

2021 REPORT

Environmental | Social | Governance (ESG)

April 2022

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A Letter from Hanger's President & Chief Executive Officer and the Chairman of the Board

We are pleased to share Hanger's third annual disclosure on environmental, social and governance (ESG) issues and reaffirm our long-term commitment to delivering positive and sustainable impact and outcomes to our stakeholders and the communities we serve.

In this report, we highlight and update a number of initiatives and processes underway as part of our ESG journey, which we see as a reflection of Hanger's overall mission and strategy. Hanger's values and corporate culture are inextricably linked and bound to the heart of our purpose-driven Company.

At Hanger, we are defined by the nature of our work as the largest provider of orthotic and prosthetic (O&P) healthcare services in the United States. The O&P industry provides an essential healthcare service, as defined by the Affordable Care Act, and impacts both our patients and society as a whole in ways that cannot be fully quantified in economic terms. For 160 years, Hanger has been at the forefront of clinical excellence and innovation, and Hanger's clinical team provides compassionate, expert care and customized O&P solutions to improve the lives of millions of people with amputations, limb differences, neuromuscular disorders, and other musculoskeletal anomalies.

Hanger's corporate purpose is
“Empowering Human Potential Together.”

Hanger's corporate purpose is “empowering human potential together.” We partner with patients and their families to drive superior outcomes. We coordinate care with referring medical providers and therapists, and we work alongside payer organizations as advocates for the successful rehabilitation of the people we serve. We also play a vital role in the O&P supply chain by ensuring clinicians have efficient access to complex componentry used to fabricate definitive devices, which in turn help restore mobility and physical function. Because of the unique nature of our business, we are fortunate to attract professionals who are motivated by our mission and the quality of our patient care services.

Sustainable business at Hanger starts with our values – which we see as linked to our corporate success and that of our stakeholders. Our Hanger values are integrity, patient-focused, outcomes, collaboration, and innovation. We use this values framework to drive what we do and how we do it, as well as to define and measure career development and success at Hanger for our approximately 5,200 employees. We recognize and reward a select group annually who exemplify these traits through the Hanger Impact Awards.

OVERSIGHT AND ACCOUNTABILITY

Oversight of ESG at Hanger begins at the Board level with the Corporate Governance & Nominating Committee, which receives periodic updates and considers the integration and alignment of ESG considerations into Hanger's overall strategy, including our corporate and risk management activities.

Hanger's ESG task force, formed in 2019, serves as the key conduit for this effort. During 2021 the task force met regularly to coordinate and collect data that had been determined to be of the highest relevance, priority and accessibility for Hanger's 2021 efforts. The task force is comprised of twelve executives and senior managers, who provide subject matter expertise in key areas, including human resources, corporate services, legal, supply chain management, revenue cycle management, compliance, clinical and scientific affairs, treasury, and investor relations, and report directly to the President and CEO.

Our sustainability efforts originate with periodic reviews of relevant business activities, opportunities and challenges through an ESG lens. As a result, a key part of the task force's role is to ensure we are bringing activities underway operationally into the ESG realm for disclosure, if relevant.

During 2021, the ESG task force reviewed existing ESG disclosures among public companies, various frameworks and ESG rating agency data. Because of the unique nature of Hanger's business, we proactively combine portions of existing industry frameworks with our own data and metrics that we believe are most relevant to our business and industry. We begin with applicable elements of the disclosure framework from the Sustainability Accounting Standards Board (SASB) for Health Care Delivery (SICS® HC-DY). Areas discussed include: Quality of Care & Patient Satisfaction; Employee Recruitment, Development & Retention; Patient Privacy & Electronic Health Records; Pricing & Billing Transparency; and Access for Low Income Patients. We have also included discussions of relevant subject matter not addressed by SASB, such as Diversity and Inclusiveness.

In closing, our Board and senior management team at Hanger welcome engagement from our stakeholders on the evolving ESG landscape, our impact, and opportunities in this area. Increasingly, we will be reaching out to various external stakeholders to better inform our opportunities.

We appreciate your interest and look forward to future dialogue.

Sincerely,



Vinit Asar
President & Chief Executive Officer



Chris Begley
Chairman of the Board



THE RELEVANCE OF ESG TO OUR BUSINESS

Hanger began evaluating our approach to corporate sustainability reporting in early 2019. Our approach continues to be one that seeks to evaluate environmental, social and governance (“ESG”) factors along a continuum of business risk, financial impact and relevance to our business. We believe that as a purpose-driven organization, Hanger has a profoundly positive impact on the lives of the patients and families we serve. We believe investors and other stakeholders can analyze and better understand Hanger’s opportunities and business risks using an ESG lens. Our goal is to manage risks inherent to our industry and business, and turn those into a competitive and sustainable advantage.



Hanger is a healthcare services company.

We do not manufacture the components, parts or materials we use to build the devices we provide to our patients. We are reimbursed by public and private insurance, as well as some direct pay by our patients, to design, fabricate and deliver prosthetic devices, generally artificial limbs, as well as orthotic bracing devices for extremities, the central and cervical spine, and head. We also fit and deliver a number of orthotic devices and specialized footwear required due to disease, anatomic change or injury. We have a distribution business that makes O&P componentry available to our clinics as well as independent O&P providers.

