

## STAKEHOLDER ENGAGEMENT

# Stakeholder engagement

Umicore is a publicly listed company. As such, we interact with many parties who have an interest in the way we conduct business. The relationship that we foster with these parties or stakeholders has a direct impact on our success.

Stakeholder engagement at Umicore is based on a localised approach whereby all sites are required to identify their respective stakeholders and establish suitable ways of engaging with them. In many cases, such as the dialogue with customers and suppliers, the stakeholder relationships are primarily managed by the business units themselves, in line with our decentralised approach to unit management. The executive committee receives feedback from stakeholders in several ways, ranging 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 periodic employee survey results.

The Horizon 2020 strategy represents a strong focus on what is of material importance for Umicore in the coming 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 we engage with policy makers to contribute to a 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 our senior management are often called upon or volunteer to participate in public forums to discuss our business strategy and sustainable development approach. Such events provide the opportunity to interact with various groups including business leaders, academics and civil society.

Umicore's main stakeholder groups are highlighted below and 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 the dialogue between Umicore and the stakeholders.

### SUPPLIERS



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 over 10,000 suppliers worldwide. These suppliers benefit from our presence as a customer: in 2017, Umicore paid these suppliers € 10.3 billion (including the metal content of raw materials).

Umicore is engaged in a constant dialogue with its suppliers to define technical specifications and 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 responsible for the purchase of raw materials while the corporate Purchasing and Transportation department works to ensure that transportation, energy and other provisioning needs are met.

Our approach is shaped by our Sustainable Procurement Charter. This charter is complemented by specific approaches or frameworks for some critical raw materials. Our Horizon 2020 strategy includes an objective on sustainable supply that builds on the experience gained through our previous objective on sustainable procurement. For information on the level of achievement against this objective see pages 26-27 of this report.

## STAKEHOLDER ENGAGEMENT

## CUSTOMERS



Our ambition is to produce “materials for a better life”. Our materials can be found in a wide variety of applications that make day-to-day life more comfortable and help contribute to a cleaner environment.

Umicore has an international customer base, with 51% of 2017 revenues being generated outside Europe.

The business units are responsible for providing support to their customers to improve their understanding of the hazards and risks of any products either on the market or under development. Interaction with customers is ongoing and is managed by the business units. All business units have a customer feedback process through which they periodically gauge 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 employs 9,769 people around the world. We invest significant resources in ensuring our status as an employer of choice in all the regions where we operate. In 2017, Umicore paid a total of € 602 million in salaries and other benefits to the employees of the fully consolidated companies. Social security payments totalled € 99 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 our Code of Conduct. Open dialogue is promoted within the company with our employees and includes an opinion survey every three years.

Umicore respects the principle of collective bargaining wherever it is requested. While such practice is commonplace in Europe, in other locations collective bargaining mechanisms and trade unions may be less common or face local legal restrictions. Umicore has a sustainable development agreement with the international union IndustriALL on the global 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 oversees the implementation of the agreement.

Supplementary channels of company-wide communication include the 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.

## SHAREHOLDERS AND INVESTORS



Umicore strives to provide timely and accurate company information to its various shareholders and investors. These communication efforts include worldwide roadshows, site visits, conferences, investor fairs, webcasts and conference calls by management and the investor relations team.

Umicore has a broad base of international shareholders which at the end of 2017 were primarily situated in Europe and North America. For the latest information on the shareholder base please consult our website. During 2017, 22 brokerage firms published equity research notes on Umicore, reflecting the growing and global investor interest in Umicore.

Over the course of 2017, Umicore issued private debt placements with debt investors in Europe and North America. Next to this Umicore has also 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 its local banking community.

## SOCIETY



Through employment, Umicore participates in the generation of wealth in the areas where it operates. Although wealth generation is an obvious benefit, the way 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. To maintain this licence, Umicore does the utmost to operate in a way that promotes sustainable development. This goes beyond operating within the legally defined boundaries set for all companies. We set our own standards, applicable across the Group, frequently surpassing the legislative demands in many areas where we operate. In addition to this commitment to sound operating practices, Umicore also strives to develop materials that enhance quality of life and, in particular, contribute to addressing certain critical environmental or societal challenges.

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

Umicore makes voluntary contributions at site and Group-level to a range of charitable causes in line with an internal policy and guidelines. We manage Group-level engagement efforts through a Group Donations Committee that has the mandate of engaging with civil society groups and determining the extent of partnerships at Group level. For information on these initiatives in 2017 see pages 202-203 of this report.

## ASSOCIATE AND JOINT VENTURE COMPANIES



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

Umicore is rigorous in safeguarding any intellectual property that is shared with associate or joint venture partners. A full list of associate and joint venture companies can be found on pages 112-113.

## PUBLIC SECTOR AND AUTHORITIES



Umicore paid a total of € 95 million in taxes on our 2017 operations. Umicore and our employees also contributed a total of € 99 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. In 2017, Umicore was awarded a total of € 5.6 million in grants, relating primarily to planned R&D projects. Umicore does not make donations to political parties or organisations as a matter of policy.

In 2017, we continued our efforts to inform public policy and foster contacts with public authorities worldwide. These efforts are coordinated through the Government Affairs department and focus primarily on Europe, North America and China. Umicore aims to raise the profile and understanding of our technologies and contribute to the discourse on materials-related issues. In Europe, this has centred on three main topics: resource efficiency, with policies dealing with waste and raw materials, and the ongoing developments for a Circular Economy in the EU; advanced materials as a key enabling technology for low carbon technologies; and material technologies for the purification of exhaust gases from automobiles and trucks with combustion engines. Our initiatives also include 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.

