



Remuneration report 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.



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Introduction

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

Orion's remuneration policy, which sets out the principles for the remuneration of Orion's Board of Directors and the President and CEO, has been approved in accordance with the Board of Directors' proposal by Orion's Annual General Meeting ("AGM") in 2020. The remuneration policy shall be presented to shareholders at the AGM at least once every four years for an advisory vote. The Board of Directors evaluates the effectiveness of the remuneration policy and the need for amendments. The next presentation of the remuneration policy to shareholders will take place at the AGM in 2024, unless the Board of Directors makes material changes to the remuneration policy before that and presents the amended policy to the AGM for an advisory vote. Remuneration policy's central principle is that the remuneration of the Board of Directors and the President and CEO promotes the achievement of the aforementioned objectives and offers a package that is competitive and the level and structure of which is in line with the market practice. During the financial year 2022, the remuneration of the Board of Directors and the President and CEO was based on said remuneration policy, and there were no deviations. There were no grounds for clawback of remuneration.

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

In accordance with Orion's remuneration policy, the remuneration of the President and CEO consists of monthly salary with fringe benefits, an annual performance-based bonus (STI) and long-term share-based incentive plan (LTI). Orion's President and CEO changed in 2022. The President and CEO's pension is determined by the Finnish legislation (i.e., President and CEO has no supplementary pension arrangement) as of 1 November 2022. The former President and CEO, until 31 October 2022, had a supplementary pension benefit in addition to the statutory pension. In accordance with the remuneration policy, a significant portion of the President and CEO's remuneration consists of variable remuneration components: an annual performance-based bonus and long-term incentive plan. This ensures a strong link between the company's strategy, financial objectives and the President and CEO's remuneration, because the performance objectives for the annual performance-based bonus and the long-term incentive plan are directly connected to the implementation of the company's strategy and its financial success over short and long terms. The President and CEO's remuneration structure as well as shareholding principle set for the President and CEO, contribute to the alignment of interests with shareholders and promote decisions that are in line with the long-term interests of the company.

In accordance with Orion's remuneration policy, the AGM resolves on the remuneration of the Board members. The recommendation on the remuneration presented in the notice to the AGM is prepared by the company's Nomination Committee. Orion's long-standing practice of paying a portion of the Board members' annual fees in the company's B shares, as well as shareholding requirement set in 2022 for the Board members, both contribute to the alignment of interest with shareholders and promote decisions in favour of the company's long-term financial success.

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

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

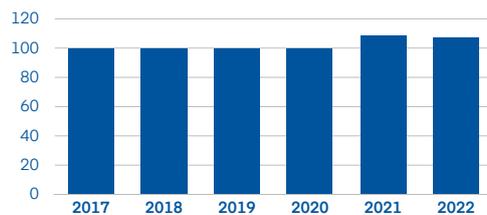
to the company's business and is part of ensuring patient safety. During 2022 Orion further developed the linkage between ESG indicators and remuneration of the President and CEO. From 2023 onwards to balance sustainability perspectives in remuneration, personal objectives of the President and CEO will include a sustainability index consisting of three ESG indicators.

The rewards for the earning periods of the LTI plans, which commenced in 2019 and 2022, are based on the achievement of targets related to the operating profit and net sales. All variable remuneration components paid to the President and CEO have been based on pre-defined performance criteria.

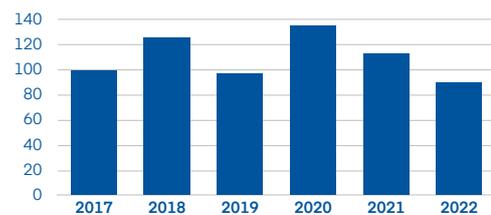
In 2022, Orion's President and CEO Timo Lappalainen informed the Board of Directors that he will exercise his option to retire at the age of 60. Mr. Lappalainen held the position of Orion's President and CEO until 31 October 2022. Dr. Liisa Hurme was appointed President and CEO of Orion Corporation as of 1 November 2022. After the transition, Mr. Lappalainen will be at the disposal of the Board of Directors as an advisor until the end of March 2023. After that he will retire. The reported values for both Mr. Lappalainen and Dr. Hurme represent the remuneration for their roles as the President and CEO in 2022.

