

LIGHT IS SUSTAINABLE

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Sustainability Report 2017
OSRAM Licht AG

OSRAM

Contents



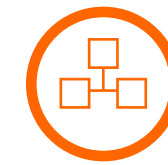
Report Profile

About this Report	03
Foreword	04



Company Profile

1.1 Our Company	06
------------------------	-----------



Sustainability Management

2.1 Sustainability at OSRAM	08
------------------------------------	-----------



Governance and Compliance

3.1 Corporate Governance	11
3.2 Risk and Opportunity Management	15
3.3 Supply Chain Management	16



Innovations and Products

4.1 Innovation Management	20
4.2 Quality Management	21
4.3 Customer Satisfaction	22



Environment and Climate Protection

5.1 Environmental Management	26
5.2 Environment-friendly Products	32
5.3 Efficient Use of Materials	33



Employees and Society

6.1 Employee Responsibility	35
6.2 Health and Safety	38
6.3 Respect for Human Rights	40
6.4 Social Engagement	41



Appendix

7.1 List of Material Topics	43
7.2 Assurance Report	44
7.3 GRI Content Index	46
7.4 Imprint and Contact	52



About this Report


This Sustainability Report 2017 “Light is Sustainable” presents the sustainability performance of OSRAM Licht AG (OSRAM). We cast light on our impacts in relation to environmental, economic and social aspects, and describe concepts and measures we have taken. The report is intended to inform our stakeholders – analysts and investors, customers, suppliers, non-governmental organizations, politicians and government agencies, our employees and anybody with an interest in the company – about what we do in order to make our products, solutions, processes and supply chain even more sustainable.

After we parted company with Siemens in 2013, we integrated a section on sustainability in our annual Combined Management Report and since 2014 we have been preparing a separate GRI Report. The sustainability report we present here is the first independent report based on the standards of the Global Reporting Initiative (GRI) and it was drawn up

in accordance with the GRI standard option “Core”. We have submitted the GRI Report for review by the GRI Materiality Disclosure Service, which confirmed correct presentation of the “Materiality Disclosures” (102-40 – 102-49). The report also presents our Communication on Progress (COP) report for this year in relation to the UN Global Compact. The corresponding sections of the report have been identified in the GRI Index. OSRAM signed up to the UN Global Compact in 2005 and has been publishing a COP since 2006. The COP has been integrated in this Sustainability Report for the first time this year and is no longer published as an independent document.

The reporting period is for the fiscal year 2017 (1 October 2016 to 30 September 2017). The disclosure is for 2017 and – if available – the comparative values for the previous year relate to all continued operations of OSRAM Licht AG (without LEDVANCE) and comprise all the consolidated compa-

nies.* We have marked performance indicators for which this does not apply at the appropriate places. Many of the performance indicators were adjusted on account of the sale of LEDVANCE and they therefore differ from the values published in the chapter on sustainability of the OSRAM Annual Report 2016. In the case of some important performance indicators, we report over a period of several years. The financial data have been taken from the OSRAM Annual Report 2017.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft has identified disclosures for the period from 1 October 2016 to 30 September 2017 in the German version of the report with a [...]  which were subject to a limited assurance engagement. Only disclosures for the reporting year 2017 were part of the assurance engagement. Figures from the previous year were not part of the assurance engagement. This report is published in pdf format [» www.osram.com/sustainability](https://www.osram.com/sustainability).

• GRI Index
102-48

References in the text



**Internal reference
(within the document)**



**External reference
(in another document or
on the Internet)**

Foreword



Dear Readers,

Our products have been making a contribution to progress and the quality of life of our customers and society for the past 111 years. While we have been manufacturing lighting products for a very long time, today our broadly based portfolio of high-tech products extends over and beyond the purely visible lighting technologies. In future, we want to become a leading platform for technologies connected with light and at the same time exploit the potential of light in order to improve our life in the digital age.

In this process, we are consistently implementing our “Diamond” technology, innovation and growth initiative. Over the past fiscal year, we have strengthened our company on the

organisational side and with the assistance of acquisitions and investments in companies.

We generate economic value added with our portfolio and contribute to sustainable development. Our realm of responsibility includes the value contribution of our products and our approach to our employees, suppliers and customers. At our production facilities, we ensure that we make careful use of resources, protect the environment and climate, create good working conditions within our value chain and safeguard the health and safety of everybody who works for OSRAM.

This sustainability report highlights the commitment of OSRAM towards a sustainable development. It documents the progress within the sustainability strategy that we consistently pursue. As a supporter of the UN Global Compact, we have made a commitment to organizing our business activity and our strategy on the basis of its universally acknowledged principles on working conditions, environmental protection, human rights and anti-corruption.

Our goal is to consistently develop sustainability at OSRAM. In the fiscal year 2017, one of the measures we took was a comprehensive assessment on compliance with human rights. In fiscal year 2015, we analyzed the Sustainable Development Goals (SDGs) of the United Nations. The next stage in 2016 involved us in evaluating the contribution that OSRAM could make to achieving the SDGs and assessing the opportunities and risks that would arise in this context for our company. Furthermore, we implemented the first pilot

projects on impact assessment, in order to record and evaluate the holistic social costs and benefits of selected applications.

We have received several acknowledgements of our sustainability achievements. In January 2017, sustainability investment specialist RobecoSAM once again acknowledged our performance with the Bronze Class Award and we were included in the company’s Sustainability Year Book 2017. We continue to be listed by oekom research in Prime Status. Furthermore, our share is included in the sustainability indices MSCI SRI Index, MSCI ESG Leaders Index und STOXX Global ESG Leaders. In 2017, the Germany Test conducted by Focus Money magazine recognized us as Top Employer for University Graduates, and the Employer Excellence Award of China was also bestowed on us. We regard this as acknowledgement and motivation at the same time.

Development is only possible in a partnership. This is why we are issuing you with a very warm invitation to enter into a dialogue with us. Your ideas are very welcome and they will support us in securing a sustainable future for our company. And with this aim in mind, I would like to wish you an interesting read.

Dr Olaf Berlien
Chairman of the Managing Board of OSRAM Licht AG



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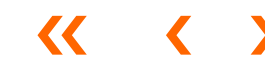




1.0

Company Profile

OSRAM is one of the world's leading lighting manufacturers. We see ourselves as a focused lighting technology provider in the areas of automotive and specialty lighting, opto semi-conductors, luminaires, lighting systems, and solutions.



1.1

Our Company

OSRAM is one of the world's leading lighting manufacturers and today comprises the parent company OSRAM Licht AG, which is headquartered in Munich, Germany, and 79 subsidiaries and investees (including minority interests) » [Annual Report 2017, 36 | Capital Structure of the OSRAM Licht Group in accordance with § 313 German Commercial Code \(HGB\), p. 138.](#)

We see ourselves as a focused lighting technology provider in the areas of automotive and specialty lighting, opto semiconductors, luminaires, lighting systems, and solutions. Our product portfolio ranges from high-tech applications using semiconductor-based technologies, such as infrared and lasers, to networked, intelligent lighting solutions for buildings and urban areas. As a technology company, we regard digitalization, above all, as an opportunity to generate new business for products, systems, and solutions in associated or lighting-related applications. The operating activities cov-

ered by our business model are essentially organized into four business units: Opto Semiconductors, Specialty Lighting, Digital Systems, Lighting Solutions » [Annual Report 2017, A.1.1.1 Business Model, p. 3.](#)

As far as sustainability is concerned, OSRAM is able to provide products and solutions to make a contribution to overcoming global challenges such as urbanization, climate change and a shortage of resources » [4.0 Innovations and Products, p. 19.](#) Furthermore, our lighting technologies empower us to provide enhanced safety in road traffic and public spaces. Our sensor technologies also contribute to the protection of personal data and enhance well-being by creating optimum lighting conditions at work or in the home. We also deliver economic value added to our customers through the energy efficiency of our products and solutions.

The business of OSRAM is regionally structured. The global activities take place in more than 120 countries and at more than 26 production sites. They are divided into the regions or markets EMEA (Europe, Russia, Middle East and Africa), APAC (Asia, Australia and Pacific) and the Americas (USA, Canada, Mexico and South America). During the reporting year, the OSRAM Licht Group employed a workforce of 26,400* employees across all business units and regions.

Revenue by segments

in € million

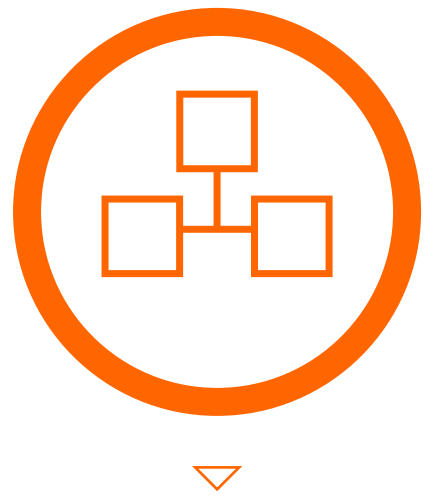
	2016	2017
Opto Semiconductors ¹⁾	1,417	1,685
Specialty Lighting ¹⁾	2,135	2,312
Lighting Solutions & Systems	1,005	989
Reconciliation to consolidated financial statements	-772	-858
OSRAM (total)	3,785	4,128

1) Certain external sales in the automotive sector that were recognized in the OS segment have been included in SP since the beginning of the business year 2017. The figures for the previous year were adjusted.

Revenue by regions (by location of customers)

in € million

	2016	2017
EMEA	1,457	1,553
thereof Germany	589	664
APAC	1,228	1,445
thereof China (incl. Hong Kong) and Taiwan	712	837
Americas	1,100	1,129
thereof USA	890	880
OSRAM (total)	3,785	4,128



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2.0

Sustainability Management

Our international business activities mean that we have a responsibility throughout the world. Our sustainability strategy provides a holistic framework for our mindset and actions.



2.1

Sustainability at OSRAM

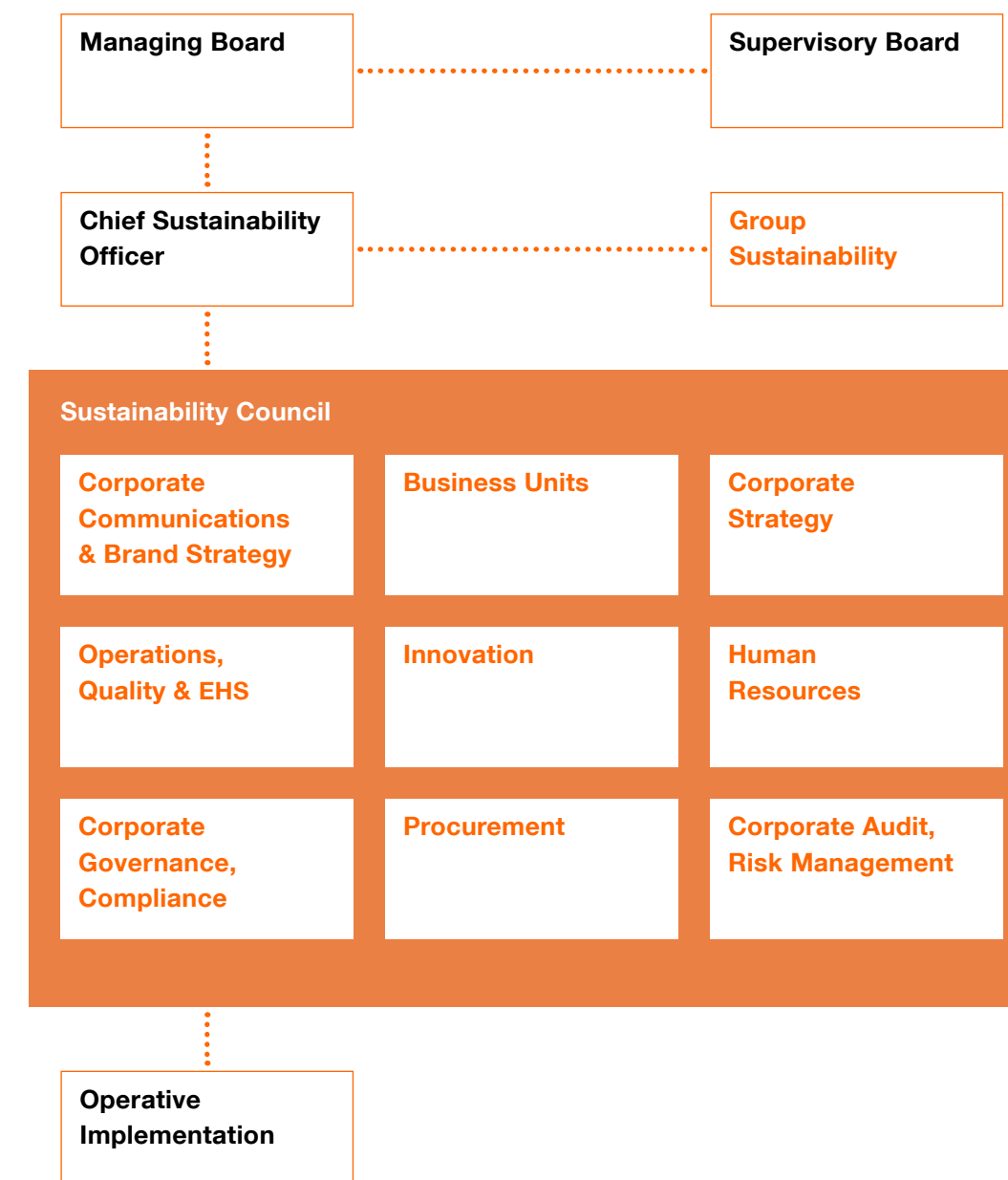
Our sustainability strategy is based on the integrated model of three pillars: economy, environment and society. These cornerstones provide a holistic framework for our mindset and actions. Our international business activities mean that we have a responsibility throughout the world. This includes the enhancement of our product portfolio to enable us to project a strong profile in view of the competition and be a successful company in the marketplace. We are also responsible for our customers, suppliers and employees. At our production facilities, we take care to protect the environment and resources and guarantee occupational health and safety for our employees. In all of these areas, we strive to contribute to reducing negative impacts and strengthen positive effects using appropriate guidelines and management systems, suitable organization and appropriate measures.

2.1.1 Organization and Structures

Organizationally, the function of the Chief Sustainability Officer ensures that the interdisciplinary and company-wide topic of sustainability is directly anchored at senior management level. The tasks to be performed and key topics are developed and prepared by the relevant Group Sustainability Department together with the content owners concerned, and they are then presented for discussion by the Sustainability Council. Trends and upcoming economic, social and

environmental topics that may be relevant to OSRAM or are likely to become so are discussed there and anchored in the organization if appropriate. The Sustainability Council also approves draft resolutions on the topic of sustainability for the Managing Board to vote on.

Sustainability governance structure



Apart from the Chief Sustainability Officer, members of the Sustainability Council include the heads of the business units and the heads of the corporate functions relevant to sustainability topics. The Chief Sustainability Officer makes arrangements for other experts to be co-opted depending on the topics being dealt with. Other delegates from appropriate functions are also involved as necessary.

2.1.2 Materiality Analysis and Stakeholder Engagement

We will only be able to develop our sustainable business if we engage in dialogue with our stakeholders. We use the feedback obtained in the process of communication to continuously improve our strategy and measures, and thereby contribute to ensuring that sustainable concepts are disseminated. We are in regular dialogue with our stakeholders.

OSRAM engages regularly with a large number of stakeholders across the world: employees, customers, suppliers, analysts, investors, journalists, academics, neighbours, political institutions, representatives of non-governmental organizations, government agencies and associations. We communicate at different management levels, at varying locations and by means of different departments. The interests of important stakeholders such as employees, customers and investors are also reflected in the composition of the Supervisory Board and the qualifications and skills of its members. Assessment of the relevance of stakeholders is carried out by the Group Sustainability Department once a year. The most recent appraisal was carried out in August 2017. The department defines which stakeholder groups are material for OSRAM, checks which communication channels are available for the individual groups, and documents which

- GRI Index
- 102-40
- 102-42
- 102-43
- 102-44



measures have been implemented. The results are reported to the Managing Board if there are any significant changes.

