

Sustainability

Johnson Matthey is a world leader in environmental technologies and, with a significant proportion of profits generated by products that directly benefit the environment, sustainability is a key element of our strategy for the future growth of the business.

Sustainability is fundamentally about the best long term way to run a business. There is growing concern globally, including among our employees, our customers, our communities and others with whom we work, about the way countries, companies and individuals are using the world's resources. This is affecting people now in many ways and our decisions and actions today will affect future generations for a long time to come.

Throughout Johnson Matthey we are committed to the principles of sustainable development and strive for outstanding resource efficiency and carbon neutrality. Going forward, we aim to further develop and enhance sustainability as a core competence and key driver of competitiveness for our business. This will be delivered through our Sustainability 2017 initiative.

Sustainability 2017

In December 2007 we launched Sustainability 2017, a challenging long term vision for the whole group that sets our direction and aspirations to make Johnson Matthey a more sustainable business for the future. Our aims are to at least double our earnings per share whilst achieving carbon neutrality, zero waste to landfill and halving the key resources that we consume per unit of output by 2017, the 200th anniversary of the founding of the company. The full statement is available on the company's website at www.matthey.com.

Sustainability 2017 was defined following an assessment of the risks, major impacts and future commercial opportunities open to the business. There are two key thrusts to the vision. The first is about being more efficient with the resources we use as a business and the second is about designing new products that help our customers to be more sustainable and competitive. Some of the progress we have made towards achieving the vision are presented in summary in this report. Further details can be found in Johnson Matthey's Sustainability Report which will be published on the company's website in July 2009.

Progress in 2008/09

We have focused on fully embedding sustainability into our routine management processes and since the start of 2008/09 all of Johnson Matthey's businesses have established and implemented their own sustainability plans as part of the group's annual financial budgeting process. All of the businesses' sustainability plans have the common corporate objectives as their foundation and are tailored as appropriate to the businesses' own specific operations. This approach encourages commitment at a local level and takes advantage of Johnson Matthey's culture and methods of working.

We have continued to refine our metrics and methods of measurement to enable us to monitor our progress objectively. Studies have continued to assess tools for the carbon footprinting of our processes and products, and for examining the comparative impacts of products throughout their lifecycle.

With our Sustainability 2017 targets in place, baseline data (taken as our performance in the 2006/07 year) has been established and we have developed appropriate key performance indicators (KPIs) to enable us to measure performance. Progress during this first full year of the initiative is summarised in the table on page 30.

The KPIs for monitoring progress towards the target of halving key resources consumed per unit of output have been developed through consultation with all of Johnson Matthey's facilities worldwide. The top three key resources were identified for each facility and from this electricity consumption, natural gas consumption and water use clearly emerged as most significant to the majority of the group.

In these early stages of our Sustainability 2017 initiative, employee engagement has been a key focus. A detailed two year communications plan is being delivered with the aim of giving employees a clear view of the importance of sustainability to the overall business strategy and equipping them with the information they need to take forward their own sustainability ideas.

During the year a leaflet, poster, in house magazine article and intranet area were produced and distributed across the group. The Johnson Matthey Sustainability 2017 Awards have been launched to recognise the outstanding contribution of individuals or teams in working towards achieving the vision.

Over the last year one day sustainability training sessions were run to help employees put the Sustainability 2017 Vision into practice in their day-to-day work. Around 130 employees around the world attended the sessions and a number of them have since used the training materials and delivered the programme to colleagues at their own sites. Further tailored training sessions for specific functions such as Purchasing and Environment, Health and Safety (EHS) are being developed for 2009/10.

A dedicated microsite is under construction which will provide a central source of information on every aspect of our sustainability programme. Due to be launched in 2009/10, it will provide a means for employees across the group to share their comments and ideas. An enhanced sustainability section on the company's corporate website will also be developed during 2009/10 which will provide a wider range of information both for employees and other stakeholders.

2009/10 and Beyond

Going forward, Johnson Matthey's businesses will continue to develop and work towards delivering their annual plans. A particular focus will be the further establishing of business level targets and the development of strategies to achieve them. To assist with this a Group Sustainability and Technology Leader has been appointed to work closely with the divisions in developing business metrics and governance practices relating to sustainability and in identifying cross company technologies.

Work will continue to measure progress against the group targets and to develop aggregated group targets from those identified at the business level. We will also look to identify the common ground in our businesses where additional group targets could be developed in the future.

BUSINESS REVIEW

Progress Towards Sustainability 2017 Targets

Sustainability 2017 Aspiration	KPI	Baseline 2006/07	2008/09 ³	2017 Target
At least double earnings per share	Underlying earnings per share (pence)	82.2 ¹	89.6	≥ 164.4
Achieve carbon neutrality	Total global warming potential (tonnes CO ₂ equivalent)	386,074 ²	370,787	0
Achieve zero waste to landfill	Amount of waste to landfill (tonnes)	16,555 ²	5,535	0
Halve key resources per unit of output	Electricity consumption (GJ '000)	1,469 ²	1,351	735
	Natural gas consumption (GJ '000)	2,146 ²	2,260	1,073
	Water consumption (m ³ '000)	1,909 ²	1,951	955

¹ Data presented is for the period 1st April 2006 to 31st March 2007.

