



Building well-being



ORION GROUP

Sustainability Report 2021

OUR APPROACH

Sustainable packaging design principles

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ETHICS AT THE CORE OF OUR BUSINESS

Making a difference through donating medicines

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ACTIVE WORK FOR A BETTER ENVIRONMENT

Award-winning local heating network reduces carbon emissions in Turku

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CARE FOR WELL-BEING PROFESSIONALS

Global health and safety training

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Orion – Building well-being

Orion is a globally operating Finnish pharmaceutical company – a builder of well-being. We innovate, develop, manufacture, sell and market human and veterinary pharmaceuticals, as well as active pharmaceutical ingredients. We also serve as a contract manufacturer to other pharmaceutical companies.

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This is Orion

Orion is a globally operating Finnish pharmaceutical company – a builder of well-being. We innovate, develop, manufacture, sell and market human and veterinary pharmaceuticals, as well as active pharmaceutical ingredients. We also serve as a contract manufacturer to other pharmaceutical companies.

We are continuously developing new drugs and treatment methods. The core therapy areas of our pharmaceutical R&D are neurological disorders, oncology and respiratory diseases for which Orion develops inhaled pulmonary medication.

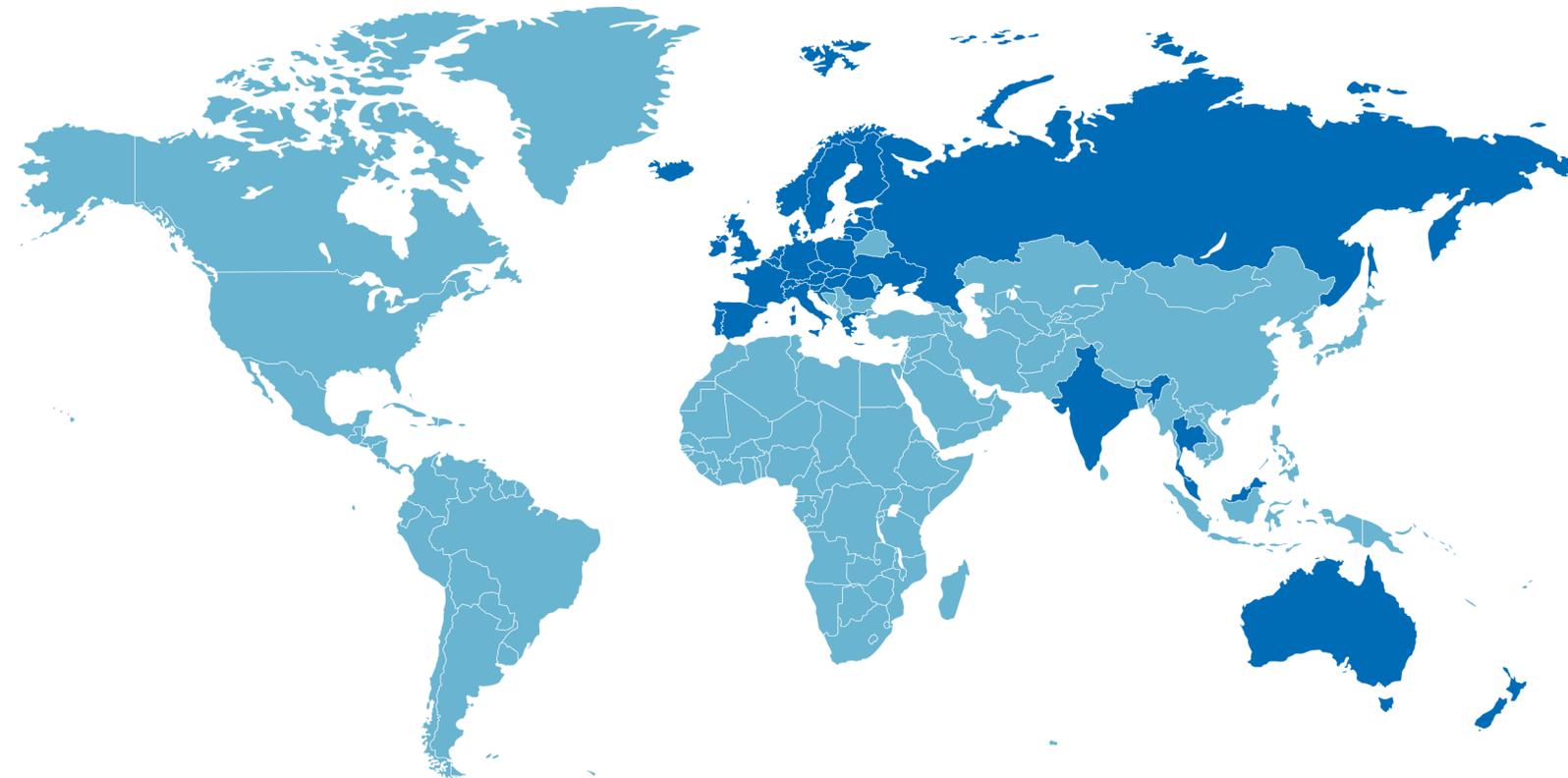
Our mission is to build well-being by providing high-quality pharmaceuticals and self-care products that help people take good care of themselves every day. Pharmaceuticals provide patients with help and effective treatment for their illnesses. An effective drug also creates added value for patients by improving their quality of life.

Orion has developed from a shop founded by three pharmacists more than a century ago into an international company that carries out medical research at the highest international level. We are now the leading pharmaceutical company and one of the oldest and most financially sound companies in Finland.

The Group consists of the following businesses:

	<p>PROPRIETARY PRODUCTS Drugs developed in-house and other drugs with product protection.</p>		<p>SPECIALTY PRODUCTS Generic prescription drugs, self-care products and biosimilars.</p>
<p>ANIMAL HEALTH Medicine and well-being products for animals.</p>		<p>FERMION & CONTRACT MANUFACTURING Active pharmaceutical ingredient (API) production for Orion. API and pharmaceutical manufacturing for other companies.</p>	

Our customers include healthcare providers and professionals, consumers and other pharmaceutical companies. In healthcare, our customers are primarily specialist doctors and general practitioners, veterinarians, nurses, pharmacies, hospitals, healthcare centres, clinics and laboratories and their respective procurement organisations. Orion's products are available in pharmacies and hospitals in over 100 countries.

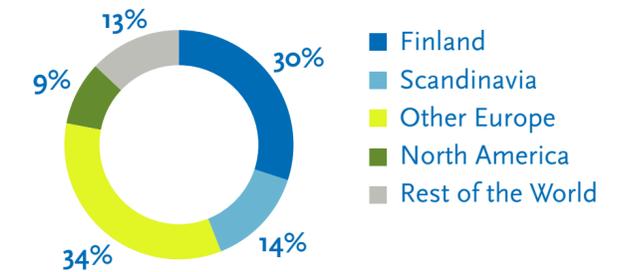


■ Orion Pharma subsidiaries
■ Global partner network for sales

Operations and sites of the Orion Group:

Finland	Headquarters and administration in Espoo Pharmaceutical manufacturing in Espoo, Turku, Kuopio and Salo Active pharmaceutical ingredient R&D in Espoo, manufacturing in Hanko and Oulu (Fermion) Pharmaceutical research centres in Espoo and Turku Marketing: Espoo, Turku, Kuopio, Oulu and Tampere
UK	Sales unit in Newbury, England Research and development in Nottingham, England
Europe	Orion Pharma subsidiaries with sales and marketing operations in 26 countries
India	Support functions, subsidiary FinOrion Pharma India Pvt. Ltd. in Mumbai
Southeast Asia and the Pacific	Orion Pharma subsidiaries with sales and marketing operations in 5 countries
Rest of the World	Global partner network for sales

Net sales by market area



MEUR
1,041
NET SALES

PERSONNEL
3,355



CEO's review

During the past year, we saw volatility become a new constant in our operating environment. As the coronavirus pandemic continued, our focus was on maintaining our business operations to ensure the availability of medications. Hybrid work became the new normal for office-based employees. As needed, we continued to update the working instructions quickly. The resilience required of all Orionees and our partners in the changing environment has been demanding, and we see some signs of fatigue due to the unclear future of the pandemic. However, we have again together been able to close a successful year.

Raising the bar

We continue to focus on our growth targets while ensuring the sustainability of our business. In a volatile environment, first-class partners and competent employees are the keys to success. After making great strides over the years in our efforts to reduce Orion's greenhouse gas emissions, we decided to raise the bar. Accordingly, we made our climate targets even more ambitious in 2021; namely, to make our own operations carbon-neutral by 2030. Although we are on our way to reach our target, carbon neutrality will require continued investments in our energy efficiency and renewable energy sources. Also, smaller, everyday actions count towards carbon neutrality, and we are sharing these stories with our stakeholders with the Raising the Bar campaign that started in 2021.

Building the future with data

With our strategic goal of growing more rapidly than the market and reaching EUR 1.5 billion net sales by the end of 2025, data is an important success factor. Thus, we are investing in renewing our information management systems in several business areas. This means not only upgrading our information systems, but also changing many of our important business processes. Orionees are the drivers in this change and working to implement new systems and operating models will be a priority in the coming years.

Data is also an enabler for a continuous improvement of our performance in sustainability. It is the key for target setting and effectively monitoring the progress. We have been working on strengthening our reporting of environmental, social and governance data. The 2021 assessment of Orion's greenhouse gas emissions gave us, for example, a better understanding of the environmental impacts of our value chain. To minimise these impacts, collaboration with our partners is a prerequisite, as sustainability is built through joint efforts.

Sustainability in everything we do

Our three-year strategic development project, 'Sustainability in everything we do', ended in 2021. The project's aim was to integrate sustainability into Orion's operations. With the project, we created Orion's Sustainability Agenda, enhanced our

culture of continuous sustainability improvement and increased our employees' awareness of and commitment to sustainability issues. The sustainability work will continue to strengthen the sustainability of our business operations with committed employees and partners. In conclusion, I would like to extend my thanks to all Orionees, and our partners, for raising the bar in 2021!

As I am writing this on April 26th 2022, we are shocked by the Russian invasion of Ukraine. Orion condemns war in all its forms. The concern for our employees in Ukraine is great and our thoughts are with them, as well as with all those affected by the war. We are in regular contact with our employees in Ukraine and are doing our best to help them and their close-ones. Orion has also channeled humanitarian aid to the people of Ukraine through international organisations. We have provided monetary aid to the Finnish Red Cross and made charitable donations of medicines through International Health Partners (IHP) to help those affected by the war in Ukraine. At Orion, we aim to secure reliable supply of medications to all patients who need them.

Timo Lappalainen
President and CEO

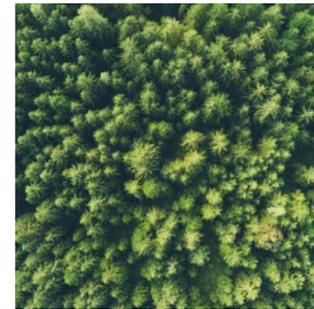
Sustainability highlights 2021



Patient safety as a top priority

We met the market needs for medicines and the pharmaceutical product availability in Finland increased to 98%.

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Active work for a better environment

We reached our Energy Efficiency Programme target for 2025 in advance. The largest single energy saving project during the year was commissioning a new heat pump plant in Turku.

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Care for well-being professionals

We continued the implementation of Skills to Care trainings in countries outside of Finland to build a strong safety culture throughout the company.

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Ethics at the core of our business

We conducted a corporate level human rights impact assessment in order to enhance our continuous evaluation of the human rights impacts in our operations and value chain.

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- ✓ Strategic development project ‘Sustainability in everything we do’ completed
- ✓ Reshaped the wording of Orion Sustainability Agenda to communicate more clearly to stakeholders

- ✓ External recognition by EcoVadis: Silver Medal demonstrating excellent performance especially in sustainable procurement practices
- ✓ Launched Raising the Bar communications campaign to highlight the concrete actions Orionees have done to achieve Orion’s emissions targets

WE WILL CONTINUE TO IMPROVE

As a part of our work to continuously improve our performance in sustainability, we will continue the assessment of the greenhouse gas emissions in our value chain and define actions to reduce them.

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We will continue to develop our human rights approach and to increase our communication on human rights to our stakeholders in accordance with the UN Guiding Principles on Business and Human Rights.

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Our approach

Orion's Sustainability Agenda consists of four key themes: patient safety as a top priority, active work for a better environment, care for well-being professionals, ethics at the core of our business.

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Sustainability at Orion

We are committed to continuous improvement of our performance in sustainability.

Orion's Sustainability Agenda comprises of defined sustainability commitments, targets, actions, and metrics of the four key themes. It aggregates the comprehensive sustainability work of Orion and sets the guidelines for future work. The wording of the Sustainability Agenda was updated in 2021 to communicate more clearly to our stakeholders.

In 2021, we finalised our three-year strategic development project, 'Sustainability in everything we do'. During the final year of the development project, we continued to put emphasis on ensuring a commitment to sustainability among our employees and our partners. This was achieved by investing in sustainability communications, continuing training of our employees and suppliers and by further strengthening cross organisational ways of working on sustainability matters.

During a three-year sustainability project, sustainability has been integrated into values, various processes and the work of an increasing number of Orionees. We achieved this successfully by:

- Building our Sustainability Agenda which sums up the core of sustainability at Orion, ensures continuous improvement and highlights the importance of sustainability for all of us at Orion in our everyday work.
- Building awareness on sustainability and
- Ensuring commitment to promote sustainability at different levels of the organisation

The project has accelerated Orion's sustainability work and we have ensured an even more solid foundation in our efforts to continually improve sustainability across our value chain.

OUR SUSTAINABILITY COMMITMENTS



Patient safety as a top priority

Patient safety has been a priority for us for a hundred years and it continues to be the cornerstone of our daily operations. We play a significant role in ensuring reliable supply of medications – even in the wake of a crisis.



Active work for a better environment

We want to be the environmental leaders in our industry. We continuously raise the bar in climate and environmental responsibility, and we challenge others to follow. We are strongly heading towards achieving carbon neutrality in our own operations by 2030.



Care for well-being professionals

We want to take care of Orionees – professionals who put their heart and expertise in everything they do. Our workplace is inspiring. We want our people to feel well.



Ethics at the core of our business

We maintain strict ethical standards and act responsibly in all situations. Together with our partners we are building a transparent and sustainable business.

TARGETS AND PERFORMANCE

CORPORATE RESPONSIBILITY FOCUS AREA	TARGET	2021 PERFORMANCE	PROGRESS	ACTIONS TAKEN AND PLANNED
 <p>PATIENT SAFETY AS A TOP PRIORITY</p>	Orion ensures reliable supply of medications	98% pharmaceutical product availability in Finland	●	<ul style="list-style-type: none"> • Systematic supplier management and risk management. • Utilising safety stocks for raw materials and products for critical products. • Establishing alternative suppliers to mitigate risk.
	Orion ensures patient safety, which is the fundamental priority in everything we do	12 quality related product recalls	●	<ul style="list-style-type: none"> • Continuous evaluation of quality and safety to ensure optimal benefit-risk balance of our products and to protect patients.
 <p>ACTIVE WORK FOR A BETTER ENVIRONMENT</p>	Improving energy efficiency by 7.5% (12,000 MWh) by 2025 (baseline 2016)	114% of Energy Efficiency Programme targets achieved	●	<ul style="list-style-type: none"> • Several energy efficiency project made in 2021 and energy efficiency target achieved. • Orion continues the Energy Efficiency Programme to further improve its energy efficiency.
	Carbon neutrality of our own operations (scope 1 and 2) by 2030	-54% compared with 2016 baseline	●	<ul style="list-style-type: none"> • Orion continues actions according GHG emission reductions roadmap 2020–2030.
	Reduction of share of hazardous waste per total waste	Hazardous waste per total waste 68%	●	<ul style="list-style-type: none"> • Orion continues development projects based on findings from analysis conducted and continues identifying improvement opportunities.
 <p>CARE FOR WELL-BEING PROFESSIONALS</p>	LTIF 1 3.0 by 2021	LTIF 1 4.8	●	<ul style="list-style-type: none"> • Actions to secure employee safety during COVID-19. • Skills to Care trainings implemented throughout the Group. • Development projects to assess current work safety tools. • Occupational well-being coaching piloted.
	Decrease absences due to illness	Absence rate due to illness 3.1%	●	<ul style="list-style-type: none"> • Actions to secure employee health during COVID-19. • The Mental Support operating model implemented.
 <p>ETHICS AT THE CORE OF OUR BUSINESS</p>	Orion ensures that all employees receive mandatory Code of Conduct e-learning	CoC e-learning completed by 653 new Orionees in 2021	●	<ul style="list-style-type: none"> • Continue to provide mandatory CoC e-learning. • Develop reporting with HR system renewal.
	Orion ensures that all salaried and senior salaried employees are regularly trained on anti-corruption and bribery matters. All new employees are trained	532 new Orionees trained in 2021	●	<ul style="list-style-type: none"> • Next comprehensive retraining for targeted personnel organised in 2022. • Develop reporting with HR system renewal.
	100% of active packaging material, raw material and product suppliers signed Third Party Code of Conduct	92% of active packaging material, raw material and product suppliers signed Third Party Code of Conduct	●	<ul style="list-style-type: none"> • Actions to support sustainable procurement process. • Continued implementation to indirect procurement category. • Sustainability trainings to procurement organisation and suppliers.

Materiality assessment

We use materiality analysis as a tool to highlight the most material sustainability topics. It helps us to identify corporate responsibility topics that affect our stakeholders and are particularly relevant for us and our business, today and in the future. Materiality analysis was used as the basis for defining Orion's Sustainability Agenda. Our sustainability reporting is also based on the materiality assessment.

The materiality of our sustainability topics was re-assessed in 2018, with support from external consultants. The assessment consisted of four parts: defining sustainability topics, a stakeholder survey, determining significance of impacts and analysis of results.

Dialogue with our stakeholders is essential, and we wanted to ask our important stakeholders for their viewpoints on the materiality of corporate responsibility topics. We received more than 1,440 replies to the survey from our key stakeholders (i.e. personnel, healthcare professionals, decision-makers, partners, investors and consumers).

According to the materiality analysis, the most material issues for us are patient safety, ensuring a reliable supply of medications and manufacturing products in an environmentally sustainable way. All the issues in the matrix are material but the priority of the topics differ. In the matrix, the vertical axis represents the significance for stakeholders and the horizontal axis represents the significance of Orion's economic, environmental and social impacts.

MATERIALITY ANALYSIS



PATIENT SAFETY AS A TOP PRIORITY

- 1 Patient safety is the cornerstone of Orion’s corporate responsibility
- 2 We invest in the early research and development of new medicines
- 3 In addition to developing medicines, we take part in developing new treatments
- 4 We develop medicines specifically for national chronic diseases
- 5 We actively develop products and solutions for self-care
- 9 We bring cost-effective medicines to the Finnish market
- 10 We ensure the availability of medicines in unexpected situations
- 11 We educate healthcare professionals about the effects of medicines

ACTIVE WORK FOR A BETTER ENVIRONMENT

- 6 We manufacture medicines in an environmentally sustainable way, taking care of material and energy efficiency and wastewater treatment
- 17 We act to reduce environmental impacts caused by the use of medicine (e.g. packaging, production, logistics, wastewater)

CARE FOR WELL-BEING PROFESSIONALS

- 7 We take care of occupational health and safety and human rights in the whole supply chain
- 13 We are a responsible employer and taxpayer
- 14 We invest in the well-being and constant development of our staff

ETHICS AT THE CORE OF OUR BUSINESS

- 7 We take care of occupational health and safety and human rights in the whole supply chain
- 8 Our supply chain is transparent and we are open about it: we communicate consistently about both positive and negative matters
- 12 We produce information and take part in social dialogue
- 15 Our marketing and communications are ethical and they are based on facts and research
- 16 Our management systems and our corporate responsibility reports are verified by a third party (e.g. ISO14001, GRI)

Values and principles

Our values are the foundation for Orion’s operations, and they characterise our way of working within the Orion Group. Our values are:

Appreciate each other

We succeed, face challenges and learn together. We build in all collaboration on mutual trust, appreciation and diversity.

Strive for excellence

We aim at high performance in everything we do. We embrace safety and quality. We actively develop our operations and work in sustainable way.

Build the future

We create solutions for the future together with our customers. We fight diseases by innovative treatments to improve quality of lives.

We are committed to operating in a responsible and sustainable manner and enhancing ethical working practices. Our Code of Conduct (CoC) determines the basic principles that our employees are expected to follow in their interactions with one another and with the stakeholders of our company, as well as with society and the environment. Each of our employees should be committed to the high ethical standards and business practices as outlined in our CoC.

In addition, our operations and ways of working are subject to specifically determined company policies



and numerous mandatory guidelines concerning our practices. All of our policies have been approved by the Group’s executive management, and they are applied throughout the Group. Good Practices (GxP) are required to be followed by healthcare industries worldwide in the development and manufacturing of pharmaceuticals. Standard Operating Procedures (SOPs) are detailed internal guidelines, based on the GxP, providing details of the procedures to be applied in work phases as well as the related requirements and responsibilities.

In addition to the regulatory requirements from healthcare authorities, pharmaceutical companies are bound by numerous commonly agreed industry rules and codes concerning marketing, research and development, and collaboration with healthcare professionals and patient organisations. Orion is committed to the principles of codes of practice of the European Federation of Pharmaceutical Industry Association (EFPIA). Orion is not a member of EFPIA’s central organisation but is a member of a few national associations.

