

**ottobock.**

# Corporate social responsibility

Report 2017

A black and white photograph of a woman with prosthetic legs kneeling on a cobblestone path to help a young child with a prosthetic leg. The woman is wearing a floral dress and has her sunglasses on her head. She is holding a shoe for the child, who is sitting on a stone ledge. The background shows trees and a building. On the right side of the image, there are two overlapping circles, one green and one blue.

Quality for life

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# Foreword

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Dr Oliver Scheel

Dear Readers,


Ottobock has represented quality of life and responsibility, tradition and progress for nearly 100 years. We are convinced that a company like Ottobock can only survive in the market over the long term if there is a balance between economic success, social responsibility and the sensible use of resources.

But conducting business in a sustainable manner not only means keeping what has been proven to work – it also means having the courage to blaze new trails. And this is what our majority shareholder Professor Hans Georg Näder did in 2017 when he brought Swedish private equity firm EQT on board and established the prerequisites for transforming the GmbH into a new legal form, the SE & Co. KGaA. Experience, financial strength and expertise enable us to invest in new technologies and develop new business models. This benefits our employees, users and the environment.

As the new CEO, I am pleased to help shape the family company's sustainable future. I fully and completely support Professor Näder's decision to become a member of the Global Compact of the United Nations (UN). Ottobock takes responsibility for all of the company's activities and is committed to upholding the ten principles of the UN Global Compact.

It is especially important to me that all employees help to implement these principles. The core points of human rights, occupational standards, environmental protection and anti-corruption are an integral part of our corporate culture.

Yours sincerely,

  
CEO

# The Ottobock company

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## Mobility for people

The Ottobock name stands for high-quality and technologically outstanding products and services in the field of medical technology around the world. The goal of helping to restore mobility for people with disabilities, and protect what mobility they have, stands behind each and every one of the company's products. The conviction that quality of life is closely linked to a maximum of individual freedom and independence is a key concept that has been a major influence throughout the company's over 100-year history. It also continues to guide the development of new products in a focused manner.

The Ottobock med-tech company has recorded stable growth for years: in 2017, sales rose by 4.6 per cent to EUR 927.4 million, adjusted for currency exchange effects, and the number of employees increased to over 7,000 worldwide. The company's global activities are coordinated from its head office in Duderstadt, Germany. A network consisting of sales and service companies in over 50 countries gives the company a global presence which enables close proximity to its customers. The four business areas of Prosthetics, Orthotics, Human Mobility (manual and power wheelchairs and rehabilitation products) and Patient Care mean that the company is ideally positioned and capable of offering its customers a product range of virtually incomparable depth, perfectly integrated system solutions and extensive services.

Swedish private equity firm EQT acquired a 20 per cent share in Otto Bock HealthCare GmbH in August 2017. Eighty per cent remains in the hands of Otto Bock Holding GmbH & Co. KG, which belongs entirely to the family of owners, the Näders.







# The Ottobock company

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## Ottobock's products set standards

A key area of Ottobock's research and development consists of mechatronic solutions for the auto-adaptive control of prosthetic components. The electronic intelligence embedded in the product relieves the user by enabling the systems to adapt to different conditions and everyday situations automatically. Based on this technology, products from our prosthetics range are continuously setting standards for providing medical devices to people with disabilities. Launched in 1997, the C-Leg was the first lower limb prosthesis solution in the world to be controlled entirely by a microprocessor. As the global leader in exoprosthetics, Ottobock introduced another milestone in product development in 2011: the Genium – Bionic Prosthetic System. It simulates natural, physiological ambulation almost perfectly. The Michelangelo hand, in turn, represents a quantum leap in upper limb prosthetics. Controlled by muscle signals, it offers four movable fingers and a thumb that can be positioned separately so the user can execute different types of gripping movements quickly, accurately and reliably.

New products launched in 2015 included the Kenevo, which made the benefits offered by microprocessor-controlled leg prosthesis solutions available to people with low mobility grades for the first time. The Genium X3 and the fourth generation of the C-Leg have established themselves as state-of-the-art technology for more active transfemoral amputees.

Ottobock is also a global market leader in the field of neuroorthopaedics. These devices are intended for people who are affected by complete or partial leg paralysis. The C-Brace® knee-ankle-foot orthosis is the first mechatronic orthosis system in the world to control the entire gait cycle dynamically and in real time, thereby making it possible for people with hemiplegia to walk again. The MyGait activates the fibular nerve from the outside in case of drop foot, which often occurs as the result of a stroke. This activation of the nerve is carried out using functional electrical stimulation (FES), enabling the foot to lift again.

Intensive testing procedures are essential due to reliability and safety requirements combined with the amount of strain placed on the products. Before a new Ottobock prosthetic foot is brought to market, for example, it is tested in special gait simulators where it covers around three million steps. Furthermore, complex testing in the gait lab provides insights into the reaction forces at work during the rollover of a prosthetic foot or into the influence that a prosthesis has on the metabolism of the test subject in order to identify solutions that save as much effort as possible.

Apart from product quality, another focus is on the quality of prosthetic fitting. As part of Patient Care, Ottobock operates over 130 clinics around the world today. Ottobock Business Service makes its selection of products and expertise available to business customers in the form of services. They likewise benefit from the company's expertise in high-quality patient fittings, the detailed understanding of the market and the individual business models developed for countries and regions.





Ottobock.

# Business units

In addition to arm and leg prostheses that replace lost limbs, for example after an amputation, the Ottobock product portfolio also encompasses manual and power wheelchairs as well as orthoses. Orthoses relieve strain and provide support, securing the function of the affected area of the body following an injury or operation.

With the Patient Care business unit, Ottobock is responding to the increasing importance of services in the clinical sector. Representing Ottobock's fourth pillar in addition to its three product-focused business units, this business unit coordinates a network that now consists of 130 of the company's own clinics worldwide.

Patient Care is also responsible for expanding the global network of Service Fabrication locations dedicated to the fabrication of custom products, as well as the planning and equipping of orthopaedic technology and orthopaedic footwear workshops. International training and continuing education programmes for O&P professionals round out the selection.



