

BUSINESS REVIEW

Sustainability

Sustainability is a key element of our strategy for the future growth of the business. The group's Sustainability 2017 Vision, launched in December 2007, sets out our aspirations for building a more sustainable business and includes challenging targets to support business growth. Our aims are to at least double our underlying 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.

There are two key drivers for our vision. The first is to be more efficient with the resources we use as a business and the second is to design new products and services that help our customers to be more sustainable and competitive. However, growing our business through sustainability is not only about our operations and products. We are also committed to best practice in governance, to creating a positive working environment for employees and to being a responsible partner for our customers, suppliers and communities. Some of the progress we have made towards achieving the vision is presented in summary in this report. Further details can be found in Johnson Matthey's Sustainability Report 2009/10 which will be published on the company's website in July 2010.

Sustainability is embedded into our routine management processes. All of the group's businesses are required to develop, implement and report progress on their own sustainability plans as part of the group's annual financial budgeting processes. These plans have the common corporate objectives as their foundation and are tailored 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.

Progress towards our Sustainability 2017 targets and the group's other social, environmental and ethical targets is summarised in the table on page 30. We have developed appropriate key performance indicators (KPIs) to enable us to monitor performance and data is reported relative to a baseline year which, unless stated, is taken as our performance in 2006/07.

In 2009/10 performance against our targets has improved relative to the baseline year. Year on year progress (2009/10 versus 2008/09) has also been steady with improvement against all but three targets; earnings per share (EPS), carbon neutrality and natural gas consumption. During 2009/10, EPS growth has been held back by the impact of the global economic downturn on our business. The group's natural gas consumption and global warming potential (GWP) both increased this year resulting from the inclusion of data from three major new manufacturing facilities. The increase in GWP was also due in part to the geographical mix of production where this year, a greater proportion of our total output originated in countries where the carbon intensity from grid electricity is high.

Much of our progress to date has been achieved by incremental improvements in operational and process efficiencies, the so called 'low hanging fruit'. We have recognised the need to focus further on the step change opportunities that will drive accelerated progress towards our 2017 targets and add real value to Johnson Matthey.

During the year we have continued to develop our strategy to achieve carbon neutrality. We have also introduced a more formal system of site and functional reviews to drive improved performance. Conducted by members of the Group Sustainability team, the reviews aim to raise awareness of sustainability, provide help and support with initiatives, identify and share examples of good practice and ensure that the principles of sustainability are fully embedded across Johnson Matthey.

The site and functional reviews also focus on the progress being made against local plans and on the alignment of local targets with the 2017 goals. This includes examination of the tools and metrics which can be used to understand the sustainability impacts and benefits of our operations and products.

Sharing information on successes, ideas and challenges across the whole group is also important to support continued progress. Employee engagement has remained a key priority to ensure all staff have a clear view of the importance of sustainability to the overall business strategy and to equip them with the information they need to take forward their own ideas. A dedicated intranet site has recently been launched to provide a means for everyone in the group to share good practice on sustainability and to offer a central source of information which employees can draw upon to support their initiatives.

During the year the Johnson Matthey Sustainability Awards were introduced to recognise and share best practice across the group. The awards, which will be made each year, span five categories which were carefully chosen to reflect the breadth of our Sustainability 2017 Vision. Last year a very strong set of around 90 entries was received, demonstrating the way in which everyone in the group continues to embrace sustainability and embed it as part of the way of doing business. Details of the seven winners can be found in the 2008/09 Sustainability Report.

Going forward the group will focus on accelerating performance towards the Sustainability 2017 targets through identifying and implementing operational / process improvements and by developing new sustainable products for our customers. The global sustainability agenda continues to evolve at a considerable pace presenting new challenges and opportunities for our industry. Johnson Matthey will continue its ongoing assessment of the current and likely future impacts on its business and the identification of new markets to ensure the group is well positioned to respond and benefit over the years ahead.

Managing Sustainability

Johnson Matthey has adopted the principles of corporate social responsibility and embedded them into its risk management processes. Since 2003 we have reported annually on our social, environmental and ethical performance in a separate report. Through the launch of Sustainability 2017 we have defined our own vision and direction to manage our impacts and opportunities with increasing efficiency.

Sustainability is managed across the group according to five elements: financial; governance; social; health and safety; and environment.

