



ottobock.

# Corporate Social Responsibility

Report 2016

Quality for life



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# Foreword

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Professor Hans Georg Näder

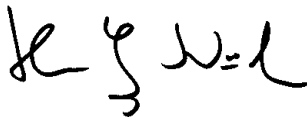
Dear Sir/Madam,

Human, inventive, reliable – those are Ottobock's company values. These characteristics describe who we are. They form the basis for our everyday work, our interactions with each other and with our customers. More than 6,000 employees worldwide are working to bring these values to life. Our goal is to increase the mobility and freedom of people with disabilities, and we do this with passion and leadership.

New products and markets open up tremendous growth potential for us. We have defined our targets for the coming years within the scope of a long-term strategy process: In the year 2020, we intend to generate sales of EUR 2 billion with 10,000 employees worldwide. As an owner-managed family company in the third generation, we are aware of our responsibility to people and the environment. For us, engagement is not incidental but rather a top priority. Our economic success can only be assured when economy and ecology go hand in hand.

From treating people with limited mobility, to making economic decisions, to energy management – all of our actions are centred on sustainability. Signing the United Nations Global Compact 2015 was therefore a matter of course for Ottobock. We are committed to the ten principles for human rights, occupational standards, environmental protection and anti-corruption.

We are publishing our first progress report this year. At the same time, we are committing to complying with the ten principles for a further year and intend to press ahead vigorously with their implementation.



With best regards,  
Professor Hans Georg Näder  
President







# Foreword

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## CSR Office

Dear Readers,

At Ottobock, “Quality for life” not only stands for maintaining or improving quality of life for people with limited mobility, it also stands for our economic decisions and our environmental awareness.

Assuming ecological and social responsibility has always been important to the Näder family. The parents of current owner Professor Hans Georg Näder were involved in various social projects long before the concept of corporate social responsibility (CSR) became a matter of course for companies. Dr Max Näder, for example, established the Otto Bock Foundation and his wife Maria supported SOS Children’s Villages.


In 1990, Professor Hans Georg Näder not only took over the management of the company, he also continued and expanded his parents’ commitment to social causes: The Otto Bock Foundation became more broadly positioned through increasingly international activities and was transformed into the Ottobock Global Foundation. He also built the Kunsthalle HGN art gallery for international art exhibitions in 2011, the Tabaluga House in Duderstadt for children in need of protection in 2012 and a further Tabaluga House in Rio de Janeiro in 2015. And he remains firmly focused on environmental protection through the use of materials that conserve resources and the company’s own biogas plant.

In other words, CSR-related efforts and initiatives had already been a firm component of the company for decades, but did not have a proper home. Ottobock’s owner was aware that the company’s social and economic responsibility would increase as it grew. For this reason, Professor Hans Georg Näder decided at the beginning of 2015 to establish a department dedicated to CSR-related tasks.

We are using the opportunity provided by our entering into the UN Global Compact and the preparation of the progress report to bundle and document all activities within the company. At the same time, we are setting shared goals which will enable us to continue driving our sustainability management efforts forwards. With best regards,



Karsten Ley  
Corporate Social Responsibility Officer  
Executive board Ottobock Global Foundation



Maren Harloff  
Project Manager  
Corporate Social Responsibility Office

# The Ottobock company

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## Mobility for people

The Ottobock name stands for high-quality and technologically outstanding products and services in 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 90-year history and continues to guide the development of new products in a focused manner.

Ottobock has recorded stable growth for years: In 2016, sales rose by 4.3 per cent to EUR 884.5 million and the number of employees increased to over 7,000 worldwide. The global activities of the medical technology company are coordinated from its head office in Duderstadt, Germany. A network consisting of sales and service companies in over 50 countries means the company has a global presence which enables us to be close to our customers. The four business areas of Prosthetics, Orthotics, Human Mobility (manual and power wheelchairs and rehabilitation products) and MedicalCare 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.







# The Ottobock company

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## Ottobock 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, which simulates a natural, physiological gait pattern nearly 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 that 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 NeuroOrthopedics. These devices are aimed at people who are affected by complete or partial leg paralysis. The C-Brace is the first orthotronic mobility 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 dorsiflexor weakness, which often occurs as the result of a stroke. This activation of the nerve is carried out using functional electrical stimulation (FES), resulting in lifting of the foot.

Due to reliability and safety requirements, together with the amount of strain placed on the products, strict quality control standards are essential. 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.