Our corporate strategy emphasises a strong culture of collaboration, based on significant work that creates value for our customers. We want to be an excellent workplace and a responsible and attractive employer that continuously develops the well-being and skills of its employees.

Product lifecycle management



Sustainability at Orion means balancing social, economic and environmental factors, and is a principle built into our common values. We consider these aspects over the entire lifecycle of a product, from research and development through to manufacturing, to patient use, and product end-of-life disposal.

Research and development

In our research and development activities, our commitment to building well-being means that we develop efficacious and safe medicinal treatments for unmet medical needs, representing innovation and the highest quality standards. We are committed to high ethical standards concerning pharmaceutical research and development.

We conduct environmental, health and safety risk assessments for all new products before manufacturing starts.

Manufacturing and sourcing of chemicals and raw materials

Suppliers are required to comply with Good Practices (GxP) requirements. In addition to this, as we have stated in our Third-Party CoC and Supplier Sustainability Requirements, we expect our suppliers to demonstrate their commitment to sustainable and ethical practices. We only purchase our materials from suppliers whose qualifications

we have confirmed. We conduct GxP audits into the operations of our GxP-critical business partners and suppliers. We always take and analyse samples of raw materials before approving them for production.

We have a global sustainable procurement process, through which we manage and monitor our suppliers' compliance on matters related to ethical business practices, labour, health and safety, environment and management systems related to these.

Product manufacturing/our own factories

We have identified the most significant environmental aspects of our company, and we continuously improve our performance in this regard. Among other things, particular emphasis has been placed on continuously improving our wastewater handling and focusing on occupational health and safety at our factories.

In 2021, we updated our climate target to carbon neutrality in our own operations (scope 1 and 2) by 2030. We are also committed to cutting our scope 1 and 2 greenhouse gas emissions according to IPCC recommendation which is reductions of 75% by the year 2025, using 2016 as the reference year. In addition, we are committed to reaching the energy savings target for 2025, which is 7.5% of energy

consumption in 2016. This means a saving of slightly over 12 GWh.

Our products are manufactured using qualified production equipment in a controlled production environment using validated production and quality control methods to ensure that each batch fulfils predetermined quality specifications. The data integrity of all manufacturing and quality control activities is reviewed in detail before a batch is released to market. We take immediate action if any deficiency concerning product quality is detected.

Packaging

We minimise waste through package design, and optimise shelf life, package sizes and material flows. Optimising shelf life is of particular importance to ensure that all the resources needed in manufacturing, packaging and transportation are not wasted.

Safety is also an important aspect in packaging. Packaging plays an important role in protecting our products. Packaging includes several safety measures: serialisation and anti-tampering features to improve safety and traceability even further.

Transportation and distribution

In logistics, we use specialist service providers to meet our strict quality and reliability requirements. Our partners have measures in place to reduce their own environmental impact.

Patient use

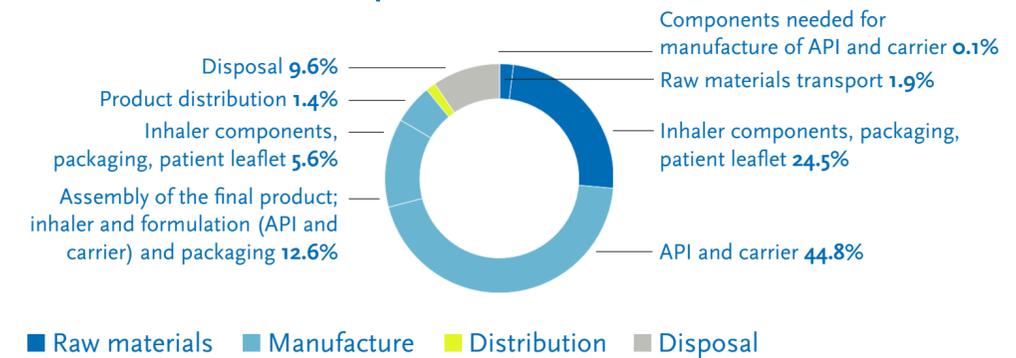
We conduct continuous safety monitoring, collect customer feedback and carry out benefit-risk evaluations throughout the entire lifespan of a product.

We also provide healthcare professionals with information on the appropriate use of our medicinal products.

Product end of life and disposal

We make sure that waste materials from our own operations are appropriately treated. Medicines that are expired or no longer needed should be returned to pharmacies to be disposed of appropriately, and packaging materials should be taken to dedicated collection points for treatment and recycling. Guidance on the proper disposal of pharmaceutical waste may be accessed on our webpages. For local information it is advisable to consult the local pharmacy, as medication disposal schemes preventing pharmaceuticals from ending up in the environment may vary from country to country.

Product environmental impact



Based on a carbon footprint and a cradle-to-grave life cycle assessment conducted for six different Easyhaler products. Carbon footprint for one Easyhaler = 0.580 kg CO₂e. API: Active Pharmaceutical Ingredient.

Sustainable packaging design principles

The two main purposes of packaging are to protect products through the supply chain, from the point of manufacture to the pharmacy or end user, as well as to provide product information. Sustainable packaging performs the same functions but has a lower environmental impact than conventional packaging. However, achieving the lowest possible environmental impact can be challenging, particularly when balancing various environmental criteria with other functional and commercial considerations.

In 2021, packaging material experts at Orion created an internal guideline for Orionees to take into consideration the sustainability aspects of packaging development throughout the value chain and product life cycle. The sustainable packaging design principles offer guidance on how to define a sustainable packaging solution and design more sustainable packaging, what requirements are being set for Orion’s sustainability claims, what packaging legislation requirements there are and how to respond to those, and how sustainability in packaging is communicated at Orion.

The internal guidelines are derived from Orion’s packaging sustainability strategy in which communication, co-operation, data, and design

and selection of packaging materials are identified as key drivers for the future of packaging material sustainability.

Sustainable packaging design principles help us to define concrete actions and rank different solutions from a sustainability viewpoint. These include ensuring the recyclability of the packaging material in the intended market, providing patients and consumers with easy-to-understand recycling instructions, using less material if possible and making decisions based on science and data on environmental impacts. Sustainable packaging is defined as being

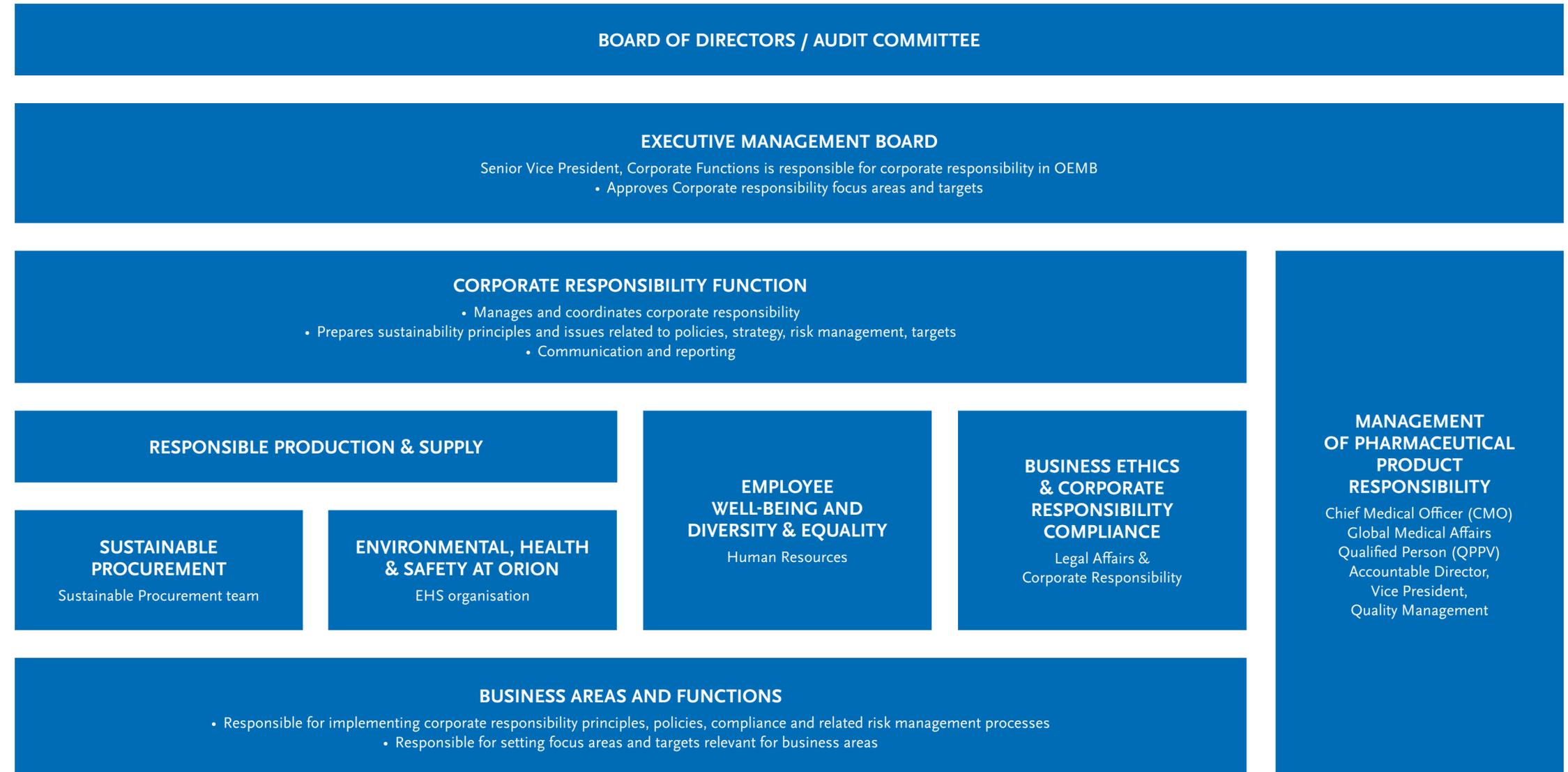
- Beneficial, safe and healthy for individuals and communities throughout its life cycle
- Created to meet market criteria for performance and cost, optimised materials and energy
- Sourced, manufactured and transported sustainably using clean production technologies and best practices
- Designed and manufactured in a way that takes into account the end-of-life
- Recovered effectively from waste streams or incinerated for energy production



Corporate responsibility governance

Orion’s corporate responsibility governance model provides a solid foundation for managing and developing sustainability throughout the company. The Board of Directors oversees all matters concerning sustainability and approves the statutory reporting. Sustainability is led by the CEO and Orion Executive Management Board, and all Orionees have a role to play in ensuring that sustainability is embedded into the business. Key responsibilities and internal stakeholders are presented in the chart beside.

The corporate responsibility function, which belongs to the Corporate Functions organisation, is managed and coordinated by the Head of Corporate Responsibility. Head of Corporate Responsibility reports to the Senior Vice President of Corporate Functions, who is a member of the Orion Group’s Executive Management Board and reports to President and CEO.



HOW ORION CREATES VALUE

INPUTS

FINANCIAL CAPITAL

- Equity, debts and cash

HUMAN CAPITAL

- Over 3,000 professionals

INFRASTRUCTURE & FACILITIES

- 6 pharmaceutical and API production plants in Finland
- R&D operations in Finland, UK & India

INTELLECTUAL CAPITAL

- Patents, trademarks

NATURAL CAPITAL

- Energy
- Fresh water

SOCIAL & RELATIONSHIP CAPITAL

- Suppliers in over 50 countries
- Global partner network for sales

OUR BUSINESS

WE ARE A GLOBALLY OPERATING FINNISH PHARMACEUTICAL COMPANY WITH A MISSION TO BUILD WELL-BEING.

OUR PRODUCTS:

- Human pharmaceuticals
- Self-care products
- Veterinary pharmaceuticals
- Active pharmaceutical ingredients

OUR CORE THERAPY AREAS IN R&D:

- Neurological disorders
- Oncology
- Respiratory diseases

OUTPUTS & IMPACTS

PATIENTS AND CUSTOMERS

- Effective treatments for illnesses and improved quality of life – in Finland and globally
- Self-care products support overall well-being

PERSONNEL

- Wages and benefits
- Employee safety & well-being
- Competence development

SHAREHOLDERS

- Total shareholder return

SOCIETY

- Security of supply of medicines in Finland
- Taxes
- Donations for purposes of public interest
- Investments to R&D and production capacity in Finland
- Medicinal innovations
- Research studies

ENVIRONMENT

- Emissions to air
- Waste
- Carbon neutral Orion by 2030
- Best available technologies for wastewater management in own production plants

VALUE CHAIN PARTNERS

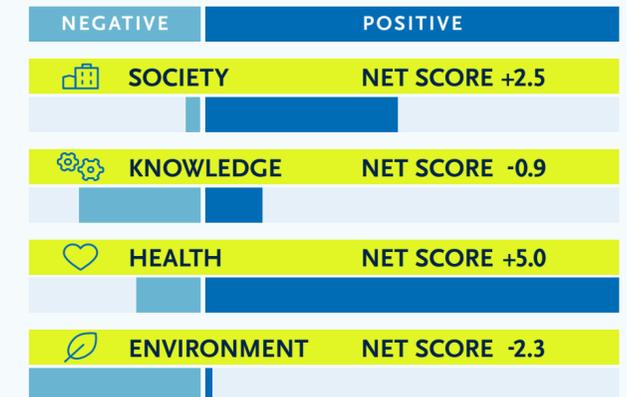
- Purchases in over 50 countries
- Sustainability requirements for suppliers and partners
- Supplier engagement

NET IMPACT

Orion is a company with a significant positive impact on the world

The value Orion's business creates on the world is encapsulated by the **net impact profile**. Here, the bars to the left represent resources used and the negative impacts created while the bars to the right balance the profile out with positive impact achieved with those resources. The profile has been produced by the Upright Project's net impact quantification model.

Overall, Orion's business is highly net positive. The pursuit of our mission to build well-being is visible as our highly positive impact on improving both physical as well as mental health. Through R&D efforts, Orion also creates a wealth of knowledge on new drugs and therapies.



NET IMPACT RATIO +45%

THE UPRIGHT MODEL

The Upright quantification model uses machine-learning based technology to process the knowledge contained in millions of scientific articles and create net impact profiles of companies.

Read more about the model at uprightproject.com



ORION'S STAKEHOLDER INTERACTION

STAKEHOLDER GROUP	EXPECTATIONS	ENGAGEMENT CHANNELS	ACTIONS
PATIENTS AND CONSUMERS 	<ul style="list-style-type: none"> • Effective, safe, high-quality and cost-efficient products • Reliable supply • Product information and guidance to appropriate usage • Improved usability • Responsible production and recyclable packaging materials 	<ul style="list-style-type: none"> • Digital information channels and non-digital forms • Product information, adverse events and quality information channels • Orion call center • Consumer studies and clinical studies 	<ul style="list-style-type: none"> • Development of new medications • Development of new features and instructions for existing products • Supply chain management to ensure reliable supply and sustainability through the value chain • Prioritising production of critical products during COVID-19
CUSTOMERS AND PARTNER SALES 	<ul style="list-style-type: none"> • Good and sustainable business relationships • Effective, safe, high-quality, responsibly produced and cost-efficient products • Reliable supply • Sustainable operations through the value chain 	<ul style="list-style-type: none"> • Interactive partner sustainability engagement process • Digital portals to share information • Stakeholder questionnaires 	<ul style="list-style-type: none"> • Meetings, trainings and dialogue to share sustainability and product knowledge • Responding to customer surveys on sustainability topics • Being an active participant in different networks • Ensuring sustainability through the whole value chain
INVESTORS 	<ul style="list-style-type: none"> • Value creation • Strong financial performance, growth and commercial success • Effective and high-quality products • Sustainability compliance 	<ul style="list-style-type: none"> • Investor meetings and events • Investor communications • Financial and sustainability reporting 	<ul style="list-style-type: none"> • Reliable, transparent, comprehensive and timely communications • Development of R&D processes to support growth • Sustainability risk management and compliance
SUPPLY CHAIN PARTNERS 	<ul style="list-style-type: none"> • Good and sustainable business relationships • Financial performance and ability to meet contract obligations • Sustainable operations through the value chain 	<ul style="list-style-type: none"> • Supplier relationship management process: meetings and liaison between supply chain partners and Orion • Interactive partner sustainability engagement process 	<ul style="list-style-type: none"> • Comprehensive supplier management process • Transparent and timely communications • Development of R&D processes to support growth • Sustainability risk management and compliance • Meetings, trainings and dialogue to share sustainability knowledge and agree on common actions • Supporting the development of our partners' sustainability competencies

STAKEHOLDER GROUP

EXPECTATIONS

ENGAGEMENT CHANNELS

ACTIONS

HEALTHCARE PROFESSIONALS



- Effective, safe, high-quality and responsibly produced products
- Reliable supply
- Reliable and up-to-date information about products
- Latest research and development process of medicines and medical treatments

- Collaboration with healthcare professionals via meetings and trainings
- Digital portals to share information

- Offering information about our products, their appropriate use, and the latest research
- Educating healthcare professionals and healthcare students
- Participating in and supporting research projects
- Supply chain management to ensure reliable supply and sustainability through the value chain

PHARMACIES



- Reliable, balanced and understandable information about our products, their use and disposal
- Effective, safe, high-quality and cost-efficient products
- Reliable supply

- Digital portals to share information
- Face-to-face meetings and dialogue
- Communication and product information materials

- Educating pharmacists, pharmacy staff, and pharmacy students
- Ensuring product availability
- Producing reliable information

AUTHORITIES



- Effective, safe, high-quality and cost-efficient products
- Reliable supply
- Improving public health and legal compliance

- Participating in different boards and working groups, and interacting with authorities to understand their expectations
- Inspections by authorities

- Acting in compliance with laws and regulations and ensuring the reliable supply of medications
- Participating in and supporting research projects

PATIENT ORGANISATIONS



- Cost-efficient and high-quality medicines that are available when needed and improve patients' quality of life
- Supporting and co-innovating with patient organisations
- Improving patient compliance and adherence to treatment

- Collecting patient insight and feedback from patient organisations
- Participating in different boards and working groups

- Supporting and collaborating with selected patient organisations to develop innovative and meaningful solutions that improve patients' quality of life
- Offering knowledge and material about our products

EXISTING AND POTENTIAL EMPLOYEES



- Meaningful work opportunities and personal development
- Working for the well-being of the environment, people, and society
- Occupational safety and well-being in work
- Fair and equal treatment

- Collecting employee feedback regularly with Pulse Survey
- Collecting expectations and needs on individual competence and career development in an annual review process
- EHS platform to collect safety observations and improvement suggestions

- Setting targets, development plans and actions based on Pulse Survey results
- Various training opportunities for personal development
- Continuous development of sustainability
- Programme to develop safety culture in Orion
- Actions to support work well-being

Memberships and commitments

Memberships in industry associations and advocacy organisations

- Chemical Industry Federation of Finland/Confederation of Finnish Industries, EK
- International Chamber of Commerce, Finnish Section
- Helsinki Region Chamber of Commerce
- Finnish Health Technology Association (FiHTA) / The Federation of Finnish Technology Industries
- The Association for Finnish Work
- Excellence Finland
- CEFIC (European Chemical Industry Council) and its sub-organisation APIC (Active Pharmaceutical Ingredients Committee – Cefic)
- FIBS, sustainability network in Finland
- Pharmaceutical Supply Chain Initiative, PSCI
- AnimalHealthEurope

Commitments to external initiatives

- Responsible Care programme of the chemical industry
- Finnish Energy Efficiency Agreement for Industries 2017–2025
- Pharmaceutical Supply Chain Initiative (PSCI)

External recognitions

Orion Group was awarded with a silver medal recognition of sustainability achievement and was rated among the top 13% of all companies in the EcoVadis rating in 2021. EcoVadis is one of the world's leading sustainability ratings, which covers holistic sustainability topics including environmental, labour and human rights, ethics and sustainable procurement impacts.

Orion reports to CDP, a not-for-profit charity running the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. In 2021, Orion received ratings B for Climate Change and B- for Water Security on a scale of A to D-.

We have been a member of the globally recognised FTSE4Good Index since 2016. The companies in the index have been independently assessed to meet the FTSE4Good criteria. The FTSE4Good Index Series is designed to measure the performance of companies with strong environmental, social and governance (ESG) practices.



FTSE4Good



Patient safety as a priority

Patient safety is our guiding value at Orion and a fundamental priority in everything we do. It is integrated into all our processes throughout the value chain because it is something we do not compromise on.

We provide patients with products that are effective, safe to use and of high quality. We ensure patient safety through the rigorous management of our operations, our upstream and downstream supply chain, and by continuously monitoring adverse effects or quality issues over the course of a product's life cycle.

[▶ READ MORE](#)

PATIENT SAFETY AS A TOP PRIORITY 2021



COLLABORATION TO ENSURE PATIENT SAFETY...24

Our well-being professionals put their expertise in ensuring patient safety and it is the cornerstone of our daily operations. We continuously monitor the safety of our products in collaboration with authorities and take immediate action when necessary.

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REMOTE AUDITS...25

Some inspections and audits were carried out remotely due to the COVID-19 restrictions in place at manufacturing sites. As a result of efficient remote auditing, the number of audits in a year recovered to a similar level as before COVID-19.

