



Corporate Governance Statement 2019



Corporate Governance Statement

1	General principles	2
2	Management system	2
2.1	Group level	2
2.2	Business Divisions and line functions	4
2.3	Administration of legal entities	4
3	General Meeting of Shareholders	4
4	Board of Directors	5
4.1	Members of the Board of Directors as of 26 March 2019	5
4.2	Independence of the Board members	5
4.3	Meetings of Board of Directors and Board's right to receive information	6
4.4	Charter of the Board of Directors	6
4.5	Principles Concerning Diversity of Board of Directors	6
5	Committees of the Board of Directors	7
5.1	Members of the Board Committees	7
5.2	Meetings of the Board Committees	8
5.3	Charters of the committees	8
6	President and CEO	10
7	Other executives	10
8	Remuneration statement	11
8.1	Decision-making procedures and main principles of remuneration	11
8.2	Remuneration report for 2019	12
9	Internal control, risk management and internal audit	15
9.1	Internal control of financial reporting	15
9.2	Risk management in the Orion Group	17
9.3	Control measures	25
10	Insider Administration	26
11	Related Party Policy	26
11.1	Related parties and key management personnel	26
11.2	Identification of related party transactions	27
11.3	Decision-making concerning related party transactions	27
11.4	Reporting related party transactions	27
12	Audit	28
12.1	Remuneration of auditor	28
13	Shareholdings in Orion Corporation of the Board of Directors and the Executive Management Board	29
14	Introductions of the members of the Board of Directors	30
15	Introductions of the Executive Management Board members	34

1 General principles

The operations and activities of Orion Corporation and its subsidiaries (the Orion Group) are based on compliance with laws and regulations issued thereunder, as well as with ethically acceptable operating practices. The tasks and duties of the different governance bodies of the Group are determined in accordance with legislation and the corporate governance principles of the Group.

In its governance, Orion Corporation follows the Finnish Corporate Governance Code 2015 for companies listed on Nasdaq Helsinki Ltd. Orion Corporation departs from the Code's recommendation No. 15 concerning the election of members to the Nomination Committee, which can also include persons other than members of the Board. The Company considers the departure justified in view of the Company's ownership structure and the potential for flexibility when preparing for the election of the Board members. In addition, the Company regards that the departure promotes the proper implementation of the Company's governance system in such a way that, i.a., the manner applied to the preparation of the composition of the Board of Directors promotes the interaction between the Board and the largest shareholders and enables the opinions of the shareholders to be observed already when the proposed composition is being prepared. The Board of Directors of Orion Corporation has decided on the departure from the Code when confirming the charter of the Nomination Committee. The essentials of the charter of the Committee and the manner applied to the preparation of the proposal for the Board composition are described later in section 5.3.4.

The Corporate Governance Code is available at www.cgfinland.fi.

This Corporate Governance Statement has been presented in connection with the 2019 Financial Statements of the Orion Group as a separate report from the Report by the Board of Directors. The Governance Statement as well as an up-to-date description of the governance are available on the Company's website, at www.orion.fi.

2 Management system

The management system of the Orion Group consists of the Group-level functions and Business Divisions. In addition, the system includes the organisation of the administration of the legal entities. For the steering and supervision of operations, the Group has a control system for all levels.

The management of the whole Group takes place at the Group level. The following are examples of management of the whole Group at the Group level:

- determination and follow-up of the Group strategy
- the basic organisation and the steering and supervision of the operations of the Business Divisions
- the largest investment decisions
- issues concerning the entire parent company and the Group

The business operations of the Group take place in Business Divisions. The different Group-level functions provide services to the Business Divisions, each function being responsible for organising its own responsibility area Group-wide.

2.1 Group level

2.1.1 Parent company Orion Corporation

The parent company of the Group is Orion Corporation, whose shareholders exercise their decision-making power at a General Meeting of Shareholders in accordance with the Limited Liability Companies Act and the Articles of Association. The Company is not aware of any agreements between shareholders other than information on the exercise of voting rights notified to the Company mentioned in connection with listing of the Company's largest shareholders.

The list of the largest shareholders is available on the Company's website at www.orion.fi.

2.1.2 Board of Directors of the parent company

The Board of Directors of the parent company comprises at least five and at most eight members elected by a General Meeting of Shareholders. The term of the members of the Board of Directors ends at the end of the Annual General Meeting of Shareholders following the election. A General Meeting of Shareholders elects the Chairman of the Board of Directors, and the Board of Directors elects the Vice Chairman of the Board of Directors, both for the same term as the other members.

The Board of Directors manages the operations of the Company in accordance with the provisions of the law and the Articles of Association. The Board of Directors of the parent company also functions as the so-called Group Board of Directors. It handles and decides all the most important issues relating to the operations of the whole Group or any units irrespective of whether the issues legally require a decision of the Board of Directors. The Board of Directors may handle any issue relating to a company or unit of the Orion Group if deemed appropriate by the Board of Directors or the President and CEO of the parent company. The Board also makes sure that good corporate governance practices are followed in the Orion Group. The Board's charter includes a list of key matters to be handled by the Board of Directors.

The Board of Directors has an **Audit Committee**, a **Remuneration Committee** and an **R&D Committee**. The members and the chairmen of the committees are elected by the Board of Directors from among itself in the organising meeting following the election of the Directors. Each committee shall have at least three members and they shall have the expertise and experience required for the duties of the committee. The designated auditor of the Company's auditor also attends the meetings of the Audit Committee. The committees prepare matters belonging to their sphere of responsibility and make proposals on these matters to the Board of Directors.

In addition to the committees composed of Board members, the Company has a **Nomination Committee**, which can also include persons other than members of the Board. The Nomination Committee prepares a recommendation to the Board of Directors for the proposal to the Annual General Meeting of shareholders concerning the composition and compensation of the Board. In its recommendation, the Committee observes the recommendations 8 and 10 of the Corporate Governance Code concerning the composition of the Board and the independence of the Directors.

2.1.3 President and CEO of the parent company

The President and CEO of the parent company is elected by the Board of Directors. In accordance with the Limited Liability Companies Act, the President and CEO is in charge of the day-to-day management of the Company in accordance with instructions and orders issued by the Board of Directors. In addition, the President and CEO ensures that the bookkeeping of the Company complies with the law and that its asset management is arranged in a reliable way.

The President and CEO of the parent company manages the Group's business operations via the Business Divisions. Accordingly, the executives responsible for the Business Divisions report to the President and CEO. The President and CEO carries out the steering and supervision of the operations of the divisions with the assistance of the Executive Management Board and the Group-level staff functions.

2.1.4 Executive Management Board

The Executive Management Board includes the President and CEO as Chairman, and other persons appointed by the Board of Directors of the parent company as members. The Executive Management Board assists the President and CEO in decision-making.

The Executive Management Board handles all important issues relating to the whole Group and its units, including all the matters of the Business Divisions or line functions that are to be handled by the Board of Directors of the parent company. However, the President and CEO can, if considered appropriate, decide not to take a matter to the Executive Management Board.

2.1.5 Staff functions

The Group-level staff functions participate in the steering and supervision of the operations of the units belonging to the Group as part of the management and control system. In this task, they assist the President and CEO in the management of the Group.

The staff functions are in charge of, among other things, the following Group-level functions: finance, treasury, investor relations, human resources, legal affairs, intellectual property rights, communications, internal audit, insider administration, corporate responsibility and information management.

2.2 Business Divisions and line functions

2.2.1 Business Divisions

The operations of the Group are organised into Business Divisions. Each Business Division is managed by an executive who is responsible for the operations and operative management of the Business Division and who reports to the President and CEO.

2.2.2 Line functions

The line functions provide function-specific support and services to all Business Divisions within the Group. The responsibilities of the line functions include:

- sales and marketing
- supply chain
- research and development

2.3 Administration of legal entities

From the point of view of business operations, the Group subsidiaries operate in accordance with the Group's management system. In matters that are not directly subject to any Business Division or line function, the subsidiaries operate in accordance with instructions by the President and CEO of the parent company.

3 General Meeting of Shareholders

The Annual General Meeting of the Shareholders of Orion Corporation shall be held by the end of May each year on a date decided by the Board of Directors. A shareholder intending to attend a General Meeting of Orion Corporation must be registered as a shareholder in the Company's shareholder register maintained by Euroclear Finland Ltd on the record date of the General Meeting, and the shareholder must submit a notice of attendance to the Company no later than on the date specified in the notice to convene, which can be at the earliest ten days prior to the meeting. A notice to convene a General Meeting of the Shareholders of Orion Corporation shall be published in a stock exchange release and on the Company's website no earlier than two months and no later than three weeks prior to the General Meeting, however at least nine days prior to the record date of the General Meeting of Shareholders.

At a General Meeting of Shareholders, a shareholder may vote the number of votes conferred by the shares held on the record date. Each A share of Orion Corporation entitles its holder to twenty (20) votes at General Meetings of Shareholders and each B share one (1) vote. However, exceptionally, a shareholder cannot vote more than 1/20 of the aggregate number of votes from the different share classes represented at the General Meetings of Shareholders.

Decisions at a General Meeting of Shareholders shall be taken through the decision-making process of the Limited Liability Companies Act and the Articles of Association.

The Annual General Meeting of Shareholders

shall be presented:

- the Financial Statements, including the Consolidated Financial Statements and the Report by the Board of Directors
- the Auditor's Report

shall decide on:

- adoption of the Financial Statements and the Consolidated Financial Statements
- use of the profits available according to the Statement of Financial Position
- discharge from liability of the members of the Board of Directors and the President and CEO
- the number of members of the Board of Directors
- the fees payable to the members of the Board of Directors and the auditor

shall elect:

- the members of the Board of Directors, with the person or persons receiving the most votes from the General Meeting of Shareholders being elected
- the Chairman of the Board from among the members of the Board of Directors
- the auditor

shall consider:

- other matters separately mentioned in the convening notice.

The decisions of the Annual General Meeting are published in a stock exchange release after the meeting. The meeting documents are kept on the Company's website at least five years from the meeting. The minutes of the meeting are provided in Finnish only and they are made available on the Company's website within two weeks of the meeting.

4 Board of Directors

4.1 Members of the Board of Directors as of 26 March 2019

	Board of Directors	Born	Education	Main position
Heikki Westerlund	Chairman	1966	M.Sc. (Econ.)	Board professional
Timo Maasilta	Vice Chairman	1954	M.Sc. (Eng.)	Managing Director of Maa- ja vesitekniikan tuki ry. and Tukinvest Oy
Pia Kalsta	Member	1970	M.Sc. (Econ.)	CEO of Sanoma Media Finland Oy
Ari Lehtoranta	Member	1963	M.Sc. (Eng.)	President and CEO of Caverion Corporation
Hilpi Rautelin	Member	1961	M.D., Ph.D., Specialist in Clinical Microbiology	Professor of Clinical Bacteriology, Uppsala University, Sweden
Eija Ronkainen	Member	1966	Licentiate of Medicine, Specialist in Internal Medicine	Specialist in Internal Medicine, Hyvinkää Hospital
Mikael Silvennoinen	Member	1956	M.Sc. (Econ.)	Executive Chairman of IMS Talent Oy

The holdings in Orion Corporation of the members of the Board of Directors are presented in chapter 13 of this Statement. Biographical details of Directors are presented in chapter 14 of this Statement. Information updated afterwards about the Directors is available at www.orion.fi.