We communicate with our stakeholders in many different ways:

- We engage in dialogue with our employees in a variety of ways, including townhall meetings and webcasts, and we generally carry out an employee survey every two years.
- Roadshows, ratings and investor meetings are ways of engaging with representatives of the capital market, and we also engage with them at our Annual General Meeting.
- Our suppliers are expected to comply with basic requirements and demonstrate commitment to our values. We engage in intensive dialogue with them and support them in implementation.
- We have established a global Key Account Management for our customer relations and we also communicate directly with our customers.
- Our contribution to sustainable change in the lighting sector is achieved through dialogue with various organizations and associations, participation in initiatives and the establishment of long-term partnerships.
- We also contribute as members to various associations so as to play a role in designing guidelines and establishing industrial standards.

Determination of key reporting topics

Our materiality analysis remains the basis for our reporting. Topics that currently concern OSRAM and topics defined by the GRI are channelled into this. Other topics that are not part of the GRI standards are also included in the analysis if they have been identified as material for the business development of OSRAM and for their impacts on employees, environment and society.

In 2014, OSRAM carried out its first materiality analysis and in 2015 this was supplemented by a stakeholder analysis. In May 2017, an update workshop was held with internal experts, which also included the perspectives of stakeholders. Prior to the workshop, OSRAM had put together a list of topics that took account of current challenges alongside the topics from the materiality analysis carried out in 2014. The topics were assessed during the workshop on the basis of three aspects so as to ensure compliance with the requirements of the GRI and the regulations in the CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz). They were therefore prioritized in relation to

- their relevance for business,
- existing stakeholder expectations and
- potential serious impacts and in particular negative ones.

This yielded a list of topics with very high, high and moderate relevance. The results were compared with the results of the materiality analysis from 2014. No major deviations were identified in this comparison.

Material topics

Very high relevance

- Human Capital Development
- Health and Safety
- Human Rights and Working Conditions
- Risk Management
- Supply Chain Management
- Product Quality
- Product Design
- Management of Customer Relations

High relevance

- Sustainable Portfolio Management
- Logistics
- Resource Scarcity
- Corporate Governance
- Hazardous Substances
- Diversity
- Environmental Legislation
- Energy Use
- Waste Management
- Water Management

Moderate relevance

- Transparency
- Social Engagement

For a detailed description of the material topics, see appendix [7.1 List of material topics, p. 43](#).

• GRI Index

- 102-40
- 102-42
- 102-43
- 102-44
- 102-46
- 102-47
- 102-49



3.0

Governance and Compliance

A prerequisite for the sustainable business success of OSRAM is the trust of our customers, investors and employees. We strengthen this trust by means of transparent and responsible corporate governance.



The successful future of OSRAM depends to a large extent on being able to increase the corporate value sustainably. A prerequisite for this is the trust of our customers, investors and employees. We strengthen this trust by means of transparent and responsible corporate governance.

OSRAM Licht AG complies with all the recommendations of the German Corporate Governance Code included in the version dated 7 February 2017, the key regulations on the management and supervision of German companies listed on the stock exchange, and internationally and nationally acknowledged standards for good and responsible corporate governance. The Corporate Governance Declaration is updated annually and is published on the website of our company [» www.osram.com/governance](http://www.osram.com/governance).

3.1

Corporate Governance

OSRAM Licht AG is governed by the German Stock Corporation Act (Aktiengesetz, AktG) and has a dual board system, comprising a Managing Board and a Supervisory Board [» Annual Report 2017, C.4 Corporate Governance, p. 159](#). The Managing Board currently has three male members of German nationality. The members of the Managing Board and their areas of responsibility are determined by the Supervisory Board.

The Supervisory Board is made up of twelve members: six representatives of the shareholders, who are appointed by the Annual General Meeting, and six representatives of the employees, who are elected on the basis of the Co-determination Act (Mitbestimmungsgesetz). The personnel making up the Supervisory Board and its committees is set out in the Notes to the Consolidated Financial Statements in the Annual Report [» Annual Report 2017, B.6.7 Other Disclosures, 37 I Supervisory Board and Managing Board, p. 141](#). The objectives for the composition of the Supervisory Board are published on the website [» www.osram.com/governance](http://www.osram.com/governance).

With respect to diversity, the Supervisory Board strives to include a wide range of professional and international experience in its composition and in particular to have reasonable representation of both genders. On 30 September 2017, a total of four members of the Supervisory Board were women and one member was of a nationality other than

German. The career profile of the members of the Managing Board and the Supervisory Board are published on the website of the company [» www.osram.com/management](http://www.osram.com/management).

3.1.1 Functions and Responsibilities of the Governance Bodies

As the management body of OSRAM Licht AG, the Managing Board is required to act in the interests of the company and has an obligation to sustainably increase the corporate value. The Managing Board has joint responsibility for the entire management and takes decisions on fundamental issues of business policy and the corporate strategy. It also carries out planning for the year and for the years to come.

The Managing Board is responsible for drawing up the half-year financial statements of the company, the annual financial statements of OSRAM Licht AG and the consolidated financial statements. It is also responsible for preparing the quarterly reports. Furthermore, the Managing Board has a duty to safeguard compliance with legislation, government regulations and internal company guidelines and to take action to ensure that all Group companies observe this. In this context, it is also responsible for setting up an appropriate Compliance Management System that takes the risk situation of the company into account [» Annual Report 2017, C.4.3 Corporate Governance Declaration, p. 177](#).

The Managing Board and the Supervisory Board work together for the benefit of the company. The Managing Board regularly, promptly and comprehensively informs the Supervisory Board about all the issues of strategy, planning, business performance, results of operations and financial position, compliance and key entrepreneurial risks relevant



to the company. When making appointments to management positions within the company, the Managing Board takes diversity into account and makes efforts to increase the proportion of women.

The Supervisory Board oversees the Managing Board and advises it on the management of the business. The Supervisory Board regularly discusses business performance and planning, strategy and its implementation. Important decisions by the Managing Board on issues such as major acquisitions, divestments and financial measures require the consent of the Supervisory Board. The Supervisory Board regularly reviews the efficiency of its work, as necessary with the involvement of external experts. This process involves identifying and addressing potential for improvement » [Annual Report 2017, C.3 Report of the Supervisory Board, p. 153.](#)

The Annual Report provides a comprehensive description of the working practices and functions of the Managing Board and the Supervisory Board, their relationship, and the composition and working practices of the committees of the Supervisory Board » [Annual Report 2017, C.4 Corporate Governance, p. 159.](#)

3.1.2 Remuneration and Independence

The remuneration of the Managing Board is based on non-performance-based and performance-based components and is intended to provide incentives for sustainable corporate governance. The Supervisory Board regularly carries out reviews to ascertain that the level of the remuneration for the Managing Board is appropriate. The remuneration

for the members of the Supervisory Board is defined in the Articles of Association of the company. Comprehensive information concerning remuneration is provided in the remuneration report which is included in the Annual Report. This explains the structure of the compensation system for the Managing Board, the compensation principles and provides explanations of the structure and the level of the remuneration for the members of the Managing Board and the members of the Supervisory Board » [Annual Report 2017, C.4.2 Remuneration Report, p. 164.](#)

The Supervisory Board believes that all shareholders are independent within the meaning of the German Corporate Governance Code. No members of the Supervisory Board are former members of the Managing Board. At least three of the shareholder representatives on the Supervisory Board are people with no potential conflicts of interest. Several members of the Supervisory Board work, or worked last year, in senior positions of other companies with which OSRAM has business relationships. Transactions between OSRAM and these companies were on an arm's-length basis. The Supervisory Board does not believe that these transactions compromise the independence of the affected members of the Supervisory Board. If any conflicts of interest arise in the course of routine business, they must be disclosed to the Chairman of the Supervisory Board. If the conflicts of interest are significant and not simply of a temporary nature, the affected member of the Supervisory Board must step down from his or her position.

You will find additional information in our Annual Report » [Annual Report 2017, C.4 Corporate Governance, p. 159.](#)

3.1.3 Corporate Values

The Managing Board ensures that OSRAM pursues its business activities strategically and in accordance with appropriate values. The Business Conduct Guidelines define the ethical and legal framework for the business dealings of OSRAM. The code includes business practices for managing the company that extend beyond the statutory requirements, and fundamental principles and rules for our conduct in the company and in relation to our external partners and the general public. The rules define how we should exercise ethical and legal responsibility as a company and they are an expression of our corporate values “Innovative – Respectful – Entrepreneurial”.

We respect and support internationally acknowledged human rights and dignity, the private sphere and personal rights of each individual. Priorities for interactions between our employees and in dealings with business partners are mutual respect, trust, fairness and tolerance. In cooperation with individuals, we respect different ethnic origin, culture, religion and age – irrespective of disability, skin colour, sexual identity, beliefs and gender. We do not tolerate discrimination on the basis of these characteristics, sexual harassment or other personal attacks on individuals. All decisions relating to personnel, suppliers, customers and business partners are made exclusively on the basis of objective conditions and never for other motives such as discrimination or compulsion. We are consistently improving our environmental performance in order to protect the environment and to conserve natural resources.



3.1.4 Anti-corruption and Anti-competitive Behaviour

[OSRAM is committed to strict avoidance of corruption and bribery, and to fair competition. We believe that sustainable business success can only be achieved through lawful and responsible business practices. Bribery and corruption prevent healthy markets and hold back the development of business. They contribute to poverty in many countries and are often associated with infringements of human rights.

The OSRAM Compliance Management System has therefore been designed to prevent potential violations of existing anti-corruption and anti-trust provisions. The Business Conduct Guidelines define Group-wide rules of conduct specifically to combat corruption, and on proper conduct when engaging in competition. They are supplemented and given concrete form by the Compliance Guideline. The Compliance Management System is based on the methodological approach of “Prevent – Detect – Respond”.

An anti-corruption approach applies to all employees and requires that they must not offer, promise, grant or approve unjustified benefits to government officials and persons in private enterprise. No monetary payments or other benefits are permitted with the aim of influencing business decisions or obtaining unjustified advantages. Any offer and any promise, any allowance and any gift must be in accordance with the applicable laws and our internal regulations and processes. Employees should avoid any appearance of bad faith and inappropriateness.

The Compliance Management System implements the strict commitment of OSRAM to lawful conduct in relation to anti-trust legislation. Any form of arrangement with business

partners or indeed competitors with the objective of unfairly influencing the market or other restrictions on competition is prohibited for all employees.

In order to achieve this objective, we carry out classroom and online training sessions at which employees have to take part in specific function levels and function groups. All employees on non-payscale grades and in sensitive specialist functions (e.g. sales, purchasing, marketing) undergo classroom and online training. Employees are offered training shortly after they take up their positions, are promoted or seconded to a relevant function. Refresher training sessions are carried out every three years. Other classroom training sessions are arranged as necessary for individually determined target groups and for business partners.

During the past fiscal year, 6,666 employees took part in compliance classroom training sessions with the focus on anti-corruption and anti-trust law. Further online training sessions were carried out which provide a more in-depth insight into both issues and conclude with a final test.] ✓
In fiscal year 2017, 1,858 employees successfully participated in the “anti-corruption” online training programme which was already developed and carried out worldwide in 2015. [As early as fiscal year 2015, we also rolled out our “anti-trust law” online training worldwide and repeated this in the last quarter of the reporting year. In total 5,033 employees were invited to take part in the training.

OSRAM also has several IT tools addressing risks relevant to corruption. For example, we draw up a classification of our business partners based on specific criteria, such as the spread of corruption in the country where the relevant partner is operating. Furthermore, we have drawn up a tool-

based process which regulates the organization and approval of events to which people outside the company are invited. This tool is also used to monitor the payment of accommodation of travel costs for people outside the company.

Our suppliers must sign the Code of Conduct for Suppliers (CoC), which includes a prohibition on corruption and bribery. Furthermore, we require our suppliers to make a commitment to compliance with internationally and nationally acknowledged standards such as the general United Nations Declaration on Human Rights, the Basic Declaration of the International Labour Organization (ILO) and the OECD guidelines for multinational companies.

Regular compliance risk assessments with the focus on corruption and anti-trust law are carried out regularly in selected units with the aim of identifying compliance risks and continuously improving the Group-wide Compliance Management System. The management and the compliance organization also carry out on-the-job checks on the tool-based processes for dealing with business partners and entertainment events every six months or every year. These are a constituent element of the internal controlling system.

The whistleblower hotline “Tell OSRAM” is another element of the Compliance Management System at OSRAM. Employees and third parties are able to report violations of the compliance regulations. The focus here is on violations of regulations subject to penalties and fines, particularly in the area of corruption and anti-trust law. All reports are thoroughly investigated. If concrete allegations are made, internal compliance investigations are carried out. Once an investigation has been completed, the Compliance Department recommends measures in order to eliminate any deficits identified and oversees



their implementation. If any misconduct is identified on the part of our employees, OSRAM may take disciplinary measures under employment law.

The Compliance Management System is organized by employees at headquarters and in the regions. A total of some 15 FTEs are employed in our compliance system, of which six work at the registered office of our company in Munich. The employees working at the headquarters report directly to the Chief Compliance Office as Head of the Compliance Department and employees in the regions have a specialist reporting line. The Chief Compliance Officer in turn reports to the Chairman of the Managing Board.]

Key compliance indicators

in numbers

	2016	2017
Notifications of possible compliance violations ¹⁾	59	64
Compliance investigations (substantial) ¹⁾	16	16
Disciplinary consequences ¹⁾	12	4
Closed cases from previous notifications ¹⁾	42	65
Trained employees (compliance training)	6,120	6,666

[1) Including compliance cases which relate to the period until the sale of LEDVANCE on 1 March 2017.]

3.1.5 Data Protection

Effective business performance is inconceivable without electronic data and information exchange on a global scale. Project teams are increasingly working on prototypes for new technologies, company software is leased over the Cloud, employees are working in virtual meetings or in their

home office. They are able to communicate efficiently over large distances and also this conserves natural resources. At the same time data protection and data sovereignty are becoming increasingly important as a result of the spread of networking and acceleration of business processes. This is because the benefits of new technical opportunities are often associated with threats to the protection of the private sphere and the data security of our customers and partners. Customer data protection includes protection of personal data about individual customers and also protection of personal data that is made available to OSRAM by their partners about their customers. We want to offer our customers and partners not only high-quality technological products but also protection of the data in all products and processes. In this context, we want to ensure that all employees receive adequate training in data protection.

Structures and processes

We regard data protection as a key element of corporate culture and we have anchored this in our business principles and internal guidelines. The requirements of national and international data protection laws and security regulations form the basis for our business dealings. In particular, when we are developing new products, we take account of data-protection regulations and designs at an early stage.

The implementation of requirements under data protection regulations is carried out within the framework of a data protection management system. Alongside the appointment of a company data protection officer who oversees compliance with the data protection principles, the Group Data Protection Department provides analysis of the requirements under data protection law and the resulting measures. A Data Privacy Coordinator (DPC) is responsible for implementation

and adjustment to match local requirements in each of the national companies.

We require our employees to observe non-disclosure of data. Our guidelines state that each employee is personally responsible for protecting the data that they are entrusted with. Furthermore, we require our suppliers who have access to sensitive data to train their employees and monitor this as necessary.

Our data protection guidelines define concrete regulations for handling personal data in conformity with data protection requirements. We adopt a responsible approach to handling data from our customers, partners and employees and do not pass them on to third parties. We only make exceptions if there is agreement on this matter, if we have a statutory obligation to pass on data or if this is necessary for contractual purposes. We communicate transparently how and for what purpose personal data will be used. We only collect data when it is necessary in order to fulfil our contractual obligations. When evaluating information for statistical analyses, we only use data that has been anonymized and aggregated. This means that no conclusions can be drawn about personal information.

In spite of a high level of technical and organizational safety standards, data protection violations may occur. If the protection of personal data has been breached, our company has a statutory obligation to inform the responsible supervisory authority about the breach within a short space of time. In order to ensure that this requirement is complied with, the existing whistleblower system “Tell OSRAM” was supplemented for reporting data protection incidents.



Targets and results

We want to guarantee effective and consistently reliable data protection. During the reporting year, we did not receive any complaints from customers, or other requests concerning data-protection matters from responsible supervisory authorities.