Prosthetics	Orthotics
<ul style="list-style-type: none"> <li>• Upper limbs</li> <li>• Lower limbs</li> <li>• Liners and volume management systems</li> <li>• Materials</li> <li>• Osseointegration</li> </ul>	<ul style="list-style-type: none"> <li>• Modular orthosis systems</li> <li>• Orthoses/supports</li> <li>• Materials</li> <li>• CPM devices</li> <li>• Rehband/sports</li> </ul>
	



### Human Mobility

- Manual wheelchairs
- Power wheelchairs
- Children's rehabilitation
- Seating and positioning
- Premium products

### Patient Care

- Patient Care centres
- Rehabilitation service
- Service Fabrication
- Planning & Equipping
- Training and continuing education





# Brand values

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A brand creates a certain image in a customer's mind. It provides useful guidance when a wide range of selections is available, builds trust and communicates the company's values. The Ottobock brand stands for helping people whose physical mobility is limited. Its goal is to support these individuals on their way to greater independence and enhanced quality of life.

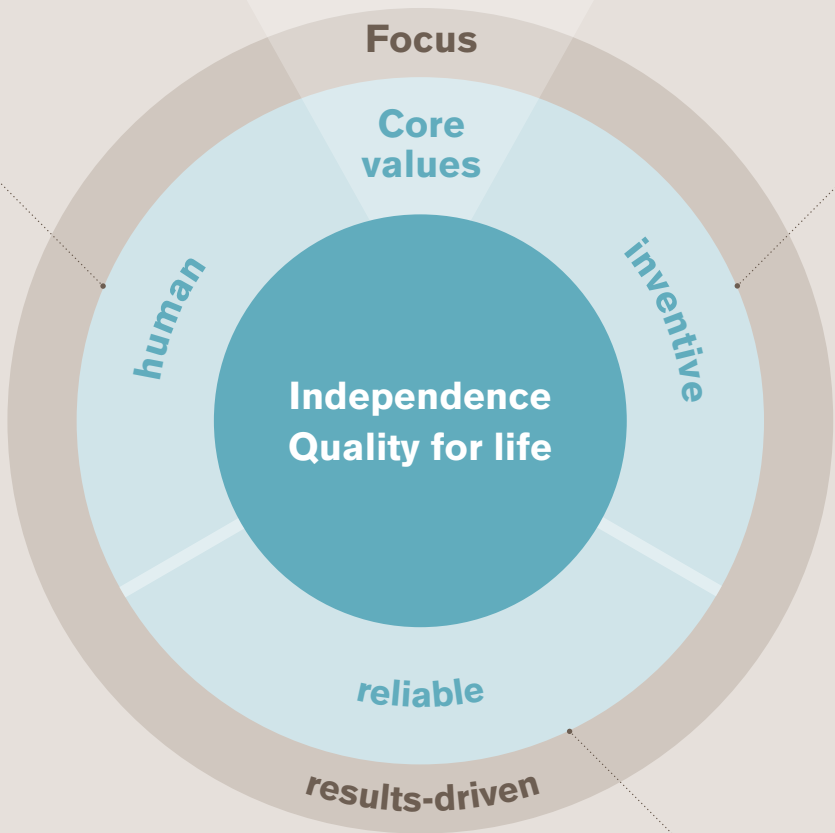
Fulfilling this product promise is what brings the Ottobock brand to life, along with the experiences people have with the company.

A triad of values defines our entrepreneurial activities and perception in the market: human, inventive and reliable. They describe Ottobock's unique identity and point the way to the future. Practised by all employees, they define the company's day-to-day work and form the basis of all communication activities. In doing so, Ottobock maintains a continual focus on results.

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## **Ottobock is human because the company:**

- Values personal relationships.
- Is in daily contact with users.
- Listens to reports from customers and users on their experiences with the company's products and services.



**Ottobock is inventive because the company:**

- Has been setting milestones with new technological developments since its founding.
- Analyses movement patterns that deliver insights into nature, which Ottobock seeks to replicate as closely as possible with bionic solutions.
- Coordinates the work of users, O&P professionals, physicians and therapists.

This achieves the best results for people.

**Ottobock is reliable because the company:**

- Actively and effectively makes decisions to achieve sustainable growth for employees and customers.
- Adheres to the highest quality management standards.
- Has stood for dynamic growth since its founding.

# Human rights

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## **Principle 1**

Businesses should support and respect the protection of internationally proclaimed human rights in their sphere of influence.

## **Principle 2**

Businesses should make sure that they are not complicit in human rights abuses.





# Human rights

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## 🕒 **Article 1, UN Universal Declaration of Human Rights**

All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.

Ottobock is committed to adhering to the UN Universal Declaration of Human Rights. Together with national legal regulations, it forms the basis for the company's actions.

## **Terms and conditions of purchase**

Respecting human rights is an integral part of Ottobock's philosophy. The company has incorporated sustainability considerations into its terms and conditions of purchase in order to ensure that this aspect of its identity is reflected in the supply chain as well. The supplier confirms within these terms and conditions that it complies with all relevant laws of the respective applicable jurisdictions, particularly as concerns criminal law, antitrust law, social security law and administrative offences law, as well as with regard to minimum wage and prevention of child labour, in connection with the delivery of its products to Ottobock. The supplier further undertakes to observe the Ottobock Code of Conduct, which is based on the principles of the UN Global Compact Initiative. These include protecting national human rights, the right to collective bargaining, abolishing forced labour and child labour, eliminating discrimination within the scope of recruitment and employment, responsibility for the environment and preventing corruption.

## **Supplier self-disclosure and supplier audit**

Every supplier who wants to engage in a business relationship with Ottobock must first submit a self-disclosure. In addition to collecting general data, the self-disclosure also requires confirmation from the supplier that it:

- Respects human rights at all times and does not maintain any business relationships with partners who violate human rights.
- Does not tolerate forced or child labour in its business or on the part of suppliers.
- Respects and abides by collective and/or national statutory regulations regarding pay, working conditions and occupational safety.
- Does not tolerate discrimination in any form.