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Progress Towards Sustainability 2017

Sustainability 2017 Aspiration	KPI	Baseline 2006/07	2009/10 ¹	2017 Target
At least double earnings per share	Underlying earnings per share (pence)	82.2 ²	86.4	≥ 164.4
Achieve carbon neutrality	Total global warming potential (tonnes CO ₂ equivalent)	401,119 ^{3,4}	390,389	0
Achieve zero waste to landfill	Amount of waste to landfill (tonnes)	16,555 ⁴	4,998	0
Halve key resources per unit of output ⁵	Electricity consumption (GJ '000)	1,469 ⁴	1,389	735
	Natural gas consumption (GJ '000)	2,146 ⁴	2,084	1,073
	Water consumption (m ³ '000)	1,909 ⁴	1,734	955
Other Targets	KPI	Baseline	2009/10 ¹	Target
Zero greater than three day accidents	Annual accident rate per 1,000 employees	n/a	2.14 ⁶	0
ISO 14001 implemented by all manufacturing sites in 2010	Number of manufacturing sites with ISO 14001 registration	n/a	41	45 ⁷
Incidence of occupational illness cases reduced by at least 30% by 2013/14	Annual incidence of occupational illness cases per 1,000 employees	5.3 ⁸	5.2	≤ 3.7 ⁹

¹ Data presented is for the period 1st April 2009 to 31st March 2010.

² Data presented is for the period 1st April 2006 to 31st March 2007.

³ Restated.

⁴ Data presented is for the period 1st January 2006 to 31st December 2006.

⁵ The top three target resources were identified for each facility and from this electricity consumption, natural gas consumption and water use were most significant for the majority of the group.

⁶ At March 2010.

⁷ Target to be achieved in 2010.

⁸ Baseline is incidence of occupational illness cases per 1,000 employees in calendar year 2008.

⁹ Target to be achieved by 2013/14.

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 underlying earnings per share by 2017. Details of our progress are outlined in the Financial Review on pages 20 to 22, in the Group Key Performance Indicators section on pages 8 and 9 and in the Five Year Record on page 109.

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 fewer 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. We have started to evaluate the monetary savings realised by our businesses through implementation of their Sustainability 2017 plans and estimate that savings of up to £12 million have been achieved in 2009/10. These savings have been achieved as a result of a large number of initiatives across all our businesses. For example, energy reduction projects in Emission Control Technologies have saved around £170,000, solvent reduction programmes at Macfarlan Smith have delivered around £200,000 in savings and Catalysts and Chemicals in Shanghai, China has saved over £140,000 through initiatives to deliver reductions across its five key resources.

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. In 2009/10 a significant proportion of profit was generated by products that directly benefit the environment.

We continue to work towards obtaining more robust evaluations of the financial benefits of our sustainability programme and on establishing further metrics to monitor the financial impact of sustainability initiatives on business performance.

Governance

Good governance is a cornerstone of sustainability and the group has well established policies and management systems to support this which apply to all operations worldwide. Legal requirements are a minimum standard and in many cases our policies and systems are in advance of these. Johnson Matthey has 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. These are presented on the company's website at www.matthey.com. Further details of our policies, initiatives and progress can be found in the Sustainability Report on our website 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 role of the Committee can be found on page 42.

Policies and Management Systems – Environment, Health and Safety
Johnson Matthey is committed to providing the highest level of protection to the environment and to safeguarding the health and safety of its employees, customers and communities. This is supported by policies, a comprehensive management system, governance, careful risk assessment, auditing and training which promote continuous improvement and ensure that high standards are achieved at sites worldwide. In addition, all facilities have developed local policies to meet corporate requirements.

The EHS policy is a written statement, formulated and agreed by the Chief Executive's Committee and approved by the board. Signed by the Chief Executive, it is available at all sites, is published on the website and forms the basis of the group EHS management system.

The group EHS management system is available to all employees via the group intranet. It is regularly reviewed and, together with the corporate policies and objectives, it defines accountability and sets the standards against which conformance audits are assessed.

EHS compliance audits are vital to maintain continuous improvement and all Johnson Matthey operated manufacturing and research and development facilities are included in the audit programme. Audit frequency for each facility is determined by the scale, inherent risk and past performance of the operation. Audits are carried out by experienced ISO qualified EHS professionals and controlled by the Group EHS Assurance Director. Health management reviews are undertaken every three to four years at all operational sites. They are conducted by the Director of Group Health who provides consulting advice to support the prioritisation and planning of programmes to optimise workplace health and promote workforce sustainability. In addition, all businesses undertake annual health management improvement planning to adjust health programmes to meet changing business needs.

