
Orion Group



Sustainability Report 2011

25 April 2012

This PDF contains the content of the Report for 2011.
The master report has been published as a web publication
at www.orion.fi/sustainability-report-2011





Foreword to Orion's Sustainability Report 2011

Our Sustainability Report for 2011 studies Orion's corporate responsibility from the same perspectives as in the two previous reports. The primary publication platform for this report is the Sustainability section of the corporate internet website at www.orion.fi/sustainability. The Report is not available as a printed publication, but the manuscript of the full Report is provided as a PDF document. The Report is provided in English and Finnish.

Our reporting framework is the internationally adopted GRI, Global Reporting Initiative, to the extent applicable in view of our operations. Orion is Finland's leading pharmaceutical company, with almost 95 years of history. Orion has a particular responsibility towards its customers for the quality and safety of its products. As marketing authorisation holders we are accountable for the full regulatory compliance not only of our own processes but also for the processes of all the external parties involved in the supply chain of our products as providers of materials, components or services. The same provisions guide us in our increasing role as a contract manufacturer of products for other pharmaceutical companies.

At Orion, year 2011 was dedicated to quality. Themes related to quality were dealt with extensively, and we added many new staff members to our quality assurance organisation. The duty of this independent function is to check every batch produced, along with all the phases and materials used, to confirm the correct composition and condition of the finished products, including the adequacy and acceptability of the packages, before releasing the products for distribution.

Quality is an integral part of the job description of every Orion employee. Everyone should be aware of the importance of his/her individual contribution to the outcome of the process. One mistake can spoil an entire production batch, and by the point the mistake is detected, all the

work and the materials have been wasted. Loss and waste resulting from careless work is most regrettable. In the pharmaceuticals business, such waste also comes with a hefty price tag. Quality is everyone's concern at Orion, and it is the theme of every working day.

In 2012, environmental affairs are particularly important to Orion – not because of being under poor control but because we aim to increase systematic practices and goal-oriented activities in this respect. For this purpose, we are establishing an environmental management system at Orion. We have identified waste of materials as one of the most significant environmental aspects in Orion. A large proportion of the materials used in the manufacturing processes but not included as components in the final products remains at the manufacturing sites in one form or another as left-overs containing active substances. Such materials are always classified as hazardous waste, and there is only one destination for such waste in Finland: the incinerators of Ekokem Oy in Riihimäki. Orion sends considerable amounts of substances, mixtures and materials there, even if no rejected production batches occur. Materials and overall resource efficiency improvements will result in lighter environmental burden and lower costs from operations.

The generally applied standards of good practice (GxP) determined by drug authorities for the pharmaceutical industry do not take environmental impacts into consideration. The limits are set by environmental authorities. As part of our development programme we will complement our standard operating procedure guidelines with the relevant environmental aspects.

Orion's corporate responsibility is subject to scrutiny from several specialist analysts and rating institutions, such as Justmeans, Kempen, Trucost, Vigeo, Eiris and Bloomberg. Nasdaq OMX has included Orion in its OMX GES Sustainability Finland Index which comprises the 40 leading companies listed on Nasdaq OMX Helsinki stock exchange in terms of sustainability, based upon criteria applied in international guidelines for environmental, social and governance issues.



Consumers are showing increasing awareness of responsible businesses. This challenges companies to care for their image of responsibility and to show credible evidence of it, also including companies whose direct customers are not consumers. In early 2012, TNS Gallup disclosed the results of its survey on how the general public in Finland perceives the responsibility of selected well-known Finnish companies. Orion was ranked in the top 10. We are happy that the Finnish public views us in accordance with our image targets and are grateful to have earned their confidence and appreciation.

Anne Allo
Corporate Responsibility Officer

Orion Group Sustainability Report 2011 (according to GRI)

CONTENT OF THE REPORT

3.12. GRI content index

A comparison with the GRI guidelines and the locations of the disclosures in the Report are provided in the table below.

Extent of reporting

- 1 Reported
- 2 Partly reported
- 3 Not reported

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

GRI code	GRI content	Scope of reporting	Page number in Report	Note
	Standard Disclosures part I: Profile Disclosures			
1.	Strategy and analysis	1	13–15	
1,1	Statement from the most senior decision-maker of the organisation.	1	16	
1,2	Description of key impacts, risks, and opportunities.	1	17	
2.	Organisational profile		17–20	
2,1	Name of the organisation.	1	17	
2,2	Primary brands, products, and/or services.	1	17	
2,3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	1	18	
2,4	Location of organisation's headquarters.	1	17	
2,5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	1	18	
2,6	Nature of ownership and legal form.	1	18	
2,7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	1	18	
2,8	Scale of the reporting organisation.	1	19	
2,9	Significant changes during the reporting period regarding size,	1	20	

	structure, or ownership.		
2,10	Awards received in the reporting period.	1	20
3.	Report Parameters		21-24
3,1	Reporting period (e.g., fiscal/calendar year) for information provided.	1	21
3,2	Date of most recent previous report (if any).	1	21
3,3	Reporting cycle (annual, biennial, etc.)	1	21
3,4	Contact point for questions regarding the report or its contents.	1	21
3,5	Process for defining report content.	1	21
3,6	Boundary of the report.	1	22
3,7	Specific limitations on the scope or boundary of the report.	1	23
3,8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	1	23
3,9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	1	23
3,10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	1	23
3,11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	1	23
3,12	GRI content Index. Table identifying the location of the Standard Disclosures in the report.	1	5-12
3,13	Policy and current practice with regard to seeking external assurance for the report.	3	24
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4,1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	1	24
4,2	Indicate whether the Chair of the highest governance body is also an executive officer.	1	24
4,3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	1	24
4,4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	1	24
4,5	Linkage between compensation for members of the highest governance body, senior managers, and executives and the organisation's performance.	1	25
4,6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	1	25
4,7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	1	25
4,8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	1	25
4,9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic,	1	26

	environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.			
4,10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	1	26	
4,11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	1	26	
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EN3	Direct energy consumption by primary energy source.	1	43
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EN9	Water sources significantly affected by withdrawal of water.	3	
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EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	3	
EN13	Habitats protected or restored.	3	
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HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	3		
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	3		
	Non-discrimination			
HR4	Total number of incidents of discrimination and actions taken.	1	77	
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HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	1	77	
	Child labor			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	1	77	
	Forced and compulsory labor			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	1	77	
	Security practices			
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	3		
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SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	3		
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PR	Product recalls and product defects.	1	86	Own
PR	Inspections of Orion's operations and sites conducted by third parties.	1	87	Own
PR	Inspections of material and service suppliers' and contract manufacturers' operations and sites conducted by Orion.	1	88	Own
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PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	1	88	
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PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	2	89	
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PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	1	90	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including	1	91	

	advertising, promotion, and sponsorship by type of outcomes.			
	Customer privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	1	91	
	Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	1	91	

1. Orion Group's vision and strategy

The Executive Management Board has confirmed Orion's commitment to responsible operation and continuous development in the following statement:

Orion's approach to corporate responsibility

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 what ever 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.

Strategy and management approach

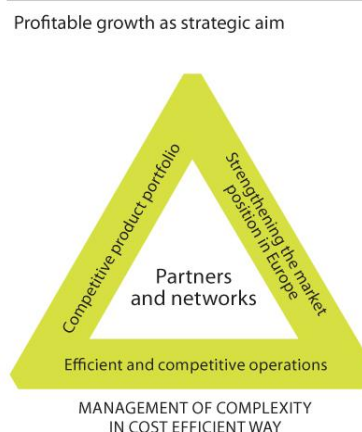
Orion's mission is to build well-being. To this end, Orion provides pharmaceuticals and diagnostic tests that help patients to treat their illnesses effectively. Effective drugs also provide added value for patients by improving quality of life. Responsibility and caring about the consequences of our operations and their impact on people, the environment and society are key parameters for the smart and viable operating practices applied by Orion in order to reach its strategic objectives.

Orion aims to be an innovative European R&D-based pharmaceutical and diagnostic company with a special emphasis on developing medicinal treatments and diagnostic tests for global markets. Innovation is at the centre of Orion's vision, because the development of innovative products alone is not enough in the current competitive environment: the company's overall approach should be based on innovation. Orion aims to have innovative, effective practices and business models throughout its operations.

The corporate values – Mutual trust and respect / Customer focus / Innovation / Achievement / Quality, reliability and safety – are the basic elements behind the implementation of the strategy.

Orion's strategic aims are profitable growth and increased shareholder value, whilst keeping business risks under control. Orion's strategy focuses on three key themes:

- Growth of business operations through a competitive product portfolio
- Strengthening the market position in Europe
- Development of operational flexibility and efficiency



All of Orion's business divisions play a major role in achieving the financial objectives of the Group. The two largest divisions, Proprietary Products and Specialty Products, are most crucial, however. Orion strives to achieve synergies between patent-protected proprietary drugs, off-patent (generic) prescription drugs and self-care products.

Orion's strategic themes

Orion's strategic themes		Achieved in 2011
Competitive product portfolio	<ul style="list-style-type: none"> • Active in-licensing • Constant flow of product launches • Building self-care product portfolio in Nordic countries • Progress in R&D projects 	<ul style="list-style-type: none"> • In-licensing of value-added products for selected therapy areas • Approximately 140 launches of human pharmaceuticals • Continuously renewed generic and self-care portfolio in Finland and Nordic countries and generic portfolio in Eastern Europe • Centralised European marketing authorisation gained for intensive care sedative <i>dexdor</i>[®], launches of <i>dexdor</i>[®] started • Progress in research projects to develop Easyhaler combined formulations, and other clinical phase research projects • Many new research projects with partners
Strengthening market position in Europe	<ul style="list-style-type: none"> • Strengthening market position • Target customer groups 	<ul style="list-style-type: none"> • Strengthened position as market leader in Finland • Strengthened market position in Scandinavia through expansion of generic and self-care product portfolio • Different target customer groups in different areas
Efficient and competitive operations	<ul style="list-style-type: none"> • Improving efficiency • Cost control 	<ul style="list-style-type: none"> • Improved efficiency throughout the value chain • Improved cost control • Optimised operating models and increased flexibility • Improved diversity management
Partnerships and networks		<ul style="list-style-type: none"> • New R&D partnerships in early-phase research • Continued active building of partnerships and networking throughout the value chain

Looking into the future

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

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

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

President and CEO Timo Lappalainen:

The words *Building well-being* were added under the corporate logo of Orion in 2009. Our mission is crystallised in these words. They also accommodate our promise as a corporate-wide commitment. To me, *building well-being* sums up in a most compact form the role of our company and our employees. Responsibility and caring are at the core of our corporate values. We aim to do things which add value. On our home turf, Finland, our mission has already become familiar to the general public. It is visible in our communication, and it can be often heard in the broadcast media, stated with a tone of confidence.



In 2011 we recorded our best ever financial performance. Consequently, society received an increased amount as its share of our economic success. Orion's employees were also rewarded for their contribution, with a total bonus pool in excess of 9 million euros. In April 2012, our shareholders received dividends representing about 90 percent of the proportion of profit attributable to them for 2011. Analysts for various Finnish financial publications ranked our performance to the top with the maximum score of ten points.

I believe that the continued good financial performance of Orion stands on the cornerstone of systematic and consistent care and development of the fundamentals, our responsible approach towards ensuring a firm basis for our operations. We have made regular investments to keep our processes and infrastructure up to date, and we have ensured that our employees have competence and motivation. Every Orion employee is aware of his/her own contribution to the quality of our products and operations, enabling us to earn the confidence of our customers and principals. We have been building operational excellence in an intensive and target-oriented way, and now we have achieved four-star recognition in the EFQM excellence evaluation.

In terms of corporate responsibility, the key areas for Orion to work on are related to environmental impacts. We have already made considerable progress in our efforts to decrease emissions into the air. Activities implemented so far and currently underway to cut energy consumption are generating good results, and the amount of waste has decreased, even though production volumes have grown. We still have potential for improvement in our treatment of our waste water. We consume large amounts of water for washing manufacturing lines and equipment, containers and accessories. The waste water carries detergent solutions and residues of chemicals and medicinal substances from the washing phases. We aim to take action to decrease the chemical content of the waste water which passes from our production facilities into water systems where it doesn't belong. This is not an easy problem to solve, but efficient solutions will be found by applying innovation in collaboration with the partners involved.

1.2 Description of key impacts, risks, and opportunities

The most relevant risks of the Orion Group's operations are characterised in the Corporate Governance statement, accessible on Orion's corporate website at www.orion.fi/risk-management.



2. Organisational profile

Detailed information about the Orion Group's operations and operational scope can be found on Orion's website at www.orion.fi/en/orion.

2.1 Name of the organisation and

2.4 Location of headquarters

Orion Corporation
Orionintie 1 A
FI-02200 Espoo, Finland

2.2 Primary brands, products and/or services

Pharmaceuticals
Active pharmaceutical ingredients
Diagnostic tests
Contract manufacturing of pharmaceuticals to other companies

The product portfolio and operations are featured in the Products and Services section of Orion's corporate website, at www.orion.fi/products-and-services.

2.3 Operational structure of the organisation

Proprietary Products:

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

Specialty Products:

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

Animal Health:

Veterinary medicines and products for pets and production animals

Fermion:

Active pharmaceutical ingredients

Orion Diagnostica:

Diagnostic test systems for healthcare service providers and industry

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

Finland

Headquarters and administration in Espoo

Pharmaceutical manufacturing in Espoo, Turku and Kuopio

Active pharmaceutical ingredient manufacturing in Hanko and Oulu (Fermion)

Diagnostics manufacturing in Espoo and Turku

Pharmaceutical research centres in Espoo and Turku

Marketing: Espoo, Turku, Kuopio, Oulu and Tampere

Outside Finland

Marketing organisations in 24 countries in Europe

Subsidiary in India

2.6 Nature of ownership and legal form

Orion Corporation is a public company whose shares are listed on Nasdaq OMX Helsinki. At the end of 2011, the company had approximately 57,200 registered shareholders, of which 54,400 were households. Households held approximately 50% of the entire stock.

Details on the shareholder base are provided at www.orion.fi/shareholder-base. Most of the data is updated on a monthly basis.

2.7 Markets served

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

Orion's products are available in more than a hundred countries. Finland is the main market area, contributing 26% of the net sales for 2011. Scandinavia and rest of Europe accounted for

47 per cent of the net sales, and North America and the rest of the world accounted for 27 per cent. Outside Europe, Orion operates by granting marketing licenses to its products to other pharmaceutical companies.

2.8 Scale of the reporting organisation

The Group's net sales in 2011 amounted to EUR 918 million. International operations accounted for about 74 per cent of the net sales. At the end of 2011, the Group had 3,425 employees, of whom some 2,700 in Finland and 725 in the foreign subsidiaries.