- Keeps levels of environmental pollution and resource consumption as low as possible, and consistently seeks to further reduce them.
- Neither promotes nor tolerates corruption.

Ottobock conducts regular audits that include reviewing whether the requirements of the compliance guidelines are met. The company is currently determining whether questions regarding adherence to the compliance guidelines and a commitment to the Global Compact or an alternative initiative can be actively integrated into the audit questionnaire.



# Occupational standards

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## **Principle 3**

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

## **Principle 4**

Businesses should uphold the elimination of all forms of forced and compulsory labour.

## **Principle 5**

Businesses should uphold the effective abolition of child labour.

## **Principle 6**

Businesses should uphold the elimination of discrimination in respect of employment and occupation.



# Occupational standards

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Ottobock is a fast-growing company, and the team is continually expanding to include new employees. In order to continue to be successful on the market, the company needs qualified employees, the right employee in the right position and the best conditions for a motivated staff. To accomplish this, Ottobock has put together a comprehensive package of benefits, which is being continually expanded.

## **General working conditions**

Ottobock dedicates great commitment and passion to recruiting qualified employees, promoting their further development and retaining them over the long term. In doing so, the company adheres to occupational and social standards which are defined by law.

Ottobock had 1,663 employees in Germany at the end of 2017. Of these, 1,101 were male and 562 female. The number of full-time employees was 1,342. Every employee has a written employment contract which takes labour and social security provisions into account. Ottobock offers fair compensation based on fixed wage and salary charts.

## **Employee representation**

Many employees are concerned with operational matters or topics such as health and safety. The Works Council is the independent co-determination body at Ottobock. It serves as a voice for all employees, representing their interests vis-à-vis the employer. According to Section 87 of the German Works Constitution Act, it has a right to co-determination in the areas of order in the operation, regulation of working time and holidays as well as wage setting. It also monitors legal regulations regarding occupational health and safety as well as working time.

Ottobock employed 81 people with severe disabilities in 2017. The Representative for Employees with Disabilities is dedicated to the participation of people with disabilities in working life.

The Ottobock Group's Youth and Trainee Representative Body handles the concerns of trainees and serves as the contact person for all trainees in the company. The Youth and Trainee Representative Body is always available to discuss problems and helps to resolve conflicts.







# Occupational standards

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### **Compensation system**

Employee compensation at Ottobock has been regulated by fixed salary and wage charts thus far. Over the years, occupational profiles and their requirements have changed. Employees and their activities in the workplace are continuously developing, and the requirements for a compensation system have changed as well.

The company has therefore decided to set up a new level and compensation structure. The goal is to increase transparency and establish a basis for market, location and performance-oriented employee compensation, thereby making a significant contribution to the company's viability in future.

The Human Resources department has developed a level structure in cooperation with the Works Council as a first step. The number of levels and their descriptions have largely been established. The complexity of the positions, required qualifications and other important criteria will constitute the future attributes for employee classifications. In the future, the level structure will also form the foundation for additional HR policy tools such as benefits and career development.

The new compensation system is now being developed by HR and the Works Council in the next step. The future compensation framework will then be documented in a company agreement.

### **Flexible working hours**

The balance between work and personal life is an important concern for Ottobock. Flexitime enables employees in administration to work flexible hours, and they have the opportunity to work from a home office. The company has also introduced a flexible annual working time model. The objective is to balance fluctuations in the amount of work over the calendar year. This agreement gives employees a high degree of personal freedom in the scheduling of their time. Company agreements were concluded between the company and the Works Council for both models.

Ottobock is a family-friendly company and provides the best possible support for employees following parental leave and prepares them for re-entry into their career. The company provides the employee with advance, detailed information regarding the impending changes. Ottobock employees have the option to reduce their number of working hours, not only upon returning from parental leave but also in case of other family challenges or emergency situations. In 2017, 321 employees took advantage of this option and worked part-time.



### **Holiday care for children of employees**

It is not always possible for parents to take time off from work for their children's entire holidays. Ottobock therefore offers childcare during the Easter, summer and autumn holidays. The company does so by working with regional partners. On weekday mornings, employees bring their children to the company premises, where they are looked after by caregivers. The boys and girls then take part in various activities throughout the day.

### **Training**

Ottobock is training 75 young people at its Duderstadt location during the 2017/2018 financial year. The company offers a total of 13 different training professions and a dual study programme. Ottobock has been providing training for several decades and can therefore draw on many years of experience. This includes a structured work environment and close cooperation with educated trainers and training officers who offer enthusiastic and dedicated support for trainees. Good training is reflected by the young employees' performance. In 2017 two Ottobock trainees were among the best journeymen in the Hildesheim-South Lower Saxony Chamber of Trades. The state and chamber winners came from the company. A training workshop was set up last year to establish the best possible conditions for the training years. This is advantageous since it lets the trainees use machines and tools independently of the day-to-day business and regular production processes. In doing so, they gather practical experience and continue to develop their skills. The specialist departments also take advantage of the opportunity to assign projects to the training workshop.

In addition to imparting technical skills, offering personal options for continuing education to the trainees is important to the company. Year events, site visits and training sessions are held regularly in the course of training.





In some training professions, trainees even have the option of rounding out their training with a stay abroad lasting several weeks. Ottobock counts on sustainability when it comes to training as well. Continuing the relationship after the end of training is very important to the company.

### **Trainee projects**

It is very important to Ottobock that the trainees not only expand their technical but also their personal horizons. They learn to act independently and assume responsibility in the course of regular trainee projects. The goal of helping people is reflected here as well. Ottobock conducted various trainee projects in cooperation with the Peter Maffay Foundation over the last few years. For example, the trainees planted a meadow orchard in the Romanian village of Radeln in 2014 and 2015. The residents of Radeln live at the subsistence level. With the fruit from the trees, they will be able to press juice for personal consumption or sale for many years to come. Two years later ten trainees travelled to Gut Dietlhofen near Munich. Here they completed various manual tasks required for the opening of the estate at the beginning of 2018. The Peter Maffay Foundation offers therapeutic, active and adventure experiences for children and youths at its facilities in Germany.