We work in a specialized sub-sector of rehabilitation medicine.

Our patient population is extraordinarily diverse, from infants to the elderly. We believe we are unique among public and private healthcare services companies given our focus. Our patient population typically requires significant support, often for life, due to traumatic injuries, falls, disease, neurological disorders, and chronic medical conditions, such as diabetes. As a services company in healthcare we are highly regulated at the federal and state level. We are subject to medical and health care-specific laws concerning patient privacy and governmental reimbursement.

As a result, our approach to ESG is built on a philosophical foundation of protecting and sustaining Hanger’s collective human capital. This starts with our field organization, the largest in the United States dedicated solely to providing O&P patient care. We employed approximately 1,660 board-certified prosthetists, orthotists and pedorthists as of the end of 2021, as well as approximately 175 O&P residents completing their required training before entering the field full-time. Our clinicians work as a team alongside trained technicians, fitters, and support staff. This field organization is supported by regional management and our corporate and internal organizations, whose purpose is to provide the requisite infrastructure so the field can focus on their core competency, taking care of patients. Hanger’s values directly support our mission and are a critical element in the corporate culture we believe allows us to protect, nurture and grow our clinical organization.



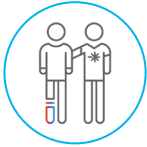
INTEGRITY

We do the right thing every time. We are honest, transparent and respectful in all relationships, including those with colleagues, patients and customers.



PATIENT-FOCUSED

Everything we do begins and ends with patient care.
We serve patients in ways that build lifelong trust.



OUTCOMES

We recognize and celebrate outstanding results.
Superior outcomes differentiate us.



COLLABORATION

We seek to understand each other and our diverse perspectives.
We engage in constructive dialogue and rally around our decisions as One Hanger.



INNOVATION

We learn from our past experiences, but aren't limited by them. We have a passion to continuously improve. We influence and respond to change to better serve our patients, customers, and colleagues.

Under existing frameworks and reporting approaches to ESG, our primary contribution to the ESG discussion lies within the social realm. In addition, as a public company we are committed to governance policies and practices that serve the long-term interests of Hanger and its stockholders. From an environmental perspective, the impact of our O&P services business is not as significant as in industries such as manufacturing, which directly generate a significant carbon footprint. However, we have a role to play in lowering our carbon footprint and resulting greenhouse gas emissions of our clinic locations and distribution centers. We are committed to exploring practical opportunities to engage in energy and waste management strategies that will achieve these goals.

HANGER'S APPROACH TO ESG

Given the purpose-based nature of our business and the values that guide us, Hanger's ESG philosophy aligns naturally with and is intended to support our core business strategy. We believe our business is not just fitting O&P devices, but rather is returning independence to our patients with physical challenges and empowering their mobility – a prerequisite for improved health status, improved sense of wellbeing and quality of life. Our corporate vision is to lead the orthotic and prosthetic markets by providing superior patient care, outcomes, services and value. We achieve this through two business segments: Patient Care (84.2% of net revenue) and Products & Services (15.8% of net revenue).

Hanger's ESG Task Force is comprised of twelve executives and key leaders representing an interdisciplinary team including human resources, corporate services (information technology and facilities), legal, supply chain, revenue cycle management, compliance, clinical and scientific affairs, treasury, and investor relations. Five of the twelve members of the Task Force serve on Hanger's Senior Leadership Team that reports directly to the President and CEO.

The ESG Task Force evaluated a number of options to build an initial ESG framework that aligns with our business, and in 2019 adapted the Sustainability Accounting Standards Board (SASB) frameworks for Health Care Delivery (SICS® HC-DY), as well as Health Care Distributors (SICS® HC-DI) Versions 2018-10. The task force assigned an operational business owner and subject matter expert to each applicable topic. These topics have been supplemented and in some cases modified by us as necessary to make them relevant to our business and its operations.

We have also received additional input from the task force members in areas not addressed in the SASB framework, but which meet our ESG criteria of business risk, financial impact and relevance. In addition we have used available inputs from rating agencies and ESG publications to build out our framework so it better fits the nature of our business. We also will continue to incorporate input from shareholders, suppliers and employees as our disclosures continue to evolve.

Finally, this is not intended to be a definitive list of disclosures, but rather one that will evolve over time to add new areas as the effort matures and areas of additional focus emerge.

Hanger's key ESG tenets are:

- Operate with Integrity
- Put the Patient First
- Nurture Our Human Capital
- Promote Diversity & Inclusion
- Contribute Positively to the Communities We Serve
- Robust Corporate Governance
- Sound Environmental Stewardship

The framework that links these tenets to specific ESG factors in Hanger's business is as follows:

