Orion Group

Sustainability Report 2015

2 May 2016

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

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We are builders of well-being as manufacturers of pharmaceuticals, active pharmaceutical ingredients and diagnostic tests

Orion is a Finnish company specialising in pharmaceuticals and diagnostic tests – a globally operating builder of well-being. We develop, manufacture and market human and veterinary pharmaceuticals, active pharmaceutical ingredients and diagnostic tests. We also serve as a contract manufacturer to other pharmaceutical companies. We are engaged in continuously developing new drugs and treatment methods, the core therapy areas of our pharmaceutical R&D being central nervous system (CNS) disorders, oncology and respiratory diseases, for which we develop inhaled Easyhaler® pulmonary drugs.

In this section of our Sustainability Report, a short description of the Orion Group is given. For more information, we refer to our corporate website, which provides plenty of information about the Orion Group and our operations, at www.orion.fi/en.

The operational structure of the Group consists of the following businesses:

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

All our production plants and pharmaceutical research centres are located in Finland. The largest one of our sites is in Mankkaa, Espoo, where most of our operations are present and also the Group and its parent company Orion Corporation are headquartered. Our own marketing organisation covers almost all European countries. In markets outside Europe we work in partnerships with other companies.

Operations and sites of the Orion Group in Finland

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

Outside Finland

- Orion Pharma and Orion Diagnostica subsidiaries with sales and marketing operations in in 25 countries in Europe
- R&D unit in Nottingham, England
- Subsidiary FinOrion Pharma India Pvt. Ltd. in India

Our products are available in more than a hundred countries. The Group's net sales in 2015 were about EUR 1,016 million. Finland contributed 31% of the net sales. Scandinavia and the rest of Europe accounted for 47%, and North America and the rest of the world accounted for 22%.

At the end of 2015, the Group had 3,401 employees, of whom 2,723 in Finland and 678 in the foreign subsidiaries.

Our customers include healthcare providers and professionals, consumers and other pharmaceutical companies. In healthcare, the customers primarily include specialist doctors and general practitioners,

vets, pharmacies, hospitals, healthcare centres, clinics and laboratories and their respective procurement organisations.

The operational structure of the Orion Group has remained almost unchanged since the summer of 2006, when the previous Orion demerged and the current Orion started as a new company concentrating on pharmaceuticals and diagnostics.

Orion Corporation, the parent company of the Group, is a public company whose shares are listed on Nasdaq Helsinki. At the end of 2015, the company had 48,877 registered shareholders, of which 96% were households. Households held 41% of the entire share stock. Details on the shareholder base are provided in the Investors section on our corporate website. Most of the data is updated on a monthly basis.

We publish quarterly information about the financial performance of the Orion Group. Our news releases and publications as well as information about our ownership base are shared in the Investors section of our corporate website.

Our mission is to build well-being

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

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

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

Our operating environment

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

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

Our focus areas

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

- **Quality and safety.** High quality, product safety and complying with requirements of authorities are indispensable in the pharmaceutical industry. To meet ever increasing requirements and expectations of stakeholder groups, we are continuously and systematically developing these areas.
- **Productivity and flexibility**. Under pressure from declining prices for drugs, we need cost awareness in our operations and seamless co-operation between different parts of the Group to achieve the targeted profitability level. In addition, operations must be flexible and able to react rapidly to changes identified in the operating environment. Due to its size, Orion can be more agile than large companies and gain competitive advantage from this.
- **Partnerships.** Our operations are almost in their entirety based on utilising worldwide networks in which well-managed partnerships and collaborations are a competitive advantage for us. This requires us to be unprejudiced and open to learning new things from our partners and collaborators. Partnerships must also be managed so that jointly agreed modes of operation and responsibilities are adopted at every level.
- **Competitive and strong portfolio**, which is crucial for our success. This requires from us continuous striving to renew the portfolio, which in addition to product development, acquisition or manufacturing, includes effective launching of products and management of their entire life cycle.
- **Strong corporate culture of working together**, the basis of which is valuable and important work for the customer. We want to be an excellent workplace and a responsible and attractive employer that promotes the well-being of its personnel at work and continuously develops their expertise.

Our strategic targets

The following strategic targets and their achievement are monitored with clearly defined indicators:

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

- **Growing faster than the markets.** Growth enables a company to develop and take manageable risks. This aim should be achieved by the Company as a whole and in the geographic and product areas in which Orion operates.
- **Strong development of profitability.**

Our financial objectives

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

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

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

A description of the most relevant risks and their management is provided on the Corporate Governance pages under section "Orion Group" of our corporate website. The description is also included in the Corporate Governance Statement confirmed by the Board of Directors on 2 February 2016.

The Group values and principles are the cornerstones of our operations

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

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

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

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

Our approach to corporate responsibility

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

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

Statement by CEO Timo Lappalainen

Every year, new themes appear into the range of aspects of corporate responsibility to which companies are anticipated to respond in addition to the ones already dealt with. Sometimes companies give reason to those themes by themselves. For responsibility, no such upper quality level can be determined at which everything is managed so well that nothing remains to be improved. We in Orion are constantly identifying things in which we can further develop our practices.

Pharmaceutical companies have been subject to strict operational regulation for a long time. Our responsibility for the product and its safety is exceptionally high compared to other fields of industry, based on regulation that must be strictly followed without challenging the license to operate.

Companies are broadly networked within the pharmaceutical industry, therefore having an obligation to make sure that partners fulfil the same quality criteria as must be met by the companies in their own operations. In this way, the quality requirements are repeated further and deeper down through the chains of supply sources. Despite this, there is no pharmaceutical company that is one hundred percent free of shortcomings, and there will hardly ever be one. A company that is aware of the significance of reputation to its success, takes action to amend shortcomings without delay. We in Orion also instantly react to our own observations as well as to those recorded by authorities or our partners in their inspections.

In the course of 2015, we made good further progress in corporate responsibility. I am especially proud of our performance in the two strategic sustainability metrics. The amount of waste, and especially that of hazardous waste decreased further and was almost one quarter less than two years earlier. This tells about improved materials efficiency, which has an immediate further favourable impact on our financial performance. Our injury rate LTI 1, into which all absences of at least one day due to an injury incident are counted, came just under 7, which was set as the highest acceptable for the year. In 2016, our aim is to perform even better. But there still remains work to do to reach our goal of zero accidents. In the course of the year we confirmed an Environmental Management System for the Group, and an Energy Management System as a separate sub component of it.

The recent study report by FIBS, the leading corporate responsibility network in Finland, shows that the management of supply sources is the greatest challenge of responsibility in all fields of industry. The outcomes of our own inspections clearly indicate the need to conduct on-site inspections of our suppliers' operations.

In my opinion, operational ethics is today a most important one among the many aspects of corporate responsibility. Poor consideration and short-sighted choices with an aim to reach results rapidly may involve quite a high reputation risk. To us in Orion, the only acceptable way is to do things right, in such a way that our operations tolerate even the most critical assessment.

Timo Lappalainen
President and CEO

Our principles of reporting on sustainability

Our reporting period is one calendar year, and we publish a sustainability report for each calendar year. This report is the 7th sustainability report of the Orion Group, and the focus is on 2015. In the performance indicators, comparative data is provided for 2013—2014.

The PDF files of all the Reports we have published so far are available in PDF files in the Sustainability section of our corporate website. The reports for 2009–2014 follow the guidelines, principles, terms, indicators and calculation methods provided in the G3 framework of GRI (Global Reporting Initiative), and also the structure of those reports followed that of the G3 guidance.

Unlike our previous reports, the Report for 2015 is not compiled in accordance with the currently applicable GRI framework. We have changed the order in which the topics dealt with, and we have edited the text into a more readable, less rigid form. We also have left out some indicators and aspects as irrelevant to our Group. Information about the personnel structure, e.g., previously reported as indicators, is regarded more or less statistical and therefore now provided in the Tables section, which we have added as a new element into this Report.

Although reporting on corporate responsibility is voluntary for Finnish enterprises so far, we consider it important. In addition to reporting, we also want to demonstrate in our daily operations that we care about the consequences of our activities and choices and that we make continuous efforts to improve our performance towards our targets.

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

The report content is based on relevance

We have selected and specified the indicators included in our sustainability reporting by assessing their relevance from the point of view of our operations. Here we have largely leant on the broad basic menu of the GRI framework from which we have chosen relevant ones suited for us. Additionally, we have established some Orion-specific indicators which reflect our practices and processes to assure the quality of our products and their safety to patients.

The basic materiality assessment was conducted in working groups consisting of persons with good understanding and expertise of the area of sustainability they represent and who work in broad and regular interaction with representatives of our key stakeholder groups. Most of these workshops were facilitated by specialist sustainability consultants. In the evaluations, we also took into account the feedback and questions received from our interest groups through various channels. The responsibility profiles drawn by company analysts are also important references of materiality and topics to which we are anticipated to attend in our responsibility reporting.

The prioritising, principles and boundaries used in this Report as well as the key stakeholder groups have been confirmed by the steering group for sustainability reporting. The steering group consists of three members from Orion's Executive Management Board (i.e., Senior Vice President, Corporate Functions, Senior Vice President, Supply Chain, and CFO), Vice President, Quality Assurance, Vice President, Communications, and the Corporate Responsibility Officer responsible for the report compilation. The Report has been approved by the Executive Management Board of the Orion Group.

The ways of collecting the data into the figures reported in the indicators have been determined in internal working groups for the part of such data as is not directly available from our internal information systems. This largely concerns data on our environmental performance. The same basic source material is used in our annual reports to environmental authorities and other instances such as the Responsible Care programme. Details of the data collection and entry into the sustainability data management system and the reporting process are documented in the Handbook for the purpose.

Our report covers the entire Group

Our sustainability report principally covers Group-wide operations. Measurement data is gathered from each operational location and grouped according to the Group structure. The indicators show our performance covering the entire Group when relevant. As our environmental impacts mainly come from our

manufacturing operations and because all our manufacturing units are located in Finland, we only include our Finnish sites into the data concerning environmental management.

The foreign operational units of the Orion Group are primarily marketing or liaison offices that market our pharmaceutical or diagnostic products, mainly in leased premises and with operations in the country they are located in. Almost all of their employees are engaged in marketing except for a few employees working in support functions. Some information about the personnel structure is only calculated for Finland due to the lack of facts for the foreign subsidiaries. As the foreign units are relatively small, their impact on the Group figures is minor, however.

The following organisational groupings are used in the data collection and calculations:

Orion Group

Orion Corporation

Pharmaceutical operations in Espoo
Pharmaceutical operations in Turku
Pharmaceutical operations in Kuopio
Pharmaceutical operations in Salo
Foreign Orion Pharma marketing subsidiaries and FinOrion Pharma India Pvt. Ltd.

Orion Diagnostica Oy

Diagnostics operations in Espoo, including R&D unit in Oulu
Orion Diagnostica foreign marketing subsidiaries

Fermion Oy

API manufacturing in Hanko
API manufacturing in Oulu
Pilot plant in Espoo

Our report for 2015 does not include such new items as would affect the comparability of the data reported for the preceding years. A note concerning comparability is given in the context of the data where necessary.

No material changes have been made to the scope, boundary or measurement methods in comparison with the previous report.

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

Corporate Governance of the Orion Group

Orion Corporation follows the Finnish Corporate Governance Code which was revised in 2015, the recommendations of which companies listed on Nasdaq Helsinki are required to follow as of 1 January 2016. The reporting guidelines concerning governance are required to be followed for the 2016 financial year and onwards.

The objective of the Code is to maintain and promote the high quality and international comparability of corporate governance practices applied in Finnish listed companies. The 28 compelling recommendations of the Code complement the provisions of the Finnish legislation, and departures from the Code must be explained. Orion Corporation departs from the Code's Recommendation 15 so that also persons other than members of the Board of Directors can be elected to the Nomination Committee. The reasons for the departures are explained in the Corporate Governance section, on page "General principles". The Code is available on the website of the Securities Market Association, at www.cgfinland.fi.

The required details of the governance structure and principles of the Orion Group are described on our corporate website, in the Corporate Governance section under the main section Orion Group. Information about the remuneration of the Board of Directors and the executive managers as well as on the Group's risk management is also shared here. In addition, we publish a Corporate Governance Statement confirmed by the Board of Directors for each financial year, as required by the Corporate Governance Code.

Some essential characteristics of the governance of the Orion Group are featured below.

Orion, like most Finnish listed companies, uses the unitary board structure, which, in addition to the general meeting of the shareholders comprises the board of directors and the managing director. The shareholders exercise their decision-making power at the General Meetings of the Shareholders. According to Chapter 5, Section 5 of the Finnish Limited Liability 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.

The election of the directors to the board and the decisions concerning their remuneration are among the most important matters dealt with by the general meeting. The Annual General Meeting of Orion Corporation elects the Board of Directors for a term of one year, starting from the AGM and ending at the end of the next AGM.

> The Nomination Committee prepares and presents its recommendations to the Board of Directors concerning the composition of the Board and the compensation of the directors to be elected by the Annual General Meeting. The Board of Directors is, however, not obligated to present its proposals to the AGM in line with the recommendations.

According to the Companies Act, legal persons, minors, persons under guardianship, persons with restricted legal competency and bankrupts cannot be Members of the Board of Directors. According to Recommendation 8 of the Corporate Governance Code, the composition of the Board shall reflect the requirements set by the company's operations and development stage. A person elected to the Board must have the competence required by the position and the possibility to devote a sufficient amount of time to attending the duties. The number of directors and the composition of the Board of Directors shall be such that they enable the Board to see to its duties efficiently. Both genders shall be represented on the Board of Directors.

Recommendation 10 of the Corporate Governance Code provides that the majority of the directors shall be independent of the company. In addition, at least two directors who are independent of the company shall also be independent of the significant shareholders of the company. On Orion's Board, all directors are independent of the Company and its significant shareholders in the manner described in Recommendation 10 of the Code. The Chairman of the Board is not an executive officer in the Company.

The members of the Board of must adhere to the provisions of the Companies Act concerning disqualification. Disqualified members must inform the Board meeting before the matter in question is dealt with and must not participate in the consideration of the matter. Names of disqualified members are always recorded in the Minutes of the meeting.

The members of the Audit Committee must have the expertise and experience required for the performance of the responsibilities of the Audit Committee, and the majority of the members shall be independent of the company and at least one member shall be independent of the company's significant shareholders.

Risk management constitutes a significant part of the Orion Group's corporate governance and is an integral part of our responsibility structure, operational control principles, and business operations. Risk management is not a separate function but embedded as a natural and normal process within our day-to-day business and management. Our aim is by all applicable means to identify measure and manage the risks that might threaten our operations and the achievement of the objectives set for the Company, as well as to improve our ability to acknowledge such known risks which cannot be completely eliminated. Overall risk management processes, practical actions and the definition of responsibilities are developed by means of regular risk identification approaches.

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

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

There is no representative of the employees on the Board of Directors. An employee representative is, however, present at the meetings of the Executive Management Board of the Orion Group. The employees elect their representative for a term of 3 years.

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

Memberships, commitments and stakeholder groups

Our memberships in industry associations and advocacy organisations

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

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

Our commitments to external initiatives

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

We are also a member of the **Energy Efficiency Programme** launched by the Confederation of Finnish Industries, EK. The Programme is part of Finland's involvements in the 'Europe 2020' programme of the European Commission. The target of the first, still ongoing part of the Programme is to cut our energy consumption by 9% by 2016, compared with the 2005 level. This includes the consumption of energy, heat and fuels. Energy conservation achievements based on compromised quality of production or working conditions are not acceptable. The Programme will continue with new targets, which will be set for 2016–2020 based on the national targets derived from the EU Energy Efficiency Directive.

