

Light is OSRAM



Communication on Progress 2012



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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.

A responsible company is characterized by a holistic approach to sustainability – an approach that considers the triple bottom line of economics, ecology and social aspects. At OSRAM, sustainability is a part of the DNA of the company, and is firmly supported by the CEO, to whom the Chief Sustainability Officer reports directly. Responsible, sustainable behavior has always been the way we do business, and this is anchored in our [Business Conduct Guidelines](#), and affirmed by our membership in the [UN Global Compact](#). To understand sustainability at OSRAM, it is important to consider it in the context of the company and its stakeholders. This yearly communication on progress aims to allow stakeholders this understanding.

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, and additional brands include Sylvania in North America, Siteco, Traxon and Encelium.

OSRAM has its headquarters in Munich, employs approximately 40 000 people throughout the world, and serves customers in about 150 countries worldwide. In the 2012 fiscal year (October 1st, 2011 to September 30th, 2012) 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. For years, OSRAM was a 100% subsidiary of Siemens AG, but became an independently listed company in July 2013.

Organizational Profile

Lamps and lighting systems from OSRAM provide the basis for a beautiful view of things, ensure safety and comfort, allowing for the efficient use of resources. For more than 100 years, OSRAM has been "passionate about intelligent light". As a globally operating company, we also explicitly encourage socially and environmentally responsible policies around the world - as well as sponsoring art and culture at home and abroad.

[Company Profile](#)

Managing Sustainability

Our corporate responsibility for sustainable development is an integral part of our corporate strategy. Therefore OSRAM, as one of the first lamp manufacturers, has set up a dedicated corporate function: "Sustainability".

[Managing Sustainability](#)

Acting sustainably as an international company requires the constant engagement with different stakeholders. Only so can we establish mutual trust, contribute to spreading sustainable concepts and receive feedback about our own actions.

[Stakeholder Engagement](#)

Letter of Support

Dear valued stakeholders,



The principle of sustainability was first formulated by Hans Carl von Carlowitz around 300 years ago. He coined the term from which today's notion of sustainability derives in his work on responsible, resource-sparing forestry. At the time, it referred exclusively to the respectful stewardship of nature and its resources. Today, the notion of sustainability also encompasses social and economic issues. After all, sustainable development requires responsible action on a societal scale.

We are facing global challenges such as climate change, resource shortages and demographic developments, so it is up to each individual to contribute to sustainable development. Of course, multinational companies have a great responsibility here to lead by example. And as artificial lighting accounts for about 20 percent of electric power consumed worldwide, the lighting industry has considerable leverage and therefore plays an important role in addressing these challenges.

For this very reason, OSRAM, as an integrated lighting expert, is committed to developing energy-efficient products, systems and solutions – innovation and quality form the basis for our portfolio and constitute the values of our brand identity. In fiscal 2012, our environmental portfolio accounted for more than 70 percent of revenue, just below €4 billion. To underscore the credibility of this, an independent auditing firm recently reviewed and confirmed the revenues from products in the OSRAM environmental portfolio of the last three fiscal years. With that, we are not only aligning our business activity with climate protection, we are also helping our customers to save energy costs. Visitors to Light+Building, the world's largest trade fair for light and building services technology, were able to experience firsthand our entire portfolio of energy-efficient products – from individual components to lights and on up to integrated light management systems. Many of these are already based on forward-looking LED technology that we continue to invest in heavily.

However, merely developing energy-efficient products is not enough. We must also actively contribute to a sustainable transition of the lighting industry. That is why, again this year, we engaged in a dialog with many organizations and associations, took part in initiatives and continued to build long-term alliances. For example, in 2012 we joined the sustainability initiatives Global LEAP and GOGLA, which aim to afford access worldwide to sustainable energy and efficient lighting solutions. With the experience gained in our Kenyan project WE!Hub, we are able to contribute knowledge and expertise to this effort. With this project, which was launched with five partners such as the Siemens Stiftung, we want to bring sustainable, eco-friendly and affordable energy services such as light and clean drinking water to remote regions. What's more, we further intensified our long-term commitment to the industry association LightingEurope and the UNEP initiative en.lighten. With this move, we are creating synergies to accelerate the global transition to energy-efficient and sustainable lighting technologies. This way we are able to help shape the markets in which we operate.

Mutual respect is the basis for the fair treatment of one another and our resources. By taking responsible entrepreneurial action, we can ensure a livable environment for future generations. And with that, we are upholding the UN Global Compact's Ten Principles and doing our part to contribute to a sustainable future.

Sincerely yours,
Wolfgang Dehen

Chairman of the Management Board of OSRAM LICHT AG and OSRAM GmbH

Economic Aspects

Economic sustainability is the prerequisite for giving a company the chance to implement an effective holistic approach to the entire triple bottom line. At OSRAM, our economic sustainability is based on our innovative and efficient product portfolio. Our Environmental Portfolio, consisting mostly of especially efficient products, is a perfect example – in fiscal 2012 over 70% of our sales are derived from our Environmental Portfolio. It also demonstrates the perfect fit between our business and holistic sustainability. By saving energy, efficient lighting solutions offer both economic advantages and environmental benefits. To ensure the further profitable growth of OSRAM, we invest around 6 percent of total sales in research and development (R&D), employing around 2.400 experts. This way, we are prepared for the challenges of the future.

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[Company Profile](#)

Environmental Portfolio

Climate change is one of the biggest challenges facing mankind today. Anthropogenic CO2 emissions, such as those resulting from using fossil fuels to produce electricity, have been clearly identified as one of the factors responsible for accelerated global warming. Hence, their reduction is of utmost importance. OSRAM is responding to this global challenge with its Environmental Portfolio (EP).