In addition to product quality, a further focal point is the quality of the treatment. As part of Patient Care, Ottobock operates over 130 clinics around the world today. Ottobock Business Service makes its range and expertise available to business customers in the form of services and they, too, benefit from the competence in high-quality patient fittings which is acquired at the clinics, the detailed understanding of the market and the individual business models developed for countries and regions.





# 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 and neuroimplants. Orthoses relieve strain and provide support. They secure the function of the affected area of the body following an injury or operation.

With the PatientCare business unit, Ottobock is responding to the increasing importance of services in the clinical sector. As Ottobock's fifth pillar next to its four product-focused business units, this business unit coordinates a network consisting of 90 of the company's own clinics worldwide.

PatientCare 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 & positioning
- Premium products

### PatientCare

- Patient Care Centers
- 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 with limited physical mobility. 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 make with the company.

Ottobock is defined by 15 values. They describe our conduct and shape positive interactions with customers and colleagues. The company associates a distinct meaning with three values: human, inventive, reliable. They set the company apart from its competitors.



A black and white photograph of two young women sitting on a wooden bench outdoors. The woman on the left is laughing with her mouth wide open and her hands raised to her face, forming a heart shape. The woman on the right is also laughing, looking towards the first woman. They are both wearing casual clothing; the woman on the left has a striped shirt and a patterned scarf, while the woman on the right wears a denim jacket. A polka-dot bag is on the ground next to them. The background is a blurred outdoor setting with trees and a building.

## 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. These 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.

## **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 obligates itself to adhere 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**

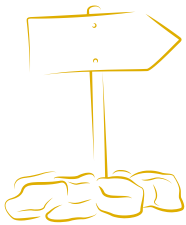
Respecting human rights is an integral part of Ottobock's self-image. The company has incorporated sustainability aspects into its terms and conditions of purchase in order to ensure that this concept of itself is reflected in the supply chain. The supplier confirms within these terms and conditions 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. Furthermore, the supplier obligates itself to observe the Ottobock Code of Conduct, which is based on the principles of the UN Global Compact initiative. These include the protection of national human rights, the right to collective bargaining, the abolition of forced labour and child labour, the elimination of discrimination within the scope of recruitment and employment, responsibility for the environment and the prevention of 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. Not only does the self-disclosure collect general data, the supplier also confirms 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 to verify the statements made by its suppliers. Special emphasis is placed on adhering to the Ottobock compliance guidelines in this regard.



**Outlook for 2017:**

Ottobock conducts audits to check whether its suppliers have complied with the required guidelines in the various departments. A special audit questionnaire has been prepared for this purpose. Currently, adherence to our compliance guidelines is queried in a separate section following the questions. Plans are in place to actively integrate this section into the questionnaire in order to verify adherence to the guidelines even more specifically during on-site audits.



# 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. 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, developing 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 1,390 employees in Germany at the end of 2016. Of these, 934 were male and 456 female. The number of full-time employees was 1,132. 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 28 people with severe disabilities in 2016. 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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### **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.

As a family-friendly company, Ottobock 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 2016, 258 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. From Monday through Friday 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**

