Ottobock SE & Co. KGaA
Medical Devices  Germany

ESG Risk Rating

12.3
Updated Dec 17, 2021
Not available

Low Risk

Momentum

NEGL  LOW  MED  HIGH  SEVERE

0-10  10-20  20-30  30-40  40+

ESG Risk Rating Distribution

Negligible  Low  Medium  High  Severe

1%  21%  37%  46%  38%

ESG Risk Rating Ranking

UNIVERSE

RANK  PERCENTILE
(1st = lowest risk) (1st = lowest risk)

Global Universe

512/15085  4th

Healthcare

6/628  2nd

Medical Devices

1/228  1st

Peers Table

Peers (Market cap $0.0 - $0.0bn)  Exposure  Management  ESG Risk Rating

1. Ottobock SE & Co. KGaA  43.0 Medium  77.8 Strong  12.3 Low

2. Varian Medical Systems, Inc.  45.1 Medium  43.0 Average  27.1 Medium

3. Sivantos GmbH  43.0 Medium  25.4 Average  32.8 High

4. Cantel Medical Corp  47.5 Medium  27.5 Average  35.3 High

5. Ortho-Clinical Diagnostics, Inc.  44.3 Medium  19.1 Weak  36.4 High

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ESG Risk Analysis
Exposure refers to the extent to which a company is exposed to different material ESG issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>43.0</td>
<td>Medium</td>
</tr>
</tbody>
</table>

Beta = 1.00

The company’s product and service portfolio, as well as its customer base triggers exposure to quality and safety issues. Types of misconduct include unsafe features, insufficient transparency and misleading marketing. The company’s business relations within its value chain drive exposure to bribery and corruption risks. Engagement in inappropriate or illicit practices tends to attract public scrutiny and can result in fines, indictment for corporate managers or executives and termination of contracts. Exposure to ethical breaches is mostly derived from the company’s business relations within its value chain, as well as countries of operation and size. These may include political lobbying, conflicts of interest, anti-competitive practices, tax and accounting irregularities and others.

The company’s overall exposure is medium and is similar to subindustry average. Bribery and Corruption, Business Ethics and Product Governance are notable material ESG issues.

ESG Risk Management

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>77.8</td>
<td>Strong</td>
</tr>
</tbody>
</table>

Ottobock’s overall ESG-related disclosure is not in accordance with GRI reporting standards, lagging behind best practice. The company’s ESG-related issues are overseen by the board or the executive team, suggesting that these are integrated in core business strategy. Regarding its notable ESG issues, the company has developed strong programmes meant to oversee its most material ESG issues. Ottobock has assigned top managerial responsibility for the quality and safety of its products, organizes product safety risk assessments and monitors its performance in this area. In addition, the company discloses a strong mechanism for reporting ethical misconduct. Its whistleblower procedure is proactively communicated to employees as part of their annual review of the code of conduct, and these can use a third-party website or 24/7 hotline to report concerns anonymously.

The company’s overall management of material ESG issues is strong.
## Material ESG Issues
These are the Material ESG Issues driving the ESG Risk Rating.

<table>
<thead>
<tr>
<th>Issue Name</th>
<th>ESG Risk Exposure</th>
<th>ESG Risk Management</th>
<th>ESG Risk Rating</th>
<th>Contribution to ESG Risk Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Governance</td>
<td>10.0 High</td>
<td>91.3 Strong</td>
<td>2.7 Low</td>
<td>22.0%</td>
</tr>
<tr>
<td>Human Capital</td>
<td>6.0 Medium</td>
<td>65.0 Strong</td>
<td>2.3 Low</td>
<td>18.7%</td>
</tr>
<tr>
<td>E&amp;S Impact of Products and Services</td>
<td>3.0 Low</td>
<td>48.5 Average</td>
<td>1.8 Negligible</td>
<td>15.0%</td>
</tr>
<tr>
<td>Corporate Governance</td>
<td>5.0 Medium</td>
<td>66.0 Strong</td>
<td>1.7 Negligible</td>
<td>13.9%</td>
</tr>
<tr>
<td>Business Ethics</td>
<td>6.0 Medium</td>
<td>85.0 Strong</td>
<td>1.2 Negligible</td>
<td>9.4%</td>
</tr>
<tr>
<td>Carbon -Own Operations</td>
<td>3.0 Low</td>
<td>66.5 Strong</td>
<td>1.0 Negligible</td>
<td>8.2%</td>
</tr>
<tr>
<td>Access to Basic Services</td>
<td>4.0 Medium</td>
<td>75.5 Strong</td>
<td>1.0 Negligible</td>
<td>8.0%</td>
</tr>
<tr>
<td>Bribery and Corruption</td>
<td>6.0 Medium</td>
<td>95.0 Strong</td>
<td>0.6 Negligible</td>
<td>4.8%</td>
</tr>
<tr>
<td>Overall</td>
<td>43.0 Medium</td>
<td>77.8 Strong</td>
<td>12.3 Low</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

