Orion Group

Sustainability Report 2014

9 April 2015

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

Orion Group Sustainability Report 2014 (according to GRI G3)

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	Biodiversity		
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GRI code	GRI content	Extent of reporting	Page number
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	Diversity and equal opportunity		

GRI code	GRI content	Extent of reporting	Page number
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	Non-discrimination		
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HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	1	67
	Forced and compulsory labor		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	1	67
	Security practices		
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	3	
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HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	1	67
SO	Social: Society		68-70
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	Corruption		
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SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	2	70
SO4	Actions taken in response to incidents of corruption.	1	70
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	Compliance		

GRI code	GRI content	Extent of reporting	Page number
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PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle.	1	76
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PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	1	80
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	1	80
	Customer privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	1	80
	Compliance		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	1	80

Orion's approach to corporate responsibility

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

> *Orion is committed to responsibility and continuous improvement.*
>
> *The operations and activities in the Orion Group are based on compliance with laws and regulations, as well as with ethically acceptable operating practices. These principles, together with Orion's Values and our dedication to 'Building well-being', are the key drivers for us in our approach to corporate responsibility in our daily work, in whatever we do.*
>
> *With our strong devotion to promoting health, we aim to enhance trust in Orion as a company that cares for and contributes to the welfare of mankind. We are committed to sustainable development and constantly improving performance, aiming for highest standards in the industry with respect to the environment, health and safety.*
>
> *We aim to be a trustworthy partner in terms of economic, social and environmental criteria. We also aim to be an attractive and solid workplace, respecting human rights and equality. Our commitment to responsibility allows us to expect the same from our business partners.*

1. Orion Group's mission and strategy

Our mission is to build well-being

Orion's mission is to build well-being. We build well-being by bringing to markets drugs and diagnostic tests that give patients help and an effective treatment for their illnesses. An effective drug also creates added value for the patient by improving the quality of life.

Underlying our strategy are our values, which characterise our way of working within the Orion Group. These values are:

- mutual trust and respect
- quality, reliability and safety
- customer focus
- innovation
- achievement

Our operating environment

Orion's strategy is affected by global healthcare megatrends that have material impact on trends in consumption of drugs, the price level of drugs and progress in pharmaceutical research. These megatrends include:

- Ageing of population
- Advances in science, such as personalised medicine, increased genetic and epigenetic data, developments in drug dosing and developments in diagnostics
- The increasing cost burden of healthcare and consequent need for cost-effective treatments and drugs
- Increased personal responsibility for own health

Our focus areas

To fulfil our mission and achieve the strategic targets defined for Orion, within the Company there must be systematic concentration on key focus areas and their development. The crucial focus areas for implementing our strategy are:

- Quality and safety. High quality, product safety and complying with requirements of authorities are indispensable in the pharmaceutical industry. To meet ever increasing requirements and expectations of stakeholder groups, we are continuously and systematically developing these areas.
- Productivity and flexibility. Under pressure from declining prices for drugs, we need cost awareness in our operations and seamless co-operation between different parts of Orion to achieve the targeted profitability level. In addition, operations must be flexible and able to react rapidly to changes identified in the operating environment. Due to its size, Orion can be more agile than large companies and gain a competitive advantage from this.

- Partnerships. Our operations are almost in their entirety based on utilising worldwide networks in which well-managed partnerships and collaborations are a competitive advantage for us. This requires us to be unprejudiced and open to learning new things from our partners and collaborators. Partnerships must also be managed so that jointly agreed modes of operation and responsibilities are adopted at every level.
- Competitive and strong portfolio, which is crucial for our success. This requires from us continuous striving to renew the portfolio, which in addition to product development, acquisition or manufacturing, includes effective launching of products and management of their entire life cycle.
- Strong corporate culture of working together, the basis of which is valuable and important work for the customer. We want to be an excellent workplace and a responsible and attractive employer that promotes the well-being of its personnel at work and continuously develops their expertise.

Our strategic targets

The following strategic targets were confirmed in 2014, and their achievement is monitored with clearly defined indicators:

- Providing new innovative and cost-effective drugs and treatments for patients. We launch a steady stream of new drugs and diagnostic tests into markets. The product development pipeline has balanced numbers of proprietary products and generic projects in different phases. In our research we aim for the best input/output ratio in the field.
- Working together to benefit the customer. Our personnel are committed and understand the needs of our customers. Our working atmosphere, our customer satisfaction and the image of Orion are outstanding.
- Continuous improvement in operations as regards sustainability. Patient safety is the most vital aspect of our corporate responsibility. The key to patient safety is that our products are safe when used appropriately. Managing the Company's environmental responsibilities is also an important part of sustainability. Our aims additionally include continuous development of our personnel's occupational safety and ability to cope with their work.
- Growing faster than the markets. Growth enables a company to develop and take manageable risks. This aim should be achieved by the Company as a whole and in the geographic and product areas in which Orion operates.
- Strong development of profitability.

Our financial objectives

Through our financial objectives we aim to develop the Orion Group's shareholder value and ensure financial stability and profitable growth. Our objectives are:

- Increasing net sales. Achievement of this objective requires continuous investment in development of the product portfolio.
- Maintaining profitability at a good level, the aim being operating profit that exceeds 20% of net sales.
- Keeping the equity ratio at least 50%.
- Distributing an annual dividend that in the next few years will be at least EUR 1.20 per share, and increasing the dividend in the long term.

On our corporate website, the strategy is available, at www.orion.fi/en/Orion-group/about-orion/mission-and-strategy/.

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

President and CEO Timo Lappalainen:

Our products – pharmaceuticals and diagnostic tests, including the information we share about them are characterised by plenty of regulation. The high standard of our operations and compliance are building blocks of building health-based well-being at Orion. The anticipations and the requirements towards them are exceptionally high.

For most people, health is the basic ingredient of good life. When people are asked what they wish most of their lives, the answer is very often "good health". As we age we pay more and more attention to the means with which we can affect our personal health and reduce risk of illnesses and ailments appearing along with age. Health is a foundation which enables many good things. An illness, acute or chronic, may prohibit us from enjoying things which can only be experienced by healthy ones. A successful diagnosis and medicinal treatment may also improve the quality of life.

Building well-being is the mission of our company and the purpose and motive for our personnel. The active substance is the thing that makes a medicine. How that substance causes the desired effect in a human body is the result of discoveries made in long-term research. A tablet is an outcome of high technology. An incredible amount of innovative scientific research in the properties and behaviour of a molecule is packed in a tablet, and an enormous amount of special skills and knowledge of many disciplines of science have been needed to accomplish the product. Moreover, it has been developed under high ethical standards and manufactured in uncompromised compliance with strictly compelling Good Manufacturing Practices (GMP).

We at Orion do meaningful work, even though we cannot guarantee that our medicines help everyone every time. With detailed procedures we make sure, however, that our products are manufactured exactly as determined in their specifications and that the information we share on our products is based on the research results based on which medicinal authorities have granted the marketing authorisation.

Our product responsibility extends even into our sources of supply. This is why it is important for us to carefully select those partners who contribute to our products. We approve our suppliers with tight criteria, and we make increasing on-site inspections to convince ourselves of their regulatory compliance and level of environmental, health and safety (EHS)management. Corresponding inspections by regulators, partners and by ourselves at our own sites belong to our daily work, too. Healthcare authorities focus on ensuring our compliance with the GMP. In inspections by pharmaceutical companies, to which we serve as contract manufacturers or who are our research or marketing partners, the focus is not only on GMP but also on the level of our EHS affairs management.

The quality of our operations is based on high ethics of our personnel. I appreciate the commitment shown by our employees towards our company. Long careers are common within the Orion Group. I believe that this indicates that our employees share the same values with our company and that we have been successful in building well-being also inside our working community.

We are on the right road in the elementary aspects of corporate responsibility. The fact that continuous improvement in the spirit of sustainable development is now included in our strategy confirmed in the summer of 2014 only enhances our commitment to caring about the consequences of our choices, decisions and practices.

1.2 Description of key impacts, risks, and opportunities

The most relevant risks included in the Orion Group's operations as well as risk management are characterised on Orion's corporate website, on the Corporate Governance pages of the Orion Group section.

2. Organisational profile

More detailed information about the Orion Group's operations and operational scope can be found on our corporate website, at www.orion.fi/en.

2.1 Name of the organisation and
2.4 Location of headquarters

Orion Corporation
Orionintie 1 A
FI-02200 Espoo, Finland

Corporate website in English: www.orion.fi/en

2.2 Primary brands, products and/or services

Pharmaceuticals

Active pharmaceutical ingredients

Diagnostic tests

Contract manufacturing of pharmaceuticals to other companies

Our product portfolio and operations are featured in the Products and Services section of our corporate website.

2.3 Operational structure of the organisation

Proprietary Products:

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

Specialty Products:

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

Animal Health:

Veterinary medicines and products for pets and production animals

Fermion:

Active pharmaceutical ingredients

Orion Diagnostica:

Diagnostic test systems for healthcare service providers and industry

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

Finland

Headquarters and administration in Espoo

Pharmaceutical manufacturing in Espoo, Turku, Kuopio and Salo

Active pharmaceutical ingredient manufacturing in Hanko and Oulu (Fermion)

Diagnostics manufacturing in Espoo (Orion Diagnostica)

Pharmaceutical research centres in Espoo and Turku

Marketing: Espoo, Turku, Kuopio, Oulu and Tampere

Outside Finland

Orion Pharma and Orion Diagnostica subsidiaries with sales and marketing operations in in 24 countries in Europe

R&D unit in Nottingham, England

Subsidiary FinOrion Pharma India Pvt. Ltd. in India

2.6 Nature of ownership and legal form

Orion Corporation is a public company whose shares are listed on NASDAQ Helsinki. At the end of 2014, the company had 51,917 registered shareholders, of which 49,545 were households. Households held 42.6% of the entire stock. Details on the shareholder base are provided in the Investors section on our corporate website. Most of the data is updated on a monthly basis.

2.7 Markets served

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

Our products are available in more than a hundred countries. Finland is our main market area, contributing 29% of the net sales for 2014. Scandinavia and rest of Europe accounted for 48% of our net sales, and North America and the rest of the world accounted for 23%. Outside Europe we operate via our partnerships.

2.8 Scale of the reporting organisation

The Group's net sales in 2014 were EUR 1,015 million. International operations accounted for about 71 per cent of the net sales. At the end of 2014, the Group had 3,450 employees, of whom 2,788 in Finland and 662 in the foreign subsidiaries.

Net sales of the Orion Group by market area 2012–2014

EUR million	2012	2013	2014
Finland	257.3	274.6	295.5
Scandinavia	126.3	130.7	135.2
Other Europe	292.2	328.8	354.4
North America	109.9	146.0	104.4
Other markets	143.7	126.8	125.8
Orion Group total	849.9	1 006.9	1 015.3

Key figures for 2012–2014

	2012	2013	2014
Net sales, EUR million	980.4	1 006.9	1 015.3
International operations, EUR million	723.1	732.3	719.8
% of net sales	73.8%	72.7%	70.9%
Operating profit, EUR million	280.9	267.7	272.4
% of net sales	28.4%	26.6%	26.8 %
Profit before taxes, EUR million	276.6	264.0	267.8
% of net sales	28.2%	26.2%	26.4%
Income tax expense, EUR million	69.7	57.8	56.6
R&D expenses, EUR million	105.8	101.9	106.2
% of net sales	10.8%	10.1%	10.5%
Capital expenditure, EUR million	46.8	77.9	57.1
% of net sales	4.8%	7.7%	5.6%
Assets total, EUR million	835.7	979.0	1 001.5
Equity ratio, %	61.0%	53.6%	52.3%
Gearing, %	-1.7%	8.4%	-4.7%
Interest-bearing liabilities, EUR million	136.7	257.8	234.5
Non-interest-bearing liabilities, EUR million	189.5	207.8	252.0
Cash and cash equivalents, EUR million	145.2	214.7	258.5
ROCE (before taxes), %	45.9%	38.5%	36.6%
ROE (after taxes), %	41.0%	40.3	41.1%
Personnel at the end of the period	3 486	3 519	3 450
Average personnel during the period	3 495	3 540	3 493
Personnel expenses, EUR million	214.8	218.1	219.2

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

The operational structure of the Orion Group in 2014 was the same as in 2013. In fact, the current structure has been in place since the summer of 2006, when the previous Orion demerged and the current Orion started as a new company concentrating on pharmaceuticals and diagnostics.

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

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

The number of employees in the Group was 3,450 at the end of 2014, against 3,519 in 2013. The headcount decreased by 49, mainly in the pharmaceutical sales and marketing organisations both in Finland and abroad.

The number of shareholders was about 51,917 at the end of 2014. Approximately 60% of the total share stock and about 92% of the total votes were in Finnish ownership.

	2012	2013	2014
Number of shareholders	56,500	56,760	51,917

2.10 Awards received in the reporting period

In September 2014, we were recognised with a diploma by the Finnish Red Cross Blood Service for our 50-year-long tradition of regularly encouraging and activating our employees to donate blood at the workplace. In Espoo alone, we have arranged more than 75 occasions for donating blood since 1963. The long cooperation of our company and our employees with Finnish Red Cross has helped tens of thousands of patients needing blood transfusion.

The Zero Accidents Forum of the Finnish Institute of Occupational Health granted Fermion Oy a certification for sustained efforts to develop occupational safety. In the classification based on performance in 2013, Fermion came to *Level II – Approaching the world's forefront of safety*. Incident rate and severity are key criteria. The classification is assessed on the basis of the workplace's progress compared to the preceding years' average, or the quality of performance indicators. The purpose is that workplaces can use the classification as a reference when evaluating their occupational safety.

In the annual Stetari competition of the Finnish Medical Journal, we were again awarded for our pharmaceutical advertising. In the product series, awards are shared for single product advertisements while in the company series, advertisers are awarded for the overall impression of three different advertisements. The panel of doctors awarded us with gold in the companies series, and with silver and bronze for advertisements of single products. All advertisements published in the journal in 2014 were evaluated.

3. Report parameters

3.1 Reporting period for information provided

Our reporting period is one calendar year. This report focuses on 2014. Comparative data is provided for 2012–2013.

3.2 Date of most recent previous report

The Report for 2014 is the 6th sustainability report of the Orion Group. Our previous report was dated and published on 15 April 2014.

We published our first sustainability report in 2010, covering the years 2007–2009. The PDF files of the Reports for 2009–2013 are available in the Sustainability section of our corporate website.

3.3 Reporting cycle

We publish a sustainability report for each calendar year.

3.4 Contact point for questions regarding the report or its contents

The person responsible for the compilation of our Report is Anne Allo, Corporate Responsibility Officer, tel. +358 10 426 3735, e-mail: anne.allo@orion.fi. She is also our contact person for sustainability-related questions.

3.5 Process for defining report content

The indicators included in our sustainability reporting have been selected and specified in working groups consisting of persons with good understanding and expertise of the area of sustainability they represent. The calculation methods used in reporting were also determined in these groups. Materiality

was also assessed for each indicator when setting up the data management system for GRI-based reporting. The reporting infrastructure is in the CSM system provided and hosted by Tofuture Oy.

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

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

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

We consider product responsibility a primary concern among all the aspects of corporate responsibility. As a manufacturer of pharmaceutical and diagnostic products, we emphasise our responsibility for product safety. Responsibility and caring are an integral, uncompromised and natural part of everything we do at Orion. Product safety is linked to all activities starting from research and development. The responsibility of the manufacturer and the principal of the manufacturer for the safety, quality and uncompromised compliance with requirements covers all the phases and functions of research and development, procurement, the Supply Chain organisation as well as marketing and communication.

Our basic mission is to build sustained well-being by providing efficient, safe and competitive products for the diagnosis, prevention and treatment of illnesses. We promote health and quality of life with our products and by sharing guidance to consumers and healthcare professionals on their correct and proper use and storing. The complementary education and training we offer to healthcare professionals, in particular to doctors and nurses as well as to pharmacy personnel, as well as our support to patient organisations also largely fall in the scope of product responsibility.

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

Emphasis of our environmental responsibility is on materials efficiency, energy and waste waters

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

Key themes in our environmental responsibility include the chemicals and other materials used as raw materials and exipients in the manufacture of pharmaceuticals and active ingredients, as well packaging. Accurate, cost-conscious and wise use of materials, energy and water is the key to reducing our environmental burden as well as to increasing economic value-added.

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

Improvement of waste water treatment is one of our on-going development projects. A lot of water is consumed especially in the cleaning of process equipment. New treatment technologies enable a better recovery of the substances which do not belong to waste waters.