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PREPARING FOR NEW EU REGULATIONS...25

In 2021, several safety and regulatory-related processes were updated and further improved by Orion to comply with the new Veterinary Medicinal Product Regulation which entered into force on January 2022. The regulation will modernise the rules on the authorisation and use of veterinary medicines in the European Union and it contains several new measures for increasing the availability and safety of veterinary medicines.

[› READ MORE](#)



RELIABLE SUPPLY...27

The pharmaceutical product availability in Finland increased to 98%. This means that we were able to meet the market needs for medicines and ensure a reliable supply also in 2021. We followed the development of the COVID-19 pandemic closely and adjusted our operations accordingly and promptly.

[› READ MORE](#)

Quality management

We give the highest priority to safety, quality and sustainability in our everyday work and throughout the entire product life cycle – from R&D through manufacturing to distribution and patient use. The guiding principles of the quality standards of our entire supply chain are based on full compliance with EU-regulated good operating practices in all operations. When marketed outside the EU area our products also fulfil the local requirements.

Compliance with applicable regulations, health, safety and environmental standards, ethical principles and Orion values, is maintained in all operations. This is ensured through a responsible sourcing and procuring of goods and services, as well as regular monitoring, auditing, measuring and analysing of Orion’s operations and those of third parties.

A quality management system provides the framework for establishing and reviewing quality objectives. Our management is committed to comply with the requirements and maintain effectiveness. Orion’s Quality Policy is communicated and implemented through a comprehensive Standard Operating Procedure system in everyday work.

Patient safety and pharmacovigilance operations

Our duty is to monitor the safety of our products throughout their life cycles, from the early stages of

R&D until the product is no longer available on the market. This is done via pharmacovigilance activities. They relate to monitoring the effects of medicinal products to identify, evaluate and prevent previously unidentified adverse reactions and safety concerns. The purpose is to ensure safe use of the products by mitigating potential risks.

Several functions of our company are involved in the pharmacovigilance processes, coordinated by the Global Pharmacovigilance and Patient Safety unit, which is located at our headquarters. Trained and qualified experts are responsible for assessing and managing the benefit-risk balance of our products. Our pharmacovigilance operations and quality management system comply with international regulatory requirements and guidelines.

We prepare a Risk Management Plan (RMP) for all new medicines. It describes what is known and unknown about the medicine’s safety and states what measures will be taken to prevent or minimise its risks. The measures are product-specific and may include additional materials or educational programs for healthcare professionals, patient alert cards and risk-specific additional product information to ensure the safe and correct use of the product. A RMP is maintained throughout the product’s life cycle.

All data concerning the safety of our products is collected into a centralised assessment, and

continuously monitored and reported to regulatory authorities. Information is collected from various sources throughout the product life cycle, such as from clinical trials, spontaneous reports and feedback from healthcare professionals, the literature, regulatory authorities and patients, regarding any adverse effects, medication errors, and interactions or overdoses.

Alongside the regulatory authorities, we evaluate the collated information to detect safety signals that may affect the benefit-risk balance of our products. In addition to continuous signal detection procedures, we periodically review the cumulative data. These Periodic Safety Update Reports are prepared and submitted to the regulatory authorities.

We work closely with authorities to evaluate the safety of our products and the balance between risks and benefits. When necessary, we take action to ensure patient safety, for example by updating the information in the product summary and package leaflet, providing information or training to healthcare professionals, adding contraindications, precautions or warnings to the product information, or discontinuing sales. These processes ensure that both prescribing physicians and patients always have up-to-date information on the safe use of our products.

“A quality management system provides the framework for establishing and reviewing quality objectives.”

One part of the pharmaceutical quality system is that there is an effective recall process in place. Whenever a product defect is detected or suspected, a proper medical risk assessment is performed to evaluate the necessary measures. The most important driver for the assessment is to ensure the patient's safety. Based on the assessment, a recall may be proposed to authorities who make the final decision on the recall.

Changes in the regulatory environment and continuous improvement

The new European Medical Device Regulation (Regulation (EU) 2017/745) became applicable in May 2021. As part of its implementation, Orion's post-market vigilance has been reviewed and updated to meet the new requirements. The purpose of the Medical Device Vigilance System is to improve the protection of the health and safety of patients, healthcare professionals, and other users of medical devices, by reducing the likelihood of reoccurrence of incidents related to the use of a medical device.

The Veterinary Medicinal Products Regulation (Regulation (EU) 2019/6 adopted in December 2018) modernised the rules on the authorisation and use of veterinary medicines in the European Union when it entered into force on January 28, 2022. It contains several new measures to increase the availability and

safety of veterinary medicines. In 2021, several safety and regulatory processes were updated and further improved by Orion to comply with the changing requirements. At the EU level, the implementation of the new regulation will further improve the processes for evaluating and protecting the safety of animals and veterinary medicinal products.

Medicine information

At Orion, we ensure patient safety by sharing accurate and up-to-date information on the use, storage and safety of our products via our marketing and corporate communication channels. This is done by adhering to laws and the commonly adopted industry codes.

Pharmaceutical products may only be sold and used under a product-specific marketing authorisation granted by a pharmaceutical regulatory authority. A summary of the product's characteristics determines the facts that are shared with healthcare professionals and included in product-specific package leaflets. The package leaflets provide instructions and information for patients using the medicine. Our regulatory teams work closely with authorities and Orion's experts to ensure that our product information is accurate and up-to-date.

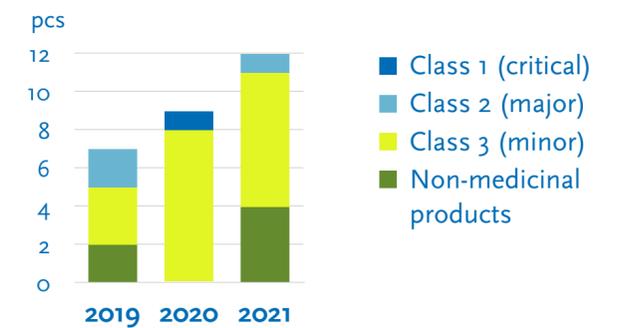
Besides informing patients about the contents of the product, the main role of pharmaceutical product packaging is to protect the product on its journey

from the manufacturer to the patient. Usability is also an important part of our packaging solutions. Examples of improving the usability of packaging are child-proof closures or closures that help the opening process for elderly and rheumatic patients.

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 or the marketer in any communication about the product must always fully conform to the registered product information for a valid marketing authorisation.

Adherence to treatment is an important aspect of ensuring the effectiveness of medication. In addition to collaborating with healthcare professionals and patient organisations to encourage and instruct them in the proper use of medications, we are looking into new ways to support adherence to treatment. One example of new ways to support adherence to treatment, which began in 2020 and continued in 2021, was the renewal of the packaging leaflets of our Easyhaler dry powder inhaler products, including new features to support the correct use of the device.

Product recalls



Defects identified in medicinal products are classified as critical, major 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 (major): product defects which may be harmful to the users or may affect medical treatment but which are not included in Class 1.

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

Quality

The COVID-19 pandemic still had a significant influence on the auditing programme in 2021. Some inspections and audits were carried out remotely due to the restrictions in place at manufacturing sites. Similarly, some supplier audits conducted by Orion were either postponed or performed remotely. As a result of efficient remote auditing, the number of audits in a year recovered to a similar level as before COVID-19.

As of September 2019, the European Medicines Agency (EMA) has advised pharmaceutical companies on measures to avoid nitrosamines in human medicines. Nitrosamines are chemical compounds classified as probable human carcinogens. EMA has assessed the risk of nitrosamine formation or presence during the manufacture of human medicines and has provided guidance to avoid the presence of nitrosamine impurities. Updated information and enquiries were received from authorities in 2021 and we have acted accordingly.

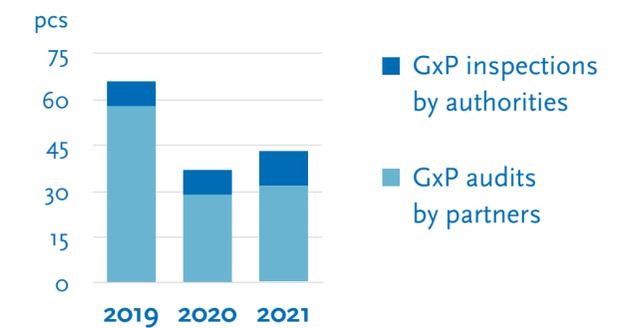
Counterfeit medicines

Counterfeit medicines pose a serious challenge globally as they have not been checked for quality, safety or efficacy. Counterfeit medicines are often disguised as authentic but may be contaminated, contain wrong or substandard quality ingredients or come in the wrong dosage.

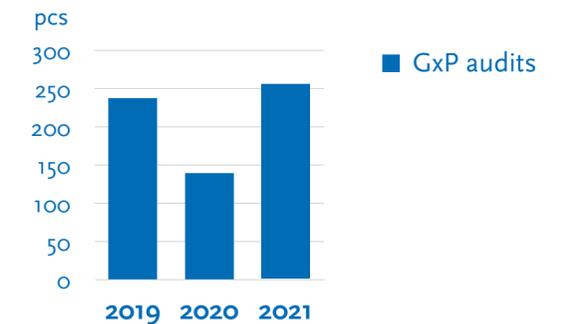
Serialisation requirements in Europe mean that all individual prescription human medicines must be traceable throughout the value chain. In practice, all pharmaceutical packaging must include a unique identifier so that a sales package can be traced all the way back to the production plant and production line. In addition to including a serial number and a product code, prescription medicine packaging is also sealed so that the customer can be sure its contents have not been compromised. Serialisation requirements are also in force in countries outside Europe, for example in China, the USA, South Korea, Saudi Arabia and Turkey.

In addition to complying with serialisation requirements, we aim to take action against counterfeit products when needed to minimise the threat to public health and help ensure the integrity of Orion products. We work with authorities to help protect our drug supply from the threat of counterfeit products and train our internal and external stakeholders about counterfeit medicines. Our goal is to understand the needed steps to recognise and avoid counterfeit products. This is done by building a robust trademark portfolio and other protective legal measures.

Audits conducted to Orion



Audits conducted by Orion



Reliable supply

Orion aims for a high service level at all times and a secure supply throughout the value chain, starting with the drug precursor. We were able to meet the market's need for medicines and ensure a reliable supply also in 2021. The COVID-19 pandemic has caused disruptions in the supply chain and affected the availability and pricing of logistics and raw materials. We continued to follow the development of the pandemic closely and adjusted our operations accordingly and promptly. During 2020–2021, we ensured a reliable supply of medicines by, for example, prioritising the production of critical medicinal products and working closely with our suppliers.

Since the beginning of the pandemic, we have secured our production operations and quality assurance through many actions such as minimising all non-essential contacts in production and quality management, for example, by arranging for extensive remote work, minimising external visits to production sites, keeping safe distances and maintaining good hygiene. These preventive actions continued during 2021. Production and quality management could operate at full capacity and with a good service level throughout the year.

We proactively evaluate risks throughout the value chain and build collaborative relationships with our suppliers to ensure that risks to the whole supply chain are minimised beyond tier-1 suppliers.

Proactive risk management continued to be crucial in 2021 when ensuring the availability of raw and starting materials and externally sourced ready-made products were disrupted due to the global pandemic. The collaboration with suppliers aims to reduce risks and ensure an expected service level in accordance with targets that have been commonly agreed on with suppliers. Securing alternative suppliers of products and materials is also part of our risk management meant to guarantee an uninterrupted supply of medicines. We also minimise the risk of capacity shortage in the distribution of medications by ensuring the availability of alternative means of distribution. We also relaxed our targets of inventory levels to fulfil both market and patient needs.

As we see an increased risk with the availability and consistent supply of selected raw materials, Orion is looking into alternative materials and suppliers of all our secondary packaging materials. Overall performance and sustainability aspects are considered when selecting alternative materials. Lead times and availability are secured with the efforts to identify and supply alternative secondary packaging materials.

Orion is an important part of the healthcare chain in Finland and has an important role in Finland's security of supply. We are the only Finnish producer of commercial APIs, a major producer of medicines with the largest portfolio in the country, and the

sole producer of several medicines. About 70% of our net sales are generated by products made in Finland. We play a significant role in providing Finnish households with pharmaceuticals, even and especially in exceptional circumstances. In the year 2021, the pharmaceutical product availability in Finland increased to 98% (96%).

“In the year 2021, the pharmaceutical product availability in Finland increased to 98% (96%).”

MANAGEMENT OF PATIENT SAFETY

MANAGEMENT APPROACH	Patient safety is our guiding value and fundamental priority. Integrated into all functions and processes throughout the value chain.
MATERIAL DISCLOSURE TOPICS	Material Orion topics: <ul style="list-style-type: none"> • Pharmaceutical product availability in Finland • Audits conducted to Orion • Audits conducted by Orion • Product recalls
POLICIES AND COMMITMENTS	Relevant legislation and regulatory authorities' instructions. Guidelines and principles determined in our Pharmaceutical R&D Ethics Policy and internal guidelines (conform to the WMA Declaration of Helsinki and internationally adopted codes of our industry).
GOALS AND TARGETS	To ensure patient safety and the reliable supply of medications.
RESPONSIBILITIES AND RESOURCES	<ul style="list-style-type: none"> • Chief Medical Officer: carries the primary responsibility for the Company's medical governance and medical ethics. • Global Medical Affairs, in collaboration with the Global Commercial Operations: responsible for our compliance with the legal requirements concerning the marketing of pharmaceuticals in all countries where we are present. • Qualified Person responsible for pharmacovigilance (QPPV) (in Orion Director, Global Pharmacovigilance and Patient Safety): responsible for the establishment and the maintenance of the pharmacovigilance system of the marketing authorisation holder. • The Accountable Director (in Orion Vice President, Quality Management): primarily responsible for our medicinal products being manufactured the correct way and that the quality requirements are being met. Qualified Persons in our Quality Assurance organisation: responsible for reviewing all data for each product batch before product release, as well as the certification, to ensure that the batch fulfils all requirements as defined in the marketing authorisation and the GMP. • The Accountable Director at Fermion: primarily responsible for active pharmaceutical ingredients being manufactured the correct way and that the quality requirements are being met. Active pharmaceutical ingredient batches released for sale by independent Quality Assurance departments at each of Fermion's production sites.
GRIEVANCE MECHANISMS	Monitoring of the safety of products, feedback collected from customers, benefit-risk assessments carried out throughout the product life cycle. Adverse events, quality complaints or other product related safety problems reported through Orion's global pharmacovigilance and quality operations at HQ, locally through subsidiaries and wholesalers and through licensing partners globally. All employees obliged to inform the Global Drug Safety function about any adverse effect events they have become aware of.
EVALUATION OF MANAGEMENT APPROACH	The health authorities monitor and assess our R&D, supply chain and pharmacovigilance operations. Our operations frequently inspected in the countries our products are used. <ul style="list-style-type: none"> • Our customers and partners audit us • We audit our subcontractors and suppliers • Internal inspections • Management reviews as an integral part of our quality system



Active work for a better environment

At Orion, we invest in environmental responsibility throughout our products' life cycles. Our business's most significant environmental impacts come from the use of materials, energy and water. The emphasis in environmental management is on the efficiency of materials and energy use, emissions into the air, wastewater and procedures for selecting and managing suppliers and partners.

[▶ READ MORE](#)

ACTIVE WORK FOR A BETTER ENVIRONMENT 2021

DEVELOPMENT OF ENVIRONMENTAL MANAGEMENT STRUCTURE...34

We began reassessing and developing our environmental management structure to strengthen the management of environmental responsibility across the value chain. We examined the main challenges, expectations, and points of development of the management of environmental responsibility along the product life cycle.

[▶ READ MORE](#)

CARBON-NEUTRAL ORION 2030...35

In 2021, Orion decided to set a more ambitious target for reducing its greenhouse gas emissions with the new goal of achieving carbon neutrality in its own operations (scope 1 and 2) by 2030. The achievement of our intermediate target, a reduction of 75% by 2025 from 2016, is progressing well. We have made an action plan to reach these targets.

[▶ READ MORE](#)



VALUE CHAIN EMISSIONS CALCULATIONS...35

In 2021, the assessment of Orion's value chain emissions (scope 3) was finalised. In the initial estimation, all fifteen scope 3 categories were considered, and the largest emission contributors were defined. Scope 3 emissions represent the majority, 96%, of Orion's total GHG emissions. The assessment reveals that purchased goods and services as well as capital goods make up most of the scope 3 emissions, with transportation and distribution and waste constituting the next largest shares.

[▶ READ MORE](#)

ENERGY EFFICIENCY PROGRAMME...35

Of the Energy Efficiency Programme target for 2025, 114% is now achieved and we continue to advance the program. The single largest energy saving project was implemented in Turku, where a new heat pump plant was commissioned. The plant produces heating and cooling for the factory from outdoor air as well as from the factory's waste heat.

[▶ READ MORE](#)

Pharmaceuticals in the environment

We focus in particular on pharmaceutical residues in the environment, and we are committed to increase our knowledge in this area.

Pharmaceuticals may end up in the environment in various ways due to effluents from manufacturing facilities, medicines consumed by patients and then excreted, or the improper disposal of unused and expired medicines.

Our comprehensive approach to understanding the potential environmental impact of our products is based on life cycle thinking. We evaluate the effects of our products' life cycle from R&D and manufacturing to distribution for use and proper waste management. Starting with the product development stage, we make an environmental risk assessment of all new products, as required for market access. The environmental risk assessment identifies any risks that the substances in the products may cause when they are released into nature and ways to prevent these risks in our operations. We constantly evaluate the environmental impact of our production; when manufacturing active pharmaceutical ingredients, green chemistry is the goal.

Reducing the environmental impact of the production of pharmaceuticals and controlling risks at factories is essential. We have succeeded in significantly reducing our pharmaceutical residues from production by developing our wastewater

management system a few years ago. This process is based on a separate drainage system, where wastewater containing compounds unsuitable for a biological treatment plant or posing a risk of environmental impact, is separated from the rest of the wastewater. The high-risk wastewater is led to special tanks and treated appropriately. The excess water is evaporated as efficiently as possible, and the residues are incinerated responsibly as hazardous waste.

Being responsible does not only mean always improving our operational processes on site but also being committed to managing the sustainability of our global supply chain rigorously. We have set strict requirements ensuring that materials are only purchased from responsible suppliers. Pharmaceutical residues in the environment is a criterion considered in the procurement process. We do this via self-assessment questionnaires, risk-based sustainability audits, and corrective actions that suppliers agree to and that will be followed up on later. Further information on our responsible supply chain management is available in the **External supply chain** section of this report.

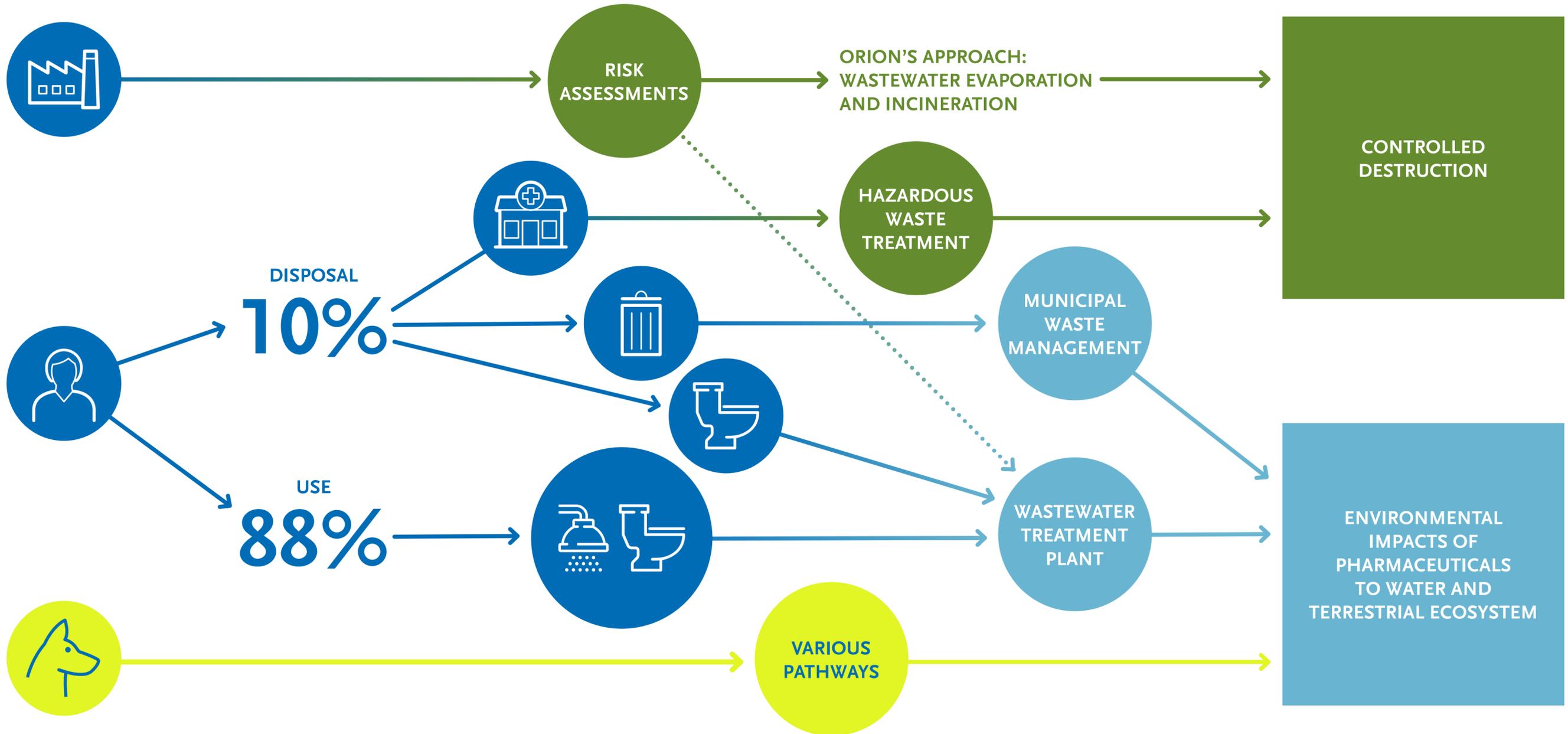
Most pharmaceutical residues in the environment are caused by the use of medicines. They end up in the environment as excretion and via wastewater from showers. Our main focus is to provide patients with effective and safe medicines, and medicines

only help patients if taken by prescription. The issue is complex: medicines are an integral part of human and animal well-being, but they clearly impact the environment.