All audit reports, including health management reviews, are reviewed by the CSR Compliance Committee and appropriate follow up actions are taken on outstanding issues. During 2009/10 30 detailed compliance audits and six one day audit action reviews were completed. Health management reviews were conducted at 14 facilities.

Training is a vital element in ensuring continuous improvement in EHS performance and a variety of programmes are in place. Regular meetings are held in Europe and North America to enable EHS professionals across the group to network, share best practice and discuss the impact of future EHS legislation. Meetings have been extended to include the Asia region and its first meeting was held in May 2010.

Regulatory Matters and Product Stewardship

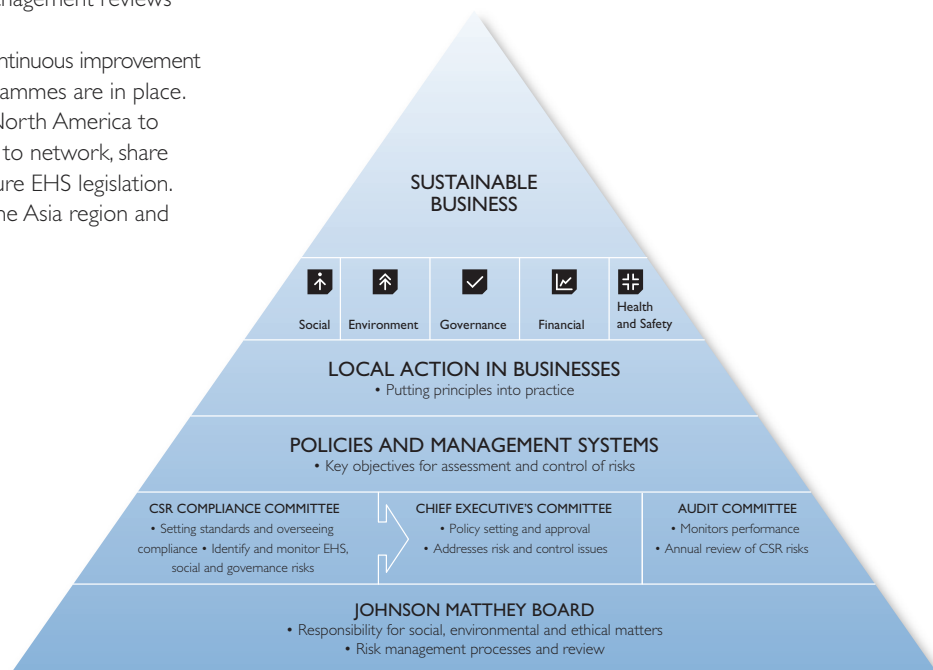
Johnson Matthey's corporate REACH compliance programme is well advanced. Projects to support substances subject to registration in 2010 are on track and it is anticipated that all dossier submissions will be made on time. We continue to participate in industry consortia collaborations as an efficient and cost effective method of managing current and future registration requirements. Our businesses are now engaged in the transition to the Globally Harmonised System (GHS) for chemical classification and hazard communication and work is underway to ensure compliance with the European Union Classification Regulation. As part of our continuous improvement programme for product stewardship, a comprehensive training update programme on the US Toxic Substances Control Act (TSCA) is being delivered across the group and is over 80% complete. A further three product regulatory specialists have been recruited during 2009/10 to support our global efforts.

No notifications of significant health effects at end user level involving our products and no major incidents or environmental releases during product transportation and distribution were recorded in 2009/10. During the year, there were no major product related regulatory penalties or non-compliances.

Policies and Management Systems – Human Resources

The group's human resources standards are progressive, consistent and aimed at bringing out the best in our people. Group policies are supported by detailed regional and individual business procedures which are regularly updated 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.

Managing Sustainability



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The group's policies on equal opportunities and training are published in full on the website and are detailed below.

Our Equal Opportunities Policy is to 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 during their employment 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.

The Management Development and Remuneration Committee of the board takes a special interest in ensuring compliance with the Training and Development Policy objectives in order 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
Johnson Matthey strives to maintain the highest standards of ethical conduct and corporate responsibility worldwide to ensure we act with integrity, transparency and with care for the rights of the individual. The group's principles are set out in the Business Integrity and Ethics Policy and issues are further safeguarded through corporate governance processes and monitoring by the board and its committees. The policy applies to all the group's employees and is presented on the website.

