

## STAKEHOLDER ENGAGEMENT

# Stakeholder engagement



Umicore is a publicly listed company. As such, it interacts with a number of parties who have an interest in the way in which the company conducts business. The relationship that the company is able to foster with these parties or stakeholders has a direct impact on the company's success.

Stakeholder engagement at Umicore is, in the first instance, based on a localised approach whereby all sites are required to identify their respective stakeholders and to establish suitable ways of engaging with local stakeholders. This approach was formalised in the Vision 2015 objective relating to local communities. In many instances, such as the dialogue with customers and suppliers, the stakeholder relationships are primarily managed by the business units themselves, in line with Umicore's de-centralised approach to managing its businesses. The Executive Committee receives feedback in different ways from stakeholders. This can range from direct feedback from visits to customers, suppliers, employees and investors to information provided by the business units, departments or workers' representatives during their regular briefings to senior management. Other forms of input include channels such as the periodic employee survey results.

The Horizon 2020 strategy represents a strong focus on what is of material importance for Umicore in the coming five years. The development of the strategy has involved a specific stakeholder approach, described in the materiality assessment process in the next chapter.

Umicore is an active participant in various industry associations through which it engages with policy makers in order to contribute to the better understanding of industry-related issues. These associations are also important platforms for Umicore to contribute to broader, industry-wide action on sustainable development. On a less formal level, members of Umicore's senior management are often called upon or volunteer to participate in public fora to discuss Umicore's business performance and sustainable development approach. Such events provide the opportunity to interact with various groups including business leaders, academics and civil society.

Highlighted below are Umicore's main stakeholder groups. These have been categorised in broad terms using generic stakeholder categories that apply to most industrial organisations. Also shown are the nature of the transactions that occur and a brief description of how the dialogue between Umicore and the stakeholders operates.

## SUPPLIERS

**UMICORE PROVIDES: REVENUES**

**SUPPLIERS PROVIDE: RAW MATERIALS, TRANSPORTATION, ENERGY AND OTHER GOODS AND SERVICES**

Umicore operates through three business groups on five continents. These business groups not only require materials to make their products but also energy, transportation and a range of other services. Overall Umicore has more than 10,000 suppliers world-wide. These suppliers benefit from Umicore's presence as a customer; during 2016 Umicore paid these suppliers some EUR 9.0 billion (including the metal content of raw materials).

Umicore is engaged in constant dialogue with its suppliers, primarily to define technical specifications as well as to ensure mutually acceptable terms and conditions for continued partnership such as prompt and uninterrupted delivery of materials / services and timely payment. The business units are primarily responsible for the purchases of raw materials while the corporate Purchasing and Transportation department is involved in ensuring the Group's transportation, energy and other provisioning needs are met.

Umicore's approach is shaped by its [Sustainable Procurement Charter](#). This charter is complemented by specific approaches or frameworks, especially for some critical raw materials. Our Horizon 2020 strategy includes an objective on sustainable supply that builds on the experience gained through the Vision 2015 objective on sustainable procurement. For information on the level of achievement on this objective please see pages 28-30 of this report.

## CUSTOMERS

**UMICORE PROVIDES: MATERIALS AND SERVICES**

**CUSTOMERS PROVIDE: REVENUES**

Umicore's ambition is to produce "materials for a better life". The company's materials can be found in a wide variety of applications that make day-to-day life more comfortable and which help contribute to a cleaner environment.

Umicore has an international customer base, with 51% of 2016 revenues being generated outside Europe.

The business units are responsible for providing support to their customers in order to better understand the hazards and risks of any products that are either in the market or in development. Interaction with customers is an on-going process and is managed by the



business units. All business units have a customer feedback process where they are able to gauge periodically the level of customer satisfaction with their products and services. In the most technologically advanced businesses the relationship with the customer is often closely integrated. Developing advanced products often involves years of research and development work in direct collaboration with such customers.

## EMPLOYEES

### UMICORE PROVIDES: REMUNERATION, TRAINING AND LEARNING OPPORTUNITIES

#### EMPLOYEES PROVIDE: SKILLS, COMPETENCES & PRODUCTIVITY

Umicore employs some 10,000 people around the world. The company invests significant resources in ensuring its status as an employer of choice in all the regions in which it operates. During 2016 Umicore paid a total of EUR 540 million in the form of salaries and other benefits to the employees of its fully consolidated companies. Social security payments totalled EUR 95 million.

Umicore is committed not only to providing competitive salaries and working conditions to its employees but also to providing the necessary occupational and professional training opportunities. Employees are expected to adhere to the principles and policies outlined in The Umicore Way and Umicore's Code of Conduct. Open dialogue is promoted between the company and its employees. This dialogue includes a three-yearly employee opinion survey.