“Our comprehensive approach to understanding the potential environmental impact of our products is based on life cycle thinking.”

PHARMACEUTICALS IN THE ENVIRONMENT

PRODUCTION
2%



HUMAN PHARMACEUTICAL USE

VETERINARY PHARMACEUTICAL USE

Proper use of medicine

Guidance on the proper use of medicines is an important part of environmental responsibility in the pharmaceutical industry, as it entails reducing misuse of medicine. Our sales professionals and other personnel advise healthcare professionals to ensure products are used correctly. They also advise healthcare professionals to prescribe new medicines using smaller packages, reducing pharmaceutical waste. Orion aims to use its influence to reduce pharmaceutical waste by increasing awareness on and encouraging the responsible use of medicines.

In addition, Orionees working on package design take package size and product shelf life into account to reduce the amount of unused or expired medicines. The packaging protects the product and prevents the drug from being released into the environment. It also contains important information about the drug, including instructions on how to use, store and dispose of it. Our goal is to continuously improve the sustainability performance of our product packaging. Sustainability aspects are considered in the packaging development; we optimise performance, costs, raw materials and energy use by harmonising carton sizes and reducing the space used for transport and warehousing. When possible, we switch to more sustainable materials and packaging solutions.

In 2021, we published our sustainable packaging strategy for 2021–2026. The strategy rests on four cornerstones: sustainable packaging design principles, communication, cooperation and data. The strategy helps us to develop the sustainability of our packages strategically throughout the value chain. For more on this, read the [Sustainable packaging design principles](#) case text of this report.

Expired or unwanted products should be returned to the pharmacy to be disposed of properly. Improper disposal will create a major environmental load. To minimise the environmental impact at this stage of the product life cycle, we cooperate with pharmacies and other healthcare professionals. We continuously increase awareness among consumers and healthcare professionals on the appropriate ways to recycle and dispose of packages and medicines. In 2021, we reran the local Lääkkeetön Itämeri (Drug-free Baltic Sea) campaign in Finland together with other stakeholders, to raise awareness of the importance of returning expired or unwanted medicines to pharmacies for proper disposal.

Medication disposal schemes used to prevent pharmaceuticals from ending up in the environment may vary from country to country. To ensure the safe, effective and compliant take-back of our products in the US, Orion is a member of Pharmaceutical Product Stewardship Work Group and is participating in several Medication Education and Disposal (MED)

projects in different states. MED-projects develop, implement and operate take-back programs for unwanted household medicines and provide public education on proper usage, storage and disposal of medicines.

Veterinary use is also a source for pharmaceuticals in the environment. Antibiotics are life-saving medicines and the cornerstone of managing bacterial infections, but widely overused and misused in both people and animals. The inappropriate use of antibiotics leads to antimicrobial resistance (AMR). As a result, antibiotics become ineffective, and it has become difficult to cure previously treatable infections. The WHO characterises AMR as one of the world’s biggest threats to public health. Our work to reduce drug residues in the environment applies to antibiotics as well. In this context, we have a useful product to fight antimicrobial resistance. For poultry, Orion’s portfolio includes Broilact®, a unique Competitive Exclusion (CE) product providing a refined selection of bacteria that establishes and develops a healthy adult microflora in the intestines of chickens, turkeys, geese, pheasants, quails and partridges. Increased awareness of the need to restrict antibiotic use in poultry has increased the interest in this product.

We collaborate with stakeholders to share knowledge, learn from others and develop solutions. We are taking part in the Sustainable Drug Discovery and

Development with End-of-Life Yield (SUDDEN) project, a multidisciplinary research consortium dedicated to reducing the environmental impact of pharmaceuticals and supporting sustainable growth in the pharmaceutical industry.

Environment, health and safety (EHS) management

Orion’s environmental efforts are guided by our EHS policy. The operating model for our environmental management and energy efficiency activities follows the principle of continuous improvement. The practices applied in the management and development of environment and energy efficiency are determined in the Group’s EHS management system, built upon the principles set out in the ISO 14001, ETJ+ and ISO 50001 standards.

In 2021, we began reassessing and developing our environmental management structure to strengthen the management of environmental responsibility across the value chain. We examined the main challenges, expectations and points of development of the management of environmental responsibility along the product life cycle. The development work continues in 2022.

The underlying integrity of Orion-branded products is fundamental. Orion’s responsibility covers the entire supply chain regardless of where the raw materials and products are manufactured. We ensure that we meet the requirements of the environmental management principles by undertaking training, systematic implementation and improvement, continuous monitoring of our progress in addressing potential impacts, and more. We also engage with our suppliers to create positive effects

in our value chain. Learn more about this in the **External supply chain** section of this report.

Our factories must comply with Orion’s policy and regulatory requirements. Our EHS professionals evaluate environmental risks, provide subject matter expertise and assess the design and effectiveness of our environmental management. EHS risk assessments, internal EHS audits and annual management reviews are used to ensure continuous improvement. EHS information system enables Orionees to report environmental observations for which appropriate corrective action may be taken. The execution and progress of corrective actions are monitored via the EHS information system.

Environmental disclosure is an important part of our commitment to transparency. Data is an asset, which enables continuous improvement. Monitoring and measuring our environmental performance are vital elements in managing sustainability. In 2021, we continued to develop our EHS-reporting processes and tools.

“In 2021, we began reassessing and developing our environmental management structure to strengthen the management of environmental responsibility across the value chain.”

The journey to a carbon-neutral Orion

Climate change is a relevant risk globally and, therefore, also for Orion’s operations. Orion has worked for years to reduce its carbon footprint with systematic targets and plans. In 2021, Orion decided to set a more ambitious target for reducing its greenhouse gas (GHG) emissions with the new goal of achieving carbon neutrality in its operations (scope 1 and 2) by 2030. The achievement of our intermediate target, a reduction of GHG emissions by 75% by 2025 from 2016, is progressing well.

GHG emissions are reduced mainly through energy efficiency measures and by utilising renewable energy sources. A large part of planned emission reduction measures focus on increasing the proportion of heat and steam produced using renewable energy. This calls for future investments in changes in steam production, such as the transition from natural gas and heavy fuel oil to renewable energy sources. In 2021, 62% of our energy (electricity, district heat and steam) came from renewable sources.

By the end of 2021, we have reduced our GHG emissions by 54% compared to 2016. In 2021, the GHG emissions of our operations increased slightly compared to the previous year due to a combination of increase in energy consumption and the fluctuation of emission factors of purchased energy and fuel. Despite this we are on the right path and are systematically taking steps towards our 2030 target, and these concrete measures will

enable Orion to reduce the carbon footprint of its operations. Besides implementing ambitious concrete emission reduction measures, Orion will compensate for the remaining carbon footprint necessary for the continuation of its business operations until 2030.

Energy efficiency

To reach our carbon neutrality 2030 target, we continue to systematically implement energy efficiency projects meant to reduce our use of purchased energy and GHG emissions. According to our plan, we intend to apply the best solutions from across the Group and to find new innovative methods to further improve energy efficiency.

Orion is committed to the Energy Efficiency Programme for the members of the Confederation of Finnish Industries (EK). The programme is based on the strict requirements of the EU Energy Efficiency Directive, and the savings target for 2025 is 7.5% of the energy consumption in 2016. For the Orion Group, the target means a saving of slightly over 12 GWh by 2025.

Orion achieved energy savings in 2021 by renewing lighting into LED lamps in Espoo and Oulu, enhancing its dust extraction system, and demolishing unused premises in Turku, and changing the operating times of the air-conditioning system in Kuopio. The single largest energy-saving project was

implemented in Turku, where a new heat pump plant was commissioned. The heat pump plant produces heating and cooling for the factory from outdoor air and from the factory’s waste heat. Of Orion’s Energy Efficiency Programme target for 2025, 114% is achieved and we will continue to advance it.

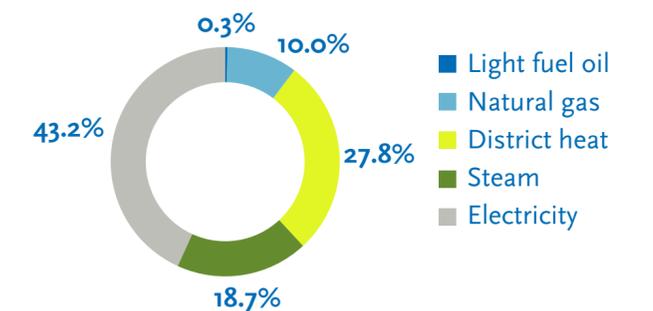
Value chain emissions

As a sustainable company, we proactively work to maximize the benefits and minimize the negative impacts of our business along the value chain. In addition to being committed to carbon neutrality in our own operations, we have been strengthening our competences to assess climate impacts of our value chain. This is particularly important to enable us to identify where reduction efforts should be focused to promote carbon neutrality throughout the value chain. To build up competences, Orion has conducted a product-specific life cycle assessment of the environmental impact, including the carbon footprint of its dry powder inhaler. The life cycle assessment provides detailed information on how much of the carbon footprint is accumulated in the product’s value chain, and in which parts of the value chain the footprint is generated. According to the assessment, a large part of the emissions stem from the supply chain outside the company’s operations. Therefore, understanding the greenhouse gas emissions from the value chain is particularly important.

Greenhouse gas (GHG) emissions



Energy consumption, %



In 2021, to deepen our understanding, the assessment of Orion's value chain emissions (scope 3) was finalised. See results from the **Key Figures** section of the report. In the initial estimate, all fifteen scope 3 categories were considered, and the largest emission contributors were defined. Scope 3 emissions represent the majority, 96%, of Orion's total GHG emissions. For some categories, Orion's suppliers were able to provide specific information on scope 3 emissions. For other, spend-based and volume-based emission factors and estimates were used. The result of the assessment excludes some categories, which are not applicable to our operations, or which we have considered not to be significant to the overall emissions.

The scope 3 assessment excludes all emissions that have been avoided in Orion's value chain. Orion's waste treatment results in avoided emissions as the energy generated during waste incineration is utilized and waste materials are recycled when possible.

The assessment revealed that purchased goods and services and capital goods make up most of

the scope 3 emissions, with transportation and distribution and waste generation constituting the next largest shares. In 2021, we did not set greenhouse gas emissions targets and a base year was not established for scope 3 emissions. In 2022, we will assess the biggest impacts identified in greater detail and define the roadmap to reduce our value chain greenhouse gas emissions.

Part of Orion's fleet in Finland, 33 vehicles, use renewable diesel. As a result, we reduced our emissions by 39,590 kg CO₂¹. About 130 employees in Finland had a company car as an employment benefit in 2021. The average time a company car remains in service is about four years. The average CO₂ emissions of the entire fleet in 2021 was 107 (124) g/km.² In Espoo, we also offer our employees the opportunity to charge electric and hybrid cars in our parking lot. In 2021, 352,397 (125,000) kilometres were charged, and 49.5 (18) tonnes of CO₂ emissions avoided.³

Other emissions

In our operations, we control the volatile organic compound (VOC) emissions. Strict limits concerning

VOC emissions from the use of solvents can be found in the local environmental permits for our manufacturing plants. In 2021, our VOC emissions totalled 75 tonnes (95 tonnes). Fermion's operations account for circa 96% of our total solvent consumption. In Oulu, VOC emissions are treated in a facility that operates according to cryogenic principles, and the vaporised solvents are recondensed into liquid form with the help of liquid nitrogen. In Hanko, VOC emissions are treated by our partner. VOC emissions from the pharmaceutical manufacturing operations in Espoo and Turku originate mainly from ethanol, which is used as the primary solvent in tablet-coating processes and in the manufacturing of tablet masses.

Environmental investments

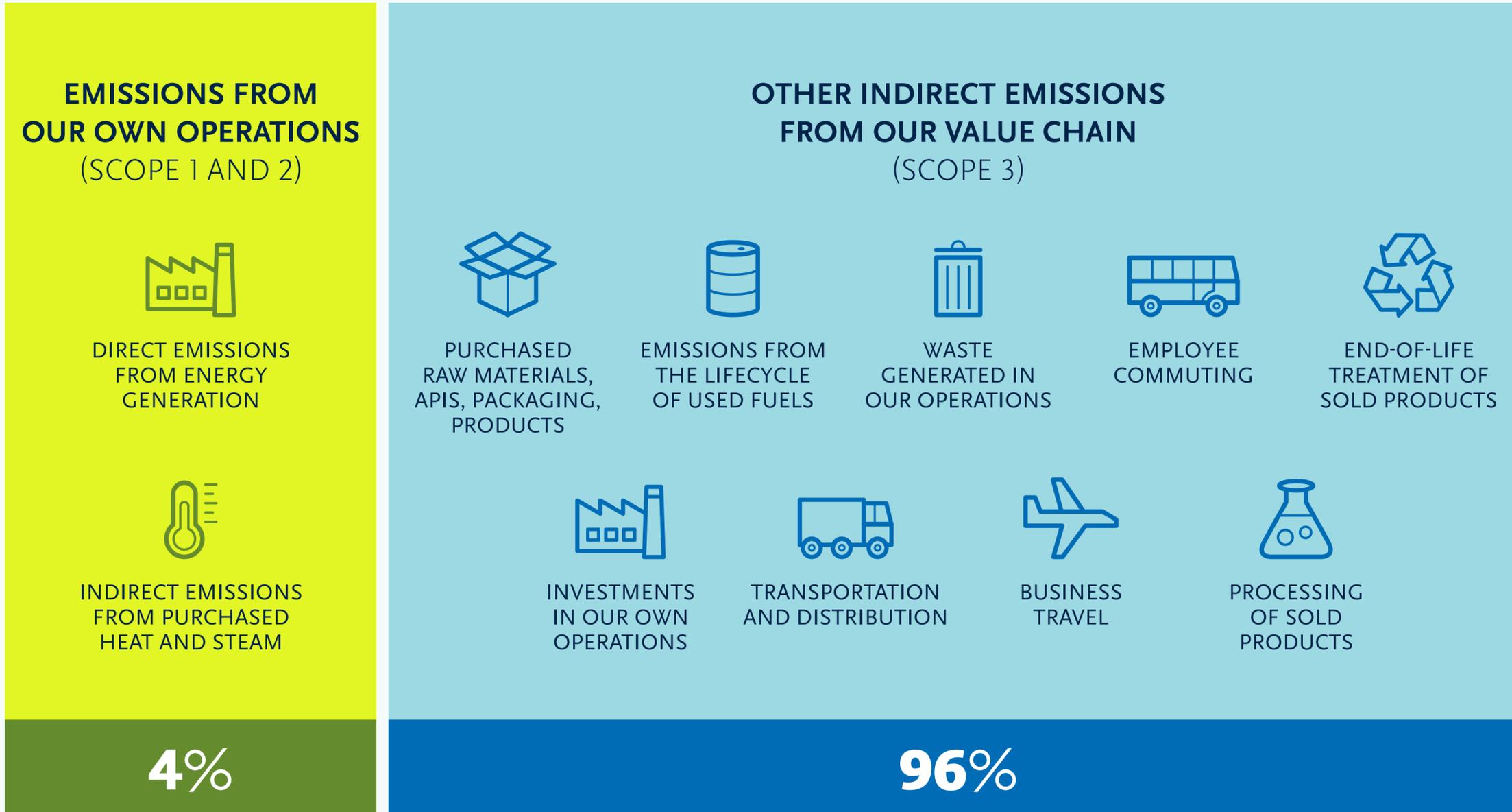
In 2021, our environmental investments came to about EUR 3.4 (1.0) million, of which majority were energy efficiency investments. We also invested in projects to improve the efficient and safe use of materials, consumption of water, and management of effluents, waste and emissions.

¹ CO₂ emissions reduction information provided by supplier.

² CO₂ emissions information provided by supplier.

³ Charged kilometres and CO₂ emissions avoided based on information provided by supplier.

CARBON FOOTPRINT OF ORION



GHG emissions, tonnes

	2021
Scope 1 and 2 GHG emissions total	20,563
Direct emissions from energy generation	4,403
Indirect emissions from purchased heat and steam	16,160
Scope 3 GHG emissions total	554,140
Raw materials, active pharmaceutical ingredients, packaging, products (purchased goods and services)	428,260
Investments in our production facilities (capital goods)	43,590
Emissions from the lifecycle of used fuels (fuel and energy related activities)	3,470
Upstream transportation and distribution	34,210
Waste generated in operations	13,300
Business travel	170
Employee commuting	2,610
Downstream transportation and distribution	18,750
Processing of sold products	1,460
Use of sold products	5,260
End-of-life treatment of sold products	440
Downstream leased assets	2,620



“Carbon dioxide emissions will be reduced by around 1,000 tonnes every year as Orion’s facility in Turku will produce heating and cooling using its own heat pumps.”

Award-winning local heating network reduces carbon emissions in Turku

Orion is advancing towards its target of becoming carbon-neutral by 2030 with several actions – both big and small. One of our greatest leaps has been the recovery and reuse of our own waste energy. At Orion’s manufacturing site in Turku, the district heating network has been separated into its own local heating network. A heat pump plant, which consist of three large heat pumps, generate both heating and cooling for Orion’s site. In addition, a large module collects heat from the outdoor air. The manufacturing facilities in Turku are now being heated and cooled using the site’s local heating plant and waste heat.

Introduced in early summer 2021, the plant periodically produces all the heat needed for the facilities and utilises waste heat. Waste heat means excess heat, which is generated when the premises are cooled. It enables us to produce around 1 MW of heating and 200 kW of cooling for our needs. This heat energy would heat 850 detached houses per year.

In October 2021, the local heating network at the Turku site won the award for best heat pump project in the Decarbindustry series in the European Heat Pump Association’s (EHPA) competition.

The new local heating plant in Turku is able to replace as much as two-thirds of purchased district heating. Therefore, it is a significant factor in reducing Orion’s carbon dioxide emissions, and at the same time significantly reduces the annual energy costs.

Materials and waste

We map the flow of materials throughout our production to identify opportunities for improvements. We also work closely with our partners to identify opportunities to reuse or recycle our materials. Active pharmaceutical ingredient manufacturing in Fermion accounts for most of our material usage. Of the materials used, solvents have the largest volume. They are regenerated and reused by Fermion.

Regenerated solvents can be reused in steam generation and in certain production processes. Reusing solvents contributes to material efficiency and thus helps us reduce the environmental impacts of our operations. Due to the strict quality requirements of manufacture of pharmaceuticals, our ability to recycle materials in our operations is limited to Fermion's solvents. In 2021, Fermion was able to recycle 2,174 (2,399) tonnes of used solvents back into production, accounting for 31% of the Group's total production solvent consumption and 17% of total material usage.

In 2021, new technologies were studied to enhance solvent regeneration and reuse at Fermion. New technologies would allow more efficient and extensive solvent recovery with high purity. Improved solvent regeneration would improve material efficiency and reduce greenhouse gas emissions by reducing waste generation and the need for virgin solvents.

Waste management

Waste management is an essential aspect of our efforts to reduce our environmental impact. Our goals are aligned with the priority targets in the EU's waste strategy, which are incorporated in the Finnish Waste Act. These priorities include reducing waste generated and increasing waste recycled. Waste that cannot be reused in our operations is delivered to an appropriate third party for alternative use, whenever possible, such as energy recovery. The amount of waste sent to landfill is kept to a minimum.

In the manufacturing of pharmaceuticals, the tolerance for errors and defects is zero. A batch that fails to meet the specified requirements concerning quality and standard operating procedures is hazardous waste, and all input resources consumed in its production – materials, energy, time and labour – are lost. Thus, it is essential to manufacture our products correctly at once.

Most of the Orion Group's waste is hazardous, and most comes from Fermion, producing active pharmaceutical ingredients at its plants in Hanko and Oulu using synthetic methods of organic chemistry and handling large quantities of raw materials.

