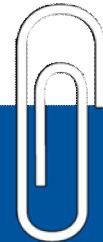

Orion Group



Sustainability Report 2009

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The public report is available as a web publication
at www.orion.fi/sustainability/

Foreword to Orion's Sustainability Report 2009

Orion Group and Corporate Responsibility

As of 2010, Orion Corporation will report regularly on topics related to Orion's sustainable development. The new Responsibility section of Orion's website will serve as the main reporting channel. As part of responsibility reporting, Orion will monitor and report on relevant and applicable sustainability and performance indicators in line with the globally adopted GRI (Global Reporting Initiative) reporting guidelines and framework. Since there currently is no Sector Supplement available for the pharmaceutical industry, Orion includes some additional organisation-specific indicators in its reporting.

As year 2007 was the first full operational year for the current Orion Corporation after the demerger of the former Orion in the summer of 2006, the first report covers the operations of the present Orion Group for the calendar years 2007–2009. From 2011 onwards, we will review our corporate sustainability development in periods of five years.

Orion publishes sustainability reports only on its website as part of the content in the Responsibility section. The report will not be available in printed format. The Responsibility section is available in Finnish and English, as other main sections of the website.

Product safety is the key topic of corporate responsibility at Orion

As a company specialising in healthcare products, Orion places special emphasis on the role of responsibility as a natural and inherent part of all its operations. Since we manufacture pharmaceuticals and diagnostic products, responsibility primarily manifests itself as product responsibility. As regards pharmaceuticals, all the relevant parties - the patient taking the medicine, the prescribing doctor and the dispensing pharmacist - must be able to trust that the information provided by Orion concerning the composition, use and safety of the product is accurate, the packaged product is authentic and manufactured in compliance with laws and regulations. As regards diagnostic products, the doctor must be able to rely on the results yielded by the diagnostic test and method so that he or she can reliably assess the patient's condition, start the best possible treatment and evaluate the patient's progress with follow-up tests. It is most fundamental to Orion's existence as a company that, when used correctly, our products are safe and that we make no mistakes which challenge product and patient safety.

No medicine comes without adverse effects

In a compliant pharmaceutical company, the culture of responsibility and care is a pervasive starting point for all operations. To ensure product safety, we use standard operating procedures throughout the manufacturing, quality assurance and supply chain and issue instructions for the correct and appropriate dosage and use of our products. No pharmaceutical company in the world can offer products that have zero adverse effects, nor do the healthcare

authorities demand it. Medicines are chemically and biologically acting complex compounds. Their mechanisms of action in our bodies are very sophisticated and involve questions which still remain for the scientists to resolve. However, thanks to modern technology, reporting on adverse effects is very effective, and we are today better equipped than ever to react quickly to any alarming signals.

The summary of product characteristics and patient leaflets supplied with product packages can sometimes include very long lists of adverse events reported when using the product - in fact, these lists may seem worryingly long for a layman. The lists are lengthy because they include all the adverse and side effects reported already during the research and development stage of the product, and the lists are complemented with additional data reported from clinical use. When necessary, a medicine is withdrawn from market if the adverse effects prove so serious, or even dangerous that they undermine the beneficial effect of the medicine in the purpose it is indicated for.

Orion's corporate responsibility builds on individual performance and attitudes

Even at Group-level, Orion's responsibility builds on the operation, working methods and attitudes of individual employees. Each and every Orion employee is committed to the Group's Code of Conduct regardless of the country or culture they work in.

We also expect our partners to commit to our responsibility goals and to acknowledge the principles of our Code of Conduct.

Orion considers responsibility a pillar of sustainable business

Responsibility is a vitally important principle for a company such as Orion. Without it, our operation would lose its basis. Without a strong commitment to responsibility, we would allow both ourselves and our partners to take shortcuts and make compromises.

Orion cares about its stakeholders: patients who use our products to promote their health, healthcare professionals who treat the patients, distributors who ensure the availability of our products, providers of products and services who participate in the development and manufacturing of our products, Orion employees, their families, our neighbours and our shareholders. By operating in a careful and exemplary manner and upholding regulatory compliance we can ensure a bright future for Orion and its stakeholders and manifest credible dedication to building well-being.

Why report on responsibility?

Pharmaceutical industry is very heavily regulated. Regulatory instructions and their monitoring cover the entire supply chain and operations. To be able to be in the business, a pharmaceutical company has to organise its operations according to strict regulations and manage quality and safety matters accordingly.

An Orion medicine package that finds its way to a consumer's home from the pharmacy does not reveal how exactly Orion looks after its corporate responsibility. The package does not indicate how Orion has developed and manufactured the preparation or delivered it to the pharmacy, or what requirements the product had to meet to be approved for use by patients. The purpose of this report is to shed more light on our economic, social and environmental performance. A group of specialists are responsible for gathering, storing and maintaining information related to Orion's sustainability performance to ensure that we can report on our corporate responsibility as sustainably as way we operate.

[**Challenges related to the further development of relevant management approaches**](#)

With the launch of corporate responsibility reporting, our senior management has faced new types of questions. While compiling answers to the questions posed by the GRI reporting guidelines, we have realised that many of our responsibility related internal guidelines, procedures and statistics are more or less location or unit specific in the Group. The question then becomes whether we have Group-wide standards in place. What are they? How do we see to it that they are attended to? And how do we ensure that our employees commit to them? Some items were not addressable to the scope of a Group-wide responsibility area of any OEMB member with a direct reporting responsibility to the CEO included.

As we are only just starting responsibility reporting, we do not have overall targets for corporate responsibility in place yet, nor development programmes with interim objectives. As responsibility becomes more pronounced in our strategy, our reporting will likely include development programmes and follow-up meters which focus on responsibility.

While considering responsibility questions, we at Orion have also realised that we have set the bar quite high for ourselves and tend to be quite critical. Things we see as business as usual and therefore not worth mentioning may to an outsider be something special in terms of responsibility. We welcome feedback from report readers to help us better identify such areas.

While setting up responsibility reporting at Orion, we have realised that exemplary corporate responsibility means much, much more than impeccable regulatory compliance.

Anne Allo

Orion Corporation
Communications

Orion Group Sustainability Report 2009

(according to GRI)

CONTENT OF THE REPORT

3.12. GRI content index

A comparison with the GRI guidelines and location of the disclosures in the Report is provided in the table below.

Extent of reporting

AR = Annual Report 2009

- 1 Reported
- 2 Partly reported
- 3 Not reported

orion.fi = Orion's corporate website
www.orion.fi

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Orion Group's vision and strategy

While making the decision on starting regular reporting on corporate responsibility, Orion's Executive Management Board has expressed Orion's commitment to responsible operation and continuous development as follows:

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

With strong devotion to promoting health we want to enhance trust in Orion as a company caring for and contributing to the welfare of mankind. We are committed to sustainable development and constantly improving performance, aiming at highest of industry standards in respect to Environment, Health and Safety.

We want to be a trustworthy partner in terms of economical, social and environmental criteria. We also want to be an attractive and solid workplace, respecting the human rights and equality.

Our commitment to responsibility allows us to expect the same also from our business partners

Strategy and management approach

Orion's strategy emphasises profitable growth and increased shareholder value, whilst keeping business risks under control. The strategy focuses on these key themes:

- Competitive product portfolio
- Strengthening the market position in Europe
- Efficient and competitive operations
- Active partnering and networking

In the business strategy of the Orion Group, responsibility and caring about the effects of its operations on people, environment and society are key parameters in the smart and viable operating methods Orion applies in order to reach its strategic objectives.

A description of the strategy of the Orion Group is available on the corporate website at <http://www.orion.fi/en/Orion/Strategy/>.

Strategic aim: Profitable growth and increasing shareholder value whilst keeping the business risks under control									
Strategic focus areas:									
Competitive product portfolio		Strengthening market position in Europe		Efficient and competitive operations					
Partnerships and networks									
Financial objectives:									
Ensuring financial stability			Creating a foundation for long-term profitable growth						
Business Divisions:									
Proprietary Products	Specialty Products	Animal Health	Fermion	Contract manufacturing and others	Orion Diagnostica				
Personnel: Competent and motivated personnel in demanding expert tasks									
Values:									
Mutual trust and respect	Customer focus	Innovation	Achievement	Quality, reliability and safety					
Mission: Building well-being									

Statement from senior management about the relevance of sustainability to Orion and the associated challenges

In this section, President and CEO *Timo Lappalainen* and CFO *Jari Karlson* present their views on Orion's corporate responsibility, the latter focusing mainly on key risks. Their views are based on interviews conducted at the time of preparation of this

report. Both emphasise patient safety as a paramount concern in Orion's responsibility and care. It is the starting point for our responsible operations.

CEO Timo Lappalainen:

Patient safety is at the very core of Orion's corporate responsibility

Patients, i.e., people and also animals in need of medication for various illnesses are the key: they are the very reason we operate in the healthcare business. Patient safety, i.e., proper and safe use of our products, is the single most important theme in our corporate responsibility.

Due to the small number of pharmaceutical companies manufacturing products in Finland, Orion is classified as operating in chemical industry, although the only part of Orion really representing chemical industry is Fermion which manufactures active pharmaceutical ingredients (APIs) through chemical synthesis. The nature of manufacturing pharmaceutical preparations is completely different, as it mostly involves combining chemically produced raw materials and excipients into forms with varied compositions and structures. Some aspects of it might even be comparable to food manufacturing.

One important priority with regard to responsibility is, of course, the personnel which develops, manufactures and markets our products. Our employees represent a very heterogeneous and multi-talented group of people, which poses some challenges. Our industry requires special expertise and we must consider carefully what we can and should do ourselves, what we should outsource and under which conditions. At Orion, it goes without saying that when outsourcing operations, we will never compromise our responsibility in areas such as the environment or employment.

We also have an economic responsibility towards the society, shareholders and other stakeholders, such as suppliers of goods and services. Our corporate structure is simple, which makes it is easy to recognize our economic obligations towards the society. As a large corporation, we also carry certain responsibility for promoting the development opportunities and conditions of viability of smaller service providers.

Cultural and national differences pose challenges to corporate responsibility

When looking for suitable solutions, it is our responsibility to collect relevant information and assess areas where cultural differences are an issue, even if legislative compliance does not demand it. These are often challenging questions and rarely have only one correct answer or solution.

There are still many countries where, e.g., transparency in business operations is challenging. What one country allows, another prohibits. Every market has locally regulated standards, and we have to adapt to them. Our stance in relation to issues such as corruption is, however, very firm: we do not condone it and thus do not take part in projects where corruption is the means for securing tenders.

In many developing countries, challenges are included in the distribution of medicines as well as in the guidance and training for their proper use. Most of our operations are located in Europe, however, and EU-wide regulations provide a basic framework in areas such as marketing practices, working time and environmental legislation.

Times are changing, also as regards responsibility

Increasing transparency in business is an important global trend, which has clear implications for corporate responsibility. For listed companies, open and transparent communications come almost as second nature by now, but many private companies also face demands for disclosing information about their operations to the society at large, not just to their closest stakeholder groups. Major corporations are also generally anticipated to show high ethics and moral.

Pharmaceutical industry is considered publicity-sensitive because we operate in demanding and affective health-related areas. Add to this the transparency requirements placed by regulatory authorities and the need to ensure the confidentiality of business secrets, and the situation becomes somewhat challenging. However, increased transparency does not necessarily pose a threat to competitive advantage.

Publicity is an industry trend which forces us to place even more emphasis on patient safety. Unfortunately, restrictions may be taken too far at times, which makes innovation more challenging: if fear of risks results in banning everything, the only certain outcome is that we cannot create anything new. Even the drug authorities are beginning to voice concerns over the reduced rate of new innovations from pharmaceutical research and the fact that promising projects either get delayed or cancelled. We need to find an acceptable level of risks versus safety.

Our values and strategy reflect corporate responsibility

Quality and safety are among the key values at Orion, and they are particularly central considerations in patient safety and customer relations. Without these values, our operation would lose its basis.

Reliability in turn means that we ensure transparency towards our stakeholders, authorities and the media. I believe that Orion operates very openly and transparently with drug authorities and capital markets, thus building long-term trust.

Partners have a central role in our strategy, and their role will become increasingly important in the future. When planning our operations, we must increasingly remember to consider parties not directly employed by Orion.

Even though some areas of social corporate responsibility are already an integral part of our operation, there are also those still having room for improvement. When establishing the GRI indicators for our reporting, we have identified the need to set clear objectives and programmes in areas such as waste reduction and energy conservation. Long-term challenges include extending the scope of review beyond our operational locations and finding reasonable means for assessing the impacts of our

products throughout their lifecycle. We will not be satisfied with choosing only the kind of review topics that are favourable or convenient for us.

Contribution to pharmaceutical industry's image challenges

Having started reporting on Orion's sustainability development, we have gained new points of view that we had not previously considered. On the other hand, responsibility covers areas which are natural, long-term concerns in the industry, such as patient safety and continuous vigilance in monitoring safety. The transparency requirement, which is closely connected to sustainable operation, is a hallmark of pharmaceutical industry: we cannot exist without trust. Personally, I consider pharmaceutical industry one of the most ethical industries in the world.

I also believe that by reporting on corporate sustainability development, we can help the public better understand our operation. Pharmaceutical industry is often experienced as hard to approach and understand as well as closed and introvert; it is easier for the healthcare professionals to understand our products than for the patients.

CFO Jari Karlson:

Risks to reputation are increasingly relevant to economic performance

Loss of reputation due to negligence of responsibility is one of the most significant economic risks faced by any company today, and Orion is no different in this regard. We may face losses for example if the public considers our handling of a situation inappropriate. Even if we believe that we are acting appropriately, a public rumour may claim something else.