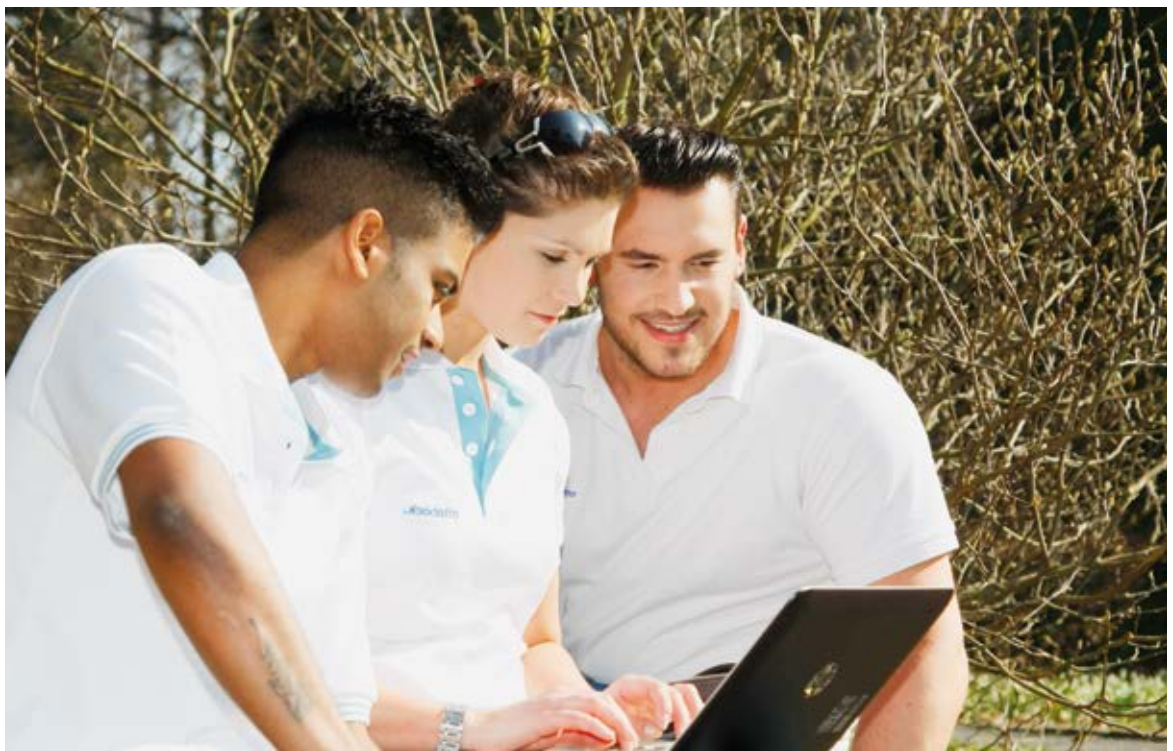
During the 2016/2017 financial year, Ottobock trained 65 young people at its Duderstadt location. The company offers training in a total of 15 different occupations and a dual study programme. Ottobock has been providing training for several decades and can therefore draw on many years of experience. This includes a structured work environment and close cooperation with educated trainers and training officers who offer enthusiastic and dedicated support for trainees.

The “Ottobock Youngsters” junior company, which is staffed by personnel in their second year of training, was established in September of 2016. Ottobock employees can assign individual projects to the junior company, which it 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.

### **Continuing education**

Lifelong learning is a matter of course at Ottobock, because only employees who have had excellent training are able to establish and defend technology milestones. The company has in place a comprehensive qualification programme which covers both technical and interdisciplinary topics. Ottobock maintains employee performance through their participation in numerous seminars and training sessions and thereby ensures the success of the company.

An internal selection of continuing education measures is available to Ottobock employees under the logo of the Ottobock Academy. The Global Learning & Development department is responsible for the continuing education programme, which is aimed at all employees worldwide and includes interdisciplinary and technical subjects.



Within Germany, the company offers seminars on topics such as leadership, IT, business English, product and project management, communication and much more. It also supports shared activities such as nutrition courses, fitness programmes and company sports, which are intended to promote integration, fitness and a sense of belonging amongst our employees.

Our global experts in the field of orthopaedic and rehabilitation technology (masters, O&P professionals, seminar leaders, trainers and other employees) can also choose from a broad portfolio of training sessions on Ottobock products as well as their application and use, therapies and technology-related knowledge.

### **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 the team 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, especially based on age, gender, ethnic origins, religion or ideology, sexual identity, disability or social background.

# Occupational standards

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## **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.

## **Health management**

Ottobock is aware that employees are only able to perform if they are healthy. To this end, the company developed an operational health management plan in 2016.

Implementation is planned for 2017. Ottobock views occupational 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.

The core topics of the occupational health management plan include:

- Maintaining employability and ability to work
- Creating a health-friendly working environment
- Reducing stress
- Reducing muscular and skeletal diseases
- Increasing employee satisfaction
- Health awareness

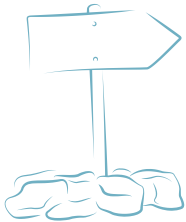
Ottobock is working closely with local partners and health insurers to implement this plan. The company is already cooperating with gyms, nutrition consultants and an independent employee consultancy. Ergonomic workstation design and health prevention measures such as flu vaccines are also provided by the company.





### 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, living, technology, DSL & mobile and regional offers.



### Outlook for 2017:

Employee compensation at Ottobock is regulated by fixed salary and wage charts. Over the years, occupational profiles and their requirements have changed. Employees and their activities in the workplace are continuously developing. To ensure that pay is commensurate with this performance, it is important that the company establish a uniform remuneration structure. Ottobock is aware that employee motivation and the lasting success of the company can only be assured through transparent compensation in line with the market and the respective location. The Human Resources (HR) department has developed an agreement for conducting job evaluations in cooperation with the Works Council. Qualifications, knowledge and other important criteria, along with work experience, constitute future attributes for employee classifications. The objective is to derive a structure of levels on this basis. The various levels must then be differentiated from one another by means of a generally applicable description. The job evaluation will subsequently form the basis for a range of HR policy strategies (compensation system, car policy etc.).