Compliance training is provided to employees to support their understanding of and commitment to group policies in order to protect and enhance the company's reputation. The training educates managers in their responsibilities for employees, commercial contracts and company assets and is delivered globally via online learning programmes and seminars.

All facilities have established policies and procedures for employees to raise employment related issues for consideration and resolution. A confidential and secure 'whistleblowing' website and telephone helpline are also in place to give all employees additional means to raise any issue of personal concern.

Management of 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 operations require the completion of appropriate questionnaires. For those operations without ISO registration, the group EHS management system provides policy and guidance on supply chain management and contractor control.

During the year, procurement professionals from across Johnson Matthey have been working together to develop an Ethical and Sustainable Procurement Policy. The policy provides clear guidance on various topics including those relating to the selection of suppliers, auditing against standards and ethical conduct with suppliers. It was published in May 2010.

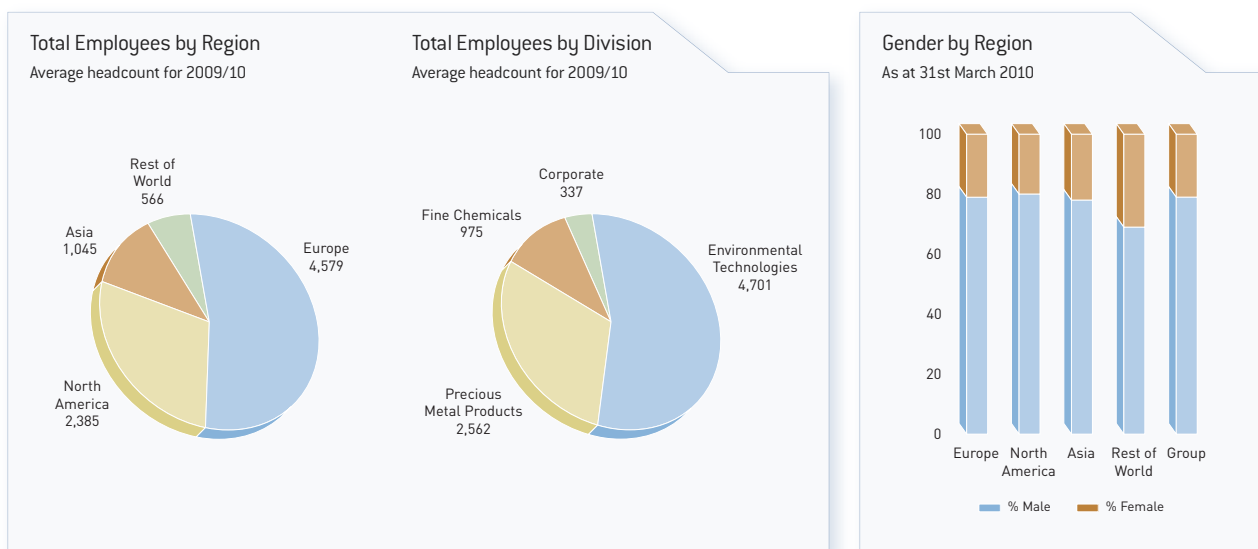
Johnson Matthey is confident of the human rights performance of its own operations but recognises that business practices in the supply chain are not always transparent and represent a risk that must be managed. Every effort is made to ensure the issues are managed effectively. We support the principles 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.



→ Employees at Johnson Matthey Mexico joined children at a local kindergarten in planting trees. The site also donated hoses, sprinklers and soccer equipment.



→ Apprentice at Johnson Matthey's Redwitz site in Germany. The site's apprentice scheme combines company training with formal education at an occupational college.



Social

Recruitment, Training, Development and Diversity

Johnson Matthey's employees are respected as the group's most valuable resource and play a vital role in 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. All employees are encouraged to develop to their maximum potential, supported by human resources policies and practices that are strategically linked to the needs of the business and our customers.

The skills, qualities and wellbeing of employees underpin the company's success. An effective, streamlined recruitment procedure supports the steady requirement for high calibre graduates and career foundation training programmes are in place to engage new recruits. We also offer training and development programmes at middle and senior manager levels. Employees from acquired businesses are actively encouraged to attend programmes to expose them to the wider group culture and help them integrate. Our extensive portfolio of training is provided at our facilities around the world and programmes include presentations from senior executives to anchor the course content to the company's strategies and progress.