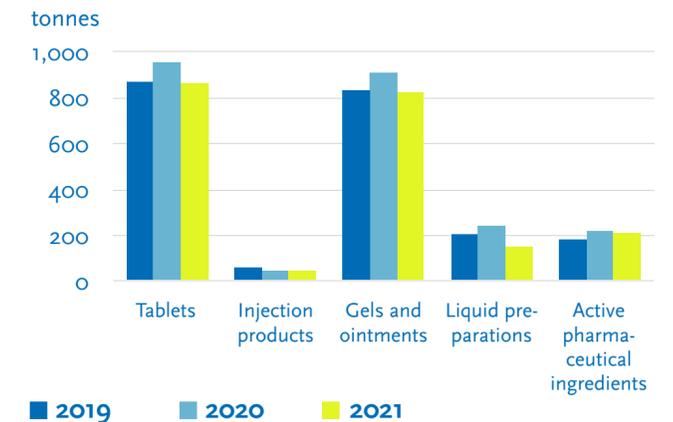
Typical materials from manufacture of medicines that are treated as hazardous waste include, among others, drug waste, organic and inorganic

chemicals and mixtures classified as hazardous or harmful, cytostatic and carcinogenic. We ensure that our hazardous waste materials are treated appropriately, making them safe for both people and the environment.

In the pre-treatment processes, our partner sorts out the fractions of our hazardous waste that can be recycled for further use, such as accumulators, batteries, refrigerating equipment and electronic equipment. Our partner incinerates our hazardous waste at its treatment facility, specialising in the destruction of hazardous waste at extremely high temperatures. Most of our hazardous waste generates heat in the incineration process that is utilised as energy for district heating system in the nearby region. These fractions are reported in the category of "incineration with energy recovery" of hazardous waste.

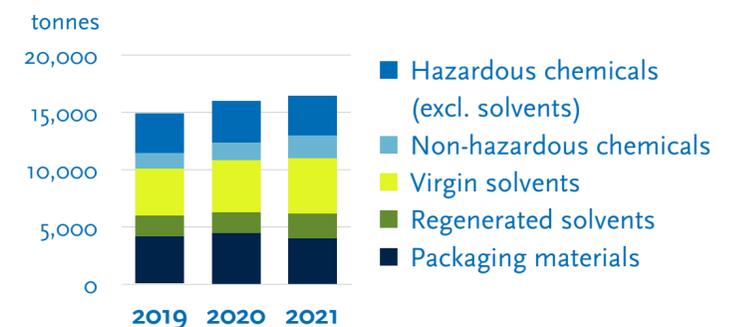
The manufacturing processes of pharmaceutical products and APIs differ greatly from each other, as do the amount and types of waste generated. Our pharmaceutical manufacturing facilities in Espoo, Turku, Kuopio and Salo mainly generate harmless fractions that are recovered either as materials or as energy. A considerable part of our non-hazardous waste consists of different types of packaging materials.

Production volumes



The production volumes of the product portfolio may vary from year to year, which causes variations in both the reporting of production volumes and the use of materials.

Materials use



One of our strategic KPIs is the proportion of hazardous waste of our total waste. Above all, our aim is to reduce hazardous waste in particular, but also total waste. The proportion of hazardous waste has decreased by 13 percentage points to 68% (81%) due to building renovations. The construction waste is mainly non-hazardous, why the amount of non-hazardous waste, along with the total amount of waste, has increased compared with previous years. The overall amount of hazardous waste has remained at the same level as in 2020 and we are continuing to find feasible ways to reduce hazardous waste.

Waste, tonnes

Waste diverted to disposal	2019			2020			2021			
	Hazardous waste	Onsite	Offsite	Total	Onsite	Offsite	Total	Onsite	Offsite	Total
Incineration with energy recovery ^{1,2}	599	12,596	13,195	774	13,057	13,831	651	13,550	14,201	
Landfilling	0	0	0	0	177	177	0	81	81	
Total	599	12,596	13,195	774	13,234	14,008	651	13,632	14,283	
Non-hazardous waste										
Incineration with energy recovery	0	838	838	0	790	790	0	956	956	
Landfilling	0	0	0	0	169	169	0	0	0	
Total	0	838	838	0	959	959	0	956	956	

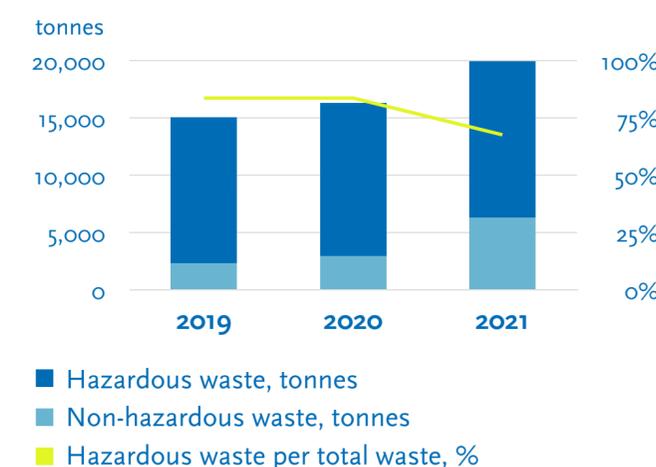
Waste diverted from disposal	2019			2020			2021			
	Hazardous waste	Onsite	Offsite	Total	Onsite	Offsite	Total	Onsite	Offsite	Total
Preparation for reuse ³	1,838	0	1,838	1,950	0	1,950	1,822	0	1,822	
Recycling	0	37	37	0	47	47	0	56	56	
Total	1,838	37	1,875	1,950	47	1,997	1,822	56	1,878	
Non-hazardous waste										
Preparation for reuse	0	221	221	0	263	263	0	291	291	
Recycling	0	1,432	1,432	0	1,803	1,803	0	5,064	5,064	
Total	0	1,653	1,653	0	2,066	2,066	0	5,355	5,355	

¹ Offsite: Hazardous waste incineration includes waste streams that are pre-treated by evaporation before incineration.

² Onsite: Regenerated solvents are used as fuel in the VOC combustion facility.

³ Onsite: Regenerated solvents are reused in production processes and waste ethanol is utilised in the water treatment circulation.

Waste



■ Hazardous waste, tonnes
 ■ Non-hazardous waste, tonnes
 ■ Hazardous waste per total waste, %

Water management

We measure and report our water consumption and manage the related risks to our environmental footprint. We monitor our factories' and suppliers' water management practices and wastewater compliance to ensure water risks are minimised. Our own production plants are not located in high water risk areas.

We know the quality of our wastewater, and we reduce the environmental burden on waterways caused by our operational facilities by minimising the residues of harmful chemicals in our wastewater. We carry out continuous work based on risk assessments to ensure the separation of wastewater streams that include non-biodegradable, or otherwise environmentally harmful substances, and treat them in accordance with Best Available Techniques Reference Documents (BREFs). We follow the quality requirements set in production plant specific environmental permits. There were no significant incidents of non-compliance with discharge limits during 2021.

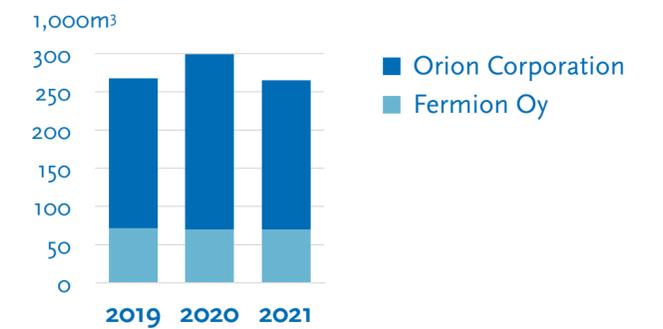
Orion's sustainable procurement process includes an assessment of suppliers' impact to water areas. This evaluation is done risk-based via either a self-assessment questionnaire or an onsite audit. We require the suppliers to quantitatively assess their active pharmaceutical ingredient releases in effluents or otherwise ensure that they do not cause harmful

effects on the environment (e.g. by implementing zero liquid discharge).

The different characteristics of Orion's facilities and operations cause significant differences in the volumes of water consumed between our units and locations. The water we consume is taken from local municipal water supply systems and is calculated from direct measurement from water meters. One of our sites also uses seawater cycle as cooling water, and its consumption is estimated based on pumps usage hours.

Our production sites generate practically as much wastewater as they consume fresh water. The wastewater is led to municipal water treatment plants either directly or after neutralisation, where solids and substances with biochemical oxygen demand (BOD) or chemical oxygen demand (COD) are removed. No wastewater from our sites is directly led to natural waterways. The water leaving the process of Fermion's Hanko plant is pretreated in our partner's adjacent biological treatment plant, from where the treated water is led to the sea via the local municipal discharge pipe. No water is being recycled or reused by another organisation. The significant rise on the BOD and COD amounts directed to the wastewater treatment in 2020 and 2021 compared to previous years is due to the ethanol feeds at Fermion's Hanko site for the purpose of reducing nitrogen emissions from the wastewater treatment plant itself.

Water consumption in reporting units



Wastewater discharges

	2019	2020	2021
Volume, m³	274,000	306,222	267,888
BOD, tonnes	230	433	449
COD, tonnes	379	677	683
TSS, tonnes	21	20	16
Nitrogen, tonnes	14	10	13
Phosphorous, tonnes	0.9	0.8	0.6

MANAGEMENT OF ENVIRONMENTAL PERFORMANCE

MANAGEMENT APPROACH	Aim for the highest environmental standards in the industry. Identify the most significant environmental aspects of our business, mainly related to the consumption of raw materials, energy and water, emissions into the air and wastewater, and the waste arising from our operations.
MATERIAL DISCLOSURE TOPICS	<ul style="list-style-type: none"> • Energy: GRI 302-1, 302-4 • Emission: 305-1, 305-2 • Waste: GRI 306-2, 306-3, 306-4, 306-5 (2020) • Material Orion topic: Hazardous waste per total waste • Water: GRI 303-1(2018), GRI 303-2 (2018), GRI 303-3 (2018), 303-4 (2018), 303-5 (2018) • Environmental compliance: GRI 307-1
POLICIES AND COMMITMENTS	Orion’s EHS policy, Responsible Care programme by the Chemical Industry Federation of Finland, Motiva Energy Efficiency Programme.
GOALS AND TARGETS	<ul style="list-style-type: none"> • Orion’s operations are carbon-neutral by end of 2030. Intermediate target to reduce GHG emissions (scope 1 & 2) of 75% by end of 2025¹. • Improve energy efficiency by 7.5% (12,000 MWh) by end of 2025¹. • Less hazardous waste per total waste. • Reduce the environmental burden on waterways by reducing the residues of harmful chemicals in our wastewater.
RESPONSIBILITIES AND RESOURCES	<ul style="list-style-type: none"> • Executive Management Board: responsible for EHS operating principles being followed at Group level. • EHS steering committee (headed by the Director for EHS and Facility Management): approves action plans and conducts management reviews for Orion Corp. • Fermion safety committee (headed by the Head of EHS of Fermion): approves and follows up action plans for Fermion Oy. • EHS virtual team: a group-wide forum of EHS-professionals. Team members responsible for the operational environmental activities. • Operational managers: responsible for operations in each location to be carried out according to the EHS management system and regulatory and legal requirements.
GRIEVANCE MECHANISMS	Online EHS information system for filing reports on environmental issues (available for all employees, enables anonymous reporting).
EVALUATION OF MANAGEMENT APPROACH	Systematic audits and management reviews of our own operations.

¹ Baseline 2016



Care for well-being professionals

Orion is an organisation of over 3,000 highly educated professionals. Our goal is to offer meaningful work in a well-managed and safe working environment where people are treated fairly and equally. Appreciating each other is one of our values that helps us create a more an open and psychologically safe environment. Other values are Strive for excellence and Build the future. Our employees are encouraged to further their personal development. We believe that well-being at work results from motivated employees, interesting work tasks, an open workplace environment and clear targets.

[▶ READ MORE](#)

CARE FOR WELL-BEING PROFESSIONALS 2021

IMPROVING SAFETY CULTURE...53

We continued the implementation of the Skills to Care training and by the end of the year, all employee groups targeted by the training had participated in the training. During the year, the target group for the training was managers in units outside Finland.

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SAFETY PERFORMANCE...51

The lost time incident frequency evolved in the wrong direction and the 2021 target was not achieved. However, the days of absence decreased from the level of 2020 which indicates that the accidents were often minor. Efforts were made to improve commuting safety and to ensure better use of the safety tools in place. We continue our sustained efforts to achieve the zero accident goal.

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DIVERSITY AND INCLUSION...54

In order to further promote the topics related to equality, diversity, and inclusion as well as to engage employees in the work, Orion has launched an Employee Resource Group. The group is a voluntary and open working group for employees to exchange and share their ideas and experiences. Orion is committed to engaging its employees to increase activities that support the development of equality, inclusion and diversity at work.

[› READ MORE](#)

SUPPORTING MENTAL WELL-BEING...45

In 2021, supporting mental well-being was the focus of well-being activities in Occupational Health, EHS and HR, and cooperation between these actors intensified. The Mental Support operating model was implemented with the aim to support employees' work capacity, to identify mental well-being challenges at an early stage and to work together to find individual solutions to support recovery and work capacity.

[› READ MORE](#)

Employee well-being

At Orion, we encourage and support our employees to take care of their personal well-being. Well-being actions at work also aim to promote and support the well-being and work capacity of employees. One of our group-level targets is, therefore, to decrease absences due to illness. The absentee rate due to illness (as a percentage of total theoretical working hours for our own personnel) in 2021 was 3.1% (3.0%).

We offer early support activities to support work ability and well-being in a preventive and solution-oriented way. In 2021, supporting mental well-being was the focus of Occupational Health (OH), Environmental, Health and Safety (EHS) and Human Resources (HR). Accordingly, the cooperation between OH, EHS and HR intensified.

In 2021, the Mental Support operating model was implemented to support employees' work capacity, to identify mental well-being challenges at an early stage and to work together to find individual solutions to support recovery and work capacity.

Orion wants to invest in the well-being of its employees. Accordingly, Orion has drawn up a plan to develop the following factors affecting the everyday mental well-being of Orionees; the management's promotion of mental health, sound everyday workplace practices and a sustainable work-life

balance. Advancing these aspects of mental well-being also enable us to apply for a certificate from a Finnish mental health organisation in recognition of our promotion of mental health at work.

Our employees are encouraged to identify and assess the signs of threats to their well-being at work. Our employee benefits include financial compensation for sports and cultural activities, and we offer several hobby-club activities to support work ability. There are a number of different hobby clubs that support physical, mental, and social functioning. However, due to COVID-19 restrictions in 2021, some activities were postponed and replaced by online exercises and events.

Actions to ensure employee health and safety during COVID-19

The pandemic continued to affect our way of working in 2021. From the beginning of the pandemic, we have aimed to prioritise the safety of our employees and the continuation of normal and safe daily operations without interruptions.

The pandemic steering group, consisting of members from the executive board, logistics, manufacturing, human resources, and occupational healthcare, has continued to meet regularly to assess the situation and make necessary decisions and recommendations to ensure a safe workplace environment for Orionees.

Orion has supported the safe transition to hybrid work (i.e. a mix of onsite and offsite work) with the recommendations to use face masks and arranged staggered lunch times for employees. We have also encouraged employees not to come to work if they show any COVID-19-related symptoms.

Occupational healthcare has helped to ensure that production and laboratory operations continue as smoothly as possible. In various ways, occupational healthcare services have supported the well-being of employees working remotely, and this has included, for example, the help of an occupational psychologist. Occupational healthcare has supported our personnel's safe return to onsite or hybrid work. Managers have also supported employee well-being by providing webinars on hybrid work leadership and encouraging teams to formulate their own principles for hybrid work.

Occupational healthcare services

The goal of occupational healthcare is to promote the well-being of employees and to support their ability to cope at work. The key is to identify threats to well-being and work ability at the workplace as early as possible, and to strengthen work ability in cooperation with managers, employees, and other internal stakeholders.

In Finland, occupational healthcare services are managed and coordinated by the occupational

Personnel by reporting unit¹



¹ at Dec 31

Total number of employees by employment contract and gender

	Female	Male	Total
Permanent	1,861 (1,835)	1,337 (1,323)	3,198 (3,158)
Temporary	184 (176)	106 (108)	290 (284)
Total	2,045 (2,011)	1,443 (1,431)	3,488 (3,442)

Calculations are based on employee headcount at Dec 31.

Total number of employees by employment type and gender

	Female	Male	Total
Full-time	1,836 (1,811)	1,365 (1,358)	3,201 (3,169)
Part-time	209 (200)	78 (73)	287 (273)
Total	2,045 (2,011)	1,443 (1,431)	3,488 (3,442)

Calculations are based on employee headcount at Dec 31.

healthcare unit of the HR department, which also supplies occupational healthcare services in the Helsinki metropolitan area and Turku. In other locations, similar services are provided by private medical centres. Operations are carried out throughout Finland following the joint occupational healthcare action plan and the occupational healthcare agreement. Outside Finland, occupational healthcare services are organised in line with the country's legislation, guidelines, and recommendations.

In addition to the statutory preventative activities of occupational healthcare, the employer may provide medical care services to employees. Everyone working at Orion is eligible for work ability oriented medical care, which supports work ability management, and broad contracts enable good research and treatment opportunities when needed.

Occupational healthcare participates in the design and development of workplaces, work processes and tools and contributes its own distinct perspectives to the issues.

Occupational healthcare communicates its services through Orion's internal channels. Information about occupational healthcare services is also provided as a part of Orion's general onboarding programme. New Orion employees are informed of occupational healthcare practices during the pre-employment

health check. Information on occupational healthcare services is available in Finnish and English.

Employee's health-related information is always treated strictly confidentially. Orion's occupational healthcare services operate in accordance with healthcare laws and the principles of professional ethics regarding the protection of privacy and GDPR. The patient systems used by the occupational healthcare services are separate from Orion's other information systems.

Personnel

Every Orionee is entitled to an annual review, in which the individual's competences are discussed and the short- and long-term career development planned. The goal is to identify the individual's current strengths, development opportunities and needed key competences. The review includes at least one annual follow-up discussion in addition to the continuous dialogue between the team member and manager.

All new employees receive a comprehensive induction. Besides position-specific inductions, Orion has an eOnboarding programme to ease the introduction into the company, and its strategy, operational practices, and business environment. We also offer training and mentoring to support the induction process. Mentoring is also included as a part of Orion's summer trainee programme.

Orion’s Human Resources Policy provides the framework for equal opportunities plans in all countries where we have operations while observing local- and country-specific legislation. Our sites in Finland comply with our equality plan designed to promote equality at the workplace in terms of recruitment, payroll systems, work-life balance and educational opportunities. We observe the aspects of equality when we develop workplace conditions and operational practices. The working group for the development of equality at our Finnish sites consists of representatives of all employee groups and the employer.

In Finland, we assess salary equality with a salary mapping method as specified in the Act on Equality between Women and Men. Orion’s management and employee representatives review and assess the outcome of the mapping and recommend, when necessary, corrective measures agreed upon.

We take our employees’ opinions into consideration in the decision-making process on human resources and when implementing decisions. Moreover, our managers and HR have regular informal meetings with employees and their representatives at mandatory employer-employee forums.

Collective bargaining agreements for Finnish employees

In Finland, Orion applies to current employment legislation and applicable collective bargaining agreements valid in the chemical industry. Collective bargaining agreements cover all our employee groups which are employees, salaried employees and senior salaried employees in our Finnish locations.

Coverage of pension obligations

Orion has pension plans compliant with each country’s regulations and practices. In the defined contribution plans, we pay fixed contributions to separate entities such as pension insurance companies managing the pensions in Finland. 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) is arranged through the Orion Pension Fund for the Group’s salaried employees as well as supplementary pension security for some of the salaried employees.

Our pension obligations are listed under Note 4.2 “Pension assets and pension liabilities” of the Financial Statements 2021. At the end of 2021, our

pension obligations totalled EUR 437.1 (417.2) million from the Pension Fund and EUR 18.1 (16.6) million from other units. We had a pension net asset of EUR 15.0 (liability of 16.3) million from the Pension Fund and a net liability of EUR 4.9 (liability of 3.7) million to other units.

Competence development

The cornerstone of Orion’s success is the expertise of Orionees. It is, therefore, vital for our competitiveness that our competences are kept up to date and that our skills are developed and shared. Thus, we are firmly focused on continuous training in support of Orionees’ competence development.

In 2021, identifying strategic capabilities both at Orion level and organisational level was one of our focus areas. Orion’s strategic capabilities were found during various workshops. These capabilities were used to name the strategic competencies that will be in the focus of 2022 learning solutions. These capabilities include among other things the utilising of data, as well as building and sustaining winning networks.

At the individual level, we see that a good competence level increases motivation, brings a sense of accomplishment and supports well-being. Also, the importance of learning in teams is heightened. We have a competence development network at Orion whose goal is to identify competence areas vital for our success and to systematically support their development. In addition, we have a cross-functional learning designers’ network that shares best practices on how to design impactful learning solutions.

Our aim is to ensure our employees have the competences necessary to execute our strategy. Managers are in a key position in supporting

the development of organisational and personnel capabilities. However, every Orioneer is responsible for developing their own competence.

Trainings and on-the-job learning

We provide a wide range of trainings to support continuous learning. Selected trainings are mandatory, including the training on Good Manufacturing Practices and courses on environment, health, and safety. Our training data system helps us manage the competence requirements of individual tasks in our Global Operations and Quality Management operations. Currently, we are renewing our Learning Management System to allow easy access to all relevant training offerings and improving reporting and providing global data to enable knowledge-based leadership. The renewal of the Learning Management System is a part of a company-wide programme to develop Orion’s current processes and work methods assisted by new technology.

