



Remuneration report

2021

For more than a century, Orion has been building well-being by providing effective medical treatments. Our drugs have been used to eliminate national diseases, prevent heart attacks, cure everyday headaches and save lives in intensive care units. We have developed from a shop founded by three pharmacists into an international company that carries out medical research at the top international level. We develop and produce new, unprecedented treatments that can improve the quality of life for people with cancer, central nervous system disorders, asthma or chronic obstructive pulmonary disease, among others. Our self-care products that support well-being help people take care of themselves every day. Orion's products are available in more than 100 countries.



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Introduction

Orion Corporation's ("Orion") remuneration report has been prepared in accordance with the governance code for Finnish listed companies (Corporate Governance Code 2020) by the Securities Markets Association. The report continues the transparency of Orion's remuneration schemes, and is intended to show how its remuneration schemes promote the company's competitiveness, long-term financial success, and the achievement of the company's targets and realization of its strategy. In addition, the goal is to explain how remuneration schemes contribute the favourable development of shareholder value. Long-term financial success also supports the company's systematic work to continuously promote sustainability in line with the strategy.

Orion's remuneration policy, which sets out the principles for the remuneration of Orion's Board of Directors and the President and CEO, has been approved in accordance with the Board of Directors' proposal by Orion's Annual General Meeting in 2020. The remuneration policy shall be presented to shareholders at the AGM at least once every four years for an advisory vote. The Board of Directors evaluates the effectiveness of the remuneration policy and the need for amendments. The next presentation of the remuneration policy to shareholders will take place at the AGM in 2024, unless the Board of Directors makes material changes to the remuneration policy before then and presents the amended policy to the Annual General Meeting for an advisory vote. Remuneration policy's central principle is that the remuneration of the Board of Directors and the President and CEO promotes the achievement of the aforementioned objectives and offers a package that is competitive and the level and structure of which are in line with the market practice. During the financial year 2021, the remuneration of the Board of Directors and the President and CEO was based on this remuneration policy, and there were no deviations. There were no grounds for clawback of remuneration.

Remuneration within the Orion Group aims to encourage good performance and motivate the personnel to long-term work to achieve the company's goals. Remuneration is one of means by which the company strives to ensure the availability of skilled and motivated persons for each position on all levels of the organisation. These principles also apply to the remuneration of the members of the Board of Directors and the President and CEO.

In accordance with Orion's remuneration policy, the remuneration of the President and CEO consists of a monthly salary with fringe benefits, an annual performance-based bonus (STI) and long-term share-based incentive plan (LTI). Furthermore, the President and CEO has a supplementary pension benefit in addition to the statutory pension. In accordance with the remuneration policy, a significant portion of the President and CEO's remuneration consists of variable remuneration components: an annual performance-based bonus and long-term incentive plan. This ensures a strong link between the company's strategy, financial objectives and the President and CEO's remuneration, because the performance objectives for the annual performance-based bonus and the long-term incentive plan are directly connected to the implementation of the company's strategy and its financial success over the short and long terms. The company's development is reflected in the remuneration paid to the President and CEO.

In accordance with Orion's remuneration policy, the Annual General Meeting resolves on the remuneration of the Board members. The recommendation on the remuneration presented in the notice to the Annual General Meeting is prepared by the company's Nomination Committee. Orion's long-standing practice of paying a portion of the Board members' annual fees in the company's B shares contributes to the company's long-term financial success.

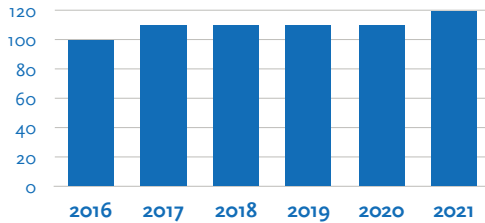
A significant portion of the President and CEO's remuneration consists of variable remuneration components based on the achievement of the objectives set by the Board of Directors for the earning periods of the STI and LTI schemes. The length of the earning period of the STI scheme is always one (1) year and the length of the current earning periods of the LTI scheme in force is three (3) years. Under the LTI scheme, the length of the earning period or the combined length of the earning and restricted period has been three years. The Board of Directors assess and confirms the achievement of the objectives annually, or in case of earning periods longer than a year, at the end of each earning period. Consequently, a significant portion of the President and CEO's remuneration is determined based on the performance during the years preceding the year when the remuneration is paid.

