

OSRAM Group: Modern Slavery Statement (Australia) 2020

This statement has been published in accordance with the Australian Modern Slavery Act (Commonwealth) 2018 (the Act). It sets out the steps OSRAM has taken during fiscal year 2020 (Oct. 1, 2019 - Sept 30, 2020) to identify and address modern slavery and trafficking risks.

1. Reporting entity

As the reporting entity under the Act, OSRAM GmbH is publishing this statement on behalf of 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 Australian market through its Australia-based subsidiary OSRAM Pty. Limited (Australian Company Number 609 367 311). OSRAM GmbH as well as OSRAM Pty. Limited are covered by OSRAM Group's policy framework and management processes outlined below.

2. The OSRAM structure, operations and supply chains

OSRAM can look back on an almost 115-year history as an international lighting manufacturer. 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 mobility, 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.

In fiscal year 2020, the operating activities covered by our business model were essentially organized into three business units: Opto Semiconductors, Automotive, and Digital. These three business units together with the Group headquarters constituted the OSRAM Licht Group (continuing operations) in the past fiscal year:

- **Opto Semiconductors (OS):** OS offers a wide range of LEDs that are used in general lighting, automotive, consumer and industrial applications as well as infrared, laser and optical sensors. The main markets for these components are the automotive sector, smartphones, wearables, general lighting, lighting for plants, industrial lighting and projection. OS employed around 10.4 thousand people as of 30 September 2020.
- **Automotive (AM):** AM develops and produces lamps, light modules, and sensors, which it sells to original equipment manufacturers and their suppliers in the automotive industry and to the spare parts market (after market). This includes products based on traditional lighting technologies as well as LED-based solutions. AM employed around 5.2 thousand people as of 30 September 2020.
- **Digital (DI):** DI handles all OSRAM business activities that will benefit the most of the growing use of digital technologies. It focuses on smart devices and solutions for the Internet of Things (IoT). This includes digital systems such as LED modules, LED light engines and light management systems; specialty lighting for stages, cinemas, studios and smart farming; as well as complete lighting solutions for smart, networked internal and external lighting. DI employed around 4.1 thousand people as of 30 September 2020.

In total, in its continuing operations, OSRAM employed around 21.4 thousand people as of 30 September 2020.

OSRAM markets its products in more than 120 countries and has over 23 production facilities worldwide:

- **EMEA** (Europe, Russia, Middle East and Africa) with key locations in Munich (Group headquarters), Regensburg, Herbrechtingen (all Germany), Nové Zámky (Slovakia), Treviso (Italy), and Plovdiv (Bulgaria).
- **APAC** (Asia, Australia and the Pacific region) with key locations in Wuxi (China), Penang and Kulim (Malaysia).

- **Americas** (U.S.A., Canada, Mexico, and South America) with key locations in Hillsboro in New Hampshire and Wilmington in Massachusetts (both U.S.A.) and Monterrey (Mexico).

For further information on the products, company structure and supply chains of OSRAM, please refer to the OSRAM [Annual Report 2020](#) and [Sustainability Report 2020](#).

3. Risks of modern slavery practices in the OSRAM operations and supply chains

OSRAM is aware that risks for slavery and human trafficking exist in the operations and supply chains of most global companies, including ours. Specific risk factors for OSRAM include the following:

- **Sector and industry:** The electronics industry, where OSRAM operates, is recognised as a high risk industry globally.
- **Products and services:** The OSRAM portfolio of products requires the use of materials that originate from conflict-affected and high-risk areas (CAHRAs) as defined in Regulation (EU) 2017/821. OSRAM also procures services such as cleaning, construction and logistics that are known to carry higher modern slavery risks.
- **Geography:** We have significant production facilities in countries with higher risks of modern slavery, including China, Malaysia, India, Bulgaria and Mexico.
- **Workforce profile:** OSRAM uses recruitment agencies, labour providers and labour brokers in recruiting permanent, temporary and contract workers. Our direct and indirect workforce also includes groups that are potentially more vulnerable to modern slavery, such as those in low skilled roles or migrant workers. We consider the risks of modern slavery practices to be more significant for groups that are not employed directly by OSRAM, such as indirectly employed (contract) workers and workers employed by local service providers.