To develop competences and work methods, we offer a training programme called ‘As a specialist in Orion’. The programme, which was renewed in 2021, is based on our leadership principles and covers topics such as strategy, self-efficacy and ownership, creativity, renewal, and collaboration.

Furthermore, several virtual learning options support Orionees. Depending on the restrictions due to the

COVID-19 pandemic, we have offered courses that take place either face to face or virtually. We have also designed new e-learning programmes such as Business understanding, and continued to offer Orionees webinars, for example, to enhance our feedback culture, and to lead the hybrid work.

In 2021, we invested EUR 1.4 million (1.5) in personnel training activities. The slight decrease from 2020 was mainly due to several activities being cancelled or postponed due to the pandemic.

Leadership development

Leadership is one of our strategic competences and, therefore, it is in continuous development. We organise ‘As a leader in Orion’ training to instil our leadership culture, policies, and principles throughout the company. The training is mandatory for new managers. We aim for value-based leadership, encourage coaching leadership, and offer many trainings to enhance managers’ coaching skills and ability to promote company values.

In 2021, we focused on the implementation of our renewed ABC principles of leadership: Appreciative Leadership, Brave Leadership, and Collaborative Leadership. The leadership principles are based on Orion’s strategy and values. They also consider the pharmaceutical industry landscape as well as global leadership trends. We believe everyone can signal good leadership with their own behaviour.

“In 2021, we focused on the implementation of our renewed ABC principles of leadership: Appreciative Leadership, Brave Leadership, and Collaborative Leadership.”

The principles, born out of a collaborative effort, are for everybody, not just directors and managers. Leadership principles help all Orionees to do their best and take Orion forward. We have infused the leadership principles in various ways, e.g. through extensive internal communications and trainings. Our defined leadership competences, which derive from the ABC principles of leadership, have also been integrated into the recruitment process.

New employee hires

	Number of new employee hires	% of new hires	New hire rate
By age group			
Under 30	220	51.4	6.3%
30–50	162	37.9	4.6%
Over 50	46	10.7	1.3%
By gender			
Female	251	58.6	7.2%
Male	177	41.4	5.1%
Total	428	100	12.3%

Calculations are based on employee headcount at Dec 31 2021.

Employee turnover

	Number of leavers	% of leavers	Turnover rate
By age group			
Under 30	145	37.7	4.2%
30–50	160	41.6	4.6%
Over 50	80	20.8	2.3%
By gender			
Female	223	57.9	6.4%
Male	162	42.1	4.6%
Total	385	100.0	11.0%

Calculations are based on employee headcount at Dec 31 2021.

Employee turnover includes temporary employees, such as summer employees.

Health and safety

We want to ensure that every Orioneer can go home after the work day safely and healthily. We want to provide our employees with a safe and healthy work environment and a fully functioning work community, supported by an inspiring working atmosphere and good management. By managing the health risks, we ensure that each employee is fit for work and not exposed to occupational diseases.

In accordance with our EHS Policy, our occupational health and safety activities are managed with the guiding principle of continuous improvement. The practices applied in the management and development of occupational health and safety are determined in the Group's EHS management system, built upon the principles set out in the ISO45001 standard. In the EHS management system, procedures are determined for identifying, predicting, and preventing nonconformities and situations potentially hazardous to the environment, occupational health or safety, and corrective actions to be taken.

We have an occupational health and safety committee at every site. Each committee consists of representatives of the employer and the employees, whose role is to promote occupational health and safety at the workplace. Occupational health and safety representatives in the occupational safety cooperation have the right to attend and speak at committee meetings. Each committee can suggest

improvements concerning working conditions, occupational healthcare, occupational safety, health training, as well as management. Meeting four to five times a year, committees also help to organise activities aimed at maintaining employees' work ability. The occupational health and safety representatives can report any weaknesses identified by employees to the employer to find solutions and ensure safety.

We encourage employees and contractors to report safety observations including deviations, positive safety observations and near-misses via our online EHS platform. The observations, which can be easily recorded into the database via our intranet, are accessible to those responsible for carrying out corrective actions. Safety observations can be reported anonymously. All observations are investigated and some observations serve as learning material to prevent future accidents. Employees can also follow the progress of the corrective actions through the EHS platform. There were 2,427 (2,492) safety observations recorded in 2021.

In 2021, the occupational health and work safety organisation continued conducting systematic risk assessments of workplaces, processes, working conditions and methods. Such assessments help us develop safe working conditions. There are different types of risk assessment tools at our disposal, for example chemical exposure and machinery safety

risk assessments and analyses of potential risks. We continue to improve our risk management by developing our own processes and operating model.

One of our tools for engaging employees and managers is regular safety walks with safety talks. Such rounds are used for creating a safety dialogue among our managers and employees.

All workers have the right to refuse unsafe work and will inform their manager or onsite contact immediately of all concerns. Change management is applied to occupational and environmental safety, and the impact of Good Manufacturing Practices (GMP) related changes on safety is regularly assessed.

Health and safety training

The general guidelines and principles concerning corporate safety and safe work are provided in our Corporate Governance Manual and Orion Security Guide as well as in more detailed functional- and location-specific guidelines. Task-specific aspects of safety are observed in the standard operating procedures defined in detail for individual tasks and work phases. All EHS guidelines are supported in our internal information platform, which is accessible to all our employees.

We emphasise the importance of each employee to be aware of occupational health and safety risks,

as well as how to manage the risks. Every new Orioneer conducts a basic training that includes EHS orientation e-learning training. All site employees participate in a mandatory health and safety training annually to update their competences on work safety matters. We also organise regular online safety sessions. Health and safety trainings have been divided into four levels: basic training for all Orioneers, training for specific tasks, training for specialists, and training for managers. EHS trainings are an important part of maintaining our safety culture. In 2021, we organised 170 (243) training courses focusing on health and safety, with a total of 2,410 (2,436) attendants and 11 e-learning trainings with a total of 2,600 (2,325) attendants.

Projects in 2021

Over the years, we have implemented several work safety tools (e.g. safety observations, injury investigations, last minute risk assessments, safety walks and talks, and safety sessions). In 2021, we began to evaluate the awareness and usefulness of existing tools. The identification and determination of measures to develop the tools further is ongoing and the results from this work will be available in 2022.

In 2021, the Skills to Care training was continued throughout the Orion Group. We focused on training managers in regions outside Finland. The Skills to Care method focuses on building a safety mindset to help employees intervene to stop unsafe behaviour.

The aim is to continuously improve physical and mental occupational health and safety.

In 2021, we started two new projects, the first of which was the piloting of occupational well-being coaching at Fermion. The coaching focuses on healthy lifestyles and mental well-being and the results of the coaching will be presented next year.

The second project is being done in cooperation with the Finnish Road Safety Council to increase the safety of commuting and decrease the number of commuting injuries. The cooperation started with a commuter safety survey to set a baseline to evaluate further actions. The follow-up surveys will be conducted a year from now to assess the impact of the actions.

Safety performance

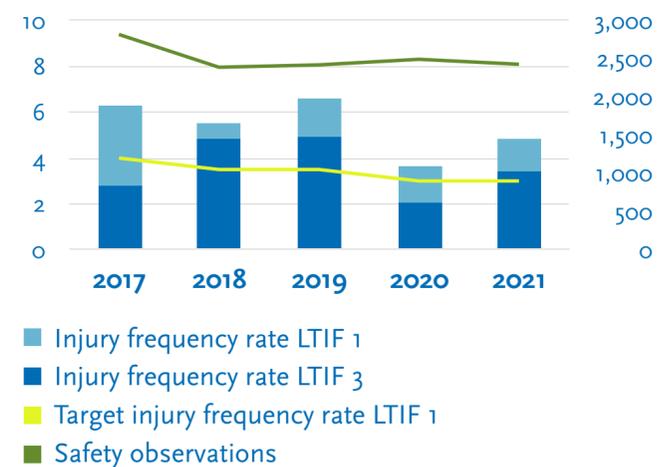
We are committed to improving our safety performance and our long-term target is zero accidents. To monitor our progress towards this target, we have set a group-level key performance indicator of lost time incident frequency (LTIF1) of employees in operations in Finland. The short-

term target for LTIF1 was 3.0 and in 2021 the LTIF1 performance came to 4.8 (3.6). Unfortunately, we failed to reach our target for 2021, but we will continue to work systematically to achieve our long-term target of zero accidents.

In 2021, we developed the lost time incident frequency to measure the frequency for the whole Group, including regions outside Finland. Our 2022 target for lost time frequency is set for the Orion Group globally. In 2021, the global LTIF1 was 3.7, which acts as a baseline for our zero accidents target for the Group.

We investigate all injuries with a root cause analysis, and the analyses are then utilised to suggest corrective actions. Most workplace injuries occur in production departments, and typically consist of injuries to foot and hand and injuries due to tripping, falling, and splashes. Our employees reported a total of 21 commuting injuries in 2021, i.e. injuries that occurred on their way to and from work. Most of these were sprains caused by slipping on icy roads.

Injury frequency rate and safety observations

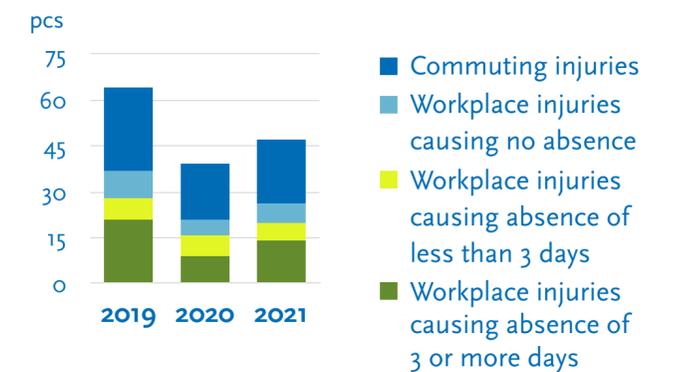


Injury frequency rate, LTIF indicates the workplace injury rate as injuries causing an absence of at least one day per million total actual working hours.

LTIF 1 includes workplace injuries, which led to an absence of 1 or more days.

LTIF 3 includes workplace injuries, which led to an absence of 3 or more days.

Injuries



Workplace injuries include injuries caused by accidents that occur during working time and which require medical treatment from the doctor or sick leave.

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

Number of injuries and rate of employees¹

	2019	2020	2021
Total number of injuries	37	21	26
of which lost time injuries (LTI) ²	28	16	20
of which high-consequence injuries	0	0	0
of which fatalities	0	0	0
Total injury rate	8.7	4.7	6.3
of which lost time injuries (LTIF) ²	6.6	3.6	4.8
of which high-consequence injuries	0	0	0
of which fatalities	0	0	0
Hours worked	4,274,440	4,431,474	4,142,821

¹ Reporting covers operations in Finland.

² Excluding fatalities and high-consequence injuries.

Number of injuries and rate of contractors¹

	2019	2020	2021
Total number of injuries	2	5	5
of which lost time injuries (LTI) ²	2	4	5
of which high-consequence injuries	0	0	0
of which fatalities	0	0	0
Total injury rate	1.4	3.6	3.3
of which lost time injuries (LTIF) ²	1.4	2.9	3.3
of which high-consequence injuries	0	0	0
of which fatalities	0	0	0
Hours worked	1,466,195	1,373,243	1,521,193

¹ Reporting covers operations in Finland.

² Excluding fatalities and high-consequence injuries.

“The Skills to Care training reminds us of how to give and receive positive and constructive feedback and provides practical tools to intervene in unsafe situations and to recognise signs of mental overload.”

Global health and safety training

The Skills to Care method focuses on building a safety mindset and enabling continuous improvement in occupational health and safety. To reach that goal, we must change the way we think so that intervening in our colleagues' unsafe practices becomes a norm. Intervening not only shows that you care about the safety of others, but it also has a clear connection to incident frequency. The fewest incidents occur in those work communities where everyone is responsible for ensuring a safe working environment for themselves and others. As a part of the project for improving Orion's safety culture, we implement the Skills to Care method throughout the company. This training is mandatory for all managers at Orion. The Skills to Care method is suitable for both giving positive and corrective feedback. Its core idea is that a person who notices a potentially unsafe situation takes actions accordingly. They should share their observations to the parties involved in the situation. Through empathetic listening and dialogue, parties involved should agree on needed actions. The method aims to ensure that in the future, the parties involved will remember the mutually agreed actions and continue to operate in a safe manner.

The Skills to Care project, which started in 2018, was divided into three phases. In the first phase, the approximately 170 managers of Orion's and Fermion's production, technical and quality control personnel were trained. Afterwards, the managers trained their respective teams. Participants signed a commitment to receive and give positive and constructive feedback. The same principles were applied in the further trainings. The second phase was addressed to the approximately 170 managers from R&D, product life cycle management, commercial operations, and corporate function organisations. In 2021, the project reached its completion in the third and final phase in which approximately 100 managers in regions outside of Finland received the training. The managers continued the work by giving the training to their team members in 2022.

The latest participant feedback suggests that the Skills to Care method is important and practical. It reminds us of how to give and receive positive and constructive feedback and provides practical tools to intervene in unsafe situations and to recognise signs of mental overload. The participants' feedback on how well the method improves safety performance was encouraging.

Practice makes perfect in Skills to Care. Orionees are, therefore, encouraged to follow the method in their daily activities by their superiors. In 2021, the majority of previously trained Orionees participated in digital and interactive Skills to Care sessions to refresh their training. Orion will continue to utilise the Skills to Care method and support its further use.

Diversity and inclusion

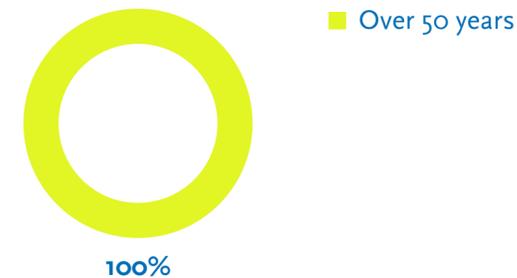
In 2021, Orion conducted an equality and non-discrimination survey of all employees to understand the current state of affairs within the company and to gain its employees' perspective on equality and non-discrimination. More than 800 Orionees answered the survey, representing approximately 28% of employees globally.

The results of the survey will be used as a basis for proposing further measures to improve diversity and inclusion at Orion (e.g. in collaboration with employee representatives). Improved personnel training is also in the works.

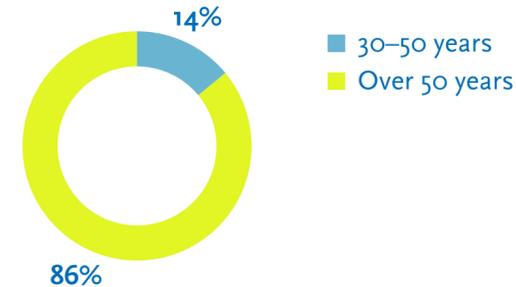
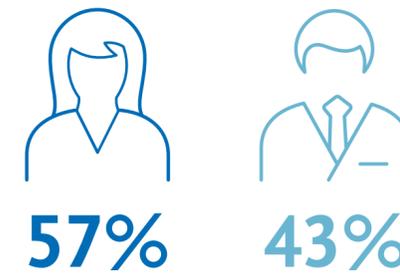
The survey's open comments contributed many excellent suggestions and ideas on how to improve equality, inclusion and diversity at Orion. To further develop these important issues and to engage its employees in the work, Orion has launched an Employee Resource Group. The group is a voluntary and open working group where employees can share their ideas and experiences. Orion is committed to engaging its employees in activities that advance equality, inclusion and diversity at work.

DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

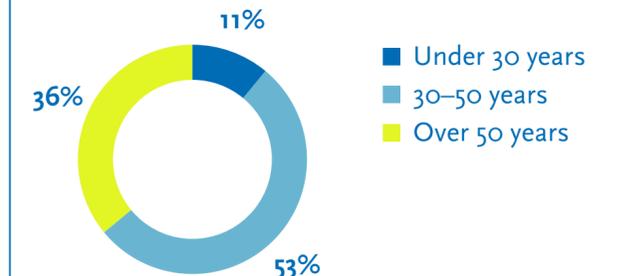
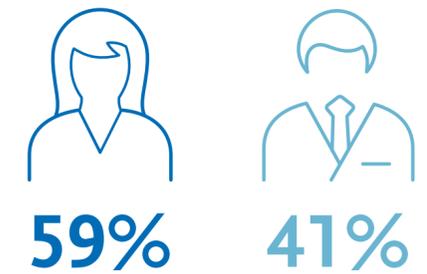
BOARD OF DIRECTORS



EXECUTIVE MANAGEMENT BOARD



PERSONNEL



Diversity of employees by gender and age

	Female, %	Male, %	Under 30, %	30-50, %	Over 50, %	Total, %
Employees	8.4 (8.6)	13.5 (13.5)	4.0 (4.3)	10.9 (11.0)	7.0 (6.8)	21.9 (22.1)
Senior salaried employees	25.3 (24.9)	15.7 (15.9)	3.3 (3.1)	23.9 (24.3)	13.8 (13.4)	41.0 (40.8)
Salaried employees	25.0 (24.9)	12.1 (12.2)	3.7 (3.6)	17.8 (18.7)	15.7 (14.8)	37.1 (37.1)
Total	58.6 (58.4)	41.4 (41.6)	11.0 (11.0)	52.6 (54.0)	36.4 (35.0)	100.0 (100.0)

Calculations are based on employee headcount at Dec 31.

MANAGEMENT OF HUMAN RESOURCES AND OCCUPATIONAL HEALTH AND SAFETY

MANAGEMENT APPROACH	Aiming for the highest health and safety standards in the industry. Great place to work, a responsible employer committed to building well-being and enthusiasm together in the workplace.
MATERIAL DISCLOSURE TOPICS	<ul style="list-style-type: none"> • Occupational health and safety: GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7, GRI 403-9 • Employment: GRI 401-1 • Training and education: GRI 404-2 • Diversity and equal opportunity: 405-1 • Material Orion topic: Absence rate due to illness
POLICIES AND COMMITMENTS	Orion’s EHS policy, HR Policy, CoC. Responsible Care sustainability programme by the Chemical Industry Federation of Finland.
GOALS AND TARGETS	<ul style="list-style-type: none"> • Long-term target: zero accidents. • Short-term target: LTIF 1 3.0 by 2021. • Goal: decrease absences due to illness.
RESPONSIBILITIES AND RESOURCES	<p>EHS affairs and services managed and coordinated as follows:</p> <ul style="list-style-type: none"> • Executive Management Board: responsible for EHS operating principles being followed at Group level. • EHS steering committee (headed by the Director for EHS and Facility Management): approves action plans and conducts management reviews for Orion Corp. • Fermion safety committee (headed by the Head of EHS of Fermion): approves and follows up action plans for Fermion Oy. • EHS virtual team: Group-wide forum of EHS-professionals. Team members responsible for operational work safety activities. • Operational managers: responsible for operations in each location conducted by the EHS Management System and regulatory and legal requirements. <p>HR affairs and services managed and coordinated by the HR Department:</p> <ul style="list-style-type: none"> • Vice President, HR. • Occupational Health Services part of the HR services.
GRIEVANCE MECHANISMS	Online EHS information system for filing reports on environmental issues (available for all employees, enables anonymous reporting).
EVALUATION OF MANAGEMENT APPROACH	Systematic audits and management reviews of our own operations. Pulse survey is used to regularly monitor personnel’s feedback, perspectives and progress of actions.



Ethics at the core of our business

Doing business in a responsible manner means that we are a good corporate citizen with high ethical standards, solid corporate governance and strong financial performance. We maintain strict ethical standards and act responsibly in all situations. Together with our partners we are building a transparent and sustainable business.

[▶ READ MORE](#)

ETHICS AT THE CORE OF OUR BUSINESS 2021



EXTERNAL SUPPLY CHAIN...59

We continued to improve our sustainable procurement process by arranging further internal sustainability trainings and making progress on integrating sustainability into the daily procurement work.

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HUMAN RIGHTS...62

We carried out a corporate level human rights impact assessment to enhance our continuous evaluation of the human rights impacts. Also, we carried out an assessment of salient human rights issues in our operations and value chain.

[> READ MORE](#)



92%
THIRD PARTY
CODE OF CONDUCT
ADHERENCE

MAKING A DIFFERENCE THROUGH DONATING MEDICINES...61

In 2021, Orion announced a new partnership with NGO International Health Partners which provides an avenue for pharmaceutical companies to donate medicines to developing low-income countries and disaster-hit areas that would otherwise have limited or no access to essential medicines. In total, Orion donated 49,597 treatments in 2021 and the donations were distributed to Haiti and Central African Republic.

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20
SUPPLIER
SUSTAINABILITY
AUDITS

PARTNERSHIPS TO GAIN IMPACT...60

Via PSCI membership, Orion offers annual capability building opportunities for suppliers on various topics. In 2021, these events were arranged as virtual meetings.