² Data presented is for the period 1st January 2006 to 31st December 2006.

³ Data presented is for the period 1st April 2008 to 31st March 2009.

Our Products

Many of Johnson Matthey's products and services are environmentally or socially beneficial in their own right or in the way they are used by our customers. We develop catalysts that reduce harmful emissions from both vehicles and industrial processes. Our autocatalyst products alone have prevented over four billion tonnes of pollutants from reaching the atmosphere since their introduction in 1974. We also supply the global chemical industry with catalysts and process technology know-how to enable our customers to build and operate their chemical processes more efficiently.

The development of the chemistry of precious metals underpins many of Johnson Matthey's products and technologies. Our understanding of the physical and chemical properties of the precious metals has contributed to the development of a wide range of environmentally and socially beneficial products including emission control catalysts for vehicles, platinum based anticancer drugs for chemotherapy treatments and catalysts for fuel cells. The recycling and refining of precious metals are a core competence of Johnson Matthey and we offer a range of recycling and refining services to our customers around the world. Our knowledge and expertise in this area give us a firm foundation from which to tackle the task of further improving the resource efficiency of our products in manufacture and use. Our core skills in fine chemicals underpin a number of our products which are used in the areas of medicine, health and safety. We manufacture active pharmaceutical ingredients, used by pharmaceutical companies in drug preparations, and opiate products, such as morphine and codeine, which are used to relieve pain.

The growing market for sustainable products presents a key opportunity for future business growth. Our sustainability strategy is focused on improving the sustainability footprint of our existing products and in developing new sustainable products and services for our customers, enabled by our experience in catalysis, precious metals, fine chemicals and process technology. We will continue our high level of investment in R&D and will draw on the expertise of our people.

We will also look to further collaborate with our customers, suppliers and other partners to understand their priorities regarding sustainability and to maximise the benefits throughout the supply chain.

Communication with Stakeholders

Johnson Matthey has a wide range of stakeholders with an interest in hearing from or working with the company at both a corporate and business level. Our stakeholders include customers, employees, fund managers, shareholders, communities, governments, non-governmental organisations and national and international trade associations. We communicate with our stakeholders throughout the year and engagement is integrated into business decision making processes.

The company is actively involved with both the Chemical Industries Association (CIA) and the European Chemical Industry Council (Cefic). We have also continued to play a leading advisory role through participation in a number of sector trade associations and government bodies. The company is actively involved with national and local government to inform the development of policy in areas where Johnson Matthey's technology and products can play a pivotal role, for example in improving air quality and enabling the shift towards more sustainable consumption and production.

Neil Carson, Chief Executive of Johnson Matthey, is a prominent member of the Corporate Leaders Group which has provided valuable suggestions to UK government and the European Commission on climate change issues. Neil is also a member of the Advisory Board for the Cambridge Programme for Sustainability Leadership. A number of the company's senior management are involved in the UK government's sustainability and climate change initiatives.

Johnson Matthey's executives have also made a contribution to a range of organisations and committees, such as the Carbon Trust, and the company continues to participate in numerous government consultations. We have also continued to support the activities of Forum for the Future and the Green Alliance.

The company meets regularly with all of its major shareholders. At these meetings matters relating to sustainability and corporate social responsibility (CSR) may be discussed together with the performance and development of the group's businesses.

Managing Sustainability

Johnson Matthey has adopted the principles of corporate social responsibility and embedded them into our risk management processes. Since 2003 we have formally reported annually on our social, environmental and ethical performance in a separate CSR report. Through the launch of Sustainability 2017 we have defined our own vision and direction and in July 2008 we published our first Sustainability Report. This represents a transition for Johnson Matthey and is linked to our move to actively manage our impacts and opportunities more efficiently than in the past.

To ensure further progress, sustainability needs to be part of the fabric of the company at all levels. We are managing sustainability across the group according to five elements: financial; governance; social; health and safety; and environment.

Financial

Financial viability is a key element of sustainability. Continued growth in profit is an important aspiration of our Sustainability 2017 Vision and we have set a target to more than double our earnings per share by 2017. Details of our progress are outlined in the Financial Review on pages 10 to 14, in the Key Performance Indicators section on pages 8 and 9 and in the Five Year Record on page 106.

The two major thrusts of our vision are about being more efficient with the resources we use and designing new products that help our customers to be more sustainable. Using less resources as a business will save us money. It will enable us to maintain or improve our margins and allow us to invest more in R&D and infrastructure. Designing innovative new products for our customers will allow us to maintain or strengthen our competitive position in the markets we serve today and benefit from the growth opportunities in emerging markets within the sustainability sector.

We have started to evaluate the monetary savings realised to date in our businesses through implementation of their Sustainability 2017 plans. Early indications suggest savings in the region of up to £10 million have been achieved so far with similar savings projected for 2009/10 and beyond. More robust evaluations of the financial benefits of our sustainability programme will continue over the coming years.

