

4. Social

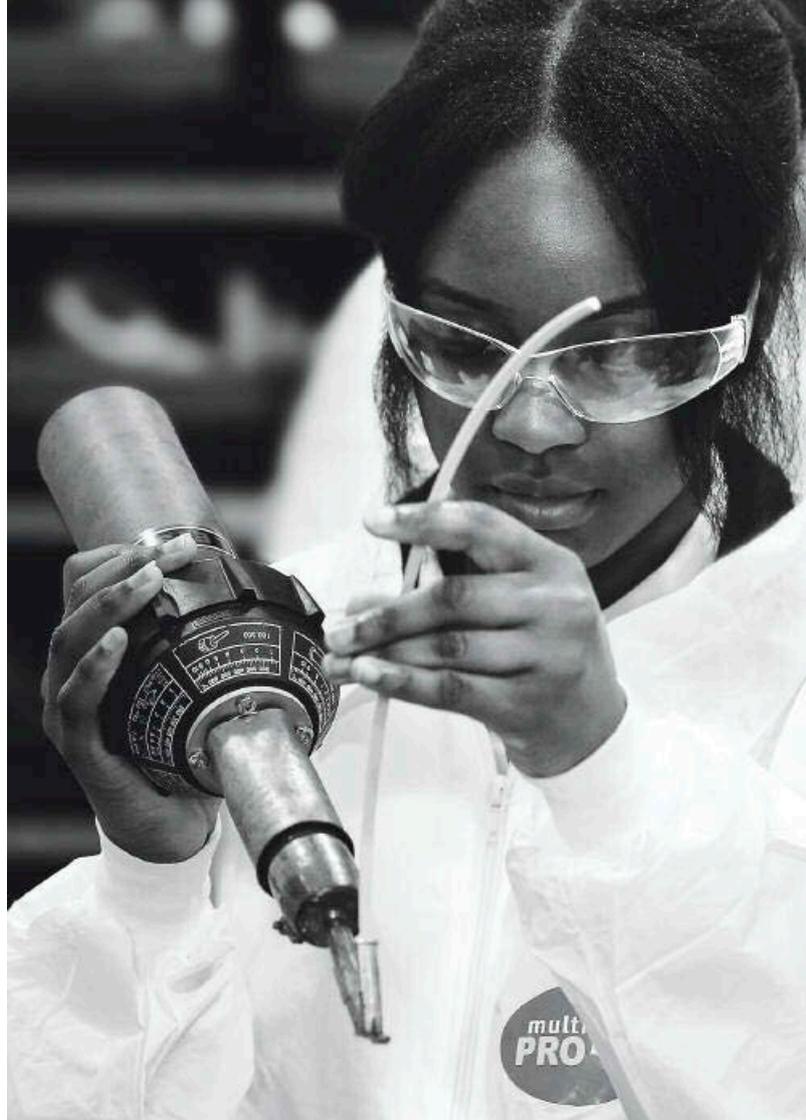
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6.0%

voluntary employee turnover

£675,000

charitable donations made, including matched fundraising by employees



SOCIAL

SUSTAINABLE TECHNOLOGIES for today and for the future



Inspiring Our Next Generation of Scientists

As we continue to develop our sustainable technologies we need a pool of talent to enable us to innovate for today and for the future.

All around the world, we are supporting schools and universities, science related charities and non-profit organisations to promote STEM subjects – science, technology, engineering and maths. Many Johnson Matthey sites around the world receive visits from school children. We have several outreach programmes underway and make regular contributions to educational charities. This year for the first time we sponsored a stand at the Big Bang science fair in Birmingham, UK, an annual event for schoolchildren.

As a teenager, research scientist Sheena Hindocha was inspired by an outreach programme. This year it was her turn to motivate visitors to the Big Bang fair by showing them the exciting and rewarding opportunities from a career in science.

What inspired you to become a scientist?

As a child, I always had an interest in science. When I was 13 I spent a week at an outreach programme working on practical experiments – it was far more hands on than at school. It took science to a whole new level and was a brilliant experience.

How did you get involved in the Big Bang fair?

