Governance

In this section

Fair, balanced and understandable

In accordance with the Code, the Board considers that, taken as a whole, the 2022/23 Annual Report and Accounts is fair, balanced and understandable, and provides the information necessary for shareholders to assess Johnson Matthey's position, performance, business model and strategy. The Audit Committee assesses the process that management uses to support the recommendation to the Board. More details are on page 100.

Compliance with the UK Corporate Governance Code 2018

During the year under review, we have applied all the principles and complied with all the provisions of the 2018 UK Corporate Governance Code (the Code) except the following:

- **provision 5 – engagement with the workforce:** The Board has not engaged with the workforce using the methods prescribed by the Code. Following our strategic review last year, global town halls were held across the group to communicate our new strategy and business priorities. It was felt that this method of engagement would be the most effective for this financial year to ensure that all colleagues had the opportunity to ask detailed questions about the strategy, values and cultural ambition to the Group Leadership Team (GLT). We intend to resume our engagement focus groups in certain countries where JM has a significant footprint during 2023/24. These focus groups will be attended by a non-executive director
- **provision 41– engagement with the workforce on alignment of executive pay with the wider company pay policy:** While we inform our employees of global changes to pay and benefits, we have not actively sought a two-way dialogue over executive pay. We benchmark remuneration against our peers to ensure we offer competitive pay and benefits, so we continue to attract and retain the highest-calibre candidates. During the year, all employees were able to provide feedback on a range of matters, including remuneration, as part of our annual employee engagement survey. Read more in our Remuneration Committee report on page 103.

The Code is publicly available on the Financial Reporting Council (FRC) website, frc.org.uk

How we apply the principles of the Code

Board leadership and company purpose	
The role of the Board	Pages 78, 82-83
Purpose and culture	Pages 35, 80
Resources and controls	Pages 80, 100
Stakeholder engagement	Pages 72, 84-85
Workforce engagement	Page 80
Division of responsibilities	
Role of the Chair, non-executive directors and Company Secretary	Pages 78-79
Composition of the Board	Pages 76-77
Composition, succession and evaluation	
Appointments to the Board and succession planning	Pages 90-92
Skills, experience and knowledge of the Board	Pages 75-77
Board evaluation	Page 87
Audit, risk and internal control	
Audit Committee report	Pages 94-102
Risk report	Pages 62-69
Remuneration	
Remuneration Committee report	Pages 103-127

Chair's introduction

"The Board's debate and challenge supports the delivery of our strategy"

Governance highlights

- Assessed and approved a refreshed group strategy
- Monitored the transformation programme
- Appointed Barbara Jeremiah as an independent non-executive director
- Approved investments and strategic partnerships linked to our strategic milestones
- Reviewed previous strategic decisions and evaluated the learnings to further improve governance processes

Following Liam Condon's appointment as Chief Executive Officer in March 2022, the Board began the year with several meetings focused on strategy. We discussed, challenged and provided feedback on the strategic review, and our revised strategy was announced in May 2022. It followed a long and detailed process of reviewing our strengths, the markets in which we operate, and getting feedback from our investors, customers and employees. Since then, the Board has overseen the implementation and delivery of our strategy, which is underpinned by our transformation programme. As we move to a faster-paced, more customer-focused culture, we have approved key strategic partnerships, and won business and large-scale projects, delivering against our promises for each of our businesses to accelerate our growth and drive value creation.

Read more about our strategy and progress against our milestones on pages 12 and 13
Read more about the Board's activities during the year on pages 82 and 83

Sustainability is an integral part of Johnson Matthey and embedded into our strategy. We are committed to achieving net zero by 2040, and our progress against the 2030 targets (set out on page 24) is closely monitored by the Societal Value Committee. We are on track for a reduction in scope 1+2 CO_2e (carbon dioxide equivalent) emissions from a 2019/20 baseline. And through our products, we have continued to helped our customers reduce CO_2e emissions.

More information about our Societal Value Committee's work is on page 88

The Audit Committee assessed JM's readiness to implement recommendations from the Department for Business, Energy and Industrial Strategy (BEIS) white paper on restoring trust in audit and corporate governance. This included reviewing our climate-related assurance processes and the creation of our sustainability assurance framework.

More information about our Audit Committee's work is on page 94

During the year, we have continued to focus on succession planning, and the Nomination Committee undertook a search for a new non-executive director. We look forward to welcoming Barbara Jeremiah to the Board in July 2023. Barbara's appointment will further enhance our Board's skills and experience, and she will also take on the role of Senior Independent Director. Further information on the changes to the Board members' roles and responsibilities can be found in the Nomination Committee report on page 90.

The Board understands the importance of diversity and inclusivity, and the innovative thinking and challenge it brings to the boardroom. I am pleased to report that plans are in place for the Board's composition to meet the ambitions set out in the FTSE Women Leaders Review for listed companies to have at least 40% of female representation on the board with at least one of the senior board positions (chair, chief executive officer, senior independent director or chief financial officer) to be held by a woman by the end of 2025.

Read more about the Board's composition and Board diversity policy on page 93

We have spent much of our time discussing the future of Johnson Matthey, our strategy, current performance and the plans in place to catalyse the net zero transition. We have supported and challenged senior leadership to ensure the continued acceleration of our transformation programme. We have also reviewed some of our previous strategic decisions and evaluated the learnings from these processes to continuously improve and challenge management in a robust and constructive way. As a result of these discussions, there are several actions we will be taking to improve the Board's governance processes. In addition, the Board reviewed some of the wider governance processes to ensure they supported our fast-paced cultural ambition. As part of that review, we approved a simplified delegation of authority framework.

I am pleased to report that this year's board effectiveness review confirmed that we continue to operate effectively and have made good progress against the actions recommended in last year's review. In accordance with the Code, the next review will be externally facilitated.

Read more about our board effectiveness review on page 87

Patrick Thomas
Chair

Board at a glance

as at 31st March 2023

Board and committee attendance

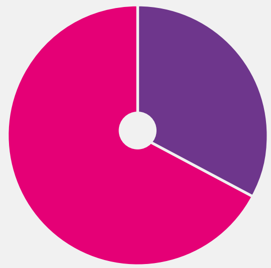
Board attendance	Board	Societal Value Committee	Nomination Committee	Audit Committee	Remuneration Committee
Patrick Thomas[1]	9/9	5/5	7/7	–	7/8
Liam Condon	9/9	5/5	–	–	–
Stephen Oxley	9/9	5/5	–	–	–
Rita Forst[2]	8/9	5/5	6/7	5/6	8/8
Jane Griffiths	9/9	5/5	7/7	6/6	8/8
John O'Higgins	9/9	5/5	7/7	6/6	8/8
Xiaozhi Liu[3]	9/9	5/5	7/7	6/6	7/8
Chris Mottershead[4]	8/9	4/5	6/7	5/6	7/8
Doug Webb	9/9	5/5	7/7	6/6	8/8

1. Patrick Thomas was unable to attend one committee meeting due to unforeseen travel issues
2. Rita Forst was unable to attend one board meeting, two committee meetings and part of another board meeting due to serious illness
3. Xiaozhi Liu was unable to attend part of one board meeting and one committee meeting due to short-notice scheduling changes
4. Chris Mottershead was unable to attend one board meeting and four committee meetings due to serious illness

Non-executive director industry leadership and experience

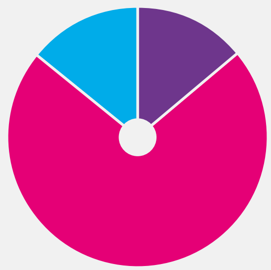
	Patrick Thomas	Rita Forst	Jane Griffiths	John O'Higgins	Xiaozhi Liu	Chris Mottershead	Doug Webb
Automotive	●	●		●	●		
Chemicals	●			●			
Energy				●	●	●	
Oil and gas	●			●		●	
Pharmaceuticals	●		●			●	
Manufacturing	●	●		●	●		●
Professional services		●					●
Technology	●	●	●	●	●	●	●
Sustainability	●	●	●		●	●	

Board composition



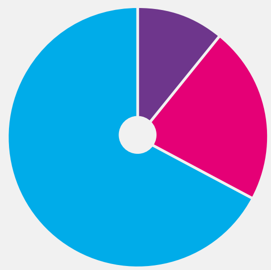
Gender diversity

- Female directors: three — 33%
- Male directors: six — 67%



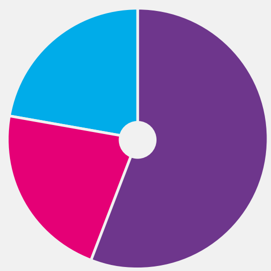
Chair and non-executive director tenure

- 0-3 years: one — 14%
- 4-6 years: five — 72%
- 7-9 years: one — 14%



Role

- Chair: one — 11%
- Executive: two — 22%
- Non-executive: six — 67%



Nationality

- British: five — 56%
- Irish: two — 22%
- German: two — 22%

Board of Directors

Patrick Thomas
Chair

S N R

Appointed to the Board: June 2018

Skills and experience
Between 2015 and May 2018, Patrick was Chief Executive Officer and Chair of the Board of Management at Covestro AG. Between 2007 and 2015, he was Chief Executive Officer of its predecessor, Bayer MaterialScience, before its demerger from Bayer AG. He is a fellow of the Royal Academy of Engineering.

Contribution
Patrick has deep experience of leading international speciality chemical businesses. He also has a track record in driving growth through science and innovation across global markets, with a strong focus on sustainability.

External appointments
Non-Executive Director at AkzoNobel and member of Covestro AG's Supervisory Board.

Liam Condon
Chief Executive Officer

S

Appointed to the Board: March 2022

Skills and experience
Liam was previously a member of the Board of Management of Bayer AG and President of the Crop Science Division, a role he held for nine years. He has also served in senior roles at Schering AG and Bayer HealthCare.

Contribution
Liam is a dynamic and values-driven leader, with an impressive track record of leading science-based businesses while delivering consistent high-quality performance. He balances commercial ability with a strong strategic perspective. He has a proven track record of driving growth and modernising organisations.

Stephen Oxley
Chief Financial Officer

S

Appointed to the Board: April 2021

Skills and experience
Stephen joined from KPMG, where he was a partner. He is experienced in both audit and advisory roles for large, complex international companies across a variety of sectors including FMCG, healthcare, natural resources and industrials. Stephen is a chartered accountant.

Contribution
Stephen brings operational and technical understanding of Johnson Matthey and significant experience working with companies going through major change programmes.

External appointments
Non-Executive Member of the Audit and Risk Assurance Committee for the Sovereign Grant and Trustee of Care International UK.

Rita Forst
Independent Non-Executive Director

S N A R

Appointed to the Board: October 2021

Skills and experience
Rita has spent more than 35 years at the Opel European division of General Motors in senior engineering, product development and management positions, including Vice President, Engineering, forGeneral Motors Europe. She was also a member of Opel's Management Board from 2010 to 2012. Rita was responsible for the development of new generations of engines and car models for Opel and General Motors, as well as European research and development activities.

Contribution
Rita has a deep understanding of the automotive and powertrain sectors. Her extensive knowledge includes research and development of conventional and alternative powertrains, as well as future vehicle technologies.

External appointments
Non-Executive Director of Westport Fuel Systems Inc and member of Technology and Product Strategy Committee, Non-Executive Director of AerCap Holdings N.V. and member of ESG Committee and Portfolio Management Committee, Member of the Supervisory Board of NORMA Group SE and Chair of Group Strategy Committee, and Member of the Advisory Board of iwis SE & Co.KG.

Jane Griffiths
Independent Non-Executive Director

S N A R

Appointed to the Board: January 2017

Skills and experience
Jane held various roles at Johnson & Johnson (J&J) from 1982 until her retirement in 2019, with experience in international and affiliate strategic marketing, sales management, product management, general management and clinical research. Most recently, she was Global Head of Actelion, a Janssen pharmaceutical subsidiary of J&J.

Contribution
Jane has significant experience and understanding of global strategy management across a variety of markets, and a strong interest in sustainability and diversity.

External appointments
Chair of Redx Pharma Plc, Non-Executive Director and Sustainability Committee Chair of BAE Systems plc.

Board committees
- S Societal Value Committee member
- N Nomination Committee member
- A Audit Committee member
- R Remuneration Committee member
- ● Committee Chair

John O'Higgins
Senior Independent Director

S N A R

Appointed to the Board: November 2017

Skills and experience
John was Chief Executive of Spectris plc from January 2006 to September 2018, leading the business through a period of significant transformation. He previously worked for Honeywell as President of Automation and Control Solutions, Asia Pacific, and in other management roles. From 2010 to 2015, John was a Non-Executive Director at Exide Technologies Inc, a battery technology supplier to automotive and industrial users. He began his career as a design engineer at Daimler-Benz in Stuttgart.

Contribution
John has extensive business and industrial experience, as well as a track record of portfolio analysis and realignment, driving growth and improving operational efficiencies.

External appointments
Chair of Elementis plc, Non-Executive Director of Oxford Nanopore Technologies Plc, member of the Supervisory Board of ENVEA Global SA and Trustee of the Wincott Foundation.

Xiaozhi Liu
Independent Non-Executive Director

S N A R

Appointed to the Board: April 2019

Skills and experience
Xiaozhi is the founder and Chief Executive of ASL Automobile Science & Technology, a position she has held since 2009. She was previously a senior executive in several automotive companies, including Chair and Chief Executive of General Motors Taiwan.

Contribution
Xiaozhi has deep knowledge and perspective on sustainable and technology-driven businesses, and strong experience of the global automotive sector, particularly in China, as well as Europe and the US.

External appointments
Chief Executive of ASL Automobile Science & Technology, Non-Executive Director of Autoliv Inc and InBev SA/NV.

Chris Mottershead
Independent Non-Executive Director

S N A R

Appointed to the Board: January 2015

Skills and experience
Chris held roles at King's College London until his retirement in 2021, including Senior Vice President of Quality, Strategy and Innovation, and Director of King's College London Business Limited. Before this, Chris had a 30-year career at BP, including as Global Advisor on Energy Security and Climate Change. He was also Technology Vice President for BP's Global Gas, Power and Renewables businesses. He is a chartered engineer and fellow of the Royal Society of Arts.

Contribution
Chris has a wealth of industrial and academic knowledge, as well as experience in energy technology and related global sustainability issues. As Chair of the Remuneration Committee, Chris is a sounding board for JM's HR function.

External appointments
Member of the Audit Committee of the Crick Institute.

Doug Webb
Independent Non-Executive Director

S N A R

Appointed to the Board: September 2019

Skills and experience
Doug was Chief Financial Officer at Meggitt plc from 2013 to 2018, and was previously Chief Financial Officer at London Stock Exchange Group plc and QinetiQ Group plc. Before that, he held senior finance roles at Logica plc. Doug began his career in Price Waterhouse's audit and business advisory team. He is a fellow of the Institute of Chartered Accountants in England and Wales.

Contribution
Doug has a strong background in corporate financial management and a deep understanding of the technology and engineering sectors. Doug chaired the Audit Committee at SEGRO plc for nine years until April 2019, making him ideally suited to chairing our Audit Committee and acting as its financial expert.

External appointments
Non-Executive Director, Audit Committee Chair and Treasury Committee Chair of United Utilities Group PLC and Senior Independent Director of BMT Group Ltd.

Nick Cooper
General Counsel and Company Secretary

Appointed as General Counsel and Company Secretary: June 2020

Skills and experience
Nick has strong experience working across a diverse range of sectors. After qualifying as a solicitor, he worked in general counsel and company secretarial roles across the retail, software, hospitality and telecommunications sectors. More recently, as Corporate Services Director of Cable & Wireless, he led the migration of its central operations from London to the US.

Contribution
Nick's wide knowledge of corporate law, governance and operational experience means he is ideally placed to support the Board.

External appointments
Non-Executive Director of Springfield Properties PLC, Director of Veranova Parent Holdco, L.P.*

* JM holds 30% of the share capital of this company

Our governance structure

Our board of directors

At the date of this report, the Board comprises nine directors: the Chair, two executive directors, the Senior Independent Director and five independent non-executive directors. The Board is responsible for our long-term success. It provides leadership, direction and monitors Johnson Matthey's culture and values. The Board also sets our strategy and oversees its implementation, ensuring we are managing risks appropriately and acting in the interests of our stakeholders. The responsibilities we do not delegate as a board are included in the matters reserved for the Board in our Governance Framework.

Read JM's Governance Framework on our website, matthey.com/governance-framework

Board composition and roles

Our non-executive directors are determined to be independent by the Board, in accordance with the Code's criteria. The Board members' respective skills, experience and knowledge enable them to discharge their respective duties and responsibilities effectively. Further details can be found on pages 75-77.The Chair was considered independent on appointment.

