

2023 REPORT

Corporate Responsibility

April 2024

CONTENTS

A Letter from Hanger’s Chief Executive Officer	3
The Relevance of Corporate Responsibility to Our Business	4
What Guides Us: Hanger’s Values	5
Our Approach to Corporate Responsibility	6
Social and Governance Reporting: Putting the Patient First	8
Quality of Care and Patient Satisfaction (HC-DY-250a)	8
From Hanger’s Senior Vice President and Chief Clinical Officer	8
The Hanger Institute®’s Clinical Research Efforts	9
Net Promoter Score	10
Serious Reportable Events (HC-DY-250a.2)	10
Employee Recruitment, Development, & Retention (HC-DY-330a)	11
Talent Recruitment and Retention Efforts for Health Care Practitioners (HC-DY-330a.2)	11
Employee Retention (HC-DY-330a.1)	12
Pricing and Billing Transparency (HC-DY-270a.1)	13
Social and Governance Reporting: Operate With Integrity	13
Patient Privacy & Electronic Health Records (HC-DY-230)	13
Electronic Health Records Meeting Meaningful Use (MU) Requirements (HC-DY-230a.1)	13
Protected Health Information (PHI) & Personal Identifiable Information (HC-DY-230a.2)	13
Data Breaches of PHI, PII, and Monetary Losses (HC-DY-230a.3, HC-DY-230a.4)	14
Patient Safety and O&P Devices	14
Enterprise Compliance	14
Social and Governance Reporting: Promote Diversity and Inclusion	15
Supplier Diversity Initiative	16
Social Reporting: Contributing to the Communities We Serve	16
Access for Low-Income Patients (HC-DY-240)	16
Community Relations	16
Environmental Reporting: Sound Environmental Stewardship	19
Supply Chain Modernization	19
Energy and Waste Management	19
Sustainability Accounting Standards Board (SASB) Quick-Reference Guide	20

A Letter from Hanger's Chief Executive Officer

We are pleased to share Hanger's fifth annual Corporate Responsibility report, reaffirming our long-term commitment to important environmental and social issues that deliver a positive and sustainable impact to our stakeholders and the communities we serve.

We are a purpose-driven company focused on empowering human potential throughout our ecosystem of diversified companies specializing in orthotic and prosthetic (O&P) patient care services, innovative products, and post-acute rehabilitation solutions. Together, as 6,400 employees strong, we listen to challenges, collaborate with partners, identify solutions, lead through innovation, and apply our expertise to help move lives forward.

In this report, we highlight a number of initiatives and processes underway in our corporate responsibility journey – a journey rooted in our values of integrity, patient-focus, outcomes, collaboration, and innovation. Our values create a foundation for sustainable business that drives what we do and how we do it, and our corporate responsibility strategy includes the following tenets that further guide our actions as we execute Hanger's overall business and operational strategies:

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

We are proud to share updates since our corporate responsibility journey in 2023 and look forward to continuing to focus our efforts on this important work this year and beyond, as we believe it to be a key driver in building a culture of responsible and sustainable growth. Our board and Senior Leadership Team at Hanger welcome engagement from our stakeholders on the evolving corporate responsibility landscape, our impact, and opportunities in this area.

Thank you for your interest.



Pete Stoy
Chief Executive Officer

THE RELEVANCE OF CORPORATE RESPONSIBILITY TO OUR BUSINESS

Hanger, Inc. began evaluating our approach to corporate sustainability reporting in early 2019. Our approach continues to seek to recognize societal impact factors along the continuum of business risk, financial impact, and relevance to our business. As a purpose-driven organization, Hanger has a profoundly positive impact on the lives of the patients we serve and their families. We believe our stakeholders can analyze and better understand Hanger's opportunities and business risks using a corporate responsibility lens. Successfully managing risks inherent to our industry and business is a key contributing factor in achieving our enterprise goals, fostering a positive work environment, making positive contributions to our communities, and building a competitive and sustainable advantage.



