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45%

reduction in occupational illness cases

25%

reduction in lost time injury and illness rate



HEALTH AND SAFETY

SUSTAINABLE TECHNOLOGIES for today and for the future



Making Health and Safety our Priority

Our Fine Chemicals Division has targeted improvements in health and safety with a two pronged approach. Firstly, the management team is working with employees to establish a behaviour based safety programme and secondly, by providing new equipment, the risk of workplace injuries is being reduced.

Peter McGinnis, the environment, health and safety lead for our Fine Chemicals Division, explains how both of these investments are having a positive impact across the division.

Why is health and safety important for your division?

Health and safety is our priority across all of our divisions. In Fine Chemicals our R&D, manufacturing, and packaging teams work with a wide range of hazardous materials. This means we focus on advanced areas of process safety and chemical exposure control, as well as minimising day to day risks. We also have a responsibility to ensure that our safety systems meet the highest standards.

What improvements have you seen to health and safety this year?

Our goal is to achieve a world class health and safety culture. We are training all employees on principle driven behaviours as set out in the Johnson Matthey Behaviour Standard. The standard is designed to help all employees assess their behaviours and modify them accordingly. It's already having a positive impact. There's real engagement, which has translated into everyday activities. To support ongoing learning, our meetings begin with the 'safety minute' where an individual shares their recent safety experiences.

What else are you doing to achieve your health and safety aspirations?

We've looked at ways to improve our existing safety procedures. For example, we've examined the process for handling heavy steel drums across all our sites and are sharing best practice in this area.

However, a world class health and safety culture is not only achieved through behavioural and procedural improvements but also by investing in the latest high quality equipment. At our site in Edinburgh, UK, where we manufacture and test potent compounds, we have installed a high containment facility which includes a state of the art isolator that physically separates the employee from the hazards of the task.

At our West Deptford site in the US we are adding a tank farm to store flammable solvents. This new installation will enable us to pump the solvents straight into production vessels, minimising the need for manual handling of drums.

Is there more to come?

Definitely – in the coming year we will continue our investment in both behavioural change and equipment, moving us towards our health and safety goals.

Peter McGinnis



3. Health and Safety

Health and Safety

Performance Summary

	2015	2014	% change
Lost time injury and illness rate ¹	0.49	0.65	-25
Total recordable injury and illness rate ¹	1.14	1.77	-36
Incidents of occupational illness cases per 1,000 employees	1.2	2.2	-45

We are focused on reinvigorating our health and safety culture with the aim of achieving world class performance. New metrics, clearer reporting and the adoption of health and safety as our priority are all contributing to improvements.

By working together, we can protect our employees, suppliers, customers and communities, and improve our health and safety performance. This is essential for our future success. This is how we have identified health and safety as one of our core values.

The Group Management Committee (GMC) is leading the company to improved health and safety performance. Over the year, our management systems and approach to health and safety have been assessed and significant changes have been made, where necessary, paving the way to a cycle of continual improvement.

New Metrics

As Johnson Matthey moves towards a world class health and safety culture, the first step is to benchmark against other companies. We had been using a metric, familiar in health and safety measurement, of 'greater than three day accidents', i.e. accidents where the employee involved was unable to work for more than three days.

When we looked at how leading global companies assess performance we discovered that they used more sensitive measurements: 'total recordable injury and illness rate' (TRIIR) and 'lost time injury and illness rate' (LTIIR).

These metrics, originally developed by the US Occupational Safety and Health Administration, are now in use globally. Seven major companies in our industry and adjacent sectors use these metrics, so we decided to join them and make the switch.

The metrics are more stringent and give a clearer and more accurate picture of performance. They also include the impact of work related illness and restricted duties.