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Ethical business practices

We believe responsibility is everybody’s business. Orion Group’s Code of Conduct (CoC), available in 14 languages, sets out the operating principles of our company and guides our daily work. Our CoC is centred on three themes: compliance with laws and regulations, integrity, and responsibility. A Code of Conduct e-learning course, also available in 14 languages, is mandatory for all Orionees. During the year 2021, 653 (3,410) Orionees had completed the CoC e-learning course. As most of our employees completed the training in 2020, when the training was launched, we focused on training new employees in 2021.

The principles concerning anti-corruption are included in our CoC and our Anti-Corruption Policy, which clearly instruct our employees to refuse to offer or take a bribe or any comparable benefit. Our employees are educated and trained regularly and systematically to internalise the purpose and importance of our anti-corruption principles. Anti-corruption and anti-bribery training is mandatory for all salaried and senior salaried employees. The latest large-scale training was arranged in 2017, with a total of 2,808 employees attending. In 2021, 532 (407) employees completed the training. In 2022, the training will be renewed and a large-scale retraining for targeted personnel will be arranged.

Identifying and assessing risks of corruption is a part of our comprehensive Group risk management.

Training and raising awareness are the most critical actions to mitigate these risks. Assessing bribery risks is also a standard part of preparing for all collaboration agreements, among other things.

Additionally, we have defined specific guidelines concerning competition law that all employees are expected to follow. We arrange training on competitive legislation and agreements for all the relevant employees.

To report misconduct, we have a public whistleblowing channel. As a tool to improve our processes after reported incidents, the channel promotes good governance and ethical activities. We encourage employees and other stakeholders to report in good faith any concerns or suspected misconduct in violation of our company’s policies. We take such reports seriously, investigate them carefully and take appropriate, case-specific measures to stop any behaviour and activity that violates our policies. Failure to comply with our policies may lead to a dismissal from employment or termination of our relationship with third parties.

Orion has an established privacy framework, and we continuously develop our data protection practices. We offer our employees GDPR e-learning, and it is mandatory to employees managing personal data. No significant personal data breaches were observed in 2021.

There were no material fines or non-monetary sanctions for non-compliance with laws and regulations related to anti-corruption, human rights violations in our own operations, health or safety impacts of our products, provision and use of our products, marketing of pharmaceuticals, environment, or anti-competitive behaviour in 2021.

We are promoting the company’s interests by taking part in public dialogue and influencing decision-makers. We mainly influence political decision-making via relevant industry associations. All promotion of interest is done in accordance with Orion’s general business policy, as well as national and EU regulations. We do not support political activities.

Our sales and marketing organisations for pharmaceuticals follow local legislation concerning medicinal products, marketing, consumers, and competition. We also follow the International Code on Advertising and Marketing Communication Practice and the Orion Group’s Code of Conduct and internal guidelines, both of which adhere to the principles of the European Federation of Pharmaceutical Industries and Associations (EFPIA) Codes of Practice.

The management responsibilities in our pharmaceutical sales and marketing operations have been arranged to meet the requirements of the

relevant legislations in their respective countries, as well as Orion’s relevant standard operational procedures and internal codes. We regularly organise training on the industry codes and Orion’s principles for our sales and marketing organisation.

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

External supply chain

Orion has a vast network of suppliers in over 50 countries. Our supplier base provides us with packaging materials, raw materials (e.g. active pharmaceutical ingredients), and products. In addition, we rely on external partners for the supply of services and materials to support our core businesses.

Our goal is to promote best-in-class responsible practices in our procurement processes together with our partners. We recognise the importance

of ensuring and developing sustainable practices with our partners, as our own activities only affect a part of our value chain. For example, the majority of environmental impacts stem from our external supply chain.

Requirements for third parties

We expect our suppliers, distributors, and other partners to commit to Orion’s Third Party Code of Conduct, which defines our minimum sustainability requirements. Besides regulatory requirements, it

states the key principles for business operations concerning sustainability and ethics. By the end of 2021, 92% (98%) of our active suppliers of packaging materials, raw materials, and products had confirmed their adherence to the Third Party Code of Conduct. The figure decreased compared to 2020 due to transition to a new reporting system in 2021. Regarding indirect suppliers, 96% of key suppliers confirmed adherence to the Third Party Code of Conduct by the end of 2021.

Furthermore, we expect our product and raw material suppliers to acknowledge and adhere to Orion’s Supplier Sustainability Requirements, which sets our minimum requirements from suppliers as per our Third Party Code of Conduct. We also expect them to comply with all other requirements for management systems, safe working practices, as well as environmental, health and safety protection.

On top of these requirements, we have a risk-based approach for managing our global supply chain. Our suppliers are assessed based on their industry, location, and business criticality. We use either self-assessments or onsite audits as risk mitigation tools.

We utilise either a pharmaceutical industry standard sustainability template compiled by the Pharmaceutical Supply Chain Initiative (PSCI) or EcoVadis’ sustainability assessment for self-

assessments. If the sustainability risks seem high, we may in addition to the self-assessments perform sustainability audits. Relevant audit findings are followed up with a ‘Corrective Action Preventive Action’ plan.

We conduct risk-based audits of our tier 1 suppliers and dependent on the risk assessment also tier 2 suppliers. So far, self-assessments and onsite audits have mainly been done for tier 1 suppliers of packaging materials, raw materials, products and key indirect services and materials.

Given the ongoing COVID-19 pandemic, we could not conduct onsite audits in 2021 for all audited suppliers. However, we continued assessing suppliers’ sustainability management by utilising supplier self-assessment questionnaires and replacing some onsite audits with remote audits. In total we conducted 2 onsite audits and 18 remote audits.

In 2021, we continued implementing our improved sustainable procurement process. We arranged further internal trainings on sustainability for procurement professionals and made progress in integrating sustainability to the daily work in procurement.

In 2022, we aim to increase the focus on sustainability issues within our supplier relationship

SUSTAINABLE PROCUREMENT PROCESS

REQUIREMENT	RISK		
	LOW	MEDIUM	HIGH
Third Party Code of Conduct			
Self-assessment Questionnaire			
Audit			

management process. In addition to supplier capability building, we wish to engage in common improvement projects and continue to build a sustainability culture in our supply chain. We are also dedicated to further strengthening the sustainability expertise of our personnel in procurement.

Partnerships to gain impact

We aim to be a driver in improving environmental, ethical, labour, and human rights practices throughout the supply chain. Besides our own efforts, we see that a common vision and shared responsibility is an effective way to improve best practices in sustainable supply chain management. As a full member of the Pharmaceutical Supply Chain Initiative (PSCI), we endorse the PSCI principles and standards for suppliers on ethics, human rights and labour, health and safety, environment, and management systems. We not only utilise PSCI’s sustainable supply management tools, but as active participants in PSCI’s working committees, we also share information within the organisation’s network of professionals and offer capability building opportunities for suppliers to practice PSCI’s principles of responsible supply chain management. In 2021, these events were arranged as virtual meetings, in which 22 of Orion’s suppliers participated.

We have also partnered with EcoVadis for assessing and managing our supply chain risks. EcoVadis Sustainable Supply Management platform helps us to deliver consistent and robust assessments throughout the supply chain. When given a suggested corrective action plan, it also provides suppliers with a vast amount of information to improve performance.



“As a full member of the Pharmaceutical Supply Chain Initiative (PSCI), we endorse the PSCI principles and standards for suppliers on ethics, human rights and labour, health and safety, environment, and management systems.”

“Orion’s donation enabled IHP to support approximately 17,000 people in need.”

Making a difference through donating medicines

In 2021, Orion was delighted to announce a new partnership with International Health Partners (IHP), an UK-based Non-Governmental Organization (NGO). International Health Partners was founded in the aftermath of the 2004 Boxing Day tsunami disaster to bridge the gap between supply and demand for healthcare products. It all began with the simple idea: to match donated health supplies with needs in resource-poor settings. Since then, IHP has delivered over 50 million courses of treatment to over 100 countries. It works with a global network of healthcare companies that donate high-quality products with a long shelf life. Today, IHP is the largest coordinator of donated medical products in Europe.

IHP works closely with its in-country NGO partners to allocate donated medical products to where they are most needed. Their in-country partners work directly with medical staff and healthcare professionals to implement efficient programmes and ensure that people receive the medicines they need. Whenever IHP onboards a new NGO partner, they undergo strict due diligence. IHP’s proven record of trustworthiness and transparency, played

an essential role when Orion decided to collaborate with them. Orion’s cooperation with IHP began with products from External Supply Operations (ESO) suppliers. Due to a changed market environment, Orion had an excess inventory of certain products. The portfolios were evaluated, and selected products were donated through IHP. IHP then offered the medicines to NGOs who were able to find suitable aid destinations for the offered medicines. Orion’s first donation contained antibiotics and anti-inflammatories and the shipments were made in the summer of 2021.

In total, Orion donated 49,597 treatments in 2021. The donations were distributed to Haiti and Central African Republic, to strengthen their fragile health systems and to ensure that communities have access to a broad range of medicines free at the point of use. The shipments included antibiotics to Central African Republic and anti-inflammatories to Haiti. Orion’s donation of anti-inflammatories was used specifically to support IHP’s response to the devastating 7.2 magnitude earthquake that hit Haiti in August 2021. The donation was extremely timely as hospitals and health centres in Haiti reported

being overwhelmed with patients lacking medicines. As Haiti is one of the poorest countries in the world – ranked 170 out of 189 countries in the Human Development Index – Orion’s donation had a great impact in preventing and alleviating suffering at a time it was needed more than ever. The donations enabled IHP to support approximately 17,000 people in need.

After such a great start, Orion intends to maintain the cooperation with IHP in the years to come. A clearly defined donation process has been set up at Orion and the sourcing managers are constantly monitoring possibilities for further supplies. Our sourcing team has now a strongly felt principle to maintain and continuously improve on Orion’s donation process. Through IHP partnership, we have gained the opportunity to have a positive impact for some of the world’s most vulnerable people.

Human rights

At Orion we respect internationally recognised human rights in all of our activities and promote them in practice. We are committed to the principles of the Universal Declaration of Human Rights and the core conventions of the International Labour Organization (ILO) and expect the same from our partners. We do not accept activities violating human rights or participate in any such activities. We do not tolerate the use of child labour or forced labour in our own or our suppliers or partners operations. We do not accept discrimination in any form.

We respect the freedom of association of our employees, including their right to form trade unions. According to the Group’s general principle of legal compliance, Orion follows the legislation and binding collective agreements. This is also recorded in our Human Resources Policy, which is part of the Group’s Corporate Governance Manual.

Human rights are integrated into our corporate governance practices and our supplier management due diligence procedures. These procedures are used to continuously assess human rights risks and impacts in our value chain. Access to remedy will be provided in cases of human rights impacts. We were not made aware of any human rights violations in our own operations through the whistleblowing channel in 2021. We report our practices on respecting human rights and prevention of corruption and bribery as a

part of the non-financial reporting in our Financial Statement documents.

Human rights matters are included to mandatory manager training, which, among other things, focuses on our Human Resources Policy. In line with our Human Resources Policy, employee rights are regularly discussed in company-wide human resources information sessions.

In 2021, we conducted a corporate level human rights impact assessment in order to enhance our continuous evaluation of the human rights impacts in our operations and value chain. Internal experts from various functions were engaged in the process. We also assessed salient human rights issues in our operations and value chain. In this assessment, labour rights, work safety, privacy and patient safety were singled out as one of the most significant issues for Orion, and highlighted why we should focus on them in our work on human rights. Our work with pharmaceutical residues in the environment is also a part of our work with human rights, as impacts to the environment is often interconnected with impacts to people.

We will continue to develop our human rights approach and will focus next on critical issues concerning research practices, for example. Our aim is to increase our communication on human rights to our stakeholders in accordance with the UN Guiding Principles on Business and Human Rights.

“In 2021, we conducted a corporate level human rights impact assessment in order to enhance our continuous evaluation of the human rights impacts in our operations and value chain.”

Collaboration principles

Doctors and other healthcare professionals, as well as the organisations they work for, are important collaboration partners for the pharmaceutical industry. They supply valuable clinical expert knowledge for the development and improvement of medicinal treatments. Healthcare professionals can, in turn, benefit from further education and exchange of information offered by the pharmaceutical industry in different forums. Orion is a part of the healthcare system in Finland and each year we provide training to 13,500 healthcare professionals, including doctors, nurses, pharmacists and medical students.

To increase the transparency of the different forms of interaction and the related financial compensation, Orion publicly discloses the details of its compensation to the healthcare professionals with the right to prescribe and deliver medicines. We disclose all the payments made to healthcare professionals based on the work done for all the countries in which we have our own operations. We do not make any payments to healthcare professionals for promotional purposes. Disclosure reports are available on our website.

The information we share with doctors, pharmacies, and patients on medicinal products follows the product characteristics confirmed by regulatory medicinal authorities based on the results of the research and the data collected in clinical use.

Collaboration with patient organisations

Patient organisations are formed around a particular disease or disability, and they support patients in many ways, for example by providing information, training, lobbying, peer support, rehabilitation and organising events.

Orion supports many patient organisations in their important social role. Additionally, we collaborate with several patient organisations in developing and co-creating innovative and meaningful solutions for patients to make a positive difference in their daily life and to improve outcomes.

In the collaborations we are committed to the commonly agreed codes of practice on the relationships between pharmaceutical companies and patient organisations. The codes ensure ethical, compliant, and transparent collaboration with patient organisations. They emphasise the patient organisations' integrity and the independence of pharmaceutical companies. Direct and indirect support to patient organisations must be transparently disclosed and provided, without any terms restricting competition or the supported organisation's freedom of activity.

More detailed information on our collaboration with patient organisations is reported annually on our corporate website. The reports provide details of each collaboration and cover all the countries in which we have our own marketing organisation for pharmaceuticals.

“Each year we provide training to 13,500 healthcare professionals.”

Economic responsibility

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

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

- Growing net sales more rapidly than growth of the pharmaceuticals market. Achievement of this objective requires continuous investment in development of the product portfolio.
- Maintaining profitability at a good level. The aim is operating profit that exceeds 25% 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 1.30 per share, and increasing the dividend in the long term.

Events that occur in the short term may cause a deviation from the objectives.

According to our dividend policy, we consider the distributable funds, the capital expenditure, and other financial requirements in the medium- and long-term. Despite the challenging economic situation and the changing business environment in recent years, we have been able to grow, operate profitably, and pay good dividends to our shareholders.

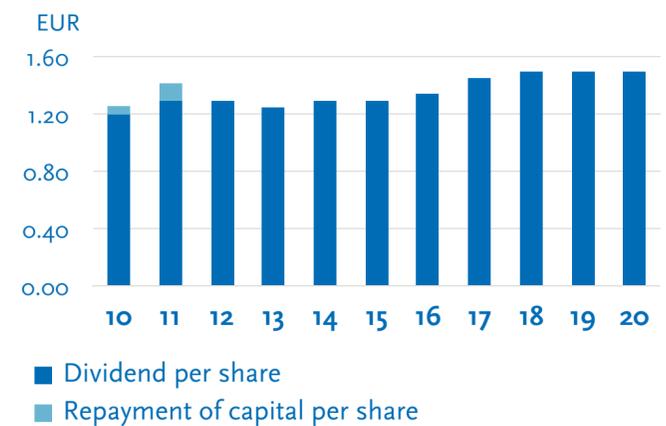
We are committed to paying all legally due taxes and meeting all disclosure requirements in the countries where we operate. We have paid the taxes due on our good and stable financial results regularly and on time. In 2021, our taxes and withholding taxes amounted to EUR 131 (131) million. Our largest direct economic impacts come from the employment opportunities we provide. Our shareholder base is diverse, with 80,792 registered shareholders at the end of 2021. The largest shareholder group consists of private Finnish households, which held about 40% of our total shares and 61% of the total votes at the end of 2021.

Donations

Most of the annual donations made by the Orion Group are based on the Annual General Meeting and its decision to donate a part of Orion’s distributable funds to medical research and other purposes of public interest. The Board of Directors decides on the allocation of the donations, and they are granted in accordance with our Donations Policy.

The John Nurminen Foundation, which works to protect the Baltic Sea and its heritage, has been the prioritised charitable organisation receiving financial support from us. Orion has been the main partner of the John Nurminen Foundation since 2018. In 2021, we supported the foundation’s #OURSEA campaign by donating EUR 50,000 and by raising awareness on protecting the Baltic Sea in many ways. Our employees can also participate in the protection of the Baltic Sea through internal campaigns, and we call our customers in Finland to take action through campaigns in pharmacies.

Orion share dividend per share, 2010–2020



Donations for purposes of public interest, EUR¹

	2019	2020	2021
Donations	250,000	250,000	350,000

¹ Most of the annual donations made by the Orion Group for purposes of public interest are based on the decisions of the Annual General Meeting (AGM). Therefore the reporting period is from AGM to AGM, not a calendar year.

MANAGEMENT OF BUSINESS ETHICS AND TRANSPARENCY

MANAGEMENT APPROACH	We maintain strict ethical standards and act responsibly in all situations. Together with our partners we are building a transparent and sustainable business.
MATERIAL DISCLOSURE TOPICS	Material Orion topics: <ul style="list-style-type: none"> • CoC training • Anti-corruption and anti-bribery training • Human rights violations in our own operations reported in the whistleblowing channel • Active packaging material, raw material and product suppliers confirmed adherence to Third Party Code of Conduct (CoC)
POLICIES AND COMMITMENTS	Respecting internationally recognised human rights, the principles of the Universal Declaration of Human Rights and the core conventions of the ILO. Expecting the same from our partners. CoC, Anti-Corruption Policy, Corporate Governance Manual, Third Party CoC, Supplier Sustainability Requirements.
GOALS AND TARGETS	<ul style="list-style-type: none"> • All employees trained on CoC principles. • All salaried and senior salaried employees regularly trained on anti-corruption and bribery matters. All new employees trained. • 100% of active packaging material, raw material and product suppliers adhere to Third Party CoC.
RESPONSIBILITIES AND RESOURCES	<ul style="list-style-type: none"> • Executive Management Board (EMB): reviews and approves the CoC and other policies and operating principles. • The CFO: member of the Group’s EMB. Heads financial affairs, incl. financial reporting. • The Legal Affairs function: monitors current legislation, proposes changes and incorporates them into practice. Responsible for providing advice and training on the CoC and other related matters. • The Corporate Responsibility function: Group-level sustainability expert, responsible for driving sustainability initiatives, supporting processes and practices and coordinating reporting. Developing human rights due diligence processes. • The Global Medical Affairs function: coordinates marketing communication. Confirms its compliance with national and transnational regulations. • The Group’s Procurement and Quality Assurance organisations: responsible for following up and monitoring suppliers’ ability to meet our requirements.
GRIEVANCE MECHANISMS	Process for reporting misconduct. All reports are investigated and if appropriate, case-specific measures will be taken to stop activities violating our policies.
EVALUATION OF MANAGEMENT APPROACH	Monitoring compliance with legal and regulatory matters, internal guidelines, and human rights principles, according to our corporate governance practices. Supply chain risks managed and monitored through due diligence practices.



Reporting principles and key figures

The Orion Sustainability Report 2021 includes information about Orion's sustainability performance and major milestones during 2021. The report refers to the Global Reporting Initiative (GRI) Standards. GRI content index and sustainability key figures are located at the end of the report.

[▶ READ MORE](#)

Reporting principles

Orion has reported on its sustainability performance since 2009. Sustainability data is published annually. In addition, non-financial information has been included in Orion’s Financial Statements documents since 2017. A materiality analysis conducted in 2018 is the basis for defining reporting scope and indicators. Materiality is assessed continuously based on stakeholder feedback from several channels and interaction.

The 2021 Sustainability Report is in accordance with the Core option of the Global Reporting Initiative Standards (GRI 2016, 2018, 2020). Supporting the material GRI indicators, we have also established some Orion-specific indicators that reflect our practices and processes to ensure the quality of our products and their safety for patients.

Report contents, material topics and topic boundaries have been defined in accordance with GRI 101 Foundation standard and principles for defining report content. A list of material topics can be found on the GRI content index in this report on pages 68–72.

The materiality, principles and boundaries used in this report, as well as the key stakeholder groups have been confirmed by Orion’s Executive Management Board, which also approves this report for publication.

The scope of our reporting

Our sustainability report principally covers group-wide operations. The data represents all of our operational locations and is reported according to the group structure.

Environmental management data only includes Finnish sites, as all of our manufacturing units are located within Finland and so the majority of the environmental impact of our operations occurs there. The operational units outside of Finland are primarily marketing or liaison offices that market our pharmaceutical products and operate in leased offices. Greenhouse gas emissions from Orion’s operations (scope 1 and 2) and value chain (scope 3) are reported according to the GHG Protocol.

Selected occupational health data includes only employees located in Finland unless otherwise stated. Approximately 80% of our employees are located within Finland.

Personnel data and data on Orion-specific topics covers the entire Orion Group unless otherwise stated.

Reporting covers the full reporting year 2021, unless otherwise specified. 2020 figures are shown in brackets for selected indicators.

The following organisational groupings are used in data collection and reporting:

ORION GROUP

Orion Corporation

Pharmaceutical operations, R&D and Head Office functions in Espoo
 Pharmaceutical operations and R&D in Turku
 Pharmaceutical operations in Kuopio
 Pharmaceutical operations in Salo
 Foreign Orion Pharma marketing subsidiaries and FinOrion Pharma India Pvt. Ltd.

