

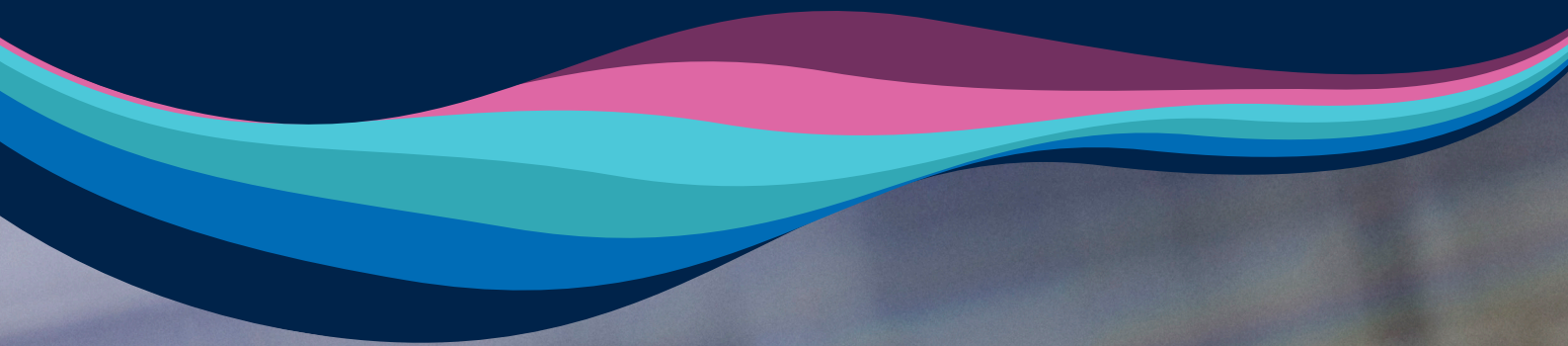


# Corporate Governance Statement 2022





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, neurological 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.





# Corporate Governance Statement

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# 1 General principles

The operations and activities of Orion Corporation and its subsidiaries (the Orion Group) are based on compliance with laws and regulations issued thereunder, as well as with ethically acceptable operating practices. The tasks and duties of the different governance bodies of the Group are determined in accordance with legislation and the corporate governance principles of the Group.

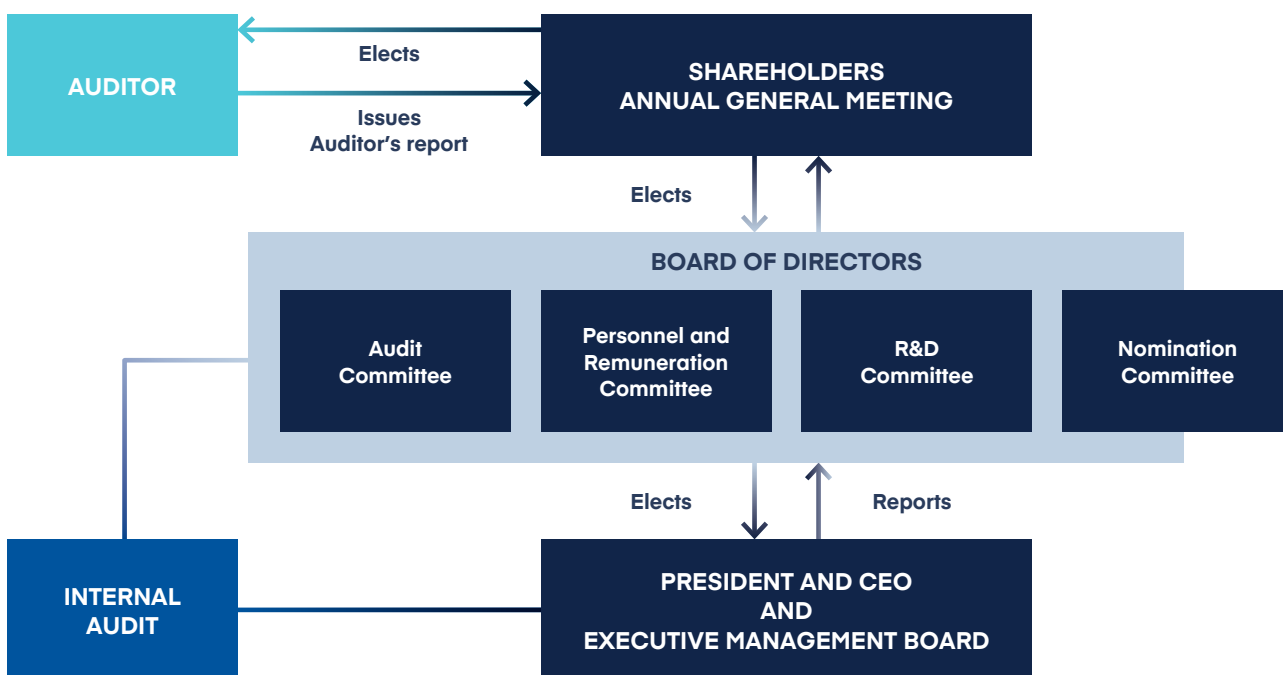
In its governance, Orion Corporation follows the Finnish Corporate Governance Code 2020 for companies listed on Nasdaq Helsinki Ltd. Orion Corporation departs from the Code's recommendation No. 15 concerning the election of members to the Nomination Committee, which can also include persons other than members of the Board. The Company considers the departure justified in view of the Company's ownership structure and the potential for flexibility when preparing for the election of the Board members. In addition, the Company regards that the departure promotes the proper implementation of the Company's governance system in such a way that, i.e., the manner applied to the preparation of the composition of the Board of Directors promotes the interaction between the Board and the largest shareholders and enables the opinions of the shareholders to be observed already when the proposed composition is being prepared. The Board of Directors of Orion Corporation has decided on the departure from the Code when confirming the charter of the Nomination Committee. The essentials of the charter of the Committee and the manner applied to the preparation of the proposal for the Board composition are described later in section 5.3.4.

The Finnish Corporate Governance Code is available on the Securities Market Association's website [www.cgfinland.fi/en](http://www.cgfinland.fi/en).

This Corporate Governance Statement has been presented in connection with the 2022 Financial Statements of the Orion Group as a separate report from the Report by the Board of Directors. The Governance Statement as well as an up-to-date description of the governance are available on the Company's website, at [www.orion.fi/en](http://www.orion.fi/en).

# 2 Management system

The management system of the Orion Group consists of the Group-level functions and Business divisions. In addition, the system includes the organisation of the administration of the legal entities. For the steering and supervision of operations, the Group has a control system for all levels.



The management of the whole Group takes place at the Group level. The following are examples of management of the whole Group at the Group level:

- determination and follow-up of the Group strategy
- the basic organisation and the steering and supervision of the operations of the Business divisions
- the largest investment decisions
- issues concerning the entire parent company and the Group.

The business operations of the Group take place in Business divisions. The different Group-level functions provide services to the Business divisions, each function being responsible for organising its own responsibility area Group-wide.

## 2.1 Group level

### 2.1. Parent company Orion Corporation

The parent company of the Group is Orion Corporation, whose shareholders exercise their decision-making power at a General Meeting of Shareholders in accordance with the Finnish Companies Act and the Articles of Association. The Company is not aware of any agreements between shareholders other than information on the exercise of voting rights notified to the Company mentioned in connection with listing of the Company's largest shareholders.

The list of the largest shareholders is available on the Company's website at [www.orion.fi/en](http://www.orion.fi/en).

#### 2.1.2 Board of Directors of the parent company

The Board of Directors of the parent company comprises at least five (5) and at most eight (8) members elected by a General Meeting of Shareholders. The term of the members of the Board of Directors ends at the end of the Annual General Meeting of Shareholders following the election. The General Meeting of Shareholders elects the Chair of the Board of Directors, and the Board of Directors elects the Vice Chair of the Board of Directors, both for the same term as the other members.

The Board of Directors manages the operations of the Company in accordance with the provisions of the law and the Articles of Association. The Board of Directors of the parent company also functions as the so-called Group Board of Directors. It handles and decides all the most important issues relating to the operations of the whole Group or any units irrespective of whether the issues legally require a decision of the Board of Directors. The Board of Directors may handle any issue relating to a company or unit of the Orion Group if deemed appropriate by the Board of Directors or the President and CEO of the parent company. The Board also makes sure that good corporate governance practices are followed in the Orion Group. The Board's charter includes a list of key matters to be handled by the Board of Directors.

The Board of Directors has an **Audit Committee**, a **Personnel and Remuneration Committee** and an **R&D Committee**. The members and the chairs of the committees are elected by the Board of Directors from among its members in the organising meeting following the election of the Directors. Each committee shall have at least three members and they shall have the expertise and experience required for the duties of the committee. The designated auditor of the Company's auditor also attends the meetings of the Audit Committee. The committees prepare matters belonging to their sphere of responsibility and make proposals on these matters to the Board of Directors.

In addition to the committees composed of Board members, the Company has a **Nomination Committee**, which can also include persons other than members of the Board. The Nomination Committee prepares a recommendation to the Board of Directors for the proposal to the Annual General Meeting of the Shareholders concerning the composition and compensation of the Board. In its recommendation, the Committee observes the recommendations 8 and 10 of the Corporate Governance Code concerning the composition of the Board and the independence of the Directors.

## 2.1.3 President and CEO of the parent company

The President and CEO of the parent company is elected by the Board of Directors. In accordance with the Finnish Companies Act, the President and CEO is in charge of the day-to-day management of the Company in accordance with instructions and orders issued by the Board of Directors. In addition, the President and CEO ensures that the bookkeeping of the Company complies with the law and that its asset management is arranged in a reliable way.

The President and CEO of the parent company manages the Group's business operations through the Business divisions. Accordingly, the executives responsible for the Business divisions report to the President and CEO. The President and CEO carries out the steering and supervision of the operations of the Business divisions with the assistance of the Executive Management Board and the Group-level staff functions.

## 2.1.4 Executive Management Board

The Executive Management Board includes the President and CEO as Chair, and other persons appointed by the Board of Directors of the parent company as members. The Executive Management Board assists the President and CEO in decision-making.

The Executive Management Board handles the most significant issues relating to the operations of the Group and its units, including all issues of the Business divisions or line functions that are referred to be handled by the Board of Directors of the parent company. However, the President and CEO may, where deemed appropriate, decide that an issue shall not be referred to be handled by the Executive Management Board.

## 2.1.5 Staff functions

The Group-level staff functions are part of the management and supervision system, participating in the steering and supervision of the operations of the Group entities in their own operating areas. In this task, the Group-level staff functions assist the President and CEO in the management of the Group.

The staff functions are in charge of, among other things, the following Group-level functions: finance, treasury, investor relations, human resources, legal affairs, intellectual property rights, communications, internal audit, insider administration, corporate responsibility and information management.

## 2.2 Business divisions and line functions

### 2.2.1 Business divisions

The business operations of the Group are organised into Business divisions. Each Business division is managed by an executive, who is responsible for the operations and operative management of the Business division and who reports to the President and CEO.

### 2.2.2 Line functions

The line functions, within their designated areas of responsibility, support all the Business divisions of the Group and provide the services that the Business divisions require. The responsibilities of the line functions include:

- sales and marketing
- global operations
- research and development.

## 2.3 Administration of legal entities

From the point of view of business operations, the Group subsidiaries operate in accordance with the Group's management system. In matters that are not directly subject to any Business division or line function, the subsidiaries operate in accordance with instructions by the President and CEO of the parent company.

### 3 General Meeting of Shareholders

The Annual General Meeting of the Shareholders of Orion Corporation shall be held by the end of May each year on a date decided by the Board of Directors. A shareholder intending to attend a General Meeting of Orion Corporation must be registered as a shareholder in the Company's shareholder register maintained by Euroclear Finland Oy on the record date of the General Meeting, and the shareholder must submit a notice of attendance to the Company no later than on the date specified in the notice to convene, which can be at the earliest ten days prior to the meeting. A notice to convene a General Meeting of the Shareholders of Orion Corporation shall be published in a stock exchange release and on the Company's website no earlier than two months and no later than three weeks prior to the General Meeting, however at least nine days prior to the record date of the General Meeting of Shareholders.