4.2 Independence of the Board members

In its organizing meeting the Board of Directors has assessed the independence of its members and concluded that all the members are independent of the Company and its significant shareholders in the manner described in the Finnish Corporate Governance Code.

4.3 Meetings of Board of Directors and Board's right to receive information

A new member of the Board of Directors shall at the start of the term of office be familiarised with the Company structure, strategy, operations and different business areas, and the Group's Corporate Governance.

In 2019, altogether 13 Board meetings were held (17 Board meetings in 2018). The average attendance of the members was 98% (99%).

Attendance in Board meetings 2019

Director	Attendance / no. of meetings	Attendance -%
Heikki Westerlund (Chairman)	13/13	100
Timo Maasilta (Vice Chairman)	13/13	100
Sirpa Jalkanen (until 26 March 2019)	3/3	100
Pia Kalsta (as of 26 March 2019)	10/10	100
Ari Lehtoranta	11/13	85
Hilpi Rautelin	13/13	100
Eija Ronkainen	13/13	100
Mikael Silvennoinen	13/13	100

The Board of Directors conducted the most recent self-evaluation in autumn 2019. In the annually made evaluation, the Board assesses, i.a., matters related to the Group's strategy and targets, the Board's operational efficacy and performance, the Board's role in establishing the control systems for the Group, the efficiency of the Board meetings, and the Board's working atmosphere. In self-evaluation, the Board assesses, also the performance of committees of the Board of Directors.

4.4 Charter of the Board of Directors

The Board of Directors has adopted a written charter containing the rules for:

- constitution of the Board of Directors
- meeting arrangements
- minutes of the meetings
- confidentiality obligations of Board members
- ineligibility situations
- the most important matters to be handled by the Board
- communication about the matters handled by the Board
- self-evaluation of the Board's performance and working methods

The mode of operation of the Board of Directors is described in more detail in section 2.1.2 Board of Directors of the parent company.

4.5 Principles Concerning Diversity of Board of Directors

Orion regards diversity as an important and natural approach in its operations. The principles concerning the diversity of the Board of Directors are in line with this premise.

In accordance with the Company's Articles of Association, the Board of Directors shall comprise at least five (5) and at most eight (8) members. The term of the members of the Board of Directors shall end at the end of the Annual General Meeting of the Shareholders following the election. The General Meeting of the Shareholders shall elect the Chairman of the Board of Directors and the Board of Directors shall elect the Vice Chairman of the Board of Directors, both for the same term as the other members.

The Corporate Governance Code for the companies listed on the Helsinki Stock Exchange provides that the composition of the board of directors shall reflect the requirements set by the company's

operations and development stage. A person elected as a director must have the competence required by the position and the possibility to devote sufficient time to attending the duties. The number of directors and the composition of the board of directors shall be such that they enable the board of directors to see to its duties efficiently. Both genders shall be represented in the board of directors. The Code also provides recommendations concerning the independence of the members of the board of directors and the board committees.

The proposals for the composition and remuneration of the Board of Directors of Orion are prepared by the Company's Nomination Committee, which is a body established and elected by the Board of Directors. Departing from the recommendation of the Corporate Governance Code, the Nomination Committee can also include persons other than members of the Board. Before appointing members to the Committee, the Board shall hear the views of the largest shareholders in the shareholder register by the number of votes about the composition of the Committee. The hearing takes place at a meeting to which the twenty (20) largest registered shareholders by the number of votes shall be invited. The task of the committee is to prepare and present a recommendation to the Board of Directors for the proposal to the Annual General Meeting of shareholders concerning the composition and remuneration of the Board. The Board of Directors independently decides on its proposals to the General Meeting. The composition and remuneration of the Board of Directors are decided by the General Meeting.

When preparing the composition of the Board of Directors of Orion, attention is paid to the aforementioned requirements set by the Company's Articles of Association and the Corporate Governance Code, as well as to the requirements set by the Company's operations and the accrued attributes of diversity. Diversity is considered not only from the aspect of gender but also from other attributes promoting the Board's diversity, such as the age structure of the Board, the members' educational and professional background, their experience relevant for the position, and personal characters, for example. When preparing the composition, the way how the members' skills, education and experience complement each other is also assessed. The Company's long-term needs are also taken into account.

The purpose of the diversity principles is to contribute to making sure that the Board's combined competence and experience and the diversity of its composition are sufficiently aligned with Orion's operational needs. With regard to gender structure, the objective is that both genders are sufficiently represented on the Board.

5 Committees of the Board of Directors

5.1 Members of the Board Committees

Composition of the Board of Directors and Board Committees as of 26 March 2019

	Board of Directors	Audit Committee	Remuneration Committee	R&D Committee
Heikki Westerlund	Chairman		Chairman	Member
Timo Maasilta	Vice Chairman		Member	Member
Pia Kalsta	Member	Member		Member
Ari Lehtoranta	Member	Member		Member
Hilpi Rautelin	Member			Chairman
Eija Ronkainen	Member	Member		Member
Mikael Silvennoinen	Member	Chairman	Member	Member

Nomination Committee, appointed on 28 October 2019

Heikki Westerlund	Chairman
Annika Ekman	Member
Erkki Etola	Member
Petteri Karttunen	Member
Matti Kavetvuo	Member
Timo Maasilta	Member
Jukka Ylppö	Member

5.2 Meetings of the Board Committees

In 2019, the committees met and members attended the meetings as described below.

Member of the committee	Audit Committee	Remuneration Committee	R&D Committee	Nomination Committee
Heikki Westerlund		4/4	3/3	4/4
Timo Maasilta		4/4	3/3	4/4
Sirpa Jalkanen (until 26 March 2019)			1/1	
Pia Kalsta (as of 26 March 2019)	3/3		2/2	
Ari Lehtoranta	3/4		3/3	
Hilpi Rautelin	1/1		3/3	
Eija Ronkainen	4/4		3/3	
Mikael Silvennoinen	4/4	4/4	3/3	
Matti Kavetvuo				4/4
Kari Jussi Aho (until 28 October 2019)				3/3
Annika Ekman				4/4
Erkki Etola				3/4
Petteri Karttunen				4/4
Jukka Ylppö				4/4

5.3 Charters of the committees

The role of the committees, according to their charters, is limited to making proposals to the Board, without decision-making authority. The Board has confirmed a charter for each committee.

5.3.1 Charter of the Audit Committee

According to its charter, the Audit Committee shall comprise at least three members elected by the Board annually for the term of the Board. The members shall have the qualifications necessary to perform the responsibilities of the committee, and at least one member shall have expertise specifically in accounting, bookkeeping or auditing.

The members shall also be independent of the Company, and at least one member shall be independent of significant shareholders of the Company. The qualifications and the independence are evaluated as provided in the Corporate Governance Code.

The committee shall meet at least four times per year, and it shall report to the Board.

The committee concentrates particularly on matters pertaining to financial reporting and control in the Orion Group. Its duties include:

- monitoring the reporting process of the financial statements
- supervising the financial reporting process and risk management process
- monitoring the efficiency of the Company's internal control, internal audit, and risk management systems
- monitoring the audit of the financial statements

- evaluating the independence of the auditor, particularly the provision of related services to the Company (i.a., accepting in advance, according to verified Company's policies and principles, procurement of other than audit services from the auditing company)
- proposing a resolution on the election of the auditor
- monitoring the financial position of the Company
- evaluating the compliance with laws and regulations in the Company.

5.3.2 Charter of the Remuneration Committee

According to its charter, the Remuneration Committee shall comprise at least three members elected by the Board annually for the term of the Board. The majority of the members of the committee shall be independent of the Company in the manner described in the Corporate Governance Code.

The committee shall meet at least twice a year, and it shall report to the Board.

The committee shall handle and prepare matters concerning compensation and remuneration of the management and the personnel of the Orion Group, as well as the nominations of executives appointed by a decision by the Board.

5.3.3 Charter of the R&D Committee

According to its charter, the R&D Committee shall comprise at least three members elected by the Board annually for the term of the Board.

The committee shall meet at least twice a year, and it shall report to the Board.

The committee shall deal with and evaluate questions concerning research and development within the Orion Group, and make proposals concerning them to the Board.

5.3.4 Charter of the Nomination Committee

In addition to the committees composed of Board members, the Company has a Nomination Committee, which, departing from the recommendation of the Corporate Governance Code, can also include persons other than members of the Board. The reasons for departing from the Code are explained in chapter 1 General principles of this Statement. The majority of the members of the Committee shall be independent of the Company in the manner described in the Finnish Corporate Governance Code. Neither the President and CEO nor the other executives of the Company may be members of the committee.

According to the Nomination Committee's charter, the members and the chairman of the committee are appointed by the Board annually. For the appointments, the Board shall hear the views of the largest shareholders in the shareholder register by the number of votes about the composition of the committee. The hearing takes place at a meeting to which the twenty (20) largest registered shareholders by the number of votes shall be invited. Shareholders not entitled to participate in General Meetings based on their shareholdings are, however, disregarded in calculating the largest shareholders. The term of office of the members ends when the Board has elected the next Nomination Committee. The committee shall meet when necessary.

The task of the committee is to prepare and present a recommendation to the Board of Directors for the proposal to the Annual General Meeting of shareholders concerning the composition and compensation of the Board. The committee shall inform the Board of its recommendation. The recommendation prepared by the committee shall not be regarded as a proposal by a shareholder to a General Meeting of shareholders. Nor shall the recommendation have any impact on the Board's independent decision-making powers or its right to make proposals to General Meetings of shareholders.

6 President and CEO

Timo Lappalainen has been the President and CEO of Orion Corporation and Chairman of the Group's Executive Management Board since 1 January 2008. He was born in 1962 and holds a Master of Science degree in Engineering.

The role and responsibilities of the President and CEO are described in more detail in section 2.1.3 President and CEO of the parent company.

7 Other executives

Composition of the Executive Management Board in 2019

Timo Lappalainen	President and CEO of Orion Corporation, Chairman of Executive Management Board
Satu Ahomäki	Senior Vice President, Commercial Operations
Markku Huhta-Koivisto	Senior Vice President, Growth Projects
Olli Huotari	Senior Vice President, Corporate Functions
Liisa Hurme	Senior Vice President, Supply Chain and Fermion
Jari Karlson	Chief Financial Officer, Vice President, Animal Health
Virve Laitinen	Senior Vice President, Specialty Products
Christer Nordstedt	Senior Vice President, Research and Development

In 2019, the employees were represented in the Executive Management Board by Jani Korhonen, Specialist, Analytics Outsourcing.

The holdings in Orion Corporation of the Executive Management Board are presented in chapter 13 of this Statement. Biographical details of the Executive Management Board members are presented in chapter 15. Information updated afterwards about the members is available at www.orion.fi.

The role and responsibilities of the Executive Management Board are described in more detail in section 2.1.4 Executive Management Board.

8 Remuneration statement

8.1 Decision-making procedures and main principles of remuneration

The aims of the remuneration system for Orion Corporation's Board of Directors and executive management are to enhance the Company's competitiveness and long-term financial success, to achieve the Company's targets and strategy, and to increase shareholder value.

8.1.1 Remuneration principles concerning the Board of Directors

The remuneration of the members of the Board of Directors is decided on by the Annual General Meeting of the shareholders. The remuneration recommendation to be presented in the invitation to the Annual General Meeting is prepared by the Nomination Committee.

