

# JM

**Johnson Matthey**  
Inspiring science, enhancing life

# Modern Slavery and Human Trafficking Statement

Johnson Matthey Plc Financial Year 2022/23



### Our goal: Upholding human rights and high ethical standards

We support the principles of the Universal Declaration of Human Rights and the International Labour Organisation (ILO) Core Conventions. We are aligned with key frameworks that define human rights principles for businesses, including UN Guiding Principles on Business and Human Rights and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

We have the potential to positively impact billions of lives around the world. The benefits of Johnson Matthey should not only be felt by our customers, but by everyone that comes into contact with our business.

This year we published our first standalone human rights policy. It highlights a core group of rights which we believe we impact the most as an organisation and we have the potential to positively address. External specialists have reviewed it to ensure it meets best practice principles and the Board has signed off on it.

[View our Human Rights Policy: matthey.com/human-rights-policy](https://matthey.com/human-rights-policy)

Our approach to human rights considers our entire value chain – including our own operations, suppliers and customers. We have set ourselves an ambitious commitment to assess all our value chain partners for human rights risks by 2030 and identify remedial actions where appropriate. To make that happen, we developed a tailored human rights risk assessment framework in 2021/22 in partnership with KPMG and which we have begun to roll out across our own operations and supply chain this year.

<sup>1</sup> This Modern Slavery Statement is also made in accordance with the California Transparency Act 2012 and the Australian Modern Slavery Act 2018.

This is Johnson Matthey’s eighth Modern Slavery Statement made under Section 54 of the Modern Slavery Act 2015<sup>1</sup> and sets out the steps taken by Johnson Matthey Plc and its group companies<sup>2</sup> (**Johnson Matthey** or **JM**) during the financial year 2022/23 to prevent modern slavery and human trafficking in our operations and value chain.

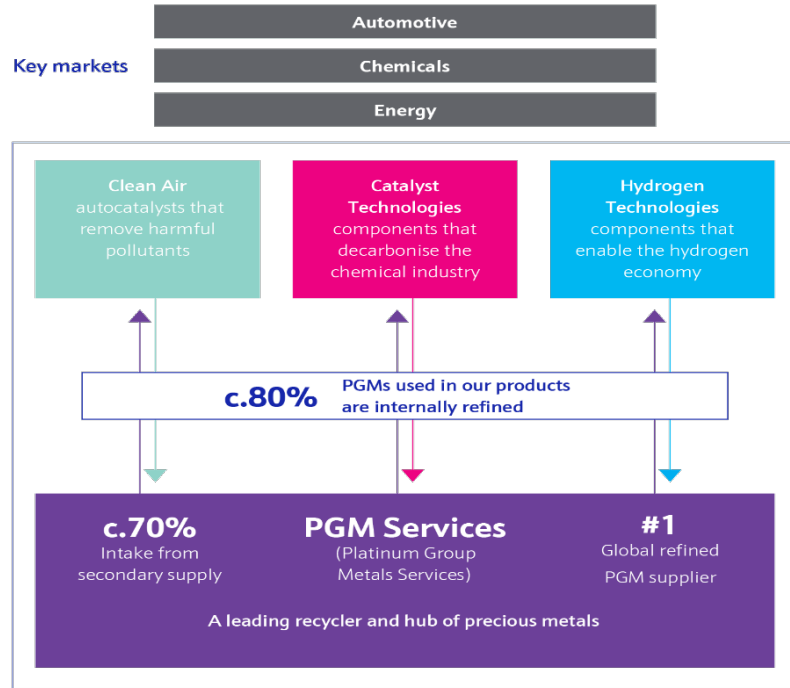


### Our structure, business, and value chain

#### Our business structure

We serve our global customer base through our four businesses: Clean Air, Catalyst Technologies and Hydrogen Technologies - all built on our foundational PGM Services business. These businesses have common customers and partners, share technology capabilities and share a PGM ecosystem that enables dependable supply and circularity.

<sup>2</sup> This Modern Slavery Statement is made on behalf of Johnson Matthey Plc and its group companies (including, but not limited to, Johnson Matthey Davy Technologies Limited and Johnson Matthey Precious Metals Limited).



