

Verification and Assurance

Verification

The board reviews corporate social responsibility issues as part of its risk management process. The board believes that the measures taken to review the sustainability information provide a suitable level of confidence.

Information on financial performance forms part of the external audit of Johnson Matthey's financial accounts.

Human resources data is reviewed and verified by internal senior human resources professionals. Community investment data and information relating to charitable donations is reviewed and verified by internal experts.

Health and safety data is reviewed by group health and safety experts and as part of the group environment, health and safety (EHS) audit programme. Environmental data is reviewed by group environmental experts and as part of the group EHS audit programme.

All data is reviewed by internal sustainability experts and at appropriate levels of management up to and including the Chief Executive's Committee.

Other information presented in the Sustainability Report is reviewed by the relevant functional experts and subjected to the same internal sign off procedures as the group Annual Report.

Johnson Matthey utilises external specialists on specific sustainability issues. Over the past year this has included external audits or reviews of people management systems, health and safety (OHSAS 18001) and environmental management systems (ISO 14001).

Assurance

Johnson Matthey has chosen to assure this year's report against the AA1000 assurance standard AA1000AS (2008). Corporate Citizenship was selected to conduct this assurance exercise and evaluate the nature and extent of our adherence to the AA1000AS principles of inclusivity, materiality and responsiveness. Corporate Citizenship also evaluated our 2009/10 social and environmental performance data against the GRI G3 Principles for Defining Report Quality and the WBCSD Greenhouse Gas Protocol for greenhouse gas emissions. Corporate Citizenship's external assurance process has involved, but not been limited to, the following elements:

- Benchmarking of peers, competitors, best practice and internationally recognised standards to identify the basis on which to judge Johnson Matthey's performance.
- Analysis of Johnson Matthey's stakeholder engagement activity and stakeholder feedback.
- Review of national and international published sources of information about the views and opinions of external stakeholders.
- Examination of the report at set stages in its development and testing of the assertions throughout, drawing from evidence and supporting documentation, reporting mechanisms, frameworks and processes.
- Examination of management and reporting systems, notably for environmental management (including energy use, water use, greenhouse gas emissions and waste to landfill), occupational health and community investment.
- Checks on a sample basis of elements of the report's contents to underlying records, particularly of the numerical data within the report.
- Interviews with key sustainability practitioners within Johnson Matthey to understand the company's Sustainability 2017 Vision, governance structures, key initiatives and challenges. This included in-depth interviews on Product Stewardship; Occupational Health; Community; Human Resources; Health and Safety; and Environment.

Based on the work undertaken, Corporate Citizenship concluded that the Johnson Matthey Sustainability Report 2009/10 reflects the principles of AA1000 (2008): inclusivity, materiality and responsiveness. [Click here](#) for a full version of Corporate Citizenship's Assurance Statement, which includes detailed opinions on the level of adherence to each AA1000AS principle and commentary on the areas where Corporate Citizenship believe future reporting could be strengthened.

JOHNSON MATTHEY



Sustainability Report 2009/10

**Assurance statement and
commentary**

Sustainability Report 2009/10: assurance statement and commentary

Assurance statement

Johnson Matthey has commissioned Corporate Citizenship to provide external assurance and a commentary on its Sustainability Report 2009/10.

The scope of our assurance

The assurance provides the reader with an independent, external assessment of the report and, in particular, with how it corresponds with the AA1000 standard. It is intended for the general reader and for more specialist audiences who have a professional interest in Johnson Matthey's sustainability performance.

Johnson Matthey has chosen to use the AA1000 assurance standard AA1000AS (2008). Our assurance is a Type 2 assurance as defined by the standard, in that it evaluates the nature and extent of adherence to the AA1000AS principles of inclusivity, materiality and responsiveness and assures the performance of the organisation as reported here. The level of assurance is that defined by AA1000 as moderate. Our assurance used disclosed information as its starting point and then investigated the underlying systems, processes and sustainability performance information to arrive at its conclusions. The criteria used to assure the performance data in the report are the GRI G3 Principles for Defining Report Quality and, for greenhouse gas emissions, the WBCSD Greenhouse Gas Protocol.