Civic organisations, for instance, are quick to react aggressively, and the wide-spread use of the internet and social media provides them with wide-ranging scope and influence when publishing their concerns. Any company at the receiving end of such a campaign always gets the short end of the stick as it is seen as defensive and unconvincing, and its counterarguments do not spread as virally. The company's arguments are not taken as objective, even though the organisations and opinion moulders also act based on their individual ideological views, and often tend to think in terms of black and white.

A business cannot be managed based on extremes the way such groups can, but Orion still has to consider the approach of different parties to responsibility. We have to define our responsibility on a wide scope and be prepared for the effects of negative publicity.

Reputation is also important in terms of working atmosphere and employee commitment. Nobody wants to work in a company which receives nothing but a constant stream of negative publicity. Orion wants to be an employer its employees can be proud of.

Patient safety is our number one concern

Patient safety is of paramount importance for the continuity of our operations. We simply cannot operate without it. In the worst case scenario, a significant risk to patient safety can result in loss of life and termination of our operation as a company. The possibility of human error cannot be eliminated completely, but we do everything in our power to eliminate errors by adopting good management approach, effective systems and consistent practices.

Environmental questions are important in stakeholder cooperation

Legislation creates a relatively high level of assurance of appropriate operations in the Western countries, but the further away our suppliers are located, the more difficult it is to ensure that the parties we deal with operate without compromises even when we are not there to inspect their operations. Very often, we have to rely on written commitments and take the other party's word for it.

One of our basic operating principles is that we do not outsource our problems to subcontractors or overseas, but we unfortunately do not yet have the means to verify this throughout the entire supply chain. We cannot make promises in areas where the outcome is unclear due to unknown factors. The will to ensure appropriate operations of all involved parties exists, but we still need to work on the practicalities. In my opinion, transparency and honesty in admitting any existing shortcomings is the best approach in all areas of sustainability reporting.

2. Organisational profile

More detailed information about the Orion Group's operations and operational scope can be found at Orion's website at <http://www.orion.fi/en/Orion>.

2.1 Name of the organisation

Orion Corporation

2.2 Primary brands, products and/or services

Pharmaceuticals
Active pharmaceutical ingredients
Diagnostic tests

2.3 Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures

Proprietary Products:

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

Specialty Products:

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

Animal Health:

Veterinary medicines and products for pets and production animals

Fermion:

Active pharmaceutical ingredients

Orion Diagnostica:

Diagnostic test systems for healthcare service providers and industry

2.4 Location of organisation's headquarters

Orionintie 1 A
FI-02200 Espoo, Finland

2.5 Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report

Finland

Headquarters and administration in Espoo
Pharmaceutical manufacturing in Espoo, Turku and Kuopio
Active pharmaceutical ingredient manufacturing in Hanko and Oulu (Fermion)
Diagnostics manufacturing in Espoo and Turku
Pharmaceutical research centres in Espoo and Turku
Marketing: Espoo, Turku, Kuopio, Oulu, Tampere

Outside Finland

Marketing subsidiaries in 20 countries in Europe
Liaison office in India

2.6 Nature of ownership and legal form

Orion Corporation is a public company whose shares are listed on NASDAQ OMX Helsinki. The company has approximately 55,000 shareholders, of which 53,000 are households. Households own a little over 50% of the entire stock.

For current and more information on shareholder base, please see
<http://www.orion.fi/en/Investors/Shareholder-base/Ownership-structure/>.

2.7 Markets served

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

Orion's products are available in more than a hundred countries. Finland is the main market area, contributing a little less than one-third of net sales. The share of Scandinavia and rest of Europe of the net sales is about 50 per cent, and North-America and rest of the world about 20 per cent.

Outside Europe, Orion operates by granting marketing licenses to its products to other pharmaceutical companies.

2.8 Scale of the reporting organisation

The Group's net sales in 2009 amounted to EUR 771.5 million. International operations account to about 70 per cent of net sales.

At the end of 2009, the Group had about 3,150 employees, of whom some 2,500 in Finland and 650 in the foreign marketing subsidiaries.

Net sales of the Orion Group by market area 2007-2009

EUR million	2007	2008	2009
Finland	201.0	217.2	223.3
Scandinavia	97.4	101.2	101.6
Other Europe	234.8	244.0	274.7
North America	77.7	73.8	70.9
Other markets	69.0	74.6	101.0
Orion Group total	680.0	710.7	771.5

Key figures for 2007–2009

	2007	2008	2009
Net sales, EUR million	680.0	710.7	771.5
International operations, EUR million	479.0	493.6	548.2
% of net sales	70.4%	69.4%	71.1%
Operating profit, EUR million	192.0	185.0	207.0
% of net sales	28.2%	26.0%	26.8%
Profit before taxes, EUR million	193.4	184.2	203.7
% of net sales	28.4%	25.9%	26.4%
Income tax expense, EUR million	49.5	47.8	52.3
R&D expenses, EUR million	85.0	90.0	95.2
% of net sales	12.5%	12.7%	12.3%
Capital expenditure, EUR million	35.3	56.8	60.4
% of net sales	5.2%	8.0%	7.8%
Assets total, EUR million	565.7	695.5	727.1
Equity ratio, %	76.2%	60.2%	60.6%
Gearing, %	-20.0%	-7.1%	-8.9%
Interest-bearing liabilities, EUR million	4.0	146.3	131.5
Non-interest-bearing liabilities, EUR million	130.5	130.6	156.5
Cash and cash equivalents, EUR million	90.4	176.1	170.5
ROCE (before taxes), %	44.8%	38.5%	37.4%
ROE (after taxes), %	33.5%	32.1%	35.3%
Personnel at the end of the period	3 176	3 309	3 147
Average personnel during the period	3 160	3 270	3 192
Personnel expenses, EUR million	241.5	260.5	274.8

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

Orion's current operational structure has been in place since the demerger in the summer of 2006, when Orion Corporation started as a new company specialising in pharmaceuticals and diagnostics. Net sales for 2009 were approximately 20 per cent higher compared with the 2006 pro forma net sales.

The total number of employees has increased by some 130 employees since 2006. The most notable changes in the number of employees have taken place in the pharmaceuticals business where the number of Finnish employees has decreased,

whereas the number of employees in the foreign marketing organisations has increased.

The ownership structure of the Orion has undergone significant changes, in particular in 2009. At the end of 2007, Orion Corporation had 36,500 shareholders and at the end of 2008, there were 43,100 shareholders. By the end of 2009, the number of shareholders had reached 54,300.

3. Report parameters

REPORT PROFILE

3.1 Reporting period for information provided

Reporting period is one calendar year. This report provides information for the years 2007, 2008 and 2009.

3.2 Date of most recent previous report

This is the first sustainability report published by Orion Corporation.

3.3 Reporting cycle (annual, biennial, etc.)

Orion Corporation plans to publish a sustainability report on an annual basis.

3.4 Contact point for questions regarding the report or its contents

The person responsible for report compilation at Orion Corporation is Anne Allo, Senior Communications Officer, tel. +358 10 426 3735, e-mail: anne.allo@orion.fi.

REPORT SCOPE AND BOUNDARY

Orion's sustainability report principally covers Group-wide operations. Measurement data is gathered from each operational location and grouped according to the Group structure. All Orion units involved in manufacturing are located in Finland, which means that the calculation of indicators such as material flows and related responsibilities are based on the processes of Finnish units. Orion does not have any storage facilities for raw materials or finished products outside Finland except for the consignment stock facilities of Orion Diagnostica in Sweden, the Czech Republic and Slovakia. The foreign offices of the Group are marketing or liaison offices that market the pharmaceutical or diagnostic products, mainly in the country they are located in,

and almost all of their employees are involved in marketing except for a few clerical employees working on financial administration and human resources.

In sustainability reporting, Orion follows the GRI guidance, principles, terms, indicators, calculation methods and structure as closely as possible. Since GRI has not yet issued a Sector Supplement for the pharmaceutical industry, Orion has chosen the applicable meters and indicators from GRI standard disclosures and supplemented them with calculated and descriptive indicators derived from Orion's operations. These organisation-specific indicators are primarily related to product quality and product/patient safety.

3.5 Process for defining report content

Determining materiality

The indicators included in Orion's sustainability reporting have been selected, supplemented and specified in working groups for economic, social and environmental responsibility. Members of the groups were selected to well represent all the different expertises areas present in the Group. The groups also specified the calculation methods used in reporting. Materiality was assessed indicator by indicator also when setting up a data management system for GRI-based reporting. The reporting infrastructure was supplied by ToFuture.

The members of the working groups participated in workshops headed by consultants who specialise in sustainability reporting. The working groups determined the relevance and identified key stakeholders expected to use the report. The views formed in the workshops were presented to the sustainability reporting steering group, which made a further assessment and approved the prioritizing, principles and boundaries used in this report as well as the key stakeholder groups. The steering group consists of three members from Orion's Executive Management Board (Senior Vice President, Corporate Functions, Senior Vice President, Supply Chain and CFO), Vice President, Quality Assurance, Vice President, Communications, Project Manager responsible for sustainability reporting and the Senior Communications Officer responsible for the report compilation.

Prioritizing topics within the report

Emphasis on product responsibility, patient safety and Orion employees

Due to the nature of Orion's products and the industry, Orion considers product responsibility as a primary concern in its corporate responsibility. As a manufacturer of pharmaceutical and diagnostic products, Orion emphasises the responsibility for product safety, even though responsibility and caring are an integral, uncompromised and natural part of everything we do at Orion. The Supply Chain organisation with all its operations is linked to product safety. Orion's basic mission is to build sustained well-being by providing products that promote health and quality of life and by providing guidance on the correct and proper use of Orion's products. Orion's support to patient organisations and the further training and coaching provided for healthcare

professionals, in particular to doctors, nurses and pharmacy personnel, also largely falls in the scope of product responsibility.

Orion's social responsibility places emphasis on the company's employees. Orion employs highly educated professionals and wants to ensure that they are satisfied with Orion, their working conditions, work assignments and the way they are rewarded good work. Orion wants its employees to feel that they have opportunities for professional development and that their work is important for the society at large.

Orion's environmental responsibility places emphasis on materials use and energy

As regards environmental responsibility, the key themes at Orion include the chemicals and other materials used as raw materials and excipients in pharmaceutical manufacturing as well as cost-efficient and environmentally friendly materials management. Orion has made significant investments in process technology and methods to increase the efficiency of use and treatment of chemicals. While these investments have helped Orion reach performance levels significantly better than the minimum levels required by the environmental permits, the company has also attained significant economic value added with more efficient, economic and smart use of materials which also helps minimise adverse environmental impacts. In addition, operations in the middle and end of Orion's supply chain use a lot of packaging materials.

Energy efficiency has been identified as another area that requires monitoring and development. Most functions of the company are powered by electricity. The employees are another key driving force with their awareness of the cost effects and environmental impacts of energy use and ability to influence on how much power we need to use.

Packaging technology is a much discussed topic among Orion's customers and employees. Why do we pack our products the way we do? There are many open questions, and Orion faces many challenges in rethinking packaging so that both environmental responsibility and product safety requirements are considered in a balanced ratio. Orion cannot choose the materials and solutions for its packaging independently, as they are regulated and assessed by drug authorities. The packaging solutions for pharmaceuticals are chosen primarily based on stability, protection and safety of the product, but environmental impacts of packaging are also taken increasingly into consideration. Once a certain type of packaging has been approved for a drug, any changes require approval from the drug authorities, which is a lengthy and expensive process.

Identifying stakeholders expected to use the report

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



The stakeholder specification is discussed in more detail in section 4.14 List of stakeholder groups engaged by the organisation, section 4.15 Basis for identification and selection of stakeholders with whom to engage, and section 4.16 Approaches to stakeholder engagement, including frequency of engagement by type and stakeholder group.

3.6 Boundary of the report

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

Orion Group

Orion Corporation

Pharmaceutical operations Espoo

Pharmaceutical operations Turku

Pharmaceutical operations Kuopio

Subcontractors for Pharmaceutical operations (when applicable)

Foreign Orion Pharma and Orion Diagnostica marketing subsidiaries

Orion Diagnostica

Diagnostics operations Espoo

Diagnostics operations Turku

Subcontractors for Diagnostics operations (when applicable)

Fermion

Pilot plant Espoo

API manufacturing Hanko

API manufacturing Oulu

3.7 State any specific limitations on the scope or boundary of the report

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

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

Over time, Orion will undoubtedly need to expand its sustainability reporting by adding more indicators. Since this is the first report, it is not yet possible to determine what kind of themes Orion will add and when. Additions will be affected by factors such as feedback and assessment of the first and the upcoming reports. Orion is also waiting for a GRI Sector Supplement adapted for the pharmaceutical industry.

3.9 Data measurement techniques and the bases of calculations

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

Some figures for years 2008 and 2007 may include some uncertainty because they may have been derived in a post-calculation when implementing the data system for sustainability reporting.

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

Orion publishes the first sustainability development report in 2010. The report covers the years from 2007 to 2009. No sustainability report has been published by the current Orion.

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

Due to the afore-mentioned reason, no changes have been actual yet.

CONTENT OF THE REPORT

3.12. GRI content index

A comparison with the GRI guidelines and location of the disclosures in the Report is provided at the start of this report, on pages 5-10 .

ASSURANCE

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

No assurance has been sought for this report from external assurance providers. Some more time is needed by Orion to develop its data gathering and reporting systems to meet the requirements of external assurance.

4. Governance, commitments and engagement

GOVERNANCE

4.1 Governance structure

The governance structure of the Orion Group is described in detail in both the annual report and the corporate website. Orion Corporation follows the Finnish Corporate Governance Code 2008 for companies listed on NASDAQ OMX Helsinki. However, Orion Corporation deviates from the Code's recommendation No. 22 concerning the election of members to the Nomination Committee, which can also include persons other than members of the Board.

4.2 Chairman of the Board of Directors

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

4.3 Independence of the Board of Directors

All Board members are independent of the Company and its significant shareholders in the manner described in recommendation No. 15 of the Finnish Corporate Governance Code.