### **Ottobock junior company**

The “Ottobock Youngsters” junior company, which is staffed by personnel in their second year of training, was established in September 2016. Ottobock employees can assign individual projects to the junior company, which it then handles in dedicated departments – from purchasing to logistics, marketing, finance and controlling to sales. The goal is to provide practical training while encouraging trainees to undertake responsibility and to think and act across departmental boundaries.



**Training professions:**

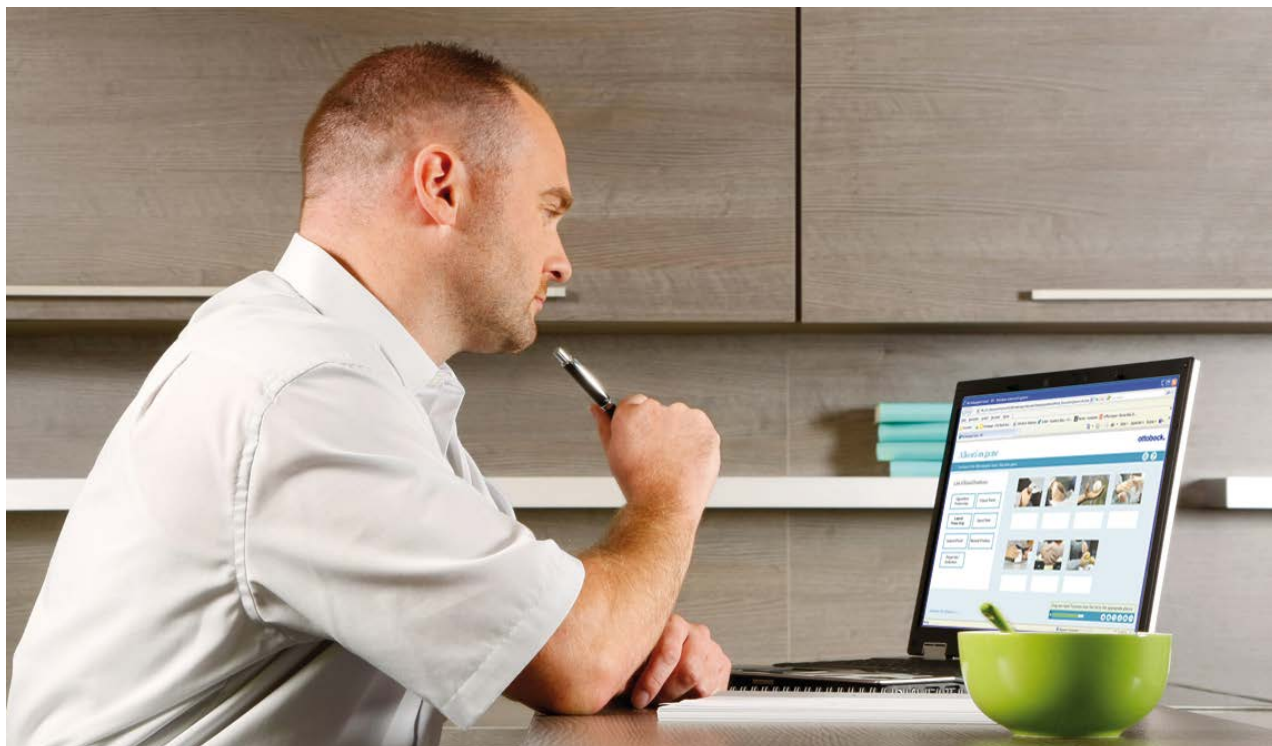
Warehouse logistics specialist  
Process mechanic for plastics and rubber technology – moulded parts  
Milling machine operator  
Technical product designer  
Machine and system operator  
Industrial management assistant  
Industrial mechanic  
Mechatronics engineer  
Electrical engineer for operating technology  
Orthopaedic technology mechanic  
Process mechanic for plastics and rubber technology – fibre composite technology  
Tool mechanic  
Shipping and logistics management assistant

**Dual study programme:**

Business administration

**Learning and development**

Digitalisation is changing the working world at an unprecedented pace. This change and the related need for companies and their employees to adapt are leading to a different perspective of the topic of “learning”. Acquiring a pool of knowledge via traditional seminars will no longer be sufficient to overcome the challenges of day-to-day work in the future. Instead, immediately finding a suitable source of learning and applying, trying out, reflecting on and integrating what was learned into the sequence of work is becoming more and more important in order to keep pace with the dynamic working world of tomorrow. Lifelong learning is also part of Ottobock’s philosophy. In regards to both professional and personal further development, the individual development of Ottobock’s employees is closely linked to the company’s development and



contributes to maintaining and improving the capabilities of every individual, thereby creating additional value for customers and patients.

The Global Learning & Development team helps all employees find appropriate learning options and establish new methods of learning. In addition to traditional seminars and training, Global Learning & Development is taking initial experimental steps with new learning formats to raise awareness of alternative, demand-driven and job-related learning opportunities among employees and managers. These include learning bursts, known as “microlearning”, with the opportunity to reflect before and afterwards, communities of practice (for example on the topic of design thinking), BarCamps and online learning opportunities such as webinars and e-learning offered on Ottobock’s internal learning platform.

Each conceptual design for a learning format focuses on the needs of the specialist departments and employees as well as the effectiveness of learning formats. Not only learners but also managers assume a different role based on the new understanding of learning. They become learning companions and supporters by establishing the necessary prerequisites for learning in their departments and serving as role models.

Thinking outside the box is also important for continuous further development, for example as part of internal and external networks. The same applies for Global Learning & Development: the team embarked on a digital learning journey in 2017 in order to actively explore the digital future of learning. Along with other companies such as Bosch, Continental, Audi and Viessmann, the Ottobock team designed a learning week in the course of the eight-week Massive Open Online Course (MOOCathon) on the topic of “Learning & Development in the Digital Age” with more than 1,200 participants.