Umicore respects the principle of collective bargaining wherever it is requested. While such practice is commonplace in Europe, in some other locations collective bargaining mechanisms and trade unions are less common or face local legal restrictions. Umicore has a sustainable development agreement with the international union IndustriALL on the global Group-wide implementation of its policies on human rights, equal opportunities, labour conditions, ethical conduct and environmental protection. The agreement allows trade unions to participate constructively in the pursuit of these objectives. A joint monitoring committee composed of both parties sees to the implementation of the agreement.

Supplementary channels of company-wide communication include the Group intranet and company and business unit newsletters. Umicore operates a Group-wide learning management platform called "MyCampus". This platform also incorporates a social collaboration tool that facilitates knowledge sharing through the company.

## INVESTORS AND FUNDERS

### UMICORE PROVIDES: RETURN ON INVESTMENT

#### INVESTORS PROVIDE: CAPITAL AND FUNDS

At the end of 2016 the company's shareholders were primarily situated in Europe and North America. For the latest information on the shareholder base please consult [our website](#).

Umicore strives to provide timely and accurate company information to the investment community. These communication efforts include management roadshows and site visits, conferences, investor fairs for individual investors, webcasts and conference calls. During 2016, 18 brokerage firms published equity research notes on Umicore.

Banks make up the vast majority of the company's creditors and debt investors. Umicore has credit lines with numerous banks both in Belgium and elsewhere.

Dialogue with the banks is primarily the responsibility of the corporate Finance Department although each legal entity within Umicore maintains business relationships with the banking community.

## SOCIETY

### UMICORE PROVIDES: WEALTH AND INNOVATIVE PRODUCTS AND PROCESSES

#### SOCIETY PROVIDES: LICENCE TO OPERATE

Through employment Umicore participates in the generation of wealth in the areas in which it operates. Although wealth generation is an obvious benefit, the manner in which this wealth is generated is also of great importance. Ultimately Umicore can only continue operating if it has the licence to do so from society. In order to maintain this licence, Umicore does the utmost to operate in a way which promotes sustainable development. This goes beyond operating within the legally defined boundaries set for all companies. Umicore sets its own standards which are applicable across the Group and which frequently surpass the demands of legislation in many areas where the company operates. In addition to this commitment to sound operating practices, Umicore also strives to develop materials which will enhance peoples' quality of life.



Contact with the communities in which Umicore operates is the most direct way in which the company can interact with society. Open and transparent dialogue with such communities is an integral part of Umicore's stakeholder engagement. Certain civil society groups (non-governmental organisations) also periodically declare a stake in Umicore's operations and the way the company does its business. Umicore welcomes such interest and attempts to engage with such groups in an open and constructive manner.

Umicore makes voluntary contribution at site and Group level to a range of charitable causes in line with an internal policy and guidelines. Umicore manages Group-level engagement efforts through a Group Donations Committee which has the mandate of engaging with civil society groups and determining the extent of partnerships at Group level. For information on these initiatives in 2016 please see pages 200-201 of this report.

## ASSOCIATE AND JOINT VENTURE COMPANIES

### UMICORE PROVIDES: INVESTMENT AND GUIDANCE

### ASSOCIATE AND JOINT VENTURE COMPANIES PROVIDE: CONTRIBUTION TO UMICORE PROFITS, TECHNOLOGICAL COMPLEMENTARITIES, MARKET ACCESS

Umicore has investments in various business activities over which it does not exercise full management control. Associate companies are those in which Umicore has a significant influence over the financial and operating policies, but no control. Typically this is evidenced by ownership of between 20% and 50% on the voting rights, while joint ventures usually entail a 50:50 split in ownership and control. Joining forces is seen as a way to speed up technological developments or gain access to specific markets. Umicore has effective management control in half of the ten associate and joint venture companies in which it holds a stake. Where management control is not exercised by Umicore, representation on the Board of Directors is the way in which Umicore is able to guide and control the management and monitor business developments. Although Umicore cannot impose its own policies and procedures on any associate (or indeed any joint venture where it does not possess majority voting rights) there is a clear communication of Umicore's expectation that the operations be run in accordance with the principles of the Umicore Way.

Umicore is rigorous in safeguarding any intellectual property that it shares with associate or joint venture partners. A full list of associate and joint venture companies can be found on page 110 and 111 of this report.

## PUBLIC SECTOR AND AUTHORITIES

### UMICORE PROVIDES: TAXES

### PUBLIC SECTOR AND AUTHORITIES PROVIDE: SERVICES AND FORMAL LICENCE TO OPERATE

Umicore paid a total of EUR 66 million in taxes as a result of its operations in 2016. Umicore and its employees also contributed a total of some EUR 95 million in social security payments. Umicore periodically enters into partnerships with public institutions such as universities with the primary aim of furthering certain research projects. Similarly, partnerships and research grants are occasionally contracted with public organisations. A total of some EUR 5.7 million of grants were awarded in 2016 relating primarily to planned R&D projects. Previously-awarded grants contributed for some EUR 7.2 million to the EBIT in 2016. The company has a policy of not making donations to political parties or organisations.

