



Umicore's Risk Based Due Diligence Approach

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IBA2016

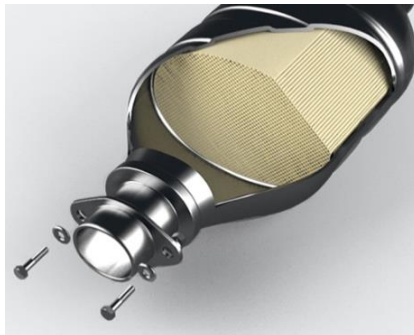
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WASHINGTON DC

OFFICIAL CORPORATE SUPPORTERS



Who we are

A global materials technology and recycling group



One of three global leaders in emission control catalysts for light-duty and heavy-duty vehicles and for all fuel types



A leading supplier of key materials for rechargeable batteries used in portable electronics and hybrid & electric cars



The world's leading recycler of complex waste streams containing precious and other valuable metals

Key figures 2015

Revenues
€ 2.6 bn

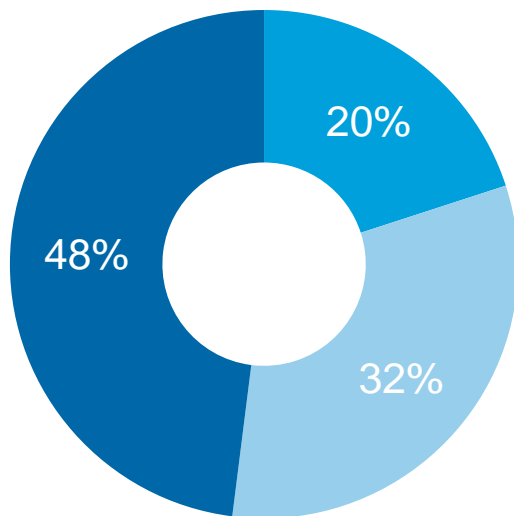
REBITDA
€ 505 m

Recurring EPS
€ 2.27 /share

Global presence
10,429 people, 66 sites

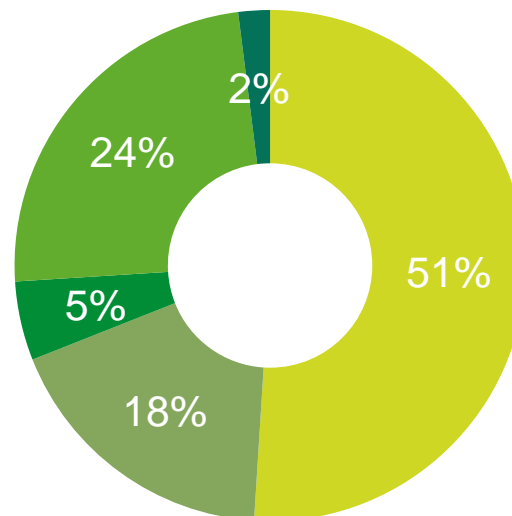
