

# Laboratorios Farmacéuticos Rovi SA

Pharmaceuticals Spain MCE:ROVI

## ESG Risk Rating

# 17.3

Updated Jul 28, 2022

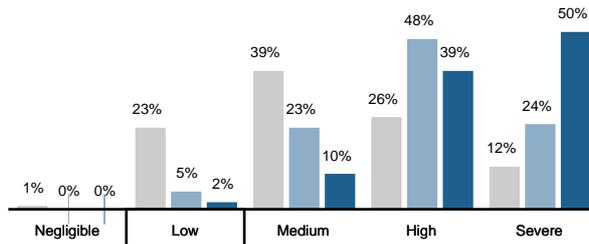
# -4.5

Momentum

# Low Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 <sup>st</sup> = lowest risk)	(1 <sup>st</sup> = lowest risk)
Global Universe	2319/14913	16th
Pharmaceuticals INDUSTRY	22/970	3rd
Pharmaceuticals SUBINDUSTRY	1/458	1st

## Peers Table

Peers (Market cap \$3.3 - \$3.3bn)

	Exposure	Management	ESG Risk Rating
1. Laboratorios Farmacéuticos Rovi SA	49.1 Medium	69.4 Strong	17.3 Low
2. Virbac SA	38.0 Medium	33.8 Average	25.9 Medium
3. Chemical Works of Gedeon Richter Plc	46.9 Medium	37.7 Average	30.4 High
4. Rohto Pharmaceutical Co. Ltd.	46.6 Medium	20.3 Weak	37.7 High
5. China Meheco Group Co., Ltd.	50.3 Medium	14.8 Weak	43.3 Severe

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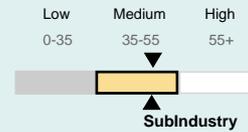
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## ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

### ESG Risk Exposure

**49.1** **-1.2**  
**Medium** Momentum  
 Beta = 1.00



ROVI's portfolio of low-molecular-weight heparins and 40 other own and licensed specialty drugs expose the company to quality and safety risks. Bemiparin, one of the company's flagship products, is still pending marketing approval in several countries. Manufacturing errors or unreported side effects could lead to delays or even the denial of such approval. In addition, ROVI has an extensive portfolio of products in the R&D phase, focused on glycomics, drug release technologies and multilayer technologies for urethral catheters. Unethical research practices could lead to reputational damage and delays in bringing new products to the market. At the same time, the success of ROVI's R&D efforts depends on its ability to recruit and retain qualified scientific personnel. Human capital mismanagement could trigger a skill shortage, preventing the company from executing its strategy.

The company's overall exposure is medium and is similar to subindustry average. Product Governance, Business Ethics and Human Capital are notable material ESG issues.

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

### ESG Risk Management

**69.4** **+8.6**  
**Strong** Momentum



ROVI's overall ESG-related disclosure follows best practice, signalling strong accountability to investors and the public. The company's ESG-related issues are overseen by a board-level committee, suggesting that these are integrated in core business strategy.

The company's overall management of material ESG issues is strong.

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## Material ESG Issues

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

Issue Name	ESG Risk Exposure	ESG Risk Management	ESG Risk Rating	Contribution to ESG Risk Rating
	Score   Category	Score   Category	Score   Category	
Access to Basic Services	6.0 Medium	21.4 Weak	<b>4.7 Medium</b>	27.3%
Product Governance	10.5 High	74.0 Strong	<b>4.3 Medium</b>	24.7%
Corporate Governance	9.0 High	57.5 Strong	<b>3.8 Low</b>	22.1%
Business Ethics	6.0 Medium	72.0 Strong	<b>1.9 Negligible</b>	10.9%
Bribery and Corruption	6.0 Medium	90.0 Strong	<b>0.9 Negligible</b>	5.0%
Carbon -Own Operations	2.7 Low	72.5 Strong	<b>0.7 Negligible</b>	4.3%
Human Capital	6.0 Medium	93.1 Strong	<b>0.7 Negligible</b>	4.0%
Emissions, Effluents and Waste	2.9 Low	100.0 Strong	<b>0.3 Negligible</b>	1.6%
<b>Overall</b>	<b>49.1 Medium</b>	<b>69.4 Strong</b>	<b>17.3 Low</b>	<b>100.0%</b>