Umicore experts are often invited as members of working groups and panels initiated by European or national authorities. We are part of the European Innovation Partnership (EIP) on Raw Materials, B20-G20, the High-Level Group (HLG) on Key Enabling Technologies (KET), the Steering Committee of Energy Materials Industrial Research Initiative (EMIRI) and the ERA-MIN network on industrial handling of raw materials for European Industries, to name a few. In addition, Umicore is part of the Knowledge and Innovation Community on Raw Materials, a consortium of over 100 partners to address the accessibility, availability and efficient use of raw materials in Europe.

When specific issues of interest arise, we communicate our position through the industry groups to which we are affiliated. Umicore is mindful of the sensitivity of taking positions on issues of public interest and has developed guidelines for doing so responsibly. Umicore is currently a member (both at corporate and business unit level) of the organisations listed below.

## STAKEHOLDER ENGAGEMENT

### CORPORATE

- A3M (L'Alliance des Minerais, Minéraux et Métaux)
- Agoria (Belgian multi-sector federation for the technology industry)
- American European Community Association (AECA)
- Bebat
- Belgian Indian Chamber of Commerce and Industry (BICC&I)
- Belgian industrial Research and Development (BiR&D)
- Belgium-Japan Association & Chamber of Commerce (BJA)
- Eurometaux (European Non-Ferrous Metals Association)
- European Industrial Research Management Association (EIRMA)
- European Round Table of Industrialists (ERT)
- ETION
- Federation of Belgian Industrial Energy Consumers (FEBELIEC)
- Flemish Aerospace Group (FLAG)
- Flemish Network of Enterprises (Voka)
- Flanders-China Chamber of Commerce
- Metalle pro Klima (a Wirtschaftsvereinigung Metalle initiative)
- TransAtlantic Business Council
- Vlamnse Technische Kring (VTK)
- World Economic Forum

### CATALYSIS

- Associacao dos Fabricantes de Equipamentos para Controle de Emissoes Veiculares da América do Sul (AFEEVAS)
- Association for Emissions Control by Catalyst (AECC)
- Catalyst Manufacturers Association, Japan (CMAJ)
- Committee of Vehicle Emission Control in China (CVEC)
- Emission Controls Manufacturers Association, India (ECMA)
- European Precious Metals Association (EPMF)
- German Automotive Industry Association (VDA)
- German Chemical Federation (VCI)
- International Platinum Group Metals Association (IPA)
- Manufacturers of Emission Controls Association (MECA)
- Verband der Automobilindustrie (VDA)
- Verband der Chemischen Industrie e.V. (VCI)

### ENERGY & SURFACE TECHNOLOGIES

- Cobalt Development Institute
- Cobalt REACH consortium
- Deutsche Gesellschaft für Galvano- und Oberflächentechnik (DGO)
- Energy Materials Industrial Research Initiative (EMIRI)

## STAKEHOLDER ENGAGEMENT

- European Association for Battery, Hybrid and Fuel Cell Electric Vehicles (AVERE)
- Nickel Institute
- Nickel REACH consortium

## RECYCLING

- European Battery Recycling Association (EBRA)
- European Electronics Recyclers Association (EERA)
- European Precious Metals Federation
- Fachvereinigung Edelmetalle (German Precious Metals Association)
- International Platinum Group Metals Association
- International Precious Metals Institute
- Minor Metals Trade Association
- Responsible Jewellery Council (RJC)
- The European Association of Advanced Rechargeable Batteries (RECHARGE)
- The International Platinum Group Metals Association (IPA)
- The London Bullion Market Association (LBMA)
- The London Platinum and Palladium Market (LPPM)
- Vereniging Nederlandse Metallurgische Industrie (VNMI)

## DISTRIBUTION OF ECONOMIC BENEFITS

The most significant portion of Umicore's total income was used to secure the metal component of raw materials (the cost of which is passed on to the customer). After subtracting other raw materials costs, energy-related costs and depreciation, the remaining economic benefits available for distribution stood at € 1,043 million.

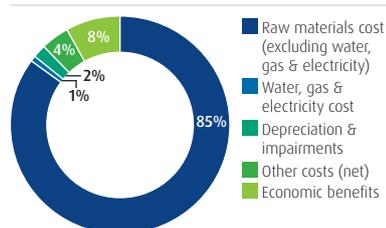
The biggest portion (€ 701 million) was distributed to employees. The bulk of employee benefits was in the form of salaries, with the balance going to national insurance contributions, pensions and other benefits.

Net interest to creditors totalled € 20 million, while taxes to the governments and authorities in the places where we operate, totalled € 95 million. The earnings attributed to minority shareholders were € 14 million.

Subject to approval by shareholders at the AGM in April 2018, a gross dividend of € 0.70 per share will be distributed for the year 2017, resulting in a total provisional payout of € 154 million (using the number of outstanding shares at the end of 2017). A portion of this total was paid out in August 2017 as an interim dividend, and the remainder will be paid out in 2018. This is in line with Umicore's policy of paying a steady or gradually-increasing dividend.

Umicore made charitable donations totalling € 1.2 million.

## TOTAL INCOME (INCLUDING CONTRIBUTION FROM ASSOCIATES)



## ECONOMIC BENEFITS