### Upholding human rights in our value chain

We are a multinational company with a global, multi-tiered supply chain. Our approach to human rights considers our entire value chain – including our own operations, suppliers and customers. We rely on our suppliers to provide raw materials (including platinum group metals (PGMs)), as well as goods and services ranging from equipment to utilities and transport. Every year we work with thousands of suppliers and in 22/23 we spent £3 billion with them (excl. PGMs).

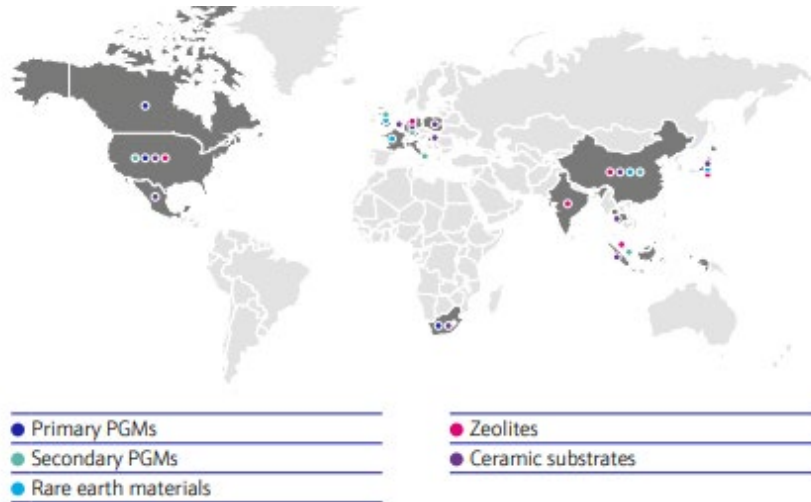
As a values-driven organisation, we work closely with our value chain to uphold human rights and maintain the highest standards in procurement.

### What we expect from our suppliers

We source raw materials from around the world, some of which are only available from a small number of countries<sup>3</sup>. It is essential we understand and manage the associated supply chain risks.

We have a significant global presence in over 30 countries with annual sales (excluding the value of precious metals) of £3 billion in FY 2022/23. Today, circa 12,600 Johnson Matthey professionals collaborate with our network of customers, suppliers and partners to make a real difference to the world around us.

<sup>3</sup> We ceased sourcing from Russia in February 2022.  
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We also increased the ways we support our suppliers globally. This year, the suppliers associated with 48% of our spend (excluding PGMs) in our portfolio was assessed against our Supplier Code of Conduct through sustainability rating provider EcoVadis.

In addition to that, we started to monitor specific KPIs in EcoVadis that help us to better understand our suppliers' human rights performance on their journey to net zero.

## Policies

We have several group policies, codes and procedures that reinforce our commitment to protecting human rights and reiterate our focus on the elimination of modern slavery and human trafficking:

**Human Rights Policy** includes our commitment to upholding human rights in our own operations and value chain. It highlights a core group of rights we believe we impact the most as an organisation and we have the potential to positively address.

- **Code of Ethics, 'Doing the Right Thing'** underpins our values and behaviours. The code contains a section on human rights and a section on the integrity of our supply chains <https://matthey.com/en/about-us/governance/code-of-ethics>
- **Supplier Code of Conduct** provides the standards we expect all our suppliers to share with us and includes a section covering modern slavery and responsible sourcing transparent supply chain management <https://matthey.com/en/about-us/partnering-with-us/supplier-code-of-conduct>



### Speak Up Case Study – Human rights concerns with a supplier

During the year, through our sustainability and human rights due diligence processes, we identified the US banned one of our direct material suppliers from importing its products due to human rights violations relating to modern slavery and poor labour conditions. Although the supplier provided relatively small volumes of materials to us, we had serious ethical concerns needing to be addressed.

Acting in the spirit of the UN Guiding Principles on Business and Human Rights and in accordance with our commitments under our Human Rights Policy, we leveraged our commercial relationship with the supplier and requested it remedy its human rights issue.