3.6 Boundary of the report

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

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

Orion Group

- Orion Corporation
  - Pharmaceutical operations in Espoo
  - Pharmaceutical operations in Turku
  - Pharmaceutical operations in Kuopio
  - Pharmaceutical operations in Salo, as of 2013
  - Foreign Orion Pharma marketing subsidiaries and FinOrion Pharma India Pvt. Ltd.
- Orion Diagnostica Oy
  - Diagnostics operations in Espoo, including R&D unit in Oulu
  - Diagnostics operations in Turku, until and including 2012
  - Orion Diagnostica foreign marketing subsidiaries
- Fermion Oy
  - API manufacturing in Hanko
  - API manufacturing in Oulu
  - Pilot plant in Espoo

3.7 Specific limitations in the scope or boundary of the report

The foreign subsidiaries are excluded from our environmental performance indicators. Also part of the data showing structural information about employees is limited due to insufficient data for the foreign subsidiaries. Due to the relatively small size of the offices, their impact on the total performance is, however, minor.

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

Our report for 2014 does not include such new items as would affect the comparability of the data reported for the preceding years. A note concerning comparability is given in the context of the data where necessary.

3.9 Data measurement techniques and the bases of calculations

We use the applicable calculation principles of the GRI G3 guidelines in our sustainability reporting. The measurement techniques and calculation methods are described in more detail for some indicators, if the method is not otherwise clear or if it deviates from the GRI guidelines.

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

In our Sustainability Reports for 2012 and 2013, incorrect coefficients were, unfortunately, applied for calculating the CO_2 emissions from electricity for 2012 and 2013. The figures have been amended in the tables presented under indicator EN16.

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

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

- As of 2013, the figures of the reporting unit named Orion Corporation are affected by the new packaging and logistics centre established in Salo, Finland in 2013.
- All data concerning Orion Diagnostica Oy are reported as those for the company's main location in Espoo, following the closing down of diagnostic production operations in Turku in 2013.

Under indicators EN5 and EN7, our energy efficiency performance is reported using the same annual data as is reported into the follow-up system of the EK Energy Efficiency Program. The database is maintained by Motiva Oy.

3.12. GRI content index

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

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

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

4. Governance, commitments and engagement

4.1 Governance structure

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

4.2 Chairman of the Board of Directors

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

4.3 Independence of the Board of Directors

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

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

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

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

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

Forums for employee interaction with the Group management include the mandatory employer-employee negotiation and information sharing procedures, a semi-annual Group-level consultation meeting, the annual meeting of an international European Works Council as well as other, non-mandatory information sharing meetings and working groups of employee representatives and the management.

All our employees have access to the Orion Group-wide intranet system, which offers not only daily news flows and announcements but also various opportunities and forums to share information, discuss and network with colleagues.

4.5 Compensation

The remuneration principles and the remuneration of the Board of Directors and the Group management are described on the corporate website, on the Corporate Governance pages of the section titled Orion Group. The influence of the company's social and environmental performance on the management remuneration principles has not been determined specifically.

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

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

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

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

According to the Companies Act, the following cannot be Members of the Board of Directors: legal persons, minors, persons under guardianship, persons with restricted legal competency and bankrupts. According to Recommendation 9 of the Finnish Corporate Governance Code, the composition of the Board must be such that it allows the Board to look after its responsibilities effectively. The composition must also be considerate of the needs of the company and its current stage of development. The persons elected to the Board of Directors must be sufficiently competent and able to assign enough time for taking care of their responsibilities. Both genders must be represented on the Board of Directors.

Recommendation 14 of the Governance Code provides that the majority of the directors shall be independent of the company. In addition, at least two of the independent directors representing this majority shall be independent of significant shareholders of the company.

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

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

We build well-being with our products and operations. The values of the Group – Mutual trust and respect, Customer focus, Innovation, Achievement and Quality, reliability and safety – unite our employees in the supply of products that promote well-being and health. The values are the corner stone. In addition to them, every Orion employee is committed to following the ethical standards and business practices determined in the Group's Code of Conduct. They are the basic rules our employees are anticipated to observe in interaction with each other and the stakeholders of our company, and with society and environment.

In addition to above, operations and working in Orion are subject to specifically determined company policies and numerous mandatory guidelines concerning practices, the purpose of which is to ensure the best possible quality and safety of our products. Especially important are the Good Practices required to be followed by healthcare industries in the development and manufacture of pharmaceuticals and diagnostic products. Standard Operating Procedures, SOP, are detailed internal guidelines defining the procedures to be applied in work phases, as well as related requirements and responsibilities.

In addition to the regulatory requirements by healthcare authorities, pharmaceutical companies are obliged by numerous commonly agreed industry rules and codes concerning marketing, R&D, and collaboration with healthcare professionals and patient organisations. Orion is committed to the codes of practice of EFPIA, European Federation of Pharmaceutical Industry Associations, which are accessible on the EFPIA website, www.efpia.eu.

Our Code of Conduct and corporate policies are accessible in the Sustainability section of our corporate website.

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

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

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

The Board of Directors self-evaluates its performance and working methods annually. In the evaluation, the Board assesses, i.a., matters related to the Group's strategy, the Board's operational performance to reach the business goals of the company, the Board's role in establishing the control systems for the Group, the Board's working efficiency at meetings, and the Board's working atmosphere.

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

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

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

Overall risk management processes, practical actions and the definition of responsibilities are developed by means of regular risk identification approaches. Details on our risk management are presented on the Corporate Governance pages in the Orion Group section of our corporate website.

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

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

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

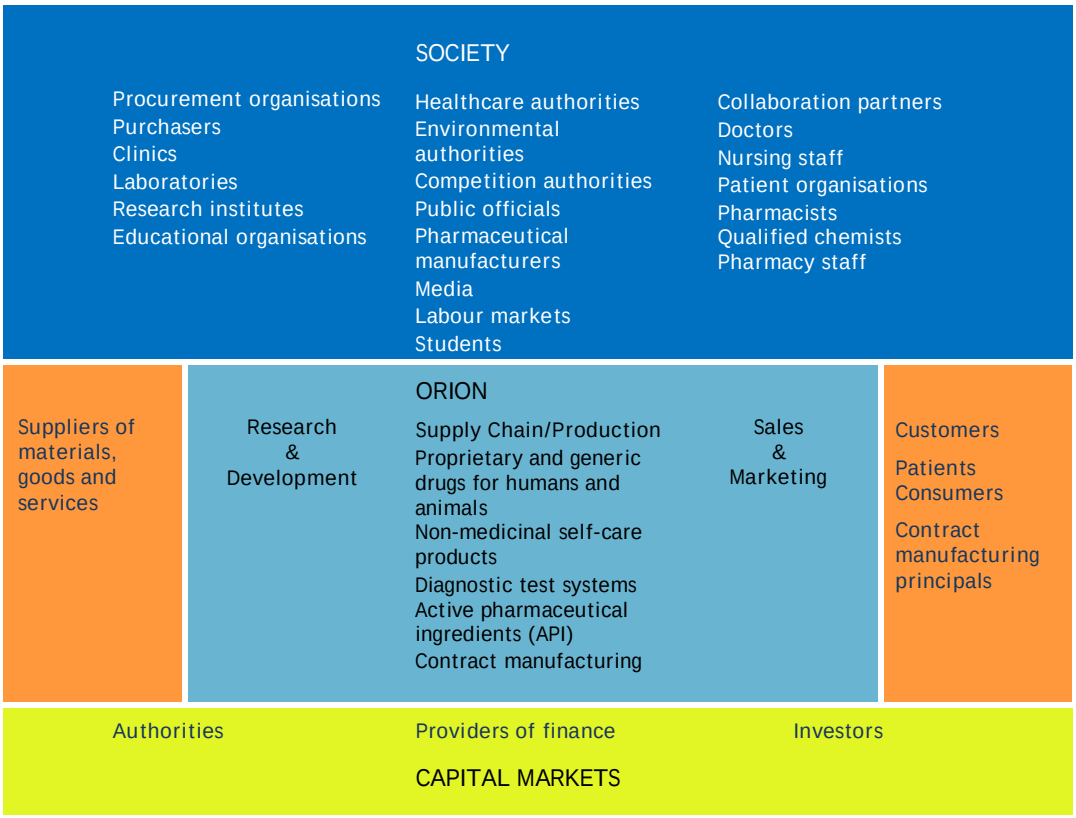
4.13 Memberships in associations and/or national/international advocacy organisations

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

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

4.14 List of stakeholder groups engaged by the organisation and 4.15 Basis for identification and selection of stakeholders

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



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

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

- Patients and consumers
- Orion employees
- Healthcare authorities
- Marketing and research partners
- Contract manufacturing principals
- Shareholders
- Customers (doctors, nursing staff, pharmacies, clinics, laboratories, research institutes, decision-makers in procurement organisations)
- Suppliers of goods and services
- Patient organisations, civic organisations
- Media, forums in social media

- NASDAQ OMX Helsinki Stock Exchange and the Financial Supervisory Authority (FIN-FSA)
- Investors: financial entities, analysts, portfolio managers, investment advisors
- Job applicants, students, educational institutions
- Competition authorities
- Environmental authorities
- Other authorities
- Banks and insurance companies
- Neighbours

4.16 Approaches to stakeholder engagement

We engage with our stakeholder groups in various ways. We have not established engagement mechanisms focusing specifically on economic, social or environmental sustainability.

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

5. Disclosure on Management Approach, DMA

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

6. Performance indicators

EC – Economic Responsibility

Management approach of Economic Responsibility (DMA EC)

In the Orion Group, economic responsibility means that we produce economic value added for both shareholders and other stakeholders, such as personnel, customers and suppliers of goods and services. To this end, we develop our operations systematically and utilise our resources efficiently. We are proactive towards this responsibility, with an aim to identify and manage the risks related to our operations and their further development in the best possible way. Corporate governance is also part of our economic responsibility of a public company, as well as open and regular communication about the development of our financial performance and the factors affecting it.

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

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

Management of our economic responsibility follows the general guidelines established in our Corporate Governance Manual. They consist of clear definitions of responsibility, setting and monitoring of objectives and appropriately organised internal control. More detailed descriptions of our corporate governance principles, risk management and internal control, are presented in our regular financial statements and Corporate Governance Statements, accessible in the Orion Group section of our corporate website.

Goals and performance

We aim to ensure the economic sustainability of our operations over the coming years. Our objectives for profit development and financial position have been set to ensure economic stability, to create a solid foundation for long-term profitable growth and to enable operations and profitability even in economically challenging times.

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

Of the good and stable financial result, we have paid the taxes due, regularly and on time. We have also always taken care of our pension commitments in full. In the comparison of financial performance, we have been ranked among the best of the Finnish listed companies year after year.

Sustained economic success requires continuous ability from us to ensure competitiveness and cost-effectiveness with the right strategy decisions and enhancement of procedures and the product

portfolio. Our growth is based on a competitive diagnostic and pharmaceutical product portfolio, which the Group builds by actively developing new products in both our own R&D organisation and through wide-ranging cooperation with external parties.

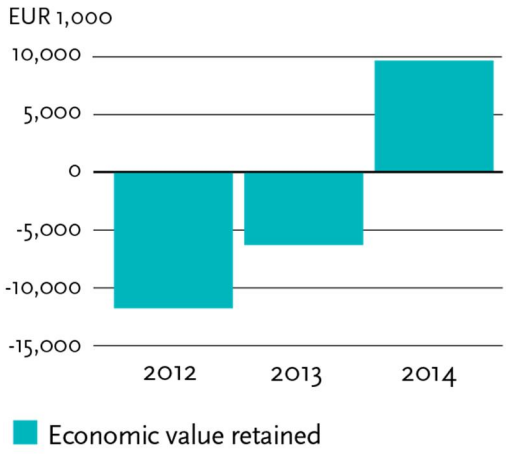
Our shareholder base is quite diverse. There have not been any major changes in the ownership structure. The clearly largest shareholder group consists of private Finnish households. Detailed information on the shareholder base is presented and updated on a monthly basis in the "Investors" section of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

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

Indicators of economic performance

EC1 Economic value added generated and distributed to stakeholders

EUR million	2012	2013	2014
Revenues	980.4	1 006.9	1 015.3
Operating costs	493.6	526.7	525.4
Employee wages and benefits	214.8	218.1	219.2
Income taxes	69.7	57.8	56.6
Payments to providers of capital	213.6	210.2	204.3
Community investments	0.3	0.3	0.3
Economic value retained	- 11.6	-6.2	9.6



Our net sales for 2014 grew by 0.8% and operating profit by 1.8% from those of 2013. Operating profit for 2014 was EUR 272.4 million (267.7 million for 2013), return on capital employed before taxes was 36.6% (38.5%). In 2014, our R&D expenses totalled EUR 106.2 (101.9) million, representing approximately 11% of our net sales.

Orion is a company whose products are of significant social importance. As a workplace we offer our employees the chance to develop, manufacture and sell products that promote well-being, health and quality of life, and we offer a fair compensation and good employee benefits in return. Our Group employs 3,450 people of whom 2,790 work in facilities in Finland. We are one of the largest private employers in Espoo, Turku and Hanko. Approximately 680 employees are working in the foreign subsidiaries and representative offices, mostly in marketing and sales operations.

Our employees pay national and regional taxes based on the salaries they receive. As a profitable company, we are a major tax payer: in 2014, the we paid about EUR 57 (58) million in income taxes.

In our procurement function we prefer goods and service suppliers who share our responsibility values. Their invoices for deliveries that meet the agreed terms are paid according to the agreed schedule. Correspondingly, we aim to minimise our own overdue trade receivables.

As a stock exchange listed company, we are expected to generate added economic value for our shareholders. According to our dividend policy, we take into account the distributable funds and the

capital expenditure and other financial requirements in the medium and long term to achieve the financial objectives. We have shown to be a stable dividend payer and have during the past years paid dividends with an average payout ratio of about 85–90 per cent of the total annual earnings attributable to the owners. EUR 1.30 per share were paid in dividends, representing 86.7% (85.6%) of earnings per share.

EC3 Coverage of the Group's pension obligations

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

Our pension obligations are listed under Note 12 "Pension assets and pension liabilities" of Orion Financial Statements 2014. At the end of 2014, our pension obligations totalled EUR 333.8 (255.8) million. At the end of 2014, we had a pension liability of EUR 28.6 (26.6 asset) million from the Pension Fund and a liability of EUR 2.5 (liability of 1.6) million to other units.

The Financial Statements 2014 are accessible on the corporate website.

EC4 Significant financial assistance received from government

EUR million	2012	2013	2014
In Finland	0.9	0.7	1.9

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

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

The total Tekes funding paid to units of the Orion Group totalled EUR 1,889,034, of which pharmaceutical R&D projects of Orion Corporation accounted for EUR 1,575,619. Orion Diagnostica received EUR 162,040 and Fermion EUR 151,375.

Orion Corporation received Tekes funding for new ways of drug administration and research of treatment approaches to certain cancers and central nervous system disorders. In 2014 we had four projects, two of which ended in 2014: *IMproved PArenteral Depots* and *Mind and Body,* which was a programme conducted in a consortium administrated by SalWe Ltd., a non-profit company and Strategic Centre for Science, Technology and Innovation in Health and Well-being. In the two ongoing projects we are studying *resistence mechanisms of cancer treatments* and the *role of a certain neurotransmitter system in the treatment of neurodegenerative disorders*. Both are planned to end in 2016.

The EUR 151,375 funding received by Fermion Oy was for a non-public development project which started in 2013.

Orion Diagnostica was a member in the *Intelligent Monitoring (IMO)* programme conducted in a consortium administrated by SalWe Ltd., a non-profit company and Strategic Centre for Science, Technology and Innovation in Health and Well-being. The goal of this program was to develop innovative, intelligent and cost-efficient tools benefitting individual well-being and health. The EUR 162,040 direct Tekes funding received by Orion Diagnostica covered expenses of the programme which ended in 2014.

EC (own) Donations

In 2014, we supported purposes of public interest with donations of approximately EUR 234,500 paid in the financial year 2014 (237,300 in 2013). In their decision at the Annual General Meeting concerning the distribution of the company's profit funds, our shareholders confirm a sum which is distributable by decision of the Board of Directors in donations to medical research and other purposes of public interest. The main focus of our support is on medical research, patient organisations and other non-profit organisations promoting healthcare, defence and veterans, environmental protection, children and youth, education and culture.

At Group level, the prioritised charitable organisation receiving financial support from us is *Plan*, which works to improve the living circumstances and quality of life of children in developing countries. As a corporate partner and sponsor of Plan, we support early childhood education of children in developing countries. Information about the collaboration is provided in the Sustainability section of our corporate website.