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

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

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

A representative of the employees is present at the meetings of the Executive Management Board of the Orion Group. The employees select their representative annually.

Forums for employee interaction with Group management include the mandatory employer-employee procedures, a semi-annual Group-level consultation meeting and the annual meeting of an international European Works Council.

4.5 Compensation

The remuneration principles and the remuneration of the Board and Group management are described under the Corporate Governance section of the corporate website. [\[orion.fi/en/Orion/Corporate-Governance/\]](http://orion.fi/en/Orion/Corporate-Governance/)

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

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

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

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

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

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

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

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

The Board of Directors monitors Orion's economic, social and environmental performance according to the same principles as other performance areas of the Group, which include the Group's risk management policy and insurance policy. Risk management constitutes a significant part of the Orion Group's corporate governance and is an integral part of the company's responsibility structure and operative control principles. The aim is to identify, measure and manage the risks that might threaten the company's operations and the achievement of the objectives set for the company. Overall risk management processes, practical actions and the definition of responsibilities are developed by means of regular risk identification approaches.

[\[orion.fi/en/Orion/Risk-Management/\]](http://orion.fi/en/Orion/Risk-Management/)

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

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

COMMITMENTS TO EXTERNAL INITIATIVES

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

Risk management constitutes a significant part of Orion's corporate governance. The aim is to identify, measure and manage the risks that might threaten the company's operations and the achievement of the objectives set for the company.

[\[orion.fi/en/Orion/Risk-Management/\]](http://orion.fi/en/Orion/Risk-Management/)

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

Orion is a member of the international Responsible Care programme, which is a voluntary environment, health and safety initiative of the chemical industry. The objective of the programme is to promote operations that are in line with sustainable development, both from the social and environmental point of view. All participating companies are committed to developing their products and operations in a way that increases social well-being. The programme has participants from over 50 countries.

In 2008, Orion joined the Energy Efficiency Programme launched by the Confederation of Finnish Industries (EK). Under the agreement, Orion aims to cut its energy consumption by 9% by 2016, compared with the 2005 level. This includes the consumption of energy, heat and fuels. Energy conservation cannot be based on lower production quality or poorer working conditions.

STAKEHOLDER ENGAGEMENT

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

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

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

4.14 List of stakeholder groups engaged by the organisation

and

4.15 Basis for identification and selection of stakeholders with whom to engage

The members of the working groups for preparing sustainability reporting at Orion performed a self-assessment with a consultant to define the key stakeholder groups. Assessment criteria included reasonable expectations of stakeholder groups and their importance in relation to Orion's business operations as a whole. Based on the assessment of the working groups, the steering group made a further assessment on stakeholder groups which can be expected to pay special attention to our responsibility performance, and added some detail.

The following stakeholder groups are important to Orion's business and are interested in Orion's corporate responsibility:

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

4.16 Approaches to stakeholder engagement

Orion engages with its stakeholder groups in various ways. Orion has yet to establish engagement mechanisms which focus specifically on economic, social or environmental sustainability.

Internet and network-based solutions are increasingly important channels alongside traditional engagement methods, enabling quick and active interaction. For example,

the public can use the feedback form on the corporate website to send messages in selected categories or to write free-form messages to Orion. We strive to respond to any feedback as quickly as possible. Orion aims to offer more interactive functionalities in its web based media attracting stakeholder groups into discussion.

5. Disclosure on Management Approach, DMA

The management approaches are described separately for each indicator category alongside the performance indicators.

6. Performance indicators

EC - Economic Responsibility

Management approach of Economic Responsibility

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

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

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

Management of economic responsibility follows the general guidelines established in Orion's Corporate Governance Manual. They consist of clear definitions of responsibility, setting and monitoring of objectives and appropriately organised internal control. For more detailed descriptions of Orion's corporate governance principles, risk management and internal control, please see Orion's financial statements and corporate website (www.orion.fi/en).

Goals and performance

Orion aims for profitable growth whilst keeping business risks under control. Despite the challenging economic situation and the changes that have taken place in our business environment over the recent years, the Group has been able to grow steadily, make a good profit and pay good dividends to the shareholders. In 2009, Orion's operating profit was EUR 207.0 (185.0) million, return on capital employed

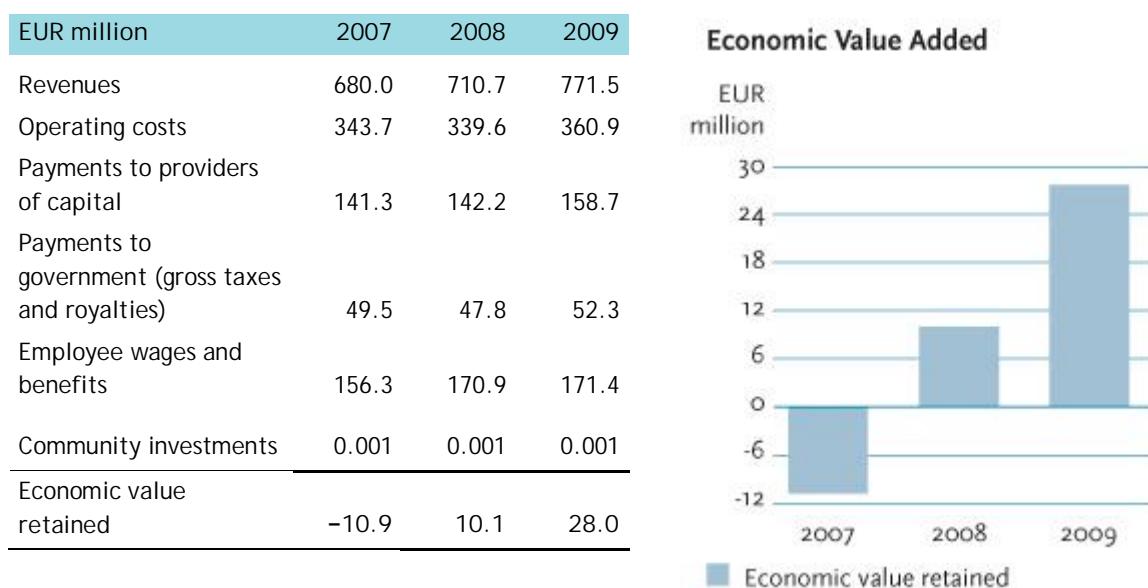
before taxes was 37.4% (38.5%). Dividends were paid EUR 1.00 per share, representing 93.5% of earnings per share. Of the good and stable financial result, Orion has also paid the taxes due regularly and on time. The Group has also always taken care of its pension commitments in full.

Long-term economic success of the Group requires continuous ability to ensure competitiveness and cost-effectiveness with right strategy decisions and enhancement of procedures, operational structure and product portfolio. Orion's growth is based on a competitive product portfolio, which the Group builds by active development of new drugs and diagnostics products in both Orion's R&D organisation and through wide-ranging cooperation with external parties. In 2009, Orion's R&D expenses totalled EUR 95.2 (90.0) million. The Group also invested some EUR 26.0 (5.0) million in new product rights.

Orion's shareholder base is quite diverse. There have not been any major changes in the ownership structure, and no single shareholder holds a significant portion of the shares. The clearly largest shareholder group comprises of private Finnish individuals. (For more detailed information on the shareholder base, please see the "Investors" section of Orion's website.) As a public company, Orion fulfils its disclosure obligations diligently. The Group also actively develops its corporate communications, and aims to utilise different communication channels and tools in a versatile yet purposeful manner. Orion focuses on the good quality contents of its financial statements and website to provide capital markets and shareholders with up-to-date information about the Group's operations and performance. Orion also organises regular meetings with investors in various locations in Finland and abroad. A calendar for investors is accessible under the "Investors" section of the corporate website containing both past and up-coming investor events and roadshows, since 2006.

Indicators of Orion's economic performance

EC1 Economic value added generated and distributed to stakeholders



The above calculation of economic value added generated and distributed to stakeholders uses the calculation method required by GRI and does not represent Orion's view. Orion's own EVA calculation can be found on page 46 of the Annual Report 2009.

Orion takes care of its economic obligations towards personnel, partners, owners and the society. As part of this responsibility, we are proactive and aim to identify and control the risks related to our operations and further development as well as possible.

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

Orion is a company whose products are of significant social importance. Orion offers its employees the chance to develop, manufacture and sell products that promote well-being, health and quality of life, and offers a fair compensation and good employee benefits in return. The Orion Group employs 3,100 people of whom 2,500 work in facilities in Finland. Orion is one of the largest private employers in Espoo, Turku and Hanko.

Orion employees pay national and regional taxes based on the salaries they receive from Orion. As a profitable company, Orion is a major tax payer: in 2009, the Group paid over EUR 52 million in income taxes.

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

As a stock exchange listed company, Orion is anticipated to generate added economic value also for its shareholders. According to its dividend policy, Orion's dividend distribution takes into account the distributable funds and the capital expenditure and other financial requirements in the medium and long term to achieve the financial objectives. Orion has been a stable dividend payer and has during the past years paid dividends from the company's distributable funds with a payout ratio exceeding 90 per cent.

EC3 Coverage of the Group's pension obligations

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

The Group's pension obligations are listed under Note 12 "Pension assets and pension liabilities" of Orion Financial Statements 2009. At the end of 2009, the Group's pension obligations totalled EUR 184.50 million. At the end of 2009, the Group had a pension asset of EUR 29.8 million from the Pension Fund and the Group has a liability of EUR 0.8 million to other units.

[Link to Note 12 of the Financial Statements 2009.](#)

http://orion2009.annualreport.fi/en/page_7_7_10.html

EC4 Significant financial assistance received from government

EUR million	2007	2008	2009
In Finland	2.6	3.2	1.0

The Finnish Funding Agency for Technology and Innovation (Tekes) has granted funds for Orion's R&D projects. In the pharmaceuticals business, the funding has been used for early research phases of certain development projects of new pharmaceutical substances. Orion Diagnostica has received Tekes funds for the development of new types of diagnostic test concepts and for a business development initiative.

EC Donations

In 2009, Orion supported purposes of public interest with donations of over EUR 147,000. The main focus areas of the Group's gratuitous support include medical research, patient organisations and other associations promoting healthcare, defence and veterans, children and youth, education and culture. At Group level, UNICEF Finland (United Nations Children's Fund) is a prioritised charitable organisation receiving financial support from Orion.

EN - Environmental Responsibility

Management approach of environmental responsibility

Goals and performance

Orion takes environmental impacts into consideration at every stage of product development and manufacture. At Orion, environmental matters are an important focus area in the company's safety policy, which emphasises consideration of the environmental impacts in the management, control and development of operations and requires that the environmental impacts of decisions and solutions are identified and that operations are developed to preserve the diversity of nature and that procedures for managing accident situations are established.

Laws, decrees and regulations set the minimum level for the management of environmental responsibility. However, objectives set at these minimum levels are usually not satisfactory for Orion. A higher target level can often prove more meaningful than the minimum level, also financially.

Orion's environmental activities encompass the following areas:

- Air protection
- Waste water
- Soil protection
- Waste management
- Recycling

As a general principle, Orion considers the long-term environmental impacts when planning its operations, preparing for investments and at every stage of product development and manufacture. Orion expects good standards of managing environmental affairs also from its contract manufacturers, vendors and other partners.

Reduced production of waste in all forms is an important objective when minimising environmental impacts. Orion's objectives are aligned with the priority targets specified in the EU-level waste strategy, which will be included in the new waste act that is expected to enter into force towards the end of 2010. These priorities include avoiding the production of waste by all means possible and recycling the produced waste materials. If waste is not re-usable as material, it must be used in some other way whenever possible, such as an energy source. The amount of landfill waste is to be minimised.

The operations of Orion's facilities, which manufacture pharmaceutical preparations and active pharmaceutical ingredients, require environmental permissions as

specified in the Environmental Protection Decree of Finland. The environmental regulations and permissions are regional.

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

Procedures

Focus areas in the management of environmental affairs at Orion include chemicals used in production and laboratories, consumption of energy and water, waste produced by operations and the environmental load caused by the company's products over their life-cycle.

Orion monitors the environmental impacts of its operations by, for example, measuring and calculating the volumes of chemicals, solvents and other substances, water and energy consumed and emissions to water and air as well as keeping track of waste and recording waste statistics.

The manufacturing processes of pharmaceutical products, active pharmaceutical ingredients and diagnostics products differ very much from each other, and accordingly, they also generate emissions and waste differently both in terms of amounts and type. Hazardous waste is produced especially from active pharmaceutical ingredients (API) processes, but also to some extent from the manufacture of pharmaceutical products. Fermion, which produces APIs by means of synthetic methods of organic chemistry, typically uses some 97% of the total solvents used by Orion, and the emissions of their volatile organic compounds (VOC) attribute to some 75% of Orion's total emissions to air. Fermion also produces the relatively largest amount of hazardous waste in the Group. The plants manufacturing pharmaceutical and diagnostics products in Espoo, Turku and Kuopio in turn produce non-hazardous recyclable materials and landfill waste.

Organisational responsibility

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

Business divisions and line functions are responsible for identifying the main environmental impacts of their operation and to develop their operations and activities in an environmentally friendly manner. They also draft division and location specific procedures for environmental damage and accidents, document the main

tasks and activities that have an impact on environmental safety and issue guidelines for them as well as draft and maintain operating procedures for the collecting, processing and archiving of information related to environmental safety.

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

Training and awareness

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

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

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

In 2008, Orion joined the chemical industry's global voluntary initiative Responsible Care, under which companies work together to continuously improve their health, safety and environmental performance.