Hanger ESG Tenet	Environmental, Social & Governance Impact	Key Performance Benchmarks/Metric
Operate with Integrity	 Social  Governance	<ul style="list-style-type: none"> • Patient privacy • Safety of O&P services and devices • Enterprise compliance
Put the Patient First	 Social  Governance	<ul style="list-style-type: none"> • Electronic Health Records • Quality of care • Patient satisfaction (NPS) • Pricing and billing transparency • Outcomes research • Serious Reportable Events
Nurture Our Human Capital	 Social  Governance	<ul style="list-style-type: none"> • Employee recruitment, development & retention
Promote Diversity and Inclusion	 Social  Governance	<ul style="list-style-type: none"> • Building a culture of diversity & inclusion
Contribute Positively to the Communities We Serve	 Social  Governance	<ul style="list-style-type: none"> • Access for low income patients • Community Relations
Robust Corporate Governance	 Governance	<ul style="list-style-type: none"> • ESG Oversight By the Corporate Governance & Nominating Committee • Structure, compensation, shareholder rights audit and risk oversight
Sound Environmental Stewardship	 Environmental	<ul style="list-style-type: none"> • Energy management • Waste management • Climate change impact on human health & infrastructure • Supply chain efficiency and integrity

SOCIAL AND GOVERNANCE REPORTING: PUTTING THE PATIENT FIRST

Quality of Care and Patient Satisfaction (HC-DY-250a)

Net Promoter Score. Within our Patient Care segment, we commit to partnering with patients, caregivers and colleagues to provide consistent, compassionate, human-centric experiences on the journey to living empowered lives. With empowering human potential as Hanger Clinic's mantra, we launched the Net Promoter Score survey in 2017 to bring the voice of the patient into our daily operations, in real time, to better understand the key elements that contribute to positive patient experiences, to learn where we have opportunities to improve and to build on our culture of service.

Since launching NPS, we have collected more than 250,000 patient responses and have successfully achieved our goal of improving our NPS year over year. At year-end 2021, our Patient Care segment NPS was 86.6 out of 100, which is a .5 improvement over the prior year. In 2021, the world was hit again with wave after wave of COVID-19 setbacks, with patients and employees suffering continued stressors caused by the pandemic. COVID-19 outbreaks, supply chain issues, and challenges to employee retention could have understandably resulted in a decrease in the NPS score from 2020; however, because NPS and partnering with patients is so deeply ingrained in the Hanger Clinic culture, we saw an increase in patient satisfaction and loyalty in spite of another challenging year.

Daily monitoring of NPS feedback is an integral part of the Hanger culture, squarely placing the patient at the center of everything we do.

Quality of Care. National healthcare expenditures totaled approximately \$3.8 trillion in 2019 and we believe O&P constitutes approximately 0.1 percent of the total. While O&P is a relatively small part of healthcare in aggregate from a dollar perspective, we view our impact in different terms. How do you quantify the ability to resume routines of daily living after a catastrophic limb loss event in dollar terms?

The impact on physical and mental health status as well as the economic ramifications of our work is fairly intuitive. However, to be successful in delivering health care in the era of healthcare reform, organizations must be focused on delivering a proposition of value-based care. Reimbursement is shifting from a fee-for-service model to capitated payments that reward outcomes over service volumes. The O&P industry must demonstrate the value of its services in order to successfully pursue its mission over time.

With Hanger's leadership position in the O&P industry comes significant responsibilities. We believe generating credible research to answer important policy and clinical questions with scientific rigor is one of those responsibilities. As a centerpiece of our business strategy, we are developing clinical research that measures and reports the health outcomes impact of O&P patient care.





Over the last several years we have published a series of multi-center peer-reviewed publications, the Mobility Analysis of Amputees (MAAT), directed by Hanger's Department of Clinical and Scientific Affairs. Our aim is to clarify the concept of prosthetic mobility as it relates to such considerations as satisfaction, quality of life, co-morbid health conditions and prosthetic component choices. To date we have published seven peer-reviewed journal articles in the MAAT series.

Importantly, our research agenda is not specific to care at Hanger Clinic locations, but rather encompasses the value proposition of O&P care itself on overall patient status, outcomes and cost of care. This effort elevates our entire industry within the medical community. Our research

mission is aligned with U.S. government and private payer initiatives to ensure the reporting and measurement of the value of care delivered rather than the volume of care provided.

Hanger collects, develops, and applies clinical evidence to discover new ways to improve orthotic and prosthetic care.

Our research is designed to explore, expand and facilitate opportunities that advance the science and care related to orthotic and prosthetic healthcare management.

We have established outcomes tracking and analysis capabilities by adopting and implementing comprehensive clinical outcomes programs across our national provider network.

This data is collected in the areas of mobility, satisfaction, quality of life, and injurious falls. The collection, analyses and dissemination of clinical outcomes data reflects our primary focus and social commitment to the quality of the service and care that we provide to our patients.

Between October 1, 2020 and September 30, 2021 we collected over 42,900 clinical outcomes on lower extremity amputees.