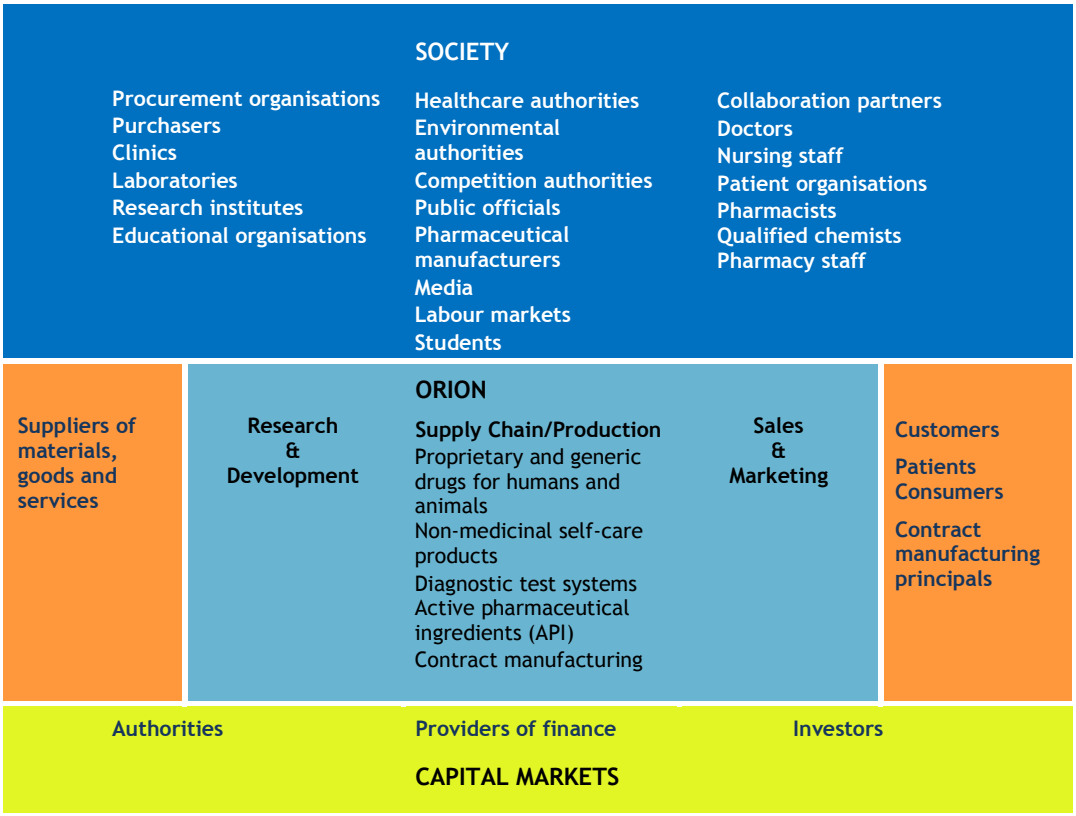
Our stakeholder groups

In doing business and performing our work, we have engagements with a number of instances and stakeholder groups with whom our Group and its representatives are in interaction and which are both affected by our activities and can affect our performance and operating conditions, directly or indirectly.

The stakeholders relevant in view of our corporate responsibility have been determined in workshops by the specialist employees engaged in the reporting of sustainability at Orion. Assessment criteria included

reasonable expectations of stakeholder groups towards us and their importance in relation to our business operations as a whole.

We engage with our stakeholder groups in various ways. We have not established such engagement mechanisms or forums which specifically focus on topics of sustainability.



Communications in Orion

We prefer transparent and interactive communication. The key principles in our communications are *openness, impartiality, reliability, simultaneousness* and *consistency*. Our aim is to provide reliable, comprehensive, timely and comparable information about the Company to stakeholders and present an image of Orion as a responsible and ethical company. Our communications principles are provided in the Group's Disclosure Policy.

Our external communications consist of communication to and with customers (healthcare professionals, patients and consumers), partners, decision makers, media and the general public, as well as capital markets and shareholders.

Our communications are mostly various kinds of web-based services tailored to target groups, such as extranet websites to healthcare professionals and our partners, and internet websites and services for consumers on themes of well-being. The corporate website section sharing information about the Group as well as the section particularly addressing investors is provided in Finnish and English for international audiences.

We develop our communication activities towards increased interaction, engaging and attracting stakeholders into discussion with our Company. The channels we use in social media include Facebook, LinkedIn, Twitter, YouTube and Instagram. All our employees have access to the Orion Group-wide intranet system, which in addition to daily news flows and announcements offers versatile possibilities to use shared workspaces offering various ways and forums for sharing information, discussion and networking with colleagues and for following materials and opinions of colleagues and fellow workers.

Product Responsibility

We consider product responsibility to be our priority among the many aspects of corporate responsibility. As a manufacturer of pharmaceutical and diagnostic products, we emphasise our responsibility for the safety of our medicinal products. Responsibility and caring are an integral, uncompromised and natural part of everything we do at Orion. Product safety is linked to all our activities. The responsibility of the manufacturer and the manufacturer's principal for the safety, quality and uncompromised compliance with requirements extends through all the phases and functions included in research and development, procurement, manufacturing, marketing and communications. The legal and regulatory requirements by healthcare authorities, the primary purpose of which is to ensure patient safety, are guiding our activities in everything we do. In addition, we also follow the commonly agreed codes of harmonised practices applied by our industry internationally.

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

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

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

The guiding principles of the quality standards of our entire supply chain are based on full compliance with the EU-regulated good operating practices in manufacturing, laboratories, and R&D, and efficiency and fluency of processes, product safety and consistent quality and high delivery reliability. As our products are also sold beyond the EU area, we make sure that our operations are compliant with the good practices applicable in those countries.

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

As the marketing authorisation holder, we are responsible for the quality and safety of our products. Our operations are continuously supervised by healthcare authorities of different countries. The Finnish Medicines Agency, Fimea, is the authority that inspects pharmaceutical plants and contract manufacturers in Finland according to the Pharmaceutical Products Act, also on behalf of the authorities of the other EU member countries. The supervision and inspections also cover the pharmacovigilance and the operational premises, the R&D operations, as well as those products for which we act as a distributor the marketing authorisation holder being another pharmaceutical company.

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

Management of Product Responsibility

The basics of the management of our product responsibility are determined in the Quality Management System, by the help of which we make sure that each product batch released for sale is in accordance with the marketing authorisation, and based on which we continually monitor safety throughout each product's life cycle. We systematically follow the outcomes of the quality and safety monitoring, and in events of concern we instantly undertake the necessary procedures to ensure patient safety.

Management of pharmaceutical product responsibility

The management of product responsibility concerning pharmaceuticals is arranged in the following way:

- **Chief Medical Officer, CMO** is an experienced senior physician carrying the primary responsibility for the company's medical governance and medical ethics. The CMO is responsible for the safety of our study programmes, the assessment of medicinal benefit/risk balance and activities related to them. The CMO shall always prioritise the benefit for the patient.
- **Qualified Person responsible for pharmacovigilance, QPPV** is responsible for the establishment and the maintenance of the pharmacovigilance system of the marketing authorisation holder, as provided in EU directives 2001/83/EU and 2001/82/EU and, accordingly, in Section 30 of the Finnish Medicines Act. The QPPV shall act as a contact point for the regulatory authorities on a 24-hour basis for safety related issues. The QPPV in Orion is **Director, Drug Safety**, who reports to the Chief Medical Officer and the Medical Director. The duties of the QPPV include the responsibility of our operational compliance with the international regulatory requirements concerning the monitoring the safety of medicines, regulatory reporting and actions related to the management of patient safety risks.
- The **Medical Director,** in collaboration with the Medical Marketing Department and the marketing and sales organisation, carries the responsibility of our compliance with the legal requirements concerning the marketing of pharmaceuticals in all those countries where Orion is present. The Medical Director reports to the Chief Medical Officer.
- The Accountable Director is, as provided in Section 9 of the Medicines Act, primarily responsible for ensuring that our medicinal products are manufactured in the correct way and that the quality requirements are met. In the Orion Group, the position of the Accountable Director is held by the **Vice President, Quality Management**, who reports to the President and CEO. The VP, Quality Management, is responsible for the compliance of our Quality Management System with the requirements of international regulatory authorities as well for the quality assurance and control of our products.
- The produced batches of medicines are released for sale by the so-called **Qualified Person** in our Quality Assurance organisation, whose professional qualifications are determined in EU directive 2001/83/EU and in the Finnish Medicines Act. Correspondingly, the release of diagnostic products is also subject to an independent Quality Assurance organisation.

Tasks related to product responsibility are performed in cross-organisational working groups consisting of persons with a broad range of skills and competences necessary both in the product development phases and in commercial manufacturing.

The basis for the quality of a medicinal product is built in the course of the research and development phases. The manufacturing methods and equipment as well as the requirements for the raw materials and the product are determined in these phases. Industrialisation is included in the product development phase as an elementary part, the purpose of which is to make sure that the manufacturing methods are applicable on an industrial production scale and that each production batch corresponds to the product described in the marketing application.

We purchase our materials from suppliers whose qualifications we have confirmed. Audits of the manufacturing sites are important steps in the process of selecting and monitoring our raw material suppliers, and in ensuring the continued availability and stabile quality of the raw materials and the traceability of the documentation. In the qualification process of suppliers of active pharmaceutical ingredients, or APIs, we also inspect the manufacturers of the intermediate materials used in the manufacturing process of the API.

Before approving the raw materials into production we take and analyse samples of them. Packaging materials and the printed packaging information are also checked in a corresponding way. To ensure the quality of not only our pharmaceutical preparations but also other products we make controls in the manufacturing phases. Samples are taken and analysed of each manufactured batch, and the documentation of the batch is checked before approval for sale. In the approval process we check that the batch has been manufactured in accordance with the marketing authorisations granted for the product by authorities in different countries and that all analysis results meet the requirements confirmed in the authorisations. When releasing products for sale we use even stricter internal quality criteria in order to ensure the required quality for the entire shelf-life of the product. By the help of the batch documentation, all materials and all phases of manufacturing, quality control, transportation and distribution are traceable without gaps.

Not only drugs but also diagnostic products are furnished with a batch code with which we can make sure of the properness of the manufacturing phases from raw materials to the finished product. This traceability is extremely important when there is reason to find out if a manufacturing error has occurred.

Patient safety is a fundamental priority and core value at Orion. We work to ensure the safety and optimal benefit/risk balance of our products throughout their lifecycles. We implement timely and effective risk mitigation actions when appropriate to ensure the safe use of our products and patient safety.

Pharmacovigilance is a science and activities relating to the detection, assessment, understanding and prevention of adverse drug reactions or any other drug-related problems. Our duty is to monitor the safety of our medicinal products throughout their life-cycles ever since the early R&D phases until the product is no more available on the market. Several functions of the company are involved in the pharmacovigilance processes coordinated by the Drug Safety organisation, which is a Headquarter function. Appropriately qualified and trained experts are responsible for the assessment and activities related to the management of benefit/risk balance of the products. Our pharmacovigilance operations and Quality Management System are compliant with international regulatory requirements and guidelines. All data concerning the safety of our products is collected into a single point for assessment, continuous monitoring and reporting. In addition to data collected from clinical trials, the monitored information includes spontaneous reports and feedback from healthcare professionals, literature, regulatory authorities and patients about adverse effects, medication errors, interactions and over-doses, for example.

The core activities in the pharmacovigilance operations also includerisk management plans, safety reporting to healthcare authorities, various periodic safety reviews and internal audits of pharmacovigilance activities. We work in continuous collaboration with authorities in the evaluation of the safety of our products and the balance between risks and benefits. When necessary, we undertake actions to ensure patient safety and the correct and safe use of our medicines. Such actions may include, for example, updating of the information provided in the summary of product characteristics and the product information leaflet, communicating information to or training of healthcare professionals, adding, e.g., contraindications or precautions and warnings to the medicines, or discontinuation of sales. The possible actions are always taken in a controlled manner in collaboration with healthcare authorities.

Audits help to ensure operational quality

Manufacturing and sales of medicines are subject to certain regulatory permissions. In the authorisation procedure, the regulatory authorities have ensured that Orion has the appropriate qualities for the operations and that each drug released by Orion meets the specified requirements. The regulatory authorities for pharmaceuticals (Fimea in Finland) and those for healthcare equipment and supplies (Valvira in Finland) monitor and assess our research, supply chain and pharmacovigilance operations in regular inspections. In these inspections they also assess the effectiveness of the procedures we have in place for the follow-up and processing of adverse effects and complaints, and our readiness to withdraw a product from the markets.

The inspections are conducted in the name of the medicinal authorities of the EU and other countries in the so-called PIC/S (Pharmaceutical Inspection Convention and Pharmaceutical Inspection Scheme) collaboration, which covers 48 countries. In addition, our operations are regularly monitored and inspected by authorities representing non-PIC/S countries, such as the US Food and Drug Administration, FDA, for example.

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

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

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

In events of defects we withdraw the product

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

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

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

All employees of the Orion Group have the obligation to inform the Quality Assurance organisation about any adverse effect events they have become aware of. In addition, our phone operators have been trained to forward any queries requiring urgent action to the attention of our experts even outside office hours.

Information about a medicine can only be shared based on the product's marketing authorisation

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

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

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

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

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

Our marketing and marketing communications practices are in line with EFPIA codes

In Europe, the practices applicable in the marketing of pharmaceuticals are recorded in the *EFPIA Code on the Promotion of prescription-only medicines to, and interactions with, Healthcare Professionals - EFPIA HCP Code,* adopted by the European Federation of Pharmaceutical Industries and Associations, EFPIA. The HCP Code determines the practices and obligations which are required to be followed by the EFPIA member companies in the marketing of prescription medicines and in other relationships with healthcare professionals.

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

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

> *As industry leaders, we are committed to working in partnership with all stakeholders to improve healthcare across Europe. In doing so, we are conscious of the importance of providing accurate, fair and objective information about our medicines to allow rational decisions to be made about their use. As such, we fully respect the role that EU legislation plays in regulating interactions between pharmaceutical companies and healthcare professionals.*

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

We arrange continued training to and regular testing in our sales and marketing organisation to ensure that the persons engaged in marketing manage and follow both the common codes and practices of our industry and our own practices and principles.

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

The **Medical Affairs organisation** is a headquarter function which coordinates and consults marketing communication planning, and monitors its implementation in order to confirm its compliance with national and transnational regulations. Medical Affairs is independent from the Sales & Marketing and reports to the Chief Medical Officer, who, with an executive status, is a member of the Orion Group Management Board. To see to it that the promotional activities are in line with regulatory requirements, the specialists in the Medical Affairs organisation work in intensive collaboration with the sales and brand managers, the sales organisation as well as with the non-Orion marketing partners who promote our products in their agreed territories.

Marketing of diagnostic products follows recommendations of EDMA and EUCOMED

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

Monitoring of customer satisfaction

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

Transparent collaboration with patient organisations

As a pharmaceutical company, it is natural for us to collaborate with patient organisations. In these activities too, we follow the commonly agreed rules of our industry recorded in *the EFPIA PO Code*, which covers relationships between EFPIA corporate members and patient organisations which operate in Europe.

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

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

Complementary references in the Sustainability section of our corporate website:

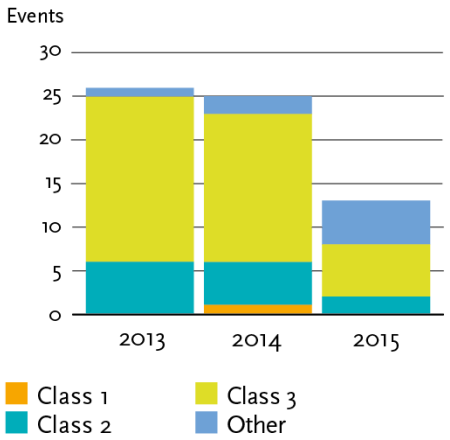
Quality Policy
Code of Conduct
Anticipations towards suppliers
Our practices in approving suppliers
Anti-corruption Policy
Pharmaceutical R&D Ethics Policy

Performance indicators of Product Responsibility

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

Product recalls and product defects

Events	2013	2014	2015
Class 1 (critical)	0	1	0
Class 2 (harmful)	6	5	2
Class 3 (minor)	19	17	6
Class 4 (other defect)	1	2	5
Product recalls total	**26**	**25**	**13**



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

> **Class 1 (Critical):** product defects that are or may be life-threatening or pose a serious health hazard to users.
>
> **Class 2 (Harmful):** product defects that is or may be harmful to the users or may affect medical treatment, but which are not included in Class 1.
>
> **Class 3 (Minor):** product defects not likely to pose a significant health hazard to the users, but where removal of the defective product from the market is otherwise justified.
>
> **Class 4 (Other defect):** product defects which are not harmful and there is no need to recall defected products for safety reasons.

The development activities and programmes addressing all manufacturing phases implemented in the Supply Chain organisation and operations of our pharmaceuticals business since 2014 under a project called Top Supply Chain have led to good results, and they are also reflected by our indicator of the number and severity of product defects. The number of withdrawals due to product defects came down to half of the levels in the previous years. A corresponding improvement took place in the number of rejected batches in our own production. Also, most of the withdrawals were implemented due to minor defects, except for two cases.

Two of the withdrawals in 2015 were classified into severity class 2 “harmful”. One of them was a batch of Doximycin, an antibiotic, in which the content of the jars could deviate from the labelled amount of tablets. In the other event we recalled Burana Caps (ibuprofen) soft gel capsules after we had been informed by our French contract manufacturer that a product mix-up had taken place at its site, the root cause of the event being unclear. Although Burana Caps products were not involved in the mix-up, we recalled all packages from consumers and pharmacies. The procedure was exceptionally robust and demonstrates our uncompromised approach to safety risks. The Burana Caps products are packed into retail packages at our Salo site, where no exceptional observations had been made in the controls during the packaging process.

Due to Class 3 (Minor) defects we drew back one batch of four medicines and three batches of one preparation. In three of these cases, the reason was that the consistency of the products did not fulfil the determined specification limits. In one case, wrong kind of packaging material had been used by the contract manufacturer. Strange microbiological growth was identified in one product batch. Orion Diagnostica recalled one batch of a reagent used in diagnostic tests.

Class 4 (Other defect) recalls were undertaken due to minor defects in the information printed on the package. Part of the withdrawn products was non-medicinal ones.