At a General Meeting of Shareholders, a shareholder may vote the number of votes conferred by the shares held on the record date. Each A share of Orion Corporation entitles its holder to twenty (20) votes at General Meetings of Shareholders and each B share one (1) vote. However, a shareholder cannot vote more than 1/20 of the aggregate number of votes from the different share classes represented at the General Meetings of Shareholders.

Decisions at a General Meeting of Shareholders shall be taken through the decision-making process of the Finnish Companies Act and the Articles of Association.

The Annual General Meeting of Shareholders

shall be presented:

- the Financial Statements, including the Consolidated Financial Statements and the Report by the Board of Directors
- the Auditor's Report
- Remuneration report
- Remuneration policy at least every four years and whenever substantial changes are made to it

shall decide on:

- adoption of the Financial Statements and the Consolidated Financial Statements
- use of the profits available according to the Statement of Financial Position
- discharge from liability of the members of the Board of Directors and the President and CEO
- the number of members of the Board of Directors
- the fees payable to the members of the Board of Directors and the auditor

shall elect:

- the members of the Board of Directors, with the person or persons receiving the most votes from the General Meeting of Shareholders being elected
- the Chair of the Board from among the members of the Board of Directors
- the auditor

shall consider:

- other matters separately mentioned in the convening notice.

The decisions of the Annual General Meeting are published in a stock exchange release after the meeting. The meeting documents are kept on the Company's website at least five years from the meeting. The minutes of the meeting are provided in Finnish only and they are made available on the Company's website within two weeks of the meeting.

## 4 Board of Directors

### 4.1 Members of the Board of Directors as of 23 March 2022

	Board of Directors	Born	Education	Main position
Mikael Silvennoinen	Chair	1956	M.Sc. (Econ.)	Executive Chairman of IMS Talent Oy
Hilpi Rautelin	Vice Chair	1961	M.D., Ph.D., Specialist in Clinical Microbiology	Visiting Professor, Karolinska Institutet
Kari Jussi Aho	Member	1960	M.Sc. (Econ. and Bus. Adm.), MBA	Business owner and entrepreneur
Maziar Mike Doustdar	Member	1970	B.A. (Int. Bus.)	Executive Vice President, International Operations of Novo Nordisk
Ari Lehtoranta	Member	1963	M.Sc. (Eng.)	Board professional
Veli-Matti Mattila	Member	1961	M.Sc. (Eng), MBA	CEO of Elisa Corporation
Eija Ronkainen	Member	1966	Licentiate of Medicine, Specialist in Internal Medicine	Specialist in Internal Medicine, Hyvinkää Hospital
Karen Lykke Sørensen	Member	1962	M. Sc. (Eng.), MBA	CEO of Philips Capital, Global

The holdings in Orion Corporation of the members of the Board of Directors are presented in [chapter 12](#) of this Statement. Biographical details of Directors are presented in [chapter 13](#) of this Statement. Information updated afterwards about the Directors is available at [www.orion.fi/en](http://www.orion.fi/en).

### 4.2 Independence of the Board members

All members of the Board of Directors have been evaluated to be independent of the Company and its significant shareholders in the manner described in the Finnish Corporate Governance Code.

### 4.3 Meetings of Board of Directors and Board's right to receive information

A new member of the Board of Directors shall at the start of the term of office be familiarised with the Company structure, strategy, operations and different business areas, and the Group's Corporate Governance.

In 2022, altogether 12 Board meetings were held (15 Board meetings in 2021). The average attendance of the members was 98% (99%). The Board also made decisions on four occasions without holding a meeting.

#### Attendance in Board meetings financial year 2022

Member of the Board	Attendance / no. of meetings	Attendance -%
<b>Board members at 31 December 2022</b>		
Mikael Silvennoinen, Chair	12/12	100
Hilpi Rautelin, Vice Chair	12/12	100
Kari Jussi Aho	12/12	100
Maziar Mike Doustdar (as of 23 March 2022)	9/11	82
Ari Lehtoranta	12/12	100
Veli-Matti Mattila	12/12	100
Eija Ronkainen	12/12	100
Karen Lykke Sørensen (as of 23 March 2022)	11/11	100
<b>Former Board members</b>		
Pia Kalsta (until 23 March 2022)	1/1	100
Timo Maasilta (until 23 March 2022)	1/1	100



The Board of Directors conducted the most recent evaluation of its operations in autumn 2022. In the annual evaluation, the Board of Directors assesses, among other things, the strategic effectiveness and efficiency of the Board's work and the cooperation between the Board of Directors and the President and CEO. The purpose of the evaluation was to identify potential areas for development and to find ways to further develop the strategic effectiveness and the efficiency of the Board's work and the cooperation with the President and CEO. In the evaluation of its operations, the Board also conducts an evaluation of operations of its committees.

## 4.4 Charter of the Board of Directors

The Board of Directors has adopted a written charter containing the rules for:

- constitution of the Board of Directors
- meeting arrangements
- minutes of the meetings
- confidentiality obligations of Board members
- disqualification situations
- the most important matters to be handled by the Board
- communication about the matters handled by the Board
- evaluation of the Board's operations.

The mode of operation of the Board of Directors is described in more detail in section [2.1.2 Board of Directors of the parent company](#).

## 4.5 Principles Concerning Diversity of Board of Directors

Orion regards diversity as an important and natural approach in its operations. The principles concerning the diversity of the Board of Directors are in line with this premise.

In accordance with the Company's Articles of Association, the Board of Directors shall comprise at least five (5) and at most eight (8) members. The term of the members of the Board of Directors shall end at the end of the Annual General Meeting of the Shareholders following the election. The General Meeting of the Shareholders shall elect the Chair of the Board of Directors and the Board of Directors shall elect the Vice Chair of the Board of Directors, both for the same term as the other members.

The Corporate Governance Code for the companies listed on the Nasdaq Helsinki provides that the composition of the board of directors shall reflect the requirements set by the company's operations and development stage. A person elected as a director must have the competence required by the position and the possibility to devote sufficient time to attending the duties. The number of directors and the composition of the board of directors shall be such that they enable the board of directors to see to its duties efficiently. Both genders shall be represented in the board of directors. The Code also provides recommendations concerning the independence of the members of the board of directors and the board committees.

The proposals for the composition and remuneration of the Board of Directors of Orion are prepared by the Company's Nomination Committee, which is a body established and elected by the Board of Directors. Departing from the recommendation of the Corporate Governance Code, the Nomination Committee can also include persons other than members of the Board. Before appointing members to the Committee, the Board shall hear the views of the largest shareholders in the shareholder register by the number of votes about the composition of the Committee. The hearing takes place at a meeting to which the twenty (20) largest registered shareholders by the number of votes shall be invited. The task of the committee is to prepare and present a recommendation to the Board of Directors for the proposal to the Annual General Meeting of shareholders concerning the composition and remuneration of the Board. The Board of Directors independently decides on its proposals to the General Meeting. The composition and remuneration of the Board of Directors are decided by the General Meeting.

When preparing the composition of the Board of Directors of Orion, attention is paid to the afore-mentioned requirements set by the Company's Articles of Association and the Corporate Governance Code, as well as to the requirements set by the Company's operations and the accrued attributes of diversity. Diversity is considered not only from the aspect of gender but also from other attributes promoting the Board's diversity, such as the age structure of the Board, the members' educational and professional background, their experience relevant for the position, and personal characters, for example. When preparing the composition, the way how the members' skills, education and experience complement each other is also assessed. The Company's long-term needs are also taken into account.

The purpose of the diversity principles is to contribute to making sure that the Board's combined competence and experience and the diversity of its composition are sufficiently aligned with Orion's strategic and operational needs. With regard to gender structure, the objective is that both genders are sufficiently represented on the Board.

## 5 Committees of the Board of Directors

### 5.1 Members of the Board Committees

#### Composition of the Board of Directors and Board Committees as of 23 March 2022

	Board of Directors	Audit Committee	Personnel and Remuneration Committee	R&D Committee
Mikael Silvennoinen	Chair		Chair	
Hilpi Rautelin	Vice Chair		Member	Chair
Kari Jussi Aho	Member	Member		Member
Maziar Mike Doustdar	Member		Member	
Ari Lehtoranta	Member	Chair		
Veli-Matti Mattila	Member		Member	Member
Eija Ronkainen	Member	Member		Member
Karen Lykke Sørensen	Member	Member		Member

#### Nomination Committee, appointed on 29 April 2022

Heikki Westerlund	Chair
Annika Ekman	Member
Petteri Karttunen	Member
Timo Maasilta	Member
Hilpi Rautelin	Member
Mikael Silvennoinen	Member

### 5.2 Meetings of the Board Committees

In financial year 2022, the committees had meetings and members attended the meetings as described below.

Member of the committee	Audit Committee	Personnel and Remuneration Committee	R&D Committee	Nomination Committee
<b>Board committee members at 31 December 2022</b>				
Mikael Silvennoinen		5/5		2/2
Hilpi Rautelin		5/5	3/3	2/2
Kari Jussi Aho	4/4		3/3	
Maziar Mike Doustdar (as of 23 March 2022)		2/4		
Ari Lehtoranta	4/4			
Veli-Matti Mattila		5/5	3/3	
Eija Ronkainen	4/4		3/3	
Karen Lykke Sørensen (as of 23 March 2022)	3/3		3/3	
Heikki Westerlund				2/2
Annika Ekman				2/2
Petteri Karttunen				1/2
Timo Maasilta			–	2/2
<b>Former Board committee members</b>				
Pia Kalsta (until 23 March 2022)	1/1		–	
Jukka Ylppö (until 29 April 2022)				–

## 5.3 Charters of the committees

The role of the committees, according to their charters, is limited to making proposals to the Board, without decision-making authority. The Board has confirmed a charter for each committee.

### 5.3.1 Charter of the Audit Committee

According to its charter, the Audit Committee shall comprise at least three members elected by the Board annually for the term of the Board. The members shall have sufficient expertise and experience with respect to the committee's area of responsibility and the mandatory tasks related to auditing, and at least one member shall have expertise in accounting or auditing.

The majority of the members shall be independent of the Company, and at least one member shall be independent of significant shareholders of the Company. The qualifications and the independence of the members are evaluated in accordance with the Corporate Governance Code for Finnish listed companies.

The committee shall meet at least four times per year, and it shall report regularly on its activities to the Board.

The committee concentrates particularly on matters pertaining to financial reporting and control in the Orion Group. Its duties include e.g.:

- monitoring and assessing the financial reporting system
- monitoring and assessing the functioning and efficiency of the Company's internal control, internal audit, and risk management systems
- monitoring and assessing how agreements and other legal acts between the Company and its related parties meet the requirements of ordinary activities and arm's-length terms
- monitoring and evaluating the quality and independence of the auditor's activities and the provision of services other than auditing services by the auditor
- preparing the appointment of the Company's auditor
- monitoring the financial position of the Company
- monitoring the financial reporting process and the risk management process
- evaluating compliance processes concerning laws and regulations.

### 5.3.2 Charter of the Personnel and Remuneration Committee

The Personnel and Remuneration Committee serves as a remuneration committee in accordance with the Corporate Governance Code for Finnish listed companies. According to its charter, the Personnel and Remuneration Committee shall comprise at least three members elected by the Board annually for the term of the Board. The majority of the members of the committee shall be independent of the Company in the manner described in the Corporate Governance Code. The members shall have the expertise and experience required for the duties of the committee.

The committee shall meet at least twice a year, and it shall report regularly to the Board.

The committee shall e.g., prepare and evaluate the remuneration and prepare matters related to the appointment of President and CEO of Orion Corporation and the Executive Management Board of the Orion Group, as well as succession planning. The committee shall prepare also the remuneration principles followed by the Company. The committee is also responsible for evaluating the development of the organization, as well as preparing and evaluating the remuneration principles of other personnel. The committee does not have independent decision-making power, but its role is limited to making proposals to the Board.