Hanger is a healthcare services company. Headquartered in Austin, Texas, Hanger, Inc. is an ecosystem of diversified companies specializing in orthotic and prosthetic (O&P) patient care services, innovative products, and evidence-based solutions for post-acute therapeutic care. Through its Patient Care segment, Hanger provides comprehensive, outcomes-based O&P services to individuals of all ages at more than [900 Hanger Clinic locations nationwide](#). Through its Products & Services segment, Hanger serves the broader O&P community and skilled nursing facilities by designing and distributing branded and private-label O&P devices, products and components, and post-acute rehabilitative solutions. Rooted in clinical research, excellence, and innovation, Hanger is a purpose-driven company focused on empowering human potential. For more information, visit [Corporate.Hanger.com](#).

We work in a specialized sub-sector of rehabilitation medicine. The O&P industry is unique among public and private healthcare service providers. The patient population is extraordinarily diverse, from infants to the elderly, and typically require significant support, often for life, due to traumatic injuries, falls, diseases, neurological disorders, and chronic medical conditions, such as diabetes. As a healthcare services company, we are highly regulated at federal and state levels, and are subject to specific medical and healthcare laws that concern patient privacy and governmental reimbursement.

As a result, our approach to corporate responsibility 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. In 2023, we employed over 1,700 board-certified prosthetists, orthotists, and pedorthists, with 135 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 its core competency—taking care of patients. Hanger's values directly support our mission and are a critical element in the corporate culture that allows us to protect, nurture, and grow our clinical organization.

Under existing frameworks and reporting approaches to corporate responsibility, our primary contribution to the corporate responsibility discussion lies within the social realm. In addition, we are committed to governance policies and practices that serve the long-term interests of Hanger and its stakeholders.

From an environmental perspective, the impact of our O&P services business is less significant than other industries, which directly generate a significant carbon footprint. However, we have a role in minimizing our carbon footprint and the resulting greenhouse gas emissions from existing and newly acquired manufacturing facilities, clinic locations, and distribution centers.

WHAT GUIDES US: HANGER'S VALUES



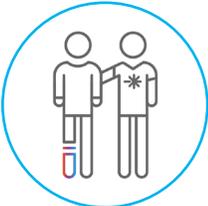
INTEGRITY

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



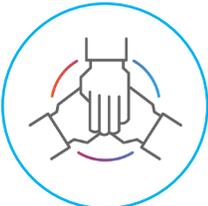
PATIENT-FOCUSED

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



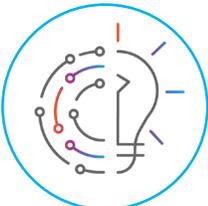
OUTCOMES

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 OneHanger.



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.

OUR APPROACH TO CORPORATE RESPONSIBILITY

Given the purpose-based nature of our business and the values that guide us, Hanger’s corporate responsibility philosophy aligns naturally with and is intended to support our core business strategy. We believe our business is more than just fitting O&P devices, it is returning independence to our patients with physical challenges and empowering their mobility – a prerequisite for improved health status, increased sense of well-being, 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 (approximately 85% of net revenue) and Products & Services (approximately 15% of net revenue).

Hanger’s Corporate Responsibility Task Force is comprised of 11 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, and treasury. Five of the 11 task force members serve on Hanger’s Senior Leadership Team and report directly to our CEO.

The Corporate Responsibility Task Force evaluated several options to build an initial framework that aligns with our business, and in 2019, adapted the Sustainability Accounting Standards Board (SASB) frameworks for Health Care Delivery (SICS® HC-DY). 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 input from the task force members in areas not addressed in the SASB framework that meet our corporate responsibility criteria of business risk, financial impact, and relevance. In addition, we used available input from rating agencies and corporate responsibility publications to build our framework to better fit the nature of our business. We continue to incorporate feedback from our shareholders, suppliers, and employees as our disclosures continue to evolve.

Finally, this report is not intended to be a definitive list of disclosures but rather one that evolves as our efforts mature, and new areas of focus emerge.