Johnson Matthey is entirely and solely responsible for the content of the report, Corporate Citizenship for its assurance. As noted above, our assurance is confined to the on-line Sustainability Report 2009/10. It does not cover Johnson Matthey's other reports or other on-line material and coverage, or previous years' reporting.

A detailed note of our assurance methodology appears at the end of this statement.

Opinion and conclusions

In our opinion the Johnson Matthey Sustainability Report 2009/10 reflects the principles of AA1000 (2008): inclusivity, materiality and responsiveness. We comment on each separately below.

Inclusivity - the commitment to be accountable to those on whom Johnson Matthey has an impact and who have an impact on Johnson Matthey

We believe that Johnson Matthey recognises, and reports in relation to, its key audiences. Stakeholder engagement at group level focuses on engaging with trade associations, NGOs, suppliers, investors and a number of sustainability initiatives and institutions such as the Carbon Trust. Country operations are also progressively adopting stakeholder engagement activities, for example with local communities, customers and trade unions.

Materiality - determining the relevance and significance of issues to Johnson Matthey and its stakeholders

This report's section on materiality spells out the rationale for choosing each objective, including the links with business impacts, risks and opportunities. Johnson Matthey is reporting on the key issues related to the industry, such as environmental impacts, product stewardship and health and safety.

Responsiveness - Johnson Matthey's response to stakeholder issues that affect its sustainability performance

The information reported broadly covers the company's response to stakeholder issues, in line with AA1000 requirements. Examples of responsive actions include the new policy on supplier engagement and improved frameworks of occupational health. However, further steps could be taken to help the reader obtain a fuller understanding of Johnson Matthey's responsiveness, as outlined in our commentary below.

Sustainability Performance Data

We have assured the 2009/10 social and environmental performance data in this report against the reporting criteria stated above. Based on the work undertaken, nothing has come to our attention that causes us to believe that Johnson Matthey's performance data is not, in all material respects, appropriately reported.

Commentary

Johnson Matthey has reported externally on its sustainability since 2003, and in 2007 the company launched its first long-term sustainability commitment: Sustainability 2017. This is the first report being assured on the AA1000 standards, and therefore there were no recommendations in the last report about inclusivity, materiality and responsiveness which need to be taken into account.

Our comments below highlight the areas where we believe future reporting may be strengthened.

Inclusivity

The majority of Johnson Matthey's stakeholder engagement is conducted at group level, with country operations progressively adopting stakeholder engagement activities, for example with local communities, customers and trade unions. In future reports, Johnson Matthey could consider providing more detail on and practical examples of how these engagement activities help shape its sustainability strategy. In addition, as a decentralised business, readers would benefit from learning more about business units' stakeholder engagement.

A key highlight from 2009 was the development of an Ethical and Sustainable Procurement Policy, and the introduction of supplier engagement on sustainability. Moving forward, readers would benefit from learning more about how this is implemented, for example through supplier auditing, and how this impacts upon supplier relationships.

Johnson Matthey could also report on its interaction with a wider range of stakeholders. For instance, public policy-makers could be included as an independent stakeholder group as Johnson Matthey's operations are highly impacted by new legislations on chemicals management.

Materiality

Material issues were initially identified in 2008 when developing the Sustainability 2017 programme. Given the nature of the company's manufacturing operations, health and safety is a critical area. Over the last few years the company has established robust systems, including the new chemical exposure management programme in 2009, to monitor and manage occupational health and safety on a group-wide basis. Future reporting on the results of these systems would be of benefit to Johnson Matthey's stakeholders.

Going forward, Johnson Matthey's material impacts will continue to evolve. We therefore recommend the implementation of a regular and systematic materiality review with key stakeholders and business units to identify new or evolving issues and challenges.

We also recommend a further strengthening of Johnson Matthey's materiality disclosure by providing more information on the specific issues and opportunities faced by different activities and markets. This would help provide a more detailed picture of Johnson Matthey's range of material issues across its operations globally.