Development of remuneration, presentation of comparison information

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



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



The development of remuneration, comparative data is presented for 2018–2022, with the base year 2017 (100%). Remuneration paid to the members of the Board of Directors as annual and meeting fees is resolved by the AGM. Both average annual and meeting fees have been calculated by dividing the total fees by the number of the Board members. The average remuneration value depends on the number of members elected to the Board of Directors for each term as well as on the composition of the Board committees and frequency of meetings.

Annual fees for the members of the Board were the following:

- EUR 90,000 for the chair
- EUR 55,000 for the vice chair
- EUR 45,000 for the member

However, if a member of the Board acts as the chair of the Audit Committee or the R&D Committee, her/his annual fee was EUR 55,000.

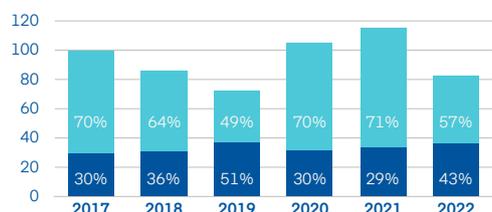
Fees for each meeting of the Board and its committees attended were the following:

- EUR 1,200 for the chair
- EUR 900 for the vice chair
- EUR 600 for the member

In 2022 the annual fees and meeting fees were the same as in 2021, except that the meeting attendance fees of Board members permanently resident outside Finland were doubled if the meeting was held outside the country of residence of such a member and the person attended the meeting at the place of the meeting.

In 2022, the President and CEO of Orion changed: Mr. Lappalainen acted in the role until 31 October 2022 and Dr. Hurme was appointed into the role as of 1 November 2022. Development of the President and CEO's remuneration in this report represents the combined total for both in their roles as the President and CEO in 2022.

Development of the President and CEO's remuneration, %

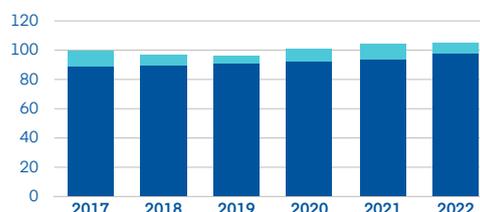


- Salary (including fringe benefits)
- Performance-based bonuses

Salaries (including fringe benefits) are fixed and performance-based bonuses are variable remuneration components. The value above does not include the former President and CEO, Mr. Lappalainen's, supplementary pension benefit. The development of the President and CEO's remuneration, including Mr. Lappalainen's supplementary pension benefit, is presented in the table 'Development of the Orion Group and remuneration'. The development of remuneration, comparative data is presented for 2018–2022, with the base year 2017 (100%).

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

Development of Orion employees' average remuneration, %

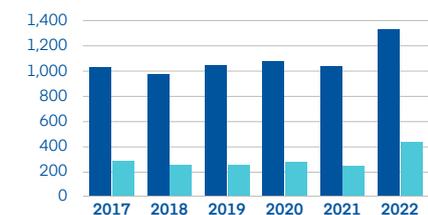


- Salary (including fringe benefits)
- Performance-based bonuses

The values are based on average number of employees and information as reported in the consolidated financial statement. Values have been converted from local currencies into euros using the same exchange rates as in the consolidated financial statements. The information in the table is presented on a cash-flow basis (incl. LTI plans and other performance-based bonuses). The development of Orion employees' average remuneration has been reported without Orion Diagnostica, which was divested in 2018. The development of remuneration, comparative data is presented for 2018–2022, with the base year 2017 (100%).

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

Orion Group's financial performance, key figures



- Net sales, EUR million
- Operating profit, EUR million

The operating profit and net sales have been reported without Orion Diagnostica, which was divested in 2018.

Development of the Orion Group and remuneration, change, year-on-year

	2017	2018	2019	2020	2021	2022
Development of the Orion Group						
Net sales	FIRST YEAR OF COMPARISON	-5%	8%	3%	-3%	29%
Operating profit		-11%	0%	11%	-13%	81%
Development of remuneration						
The Board of Directors' average remuneration (annual fees)		0%	0%	0%	9%	-2%
The Board of Directors' average remuneration (meeting fees)		26%	-22%	38%	-16%	-21%
The President and CEO's remuneration (excluding the supplementary pension benefit of the former President and CEO, Mr. Lappalainen)		-14%	-15%	44%	10%	-28%
The President and CEO's remuneration (including the supplementary pension benefit of the former President and CEO, Mr. Lappalainen)		-8%	-9%	33%	13%	-28%
Orion employees' average remuneration		-3%	-1%	4%	4%	1%
Orion employees' average fixed remuneration (annual salary, including fringe benefits)		1%	1%	1%	2%	5%

