

## 3. People and Planet



# Our People

Johnson Matthey is full of talented people with a real passion for science and a pride in applying it to make the world cleaner and healthier. They bring our values to life and are our most important asset for the long term success of the company.

## Our People – Performance Summary

		2017	2016
Average number of employees		<b>12,214</b>	12,494
Total employee turnover <sup>1</sup>	%	<b>12.3</b>	12.1
Voluntary employee turnover <sup>1</sup>	%	<b>8.9</b>	6.9
Employee gender (female) <sup>2</sup>	%	<b>25</b>	25
Gender of new recruits (female)	%	<b>28</b>	28
Trade union representation	%	<b>26</b>	24
Internal promotions	% of all recruitment in year	<b>39</b>	30
Attendance	days lost per employee	<b>4.8</b>	5.6

<sup>1</sup> 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.

<sup>2</sup> At 31st March.

## Introduction

As we grow and work towards our vision for a cleaner, healthier world, we rely on our talented and committed workforce to achieve it. We are working to enhance the engagement of our people to enable them to reach their full potential, so they can do their best work with us.

Our people strategy is structured around five pillars: attracting and recruiting talent; developing and supporting our people; rewarding and retaining them; embedding our culture and values and supporting change.

During 2016/17 we created action plans and expected outcomes for our strategy, as explained below.

## Attracting and Recruiting Talent

We want to be the first choice for potential recruits with the skills that match the needs of the business. We are investing in our employer brand to raise our profile in the market and emphasise that we are one company working together.

We regularly feature in Management Today's top ten Most Admired Companies in Britain and in 2016 we were Britain's Most Admired chemicals company for the third year running. This award is peer voted by those who already know us; the task for us now is to reach those who are not aware of our work and the opportunities we can offer.

To achieve this, we have further defined consistency in our recruitment processes and messaging. This will continue over the coming year. We are also creating a unified graduate and apprentice programme, starting in the UK, to streamline our recruitment of young people starting their careers.

We have specific talent needs to support our R&D activities and need to maintain a thriving, innovation-led environment to attract and retain the best people. We do this by encouraging our scientists to think freely and to collaborate and learn from one another. We host an annual science conference to bring our global R&D community together to network, share experiences and celebrate achievements. A separate academic conference for our sponsored university students helps nurture future scientists.

More broadly, we are developing a global induction programme to help all new recruits gain a consistent understanding of how we work, what we expect from our people and what they can expect from us.

As part of this process, we aim to gain insights into how employees feel during their induction and to identify what people should ideally gain from the experience. We will launch a pilot before we finalise the programme and are evaluating bespoke online resources that recruits can use before they join us to give a clear idea of the company where they will be working.

## Developing and Supporting Our People

We fill skill gaps both by developing and appointing from within the group and recruiting from outside. As a global company with businesses located around the world, we benefit from a mobile workforce. We encourage employees to apply for jobs across the group which expands their experience and develops their skills.

During 2016/17, 937 internal promotions and appointments were made representing 39.4% of roles filled during the year. 160 of these were moves between our different businesses.

We develop employees at all levels of our organisation so that they are equipped with the knowledge and skills our company needs and to improve their career satisfaction. Our goal is to enable employees to reach their full potential, in turn helping the company to meet its business goals.

A strong leadership pipeline is essential and during the year we conducted a comprehensive review of how we are developing our leaders. This explored the latest thinking around learning and development approaches and how we could apply them. We also benchmarked ourselves against several companies that are at the forefront in this area.

Leaders and managers have a vital role to play in leading by example to bring our values and strategy to life. We support them through a leadership framework which sets out the behaviours and competencies we expect.

We assess the talent and skills needs of our business annually. Each division and function conducts talent reviews and considers their strategic business objectives for the next three years and the skills needed to achieve these. This process highlights any gaps, prompting us to seek out existing employees who, with the right development, could be identified to fill these future roles or alternatively, plans are generated to recruit external people into the group.

We have explored specific talent needs of some functions this year by conducting in depth talent reviews in manufacturing and finance and we plan to conduct similar reviews in IT, finance, legal and human resources in 2017/18.

