

Responsibility towards customers,  
employees, shareholders, society and  
environment

# Sustainability

Building a Sustainable Tomorrow with Optical Solutions

# Agenda



**Sustainability @ ams OSRAM**



**Regulating the Supply Chain and its implications**



**Supplier Requirements considering Human Rights**



**Supplier Requirements considering Environmental Protection**

# Contributing to a sustainable future with light and sensor solutions

## Our Ambition

ams OSRAM is committed to creating sustainable value and improving lives with optical solutions.

## Society

Deliver products that enhance health, safety, and mobility, contributing to sustainable development.

## Environment

Enable energy efficiency, digitalization, and responsible resource use with innovative technology.

## Governance

Ensure high standards throughout our value chain as an essential foundation for long-term business success.



# Legislators, Capital Markets and Customers further increase their requirements

## Meeting Growing ESG Expectations: A Compliance, Capital, and Business Imperative

### Legislation

#### Supply Chain Acts

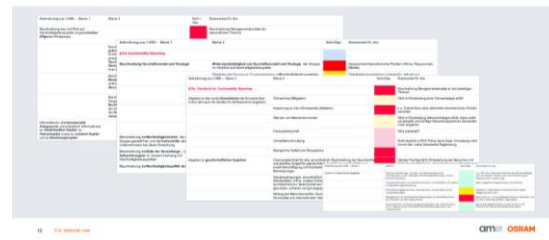
- German Supply Chain Act (LkSG)
- European Supply Chain Act (CSDDD)
- Uyghur Forced Labor Prevention Act (UFLPA)
- Carbon Border Adjustment Mechanism (CBAM)
- European Deforestation Regulation (EUDR)

#### Legally-binding non-financial reporting

- CSRD (Corporate Sustainability Reporting Directive) with 400 pages and 100 reporting requirements from 2025
- Disclosure of the science-based 1.5°C compatibility of climate target
- EU Taxonomy reporting
- ISSB – International Sustainability Standards Board ...

### Capital markets

- Regular rating participation and improvement, e.g., from medium to low risk for **Sustainalytics**
- **Sustainable finance products** require ESG focus for capital availability, e.g., 1.5°C compatibility
- Investors analyze the mid- to long-term impact of the **environmental risk profile** on credit risk
- Due diligence processes and closing major gaps



Metric	Risk Level
Climate Change	High
Water	Medium
Waste	Low
Human Rights	Medium
Anti-Corruption	Low
Other	Low

### Customers

- Life Cycle and CO<sub>2</sub> Footprint cradle to gate/grave
- Request to disclose climate performance and commit to SBTi
- Net-zero emissions across supply chain by 2030
- Request of a conflict free supply chain



... ESG is not a hype and not a self-fulfilling prophecy, but it is going to become a fundamental:

- **Compliance** factor
- **Capital resource** factor
- **Business success** factor

# Sustainability strategy: Creating sustainable value and positive impact with innovative light and sensors

## Integrity

Ethical business practices and sustainable governance

- 20% of long-term incentive plan of **Management Board** and other **Executives remuneration** tied to climate target
- 100% of employees covered by **Code of Conduct** trainings
- **Supervisory Board** ESG training in 2024
- Implementation of 2024's **Double Materiality Analysis** results