We performed enhanced due diligence and received satisfactory evidence from the supplier it took the violations seriously and actioned proportionate remedial measures. US authorities later removed the supplier from the banned list, providing us with further comfort the supplier was remedying the issues effectively. Based on our activities, conversations with the supplier and the US decision, we have decided to continue purchasing from the supplier on the conditions it submits to regular monitoring and continues to keep us apprised regarding its remedial measures.

Noting the prevalence of modern slavery and labour rights issues within the impacted industry, we also conducted enhanced due diligence on our other suppliers within the same industry and conduct ongoing monitoring of these suppliers. We also have joined an industry-wide responsible sourcing initiative for the industry.

- **Conflict Minerals and Cobalt Policy and Platinum and Palladium Supply Chain Policy Statement** reference our commitment to responsible sourcing, and both are aligned to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict

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Affected and High-Risk Areas. A new version of our Cobalt Policy was launched in November 2022

<https://matthey.com/en/enhancing-life/sustainability-governance>)

- **Doing Business in Higher Risk Jurisdictions Procedure (HRJ Procedure)** Some of our customers, suppliers and other partners are based in parts of the world that represent a higher legal or reputational risk (including modern slavery and other human rights abuses). Our HRJ Procedure helps to manage these risks using enhanced due diligence when appropriate.

We promote a ‘speak up’ culture encouraging everyone to speak up when they have a concern or are unsure about something.

It is essential our employees, customers, suppliers, and other stakeholders feel they can talk freely when they have an ethical concern. We have various channels for them to do this including our independent Speak Up line (accessed online or via telephone). This helpline allows individuals, where local law permits, to remain anonymous. Our Speak Up Policy notes human rights concerns can be raised through Speak Up <https://matthey.com/en/enhancing-life/sustainability-governance>)

During 2022/23, 153 speak ups were received, which is in line with the industry norm for volume in similarly sized organisations. Some employees and third parties have used the speak up process to raise their human rights-related grievances. We view the total number of speak ups as a positive reflection of peoples’ confidence in the process. Our intention is to further promote our



Speak Up Line with third parties connected to JM, and to ensure this mechanism is fully aligned to Principle 31 of the UN Guiding Principles on Business and Human Rights.

During the financial year we did not receive any speak ups directly related to modern slavery, but we did receive 56 speak ups in relation to Employee Rights, including employee grievances, labour rights and working conditions.

### **Promoting a safe, diverse and equitable society**

#### **Freedom of association**

We respect and promote the rights of people to freedom of association. In 2022/23 a quarter of our people globally were covered by collective bargaining agreements and / or represented by trade unions.

We work collaboratively with 23 trade unions across our sites, focusing on a range of topics, such as health & safety, well-being, business change needs, employee training and improving the way we work at

#### **Speak Up Case Study - Labour rights issues for JM employees**

We received a Speak Up regarding a senior JM employee allegedly committing labour rights violations against other JM employees. Investigation found the senior employee threatened to revoke the JM-sponsored visa of an employee who resigned to join another organisation. It also found the senior employee threatened to pursue deportation of another employee in retaliation for discussing an open job opportunity. These findings caused us serious concern, as they are contrary to our commitment to protect the human rights of all our workers. We also have a zero-tolerance policy for any form of retaliation.

We took immediate action to ensure the targets of the senior employee's threats were protected, and the senior employee was separated from JM. Senior leaders were apprised of the findings and the implicated site has been monitored carefully to ensure both the rights of workers are respected and their treatment aligns with our high ethical standards.

our local sites. Cost-of-living was a significant part of our union negotiations this year and, for those negotiations already concluded, we have agreed larger wage increases than normal and an additional special cost of living lump sum. We also support engagement at regional and national levels where needed.



2022/23 Union representation	Average number of employees represented	Total average number of employees <sup>1</sup>
UK	21%	
Rest of Europe	24%	668
North America	17%	397
Asia	27%	660
Rest of World	52%	545
Workforce globally	25%	3,163

**Fair pay**

Ensuring our employees are paid fairly for their work also forms part of our core value to protect people and the planet. In the UK, we are an accredited Living Wage Employer and we are exploring how we can apply a living wage policy globally.

