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Report of the Supervisory Board

Dear Shareholders,

OSRAM can look back on an extraordinary and eventful year, which was coined by tough market conditions, further restructuring of the business portfolio, and the takeover process. In fiscal year 2019, OSRAM was faced with a contracting market in certain areas of its business due to a generally weak economic environment. It fell well short of its original targets. OSRAM took steps to mitigate its poor business performance by resolutely pursuing the efficiency and performance programs that it had introduced in the previous year. At the same time, it continued with its transformation into a high-tech company.

In the year under review, the Supervisory Board performed the duties required of it by law, the Articles of Association, and the rules of procedure. We monitored the activities of the Managing Board and regularly advised it on the management of the Company. The Supervisory Board was directly involved in all decisions of fundamental importance to the Company.

In the past fiscal year, the Managing Board provided the Supervisory Board with regular, timely, and comprehensive information, orally and in writing, on all key matters relating to the management of the Company. In particular, this included reports on and explanations of corporate strategy and planning, business performance, the current position of the Group, compliance processes, the financial reporting process, the effectiveness of the Company's internal control and risk management systems, and all significant business events. The Managing Board kept us regularly informed about the Company's strategy and the implementation of the approved strategic action plans, particularly the disposal of the European luminaires business (Siteco). Any deviations in performance compared with corporate planning were explained to us in detail. We discussed key transactions for the Company in detail on the basis of the reports submitted by the Managing Board. The Supervisory Board approved the resolutions proposed by the Managing Board after thorough examination and extensive discussion. It maintained close dialog with the Managing Board (and own advisors) during the reporting year, especially with regard to the ongoing takeover process.

Most of the Supervisory Board's activities in the past fiscal year were performed in the context of plenary meetings. The Supervisory Board held a total of eleven plenary meetings in the fiscal year under review (six were ordinary meetings and five were extraordinary meetings). These took place in November and December 2018, and in February, May, July, August, and September 2019. One Supervisory Board resolution was circulated to the members for adoption in writing. The Supervisory Board also has a number of committees.

Attendance at the plenary meetings averaged 97% in the year under review. The committee meetings were fully attended, with the exception of one Strategy and Technology Committee meeting, two Executive Committee meetings, and two Audit Committees, where one member was absent in each case. During the reporting year, no Supervisory Board member attended half or fewer than half of the meetings of the Supervisory Board and committees to which he or she belonged.

The following table details the attendance of members of the Supervisory Board in its meetings and the meetings of the committees of which they are members:

Meetings of the Supervisory Board and its Committees

Members of the Supervisory Board of OSRAM Licht AG	Number of Meetings of the Supervisory Board and its Committees	Number of Meetings Attended	Attendance Ratio ³⁾
Peter Bauer (Chairman)	25	24	96%
Klaus Abel ¹⁾ (Deputy Chairman)	13	13	100%
Michael Knuth ²⁾ (Deputy Chairman)	12	11	92%
Dr. Roland Busch (Deputy Chairman)	20	14	70%
Dr. Christine Bortenlänger	16	15	94%
Dr. Margarete Haase	22	22	100%
Frank H. Lakerveld	15	15	100%
Arunjai Mittal	15	15	100%
Alexander Müller	16	16	100%
Ulrike Salb	16	16	100%
Irene Schulz	16	16	100%
Irene Weininger	15	15	100%
Thomas Wetzels	19	19	100%

1) Mr. Michael Knuth was succeeded on the Supervisory Board by his elected replacement Mr. Klaus Abel on May 7, 2019.

2) Mr. Michael Knuth stepped down as a member of the Supervisory Board with effect from the end of the Supervisory Board meeting on May 7, 2019.

3) Rounded to the nearest whole number.

The Chairman of the Supervisory Board was in regular contact with the Managing Board outside Supervisory Board meetings and kept abreast of current business developments and significant transactions. The Chairman of the Supervisory Board discussed the outlook for and future direction of the individual businesses and the Company as a whole with the Managing Board in separate strategy meetings.

The Supervisory Board also held regular discussions without the involvement of the Managing Board, mainly to cover Supervisory Board issues and personnel matters relating to the Managing Board. In summer 2019, the Supervisory Board reviewed the efficiency of its activities. The members of the Supervisory Board judged the work carried out in both the plenary sessions and the committees to be efficient overall but also decided that some aspects needed improvement, namely follow-up of work requested by the Supervisory Board, greater involvement in OSRAM's strategy of Supervisory Board members who are not on the Strategy and Technology Committee, and the provision of information to Supervisory Board members between meetings.