During the year, we introduced a common global performance review process for managers which is underpinned by our values and a set of leadership competencies. This ensures managers develop while also supporting those things that are important to us. Our global performance review process will be rolled out across the group down to graduate level by the end of 2018/19.

During 2016/17, 75% of female managers and 77% of male managers received a performance review.

## Rewarding and Retaining Employees

Our reward and benefits arrangements are competitive, fair, transparent and benchmarked against our peers. We benchmark our benefits in each country where we operate, taking into account cost considerations, so that employment with us is attractive.

We believe that our clear communication of these to our people helps them feel motivated and that their efforts at work are fairly rewarded. They are also designed to ensure that the best people join us and want to stay.

Elements, our online portal, gives employees access to their benefits in one place. It is now available to staff in the UK, US, China and India, and will roll out to more countries in the coming year.

We support employee wellbeing and resilience training for staff and managers is available, enabling them to identify personal stress triggers in themselves and their teams. In addition, many of our businesses provide access to flu vaccinations and discounted rates at local gyms.

In 2016/17 we introduced a global job classification system with more formal career paths. This has made the skills and experience required for each career level more transparent so individuals can understand how they fit into the organisation and how to progress. In addition, we have implemented a new global grading system for management levels as well as new annual and long term incentive plans for managers so that they are recognised for their contribution. We will continue to roll out this new grading system to levels below management in the coming year.

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Our employee share schemes give staff a financial interest in the company and stimulate their performance. Eligible employees may participate in a share ownership plan through which they can buy shares in Johnson Matthey which are matched by a company funded component. Employees in these plans are able to contribute to a company share ownership plan or a 401k approved savings investment plan (a US tax approved scheme).

Through these ownership plans, Johnson Matthey's current and former employees collectively held 1.51% of the company's shares at 31st March 2017.

Johnson Matthey also provides various pension arrangements for its employees worldwide. These are a combination of defined benefit and defined contribution pension plans, savings plans and provident funds which are designed to provide retirement benefits, based on local laws and practices.

#### Embedding Our Culture and Values

Our culture is underpinned by our values and these are brought to life by our people. Our leaders set the standard for everyone, actively demonstrating the actions, processes and outcomes associated with our values which are presented on page 9. Our values also drive our high ethical standards.

'Doing the Right Thing', our global code of ethics, is central to the way we act as a company and sets out our expectations for the behaviour of our people. It is available in 22 languages, mirroring our growth into new territories and emerging markets. Ethics ambassadors, of which there are around 100 to cover all our major operations, promote these behaviours locally and offer guidance to their colleagues.

Targeted training is offered to people whose roles mean they are particularly exposed to specific compliance risks. Online training on our code of ethics was launched to all employees in March 2017 and will continue annually. The training includes an acknowledgement that asks employees to confirm that they have access to the code of ethics and that they will work in line with its six commitments which are:

- Understanding and following the principles in the code
- Asking for help and speaking up when I have concerns
- Working safely and respecting the rights of others

- Doing business responsibly, fairly and legally
- Protecting Johnson Matthey's brand, assets and reputation
- Supporting Johnson Matthey's ambition to build a sustainable business.

We encourage people to raise their concerns when they see something that they are unsure about. Together with internal routes available to employees, we have a confidential helpline 'speak up' (which can also be accessed online). It gives the opportunity to raise issues confidentially and (where local law permits) anonymously. The benefits of speaking up have been promoted through ethics training modules, as have the protections in place for those who speak up. As a result, a majority of employees did not opt for anonymity when using the service.



Read more on page 59.

When a report is received, it is reviewed and assessed by our Ethics Panel (which reports annually to the Audit Committee), which is responsible for reviewing matters raised and for our procedures. At its meeting in January 2017, the Audit Committee reviewed reports received in 2016/17 up to that date.

This year, the board will also oversee the work of the Ethics Panel. If a report requires investigation, this will be conducted in accordance with our investigation principles of confidentiality, impartiality and objectivity, capability and efficiency. All investigations generate recommendations and agreed actions are tracked and followed through to resolution.



Read more on page 77.

#### Improving Employee Engagement

We believe that employees, no matter where they are based in the world, are at the heart of our business success and are the most important ambassadors for our brand. If we can create a positive experience for them that is highly motivating and encourages commitment to the organisation, this will increase levels of engagement and enablement. In turn, this will support improved operational and financial performance, customer satisfaction and enable us to better attract and retain great talent.

