



Financial Crime Policy

Global

Version 1.0

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1 Purpose

This Policy is intended to address, on a global basis, the risk that JM's businesses or services are used to participate in or facilitate Financial Crimes. Under this Policy, Financial Crime consists of Money Laundering, Tax Evasion, Terrorist Financing and any other illegal activities that hide the origin of criminal proceeds. The Manual sets out further explanation and detail of Financial Crime.

JM takes the risk of Financial Crime seriously and is committed to mitigating the risk of its businesses participating in or facilitating Financial Crime. In particular, JM is determined to ensure compliance with Financial Crime laws where these laws apply to its businesses. A non-exhaustive list of Key Financial Crime legislation with which JM must comply includes the Proceeds of Crime Act 2002, the Counter-Terrorism Act 2008 and the Criminal Finances Act 2017. This Policy sets out JM's reasonable prevention procedures designed to mitigate the risk of Financial Crime occurring in JM.

Financial Crime risks (which are detailed in Section 4 of the Manual) at JM arise out of:

- the products/services we purchase and supply;
- the jurisdictions where we do business;
- the processes we have around the receipt of funds and the transaction structures we participate in; and
- the types of Third Parties with whom we deal.

JM may face criminal penalties for being involved in Financial Crimes, including significant fines and Workers may face fines and/or imprisonment. Additionally, JM may suffer lasting damage to its reputation. Mitigating the risks of JM's involvement in Financial Crime helps to protect and enhance JM's reputation with customers, regulators and other stakeholders.

Johnson Matthey Plc's Board of Directors and its Group Management Committee are fully committed to this Policy and to supporting its Workers in complying with it.

2 Applicability/ Scope

This Policy applies to everyone working in the JM Group worldwide, at any level and in all JM companies. This includes senior managers, officers, directors, employees, consultants, contractors, trainees, homeworkers, part-time and fixed-term workers, casual and agency staff and volunteers (collectively "**Workers**" or "**you**") unless otherwise specified.

Relevant Workers (e.g. those who are more likely to encounter Financial Crime risks as part of their role) have specific responsibilities under this Policy, as detailed in Section 5.

Compliance with this Policy and the accompanying Manual is mandatory.

JM reserves the right to amend, modify, suspend, change or terminate this Policy at any time. This Policy does not create any contractual rights or obligations, whether express or implied.

This Policy sets the minimum standard that must be followed. Where local laws, regulations or rules impose a higher standard, that higher standard must be followed.

3 Policy

Prohibited Activities Under This Policy

You must not participate in Prohibited Activities. These are:

1. concealing, disguising, converting or transferring Criminal Property or Terrorist Property;
2. entering into or becoming concerned in an arrangement that assists another person to acquire, use, retain or control Criminal Property;



3. entering into or becoming concerned in an arrangement through which money or other property will be made available to a person where JM knows or suspects that the person will use that money or property for the purposes of terrorism;
4. the acquisition, use or possession of Criminal Property;
5. promoting the carrying on of unlawful activity, such as bribery;
6. participation in, attempts to commit, or aiding, abetting, facilitating and counselling any of the above;
7. tipping off another person that an investigation into Money Laundering has commenced or is ongoing or that a report or disclosure has been made in relation to Money Laundering; and
8. Tax Evasion or providing assistance to anyone who you know or suspect is engaged in Tax Evasion. This principle applies regardless of what the tax is, extending to all direct and indirect taxes, including VAT and duties, and employment taxes. It also applies regardless of your or the other person's location, and notwithstanding that the person may not actually succeed in Tax Evasion.

Explanations of these Prohibited Activities, and examples, can be found in the Manual.

You must report (to your Sector/Function Legal Adviser or, where specified under a Local Supplement, to the designated reporting officer in the Local Supplement), any knowledge you have that a Prohibited Activity has occurred.

Reporting Suspicions and Red Flags

You must report (to your Sector/Function Legal Adviser or, where specified under a Local Supplement, to the designated reporting officer) without delay if you have suspicions of Financial Crime. Red Flags indicating there may be a Financial Crime concern can occur at any point during a transaction or business with a Third Party. Workers must monitor and be alert to suspicions and Red Flags throughout the duration of the transaction or business with a Third Party. A non-exhaustive list of suspicions and Red Flags is contained in Annex 3 of the Manual and Workers must familiarise themselves with this.

Due Diligence

Due diligence on a Third Party must be proportionate and risk-based depending upon the level of exposure to Financial Crime risk the Third Party presents to JM.