## Human Rights

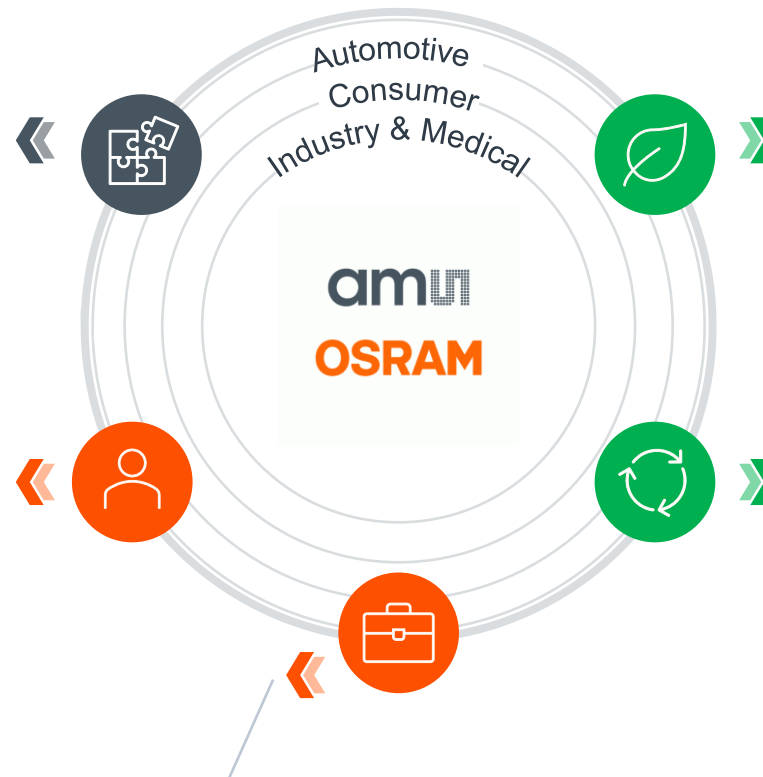
Due Diligence

- 100% of **employees** covered by Human Rights **training**
- 100% of **own sites** covered by Human Rights **risk assessments**
- 100% of **suppliers** covered by Human Rights **risk assessments**

## Labour/Diversity

Responsible people management

- 25% **women in management** until 2026
- All major **production sites RBA audited** by 2030



## Climate

Low carbon value chain

- Ambition for **SBTi target** validation
- Carbon **neutrality of own operations** until 2030
  - 100% renewable energy for electricity until 2028
  - Implemented energy efficiency initiatives for 20% CO<sub>2</sub>e reduction until 2028
- Near and long-term targets for science-based **reductions of Scope 3 emissions** (purchased goods/services)

## Circularity

Responsible resource use

- Regular **water risk assessment**
- Ambition for reduction for **waste and water**
- Expand wafer **substrate recycling**
- Reduction of plastic by 200t until 2026 within our **plastic-free packaging** strategy for aftermarket
- Expand **circular LED modules** for automotive lighting
- Expansion of the **LCA approach** for whole portfolio

Our portfolio contributes to:



UN Sustainable Development Goals

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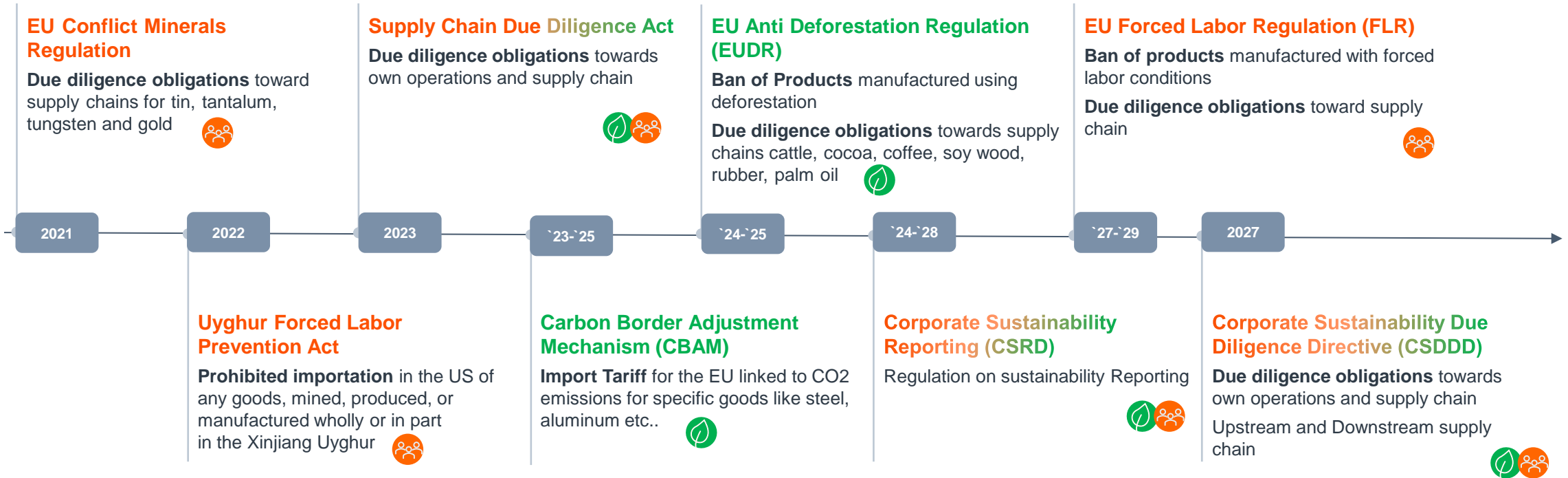
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# Regulating the supply Chain and its implications