The members of the Supervisory Board are responsible for undertaking the training and continuing professional development activities needed to be able to carry out their remit.

c.3.1 Matters Addressed by the Full Supervisory Board

In the fiscal year just ended, the Supervisory Board of OSRAM Licht AG addressed in particular the fundamental corporate strategy and the strategy of the individual business units, including the current business performance of the OSRAM Licht Group, the annual and multi-year planning for the Company and the OSRAM Licht Group, and the position of the Group, especially its financial position and results of operations.

The Supervisory Board was also closely involved in the ongoing takeover process during the past fiscal year. During numerous meetings and conference calls, it studied the details of the two voluntary public takeover offers published in the year under review by Luz (C-BC) Bidco GmbH, Munich, Germany (the bidding company of Bain Capital and The Carlyle Group) on July 22, 2019, and by Opal Bidco GmbH, Frankfurt am Main, Germany (the bidding company of ams AG, Premstätten, Austria) on September 3, 2019. It also focused on issues relating to the Company's valuation in order to assess whether the offer prices were appropriate and examined the investor agreements and cooperation agreements, as well as the reasoned statement for each offer. The Supervisory Board received support from external legal and financial advisors on this matter. It also set up a dedicated committee (Special Committee) to help it efficiently prepare for, and be involved in, the process.

At its meeting on November 6, 2018, the Supervisory Board discussed the business performance in the fourth quarter, together with the preliminary figures for fiscal year 2018. It also approved the annual planning and budget prepared by the Managing Board for fiscal year 2019. Moreover, the Supervisory Board decided on the variable remuneration components, the level of contributions to the pension plan for the Managing Board for fiscal year 2018, and the amendment of details in the Managing Board members' employment contracts. The Supervisory Board also discussed whether to approve a share buyback program with a volume of up to €400 million and a capital reduction to be effected by retiring 7,841,326 Company shares. The Supervisory Board approved both of these measures and, in connection with the capital reduction, adopted a resolution to make the necessary formal amendment to the Articles of Association of OSRAM Licht AG. It examined the possibility of a takeover offer or similar transaction. Furthermore, it set up a dedicated Special Committee in order to ensure its efficient involvement in any takeover process and prepare for any plenary discussions.

At the Supervisory Board meeting held on December 3, 2018, to adopt the financial statements, the Managing Board reported on the position of the Company and the final figures for fiscal year 2018. Also at this meeting, following an in-depth examination of the financial statements documentation, the Supervisory Board approved the single-entity financial statements, the consolidated financial statements, and the combined management report for OSRAM Licht AG and the Group for the year ended September 30, 2018. The single-entity financial statements were thus adopted. The auditors participated in the discussions and reported on the main findings of the audit before the resolution was passed. The report by the Supervisory Board to the Annual General Meeting for fiscal year 2018 was also approved. In addition, the Supervisory Board adopted its resolution proposals for the individual agenda items to be voted on by the 2019 Annual General Meeting. It also approved the Managing Board's proposal to distribute a dividend of €1.11 per dividend-bearing share for fiscal year 2018. The Managing Board reported on the status of the efficiency and performance programs implemented at OSRAM.

At its meeting on February 19, 2019, after the Annual General Meeting, the Supervisory Board addressed the results for the first quarter of the fiscal year and the current performance of the Company. It also discussed the status of the sale of the SLS business in the U.S.A. and the general M&A strategy. Furthermore, it deliberated on the progress of talks with Bain Capital and The Carlyle Group on a possible takeover of up to 100% of the shares in OSRAM Licht AG.

The main items addressed by the Supervisory Board at its meeting on May 7, 2019, were the results for the second quarter and first half of fiscal year 2019, together with the business performance of the Group. In addition, the Supervisory Board dealt with the adjustment of the forecast for the year at the end of March 2019 and the consequently updated multi-year planning. It also took another look at OSRAM's efficiency and performance programs. The Supervisory Board elected Mr. Klaus Abel as Deputy Chairman of the Supervisory Board and a member of the Strategy and Technology Committee. Mr. Abel succeeded Mr. Michael Knuth, who stepped down from the Supervisory Board at the end of the meeting on May 7, 2019. Furthermore, the Supervisory Board set up a Remuneration Committee. It also adopted a resolution to amend details of the distribution of responsibilities among the Managing Board members and examined the status and further milestones in the takeover process. Moreover, the Supervisory Board discussed the disposal of the European luminaires business (Siteco) and the performance of the subsidiary OSRAM CONTINENTAL GmbH.

At the extraordinary meeting on July 4, 2019, the Supervisory Board carefully studied the binding offer from Bain Capital and The Carlyle Group to submit a public takeover offer through Luz (C-BC) Bidco GmbH to the shareholders of OSRAM Licht AG. In particular, the Supervisory Board examined the appropriateness of the consideration. It also approved the signing of an investor agreement in respect of the transaction.