In 2016 Umicore continued its efforts to inform public policy and foster contacts with public authorities worldwide. These efforts are co-ordinated through the Government Affairs department and focus primarily on Europe and North America, as well as on China. Umicore aims to raise the profile and understanding of Umicore's technologies, and to add its voice to the discourse about materials-related issues. In Europe this has centred on three main topics: resource efficiency, with policies dealing with waste and raw materials as well as particular emphasis on the ongoing developments for a Circular Economy in the EU; advanced materials as a key enabling technology for low carbon technologies; material technologies for the purification of exhaust gases from automobiles and trucks with combustion engines. Umicore's initiatives also encompass gaining access to EU and national government funding and innovation networks, particularly in the context of programmes that support the development of breakthrough technologies with environmental benefits.

In several cases Umicore experts are invited as members of working groups and panels initiated by European or national authorities. In this respect we are part of, among others, the European Innovation Partnership for Raw Materials, the High Level Group on Key Enabling Technologies, the Steering Committee of EMIRI (Energy Materials Industrial Research Initiative) and the ERA-MIN network on industrial handling of raw materials for European Industries. Additionally, Umicore is part of the more than 100 partners which builds the Knowledge and Innovation Community on Raw Materials, a consortium to address the accessibility, availability and efficient use of raw materials in Europe.



When specific issues arise which are of interest to Umicore the company usually communicates its position through the industry groups to which it is affiliated. The company is mindful of the sensitivity of taking positions on issues of public interest. With this in mind Umicore has developed Group-wide guidelines regarding how this should be done in a responsible way. The main organisations of which Umicore is currently member (both at corporate and business unit level) are listed below:

#### CORPORATE

- European Round Table of Industrialists (ERT)
- Eurometaux (European Non-Ferrous Metals Association)
- European Technology Platform for Advanced Engineering Materials and Technologies (EuMaT)
- TransAtlantic Business Council
- American European Community Association (AECA)
- Agoria (Belgian multi-sector federation for the technology industry)
- Flemish Chamber of Commerce (VOKA)
- Flemish China Chamber of Commerce
- A3M (L' Alliance des Minerais, Minéraux et Metaux)
- Metalle pro Klima (initiative from Wirtschaftsvereinigung Metalle)
- Belgian Indian Chamber of Commerce and Industry (BICC&I)

#### CATALYSIS

- Emission control associations at national level (US, SA, Brazil, China, India and European Union) – see [www.automotivecatalysts.umicore.com/en/links/](http://www.automotivecatalysts.umicore.com/en/links/) for a selection of links
- German Chemical Federation (VCI)
- German Automotive Industry Association (VDA)

#### ENERGY & SURFACE TECHNOLOGIES

- Cobalt Development Institute
- Nickel Institute
- Energy Materials Industrial Research Initiative (EMIRI)
- European Association for Battery, Hybrid and Fuel Cell Electric Vehicles (AVERE)

#### RECYCLING

- European Electronics Recyclers Association (EERA)
- European Battery Recycling Association (EBRA)
- International Association of Portable Rechargeable Batteries (RECHARGE)
- International Platinum Group Metals Association
- International Precious Metals Institute
- European Precious Metals Federation
- Minor Metals Trade Association
- Fachvereinigung Edelmetalle (German Precious Metals Association)



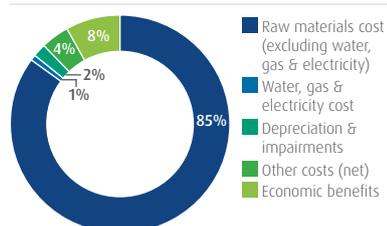
## DISTRIBUTION OF ECONOMIC BENEFITS

Of Umicore's total income, the most significant portion was used to secure the metal component of raw materials (the cost of which is passed through to the customer). After subtracting other raw materials costs, energy-related costs and depreciation, the remaining economic benefits available for distribution stood at EUR 862 million.

The biggest portion (EUR 640 million) was distributed to employees in the form of salaries and other benefits. The bulk of employee benefits were in the form of salaries, with the balance being in the form of national insurance contributions, pensions and other benefits. Net interest to creditors amounted to EUR 6 million, while taxes to the governments and authorities in the places where it operates, totalled EUR 66 million. The earnings attributed to minority shareholders were EUR 11 million.

Subject to approval by shareholders at the AGM in April 2017, a gross dividend of EUR 1.30 per share will be distributed for the year 2016, resulting in a total provisional pay-out of EUR 142 million (using the number of shares outstanding at the end of 2016). Of this figure a portion was already paid out in September 2016 in the form of an interim dividend, and the remainder will be paid out in 2017. This is in line with Umicore's policy of paying a stable or gradually increasing dividend. Umicore spent some EUR 1.2 million on charitable donations.

### TOTAL INCOME (INCLUDING CONTRIBUTION FROM ASSOCIATES)



### ECONOMIC BENEFITS