# Regulations on ESG issues in supply chains are becoming increasingly stringent

**Social responsibility, Environmental Concerns, Stakeholder Expectations and Risk Management are some of the reasons for increasing regulations**



# Regulations create challenges but also opportunities for companies to innovate and improve sustainability

## Procurement Sustainability Approach goes in line with the Regulations aiming to overcome the challenges and to embrace the opportunities

### Challenges

- **Complexity** and **Transparency**
- **Data** Collection and Reporting
- Stakeholder **Pressure**
- Increased compliance **costs**
- Supply Chain **Disruptions**
- Impact on **Developing Countries**

### Overcome the Challenges

- **Invest** in Technology
- **Supplier and Stakeholder Collaboration**
- Regular **Audits and Assessments**
- Regular update of **company policies**
- Continuous **Improvement**
- Supplier Network with high ESG values

### Opportunities

- Enhanced **Reputation**
- Operational **Efficiency**
- Risk **Mitigation**
- Market **Differentiation** and **Capital Access**
- Innovation and Growth
- **Long-term Sustainability** and Resilience

... Throughout our value chain OSRAM emphasizes the **careful use of resources, environmental protection, good working conditions, health and safety, compliance with human rights...**

## Sustainability in Procurement

### What

Procurement addresses and embeds **Corporate Responsibility requirements in all sourcing activities and supplier requirements**

### How

This includes **capacity building, Tools and Processes** and **clear rules** to reflect **Category inherent risks and chances** on Environmental, Social and Governance area.

### Why

Ensure that **no person, nor the environment is harmed** in any external process step in our upstream supply chain.  
Establish a **transparent, compliant and sustainable business relationship** fulfilling social, environmental and governance requirements.

## Supplier Management



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# Supplier Requirements considering Human Rights



# Requirements towards the suppliers considering protection of Human Rights

Due diligence obligations lead to specific requirements towards ams OSRAM suppliers to protect Human rights.



## ams OSRAM requires from its suppliers

1. **ams OSRAM Code of Conduct** - Contractual obligation to comply with human rights standards
2. Corporate Responsibility Self Assessment (**CRSA**) using given ams OSRAM tools
3. Willingness and Support during **Social on-site audits** from ams OSRAM or a dedicated third party
4. Conduct Due Diligence on **Conflict Minerals** if applicable
5. Participation in **training** programs offered by ams OSRAM or a third party



## Supplier Responsibility

As a business partner of ams OSRAM the supplier shall **commit to comply** with the human rights and environmental requirements listed in the law and to **address them** appropriately **in their own supply chain**.

These requirements are also **subject to ams OSRAM Code of Conduct** which is an obligation for all our suppliers.

# Requirements considering protection of Human Rights towards the suppliers

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# ams OSRAM Code of Conduct for suppliers – Foundation of our cooperation with our suppliers



We expect our suppliers to comply with the ams OSRAM Code of Conduct for Suppliers which covers Human Rights prohibitions and to address the covered topics appropriately in their own supply chain.

