
| Diagnostic products | 628 | 745 | 792 |
| Active pharmaceutical ingredients, API | 196 | 228 | 220 |

Example: Tablets, ton



The total production volume of the Orion Group can not be converted into a commensurate unit of measure, because the product portfolio consists of various forms of products. Tablets in various forms are the most common pharmaceutical preparations produced. The above table representatively indicates total production volumes of typical product types in tonnes, which have been calculated using calculatory average conversion factors. The primary and secondary packagings of the products are not included in the figures.

Output of products in terms of volumes continued at high levels in 2013, although average volumes of certain pharmaceutical preparations decreased from the exceptionally high volumes of the comparative year. The most visible decrease was in the weight-converted output of tablets. The capacity was, however, in efficient use at all manufacturing sites.

In the course of 2013, considerable rearrangements and renovations of facilities were implemented in Orion's pharmaceutical manufacturing plants in Espoo and Turku, which affected to production volumes of tablets especially. The exceptionally high production volumes of 2012 are partially also explained by the fire that occurred at the Turku plant in late 2011 and the consequent production delays, which were caught up in the first months of 2012.

The API manufacturing plants of Fermion in Hanko and Oulu operated at full capacity throughout the year, with the exception of the one-week maintenance break in the summer, and the output of finished API products came close to the previous year's record.

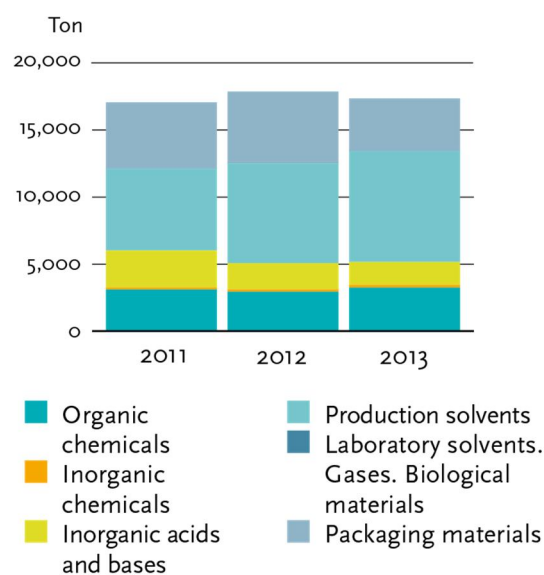
Orion Diagnostica's production volumes also increased, despite the fact that manufacturing operations were discontinued in Turku and all own diagnostics production was centralised into Espoo.

Like all pharmaceutical manufacturers, also Orion utilises its capacity and resources efficiently, having part of its own products manufactured by sub contractors. It is not economically feasible to establish and maintain in house manufacturing technologies for all the numerous different types of products. In the manner of other fields of industry, the pharmaceutical industry also collaborates in networks globally.

Materials

EN1 Materials use

| Ton | 2011 | 2012 | 2013 |
|---|---------------|---------------|---------------|
| Direct materials: | | | |
| Organic chemicals | 3 091 | 2 931 | 3 230 |
| Inorganic chemicals | 145 | 180 | 196 |
| Inorganic acids and bases | 2 692 | 1 897 | 1 664 |
| Production solvents | 5 947 | 7 268 | 8 067 |
| Laboratory solvents | 13 | 22 | 20 |
| Gases | 4 | 11 | 11 |
| Biological materials | 4 | 6 | 5 |
| Direct materials total | 11 896 | 12 315 | 13 192 |
| Packaging materials: | | | |
| Corrugated cardboard packaging | 327 | 373 | 425 |
| Wooden packaging | 381 | 413 | 461 |
| Plastic packaging | 2 021 | 2 324 | 1 430 |
| Paper fibre-based consumer packaging/wrapping | 1 206 | 1 181 | 946 |
| Glass packaging | 711 | 716 | 387 |
| Aluminium packaging | 97 | 106 | 81 |
| Other packaging materials | 62 | 61 | 64 |
| Packaging materials total | 4 805 | 5 174 | 3 795 |
| Materials use total | 16 705 | 17 489 | 16 987 |



EN2 Percentage of recycled input materials of total materials used

| | 2011 | 2012 | 2013 |
|---------------------------------|-------|-------|-------|
| Regenerated solvents, ton | 2 714 | 2 899 | 2 498 |
| Share of total materials use, % | 16% | 17% | 15% |

The above indicators of materials use include the substances and materials used by the supply chains for pharmaceuticals, active pharmaceutical ingredients and diagnostic tests (manufacturing, storage and transport to wholesalers) and part of the materials used in R&D. Materials use is primarily dependent on

production volumes of finished products but it is also affected by manufacturing process improvements and the amount of semi-finished products and intermediates delivered by external suppliers.

Fermion, which manufactures active pharmaceutical ingredients in chemical processes, accounted for 90% of the Group's total use of direct manufacturing raw materials in 2013, the same proportion as in the comparative years.

Pharmaceutical manufacturing operations consumed 61% of the total organic chemicals, the remaining 39% were used by Fermion.

Inorganic acids and bases are mainly industrial detergents used for the cleaning of the production lines and equipment. Fermion's share of their consumption is preeminent, about 95%. The total consumption of these chemicals continued to decrease, however, in consequence of outsourcing one process phase in 2011.

Solvents account for a major share of the total volume of materials used in Group's production operations. They represent almost one-half of the total materials consumption, and they mostly consist of those used by Fermion. Fermion accounted for 95% of the Group total of over 8,000 tons in 2013. Solvents play an important role Fermion's chemical processes. Their consumption grew in line with the increased API outputs.

At the production sites of pharmaceutical preparations, the use of solvents decreased slightly from the previous year. In Espoo, the main solvent is ethanol, and most of it is used in tablet coating processes and in the production of tablet masses. The Turku plant also uses mostly ethanol, and some tonnes of isopropanol. A considerable proportion of them is used in the manufacturing of hormonal products. Process technical solutions are being sought, however, to reduce the need of solvents.

Regenerated solvents, reported above in EN2, comprise the only relevant re-usable materials in the Orion Group. Solvents are regenerated and re-used by Fermion, and they play a significant role in its materials economy. Both the Hanko and Oulu plants of Fermion retain part of their solvents and regenerate them in their distilleries. The Oulu plant re-uses the regenerated solvents in its production processes, whereas in Hanko, part of the distillate is used as fuel in the plant's VOC combustion facility and thereby as an energy source of API processes. In 2013, regenerated solvents accounted for 32% of Fermion's total solvent consumption.

Orion's capability to recycle consumed auxiliary and excess materials in the manufacturing processes is limited in practice to those solvents, due to strict requirements concerning the quality, composition and purity of the materials used in the supply chain of medicines. The purity and safety requirements also involve packaging. Usable materials which certainly do not contain residues of active ingredients are delivered by Orion for recycling elsewhere.

The use of packaging materials decreased by 27% from that in 2012.

Orion Corporation, i.e. the pharmaceuticals manufacturing operations, consumed about 68% of all packaging materials in the Group, whereas Fermion's proportion was a scarce 1%.

The materials used for the many different types of packaging accounted for approximately 22% of Orion's total material consumption in 2013, while in 2012 their share was about 30%. The most commonly used packaging materials include plastic, glass, board, corrugated cardboard and aluminium. Plastic and glass are most often used as primary packaging materials, which come into direct contact with the medicine. Board and corrugated cardboard are mostly used as secondary packaging materials which encase the primary package. Aluminium is used most in blister packages. It is also used in the collars of injection bottles and some cream tubes. A very thin aluminium film layer is contained in the bag protecting the Easyhaler® inhalator in its retail package. Cardboard and liner are the most common materials of secondary packaging, into which the primary packages are packed. Cardboard, plastic film as well as bubble and cell plastics are the most common materials in wholesale packaging.

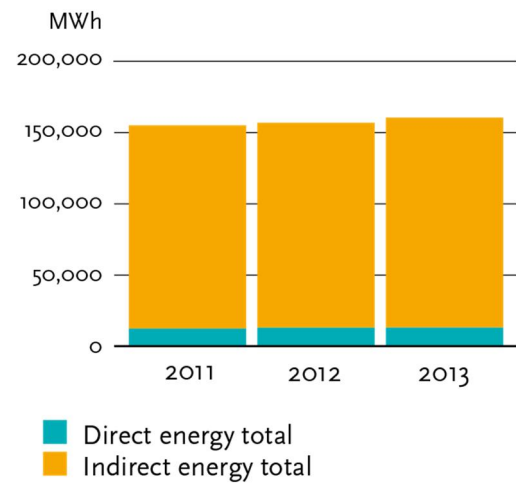
A high degree of the packaging materials waste generated in the warehousing and packaging stages is uptaken for re-use and delivered for recycling. Practically no landfill waste containing packaging materials is generated by the company's internal functions, thanks to the efficient and comprehensive municipal waste collection, handling, sorting and recycling infrastructure of Finland.

The quality requirements concerning packaging of pharmaceuticals are determined in the European, US and Japanese pharmacopoeias, among others. Guidelines are provided by the European Medicines Agency EMA, the US Food and Drug Administration, FDA, and the International Committee of Harmonisation, ICH.

Energy

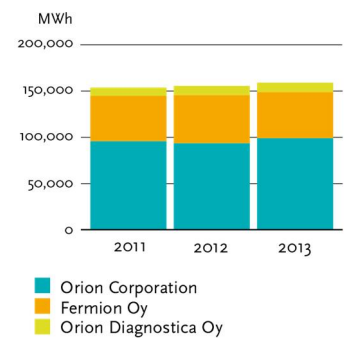
EN3 and EN4 Direct and indirect energy consumption by primary energy source

| MWh | 2011 | 2012 | 2013 |
|------------------------------|----------------|----------------|----------------|
| Heavy fuel oil | 11 400 | 11 900 | 12 100 |
| Light fuel oil | 622 | 702 | 595 |
| Direct energy total | 12 022 | 12 602 | 12 695 |
| District heat | 41 581 | 45 524 | 48 882 |
| Steam | 29 680 | 32 218 | 29 129 |
| Electricity | 69 537 | 64 248 | 67 406 |
| Indirect energy total | 140 798 | 141 990 | 145 418 |
| Energy total | 152 820 | 154 592 | 158 113 |



Total energy consumption by reporting unit 2011–2013

| | MWh 2011 | Share 2011 | MWh 2012 | Share 2012 | MWh 2013 | Share 2013 |
|----------------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Orion Corporation | 95 072 | 62% | 92 912 | 60% | 98 360 | 62% |
| Fermion Oy | 48 790 | 32% | 51 806 | 34% | 49 512 | 31% |
| Orion Diagnostica Oy | 8 958 | 6% | 9 864 | 6% | 10 241 | 7% |
| Total | 152 820 | 100% | 154 581 | 100% | 158 113 | 100% |



Energy consumption in the reporting units by type of energy and their proportion of the Group's total energy consumption in 2013

| MWh | Orion Corporation | Share 1) | Fermion Oy | Share 1) | Orion Diagn. Oy | Share 1) | Group total | Break-down 2) |
|------------------------------|-------------------|-------------|---------------|------------|-----------------|-----------|----------------|---------------|
| Heavy fuel oil | 12 100 | 100% | 0 | | 0 | | 12 100 | 8% |
| Light fuel oil | 595 | 100% | 0 | | 0 | | 595 | <1% |
| Direct energy total | 12 695 | 100% | 0 | | 0 | | 12 695 | 8% |
| District heat | 39 906 | 82% | 3 221 | 6% | 5 628 | 12% | 48 882 | 31% |
| Electricity | 42 659 | 63% | 20 262 | 30% | 4 485 | 7% | 67 406 | 43% |
| Steam | 3 100 | 10% | 26 029 | 90% | 0 | | 29 129 | 18% |
| Indirect energy total | 85 665 | 59% | 49 512 | 34% | 10 241 | 7% | 145 418 | 92% |
| Total | 98 360 | 62% | 49 512 | 32% | 10 241 | 6% | 158 113 | 100% |

1) Share of total consumption of energy type

2) Proportion of the Group's total energy consumption

The energy consumption reported above includes the operational sites of the Orion Group in Finland. The Group has no production plants outside Finland. The foreign marketing organisations work in rented office premises, and reliable information about their heating energy and electricity consumption can not be collected.

Total energy consumption in 2013 increased by approximately 3,520 MWh, or 2.3% from the previous year. Consumption of district heating energy grew by about 7% and electricity by about 5%, whereas steam consumption decreased by about 10%. Practically all the growth came from the pharmaceutical manufacturing sites, i.e. Orion Corporation, which accounted for 62% of the total energy and showed an increase of close to 6%. District heating energy grew most. As of 2013, the figures of Orion Corporation also include the new tablet packaging and warehousing site in Salo, which was still under construction in 2013. Fermion's energy consumption decreased by 4% and it accounted for about 31% of the Group's total energy consumption. Orion Diagnostica also showed an increase of about 4%, but with its 6% share of the Group total its weight is minor.

Direct energy, which represents about 8% of the Group's total energy, is mainly steam generated by the boiler facility at Orion's Espoo site, which uses heavy fuel oil. The much smaller pharmaceutical plant in Kuopio has its own steam boiler which uses light fuel oil.

Electricity consumption increased in all the reporting units and it accounted for 43% of the Group's total energy consumption. The operations comprised by Orion Corporation consumed 59%, Fermion about 30% and Orion Diagnostica about 11% of the total electricity. All electricity to Orion's Finnish locations is procured from Energia Myynti Suomi Oy. The proportion of different sources of energy used for the generation of the purchased electricity follows the breakdown reported by NordPool for electricity supplied in the Nordic area.

Consumption of district heating energy grew 3,360 MWh, of which Orion Corporation accounted for 2,300 MWh. The new Salo facility contributed 1,000 MWh to the increase. Fermion used approximately 900 MWh more district heating energy than in 2012. Fermion receives most of its heating energy from energy generating facilities located adjacent to its sites. In Hanko, heating energy is uptaken into the production processes from the VOC combustion plant.

Steam is a very important form of energy for Fermion especially, accounting for more than a half of Fermion's total energy consumption. Steam is supplied to Fermion's plants by Adven Oy from its local, recently modernised low-emission boiler plants.

EN5 Energy saved due to conservation and efficiency improvements, and EN7 Initiatives to reduce indirect energy consumption and reductions achieved

| Energy saved MWh | 2011 | 2012 | 2013 |
|--------------------|-------|-------|-------|
| Electricity | 524 | 490 | 399 |
| Heating energy | 4 216 | 3 334 | 4 501 |
| Fuels | 66 | 854 | 300 |
| Total energy saved | 4 806 | 4 678 | 5 200 |

| 2013 Energy saved MWh | Electricity | Heating energy | Fuels | Total energy saved |
|--|-------------|----------------|-------|--------------------|
| Orion Corporation and Orion Diagnostica Oy | 182 | 1 048 | 300 | 1 193 |
| Fermion Oy | 217 | 3 453 | | 3 670 |
| Total energy saved | 399 | 4 501 | 300 | 5 200 |

The Orion Group with its operations in Finland is a member of the Energy Efficiency Programme coordinated by the Confederation of Finnish Industries EK, the aim of which is to cut energy consumption by 9% by 2016 from the 2005 level. The member companies report annual details on their progress into a database maintained by Motiva Oy. The Orion figures presented under indicator EN5 and EN7 are sourced from the Motiva database, and they comprise implemented activities. The megawatts saved are estimated outcomes calculated using the guidelines provided by the Programme.