Reviewing our EHS Management System and Policies

Our corporate environment, health and safety (EHS) management system is supported by policies and guidance documents which serve as a framework for managing EHS matters at our facilities. With the global environment rapidly changing, we regularly review our policies to ensure that they are up to date. During the year we looked at the format and content of all our policies and guidance and simplified the documents to make them easier to use. We also created a new consultation review programme to secure input from our sites. Through the programme, we solicit comments on the changes to be made to each policy. This is a highly effective means of improving our core EHS processes and our plan is to update all policies during the coming year.

As part of the review, we introduced changes to our EHS auditing. One area of change was to simplify the grading system, using grading in such a way as to encourage improvement.

Safety Performance

Our performance summary of accidents is shown in the table above and two year performance is shown opposite.

The LTIIR¹ – number of lost workday cases per 200,000 hours worked in a rolling year – improved by 25% during the year, from 0.65 in 2014 to 0.49 in 2015. The TRIIR¹ – number of recordable cases per 200,000 hours worked in a rolling year – also improved over the period from 1.77 in 2014 to 1.14 in 2015, a reduction of 36%. There were no employee or contractor fatalities at Johnson Matthey in 2014/15. The last fatality that occurred on one of our sites was in October 2010 and was a contractor who was working at our facility in Panki, India.

The reduction seen in both rates is the result of our continued focus and awareness in relation to improving health and safety. Our behavioural programmes for managers and employees have gained momentum as we target a reduction in the number of injuries with a high behavioural cause. We found that 85% of injuries across the group last year fell into this category (see LTIIR by Event Type chart opposite for full details). We will continue to build on our progress next year in our ambition to reduce both our LTIIR and TRIIR rates further and develop a world class health and safety culture.

¹ For further explanation see page 188.

Health Performance

As we reinvigorate our health and safety activities, we are putting the emphasis as much on occupational health as on safety at work. New this year is a network of global physicians, based in the UK, USA, China and India, who are specialists in occupational medicine. They provide advice and guidance on medical issues that affect Johnson Matthey and its employees and act as consultants to the occupational health teams working at our facilities around the world.

During the year we continued to develop our corporate and facility health programmes and have made good progress towards our long term health improvement goals. Some 83% of our facilities around the world reported that they had complied with the requirement to conduct an annual sustainable health review and improvement planning process in 2014/15, broadly the same proportion as last year.

95% of sites completed their health scorecard review during the year. We use a health scorecard system to rate the level of implementation of preventative programmes against our corporate standards. It includes 14 key elements of health programmes that align with our most significant health risks. We saw an increase in the proportion of sites achieving a best practice level of performance for seven of the 14 programme elements.

There was a small reduction in performance in the areas of emergency medical management and health surveillance over the year. However, this is not unusual and a small amount of annual variation in these numbers is expected. The scores were not significantly different from recent years.