Net sales of the Orion Group by market area 2009–2011

EUR million	2009	2010	2011
Finland	223.3	229.2	240.7
Scandinavia	101.6	114.0	120.3
Other Europe	274.7	292.2	308.5
North America	70.9	109.9	127.9
Other markets	101.0	104.6	120.6
Orion Group total	771.5	849.9	917.9

Key figures for 2009–2011

	2009	2010	2011
Net sales, EUR million	771.5	849.9	917.9
International operations, EUR million	548.2	620.7	677.2
% of net sales	71.1%	73.0%	73.8%
Operating profit, EUR million	207.0	254.2	282.9
% of net sales	26.8%	29.9%	30.8%
Profit before taxes, EUR million	203.7	252.6	282.0
% of net sales	26.4%	29.7%	30.7%
Income tax expense, EUR million	52.3	67.9	72.4
R&D expenses, EUR million	95.2	85.5	87.5
% of net sales	12.3%	10.1%	9.5%
Capital expenditure, EUR million	60.4	39.2	49.5
% of net sales	7.8%	4.6%	5.4%
Assets total, EUR million	727.1	745.8	779.1
Equity ratio, %	60.6%	62.7%	62.4%
Gearing, %	-8.9%	-12.2%	-6.9%
Interest-bearing liabilities, EUR million	131.5	110.0	88.7
Non-interest-bearing liabilities, EUR million	156.5	168.4	190.5
Cash and cash equivalents, EUR million	90.4	176.1	123.0
ROCE (before taxes), %	44.8%	38.5%	49.4%
ROE (after taxes), %	33.5%	32.1%	43.3%
Personnel at the end of the period	3 176	3 309	3 425
Average personnel during the period	3 160	3 270	3 328
Personnel expenses, EUR million	241.5	260.5	186.0

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

Orion's current operational structure has been in place since the demerger in the summer of 2006, when Orion Corporation started as a new company specialising in pharmaceuticals and diagnostics. Net sales for 2011 were approximately 43 per cent higher compared with the 2006 pro forma net sales. In accordance with its strategy, Orion has expanded the geographical territory covered by its own marketing organisation for pharmaceuticals by establishing its own subsidiaries in an increasing number of European countries. In the summer of 2011, Orion Diagnostica Oy acquired the full sharestock of Geneform Technologies Ltd, a UK-based company.

The total number of Orion employees has increased by about 360 since the demerger in 2006. The most notable increases in the number of employees have taken place in the pharmaceuticals supply chain functions in Finland as well as in the foreign marketing organisations.

The number of shareholders was about 57,200 at the end of 2011. Close to 70% of the total sharestock and about 94% of the total votes were in Finnish ownership.

	2009	2010	2011
Number of shareholders	54 300	58 700	57 200

2.10 Awards received in the reporting period

In November 2011, Orion received the *Recognised for Excellence* award as a recognition for operational excellence. The award is granted by Excellence Finland, a member organisation of the EFQM (European Foundation for Quality Management), based on the same assessment criteria as those of the EFQM Excellence Award. Operational quality is assessed from the aspects of leadership, strategy, people, partnerships, processes and products and services, using a variety of performance indicators. The awarded companies represent excellent performance meeting the challenging criteria of the EFQM Excellence Model.



Orion's President and CEO Timo Lappalainen regards the recognition as acknowledgement that Orion has built quality into all of its activities and advanced operational quality with a variety of projects, some of which are quite extensive and many of which are carried in collaboration with business partners.

Mr. Lappalainen underlines that quality is reproduced every day and with hard work: "Every enterprise engaged in healthcare understands that quality is the provision for the license to operate in this business. Quality and safety are fundamental elements in our values and in our products from the earliest research stages until the ultimate end of their life-cycle."

3. Report parameters

3.1 Reporting period for information provided

The reporting period is one calendar year. This report focuses on 2011. Comparative data is provided for 2009–2010. Orion has decided to present comparative data for the two preceding years only, and will continue to do so in future reports.

3.2 Date of most recent previous report

The previous sustainability report by Orion Corporation was dated and published on 5 May 2011. The report was the second sustainability report of the company.

3.3 Reporting cycle (annual, biennial, etc.)

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

3.4 Contact point for questions regarding the report or its contents

The person responsible for report compilation at Orion Corporation is Anne Allo, Corporate Responsibility Officer, tel. +358 10 426 3735, e-mail: anne.allo@orion.fi. She is also the company's contact person for sustainability-related questions.

3.5 Process for defining report content

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

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

In sustainability reporting, Orion follows the GRI guidance, principles, terms, indicators, calculation methods and structure as closely as possible. Orion has chosen the applicable meters and indicators from GRI standard disclosures and supplemented them with calculated and descriptive indicators derived from Orion's operations. These organisation-specific indicators are primarily related to product quality and product/patient safety.

Emphasis on responsibility for the product and the patient, and wellbeing at workplace

Due to the nature of Orion's products and the industry, Orion considers product responsibility a primary concern. As a manufacturer of pharmaceutical and diagnostic products, Orion emphasises the responsibility for product safety, even though responsibility and caring are an integral, uncompromised and natural part of everything we do at Orion. The entire Supply Chain organisation is linked to product safety. Orion's basic mission is to build sustained wellbeing by providing products that promote health and quality of life and by providing guidance on the correct and proper use of Orion's products. Orion's support to patient organisations and the further training and coaching provided for healthcare professionals, in particular to doctors, nurses and pharmacy personnel, also largely falls in the scope of product responsibility.

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

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

The environmental burden caused by Orion's production plants is relatively low. The processes are closed and represent up-to-date technology. In recent years, Orion has made significant investments in process technology and methods to increase the efficiency of use and treatment of chemicals. While these investments have helped Orion reach performance levels significantly better than the minimum levels required by the environmental permits, the company has also attained significant economic value added with more efficient, economic and smart use of materials.

Key themes in Orion's environmental responsibility include the chemicals and other materials used as raw materials and excipients in the manufacture of pharmaceuticals and active ingredients, as well as cost-efficient and environmentally friendly materials management. Also, a lot of packaging materials are consumed in Orion's supply chain operations.

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

3.6 Boundary of the report

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

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

Orion Group

Orion Corporation

- Pharmaceutical operations Espoo
- Pharmaceutical operations Turku
- Pharmaceutical operations Kuopio
- Subcontractors for Pharmaceutical operations (when applicable)
- Foreign Orion Pharma and Orion Diagnostica marketing subsidiaries

Orion Diagnostica

- Diagnostics operations Espoo
- Diagnostics operations Turku
- Subcontractors for Diagnostics operations (when applicable)

Fermion

- Pilot plant Espoo
- API manufacturing Hanko
- API manufacturing Oulu

3.7 Specific limitations in the scope or boundary of the report

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

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

Certain indicators have been reported with more accurate figures than previously. The report does not include such new items as would affect the comparability of the data reported for the preceding years. A note is given concerning comparability in the context of the data where necessary.

3.9 Data measurement techniques and the bases of calculations

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

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

Orion published its first sustainability report in 2010, covering the years 2007–2009. Thus, the report for 2011 is the third sustainability report by Orion.

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

No material changes have been made to the scope, boundary or measurement methods.

3.12. GRI content index

A comparison with the GRI guidelines and location of the disclosures in the Report is provided as a list of contents, on pages 5–12.

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

No assurance has been sought for this report from external assurance providers. Orion is further developing the coverage of its reporting as well as its data gathering and reporting systems to meet the requirements of external assurance.

4. Governance, commitments and engagement

4.1 Governance structure

The governance structure of the Orion Group is described in detail at the corporate website, at www.orion.fi/corporate-governance. Orion Corporation follows the Finnish Corporate Governance Code 2010 for companies listed on NASDAQ OMX Helsinki. However, Orion Corporation deviates from recommendation 22 of the Code concerning the election of members to the Nomination Committee, which can also include persons other than members of the Board.

The Code is available at www.cgfinland.fi.

4.2 Chairman of the Board of Directors

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

4.3 Independence of the Board of Directors

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

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

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

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

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

Forums for employee interaction with Group management include the mandatory employer-employee procedures, a semi-annual Group-level consultation meeting and the annual meeting

of an international European Works Council. All employees of the Group have access to the Orion Group-wide intranet system, which offers not only daily news flows but also various ways to share information, discuss and network with colleagues.

4.5 Compensation

The remuneration principles and the remuneration of the Board and Group management are described under the Corporate Governance section of the corporate website, at www.orion.fi/management-remuneration. The influence of the company's social and environmental performance on the management remuneration principles has not been determined specifically.

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

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

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

The Board of Directors is elected by the Annual General Meeting for a term of one year. The Nomination Committee's task is to prepare and present a recommendation to the Board of Directors concerning the composition and compensation of the Board to be elected by the Annual General Meeting. The committee's recommendations do not, however, obligate the Board of Directors to present its proposals to the AGM in line with the recommendations. The Nomination Committee prepares its recommendations observing the qualification requirements provided in the Companies Act and recommendation 9 of the Finnish Corporate Governance Code.

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

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

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

Orion builds well-being with its products and operations. The values of the Group, – Mutual trust and respect, Customer focus, Innovation, Achievement and Quality, reliability and safety – unite Orion employees 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 Code of Conduct. They are the basic rules the employees observe in interactions with each other and the stakeholders of the company, and with society and environment. The Code is available at www.orion.fi/code-of-conduct.

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

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

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

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

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

Risk management constitutes a significant part of Orion's corporate governance. The aim is to identify, measure and manage the risks that might threaten the company's operations and the achievement of the objectives set for the company. Overall risk management processes, practical actions and the definition of responsibilities are developed by means of regular risk identification approaches. Details on Orion's risk management are presented on the website at www.orion.fi/risk-management.

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

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

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

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

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

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

4.14 List of stakeholder groups engaged by the organisation and

4.15 Basis for identification and selection of stakeholders

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



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

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

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

4.16 Approaches to stakeholder engagement

Orion engages with its stakeholder groups in various ways. Orion has not established engagement mechanisms focusing specifically on economic, social or environmental sustainability.

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

5. Disclosure on Management Approach, DMA

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

Management approach of Economic Responsibility	p. 30–31
Management approach of Environmental Responsibility	p. 35–39
Management approach of Labour Practices and Decent Work	p. 55–58
Management approach of Human Rights	p. 75–76
Management approach of Society Performance	p. 78–80
Management approach of Product Responsibility	p. 82–84

6. Performance indicators



EC - Economic Responsibility

Management approach of Economic Responsibility (DMA EC)

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

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

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

Management of economic responsibility follows the general guidelines established in Orion's Corporate Governance Manual. They consist of clear definitions of responsibility, setting and monitoring of objectives and appropriately organised internal control. More detailed descriptions of Orion's corporate governance principles, risk management and internal control, are presented in Orion's regular financial statements and under the Orion section of the corporate internet website, at www.orion.fi/corporate-governance-en.

Goals and performance

Orion aims for profitable growth whilst keeping business risks under control. Despite the challenging economic situation and the changes that have taken place in our business environment over the recent years, the Group has been able to grow steadily, make a good profit and pay good dividends to the shareholders.

Orion's net sales for 2011 grew by 8% and operating profit by 11% from those of 2010. Operating profit for 2011 was EUR 283 million (254 million for 2010), return on capital employed before taxes was 49.4% (45.0%). Dividends were paid EUR 1.30 per share, representing 87.2% (91.6%) of earnings per share. Of the good and stable financial result, Orion has paid the taxes due, regularly and on time. The Group has also always taken care of its pension commitments in full. In the comparison of financial performance, Orion has been ranked among the best of the Finnish listed companies year after year.

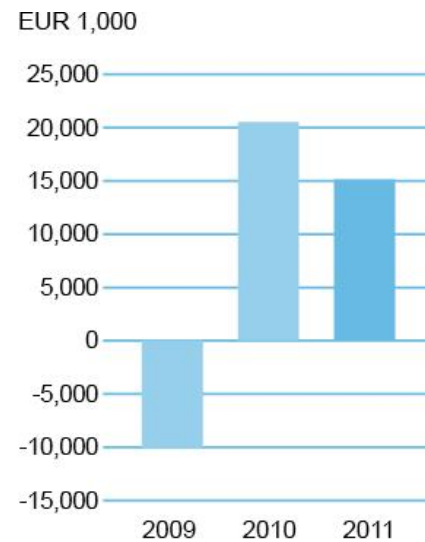
Sustained economic success requires a continuous ability to ensure competitiveness and cost-effectiveness with the right strategy decisions and enhancement of procedures, the operational structure and the product portfolio. Orion's growth is based on a competitive product portfolio, which the Group builds by actively developing new drugs and diagnostics products in both Orion's R&D organisation and through wide-ranging cooperation with external parties. In 2011, Orion's R&D expenses totalled EUR 87.5 (85.5) million.

Orion's shareholder base is quite diverse. There have not been any major changes in the ownership structure. The clearly largest shareholder group consists of private Finnish individuals. Detailed information on the shareholder base is presented and updated on a monthly basis in the "Investors" section of Orion's website. As a public listed company, Orion fulfils its disclosure obligations diligently. The Group also actively develops its corporate communications, and aims to utilise different communication channels and tools in a versatile yet purposeful manner. Orion focuses on the good quality contents of its financial statements and website to provide capital markets and shareholders with up-to-date information about the Group's operations and performance. Orion also organises regular meetings with investors in various locations in Finland and abroad. A calendar for investors is accessible under the "Investors" section of the corporate website containing both past and up-coming investor events and roadshows, since 2006.

Indicators of Orion's economic performance

EC1 Economic value added generated and distributed to stakeholders

EUR million	2009	2010	2011
Revenues	771.5	849.9	917.9
Employee wages and benefits	171.4	170.3	186.0
Operating costs	399.1	426.5	451.9
Payments to government (gross taxes and royalties)	52.3	68.0	72.4
Payments to providers of capital	158.7	164.2	192.1
Community investments	0.1	0.2	0.2
Economic value retained	-10.2	+20.7	+15.3



Orion takes care of its economic obligations towards personnel, partners, owners and the society. The company is proactive towards this responsibility, with an aim to identify and manage the risks related to the operations and their further development in the best possible way.

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

Orion is a company whose products are of significant social importance. Orion offers its employees the chance to develop, manufacture and sell products that promote well-being, health and quality of life, and offers a fair compensation and good employee benefits in return. The Orion Group employs 3,425 people of whom 2,700 work in facilities in Finland. Orion is one of the largest private employers in Espoo, Turku and Hanko. Approximately 725 employees are working in the foreign subsidiaries and representative offices, mostly in marketing and sales operations.

Orion employees pay national and regional taxes based on the salaries they receive from Orion. As a profitable company, Orion is a major tax payer: in 2011, the Group paid over EUR 72 (68) million in income taxes.