In May 2008, Orion joined the Energy Efficiency Programme launched by the Confederation of Finnish Industries (EK). Under the agreement, Orion aims to cut its energy consumption by 9% by 2016, compared with the 2005 level. This includes the consumption of energy, heat and fuels. Energy conservation cannot be based on lower production or poorer working conditions. Orion is now investigating its options of energy conservation and developing an energy efficiency plan. Energy consumption by energy type will be examined and target values determined at each site.

Orion and REACH and CLP legislation

Pharmaceuticals and diagnostic products have long been under strict control by the authorities, with special registration and regulatory procedures. Due to this, neither pharmaceutical products nor substances used in them are concerned by the REACH requirements (Regulation concerning Registration, Evaluation, Authorisation and Restriction of Chemicals). In Orion, Fermion's operation is most affected by REACH-induced new obligations, such as registration of all solvents and intermediate products imported or produced in amounts of at least one tonne per year.

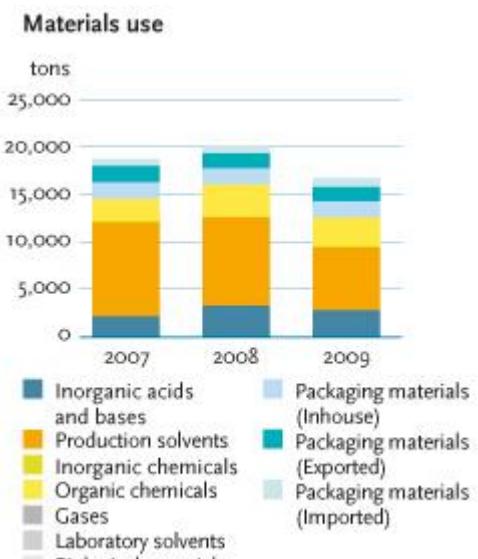
The renewed classification and labelling of chemicals according to CLP legislation (Classification, Labelling and Packaging of Substances and Mixtures) will be implemented in Orion by 1 December 2010. The classifications of all the chemicals used by Orion will be reviewed. The hazard and precautionary statements will be changed and, consequently, all safety data sheets will be updated.

Indicators of Orion's environmental performance

Materials

EN1 Materials use, total materials

Ton	2007	2008	2009
Inorganic acids and bases	2 322	3 493	2 963
Production solvents	9 808	9 138	6 528
Inorganic chemicals	82	110	105
Organic chemicals	2 532	3 372	3 072
Gases	3	5	4
Laboratory solvents	19	15	15
Biological materials	6	6	5
Packaging materials (Inhouse)	1 688	1 677	1 648
Packaging materials (Exported)	1 631	1 607	1 595
Packaging materials (Imported)	610	719	785
Materials use total	18 700	20 143	16 720



EN2 Percentage of recycled input materials of total materials used

*)Production solvents include the following amounts of regenerated solvents:

	2007	2008	2009
Regenerated solvents, ton	2 955	2 725	1 931
Share of total materials use, %	16 %	13 %	12 %

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

Fermion's manufacturing operations consume almost all of the reported production solvents, inorganic acids and bases and organic chemicals. In addition to production volumes, materials use is also affected by manufacturing process improvements and the amount of intermediates delivered by suppliers.

In 2009, some 3 per cent or 208 tonnes of the total volume of solvents consumed were used in the manufacture of tablet masses and in tablet coating. Orion has reduced the consumption of solvents and aims to reduce it even further by developing processes where water can be used instead of solvents when possible.

Packaging consumes a lot of materials at Orion. Most commonly used packaging materials include plastic, glass, board, corrugated cardboard and aluminium. Plastic and glass are most often used as so-called primary packaging materials, i.e., they are materials in direct contact with the medicine. Board and corrugated cardboard are most often used as secondary packaging materials which encase the primary package. Aluminium is used most in blister packages. It is also used in the collars of injection bottles and some cream tubes. A very thin aluminium film layer is contained in the bag protecting the Easyhaler inhalator in its retail package.

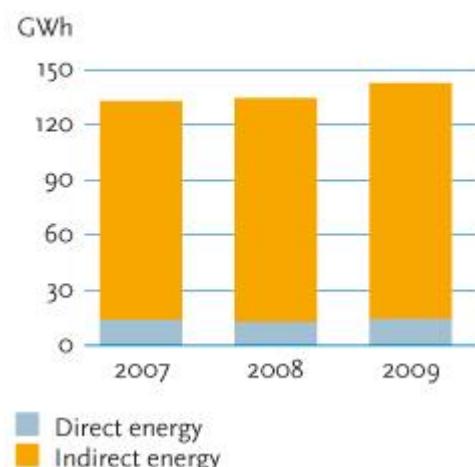
The materials used by Orion include a small amount of radioactive materials, which are used in pharmaceutical R&D and certain hormone and collagen products manufactured by Orion Diagnostica. STUK, the Finnish Radiation and Nuclear Safety Authority, has granted Orion a permission to use and trade these materials. The level of radioactivity in the final product is so low that the customers can handle the product and also dispose of any leftover products without taking any extra precautions.

Energy

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

GWh	2007	2008	2009
Light fuel oil	1.6	1.6	1.9
Heavy fuel oil	11.8	10.8	12.0
Direct energy consumption total, GWh	13.4	12.4	13.9
Electricity	57.2	58.6	58.2
District heat	48.3	43.9	50.2
District heat + steam	14.2	20.0	20.6
Indirect energy consumption total, GWh	119.7	122.5	129.0
Energy consumption total, GWh	133.1	134.9	142.9

Energy total



The Group's total consumption of energy was 6 per cent higher in 2009 than in 2007 and 2008. The share of indirect energy consumption consumed by Orion's facilities is 90 per cent, and the consumption is increasing. Direct energy is mainly generated by the boiler facility adjacent to Orion's manufacturing facilities in Espoo, which uses heavy fuel oil to produce heat energy which in turn is used to produce steam for the

plants. The much smaller pharmaceutical plant in Kuopio has its own steam boiler which uses light fuel oil.

Total electricity consumption has remained steady during the three-year reporting period, although the pharmaceutical plants in Espoo, Turku and Kuopio have managed to reduce their consumption somewhat. Total consumption of district heat and steam increased by 14 per cent from 2008 to 2009, due to a colder winter and higher operation rates of the pharmaceutical plants. Total indirect energy consumption was significantly lower in 2008 and 2009 than in 2007 despite increased manufacturing volumes.

Fermion's plants, which manufacture active pharmaceutical ingredients (APIs) chemically, use a little over one third of all energy consumed by Orion. The combustion plant in Hanko, which was taken into use in 2008, is owned by Ekokem. It burns the solvent-containing waste gases of the plant. In 2008, the plant produced some 9 GWh and in 2009 as much as 15 GWh of district heat energy for the plant, thus considerably reducing the proportion sourced from Fortum.

EN5 Energy saved due to conservation and efficiency improvements

EN7 Initiatives to reduce indirect energy consumption and reductions achieved

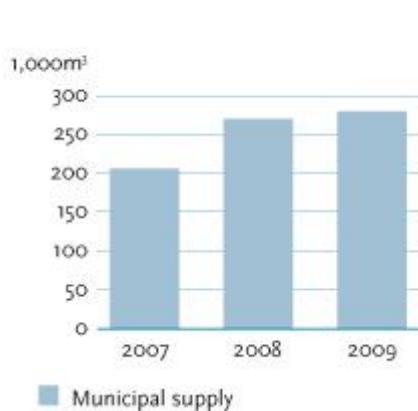
In 2008, Orion joined the Energy Efficiency Programme coordinated by the Confederation of Finnish Industries (EK) aiming to cut its energy consumption by 9% by 2016, compared with the 2005 level. An action plan for improved energy efficiency is currently at a preparatory phase. Orion will include data for the EN5 and EN7 indicators in its sustainability reporting once the action plan has been approved and performance monitoring has started.

Water

EN8 Total water withdrawal by source

1 000 m ³	2007	2008	2009
Municipal water supply	205	268	279
Water withdrawal total	205	268	279

Water withdrawal



EN Water consumption

1 000 m ³	2007	2008	2009
Commercial	205	268	279
Water consumption total	205	268	279

Orion withdraws all the water it consumes from municipal water supplies. The Group's consumption of tap water has increased over the past years. It should be noted that due to the nature of facilities, there are significant differences in the water consumption volumes between Orion's operating locations and facilities. Fermion's water consumption has increased consequence of technical process changes, which at the same time reduce the use of solvents. Fermion also uses a lot of water for cooling its processes.

Pharmaceutical manufacturing uses batch processes, and the operations must meet very strict purity requirements. The process equipment and lines are carefully cleaned with water after the manufacture of each batch so that no traces of any substances used in the previous batch are left behind. Thus, along with growing production volumes also the consumption of water increases. Water is also used in the manufacture of liquid solutions.

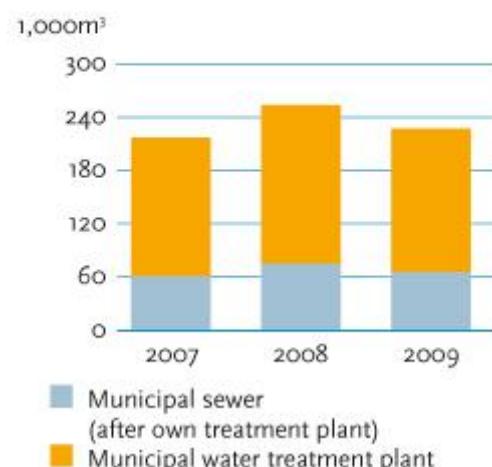
At the Turku plant, water consumption increased significantly due to the deployment of the new gas scrubbers in 2008. They were an important environmental investment reducing VOC (volatile organic compound) emissions radically. Although the scrubbers consume a lot of water, they also capture evaporated solvents efficiently.

Orion Diagnostica's water consumption attributed to slightly over 10 per cent of the total water consumption of the Group in 2009. Water consumption has almost tripled in the manufacture of diagnostic products over the past year. Production of the main product, the QuikRead system, uses up a lot of water, and the production and sales volumes of the product have shown strong annual growth.

EN21 Total water discharges by way of treatment

1 000 m ³	2007	2008	2009
Municipal sewer (after own treatment plant)	63	75	67
Municipal water treatment plant	153	179	160
Total water discharges	216	254	227

Total water discharges by way of treatment



Orion does not discharge any waste waters directly to natural waterways. All waste waters from Orion's facilities and plants are led to municipal water treatment plants either directly or after neutralisation.

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

Solids and substances with biochemical oxygen demand (BOD) or chemical oxygen demand (COD) are removed from Orion's waste waters in water treatment plants. Solid levels contained in Orion's waste waters are low, but the BOD and COD values were still high in 2009. This was due to the high levels of ethanol that came from the gas scrubbers into the outgoing water. Ethanol is used as a solvent in the tablet coating phase. Orion monitors the levels of ethanol currently present in waste waters and reports the levels to Finnish water authorities. The small levels of methanol, isopropanol and acetone are also monitored and reported. More effective control of solvent emissions requires additional investments from the company.

Biodiversity

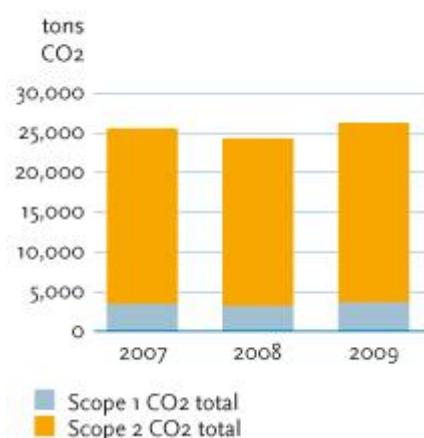
EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected area

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

Emissions to air

EN16 Total direct and indirect CO₂ emissions

Ton CO ₂	2007	2008	2009
Direct energy	3 740	3 459	3 887
Scope 1 CO ₂ total	3 740	3 459	3 887
Indirect energy	21 685	20 595	22 116
Scope 2 CO ₂ total	21 685	20 595	22 116
Scope3 CO ₂ total	0	0	0
Direct and indirect CO ₂ emissions total	25 425	24 054	26 003

CO₂ emissions total

EN CO₂ emissions of indirect energy

Ton CO ₂	2007	2008	2009
Ekokem Hanko		3 294	5 197
Fortum	0	0	0
Fortum Espoo	7 857	6 593	7 138
Fortum Hanko	4 860	1 770	900
Fortum Oulu	2 710	2 597	3 021
Kuopion Energia	925	867	996
Turku Energia	5 334	5 473	4 864
CO ₂ emissions of indirect energy total	21 685	20 595	22 116

CO₂ emission coefficients g/kWh

Energy supplier	2007	2008	2009
Ekokem	NA	362.0	356.0
Fortum Espoo	320.0	300.0	290.0
Fortum Hanko	300.0	300.0	300.0
Fortum Oulu	282.3	282.3	282.3
Kuopion Energia	402.0	413.0	424.0
Turku Energia, district heat	363.7	356.0	310.0
Turku Energia, steam	330.0	330.0	330.0

CO₂ emissions have been calculated for Orion's direct and indirect energy consumption. Energy consumption and CO₂ emissions do not include the electricity consumption or heating energy of the foreign marketing subsidiaries. The CO₂ emissions from direct energy consumption were calculated based on the emission factors of the fuels. The CO₂ emissions from indirect energy consumption were calculated based on emission factors provided by energy suppliers.

The electricity supplied by Fortum to all units of the Group is produced by nuclear power and is practically carbon neutral. The annual electricity consumption is some 58 GWh (indicator EN4).

The increase in Orion's total CO₂ emissions for 2009 is proportionally about the same as the increase in the consumption of direct (EN3) and indirect (EN4) district heat and steam. Most of Orion's CO₂ emissions from direct energy consumption originate from the boiler facility of the Espoo plant, which produces steam. The boiler uses heavy fuel oil and produced a total of 12 GWh of energy in 2009. The much smaller facility at the pharmaceutical plant in Kuopio uses light fuel oil. It produced just under 2 GWh of steam in 2009.