The following studies were published in peer reviewed journals as a result of our clinical research efforts:

1. DiBello SA, Wurdeman SR, Gorniak SL. (2021) Orthotic Research Initiative for Outcomes aNalysis (ORION 1): predictors of PROMIS PF for stroke survivors seeking orthotic intervention. *Disability & Rehabilitation*. [Epub ahead of print].
2. Abernethy LM, England DL, Price CA, Stevens PM, Wurdeman SR. (2021) Modified cephalic index measured at superior levels of the cranium revealed improved correction with helmet therapy for patients with sagittal suture craniosynostosis. *Journal of Craniofacial Surgery*. [Epub ahead of print].
3. Ramsey JA, Stevens PM, Wurdeman SR, Bonfield CM. (2021) Quantifying orthotic correction of trigonocephaly using optical surface scanning. *Journal of Craniofacial Surgery*. 32(5):1727-1733.
4. Anderson CB, Wurdeman SR, Miller MJ, Christiansen CL, Kittelson AJ. (2021) Development of a physical mobility prediction model to guide prosthetic rehabilitation. *Prosthetics & Orthotics International*. Jun;45(3):268-275.
5. Leister KR, Wurdeman SR. (2020) A walking bout among individuals with type 2 diabetes reveals altered foot thermodynamics associated with unilateral transtibial amputation. *Prosthetics & Orthotics International*. Apr;45(2):178-183.
6. Campbell JH, Stevens PM, Wurdeman SR. (2020) OASIS 1: Retrospective analysis of four different microprocessor knee types. *Journal of Rehabilitation and Assistive Technologies Engineering*. 5(7):2055668320968476.
7. Ramstrand N, Stevens PM. (2021) Clinical outcome measures to evaluate the effects of orthotic management post-stroke: a systematic review. *Disabil Rehabil*. 13:1-20. doi:10.1080/09638288.2020.1859630. Online ahead of print. PMID: 33438496
8. Stevens PM. (2020) Physical sciences. *Prosthet Orthot Int*. 44(6):373-383. doi: 10.1177/0309364620969994. Epub 2020 Nov 6. PMID: 33158407
9. Stevens PM. (2021) Prioritizing primary outcomes in prosthetic rehabilitation: Observations from recent evidence. *J Prosthet Orthot*. 33(2):82-87.
10. Stevens PM. (2021) The Impact of Microprocessor Knees on the Cognitive Burden of Ambulation, Patient Safety, Healthcare Economics, and Prosthetic Mobility. *Curr Phys Med Rehabil Rep*.
11. Miller TA, Wurdeman SR, Paul R, Forthofer M. (2021) The value of health economics and outcomes research in prosthetics and orthotics. *Canadian Prosthetics & Orthotics Journal*. 4(2).

Additional information on Hanger's Department of Clinical and Scientific Affairs and our nationwide collaborative outcomes research agenda in O&P can be found at Hangerclinic.com/ForProfessionals/Hanger-Institute/Clinical-Research.

The following SASB codes for Quality of Care and Patient Satisfaction are deemed not relevant to Hanger's business:

- **HC-DY-250a.1:** Average Hospital Value-Based Purchasing Total Performance Score and domain score, across all facilities
- **HC-DY-250a.3:** Hospital-Acquired Condition (HAC) Score per hospital
- **HC-DY-250a.4:** Excess readmission ratio per hospital

Serious Reportable Events (HC-DY-250a.2). The National Quality Forum has identified approximately 70 serious reportable events (SREs), also known colloquially as "never events." These refer to incidents that can occur related to surgery or procedures, devices, patient protection, care management, environmental factors, radiologic incidents or criminal events.

Many of these adverse outcomes are not relevant to Hanger's business, while others are of a nature that they could occur in any healthcare setting. For 2021 Hanger does not believe it experienced any SREs in our clinics.

Our Risk Management function discussed in the section under "Patient Safety and O&P Devices" is an essential part of our prevention and surveillance program to identify safety risks in our clinics and advance workplace programs in concert with our compliance team to avoid such incidents.

Employee Recruitment, Development & Retention (HC-DY-330a)

Talent recruitment and retention efforts for health care practitioners (HC-DY-330a.2). As the leading provider of O&P care in the United States, Hanger does not take its leadership position for granted and we stand behind what defines us. The corporate values discussed earlier in this report are our shared heartbeat, placing our patients at the center of all we do.

Patient experience begins with empathetic team members who are competent, supported, and highly engaged. We aim to attract and retain exceptional people by providing access to extensive resources and career development opportunities, investing in our people at all stages of their careers.

We believe that leading through our values is the key to retaining our staff. As an industry leader in O&P, our clinical staff is resourced to deliver high-quality patient care to achieve successful outcomes. We provide career development opportunities through defined career paths and a commitment to internal mobility. More than 30% of our open positions are filled by Hanger employees seeking promotions, new locations and different career paths.

We strive to recruit diverse candidates across Hanger for all positions, and are committed to making an impact in increasing diversity of talent in the field of orthotics and prosthetics, so that our care providers better reflect the patients we proudly serve.

We are also proud that many of our employees qualify as having a disability under the Americans with Disability Act. Many individuals seek out O&P as a career after going through the life altering experience of limb loss.

Currently, 82% of all residents hired within Hanger's National Residency program are diverse by gender, race or ethnicity. Additionally, 52% of all clinician hires year-to-date in 2021 are similarly diverse, and 42% of all clinician positions filled through internal re-location were similarly diverse. In total, 31% of our clinicians are female, which exceeds the total female representation rate for the field of orthotics and prosthetics of 28%. Prospective job seekers quickly discover what anchors us as a company through our external career site ([Careers.Hanger.com](https://careers.hanger.com)) and interacting with our people. No matter the role, every Hanger employee helps make the impossible possible – one person, one challenge, one step at a time.