### 5.3.3 Charter of the R&D Committee

According to its charter, the R&D Committee shall comprise at least three members elected by the Board annually for the term of the Board. The members shall have the expertise and experience required for the duties of the committee.

The committee shall meet at least twice a year, and it shall report regularly to the Board.

The committee shall analyse, evaluate and present proposals to the Board on matters concerning research and product development at the Orion Group. The Committee presents its evaluation of research and product development activities, material partnering opportunities, and the portfolio situation to the Board.

## 5.3.4 Charter of the Nomination Committee

In addition to the committees composed of Board members, the Company has a Nomination Committee, which, departing from the recommendation of the Corporate Governance Code, can also include persons other than members of the Board. The reasons for departing from the Code are explained in chapter **1 General principles of this Statement**. The majority of the members of the Committee shall be independent of the Company in the manner described in the Finnish Corporate Governance Code. The members shall have the expertise and experience required for the duties of the committee. Neither the President and CEO nor a member of the Executive Management Board of the Company may be a member of the committee.

According to the Nomination Committee's charter, the members and the chair of the committee are appointed by the Board annually. For the appointments, the Board shall hear the views of the largest shareholders in the shareholder register by the number of votes about the composition of the committee. The hearing takes place at a meeting to which the twenty (20) largest registered shareholders by the number of votes shall be invited. Shareholders not entitled to participate in General Meetings based on their shareholdings are, however, disregarded in calculating the largest shareholders. The term of office of the members ends when the Board has elected the next Nomination Committee. The committee shall meet when necessary and regularly report on its work to the Board of Directors.

The duty of the committee is to prepare and present a recommendation to the Board of Directors for a proposal to the Annual General Meeting of shareholders concerning the composition and compensation of the Board. A proposal for remuneration shall be prepared according to the remuneration policy of the Company's governing bodies. The committee shall announce to the Board its proposal to the Annual General Meeting of shareholders concerning the composition and compensation of the Board. The recommendation prepared by the committee shall not be regarded as a proposal by a shareholder to an Annual General Meeting of shareholders. Nor shall the recommendation have any impact on the Board's independent decision-making power or its right to make proposals to Annual General Meetings of shareholders. The committee's other duties include preparing principles for the diversity of the Board and succession planning concerning the members of the Board.

## 6 President and CEO

In 2022, Orion's President and CEO Timo Lappalainen informed the Board of Directors that he will exercise his option to retire at the age of 60. Mr. Lappalainen held the position of Orion's President and CEO until 31 October 2022. Orion Corporation's Board of Directors appointed Dr. Liisa Hurme as President and CEO of Orion Corporation and the Chair of the Executive Management Board of the Orion Group as of 1 November 2022. Liisa Hurme was born in 1967 and holds a Ph.D. in Biochemistry.

The role and responsibilities of the President and CEO are described in more detail in **section 2.1.3** President and CEO of the parent company.

## 7 Executive Management Board

### Composition of the Executive Management Board as on 31 December 2022

Liisa Hurme	President and CEO of Orion Corporation, Chair of Executive Management Board
Satu Ahomäki	Senior Vice President, Commercial Operations
Olli Huotari	Senior Vice President, Corporate Functions
Juhani Kankaanpää (as of 1 November 2022)	Senior Vice President, Global Operations, Fermion
Jari Karlson	Chief Financial Officer, Senior Vice President, Animal Health
Virve Laitinen	Senior Vice President, Specialty Products
Outi Vaarala	Senior Vice President, Research and Development

In 2022, the employees were represented in the Executive Management Board by Jani Korhonen, Development Manager, Clinical Product Development.

The holdings in Orion Corporation of the Executive Management Board are presented in **chapter 12** of this Statement. Biographical details of the Executive Management Board members are presented in **chapter 14**. Information updated afterwards about the Executive Management Board members is available on the company's website at [www.orion.fi/en](http://www.orion.fi/en).

The role and responsibilities of the Executive Management Board are described in more detail in **section 2.1.4 Executive Management Board**.

## 8 Internal control, risk management and internal audit

### 8.1 Internal control of financial reporting

#### 8.1.1 Objectives

At Orion, internal control to ensure the reliability of financial reporting is part of the Group's overall internal control, which aims to ensure that operations are efficient and profitable; operational risks are managed adequately; laws, regulations and the Articles of Association are complied with; and information is reliable.

The purpose of the internal control of financial reporting is to ensure to a sufficient degree that financial reporting is accurate, in addition to ensuring compliance with internal guidelines and with laws and other regulations.

#### 8.1.2 Control environment

In accordance with the Finnish Companies Act, Orion's Board of Directors is responsible for the appropriate organisation of the control over accounting and asset management. The President and CEO is responsible for ensuring the lawfulness of accounting and the reliable organisation of asset management.

The Group's business operations take place in Business divisions.

The various Group-level functions provide the Business divisions with the services they need, and each function is responsible for organising operations in its own area of responsibility across the Group.

Line functions, within their designated areas of responsibility, support all the Business divisions of the Group and provide the services that the Business divisions require. Line functions are responsible, for example, for the following operations: sales and marketing (Global Sales), the supply chain, and R&D.

The Group level Corporate Functions are part of the management and supervision system participating in the steering and supervision of the operations of the Group entities in their own operating areas. In this task, the Corporate Functions assist the President and CEO in the management of the Group. At the Group level, the Corporate Functions are responsible, for example, for the following functions: Financial Administration and Treasury, Investor Relations, HR, Legal Affairs, Intellectual Property Rights, Communications, Insider Management, Corporate Responsibility and Information Management. The Group's internal audit is organised as an outsourced service that reports to the Board's Audit Committee.

The Business divisions, functions and Financial Administration are responsible for ensuring that controls related to financial reporting have been defined and are effective and up to date. The Financial Administration professionals who are responsible for financial reporting at Orion, as well as the professionals responsible for the business processes, play a key role in developing internal control and reporting practices. In certain areas of operation, responsibility for control and supervision is centralised in the Group's financial function.

Orion's values and management system, including its Code of Conduct, lay the foundation for the control environment related to financial reporting. The President and CEO and the company's other executive management are responsible for highlighting the importance of ethical principles and accurate financial reporting. The organisational structure and the allocation of resources have been designed to ensure the effective control of financial reporting and the diversification of duties.

#### 8.1.3 Risk assessment

A precondition for risk assessment is that the organisation's objectives have been defined. Reliability is the general objective of financial reporting. This means that business transactions are recorded and reported in accordance with the accounting rules. Assessed risks have been taken into account in the control environment.

Risk assessment also includes the assessment of risks related to misconduct.



## 8.1.4 Control activities

Control activities are guidelines and procedures to ensure sufficient certainty of achieving the organisation's objectives, as well as seeking to ensure, through compliance with the guidelines and procedures, that key measures determined by the company's management in terms of risk management are implemented effectively.

Orion's control environment for financial reporting includes Financial Administration procedures, process descriptions and guidelines; information system controls; and regular analysis of the financial result, financial situation and cash flow. The purpose of controls is to ensure accurate reporting and accounting and to protect against the assessed risks.

Other policies and guidelines related to risks and processes are documented as part of Orion's management system.

## 8.1.5 Communications

The Company's communications support ensuring the accuracy and reliability of its financial reporting. Orion's employees have access to all principles and guidelines that are significant in terms of financial reporting.

The Group's Financial Administration and controller function are responsible for ensuring that all parts of the Group comply with its common accounting principles and its common practices for forecasting and reporting. They are also responsible for communicating these matters in the Group's various units. Orion's controller network holds regular meetings and organises training to ensure competence.

The Group's centralised Financial Administration regularly prepares reports for the management on its operational performance. These are supplemented by analyses prepared by the controllers and by their comments on the level of performance. The Group's Executive Management Board is provided with monthly financial reports. Financial reports related to interim and annual financial statements are discussed at the Audit Committee's meetings and, subsequently, by the Board of Directors.

## 8.1.6 Monitoring

The effectiveness of controls is monitored regularly as part of management to ensure that initially effective controls do not become ineffective due to changes in the operating environment. Controls are also updated in accordance with changes in processes, information technology systems and personnel.

The Board of Directors and the Audit Committee regularly monitor the company's financial result and performance. This also includes monitoring whether the company has a sufficient number of processes in place to assess risks and the effectiveness of controls in terms of financial reporting at all organisational levels. The Audit Committee controls the company's finances, financial reporting, risk assessment and internal audit as part of corporate governance. Any shortcomings in internal control are communicated in a timely manner to the parties responsible for corrective measures and to the management and the Board of Directors, if necessary.

The internal audit function evaluates the internal control of financial reporting processes and the related processes and procedures as part of business process audits.

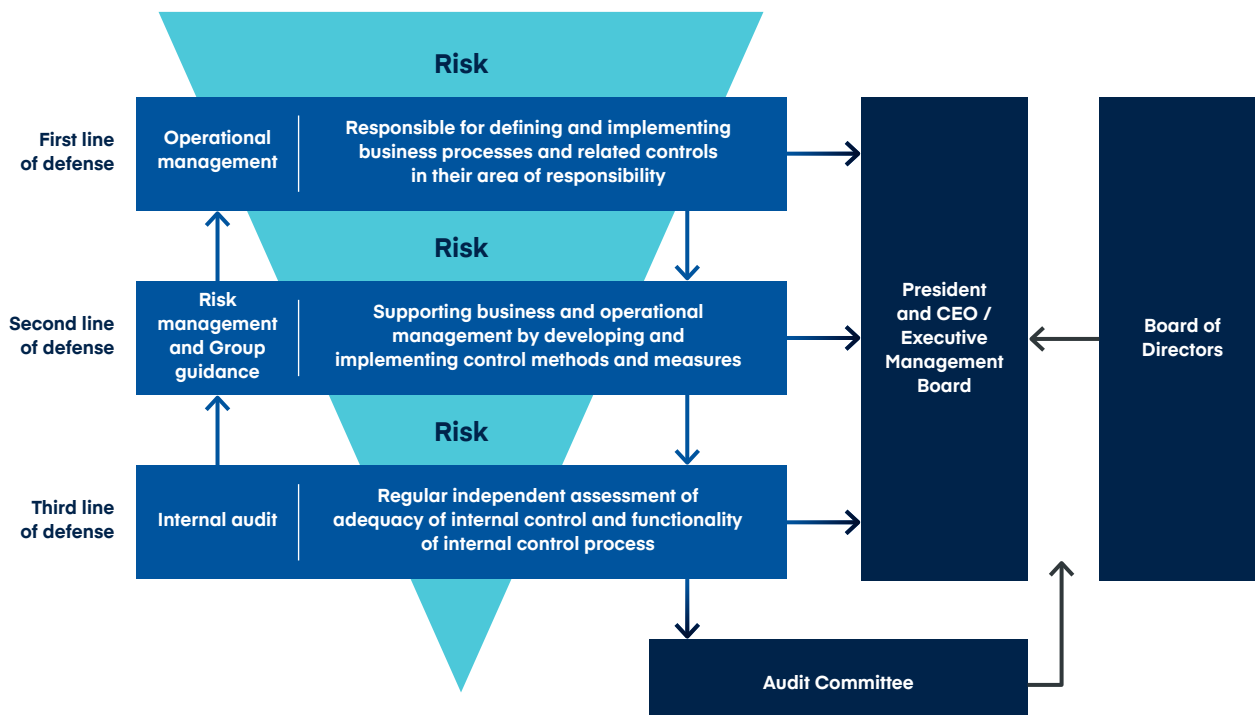
## 8.2 Risk management in the Orion Group

### 8.2.1 Purpose and operating model of risk management

The primary purpose of risk management is to identify, measure and manage the risks that may threaten the Company's operations and the achievement of the set goals by using the available resources.

Risk management is an integral part of the day-to-day management processes and the Corporate Governance of the Orion Group. It relates to the Company's responsibility structures and principles of operational control. Risk management complies with the principles of good governance and the recommendations and regulations issued to listed companies.