Board role	Key responsibilities	
Chair Patrick Thomas	• Leads the Board • Ensures an effective Board, including welcoming contributions and challenges from directors • Maintains regular and effective shareholder communications so that the Board has a clear understanding of their views	• Chairs the Nomination Committee, initiating change and succession planning for the Board and senior management • Promotes high standards of integrity, probity and corporate governance throughout JM
Independent Non-Executive Directors Rita Forst, Jane Griffiths, Xiaozhi Liu, Chris Mottershead and Doug Webb	• Constructively challenge the executive directors • Scrutinise management's performance • Provide independent advice on strategy proposals	• Satisfy themselves on the integrity of financial information and on the effectiveness of financial controls and risk management systems • Determine appropriate executive director remuneration
Senior Independent Director John O'Higgins	• Provides a sounding board for the Chair • Acts, if necessary, as a focal point and intermediary for the other directors	• Ensures any key issues not being addressed by the Chair or senior management are acted upon • Is available to shareholders should they have concerns • Leads the annual appraisal of the Chair's performance
Chief Executive Officer Liam Condon	• Day-to-day responsibility for running the group's operations • Recommends and implements group strategy	• Applies group policies • Promotes JM's culture and standards
Chief Financial Officer Stephen Oxley	• Has day-to-day responsibility for managing the finance, IT, security and real estate functions	• Leads the group's finance activities, risks and controls
General Counsel and Company Secretary Nick Cooper	• Together with the Chair, keeps the effectiveness of the company's and the Board's governance processes under review	• Provides advice on corporate governance matters

Our board committees

All independent non-executive directors are members of the principal board committees. The Chair is a member of the Remuneration Committee and the Societal Value Committee, and he also chairs the Nomination Committee.

The number of board and committee meetings held during the financial year is included on page 75. The Board keeps the number of meetings under review to ensure that non-executive directors have sufficient time to discharge their duties.

Governance Framework: matthey.com/governance-framework

Audit Committee

Read more on pages – 94-102

Nomination Committee

Read more on pages – 90-93

Remuneration Committee

Read more on pages – 103-127

Societal Value Committee

Read more on pages – 88-89

Other committees

The Board has delegated specific responsibilities to the Disclosure Committee and the Ethics Panel. These committees comprise executive directors or GLT members and relevant senior management.

Disclosure Committee

Identifies and controls inside information. Determines how or when that information is disclosed, in accordance with applicable legal and regulatory requirements.

Ethics Panel

Oversees concerns raised relating to our Speak Up process and ensures the effective review and investigation of these concerns.

Group Leadership Team

The Board delegates responsibility for implementing operational decisions and for the day-to-day management of the business to the Chief Executive Officer, who is supported by the GLT. Our Delegation of Authorities Framework sets out levels of authority for decision-making throughout the group.

Details of GLT members and their relevant experience are on our website: matthey.com/GLT

Corporate governance report

Purpose and culture

Our purpose, culture and vision are underpinned by our values

The Board monitors culture using a range of metrics, including our global employee engagement survey, customer satisfaction scores, customer behaviour statistics, health and safety reports, financial results, internal audit reports and progress against our key transformation project milestones. Our Speak Up process is our formal channel for employees to raise concerns. Any material issues or key themes arising from Speak Ups are discussed by the Ethics Panel and Societal Value Committee and escalated to the Board as appropriate.

As part of the strategic review, the Board set new cultural priorities aligned to our purpose and values, to drive a simpler, higher-performing and more commercial organisation. During the year, we continued to transform our culture with a focus on efficiency, high performance and commercialism. These new cultural priorities also helped us review some of our own governance practices, to ensure they enabled these behavioural changes and supported the delivery of our strategy.

Our Chief Executive Officer continues to focus on the key themes of people, culture and commercial performance in his board reports throughout the year. This provides us with a valuable insight into the day-to-day operations and the cultural context in which our colleagues work. All our board directors go on site visits to engage with colleagues at all levels of the business and gain a better understanding of the culture at our sites.

Read more about how our purpose and culture impacts our decisions on pages 82-83

Catalysing the net zero transition

Our culture

Focus | Simplify | Execute

Our values

Protecting people and the planet

Acting with integrity | Innovating and improving

Working together | Owning what we do

Our board committees play an important role in monitoring our culture

The Societal Value Committee ensures we are a truly inclusive organisation with a diverse workforce. It monitors any key themes and issues arising from our Speak Up process

See pages 88-89

The Nomination Committee makes sure succession planning supports our culture and promotes diversity

See pages 90-93

The Audit Committee has oversight of internal controls that safeguard our culture

See pages 94-102

The Remuneration Committee steers the group's approach to reward and benefits to ensure it promotes our culture and long-term success

See pages 103-127

Employee engagement

We are committed to engaging with employees to better understand the issues, challenges and opportunities across the group. In 2022, the Board focused on reviewing our strategy and considered employee feedback from The Big Listen. This employee survey was designed to uncover strengths and barriers to our success from the bottom up. Since The Big Listen, employee engagement has continued to be led by management, as we communicated our refreshed strategy. Town halls and team sessions took place at all levels across the group to share our vision, play to win behaviours and provide progress updates on the execution of our strategy. This was an essential part of ensuring our people had the chance to discuss and question management to better understand their role in delivering our ambitions. The town halls also provided a platform to communicate the cultural and behavioural changes that are vital for the successful delivery of our strategy.

Each year the Board conducts site visits to see operations first hand, meet colleagues and develop a better understanding of the culture. During the Board's visit to our Technology Centre in Sonning in September 2022, the directors met with employees informally over lunch, providing an opportunity for open discussion and the chance for directors to hear the views of our colleagues without having structured topics of discussion.

As described on page 73, this is an area where the Board has not complied with the Code. It was felt that following the strategic review, direct engagement between management and our employees was paramount to ensure the new cultural ambition and strategy was well understood. The Board had previously considered employee engagement methods specified by the Code and felt that our global and diverse employee network required a different approach. We established engagement focus groups in countries where we have a significant footprint, each led by a board member. Following the communication of our strategy, the Board intends to re-establish simplified groups for 2023/24 to obtain a greater insight into the views of our employees. The directors will report back to the Board on the key messages they have heard from their engagement focus group and any actions arising will be monitored through the year by regular reports.

Induction and training

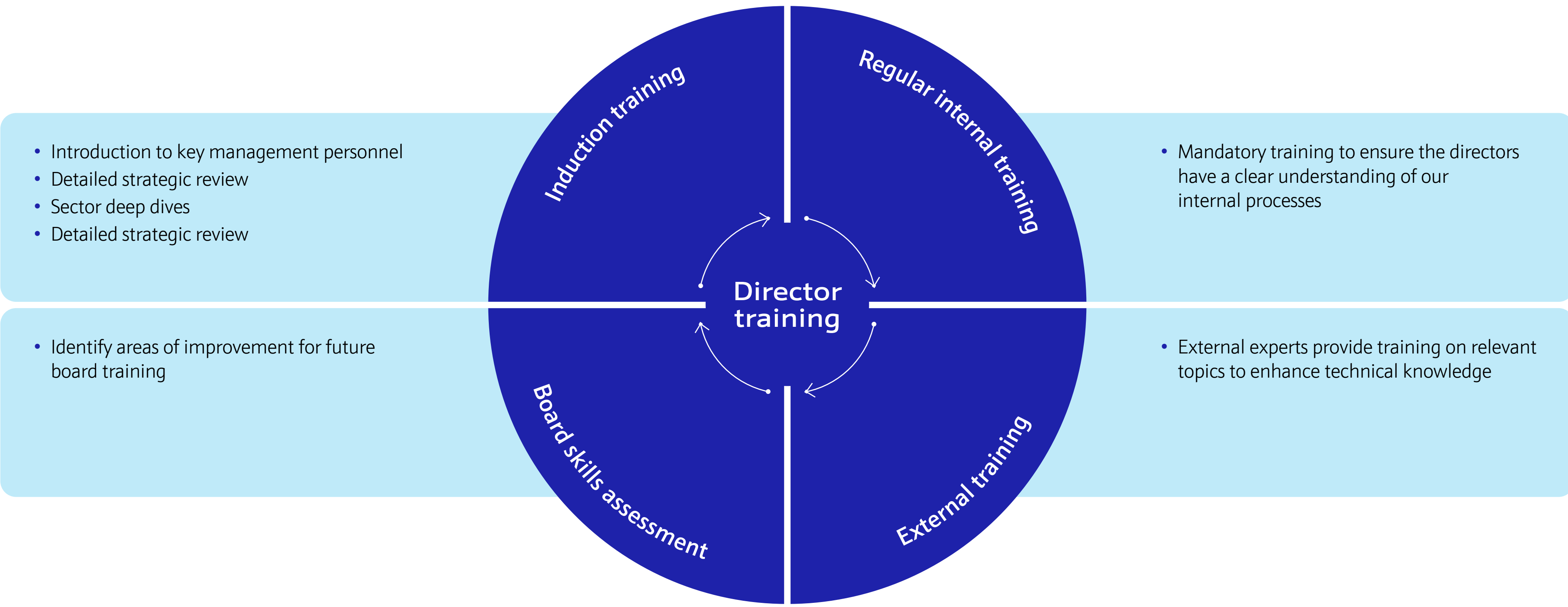
All new directors receive comprehensive and tailored inductions during their first year at JM to gain a deeper understanding of how we work. Induction plans are adapted to support each director in meeting their statutory duties. Through the plan, directors develop a deep understanding of our strategic priorities, as well as an insight into our purpose, values and culture.

Following their induction, each director receives regular briefings from external advisers or teach-ins on items of strategic importance as part of regular board training. In September 2022, as part of continuous development, the Board received a schedule of teach-ins, which were delivered by subject matter experts from across the group. These covered Hydrogen Technologies, PGM chemistry and applications, renewables and electrochemical transformations, Clean Air (specifically, ammonia cracking, hydrogen ICE and methane abatement), digitalisation of R&D, and metals. This provided the Board with insights into the business and an opportunity to ask questions of the wider workforce about the detailed areas in which they work.

During the year, external legal advisors also provided an update on the UK Market Abuse Regulation. All board members receive regular training on climate-related issues through the Societal Value Committee, where external specialists are invited to present at each meeting. The auditors also presented regulatory updates to the Audit Committee, including the key changes for the next financial year.

Throughout each year, all directors receive information on mandatory training topics, including on health and safety, information security and ethics and compliance matters. Legal and governance updates are regularly provided by the General Counsel and Company Secretary.

The skills and experience of our board members are regularly assessed to ensure they continue to be well placed to provide insight on our purpose and strategy. This, alongside the annual board effectiveness review, informs our training agenda for the year.



Board activities

Our annual agenda plan reflects our strategy and gives us sufficient time to discuss and develop strategic proposals and monitor board performance. Below, we have set out some of the matters we considered during the year, different stakeholder groups central to those decisions, as well as the outcomes. Our Stakeholder engagement on pages 84 to 86 (including our Section 172 statement on page 72), illustrates how the Board considers stakeholder views and the outcome of those considerations.

Read more about our strategy on pages 12 and 13 and risk on pages 62 to 69

	Matters considered	Stakeholders considered	How the Board received stakeholder feedback	Outcomes	Links to risk
Strategy and execution	Strategic discussions included: • Review of a refreshed strategy • Delivery of our transformation programme • Investments and strategic partnerships • Reviews by business Chief Executives	• Customers and strategic partners • Employees • Investors • Suppliers • Society • Communities	• Chief Executive Officer updates • Business updates • M&A updates • Strategy and transformation updates	• Adopted a refreshed strategy, which was presented to the market in May 2022 and agreed a new cultural ambition to support the successful delivery of the strategy • Monitored the progress of the transformation programme • Reviewed each business's strategic update assessing the market, risks and opportunities • Agreed a strategic partnership with Plug Power and investment in a new US facility • Approved the investment in 3CR • Approved several smaller investments that help deliver against our strategic milestones	1 2 3 4 5 6 10
Financial oversight	Scrutinised and monitored financial data and performance, including: • Trading and performance • Full-year and half-year results • Going concern and viability statements • Dividend payments • Annual Report including reporting against the Task Force on Climate-related Financial Disclosure (TCFD) requirements	• Customers and strategic partners • Employees • Investors • Suppliers	• Chief Financial Officer updates • PGM reports • Regular broker reports • Investor perception study • Feedback following full-year and half-year results presentations	• Reviewed in detail the group's financial position, including working capital and net debt • Agreed the budget for 2023/24 and our three-year plan • Assessed the proposed dividend payment • Approved the going concern and viability statements • Reviewed and approved the full-year and half-year results and annual report and accounts	3 6 8 9
Operational management	We received regular updates from the Chief Executive Officer on: • Group operations • Capital project execution • Environmental, Health and Safety (EHS) performance • Business continuity and ongoing site management • Supply chain management	• Customers and strategic partners • Employees • Investors • Suppliers • Society • Communities	• Procurement update • Payment practices reporting • EHS updates • Modern Slavery Statement • Conflict Minerals Disclosure	• Challenged group operations, including capital projects, procurement, security, EHS, IT and supply chain management • Discussed process safety and instructed an independent audit	2 3 5 6 7 8 9 10

	Matters considered	Stakeholders considered	How the Board received stakeholder feedback	Outcomes	Links to risk
Governance	Governance is at the heart of the board agenda, including consideration of: • Stakeholder engagement mechanisms • Board effectiveness • Our Governance Framework • Our Delegation of Authority Framework • Policies and processes	• Customers and strategic partners • Employees • Investors • Suppliers • Society • Communities	• Attendance and engagement at the AGM • Investor perception survey • Feedback following meetings and direct engagement with investors • Review material news or regulatory announcements through the Disclosure Committee	• Progressed the actions from the last year's internally facilitated board effectiveness review and conducted another internal board effectiveness review • Reviewed the investor perception study and associated actions • Implemented changes to improve the Governance Framework and simplified committees at GLT level • Approved changes to simplify the Delegation of Authority Framework • Approved updates to policies to ensure alignment with best practice	5 6 10
People and culture	The Board focused on: • Our people strategy and culture • Diversity, inclusion and belonging • Employee engagement surveys	• Employees • Communities	• Insights gained from site visits • Annual talent review by the Nomination Committee • People strategy and culture updates from the Chief Executive Officer and Chief HR Officer • Results and feedback from our internal engagement surveys	• Reviewed the feedback from employee engagement surveys and agreed an action plan • Reviewed progress on changing behaviours to support our cultural ambition through the transformation programme updates	5 6 7 9 10
Risk	The Board reviewed the group's approach to risk management and completed deep dives of principal risks	• Customers and strategic partners • Employees • Investors • Suppliers • Society	• Board reports on the full-year and half-year risk reviews • Deep dive reports into certain principal risks and areas of emerging risks	• Considered any emerging risks as a result of the external environment • Reviewed each principal risk to ensure they remained appropriate • Approved the risk appetite for each principal risk • Reviewed mitigating activities	1 2 3 4 5 6 7 8 9 10

Key to principal risks

1. Significant shift in demand and / or commoditisation of sustainable technology
2. A significant geopolitical or macroeconomic event impacting JM's operations
3. Failure to deliver business value from strategic capital projects
4. Development of products that do not meet the future needs of customers
6. Unsuccessful delivery of key business transformation programme
7. A significant work-related EHS incident
8. Disruption to inbound goods or services provided
9. Security of metal and failure to manage metal commitments
10. Failure in one or more of JM's critical operational assets

Stakeholder engagement

We are focused on driving long-term sustainable success for the benefit of our stakeholders. This section provides an insight into how we as a board engage with our stakeholders to understand what matters to them. Examples of some of the principal decisions taken by the Board during the year and the stakeholder views and inputs considered as part of these decisions are on pages 84 to 86.

Customers and strategic partners

How we engage at board level

- Customer relationships are discussed at every board meeting
- Several key strategic partnerships were approved by the Board during the year, and the Board assesses potential partnerships against our strategic ambitions and milestones

How we engage across the company

- Customer satisfaction surveys
- Tracking customer perceptions against key indicators
- Engaging customers in the development process of new products

Investors

How we engage at board level

- Regular investor updates are presented at board meetings, including the results of an investor perception study
- Investors have the chance to ask directors questions at the AGM
- The Board approves trading statements, full- and half-year results and the Annual Report and accounts
- The Chair, Chief Executive Officer and Chief Financial Officer have regular engagement with major shareholders
- The Remuneration Committee Chair engages directly on remuneration matters and changes of policy
- The SID and Committee Chairs are available to meet with investors

How we engage across the company

- Regular dialogue with shareholders to support them in their investments
- Investor roadshows
- Roundtable teach-ins

Employees

How we engage at board level

- Review the results of the employee engagement surveys
- Monitor culture and the impact of the transformation programme on our people
- Regular visits to JM sites to meet colleagues
- Review process safety and EHS processes to ensure they keep our people safe
- The Nomination Committee receive talent and succession updates
- The Societal Value Committee review matters raised through our independent Speak Up process
- The Remuneration Committee sets the reward and benefits framework

How we engage across the company

- Regular internal communications and town halls
- Employee engagement survey
- Policies, processes, and events to keep our people safe and promote a culture of diversity, inclusivity and belonging
- Annual JM Awards

Society

How we engage at board level

- Ensure the delivery of our strategy, which addresses key societal issues
- Through the Societal Value Committee review the progress towards our sustainability targets

How we engage across the company

- Play an active role in global associations, including a leading role as UK Hydrogen Champion, an independent advisory role to the government

Communities

How we engage at board level

- The Societal Value Committee receives reports on ESG and actions to support our communities

How we engage across the company

- Employee volunteering
- Match funding for employee donations to certain charitable causes. In 2022/23 JM matched charitable donations made to the Disaster Emergency Committee following the Turkish and Syrian earthquake disaster
- Company donations to support communities in the regions that we operate in

Suppliers

How we engage at board level

- Review payment practices reporting and areas of improvement
- Review and approve the Modern Slavery Statement
- Promote an ethical culture

How we engage across the company

- Continually review relationships with our strategic and high-impact suppliers
- Policies and processes to ensure an ethical supply chain, including the Global Human Rights Policy and Conflict Minerals and Cobalt Policy
- Annual Ethics Week to raise awareness of the importance of our suppliers

Stakeholder engagement in action

Stakeholder engagement is vital to building a sustainable business. The Board recognises the need to foster positive business relationships with suppliers, customers and governments. This section provides more details on how the directors have fulfilled their duties.