Governance

Johnson Matthey embraces a culture of continuous improvement in all aspects of sustainability. We drive continuous improvement through corporate policies, a comprehensive management system and the commitment of our employees. Johnson Matthey has key policies in the areas of Environment, Health and Safety (EHS); Employment; and Business Integrity and Ethics which provide the framework for managing environmental, social and governance matters.

Our well established policies and management systems apply to all operations worldwide. Legal requirements are a

minimum standard and in many cases our policies and systems are in advance of these. Over the last year further initiatives have been undertaken to improve our operational performance. Details of our policies, initiatives and progress can be found in the Sustainability Report on the company's website at www.matthey.com and are presented here in summary.

As outlined in the Corporate Governance section (page 42) the board has embedded environmental, social and governance matters into its risk management processes and formally reviews the area once a year. These matters are monitored by the CSR Compliance Committee, a sub-committee of the Chief Executive's Committee. A description of the committee can be found on page 42.

Policies and Management Systems – Environment, Health and Safety

A written policy statement, formulated and agreed by the Chief Executive's Committee, forms the basis of the group EHS management system. The board approves this policy statement which is signed by the Chief Executive and is available at each site throughout the group. This policy is presented in full in the Sustainability Report and on the company's website at www.matthey.com.

Environmental, Health and Safety Management

Johnson Matthey is firmly committed to managing its activities throughout the group to provide the highest level of protection to the environment and to safeguard the health and safety of its employees, customers and the community. Our EHS policies provide the guiding principles that ensure high standards are achieved at all sites worldwide and afford a means of promoting continuous improvement based on careful risk assessment and a comprehensive EHS management system.

The group EHS management system is reviewed regularly to ensure that it reflects international best practice and our growing understanding of the practical application of sustainable development.

The corporate objectives, policies and group EHS management system define accountability and set the standards against which conformance audits are assessed. This system is available to all employees via the company intranet. All facilities have developed local policies to meet the requirements of these corporate policies.

EHS compliance audits are an integral part of Johnson Matthey's corporate EHS management system and are vital to maintain continuous improvement in all aspects of EHS. All Johnson Matthey operated manufacturing and research and development facilities are included in the audit programme. The audit frequency for each facility is determined by the scale, inherent risk and past performance of the operation. Audits review conformance with the group EHS management system and compliance with national legislation, as well as providing an opportunity to share best environmental, health and safety practices.

The Group Occupational Physician undertakes health management reviews of all operational sites to provide consulting advice to guide the prioritisation and planning of programmes to optimise workplace health protection and promote workforce sustainability. All businesses undertake annual health management continuous improvement planning to structure programmes and services to meet changing business needs.

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All audit reports, including health management reviews, are reviewed by the CSR Compliance Committee and appropriate follow up is taken on any outstanding issues. A total of 28 detailed compliance audits and seven one day audit action reviews were completed during 2008/09.

Our review last year of the investigation reports on the incidents at BP's Texas City refinery and the Buncefield oil storage facility generated a number of actions to integrate relevant learning into our existing EHS management systems. During 2008/09 Group EHS has worked with Aker Solutions EHS & Risk Consultancy Services to develop a process risk management vertical audit tool for use alongside our EHS audits. The project aimed to prioritise our major manufacturing sites on a risk basis and enable pragmatic process safety measures to be developed through gap analysis of the difference between the scale of hazards and the suitability of the existing controls.

The first pilot process risk management audit was carried out at our facility in Germiston, South Africa in December 2008. The audit concentrated on high consequence / low probability events and revealed some valuable new opportunities to further understand and minimise risk. Further process risk management audits are planned during 2009/10.

ISO 14001

Over the past year continued progress has been made to implement ISO 14001, in line with our target of achieving registration at all major manufacturing sites by 2010. At the end of 2008/09, 32 sites had achieved ISO 14001 registration representing 80% of our manufacturing workforce. All other manufacturing sites have plans in place to achieve registration during 2009/10.

Training

Training is vital to ensure continuous improvement in environmental, health and safety performance. A number of seminars on high priority health and safety topics were completed during the year across the group. A project management training course at our plant in Shanghai gave facility managers and engineers from across Asia the opportunity to enhance their understanding and share best practice on improving the EHS aspects and impacts of significant development projects. Following this, the course content was reviewed and expanded to provide attendees with a greater level of guidance on how to deploy robust project management techniques. It will be relaunched across the group during 2009/10.

Regular meetings are held in both Europe and North America to provide an opportunity for our EHS professionals to network, share current best practices and discuss the impact of future EHS based legislation. Similar meetings will be held in Asia over the next year to provide further networking opportunities within our Asian EHS teams.

Regulatory Matters and Product Stewardship

Johnson Matthey's corporate REACH compliance programme is well advanced. Key REACH pre-registration requirements were successfully completed to ensure efficient future phasing of our substance registrations and several hundred declarations covering various product ranges were submitted. We continue to collaborate in industry consortia under the auspices of trade associations to share the costs and technical efforts for compliance and individual substance registrations remain on track to commence in 2010. During 2008/09, a corporate REACH website (www.matthey.com/cr/reach) was launched to support our customers and enhance supply chain communication.

