

# Laboratorios Farmacéuticos Rovi SA

Pharmaceuticals Spain MCE:ROVI

## ESG Risk Rating

# 18.4

Updated Aug 4, 2021

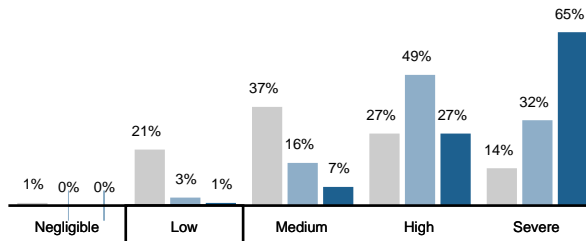
# -3.4

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	2309/13573	18th
Pharmaceuticals INDUSTRY	17/896	3rd
Pharmaceuticals SUBINDUSTRY	2/432	1st

## Peers Table

Peers (Market cap \$3.8 - \$3.9bn)

	Exposure	Management	ESG Risk Rating
1. Laboratorios Farmacéuticos Rovi SA	48.3 Medium	66.4 Strong	<b>18.4 Low</b>
2. Turning Point Therapeutics, Inc.	48.0 Medium	22.9 Weak	<b>37.8 High</b>
3. Tonghua Dongbao Pharmaceutical Co Ltd	46.7 Medium	16.6 Weak	<b>39.4 High</b>
4. China Resources Pharmaceutical Group Ltd	53.8 Medium	22.4 Weak	<b>42.6 Severe</b>
5. China National Medicines Co., Ltd.	50.3 Medium	12.4 Weak	<b>44.4 Severe</b>

# Laboratorios Farmacéuticos Rovi SA

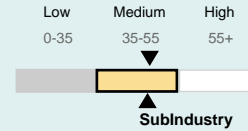
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## ESG Risk Analysis

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

**48.3** **-2.0**  
**Medium** Momentum  
 Beta = 1.01



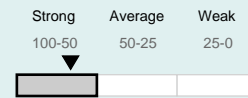
ROVI's portfolio of low-molecular-weight heparins and other forty own and licensed specialty drugs exposes the company to quality and safety risks. Bemiparin, one of the company's flagship products, is pending marketing approval in several countries. Manufacturing errors or unreported side effects could lead to delays or even the denial of such authorization. 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 skill shortage, preventing the company from executing on its strategy.

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

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

### ESG Risk Management

**66.4** **+5.6**  
**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	15.7 Weak	5.1 Medium	27.5%
Product Governance	10.0 High	66.0 Strong	4.7 Medium	25.6%
Corporate Governance	9.0 High	55.6 Strong	4.0 Low	21.7%
Business Ethics	6.0 Medium	67.1 Strong	2.2 Low	11.8%
Human Capital	6.0 Medium	86.3 Strong	1.1 Negligible	5.9%
Bribery and Corruption	6.0 Medium	90.0 Strong	0.9 Negligible	4.7%
Emissions, Effluents and Waste	3.2 Low	100.0 Strong	0.3 Negligible	1.7%
Occupational Health and Safety	2.1 Low	95.0 Strong	0.2 Negligible	1.1%
<b>Overall</b>	<b>48.3 Medium</b>	<b>66.4 Strong</b>	<b>18.4 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 (0)

1 Low (0)

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## Events Overview

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

## Category (Events)

### None (13)

Access to Basic Services

Accounting and Taxation

Animal Welfare

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Emissions, Effluents and Waste