The matters we consider differ in relevance for each stakeholder, and sometimes stakeholders may have conflicting interests. We aim to consider the key issues relevant to each stakeholder group, and our decisions will ultimately promote the group's long-term success and support our vision, purpose and strategy. In making decisions, we consider the interests of stakeholders across the company – not just at board level.

1

Transforming the way we operate

Our transformation programme is driving greater efficiency and cost savings through simplifying and modernising the way we work. Following the strategic review, our focus has been structured around key pillars, including external milestones, culture, efficiency and growth. The Board receives updates on transformational workstreams associated with each of these pillars at every meeting. This allows the Board to maintain effective oversight and an opportunity to assess the impact on our different stakeholders.

Stakeholder considerations

Our people: We understand the impact that transformation can have on our people and that driving cultural and behavioural changes takes time. We listened to our people through our employee engagement surveys. These helped shape our discussions during our strategic review last year. As a board we have reviewed our own governance processes and approved a simplified delegation of authority and changes to the Governance Framework, which reduced the number of GLT sub-committees.

Investors: Through our transformation programme updates, we closely monitor performance against external milestones. This allows us to challenge management and demand greater accountability, ensuring the effective delivery of our strategy for our investors and wider stakeholders. Our transformation programme will accelerate our growth, drive efficiencies and cost savings across the group, ultimately providing better long-term returns for our investors.

Suppliers: The Board has considered how best to support suppliers and by simplifying and clarifying processes and systems, it allows greater ability to support smaller suppliers with shorter payment terms. This in turn supports the Board's commitment to prompt payment.

Outcomes and impact on our long-term success

We believe that JM needs to become simpler, more agile and more cost-effective in order to focus on longer-term, sustainable value growth. The transformation programme will drive stronger execution, unlock near-term cost opportunities and strengthen our capabilities in capital project execution and cross-group commercial synergies.

2

Safeguarding our people and our operations

As part of the Board's deep dives, we reviewed process safety across the group. Process safety relates to the risk of major accidents during processing of hazardous chemicals or substances. Such accidents, typically fires, explosions and toxic releases, have the potential to cause severe harm to people and the environment, both on and off-site. Several actions were identified in the review and an independent third party was engaged to undertake an audit of the process safety management programme and major risk priorities.

Stakeholder considerations

Our people, investors and communities: Our process safety and wider EHS procedures keep our people safe in the workplace. Accidents can have a catastrophic impact on people, the environment and business. Whilst these significant catastrophic events are rare within JM and the wider chemical industry, the Board wanted to ensure that the management system was robust, with leadership driving a strong process safety culture. The audit reviewed our practices against industry best practices enabling us to monitor their implementation across various JM sites.

Outcomes and impact on our long-term success

The independent audit commenced in January 2023 and the results will be reported to the Board. As part of the audit, the third party met with group, business and site leadership, covering various topics agreed by the Board, including protocols, process safety performance indicators and escalation methods to management. Following the completion of the meetings with leadership and the final report to the Board, a detailed action plan will be created to ensure that our process safety is in line with industry best practice.

3

Strategic partnerships that deliver against our milestones

The Board approved a long-term strategic partnership with Plug Power to accelerate the green hydrogen economy. This partnership creates a volume and scale for green hydrogen that has not existed until now. It brings together one of the largest green hydrogen and fuel cells companies in the world with our technology and manufacturing capabilities.

Stakeholder considerations

Our people: Plug Power and JM will co-invest in what is expected to be the largest catalyst coated membranes (CCMs) manufacturing facility in the world. The facility will be built in the US and is likely to begin production in 2025. To support this, we are already increasing our manufacturing capability in the UK through a new 3GW gigafactory in Royston, UK. As part of this project and the scale-up of our manufacturing capabilities, there will inevitably be new opportunities created for our people to transfer to different roles as we refocus and redirect the group to support our strategic ambitions.

Investors: Our long-term partnership with Plug Power is a key deliverable in our strategic growth plan for our Hydrogen Technologies business. This partnership confirms our world-class position in catalyst coated membranes, the key performance-defining components of electrolyzers and fuel cells. It further emphasises the key role we have to play in the green hydrogen economy. The Board considered that this partnership would positively contribute to investors' long-term returns.

Customers and innovation partners: JM will become an important strategic supplier of MEA components, providing a substantial portion of Plug's demand for catalysts, membranes, and catalyst coated membranes. This is an incredibly important validation of our technology and our ability to deliver for our customers as we support the rapid scale-up of key raw material value chains by contributing expertise in sourcing, managing and recycling PGMs.

Governments and trade associations: A £400 million government-backed loan (unrelated to the Plug Power partnership) was granted to JM in April 2022. The long-term strategic plan for JM's hydrogen products will further help to deliver the UK government's Ten Point Plan for a green industrial revolution, to help develop global solutions to the climate crisis.

Communities: This partnership will contribute significantly towards our 2030 target for 50 million tonnes of greenhouse gas emissions avoided per year. It will also help Plug Power meet its strategic ambitions, and therefore will help its customers – including Amazon, Carrefour, Walmart and BMW – to meet their business goals, helping to decarbonise the economy.

Outcomes and impact on our long-term success

The partnership enables each company to leverage its specific areas of expertise, working together to accelerate its growth. It also delivers on a key strategic milestone for partnerships for Hydrogen Technologies and materially accelerates our ambition to be a leading provider of CCMs globally.

The partnership will support Plug Power in delivering its targeted revenue of US$5 billion and US$20 billion by 2026 and 2030 respectively. To help achieve these targets, Plug Power and JM will co-invest in what is expected to be the largest (5GW scaling to 10GW over time) CCMs manufacturing facility in the world. Plug Power and JM will also continue to leverage government incentives where possible, including from the Inflation Reduction Act in the US and REPowerEU in Europe to push for exponential growth across the hydrogen industry.

4

Investing in our future and securing our leadership position

We are investing for growth and generating attractive returns. As part of our plans to invest £1.1 billion in capital expenditure from 2022/23 to 2024/25, the Board approved several investments to expand and improve our existing infrastructure in a number of our businesses.

The Board approved a gigafactory to scale up the manufacture of hydrogen fuel cell components. The gigafactory will initially be capable of manufacturing 3GW of proton exchange membrane components annually for hydrogen vehicles and the project is supported by the UK government through the Automotive Transformation Fund.

In PGMS, our refineries need investment to set them up for decades of profitable operation. This year we continued to invest to maintain these assets.

Stakeholder considerations

Our people: Old equipment, challenging conditions and increasingly unreliable assets posed potential EHS risks and placed a strain on our operations, engineering and maintenance teams. We considered the potential benefits to our people, and the invaluable impact replacing the existing metals refinery would have on the working environment and safety.

In addition, we considered the positive impacts of scaling up our operations in Hydrogen Technologies and the role it would play in securing hundreds of highly skilled manufacturing jobs in the UK.

Investors and customers: The scale-up of manufacturing for hydrogen fuel cell components will position Johnson Matthey to be a market leader in performance components for fuel cells and electrolysers, driving long-term value creation for our investors and the improvement of the electric vehicle supply chain for our customers.

The age of the existing refinery and machinery could cause regular issues and delays in refining customer metal, resulting in longer lead times and working capital constraints. The new refinery will increase refining capacity, reduce working capital, and therefore create new commercial opportunities for us. It will bring innovation to our refining processes, including more automation and control systems to optimise the way in which the plant is run and drives circularity for our customers.

Community and society: Decarbonising freight transformation is critical to help societies and industries meet their ambitious net zero emission targets. Our investment into fuel cells will be a crucial part of this transition.

The 3CR project will have significant environmental and social benefits over the existing refinery. It will future-proof the plant against potential tightening of legislation around platinum salts sensitisation through engineering-based controls and containment. 3CR will also deliver energy efficiency and sustainability improvements, including the reduction of hazardous waste, moving us towards our 2030 targets including Scope 1 + 2 emissions.

Outcomes and impact on our long-term success

The scale-up of manufacturing for hydrogen fuel cell components positions us as a market leader in performance components for fuel cells and electrolysers, targeting more than £200 million sales in Hydrogen Technologies by the end of 2024/25.

The refining business underpins the group, providing a secure and cost-effective source of PGMs to our Clean Air and Hydrogen Technologies businesses, while generating significant operating profit for the group. Further investment in 3CR will enable us to refine in a safe, effective and sustainable manner. The investment mitigates the business continuity risk associated with an older asset and will provide improvements in refining lead times, reductions in energy consumption and volume upsides.

Board and committee effectiveness

Each year, the Board reviews its performance and effectiveness, including that of its committees and individual directors. This helps identify areas for improvement and ensure it is well placed to provide constructive challenge.

We carried out an externally facilitated board effectiveness review in 2021. The 2023 review was facilitated internally and led by the Chair, with support from the General Counsel and Company Secretary. The review involved a questionnaire seeking input on a range of topics including leadership, strategy, dynamics and culture. Compiled by Independent Audit Limited, a specialist corporate governance consultancy, the questionnaire was circulated to all board members, certain external advisers and a number of senior leaders who regularly present to us. Obtaining feedback from a wide range of stakeholders provides a more diverse perspective on the performance of the Board. The Chair discussed themes emerging from the questionnaire findings and individual performance with each board member. The results of the review were compiled by Independent Audit Limited, who produced a report for review by the Chair and the General Counsel and Company Secretary.

Outcome

The results of the self-assessment questionnaire indicate that the Board continues to perform well. There is a high degree of openness and trust between board members with a good level of debate. There was recognition of the Remuneration Committee's work on communication, including externally, and the Audit Committee's relationship with the external auditor was praised. The review highlighted the importance of having oversight of culture and ensuring that cyber risk remains an area of focus.

The tables below provides an update on the progress made on the actions from our 2021/22 review and the actions agreed as part of the 2022/23 review:

2021/22 Action	2021/22 progress and insight
• Consider the output of the strategic review on the Board's processes, including agenda planning and the skills of the Board members	• Board agendas have been refined to give more time to business updates, in order to update the Board on progress of our strategic milestones • The Nomination Committee reviewed the board skills matrix and agreed this remained appropriate in light of the company's refreshed strategy • The Board approved a new delegated authorities framework to support more efficient decisions and to empower management
• Review how culture is monitored in order to drive our strategy	• This action was deferred as we communicated our strategy to our people and engaged with our senior leaders on the values and behaviours needed to transform our business
• Review the principal risks and their prioritisation in light of the strategic review to continue to embed risk management across JM	• The principal risks were reviewed and revised by the Board to ensure they aligned to our strategy
• Clarify the roles and responsibilities of the Board committees with a particular focus on climate-related issues	• During 2022, a workshop including the Chief Financial Officer, Audit Committee Chair, Chief Sustainability Officer and Director of Risk and Assurance was held and the roles and responsibilities of each committee were clarified. The changes were incorporated in the respective committee terms of reference
• Create a greater focus on executive succession planning through the Nomination Committee	• At its meeting in November 2022, the Nomination Committee undertook a detailed review of executive succession plans. This included a discussion of individuals who were "ready now" as well as potential successors in the medium and longer term

Action 2022/23	Responsibility
Review and discuss how cyber risk is managed and mitigated across the group	Stephen Oxley
Discuss the approach to culture and agree the methodology of reviewing progress (deferred from 2021/22)	Liam Condon
Secure more opportunities for board members to meet members of the senior leadership teams outside of formal board meetings	Nick Cooper

Review of the Chair's performance

Led by John O'Higgins, the Senior Independent Director, the non-executive directors met without Patrick Thomas to discuss his performance as Chair. They considered he continues to provide robust leadership for the Board and facilitates open and constructive debate.

Societal Value Committee report

"Our sustainability targets and goals are focused on the areas where we can make a real difference."

Membership

The Committee comprises all members of the Board.

Members' attendance at committee meetings during the year is on page 75

Regular attendees at committee meetings

- Chief Sustainability Officer
- Chief HR Officer
- General Counsel and Company Secretary
- Group Sustainability Director
- Group Head of Ethics and Compliance
- Corporate Affairs Director

The Committee's Terms of Reference set out its full responsibilities
matthey.com/governance-framework

Sustainability disclosures

The Committee reviewed and recommended to the Board the approval of the disclosures in the Sustainability report on pages 20 to 44, including our TCFD disclosures on pages 45 to 52.

Sustainability Performance Data Book: matthey.com/sustainability-databook

Established in 2021, the Societal Value Committee supports the Board by providing oversight, challenge and rigour to our sustainability strategy, diversity and inclusion agenda and ethical conduct. Following the Company's strategic review, the Committee spent time discussing Johnson Matthey's vision for sustainability and its importance in everything we do. Since her appointment as our first Chief Sustainability Officer in May 2022, Anne Chassagnette has worked closely with the Committee. Her in-depth experience in leading sustainable transitions has been a great resource for our discussions.

We ensure our sustainability goals and targets are focused on the areas where JM can have the greatest positive impact on society. Having updated our materiality assessment and in light of our refreshed strategy, the Committee recommended our 2030 goals be reorganised under two pillars, 'Planet' and 'People' and focus on ten public targets.

As part of our ongoing review and monitoring of climate impacts, we approved a raised climate ambition to put us firmly on SBTi's .5˚C pathway to net zero for 2029/30. This commits us to reducing Scope 1+2 and Scope 3 emissions by 42% by 2030, compared to 2019/20 levels.

Creating and embedding a sustainable culture across all areas of JM is hugely important. Diversity, inclusion and belonging is key to executing our strategy, leading to more innovation, high-performing teams and helping us attract and retain talent. During the year we reviewed progress and provided feedback on the roadmap to achieve our diversity and inclusion goals. We approved a standalone human rights policy, which defines our commitments to, and our expectations from, our colleagues and value chain partners.

At JM we uphold the highest ethical standards in everything we do, underpinned by our value, acting with integrity. The Committee is regularly updated on the plans and actions to embed an ethical culture. We discuss ethical dilemmas that arise and are briefed on notable ethics and compliance trends. The ethical dilemmas review actual JM fact patterns and provide recent examples of how we live by our values. We confront geopolitical and ethical issues involving sanctions and export controls on the world stage. This includes specific commercial opportunities where we have chosen to walk away, because they did not comply with our business ethics.

The world is changing rapidly and as a committee, we need to consider different external perspectives, trends and the industry landscape. Through presentations and discussions with both internal and external experts, the Committee is kept informed of new developments and best practice in relevant areas under the societal value remit. During the year, we deepened relationships with external associations and think tanks, committed to advancing sustainable business priorities through presentations and discussions on global human rights, the EU plan for hydrogen and the impact of the US Inflation Reduction Act.

The Committee has been impressed with progress made this year on embedding the sustainability strategy, driving the diversity and inclusion agenda, and ensuring high standards of ethical conduct.

Our internal committee effectiveness review showed that the Committee continues to operate effectively and has become more embedded into our governance framework.

Jane Griffiths
Societal Value Committee Chair

The Committee's role

Societal value covers a range of economic, social and environmental topics. Given the central role of sustainability to our overall strategy, the Committee was established to bring continued focus to this area. The Committee assists the Board in overseeing the group sustainability strategy, including net zero commitments and science-based greenhouse gas targets; driving a truly inclusive organisation; overseeing the group's ethical conduct; and keeping up to date with societal value topics, including stakeholder expectations.