The President and CEO's annual performance-based bonus and long-term share-based incentives are based on Orion Group's financial performance indicators. In 2021, the STI scheme criteria were related to the Orion Group's operating profit and cash flow, as well as personal objectives set by the Board of Directors. Environmental, social and governance (ESG) indicators support the implementation of the strategy and therefore personal objectives of the President and CEO will include a sustainability indicator related to reliable supply of medications from 2022 onwards. Ensuring patient safety is a fundamental value guiding all Orion's activities and a key theme of Orion's Sustainability Agenda. Ensuring reliable supply of medications is central to the company's business and is part of ensuring patient safety.

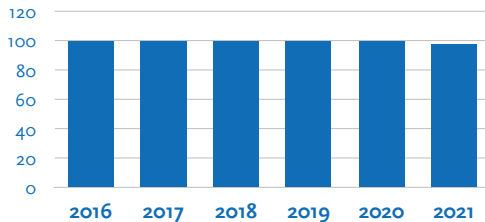
The rewards for the earning periods of the LTI plan, which commenced in 2019, are based on the achievement of targets related to the operating profit and net sales. The rewards for the different earning periods of the LTI plan, which commenced in 2016 and has already ended, were based on the Orion Group's operating profit or the total return on Orion Corporation's B shares. Based on the LTI plan, which commenced in 2016, the last rewards were paid in the financial year 2021. All variable remuneration components paid to the President and CEO have been based on pre-defined performance criteria.

Development of remuneration, presentation of comparison information

Development of the Board of Directors' average remuneration, annual fees, %

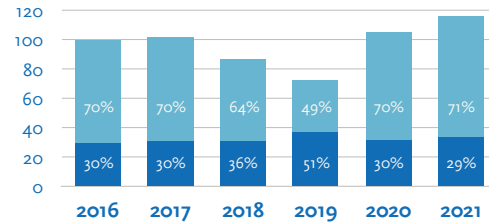


Development of the Board of Directors' average remuneration, meeting fees, %



The development of remuneration is described by comparing figures from 2017–2021 with 2016 (100%).

Development of the President and CEO's remuneration, %

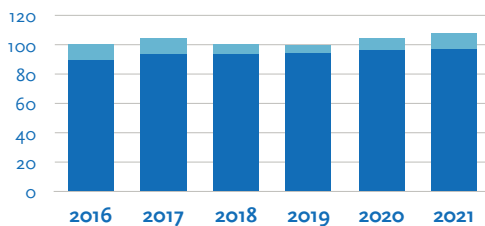


■ Salary (including fringe benefits)
■ Performance-based bonuses

Salaries (including fringe benefits) are fixed and performance-based bonuses are variable remuneration components. The figure above does not include the President and CEO's supplementary pension benefit. The development of the President and CEO's remuneration, including the supplementary pension benefit, is presented in the table 'Development of the Orion Group and remuneration'. The development of remuneration is described by comparing figures from 2017–2021 with 2016 (100%).

In 2019, the President and CEO was paid, as part of the fixed remuneration, an annual service reward (20 years in Orion's service) and a separate reward related to the divestment of Orion Diagnostica, approved by the Board of Directors. The criteria for paying the annual service reward are the same for all employees.

Development of Orion employees' average remuneration, %

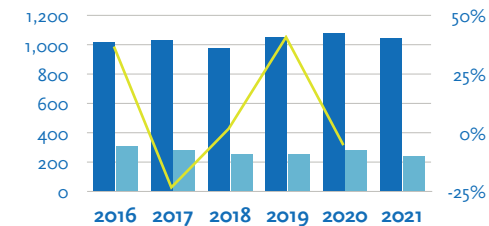


■ Salary (including fringe benefits)
■ Performance-based bonuses

The figures are based on information presented in the consolidated financial statements and have been converted from local currencies into euros using the same exchange rates as in the consolidated financial statements. The information in the table is presented on a cash-flow basis (incl. long-term share-based incentive plans and other performance-based bonuses). The development of Orion employees' average remuneration has been reported without Orion Diagnostica, which was divested in 2018. The development of remuneration is described by comparing figures from 2017–2021 with 2016 (100%).

Orion employees' average remuneration includes the remuneration paid each year: the fixed annual salary with fringe benefits, the performance-based annual bonus and rewards paid based on long-term share-based incentive plans.

Orion Group's financial performance, key figures



■ Net sales, EUR million
■ Operating profit, EUR million
■ Total share return, %

The operating profit and net sales have been reported without Orion Diagnostica, which was divested in 2018. The total share return consists of the change in the share value and the dividends paid during the year. The last reward, based partly on total share return, was paid in 2021.

