

Sustainability Report 2011



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Introduction

Actions speak louder than words – following this motto OSRAM is committed to a broad scope of sustainable actions, processes and projects. In order to communicate these sustainability efforts to our stakeholders in a transparent and comprehensible way, OSRAM reports on them on a yearly basis. In doing so, the sustainability report serves as a Communication on Progress (CoP) Report for the UN Global Compact while complying with the G3 Principles of the Global Reporting Initiative (GRI). As the report is internet-based, we have prepared this document with the most relevant information and links to the appropriate section of our internet. For the full report please visit our homepage on www.osram.com/sustainability-report.

Letter of Support



Dear stakeholders,

The Brundtland Commission Report of the United Nations defines sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. As a global company, OSRAM has a significant impact in this respect, both externally and internally. We use natural resources responsibly, develop efficient products that save energy and CO₂, offering competitive advantages to customers, and influence our suppliers to improve working conditions all over the world. In our own operations, we invest in future-oriented technologies that support profitable growth, live a company ethic that places integrity at the center of business operations, and treat our employees with dignity and respect. This commitment is exemplified by a multitude of measures that we took in the area of acquisitions, technological innovation and international cooperation.

Last fiscal year, we took important steps towards strengthening our market position and enhancing our product portfolio. With acquisitions we aim to gain broad market access for complete lighting solutions and a modern range of products in the field of interior and exterior lighting. This applies to conventional energy-saving lighting technology and in particular to LED-based luminaires and systems, where experts are expecting the greatest growth, thus securing the future of OSRAM.

Technological innovation allows us to drive the technology shift on the lighting market. Last year OSRAM and its LED-affiliate OSRAM Opto Semiconductors inaugurated a pilot line for organic LED (OLED) in Regensburg, Germany. Our decision to invest in the Regensburg location represents a milestone within an innovation alliance promoting research in the field of organic electronics. This way we are shaping the future of lighting.

But the challenges of today require more than just developing new technologies. What is also important is getting these technologies ‘on the ground’. Electricity for lighting accounts for around 19 percent of global electrical power consumption and close to six percent of worldwide greenhouse gas emissions. If a global transition to efficient lighting was realized, these emissions could be reduced by half. As market forces alone are not sufficient, a multi-stakeholder global partnership is required to accelerate the transition to more efficient lighting technologies. This is why OSRAM was instrumental in founding the UNEP en.lighten initiative which addresses this challenge by developing a global strategy in support of the gradual phase-out of inefficient lighting.

To achieve our goals of profitable growth and long-term value creation, we must continue to ensure that all our activities are sustainable. We are continuing on this road following our Global Care program – our sustainability agenda. Beside product innovations which help create competitive advantages for OSRAM throughout the world, environmental management in our factories and a rigid compliance program, we are continuing with a variety of projects such as our off-grid project in Kenya. This project, implemented on the shores of Lake Victoria, aims at replacing kerosene-based lighting with efficient lamps and lighting systems that are recharged with solar energy – thus improving the livelihood of communities in remote areas by providing access to sustainable, environmentally friendly and affordable off-grid lighting. We firmly believe that transparent reporting on such issues is an important component. Accompany us through this report and see how we made progress in a number of areas in fiscal year 2011.

Sincerely yours,

Wolfgang Dehen – CEO of OSRAM

Strategy and Profile

This section contains disclosures that provide a high-level and strategic view of the organization's relationship to sustainability in order to provide context for subsequent and more detailed reporting against other sections of the GRI Guidelines.

Strategy and Analysis

1.1 Statement from the organization's most senior decisionmaker

[Letter of Support](#)

1.2 Description of key impacts, risks, and opportunities

[Letter of Support](#)

Organizational Profile

2.1 **Name of the company**

OSRAM AG

Primary brands, products and/or services

2.2 The company's purpose is to develop, manufacture and distribute electric lamps and products on the basis of optoelectronic semiconductors as well as operating devices, primary products, parts and accessories of such products as well as machines and other means of production which are used for their manufacturing. The primary brand is OSRAM.