Preparations also continued to implement the Globally Harmonised System (GHS) for chemical classification and hazard communication. During January 2009 the European Union commenced enactment of GHS and work is well underway within our European businesses to ensure we meet the requirements of the legislation timescales.

As part of our continuing improvement programme on product stewardship, internal systems to cover further chemical control regimes, such as the US Toxic Substances Control Act, were upgraded. We have also recruited a further three compliance specialists to our corporate product stewardship teams since the start of 2008/09 to support our efforts.

On 2nd December 2008 Johnson Matthey Inc. (JMI) was sentenced in the US District Court, Salt Lake City, Utah for a single felony violation of the US Clean Water Act (CWA), namely knowingly rendering inaccurate a reporting method in January 2000. The conviction arose from a federal investigation into wastewater practices at the company's Salt Lake City refinery that began in 2002 and led to prosecution by the US Department of Justice. JMI's conviction followed the September 2008 conviction of two former managers of the Salt Lake City refinery who had entered guilty pleas to a single felony under the CWA. The outcome for JMI came about by means of plea agreements entered into with the federal government following a successful challenge in Utah state court to the underlying permit that was fundamental to the indictment. As a result, nearly all the charges in the indictment were withdrawn.

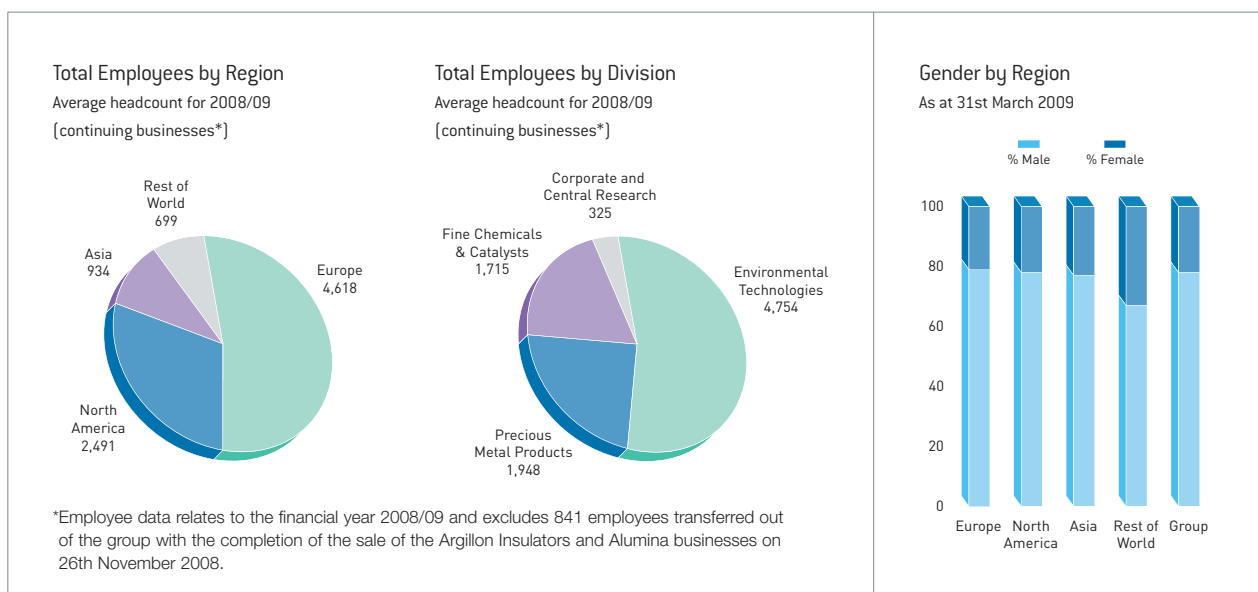
The criminal violation related to the selective screening of waste water samples for compliance analysis. Even though there was no harm to the environment, the company was ordered to pay a fine of \$2.25 million and contributed \$750,000 to the National Fish and Wildlife Fund. JMI will be on probation for three years. The two managers were also placed on probation and ordered to pay nominal fines. Their employment with Johnson Matthey has been terminated. In further resolution of the issues arising from this investigation, JMI has entered into a three year Compliance Agreement with the US Environmental Protection Agency effective 2nd December 2008.

Policies and Management Systems – Human Resources

Johnson Matthey's human resources policies are implemented through the corporate human resources standards which set requirements for operations throughout the group to follow. These standards are generally in advance of legal requirements and provide internal consistency. They are supported by detailed regional procedures or individual business procedures. All of these policies and procedures are subject to regular review to ensure that they continue to reflect both regional best practice and local legislation. Site specific human resources policies and procedures are communicated to staff at inductions and through staff handbooks. Human resources policies and risks are examined by the Chief Executive's Committee and the CSR Compliance Committee. The group's policies on equal opportunities and training are published on the website and are set out below.