I had already mentioned my interest in outreach activities to my manager. I'd been involved with ScienceGrrl, an organisation that supports female scientists, and had done outreach work at the Science Museum in London, so was eager to get involved. I was responsible for coordinating the team and bringing the different parts of the project together. With so many visitors (70,000), health and safety was key. Everything on the stand was risk assessed and approved. The fair itself was great and being involved was one of the best things I've done since joining Johnson Matthey. I'd love to do something similar again!

What hands on experiments could visitors try?

We created four zones: energy, clean air, healthcare and learning. In the energy zone we used a Scalextric track to show how cars can be fuelled in different ways. In clean air we explored how our autocatalysts work to reduce harmful emissions from cars. In healthcare we set up a molecule building race, while in the learning area we created an interactive quiz.

How did the children react to the experiments?

They enjoyed the learning environment hugely. One group of primary school children were asked to name famous scientists – like Marie Curie and Tim Berners-Lee – they were all excitedly shouting “Me! Me!” It was great to see them discovering that science is fun. There was a real mix of children from different backgrounds keen to get involved and understand the activities.

I think it's really important for Johnson Matthey and the larger science community to be involved in these types of events to inspire our next generation of scientists.

Sheena Hindocha



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Social

Performance Summary

		2015	2014
Average number of employees		12,148	11,331
Total employee turnover ¹	%	8.7	9.0
Voluntary employee turnover ¹	%	6.0	5.6
Employee gender (female) ²	%	25	24
Gender of new recruits (female)	%	30	27
Trade union representation	%	28	29
Training days per employee		3.2	3.3
Training spend per employee ³	£	426	465
Internal promotions	% of all recruitment in year	33	26
Attendance	days lost per employee	4.9	5.3
Charitable donations	£ thousands	612	626

¹ Employee turnover is calculated by reference to the total number of leavers during the year expressed as a percentage of the average number of people employed during the year. The analysis does not include agency workers not directly employed by Johnson Matthey.

² At 31st March.

³ Training spend does not include the cost of in house training or the cost of employees' wages during training.

In support of business growth, our social goals remain; to be a leader in developing our people, enhancing our relationships with our stakeholders and encouraging positive involvement with the communities where we operate. We want to be a good corporate citizen in line with our Sustainability 2017 Vision, excelling as an employer and justifying the good reputation that we have earned.

A Sustainable Workforce

As we grow our business, we are increasing our workforce and we need to make sure that we are attracting the right people and retaining them. We have a good record of low staff turnover and we promote from within. At the same time we must encourage prospective employees from outside who will add their skills and experience to our diverse mix.

Our Human Resources (HR) strategy is defined as 'attracting, engaging and growing our people to enable the effective delivery of the group's strategy over the long term'. In practical terms, that means recruiting people through new channels as well as traditional means, offering career development to meet their needs and those of our company, and rewarding employees fairly. This is the basis for a sustainable workforce.

Talent Management

We are one year into our new talent management approach, which we launched in 2014. At its heart is our value of 'recognition and development' – the goal is to identify employees across different pools of talent globally, accelerate their development and offer career opportunities to help them realise their full potential. At Johnson Matthey, anyone from anywhere can progress.

We have introduced a talent review process which focuses on strategic people issues and an in depth review of talent across all of our divisions. Twice a year, each division holds a high level meeting to look at the most critical roles for the business and succession plans. We assess employees with the potential to grow into more senior roles and ensure that sound personal development plans are in place for them. Last year, we started this process by reviewing our senior management population. Next year we plan to expand it to middle and junior management levels to achieve visibility of our best talent at more levels in the organisation. This will help us put in place the necessary leadership pipeline for the growth of our business.

To support cross divisional career development opportunities we must also complete cross divisional talent reviews. The Group Management Committee looks right across the group to gain a strategic overview and review the most senior roles. We also consider the talent needs of particular functions, for example manufacturing and finance, as well as individual countries, for example China which is a significant market for us.

We are a business with operations reaching around the world, relying on the movement of people between geographies and divisions. We are developing consistent global HR practices to make the transition for them go as smoothly as possible and as we implement our talent strategy, we are introducing a common approach and common language in this important area.

To guide our leaders at all levels we have developed a new leadership framework aligned to our 3C Strategy. This is a cornerstone of our groupwide talent strategy and will serve as a practical tool in recruitment, appraisal and development processes with a focus on positive leadership behaviours.