[Company Profile](#)

2.3 **Operational structure and major divisions**

[Managing Board of OSRAM AG](#)

2.4 **Location of organization's headquarters**

Hellabrunner Straße 1, 81543 München, Germany

2.5 **Number/Names of countries with either major operations or activities specifically relevant to sustainability issues**

OSRAM has 44 production facilities in 16 countries.

2.6 **Nature of ownership**

OSRAM is a 100 percent subsidiary of the SIEMENS AG

2.7 **Markets served**

OSRAM serves customers in about 150 countries worldwide.

Strategy and Profile

Scale of the reporting organization

- 2.8 This global player has its headquarters in Munich and employs approximately 40 000 people throughout the world. In the 2011 fiscal year (to the end of September) sales amounted to 5.0 billion Euro. OSRAM is one of the two largest lighting manufacturers in the world and has 44 factories in 16 countries.

[Company Profile](#)

Significant changes regarding size, structure, or ownership

- 2.9 With effect as of 1 July 2011, OSRAM successfully completed the acquisition of Siteco Lighting GmbH based in Traunreut, Germany.

[Press Release](#)

Awards received in the reporting period

- 2.10 [Environmental Awards](#)
-

Report Parameters

Report Profile

Reporting period

- 3.1 October 1st, 2010 - September 30th, 2011
-

Date of most recent previous report

- 3.2 July 2nd, 2012
-

Reporting cycle

- 3.3 OSRAM publishes its Communication on Progress / Sustainability Report annually.
-

Contact point for questions regarding the report

- 3.4 Mr. Christian Merz

[Mail to: c.merz@osram.com](mailto:c.merz@osram.com)

Report scope and boundary

Processes for defining report content (materiality, priorities, stakeholder identification)

- 3.5 OSRAM conducts intensive stakeholder engagement to define its report content.

[Stakeholder Engagement](#)

Strategy and Profile

Boundary of report

- 3.6 The reporting covers the activities of the company's manufacturing and distribution sites as well as relevant sales, administration and research & development centers.

Statement on specific limitations concerning the scope of the report

- 3.7 In cases where worldwide data is not available, the limitation is clearly marked. OSRAM provides the information in this sustainability report in a general matter and does not accept liability for errors or omissions.

Basis for the reporting on joint ventures, subsidiaries etc.

- 3.8 Subsidiaries are included.

Data measurement techniques and bases of calculations

- 3.9 Data was compiled with the controlling systems of the relevant functional departments. A special role is played by the Siemens SESIS System. This web-based Siemens Environmental Safety Information System is the basis for our data on the environment.

[Data on the environment](#)

Explanation of the nature and effect of any restatements of information

- 3.10 No restatements of information were made.

Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied

- 3.11 No significant changes from previous reporting.

Table identifying the location of the standard discloses in the report.

- 3.12 The OSRAM Sustainability Report G3 Guidelines index table is available on [Sustainability Report 2011](#)

Assurance - external verification of the report

- 3.13 The OSRAM Sustainability Report 2011 is not externally verified.

Governance, Commitments and Engagement

Governance

Governance structure, including responsibility for sustainability

- 4.1 Our corporate responsibility for sustainable development is an integral part of our corporate strategy. We have set up a dedicated corporate function: "Sustainability". This function reports directly to the Chairman of the Managing Board.

[Sustainability Management](#)

Strategy and Profile

4.2	Independence of the highest governance body (supervisory board chairperson and members) <u>Managing Board of OSRAM AG</u>
4.3	Number of independent supervisory board members <u>Managing Board of OSRAM AG</u>
4.4	Mechanisms for shareholders and employees to provide recommendations to highest governance body All employees can make direct recommendations to the highest governance bodies. There is constant communication with our sole shareholder, the SIEMENS AG.
4.5	Linkage between senior management compensation and achievement of sustainability goals OSRAM does not comment on senior management compensation.
4.6	Processes for the highest governance body to ensure conflicts of interest are avoided Conflicts of interest are covered in the 'Business Conduct Guidelines' in the table below.
4.7	Expertise of the highest governance body in terms of sustainability issues Expertise in terms of sustainability issues is provided by the functional department "Sustainability". <u>Sustainability Management</u>
4.8	Corporate mission, values, and codes of conduct The most important set of values are defined in the 'Business Conduct Guidelines' and our 'Code of Conduct' for business partners.
4.9	Board-level processes for overseeing environmental, economic and social risks and opportunities The board consults with the functional department "Sustainability" on the relevant risks and opportunities. <u>Sustainability Management</u>
4.10	Processes for evaluating the highest governance body's performance on sustainability matters OSRAM does not comment on the evaluation of senior management.