The framework for specific corporate responsibility factors in Hanger’s business is as follows:

Hanger Tenet	Societal Impact	Key Performance Benchmarks/Metrics
<p>Operate With Integrity</p>	 Social  Governance	<ul style="list-style-type: none"> • Patient privacy • Safety of O&P services and devices • Enterprise compliance
<p>Put the Patient First</p>	 Social  Governance	<ul style="list-style-type: none"> • Electronic Health Records (EHRs) • Quality of care • Patient satisfaction (Net Promoter Score) • Pricing and billing transparency • Outcomes research • Serious Reportable Events (SREs)
<p>Nurture Our Human Capital</p>	 Social  Governance	<ul style="list-style-type: none"> • Employee recruitment, development, and retention
<p>Promote Diversity and Inclusion</p>	 Social  Governance	<ul style="list-style-type: none"> • Building a culture of diversity and inclusion
<p>Contribute Positively to the Communities We Serve</p>	 Social  Governance	<ul style="list-style-type: none"> • Access for low income patients • Community relations
<p>Sound Environmental Stewardship</p>	 Environmental	<ul style="list-style-type: none"> • Energy management • Waste management • Climate change impact on human health and infrastructure • Supply chain efficiency and integrity

SOCIAL AND GOVERNANCE REPORTING: PUTTING THE PATIENT FIRST

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

National healthcare expenditures totaled approximately \$4.7 trillion in 2023 (Source: CMS), and we believe the O&P addressable market 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 - the ability of people to resume the routines of daily living after a catastrophic limb loss event.

The impact on physical and mental health status, including the economic ramifications of our work, is fairly intuitive. However, to successfully deliver health care in the era of healthcare reform, organizations must be focused on delivering 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 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, through the Hanger Institute, we are developing clinical research that measures and reports the impact of health outcomes in O&P patient care.

From Hanger's Senior Vice President & Chief Clinical Officer



James H. Campbell, Ph.D.
*Senior Vice President &
Chief Clinical Officer*

Embedded within our Clinical and Scientific Affairs department, the mission of the Hanger Institute is to explore, expand, and facilitate opportunities that advance science and care in orthotics and prosthetics. Translating knowledge to the broader rehabilitation community and disseminating results are key components that define clinical research. Scientific peer review is the standard through which research is judged and critiqued by the established expert community. Our clinical research efforts are robust and have resulted in 42 publications in peer-reviewed literature in the last five years.

Through this process, our research can be translated into evidence and subsequently help improve clinical care. With a high focus on strategic collaboration and partnerships that include a wide range of academic and clinical institutions, the Hanger Institute has attracted 15 federally funded grants to further support our research efforts.

At the foundation of our clinical research is the commitment and dedication of our teams to collect clinical outcomes across more than 900 Hanger Clinic locations nationwide. By adopting outcomes collection as a basic standard of care, Hanger is uniquely positioned to understand the life-long journeys of individuals with limb loss and limb difference.



Hanger Institute
FOR CLINICAL RESEARCH & EDUCATION.

The Hanger Institute's Clinical Research Efforts

Establishing Expectations Following Lower Limb Amputation. Goal setting and establishing realistic expectations after lower limb amputation are vital for patient success. To provide best-in-class care, we need to understand where our patients are today and where we see them progressing in the future. Setting challenging and achievable goals and balancing expectations are crucial for success. For our patients with lower limb amputation, mobility is often the primary goal, for good reason. Increased mobility has been linked to increased quality of life, greater satisfaction, reduced risk of injurious falls, and even higher odds of returning to work.

Caring for Those Who Have Experienced Amputation Due to Diabetes or Dysvascular Disease. Amputation due to diabetes or dysvascular disease is of increasing interest in the literature due to its increased prevalence, economic impact, and poorer health outcomes (England et al., 2022). The continued tracking and monitoring of this patient population allows for individualized interventions or changes in the patient's care plan.

Embracing the Advances in Bone-Anchored Prosthetics. Hanger Clinic participated in the nation's first FDA-approved feasibility study on bone-anchored prosthetics (Sinclair et al., 2022). Since that time, the organization has been actively involved in the prosthetic rehabilitation of those individuals managed with FDA-approved bone-anchored prosthetic implants.