We want our leaders to show by example how we live our values and to understand what key actions they and their teams need to take. The new framework includes several core competences, for example customer focus, building collaborative relationships and leading change, which will all be critical for our leaders in the future. Next year we will continue to implement this framework across the group.

Employee Mobility

We remain committed to improving employee mobility across our divisions and international borders and believe it is an important aspect of people's development – individuals gain breadth and depth of experience while the company benefits from their enhanced knowledge and greater collaboration, all of which help deliver our business strategy.

Over the past year we have developed a global mobility function and recruited dedicated specialists, as well as introducing consistent processes and global supplier arrangements which will improve the effectiveness of our programmes.

Next year, we plan to implement new policies for different types of international assignment to ensure they offer guidance, support and incentives in line with our talent management activities.

Developing our People

We place strong emphasis on developing our people and this is a key element of our HR strategy. Our philosophy is to provide challenging job experiences alongside collaboration, coaching and mentoring opportunities, as well as formal training. We offer a mix of regional and global development programmes at different levels which stretch employees to learn new skills, collaborate across divisions and complete project work based on real business challenges.

One example is our global manufacturing leadership programme (see case study on page 67). This programme is helping us to strengthen our internal talent pipeline for senior manufacturing roles which we have identified as key to meeting the needs of our growing manufacturing businesses.

Another example is our Senior Leaders Programme, an executive development programme, now in its fourth year and provided in partnership with London Business School. The programme is designed to accelerate the development of our senior business and functional leaders. A business impact survey conducted in 2014 showed that the programme is having a significant positive effect on the participants and on our business, including clear benefits in terms of career progress, collaboration, strategic projects and leadership effectiveness.

Our future plans for leadership development include a new leadership curriculum which will set out our learning programme for all levels of leaders. We will define a core curriculum and specific development activities for different employee groups. Together with this, we plan to refresh our regional leadership programmes aimed at emerging leaders with further potential to progress.

Our divisions continue to be responsible for technical training and local development activities as this gives them the flexibility to identify and meet local needs. This includes our well established apprenticeship programmes in key locations, as well as divisional graduate development programmes, for example for chemical engineers.

The following table sets out, on a total and on a per employee basis, the days of training and training spend during 2014/15. The training spend does not include the cost of in house training or the cost of the employees' wages during training.

Training Days and Spend on Training 2014/15

	Total days / shifts training	Number of days / shifts training per employee	Spend per employee £
Europe	18,379	3.1	609
North America	10,126	3.1	215
Asia	5,015	2.8	285
Rest of World	3,418	6.0	214
Total group	36,938	3.2	426

During 2014/15, 906 internal promotions were made representing 32.8% of appointments made during the year and 132 of these were moves between our businesses. This reflects our ongoing commitment to the training and personal development of our employees.

Next year we plan to review and enhance our metrics in the area of people development and training so that we can improve how we measure progress against our objectives.

Reward and Recognition

At Johnson Matthey we aim to provide remuneration and benefit arrangements that are market competitive and valued by our employees so that we can continue to attract and retain the people we need.

During the year we reviewed our salaries and created a new bonus framework that applies to all levels of the organisation. The framework is designed to support our strategic aims for the future and recognises the importance of overall group performance as well as business and personal performance. The framework will be implemented during the next financial year for managers and thereafter for other employees.

We have also improved our pay processes to enable greater consistency of pay levels. This will be built upon next year as we develop a global job classification system, which will not only enable better pay benchmarking but also facilitate career development pathways. In addition, we will expand our performance related pay system.

We completed an audit of our global benefit arrangements to ensure good governance and the availability of data which will allow us to benchmark our reward programmes against local markets. We have also launched a new suite of communications, initially in the UK and the USA, to engage our workforce with our benefit programmes and promote the idea of total rewards through online and offline communications. Next year we will expand this to other major countries.

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Social continued

A Growing Workforce

This year we experienced further steady growth in our employee numbers and an increase in promotions and moves within the group. This reflects continued growth in our existing business as well as a number of acquisitions during the year.

The following tables set out the average number of people employed by Johnson Matthey and the net change in the number of people employed during 2014/15 by geographical region and by employment contract.