Fermion Oy

API manufacturing in Hanko
 API manufacturing in Oulu
 API R&D unit in Espoo

GRI content index

SR = Sustainability Report 2021
CG = Corporate Governance Statement 2021
FS = Financial Statements documents 2021

GRI STANDARD	CONTENT INDICATOR	LOCATION	COMMENTS	OMISSIONS	ASSURANCE
GRI 102: GENERAL DISCLOSURES 2016					
ORGANIZATIONAL PROFILE					
102-1	Name of the organization	See comments	Orion Oyj		
102-2	Activities, brands, products, and services	SR 4–5			
102-3	Location of headquarters	See comments	Orionintie 1 A FI-02200 Espoo, Finland		
102-4	Location of operations	SR 5			
102-5	Ownership and legal form	See comments	Orion Oyj is a public company and its shares are listed on the Nasdaq Helsinki.		
102-6	Markets served	SR 5			
102-7	Scale of the organization	SR 4–5, 45			
102-8	Information on employees and other workers	SR 46			
102-9	Supply chain	SR 59–60			
102-10	Significant changes to the organization and its supply chain	See comments	No significant changes in 2021.		
102-11	Precautionary Principle or approach	See comments	Orion has a comprehensive risk management approach that includes management of risks to the environment. More information CG 11–21.		
102-12	External initiatives	SR 21			
102-13	Membership of associations	SR 21			
STRATEGY					
102-14	Statement from senior decision-maker	SR 6			
102-15	Key impacts, risks, and opportunities	SR 11–12, FS 19–24			
ETHICS AND INTEGRITY					
102-16	Values, principles, standards, and norms of behavior	SR 13			
102-17	Mechanisms for advice and concerns about ethics	SR 58			
GOVERNANCE					
102-18	Governance structure	SR 17			

GRI STANDARD	CONTENT INDICATOR	LOCATION	COMMENTS	OMISSIONS	ASSURANCE
STAKEHOLDER ENGAGEMENT					
102-40	List of stakeholder groups	SR 19–20			
102-41	Collective bargaining agreements	SR 47	We do not collect data outside of Finland. Bargaining agreements are handled according to local legislation and customs in all operating countries.		
102-42	Identifying and selecting stakeholders	See comments	The key stakeholders have been defined based on the criteria such as expectations of the stakeholder groups towards us and their importance to our business.		
102-43	Approach to stakeholder engagement	SR 19–20	Orion is involved with a number of stakeholder groups with whom our Group and its representatives interact, which are both affected by our activities and can directly or indirectly affect our business and performance. We continuously engage with our stakeholders to promote Orion's and its stakeholders' interests. Stakeholder feedback is systematically collected and utilised to develop our operations accordingly.		
102-44	Key topics and concerns raised	SR 19–20			
REPORTING PRACTICE					
102-45	Entities included in the consolidated financial statements	FS 87			
102-46	Defining report content and topic Boundaries	SR 67			
102-47	List of material topics	SR 67			
102-48	Restatements of information	See comments	History data on production volumes and sustainability audits to suppliers have been restated.		
102-49	Changes in reporting	See comments	No significant changes.		
102-50	Reporting period	See comments	January 1, 2021–December 31 2021		
102-51	Date of most recent report	See comments	Orion's Sustainability Report 2020 was published on April 28, 2021.		
102-52	Reporting cycle	See comments	Annual		
102-53	Contact point for questions regarding the report	See comments	Orion Corporation Orionintie 1A, P.O. Box 65 FI-0210 Espoo, Finland Phone: +358 10 4261 www.orion.fi/en		
102-54	Claims of reporting in accordance with the GRI Standards	SR 67			
102-55	GRI content index	SR 68–72			
102-56	External assurance	SR 77			

GRI STANDARD	CONTENT INDICATOR	LOCATION	COMMENTS	OMISSIONS	ASSURANCE
GRI 103: MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary	SR 9, 11–12, FS 19–24			
103-2	The management approach and its components	SR 28, 42, 55, 65			
103-3	Evaluation of the management approach	SR 28, 42, 55, 65			
SPECIFIC STANDARD DISCLOSURES					
GRI 200: ECONOMIC STANDARD SERIES					
ECONOMIC PERFORMANCE					
201-1	Direct economic value generated and distributed	FS 38, SR 73		Reporting does not incl. purchases from suppliers of goods and services	
201-3	Defined benefit plan obligations and other retirement plans	SR 47			
ANTI-CORRUPTION					
205-2	Communication and training about anti-corruption policies and procedures	SR 58			
GRI 300: ENVIRONMENT STANDARD SERIES					
MATERIALS					
301-1	Materials used by weight or volume	SR 39, 74			
ENERGY					
302-1	Energy consumption within the organization	SR 74	Data covers all Finnish locations. We don't collect data from locations outside of Finland.		x
302-4	Reduction of energy consumption	SR 74	Data covers all Finnish locations. We don't collect data from locations outside of Finland.		x
WATER					
303-1 (2018)	Interactions with water as a shared resource	SR 41			
303-2 (2018)	Management of water discharge-related impacts	SR 41			
303-3 (2018)	Water withdrawal	SR 74			
303-4 (2018)	Water discharge	SR 74			
303-5 (2018)	Water consumption	SR 74			

GRI STANDARD	CONTENT INDICATOR	LOCATION	COMMENTS	OMISSIONS	ASSURANCE
EMISSIONS					
305-1	Direct (Scope 1) GHG emissions	SR 35, 75	Data covers all Finnish locations. We don't collect data from locations outside of Finland. Refrigerants incl. to reporting since 2021.		x
305-2	Energy indirect (Scope 2) GHG emissions	SR 35, 75	Data covers all Finnish locations. We don't collect data from locations outside of Finland.		x
305-3	Other indirect (Scope 3) GHG emissions	SR 75			
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	SR 75	Reporting includes VOC emissions.		
WASTE					
306-1 (2020)	Waste generation and significant waste-related impacts	SR 39–40			x
306-2 (2020)	Management of significant waste-related impacts	SR 39–40			x
306-3 (2020)	Waste generated	SR 40			x
306-4 (2020)	Waste diverted from disposal	SR 40			x
306-5 (2020)	Waste directed to disposal	SR 40			x
ENVIRONMENTAL COMPLIANCE					
307-1	Non-compliance with environmental laws and regulation	See comments	In 2021, there were no material fines or non-monetary sanctions for non-compliance with environmental laws and regulations. There were also no environmental incidents.		
SUPPLIER ENVIRONMENTAL ASSESSMENT					
308-1	New suppliers that were screened using environmental criteria	SR 59	Screening covers all active packaging material, raw material and product suppliers.		x
GRI 400: SOCIAL STANDARD SERIES					
EMPLOYMENT					
401-1	New employee hires and employee turnover	SR 49			
OCCUPATIONAL HEALTH AND SAFETY					
403-1 (2018)	Occupational health and safety management system	SR 50			x
403-2 (2018)	Hazard identification, risk assessment, and incident investigation	SR 50			x
403-3 (2018)	Occupational health services	SR 45–46			x
403-4 (2018)	Worker participation, consultation, and communication on occupational health and safety	SR 50			x
403-5 (2018)	Worker training on occupational health and safety	SR 50			x
403-6 (2018)	Promotion of worker health	SR 45–46			x
403-7 (2018)	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR 50, 59			x
403-9 (2018)	Work-related injuries	SR 51–52			x

GRI STANDARD	CONTENT INDICATOR	LOCATION	COMMENTS	OMISSIONS	ASSURANCE
TRAINING AND EDUCATION					
404-2	Programs for upgrading employee skills and transition assistance programs	SR 48–49			
DIVERSITY AND EQUAL OPPORTUNITY					
405-1	Diversity of governance bodies and employees	SR 54			
SUPPLIER SOCIAL ASSESSMENT					
414-1	New suppliers that were screened using social criteria	SR 59	Screening covers all active packaging material, raw material and product suppliers.		x
SOCIOECONOMIC COMPLIANCE					
419-1	Non-compliance with laws and regulations in the social and economic area	SR 58			
ORION SPECIFIC TOPICS					
Own indicator	Pharmaceutical product availability in Finland	SR 10			x
Own indicator	Audits conducted to Orion	SR 73	Indicator scope changed in 2021, excl. sustainability audits		x
Own indicator	Audits conducted by Orion	SR 73	Indicator scope changed in 2021, excl. sustainability audits		x
Own indicator	Product recalls	SR 73			x
Own indicator	Hazardous waste per total waste	SR 74			x
Own indicator	Absence rate due to illness	SR 76			x
Own indicator	CoC training	SR 73			x
Own indicator	Anti-corruption and anti-bribery training	SR 73			x
Own indicator	Human rights violations in our own operations reported in the whistleblowing channel	SR 62			
Own indicator	Active packaging material, raw material and product suppliers signed Third Party Code of Conduct (CoC)	SR 73			x
Own indicator	Sustainability audits to suppliers	SR 73	2020 data restated		x

Key figures

PATIENT SAFETY AS A TOP PRIORITY	2019	2020	2021
Product recalls total, pcs	7	9	12
Product recalls, medicinal products, pcs	5	9	8
Class 1 (Critical)	0	1	0
Class 2 (Major)	2	0	1
Class 3 (Minor)	3	8	7
Product recalls, non-medicinal products, pcs	2	0	4
Number of GxP audits/inspections¹ conducted to Orion's operations	66	37	43
Inspections by authorities	8	8	11
Audits by collaboration partners	58	29	32
Critical observations in authority inspections	0	0	0
Non-compliances from authority inspections	0	0	0
Number of GxP audits¹ conducted by Orion	238	141	256
Critical observations	9	2	7
Rejections	5	3	3
Number of customer complaints about the Pharmaceutical business (ppm²)	76	76	65
Pharmaceutical product availability in Finland	97	96	98

¹ Inspections and audits of Good Practices (GxP). ISO 13485 audits included from 2021 onwards.

² ppm = parts per million packages sold.

ETHICS AT THE CORE OF OUR BUSINESS	2019	2020	2021
Code of Conduct training, number of participants ¹	n/a	3,410	653
Anti-corruption and anti-bribery training, number of participants ²	409	407	532
Active packaging material, raw material and product suppliers confirmed adherence to Third Party CoC, %	79	98	92
Sustainability audits to suppliers, pcs	13	6	20
Critical observations	0	0	0

¹ Training started in 2020. Participants in training: all individuals who completed the training in the course of the year, incl. those in part-time, temporary and past employment.

² Participants in training: all individuals who completed the training in the course of the year, incl. those in part-time, temporary and past employment.

FINANCIAL PERFORMANCE	2019	2020	2021
Net sales, EUR million	1,051.0	1,078.1	1,041.0
Operating profit, EUR million	252.8	280.1	243.3
% of net sales	24.1%	26.0%	23.4%
Profit before taxes, EUR million	250.8	278.3	242.3
% of net sales	23.9%	25.8%	23.3%
Income tax expense, EUR million	50.5	58.4	48.5
R&D expenses, EUR million	119.3	123.2	117.7
% of net sales	11.3%	11.4%	11.3%
Capital expenditure, EUR million	42.6	48.5	85.4
% of net sales	4.0%	4.5%	8.2%
Assets total, EUR million	1,035.7	1,115.6	1,114.0
Equity ratio, %	76.7%	66.7%	68.1%
ROCE (before taxes), %	29.9%	34.8%	28.8%
ROE (after taxes), %	25.8%	29.1%	26.2%
Personnel expenses, EUR million	217.1	227.0	231.0

ACTIVE WORK FOR A BETTER ENVIRONMENT	2019	2020	2021
Production volumes by type of product total, tonnes	2,159	2,372	2,088
Tablets	872	958	860
Injection products	60	45	42
Gels and ointments	836	908	822
Liquid preparations	208	244	154
Active pharmaceutical ingredients, API	183	217	210
Use of materials total, tonnes	14,986	16,131	16,445
Hazardous chemicals (excl. solvents)	3,477	3,714	3,387
Non-hazardous chemicals	1,325	1,435	1,953
Virgin solvents	4,186	4,689	4,889
Regenerated solvents	1,718	1,684	2,174
Packaging materials	4,280	4,610	4,042
Share of recycled materials (recycled solvents) of total materials	16%	18%	17%
Waste total, tonnes¹	15,123	16,306	19,999
Hazardous waste total, tonnes	12,633	13,281	13,687
Hazardous waste per total waste, %	84%	81%	68%
Water withdrawal and consumption total, 1000 m³:	268	302	266
Orion Corporation	195	232	197
Fermion Oy	73	70	70

¹ Total weight of waste passed on to third parties (waste disposal companies), offsite.

ACTIVE WORK FOR A BETTER ENVIRONMENT	2019	2020	2021
Wastewater discharges			
Volume, m ³	274,000	306,222	267,888
BOD, tonnes	230	433	499
COD, tonnes	379	677	683
TSS, tonnes	21	20	16
Nitrogen, tonnes	14	10	13
Phosphorous, tonnes	0.9	0.8	0.6
Energy consumption total, MWh	158,442	151,303	156,707
Direct energy consumption total, MWh	13,453	15,126	16,197
Light fuel oil	470	486	495
Natural gas	12,983	14,640	15,701
Indirect energy consumption total, MWh	144,989	136,176	140,510
District heat	47,120	39,244	43,535
Steam	30,278	29,009	29,239
Electricity	67,591	67,923	67,735
Energy consumption by reporting unit, MWh			
Orion Corporation	102,742	103,075	108,008
Fermion Oy	55,700	48,228	48,699
Energy savings, MWh	1,422	237	7,349
Electricity	144	237	-1,085
Heat	878	0	8,434
Fuels	400	0	0
Energy Efficiency Programme targets achieved	51%	53%	114%

ACTIVE WORK FOR A BETTER ENVIRONMENT

	2019	2020	2021
Scope 1 and 2 GHG emissions total, tonnes	20,123	18,611	20,563
Scope 1, direct emissions	2,838	3,102	4,403
Scope 2, indirect emissions (market-based)	17,285	15,509	16,160
Scope 2, indirect emissions (location-based)	23,909	22,286	20,038
Scope 3 GHG emissions total, tonnes¹	n/a	n/a	554,140
Raw materials, active pharmaceutical ingredients, packaging (purchased goods and services) ²	n/a	n/a	428,260
Investments in our production facilities (capital goods) ²	n/a	n/a	43,590
Fuel and energy - related activities ²	n/a	n/a	3,470
Upstream transportation and distribution ²	n/a	n/a	34,210
Waste generated in operations ²	n/a	n/a	13,300
Business travel	1,504	195	170
Employee commuting ²	n/a	n/a	2,610
Downstream transportation and distribution ²	n/a	n/a	18,750
Processing of sold products ²	n/a	n/a	1,460
Use of sold products ²	n/a	n/a	5,260
End-of-life treatment of sold products ²	n/a	n/a	440
Downstream leased assets	n/a	n/a	2,620
Other significant air emissions, tonnes			
Volatile organic compounds (VOC)	108	95	75
Environmental expenditures and investments total, EUR 1,000:	6,818	6,093	10,702
Environmental investments	1,263	1,064	3,412
Environmental protection expenses	5,555	5,029	7,290

¹ Reporting started in 2021.

² Tonnes of CO₂ equivalent.

Scope 3 calculation disclosure:

Purchased goods and services: Emissions calculated based on spend and volume. Emissions factors from DEFRA and own production.

Capital goods: Emissions calculated based on spend. Emission factors from DEFRA.

Fuel and energy – related activities: Emissions calculated based on fuel and energy usage. Emission factors from DEFRA. Only operations in Finland are included.

Upstream transportation and distribution: Emissions provided by suppliers and calculated based on spend. Spend based emission factors from DEFRA.

Waste generated in operations: Emissions provided by supplier. For wastewater, emissions are calculated based on volume, emission factor from HSY. Only operations in Finland are included.

Business travel: Emissions provided by supplier. Includes only air travel and covers over 80% of employees.

Employee commuting: Emissions calculated based on employee survey. Only considers operations in Finland, remote work is not considered.

Downstream transportation and distribution: Emissions calculated based on volume.

Processing of sold products: Emissions calculated based on volume. Own production used as reference.

Use of sold products: Emissions calculated based on volume. Only direct use included.

End-of-life treatment of sold products: Emissions calculated based on volume. Emission factors from DEFRA.

Downstream leased assets: Emissions provided by supplier. Only operations in Finland.

CARE FOR WELL-BEING PROFESSIONALS	2019	2020	2021
Absenteeism due to illness, hours	180,208	172,188	153,459
Absentee rate due to illness	3.3%	3.0%	3.1%
Absenteeism due to injuries, hours	8,696	2,272	3,040
Work time lost due to absenteeism, hours	188,904	174,460	156,499
Absentee rate, all absences	3.7%	3.4%	3.1%
Safety observations	2,419	2,492	2,427
Injuries, total¹	64	39	47
Workplace injuries causing absence of 3 or more days	21	9	14
Workplace injuries causing absence of less than 3 days	7	7	6
Workplace injuries causing absence, total	28	16	20
Workplace injuries causing no absence	9	5	6
Workplace injuries, total	37	21	26
Commuting injuries	27	18	21
Fatalities	0	0	0
Injury rate LTIF 1 ¹	6.6	3.6	4.8
Injury rate LTIF 3 ¹	4.9	2.0	3.4
Target injury frequency rate LTIF ¹	3.5	3.0	3.0
Actual working hours	4,274,440	4,431,474	4,142,821
Theoretical working hours	5,081,023	5,187,059	4,968,424
Injury rate LTIF 1 ²	N/A	N/A	3.7
Injury rate LTIF 3 ²	N/A	N/A	2.6

¹ Reporting covers operations in Finland.

² Reporting covers Orion Group (for Orion Pharma subsidiaries in Europe, Southeast Asia and the Pacific working hours are used).

CARE FOR WELL-BEING PROFESSIONALS	2019	2020	2021
Personnel at 31 Dec ¹	3,265	3,311	3,355
Average personnel during the year	3,251	3,337	3,364
Number of employees by region at 31 Dec	3,265	3,311	3,355
Finland	2,594	2,615	2,617
Other Nordic countries	90	85	80
Germany	89	94	106
UK and Ireland	49	51	53
Russia	77	75	79
India	147	146	149
Other countries	219	245	271
Employees outside Finland total	671	696	738
Number of employees by reporting unit at 31 Dec	3,265	3,311	3,355
Orion Corporation	2,263	2,275	2,266
Fermion Oy	354	364	374
Foreign subsidiaries	648	672	715
Number of employees by employee category at 31 Dec	3,265	3,311	3,355
Employees	719	731	733
Salaried employees	1,243	1,229	1,241
Senior salaried employees	1,303	1,351	1,381
Average duration of employment, years	11.1	11.3	11.4

¹ Full-time equivalent.

Independent Assurance Report

To the Management and Stakeholders of Orion Corporation

Scope and Objectives

The Management of Orion Corporation (“Orion”) commissioned us to perform a limited third-party assurance engagement regarding sustainability performance data (“Sustainability information”) disclosed in the Non-financial reporting in the Report by the Board of Directors in Orion Financial Statement documents 2021 and in the Targets and performance table in Orion Sustainability Report 2021 for the period of 1st January to 31st December 2021. The assurance engagement was conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability information is not fairly stated and has not been prepared, in all material respects, in accordance with the Reporting criteria.

Responsibilities

Orion is responsible for the collection, calculation, and presentation of the Sustainability information according to the Reporting criteria. The Management of Orion has approved the Sustainability information disclosed in the report. Our responsibility as assurance providers is to express an independent conclusion on the Sustainability information subject to the limited assurance engagement. To assess the Sustainability information, which includes an assessment of the risk of material misstatement in the report, we have used Global Reporting Initiative’s GRI-standards and Orion’s internal reporting instructions (the “Reporting criteria”).

Assurance Provider’s Independence and Competence

We have conducted our assessment as independent and impartial from the reporting organization. We were not committed to any assignments for Orion that would conflict with our independence, nor were we involved in the preparation of the report. Our team consists of competent and experienced sustainability reporting experts, who have the necessary skills to perform an assurance process.

Basis of Our Opinion

Assurance providers are obliged to plan and perform the assurance process so as to ensure that they collect adequate evidence for the necessary conclusions to be drawn. The procedures selected depend on the assurance provider’s judgement, including their assessment of the risk of material misstatement adhering to the Reporting criteria.

Our opinion is based on the following procedures performed:

- Interviews with Orion’s specialists responsible for data collection and reporting of the Sustainability information.
- Review of systems and procedures to generate, collect and report the Sustainability information for the Group reporting.
- Assessment of calculations and data consolidation procedures and internal controls to ensure the accuracy of the Sustainability information.
- Testing the accuracy and completeness of the Sustainability information from original documents and systems on a sample basis.
- Review of data sources, data generation and reporting procedures at the Orion’s manufacturing sites in Hanko and Turku, Finland.

Inherent limitations

Our assurance relies on the premise that the data and information provided by Orion to us as part of our review procedures have been provided in good faith. Because of the selective nature (sampling) and other inherent limitations of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities may not have been detected. For instance, greenhouse gas (GHG) emissions calculations are subject to inherent limitations, given the nature and the methods used for determining such data. Finally, the selection of different but acceptable measurement techniques may result in materially different measurements.

Helsinki, Finland, 1st February 2022

Mitopro Oy

Mikael Niskala

Independent
Sustainability Practitioner

Tomi Pajunen

Independent
Sustainability Practitioner