The Relevant Worker responsible for engaging with a Relevant Third Party (i.e. a Third Party who poses a higher risk to JM from a Financial Crime perspective) must ensure that due diligence is conducted in accordance with minimum Financial Crime due diligence standards, which are contained in Annex 4 of the Manual (the "**FC Due Diligence Standards**").

If other Group due diligence procedures (e.g. the Johnson Matthey Group – Engaging High-Risk Third Party Intermediaries Procedure (2017)), or specific Sector/Function due diligence procedures) impose more stringent due diligence standards than the FC Due Diligence Standards, the higher standards must be followed.

FC Due Diligence Standards must be followed:

- when entering into a business relationship with a Relevant Third Party;
- where information on the Relevant Third Party has changed or JM has reason to believe the information has changed (e.g. change to bank details, company name, company ownership, type and location of business activities); or
- where there is a reason to suspect that a Third Party is involved in Financial Crime.

A record must be kept by the Relevant Worker responsible for the engagement of/relationship with the Third Party of all due diligence steps undertaken and the outcomes. Any concerns arising from due diligence must be reported to your Sector/Function Legal Adviser for resolution before a decision to engage or continue working with a Third Party is taken.



Contractual Protections

The Relevant Worker responsible for engaging with a Relevant Third Party must seek legal advice from their Sector/Function Legal Adviser before contracting with a Relevant Third Party. The Sector/Function Legal Adviser must ensure that appropriate Financial Crime contractual protection is included when contracting with a Relevant Third Party (i.e. higher level of contractual protection is required).

Financial Controls

Relevant Workers in the Finance Function must comply with financial controls in JM's Financial Policies and in JM's Minimum Financial Controls. Financial controls play a significant role in mitigating JM's exposure to financial crime (i.e. ensuring we are comfortable with the source of funds/materials coming into JM, ensuring sufficient control over payments made by JM to Third Parties, and having appropriate financial controls in place to identify changes to incoming or outgoing payments that might indicate exposure to financial crime).

Complex Structures

Unusual or complex supply chain or transaction structures without a legitimate reason can heighten JM's risk of participating in or facilitating Financial Crime. If JM is asked to participate in an unusual or complex supply chain or transaction, the Relevant Worker responsible for the relationship must consult with their Sector/Function Legal Adviser before proceeding, and any recommendations as to structuring must be followed.

Communication and Training

Relevant Workers must have appropriate and regular training regarding compliance with the Policy, tailored where appropriate to cover specific functional or business unit risks and jurisdictional issues. Those delivering the training must maintain training attendance records. All Relevant Workers have access to this Policy, the Manual and any relevant Local Supplements.

Refusal to do Business and Record Keeping

You must decline to do business with Third Parties involved in any Prohibited Activities or that JM suspects of being engaged in Financial Crime. The Relevant Worker responsible for the relationship with the Third Party must make a written record where JM declines such business. A written record must be made of the reasons for that decision in consultation with your Sector/Function Legal Adviser, and where applicable, to the reporting officer designated in the Local Supplement.

4 References

To comply with this Policy, you are required to read and follow the detailed requirements contained in the Manual and any applicable Local Supplement issued by regional or local JM entities (see list of Local Supplements contained in Annex 1 of the Manual).

Financial Crime is often complex and, in many cases, can be linked to bribery and corruption, which is dealt with separately in the Johnson Matthey Group – Global Anti-Bribery and Corruption Policy (2011).

Where applicable, Relevant Workers must read this Policy in conjunction with JM's Financial Policies and JM's Minimum Financial Controls.

All activities conducted under this Policy (e.g. due diligence and record keeping) must be carried out in accordance with the Johnson Matthey Group – Data Protection Policy (2018).

Where applicable, this Policy must also be read in conjunction with the Johnson Matthey Group – Engaging High-Risk Third Party Intermediaries Procedure (2017) and Johnson Matthey Group – Speak Up Policy (2016).

5 Accountabilities and Responsibilities

The Chief Executive has overall accountability for compliance with this Policy.

Each member of the Group Management Committee is accountable for, and must be able to demonstrate, compliance with Financial Crime legislation and this Policy in relation to his/her Sector or Relevant Function. Each



member of the Group Management Committee may appoint delegates to carry out the Sector/Relevant Function responsibilities and to assist with their accountability for this Policy.

All Relevant Workers (first line of defence)

- Have read this Policy and Manual and, where requested, completed any related Financial Crime training;
- Where notified, are aware of and comply with any additional local law requirements contained in a Local Supplement;
- Ensure that relationships with Third Parties are conducted in accordance with the principles and requirements set out in this Policy, the Manual and any applicable Local Supplement; and
- Are responsible for raising Financial Crime Concerns and complying with the Escalation Process.