3.1.6 Memberships and Political Engagement

Our aspiration is to bring about a sustainable change in the lighting industry. Since the associated changes demand cooperative initiatives on many levels, OSRAM has built up long-term partnerships with many organizations, associations and institutions as part of stakeholder management [» 2.1.2 Materiality Analysis and Stakeholder Dialogue, p. 8.](#)

The overall responsibility for our political engagement is with the Managing Board, which is supported by the Governmental Affairs Department. OSRAM is a member of the European association LightingEurope, which represents leading lighting manufacturers and national associations. We advise governments and authorities as experts, for example on solutions for sustainable city development. OSRAM is involved in the [» UN Environment's U4E \(United for Efficiency\) Initiative](#) for global promotion of energy-efficient light solutions. We are also proactively committed to global, harmonized introduction of restrictions on substances, for example with the

implementation of the Minamata Convention of the United Nations. The signatory nations have made a commitment to refrain from using mercury [» Annual Report 2017, A. 1.1.4 Legal and Sector-specific Conditions, p. 7.](#)

In line with our values, we have made a commitment not to make any donations to politicians, political parties or political organizations. Appropriate regulations have been defined in our Business Conduct Guidelines. Sponsorship contracts, contributions to sector associations and membership subscriptions to organizations which serve business purposes are not permissible as donations. Sponsorship contracts also have to meet transparency requirements, must be recorded in the form of a written contract, be intended for serious business purposes and be in an appropriate relationship with the equivalent value offered by the event organizer [» 6.4 Social Engagement, p. 41.](#)

Targets and results

Our goal is Group-wide transparency. We therefore manage memberships of associations centrally. In fiscal year 2017, we spent a total of € 800,000 on memberships in the four most important associations. These are: Central German Electrical and Electronic Manufacturers' Association (Zentralverband der Elektrotechnik, ZVEI), Lighting Europe, North American Electrical Manufacturers' Association (NEMA) and the Illuminating Engineering Society (IES).

3.2

Risk and Opportunity Management

As one of the leading providers of lighting technology worldwide, OSRAM has business relationships in a large number of very different countries. We follow the relevant legal and regulatory requirements and respond to local and regional market circumstances, as well as social, environmental and technical challenges. This gives rise to risks but also offers a wide range of opportunities.

Risks and opportunities are systematically identified, assessed and managed in order to ensure that the risks can be adequately overcome and the opportunities exploited. OSRAM has established a Group-wide risk and opportunity management system with the Enterprise Risk Management approach (ERM).

The Managing Board has concentrated responsibility for risk management and the internal controlling system in Group Internal Audit, which is structurally independent of other divisions. Every three months, the Internal Audit function provides information on key consolidated risks and opportunities and takes account of these in its decisions. Ad-hoc reporting supplements the regular quarterly reporting process as necessary. Quarterly reporting also takes place to the Audit Committee of the Supervisory Board. Furthermore, Group Internal Audit also reviews compliance with the

Page <8>

Page <41>



corporate policies regarding risk management in its regular audits of selected business units.

We provide comprehensive information on the management systems, on processes as well as specific risks and opportunities in our Annual Report. [» Annual Report 2017, A.4.2 Report and Opportunity Management System, p. 41.](#)

3.2.1 Risks from Non-financial Aspects

The activities of OSRAM have diverse impacts on the surroundings, the environment and the stakeholders of the company. After all, our corporate operations place us in an interrelationship with local communities and the global community. Our own business activities and our business relationships therefore result in risks to the environment, employees and society which can all exert reputational damage on OSRAM. The following risk classes were used to determine risks: low, middle and high. No risk was identified which is very likely to exert serious impacts on non-financial aspects. Risks where the probability of the occurrence and the severity of their impacts in total were rated as at least “moderate” are among others the following areas:

The health and safety of employees may be at risk in our supply chain and there is also a risk of human rights violations and corruption. The energy consumption at our locations and in the supply chain causes CO₂ emissions and thereby contributes to climate change and the associated negative impacts on the environment, employees and society. Transport within the supply chain also contributes to CO₂ emissions and impacts negatively on the air with fine dust and nitrogen oxides, which can be injurious to the health of people. Waste arising in the supply chain can cause an impact on the environment as a result of inappropriate disposal.

In the following, we present the concepts we have adopted for all key topics in order to reduce or entirely avoid these risks and the negative impacts. At the same time, we are also able to make substantial contributions to mitigating climate change with our energy-efficient products. Notwithstanding all the risks, we therefore see major business opportunities in the current context.

3.3

Supply Chain Management

[Global supply chains affect climate change and impact on local communities and social standards of the sector. As a Group operating on the global stage with a correspondingly complex supply chain, OSRAM therefore carries particular responsibility. Hence our business success depends more than ever on a high level of flexibility and reliable partners as a result of the rapid technological change.]

Structures and processes

OSRAM markets its products in more than 120 countries and has more than 26 production facilities worldwide. Our procurement function is managed globally but is organized regionally with regard to certain raw materials. We work together with around 15,000 suppliers (previous year: 16,600*), in order to ensure the supply of all the raw materials, materials, components, products and services to our high quality standards. The annual procurement volume amounts to around € 2.8 billion (previous year: around € 2.7 billion). Of these, 56% (previous year: 58%) were attributable to local suppliers. These are suppliers operating in the same country as the procuring OSRAM location.] A total cost estimate is used to select suppliers. This includes the qualification costs, transport expenses and energy costs over the entire lifecycle, for example of a machine.



[Specific requirements have been formulated for each group of raw materials and these have to be safeguarded by each strategic purchaser. The purchaser looks after the suppliers together with the Quality Management, Logistics and Research & Development Departments. These functions form the so-called sourcing team which is responsible for the procurement strategy in the relevant material field. As far as issues relating to sustainability are concerned, for example in audit coordination, training courses and the topic of conflict minerals, the sourcing teams are supported by the Environment, Health and Safety (EHS) and Group Sustainability Departments. During the reporting year, the focus was on consolidation of the supplier base and building up suppliers in the area “Beyond Lighting”.] ✓

3.3.1 Code of Conduct for Suppliers

[We expect our suppliers to comply with all the statutory regulations and the values of our Business Conduct Guidelines » www.osram.com/bcg. There is therefore a separate Code of Conduct (CoC) for them which incorporates our core beliefs and important international standards and conventions. This CoC addresses topics such as:

- compliance with all applicable laws,
- avoidance of corruption,
- observance of human rights of their employees,
- compliance with laws prohibiting child labour,
- assumption of responsibility for health and safety of their employees,

- compliance with the relevant national laws and international standards for environmental protection, and
- the express requirement that these values are implemented and complied with in the supplier’s own supply chain.

The CoC is mandatory for all suppliers from a procurement volume of € 50,000. It is also part of the qualification process that new suppliers pass through. Independently of value limits, each supplier receives notification of the General Terms and Conditions of Business and the CoC of OSRAM when purchase orders are placed. In signing the CoC, suppliers make a commitment to continuously improving their environmental protection and building up an appropriate Environmental Management System. We give preference to ISO 14001-certified suppliers, in particular if their materials are incorporated directly in our products.

OSRAM carries out a half-yearly risk assessment for direct suppliers – which are suppliers that deliver production materials – taking account of the country and procurement market risks, and an annual sustainability assessment for all strategically relevant suppliers. Before they are included in the supplier system, all suppliers are checked against Restricted Party Lists (German, European and US sanctions lists). Updated lists are automatically uploaded into the OSRAM’s export control system so that existing suppliers can also be appropriately checked for each purchase order. Suppliers from countries with increased social risks must also submit a self-assessment on relevant aspects of corporate responsibility (CR). The selection is then carried out on

the basis of the country assessment of » [Transparency International](#) (Transparency International Corruption Perceptions Index ≤ 40).] ✓

3.3.2 Review of Suppliers

[We use various tools and processes in order to check compliance with our CoC. Our established supplier assessments have been expanded by CR aspects such as compliance with social standards, promotion of environmental, health and safety topics (EHS topics) and compliance with the statutory regulations. We also require our customers to provide verification that environmental and social framework conditions are being complied with. ISO 14001 certificates are stored in our global purchasing system to verify environmental compliance and their validity is regularly checked. We check whether the framework conditions specified in the CoC are complied with by carrying out quality audits on site. We distinguish here between two types of audit:

- New suppliers in direct materials purchasing are subject to a process audit in conformity with VDA 6.3 (German Association of the Automotive Industry, Verband der Automobilindustrie e.V.). Series and service processes are assessed in this process audit. Their environmental and social situation is assessed in an on-site audit. The results are published in our global purchasing system and are thereby channelled into the overall procurement system.



- Portfolio suppliers are additionally subject to an annual risk-based selection of suppliers. They are required to submit a current CR audit or commission one, or to provide verification of compliance with CR regulations by equivalent certifications in the social and environmental sphere. The topics occupational safety, wages and salaries, working hours, environmental protection and management systems are checked in the audits. If there are any deviations, appropriate measures are taken subsequently.

Another cornerstone of our supplier management is the know-how of our employees. We train our global purchasing team in regular information and training measures, and raise their awareness of human-rights topics, for example within the framework of the townhall meetings that are held every two months. Moreover, each year around 20 strategic purchasers participate in an advanced training course lasting several days with the aim of raising awareness about the topic of sustainability.

Targets and results

We strive to achieve a coverage rate for the CoC of 100% for our entire purchase volume. Over the past fiscal year, 472 additional suppliers confirmed the CoC. This meant that we again achieved 98% coverage (previous year: 98%) for 2017. Over the past fiscal year, around 300 new suppliers were introduced to the system.

The CR audits for existing suppliers carried out over the latest reporting period identified serious weaknesses in a total of three companies and minor weaknesses in four other companies (e.g. relating to working hours and occupational safety). We worked out a programme to address the identified deficiencies together with the affected suppliers and implemented these measures in close dialogue with the suppliers.] ✓

Procurement

	2016	2017
Number of suppliers	16,600	around 15,000
Procurement volume	€ 2.7 billion	€ 2.8 billion
(goods and services purchased from third parties)	(thereof 58% attributable to local suppliers)	(thereof 56% attributable to local suppliers)
Signed supplier codes	684 new CoCs (which now covers 98% of our procurement volume)	472 new CoCs (which now covers 98% of our procurement volume)



4.0

Innovations and Products

OSRAM is able to support overcoming global challenges such as urbanization, climate change and a shortage of resources with its products and solutions. At the same time, it is able to create economic value added for its customers.



Our intelligent solutions are able to contribute to enhanced safety in public spaces, road traffic and in the protection of personal data.

Light is also an effective lever for avoiding greenhouse gases because artificial lighting is responsible for about 15% of global electricity consumption and hence for nearly 5% of greenhouse gas emissions. According to the [UN Environment Initiative U4E \(United for Efficiency\)](#), global conversion to energy-efficient lighting would reduce CO₂ emissions by 390 million metric tons each year and save around US\$ 50 billion.

On the basis of our brand promise “Innovation & Quality”, we offer our customers a wide range of innovative products – from components and luminaires through to digital light management systems. In future, we want to continue to play a role in structuring the changes in the lighting market. Innovation strength, high quality and future-proof resource management are important factors in order to remain economically successful. The satisfaction of our customers is a key benchmark for our success. The strategic framework is provided by the “Diamond” technology, innovation and growth initiative which OSRAM launched in 2015 [» Annual Report 2017, A.2.2.3 Other significant Events Responsible for the Course of Business, p. 16.](#)

4 . 1

Innovation Management

The innovation strength of OSRAM is a basic cornerstone for our medium and long-term business success, particularly in relation to developing new growth markets. The change in the lighting industry to innovative LED-based products has already achieved such a high level of maturity in our research and development (R&D) that we are increasingly applying our innovation strength to the development of innovative digital lighting systems and opening up new areas of application for technologies that already exist.

The Central Development Department is responsible for a number of areas including application-related long-term advance development, and it reports to the Chief Technical Officer (CTO). The department also supports the business units in their own research activities. During the course of our open innovation approach, we cooperate worldwide with different research institutions, universities and other companies.

We protect our innovations as early as possible by patents and other industrial property rights. Strategic cross-licence patent agreements and non-aggression agreements with other market players in the lighting industry protect our leading position in the lighting market [» Annual Report 2017, A.1.1.2 Research and Development \(R&D\), p. 5.](#)

Targets and results

During the reporting year, we achieved a large number of successes through our R&D efforts. In particular, the following innovations can be highlighted in relation to sustainability: first broadband infrared LED, for example to assess food quality, the advanced development of matrix and laser headlight technologies for the automobile industry, which permit greater safety as a result of adaptive driving light, and the development of intelligent connected systems for road and building lighting, which combine energy savings with increased lighting comfort. Extensive and current information on our R&D products is available on our website [» http://www.osram.com/press.](http://www.osram.com/press)

At the same time, we are working on structuring our material use in a more sustainable way. For example, we are working together with partners on a project to develop alternatives using rare earth metals in white LEDs.



The development of our “Diamond” technology, innovation and growth initiative was successful and was able to achieve important targets [» Annual Report 2017, A.2.2.3 Other Significant Events Responsible for the Course of Business, p. 16.](#)

Research and development

	2016	2017
Employees – Research and Development (R&D)	2.4 thousand FTE	2.6 thousand FTE
R&D expenses	€ 334 million	€ 364 million
R&D intensity ¹⁾	8.8%	8.8%
Patents and patent applications	around 16,600	around 17,400
Patent families	around 5,800	around 6,200

1) In 2015, the research intensity was 8.0%.

4.1.1 Impact Measurement

During the reporting year, the Group Sustainability and Innovation Departments set up a concept for impact measurement with the goal of being able to methodically measure the overall impacts of our activities. OSRAM carried out a pilot project to survey and assess the social and environmental costs and benefits of selected applications. The results will be available in the coming fiscal year.

Furthermore, we carried out an analysis of the Sustainable Development Goals (SDGs) of the United Nations. A first stage involved a review to ascertain where OSRAM can make a contribution and which new opportunities result for society, the environment and the company.

In addition, we prepared lifecycle analyses for selected OSRAM products in order to be able to assess their impact on the environment. We use lifecycle analyses to examine the environmental aspects and potential environmental impacts of specific products over the entire lifecycle. The analysis highlights the level of energy consumption and therefore the environmental impacts in the different usage phases [» 5.2 Environment-friendly Products, p. 32.](#)

4.2

Quality Management

In compliance with our brand promise “Innovation & Quality” we ensure that our products meet the highest quality standards and work reliably and safely during application. OSRAM subsumes measures that accompany our products throughout their entire life cycle under the name of “Quality First”. This takes place regardless of whether the value-adding steps are applied at our own production sites or at an earlier stage through our suppliers. Internationally recognized quality management systems are used to monitor all steps efficiently. They can be adjusted consistently and transparently as needed. We are only able to ensure products of a consistently high standard through persistent implementation of our own aspirations.

Structures and processes

We have our high-quality requirements certified by external companies in accordance with ISO 9001:2015 and ISO/TS 16949, and in some cases even IATF 16949 on an annual base. We inform our customers in accordance with local legal regulations about correct means of application as well as about potential risks of our products. OSRAM continuously monitors returns and complaints and pursues all leads



relating to product safety. In order to identify, contain and eliminate potential product-related safety risks at an early stage, OSRAM has implemented appropriate processes and set up relevant committees. Furthermore, we review our products on a regular basis for impacts on health and safety. When it comes to product releases, we always follow the double-checking principle and work with clearly defined checklists. In order to avoid errors and to increase product safety, we deploy analytical methods such as the Failure Mode and Effects Analysis (FMEA) and put appropriate countermeasures in place.

Targets and results

We continuously improve our product quality through the consistent adherence to our high-quality expectations. As a consequence, OSRAM successfully reduced the default rate at our customers to a low double-digit percentage range in the fiscal year 2017.

There was no reported evidence of any compliance violations relating to impacts of products on the health or safety of our customers in the fiscal year 2017.

4.3

Customer Satisfaction

Marketing is our interface to the customer. It ensures that we can identify customer requirements at an early stage and respond to them. Our aspiration is always to be a good contact for our customers and satisfy them entirely.