In November 2016, we ran our first ever global employee survey to support our ambition to further enhance Johnson Matthey's reputation as a great place to work. The survey was designed to gain a greater understanding of strategically and culturally important themes across the group and highlight opportunities to create a better working environment for employees to develop and contribute.

From the 11,979 employees that were invited to take part in the survey, we received a 75% response rate which is a great result for a first time survey. We donated £9,030 to Plan International, our company charity, £1 for each completed survey.

The survey revealed some areas of strength, reflecting the positive efforts we have made in recent few years. In matters of health and safety, 85% of respondents agreed that we provide a safe working environment and in ethics we scored highly, with 88% saying they would report misconduct or raise a concern.

The survey also highlighted areas of opportunity where we can do better. We are treating two of these as areas for immediate action; to be even clearer to employees about the company's strategy and priorities, and to ensure more open communications throughout the company. We have formed cross functional focus teams at the Group Management Committee (GMC) level to address these issues.

Divisions and functional management teams have also received their detailed survey results and have identified their keys strengths and areas for improvement. These teams are in the process of prioritising action plans for improvement working with local employee groups.

The next survey will be in 2018 so that we can track the outcomes of the actions we are taking.

Johnson Matthey's purpose lies in applying inspiring science to enhance life. To engage our staff and encourage them to contribute to our future direction, we launched an open innovation platform, IdeasLab, allowing anyone in Johnson Matthey to submit ideas either around a 'grand challenge' or on an independent innovation. The grand challenges are set around strategic business issues or areas of opportunity, and the first theme was sustainable cities. 115 ideas were submitted from across Johnson Matthey and everyone in the company had the opportunity to contribute to and vote for their preferred ideas.

The top teams received coaching from London Business School and pitched their ideas to a senior panel. Three winning ideas were selected and have been taken forward for further evaluation. New challenges will be launched several times a year.

Johnson Matthey reached its 200th anniversary in 2017. This is an incredible milestone and is testament to the hard work of everyone in the company. To mark this, all employees are invited to join together for a day of celebration on 19th July 2017, the 200th day of our 200th year, with events being held at our sites around the world.

## Diversity and Inclusion

We are committed to developing a truly inclusive culture that is not only about having diversity within our company, but about leveraging that diversity to produce better products and services for our customers.

Our Diversity and Inclusion taskforce, which is led by a member of the GMC, is driving activities to create a more diverse and inclusive workplace. During the year, it arranged awareness training on diversity, inclusion and unconscious bias, which was attended by members of the GMC and corporate and divisional leadership teams.

In 2017/18, we will develop diversity and inclusion awareness training that will be rolled out across the entire organisation in a phased way. In addition, we have also prioritised the development of an unconscious bias training module. This will be used over time by HR and recruiting managers as part of our work to establish a foundation for blind recruitment, a system where information such as name, age and gender is withheld from the CVs of applicants to avoid unconscious bias.

As part of the UK Equality Act 2010, we will be publishing our gender pay figures in 2018, covering the pay of our UK employees.

Our commitment to diversity and inclusion will also be a key theme in our sustainable business goals to 2025



Read more on page 51.

An action plan has been created to guide our sites on this theme and we continue to work with external experts and organisations to learn more about best practice in this area.

In line with our Equal Opportunities Policy, we recruit, train and develop employees who are the best suited to 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 identity or disability.

People with disabilities can often be denied a fair chance at work because of misconceptions about their capabilities, and we work to enhance their opportunities 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 out 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. We would also look to make reasonable adjustments for new recruits.



Go online for our policies on equal opportunities and diversity:  
[www.matthey.com](http://www.matthey.com)

## Governance and Human Resources

As a global company, we maintain progressive HR standards backed by group policies. Our HR activities always meet local statutory requirements and we often go beyond them to recognise best practice. Our global HR policies are applied across all our sites and are supplemented by local policies. Site specific policies and procedures are explained at inductions and through staff handbooks.

Our HR policies and risks are examined by the GMC and the Group Policy and Compliance Committee, with the board responsible for overseeing the overall people strategy. In addition, the Nomination Committee oversees talent and succession decisions and the Remuneration Committee deals with remuneration policy.