We are committed to the health and well-being of our employees. In 2021, we instituted a new wellness program, Healthy Hanger. Employees engage in the program through a technology application, accessible on their own personal devices, that contains healthy resources, guides and support groups. Hanger aims to improve the wellness of our employees as we do for our patients.

Employee Retention (HC-DY-330a.1). At Hanger, we value employee feedback and encourage our employees to share their views with their managers and senior leaders. Hanger periodically engages with an external vendor to coordinate the collection of anonymous employee feedback and measure employee engagement. Survey categories include Clarity of Direction, Integrity, Manager and Senior Leadership, Engagement, Pay & Benefits and Patient Focus. Survey results are summarized and shared with all employees. Hanger's Senior Leadership Team reviews results and sets action plans to further drive engagement.



Each year, Hanger hosts Hanger LIVE, typically bringing more than a thousand Hanger employees and industry exhibitors together in person for educational courses and collaboration with colleagues, manufacturers, and partners, in addition to clinical keynote sessions from medical professionals advancing the orthotics and prosthetics (O&P) industry. This event offers clinicians an opportunity to complete CEUs, hear directly from Hanger's senior leaders the direction and strategy of the company, and build relationships across our vast organization.

For the first time in the event's history, Hanger LIVE 2021 was held virtually, due to COVID-19 safety precautions, and was attended by the entire company. From Feb. 4-5, Hanger's then 4,900 employees came together with 310 exhibitors. With the theme "Powered by Purpose" and re-imagined for a digital audience, Hanger LIVE featured pre-recorded and live content, including an Opening Ceremony video spotlighting patients, and live check-ins with their orthotic and prosthetic (O&P) care teams from around the country. Two keynote sessions featured former PepsiCo Chairman and CEO Indra Nooyi in conversation with Hanger President and CEO Vinit Asar, discussing diversity and inclusion, leadership, and growth.

For competitive reasons, Hanger is reticent to disclose specific retention or attrition rates. Hanger strives to be the employer of choice in the O&P industry and we are currently focusing on this area as one of our strategic imperatives.

Pricing and Billing Transparency (HC-DY-270a.1)

In order to ensure all patients are adequately informed about pricing, Hanger provides patients with financial counseling during the initial visit leading to the provision of any device or billable service. The financial counseling session serves as an opportunity to educate the patient on Hanger's billing procedures, pricing and payment options.



SOCIAL AND GOVERNANCE REPORTING: OPERATE WITH INTEGRITY

Patient Privacy & Electronic Health Records (HC-DY-230)

Electronic Health Records Meeting Meaningful Use (MU) Requirements (HC-DY-230a.1). As an orthotics and prosthetics health services provider, our clinicians do not meet the Medicare nor Medicaid criteria for "Eligible Professional (EP)" as defined in the HITECH Act, making this requirement inapplicable to Hanger, Inc.

Prior to 2014, in our Patient Care segment, we performed our revenue cycle management functions such as insurance eligibility, patient pre-authorization, patient documentation, claims coding, claims submission, collection, cash application, and claims audit support activities primarily on a decentralized, location-by-location basis. A major challenge in the provision of O&P patient care is the myriad of proper and sufficient documentation required to establish medical necessity for a device. The inability to adequately meet these requirements is a key factor cited by payers when denying claims for reimbursement.

In concert with the digitization of other administrative processes, Hanger began the process of migrating our clinics and clinicians to a single robust MU-eligible electronic health records (EHR) platform developed by NextGen Corporation, a publicly traded health care technology company. We have invested significant resources to configure the system for Hanger's work flow and reimbursement systems. All clinicians and office staff are required to use our integrated clinical and administrative systems, which serves as a critical reservoir for a host of financial, clinical and operating data. Integration into the Hanger records system for newly hired clinicians is typically immediate, and for acquired O&P clinic staff typically occurs within six months of being acquired by Hanger.

Protected health information (PHI) & Personal Identifiable Information (HC-DY-230a.2)

As a health care covered entity within the scope of the HIPAA regulations, protecting patient privacy is of the utmost importance to Hanger.

Our policies and procedures explicitly define how employees are to handle PHI and personally identifiable information (PII). We see PHI and PII as equally important and, since the policies cover 18 different personal information elements, they are not segmented based on the designation.

Hanger tightly secures all PHI. Policies covering ePHI, which is PHI in digital form, meet the standards of the HITECH Act and track to the ISO 27002 standards. The primary PHI policies most frequently referred to and shared within Hanger include: Use and Disclosure of PHI; Minimum Necessary; Patient Rights; Safeguarding PHI; and Breach Notification.

Employees have 24-hour access to all policies, including from their smart phones and tablets. All policies are reviewed annually, and notifications of such reviews are shared in the monthly "Compliance Hotsheet" company-wide email, as well as on our intranet. We also have the "HIPAA Manual" available for employees that lays out the finer details of the regulations and how employees are to follow them. Employees are educated throughout the year on safeguards to PHI and ePHI through formal and informal trainings.

Data Breaches of PHI, PII and Monetary Losses (HC-DY-230a.3, HC-DY-230a.4)

For the period October 1, 2020 to September 30, 2021, there were no ePHI or PII breaches at Hanger, and a total of 19 PHI breaches impacting an aggregate of less than 50 patients.