Structures and processes

Global controlling is carried out through business units. Marketing-related synergies between the segments are guaranteed by joint Key Account Management or by a joint presence in the countries and regions. In tandem, Members of the Managing Board are in direct contact and communication with our customers so that they can understand their requirements even better. A digital Customer Relationship Management System (CRM) helps us to improve our customer service and increase efficiency in marketing and sales.

In order to further enhance the satisfaction and loyalty of our customers, OSRAM carries out a survey of a cross-section of selected customers approximately every two years. The questionnaire and hence also the KPIs have changed slightly compared with last year. We always measure the same performance indicators for all business units. Up to now, the results have been summarized in the form of a Net Promoter Score (NPS). Since fiscal year 2017, the results have been bundled as a Customer Loyalty Index (CLI). Both performance indicators express the level of customer loyalty with OSRAM.



The surveyed performance indicators yield customer loyalty segments which differ with respect to the level of the customer relationship (e.g. fans, convinced, at risk). We use the findings to introduce improvement measures. These include training sessions for our employees and customers in order to inform them about changes in the lighting market, familiarize them with our products and enhance customer loyalty.

Targets and results

The NPS may be between -100% and +100%. Over the past fiscal year, the Net Promoter Score (NPS) was once again 35% and therefore continued at a high level. In 2017, OSRAM achieved the very high score of 82% for the new CLI indicator out of a potential 100%. This was significantly higher than the average of 67% for competitors.

Customer relationships and marketing

	2016	2017
Customer survey: Customer Loyalty Index (CLI)	n.a.	82%
Customer survey: Net Promoter Score (NPS)	35%	35%
Marketing employees	2.3 thousand FTE	2.5 thousand FTE
Share of revenue of our biggest customer	5.2%	5.8%
Share of revenue of our top 50 customers	60.8%	57.2%

4.3.1 Brand Management

For the past 111 years, OSRAM has been a leading global brand in the area of lighting technology. Over the decades, the company has developed successfully with a stable brand core – Quality and Innovation – and has played a proactive role in technological change. Today, the OSRAM brand is primarily associated with the supply of high-tech products.

Structures and processes

OSRAM is pursuing a hybrid umbrella brand strategy. Alongside the main brand of OSRAM, the portfolio comprises other brands which mainly originate from purchases. Acquisitions related to the brand are intended to secure the long-term success of the brand and enrich it by new competences and access to new markets. The Brand Strategy & Management Department is responsible for the brand strategy and it reports to the Head of Brand Communication.

Targets and results

Last year, the following brands were added within the framework of our “Diamond” technology, innovation and growth initiative:

- Novità Technologies, a manufacturer of LED light modules for the automobile sector,
- LED Engin, specializing in very bright and compact lighting solutions for a large number of specialist markets,
- LUX365, an innovative sales platform for specialist target groups, and
- Stakes in the companies Tvilight, a specialist in light management software in the area of smart city, and LeddarTech, a developer which has specialized in sensor solutions for autonomous automobiles and driver assistance systems.

In the fiscal year 2017, our main brand OSRAM and the OSRAM logo were registered in all the countries of the world where brand protection is possible. Our products were mainly marketed under this brand in accordance with our umbrella brand strategy.



4.3.2 Marketing and Product Labelling

We want to be a reliable partner for our customers and provide information for them that is correct at all times and also in accordance with the statutory regulations. Our aim is to exclude the possibility of giving misleading or incorrect information in our advertising and marketing activities. In order to achieve this objective, we observe the statutory requirements, standards and norms for labelling products which apply in the individual regions and countries of our business operations.

Processes and results

Product management of the business units is responsible for providing correct information on products and packaging. OSRAM uses the “Market Access Conditions Awareness” platform to comply with country-specific, legal regulations in the area of Advertising and Marketing. This database includes requirements relating to the labelling of products and it is

under the responsibility of quality management. If there are changes to regulatory requirements in the countries where we have operations, affected companies are required to include any changes in the database. The business units are then informed and can take appropriate measures. An internal guideline ensures compliance with the applicable requirements for all products and countries.

When our products are labelled, we comply with the relevant statutory regulations. If possible, we provide additional information such as energy consumption or product life-time either on the packaging or in a separate leaflet. This means that for 100% of the products of OSRAM Opto Semiconductors and luminaires from the Specialty Lighting business unit, comprehensive materials declarations are available in full compliance with the IEC62474 standard. Our target is to implement the statutory regulations by the appropriate deadline. We achieved this target in the reporting year.



5.0

Environment and Climate Protection

We are aware of our responsibility for protecting nature, the environment and the climate. Efficient environmental management contributes to minimizing the negative impacts over the entire lifetime of our products.



5.1

Environmental Management

[OSRAM manufactures electrical and electronic products and components. Many of the resources required for this process have restricted availability. We are aware of our responsibility for protecting nature, the environment and the climate. Efficient environmental management contributes to minimizing the negative impacts over the entire lifetime of our products. This is achieved by the following approach:

- conservative and efficient use of energy and raw materials in production,
- reducing or avoiding the use of critical or hazardous substances in products and production, to the extent that this is technically possible and economically feasible,
- return and responsible recycling of our products where appropriate return systems are available.

We generate benefits for our customers and society as a result of

- the design of attractive, functional and above all efficient products and
- reduced CO₂ emission through the use of our products.

This process incorporates our suppliers and commits them to complying with our aspirations.

Guidelines and structures

The Chief Technology Officer (CTO) has overall responsibility for environmental protection, occupational safety and occupational health. The CTO has delegated the functions and the authority to issue instructions to the head of the central EHS Department (EHS – Environment, Health and Safety). The central EHS Department regularly reports directly to the Managing Board on important developments. It coordinates environmental protection requirements, monitors results and continuously develops the Environmental Management System. Environmental reporting encompasses all active production sites with the exception of the factory in Plovdiv (Bulgaria) opened in early summer 2017 and the site in Hendersonville (USA) acquired in autumn 2016. The two operations of the Munich headquarters and the Regensburg-West site are also included. This corresponds to 88% of all employees and hence 97% of our in-house environmental impacts.* The objective is to expand this further. All production sites and the Group headquarters maintain environment and energy management systems which have been certified in compliance with the international standard ISO 14001 as

well as additionally in conformity with ISO 50001 at all European sites. Managers and their department heads implement concrete measures at the individual facilities. The EHS Department cooperates with government agencies and industrial associations on a variety of topics. Furthermore, it regularly reviews sites by carrying out site visits, inspections and audits.

OSRAM global targets are guided by the EU targets of absolute reduction of CO₂ emissions by 20% during the period from 1990 to 2020. The agreement of the Federation of German Industries (BDI) provides the framework for our energy efficiency.

OSRAM therefore defines concrete annual targets for energy consumption, CO₂ emissions, water consumption and waste generation. Progress in these areas is shown in the relevant sections of this report.] ✓

5.1.1 Compliance in Environmental Protection

[OSRAM is committed to complying with the relevant regulations and legislation. The relevant legal requirements have been significantly tightened over recent years.] ✓ Companies run the risk of damaging their reputation if they breach statutory environmental regulations. Employees, customers and society rightly expect companies to adopt preventive and comprehensive implementation of legislation, legal requirements and standards. We meet this aspiration with our EHS (EHS – Environment, Health and Safety) policy guidelines and we are expressly committed to strict compliance



with legislation and environmental targets relevant to the environment. [Similarly to Business Conduct Guidelines, the guidelines are therefore binding for all operating sites.

In our supply chain, we use the OSRAM Index List Environment (ILE) and the Code of Conduct (CoC) for suppliers to pass on our expectations relating to environment and climate protection and request implementation of these aspirations [»3.3 Supply Chain Management, p. 16.](#)

The EHS policy guidelines also take into account the relevant chemicals legislation which regulates the use of specified hazardous substances in electrical and electronic equipment. In addition, these guidelines regulate the use of and the handling of substances and preparations at all our sites and thereby ensure improved health and environment protection inside and outside the company. OSRAM also goes beyond regional limits and substance bans. For example, it uses lower proportions of lead and mercury in its products than those defined under statutory legislation.

At the beginning of their employment relationship, all employees are inducted into EHS topics, and training then continues at regular intervals. In 2017, 12 sites were inspected and certified in the course of external certification audits. A further 15 corporate EHS audits were carried out by the central EHS Department, to ensure that the EHS management system is applied worldwide. No relevant penalties or fines for breaches of environmental legislation amounting to more than € 10,000 were imposed.]

5.1.2 Energy Consumption

[Since energy is required for operations at our production sites, we make use of a uniformly cost-effective and environmentally-friendly energy mix. The Group headquarters, all production sites and development sites which exceed the threshold of an annual consumption of 1,400 megawatt hours (MWh) pursue energy efficiency programmes. These are intended to relieve the burden on the environment and to keep production costs competitive. Energy management in

our production is steered by the global EHS Management System. Energy management is binding for the OSRAM sites referred to above.

Up to now, OSRAM has not distinguished between measurement and reporting of renewable and non-renewable energy. However, during fiscal year 2017, around 114,100 MWh of electricity were sourced from renewable energy sources. The proportion of renewable energies in total electricity consumption is therefore at least 25%.

Consumption targets are defined annually at global, regional and site level. They are tracked and monitored at Group level in the course of quarterly reporting and in energy efficiency reviews with the operational managers of the business units. Around two thirds of our sites base their energy efficiency targets on the production volume and the other sites pursue absolute targets. The global and regional targets are scaled in accordance with revenues so as to better reflect the diversity of our products.



Targets and results

While energy consumption has risen in absolute terms due to expanded production, the revenue-specific performance figures demonstrate that energy efficiency has yet again been improved worldwide at the reported sites by 3%. In 2017, the objective for specific energy consumption was 167 MWh per € 1 million revenue.] ✓

Absolute energy consumption

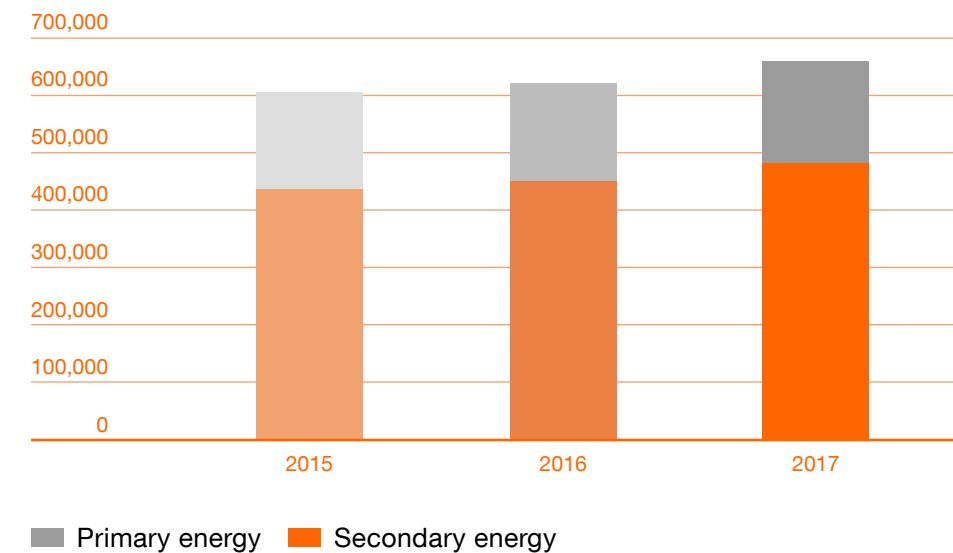
in MWh

	2015 ¹⁾	2016 ¹⁾	2017
Primary energy	167,400	168,700	175,800
Natural gas	138,300	140,700	146,100
Liquefied petroleum gas (LPG), diesel for on-site use, heating oil, hydrogen	29,100	28,000	29,700
Secondary energy	436,300	451,400	482,800
Electricity	414,200	429,700	454,700
District heating and steam	22,100	21,700	28,100
Total	603,700	620,100	658,600
Specific energy consumption in MWh per € 1 million revenue	169	165	160

[1] Discontinued activities as a result of the sale of LEDVANCE were deducted from the data in the fiscal years 2015 and 2016 – in contrast to the relevant Annual Report for this period. In the case of sites where OSRAM and LEDVANCE were active, a qualified estimate for proportionate consumption figures was calculated for the individual unit.] ✓

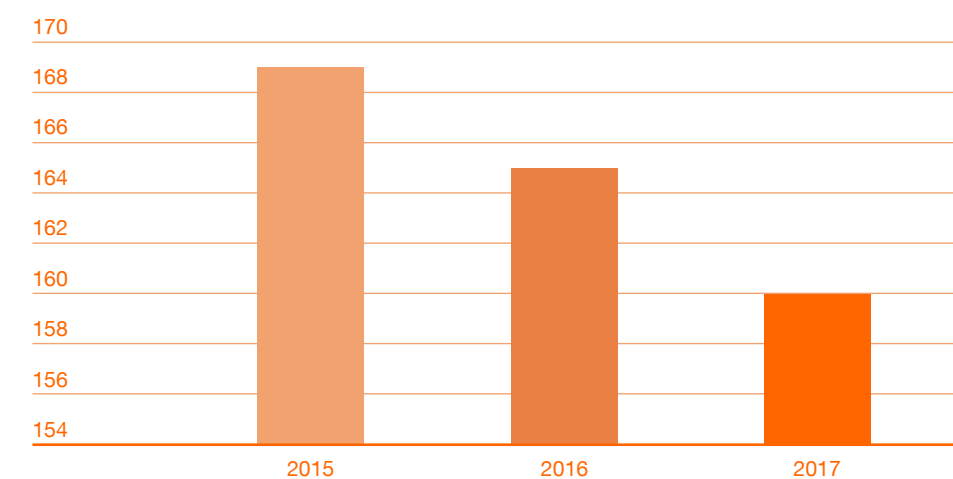
Absolute energy use

in MWh



Specific energy use

in MWh/M€ revenue



5.1.3 Emissions

[The CO₂ emissions caused by direct energy consumption of producing companies contribute to climate change. OSRAM is therefore working on continuous reduction of these emissions. Management is on the basis of measurements for energy consumption. Absolute figures are documented at site level, and at regional and global level they are scaled in relation to revenue and the corresponding conversion factors. Apart from reduction of energy consumption achieved through efficiency measures, the measures contributing to reduction also include the purchase of renewable energies. At the beginning of 2017, OSRAM changed to another energy provider in Germany, which primarily generates electricity from hydropower. This move has enabled around 38,100 metric tons of CO₂ to be saved during the last three quarters of the reporting period. The measure also serves to compensate for the business growth in the Asia-Pacific region, where energy consumption is generally associated with high CO₂ emissions.] ✓

OSRAM bases its documentation on the recognized standard of the Greenhouse Gas Protocol (GHG) when recording CO₂ emissions under Scope 1 (direct emissions as a result of the consumption of energy sources) and Scope 2 (indirect emissions as a result of the use of secondary energy sources such as electricity or district heating). Systematic recording for Scope 3 (direct and indirect emissions in the value chain, which are attributable to the company), has not yet been implemented.] ✓



Targets and results

[The decline in absolute and specific CO₂ emissions demonstrates that energy efficiency has improved across the world and changing electric utility has exerted a positive impact in Germany. The objective for specific CO₂ emissions in 2017 was 64 metric tons per € 1 million revenue.] ✓

As far as Scope 3 emissions are concerned, so far only emissions relating to outgoing logistics (category 9 out of a total of 15 categories: deliveries of products to customers) have been estimated. They are in the order of magnitude of 10% to 20% of the direct and indirect CO₂ emissions. However, since the lamps business represented a significant proportion here, the methodology has to be reset. Independently of this, the first measures for emission reduction were implemented and they are to become part of our environment management from the coming year. Examples for these measures are optimization of routes and intermediate storage, and avoidance of empty trips. We are also relocating sites closer to sales markets, as shown by the new site in Plovdiv (Bulgaria).

Since only a few sites emit small amounts of volatile organic compounds (VOC), we are striving to achieve a general reduction without any specific targets. Nitrogen oxides and sulphur oxides are released, if at all, in small amounts that do not have to be recorded.