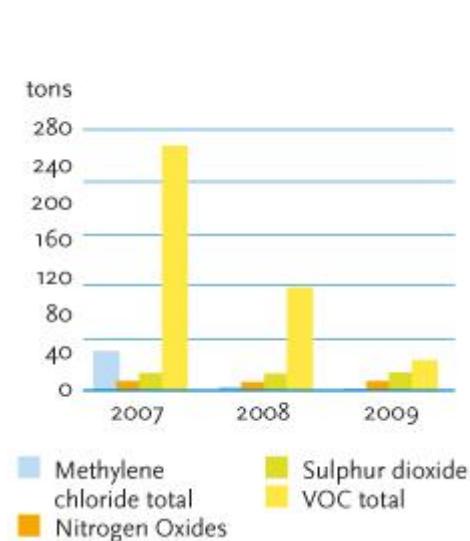
In 2009, CO₂ emissions from indirect energy consumption totalled 22,116 tonnes, 50 per cent of which originated from district heat and steam supplied by Fortum. In 2007, Fortum's share was much bigger, almost 75 per cent. The new combustion plant at Fermion's plant in Hanko, which by incinerating the plant's VOC gases generates energy, has significantly reduced the need to purchase energy from Fortum. The plant, owned by Ekokem, supplies today most of the energy consumed by the Hanko plant and thus also accounts for most of its CO₂ emissions.

Fermion's production plants in Hanko and Oulu account for about 35 per cent of the total CO₂ emissions reported by Orion. The Group's facilities in Espoo account for about 40 per cent, Turku about 20 per cent and Kuopio about 5 per cent of the total.

EN20 Emissions to air

Ton	2007	2008	2009
Methylene chloride	40.0	2.0	1.1
Nitrogen oxides (Nox/NO ₂)	7.7	7.2	8.1
Sulphur dioxide	17.4	16.0	17.9
VOC total	261.4	108.7	30.9

Emissions to air



Orion's VOC emissions to air have reduced radically in 2009. Some two thirds of them come from the ethanol used as a solvent in the manufacture of tablet mass at the pharmaceutical plants in Espoo and Turku. As explained under "EN1 Materials use", Orion has reduced the use of solvents and aims to reduce it even further by applying manufacturing processes which enable the use of water instead of solvents.

Since late 2007, the environmental permissions of Orion's manufacturing plants set much more stringent emission limits for VOC emissions than before. To fulfil these requirements, Orion has changed its processes and increased the efficiency of solvent

recovery and the treatment of outlet air. Very stringent emission limits apply to dichloromethane (DMC or methylene chloride) and chlorinated hydrocarbons in general. Current environmental permissions require very efficient recovery of methylene chloride and as a result, Orion has stopped using it in pharmaceutical manufacturing. Small amounts are still used in laboratories, but no emissions of the substance are released to the air or elsewhere to the environment.

Fermion's challenges include methylene chloride, dimethylformamide and N-methylpyrrolidone, which have not been possible to replace in production as of yet. To meet the emission limits of these solvents, Fermion has installed efficient systems for the treatment of volatile organic compounds to its plants. Their recovery rate is so good that the plants now meet the emission limits with flying colours. In 2009, methylene chloride emissions were down to 1.1 tonnes whereas in 2007, before the treatment systems were taken into use, emissions amounted to approximately 40 tonnes.

Solvents are relatively expensive. The solvents used in the manufacturing processes in Hanko and Oulu are regenerated by distillation for re-use. The Oulu plant uses the regenerated solvents in its processes, whereas the Hanko plant uses a major part of the distillate as a fuel in the VOC treatment plant, i.e., it is turned to energy for use by the API manufacturing processes.

Sulphur dioxide and nitrogen oxides originate from the boiler facility of the Espoo plants, which uses heavy fuel oil.

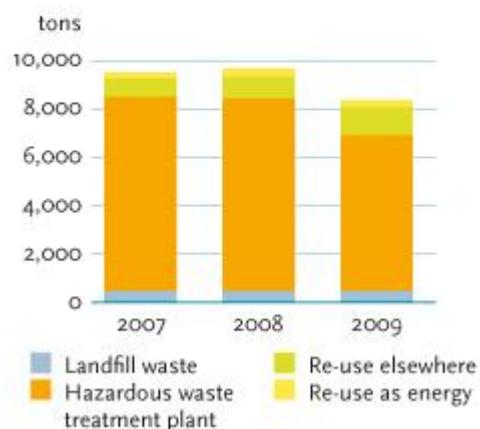
Waste

EN22 Waste by disposal method

EN24 Hazardous waste

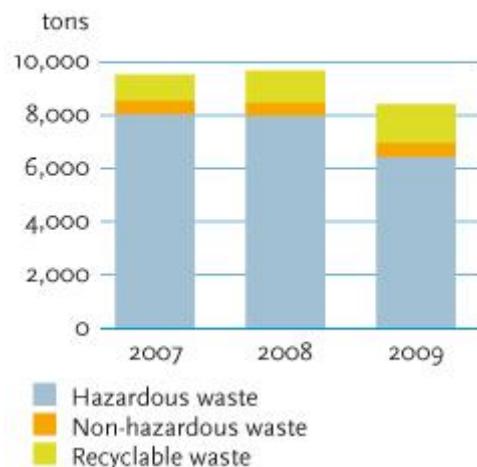
Ton	2007	2008	2009
Landfill waste	465	497	473
Hazardous waste treatment plant	7 968	7 899	6 396
Re-use elsewhere	804	922	1 211
Re-use as energy	203	300	246
Waste total	9 440	9 617	8 327

Waste by way of treatment



EN22 Waste by type**EN24 Hazardous waste**

Ton	2007	2008	2009
Recyclable waste	1 007	1 221	1 457
Non-hazardous waste	465	497	473
Hazardous waste	7 968	7 899	6 396
Waste total	9 440	9 617	8 327

Waste by type

Orion generated around 8,327 tonnes of waste in 2009, which is notably less than in 2007 and 2008. The company aims to reduce the amount of landfill waste in particular.

The nature of Orion's manufacturing operations and the composition of its products make most of the waste unsuitable or even hazardous for the purpose of re-use. Thus, incineration in efficient and sufficiently high temperatures at a hazardous waste treatment plant is the only applicable means of re-using the waste as energy. Hazardous waste has accounted for about 80 per cent of all waste on an annual level, and over 90 per cent of all hazardous waste is generated at Fermion's plants. All the hazardous waste of Orion is treated at the Ekokem plant in Riihimäki.

Typical materials treated as hazardous waste include organic and inorganic chemicals and mixtures classified as hazardous or harmful, pharmaceutical waste, cytostatic waste, carcinogenic waste, batteries, fluorescent tubes, halogenated solvents, lubricating oils, oil-containing fabrics and filters, mercury waste, adhesive and paint containers and ashes from heavy fuel oil boilers.

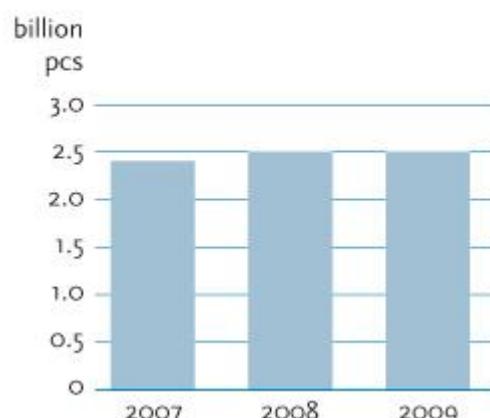
The radioactive substances mentioned under "EN1 Materials use" that Orion Diagnostica uses in the manufacture of certain products generate small amounts of waste which are treated and disposed of according to guidelines received from STUK. The waste is first left to decay and then disposed of as dry waste in landfills or at hazardous waste treatment plants, although not because of radioactivity but because of chemicals.

Products and services

EN Total production volumes by type of product

	2007	2008	2009
Tablets, billion pcs	2.4	2.5	2.5
Injection products, million pcs	8.5	9.3	8.9
Gels and ointments, tons	486	560	369
Liquid preparations, 1,000 litres	403	404	389
Powders, tons	343	547	0
Diagnostic products, tons	(NA)	507	564
API, tons	204	195	165

Total production volume: tablets



The product portfolio of the Orion Group consists of products in various forms. As there is no commensurate unit which can be used to measure total production volume, the above table representatively indicates total production volumes of typical types of product. Tablets in various forms are the most common pharmaceutical preparations produced.

Production volumes of Orion's diagnostic products are not reportable for 2007. Sales of the leading product, the QuikRead system, have grown strongly each year, gaining an increasingly strong status in the diagnostics product portfolio. The composition of the product portfolio has also been significantly revamped in the recent years.

Orion outsourced the manufacturing of pharmaceuticals powders to contract manufacturers in 2009 and allocated the freed capacity and facilities for its own contract manufacturing operations.

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

Over the last few years, Orion's main initiatives to mitigate environmental impacts have focused on the reduction of solvent emissions. These have already produced good results - not only have emissions reduced dramatically, but Orion has also achieved significant cost savings. At the moment, Orion has no other initiatives in place specifically for the purpose of mitigating environmental impacts of products and services with measurable objectives or follow-up procedures. Orion is currently in the process of identifying suitable targets and methods for the reduction of energy consumption to achieve the objectives of the Energy Efficiency Programme of the Confederation of Finnish Industries (EK) and also to achieve cost savings.

Orion has been able to increase sorting of waste as the collection services and further processing have provided purposeful means for this. Consumption of office paper has reduced significantly thanks to increased electronic documentation, more efficient version management and storing of documents. Printers have been set to print in black and white and double-sided by default. Use of paper is reduced notably also by the new system for research data management and by the introduction of an electronic maintenance system for regulatory documentation.

In 2009, all employees driving a company car participated in courses in economic driving and as a result, average fuel consumption was reduced by more than 0.5 litres per 100 km. Cars with CO₂ emissions not exceeding 160 g/km are approved for company cars.

As a rule, operations are planned and managed in Orion in a cost and risk-conscious manner, whereby also environmental issues are considered as natural criteria of solutions and decision-making.

Changes in the supply chain operations of pharmaceutical industry tend to take a relatively long time to implement because the granted marketing authorisations are based on the manufacturing method presented by the manufacturer. If changes are planned to be made to the manufacturing method due to environmental reasons for example, each national drug authority having granted a marketing authorisation must be proven that the new method does not affect the product's efficacy or safety, and the marketing authorisations must be updated via a so-called variation procedure to reflect the changed manufacturing method.

Compliance

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

Orion has not been confirmed to have shown non-compliance with environmental laws and regulations during the review period.

Transportation

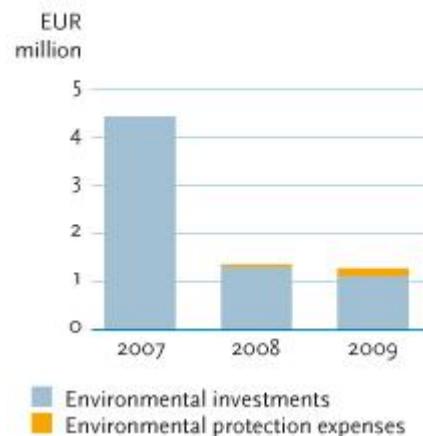
EN29 Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce

Orion does not report on indicator EN29 due to lack of a reliable method for assessing the environmental impacts of transporting the company's goods and materials and work-related travelling of employees.

EN30 Total environmental protection expenditures and investments

	2007	2008	2009
Environmental investments, EUR million	4.4	1.3	1.1
Environmental protection expenses, EUR 1,000	23	40	158
Environmental expenditures total, EUR million	4.4	1.3	1.2

Environmental expenditures



In the review period of 2007-2009, Orion's most significant environmental investments took place in 2007 to meet the demands of the new environmental permissions. The most important investments were made to reduce solvent and VOC emissions. At Fermion's Hanko plant, a thermal VOC treatment plant and an equalising tank for waste waters were built. A catalytic combustion system was built for VOCs in Oulu.

Other significant investments included gas scrubbers used in pharmaceutical manufacturing in Espoo and Turku. All plants of Orion have improved and are further improving their waste water treatment and energy efficiency.

SO – Social Responsibility

The following performance indicator areas are included under Social Responsibility:

LA – Labour Practices and Decent Work

HR – Human Rights

SO – Society

PR – Product Responsibility

LA - Labour Practices and Decent Work

Management approach of Labour Practices and Decent Work

Goals and performance

Orion is Finland's largest pharmaceutical employer and an international work environment for multi-talented people. Orion employs about 3,100 people. Some 600 of them work at the Group's foreign facilities. Orion offers the chance to work in an international environment and provides versatile and challenging career opportunities for experts in different disciplines.

Our success depends on our ability to recruit professional people, develop and train their skills and keep them motivated and engaged in our goals and strategies. Orion needs a wide range of specialists in the fields of natural sciences, business, mathematics, technology, IT and the humanities. A big corporation has need and room for very different types of individuals. We want to include people from different backgrounds in our work community, because interaction between viewpoints offers fertile ground for innovation.

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

We promote equality and justice throughout the Group by ensuring, e.g., that every employee has equal opportunities for success and development in their work and that the employees treat one another fairly. These objectives are recorded in Orion's Equal Opportunities Plan.

Orion develops its operations in an uncomplicated and open cooperation with the personnel. In employee-manager relations, we strive towards flexible, unobstructed and open interaction so that questions that require answers or solutions can be processed quickly and constructively. Cooperation is done in a natural way in normal daily operations. The Group appreciates the work of trade unions and employee representatives and treats them with respect and openness.