Commitment to the Programme, which was started in 2008, has activated Orion's organisations to both fix spots and equipment causing direct loss and waste of energy and to prevent the possibility of unnecessary energy consumption already when planning constructions. Without the already implemented energy conservation investments, the production operations would, undoubtedly, consume considerably more energy than today.

Cumulative outcome already outperforms the target

The energy saving target of the Orion Group in the EK Program until 2016 is 12,300 MWh. This goal has already been achieved, well ahead of the time line, but Orion goes on looking for and implementing relevant slots for improvement and additional conservation. The national and EU-level policies are changing and leading towards more and more stringent energy efficiency requirements, which companies must observe in their daily operations. Orion makes plans for improved energy efficiency and develops its energy consumption in line with the changing requirements.

The actions implemented in 2013 to improve energy efficiency are estimated to reduce the Group's energy consumption by a total of 5,200 MWh. By far the largest savings are achievable from heating energy. The creation of waste heat has been prevented in many ways by improving and increasing heat recovery, optimising air conditioning and controls of circumstances. Many projects primarily aimed at saving heating energy have also cut electricity consumption. The megawatts saved from electricity result from many, mostly minor measures, such as upgraded lighting by replacing old lamps with led lights and by installing motion sensors. Energy consumption in office buildings can be considerably reduced by means of modern facility control technologies. Investments in such arrangements, however, are best implemented in connection with major facility renovations.

It is wise to search for savings primarily in targets with the best potential. Within the Orion Group, such objects are best found at the production plants of Fermion. Fermion is the most energy intensive unit in Orion, representing almost one-third of the Group's energy consumption while just 6 percent of the net sales. Fermion's reactors and distillators in Hanko and Oulu work non-stop and produce increasing volumes. In the past four years, the Hanko plant has succeeded to reduce its electricity and heat energy consumption by a total of around 11,000 MWh, despite constantly grown outputs of both APIs and their intermediates. Fermion has invested close to EUR 1.5 million in energy efficiency, having achieved the greatest savings from upgraded steam and condensate systems.

The investments in energy efficiency have paid back very rapidly in most of Orion's projects. Short payback times encourage us to pay attention even to minor items. Every unnecessarily consumed kilowatt means lost euros.

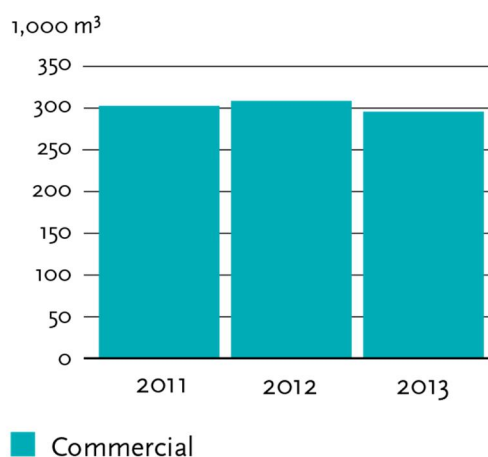
Water

EN8 Total water withdrawal by source

| 1 000 m ³ | 2011 | 2012 | 2013 |
|------------------------|------|------|------|
| Municipal water supply | 303 | 309 | 296 |
| Water withdrawal total | 303 | 309 | 296 |

Water consumption by reporting unit

| 1 000 m ³ | 2011 | 2012 | 2013 |
|----------------------|------|------|------|
| Orion Corporation | 166 | 175 | 163 |
| Fermion Oy | 116 | 114 | 113 |
| Orion Diagnostica Oy | 21 | 20 | 20 |
| Total | 303 | 309 | 296 |



All the water consumed by Orion is taken from local municipal water supply systems. Total consumption of water in 2013 decreased by about 4% from that of the previous year. There are significant differences in the purposes and volumes of water consumption between the units and locations due to the differing characteristics of their facilities and operations.

In Orion Corporation, water consumption decreased by about 7%. In the production departments, considerable amounts of water are consumed in the washing procedures of the production lines and containers. Medicines are manufactured in batches, and all process steps must meet very strict purity requirements throughout the supply chain. To prevent cross contamination, the process equipment, accessories and lines are thoroughly cleaned with water after the completion of all the batches of the product so that no traces of any substances used in the product remain. The more minor batches of different medicines are produced, the more washing must be done.

Water is also used by gas scrubbers, the task of which is to capture evaporated solvents and to decrease emissions of organic compounds (VOC). The scrubbers do their work efficiently but with considerable amounts of water. The new VOC combustion facility at Orion's Espoo site is taking over the job of the gas scrubbers, consequently reducing water consumption for their part.

In finished products, water is a substance in the composition of liquid solutions, such as cough medicines and injections.

Fermion's water consumption was at the previous year's level and its share of the Group's total water consumption was 38%. Its annual water consumption varies depending on which active ingredients are manufactured in the course of the year as well as on their manufacturing processes. Fermion also uses a lot of water for cooling its processes.

Orion Diagnostica's water consumption also came to the previous year's level. A lot of water is consumed in the manufacturing phases of the main product, the QuikRead® system for diagnosing infections.

Biodiversity

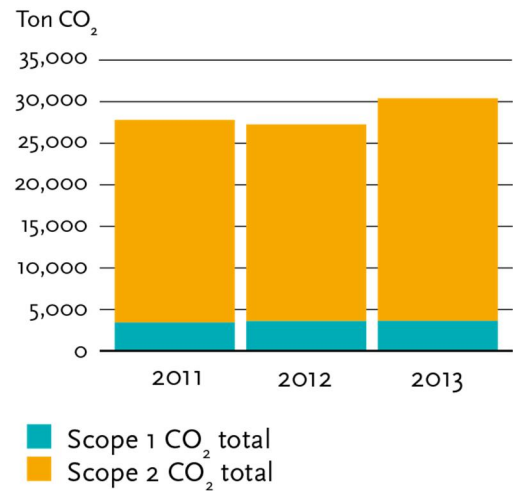
EN11 Land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected area

Orion does not own or manage any land or real estate which are used in manufacturing and are of high biodiversity value, nor does Orion operate adjacent to any areas classified as such.

Emissions, effluents and waste

EN16 Total direct and indirect CO₂ emissions

| Ton CO ₂ | 2011 | 2012 | 2013 |
|---|--------|--------|--------|
| Direct energy | 3 400 | 3 563 | 3 591 |
| Indirect energy | 24 309 | 23 594 | 26 709 |
| Direct and indirect CO ₂ emissions total | 27 709 | 27 157 | 30 300 |

**CO₂ emissions of indirect energy by energy supplier and by type of energy**

| Ton CO ₂ | Type of energy | 2011 | 2012 | 2013 |
|--|-------------------------|--------|--------|--------|
| Ekokem VOC Hanko | steam | 5 308 | 5 195 | 5 673 |
| Energia Myynti Suomi Oy | electricity | 3 637 | 2 795 | 5 019 |
| Fortum Espoo | district heat | 7 800 | 6 689 | 7 681 |
| Adven Oy Hanko | steam | 19 | 64 | 45 |
| Adven Oy Oulu | steam | 2 007 | 1 895 | 1 640 |
| Kuopion Energia | district heat | 755 | 638 | 297 |
| Turku Energia | steam and district heat | 4 782 | 6 319 | 6 110 |
| Salon Kaukolämpö | district heat | - | - | 243 |
| CO ₂ emissions of indirect energy total | | 24 309 | 23 594 | 26 709 |

CO₂ emissions coefficients, gCO₂Eq/kWh

| Energy supplier | Type of energy | 2011 | 2012 | 2013 |
|-------------------------|----------------|-------|-------|-------|
| Energia Myynti Suomi Oy | electricity | 52.3 | 43.5 | 86.2 |
| Ekokem VOC Hanko | steam | 336.0 | 323.0 | 310.0 |
| Ekokem VOC Hanko | district heat | - | 323.0 | 310.0 |
| Fortum Espoo | district heat | 300.0 | 240.0 | 270.0 |
| Adven Oy Hanko | steam | 11.3 | 25.0 | 32.6 |
| Adven Oy Oulu | steam | 223.0 | 169.2 | 164.0 |
| Kuopion Energia | district heat | 387.0 | 308.1 | 151.4 |
| Turku Energia | district heat | 269.0 | 356.6 | 321.0 |
| Turku Energia | steam | 353.0 | 327.0 | 327.0 |
| Salon Kaukolämpö | district heat | - | - | 232.0 |

The CO₂ emissions have been calculated for direct and indirect energy consumption in Orion's Finnish locations. Most of the CO₂ emissions from direct energy originate from the boiler plant at the Espoo site,

which produces steam using heavy fuel oil. The much smaller steam generating boiler at the pharmaceutical plant in Kuopio uses light fuel oil.

The CO₂ emissions from direct energy consumption were calculated based on the emission factors of the fuels used in the in-house boilers. The CO₂ emissions from indirect energy consumption were calculated using emission factors provided by energy suppliers.

The split of the origins of electricity for 2013 was not available early enough for this Report, which is why that announced for 2012 is applied by Orion in the calculations for the 2013 electricity. Of the electricity consumed by Orion in 2013, about 33.4% was produced with fossil fuels and/or peat, 28.4% using renewable energy, and 38.2% with nuclear energy. The CO₂ emissions from the total electricity consumption have been calculated using 86.2 as the weighted coefficient, derived from the 258 g/kWh coefficient of the fossil energy sources.

Combined consumption of heating energy and steam and the corresponding CO₂ emissions remained approximately at the previous year's level. CO₂ emissions from electricity doubled from the previous year, although Electricity consumption increased by around 5%, but the corresponding CO₂ emissions doubled from the previous year. This was a direct consequence of the two times greater coefficient of the fossil fuels.

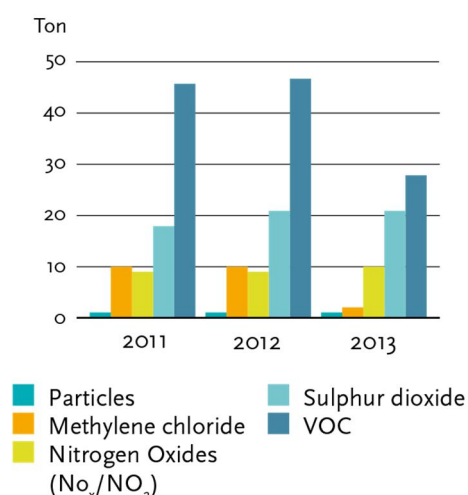
As of 2011, all electricity to Orion's Finnish locations is procured from Energia Myynti Suomi Oy. The supply contract includes no requirements concerning the origins of the electricity.

New electricity disclosure practice as of 2013

Until 2012, energy suppliers have announced the origin and the CO₂ emissions of electricity as a production mix. As of 2013, the data are disclosed as a Residual Mix calculated according to the Best Practice Recommendations of the RE-DISS project (Reliable Disclosure Systems for Europe the Energy Authority) EU-wide on a national level. The Residual Mix data shall be disclosed by competent bodies – the Energy Authority in Finland – by the end of May each year. In Finland, the residual mix calculation is based on the split of the electricity produced in Finland less the origin-guaranteed electricity generated with renewable energy sources.

EN20 Emissions to air

| Ton | 2011 | 2012 | 2013 |
|---|------|------|------|
| Methylene chloride (DMC) | 10 | 10 | 2 |
| VOC total | 46 | 47 | 28 |
| Nitrogen oxides (NO _x /NO ₂) | 9 | 9 | 10 |
| Sulphur dioxide | 18 | 21 | 21 |
| Particles | 1 | 1 | 1 |



Orion emits comparatively small amounts of harmful substances into the air. In 2013, those emissions from the Orion Group's sites decreased further.

Strict emission limits are set in the local environmental permits for Orion's manufacturing plants. Very stringent emission limits apply to dichloromethane (DMC, or methylene chloride) and chlorinated hydrocarbons in general. Of the solvents used by Fermion, a heavy user, methylene chloride, dimethylformamide, N-methylpyrrolidone and perchlorethylene are harmful and also hazardous to health, and they are very difficult to be replaced. Fermion has, however, been very successful in getting their emissions under efficient control.

Solvents are the sources of VOC (volatile organic compound) emissions into air. They are nowadays well under control in the Orion Group, thanks to new incineration technologies which block and eliminate the VO compounds. Fermion's VOC emissions fell down to just about 10 tons, now that the technical problems of the Oulu VOC combustion facility were overcome by the replacement of the catalyts.

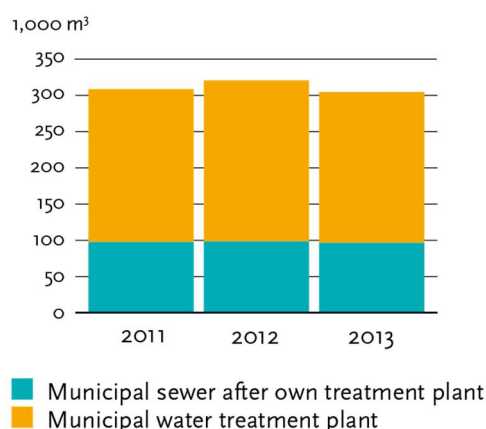
The greatest VOC emissions – altogether 19 ton – now escaped from the pharmaceutical manufacturing operations in Espoo and Turku and mainly originating from ethanol which is used as a solvent in the manufacture of tablet masses and in tablet coating processes.

In Turku, VOC emissions are captured with gas scrubbers, whereas in Espoo, the use of gas scrubbers will decrease when the recently introduced catalytic VOC combustion facility has reached the desired purification degree. Orion also continues efforts to further reduce the use of organic solvents.

The reported sulphur dioxide, nitrogen oxides and particles mainly originate from the boiler facility of the Espoo site, which uses heavy fuel oil. The emissions are in line with the oil consumption.

EN21 Total water discharges by way of treatment

| 1 000 m ³ | 2011 | 2012 | 2013 |
|--|------------|------------|------------|
| Via own treatment plant into municipal sewer | 98 | 99 | 97 |
| Into municipal water treatment plant | 210 | 221 | 207 |
| Total water discharges | 308 | 320 | 304 |



All waste waters are led from Orion's facilities and plants either directly or after neutralisation to municipal water treatment plants, where solids and substances with biochemical oxygen demand (BOD) or chemical oxygen demand (COD) are removed. No waste water exits directly from Orion's sites to natural waterways.