In the Top Supply Chain project, the factor behind our improved performance, we are developing our operations in parallel sub-programmes towards common goals: to dig into the root causes of non-conformities, to implement corrective and preventive actions on a wide scale, and to perform all tasks with the right first time principle, whereby both product quality and productivity are improved. Our purpose is to achieve a straight forward total process in which unnecessary work is minimised and every person is aware of his/her role and responsibility for the outcome.

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

Inspections	2013	2014	2015
Inspections by authorities	11	16	8
Inspections by partners	49	67	62
Inspections total	**60**	**83**	**70**
Critical observations	0	0	2

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

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

> **Critical:** The practice involves a high risk to drug safety and/or drug quality. An essential violation of Good Practices.
>
> **Major:** The practice may incur a risk to drug safety or quality. Incompliance with Good Practices.
>
> **Minor:** Drug safety is not compromised. A minor nonconformity with Good Practices.
>
> **Recommendation:** The practice is compliant, but an improvement is recommended.

Of the altogether 70 inspections made in 2015 (83 in 2014) into the facilities and locations of the Orion Group, 8 (16) were conducted by authorities, and most of them were made by healthcare authorities, such as the Finnish Fimea and the US FDA. Altogether 7 (10) inspections were made into our pharmaceutical manufacturing sites, all of them focusing on the regulatory GMP compliance. Fermion's manufacturing plants underwent no (4) inspections by healthcare authorities. Orion Diagnostica was inspected by Underwriters Laboratories.

Our business partners made altogether 62 (67) inspections. Half of them, i.e. 33 (34) were conducted at Fermion's production sites in Hanko and Oulu. Our pharmaceutical manufacturing and R&D operations had altogether 27 (32) inspections by our partners, mainly customers, marketing partners and contract manufacturing principals. Orion Diagnostica had two inspections by its partners.

As a rule, we undertake immediate corrective actions instantly after each inspection to amend the observed defects, no matter how minor they are. When planning corrective actions we also check if a corresponding defect can be identified in other locations too, regardless of where the defect was detected. The corrective actions are documented in detail and reported to the auditing authority.

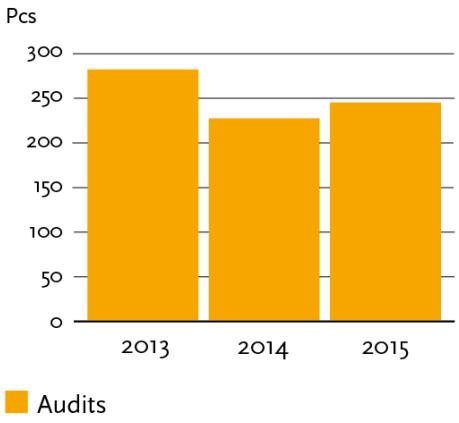
In the inspections in 2015 we received two critical observations. In its inspection, the Finnish medicinal authority Fimea observed that our measures and records were insufficient to ensure the storing of so-called controlled substances. Consequently, we re-wrote our related instructions and we also tightened up the requirements and permissions concerning access to the deposit. We also made sure that the corresponding changes were implemented at all our pharmaceutical manufacturing sites. Another critical observation was recorded by a contract manufacturing principal, whose auditor observed inconsistent practices in the documentation and recording of analysis results of a product batch. Personnel in all our pharmaceutical manufacturing sites were instantly re-trained to manage the practices applicable in that work phase, and the related guidelines were also revisited. After the corrective actions, an internal inspection was made to make sure that the practices are in accordance with the required standard.

Inspectors may record observations the amendment of which may cause delays in our production programmes. In our outlook estimates, Orion's management accordingly points out that our broad product range may cause risks to the delivery reliability and make it challenging to maintain the very high quality standard required in production. Any remedial actions that may be required based on inspections by authorities and key customers may at least temporarily have effects that reduce delivery reliability and increase costs. Our product range also includes products manufactured by other pharmaceutical companies. Possible problems related to the delivery reliability or quality of the products of those manufacturers may cause a risk to our delivery reliability.

In addition to the inspections made by authorities and our partners, regular internal inspections of all our manufacturing sites are conducted also by ourselves.

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

Audits	2013	2014	2015
Audits total	282	227	245
Critical observations	20	56	22
Rejections	1	1	5



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

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

Like in the previous years, most of the altogether 245 inspections we conducted in 2015 were carried into operations of our GxP critical business partners and sources of supply, such as API manufacturers, suppliers of raw materials and other materials, contract manufacturers and organisations providing clinical research services to us. The high although notably lower score of critical observations compared to those in 2014 shows those on-site audits are necessary.

Our inspections in 2015 led to altogether 5 rejections. Two of our contract manufacturers had to be rejected from among our existing partners due to contamination risks and shortcomings in data integrity and in cleaning validation. One quality control laboratory had serious defects in the traceability of analysis results. Two new contract manufacturing candidates were also rejected.

Altogether 22 critical observations were recorded, 7 of which in GxP inspections and 15 in EHS inspections. In the GxP inspections, our auditors observed serious contamination risks, shortcomings in data traceability, computer systems and approval procedures of raw material suppliers, and a deviation from the procedures determined in the study protocol to be followed.

Severe defects in safety arrangements were observed at three manufacturing sites in India. Our auditors recorded serious defects due to which high risks of fire and explosion were present. Defects were also observed in the rescue arrangements.

The results of our audits focusing on EHS affairs are signalling of development needs and insufficient regulatory control of environmental, occupational health and safety at workplaces in so-called developing countries where the sources of supply for the pharmaceutical industry are located to an increasing extent.

Environment

Management of environmental affairs

Our aim is to have the impacts of our operations on the environment under the best possible control by applying management principles and operational practices determined in the EHS Management System of the Orion Group. The EHS System comprises environmental affairs, energy efficiency, occupational health and safety, and process safety. The Group-level general principles are described in the EHS Handbook confirmed by the Group's executive management. Due to their operational characteristics, Fermion and Orion Diagnostica have some practices differing from the general principles. The EHS Handbook is complemented by numerous work phase and task-specific internal guidelines providing the particular EHS aspects to be attended in performing the task.

Our EHS System is based on compliance with legislation, statutes and regulations as well as our internal guidelines. The environmental management system is built upon the principles set out in the ISO 14001 environmental standard. In the management of occupational health and safety we apply the OHSAS 18001 guidelines, and the ISO 45001 standard after it has replaced the former one. In the development of our energy efficiency we apply the principles of the ETJ+ energy management system and practices determined in the ISO 50001 standard. As a basic principle, we aim to improve our operations and performance continually and towards predefined targets.

Our EHS Policy determines as a Group-level commitment how all units and organisations belonging to the Orion Group shall promote the well-being of the environment and our workplaces as well as the efficient use of the resources needed in the Group's operations, such as energy, water and materials. The EHS Policy is accessible in the Sustainability section of our corporate website.

Environmental aspects, our approaches and targets

The following environmental aspects identified as the most significant ones for the Orion Group and its businesses, and the related approaches to continually improve our performance in them are as follows:

Material efficiency	We know the most central material flows in our production operations. We identify the items needing development to minimise our waste flows. We forward our recyclable surplus materials for further re-use purposes. We manufacture our products right first time. We reduce the proportion of hazardous waste of our total waste.
Waste water management	We know the quality of our waste waters. We reduce the environmental burden on waterways caused by our operational sites by minimising the residues of harmful chemicals in our waste waters.
Energy efficiency	We targetfully improve the efficient use of energy and reduce our energy consumption applying practices determined in our Energy Management System. We participate in the energy efficiency programmes pursued by industry associations relevant to us.
Emissions into air and climate change	We contribute to the prevention of climate change by reducing CO_2 and VOC emissions into air.
Supplier approval process and management	In the selection and management of our suppliers and collaboration partners we pay attention to their ability to meet the required levels of EHS affairs management.

Two metrics of sustainable environmental development are included in the strategic KPIs monitoring the implementation of our Group strategy. One of the metrics measures the MW hours saved in our energy consumption. The new goals for this metric will be set when the new national energy efficiency target for Finnish industries has been set. The other strategic environmental indicator follows the proportion of hazardous waste of our total waste. Our goal is to reduce the amount of hazardous waste especially, but also total waste along with that.

We assess our performance both in the light of our targets and requirements and our earlier performance. Important purposes of measurement and follow-up data include our internal ones, such as the on-going development programs aimed to show continual improvement in our environmental performance, the internal KPIs attached to our Group strategy and the indicators in our Sustainability Reports. Part of the monitored items are obligatory, based on requirements specified in the local and site-specific environmental permits. Environmental and chemical safety authorities are examples of external instances to which we deliver regulatory follow-up data on our environmental performance. Other important external instances receiving EHS reports from us are those organisations which collect performance data from companies committed to voluntary initiatives and programmes.

We aim to reduce the burden caused by our operations on the environment by implementing programmes and actions aiming at continual improvement. We plan, choose, buy and invest predicting and considering the environmental risks and impacts of our solutions. The carrying principle here is the core of material and resource efficiency: to achieve more with less. To be successful, we manufacture our products right first time and use our resources – materials, labour, energy, water, time and money – as wisely as possible. By doing so we also create substantial economic added value.

In addition to activity programmes, we promote the achievement of good results by maintaining our processes up to date, by investing in improved process technology and methods and more efficient use and handling of chemicals and other manufacturing materials.

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

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

Legal and other environmental requirements

Elementary legislation to be attended to in the management of environmental affairs includes that concerning environmental protection, waste, chemicals and energy.

Production of pharmaceuticals and their active substances is the kind of activity for which **environmental permits** are required, as provided in the Finnish Environmental Protection Decree. The prerequisites for granting an environmental permit include, among others, that the plant shall neither cause harm to health nor significant environmental degradation or its risk. The environmental regulations and permits are location-specific. They provide the acceptable maximum levels for emissions into air, soil and water, as well as the methods and scopes for the measurement, monitoring and reporting the items detailed in the permits. Orion Diagnostica's operations are not subject to an environmental permit.

All production sites of the Orion Group have **contracts on the handling of industrial waste waters** with their local waste water treatment operator. The acceptable limits for the waste waters are determined in the contracts. We regularly monitor and analyse the quality of our waste waters.

All our sites are required to have **permits to store and handle hazardous chemicals**, with the exception of the pharmaceutical manufacturing site in Kuopio and Orion Diagnostica, as they do not handle hazardous chemicals on a broad scale.

In accordance with the Finnish **waste legislation**, we aim to reduce waste, avoid producing waste and deliver usable fragments for re-use.

The Orion Group is subject to the provisions of the Finnish **energy efficiency legislation**, which obligates us to improve energy efficiency continually and to report on our actions and performance to the Finnish Energy Authority. Our Energy Management System helps us fulfil the requirements and the purpose of this legislation.

Fermion is the part of the Orion Group that is subject to the provisions of the **REACH Regulation** concerning Registration, Evaluation, Authorisation and Restriction of Chemicals, which require Fermion to register all solvents and intermediate products imported or produced by the company in amounts of at least one tonne per year.

The **CLP legislation** (Classification, Labeling and Packaging of Substances and Mixtures) concerns the entire supply chain of Orion to a considerable extent. The purpose of CLP is to harmonise the classification and labeling system of chemicals within the EU.

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

Environmental management responsibilities

In the Orion Group, the conformity of environmental management, which is an elementary component in the EHS System, is coordinated by the Director for EHS and Facility Management, and the EHS organisation with its EHS Specialists reporting to him. He reports to the Senior Vice President, Supply Chain, who is a member of the Group's Executive Management Board. Core tasks of the EHS organisation in the promotion of environmental safety include, among other things, participation in the preparation of continual improvement programmes, external and internal EHS inspections, guidelines and trainings, follow-up of safety observations and consequent corrective actions, risk assessments, investigations of injury events, EHS reporting and internal communications about EHS affairs.

The local site managers are responsible for arranging operations at the operational site in accordance with the EHS System. Each supervisor shall see to it that their subordinates are familiar with the guidelines concerning the reduction of our harmful environmental impacts. They also shall promote employees' commitment to our development goals and motivate them to take correct actions to prevent environmental damage.

The management responsibilities are specified in the reference documentation of the EHS Handbook as well as in job descriptions. The management teams of the business divisions and line functions are primarily in charge for environmental affairs within their operational units, observing the nature of the unit's operations, the regulatory and legal requirements, and the related environmental risks.

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

Each Orion employee's obligation is to act according to our environmental principles in their daily work.

Emergency preparedness and response

In events of emergency we follow pre-determined procedures confirmed by the Group management for taking the event and its consequences under control and for normalising the situation. The preparedness and procedures are defined in separate specific instructions. Applicable procedures are undertaken depending on the severity and the nature of the situation. Preparedness plans in case of different kinds of accidents and other exceptional events are based on continual follow-up and monitoring of our operational environment.

Emergencies classified into the most serious category pose an imminent threat towards our company and, in the worst case, they can jeopardise our operations, peoples' health or safety, and cause great damage and harm. The model of action established for the severest kind of emergencies provides that the Team for the Management of Exceptional Circumstances, chaired by the President and CEO and consisting of certain predefined persons, starts working in accordance with the Team's charter, task sharing and guidelines applicable in the acute event. The basic composition of the Team is complemented with other persons depending on the event.

In less critical events, i.e., in which the consequences and damages are evaluated to be clearly minor than those in the severest category, the best suited operational model is applied from the menu of ones established for them.

In the Rescue Plans established for each operational site, potential accidents and exceptional events involving risks of environmental hazard or workplace safety are described, together with related instructions as well as matters and responsibilities concerning preparedness, rehearsals, training and communications.

In events of emergency it is important to eliminate the threat and the hazard as soon as possible, to limit the damage to people and property and to appoint appropriate persons to take care of the event. Especially important is to take care of internal and external communications so that up-to-date and reliable information is rapidly and transparently available to the ones needing it. Also the role of the relevant public authorities in managing the event shall be observed. In addition, we must take care of continued operations, personnel arrangements, and alternative or temporary operational arrangements.

Operating the EHS System

The following procedures are elementary in operating the EHS System and for predicting, preventing and observing exceptional events and situations, and for taking corrective action:

- Regular EHS risk assessments for the identification of potential shortcomings and nonconformities
- Development programmes with objectives, action plans and progress monitoring
- Systematic data collection and evaluation of items within the scope of the EHS and Energy Management Systems
- Regular internal inspections in departments
- Inspections by regulatory authorities and our collaboration partners at our sites
- Overall assessment of the EHS and Energy Management Systems by the Group management in annual management reviews
- Safety observation system for reporting on acute and possible hazardous situations as well as for monitoring the progress of the corrective actions taken
- Notifications of and concerns over environmental harm and safety, received from instances outside our Company, such as collaboration partners or neighbours

A team of EHS experts investigates the observations recognised in risk assessments and inspections or in the safety observation system as well as the notifications received from external instances, in collaboration with the management and relevant experts. In this process, also the causes and the degree of severity are assessed, and the necessary actions are planned to eliminate the defect or to mitigate the harm, and to prevent the recurrence of a corresponding event.

We follow up the implementation, applicability and efficiency of our EHS System by means of regular internal site inspections and in the annual management reviews. The inspections and management reviews help us identify needs to develop and improve our operations and the system. In addition, we make sure that the system and our operations are in conformity with the requirements of the ISO 14001 standard. The internal EHS inspections are conducted according to an inspection plan by our EHS organisation in collaboration with the management of the concerned department or function and representatives of the occupational safety organisation.

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

Training and awareness

We maintain and promote the personnel's awareness of environmental and health and safety affairs as well as our energy efficiency improvement programmes by providing information in our internal communication channels, and with guidelines and various educational events.

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

The general principles are provided in the EHS Handbook, in the Group's Corporate Governance Manual, the Management Guide, the Safety Guide, and in unit and site-specific activity programmes. Particular department and function-specific aspects are observed in the guidelines concerning the procedures to be followed in individual tasks and duties.

Complementary references in the Sustainability section of our corporate website:

EHS Policy
Anticipations towards Suppliers
Our practices in approving suppliers

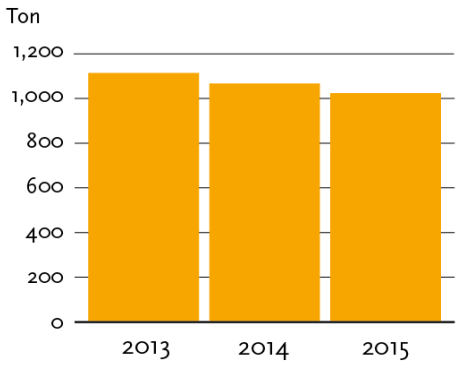
Our indicators of environmental performance

Production output and use of materials

Production volumes by type of product

Ton	2013	2014	2015
Tablets	1 112	1 066	1 024
Injection products	50	55	52
Gels and ointments	803	762	752
Liquid preparations	356	265	306
Diagnostic products	792	832	914
Active pharmaceutical ingredients, API	220	240	211

Example: Tablets, ton



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

Using the number of retail packages as a measure, our output of medicinal products came to approximately the same level as in the previous year. Altogether close to 57 million packages were produced on the pharmaceutical manufacturing lines in Espoo, Turku, Kuopio and Salo. More than 25 million retail packages were already packed on the new packaging lines of the Salo packaging and logistics centre, whereas now only about 10 million retail packages containing tablets were produced at the Espoo site, against about 22 million in the previous year. Modifications of production facilities continued at the Espoo site, due to which occasional standstills took place in tablet production. In Turku, the major renovations of production departments were already completed, and the tablet manufacturing capacity was in almost full use.