Equal Opportunities Policy

The group will recruit, train and develop employees who meet the requirements of the job role, regardless of gender, ethnic origin, age, religion, sexual orientation or disability. The policy recognises that people with disabilities can often be denied a fair chance at work because of misconceptions about



their capabilities and seeks to enhance the opportunities available by attempting, wherever possible, to overcome obstacles, such as the need to modify equipment, restructure jobs or to improve access to premises, provided such action does not compromise health and safety standards. Similarly, employees who become disabled will be offered employment opportunities consistent with their capabilities. We value the diversity of our people as a core component of a sustainable business and employment applications are welcomed and encouraged from all sections of the community including minority groups.

Training and Development of People Policy

The Management Development and Remuneration Committee of the board takes a special interest in ensuring compliance with the Training and Development of People Policy objectives to:

- Ensure highest standards in the recruitment of employees.
- Assess training needs in the light of job requirements.
- Ensure relevance of training and link with business goals.
- Employ and evaluate effective and efficient training methods.
- Promote from within, from high potential pools of talent.
- Understand employees' aspirations.
- Provide development opportunities to meet employees' potential and aspirations.

Policies and Management Systems – Business Integrity and Ethics

The company strives to maintain the highest standards of ethical conduct and corporate responsibility worldwide through the application of the principles within its Business Integrity and Ethics Policy. These issues are further safeguarded through corporate governance processes and monitoring by the board and its sub-committees. All employees have a duty to follow the principles set out in the Business Integrity and Ethics Policy. It is integrated into the Group Control Manual and is available to staff at all sites. The policy is presented in full in the Sustainability Report and on our website at www.matthey.com.

Johnson Matthey facilities have established policies and procedures through which employees can raise employment related issues for consideration and resolution. A confidential and secure "whistleblowing" website and telephone helpline is also in place to give all employees an additional means to raise any issue of personal concern.

Supply Chain

Management of the supply chain and contractor activities is a core component of the ISO 9000 and ISO 14000 series of standards. Supply chain and contractor management questionnaires are a requirement of achieving and maintaining registration and as such, ISO registered Johnson Matthey sites require the completion of appropriate questionnaires. For those sites without ISO registration, the group EHS management system provides policy and guidance on both supply chain management and contractor control.

In March 2009 around 20 people from our businesses' European procurement teams met to review and discuss sustainable procurement. Participants also shared their ideas on best practice and as a result, development of a sustainable procurement policy for the company has been initiated.

In April 2009 Johnson Matthey conducted a corporate social responsibility audit of one of our most important suppliers, Anglo Platinum Limited. The purpose of the audit was to verify that Anglo Platinum's policies and philosophy on the non-financial elements of the sustainability triple bottom line are aligned with Johnson Matthey's position. Six critical elements were scrutinised: management of sustainable development; ethics; labour; environment; health and safety; and communities. For each element the audit team reviewed Anglo Platinum's published corporate policies, then verified them with local manufacturing site management and finally with groups of workers. The audit revealed that Anglo Platinum's policies and philosophy on corporate social responsibility are in line with those of Johnson Matthey.

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Human Rights

Whilst we are confident of the human rights performance of our own operations we recognise that business practices in the supply chain are not always transparent and represent a risk that must be managed. Every effort is made to ensure the issues are managed effectively. We support the principles defined within the United Nations Universal Declaration of Human Rights and the International Labour Organisation Core Conventions including the conventions in relation to child labour, forced labour, non-discrimination, freedom of association and collective bargaining. Compliance with and respect for these core principles are integrated within the risk assessment procedures and impact assessments which are undertaken when entering into business in a new territory and within the due diligence processes when making an acquisition or entering a joint venture.

Social

Our people are respected as the company's most valuable resource and they will continue to play a vital role in the process of building a sustainable business. We are committed to recruiting high calibre employees and providing them with the information, training and working environment they need to perform to the highest standards. We encourage all our people to develop to their maximum potential and support them with human resources policies and practices that are strategically linked to the needs of our business and our customers.

Our success depends on the skills, qualities and wellbeing of our people. We have an effective, streamlined recruitment procedure to meet our steady requirement for high calibre graduates and offer a variety of career foundation training to engage new recruits. We also offer training and development programmes at middle and senior manager levels. Our aim is to retain high potential and high performing staff. Training is provided at our facilities around the world with a high level of attendance by employees from Asia, reflecting the increasing importance of this region. We also encourage employees from acquired businesses to attend programmes to expose them to our wider company culture and help them integrate. Presentations from senior executives anchor all these programmes to the company's strategies and progress.

Providing career development opportunities for employees assists staff retention and, in turn, succession planning and the sustainability of management. Recruiting well qualified staff is vital to support business development in new and emerging markets. This challenge will be met through appropriate manpower planning, local recruitment and the encouragement of international mobility. Cross divisional movement is encouraged amongst our employees and monitored as an important part of the annual management development and succession planning review process. We have continued to develop the management skills inventory database which provides the group with a powerful means of helping to identify and match suitably qualified internal candidates to promotional and development opportunities globally and / or across our divisions.