CO₂ emissions

in metric tons

	2015 ¹⁾	2016 ¹⁾	2017
GHG Scope 1 emissions	33,800	33,300	32,500
Natural gas	30,000	30,000	29,600
Liquefied petroleum gas (LPG), diesel for on-site use, heating oil	3,800	3,300	2,900
GHG Scope 2 emissions (market-based ²⁾)	224,400	229,000	207,500
Electricity	218,700	223,200	201,200
District heating and steam	5,700	5,800	6,300
GHG Scope 2 emissions (location-based ²⁾)			270,500
Total of GHG Scope 1 and 2 emissions (market-based ²⁾)	258,200	262,300	240,000
Specific CO₂ emissions in metric tons per 1 € million revenue	72	70	58
VOC emissions³⁾ in metric tons	31	31	28

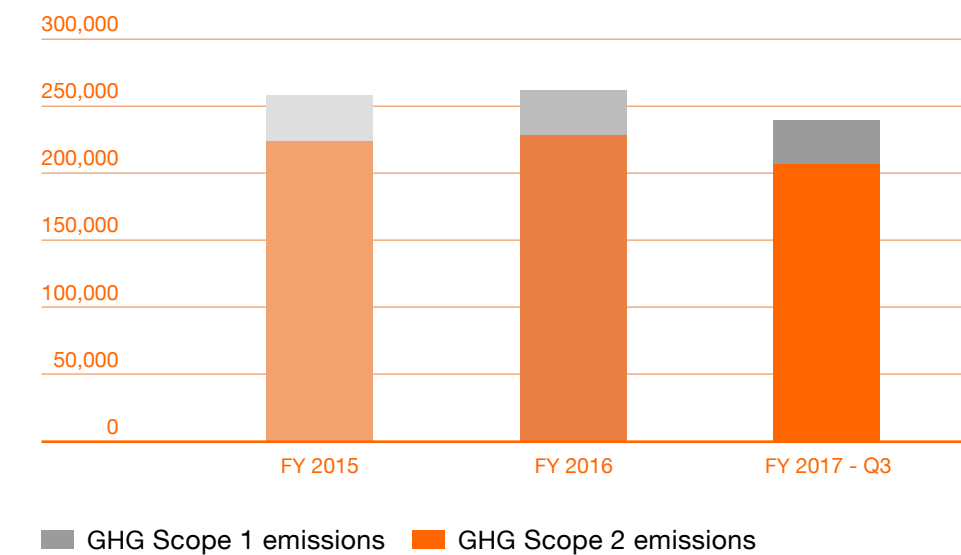
[1] Discontinued activities as a result of the sale of LEDVANCE were deducted from the data in the fiscal years 2015 and 2016 – in contrast to the relevant Annual Report for this period. In the case of sites where OSRAM and LEDVANCE were active, a qualified estimate for proportionate consumption figures was calculated for the individual unit.

2) We adopt the “market-based approach” when calculating indirect CO₂ emissions, i.e. we explicitly survey the specific emission factors for the secondary energies supplied to us from utilities. This has the advantage that it gives us information on how much CO₂ has been released by our requirement. Where this is not possible – primarily in Asia but also in North America – we will preferably use local or if necessary national information on the grids obtained from publicly accessible sources. We also calculate the “location-based” emission values in conformity with the GHG Protocol. Here we use the values of the grids based on national and if possible local level.

3) OSRAM sites are only included in VOC reporting if they have to be registered under the relevant local legal framework conditions.] ✓

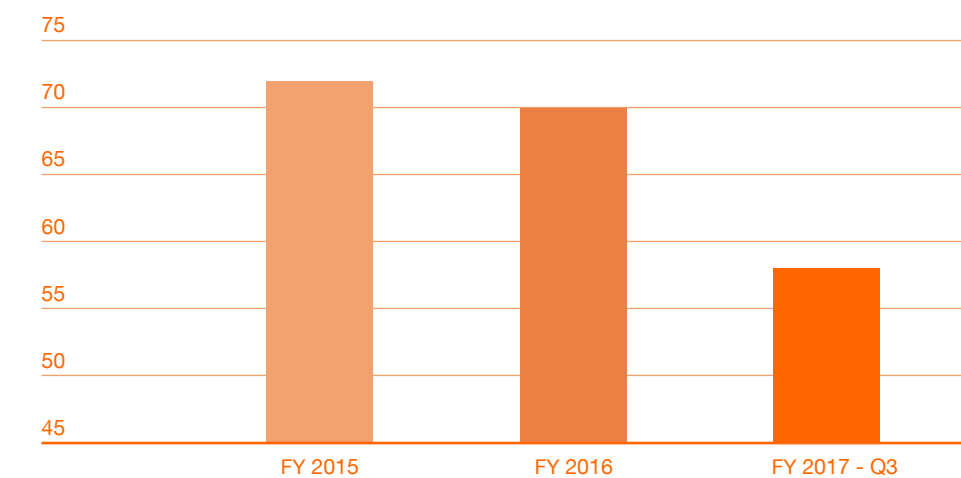
Absolute CO₂ emissions

in metric tons



Specific CO₂ emissions

in MWh/M€ revenue





5.1.4 Water

[Water is an important resource for OSRAM and is mainly used for cooling in production and for sanitary purposes. Rationing measures at our sites would compromise our productivity. We are therefore setting ourselves the target at all our sites of making a contribution to conserving water resources and keeping water consumption as low as possible.]

We take water from the public drinking water supply and draw it from the groundwater. We are aware of any sensitive sources close to our production sites and they are therefore appropriately protected. After usage, we return the groundwater to the source, for the most part in chemically unchanged form.] ✓ Where quality has been compromised by production processes, we purify the water before it is discharged. This process complies with all the statutory regulations. All sites have the necessary licences from government authorities.

Targets and results

[Dealing with water is part of EHS management. As in the case of energy consumption, the consumption of water is recorded locally as an absolute metric and scaled in accordance with revenues at regional and global company level. The data are evaluated at Group level on a quarterly basis. There are reduction targets for water use in production at site level. Sites using water only for sanitary purposes have absolute reduction targets. The objective for specific water consumption in 2017 was 627 cubic metres per € 1 million of revenue.]

The figures for recent years show a slight increase in water consumption. This is due to increased production particularly in LED manufacture. The 5% reduction in specific water consumption indicates that our measures directed towards more efficient usage are successful.

There are no specific targets for discharge of chemically untreated cooling water. Nevertheless, key figures are recorded and monitored within the framework of EHS management. During the reporting year, no burden above a defined threshold was identified in the course of water quality checks carried out for the local authorities.] ✓

Water consumption

in cubic metres

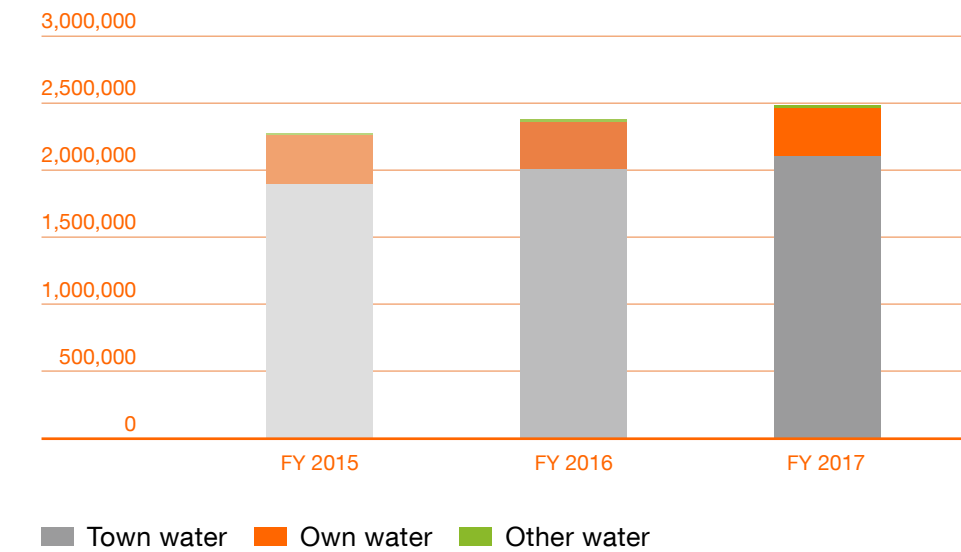
	2015 ¹⁾	2016 ¹⁾	2017
Local-authority water supply	1,895,900	2,005,300	2,098,800
Groundwater from own extraction	365,300	355,000	366,800
Other water	9,400	15,400	18,400
Total	2,270,600	2,375,700	2,484,000
Specific water consumption in cubic metres per € 1 million revenue	635	632	602
Chemically unchanged wastewater from cooling processes ²⁾	269,100	286,300	266,700

[1] Discontinued activities as a result of the sale of LEDVANCE were deducted from the data in the fiscal years 2015 and 2016 – in contrast to the relevant Annual Report for this period. In the case of sites where OSRAM and LEDVANCE were active, a qualified estimate for proportionate consumption figures was calculated for the individual unit.

2) Wastewater figures are not collected. The amount of chemically unaltered wastewater from cooling processes is being calculated on the basis of the amount of extracted groundwater at the respective sites because the loss, e.g. through evaporation, is negligible. Groundwater used exclusively for cooling is discharged chemically unchanged.] ✓

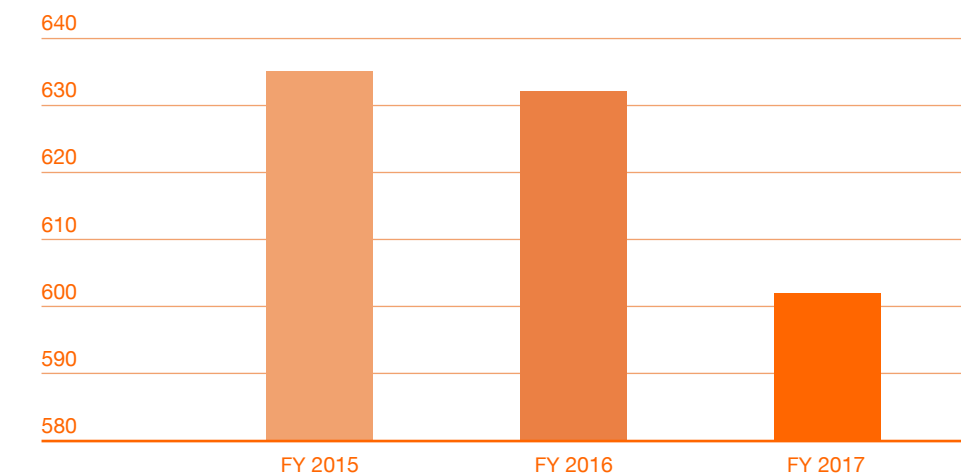
Absolute water consumption

in cubic metres



Specific water consumption

in cubic metres/M€ revenue





5.1.5 Waste and Recycling

[Waste is produced during our production processes. We follow the guiding principle at all our sites of primarily avoiding waste, recycling it or professionally disposing of waste after the other options have been exhausted. This enables us to protect the environment, reduce negative impacts on local communities and also adopt a cost-effective approach in business terms.]

We record locally the amounts of material that are recycled or sent away for disposal. A distinction is drawn in these categories between hazardous and non-hazardous waste. Reduction of the waste requiring disposal is a priority. Sites are allocated appropriate targets for waste reduction and these are based on the annual production. Revenue-related targets are defined at regional and global level.

Targets and results

The objective for disposal of specific waste was 1.18 metric tons per € 1 million in 2017. During the reporting period, the volume of waste for disposal increased both in absolute and in relative terms. This is due to higher production volumes, regulatory changes in waste legislation and changed classification of waste sites in some legal jurisdictions. As a result of the changes, recycling pathways that were previously used have been excluded following legislation or frequently because they have ceased to be cost-effective. In particular, the increase in production at the Regensburg (Germany) site and local expansion measures brought about a significant

increase in waste volumes compared with the previous year at this location. Furthermore, recent findings at the Penang (Malaysia) site meant that we had to correct the assumptions underpinning the assessments for domestic rubbish and waste from the canteen – it is not possible to weigh waste here.

Hazardous waste is recycled and disposed of with the necessary care by qualified service providers. When such waste is transported, we comply with all the relevant legal regulations and requirements. We have established an internal monitoring organization for the transport of hazardous goods whether this relates to waste or to products. Violations of relevant legal regulations are have not been notified in the reporting year.] ✓

Waste

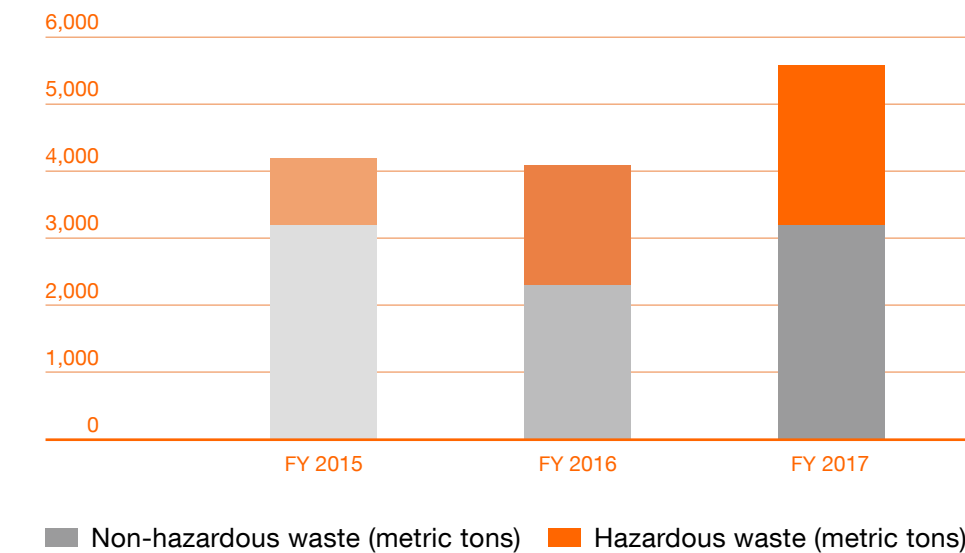
in metric tons

	2015 ¹⁾	2016 ¹⁾	2017
Waste for disposal			
Hazardous	1,000	1,800	2,400
Non-hazardous	3,200	2,300	3,200
Total	4,200	4,100	5,600
Specific waste for disposal in metric tons per € 1 million revenue	1.19	1.10	1.36
Waste for recycling			
Hazardous	8,000	1,200	1,400
Non-hazardous	1,500	8,200	7,600
Total	9,500	9,400	9,000

[1) Discontinued activities as a result of the sale of LEDVANCE were deducted from the data in the fiscal years 2015 and 2016 – in contrast to the relevant Annual Report for this period. In the case of sites where OSRAM and LEDVANCE were active, a qualified estimate for proportionate consumption figures was calculated for the individual unit.] ✓

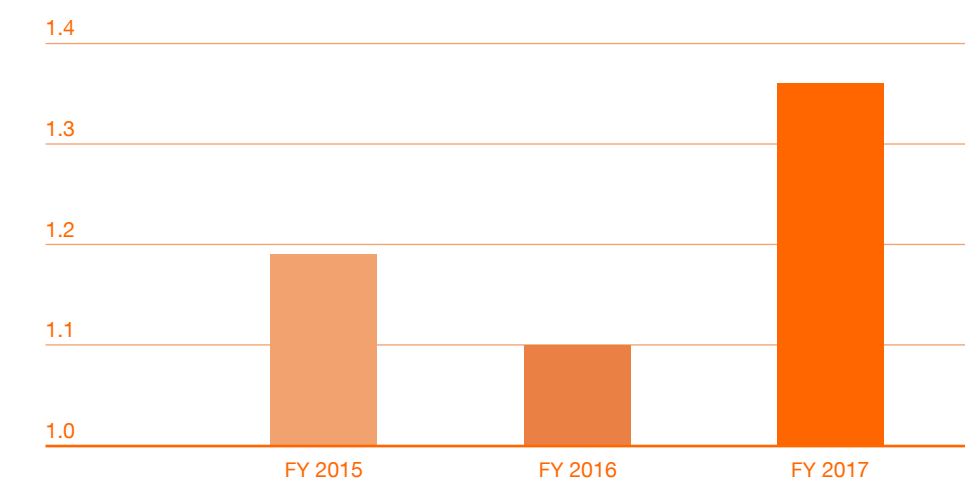
Waste for disposal

in metric tons



Specific waste for disposal

in metric tons/M€ revenue





5.2

Environment-friendly Products

[We ensure that the design of our products is environment-friendly and takes the entire product lifecycle into account. As well as the functional characteristics of a product, customers are increasingly asking about its environmental impacts and take this information into account. This means that environment-friendliness has become a quality attribute. We are contributing to environmental protection and at the same time enhancing our competitiveness by helping our customers to save energy and reuse materials.]