## Events Overview
Identify events that may negatively impact stakeholders, the environment, or the company’s operations.

- **Category** (Events)
  - Severe (0)
  - High (0)
  - Significant (0)
  - Moderate (0)
  - Low (0)
## Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

<table>
<thead>
<tr>
<th>Category</th>
<th>(Events)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>None (16)</strong></td>
<td></td>
</tr>
<tr>
<td>Access to Basic Services</td>
<td>Accounting and Taxation</td>
</tr>
<tr>
<td>Animal Welfare</td>
<td>Anti-Competitive Practices</td>
</tr>
<tr>
<td>Bribery and Corruption</td>
<td>Business Ethics</td>
</tr>
<tr>
<td>Data Privacy and Security</td>
<td>Energy Use and GHG Emissions</td>
</tr>
<tr>
<td>Environmental Impact of Products</td>
<td>Intellectual Property</td>
</tr>
<tr>
<td>Labour Relations</td>
<td>Lobbying and Public Policy</td>
</tr>
<tr>
<td>Marketing Practices</td>
<td>Occupational Health and Safety</td>
</tr>
<tr>
<td>Quality and Safety</td>
<td>Social Impact of Products</td>
</tr>
</tbody>
</table>
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Risk Decomposition

Exposure

| Company Exposure | 43.0 | The company’s sensitivity or vulnerability to ESG risks. |

Management

| Manageable Risk | 39.5 | Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives. |
| Managed Risk    | 30.7 | Material ESG risk that has been managed by a company through suitable policies, programmes or initiatives. |
| Management Gap  | 8.8  | Measures the difference between material ESG risk that could be managed by the company and what the company is managing. |
| Unmanageable Risk | 3.5 | Material ESG risk inherent in the products or services of a company and/or the nature of a company’s business, which cannot be managed by the company. |

ESG Risk Rating

| Overall Unmanaged Risk | 12.3 | Material ESG risk that has not been managed by a company, and includes two types of risk: unmanageable risk, as well as risks that could be managed by a company through suitable initiatives but which may not yet be managed. |

Momentum Details

Not available due to a lack of comparable historical information.
Glossary of Terms

Beta (Beta, β)
A factor that assesses the degree to which a company’s exposure deviates from its subindustry’s exposure on a material ESG issue. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar
A pillar provides a signal about a company’s management of a specific Corporate Governance issue.

ESG Risk Category
Companies’ ESG Risk Rating scores are assigned to five ESG risk categories in the ESG Risk Rating:

- **Negligible risk**: enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors.
- **Low risk**: enterprise value is considered to have a low risk of material financial impacts driven by ESG factors.
- **Medium risk**: enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors.
- **High risk**: enterprise value is considered to have a high risk of material financial impacts driven by ESG factors.
- **Severe risk**: enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors.

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)
The company’s final score in the ESG Risk Rating: it applies the concept of risk decomposition to derive the level of unmanaged risk for a company.

Event Category
Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator
An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure
The difference between the company’s exposure and its subindustry exposure.

Exposure
A company or subindustry’s sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue
An issue that was not deemed material at the subindustry level during the consultation process but becomes a material ESG issue for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk
Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk
Material ESG risk that has been managed by a company through suitable policies, programmes and initiatives.

Management
A company’s handling of ESG risks.

Management Gap
Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company’s performance is from best practice.

Management Indicator
An indicator that provides a signal about a company’s management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue
A core building block of the ESG Risk Rating. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given subindustry.

Subindustry
Subindustries are defined as part of Sustainalytics’ own classification system.

Unmanageable Risk
Material ESG risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company’s business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk
Material ESG risk that has not been managed by a company, and includes two types of risk: unmanageable risk, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (management gap).
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