The practical implementation, development and follow-up of the risk management process is based on the model of the three lines of defense. Roles and responsibilities are broken down by line of defense as follows:



## 8.2.2 Principles of risk management

Risks are defined as factors that threaten the achievement of the set goals. Risks are measured according to their impact and the probability of them occurring. Risk management is a continuous process and is part of the Company's strategy process, operational planning, day-to-day decision-making and monitoring of operations. Risk management is also part of the internal control system.

In their operations, Orion Group's business divisions and functions carry out calculated risk-taking and the decisions are based on careful evaluation and consideration, for example regarding risk-taking and related returns.

The purpose of risk management is to systematically identify and evaluate risks and to manage them cost-effectively, thus:

- ensure that identified risks affecting personnel, customers, products, reputation, property, intellectual property and Company performance are managed as governed by the law and otherwise justified by the Company's best knowledge and financial circumstances
- meet stakeholder expectations (owners, customers, personnel, partners and society)
- ensure business continuity.

Risk management is based on the Orion Group's strategies and financial objectives. The aim is to identify, analyse and evaluate the risks threatening the implementation of the Company's strategy and achieving its objectives. Identified risks are responded so that the Company can be hedged against losses or opportunities related to potential risks can be utilized.

## 8.2.3 Classification of risks

The risk may be an internal or external event that jeopardized the Company's ability to meet its stated goals. Risks are divided into the following main groups, which can be divided into subgroups, if necessary:

1. Strategic risks
2. Operational risks
3. Financial risks
4. Compliance risks.

### 8.2.3.1 Strategic risks

The scope of strategic risks includes the thoroughness of the Company's corporate governance and reporting principles. In line with the Corporate Governance Code, the Orion Group's explicit corporate governance code inspires public trust in the Orion Group and its management. The trust is based on transparently published fundamental characteristics and principles of the system, as well as clear definitions of the responsibilities, rights, obligations and reporting relationships of the persons involved. In addition, the Company enhances the confidence of its stakeholders, such as people affected by its operations, capital markets and its shareholders, by providing open, truthful and consistent information about events, the Company's operations and financial status in a timely manner.

#### 8.2.3.1.1 Long-term business development risks

Development of new pharmaceuticals involves considerable risks because of the long time spans required by the development work and the inherent uncertainties related to the final outcome, i.e. whether the product can ever be launched in the markets. This strategic risk is managed by the following means:

- The Group includes business units that focus on areas of health care other than the development of its own proprietary products. These units that balance the Group's operations include generic drugs, veterinary medicines and Fermion.
- The pharmaceutical product range is to be kept sufficiently broad.
- Product development and marketing risks are shared by working in close co-operation with partners.

Proprietary drugs account for a significant proportion of the Group's net sales and earnings. Orion engages in intensive research with the aim of introducing its own new proprietary drugs in markets worldwide. However, the Group cannot guarantee that new products can be introduced in the markets in accordance with expectations. Furthermore, changes can occur in the co-operation with partners, for example due to corporate actions.

#### 8.2.3.1.2 Research and development risks

The development of proprietary drugs involves many uncertainties. Typically, only about one in ten research projects that reach the clinical phase is launched in the markets. The main reasons for discontinuing a development project relate to the efficacy and safety of the drug candidate, but also to its health economic added value in comparison with comparable treatments. This is why the pharmacological properties of drugs under development, such as their efficacy and safety, and their health economic benefits, are delineated through phased research. Clinical trials involving human subjects can only be conducted with the approval of regulatory drug authorities and ethical committees.

The pharmacology and safety of a drug candidate are extensively studied using preclinical laboratory models and by monitoring tolerability and adverse effects throughout the clinical trials.

In major research projects, Orion's Board of Directors takes the decision on whether to progress from one research phase to the next. In minor research projects, the decision is taken by the executive management. The decisions are always based on a comprehensive analysis of the accumulated research results and the current market situation. For the marketing authorisation application and the summary of product characteristics (SPC), each research phase and its results are carefully documented for regulatory approval. In accordance with statutory requirements, the drug's adverse effects continue to be monitored even after product has been launched.

The financial risks increase as research projects progress to clinical trials in humans. The most expensive phase is the last, Phase III clinical trials, which are multinational and involve hundreds or thousands of patients. Double-blind studies are used to ensure as reliable as possible evidence of the efficacy and safety of the drug. This is why Orion generally shares the high financial risks of Phase III trials by conducting them jointly with another pharmaceutical company that will also be a marketing partner for the drug. Collaboration with external parties also in earlier research phases is, however, an essential part of managing risks. The Company aims to find ways of keeping the number of research projects high enough by sharing their costs, risks and possible earnings with partners.

#### 8.2.3.1.3 Risks relating to generic competition

A characteristic feature of the pharmaceutical industry is that manufacturers of generic drugs seek to launch into a market at the earliest possible stage their own versions of drugs, which are generally cheaper than the originator company's products. This can be done by, for example, trying to use the courts to invalidate the originator company's patents or other intellectual property rights well before they are due to expire. These actions can result in high litigation and other expenses for an originator company, and may lead to significant losses of sales.

In developing its products, Orion endeavours to protect them as well and extensively as possible, whilst defending its product rights effectively by itself and together with its marketing partners.

#### **8.2.3.1.4 Downward pressure on pharmaceutical prices**

In addition to normal price competition, there are many other factors putting downward pressure on the prices of pharmaceuticals, mainly due to decisions by authorities as governments seek to curb the rise in national drug costs. They include generic substitution and reimbursement systems based on reference prices, changes in regulations concerning them, and cuts in drug prices and reimbursement. Parallel imports in the EU area are also decreasing prices.

Orion is responding to these challenges by maintaining a sufficiently diverse product range, continuously enhancing cost-effectiveness and allocating its development and sales resources appropriately.

### **8.2.3.2 Operational risks**

#### **8.2.3.2.1 Sales and business risks**

Market-specific operational models are necessarily applied to sales of pharmaceuticals. The traditional way of maintaining an extensive network of sales representatives requires substantial fixed costs. Orion's business operations in Europe are based on its own sales network, and sales elsewhere in the world mainly through partners. During 2022, Orion continued its geographic expansion to two new markets in Southeast Asia and Pacific region, Australia and New Zealand.

This structure is intended to optimise available resources and risk-bearing capacity, in view of the input required for worldwide marketing of own new proprietary products. In some markets, certain product categories are only sold to insurance companies or hospital procurement organisations, based on bidding.

Where Orion has its own sales organisation, a positive development of sales is required to maintain the profitability. This generally requires a broad enough product range.

Orion constantly monitors and acts responsibly in accordance with ethical marketing regulations and practices in different countries. Their obligations are incorporated into internal guidelines and regular training is provided to sales representatives.

#### **8.2.3.2.2 Risks associated with pharmaceutical production**

The manufacturing of pharmaceutical products is subject to regular inspections by the authorities. Pharmaceutical products must be safe, efficacious and compliant with all quality requirements. To comply with statutory requirements, in pharmaceutical production close attention must be paid to various safety and quality risks.

Adequate quality of pharmaceuticals is ensured through systematic, comprehensive management of operations covering all factors with direct and indirect impact on the quality of the drugs. The operations are managed by comprehensive instructions and adequate control of materials and products before and after production.

Orion's broad product range and wide supplier network may cause risks to the delivery reliability. Authorities and key customers in different countries undertake regular and detailed inspections and audits of Orion's manufacturing sites. Should some inspection or audit outcome lead to significant corrective actions it may at least temporarily have effects that decrease delivery reliability and increase costs. This risk is, however, mitigated by continuous improvement and regular audit program by Orion. Orion's product range also contains products manufactured by other pharmaceutical companies and products that Orion manufactures on its own but for which other companies deliver active pharmaceutical or other ingredients. Possible problems related to the delivery reliability or quality of the products of those manufacturers may cause a risk to Orion's delivery reliability. Also the single channel system for the distribution of pharmaceuticals, which is in use in Finland, in which Orion's products are supplied to customers through a single wholesaler, may also pose risks for the reliability of supply.

#### **8.2.3.2.3 Legal, intellectual property rights and regulatory risks**

The pharmaceutical sector is subject to some special regulations and close regulatory control by authorities. Pharmaceutical manufacture, distribution and research require licences from authorities. The pharmaceutical sector is also overseen by the competition authorities. Orion has clear policies and principles for its operations that ensure compliance with these regulations.

Intellectual property rights are inherently of crucial importance to the pharmaceutical sector. To protect Orion's position, the patent situations of its products available for sale and in the pipeline are continuously monitored worldwide. This is done to ensure the rights to products developed by Orion can be defended and to prevent Orion itself from infringing patents or other intellectual property rights of others.

Patent protection is nevertheless of limited duration, and the expiry of patent protection on an important product can have a negative impact on the Orion Group's operations, financial position or operating results. Nor does Orion have guarantees that patent protection will be obtained for new products in the pipeline to the desired extent or that the authorities will grant the marketing authorisations required for the products.

#### **8.2.3.2.4 Product liability risks**

As explained in the description of research and development risks above, the launch of a new proprietary drug in the market is preceded by extensive phased research that delineate the drug's pharmacological properties, such as its efficacy and safety. Marketing authorisation issued by drug authorities is required to start sales and marketing of a drug.

The adverse effects of a drug are monitored as required by the authorities even after the launch of the product. Through the trials and pharmaceutical production methods described above as well as based on safety reports received from the market, Orion strives to ensure that its products have no such unreasonable risks for patients in relation to the benefits of the drugs that might lead to liability or withdrawal of a product from the market.

To cover for the financial impact of product liability risk, the Orion Group's products and operations are insured through operational and product liability insurances that also covers clinical studies. The purpose of the insurance is to provide cover for any liability for damages on the part of the policyholder. As is customary in insurance terms, this protection is limited as regards potential payout, for example. Certain products and active pharmaceutical ingredients are also excluded from the cover, some of which are included in Orion's operations. Nevertheless, they are not estimated to increase Orion's product liability risk materially.

#### **8.2.3.2.5 Risks of damage**

In addition to statutory insurance, Orion has property, business interruption and liability insurance to cover such risks of damage as are deemed to be material and limitable through insurance.

#### **8.2.3.2.6 Corporate safety risks**

Orion's Corporate Governance Manual includes the Group's corporate safety guidelines. The objective of the Group's corporate safety policy is to ensure the uninterrupted continuation of operations, the safety of people, the protection of property and the environment against damage, and the adequacy of the measures relating to data protection and information security. The corporate safety guidelines set out the principles for corporate safety activities, and also cover guidelines for crisis management. In addition to guidelines, the data protection policy includes the objectives, key principles and responsibilities for data protection. The information security policy includes the objectives, key principles and responsibilities for information security.

Information is an essential part of Orion's immaterial capital. For collecting, handling, storage and transmitting data, Orion uses efficient, safe and reliably functioning information systems that, for their part, secure the performance and the continuity of the Group's operations. With compliant information systems, Orion also manages its pharmaceuticals business-specific obligations to secure the availability of its medicinal products, pharmacovigilance, and the reliability of drug related information.

The information or cyber security risk materialises if the information or the information system is not at the right persons' disposal, the information has unintentionally or maliciously changed or ended up in the possession of outsiders. Orion manages the risks concerning information and information management systems and information and cyber security by means of regular risk assessments, protection of operational premises and data systems, by practices which strengthen information and cyber security and by ensuring the employees' awareness of the risks and threats concerning information and cyber security.

#### **8.2.3.2.7 Environment, social matters and personnel risks**

The Group's environmental, occupational health and occupational safety (EHS) guidelines define procedures and responsibilities for predicting, preventing and identifying deviations and exceptional situations causing possible harm. In addition, the guidelines define how to identify, assess, deal with and manage the risks of these situations. Management of EHS matters is monitored through annual internal audits. Operations are continuously improved by identifying development objectives. The management of sustainability issues, including the management of EHS risks, are also part of our supplier and partner selection and management practices.

Orion's most significant environmental impacts arise in the consumption of raw materials, energy and water; emissions into the air and wastewater; and waste volumes arising from the operations. Annual development measures are defined for impacted



areas, and the progress of these measures is monitored among other things by measuring emissions, waste volumes and resource use. All Group's production plants have the valid environmental permits required for operations.