Responsiveness

Best-practice sustainability reports increasingly include details of stakeholder feedback received, and how the various issues are being addressed. Moving forward, we encourage Johnson Matthey to report the full range of issues raised by stakeholders – such as business ethics and corruption, economic impact of the company in its main marketplaces, and suppliers' human rights impacts – as well as actions taken, both at group and business unit level.

Adopting more proactive and systematic engagement strategies across the full range of stakeholders will also help develop strong responses to key concerns. For instance, Johnson Matthey could consider further developing and formalising strategies for customer engagement on sustainability that take into account the diverse and decentralised nature of the business.

Finally, while it is important to celebrate successful outcomes, more challenging issues should also be addressed. The report includes information on challenges faced in 2009, such as redundancies or contractor health and safety. We would recommend continued transparency on challenging issues in future, including actions taken in response.

Sustainability Performance Trends

Johnson Matthey's ambitious Sustainability 2017 vision is commendable for the level of performance targets set across key areas. Whilst significant progress has already been made towards Johnson Matthey's waste to landfill, water use and greenhouse gas emissions goals, the company itself readily acknowledges that a significant leap forward is required in terms of achieving carbon neutrality and halving key resources per unit of output, where progress thus far has only been incremental.

For future reports, we would recommend the further articulation of a roadmap towards achieving Sustainability 2017, including a commentary on strategic steps being taking in each key area to achieve the stated goals for energy, waste, water use and carbon neutrality.

***Corporate Citizenship
London
22 July 2010***

Methodological notes

The assurance work was commissioned in February 2010 and was completed on 22 July 2010. Detailed records were kept of meetings, assurance visits and correspondence relating to the inclusivity, materiality and responsiveness of the report, as well as to technical matters relating to the accuracy and presentation of data. A team of four persons, led by a Director, undertook the assurance and commentary process. A second director acted as advisor to the project. The team has a variety of professional and technical competencies and experience. For further information please refer to our website www.corporate-citizenship.com.

Our external assurance and commentary process for Johnson Matthey's Sustainability Report 2009/10 has involved, but not been limited to, the following elements:

- Benchmarking of peers, competitors, best practice and internationally recognised standards to identify the basis on which to judge Johnson Matthey's performance.
- Analysis of Johnson Matthey's stakeholder engagement activity and stakeholder feedback.
- Review of national and international published sources of information about the views and opinions of external stakeholders.
- Examination of the report at set stages in its development and testing of the assertions throughout, drawing from evidence and supporting documentation, reporting mechanisms, frameworks and processes.
- Examination of management and reporting systems, notably for environmental management (including energy use, water use, greenhouse gas emissions and waste to landfill), occupational health and community investment.
- Checks on a sample basis of elements of the report's contents to underlying records, particularly of the numerical data within the report.
- Interviews with key sustainability practitioners within Johnson Matthey to understand the company's Sustainability 2017 Vision, governance structures, key initiatives and challenges. This included in-depth interviews on Product Stewardship; Occupational Health; Community; Human Resources; Health and Safety and Environment.

- Understanding Johnson Matthey and its value chain, its own culture and the broader social contexts in which it operates; its approach to and understanding of corporate responsibility; how it identifies issues material to its operations.
- A site visit to Johnson Matthey's Royston site.
- A verification of the level of adherence to the GRI G3 Principles for Defining Report Content and Quality and the AA1000 tests on inclusivity, materiality and responsiveness.

Our work did not extend to a complete audit of the report's contents. We have not been responsible for the preparation of Sustainability Report 2009/10 nor in devising the internal management and reporting systems that yielded the data contained therein.

The opinions expressed in this external assurance statement and commentary are intended to extend understanding of Johnson Matthey's non-financial performance and should not be used or relied upon to form any judgments, or take any decisions, of a financial nature.

Corporate Citizenship is a leading assessor of corporate responsibility reports. The company is a member of AccountAbility (Institute for Social and Ethical AccountAbility).

During the 2009/10 reporting period, except as noted below, our work with Johnson Matthey focused exclusively on assurance of the 2009/10 Sustainability Report. Johnson Matthey is a member of the LBG (London Benchmarking Group www.lbg-online.net), an evaluation framework for corporate community involvement which we manage on behalf of its members and adherents.



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