DEVELOPMENT OF THE ORION GROUP AND REMUNERATION, CHANGE, YEAR-ON-YEAR

	2016	2017	2018	2019	2020	2021
Development of the Orion Group						
Net sales		1%	-5%	8%	3%	-3%
Operating profit		-7%	-11%	0%	11%	-13%
Total share return		-23%	2%	41%	-5%	
Development of remuneration						
The Board of Directors' average remuneration (annual fees)		10%	0%	0%	0%	9%
The Board of Directors' average remuneration (meeting fees)		0%	0%	0%	0%	-2%
The President and CEO's remuneration (excluding the supplementary pension benefit)		1%	-14%	-15%	44%	10%
The President and CEO's remuneration (including the supplementary pension benefit)		8%	-8%	-9%	33%	11%
Orion employees' average remuneration		4%	-3%	-1%	5%	4%
Orion employees' average fixed remuneration (annual salary, including fringe benefits)		3%	1%	1%	2%	2%

Changes in remuneration, net sales and the operating profit (% **year-on-year**). The development of Orion employees' average remuneration, as well as net sales and the operating profit, have been reported without Orion Diagnostica, which was divested in 2018.

The total share return consists of the change in the share value and the dividends paid during the year. The last reward, based partly on total share return, was paid in 2021.

The development of Orion employees' average remuneration is calculated by dividing personnel expenses (including indirect employee costs) by the average number of employees during the year. With regard to the supplementary pension benefit in the development of the President and CEO's remuneration, the advance payment for the supplementary pension benefit has been considered for 2021. Otherwise, the payments made have been considered.

The Board of Directors' remuneration for the previous financial year

The Board of Directors' remuneration is for work carried out within the Board and its committees. In accordance with the decision of the 2021 Annual General Meeting, the Board of Directors annual fees were paid in cash (60%) and in the Orion Corporation B shares (40%). There were no particular rules relating to ownership of the shares received by the members of the Board of Directors as fees. In accordance with the decision of the Annual General Meeting, Orion has in addition paid the transfer tax related to the part of the annual fee of the Board of Directors paid in shares.

REMUNERATION PAID IN 2021 TO THE MEMBERS OF THE BOARD FOR THE FINANCIAL YEAR 2021

	Total annual fee, EUR ¹	Portion of the fee paid in B shares, pcs	Portion of the annual fee paid in shares, EUR	Portion of the annual fee paid in cash, EUR	Meeting fees, EUR	Total, EUR	Committee memberships
Members of the Board on 31 Dec 2021							
Mikael Silvennoinen, Chairman	90,000	982	36,000	54,000	33,000	123,000	Personnel and remuneration (Chair), nomination, R&D
Timo Maasilta, Vice Chairman	55,000	600	21,996	33,004	21,300	76,300	Nomination, R&D
Kari Jussi Aho	45,000	491	18,000	27,000	13,800	58,800	Audit, R&D
Pia Kalsta	45,000	491	18,000	27,000	13,800	58,800	Audit, R&D
Ari Lehtoranta	55,000	600	21,996	33,004	16,200	71,200	Audit (Chair), R&D
Veli-Matti Mattila (from 25 March 2021)	45,000	491	18,000	27,000	10,800	55,800	Personnel and remuneration, R&D
Hilpi Rautelin	55,000	600	21,996	33,004	18,000	73,000	R&D (Chair), personnel and remuneration
Eija Ronkainen	45,000	491	18,000	27,000	13,800	58,800	Audit, R&D
Total Board fees	435,000	4,746	173,988	261,012	140,700	575,700	

¹ Total annual fee consists of a portion paid in shares and a portion paid in cash.

The members of the Board of Directors have not had any other financial benefits from the company, and they are not included in the company's other incentive schemes.

The President and CEO's remuneration for the previous financial year

Fees and the supplementary pension benefit paid to the President and CEO in the 2021 financial year

The salaries, fees, fringe benefits and performance-based bonuses paid to the President and CEO in the financial year 2021 totalled EUR 1,800,401 (EUR 1,634,434 in 2020), of which 71% (70%) consisted of variable remuneration components.

	Fixed remuneration	Variable remuneration				Pension benefits	
	Fixed annual salary (including fringe benefits)	Performance-based annual bonus	Share-based incentive plan: cash portion (inc. also transfer tax)	Share-based incentive plan: share portion	Share-based incentive plan: portion paid in B shares, pcs	Total	Supplementary pension benefit (advance payment for 2021)
President and CEO	524,484	374,792	454,138	446,987	13,106	1,800,401	825,647
Timo Lappalainen	29%	71%				100%	

All figures are in Euros unless otherwise stated.