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

As a stock exchange listed company, Orion is expected to generate added economic value for its shareholders. According to its dividend policy, Orion takes into account the distributable funds and the capital expenditure and other financial requirements in the medium and long term to achieve the financial objectives. Orion has been a stable dividend payer and has during

the past years paid dividends with an average payout ratio exceeding 90 per cent of the total annual earnings attributable to the owners.

EC3 Coverage of the Group's pension obligations

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

The Group's pension obligations are listed under Note 12 "Pension assets and pension liabilities" of Orion Financial Statements 2011. At the end of 2011, the Group's pension obligations totalled EUR 222.4 (213.1) million. At the end of 2011, the Group had a pension asset of EUR 37.4 (31.6) million from the Pension Fund and the Group has a liability of EUR 0.5 (0.7) million to other units.

Note 12 of the Financial Statements 2011 is accessible at <http://ar2011.orion.fi/en/financial-statements/consolidated-financial-statements-%28ifrs%29/notes-to-the-consolidated-financial-statements/12.-pension-assets-and-pension-liabilities>.

EC4 Significant financial assistance received from government

EUR million	2009	2010	2011
In Finland	2.0	1.5	0.9

Orion has received funding for its development projects from the Finnish Funding Agency for Technology and Innovation (Tekes). Tekes grants funding to Finnish companies and institutions to promote research, development and innovation as well as to share related risks.

The figures reported in EC4 are based on the Annual reviews of Tekes, and they contain both direct cash funding and project-specific loans. The annual reviews are available at www.tekes.fi >About Tekes > Annual review.

Summaries of the projects receiving Tekes funding are available at www.tekes.fi. Funding was received by Orion for prognostic models and technologies for accelerating pharmaceutical R&D processes as well as new ways of drug administration. In the Tekes project lists, the currently ongoing projects are identified under the names *Building up translational medicine framework-tools and workflows*, *IMproved PAreteral DEpots* and *Uudet ennustavat tautimallit palvelemaan uusien syöpälääkkeiden kehitystä*. Tekes funding received by Orion Diagnostica in 2011 was related to a business development programme named *Customer loyalty through user interface*.

EC Donations

In 2011, Orion supported purposes of public interest with donations of over EUR 150,000. The main focus areas of the Group's support include medical research, patient organisations and other associations promoting healthcare, defence and veterans, children and youth, education and culture. At Group level, the prioritised charitable organisation receiving financial support from Orion 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 since the summer of 2011, Orion supports early childhood education of children, the first target country being the state of Timor-Leste (East Timor) in Asia.

In addition to the above, Orion donated EUR 40,000 to the Pink Ribbon Fund of Finland as one of the main sponsors in 2010 and 2011.

Information about Orion's collaboration with patient organisations is provided in the Sustainability section of the Group's website, at www.orion.fi/patient-organisation-collaboration. Disclosure of this information is required by the ethical codes concerning marketing of pharmaceuticals.



EN - Environmental Responsibility

Management approach of Environmental Responsibility (DMA EN)

Goals and performance

At Orion, environmental matters are an important focus area in the company's safety policy, which emphasises consideration of the company's environmental impacts in the management, control and development of operations and requires that the environmental impacts of decisions and solutions are identified and that operations are developed to preserve biodiversity and that procedures for managing accidents are established.

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

In 2011 Orion started to establish a systematic and goal-oriented environmental management system based on the principles of the ISO 14001 environmental standard. The new approach will first encompass the pharmaceutical preparations business – the units under the auxiliary business name Orion Pharma – and the Group's head office functions. In Orion's Sustainability Reports, these units constitute the reporting unit 'Orion Corporation'. A corresponding environmental affairs management system will be defined for Fermion and Orion Diagnostica at a later stage. In the project so far we have conducted an in-depth analysis of the environmental aspects of the pharmaceutical preparations business and identified the ones to be prioritised for major development activities. The project progresses in 2012 largely on the basis of them.

In April 2012, Orion's management confirmed an environmental policy for Orion which as a Group-level commitment determines how all units and organisations belonging to the Group promote the well-being of the environment.

Environmental Policy of the Orion Group

Orion is committed to proactively reducing and preventing harmful environmental effects caused by its operations, products and services.

The most significant environmental impacts of Orion's operations arise from the use of materials, energy and water. The emphasis of environmental management is on the efficiency of materials and energy use, waste water and the procedures for selecting and managing suppliers and partners.

Orion adheres to applicable environmental legislation and other regulatory requirements concerning its operations. Orion applies such methods and practices in its operations, organizations and processes as promote ecological efficiency, and develops them in line with targets.

Committed to continuous development and improvement, Orion assesses the fulfillment of its environmental commitments, prioritizes matters to be developed, sets targets and objectives, and follows up on the progress of actions.

Orion promotes its employees' awareness of the company's environmental matters through training and communications to engage the Orion community to act in accordance with the company's environmental principles, objectives and programs. Orion also expects high environmental standards from its partners.

Orion informs its stakeholders about the progress of its environmental performance mainly in the company's sustainability reports.

Espoo, 13 April 2012

*Timo Lappalainen
President and CEO
Orion Corporation*

In this Report for 2011, the DMA concerning environmental responsibility is presented mainly in the same content as in the two previous reports.

Areas of Orion's environmental activities

- Protection of air and soil
- Waste water
- Waste management
- Recycling

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

Reduced production of waste in all forms is an important objective for Orion when minimising environmental impacts. Orion's objectives are aligned with the priority targets specified in the EU-level waste strategy, which are included in the new waste act entering into force in May 2012. These priorities include avoiding the production of waste by all means possible and recycling the produced waste materials. If waste cannot be re-used as material, it must be used in another way whenever possible, such as for energy. The amount of landfill waste is to be minimised.

The operations of Orion's manufacturing facilities for pharmaceutical preparations and active pharmaceutical ingredients require environmental permissions as specified in the Environmental Protection Decree of Finland. The environmental regulations and permissions are regional.

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

Procedures

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

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

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

Organisational responsibility

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

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

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

Training and awareness

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

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

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

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

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

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

Orion's activities in adoption of REACH and CLP 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. All chemicals covered by the REACH legislation must be registered by the end of May 2018. Fermion has already registered most of its substances.

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

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

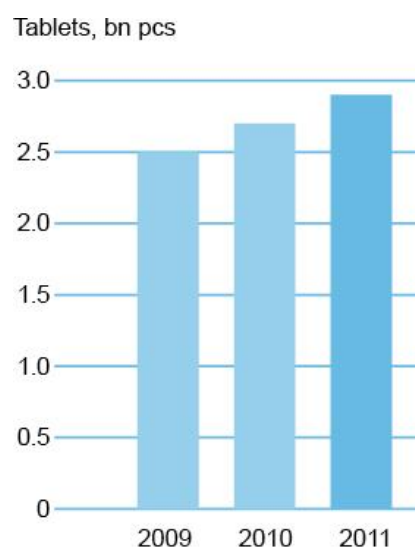
The classifications and of all the chemicals manufactured and used by Orion have been re-assessed and renewed, and all substance-specific safety data sheets (SDS) have been updated in accordance with CLP. The hazard and precautionary statements have also been re-written.

Indicators of Orion's environmental performance

EN Total production volumes by type of product

	2009	2010	2011
Tablets, billion	2.5	2.7	2.9
Injection products, million vials	8.9	7.6	9.3
Gels and ointments, tons	369	562	687
Liquid preparations, 1,000 litres	389	360	476
Diagnostic products, tons	564	600	628
API, tons	165	177	196

Example:



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

Production volumes continued to grow from the previous years' outputs in all major product type groups. Part of the growth is explained by the strengthened foothold of Orion's own regional marketing organisations in European countries as well as by their expanding local product offerings.

Another reason for the higher production volumes is the continuously increasing contract manufacturing done by Orion for other pharmaceutical companies. Such utilisation of the manufacturing capacity and competence resources has involved considerable changes in Orion's supply chain functions. Many departments which previously worked in single shifts have adopted multiple shift work, and more employees have been recruited to production and quality assurance. The consumption of materials and other resources has also increased along with the higher outputs and longer up-times, of course.

Like all pharmaceutical manufacturers, also Orion utilises its capacity and resources efficiently, having part of its own products manufactured by sub contractors. It is not economically feasible to establish and maintain in house manufacturing technologies for all the numerous different types of products. In the manner of other fields of industry, the pharmaceutical industry also collaborates in networks globally.

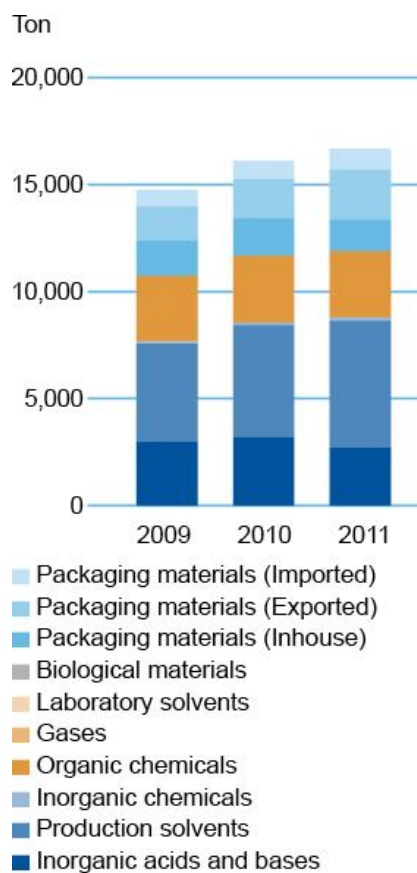
Materials

EN1 Materials use, total materials

Ton	2009	2010	2011
Inorganic acids and bases	2 963	3 204	2 692
Production solvents *)	4 597	5 222	5 947
Inorganic chemicals	105	100	145
Organic chemicals	3 072	3 140	3 091
Gases	4	5	4
Laboratory solvents	15	14	13
Biological materials	5	6	4
Packaging materials (Inhouse)	1 648	1 771	1 501
Packaging materials (Exported)	1 595	1 827	2 318
Packaging materials (Imported)	785	847	990
Materials use total	14 792	16 035	16 705

*) The amounts of Production solvents reported for 2009 and 2010 differ considerably from those given in our earlier sustainability reports. Due to a recording error, they included double amounts of regenerated solvents.

The Production solvents include the use of regenerated solvents in the amounts reported in EN2.

**EN2 Percentage of recycled input materials of total materials used**

	2009	2010	2011
Regenerated solvents, ton	1 931	2 187	2 714
Share of total materials use, %	13%	14%	16%

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

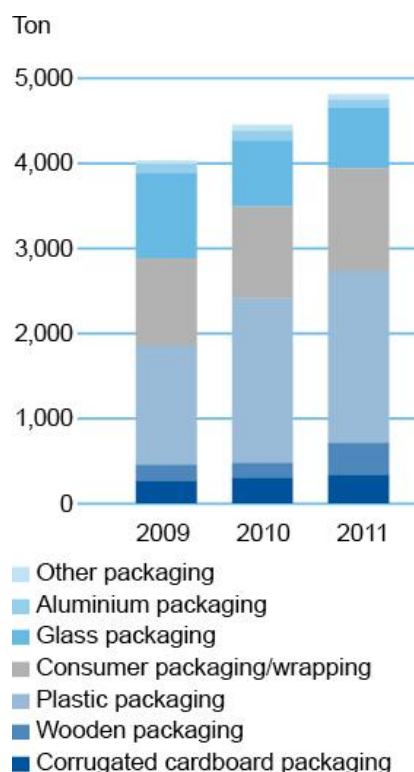
Approximately 82% of all of the reported production solvents, organic chemicals and inorganic acids and bases were consumed by Fermion in its chemical manufacturing processes for active pharmaceutical ingredients. In tablet coating phases and in the production of tablet masses, only a small fraction of those amounts of solvents that were used some years ago is consumed today. Solvent consumption has been and continues to be further reduced by Orion by development of processes.

Pharmaceutical manufacturing operations consumed 61% of the total organic chemicals, the remaining 39% were used by Fermion. Inorganic acids and bases are mainly industrial detergents used for the cleaning of the production lines and equipment.

The shares of regenerated solvents of the Group's total materials use, reported above in EN2, comprise the only relevant re-usable materials in the Orion Group, and the figures relate to Fermion. Solvents regenerated for re-use play a significant role in the materials economy of Fermion. As much as 48% of all the solvents fed into Fermion's reactors in 2011 were regenerated, i.e. distilled and re-used. In the two comparative years they accounted for 44%. Orion's capability to recycle consumed auxiliary and excess materials in the manufacturing processes is limited in practice to those 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 involve packaging. Usable materials which certainly do not contain residues of active ingredients are delivered by Orion for recycling elsewhere.

Packaging materials

Ton	2009	2010	2011
Corrugated card-board packaging	263	293	327
Wooden packaging	188	182	381
Plastic packaging	1 403	1 938	2 021
Paper fibre-based consumer packaging/wrapping	1 024	1 081	1 206
Glass packaging	1 001	775	711
Aluminium packaging	103	115	97
Other packaging materials	46	68	62
Packaging materials total	4 027	4 446	4 805



The materials used for different types of packaging account for approximately 25% of Orion's total material consumption. The most commonly used packaging materials include plastic, glass, board, corrugated cardboard and aluminium. Plastic and glass are most often used as primary packaging materials, which come into direct contact with the medicine. Board and corrugated cardboard are most often used as secondary packaging materials which encase the primary package. Aluminium is used most in blister packages. It is also used in the collars of

injection bottles and some cream tubes. A very thin aluminium film layer is contained in the bag protecting the Easyhaler® inhalator in its retail package.

A high proportion of the waste generated in the warehousing and packaging stages is uptaken for re-use and delivered for recycling. Practically no landfill waste containing packaging materials is generated by the company's internal functions, thanks to the efficient and comprehensive municipal waste collection, handling and recycling infrastructure of Finland.

Safety and protection are decisive factors in packaging of medicines

Packaging solutions applied to medicines are influenced by the requirements of medicinal authorities, and they are primarily dictated by safety aspects concerning the product and patients. The medicine and the packaging material must be compatible in such a way that the safety of the patient is not endangered. No compounds shall pass from the packaging into the medicine, and the packaging must not react harmfully with the medicine. The packaging must protect the medicine so that, when handled and stored correctly, its physical and chemical stability, consistency and durability remain unchanged and undamaged in the storing and transportation phases throughout the product's entire useful life.

In addition to containing the product itself, the packaging must carry a substantial amount of regulatory information about the product. The patient information leaflet must be found within the retail package as a printed document. Orion's packaging designers collaborate with medicinal authorities to develop an ideal solution for the primary packaging, observing the characteristics of the product.