Employee Relations and Communication

The quality of our employee relations is a priority for Johnson Matthey and the company is proud of the high level of commitment and loyalty from its employees. We have a low voluntary staff turnover (6.4% in the financial year 2008/09, see page 9) with many employees staying with the company for their whole careers.

Johnson Matthey recognises the importance of effective employee communications and particularly the value of face to face dialogue. We communicate through our in house magazine, attitude surveys, regular news bulletins, presentations to staff and team briefings. Employees are also encouraged to access the company's intranet and website.

The company supports employee share ownership and employees have the opportunity to participate in share ownership plans, where practicable. Under these plans, employees can buy shares in the company which are matched by a company funded component. Employees in six countries worldwide are able to contribute to a company share ownership plan or a 401k approved savings investment plan. Through these ownership plans Johnson Matthey current and former employees collectively held 1.76% of the company's shares at 31st March 2009.

Johnson Matthey also sponsors pension plans for its employees worldwide. These pension plans are a mixture of defined benefit or defined contribution pension arrangements, savings schemes and provident funds designed to provide appropriate retirement benefits based on local laws, custom and market practice.

Johnson Matthey continues to maintain good and constructive relations with all recognised trade unions which collectively represent 34% of all group employees worldwide. From 2nd June to 11th July 2008 production was affected at the company's precision casting plant in St Catharines, Canada by a six week strike involving 47 members of the USW (United Steelworkers) union. The matters at issue were finally settled by local negotiations and production resumed on 12th July. Other than this one event no working time was lost within the group due to employee action.

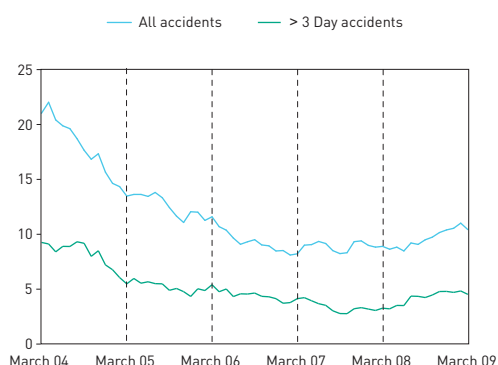
As a result of the global economic slowdown, a number of Johnson Matthey sites around the world have had to reduce employee numbers and adjust working patterns, particularly those facilities which supply the automotive related markets. In most cases these adjustments necessitated the release of agency and temporary staff although some have also required redundancies amongst permanent staff. These difficult decisions were not taken lightly. In all cases appropriate consultations were held with those affected and, where appropriate, their union representatives, in accordance with local legal and best practice requirements.

Activities in the Year

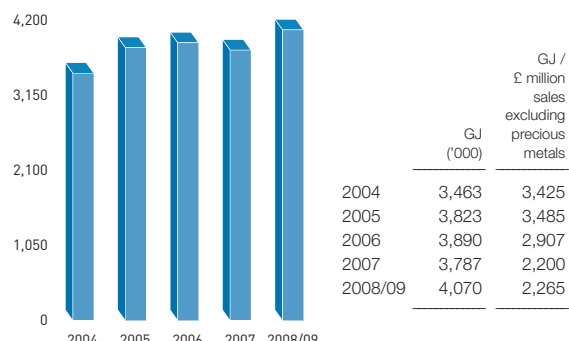
There have been a number of key initiatives during the year with a strong emphasis on working together to achieve the Sustainability 2017 Vision, employee recognition, people development and assured wellbeing programmes.

Working together, both internally and with our many stakeholders, is helping to support our Sustainability 2017 goals. Employee teams have focused on improving resource efficiency to deliver improvements in manufacturing processes, waste management and energy efficiency. Team efforts to develop more sustainable products and services have led to new catalyst solutions for our customers and more efficient methods of manufacture in our own factories. Our work with suppliers and customers to develop a more sustainable supply chain has already revealed opportunities for improvements in transport, packaging and materials use. Emphasis on sustainable personal development programmes for employees and investment in local communities has enhanced our reputation as an admired employer and good neighbour.

Annual Accident Rate per 1,000 Employees



Energy Consumption GJ ('000)



Energy consumption from 1st January 2008 to 31st March 2008 was 1,148,000 GJ.

We have continued to strengthen and improve communication and engagement with employees through site satisfaction and attitude surveys. This year Emission Control Technologies (ECT), our largest business, ran a global attitude survey of all its employees. Over 76% of the employees invited to participate completed the survey and overall satisfaction levels were very positive with 81% of participants feeling satisfied or very satisfied working for ECT. Summary results have been published and ECT's employees have been briefed on the findings. Three specific action areas have been identified for improvement within the business which will help to build a better working environment. Further information on the survey will be published in this year's Sustainability Report.

Employee understanding of Johnson Matthey's policies and commitment to their implementation to maintain and enhance the reputation of the company has remained a priority. Compliance training for managers in their responsibilities for employees, commercial contracts and company assets has been maintained during the year through online learning programmes and seminars.

The corporate sickness absence rate during 2008/09 was 2.0% compared to 2.1% for calendar year 2007 (2.1% for 1st January 2008 to 31st March 2008). Most businesses are increasing their investment in sustainable health and wellness programmes to support the longer term health, wellbeing and performance of employees.