The remuneration paid to the President and CEO in the 2021 financial year included a fixed annual salary with fringe benefits (car and mobile phone) and an annual performance-based bonus based on the performance during the 2020 financial year. In 2020, the criteria for the STI scheme were related to the Orion Group's operating profit and cash flow, as well as personal objectives set by the Board of Directors. The weighting of the 2020 STI scheme criteria, the earning opportunity and the reward payout:

STI scheme	Performance criteria	Weight %	Performance outcome %	Earning opportunity	Reward payout	Payment year
2020	Operating profit	45%	100%	10 months' salary	9.48 months' salary	2021
	Cash flow	15%	100%			
	Personal objectives	40%	87%			

The annual performance-based bonus of the President and CEO for 2021 was no more than ten (10) months' salary. In 2021, the criteria for the STI scheme were related to the Orion Group's operating profit and cash flow, as well as personal objectives set by the Board of Directors. The weighting of the 2021 STI scheme criteria and the earning opportunity:

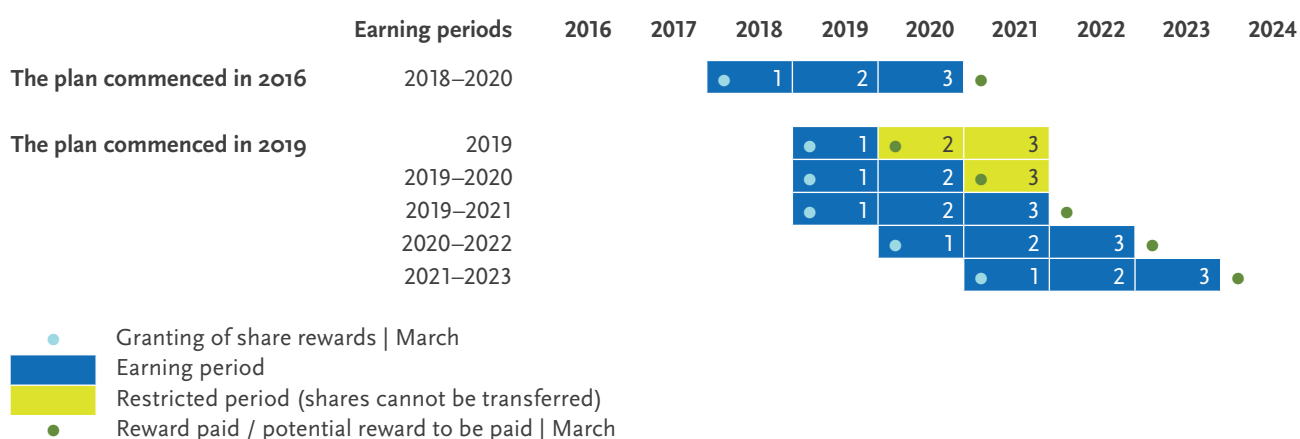
STI scheme	Performance criteria	Weight %	Earning opportunity	Payment year
2021	Operating profit	45%	10 months' salary	2022
	Cash flow	15%		
	Personal objectives	40%		

The rewards paid to the President and CEO based on share-based incentive plans in the 2021 financial year were determined in line with the incentive plans that commenced in 2016 and 2019. For the plan that commenced in 2016, the last earning period paid in 2021 was the calendar years 2018–2020. The earning period does not involve a restricted period. For the plan that commenced in 2019, the earning period paid in 2021 was the calendar years 2019–2020. Shares earned based on this earning period could not be transferred during the restricted period specified in the plan. The restricted period ended on 31 December 2021. Performance-based rewards paid from share-based incentive plans consist of a cash portion and a portion paid in Orion Corporation B shares.

REMUNERATION PAID TO THE PRESIDENT AND CEO BASED ON THE SHARE-BASED INCENTIVE PLANS IN THE FINANCIAL YEAR 2021:

Earning period	Performance criteria	Weight %	Performance outcome %	Earning opportunity	Reward payout
2018–2020	Total return on Orion Corporation’s B shares	100%	57.69%	10,000 Orion Corporation B shares and a cash payment corresponding to the value of the shares	5,769 Orion Corporation B shares and a cash payment corresponding to the value of the shares
2019–2020	Operating profit	70%	68.41%	10,000 Orion Corporation B shares and a cash payment corresponding to the value of the shares	7,337 Orion Corporation B shares and a cash payment corresponding to the value of the shares*
	Net sales	30%	84.92%		

* Shares earned based on this earning period cannot be transferred during the restricted period specified in the plan. The end date of the restricted period was on 31 December 2021.