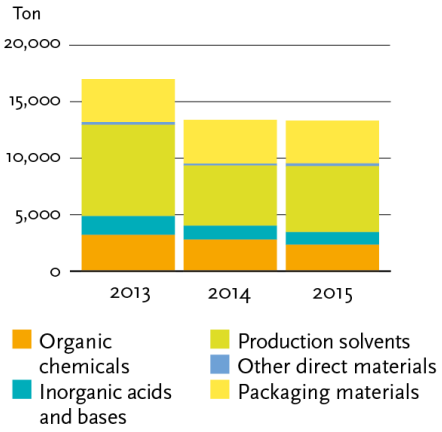
The combined production of active pharmaceutical ingredients (API) of Fermion's sites in Hanko and Oulu came to about 211 million tonnes, about 12% less than the record-high volume in 2014. Production in Oulu grew slightly, while it decreased in Hanko. The annual API production volumes depend on what APIs are included in the production programmes, as well as the phases ongoing in the manufacturing processes and their duration, with wide API-specific variations.

Production volumes continued to grow in Orion Diagnostica along with the growing sales of the novel applications of the QuikRead® test system especially.

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

Materials use

Ton	2013	2014	2015
Organic chemicals	3 230	2 822	2 367
Inorganic chemicals	196	146	195
Inorganic acids and bases	1 664	1 218	1 117
Production solvents	8 067	5 321	5 834
Laboratory solvents	20	13	11
Gases	11	8	11
Biological materials	5	5	4
Direct materials total	**13 192**	**9 533**	**9 538**
Corrugated cardboard	425	402	369
Wooden packaging	461	522	511
Plastic packaging	1 430	1 568	1 497
Paper fibre-based consumer packaging	946	947	965
Glass packaging	387	288	315
Aluminium packaging	81	84	80
Other packaging materials	64	58	57
Packaging materials total	**3 795**	**3 869**	**3 793**
Materials use total	**16 987**	**13 402**	**13 331**
Recycled solvents, ton	2 498	2 237	2 312
Share of total materials, %	15%	17%	18 %



Materials use by reporting unit 2015

Ton	Orion Group	Orion Corporation	Fermion Oy	Orion Diagnos-tica Oy
Inorganic acids and bases	1 117	47	1 068	1
Organic chemicals	1 845	817	1 023	5
Inorganic chemicals	195	93	100	1
Production solvents	5 834	286	5 548	
Other direct materials	25	14	3	8
Direct materials total	**9 016**	**1 257**	**7 742**	**17**
Consumer packaging/wrapping	965	867		99
Corrugated cardboard packaging	369	319		50
Glass packaging	315	312		3
Wooden packaging	511	493		18
Plastic packaging	1 497	1 312	4	181
Other packaging materials	136	58	46	30
Packaging materials total	**3 793**	**3 361**	**50**	**381**
Materials total	**12 808**	**4 618**	**7 792**	**398**

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

The tables above do not include the diagnostic test equipment of Orion Diagnostica, which are manufactured by a sub-contractor. The devices are made from plastics and metals and they contain a lot of electronics. The total weight of the test devices sold by Orion Diagnostica in 2015 was about 13 tonnes.

The heaviest user of **direct manufacturing raw materials** in our Group is Fermion, which manufactures active pharmaceutical ingredients in chemical processes. Fermion accounted for 81% of the Group's total consumption of direct materials in 2015. Solvents account for the largest share of the total volume of materials used in Group's production operations. They represented 72% of Fermion's materials use and about 58% of the Group's total direct materials consumption. Fermion's solvent consumption grew by about ten percent from the previous year's 5,040 to 5,550 tonnes. The consumption of organic chemicals and inorganic acids and bases decreased by about 5%.

In the manufacturing processes of medicines, the largest material group consists of organic chemicals, the share of which was almost 75% of the direct materials used by Orion Corporation and about 14% of the Group's total direct materials. Orion Corporation accounted for about 57% and Fermion for about 43% of the Group's total organic chemicals consumption. Less than 1% of the total is consumed by Orion Diagnostica.

In the manufacture of medicines, solvents were consumed about the same total as in the previous year. In Espoo, the main solvent is ethanol, and most of it is used in tablet coating processes and in the production of tablet masses. The Turku plant also uses mostly ethanol, and some tonnes of isopropanol. A considerable proportion of them is used in the manufacturing of hormonal products.

The use of packaging materials decreased slightly from that in 2014, and like in the previous years, most of them were consumed in Orion Corporation, i.e., the pharmaceuticals manufacturing operations. Over 88% of the total packaging materials were used for retail and wholesale packaging of medicines and 10% for packaging of diagnostic products. Fermion only accounted for about one percent. Fermion's products are in the form of powder and they are delivered to customers in large sacks and fibre or plastic barrels, whereas the products of Orion Corporation and Orion Diagnostica are distributed in wholesale and retail packages.

The materials used in 2015 for the many different types of packaging accounted for approximately 30% of our Group's total material consumption, while in 2014 their share was about 28%. The most commonly used packaging materials include plastic, cardboard, glass, corrugated cardboard and aluminium. Plastics and

glass are most often used as primary packaging materials, which come into direct contact with the medicine. Plastic materials were used in the packaging of pharmaceutical preparations as much as in 2014, whereas glass packaging increased by about 10%. The use of glass in primary packages has, however, decreased clearly in the course of the three past years, before which our annual average consumption was over 700 tonnes. Aluminium is used most in blister packages. It is also used in the collars of injection bottles and some cream tubes. A very thin aluminium film layer is contained in the bag protecting the Easyhaler® inhalator in its retail package. Part of Orion Diagnostica's products is packed in aluminium folio bags.

Cardboard and liner are the most common materials of secondary packaging, into which the primary packages are packed. Cardboard, plastic film as well as bubble and cell plastics are the most common materials in wholesale packaging.

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

Part of solvents can be recycled in our own production

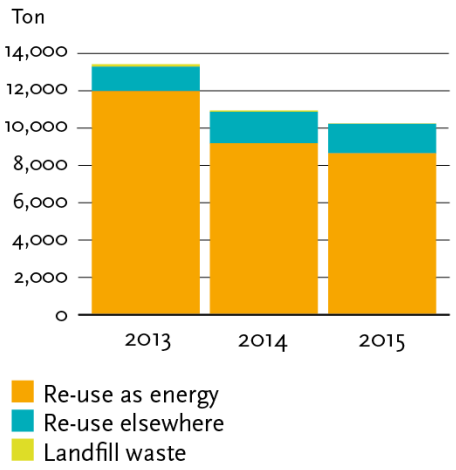
Regenerated solvents comprise the only relevant re-usable materials in the Orion Group. Solvents are regenerated and re-used by Fermion. Both the Hanko and Oulu plants of Fermion retain part of their solvents and regenerate them in their distilleries. The Oulu plant re-uses the regenerated solvents in its production processes, whereas in Hanko, part of the distillate is used as fuel in the plant's VOC combustion facility and thereby as an energy source of API processes. In 2015, regenerated solvents accounted for 44% of Fermion's total solvent consumption. Solvents are very expensive raw materials, which is why the possibility to recycle them for re-use means significant economic benefit for Fermion, a heavy user of solvents.

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

Waste

Hazardous and non-hazardous waste 2013–2015

Ton	2013	2014	2015
Hazardous waste	10 881	8 352	7 681
Non-hazardous waste	2 512	2 569	2 536
Total	**13 393**	**10 921**	**10 217**
Share of hazardous of total waste	**81 %**	**76 %**	**75 %**

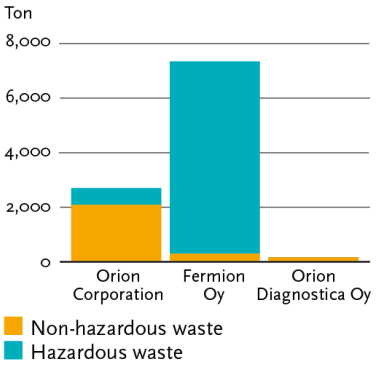


Waste by disposal method

Ton	2013	2014	2015
Re-use as energy	11 956	9 164	8 638
Re-use elsewhere	1 311	1 685	1 565
Landfill waste	127	71	14
Waste total	**13 393**	**10 921**	**10 217**

Waste by reporting unit 2015

Ton	Orion Group	Orion Corpo-ration	Fermion Oy	Orion Diagnos-tica Oy
Hazardous waste	7 681	614	7 054	13
Non-hazardous waste	2 536	2 091	295	150
Total	**10 217**	**2 705**	**7 349**	**163**



As of 2015, one of the indicators included in the KPIs for monitoring the implementation of the Orion Group's strategy monitors the share of hazardous waste of our total waste. Our aim is to reduce hazardous waste especially, but along with that also total waste. We are progressing in the direction of our objective: we generated 6% less waste than in 2014 and almost one-quarter less than in 2013. We particularly succeeded to reduce the amount of hazardous waste as well as its share of all waste.

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

Ekokem takes care of our waste

Ekokem Oy, specialist providers of environmental management services, is our partner providing all the services we need for managing our waste. With practices established in collaboration with Ekokem we make sure that waste is correctly sorted and handled at the sources of waste. With its efficient logistic infrastructure, Ekokem collects and transports our waste and treats the fractions in its advanced processes. Via Ekokem's comprehensive recycling and re-use networks, all our re-usable surplus materials are forwarded to third parties for further use.

Most of the Orion Group's waste is hazardous, and most of it comes from Fermion, which produces active pharmaceutical ingredients at its plants in Hanko and Oulu using synthetic methods of organic chemistry and handling great volumes of raw materials. Hazardous waste also results from the manufacture of medicines, because such materials which contain or may contain active ingredients or other chemical substances classified as hazardous shall be treated as hazardous. Typical materials treated as hazardous waste include drug waste, organic and inorganic chemicals and mixtures classified as hazardous or harmful, cytostatics, carcinogenics, batteries, fluorescent tubes, halogenated solvents, lubricating oils, oil-containing fabrics and filters, mercury waste, adhesive and paint containers and ash from fuel oil tanks.

In its pre-treatment processes, Ekokem sorts out those fractions of our hazardous waste that can be recycled for further use. Such materials include accumulators and batteries, refrigerating equipment, fluorescent tubes, electronic equipment and metals. Most of our hazardous waste can be used as fuel for generating energy. Ekokem incinerates our hazardous waste in its Riihimäki power plant which is specialised in the destruction of hazardous waste in extremely high temperatures. The generated energy is utilised as district heating energy in the Riihimäki region. A minor part of our hazardous waste can be sorted into energy fractions combustible at lower temperatures.

In the above table titled "Waste by disposal method", the proportion of our hazardous waste that can be used for generating energy is included in item "re-use as energy", and the amounts delivered further to third parties are included in item "re-use elsewhere".

The manufacturing processes of pharmaceutical products, their active ingredients and diagnostic products differ very much from each other, and accordingly, they also generate waste and emissions differently, both in terms of amounts and types. Our manufacturing sites in Espoo, Turku, Kuopio and Salo mainly generate mainly generate non-hazardous re-usable and energy fractions. A considerable part of all our non-hazardous waste consists of different kinds of packaging materials.

Of all the waste we produced in 2015, only about 14 tonnes were deposited at landfill sites. This represents 0.1% of the total waste and only one-fifth of the previous year's amount. A minor part of the landfill waste was asbestos-containing waste from dismantled constructions of Fermion's Oulu plant, the rest consisting of non-biodegradable materials sorted out from the waste of our course centre and recreation areas. As of 2016, also their waste is being used for energy generation.

The total waste generated by our sites in Finland in 2015 came to about 10,217 tonnes, about 700 tonnes or 6% less than in 2014. Fermion accounted for 72% of the total, and its waste decreased by 5%. Orion Corporation accounted for about 26%, with a volume 10% lower than in 2014. Orion Diagnostica generated three times more waste than in 2014 yet less than in prior years. The increase originated from production line testings and validations. Orion Diagnostica accounted for less than 2% of the Group's total waste.

Fermion's material flows are multiple compared to those in the manufacture of pharmaceutical preparations. Almost all waste from Fermion's processes is hazardous because it contains active pharmaceutical ingredients or other chemicals. Fermion's share of the Group's hazardous waste in 2015 was about 92%. Only 4% of the unit's total waste was handled as non-hazardous.

Orion Corporation, i.e. mainly manufacturing of pharmaceutical preparations, now generated more than 35% less hazardous waste than in the previous year, and non-hazardous waste increased only slightly. The hazardous part mainly consisted of drug waste, halogenated solutions and organic chemicals.

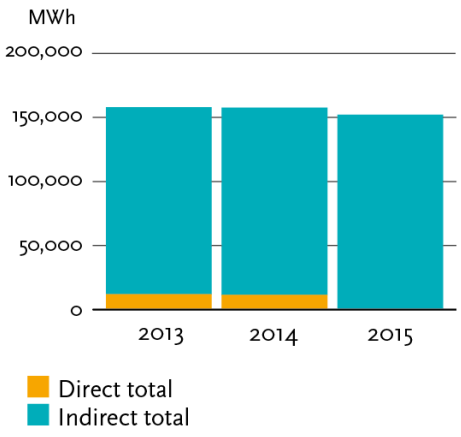
Orion Diagnostica's waste is mainly non-hazardous. Only about 10 tonnes or 8% of the total was hazardous.

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

Energy

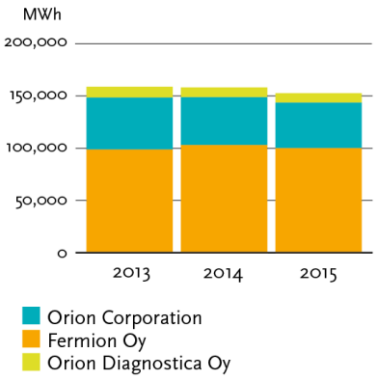
Direct and indirect energy consumption by primary energy source

MWh	2013	2014	2015
Heavy fuel oil	12 100	11 500	0
Light fuel oil	595	464	485
Direct energy total	**12 695**	**11 964**	**485**
District heat	48 882	50 445	47 744
Steam	29 129	24 755	35 057
Electricity	67 406	70 552	69 030
Indirect energy total	**145 418**	**145 752**	**151 831**
Energy total	**158 113**	**157 716**	**152 316**



Energy consumption by reporting unit 2013–2015

	MWh 2013	Share 2013	MWh 2014	Share 2014	MWh 2015	Share 2015
Orion Corporation	98 360	62%	102 974	65%	99 843	65%
Fermion Oy	49 512	31%	45 531	29%	43 495	29%
Orion Diag-nostica Oy	10 241	7%	9 212	6%	8 978	6%
Total	**158 113**	**100%**	**157 716**	**100%**	**152 316**	**100%**



Energy consumption in the reporting units by type of energy and their proportion of the Group's total energy consumption in 2015

MWh	Orion Corporation	Share 1)	Fermion Oy	Share 1)	Orion Diagn. Oy	Share 1)	Group total	Break-down 2)
Light fuel oil	485	>0%	0	0%	0	0%	**485**	**>0%**
Direct energy total	***485***	***>0%***	***0***	***0%***	***0***	***0%***	***485***	***>0%***
District heat	36 120	36%	6 611	15%	5 013	56%	**47 744**	**31%**
Electricity	46 650	47%	18 415	42%	3 965	44%	**69 030**	**45%**
Steam	16 588	17%	18 469	43%	0	0%	**35 057**	**23%**
Indirect energy total	***99 358***	*100%*	***43 495***	*100%*	***8 978***	*100%*	***151 831***	***100%***
Total	**99 843**	**100%**	**43 495**	**100%**	**8 978**	**100%**	**152 316**	**100%**

1) Share of total consumption of energy type
2) Proportion of the Group's total energy consumption

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

Our total energy consumption in 2015 decreased by about 3.5%. District heating decreased by about 6% and electricity by about 2%. Heating energy consumption decreased mainly due to a milder winter season than in the comparative years. In the comparison of steam consumption with the previous years it should be noted that our boiler house in Espoo is operated by Adven Oy since the end of 2014, when the fuel system was changed from heavy oil to natural gas. Due to the outsourcing, the steam generated by the boiler turned to indirect energy, having previously belonged to direct energy in our reporting. Today, our direct energy only comprises the steam boiler in Kuopio which uses light fuel oil and accounts for promilles of our total energy.

Energy consumption decreased in all reporting units. The steam boiler in Kuopio consumed about 4% more light fuel oil, but its significance is low in the entirety. Fermion's consumption of district heating also grew, by about two percent.

The pharmaceutical preparations business, i.e., Orion Corporation accounted for about 66% of our total energy consumption. Total energy consumption decreased by 3%, district heating being the form of energy that decreased most, by about 7%. The decrease in electricity consumption by 1 GWh or 2% is significant in

view of the fact that the pharmaceuticals manufacturing plants take about 68% of the Group's total electricity.