Ongoing network meetings that will offer the opportunity for learning and exchange are planned for 2018 as well. Insights and experiences are incorporated directly into the design of sustainable learning formats at Ottobock.

In addition to a wide variety of learning opportunities for employees, the regional and local Ottobock Academies (masters, technicians, seminar leaders, trainers) worldwide offer a broad portfolio of technical (online) training sessions on Ottobock products as well as their application and use, therapies and technology-related knowledge in the fields of orthopaedics and rehabilitation technology. Learning and (further) development is and remains a key success factor in terms of securing Ottobock's future.

#### **Training and continuing education provided by Ottobock Academy**

Sharing state-of-the-art specialist expertise, ensuring the quality of prosthetic care and working in a targeted manner to counter the international shortage of skilled workers: the Ottobock Academy uses these objectives to promote the training and continuing education of orthopaedic and rehabilitation technicians. The extensive and differentiated programme is directed at all experts involved in a patient's fitting process and also includes Ottobock employees around the world, enabling them to provide customers and partners with qualified advice and support. In cooperation with the PFH Private University of Applied Sciences in Göttingen and the University of Göttingen, as well as other partners in medicine and science, Ottobock has developed courses of study in the fields of orthobionics and healthcare technology. This closes the gap between medical research, modern medicine and orthopaedic technology.





### **Diversity and equal opportunities**

As an internationally positioned employer, we place great emphasis on multicultural interaction based on respect and trust. We see diversity within our teams as an advantage and bring people with different experiences, beliefs and perspectives together. To ensure equal opportunities and shape the social aspect of our international presence, we do not tolerate any employee discrimination, particularly based on their age, gender, ethnic background, religion, ideology, sexual identity, disability or social background.

### **Occupational safety**

Potential hazards are everywhere in the workplace – not just in production, but in the office as well. Safety is assured by numerous occupational health and safety provisions. For this reason, every new employee at Ottobock takes part in occupational health and safety training. This is carried out by the Occupational Safety and Accident Prevention Officer. He or she is the company's contact person and is responsible for compliance with measures to prevent workplace accidents and occupational health hazards.

Ottobock has had its own company fire brigade since 1975, which has been recognised as a volunteer plant fire brigade since 2006. Up to 48 trained firefighters are deployed in case of emergencies to prevent more extensive damage.



# Occupational standards

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## **Health management**

Investments in health promotion measures for employees are also investments in the future. Ottobock is aware that employees are only able to perform if they are healthy and contented. To this end, the company developed an operational health management plan. The company has had a dedicated permanent employee for this topic since 2017.

Ottobock views operational health management as part of a modern company strategy aimed at maintaining and also improving employee health and the ability to work over the long term. One of its focal points is continuously developing company and working conditions that are safe and conducive to health. The other is to help employees develop habits that promote good health and to boost employees' personal responsibility for their own health.

The core topics of the operational health management plan include:

- Maintaining and promoting employability and ability to work
- Creating a working environment that is conducive to health
- Reducing stress
- Maintaining and promoting employee satisfaction
- Reducing muscular and skeletal diseases
- Maintaining and promoting employee motivation
- Health awareness

The "Health Steering Committee" was recently reorganised so that concrete health promotion measures could be derived from these topics based on the needs of employees. In addition to the Operational Health Management Officer, this committee includes further members from the Works Council, the representative body for employees with disabilities, occupational health and safety, and HR. This enables an exchange of ideas from various operational perspectives. Ottobock also cooperates with an operational health management service provider that implements the health promotion measures and receives financial support from a health insurer based on the Prevention Act.

The following measures are planned for 2018:

- Eye, stress, cardiovascular and diabetes screenings
- Ergonomics consultations
- Pilot shift worker seminar
- Workshops for trainees.

### **The health concept for trainees**

In addition to the internal health concept that is available to all employees, the company also developed a special option for trainees. It is mainly dedicated to prevention. It is important to Ottobock that its youngest employees also know how to stay fit and healthy in the course of day-to-day work. This concept extends over two years of training and is intended to prepare the trainees for their career even more effectively. An integrated understanding of health, nutrition and exercise is the focal point in the first year of training. Addiction and stress prevention as well as healthy sleeping habits are covered in the second year of training. A two-day workshop for trainees in their first year on the topics of health, nutrition and exercise was held for the first time in December 2016. All trainees received a fitness armband in the course of this workshop and documented the steps they walked at work over the following months. The amount of exercise in the workplace, broken down by occupations, was evaluated as a result. This will be used to derive additional preventive healthcare measures. The goal is to maintain and expand the options available to trainees.

### **Corporate benefits**

The company offers its employees additional benefits in many areas. Exclusive corporate benefits are offered in addition to supplementary dental insurance at special rates and company pension provisions. Various discounts from more than 230 respected manufacturers and suppliers are offered. The portfolio is expanded monthly to include attractive selections in the following areas: auto, finance, travel, fashion, recreation, media, culture, lifestyle, technology, DSL and mobile as well as regional offers.

# Environmental protection

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## **Principle 7**

Businesses should support a precautionary approach to environmental challenges.

## **Principle 8**

Businesses should undertake initiatives to promote greater environmental responsibility.

## **Principle 9**

Businesses should encourage the development and diffusion of environmentally friendly technologies.





# Environmental protection

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Economic success and responsible action within society go hand in hand at Ottobock – including and especially when it comes to protecting the environment. Ottobock does not view economics and ecology as opposing ideas, but rather as a comprehensive challenge that must be mastered for the benefit of future generations. Ottobock's energy management efforts place equal focus on people, nature and the environment. The company has been improving its air conditioning technology for decades, saving energy while simultaneously generating its own environmentally friendly electricity and heat. Biogas is therefore an important part of the company's visionary concept. Emissions that impact the environment are almost entirely avoided in the production process even today. A nearly CO<sub>2</sub>-neutral energy balance is in sight due to a planned expansion to include geothermal energy. Even though the footprint of the Ottobock Group's Duderstadt location in 1969 was only one-fifth of what it is today, the company is now consuming less energy than it did at the time.