Strategy and Profile

Implementation of the precautionary principle

- 4.11 The precautionary principle concerning sustainability is implemented by the functional department "Sustainability".

[Sustainability Management](#)

Externally developed charters, principles or other initiatives to which the organization subscribes or endorses

- 4.12 OSRAM adheres to the ten principles defined in the Global Compact framework by the United Nations.

[Global Compact](#)

Significant memberships in industry and business associations

- 4.13 OSRAM participates in various industry and business associations to keep our stakeholder dialog upright and contribute to ecologically-balanced and socially-sound economic development.

[Stakeholder Engagement](#)

Stakeholder Engagement

List of stakeholder groups engaged by the organization

- 4.14 Employees
Shareholders
Consumers / Customers
NGOs
Suppliers
Industry & scientific associations
Governments
Local communities

[Stakeholder Engagement](#)

Basis for identification and selection of stakeholders to engage

- 4.15 [Stakeholder Engagement](#)
-

Approaches to stakeholder engagement (type/frequency)

- 4.16 [Stakeholder Engagement](#)
-

Key topics and concerns raised through stakeholder engagement and response by company

- 4.17 [Stakeholder Engagement](#)
-

Economic Performance Indicators

An organization's economic performance is fundamental to understanding the organization and its basis for sustainability. These disclosures include the organization's contribution to the sustainability of the economic systems in which the organization operates.

Economic Performance Indicators		
Indicator		Link
Disclosure on management approach		Sustainability Management
Aspect: Economic Performance		
Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	EC1	Company Profile
Financial implications and other risks and opportunities for the organization's activities due to climate change.	EC2	Environmental Portfolio
Coverage of the organization's defined benefit plan obligations.	EC3	not addressed
Significant financial assistance received from government.	EC4	not addressed
Aspect: Market presence		
Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	EC6	not addressed
Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	EC7	Talent Attraction and Retention
Aspect: Indirect economic impacts		
Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	EC8	Off-Grid Lighting Clean Development Mechanism

Environment Performance Indicators

The aspects in the environment indicator set are structured to reflect the inputs, outputs, and modes of impact an organization has on the environment. It includes inputs as for example energy and water, and outputs of environmental significance such as emissions and waste.

Environment Performance Indicators		
Indicator		Link
Disclosure on management approach		Environmental Guidelines
Aspect: Materials		
Materials used by weight or volume.	EN1	not addressed
Percentage of materials used that are recycled input materials.	EN2	Packaging
Aspect: Energy		
Direct energy consumption by primary energy source.	EN3	Energy Balance
Indirect energy consumption by primary source.	EN4	Energy Balance
Energy saved due to conservation and efficiency improvements.	EN5*	Energy Balance Our Factories
Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	EN6*	Off-Grid Lighting Clean Development Mechanism Initiative en.lighten
Initiatives to reduce indirect energy consumption and reductions achieved.	EN7*	Energy Balance
Aspect: Water		
Total water withdrawal by source.	EN8	Water Usage
Percentage and total volume of water recycled and reused.	EN10*	Water Management
Aspect: Biodiversity		
Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	EN11	not addressed

Environment Performance Indicators

Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	EN12	Biodiversity
Strategies, current actions, and future plans for managing impacts on biodiversity.	EN14*	Biodiversity
Aspect: Emissions, effluents, and waste		
Total direct and indirect greenhouse gas emissions by weight.	EN16	Energy Balance
Other relevant indirect greenhouse gas emissions by weight.	EN17	CO₂ Ticker
Initiatives to reduce greenhouse gas emissions and reductions achieved.	EN18*	Reduced GHG Emissions
Emissions of ozone-depleting substances by weight.	EN19	Life Cycle Analysis
NOx, SOx, and other significant air emissions by type and weight.	EN20	Life Cycle Analysis
Total water discharge by quality and destination.	EN21	Water Discharge
Total weight of waste by type and disposal method.	EN22	Waste Balance
Total number and volume of significant spills.	EN23	not addressed
Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	EN24*	not addressed
Aspect: Products and services		
Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	EN26	Mitigation of Environmental Impacts Initiative en.lighten
Percentage of products sold and their packaging materials that are reclaimed by category.	EN27	Recycling