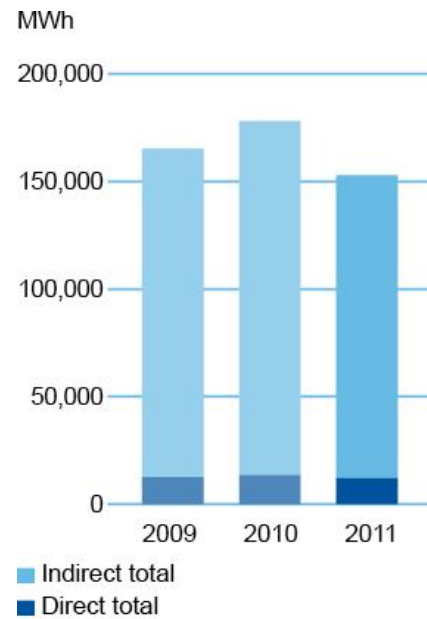
Naturally, cost factors must also be attended to in designing the package. It benefits neither the manufacturer nor the patient if the medicine is sold in unnecessarily expensive packaging. Environmental factors are attended to by Orion to the extent possible, although no particular policy has been defined for packaging purposes. In the Well-being Lounge section of the 2011 Annual Report Orion advises consumers on the main principles to be observed in the packaging of medicines as well as on how expired medicines should be properly destroyed. Read about the anatomy of a medicine package at <http://well-beinglounge.orion.fi/en/virtual-clinic/anatomy-of-a-medicine-package>.

The quality requirements concerning packaging of pharmaceuticals are determined in the European, US and Japanese pharmacopoeias, among others. Guidelines are provided by the European Medicines Agency EMA, the US Food and Drug Administration, FDA, and the International Committee of Harmonisation, ICH.

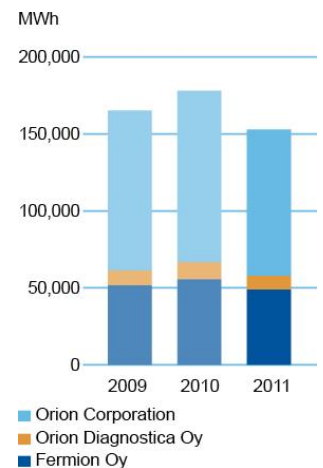
Energy

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

MWh	2009	2010	2011
Heavy fuel oil	12 000	13 000	11 400
Light fuel oil	539	488	622
Direct energy total	12 539	13 488	12 022
District heat	65 863	57 450	41 581
Steam	-	34 930	29 680
District heat + steam	15 489	-	-
Electricity	71 327	72 240	69 537
Indirect energy total	152 679	164 620	140 798
Energy total	165 218	178 108	152 820

**Total energy consumption by reporting organisational unit 2009–2011**

	MWh 2009	Share 2009	MWh 2010	Share 2010	MWh 2011	Share 2011
Orion Corporation	104 049	63%	11 438	63%	95 072	62%
Fermion Oy	51 500	31%	55 580	31%	48 790	32%
Orion Diagnostica Oy	9 669	6%	11 090	6%	8 958	6%
Yhteensä	165 218	100 %	178 108	100 %	152 820	100 %



Energy consumption in the reporting organisational units by type of energy and their proportion of the Group's total energy consumption in 2011

MWh	Orion		Fermion		Orion Diagn.		Group total	
	Oyj	Share	Oy	Share	Oy	Share		
Heavy fuel oil	11 400	100%	0		0		11 400	100 %
Light fuel oil	622	100%	0		0		622	100 %
<i>Direct total</i>	<i>12 022</i>	<i>100%</i>	<i>0</i>		<i>0</i>		<i>12 022</i>	<i>100 %</i>
District heat	35 050	84%	1 670	4%	4 861	12%	41 581	100 %
Electricity	44 840	64%	20 600	30%	4 097	6%	69 537	100 %
Steam	3 160	11%	26 520	89%	0		29 680	100 %
<i>Indirect total</i>	<i>83 050</i>	<i>59%</i>	<i>48 790</i>	<i>35%</i>	<i>8 958</i>	<i>6%</i>	<i>140 798</i>	<i>100 %</i>
Total	95 072	62%	48 790	32%	8 958	6%	152 820	100 %

The energy consumption reported above includes the operational sites of the Orion Group in Finland. The Group has no production plants outside Finland. The foreign marketing organisations work in rented office premises and reliable information about their heating energy and electricity consumption can not be collected.

The 2011 total energy consumption of the Group's Finnish operations decreased by 14% from that in 2010. A major reason for the favourable performance were the notably more favourable weather conditions than in the previous years, in which long cold periods added to the need for heating in winter, followed by a summer with unusually long warm periods which added to the need for cooling in the operational premises. The temperature figures for 2011 were closer to the long term normal levels.

Proportionally, the biggest jump downwards, 28%, was seen in the consumption of district heating energy which accounted for 27% of the Group's total energy consumption. The main contributors were the pharmaceutical plants in Espoo and Turku, both of which are reported under 'Orion Corporation' and which account for about 84% of the Group's total district heat consumption.

Fermion became almost fully independent of district heating energy two years ago. It today receives its heating energy from the VOC combustion plants built at its sites.

Direct energy, which represents about 8 percent of the total energy, is mainly steam generated by the boiler facility adjacent to Orion's manufacturing facilities in Espoo, which uses heavy fuel oil. The much smaller pharmaceutical plant in Kuopio has its own steam boiler which uses light fuel oil.

Electricity consumption decreased by about 4% and was clearly below the rate of consumption in the two previous years. Consumption decreased in Orion Corporation and Orion Diagnostica, whereas Fermion showed the same figures as in 2010. As of 2011, Orion has procured the electricity for all its Finnish locations from Energia Myynti Suomi Oy.

The division of the Group's total energy consumption among the reporting units has been approximately the same from 2009 to 2011. Fermion's figures are already clearly showing the benefits of the energy efficiency improvement actions taken at its plants. Fermion, which accounts for about one-third of the Group's total energy consumption, used 12% less energy at

its API manufacturing plants in Hanko and Oulu in 2011 than in 2010. Fermion consumes more steam than any other form of energy. In 2011, the proportion of steam in Fermion's total energy consumption decreased by 6 percentage points to 54 percent.

EN5 Energy saved due to conservation and efficiency improvements, and

EN7 Initiatives to reduce indirect energy consumption and reductions achieved

Orion is a member of the Energy Efficiency Programme coordinated by the Confederation of Finnish Industries EK the aim of which is to cut proportional energy consumption by 9% by 2016 from the 2005 level. Several actions for improving energy efficiency are underway at Orion's operational locations. The steam and condensate systems have been identified as the most important targets to be addressed at all production plants. Heat recovery also offers major potential for improvement. Basic structural improvements implemented in these areas have already resulted in notable savings in Fermion's very energy intensive processes. Especially at the Hanko plant, considerable energy saving investments have been made and more are being implemented as part of an overall operational excellence programme underway there. Significant energy saving upgradings have been made at the Turku pharmaceutical plant too in 2011, and corresponding actions are being started in Espoo.

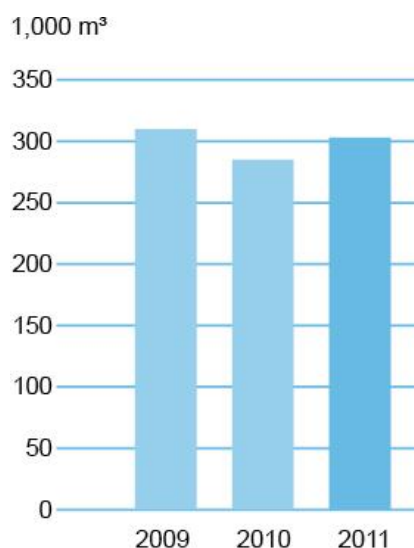
In the office buildings, most of the energy goes to lighting and power for working equipment. Orion has identified these as targets for considerable energy saving potential by means of both modern facility control systems technology and by encouraging employees to pay attention to lights and office equipment which could be turned off. In the course of 2011, old lamps were replaced with energy saving ones in some of Orion's buildings. The old lights in the Turku plant's yard were replaced with LED lamps. Measurements show that electricity consumption has decreased by half in these experimental objects.

The objective of EK's Energy Efficiency Programme seems to be well achievable for Orion. Awareness of the importance of low energy consumption and the environmental friendliness of the form of energy are increasingly important criteria in Orion's decision making on investments.

Water

EN8 Total water withdrawal by source

1 000 m ³	2009	2010	2011
Municipal water supply	310	285	303
Water withdrawal from other sources	0	0	0
Water withdrawal total	310	285	303
Water consumption total	310	285	303

**Water consumption by reported organisational unit**

1 000 m ³	2009	2010	2011
Orion Corporation	190	165	166
Fermion Oy	101	104	116
Orion Diagnostica Oy	19	16	21
Total	310	285	303

All the water consumed by Orion is taken from local municipal water supply systems. Total consumption of water in 2011 rose by 6% from that of 2010. There are significant differences in the purposes and volumes of water consumption between the units and locations due to the differing characteristics of their facilities and operations.

Fermion's water consumption increased by 12%, approximately the same proportion as its production volumes of active pharmaceutical ingredients, and its share of Orion's total water withdrawal rose to 38% from the around one-third in previous years. Fermion's annual water consumption is, however, dependent on which active ingredients are manufactured in the course of the year as well as on their manufacturing processes. Fermion also uses a lot of water for cooling its processes.

In Orion Corporation, which comprises the manufacturing operations of medicines, water consumption remained at the previous year's level, although production volumes increased. In the production of pharmaceutical preparations, considerable amounts of water are consumed in the washing procedures of the production lines. 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 each batch so that no traces of any substances used in the batch remain. The more minor batches are produced, the more washing must be done.

Water is also used by gas scrubbers, the task of which is to capture evaporated solvents and to decrease emissions of organic compounds (VOC). The scrubbers do their work efficiently but with considerable amounts of water. A VOC combustion facility is being built at Orion's site in Espoo, and when completed, it will undertake the job of the gas scrubbers.

In finished products, water is a substance in the composition of liquid solutions, such as cough medicines and injections. Injectable medicines were produced 23% more in 2011 than in 2010.

Orion Diagnostica is also showing increased water consumption. This is direct consequence of the strong growth of the sales and production volumes of the main product, the QuikRead® system for diagnosing infections. A lot of water is consumed in its manufacturing phases.

Biodiversity

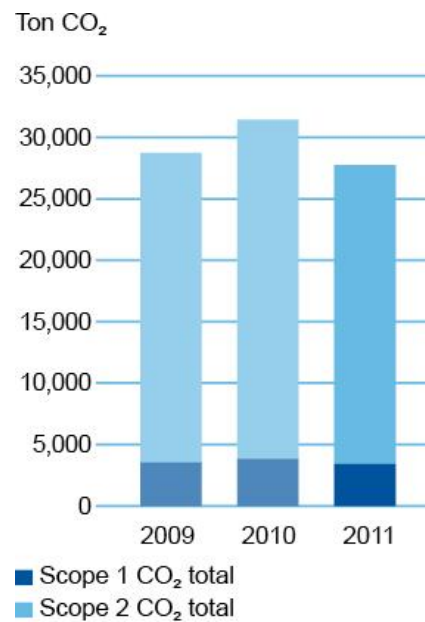
EN11 Land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected area

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

Emissions, effluents and waste

EN16 Total direct and indirect CO₂ emissions

Ton CO ₂	2009	2010	2011
Direct energy	3 513	3 818	3 400
Scope 1 CO ₂ total	3 513	3 818	3 400
Indirect energy	25 190	27 582	24 309
Scope 2 CO ₂ total	25 190	27 582	24 309
Scope 3 CO ₂ total	-	-	-
Direct and indirect CO ₂ emissions total	28 703	31 400	27 709



CO₂ emissions of indirect energy by energy supplier and by type of energy

Ton CO ₂	Type of energy	2009	2010	2011
Energia Myynti Suomi Oy	electricity	-	-	3 637
Fortum	electricity	0	0	-
Ekokem VOC Hanko	steam	5 197	5 801	5 308
Fortum Espoo	district heat	10 212	10 768	7 800
Fortum Hanko	steam	900	76	19
Fortum Oulu	steam	3 021	3 756	2007
Kuopion Energia	district heat	996	964	755
Turku Energia	steam and district heat	4 864	6 218	4 782
CO ₂ emissions of indirect energy total		25 190	27 582	24 309

CO₂ emissions coefficients gCO₂Eq/kWh

Energy supplier	Type of energy	2009	2010	2011
Energia Myynti Suomi Oy	electricity	-	-	52.3
Fortum	electricity	0.0	0.0	0.0
Ekokem VOC Hanko	steam	356.0	317.0	336.0
Fortum Espoo	district heat	290.0	270.0	300.0
Fortum Hanko	steam	300.0	38.0	11.3
Fortum Oulu	steam	282.3	321.0	223.0
Kuopion Energia	district heat	424.0	410.0	387.0
Turku Energia	district heat	310.0	341.4	269.0
Turku Energia	steam	330.0	349.7	353.0

CO₂ emissions have been calculated for direct and indirect energy consumption in Orion's Finnish locations. The CO₂ emissions from direct energy consumption were calculated based on the emission factors of the fuels used in the in-house boilers. The CO₂ emissions from indirect energy consumption were calculated based on emission factors provided by energy suppliers.

Electricity consumption in 2011 was slightly below 70 GWh (indicator EN4). As of the start of 2011, all electricity to Orion's Finnish locations is procured from Energia Myynti Suomi Oy. Until then the supplier was Fortum Oyj, and as the electricity was produced by nuclear power it was practically carbon neutral. Of the electricity consumed by Orion in 2011, about 62% was produced using renewable energy, 18% with fossil fuels and/or peat, and only 20% with nuclear energy. The CO₂ emissions from the total electricity consumption have been calculated for this Report using the coefficient derived from the fossils energy sources.

As reported in indicator EN4, Orion's total energy consumption in 2011 decreased by 14%. Carbon dioxide emissions decreased proportionally less, due to the less favourable new electricity procurement agreement in this respect.

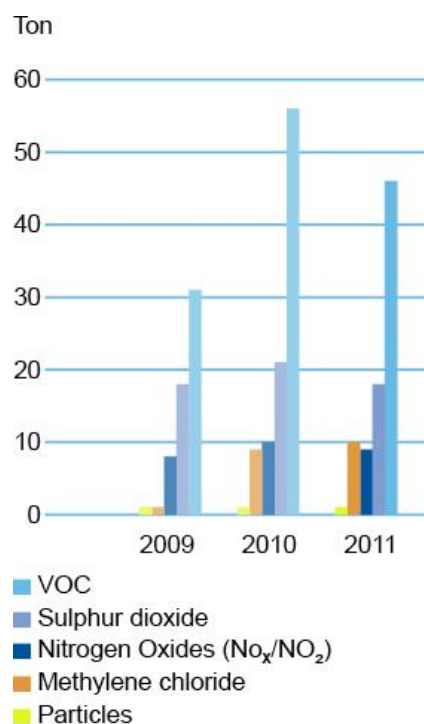
The CO₂ emissions from purchased district heat and steam have clearly decreased.