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

The development of Orion employees' average remuneration is calculated by dividing personnel expenses (including indirect employee costs) by the average number of employees during the year. Regarding to the supplementary pension benefit in the development of the President and CEO's remuneration, the advance payment for Mr. Lappalainen's supplementary pension benefit has been considered for January until October 2022. Otherwise, the payments made have been considered.

The Board of Directors' remuneration for the previous financial year

The Board of Directors' remuneration is for work carried out within the Board and its committees. In accordance with the decision of the 2022 AGM, the Board of Directors annual fees were paid in cash (60%) and in the Orion Corporation B shares (40%). The Board members are required to retain ownership of the Orion Corporation B shares paid as fees for a period of two years from the date of payment of the fees. However, if the person's membership of the Board of Directors of the Company were to end before the expiry of the restriction on transfer, the restriction on transfer shall expire at the end of the membership of the Board of Directors. In accordance with the decision of the AGM, Orion has in addition paid the transfer tax related to the part of the annual fee of the Board of Directors paid in shares.

Remuneration paid in 2022 to the members of the Board for the financial year 2022

	Total annual fee, EUR ¹	Portion of the fee paid in B shares, pcs	Portion of the annual fee paid in shares, EUR	Portion of the annual fee paid in cash, EUR	Meeting fees, EUR	Total, EUR	Committee memberships
Members of the Board on 31 Dec 2022							
Mikael Silvennoinen, Chair	90,000	970	36,000	54,000	21,600	111,600	Personnel and remuneration (Chair), Nomination
Hilpi Rautelin, Vice Chair	55,000	593	22,000	33,000	18,300	73,300	R&D (Chair), Personnel and remuneration, Nomination
Kari Jussi Aho	45,000	485	18,000	27,000	11,400	56,400	Audit, R&D
Maziar Mike Doustdar (from 23 March 2022)	45,000	485	18,000	27,000	9,000	54,000	Personnel and remuneration
Ari Lehtoranta	55,000	593	22,000	33,000	12,000	67,000	Audit (Chair)
Veli-Matti Mattila	45,000	485	18,000	27,000	12,000	57,000	Personnel and remuneration, R&D
Eija Ronkainen	45,000	485	18,000	27,000	11,400	56,400	Audit, R&D
Karen Lykke Sørensen (from 23 March 2022)	45,000	485	18,000	27,000	13,200	58,200	Audit, R&D
Former members of the Board							
Pia Kalsta (until 23 March 2022)	0	0	0	0	1,200	1,200	Audit, R&D
Timo Maasilta (until 23 March 2022)	0	0	0	0	900	900	Nomination, R&D
Total Board fees	425,000	4,581	170,000	255,000	111,000	536,000	

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

The Board of Directors share ownership requirements have been met in 2022. The members of the Board of Directors have not had any other financial benefits from the company, and they are not included in the company's other incentive schemes.

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

Fees and the supplementary pension benefit paid for the President and CEO in the 2022 financial year

The following table shows the remuneration received by Mr. Lappalainen and Dr. Hurme as President and CEO in 2022. The salaries, fees, fringe benefits and performance-based bonuses paid to the President and CEO in the financial year 2022 totalled EUR 1,291,548 (EUR 1,800,401 in 2021), of which 57% (71%) consisted of variable remuneration components.

President and CEO	Fixed remuneration	Variable remuneration				Pension benefits	
	Fixed annual salary (including fringe benefits)	Performance-based annual bonus	Share-based incentive plan: cash portion (inc. also transfer tax)	Share-based incentive plan: share portion	Share-based incentive plan: portion paid in B shares, pcs	Total	Supplementary pension benefit (advance payment for 2022)
Timo Lappalainen (until 31 October 2022)	453,620	307,257	213,955	210,586	5,096	1,185,418	619,682
	38%	62%				100%	
Liisa Hurme (as of 1 November 2022)	106,130	-	-	-	-	106,130	-
	100%	0%				100%	
President and CEO (combined)	559,750	307,257	213,955	210,586	5,096	1,291,548	619,682
	43%	57%				100%	

All values are in Euros unless otherwise stated.