## **Biogas plant**

The use of biogas is another element of Ottobock's visionary energy concept. The ground-breaking ceremony for the biogas plant on the company premises in Duderstadt took place on 31 May 2007 and was attended by Federal Minister of the Environment Sigmar Gabriel. The biogas plant was put into operation in the autumn of 2007 and has been significantly reducing carbon dioxide emissions ever since. The plant is operated by Biogas Duderstadt GmbH & Co. KG. At 49 per cent, the largest shareholders are 14 farmers in the region who thus simultaneously act as suppliers and consumers of the biomass. Maschinenring Kommunalservice GmbH, based in Rosdorf, holds a 26 per cent share and contributes its expertise to the operation of the biogas plant. Ottobock has a 25 per cent share and purchases all of the thermal energy. The biogas plant ensures that the company's energy costs will remain stable for the coming years and makes it largely independent of price developments relating to wood, oil and gas. The thermal energy from the biogas plant is used in full in Duderstadt throughout the year: for heating in the winter and for cooling within production in the summer using a technical reverse process. This makes the plant particularly efficient.

## **Rainwater**

In addition to a broad range of measures dedicated to minimising energy consumption, Ottobock also focuses on conserving other resources. The procedure for rainwater is one example: the company buildings in Duderstadt alone cover an area of around 92,000 m<sup>2</sup>, plus more than 55,000 m<sup>2</sup> of roadways and car parks. To ensure that at least part of the rain that falls onto these large areas can feed into the groundwater, lakes with a total area of around 6,800 m<sup>2</sup> interconnected by ditches were built on the company premises. More than 40,000 m<sup>3</sup> of rain that falls on the built-up areas on average per year is collected and infiltrated into the ground via the lakes. At the same time, the lakes serve as restful places for employees on their breaks. They are sanctuaries for rare reptiles, birds, insects and plants which find species-appropriate habitats there, as the ponds were left to develop naturally.



In the event of a fire, the lakes on company premises serve as additional reservoirs to provide extinguishing water to the company's sprinkler system. This system, one of the largest of its kind in the South Lower Saxony region with 35,000 sprinklers, ensures continuous protection for the Ottobock Group's employees, the environment and people in the vicinity.

### **Use of materials**

Modern prostheses no longer consist of just metal, wood and leather, but a wide range of materials. Ottobock uses around 300 materials, ranging from poplar wood to carbon to titanium.

Ottobock strives to produce as little waste as possible in its use of materials. Wood in particular is an important raw material that should be used wisely. Ottobock uses poplar wood in the fabrication of prosthetic feet, for example. In the past, the wood was delivered in a specific shape for producing the core of the foot. Only one foot core could be produced from a relatively large amount of material per blank. The use of a 5-axis CNC machine has changed this. Thanks to optimal processing, less material is required for the same end product, and the amount of waste is reduced by 15 per cent.

At a production company, it is inevitable that the manufacturing of products also results in recyclable materials. These are always handled and disposed of in an environmentally friendly manner. Ottobock continuously strives to develop new procedures in order to further reduce its use of materials, thereby not only protecting the environment but also lowering the incurred costs. One example of this is the production of liners and sealing sleeves. These serve as a buffer between the leg and prosthesis, and improve wearer comfort by preventing the development of pressure points for the user. Liners and sealing sleeves are immersed in a container filled with thermoplastic elastomers (TPE) during a dipping process. However, the material container is very large in proportion to the liner and sealing sleeve.

# Environmental protection

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This means a certain amount is left over in the tank after the dipping process, which cannot be replenished or used again. Proper disposal is then required. Last year Ottobock employees developed what is called a “displacement device”, which is inserted into the material tank and thereby significantly reduces the residual quantity of TPE. Four of these “displacement devices” are now being used successfully. Overall, this reduces waste by 50 per cent and results in material savings of 20 per cent on a total product basis.

Ottobock developed an additional production process in order to reduce the remaining 50 per cent of waste as well. In future, the excess material will be collected and its temperature maintained. It will then be used to produce an additional functional element for the liner that further improves wearer comfort. The company’s long-term goal is to dispose of the smallest possible quantity of leftover material.

Ottobock also focuses on the environment when it comes to product packaging. Until recently the liners were padded with foam inserts for delivery to the customer, and it was necessary to keep various sizes available for this purpose. In 2017 the company started using air bags that can be inflated through a valve using an air gun. The required size can thus be adjusted individually. The customer can easily dispose of the material, which now has significantly less volume, as household waste.

Last year, employees made efforts to reduce the consumption of cooling lubricants used in the machining process. Metal machining produces heat that can lead to tool wear. Cooling lubricants provide the required cooling during the work process. Oils in the lubricant reduce the friction between the tool and workpiece. Cooling lubricants simultaneously remove chips which arise in the processing area. However, this means the chips are wetted by the cooling lubricant. A portion of the lubricant is recovered by draining and then returned to the machine. Using this method, water and oil savings totaling even per cent were realised between the first and second half of 2017.

## **CO<sub>2</sub> limits**

Ottobock has introduced a bonus/malus system linked to the CO<sub>2</sub> emissions of company vehicles to contribute to limiting greenhouse gas emissions. For employees who choose a vehicle with low CO<sub>2</sub> emissions, the reference lease payment is increased by the amount of a bonus. For employees who choose a vehicle with high CO<sub>2</sub> emissions, the reference lease payment is decreased. The entry on the respective vehicle permit is relevant for the CO<sub>2</sub> emission value. Furthermore, employees must choose a vehicle in emissions class 5 or better. The CO<sub>2</sub> emission value is further decreased on a regular basis.