At the meeting on July 29, 2019, the Managing Board reported on the position of the Company and the results for the third quarter. It also agreed to have the content of the separate non-financial report for the OSRAM Licht Group, which the Managing Board was required to prepare, externally reviewed by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, in accordance with sections 289b(3) and 315b(3) of the Handelsgesetzbuch (HGB—German Commercial Code). In addition, the Supervisory Board deliberated on the takeover offer published by Bain Capital and The Carlyle Group on July 22, 2019, particularly with regard to the reasoned statement pursuant to section 27 of the Wertpapiererwerbs- und Übernahmegesetz (WpÜG—German Securities Acquisition and Takeover Act).

At its extraordinary meeting on July 30, 2019, the Supervisory Board signed off the reasoned statement pursuant to section 27 of the WpÜG in respect of the takeover offer dated July 22, 2019, from Bain Capital and The Carlyle Group. The reasoned statement was published on July 31, 2019.

At its extraordinary meeting on August 19, 2019, the Supervisory Board discussed the status of the process relating to the takeover offer dated July 22, 2019, from Bain Capital and The Carlyle Group. It also examined the proposal from ams AG to submit a competing voluntary public takeover offer for all outstanding OSRAM shares. The Supervisory Board compared the two offers, carefully studying the advantages and disadvantages of each possible transaction in terms of the interests of the Company, its shareholders, and other stakeholders. In particular, the Supervisory Board discussed the strategic rationale of a takeover of OSRAM by ams AG. At the extraordinary meeting on August 21, 2019, the Supervisory Board ultimately approved the signing of the cooperation agreement that had been negotiated with Opal Bidco GmbH (bidding company) and ams AG (parent of the bidding company).

At the extraordinary meeting on September 13, 2019, the Supervisory Board signed off the reasoned statement pursuant to section 27 of the WpÜG in respect of the takeover offer dated September 3, 2019, from ams AG to the shareholders of OSRAM Licht AG. By means of a resolution circulated to the members for adoption in writing dated September 17, 2019, the Supervisory Board also signed off an addition to the reasoned statement pursuant to section 27 of the WpÜG relating to ams AG's takeover offer to the shareholders of OSRAM Licht AG.

At its annual strategy meeting on September 24, 2019, in Munich, the Supervisory Board held very detailed discussions on the Company's strategy. The topics that were addressed included the transformation of the Business Units and an in-depth analysis of the Group's investment portfolio, the acquisitions and disposals of companies in the past few years. In view of the new recommendations in the new version of the German Corporate Governance Code, which was signed off by the German Corporate Governance Code Government Commission on May 9, 2019, the Supervisory Board resolved to amend the rules of procedure for the Managing Board and Supervisory Board and to update the targets for the composition of the Supervisory Board. Furthermore, the Supervisory Board approved, together with the Managing Board, the declaration of conformity with the German Corporate Governance Code. The Supervisory Board also examined the progress in the takeover process.

c.3.2 Work Performed by the Supervisory Board Committees

In the past fiscal year, the Supervisory Board made use of seven committees—including the Special Committee set up at the meeting on November 6, 2018, and the Remuneration Committee formed at the meeting on May 7, 2019—to enable it to carry out its responsibilities efficiently. The committees prepared resolutions for the full Supervisory Board and other matters to be addressed in the plenary meetings. In addition, certain Supervisory Board decision-making powers have been transferred to committees to the extent permitted by law. The chairs of the committees provided the Supervisory Board with regular, comprehensive reports on the work performed by the committees.

The Supervisory Board's Executive Committee met four times in the fiscal year under review. It discussed in detail the working relationships in the Managing Board, succession planning, and preparations for decisions on remuneration for fiscal year 2018. Also on the agenda were the results of the Supervisory Board's efficiency review carried out in summer 2019 and other general corporate governance matters. In addition, the Chairman of the Supervisory Board regularly discussed matters of particular importance to the Group, especially concerning corporate strategy and the performance of individual business units, with the members of the Executive Committee.

The Strategy and Technology Committee met on four occasions in the fiscal year under review to deliberate on strategic and technological issues affecting individual business units and the Group as a whole. The adjustment made to the annual forecast during the fiscal year was a particular focus. Other matters covered in detail by the committee included the Opto Semiconductors Business Unit, particularly the General Lighting (GL) segment, the Digital Business Unit, and the business performance of the subsidiary OSRAM CONTINENTAL GmbH.

