

Johnson Matthey Plc

Modern Slavery and Human Trafficking Statement for the Financial Year 2016/2017

This statement is made pursuant to Section 54 of the Modern Slavery Act 2015 and sets out the steps taken by Johnson Matthey Plc¹ (“**Johnson Matthey**”) during the financial year 2016/2017 to prevent modern slavery and human trafficking in its business and supply chains.

Introduction and key areas of focus in 2016/2017

We recognise modern slavery and human trafficking as a growing global concern and an important issue for Johnson Matthey, our stakeholders and our customers. In accordance with our company values and upholding the highest ethical standards, we are committed to working to ensure that there is no modern slavery in our business or supply chains. This is Johnson Matthey’s second Modern Slavery Statement.

We operate globally, including in high risk territories and sectors. During the past year we have continued to progress our programme to address modern slavery risk and increase supply chain accountability. In particular, we have:

- begun establishing a consistent Group wide standard of risk assessment and due diligence, in order to identify and manage suppliers considered to be exposed to the greatest risk of modern slavery and human trafficking;
- continued to enhance governance and compliance within the Group, with the ongoing embedding of our Code of Ethics (which includes specific commitments in relation to human rights principles and a commitment for employees to speak up if they have concerns regarding unsafe, unethical or unlawful conduct); and
- strengthened our understanding of modern slavery within key functions of the Group, by providing modern slavery training to selected senior supply chain and procurement teams.

Our structure, business and supply chains

Johnson Matthey is a global leader in science that enables cleaner air, improved health and more efficient use of natural resources. We have over 200-years of sustained commitment to innovation and technological breakthroughs that improve the function, performance and safety of our customers’ products. Our science has a global impact in areas such as low emission transport, pharmaceuticals, chemical processing and making the most efficient use of the planet’s natural resources and our work is unified by a common theme - to enhance quality of life.

We have a significant global presence in over 30 countries with annual sales (excluding precious metals) of ca. £3.5bn. We meet our customers’ needs from our 43 major manufacturing sites across all regions and we employ around 13,000 people worldwide, with 13% involved in cutting-edge R&D work. Johnson Matthey is continuing to increase the amount that it invests in research and development, now up to £201 million a year.

During the financial year 2016/2017, our operations were organised into five global divisions (Emission Control Technologies, Process Technologies, Precious Metal Products, Fine

¹ This statement is made on behalf of Johnson Matthey Plc and its Group companies.

Chemicals and New Businesses). On 20th April 2017, Johnson Matthey announced a new Group structure and brand identity effective from 1st April 2017. The new Group structure and brand identity reflects Johnson Matthey's position as a global leader in science that provides cleaner air, improved health and more efficient use of natural resources. Our four new global sectors are Clean Air, Efficient Natural Resources, Health and New Markets.

Due to the diverse nature of our manufactured products and markets served, Johnson Matthey has a complex and geographically broad range of suppliers of raw materials, goods and services into our business.

Policies

As reported in our previous Modern Slavery Statement, we have a number of Policies in place which reinforce our commitment to the elimination of modern slavery and human trafficking within our business and supply chains.

We are committed to ensuring that our suppliers comply with the high ethical standards we set ourselves. In September 2015, we launched our **Code of Ethics "Doing the Right Thing"** http://www.matthey.com/about_us/governance/code-of-ethics which applies to all of our employees globally and in particular sets out our commitment to the principles defined within the International Labour Organization Core Conventions, the UN Global Compact and the UN Guiding Principles on Business and Human Rights. During the financial year 2016/2017 we have continued embedding our Code of Ethics within the Group, with further awareness of the Code of Ethics being championed by our ethics ambassadors and on-line training launched to all employees in March 2017.

We have a confidential external **"Speak Up" line**, available to employees and third parties to raise concerns regarding unsafe, unethical or unlawful conduct. This is one of the ways employees, suppliers and contractors can notify us if they have concerns regarding any slavery or human trafficking in our supply chain or businesses. The response to all concerns raised in this way is overseen by Johnson Matthey's Ethics Panel, which reports annually to the Audit Committee. In the financial year 2016/2017 there was overall a 43% uplift on reporting from the previous year. We view this uplift as a positive reflection of the greater awareness and understanding of the benefits of speaking up, and that our people know that raising concerns is valued and investigations are taken seriously. In the financial year 2016/2017 there were no human rights grievance reports made against Johnson Matthey.