In 2019, we conducted a modern slavery risk assessment with external expert support to gain greater insight into the relevant risks and existing management capabilities in key OSRAM countries (see Section 4 for further detail). We regard the results as still relevant and valid.

4. Assessing and addressing modern slavery risks at OSRAM

We regularly review our [due diligence processes](#) to identify and address human rights and modern slavery risks to people in the OSRAM operations, supply chains and business relationships.

We do not tolerate any form of modern slavery, child labour, forced labour or human trafficking, whether within our own business or at our suppliers and business partners. Our policies, governance and due diligence processes support us in identifying and addressing such risks and impacts.

Our salient human rights issues

Through a risk assessment exercise which we review on a regular basis (see information below on our continuous human rights risk monitoring and management process), we have identified the salient human rights risk areas for OSRAM set out in the image below. Modern slavery risks are relevant primarily to the risk areas “Working conditions of employees” and “Working conditions and livelihoods in the supply chain”.

Human rights risk areas



Assessing modern slavery risks

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
- Modern slavery 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.

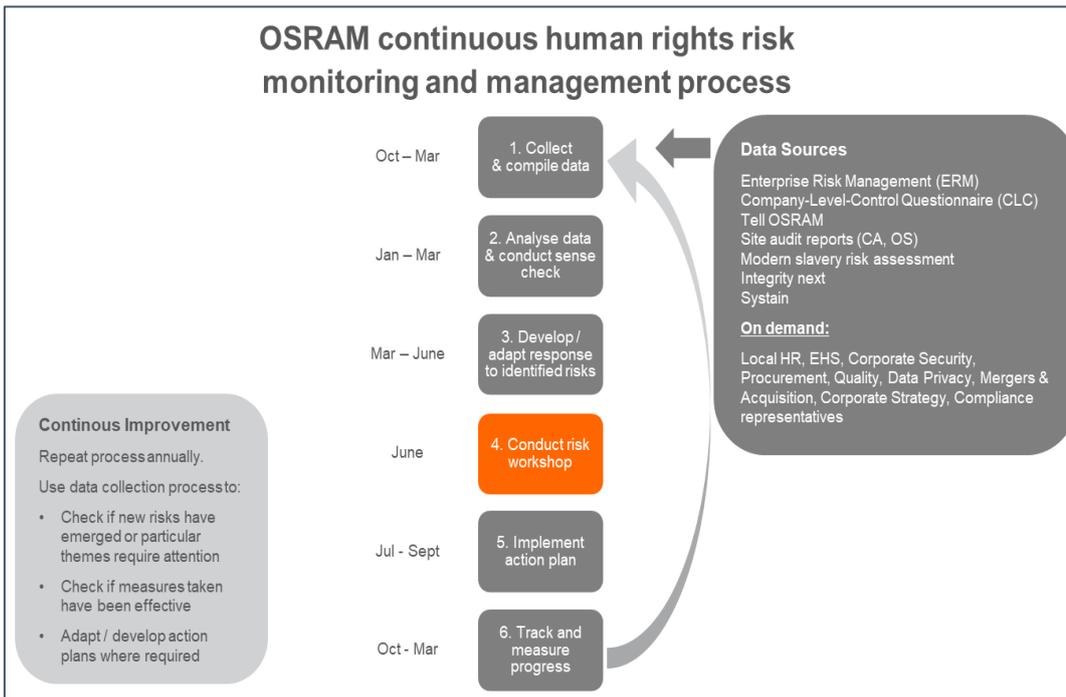
Further detail on the modern slavery risk assessment is available on our [website](#).

Based on the assessment, we have identified specific countries and focus areas for further action (see “Addressing modern slavery risks” below for further details).