# 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.



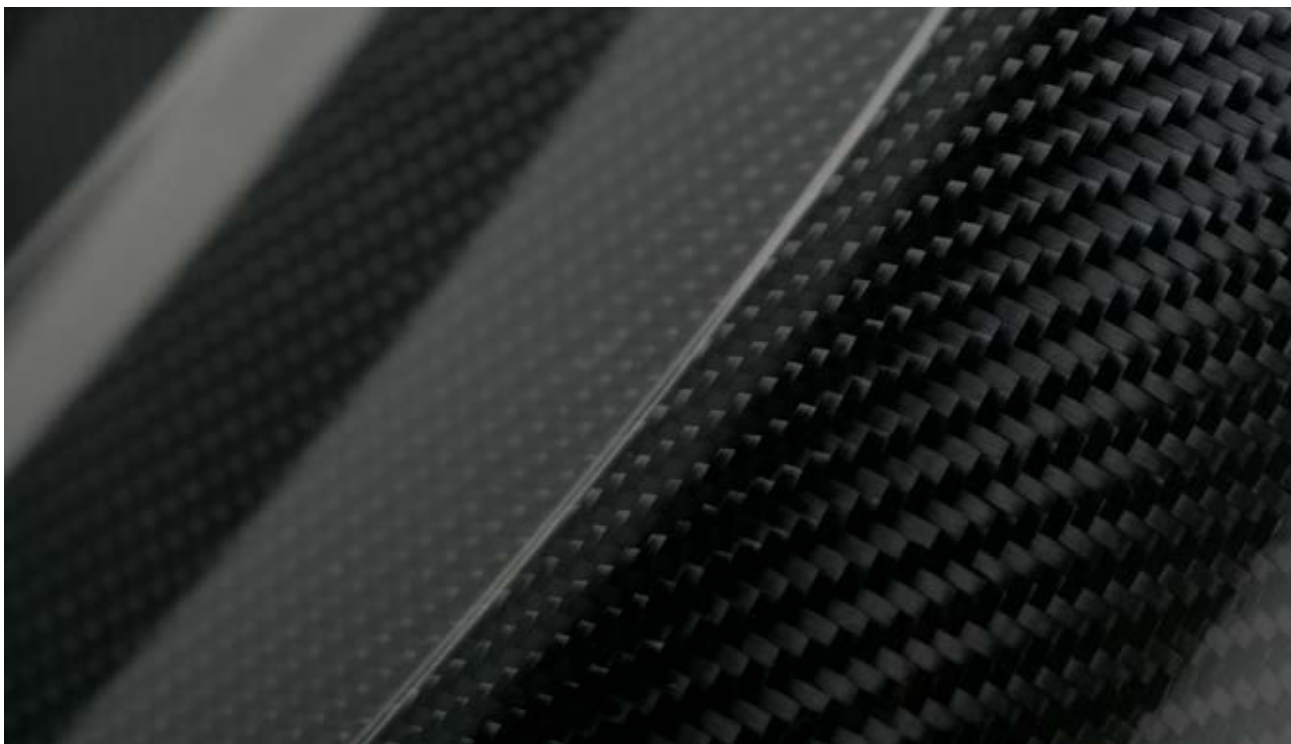


Economic success and responsible action within society go hand in hand at Ottobock – especially when it comes to protecting the environment. Ottobock does not view economics and ecology as opposing ideas, but rather as a comprehensive challenge that must be mastered for the benefit of future generations. Ottobock’s energy management efforts place equal focus on people, nature and the environment. We have been improving our air conditioning technology for decades, saving energy while simultaneously generating our own environmentally friendly electricity and heat. Biogas is therefore an important part of our forward-looking concept. Emissions that affect the environment are already almost entirely avoided in production, and a nearly carbon-neutral energy balance is in sight based on our 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 our company premises in Duderstadt took place on 31 May 2007 in the presence of 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. Our approach to 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, around 6,800 m<sup>2</sup> of lakes 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.