- Life Cycle Assessments
- Environmental and Climate Protection
- Health and Safety of Internal and External Employees
- **Respect for Human Rights**
- **Fair Working Conditions**
- **Minerals and Raw Materials from Conflict and High-Risk Areas**

- **Compliance with Laws**
- Export Control and Customs
- Combating Money Laundering and Terrorist Financing
- Data Protection and Information Security
- Intellectual Property and Confidential Information
- Prohibition of Corruption and Bribery
- Fair Competition and Antitrust Law

- Management Systems
- Complaint Procedure – Speak Up
- **Supply Chain**

[ams OSRAM Code of Conduct for Suppliers](#) - has been adapted to the newest regulation in 2023

# Human Rights Topics covered in the ams OSRAM CoC for Suppliers



## Respect to Forced Labor

- Do **not withhold personal documentation** (passports/identification cards etc) of the workers
- Obtain **worker's prior written consents** in case in case of collecting personal documents where it is required and permitted by law
- **inform** workers that they have the rights to get back their personal documents at any time without any prohibition



## Respect to Working Hours

- To comply with maximum working hours according to national law
- Maximum working hours according to ams OSRAM CoC per RBA guideline, i.e., **max 60 hours** per week including overtimes



## Respect to Migrant Workers

Assuring that workers are provided with:

- A written employment contract in the languages the workers can understand
- A verbal explanation on the key clauses of the employment contract cover at least:
  - nature of work
  - working hours per day, working day per week, leave
  - wages and wages deductions
  - granted benefits and conditions
  - any fees and amount charge
  - any other non legally required benefits provided

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# Corporate Responsibility Self Assessment (CRSA) using Integrity Next

CRSA is an initial assessment which aims to verify the compliance with the ams OSRAM Code of Conduct for Suppliers

CRSA is a self-assessment questionnaire that suppliers are required to complete

## Topics covered by CRSA

- Anti Bribery and Anti Corruption
- Human Rights and Labor
- Health and Safety
- Environmental Protection
- Supply Chain Responsibility

## Requirements from the suppliers

- Fill out the assigned questionnaires through Integrity Next
- Collaboration with ams OSRAM to continuously improve results
- Alternatives to Integrity Next:
  - EcoVadis Assessments
  - Responsible Business Alliance (RBA Assessments)



## Supplier Sustainability Monitoring

The image displays two screenshots from the Integrity Next platform. The top screenshot, titled 'Supplier Sustainability Profile', shows a dashboard with a list of topics: Company Information, Environmental Protection, Human Rights & Labour, Anti-Bribery & Anti-Corruption, Health & Safety, and Supply Chain Responsibility. Each topic has a status indicator (green, yellow, or red) and a button to view details. The bottom screenshot, titled 'How suppliers can improve their status', shows a specific assessment for 'Environmental Protection'. It includes a progress bar, a question 'Does your company have a certified environmental management system?' with radio button options, and a section for providing certificate details.

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# On-Site Social Audits based on Responsible Business Alliance (RBA) methodology

RBA is a **nonprofit** comprised of electronics, retail, auto and toy companies committed supporting the **rights and wellbeing** of the **workers and communities** worldwide **affected by the supply chain**

ams OSRAM is member of the RBA and committed to act according RBA Code

Due to customer and legal Requirements ams OSRAM will **increase** the number of **social on-site Audits @suppliers** to ensure the adherence with ams OSRAM Code of Conduct