Each of the business units and legal entities of OSRAM are responsible for the environmentally compatible design of their products. When new products are developed, processes are defined with measures for improving the products and compliance with statutory legislation and customer requirements. The central EHS Department advises the units on the legal requirements and monitors compliance with regulations.]

5.2.1 Impacts in the Product Lifecycle

[We conduct Life Cycle Assessments (LCA) to evaluate energy consumption and other impact categories for selected products over the entire product lifecycle. The methodology used for these analyses is based on the international ISO 14040

and 14044 standards. Any measures necessary are then derived in order to reduce the negative impacts of our products. This analysis reveals that for most product families the usage phase with the customer exerted the greatest impact on the environment during the lifecycle of our products.

- The LED products of the business unit Opto Semiconductors are becoming increasingly efficient and powerful from one generation to the next so that our customers are able to provide their products with correspondingly better equipment.
- The electronic control equipment and light management systems from Digital Systems reduce the energy consumption in luminaires at customers' premises and switch lights off automatically at times when they are not required.
- In Specialty Lighting, the diverse functions for professional sectors such as in automobiles, medical products, measuring instruments or UV applications are analyzed. In addition, our customers look out for efficient and environment-friendly products in the entertainment sector and in stage lighting.
- The products from Lighting Solutions are luminaires almost exclusively intended for commercial and professional application and they literally illuminate the life and workplace of our customers. Our customers here are also concerned about low-energy and functional products with appealing design.

The LCA results for key product groups have demonstrated that the energy consumption for the manufacture, distribution and disposal of the majority of the portfolio is less than 4% and more than 96% during usage. We therefore have the biggest lever for reducing the environmental impacts

through reduction of the energy consumption during the usage phase.] A modest improvement in efficiency can already exert a much more significant effect on the overall environmental impact than material savings or adjustments in transport management. Additional information on the LCA results is provided on the OSRAM website <http://www.osram.com/lca>.

5.2.2 Materials and Substances

[OSRAM avoids the use of critical substances with measures extending beyond the statutory regulations, provided that this is technically feasible and cost-effective. The EU directive, which bans certain substances and imposes limits for heavy metals in electronic products (RoHS), serves as a model for comparable legislation in other regions, such as the Middle East, Russia, China and India. We have developed and implemented a dedicated SAP tool that enables us to monitor the use of critical substances at component level and to ensure long-term legal compliance against a backdrop of constantly increasing requirements. During the reporting period, no complaints were filed by public authorities on this matter.]

Information on banned, restricted and declarable substances is provided in the OSRAM Index List Environment (ILE). The information in the list is used by our developers and suppliers of materials used in our products as the basis for avoiding and reducing the content of hazardous materials. All suppliers must confirm that they track and comply with the relevant regulations for our markets. If they have to use particularly critical substances for technical or commercial reasons, they must declare such use.]



5.3

Efficient Use of Materials

[OSRAM uses numerous materials in production which exert an impact on people and the environment as a result of their procurement, transport, usage and disposal. We make strenuous efforts to ensure that valuable raw materials are recycled. Our aim is to ensure that negative impacts on the environment are reduced as much as possible or entirely avoided. This helps to safeguard our reputation.]

5.3.1 Take-back and Circular Economy

[The circular economy is a solution for returning the raw materials used back to the production process beyond the lifecycle of our products. Part of our work in different trade associations is to champion sector-wide initiatives relating to various topics such as the reparability of products.

OSRAM is striving continuously to return raw materials to the manufacturing process beyond the lifecycle of its products. As early as the design stage, we consistently work towards improving the recyclability of our products. The aim of recycling is to recover as many unmixed materials as possible in order to conserve limited and valuable resources, and reduce our costs at the same time.

Since luminaires contain electronic components and valuable raw materials, it is also important for us to repair products locally with the user if this is possible. Our portfolio therefore includes a luminaire that is assembled with screw fixings rather than adhesives and this allows parts to be easily exchanged. Where this is not possible, OSRAM arranges for collection of returned products with its partners and recovers the materials or organizes professional disposal.

In the EU, we are under a statutory obligation to take back our products and recycle them. Since 2005, we have therefore been working together with other manufacturers in the lighting industry to establish recycling service organizations. Specialist service providers collect and recover products so that waste from electrical and electronic equipment can be efficiently recycled when they have reached the end of their operating life. Since the programme is implemented by third parties, for example in Germany by the company Lightcycle, we are not able to provide any figures for the reuse, reprocessing or recycling of OSRAM products and components.

Outside the EU, statutory take-back obligations are in place only to a very limited extent. As a founding member of en.lighten, the energy efficiency programme of the United Nations [» UN Environment's U4E \(United for Efficiency\) Initiative](#), we also support the implementation of collection and recycling in other countries.]

The design process makes a significant contribution to waste prevention at an early stage, and this includes packaging. OSRAM has clear guidelines for the design and procurement of packaging. Packaging should be made from

environmentally sustainable materials that can be easily recycled or disposed of. In addition, its volume and weight should be limited to that required to protect the contents. For the majority of our products, this means that folding boxes are used for primary packaging and corrugated cardboard boxes for transit packaging.

A software tool is used at OSRAM for consolidating and evaluating data on packaging materials. This enables recycling charges to be calculated for a particular country and the appropriate service provider to be selected. The software tool records 80% of the revenues in the EMEA area and extrapolates to 100%. Since no figures are available in other regions, the packaging weight is derived from revenues. We therefore make an assumption that products in a group are packaged in a similar way in all regions.

In fiscal year 2017, 3,129 metric tons of paper-based packaging materials (e.g. folding boxes, blister cards or corrugated board) and 2,205 metric tons of plastic packaging (e.g. thermoformed shells, injection-moulded components, foam or corrugated plastic) were used.



6.0

Employees and Society

OSRAM wants to give its employees an attractive working environment based on partnership, it aims to facilitate their continuing professional development, protect their health and guarantee them fair remuneration. Since OSRAM sees itself as being part of society, this responsibility also extends beyond the confines of the company. The company is committed to sustainable development of the local communities and a society based on the principles of sustainability.



6.1

Employee Responsibility

[OSRAM wants to offer an attractive and cooperative work environment to its 26,400* employees, support them, protect their health and ensure fair remuneration. Highly motivated, performance-driven employees are essential to the successful development of our business, particularly against the background of the fundamental technology shift in the lighting market. This is why recruiting skilled workers and talented young professionals is one of the top priorities of our human resources management. We can only measure up to the competition and secure the future of light in cooperation with committed employees.]

Guidelines and structures

As an employer operating on the global stage, OSRAM respects and complies with international employment standards and fair working conditions. This includes acknowledging the locally applicable statutory regulations on wages in all countries where we operate. We are committed to the principles of the United Nations Human Rights Charter and support its principles as a member of the [UN Global Compact](#).

* FTE

OSRAM's global HR guideline is intended to safeguard the global standards in Human Resources (HR) referred to above. It includes binding regulations for employees and managers on the employment process, and addresses diversity, talent recruiting, development of employees, training, and remuneration and supplementary benefits. In addition, we have defined an employer position aligned with our corporate targets which offers a strategic framework for our work in human resources. We carry out best practice analyses in the countries important to us for recruiting and retaining the loyalty of talented potentials with the objective of gaining a high profile there as an attractive employer.]

Employees by segments

in thousands FTE ¹⁾

	30 September 2016	30 September 2017
Specialty Lighting	6.6	6.7
Opto Semiconductors	10.5	12.6
Lighting Solutions & Systems	5.5	5.0
Corporate	2.0	2.1
OSRAM (total)	24.6	26.4

[1) The figures relate to all consolidated companies of OSRAM with the exception of Fluxunit GmbH.]

Employees by regions

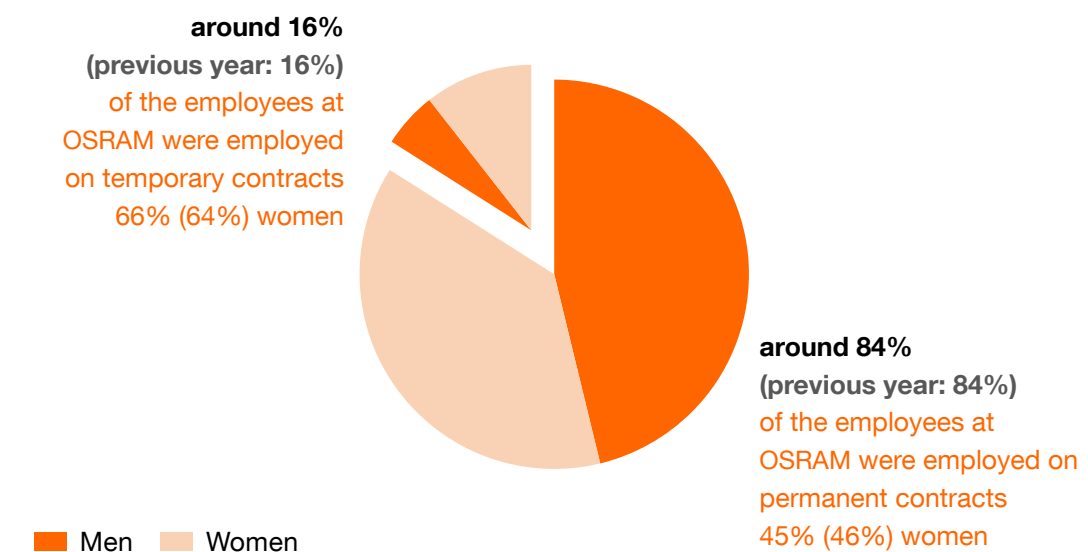
in thousands FTE ¹⁾

	30 September 2016	30 September 2017
EMEA	9.6	10.3
thereof Germany	6.4	6.7
APAC	12.1	13.1
thereof China (incl. Hong Kong) and Taiwan	5.3	4.6
thereof Malaysia	6.3	8.0
Americas	2.9	3.0
thereof NAFTA	2.8	2.9
OSRAM (total)	24.6	26.4

[1) The figures relate to all consolidated companies of OSRAM with the exception of Fluxunit GmbH.]

Employees ^{1, 3)} by employment period ²⁾

by men/women; with data from the previous year



[1) Headcounts

[2) Leaving date < 1 January 2020

[3) The figures relate to all consolidated companies of OSRAM with the exception of Fluxunit GmbH.]

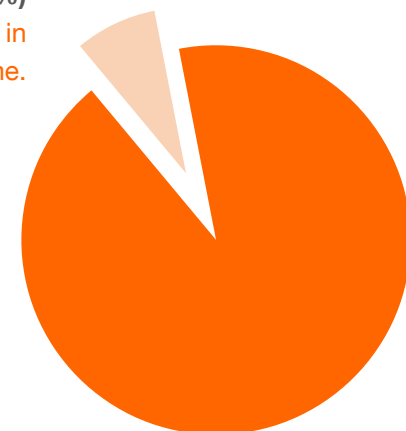


Full-time and part-time employees ^{1, 2)}

Germany; with data from the previous year



8% (previous year: 8%)
of the employees in
Germany were part time.



92% (previous year: 92%)
of the employees in
Germany were full time.

[1) Headcounts

2) The figures relate to all consolidated companies of OSRAM with the exception of Fluxunit GmbH.]

New hires for 2017 by region, gender and age ¹⁾ (absolute and percentage of employees)

	EMEA		Americas		APAC		OSRAM (total)	
	Headcount	%	Headcount	%	Headcount	%	Headcount	%
Male								
< 30	256	34	76	38	870	48	1,202	43
30–49	421	10	150	19	758	22	1,329	16
≥ 50	64	3	65	11	21	10	150	6
Total	741	11	291	18	1,649	30	2,681	19
Female								
< 30	170	45	106	36	1,434	40	1,710	40
30–49	381	17	156	22	700	19	1,237	18
≥ 50	84	8	65	17	18	7	167	10
Total	635	17	327	23	2,152	28	3,114	24

1) The figures relate to all consolidated companies of OSRAM with the exception of Fluxunit GmbH and include internal exchange between the OSRAM companies. In each case, the values represent the total number of all new hires during the relevant fiscal year.

Employee fluctuation in 2017 by region, gender and age ¹⁾ (absolute and percentage of employees)

	EMEA		Americas		APAC		OSRAM (total)	
	Headcount	%	Headcount	%	Headcount	%	Headcount	%
Male								
< 30	56	7	71	36	621	34	748	27
30–49	213	5	129	16	1,076	31	1,418	17
≥ 50	92	5	73	12	70	35	235	9
Total	361	5	273	17	1,767	32	2,401	17
Female								
< 30	51	13	112	38	935	26	1,098	26
30–49	162	7	152	21	1,412	38	1,726	26
≥ 50	64	6	48	12	49	19	161	9
Total	277	7	312	22	2,396	32	2,985	23

1) The figures relate to all consolidated companies of OSRAM with the exception of Fluxunit GmbH. In each case, the values represent the total number of leavers during the relevant fiscal year.



6.1.1 Pay and Participation

[Our philosophy is that fair pay and a motivating working climate are part of treating our employees in an appreciative and respectful way. Our remuneration system should therefore ensure performance-based pay and draw no distinction between male and female genders. Furthermore, OSRAM promotes the performance of its employees with a clearly defined incentive system.]

Depending on the national rules and regulations, OSRAM offers benefits over and beyond the statutory requirements in areas such as health and accident insurance, occupational pension and other models within the framework of deferred compensation, parental leave, maternity leave, and in Germany also an employee share ownership programme. Our employees throughout the world have the right to freedom of organization and assembly. This is documented in our Business Conduct Guidelines. In countries where the employee representative bodies have been established, we set great store by working as closely and constructively as possible with the employee representatives.]

6.1.2 Reorganization of the Company and Restructuring Measures

At the same time, technological change also entails restructuring measures in traditional business areas. The sale of LEDVANCE was therefore an important step in the course of reorganizing OSRAM to create a high-tech company.

In the course of our “Diamond” technology, innovation, and growth initiative we are expanding production capacities in

Malaysia, Bulgaria and China and creating new jobs there. At the same time, we have to implement restructuring measures in existing plants where labour costs are high or competitiveness is declining. If a reduction in the number of jobs is unavoidable in the course of this change, OSRAM will strive to achieve this under conditions that are as socially acceptable as possible. The objective will be to include the employees at the earliest possible stage. For example, during the reporting period, a settlement was reached about a reduction in jobs based on socially ethical principles at the Traunreut plant. » [Annual Report 2017, A.2.2.3 Other significant Events Responsible for the Course of Business, p. 16](#) and [B.6.3 Acquisitions, Disposals and Discontinued Operations, p. 89](#).

6.1.3 Employer Attractiveness and Human Capital Development

[At times when the pool of highly qualified next-generation talented potentials is falling and the long-term willingness of employees to commit to a company is decreasing, the attractiveness as an employer is a prerequisite for the ongoing success of the company. OSRAM is positioned with the promise “Light is what you make it” and engages strategically with applicants, using this slogan in the relevant networks.]

A key element of our employer profile is the career page on the OSRAM website » <http://www.osram-group.com/en/careers/careers-global/why-osram/what-you-can-expect>. We use this for providing information to prospective employees, help them in their search for a job and offer them the opportunity to get in contact with us. Our social media

channels such as Facebook, LinkedIn and Xing complement our online profile and permit direct and real-time communication with our target groups. We visit many career fairs and offer a large number of internships and opportunities for degree dissertations so as to position OSRAM as an attractive employer among school and university students.] Our apprenticeship training plays a major role in securing the next generation of employees. We provide apprenticeship training in 15 occupations and twin-track degree courses with in-service training in the company. In 2017, 170 apprentices and twin-track degree students were working at OSRAM.

[Occupational career promotion and development are key factors which influence the sustainable engagement of employees and contribute to the success of our company. We use our Talent Management Programme to promote talented potentials and high-performers at global and local level. The focus is on development plans grounded in concrete target functions and regular communication with experienced mentors. Furthermore, we offer our talented employees a wide range of different development packages. Overall, 183 employees throughout the world are currently participating in the Talent Management Programme.]