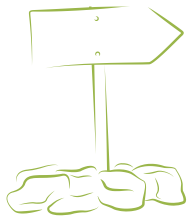
At the same time, the lakes serve as restful places for employees on their breaks. They are sanctuaries for rare reptiles, birds, insects and plants which find species-appropriate habitats there, since the ponds were left to develop naturally. In the event of a fire, the lakes on company premises serve 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.

### **Materials**

Modern prostheses no longer consist of just metal, wood and leather, but a wide range materials. Ottobock uses around 300 materials, ranging from poplar wood to carbon to titanium. Tropical wood species were already removed from the production programme back in 1985 to protect the rainforests. A great deal of effort was also made early on to find ways of producing polyurethane foams of high quality without CFCs.

**Carbon limits**

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



### **Outlook for 2017:**

At a production company, it is inevitable that the manufacturing of products also results in recyclable materials that are generally handled and disposed of in an environmentally friendly manner. Ottobock continuously strives to develop new procedures in order to further reduce the use of materials, thereby not only protecting the environment but also lowering the incurred costs.

Liner production is one example: A liner is used to ensure reliable adhesion of the prosthesis on the leg while simultaneously preventing pressure points. It serves as the connection between the leg and prosthesis, and is pulled over the residual limb like a sock. During the production process, liners are immersed in a dip tank filled with thermoplastic elastomers (TPE). However, the dip tank is very large in proportion to the liner. This means a certain amount of TPE remains in the tank after dipping, which cannot be replenished or continue to be used. Proper disposal is then required. In order to reduce the residual amount of TPE, Ottobock employees are developing what is called a “displacement device”, which is inserted into the dip tank and thereby significantly reduces the quantity of TPE. Initial tests have already been successfully conducted. Small changes are currently being made to increase the efficiency of the “displacement device”.

Reducing the consumption of cooling lubricants in machining is another project for 2017. 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 reused. Nevertheless, a remainder always stays behind on the chips. The chips are therefore stored in containers for a period of time so the oils can settle to the bottom. However, this process does not result in even dehumidification, so Ottobock feels optimisation is required here as well. Employees are currently studying whether there is a specific process that could filter even more cooling lubricant out of the chips.

# Anti-corruption measures

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## **Principle 10**

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







### **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 in our collaboration. In order to ensure compliance with these rules, which include applicable laws, guidelines, and agreements, Ottobock 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.

The Code of Conduct, the internal anti-corruption and business behaviour guidelines as well as 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 during the implementation of our compliance goals.

### **Compliance culture**

Examples of how Ottobock applied its compliance culture in practice in 2016 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 searches for legally permissible solutions.

### **Compliance organisation**

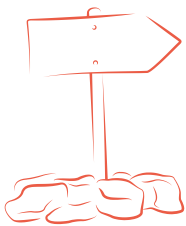
The Chief Compliance Officer (CCO) is responsible for compliance within the company. The CCO works independently and reports directly to the CEO. He or she is responsible for the implementation and further development of all components of the compliance management system. Furthermore, the CCO embodies the compliance culture and promotes an awareness of compliance both at home and abroad. The CCO conducts regular training sessions and compliance audits for this purpose. He or she administers the whistleblower system, resolves suspected cases and works closely with law firms, auditors and representatives of public authorities. The CCO is supported in his or her work by compliance officers within the specialist departments and foreign subsidiaries.

### **Compliance communication and training**

Numerous employee enquiries and the modifications to the legal framework formed the focal point for the development of the new guideline “Compliance in the healthcare sector” in 2016. The main content of the two guidelines “Anti-corruption and business behaviour” and “Compliance in the healthcare sector” were clearly presented as “Dos and don’ts” in the form of 13 different flyers.

A compliance newsletter was sent to all Ottobock managers quarterly or as required. In addition, 19 documented training sessions were held along with numerous additional presentations and live events. New employees and trainees are made aware of the topic of compliance at Ottobock as part of the orientation programme.

The compliance office conducted six audits in 2016 and also received numerous audit reports from other departments. Major damage was prevented or minimised by resolving cases of suspicion consistently and in a timely manner.



### **Outlook for 2017:**

An audit plan coordinated with all departments and continuous auditing are planned for 2017. The audit plan calls for at least three to five foreign audits. A new employee is joining the compliance office to assist with these efforts. Additional audits combined with compliance kick-off training are planned for next year. The focus of these audits and training sessions consists of building awareness and the status of implementing our agreements as well as the new key topic “Healthcare compliance – working with healthcare institutions and healthcare professionals”.