Environment Performance Indicators

Aspect: Compliance

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. EN28 not addressed

Aspect: Transport

Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. EN29* not addressed

Aspect: Overall

Total environmental protection expenditures and investments by type. EN30* [Our Factories](#)

Labor Practices and Decent Work Performance Indicators

The structure of the Labor Indicators reflects the concept of decent work. It includes disclosures on the scope and diversity of the organization's workforce, and emphasizes the physical protection and well-being of people at work. Efforts to enhance personal skills and potential of employees are also covered by these indicators.

Labor Practices and Decent Work Performance Indicators		
Indicator		Link
Disclosure on management approach		Human Resources
Aspect: Employment		
Total workforce by employment type, employment contract, and region.	LA1	Our Employees
Total number and rate of employee turnover by age group, gender, and region.	LA2	Our Employees
Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	LA3*	Our Employees
Aspect: Labor/ management relations		
Percentage of employees covered by collective bargaining agreements.	LA4	not addressed
Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	LA5	not addressed
Aspect: Occupational health and safety		
Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	LA6*	Managing Health and Safety
Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.	LA7	Health and Safety Statistics
Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	LA8	Managing Health and Safety

Labor Practices and Decent Work Performance Indicators

Aspect: Training and education

Average hours of training per year per employee by employee category. LA10 [Training](#)

Percentage of employees receiving regular performance and career development reviews. LA12* [Employee Development](#)

Aspect: Diversity and equal opportunity

Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity. LA13 [Our Employees](#)
[Governance Bodies](#)

Ratio of basic salary of men to women by employee category. LA14 not addressed

Human Rights Performance Indicators

Human Rights Performance Indicators are based on internationally recognized standards, primarily the United Nations Universal Declaration of Human Rights and the ILO Declaration on the Fundamental Principles and Rights at Work of 1998. The performance indicators seek to provide comparable measures of results or outcomes, and therefore focus primarily on incidents relating to core human rights.

Human Rights Performance Indicators		
Indicator		Link
Disclosure on management approach		Sustainability Management
Aspect: Investment and procurement practices		
Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	HR1	not addressed
Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	HR2	Suppliers
Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	HR3*	Suppliers Compliance Training
Aspect: Non-discrimination		
Total number of incidents of discrimination and actions taken.	HR4	not addressed
Aspect: Freedom of association and collective bargaining		
Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	HR5	not addressed
Aspect: Child labor		
Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	HR6	not addressed
Aspect: Forced and compulsory labor		
Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	HR7	not addressed

Society Performance Indicators

Society Performance Indicators focus on the impacts organizations have on the communities in which they operate, and how the organization's interactions with other social institutions are managed and mediated. In particular, information is given on the prevention of bribery and corruption, and involvement in public policy-making.

Society Performance Indicators		
Indicator		Link
Disclosure on management approach		
Aspect: Community		
Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	SO1	not addressed
Aspect: Corruption		
Percentage and total number of business units analyzed for risks related to corruption.	SO2	Compliance
Percentage of employees trained in organization's anti-corruption policies and procedures.	SO3	Compliance Training
Actions taken in response to incidents of corruption.	SO4	Compliance
Aspect: Public policy		
Public policy positions and participation in public policy development and lobbying.	SO5	Public Policy Positions
Aspect: Compliance		
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	SO8	Compliance

Product Responsibility Performance Indicators

The Product Responsibility Indicator set addresses the aspects of a reporting organization's products and services that directly affect customers, namely, health and safety, information and labeling, marketing, and privacy.

Product Responsibility Performance Indicators		
Indicator		Link
Disclosure on management approach		Sustainability Management
Aspect: Customer health and safety		
Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	PR1	Life Cycle Analysis
Aspect: Product and service labeling		
Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	PR3	Product and Service Labeling
Aspect: Marketing communications		
Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	PR6	not addressed
Aspect: Compliance		
Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	PR9	not addressed

Contact

Contact Sustainability

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