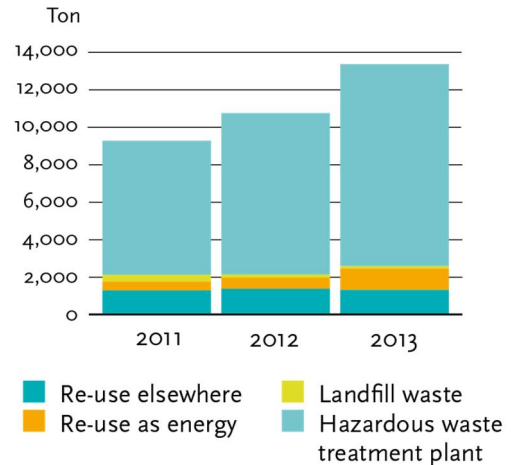
The exiting waters of Fermion's Hanko plant are first treated in a biological treatment plant from which the treated water is conducted to the sea via the local municipal discharge pipe. Fermion's waste waters contain high levels of nitrogen, but most of the nitrogenous compounds evaporate as nitrogen during treatment.

The levels of solids contained in Orion's waste waters are low, whereas the BOD and COD values are higher than the corresponding ones in community waste waters. This is due to the high carbon content of the waste waters, which in the pharmaceuticals production sites originates from the ethanol escaping from gas scrubbers into the exiting waters. The COD and BOD values rose at the Turku site, while they slightly decreased in Espoo. Although the new VOC incineration facility will reduce the BOD and COD values in Espoo, more robust solutions are needed for on-site pre-treatment of the exiting waters. Also in Fermion, solvents used in the washing of process equipment are the greatest oxygen consuming factor in the waste waters. Fermion's total COD and BOD values decreased, however, to levels measured in 2011.

Waste water management is one of Orion's priorities on the agenda of environmental affairs development. In 2013, Orion started engineering waste water pre-treatment facilities for the Espoo and Turku sites. Orion is particularly exploring technologies applicable to blocking active pharmaceutical ingredients and chemicals used as intermediates and detergents from escaping into the waste waters arising from the washing and cleaning of the manufacturing lines and equipment. Attention is also paid to methods of pre-cleaning process equipment and accessories as efficiently as possible before washing them with water.

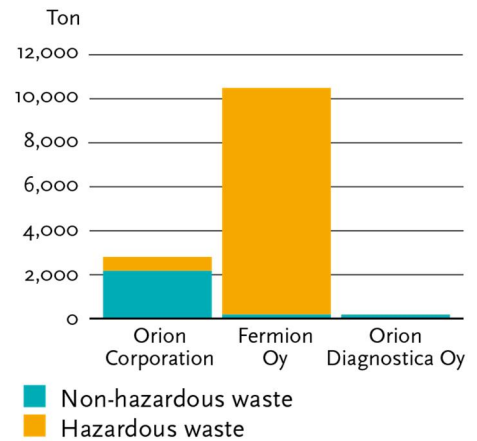
EN22 Waste by disposal method and EN24 Hazardous waste

| Ton | 2011 | 2012 | 2013 |
|---------------------------------|--------------|---------------|---------------|
| Re-use elsewhere | 1 238 | 1 331 | 1 311 |
| Re-use as energy | 471 | 588 | 1 141 |
| Landfill waste | 362 | 166 | 127 |
| Hazardous waste treatment plant | 7 179 | 8 650 | 10 815 |
| Waste total | 9 250 | 10 735 | 13 393 |



Waste by reporting unit 2013

| Ton | Orion Group | Orion Oyj | Fermion Oy | Orion Diagnostica Oy |
|---------------------|---------------|--------------|---------------|----------------------|
| Non-hazardous waste | 2 512 | 2 143 | 204 | 165 |
| Hazardous waste | 10 881 | 637 | 10 232 | 12 |
| Total | 13 393 | 2 780 | 10 436 | 177 |



The amount of waste generated by Orion’s sites in Finland in 2013 grew by approximately 2,660 ton, or 25% from 2012. The increase came from hazardous waste and non-hazardous fractions eligible for combustion into energy. Like in previous years, 80% of all waste was hazardous, and now as much as 94% of all hazardous waste came from Fermion.

Due to the nature of Orion’s manufacturing operations and the composition of the company’s products, most of the generated waste is unsuitable or even dangerous for re-use purposes. Typical materials treated as hazardous waste include pharmaceutical waste, organic and inorganic chemicals and mixtures classified as hazardous or harmful, cytostatic waste, carcinogenic waste, batteries, fluorescent tubes, halogenated solvents, lubricating oils, oil-containing fabrics and filters, mercury waste, adhesive and paint containers and ashes from heavy fuel oil boilers.

The hazardous waste is treated by Ekokem Oy, which uses most of it as fuel in its power plant specialised in the combustion of hazardous waste, turning the waste into district heating energy for the neighbouring Riihimäki region. A minor part of Orion’s hazardous waste can be sorted into energy fractions combustible at lower temperatures. Part of the hazardous waste fractions are re-uptaken by Ekokem for further use. Such materials include accumulators and batteries, refrigerating equipment, fluorescent tubes, electronic equipment, metals and other inorganic components.

The amount of non-hazardous waste grew by about 20%, and almost all of it was re-usable elsewhere. Approximately 85% of the Group’s total non-hazardous waste originated from the operations of Orion Corporation, i.e. the pharmaceutical manufacturing sites in Espoo, Turku, Kuopio and Salo, and offices. A considerable proportion of all non-hazardous waste consists of various packaging materials. Thanks to further improved sorting, the amount and proportion of non-hazardous energy waste increased notably.

Waste material delivered for re-use elsewhere declined somewhat from the previous year. An increasing proportion of that waste consists of bio waste, the collection of which Orion has improved at all sites.

Landfill waste went further down by 24% from the previous year's amount. The new Waste Act provides that no landfill waste shall be produced as of 2016.

EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impacts of mitigation

Orion is establishing an environmental management system based on the ISO 14001 standard for its pharmaceutical plants in Espoo, Turku, Kuopio and Salo. The Environmental Policy confirmed for the Group in 2012 was complemented in mid 2013 into an EHS Policy, which expresses the overall intentions and direction of the entire Orion Group concerning environmental performance as well as occupational safety and health.

In the environmental system project, an EHS Handbook has now been created, plans have been laid out for the conduction of internal EHS audits, and a basic training programme for employees has been designed. For setting environmental goals, approaches and methods for determining the annual material flows in the pharmaceutical operations reliably enough were also prepared.

Orion has been excellently successful in its efforts to decrease VOC and DCM emissions from solvents as well as to improve energy efficiency. Challenges are faced in efforts to reduce waste, but the collaboration agreement with Ekokem in 2013 has already led to improved efficiency and overall quality of the Group's waste management.

Ekokem is Orion's strategic partner in waste management

In 2013, all waste management of the Orion Group's Finnish locations was agreed to be centrally administered and handled by Ekokem Oy, specialist providers of environmental management services. Previously, a number of more or less specialised waste handling and logistic service providers were engaged, under direct contractual relationships with the Group's units. Ekokem now takes operational responsibility as a strategic partner for all waste management services needed by Orion. Consolidation under one single main operator improves the management of the waste flows and facilitates the administration of waste affairs. Waste collection, sorting, handling and logistics become more efficient and the practices at the different sites are harmonised. In collaboration with Ekokem, Orion has already introduced new practices to ensure the correct ways of sorting and handling waste at the originating site. Ekokem also helps Orion's locations in preparing for uncompromised compliance with the new waste legislation.

Ekokem has been an important partner of Orion for a long time: the company has taken care of the safe and environmental-friendly treatment and disposal of Orion's hazardous waste at their specialised power plant in Riihimäki ever since they started in 1979.

Changes in the manufacturing and annexed operations of pharmaceutical industry tend to take a relatively long time to implement because a specification of the manufacturing method is included in the marketing authorisations granted by medicinal authorities to the products. If changes are planned to the manufacturing method due to environmental reasons, for example, each national drug authority that has granted a marketing authorisation must be provided with proof that the change in the method does not affect the product's efficacy or safety, and the marketing authorisations must be updated via a variation procedure to reflect the changed manufacturing method.

Compliance

EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

Orion has not been condemned to fines or sanctions for non-compliance with environmental laws and regulations during the review period.

Transportation

EN29 Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce

Before 2012, Orion did not report on indicator EN29 due to lack of a reliable method for assessing the environmental impacts of transporting the company's goods and materials and work-related travelling of employees. As of the Report for 2012, we present under this indicator the carbon dioxide emissions from the business flights of the Orion Group's Finnish employees. The data is provided by CWT Kaleva Travel, the travel services partner of all units of the Group in Finland. The business flights arranged by other travel agencies for the employees of our foreign locations cannot be reported. No reliable method is available for us to assess and monitor environmental impacts of goods transportation.

CO₂ emissions from business flights

| 1 000 miles | 2011 | 2012 | 2013 |
|-----------------------|-------|-------|-------|
| Flights in Finland | 913 | 876 | 624 |
| International flights | 7 847 | 8 116 | 7 435 |
| Flights total | 8 760 | 8 992 | 8 059 |

| CO ₂ emissions, ton | 2011 | 2012 | 2013 |
|---|-------|-------|-------|
| Flights in Finland | 220 | 211 | 150 |
| International flights | 1 451 | 1 506 | 1 371 |
| CO ₂ emissions from business flights total | 1 671 | 1 717 | 1 521 |

Calculation of the CO₂ emissions:

Length of flight ≤ 590 miles 0.24 kg CO₂ / mi
 Length of flight > 590 miles 0.18 kg CO₂ / mi
 1 mile = 1.609344 km, unit in land miles

In 2013, Orion's employees flew a total of slightly over 8 million miles in business, which was 11.5% less than in 2012. The corresponding CO₂ emissions decreased by 12.4%. The CO₂ emissions from the domestic flights, i.e. inside Finland, decreased proportionally as much as the flight miles, about 29%. The total of miles flown on international flights decreased by 9.7% and the corresponding CO₂ emissions by 10.2%. Orion has been active in taking web-based conferencing systems into use, thereby clearly reducing the need to travel.

CO₂ emissions of company cars decrease along with renewal of the fleet

About 185 employees in the Orion Group's service in Finland had a company car as an employment benefit in 2013. Orion's company car policy emphasises low emissions, fuel economy and traffic safety. The average exchange interval is three years. The CO₂ emission goal of 120 g/km set by Orion for 2020 means that the average annual level should decrease by about 5 g/km. That goal is already close to be reached: the average CO₂ emissions of the new company cars taken into use in 2013 were as low as 130 g/km, against 141 g/km in 2012.

Overall

EN30 Total environmental protection expenditures and investments

| EUR 1 000 | 2011 | 2012 | 2013 |
|-----------------------------------|-------|-------|-------|
| Environmental investments | 2 490 | 2 502 | 814 |
| Environmental protection expenses | 4 050 | 4 865 | 5 115 |
| Environmental expenditures total | 6 540 | 7 367 | 5 928 |

Total environmental protection expenditures and investments by reported organisational unit, in 2013

| EUR 1 000 | Orion Group | Orion Corporation | Fermion Oy | Orion Diagnostica Oy |
|-----------------------------------|-------------|-------------------|------------|----------------------|
| Environmental investments | 814 | 358 | 449 | 7 |
| Environmental protection expenses | 5 115 | 1 432 | 3 595 | 88 |
| Environmental expenditures total | 5 928 | 1 790 | 4 044 | 94 |

The environmental investments consist of a number of projects for improving energy efficiency, efficient and safe use of materials, consumption of water and management of effluents, waste and emissions. Environmental investments in 2013 fell down to just one-third of those in the two previous years. Approximately EUR 370,000 were invested in energy efficiency improvements, most of which into heat recovery and lighting systems renewals at the pharmaceutical manufacturing plants in Espoo, Turku and Kuopio. Among other kind of purposes, the investment in Hanko in an isolator facility which improves the safety of the handling of liquid raw materials and also conducts the volatile vapors and gases into the plant's VOC incineration facility, thereby also prohibiting them from escaping into the air. The most significant environmental investments at Fermion's Oulu plant comprised the replacement of the catalysts of the VOC combustion facility as well as the renovation of cooling towers.

Environmental expenses grew somewhat from the comparative year, mainly in consequence of the increased amount of waste. The greatest items in the environmental expenses consist of handling waste, and especially the handling of hazardous waste. In 2013, waste handling costs made a total of EUR 4.7 million, of which Fermion's proportion was EUR 3.4 million.

SO – Social Responsibility

The following performance indicator areas are included under Social Responsibility:

LA – Labour Practices and Decent Work

HR – Human Rights

SO – Society

PR – Product Responsibility

LA – Labour Practices and Decent Work

Management approach of Labour Practices and Decent Work (DMA LA)

Goals and performance

Orion is Finland's largest pharmaceutical employer and an international work environment for multi-talented people. At the end of 2013, Orion employed 3,519 people, 703 of them working at the Group's overseas offices. The workforce represents many nationalities and cultural backgrounds, but is unified by the common Orion business culture, shared values and practices.

Orion aims to be an interesting and preferred employer. We foster our good employer image by looking after the professional development, working conditions and well-being of every Orion employee. We offer our employees a healthy and safe working environment and a smooth-operating working community. Employees are provided with opportunities for development and career advancement through career paths. We also ensure that our employees have the necessary skills to implement the Group's strategy.

Orion offers the chance to work in an international environment and provides varied and challenging career opportunities for experts in different disciplines.

A big corporation has need and room for individuals with different backgrounds, because interaction between viewpoints offers fertile ground for innovation.

Our mission - Building well-being - addresses not only our external stakeholders but also the atmosphere of our workplaces. We promote equality and justice throughout the Group by ensuring that every employee has equal opportunities for success and development in their work and that the employees treat one another fairly. These objectives are recorded in Orion's Human Resources Policy, accessible at www.orion.fi.

The ethical principles concerning our working community are recorded in the Code of Conduct of the Orion Group. The Code is applicable to Orion's employees and businesses, requiring every individual employee's commitment to comply with it.

Orion develops its operations in uncomplicated and open cooperation with the personnel. In employee-manager relations, we strive towards flexible, unobstructed and open interaction so that questions that require answers or solutions can be processed quickly and constructively. Cooperation is natural in normal daily operations. Collaboration is done both as part of normal daily working and at meetings

based on labor-related legislation. The Group appreciates the work of trade unions and employee representatives and treats them with respect and openness.

Procedures

Orion ensures responsible operations in relation to employees and working conditions by adhering to the Group's shared values, the procedures and responsibilities specified in the Corporate Governance Manual as well as the joint ethical principles and policies. Orion's mission "Building well-being" contains a strong message of doing things together. To our employees the mission means "work we are proud of together". The Group's values are visible in our daily life: we take care of every individual's well-being and competence in our working society. *Healthy at Work*, *Building Well-being at Work* and *Good Morning – Good Tomorrow!* are examples of projects which demonstrate our willingness to be forerunners and play an exemplary role. We do good things together. By providing preconditions for coping, development and satisfaction at work, Orion encourages the employees' joy of accomplishment. An employee who is happy at work contributes to the well-being of the company and the working community.

In human resources management, Orion operates according to effective legislation, collective agreements, security regulations and other responsibilities. Orion's *Human Resources Policy* emphasises equality and fairness, constructive and unobstructed interaction between personnel and management, opportunities for further occupational development, rewards for good results and creating good working conditions and atmosphere for Orion employees.