Average Number of People Employed

Average headcount 2014/15

	Permanent employees	Temporary contract employees	Total
Europe	5,857	547	6,404
North America	3,278	38	3,316
Asia	1,816	46	1,862
Rest of World	566	-	566
Total group	11,517	631	12,148

Annual Change in People Employed

Net change between average headcount 2013/14 and 2014/15

	Permanent employees	Temporary contract employees	Total net change
Europe	+80	+212	+292
North America	+214	-4	+210
Asia	+307	-2	+305
Rest of World	+15	-5	+10
Total group	+616	+201	+817

The high level of employee commitment and loyalty to the group continues to bring strength to our businesses. Voluntary staff turnover increased slightly to 6.0% (2013/14 5.6%) – remaining very low compared to many other organisations. The total employee turnover figure fell slightly to 8.7% from 9.0% in 2013/14.

The following table sets out the employee turnover in 2014/15 by geographical region. The employee turnover figure is calculated by reference to the total number of leavers during the year expressed as a percentage of the average number of people employed during the year. The analysis does not include agency workers not directly employed by Johnson Matthey.

Employee Turnover by Region

2014/15

	Total leavers	Employee turnover	Voluntary employee turnover
Europe	436	7.4%	4.7%
North America	303	9.2%	6.4%
Asia	221	12.2%	9.6%
Rest of World	44	7.8%	6.0%
Total group	1,004	8.7%	6.0%

We have reviewed our divisional and local graduate programmes and found that they provide excellent development opportunities and serve the needs of the businesses well. We are an attractive employer to high calibre graduates as well as industrial placement students. Next year we plan to enhance the experience of placement students during their time with us at Johnson Matthey. We will be holding events that will give them more information about career opportunities at Johnson Matthey, and help them meet and network with more of our people while they are with us. It's about engaging with students proactively and ensuring they have the best experience possible.

As we are a business reliant upon chemistry and its applications our future depends on the recruitment of excellent science graduates. As such we actively promote the study of STEM subjects – science, technology, engineering and maths – in schools and universities. We organise site visits from school and university students and work with local schools, at primary and secondary level, to stimulate an interest in science. Through a range of activities, we aim to draw young people to science long before we want to attract them to a job in the company.

 Read more on page 63.

A growing trend in recruitment is the importance of employer brand. We want to appeal to the best people who also share our culture and values. How a company is perceived in the marketplace and its sustainability credentials are significant factors in determining whether the best applicants will want to join us. Polls on the best companies to work for are taken seriously by recruits. In 2014 we were named Britain's Most Admired Company in Management Today's peer assessed annual awards in recognition of the progress we have made in this area.

We understand that the quality of our people is a key source of competitive advantage. Next year we are reviewing our employer brand in order to continue to attract the highest calibre of graduates and experienced staff. The review will cover our online presence, including social media, and we will launch a global toolkit of resources for use by our recruitment teams that can be tailored locally.

Trade Union Representation

28% of all group employees worldwide (2013/14 29%) belong to a recognised trade union. We continue to maintain good and constructive relations with all recognised trade unions which collectively represent our employees. The following table sets out the average number and percentage of Johnson Matthey's employees who were covered by collective bargaining arrangements and represented by trade unions by geographical region in 2014/15.

During 2014/15 no working time was lost within the group due to employee action.

Trade Union Representation

Average headcount 2014/15

	Permanent employees	Represented	% represented
Europe	5,857	2,290	39%
North America	3,278	621	19%
Asia	1,816	16	1%
Rest of World	566	253	45%
Total group	11,517	3,180	28%

Diversity

At Johnson Matthey we offer equal opportunities for all and welcome diversity in all its forms. We recognise the value of diversity in the workplace – encouraging creativity, broader cultural understanding and access to a wider pool of talent – and have policies in place to guide our employment decisions. This coming year we will measure diversity across our talent pools and ensure the right questions concerning diversity are asked as part of the talent review process.

Our policies and processes prevent bias in relation to recruitment and promotion, and we are working to implement other positive measures to actively promote diversity. These measures include requiring balanced shortlists when recruiting, ensuring a diverse mix at company events and

conferences, actively discussing diversity in succession planning and talent management, promoting industrial and scientific careers to women and developing family friendly and flexible employment policies. There are challenges to overcome but we are making progress.

