

**Why 2025 ?
The Future Challenges of the EMD
Industry are here TODAY**

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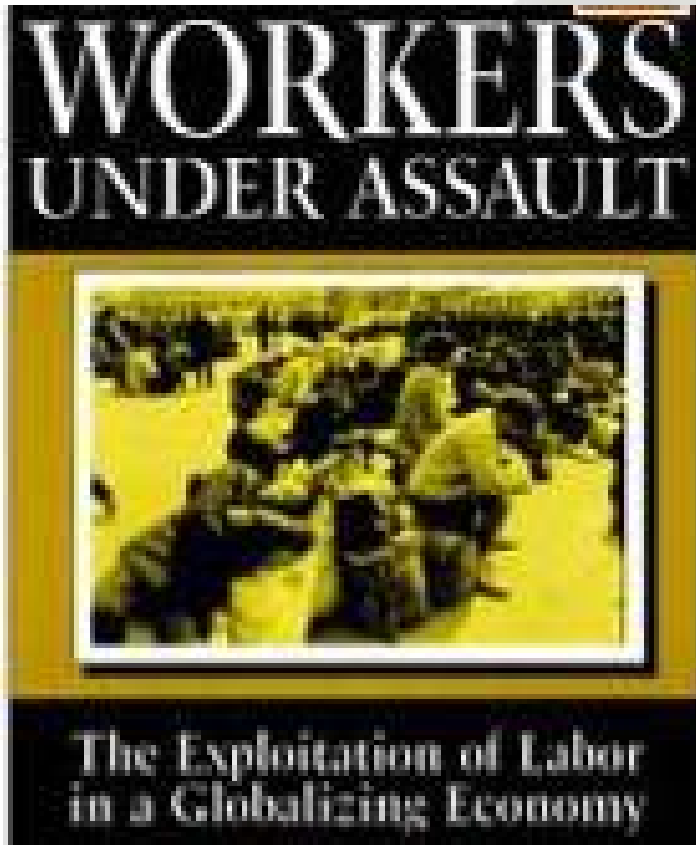
**IMnI Conference
Cape Town
June 2006**

Is this the future of the EMD Industry ?



- Unregulated, non-sustainable environmental practices are a feature of some manufacturing companies throughout the world
- Is this the picture that EMD and battery consumers want to see associated with the labels of their products ?

Is this the future of the EMD Industry ?



- Unregulated, exploitative work practices are a feature of some manufacturing companies throughout the world
- Is this the picture that EMD and battery consumers want to see associated with the labels of their products ?

Is this the future of the EMD Industry ?

A series of industrial accidents

- An explosion in a coalmine that killed at least 134 people
- A petrochemical factory that released 100 tonnes of benzene polluting 50 miles of river
- A chemical factory that released pesticide into local community

NO - It is the present

The Imperatives of Industry in the Global Economy - Today and 2025

**The challenge in meeting the demands
of all stakeholders on a sustainable
basis**

A prerequisite to exist in 2025

**Our customers, communities,
regulators and employees will
demand that we provide manganese
derived products manufactured in
accord with the principles of
Corporate Social Responsibility**

Customer Demands

- What are they?
 - Quality product and reliable supply
 - Price and performance
 - Manufacturing practices endorsing:
 - Environmental responsibility
 - Social responsibility
 - Employee rights

Customer Demands

- What do our customers value?
- What does society value?

The Matsushita Group contributes to "Coexistence with the Global Environment" through Environmental Technology and Ecological Thinking (ET²!).

Items marked in blue: Added or changed in fiscal 2005

Green Products

Make all Matsushita products Green*¹

Reduce households' environmental impact

Environment and energy business

Develop sustainable energy products such as fuel cells

Environmental communication

Communicate Matsushita's environmental activities worldwide via various means

Take up future challenges by collaborating with internal staff members and external parties

Coexistence with the Global Environment



Clean Factories

- Strive to achieve Zero Emissions*²
- Strive to develop environment-conscious production methods and systems

Product recycling

- Make all Matsushita factories Clean*³
- Expand product categories for recycling

Green marketing and distribution

- Make a commitment to conserve energy and resources

Environmental sustainability management and human resources

- Build organization with speedy and autonomous decision-making procedures
- Establish indicators and evaluation systems for environmental sustainability management
- Enhance environmental awareness in employees

Products and services made with only environment-conscious materials through the efficient use of energy and resources

Minimization of CO₂ emissions and waste generation

Factories that reduce the total environmental impact of production processes and can coexist with society and the local environment

Basic Management Objectives

“Recognizing our responsibilities as industrialists, we will devote ourselves to the progress and development of our society and the well being of our people through our business activities thereby enhancing the quality of life throughout the world.”

- Sustainability Report 2005

Duracell (P&G) - Company Values

“... has always conducted its business with integrity and a strong core value of doing the right thing. We have been leaders in human resource management, employee compensation and benefits, workplace safety, environmental management of our operations, ethical business practices, and involvement in communities where we have operations”

“... success depends on building relationships with our customers and suppliers based on integrity, ethical behaviour and mutual trust. We expect our suppliers to operate safely for their employees and the environment”

http://www.pg.com/company/our_commitments/sus_faqs.jhtml

Society Demands Corporate Social Responsibility

- Human Rights
- Employee rights
- Environment protection
- Community involvement
- Supplier relations
- Global survey by CAMAC found 88% of executives said CSR was “central” or “important” to their corporate decision making

Evidence of this Occurring

- **Legislative changes - Government Reaction**
 - REACH
 - RoHS directive
 - EU battery recycling
 - National Waste Regulations
- **Public/Investor Reaction**
 - NIKE
 - Ethical investment practices
 - Sustainability and the Triple Bottom Line

CSR and the Bottom Line

- The principles of sustainability through CSR also make good business sense from a **strictly cost view point**
 - Reduced environmental liability
 - Reduced compensation costs
 - Increased efficiency of raw material use
 - Less re-work of final product
 - Increased employee motivation and efficiency

DJSI US – Performance (II)

as of April 28, 2006



Note: The DJSI North America and DJSI US were launched on 23 September 2005. Data prior to this launch is based on backtracking calculations.