Recruitment

Our success depends on our ability to employ and recruit professional people, develop and train their skills and care for their well-being at work. We invest in the development of a professional and high-quality recruitment process and our employer image. We recruit new professionals into our service. We develop, train, inspire and engage them to work in accordance with the goals and operational principles of our company. We have tasks for a wide range of specialists in the fields of natural sciences, business, mathematics, technology, IT and the humanities.

By the means of resource planning we ensure that the organisation has the required people and skills for the tasks derived from company-level objectives and that the required deputy and backup arrangements are in place to ensure uninterrupted operations. Existing employees with suitable skills are considered first when seeking employees for new or open positions. As a rule, the job is first announced applicable for the own employees during at least one week in the Group's intranet. The job is announced applicable for public labour markets if no appropriate candidates are found from inside the Group. Job rotation is seen as a means for driving change and as an opportunity for professional development.

Every year, Orion offers summer job opportunities to over one hundred school boys and girls. Most of them work in production and laboratories. Students are offered work training possibilities at different locations of the Group.

Equality

Members of the working community are responsible for treating everyone equally and fairly in daily operations and decision-making. Orion requires and expects that every member of our working communities and organisations acts fairly, not just those acting in a supervisory position. Everyone is responsible for maintaining and promoting a good working atmosphere, behaving appropriately and respecting others. Orion's working group for equality affairs supports and promotes all-round equality and fairness in the company. It also maintains the Equal Opportunities Plan for the Finnish operations up to date. The working group comprises representatives from all personnel groups and the employer. Both the supervisors and the employee representatives are responsible for taking action when problems are identified in this area.

Personnel empowerment

Orion considers employee opinions in the decision-making concerning human resources affairs and implementing human resources related decisions. Employee representatives principally take part in the work for preparing new practices or changes to existing ones. In addition to mandatory employer-

employee forums, Orion's supervisors organise regular informal meetings with employees and employee representatives.

Employee representation in Group management is principally agreed with employees. There is one employee representative, nominated by the personnel groups, on Orion's Executive Management Board. The employee representative has, however, no operative liability for the decisions made by the Executive Management Board. Representatives of the employees are members in management teams of operational units and functions, too.

Communication

Quick communication and easily accessible information related to work and working community are basic principles in Orion's internal communications. The objective is to offer access to all information which can assist employees in their work.

Orion utilises modern web-based solutions in internal communication. The corporate-wide intranet offers daily news flow, shared working facilities for project and team specific exchange of information, elaboration of topics and filing of documents. The wide variety of electronic team rooms enable information sharing using Wikipedia-related principles, conversation, different kinds of surveys and blogs, thereby offering a channel for collegial networking.

Occupational health and safety, and well-being at work

Orion wants to ensure that each employee can maintain their capability to work until retirement age without exposure to health risks or hazards. Orion aims to provide its employees with a healthy and safe working environment and a smoothly functioning working community, characterised by a constructive working atmosphere, good management and motivating colleagues. Orion's occupational safety and well-being activities focus on the prevention of hazardous situations and occupational diseases and injuries.

Orion aims to achieve a zero accident rate. To this end, we actively report and investigate accidents and hazardous situations, assess risks regularly and systematically, inspect the safety of the working conditions and working environment, improve the safety of processes and methods and organise safety training to enhance the employees' attitudes, awareness and alertness.

The general guidelines and principles concerning corporate safety and safe working are provided in the Orion Security Guide. The safety management guidelines and the guidelines for ensuring safe working are included in the Corporate Governance Manual. Every operational unit shall have an Occupational safety and health action programme which describes the unit's operational environment, work safety aspects and responsibilities, and main development areas.

More detailed function and location specific guidelines are maintained in the company's internal information management systems. Orion's employees are trained in the company's good safety and security practices mainly in work- and task-related training courses and by acquainting themselves with task-specific guidelines. Every supervisor is responsible for ensuring the safety of his/her subordinates. All employees are required to follow the safety instructions and act without constituting risk to their own and/or other employees' safety, and without causing damage to the company's property.

Orion's employees are trained in the company's good safety and security practices mainly in work- and task-related training courses and by acquainting themselves with task-specific guidelines. The general guidelines and principles concerning corporate safety and safe working are provided in the Group's Corporate Governance Manual, the Orion Management Guide and the Orion Security Guide. Group-level security instructions are complemented by more detailed function and location specific guidelines. The aspects of safety are also observed in the SOPs (standard operating procedure) defined in detail for tasks and work phases. It is extremely important for Orion that each employee can maintain their capability to work until retirement age, without exposure to health risks or hazards. Orion also emphasises the importance of each employee's awareness of those health and safety risks that are involved in their duties as well as of how to avoid them.

Systematic assessments of the workplace and associated risks are carried out by the occupational health and work safety organisations to continuously develop working conditions. They also provide guidance for improvement actions.

- Occupational Safety Card is one of the most visible means of safety development in the member companies of the Responsible Care programme. Orion aims to have all laboratory and production employees trained for the card.

For company car holders, Orion arranges compulsory training for economic and safe driving behaviour. The persons are trained to behave behind the steering wheel in a manner which saves fuel and promotes traffic safety. They also learn to better understand and utilise the versatile built-in safety systems of their cars in order to be prepared to manage the vehicle in the best possible way in situations of danger.

Supporting employees' well-being and health

What do we mean by employees' well-being at work?

- Well-being at Orion means that the employees can work in duties corresponding to their skills, with a feeling of doing valuable, rewarding, inspiring and meaningful work in a well-managed, safe and coequal working community and environment.
- Well-being at work is created by doing things together
- A well-being employee feels complacency, is active, has endurance / is energetic both at work and at home, and is able to face changes and misfortune.

| Our ways of building well-being | | | | | |
|---|--|--|--|---|----------------------|
| Leadership and management | Possibilities to influence own work and the working community | Common rules at the workplace | Competence and development opportunities | Interactive operational models | Corporate culture |
| We develop good and renewing leadership to safeguard our success. | We develop innovative solutions and operational models. This challenges all of us to dare take new opportunities in our daily work. We all take responsibility of our duties and the functionality of our working community. | We can trust each other and appreciate everyone's work. Confidence is built upon promises kept, and appreciation is built upon our ability to understand the significance of everyone's contribution to the whole. | We support and motivate our employees to continued development of their skills and readiness for change. | Collaboration is fluent in a healthy and functioning working community. Information is shared and interaction is effective in all directions. We dare speak about problems, and we solve them constructively. | Building well-being! |
| Personal health and well-being | | | | | |

The definition of well-being at work in Orion was determined as part of the *Good morning – Good tomorrow!* project which is being forwarded in collaboration with all major labour market parties involved in Finnish chemical industry (Chemical Industry Finland, which represents Finnish chemical industry employers, and labour organisations TEAM Teollisuusalojen ammattiliitto ry, Ammattiliitto Pro ry and Ylemmät Toimihenkilöt YTN ry). The purpose of the project is to enhance competence, prolong working careers, decrease absences due to illness and increase productivity at all chemical industry workplaces. Orion has contributed to this programme with its own project under the name *Indicators of the effectiveness of measures for improved wellbeing at work*.

Orion offers its employees more comprehensive occupational health services than those required by law. In major locations, Orion maintains its own occupational health centres. In smaller locations, the health services are purchased from external service providers.

Health checkups are performed by age group to evaluate occupational fitness and the need of measures to promote it, such as “shape-up” courses sponsored by the company.

The operational models for early support, treatment practices for the occupational healthcare for musculo-skeletal and mental disorders as well as for management of ageing employees are examples of the ways via which Orion aims to promote well-being at work and to enable better management of the risks of disability. The achievement of the goals is monitored by the help of a variety of indicators, such as the responses relating to the topic in employee surveys, as well as by monitoring absences from work due to musculo-skeletal disorders. Particular attention is paid to absentees due to musculo-skeletal problems.

In their free time, employees can take part in the numerous activities of recreational clubs supported by the company and reserve accommodation in the company’s recreation areas for its employees in several locations in Finland. Employees can use culture vouchers sponsored by Orion for sports and cultural activities. Gym and sauna facilities are available for the employees at Orion’s premises in Espoo and Salo. High-quality workplace catering is one of the priorities. The staff shops in Turku and Espoo and the OrionNetshop web shop offer favourable purchasing opportunities to employees. Pharmaceuticals are, however, not included in their product selections.

Rewarding

Orion encourages its employees to good results and long-term commitment by means of rewarding. Rewards must be handed out fairly and according to Group-level principles. Salaries and employee benefits are country-specific and vary depending on national legislation, collective agreements, industry, location and the salary levels and remuneration structures of each country.

Monetary incentives and other employee benefits must be of sufficient level and scope to be of interest when compared with the market salary of each position. Personal salary is determined based on the complexity of duties and individual performance. When assessing an employee’s individual performance, productivity, expertise, multiple talents, ambition to develop, initiative and cooperation skills are considered.

Training and awareness

Orion offers its employees training and coaching based on the Group strategy, business objectives and skill requirements of each individual position. Employees are encouraged to develop themselves by providing a wide range of development opportunities from one-day seminars to long-term training programmes and supplementary training periods. Orion encourages its employees to utilise the versatility of opportunities for professional development. The toolbox for the development of skills and competence includes for example job rotation, 360-degree evaluations and the annexed feedback discussions, mentoring, learning at work, and coaching. Orion also offers various internal training courses as well as training provided by third parties designed specifically for the needs of Orion and its employees.

All Orion employees are entitled to developing their professional skills. Some of the training courses arranged by Orion are compulsory, like for instance the internal supervisor training and many GMP-related courses. In a specialist organisation like Orion it is necessary to regularly update the skills and competence needed in the jobs. In the *Succeeding together!* discussions, the requirements of the subordinate’s job are checked and a personal development programme is agreed on, if necessary.

The most effort and widest range of training focus on professional development. The planning starts from the Group’s strategy and goals: what kind of skills and competence do we need for both short-term and long-term success. The strategic focus is on leadership and management skills, partnership management and business and financial skills. There is also a tailored training programme for specialists.

Managers in particular are responsible for ensuring that each subordinate employee has the required skills. Supervisors are also responsible for organising sufficient induction for new employees, those starting in new roles or those returning from extended absences. Managers are also responsible for ensuring that everyone in their organisation is familiar with Orion’s strategy and objectives, the department-level objectives derived from them as well as personal objectives.

In the onboarding process of new employees the supervisor gets help of a set of forms helping him/her to confirm that all the necessary items are discussed. As a new interactive tool in the onboarding process, Orion uses *Orion eOnboarding*, a web-based information source which offers a comprehensive

package of information about the Orion Group's strategy, products, operations and functions, organisation and people, operational codes and practices and the business environment. The service is accessible for all Orioners, offering them the chance to update their knowledge and understanding of the company and the working environment.

Means of developing supervisory skills include a Group-level training programme in which supervisors receive comprehensive training on their personal management skills and which also helps to assure that the Group's values and the Orion way of management is adopted. Supervisory training is provided to all supervisors independent of their geographic location. This is how the Orion management culture, policies and principles are equally implemented in all locations throughout the Group. Persons in supervisory positions receive particular training also in those thematic issues which relate to the key competencies identified as strategic, such as leadership, business understanding and partnership management. Those in expert positions have their own training programme.

Orion has globally adopted so-called *360 and 180-degree evaluations*. In the 360-degree evaluation, supervisors receive personal feedback from their subordinates, colleagues and their own supervisor. Also representatives of Orion's external partners can be asked to give feedback with a purpose to support the development of strategic partner collaboration, with a purpose to support and enhance strategically important partner collaboration. Employees in expert positions receive 180-degree feedback from their supervisors and colleagues.

Data system for the management of employees' competence, skills and training

In the pharmaceutical industry, the employees' professional skills are most elementary in securing the quality and safety of the products as well as the regulatory compliance of the manufacturing process. The strict regulatory requirements provide that all those employees whose performance directly or indirectly affects the quality or the safety of a medicine shall receive regular GMP (Good Manufacturing Practice) training and that conclusively traceable documentation is available on their competence and the training they receive for upgraded skills as well as their familiarisation with the guidance concerning required operational practices.

The training data system helps Orion manage the competence requirements of individual tasks in the Supply Chain and Quality operations as well as information on the personnel's qualifications, skills and training history, with an exact and systematic documentation.

Succeeding together! discussions

Performance reviews are conducted as standard in the Orion Group. All supervisors have been instructed to organise personal performance reviews with their subordinates at least once a year. In 2012 we renewed the discussion, emphasising the equality and good interaction. In the Succeeding together! discussions the goals are agreed and checked, the successes achieved in the past period as well as the aspects needing improvement are dealt with, and the skills necessary for successful performance are considered. Concretic actions to promote skills and/or well-being at work are also agreed.

The performance review sessions of the exempts include an assessment of performance in relation to the objectives set for the year in the previous review for the basis of the performance-based bonus system, and agreeing upon new personal targets together with the supervisor.

Monitoring and follow-up

In 2013, Orion adopted a new employee survey to identify the organisation's strengths and development needs in view of the implementation of the strategy. The employee survey is conducted Group-wide in all those countries where Orion has employees. The survey is an important tool for the development of working communities and in the collaboration between the employees and the management. Orion's executive management is strongly committed not only to conducting the survey but also to implementing improvement actions agreed on the basis of the results. The results from the 2013 survey were dealt with on the so-called enlarged management board, and the progress of the development actions will be followed up in annual Management Team Reviews.

The results show that Orion's employees are very committed to their own work (average score 4.11 of max 5) and the Orion Group (score 4.18 of max 5). The following key elements of commitment were identified in a correlation analysis:

- Orion is an attractive employer among healthcare industries
- The employees trust in the Company's success
- Personal feeling of achievement in matters of importance
- The employees trust in Orion's top management
- Orion takes care of its employees' well-being
- The values of Orion are implemented in practice
- Personal feeling of managing own work load.

The survey is regarded important by the employees: in 2013, the response rate was as high as 84 percent.

In the comparison, Orion overperformed its peer companies in setting clear goals and targets for tasks. Also, employees are pleased to continue working for Orion, they experience Orion as an attractive employer and trust in the Group management. Work is meaningful, internal communication works well, and the employees believe in Orion's future success.

Weaker results than our peers were received in questions concerning possibilities to influence own work, to have own opinions attended and the way of handling disagreements in the working community.

For the purpose of further developing employee benefits, Orion made a survey in 2013 among the employees of the Group's Finnish locations to map satisfaction and sufficiency of the current employee benefits. As many as 1,735 persons responded. The employees are especially satisfied with the sponsorship offered by Orion for its own prescription medicines, occupational health services and meals at the workplace restaurants. Most of the desired improvements concerned the number and availability of vouchers for exercise and cultural activities.

In the annual employer image survey conducted by Universum among students in 2013, Orion was ranked as the second-most ideal employer in Finland by students of engineering or natural sciences. Ideal employers in the fields of technology were regarded to be more responsible than others. Orion's ranking jumped up to Nr. 2 from the previous year's 11. As many as 10,519 university level students responded to the survey, 2,939 students representing engineering or natural sciences. Details of the survey are provided at <http://universumglobal.com/ideal-employer-rankings/student-surveys/finland/>.