The earning and restricted periods, both current and the ones ended during the reporting period, of the Group's share-based incentive plan in force (LTI 2019) and share-based incentive plan ended in 2020 (LTI 2016), which the President and CEO belongs to.

PRESIDENT AND CEO'S EARNING OPPORTUNITY BASED ON THE SHARE-BASED INCENTIVE PLAN:

Earning period	Performance criteria	Weight %	Earning opportunity	Payment year
2020–2022	Operating profit	70%	20,000 Orion Corporation B shares and a cash payment corresponding to the value of the shares	2023
	Net sales	30%		
2021–2023	Operating profit	70%	20,000 Orion Corporation B shares and a cash payment corresponding to the value of the shares	2024
	Net sales	30%		

Remuneration to be paid to the President and CEO from a share-based incentive plan can be reduced if the limits set for the Orion Group's long-term incentive payments within a single calendar year are exceeded.

The commitment impact of an LTI plan is based on the fact that the duration of the earning period, or the combined duration of the earning period and restricted period, is always three years. Both one-year and three-year earning periods were used in the 2016 LTI plan, which has already ended. In principle, in the 2019 LTI plan it was switched to only three-year earning periods, however, so that during the transition period a one-year earning period and a two-year earning period, which have already ended, were also used.

The President and CEO's retirement age has been agreed to be 60 years, the target pension level is 60% of the agreed pensionable income. The pension is based on a defined benefit plan. In 2020 insurance payment for the President and CEO's supplementary pension benefit totalled EUR 730,208. The advance payment for the insurance payment in 2021 was EUR 825,647.

The variable remuneration components – the performance-based annual bonus and the rewards paid from share-based incentive plans – represent a significant portion of the remuneration of Orion's President and CEO. In 2021, variable remuneration represented 71% of the total remuneration, and the fixed annual salary represented 29% of the total remuneration.

Orion does not have a deputy CEO in line with chapter 6, section 19, subsection 2 of the Limited Liability Companies Act.

The President and CEO's due remuneration

ANNUAL PERFORMANCE-BASED BONUS (STI) FOR 2021, DUE IN THE FINANCIAL YEAR 2022

Remuneration of the President and CEO's due in the financial year 2022:

- Annual performance-based bonus for 2021: EUR 307,257, to be paid in March 2022

STI scheme	Performance criteria	Weight %	Performance outcome %	Earning opportunity	Reward payout	Payment year
2021	Operating profit	45%	69.00%	10 months' salary	7.32 months' salary	2022
	Cash flow	15%	38.52%			
	Personal objectives	40%	91.00%			

SHARE-BASED INCENTIVE PLAN EARNING PERIOD 2019–2021, DUE IN THE FINANCIAL YEAR 2022

- Within the share-based incentive plan that commenced in 2019: the earning period commenced in 2019 (calendar years 2019–2021), the reward to be paid in shares is a maximum of 5,096 Orion Corporation B shares. These will be transferred on 1 March 2022. The value of the share reward is the volume-weighted average price of Orion Corporation B share on the date of transfer. In addition to the share reward, the President and CEO will receive a cash payment, with the maximum amount corresponding to the value of the shares.

Earning period	Performance criteria	Weight %	Performance outcome %	Earning opportunity	Reward payout	Payment year
2019–2021	Operating profit	70%	52.21%	10,000 Orion Corporation B shares and a cash payment corresponding to the value of the shares	5,096 Orion Corporation B shares and a cash payment corresponding to the value of the shares	2022
	Net sales	30%	48.02%			

The rewards to be paid to the President and CEO from a share-based incentive plans can be reduced if the limits set for the Orion Group's long-term incentives to be paid within a single calendar year are exceeded.

KPMG Oy Ab, Authorised Public Accountants, who served as Orion's auditor for the 2021 financial year, have checked to ensure that the information referred to in requirements of section 3 of the decree has been provided in this report in the manner referred to in Decree 608/2019 of the Ministry of Finance.

Orion's Board of Directors approved this remuneration report on 10 February 2022. The remuneration report for the financial year 2021 will be presented to Orion's Annual General Meeting on 23 March 2022.

Orion Corporation

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