[Environmental Portfolio](#)

Managing Sustainability

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[Managing Sustainability](#)

A further economic aspect of sustainability are the rules under which we do our business – a vital component here is our firm stance against any form of corruption, which we manage with our compliance department.

Compliance

Our compliance system is designed to prevent, detect, and respond to potential violations of existing anticorruption and antitrust provisions based on internal guidelines and trainings (Prevent–Detect–Respond).

[Compliance](#)

Environmental Aspects

Long considered the most important element of sustainability, environmental aspects today are a vital element of the triple bottom line. At OSRAM, environmental awareness has a long tradition regarding aspects dealing with our products and our production. In fact, developing more efficient lighting systems is the biggest lever we have in reducing the impact on the environment – a fact which has been demonstrated by several life cycle analyses we conducted. Using environmentally compatible materials in our products and packaging made from recycled materials, as well as recycling our products after their use, are further examples of product-related environmental protection. We continually monitor the degree of achievement of our objectives for environmental protection, and have therefore created an organization with clearly defined areas of responsibility and a systematic management system certified according to the international standard ISO 14001 for continuous improvement processes. We track energy and water use, and monitor CO₂ emissions and waste reduction.

To propagate the use of environmentally compatible lighting worldwide – especially in developing countries, we are also involved with international initiatives such as Lighting Europe and en.lighten. OSRAM is also actively involved in GOGLA (Global Off Grid Lighting Association), where we can capitalize on our experience with our Off-Grid Lighting project, which offers affordable lighting in African communities without access to the electrical grid.

Environmental Guidelines

The establishment of a high environmental standard, the promotion of the health of our employees and the securing of a safe working environment are the requisites for shaping a sustainable future. Hence, our EHS performance is an important part of the overall sustainable performance of OSRAM.

[Environmental Guidelines](#)

Environmental History

The environmental commitment of OSRAM can be traced back to early company history. Back then incandescent light bulbs were considerably more resource efficient than other lighting solutions available at the time.

[Environmental History](#)

Life Cycle Analysis

In order to assess the environmental performance of OSRAM products, life cycle analyses of several specific products were conducted, representing certain product groups. The method for these analyses was an assessment as outlined in the international standards ISO 14040 and 14044. Apart from the primary energy consumption, the impact on the environment was evaluated in specific categories.

[Life Cycle Analysis](#)

Energy Balance, Water Balance

To measure the degree of achievement of OSRAM environmental protection objectives, environmental data is systematically recorded on a corporate level. We started this process with European factory sites, and continually rolled out the tracking system, until - in 2005/06 - we reached full coverage of all relevant OSRAM sites. Data is regularly collected and used to compile reports on the amount of resources and energy consumed. Environmental reports contain information on specific and absolute water consumption, changes in carbon

dioxide emissions, energy consumption, and the volume of waste produced at each plant.

[Data on Environment](#)

Water Management

For OSRAM it is of great importance to use water responsibly and sparingly. Thus we make sure to either clean polluted water ourselves or redirect it to local sewage plants. Furthermore we consider the scarcity of this precious resource in all our production processes. This is why we are proud to have seen water consumption decline in absolute numbers over the past years.

[Water Management](#)

Factories

Environmentally sound production techniques in OSRAM factories help us achieve our objectives for environmental protection and cut production costs at the same time. To this end, we have implemented environmental management systems at our production sites, which are certified according to the international standard ISO 14001.

[Factories](#)

en.lighten Initiative

If a global transition to efficient lighting is realized, green house gas emissions could be reduced by half. Therefore a multi-stakeholder global partnership is required to accelerate the transition to more efficient lighting technologies and support countries as they embark upon transformation programs.

[en.lighten](#)

Off-Grid Lighting

In 2008, OSRAM launched a unique project on Lake Victoria, Kenya, for producing light independently from a grid-based power supply - at low cost and without damaging the environment.

[Off-grid Lighting](#)

Recycling

OSRAM avoids producing waste wherever possible. Our lamps only contain the minimum required amount of environmentally hazardous substances and we avoid unnecessary packaging or materials. We continue to develop our products to make them as recyclable as possible. When engineering new products, we reduce the amounts of toxic substances or replace them entirely with environmentally friendly substances.

[Recycling](#)

Social Aspects

Social aspects of sustainability complete the triple bottom line, with the most important elements being fair labor practices and human rights.

OSRAM understands that the success of the company is only achievable with healthy and motivated employees. Thus, OSRAM has implemented health and safety management systems according to OHSAS 18001. As an international company, we promote diversity in our workforce to reflect our broad customer base, enrich our fund of ideas, and reinforce our innovative drive. With regular training, we ensure that our workforce is well set for the challenges of tomorrow.

Social aspects are not limited to own company – with an international procurement base, we have a powerful lever in influencing our suppliers and the societies where they are based. Our code of conduct for suppliers stresses the importance of human rights, and takes a firm stance against forced or child labor. Auditing suppliers helps ensure that the code of conduct is not a paper tiger.

Employees

For OSRAM, a qualified and motivated workforce is an essential factor to the company's sustained success. How we treat our employees is the most direct indication of our understanding of human rights and fair labor practices. Only by setting a good example can we convince our suppliers to do the same. As a global employer, OSRAM firmly stands by its commitment to treat all employees equally, and offer them benefits based on their performance.

[Employees](#)

Health and Safety

A prerequisite for motivated employees is their health and safety. Thus, the purpose of the health and safety organization is to promote our employees' health and ensure that the workplace and work processes are safe. It involves protecting the workforce from danger to life and health resulting from operational activities.

[Health and Safety](#)

Suppliers

Sustainability plays an important role in the supply chain as part of a global economy. We expect our suppliers to adhere to basic values in human rights, labor standards, environmental protection and the fight against corruption, among others.

[Suppliers](#)

Contact Sustainability

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