### **Electric vehicles**

According to the federal government, one million electric vehicles will be using Germany's roads by the year 2020. Climate protection is a key aspect, in addition to new markets and reduced dependency on fossil fuels. The German government has put together a package of subsidy measures to reduce CO<sub>2</sub> emissions and help electric vehicles become more established on the market. This includes, for example, the important expansion of the charging infrastructure. Ottobock is following this initiative and investing in electric vehicles as well. The company's fleet currently includes an E-Golf, which is available for employees to use. Three additional vehicles, including a Street-Scooter, are used daily by the Location Services department for trips on and beyond the company premises. Ottobock is currently involved in discussions with suppliers regarding an expansion of its infrastructure for electric vehicles on the premises, both for company vehicles and private vehicles belonging to employees.

### **JobRad**

Ottobock has been offering the JobRad bicycle scheme since 2016 as part of its operational mobility and health management approach. JobRad works in a similar manner to company car leasing. Instead of cars, employees can acquire bicycles, pedelecs and e-bikes at competitive rates. They can purchase the bike of their choice through their employer and save up to 40 per cent of the cost compared to buying it directly. City and touring bikes, mountain and racing bikes, pedelecs, recumbent bikes and cargo bikes are all included in the programme. Employees are free to use their JobRad as they desire, for travelling to and from work but also in their spare time or for sport.



# Anti-corruption

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## **Principle 10**

Businesses should work against corruption in all its forms, including extortion and bribery.



# Anti-corruption

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## **Compliance management system**

Ottobock's company structure is defined by numerous different players and economic activity that involves many degrees of freedom. The resulting complex requirements and continuously changing legal and normative frameworks demand clear standards and rules for company management and our partnerships. In order to ensure compliance with these rules, which include applicable laws, guidelines and agreements, Ottobock's company management has introduced a compliance management system. In this context, business activities must also comply with general social standards regarding morals and ethics. Ottobock has described and published what that means in concrete terms in its Code of Conduct. Our Code of Conduct, the internal anti-corruption and business behaviour guideline and our compliance culture based on trust form important pillars of Ottobock's compliance management system. This system is continually evolving in order to satisfy current legal requirements and the general values of society. As a family company, Ottobock places particular value on open communication, honesty and partner-based cooperation between all employees as well as with our customers and business partners as we implement our compliance goals.

## **Compliance culture**

“Illegal business is not Ottobock business!”

Examples of how Ottobock has applied its compliance culture in practice include the adaptation of numerous processes, the consistent refusal of unfair business requests, the integration of the Works Council and the status-independent sanctioning of compliance violations. The company strives to consistently impress upon all employees that compliance is not fundamentally intended to prevent anything, but merely strives to identify legally permissible solutions.

## **Compliance organisation**

The Chief Compliance Officer (CCO) is responsible for compliance within the company. The CCO works independently and reports directly to the CEO. He or she is responsible for the implementation and further development of all components of the compliance management system. Furthermore, the CCO embodies the compliance culture and promotes an awareness of compliance both at home and abroad. In order to do justice to the size of the company and its steady growth, the executive board has decided to place compliance efforts on a more professional footing by using the so-called governance risk compliance approach (GRC). A new employee was added to the team in 2017, and the functions of compliance, internal auditing and risk management were combined in one department. By reducing the number of interfaces and making lines of communication shorter – and thus becoming more agile – Ottobock is now able to respond more swiftly to changes in laws, training requirements, mandatory controls and potential violations. In this context, the compliance area has been renamed “Risk | Compliance | Internal Auditing”.

### **Compliance communication and training**

A regular compliance newsletter provides all managers with information regarding current risk, compliance and internal auditing topics. Content has also been added to the intranet so employees can learn about compliance at Ottobock in greater detail. A summary of all newsletters, documents and tools can be found here.

In addition, 15 documented training sessions were held along with numerous additional presentations and live events, such as sales meetings. New employees are made aware of the topic of compliance at Ottobock as part of the orientation programme. The whistle blower portal, which is accessible via the intranet and Internet, makes it possible to inform the CCO, anonymously if desired, of rule violations or other grievances relating to the company.

### **Compliance audits**

In addition to the five audits conducted directly (four of which were abroad), other departments submit numerous audit reports to the CCO. Major damage was prevented or at least minimised by resolving cases of suspicion consistently and in a timely manner.

Due to the change in company management and transformation to the new legal form SE & Co. KGaA, the topic of GRC is coming into even greater focus than before. The professionalism of the audits is therefore being continually enhanced and their number further increased where possible. Focal points will include business partner due diligence, general cost awareness and receivables management, as well as cooperation and collaboration with healthcare professionals.



# The company's involvement in sports

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## **Paralympic Games**

Ottobock has been promoting sports for people with disabilities for more than three decades.

The company's commitment to the Paralympic Games began in 1988 when four O&P professionals from Australia recognised the need to offer athletes maintenance and repair services for their sports equipment at the Paralympic Games in Seoul. They did this by setting up what could be considered a rather improvised workshop.

By the 1992 Paralympic Games in Barcelona, the service had already been expanded to include a mobile workshop staffed by a team of 10 technicians from five countries. Ottobock has been at every Paralympic Summer and Winter Games ever since. An international team of 80 technicians speaking 20 different languages was assembled for London 2012. They offered their services in the Technical Repair Service Centers in all three Athletes' Villages and at nine training sites and venues, supported by a mobile Repair Service Center unit. Athletes also relied on Ottobock's technical service at the 2014 Paralympic Games in Sochi and the 2016 Summer Paralympic Games in Rio. For Rio, the company deployed a 100-strong technical service team made up of members from 29 countries. The team put in over 10,400 hours of work on 2,408 repairs: evidence of just what an important role the technical service plays at the Paralympic Games. Ottobock once again assumed the role of Official Technical Service Partner for prosthetics, orthotics and wheelchairs at the Paralympic Winter Games in PyeongChang, South Korea in 2018.

This represented the fifteenth time that Ottobock took on this role. Just 182 kilometres lie between the Paralympic host cities Seoul (1988) and PyeongChang (2018) – and 30 exciting years, full of experiences and changes.







### **Running Clinics**

Those first steps on a sport prosthesis, the goal of running a new personal best or simply racing with the kids again – everyone has their own reasons for participating in the Ottobock Running Clinics.