This offering is complemented by an array of training courses, e-learning modules and career development programmes designed to support our employees in their specific roles and in their personal development. Regular discussions between employee and manager serve to harmonize expectations and agree targets. We increase the performance of the entire organization by supporting and developing each employee in accordance with their individual goals, skills and competences.



Alongside fair and appropriate pay, intangible values also contribute to the motivation and satisfaction of employees. These include local employment models and flexible working hours, the integration of employees in the decision-making processes or improved work-life balance between career and family. We generally carry out a survey on employee satisfaction every two years in the form of a global survey. The survey in 2017 demonstrated that employee retention had been increased by nearly 11% by comparison with the previous survey in 2014. The current results demonstrate that three quarters of all employees feel a sense of loyalty to OSRAM. By comparison with this, two thirds of employees felt this kind of loyalty in 2014. We make use of dialogue events such as townhall meetings, “Meet the CEO” dates and webcasts with the Managing Board in order to obtain feedback over and beyond the survey data.] ✓

6.2

Health and Safety

[OSRAM wants its employees to have a healthy and safe working environment. This includes minimizing the risk of occupational accidents and occupational diseases.

Structures and processes

The responsibility for health and safety is with EHS > [5.1 Environmental Management](#), p. 26. OSRAM has implemented appropriate controlling processes and training courses in the area of occupational safety. A management system has been established at all the production sites, the regional and global headquarters and the biggest development sites*. This system meets the requirements of the internationally acknowledged standard OHSAS 18001. The sites in Wuxi, Kunshan, Foshan (all in China), Chennai (India) and Penang (Malaysia) and in Bergamo (Italy) and the head office in Munich have been externally certified.

The responsible supervisors for each area of activity at the above locations must carry out a risk assessment in conformity with the internal regulations with the support of trained safety officers. We have formed committees for health and safety in accordance with the local legal requirements or on a voluntary basis. Furthermore, each employee at OSRAM has a duty to attend to safety in the relevant working area at all times.

Targets and results

The performance indicators of our workplace safety management system are the internationally acknowledged rates of occupational accidents with days of absence (LTIFR, Lost Time Incident Frequency Rate) and the severity rate (SR), in each case scaled to 200,000 working hours. This enables us to cover 93% of our employees and we strive to increase this value further. We also record and track potential cases of occupational diseases and fatalities, but we have not had to report any such instances since 2013. An ongoing positive trend is globally identifiable for the rate and for the absolute number of accidents with periods of absence. We are going to continue to work on a steady reduction, and in this process we will address regional differences.

During the reporting period, a fine amounting to US\$ 12,500 was levied against OSRAM in one case on account of a breach against American occupational safety regulations.] ✓

* Aside from the sites that are already included in environmental reporting the sites in Augsburg (Germany), Wilmington, Cherry Hill (both USA), Shanghai, Shenzhen (both China) and Hong Kong are also being taken into account.



Performance indicators for health and safety

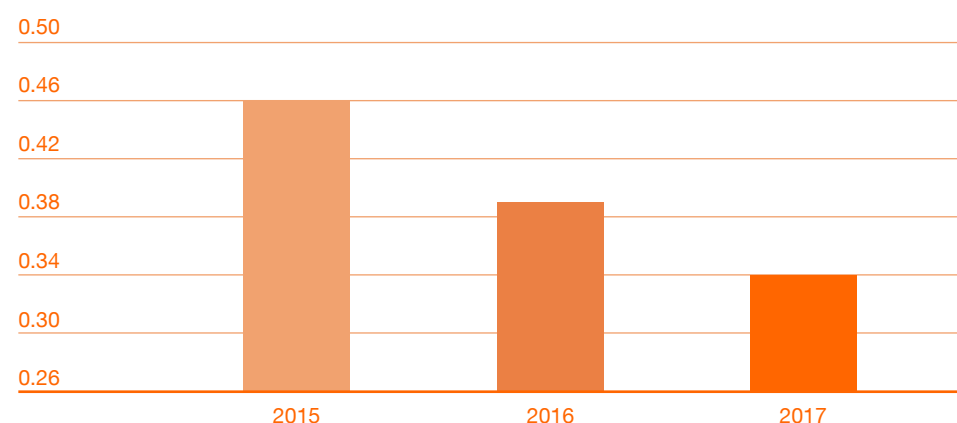
	2015 ¹⁾	2016 ¹⁾	2017 ²⁾ ✓	Target 2017 ³⁾
LTIFR²⁾ global	0.46	0.39	0.34	0.37
LTIFR EMEA	0.85	0.69	0.70	0.67
LTIFR APAC	0.29	0.27	0.15	0.23
LTIFR AME	0.26	0.07	0.18	0.19
Severity rate (SR)²⁾ global	5.25	5.44	5.31	5.46
SR EMEA	10.69	10.73	12.74	9.28
SR APAC	2.35	2.64	1.52	2.31
SR AME	4.17	2.23	2.21	7.13
Number of occupational accidents with days of absence	119	104	87	

[1] Discontinued operations as a result of the sale of LEDVANCE were deducted from the data in the fiscal years 2015 and 2016 – in contrast to the relevant Annual Report for this period. In the case of sites where OSRAM and LEDVANCE were active, the occupational accidents were added. The comparability is also restricted as a result of the improvement in the data quality through the adjustment of the survey methodology during the reporting period.

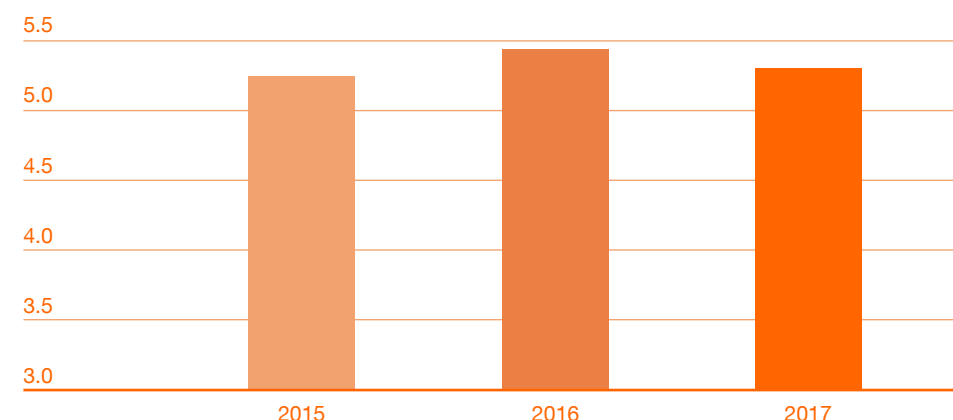
2) Without commuting accidents, scaled to 200,000 working hours

3) The targets for LTIFR and severity rate are based on the average for the results of the last three years minus 5% per year.] ✓

Lost time incident frequency rate



Severity rate (SR)



6.2.1 Diversity and Equal Opportunities

[As a global company, we have to safeguard our flexibility and our success in different markets. This can only succeed if we are committed to diversity in our employees not only in the dimensions of culture, gender, age, sexual orientation, gender identify, disability, religion and beliefs, but also in relation to qualifications and length of service with the company. OSRAM is therefore a signatory of the Charter of Diversity. This is an initiative to promote diversity within companies. A number of factors including diversity are used when making appointments and selecting employees at OSRAM.

We have established a diversity programme encompassing a number of different initiatives with the objective of making diversity a fundamental element of our corporate culture. Open mentoring involves employees themselves seeking out a suitable mentor. This promotes an exchange of experiences across hierarchical levels and national boundaries. It allows all employees throughout the world to act as advisors and promoters or as learners. In 2017, we also successfully imple-

mented the Diversity Day. Additional examples relating to the promotion of diversity at OSRAM are posted on the OSRAM website » <http://www.osram-group.com/en/careers/careers-global>.

OSRAM is striving to increase the proportion of women in engineering, IT professions and natural sciences by participating in the annual Girls' Day. The company also presents its profile at special career fairs and events for women. OSRAM strategically promotes female employees with "Women in Management" and "Women's Compass" as well as management training courses and cross-mentoring.

The proportion of female managers in top management positions amounted to 19% (previous year: 18%) during the reporting year and 13% (previous year: 8%) in senior management positions. At the end of the fiscal year 2017, 48% (previous year: 49%) of all employees at OSRAM were female.

In 2017, appointments to the senior management positions in the significant countries for OSRAM (with more than 1,000 employees) were as indicated in the following table:] ✓

Proportion of local managers in appointments to senior management positions

	2016	2017 ✓
Germany	89%	90%
China	31%	31%
Malaysia	31%	29%
Mexico	No new hires	100%
USA	96%	95%



6.3

Respect for Human Rights

[The supply chains and business relationships of OSRAM are global and complex. We believe it is important for us to comply with our duty of care when it comes to human rights. We assess risks and impacts which may arise as a result of our business activity and our business and supply relationships, and we develop measures to deal with them. In the reporting year, we had external support to carry out a risk assessment relating to compliance with and dealing with human rights at OSRAM. As a result of this assessment, we implemented a series of measures in order to strengthen management of human rights at OSRAM and comply with our duty of care on a continuous basis. To the end, we have developed overarching and specific guidelines and processes to deal with this.]

Human rights at OSRAM are anchored in a number of standards and regulations. These include the basic values enshrined in our Business Conduct Guidelines, the Code of Conduct for suppliers, and obligations relating to quality, environmental protection, and health and safety. The latter are documented in our EHS and quality guidelines. The standards and regulations are all based on the General Declaration of Human Rights and the core employment standards of the International Labour Organization (ILO), and statutory regulations derived from this [» www.osram.com/human-rights](http://www.osram.com/human-rights). We are currently working on a comprehensive Human Rights Policy, which is intended to provide the framework for our human rights engagement in the future. The guideline is planned for adoption in the fiscal year 2018.

The implementation of the duty of care relating to human rights is coordinated and managed by the Human Resources Department at Group level. The department is a member of the Sustainability Council and reports to the Managing Board of OSRAM. Internal stakeholders, business units, subsidiaries and business functions are integrated and they provide support for integration of the duty of care relating to human rights and new processes.

In order to support our suppliers in implementing our Code of Conduct and to oversee their compliance, we use various instruments and processes. They include regular audits by independent audit companies [» 3.3 Supply Chain Management, p. 16](#).

6.3.1 Modern Slavery

In regions where there is a higher risk of modern slavery involving forced and child labour, OSRAM has taken additional preventive measures. For example, the OSRAM production site in Chennai (India) has been certified in conformity with the internationally acknowledged social standard SA8000. The standard established by the non-governmental organization Social Accountability International (SAI) includes various measures such as a ban on forced and child labour. In Malaysia OSRAM carries out regular audits for private employment agencies in order to identify and address risks of modern slavery in the recruitment process at an early stage. Details on dealing with the risks of modern slavery in our business operations and along our supply chain are presented in the [» OSRAM Modern Slavery Statement 2016](#).]



6.4

Social Engagement

Wherever OSRAM is active, the company represents a significant social factor in the local community. The company offers jobs, it commissions local businesses and is generally an important taxpayer in the region. However, we also want to exert a positive impact beyond our business activity and also be perceived accordingly. We therefore engage at local level across the world in initiatives which promote future-proof development and a prosperous environment. Our activities follow a clear strategy and are based on our corporate values [4.1.1 Impact Measurement, p. 21](#).

[OSRAM is committed to many different forms of social engagement, from cash, product and in-kind donations and donations in kind, support and sponsorship of cultural, social, educational and sports events or institutions, through to membership in associations, organizations and clubs. We have appointed an area supervisor for each of the categories referred to. A Citizenship Policy has been integrated in our Business Conduct Guidelines and is supported by thematic guidelines. An online tool assists us in measuring the costs and successes of our projects and where appropriate leads to adjustments. We also support the social engagement of our employees when they engage in volunteering or donation campaigns.]

In fiscal year 2017, OSRAM supported projects, organizations and events through donations, sponsorship and membership subscriptions amounting to around €2.6 million (previous year: €3.4 million). [Out of these, around €1.5 million (previous year: €2.3 million) were initiated by OSRAM GmbH or OSRAM Licht AG. All volunteering activities qualify as a citizenship activity if they contribute to an enriched social environment where society, employees, customers, suppliers, and the company itself benefit equally. The criteria of the London Benchmarking Group (LBG) define the framework for this.]

6.4.1 Sponsoring and Donation Activities

[For the year under review, we present selected projects from the areas of science and education, art and culture, and social issues which give an insight into the content and the geographical spectrum:

- Also in 2017 OSRAM participated in TECHFEST MUNICH as the main partner. Participants competing in the OSRAM Challenge “Expand your senses” were able to use the latest sensors to explore the interaction between individuals and their environment and expand their horizons with new ideas.
- In 2017, OSRAM again financed a number of scholarships at the USM University in George Town (Malaysia) in order to promote research and development and support our partner universities and their students. Furthermore, OSRAM has been a long-standing sponsor of the Welker Award over many years. The award was set up in 1976 and rewards research achievements in the area of compound semiconductors.

- In the reporting year, OSRAM again sponsored the International Munich Art Lab (IMAL). This Munich institution links up artistic creation, youth work and professional qualification. OSRAM supports the IMAL with product and in-kind donations, and financial contributions, while also providing expertise and advice in the implementation of light projects and concepts within the framework of workshops on the topic of light art.
- OSRAM demonstrated its commitment to lighting art in 2017 with the international art prize “LiO” (Light is OSRAM). This was the third time OSRAM had awarded the promotional prize in cooperation with a number of universities to early-career artists and designers every year who engage with the opportunities for making use of light based on LED technology.
- As an official corporate partner of the Red Cross since 2016, OSRAM has been promoting an innovative approach to foresighted humanitarian aid in natural catastrophes: Forecast-based Financing (FBF) uses weather forecasts in order to provide selective financial and humanitarian aid in regions particularly at risk before the occurrence of catastrophes.

Additional information on the engagement of OSRAM and projects on the OSRAM website <http://www.osram.de/engagement>.]



7.0

Appendix

7.1	List of Material Topics	43
7.2	Assurance Report	44
7.3	GRI Content Index	46
7.4	Imprint and Contact	52



7.1

List of Material Topics

• GRI Index
102-46
102-47

	Material Topics	GRI Topics for Reporting	Potential Impact by OSRAM on the GRI Topics	Location of Impacts in the Value Chain	
Very high relevance	Human Capital Development	Employment Training and Education Freedom of Association and Collective Bargaining	Direct Direct Direct	OSRAM internal OSRAM internal OSRAM internal	
	Health and Safety	Health and Safety	Direct	Upstream and OSRAM internal	
	Human Rights and Working Conditions	Child Labour Forced or Compulsory Labour Audit of Compliance with Human Rights	Direct and indirect Direct and indirect Direct and indirect	Upstream and OSRAM internal Upstream and OSRAM internal Upstream and OSRAM internal	
	Risk Management	OSRAM reports on this topic independently of the GRI.	Direct	OSRAM internal	
	Supply Chain Management	Procurement Practices Supplier Environmental Assessment Supplier Social Assessment	Direct and indirect Direct and indirect Direct and indirect	Upstream and OSRAM internal Upstream Upstream	
	Product Quality	OSRAM reports on this topic independently of the GRI.	Direct	Upstream, OSRAM internal and downstream	
	Product Design	Emissions	Direct	Upstream, OSRAM internal and downstream	
	Management of Customer Relations	Customer Health and Safety Marketing and Labelling Customer Privacy	Direct Direct Direct	Downstream Downstream Downstream	
	Sustainable Portfolio Management	OSRAM reports on this topic independently of the GRI.	Direct	Upstream, OSRAM internal and downstream	
	Logistics	Emissions	Direct	Upstream, OSRAM internal and downstream	
High relevance	Resource Scarcity	Materials	Direct and indirect	Upstream, OSRAM internal and downstream	
	Corporate Governance	Anti-corruption Anti-competitive Behaviour Socioeconomic Compliance	Direct Direct Direct	Upstream and OSRAM internal Upstream and OSRAM internal Upstream and OSRAM internal	
	Hazardous Substances	Materials	Direct and indirect	Upstream and OSRAM internal	
	Diversity	Diversity and Equal Opportunity	Direct	Upstream and OSRAM internal	
	Environmental Legislation	Environmental Compliance	Direct	Upstream and OSRAM internal	
	Energy Use	Energy	Direct	Upstream, OSRAM internal and downstream	
	Waste Management	Effluents and Waste	Direct	Upstream, OSRAM internal and downstream	
	Water Management	Water	Direct	Upstream and OSRAM internal	
	Moderate relevance	Transparency	Economic Output Market Presence Indirect Economic Impacts Political Influence	Direct Direct Direct and indirect Direct and indirect	Upstream and OSRAM internal Upstream, OSRAM internal and downstream Downstream Upstream, OSRAM internal and downstream
		Social Engagement	Local Communities	Direct	Downstream

In order to present the material topics of OSRAM in a way that is easily accessible, we place details and other information on our website www.osram.com/sustainability.