8.1.2 Remuneration principles concerning the President and CEO

The remuneration of the President and CEO is decided by the Board of Directors. His remuneration comprises a monthly salary, a performance-based bonus and a share-based incentive plan. The performance-based bonuses and the share-based incentive plan are based on predefined targets that are confirmed annually by the Board of Directors. The criteria for performance and results are set so that they promote short-term and long-term financial success. The Board of Directors annually evaluates the performance and financial results against the criteria.

The performance-based bonus of the President and CEO for 2019 can be no more than ten (10) months' salary. The upper limits of the share-based incentive plan are determined as described in section 8.2.6.

If the service contract of the President and CEO is terminated on the Company's initiative, the notice period is 6 months. If the service contract is terminated on the initiative of the President and CEO, the notice period is 6 months, unless otherwise agreed. The service ends at the end of the notice period. If the service contract is terminated either on the Company's initiative or on the initiative of the President and CEO because of a breach of contract by the Company, the President and CEO will be compensated with a total sum corresponding to the monetary salary for 18 months, unless otherwise agreed. No such separate compensation will be paid if the President and CEO resigns at his own request for reasons other than a breach of contract by the Company.

The retirement age of the President and CEO has been agreed to be 60 years, the target level of the pension being 60%. The pension is based on a defined benefit plan.

8.1.3 Remuneration principles concerning other executives

The remuneration of the other members of the Group's Executive Management Board is decided by the Board of Directors or its Chairman. The remuneration system for these persons comprises a monthly salary, a performance-based bonus and a share-based incentive plan. The performance-based bonuses and share-based incentive plan are based on predefined targets that are confirmed annually. The criteria for performance and results are set so that they promote short-term and long-term financial success. The Board of Directors annually evaluates the performance and financial results against the criteria.

The maximum performance-based bonus of a member of the Executive Management Board cannot exceed the aforementioned maximum performance-based bonus of the President and CEO. The upper limits of the share-based incentive plan are determined as described in section 8.2.6. If an employment agreement of any of the other members of the Executive Management Board is terminated by the member of the Executive Management Board, the notice period is two months. If the employment agreement is terminated by the employer, the notice period is six months. In addition, the members of the Executive Management Board have the right to a severance pay of six months salary if the employer terminates the employment agreement.

The pensions of the other members of the Executive Management Board are determined by the Employees Pensions Act (TyEL).

8.2 Remuneration report for 2019

8.2.1 Remuneration of the Board of Directors

According to the decision by the Annual General Meeting in 2019 concerning the annual fees for the term of office of the Board of Directors, the Chairman shall receive EUR 84,000, the Vice Chairman shall receive EUR 55,000 and the other members shall receive EUR 42,000 each. As a fee for each meeting attended, the Chairman shall receive EUR 1,200, the Vice Chairman shall receive EUR 900 and the other members shall receive EUR 600 each. The travel expenses of all Board members shall be paid in accordance with previously adopted practice. The aforementioned fees shall also be paid to the Chairmen and to the members of the committees established by the Board, for each committee meeting attended.

Of the aforementioned annual fees, 60% was paid in cash and 40% in Orion Corporation B-shares, which were acquired to the members during 26 April - 3 May 2019 from the stock exchange in amounts corresponding to EUR 33,600 for the Chairman, EUR 22,000 for the Vice Chairman and EUR 16,800 for each of the other members. The part of the annual fee paid in cash corresponds to the approximate sum necessary for the payment of the income taxes on the fees and was paid on 25 June 2019. The annual fees encompass the full term of office of the Board of Directors.

There are no particular rules relating to ownership of the shares received by the members of the Board of Directors as fees.

Fees paid to the members of the Board of Directors in the 2019 financial year

	Total remuneration, €	Number of B-shares received	Committee memberships
Board members at 31 December 2019			
Heikki Westerlund, Chairman	109,737	1,134	Remuneration, Nomination, R&D
Timo Maasilta, Vice Chairman	73,652	743	Remuneration, Nomination, R&D
Pia Kalsta (as of 26 March 2019)	51,269	568	Audit, R&D
Ari Lehtoranta	52,469	568	Audit, R&D
Hilpi Rautelin	53,669	568	R&D
Eija Ronkainen	54,269	568	Audit, R&D
Mikael Silvennoinen	59,069	568	Audit, R&D, Remuneration
Former Board members			
Sirpa Jalakanen (until 26 March 2019)	3,000		R&D
Board of Directors total	457,134	4,717	

The figures comprise the fees for the Board meetings and the Committee meetings.

8.2.2 Remuneration of the President and CEO

The salary, fees, fringe benefits and performance-based bonuses paid to the President and CEO in 2019 totalled EUR 1,138,143 (1,346,660 in 2018), comprising EUR 577,565 (484,300) in salary and fringe benefits, and EUR 560,578 (862,360) in performance-based bonuses for 2018. EUR 177,924 (356,930) of the total bonuses corresponds of the value of the 5,515 (13,457) Orion Corporation B shares received by the President and CEO on 1 March 2019 as part of the Company's long-term share-based incentive plan. The price per share of these shares was EUR 32.2618 (26.5238), the volume-weighted average quotation of the B share on 1 March 2019.

The 2018 payment for the supplementary pension benefit was EUR 610,492. The 2019 advance payment for the supplementary pension benefit was EUR 662,298.

8.2.3 Remuneration of other executives

The salaries, fees, fringe benefits and performance-based bonuses paid for 2019 to the members of the Executive Management Board, excluding the President and CEO, totalled EUR 3,284,289 (4,052,676) comprising EUR 1,778,961 (1,635,290) in salaries and fringe benefits and EUR 1,505,329 (2,417,385) in performance-based bonuses. The total number of Executive Management Board members was 8 at year end 2019, including also the President and CEO.

8.2.4 Management remunerations total

The salaries, remunerations, fringe benefits and bonuses paid to the members of the Board of Directors of Orion Corporation, the President and CEO and the other members of the Group's Executive Management Board for 2019 totalled EUR 4,897,566 (5,886,470 for 2018).

8.2.5 Authorisations of the Board of Directors concerning remuneration

The Board of Directors has an authorisation confirmed by the Annual General Meeting held on 26 March 2019 to decide on a share issue in which shares held by the Company can be conveyed in a targeted issue as part of the Company's incentive system. The terms of the authorisation have been published in a stock exchange release on 26 March 2019.

8.2.6 Share-based incentive plans

The Group has two share-based incentive plans in force for key persons of the Group.

The plan that commenced in 2016 includes earning periods and the Board of Directors has annually decided on the beginning and duration of the earning periods in 2016, 2017 and 2018. The Board of Directors has decided on the earning criteria and targets to be established for them at the beginning of each earning period. Two earning periods, calendar year 2016 and calendar years 2016-2018, commenced upon implementation of the plan. Two earning periods, calendar year 2017 and calendar years 2017-2019, commenced in 2017. Two earning periods, calendar year 2018 and calendar years 2018-2020, commenced in 2018. The reward under the plan for the earning periods 2016, 2017 and 2018 is based on the Orion Group's operating profit and for the earning periods 2016-2018, 2017-2019 and 2018-2020 on the total return on Orion Corporation B shares.

The target group of the plan consists of no more than 50 people. The total maximum amount of rewards to be paid based on the plan is 500,000 Orion Corporation B shares and a cash payment corresponding to the value of the shares. By 31 December 2019, a total of 181,003 Orion Corporation B shares had been paid as rewards under this plan.

Under the plan, shares received based on one-year earning periods cannot be transferred during the restricted period determined in the plan. There is no restricted period for the three-year earning periods. The value of reward to be paid based on the plan during one calendar year is a key person's gross annual salary multiplied by 1.75, in the maximum, at the date of the reward payment.

The key terms of the 2016 incentive plan are provided in a stock exchange release dated 2 February 2016.

The plan that commenced in 2019 includes five earning periods, which are the calendar years 2019, 2019-2020, 2019-2021, 2020-2022 and 2021-2023. The Board of Directors decides on the earnings criteria and on targets to be established for them at the beginning of each earning period. Three earning periods, calendar year 2019, calendar years 2019-2020 and 2019-2021, commenced upon implementation of the plan. The potential reward of the plan for the earning periods commencing in 2019 is based on achieving the Orion Group's operating profit and net sales targets.

The target group of the plan consists of approximately 50 people. The total maximum amount of rewards to be paid on the basis of the plan is 700,000 Orion Corporation B shares and a cash payment corresponding to the value of the shares. The total maximum amount includes a separate, so called reward for commitment part that the Board of Directors can use by a separate decision during the years 2019-2023. The maximum amount of the reward for commitment is no more than 100,000 shares and a cash payment corresponding to the value of the shares. By 31 December 2019, no Orion Corporation B shares had been paid as rewards under this plan.

Under the plan, shares received based on one-year and two-year earning periods cannot be transferred during the restricted period determined in the plan. There is no restriction period for the three year earning periods.

The key terms of the 2019 incentive plan are provided in a stock exchange release dated 6 February 2019.

Earning periods currently in effect	2019	2019-2020	2019-2021	2018-2020	2017-2019
Start date of earning period	1 Jan 2019	1 Jan 2019	1 Jan 2019	1 Jan 2018	1 Jan 2017
End date of earning period	31 Dec 2019	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2019
End date of restricted period	31 Dec 2021	31 Dec 2021			
Grant date of share rewards	27 Mar 2019	27 Mar 2019	27 Mar 2019	14 Mar 2018	30 Mar 2017
Fair value of shares at granting, EUR ¹	32.99	32.99	32.99	26.73	48.83
Fair value of reward at grant date, EUR ¹				4.45	14.82

¹ The fair value of the rewards per share on the granting date has been determined with the Binary "asset or nothing call" evaluation model.

The rewards under the plans shall be paid partly in the form of the Company's B shares and partly in cash. Rewards, under the plan that commenced in 2016, have been paid and potential future rewards, under the plans that commenced in 2016 and 2019, shall be paid as follows:

Earning period	Reward paid on / potential reward to be paid in
2016	1 March 2017
2017	1 March 2018
2016-2018	1 March 2019
2018	1 March 2019
2017-2019	2020
2018-2020	2021
2019	2020
2019-2020	2021
2019-2021	2022
2020-2022	2023
2021-2023	2024

In the Financial Statements 2019 of the Orion Group, the share-based incentive plans are dealt with in Note 4 Employee benefits and auditor's remuneration.

9 Internal control, risk management and internal audit

9.1 Internal control of financial reporting

9.1.1 Objectives

At Orion, internal control to ensure the reliability of financial reporting is part of the Group's overall internal control, which aims to ensure that operations are efficient and profitable; operational risks are managed adequately; laws, regulations and the Articles of Association are complied with; and information is reliable.

The purpose of the internal control of financial reporting is to ensure to a sufficient degree that financial reporting is accurate, in addition to ensuring compliance with internal guidelines and with laws and other regulations.

9.1.2 Control environment

In accordance with the Limited Liability Companies Act, Orion's Board of Directors is responsible for the appropriate organisation of the control over accounting and asset management. The President and CEO is responsible for ensuring the lawfulness of accounting and the reliable organisation of asset management.

The Group's business operations take place in Business Divisions.

The various Group-level functions provide the Business Divisions with the services they need, and each function is responsible for organising operations in its own area of responsibility across the Group.

Line functions support the Group's Business Divisions in their areas of responsibility and provide business operations with the services they need. Line functions are responsible, for example, for the following operations: sales and marketing (Global Sales), the supply chain, and R&D.