Information about our *collaboration with patient organisations* is also provided in the Sustainability section of the corporate website.

EN – Environmental Responsibility

Management approach of Environmental Responsibility (DMA EN)

Goals and performance

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

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

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

Our Environmental, Health and Safety Policy is our Group-level commitment determining how all units and organisations belonging to the Orion Group shall promote the well-being of the environment and the workplace. The EHS Policy is accessible under the Sustainability section of our corporate website.

Focus areas in Orion's environmental activities

Especially important to us in the management of our environmental affairs are the chemicals used in the manufacturing processes and laboratories, consumption of energy and water, waste resulting from the operations, emissions into air, water and soil, as well as materials and energy efficiency.

Our environmental management system based on the principles of the ISO 14001 environmental standard is being introduced in the pharmaceutical preparations business, i.e., the units under the auxiliary business name Orion Pharma, and the Group's head office functions. In our Sustainability Reports, these units constitute the reporting unit 'Orion Corporation'. Corresponding environmental management systems are planned to be defined for Fermion and Orion Diagnostica.

Waste in all forms is an important object in our efforts to reduce our environmental burden. Our objectives are aligned with the priority targets specified in the EU-level waste strategy, which are included in the current Waste Act. These priorities include avoiding the production of waste and recycling the produced waste materials. If waste cannot be re-used as material in our own operations, we aim to deliver it to an appropriate third party for use in another way whenever possible, such as for energy. The amount of landfill waste is to be minimised.

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

Procedures

We monitor the environmental impacts of our operations by, for example, measuring and calculating the volumes of chemicals, solvents and other substances, water and energy consumed and emissions to water and air as well as keeping track of waste and recording waste statistics. Regular risk assessments together with internal EHS audits conducted in accordance with the plans, procedures and schedules

determined in the environmental management system are key means to reduce environmental impacts, to avoid environmental damage and to take improvement actions.

We have the following procedures for predicting, preventing and identifying potential emergency situations which could cause environmental or occupational health and safety hazard, as well as for taking necessary corrective action:

- regular EHS risk assessments in order to identify potential safety shortcomings and anomalities
- regular internal EHS audits in departments
- EHS audits conducted by authorities and our collaboration partners in our locations
- our safety observation system for announcing acute or potential hazardous situations
- notices and causes of concern received from external sources (such as neighbours or collaboration partners) concerning safety and environmental harm

An EHS expert team investigates the observations recognised in risk assessments and audits, the items recorded into the safety observation system as well as the notices from outside in collaboration with the management and relevant specialists. The team also assesses their potential causes and severity degree and plans the necessary actions to eliminate the defect or to mitigate the harm, and to prohibit the recurrence of a corresponding situation.

Investments are made at every operational site on an annual basis, with the primary purpose to reduce environmental burden and as part of major upgrading and replacement investments implemented in accordance with the Group's long-term investment plans. Risk assessments also give guidance for the planning and implementation of our investments and other measures to reduce environmental impacts.

The manufacturing processes of pharmaceutical products, active pharmaceutical ingredients and diagnostics products differ very much from each other, and accordingly, they also generate emissions and waste differently both in terms of amounts and type.

Most of the Orion Group's total waste is hazardous, and most of it comes from Fermion, which produces active pharmaceutical ingredients (API) at its plants in Hanko and Oulu by means of synthetic methods of organic chemistry, and handles great volumes of raw materials. Hazardous waste also results from the manufacture of pharmaceutical products, because all such materials which contain or may contain active pharmaceutical ingredients or other chemical substances classified as hazardous shall be treated as hazardous. Most of the waste from our manufacturing plants in Espoo, Turku, Kuopio and Salo is, however, non-hazardous and can be delivered for re-use elsewhere or used for generating energy.

Fermion accounts for about 95% of the total solvents used by the Orion Group. Our volatile organic compound (VOC) emissions from solvents have decreased, most of all thanks to VOC combustion technologies. Also, process engineering solutions have led to reduced use of solvents.

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

Organisational responsibility

The management responsibilities of our environmental affairs are allocated according to the operational structure of the Group. In those operational units which already have adopted an environmental management system, the management responsibilities are determined in the EHS Handbook. The managers of each business division and line function are primarily responsible for the management of their respective environmental affairs. The focus areas and practices are mainly determined by the nature of operation of each division and function, relevant authority regulations and legislation and environmental risks related to the operation in question.

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

Each Orion employee is anticipated to operate according to our environmental principles in their daily work.

Training and awareness

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

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

Monitoring and follow-up

The efficiency and functionality of our EHS affairs management is monitored with internal audits and management reviews in order to identify the development needs and to make sure that the operations are in line with the requirements of the ISO 14001 standard. In the audits, the focus is on the environmental and occupational safety issues included in the audit plan. The audits are conducted by our EHS organisation in collaboration with the management of the audited department or function and the occupational health and safety delegate.

For the follow-up and monitoring of our environmental impacts we apply methods which give measurement results reliable enough for our internal and external reporting needs. Internally important purposes are the Group and site level development programs as well as the EHS indicators chosen for our sustainability reporting.

Annual follow-up data required in our environmental permits are reported to the environmental authorities of the Regional State Administrative Agencies (Ely-keskus). Other external instances to which we deliver regular follow-up data on our environmental impacts include the international Responsible Care program of the chemical industry and the national Energy Efficiency Program to which Orion is committed as a corporate member.

To ensure the regulatory compliance of our EHS we regularly evaluate it against relevant legislation and regulatory requirements.

The Group's executive management evaluates the applicability, sufficiency and efficiency of our EHS system in an annual review. In the review, the management assesses things like the outcomes of the EHS audits, the results and the level of improvement of the EHS activities, the progress of the corrective and preventive actions taken, as well as the recent and upcoming changes in circumstances, requirements and obligations. In addition, the management evaluates our EHS system, policy and targets, and considers improvement possibilities and necessary changes.

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

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

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

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

Adoption of REACH and CLP legislation in Orion

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

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

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

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

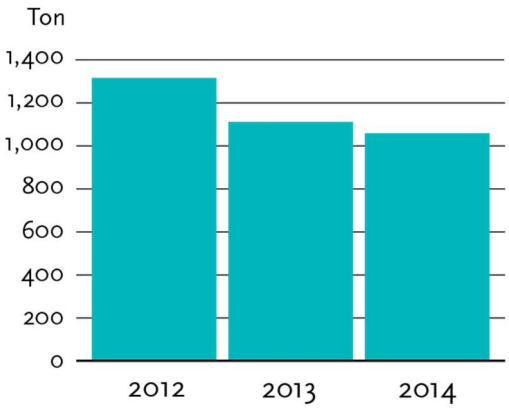
- EHS Policy
- Anticipations towards Suppliers
- Our practices in approving suppliers

Indicators of environmental performance

EN (own) Production volumes by type of product

Ton	2012	2013	2014
Tablets	1 308	1 112	1 066
Injection products	57	50	55
Gels and ointments	746	803	762
Liquid preparations	400	356	265
Diagnostic products	745	792	832
Active pharmaceutical ingredients, API	228	220	240

Example: Tablets, ton



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

Our output of medicinal products, using the number of retail packages as a measure, came to the same level as in the previous year. Altogether over 57 million packages were produced on the pharmaceutical manufacturing lines in Espoo, Turku, Kuopio and Salo. In the course of the year, tablet packaging operations were relocated to the new packaging lines established in the Salo packaging and logistics centre. In the pharmaceutical manufacturing facilities in Espoo and Turku, construction work continued to enlarge and rebuild premises for new manufacturing purposes. These projects caused some disadvantage to our tablet production capacity, which was, however, observed in our plans.

Fermion's capacity was in full use both in Hanko and Oulu, and the production volumes of finished API products rose to a new record.

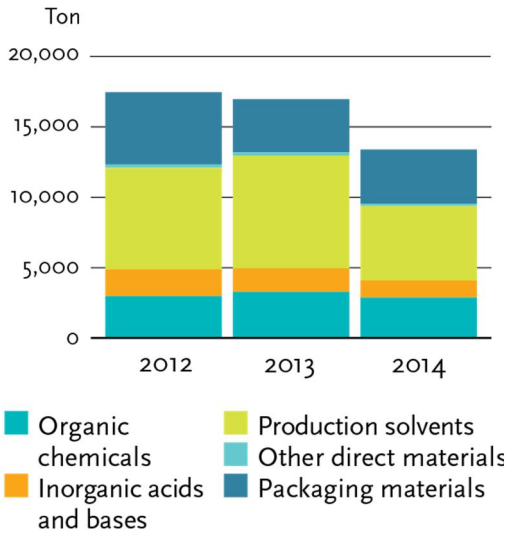
Production volumes rose in Orion Diagnostica, too. The novel products, the new versions and new purposes of use of the QuikRead® test system especially, boosted sales and order stocks.

Like all industries today, also the pharmaceutical industry operates in global networks. As a fact, it is not economically feasible to establish and maintain in-house manufacturing technologies for all the numerous different types of products in the offering. In the manner of other pharmaceutical companies, we also allocate our capacity and resources efficiently, having part of our own products sub-contracted by other manufacturers.

Materials

EN1 Materials use

Ton	2012	2013	2014
Direct materials:			
Organic chemicals	2 931	3 230	2 822
Inorganic chemicals	180	196	146
Inorganic acids and bases	1 897	1 664	1 218
Production solvents	7 268	8 067	5 321
Laboratory solvents	22	20	13
Gases	11	11	8
Biological materials	6	5	1
Direct materials total	12 315	13 192	9 529
Packaging materials:			
Corrugated cardboard	373	425	402
Wooden packaging	413	461	522
Plastic packaging	2 324	1 430	1 568
Paper fibre-based consumer packaging/ wrapping	1 181	946	947
Glass packaging	716	387	288
Aluminium packaging	106	81	84
Other packaging materials	61	64	58
Packaging materials total	5 174	3 795	3 869
Materials use total	17 489	16 987	13 398



Materials use by reporting unit 2014

Ton	Orion Group	Orion Corporation	Fermion Oy	Orion Diagnostica Oy
Inorganic acids and bases	1 218	88	1 130	
Organic chemicals	2 822	1 647	1 170	6
Inorganic chemicals	146	40	106	
Production solvents	5 321	281	5 041	
Other direct materials	22	6	2	1
Direct materials total	9 529	2 073	7 449	7
Consumer packaging/wrapping	947	828		119
Corrugated cardboard packaging	402	350		52
Glass packaging	288	284		4
Wooden packaging	522	504		17
Plastic packaging	1 568	1 335	5	227
Other packaging materials	142	60	46	37
Packaging materials total	3 869	3 362	51	456
Materials total	13 398	5 436	7 500	463

The reported materials use includes the substances and materials used by the supply chains for pharmaceuticals, active pharmaceutical ingredients and diagnostic tests (manufacturing, storage and transport to wholesalers) and part of the materials used in R&D. Materials use is primarily dependent on the production volumes of finished products, but it is also affected by manufacturing process improvements and the amount of semi-finished products and intermediates sourced from external suppliers.

The tables above do not include the diagnostic test equipment of Orion Diagnostica, which are manufactured by a sub-contractor. The devices are made from plastics and metals and they contain a lot of electronics. The total weight of the test devices sold by Orion Diagnostica in 2014 was about 17 tonnes.

The heaviest user of direct manufacturing raw materials in our Group is Fermion, which manufactures active pharmaceutical ingredients in chemical processes. Fermion accounted for 78% of the Group's total consumption of direct materials in 2014. Solvents account for the largest share of the total volume of materials used in Group's production operations. They represented 68% of Fermion's materials use and well over one-half of the Group's total direct materials consumption. Fermion's solvent consumption decreased, however, by about one-third from the previous year's 8,067 to 5,321 tonnes, and this was the main reason for the Group's considerably decreased total direct materials use. The consumption of organic chemicals and inorganic acids and bases also decreased, by a total of 850 tonnes.

In the manufacturing processes of medicines, the largest material group consists of organic chemicals, the share of which was almost 80% of the direct materials used by Orion Corporation and about 30% of the Group's total direct materials. Orion Corporation accounted for about 58% and Fermion for about 40% of the Group's total organic chemicals consumption.

The consumption of solvents in the manufacture of medicines decreased further somewhat from the previous year. In Espoo, the main solvent is ethanol, and most of it is used in tablet coating processes and in the production of tablet masses. The Turku plant also uses mostly ethanol, and some tonnes of isopropanol. A considerable proportion of them is used in the manufacturing of hormonal products.

The use of packaging materials increased by a slight 2% from that in 2013, and like in the previous years, most of them were consumed in Orion Corporation, i.e., the pharmaceuticals manufacturing operations. They now accounted for as much as 87% of the total packaging materials use, while Fermion only accounted for about one percent. Fermion's products are in the form of powder and they are delivered to customers in large sacks and fibre or plastic barrels, whereas the products of Orion Corporation and Orion Diagnostica are distributed in consumer packages.

The materials used for the many different types of packaging accounted for approximately 29% of our Group's total material consumption in 2014, while in 2013 their share was about 22%. The most commonly used packaging materials include plastic, cardboard, glass, corrugated cardboard and aluminium. Plastic and glass are most often used as primary packaging materials, which come into direct contact with the medicine. The use of plastic materials in the packaging of pharmaceutical preparations grew by 9% from 2014 but was still 25% less than in 2012. The use of glass has decreased considerably: while we used 716 tonnes of glass packages in 2012, their volume in 2014 went down to 288 tonnes. Aluminium is used most in blister packages. It is also used in the collars of injection bottles and some cream tubes. A very thin aluminium film layer is contained in the bag protecting the Easyhaler® inhalator in its retail package. Part of Orion Diagnostica's products is packed in aluminium folio bags. Cardboard and liner are the most common materials of secondary packaging, into which the primary packages are packed. Cardboard, plastic film as well as bubble and cell plastics are the most common materials in wholesale packaging.

In the packaging of pharmaceutical products we follow the internationally applied quality requirements concerning packaging of pharmaceuticals determined in the European, US and Japanese pharmacopoeias, among others. Guidelines are also provided by the European Medicines Agency EMA, the US Food and Drug Administration, FDA, and the International Committee of Harmonisation, ICH.

EN2 Percentage of recycled input materials of total materials used

	2012	2013	2014
Regenerated solvents, ton	2 899	2 498	2 237
Share of total materials use, %	17%	15%	17%

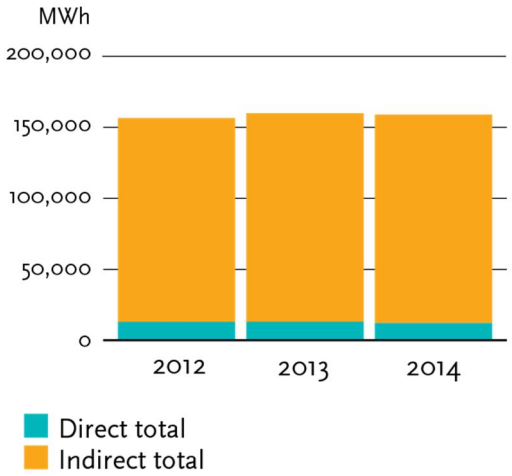
Regenerated solvents comprise the only relevant re-usable materials in the Orion Group. Solvents are regenerated and re-used by Fermion, and they play a significant role in its materials economy. Both the Hanko and Oulu plants of Fermion retain part of their solvents and regenerate them in their distilleries. The Oulu plant re-uses the regenerated solvents in its production processes, whereas in Hanko, part of the distillate is used as fuel in the plant's VOC combustion facility and thereby as an energy source of API processes. In 2014, regenerated solvents accounted for 44% of Fermion's total solvent consumption.