The table below shows the gender breakdown of the group's employees as at 31st March 2015. Our policies on equal opportunities and diversity are shown on our website.

Gender Diversity Statistics As at 31st March 2015

	Male	Female	% male	% female
Board	8	2	80%	20%
				(33% of non-executives)
Group Management Committee	9 ¹	1	90%	10%
Subsidiary directors ²	121 ¹	18	87%	13%
Senior managers ²	178	48	79%	21%
New recruits	1,357	578	70%	30%
Total group	9,159	3,107	75%	25%

¹ Includes four males who are also on the board.

² Senior managers who are also subsidiary directors are included in both categories.

Managing Talent to Develop Future Leaders

Investing in our people is one of the nine building blocks of our 3C Strategy. The progress that we make each year is only made possible by their enthusiasm and dedication and it is essential that this continues as we move into our 3rd century. As global markets drive demand for advanced facilities and the right people to manage them, we have launched a leadership development programme to cultivate our manufacturing talent.

The programme is aimed at accelerating the development of those manufacturing managers with the ambition and drive to succeed. Participants take part in a wide range of activities to develop new and existing skills. They are encouraged to use knowledge gained from formal training to solve real world problems around our business. They also visit some of our major operations around the world to help them better understand our global manufacturing capabilities.

These visits have been valuable to both participants and sites. During a recent trip to our refinery additives plant in Savannah, USA, the group worked with the plant's operations team to improve its filtering processes. After analysing data and diagnosing issues they were able to recommend a number of solutions and increase output capacity to the value of approximately £400,000 per year.

Not only did this collaboration have real time benefits for the Savannah plant, since completion of the programme many of the participants have used what they learnt in their own roles and progressed in their careers. We expect to see more examples of the programme's success over the coming months as it expands further across the group.



4. Social

Social continued**Engaging our People**

As a global company it is important that employees, wherever they are based, connect with our 3C Strategy and vision.

Employee engagement is about our people feeling involved in the company and committed to its goals which, in turn, promotes better performance, employee retention and wellbeing. When information flows freely and employees are aware of the activities and management decisions that affect their day to day work and how they can contribute to the overall performance of the business, employees feel more engaged. At Johnson Matthey we promote two way communications and a culture that encourages employee feedback.

However, in 2013, feedback from employees suggested that our strategy was not as widely understood internally as we would have liked. So in June 2014 we launched a communications campaign to share our 3C business strategy with all of our people via a series of more than 150 local events. Post event feedback collected online was very positive. To further embed the strategy across the business, we are launching our global 3C Awards which are designed to strengthen the link between reward and recognition and the 3C Strategy. The awards aim to seek out the best of the best across the group in the areas of collaboration, customer focus and creating value.

Our groupwide intranet, 'myJM', which launched two years ago is available to all employees with computer access (about 70% of employees). The platform was designed to promote networking between employees across the world and people are using the system to link up, share information and collaborate on projects. A survey found that since its launch, myJM users believe communication between the company and its employees has improved and that it is easier to network with colleagues.

Accelerating collaboration is a key theme of both our 3C Strategy and our approach to employee engagement. A project is underway to enhance myJM to improve its functionality and to allow remote access so that information and collaboration opportunities are available to those who do not have regular access to a company networked computer.

We have also developed a 'collaboration framework' to drive an increased level of collaborative project ideas. The aim of the framework is to encourage and facilitate ideas, innovation and idea management, as well as to resource and deliver cross divisional collaboration projects across the group. Introduced towards the end of 2014/15, it will allow key stakeholders greater visibility of collaborative efforts and enable proactive engagement at a strategic level.

Attendance

Good rates of attendance were maintained this year. The average number of days lost per employee in 2014/15 due to sickness and unplanned absence was 4.9 days, down from 5.3 days in 2013/14. This represents 1.9% of lost time per employee in the working year.

We continue to invest in sustainable health and wellness programmes to support the longer term health, wellbeing and performance of our employees. Many of our businesses have made arrangements for employees to have access to flu vaccinations, discounted rates at local gyms, stress awareness training and arranged other wellness initiatives. Read more about our Macedonian team's marathon efforts on page 71.

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 care for the rights of the individual wherever we do business. Integrity is one of our core values and our ethical principles and standards are set out in our Business Integrity and Ethics Policy which applies to all our employees.