Community Investment

We have a strong tradition in Johnson Matthey for our good community relations. We have an important contribution to make to the economic development of our local communities, not only as an employer but also through collaboration and investment, both financial and in kind.

We are actively involved in programmes worldwide that promote good community relations to foster a relationship of understanding, trust and credibility. Guidance on site requirements is detailed in the group EHS management system.

An annual review of community investment activities across the group has been carried out and shows that 95% of Johnson Matthey operations with over 50 employees participate in activities within their local communities. These activities are wide ranging and include charitable giving, support for educational projects, the advancement of science and economic regeneration projects. Employees also participate in activities or hold community related roles outside of the work environment. The company is supportive of this broader community engagement, allowing employees time off during working hours as appropriate.

To support the further development of our community investment programmes around the world, Johnson Matthey has joined the London Benchmarking Group (LBG), a group of more than 120 major companies who develop and share best practice in this area. Through our membership of LBG, we are beginning to evaluate our community investment programmes using its successful and widely accepted model. As a first step, we have introduced more robust systems for our data collection processes which we have implemented for our 2008/09 data reporting.

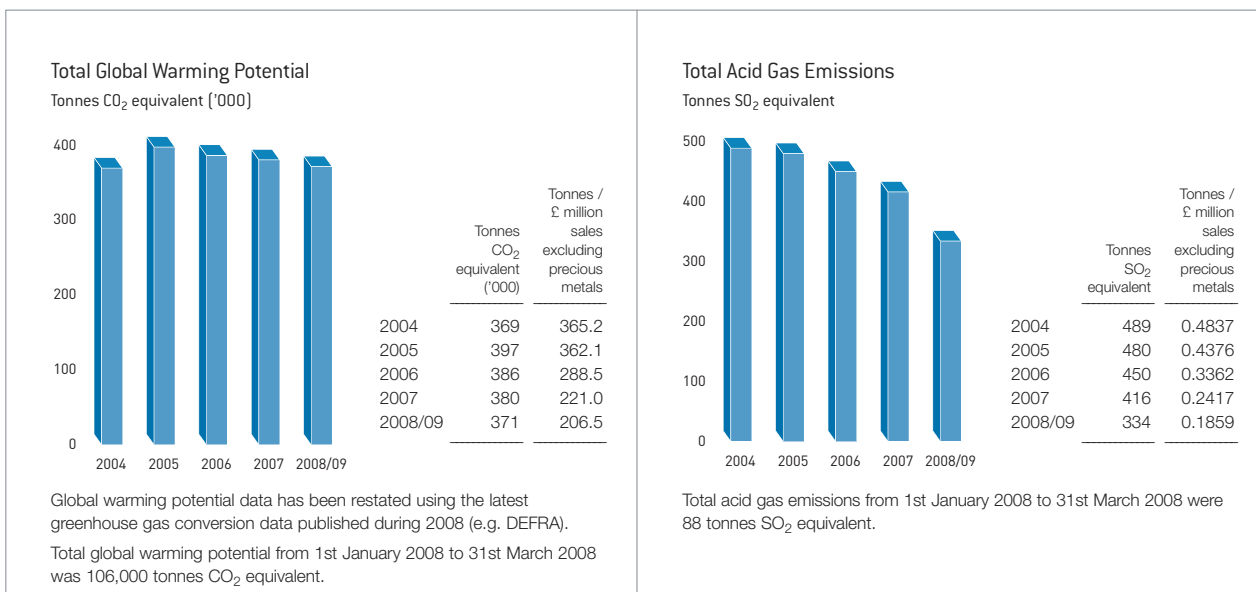
We will continue to offer further support to sites in developing and implementing meaningful community investment programmes through the application of the LBG methodology and through sharing best practice across the group.

Charitable Programmes

Johnson Matthey's long history of support for charitable causes continues today through group and business programmes. The causes we support are aligned with issues to which the group makes a contribution and to issues about which our employees are passionate.

In 2008/09, Johnson Matthey supported 48 charitable causes through its corporate annual donations programme. These included support for organisations working in the areas of environment, medical and health, science and education, social welfare and international development. 44% of these corporate donations were in support of medical and health causes. A total of 37 additional charitable causes received one-off donations through the corporate programme during the year.

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In 2008/09 we initiated a specific programme of support focused on promoting the understanding and awareness of science among children and young people, further details of which can be found in the Sustainability Report. We believe that encouraging the next generation of scientists is very important to the sustainability of our industry and we will continue to contribute our resources and expertise.

During 2008/09 the company also contributed £500,000 to the University of Cambridge to support chemical engineering research, particularly in the area of catalysis and reaction engineering. Our funding will also help support construction of new chemical engineering facilities at the university.

Johnson Matthey continues to operate its annual charity of the year programme and employee views are considered when deciding on the charity. The international Red Cross and Red Crescent Movement was chosen as our charity of the year for 2008/09 and further details on the partnership are available in the Sustainability Report. Johnson Matthey sites around the world also lend support to many other charities locally and nationally through donations, employee time or loans of company facilities.