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

Energy

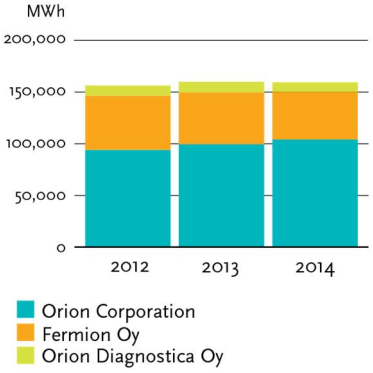
EN3 and EN4 Direct and indirect energy consumption by primary energy source

MWh	2012	2013	2014
Heavy fuel oil	11 900	12 100	11 500
Light fuel oil	702	595	464
Direct energy total	12 602	12 695	11 964
District heat	45 524	48 882	50 445
Steam	32 218	29 129	24 755
Electricity	64 248	67 406	70 552
Indirect energy total	141 990	145 418	145 752
Energy total	154 592	158 113	157 716



Total energy consumption by reporting unit 2012–2014

	MWh 2012	Share 2012	MWh 2013	Share 2013	MWh 2014	Share 2014
Orion Corporation	92 912	60%	98 360	62%	102 974	65%
Fermion Oy	51 806	34%	49 512	31%	45 531	29%
Orion Diagnostica Oy	9 864	6%	10 241	7%	9 212	6%
Total	154 581	100%	158 113	100%	157 716	100%



Energy consumption in the reporting units by type of energy and their proportion of the Group's total energy consumption in 2014

MWh	Orion Corporation	Share 1)	Fermion Oy	Share 1)	Orion Diagn. Oy	Share 1)	Group total	Break-down 2)
Heavy fuel oil	11 500	11%					11 500	7%
Light fuel oil	464	>0%					464	>0%
Direct energy total		*12%*	*0*	*0%*	*0*	*0%*	*11 964*	*8%*
District heat	38 864	38%	6 495	14%	5 086	55%	50 445	32%
Electricity	47 606	46%	18 821	41%	4 125	45%	70 552	45%
Steam	4 540	4%	20 215	44%	0	0%	24 755	16%
Indirect energy total	*91 010*	*88%*	*45 531*	*100%*	*9 212*	*100%*	*145 752*	*92%*
Total	102 974	100%	45 531	100%	9 212	100%	157 716	100%

1) Share of total consumption of energy type

2) Proportion of the Group's total energy consumption

The reported energy consumption includes our operational sites in Finland. The Group has no production plants outside Finland. Our foreign marketing organisations work in rented office premises, and reliable information about their heating energy and electricity consumption cannot be collected.

Our total energy consumption in 2014 came close to the same as in 2013. District heating increased by about 3% and electricity by 5%, whereas steam consumption went further down by about 15%.

The pharmaceutical preparations business, i.e., Orion Corporation accounted for about 65% of our total energy consumption, and it was the only reporting unit where energy consumption increased, by almost 5%. Electricity consumption grew most, almost 12%, which was largely consequence of the new Salo packaging and logistic centre which already reached almost full operating rate, but electricity consumption increased somewhat in Espoo and Turku too. Fermion's energy consumption decreased by about 8%, and consequently, its share of the Group's total energy consumption decreased by two percentage points to 29%. The most consumed energy form in Fermion is steam, which now went down by as much as 22%. Electricity consumption decreased by 7%. Fermion's production volumes of active pharmaceutical ingredients rose, however, to a new record, against which the energy performance is very good and reflects the impacts of the energy conservation measures undertaken in Fermion in the recent years. Orion Diagnostica also decreased energy consumption, by 10%.

The about 7 percent stake of direct energy of our total energy consumption mainly consists of the steam generated by the boiler facility at our Espoo site. In the last quarter of 2014, the fuel system of this boiler was changed to use liquid natural gas instead of heavy fuel oil. Our pharmaceutical plant in Kuopio has a minor steam boiler which uses light fuel oil.

Electricity accounted for about 45% of our total energy consumption. The operations belonging to Orion Corporation consumed 67%, Fermion about 29% and Orion Diagnostica about 6% of the total electricity. All electricity to our Finnish locations is procured from Energia Myynti Suomi Oy. The proportion of different sources of energy used for the generation of the purchased electricity follows the breakdown reported by NordPool for electricity supplied in the Nordic area.

The 3% increase in our consumption of district heating energy came from Fermion, whose consumption doubled from the previous year. District heating accounted, however, only 14% of Fermion's total energy use. Fermion receives most of its heating energy from energy generating facilities located adjacent to its sites. In Hanko, heating energy is uptaken into the production processes from the VOC combustion plant. District heating consumption decreased in Orion Corporation and Orion Diagnostica, despite of the addition of the Salo packaging and logistics centre as a new reporting unit. Consumption decreased most in Turku.

Steam is a very important form of energy for Fermion especially. The share of steam went down to 44% while previously it has accounted for more than a half of Fermion's total energy consumption. Steam is supplied to Fermion's plants by Adven Oy from its local, recently modernised low-emission boiler plants.

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

Energy saved MWh	2012	2013	2014
Electricity	490	399	627
Heating energy	3 334	4 501	200
Fuels	854	300	0
Total energy saved	4 678	5 200	827

2014 Energy saved MWh	Electricity	Heating energy	Fuels	Total energy saved
Orion Corporation and Orion Diagnostica Oy	68	200	0	268
Fermion Oy	559	0	0	559
Total energy saved	627	200	0	827

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

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

In 2014 we implemented notably less ordinary energy conservation activities than in the past few years. The ones recorded into the Motiva database are estimated to lead to annual savings of about 827 MWh. In Turku, for example, the heat generated by a pressurised air compressor is now recovered by conducting it into the air conditioning system to warm up the incoming air. In Espoo, additional lighting systems were modernised with led technology, and old windows were replaced. The fuel system change

of the boiler facility from heavy fuel oil to natural gas, dealt with under indicator EN3-4, was the most significant one, but we have chosen to report details of it in our next sustainability report, because the project will be completed in 2015.

Fermion is the most energy intensive unit in Orion, representing almost one-third of the Group's energy consumption while just 6 percent of the net sales. Fermion's reactors and distillators in Hanko and Oulu work non-stop and produce increasing volumes. In the most recent years, Fermion has invested over one million euros in energy efficiency improvements, the greatest savings resulting from upgraded steam and condensate systems.

The winners of the first prize in our annual Your Idea contest among our employees belong to Fermion's personnel. The re-engineered heat transmission system which was implemented at the Hanko plant based on the awarded idea reduced the amount of heat transmission liquid circulating in the system by more than half of what was needed earlier. The solution also led to lower consumption of electricity for warming and cooling the liquid.

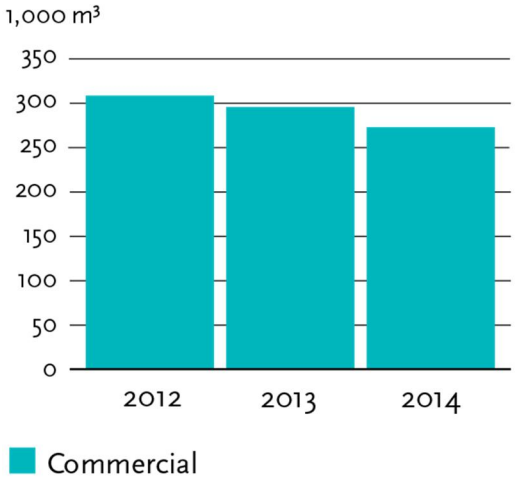
Our investments in energy efficiency have paid back very rapidly in most projects. Short payback times encourage us to pay attention even to minor items. Most often it is, however, most economical and practical to implement energy saving arrangements in connection with major facility renovations.

Our energy saving target in the EK Program until 2016 is 12,300 MWh. This goal has already been achieved, but we keep on looking for and implementing relevant slots for improvement and additional savings. We have also taken advantage of excellent solutions by copying them at other locations where applicable. The national and EU-level policies are changing and leading towards more and more stringent energy efficiency requirements, which companies must observe in their daily operations. In Orion we make plans for further improved energy efficiency and develop our consumption in line with the changing requirements.

Water

EN8 Total water withdrawal by source

1 000 m³	2012	2013	2014
Municipal water supply	309	296	272
Water withdrawal total	309	296	272



Water consumption by reporting unit

1 000 m³	2012	2013	2014
Orion Corporation	175	163	166
Fermion Oy	114	113	88
Orion Diagnostica Oy	20	20	19
Total	309	296	272

All the water consumed by Orion is taken from local municipal water supply systems. Total consumption of water in 2014 decreased further, now by about 8% from that of the previous comparative year. This was consequence of the considerable reduction in Fermion's water use. There are significant differences in the purposes and volumes of water consumption between our units and locations due to the differing characteristics of their facilities and operations.

In Orion Corporation, water consumption increased slightly. Medicines are manufactured in batches, and all process steps must meet very strict purity requirements throughout the supply chain. To prevent

cross contamination, the process equipment, accessories and lines are thoroughly cleaned with water after the completion of all the batches of the product so that no traces of any substances used in the product remain. The more minor batches of different medicines are produced, the more washing must be done. In the production departments, considerable amounts of water are consumed in the washing procedures of the production lines and containers. In addition, considerable amounts of water are also used by gas scrubbers, the task of which is to capture evaporated solvents and to decrease emissions of volatile organic compounds (VOC). The new VOC combustion facility at Orion's Espoo site has led to decreased use of gas scrubbers, whereby water consumption has decreased by 8% in our production in Espoo.

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

Fermion's water consumption in 2014 decreased by over 20%, and its share of the Group total dropped to 32%. Water consumption decreased by almost 30% in Hanko and by 15% in Oulu. Fermion's annual water consumption varies depending on which active ingredients are manufactured in the course of the year as well as on their manufacturing processes. Fermion also uses a lot of water for cooling its processes.

A lot of water is consumed in the manufacturing phases of our main diagnostic product, the QuikRead® system for diagnosing infections. Orion Diagnostica's water consumption decreased by around 5%, the previous year's figure containing some impact of running down diagnostics manufacturing operations in Turku.

Biodiversity

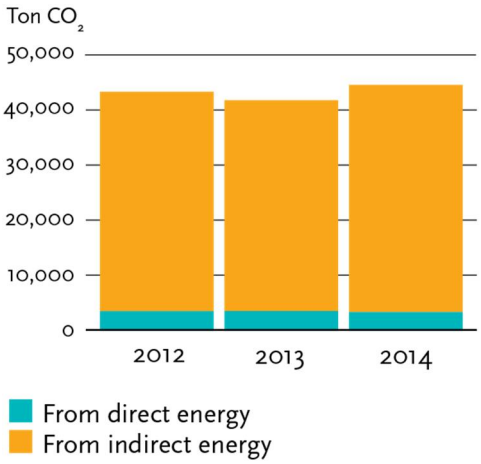
EN11 Land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected area

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

Emissions, effluents and waste

EN16 Total direct and indirect CO_2 emissions from energy

Ton CO_2	2012	2013	2014
From direct energy	3 563	3 591	3 402
From indirect energy	39 562*)	38 016*)	40 984
CO_2 emissions from energy total	43 125*)	41 607*)	44 386



CO_2 emissions of indirect energy by energy supplier and by type of energy

Ton CO_2	Type of energy	2012	2013	2014
Energia Myynti Suomi Oy	electricity*)	18 760*)	16 981*)	19 703
Ekokem VOC Hanko	steam	5 195	5 673	4 413
Fortum Espoo	district heat	6 689	7 681	7 712
Adven Oy Espoo	steam	-	-	148
Adven Oy Hanko	steam	64	45	14
Adven Oy Oulu	steam	1 895	1 640	1 591
Kuopion Energia	district heat	638	297	167
Turku Energia	steam and district heat	6 319	6 110	6 385
Salon Kaukolämpö	district heat	-	243	852
CO_2 emissions of indirect energy total		39 562*)	38 016*)	40 984

*) In our Reports for 2012 and 2013, incorrect coefficients were, unfortunately, applied for calculating the CO_2 emissions from electricity for 2012 and 2013. The figures have been amended in the above tables.

The CO_2 emissions have been calculated for direct and indirect energy consumption in our Finnish locations. Most of the CO_2 emissions from direct energy originate from the boiler plant at our Espoo site, which produces steam for use in the manufacturing departments. The boilers used heavy fuel oil until November 2014, when their fuel system was changed to use liquid natural gas. Consequently, the boilers no more emit sulphur dioxide but continue emitting the same levels of carbon dioxide as in previous years. The much smaller steam generating boiler at the pharmaceutical plant in Kuopio uses light fuel oil.

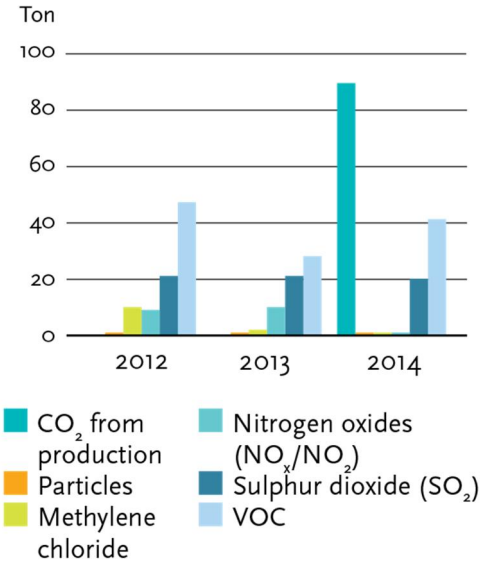
The CO_2 emissions from direct energy consumption were calculated based on the emission factors of the fuels used in the in-house boilers. The CO_2 emissions from indirect energy consumption have been calculated using emission factors provided by our energy suppliers.

All electricity to our Finnish locations is procured from Energia Myynti Suomi Oy. The supply contract includes no requirements concerning the origins of the electricity. Of the electricity consumed in 2014, about 45.8% (33.4% in 2013) was produced with fossil fuels and/or peat, 11.7% (28.4%) using renewable energy, and 42.5% (38.2%) with nuclear energy. The split is based on an officially confirmed so-called residual mix. The most recent mix available for this Report was published on 19 June 2014 by the Energy Authority in Finland. Our electricity consumption grew by about 5%, while the corresponding CO_2 emissions increased by 16%, due to the less favourable mix of the origins of the energy used for electricity generation in 2014.

CO_2 emissions from our district heat consumption grew by 5% from the previous year, while the consumption grew by 3%. CO_2 emissions from steam consumption decreased by 7% although consumption decreased by 12%. There are great differences in the coefficients between the energy suppliers and even between their power plants. Adven Oy's plant which supplies steam to Fermion in Hanko has the smallest coefficient, 20.7. The heaviest CO2 burdens on the environment come from our district heating energy suppliers in Salo, Turku and Espoo.

EN20 Emissions to air

Ton	2012	2013	2014
CO_2 from production	0	0	89
Methylene chloride (DMC)	10	2	1
VOC total	47	28	41
Nitrogen oxides (NOx/NO_2)	9	10	9
Sulphur dioxide, SO_2	21	21	20
Particles	1	1	1



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

Solvents are the sources of VOC (volatile organic compound) emissions into air. They are nowadays well under our control, thanks to new incineration technologies. Fermion's VOC emissions were about 10 tons, like in the previous year too. The achievement is good in view of the high volumes of solvents used by Fermion.

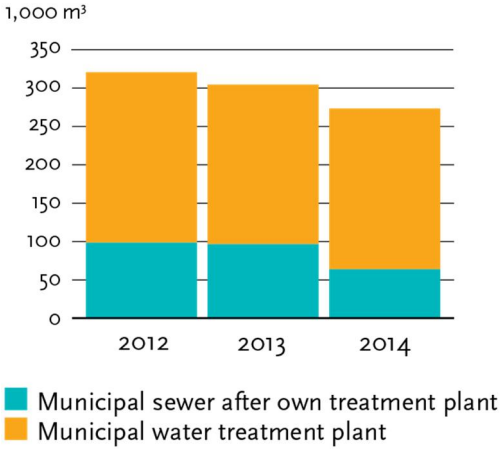
The VOC emissions from the pharmaceutical manufacturing operations in Espoo and Turku mainly originate from ethanol which is used as the primary solvent in the manufacture of tablet masses and in tablet coating processes. The VOC emissions from these sites rose by 10 tonnes to 30 tonnes. This was due to three times greater emissions from the operations in Turku than in 2013. In Turku, VOC emissions are captured with gas scrubbers.

VOC emissions in Espoo came to the same level as in 2013. The use of gas scrubbers as well as the related water consumption decreased after a new catalytic VOC combustion facility was introduced to undertake their job. The new technology causes, however, CO_2 emissions from production, which are reported in the above table as a new compound.

The reported sulphur dioxide, nitrogen oxides and particles mainly originated from the boiler facility of the Espoo site, which generates steam for use in the manufacturing departments. In 2014, the boilers used heavy fuel oil. After the fuel system change, the boilers have produced steam with purely burning natural gas since November 2014, now emitting carbon dioxide and some nitrogen oxides.