We recognise employees are facing a cost-of-living crisis, and in our most recent pay reviews, we increased our pay budgets to recognise this. For non-unionised employees our global salary budget was split for management and non-management roles with non-management roles receiving a higher budget. In addition to their pay increase, employees who fell below the average JM wage in a country where

price inflation was abnormally high were given a temporary supplementary allowance. For example, in the UK the non-management budget was 4.5% and the management budget was 3.75%. In the UK, this equated to £50 per month until 31<sup>st</sup> March 2023 for employees earning £40,000 or less (on a full-time basis). The lowest salary agreement made with our UK unions was a 4.5% salary increase and a £600 lump sum, among other local arrangements

In addition to our employees’ pay, we have provided support through Assist, which provides JM employees and dependants with access to a team of highly trained and qualified professionals on a variety of financial well-being topics such as debt management, mortgages and loans, in addition to broader mental, physical and social well-being topics. Our temporary employees received the same benefits as our permanent employees.

We issue a gender pay gap report in accordance with UK law. In 2022/23 our UK gender pay gap was 5.6% which puts us ahead of the national average of 14.9%.

[View our Gender Pay Gap Report: matthey.com/gender-pay-gap](https://matthey.com/gender-pay-gap)

**Parental Leave**

We recognise the significance to our employees of starting and supporting a growing family. Fully encouraging, facilitating and supporting employees to take parental leave is a fundamental part of our employee value proposition. To support employees, we maintain a Global Parental Leave Standard. This standard provides a global minimum standard of 16 weeks fully paid leave for new parents (including adoptive parents) who are regarded as the primary caregiver.

Key workforce statistics<sup>1</sup>

	2021/22		2020/21
12-month average headcount	12,666	13,497	13,546
Voluntary leavers turnover rate	12.2%	11.6%	8.2%
Involuntary leavers turnover rate	10.9%	3.8%	7.5%
Total leavers turnover rate	23.1%	15.4%	15.7%

*[View our Sustainability Performance Databook for more information: matthey.com/sustainability-databook](https://matthey.com/sustainability-databook)*

Gender diversity statistics (as of 31<sup>st</sup> March 2023)

	% Female	Female	Male	Total
Board	33%	3	6	9
Group leadership team (GLT)	25%	3	9	12
Subsidiary directors	13%	13	86	99

Senior managers <sup>2</sup>	37%	31	52	83
All management levels	28%	478	1,223	1,701
New recruits	33%	748	1,496	2,244
All employees	30%	3,773	8,865	12,638

1. Including Health, which was divested on 1 June 2022.
2. Within JM our senior managers are defined as direct reports of the GLT. The UK Corporate Governance Code 2018 requires companies to disclose the gender balance of senior management, which is defined in the Code as a company's executive committee and the Company Secretary, the statistics for this are included in the GLT row above. Some individuals are included in more than one category.





### Human Rights Assessments conducted at our higher risk operating sites

Upholding human rights throughout our value chain forms part of our sustainability strategy. We are committed to risk assessing our own operations for human rights risks by our 2030 target date and identifying remedial actions as appropriate.

This year we identified five high-risk countries for human rights (as determined by reference to our focused human rights in our Human Rights Policy) where we have operating sites. After applying our assessment to several sites in these countries, we are in the process of raising concerns with local teams and putting remedial actions in place where required.

### Risk assessment and due diligence in our own value chain

Currently JM risk assesses and conducts due diligence for modern slavery risks under various policies / procedures (HRJ Procedure, Platinum and Palladium Supply Chain Policy Statement, Conflict Minerals and Cobalt Policy and our Human Rights Policy) in addition to work undertaken with suppliers in accordance with our Supplier Code of Conduct.

#### Higher-Risk Jurisdictions

In 2022, we ceased all new commercial sales activity in Russia and closed our Moscow office. During FY 2022/23, we also put our production facility in Krasnoyarsk in dormant status and we have since disposed of it.