Complementary references in the Sustainability section at www.orion.fi:

- Human Resources Policy
- EHS Policy
- Code of Conduct
- Anticipations towards Suppliers
- Anti-corruption Policy

Orion's performance indicators concerning Labour

Employment

In the following tables under the LA1 indicator, the breakdowns are presented in amounts representing full-time equivalent numbers of employees, not true headcounts. The figures are calculated with the same accounting principles as those applied in the Group's IFRS financial reporting.

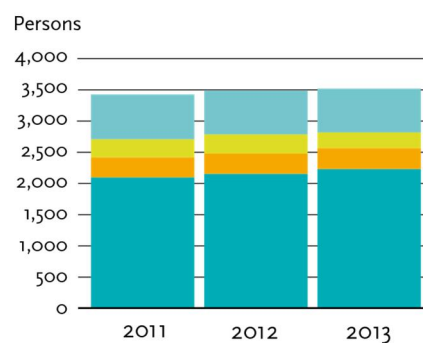
The table 'Personnel by reporting organisational unit' displays personnel numbers grouped according to the same operational structure as is used in the compilation of data for this Sustainability Report. This grouping differs from that used in Orion's financial reporting, in which the numbers of employees are presented per business segment and division. The figures reported for subsidiaries include the foreign Orion Pharma companies for marketing pharmaceuticals and the foreign Orion Diagnostica companies for marketing diagnostic products, and FinOrion Pharma India.

The Orion Group's parent company Orion Corporation's personnel mostly consists of employees working in pharmaceutical manufacturing, research and development, marketing, business support functions and in financial administration, corporate functions and management.

The total number of employees grew by just under one percent in 2013. There were differences within the Group, however. The headcount of Orion Diagnostica Oy decreased by over 50 persons, mainly due to the shutting down of the diagnostic production operations in Turku. Part of the employees found a new workplace elsewhere in the Group, like at the new Salo facility where Orion Corporation is concentrating the tablet packaging lines and warehouses of finished goods. In fact, the recruitments to the Salo site are the main factor behind the increased number of employees in Orion Corporation. Fermion's headcount increased slightly. The combined number of employees in the Group's foreign locations remained the same as in 2012. The personnel in the marketing subsidiaries decreased or remained approximately at the previous year's level, except in Russia where it grew. Personnel also increased in the Indian subsidiary.

LA1 Personnel by reporting unit, converted to full-time employees

| Employees | 2011 | 2012 | 2013 |
|------------------------|--------------|--------------|--------------|
| Orion Corporation | 2 096 | 2 153 | 2 230 |
| Fermion Oy | 318 | 322 | 331 |
| Orion Diagnostica Oy | 291 | 308 | 255 |
| Subsidiaries | 720 | 703 | 703 |
| Employees total | 3 425 | 3 486 | 3 519 |



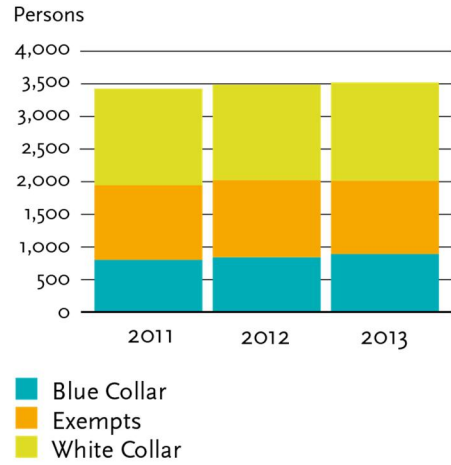
Actual and theoretical working hours

| 1 000 h | 2011 | 2012 | 2013 |
|-------------|---------|---------|---------|
| Actual | 3 979.0 | 4 236.0 | 4 390.6 |
| Theoretical | 4 790.5 | 5 088.4 | 5 238.4 |



LA1 Headcount by employee category

| Employees | 2011 | 2012 | 2013 |
|-----------------|-------|-------|-------|
| Blue collar | 798 | 837 | 888 |
| Exempts | 1 145 | 1 183 | 1 125 |
| White collar | 1 482 | 1 466 | 1 506 |
| Employees total | 3 425 | 3 486 | 3 519 |



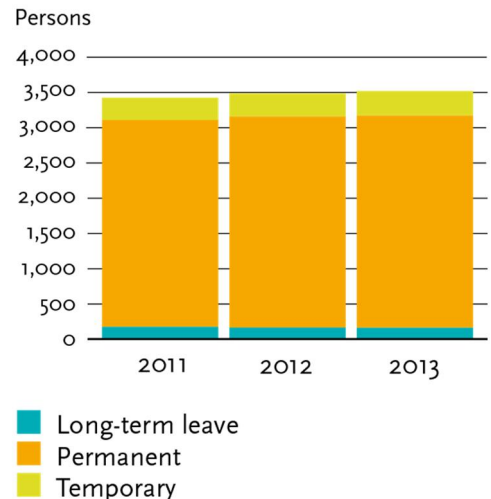
LA1 Breakdown of employees by region

| Employees | 2011 | 2012 | 2013 |
|------------------------|-------|-------|-------|
| Finland | 2 705 | 2 783 | 2 816 |
| Other Nordic countries | 143 | 142 | 141 |
| Germany | 115 | 102 | 93 |
| UK and Ireland | 65 | 63 | 61 |
| Russia | 104 | 108 | 118 |
| India | 44 | 55 | 72 |
| Other countries | 249 | 233 | 218 |
| Employees total | 3 425 | 3 486 | 3 519 |

Approximately 75% of Orion’s total workforce in 2013 were office workers. White collars accounted for about 43% of the total workforce. About 32% were exempts, i.e. senior clerical employees, most of which were working as supervisors or experts. Blue collar employees consist of people mainly working in the Supply Chain organisation, in manufacturing, packing and warehousing of pharmaceutical products and diagnostic products at the plants in Espoo, Turku, Kuopio and Salo, and the API manufacturing plants of Fermion in Hanko and Oulu.

LA1 Headcount by type of employment contract

| Employees | 2011 | 2012 | 2013 |
|-----------------|-------|-------|-------|
| Long-term leave | 170 | 160 | 157 |
| Permanent | 2 937 | 2 998 | 3 014 |
| Temporary | 318 | 328 | 348 |
| Employees total | 3 425 | 3 486 | 3 519 |



The proportion of personnel in temporary employment was at the same 10% level as in 2012. The total number of part-time employees was 274 (300 in 2012), and 121 (70) persons of them were under a temporary employment contract.

In 2013, Orion’s Finnish locations offered summer jobs to 136 (162) students. In 2012, the total number

of summer employees was 162, while in 2011 it was 139.

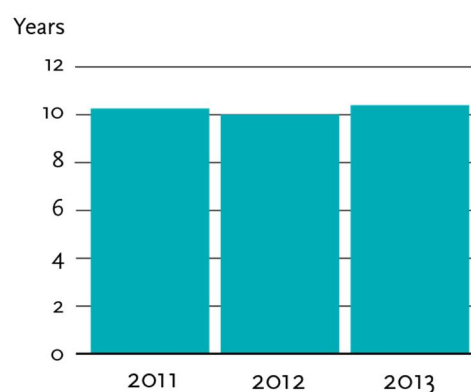
LA2 Employee turnover by employee category

| % | 2011 | 2012 | 2013 |
|--------------------------|------|------|------|
| Blue collar | 4.6% | 5.7% | 5.4% |
| White collar and exempts | 2.5% | 2.8% | 2.8% |

Employee turnover is calculated as the ratio of resigned employees of the year-end total number of employees.

Average duration of employment

| Employees | 2011 | 2012 | 2013 |
|---------------------------------------|------|------|------|
| Under 2 years | 770 | 825 | 695 |
| 2-5 years | 769 | 717 | 791 |
| 6-10 years | 590 | 548 | 632 |
| 11-15 years | 488 | 576 | 590 |
| 16-20 years | 210 | 220 | 231 |
| 21-25 years | 341 | 314 | 285 |
| Over 25 years | 346 | 360 | 372 |
| Average duration of employment, years | 10.3 | 10.0 | 10.4 |



The headcounts in the above table have not been converted to full-time employees.

Employment durations are typically relatively long at Orion, the average duration of employment being somewhat over 10 years.

The new employees recruited to pharmaceutical manufacturing in 2011 and 2012 are now in the service age category of 2–5 years. The decreased number of those having been in the Group's service less than two years is consequence of lower recruitment needs. Approximately 41 per cent of the 2013 total workforce had been working for the company for at least 10 years. People with a working history longer than 25 years in Orion accounted for about 10 per cent.

LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees

Orion employees in Finland, other Nordic countries and Southern and Central European countries share the same employee benefits offered by Orion regardless of the length or the type of the employment contract.

In certain countries, benefits are available for full-time employees with a permanent service only, as follows:

UK & Ireland: life insurance for death in service.

CIS countries: life insurance, health care and maternity leave.

Labour / management relations

LA4 Percentage of employees covered by collective bargaining agreements

| % | 2011 | 2012 | 2013 |
|------------------|------|------|------|
| Blue collar | 100 | 100 | 100 |
| Exempts *) | 100 | 100 | 100 |
| White collar | 100 | 100 | 100 |
| Percentage total | 100 | 100 | 100 |

Orion adheres to current employment legislation and the applicable collective bargaining agreements valid in the country the employee works in.

Collective bargaining agreements cover blue collar and white collar employees in Orion's Finnish locations, a total of about two-thirds of the workforce in 2013.

*) To exempts, a so-called common pay record concerning exempts in the chemical industry is applied. In addition to salary increases, the pay record covers several other terms, such as more extensive sick pay than that specified in the Employment Contracts Act, and paid maternity or paternity leave.

LA5 Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements

The employment contract of each Orion employee specifies the notice period, which is at least the period specified in national employment legislation and applicable collective agreements.

In Finland, when the employer terminates the employment contract, the notice periods are the following for all personnel groups:

| Term of employment | Notice period |
|--------------------------------|---------------|
| Max. 1 year | 14 days |
| Over 1 year and max. 4 years | 1 month |
| Over 4 years and max. 8 years | 2 months |
| Over 8 years and max. 12 years | 4 months |
| Over 12 years | 6 months |

Occupational health and safety

LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees

In the Finnish locations of the Orion Group, all blue collars and white collar employees, altogether about 60% of the total workforce, are represented in the statutory health and safety committees consisting of representatives of both the employees and the management.

LA7 Absenteeism

Causes of absenteeism and work time lost due to absenteeism

| Work time lost, hours | 2011 | 2012 | 2013 |
|--|----------------|----------------|----------------|
| Paid sick leave | 143 522 | 164 960 | 158 282 |
| Unpaid absence from work due to illness | 42 571 | 38 992 | 45 842 |
| Paid absence from work due to child's illness | 15 752 | 16 385 | 14 986 |
| Unpaid absence from work due to child's illness | 411 | 315 | 302 |
| Absence of 3 or more days due to injury at workplace | 2 613 | 2 600 | 2 080 |
| Absence of less than 3 days due to injury at workplace | 152 | 128 | 200 |
| Absence due to commuting injuries | 1 032 | 1 848 | 504 |
| Total work time lost due to absences | 206 053 | 225 228 | 222 196 |
| Absentee rate, all absences | 4.3% | 4.4% | 4.2% |
| Absentee rate due to illness | 3.9% | 4.0% | 3.9% |
| Absentee rate due to work place injuries | 0.05% | 0.05% | 0.04% |

Absentee rate of all absences is calculated as the proportion of total work time lost of total theoretical working hours.

Absentee rate due to illness is presented as the proportion of absence hours due to illness of the total regular theoretical working hours.

Total work time lost due to injuries indicates the seriousness of workplace accidents.

Absentee rate due to injuries is presented as the proportion of work hours lost due to injuries having led to an absence of 3 or more days of the total regular theoretical working hours.

LA7 Injuries and fatalities

| Injuries | 2011 | 2012 | 2013 |
|---|-----------|-----------|-----------|
| Work place injuries causing absence of 3 or more days | 26 | 24 | 26 |
| Work place injuries causing absence of less than 3 days | 6 | 10 | 18 |
| Work place injuries causing absence, total | 32 | 34 | 44 |
| Commuting injuries | 12 | 18 | 32 |
| Fatalities | 0 | 0 | 0 |
| Injury rate | 6.5 | 5.7 | 5.9 |



Work place injuries include injuries caused by accidents that occur at the workplace or its area, or at an external working area outside the primary workplace.

Commuting injuries include injuries caused by accidents that occur when employees are travelling between home and work.

The number of injuries causing absence from work indicates the level of occupational safety at the company.

Injury rate measures the number of work place injuries per million working hours. It can be used to compare the injury risks of different industries, professional groups, etc. It is also referred to as the LTI Rate (Lost Time Injury Rate). In this report, injury rate includes workplace injuries which led to an absence of 3 or more days.

The reported absences and injuries cover the personnel working in the Group's Finnish locations. Corresponding statistics cannot be collected for the employees in foreign marketing organisations.

Slightly less work time was lost due to illness, injuries and other causes of absence in 2013 than in 2012. Absentee rate declined slightly below those of the two comparative years. Illness of either an employee or a child was the cause behind 99% of the total hours lost.

In 2013, injury events led to a loss of only 2,784 working hours, of which incidents at the workplace accounted for 2,280 hours. The corresponding hours in 2012 were 4,576 and 2,728. The total number of workplace injuries which led to absence increased by 10, but the number of events causing an absence of 3 or more days rose by just 2 from the previous year. Injury rate rose to 5.9 from 5.7 in the previous year.

Altogether 106 injury events at the Group's workplaces were reported in 2013 for the company's attention, with 62 of them so minor that no working hours were lost due to them.

The number of reported commuting injuries rose to 32, but most of them were mild and only about 500 hours were lost because of them. The 18 events in the comparative year led to a loss of about 1,850 working hours. Typical events were falling with the bike, and slippings.

In the parent company Orion Corporation, which comprises pharmaceutical operations in Espoo, Turku and Kuopio, the new Salo facility as of 2013, and the corporate head office in Espoo, altogether 21 injury events at the workplace led to an absence of three or more days and 13 events led to a shorter absence. Most of the incidents were mild to moderate and were caused by tripping and slipping as well as scratches and wounds.

Fermion showed another year of good results, following those in 2012, thanks to enhanced activities initiated in 2011 to promote safe working methods. Safety issues are intensively dealt with at training seminars and meetings and in daily activities. Fermion's plants recorded 4 incidents that led to an absence of three or more days, against 3 events in 2012. The number of minor injuries was 17, and just one event led to a short absence from work.

Orion Diagnostica had 4 injuries at the workplace, of which only one led to an absence of three or more days. In the on-going work safety development programme, more effort is devoted to exploring the injury events and safety notifications recorded, and risk evaluations are made more comprehensively and more regularly. More safety training is also arranged.

The new system for recording safety observations, ToyMe, has clearly encouraged Orion's employees to notify about observed safety shortcomings. More than 550 notifications on various points of danger were entered into the database for attention to the management and the collegial workers as objects requiring corrective actions.