The Group-level Corporate Functions are part of the management and control system. They participate in the management and control of Group units in their areas of operation. In this capacity, the Corporate Functions assist the President and CEO in managing the Group. At the Group level, the Corporate Functions are responsible, for example, for the following functions: Financial Administration and Treasury, Investor Relations, HR, Legal Affairs, Intellectual Property Rights, Communications, Internal Audit, Insider Management, Corporate Responsibility and Information Management.

The Business Divisions, functions and Financial Administration are responsible for ensuring that controls related to financial reporting have been defined and are effective and up to date. The Financial Administration professionals who are responsible for financial reporting at Orion, as well as the professionals responsible for the business processes, play a key role in developing internal control and reporting practices. In certain areas of operation, responsibility for control and supervision is centralised in the Group's financial function.

Orion's values and management system, including its Code of Conduct, lay the foundation for the control environment related to financial reporting. The President and CEO and the company's other management are responsible for highlighting the importance of ethical principles and accurate financial reporting. The organisational structure and the allocation of resources have been designed to ensure the effective control of financial reporting and the diversification of duties.

9.1.3 Risk assessment

A precondition for risk assessment is that the organisation's objectives have been defined. Reliability is the general objective of financial reporting. This means that business transactions are recorded and reported in accordance with the accounting rules. Assessed risks have been taken into account in the control environment.

Risk assessment also includes the assessment of risks related to misconduct.

9.1.4 Control activities

Control activities are guidelines and procedures to ensure sufficient certainty of achieving the organisation's objectives, as well as seeking to ensure, through compliance with the guidelines and procedures, that key measures determined by the company's management in terms of risk management are implemented effectively.

Orion's control environment for financial reporting includes Financial Administration procedures, process descriptions and guidelines; information system controls; and regular analysis of the financial result, financial situation and cash flow. The purpose of controls is to ensure accurate reporting and accounting and to protect against the assessed risks.

Other policies and guidelines related to risks and processes are documented as part of Orion's management system.

9.1.5 Communications

The Company's communications support ensuring the accuracy and reliability of its financial reporting. Orion's employees have access to all principles and guidelines that are significant in terms of financial reporting.

The Group's Financial Administration and controller function are responsible for ensuring that all parts of the Group comply with its common accounting principles and its common practices for forecasting and reporting. They are also responsible for communicating these matters in the Group's various units. Orion's controller network holds regular meetings and organises training to ensure competence.

The Group's centralised Financial Administration regularly prepares reports for the management on its operational performance. These are supplemented by analyses prepared by the controllers and by their comments on the level of performance. The Group's Executive Management Board is provided with monthly financial reports. Financial reports related to interim and annual financial statements are discussed at the Audit Committee's meetings and, subsequently, by the Board of Directors.

9.1.6 Monitoring

The effectiveness of controls is monitored regularly as part of management to ensure that initially effective controls do not become ineffective due to changes in the operating environment. Controls are also updated in accordance with changes in processes, information technology systems and personnel.

The Board of Directors and the Audit Committee regularly monitor the company's financial result and performance. This also includes monitoring whether the company has a sufficient number of processes in place to assess risks and the effectiveness of controls in terms of financial reporting at all organisational levels. The Audit Committee controls the company's finances, financial reporting, risk assessment and internal audit as part of corporate governance. Any shortcomings in internal control are communicated in a timely manner to the parties responsible for corrective measures and to the management and the Board of Directors, if necessary.

The internal audit function evaluates the internal control of financial reporting processes and the related processes and procedures as part of business process audits.

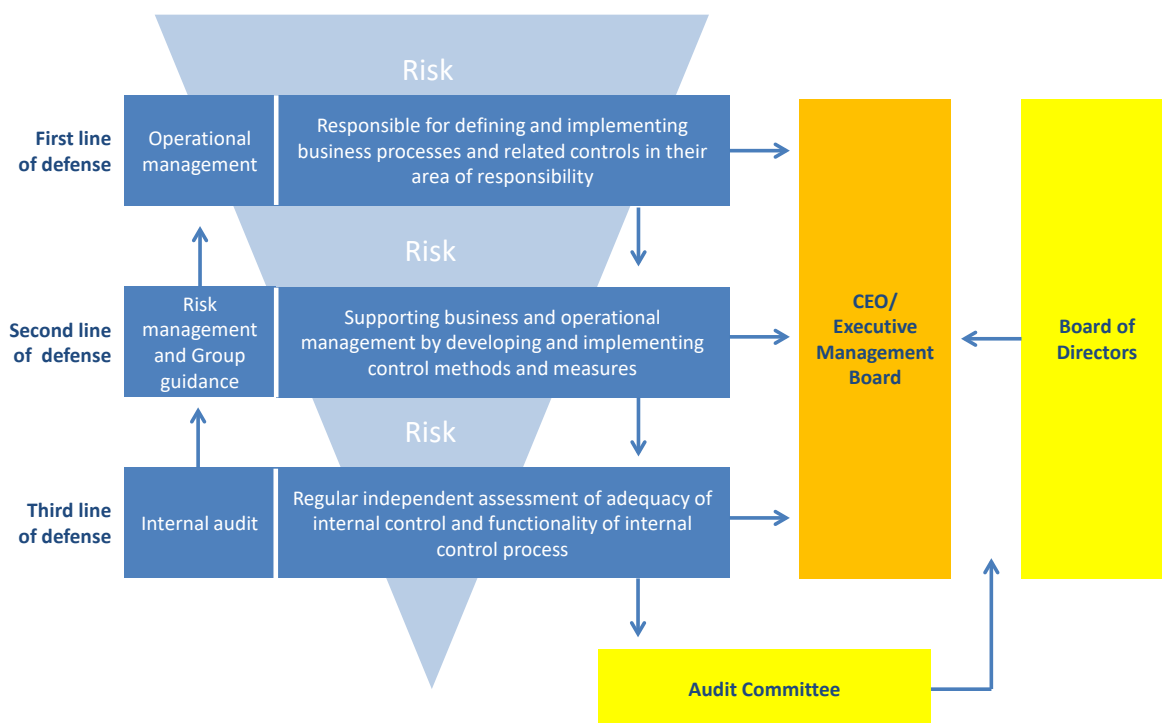
9.2 Risk management in the Orion Group

9.2.1 Purpose and operating model of risk management

The primary purpose of risk management is to identify, measure and manage the risks that may threaten the Company’s operations and the achievement of the set goals by using the available resources.

Risk management is an integral part of the day-to-day management processes and the Corporate Governance of the Orion Group. It relates to the Company’s responsibility structures and principles of operational control. Risk management complies with the principles of good governance and the recommendations and regulations issued to listed companies.

The practical implementation, development and follow-up of the risk management process is based on the model of the three lines of defense. Roles and responsibilities are broken down by line of defense as follows:



9.2.2 Principles of risk management

Risks are defined as factors that threaten the achievement of the set goals. Risks are measured according to their impact and the probability of them occurring. Risk management is a continuous process and is part of the Company’s strategy process, operational planning, day-to-day decision-making and monitoring of operations. Risk management is also part of the internal control system.

In their operations, Orion Group’s business divisions and functions carry out calculated risk-taking and the decisions are based on careful evaluation and consideration, for example regarding risk-taking and related returns.

The purpose of risk management is to systematically identify and evaluate risks and to manage them cost-effectively, thus:

- ensure that identified risks affecting personnel, customers, products, reputation, property, intellectual property and Company performance are managed as governed by the law and otherwise justified by the Company’s best knowledge and financial circumstances
- Meet stakeholder expectations (owners, customers, personnel, partners and society)
- ensure business continuity

Risk management is based on the Orion Group's strategies and financial objectives. The aim is to identify, analyse and evaluate the risks threatening the implementation of the Company's strategy and achieving its objectives. Identified risks are responded so that the Company can be hedged against losses or opportunities related to potential risks can be utilized.

9.2.3 Classification of risks

The risk may be an internal or external event that jeopardized the Company's ability to meet its stated goals. Risks are divided into the following main groups, which can be divided into subgroups, if necessary:

1. Strategic risks
2. Operational risks
3. Financial risks
4. Compliance risks

9.2.3.1 Strategic risks

9.2.3.1.1 Long-term business development risks

Development of new pharmaceuticals involves considerable risks because of the long time spans required by the development work and the inherent uncertainties related to the final outcome, i.e. whether the product can ever be launched in the markets. This strategic risk is managed by the following means:

- The Group includes business units that focus on areas of health care other than the development of its own proprietary products. These units that balance the Group's operations include generic drugs and veterinary medicines.
- The pharmaceutical product range is to be kept sufficiently broad.
- Product development and marketing risks are shared by working in close co-operation with partners.

Proprietary drugs account for a significant proportion of the Group's net sales and earnings. Orion engages in intensive research with the aim of introducing its own new proprietary drugs in markets worldwide. However, the Group cannot guarantee that new products can be introduced in the markets in accordance with expectations. Furthermore, changes can occur in the co-operation with partners, for example due to corporate actions.

The scope of strategic risks also includes the thoroughness of the Company's corporate governance and reporting principles. In line with the Corporate Governance Code, the Orion Group's explicit corporate governance code inspires public trust in the Orion Group and its management. The trust is based on transparently published fundamental characteristics and principles of the system, as well as clear definitions of the responsibilities, rights, obligations and reporting relationships of the persons involved. In addition, the Company enhances the confidence of its stakeholders, such as people affected by its operations, capital markets and its shareholders, by providing open, truthful and consistent information about events, the Company's operations and financial status in a timely manner.

9.2.3.1.2 Research and development risks

The development of proprietary drugs involves many uncertainties. Typically, only about one in ten research projects that reach the clinical phase is launched in the markets. The main reasons for discontinuing a development project relate to the efficacy and safety of the drug candidate, but also to its health economic added value in comparison with comparable treatments. This is why the pharmacological properties of drugs under development, such as their efficacy and safety, and their health economic benefits, are delineated through phased research. Clinical trials involving human subjects can only be conducted with the approval of regulatory drug authorities.

The pharmacology and safety of a drug candidate are extensively studied using preclinical laboratory models and by monitoring tolerability and adverse effects throughout the clinical trials.

In major research projects, Orion's Board of Directors takes the decision on whether to progress from one research phase to the next. In minor research projects, the decision is taken by the executive management. The decisions are always based on a comprehensive analysis of the accumulated research results and the current market situation. For the marketing authorisation

application and the summary of product characteristics (SPC), each research phase and its results are carefully documented for regulatory approval. In accordance with statutory requirements, the drug's adverse effects continue to be monitored even after product has been launched.

The financial risks increase as research projects progress to clinical trials in humans. The most expensive phase is the last, Phase III clinical trials, which are multinational and involve hundreds or thousands of patients. Double-blind studies are used to ensure as reliable as possible evidence of the efficacy and safety of the drug. This is why Orion generally shares the high financial risks of Phase III trials by conducting them jointly with another pharmaceutical company that will also be a marketing partner for the drug. Collaboration with external parties also in earlier research phases is, however, an essential part of managing risks. The Company aims to find ways of keeping the number of research projects high enough by sharing their costs, risks and possible earnings with partners.

9.2.3.1.3 Risks relating to competing generic drugs

A characteristic feature of the pharmaceutical industry is that manufacturers of generic drugs seek to launch into a market at the earliest possible stage their own versions of drugs, which are generally cheaper than the originator company's products. This can be done by, for example, trying to use the courts to invalidate the originator company's patents or other intellectual property rights well before they are due to expire. These actions can result in high litigation and other expenses for an originator company, and may lead to significant losses of sales.