In the financial year to 31st March 2009 Johnson Matthey donated £495,000 to charitable organisations. This figure only includes donations made by Johnson Matthey and does not include payroll giving, donations made by staff or employee time. The company made no political donations in the year. We will continue to support a wide range of charitable causes in 2009/10.

Health and Safety

Health and safety is a key element of our sustainability strategy. As a business we are committed to providing our employees with a safe working environment and supporting and enhancing their health and wellbeing. Any accident is unacceptable and our target is zero greater than three day accidents.

A corporate reporting system is in place to report and investigate occupational illness cases arising as a result of exposure to workplace health hazards. The incidence of cases reported during 2008/09 was 5.5 cases per 1,000 employees (5.8 cases per 1,000 employees in calendar year 2007, 3.5 cases per 1,000 employees for 1st January 2008 to 31st March 2008).

Accidents are actively monitored and detailed statistics are compiled monthly at group level. In March 2009 the incidence of greater than three day accidents at Johnson Matthey was calculated as 4.48 per 1,000 employees, an increase of 39% compared with 3.22 (restated) in March 2008. The total number of accidents that resulted in lost time was 95, a 40% increase compared to the previous year. During the year, the total accident rate increased by 17% from 8.86 (restated) to 10.39 per 1,000 employees per year. The total lost time accident incident rate per 100,000 hours worked increased by 33% from 0.40 in 2007/08 to 0.53 in 2008/09. In 2008/09 the number of days lost per 1,000 employees per year was 115, an increase of 58% compared with 73 (restated) in 2007/08. All accidents were thoroughly investigated to determine root causes and assign appropriate preventative and corrective actions.

Following steady improvement in our accident statistics in previous years, our performance in 2008/09 has highlighted the need to revitalise Johnson Matthey's accident prevention processes. The company has recently launched an initiative to introduce 'EHS Learning Events' to all facilities to help drive a reduction in the rate of injuries resulting in lost time. An 'EHS Learning Event' would typically occur when opportunities to improve the safety of the workplace are identified or when situations are observed which may necessitate at risk behaviour in achieving the required tasks or activities. Employees and long term contractors will be invited to briefly note any learning events. This will provide site managers with a valuable new source of information about the working environment that could result in injury, and employees will gain a sharpened sense of the risks around them. As the system becomes embedded we are confident this should result in reduced incidence of lost time injuries across the group.



Environment

Environmental responsibility is a key element in making Johnson Matthey a more sustainable business. The company has an impact on the environment in many ways; through the resources we use, the way we operate our processes and the action of our products and services on enhancing the environment for others.

We undertake a comprehensive annual review of group environmental performance which covers all manufacturing and research and development facilities. Data presented here is for the 2008/09 financial year whereas previously, data has been presented on a calendar year basis. Where necessary, past environmental data has been restated to reflect changes in the business, for example divestments and site closures.

All of the manufacturing facilities across the group made progress against their individual environmental improvement targets during the year and our five year performance is shown in the tables on pages 35 to 37. The group's total energy consumption increased by 7% and our total global warming potential (GWP) reduced by 2%. Relative to sales excluding precious metals these increased by 3% and decreased by 7% respectively. The absolute reduction in GWP demonstrates early progress towards our goal to become carbon neutral and was achieved through increasing our use of green energy sources and from reducing harmful emissions from our manufacturing processes. Total emissions of acid gas (primarily oxides of nitrogen, NO_x) reduced by 20% in absolute terms and by 23% relative to sales excluding precious metals. The total amount of waste generated during the year decreased by 3% across the group and by 7% relative to sales excluding precious metals. Waste to landfill decreased from 20,977 tonnes in 2007 to 5,535 tonnes in 2008/09 which represents solid progress towards our Sustainability 2017 target on waste. During the year, water consumption for the group decreased by 5% in absolute terms and by 9% relative to sales excluding precious metals.

Environmental, Health and Safety Targets

Johnson Matthey continually monitors environmental, health and safety performance to identify priority issues and to drive improvement.

A new corporate sustainability target has been set to reduce the annual incidence of occupational illness cases by at least 30% over the next five years. The longer term aim continues to be to eliminate the occurrence of occupational illness cases as far as practicable.

All sites within the group will aim to continue to make progress against the target of zero greater than three day accidents. Leading and lagging indicators have been integrated into site improvement plans to better monitor performance against these improvement targets.

We will complete new environmental, health and safety policies and guidance to support existing EHS related governance within the group EHS management system. These will focus on areas of specific interest to Johnson Matthey operations and include process safety, chemical exposure, occupational illness and occupational travel. The policies and guidance will be issued to all sites and appropriate training will follow.

Verification and Assurance

The board, Audit Committee, Chief Executive's Committee and CSR Compliance Committee review sustainability issues as part of the company's risk management processes. The board believes that the internal measures taken to review the sustainability information provide a high level of confidence. Third party assurance of our full Sustainability Report has also been commissioned. The full Sustainability Report will be published on the company's website at www.matthey.com in July 2009.