There were no significant fines or non-monetary sanctions for non-compliance with laws and regulations during the year.

## Priorities for 2017/18

- Continue to develop our employer brand so that prospective employees become familiar with the company as a leader in science that enhances people's lives.
- Enhance and improve our global standardised talent and development processes across the group, including workforce planning, performance management, talent review and succession and development.
- Enhance the leadership development of our people through a new pilot programme for mid-level leaders and by redesigning our development programmes for senior leaders. Additionally, in 2018/19 we will launch a new programme for employees taking on a leadership role for the first time.
- Support the recently introduced global grading system for managers by developing additional supporting materials for employees so they understand how they fit into the organisation with capabilities, skills and experiences defined for each career level. We will also roll out the system to levels below management.
- Act on the results of our employee engagement survey of 2016/17 to increase engagement and enablement and move the organisation towards improved performance. A further priority for next year is to stimulate and embed employee engagement through detailed action plans across the group, divisions and functions.
- Prioritise change management training for the HR function to support employees and management teams with organisational change. We will also evaluate options to provide similar support for managers in due course.
- Improve our process for reporting grievances with wider data coverage that will provide figures for 'total grievances'.

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## Our People – Performance Data

#### New Employees by Age Category

	Aged under 30			Aged 30-50			Aged over 50			Total Male	Total Female
	Male	Female	Total	Male	Female	Total	Male	Female	Total		
Europe	210	132	342	262	127	389	43	15	58	515	274
North America	131	30	161	106	37	143	36	12	48	273	79
Asia	161	27	188	145	41	186	3	0	3	309	68
Rest of World	12	3	15	18	7	25	0	0	0	30	10
<b>Total group</b>	<b>514</b>	<b>192</b>	<b>706</b>	<b>531</b>	<b>212</b>	<b>743</b>	<b>82</b>	<b>27</b>	<b>109</b>	<b>1,127</b>	<b>431</b>

#### Attendance

Good rates of attendance were maintained this year. The average number of days lost per employee in 2016/17 due to sickness and unplanned absence was 4.8 days, down from 5.6 days in 2015/16. This represents 1.9% of lost time per employee in the working year.

#### Average Number of People Employed

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 2016/17 by geographical region and by employment contract.

#### Average headcount 2016/17

	Permanent employees			Temporary contract employees			Total	Total
	Male	Female	Total	Male	Female	Total		
Europe	4,275	1,618	5,893	327	226	553	6,446	
North America	2,402	616	3,018	23	6	29	3,047	
Asia	1,781	370	2,151	21	11	32	2,183	
Rest of World	371	165	536	1	1	2	538	
<b>Total group</b>	<b>8,829</b>	<b>2,769</b>	<b>11,598</b>	<b>372</b>	<b>244</b>	<b>616</b>	<b>12,214</b>	

#### Annual Change in People Employed

During the year approximately 400 people left our business. This included a relocation of some of our battery systems related activities from Dundee, Scotland as well as reorganisation of activities in our Emission Control Technologies Division from Korea. There were also reductions in Process Technologies and Precious Metal Products as a result of driving efficiencies. We support our employees during their redundancy transition with practical help to find new roles, which often includes a mix of counselling and training in job search techniques, CV preparation and interview techniques.

#### Net change between average headcount 2015/16 and 2016/17

	Permanent employees	Temporary contract employees	Total net change
Europe	-190	+36	-154
North America	-72	-10	-82
Asia	+8	-7	+1
Rest of World	-43	-2	-45
<b>Total group</b>	<b>-297</b>	<b>+17</b>	<b>-280</b>

#### Employee Turnover by Region

The high level of employee commitment and loyalty to the group continues to bring strength to our businesses. Voluntary staff turnover was low compared to many other organisations at 8.9% (2015/16 6.9%). The total employee turnover figure increased slightly to 12.3% from 12.1% in 2015/16.

The following table sets out the employee turnover in 2016/17 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.