In 2019 we also designed and tested a continuous human rights risk monitoring and management process (see image below). 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.

Once a year, an internal stakeholder workshop usually takes place at which various functions analyze the results of the risk assessment together with HR in order to identify measures and initiatives for the organization and workforce. The specified risk areas are also reviewed to check they are up to date. Unfortunately, the COVID-19 pandemic prevented the workshop from being held in fiscal year 2020.

We fully intend to resume the workshop process in fiscal year 2021 and will pay particular attention to new risks and impacts that may have arisen due to COVID-19. Please also see “Mitigation and remediation measures – own operations” below, as well as the “Occupational Health and Safety” and “Fair Working Conditions” chapter of our [2020 Sustainability Report](#) for further detail on our actions to safeguard jobs and support our employees during the COVID-19 pandemic.



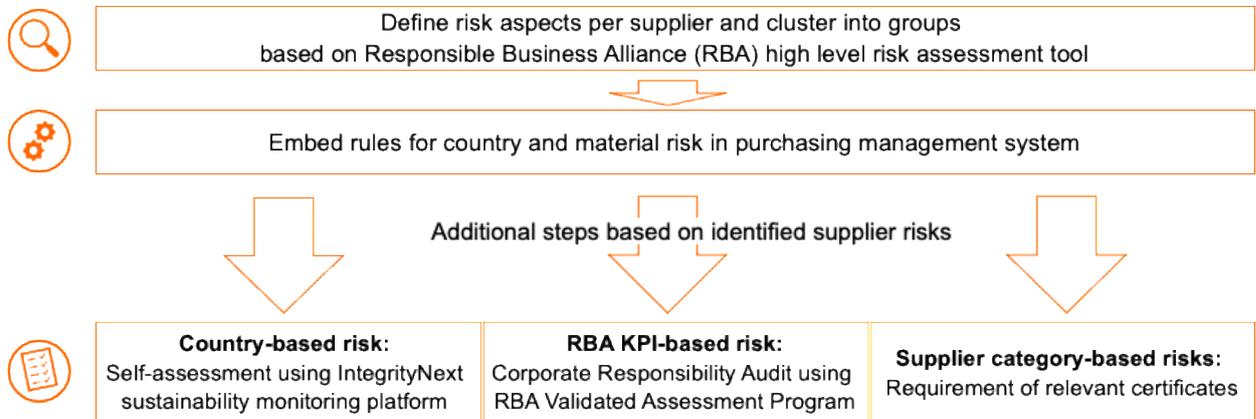
Human rights risks, including modern slavery, are part of the enterprise risk management process. Questions regarding human rights risks have also been included in the company level control questionnaire, which is used in the annual evaluation of the local control system of all consolidated entities by the relevant CEOs and CFOs. The results of this process will be reported in the sustainability report.

Assessing modern slavery risks in our supply chains

OSRAM procurement follows a three step approach (see also image below) towards assessing human rights risks – including modern slavery 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 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. In August 2020 OSRAM joined the Responsible Business Alliance (RBA) and also adopted its process for a systematic categorization and assessment of sustainability and human rights related category risks. We match our information on suppliers' sourcing origin, addressed category and spend, with publicly available risk KPIs by the World Bank, ILO, UNICEF and the Walk Free Foundation to cluster our suppliers in different risk profiles.
3. Suppliers in the quartiles of high risk and high leverage are then subject to RBA Self-Assessment Questionnaires and RBA Validated Audit Reports. These include an assessment of child and forced labour risks, ensurance of fair remuneration and working hours, safe working environment and others. The OSRAM procurement teams are trained on our social compliance approach.

Approach to assessing and addressing supplier sustainability risks (incl. human rights and modern slavery)



We also take a deeper supply chain view with regard to responsible minerals, including conflict minerals, having worked on investigations into country of origin and conducting due diligence checks of the smelters in our supply chain for a number of years. Please see “Mitigation and remediation measures – supply chains” below for further detail.