Procedures

Orion ensures responsible operations in relation to employees and working conditions by adhering to the Group's shared values, the procedures and responsibilities specified in the Corporate Governance Manual as well as the approved Group Human Resources Policy. Orion's mission "Building well-being" reflects the Group's view towards the personnel: mental and physical well-being at work rewards both the employer and the employee. Orion encourages the employees' joy of accomplishment by supporting coping, development and satisfaction at work. An employee who is happy at work can in turn improve the well-being of the company and the working community.

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

Recruitment

Orion's resource planning ensures that the organisation has the required people and skills for the tasks derived from company-level objectives and that the required deputy and backup arrangements are in place to ensure uninterrupted operations. Already existing employees with suitable skills are considered first when seeking employees for new or open positions. Job rotation is seen as a means for driving change and as an opportunity for professional development.

Equality

Members of the working community are responsible for treating everyone equally and fairly in daily operations and decision-making. Orion requires and expects that every member of our working communities and organisations acts fairly, not just those acting in a supervisory position. Everyone is responsible for maintaining and promoting a balanced working atmosphere, behaving appropriately and respecting others. Orion's working group for equality affairs supports and promotes all-round equality and fairness in the company. The working group comprises representatives from all personnel groups and the employer. Both the supervisors and the employee

representatives are responsible for taking action when problems are identified in this area.

Personnel empowerment

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

Employee representation in Group management is principally agreed with employees. There is one employee representative, nominated by the personnel groups, in Orion's Executive Management Board. The employee representative has no operative liability for the decisions made by the Executive Management Board.

Communication

Quick communication and easily accessible information related to work and working community motivates the employees and supports them in their daily work. In internal communication, Orion uses modern, network-based communication and documentation systems in Group-wide applications shared by all employees. The objective is to offer access to all information which can assist employees in their work.

Occupational health and safety

Most of Orion's industrial safety activities aim to prevent hazardous situations and occupational diseases and ailments. The company offers its employees more comprehensive occupational health services than those required by law. In major locations, Orion runs its own occupational health centres and in smaller facilities the health services are purchased from external service providers.

Rewarding

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

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

Training and awareness

Orion offers its employees training and coaching based on the Group strategy, business objectives and skill requirements of each individual position. Employees are encouraged to develop themselves by providing a wide range of development opportunities from one-day seminars to long-term training programmes and supplementary training periods. Other methods of development on offer include job rotation, mentoring, on-the-job learning and career path descriptions.

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

Means of developing supervisory skills include a Group-level training programme in which supervisors receive comprehensive training on the maintenance of good working atmosphere and resolving problems. Those in expert positions have their own training programme.

Performance reviews take place at least once every year. During the review, the supervisor and the subordinate agree on objectives and responsibilities and ensure that the employee has the required skills and motivation for the task. The review is also an opportunity for the employees to voice their development wishes and agree on a personal development plan where appropriate.

Orion looks after the occupational health of its employees through the Workplace Health Promotion Programme, which consists of various activities to ensure the occupational health of each employee throughout their working life.

Monitoring and follow-up

The annual Happy@Work survey is an important tool for monitoring the workplace atmosphere at both department and Group level. It helps us guide the further development of our working community and well-being at work. Everyone at Orion is invited to participate to the H@W survey. Each unit discusses the results of the survey during department or function level seminars, which also serve as an opportunity for deciding on common improvement objectives and agreeing on the best ways to reach them. In addition, the Executive Management Board defines the most important annual development targets for the entire organisation based on the survey results.

In the so-called 360-degree feedback, supervisors receive personal feedback from their subordinates, colleagues and their own supervisors. Experts receive 180-degree feedback from their supervisors and colleagues.

Orion's performance indicators concerning Labour

Employment

LA1 Total workforce

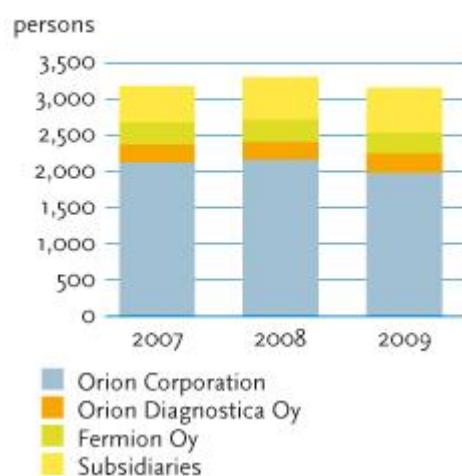
The Orion Group employs over 3,100 persons in facilities located across Europe. The workforce represents many nationalities and cultural backgrounds, but is unified by the common Orion business culture, shared values and operating practices.

LA1 Personnel by reported organisational unit, converted to full-time employees

Employees	2007	2008	2009
Fermion Oy	307	319	310
Orion Diagnostica Oy	249	258	261
Orion Corporation	2 119	2 149	1 959
Subsidiaries	501	583	617
Employees total	3 176	3 309	3 147

Actual working hours, 1 000 h	4 114.7	4 290.5	3 729.6
Theoretical working hours, 1 000 h	5 140.2	5 208.2	4 582.9

Headcount converted to full-time employees, by reported unit



The above table "Personnel by reported organisational unit" displays personnel numbers grouped according to the same Group structure as is used in the compilation of data for this report. This structure differs from the grouping used in Orion's IFRS-based financial reporting, in which the numbers of employees are presented per business segment and division. The figures reported for subsidiaries include the foreign Orion Pharma companies for marketing pharmaceuticals and the foreign Orion Diagnostica companies for marketing diagnostic products. The personnel numbers have been converted to full-time employees according to the same principles as those applied in IFRS reporting.

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

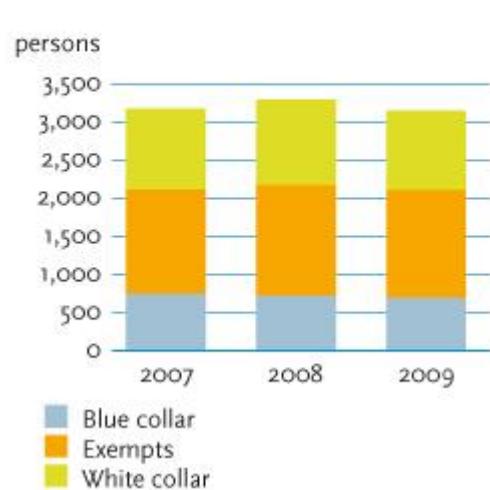
In 2009, Orion's total workforce was reduced by about 205 people as part of restructuring to brace for tougher competition and the expiry of certain key patents. Most of the reductions took place in the Finnish organisations for pharmaceutical R&D. Despite the related operational changes, working atmosphere has remained positive.

Workforce in the sales subsidiaries and offices located in over 20 European countries is growing.

LA1 Headcount by employee category

Employees	2007	2008	2009
Blue collar	758	736	700
Exempts	1 070	1 117	1 043
White collar	1 348	1 456	1 404
Employees total	3 176	3 309	3 147

Headcount by employee category

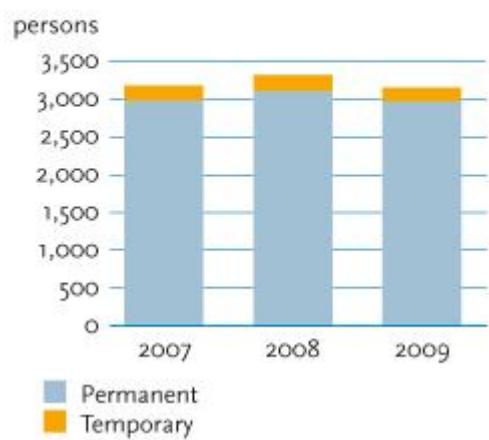


Almost 80 per cent of Orion's total workforce are clerical employees. Over 40 per cent of the workforce are senior clerical employees, most of which work as supervisors or experts. Blue collars include employees working in the Supply Chain organisation, in manufacturing, packing and warehousing of pharmaceutical products and diagnostic products at the plants in Espoo, Turku and Kuopio and the API manufacturing plants of Fermion in Hanko and Oulu.

LA1 Headcount by type of employment

Employees	2007	2008	2009
Permanent	2 982	3 126	2 978
Temporary	194	183	169
Employees total	3 176	3 309	3 147

An average of 6% of the total workforce are in temporary employment.

Headcount, by employment status**LA1 Full time employees**

Employees	2007	2008	2009
Full-time-converted nr. of employees	2 669	2 850	2 493
Actual working hours, 1 000 h	4 114.7	4 290.53	3 729.6
Theoretical working hours, 1 000 h	5 140.2	5 208.2	4 582.9

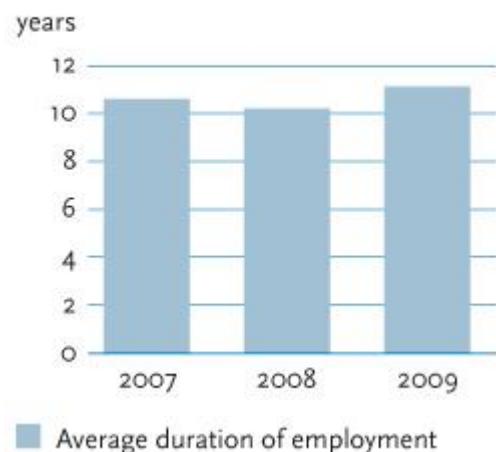
LA2 Employee turnover by employee category

%	2007	2008	2009
Blue collar	6.1 %	5.5 %	2.0 %
White collar and exempts	4.2 %	3.2 %	2.3 %

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

LA Average duration of employment

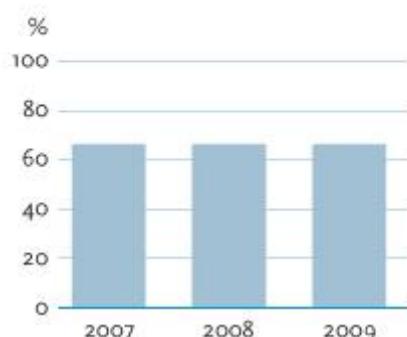
Employees	2007	2008	2009
Under 2 years	674	683	400
2-5 years	576	679	799
6-10 years	738	808	672
11-15 years	288	295	352
16-20 years	398	368	305
21-25 years	271	283	285
Over 25 years	303	320	313
Average duration of employment, years	10.6	10.2	11.1

Average duration of employment

Employment durations are typically relatively long at Orion. In 2009, some 40 per cent of the employees had been working at Orion for at least 10 years. Some 10 per cent of employees had been in the company for over 25 years. The average duration of employment was 11.1 years.

Labour / management relations**LA4 Percentage of employees covered by collective bargaining agreements**

%	2007	2008	2009
Blue collar	100	100	100
Exempts	0	0	0
White collar	100	100	100
Percentage total	66	66	67

Employee representation

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

Between 2007 and 2009, collective bargaining agreements covered blue collar and white collar employees in Orion's Finnish locations, a total of 67 per cent of the workforce. For exempts, collective agreements covered only salary increases (i.e., common pay record). The pay record of exempts was expanded in the spring of 2010. In addition to salary increases, it now covers several other conditions, such as more

extensive sick pay than that specified in Employment Contracts Act and paid maternity leave.

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

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

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

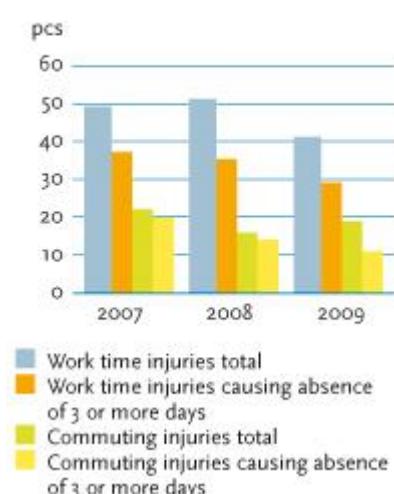
Term of employment	Notice period
Max. 1 year	14 days
Over 1 year and max. 4 years	1 month
Over 4 years and max. 8 years	2 months
Over 8 years and max. 12 years	4 months
Over 12 years	6 months

Occupational health and safety

LA7 Injuries and fatalities

Injuries	2007	2008	2009
Work time injuries total	49	51	41
Work time injuries causing absence of 3 or more days	37	35	29
Commuting injuries total	22	16	19
Commuting injuries causing absence of 3 or more days	20	14	11

Injuries



Work time injuries refer to employee injuries caused by accidents that occur during working time.

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

Commuting injuries include injuries caused by accidents that occur when employees commute from home to work or vice versa.

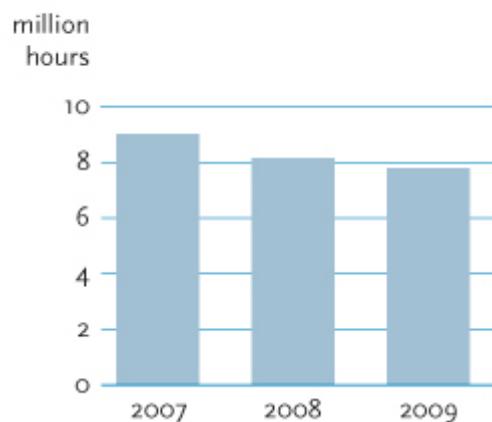
The number of injuries causing absence from work indicates the level of occupational safety at the company.