The remuneration paid to the President and CEO in the 2022 financial year included a fixed annual salary with fringe benefits (car and mobile phone), STI bonus based on the performance during the 2021 financial year and LTI plan. In 2021, the criteria for the STI plan were related to the Orion Group's operating profit and cash flow, as well as personal objectives set by the Board of Directors. The weighting of the 2021 STI plan criteria, the earning opportunity and the reward payout for the former President and CEO, Mr. Lappalainen:

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

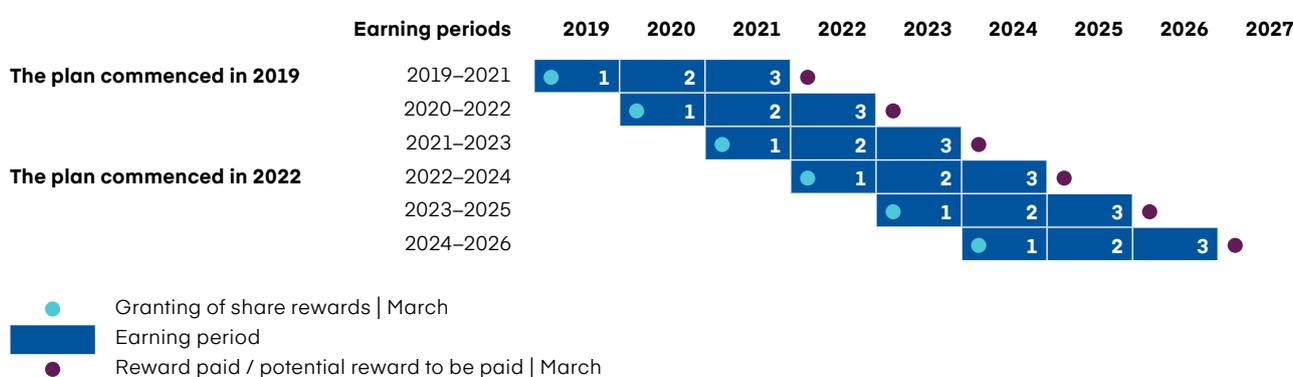
The annual performance-based bonus of the President and CEO for 2022 was no more than twelve (12) months' salary. In 2022, the criteria for the STI plan were related to the Orion Group's operating profit and cash flow, as well as personal objectives including an ESG indicator, set by the Board of Directors. The weighting of the 2022 STI plan criteria and the earning opportunity for the former President and CEO Mr. Lappalainen and the President and CEO Dr. Hurme:

President and CEO	STI plan	Performance criteria	Weight %	Earning opportunity	Payment year
Timo Lappalainen (until 31 October 2022)	2022	Operating profit	45%	In 2022 prorated: 10 months' salary as the President and CEO	2023
		Cash flow	15%		
		Personal objectives	40%		
Liisa Hurme (as of 1 November 2022)	2022	Operating profit	45%	In 2022 prorated: 2 months' salary as the President and CEO	2023
		Cash flow	15%		
		Personal objectives	40%		

The rewards paid to the former President and CEO, Mr. Lappalainen, based on LTI plan in the 2022 financial year were determined in line with the incentive plan that commenced in 2019. For the plan that commenced in 2019, the earning period paid in 2022 was the calendar years 2019–2021. Performance-based rewards paid from LTI plan consist of a cash portion and a portion paid in Orion Corporation B shares.

Remuneration paid to the former President and CEO, Mr. Lappalainen, based on the LTI plan in the financial year 2022:

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



The earning periods, both current and the ones ended during the reporting period, of the Group's share-based incentive plans in force (LTI 2019 and LTI 2022).

The commitment impact of an LTI plan is based on the fact that the duration of the current earning periods is always three (3) years.

The President and CEO's, as of 1 November 2022, pension is determined by the Finnish legislation (i.e., President and CEO has no supplementary pension arrangement). The former President and CEO Mr. Lappalainen's retirement age had been agreed to be 60 years, the target pension level was 60% of the agreed pensionable income. The pension was based on a defined benefit plan. In 2021 insurance payment for the former President and CEO Mr. Lappalainen's supplementary pension benefit totalled EUR 869,529. The advance payment for the insurance payment for the former President and CEO Mr. Lappalainen in 2022, until 31 October 2022, was EUR 619,682.