Intellectual Property

Labour Relations

Lobbying and Public Policy

Marketing Practices

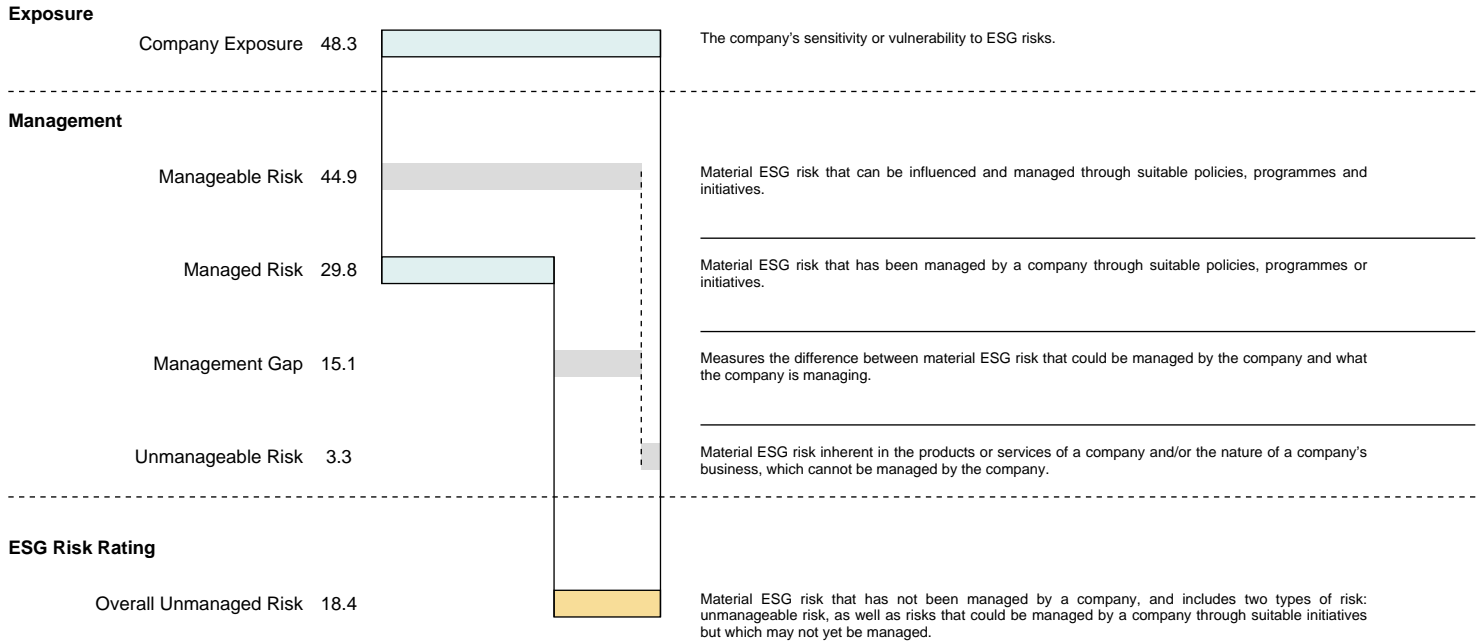
Occupational Health and Safety

Quality and Safety

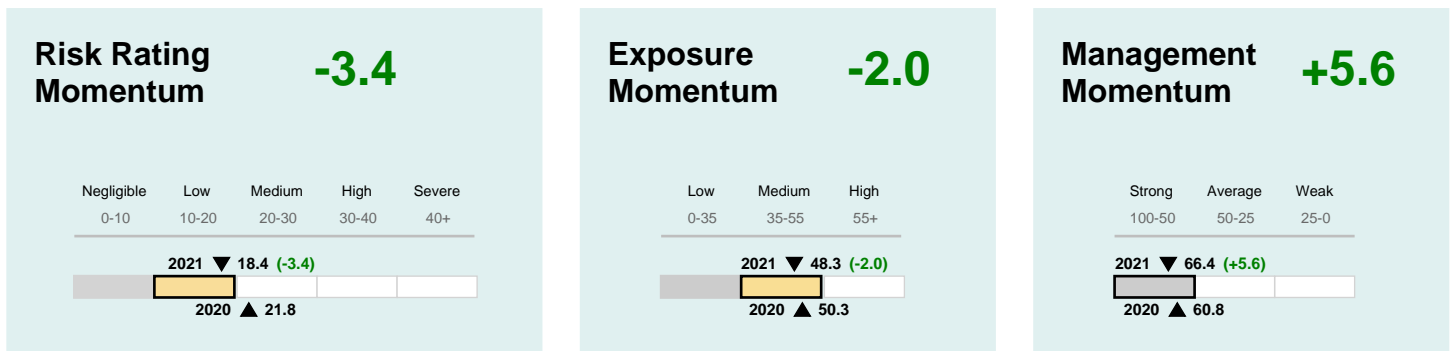
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## Risk Decomposition



## 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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