More information on the governance of sustainability matters beyond the Committee can be found within our TCFD disclosures

How we delivered on our responsibilities

Sustainability	Climate change	Diversity and inclusion	Ethics and compliance
What we did			
• Oversaw plans and actions to execute the group sustainability strategy including 10 roadmaps to deliver on our 2030 target • Discussed the results of an update to our third-party materiality assessment, validated our sustainability framework and refocused our 2030 targets • Challenged sustainability performance data • Reviewed the approach to communication on sustainability • Reviewed the proposed approach on advocacy, including links with external organisations (e.g. trade associations) • Received regular horizon scanning updates, competitor analysis and ESG benchmarking	• Challenged and validated increasing our ambition for GHG emission reductions onto SBTi's 1.5°C pathway to net zero • Reviewed our strategy's product portfolio alignment with our company purpose of catalysing the net zero transition and estimated GHG emissions avoided by our product sales by 2030 • Agreed the application of internal carbon pricing for capital decisions • Received updates on hydrogen geopolitics and legislative developments	• Reviewed our diversity and inclusion gender target for 2030 and actions to support its achievement • Discussed the approach to employee engagement and areas for immediate focus	• Reviewed actions to continue promoting our ethical culture • Received updates on Speak Up themes and trends • Discussed real examples of ethical dilemmas and how they were managed including actions on responsible sourcing • Received an external presentation on global human rights and legislative developments
Outcomes			
• Agreed the realignment of our sustainability goals to our strategy and recommended to the Board that our public targets for 2023 be refocused to 10 targets • Agreed our new communications and advocacy approaches on sustainability • Agreed and recommended to the Remuneration Committee sustainability targets for 2023 and the next three years for incorporation into our Performance Share Plan. • Reviewed and recommended that the Board approve the sustainability section of the Annual Report	• Confirmed support for our updated 2030 climate ambition in line with SBTi Net Zero Standard • Reviewed and recommended that the Board approve the TCFD report • Recommended GHG emissions targets be included within the Executive Directors' Long-Term Incentive Share plan	• Challenged management on our diversity and inclusion target and provided feedback on ways to improve diversity, inclusion and belonging	• Reviewed and recommended that the Board approve the Modern Slavery Statement and Conflict Minerals Disclosure • Approved a standalone Human Rights Policy

Nomination Committee report

"We are committed to ensuring we have the right leaders to execute our strategy."

Membership

The Committee comprises the Chair and all independent non-executive directors.

Members' attendance at committee meetings during the year is on page 75

Regular attendees at committee meetings

- Chief Executive Officer
- Chief HR Officer

The Committee's Terms of Reference set out its full responsibilities
matthey.com/governance-framework

As we deliver our strategy and simplify our structure, the Committee has focused on the composition of the Board and the collective skills needed to oversee this transformation. We strengthened the Board's composition with the appointment of Barbara Jeremiah as an independent Non-Executive Director.

Having been a member of the Board for eight years, and chaired the Remuneration Committee for the last six, Chris Mottershead will retire from the Board in January 2024. The Committee has recommended, and the Board has approved the appointment of John O'Higgins as the new Chair of the Remuneration Committee, with effect from our 2023 AGM.

At the beginning of the year, the Committee oversaw several new appointments to the GLT, and changes to responsibilities of existing members, which were reported on in the 2022 Annual Report and Accounts.

Following this period of executive change, the Committee's activities in 2022/23 turned to executive succession. We need to ensure we have the right leaders, both now and in the future, to drive performance for the group's long-term success. As part of these discussions, the Committee also recommended the promotion and appointment of Simon Price as General Counsel and Company Secretary, with effect from 7th June 2023, succeeding Nick Cooper. Nick will remain a member of the GLT and take on a new role as Global Business Services Director.

In all the Committee's decisions, we place great importance on diversity, inclusion and belonging. Our board and committee effectiveness review confirmed that our discussions are open and honest, with an atmosphere of trust. As a board, we must continue to make sure everyone is welcomed and able to be themselves across all areas of JM.

Patrick Thomas
Nomination Committee Chair

How we delivered on our responsibilities

Board composition	Tenure of directors	Election of directors	Succession planning and senior leadership appointments	Talent management framework	Diversity and inclusion	Performance and effectiveness review
What we did						
• Discussed and recommended proposed appointments to the Board and its committees	• Discussed and reviewed the tenure of directors	• Evaluated the performance of individual board members, their contributions to the Board, tenure and time commitment	• Reviewed the succession plans for the most senior roles and ensured plans were in place to meet future succession needs	• Reviewed and discussed the approach to talent and leadership development plans for the GLT and senior leaders	• Reviewed the directors' skills, experience and diversity through self-assessment, to identify areas for development • Reviewed our Board Diversity Policy	• Considered the outcomes of the internal effectiveness review with regard to board composition, talent management and succession planning
Outcomes						
• Approved the appointment of Barbara Jeremiah as an independent Non-Executive Director from 1st July 2023 and Senior Independent Director from 20th July 2023 • Approved the appointment of John O'Higgins as Chair of our Remuneration Committee from 20th July 2023 • Approved the appointment of Simon Price as General Counsel and Company Secretary from 7th June 2023	• Recommended the re-appointment of Doug Webb and Jane Griffiths for a further three-year term, subject to annual re-election by shareholders	• Recommended that the Chair and all directors are elected or re-elected at the 2023 AGM	• Oversaw the appointments of Anne Chassagnette, Anish Taneja, Mark Wilson and Simon Price as members of the GLT	• Non-executive directors challenged and provided feedback on the key activities to strengthen the talent pipeline	• Identified areas for development to ensure the directors can drive our strategic priorities • Agreed an updated Board Diversity Policy reflecting our commitments to maintain a level of 33% of females appointed to the Board and at least one director from an ethnic minority group	• Agreed that the board skills matrix remained appropriate in light of our refreshed strategy • Agreed to review the approach to executive succession planning

Succession planning

The Committee ensures we are led by a diverse, high-quality board, with the appropriate skills, knowledge and experience to support the group's strategic priorities. This includes overseeing succession plans for all board roles. In accordance with the Code, the Committee monitors the tenure of JM's non-executive directors against the recommended nine-year term to ensure an orderly succession. The tenures of our non-executive directors, Senior Independent Director and the Chair are on page 75.

Non-Executive

By January 2024, Chris Mottershead will have achieved a nine-year tenure on the Board. In anticipation of his retirement, the Committee discussed the roles and responsibilities of the board members.

Having reviewed the skills and expertise of the current board members, we recommended that a further non-executive director be appointed to the Board as Senior Independent Director. The Committee sought an individual with strong leadership experience, experience of delivering transformation programmes and an understanding of the US commercial market. Egon Zehnder, a third-party search and recruitment specialist, assisted with the search. Following evaluation of the final short list of candidates, the Committee recommended Barbara Jeremiah's appointment. It was felt that Barbara's understanding of metals, along with her investor experience, would enhance the Board's deliberations.

Executive

The Committee also oversees succession planning for senior leadership roles and talent development to build capability for the future. Our senior leaders are a source of future GLT and board talent, with some of our most recent GLT appointments progressing through this route. The Committee reviews, at least annually, the existing formal succession plan against the internal talent pipeline of candidates, for immediate and medium to longer-term movement into key leadership roles. This is routinely challenged to understand the breadth of potential and to balance internal succession planning with the need for external perspectives.

During the year, Egon Zehnder provided senior-level recruitment services, including assessment and people development services. It has no other connection with the Company or any other directors.

Board skills

We regularly assess the Board's collective skillset by asking each non-executive director to identify their strengths, scoring their level of expertise on a scale of one to five. The table on page 75 shows the skills held by our non-executive directors that are most relevant to their role at Johnson Matthey. This assessment helps us identify any gaps that can be addressed through future appointments or additional training.

Board inductions

All new directors receive a tailored induction programme upon joining the Board. The diagram below shows some of the key activities that are undertaken by all new directors.

Briefings on directors' duties →	Pre-reading board and relevant committee papers →	Introductions to the businesses and leadership teams →	Financial briefings ↓
Training on health and safety and compliance topics	← Meeting the external auditor, brokers and company advisers	← Meeting key customers	← Visits to our key sites to meet employees

Diversity and inclusion

The Committee continues to drive the diversity agenda across JM. A diverse and inclusive organisation is fundamental to our vision, and our Board Diversity Policy ensures that the tone is set from the top.

At the beginning of the year, the Committee reviewed our Board Diversity Policy and refreshed its objectives to maintain:

- 33% female representation on the Board
- One director from an ethnic minority group.

Throughout the year and as of 31st March 2023, these targets were successfully met. Details of gender and ethnic representation as prescribed by Listing Rule 9.8.6 are set out in the tables on this page. The Board and GLT members confirmed their gender and ethnicity for the purpose of collecting this data.

Board Diversity Policy: matthey.com/board-diversity

As at 31st March 2023, the Board does not fully comply with the new board diversity targets set by the FCA for at least 40% of individuals on the board to be women, and for one of the senior board positions (Chair, Chief Executive Officer, Senior Independent Director or Chief Financial Officer) to be held by a woman. Following the appointment of Barbara as Non-Executive Director on 1st July 2023 and her appointment as Senior Independent Director from 20th July 2023, female representation on the Board will meet the FCA targets and exceed those set out in our current Board Diversity Policy.

We are pleased that the Board's composition meets the FCA's ethnicity target to have one member of the board from a minority ethnic group. The Committee intends to review the Board Diversity Policy in 2023/24 and will set new targets.

All of our non-executive directors are members of each committee, which provides the most diverse perspective and assists our decision making in these forums.

The Board also supports the terms of the Enhanced Voluntary Code of Conduct for executive search firms. All our appointed executive search firms are required to secure a diverse longlist of candidates, including Black, Asian and Minority Ethnic talent.

Beyond the Board, we aspire to have gender balance across all levels of the group. One of our key milestones is to achieve greater than 40% of female representation across professional management by 2030. While gender diversity has improved, we want to accelerate the pace of change. Further details on how we are improving gender diversity across the group, the gender balance of senior management and our Diversity, Inclusion and Belonging Policy are set out on pages 36 to 37.

Gender representation as at 31st March 2023

	Number of board members	% of the Board	Number of senior board positions (CEO, CFO, SID, Chair)	Number in executive management	% of executive management
Men	6	67	4	9	75
Women	3	33	0	3	25
Other categories	0	0	0	0	0
Not specified / prefer not to disclose	0	0	0	0	0

Ethnic representation as at 31st March 2023

	Number of board members	% of the Board	Number of senior board positions (CEO, CFO, SID, Chair)	Number in executive management	% of executive management
White British or other White (including minority-white groups)	8	89	4	10	84
Mixed/Multiple Ethnic Groups	0	0	0	1	8
Asian/Asian British	1	11	0	1	8
Black/African/ Caribbean/ Black British	0	0	0	0	0
Other ethnic group, including Arab	0	0	0	0	0
Not specified/ prefer not to say	0	0	0	0	0

Audit Committee report

" The Committee's work provides a focus to ensure robust controls support the execution of our group strategy"

Membership

The Audit Committee comprises all independent non-executive directors. Doug Webb, our Committee Chair, is a chartered accountant who brings a wealth of recent and relevant financial experience, including acting as Chief Financial Officer at the London Stock Exchange Group, QinetiQ and Meggitt.

Members' attendance at committee meetings during the year is on page 75.

Other regular attendees at committee meetings

- Chair of the Board
- Chief Executive Officer
- Chief Financial Officer
- General Counsel and Company Secretary
- Group Assurance and Risk Director
- Director of Group Finance
- PwC Audit Partner

The Committee's Terms of Reference set out its full responsibilities.
matthey.com/governance-framework

The Audit Committee forms a critical part of the overall framework of corporate governance for JM. We are responsible for overseeing the financial reporting, internal financial controls, internal control and risk management systems, and maintaining an appropriate relationship with the external auditors.

The Committee supports the Board by obtaining assurances that controls are working as designed and by challenging those assurances. We receive and consider reports from management on the effectiveness of the systems that have been established, to ensure that both JM's management and PwC, our external auditor, are appropriately challenged and held to account. Management and PwC have again worked hard during 2022/23 to maintain the ongoing integrity of our financial reporting, and I have continued to hold regular dialogue with management, the Group Assurance and Risk Director, and PwC.

The last three years have seen Covid-19, the Russia/Ukraine conflict and other issues cause political and economic turmoil. This has put significant pressure on the risk environment and companies' financial reporting processes. Accordingly, we have continued to focus on financial reporting and related internal control risks as well as ensuring the company maintains a strong performance on ethics, compliance and audit quality.

The focus of assurance activities during the year has been post Covid-19 controls' culture across the group's locations and key strategic and emerging risks. In this context, a comprehensive improvement programme across JM's financial and operational controls, including raising awareness and simplifying requirements, has been established and is sponsored by the Group's Chief Financial Officer. Within Group Assurance and Risk (GAR) a new form of site extended audit covers several core processes based on an assessment of risk, to provide assurance on the control environment and framework at site level. These typically cover design and effectiveness of operating controls, including Internal Controls for Financial Reporting (ICFR), metal controls, procurement, ethics and compliance, business continuity planning, security, and technology controls. It has been important to validate these controls following the return to site post Covid-19 pandemic and to respond to new risks occurring at unprecedented speeds and various pressures on our entities. These audits also provide insight on the culture found at the site.

Flexibility of our assurance plans has proven helpful during the year, especially in the context of emerging risks in the fast-moving external environment. The GAR team has been providing live assurance as part of various business-led task forces, such as JM's energy resilience in response to the conflict in the Ukraine. Specific focus has been dedicated to our sustainability agenda, an area of increasing importance from an assurance perspective. Our internal audit activity has been focused on driving improvements in quality of the data and management reviews.

During the year, we looked at the anticipated impact and readiness of our internal controls financial reporting framework and fraud risk management programme. We examined these factors in relation to the recommendations of the Department for Business, Energy and Industrial Strategy (BEIS) white paper on restoring trust in audit and corporate governance.

The position paper issued by the Financial Reporting Council (FRC) in July 2022 proposed that the revised UK Corporate Governance Code will apply on or after 1st January 2024. For us this will apply to the financial year ending 31st March 2025. With ongoing work to strengthen our internal control environment and address additional reporting requirements, we concluded that existing procedures, our in-progress work on controls and other areas of change, would meet evolving corporate governance requirements. We await additional clarification on some requirements, and these are subject to ongoing monitoring by group and business management.

To address the anticipated changes, the outcome of our review on the key changes and impact for JM is as follows:

- Statement on internal controls – substantial work has been carried out over recent years to improve JM's overall control environment and provide sufficient evidence that controls are operating effectively, using JMProtect, our integrated governance, risk and compliance platform
- Resilience Statement – updated requirements are expected to be substantially covered by work already performed to support the existing disclosures in the Viability Statement on page 70
- Dividends and capital maintenance – existing disclosures will be reviewed once guidance is available from the FRC
- Audit and Assurance Policy (AAP) – the Committee approved an internal policy drafted by the GAR team, with cross-functional support. Committee reviews began at the end of 2022 and take account of guidance from the FRC
- Fraud Statement – an assessment of fraud risks, current detection, and prevention mechanisms, reporting and documentation of associated controls was completed in 2022. Fraud training for JM's extended finance community began in 2022. A regular governance mechanism was established via monthly Governance, Risk and Compliance (GRC) committee meetings. A fraud risk policy will be incorporated into the AAP, and fully integrated into JMProtect.

The Committee also reviewed the key changes and impact for JM of the new requirements for auditors and the regulator. We will assess this area in more detail once the FRC issues more guidance.

In 2022, the group refreshed its sustainability goals and 2030 targets. ESG data in annual reports is coming under increasing scrutiny as the investor community relies on it to evaluate the value proposition of listed companies. We are conscious of the need for transparency, accuracy and the avoidance of overstating our performance in these measures. We reviewed the group's processes for ESG data management and independent assurance for the Task Force for Climate-related Financial Disclosures (TCFD). The Committee also reviewed a final report of JM's 2022 sustainability audit, carried out by our internal audit team. The purpose was to understand and review the processes for generating data for the products and services sustainability targets and metrics, and to assess the efficiency and effectiveness of any second line review controls. During the year, the Committee reviewed our Climate-related Assurance Plan for 2023. A workshop was held with management, internal audit and myself to define our longer term assurance expectation over its sustainability data, the output of which was reported to the Committee. This resulted in a sustainability assurance framework, and also clarified the roles and responsibilities of each of the Audit Committee and the Societal Value Committee (SVC). The SVC oversees the delivery of our sustainability strategy and determines the related KPI's to be reported, and the Audit Committee is responsible for the quality of the data in the sustainability reporting.

The FRC's Audit Quality Review (AQR) report, following inspection of PwC's 2022 audit of JM, was completed in early January 2023 and the Committee reviewed the detailed findings. Following receipt of the report, we discussed the findings with PwC, none of which were considered significant. Recommendations have been built into ongoing processes and the Committee was satisfied with the external auditor's commitment to audit quality, the robust and professional working relationship with management, and demonstration of strong technical knowledge. The Committee considered whether the report gave us any concern about the quality of the 2022 audit and associated report, and we concluded that it did not.

I am pleased that our internal committee effectiveness review this year confirmed that the Committee continues to operate well and remains informed of relevant changes and developments in the external audit market. We have identified areas for further improvement, including focusing on reviewing our fitness for purpose and approach; the effectiveness and impact of the overall risk management framework and activity; and focusing on the future development and effectiveness of the internal audit function.