The variable remuneration components – the performance-based annual bonus and the rewards paid from LTI plans – represent a significant portion of the remuneration of Orion's President and CEO. In 2022, variable remuneration represented 57% of the total remuneration, and the fixed annual salary represented 43% of the total remuneration.

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

The President and CEO's due remuneration

Annual performance-based bonus (STI) for 2022, due in the financial year 2023

The annual performance-based bonus (STI) of the President and CEO was no more than twelve (12) months' salary. Based on the duration of the service the former President and CEO, Mr. Lappalainen will be paid STI bonus for 10 months, and the President and CEO Dr. Hurme for 2 months, in their roles as the President and CEO for 2022. Remuneration of the President and CEO's STI plan due in the financial year 2023:

President and CEO	STI plan	Performance criteria	Weight %	Performance outcome %	Earning opportunity	Reward payout	Payment year
Timo Lappalainen (until 31 October 2022)	2022	Operating profit	45%	100%	In 2022 prorated: 10 months' salary as the President and CEO	9.65 months' salary, EUR 414,612	2023
		Cash flow	15%	100%			
		Personal objectives	40%	91.25%			
Liisa Hurme (as of 1 November 2022)	2022	Operating profit	45%	100%	In 2022 prorated: 2 months' salary as the President and CEO	1.92 months' salary, EUR 101,942	2023
		Cash flow	15%	100%			
		Personal objectives	40%	90.00%			

LTI plan earning period 2020–2022, due in the financial year 2023

- For the former President and CEO, Mr. Lappalainen, within the LTI plan that commenced in 2019: the earning period commenced in 2020 (calendar years 2020–2022), the reward to be paid in shares is a maximum of 18,889 Orion Corporation B shares. These will be transferred on 1 March 2023. The value of the share reward is the volume-weighted average price of Orion Corporation B share on the date of transfer. In addition to the share reward, the former President and CEO Mr. Lappalainen will receive a cash payment, with the maximum amount corresponding to the value of the shares.
- The President and CEO Dr. Hurme has been a selected participant of the LTI plan that commenced in 2019: the earning period commenced in 2020 (calendar years 2020–2022) as Senior Vice President, Global Operations and a member of Orion's Executive Management Board. Dr. Hurme's remuneration based on her previous role is not reported. In 2023 Dr. Hurme will receive LTI rewards from the earning period 2020-2022, of which for two months as the President and CEO.

President and CEO	Share-based incentive plan	Earning period	Performance criteria	Weight %	Performance outcome %	Earning opportunity	Reward payout	Payment year
Timo Lappalainen (until 31 October 2022)	LTI 2019	2020–2022	Operating profit	70%	100%	18,889 Orion Corporation B shares and a cash payment corresponding to the value of the shares (prorated part as President and CEO is 34/36)	18,889 Orion Corporation B shares and a cash payment corresponding to the value of the shares (prorated part as President and CEO is 34/36)	2023
			Net sales	30%	100%			
Liisa Hurme (as of 1 November 2022)	LTI 2019	2020–2022	Operating profit	70%	100%	556 Orion Corporation B shares and a cash payment corresponding to the value of the shares (prorated part as President and CEO is 2/36)	556 Orion Corporation B shares and a cash payment corresponding to the value of the shares (prorated part as President and CEO is 2/36)	2023
			Net sales	30%	100%			

President and CEO, Dr. Hurme has been a selected participant of LTI plans that commenced in 2019 and 2022 as Senior Vice President, Global Operations and a member of Orion's Executive Management Board. Dr. Hurme's remuneration based on her previous role is not reported. In 2022, Dr. Hurme did not receive any LTI rewards as the President and CEO and no share-based remuneration has been granted to her as the President and CEO in 2022. Liisa Hurme's share ownership meets Orion's remuneration principles.

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

KPMG Oy Ab, Authorised Public Accountants, who served as Orion's auditor for the 2022 financial year, have checked to ensure that the information referred to in requirements of section 3 of the decree has been provided in this report in the manner referred to in Decree 608/2019 of the Ministry of Finance.

Orion's Board of Directors approved this remuneration report on 9 February 2023. The remuneration report for the financial year 2022 will be presented to Orion's AGM on 22 March 2023.

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