Most of the CO₂ emissions from direct energy originate from the boiler plant at the Espoo site, which produces steam using heavy fuel oil. The much smaller steam generating facility at the pharmaceutical plant in Kuopio uses light fuel oil.

Fermion's production plants in Hanko and Oulu emitted about 8,425 ton CO₂, accounting for about 35% of the Group total reported for 2011. Fermion's proportion declined by 5 percentage units.

EN20 Emissions to air

Ton	2009	2010	2011
Methylene chloride (DMC)	1	9	10
VOC total	31	56	46
Nitrogen oxides (NO _x /NO ₂)	8	10	9
Sulphur dioxide	18	21	18
Particles	1	1	1



Orion emits comparatively small amounts of harmful substances into the air. Since late 2007, very strict emission limits were set in the local environmental permits for Orion's manufacturing plants. To fulfil these requirements, Orion changed its processes and increased the efficiency of solvent recovery and the treatment of outlet air. Very stringent emission limits apply to dichloromethane (DMC or methylene chloride) and chlorinated hydrocarbons in general. Current environmental permissions require such efficient recovery of methylene chloride that Orion has stopped using it in pharmaceutical manufacturing. Small amounts are still used in laboratories, but no emissions of the substance are released into the air or elsewhere into the environment. The DMC emissions reported in the above table are from Fermion's processes, in which the solvent has not been possible to reject. Its emissions have been brought under efficient control, however.

Sulphur dioxide and nitrogen oxides mainly originate from the boiler facility of the Espoo plants, which uses heavy fuel oil. The lower emissions are in line with the decreased oil consumption.

VOC emissions into air have also fallen dramatically from the high levels of 261 tons and 109 tons in 2007 and 2008. Today, about half of today's VOC emissions come from the Oulu plant of Fermion. About one-third of the total VOC is from ethanol which is used as a solvent in the manufacture of tablet masses and in tablet coating processes at the pharmaceutical plants in Espoo and Turku. Orion has significantly reduced the use of chemical solvents and aims to reduce it even further.

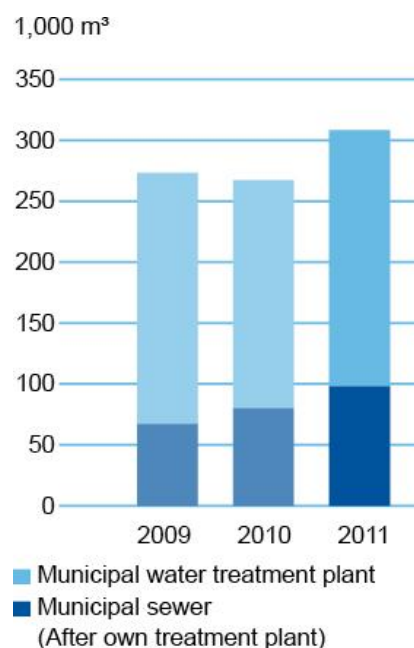
Fermion's challenges include not only methylene chloride but also dimethylformamide and N-methylpyrrolidone, which it has not been able to replace in production as of yet. According to the VOC (volatile organic compound) regulation and the locally granted environmental permits, no more than 15% of the total solvents consumed by Fermion's Oulu plant are allowed to be emitted to the air. The corresponding upper limit for the Hanko plant is as low as 5%. Fermion brought its emissions under efficient control by the help of specialised VOC incineration plants which were taken into use in 2008 both Hanko and Oulu. Thanks to this technology, methylene chloride emissions went down to as low as 1 ton in 2009 from approximately 40 tonnes in 2007. The recent increase in methylene chloride emissions relates to the disturbances which appeared in the VOC facility in Oulu.

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

The experience gained so far at Fermion's plants is so good that an investment in corresponding VOC combustion technology is underway at Orion's Espoo site.

EN21 Total water discharges by way of treatment

1 000 m ³	2009	2010	2011
Municipal sewer (after own treatment plant)	67	80	98
Municipal water treatment plant	206	206	210
Total water discharges	273	286	308



No waste water exits directly to natural waterways from Orion. All waste water from Orion's facilities and plants is led to municipal water treatment plants either directly or following neutralisation. Waste water management has been identified by Orion as one of the priorities for its environmental affairs development. Together with experts in waste water treatment technology, Orion is currently exploring possibilities to block active pharmaceutical ingredients and chemicals used as intermediates and detergents from escaping into the waste waters arising from the washing and cleaning of the manufacturing lines and equipment.

Fermion's 40% share of the Group's total waste water discharges is in line with the water intake of its factories.

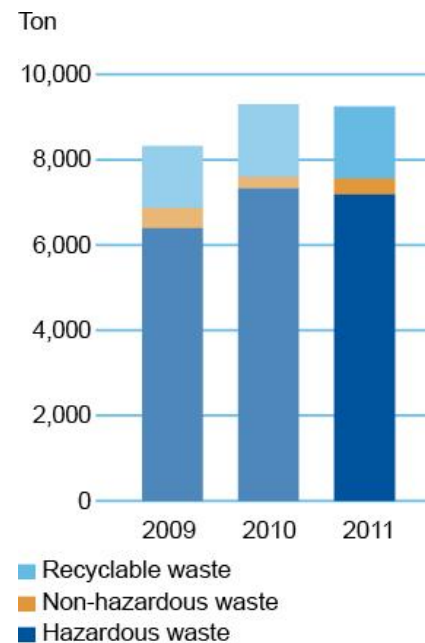
The exiting waters of Fermion’s Hanko plant are first treated in a biological treatment plant from which the treated water is conducted to the sea via the local municipal discharge pipe. Fermion’s waste waters contain high levels of nitrogen, but most of the nitrogenous compounds evaporate as nitrogen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

Solids and substances with biochemical oxygen demand (BOD) or chemical oxygen demand (COD) are removed from Orion’s waste waters in local municipal water treatment plants. Solid levels contained in Orion’s waste waters are low, whereas the BOD and COD values are still unsatisfactory and call for better control. Those reported for the Espoo site have, however, decreased from 2009. The levels of ethanol, a COD increasing substance and escaping through the gas scrubbers of the tablet coating processes to waste waters are monitored and reported by Orion to Finnish water authorities. The small levels of methanol, isopropanol and acetone in the waste waters are also monitored and reported.

Waste

EN22 Waste by disposal method

Ton	2009	2010	2011
Re-use elsewhere	1 211	1 222	1 238
Re-use as energy	246	484	471
Landfill waste	473	271	362
Hazardous waste treatment plant	6 396	7 324	7 179
Waste total	8 327	9 302	9 250



EN22 Waste by type, and

EN24 Hazardous waste

Ton	2009	2010	2011
Recyclable waste	1 457	1 707	1 689
Non-hazardous waste	473	271	382
Hazardous waste	6 396	7 324	7 179
Waste total	8 327	9 302	9 250

The absolute amount of waste generated by Orion in 2011 came just slightly under the preceding year’s total, but observing the increased production outputs, waste decreased distinctly.

The nature of Orion’s manufacturing operations and the composition of its products make most of the generated waste unsuitable or even hazardous for re-use purposes. An annual average of 80% of all waste generated by the Orion Group’s operations in Finland is hazardous, and as much as over 90% of the total hazardous waste arises from Fermion’s processes. All the hazardous waste is treated by Ekokem Oy at its specialised incineration facilities in Riihimäki.

Most of all this waste is used as a source of the district heating energy supplied by Ekokem for the neighbouring Riihimäki region.

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

Waste amounts delivered from Orion for re-use elsewhere were at the previous year's level. An increasing share of that waste consists of biological, the collection of which Orion has improved at all sites. The amounts and share of non-hazardous waste eligible for use as an energy source are also increasing.

The radioactive substances used by Orion Diagnostica in the manufacture of certain diagnostic products generate small amounts of waste which are treated and disposed of according to guidelines received from STUK. The waste is first left to decay and then disposed of as dry waste in landfills or at hazardous waste treatment plants, not because it is radioactive, but because of the chemicals it contains.

New waste legislation entered into force in May 2012 in Finland. A description of the act and its provisions and implications is presented on page www.orion.fi/en22-waste-10 of the Sustainability Report for 2010 (page 48 of the PDF file).

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

In the course of 2011, Orion prepared to introduce an environmental system based on the ISO14001 standard for its pharmaceutical plants in Espoo, Turku and Kuopio, and the work goes on in 2012. In this project, Orion has identified the most important environmental aspects, and in the course of the current year the company will set the development goals as well as the action plans for them. As one of the outcomes already achieved in the project, Orion's management has confirmed an Environmental Policy which expresses the overall intentions and direction related to the entire Orion Group's environmental performance.

In recent years, Orion's main initiatives to mitigate environmental impacts have focused on the reduction of solvent emissions. These have produced good results. Not only have emissions reduced dramatically, but also significant cost savings have been achieved.

Orion has been able to increase sorting of waste as the collection services and further processing have provided purposeful means for this. Consumption of office paper has reduced significantly thanks to increased electronic documentation, more efficient version management and storing of documents. Default settings of printers have been set to economic modes. Use of paper has been reduced notably also following the adoption of a modern research data management system and the transition from paper work to electronic maintenance of regulatory documentation.

The energy efficiency improvement programme underway in Orion is featured under indicator EN4. Its results hitherto are best reflected in Fermion's energy consumption which has decreased as a result of numerous efficiency improvement activities implemented in the all-encompassing operational excellence programme underway in Fermion. The projects concerning Orion's pharmaceutical operations, in Orion Corporation, will be included in the prioritised action plans and related goals that are being established as an elementary part of the environmental system.

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

Compliance

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

There have been no reports of Orion's non-compliance with environmental laws and regulations during the review period.

Transportation

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

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

Fuel consumption and CO₂ emissions of company cars continued to decrease

About 200 employees in Orion's service in Finland have a company car as an employment benefit. In its company car policy, Orion emphasises low emissions, fuel economy and traffic safety.

Orion's company car policy accepts models with CO₂ emissions not exceeding 160 g/km. The average exchange interval is three years, so cars emitting more than the limit exit the fleet when being replaced with a new one. The number of company cars in 2011 as well as the average of 31,000 km driven per car remained at the previous year's level. The carbon dioxide emissions of the fleet continued to decline and the average now came to 154 g/km. The average CO₂ emissions of the new cars purchased in 2011 are 141 g/km.

The company cars consumed 5% less fuel than in 2010. The favourable development was partly consequence of improved fuel economy, but undoubtedly, the *EcoDriving* training courses taken by the company car holders as a compulsory requirement also had an effect.

Since 2009, Orion's company car holders have received training of more economic driving behaviour under the *EcoDriving* concept. The results have become visible immediately and they are so good that all company car holders are required to take the course.

The improved driving habits have positive impacts on safety as well, as featured in the context of the LA7 indicator.

Overall

EN30 Total environmental protection expenditures and investments

EUR 1,000	2009	2010	2011
Environmental investments	1 088	1 063	2 490
Environmental protection expenses	602	762	4 050
Environmental expenditures total	1 690	1 825	6 540

Total environmental protection expenditures and investments by reported organisational unit, in 2011

EUR 1,000	Orion Corporation	Fermion Oy	Orion Diagnostica Oy
Environmental investments	908	1 570	10
Environmental protection expenses	1 370	2 550	130
Environmental expenditures total	2 278	4 120	140

The data reported as environmental protection expenses for years before 2011 are not comparable with the figures for 2011, which now cover more comprehensively and precisely collected cost items relating to waste, wastewaters, emissions to air and energy efficiency. The perspective towards environmental investments is the same as previously, and the figures are comparable.

The direct environmental investments in environmental protection for 2011 consisted of a number of projects for improving energy efficiency, the use and recycling of materials and water and the management of waste and emissions. None of the individual investment projects implemented in the course of the year was particularly large. The largest total environmental investments among the Group's reporting units were those by Fermion, at its plants in Hanko and Oulu.

The greatest items in the environmental expenses relate to waste handling. Hazardous waste is a major cost item in Orion's annual accounts. In 2011, the total costs of hazardous waste were about EUR 3 million, of which Fermion accounted for EUR 2.3 million. An unusually large amount of hazardous waste was delivered from the Turku pharmaceutical plant to Ekokem, due to the fire which occurred in late November in the cellar premises of the plant. Smoke and flue gases found their way into the warehouses and production premises. All materials found to be or suspected to be damaged by smoke as well as the waste generated in the cleaning and clearing of the affected premises and equipment were disposed as hazardous waste.

SO – Social Responsibility

The following performance indicator areas are included under Social Responsibility:

LA – Labour Practices and Decent Work

HR – Human Rights

SO – Society

PR – Product Responsibility



LA – Labour Practices and Decent Work

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

Goals and performance

Orion is Finland's largest pharmaceutical employer and an international work environment for multi-talented people. Towards the end of 2011, Orion employed about 3,425 people, 725 of them working at the Group's overseas offices. Orion offers the chance to work in an international environment and provides varied and challenging career opportunities for experts in different disciplines.

Our success depends on our ability to recruit professional people, develop and train their skills and keep them inspired and committed to our goals and strategies. Orion needs a wide range of

specialists in the fields of natural sciences, business, mathematics, technology, IT and the humanities. A big corporation has need and room for very different types of individuals. We aim to include people from different backgrounds in our work community, because interaction between viewpoints offers fertile ground for innovation.

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

We promote equality and justice throughout the Group by ensuring that every employee has equal opportunities for success and development in their work and that the employees treat one another fairly. These objectives are recorded in Orion's Human Resources Policy, accessible at www.orion.fi/human-resources-policy.

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

Procedures

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

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

Recruitment

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

Equality

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

Personnel empowerment

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

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

Communication

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

Orion utilises modern web-based solutions in internal communication. The corporate-wide intranet offers daily news flow, shared working facilities for project and team specific exchange of information, elaboration of topics and filing of documents. The wide variety of electronic team rooms enable information sharing using Wikipedia-related principles, conversation, different kinds of surveys and blogs, thereby offering a new kind of a channel for collegial networking.

Occupational health and safety

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

Rewarding

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

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

Training and awareness

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

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

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

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

Orion looks after the occupational health of its employees through various activities to ensure, promote and improve every employee's ability to work throughout their working life.

Monitoring and follow-up

For almost ten years, Orion has assessed the working atmosphere annually with a method called *Happy@Work*. A new research approach is currently being pilot tested in parts of the organisation before corporate-wide introduction.