Enhancing Outcomes Experienced by Users of Upper Limb Prostheses. Several years ago, the Hanger Institute began collecting outcome measures on their patients with upper limb amputation and limb deficiency to help inform best practices in their prosthetic rehabilitation. While well-being was identified as the primary measure of interest, additional measures included activity and participation, upper extremity function, and pain interference. Additional research has been collected on usage patterns using both accelerometry and patient-reported outcomes. Collectively, these efforts have allowed us to better appreciate these important considerations within this population.

Quantifying Mobility Constraints and Validating New Technologies Among Users of Lower Limb Orthoses. Recognizing the value and impact of a validated patient-reported outcome for users of lower limb prostheses, the Hanger Institute has spent the last several years collaborating with the University of Washington to produce a similar measure for users of lower limb orthoses. We anticipate that the resulting instrument will help us inform and optimize the clinical outcomes observed in this population.

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.

Visit [HangerClinic.com/Research](https://www.hangerclinic.com/research) to find additional information on Hanger's Department of Clinical and Scientific Affairs and our nationwide collaborative outcomes research agenda in O&P.



Net Promoter Score (NPS)

Within our Patient Care segment, we commit to partnering with patients, caregivers, and colleagues to provide consistent, compassionate, human-centric experiences on their journey to living empowered lives.

With Empowering Human Potential as Hanger Clinic's mantra, we launched the NPS 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, learn where we have opportunities to improve, and build on our culture of service.

Since launching NPS, we have collected 397,208 patient responses (number of survey submissions) and have successfully achieved our goal of maintaining a high NPS. At year-end 2023, our Patient Care segment NPS was 87.1 out of a possible 100, a much higher rating than the healthcare benchmark of 45-58. Daily monitoring of NPS feedback is an integral part of the Hanger culture, squarely placing the patient at the center of everything we do.

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 the nature that they could occur in any healthcare setting.

For 2023, 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.

The following Sustainability Accounting Standards Board (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

Net Promoter Score Results

Year	NPS	NPS Enrolled Clinics	% Enrolled Clinics
2017	81.5	361	50.2%
2018	82.0	560	77.9%
2019	84.3	683	95%
2020	86.1	689	95.8%
2021	86.6	716	97.7%
2022	87.7	756	95.6%
2023	87.1	796	94.7%

The increase in enrolled clinics each year illustrates Hanger Clinic's commitment to continuous year-over-year improvement in patient experience since 2017.

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. 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.

The 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 27% of our open positions are filled by Hanger employees seeking promotions, new locations, and different career paths.

We strive to recruit diverse candidates for all positions within Hanger and are committed to making an impact in increasing the diversity of talent in the field of O&P so that our care providers can better reflect the patients we proudly serve. As part of this ongoing commitment to diversity and inclusion in O&P and our pledge to help recruit underrepresented students of color into the profession, we provided the initial funding for the Hanger Foundation to create Hanger Foundation Diversity Scholarships that help supplement the cost of Masters of Science in Prosthetics and Orthotics (MSPO) programs. In addition to receiving this scholarship, all recipients are offered a two-year mentorship with the option of pursuing a residency at Hanger Clinic.

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, 80.5% of all residents hired within the Hanger Clinic National Residency Program are diverse by gender, race, and/or ethnicity. Additionally, 70.6% of all clinicians hired in 2023 and 68.6% of all clinician positions filled through internal relocation were similarly diverse. In total, 37% of our clinicians are female. Prospective job seekers quickly discover what anchors us as a company by exploring our external career site at [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.

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. For competitive reasons, we are reticent to disclose specific retention or attrition rates.





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 and benefits, and patient focus. Survey results are summarized and shared with all employees. Hanger's Senior Leadership Team reviews these results and creates action plans that further drive engagement.



Each year, Hanger hosts its annual employee event, Hanger LIVE, bringing together Hanger employees and industry exhibitors for educational courses and collaboration with colleagues, manufacturers, and partners. The event offers clinicians an opportunity to complete their continuing education requirements, participate in clinical keynote sessions from medical professionals advancing the O&P industry, hear directly from Hanger's senior leaders about the direction and strategy of the company, and build relationships across our vast organization.



Hanger LIVE 2024 was held at the Gaylord Opryland Resort in Nashville, Tennessee, from January 22 – 25, and hosted more than 1,200 Hanger employees and 300 exhibitors. The event theme was “Next Level,” representing new heights to reach as an O&P profession in the continuous quest to better serve all patients.