RESOURCE EFFICIENCY

- End-of-life materials
- Secondary materials
- Primary materials



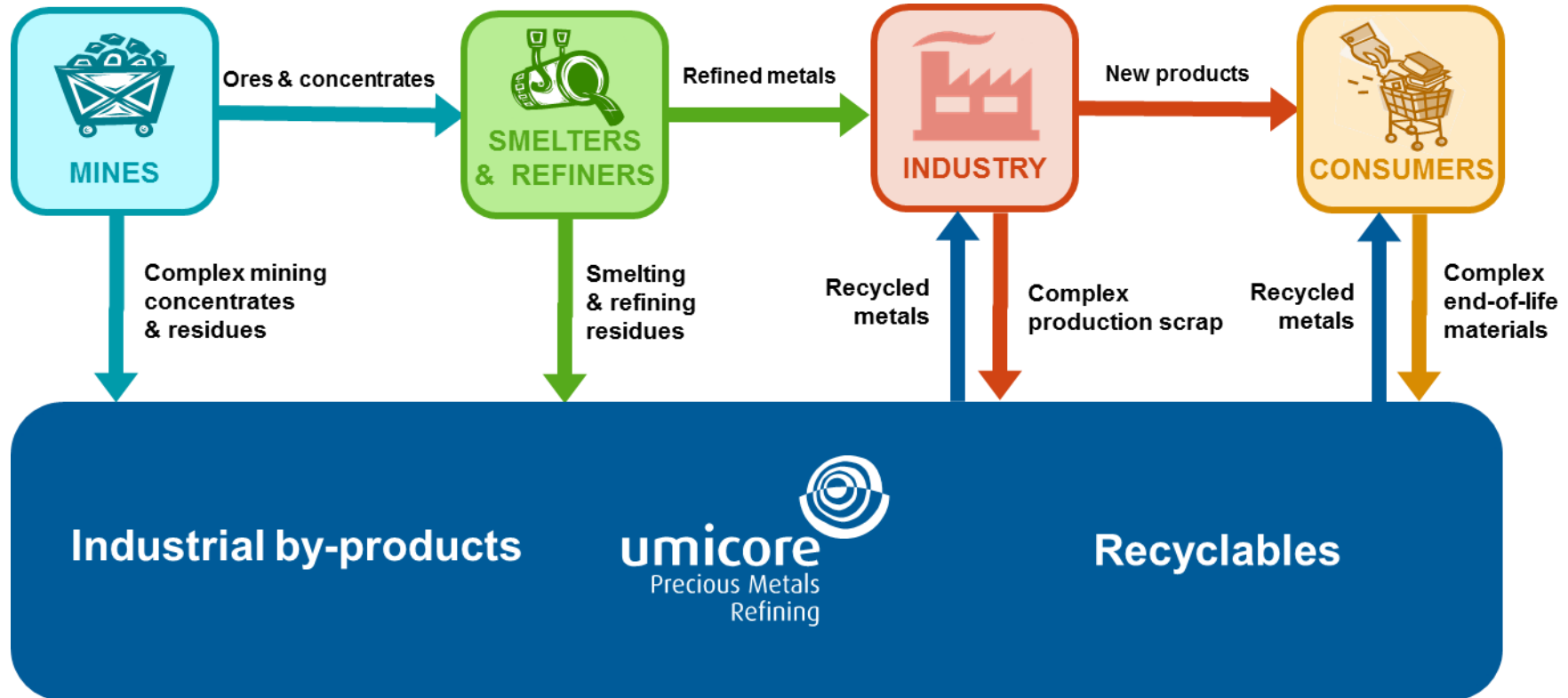
REVENUES BY GEOGRAPHY 2015

- Europe
- North America
- South America
- Asia-Pacific
- Africa



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Closing the materials loop

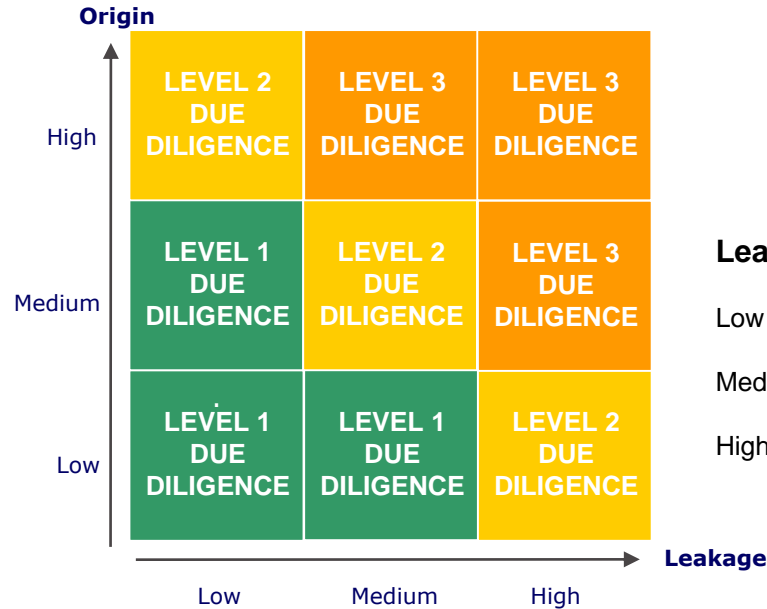


Umicore Risk Based Approach

KYM	Know Your Material	Based on Dodd Frank, OECD (gold,...) Certification schemes (LBMA, RJC, EICC, ...) <i>Risks covered by KYC and KYT</i> <i>Outside current certification schemes</i>
KYT	Know Your Transaction	Chain of custody documentation Contracts, transport & customs documents, invoices, certificates of origin,...
KYC	Know Your Customer	Business partner screening based on company policies and procedures Avoiding VAT carousels, money laundering, stolen materials, illegal waste, conflict,...