## Topics covered by RBA Code and Audit

Labor	Health & Safety	Environment	Ethics	Management systems
 <ul style="list-style-type: none"><li>• Freely Choose employment</li><li>• Young Workers</li><li>• Working hours</li><li>• Wage &amp; Benefit</li><li>• Humane Treatment</li><li>• Non-Discrimination</li><li>• Freedom of Association</li></ul>	 <ul style="list-style-type: none"><li>• Occupational Safety</li><li>• Emergency Preparedness</li><li>• Occupational Injury and Illness</li><li>• Industrial Hygiene</li><li>• Physically Demanding Work</li><li>• Machine Safeguarding</li><li>• Food, sanitation and housing</li><li>• Health and Safety Communication</li></ul>	 <ul style="list-style-type: none"><li>• Environmental Permits and Reporting</li><li>• Pollution Prevention and Resource Reduction</li><li>• Hazardous Substances</li><li>• Wastewater and Solid Waste</li><li>• Air Emissions</li><li>• Materials Restrictions</li><li>• Storm Water Management</li><li>• Energy Consumption and GHG</li></ul>	 <ul style="list-style-type: none"><li>• Business Integrity</li><li>• No Improper Advantage</li><li>• Disclosure of Information</li><li>• Intellectual Property</li><li>• Fair Business, Advertising and</li><li>• Competition</li><li>• Protection of Identity and</li><li>• Non-Retaliation</li><li>• Responsible Sourcing of Minerals</li><li>• Privacy</li></ul>	 <ul style="list-style-type: none"><li>• Company Commitment</li><li>• Management Accountability and Responsibility</li><li>• Legal and Customer Requirements</li><li>• Risk Assessment and Risk Management</li><li>• Improvement Objectives</li><li>• Training</li><li>• Communication</li><li>• Worker Feedback and Participation</li><li>• Audits and Assessments</li><li>• Corrective Action Process</li><li>• Documentation and Records</li><li>• Supplier Responsibility</li></ul>



## Requirement towards our suppliers

- Willingness and Support during Audit which is conducted from ams OSRAM or an assigned third party
- Provision of available Social Audits not older than 2 Years
- Collaboration on defining the right measures and implementing them in case of findings
- Information on the RBA [Code of Conduct](#), [RBA Assessments](#) and [Audit](#)

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# EU Conflict Mineral Regulation – Conflict Minerals and Human Rights Violations

**ams OSRAM does not support the use of conflict minerals that are illegally mined or/and contribute to armed conflict or human rights abuses**

## Minerals affected and sourcing origin?

- **3TG** (Tantalum, Tin, Tungsten, Gold) incl. MICA, Cobalt
- **Sourced origin:** the Democratic Republic of the Congo (DRC)
- [Conflict affected High Risk Areas \(CAHRA\)](#)
- Angola, Burundi, Central African Republic, Rwanda, South Sudan, Tanzania, Uganda, Zambia

## Why are they called conflict Minerals?

- **Armed militant groups** often use **forced labor** to mine minerals
- The trade of minerals in this country is used to fund **extreme levels of violence** across the region



## Requirement towards our suppliers

- Disclosure Information on the Smelters used in their supply chain using newest template from RMI (CMRT, EMRT)
- Upload information into Integrity Next 
- Suppliers shall strive for a conflict free supply chain and transition away all non conformant Smelter conducting due diligence activities according to OECD
- In case of non conformant smelter, provide for an ams OSRAM related CMRT
- Use information and training Platforms like [RMI](#), [ams OSRAM Website](#)

ams OSRAM is part of Responsible Mineral Initiative (RMI)

# Uyghur Forced Labor Act (UFLPA) and its implications with Conflict Minerals

## UFLPA - Content

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establishes a **rebuttable presumption** that

- (1) any goods that are imported from the Xinjiang region;
- (2) certain goods regularly supplied by companies in the Xinjiang region; and/or
- (3) goods imported by certain companies on the UFLPA restricted entity list have been produced using forced labor

➤ **banned in the US – US Import Prohibition**



## Requirement towards our suppliers and support

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- Conduct Due Diligence Activities within Supply Chain regarding UFLPA
- Confirm Compliance with UFLPA



## Pressure from our customers

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- Connection between Companies on the UFLPA banned lists and Smelters in the Conflict mineral Template.
- Request for us to prove that the smelters in the supply chain are conformant with UFLPA
- Expectation to our supplier:
  - Confirmation if the afflicted smelters are for ams OSRAM Products relevant
  - If Yes, conduct due diligence activities to phase out the smelter away from the supply chain Use information and training

ams OSRAM established *Tell ams OSRAM* as a groupwide secure reporting channel to report violations in the field of compliance and data privacy as well risks and violations of human rights and environment related to ams OSRAM and its supply Chain



### Suppliers can report Risks and Violations:

- *in the field of compliance and data privacy as e.g.*
  - corruption and bribery
  - anticompetitive practices
  - data breaches
  - export control violations...
- *of human rights and environment related to ams OSRAM and its supply Chain as e.g.*
  - forced labor
  - Child Labor
  - Discrimination
  - Harassment
  - violations of occupational health and safety
  - environmental damages
  - ...