Over four days, the conference offered attendees 82 courses taught by 116 experts from across the country on topic areas such as 3D scanning and printing, the use of outcomes in orthotics practice, and fitting and fabricating O&P devices. This year's clinical keynote

session featured Mayo Clinic Platform Medical Director Dr. Sonya Makhni and experts from the Hanger Institute for Clinical Research & Education including Shane Wurdeman, Phil Stevens, Bretta Fylstra, and Molly McCoy. The group discussed how technologies such as machine learning and artificial intelligence are improving healthcare efficiencies and enhancing patient outcomes.

New this year, for all team members to participate in the inspiration, education, and networking, Hanger hosted an all-day virtual experience on February 2, 2024 for over 2,700 employees who did not attend the in-person event in Nashville.

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

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. This 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 O&P health services provider, our clinicians do not meet the Medicare or 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 significant challenge in providing 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 payors cite when denying reimbursement claims.

In concert with the digitization of other administrative processes, Hanger began the process of migrating our clinics and clinicians to a single, robust electronic health records (EHR) platform. We have invested significant resources to configure the system for Hanger's workflow and reimbursement systems.

All clinicians and office staff are required to use our integrated clinical and administrative systems, which serve 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.

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

As a healthcare covered entity within the scope of the HIPAA regulations, protecting patient privacy is of the utmost importance at Hanger. Our policies and procedures explicitly define how employees handle personal health information (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 smartphones and tablets. All policies are reviewed annually. Notifications of new policies or policies with substantial changes are shared in the monthly “Compliance Hotsheet” company-wide email and through manager newsletters. Policies are searchable on the intranet and always appear near the top of the list for a given topic. Areas such as privacy have a designated subset of all related policies, grouped as the “HIPAA Index,” available for employees. The “Index” allows for a one-stop place to review all subject policies detailing the regulations and how employees are to follow them. Employees are further educated throughout the year on safeguards to PHI and ePHI through formal and informal training. Furthermore, videos on privacy topics are available for employee viewing through the intranet.

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

For the 2023 calendar year, we had zero PII breaches and eight PHI breaches, resulting in the notification to eight individuals. We also increased our education and training on breach identification and notifications.

Given that more than 1 million patients are seen annually, Hanger continues to have a very low breach to patient ratio. The eight breaches are less than .001% of all Hanger patients serviced in 2023.

Patient Safety and O&P Devices. 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 remediated within our patient care operations.



The Hanger Quality Committee reviews, evaluates, documents, and remediates 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 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 O&P 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 effort include:

- A Chief Compliance Officer who reports directly to our CEO and Board of Directors. We have demonstrated our commitment to regulatory compliance by having a fully staffed and robust compliance department with an accountable model.
- Maintaining a whistleblower policy and hotline that provides confidential reporting of any suspected violations of policy.
- An appropriate level of resources, including the Senior Leadership Team (SLT), 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 where 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 O&P market in providing superior patient care, outcomes, services, and value, we know that Hanger will do its best work by ensuring there's diversity in our workforce and practicing inclusivity among team members and patients. To that end, we have made a public Diversity and Inclusion Pledge that outlines our initial, tangible actions that we believe will help contribute to the dismantling of racism, interrupt bias, and create a more inclusive profession that will ultimately better serve all.

- **Dedicated research.** Within the United States, data indicates that amputation is significantly more prevalent among people of color. As a starting point, we will dedicate clinical research to this area of focus.
- **Diverse recruitment.** While we strive to recruit diverse candidates for all positions across Hanger, there is 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 CEO Pete Stoy, 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.
- **DE&I Education.** We remain committed to raising awareness of barriers to an inclusive workplace through ongoing education, training, and discussion.
- **Affinity groups.** We recognize that 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.



Diversity & Inclusion
EMPOWERED BY OUR DIFFERENCES

Read our entire Diversity and Inclusion Pledge [here](#).