Accidents to company cars and their holders remained at the previous year's level, and severe damages were avoided. Personal injuries were avoided completely, and most of the damages to the cars were caused in parking areas. The safety driving courses have increased the drivers' awareness and precaution in traffic, guiding them towards safer driving habits.

Preventive health and safety training activity

In 2013, the Group organised a total of 172 training courses focusing on environment, health and safety, with altogether 2,415 participants. The average number of training days for work safety and health was 0.3 work days per employee.

One of the occupational health organisation's most important goals in maintaining good working ability was to implant early support activities as a standard part of the supervisors' and the employees' daily work. Early support training is included as an element in the wide variety of courses for supervisors.

Preventive occupational health activities include guidance, consultation and support to individual employees and working communities for maintaining ability to work and function and managing life, as well as surveys relating to workplace health and safety.

Training courses for economic and safe driving are obligatory to all company car holders in Orion. By the end of 2013, slightly over 100 persons of the altogether 185 company car holders had completed the courses. The trainings were started in 2010, and their positive impacts are clearly reflected in the damage statistics.

LA9 Health and safety topics covered in formal agreements with trade unions

Orion is a corporate member in the *Good morning – Good tomorrow*, a joint three-year project of the major labour market parties of the Finnish chemical industry. The purpose of the project is to enhance competence, prolong working careers, decrease absences due to illness and increase productivity at all chemical industry workplaces.

Orion contributes to this programme with its own project *Indicators of the effectiveness of measures for improved well-being at work*, in which the most important factors that promote well-being at work were determined for Orion. The progress of well-being is monitored by the help of an index derived from the results of the annual employee survey.

The project is dealt with under the DMA for Labour practices.

Training and education

LA10 Average of training days per year

| Days | 2011 | 2012 | 2013 |
|------------------------------------|------|------|------|
| Average training days per employee | 4.4 | 4.7 | 5.2 |

The data system used by Orion for the follow-up of training arranged for the Group's employees in various forms of learning opportunities does not allow the training performance to be reported in the way suggested for the GRI indicator LA10. This is why it is not possible to provide a specification of training hours by employee categories, for example. Uncertainty is also included in the figures, as attendance to external courses and seminars is incompletely reported by the participants into the follow-up system. The figures show, however, the minimum number of training days per employee per year.

Thematic breakdown of training days

| Days | 2011 | 2012 | 2013 |
|-----------------------------------|------|------|------|
| GxP | 1.2 | 1.2 | 1.4 |
| Information management | 0.6 | 0.4 | 0.5 |
| Language and cultural interaction | 0.3 | 0.1 | 0.2 |
| Management | 0.2 | 0.3 | 0.4 |
| Health, safety, environment | 0.6 | 0.7 | 0.4 |
| Other occupational development | 1.3 | 2.0 | 2.3 |
| Product training | 0.3 | 0.0 | 0.1 |

LA11 Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

Horizon, a high-standard leadership training programme, was arranged for the third time, with 21 participants elected on the basis of open applications. The programme is designed to enhance Orion's ability to manage change and renewal as well as to strengthen leadership and management competence and business-oriented corporate culture. As part of the programme, strategic project plans supporting business development are delivered by the participants.

Development plans delivered in the *Quantum Leap* educational programme arranged in 2012 for 20 supervisors and specialists in Orion Diagnostica in collaboration with the Aalto University, were taken into practice during 2013. Specific emphasis is on management culture.

Approximately 30 employees who started working at the new Salo plant received training into their new jobs in a 10-month course arranged in collaboration with the local ELY Centre (Centre for Economic Development, Transport and the Environment, regional offices mainly under the Ministry of Employment and the Economy). A work-based learning period was included in the training.

LA12 Percentage of employees receiving regular performance and career development reviews

| % | 2011 | 2012 | 2013 |
|--------------|------|------|------|
| Blue collar | 85 | 85 | 85 |
| Exempts | 100 | 100 | 100 |
| White collar | 95 | 95 | 95 |

In 2013 and the two comparative years, approximately 85 per cent of employees had a review session with their supervisors, either in a face-to-face discussion or in a collegial group. About 95 per cent of white collar employees discussed their performance with their supervisors. Almost all exempted staff have a performance review with their supervisors.

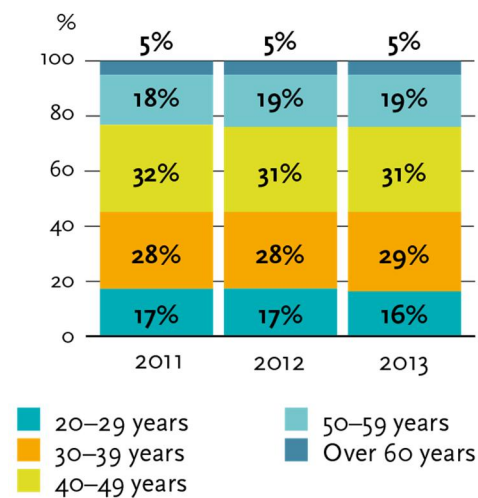
Diversity and equal opportunity

LA13 Breakdown of employees per category according to gender and age

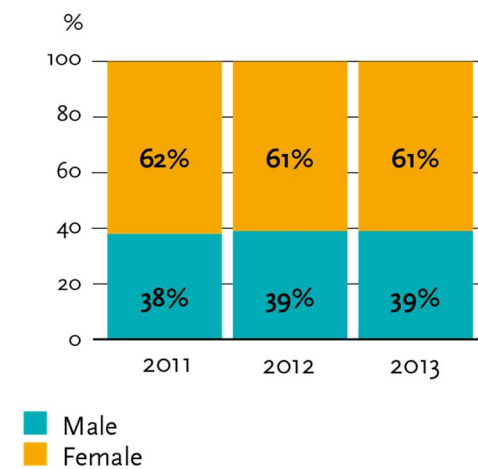
The age structure of the Orion Group personnel has remained almost unchanged during the past three years. In 2011–2013, approximately 76% of all employees were under 50 years of age. About 5% of employees had turned 60 and are approaching the retirement age.

The gender structure has also remained practically the same through the three years: women represent approximately 61% of the total workforce of the Group. In blue collar positions, the proportion of men has kept on growing and came to 56% in 2013. The white collar employees continued to be dominated by the female gender, women representing 71% of the total, like also in the two previous years. Among exempted employees, the proportion of women grew a slight one percentage point to 61%.

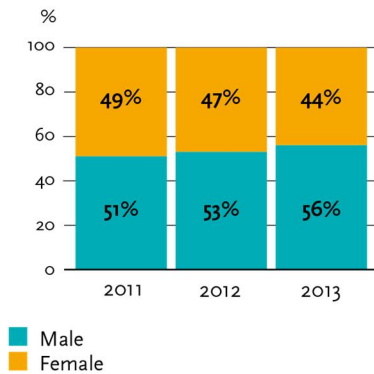
Age structure, all employees



Gender structure, all employees



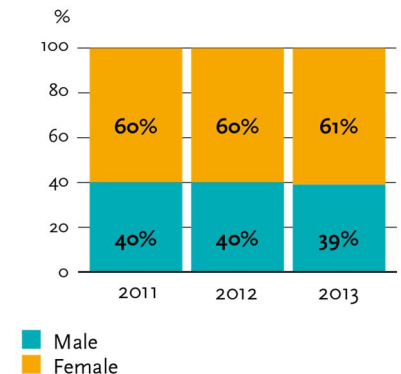
Gender structure, Blue collars



Gender structure, White collars



Gender structure, Exempts



Gender structure by reporting unit in 2013

| Employees (%) | Orion Group | Orion Corporation | Fermion Oy | Orion Diagnostica Oy | Foreign subsidiaries |
|---------------|--------------|-------------------|------------|----------------------|----------------------|
| Female | 2 171 60% | 1 476 63% | 88 26% | 183 75% | 424 62% |
| Male | 1 425 40% | 852 37% | 246 74% | 62 25% | 265 38% |
| Total | 3 596 | 2 328 | 334 | 245 | 689 |

Orion Diagnostica has the highest proportion of women, with 75% of employees being women. Almost one in four of them work as laboratory technicians.

Fermion’s gender structure is contrary to that of Orion Diagnostica: 74% of the total workforce are men. The production processes in particular are dominantly cared for by male workers.

In the production of pharmaceuticals and diagnostic products, a clear majority of employees are women. Typical job titles among women working in the supply chain are packer, line operator and laboratory technician. R&D is also a function dominated by women.

Gender structure of managers and supervisors in 2013

| | Orion Group | Orion Corporation | Fermion Oy | Orion Diagnostica Oy | Foreign subsidiaries |
|---------------|-------------|-------------------|------------|----------------------|----------------------|
| Female | 199 41 % | 120 | 11 | 22 | 46 |
| Male | 287 59 % | 145 | 49 | 10 | 83 |
| Total persons | 486 100 % | 265 | 60 | 32 | 129 |

The gender structure of employees in supervisory positions shows differences between the reporting units. The number of women in supervisory positions is equal to that of men in Orion Diagnostica, and almost equal in Orion Corporation, whereas in Fermion the majority is men. The total number of managers in the foreign subsidiaries remained the same as in 2012, but the share of women has clearly increased.

Gender structure, Board of Directors of Orion Corporation

| Gender | 2011 | 2012 | 2013 |
|---------------|------|------|------|
| Female | 1 | 1 | 1 |
| Male | 5 | 5 | 5 |
| Total members | 6 | 6 | 6 |

Gender structure, Orion Executive Management Board

| Gender | 2011 | 2012 | 2013 |
|---------------|------|------|------|
| Female | 3 | 4 | 4 |
| Male | 5 | 5 | 5 |
| Total members | 9 | 9 | 9 |

Age structure, Board of Directors of Orion Corporation

| Year of birth | 2011 | 2012 | 2013 |
|---------------|------|------|------|
| 1940-1949 | 2 | 1 | 1 |
| 1950-1959 | 3 | 4 | 4 |
| 1960-1969 | 1 | 1 | 1 |
| Total members | 6 | 6 | 6 |

Age structure, Orion Executive Management Board

| Year of birth | 2011 | 2012 | 2013 |
|---------------|------|------|------|
| 1940-1949 | 2 | 1 | 1 |
| 1950-1959 | 2 | 2 | 2 |
| 1960-1969 | 5 | 5 | 5 |
| 1970-1979 | 0 | 1 | 1 |
| Total members | 9 | 9 | 9 |

LA14 Ratio of basic salary of men to women by employee category

Gender does not play a role when salaries are determined at Orion. In the Finnish operations, salary equality is assessed annually by means of a salary mapping method as specified in the Finnish Act on Equality between Women and Men. The outcome of the mapping is reviewed and assessed together by Orion's management and employee representatives and, when necessary, corrective measures are agreed on.

HR – Human Rights

Management approach of Human Rights (DMA HR)

Goals and performance

Orion insists on application of human rights in all its operations and works towards eliminating any human rights violating practices from the Group's as well as its subcontractors' and suppliers' operating procedures. Orion is committed to the principles of the UN's universal declaration of human rights and the declaration on the rights of indigenous peoples as well as the ILO agreements, and also expects the same of its partners.

Orion regards every Orion employee and everyone involved in the manufacturing of Orion products to have the right to be treated well and with respect by supervisors, subordinates and colleagues. Orion does not accept discrimination in any form. Orion acknowledges the right of indigenous peoples to their cultural and spiritual values. Orion does not condone or tolerate the use of child labour or forced or compulsory labour in any of its operations nor in any such operations of its subcontractors that are related to Orion's products.

Orion acknowledges its employees' freedom of association and their legal rights to memberships in labour organisations and collective agreements. Freedom of association is considered a personal matter of privacy. Orion respects the legal rights of the employees and their representative organisations and treats them openly and honestly. According to the Group's general principle of legal compliance, Orion honours binding collective agreements. This is also recorded in *Orion's Human Resources Policy*, which is part of Orion's mandatory Corporate Governance Manual.

As a rule, Orion requires that suppliers participating in the company's supply chains fulfil the requirements by Orion for responsible operating practices and principles, including those concerning human rights and EHS practices. Especially the GMP-critical key and preferred-class suppliers are requested to commit themselves to Orion's anticipations and principles concerning the supply chain. Orion also systematically monitors the compliance of its suppliers and their operations.

When selecting suppliers, Orion is especially critical towards countries where there is a risk of human and employee rights being violated and/or child labour being used and where the national labour legislation is weak or weakly enforced. In countries where a better position for the employees is ensured by international labour norms and the ILO's central labour agreements, Orion requires the supplier to conform to the ILO norms.

Organisational responsibility

Every manager at every level of the organisation is responsible for ensuring that the human rights principles are upheld within Orion. Supervisors have an obligation to take the necessary actions without delay if the rights are violated. Orion also emphasises the personal responsibility of every Orion employee to ensure that human rights are respected in the workplace.

The Group's Procurement organisation is responsible for the follow-up and monitor the suppliers' ability to meet the requirements and principles set by Orion for its supply chain.

Training and awareness

All Orion managers receive training on human rights in mandatory supervisor training and also in training which focuses on human resources policy and the procurement and investment principles of Orion. Employee rights, including freedom of association, are also discussed during supervisor training. As part of the Human Resources Policy, these rights are also regularly discussed in company-wide human resources information sessions.

The ethical Code of the Orion Group obligates all employees to behave and act in ways which respect the human rightst. The employees' awareness of the content and spirit of the Code is promoted by ways of internal communication, in the context of the company's familiarisation processes and training courses, and as part of the web-based e-onboarding program.

Monitoring and follow-up

Orion monitors compliance with the human rights principles and reacts to any violation thereof with the same corporate governance practices as are applied to other corporate internal guidelines.

Orion controls the enforcement of the requirements set for its partners by evaluating the operations of the suppliers of materials, products and service suppliers with regular enquiries and by auditing their facilities. The purpose is to ensure the continuity and compliance of Orion's and the suppliers' operations, and to manage supply chain risks. Should an external party, which operates in Orion's supply chain, be observed to blatantly violate the human rights principles, international agreements or legislation, Orion would undertake corrective action and, in an extreme case, terminate the partnerships and replace the party with a compliant supplier.

Complementary references in the Sustainability section at www.orion.fi:

- Human Resources Policy
- Code of Conduct
- Anticipations towards Suppliers
- Anti-corruption Policy

Orion's performance indicators of Human Rights

Non-discrimination

HR4 Incidents of discrimination and actions taken

Orion has no record of any violations of the discrimination ban during the review periods.

Freedom of association and collective bargaining

HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights

There have been no violations of employee rights or collective agreements during the review periods.

Child labour

HR6 Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour

There are no operations within the Orion Group where the risk of using child labour is significant. Orion has no record of any situations where child labour has been used in relation to Orion's own or its suppliers' operations during the review periods.

Forced and compulsory labour

HR7 Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour

There are no operations within the Orion Group where the risk of using forced or compulsory labour is significant. Orion has no record of situations where forced or compulsory labour has been used in relation to Orion's own or its suppliers' operations during the review periods.

Indigenous rights

HR9 Incidents of violations involving rights of indigenous peoples and actions taken

No issues related to the rights of indigenous peoples have arisen in relation to Orion's business during the review periods.