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

During the year we began a project to prepare a new code of business integrity and ethics. The code will set out the standards and principles that everyone at Johnson Matthey is expected to meet. It will bring all of our values to life by providing advice and guidance in the way we work to ensure that we are all acting legally, ethically, safely and fairly. Doing the right thing by our people, customers, shareholders and communities is a fundamental part of life at Johnson Matthey.

A confidential, secure, externally-run whistleblowing website and telephone helpline are also in place to give all employees additional means to raise any issue of concern. The website offers multilingual access and allows for written or telephone reports. The site is publicised via site notice boards and on myJM. Reports received through the website and helpline (as well as any received as e-mail or letter) are appropriately investigated in accordance with our policy on whistleblowing.

For the group, there were a total of 23 new whistleblowing reports in the calendar year 2014 (2013 16) and all but three have been resolved as at the date of approval of this annual report. At its meeting in January 2015, the Audit Committee reviewed the group's whistleblowing procedures and the matters raised during 2014.

Share Ownership Schemes and Pensions

An employee share ownership scheme gives staff a financial interest in the company and stimulates performance. Employees may participate in share ownership plans, where practicable, under which they can buy shares in Johnson Matthey 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 (the latter is a US tax approved scheme). Through these ownership plans, Johnson Matthey's current and former employees collectively held 1.68% of the company's shares at 31st March 2015.

Johnson Matthey also provides 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 retirement benefits, based on local laws and practices.

Manufacturing Excellence

Our Manufacturing Excellence programme, which is improving efficiency and productivity across our operations, also has a strong employee engagement component, both through training courses and by encouraging employee contributions to manufacturing improvements. In 2013 we launched the Efficiency Recognition Programme, an internal benchmarking programme that is open to all our manufacturing sites.

The programme is made up of three standards – Silver, Gold and Platinum – and recognises locations that achieve and sustain improving levels of efficiency. During the year, five of our sites across the group attained the Silver standard.

 Read more in the case study below.

Stakeholder Engagement

Johnson Matthey has a wide network of stakeholders, including communities, customers, employees and their representatives, fund managers, governments, non-governmental organisations, national and international trade associations, shareholders and suppliers.

By working together with our stakeholders, through consultation or collaboration, we can make sure that the things that matter to them matter to us too. That means that the interests of these groups are considered as we make decisions on how to develop the business.

We communicate with stakeholders on an ongoing basis and in a number of ways. They include our regular publications (including this report),

our website, surveys, our internal collaboration platform myJM and meetings on specific topics.

We also continue to be actively involved with the key trade associations and industry organisations that are connected with our activities. This provides an effective way of understanding, shaping and contributing to a range of discussions that are relevant to our stakeholders, and those of the broader industry and market sectors in which we operate.

During the year we participated in a number of trade associations including the UK Chemical Industries Association, the Diesel Technology Forum, the Society of Motor Manufacturers and Traders, the Energy and Resources Institute, the Engineering Employers Federation, the Pgm Health Science Research Group, the International Platinum Group Metals Association and Eurometaux, the association servicing and representing the European non-ferrous metals industry.

While much of our engagement in policy development is through trade associations, from time to time we also engage with national and local government to inform the development of policy in areas where our technology or products can play an important role.

From a broader sustainability perspective we have regular dialogue and consultation with Business in the Community, PE International (now renamed thinkstep) as a member of its Product Sustainability Round Table and the Sustainability 50 global group to keep us abreast of the latest thinking.

 Find more online at www.matthey.com/sustainability.

Shareholders are an important stakeholder group for us. We meet with major shareholders regularly, as described in the Corporate Governance Report on pages 96 and 97. A number of our investors are particularly interested in ethical and socially responsible investments. We discuss sustainability and CSR issues with them and provide the information they need to specialists from their organisations. We also participate in key benchmarking studies (Carbon Disclosure Project, FTSE4Good, London Benchmarking Group) and are a member of the FTSE4Good Index.

The communities where we operate are another significant partner for us. Our workforce includes a large number of people from local areas.

Driving Efficiency to Improve Our Performance

We developed the Manufacturing Excellence programme in 2012 to develop our people, identify new technologies to improve manufacturing and increase operational efficiency. Today operational excellence and sustainability is one of the nine building blocks of our 3C Strategy.