The Audit Committee held five meetings in the past fiscal year, with the Chairman of the Supervisory Board attending as a guest on all occasions. In the presence of the auditors and the members of the Managing Board, it addressed the financial statements of OSRAM Licht AG and the consolidated financial statements, as well as the combined management report for OSRAM Licht AG and the Group. The Audit Committee issued a recommendation to the Supervisory Board relating to the Supervisory Board's proposal to the 2019 Annual General Meeting for the election of the auditors. In addition, the committee's detailed discussions focused on selecting the auditors, engaging the auditors for fiscal year 2019 (including specifying the key points for the audit), monitoring the independence and eligibility of the auditors as well as the quality of the audit, and setting the audit fee. Further deliberations covered the quarterly financial information and the findings of the auditors' review of the half-year financial report. The Committee addressed the issue of ensuring the integrity of the financial reporting process and discussed the Company's internal control system as well as the risk management system. The Audit Committee's work also focused on the structure, organization, activities, effectiveness, resources, and findings of the Internal Audit function. In another area of activity, it was informed of potential and pending legal disputes. The Audit Committee also discussed the results of investigations by the Internal Audit function into the effectiveness of internal controls and compliance with applicable legislation, official regulations, and internal policies. It studied the reports by the Chief Compliance Officer on OSRAM's compliance program and on significant compliance events in the period under review. The committee also addressed the internal control system relating to tax. Moreover, it made preparations for the Supervisory Board's review of the separate combined non-financial Group report, including the selection and engagement of the external auditor by the Supervisory Board. On the basis of a corresponding resolution by the full Supervisory Board, the Chair of the Audit Committee engaged Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, to review the content of the separate non-financial Group report.

In the past fiscal year, the Supervisory Board's Special Committee held six meetings, on each occasion carefully examining progress in the takeover process and the next steps and milestones. One of the committee's main tasks was to prepare for the Supervisory Board's discussion of the investor agreement with Bain Capital and The Carlyle Group on July 4, 2019, the cooperation agreement with ams AG on August 21, 2019, and the reasoned statements that were issued in each case in accordance with section 27 of the WpÜG.

The Nomination Committee and the newly formed Remuneration Committee did not meet in the past fiscal year, nor did the Mediation Committee have to be convened.

c.3.3 Corporate Governance Code and Single-entity and Consolidated Financial Statements

On September 24, 2019, the Managing Board and Supervisory Board agreed to issue a declaration of conformity in accordance with section 161 of the *Aktengesetz* (AktG—German Stock Corporation Act). The declaration states that the Company has complied with all recommendations of the German Corporate Governance Code in full since the last declaration of conformity on September 25, 2018, and that it will continue to comply with the recommendations in the future. The declaration of conformity was made permanently accessible to shareholders on the Company's website.

No conflicts of interest affecting Managing Board or Supervisory Board members arose that would have had to be disclosed to the Supervisory Board pursuant to sections 4.3.4 and 5.5.2 of the German Corporate Governance Code. In the case of the resolutions by the shareholder representatives on the Supervisory Board of OSRAM Licht AG relating to the approval of the actions of the members of the Supervisory Board of OSRAM GmbH for fiscal year 2018 in accordance with section 32 of the *Mitbestimmungsgesetz* (MitbestG—German Codetermination Act), individual resolutions were adopted for the individual shareholder representatives, since the members of the Supervisory Board of OSRAM Licht AG are largely the same as the members of the Supervisory Board of OSRAM GmbH. The process adopted ensured that Supervisory Board members Dr. Christine Bortenlänger, Dr. Margarete Haase, Peter Bauer, Dr. Roland Busch, Arunjai Mittal, and Frank H. Lakerveld did not take part in the voting relating to the approval of their own actions.

Further disclosures on corporate governance can be found in [C.4.1 Corporate Governance Report](#).