The Company's objective is to improve safety at work, keeping in mind that incidents and accidents are among the key social and human resources risks. The Company works continuously to prevent safety incidents and accidents and to further promote a safety culture, for example through comprehensive training, regular audits and by encouraging people to make safety observations.

Risks associated with the environment, social issues and personnel can typically lead to damage to the Company's reputation. Besides risk management, the Company communicates in a way that is reliable, transparent, comprehensive and timely to avoid reputational risk. Systematic communication on both positive and negative matters also makes predictive action and learning from incidents possible.

#### **8.2.3.2.8 Risks associated with the prolonged COVID-19 pandemic**

Even though the worst pandemic impacts were seen milder during 2022 than in 2021, many areas of Orion's operations were still impacted directly or indirectly of the prolonged and fluctuating pandemic. Orion's personnel were able to continue their work more on site on a more or less normal mode and without any major interruptions, and the logistics chain functioned also well though with increasing cost base.

COVID-19 pandemic still caused some availability challenges for sourcing raw materials, semi-finished and final dosage form products. Orion managed to mitigate risks by increased inventories without jeopardizing the final service level to the customers. COVID-19 pandemic continued to impact auditing programmes with restrictions in certain geographical areas. Some of the audits to our suppliers and partners in 2022 were conducted remotely. Similarly, some of the audits of Orion's operations were conducted remotely.

#### **8.2.3.2.9 Product procurement and corporate acquisition risks**

Orion endeavours to expand its operations by purchasing from other pharmaceutical companies or in-licensing products that are under development or already available in markets, or possibly by acquiring other pharmaceutical and biotechnology companies. In carrying out such projects, Orion strives to observe due care and diligence and to utilise both internal and external expertise in the planning and implementation phases, as well as when integrating acquired operations within the overall business.

Product procurement and possible corporate acquisitions can involve customary corporate acquisition liabilities or risks as well as other liabilities and risks connected with the nature and value of the purchased assets.

#### **8.2.3.2.10. Ensuring competence**

Orion's success depends on the competence of its executive management, R&D staff and other personnel. Human resources management strives to promote well-being at work and continuous improvement of competence and the workplace. Orion's success also depends on the Company's ability to recruit, develop, train, motivate and retain professionally skilled personnel.

### **8.2.3.3 Financial risks**

The Group is exposed to many different financial risks in its operations. Such risks include foreign currency, credit and liquidity risks. These and other financial risks are described in more detail below. The objective of the Group's financial risk management is to decrease the negative effects of market and counterparty risks on the Group's profits and cash flows and to ensure sufficient liquidity.

The main principles for financial risk management are defined in the Group Treasury Policy, any changes to which are approved by either the Board of Directors of the parent company or the President and CEO. The Group Treasury is responsible for Group Treasury Policy implementation. Treasury activities are centralised in the Group Treasury.

#### **8.2.3.3.1. Market risk**

The Group is exposed to market risks related to foreign currency exchange rate, market interest rate and electricity price.

##### *8.2.3.3.1.1. Foreign currency exchange rate risk*

The Group's foreign currency exchange rate risk consists of transaction risk and translation risk.

### **Transaction risk**

Transaction risk arises from operational items (such as sales and purchases) and financial items (such as loans, deposits and interest flows) in foreign currency in the statement of financial position, and from forecast cash flows over the upcoming 12 months. Transaction risk is monitored and hedged actively. In accordance with the Treasury Policy, items based on significant currencies in the statement of financial position are normally hedged 90–105% and the forecast cash flows over the upcoming 12 months 0–50%. Currency derivatives with maturities up to 12 months are used as hedging instruments.

The most significant currencies for the Group's operational items are the US dollar, the Swedish krona, the Polish zloty, the Danish krone and the Norwegian krone. As regards these currencies, no individual currency accounts for a significant portion of the overall position. The position as regards these currencies is presented in the table in Note 6.2.1.1 of the Financial Statements 2022.

The Group's internal loans and deposits are denominated in the local currency of the subsidiary and the most significant ones are fully hedged with currency swaps.

The fair value changes of the currency derivatives are recognised through profit and loss in either other operating income and expenses or finance income and expenses depending on whether, from an operational perspective, sales revenues or financial assets and liabilities have been hedged. The fair value changes of the derivatives relating to milestone payments are recognised in either sales revenues or operating income and expenses.

### **Translation risk**

Translation risk arises from the equity of subsidiaries outside the eurozone. At 31 December 2022, the equity in these subsidiaries totalled EUR 63.2 (2021: 63.2) million. The most significant translation risk arises from the British pound. This translation position has not been hedged.

### **Sensitivity analysis**

The effect of changes in foreign currency exchange rates on the Group's results (before taxes) and equity at the reporting date is presented for the significant currencies in the table in Note 6.2.1.1 of the Financial Statements 2022. The assumption used in the sensitivity analysis is a +/- 10% change in the exchange rates (foreign currency depreciates/appreciates by 10%) while other factors remain unchanged. In accordance with IFRS 7, the sensitivity analysis includes only the financial assets and liabilities in the statement of financial position, and so the analysis does not take into account the forecast upcoming 12-month foreign currency cash flow included in the position. The potential translation position is not taken into account in the sensitivity analysis. In the case the Group is not adapting hedge accounting, the changes of exchange rates are recorded directly to profit or loss in the income statement.

#### **8.2.3.3.1.2. Electricity price risk**

The price risk refers to the risk resulting from changes in electricity market prices. The market price of electricity fluctuates greatly due to weather conditions, hydrology and emissions trading, for example. The Group obtains its electricity through deliveries that are mainly fixed-price contracts or tied to the spot price of the price area of Finland, and in the latter case is therefore exposed to electricity price fluctuation. This price risk is not hedged.

#### **8.2.3.3.1.3. Interest rate risk**

Changes in interest rates affect the Group's cash flow and results. At 31 December 2022, the Group's interest-bearing liabilities totalled EUR 213.9 (2021: 108.4) million, which comprise of long-term loans and lease liabilities. Of the loans from credit institutions, 108.8 million euros are tied to the variable Euribor interest rate. The group's exposure to rising market interest rates is reduced by the fact that 104.9 (2021: 0.0) million euros of the group's cash assets on 31 December 2022 have been invested in short-term interest instruments.

The effect of the increase in the interest rate on the net interest expenses has been estimated with a sensitivity analysis, where it is assumed that the interest rate will rise in 2023 by one percentage point (1%) from the interest rates priced at the balance sheet date, other factors remaining the same. The effect on result before taxes would be EUR -0.6 (2021: 0.0) million. Lease liabilities are not taken into account in the calculation.

#### **8.2.3.3.2. Counterparty risk**

Counterparty risk is realised when a counterparty to the Group does not fulfil its contractual obligations, resulting in non-payment of funds to the Group. The maximum credit risk exposure at 31 December 2022 is the total of financial assets less

carrying amounts of derivatives in financial liabilities, which totalled EUR 513.8 (2021: 392.1) million (Note 6.1 of the Financial Statements 2022). The main risks relate to trade receivables, cash and cash equivalents, and money market investments.

The Group Treasury Policy defines the requirements for the creditworthiness of the financial institutions acting as counterparties to Group companies. Limits have been set for counterparties on the basis of creditworthiness and solidity, and they are regularly monitored and updated. The duration of money market investments is less than 12 months.

The Group Customer Credit Policy defines the basis for classifying customers and setting limits for them, and the ways through which the credit risk is managed. Payment performance and the financial situation of customers are monitored, and effective collection is regularly undertaken. Credit risk can be reduced by requiring advance payment as a payment term or a letter of credit or a bank guarantee to secure the payment or by using credit insurance. In the pharmaceutical industry, trade receivables are typically generated by distributors representing different geographical areas. In certain countries, the Group also sells directly to local hospitals. The 25 largest customers accounted for 73.0% of the trade receivables at 31 December 2022 (2021: 72.3%). The trade receivables are not considered to involve significant risk (Note 3.7 of the Financial Statements 2022). Credit losses for the period recognised through profit and loss were EUR 0.2 (2021: -0.0) million.

#### **8.2.3.3.3. Liquidity risk**

The Group seeks to maintain a good liquidity position in all conditions. This is ensured by cash flows from operating activities and cash and cash equivalents and other money market investments. In addition, the Group has undrawn bank overdraft limits and a EUR 100 million unconfirmed commercial paper programme from which no commercial papers had been issued on the reporting date.

The Group's interest-bearing liabilities at 31 December 2022 were EUR 213.9 (2021: 108.4) million, which consisted of loans of 188.2 million euros taken from European Investment Bank (EIB), bank loans transferred to the Group in connection with the acquisition of Invet's veterinary medicine business and lease contract liabilities. The average maturity for interest-bearing liabilities excluding lease liabilities is 4.7 years (2021: 4.2 years). At 31 December 2022, the Group's cash and cash equivalents and money market investments, which decrease liquidity risk, totalled EUR 332.6 (2021: 216.7) million. To ensure the Group's liquidity, any surplus cash is invested mainly in short-term euro-denominated interest-bearing instruments with good creditworthiness. An investment-specific limit is determined for each investment.

Forecast undiscounted cash flows of financial liabilities, interest payments and derivatives are presented in the table in Note 6.2.3 of the Financial Statements 2022.

#### **8.2.3.3.4. Management of capital structure**

The financial objectives of the Group include a capital structure related goal to maintain the equity ratio, i.e. equity in proportion to total assets, at a level of at least 50%. This equity ratio is not the Company's opinion of an optimal capital structure, but rather part of an aggregate consideration of the Company's growth and profitability targets and dividend policy.

The terms of credit limit agreements of the Company include covenants that specify that if the covenants are breached, the lender optionally has the right to demand early repayment of the loan. The key figures used in the calculation of covenants have been calculated in accordance with the calculation formulas in the loan agreements. The tables presented in Note 6.2.4 of the Financial Statements 2022, show the levels of financial covenants specified in the terms of the loans and the corresponding values at 31 December 2022. Orion fulfilled these financial covenants on 31 December 2022.

### **8.2.3.4 Compliance risks**

Compliance risk means any risk of legal or administrative penalties, financial losses or loss of reputation as a result of a failure of the Company to comply with the applicable laws, regulations or other administrative provisions. With Group's compliance risk management, compliance with legislation and Company's own requirements is ensured.

#### **8.2.3.4.1 Code of Conduct guides all activities**

Orion expects all its personnel to be familiar and comply with the Code of Conduct. Correspondingly, the ethical guidelines of the Third Party Code of Conduct applies to Orion's third parties. Orion Code of Conduct and Third Party Code of Conduct covers a wide range of compliance issues, including the prohibition of corruption and bribery, established standards for labour, health and safety and environmental protection, and human rights issues.

#### **8.2.3.4.2 The pharmaceutical industry is highly regulated**

The pharmaceutical industry is well regulated, and there are different licenses needed to work in the industry, and so does Orion. Authorities audit compliance activities regularly and Orion has to prove and report its implementation and management. Compliance with laws, regulations, or other regulations is very important, and in practice normal daily work for many Orion employee. Most concretely, both European Medicines Agency (EMA), Finnish Medicines Agency (FIMEA) requirements are described as different internal work instructions (WI) and Standard Operations Procedures (SOP). In addition, Orion applies in its internal guidelines the requirements of the European Federation of Pharmaceutical Industries and Associations (EFPIA). Internal work instructions and Standard Operations Procedures use and update to different areas of activity are managed in a separate system that everyone has access to.

#### **8.2.3.4.3 Compliance risk management at Orion**

Compliance risks are associated with almost everything Orion does, so responsibility for compliance risk management is in different functions. Orion's compliance activities are decentralized to various functions. Its intended purpose is to follow regulations, inform about them and make own guidelines about them as well as to monitor and report on their implementation. The majority of this work is done by Orion's quality management function, pharmacovigilance and regulatory departments, EHS (Environment, Health and Safety) function, internal audit and legal department.