For perspective, in an average year we see approximately one million patients, so this represents a very small percentage of the patients seen in a typical year.





The breaches involved limited notifications to a small number of patients.

Patient Safety and O&P Devices. In order to ensure product safety and integrity, Hanger maintains a Quality Management Program that oversees multiple aspects of care delivery, provider credentialing, adverse event documentation and peer review. We collect and maintain data on service and device-related issues and complaints, which are reviewed and re-mediated within our patient care operations.

The Hanger Quality Committee reviews, evaluates, documents and re-mediate quality of care concerns and complaints; reviews relevant reports from our risk management department and monitors recommended actions. The Committee also recommends and monitors implementation of special studies and projects that evaluate and address specific quality complaints and negative trends.

A robust corporate risk management function is focused on workplace safety, crisis communications and management, ensuring OSHA compliance, contingency planning and employee safety related to catastrophic weather or other exogenous events that impact workplace or employee health and safety.

Enterprise Compliance. Hanger is committed to a strong corporate culture that promotes the highest

standards of ethics and compliance for our business, and has a Code of Business Conduct and Ethics that sets forth principles to guide employee, officer and director conduct.

We operate in a highly regulated industry, governed by federal and state regulations regarding patient privacy, reimbursement, conflicts of interest, and many other federal, state and local regulations. Hanger's primary business of providing orthotic and prosthetic services is defined as an essential health benefit under the Affordable Care Act.

We maintain a robust compliance function to ensure compliance with applicable healthcare regulations. We believe Hanger leads the O&P industry with an infrastructure designed to ensure our compliance meets or exceeds all required standards. Examples of processes and personnel to support this include:

- A Chief Compliance Officer, who reports directly to our CEO, as well as to the Quality & Compliance Committee of our Board of Directors. We have demonstrated our commitment to regulatory compliance by having a large and robust compliance department with an accountable model (reporting to both Hanger's CEO and Board of Directors).
- Maintenance of a whistle-blower policy providing for confidential reporting of any suspected violations of policy.
- An appropriate level of resources, including SLT-level leadership, independent privacy and internal audit teams, industry-respected subject matter experts and an interdisciplinary Enterprise Compliance Committee.

SOCIAL AND GOVERNANCE REPORTING: PROMOTE DIVERSITY AND INCLUSION

At Hanger, we recognize and appreciate the importance of creating an environment in which all employees feel valued, included, respected, supported and empowered to do their best work. We recognize that each employee's unique experiences and perspectives add value as we collectively work to achieve our purpose of empowering human potential together.

Given our belief that it is necessary to engage both diversity and inclusion to lead the orthotic and prosthetic market in providing superior patient care, outcomes, services and value, we know that Hanger will do its best work by ensuring diversity in our workforce and by practicing inclusivity in how we work together.

To that end we have made a public Diversity & Inclusion Pledge that outlines our initial, tangible actions that we believe will help contribute to the dismantling of racism, interrupt bias, and in turn, create a more inclusive profession that will ultimately better serve all:

- **Dedicated research.** Data indicates that within the United States, amputation is significantly more prevalent among people of color, so as a starting point, we will dedicate clinical research to this area of focus.
- **Diverse recruitment.** While we strive to recruit diverse candidates across Hanger for all positions, there is currently an underrepresentation of people of color, particularly Black students, graduating from O&P clinical programs; we are committed to being part of the significant change to attract more diverse candidates into these programs.
- **Hanger Diversity & Inclusion Council.** Chaired by President and CEO Vinit Asar, the Hanger Diversity & Inclusion Council will identify specific actions we can take to increase diversity and foster inclusion at Hanger and within the O&P profession.
- **Unconscious Bias Training.** We will continue to expand upon our unconscious bias training throughout the organization to bring awareness to individual biases and better address them in the workplace.
- **Affinity Groups.** We recognize employee affinity groups can play an important role in fostering a more inclusive work environment by providing spaces for employees and allies to connect, collaborate, and share professional and personal resources. We will continue to encourage employee participation within our existing groups created for individuals with disabilities, people of color, LGBTQ, veterans, and women, and will continue to launch new groups of interest to our team members.

Read our entire D&I pledge [here](#).



Diversity & Inclusion
EMPOWERED BY OUR DIFFERENCES

Supplier Diversity Initiative. Hanger's supplier diversity mission is to proactively identify, build relationships with, and procure goods and services from high-performing, cost-competitive, small business enterprises owned by minorities, women, or veterans. We began this effort by hiring a dedicated executive to focus on supplier diversity in late 2018. Some of our initial progress is highlighted below:

- Built a robust database of existing small and diverse suppliers.
- Established a company-approved supplier diversity policy.
- Completed a supplier diversity strategic plan.
- Working with a service-disabled veteran-owned small business in pursuit of contracting opportunities.

The Hanger Supplier Diversity initiative rests upon three pillars:

- 1. Maximizing opportunities** through targeted outreach to diverse suppliers in areas of greatest need & opportunity
- 2. Mentoring and enrichment** by helping suppliers to understand the Hanger procurement process, the O&P industry as a whole, and how to position themselves for success
- 3. Fostering collaboration** by working with advocacy groups, small business support agencies, and Tier I suppliers to create meaningful relationships to support an inclusive supply chain.

