

# **Putting sustainability in practice: the Umicore case**

**i-SUP**

**Bruges, April 19, 2010**

**Thomas Leysen, Chairman Umicore**

**I Sustainable Development**

**II The Umicore experience**

**III Leadership**

# I Sustainable Development

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## Sustainability definition

**Sustainability** may be best defined as the capacity for **continuance into the long term future**. Anything that can go on being done on an indefinite basis is sustainable. Anything that cannot go on being done on an indefinite basis is unsustainable. In that respect, sustainability is the end goal or desired destination for the human species.

By contrast, **sustainable development** is the **process** by which we move towards sustainability

(Jonathan Porrit – Capitalism as if the world matters)

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## The World is full of unsustainable trends

Resource depletion, climate change, reduction of biodiversity, deterioration of ecosystems, excessive global income disparity, financial imbalances, ...

Need to **course-correct**, sooner rather than later.

Business cannot be the only driver, and not even the prime driver, but should be part of the process, and part of the solution.

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## Business, if it wants to be successful over time, can not choose to ignore these issues

Because of the constraints it will create  
**better to understand and anticipate than to react**

Because of the opportunities it may create  
**better to integrate it early in the strategic thinking and innovation efforts**

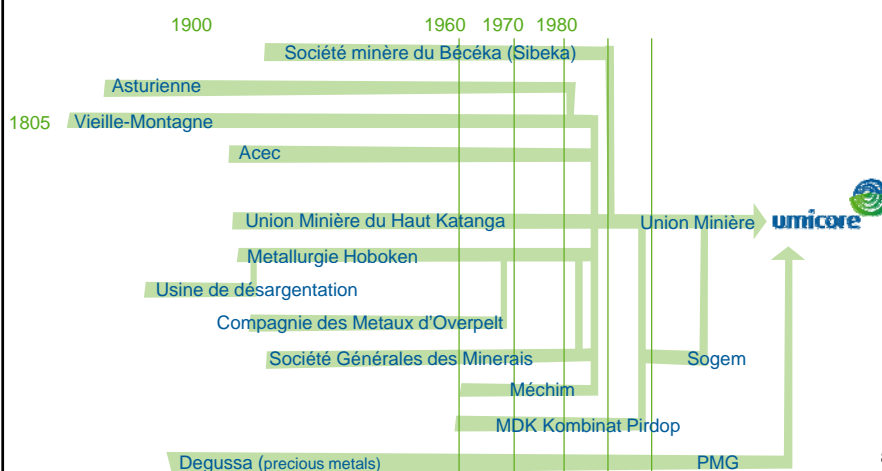
Because of its reputation and license to operate  
**better to build credibility than to engage in damage control**

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## II The Umicore experience

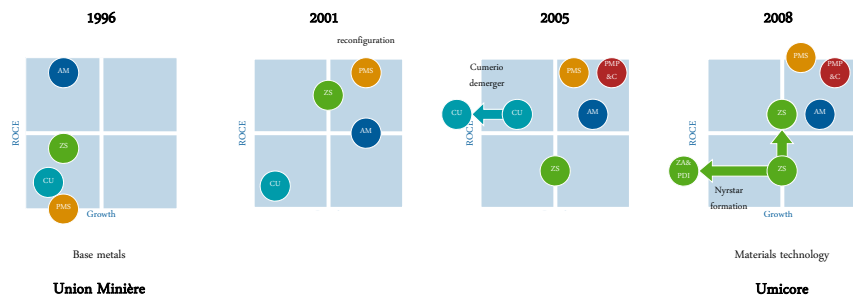
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### Deep roots: More than 200 years of history



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## Transformation steps



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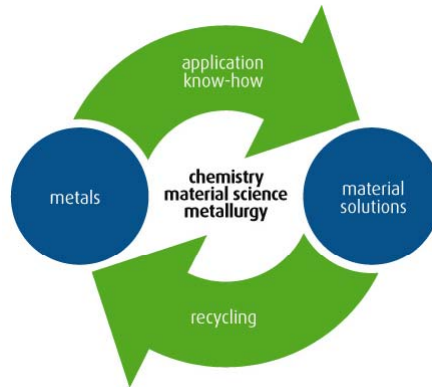
## Making Umicore Sustainable