In 2022/23 we completed due diligence on 277 counterparties in

### Case Study - Working Condition Concerns in our own operations

During a human rights risk assessment at one of our sites in a high-risk jurisdiction, we learned workers for a third-party cleaning service the site employed were working excessively, giving rise to concerns about the workers' health and safety.

Prior to the human rights risk assessment, the site had taken steps already to ensure the cleaning service hired an additional worker to relieve the pressure on the existing staff and the staff did not exceed legal limits regarding the number of hours worked.

Further review into the cleaning service and other agencies used at the site will be undertaken to ensure we are satisfied our vendors' staff are being paid for the hours they are working, and are working within safe, legal working hour limits.

higher risk jurisdictions. While this figure is less than 1% of all our counterparties, they are the ones that present some of our highest risks from an ethics and compliance perspective.

#### Platinum group metals

Along with our customers, we work with industry associations like the International Platinum Group Metals Association (IPA) to ensure we source our PGMs in an ethical way.

We expect our PGM suppliers and refining customers to adhere to equivalent practices as those in our Platinum and Palladium Supply



Chain Policy Statement and to carry out appropriate due diligence on the counterparties from whom they source PGM material. Modern slavery considerations form part of the due diligence process for those suppliers or refinery customers identified as being medium and high risk.

Our own UK and USA refineries are on the London Platinum and Palladium Market's (LPPM) 'Good Delivery' lists for platinum and palladium and are subject to its Responsible Platinum and Palladium Guidance (RPPG). We are audited annually to confirm our ongoing compliance.

#### Conflict Minerals

The term 'conflict minerals' refers to tin, tantalum, tungsten and gold (3TGs). They often originate in mines in conflict-affected parts of the world, particularly areas of military conflict where mining is often illegal and linked to serious human rights abuses, including modern slavery and child labour. This year, we voluntarily updated our existing policy and due diligence process to include cobalt - going beyond the current legislative requirements. We believe this puts us in a good position for future legislation, which is expected to classify cobalt as a conflict mineral in years to come.

While Johnson Matthey has no mining operations in such conflict areas, we use small quantities of 3TGs in some of our products, most notably tungsten in some of our automotive catalysts.

During the year we continued to conduct due diligence of our 3TG suppliers using the industry-wide Conflict Minerals Reporting Template, developed by the Responsible Minerals Initiative. Any concerns arising from 3TG supplier due diligence are escalated for resolution in accordance with our internal procedures. Refusal,

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suspension, or termination of business with the 3TG supplier may result as circumstances require. See our annual conflict minerals disclosure for financial year 2022/23 for further information <https://matthey.com/en/enhancing-life/sustainability-governance>.

For calendar year 2022, we identified 79 suppliers providing 3TGs (tin, tantalum, tungsten and gold) and cobalt going into our products. Of the 79 suppliers, all have provided us with due diligence industry standard reporting templates. Out of the responses, 7 of these suppliers (2 are for 3TG, 3 are related to cobalt and 2 are related for both 3TG and cobalt) did not fully meet our policy expectations. Where non-compliance has been identified, we are working with suppliers to remediate this.

#### Other raw materials from high-risk regions

We source a number of raw materials critical to our products from China, including PGMs, rare earth metals and zeolites. During the year we conducted due diligence on Tier 1 raw material suppliers with a presence in China. No major concerns have been identified. We continue the process of reviewing the detailed due diligence and will implement mitigations or put remedial actions in place, as required.

After identifying the presence of palm oil in our supply chain, we moved to purchase palm oil from sustainable sources aligned with our own Supplier Code of Conduct. We are now Roundtable on Sustainable Palm Oil (RSPO) certified and expect to be audited against the RSPO Supply Chain Certification Standard by an accredited Certification Body in the next financial year.

#### Ensuring high ethical standards

We are playing to win in the right way - which means holding ourselves to the highest ethical standards in everything we do. This

year, we focused on supporting a culture which goes beyond technical legal compliance to include every employee taking accountability for behaving ethically and making good decisions in our everyday work.