Ottobock initiated the Running Clinics in cooperation with Heinrich Popow, who won gold at the Paralympic Games in London 2012 and Rio 2016. So far, the clinics have been held a total of more than 15 times in locations around the world.

At the clinics, transfemoral amputees ranging from beginners to experienced runners work as a group to achieve their personal goals. They come together for a weekend to train, practise and test themselves and their sport prostheses under expert supervision.

Ottobock's 3S80 sport knee joint can be tested free of charge together with the Runner or Sprinter running blades at the clinics. O&P professionals who have also fitted athletes at the Paralympic Games adjust the prostheses and provide the participants with on-site support together with Heinrich Popow.







# Social involvement of Professor Hans Georg Näder

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The medical technology company has been owned by the Näder family since 1919. Its vision of improving people's quality of life is not only reflected in its day-to-day work. The Näder family believed its social responsibility extended to people outside the company as well.

In 1987 Dr Max Näder founded the Otto Bock Foundation to support people after natural disasters. His son, Professor Hans Georg Näder, continued and expanded this commitment. The foundation became more diverse as it became more active at the international level and was transformed into the Ottobock Global Foundation.

Professor Näder also cares deeply about children who are in need of protection. For this reason, he established a Tabaluga House in Duderstadt in 2012 and one in Rio de Janeiro three years later.

Professor Hans Georg Näder initiated the "Generation Change 4.0" process in 2017. His two daughters will be more closely involved in the company's business operations and his projects going forward.

## **Ottobock Global Foundation**

Some 150 million children around the world live with a physical disability. Many of these children have had amputations or were born with deformities, and live in emerging nations or developing countries. They have little or no access to orthopaedic treatment. The consequences for children and teenagers are particularly severe since their bodies are still growing. On top of the existing physical disability itself, the children are frequently affected by secondary damage – which could be avoided if they were to receive targeted medical treatment and be fitted with devices. The emotional wounds can only be guessed at. It is also important to consider that annual corrections or even follow-up fittings are required when treating children and teens as they are still growing.

After the European floods in 2002, Professor Hans Georg Näder initiated a relief campaign called "Giving hope – living hope" for people in need. This grew and developed into a social commitment to help people in need around the whole world.

In 2015, Professor Näder founded the Ottobock Global Foundation. Its primary focus is to provide children and teens around the world with prostheses, orthoses and wheelchairs. It also focuses on providing professional training for O&P professionals in developing countries. Julia Näder, Professor Hans Georg Näder's eldest daughter, was appointed a member of the Ottobock Global Foundation's Executive Board in 2017 and has been supporting its projects around the world since then.







The Ottobock Global Foundation is continuing and extending the work of the Otto Bock Foundation, which was established in 1987. The foundation has therefore also adopted the “Children in need – relief for Syria” project, as well as a relief project established in 2015 for victims of the earthquake in Nepal. In addition to its major projects, the Ottobock Global Foundation also provides many individual devices.

Although the Ottobock Global Foundation is independent, it draws on Ottobock HealthCare’s international network as well as that of its partners. This makes it possible to support and coordinate relief projects all over the world in a particularly efficient and cost-effective manner. The Ottobock Global Foundation attempts to do justice to the large number of requests it receives and assesses the possibility of implementing each one on an individual basis.

### **Tabaluga House Duderstadt**

Many children grow up under difficult conditions, and their everyday existence is continually shaped by anxiety or illness. For a number of years, the Peter Maffay Foundation has supported therapeutic activity stays for disadvantaged children and teens.

Professor Hans Georg Näder has also long wished to support children “who are not growing up in the same sheltered way” as he was. The “Sanctuaries for Children” project at his birthplace in Duderstadt developed out of this intention and his friendship with Peter Maffay. Professor Näder acquired two historic half-timbered houses in the centre of the city’s old town for this purpose. Built in 1620 and 1908, the houses were fully renovated to meet current energy standards and refurbished within a period of six months. Bright, friendly rooms with a total of 19 beds offer space for 15 to 16 children and their caregivers respectively.





The Tabaluga House Duderstadt makes it possible for groups of children aged four to 16 years to stay in Duderstadt for five to ten days – largely free of charge. The facility is almost entirely accessible so that even children who have limited mobility can easily stay there without restrictions.

Families who have children with disabilities can also take advantage of the offers provided by the Tabaluga House Duderstadt as part of self-help groups. The broad selection of opportunities helps children and teens discover their talents and abilities. Interactions with animals and shared experiences in nature boost their self-confidence and reinforce a continually positive outlook on life. Around 45 groups visit the Tabaluga House over the course of the year.





### **Tabaluga House Rio de Janeiro**

Professor Hans Georg Näder's commitment to children also extends far beyond Germany's borders: education is typically the only real opportunity for Brazil's street children to escape from their impoverished backgrounds. In order to help these children, Professor Hans Georg Näder and his friend Peter Maffay visited Rio de Janeiro in March 2015 to launch the Tabaluga House Rio project.

Together with regional cooperation partner "Instituto Marquês de Salamanca", the Tabaluga House Rio organised free educational opportunities for street children in the first phase of the project. The technical equipment for 15 computer workstations and expenditures for computer and English course instructors were fully covered.

The "Instituto Marquês de Salamanca" has already been active for over ten years and has a great deal of experience in working with children and teens. This experience makes the institute a perfect cooperation partner for the Tabaluga House Rio. After the 2016 Paralympic Games, Professor Näder decided to continue offering support for the children and to extend the project up through 2018. In addition to the opportunities already offered, the focus will also be on a nursery school project. Expanding to include nursery aged children will make it possible to reach boys and girls who are still too young for English and computer courses. The goal is to provide them with support as early as possible to give them the chance of a future life outside the favelas.

The educational system in Brazil includes state as well as private schools. While there are no fees for the state schools, the learning materials and personnel there tend to be of a low quality. But more than 80 per cent of children and young people in Brazil have no alternative to the state education system as their parents cannot afford private schools. These children often leave school early, leaving them few employment opportunities later on.



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