We are aware that risks of modern slavery practices exist beyond our direct suppliers. We therefore collaborate closely with our external manufacturers and only allow approved component and material manufacturers to be used.

The COVID-19 pandemic prompted us to focus on the resilience of our global supplier network. An intensive consultation process took place, aimed at minimizing the economic and therefore social fallout in our supply chain and working with our suppliers to come up with sustainable solutions. With only a few exceptions, we managed to keep the supply chain running and therefore ensured the continuation of the business relationships, albeit with lower volumes.

Addressing modern slavery risks

We are committed to taking appropriate action to address identified modern slavery risks and impacts in our own activities and business relationships.

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 upholding 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](#). The policy provides the overarching framework for our human rights engagement, including responses to modern slavery risks and impacts.

The [Code of Conduct for OSRAM Suppliers](#) sets out our expectations for our suppliers of goods and services. The Code contains an explicit ban on all forms of modern slavery, forced labour and human trafficking. It also requires that no internal or external worker is subject to unethical recruitment practices such as excessive fees or costs for recruitment. The Code stipulates that suppliers should use reasonable efforts to address social and environmental risks in their own supply chain, and make reasonable efforts that their suppliers adhere to do similar requirements as set out in our Code.

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.

Mitigation and remediation 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 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 additional precautionary measures such as certifying Foshan production site (China) against the leading social compliance standard amfori BSCI which also addresses 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. Opto Semiconductors holds an annual internal review to discuss and address any findings. Changes to policies and processes are implemented, if necessary.

Based on our 2019 modern slavery risk assessment, we 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. For example, we conducted a best practice sharing session on measures already implemented in Malaysia to combat modern slavery practices and we also conducted an online session on human rights for HR colleagues in China. Further measures were suspended due to the COVID-19 pandemic and are planned to resume in fiscal year 2021.

We also identified the opportunity to increase awareness of “Tell OSRAM” as a grievance channel for human rights questions and issues. During fiscal year 2020 we worked on measures such as providing information materials to senior management and the broader employee base but suspended these activities in the second half of the fiscal year due to COVID-19.

During the COVID-19 pandemic, we undertook a range of steps to help safeguard jobs and support our employees. OSRAM established a team at Group headquarters and local crisis management teams at the locations. The team at headquarters comprised the operational heads of the business units and representatives of the Communications, HR, EHS, Travel Safety and Procurement functions. This team reported regularly to the team leader (who reports directly to the CEO) on all matters pertaining to the crisis.

In addition to extensive measures in Germany, steps were taken at many international locations that successfully safeguarded jobs in spite of the collapse in revenue caused by the COVID-19 pandemic. Short-time working was also imposed at our international production facilities and particularly in the factories that supply the automotive industry. Some sales units also imposed short-time working. These units did, however, put in place special measures such as reduced working hours, allowances in lieu of leave, reductions in working time accounts, compulsory leave, and cost savings (e.g. on operational costs). In the context of health and safety, we also worked to avoid a negative financial impact on employees as a result of potential site closures due to public orders.

Mitigation and remediation measures – supply chains

We require all suppliers with a purchasing volume of €50,000 or higher to sign the OSRAM Code of Conduct (CoC) for suppliers with its explicit ban on all forms of modern slavery, forced labour and human trafficking. The CoC is also part of the prequalification process for new suppliers and is provided to all suppliers – irrespective of purchasing volume – when purchase orders are placed.

Our risk assessment processes for suppliers in line with the CoC are set out above.

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.

Our work with suppliers in fiscal year 2020 was significantly affected by the COVID-19 pandemic. Together with our suppliers, we sought to minimize the economic and the resulting social impact of the pandemic on all stakeholders. During

the pandemic, we largely dispensed with external audits in order to protect the health of all concerned, to take account of travel restrictions, and to avoid burdening suppliers with the additional workload required by the audits.