Supplier Diversity Initiative

Hanger's supplier diversity mission is to proactively identify, build relationships with, and procure goods and services from high-performing and cost-competitive small business enterprises owned by minorities, women, or veterans. Some of our initial progress includes:

- Building a robust database of existing small and diverse suppliers.
- Establishing a company-approved supplier diversity policy.
- Completing 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 and opportunity.
- 2. Mentoring and enrichment** by helping suppliers 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 in 2024 and sharing tangible progress with this initiative in 2025.

SOCIAL REPORTING: CONTRIBUTING TO THE COMMUNITIES WE SERVE

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

Within our Patient Care segment, in 2023, we funded approximately \$18.54 million in O&P services to low-income patients. We provided full or partial financial assistance to approximately 69,301 patients from January 1, 2023, through December 31, 2023.

Above and beyond financial assistance, Hanger offers each employee eight hours of volunteer time per year to help people in the communities we serve, including building awareness of O&P care and other related activities. Specifically, clinicians volunteered to care for patients and serve on mission trips.

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 O&P industry as a whole. We have invested in significant internal resources across our clinical organization, marketing team, and public relations and communications functions to support these efforts.

We believe our success will not ultimately be measured by the devices we fit but rather by the outcomes of the patients we serve. Thus, we have a vested interest in the long-term outcomes and success of our patients and all people in the communities we serve.



Our engagement and outreach efforts focus on building lifelong 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 mission, including:

- Patients can visit with trained individuals who have experienced limb loss and provide encouragement and support during what can be the most traumatic time in a person's life.
- Innovative outreach using technology such as mobility scorecards, benchmarking, and multi-channel social media campaigns.
- A robust traditional and social media strategy that includes planning and managing 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.



Our 2023 EmpowerFest event took place in Salt Lake City, Utah, and hosted 166 attendees with upper and lower limb loss. A highlight of the event was an adaptive sports day at the National Ability Center in Park City, where we partnered with their team to expose our attendees to unique experiences, including sled hockey, kayaking, paddle boarding, archery, and a ropes course.

We hosted two Bilateral Above-Knee Amputee (BAKA) Bootcamp events in 2023. The first was held in Atlanta and hosted 40 attendees with bilateral above-knee limb loss. The highlight of the event was a memorable mobility event at Truist Park, home of the Atlanta Braves.

The second BAKA Bootcamp was held in Kansas City, Missouri, and hosted 30 people with bilateral above-knee limb loss. The highlight of the event was the mobility day at the WWI museum with a tour of the Bespoke Bodies exhibit that featured several Hanger Clinic patients who were in attendance at the event.

In 2023, media relations efforts resulted in approximately 1,571 traditional media stories (broadcast, online, and print), reaching an estimated audience of 3.4 billion. Approximately 19 of these placements were national news stories, including TODAY, Wall Street Journal, NBC Nightly News, Good Morning America, ABC News, and more.*



The Hanger Clinic Facebook and Instagram pages reached a combined 10 million people, with 1.6 million engagements and 3.2 million video views. The Facebook engagement rate averaged 19% and Instagram averaged 5%. The Hanger LinkedIn page following grew by 17%, facilitating 14,000 engagements and reaching 332,600 people.*

Visits to HangerClinic.com totaled 1.7 million, leading to more than 210,000 “Find a Clinic” searches and 60,000 phone calls.

Hanger Clinic proudly partners with patient-focused organizations dedicated to supporting and providing resources to the communities we serve. In 2023, we supported seven organizations, including Angel City Games, Endeavor Games, Challenged Athletes Foundation, Run a Myelin My Shoes, Camp No Limits, Move United, and Amputee Coalition. In addition, we introduced Team Hanger Clinic, comprised of 14 patient ambassadors who share their inspiring personal journeys to empower others to reach their full potential. Team Hanger Clinic also collaborates with our internal teams to educate healthcare partners about the patient experience.

Finally, the Hanger Foundation aims to empower people with physical challenges to live life as fully as possible. In 2023, the Foundation had one giving cycle related to their empowerment grants and funded diversity scholarships at four universities.