The *Happy@Work* survey has been an important tool for monitoring the workplace atmosphere at both department and Group level, helping us guide the further development of our working community and well-being at work.

In the *360-degree evaluation*, supervisors receive personal feedback from their subordinates, colleagues and their own supervisors. Also representatives of Orion's external partners can be asked to give feedback with a purpose to support the development of strategic partner collaboration.

Employees in expert positions receive *180-degree feedback* from their supervisors and colleagues.

Orion's performance indicators concerning Labour

Employment

LA1 Total workforce

The Orion Group employs over 3,400 people at sites and offices, all but one are located in Europe. The workforce represents many nationalities and cultural backgrounds, but is unified by the common Orion business culture, shared values and operating practices. In the following tables under the LA1 indicator, the breakdowns are presented in amounts representing full-time equivalent numbers of employees, not true headcounts. The figures are calculated with the same accounting principles as those applied in the Group's IFRS financial reporting.

The total number of employees grew by 9%, or by almost 300 in 2011. Over 200 new employees were recruited to the Supply Chain organisation and about 75 ones into the foreign marketing organisations for pharmaceutical products, mainly due to the increased production volumes and expanded operations and product portfolios of the marketing organisations.

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

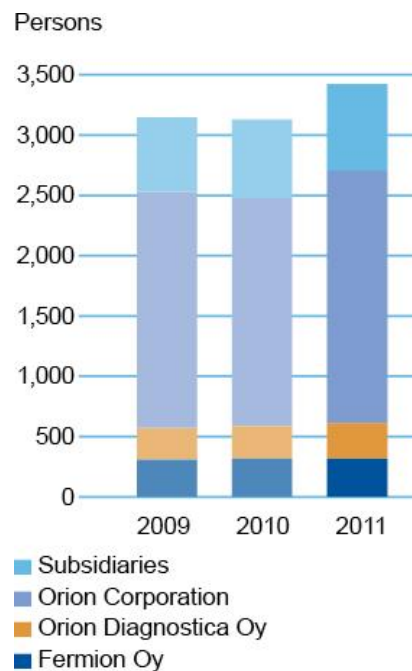
Orion Corporation's personnel mostly consists of employees working in pharmaceutical manufacturing, research and development, marketing, business support functions and in financial administration, corporate functions and management.

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

Employees	2009	2010	2011
Fermion Oy	310	318	318
Orion Diagnostica Oy	261	271	291
Orion Corporation	1 959	1 886	2 096
Subsidiaries	617	656	720
Employees total	3 147	3 131	3 425

Working hours

1,000 h	2009	2010	2011
Actual	3 729.6	3 644.0	3 510.5
Theoretical	4 582.9	4 476.5	4 275.5



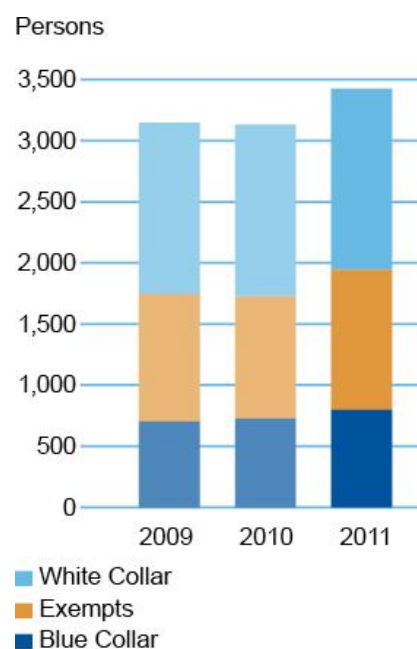
The working hours include those employees whose employment has continued throughout the reported year. Employees having entered or left the company in the course of the year are not included in the figures.

Headcount by employee category

Employees	2009	2010	2011
Blue collar	700	724	798
Exempts	1 043	999	1 145
White collar	1 404	1 408	1 482
Employees total	3 147	3 131	3 425

Breakdown of employees by region

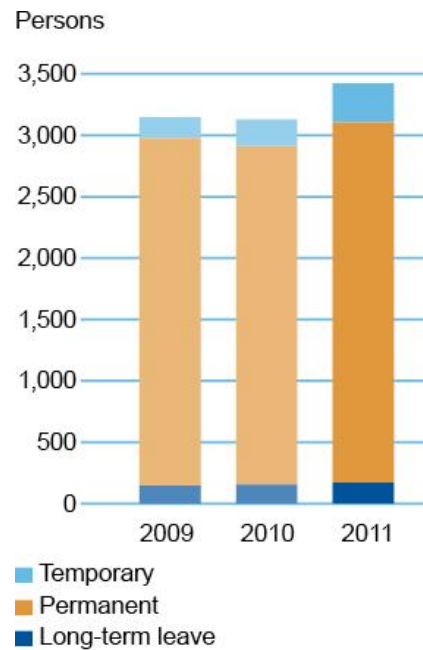
Employees	2009	2010	2011
Finland	2 529	2 475	2 705
Other Nordic countries	131	134	143
Germany	113	118	115
UK and Ireland	64	64	65
Russia	77	73	104
Other countries	233	267	293
Employees total	3 147	3 131	3 425



Approximately 77% of Orion's total workforce in 2011 were office workers. White collars accounted for about 43% of the total workforce. About 33% were exempts, i.e. senior clerical employees, most of which were working as supervisors or experts. Blue collar employees consist of people mainly working in the Supply Chain organisation, in manufacturing, packing and warehousing of pharmaceutical products and diagnostic products at the plants in Espoo, Turku and Kuopio and the API manufacturing plants of Fermion in Hanko and Oulu.

Headcount by type of employment contract

Employees	2009	2010	2011
Long-term leave	148	157	170
Permanent	2 830	2 755	2 937
Temporary	169	219	318
Employees total	3 147	3 131	3 425



The proportion of workforce in temporary employment is showing a slight increase and was 9% in 2011. The new employee data management system enables a more precise and detailed analysis for 2010 and onwards, and the data presented for earlier years is not directly comparable with the two most recent ones.

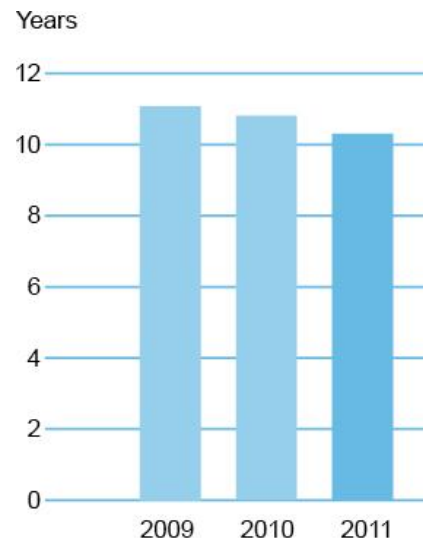
LA2 Employee turnover by employee category

%	2009	2010	2011
Blue collar	2.0%	4.0%	4.6%
White collar and exempts	2.3%	2.6%	2.5%

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

Average duration of employment

Employees	2009	2010	2011
Under 2 years	400	509	770
2-5 years	799	819	769
6-10 years	672	628	590
11-15 years	352	399	488
16-20 years	305	245	210
21-25 years	285	321	341
Over 25 years	313	317	346
Average duration of employment, years	11.1	10.8	10.3



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

Employment durations are typically relatively long at Orion. Of the 2011 personnel in Orion's service, approximately 40 per cent of the employees had been working for the company for at least 10 years. People with a working history longer than 25 years in Orion accounted for about 10% of the total workforce. The average duration of employment was 10.3 years.

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

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

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

UK & Ireland: life insurance for death in service.

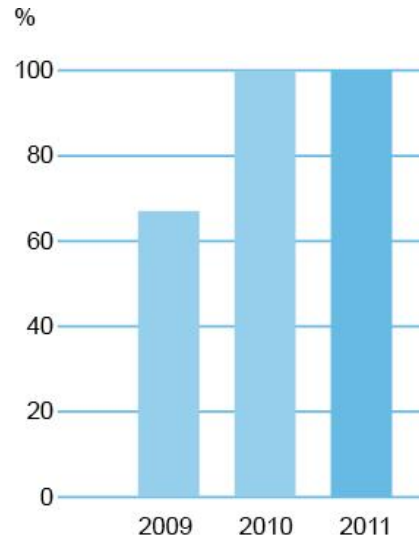
Central Europe: disability/invalidity coverage, maternity/paternity leave, retirement provision, and healthcare insurance.

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

Labour / management relations

LA4 Percentage of employees covered by collective bargaining agreements

%	2009	2010	2011
Blue collar	100	100	100
Exempts *)	0	100	100
White collar	100	100	100
Percentage total	67	100	100



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

*) Until 2010, collective bargaining agreements covered blue collar and white collar employees in Orion’s Finnish locations, a total of 67 per cent of the workforce. For exempts, collective agreements covered only salary increases under a common pay record. The pay record of exempts was expanded in the spring of 2010. In addition to salary increases, it now covers several other conditions, such as more extensive sick pay than that specified in Employment Contracts Act and paid maternity leave.

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

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

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

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

Occupational health and safety

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

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

LA7 Absenteeism

Causes of absenteeism and work time lost due to absenteeism

Work time lost, hours	2010	2011
Paid sick leave	146 635	143 522
Unpaid absence from work due to illness	37 018	42 571
Paid absence from work due to child's illness	16 429	15 752
Unpaid absence from work due to child's illness	79	411
Absence of 3 or more days due to injury at workplace	2 904	2 613
Absence of less than 3 days due to injury at workplace	112	152
Absence due to commuting injuries	2 296	1 032
Total work time lost due to absences	205 473	206 053
Absentee rate due to illness	4.1%	4.4%
Absentee rate, all absences	4.6%	4.8%
Absentee rate due to work place injuries	0.06%	0.06%

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

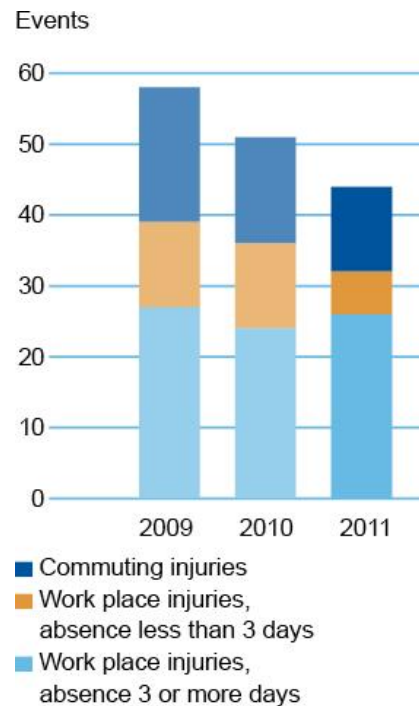
Absentee rate of all absences is calculated as the proportion of total work time lost of total theoretical working hours.

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

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

LA7 Injuries and fatalities

Injuries	2009	2010	2011
Work place injuries causing absence of 3 or more days	27	24	26
Work place injuries causing absence of less than 3 days	12	12	6
Work place injuries total	39	36	32
Commuting injuries	19	15	12
Injuries total	58	51	44
Injury rate	7.8	6.6	7.4
Fatalities	1	0	0



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

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

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

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

The reported absences cover the personnel working in Orion's Finnish locations. Corresponding statistics cannot be collected for the employees in foreign marketing organisations. Sickness-related absenteeism can be reported as of 2010. For earlier years, only absenteeism due to injuries was reported.

The total work hours lost due to illness and injuries in 2011 rose slightly above the previous year's level. The cause of 98% of the total hours lost was illness of either the employee or a child.

Altogether 26 injuries led to absences of three or more days in 2011, two events more than in 2010. The injury rate increased somewhat, but less work time was lost due to injuries. Thus, average absences were shorter.

Orion's injury statistics continued to be good in comparison with the averages of the Responsible Care programme. In 2011, the programme covered 102 chemical companies and 21,000 of their employees worked in Finland. According to the report for 2011 on the RC

program published by the Chemical Industry Federation of Finland in April 2011 at <http://report.chemind.fi/losttimeinjuries>, there were 8.7 (10.8) accidents per million working hours in the companies participating in the programme. Injury rate counted from absences of at least 3 days declined by 2 percentage units. The injury rate of the chemical industry is more than half of the corresponding average of all industries. Injuries led to 987 (1,008) lost work hours per every million working hours.

In the parent company Orion Corporation, comprising pharmaceutical operations in Espoo, Turku and Kuopio, and the corporate head office, incurred 14 injuries that led to an absence of 3 or more days and only 3 events that led to a shorter absence. In Kuopio, only one injury was recorded, and it led to an absence of 3 or more days. Most incidents were mild to moderate and were caused by tripping and slipping as well as scratches and wounds. This year, injuries caused by chemicals and physical strain were not fully avoided.

Fermion had 11 cases that led to an absence of 3 or more days and two events leading to a short absence.

Orion Diagnostica had only 2 injuries at the workplace, one of which led to an absence of 3 or more days, the other one caused a shorter absence.

Only 12 commuting injuries occurred to Orion's employees in 2011 on their way to work or back home, or when travelling on business. Work time lost because of such injuries was less than half of the corresponding total hours lost in the previous year.

No fatal incidents occurred in 2010 and 2011. In 2009, a sales representative of Orion's German marketing organisation lost his life in a traffic accident in Germany.

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

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

Orion's employees are trained in the company's good safety and security practices mainly in work- and task-related training courses and by acquainting themselves with task-specific guidelines. The general guidelines and principles concerning corporate safety and safe working are provided in the Group's Corporate Governance Manual and in the Orion Security Guide. Group-level security instructions are complemented by more detailed function and location specific guidelines. The aspects of safety are also observed in the SOPs (standard operating procedure) defined in detail for tasks and work phases. 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. Orion also emphasises 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.

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

Occupational Safety Card is one of the most visible means of safety development. In 2011, some 70 per cent of the companies in the Responsible Care programme used the card. Orion aims to have all laboratory and production employees trained for the card.

In 2011, the Group organised a total of about 100 training courses focusing on environment, health and safety for about 1,620 participants

Improved driver patience behind the steering wheels

Driving behaviour training initiated by Orion in 2009 for its company car holders has generated excellent results in fuel consumption, but not only that. As economic driving habits go hand in hand with patience and ability to foresee risks, the EcoDriving courses have led to an additional benefit: clearly safer driving behaviour. In 2011, Orion's company car drivers started receiving traffic safety training. Already about 90 persons have completed a course called SafetyDriving where they have gained an understanding of how the multitude of electronic safety systems built in to modern cars, such as the stability control and the emergency brake assistance systems, are designed to function in situations of danger, in order to make them better equipped to manage the car in the best possible way.