EN21 Total water discharges by way of treatment

1 000 m³	2012	2013	2014
Via own treatment plant into municipal sewer	99	97	64
Into municipal water treatment plant	221	207	208
Total water discharges	320	304	272



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

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

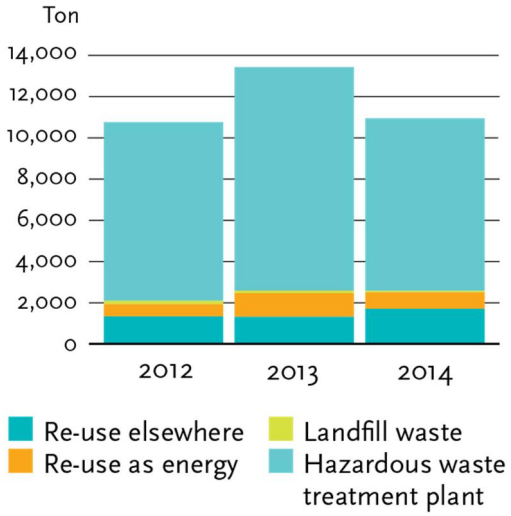
The levels of solids contained in our waste waters are low, whereas the BOD and COD values are higher than the corresponding ones in community waste waters. This has been due to the high carbon content of the waste waters, which in the pharmaceuticals production sites originates from the ethanol escaping from gas scrubbers into the exiting waters. Now that the new VOC combustion facility burns most of the ethanol gases in Espoo, the BOD and COD in our waste waters have decreased to half of the previous years' levels. In Turku, the VOC gases from ethanol are uptaken with gas scrubbers.

In Fermion, solvents used in the washing of process equipment are the greatest oxygen consuming factor in the waste waters. Fermion's combined COD and BOD values decreased further by around one-third from those in 2013. Fermion accounted for about 63% of our Group's total COD and BOD.

Our waste waters meet the requirements set in our local environmental permits, but we are looking for solutions to improve their management and to decrease environmental burden. We are particularly exploring technologies applicable to blocking active pharmaceutical ingredients and chemicals used as intermediates and detergents from escaping into the waste waters arising from the washing and cleaning of the manufacturing lines and equipment. Our aim is to reach decisions in 2015 concerning actions and methods to improve the pre-treatment of our waste waters.

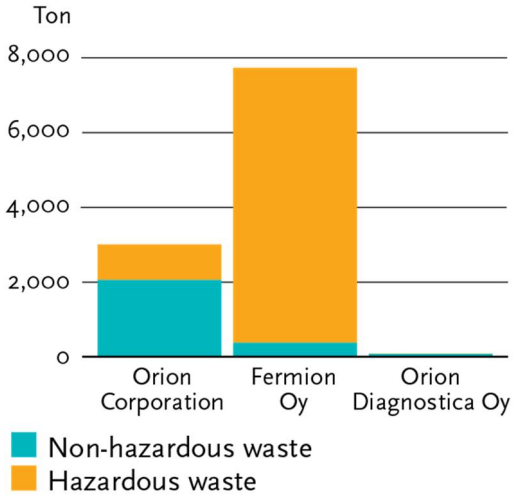
EN22 Waste by disposal method and EN24 Hazardous waste

Ton	2012	2013	2014
Re-use elsewhere	1 331	1 311	1 683
Re-use as energy	588	1 141	889
Landfill waste	166	127	71
Hazardous waste treatment plant	8 650	10 815	8 277
Waste total	10 735	13 393	10 921



Waste by reporting unit 2014

Ton	Orion Group	Orion Corpo-ration	Fermion Oy	Orion Diagnos-tica Oy
Non-hazardous waste	2 569	2 044	359	167
Hazardous waste	8 352	955	7 386	10
Total	10 921	2 999	7 745	177



The total tonnes of waste generated by our sites in Finland in 2014 came back to almost the same as in 2012. The total decreased by about 2,458 tonnes, or 18% from 2013. This notably good development was consequence of the 25% decrease of waste from the API processes of Fermion. Along with this, Fermion's share of the Group's total waste declined to 72 percent from the previous years' average of about 90 percent. The material flows are multiple compared to those in the manufacture of pharmaceutical preparations. Almost all waste from Fermion's processes is hazardous because it contains active pharmaceutical ingredients or other chemicals. In 2014, only 5% of the unit's total waste was handled as non-hazardous.

Waste from Orion Corporation, i.e. manufacturing of pharmaceutical preparations, grew by 8%. Part of the increase came from the Salo packaging and logistics centre as a new operational unit, and from the increased amount of hazardous waste. As much as 50% more hazardous waste was produced than in 2013, and it mainly consisted of drug waste, halogenated solutions and organic chemicals.

Orion Diagnostica's waste came to almost the same amounts as in the previous year. Only 10 tonnes of the total were hazardous.

The total of non-hazardous waste grew by 2% from the previous year, and about 80% of it came from operations comprised by Orion Corporation, i.e. from pharmaceutical manufacturing and offices in Espoo, Turku, Kuopio and Salo. A considerable proportion of all non-hazardous waste consists of various

packaging materials. Waste material delivered for re-use elsewhere increased by 28% from the previous year. A further increased proportion of that waste consisted of bio waste, the collection of which we have boosted at all sites. The amount and proportion of non-hazardous energy waste decreased notably.

Of all the waste we generated in 2014, now only 71 tonnes, or 0.7% – an amount comparable to a major trailer truck load – were transported to landfill sites. The amount decreased further by 44%, and contained no biodegradable fractions from our manufacturing sites. About 50 ton of the total was asbestos-containing waste from dismantled constructions in Espoo, the rest consisting of biodegradable materials from our course center and recreation areas. The Waste Act requires to solve the treatment of waste in such a way that no fragment is disposed at landfill sites after 2016.

In 2013, we concentrated the waste management of our Group's Finnish operations to Ekokem Oy, specialist providers of environmental management services. Ekokem now takes charge of all waste management as our strategic partner. Consolidation under one single main operator has improved the management of our waste flows and facilitated the administration of waste affairs. Waste collection, sorting, handling and logistics have become more efficient and the practices at our sites have been harmonised. Together with Ekokem we have introduced new practices to ensure the correct ways of sorting and handling waste at the sources of waste. Fractions suitable for re-use are forwarded into recycling networks operated by Ekokem. The efficient and comprehensive public infrastructure of waste management in Finland, together with constantly improving sorting and efficient recycling and re-use networks make it possible to find economically valuable further purposes of use for materials.

Due to the nature of our manufacturing operations and the composition of our products, most of our waste is unsuitable or even dangerous for re-use purposes. Typical materials treated as hazardous waste include drug waste, organic and inorganic chemicals and mixtures classified as hazardous or harmful, cytostatics, carcinogenics, batteries, fluorescent tubes, halogenated solvents, lubricating oils, oil-containing fabrics and filters, mercury waste, adhesive and paint containers and ash from fuel oil tanks.

Actually, most of our hazardous waste is also energy waste, due to the fact that Ekokem uses most of it as fuel in its Riihimäki power plant, which is specialised in the combustion of hazardous waste and supplies district heating to the neighbouring area. A minor part of our hazardous waste can be sorted into energy fractions combustible at lower temperatures. Certain hazardous waste fractions are re-uptaken by Ekokem for further use. Such materials include accumulators and batteries, refrigerating equipment, fluorescent tubes, electronic equipment, metals and other inorganic components.

Compliance

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

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

Transportation

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

Under this we present the carbon dioxide emissions from the business flights of the Orion Group's Finnish employees. The data is provided by CWT Kaleva Travel, the travel services partner of all units of the Group in Finland. The business flights arranged by other travel agencies for the employees of our foreign locations cannot be reported. No reliable method is available for us to assess and monitor environmental impacts of goods transportation.

CO_2 emissions from business flights

1 000 miles	2012	2013	2014
Flights in Finland	876	624	583
International flights	8 116	7 413	7 425
Flights total	8 992	8 036	8 008

CO_2 emissions, ton	2012	2013	2014
Flights in Finland	211	150	141
International flights	1 506	1 367	1 362
CO_2 emissions from business flights total	1 717	1 517	1 503

Calculation of the CO_2 emissions:

Length of flight ≤ 590 miles 0.24 kg CO_2 / mi
Length of flight > 590 miles 0.18 kg CO_2 / mi
1 mile = 1.609344 km, unit in land miles

In 2014, Orion's employees flew slightly less miles in business than in 2013. Travelling in Finland using domestic flight connections as well as the corresponding CO_2 emissions decreased by about 7%.

The total miles flown on international flights increased a little bit, but the CO_2 emissions from them remained at the previous year's level. The need to travel in business has clearly decreased thanks to web-based conferencing systems.

CO_2 emissions of new company cars near our long-term target already

About 185 employees in the Orion Group's service in Finland had a company car as an employment benefit in 2014. Our company car policy emphasises low emissions, fuel economy and traffic safety. The average exchange interval is three years. For new company cars, we have set our CO_2 emission target at 120 g/km to be reached by 2020. We are, however, very near the target already now, as the average CO_2 emissions of the new company cars taken into use in 2014 were as low as 126 g/km, against 130 g/km in 2013.

Overall

EN30 Total environmental protection expenditures and investments

EUR 1 000	2012	2013	2014
Environmental investments	2 502	814	358
Environmental protection expenses	4 865	5 115	4 920
Environmental expenditures total	7 367	5 928	5 278

Total environmental protection expenditures and investments by reported organisational unit, in 2014

EUR 1 000	Orion Group	Orion Corpo-ration	Fermion Oy	Orion Diagnos-tica Oy
Environmental investments	358	0	238	120
Environmental protection expenses	4 920	1 920	2 742	121
Environmental expenditures total	5 278	1 920	2 980	241

Our total environmental protection–related expenditures decreased by about 11% from the previous year. The greatest impact on the development came from waste expenses, the share of which was over 80% of the total and which decreased by 9%.

Environmental investments consist of projects for improving energy efficiency, efficient and safe use of materials, consumption of water, and management of effluents, waste and emissions.

Our environmental investments in 2014 were EUR 351,000, about 44% of those in the previous year.

The 2014 investments of the units belonging to Orion Corporation included no particular environmental protection investments worth mentioning. The change of the fuel system of the boiler facility in Espoo from heavy fuel oil to natural gas was a project which considerably eases our burden on the environment, but we are going to include this investment in its entirety in our environmental investments for the 2015 review period.

In 2014, Fermion constructed additional channels to conduct VOC gases to its VOC combustion facility in Hanko. Also alarm systems to prevent chemical leaks were added. In Oulu, the energy efficiency of the plant's heating system was improved, and the monitoring of the site's waste water treatment system was improved by joining the controls of the pumps into the API plant's process control system.

Orion Diagnostica's environmental investments comprise the replacement of old windows and front doors as part of the major basic renovation of the operational premises in Espoo.

Environmental protection expenses consist of items relating to waste, waste water, prevention of emissions into air and ground, noise abatement, energy efficiency, environmental permits as well as improvement of environmental management in our operations in Finland. The greatest cost item in 2014 was waste, about EUR 4.3 million. Our waste expenses decreased by 9% from the previous year, although the total volume of waste decreased by almost 20%. In Fermion, waste expenses decreased in the same proportion as the amount of waste, whereas in Orion Corporation, waste expenses rose in consequence of the considerably increased waste volume.

SO – Social Responsibility

The following performance indicator areas are included under Social Responsibility:

LA – Labour Practices and Decent Work

HR – Human Rights

SO – Society

PR – Product Responsibility

LA – Labour Practices and Decent Work

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

Goals and performance

Orion is Finland's largest pharmaceutical employer and an international work environment for multi-talented people. The workforce represents many nationalities and cultural backgrounds, but is unified by the common Orion business culture, shared values and practices. We aim to be an interesting and preferred employer offering the chance to work in an international environment and providing varied and challenging career opportunities for experts in different disciplines. We foster our good employer image by looking after the professional development, working conditions and well-being of every Orion employee. We offer our employees a healthy and safe working environment and a smooth-operating working community. We also ensure that our employees have the necessary skills to implement the Group's strategy.

A big corporation has need and room for individuals with different backgrounds, because interaction between viewpoints offers fertile ground for innovation. Our mission – Building well-being – addresses not only our external stakeholders but also the atmosphere of our workplaces. We promote equality and justice all over the Group by ensuring that every employee has equal opportunities for success and development in their work and that the employees treat one another fairly. These objectives are recorded in our *Human Resources Policy*.

The ethical principles concerning our working community are recorded in the *Code of Conduct* of the Orion Group. The Code is applicable to our employees and businesses, requiring every individual employee's commitment to comply with it. All employees are also obliged by the topic-specific corporate policies which determine our main principles for ensuring responsible operation.

Ou leadership principles, *Working together – the Orion way,* outline the Orion way of leading people and acting as a member of a working society. The following four themes are the key ones: Leader as a Coach, Skills of Working Together and Personal Leadership, Customer-Focused Leadership, and Leadership in Collaborative Partnership.

We develop the Orion Group's operations in uncomplicated and open cooperation with the personnel. In employee-manager relations, we strive towards flexible, unobstructed and open interaction so that questions that require answers or solutions can be processed quickly and constructively. Collaboration is forthright and takes place both as part of normal daily working and at meetings based on labour-related legislation. The Group appreciates the work of trade unions and employee representatives and treats them with respect and openness.

Procedures

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

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

Recruitment

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

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

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

Equality

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

Personnel empowerment

Orion considers employee opinions in the decision-making concerning human resources affairs and implementing human resources related decisions. Employee representatives principally take part in the work for preparing new practices or changes to existing ones. In addition to mandatory employer-employee forums, our supervisors have regular informal meetings with employees and employee representatives.

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

Communication

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

We utilise modern web-based solutions in internal communication and information sharing. The corporate-wide intranet offers daily news flow, shared working facilities for project and team specific exchange of information, elaboration of topics and filing of documents. The wide variety of electronic team and project workspaces enable information sharing, conversation, and different kinds of surveys and blogs on-line, thereby offering an efficient and versatile channel for collegial networking.

Occupational health and safety, and well-being at work

It is extremely important for Orion that each employee can maintain their capability to work until retirement age, without exposure to health risks or hazards. We want to provide our employees with a healthy and safe working environment and a smoothly functioning working community, characterised by a constructive working atmosphere, good management and motivating colleagues. Our occupational safety and well-being activities focus on the prevention of hazardous situations and occupational diseases and injuries. As stated in our *EHS Policy*, we manage occupational health and safety risks with the organisations' expertise and collaboration and with continuous improvements in safety. Actions are planned and taken to prevent injuries and health hazards. Employee well-being and the entire working community's ability to work are promoted by using appropriate and safe working methods.

The general guidelines and principles concerning corporate safety and safe working are provided in the Group's Corporate Governance Manual, the Orion Management Guide and the Orion Security Guide as well as in more detailed function and location specific guidelines, all of which are maintained in our internal information management systems. The aspects of safety are also observed in the SOPs (standard operating procedure) defined in detail for tasks and work phases.

Every operational unit shall have an Occupational safety and health action programme which describes the unit's operational environment, work safety aspects and responsibilities, and main development areas.

Our Group-wide aim is to achieve a zero accident rate. Our employees receive training in good safety and security practices mainly in work- and task-related training courses and by acquainting themselves with task-specific guidelines. Every supervisor is responsible for ensuring the safety of his/her subordinates. All employees are required to follow the safety instructions and act without constituting risk to their own and/or other employees' safety, and without causing damage to the company's property. We also emphasise the importance of each employee's awareness of those health and safety risks that are involved in their duties, as well as of how to avoid them.

Systematic assessments of the workplace, processes, working conditions and methods, processes and associated risks are carried out by the occupational health and work safety organisations to continuously develop working conditions and safety. They also provide guidance for improvement actions and organise safety training to enhance the employees' attitudes, awareness and alertness. In the Group's organisations already covered by our EHS system we apply the procedures which are determined in the EHS Handbook for predicting, preventing and identifying potential emergency situations which could cause environmental or environmental or occupational health and safety hazard, as well as for taking

necessary corrective action. A description of them is in the DMA of environmental affairs, under the sub-heading "Procedures".

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

Supporting employees' well-being and health

What do we mean by employees' well-being at work? The definition of well-being at work in Orion was determined as part of the *Good morning – Good tomorrow!* project forwarded in collaboration with all major labour market parties involved in Finnish chemical industry. The purpose of the project is to enhance competence, prolong working careers, decrease absences due to illness and increase productivity at all chemical industry workplaces.

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

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

We offer our employees more comprehensive occupational health services than those required by law. In major locations, we maintain occupational health centres of our own. In smaller locations, the health services are purchased from external service providers.

Health check-ups of the employees are performed by age group to evaluate occupational fitness and the need of measures to promote it.

The operational models for early support, treatment practices for the occupational healthcare for musculo-skeletal and mental disorders as well as for management of ageing employees are examples of the ways via which we aim to promote well-being at work and to enable better management of the risks

of disability. We monitor our progress by the help of a variety of indicators, such as the responses relating to the topic in employee surveys, as well as by monitoring absenteeism due to musculo-skeletal disorders. We pay particular attention to absences due to musculo-skeletal problems. *Managing difficult situations* is our model for facilitating and accelerating the analysis and resolution of conflict situations in the working community, as well as for following up the success of the solution.