How does the EMD business respond to the challenge of Today and the Future ?

The Ideal

- Minimise environmental impact
 - Waste
 - CO₂ emission
 - Energy
 - Water
 - Maximise energy output of EMD under all usage conditions
- Embody strong social principles
 - Safety first
 - Employee education and welfare
 - Product stewardship
- Work closely with supply chain members (suppliers and customers) to deliver sustainable societal outcomes



**A Case Study: Comparison Between
Practices at Delta EMD and a Typical
EMD Manufacturer that does not
support CSR Practices**

	<u>Delta EMD</u>	<u>Non-CSR</u>
Waste Production	Use of high quality ore leads to lower waste generation	Low quality ores = major waste production
Waste Recycle	Programs at both Delta facilities to recycle solid waste	No recycling
Waste Disposal	Inerted waste emplaced in regulated facilities	Unregulated disposal of untreated waste
Water Treatment	All water either reused or treated to high standard	Unregulated disposal of untreated water
Energy Efficiency	Working closely with Government on implementing energy efficient practices	No regard for energy efficiency

Social Principles

	<u>Delta EMD</u>	<u>Non-CSR</u>
Safety	Safety accredited production facilities. Focus on safety first	Disregard for employee safety
Employee Rights	Employees have the right to join employee unions and negotiate employment conditions	Few rights - often exploitation prevails
Employee Health	Limitation to environmental exposure and on-going health monitoring	Limited concern about work related illness
Employee Development	Provision of career, personal development and competency based training	Focus on use of large amounts of unskilled labour
Community Consultation	Production plants actively involved in local communities	Exploits community in exchange for employment

Product

	<u>Delta EMD</u>	<u>Non-CSR</u>
Quality	Consistent quality Low levels of impurities = improved battery safety	Variable quality Product quality issues impact on customer product quality
Performance	Development of new grades for premium batteries	Performance standards unacceptable for high end product application
Accreditation	ISO9001 accredited at all production facilities Principles applied	Accredited but not applied
Customer Collaboration	Participates in working with customers to improve value in use of product	Pure sales relationship
Stewardship	Practices implemented through the supply chain	No practices in place

Is 2025 Relevant ?

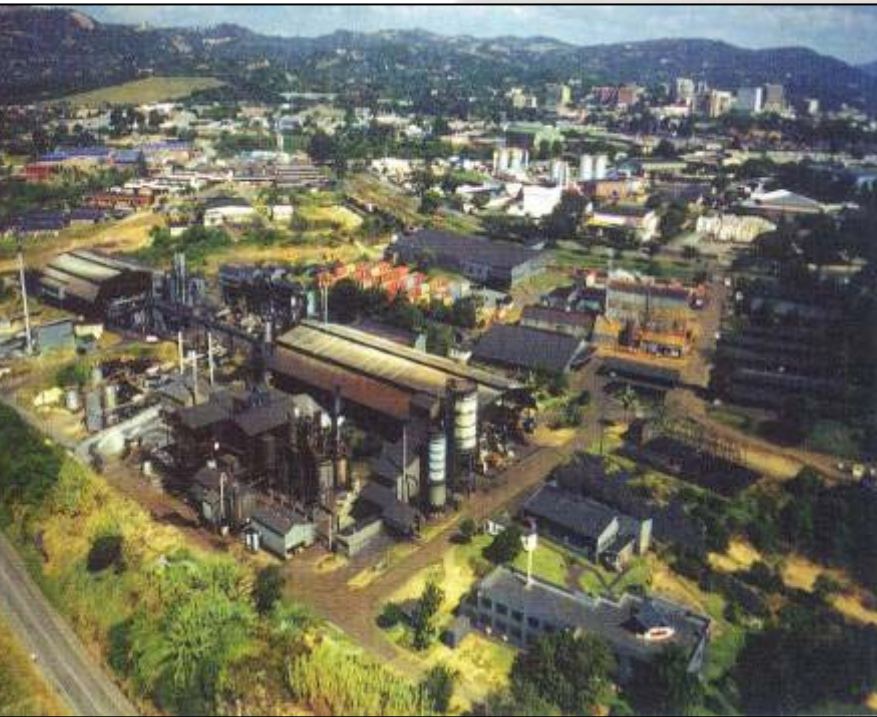
Can the Battery Industry afford to tolerate non-CSR practices now ?

Delivering Customer Value Today

- The successful EMD business of the future will deliver value to the customer across:
 - Quality and performance
 - Competitive pricing
 - Corporate Socially Responsible Practices
- The risk to battery companies in not adhering to these principles:
 - Significant loss in brand equity
 - Regulatory intervention and adverse litigation
 - Harm to corporate reputation and loss of community support
 - Withdrawal of investors - CSR and governance risk
- No EMD company will survive until 2025 unless they actively embrace CSR now

Delivering Customer Value Today

- Delta EMD prides itself on its ability to satisfy customer needs across all product and CSR requirements - **TODAY**



**NELSPRUIT
SOUTH AFRICA**



**NEWCASTLE
AUSTRALIA**



2025 ?