LA7 Injury rate

Injuries/1 000 000 h	2007	2008	2009
Injury Rate	9.0	8.2	7.8

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

Injury rate

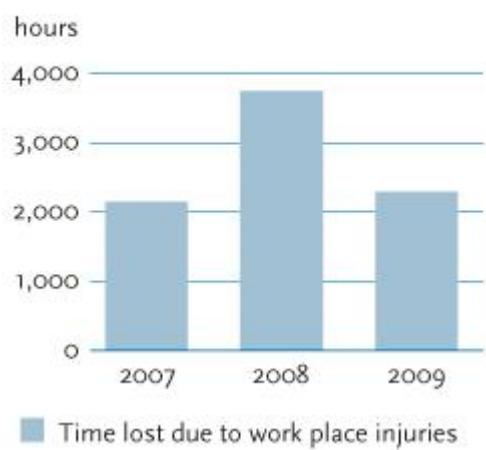


LA7 Work time lost due to injuries

Hours	2007	2008	2009
Total work time lost due to injury-related absenteeism	2 152	3 736	2 288

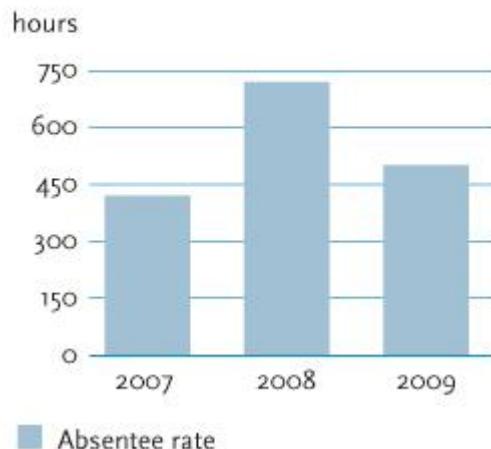
Work time lost includes the work time lost as a result of workplace injuries specified above in "LA7 Injuries and fatalities". Total amount of work time lost indicates the seriousness of workplace accidents.

Work time lost due to injuries



LA7 Absentee rate

h/1,000,000 h	2007	2008	2009
Absentee rate in hours per million work hours	419	717	499

Absentee rate

The overall injury rate has clearly decreased in the Orion Group. The good result of 2009 was influenced in particular by the notably reduced accidents at the Turku pharmaceutical plant. In other units, injury rates grew slightly from the previous year. Typical accidents include tripping and slipping, getting hurt by objects and being subject to sudden physical strain. Fermion's Hanko plant has shown the relatively highest rate of injuries having led to absenteeism.

The Group has not had any cases of occupational diseases caused by chemicals. In 2009, one case of noise-induced occupational disease was reported in pharmaceutical manufacturing.

The number of commuting injuries causing absence of 3 or more days was lower in 2009 than in 2008, and less work time was lost due to injuries. The most common commuting injuries were caused by falling, slipping or tripping or falling with a bicycle. One commuting accident in 2009 resulted in a fatality. A pharmaceutical representative employed by Orion's German subsidiary lost his life in a car accident in Germany.

Aiming at zero accident rate

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

Orion's accident statistics are very good when compared with the averages of the Responsible Care programme based on statistics that cover 105 chemical companies and their 20,7000 employees in Finland. According to the annual report published by the Chemical Industry Federation of Finland in April 2010

[<http://report.chemind.fi/rcohjelmankattavuus>], there were 9.6 accidents per

million working hours in the companies participating in the programme. This is 21 per cent less than in 2008. A total of 942 hours of work time was lost per million working hours. This is 10 per cent less than in 2008. Positive development is due to active and independent efforts by the companies to improve occupational safety and personnel competence.

Occupational Safety Card is one of the most visible means of safety development. In 2009, some 80 per cent of the companies in the Responsible Care programme used the card. To date, some 1,200 Orion employees have passed the Occupational Safety Card training course. Orion aims to have all laboratory and production employees trained for the card.

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

Orion wants to provide its employees with a healthy and safe working environment and a smooth-operating working community. Orion's occupational safety and well-being activities focus on the prevention of hazardous situations and occupational diseases and injuries.

In 2009, the Group organised a total of 71 trainings focusing on environment, health and safety for 1,874 participants. In 2008, there were 101 trainings and 1,890 participants.

Training and education

LA10 Average hours of training per year per employee category

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

Due to lack of suitable data gathering methods, the average hours of personnel training cannot currently be reported against the GRI indicator LA10. Let's mention on a general level, however, that Orion encourages its employees' professional development and offers various internal trainings as well as training provided by third parties designed specifically for the needs of Orion and its employees. The number of days of training is estimated to have remained at the same level from 2007 to 2009.

Competence development is planned based on the Group's strategy and goals to determine the kind of competence needed for successful operations both at short and long term. The most effort and widest range of trainings focus on professional development. A permanent focus is on enhancement of supervisory skills. One important group consists of experts who have their own training programme. Orion employees are also active in updating their competence in IT and quality assurance.

LA12 Percentage of employees receiving regular performance and career development reviews

Performance reviews have become a standard in the Orion Group. In 2009, approximately 85 per cent of employees received a review. Where better applicable, performance reviews have been conducted for groups of several persons.

An estimated 95 per cent of clerical employees discussed their performance with a supervisor at least once during 2009. All supervisors have been instructed to organise performance reviews.

For the exempts, performance review rate has been 100 per cent. Their session includes an assessment of performance in relation to the objectives set for the year in the previous review for the basis of the performance-based bonus system, and setting new personal targets with the supervisor.

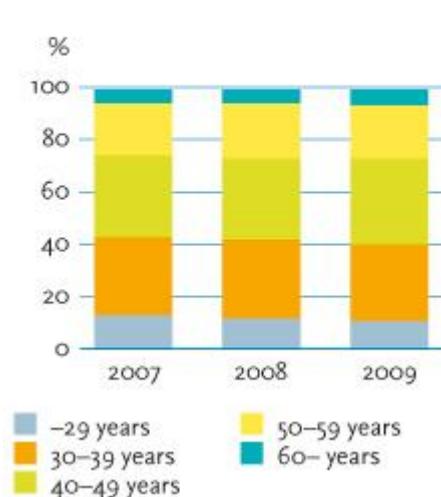
Diversity and equal opportunity

LA13 Composition of governance bodies and breakdown of employees per category according to gender and age

LA13 Age structure of employees

%	2007	2008	2009
Under 20 years	0.5	0.7	0.5
20-29 years	13	12	11
30-39 years	30	30	29
40-49 years	31	31	33
50-59 years	20	21	20
Over 60 years	5	5	6
Total, %	100	100	100

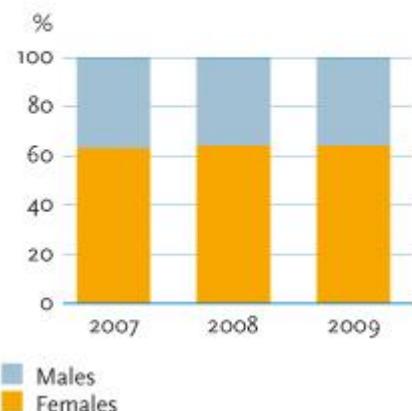
Age structure of personnel



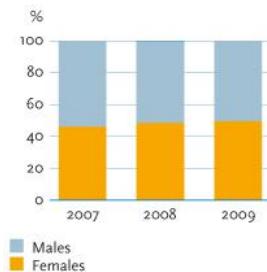
The age structure of Orion employees has remained relatively steady. Approximately 75 per cent of all employees are under 50 years of age. About 5 per cent of employees have turned 60 and will reach retirement age in the near future.

LA13 Gender structure, all employees

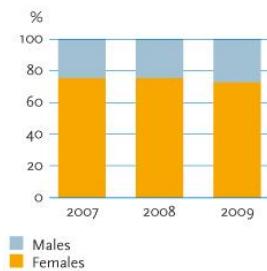
Employees, %	2007	2008	2009
Female	2 048 (63 %)	2 203 (64 %)	1 989 (64 %)
Male	1 200 (37 %)	1 233 (36 %)	1 138 (36 %)
Employees total	3 248	3 436	3 127

Gender structure, all employees**LA13 Gender structure, Blue collars**

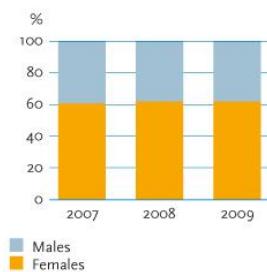
Employees	2007	2008	2009
Female	353 (46 %)	376 (49 %)	364 (50 %)
Male	420 (54 %)	388 (51 %)	362 (50 %)
Blue collars total	773	764	726

Gender structure, Blue collars**LA13 Gender structure, White collars**

Employees	2007	2008	2009
Female	1 006 (75 %)	1 097 (76 %)	914 (73 %)
Male	333 (25 %)	406 (24 %)	341 (27 %)
White collars total	1 339	1 456	1 255

Gender structure, White collars**LA13 Gender structure, Exempts**

Employees	2007	2008	2009
Female	689 (61 %)	730 (62 %)	711 (62 %)
Male	447 (39 %)	439 (38 %)	435 (38 %)
Exempts total	1 136	1 169	1 146

Gender structure, Exempts

Women form the majority of Orion's total workforce: approximately 64 per cent of the total is women, and the percentage has remained similar for several years. The proportion of men and women is almost 50-50 in blue collars. The absolute and relative number of women is the highest among white collars. Even among exempts, clearly over 60 per cent of employees are women.

Orion Diagnostica represents the highest proportion of women with 72 per cent of employees being women. One-fourth of them work as laboratory technicians.

The tables turn in Fermion, where 74 per cent of employees were men in 2009. Male employees dominate the production processes in particular as 95 per cent of Fermion's process workers are men. The most common job title is process operator, and held by men only. At Fermion, women tend to work in laboratories and offices.

A clear majority of employees in the manufacture of pharmaceuticals and diagnostic products are women. Most common titles among them are packer and line operator. In quality assurance, laboratory technician is the most common title. Orion employs close to 140 laboratory technicians and most of them are women.

R&D is another area dominated by women. Close to 20 per cent of all Orion employees work in R&D, and approximately 75 per cent of them are women. Most common titles are research scientist and research assistant.

In sales, women are a clear majority; the gender structure in sales being similar to Group-level averages.

In administration, over 80 per cent of employees in Corporate Functions are women. Human Resources and Services are dominated by women. In finance and administration, however, there are only slightly more women than men.

All of Orion's 140 secretaries and assistants are women. A supervisor's position was held by approximately 470 employees in 2009 and 46 per cent of them were women.

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

Gender does not play a role when salaries are determined at Orion. Salary equality is assessed annually by means of a salary mapping as specified in the Finnish Act on Equality between Women and Men. Orion's management and employee representatives review the assessment and agree on any necessary corrective measures.

LA Job satisfaction

Throughout the 2000s, Orion has placed special emphasis on human resources management and supervisory work. Results of these efforts are monitored by means such as the *Happy@Work* surveys conducted annually with the Finnish Institute of Occupational Health and to which all Orion employees are invited to participate. In the national comparison, Orion's management performance indicators are clearly

above the Finnish average, and the results show that Orion is one of Finland's top companies in terms of good management.

The response rate of the Group-wide *Happy@Work* survey has been around 80 per cent over the recent years, which is very high. In 2009, the response rate was 83 per cent, with 2,525 Orion employees participating in the survey. The survey is conducted mainly on the web, with only a few units using paper forms. The contents of the survey were revamped in 2009 to include themes considered important by Orion employees, such as how useful the employees consider performance reviews to be.

The results of Orion's *Happy@Work* survey in 2009 were included in the new national "Better Workplace" index where Orion reached the value of 14.2 against the average 13.6 for Finnish companies. Orion employees ranked nearly all of the measured factors higher than the Finnish average. They rated the functioning and development activity of their units at a very good level compared with the Finnish results in general. They also considered the atmosphere of their units clearly more motivating and more supporting of new ideas than previously. This is a very important result considering that the survey was conducted in early 2009, immediately after challenging negotiations concerning reduction of personnel.

LA Employee benefits

Orion's entire staff works actively towards maintaining a good working atmosphere. We want our workplace to be characterised by good management practices, encouraging colleagues and an atmosphere of confidence, all of which are important elements of well-being.

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

Occupational healthcare services provided by Orion are more comprehensive than those required by law, with an aim to secure a healthy and safe working environment, as well as a well functioning working community. Most of Orion's occupational safety and well-being activities focus on prevention.

Health checkups are performed by age group to evaluate occupational fitness and the need of measures to promote it, such as "shape-up" courses sponsored by the company. Systematic assessments of the workplace and risks are carried out to continuously develop working conditions.

HR – Human Rights

Management approach of Human Rights

Goals and performance

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

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

Orion acknowledges that its employees are legally entitled to freedom of association and collective agreements. Freedom of association is considered a personal matter. Orion respects the legal rights of the employees and their representative organisations and treats them openly and honestly.

According to the Group's general principle of legal compliance, Orion honours binding collective agreements. This is also recorded in Orion's Human Resources Policy, which is part of Orion's mandatory Corporate Governance Manual.

The "Orion Requirements of Suppliers" document, which specifies the principles, requirements and approval criteria for Orion's purchase operations, contains Orion's responsible purchase principles according to which Orion selects partners to its supply chain and excludes candidates not matching them.

When selecting suppliers, Orion is especially critical towards so-called risk countries where there is a risk of possible human and employee right violations and/or use of child labour and where the national labour legislation is weak or weakly endorsed. In countries where a better position for the employees is ensured by the international labour norms and ILO's central labour agreements in particular than by the national legislation, Orion requires the supplier to honour the ILO norms.

Organisational responsibility

Every manager at every level of the organisation is responsible for ensuring that the human rights principles are upheld and that the necessary steps re-taken without delay if they are violated. Orion also emphasises the personal responsibility of every Orion employee to ensure that human rights are respected in the workplace.

Training and awareness

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

Monitoring and follow-up

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

Orion controls the enforcement of the requirements set for its partners by performing reviews and by auditing the facilities of the product and service suppliers. Follow-up and auditing measures are in place to ensure the continuity and compliance of Orion's operations and to manage supply chain risks. Should an external party, which operates in Orion's supply chain, blatantly violate the human rights principles, international agreements or legislation, Orion would undertake corrective action and, in an extreme case, terminate the cooperation with such party and appoint a compliant supplier.