1. Establishing the Vision
2. Taking care of the past
3. Embedding sustainability in the strategy
4. Investment in Innovation
5. Ensuring performance
6. Communication

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# Establishing the Vision

## A materials technology group



# Taking care of the past



## Cleaning up the historical legacy

	<u>Amount</u>	<u>Status</u>
Flanders	€ 90 mio	on track
Wallonia	€ 5 mio	completed
Bulgaria	€ 25 mio	completed
Netherlands	€ 4 mio	completed
France	€ 50 mio	on track

## Embedding sustainability in the strategy

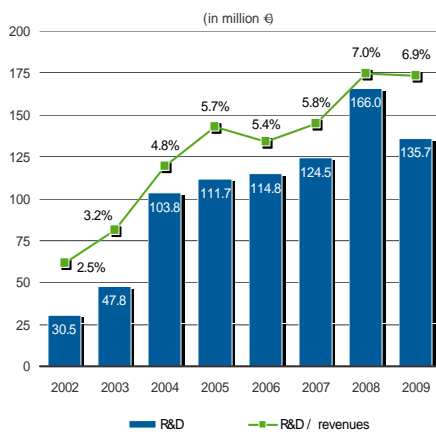
The innovation efforts of Umicore are essentially driven by the concept of eco-efficiency

Looking for environmental improvements susceptible in resulting in economic benefits at the same time

**Eco-efficiency =** creating high-added value with less impact  
(less energy, waste, scarce resources)

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## Investing in the long-term: R&D focus



- Some 80% of 2008 expenditure was devoted to initiatives in the area of “clean technologies”

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## Less is more: automotive Catalysts

Umicore is one of the world's top automotive catalyst players

Umicore concentrates on developing new technology to meet stricter emission-standards

Significant reduction of platinum metals used in automotive catalysts (up to 65%)

Umicore catalysts  
in one car in three in the world



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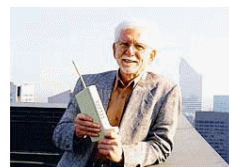
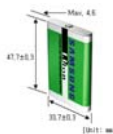
## Less is more: rechargeable Batteries

Need for higher energy density acts as catalyst

Umicore has leadership position in materials for lithium-ion batteries

New opportunities present themselves: hybrid electric vehicles, camera's, vacuum cleaners

Umicore materials present in  
more than 25% of rechargeable  
batteries world wide



1980



2004

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## Less is more: Recycling

Metals are infinitely recyclable which makes them very sustainable

Less energy, less waste → more value

Increasingly, Umicore offers “closed loop” services (automotive catalysts, zinc alloys etc.)

Umicore is the world's largest recycler of precious metals and zinc



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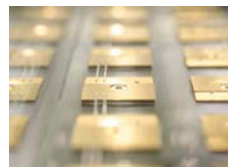
## Less is more: solar cells

Germanium-based solar cells have allowed

- Better power/weight ratio = less weight at launch
- Better energy conversion rate in use

Projects to widen the use of germanium in terrestrial CPV and semi-conductor lighting (LED)

Umicore world leader in space solar cell substrates



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## Ensuring performance:

### 10 SD Objectives 2006 - 2010

1. Process Emission Reduction
2. Management Systems
3. Land Management and historical pollution
4. Climate change and Energy
5. EHS Product Objectives
6. Accountability to Local Community
7. Preferred Employer
8. Constructive dialogue and open communication
9. Learning & Development
10. Human Rights and Equal Opportunity

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## Communication to the external world