Our aim is to retain high potential and high performing staff. Providing career development opportunities for employees assists in staff retention and in turn, succession planning and the sustainability of management. Recruiting well qualified staff is vital to support business development, particularly in new and emerging markets such as in Asia, and this is achieved by appropriate manpower planning, local recruitment and the encouragement of international and cross divisional mobility. The group has a management skills inventory database to help to identify and match suitably qualified internal candidates to promotional and development opportunities globally and / or across our divisions as we strive to place the right people with the right skills in the right places. Beyond satisfying the immediate business needs, the company is committed to developing a more internationally diverse workforce to support its global business.

The group's gender balance remains almost unchanged this year at 79% male and 21% female. The group recognises the importance of creating an enhanced environment for the development of women in management and during the year has introduced an initiative to increase awareness of this issue. As part of this, managers have been encouraged to use the annual appraisal with their female staff as an opportunity to understand aspirations, identify any perceived obstacles to progression, discuss opportunities for career development and highlight details of the group's family friendly policies.

Employee Relations and Communication

The quality of our employee relations is a priority for the company and Johnson Matthey is proud of the high level of commitment and loyalty from its employees. We have a low voluntary staff turnover (5.4% in 2009/10, see page 9) with many employees staying with the company for their whole careers.

Effective communication with employees is important and in particular, face to face dialogue. Communication is exchanged through the in house magazines, attitude surveys, regular news bulletins, presentations to staff and team briefings. Employees are also encouraged to access the group's corporate intranet, sustainability 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 are able to contribute to a company share ownership plan or a 401k approved savings investment plan. Through these ownership plans Johnson Matthey's current and former employees collectively held 1.83% of the company's shares at 31st March 2010.

Johnson Matthey also sponsors pension plans for its employees worldwide. These pension plans are a combination of defined benefit and defined contribution pension arrangements, savings schemes and provident funds designed to provide appropriate retirement benefits based on local laws, custom and market practice. In 2009/10 there was a major change to the Johnson Matthey Employees Pension Scheme in the UK (JMEPS).

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Following a full consultation exercise with around 2,000 employees who were affected by the change, from 31st March 2010 those employees ceased to accrue further benefits based upon their final salary. From 1st April 2010 those employees will accrue benefits based upon their career average salary and may also make defined contributions to their pension which are matched by the company up to 3% of pensionable pay. This is in line with the pension arrangements for UK employees who joined JMEPS since 2006. These actions were deemed necessary to preserve the long term strength and integrity of the pension funds and of the company itself. Further details are provided on page 22. The design of the career average section of the scheme is geared to providing overall benefits of a similar level to the previous final salary section but has removed or reduced some of the liabilities that the company could potentially face in the future. The changes only affected UK based employees.

In 2008/09 the global economic slowdown had made it necessary to reduce employee numbers at some of our manufacturing sites and our monthly employee numbers continued to fall during the early part of 2009/10. A minimum point was reached in June 2009 and since then, employee numbers have increased by around 7%, as we have seen a recovery in demand for our products.

Johnson Matthey continues to maintain good and constructive relations with all recognised trade unions which collectively represent 33% of all group employees worldwide. During 2009/10 no working time was lost within the group due to employee action.

The corporate sickness absence rate during 2009/10 was 2.1% compared to 2.2% (restated) for 2008/09. We continue to increase investment in sustainable health and wellness programmes to support the longer term health, wellbeing and performance of our employees.

Community Investment

Johnson Matthey has a strong tradition for good community relations and the company and its employees are actively involved in programmes worldwide. 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. Johnson Matthey is a member of the London Benchmarking Group (LBG).

Guidance on site requirements is detailed in the group EHS management system and a review of community investment activities across the group is carried out each year. In 2009/10, the review indicates that 98% of Johnson Matthey's operations with over 50 employees participated 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. The review also demonstrates that a higher proportion of sites have specific budgets for community investment and are setting objectives for their activities.

Johnson Matthey's long history of support for charitable causes continues today through group and business programmes. The causes we support reflect the areas in which the group's technologies have a benefit and the issues which strike a chord

with our employees. At a group level, Johnson Matthey operates a charitable donations programme which includes support for organisations working in the areas of environment, medical and health, science and education, social welfare and international development. The programme includes an annual donations scheme where a number of charities are selected triennially and receive a donation from the company each year for a three year period. In 2009/10 48 charitable causes received an annual donation through this scheme. The group's programme also considers individual requests for support throughout the year and a further 44 charitable organisations received donations on this basis in 2009/10.