Comparatively few traffic accidents have occurred to Orion's company cars and their drivers. Guidance on safe driving habits has played its part in the continued improvement in the statistics for 2011 which show that the number of events and the severity of damage incurred continued to decrease. About 75% of all the events took place in parking areas. Human damage was avoided completely even in this year.

Supporting employees' well-being and health

Orion's entire staff works actively to promote a good working atmosphere and a safe working environment. Orion wants its workplaces to be characterised by good management practices, encouraging colleagues and an atmosphere of confidence, all of which are important elements of well-being.

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

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

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

As of 2011, Orion's occupational healthcare organisation has offered Orion's supervisors and specialists an option to join Aslak rehabilitation arranged by the Finnish social insurance institution Kela. The content of the program is based on solutions and practices that promote health, support management of life and improve overall ability to work and function.

In spring 2011, Orion invited smoking employees to stop smoking, offering them support, encouragement and personal coaching and, if necessary, also nicotine replacement therapy in a

3 month campaign. The opportunity attracted 52 employees, 20 of which succeeded to stop smoking. Regular support combined with medicinal treatment proved to be decisively helpful here. The results were above the national Finnish average. The campaign ended, but those who want to give up smoking can receive assistance from Orion's occupational health organisation as a standard service.

Projects promoting well-being at work

In a project initiated at Orion in 2010, uniform operational patterns have been established for Orion's operations in Finland to promote well-being at work and to enable better management of the risks of disability. The achievement of the goals is monitored by the help of a variety of indicators, such as the responses relating to the topic in employee surveys, as well as by monitoring absences from work due to musculo-skeletal disorders.

The project has generated operational models introduced in 2011 for early support, treatment practices for the occupational healthcare for musculo-skeletal and mental disorders as well as a review of management of ageing employees. Training courses arranged in 2011 for early support were attended by 106 people, mainly supervisors.

In Finland, the development of well-being in the workplace has been adopted as a common mission by all major labour market parties. In March 2011, Chemical Industry Finland, which represents Finnish chemical industry employers, and three labour organisations (TEAM Teollisuusalojen ammattiliitto ry, Ammattiliitto Pro ry and Ylemmät Toimihenkilöt YTN ry) launched a three-year project named Good morning - Good tomorrow! (Hyvää huomenta - Hyvää huomista!) with the purpose of enhancing competence, prolonging working careers, decreasing absences due to illness and increasing productivity at all workplaces representing the chemical industry. Orion contributes to this programme with its own project under the name *Indicators of the effectiveness of measures for improved wellbeing at work*. The purpose of this project is to define the most important factors that promote wellbeing at work, and Group-level indicators for them.

Training and education

LA10 Average of training days per year

Days	2009	2010	2011
Average training days per employee	5.6	5.0	4.4

The data system used by Orion for the follow-up of training arranged for the Group's employees in various forms of learning opportunities does not allow the training performance to be reported in the way suggested for the GRI indicator LA10. For example, it is not possible to provide a specification of training hours by employee categories. Some uncertainty is also included in the figures, as attendance to external courses and seminars has not necessarily been completely reported by the participants into the follow-up system. The figures in the above table have been amended considerably from those shown in the previous year's report.

Thematic breakdown of training days

Days	2009	2010	2011
GxP	0.6	1.2	1.2
Information management	1.3	0.4	0.6
Language and cultural interaction	0.1	0.2	0.3
Management	0.4	0.3	0.2
Health, safety, environment	0.6	0.6	0.5
Other occupational development	1.9	2.0	1.3
Product training	0.7	0.4	0.3

All employees in the Orion Group are entitled to training and development offered and arranged by the company regardless of the type or length of the employment.

As a new tool in the onboarding process of new employees, Orion has recently launched *Orion eOnboarding*, a web-based information source which offers a comprehensive package of information about the Orion Group's strategy, products, operations and functions, organisation and people, operational codes and practices and the business environment. The service is accessible for all Orioners, offering them the chance to update their knowledge and understanding of the company and the working environment.

Systematic management of employees' competence, skills and training

In the pharmaceutical industry, the employees' professional skills are most elementary in securing the quality and safety of the products as well as the regulatory compliance of the manufacturing process.

During 2011, Orion constructed a data system for its supply chain and quality operations for coherent, more systematic and predictable management of the information on the personnel's qualifications and skills than the previous, manually administered method. Better mastering of the competences and training of the large number of employees became necessary as a major part of the drug manufacturing plants' workforce is increasingly working in shifts. The strict regulatory requirements provide that all those employees whose performance directly or indirectly affects the quality or the safety of a medicine shall receive regular GMP (Good Manufacturing Practice) training and that conclusively traceable documentation is available on their competence and the training they receive for upgraded skills as well as their familiarisation with the guidance concerning required operational practices.

In the course of 2012–2013, the competence of about 1,000 Orion employees will be recorded into this new system, including the competence requirements of the wide variety of work assignments. The transition to the new competence administration system involves also adoption of new processes for updating and distributing the standard operating procedure guidelines as well as for competence and training management. Before the launch, the users of this large information system will complete a comprehensive training programme. The system will be validated according to the requirements set for this kind of systems.

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

Orion encourages its employees' professional development and offers various internal training courses as well as training provided by third parties designed specifically for the needs of Orion and its employees.

Competence development is planned based on the Group's strategy and goals to determine the kind of competence needed for successful operations both at short and long term. The strategic focus in training is on leadership, management of partnerships and networking, and business understanding. In the training area of management skills, Orion has paid particular attention to management in change and rearrangement situations. An Orion-specific approach was determined in 2011 for these occasions in collaboration with a number of managers and supervisors having experience from change management.

Horizon is a high-standard leadership training programme designed to enhance Orion's ability to manage change and renewal as well as to strengthen leadership and management competence and business-oriented corporate culture. As part of the programme, strategic project plans supporting business development are delivered by the participants.

The most effort and widest range of training focus on professional development. There is also a tailored training programme for specialists. A permanent focus is on enhancement of supervisory skills. Personal development of leaders and experts is supported by 360 and 180 degrees evaluations. Orion employees are also active in updating their competence in IT and quality assurance.

LA12 Percentage of employees receiving regular performance and career development reviews

%	2009	2010	2011
Blue collar	85	85	85
Exempts	100	100	100
White collar	95	95	95

Performance reviews are conducted as standard in the Orion Group. All supervisors have been instructed to organise personal performance reviews with their subordinates at least once a year.

In 2011 and the two comparative years, approximately 85 per cent of employees had a review session with their supervisors either in a face-to-face discussion or in a collegial group. About 95 per cent of white collar employees discussed their performance with their supervisor.

Almost all exempted staff have a performance review with their supervisors. These sessions 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 system, and agreeing upon new personal targets together with the supervisor.

The methods for conducting performance reviews were revised in 2011 with the aim of further improving the mutual benefits of the discussion. Collaboration and equality of the parties and careful preparation for the session are underlined in the new *Succeeding together* model. The forms and guidelines were clarified and simplified to facilitate fluent and interactive discussion.

Job satisfaction

Results of the efforts placed by Orion on human resources management and supervisory work have been monitored in the past ten years by means of the *Happy@Work* surveys conducted annually with the Finnish Institute of Occupational Health. All Orion employees have been invited to participate in the survey. In the national comparison, Orion's management performance results have been clearly above the Finnish long-term average, and the results show that Orion is one of Finland's top companies in terms of good management.

The annual response rate of the Group-wide *Happy@Work* survey has been very high, around 85–90% over the past 3 years. In 2011, the response rate was 87%.

The contents of the survey were revamped in 2009 to include themes considered important by Orion employees, such as how useful the employees consider performance reviews to be.

The results of Orion's *Happy@Work* survey are consolidated with the national "Better Workplace" index where Orion scored 14.3 in 2011 (14.1 in 2010) against the 13.7 average for Finnish companies both in 2009 and 2010. Once again Orion employees ranked nearly all of the factors higher than the Finnish average.

As of 2012, Orion is adopting a new form of a personnel survey, testing its concept as a pilot in part of the Group's organisation.

Diversity and equal opportunity

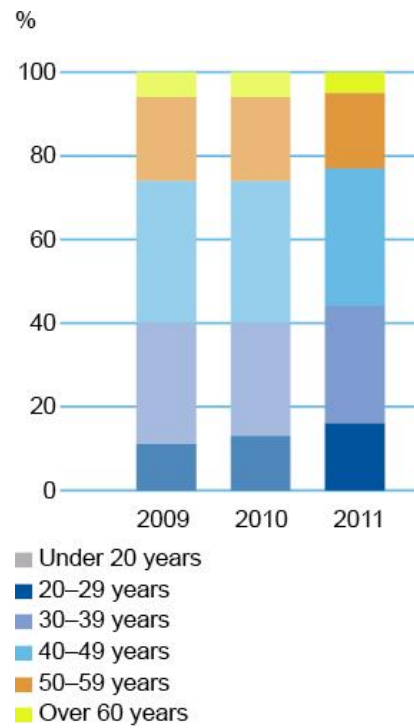
LA13 Breakdown of employees per category according to gender and age

In the course of the two past years, the proportion of 20–29 year-old employees has grown by 5 percentage units. Approximately 77% of all employees are under 50 years of age. About 5% of employees have turned 60 and will reach retirement age in the near future.

Women represent approximately 62% of the total workforce of Orion. The proportion of female employees has declined by 2 percentage units from 2009. In blue collar positions, the proportion of men to women is approximately 50–50. The absolute and relative number of women is the highest among white collar employees, 71%. Among exempted employees, the proportion of women has declined by 2 percentage units to 60%.

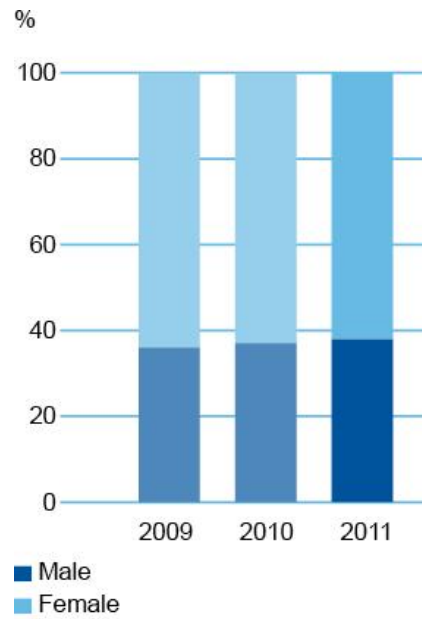
Age structure of employees

%	2009	2010	2011
Under 20 years	0.5	0.6	1
20-29 years	11	13	16
30-39 years	29	28	28
40-49 years	33	33	32
50-59 years	20	20	18
Over 60 years	6	6	5
Total, %	100	100	100



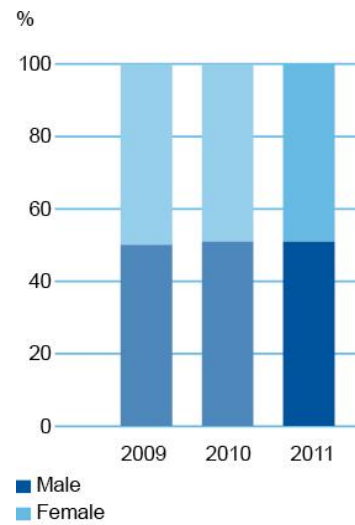
Gender structure, all employees

Employees (%)	2009	2010	2011
Female	1 989 (64 %)	2 028 (63 %)	2 180 (62 %)
Male	1 138 (36 %)	1 210 (37 %)	1 334 (38 %)
Employees total	3 127	3 238	3 514



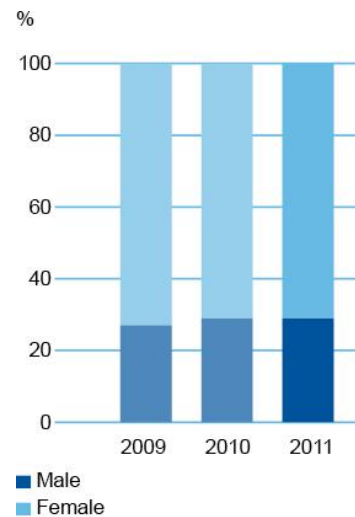
Gender structure, Blue collars

Employees (%)	2009	2010	2011
	364	359	426
Female	(50 %)	(49 %)	(49 %)
	362	381	442
Male	(50 %)	(51 %)	(51 %)
Blue collars total	726	740	868



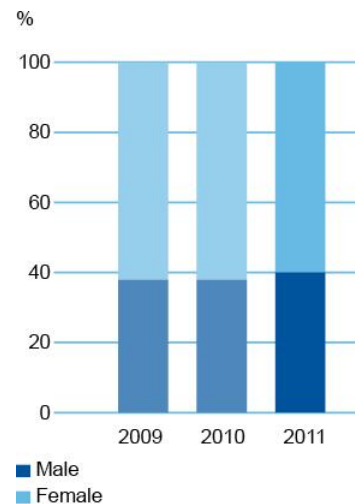
Gender structure, White collars

Employees (%)	2009	2010	2011
	914	1 000	1 062
Female	(73 %)	(71 %)	(71 %)
	341	414	435
Male	(27 %)	(29 %)	(29 %)
White collars total	1 255	1 414	1 497



Gender structure, Exempts

Employees (%)	2009	2010	2011
	711	669	692
Female	(62 %)	(62 %)	(60 %)
	435	415	457
Male	(38 %)	(38 %)	(40 %)
Exempts total	1 146	1 084	1 149



Gender structure by reported organisational unit in 2011

Employees (%)	Orion Group	Orion Corporation	Fermion Oy	Orion Diagnostica Oy	Foreign subsidiaries
Female	2 180 (62 %)	1 436 (66 %)	87 (27 %)	211 (75 %)	446 (62 %)
Male	1 334 (38 %)	750 (34 %)	234 (73 %)	71 (25 %)	279 (38 %)
Total	3 514	2 186	321	282	725

As in previous years, Orion Diagnostica has the highest proportion of women, with 75% of employees being women. One quarter of them work as laboratory technicians.

The number of employees in Fermion is just slightly higher than that of Orion Diagnostica, but here 73% of the total are men. Men dominate the production processes in particular, whereas women work in laboratories and offices.

A clear majority of employees in the production of pharmaceuticals and diagnostic products are women. Common job titles among women working in the supply chain are packer, line operator and laboratory technician.

R&D is another area dominated by women. Close to 20% of all Orion employees work in R&D.

Women are a clear majority in sales operations as well, the gender structure being similar to Group-level averages.

The share of women and men in supervisory positions shows great variations between the reporting units.