#### **8.2.3.4.4 The company trains its personnel**

Training and awareness raising are the most important measures to mitigate compliance risks. To be aware of and raise awareness of compliance risks, rules and ethical practices Code of Conduct online training is mandatory for the personnel. For the selected personnel also anti-corruption and anti-bribery online training is mandatory. The Company ensures that the training is completed by all employees for whom they are mandatory. There is also a GDPR online course for all Orion personnel, conducted by all personnel involved in the processing of personal data. For reporting any misconduct, Orion has a public whistleblowing channel that complements the usual communications and reporting channels. The channel promotes good governance and ethical operations, and improves processes after any reported incident.

## **8.3 Control measures**

### **8.3.1 Reporting and communications**

Orion's efficient and uniform processes are based on the integrated enterprise resource planning system. For steering of operations, monthly financial reports are produced presenting actual results achieved, a comparison of actual results with targets, and a forecast of future development. Orion also uses numerous indicators in target setting and follow-up in various functions to aid supervision and steering of operations in accordance with the objectives set.

Risks and their means of management are monitored and reported in business divisions and in different functions according to processes determined internally and based on Group level principles and guidelines. Group level risks are reported to the President and CEO and the Executive Management Board as part of the annual planning and separately when required.

Reporting to the Board of Directors and the Audit Committee takes place at the times described in the annual plans of the Audit Committee and whenever the Board of Directors, the Audit Committee, the President and CEO or internal audit sees specific reasons.

### **8.3.2 Assessment and review of the risk management**

Orion Corporation's Board of Directors is responsible for approving the risk management policy and supervises the management acting accordingly. It is the Board of Directors' responsibility to monitor risk management and internal control in accordance with good governance.

The Board of Directors has delegated to the Audit Committee the authority to evaluate the business risks and their reporting as well as the coverage of risk management. If necessary, the Audit Committee will take the matters for the Board of Directors to decide and evaluate. The Audit Committee addresses issues related to risk management in accordance to the timetable of its charter and whenever the Board of Directors, the Audit Committee, the President and CEO of Orion Corporation or internal audit sees it for a particular reason.

The President and CEO is responsible for risk management, the resources it requires and reporting to the Board of Directors and the Audit Committee in accordance with this policy, the established operating model and other specific requirements and appropriate practices. The President and CEO delegates the practical implementation of risk management in accordance with the Company's organizational structure to senior management representatives who are responsible for the operations in which the risks are.

For the purpose of the supervision and steering of operations, the Group has an internal audit, which is organised as an outsourced service and that reports in its work to the Audit Committee. Internal audit is responsible for regular independent assessment of the adequacy of risk management and the functionality of the risk management process. The plan of the implementation of this assessment is reviewed by the Audit Committee and approved by the Board of Directors as part of the annual plan of the internal audit.

Risk management is the responsibility of every Orion employee and must be a part of the normal daily work at all levels of the organisation, despite the fact that only the Group's most significant risks are monitored by the Executive Management Board and the Board of Directors. It is the responsibility of risk owners to ensure that risks are dealt with on a regular basis within their areas of responsibility. It is also the responsibility of the risk owners to impose a responsible person or persons who in practice are responsible for the management and reporting of the risks. These persons are responsible for their own areas in relation to the risk management process and the proper handling of risks.

In addition to the Company's own internal risk management, the Company's risks are also assessed by statutory auditing, which is responsible for verifying that the financial statements and the report of the Board of Directors provide accurate and sufficient information on the Group's results and financial position. In addition, the audit involves auditing the Company's accounting and administration. The auditor of the parent company coordinates the auditing of the Group's subsidiaries, together with the President and CEO and internal audit.

## 9 Insider Administration

The insider administration of the Orion Group is arranged in accordance with the Insider Guideline of Nasdaq Helsinki Ltd (Nasdaq Helsinki). The Group's own Insider Guidelines (Orion Insider Guidelines) are based on the applicable EU regulation, especially the Market Abuse Regulation (EU 596/2014, MAR as amended) and any regulation and guidance given by the European Securities Markets Authority (ESMA) or otherwise under MAR, and Finnish legislation, especially the Securities Markets Act (746/2012, as amended) and the Penal Code (39/1889, as amended), as well as the insider and other guidelines of Nasdaq Helsinki and the guidance by the Finnish Financial Supervisory Authority (FIN-FSA). In the event there is any discrepancy between the Orion Insider Guidelines and the applicable laws and regulations, such laws and regulations shall prevail.

According to the Orion Insider Guidelines, the managers and their closely associated persons are required to notify the company and the FIN-FSA of every transaction they have conducted on their own account relating to such financial instruments of the company as are defined in the MAR. Orion shall disclose such information in stock exchange releases. The company has defined that the members of the Board of Directors of Orion Corporation and the members of the Executive Management Board of the Orion Group are managers meant by the MAR.

## 10 Related Party Policy

The objective of this related party policy is to define the principles for identifying related parties and monitoring and evaluation of related party transactions, as well as to ensure proper approval, disclosure and reporting of related party transactions. A related party transaction is a transfer of resources, services or obligations between the reporting entity and its related party regardless of whether price is charged or not. Related party transactions are not prohibited, but mandatory rules and regulations guide the decision-making, assessment, monitoring, disclosure and reporting. With respect to related party matters, Orion Corporation ("Orion") complies with the Finnish Companies Act, the Finnish Corporate Governance Code and the IAS 24 Accounting Standard. The Board of Directors of Orion Corporation is responsible for monitoring and assessing related party transactions and for this related party policy.

### 10.1 Related parties and key management personnel

Orion follows the IAS 24 in defining related parties and related party transactions. A related party relationship arises from ownership, pension plan connection or management connections. A person or a close member of that person's family is related to a reporting entity if that person (1) has control or joint control over the reporting entity, (2) has significant influence



over the reporting entity, or (3) is a member of the key management personnel of the reporting entity or of a parent company of the reporting entity.

The following are considered related parties of Orion:

1. Subsidiaries, associate companies and joint ventures
2. Members of the Board of Directors of Orion
3. President and CEO of Orion
4. Members of the Orion Executive Management Board
5. Close family members of persons referred to in items 2–4, including for example:
  - a. Children (including adult children) and spouse or partner
  - b. Spouse's or partner's children (including adult children)
  - c. Dependants and spouse's or partner's dependants
6. Any entity that is under the direct or indirect control of a person referred to in items 2–5 or is under the significant direct or indirect influence/ownership of such person. Typically, significant ownership or influence arises from ownership or voting rights of 20–50%.
7. Orion Pension Fund

Key management personnel are the members of the Board of Directors of Orion, the President and CEO of Orion and the members of the Orion Executive Management Board.

## 10.2 Identification of related party transactions

**Each member of the key management personnel** is responsible for providing **prior** notice to the Secretary of the Board of Directors of Orion of any **potential** related party transaction that they are aware of (other than compensation based on employment in the Orion Group) involving them or their close family members or any entities referred to in clause 6 in section 10.1., as well as of changes in their close family members and entities referred to in clause 6 in section 10.1. The notice must include all relevant details, including the identity of the related party in question. Orion keeps a list of its related parties.

Each member of the key management personnel is also responsible for annually delivering to the Secretary of the Board of Directors of Orion a list of the related party transactions that they are aware of (other than compensation based on employment in the Orion Group) involving them or their close family members or entities referred to in clause 6 in section 10.1. as well as updated list of their close family members and entities referred to in clause 6 in section 10.1. The list must be delivered by 15th of January concerning the previous calendar year. The Secretary of the Board of Directors of Orion keeps record of the related party transactions referred to in this paragraph of which he/she is aware and reports such related party transactions to the Audit committee of the Board of Directors and to the Board of Directors.

Orion's Finance department monitors and assesses the related party transactions relating to subsidiaries, associate companies and joint ventures, as well as to the Orion Pension Fund.

## 10.3 Decision-making concerning related party transactions

All related party transactions that are not conducted in the company's ordinary course of business or are made in deviation from customary commercial terms require a decision of the Board of Directors to carry out the related party transaction. Any member of the key management personnel may not participate in the decision-making concerning a related party transaction involving them or their close family members or entities referred to in clause 6 in section 10.1. taking, however, into account that the Finnish Companies Act expressly lists transactions that are not subject to the conflict of interest provisions relating to shareholders' related party transactions, such as, e.g., resolutions of the general meeting concerning the remuneration of the Board of Directors and transactions with fully-owned subsidiaries.

## 10.4 Reporting related party transactions

Orion discloses related party transactions in accordance with the Nasdaq Helsinki Ltd Rules of the Exchange and other rules and regulations binding on Orion. In addition, Orion reports related party transactions in the notes to financial statements. Orion discloses of its related parties at least the following:

- The monetary amount of the transactions
- The monetary amount of outstanding balances, their terms and conditions and related guarantees
- Provisions for doubtful receivables related to the outstanding balances
- Write-offs made during the period for bad debt or doubtful receivables due from related parties.

## 11 Audit

Orion Corporation shall have one auditor, which is an Authorised Public Accountants Organisation. The term of the auditor shall be the financial period. The duties of the auditor shall terminate at the close of the Annual General Meeting of the Shareholders following the election.

Orion's Annual General Meeting 2022 elected KPMG Oy Ab, Authorized Public Accountant Firm, as the auditor of Orion Corporation. For the financial year 2022, the designated auditor was Kimmo Antonen, Authorized Public Accountant. Authorised Public Accountant Organisation, KPMG Oy Ab has served as Orion's auditor since the financial year 2018.

### 11.1 Remuneration of auditor

The fees to the auditors are paid against invoicing accepted by Orion Corporation.

Authorized Public Accountant Organisation KPMG Oy AB was remunerated for their services as follows:

<b>EUR 1,000</b>	<b>2022</b>	<b>2021</b>
Auditing	340	319
Assignments in accordance with the Auditing Act	45	15
Advice on taxation	10	10
Other services	62	0
<b>Total</b>	<b>457</b>	<b>344</b>

## 12 Shareholdings in Orion Corporation of the Board of Directors and the Executive Management Board

### Shareholdings in Orion Corporation as on 31 December 2022 of the Members elected to the Board of Directors on 23 March 2022

	A shares	Change from 1 Jan 2022 A	B shares	Change from 1 Jan 2022 B	A and B total	% of total shares	% of total votes
Mikael Silvennoinen	0	0	8,797	970	8,797	0.01	0.00
Hilpi Rautelin	1,800	0	4,161	593	5,961	0.00	0.01
Kari Jussi Aho	75,763	0	1,365	485	77,128	0.05	0.19
Maziar Mike Doustdar <sup>1</sup>	0	0	485	485	485	0.00	0.00
Ari Lehtoranta	0	0	3,161	593	3,161	0.00	0.00
Veli-Matti Mattila	0	0	3,841	485	3,841	0.00	0.00
Eija Ronkainen	535,500	0	39,615	485	575,115	0.41	1.36
Karen Lykke Sørensen <sup>1</sup>	0	0	485	485	485	0.00	0.00
<b>Board of Directors total</b>	<b>613,063</b>	<b>0</b>	<b>61,910</b>	<b>4,581</b>	<b>674,973</b>	<b>0.48</b>	<b>1.56</b>

<sup>1</sup> For Maziar Mike Doustdar and Karen Lykke Sørensen, the changes have been observed as of 23 March 2022, when they started as Board members.

The figures include the shares held by organisations and foundations controlled by the person.

### Shareholdings in Orion Corporation of the Members of the Executive Management Board as on 31 December 2022

	A shares	Change from 1 Jan 2022 A	B shares	Change from 1 Jan 2022 B	A and B total	% of total shares	% of total votes
Liisa Hurme	0	0	20,020	2,548	20,020	0.01	0.00
Satu Ahomäki	0	0	38,849	548	38,849	0.03	0.00
Olli Huotari	0	0	68,431	2,039	68,431	0.05	0.01
Juhani Kankaanpää <sup>1</sup>	0	0	3,012	0	3,012	0.00	0.00
Jari Karlson	0	0	37,271	2,039	37,271	0.03	0.00
Virve Laitinen	0	0	16,723	-1,961	16,723	0.01	0.00
Outi Vaarala	0	0	0	0	0	0.00	0.00
<b>Executive Management Board total</b>	<b>0</b>	<b>0</b>	<b>184,306</b>	<b>5,213</b>	<b>184,306</b>	<b>0.13</b>	<b>0.02</b>

<sup>1</sup> Juhani Kankaanpää, the changes have been observed as of 1 November 2022, when he started as member of the Executive Management Board.

