



# Johnson Matthey

## Modern Slavery and Human Trafficking Transparency Statement for the Financial Year 2015/2016

This Statement sets out the steps that Johnson Matthey Plc (“Johnson Matthey”) has taken during the financial year 2015/16 to ensure that slavery and human trafficking are not present within our own business or supply chains globally. It has been approved by the Board of Directors of Johnson Matthey and signed by John Walker, Executive Director.

### Structure, business and supply chains

Johnson Matthey is a leading international speciality chemicals company which comprises five operating divisions:

<b>Emission Control Technologies</b> <ul style="list-style-type: none"><li>■ <b>Light Duty Vehicles</b> - a world leading manufacturer of catalysts for cars and other light duty vehicles powered by all fuel types</li><li>■ <b>Heavy Duty Diesel (on road)</b> - catalyst systems for diesel powered trucks and buses</li><li>■ <b>Heavy Duty Diesel (non road)</b> - catalyst systems for stationary equipment and non-road machinery</li></ul>	<b>Process Technologies</b> <ul style="list-style-type: none"><li>■ <b>Chemicals</b> - manufactures speciality catalysts, licenses process technology and delivers services to the chemical industry</li><li>■ <b>Oil and Gas</b> - manufactures catalysts, additives and absorbents and delivers services to the oil and gas industry</li></ul>	<b>Precious Metal Products</b> <ul style="list-style-type: none"><li>■ <b>Services</b> - marketing, distribution, refining and recycling of platinum group metals (pgms)</li><li>■ <b>Manufacturing</b> - fabricates products using precious metals and related materials and manufactures pgm chemicals</li></ul>
<b>Fine Chemicals</b> <ul style="list-style-type: none"><li>■ <b>API Manufacturing</b> - a global supplier of active pharmaceutical ingredients and intermediate products</li><li>■ <b>CCT</b> - supplied a range of speciality chemical, chiral and biocatalytic technologies</li><li>■ <b>Research Chemicals</b> - supplied speciality chemicals to industrial and academic research organisations</li></ul>	<b>New Businesses</b> <ul style="list-style-type: none"><li>■ <b>Battery Technologies</b> - focused on the research, development, design and manufacture of battery materials and integrated battery systems</li><li>■ <b>Atmosphere Control Technologies (ACT)</b> – creates advanced technologies to extend the post harvest life of fresh produce</li><li>■ <b>Fuel Cells</b> - develops and manufactures catalysed components for fuel cells</li></ul>	

As a company, we work together, applying our expertise in advanced materials and technology to innovate and improve solutions that:

- are valued by our customers;
- optimise the use of natural resources; and
- enhance the quality of life for the people of the world, both for today and for the future.

We have operations in more than 30 countries, with annual sales (excluding precious metals) of ca. £3 billion and approximately 13,000 employees worldwide.

Due to the diverse nature of our manufactured products and markets served, Johnson Matthey has a complex and geographically broad range of suppliers of raw materials, goods and services into our business.

## **Policies**

We are committed to ensuring that our suppliers comply with the high ethical standards we set ourselves. In September 2015, we launched our Code of Ethics “Doing the Right Thing” [http://www.matthey.com/about\\_us/governance/code-of-ethics](http://www.matthey.com/about_us/governance/code-of-ethics) which applies to all of our employees globally. The Code sets out, amongst other things, our commitment to the principles defined within the International Labour Organization Core Conventions, the UN Global Compact and the UN Guiding Principles on Business and Human Rights.

We have a confidential external “Speak Up” line, available to employees and third parties to raise concerns regarding unsafe, unethical or unlawful conduct. This is one of the ways employees, suppliers and contractors can notify us if they have concerns regarding any slavery or human trafficking in our business or supply chains. The response to all concerns raised in this way is overseen by Johnson Matthey’s Ethics Panel.