The Supervisory Board conducted regular checks, in every phase of the takeover process, to ensure that Managing Board and Supervisory Board members had no conflicts of interest with any of the bidder companies or their affiliates. It also ascertained, by inquiring with the members of the Managing Board, that there were no special interests. The Supervisory Board obtained written confirmation from each Managing Board member that the potential bidders and their shareholders had not made any financial or non-financial promises to them, or raised the prospect of doing so.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, (Ernst & Young) audited the single-entity financial statements and the consolidated financial statements, as well as the combined management report for OSRAM Licht AG and the Group, for the year ended September 30, 2019, and issued an unqualified audit opinion. Ernst & Young have been the auditors for OSRAM Licht AG since the Company was established in fiscal year 2012, and auditors for the OSRAM Licht Group since fiscal year 2013. The auditors responsible for signing the single-entity financial statements have been Mr. Keller, as the responsible auditing partner, since fiscal year 2016 and Mr. Fichtelberger for the first time for fiscal year 2019. The Annual General Meeting on February 19, 2019, had elected Ernst & Young to audit the single-entity financial statements and consolidated financial statements on the basis of the Supervisory Board's proposal, which in turn was based on the Audit Committee's recommendation. Before the Supervisory Board made this proposal, Ernst & Young had confirmed to the Chairman of the Supervisory Board and to the Audit Committee that there were no circumstances that might interfere with their independence as auditors or give rise to doubts about their independence. At the same time, Ernst & Young declared the extent of the work that it had carried out for the Company other than auditing the financial statements or that had been contractually agreed for the next year. The single-entity financial statements of OSRAM Licht AG and the combined management report for OSRAM Licht AG and the Group were prepared in accordance with the requirements of German commercial law. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements of German commercial law in accordance with section 315e(1) of the HGB. The auditors conducted the audit in accordance with section 317 of the HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW—Institute of Public Auditors in Germany), and, for the consolidated financial statements, in supplementary compliance with the International Standards on Auditing (ISA). The above-mentioned documents and the Managing Board's proposal for the appropriation of profits were circulated by the Managing Board to the members of the Supervisory Board in due time.

In a first step, the proposal for the appropriation of profits, the single-entity financial statements, the consolidated financial statements, and the combined management report, as well as the associated audit reports by Ernst & Young, were examined and discussed in detail in the meeting of the Audit Committee on December 4, 2019. The financial statements and corresponding audit reports were then comprehensively reviewed in the presence of the auditors at the full Supervisory Board meeting held to adopt the financial statements on the same day; the audit reports had been made available to all members of the Supervisory Board. The auditors reported on the main findings of their audit, in particular the key audit matters. For the audit of OSRAM Licht AG's single-entity financial statements, this was the impairment of financial assets. For the audit of the consolidated financial statements, these were the impairment of deferred taxes, the impairment of goodwill and other intangible assets, and personnel-related restructuring measures. The auditors also stated that there were no major defects or flaws in the internal control system or the risk management system. Additionally, in the same meeting, the Managing Board commented in detail on the financial statements of OSRAM Licht AG and the consolidated financial statements, as well as the risk management system. The auditors also addressed the scope and costs of the audit.

The Supervisory Board concurred with the results of the audit. The Audit Committee's examination and the Supervisory Board's own examination did not result in any objections. The Supervisory Board approved the single-entity financial statements and the consolidated financial statements; the single-entity financial statements were thus formally adopted. The Managing Board has proposed that the entire unappropriated profit of €52,433 thousand be carried forward to the next accounting period. The Supervisory Board examined this proposal, specifically with regard to the distribution policy, the impact on the OSRAM Group's liquidity, and the interests of shareholders. As recommended by the Audit Committee, it then approved and agreed to the Managing Board's proposal for the appropriation of profits. Finally, the Supervisory Board approved this report to the Annual General Meeting.

At its meeting on December 4, 2019, the Supervisory Board reviewed the separate non-financial report of the OSRAM Licht Group in accordance with sections 315b and 315c in conjunction with sections 289c to 289e of the HGB for fiscal year 2019 on the basis of a limited assurance engagement by Ernst & Young, whose report was submitted in due time to the members of the Supervisory Board. The Supervisory Board's review did not give rise to any objections.

c.3.4 Changes to the Supervisory Board and the Managing Board

Mr. Michael Knuth stepped down as a member of the Supervisory Boards of OSRAM Licht AG and OSRAM GmbH with effect from the end of the Supervisory Board meeting on May 7, 2019. He was succeeded on the Supervisory Boards of OSRAM Licht AG and OSRAM GmbH by his elected replacement member Mr. Klaus Abel. Ms. Irene Schulz also stepped down as a member of the Supervisory Boards of OSRAM Licht AG and OSRAM GmbH with effect from the end of September 30, 2019. She was succeeded on the Supervisory Boards of OSRAM Licht AG and OSRAM GmbH by her elected replacement member Ms. Olga Redda. The Supervisory Board wishes to take this opportunity to express its gratitude to Mr. Knuth and Ms. Schulz for their invaluable contributions and hard work as members of the Supervisory Boards of OSRAM Licht AG and OSRAM GmbH.

The Supervisory Board would like to thank all members of the Managing Board, as well as the employees and employee representatives of OSRAM Licht AG and of all Group companies for their hard work in fiscal year 2019.

Munich, December 4, 2019

On behalf of the Supervisory Board

A handwritten signature in black ink, appearing to be 'P. B.' followed by a long horizontal flourish.

Peter Bauer
Chairman