Know Your Material: Risk base approach



Leakage

Low risk: materials with low Au concentration (< 1%), e.g. electronic scrap

Medium risk: materials with medium Au concentration (1% < [Au] < 5%)

High risk: materials with high Au concentration (> 5%), e.g. melted recyclables, alluvial gold



Origin (*)

High: DRC + adjoining countries

Medium: EICC level 2A

Low: Rest of world

(*) Can be overruled by the country of location of supplier

Know Your Transaction: Chain of Custody

CHAIN OF CUSTODY	Level 1	Level 2	Level 3	
Determination of origin (OECD)	X	X	X	
Transport documents (B/L, CMR,...)	X	X	X	
Invoice	X	X	X	
Customs documents (IM import EX export)	IM	IM	IM	EX
Type of material defined	X	X	X	
Transport route documentation			X	
Statement Supplier			X	
Payments details	X	X	X	

Know Your Customers: Business Partner Screening

1. General

- Background check on new and existing business partners, to identify issues that could damage Umicore's reputation and integrity and/or represent unacceptable risks to business

2. Actions based upon risk profile

- Low risk profile: all dealings are permitted
- Elevated risk: more in depth investigation by Corporate Security department; outcome can be positive or negative



concerns related to EU ‘conflict minerals’ (draft) regulation

Introduction

EU draft regulation on conflict minerals: inspired on US Dodd-Frank act;

- Both intend to avoid financing of illegal armed groups by trade of minerals and metals
- Both limited to Sn, Ta, W and Au ('3TG')
- US: geographically limited to Great Lake region, EU: all conflict affected areas
- EU focusses on smelters and refiners; US includes also downstream industries

Broad consensus on 'conflict free sourcing' within Industry; however, actual draft proposals could be improved to obtain better field results.

This document reflects the Umicore suggestions for improvement.

Voluntary vs. Mandatory



- Companies need market differentiators
 - Today, voluntary schemes exist for 3TG; all large EU smelters comply
 - Downstream companies can choose to buy from 'ethical sources' or not
 - Consumers drive end consumer market producers to ethical sources (electronics, cars, ...)
 - This creates an upward spiral: as soon as most market players achieve a certain level, frontrunners take new initiatives
- Mandatory measures: a race to the bottom?
 - Mandatory measures don't intend to 'kill' business; they set standards that are achievable for laggards, but do not to raise the bar for frontrunners
 - Mandatory legislation creates the expectation that 'everything is under control': consumers will believe that their devices are 'clean' → no external stimuli for industry to perform better
- Constructive co-operation
 - Today's voluntary schemes have shown to deliver results
 - Transparent dialogue between industry initiatives, NGO's and consumers can further improve the impact of voluntary schemes

Upstream vs. Downstream

The EU reasoning put most responsibility on the level of smelters/refiners



Many (artisanal/industrial) miners

Few smelters/refiners

Importers of minerals and metals are in the focus of the draft regulation

Many downstream customers

- ➔ Risk of leakage: Downstream OEM's, buying 3TG metals for their production, could decide to subcontract their compound manufacturing to outside EU to avoid burden of due diligence
- ➔ End consumers have no guarantee on 'conflict free' devices

Right & Fair

Whether regulation is voluntary or mandatory, it should be Right and Fair.

Is it Right?

- Key in the draft regulation is the list (Annex I) of 3TG minerals and metals, subject to the regulation. Is this list complete and correct?
- Definition of 'conflict areas' is far from clear, subject to interpretation

Is it Fair?

- The EU intention is to publish a 'whitelist' with responsible smelters/refiners. Is it guaranteed that this list will contain all and only responsible smelters/refiners?
- Role of member states' competent authorities

Thank you

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Conflict-Free Gold Refiners

This list includes the names, locations and links to conflict minerals policies of all smelters or refiners that are compliant with the relevant [Conflict-Free Smelter Program assessment protocol](#). Access and use of any information contained in this list is subject to the Terms and Conditions to which the user has agreed.

Situation: 7/9/2016

	SMELTER ID	STANDARD SMELTER NAME ▲	STATE/ PROVINCE/ REGION	COUNTRY LOCATION	COMPANY WEBSITE WITH CM POLICY
79	CID001980	Umicore S.A. Business Unit Precious Metals Refining	Hoboken, Antwerp	BELGIUM	Link