Our Ethical & Sustainable Procurement policy is available to all of our suppliers via our corporate website: <http://www.matthey.com/file.axd?pointerid=56338f7d8b0c1e0d0cab9c83>. We are looking to enhance our communications with suppliers so that they are made aware of our standards.

We are in the final stages of issuing a Johnson Matthey Supplier Code of Conduct which gives further information to our suppliers about our expectations in respect of Human Rights, Environment, Health & Safety, Business Ethics and Sustainability. This includes a specific statement regarding modern slavery. The Code of Conduct will be distributed to our suppliers over the coming year.

## Risk Assessment

We have assessed the issue of supply chain risk at a high level in our recently conducted materiality assessment process and identified it as one of the top 3 issues of importance to our stakeholders and to the company:

### MATERIALITY MATRIX 2016/17



We have also begun a review of the potential for modern slavery in our supply chains through the lens of industry, sector and country risk, by initially reviewing internationally respected sources such as the US Department of State, *“Trafficking in persons”* report and the Verite *“Strengthening protections against trafficking in persons in Federal and corporate supply chains”* report. We are aware that we operate in some territories at the highest end of the Global Slavery Index spectrum as well as in some particularly high risk industries and sectors.

This year we will begin a more detailed risk assessment, working with the procurement heads in each of our five operating divisions, to identify the businesses and suppliers that we believe are exposed to the highest risk of modern slavery and human trafficking. Following the risk assessment, we will begin working on how to address the risks identified. We will also ensure that these risks are reflected appropriately in our corporate risk register.

## **Due diligence processes**

Within our 5 divisions and our corporate functions we have different levels of maturity in respect of supplier due diligence. Over the next two years we intend to set and embed a consistent standard for this due diligence group-wide. The template for this level is the Supplier Sustainable Development Programme (SSDP) that is operating in our largest division. We believe that this is a proportionate and fit-for-purpose supplier self-assessment and audit process. The SSDP classifies suppliers based upon risk, supplier spend, and supplier type. To date this has focussed on Tier 1 suppliers but we will expand it to include additional tiers as the programme matures.

## **Supplier terms & conditions**

Current suppliers considered to be exposed to the greatest risk, dependent on industry, sector and country, are currently having their terms and conditions enhanced to include a modern slavery provision on a case by case basis. A modern slavery clause will form part of the terms and conditions on which we do business with new suppliers going forward. Our standard terms and conditions of purchase across our UK businesses are being reviewed and will be enhanced to include a modern slavery clause as appropriate.

## **Effectiveness and KPIs**

We are in the process of developing appropriate Key Performance Indicators that will help us measure our progress in addressing the risk of modern slavery in our business and supply chains as part of our next generation 'Sustainable Business 2025' strategy to be launched in the financial year 2017/2018.

## **Training and Awareness**

Members of our Group Sustainability and Group Ethics & Compliance teams have attended workshops and training provided by the reputable bodies with expertise in this area to better understand the modern slavery landscape. We have published articles on the Johnson Matthey internal intranet ("myJM") to raise awareness of the issue of modern slavery amongst our employees and have begun a face-to-face awareness training programme. We have provided awareness and alerts of this issue during 2015 and 2016 to our Group Policy & Compliance Committee (a sub-committee of our Group Management Committee). We also provided a modern slavery training workshop for our senior procurement heads in early September 2016.

The development of our programme to addressing the risk of modern slavery and human trafficking in our business and supply chains is being led by Group Sustainability supported by Group Ethics & Compliance, working with our procurement functions and other relevant corporate functions.

## **Our Intent**

Johnson Matthey is committed to ensuring that there is no modern slavery in our business or any of our supply chains. Our ambition is to demonstrate that this is the case by undertaking the steps outlined in this statement, working with our supply chain partners and by building increasing rigour in our supply chain due diligence processes.

*This Statement is made pursuant to Section 54 of the Modern Slavery Act 2015.*



John Walker

Executive Director – Johnson Matthey Plc