## Events Overview

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

### Category (Events)

**5 Severe (0)**

**4 High (0)**

**3 Significant (0)**

**2 Moderate (1)**

Quality and Safety

**1 Low (0)**

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## Events Overview

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

## Category (Events)

**None (12)**

Access to Basic Services

Accounting and Taxation

Animal Welfare

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Emissions, Effluents and Waste

Energy Use and GHG Emissions

Intellectual Property

Labour Relations

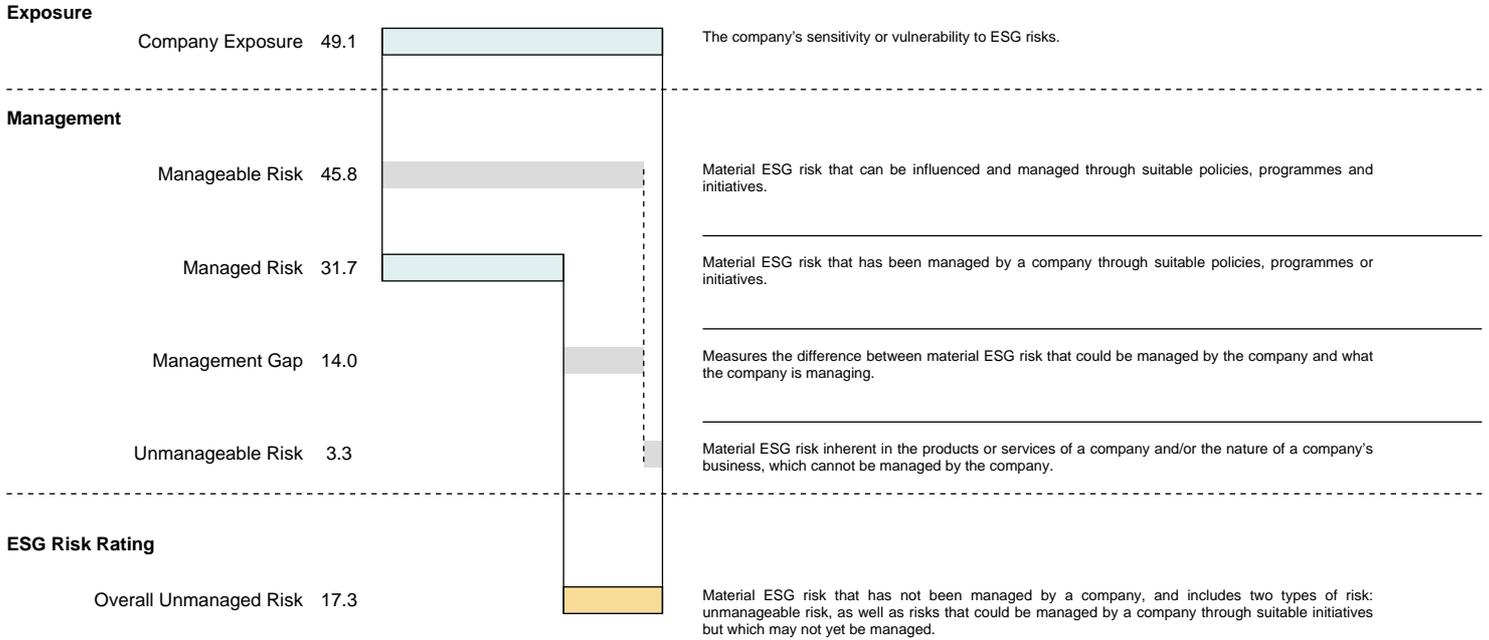
Lobbying and Public Policy

Marketing Practices

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## Risk Decomposition



## Momentum Details



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## GLOSSARY OF TERMS

### Beta (Beta, $\beta$ )

A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

### Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

### ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

### ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

### Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

### Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

### Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

### Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

### Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

### Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

### Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

### Management

A company's handling of ESG risks.

### Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

### Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

### Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

### Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

### Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

### Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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