# Social engagement of the company and its owner

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Social engagement has a long tradition at Ottobock and within the Näder family. The vision of improving people's quality of life is not only reflected in our day-to-day work. The Näder family believed its social responsibility extended to people outside the company as well – from victims of war and environmental disasters to the protection of disadvantaged children.









### **Paralympic Games**

Ottobock has been promoting sports for people with disabilities for around three decades. The company's involvement in the Paralympic Games began in 1988 when four O&P professionals from Australia saw the need to offer repairs and maintenance of sports equipment to athletes at the Summer Games in Seoul. They did so by setting up what could be deemed a rather improvised workshop.

The service was already significantly expanded at the 1992 Games in Barcelona and a mobile workshop was delivered from Germany. Ten technicians from five countries were deployed, and Ottobock has been at all Summer and Winter Games since then. The 2012 Paralympic Games in London were the biggest Games in history. An international team of 80 technicians speaking 20 different languages was assembled. They offered their services in the workshops in all three Athletes' Villages and at nine training and competition venues. Support was provided by a mobile workshop unit.

The 2016 Games in Rio marked the first time in their history that the Paralympic Games were held in Latin America. This represented a milestone for people with disabilities in the region as well as for the Paralympic movement itself. When Ottobock opened its doors in Brazil in 1975, the company became the first provider of prostheses and patient fittings in Latin America. Since then, the company has worked together with government agencies, healthcare providers and interest groups to pioneer access to mobility solutions, socioeconomic opportunities and the inclusion of people with disabilities. Having been in Brazil for some 40 years and a supporter of the Paralympic Games for nearly 30, watching the profession and passion come together in Rio was a historic moment for Ottobock as a company.

For our Rio 2016 team, 77 O&P professionals from 31 countries were selected to be deployed to Brazil. Their most important task during the Games, both in the workshop in the Athletes' Village and directly at the sporting venues, was



to ensure that no athlete had to miss the start he or she had prepared for during many years of training due to a defective sport prosthesis or wheelchair. No matter what country they were from or what equipment they were using. To achieve this, Ottobock shipped 16 tonnes of workshop equipment and 15,000 parts from Germany to Brazil.

The keyword was trust, which arose from shared experiences:

- between the athlete and technician working on the individual adaptation of the sports products,
- between the International Paralympic Committee and Ottobock, who together have focused public attention on the performances of athletes with disabilities since 2005,
- between the Rio 2016 organising committee and Ottobock, who with the workshops created an indispensable component of the Paralympic infrastructure.

Global media coverage has increased dramatically and ensures that the athletes get the attention they deserve for their performance. After London 2012, a development came into being which the company hopes will be a sustained effect of the Games after Rio 2016 as well: More and more people began asking themselves after the Paralympic Games whether they too could actively experience the excitement of sports if they had the right prosthesis or a special wheelchair. And it doesn't have to be about winning medals, but it's always about enjoying life.









### **Ottobock Global Foundation**

Some 150 million children around the world live with a physical disability. Many of these children have suffered 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, secondary damage often develops which could be avoided with targeted medical treatment and fittings with medical devices. The emotional wounds can only be guessed at and often remain untreated. Annual corrections or even follow-up fittings are also required in the treatment of children and teens because 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 commitment to help people in need around the whole world.

In 2015, Professor Näder founded the Ottobock Global Foundation. The primary focus of the foundation 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.

The Ottobock Global Foundation is continuing and extending the work of the Otto Bock Foundation, which was established in 1987. It initiates and supports projects and individual fittings around the world. The Ottobock Global Foundation has thus 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.

Although the Ottobock Global Foundation is an independent organisation, it can draw on the network of Ottobock’s medical technology division and its partners within its activities. 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, investigating and assessing each enquiry on an individual basis.



### **Tabaluga House Duderstadt**

Many children grow up under difficult conditions, with their everyday existence characterised 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, who grew up in Duderstadt and is the owner of the Ottobock Group, has also long harboured a desire to support children who are not growing up in the same protected manner in which he did.

The “Sanctuaries for Children” project in Duderstadt developed out of this intention and his friendship with Peter Maffay. Professor Näder acquired two 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 newly furnished within 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 and teens to stay in Duderstadt for five to ten days – largely free of charge. The facility is almost entirely accessible so that staying there is unrestricted and effortless even for children with limited mobility. 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. To help these children, Professor Hans Georg Näder and his friend Peter Maffay initiated the Tabaluga House Rio de Janeiro project in March 2015.

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 10 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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