Our **Ethical and Sustainable Procurement Policy** covers purchases of goods and services with regard to our commitment to international guidelines and principles, including addressing modern slavery risks and respecting human rights. Our Ethical and Sustainable Procurement Policy is available via our corporate website: <http://www.matthey.com/file.axd?pointerid=56338f7d8b0c1e0d0cab9c83>

During the financial year 2016/2017 we have **continued to develop** our **Supplier Code of Conduct** to ensure that it is in line with our values and customer expectations. The Supplier Code of Conduct includes standards on Human Rights, Environment, Health & Safety, Business Ethics and Sustainability, with a specific statement regarding modern slavery. In the past year, Ethical Trading Initiative has reviewed the Supplier Code of Conduct and the principles set out in the Supplier Code of Conduct have been adopted by the Company. The Supplier Code of Conduct will support the Ethical and Sustainable Procurement Policy, which the business will continue to implement across its supply chains. We plan to launch the Supplier Code of Conduct under a phased programme across the business in 2017/2018. The Supplier Code of Conduct will be distributed to our suppliers in due course following the phased launch.

In 2016/2017, we re-established our **Group Supply Chain Governance Team** of senior leaders from sustainability, legal, supply chain and procurement functions across all of our

divisions. The remit of the team is to discuss emerging global supply chain issues, the changing regulatory landscape and Johnson Matthey's obligations and strategy to address these.

Assessment and management of modern slavery within our supply chains

We are aware that we operate in some territories at the higher end of the Global Slavery Index spectrum as well as in some particularly high risk industries and sectors. Consequently, we have begun establishing a consistent Group wide standard of supplier risk assessment and due diligence, in order to identify and manage suppliers considered to be exposed to the greatest risk.

Emission Control Technologies (ECT), our largest division in 2016/2017 (representing 60% of the Group's sales in 2016/2017), is our most advanced division in the field of supply chain risk assessment and management. In 2013, ECT launched its own **Sustainable Supplier Development Programme (SSDP)**. Under the SSDP we have developed a risk mapping tool, which classifies suppliers based upon risk (including modern slavery risk), supplier spend, and supplier type. Following the risk mapping exercise, suppliers considered to be exposed to the greatest risk are required to undertake a proportionate and fit-for-purpose supplier self-assessment questionnaire, and where necessary, partake in an on-site audit process.

As mentioned in our previous Modern Slavery Statement, our operating divisions and corporate functions have different levels of maturity in respect of supplier due diligence. Work on establishing a consistent Group wide standard of supplier risk assessment and due diligence has begun in 2016/2017, with best practice and guidance under the SSDP being shared and implemented within the Group. In particular, we have begun:

- implementing a risk assessment based on the SSDP risk mapping tool, to identify suppliers that we believe are exposed to the highest risk of modern slavery and human trafficking; and
- including modern slavery and labour indicators within our self-assessment questionnaires to gather critical information from our suppliers of interest, on their labour practices and modern slavery compliance.

Embedding of a consistent Group wide standard of risk assessment and due diligence will continue to develop in 2017/2018, **with the phased introduction of our Supplier Code of Conduct across the business and accompanying due diligence materials**. To date, our risk assessment and due diligence exercise has focussed on Tier 1 suppliers.

Current suppliers considered to be exposed to the greatest risk, dependent on industry, sector and country, are currently having their terms and conditions enhanced to include a modern slavery provision on a case by case basis, as required. A modern slavery clause will form part of the terms and conditions on which we do business with new suppliers going forward, as required. Our standard terms and conditions of purchase across our UK businesses are being reviewed and will be enhanced to include a modern slavery clause as appropriate.

Effectiveness of preventing modern slavery in our supply chains

Commitment to improving sustainable business practices across all our supply chains is a key theme in our **Sustainable Business goals to 2025**, to be launched in the financial year 2017/2018. We will measure performance against this goal through the implementation of our Supplier Code of Conduct to be launched under a phased programme in 2017/2018. Measurement of performance against the Supplier Code of Conduct will help

us assess our progress in addressing the risk of modern slavery in our businesses and supply chains.

Training and Awareness

During the financial year 2016/2017 we focused on providing modern slavery training to key employees who will be responsible for understanding and mitigating the modern slavery risk. Supply chain directors in the European region attended training on modern slavery provided by Ethical Trading Initiative. A programme of modern slavery training was delivered in 2016/2017 to selected procurement functions to raise awareness and training on how to identify indicators of modern slavery.

We will continue to strengthen and widen awareness of modern slavery throughout the Group, with modern slavery training being added to the Group Ethics & Compliance's schedule of training programmes for 2017/2018.

Our Intent

Johnson Matthey is committed to working to ensure that there is no modern slavery in our business or supply chains. We aim to demonstrate that this is the case by undertaking the steps outlined in this Modern Slavery Statement, working with our supply chain partners and by continuing to build increasing rigour in our supply chain risk assessment and due diligence processes.

This Modern Slavery Statement was approved by the Board of Directors on 5th October 2017 and signed by John Walker, Executive Director.

A handwritten signature in black ink, appearing to read 'John Walker', with a stylized flourish at the end.

John Walker – Executive Director