Our employees can take part in the numerous activities of recreational clubs supported by the company and spend their free time in the company's recreation areas in several locations in Finland. Culture vouchers sponsored by Orion can be used for sports and cultural activities. Gym facilities are available for the employees at our premises in Espoo and Salo. High-quality workplace catering is one of our priorities. The staff shops in Turku and Espoo and the Oriolashop.fi web shop offer favourable purchasing opportunities to employees. Medicines are, however, not included in their product selections. In Finland, our employees are offered sponsorship for our own prescription medicines, under certain terms.

Rewarding

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

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

Training and awareness

Orion offers its employees training and coaching based on the Group strategy, business objectives and skill requirements of each individual position. Corporate level competence requirements derived from the strategy are determined annually in the People Day meetings of the senior managers. The corresponding requirements of operational units and functions are determined by their management teams, and the requirements for departments and individual tasks are determined at departments and in the Succeeding together! discussions. In these occasions, also the level of know-how is assessed and the development needs are defined.

We encourage our employees to develop themselves by providing a wide range of development opportunities from one-day seminars to long-term training programmes and supplementary training periods. We also encourage them to utilise the versatile methods of professional development. Our toolbox for the development of skills and competence includes, for example, job rotation, 360- and 180-degree evaluations and the annexed feedback discussions, mentoring, learning at work, and coaching. We also offer various internal courses as well as training provided by third parties designed specifically for the needs of our company and our employees.

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

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

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

In the onboarding of new employees the supervisor gets help of a set of forms helping him/her to make sure that all the necessary items are discussed. As an interactive tool in the onboarding process, we use *Orion eOnboarding*, a web-based information source which offers a comprehensive package of information about the Orion Group's strategy, products, operations and functions, organisation and people, operational codes and practices and the business environment. The service is accessible for all employees, offering them the chance to update their knowledge and understanding of the company and the working environment.

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

The concepts of the *360 and 180-degree evaluations*, which are applied globally in Orion, were revisited in 2014 to correspond to our renewed leadership principles. In the 360-degree evaluation, supervisors receive personal feedback from their subordinates, colleagues and their own supervisor. Also representatives of our external partners can be asked to give feedback with the purpose to support the development of strategic partner collaboration. Employees in expert positions receive 180-degree feedback from their supervisors and colleagues. Team leaders acting with no formal supervisory position are also evaluated using a query.

The purpose of our *Talent Management* process is to promote every employee's career opportunities and development possibilities and to ensure that we have enough persons with ability to renew and change. Personal career and development wishes shall be discussed with the supervisor in the Succeeding together! discussion, for example. The management teams of the operational units and functions shall annually discuss the wishes in the respective organisations and, furthermore, identify persons capable to support the company's success and renewal. In the annually held People Day event, the senior management shall assess Orion's renewability and, at a general level discuss the job rotation and career opportunities offered by the company.

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

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

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

Succeeding together! Discussions

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

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

Monitoring and follow-up

By conducting employee surveys on a rgular basis we identify our strengths and development needs in view of the implementation of our strategy. The employee survey is conducted Group-wide in all those countries where we have employees. The survey is an important tool for the development of working communities and in the collaboration between the employees and the management. Orion's executive management is strongly committed not only to conducting the survey but also to implementing improvement actions agreed on the basis of the results. The high response rates show that the survey is regarded important by the employees, too.

In addition to the Group wide employee surveys we make occasional, more limited enquiries and mappings of topics in which it is important to hear the employees in order to observe their opinions and feelings in decision-making.

We also follow the results of regularly conducted employer image surveys made by external research instances.

Complementary references in the Sustainability section of our corporate website:

- Human Resources Policy
- EHS Policy
- Code of Conduct
- Anticipations towards suppliers
- Our practices in approving suppliers
- Anti-corruption Policy

Performance indicators concerning Labour

Employment

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

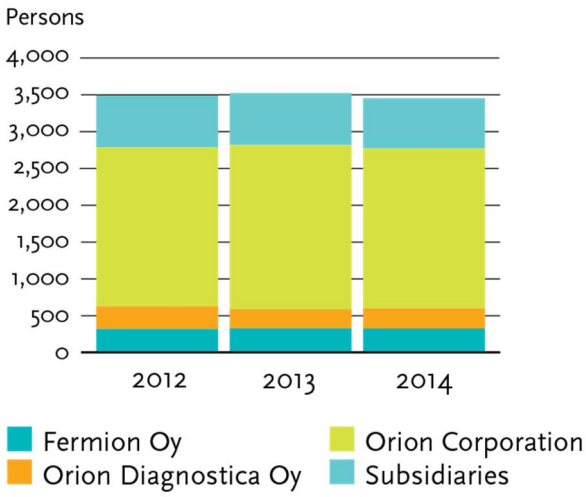
The table '*Personnel by reporting organisational unit'* displays personnel numbers grouped according to the same operational structure as is used in the compilation of data for this Sustainability Report. This grouping differs from that used in Orion's financial reporting, in which the numbers of employees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

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

At the end of 2014, our Group employed 3,450 persons, 681 of them working at the Group's offices outside Finland. The total number of employees decreased by 69 persons, or by about two percent in 2014. There were differences within the Group, however. The combined number of employees in our foreign locations was 22 persons lower than in 2013. Personnel increased in the Indian subsidiary.

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

Employees	2012	2013	2014
Orion Corporation	2 153	2 230	2 171
Fermion Oy	322	331	329
Orion Diagnostica Oy	308	255	269
Subsidiaries	703	703	681
Employees total	3 486	3 519	3 450

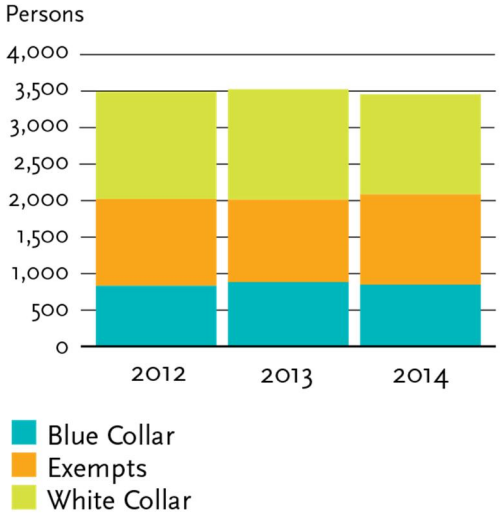


Actual and theoretical working hours

Hours	2012	2013	2014
Actual	4 235 958	4 390 584	4 543 624
Theoretical	5 088 354	5 238 432	5 365 999

LA1 Headcount by employee category

Employees	2012	2013	2014
Blue collar	837	888	853
Exempts	1 183	1 125	1 232
White collar	1 466	1 506	1 365
Employees total	3 486	3 519	3 450



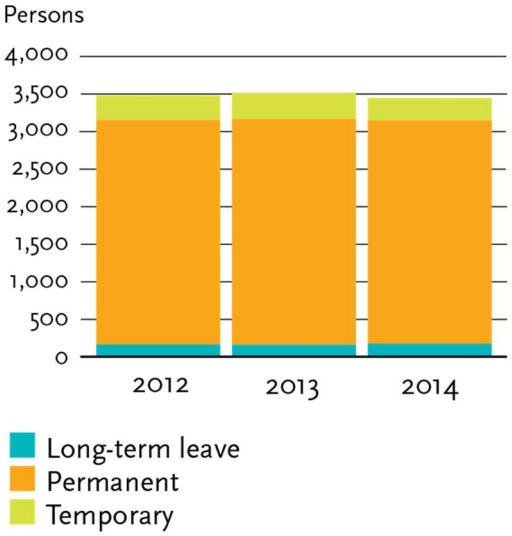
LA1 Breakdown of employees by region

Employees	2012	2013	2014
Finland	2 783	2 816	2 769
Other Nordic countries	142	141	120
Germany	102	93	88
UK and Ireland	63	61	51
Russia	108	118	92
India	55	72	107
Other countries	233	218	223
Employees total	3 486	3 519	3 450

Approximately 76% of Orion's total workforce in 2014 were office workers. White collars accounted for about 40% of the total workforce. About 36% were exempts, i.e. senior clerical employees, most of which were working as supervisors or experts. Blue collar employees consist of people mainly working in the Supply Chain organisation, in manufacturing, packing and warehousing of pharmaceutical products and diagnostic products at the plants in Espoo, Turku, Kuopio and Salo, and the API manufacturing plants of Fermion in Hanko and Oulu.

LA1 Headcount by type of employment contract

Employees	2012	2013	2014
Long-term leave	160	157	171
Permanent	2 998	3 014	2 981
Temporary	328	348	298
Employees total	3 486	3 519	3 450



The proportion of personnel in temporary employment was about 9%. The total number of part-time employees was 280 (274 in 2013), and 134 (121) persons of them were under a temporary employment contract.

In 2014, Orion's Finnish locations offered summer jobs to 142 (136) students. In 2013, the total number of summer employees was 136, while in 2012 it was 162.

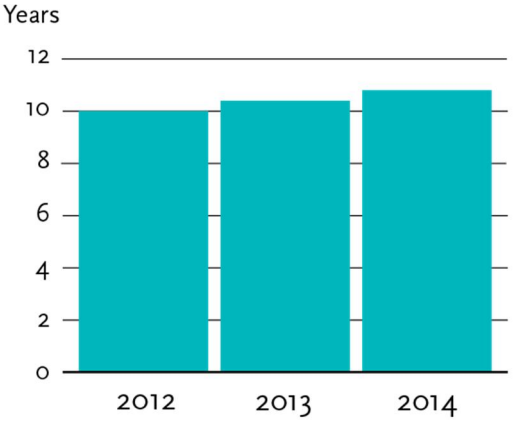
LA2 Employee turnover by employee category

%	2012	2013	2014
Blue collar	5.7%	5.4%	5.6%
White collar and exempts	2.8%	2.8%	2.9%

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

Average duration of employment

% of employees	2012	2013	2014
Under 2 years	23%	19%	17%
2-5 years	20%	22%	23%
6-10 years	15%	18%	20%
11-15 years	16%	16%	15%
16-20 years	6%	6%	8%
21-25 years	9%	8%	7%
Over 25 years	10%	10%	11%
Average duration of employment, years	10.0	10.4	10.8



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

Employment durations are typically relatively long at Orion. The average duration of employment is somewhat over 10 years and getting longer.

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

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

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

UK & Ireland: life insurance for death in service.

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

Labour / management relations

LA4 Percentage of employees covered by collective bargaining agreements

%	2012	2013	2014
Blue collar	100	100	100
Exempts *)	100	100	100
White collar	100	100	100
Percentage total	100	100	100

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

Collective bargaining agreements cover blue collar and white collar employees in the Group's Finnish locations, a total of about 60% of the workforce in 2014.

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

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

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

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

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

Occupational health and safety

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

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

LA7 Absenteeism

Causes of absenteeism and work time lost due to absenteeism

Work time lost, hours	2012	2013	2014
Paid sick leave	164 960	158 282	150 714
Unpaid absence from work due to illness	38 992	45 842	47 411
Paid absence from work due to child's illness	16 385	14 986	14 747
Unpaid absence from work due to child's illness	315	302	219
Absence of 3 or more days due to injury at workplace	2 600	2 080	2 480
Absence of less than 3 days due to injury at workplace	128	200	144
Absence due to commuting injuries	1 848	504	1 680
Total work time lost due to absences	225 228	222 196	217 395
Absentee rate, all absences	4.4%	4.2%	4.1 %
Absentee rate due to illness	4.0%	3.9%	3.7 %
Absentee rate due to work place injuries	0.05%	0.04%	0.05 %

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

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

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

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

LA7 Injuries and fatalities

Injuries	2012	2013	2014
Work place injuries causing absence of 3 or more days	24	26	31
Work place injuries causing absence of less than 3 days	10	21	14
Work place injuries causing absence, total	34	44	45
Work place injuries causing no absence	43	64	46
Work place injuries total	78	111	91
Commuting injuries	18	36	43
Fatalities	0	0	0
All injury events total	96	147	134
Injury rate (LTI 3)	5.7	5.9	6.8

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

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

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

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

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

About 2% less working hours were lost due to absences in 2014 than in 2013. Absentee rate 4.1% was lower than ever in the earlier years of our sustainability reporting history. About 98% of the total hours were lost due to illness of either an employee or a child. Sickness rate 3.7 also declined to the lowest figure in our reporting history. Almost 5% less working time was lost due to paid absence due to illness.

Injury events led to a loss of only 4,304 (2,784 in 2013) working hours, of which incidents at the workplace accounted for 2,624 (2,280) hours. Thus, the loss of working hours due to injuries rose back to the level of 2012, when the corresponding figures were 4,576 and 2,728. Only one workplace event more led to absence than in 2013, but the number of occurrences requiring three or more days off work was now five more than in 2013. In consequence, injury rate rose to 6.8 percent from the previous year's 5.9.

Altogether 134 reported injury events occurred at our workplaces, and 46 of them were so mild that work could be continued. Most injuries occurred in production departments, and like in previous years, their typical reasons were tripping, slipping, lifting, scratches and wounds. Most of the total events were mild. The longest absence due to a workplace injury was caused by an accident in which an employee's knee was wounded when working on an unstable platform. The injury took 1.5 months to recover back to work.

The number of reported commuting injuries rose to 43, which was 7 more than in 2013. Due to all commuting events we lost, however, 1,680 working hours, three times more than in 2013. Typical

events were falling with the bike, and slipping. The event in which an employee's shoulder was hurt when he fell with his bike on his way to work, took the longest time to recover, almost two months.

Orion Corporation, which comprises pharmaceutical operations in Espoo, Turku, Kuopio and Salo, recorded altogether 100 (113 in 2013) injury events, 65 (90) of which occurred at the workplace. Altogether 23 (21) injury events at the workplace led to an absence of three or more days and 9 (13) events led to a shorter absence. The afore-mentioned knee wound occurred in pharmaceutical manufacturing. The second-longest absence, over a month, was consequence of an event in which a worker hurt his back when lifting a heavy container.

Commuting injury events totalled 35, and although there were just two events more than in 2013, now several ones led to long absences. Altogether 1,584 working hours were lost due to commuting injuries against 440 hours in the previous year. The most accidents occurred to bikers, and they accounted for about half of the hours lost. Bikers were injured when falling or slipping with the bike when braking and giving way. The afore-mentioned broken shoulder event occurred in Espoo. Slipping and falling were typical incidents to walkers, too.

Fermion recorded 5 events which led to at least 3 days of absence, against 4 in 2013. The longest absence, 24 days, was consequence of an event in which a process man's fingers were injured when he was washing process equipment. The washing guidelines of equipment were check to avoid corresponding incidents. The number of milder injuries was 13 (17 in 2013), two (one) of which led to a short absence.

Fermion's employees now had four commuting injuries, against none in 2013. One slipping event led to a sickness leave of two weeks.

Injuries have considerably decreased in Fermion since campaigning was started three years ago to adopt and enhance practices and behaviour which promote occupational safety.

Orion Diagnostica had 12 injuries, of which 8 occurred at the workplace. Three events now led to an absence of three or more days, against just one event in 2013. Two incidents occurred in tight working premises, one in a lifting situation. The number of commuting injuries was 4 (3 in 2013), with only mild consequences.

Further improvement of working safety is one of the goals in the operational streamlining project currently ongoing in Orion Diagnostica. The layout of the supply chain operations is planned to avoid moving back and forth by planning materials to flow in one-way direction and as straight-forward as possible. In the weekly Gemba walks for mapping items to be developed, Orion Diagnostica also pays attention to occupational safety issues.

The system for recording safety observations now collected as many as 1,045 safety observations in different locations. The personnel have clearly adopted the ToyMe facility as a handy channel for reporting on spots of potential danger. In the previous year, the new system already attracted over 550 announcements of danger for attention of the management and the colleagues, and for corrective actions. The system is an important and useful tool for our EHS organisation in the efforts to amend shortcomings in occupational safety in our departments and premises.

Accidents to company cars and their holders occurred 20% less than in the comparative years, and the seriousness of the events was minor, like in the comparative years. Personal injuries needing treatment were avoided completely, and most of the damages to the cars were caused in parking areas. The driving courses have increased the drivers' awareness and precaution in traffic and guided them towards safer driving habits.