Occupational Illness Assistance Programmes

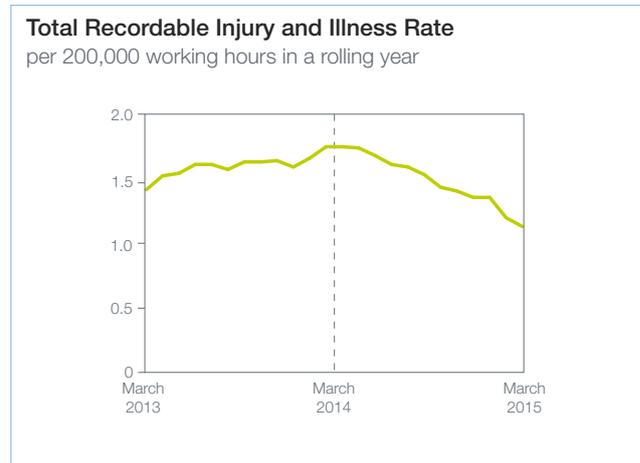
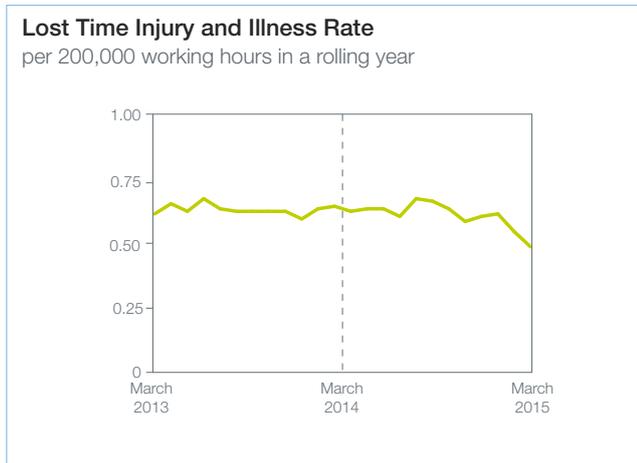
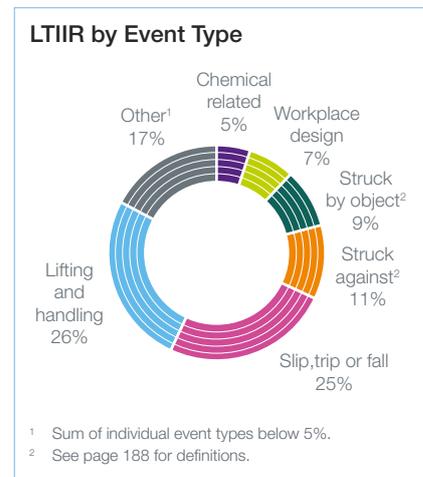
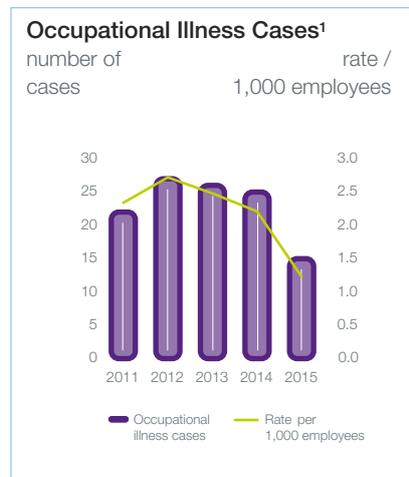
Programme recipients	Education / training	Counselling	Prevention / risk control	Treatment
Workers	Yes	Yes	Yes	Yes
Workers' families	n/a	n/a	n/a	n/a
Community members	n/a	n/a	n/a	n/a

In 2014/15 we achieved a significant reduction in the annual incidence of employee occupational illness cases as we continue to aim for our target of zero occupational illness cases. We have invested in equipment, in raising awareness and in occupational health specialists to support this. Consequently the incidence reduced from 2.2 cases per 1,000 employees in 2013/14 to 1.2 cases per 1,000 employees in 2014/15. This represents a 45% improvement and is mainly the result of a reduced number of cases of skin disease and musculoskeletal conditions. In 2014/15 we refined our definition of occupational illness and the types

of illness included to bring our measurement in line with World Health Organization specifications.

There were no reported cases of occupational illness affecting contractors working at our sites during the year.

Johnson Matthey has comprehensive processes in place to prevent, identify and manage occupational illness conditions at every facility. These include chemical related, musculoskeletal, mental health and physical agent related illnesses (noise and hand-arm vibration). The elements of these programmes are summarised in the table above (based on guidance provided in the Global Reporting Initiative reporting guidelines).



3. Health and Safety

Health and Safety continued

Health and Safety Culture

Analysis of our injuries and incidents shows that 85% have a high behavioural cause. With a stronger health and safety culture, many more of these incidents can be prevented as most of the injuries on our sites are the results of slips and trips or incorrect manual handling. We considered how safety culture can be understood and recognised the distinction between a compliance culture and a commitment culture. Under a compliance culture, there is an emphasis purely on rules and procedures, which provides an external motivation. But under a commitment culture, motivation is internal, and while rules and procedures remain important, there is wide engagement at all levels. If our performance is to be world class, we recognise that we need to strengthen commitment at an individual level.