SO – Society

Management approach of Society Performance (DMA SO)

Goals and performance

The practices and methods pursued by Orion as regards community relations, social and political relations, restrictions of competition and corruption are derived from the general principles of Orion's Corporate Governance Manual, according to which the operations of the Orion Group are based on compliance with valid laws and regulations issued there under as well as with ethically acceptable operating principles. This is the guiding principle also in the ethical standards determined in the *Code of Conduct* which is to be followed by all Orion units and employees all over the Orion Group. All community relations are based on open and honest communication, which considers both parties' expectations.

Orion accepts that reasonable gifts are part of normal business culture within the framework of legislation and ethically acceptable practices. The *Anti-corruption Policy* obligates all organisations of the Orion Group, unambiguously prohibiting Orion's employees from giving or accepting a bribe or any comparable benefit.

According to the Donation Policy of the Group, when deciding on donations, it must be confirmed that each donation adheres to applicable laws and regulations and ethically acceptable operating practices.

Orion's principal channel for influencing political decision-making is via relevant industry associations.

Orion does not support political parties or associations. Even though Orion as a company does not participate in the operation of political parties, Orion respects the legal right of its employees for political action, which is considered a private matter.

Orion adheres to current competitive legislation. Orion is in favour of fair competition and promotion thereof, and aims to ensure that the objectives of applicable competitive legislation are honoured in its operations. Orion strives to avoid any breaches of competitive legislation.

Legal and regulatory compliance is the cornerstone of all operations. Orion expects that every employee is aware of the legislation and regulations that apply to their work. It is the responsibility of managers and supervisors to ensure that up-to-date regulations are available and acknowledged.

Procedures

The divisions and organisations that form the Group are responsible for managing authority relations in those areas that fall in the scope of their operations and responsibilities.

When Orion wants to inform political decision-makers and authorities of its opinion, for example when new laws or regulations are being drafted, the company aims to do so via channels such as national and international industry organisations. Orion is a member of the European Federation of Pharmaceutical Industries Associations (EFPIA) and Chemical Industry Federation of Finland, which is part of the Confederation of Finnish Industries EK. As the voice of business, regional and central chambers of commerce are also relevant channels for Orion. Orion's membership in the Finnish pharmaceutical industry association ended in May 2013.

When necessary, Orion's managers approach decision-makers directly. To be able to voice its opinion, the Group considers good and appropriate relations important, in particular with local decision-makers in the regions where the company has operational presence, relevant regulatory authorities and, most importantly, the national and municipal decision-makers and officials preparing decisions affecting the operating conditions of the healthcare industry.

As regards hospitality, Orion adheres to the principle of reasonable level.

Most of the annual donations made by the Group for purposes of public interest are based on the decision by the Annual General Meeting to donate part of the distributable assets of Orion Corporation to medical research and other purposes of public interest. The Board of Directors decides on the allocation of the donations.

As a pharmaceutical company, it is natural for Orion to support the work of patient organisations. Here, Orion follows the established industry practices based on the EFPIA code. A summary of the Group's collaboration with patient organisations is published annually on the corporate website, at www.orion.fi/patient-organisation-collaboration.

Organisational responsibilities

At the Group level, the Executive Management Board is responsible for community relations.

Training and awareness

The practices and means related to community relations, social and political influencing, competitive legislation and anti-corruption are dealt with in both the company guidelines and supervisor and expert training, induction of new employees and other training and information sessions where it is natural to discuss these issues. Guidelines and instructions are also defined in the Group's Code of Conduct.

The Group's Anti-corruption Policy unambiguously instructs the employees of the Orion Group to refrain from giving or accepting bribes or any comparable benefit for the purpose of promoting the company's business or its interests, or for advancing any personal or third party benefit. Particular training is arranged for the employees throughout the Group to adopt the meaning and purpose of the Policy.

In addition to the principle of legal and ethical compliance and anti-corruption specified in Orion's Corporate Governance Manual and the Code of Conduct, the Group also has established specific guidelines concerning competition law, which every Group employee is expected to adhere to. Orion organises training related to competitive legislation and agreements for all employees who are involved in making agreements or other tasks which may fall under the scope of competition law.

In addition, Group-wide guidelines apply for agreements and documents signed in the names of the Orion Group companies. These guidelines are in place to ensure that all agreements are made with sufficient legal expertise and in writing, that agreements are approved at the appropriate decision-making level based on their scope and that only authorised signatories of the companies can sign agreements.

Orion's operations are very highly regulated by legislation and special regulations.

Orion organises various training opportunities for its personnel in areas related to regulatory compliance by means of courses, information sessions and self-learning. Members of staff are expected to be proactive in acquainting themselves with the provisions.

Monitoring and follow-up

Orion monitors legal and regulatory compliance in the same ways as it monitors compliance with internal guidelines. The company also reacts towards incompliance by applying the same procedures as are applied to breaches of other internal guidelines.

Complementary references in the Sustainability section at www.orion.fi:

- Human Resources Policy
- Code of Conduct
- Anticipations towards Suppliers
- Anti-corruption Policy

Orion's indicators of Society performance

Corruption

SO2 Percentage and total number of business units analyzed for risks related to corruption

Identification and evaluation of corruption-related risks belong to the broad scope of the Group's risk management. In 2012, a comprehensive risk assessment was made by Orion in collaboration with an external evaluator. Such a mapping was not conducted in 2013, but potential risks of corruption were and shall be evaluated as an elementary standard phase of preparing for new partnership agreements.

SO3 Percentage of employees trained in organization's anti-corruption policies and procedures

The principles concerning anti-corruption are included in the Group's Code of Conduct and in the Anti-corruption Policy. Employees receive regular training to adopt and manage the anti-corruption principles and guidelines.

SO4 Actions taken in response to incidents of corruption

Orion has no record of incidents where the company or a company representative has been shown to have given or taken any bribes during the reported periods.

Public policy

SO5 Public policy positions and participation in public policy development and lobbying

Orion's policies on influencing political decision-making and lobbying are described under the DMA of Society performance.

SO6 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country

Orion does not support political parties, politicians or related institutions with financial contributions or other donations.

Anti-competitive behaviour

SO7 Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes

Orion aims to avoid any anti-competitive behaviour. Orion's performance history in this respect is excellent. Legal actions meant by this indicator have not been taken towards Orion in the years under review.

Compliance

SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations

Orion has not received any fines or other sanctions for non-compliance with laws and regulations during the reported years.

PR – Product Responsibility

Management approach of Product Responsibility (DMA PR)

Goals and performance

As a pharmaceutical company, Orion must ensure that the drugs developed, manufactured and marketed by it are proven to be safe, effective in the indications they are approved for, and meet the quality requirements set for them as well as the needs of the customers and patients. As a manufacturer of diagnostics products, Orion is responsible for ensuring that the tests work as planned and produce reliable results of the patient's condition to support appropriate treatment decisions.

The guiding principles of the quality standards of Orion's entire supply chain are based on full compliance with the EU-regulated good operating practices in manufacturing, laboratories, and R&D, and efficiency and fluency of processes, product safety and consistent quality and high delivery reliability.

Orion maintains good readiness for required action in case significant adverse effects are identified or drugs or other products of improper quality are released for sale and distribution.

In its pharmaceutical research and development operations, Orion follows the relevant legislation regulating these activities as well the ethical principles confirmed in the Helsinki Declaration.

For these goals, Orion applies systems and procedures which allow the planning, implementation, monitoring and continuous improvement of appropriate operations.

Procedures

Orion is responsible for monitoring the safety of every pharmaceutical product throughout the entire time the product is available on the market. No drug comes without adverse effects, but continuous monitoring and reporting to authorities help ensure that adverse effects do not exceed the drug's medicinal treatment benefits. Orion collects all the quality feedback received for its products from all the markets where the products are used and assesses the feedback systematically.

The key product responsibility principles for drugs and diagnostic tests are specified in the *quality manuals* approved by Orion's management. Critical operations are furnished with guidelines to manage activities and ensure quality.

Orion purchases the materials, consumables and tools required in product manufacturing from qualified suppliers. The practices and principles applied to the supply chain are described on the Group's website, at www.orion.fi.

Pharmaceuticals and diagnostic tests are manufactured according to good manufacturing procedures (GMP) and validated processes.

Raw materials and packaging materials for pharmaceuticals are inspected before approval to production. To ensure uncompromised product safety and quality, Orion inspects each manufactured batch to verify its quality before approval for sale. All materials, manufacturing and quality management phases as well as distribution phases are fully traceable.

For products contract-manufactured or developed for Orion by a third party, Orion ensures the regulatory compliance and performance of the manufacturer or the research service provider as well as the adequacy of the manufacturing and research facilities by relevant agreements and regular audits.

No drug comes without adverse effects, but continuous monitoring and reporting to authorities help ensure that adverse effects do not exceed the drug's medicinal treatment benefits. Orion systematically collects information about the adverse effects of the drugs it markets and continuously assesses their

safety profiles and risk/benefit ratios. Orion collects all the feedback concerning quality or safety concerns of its products from all the markets where the products are used and assesses the feedback systematically, using methods meeting the regulatory requirements.

When required, appropriate action is taken based on this information to ensure safe use of the drug. Documents specifying the properties of the drug to healthcare professionals and patients are updated with the necessary changes in cooperation with the authorities to ensure that those taking or prescribing the drug have access to essential information required for safe use of the drug. In some cases, it may be necessary to withdraw a product from the market, for safety reasons.

Customer complaints about drugs and diagnostics products are recorded so that Orion can check whether defective products have been released to the market despite the quality assurance procedures. This can be done reliably, thanks to the good traceability of materials and operations. When necessary, Orion recalls its preparations from the delivery chain and, depending on the severity of the defect, also from the consumers.

Product recall cases are carefully investigated by Orion to identify the mechanism that caused the defect and to launch required corrective and preventive measures.

As the marketing authorisation holder, Orion is responsible for the quality and safety of its products to the Finnish Medicines Agency, Fimea, which according to the Pharmaceutical Products Act is the authority that also inspects pharmaceutical plants and contract manufacturers. This also covers pharmacovigilance and premises of the marketing authorisation holder as well as the pharmaceutical R&D operations.

The product safety requirements of diagnostic tests are not as strict as those for pharmaceuticals, but the US Food and Drug Administration (FDA), for example, requires that queries are responded to within certain time limits, meaning that the manufacturer has a monitoring obligation. The Finnish regulatory authority responsible for diagnostic tests is Valvira.

Traceability of products and operations

Orion maintains documentation systems which enable the traceability of all events, actions and results relating to the development, manufacture, quality or safety of medicines reliably and rapidly, independent of the means used for storing information.

Each medicinal product bears a code defining a single batch. With the help of the code, the correctness and propriety of the batch can be ensured. This traceability is of vital importance for finding out whether a mistake has occurred during the manufacture of a batch.

Diagnostic products are also traceable by batch code all the way throughout the supply chain, from the raw materials to the finished product.

Product recalls

Medicinal products failing to comply with their specifications and which may cause danger or severe harm to their users are recalled by Orion from the market. Depending on the severity of the case, medicines are withdrawn either from the wholesalers and retailers only or also from patients.

Orion has the systems in place to enable a prompt initiation of a recall procedure, and prompt and accurate communications. The recall can be initiated at any time of the day, if necessary. The effectiveness of the recall procedures is tested regularly.

The criteria for product recall for diagnostic products are specified in the Quality Manual and the procedures in internal guidelines on customer complaints and hazardous situations caused to customers. The key guidelines are related to handling customer complaints, sales restrictions or recalling batches from the market. They also address country-specific guidelines, such as Warnings and Sales restrictions in Canada and Vigilance Reporting in the United States.

Organisational responsibilities

The authorisations and responsibilities as well as the management structure for product responsibility are specified and described in the quality manuals and more detailed instruction documents approved by Orion's management.

The organisation which is responsible for the quality of the drugs and diagnostic tests must be independent so as to be qualified to make decisions. The release of a pharmaceutical product for sale is exclusively subject to Quality Assurance, QA, which is an organisation independent from the company's other functions. Correspondingly, the release of diagnostic products is also subject to Quality Assurance, an independent organisation.

Training and awareness

Thanks to their academic training and professional experience, the persons in charge are able to assess the situations and introduce solutions in the correct scale.

Other personnel have been instructed to escalate any adverse effect issues to the responsible organisation.

In addition to Orion's personnel, the operators who provide Orion's phone services have been trained to escalate any queries which call for urgent action and are made outside office hours to Orion's experts.

Monitoring and follow-up

Manufacturing and sales of drugs requires certain regulatory permissions. During the authorisation procedure, the regulatory authorities have ensured that Orion has the appropriate qualities for the operations and that each drug released by Orion meets the specified requirements.

The pharmaceutical regulatory authorities (Fimea in Finland) and the regulatory authorities responsible for healthcare equipment and supplies (Valvira in Finland) monitor and assess Orion's research and supply chain operations in regular inspections. These inspections also assess the effectiveness of the procedures in place for the follow-up and processing of adverse effects and complaints and the readiness to withdraw a product from the markets. The inspections are conducted in the name of the EU. In addition to national authorities, also numerous foreign instances are monitoring Orion's compliance, the US Food and Drug Administration, FDA, being the most significant one.

Orion takes also own initiative in monitoring the adequacy of its operations by carrying out internal audits and management reviews, and develops internal procedures systematically.

Orion's customers, partners and contract manufacturing principals assess Orion's ability to operate in compliance with the regulations and the commitments agreed in the contracts. In their inspections and audits they check the adequacy and regulatory compliance of Orion's operations and facilities for the supply chain and R&D of pharmaceuticals, APIs and diagnostic products.

Correspondingly, Orion also monitors the adequacy and regulatory compliance of its sub-contractors, suppliers and other collaboration partners. In addition to assessments based on written enquiries, Orion makes on-site audits in their facilities to make sure that external parties involved in Orion's supply chain, R&D and distribution also meet the regulatory requirements and obligations agreed on in the collaboration contracts. Orion also follows up and monitors the fulfilment of the corrective actions of the defects identified in the audits.

Counterfeit medicines pose an increasing global risk. Orion has not been affected by counterfeit products yet, but monitors the situation closely. By monitoring the situation, Orion maintains a readiness to react in case the legislation in this area changes.

Practices concerning marketing and marketing communications

In Europe, the practices applicable in the marketing of pharmaceuticals are recorded in the Code adopted by the EFPIA (European Federation of Pharmaceutical Industries and Associations). *EFPIA Code on the Promotion of prescription-only medicines to, and interactions with, Healthcare Professionals – EFPIA HCP Code*, effective as of 1 January 2012. (<http://transparency.efpia.eu/uploads/Modules/Documents/efpia-hcp-code---2013-consolidated-final-2.pdf>). The Code was further updated in June 2013.

As an EFPIA member company, Orion acknowledges the purpose and spirit of the Code, which is stated in the *EFPIA Leadership Statement on Ethical Practices* in the following words:

As industry leaders, we are committed to working in partnership with all stakeholders to improve healthcare across Europe. In doing so, we are conscious of the importance of

providing accurate, fair and objective information about our medicines to allow rational decisions to be made about their use. As such, we fully respect the role that EU legislation plays in regulating interactions between pharmaceutical companies and healthcare professionals.