Fermion's energy consumption decreased by about 5%, steam being here the energy form that decreased most, almost 9%. Steam consumption has decreased considerably in the past few years, and its share of Fermion's total energy was now the same as that of electricity, 42%. Fermion purchases steam to its Oulu site from the local, modern and low-emission boiler facility of Adven Oy. The Hanko site took all its steam from the adjacent facility for the treatment of waste gases from the processes (later called "VOC combustion facility"), which is operated by Ekokem Oy.

Orion Diagnostica's energy consumption decreased by close to 3%. Consumption of electricity has decreased steady year by year, and now it came just under 4,000 MWh for the first time.

All electricity to our Finnish locations is procured from Energia Myynti Suomi Oy. The proportion of different sources of energy used for the generation of the purchased electricity follows the breakdown reported by NordPool for electricity supplied in the Nordic area.

District heating is purchased to our sites from local energy suppliers. Fermion receives most of its heating energy from energy generating facilities located adjacent to its sites. Part of the heating energy in Hanko is taken from the VOC combustion facility.

Energy saved due to conservation and efficiency improvements

Energy saved MWh	2013	2014	2015
Electricity	399	627	0
Heating energy	4 501	200	703
Fuels	300	0	1 692
Total energy saved	**5 200**	**827**	**2 395**

2015 Energy saved MWh	Electricity	Heating energy	Fuels	Total energy saved
Orion Corporation and Orion Diagnostica Oy	0	83	1 692	**1 775**
Fermion Oy	0	620	0	**0**
Total energy saved	**0**	**703**	**1 692**	**2 395**

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

The combined energy saving target for the Orion Group units in the EK Program is 12,300 MWh until 2016. This goal was already achieved in 2014, but we go on looking for relevant slots for improvement and additional savings. We also multiply advantages of excellent solutions by applying them at other locations where applicable.

The Energy Efficiency Act, which entered into force in Finland in 2015 based on the EU Energy Efficiency Directive, obligates companies to continually and targetfully improve their energy efficiency. Companies are also required to report on their energy use to the Finnish Energy Authority on an annual basis. The follow-up system maintained by Motiva Oy serves as the reporting platform in Finland. In 2015, an Energy

Management System was built and confirmed for the Finnish operations of the Orion Group, which determines the principles, actions, practices and responsibilities with which we aim to take care of not only the law based obligations but, above all, our progress towards the goals set in our energy policy. The Energy Management System is based on the so-called ETJ+ framework, which is very close to the practices determined in the ISO 50001 standard.

The most significant one of our energy efficiency investments in 2015 was the renewal of Orion Diagnostica's steam and condensate pipe and condensate dischargers, which reduces fuel consumption by approximately 780 MWh per year. About 550 MWh will be saved in fuel consumption by the help of the economizer equipment installed in the smoke channel of the Espoo boiler facility which was modernised to use natural gas since late 2014. An additional annual fuel saving of about 360 MWh followed from the dismantling of the heavy fuel oil container which became unnecessary along with the boiler modernisation. In Turku, the air conditioning system of the personnel restaurant and kitchen was equipped with a heat exchanger. Fermion improved heat recovery from condensate waters in Oulu and reduced the air change rate in part of the facilities.

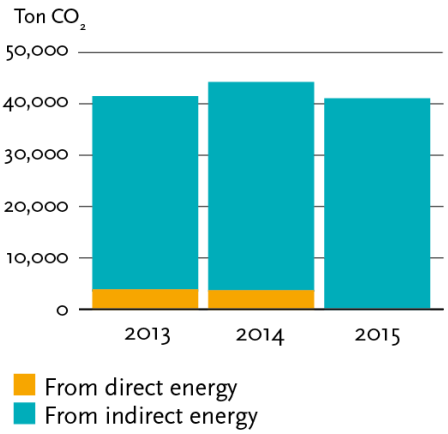
Energy efficient solutions play a significant role in the building and construction projects ongoing at our pharmaceutical manufacturing site in Turku. The office building is undergoing a complete modernisation. Another major project is also under way, to exploit groundwater in both heating and cooling.

Fermion is the most energy intensive unit in Orion, representing about 30% of the Group's energy consumption while just 6% of the net sales. By investing in energy efficiency improvements Fermion has achieved great savings from upgraded steam and condensate systems especially.

Our investments in energy efficiency have proven to be profitable in most projects. It pays to mend even minor spots, unless it is wiser to postpone them to be fixed in connection with major facility renovations.

Total direct and indirect CO_2 emissions from energy

Ton CO_2	2013	2014	2015
From direct energy	3 591	3 402	128
From indirect energy	38 016	40 984	41 116
CO_2 emissions from energy total	**41 607**	**44 386**	**41 224**



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

Ton CO_2	Type of energy	2013	2014	2015
Energia Myynti Suomi Oy	electricity*)	16 981	19 703	19 752
Ekokem VOC Hanko	steam	5 673	4 413	4 046
Fortum Espoo	district heat	7 681	7 712	7 326
Adven Oy Espoo	steam	-	148	2 519
Adven Oy Hanko	steam	45	14	0
Adven Oy Oulu	steam	1 640	1 591	1 318
Kuopion Energia	district heat	297	167	186
Turku Energia	steam and district heat	6 110	6 385	5 362
Salon Kaukolämpö	district heat	243	852	607
CO_2 emissions of indirect energy total		**38 016**	**40 984**	**41 116**

The CO_2 emissions have been calculated for direct and indirect energy consumption in our Finnish locations. The CO_2 emissions from direct energy originate from the steam generating boiler facility at our Kuopio site, which uses light fuel oil. Until and including 2014, direct energy also included the steam boiler facility of our Espoo site. Operating of this facility was outsourced to Adven Oy in late 2014 in connection with the change of its fuel system from heavy fuel oil to natural gas.

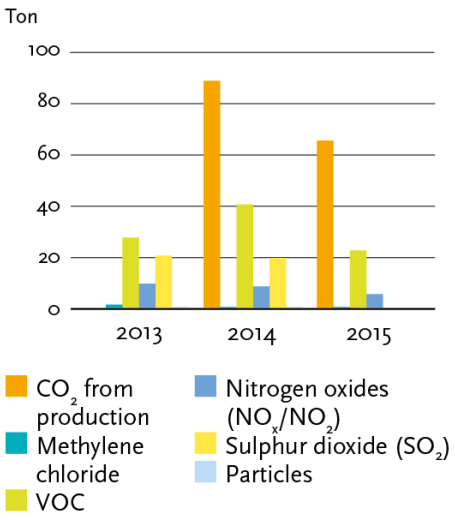
The CO_2 emissions from the Kuopio steam boiler, 128 tonnes, have been calculated based on the emission factors of the fuel. The CO_2 emissions from indirect energy consumption, i.e. electricity, purchased steam and district heating energy have been calculated using emission factors provided by our energy suppliers. There are great differences in the coefficients between the energy suppliers and even between their power plants.

All electricity to our Finnish locations is procured from Energia Myynti Suomi Oy. The supply contract includes no requirements concerning the origins of the electricity. Of the electricity consumed in 2015, about 44.2% (45.8% in 2014) was produced with fossil fuels and/or peat, 9.4% (11.7%) using renewable energy, and 46.4% (42.5%) with nuclear energy. The split is based on the so-called residual mix, the most recent one of which was published by the Energy Authority of Finland on 23 June 2015.

As a whole, our CO_2 emissions decreased by 7% from those in 2014, while our energy consumption decreased by 3%. Our electricity consumption decreased by somewhat over 2%, but the corresponding CO_2 emissions were almost the same as in the previous year. CO_2 emissions from our district heat consumption decreased by 7% from the previous year, while the consumption decreased by about 5%. CO_2 emissions from steam consumption also decreased by 7% although consumption decreased by 3%.

Other emissions to air

Ton	2013	2014	2015
CO_2 from production	0	89	66
Methylene chloride (DMC)	2	1	1
VOC total	28	41	23
Nitrogen oxides (NOx/NO_2)	10	9	6
Sulphur dioxide, SO_2	21	20	0.1
Particles	1	1	0.2



Strict emission limits are set in the local environmental permits for Orion's manufacturing plants. Very stringent emission limits apply to dichloromethane (DMC, or methylene chloride) and chlorinated hydrocarbons in general. Of the solvents used by Fermion, a heavy user, methylene chloride, methanol, dimethylformamide, N-methylpyrrolidone and perchlorethylene are harmful and also hazardous to health, and they are very difficult to be replaced. Fermion has, however, been very successful in getting its emissions under efficient control. Fermion accounts for about 95% of the Group's total solvent consumption.

Solvents are the sources of VOC (volatile organic compound) emissions into air. They are nowadays well under our control, thanks to new incineration technologies. Fermion's VOC emissions were now about 7 tonnes only, against 10 tonnes in the previous year. The progress is very good in view of Fermion's high consumption of solvents. The VOC treatment facility in Oulu has shown weakened performance and fails to meet part of the requirements. In the summer of 2016, this process, which is based on catalytic oxidation, will be replaced with a solution operating with a completely different, cryogenic principle, in which the vaporized solvents are re-condensed into liquid form by means of liquid nitrogen.

The VOC emissions from the pharmaceutical manufacturing operations in Espoo and Turku mainly originate from ethanol which is used as the primary solvent in tablet coating processes and in the manufacture of tablet masses. The VOC emissions from these sites were 15 tonnes, half of the previous year's amount.

The sulphur dioxide, nitrogen oxides and particles reported for the comparative years 2013 and 2014 mainly originated from the boiler facility at the Espoo site, which until 2014 used heavy fuel oil. Since November 2014, the boilers are operated by Adven Oy and produce steam with purely burning natural gas. They now emit mainly CO_2 and little amounts of nitrogen oxides. The facility uses light fuel oil as back-up, the consumption of which, in addition to nitrogen oxides and CO_2, caused only very low sulphur dioxide and particle emissions in 2015. The CO_2 is reported under CO_2 from energy.

Significant environmental impacts of transporting products and business travelling

Practically all services we need for the transportation of materials and goods are provided by specialist service providers meeting our strict quality and reliability requirements. We do not have reliable methods for assessing and monitoring the environmental impacts of the transportation of our goods.

Travelling at work belongs to the jobs of many Orion employees as an elementary feature. We have centralised the travel arrangements of all our Finnish units to CWT Kaleva Travel, which delivers the calculatory carbon dioxide emissions from the business flights of the Orion Group's Finnish employees. The business flights arranged by other travel agencies for the employees of our foreign locations cannot be reported.

CO_2 emissions from business flights

1 000 miles	2013	2014	2015
Flights in Finland	624	583	644
International flights	7 413	7 425	7 868
Flights total	**8 036**	**8 008**	**8 512**

CO_2 emissions, ton	2013	2014	2015
Flights in Finland	150	141	155
International flights	1 367	1 362	1 448
CO_2 emissions from business flights total	**1 517**	**1 503**	**1 603**

Calculation of the CO_2 emissions:

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

In 2015, Orion's employees flew about 6% more miles in business than in 2014. Travelling in Finland using domestic flight connections, as well as the corresponding CO_2 emissions, increased by about 10%. The total miles flown on international flights and the corresponding CO_2 emissions increased close to 7%.

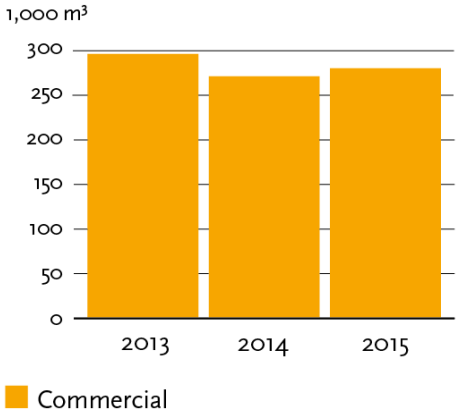
CO_2 emissions of new company cars came to 126 g/km

About 180 employees in the Orion Group's service in Finland had a company car as an employment benefit in 2015. Our company car policy emphasises low emissions, fuel economy and traffic safety. For new company cars, we have set our CO_2 emission target at 120 g/km to be reached by 2020. We are near the target already: the average CO_2 emissions of the new company cars taken into use in 2015 were 126 g/km, the same as in 2014. The average exchange interval being three years, the average CO_2 emissions of the entire fleet are decreasing year after year.

Water and effluents

Water withdrawal and consumption by reporting unit

1 000 m³	2013	2014	2015
Orion Corporation	163	166	178
Fermion Oy	113	88	84
Orion Diagnostica Oy	20	19	18
Total water from municipal supply	**296**	**272**	**280**



All the water consumed by Orion is taken from local municipal water supply systems. There are significant differences in the purposes and volumes of water consumption between our units and locations due to the differing characteristics of their facilities and operations. Total consumption of water in 2015 grew by about 5% from that of the previous year.

In Orion Corporation, water consumption increased by about 7%. Part of the about 11,000 m^3 increase from the figure reported for the previous year is due to the fact that the figure now includes the water consumed in the head office building and some other operations. Water consumption at the pharmaceutical manufacturing operations in Espoo came to the previous year's level. In Turku and Salo, water consumption decreased altogether by about 4,400 m^3.

At the Kuopio site, water consumption increased by about 5,000 m^3, mainly due to technical rearrangements. To eliminate the risk of contamination, part of the heat exchangers were replaced with equipment which consumes more water than the old ones. In water purification, the transition to transverse osmosis also led to increased water consumption, but on the other hand, hazardous chemicals are no more needed for purifying the water.

Medicines are manufactured in batches, and all process steps must meet very strict purity requirements throughout the supply chain. To prevent cross contamination, the process equipment, accessories and lines are thoroughly cleaned with water after the completion of all the batches of the product so that no traces of any substances used in the product remain. The more small batches of different medicines are produced, the more washing must be done. Considerable amounts of water are also used by gas scrubbers, the task of which is to capture evaporated solvents, mainly ethanol, and to decrease emissions of volatile organic compounds (VOC) into air.

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

Fermion's water consumption in 2015 decreased by about 4%. It grew somewhat in Hanko, but declined in Oulu and Espoo by a total of 4,000 m^3. Fermion's share of the Group total decreased further and came now to 30%. Fermion's annual water consumption varies depending on which active ingredients are manufactured in the course of the year as well as on the type and phase of the substances' manufacturing processes. Fermion also uses a lot of water for cooling its processes.

Water consumption in Orion Diagnostica decreased by around 4%, despite considerably increased manufacturing volumes. A lot of water is needed in the manufacturing phases of our main diagnostic product, the QuikRead® test system for diagnosing infections. Improvements in the manufacturing processes have, however, helped to reduce water consumption.

Actions being taken to improve the quality of our waste waters

All waste waters are led from our facilities and plants either directly or after neutralisation to municipal water treatment plants, where solids and substances with biochemical oxygen demand (BOD) or chemical oxygen demand (COD) are removed. The exiting process waters of Fermion's Hanko plant are pre-treated in the biological treatment plant of Hangon Puhdistamo Oy from which the treated water is conducted to the

sea via the local municipal discharge pipe. Fermion's process waste waters contain high levels of nitrogen, but most of the nitrogenous compounds evaporate into air as nitrogen during the pre-treatment phase. No waste waters from our sites are directly conducted to natural waterways.

The levels of solids contained in our waste waters are low, whereas the BOD and COD values are higher than the corresponding ones in community waste waters. This has been mainly due to the high carbon content of the waste waters, which in the pharmaceuticals production sites originates from the ethanol escaping via gas scrubbers into the exiting waters. The BOD and COD content of the waste waters from our pharmaceutical manufacturing operations in Espoo have declined considerably since a major share of the ethanol gases have been incinerated in the VOC combustion facility. In Turku, the VOC gases from ethanol are uptaken with gas scrubbers.

The Group total of biological and chemical oxygen demand (BOD + COD) was about 635 tonnes, against 540 in 2014. Fermion's share was slightly below 50%. Fermion's combined COD and BOD decreased further from those in 2014 and by almost 50% from those in 2013. In Fermion, solvents used in the washing of process equipment are the greatest oxygen consuming factor in the waste waters.

At all our production sites, active pharmaceutical ingredients and chemicals used as intermediates and detergents escape into the waste waters from the washing and cleaning of the manufacturing processes and equipment. Our waste waters meet the requirements set in our local environmental permits, but we aim to achieve a better quality. In the course of 2015, applicable preventive solutions been analysed on a broad scale. A sustainable, economically and technically sensible long-term solution is still being sought, but we have ended up at a temporary one together with Ekokem Oy, our collaboration partner. In the course of 2016, process water collection systems will be built at our Espoo and Turku sites for retaining the waste waters containing APIs and chemicals from our production departments and laboratories. Ekokem will transport those waters to its facilities to be pre-treated and incinerated. In this way we can eliminate most of the harmful substances from the waste waters led from our sites to municipal treatment plants.