We have adopted a maturity model to guide our health and safety practices and behaviour. The model defines five levels of maturity, from 'emerging' at level 1, through 'managing', 'involving', and 'cooperating' up to level 5 which is 'continually improving'. We consider that, as a whole, we have reached between level 2 and 3 of the model, where we are managing health and safety through training, site surveys and other activities.

The maturity model is helping us plot our course towards further improvement and shows us clearly where we want to be.

Principles for Health and Safety

Our approach is embodied in our newly adopted health and safety principles. They hold that:

- All injuries and occupational illnesses are preventable.
- We are all responsible for preventing injuries and occupational illness.
- Adherence to lifesaving policies and site safety rules is mandatory.
- Working safely is a condition of employment.
- We will promote off the job health and safety for our employees.

These principles are integral to our thinking and form the foundation for future activities.

Training and Safety Self-Assessment

With our commitment to the principle that 'we are all responsible', we began training in September 2014 with a session for the GMC, led by an external consultant.

This was followed by training for all general managers across Johnson Matthey in the form of two day workshops designed to develop a culture of awareness and improvement. At the same time, new guidance was developed, entitled the EHS Behaviour Standard, and around 50% of our sites are now implementing it.

We are working hard to ensure that everyone is engaged with health and safety and feels their commitment, so that the strongest motivations are from within. From ensuring that factory employees are lifting correctly to requiring senior managers to act as role models and lead by example, our emphasis on health and safety is already having an impact across the business. This is all part of being the best we can be and pursuing operational excellence, contributing to our business strategy for our next century of growth.

Contractor Health and Safety

We treat our contractors just as we treat our permanent employees and maintain the same concern for their health, safety and wellbeing.

We employ contractors to cover long term sickness absence and maternity leave and on sites where we experience seasonal variations in workload.

Our new metric, LTIIR, is also applied to our contractor workforce. This year our contractor LTIIR at 31st March 2015 was 0.48 (2014 0.57) representing a 16% improvement.

Governance Processes and Auditing

Compliance audits on EHS matters are conducted to verify that performance standards are in line with our corporate EHS policies. These include specialist reviews of occupational health clinical governance.

During the year we introduced improvements to the way in which we audit our sites' EHS performance and we updated our EHS audit protocols as part of the review of our EHS management system. As a result, our EHS audits are more rigorous and more transparent.

Our EHS policy is a written statement, formulated and agreed by the GMC. Signed by the Chief Executive, it is available at all sites and forms the basis of the group EHS management system.

 View the policy online at www.matthey.com/sustainability.

Looking Ahead to 2015/16

We plan to continue the momentum created on health and safety into the next year and beyond. We are extending the EHS Behaviour Standard to all our sites, together with our newly established health and safety principles.

We intend to establish new targets for reducing our injury and illness rates. Our new and more rigorous audit processes began in April 2015.

As we continue to embed behavioural changes around health and safety we will expand our training and communication efforts. We have identified safety observations (a system of reviewing safety practices on the ground) and the investigation of safety incidents as two areas that will help us raise our game.

We are maintaining our drive to secure buy in at all levels, with employees following the rules because they want to and not because they have to.

Among our management, we expect managers to show visible leadership and commitment, helping us to move up our maturity model to the higher levels of a robust and world class safety culture.

We see a strong health and safety culture as an essential building block of our vision and strategy for the future. Improvements in health and safety enhance our reputation and help the company to create value. We believe that as health and safety improves, so too do quality and productivity. There is also a positive effect on employee morale. In short, it's good for people and business.

Product Stewardship

The products that leave our sites are only part way through their life cycle. They go on to become part of another product or material which will be used and then disposed of or recycled. Product stewardship is about taking responsibility for the content of a product over its life cycle so that it will not go on to have an adverse impact on the environment or on human health.