Doug Webb
Audit Committee Chair

How we delivered on our responsibilities

Our responsibility	What we did	Outcomes
Published financial information		
Monitoring the integrity of the reported financial information and reviewing significant financial considerations and judgements.	• Reviewed, discussed and challenged management's reports on the group's full-year results and half-year results, and considered the significant accounting policies, principal estimates and accounting judgements used in their preparation. • Reviewed the matters, assumptions and sensitivities in support of preparing the accounts on a going concern basis and assessed the long-term viability of the group. • Considered the impact of scenario testing on financial disclosures in relation to TCFD. • Reviewed the financial reporting framework of the Company's financial statements. • Assessed the process management used to support the Board when giving its assurance that the 2023 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable (FBU). • Reviewed reports from the General Counsel and Company Secretary on group litigation and disputes. • Reviewed reports on credit controls and credit risks. • Approved the Audit Committee report within the 2023 Annual Report and Accounts. • Reviewed elements of the 2023 Annual Report and Accounts. • Reviewed and discussed the results of the Committee's assessment of its effectiveness.	• Recommended the approval of the half-year and full-year results to the Board, following a thorough review, and challenging management assumptions. • Recommended to the Board the going concern and viability statements following an in-depth review and assessment of scenarios with management. • Determined that the FBU process undertaken by management for the Annual Report and Accounts was effective. • Reviewed credit controls and risks in the context of continuous challenging market conditions. • Discussed the outcome of an internal evaluation and concluded that the Committee continued to be effective. • Recommended to the Board the approval of elements of the 2023 Annual Report and Accounts.
Risk management and internal control		
Reviewing the group's internal financial controls and its risk management systems and monitoring the effectiveness of the group assurance function.	• Received reports from the Group Assurance and Risk Director on group assurance, risk reviews and risk management processes. • Monitored progress against the 2022/23 group assurance and risk plan. • Agreed the 2023/24 group assurance and risk plan. • Considered changes to internal control weaknesses brought to the Committee's attention by PwC. • Reviewed an assessment of the results and further improvements in the overall internal control environment of the internal control self-assessments. • Challenged management to enhance the assurance processes supporting sustainability sections in the Annual Report. • Monitored the effectiveness of the GAR function. • Reviewed precious metal governance. • Carried out a deep-dive into liquidity risk-based methodology. • Received presentations from the security team, and reports on finance and controls from the business finance directors. • Reviewed fraud risk and fraud investigations including those raised via the Speak Up process. • Met the Group Assurance and Risk Director without management present. • Reviewed a summarised appraisal of the group's year-end control environment to assess any control issues identified. • Assessed the anticipated impact of, and JM readiness for, recommendations resulting from the BEIS 'Restoring trust in audit and governance' white paper. • Reviewed our internal AAP. • Reviewed the Committee's Terms of Reference.	• Determined that risk management and internal controls effectively meet the group's needs and manage risk exposure. • Challenged management to resolve any issues relating to internal controls and risk management systems. • Approved the change to the metal liquidity risk methodology in the group's Precious Metals policy. • Continue to monitor emerging regulatory developments and assess applicability of any new guidance to JM. • Agreed with management's determination that there were no significant control weaknesses or lack of adherence to policies and procedures identified. • The Committee made no changes to its terms of reference during the year. • Approved JM's internal AAP. • Approved the Sustainability Assurance Framework.

Our responsibility	What we did	Outcomes
Our external auditor		
Overseeing the relationship with the external auditor, monitoring the external auditors' independence and objectivity, approving its fees, recommending its re-appointment or not, and ensuring it delivers a high-quality effective audit, based on a sound plan.	• Considered reports from PwC including their views on our accounting judgements and control observations. • Monitored the transition to the new lead audit partner to ensure it was effective. • Met PwC without management present. • Considered and reviewed indicators of audit quality. • Assessed PwC's independence and objectivity. • Reviewed the non-audit fees incurred during the year and the non-audit fee policy. • Reviewed the inspection of PwC's audit of our financial statements for the year ended 31st March 2022 and discussed with PwC the actions to be taken in response to the findings. • Oversight of recommendations from PwC's FRC AQR being built into ongoing processes.	• Approved, after due challenge and discussion, PwC's audit plan and fees for 2022/23. • Determined a good-quality, comprehensive audit was completed, following a review of PwC's regular reports to the Committee, the outcome of PwC's FRC AQR, and feedback from the Independent Quality Review Partner. • Recommended the re-appointment of PwC as auditor. • Approved the non-audit fee policy.

Financial reporting

Significant issues considered by the committee in relation to the group's and company's accounts

It is a fundamental part of the committee's role that we act independently from management to ensure that the interests of shareholders are properly protected in relation to financial reporting. When the accounts are being prepared, there are areas where management exercises a particular judgement or degree of estimation. The committee assesses whether the judgements and estimates made by management are reasonable and appropriate. In the process of applying the group's accounting policies, management also makes judgements and estimates that have a significant effect on the amounts recognised in the financial statements. The group's key accounting judgements discussed and challenged by the Audit Committee are set out below.

Significant current year considerations in relation to the accounts	Work undertaken / outcome
Major impairment and restructuring activities Key judgements in relation to impairment testing relate primarily to estimates in assessing recoverable value. Key judgements in relation to restructuring provisions related to estimates of future cost.	We received a report from management which explains the basis of recognition and estimate for impairments and restructuring costs. The report also detailed how transformation-related costs were reconciled back to previously announced transformation programmes. We challenged the rationale behind the presentation of the costs as non-underlying, with particular focus on areas that required judgement around recognition. We concluded that management has appropriately accounted for and disclosed the impacts from major impairment and restructuring activities (see note 6 in the annual report).

Significant current year considerations in relation to the accounts	Work undertaken/outcome
Gains and losses on significant legal proceedings Significant progress was made during the year with the settlement of legal proceedings requiring accounting consideration.	We received a report from management which summarised the outcomes and accounting implications for legal proceedings, one of which was settled in the year at a loss of £25 million. The report also detailed the nature of other key legal provisions. We agreed with management's rationale behind the presentation of the loss as non-underlying.
Profit on disposal of businesses and businesses classified as "held for sale". Key judgements in relation to assessing the fair value less costs to sell of businesses classified as "held for sale".	We reviewed and discussed the accounting for the following disposals: On 1st June 2022, the group completed the sale of its Health business for a consideration of £325 million. On 26th May 2022, the group completed the sale of part of its Battery Materials UK business for a consideration of £20 million. On 1st November 2022, the group completed the sale of its Battery Materials Canada business for a cash consideration of £12 million. On 31st January 2023, the group completed the sale of its Piezo Products business for a consideration of £18 million. We concluded that management's key assumptions and disclosures on the profit on disposal of businesses above were reasonable and appropriate. We also considered the assessment in arriving at the fair value of the Diagnostics Services (Tracerco), Battery Materials Germany and Poland businesses and noted that classifications as "held for sale" were appropriate.
Impairment of goodwill, other intangibles and other assets Key judgements are made in determining the appropriate level of cash generating unit (CGU) for the group's impairment analysis. Key estimates are made in relation to the assumptions used in calculating discounted cash flow projections to value the CGUs containing goodwill, to value other intangible assets not yet being amortised, and to value other assets when there are indications that they may be impaired. The key assumptions are management's estimates of budgets and plans for how the relevant businesses will develop or how the relevant assets will be used in the future, as well as discount rates and long-term average growth rates for each CGU.	We reviewed a report from management explaining the methodology used, assumptions made and significant changes from those used in prior years. In light of the current volatile macroeconomic environment, including high inflation, interest rates and increased energy costs, management considered impact within underlying forecasts and discount rates. We challenged management on the rationale behind the key assumptions and sensitivities such as discount rates and growth rates in the goodwill value in use calculations, especially within Clean Air and Catalyst Technologies to ensure we were satisfied on their reasonableness. The impairment reviews were an area of focus for PwC who reported their findings to us. We concluded that management's key assumptions and disclosures are reasonable and appropriate.

Significant current year considerations in relation to the accounts	Work undertaken/outcome
Refining process and stock takes When agreeing commercial terms with customers and establishing process loss provisions, key estimates are made of the amount of precious metal that may be lost during the refining and fabrication processes. Refining stocktakes involve key estimates regarding the volumes of precious metal-bearing material in the refining system and the subsequent sampling and assaying to assess the precious metal content.	We received a report from management which summarises the results of the material refinery stock takes. The report was reviewed to ensure that the results were in line with expectations and historic trends. The refining process and stock takes were an area of focus for PwC who reported their findings to us. We concluded that management's accounting for refining stock take gains and losses was in accordance with the agreed methodology.
Post-employment benefits Key estimates are made in relation to the assumptions used to value post-employment benefit obligations, including the discount rate and inflation. The key assumptions are based on recommendations from independent qualified actuaries.	We received a report from management which summarises the key assumptions used to value the liabilities of the main post-employment benefit plans. The assumptions were compared with those made by other companies and PwC's assessment of the reasonableness of the assumptions was considered. We concluded that the assumptions used, and accounting treatment, are appropriate for the group's post-employment benefit plans.
Tax provisions Key estimates are made in determining the tax charge in the accounts where the precise impact of tax laws and regulations is unclear.	We received a report from management which explains the issues in dispute, or at risk of this, with tax authorities across the business, the calculation of tax provisions and relevant disclosures. We also considered the sensitivities around the provisions and debated the circumstances in arriving at the key provisions. Tax provisioning was an area of focus for PwC who reported their findings to us. We concluded that management's key assumptions and disclosures are reasonable and appropriate.
Climate change Key estimates are made in relation to climate change and the impact on the going concern period and viability of the period over the next three years. Additionally, the potential impact of climate on the financial statements including forecasts of cash flows used in impairment assessments, recoverability of deferred tax assets and expected lives of fixed assets and their exposure to the physical risk posed by climate change.	We received a report from management which summarises the potential impacts of climate change to the business. This was based on a Zurich insurers report commissioned in 2021/22. Management has considered the impact of climate change in their goodwill impairment calculations and going concern/viability forecasts. We concluded that management's key assumptions and disclosures are reasonable and appropriate. We also received a report outlining how TCFD considerations are factored into the financial statements.
Provisions and contingent liabilities (judgement) Key estimates are made in determining provisions in the accounts for disputes and claims which arise from time to time in the ordinary course of business. Key judgements are made in determining appropriate disclosures in respect of contingent liabilities.	We received a report from management which provides information in respect of disputes and claims and identifies the accounting and disclosure implications which were challenged and discussed. The report included an assessment of a claim from the purchaser of the Health business. This was supported by the group's advisors whom we also discussed the matter with. We concurred with management's conclusions regarding provisioning and contingent liability disclosures.

Going concern and viability statement

We reviewed the matters, assumptions and sensitivities being used to assess both the going concern basis and the long-term viability of the group. This included assessing risks that would threaten our business model, current funding position as well as different stress scenarios and mitigating actions. Further details on our going concern and viability, and the scenarios considered, are on page 70.

Following our review and recommendation, the Board concluded that Johnson Matthey is able to continue operating and can meet liabilities over at least three years, which remains the most appropriate timespan.

Fair, balanced and understandable (FBU)

We review and assess management's process to support the Board, so it can give its assurance that the 2023 Annual Report and Accounts, taken as a whole, is FBU and provides the information necessary for shareholders to assess JM's position and performance, business model and strategy.

Management selected three individuals from across the group to form an FBU panel and carry out a detailed review of the Annual Report. To maintain objectivity, the FBU panel members were not involved in drafting the 2023 Annual Report and Accounts, but all were familiar with our strategy and business model. The panel members were also briefed on the role and provided with detailed notes on what to consider during their review. The FBU panel, PwC and Annual Report project team determined whether key messages aligned with the group's position, performance and strategy, and whether the narrative sections and financial statements were consistent.

The FBU panel presented a report to the Board, highlighting the key themes from the review and discussion points. The Disclosure Committee reviewed the verification process dealing with the report's factual content to further support the Board's review.

Risk management and internal control

The Committee reviews the adequacy and effectiveness of control and risk management systems. These controls are a critical component of our governance and assurance framework, and they detail the minimum controls we need to keep our people safe, ensure compliance with our standards and regulations, protect our physical and intellectual assets, and facilitate the accuracy and completeness of financial reporting. During the year, the Committee assessed the effectiveness of these controls, considered the key identified control gaps, and assessed how management planned to address the findings.

The Group Assurance and Risk Director independently assures that our risk management and internal control processes operate effectively. Working closely with leadership and management, she provides regular oversight of risk matters that affect our business, makes recommendations to address key issues, and ensures that any mitigating actions are properly tracked, challenged and reported. During the year, our co-sourcing partnership with Deloitte ensured we had access to additional specialist skills and expertise.

The group's internal controls over financial reporting include policies and procedures designed to ensure the accuracy of our financial statements. JM's control self-assessment and business filing assurance processes provide management with a view of the operation of these controls. The results are presented to the Committee as part of their assessment of the year-end control environment.

The Committee is satisfied that the group's internal financial controls operated effectively throughout the year and up to the date of approval of this report. However, these controls do not provide absolute assurance against material misstatement or loss and are assessed based on materiality and level of activities within the business.

Operation of controls and assurance

There is an ongoing comprehensive improvement programme across JM's financial and operational controls including control self-assessment which replaced our key control questionnaire. While this has led to positive development in our internal controls over financial reporting, we will continue to make improvements in this area.

During the year, we spent time reviewing the control strategy, which focused on several cultural and operational factors to ensure JM's readiness for the enhanced reporting on the operating effectiveness of controls expected to be required from 2024/25. To provide management with independent assurance over the effectiveness of the control self-assessment process, structured, internal controls testing will be introduced from 2024.

Group assurance and risk

The Group Assurance and Risk Director provides regular reports on internal audit reviews, including key findings, actions needed and progress on their implementation. We focus on local, business and executive managers' engagement levels in implementing corrective actions and in strengthening the control framework across all our sites. The focus of assurance activities during the year has been on post Covid-19 controls' culture across the group's locations and key strategic and emerging risks. Establishing site extended audits re-evaluated and re-assessed how our businesses adjusted to the new realities and how the control mindset has been applied across a selection of our sites. It was expected that in this changed landscape, the audits would uncover some weaknesses; however they have also allowed us to see how the businesses have managed the challenges caused by the extraordinary measures implemented during that period. One issue highlighted was the need for further training and awareness around certain controls, systems and simplification of processes. The comprehensive improvement programme across our financial and operational controls, sponsored by the CFO, has been established to raise awareness and simplify the requirements. The GAR team has also undertaken various 'lessons learnt' activities, including for major business decisions and capital investment projects. The recommendations have been captured and are being implemented by the business and transformation office.

We continually review the effectiveness of the GAR function, using inputs including audit reports, management's response to audit actions and discussions over risk exposures. We look at whether the function has adequate standing across the group, is free from management influence or other restrictions and is sufficiently resourced.

An independent external quality assessment (EQA) of the Internal Audit function within GAR was undertaken by EY last year. As a result, the function has worked through the actions agreed to ensure it has become better aligned with the changing shape of the group. This is a continuous activity for the function, underpinned by regular dialogue with management, external auditors, and benchmarking within industry and beyond.

The integrated assurance mapping allows us to have a fuller understanding and visibility of risk coverage in a consistent manner across the organisation. We aim to have a clearly articulated link between levels of assurance and risk appetite across key organisational and strategic risks.

Group assurance and risk annual plan

We review the GAR annual plan to ensure that it reflects challenges and changes to our business. We are confident that it provides the appropriate level of assurance over the group's key risks.

When we reviewed the 2023/24 plan, we specifically considered whether it provided the level of assurance over JM's principal and operational risks and continues to contribute to the improvement in our overall controls culture and maturity of the second line of defence.

The GAR annual plan is based on a risk-based audit universe covering areas of risk across financial and operational functions including IT and transformation activities at group and business levels. We consider a wide range of risks that fall into those areas including level of change and transformation in the group and organisational culture. Close collaboration with the business ensures it adds value to management with pragmatic and manageable action plans. The plan also allows greater flexibility to ensure that the GAR team has capacity to deal with unexpected events.

We believe our 2023/24 assurance plans are adequate for JM's size and nature. It is our opinion they will continue to provide the group with necessary focus on maturing controls culture across business and IT processes. The quality and standing of GAR function is appropriate to provide necessary challenge and support to the transforming organisation.

Risk management

We work with the Board to review and refine the risk assurance processes – including the integrated assurance framework and control self-assessment. We concentrate on reviewing the mitigating controls and the levels of assurance, while the Board is directly responsible for managing risks and establishing levels of risk appetite for the group's principal risks.

The GAR function carries out any additional assurance and reports back to the Committee.

Speak Up process

Every year, we review our Speak Up whistleblowing process to ensure procedures are proportionate and independent. We reviewed the process and agreed that the procedures allow proportionate and independent investigation and appropriate effective follow-up action. We report the findings of this review to the Board as appropriate. The Societal Value Committee reviews the outcomes of significant investigations and remedial actions.