**Tell ams OSRAM**

The whistleblower tool “Tell ams OSRAM” offers employees as well as customers, suppliers and other business partners a confidential opportunity to report violations on business conduct guidelines, compliance, data privacy & human rights.

[Tell ams OSRAM](#)

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# Supplier Requirements considering Environmental Protection



# Requirements towards the suppliers considering Environmental Protection

Due diligence obligations lead to specific requirements towards ams OSRAM suppliers toward environmental protection



## ams OSRAM requires from its suppliers

1. CO2 Transparency on Company and Product Level Emissions
2. Direct and Indirect Emission acc. Carbon Border Adjustment Mechanism
3. Data regarding Deforestation



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# Climate Strategy Framework – expanding beyond own operations


Next to our climate strategy for own operations (Scope 1 and 2), we thrive for also a low carbon supply chain → Scope 3 upstream

## Scope 1 – Direct Emissions

Direct use of sources and direct emissions by ams OSRAM, e.g., natural gas, non-abated process gases



 **Carbon neutral** by 2030 for own operations, **Scope 1 & 2**


 **Climate Instruments**  
Abatement, use of green gas, new heating, new trigeneration, green H<sub>2</sub>, Carbon credits...

## Scope 2 – Indirect emissions

From the use of secondary energy sources such as electricity or district heating/steam




 **Carbon neutral** by 2030 for own operations, **Scope 1 & 2**


 **Climate Instruments**  
Efficiency projects, green electricity, self-generation, PPA, iRECs...

## Scope 3 – Other indirect emissions

Occurring further up or down the value chain attributable to the company, e.g., suppliers, use phase



 **Scope 3 upstream** Reduce emissions from the category “**purchased goods and services**” by **47.5%** per EUR value added by 2030 from a 2021 base year and further reduce them to **-97% by 2050**

 **Climate Instruments**  
Transparency and Measurement, Supplier Engagement, Energy Efficiency Programs, transport efficiency...

Carbon Credit: a certificate showing that a company has paid to have a certain amount of carbon dioxide removed from the environment via an approved and registered project  
→ tCO<sub>2</sub>e

iREC: Renewable energy certificate is a market-based instrument that represents the property rights to the environmental attributes of renewable electricity generation. → MWh

# To fulfill customer and legal requirements ams OSRAM requires data from its suppliers

First step toward a low carbon supply chain is Transparency

Applicable suppliers are asked to fulfill respective Integrity Next questionnaires for collecting Carbon Footprint Data

## Data collection through Integrity Next

### Company Carbon Footprint Data (CCF)

The image shows two overlapping screenshots of the Integrity Next questionnaire interface. The left screenshot is for 'Carbon Footprint' and includes a progress bar, a 'Do you already measure your company's carbon emissions?' question with 'Yes' and 'No' buttons, a 'Greenhouse Gas (GHG) Emissions' section with a dropdown for 'What percentage of your company's sites are included in the measurement of your GHG emissions?', and a table for 'What are your company's GHG emissions in tons?' for the years 2021 and 2022. The table has columns for 'Direct emissions (Scope 1)', 'Emissions from purchased energy (Scope 2)', 'Indirect emissions (Scope 3)', and 'Total emissions'. The right screenshot is for 'Product Carbon Footprint' and includes a progress bar, a 'Do you already measure the greenhouse gas emissions for your products?' question with 'Yes' and 'No' buttons, and a section for 'Enter all your products for which you have determined a product carbon footprint:' with instructions and a 'Drop file here' area.