The full EFPIA Leadership Statement on Ethical Practices is accessible via http://www.efpia-e4ethics.eu/Farma_EFPIA/FARMA_107628?idDoc=FARMA_107628.

Orion's sales and marketing organisations for pharmaceuticals primarily follow the locally valid legislation concerning medicinal products, marketing, consumers and competition, the International Code on Advertising and Marketing Communication Practice as well as the Orion Group's Code of Conduct and internal guidelines which correspond to the EFPIA (European Federation of Pharmaceutical Industries and Associations) Code of Practice.

Orion arranges continued training to and regular testing of its sales and marketing organisation to ensure that the persons engaged in marketing have adopted and follow the principles and guidelines concerning marketing of medicinal products.

When preparing marketing communications and advertising material, Orion follows the procedures determined by healthcare authorities for checking and confirming the legal and regulatory compliance of the content before the material is released for use and publication.

Orion's Medical Affairs organisation at the corporate headquarters in Finland coordinates and consults marketing communication planning, and monitors its implementation in order to confirm its compliance with national and transnational regulations. The specialists of the Medical Affairs organisation work in intensive collaboration with the sales and brand managers, the sales organisation as well as with the non-Orion marketing partners who promote Orion's products under licenses in their agreed market areas, to see to it that the promotional activities are in line with regulatory requirements.

Marketing of diagnostic products

For the marketing of diagnostic products, recommendations have been provided by EDMA to its member organisations. As a member of SaiLab, a Finnish association of manufacturers of hospital laboratory equipment, Orion Diagnostica follows both them and those of the European Medical Device Association EUROMED. No sanctions are included in these recommendations.

Orion's marketing communications guidelines concerning diagnostic products have been determined observing these recommendations.

Collaboration with patient organisations

The EFPIA PO Code, effective as of 1 January 2012, covers relationships between EFPIA corporate members including their subsidiaries and contracted third parties (e.g. agencies) and patient organisations which operate in Europe. Before 2012, the provisions of patient organisation collaboration were included in the previous EFPIA code of Practice. The PO Code is accessible via http://www.efpia-e4ethics.eu/Farma_EFPIA/FARMA_107628?idDoc=FARMA_107628

As a corporate member of EFPIA, Orion is committed to this Code, the purpose of which is to ensure ethical and transparent collaboration with patient organisations. The Code emphasises the patient organisations' integrity and independence of pharmaceutical companies. Promotion of prescription-only medicines via patient organisations is prohibited. Direct and indirect support to patient organisations must be transparently disclosed, and the support must be provided without any terms restricting competition or the supported organisation's freedom of activity. A written agreement on the support must be made.

Orion discloses a Group-wide annual summary of the forms of collaboration with patient organisations comprising every country where Orion has a marketing organisation of its own. This information is presented in the *Sustainability* section on the corporate website, at www.orion.fi.

Complementary references in the Sustainability section at www.orion.fi:

- Quality Policy
- Code of Conduct
- Anticipations towards Suppliers
- Anti-corruption Policy

Orion's performance indicators of Product Responsibility

PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures

The basic prerequisite for granting a marketing authorisation to a medicinal product is that the product is efficient as a treatment and safe to use. Orion explores, assesses and monitors the medicinal efficacy and adverse events of its products, and patient safety throughout the entire lifetime of the product, starting at the earliest stages of research until the product exits from the market.

Practically 100 per cent of Orion's pharmaceutical products fall under the scope of PR1, and also the proportion of the full product range, including diagnostic products, is close to that.

PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes

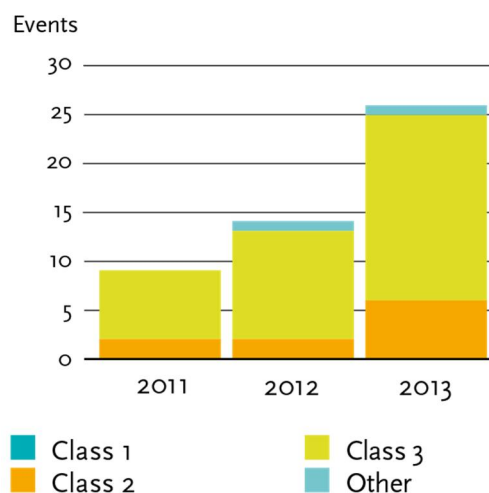
Orion has no record of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of its products and services for the review periods.

Orion's objectives and follow-up methods for product responsibility

The units of the Orion Group have determined objectives for the quality levels of their products. Metrics are defined for product withdrawals from the market due to quality defects and critical observations reported by third parties in their audits of Orion's operations. As a standard, Orion wants to show and uncompromised level of quality in its operations and performance. Feedback from customers and consumers is also followed up actively, and it serves as a basis for the monitoring of operations.

PR (own) Product recalls and product defects

| Events | 2011 | 2012 | 2013 |
|------------------------------|----------|-----------|-----------|
| Class 1 (critical) | 0 | 0 | 0 |
| Class 2 (harmful) | 2 | 2 | 6 |
| Class 3 (minor) | 7 | 11 | 19 |
| Class 4 (other defect) | 0 | 1 | 1 |
| Product recalls total | 9 | 14 | 26 |



Defects identified in medicinal products are classified as critical, harmful or minor, depending on the degree of severity.

Class 1 (Critical): product defects that are or may be life-threatening or pose a serious health hazard to users.

Class 2 (Harmful): product defects that are or may be harmful to the users or may affect medical treatment, but which are not included in Class 1.

Class 3 (Minor): product defects not likely to pose a significant health hazard to the users, but where removal of the defective product from the market is otherwise justified.

Class 4 (Other defect): product defects which are not harmful and there is no need to recall defected products for safety reasons.

No incidents of severity Class 1 (Critical) product defects occurred during the past years under review. The following withdrawals in 2013 were recorded into Class 2 (Harmful):

- Tomycin injection, several batches due to particles detected in the solution.
- Buventol Easyhaler, three batches with possible particles in the product from defective packaging material.
- Redol Comp oral suspension, several batches due to unmet stability specifications.
- Nitrosid tablets, one batch due to two different tablet strengths found in a retail package.

The withdrawals due to minor product defects of Class 3 concerned 16 medicinal products and one diagnostic product. The cause in most of the cases was unmet stability. Other causes were deviating taste, improper particles, or packaging defects.

The cause of the Class 4 (Other defect) recall was the deviating taste of a tablet product.

Inspections of operations and sites

In the inspections conducted by medicinal authorities into pharmaceutical manufacturers' sites and operations, the investigator's observations are classified based on their severity as critical, major or minor. The investigator may also propose a more recommendable procedure instead of an adopted although acceptable one. Pharmaceutical companies typically use the same severity classification in their own inspections of suppliers and other business partners.

Critical: The practice involves a high risk to drug safety and/or drug quality. An essential violation of Good Practices.

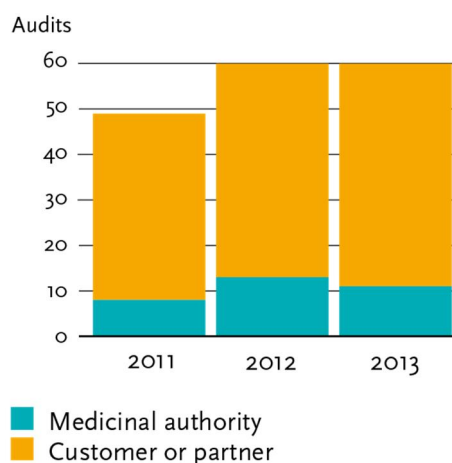
Major: The practice may incur a risk to drug safety of quality. Incompliance with Good Practices.

Minor: Drug safety is not compromised. A minor nonconformity with Good Practices.

Recommendation: The practice is compliant, but an improvement is recommended.

PR (own) Inspections of Orion's operations and sites conducted by third parties

| Inspections | 2011 | 2012 | 2013 |
|----------------------------|------|------|------|
| Inspections by authorities | 8 | 13 | 11 |
| Inspections by partners | 41 | 47 | 49 |
| Inspections total | 49 | 60 | 60 |
| Critical observations | 1 | 0 | 0 |



Of the altogether 60 inspections made in 2013 in Orion's facilities, 11 were conducted by healthcare authorities. In these inspections, the focus is on the compliance with GxP requirements. Eight of those inspections were made at the pharmaceutical manufacturing locations, one of the inspections addressing clinical R&D. Fermion underwent two inspections and Orion Diagnostica one inspection by healthcare authorities.

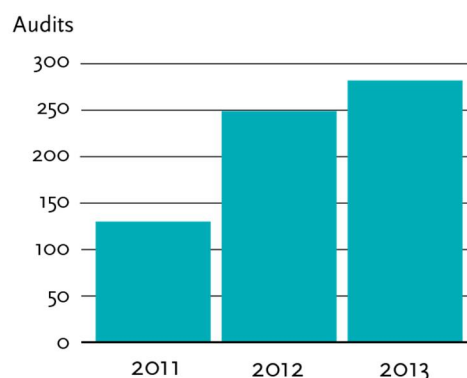
The altogether 49 audits by Orion's business partners – mainly customers and contract manufacturing principals – were made at the pharmaceutical manufacturing plants in Espoo, Turku and Kuopio, the new tablet packaging facility in Salo, and the API manufacturer Fermion's operations in Hanko, Oulu and Espoo. In their inspections, partners investigate not only GxP compliance but also the quality of EHS affairs.

No critical observations were recorded in the final reports received in 2013 on the inspections. Immediate corrective actions are undertaken instantly after each inspection to amend the defects observed in these audits.

Orion's high production capacity utilisation rate and its broad product range may cause risks to the delivery reliability and make it challenging to maintain the very high quality standard required. Authorities and key customers in different countries undertake regular and detailed inspections of development and manufacturing of drugs. Possibly required corrective actions may at least temporarily reduce delivery reliability.

PR (own) Inspections of material and service suppliers' and contract manufacturers' operations and sites conducted by Orion

| Audits | 2011 | 2012 | 2013 |
|-----------------------|------|------|------|
| Audits total | 130 | 260 | 282 |
| Critical observations | 1 | 0 | 20 |
| Rejections | 0 | 0 | 1 |



Orion made altogether 282 inspections of its partners' and suppliers' operations and facilities, most of them into critical business partners and sources of supply, such as API manufactures, contract manufacturers, suppliers of raw materials and materials, and organisations providing clinical research services to Orion. The number of inspections was higher than ever before, approximately one audit per each workday, and most of them were made on-site. Although the business partners have been selected using strict GMP and EHS criteria, and also regulatory authorities have audited them to confirm their GMP compliance, Orion wants to check the eligibility and acceptability of its existing partners and supplier candidates by making regular surveys and inspections.

The inspection which led to the one rejection in 2013 was made at a laboratory service provider who failed to meet the GLP requirements.

A considerable number of critical observations were recorded in 2013, all of them in EHS inspections into Chinese and Indian supplier candidates. The high number indicates the importance of making inspections. Many of the sites revealed great defects in the handling of hazardous materials and prevention of explosion, as well as in the protection of employees and working environments against exposure to danger. Also, expired EHS-critical permissions and un-attendance to authority requirements were detected.

Product and service labelling

PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements

Pharmaceutical products can be sold and used only under a product-specific marketing authorisation granted by a pharmaceutical regulatory authority, and using the facts provided in the Summary of Product Characteristics, SPC, confirmed for the product as part of the marketing authorisation. A marketing authorisation is granted and maintained valid for products which are safe to use for their indicated purpose, proven to be therapeutically effective, appropriate as drugs, meet quality requirements and are appropriately manufactured and labelled. The authorisation also defines the product's indication, i.e. the purposes for which the medicine can be used.

The product-specific SPC must be found in every single retail package. Pharmaceutical legislation and regulatory authorities demand that, for products classified as drugs, the pharmaceutical company may only provide information contained in the SPC, and exclusively that. The product information leaflet in the package contains the main facts about the drug and its use in the form approved by authorities. The drug and health authorities maintain national and international drug databases which contain up-to-date information for every product with a valid marketing authorisation. The information and arguments presented by the manufacturer and/or the marketer in any communication about the product must always be in full conformity with the information confirmed in the regulatory Product Information confirmed for the basis of the valid marketing authorisation.

In EU countries, pharmaceutical companies are not allowed to communicate information about prescription drugs directly to consumers. Instead, it is the responsibility of healthcare professionals such as doctors and pharmacies as well as healthcare authorities to do so. Marketing self-medication products directly to consumers is allowed, under strictly regulated terms.

Orion aims to look after patient safety also by sharing accurate up-to-date information about the use, storage and safety of its products via its own marketing and corporate communications channels, in the extent permitted by law.

Regulations concerning diagnostic products require that the product packages contain all essential information about the product, manufacturer, purpose of product, storage and validity. The packaging contains appropriate warnings. The end user will always receive detailed user instructions with the package. When required, an analysis certificate, information on product calibration traceability and a safety data sheet is provided for each batch.

PR4 Total number of incidents on non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes

Orion had no incidents of non-compliance with regulations and voluntary codes concerning product and service information during the reported years.

PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction

Orion monitors customer satisfaction based on monthly market data. Changes in trends indicate changes in customer satisfaction in relation to the competitive situation. In addition to monthly sales statistics, Orion also collects qualitative data for its key accounts by conducting customer and market segment specific surveys, applying their results as guidance for strategic targets and operational development.

Marketing communications

PR6 Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship

Orion ensures with regular training and coaching that the persons involved in sales and marketing operations manage both the common codes and practices of the industry and Orion's own practices and principles, and that they are followed.

PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes

In 2013, three events of incompliance with pharmaceutical marketing codes led to sanction payments imposed to Orion, one in the UK and two in Sweden. The decisions were issued by self-regulatory bodies of the industry. Orion did not complain about the decisions.

In the UK, the PMPCA (Prescription Medicines Code of Practice Authority) imposed Orion's marketing company Orion Pharma (UK) Ltd a sanction fee of GBP 3,000 relating to the UK subsidiary's participation with an exhibition stand in a urology congress held in Northern Ireland in September 2012. The PMPCA panel considered the facilities and arrangements of the congress to represent too high standards and therefore inappropriate for the occasion in view of the standards provided in the ABPI Code, and imposed sanction payments in various amounts to nine other pharmaceutical companies too.

The IGM (Läkemedelsindustrins informationsgranskningsman), a supervisory body under the Swedish industry association LIF, imposed two sanction payments to Orion Pharma AB, Orion's marketing organisation in Sweden, because of improperly presented information on pharmaceutical products. One of the cases concerned phrasing in an advertisement of Oriptan (sumatriptan), for which the fine was SEK 90,000. The other decision led to a sanction of SEK 140,000 for improper claims presented in the marketing communications of Simdax (levosimendan).

Customer privacy

PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data

Orion has had no complaints regarding breaches of customer privacy or losses of customer or research subject data.

Compliance

PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

Orion has no events on non-compliance with laws and regulations concerning the provision and use of products and services.

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