In developing its products, Orion endeavours to protect them as well and extensively as possible, whilst defending its product rights effectively by itself and together with its marketing partners.

9.2.3.1.4 Downward pressure on pharmaceutical prices

In addition to normal price competition, there are many other factors putting downward pressure on the prices of pharmaceuticals, mainly due to decisions by authorities as governments seek to curb the rise in national drug costs. They include generic substitution and reimbursement systems based on reference prices, changes in regulations concerning them, and cuts in drug prices and reimbursement. Parallel imports in the EU area are also depressing prices.

Orion is responding to these challenges by maintaining a sufficiently diverse product range, continuously enhancing cost-effectiveness and allocating its development and sales resources appropriately.

9.2.3.2 Operational risks

9.2.3.2.1 Sales and business risks

Market-specific operational models are necessarily applied to sales of pharmaceuticals. The traditional way of maintaining an extensive network of sales representatives requires substantial fixed costs. Orion's business operations in Europe are based on its own sales network, and sales elsewhere in the world mainly through partners. Orion has initiated an assessment on the prospects of launching the product in the development stage, ODM-109, in the United States on its own, and is also initiating small-scale sales operations in certain Southeast Asian countries.

This structure is intended to optimise available resources and risk-bearing capacity, in view of the input required for worldwide marketing of own new proprietary products. In some markets, certain product categories are only sold to insurance companies or hospital procurement organisations, based on bidding.

Where Orion has its own sales organisation, sales must be kept sufficiently high to maintain profitability. This generally requires a broad enough product range.

9.2.3.2.2 Risks associated with pharmaceutical production

The manufacturing of pharmaceutical products is subject to regular inspections by the authorities. Pharmaceutical products must be safe, efficacious and compliant with all quality requirements. To comply with statutory requirements, in pharmaceutical production close attention must be paid to various safety and quality risks.

Adequate quality of pharmaceuticals is ensured through systematic, comprehensive management of operations covering all factors with direct and indirect impact on the quality of the drugs. The operations are managed by comprehensive instructions and adequate control of materials and products before and after production.

Orion's broad product range may cause risks to the delivery reliability and make it challenging to maintain the very high quality standard required in production. Authorities and key customers in different countries undertake regular and detailed inspections of development and manufacturing of drugs at Orion's production sites. Carrying out any remedial actions that may be required may at least temporarily have effects that decrease delivery reliability and increase costs. Orion's product range also contains products manufactured by other pharmaceutical companies and products that Orion manufactures on its own but for which other companies deliver active pharmaceutical or other ingredients. Possible problems related to the delivery reliability or quality of the products of those manufacturers may cause a risk to Orion's delivery reliability.

9.2.3.2.3 Legal, intellectual property rights and regulatory risks

The pharmaceutical sector is subject to some special regulations and close regulatory control by authorities. Pharmaceutical manufacture, distribution and research require licences from authorities. The pharmaceutical sector is also overseen by the competition authorities. Orion has clear policies and principles for its operations that ensure compliance with these regulations.

Intellectual property rights are inherently of crucial importance to the pharmaceutical sector. To protect Orion's position, the patent situations of its products available for sale and in the pipeline are continuously monitored worldwide. This is done to ensure the rights to products developed by Orion can be defended and to prevent Orion itself from infringing patents or other intellectual property rights of others.

Patent protection is nevertheless of limited duration, and the expiry of patent protection on an important product can have a negative impact on the Orion Group's operations, financial position or operating results. Nor does Orion have guarantees that patent protection will be obtained for new products in the pipeline to the desired extent or that the authorities will grant the marketing authorisations required for the products.

9.2.3.2.4 Product liability risks

As explained in the description of research and development risks above, the launch of a new drug in markets is preceded by extensive phased trials that delineate the drug's pharmacological properties, such as its efficacy and safety. Marketing authorisation issued by drug authorities is required to start sales and marketing of a drug.

The adverse effects of a drug are monitored as required by the authorities even after the launch of the product. Through the trials and pharmaceutical production methods described above, Orion strives to ensure that its products have no such adverse effects that might lead to liability or withdrawal of an established product from the market.

To cover for the financial impact of product liability risk, the Orion Group's products and operations are insured through operational and product liability insurance that also covers clinical studies, except for clinical studies carried out in the United States or Canada. Studies conducted in the United States and Canada are insured through separate insurances. The purpose of the insurance is to provide cover for any liability for damages on the part of the policyholder. As is customary in insurance terms, this protection is limited as regards potential payout, for example. Certain products and active pharmaceutical ingredients are also excluded from the cover, some of which are included in Orion's operations. Nevertheless, they are not estimated to increase Orion's product liability risk materially.

9.2.3.2.5 Risks of damage

In addition to statutory insurance, Orion has property, business interruption and liability insurance to cover such risks of damage as are deemed to be material and limitable through insurance.

9.2.3.2.6 Corporate safety risks

Orion's Corporate Governance Manual includes the Group's corporate safety guidelines. The objective of the Group's corporate safety policy is to ensure the uninterrupted continuation of operations, the safety of people, the protection of property and the environment against damage, and the adequacy of the measures relating to data protection. The corporate safety guidelines set out the principles for corporate safety activities, and also cover guidelines for crisis management. In addition to guidelines, the data protection policy includes the objectives, key principles and responsibilities for data protection.

Information is an essential part of Orion's immaterial capital. For collecting, handling, storage and transmitting data, Orion uses efficient, safe and reliably functioning information systems that, for their part, secure the performance and the continuity of the Group's operations. With compliant information systems, Orion also manages its pharmaceuticals business-specific obligations to secure the availability of its medicinal products, pharmacovigilance, and the reliability of drug related information.

The data security risk materialises if the data or the data system is not at the right persons' disposal, the information has changed or ended up in the possession of outsiders. Orion manages the risks concerning information and information management systems by means of regular risk assessments, protection of operational premises and data systems, by practices which strengthen information security and by ensuring the employees' awareness of the risks and threats concerning data security.

9.2.3.2.7 Environment, social matters and personnel risks

The Group's environmental, health and safety (EHS) guidelines define procedures and responsibilities for predicting, preventing and observing exceptional events and situations causing possible harm. In addition, the guidelines defines how to identify, assess, deal with and manage the risks of these situations. Management of EHS matters is monitored through annual internal audits. Operations are continuously being improved by identifying development objectives. Sustainability issues, including the management of EHS risks, are also part of our supplier and partner selection and management practices.

Orion's most significant environmental impacts relate to consumption of raw materials, energy and water; emissions into the air and wastewater; and the amounts of waste arising from the operations. These impacts are monitored among other things by measuring emissions, monitoring the amount of waste and compiling statistics on the use of resources. All of the Group's production plants are in Finland, and the manufacturing plants have the valid environmental permits required for operations.

The Company's objective is to improve safety at work, keeping in mind that potential safety incidents and injuries are among the key social and personnel risks. The Company works continuously to prevent safety incidents and injuries and to further develop safety culture, for example through comprehensive training, regular audits and by encouraging people to make observations that promote safety.

One of the typical impacts associated with the environment, social matters and personnel risks would be a damage to the Company's reputation. Besides risk management, the Company communicates in a way that is reliable, transparent, comprehensive and timely to avoid reputational risk. Systematic communication on both positive and negative matters also enables proactive management and learning from incidents, if they would occur.

9.2.3.2.8 Product procurement and corporate acquisition risks

Orion endeavours to expand its operations by purchasing from other pharmaceutical companies or in-licensing products that are under development or already available in markets, or possibly by acquiring other pharmaceutical and biotechnology companies. In carrying out such projects, Orion strives to observe due care and diligence and to utilise both internal and external expertise in the planning and implementation phases, as well as when integrating acquired operations within the overall business.

Product procurement and possible corporate acquisitions can involve customary corporate acquisition liabilities or risks as well as other liabilities and risks connected with the nature and value of the purchased assets.

9.2.3.2.9. Ensuring competence

Orion's success depends on the competence of its executive management, R&D staff and other personnel. Human resources management strives to promote well-being at work and continuous improvement of competence and the workplace. Orion's success also depends on the Company's ability to recruit, develop, train, motivate and retain professionally skilled personnel.

9.2.3.3 Financial risks

The Group is exposed to many different financial risks in its operations. Such risks include foreign currency, credit and liquidity risks. These and other financial risks are described in more detail below. The objective of the Group's financial risk management is to decrease the negative effects of market and counterparty risks on the Group's profits and cash flows and to ensure sufficient liquidity.

The main principles for financial risk management are described in the Group Treasury Policy approved by the Board of Directors of the parent company, and the Group Treasury is responsible for its implementation. Treasury activities are centralised in the Group Treasury.

9.2.3.3.1. Market risk

The Group is exposed to market risks related to foreign currency exchange rate, market interest rate and electricity price.

9.2.3.3.1.1. Foreign currency exchange rate risk

The Group's foreign currency exchange rate risk consists of transaction risk and translation risk.

Transaction risk

Transaction risk arises from operational items (such as sales and purchases) and financial items (such as loans, deposits and interest flows) in foreign currency in the statement of financial position, and from forecast cash flows over the upcoming 12 months. Transaction risk is monitored and hedged actively. In accordance with the Treasury Policy, items based on significant currencies in the statement of financial position are normally hedged 90–105% and the forecast cash flows over the upcoming 12 months 0–50%. Currency derivatives with maturities up to 12 months are used as hedging instruments.

The most significant currencies for the Group's operational items are the US dollar, Swedish krona, Polish zloty, Norwegian krona, Russian rouble, Japanese yen and British pound. As regards these currencies, no individual currency accounts for a significant portion of the overall position. The position as regards these currencies is presented in the table in Note 24.1.1 of the Financial Statements 2019.

The Group's internal loans and deposits are denominated in the local currency of the subsidiary and the most significant ones are fully hedged with currency swaps.

The fair value changes of the currency derivatives are recognised through profit and loss in either other operating income and expenses or finance income and expenses depending on whether, from an operational perspective, sales revenues or financial assets and liabilities have been hedged.

Translation risk

Translation risk arises from the equity of subsidiaries outside the eurozone. At 31 December 2019, the equity in these subsidiaries totalled EUR 59.8 (2018: 64.8) million. The most significant translation risk arises from the British pound. This translation position has not been hedged.

Sensitivity analysis

The effect of changes in foreign currency exchange rates on the Group's results (before taxes) and equity at the reporting date is presented for the significant currencies in the table in Note 24.1.1 of the Financial Statements 2019. The assumption used in the sensitivity analysis is a +/- 10% change in

the exchange rates (foreign currency depreciates/appreciates by 10%) while other factors remain unchanged. In accordance with IFRS 7, the sensitivity analysis includes only the financial assets and liabilities in the statement of financial position, and so the analysis does not take into account the forecast upcoming 12-month foreign currency cash flow included in the position. The potential translation position is not taken into account in the sensitivity analysis. In case the Group is not adapting hedge accounting, the changes of exchange rates are recorded directly to profit or loss.

9.2.3.3.1.2. Electricity price risk

The price risk refers to the risk resulting from changes in electricity market prices. The market price of electricity fluctuates greatly due to weather conditions, hydrology and emissions trading, for example. The Group obtains its electricity through deliveries that are partly fixed-price contracts and partly tied to the spot price of the price area of Finland, and in the latter case is therefore exposed to electricity price fluctuation. This price risk is not hedged.