This is our world

Materials at the core

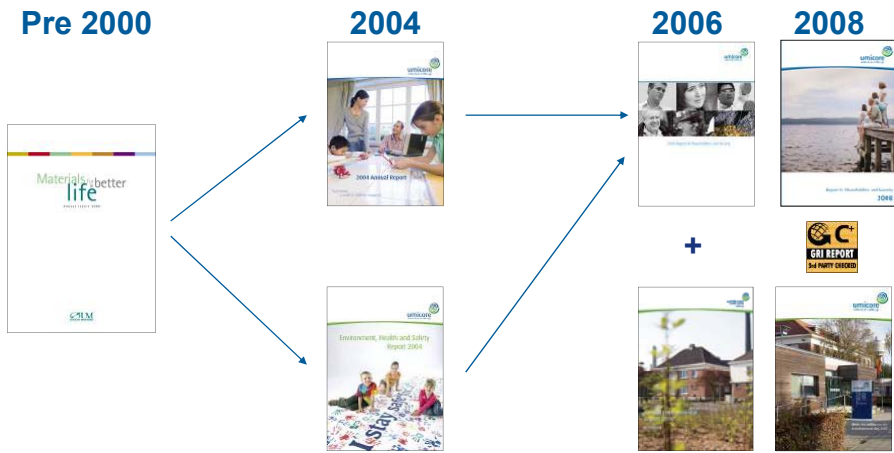
Committed to recycling

Contributing to a better life



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## An evolution in external reporting



A commitment to external reporting is a strong driver for internal improvement

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## External Recognition

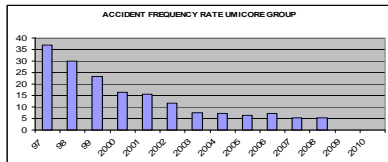
### Newsweek Top Global 500

1. AstraZeneca
2. Bayer
3. Degussa
4. Imperial Chemical Industries
5. Norsk Hydro
6. BASF
7. Henkel
8. Umicore
9. Diagio
10. BT Group



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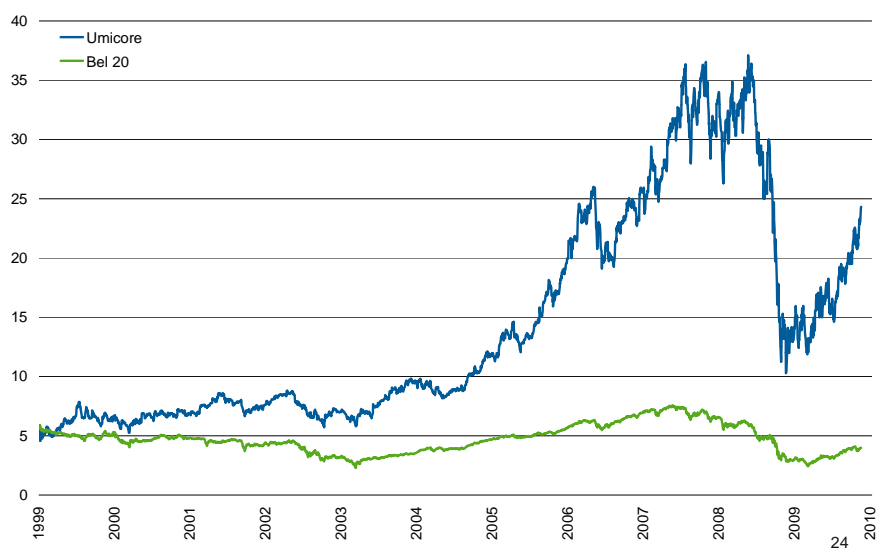
## Lots of challenges remain



- Safety performance stalling on the way to zero accidents
- Cleaning up the historical legacy is easier said than done (but we are getting there ...)
- Innovation can do a lot, but there are physical limits
- Mindset not uniform around the globe

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## Strong value creation



### III Leadership

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Sustainable Development in a world heading towards a population of 9 bn. people, **will require the conjunction of many efforts:**

- political will to set the direction
- thoughtful regulation, incl. market based mechanisms
- innovation driven by entrepreneurship
- behavioral changes

Business has its role to play in each dimension, **and leadership is crucial**

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**The most successful companies in the 21st century will be those that:**

- think most carefully about sustainable development issues
- anticipate the constraints rather than react to them
- look for opportunities to innovate and to differentiate from a sustainability perspective
- participate pro-actively in the regulation process

because they will:

- have the most sustainable strategies
- have the ability to attract the best people

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**Leadership is crucial**

- transformation process hinges on credibility and conviction of CEO
- need for right team at the top
- walk the talk

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**Are financial markets interested in, or even tolerant of, sustainable development concerns?**

- “Socially Responsible Investors” are still a minority
- but investors generally receptive to a credible long term strategy
- “pressure on quarterly results” is manageable and often self-imposed

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**“You always overestimate how much you can change in one year but you always underestimate how much you can change in 10 years”**

**Bill Gates**

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