Each Sector and Relevant Function (second line of defence)

- Embeds the Policy within the Sector/Relevant Function and demonstrates senior level commitment to the Policy;
- Ensures all Relevant Workers in the Sector/Relevant Function are identified and have completed any intended Financial Crime training and maintains current training records;
- Creates and maintains due diligence procedures in accordance with the requirements of this Policy and maintains associated records (consistent with any applicable document retention policies/procedures).
- Where applicable and, upon receiving instruction to do so, appoints a sufficiently senior/experienced person to be a designated reporting officer in those countries and regulated sectors where JM has a legal requirement to do so; and
- Creates and maintains detailed records of reports or suspicions of Money Laundering or other Financial Crime (consistent with any applicable document retention policies/procedures and in conjunction with their Sector/Function Legal Adviser or, where applicable, to the reporting officer designated in the Local Supplement), where there is a Policy or legal requirement to do so.

Finance Function (second line of defence)

- Is responsible for ensuring that JM's Financial Policies and JM's Minimum Financial Controls are adequate to mitigate against Financial Crime risks;
- Ensures that Relevant Workers understand and comply with JM's Financial Policies and implement JM's Minimum Financial Controls;
- Ensures that its Relevant Workers have completed Financial Crime training, are able to identify Financial Crime Concerns and will report these to their Sector/Function Legal Adviser (or, where applicable, to the reporting officer designated in the Local Supplement); and
- Upon receiving a request from a Sector/Function Legal Adviser, is responsible for identifying Relevant Workers who can help to resolve Financial Crime Concerns.

Sector/Function Legal Adviser (second line of defence)

- Is responsible for responding to and providing guidance on Financial Crime Concerns raised by Workers and is responsible for co-ordinating the Escalation Process when Financial Crime Concerns are reported;
- Ensures that appropriate Financial Crime contractual protection is included when contracting with a Relevant Third Party; and
- Is responsible for creating or co-ordinating relevant records and reports in accordance with the requirements of the Policy and applicable law.



Designated Reporting Officer (second line of defence)

- Understands its responsibilities in the Local Supplement and has completed any specific Financial Crime training;
- Complies with all its responsibilities contained in the Local Supplement; and
- Informs the Sector/Function Legal Adviser and Group Ethics & Compliance of any Financial Crime Concerns that come to its attention.

Group Ethics & Compliance (second line of defence)

- Informs and advises JM and its Relevant Workers of obligations under applicable Financial Crime laws;
- Implements and manages JM’s Financial Crime compliance programme;
- Monitors compliance with this Policy and applicable Financial Crime laws;
- Makes Financial Crime training available to Each Sector/Relevant Function;
- Reviews and submits reports or suspicions of Money Laundering or other Financial Crime where there is a legal requirement to do so; and
- Acts as the internal contact point for any relevant authority investigating Financial Crime issues potentially involving JM.

JM Corporate Assurance & Risk (third line of defence)

- Monitors the design and effectiveness of the processes and controls in place at both the first and second lines of defence and provides assurance to the Group Management Committee and the JM Plc Board of Directors.

6 Key Controls

The key controls listed in this Section set out the minimum control standard required as part of JM’s Assurance Framework. They are not intended to be an exhaustive list of the controls in this Policy.

Key Risk	Key Controls
JM engages with inappropriate Third Parties, leaving JM exposed to involvement in Financial Crime	Identifying Third Parties Prior to engaging a Relevant Third Party, and on an ongoing basis, Relevant Workers must conduct due diligence in accordance with the FC Due Diligence Standards (or a higher standard if prescribed by a specific Group or Sector/Relevant Function due diligence procedure)
Financial Crime Concerns are not understood and/or reported by Workers, leaving JM exposed to involvement in Financial Crime	Identifying and reporting Financial Crime Concerns All Relevant Workers are trained and are able to identify and report Financial Crime Concerns
Financial Crime Concerns are reported but there is no internal process for resolving disagreements over conclusions	Escalation Process All Relevant Workers are trained on the Escalation Process and comply with the Escalation Process

Key Risk	Key Controls
Internal financial controls are not followed or are inadequate to mitigate Financial Crime risks	<p>Complying with JM’s Minimum Financial Controls</p> <p>The Finance function must implement the minimum financial control standard and Relevant Workers in the Finance function must comply with the financial controls set out in JM’s Minimum Financial Controls</p>

7 Consequences of Breaches

Consequences of Breach

Failure to comply with this Policy (including the Manual) and any applicable Local Supplement will be a disciplinary offence and may result in disciplinary action up to and including dismissal. In extreme cases, breach by Workers could be a criminal offence and could result in law enforcement agencies taking action against the Workers and/or JM.