Additional 2023 highlights include:

- \$100,000 in Hanger Foundation Diversity Scholarships were awarded to five students to supplement the cost of their Masters of Science in Prosthetics and Orthotics (MSPO) programs to improve clinician diversity in our industry. Since inception, 15 students have received funding.
- \$387,750 was awarded to 31 nonprofit organizations associated with O&P causes. \$4.33 million has been awarded to over 100 nonprofits since the Foundation’s inception.
- Healthy Hanger, the Hanger employee health and wellness initiative, generated \$8,500 in grant funds awarded to additional nonprofit organizations.
- The Hanger Foundation and Penta Prosthetics launched a pilot program to collect prosthetics to donate to people in need overseas.

*Traditional and social media statistics are from Jan. 1, 2023 to Dec. 31, 2023.



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, along and fabrication facilities. These DCs ship finished O&P products, as well as components, parts, and materials to create O&P 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.

In 2023, Hanger continued the supply chain optimization project, initiating the integration of a cloud-based ERP system implementation and combining Hanger's order-to-cash processes with the Warehouse Management System (WMS). This will connect all elements of the process, reducing the physical paper utilized during the order, optimizing financial and reverse logistics processes, creating efficiencies, and reducing the supply chain's carbon footprint. The capabilities of the enhanced system will provide the foundation for improved patient care and customer experience through real-time data that will be utilized to process exceptions promptly and risks proactively, resulting in shorter delivery cycle times. A reverse logistics initiative was initiated to address the unique requirements of Hanger's complex portfolio, aimed at improving the customer experience while reducing the cost, carbon footprint, and process cycle times through enhanced online tools, return policy modifications, and reduced return shipments.

Our Alpharetta distribution center has seen improved inventory integrity due to barcode scanning at every step of product handling - resulting in out-of-stock items being reduced by 35%. The Alpharetta DC has allowed us the ability to process more than double the number of orders and release them on time. To better support transformation and growth, we are moving our distribution center operations from Reno, Nevada to Fresno, California in late Q4 2024. At 75,000 square feet, our new distribution center will double the current building capacity, allowing us to house significantly more stock-keeping units. The new Fresno site will also have solar energy panels to offset our carbon footprint and provide the facility with a high percentage of power.

Energy and Waste Management

In 2023, Hanger launched an extensive review and request for proposal process to centralize the management of our electric, gas, water, sewer, and waste management collection for our over 900 locations. This review is nearly complete and, if proven feasible, will give greater insight into the amount and types of energy consumed by our operations. As a healthcare services company, Hanger's business is not significantly or uniquely exposed to the impacts of climate-related risks. Given the nature of our business, we also do not believe we significantly contribute to greenhouse gas emissions (GHG). As a result, Hanger's current environmental metrics are limited.

Hanger also partnered with Watershed to complete our first-ever GHG estimation. This estimation was completed to identify information needed to gain complete and accurate GHG data for future reporting. The environment, climate change, and management of GHG are currently at the top of our corporate responsibility goals. We recognize that all corporations have a role to play and should consider evaluating how they can do their part to address this global challenge.

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) QUICK-REFERENCE GUIDE

SASB Topic	Code	Description	Relevancy	Page
Quality of Care and Patient Satisfaction	HC-DY-250a.1	Average Hospital Value-Based Purchasing Total Performance Score and Domain Score, across all facilities	Not Relevant	10
	HC-DY-250a.2	Serious Reportable Events (SREs)	Relevant	10
	HC-DY-250a.3	Hospital-Acquired Condition (HAC) Score per hospital	Not Relevant	10
	HC-DY-250a.4	Excess Readmission Ratio per hospital	Not Relevant	10
Employee Recruitment, Development, and Retention	HC-DY-330a.1	Employee Retention	Relevant	12
	HC-DY-330a.2	Talent Recruitment and Retention Efforts for health care practitioners	Relevant	11
Pricing and Billing Transparency	HC-DY-270a.1	Pricing and Billing Transparency	Relevant	13
Patient Privacy and Electronic Health Records	HC-DY-230a.1	Electronic Health Records Meeting Meaningful Use (MU) Requirements	Relevant	13
	HC-DY-230a.2	Protected Health Information (PHI) & Personal Identifiable Information (PII)	Relevant	13
	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	16