9.2.3.3.1.3. Interest rate risk

Changes in interest rates affect the Group's cash flow and results. At 31 December 2019, the Group's interest-bearing liabilities totalled EUR 10.0 (2018: 151.5) million, all from lease liabilities.

9.2.3.3.2. Counterparty risk

Counterparty risk is realised when a counterparty to the Group does not fulfil its contractual obligations, resulting in non-payment of funds to the Group. The maximum credit risk exposure at 31 December 2019 is the total of financial assets less carrying amounts of derivatives in financial liabilities, which totalled EUR 348.6 (2018: 479.5) million (Note 23 of the Financial Statements 2019). The main risks relate to trade receivables, cash and cash equivalents, and money market investments.

The Group Treasury Policy defines the requirements for the creditworthiness of the financial institutions acting as counterparties to Group companies. Limits have been set for counterparties on the basis of creditworthiness and solidity, and they are regularly monitored and updated. The maximum length of money market investments is 12 months.

The Group Customer Credit Policy defines the basis for classifying customers and setting limits for them, and the ways through which the credit risk is managed. Payment performance and the financial situation of customers are monitored, and effective collection is regularly undertaken. Credit risk can be reduced by requiring advance payment as a payment term or a letter of credit or a bank guarantee to secure the payment or by using credit insurance. In the pharmaceutical industry, trade receivables are typically generated by distributors representing different geographical areas. In certain countries, the Group also sells directly to local hospitals. The 25 largest customers accounted for 78.1% of the trade receivables at 31 December 2019 (2018: 81.8%). The trade receivables are not considered to involve significant risk (Note 16 of the Financial Statements 2019). Credit losses for the period recognised through profit and loss were EUR 0.0 (2018: 0.0) million.

9.2.3.3.3. Liquidity risk

The Group seeks to maintain a good liquidity in all conditions. This is ensured by cash flows from operating activities and cash and cash equivalents and other money market investments. Also the Company has a EUR 100 million loan agreement with European Investment Bank, withdrawable in 2020, as well as EUR 100 million of binding undrawn bilateral credit limits that will mature in 2024. In addition to this, the Group has undrawn bank overdraft limits and a EUR 100 million unconfirmed commercial paper programme from which no commercial papers had been issued on the reporting date.

The Group's interest-bearing liabilities at 31 December 2019 were EUR 10.0 (2018: 151.5) million, all from lease liabilities. The average maturity for interest-bearing liabilities excluding lease liabilities is 0 months (2018: five months). At 31 December 2019, the Group's cash and cash equivalents and money market investments totalled EUR 149.0 (2018: 283.7) million. To ensure the Group's liquidity, any surplus cash is invested mainly in short-term euro-denominated interest-bearing instruments with good creditworthiness. An investment-specific limit is determined for each investment.

Forecast undiscounted cash flows of financial liabilities, interest payments and derivatives are presented in the table in Note 24.3 of the Financial Statements 2019.

9.2.3.3.4. Management of capital structure

The financial objectives of the Group include a capital structure related goal to maintain the equity ratio, i.e. equity in proportion to total assets, at a level of at least 50%. This equity ratio is not the Company's opinion of an optimal capital structure, but rather part of an aggregate consideration of the Company's growth and profitability targets and dividend policy.

The terms of credit limit agreements of the Company include covenants that specify that if the covenants are breached, the lender optionally has the right to demand early repayment of the loan. The tables presented in Note 24.4. of the Financial Statements 2019, show the levels of financial covenants specified in the terms of the loans and the corresponding values at 31 December 2019.

9.2.3.4 Compliance risks

Compliance risk means any risk of legal or administrative penalties, financial losses or loss of reputation as a result of a failure of the Company to comply with the applicable laws, regulations or other administrative provisions. With Group's compliance risk management, compliance with legislation and Company's own requirements is ensured. Orion expects all its personnel to be familiar and comply with the Code of Conduct. Correspondingly, the ethical guidelines of the Third Party Code of Conduct applies to Orion's third parties. Orion Code of Conduct and Third Party Code of Conduct covers a wide range of compliance issues, including the prohibition of corruption and bribery, established standards for labour, health and safety and environmental protection, and human rights issues.

The pharmaceutical industry is well regulated, and there are different licenses needed to work in the industry, and so does Orion. Authorities audit compliance activities regularly and Orion has to prove and report its implementation and management. Compliance with laws, regulations, or other administrative regulations is very important, and in practice normal daily work for many Orion employee. Most concretely, both European Medicines Agency (EMA), Finnish Medicines Agency (FIMEA) requirements are described as different internal work instructions (WI) and Standard Operations Procedures (SOP). In addition, Orion applies in its internal guidelines the requirements of the European Federation of Pharmaceutical Industries and Associations (EFPIA). Internal work instructions and Standard Operations Procedures use and update to different areas of activity are managed in a separate system that everyone has access to.

Compliance risks are associated with almost everything Orion does, so responsibility for compliance risk management is in different functions. Orion's compliance activities are decentralized to various functions. Its intended purpose is to follow regulations, inform about them and make own guidelines about them as well as to monitor and report on their implementation. The majority of this work is done by Orion's quality function, pharmacovigilance and regulatory departments, EHS (Environment, Health and Safety) function, internal audit and legal department.

Training and awareness raising are the most important measures to mitigate compliance risks. To be aware of and raise awareness of compliance risks, rules and ethical practices anti-corruption and anti-bribery online training is mandatory for the selected personnel. The Company ensures that the training is completed by all employees for whom it is mandatory. There is also a GDPR online course for all Orion personnel, conducted by all personnel involved in the processing of personal data. For reporting any misconduct, Orion has a public whistleblowing channel that complements the usual communications and reporting channels. The channel promotes good governance and ethical operations, and improves processes after any reported incident.

9.3 Control measures

9.3.1 Reporting and communications

Orion's efficient and uniform processes are based on the integrated enterprise resource planning system. For steering of operations, monthly financial reports are produced presenting actual results achieved, a comparison of actual results with targets, and a forecast of future development. Orion also uses numerous indicators in target setting and follow-up in various functions to aid supervision and steering of operations in accordance with the objectives set.

Risks and their means of management are monitored and reported in business divisions and in different functions according to processes determined internally and based on Group level principles and guidelines. Group level risks are reported to the CEO and the Executive Management Board as part of the annual planning and separately when required.

Reporting to the Board of Directors and the Audit Committee takes place at the times described in the annual plans of the Audit Committee and whenever the Board of Directors, the Audit Committee, CEO or internal audit sees specific reasons.

9.3.2 Assessment and review of the risk management

Orion Corporation's Board of Directors is responsible for approving the risk management policy and supervises the management acting accordingly. It is the Board of Directors' responsibility to monitor risk management and internal control in accordance with good governance.

The Board of Directors has delegated to the Audit Committee the authority to evaluate the business risks and their reporting as well as the coverage of risk management. If necessary, the Audit Committee will take the matters for the Board of Directors to decide and evaluate. The Audit Committee addresses issues related to risk management in accordance to the timetable of its charter and whenever the Board of Directors, the Audit Committee, the CEO of Orion Corporation or internal audit sees it for a particular reason.

CEO and president is responsible for risk management, the resources it requires and reporting to the Board of Directors and the Audit Committee in accordance with this policy, the established operating model and other specific requirements and appropriate practices. CEO delegates the practical implementation of risk management in accordance with the Company's organizational structure to senior management representatives who are responsible for the operations in which the risks are.

For the purpose of the supervision and steering of operations, the Group has an internal audit function that functions administratively subordinate to the President and CEO of the parent company and reports in its work to the Audit Committee. Internal audit is responsible for regular independent assessment of the adequacy of risk management and the functionality of the risk management process. The plan of the implementation of this assessment is reviewed by the Audit Committee and approved by the Board of Directors as part of the annual plan of the internal audit.

Risk management is the responsibility of every Orion employee and must be a part of the normal daily work at all levels of the organisation, despite the fact that only the Group's most significant risks are monitored by the Executive Management Board and the Board of Directors. It is the responsibility of risk owners to ensure that risks are dealt with on a regular basis within their areas of responsibility. It is also the responsibility of the risk owners to impose a responsible person or persons who in practice are responsible for the management and reporting of the risks. These persons are responsible for their own areas in relation to the risk management process and the proper handling of risks.

In addition to the Company's own internal risk management, the Company's risks are also assessed by statutory auditing, which is responsible for verifying that the financial statements and the report of the Board of Directors provide accurate and sufficient information on the Group's results and financial position. In addition, the audit involves auditing the Company's accounting and

administration. The auditor of the parent company coordinates the auditing of the Group's subsidiaries, together with the CEO and internal audit.

10 Insider Administration

The insider administration of the Orion Group is arranged in accordance with the Insider Guideline of Nasdaq Helsinki Ltd (Nasdaq Helsinki). The Group's own Insider Guidelines (Orion Insider Guidelines) are based on applicable EU regulation, especially the Market Abuse Regulation (EU 596/2014, MAR) and any regulation and guidance given by the European Securities Markets Authority (ESMA) or otherwise under MAR, and Finnish legislation, especially the Securities Markets Act (746/2012, as amended) and the Penal Code (39/1889, as amended), as well as the insider and other guidelines of Nasdaq Helsinki and the guidance by the Finnish Financial Supervisory Authority (FIN-FSA). In the event there is any discrepancy between the Orion Insider Guidelines and the applicable laws and regulations, such laws and regulations shall prevail.

According to the Orion Insider Guidelines, the managers and their closely associated persons are required to notify the company and the FIN-FSA of every transaction they have conducted on their own account relating to such financial instruments of the company as are defined in the MAR. Orion shall disclose such information in stock exchange releases. The company has defined that the members of the Board of Directors of Orion Corporation and the members of the Executive Management Board of the Orion Group are managers meant by the MAR.

11 Related Party Policy

The objective of this related party policy is to define the principles for identifying related parties and monitoring and evaluation of related party transactions, as well as to ensure proper approval, disclosure and reporting of related party transactions. A related party transaction is a transfer of resources, services or obligations between the reporting entity and its related party regardless of whether price is charged or not. Related party transactions are not prohibited, but mandatory rules and regulations guide the decision-making, assessment, monitoring, disclosure and reporting. With respect to related party matters, Orion Corporation ("Orion") complies with the Finnish Limited Liability Companies Act, the Finnish Corporate Governance Code and the IAS 24 Accounting Standard. The Board of Directors of Orion Corporation is responsible for monitoring and assessing related party transactions and for this related party policy.

11.1 Related parties and key management personnel

Orion follows the IAS 24 in defining related parties and related party transactions. A related party relationship arises from ownership, pension plan connection or management connections. A person or a close member of that person's family is related to a reporting entity if that person (1) has control or joint control over the reporting entity, (2) has significant influence over the reporting entity, or (3) is a member of the key management personnel of the reporting entity or of a parent company of the reporting entity.

The following are considered related parties of Orion:

1. Subsidiaries, associate companies and joint ventures
2. Members of the Board of Directors of Orion
3. President & CEO of Orion
4. Members of the Orion Executive Management Board
5. Close family members of persons referred to in items 2-4, including for example:
 - a. Children (including adult children) and spouse or partner
 - b. Spouse's or partner's children (including adult children)
 - c. Dependants and spouse's or partner's dependants
6. Any entity that is under the direct or indirect control of a person referred to in items 2-5 or is under the significant direct or indirect influence/ownership of such person. Typically, significant ownership or influence arises from ownership or voting rights of 20-50%
7. Orion Pension Fund

Key management personnel are the members of the Board of Directors of Orion, the President & CEO of Orion and the members of the Orion Executive Management Board.