We look forward to gaining traction during 2022 and sharing tangible progress with this initiative in 2023.

SOCIAL REPORTING: CONTRIBUTING TO THE COMMUNITIES WE SERVE

Access for Low-Income Patients (HC-DY-240)

Access for Low-Income Patients. Within our Patient Care segment, in 2021 we funded approximately \$14 million of O&P services to low-income patients. We provided direct full or partial financial assistance to 47,000 patients from the period October 1, 2020 through September 30, 2021.

Above and beyond financial assistance, Hanger clinicians volunteered approximately 3,579.75 hours of their time in 2021 to take care of patients in communities and on missions and related activities.

Community Relations. Community relations efforts are designed to enhance our corporate reputation by broadening awareness of Hanger, our mantra of empowering human potential, and the orthotics and prosthetics industry as a whole. We have invested in significant internal resources across our clinical organization, marketing, and public relations and communications function to support these efforts.

We believe that our success will not ultimately be measured by the devices we fit, but rather by the outcomes of the patients we serve. Approximately 70% of our Patient Care segment revenue is recurring, being derived from replacement of devices as their useful life comes to an end.

Thus, we have a vested interest in the long-term outcomes and success of our patients and all persons in the communities we serve. Our engagement and marketing efforts focus on building life-long bonds with our patients, partnering in patient care with physicians, and facilitating support among those in the amputee community. We have many programs that support this outreach mission, including:

- **Volunteer peer visitors:** Patients can visit with trained individuals who have experienced limb loss, and who provide encouragement and support at what can be the most traumatic time in a person's life.

- While COVID impacted our in-person activity during 2021 (see below), we successfully transitioned a number of patient events into a virtual environment. Pre-COVID, in 2019, we hosted over 320 national and local Patient Education Clinic events throughout the country, hosting approximately 6,300 patients and providing orthotic and prosthetic users the opportunity to speak free of charge with a nationally recognized O&P specialist. These events are open to anyone who has a concern or challenge regarding their prosthesis, support or brace. Many of the people in attendance are not currently Hanger patients.
- We provide innovative outreach using technology such as virtual reality, mobility scorecards and benchmarking along with multi-channel social media campaigns.
- Specialized events for specific populations, including bilateral above-knee amputees and upper limb prosthesis users. In October 2021, Hanger Clinic held an in-person Bilateral Above-Knee Amputee (BAKA) Bootcamp with 25 patients (including 6 non-Hanger Clinic patients) attending a life changing weekend of education and peer support. The amount of attendees was limited due to COVID restrictions, and all attendees, guests, and employees were required to be fully vaccinated to attend this three-day event.
- We maintain a national multimedia interpretation service to allow non-English speaking patients to have improved access to care. Interpretative services were used for approximately twelve languages during this first phase of the program.
- We have a robust traditional and social media strategy that includes the planning and management of traditional media coverage, both proactive and reactive, as well as social media. The primary objectives are building brand awareness, sharing uplifting stories about those we serve, driving traffic to the website, and cultivating community among our patient base.



In 2021, media relations efforts resulted in approximately 3,720 traditional media stories (broadcast and online / print), reaching an estimated audience of 19.2 billion. An estimated 43 of these placements were national news stories, including ABC World News Tonight, ABC News Live, Inside Edition, USA TODAY, Washington Post, TODAY.com, and more.

The Hanger Clinic Facebook page facilitated 1M engagements, reaching 5.4M people with an average post engagement rate of 20%. Hanger Clinic Instagram page followers grew 17%, facilitated 113K engagements and reaching 1.5M people. Hanger LinkedIn page followers grew 15%, facilitating 61K engagements and reaching 430K people.

Finally, the Hanger Foundation aims to empower people with physical challenges to live life as fully as possible. In 2021, the Foundation had two giving cycles and is currently evaluating applications and plans to disburse grants again in May 2022 for the spring cycle. Some additional highlights:

- The total amount contributed by Hanger employees to the Foundation in 2021 increased by 10% when comparing 2021 to 2020.
- In August 2021, the first six diversity scholarships were awarded at three universities. In December 2020, Hanger, Inc. donated \$500,000 to launch the Hanger Foundation Diversity Scholarship Program intended to supplement the cost of Masters of Science in Prosthetics and Orthotics (MSPO) programs at major universities to improve clinician diversity in our industry.
- In November 2021, the Foundation expanded the Diversity Scholarship program to two additional universities. Applications are currently being reviewed for scholar selection.
- In 2021, the Hanger Foundation awarded \$184,500 dollars to 21 different non-profit organizations associated with O&P causes.
- The Hanger employee health and wellness initiative, Healthy Hanger, generated an additional \$13,000 in grant funds awarded to five nonprofit organizations.

