

Ottobock SE & Co. KGaA

Medical Devices Germany

ESG Risk Rating

12.3

Updated Dec 17, 2021

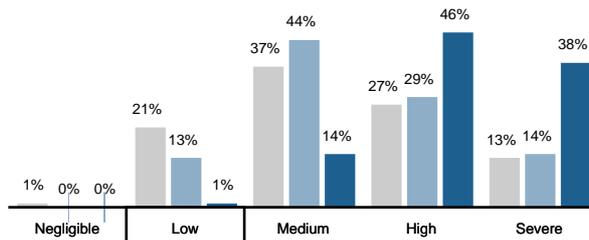
Not
available

Momentum

Low Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	512/15085	4th
Healthcare INDUSTRY	6/628	2nd
Medical Devices SUBINDUSTRY	1/228	1st

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)

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

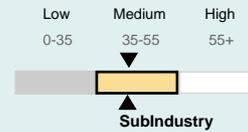
43.0

Not available

Medium

Momentum

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.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

77.8

Not available

Strong

Momentum



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.

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Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

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

Events Overview

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

Category (Events)

5 Severe (0)

4 High (0)

3 Significant (0)

2 Moderate (0)

1 Low (0)

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Events Overview

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

Category (Events)

None (16)

Access to Basic Services

Accounting and Taxation

Animal Welfare

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Data Privacy and Security

Energy Use and GHG Emissions

Environmental Impact of Products

Intellectual Property

Labour Relations

Lobbying and Public Policy

Marketing Practices

Occupational Health and Safety

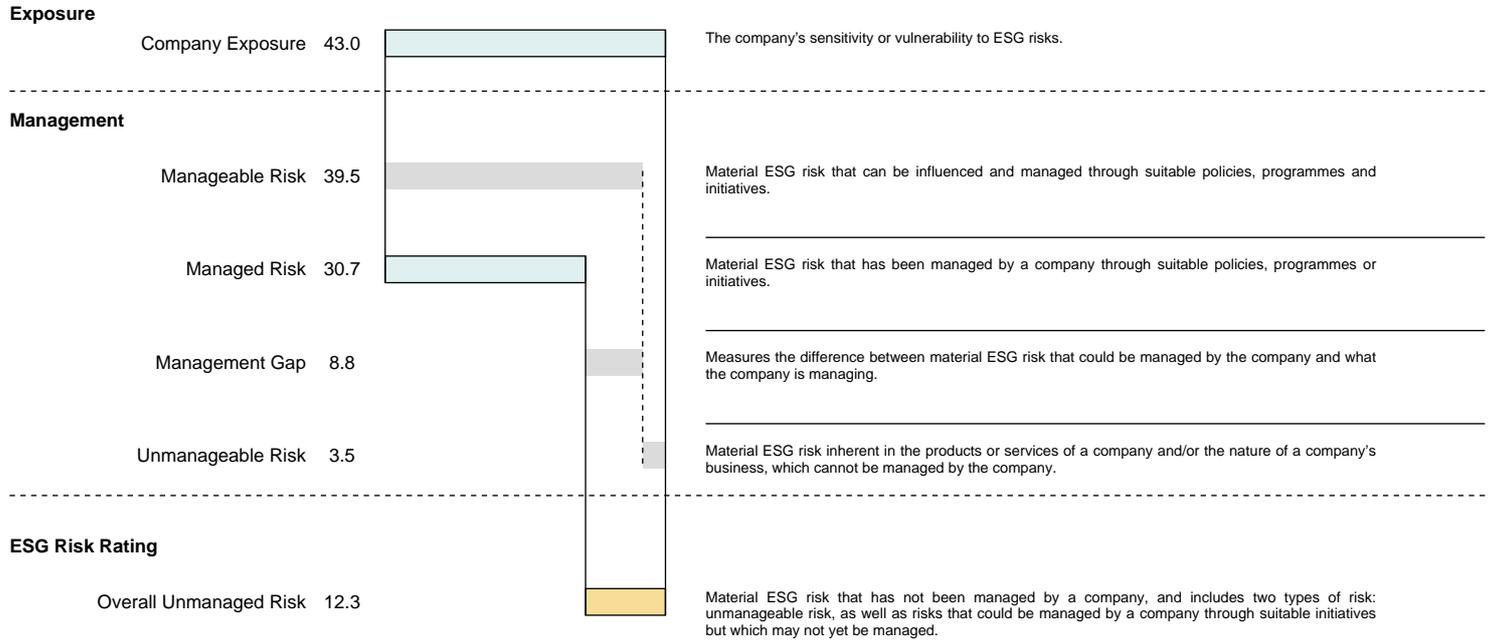
Quality and Safety

Social Impact of Products

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Risk Decomposition



Momentum Details

Not available due to a lack of comparable historical information.

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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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