11.2 Identification of related party transactions

Each member of the key management personnel is responsible for providing prior notice to the Secretary of the Board of Directors of Orion of any **potential** related party transaction that they are aware of (other than compensation based on employment in the Orion Group) involving them or their close family members or any entities referred to in clause 6 in section 11.1., as well as of changes in their close family members and entities referred to in clause 6 in section 11.1. The notice must include all relevant details, including the identity of the related party in question. Orion keeps a list of its related parties.

Each member of the key management personnel is also responsible for annually delivering to the Secretary of the Board of Directors of Orion a list of the related party transactions that they are aware of (other than compensation based on employment in the Orion Group) involving them or their close family members or entities referred to in clause 6 in section 11.1. as well as updated list of their close family members and entities referred to in clause 6 in section 11.1. The list must be delivered by 15th of January concerning the previous calendar year. The Secretary of the Board of Directors of Orion keeps record of the related party transactions referred to in this paragraph of which he/she is aware and reports such related party transactions to the Audit committee of the Board of Directors and to the Board of Directors.

Orion's Finance department monitors and assesses the related party transactions relating to subsidiaries, associate companies and joint ventures, as well as to the Orion Pension Fund.

11.3 Decision-making concerning related party transactions

All related party transactions that are not conducted in the company's ordinary course of business or are made in deviation from customary commercial terms require a decision of the Board of Directors to carry out the related party transaction. Any member of the key management personnel may not participate in the decision-making concerning a related party transaction involving them or their close family members or entities referred to in clause 6 in section 11.1. taking, however, into account that the Limited Liability Companies Act expressly lists transactions that are not subject to the conflict of interest provisions relating to shareholders' related party transactions, such as, e.g., resolutions of the general meeting concerning the remuneration of the Board of Directors and transactions with fully-owned subsidiaries.

11.4 Reporting related party transactions

Orion discloses related party transactions in accordance with the Nasdaq Helsinki Ltd Rules of the Exchange and other rules and regulations binding on Orion. In addition, Orion reports related party transactions in the notes to financial statements. Orion discloses of its related parties at least the following:

- The monetary amount of the transactions
- The monetary amount of outstanding balances, their terms and conditions and related guarantees
- Provisions for doubtful receivables related to the outstanding balances
- Write-offs made during the period for bad debt or doubtful receivables due from related parties

12 Audit

Orion Corporation shall have one auditor, which is an Authorised Public Accountants Organisation. The term of the auditor shall be the financial period. The duties of the auditor shall terminate at the close of the Annual General Meeting of the Shareholders following the election.

Orion's Annual General Meeting 2019 elected KPMG Oy Ab, Authorized Public Accountant Firm, as the auditor of Orion Corporation. For the financial year 2019, the designated auditor was Kimmo Antonen, Authorized Public Accountant. Authorised Public Accountant Organisation, KPMG Oy Ab has served as Orion's auditor since the financial year 2018.

12.1 Remuneration of auditor

The fees to the auditors are paid against invoicing accepted by Orion Corporation.

Authorized Public Accountant Organisation KPMG Oy AB was remunerated for their services as follows:

EUR 1,000	2019	2018
Auditing	230	203
Assignments in accordance with the Auditing Act	19	
Advice on taxation		
Other services	19	47
Total	267	250

13 Shareholdings in Orion Corporation of the Board of Directors and the Executive Management Board

Shareholdings in Orion Corporation as on 31 December 2019 of the Members elected to the Board of Directors on 26 March 2019

	Change from 1 Jan 2019		Change from 1 Jan 2019		A and B total	% of total shares	% of total votes
	A shares	A	B shares	B			
Heikki Westerlund	5,000	0	8,515	1,134	13,515	0.01	0.01
Timo Maasilta	21,928	0	5,797	743	27,725	0.02	0.05
Pia Kalsta	0		568	568	568	0.00	0.00
Ari Lehtoranta	0	0	1,579	568	1,579	0.00	0.00
Hilpi Rautelin	1,800	0	2,579	568	4,379	0.00	0.00
Eija Ronkainen	535,500	0	38,250	10,568	573,750	0.41	1.29
Mikael Silvennoinen	0	0	6,068	568	6,068	0.00	0.00
Board of Directors total	564,228	0	63,356	14,717	627,584	0.44	1.36

The figures include the shares held by organisations and foundations controlled by the person.

Shareholdings in Orion Corporation of the Members of the Executive Management Board as on 31 December 2019

	Change from 1 Jan 2019		Change from 1 Jan 2019		A and B total	% of total shares	% of total votes
	A shares	A	B shares	B			
Timo Lappalainen	0	0	61,491	-44,485	61,491	0.04	0.01
Satu Ahomäki	0	0	29,048	2,758	29,048	0.02	0.00
Markku Huhta-Koivisto	0	0	30,022	2,758	30,022	0.02	0.00
Olli Huotari	0	0	56,589	2,206	56,589	0.04	0.01
Liisa Hurme	0	0	28,919	2,758	28,919	0.02	0.00
Jari Karlson	0	0	30,929	2,206	30,929	0.02	0.00
Virve Laitinen	0	0	16,881	-2,294	16,881	0.01	0.00
Christer Nordstedt	0	0	6,544	2,379	6,544	0.00	0.00
Executive Management Board total	0	0	260,423	-31,714	260,423	0.18	0.03

The figures include the shares held by organisations and foundations controlled by the person.

14 Introductions of the members of the Board of Directors



Heikki Westerlund
Chairman

M. Sc. (Economics)
b. 1966

- Chairman of the Board of Directors of Orion Corporation since 22 March 2017, member since 24 March 2010
- Chairman of the Remuneration Committee and the Nomination Committee, member of the R&D Committee
- Independent of the company and its significant shareholders

Career

2017- Board professional
2013-2017 CapMan Plc, CEO
2010-2013 CapMan Plc, Chairman
2005-2010 CapMan Plc, CEO
2002-2005 Head of CapMan Buyout team
1994-2002 CapMan, Investment Manager, Investment Director
1990-1994 Finnish Fund for Research and Development SITRA, Investment Analyst, Project Manager
1988-1989 Foresport Oy, Managing Director, entrepreneur

Current key positions of trust

Chairman of the Board of Directors: Heiwes Oy 1997-, Orion Corporation 2017-
Member of the Board of Directors: Orion Corporation 2010-, Duuri Oy 2018-, Kemppi Oy 2018-, Tikkurila Oyj 2018-

Advisor, CapMan Growth Equity 2017-

Former key positions of trust

Member or Chairman of the Board of Directors: Aldata Solution Oyj 1997-2001, AtBusiness Communications Oyj 1997-2003, Finnish Venture Capital Association 2007-2011, Lumene Ltd 2006-2013, Medianorth Group Oy 1999-2004, Nexor Superstore 1995-1998, Norvestia Oyj 2015-2017, Satama Interactive 1997-2000, Walki Oy 2011-2017



Timo Maasilta
Vice Chairman

M. Sc. (Eng.)
b. 1954

- Vice Chairman of the Board of Directors of Orion Corporation since 22 March 2016, member since 20 March 2012
- Member of the Remuneration Committee, the R&D Committee and the Nomination Committee
- Independent of the company and its significant shareholders

Career

1993- Managing Director, Maa- ja vesitekniiikan tuki ry.
1984- Managing Director, Tukinvest Oy
1982-1984 Engineer, Vesi-Pekka Oy
1980-1982 Project Engineer, Vesi-Pekka Oy, Libya

Current key positions of trust

Chairman of the Board of Directors: Maa- ja vesitekniiikan tuki ry. 1998-, Tuen Kiinteistöt Oy 1985-, Ympäristöviestintä YVT Oy 2001-

Vice Chairman of the Board of Directors: Orion Corporation 2016-
Member of the Board of Directors: Orion Corporation 2012-, Tukinvest Oy 1996-

Vice Chairman of the Advisory Board: Amer Cultural Foundation 2010-, Editor-in-chief of the Vesitalous-magazine 1998-

Former key positions of trust

Member of the Board of Directors: Amer Sports Corporation 1986-2008, Amer Cultural Foundation 1986-2009, Ompus Inc. 1984-1994

Chairman of the Nomination Committee: Orion Corporation 2004-2011

Member of the Nomination Committee: Oriola-KD Corporation 2006-2007, 2010-2011

Member of the Supervisory Board: Orion Corporation 1991-2002, Amer Group 1985-1986



Pia Kalsta

M.Sc. (Econ.)
b. 1970

- Member of the Board of Directors of Orion Corporation since 26 March 2019
- Member of Audit Committee and the R&D Committee
- Independent of the company and its significant shareholders

Career

2015- Chief Executive Officer, Sanoma Media Finland Oy
2014-2015 President, Nelonen Media
2013 President, acting, Nelonen Media/Sanoma Entertainment Oy
2012-2013 Senior Vice President, Head of Consumer Business, Marketing & Business Development, Nelonen Media/Sanoma Entertainment Oy
2009-2012 Senior Vice President, Marketing and Sales, Nelonen Media/Sanoma Entertainment Oy
2010 President, acting, Nelonen Media
2006-2009 Vice President, Sales, Nelonen Media/Sanoma Entertainment Oy
2001-2005 Marketing Manager, Nelonen Media/Sanoma Entertainment Oy
1996-2001 Several leadership and other positions in marketing and sales, SCA Hygiene Products

Current key positions of trust

Vice Chair of the Board of Directors: Finnmedia 2015-
Member of Finnish Business and Policy Forum EVA 2017-
Member of the Supervisory Board: Ilmarinen Mutual Pension Insurance Company 2018-, WWF Finland 2018-, Finnish Fair Corporation 2017-



Ari Lehtoranta

M.Sc. (Eng.)
b. 1963

- Member of the Board of Directors of Orion Corporation since 22 March 2017
- Member of the Audit Committee and the R&D Committee
- Independent of the company and its significant shareholders

Career

2017- President and CEO, Caverion Corporation
2014-2016 President and CEO, Nokian tyres plc
2010-2014 Executive Vice President, Central and North Europe, KONE Corporation
2008-2010 Executive Vice President, Major Projects, KONE Corporation
2005-2008 Head of Radio Access, Nokia Siemens Networks / Nokia Networks
2003-2005 Vice President of Operational Human Resources, Nokia Corporation
1999-2003 Head of Broadband Division, Head of Systems Integration and Customer Services for Europe, Nokia Networks
1985-2003 Managing director in Italy and various other positions, Nokia Telecommunications

Current key positions of trust

Member of the Board of Directors: Orion Corporation 2017-
Member of the Supervisory Board: Ilmarinen Mutual Pension Insurance Company 2015-

Former key positions of trust

Chairman of the Board of Directors: Caverion Corporation 2015-2016
Member of the Board of Directors: Caverion Corporation 2013-2015



Hilpi Rautelin

**Professor, M.D., Ph.D., Specialist in Clinical Microbiology
b. 1961**

- Member of the Board of Directors of Orion Corporation since 22 March 2017
- Chairman of the R&D Committee
- Independent of the company and its significant shareholders

Career

2008- Professor of Clinical Bacteriology, Uppsala University, Sweden

1986-2016 University of Helsinki, Research and teaching positions
in 1996-2016: Clinical lecturer 2002-2016 (part time 2008-2016),
Research Associate 1996-2002

Current key positions of trust

Member of the Board of Directors: Orion Corporation 2017-
Arvo and Lea Ylppö Foundation 2011-
President of European Union of Medical Specialists UEMS, Section
of Medical Microbiology 2012-

Hilpi Rautelin has published more than 150 peer-reviewed original articles mainly on Microbiology and Infectious Diseases published in international scientific journals.