Orion's performance indicators of Human Rights

Non-discrimination

HR4 Incidents of discrimination and actions taken

Orion is not aware of any situations where the discrimination ban has been violated.

Freedom of association and collective bargaining

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

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

Child labour

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

Orion is also not aware of any situations where child labour or forced or compulsory labour has been used in relation to its operations.

Forced and compulsory labour

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

Orion is also not aware of any situations where forced or compulsory labour has been used in relation to its operations.

Indigenous rights

HR 9 Incidents of violations involving rights of indigenous peoples and actions taken

No questions related to the rights of indigenous peoples have emerged in relation to Orion's business so far.

SO - Society

Management approach of Society performance

Goals and performance

The practices and methods pursued by Orion to community relations, social and political relations, restrictions of competition and corruption are derived from the general principles of Orion's Corporate Governance Manual, according to which the operations of the Orion Group are based on compliance with valid laws and regulations issued there under as well as with ethically acceptable operating principles. All community relations are based on open and honest communication, which considers both parties' justified expectations.

Orion accepts that reasonable gifts are part of normal business culture within the framework of legislation and ethically acceptable practices. Giving or receiving of bribes or any comparable benefits is unambiguously forbidden by the Orion Group.

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

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

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

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

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

Procedures

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

When Orion wants to inform political decision-makers and authorities of its opinion, e.g. when new laws or regulations are being drafted, the company aims to do so via channels such as national and international industry organisations. Orion is a member of the following organisations: Pharma Industry Finland (PIF), the European Federation of Pharmaceutical Industries Associations (EFPIA) and Chemical Industry Federation of Finland, which is part of the Confederation of Finnish Industries EK. As the voice of business, regional and central chambers of commerce are also relevant channels for Orion. When necessary, Orion's managers approach decision-makers directly. To be able to voice its opinion, the Group considers good and appropriate relations important, in particular with local decision-makers in the regions where the company has operational presence, relevant regulatory authorities and, most importantly, the national and municipal decision-makers and officials preparing decisions affecting the operating conditions of the healthcare industry.

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

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

As a pharmaceutical company, it is natural for Orion to support the work of patient organisations. Here, Orion applies the established industry practices, which have recently become increasingly transparent. As of 2008, Orion publishes on its website an annual list of patient organisations sponsored by Orion.

Organisational responsibilities

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

Training and awareness

The practices and means related to community relations, social and political influencing, competitive legislation and corruption are dealt with in both the company guidelines and supervisor and expert training, induction of new employees and other training and information sessions where it is natural to discuss these issues.

The employees of the Orion Group are unambiguously instructed to refuse from giving or receiving bribes or any comparable benefit for the purpose of promoting the company's business or the throughput of its interests.

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

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

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

Orion organises various training opportunities for its personnel in areas related to regulatory compliance by means of courses, information sessions and self-learning. Also personal effort is required to acquaint with the provisions.

Monitoring and follow-up

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

Orion's indicators of Society performance

Corruption

SO4 Actions taken in response to incidents of corruption

Orion is not aware of any incidents during the reporting period where the company or a company representative has been under suspicion of giving or taking any bribes.

Public policy

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

Orion's policies on influencing political decision-making and lobbying are described under "Management approach of Society performance".

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

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

Anti-competitive behaviour

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

Orion aims to avoid any anti-competitive behaviour. Orion's performance in this respect is excellent.

Compliance

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

Orion has not received any fines or other sanctions for non-compliance with laws and regulations

PR - Product Responsibility

Management approach of Product Responsibility

Goals and performance

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

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

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

Procedures

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

Orion purchases the materials, consumables and tools required in product manufacturing from qualified suppliers. Raw materials and packaging materials for pharmaceuticals are inspected before approval to production. Pharmaceuticals and diagnostic tests are manufactured according to good manufacturing procedures (GMP) and validated processes.

To ensure uncompromised product safety and quality, Orion inspects each manufactured batch to verify its quality before approval to sales. All materials, manufacturing and quality management phases as well as distribution phases are fully traceable.

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

Orion systematically collects information about the adverse effects of the drugs it markets and continuously assesses their safety profiles and risk/benefit ratios. When required, appropriate action is taken based on this information to ensure safe use of the drug. Documents describing the properties of the drug to healthcare professionals

and patients are updated as necessary and in cooperation with the authorities so that those taking or prescribing the drug have access to essential information required for safe use of the drug. In some cases, it may be necessary to withdraw a product from the market, for safety reasons.

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

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

Organisational responsibilities

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

The organisation which is responsible for the quality of the drugs and diagnostic tests must be independent so as to be qualified to make decisions.

Training and awareness

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

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

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

Monitoring and follow-up

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

The pharmaceutical regulatory authorities (Fimea in Finland) and the regulatory authorities responsible for healthcare equipment and supplies (Valvira in Finland) monitor and assess Orion's operations in regular inspections. These inspections also assess the effectiveness of the procedures in place for the follow-up and processing of adverse effects and complaints and the readiness to withdraw a product from the markets.

Numerous international business partners also assess Orion's ability for regulatory and contractual compliance every year.

Orion monitors its operations with internal audits and management reviews and develops internal procedures systematically.

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

Orion's performance indicators of Product Responsibility

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

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

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

As the marketing authorisation holder, Orion is responsible for the quality and safety of its products to the Finnish Medicines Agency (Fimea), which according to the Pharmaceutical Products Act is the authority also inspecting pharmaceutical plants and their contract manufacturers. This also covers pharmacovigilance and premises of the mark

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

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

Orion has no record of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of its products and services during their life cycle.

PR Product traceability and product recall procedures

The key principles of product responsibility for pharmaceuticals and diagnostic tests are specified in Orion's Quality Manuals. All materials, manufacturing and quality control stages and distribution stages are 100 per cent traceable.

Traceability of products and operations

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

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

Also the diagnostic products are traceable by the help of the batch code all the way throughout the supply chain, from the materials to the finished product.

Product recalls

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

Orion has the systems in place to enable a prompt initiation of a recall procedure, and a prompt and accurate communication. The recall can be initiated also outside the business hours if necessary. The effectiveness of the recall procedures is tested regularly.

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

PR Product recalls and product defects

Events	2007	2008	2009
Class 1 (critical)	0	0	0
Class 2 (harmful)	0	1	0
Class 3 (minor)	7	6	9
Class 4 (other defect)	1	2	2
Product recalls total	8	9	11

Product recalls



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

- Class1 (Critical): product defects that are or may be life-threatening or pose a serious health hazard to users.
- Class2 (Harmful): product defects that are or may be harmful to the users or may affect medical treatment, but which are not included in Class 1.
- Class 3 (Minor): product defects not likely to pose a significant health hazard to the users, but where removal of the defective product from the market is otherwise justified.
- Class 4 (Other defect): product defects which are not harmful and there is no need to recall defected products due to safety reason.

Orion has not had any product defect incidents in Class 1 (Critical). In 2008, Orion recalled a batch of Thyroxin tablets from the Finnish market because two packages were found to contain tablets that were heart failure drug digoxin. The incident was classified as a Class 2 (Harmful) incident [[press release of 17 June 2008, in Finnish](#)]. After the incident, Orion inspected the operation of the contract manufacturer of Thyroxin tablets, lowered its classification to conditional and started preparations for in-house production.

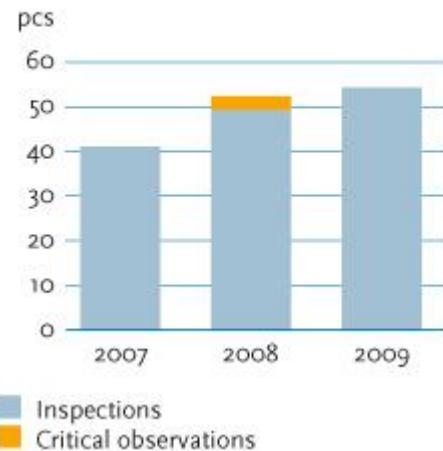
In the summer of 2007, Orion recalled its Mixtus cough medicine from the market. This was a precautionary measure because studies with another product revealed that the use of clobutinol, the active ingredient also used in Mixtus, involves a risk of arrhythmia. [[press release of 31 August 2007, in Finnish](#)]. Mixtus had been available for a number of years and reports on adverse effects contained no similar incidents, but the withdrawal remained permanent and the product has since been replaced by other cough medicines.

A few minor Class 4 (Other defect) product recalls have occurred each year. These have been caused by reasons like errors in the printed packaging material, deviations from the stability values specified, incorrect expiry dates, incomplete packages and leaking dose bags. In these cases, batches have been recalled from wholesalers and pharmacies, but consumers have not been invited to return the products.

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

Inspections	2007	2008	2009
Inspections total	41	49	54
Critical observations	0	3	0

Inspections of Orion's sites by others



Regulatory authorities, customers, partners and contract manufacturing principals inspect and audit Orion's supply chain and R&D operations related to pharmaceuticals, APIs and diagnostic products. In 2007–2009, a total of 144 inspections were carried out, 30 of them by regulatory authorities and 114 by Orion's customers or partners. None of the inspections of regulatory authorities led to critical observations.

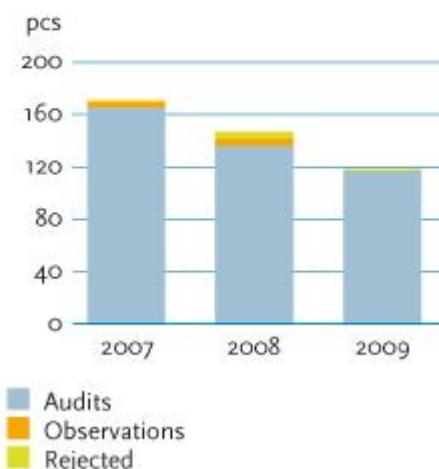
The three critical observations reported from audits in 2008 were made by contract manufacturing customers. Two of them were related to a cross contamination risk in pharmaceutical production. Orion quickly implemented actions related to facilities, equipment and cleaning as well as changes in the standard operating procedures (SOP), after which the risk was stated as eliminated. One critical observation was related to the validation of a coating phase of a product.

In 2007–2009, Orion received no critical observations from the audits performed by principals and clients.

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

Audits	2007	2008	2009
Audits total	165	136	116
Observations	3	5	1
Rejected	1	5	0

Audits by Orion



The guiding principles of the quality standards of Orion's entire supply chain are based on full compliance with the EU-regulated good manufacturing and operating practices, efficiency and fluency of processes, product safety and consistent quality and high delivery reliability. By making inspections, Orion ensures that also third parties involved in its supply chain meet these requirements.

Audits conducted by Orion focus strongly on API manufactures, suppliers of raw materials and materials, contract manufacturers, and organisations providing clinical research services to Orion. In 2007 and 2008, Orion conducted a notably high number of inspections and audits in the facilities of API suppliers and contract research organisations to assess their eligibility as contract partners.

Orion has identified only a few critical shortcomings during the audits because agreements are made with partners only if they meet strict selection criteria and because regulatory authorities also ensure their compliance by audits. Audits performed by Orion in 2007–2009 resulted in altogether 6 rejections.

Product and service labelling

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

Pharmaceutical products can be sold and used only under a product-specific marketing authorisation granted by a pharmaceutical regulatory authority. A marketing authorisation is granted for products which are safe to use for their indicated purpose, proven to be therapeutically effective, appropriate as drugs, meet the quality requirements set and are appropriately manufactured and labelled.

Pharmaceutical legislation and regulatory authorities provide that for products classified as drugs, the pharmaceutical company may only provide information

contained in the Summary of Product Characteristics (SPC) and exclusively that. The product information leaflet in the package contains the main facts about the drug and its use in the form approved by authorities. The drug and health authorities maintain national and international drug databases which contain up-to-date information for each product with a valid marketing authorisation.

In EU countries, pharmaceutical companies cannot provide information about prescription drugs directly to consumers. Instead, it is the responsibility of healthcare professionals like doctors and pharmacies to do so. Marketing self-medication products directly to consumers is allowed, although under strict conditions.

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

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

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

Orion is not aware of any non-compliance with regulations and voluntary codes concerning product and service information during the reporting period.

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

Orion monitors customer satisfaction based on monthly market data. Changes in trends indicate changes in customer satisfaction in relation to the competitive situation. In addition to monthly sales statistics, Orion also collects qualitative data continuously for its key accounts. In addition to continuous monitoring, Orion also conducts a comprehensive customer satisfaction survey on its main markets, the results of which provide guidelines for strategic targets and operational development.

Marketing communications

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

Orion is committed to the commonly agreed ethical codes for marketing pharmaceuticals. In Europe, these are recorded in the Code of Practice on the Promotion of Medicines published by EFPIA, the European Federation of Pharmaceutical Industries Associations. Country-specific codes may be even stricter, which is the case in Finland where the Supervisory Commission operating under

Pharma Industry Finland monitors the compliance with the code of ethics for marketing medicinal products. The committee issues admonitions and penalties depending on the severity of the case.

For the marketing of diagnostic products, EDMA provided recommendations to its member organisations. Orion Diagnostica is a member of SaiLab, a Finnish association of manufacturers of hospital laboratory equipment, and thus follows the recommendations of the European Medical Device association EUCOMED. No sanctions are included in these recommendations.

Orion expects every Orion employee to adhere to local legislation and marketing guidelines. The purpose of the sales and marketing training and coaching provided to Orion employees is to ensure employees' familiarity with these practices and full compliance of marketing and sales operations. Training is continuous to ensure sustained competence and compliance.

When preparing marketing communications and advertising material, the legislative and regulatory compliance of the content is always checked and confirmed before publication.

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

Orion is not aware of any non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship.

Customer privacy

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

Orion is not aware of any substantiated complaints regarding breaches of customer privacy and losses of customer data during the reporting period.

Compliance

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

Orion is not aware of any events of non-compliance with laws and regulations concerning the provision and use of products and services during the reporting period.