

Light is OSRAM



OSRAM Group: Modern Slavery Statement 2019

This slavery and human trafficking statement has been published in accordance with section 54 (1) of the UK Modern Slavery Act 2015. It sets out the steps OSRAM has taken during fiscal year 2019 (Oct. 1, 2018 - Sept 30, 2019), to identify and address modern slavery and trafficking risks.

This statement is published on behalf of OSRAM GmbH and the OSRAM Group. Although not all OSRAM Group companies are subject to the Act, OSRAM takes a group-wide approach to its human rights commitments.

OSRAM GmbH is part of the OSRAM Group. OSRAM GmbH supplies products into the UK market through its UK-based subsidiary OSRAM Limited. OSRAM GmbH as well as OSRAM Limited are covered by OSRAM Group's policy framework and management processes outlined below.

1. The OSRAM structure, operations and supply chains

Over its history dating back more than 110 years, OSRAM has become one of the world's leading lighting manufacturers. We are currently undergoing a transformation from a lighting manufacturer into a high-tech photonics company. In addition to lighting, we are increasing our focus on sensors, visualization, and light-based treatments. Our mainly semiconductor-based products find wide-ranging use in our specialist fields of transport, safety, connectivity, and health and well-being. Sample applications range from virtual reality, autonomous driving, and high-tech smartphones to intelligent and connected lighting solutions in buildings and the indoor cultivation of plants. For further information on the products, company structure and supply chains of OSRAM, please refer to the OSRAM Annual Report 2019.

2. Managing modern slavery risks at OSRAM

Policies and governance

OSRAM respects and supports internationally recognised human rights wherever we operate. We strive to prevent, mitigate and where necessary remediate negative impacts as well as strengthen positive impacts on people affected by our operations, business relationships, supply chains and products. Respecting and supporting human rights is the cornerstone of this responsibility – as reflected in our membership in the United Nations Global Compact since 2005.

Our commitment is detailed in the OSRAM Human Rights Policy which we published during the reporting period. The policy provides the overarching framework for our human rights engagement, including responses to modern slavery risks and impacts.

The OSRAM Corporate Human Resources department is responsible for coordinating the company's response to human rights and modern slavery risks. The department reports directly to the Executive Board on these topics and the head of the department is member of the OSRAM Sustainability Council.

Risk management and due diligence processes

Risk assessment

OSRAM is aware that risks for slavery and human trafficking exist in most global supply chains, including ours, with particular risks faced by migrant, contract and temporary workers. We regularly review our due diligence processes to identify and address these risks to people in the OSRAM operations, supply chains and business relationships.

In 2019 OSRAM conducted a modern slavery risk assessment with external expert support. The questionnaire-based assessment conducted in the ten most important countries for OSRAM consisted of three main parts:

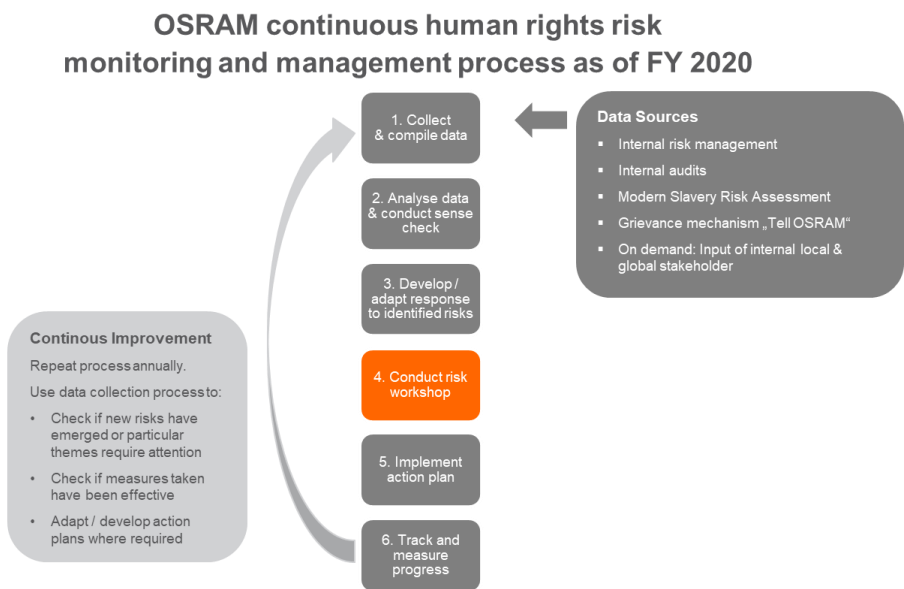
- Data about our workforce (including local service providers)
- Management systems and capabilities
- Risk perception

The questionnaire included questions about different employee groups (permanent employees, direct employed temporary workers, indirectly employed workers), the type of roles they fulfil and how large specific risk groups (e.g. those in low skilled roles, migrant workers) in the country are. We also asked approximately how many employees our local service providers employ, the key services they provide and how OSRAM would find out if an employee of a local service provider was being mistreated.

Based on the assessment, we have identified specific countries and focus areas for further action. These include communication and awareness-raising on how to spot signs of modern slavery and what to do if there is a concern. We intend to also strengthen our communication efforts with regard to the grievance mechanisms available to employees and third parties.