Eija Ronkainen

**Licentiate of Medicine, Specialist in Internal Medicine
b. 1966**

- Member of the Board of Directors of Orion Corporation since 22 March 2016
- Member of the Audit Committee and the R&D Committee
- Independent of the company and its significant shareholders

Career

2006- Specialist in Internal Medicine, Hyvinkää Hospital
1999-2002 Specialist in Internal Medicine, Hyvinkää Hospital
1995-1999 Resident Physician, Helsinki University Central Hospital
1992-1995 Resident Physician, Hyvinkää Hospital

Current key positions of trust

Member of the Board of Directors: EVK-Capital Oy 2015-, Orion Corporation 2016-



Mikael Silvennoinen

M. Sc. (Economics)

b. 1956

- Member of the Board of Directors of Orion Corporation since 25 March 2014
- Chairman of the Audit Committee, member of the Remuneration Committee and the R&D Committee
- Independent of the company and its significant shareholders

Career

2013- Executive Chairman, IMS Talent Oy
1997-2013 President and CEO, Chairman of the Executive Committee, Pohjola Bank Plc
1997 Member of the Executive Board, Head of Capital markets, Pohjola Bank Plc
1994-1997 Head of Investment banking and International affairs, Pohjola Bank Plc
1989-1992 Head of private equity, Pohjola Bank Plc
1988-1989 Group treasurer, Wärtsilä Corporation
1986-1988 Finance manager, Wärtsilä Corporation
1983-1985 Dealer, Wärtsilä Corporation

Current key positions of trust

Member of the Board of Directors: Orion Corporation 2014-,Pontos Oy 2014-

Former key positions of trust

Chairman of the Board of Directors: Pohjola Insurance Ltd 2005-2012, Pohjola Asset Management Ltd 2005-2012, Helsinki OP Retail Bank Plc 1997-2005

Member of the Board of Directors: Hartwall Capital Ltd. 2014-2017, Konecranes Plc 2008-2015, Metsäliitto Cooperative 2015-2018, Pohjola Group Oyj 2000-2001, Unico Banking Group 1997-2013

15 Introductions of the Executive Management Board members



Timo Lappalainen

**M.Sc. (Eng)
b. 1962**

- President and CEO of Orion Corporation, Chairman of the Executive Management Board, as of 1 January 2008

Career in Orion

2008- President and CEO, Orion Corporation
2005-2007 Senior Vice President, Proprietary Products and Animal Health, Orion Corporation
2003-2005 Executive Vice President, Orion Pharma
1999-2003 Senior Vice President, Business Development, Human Pharmaceuticals, Orion Pharma

Earlier career

1994-1999 Leiras Oy, Vice President, International Marketing and Business Development
1989-1993 Finvest Ltd., Vice President, Business Development and General Manager of Finvest's German subsidiary
1987-1988 Arthur Andersen & Co. (Chicago, USA), Consultant

Current key positions of trust

Member of the Board of Directors: The Research Institute of the Finnish Economy ETLA 2017-, The Finnish Business and Policy Forum EVA 2017-, Kemira Oyj 2014-, Chemical Industry Federation of Finland 2008-, Finnish Foundation for Cardiovascular Research 2010-

Member of the Supervisory Board: The Finnish Fair Corporation 2009-

In addition, Timo Lappalainen is a member of the Council of the Helsinki Region Chamber of Commerce.

Former key positions of trust

Chairman of the Board of Directors: Chemical Industry Federation of Finland 2015-2016, Vice Chairman of the Board of Directors: Chemical Industry Federation of Finland 2013-2014 and 2017-2018

Member of the Board of Directors: Vaisala Oyj 2011-2014, Confederation of Finnish Industries, EK 2015-2016, ICC Finland 2014



Satu Ahomäki

**M.Sc. (Econ.)
b. 1966**

- Senior Vice President, Commercial Operations, as of 1 October 2018

Career in Orion

2018- Senior Vice President, Commercial Operations, Global Sales and Proprietary Products
2010-2018 Senior Vice President, Global Sales
2008-2010 Senior Vice President, Animal Health
2006-2007 Head of Business Development
2005 Business Development Director
2000-2004 Project Manager and Program Leader of Hormonal and Urological therapies
1992-1999 Several duties in pharmaceutical R&D

Earlier career

Before joining Orion, Satu Ahomäki worked in accounting in different companies.

Current key positions of trust

Member of the Board of Directors: Turun Osuuskauppa 2017-

Former key positions of trust

Member: European Federation of Pharmaceutical Industries and Associations (EFPIA), European Markets Committee 2015-2019



Markku Huhta-Koivisto

**M.Sc. (Eng.), MBA
b. 1956**

- Senior Vice President, Growth Projects, as of 1 October 2018

Career in Orion

2018- Senior Vice President, Growth Projects
2014-2018 Senior Vice President, Proprietary Products
2006-2013 Senior Vice President, Specialty Products and Fermion
2004-2006 Senior Vice President, Supply Chain, Orion Pharma
2004-2005 President, Fermion Oy
2002-2004 Senior Vice President, Supply Chain, Orion Pharma
2000-2002 Program Director, business processes and information systems, Orion Pharma
1998-2000 Vice President, International Sales, Orion Pharma
1996-1998 Director and Vice President, Materials Management, Orion Pharma
1991-1996 Director, Materials Management, Orion-Farmos Pharmaceuticals
1990-1991 Director and Vice President, Materials Management, Farmos Oy, Pharmaceutical Division
1987-1990 Materials Manager, Farmos Oy
1984-1987 Plant Manager, Farmos Oy
1982-1983 Production Planning Manager, Farmos Oy

Earlier career

1981-1982 Oy Santasalo-Sohlberg Ab, Development Engineer

Former key positions of trust

Member of the Board of Directors: PharmaService Oy 2011-2014

Member of the Chemical Industry Pool Committee of the National Emergency Supply Organisation, NESO 2006-2007, Member of Health Cluster of the National Emergency Supply Organisation, NESO 2007-2014



Olli Huotari

**Master of Laws, LL.M.
b. 1966**

- Senior Vice President, Corporate Functions (including, i.a., Communications, Corporate Responsibility, Human Resources, Intellectual Property Rights and Legal Affairs), as of 1 July 2006
- Secretary to the Board of Directors of Orion Corporation, as of 1 October 2002
- General Counsel

Career in Orion

2006- Senior Vice President, Corporate Functions
2002- Secretary to the Board of Directors
2005-2006 Vice President, Human Resources, Orion Pharma, and Corporate Vice President, HR development of the Orion Group
2002- General Counsel of the Orion Group
1996-2002 Legal Counsel in Corporate Administration

Earlier career

1992-1995 Law firm Asianajotoimisto Jouko Penttilä Oy, Legal Counsel

In 1995-1996, Olli Huotari completed the degree of Master of Laws in International Commercial Law at the University of Kent at Canterbury, UK.

Current key positions of trust

Member: Finland Chamber of Commerce, Committee of International Trade 2017-, International Chamber of Commerce ICC Finland, ICC Advisory Board 2016-



Liisa Hurme

**Ph. D. (Biochemistry)
b. 1967**

- Senior Vice President, Supply Chain, as of 1 January 2019 and Chairman of the Board of Fermion Oy as of 1 January 2014

Career in Orion

2019- Senior Vice President, Supply Chain
2014- Chairman of the Board of Fermion Oy
2014-2018 Senior Vice President, Specialty Products
2008-2013 Senior Vice President, Proprietary Products
2005-2007 Head of Urology and Oncology business
2004-2005 Program Leader of pharmaceutical development projects for Hormonal and Urological therapies
2002-2004 Portfolio Manager
2001-2002 Project Manager
1999-2001 Researcher and Project Manager, Hormonal therapies

Earlier career

1995-1999 Senior Research Associate, Pharmacia & Upjohn, Diagnostics (Sweden) and ELIAS GmbH (Germany) and Institute Pasteur (France)

Former key positions of trust

Member of the Board of Directors: Pharmaservice Oy 2014-2016, Finnish Bioindustries FIB 2010-2016

Member of the Economic & Social Policy Committee of the European Federation of Pharmaceutical Industries and Associations (EFPIA) 2010-2015, Member of the Healthcare Sector Committee of the National Emergency Supply Organisation (NESO) 2014-2015

Liisa Hurme completed her doctoral thesis on biochemistry at the University of Helsinki, Faculty of Science, in 1996.



Jari Karlson

**M.Sc. (Econ.)
b. 1961**

- Chief Financial Officer (CFO), as of 1 August 2002
- Senior Vice President, Animal Health, as of November 2010

Career in Orion

2010- Chief Financial Officer (CFO), Senior Vice President, Animal Health
2002- Chief Financial Officer (CFO)
2001-2002 Orion Pharma, Vice President, Finance

Earlier career

1999-2001 Kuusakoski Group Oy, Vice President, Finance
1990-1999 Genencor International Inc, Controller, Director of Planning for the Europe and Asia region and Director of Finance in Europe
1988-1989 Cultor Oy, Financial controller for the Biochem division

Current key positions of trust

Member of the Board of Directors: Elo Mutual Pension Insurance Company 2010-, Polttimo Oy 2012-

Former key positions of trust

Member of the Board of Directors: Finnish Foundation of Veterinary Research 2011-2019



Virve Laitinen

M.Sc. (Tech.), MBA
b. 1972

- Senior Vice President, Specialty Products, as of 1 January 2019

Career in Orion

2019- Senior Vice President, Specialty Products
2012-2018 Senior Vice President, Supply Chain
2007-2011 Director, Business Planning and Control
2001-2006 Manager, Industrialisation and Contract Manufacturing, Supply Chain
1997-2000 Development Engineer, Supply Chain

Current key positions of trust

Member of the Healthcare Sector Committee of the National Emergency Supply Organisation (NESO) 2015-



Christer Nordstedt

PhD, MD
b. 1962

- Senior Vice President, Research and Development as of 21 February 2017

Career in Orion

2017- Senior Vice President, Research and Development

Earlier career

2011-2017 Vice President and Head CNS Research and Clinical Investigation, Eli Lilly Research Laboratory, USA
2007-2011 Global Head and SVP, CNS Discovery, F. Hoffmann-La Roche, Switzerland
2000-2007 Vice President Discovery & Preclinical Development CNS/Pain Control, Site Head Södertälje, AstraZeneca, Sweden
1997-2000 Various leadership positions in Research and Development, F. Hoffmann-La Roche, Switzerland
1992-1998 Laboratory Head, Clinical Neurobiology, Karolinska Institute, Sweden

Christer Nordstedt received both his MD (1989) and PhD (1990) degrees from Karolinska Institute, Sweden.

Employee representative

The employee representative in the Executive Management Board in 2019 was **Jani Korhonen**, Specialist, Analytics Outsourcing. The employee representative is not a member of the Executive Management Board.