Investigations

Any concerns relating to a breach of this Policy will be investigated and coordinated by the Head, Group Ethics & Compliance, reporting to the Group Legal Director.

Raising Concerns

Concerns relating to any actual, alleged or suspected breach of this Policy should be raised as described in the Johnson Matthey Group Speak Up Policy 2016, via any number of channels, including: (i) your line manager or HR manager; (ii) any member of Group Legal or Group Ethics & Compliance; (iii) the Speak Up Line; or (iv) an anonymous email.

8 Policy Owner

This Policy is owned by the Group Head, Ethics & Compliance.

9 Document Control

Document Control

Version Number	1.0
Reference	
Approval Body	OneJM Policy Committee
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Expiry Date (if relevant)	
Policy Author	Rebekah Coleman
Classification	Internal

Revision History

Version Number	Date of Publication	Summary of Change



10 Definitions

Criminal Property	Property that is or represents a person's benefit from criminal conduct, where the person knows or suspects that the property is or represents such a benefit. For example, this can include receiving funds or goods where we suspect they derive from criminal conduct (e.g. goods received following a bribe paid to a customs official).
Escalation Process	Where Financial Crime Concerns are identified these are required to be reported in accordance with the Escalation Process detailed in Annex 8 of the Manual.
Financial Crime	Includes Money Laundering, Tax Evasion and Terrorist Financing and any other illegal activities that hide the origin of criminal proceeds, as detailed in Section 2 of the Manual.
Financial Crime Concerns	As set out in Section 9 of the Manual.
FC Due Diligence Standards	As defined on page four of this Policy.
JM	Johnson Matthey Plc and its subsidiaries and affiliates (including joint venture companies in which the Johnson Matthey entity has a controlling interest) worldwide.
JM's Financial Policies	All applicable Finance, Tax and Treasury policies located on MyJM.
JM's Minimum Financial Controls	JM's minimum financial controls, as set out in JM's Governance Risk and Compliance System.
Local Supplement	Any supplement to the Policy that applies in a given jurisdiction.
Manual	The Johnson Matthey Group – Financial Crime Policy – Manual (2019), as updated or supplemented from time to time.
Money Laundering	The process of concealing the true origins of criminal proceeds and integrating those proceeds into the legitimate economy. The primary money laundering offences involve dealing in "Criminal Property" or conspiring with others to allow them to deal in or keep "Criminal Property".
Policy	Johnson Matthey Group - Financial Crime Policy - 2019, as updated or supplemented from time to time.
Prohibited Activities	Prohibited activities listed in Section 3 of the Policy.
Red Flags	Red flags are indicators that something might be wrong with a transaction, business or Third Party from legal or compliance perspective (including but not limited to Financial Crime, bribery and corruption and trade/export controls), as set out in Section 6 and Annex 3 of the Manual.
Relevant Functions	Functions with potential heightened risk for encountering Financial Crime, including but not limited to: HR, Finance, Accounts, Tax & Treasury, Procurement and Legal.
Relevant Workers	Workers from Relevant Functions together with any Workers who: <ul style="list-style-type: none">○ on-board and/or are involved in the due diligence of Third Parties;○ have regular contact with Third Parties;○ handle financial information related to Third Parties; or○ have otherwise been identified as Workers who may encounter Red Flags while exercising their job function.
Relevant Third Party	A Third Party who poses a higher risk to JM from a Financial Crime perspective, as detailed in Section 4 of the Manual.
Tax Evasion	Deliberately or dishonestly cheating the public revenue or fraudulently evading tax. Tax Evasion includes facilitation of the evasion of tax, which can occur when one is knowingly concerned in, or takes steps with a view to, the other person's



	fraudulent evasion of tax, or aiding, abetting, counselling or procuring the commission of that evasion.
Terrorist Financing	Providing money or other property to groups with the intention, knowledge or suspicion that those groups will use those funds for terrorist purposes or dealing in Terrorist Property.
Terrorist Property	Money or other property that is likely to be used for the purposes of terrorism, which is the proceeds of the commission of acts of terrorism and / or proceeds of acts carried out for the purposes of terrorism.
Third Party/Third Parties	Actual or potential customers, suppliers of goods and services, third party intermediaries (e.g. agents, distributors/resellers, logistics providers and government intermediaries) or any other third party with whom JM has a direct relationship.
Workers	As defined on page three of this Policy.