Further detail on the modern slavery risk assessment is available on our website.

In 2019 we also designed and tested a continuous human rights risk monitoring and management process which will be rolled out in the Fiscal Year 2020. The process brings together a range of data sources and corporate functions, enabling OSRAM to identify and address both function-specific and cross-functional risks such as forced labour and modern slavery.



Risk assessment – supply chains

OSRAM procurement follows a two-pronged approach towards assessing human rights risks in supply chains and determining the need for further monitoring measures:

1. Suppliers in countries with higher risks for corruption and human rights abuses, as indicated by a score of 50 or less in the Transparency International Corruption Perceptions Index, are required to fill out a self-assessment covering the expectations of the OSRAM Supplier Code of Conduct. We use an online self-assessment platform enabling us to collect and monitor relevant supplier data, including human rights and labour aspects, in real time. We specifically request our suppliers to confirm that they reject all forms of forced labour and unethical recruitment practices, and whether they have measures in place to prevent these by signing our Code of Conduct.
2. Procurement undertakes a periodic risk categorisation of the OSRAM supplier base based on general sustainability and human rights related commodity risks, the Transparency International Corruption Perceptions Index and selected internal factors. Based on this categorisation, suppliers from different commodity groups are further required to undergo a third-party Corporate Responsibility Audit, including assessment of child and forced labour risks, ensurance of a fair remuneration and working hours, safe working environment and others. The OSRAM procurement teams are trained on our social compliance approach.

Mitigation measures – own operations

The global and local human resources teams as well as our environmental protection and health and safety management system address a range of human rights risks at our 26 production sites and larger research and development sites, though we recognise this is not yet all-encompassing. In countries with known modern slavery risks, OSRAM has taken an additional precautionary measure: the certification of Foshan production site in China against the leading social compliance standard BSCI inter alia addressing forced and child labour risks.

Our Opto Semiconductors subsidiary in Malaysia works to the standards set out in the Responsible Business Alliance (RBA) Code of Conduct or local law, whichever is more stringent. The code includes requirements on freely chosen employment, prohibiting forced, bonded or indentured labour as well as slavery, trafficking in persons and child labour.

Our Malaysian facilities are regularly audited by customers based on the RBA Code of Conduct. Twice a year, Opto Semiconductors holds internal reviews to discuss and address any findings. Changes to policies and processes are implemented, if necessary.

Mitigation measures – supply chains

Where corporate responsibility (CR) audits of suppliers highlight areas of non-compliance, action plans are drawn up that are designed to remedy the identified failures and improve the performance of the supplier over the long term. In 2019, the most common cases of non-compliance were in the areas of working hours and health and safety in Asia.

Grievance mechanism

Our key grievance mechanism for human rights concerns, including modern slavery, is “Tell OSRAM”, our confidential third party notification system. “Tell OSRAM” is open to anyone who feels harmed or negatively affected by the activities of OSRAM or those doing business with OSRAM. This includes but is not limited to: employees of OSRAM, our suppliers, service providers and business partners (including temporary workers and contractors) in any country; local communities around our sites and our suppliers’ sites; and, end users of OSRAM products or services. Respondents can raise any human rights related violations and concerns, including on forced labour and child labour.

Effectiveness

In Fiscal Year 2019, there were no indications of possible violations raised via Tell OSRAM about forced labour, modern slavery or human trafficking related to our operations, business relationships, supply chains and products. Nevertheless we want to raise awareness of how to spot signs of modern slavery as well as of our grievance mechanisms, for our own employees and third party at-risk groups. OSRAM reports annually on its progress to uphold the Ten Principles of the United Nations Global Compact covering internationally recognised human rights and labour standards.

Training and capability building

As part of the modern slavery risk assessment, we held introductory webinars for local HR representatives in the ten most important countries for OSRAM. These webinars comprised awareness-raising on human rights in the technology sector, current legal trends and other external expectations as well as basic information on human rights due diligence. They also covered the OSRAM commitment to understanding and addressing modern slavery and human trafficking risks – the key driver for the modern slavery risk assessment – and to implementing suitable measures in response.

We also held several training and awareness-raising sessions on human rights, including modern slavery and human trafficking, focusing on our procurement and supply chains, e.g. Townhall Meetings, Supplier Day, and Knowledge Sharing Sessions with the Corporate Audit department.

3. Moving forward

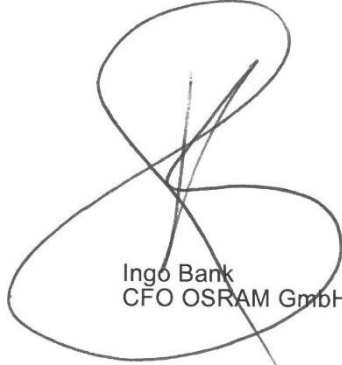
For OSRAM, human rights due diligence in general and modern slavery due diligence more specifically, is a process of continuous improvement and learning. To strengthen our due diligence approach in the future, OSRAM strives to:

- Further strengthening our communication, awareness-raising and capability-building activities among OSRAM employees, suppliers and business partners on modern slavery risks and their mitigation;
- Reporting on actions taken as a result of the modern slavery risk assessment;
- Further strengthening our reporting on the effectiveness of our efforts to combat modern slavery, including via relevant performance indicators.

Signatures



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