The figures include the shares held by organisations and foundations controlled by the person.

## 13 Introductions of the members of the Board of Directors



### Mikael Silvennoinen

**Chair**  
M.Sc. (Economics)  
b. 1956

- Chair of the Board of Directors of Orion Corporation since 6 May 2020, member since 25 March 2014
- Chair of the Personnel and Remuneration Committee, member of the Nomination Committee
- Independent of the company and its significant shareholders

#### Career

2013– Executive Chairman, IMS Talent Oy  
1997–2013 President and CEO, Chairman of the Executive Committee, Pohjola Bank Plc  
1997 Member of the Executive Board, Head of Capital markets, Pohjola Bank Plc  
1994–1997 Head of Investment banking and International affairs, Pohjola Bank Plc  
1989–1992 Head of private equity, Pohjola Bank Plc  
1988–1989 Group treasurer, Wärtsilä Corporation  
1986–1988 Finance manager, Wärtsilä Corporation  
1983–1985 Dealer, Wärtsilä Corporation

#### Current key positions of trust

Chair of the Board of Directors: Orion Corporation 2020–  
Member of the Board of Directors: Orion Corporation 2014–,  
Pontos Oy 2014–

#### Former key positions of trust

Chair of the Board of Directors: Pohjola Insurance Ltd 2005–2012,  
Pohjola Asset Management Ltd 2005–2012,  
Helsinki OP Retail Bank Plc 1997–2005  
Member of the Board of Directors: Hartwall Capital Ltd. 2014–2017,  
Konecranes Plc 2008–2015, Metsäliitto Cooperative 2015–2018,  
Pohjola Group Oyj 2000–2001, Unico Banking Group 1997–2013

Total remuneration <sup>1</sup>	EUR 111,600
Meetings <sup>2</sup>	12/12
Audit Committee <sup>3</sup>	–
Personnel and Remuneration Committee <sup>3</sup>	5/5 ●
R&D Committee <sup>3</sup>	–
Nomination Committee <sup>3</sup>	2/2 ●
Shareholding <sup>4</sup>	8,797 Orion Corporation B shares
Independent member	Yes

● = Chair  
● = Member

<sup>1</sup>A detailed description of the remuneration of the Board of Directors according to the decision by the Annual General Meeting in 2022 is presented in the remuneration report.

<sup>2</sup>Meetings after being elected as a member of the Board of Directors.

<sup>3</sup>Meetings after being elected as a member of the committee.

<sup>4</sup>Shareholdings of the members of the Board of Directors, Orion Corporation's A and B shares in total, also include the shares held by organisations and foundations controlled by the person.



### Hilpi Rautelin

**Vice Chair**  
Professor, M.D., Ph.D., Specialist in  
Clinical Microbiology  
b. 1961

- Vice Chair of the Board of Directors of Orion Corporation since 23 March 2022, member since 22 March 2017
- Chair of the R&D Committee, member of the Personnel and Remuneration Committee, member of the Nomination Committee
- Independent of the company and its significant shareholders

#### Career

2022– Visiting Professor, Karolinska Institutet, and Professor emerita, Uppsala University, Sweden  
2008–2022 Professor of Clinical Bacteriology, Uppsala University, Sweden  
1986–2016 University of Helsinki, Research and teaching positions in 1996–2016: Clinical lecturer 2002–2016 (part time 2008–2016), Research Associate 1996–2002

#### Current key positions of trust

Member of the Board of Directors: Orion Corporation 2017–,  
Arvo and Lea Ylppö Foundation 2011–

#### Former key positions of trust

President: European Union of Medical Specialists UEMS, Section of Medical Microbiology, 2012–2020

Hilpi Rautelin has published about 160 peer-reviewed original articles mainly on Microbiology and Infectious Diseases in international scientific journals.

Total remuneration <sup>1</sup>	EUR 73,300
Meetings <sup>2</sup>	12/12
Audit Committee <sup>3</sup>	–
Personnel and Remuneration Committee <sup>3</sup>	5/5 ●
R&D Committee <sup>3</sup>	3/3 ●
Nomination Committee <sup>3</sup>	2/2 ●
Shareholding <sup>4</sup>	5,961 Orion Corporation A and B shares in total
Independent member	Yes



## Kari Jussi Aho

M.Sc. (Econ. and Bus. Adm.), MBA  
b. 1960

- Member of the Board of Directors of Orion Corporation since 6 May 2020
- Member of Audit Committee and the R&D Committee
- Independent of the company and its significant shareholders

### Career

2020– Business owner and entrepreneur  
2004–2019 Full-time Chairman of the Board of Directors, Rukakeskus Group  
1987–2004 Managing Director, Pyhätunturi Ltd  
1982–2002 Marketing Manager, Rukakeskus Ltd

### Current key positions of trust

Chair of the Board: Aho Group Ltd 2021–  
Member of the Board: Aava Health Services Ltd 2016–, Aho Group Ltd 2006–, Orion Corporation 2020–, Economy and Youth TAT 2017–  
Other: Confederation of Finnish Industries EK, Delegation for Entrepreneurs, Member 2004

### Former key positions of trust

Chair of the Board: Aho Group Ltd 2006–2012  
Vice Chair of the Board: Confederation of Finnish Industries EK 2017–2020, Finnish Air Force support foundation (Non-profit foundation) 2010–2021, United Laboratories Ltd 2004–2009  
Member of the Board: Cor Group Ltd 2007–2011, Haaga-Helia Ltd 2009–2014, Management Institute of Finland MIF Ltd 2012–2014  
Member of the Supervisory Board: Orion Corporation 2001–2002  
Member of the Nomination Committee: Orion Corporation 2006–2019  
Other: Confederation of Finnish Industries EK, Delegation for Entrepreneurs, Chairman 2017–2020

Total remuneration <sup>1</sup>	EUR 56,400
Meetings <sup>2</sup>	12/12
Audit Committee <sup>3</sup>	4/4 ●
Personnel and Remuneration Committee <sup>3</sup>	–
R&D Committee <sup>3</sup>	3/3 ●
Nomination Committee <sup>3</sup>	–
Shareholding <sup>4</sup>	77,128 Orion Corporation A and B shares in total
Independent member	Yes

- = Chair
- = Member

<sup>1</sup>A detailed description of the remuneration of the Board of Directors according to the decision by the Annual General Meeting in 2022 is presented in the remuneration report.

<sup>2</sup>Meetings after being elected as a member of the Board of Directors.

<sup>3</sup>Meetings after being elected as a member of the committee.

<sup>4</sup>Shareholdings of the members of the Board of Directors, Orion Corporation's A and B shares in total, also include the shares held by organisations and foundations controlled by the person.



## Maziar Mike Doustdar

B.A. (Int. Bus., emphasis in Marketing)  
b. 1970

- Member of the Board of Directors of Orion Corporation since 23 March 2022
- Member of the Personnel and Remuneration Committee
- Independent of the company and its significant shareholders

### Career

2016– Executive Vice President International Operations, Member of Executive Management Board, Novo Nordisk  
2015–2016 Executive Vice President Emerging Markets, Member of Executive Management Board, Novo Nordisk  
2013–2015 Senior Vice President Emerging Markets, Novo Nordisk  
2012–2013 Vice President South East Asia, Novo Nordisk  
2010–2012 Vice President Near East, Novo Nordisk  
2007–2010 General Manager, Business Area Near East, Novo Nordisk  
1992–2007 Various positions in finance, IT, logistics, operations and marketing, Novo Nordisk

### Current key positions of trust

Member of the Board: Orion Corporation 2022–

### Former key positions of trust

Member of the Board: European Federation of Pharmaceutical Industries and Associations (EFPIA) 2016–2021  
Other: Chairman of Patient Access Committee, European Federation of Pharmaceutical Industries and Associations 2017–2021

Total remuneration <sup>1</sup>	EUR 54,000
Meetings <sup>2</sup>	9/11
Audit Committee <sup>3</sup>	–
Personnel and Remuneration Committee <sup>3</sup>	2/4 ●
R&D Committee <sup>3</sup>	–
Nomination Committee <sup>3</sup>	–
Shareholding <sup>4</sup>	485 Orion Corporation B shares
Independent member	Yes



## Ari Lehtoranta

M.Sc. (Eng.)  
b. 1963

- Member of the Board of Directors of Orion Corporation since 22 March 2017
- Chair of the Audit Committee
- Independent of the company and its significant shareholders

### Career

2022– Board professional  
 2017–2021 President and CEO, Caverion Corporation  
 2014–2016 President and CEO, Nokian tyres plc  
 2010–2014 Executive Vice President, Central and North Europe, KONE Corporation  
 2008–2010 Executive Vice President, Major Projects, KONE Corporation  
 2005–2008 Head of Radio Access, Nokia Siemens Networks / Nokia Networks  
 2003–2005 Vice President of Operational Human Resources, Nokia Corporation  
 1999–2003 Head of Broadband Division, Head of Systems Integration and Customer Services for Europe, Nokia Networks  
 1985–2003 Managing director in Italy and various other positions, Nokia Telecommunications

### Current key positions of trust

Chair of the Board of Directors: Koiviston Auto Oy 2022–  
 Member of the Board of Directors: Orion Corporation 2017–,  
 Parmaco Oy 2021–

### Former key positions of trust

Chair of the Board of Directors: Caverion Corporation 2015–2016  
 Member of the Board of Directors: Caverion Corporation 2013–2015  
 Member of the Supervisory Board: Ilmarinen Mutual Pension Insurance Company 2015–2022

Total remuneration <sup>1</sup>	EUR 67,000
Meetings <sup>2</sup>	12/12
Audit Committee <sup>3</sup>	4/4 ●
Personnel and Remuneration Committee <sup>3</sup>	–
R&D Committee <sup>3</sup>	–
Nomination Committee <sup>3</sup>	–
Shareholding <sup>4</sup>	3,161 Orion Corporation B shares
Independent member	Yes

- = Chair
- = Member

<sup>1</sup>A detailed description of the remuneration of the Board of Directors according to the decision by the Annual General Meeting in 2022 is presented in the remuneration report.

<sup>2</sup>Meetings after being elected as a member of the Board of Directors.

<sup>3</sup>Meetings after being elected as a member of the committee.

<sup>4</sup>Shareholdings of the members of the Board of Directors, Orion Corporation's A and B shares in total, also include the shares held by organisations and foundations controlled by the person.