Gender structure of managers and supervisors in 2011

	Orion Group		Orion Corporation	Fermion Oy	Orion Diagn. Oy	Foreign subsidiaries
Female	230	46%	153	8	21	48
Male	275	54%	135	48	10	82
Total	505	100%	288	56	31	130

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

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



HR - Human Rights

Management approach of Human Rights (DMA HR)

Goals and performance

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

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

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

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

As a rule, Orion requires that suppliers participating in the company's supply chains fulfil the requirements by Orion for responsible operating practices and principles. When selecting suppliers, Orion is 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, Orion requires the supplier to conform to the ILO norms.

Organisational responsibility

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

Training and awareness

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

Monitoring and follow-up

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

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

Orion's performance indicators of Human Rights

Non-discrimination

HR4 Incidents of discrimination and actions taken

Orion has no record of any violations of the discrimination ban.

Freedom of association and collective bargaining

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

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

Child labour

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

Orion has no operations where the risk of child labour being used is significant. Orion has no record of any situations where child labour or forced or compulsory labour has been used in relation to its operations.

Forced and compulsory labour

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

Orion has no operations where the risk of forced or compulsory labour being used is significant. Orion has no record of situations where forced or compulsory labour has been used in relation to its operations.

Indigenous rights

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

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



SO – Society

Management approach of Society Performance (DMA SO)

Goals and performance

The practices and methods pursued by Orion as regards community relations, social and political relations, restrictions of competition and corruption are derived from the general principles of Orion's Corporate Governance Manual, according to which the operations of the Orion Group are based on compliance with valid laws and regulations issued there under as well as with ethically acceptable operating principles. This is the guiding principle also in the ethical standards determined in the Code of Conduct (www.orion.fi/code-of-conduct) which is to be followed by all Orion units and employees all over the Orion Group.

All community relations are based on open and honest communication, which considers both parties' expectations.

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

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

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

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

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

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

Procedures

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

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

When necessary, Orion's managers approach decision-makers directly. To be able to voice its opinion, the Group considers good and appropriate relations important, in particular with local decision-makers in the regions where the company has operational presence, relevant regulatory authorities and, most importantly, the national and municipal decision-makers and officials preparing decisions affecting the operating conditions of the healthcare industry.

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

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

As a pharmaceutical company, it is natural for Orion to support the work of patient organisations. Here, Orion applies the established industry practices, which have recently become increasingly transparent. As of 2008, Orion publishes on its website an annual summary of its collaboration with patient organisations, at www.orion.fi/patient-organisation-collaboration.

Organisational responsibilities

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

Training and awareness

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

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

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

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

Orion organises various training opportunities for its personnel in areas related to regulatory compliance by means of courses, information sessions and self-learning. members of staff are expected to be pro-active in acquainting themselves with the provisions.

Monitoring and follow-up

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

Orion's indicators of Society performance

Corruption

SO4 Actions taken in response to incidents of corruption

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

Public policy

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

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

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

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

Anti-competitive behaviour

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

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

Compliance

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

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



PR – Product Responsibility

Management approach of Product Responsibility (DMA PR)

Goals and performance

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

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

In its pharmaceutical research and development operations, Orion follows the relevant legislation regulating these activities as well the ethical principles confirmed in the Helsinki Declaration.

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

Procedures

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

Orion purchases the materials, consumables and tools required in product manufacturing from qualified suppliers. Raw materials and packaging materials for pharmaceuticals are inspected before approval to production.

Pharmaceuticals and diagnostic tests are manufactured according to good manufacturing procedures (GMP) and validated processes.

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

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

Orion systematically collects information about the adverse effects of the drugs it markets and continuously assesses their safety profiles and risk/benefit ratios. When required, appropriate action is taken based on this information to ensure safe use of the drug. Documents describing the properties of the drug to healthcare professionals and patients are updated as necessary and in cooperation with the authorities so that those taking or prescribing the drug have access to essential information required for safe use of the drug. In some cases, it may be necessary to withdraw a product from the market, for safety reasons.

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

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

Traceability of products and operations

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

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

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

Product recalls

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

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

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

Organisational responsibilities

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

The organisation which is responsible for the quality of the drugs and diagnostic tests must be independent so as to be qualified to make decisions. The release the product for sale is exclusively subject to Quality Assurance, QA, which is an organisation independent from the company's other functions.

Training and awareness

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

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

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

Monitoring and follow-up

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

For outsourced products and research services, Orion confirms the manufacturers' and contract research organisations' qualifications and regulatory compliance as well as the adequacy of their manufacturing or research facilities with relevant agreements and by doing regular audits.

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

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

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

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

Orion's performance indicators of Product Responsibility

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

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

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

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

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

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

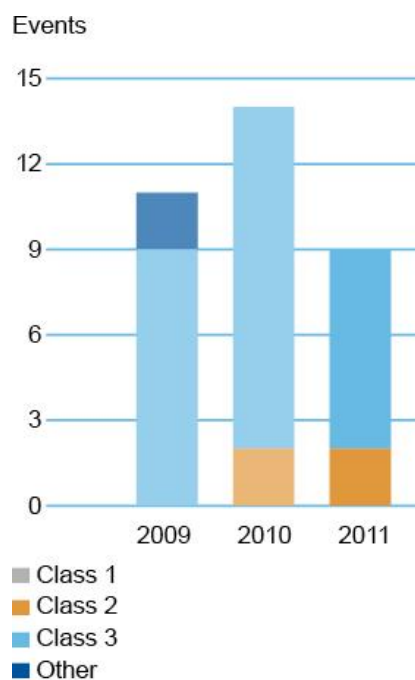
Orion has no record of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of its products and services during their life cycle.

Orion's own objectives and follow-up methods for product responsibility

The units of the Orion Group have determined objectives for the quality levels of their products. Metrics are defined for product withdrawals from the market due to quality defects and critical observations reported by third parties in their audits of Orion's operations. As a standard, Orion wants to show an uncompromised level of quality in its operations and performance. Feedback from customers and consumers is also followed up actively, and it serves as a basis for the monitoring of operations.

PR Product recalls and product defects

Events	2009	2010	2011
Class 1 (critical)	0	0	0
Class 2 (harmful)	0	2	2
Class 3 (minor)	9	12	7
Class 4 (other defect)	2	0	0
Product recalls total	11	14	9



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

Class1 (Critical): product defects that are or may be life-threatening or pose a serious health hazard to users.

Class2 (Harmful): product defects that are or may be harmful to the users or may affect medical treatment, but which are not included in Class 1.

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

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

Orion has not had any Class 1 (Critical) product defect incidents during the years under review. In 2011, one batch of an oral suspension was withdrawn as spoons and product leaflets were found to be missing from some cartons. This case belongs to packaging errors of Class 2 (Harmful). The other Class 2 error event involved a veterinary injection, due to a possibility of the medicine containing foreign particles dissolved from the vial. Four batches of medicinal products and three batches of diagnostic products were withdrawn due to minor product defects of Class 3.

No Class 4 (Other defect) product recalls have been executed in the past two years. Typical causes for such actions are errors in the printed packaging material, deviations from the stability values specified, incorrect expiry dates, incomplete packages and leaking dose bags. In these cases, batches are recalled from wholesalers and pharmacies, but consumers are not invited to return the products.

PR Inspections of operations and sites

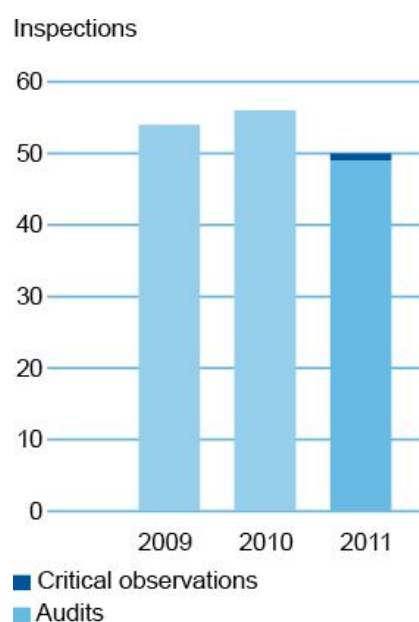
The guiding principles of the quality standards of Orion's entire supply chain are based on full compliance with the EU-regulated good operating practices in manufacturing, laboratories, and R&D, and efficiency and fluency of processes, product safety and consistent quality and high delivery reliability.

The adequacy and regulatory compliance of Orion's operations and facilities for the supply chain and R&D of pharmaceuticals, APIs and diagnostic products are inspected and audited by regulatory authorities, customers, partners and contract manufacturing principals.

By carrying out its own inspections, Orion ensures that external parties involved in its supply chain and R&D also meet these requirements. Orion also follows up and monitors the implementation of actions to correct the defects identified in the audits.

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

Inspections	2009	2010	2011
Inspections total	54	56	49
Critical observations	0	0	1

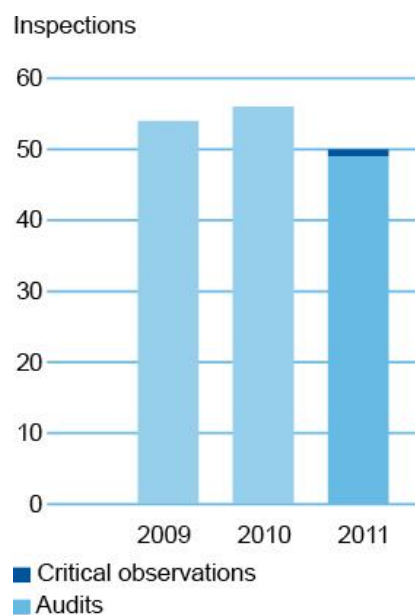


Altogether 49 inspections were made in 2011 at Orion's sites, 8 of which were conducted by healthcare authorities. Three of those inspections were made at the pharmaceutical manufacturing locations. One of those inspections led to a critical observation relating to the management of safety reports of veterinary products. Corrective action was taken by Orion immediately.

Fermion's plants underwent four inspections and Orion Diagnostica's operations underwent one inspection by healthcare authorities. Orion's customers and contract manufacturing principals conducted a total of 31 inspections at Orion. Corrective actions were undertaken immediately to amend the defects observed in these audits.

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

Audits	2009	2010	2011
Audits total	116	157	130
Observations	1	13	1
Rejections	0	0	0



Orion made altogether 130 on-site inspections of its partners' operations and facilities. Only one critical observation was recorded. The case involved shortcomings in the system configuration data of one IT hosting services provider, who has since corrected them.

The audits conducted by Orion have prioritised API manufactures, suppliers of raw materials and materials, contract manufacturers, and organisations providing clinical research services to Orion. Relatively few critical shortcomings have been identified by Orion in these audits because agreements are made with partners meeting strict selection criteria and their regulatory compliance has been ensured in audits conducted by authorities.

Product and service labelling

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

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

Pharmaceutical legislation and regulatory authorities demand that, for products classified as drugs, the pharmaceutical company may only provide information contained in the Summary of Product Characteristics (SPC) and exclusively that. The product information leaflet in the package contains the main facts about the drug and its use in the form approved by authorities. The drug and health authorities maintain national and international drug databases which contain up-to-date information for each product with a valid marketing authorisation. 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 regulatory Product Information confirmed for the basis of the valid marketing authorisation.

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

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

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

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

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

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

Orion monitors customer satisfaction based on monthly market data. Changes in trends indicate changes in customer satisfaction in relation to the competitive situation. In addition to monthly sales statistics, Orion also collects qualitative data for its key accounts by conducting customer and market segment specific surveys, applying their results as guidance for strategic targets and operational development.

Marketing communications

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

Orion is committed to the commonly agreed ethical codes for marketing pharmaceuticals in all the markets covered by the company's operations. In Europe, these are recorded in the *Code of Practice on the Promotion of Medicines* issued by EFPIA, the European Federation of Pharmaceutical Industries Associations. As an EFPIA member company, Orion acknowledges the meaning and purpose of the Code, stated in the [EFPIA Leadership Statement on Ethical Practices](#) in the following words:

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

The member associations of EFPIA have further defined country-specific codes based on the EFPIA Code. Many of the national codes are even stricter than the basic code. So is the case in Finland, for instance. The national codes of ethical marketing are accessible via the EFPIA website at <http://www.efpia.eu/content/default.asp?PageID=296/> (National Codes of Practice for the Promotion of Medicines).

The Codes of Ethics for marketing medicinal products typically include instructions and guidelines for the following:

- pharmaceutical marketing
- good medical representative conduct
- co-operation between the pharmaceutical industry and patient organisations
- health awareness information and other information on health and diseases targeted at consumers

In Finland, the Supervisory Commission for the Marketing of Medicinal Products, operating under the Pharma Industry Finland organisation, a member association of EFPIA, guides and monitors the compliance of Finnish pharma companies with the Finnish code of ethics. The Commission issues fines and penalties on breaches of the code, depending on the severity of the case.

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.

Orion expects all of its employees to adhere to local legislation and marketing codes and guidelines. The purpose of the sales and marketing training and coaching provided to Orion employees is to ensure their familiarity with these practices and full compliance of marketing and sales operations. Training is arranged continuously to ensure sustained competence and compliance.

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

Orion's Medical Affairs organisation at the corporate headquarters in Finland coordinates and monitors all planned marketing communication concerning pharmaceuticals in order to confirm its compliance with national and transnational regulations. For consistency and compliance, Orion works with non-Orion marketers that promote Orion's products under licenses in their agreed market areas. Marketing communications concerning diagnostic products are monitored under separate guidelines.

Collaboration with patient organisations

In the ethical codes, particular instructions and requirements are set for pharmaceutical companies concerning their relationships with patient organisations. For increased transparency in these relationships, the codes require the companies to disclose an annual specification of the forms of collaboration they have had with patient organisations. Orion discloses a Group-wide annual summary of the forms of collaboration with patient organisations comprising every country where Orion has a marketing organisation of its own. This information is presented in the *Sustainability* section on the corporate website, at www.orion.fi/patient-organisation-collaboration.

EFPIA publishes an annual Activity Report on breaches by European pharmaceutical companies of the codes concerning collaboration with patient organisations. The Activity Reports are accessible at <http://www.efpia.org/content/default.asp?PageID=615>.

Part of Bevita sales revenues allocated to support Pink Ribbon

Orion was one of the main sponsors of the Pink Ribbon campaign in Finland in 2010–2011. Four per cent of the annual sales of the Bevita skin care products were donated by Orion to the Fund, which promotes Finnish breast cancer research and awareness. In 2011, the Pink Ribbon Fund received EUR 40,000 from Orion.

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

Orion has no breaches to be reported on incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship.

Customer privacy

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

Orion has no complaints to be reported regarding breaches of customer privacy or losses of customer or research subject data during the reporting period.

Compliance

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

Orion has no events to be reported on non-compliance with laws and regulations concerning the provision and use of products and services during the reporting period.

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