Our ethical culture is led from the top by our Board and GLT. An example of this was our annual Ethics Week, where our CEO shared a personal example of how he handled an ethical dilemma during his career. It was a powerful demonstration of his commitment to doing the right thing, even in challenging circumstances. Where instances of serious misconduct are revealed, our Board strongly supports exiting those individuals from our organisation – no matter their level of seniority or the short-term disruption it might cause.

More than 50 sites took part in our annual Ethics Week celebrations. This year the theme was collaboration between senior leaders, site managers and Ethics Ambassadors to generate real-life conversations about what doing the right thing means for employees in their roles. In addition to Ethics Week, we launched monthly communications to highlight the importance of ethics and integrity in our everyday work.

In line with our strategy, we refreshed our annual Code of Ethics training to focus on our values, ethical decision making and scenarios that are applicable to all employees. It has been offered to 11,100 employees<sup>4</sup> and contractors during the year and 87% have completed it. We received positive feedback from our employees.

We also run targeted training courses for our relevant managers and externally facing employees in competition law and our anti-bribery and corruption policies.

Targeted awareness and training sessions on Human Rights and updated Conflict Minerals & Cobalt Policy were made available to our procurement staff throughout the year.

### Human Rights Programme within our sustainability strategy

Upholding human rights throughout our value chain forms part of our sustainability strategy. Our commitment for 2030 is to assess 100% of our value chain partners for human rights risks.

To make progress against our 2030 target date, this year we:

- published our first standalone Human Rights Policy. It highlights a core group of rights that we believe we impact the most as an organisation and that we have the potential to positively address. Two of the human rights risks we have focused upon are: **(i) no modern slavery (all forms of forced or compulsory labour) and (ii) no human trafficking in our operations or value chain**. As noted above, it has been reviewed by external specialists to ensure it meets best practice principles and the Board has signed off on it.
- We identified 100 key suppliers that accounted for 22% of our annual procurement spend (excluding PGMs). These suppliers were assessed using our human rights risk framework and those identified as higher risk went through enhanced due diligence using third party services.

<sup>4</sup> All eligible employees are offered the Code of Ethics training, subject to local laws, union agreements, long-term leave arrangements and start date before the cutoff period

Where required, mitigations and remedial actions were put in place and continued monitoring was implemented. Key issues identified with higher-risk suppliers have been escalated to our human rights steering group, consisting of several senior leaders.

- Focused on risk assessing higher risk sites in our own operations (see above for further details).

Post financial year we have joined Together for Sustainability (TFS) in April 2023 and are looking to collaborate with them on various Human Rights groups and initiatives. TFS is comprised of chemical procurement specialists who are dedicated to building sustainable chemical supply chains, ensuring compliance with regulatory requirements, and responding to societal expectations and needs. Joining TFS demonstrates our commitment to improving sustainability within our own and our suppliers' operations – ensuring that human rights are upheld throughout the entirety of our supply chain.

#### Governance of the Human Rights Programme

Our Societal Value Committee (SVC) oversees progress against our sustainability targets and commitments, which includes our commitment to uphold human rights throughout our value chains. The SVC is a full board committee, chaired by independent non-executive director, Jane Griffiths. The SVC meets three times per year and is supported by the Group Leadership Team (GLT).

Any specific human rights issues regarding our highest risk partners will get escalated to a Steering Group comprised of our Group Head, Ethics & Compliance, Group Sustainability Director and Chief

Procurement & Property Officer. The final escalation point is the SVC as needed.

Towards the end of the year, a Responsible Sourcing Director was appointed in procurement. The position will have oversight of all responsible sourcing in procurement including implementing our human rights programme throughout our supply chain.

#### Our intent

We will continue to address modern slavery risk and increase value chain accountability as part of our Human Rights programme. During FY 2023/24, we will continue to implement the Human Rights risk assessment framework and due diligence pathways into our existing processes.

This Modern Slavery Statement was approved by the Johnson Matthey PLC board on 19 July 2023 and is signed by Liam Condon, Chief Executive.



**Liam Condon, Chief Executive**