More information on Speak Up can be found on page 42

External auditor

Auditor independence is an essential part of our audit framework and the assurance it provides. We confirm ongoing compliance with the Competition and Markets Authority's Statutory Audit Services Order.

Tenure

Our shareholders appointed PwC as the group's external auditor in July 2018, following a formal tender process. This is the fifth year that PwC has audited the group, with Graham Parsons as current lead audit partner. We have no immediate plans to retender the auditor; however we anticipate that it would be carried out to coincide with when Graham Parsons is required to rotate off after the 2027 audit, in accordance with the current regulation that requires a tender every ten years. The proposed tender date is in the best interests of shareholders and the Company as PwC has a detailed knowledge of our business, an understanding of our industry, and continues to demonstrate that it has the necessary expertise and capability to undertake the audit.

External audit plan

In developing the external audit plan for 2023, PwC carried out a risk assessment to identify potential risks of material misstatement in the financial statements. This risk assessment considered the nature, magnitude and likelihood of each identified risk, together with relevant controls, to identify audit risks. Graham Parsons reviewed the plan with a fresh perspective on the risk assessment. PwC refer to key audit matters in the independent auditors' report on pages 133 to 143, which formed the basis of the external audit plan.

In determining the scope of coverage, PwC considered management reporting, the group's legal entity structure, the 2022 financial results and the financial forecast for 2023. PwC set out details of the coverage and the agreed scope in the independent auditors' report on page 133. The methodology of assessing materiality was consistent with the prior year and agreed at approximately 5% of the three-year average profit before tax adjusted for loss on business disposals, loss on significant legal proceedings, major impairment and restructuring charges.

Following discussion and challenge, we concluded the proposed external audit plan was sufficiently comprehensive for the audit of the group's accounts and approved the proposed fee.

How we review PwC's performance

Throughout the year, we review the ongoing effectiveness and quality of PwC and the audit process. We look at several factors: the auditors' reports to the Committee; Graham Parsons and the PwC team's performance in and outside committee meetings; how the PwC team interacts with and challenges management; and on PwC's efforts at building relationships with our Internal Audit team. We ensure that we spend sufficient time with the auditors without management present as part of our assessment.

We considered how PwC challenged management's judgements and assumptions on matters highlighted on pages 98 and 99, and asked PwC to confirm if those matters had been addressed correctly by management. Following detailed analysis of the assurance completed, PwC agreed with management's judgements and assumptions.

How we gather feedback on the effectiveness of our external auditor and external audit process

Third-party reviews

- External reviews of PwC by the FRC's AQR team and the Quality Assurance Department of The Institute of Chartered Accountants in England and Wales

Information provided by the auditor

- Details on the audit plan delivery and any changes to the scope of work
- Assurance on the operation of PwC's audit quality control procedures and insight into their outcomes as they relate to the audit and key members of audit team

Management feedback

- Survey of audit quality and effectiveness by executive directors and senior management including recommendations for improvement
- Seek assurance on the disclosure process for the provision of information to the auditor

Committee assessment

- Quality of regular audit reports
- Feedback from committee members and regular attendees, including the Director of Group Finance and the Group Assurance and Risk Director

We seek direct feedback from the independent Quality Review Partner to review its assessment of PwC's key planning judgements and the execution of PwC's response to significant risks and reporting. We also ask PwC to share with us the results of their internal quality inspections of the audit as well as those conducted by the FRC. In addition, we feel it is important to understand management's opinion of audit quality and effectiveness: the executive directors and senior management complete a questionnaire on the external auditor each year.

Provision of non-audit services

Our Non-Audit Services Policy ensures the provision of non-audit services is no threat to PwC's independence and objectivity as an auditor. In accordance with the FRC's Revised Ethical Standard 2019, the auditor can only provide additional services directly linked to the audit.

Our policy sets out how approval should be obtained before PwC is engaged to provide a permitted non-audit service. Services likely to cost £25,000 or less must be approved by the Chief Financial Officer; services likely to cost more than £25,000 but less than £100,000 must be approved by the Committee Chair. Services likely to cost over £100,000 must be approved by the Committee.

We reviewed compliance with the Non-Audit Services Policy, the provision of non-audit services, details of the non-audit services provided by PwC and associated fees. Audit-related assurance services reported as non-audit services related to the review of half-year financial information and reporting, amounting to £325,000, other non-audit services in the year were £28,200, in total representing 8% of the audit fee, compared with audit fees of £4.64 million. More information on fees incurred by PwC for non-audit services, as well as the split between PwC's audit and non-audit fees, are in note 4 to the accounts, on page 169.

Objectivity and independence

We are responsible for monitoring and reviewing the objectivity and independence of PwC. We considered the information provided by PwC, confirming that no PwC employees involved with the audit have links or connections to JM, and that they complied with the FRC's Revised Ethical Standard. We conclude that PwC is independent.

Proposed re-appointment of PwC

Following our assessment, we believe that PwC provides a robust audit and valuable technical knowledge and is free from third-party influence and restrictive contractual clauses. As a result, we have included a resolution proposing PwC's re-appointment as auditor and authorised the Committee to determine PwC's remuneration in our Notice of AGM.

Remuneration Committee report

"Our Directors' Remuneration Policy has been designed to incentivise and reward for delivering sustainable value creation and long-term growth. This will be achieved through a combination of business transformation and strategic execution all underpinned by a high-performance culture."

Membership

All six of our independent non-executive directors sit on the Remuneration Committee.

Members' attendance at committee meetings during the year is on page 75

Regular attendees at committee meetings

- Chief Executive Officer
- Chief HR Officer
- Group Total Reward, Wellbeing & People Services Director

The committee's Terms of Reference set out its full responsibilities
matthey.com/governance-framework

Key activities during 2022/23:

- Triennial review of the Directors' Remuneration Policy
- Reviewed our short and long-term incentives and their alignment to the company's strategy
- Reviewed broader employee total reward, including pay equity and benchmarking

Our focus areas for 2023/24:

- Oversee the implementation of the new Directors' Remuneration Policy
- Set the incentive plan performance targets for the upcoming year
- Continued focus on broader employee remuneration

Introduction

I am pleased to present our Annual Report on remuneration for the year ended 31st March 2023. This report is divided into three sections, i) my annual statement, ii) the Directors' Remuneration Policy being put to shareholders at the 2023 Annual General Meeting, and iii) our Annual Report on remuneration for the year ended 31st March 2023.

Our approach to remuneration

Our overall purpose at Johnson Matthey is catalysing the net zero transition. We currently have an important role to play in this process through the application of our sustainable technologies, products and services. We will have an increasingly important role to play as we further commercialise long-term sustainable technologies, including our portfolio of hydrogen technologies, that will enable decarbonisation and enhance circularity.

This year has been a year of progress in delivering on our strategy following the appointment of our current Chief Executive Officer, Liam Condon, in March 2022. We have simplified our portfolio of businesses and have also implemented a revised business reporting structure with Catalyst Technologies and PGMS now identified separately and, in addition, we have strengthened our senior leadership team. These changes, in conjunction with establishing a higher performance culture, create a strong platform for delivering on our purpose and strategy.

In the context of the above, undertaking our triennial Directors' Remuneration Policy review was timely given the need to determine if our remuneration structures remained appropriate as we look to the future. In undertaking the review, we took feedback from both internal and external stakeholders, along with benchmarking our remuneration practices, and concluded that the focus on long-term performance within our current remuneration policy remained appropriate to our purpose and strategy. As a result, the committee was comfortable retaining our current pay model and philosophy, and so the changes we are making are limited to ensuring our performance metrics better align with our reinvigorated strategy and we simplify our approach where possible.

Overview of company performance

In the face of a challenging environment brought on by political and economic uncertainty, our Chief Executive Officer and the senior leadership team have delivered a robust underlying financial performance and made good progress against our strategic milestones.

During the year, Clean Air was impacted by automotive customers constraining their production volumes, and PGMS was impacted by lower precious metal prices and lower refinery intake volumes due to lower scrap levels with the semi-conductor chip shortage creating a buoyant second-hand car market. However, we've made good progress on our group transformation and cost reduction targets; have made excellent progress with Euro 7 business wins in Clean Air, and several new large-scale project wins in our Catalyst Technologies business.

In addition, in January 2023 we entered a long-term strategic partnership with Plug Power, a leading provider of turnkey hydrogen solutions for the global green hydrogen economy, to accelerate the deployment of fuel cells and electrolysers (green hydrogen). This partnership is evidence of clear progress towards JM's published milestone in Hydrogen Technologies and will significantly contribute towards JM's 2030 target for 50 million tonnes of GHG emissions avoided per year.

In the context of a challenging market environment, and the progress made against our long-term strategy, the committee considered the level of payout from our incentive plans as appropriate.

2022/23 incentive plan outcomes

The Committee always seeks to ensure that there is a clear link between pay and performance. Additionally, we will continue to focus on setting stretching performance targets and consider the performance of the wider business and individual accomplishment over the period, including how the performance was delivered. In that context, we believe that the payments outlined in this report fairly reflect the performance achieved.

Annual Incentive Plan (AIP)

The maximum bonus opportunity for 2022/23 remained unchanged at 180% of salary for the Chief Executive Officer and 150% of salary for the Chief Financial Officer. The bonus was based on underlying PBT (50%), working capital (20%) and strategic and transformation objectives (30%).

Based on a robust underlying financial performance, the outcome of our AIP results in a bonus of 75% of maximum is payable to both Liam Condon and Stephen Oxley. The committee is comfortable that the outcome of the bonus is appropriate and so no discretion has been applied. One half of the bonus payable will be deferred in shares for a period of three-years. More details on the performance against the annual targets and strategic objectives are set out on page 121.

Performance Share Plan (PSP)

Neither Liam Condon or Stephen Oxley have any Performance Share Plan (PSP) awards that were eligible to vest in respect of the three-year performance period ending 31st March 2023.

The PSP award granted on 1st August 2020 was based on challenging earnings per share and total shareholder return performance targets for the three-year period ending 31st March 2023. The outcome of this award was a performance below the threshold targets. As a result, there is no vesting for either executive directors or any other participants in the PSP. The committee was comfortable that the formulaic outcome is appropriate and so no discretion has been applied.

Overall, the committee is satisfied that the Remuneration Policy operated as intended during the year.

Directors' Remuneration Policy

The 2023 AGM marks the three-year anniversary of our current Remuneration Policy. As a result, we will be seeking shareholder approval for an updated Remuneration Policy at our forthcoming AGM.

During the year a full review process was undertaken that considered the pay model, the historic relationship between performance and reward, the alignment between performance metrics and strategy, and alignment with institutional investors' best practice. All of this was considered in light of our reinvigorated strategy.

Having had regard to these factors, with the current Remuneration Policy operating effectively against each of the review criteria, the committee concluded that subject to some minor refinements to the approach to target setting and the choice of performance metrics, the current Remuneration Policy would be largely retained. A summary of the minor changes to the policy are set out on page 107.

Applying the Remuneration Policy in 2023/24

Base salary

With high inflation impacting the cost of living, the company set aside a higher pay budget for its annual pay awards in July 2022 with a greater portion of the budget set aside for non-management roles. In addition, the company paid a temporary monthly allowance to employees below a certain earnings level to provide additional support until June 2023.

The pay budget for the forthcoming year has also been set at a higher level compared to historic norms given that the cost-of-living pressures continue in many countries. Again, a greater proportion of the budget is being allocated to lower paid employees. For example, for the coming year the UK salary budget for non-management roles is 5.25% and for management roles is 4.0%.

With regard to the salary increase for executive directors the committee considered the UK salary budget for the forthcoming year and deemed it appropriate that the salary increase awarded to executive directors should be at a discount to that awarded to other employees. As such executive director salaries were increased by 3.5% with effect from 1st April 2023.

AIP

The maximum opportunity will remain at 180% of salary for the CEO and 150% of salary for the CFO, and the target will continue to be set at 50% of the maximum. However, the payout for threshold performance will reduce from 15% of maximum (equivalent to 30% of target) to 25% of the target bonus opportunity, which represents a modest toughening of the bonus structure. This change is being made for all participants in our annual incentive plans and will result in greater focus on delivery against the group's targeted performance levels.

The performance targets for executive directors will be based on group underlying PBT (50%), working capital days (20%) and strategic targets (30%) that are aligned with delivering against our transformation strategy.

PSP

The Remuneration Committee intends to grant awards at the same level as in 2022/23, being 250% and 175% of salary for the CEO and CFO respectively.

The performance measures will continue to be a combination of growth in underlying EPS (30%), relative total shareholder return (versus the FTSE 31 to 100 companies but excluding those in financial services) (40%), and strategic and sustainability objectives (30%). The main change compared to the awards granted last year is a greater weighting to the strategic and sustainability targets (up from 20%) which reflects the strategic priorities over the next three-year period.

The EPS growth targets to apply to the awards are considered similarly challenging to the targets set in prior years. However, in recognition of ongoing uncertainty and volatility in external markets, we have set a wider range of targets versus historic awards.

Our strategic and sustainability targets are focused on increasing the GHG emissions avoided through the use of our products and solutions, reducing our own GHG (Scope 1 and Scope 2), increasing the percentage of female representation across our management levels and delivering a key business transformation associated with global business services.

Given our refreshed strategy will require investment over the coming years, a final change to the PSP awards is the removal of the discretionary return on invested capital (ROIC) underpin. However, the Committee retains discretion to adjust the vesting outcomes based on underlying performance and having had regard to ROIC.

Prior to granting the 2023/24 PSP award the committee intends to undertake a final review of the performance targets allowing for the prevailing market conditions versus the time at which the proposed targets were set. Full details of the intended awards are set out on page 122.

Chair and non-executive director fees

The fees payable to the Chair and non-executive directors are reviewed annually. In line with the increase in base salaries for executive directors, the Chair fee and non-executive director base fee will be increased by 3.5% from 1st April 23 (lower than the increase to the wider workforce). The additional premiums for acting as a Chair of a committee were also reviewed and increased.

Wider employee remuneration

Paying our employees fairly for their role, skills, experience and performance is central to our approach to remuneration, and our reward framework and policies support us in doing this.

Equal pay is also critical, and we review our pay levels on an ongoing basis to ensure that employees are paid fairly. During the year we reviewed a global analysis, conducted by an independent reward consultancy (Willis Tower Watson) on pay levels and pay equity across the organisation, which showed that nearly 95% of roles are paid fairly, and we continue to make targeted actions to remove any form of potential inequality. We are also committed to the real living wage and narrowing the gender pay gap that exists among our employees, and to tackling the root causes of gender imbalance to ensure a truly inclusive culture that supports diversity. Our commitment in this area has resulted in a reduction in our gender pay gap in the UK from 9.2% to 5.6% over the past few years, and we are starting to make progress in other countries.

We aspire to offer a well-balanced, progressive and structured approach to reward, with appropriate variation by location. We also find that the non-financial reward elements are essential to a supportive culture, with the wellbeing of staff a prominent part of our employment proposition.

This year, all employees were able to provide their feedback on a range of matters, including remuneration, through The Big Listen, our annual employee engagement survey (YourSay) and local and global town hall meetings. This provided valuable employee context to decision making when considering changes to the Remuneration Policy and how the company rewards employees for the impact of their contributions.

Shareholder engagement

Ahead of the 2023 AGM, we engaged with our largest investors as well as Institutional Shareholder Services ('ISS'), The Investment Association ('IA') and Glass Lewis, to understand their views on our proposed new policy and the proposed implementation in 2023/24. The feedback we received was supportive of retaining our current approach to directors' remuneration and the minor refinements we proposed.

2023 AGM

I would like to thank shareholders for their input and engagement during the year in relation to the Remuneration Policy. We believe that our policy remains simple, transparent and effective, strongly supporting our business strategy with remuneration outcomes aligned to the shareholder experience.

I ask you to support the binding vote on Directors' Remuneration Policy and the advisory vote on this Annual Statement and the 2023 Annual Report on Remuneration at our AGM on 20th July 2023. This AGM will be my last as Chair of the Remuneration Committee as I stand down as Committee Chair with effect from the upcoming AGM but will continue on the Board until January 2024 when I will retire from the Board. I'm pleased to advise that John O'Higgins will take-over from me as the Chair of the Remuneration Committee following our AGM.

We welcome an open dialogue with our shareholders, and I will be available at the meeting to answer any questions about the work of the Remuneration Committee.

Chris Mottershead
Chair of the Remuneration Committee

Remuneration at a glance

Aligning remuneration with strategy

We will use our deep knowledge of metals chemistry to help our customers address the complex technical challenges of the four transitions – transport, energy, decarbonising chemicals production and a circular economy – by delivering sustainable products, services and technologies.

