

VIB-PICS Supply Chain Awards

Best Achievement Award for Continuous Supply Chain Optimization

Project 2012: Umicore, Building a Sustainable Supply Chain.

Is the winning project still up and running? Where there any changes made? If so what changes, to what purpose and what was the outcome?

Umicore aims to leverage its sustainability approach in the value chain, both upstream with our suppliers as downstream with our customers. This is also reflected in Umicore's Horizon 2020 objectives, where the aspiration is to turn sustainability into a competitive edge.

We presented our project at the 2012 Supply Chain Awards. The Sustainable Supply Chain Program is today still alive and running, even more than ever before. In indirect supplies, the project was further rolled out into the Asia region (mainly S.-Korea and China).

EcoVadis continues to assess our indirect procurement streams.

As we have worldwide over 8000 indirect suppliers, it is impossible to have all these suppliers assessed. The Purchasing & Transportation team developed a "quick scan", based on criteria such as size, geographical location and type of product or service provided and systematically applied the tool to review new suppliers. The tool defines the need for an EcoVadis assessment.

Some results of our 2017 assessment campaign:

- the proportion of our suppliers scoring "engaged in CSR" has increased up to 77% (compared 30% in 2012 and 66% in 2016).
- none of the scored suppliers indicated a "high risk", whereas the number of "medium opportunity is growing. This indicates more and more suppliers are organizing to create vision and transparency on CSR.

The business model has also been adapted to a "supplier paid" model. This means the supplier is now owner of his assessment and can use his sustainability score for a much broader range of clients.

Was the winning project rolled out to other divisions or other countries? Was the winning project a trigger for other supply chain optimisations?

Upstream we have placed greater emphasis on the management of key raw materials supply requirements. We have also sought to ensure that Umicore's efforts in the field of ethical sourcing can generate a competitive edge for the company.

Within Umicore metal-bearing raw materials are purchased directly by the business units (direct procurement, accounting 90% of our spend). Securing adequate volumes of raw materials is an essential factor in our operations and service offering and in meeting our Horizon 2020 growth objectives. The risks and opportunities vary considerably from one business unit to another, and consequently we have a decentralized approach to risk and opportunity management. We are determined to ethically and sustainably secure a competitive edge in our approach to critical materials.

Umicore continues to ensure that its operations are certified as conflict-free through various certification schemes such as the "conflict free smelter" initiative. Our smelting activities have been certified by the London Bullion Market Association (LBMA) and the Responsible Jewellery Council's (RJC) Chain of Custody program.

We published our Sustainable Procurement Framework for Cobalt in 2016 and we further optimized the due diligence practices for our cobalt supply chain in 2017, in line with the recommendations for improvement made during the 2016 audit. A significant improvement was Umicore's full alignment with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict -Affected and High-Risk Areas. Our company's yearly reporting on its due diligence activities is not only unique to Umicore but also reflects a high level of proactive transparency.

Over the year 2017 Umicore performed due diligence activities for all its purchased cobalt materials used in rechargeable batteries, tools, catalysts and several other applications. Risks that were identified included bribery, health and safety issues. When needed additional information was requested from suppliers. While most cases were closed in the year, some cases stay open for further assessment.

Our external auditor provided their independent limited assurance report in respect of the activities undertaken by Umicore during the year 2017 to demonstrate compliance with Umicore's Sustainable Procurement Framework for Cobalt.