We have also put in place appropriate due diligence processes for procurement in order to properly discharge our responsibilities with regard to the protection of human rights in the context of conflict minerals. Conflict minerals, for OSRAM, covers 3TGs (tantalum, tin, tungsten and gold) and, since 2020, cobalt. OSRAM has been a member of the Responsible Minerals Initiative (RMI) since 2017. The sharing of information and insights within the RMI is helping us and our suppliers to continuously improve our due diligence on conflict minerals. More information on how OSRAM conducts due diligence on conflict minerals is available on our [website](#) and in the [2020 Sustainability Report](#).

Grievance mechanism and remedy

All employees and external parties can report potential human rights violations or concerns – including modern slavery – via a dedicated channel in our confidential third party notification system “[Tell OSRAM](#)”. “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 – anonymously if they wish to – including on forced labour and child labour.

All reports to “Tell OSRAM” are followed up. Retaliation against whistleblowers will not be tolerated. If there is specific evidence, internal compliance investigations are conducted. If relevant, measures to address any deficiencies are implemented and their implementation monitored. In the event of misconduct on the part of our employees, OSRAM may take disciplinary action in accordance with labor law. We report on concerns raised and how they were dealt with in our sustainability report.

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.

We developed a global e-learning module on human rights which was made available to all employees on our internal learning platform in October 2020.

5. Effectiveness

A key avenue for assessing the effectiveness of our actions to address modern slavery risks is our dedicated grievance mechanism, “Tell OSRAM”, although we recognise that we need to do more to ensure “Tell OSRAM” is well-known and trusted among our employees and those potentially impacted by OSRAM’s activities and business relationships.

In fiscal year 2020 we received two reports of possible violations of the principle of fair working conditions via the human rights channel of “Tell OSRAM”. We systematically logged, analysed and processed the reports, and determined that no violations of the principle of fair working conditions had taken place in these cases. We continue to work on specific prevention measures, including training and flyers, to ensure that fair working conditions can be achieved in all sectors and regions. No other indications of human rights breaches were received via “Tell OSRAM” in fiscal year 2020.

Our continuous human rights risk monitoring and management process outlined above, once implemented fully, will also serve to assess the effectiveness of our actions to address human rights and modern slavery risks. This includes analyzing and addressing results related to human rights and modern slavery of the enterprise risk management process.

Our key objective is the avoidance of human rights abuses. As well as investigating each notification of a potential breach of human rights, our goal is to systematically analyze notifications of suspected cases and derive appropriate measures from them. This is how we aim to raise awareness of this important topic within the organization and prevent human rights violations.

6. Consultation

Our 2019 modern slavery risk assessment (see “Assessing modern slavery risks” above) represents the most significant consultation effort OSRAM has undertaken so far. Following an introductory webinar, at which country representatives also had the opportunity to ask questions, a detailed questionnaire including explanatory comments was sent to help our ten most important countries identify their modern slavery risks and relevant processes. The Corporate Human Resources department provided support throughout the assessment process and is engaging with country representatives to develop and implement appropriate responses to identified risks.

Consultation with relevant entities is also a key aspect of the continuous human rights monitoring and management process outlined above. In addition, the enterprise risk management process and company level control questionnaire explicitly request regular input on human rights risks including modern slavery from our local entities.

7. 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 strengthen our communication, awareness-raising and capability-building activities among employees, suppliers and business partners on modern slavery risks and their mitigation. This explicitly includes strengthening our communication on and building trust in “Tell OSRAM” as a human rights grievance channel;
- Further strengthen our assessment and management of modern slavery risks in our supply chains, specifically considering higher risk service providers and our deeper supply chains (beyond Tier 1);
- Fully implement our continuous human rights monitoring and management system with a specific focus on modern slavery risks and any additional risks and impacts arising from COVID-19;
- Report transparently on mitigation and remediation actions taken to address modern slavery risks and impacts;
- Further strengthen our reporting on the effectiveness of our efforts to combat modern slavery, including via relevant performance indicators.

Signatures

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