Our strategic objectives

- Invest in growth areas targeted at climate change and circularity
- Manage our established businesses to support growth
- Promote a fast-paced, efficient business and high-performance culture

KPIs

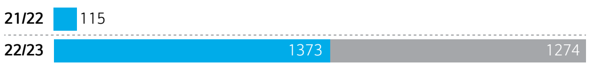
Group profit before tax	Annual Incentive Plan
Group working capital days	Annual Incentive Plan
Earnings per share	Performance Share Plan
Total shareholder return[1]	Performance Share Plan
Sustainability-related KPI[2]	Performance Share Plan

1. Measure included in awards from 2020 onwards
2. Sustainability KPI added in 2022

2023 pay outcomes

The pay breakdowns for the executive directors in 2021/22 and 2022/23 are set out below:

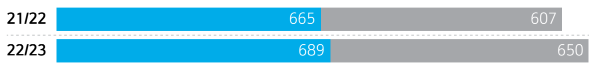
Liam Condon[1] — Chief Executive Officer



Element	2021/22	**2022/23**
Fixed pay (£'000)		
Salary	79	**950**
Benefits	24	**280**
Pension	12	**143**
Variable pay (£'000)		
Annual Incentive Plan	0	**1,274**
Performance Share Plan	0	**0**

1. Liam Condon was appointed Chief Executive Officer on 1st March 2022

Stephen Oxley[2] — Chief Financial Officer



Element	2021/22	**2022/23**
Fixed pay (£'000)		
Salary	565	**582**
Benefits	15	**20**
Pension	85	**87**
Variable pay (£'000)		
Annual Incentive Plan	607	**650**
Performance Share Plan	0	**0**

2. Stephen Oxley was appointed Chief Financial Officer on 1st April 2021

Outcomes of variable remuneration[1]

	Weighting	Liam Condon Formulaic outcome (% base salary)	Stephen Oxley Formulaic outcome (% base salary)
Annual bonus			
Profit before tax	50%	81.0%	67.5%
Working capital days (excluding PGMs)	10%	18.0%	15.0%
Working capital days (including PGMs)	10%	8.1%	6.7%
Strategic objectives	30%	27.0%	22.5%
Total	**100%**	**134.1%**	**111.7%**
Performance Share Plan			
Compound annual growth rate in earnings per share	50%	-	-
Total Shareholder return	50%	-	-

1. Liam Condon and Stephen Oxley did not hold any 2020–23 Performance Share Plan awards

Remuneration Policy

Set out below is a summary of the modest revisions to apply to the 2023 Directors' Remuneration Policy when compared against the policy approved at the 2020 AGM.

The table that follows describes each component of the Directors' Remuneration Policy, its purpose and link to strategy, how it works, the opportunity, boundaries and performance measures and any clawback or withholding conditions that apply. The policy was informed by consultation with key stakeholders, including our institutional investors and shareholder advisory bodies.

Subject to approval, the policy will apply for three years from the 2023 AGM. The key changes to the policy are set out below:

- The payout for achieving the threshold performance target under the AIP is to be reduced to 25% of the target opportunity. It was previously 15% of the maximum opportunity, which is equivalent to 30% of the target opportunity. This change represents a modest toughening of the bonus structure and affects all participants in our annual incentive plans and will result in greater focus on delivery against the Group's targeted performance levels.
- The threshold vesting percentage for each performance measure within the long-term PSP will be set at the time of each award having regard to the targets set. The vesting at threshold for each performance measure will be no more than 25%. For example, if the committee set a broader range of EPS targets than in prior years this may result in threshold vesting being as low as 0% as opposed to 15% (or higher) for that part of the award.
- Given our refreshed strategy will require investment over the coming years there will be no defined ROIC underpin applied to future PSP awards. Instead, the committee will be able to take ROIC performance into account as part of a broader discretion to adjust vesting outcomes based on an overall assessment of company performance.

Remuneration Policy Table

Purpose and link to strategy	Operation (and changes if appropriate) of the element	Potential value of element and performance measures
Base salary		
Base salary is the basic pay for doing the job. Its purpose is to provide a fair and competitive level of base pay to attract and retain individuals of the calibre required to lead the business.	Base salaries will normally be reviewed annually, and any changes normally take effect from 1st April each year. In determining salaries and salary increases, the Remuneration Committee will take account of the performance of the individual director against a broad set of parameters including financial, environmental, social and governance issues. The Remuneration Committee will also take into account the director's knowledge, contribution to the role, length of time in post, and any additional responsibilities since the last salary review, as well as the level of salary increases awarded to the wider Johnson Matthey workforce. Salaries across the group are benchmarked against a comparator group of similarly sized companies, predominantly within the FTSE, with a comparable international presence and geographic spread and operating in relevant industry sectors. New appointments or promotions will be paid at a level reflecting the executive director's level of experience in the particular role and experience at board level. New or promoted executive directors may receive higher pay increases than typical for the group over a period of time following their appointment as their pay trends toward an appropriate level for their role.	**Maximum opportunity** No salary increase will be awarded which results in a base salary which exceeds the competitive market range considered appropriate by the committee for the role. Details of the current salaries for the executive directors are included in the Annual Report on Remuneration on (see page 119).
Benefits		
Benefits are provided to support the director in his or her performance in the role. They help to remove certain day-to-day concerns from executive directors, to allow them to focus on managing and directing the business. In general, benefits will be restricted to the typical level in the relevant market for an executive director.	Benefits include, but are not limited to, medical, life and income protection insurance, medical assessments, company sick pay, and a company car (or equivalent). Other appropriate benefits may also be provided from time to time at the discretion of the Remuneration Committee. Directors' and officers' liability insurance is maintained for all directors. Directors who are required to move for a business reason may, where appropriate, also be provided with benefits such as relocation benefits (e.g. the provision of accommodation, transport or medical insurance away from their country of residence) and schooling for dependants. The company may pay the tax on these benefits. Directors may be assisted with tax advice and tax compliance services. The company will reimburse all reasonable expenses (including any associated tax charges) which the executive director is authorised to incur while carrying out executive duties.	Benefits are not generally expected to be a significant part of the remuneration package in financial terms. Car benefits will not exceed a total of £25,000 per annum. The cost of medical insurance for an individual executive director and dependants will not exceed £25,000 per annum. Company sick pay is 52 weeks' full pay.
Pension		
Provides for post-retirement remuneration, ensures that the total package is competitive and aids retention.	All executive directors will be eligible to participate in a company pension plan and/or paid a cash supplement in lieu of membership in a pension plan.	The maximum company contribution is 15% of base salary for executive directors. This is aligned to the typical cost of providing pension benefits to other employees in the UK. To the extent there is a reduction in this typical cost the company's contribution for executive directors will reduce.

Purpose and link to strategy	Operation (and changes if appropriate) of the element	Potential value of element and performance measures
Annual Incentive Plan		
The AIP provides a strong incentive aligned to strategy in the short term. It allows the board to drive and reward both financial and non-financial metrics, including leadership behaviours, in order to deliver sustainable growth in shareholder value. The AIP bonus plays a key part in the motivation and retention of executive directors, one of the key requirements for long-term growth. Bonus deferral as well as malus and clawback provisions ensure that longer- term considerations are properly taken into account in the pursuit of annual targets.	The Remuneration Committee sets the AIP performance measures and targets for each new award cycle. At the end of the year, the committee determines the extent to which these have been achieved. The committee retains the discretion to reduce any bonus award if, in its opinion, the underlying financial performance of the company has not been satisfactory in the circumstances. **Deferral** Of any bonus paid, up to 50% is paid in cash and the remaining balance is deferred into shares for a three-year period as an award under the deferred bonus plan. As defined in the relevant plan rules, no further performance conditions apply to awards under the Deferred Bonus Plan. Dividends that accrue on the deferred shares during the vesting period will be paid in either cash and/or shares at the time of vesting. **Malus and Clawback** The cash and deferred elements of the bonus are subject to malus and clawback provisions such that they can be forfeited or recouped in part or in full in the event of a misstatement of results, error in the calculation, misconduct by the individual or serious reputational damage. **Adjustments** The Remuneration Committee retains discretion to change the performance targets if there is a significant and/or material event which causes the committee to believe the original targets are no longer appropriate (e.g. to reflect material acquisitions or disposals). The Remuneration Committee also retains discretion to amend the level of annual bonuses determined by the performance condition to seek to ensure that the incentive structure for executive directors does not raise environmental, social and governance risks by inadvertently motivating irresponsible behaviour. For example, reducing or eliminating bonuses where the company has suffered reputational damage or where other aspects of performance, including leadership behaviour, have been unacceptable. The Remuneration Committee retains the ability to increase bonus awards from the formulaic outcome where there is identifiable and exceptional performance by the executive director. Bonus payments in such circumstances would remain within the maximum bonus opportunity and shareholders would be fully informed of the justification.	**Maximum opportunity and vesting thresholds** • Chief Executive Officer – 180% of base salary. • Other executive directors – 150% of base salary. Where financial measures are set the threshold performance level will result in a bonus of up to 25% of the target bonus opportunity. On-target performance will result in 50% payment of the maximum opportunity. Where non-financial targets are set, it may not be practicable to set targets on a sliding scale. **Performance measures** Bonuses are based on the achievement of demanding financial and, where appropriate, non-financial targets. The committee may use different performances and/or weightings for each performance cycle as appropriate to take into account the strategic needs of the business. However, a substantial proportion (i.e. at least 60%) will be based on key financial measures, for example, underlying PBT. Targets are set applying a robust bottom-up process to achieve full accountability. The financial performance targets are retrospectively published in the immediately following Annual Report on Remuneration. Details of last year's bonus awards are on pages 106 and120. The performance period for annual bonus purposes matches the financial year (currently 1st April to 31st March).
Performance Share Plan		
The Performance Share Plan (PSP) is designed to ensure that executives take decisions in the interest of the longer-term success of the group. Having measures that look at profitable growth and performance relative to a comparator group over the longer term ensures that the interests of executives are aligned with shareholder interest for long-term value.	Shares may be awarded each year and are subject to performance conditions tested over a minimum three- year performance period. Subject to the performance conditions being met the shares will vest after which the directors will be required to hold any vested shares until the fifth anniversary of the award. The performance targets are set by the Remuneration Committee based on internal and external growth forecasts to ensure they remain appropriate and aligned with shareholder expectations. The awards are granted in accordance with the rules of the plan approved by shareholders. The maximum award level is 250% of base salary. Awards may be granted in the form of conditional shares, nil or nominal cost options or cash (where the awards cannot be settled in shares). Dividends that accrue during the post-vesting holding period will be managed in accordance with our dividend re-investment process. **Malus and clawback** PSP awards are subject to malus and clawback provisions that can apply in the case of a misstatement of results, error in the calculation, misconduct by the individual, serious reputational damage, failures of risk management or corporate failure.	**Award levels and vesting thresholds** The maximum award level is 250% of salary. The current award levels are: • Chief Executive Officer – 250% of base salary • Other Executive Directors – 175% of salary. Threshold performance will result in vesting of up to a maximum of 25% for each performance measure. The actual threshold vesting will depend on the performance metric and the performance range set for the specific award. Vesting at maximum is 100% of the relevant part of the award, increasing on a graduated scale.

Purpose and link to strategy	Operation (and changes if appropriate) of the element	Potential value of element and performance measures
Performance Share Plan (continued)		
	Adjustment The Remuneration Committee has the power to adjust the annual award level, for example in the event of a material fall in share price, as well as the power to adjust the vesting level of an award based on the underlying performance of the company. The committee may adjust the performance measure to reflect material changes (e.g. significant acquisitions or disposals, share consolidation, share buy-backs or special dividends). Any such change would be fully explained to shareholders.	**Performance measures** PSP awards vest over a minimum three-year performance period and will be subject to financial and/or shareholder return targets. In addition, strategic and/or sustainability targets may be included in future awards. In all cases, the majority of the award will remain linked to financial and/or shareholder return targets. It is expected that during the policy period the following three metrics will form the majority of awards: a) The compound annual growth rate (CAGR) of underlying EPS; b) The Total Shareholder Return (TSR) relative to a comparator group (e.g. the FTSE 31-100 excluding financial services companies); c) Strategic and/or sustainability targets. Vesting is also subject to a broad committee discretion that will enable the committee to adjust the extent to which an award vests by exercising appropriate discretion to the formulaic outcomes in order to reflect the wider financial performance and / or circumstances of the group. The prospective weightings, targets and measures for the year commencing 1st April 2023 are shown on page 122. The Remuneration Committee retains the discretion to amend the weightings, targets and the performance measures detailed on page 122 for future awards as appropriate to reflect the business strategy.
All employee share plan		
Encourages share ownership	Executive directors are entitled to participate in the company's all-employee plan under which regular monthly share purchases are made and matched with the award of company shares, subject to retention conditions. Executive directors would also be entitled to participate in any other all-employee arrangements that may be established by the company on the same terms as all other employees.	Executive directors are entitled to participate up to the same limits in force from time to time for all employees.

Purpose and link to strategy	Operation (and changes if appropriate) of the element	Potential value of element and performance measures
Shareholding requirements		
To encourage executive directors to build a shareholding in the company and ensure the interests of management are aligned with those of shareholders	Executive directors are expected to build up a shareholding in the company over a reasonable period of time, and upon cessation of employment are expected to retain a shareholding for a period of up to two years. Shares that count towards achieving these guidelines while an executive director include: all shares beneficially owned by an executive director, or a person connected to the executive as recognised by the Remuneration Committee; deferred bonus shares and PSP awards which have vested and so are no longer subject to performance conditions but are within a holding period. Executive directors are expected to retain at least 50% of the net (after tax) vested shares that are released under the PSP and Deferred Bonus Plan until the required levels of shareholding are achieved. Executive directors are not required to make personal share purchases should awards not meet the performance conditions and so a newly appointed director may take longer to reach the expected level, depending on the company's performance against targets over the period. In addition, a director who ceases employment with the company is not required to purchase shares to satisfy the post-cessation shareholding requirement.	The minimum shareholding requirement while an executive director and for the two-year period after cessation of employment is as follows: • Chief Executive Officer – 250% of base salary. • Other executive directors – 200% of base salary. If the executive director has not been able to build up their shareholding prior to cessation they are not required to purchase shares upon cessation to satisfy the requirement. There is no requirement for non-executive directors to hold shares, but they are encouraged to acquire a holding over time.
Non-executive director fees		
To attract, retain and motivate non-executive directors with the required knowledge and experience.	Non-executive director fees are determined by the board and the non-executive directors exclude themselves from these discussions. The fees for the Chair are determined by the Remuneration Committee taking into account the views of the Chief Executive Officer. The Chair excludes himself from these discussions. Non-executive directors are paid a base fee each year with an additional fee for each committee Chair or additional role held. Non-executive director fees are reviewed every year. Any increase will take into account the market rate for the relevant positions within the comparator group of similarly sized companies with a comparable international presence and geographic spread and operating in relevant industry sectors and the experience of the individuals and the expected time commitment of the role. In exceptional circumstances, additional fees or non-executive benefits (e.g. assistance with tax filings or an allowance for intercontinental travel including any associated tax) may be payable to reflect a substantial increase in time commitment. The company will also reimburse the Chair and non-executive directors for all reasonable expenses (including any tax thereon) incurred while carrying out duties for the company.	Details of the current fee levels for the Chair and non-executive directors are set out in the Annual Report on Remuneration on page 119. The fee levels are set subject to the maximum limits set out in the company's Articles of Association.

The committee is responsible for determining, and agreeing with the board, the Directors' Remuneration Policy and has oversight of its implementation. The committee has clear terms of reference, works with management and independent advisers to develop proposals and recommendations, and exercises independent judgement when making decisions. This process is considered to manage any potential conflicts of interest.

The policy is performance focused and, given the long-term nature of JM's business, is weighted towards long-term performance and includes market standard shareholding expectations and recovery and withholding provisions.

The committee considered the principles listed in the 2018 UK Corporate Governance Code when reviewing the Directors' Remuneration Policy and took these into account in its design and implementation.

Clarity	Remuneration arrangements have defined parameters which can be transparently communicated to shareholders and other stakeholders.
Simplicity	Remuneration arrangements for executive directors consist of: • Salary, benefits, and a fixed pension contribution – set to reflect the typical rate provided to the UK workforce. • Annual Incentive Plan (AIP), a portion of which is deferred into shares. • Annual long-term Performance Share Plan (PSP) awards which provide focus on performance over the longer term. Unnecessary complexity is avoided by the committee in operating the arrangements.
Risk	The remuneration arrangements are designed to have a robust link between pay and performance, thereby mitigating the risk of excessive reward. In addition, behavioural risks are considered when setting targets for performance-related pay, and the arrangements have safeguards to ensure that pay remains appropriate, including committee discretion to adjust incentive outturns, deferral of incentive payments in shares, recovery provisions and share ownership requirements. To avoid conflicts of interest, committee members are required to disclose any conflicts or potential conflicts ahead of committee meetings. No executive director or other member of management is present when their own remuneration is under discussion.
Predictability	The committee set specific targets for different levels of performance which are communicated to the individuals and disclosed to shareholders.
Proportionality	The AIP and PSP have performance metrics that are aligned with the company's KPIs, and the payouts reflect achievement against the targets. The committee may reduce payouts under the AIP and PSP if they are not considered aligned with underlying performance. Safeguards are identified to ensure that poor performance is not rewarded.
Alignment to culture	The directors' remuneration arrangements are cascaded through the organisation ensuring that there are common goals. The committee reviews remuneration arrangements throughout the company and takes these into account when setting directors' remuneration.