Environmental expenditures and investments

Total environmental protection expenditures and investments

EUR 1 000	2013	2014	2015
Environmental investments	814	358	980
Environmental protection expenses	5 115	4 920	4 384
Environmental expenditures total	**5 928**	**5 278**	**5 364**

Total environmental protection expenditures and investments by reported organisational unit, in 2015

EUR 1 000	Orion Group	Orion Corpo-ration	Fermion Oy	Orion Diagnos-tica Oy
Environmental investments	**980**	180	800	0
Environmental protection expenses	**4 414**	1 529	2 793	96
Environmental expenditures total	**5 397**	**1 709**	**3 592**	**96**

Our total environmental protection-related expenditures increased by about 2% from the previous year. Waste expenses now accounted for about 72%, while their share was 80% in 2014.

Environmental investments consist of projects for improving energy efficiency, efficient and safe use of materials, consumption of water, and management of effluents, waste and emissions. Our environmental investments in 2015 were EUR 980,000, almost three times more than those in the previous year.

One of the major projects easing our environmental burden was the change of the fuel system of the boiler facility in Espoo from heavy fuel oil to natural gas. The transition to a lower-emission fuel has eased our environmental burden. In the project, also the big heavy fuel oil tank was dismantled having become unnecessary, and a small tank for light fuel oil, which is used as the boiler's back up fuel, was installed on its place. This project was, however, paid by Adven Oy, who took over the boiler's operation. Orion gradually covers Adven's investment costs in the user fees for the steam during the first ten years. In the context of the boiler project, the pipe leading steam to Orion Diagnostica's manufacturing departments was renewed, the investment cost of which was about EUR 130,000.

Fermion invested in a recovery system in Hanko which regenerates glacial acetic acid for re-use. The re-usable distillate reduces the need of virgin acetic acid. At the Oulu site, a new warehouse for chemicals was built, with special attention paid to chemical and environmental safety. In addition, the hydrochloric acid container was modernised and its containment reservoir was re-coated.

Environmental protection expenses consist of items relating to waste, waste water, and prevention of emissions into air and ground, noise abatement, energy efficiency, environmental permits as well as improvement of environmental management in our operations in Finland. The greatest single cost item in 2015 was waste, about EUR 3.9 million. Our waste expenses decreased further, now by 10% from the previous year, while the total volume of waste decreased by about 6%. Fermion's waste expenses were close to the previous year's level, although the total amount of waste decreased by about 6%. In Orion Corporation, the total amount of waste increased a little bit, but the corresponding waste expenses were 25% less than in 2014. This was mainly due to the fact that hazardous waste was generated 35% less than in the previous year.

Labour Practices and Decent Work

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

Management of Labour Practices and Decent Work

Success by working together, with common values and harmonised practices

Orion is Finland's largest pharmaceutical employer and an international work environment for multi-talented people. The personnel represents many nationalities and cultural backgrounds, but is unified by the common Orion business culture of succeeding together and our shared values and practices. We aim to be an excellent and attractive employer offering the chance to work in an international environment, providing varied and challenging career opportunities for experts in different disciplines and carrying responsibility for the continual development of the employees' competence and well-being at work. We foster our good employer image by looking after the professional development, working conditions and well-being of every Orion employee. We offer our employees a healthy and safe working environment and a smooth-operating working community. We also make sure that our employees have the necessary skills to implement the Group's strategy. We want every Orion employee to experience that our work is valuable and meaningful for our customers.

To our personnel our mission "Building well-being" means purposeful work in which we succeed by working together and which we are also proud of together. Our personnel is building Orion's future as a team, in the spirit of the Group values and implementing the Group strategy.

Succeeding Together!

- Our work is valuable and significant for the customer.
- We are a responsible employer.
- We want to be an excellent place to work and an attractive employer.
- We take responsibility for the continuous development of our occupational well-being and competence.

In human resources management, we operate according to effective legislation, collective agreements, security regulations and other obligations. We ensure responsible operations in relation to our employees and their working conditions by adhering to the Group's shared values, the procedures and responsibilities specified in our Corporate Governance Manual as well as the joint ethical principles and policies. The most elementary principles in human resources are recorded in the Human Resources Policy, which leans on the Group values. The ethical principles concerning our working community are recorded in the Code of Conduct of the Orion Group. The Code is applicable to our employees and businesses, requiring every individual employee's commitment to comply with it. All employees are also obliged by the topic-specific corporate policies which determine our main principles for ensuring responsible operation.

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

In open and uncomplicated collaboration with the personnel we build a value-based corporate culture of succeeding together, which is characterised by open and constructive interaction and continual renewal. In employee-manager relations, we strive towards flexible, unobstructed and open interaction so that questions that require answers or solutions can be processed quickly and constructively. Collaboration is forthright and takes place both as part of normal daily working and at meetings based on labour-related legislation.

Management responsibilities in human resources affairs and services

Human resources affairs and services are manged and coordinated by the Human Resources Department which belongs to the Corporate Functions organisation. The Vice President, Human Resources, reports to the Senior Vice President, Corporate Functions, who is a member of the Orion Group Executive Management Board. The core tasks of the Human Resources Department include employment affairs and collaboration, payroll systems and rewarding, talent and competence management, recruitment and organisational renewal, and occupational well-being and healthcare.

Human Resources Policy emphasises equality and fairness

Our Human Resources Policy emphasises equality and fairness, constructive and unobstructed interaction between personnel and management, opportunities for further occupational development, rewards for good results, and good working conditions and atmosphere.

Each employee in the Orion Group shall have equal possibilities to succeed and develop in his/her own work. Age, sex, sexual orientation, religion or ethnic background may never, at any stage of the employment relationship, be considered a discriminating factor.

Members of our working community are responsible for treating everyone equally and fairly in daily operations and decision-making. This concerns all, not only persons in supervisory positions. Everyone is responsible for maintaining and promoting a good working atmosphere, behaving appropriately and respecting others.

Our working group for equality affairs supports and promotes all-round equality and fairness in the Company. It also maintains the *Equal Opportunities Plan* for the Finnish operations up to date. The working group comprises representatives from all personnel groups and the employer. Both the supervisors and the employee representatives are responsible for taking action when problems are identified in this area.

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

Our Code of Conduct also emphasises respectful and courteous behaviour at the workplace. The Code provides that every Orion employee is entitled to good, courteous and respectful treatment by his or her supervisors, subordinates and fellow employees.

Possible issues of misconduct should be brought to the attention of the supervisor. If this is not possible, alternative instances are the supervisor's supervisor, the Human Resources department or the Senior Manager, Corporate Internal Audit. If necessary, the case can be reported directly by e-mail to the Internal Audit.

All our Finnish employees are in the scope of collective bargaining agreements

Orion adheres to current employment legislation and the applicable collective bargaining agreements valid in the country the employee works in. Collective bargaining agreements cover blue collar and white collar employees in the Group's Finnish locations, a total of about 60% of the workforce in 2015.

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

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

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

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

Ensuring human resources. Recruitment: We aim to recruit people with the best skills

The Orion Group offers tasks for a wide range of specialists in the fields of natural sciences, business, mathematics, technology, IT and the humanities. The educational background of persons recruited into production tasks varies on a broad scale, depending on the requirements of the task, from comprehensive school to bachelor's and master's degrees from universities of applied sciences. Vocational study programmes in pharmaceuticals provide a good basic preparedness for a variety of jobs in our supply chain of pharmaceuticals. Independently of the education, all our new employees receive a high-standard and comprehensive introduction into their work.

We invest in procedures which enhance the image of our company as an excellent workplace and an attractive employer. Our success depends on our ability to employ and recruit the correct kind of professional people, our ability to identify persons and talents suitable for different development paths, to further develop and train their skills, and to care for their well-being at work.

By the means of resource planning we ensure that the organisation has the required people and skills for the tasks derived from our strategy and objectives, that the organisations are resourced purposefully and that the required deputy and back-up arrangements are in place to ensure uninterrupted operations.

In recruitments we aim to find the best and motivated people, observing the current and future competence needs. Successful recruitments support us in the achievement of our strategic business goals. Recruitment occasions also offer us opportunities to renew the competence of our organisation. To make successful recruitments we continuously develop the professional skills of our recruitment organisation and the quality of the recruitment process, applying up-to-date methods such as video interviews and web-based application procedures.

When seeking employees into new or open positions, existing employees with suitable skills are considered first. As a rule, the job is first announced applicable for our own employees during at least one week in the Group's intranet. If no appropriate candidates are found from inside the Group, the job is announced applicable in public channels. Job rotation is seen as a means for driving change and as an opportunity for professional development.

Summer jobs for the young

Every year, we offer summer job opportunities to over one hundred school boys and girls in different parts of the Group. In summer jobs and on-the-job training placements they have an opportunity to get acquainted with our industry and our company. In return, they offer us an opportunity to motivate and attract young people to educate themselves into vocations of our industry and to find their ways into our service. To us, summer jobs and on-the-job training also involve an opportunity to identify attractive talents who could make career in our service.

Introduction into work

Supervisors are responsible for organising sufficient induction for new employees, those starting in new roles and those returning from extended absences. Some organisations have particular persons trained to provide the necessary orientation. A set of documents help to make sure that that all the necessary items are discussed. In the onboarding process we also use *Orion eOnboarding*, an interactive web-based

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

Ensurance of competence. Talent management: We develop occupational and management skills

Our aim is that the Group's employees have the skills and the competencies required for the implementation of our strategy. Supervisors are also responsible for ensuring that everyone in their organisation is familiar with Orion's strategy and objectives, the department-level objectives derived from them as well as personal objectives. They also play a key role in the competence development of the organisation and the personnel, which is why we continually invest in the quality and skills of our supervisors. Certainly we also anticipate every individual employee to take responsibility of their own professional development.

Corporate level competence requirements derived from the strategy are determined annually in the People Day meetings of the senior managers. The corresponding requirements of operational units and functions are determined by their management teams, and the requirements for departments and individual tasks are determined at departments and in the Succeeding together! Discussions. In these occasions, also the level of know-how is assessed and the development needs are defined.

Competence development starts from our strategy and goals and the task-specific requirements derived from them. The planning starts from the Group's strategy and goals: what kind of skills and competence do we need for both short-term and long-term success. The strategic focus is on leadership and management skills, partnership management and business and financial skills.

Means of developing supervisory skills include a Group-level training programme in which supervisors receive comprehensive training on their personal management skills and which also helps to assure that the Group's values and the Orion way of management is adopted. Supervisory training is provided to all supervisors independent of their geographic location. This is how the Orion management culture, policies and principles are equally implemented in all locations throughout the Group.

In addition to their ordinary professional skills, persons working in specialist positions also need many kinds of general abilities, such as understanding of business, and communication, collaboration, interaction and networking skills. The purpose of the *As a Specialist in Orion* training programme is to enhance these assets, among others.

Persons in supervisory and specialist positions receive Orion-tailored training also in those thematic issues which relate to the key competencies identified as strategic, such as leadership, business understanding and partnership management.

In addition to the trainings targeted at all supervisors and specialists, we arrange high-quality supplementary training in business and leadership to middle and top management.

Most of our training effort is on professional development on a wide scale, for which purpose we provide a wide range of development opportunities from one-day seminars to long-term training programmes and supplementary training periods. Some of our training courses are compulsory, like for instance the internal supervisor training and many GMP and EHS related courses.

Database helps us manage our employees' competence and training history

The employees' professional skills are most elementary in securing the quality and safety of the products as well as the regulatory compliance of the manufacturing process. The regulatory requirements provide that all those employees, whose performance directly or indirectly affects the quality or the safety of a medicine, shall receive regular GMP (Good Manufacturing Practices) training and that conclusively traceable documentation is available on their competence, training history and familiarisation with the guidance concerning required operational practices. Our training data system helps us manage the competence requirements of individual tasks in our Supply Chain and Quality operations as well as information on the employees' qualifications and training history, with a precise documentation.

We encourage our employees to develop themselves utilising the versatile methods of professional development. Our toolbox for the development of skills and competence includes, for example, job rotation, 360- and 180-degree evaluations and the annexed feedback discussions, mentoring, learning at work, and coaching.

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

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

As tools of competence development we apply *360 and 180-degree evaluations* globally in Orion. In the 360-degree evaluation, supervisors receive personal feedback from their subordinates, colleagues and their own supervisor. Also representatives of our external partners can be asked to give feedback with the purpose to support the development of strategic partner collaboration. Employees in expert positions receive 180-degree feedback from their supervisors and colleagues. Team leaders acting with no formal supervisory position are also evaluated using a query.

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

Performance is reviewed and targets are set in Succeeding Together! Discussions

Performance reviews are conducted as a standard in the Orion Group, and the entire personnel belongs to their scope. The supervisors shall have personal performance reviews with their subordinates at least once a year under the name "Succeeding Together! Discussion". In certain cases the Discussion can take place in the form of a group discussion. As a main rule, the blue collars and exempts have the discussion in private with their supervisor.

In the Succeeding Together! Discussions we emphasise equality and good interaction. In the discussions, the goals are agreed and checked, the achievements in the past period as well as the aspects needing improvement are dealt with, and the skills necessary for successful performance are considered. Concrete actions to promote skills and/or well-being at work are also agreed. In the evaluation of the past period we also discuss how the Group's values and management principles have been fulfilled at work and in the working community. In addition, we build the culture of continual feedback, which we regard as an important tool of operational development and a learning organisation.

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

We reward for good performance

We encourage our employees to good results and long-term commitment by means of rewarding. Rewarding shall be fair and in line with the Group-level principles. Salaries and employee benefits are country-specific and vary depending on national legislation, collective agreements, industry, location and the salary levels and remuneration structures of each country.

Monetary incentives and other employee benefits shall be of sufficient level and scope to be competitive in comparison with the market salary of each position. Personal salary is determined based on the complexity

of duties and individual performance. Productivity, expertise, multiple talents, ambition to develop, initiative and cooperation skills are considered when assessing an employee's individual performance

Occupational health, safety and well-being: We promote health & safety and well-being at work

It is extremely important for Orion that each employee can maintain their capability to work until retirement age, without exposure to health risks or hazards. We want to provide our employees with a healthy and safe working environment and a smoothly functioning working community characterised by a constructive working atmosphere, good management and motivating colleagues.

Two indicators of occupational well-being are included in the metrics monitoring the fulfilment of our Group-level strategic objectives. One of them is LTI 1 (lost time incident rate 1), which measures workplace injury rate as the proportion of work hours lost due to injuries having led to an absence of 1 or more days of the total regular theoretical working hours. Our target for 2015 was set at "less than 7". Of course, a year with no incidents at all is worth aiming at. The other metric indicates our ability to promote our employees' working ability, measuring it as the proportion of the total hours of absenteeism due to illness of the total regular theoretical working hours.

Accordingly, our occupational safety and well-being activities focus on the prevention of hazardous situations and occupational diseases and injuries. In accordance with our EHS Policy, our occupational health and safety activities are managed with the guiding principle of continual improvement.

The practices applied in the management and development of occupational health and safety are determined in the Group's EHS Management System which is based on ISO standards and which, in addition to occupational health and safety also comprises the environmental affairs. Practices and organisational responsibilities applicable Group-wide are described in the EHS Handbook confirmed by the Group management. In the EHS System, procedures are determined for predicting, preventing and identifying nonconformities and exceptional situations potentially hazardous to environment, occupational health or safety, and corrective actions to be taken. Emergency response procedures are featured in the description of environmental management approach.

We aim to continually improve our performance with management-confirmed programmes, monitoring their progress as part of internal inspections, among others. Important are also the working unit-specific action plans describing the unit's operational environment and the occupational health and safety aspects and responsibilities, and identifying the most important items to be developed. Systematic assessments of the workplace, processes, working conditions and methods and associated risks are carried out by the occupational health and work safety organisations to continuously develop working conditions and safety. In the annual management reviews, the Group management assesses the fulfilment of the EHS System as a whole and our progress towards the targets.

In accordance with the target of our strategic KPI, our aim is to help our employees to maintain their working ability, be healthy at work and avoid occupational illnesses. We offer our employees more comprehensive occupational health services than those required by law. In major locations, we maintain occupational health centres of our own. In smaller locations, the health services are purchased from external service providers.

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

The operational models for *Early support, Treatment practices for the occupational healthcare for musculo-skeletal and mental disorders* as well as for management of ageing employees are examples of the ways via which we promote well-being at work and to enable better management of the risks of disability. *Managing difficult situations* is our model for facilitating and accelerating the analysis and resolution of conflict situations in the working community, as well as for following up the success of the solution.

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

We also encourage our employees to take care of their personal well-being. Employees can, e.g., take part in numerous recreational activities of personnel clubs supported by the Company, participate in company-sponsored gyms and exercise in the Company's fitness facilities. Sponsored culture vouchers can be used for sports and cultural activities. We also have a recreation area in Finland where the employees and their

families can spend their free time. As an important factor of daily well-being, we consider high-quality workplace catering as one of our priorities.

In addition to the strategic KPIs, we monitor our progress towards our health and well-being objectives by the help of a variety of other indicators, such as the response received from employee surveys. Particular attention is paid to absences due to musculo-skeletal problems.