The programme includes a voluntary assessment element developed to recognise individual sites for their progressive implementation of continuous improvement methods, starting with Silver then moving up to Gold and Platinum.

This year we are pleased to announce that five more of our sites across the USA, UK, Mexico and Macedonia have achieved Silver efficiency status. Before receiving an award each site goes through a rigorous assessment whereby their overall performance is measured against the financial impact to decide which standard, if any, has been reached.

Manufacturing is a major part of our business, providing work for more than 50% of our people, and it is the way we bring our science to life. Improving our performance in this area can therefore create significant value for our business.

Our focus on improvements, such as those delivered through Manufacturing Excellence, are helping us adapt to new and changing markets. By expanding the programme further this long term investment across the group is set to bring many more benefits in the future.



4. Social

Social continued

We aim to be a good corporate member of the community but from time to time we have to close a facility for business reasons and are aware of the hardships that may arise as a result. Demand for our colour products which are used in the decorative ceramics industry continued its long term decline and we decided to exit the market resulting in the closure this year of our site in Stoke-on-Trent and the loss of 44 jobs. The bankruptcy of a customer of our Fuel Cells business during the year also resulted in the loss of 33 positions.

Material Issues

As we continue to plan long term for the sustainability of the business we are developing more systematic ways to get a better understanding of what issues are most material or relevant to our success and to engage more effectively with our stakeholders to help inform our planning.

Horizon scanning and identification of global megatrends are a key part of our long term planning. The Group Policy and Compliance Committee assesses emerging issues for materiality and initiates any action as required. Material issues are continually assessed as part of our risk management and business planning processes.

By establishing a more integrated approach to defining material issues, we will, in the future, be able to better communicate our findings in a clear and simple way to stakeholders on matters of genuine importance to our long term profitability.

Working with our Communities

We have a strong tradition of encouraging our employees to get involved with their communities and build good community relations. This contributes to our Sustainability 2017 Vision to build a sustainable business and we believe that investing in our communities is an integral part of that commitment.

We invest in our communities to:

- demonstrate our commitment to being a responsible business that provides value beyond our products;
- make a positive impact in the communities in which we operate;
- create goodwill and enhance our reputation within our local communities; and
- build our profile as an employer of choice.

As a responsible business we are committed to making a positive contribution to the development of our local communities. This can take the form of being a good employer, collaboration with our local communities and neighbours, and investment in the community by giving financial support, providing employee time or making in kind donations.

Many of our sites participate in activities in their communities – giving to local charities and supporting educational projects, as well as getting involved in projects to advance science or stimulate economic regeneration. Many also allocate a budget to community investment activities.

Our Community Investment Policy allows all employees two days' paid leave per year for community or charity work, subject to the approval of their manager. Employees are encouraged to take the opportunity to make a contribution to their local area. We are developing processes to collect data on volunteering by our employees so that we can track progress.

The communities in which we operate face a wide range of issues and priorities as they are located in different countries with different needs. We try to ensure that our operations have the resources and support to identify the projects, initiatives and partnerships that can make a real difference in their communities and that mean something to employees and their families. We also aim to support the future growth of our business through the promotion of science education among young people – the flagship theme of our Community Investment Policy.

Johnson Matthey is a member of the London Benchmarking Group (LBG), a global network of companies that share and drive best practice in corporate community investment.

Charitable Donations

Across the globe, Johnson Matthey's sites lend support to many charities locally and nationally through donations, employee time or the loan of company facilities.



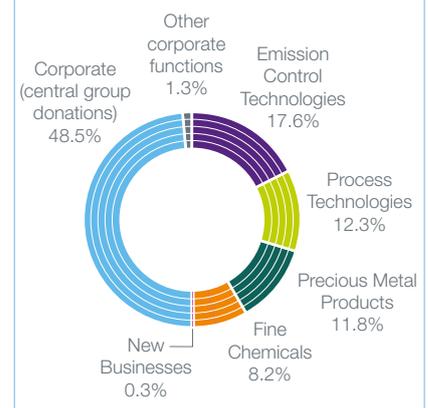
Find more online at www.matthey.com/sustainability.

During 2014/15 the company donated £612,000 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.