### Product Carbon Footprint Data (PCF)

## Requirements from the suppliers

Applicable for suppliers which have a high impact on ams OSRAM scope 3 upstream

- Fill out the assigned questionnaires through Integrity Next
- Alternative Data except Integrity next accepted
- Collaboration with ams OSRAM to continuously improve results – for applicable suppliers

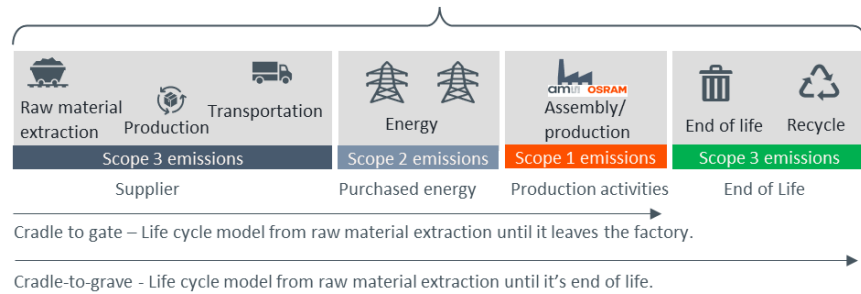




# Product Carbon Footprint (PCF)

**Total Green House Gases (GHG) emission associates with a product through its entire life cycle**

## GHG Emissions through product life cycle



## Overview of the Information Required from the Suppliers

### Building Life Cycle Inventory – Data Collection

Direct Material that used in our production	
<b>3<sup>rd</sup> party parts (Ceramic, PCB , packing materials, chip, etc)</b>	LCA or PCF, preferable 3 <sup>rd</sup> party verified <ul style="list-style-type: none"> <li>• MDS/MSDS (Material Datasheet)</li> <li>• Material weight (for packing material, weight is not available)</li> <li>• Production site, energy used data, emissions</li> </ul>
<b>Raw materials</b>	LCA or PCF, preferable 3 <sup>rd</sup> party verified <ul style="list-style-type: none"> <li>• MDS/MSDS (Material Datasheet)</li> <li>• Production site, energy used data, emissions</li> </ul>
Full Subcon Product (3rd Party Parts)	
<b>LEDs, sensors, etc.</b>	LCA, preferable 3 <sup>rd</sup> part verified, PCF based on ISO 14067

» Collaboration with the suppliers is needed.

# Requirements towards the suppliers considering Environmental Protection

Due diligence obligations lead to specific requirements towards ams OSRAM suppliers toward environmental protection.



## ams OSRAM requires from its suppliers

1. CO2 Transparency on Company and Product Level Emissions
2. *Direct and Indirect Emissions acc. Carbon Border Adjustment Mechanism*
3. Necessary data regarding Deforestation



## Supplier Responsibility

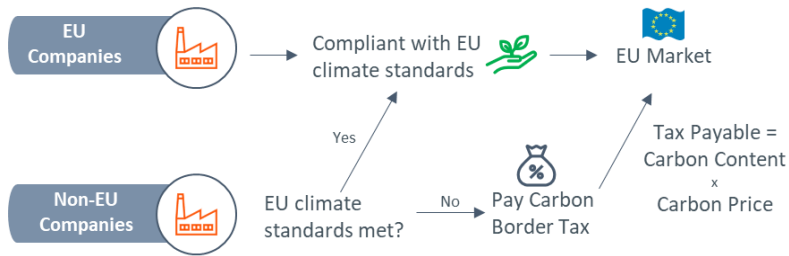
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# Carbon Border Adjustment Mechanism (CBAM) - Market-Based Mechanism to tackle EU Emissions

**Carbon Border Adjustment Mechanism (CBAM) requires importers to report emissions of CBAM Goods and their compensation with CBAM Certificates. – Suppliers need to provide emission data!**