Well-being at work is a sum of many factors

Orion is a member in the *Good morning – Good tomorrow* project, the purpose of which is to enhance competence, prolong working careers, decrease absences due to illness and increase productivity at all Finnish chemical industry workplaces. Our participation in this project has generated the following determination of what we mean by employee well-being in Orion:

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

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

Management responsibilities in EHS

In the Orion Group, the conformity of operations with the EHS System is coordinated by the Director for EHS and Facility Management, and the EHS organisation with its EHS Specialists reporting to him. He reports to the Senior Vice President, Supply Chain, who is a member of the Group's Executive Management Board. Core tasks of the EHS organisation in the promotion of occupational health and safety include, among other things, participation in the preparation of continual improvement programmes, external and internal EHS inspections, guidelines and trainings, follow-up of safety observations and consequent corrective actions, risk assessments, investigations of injury events, and EHS reporting.

Occupational Health Services belong to the HR services organisation headed by the Vice President, Human Resources, who reports to the Senior Vice President, Corporate Functions, the latter being a member of the Group's Executive Management Board.

Occupational Health and Safety Delegates supervise and monitor occupational safety at our operational sites. They report to Production Managers.

The local site managers are responsible for arranging operations at the operational site in accordance with the EHS System.

Each supervisor shall take care of the safety of their subordinates as well as occupational safety guidelines and necessary safety training. Supervisors shall also see to it that shortcomings in safety at the workplace are fixed.

As provided by the Finnish legislation, our Finnish units have so-called occupational health and safety committees in which all blue collars and white collars, i.e. approximately 60% of the total Finnish workforce, are represented.

EHS guidance and training

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

We emphasise the importance of each employee's awareness of those health and safety risks that are involved in their duties, as well as of how to avoid them. All employees are required to follow the safety instructions and act without constituting risk to their own and/or other employees' safety, and without causing damage to the company's property. We also anticipate employees to report on their observations of potential hazards to help us prevent them. To ensure the correct kind of action, we arrange regular training into good safety and security practices to avoid and prevent hazardous events not only in personal tasks but also anywhere else at the workplace.

Employee-employer relations and personnel empowerment

Orion considers employee opinions in the decision-making concerning human resources affairs and implementing human resources related decisions. Employee representatives principally take part in the work for preparing new practices or changes to existing ones. In addition to mandatory employer-employee forums, our supervisors have regular informal meetings with employees and employee representatives. A good example of successful collaboration is the pilot project which resulted in principles and best practices now applied into alternative work.

Employee representation in the Group management is principally agreed with employees. There is one employee representative, nominated by the personnel groups, on Orion's Executive Management Board. The representative is, however, not a member of the Executive Management Board. There are employee representatives in the management teams of operational units and functions, too.

The Group appreciates the work and purpose of trade unions and employee representatives and collaborates with them with respect and openness.

Employee surveys help us identify needs of further development

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

In addition to the employee surveys we make occasional, more limited enquiries, surveys and mappings of topics in which it is important to learn more or hear the employees' opinions in order to observe them in decision-making. We also follow the results of certain regular employer image surveys conducted by external research instances.

Complementary references in the Sustainability section of our corporate website:

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

Performance indicators concerning Labour

Absenteeism

Causes of absenteeism and work time lost due to absenteeism

Hours	2013	2014	2015
Paid sick leave	158 282	150 714	132 434
Unpaid absence from work due to illness	45 842	47 411	35 163
Paid absence from work due to child's illness	14 986	14 747	13 871
Unpaid absence from work due to child's illness	302	219	145
Total absence due to illness	**219 412**	**213 091**	**181 613**
Absence of 3 or more days due to injury at workplace	2 080	2 480	1 712
Absence of less than 3 days due to injury at workplace	200	144	200
Absence due to commuting injuries	504	1 680	1 696
Total absence due to injuries	**2 784**	**4 304**	**3 608**
Total work time lost due to absences	**222 196**	**217 395**	**185 221**
Absentee rate, all absences	**4.2%**	**4.1%**	**3.5%**
Absentee rate due to illness	**3.9%**	**3.7%**	**3.2%**
Absentee rate due to work place injuries	**0.04%**	**0.05%**	**0.03%**
Actual working hours	4 390 584	4 543 624	4 474 220
Theoretical working hours	5 238 432	5 365 999	5 262 192

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

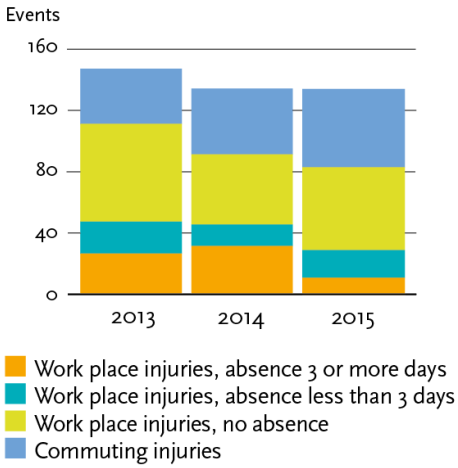
Absentee rate due to illness is presented as the proportion of absence hours due to illness of the total regular theoretical working hours.

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

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

Injuries and fatalities

Injuries	2013	2014	2015
Work place injuries causing absence of 3 or more days	26	31	11
Work place injuries causing absence of less than 3 days	21	14	18
Work place injuries causing absence, total	**44**	**45**	**29**
Work place injuries causing no absence	64	46	54
Work place injuries total	**111**	**91**	**83**
Commuting injuries	36	43	51
Fatalities	0	0	0
All injury events total	**147**	**134**	**134**
Injury rate LTI 3	**5.9**	**6.8**	**2.3**
Injury rate LTI 1	**10.7**	**9.9**	**6.5**



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

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

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

Injury rate measures the number of work place injuries per million working hours. It can be used to compare the injury risks of different industries, professional groups, etc. It is also referred to as the LTI Rate (Lost Time Injury Rate). In this report, injury rate LTI 3 includes workplace injuries which led to an absence of 3 or more days, and LTI 1 correspondingly those having led to an absence of 1 or more days.

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

About 15% less working hours were lost due to absences in 2015 than in 2014. Absentee rate 3.5% was the lowest achieved in the years of our sustainability reporting history. About 98% of the total absence hours were lost due to illness of either an employee or a child. Sickness rate 3.2 also declined to the lowest figure in our reporting history. Almost 12% less working time was lost due to paid absence due to illness.

Injury events led to a loss of only 3,608 (4,304 in 2014) working hours, of which incidents at the workplace accounted for 1,912 (2,624) hours. Also this figure came down to a new record in our reporting history.

Only 29 incidents that led to absence occurred at our workplaces in 2015, against 45 in 2014 and 44 in 2013, and only 11 occurrences required taking three or more days off work. Thus, the consequent lost time incident rate LTI 3 surged to 2.5 from the previous year's 6.8. LTI 1, which in 2015 was included into the metrics indicating the fulfilment of our strategic objectives as an indicator, into which all absences of at least one day due to a workplace injury incident are counted, came to 6.5. With this figure we achieved our "less than 7" objective set for 2015. The comparative rates for the two previous years were in the region of 10.

Altogether 134 reported injury events occurred at our workplaces, as many as in 2014, but the number of mild events now grew by 8 to 54. Orion Diagnostica and Fermion came close to the ideal of zero accidents, both units with only 2 workplace injury events that led to absences. Fermion had 16 and Orion Diagnostica 2 milder events. Most of the events that required care in order to recover occurred in our pharmaceutical

manufacturing operations in Espoo, which is the largest one of our sites in terms of the number of personnel. Altogether 32 events took place in Espoo, while 17 occurred in Turku, which is a somewhat smaller site. The results improved excellently in Espoo, however: the numbers of incidents leading to long or short absences were only half of those in the previous year.

Most of the injuries occur in production departments, where typical injuries occur due to tripping and slipping, and when lifting, climbing, handling chemicals and opening packages with knives. The longest absence due to a workplace injury, 3 months, followed to a person who hurt his knee when he stepped down from a ladder and then slipped and fell on an object on the floor. Most events were mild. Many events could have been avoided by acting carefully and following instructions. We take rapid action to amend spots requiring improvements and rearrangements. Certain cases gave us reason to check the guidelines and re-train the correct way to perform the task.

Our employees reported on altogether 51 commuting injuries, i.e. ones that occurred on their way between home and the workplace, the figure showing a trend of growth. Because of commuting injuries we, however, only lost about the same amount of total working hours as in the previous year, altogether 1,696 hours. Typical events to walkers were slipping and sprains, and bikers fell with their vehicles, about twenty events of each. The longest absence due to commuting injuries, 2 months, was experienced by a person whose ankle broke when slipping on his way back home from work. Working paused for 1.5 months for a person who, following a sudden breaking fell with his bike when avoiding a collision with a car in a street junction.

Orion Corporation, which comprises our pharmaceutical operations in Espoo, Turku, Kuopio and Salo, recorded altogether 105 (100 in 2014) injury events, of which 61 (65) occurred at the workplace. Altogether 9 (23) injury events at the workplace led to an absence of three or more days, and 16 (9) events led to a shorter absence. The afore-mentioned knee wound occurred in pharmaceutical manufacturing. Another severe event was the case in which an employee hurt his hand at the coating solution mixer. Recovery from this injury took 2 months. As a major action due to this incident and to prevent similar ones, the corresponding kind of equipment was modernised and reconstructed at all our pharmaceutical manufacturing sites.

Commuting injury events totalled 44 (35). Fortunately, most of the events were mild, and only 8 of them, the afore-mentioned two commuting injuries included here, led to absence. Altogether 1,688 (1,584) working hours were lost.

Fermion's active campaigning to promote occupational safety and safe working methods is clearly and consistently reflected in the results. Altogether only 2 (7) injury events leading to absence occurred at its sites in Hanko, Oulu and Espoo, and both absences were short. Minor events were recorded 16 (13).

Only one (4) commuting injury occurred to Fermion's employees. In this event, a person hurt his ankle in a parking area and had to stay at home one work day.

Orion Diagnostica had 10 (12) injuries, of which 4 (8) occurred at the workplace. Two events led to an absence of three or more days, against three events in 2014. In the severest one, a person suffered burns to his hand when handling hot matter. This took four work days to heal. As corrective measures following the event, protective equipment used in that task was improved and also structural changes were made in the manufacturing equipment to prevent similar events.

The number of commuting injuries was 6 (4), and only one, which occurred with a bike, led to a one-day absence.

The ToyMe system for recording safety observations collected as many as 1,900 safety observations of different kinds of dangerous spots at our sites, for information to the employer and the employees and for corrective actions. The almost double score compared to the previous year shows that our employees have adopted the system as a handy and well-functioning channel for announcing spots and issues hazardous to health and safety. The system is an important and useful tool for our organisation helping us to amend safety shortcomings in our departments and premises.

Training of skills

Average of training days per employee and by topic of training

Days	2013	2014	2015
GxP	1.4	0.9	0.6
Information management	0.5	0.3	0.4
Languages and cultural interaction	0.2	0.1	0.1
Management	0.4	0.3	0.3
Health, safety and environment	0.4	0.4	0.4
Other occupational development	2.3	2.6	1.5
Product training	0.1	0.2	0.1
Average training days per employee, total	**5.2**	**4.8**	**3.4**

The figures include some uncertainty. They show, however, the minimums recorded into the training database. Participations in courses and seminars arranged by external service providers are not fully reported. A large number of short courses and participations via Skype are also missing from the follow-up system.

The system does not enable specification by employee category, for example.

The offering of trainings in 2015 comprised hundreds of educational events and courses on most various topics related to job-specific tasks as well as practices at the workplace. One of the major trainings concerned the launch of our new time management system, which was necessary to be adopted by all employees in our Finnish locations and which involved a lot of learning for supervisors especially.

The culture of giving feedback was being built all over the Orion Group, using a versatile menu of tools and means for the purpose. Advice on how to give constructive feedback was shared in training courses, in discussions among the personnel, and in articles and educational videos shared in the Group intranet and other internal media. A working group was also established to promote good feedback culture.

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

Management training also included the *Corporate Management Day* meant for the Group's senior management and the Horizon alumnus, in which digitalisation and lean management were the main topics dealt with. The second *Quantum Leap* educational programme was arranged for supervisors and specialists in Orion Diagnostica, in collaboration with the Aalto University. This programme attracted participants from many of those countries where Orion Diagnostica has own operations. The plans produced by the participants are applied in the development of the management culture in Orion Diagnostica.

For supervisors in our Indian operations, a three-phase leadership training was arranged. The Global Sales organisation of our pharmaceuticals business underwent the *As a Leader in Orion* training.

As a Specialist in Orion, a five-day course, was arranged for persons working in specialist tasks.

Preventive health and safety training

In 2015, the Group organised a total of about 380 (220 in 2014) training courses focusing on environment, health and safety, with altogether 5,170 (3,550) attendants. The number of courses and participants grew considerably from the previous years. Fermion arranged chemical accident training in Espoo in collaboration with the regional rescue department. Specialists from Orion Corporation took part in the planning and observation of the training. Employees in Espoo were re-trained to manage rescue procedures in emergency situations in accordance with the up-dated building-specific rescue plans.

Personnel structure of the Orion Group

Statistics of the employee structure 2013–2015 are presented in the Tables section of this Report. In the review of the structural features of our personnel, the breakdowns are presented in amounts representing full-time equivalent numbers of employees, not true headcounts. The figures are calculated with the same accounting principles as those applied in the Group's IFRS financial reporting. Details of the personnel structures and statistics for 2013–2015 are provided in the Tables section in the end of this Report.

In the tables showing headcounts '*by reporting organisational unit*', personnel numbers are grouped according to the same operational structure as is used in this Sustainability Report. This grouping differs from that used in Orion's financial reporting, in which the numbers of employees are presented per business segment and division. In the graphics "Personnel by reporting unit", for the item named "subsidiaries" includes the foreign Orion Pharma companies for marketing pharmaceuticals and the foreign Orion Diagnostica companies for marketing diagnostic products, and FinOrion Pharma India.

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

At the end of 2015, our Group employed about 3,400 persons, about 680 of them working outside Finland in the Group's offices, most of which are located in Europe. The total number of employees decreased by 49 persons, or by about one percent from 2014. The combined number of employees in our foreign locations was three persons lower than in 2014. Personnel increased in the Indian subsidiary.

Employee turnover was notably low in all employee categories compared to several previous years.

Approximately 25% of Orion's total workforce in 2015 was blue collars. White collars accounted for about 39% of the total workforce. About 36% were exempts, i.e. senior clerical employees.

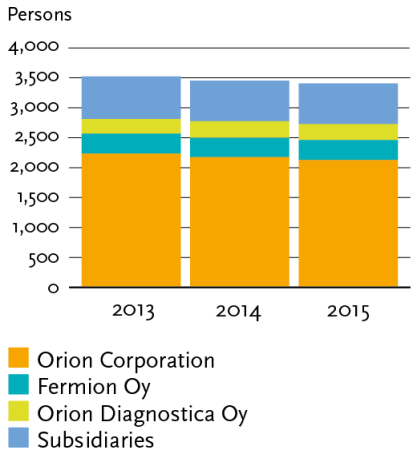
The proportion of personnel in temporary employment was about 10%. The total number of part-time employees was 290, and 160 persons of them were under a temporary employment contract. Our Finnish locations offered summer jobs to 115 students.

Employment durations are typically relatively long at Orion. The average duration of employment has been somewhat over 10 years for several years, and in 2015 it grew to 11.1 years.

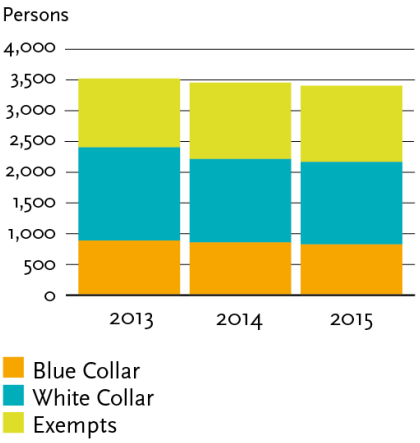
The age structure of the Orion Group personnel has remained almost unchanged during the past three years. In 2015, approximately 75% of all employees were under 50 years of age. About 4% of the employees had turned 60.

In 2011–2015, Orion employees have retired in an age about 2.5 years higher than the average in Finland. In 2015, the average retirement age in our company was 63.9 years, while the Finnish average was 61.1 years.

Personnel by reporting unit



Personnel by employee category



The gender structure has also remained practically the same in the past three years, women representing approximately 61% and men 39% of the total workforce of the Group. In blue collar positions, the proportion of men is clearly increasing: in 2015, men accounted for 59% while four years earlier the figure was 51%. Of the exempted employees, women accounted for 61% and men for 39%. The white collar employees continued to be dominated by the female gender, women representing 70% of the total.

Orion Diagnostica has the highest proportion of women, with 70% of employees being women. Fermion's gender structure is almost contrary to that of Orion Diagnostica: 72% of the total workforce are men. The production processes in particular are dominantly cared for by male workers. In the production of pharmaceuticals and diagnostic products, a clear majority of employees are women. R&D is also a function dominated by women.