The group also has a specific programme of support focused on promoting the understanding and awareness of science among children and young people. During the year we have worked with StemNet, a UK organisation that creates opportunities for young people in science, technology, engineering and mathematics (STEM), to develop practical materials for use in school STEM clubs. The programme we have devised, called 'Sustainability is Precious', has been trialled by several schools and will be rolled out nationally later this year.

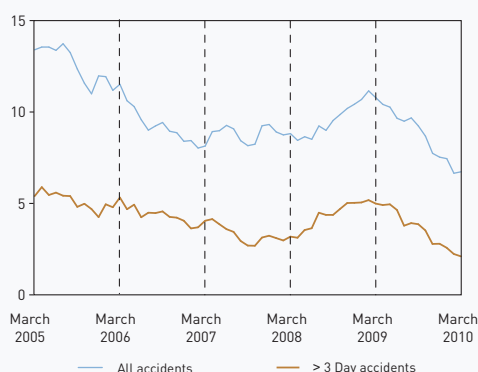
Johnson Matthey continues to operate its annual charity of the year programme and employee views are considered when deciding on the charity. The group is supporting Alzheimer's Society in 2009/10 and further details on the partnership are available in the Sustainability Report. Johnson Matthey's sites around the world also lend support to many other charities locally and nationally through donations, employee time or loans of company facilities.

Royston, UK is home to Johnson Matthey's global headquarters and is the company's largest site. For several years the company has supported the town's initiative to become a Business Improvement District (BID) and has provided management time and £50,000 of financial support. Achieving BID status requires local businesses to vote in favour of making a small increase in their business rate payments. These are then directly reinvested to provide funds for the improvement of the town's facilities with the aim of creating a better place to live and work. Royston successfully gained its BID status in April 2009 and Johnson Matthey continues to be involved in the implementation of the improvement plans.



→ Johnson Matthey is supporting Royston's BID initiative. John Gourd of Johnson Matthey (centre) with Oliver Heald, MP for Hertfordshire North East (left) and Geraint Burnell of Royston First (right).

Annual Accident Rate per 1,000 Employees



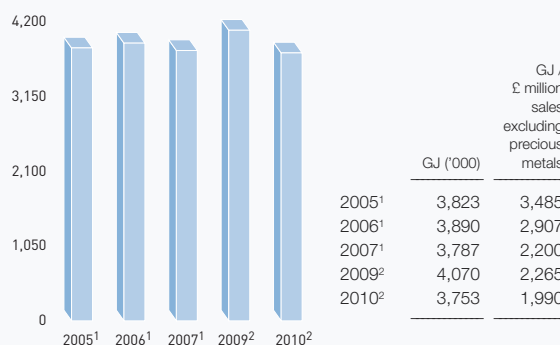
In the financial year to 31st March 2010 Johnson Matthey donated £458,000 to charitable organisations. This figure only includes donations made by Johnson Matthey and does not include payroll giving, donations made by staff or employee time. The company made no political donations in the year. We will continue to support a wide range of charitable causes in 2010/11.

Stakeholder Engagement

Johnson Matthey has a wide range of stakeholders with an interest in hearing from or working with the company. These include customers, employees, fund managers, shareholders, communities, governments, non-governmental organisations (NGOs) and national and international trade associations. We aim to provide meaningful and transparent communications to meet the needs of all stakeholder groups and deliver information to them in the most appropriate format. These formats may include annual performance reports, participation in performance indices (Carbon Disclosure Project, FTSE4Good, Dow Jones Sustainability Index, for example) or one to one discussions on specific topics. We communicate with our stakeholders throughout the year and engagement is integrated into business decision making processes.

The company is actively involved with the Chemical Industries Association (CIA), the European Precious Metals Federation (EPMF) and plays a leading advisory role through participation in a number of sector trade associations and government bodies. The company is also engaged 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.

Neil Carson, Chief Executive of Johnson Matthey, is a prominent member of the Corporate Leaders Group and is 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 during the year, 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.

Energy Consumption
GJ ('000)

¹ Calendar year.

² Financial year.

At regular meetings with the company's major shareholders, matters relating to sustainability and corporate social responsibility may be discussed together with the performance and development of the group's businesses.