At a group level, Johnson Matthey operates a charitable donations programme which represented 49% of total donations in 2014/15. This programme supports organisations working in the areas of environment and sustainability, medical and health, science and education, social welfare and international development.

This year saw us set up a global Community Investment Forum with members from all areas of our business taking part to encourage collaboration across the group. From raising the profile of local efforts to sharing new ideas and best practice, regular meetings have benefited us in multiple ways and discussions have helped to shape our plans for 2015/16. In the coming year we aim to develop relationships with our charity partners that go beyond financial support. We are also restructuring our Community Investment Committee to reflect the different locations in which we operate and the different needs of our communities.

We are now halfway into our two year partnership with Cancer Research UK, which began on 1st April 2014, with our non-UK sites being encouraged to support their national cancer research charities. Employees have been keen to support Cancer Research UK at both site and personal levels and in 2014/15 we raised more than £26,000, including a £15,000 corporate donation.

Charitable Donations 2014/15

In addition to our corporate charitable donations, we also offer matched funding for employees' fundraising efforts. The company will match employees' fundraising in aid of a registered charity. Matching is provided from central group funds up to £1,000 per employee per year, subject to a cap of £50,000 per annum for the group as a whole. We saw increased participation from employees as they raised £63,000 for 52 charities which was topped up with an additional £44,000 from the company in matched contributions.

Governance and Human Resources

As a global company, we maintain progressive HR standards backed by group policies. Our sites are located in a number of countries which have different legal frameworks and requirements. Consequently, our HR practices always meet local statutory requirements and we often go beyond them to recognise regional best practice. Our global HR policies have application across all our sites and are supplemented by local policies. Site specific human resources policies and procedures are communicated to staff at inductions and through staff handbooks.

In line with our Equal Opportunities Policy, we recruit, train and develop employees who meet the requirements of the job role regardless of gender, ethnic origin, age, religion or belief, marriage or civil partnership, pregnancy or maternity, sexual orientation, gender reassignment or disability. People with disabilities can often be denied a fair chance at work because of misconceptions about their capabilities, and we seek to enhance the opportunities available by attempting, wherever possible, to overcome the obstacles. This might mean modifying equipment, restructuring jobs or improving access to premises, provided such action does not compromise health and safety standards.

This is set down in our policy, which extends to employees who have become disabled during their employment and who will be offered employment opportunities consistent with their capabilities.

Diversity is welcomed and we see it as a core component of a sustainable business. Job applications are encouraged from all sections of the community including minority groups.

As part of our governance, our HR policies and risks are examined by the Group Management Committee and the Group Policy and Compliance Committee, with the board responsible for overseeing the overall HR strategy.

In addition the Nomination Committee oversees talent and succession decisions and the Remuneration Committee deals with remuneration policy.

Human Rights

We are confident of our human rights performance in our own operations. However, business practices along the supply chain are not always transparent and this is a risk that we have to manage.

We make every effort to ensure the issues are managed effectively. We support the principles defined within the UN Universal Declaration of Human Rights and the International Labour Organisation Core Conventions, including the conventions on child labour, forced labour, non-discrimination, freedom of association and collective bargaining.

We also support the principles endorsed under the UN Global Compact and the UN Guiding Principles on Business and Human Rights (the 'Ruggie' Principles). We comply with these core principles whenever we enter into business in a new territory, make an acquisition or enter a joint venture. The principles are integrated into our risk assessment procedures and impact assessments as part of our due diligence processes.

Marathon Effort to Improve Health in Macedonia

Part of our commitment to fostering healthy working environments involves encouraging off the job health and safety among our employees. Many of our sites run health and wellbeing events, host information campaigns and enter teams into large scale sporting events. Keeping fit is a preventative measure we can all take to reduce our risk of short and long term injury and illness. Building on its participation in previous years, our site in Macedonia took part in the annual Skopje marathon for the fourth time in May 2014.

With training ongoing throughout the year it was a great team effort from sign up to race day. Employees regularly trained together to keep motivation high. In total, 70 employees took part in the event, which is around 15% of the local workforce. Not only were we recognised as the company with the largest number of participants, we were also awarded 'Most Popular Large Company'.

The team's mantra throughout training and the race itself was 'never, never give up'. This is something that the team has kept in mind during preparation for the 2015 event too.