7.2

Assurance Report

Independent Auditor's Limited Assurance Report regarding Sustainability Information

The assurance engagement performed by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (EY) relates exclusively to the German PDF version of the Sustainability Report 2017 of OSRAM Licht AG. The following text is a translation of the original German Independent Assurance Report.

To the Management Board of OSRAM Licht AG, Munich

We have been engaged to perform a limited assurance engagement on information marked with the symbol “[...] ☑” in the Sustainability Report of OSRAM Licht AG for the reporting period from 1 October 2016 to 30 September 2017 (hereafter “the report”).

Our engagement is exclusively limited to the information marked with the symbol “[...] ☑” in the German PDF version of the report. Our engagement did not include any prospective statements or information for previous years. The report is published as a PDF version at [» www.osram.com/sustainability](http://www.osram.com/sustainability).

Management's Responsibility

The legal representatives of OSRAM Licht AG are responsible for the preparation of the report in accordance with the criteria as set out in the Sustainability Reporting Standards of the Global Reporting Initiative (hereafter “GRI criteria”) and for the selection of the information to be assessed.

This responsibility includes the selection and application of appropriate methods to prepare the report and the use of assumptions and estimates for individual sustainability disclosures that are reasonable under the circumstances. Furthermore, the legal representatives are responsible for internal controls that they deem necessary for the preparation of a report that is free from – intended or unintended – material misstatements.

Auditor's Statement regarding Independence and Quality

We are independent from the Company in compliance with the German statutory and professional requirements, and have complied with other professional requirements.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft applies the German national legal requirements and the German profession's pronouncements for quality control, in particular the by-laws regulating the rights and duties of German Public Auditors and German Sworn Auditors in the exercise of their profession (Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer) as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in Audit Firms [IDW Qualitätssicherungsstandards 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)].

Auditor's Responsibility

Our responsibility is to express a conclusion on information marked with the symbol “[...] ☑” in the report based on the work we performed.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): “Assurance Engagements other than Audits or Reviews of Historical Financial Information” published by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain a limited level of assurance to preclude the possibility that the



information marked with the symbol “[...]⊕” in the report for the reporting period from 1 October 2016 to 30 September 2017 has not been prepared, in all material respects, in accordance with the relevant GRI criteria. We do not, however, issue a separate conclusion for each sustainability disclosure which is marked with the symbol “[...]⊕”. In a limited assurance engagement the evidence gathering procedures are more limited than for a reasonable assurance engagement and therefore significantly less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the auditor’s judgment.

Within the scope of our work we performed amongst others the following assurance and other procedures:

- Inquiries of employees concerning the sustainability strategy, sustainability principles and sustainability management of OSRAM Licht AG,
- Inquiries of employees responsible for the preparation of information marked with the symbol “[...]⊕” in the report in order to assess the sustainability reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the limited assurance engagement,
- Inspection of the relevant documentation of the systems and processes for compiling, analysing and aggregating sustainability data in the reporting period and testing such documentation on a sample basis,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of sustainability data at the corporate headquarters in Munich,
- Analytical measures at group level and on the level of selected sites regarding the quality of the reported data,

- Critical review of the draft report to assess plausibility and consistency with the information marked with the symbol “[...]⊕”.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the information marked with the symbol “[...]⊕” in the Sustainability Report of OSRAM Licht AG for the reporting period from 1 October 2016 to 30 September 2017 has not been prepared, in all material respects, in accordance with the GRI criteria.

Intended Use of the Report

We issue this report on the basis of the engagement agreement with OSRAM Licht AG. The limited assurance engagement has been performed for the purposes of OSRAM Licht AG and is solely intended to inform OSRAM Licht AG about the results of the assurance engagement.

Limitation of Liability

The report is not intended to be used as a basis for (financial) decision-making by third parties of any kind. We only have responsibility towards OSRAM Licht AG. We do not assume any responsibility towards third parties.

Munich, 10 January 2018

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Nicole Richter
Wirtschaftsprüferin
(German Public Auditor)

Jan Kaiser
Wirtschaftsprüfer
(German Public Auditor)

7.3

GRI Content Index



This report has successfully undergone a Materiality Disclosures service which confirms that at the time of publication of the report, the disclo-

ures GRI 102-40 to GRI 102-49 from the GRI Standards were correctly located in both the content index and in the text of the final report.

Disclosures	PAGE	COMMENTS	UNGC
GRI 102 General Disclosures 2016			
Organizational Profile			
GRI 102-1 Name of the organization		OSRAM Licht AG	
GRI 102-2 Activities, brands, products and services	6		
GRI 102-3 Location of headquarters	6		
GRI 102-4 Location of operations	6		
GRI 102-5 Ownership and legal form	11		
GRI 102-6 Markets served	6		
GRI 102-7 Scale of the organization		» Annual Report 2017, p. 66/67	
GRI 102-8 Information on employees and other workers	35/36		
GRI 102-9 Supply chain	16–18		
GRI 102-10 Significant changes to the organization and its supply chain		» Annual Report 2017, p. 16	
GRI 102-11 Precautionary Principle or approach	15/16		
GRI 102-12 External initiatives	15		
GRI 102-13 Membership of associations	15		
Strategy			
GRI 102-14 Statements from senior decisions-makers	4		
GRI 102-15 Key impacts, risks and opportunities	15/16		
Ethics and Integrity			
GRI 102-16 Values, principles, standards and norms of behaviour	12		10
GRI 102-17 Mechanisms for advice and concerns about ethics	13/14		10



Disclosures	PAGE	COMMENTS	UNGC
Management Approach			
GRI 102-18 Governance structure	8, 11/12		
GRI 102-19 Delegating authority	8		
GRI 102-20 Executive-level responsibility for economic, environmental and social topics	8		
GRI 102-21 Consulting stakeholders on economic, environmental and social topics	8/9		
GRI 102-22 Composition of the highest governance body and its committees	11/12		
GRI 102-23 Chair of the highest governance body	11/12		
GRI 102-24 Nominating and selecting the highest governance body	11/12		
GRI 102-25 Conflicts of interest	12		
GRI 102-26 Role of highest governance body in setting purpose, values and strategy	11/12		
GRI 102-27 Collective knowledge of highest governance body	8, 11		
GRI 102-28 Evaluating the highest governance body's performance	12		
GRI 102-29 Identifying and managing economic, environmental and social impacts	15/16		
GRI 102-30 Effectiveness of risk management processes	15/16		
GRI 102-31 Review of economic, environmental and social topics	15/16		
GRI 102-32 Highest governance body's role in sustainability reporting		This report has been inspected and validated by the board of directors	
GRI 102-33 Communicating critical concerns		» Annual Report 2017, p. 41	
GRI 102-34 Nature and total number of critical concerns		» Annual Report 2017, p. 41	
GRI 102-35 Remuneration policies	12		
GRI 102-36 Process for determining remuneration	12		
GRI 102-37 Stakeholders' involvement in remuneration	12		
GRI 102-38 Annual total compensation ratio	12		
GRI 102-39 Percentage increase in annual total compensation ratio	12		
Stakeholder Engagement			
GRI 102-40 List of stakeholder groups	8/9		
GRI 102-41 Collective bargaining agreements		In the reporting year, 54% (previous year: 57%) of our employees were covered by collective bargaining agreements	
GRI 102-42 Identifying and selecting stakeholders	8/9		
GRI 102-43 Approach to stakeholder engagement	8/9		
GRI 102-44 Key topics and concerns raised	8/9		
Reporting Approach			
GRI 102-45 Entities included in the consolidated financial statements		» Annual Report 2017, p. 138	
GRI 102-46 Defining report content and topic boundaries	9, 43		
GRI 102-47 List of material topics	9, 43		



Disclosures	PAGE	COMMENTS	UNGC
GRI 102-48 Restatements of information	3		
GRI 102-49 GRI 102-49 Changes in reporting	9		
GRI 102-50 GRI 102-50 Reporting period		01.10.2016 – 30.09.2017	
GRI 102-51 GRI 102-51 Date of most recent report		20 March 2017	
GRI 102-52 GRI 102-52 Reporting cycle		annually	
GRI 102-53 GRI 102-53 Contact point for questions regarding the report	52		
GRI 102-54 GRI 102-54 Claims of reporting in accordance with the GRI standards	3		
GRI 102-55 GRI 102-55 GRI content index	46–51		
GRI 102-56 GRI 102-56 External assurance	44		
Material Topics			
GRI 201 Economic Performance 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	4, 6		1–6, 10
GRI 201-1 Direct economic value generated and distributed	6		
GRI 201-2 Financial implications and other risks and opportunities due to climate change	16		7
GRI 201-3 Defined benefit plan obligations and other retirement plants		» Annual Report 2017, p. 106	
GRI 202 Market Presence 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	6, 23		
GRI 202-2 Proportion of senior management hired from the local economy	39		6
GRI 203 Indirect Economic Impacts 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	41		
GRI 203-1 Infrastructure investments and services supported	41		
GRI 203-2 Significant indirect economic impacts	41		
GRI 204 Procurement Practices 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	16–18		
GRI 204-1 Proportion of spending on local suppliers	18		
GRI 205 Anti-corruption 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	12–14		
GRI 205-1 Operations assessed for risks related to corruption	14		10
GRI 205-2 Communication and training about anti-corruption policies and procedures	13/14		10
GRI 205-3 Confirmed incidents of corruption and actions taken	14		10
GRI 206 Anti-competitive Behaviour 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	12–14		



Disclosures	PAGE	COMMENTS	UNGC
GRI 206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices		No cases were reported in the reporting year.	
GRI 301 Materials 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	26/27, 32/33		
GRI 301-3 Reclaimed products and their packaging materials	33		8/9
GRI 302 Energy 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	26–28		
GRI 302-1 Energy consumption within the organization	28		7/8
GRI 302-2 Energy consumption outside of the organization	28		7–9
GRI 302-3 Energy intensity	28		8
GRI 302-4 Reduction of energy consumption	28		
GRI 303 Water 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	26, 30		
GRI 303-1 Water withdrawal by source	30		8
GRI 303-2 Water sources significantly affected by withdrawal of water	29		8
GRI 305 Emissions 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	26, 28/29		
GRI 305-1 Direct (Scope 1) GHG emissions	29		7/8
GRI 305-2 Energy indirect (Scope 2) GHG emissions	28		7/8
GRI 305-4 GHG emissions intensity	29		8
GRI 305-5 Reduction of GHG emissions	29		8/9
GRI 305-6 Emissions of ozone-depleting substances (ODS)		OSRAM does not emit ozone-depleting substances.	8
GRI 305-7 Nitrogen oxides (NO _x), sulphur oxides (SO _x) and other significant air emissions	29		8
GRI 306 Effluents and Waste 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	26, 31		
GRI 306-1 Water discharge by quality and destination	30		8
GRI 306-2 Waste by type and disposal method	31		8
GRI 306-3 Significant spills of harmful substances		No cases were reported in the reporting year.	8
GRI 306-4 Transport of hazardous waste	31		8
GRI 306-5 Water bodies affected by water discharges and/or runoff	30		8
GRI 307 Environmental Compliance 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	26/27		8



Disclosures	PAGE	COMMENTS	UNGC
GRI 307-1 Non-compliance with environmental laws and regulations	27		8
GRI 308 Supplier Environmental Assessment 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	17/18, 26		
GRI 308-1 New suppliers that were screened using environmental criteria	17/18	Information on percentage of screened suppliers is not available.	7–9
GRI 401 Employment 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	35, 37		
GRI 401-1 New employee hires and employee turnover	36		
GRI 403 Occupational Health and Safety 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	38		
GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	38/39	OSRAM does not record this information by gender.	
GRI 404 Training and Education 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	37		
GRI 404-1 Average hours of training per year per employee	37	We are currently expanding the database and are introducing new systems as appropriate. We plan to report this indicator by the next reporting year, at the latest in two years.	6
GRI 404-2 Programmes for upgrading employee skills and transition assistance programmes	37		
GRI 405 Diversity and Equal Opportunity 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	39		
GRI 405-1 Diversity of governance bodies and employees	11/12, 39		6
GRI 405-2 Ratio of basic salary and remuneration of women to men		There are no indications for the existence of gender-specific unequal treatment. We are currently monitoring the ratio of remuneration of women to men.	6
GRI 407 Freedom of Association and Collective Bargaining 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	37		
GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		We want to survey this performance indicator over the medium term within the framework of the planned expansion of our reporting on the topic of human rights.	1, 3
GRI 408 Child Labour 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	40		
GRI 408-1 Operations and suppliers at significant risk for incidents of child labour		We want to survey this performance indicator over the medium term within the framework of the planned expansion of our reporting on the topic of human rights.	1, 5
GRI 409 Forced or Compulsory Labour 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	40		



Disclosures	PAGE	COMMENTS	UNGC
GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour		We want to survey this performance indicator over the medium term within the framework of the planned expansion of our reporting on the topic of human rights.	1, 4
GRI 412 Human Rights Assessment 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	40		
GRI 412-1 Operations that have been subject to human rights reviews or impact assessments	40		1/2
GRI 412-2 Employee training on human rights policies or procedures	40		1, 6
GRI 413 Local Communities 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	41		
GRI 413-1 Operations with local community engagement, impact assessments and development programmes		The results of impact assessments of first pilot projects will be available in the coming fiscal year.	
GRI 413-2 Operations with significant actual and potential negative impacts on local communities		There are no OSRAM-locations which have or could have negative impacts on local communities.	
GRI 414 Supplier Social Assessment 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	17/18		2
GRI 414-1 New suppliers that were screened using social criteria		Information on the percentage of suppliers screened is currently not available.	2
GRI 414-2 Negative social impacts in the supply chain and actions taken	40		2
GRI 415 Public Policy 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	15		
GRI 415-1 Political contributions	15		10
GRI 416 Customer Health and Safety 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	21 – 23		
GRI 416-1 Assessment of the health and safety impacts of product and service categories	22		1
GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	22		
GRI 417 Marketing and Labelling 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	23/24		
GRI 417-1 Requirements for product and service information and labelling	24		
GRI 417-2 Incidents of non-compliance concerning product and service information and labelling	24		
GRI 418 Customer Privacy 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	14/15		
GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	15		
GRI 419 Socioeconomic Compliance 2016			
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	12 – 14		
GRI 419-1 Non-compliance with laws and regulations in the social and economic area	14		



7.4

Imprint and Contact

7.4.1 Editorial Notes

This report is published online in German and English. The editorial deadline was 10 December 2017. When for reasons of simplicity and readability, the male form is used to designate employees, customers, analysts and functions etc. in this documentation this shall be interpreted to include the male and female gender.

The Annual Report and the Sustainability Report are available in German and English and can be downloaded at [» www.osram-group.com](http://www.osram-group.com).

7.4.2 Forward-looking Statements

Apart from retrospective analysis, this report also contains forward-looking statements and information – i.e. statements about events that are in the future and not in the past. These are based on information available today and on assumptions based on current forecasts. They therefore depend on numerous risks and uncertainties. Forward-looking statements made in this report should not therefore be interpreted as certain.

Due to rounding, the numbers provided in this and other reports may not add up exactly to the totals provided. For this reason, the percentages given may not reflect the absolute values that they relate to.

7.4.3 Publisher and Contact

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7.4.4 Concept, Text and Implementation in Cooperation with

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