## Veli-Matti Mattila

M.Sc. (Tech.), MBA  
b. 1961

- Member of the Board of Directors of Orion Corporation since 25 March 2021
- Member of the Personnel and Remuneration Committee and member of the R&D Committee
- Independent of the company and its significant shareholders

### Career

2003– CEO, Elisa Corporation  
 1997–2003 CEO, Oy LM Ericsson Ab, Finland  
 2001–2003 Deputy Head, Ericsson, Nordic and Baltic  
 1994–1997 Product Marketing Manager, Ericsson, US  
 1986–1989, 1990–1993 Software Designer, Product Manager, Sales Director, Ericsson  
 1989–1990 Specialist, Ascom Hasler AG, Switzerland

### Current key positions of trust

Member of the Board of Directors: Orion Corporation 2021–, Service Sector Employers Palta 2019–, Finnish Business and Policy Forum EVA 2017–, The Research Institute of the Finnish Economy Efta 2017–, The Mannerheim Foundation 2017–  
 Other: Member of the Executive Committee of the Board of Service Sector Employers Palta 2019–, Member of The National Emergency Supply Council 2008–

### Former key positions of trust

Chair of the Board of Directors: Confederation of Finnish Industries EK 2017–2018, Service Sector Employers Palta 2015–2016  
 Vice Chair of the Board of Directors: Service Sector Employers Palta 2014  
 Member of the Board of Directors: Sampo Plc 2009–2020, Confederation of Finnish Industries EK 2015–2016 and 2005–2006, Service Sector Employers Palta 2013, Confederation of Finnish Industry and Employers TT 2004  
 Member of the Supervisory Board: The Finnish Fair Association 2007–2021  
 Other: Chairman of the Executive Committee of the Board of Service Sector Employers Palta 2015–2016, Vice Chairman 2014

Total remuneration <sup>1</sup>	EUR 57,000
Meetings <sup>2</sup>	12/12
Audit Committee <sup>3</sup>	–
Personnel and Remuneration Committee <sup>3</sup>	5/5 ●
R&D Committee <sup>3</sup>	3/3 ●
Nomination Committee <sup>3</sup>	–
Shareholding <sup>4</sup>	3,841 Orion Corporation B shares
Independent member	Yes





## Eija Ronkainen

Licentiate of Medicine, Specialist in Internal Medicine  
b. 1966

- Member of the Board of Directors of Orion Corporation since 22 March 2016
- Member of the Audit Committee and the R&D Committee
- Independent of the company and its significant shareholders

### Career

2006– Specialist in Internal Medicine, Hyvinkää Hospital  
1999–2002 Specialist in Internal Medicine, Hyvinkää Hospital  
1995–1999 Resident Physician, Helsinki University Central Hospital  
1992–1995 Resident Physician, Hyvinkää Hospital

### Current key positions of trust

Member of the Board of Directors: EVK-Capital Oy 2015–, Orion Corporation 2016–

Total remuneration <sup>1</sup>	EUR 56,400
Meetings <sup>2</sup>	12/12
Audit Committee <sup>3</sup>	4/4 ●
Personnel and Remuneration Committee <sup>3</sup>	–
R&D Committee <sup>3</sup>	3/3 ●
Nomination Committee <sup>3</sup>	–
Shareholding <sup>4</sup>	575,115 Orion Corporation A and B shares in total
Independent member	Yes



## Karen Lykke Sørensen

M.Sc. (Eng.), MBA  
b. 1962

- Member of the Board of Directors of Orion Corporation since 23 March 2022
- Member of Audit Committee and the R&D Committee
- Independent of the company and its significant shareholders

### Career

2018– CEO, Philips Capital, Global  
2011–2018 CEO, Philips Nordic  
2006–2011 Vice President Western Europe, Sanofi  
2001–2006 Vice President, Head of Global Cardiology Business Unit, Sanofi  
1999–2001 General Manager Nordic, Biogen

### Current key positions of trust

Member of the Board: Orion Corporation 2022–, Biotage 2022–, Vitrolife 2020–

### Former key positions of trust

Member of the Board: Oripfarm 2018–2019, Meda 2013–2017, Technical university Denmark, SCION 2014–2018, Danish Export Agency, Ministry of Foreign Affairs 2011–2014

Total remuneration <sup>1</sup>	EUR 58,200
Meetings <sup>2</sup>	11/11
Audit Committee <sup>3</sup>	3/3 ●
Personnel and Remuneration Committee <sup>3</sup>	–
R&D Committee <sup>3</sup>	3/3 ●
Nomination Committee <sup>3</sup>	–
Shareholding <sup>4</sup>	485 Orion Corporation B shares
Independent member	Yes

- = Chair
- = Member

<sup>1</sup>A detailed description of the remuneration of the Board of Directors according to the decision by the Annual General Meeting in 2022 is presented in the remuneration report.

<sup>2</sup>Meetings after being elected as a member of the Board of Directors.

<sup>3</sup>Meetings after being elected as a member of the committee.

<sup>4</sup>Shareholdings of the members of the Board of Directors, Orion Corporation's A and B shares in total, also include the shares held by organisations and foundations controlled by the person.

# 14 Introductions of the Executive Management Board members as on 31 December 2022



**Liisa Hurme**

Ph. D. (Biochemistry)  
b. 1967

- President and CEO of Orion Corporation, Chair of the Executive Management Board, as of 1 November 2022

#### **Career in Orion**

2022– President and CEO, Orion Corporation  
2019–2022 Senior Vice President, Global Operations  
2014–2022 Chair of the Board of Fermion Oy  
2014–2018 Senior Vice President, Specialty Products  
2008–2013 Senior Vice President, Proprietary Products  
2005–2007 Head of Urology and Oncology business  
2004–2005 Program Leader of pharmaceutical development projects for Hormonal and Urological therapies  
2002–2004 Portfolio Manager  
2001–2002 Project Manager  
1999–2001 Researcher and Project Manager, Hormonal therapies

#### **Earlier career**

1995–1999 Senior Research Associate, Pharmacia & Upjohn, Diagnostics (Sweden) and ELIAS GmbH (Germany) and Institute Pasteur (France)

#### **Former key positions of trust**

Member of the Board of Directors: Pharmaservice Oy 2014–2016, Finnish Bioindustries FIB 2010–2016

Member of the Economic & Social Policy Committee of the European Federation of Pharmaceutical Industries and Associations (EFPIA) 2010–2015, Member of the Healthcare Sector Committee of the National Emergency Supply Organisation (NESO) 2014–2015

Liisa Hurme completed her doctoral thesis on biochemistry at the University of Helsinki, Faculty of Science, in 1996.

#### **Shareholding**

Owns 20,020 Orion Corporation B shares



**Satu Ahomäki**

M.Sc. (Econ.)  
b. 1966

- Senior Vice President, Commercial Operations, as of 1 October 2018

#### **Career in Orion**

2018– Senior Vice President, Commercial Operations, Global Sales and Proprietary Products  
2010–2018 Senior Vice President, Global Sales  
2008–2010 Senior Vice President, Animal Health  
2006–2007 Head of Business Development  
2005 Business Development Director  
2000–2004 Project Manager and Program Leader of Hormonal and Urological therapies  
1992–1999 Several duties in pharmaceutical R&D

#### **Earlier career**

Before joining Orion, Satu Ahomäki worked in accounting in different companies.

#### **Current key positions of trust**

Member: University of Turku's Faculty of Medicine negotiating board 2021–

#### **Former key positions of trust**

Member of the Board of Directors: Turun Osuuskauppa 2017–2020  
Member: European Federation of Pharmaceutical Industries and Associations (EFPIA), European Markets Committee 2015–2019

#### **Shareholding**

Owns 38,849 Orion Corporation B shares



## Olli Huotari

Master of Laws, LL.M.  
b. 1966

- Senior Vice President, Corporate Functions (including, i.a., Communications, Corporate Responsibility, Human Resources, Intellectual Property Rights and Legal Affairs), as of 1 July 2006
- Secretary to the Board of Directors of Orion Corporation, as of 1 October 2002
- General Counsel

### Career in Orion

2006– Senior Vice President, Corporate Functions  
 2002– Secretary to the Board of Directors  
 2005–2006 Vice President, Human Resources, Orion Pharma, and Corporate Vice President, HR development of the Orion Group  
 2002– General Counsel of the Orion Group  
 1996–2002 Legal Counsel in Corporate Administration

### Earlier career

1992–1995 Law firm Asianajotoimisto Jouko Penttilä Oy, Legal Counsel

In 1995–1996, Olli Huotari completed the degree of Master of Laws in International Commercial Law at the University of Kent at Canterbury, UK.

### Current key positions of trust

Member: Finland Chamber of Commerce, Committee of International Trade 2017–, International Chamber of Commerce ICC Finland, ICC Advisory Board 2016–

### Former key positions of trust

Member of the Board of Directors: Helsinki Region Chamber of Commerce 2020–2022  
 Chair: Helsinki Region Chamber of Commerce, Espoo Regional Board 2020–2022

### Shareholding

Owns 68,431 Orion Corporation B shares



## Juhani Kankaanpää

M.Sc. (Tech.)  
b. 1980

- Senior Vice President, Global Operations, Fermion as of 1 November 2022

### Career in Orion

2022– Senior Vice President, Global Operations, Fermion  
 2022 Director, Integration of Orion Animal Health and Inovet (VMD)  
 2021–2022 Director, Strategy and Business Planning  
 2016–2021 Director, Operations Development

### Earlier career

2013–2016 Project Leader, The Boston Consulting Group  
 2011–2013 Operations Director, Orkla Foods Finland  
 2010–2011 Plant Director, Felix Abba Oy (Orkla Group)  
 2009–2010 Plant Manager, Felix Abba Oy (Orkla Group)  
 2008–2009 Project Manager, Orkla Foods Fenno-Baltic Corporate Development  
 2006–2008 Consultant, BearingPoint consulting

### Shareholding

Owns 3,012 Orion Corporation B shares



## Jari Karlson

M.Sc. (Econ.)  
b. 1961

- Chief Financial Officer (CFO), as of 1 August 2002
- Senior Vice President, Animal Health, as of 1 November 2010

### Career in Orion

2010– Chief Financial Officer (CFO), Senior Vice President, Animal Health

2002– Chief Financial Officer (CFO)

2001–2002 Orion Pharma, Vice President, Finance

### Earlier career

1999–2001 Kuusakoski Group Oy, Vice President, Finance

1990–1999 Genencor International Inc, Controller, Director of Planning for the Europe and Asia region and Director of Finance in Europe

1988–1989 Cultor Oy, Financial controller for the Biochem division

### Current key positions of trust

Member of the Board of Directors: Polttimo Oy 2012–

### Former key positions of trust

Member of the Board of Directors: Elo Mutual Pension Insurance Company 2010–2022, Finnish Foundation of Veterinary Research 2011–2019

### Shareholding

Owns 37,271 Orion Corporation B shares



## Virve Laitinen

M.Sc. (Tech.), MBA  
b. 1972

- Senior Vice President, Specialty Products, as of 1 January 2019

### Career in Orion

2019– Senior Vice President, Specialty Products

2012–2018 Senior Vice President, Supply Chain

2007–2011 Director, Business Planning and Control

2001–2006 Manager, Industrialisation and Contract Manufacturing, Supply Chain

1997–2000 Development Engineer, Supply Chain

### Current key positions of trust

Member of the Board of Directors: VR-Group Ltd 2020–

### Former key positions of trust:

Expert Member of the Healthcare Sector Committee of the National Emergency Supply Organisation (NESO) 2015–2019

### Shareholding

Owns 16,723 Orion Corporation B shares



## Outi Vaarala

Professor of Pediatric Immunology,  
Professor of Autoimmune Diseases,  
PhD in immunology  
b. 1962

- Senior Vice President, Research and Development as of  
1 June 2020

### Career in Orion

2020– Senior Vice President, Research and Development

2019–2020 Vice President of Oncology Research

### Earlier career

2018–2019 Senior Director Research, Respiratory Inflammation and  
Autoimmunity, Medimmune, AstraZeneca, The United States

2017–2018 Vice President, Head of Lung Immunity, AstraZeneca,  
Sweden

2014–2017 Vice President, Head of Translational Science,  
AstraZeneca, Sweden

2014 Director of the Department of Vaccinations and Immune  
Protection; Finnish Institute for Health and Welfare (THL)

2005–2014 Research Professor, Head of the Immune Response Unit,  
Department of Vaccines and Immune Protection; Finnish Institute for  
Health and Welfare (THL)

### Current key positions of trust

Member of the Board of Directors: Tampere University Foundation  
2021–

### Former key positions of trust

2005–2014 Permanent expert at the European Medicines Agency  
(EMA)

More than 200 peer-reviewed scientific articles in internationally  
renowned scientific journals (as in Science Translational Medicine,  
Cell Host Microbes, JAMA, New England Journal of Medicine, the  
Lancet, and Journal of Immunology).

### Shareholding

Owns 0 Orion Corporation B shares

## Employee representative

The employee representative in the Executive Management Board in  
2022 was **Jani Korhonen**, Development Manager, Clinical Product  
Development. The employee representative is not a member of the  
Executive Management Board.

**Orion Corporation**

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