**Traditional and social media statistics, are from Dec. 1, 2020 to Nov. 30, 2021.*

ENVIRONMENTAL REPORTING: SOUND ENVIRONMENTAL STEWARDSHIP

Supply Chain Modernization

Hanger's complex Supply Chain consists of two distribution centers (DCs), an East DC and a West DC, and fabrication facilities. The DCs ship finished O&P products, as well as materials to create orthotic and prosthetic devices at fabrication facilities. The centralized fabrication facilities utilize scans or molds to produce custom devices. Hanger's Supply Chain services both Hanger's own clinics and independent O&P clinics. Supply Chain is an area of differentiation for Hanger that provides an opportunity to benefit our business by decreasing the cost of the materials we buy. Currently, approximately 30% of Hanger's costs are related to cost of materials. Freight, the number of shipments and the cost of packing materials are a significant portion of Hanger's cost of materials.

In early 2021 Hanger restarted the Supply Chain Optimization project originally suspended due to the COVID-19 pandemic. The two-plus year, \$30 - \$35 million transformational program updates the enterprise manual processes, legacy systems and physical supply chain assets. The plan includes a cloud-based ERP system, combined with logistics, warehouse and freight-management reengineering. Key aspects of the project were completed in 2021, including the move into a new, state of the art distribution center in Alpharetta, Georgia. This new DC utilizes a custom box solution that right-sizes shipping cartons, reducing cardboard, packing material usage and transportation cube.

In early 2022, Hanger announced the closure of two small DCs in Chicago and Atlanta. The customers serviced by the two DCs will be serviced from the two remaining DCs, completing the East / West distribution strategy. This strategy will allow more SKUs to be positioned in each DC, reducing the number of shipments necessary to complete an order. While these initiatives have a compelling financial return profile, they also reduce the number of inbound and outbound shipments an estimated 20%, lowering freight costs and decreasing Hanger's carbon footprint.

Energy and Waste Management

Currently Hanger does not have centralized management of electric, gas or water utility use in our facilities, including our approximately 875 clinic locations. Recycling services are also localized. As a healthcare services company, Hanger's business is not significantly or uniquely exposed to the impacts of climate-related risks. We also do not believe we contribute significantly to greenhouse gas emissions (GHG) given the nature of our business. As a result, Hangers' current environmental metrics are limited.

However, the environment, climate change and management of GHG are currently at the top of the ESG agenda globally. We recognize all corporations have a role to play and should consider evaluating how they can do their part to address this global challenge.

The Hanger ESG task force formed a sub-committee supplemented by additional expertise internally and externally to determine the practicality and feasibility of measuring and reporting on environmental topics coincidental to our business, such as energy consumption, waste management and recyclable waste. As we align our financial systems in 2022, we will evaluate opportunities to measure Hanger's environmental footprint and determine opportunities to lower our overall energy use in an attempt to move in a carbon-neutral direction – but we see this as a long-term endeavor. Our next steps will be to develop the objectives of the program to include measure, strategy, and implementation. Our objectives will determine the processes on utility bill processing and analysis, strategic energy sourcing and contract management, and rate monitoring and optimization.

GOVERNANCE REPORTING: ROBUST APPROACH TO CORPORATE GOVERNANCE

- Hanger's Board of Directors is currently comprised of 10 members. Nine of our directors are deemed independent directors who are not otherwise affiliated with the company.
- None of our independent directors has a familial, direct or indirect material relationship with Hanger.
- We maintain separation of the Chairman of the Board position and the President & Chief Executive Officer position.
- Our Directors serve one-year terms and are elected each year at our annual meeting of shareholders.
- The current gender makeup of Hanger's Board of Directors is 20% female, consisting of two Directors.
- From a diversity perspective, three, or 30%, of our Directors are represented by non-Caucasian ethnicities, including one African American Director.
- Four standing committees serve the Board: Audit, Compensation, Corporate Governance & Nominating, and Quality & Compliance. Each committee's charter is available on Hanger's Corporate Governance section of our investor relations website, along with our Corporate Governance Guidelines.
- Presently, the Corporate Governance & Nominating Committee of our Board of Directors is overseeing our ESG efforts and receiving periodic updates and reports on our efforts.

SASB QUICK-REFERENCE GUIDE

SASB Topic	Code	Description	Relevancy	Page
Quality of Care & Patient Satisfaction	HC-DY-250a.1	Average Hospital Value-Based Purchasing Total Performance Score and domain score, across all facilities	Not Relevant	11
	HC-DY-250a.2	Serious Reportable Events	Relevant	11
	HC-DY-250a.3	Hospital-Acquired Condition (HAC) Score per hospital	Not Relevant	11
	HC-DY-250a.4	Excess readmission ratio per hospital	Not Relevant	11
Employee Recruitment, Development & Retention	HC-DY-330a.1	Employee Retention	Relevant	12-13
	HC-DY-330a.2	Talent recruitment and retention efforts for health care practitioners	Relevant	12
Pricing and Billing Transparency	HC-DY-270a.1	Pricing and Billing Transparency	Relevant	13
Patient Privacy & Electronic Health Records	HC-DY-230a.1	Electronic Health Records Meeting Meaningful Use (MU) Requirements	Relevant	13-14
	HC-DY-230a.2	Protected health information (PHI) & Personal Identifiable Information	Relevant	14
	HC-DY-230a.3	Data Breaches of PHI, PII and Monetary Losses	Relevant	14
	HC-DY-230a.4			14
Access for Low-Income Patients	HC-DY-240	Access for Low-Income Patients	Relevant	17