Preventive health and safety training activity

In 2014, the Group organised a total of about 220 training courses focusing on environment, health and safety, with altogether 3,550 attendants. The number of courses and participants was considerably higher than in previous years. Based on the data entered into the training follow-up system, the average number of occupational health and safety training days was 0.4 work days per employee.

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

employees and working communities for maintaining ability to work and function and to manage life, as well as surveys relating to workplace health and safety.

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

In the negotiations of collective agreements in 2013, the labour market parties of the Finnish chemical industry agreed to continue the *Good morning – Good tomorrow* project until 2020 to further develop the characteristics of a well-being working community identified in the project. The collaboration project began in 2011 and was originally planned to end in 2013. In 2014–2016, the focus is on collaboration skills at the workplace and good management. The parties are also looking for new initiatives, approaches, ideas, and concrete means and tools for the further development of occupational skills and enthusiasm for the work.

The aim of the project is to accomplish a set of metrics of well-being at work in chemical companies. The purpose is to establish the indicators for use in the chemical industry and enable comparison of the results with those of the nation-wide Working Life 2020 metrics. The chemical industry has set a goal to be the best well-being line of industry in Finland by 2020.

The collaborative parties in the project comprise the labour organisations Industrial Union TEAM, Trade Union Pro, and Federation of Professional and Managerial Staff, and the employer organisation Chemical Industry Finland.

Information about the project is available at www.hyvaahuomista.fi, mostly in Finnish.

Training and education

LA10 Average of training days per year

Days	2012	2013	2014
Average training days per employee	4.7	5.2	4.8

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

Thematic breakdown of training days

Days	2012	2013	2014
GxP	1.2	1.4	0.9
Information management	0.4	0.5	0.3
Language and cultural interaction	0.1	0.2	0.1
Management	0.3	0.4	0.3
Health, safety, environment	0.7	0.4	0.4
Other occupational development	2.0	2.3	2.6
Product training	0.0	0.1	0.2

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

As stated in our Human Resources Policy, our aim is that the Group's employees have the skills and the competencies required for the implementation of our strategy. Competence development starts from our goals and the task-specific requirements derived from them.

Our employees are encouraged to upgrade and further develop their professional skills and competence by utilising the wide variety of opportunities offered by Orion, in which different learning styles and needs have been observed.

In addition to the plentiful offering of internal training, our employees are spurred to voluntary studying alongside work. Sponsorship from Orion can be received for such studies when, e.g., the education supports the employee in his/her current work or changing requirements of the duties. The support grantable by Orion ranges from 30 to 80 percent of the total cost of the training, the maximum being EUR 1,000. The remuneration can be used for learning materials or course fees, for example. With certain conditions, an employee can receive sponsorship from Orion for longer educational training, such as MBA or academic post-graduate studies.

Persons employed in Finland are entitled to take study leave from work. Study leave can involve attending to lessons, practical training included in course plans, preparing for or tutored full-time self-studying for the completion of a degree or a thesis, and participation in an examination.

Vocational education into certain occupations can also be arranged through apprenticeship.

In addition to the trainings targeted at all supervisors and specialists, we offer high quality supplementary training in business and leadership.

In 2015, the *Horizon*, a high-standard leadership training programme, will be arranged for the fourth time, with 20 participants elected on the basis of open applications. The programme is designed to enhance Orion's ability to manage change and renewal as well as to strengthen leadership and management competence and business-oriented corporate culture. As part of the programme, strategic project plans supporting business development are delivered by the participants.

Management training in 2014 included, a.o., *Leading Performance*, a course for senior management and Horizon alumnus, and an *As a Leader in Orion* course for supervisors in our Indian operations. At the annual Corporate Management Meeting, about 70 senior managers received training to boost strategy execution.

Following the first one held in 2012, the second *Quantum Leap* educational program was started for supervisors and specialists in Orion Diagnostica, in collaboration with the Aalto University. Plans resulting from the trainings have since been applied in the development of the management culture in Orion Diagnostica.

LA12 Percentage of employees receiving regular performance and career development reviews

%	2012	2013	2014
Blue collar	85	85	85
Exempts	100	100	100
White collar	95	95	95

In 2014 and the two comparative years, approximately 85 per cent of employees had a "Succeeding together" review session with their supervisors, either in a face-to-face discussion or in a collegial group. About 95 per cent of white collar employees discussed their performance with their supervisors. Almost all exempts have a performance review with their supervisors.

Diversity and equal opportunity

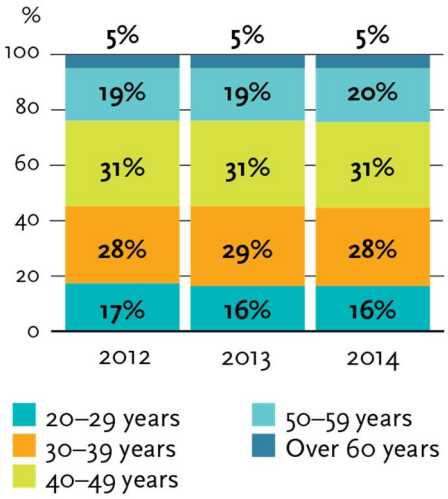
LA13 Breakdown of employees per category according to gender and age

The age structure of the Orion Group personnel has remained almost unchanged during the past three years. In 2014, approximately 75% of all employees were under 50 years of age. About 5% of the employees had turned 60.

The gender structure has also remained practically the same in the past three years, women representing approximately 61% and men 39% of the total workforce of the Group. In blue collar positions, the proportions of women and men were the same as in 2013: women 44% and men 56%.

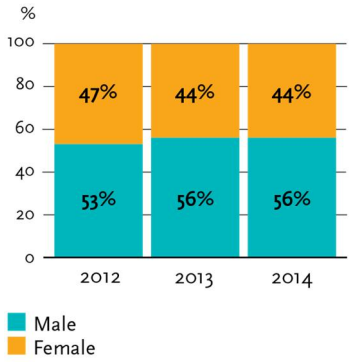
Also among exempted employees, the proportions remained the same as in 2013, women 61% and men 39%. The white collar employees continued to be dominated by the female gender, women representing 71% of the total, like also in the two previous years.

Age structure, all employees

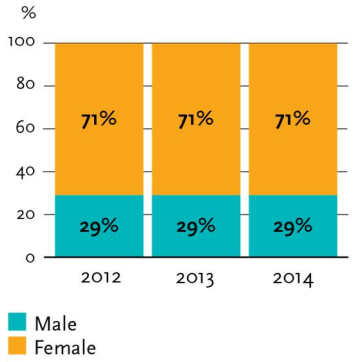


Gender structure, all employees

Gender structure, Blue collars



Gender structure, White collars



Gender structure, Exempts

Gender structure by reporting unit in 2014

Employees (%)	Orion Group	Orion Corporation	Fermion Oy	Orion Diagnostica Oy	Foreign subsi-diaries
Female	2 145	1 441	86	184	434
	61%	64%	26%	72%	64%
Male	1 383	820	244	71	248
	39%	36%	74%	28%	36%
Total	3 528	2 261	330	255	682

Orion Diagnostica has the highest proportion of women, with 72% of employees being women. Fermion's gender structure is almost contrary to that of Orion Diagnostica: 74% of the total workforce are men. The production processes in particular are dominantly cared for by male workers. In the production of pharmaceuticals and diagnostic products, a clear majority of employees are women. R&D is also a function dominated by women.

Gender structure of managers and supervisors in 2014

	Orion Group		Orion Corporation	Fermion Oy	Orion Diagnostica Oy	Foreign subsi-diaries
Female	233	48 %	152	12	18	51
Male	250	52 %	130	48	6	66
Total persons	483	100 %	282	60	24	117

The gender structure of persons in supervisory positions shows differences between the reporting units. In Orion Diagnostica, women make the majority of supervisory positions, while supervisors are mostly men in Fermion. In Orion Corporation and in the foreign subsidiaries the proportional gender difference was clearly narrower. The total number of persons in supervisory positions in the Group decreased by 37 from that in 2013.

Gender structure, Board of Directors of Orion Corporation

Gender	2012	2013	2014
Female	1	1	1
Male	5	5	6
Total members	6	6	7

Gender structure, Orion Executive Management Board

Gender	2012	2013	2014
Female	4	4	4
Male	5	5	5
Total members	9	9	9

Age structure, Board of Directors of Orion Corporation

Year of birth	2012	2013	2014
1940–1949	1	1	1
1950–1959	4	4	5
1960–1969	1	1	1
Total members	6	6	7

Age structure, Orion Executive Management Board

Year of birth	2012	2013	2014
1940–1949	1	1	1
1950–1959	2	2	2
1960–1969	5	5	5
1970–1979	1	1	1
Total members	9	9	9

The employee representative is included in the figures for the Executive Management Board.

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

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

HR – Human Rights

Management approach of Human Rights (DMA HR)

Goals and performance

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

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

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

As a rule, we require that suppliers participating in our supply chains fulfil our requirements for responsible operating practices and principles, including those concerning human rights and EHSG practices. Especially the GxP-critical key and preferred-class suppliers are requested to commit themselves to our anticipations and principles concerning our sources of supply. We also systematically monitor the compliance of our material and service suppliers and their operations.

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

We encourage our employees to inform the management about their experiences, observations and doubts of behaviour violating human rights as well as of any other incompliance with our ethical codes by contacting primarily their own supervisor, the supervisor's supervisor, the Human Resources department or the Group Internal Audit. We aim to examine and handle the cases rapidly, confidentially and impartially using purposeful methods to stop such behaviour and action as is against our principles.

Organisational responsibility

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

The Group's Procurement and Quality organisations are responsible for following-up and monitoring the suppliers' ability to meet our requirements and principles concerning our supply chain.

Training and awareness

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

The Code of Conduct of the Orion Group obligates all employees to behave and act in ways which respect the human rights. Our employees' awareness of the content and spirit of the Code as well as the corporate policies is promoted by ways of internal communication, in the context of our familiarisation processes and training courses, and as part of the web-based e-onboarding program.

Monitoring and follow-up

We monitor compliance with the human rights principles and react to any violation thereof with the same corporate governance practices as are applied to other corporate internal guidelines.

The compliance of our suppliers of materials, products and service suppliers with our requirements is controlled by evaluating their operations with regular enquiries and by auditing their facilities. The purpose is to ensure the continuity and compliance of Orion's and the suppliers' operations, and to manage supply chain risks. If an external party involved in our supply chain is observed to blatantly violate the human rights principles, international agreements or legislation, we will undertake corrective action and, in an extreme case, terminate the partnerships and replace the party with a compliant supplier. The main principles of our approval process in the approval of suppliers to our sources of supply are described in the Sustainability section of our corporate website.

Complementary references in the Sustainability section of our corporate website:

- Human Resources Policy
- Code of Conduct
- Anticipations towards Suppliers
- Our practices in approving suppliers
- Anti-corruption Policy
- Pharmaceutical R&D Ethics Policy

Performance indicators of Human Rights

Non-discrimination

HR4 Incidents of discrimination and actions taken

We have no record of any violations of the discrimination ban during the review periods.

Freedom of association and collective bargaining

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

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

Child labour

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

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

Forced and compulsory labour

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

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

Indigenous rights

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

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

SO – Society

Management approach of Society Performance (DMA SO)

Goals and performance

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

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

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

Our principal channel for influencing political decision-making is via relevant industry associations.

Political parties or associations do not receive support from Orion. Even though we do not participate in the operation of political parties as a company, we respect the legal right of our employees for political action, which is considered a private matter.

Orion adheres to current competitive legislation. We are in favour of fair competition and promotion thereof, and we aim to ensure that the objectives of applicable competitive legislation are honoured in our operations. We strive to avoid any breaches of competitive legislation.

Legal and regulatory compliance is the cornerstone of all operations. We expect that every employee is aware of the legislation and regulations that apply to their work. It is the responsibility of managers and supervisors to ensure that up-to-date regulations are available and that the employees are familiarised with them.

Procedures

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

When we want to inform political decision-makers and authorities of our opinion, for example when new laws or regulations are being drafted, we aim to do so via channels such as national and international industry organisations. We are a member of the European Federation of Pharmaceutical Industries Associations (EFPIA) and the Chemical Industry Federation of Finland, which is part of the Confederation of Finnish Industries EK. As the voice of business, regional and central chambers of commerce are also relevant channels for us.

When necessary, our managers can approach decision-makers directly. To be able to voice our opinion, we consider good and appropriate relations important, in particular with local decision-makers in the regions where we have operational presence, with relevant regulatory authorities and, most importantly, with the national and municipal decision-makers and officials preparing decisions affecting the operating conditions of the healthcare industry.

As regards hospitality, we adhere to the principle of reasonable level. In the relationships of our pharmaceuticals business with healthcare professionals and organisations we follow the commonly agreed good practices provided in the EFPIA HCP/HCO Code.

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

As a pharmaceutical company, it is natural for Orion to support the work of patient organisations. Here, we follow the established industry practices based on the EFPIA PO code. A summary report of our collaboration with patient organisations is published annually in the Sustainability section of our corporate website.

Organisational responsibilities

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

Training and awareness

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

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

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

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

Our operations are very highly regulated by legislation and special regulations. We arrange a lot of training to our personnel in areas related to regulatory compliance by means of courses, information sessions and self-learning. The employees are also expected to be pro-active in acquainting themselves with the relevant provisions.

We monitor legal and regulatory compliance in the same ways as we monitor compliance with internal guidelines. We also react towards incompliance by applying the same procedures as are applied to breaches of other internal guidelines.

Complementary references in the Sustainability section of our corporate website:

- Human Resources Policy
- Code of Conduct
- Anticipations towards suppliers
- Our practices in approving suppliers
- Anti-Corruption Policy

Indicators of Society performance

Corruption

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

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

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

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

SO4 Actions taken in response to incidents of corruption

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

Public policy

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

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

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

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

Anti-competitive behaviour

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

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

Compliance

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

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

PR – Product Responsibility

Management approach of Product Responsibility (DMA PR)

Goals and performance

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

Important from the point of view of our product responsibility is that the information we share about a medicinal product to doctors, pharmacies and patients is in accordance with the product characteristics confirmed for it by regulatory medicinal authorities on the basis of the research results and data collected in clinical use. It is also important that we provide the necessary guidelines for taking and keeping the product correctly.

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

We maintain good readiness to take required action if significant adverse effects are identified or drugs or other products of improper quality are released for sale and distribution.

In our pharmaceutical research and development operations, we follow the relevant legislation, regulatory authorities'' instructions and guidelines, the commonly agreed codes concerning our industry, and the principles determined in our R&D Ethics Policy which are in conformity with the Helsinki Declaration and the common codes of our industry.

To make sure that our performance is in line with these goals, we apply systems and procedures which enable us to plan, implement, monitor and continuously develop appropriate operations.

Procedures

Orion is responsible for monitoring the safety of every pharmaceutical product throughout the entire time the product is available on the market. Our comprehensive and detailed pharmacovigilance system helps us to ensure that we can fulfil our responsibilities and commitments and that we can undertake the correct procedures to secure patient safety when necessary. We follow and evaluate the safety of every single product throughout the product's life cycle until the expiry of its marketing authorisation. The safety evaluation of the drugs resulting from our own R&D starts already in the early research phase.

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

We purchase the materials, consumables and tools required in product manufacturing from suppliers whose qualifications we have confirmed. A description of the practices and principles we apply to our sources of supply are described in the Sustainability section of our corporate website.

Pharmaceuticals and diagnostic tests are manufactured according to Good Manufacturing Practices (GMP) and validated processes.

The raw materials used in the manufacture of pharmaceuticals are sampled and analysed before approval to production. Packaging materials and the information they contain is inspected carefully before approval. To ensure uncompromised product safety and quality, we make process inspections

during production, take samples and analyse each manufactured batch, and check the documentation of the batch before approval for sale. All materials, manufacturing and quality management phases as well as distribution phases are fully traceable by the help of the batch-specific documentation.

We ensure the regulatory compliance and performance of our contract manufacturers and research service providers as well as the adequacy of their manufacturing and research facilities by relevant agreements and regular audits.

A medicinal product must fulfil all the quality and stability requirements confirmed for it until the expiry of its shelf life. The shelf lives are determined on the basis of the stability tests performed in the development phases. Accordingly, we follow the stability of each product batch released for sale until the end of the shelf life of the batch.

No drug comes without adverse effects, but continuous monitoring and reporting to authorities help ensure that adverse effects do not exceed the drug's medicinal treatment benefits. We systematically collect information about the adverse effects of our drugs and continuously assess their safety profiles and risk/benefit ratios. We also collect all the feedback concerning quality or safety concerns of our products from all the markets where the products are used, and we assess the feedback systematically, using methods meeting the regulatory requirements.