During the year Johnson Matthey was awarded the Chemical Industries Association 2009 Award for Environmental Leadership. It also received two awards at the inaugural Institute of Chartered Secretaries and Administrators (ICSA) Hermes Transparency in Governance Awards, one for Best Practice Disclosure on Sustainability and a second for Best Practice Disclosure on Stakeholder Engagement. The company is committed to achieving high standards of reporting and disclosure to enhance openness and dialogue between the company's board and its investors and other stakeholders. Winning these two awards recognises our commitment to maintaining a well run company and to achieving best practice in our corporate governance reporting.

Throughout the year the company has sought to engage with its stakeholders to garner views on how we report our sustainability performance and the level of confidence it provides. A structured survey was devised and input was received from suppliers, customers, NGOs and institutional investors. This is being used to direct the structure of our reports going forward.

Health and Safety

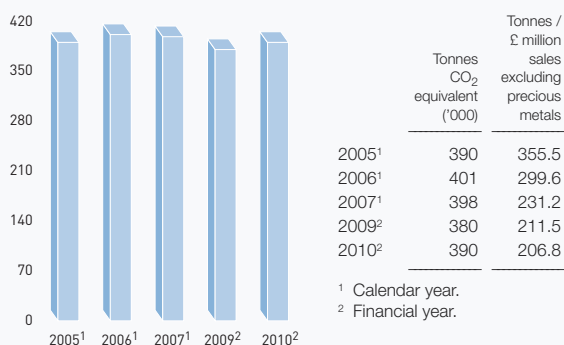
We are committed to minimising the health and safety related impacts for employees, customers and communities and of our products in use. In addition, many of our products and services make a contribution to enhancing general health and wellbeing or provide safety benefits.

For Johnson Matthey, any accident is unacceptable and our target is zero greater than three day accidents. In July 2009 however, an employee of a contractor company who was engaged in work at Johnson Matthey's catalyst manufacturing site in Taloja, India received a severe electric shock whilst carrying out work at the site. Regrettably, despite hospital treatment, his life could not be saved. Investigations have been carried out by site personnel, supported by Group EHS department staff. A police investigation has also been conducted.

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Total Global Warming Potential (GWP)

Tonnes CO₂ equivalent ('000)

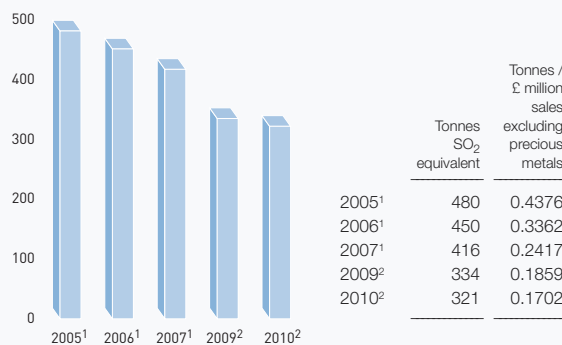


GWP data has been recalculated to include country specific electricity usage factors based upon the local published carbon intensity of electricity. This yields a more accurate reflection of GWP resulting from electricity use.

¹ Calendar year.
² Financial year.

Total Acid Gas Emissions

Tonnes SO₂ equivalent



¹ Calendar year.
² Financial year.

Accident Statistics

Incidence of greater than three day accidents per 1,000 employees
Total number of accidents that resulted in lost time
Total accident rate per 1,000 employees
Total lost time accident incident rate per 100,000 hours worked
Total number of days lost per 1,000 employees

	2010	2009	Change %
Incidence of greater than three day accidents per 1,000 employees	2.14	5.03 ¹	-57
Total number of accidents that resulted in lost time	60	106 ¹	-43
Total accident rate per 1,000 employees	6.77	10.83 ¹	-37
Total lost time accident incident rate per 100,000 hours worked	0.34	0.53	-36
Total number of days lost per 1,000 employees	64	124 ¹	-48

¹ Restated.