	Aged under 30			Aged 30-50			Aged over 50			Total leavers	Employee turnover	Voluntary employee turnover
	Male	Female	Total	Male	Female	Total	Male	Female	Total			
Europe	120	57	177	207	118	325	139	41	180	682	10.6%	8.0%
North America	92	44	136	139	43	182	84	21	105	423	13.9%	10.0%
Asia	100	8	108	179	42	221	11	3	14	343	15.7%	10.9%
Rest of World	5	8	13	30	9	39	5	1	6	58	10.8%	6.5%
<b>Total group</b>	<b>317</b>	<b>117</b>	<b>434</b>	<b>555</b>	<b>212</b>	<b>767</b>	<b>239</b>	<b>66</b>	<b>305</b>	<b>1,506</b>	<b>12.3%</b>	<b>8.9%</b>

**Gender Diversity Statistics**

The table below shows the gender breakdown of the group's employees as at 31st March 2017.

As at 31st March 2017	Male	Female	% Male	% Female
Board	6	3	67%	33%
GMC	7	3	70%	30%
Subsidiary directors	105	16	87%	13%
Senior managers	141	49	74%	26%
New recruits	1,127	431	72%	28%
<b>Total group</b>	<b>9,258</b>	<b>3,048</b>	<b>75%</b>	<b>25%</b>

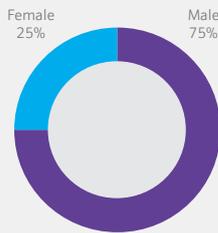
Some individuals are included in more than one category.

**Gender of People Employed by Employment Type**

As at 31st March 2017	Full time		Part time	
	% Male	% Female	% Male	% Female
Europe	74%	26%	44%	56%
North America	79%	21%	40%	60%
Asia	83%	17%	11%	89%
Rest of World	70%	30%	39%	61%
<b>Total group</b>	<b>76%</b>	<b>24%</b>	<b>43%</b>	<b>57%</b>

**Percentage of People Employed by Gender**

As at 31st March 2017	% Male	% Female
Europe	72%	28%
North America	79%	21%
Asia	83%	17%
Rest of World	70%	30%
<b>Total group</b>	<b>75%</b>	<b>25%</b>



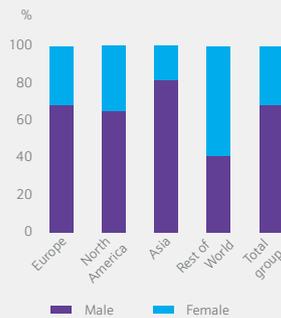
**Trade Union Representation**

26% of our employees (2015/16 24%) belong to a recognised trade union. We have positive and constructive relations with all the recognised trade unions that collectively represent our employees. The following table sets out the average number and percentage of employees who were covered by collective bargaining arrangements and represented by trade unions by geographical region in 2016/17. During the year no working time was lost due to employee action.

	Permanent employees	Represented	% Represented
Europe	5,893	2,173	37%
North America	3,018	486	16%
Asia	2,151	92	4%
Rest of World	536	273	51%
<b>Total group</b>	<b>11,598</b>	<b>3,024</b>	<b>26%</b>

**Average Number of Contractors Employed**

	Male	Female	Total
Europe	431	203	634
North America	39	21	60
Asia	80	18	98
Rest of World	11	16	27
<b>Total group</b>	<b>561</b>	<b>258</b>	<b>819</b>



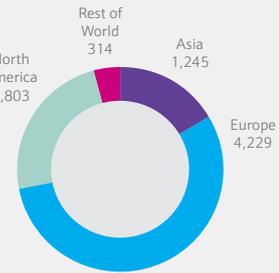
**Speak Up Reports**

In 2016/17 there were a total of 75 speak up reports, an increase of 42% (see page 56). 63% of these were closed in the year. We view the uplift as a positive reflection of a greater awareness and understanding of the benefits of speaking up, and that our people know that raising concerns is valued and investigations are taken seriously.

Concern raised	Number of cases
Bribery and corruption	8
Business and financial reporting	6
Business integrity	10
Competition / anti-trust	1
Confidential information and intellectual property	4
Conflict of interest	2
Discrimination or harassment	33
Environment, health and safety	8
Other or general enquiry	3

**Anti-Bribery and Corruption Training by Region**

number of employees



**Competition Law Training by Region**

number of employees