At Johnson Matthey, we are committed to responsible management of the chemicals we use and produce. We have well established product stewardship systems to ensure the sound management of chemicals throughout their life cycle. In these we follow a global framework introduced by the Strategic Approach to International Chemicals Management (SAICM) to promote chemical safety around the world. Our focus on sustainability also motivates us to apply green chemistry principles when selecting materials and putting effective controls in place to restrict the use of substances of concern.

We carry out rigorous evaluations of our new and existing products, assessing any risks associated with product use and determining risk management measures, which we communicate to end users and others in the supply chain. We work in cooperation with industry partners and customers, regulators and non-governmental organisations to strengthen confidence in our products.

Our businesses have management systems to assess the health and safety impacts of products across their life cycle, from product concept and R&D, through manufacturing, distribution, the use phase, to end of life or reuse.



Find more online about product stewardship at Johnson Matthey, including our policy on animal testing, at www.matthey.com/sustainability.

Performance in 2014/15 and Strategic Priorities

Johnson Matthey uses a systematic product responsibility reporting scheme (conforming to the Global Reporting Initiative Sustainability Reporting Guidelines, G3.1) to monitor the performance of our operations and maintain surveillance of the company's products and services. In 2014/15, there were no notifications of significant end user health effects involving our products and no major incidents or environmental releases during our product distribution were recorded. No product recalls occurred for safety reasons.

During 2014/15 we strengthened and expanded our central product stewardship team, covering the product regulatory requirements in our businesses, and responding to significantly increased new product development in our API Manufacturing business.

This included the recruitment of additional specialists in the areas of product regulation and toxicology. Particular attention was paid to the product stewardship requirements of our emerging new businesses such as battery materials and atmosphere control technologies.

We also focused on enhancing our workplace chemical exposure management, especially around the control of potent compounds in our API Manufacturing business. This included the development of a new control matrix for the definition of exposure control targets at various stages of the product development process, and a hazard and control screening system for our compound development pipeline. Comprehensive internal guidance was also developed on certain key workplace risks, such as the safe handling of chlorine at our facilities.

During the year, Johnson Matthey contributed to industry wide efforts to develop state of the art guidelines on occupational hazard and safety management information for platinum group metals and their products via the International Platinum Association Platinum Group Metals Health Science Research Group voluntary programmes.

Looking Ahead to 2015/16

In the coming year we will be introducing a more formalised stage gate assessment for new product and technology introductions across our businesses. This will focus on three key characteristics: product safety, product sustainability and regulatory compliance. From this we will be able to make full assessments earlier in product life cycles and deliver more consistency when evaluating the introduction of new products across the group. The improvement programme will roll out over a period of about three years, beginning in 2015.

We also plan to implement a number of enhanced procedures, training and improved systems to help with the management of global trade control compliance for products and technologies subject to export and import controls or other movement or sales controls.

Regulatory Matters

The EU chemical management framework known as REACH (the Registration, Evaluation, Authorisation and Restriction of Chemicals Regulation) has entered its final phase of registrations with the approach of the 2018 deadline for lower tonnage substances. Johnson Matthey anticipates making around 140 registrations during this period of peak activity and the related business and corporate programmes are on track to achieve the registrations in a timely and efficient manner. Due mainly to leveraging very cost efficient consortia partnerships, we continue to be below budget in respect of the overall REACH programme costs versus our initial estimates.

Product diversification via our New Businesses Division, together with the geographic growth of the group, has led to the expansion of the scope of our regulatory monitoring and compliance programmes. For instance, we have recently committed significant effort to regulatory horizon scanning and systems related to global legislation on food contact materials, batteries and related materials, and water purification. These efforts will support the business in the future and underpin both regulatory and product safety assessments for our products. We also continue to upgrade the effectiveness of our response to newer Asia Pacific region regulations, such as K-REACH and China-REACH. We are also anticipating important changes to the US chemical management framework via the Toxic Substances Control Act modernisation initiative (currently being considered by US Congress).