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

Customer complaints about drugs and diagnostics products are recorded so that we can check whether defective products have been released to the market despite the quality assurance procedures. This can be done reliably, thanks to the good traceability of materials and operations. When necessary, we recall our preparations from the distribution chain and, depending on the seriousness of the defect, also from the consumers. We maintain constant readiness to take the necessary actions at any time of the day. We also train ourselves regularly to manage exceptional product safety events.

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

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

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

Traceability of products and operations

We maintain documentation systems which enable the traceability of all events, actions and results relating to the development, manufacture, quality or safety of our medicinal products reliably and rapidly, independent of the means used for storing information.

Each product bears a code defining the batch in which it was manufactured. With the help of the code, the correctness and appropriateness of the batch can be ensured. This traceability is of vital importance for finding out whether a mistake has occurred during the manufacture of a batch.

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

Product recalls

Medicinal products which fail to comply with their specifications and may cause danger or severe harm to their users are recalled by Orion from the market without delay. Depending on the seriousness of the case, the product is withdrawn either from the wholesalers and retailers only, or also from patients. We instantly report the events to the regulatory authorities in all those countries where the product is sold.

We have the systems in place to enable a prompt initiation of a recall procedure, and prompt and accurate communications. The recall can be initiated at any time of the day, if necessary. We also regularly test the efficiency and functionality of our recall procedures.

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

Organisational responsibilities

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

The organisation which is responsible for the quality of the medicinal products and diagnostic tests must be independent so as to be qualified to make objective decisions. In our pharmaceutical operations, the release of a medicinal product for sale is exclusively subject to Quality Assurance, QA, which is an organisation independent from the other functions of our company. The release decisions are made by a qualified person who fulfils the qualifications laid down in the EU directive 2001/83/EC and in the Medicines Act. Correspondingly, the release of diagnostic products is also subject to an independent Quality Assurance organisation.

Training and awareness

With the required academic education and professional experience, the persons in charge have the required qualifications to assess the situations and implement solutions in the correct scale.

All employees of the Orion Group have been instructed to inform the QA organisation about any adverse effect events they have become aware of.

In addition, our phone operators have been trained to forward any queries requiring urgent action to the attention of our experts even outside office hours.

Monitoring and follow-up

Manufacturing and sales of medicines are subject to certain regulatory permissions. In the authorisation procedure, the regulatory authorities have ensured that Orion has the appropriate qualities for the operations and that each drug released by Orion meets the specified requirements. The regulatory authorities for pharmaceuticals (Fimea in Finland) and those for healthcare equipment and supplies (Valvira in Finland) monitor and assess our research and supply chain operations in regular inspections. In these inspections they also assess the effectiveness of the procedures we have in place for the follow-up and processing of adverse effects and complaints, and our readiness to withdraw a product from the markets. The inspections are conducted in the name of the EU. In addition to national authorities, also numerous foreign instances are monitoring our compliance, the US Food and Drug Administration, FDA, being the most significant one.

First of all, however, we take own initiative to proactively ensure and monitor the adequacy and compliance of our operations and facilities by means of internal control. We carry out systematic audits and management reviews of our own operations, and we continuously develop our internal procedures.

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

Correspondingly, we also monitor the adequacy and regulatory compliance of our sub-contractors, suppliers and other collaboration partners. In addition to assessments based on written enquiries, we make on-site audits in their facilities to make sure that external parties involved in our supply chain, R&D and distribution meet the regulatory requirements and obligations mutually agreed on in the collaboration contracts. We also follow up and monitor the fulfilment of the corrective actions of the shortcomings identified in the audits.

Counterfeit medicines pose an increasing global risk. We have not been affected by counterfeit products yet, but we keep on monitoring the situation closely. Certain technical solutions have already been implemented in our production lines as part of the measures which help us protect the genuity of our products and their original packages against violence on their way to the users. We keep on investing in these methods with measures applicable in terms of legislation and regulatory requirements.

Practices concerning marketing and marketing communications

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

Doctors and other healthcare professionals as well the organisations with whom they work are important collaboration parties for the pharmaceutical industry. They provide companies with valuable clinical expert knowledge for the development and improvement of medicinal treatments, which results in significant benefits for both individual patients and society at large. Healthcare professionals, in turn, can benefit from the forums for additional education and exchange of information offered by the pharmaceutical industry. In order to increase the transparency of the different forms of interaction and the related financial compensation, EFPIA has supplemented its set of principles with the HCP/HCO Disclosure Code, which obligates all member companies to publicly disclose the details of transfers of value with healthcare professionals with the right to prescribe and deliver medicines, on an individual basis for each identifiable recipient. Pursuant to the Disclosure Code, Orion will start reporting on the required data as of 2016, the first disclosure concerning events in 2015. Individual healthcare professionals can, however, prohibit the disclosure of their names in the report on the basis of their legal right to protected privacy.

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

> *As industry leaders, we are committed to working in partnership with all stakeholders to improve healthcare across Europe. In doing so, we are conscious of the importance of providing accurate, fair and objective information about our medicines to allow rational decisions to be made about their use. As such, we fully respect the role that EU legislation plays in regulating interactions between pharmaceutical companies and healthcare professionals.*
>
> The full EFPIA Leadership Statement on Ethical Practices is accessible via http://www.efpia-e4ethics.eu/Farma_EFPIA/FARMA_107628?idDoc=FARMA_107628.

Our sales and marketing organisations for pharmaceuticals primarily follow the locally valid legislation concerning medicinal products, marketing, consumers and competition, the International Code on Advertising and Marketing Communication Practice as well as the Orion Group's Code of Conduct and internal guidelines which correspond to the EFPIA Codes of Practice. The management responsibilities in our pharmaceutical sales and marketing operations have been arranged in accordance with the requirements provided in relevant legislation (Medicines Act in Finland) and the EFPIA codes.

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

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

The Medical Affairs organisation is a headquarter function which coordinates and consults marketing communication planning, and monitors its implementation in order to confirm its compliance with national and transnational regulations. Medical Affairs is independent from the Sales & Marketing and reports to the Chief Medical Officer, who, with an executive status, is a member of the Orion Group

Management Board. To see to it that the promotional activities are in line with regulatory requirements, the specialists in the Medical Affairs organisation work in intensive collaboration with the sales and brand managers, the sales organisation as well as with the non-Orion marketing partners who promote our products in their agreed territories.

Marketing of diagnostic products

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

Collaboration with patient organisations

The EFPIA PO Code, effective as of 2012, covers relationships between EFPIA corporate members and patient organisations which operate in Europe. The PO Code is accessible via http://www.efpia-e4ethics.eu/Farma_EFPIA/FARMA_107628?idDoc=FARMA_107628

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

Group-wide annual summaries of the forms of our collaboration with patient organisations by country are presented in the Sustainability section of our corporate website.

Complementary references in the Sustainability section of our corporate website:

- Quality Policy
- Code of Conduct
- Anticipations towards suppliers
- Our practices in approving suppliers
- Anti-corruption Policy
- Pharmaceutical R&D Ethics Policy

Performance indicators of Product Responsibility

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

The basic prerequisite for granting a marketing authorisation to a medicinal product is that the product is efficient as a treatment and safe to use. We explore, assess and monitor the medicinal efficacy and adverse events of our products, and patient safety throughout the entire lifetime of each product, starting at the earliest stages of research until the product exits from the market.

Practically 100 per cent of our pharmaceutical products fall in the scope of PR1, and the proportion of diagnostic products is also close to that.

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

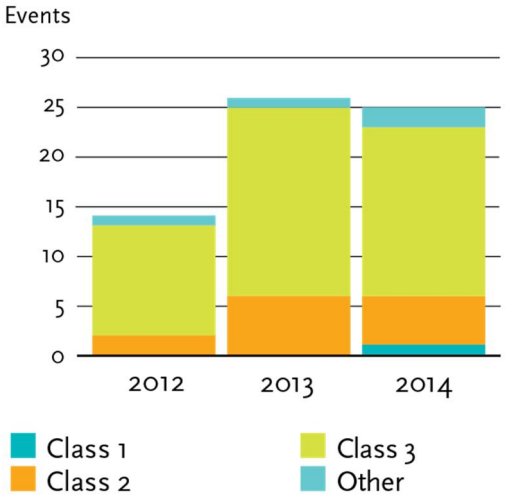
We have no record of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of our products and services for the review periods.

Our objectives and own indicators of product responsibility

The units of the Orion Group have determined objectives for the quality levels of their products. Our main metrics are product withdrawals from the market due to quality defects, and critical observations reported by third parties in their audits of our operations. As a standard, we want to show an uncompromised level of quality and performance in our operations. We also actively follow up and handle the feedback from customers and consumers and use it as a basis for steering our operations, although we have not included it in our sustainability reporting.

PR (own) Product recalls and product defects

Events	2012	2013	2014
Class 1 (critical)	0	0	1
Class 2 (harmful)	2	6	5
Class 3 (minor)	11	19	17
Class 4 (other defect)	1	1	2
Product recalls total	14	26	25



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

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

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

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

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

The withdrawals in 2014 included one event of severity Class 1 (Critical). Four batches of injectable Dopmin were withdrawn after some broken ampoules had been detected.

The following Class 2 (Harmful) withdrawals were implemented as a precautionary measure in 2014:

- Several batches of Burana 400 mg tablets packed in plastic jars, due to unmet stability. Two withdrawals from the distribution were executed.
- Lidocain Pond injection, several batches due to particles detected in the solution

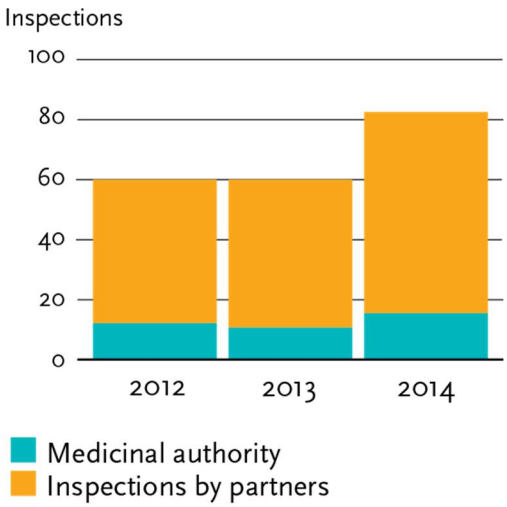
- Bicain Pond Spinal injection, due to particles detected in the solution
- Trexan injection, due to glass particles found in one ampoule.

Due to Class 3 (Minor) defects we implemented 15 withdrawals of medicinal products and two withdrawals of diagnostic products. In five cases the reason was that the dissolution of the preparation did not fulfil the determined specification limits. In four cases a defect was found in the package or the product information leaflet included in the package. Most of the other withdrawals of medicines were implemented due to unmet consistency. Orion Diagnostica recalled two batches of reagents used in diagnostic tests.

In the two Class 4 (Other defect) recalls, the reason for one of the events was an error in the advised dosing of the medicine and in the other case, unmet consistency of the product.

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

Inspections	2012	2013	2014
Inspections by authorities	13	11	16
Inspections by partners	47	49	67
Inspections total	60	60	83
Critical observations	0	0	0



In the inspections conducted by medicinal authorities and our business partners into our sites and operations, the investigators primarily check our compliance with the GxP requirements. Partners in particular are also paying increasing attention to the management of EHS affairs, i.e. the level environmental, occupational health and safety.

The observations are classified based on their severity as critical, major or minor. The investigator may also propose a more recommendable procedure instead of an adopted although acceptable one.

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

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

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

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

Of the altogether 83 inspections made in 2014 into the facilities and locations of the Orion Group, 16 were conducted by authorities, and most of them were made by healthcare authorities, such as the Finnish Fimea and the US FDA. Altogether 10 inspections were made into our pharmaceutical manufacturing sites, 3 of them focusing on the regulatory compliance of our R&D operations. Fermion's manufacturing plants underwent 4 inspections by healthcare authorities. Orion Diagnostica was visited by Underwriters laboratories and the Finnish Radiation Safety Centre.

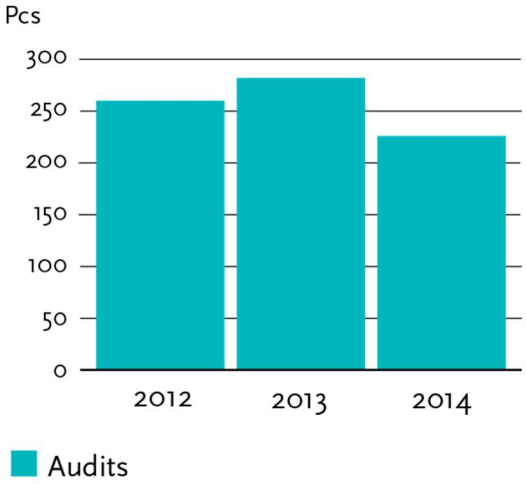
The number of audits made by our business partners increased considerably. Our pharmaceutical manufacturing and R&D operations had altogether 32 inspections by our partners, mainly customers, marketing partners and contract manufacturing principals. Altogether 35 inspections by customers were conducted at Fermion's production sites in Hanko and Oulu.

No critical observations were recorded in the final reports we received on the inspections of 2014. We undertake immediate corrective actions instantly after each inspection to amend the defects observed.

Inspectors may report on shortcomings, the amendment of which may cause delays in our production programmes. In our outlook estimates, Orion's management accordingly points out that our high production capacity utilisation rate and our broad product range may cause risks to the delivery reliability and make it challenging to maintain the very high quality standard required, and that the possibly required corrective actions to be taken on the basis of the inspections by authorities and key customers in different countries may at least temporarily reduce delivery reliability.

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

Audits	2012	2013	2014
Audits total	260	282	227
Critical observations	0	20	56
Rejections	0	1	1



In the inspections we conduct into our suppliers and other business partners we apply the same severity classification as is applied by authorities and our partners when evaluating the results of their inspections into our operations.

Although we have selected our business partners using strict GMP and EHS criteria and also regulatory authorities have audited them to confirm their GMP compliance, we consider it important to check the eligibility and approvability of our existing partners and supplier candidates by making regular surveys and inspections.

Like in the previous years, most of the altogether 224 inspections we conducted in 2014 were carried into operations of our GxP critical business partners and sources of supply, such as API manufacturers, contract manufacturers, suppliers of raw materials and materials, and organisations providing clinical research services to us. The number of inspections was about 60 less than in the previous year, and most of them were made on-site.

The high and considerably increased number of critical observations shows that on-site audits are necessary. In 2014, one GMP inspection led to the rejection of a contract manufacturer due to several serious shortcomings and violations of GMP requirements revealed in the inspection. One Indian manufacturer received nine critical observations due to GMP incompliant practices and methods. In audits of our partners in the EU area we detected critical observations in the operations of one manufacturer in Greece and one in Spain.

The results of our audits focusing on EHS affairs are signalling of development needs and insufficient regulatory control of environmental, occupational health and safety at workplaces in so-called developing countries where the sources of supply for the pharmaceutical industry are located to an increasing extent. As many as 34 critical observations were recorded in the four EHS inspections we made in India, and 11 ones in the three corresponding audits in China. The most outstanding critical defects were in fire security, rescue arrangements and the management of static electricity. Typical shortcomings were also found in grounding of electric systems, handling and storing of chemicals, arrangements to prevent explosion, and the protection of employees exposed to danger in hazardous premises and work phases.

Product and service labelling

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

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

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

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

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

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

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

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

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

We monitor customer satisfaction on the basis of monthly market data and sales statistics. Changes in trends indicate changes in customer satisfaction in relation to the competitive situation. We make use of research reports available from independent market research organisations on studies and surveys of our industry. We also collect qualitative data on our key accounts by conducting customer and market segment specific surveys, applying their results as guidance for strategic targets and operational development.

Marketing communications

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

With regular training and coaching we ensure that the persons involved in our sales and marketing operations manage both the common codes and practices of our industry and our own practices and principles, and that they are followed.

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

In 2014, one event of non-compliance with pharmaceutical marketing codes led to a sanction payment imposed to us. The decision in the case came from the UK self-regulatory body of the pharmaceutical industry the PMPCA (Prescription Medicines Code of Practice Authority), which imposed our marketing company Orion Pharma (UK) Ltd a sanction fee of GBP 9,000 for incompliant use of collaboration partners in the marketing of Easyhaler products. Orion did not complain about the decision.

Customer privacy

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

We have not had complaints regarding breaches of customer privacy or losses of customer or research subject data.

Compliance

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

We have not had events on non-compliance with laws and regulations concerning the provision and use of products and services.

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