## What is CBAM?



## CBAM Goods – Sector Affected

- Electricity
- Cement
- Fertilizers
- Aluminium
- Iron & Steel
- Hydrogen

## CBAM - Milestones



## Requirements from the Suppliers

- Provide Direct and indirect emissions related to production and electricity
  - Direct emissions released during the production of the goods
  - Indirect emissions emitted during the production of electricity used to manufacture the goods
- Only applicable for suppliers importing goods in the affected Sectors
- The relevant greenhouse gases (GHG) for the respective CBAM goods are CO<sub>2</sub>, N<sub>2</sub>O and PFC. These must be recorded in CO<sub>2</sub> equivalents

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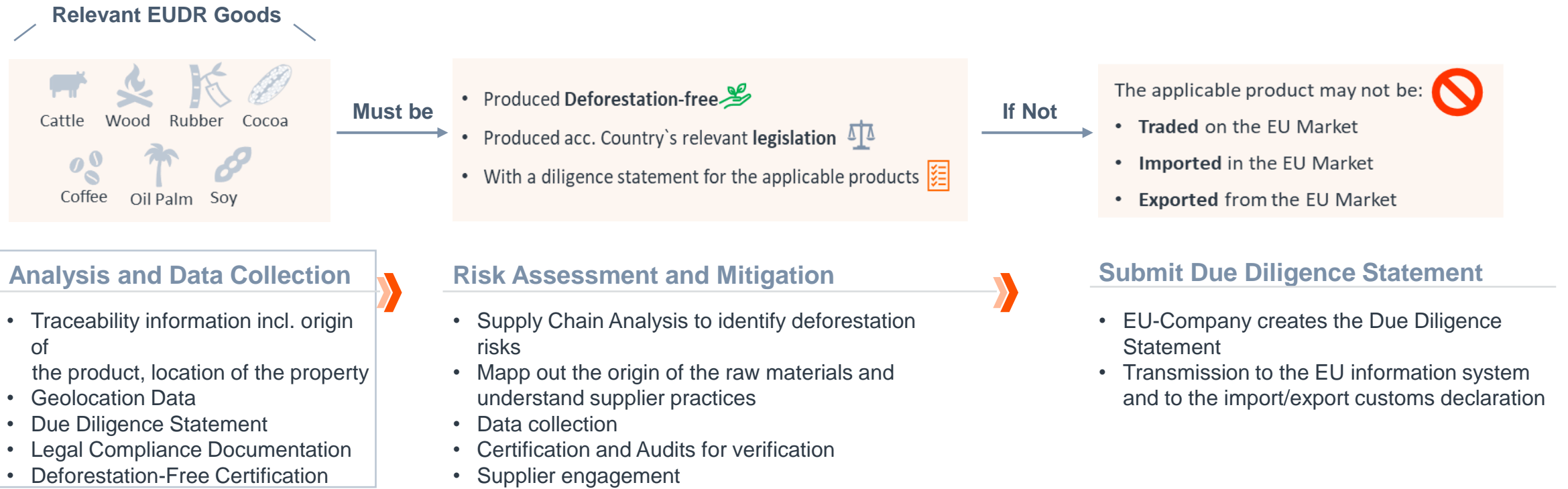
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# The EU Deforestation Regulation (EUDR) - curb deforestation to reduce GHG emissions & preserve biodiversity

## Due Diligence obligations towards supply chain & ban on the import and sale of materials and products that contribute to deforestation



Applicable Suppliers will be separately contacted and trained on the requirement and how to fulfil them



## Any Questions?

- For more information on the overall Information for Suppliers please visit: [Procurement @ ams OSRAM](#)
- For More Information on Code of Conduct please visit: [ams OSRAM Code of Conduct for Suppliers](#)
- For more Information on Responsible Sourcing please visit: [Responsible Sourcing](#)
- For more information on Supplier requirements please visit: [Supplier Requirements](#)
- For ams OSRAM Trainings for suppliers please visit: [Supplier Trainings and Downloads](#)
- For more information on Sustainability @ ams OSRAM please visit: [ams OSRAM Sustainability](#)



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Thank you for collaborating towards a  
sustainable Supply Chain



amun **OSRAM**

Sense the  
power of light