The gender structure of persons in supervisory positions shows differences between the reporting units. In Orion Diagnostica, women make the majority of supervisory positions, while supervisors are mostly men in Fermion. The proportional difference is clearly narrower in Orion Corporation and in the foreign subsidiaries.

Economic Responsibility

Management of Economic Responsibility

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

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

Most of the key figures related to our economic responsibility are presented in our consolidated financial statements and interim reports, which are prepared in accordance with the International Financial Reporting Standards (IFRS). In the sustainability reports we present some economic indicators, in addition to which selected additional key figures from the consolidated financial statements are provided in the Tables section of the report.

Management of economic responsibility

Management of our economic responsibility follows the general guidelines established in our Corporate Governance Manual. They consist of clear definitions of responsibility, setting and monitoring of objectives and appropriately organised internal control. The administration of the Group's financial affairs is a headquarter function headed by the Chief Financial Officer who is a member of the Group's Executive Management Board. The CFO reports to the President and CEO. The centralised financial administration comprises all financial affairs of the Group companies based in Finland, such as bookkeeping, payment transactions, internal and external financial reporting, Group financing, as well as all Group-level reporting and financial control of the business operations. In the Group's foreign subsidiaries, the financial affairs are mainly administrated locally in each country, under the supervision of the Group headquarters.

Monitoring of the financial development of the Company and supervision of the financial reporting process are among the key duties of the Board of Directors and its Audit Committee.

Detailed descriptions of our corporate governance principles, risk management and internal control, are presented in our regular financial statements and Corporate Governance Statements, accessible on the Corporate Governance pages in section "Orion Group" of our corporate website.

Goals and performance

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

Our aim is to ensure the Group's financial stability, net sales growth and good profitability. Continued investment in the development of our product portfolio is required in order to increase net sales. To us, financial stability means an operating profit that exceeds 20% of net sales and an equity ratio of at least 50%. As a listed company, we are expected to generate added economic value for our shareholders. According to our dividend policy, we take into account the distributable funds and the capital expenditure and other financial requirements in the medium and long term to achieve the financial objectives. In the challenging economic situation and the changes that have taken place in our business environment over the recent years, we have been able to grow steadily, operate profitably and pay good dividends to our shareholders.

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

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

Orion is a company whose products are of significant social importance. As a workplace we offer our employees the chance to develop, manufacture and sell products that promote well-being, health and quality of life, and we offer a fair compensation and good employee benefits in return.

Sustained economic success requires continuous ability from us to ensure competitiveness and cost-effectiveness with the right strategy decisions and enhancement of procedures and the product portfolio. Our growth is based on a competitive diagnostic and pharmaceutical product portfolio, which the Group builds by actively developing new products in both our own R&D organisation and through wide-ranging cooperation with external parties.

Our shareholder base is quite diverse, and the ownership structure has remained rather stabile. The clearly largest shareholder group consists of private Finnish households. Detailed information on the shareholder base is presented and updated on a monthly basis in the "Investors" section of our corporate website.

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

Principles concerning donations

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

Our Group grants donations to non-profit organisations pursuant to principles determined in the Group's donation policy. The main focus of our support is on medical research, patient organisations and other non-profit organisations promoting healthcare, defence and veterans, environmental protection, children and youth, education and culture. As a main rule, the donations shall be made through Orion Corporation, the parent company. The evaluation of applications and the decisions on grants are centralised into the Board of Directors and the Group administration.

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

Information about our collaboration with patient organisations is reported on an annual basis in the Sustainability section of our corporate website. The reports provide details of each case of collaboration, and they comprise all those countries where we have an own marketing organisation for pharmaceuticals.

Our indicators of economic performance

Information about the financial performance of the Orion Group is provided in the annual financial statements and interim reports, which are accessible via the Investors section of our corporate website. Selected financial key figures for 2013–2015 are provided in the Tables section of this Report.

Coverage of the Group's pension obligations

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

Our pension obligations are listed under Note 12 "Pension assets and pension liabilities" of the Financial Statements 2015. At the end of 2015, our pension obligations totalled EUR 309.2 (333.8) million. At the end of 2015, we had a pension asset of EUR 24.4 (liability of 28.6) million from the Pension Fund and a liability of EUR 3.1 (liability of 2.5) million to other units.

Significant financial assistance received from government

EUR million	2013	2014	2015
Tekes grants	0.7	1.9	1.8

Orion has received funding for its development projects from the Finnish Funding Agency for Technology and Innovation (Tekes), which grants funding to Finnish companies and institutions to promote research, development and innovation as well as to share related risks. Some Tekes funded projects are not public. The figures reported above are based on the Annual reviews of Tekes, and they contain both direct cash funding and project-specific loans. The annual reviews and summaries of public projects receiving Tekes funding are available at http://www.tekes.fi/en.

The total Tekes funding paid to units of the Orion Group totalled EUR 1,790,579, of which pharmaceutical R&D projects of Orion Corporation accounted for EUR 1,344,780. Orion Diagnostica Oy received EUR 309,380 and Fermion Oy EUR 136,419.

Orion Corporation received Tekes funding for research of treatment approaches to certain cancers and central nervous system disorders. In 2015, we received Tekes funding for projects in which we are studying *resistence mechanisms of cancer treatments* and the *role of a certain neurotransmitter system in the treatment of neurodegenerative disorders*. Both are planned to end in 2016.

The EUR 136,419 funding received by Fermion Oy was for a non-public development project which started in 2013. The project ended in 2015.

The EUR 162,040 Tekes funding received by Orion Diagnostica covered expenses of a new programme, *Personalized diagnostics and care, Get It Done, which* started in 2015 and is planned to end in 2018.

Donations for purposes of public interest

EUR	2013	2014	2015
Donations	237 300	234 500	247 300

Patient organisations also belong to the scope of instances of public interest. In 2015, the total monetary value of our collaboration with patient organisations came to about EUR 124,000. This sum is not included in the figures presented in the table above.

Human Rights

Management approach of Human Rights

Goals and performance

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

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

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

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

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

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

Organisational responsibility

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

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

Training and awareness

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

Resources Policy, these rights are also regularly discussed in company-wide human resources information sessions.

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

Monitoring and follow-up

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

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

Our performance in Human Rights

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

Freedom of association and collective bargaining. There are no such functions or activities in our Group in which the right to exercise freedom of association and collective bargaining is under risk.

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

Forced and compulsory labour. Also, the risk of using forced or compulsory labour is insignificant in both our own operations and those of our suppliers. We have no record of situations where forced or compulsory labour has been used in relation to our own or our suppliers' operations during the review periods.

Indigenous rights. No issues related to the rights of indigenous peoples in relation to our business have been brought to our attention during the review periods.

Complementary references in the Sustainability section of our corporate website:

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

Societal relations

Management of Societal relations

Goals and performance

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

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

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

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

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

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

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

Procedures

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

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

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

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

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

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

Organisational responsibilities

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

Training and awareness

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

The principles concerning anti-corruption are included in the Group's Code of Conduct and in the Anti-corruption Policy, which unambiguously instruct the employees of the Orion Group to refrain from giving or accepting bribes or any comparable benefit. Training is arranged for the employees throughout the Group to adopt the meaning and purpose of the Policy.

Identification and evaluation of corruption-related risks belong to the broad scope of the Group's risk management. Potential risks of corruption shall be evaluated as an elementary standard phase of preparing new partnership agreements, for example.

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

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

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

Monitoring and follow-up

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

Complementary references in the Sustainability section of our corporate website:

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

Compliance

In 2015, monetary sanctions were issued to us due to two events of incompliance with pharmaceutical marketing codes. Both decisions were from the Danish ethical marketing committee ENLI, Etisk Naevn for Laegemiddelindustrien, and Orion accepted both of them.

One of the decisions concerned a statement in an advertisement of the heart failure drug Simdax, which the committee regarded to be inconsistent with the summary of product characteristics and therefore not in line with the requirements of the Danish advertising code concerning pharmaceuticals. Our subsidiary Orion Pharma A/S was passed a fine of DKK 15,000 for the breach.

In the other case, the ENLI considered a claim in a roll-up advertisement on the Easyhaler pulmonary drugs to be contrary to the marketing code, because a reference to study results supporting the claim was missing from the ad. Another sanction of DKK 15,000 was issued due to this breach of the code.

In 2014, we paid sanctions for one and in 2013 for three events of non-compliance with pharmaceutical marketing codes. These events are reported in our Sustainability Reports for 2014 and 2013 under indicator PR7.

No incidents of the following kinds have been recorded in the years under review:

- Non-compliance with regulations and voluntary codes concerning health and safety impacts of our products and services
- Non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle
- Breaches of customer privacy or losses of customer or research subject data
- Fines for non-compliance with laws and regulations concerning the provision and use of products and services
- Fines and non-monetary sanctions for non-compliance with environmental laws and regulations
- Incidents of corruption
- Legal actions for anti-competitive behaviour
- Violation of human rights

Tables

Key figures 2013–2015

Indicators of product responsibility	2013	2014	2015
Product recalls due to product defects, total events:	26	25	13
Class 1 (Critical)	0	1	0
Class 2 (Harmful)	6	5	2
Class 3 (Minor)	19	17	6
Class 4 (Other defect)	1	2	5
Number of inspections of Orion's own operations by third parties	60	83	70
Inspections by authorities	11	16	8
Inspections by partners	49	67	62
Number of critical observations	0	0	2
Number of inspections of suppliers by Orion	282	227	245
Number of critical observations	20	56	22
Rejected suppliers	1	1	5

Environmental indicators	2013	2014	2015
Materials use total, ton:	16 987	13 398	13 331
Direct manufacturing materials	13 192	9 529	9 538
Packaging materials	3 795	3 869	3 793
Proportion of recycled materials (regenerated solvents) of	15 %	17 %	18 %
Waste total, ton:	13 393	10 921	10 217
Re-use as energy	11 956	9 164	8 638
Re-use elsewhere	1 311	1 683	1 565
Landfill waste	127	71	14
Energy consumption total, MWh:	158 113	157 716	152 316
Direct energy consumption total, MWh	12 695	11 964	485
Heavy fuel oil	12 100	11 500	0
Light fuel oil	595	464	485
Indirect energy consumption total, MWh	145 418	145 752	151 831
District heat	48 882	50 445	47 744
Steam	29 129	24 755	35 057
Electricity	67 406	70 552	60 030
Energy consumption by reporting unit, MWh:			
Orion Corporation	98 360	102 974	99 843
Fermion Oy	49 512	45 531	43 495
Orion Diagnostica Oy	10 241	9 212	8 978
Energy saved due to efficiency improvements, MWh:	5 200	827	2 395
Electricity	399	627	0
Heat	4 501	200	703
Fuels	300	0	1 692
CO_2 emissions from energy consumption total, ton:	41 607	44 386	41 224
From direct energy	3 591	3 402	128
From indirect energy	38 016	40 984	41 116

Environmental indicators, continued	**2013**	**2014**	**2015**
Emissions into air from other than energy, ton:			
CO_2 from production	0	89	66
Methylene chloride (DMC)	2	1	1
Volatile organic compounds (VOC)	28	41	23
Nitrogen oxides, NOx	10	9	6
Sulphur dioxide, SO_2	21	20	0,1
Particles	1	1	0,2
Water withdrawal and consumption total, 1 000 m^3:	296	272	280
Orion Corporation	163	166	178
Fermion Oy	113	88	84
Orion Diagnostica Oy	20	19	18
Environmental expenditures and investments total, EUR 1 000:	5 928	5 278	5 364
Environmental investments	814	358	980
Environmental protection expenses	5 115	4 920	4 384

Personnel indicators	**2013**	**2014**	**2015**
Absenteeism due to illness, hours	219 412	213 091	181 613
Absentee rate due to illness	3.9 %	3.7 %	3.2 %
Absenteeism due to injuries, hours	2 784	4 304	3 608
Work time lost due to absenteeism, hours	222 196	217 395	185 221
Absentee rate	4.2 %	4.1 %	3.5 %
Injury events total	147	134	134
Work place injuries causing absence of 3 or more days	26	31	11
Work place injuries causing absence of less than 3 days	21	14	18
Work place injuries causing absence, total	47	45	29
Work place injuries causing no absence	64	46	54
Work place injuries total	111	91	83
Commuting injuries	36	43	51
Fatalities	0	0	0
Injury rate LTI 1	10.7	9.9	6.5
Injury rate LTI 3	5.9	6.8	2.5
Actual working hours	4 390 584	4 543 624	4 474 220
Theoretical working hours	5 238 432	5 365 999	5 262 192
Average training days per employee	5.2	4.8	3.4

Personnel structure	2013	2014	2015
Personnel at the end of the period	3 519	3 450	3 401
Average personnel during the period	3 540	3 493	3 431
Number of employees by region at Dec. 31:	3 519	3 450	3 401
Finland	2 816	2 769	2 723
Other Nordic countries	141	120	124
Germany	93	88	68
UK and Ireland	61	51	50
Russia	118	92	84
India	72	107	128
Other countries	218	223	224
Employees outside Finland total	724	681	678
Number of employees by reporting unit at Dec. 31:	3 519	3 450	3 401
Orion Corporation	2 230	2 171	2 127
Fermion Oy	331	329	333
Orion Diagnostica Oy	255	269	263
Foreign subsidiaries	703	681	677
Number of employees by employee category at 31 Dec.:	3 519	3 450	3401
Blue collars	888	853	831
White collars	1 506	1 365	1 336
Exempts	1 125	1 232	1 234
Gender structure, all employees:			
Women	61 %	61 %	61 %
Men	39 %	39 %	39 %
Gender structure, Blue collars:			
Women	44 %	44 %	42 %
Men	56 %	56 %	58 %
Gender structure, White collars:			
Women	71 %	71 %	70 %
Men	29 %	29 %	30 %
Gender structure, Exempts:			
Women	61 %	61 %	63 %
Men	39 %	39 %	37 %
Age structure, all employees:			
Under 20 years	<1 %	<1 %	<1 %
20–29 years	16 %	16 %	14 %
30–39 years	29 %	28 %	28 %
40–49 years	31 %	31 %	32 %
50–59 years	19 %	20 %	21 %
60 years or more	5 %	5 %	4 %
Employee turnover:	2.4 %	2.9 %	2.6 %
White collars and exempts	2.8 %	2.9 %	3.6 %
Blue collars	5.4 %	5.6 %	1.9 %
Employees with permanent employment contract at 31 Dec.	3 014	2 981	2 926
Average duration of employment, years	10.4	10.8	11.1

Gender structures

Gender structure of the personnel by reporting unit in 2015

Employees (%)	Orion Group	Orion Corporation	Fermion Oy	Orion Diagnostica Oy	Foreign subsi-diaries
Female	2 141	1 449	95	179	418
	61 %	65 %	28 %	70 %	61 %
Male	1 379	793	243	76	267
	39 %	35 %	72 %	30 %	39 %
Total	**3 520**	**2 242**	**338**	**255**	**685**

Gender structure of managers and supervisors in 2015

	Orion Group		Orion Corporation	Fermion Oy	Orion Diagnostica Oy	Foreign subsi-diaries
Female	255	48%	169	11	25	50
Male	272	52%	141	46	10	75
Total persons	**527**	**100%**	**310**	**57**	**35**	**125**

Gender structure,
Board of Directors of Orion Corporation

Gender	2013	2014	2015
Female	1	1	1
Male	5	6	6
Total members	**6**	**7**	**7**

Gender structure,
Orion Executive Management Board

Gender	2013	2014	2015
Female	3	3	3
Male	5	5	5
Total members	**8**	**8**	**8**

Age structure,
Board of Directors of Orion Corporation

Year of birth	2013	2014	2015
1940–1949	1	1	1
1950–1959	4	5	5
1960–1969	1	1	1
Total members	**6**	**7**	**7**

Age structure,
Orion Executive Management Board

Year of birth	2013	2014	2015
1950–1959	2	2	2
1960–1969	5	5	5
1970–1979	1	1	1
Total members	**8**	**8**	**8**

Financial performance	2013	2014	2015
Net sales, EUR million	1 006.9	1 015.3	1 015.6
International operations, EUR million	732.3	719.8	697.1
% of net sales	72.7 %	70.9 %	68.6 %
Operating profit, EUR million	267.7	272.4	266.6
% of net sales	26.6 %	26.8 %	26.2 %
Profit before taxes, EUR million	264.0	267.8	262.3
% of net sales	26.2 %	26.4 %	25.8 %
Income tax expense, EUR million	57.8	56.6	54.2
R&D expenses, EUR million	101.9	106.2	108.1
% of net sales	10.1 %	10.5 %	10.6 %
Capital expenditure, EUR million	77.9	57.1	44.5
% of net sales	7.7 %	5.6 %	4.4 %
Assets total, EUR million	979.0	1 001.5	1 047.4
Equity ratio, %	53.6 %	52.3 %	57.4 %
ROCE (before taxes), %	38.5 %	36.6 %	35.7 %
ROE (after taxes), %	40.3 %	41.1 %	37.5 %
Personnel expenses, EUR million	218.1	219.2	220.6
Financial assistance received from government, EUR million	0.7	1.9	1.8

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Building well-being