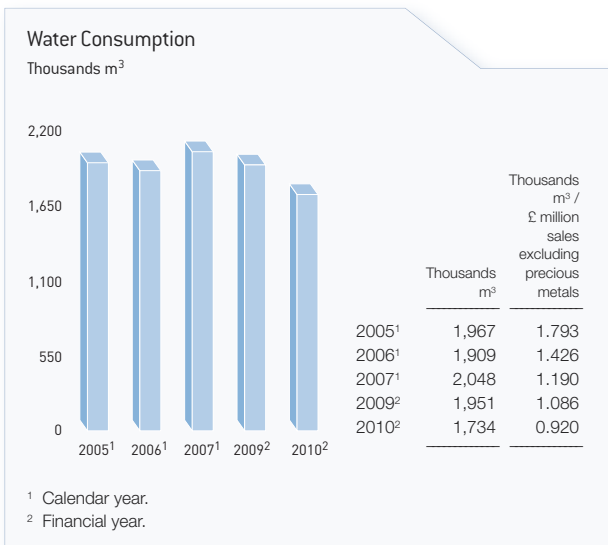
Accidents are actively monitored and detailed statistics are compiled monthly at group level. Any accident is thoroughly investigated to determine root causes and appropriate preventative and corrective actions are assigned. The group's five year performance is shown in the graph on page 35. In 2009/10 Johnson Matthey's rate of occupational accidents involving lost time, shown in the table above, has fallen to its lowest reported level. Following our disappointing performance in 2008/09 the company took action to revitalise its accident prevention processes, introducing an EHS Learning Events programme. This group wide programme has already led to improvements in safety performance and a sharpened awareness and understanding of workplace risks. The EHS Learning Events programme will be updated and expanded in 2010/11 to incorporate the learning acquired during its first year.

Johnson Matthey has a mature system for reporting accidents and incidents that involve the group's employees. However, it is not currently possible to determine the safety performance of all contractors working at our facilities. The company engages temporary workers typically to cover periods of long term sickness absence, maternity leave or to manage seasonal variations in workload. During 2010/11, new safety performance metrics specifically for contractors will be introduced which are similar to those already in place for group employees.

A corporate reporting system is used to report and investigate occupational illness cases arising as a result of exposure to workplace health hazards. In 2009/10 the incidence of cases reported was 5.2 cases per 1,000 employees (0.26 cases per 100,000 employee work hours) compared to 5.5 cases per 1,000 employees (restated) in 2008/09.

The group has introduced a target to reduce the annual incidence of occupational illness cases by at least 30% by 2013/14 from a baseline incidence of 5.3 cases per 1,000 employees in calendar year 2008 (to 3.7 cases or less per 1,000 employees by 2013/14). To help achieve this target, a new corporate chemical exposure management programme has been developed during 2009/10 which is now being implemented globally at all facilities. This aims to reduce the risk of chemical exposure related health effects to as low a level as is reasonably achievable. During 2010/11 training will be provided at all facilities to assist with implementation of the programme. In addition, a programme to promote effective ergonomic risk management will be developed.

Plans are also underway to pilot a sustainable health leading metrics scorecard in 2010/11 which will enable facilities to continually improve the performance of preventive health initiatives.



Environment

Johnson Matthey 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. Five key performance metrics (energy consumption, global warming potential, acid gas emissions, water use and waste produced) are reported here and are shown in the tables on pages 35 to 37. Where necessary, past environmental data has been restated to reflect changes in the business, for example divestments and site closures. Additional environmental performance metrics are presented in the company's Sustainability Report.

2009/10 saw steady progress with reductions in energy and water use, acid gas emissions and waste produced, despite the inclusion of data this year from three major new manufacturing facilities. Manufacturing sites across the group continued to make progress against their individual environmental improvement targets in 2009/10 which has had a positive impact on overall group performance.

The group's total global warming potential (GWP) is based on our Scope 1 and Scope 2 emissions. Data relating to the group's GWP has been recalculated to include country specific electricity usage factors based upon the local published carbon intensity of electricity. This yields a more accurate reflection of Johnson Matthey's GWP resulting from electricity use. The group's GWP increased by 3% in 2009/10. This increase is due in part to increased production (including that from the three new manufacturing facilities) but also due to the geographical mix of production where this year, a greater proportion of our total output originated in countries where the carbon intensity from grid electricity is high.

Continued progress has been made to implement ISO 14001, in line with our target of achieving registration at all major manufacturing sites in 2010. By the end of March 2010, 41 sites had achieved ISO 14001 registration representing around 93% of the group's manufacturing workforce. The remaining four manufacturing sites have plans in place to achieve registration during 2010/11.

Johnson Matthey's EHS Learning Events initiative (see page 36) is the group's flagship occupational safety programme which has delivered improved performance in its first year. In 2010/11, the programme will be extended beyond occupational safety matters and facilities will be encouraged to report environmental and health related issues as well as those involving at-risk safety behaviour.

Verification and Assurance

The Board of Directors, 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 Sustainability Report 2009/10 will be published on the company's website at www.matthey.com in July 2010.