Selection of performance targets

Annual Incentive Plan

Financial performance targets under the AIP are set by the Remuneration Committee with reference to the prior year and to the budgets and business plans for the coming year, ensuring the levels to achieve threshold, target or maximum payout are appropriately challenging.

The performance targets for 2023/24 are predominantly based on financial measures (70% of maximum opportunity) including budgeted underlying PBT and working capital days to ensure that there is strong attention paid to delivery of current operational plans and operational efficiency.

Commercial sensitivity precludes the advance publication of the actual bonus targets, but these targets will be retrospectively published in the Annual Report on Remuneration for 2023/24.

Performance Share Plan

The performance targets under the PSP are set to reflect the company's longer-term growth objectives at a level where the maximum represents genuine outperformance. The performance measures are currently based on underlying EPS, TSR and strategic objectives (including sustainability).

Underlying EPS is considered a simple and clear measure of absolute growth in line with the company's strategy.

TSR is considered a simple and clear performance relative to a comparator group (FTSE 31-100 excluding financial services companies).

The strategic objectives will consist of four equally weighted metrics. For 2023/24, three metrics will relate to our sustainability framework, and one will relate to a business transformation objective.

Discretion

The Remuneration Committee can exercise discretion in a number of areas when operating the company's incentive plans, in line with the relevant rules of the plan. These include (but are not limited to):

- The choice of participants
- The size of awards in any year (subject to the limits set out in the Directors' Remuneration Policy table)
- The extent of payments or vesting in light of the achievement of the relevant performance conditions
- The determination of good or bad leavers and the treatment of outstanding awards (subject to the provisions of the plan rules and the remuneration policy provisions)
- The treatment of outstanding awards and assessing performance in the event of a change of control.

In addition, if events occur which cause the Remuneration Committee to conclude that any performance condition is no longer appropriate, that condition may be substituted, varied or waived as is considered reasonable in the circumstances, in order to produce a fairer measure of performance that is not materially less difficult to satisfy.

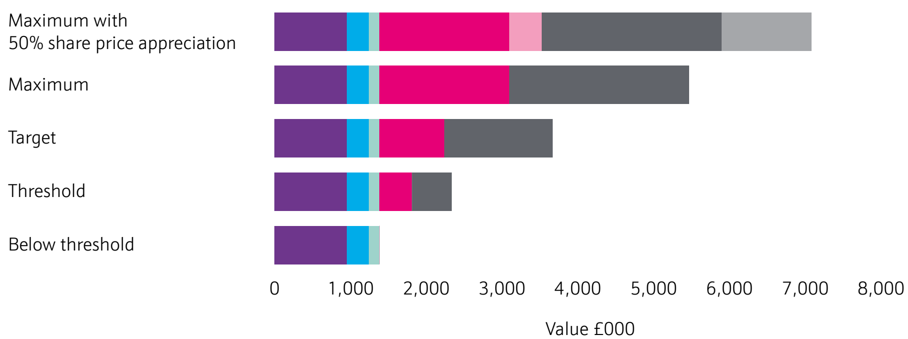
Remuneration scenarios

Below is an illustration of the potential future remuneration that could be received by each executive director for the year starting 1st April 2023, both in absolute terms and as a proportion of the total package under different performance scenarios. The value of the PSP is based on the award that will be granted in August 2023. In developing the scenarios, the following assumptions have been made:

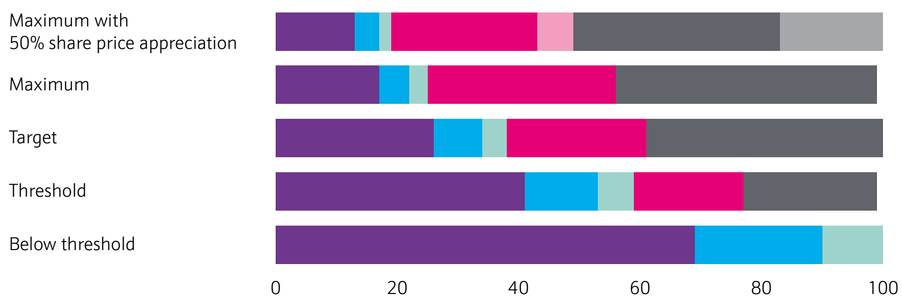
Below threshold	Only fixed elements of remuneration (base salary, pension and benefits) are payable
Threshold	Fixed elements of remuneration plus 25% of target bonus and 22% vesting of PSP award are payable
Target	Fixed elements of remuneration plus 50% of maximum bonus and 60% vesting of PSP award are payable
Maximum	Fixed elements of remuneration plus 100% of maximum bonus and 100% vesting of PSP award are payable
Maximum plus 50% share price appreciation	Maximum plus a 50% share price appreciation on the PSP award and Deferred Bonus Plan (DBP) award

Value of package

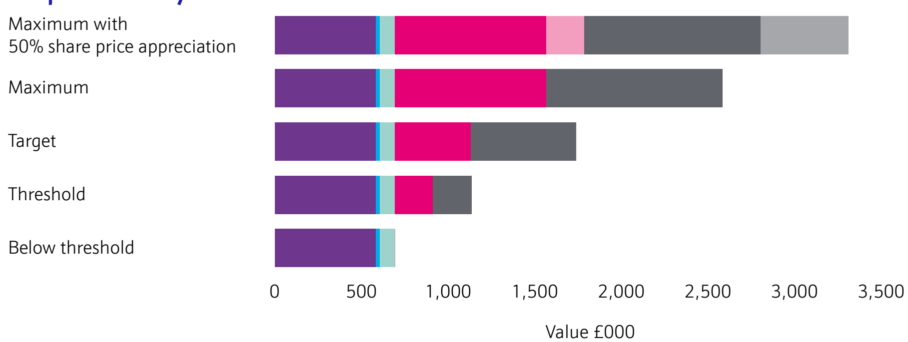
Liam Condon

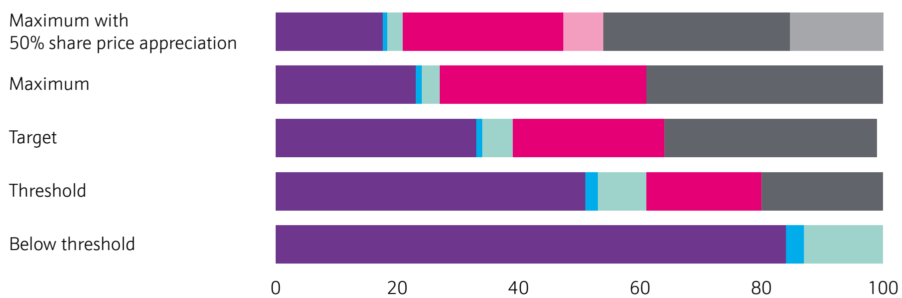


Composition of package



Stephen Oxley





Base salary · Benefits · Pension · Bonus · DBP share price appreciation · PSP · PSP share price appreciation

Group employee considerations

The Remuneration Committee considers the directors' remuneration, along with the remuneration of the Group Leadership Team (GLT), in the context of the wider employee population, and is kept regularly updated on pay and conditions across the group.

We aspire to offer a well-balanced, progressive and structured approach to reward, with appropriate variation by location. We also find that the non-financial reward elements are essential to a supportive culture, with the wellbeing of staff a prominent part of our employment proposition.

The general principle for remuneration in Johnson Matthey is to provide a competitive package of pay and benefits in all markets and at all job levels to attract and retain high-quality and diverse employees. Equal and fair pay is also a critical component of our proposition, and we regularly review our pay levels and develop actions to remove any form of potential inequality. The proportion of variable pay increases with progression through management levels, with the highest proportion of variable pay at executive director level, as defined by the Remuneration Policy.

This year, all employees were able to provide their feedback on a range of matters, including remuneration, through The Big Listen and our annual employee engagement survey (YourSay). This provided valuable employee context to decision making when considering changes to the Remuneration Policy. While we inform our employees of global changes to pay and benefits, we have not actively sought a two-way dialogue over executive pay during 2022/23.

Corporate Governance: matthey.com/corporate-governance

The table below sets out how our remuneration arrangements cascade through the organisation:

<table>
<tr><th></th><th>Executive directors</th><th>Senior managers</th><th>Middle managers</th><th>Managers</th><th>Wider workforce</th></tr>
<tr><td>Base salary</td><td colspan="4">Base salary is set with reference to the relevant local market and takes account of the employee's knowledge, experience and contribution to the role. Base salaries are usually reviewed annually and take into account local salary norms, local inflation and business conditions. Increases in base salary for directors will take into account the level of salary increases granted to all employees within the group.</td><td>Base salary is either subject to negotiation with local trade unions or follows the market pay approach outlined for managers.</td></tr>
<tr><td>Pension and benefits</td><td colspan="5">Employment-related benefits are offered in line with local market conditions.</td></tr>
<tr><td>Short-term incentives</td><td>Annual incentive based on 70% financial metrics plus 30% strategic objectives. Compulsory deferral into shares for three years.</td><td>Annual incentive based on 70% financial metrics or strategic business goals, plus 30% individual performance. Compulsory deferral into shares for three-years for certain levels within this category.</td><td colspan="2">Annual incentive based on 70% financial metrics or strategic business goals plus 30% individual performance.</td><td>Annual incentive is either subject to negotiation with local trade unions or follows the standard AIP framework with financial, non-financial and individual performance measures used.</td></tr>
<tr><td rowspan="2">Long-term incentives</td><td>PSP awards are subject to a three-year performance period and a two-year holding period. Performance conditions are designed to drive company financial performance and align with stakeholder interests.</td><td colspan="2">PSP awards are subject to a three-year performance period. Performance conditions are designed to drive company financial performance and align with stakeholder interests.

Restricted Share Plan (RSP) awards may be granted as special recognition or to motivate and retain key talent. They are typically subject to a three-year service condition.</td><td colspan="2">RSP awards may be granted as special recognition or to motivate and retain key talent. They are typically subject to a three-year service condition.</td></tr>
<tr><td colspan="5">Eligible employees may participate in JM's Share Incentive Plan (ShareMatch). Two free matching shares are awarded for every one partnership share purchased by the employee, subject to an annual maximum employee contribution of £1,500.</td></tr>
</table>

Shareholder considerations

The committee has a standard annual agenda item whereby the feedback from shareholders and investor advisory bodies is presented and discussed following the AGM. The Committee Chair is also available for questions at the AGM. The feedback that the committee receives then informs discussions for the formulation of future policy and subsequent remuneration decisions. The committee is also regularly updated on the collective views of shareholders and investor advisory bodies by its independent advisor.

As part of the policy renewal process, the Committee Chair consulted with major shareholders, as well as proxy voting bodies and shareholder advisory groups. Based on the feedback from our engagement, shareholders welcomed the proposed changes to the remuneration policy and so no amendments were required to the proposed policy.

Approach to recruitment

The recruitment policy provides an appropriate framework within which to attract individuals of the required calibre to lead a company of Johnson Matthey's size, scale and complexity. The Remuneration Committee determines the remuneration package for any appointment to an executive director position, either from within or outside Johnson Matthey.

The following table sets out the various components which would be considered for inclusion in the remuneration package for the appointment of an executive director and the approach to be adopted by the Remuneration Committee in respect of each component.

In the case of an internal promotion to the board, the company will honour any contractual commitments made prior to the promotion.

Area	Policy and operation
Overall	The policy of the board is to recruit the best candidate possible for any board position and to structure pay and benefits in line with the Remuneration Policy set out in this report. The ongoing structure of a new recruit's package would be the same as for existing directors, with the possible exception of an identifiable buy-out provision, as set out below.
Base salary or fees	Salary or fees will be determined by the Remuneration Committee in accordance with the principles set out in the policy table on page 107.
Benefits and pension	An executive director will be eligible for benefits and pension arrangements in line with the company's policy for current executive directors, as set out in the policy table on page 107.
Annual Incentive Plan	The maximum level of opportunity is as set out in the policy table on page107. The Remuneration Committee retains discretion to set different performance targets for a new externally appointed executive director, or to adjust performance targets and/or measures in the case of an internal promotion, to be assessed over the remainder of the financial year. In this case any bonus payment would be made at the same time as for existing directors, such award to be pro-rated for the time served in the performance period.
Performance Share Plan	The maximum level of opportunity is as set out in the policy table on page 107. In order to achieve rapid alignment with Johnson Matthey's and shareholder interests, the Remuneration Committee retains discretion to grant a PSP award to a new externally appointed executive director on or soon after appointment if they join outside of the normal grant period.
Replacement awards buy-out	The Remuneration Committee retains discretion to grant replacement buy-out awards (in cash or shares) to a new externally appointed executive director to reflect the loss of awards granted by a previous employer. Where this is the case, the Remuneration Committee will seek to structure the replacement award such that overall it is on an equivalent basis to broadly replicate that foregone, using appropriate performance terms. If granted, any replacement buy-out award would not exceed the maximum set out in the rules of the 2017 Performance Share Plan (350% of base salary). If the executive director's prior employer pays any portion of the remuneration that was anticipated to be forfeited, the replacement awards shall be reduced by an equivalent amount.
Other	The Remuneration Committee may agree that the company will meet certain mobility costs and relocation costs including temporary living and transportation expenses, in line with the company's prevailing mobility policy for senior executives as described in the policy table on page 107.

Service contracts and policy on payment for loss of office

The following table summarises relevant key provisions of executive directors' service contracts and the treatment of payments on termination of employment. The full contracts of service of the executive directors (as well as the terms and conditions of appointment of the non-executive directors) are available for inspection at the registered office of the company during normal business hours as well as prior to and during the forthcoming AGM.

In exceptional circumstances, the Remuneration Committee may authorise, where it considers it to be in the best interests of the company and shareholders, entering into contractual arrangements with a departing executive director, for example a settlement, confidentiality, restrictive covenant or other arrangement, pursuant to which sums not set out in the following table may become payable. Full disclosure of the payments will be made in accordance with the remuneration reporting requirements.

The table on the following page describes the contractual conditions pertaining to the contracts for Liam Condon and Stephen Oxley and for any future executive director.

Summary of key provisions of executive directors' service contracts and treatment of payments on termination

	Liam Condon	Stephen Oxley
Date of service agreement	10th November 2021	1st December 2020
Date of appointment as director	1st March 2022	1st April 2021
Employing company	Johnson Matthey Plc	
Contract duration	No fixed term.	
Notice period	No more than 12 months' notice	
Post-termination restrictions	The contracts of employment contain the following restrictions on the director for the following periods from the date of termination of employment: • non-compete – six months • non-dealing and non-solicitation of client/customers – 12 months • non-solicitation of suppliers and non-interference with supply chain – 12 months • non-solicitation of employees – 12 months.	
Summary termination – payment in lieu of notice (PILON)	The company may, in its absolute discretion, terminate the employment of the director with immediate effect by giving written notice together with payment of a sum equivalent to the director's base salary and the value of his contractual benefits as at the date such notice is given, in respect of the director's notice period, less any period of notice actually worked. The company may elect to pay the PILON in equal monthly instalments. The director is under a duty to seek alternative employment and to keep the company informed about whether they have been successful. If the director commences alternative employment, the monthly instalments shall be reduced (if appropriate to nil) by the amount of the director's gross earnings from the alternative employment. A PILON paid to a director who is a US taxpayer would be in equal monthly instalments.	
Termination payment – change of control	If, within one year after a change of control, the director's service agreement is terminated by the company (other than in accordance with the summary termination provisions), the company shall pay, as liquidated damages, one year's base salary, together with a sum equivalent to the value of the director's contractual benefits, as at the date of termination, less the period of any notice given by the company to the director.	
Termination – treatment of annual incentive awards	Annual bonus awards are made at the discretion of the Remuneration Committee. Executive directors leaving the company's employment will receive a bonus, pro-rata to service, unless the reason for leaving is resignation or misconduct. Any bonus awarded would continue to be subject to deferral as set out in the Remuneration Policy. In relation to deferred bonus awards which have already been made, shares will be released on the normal vesting date unless one of the following circumstances applies, and subject to the discretion of the Remuneration Committee: • the participant leaves as a result of misconduct; or • the participant, prior to vesting, breaches one of the post-termination restrictions or covenants contained in their employment contract, termination agreement or similar agreement. In which case the deferred awards will lapse on cessation of employment. The Remuneration Committee has the discretion to accelerate vesting of a deferred award if appropriate to do so to reflect the circumstances of the departure. It is intended that this would only be used in the event of a departure due to ill health (or death).	

Summary of key provisions of executive directors' service contracts and treatment of payments on termination (continued)

	Liam Condon	Stephen Oxley
Termination – treatment of long-term incentive awards	Employees, including executive directors, leaving the company's employment will normally lose their long-term incentive awards unless they leave for a specified "good leaver" reason (e.g. death, retirement), in which case their shares will be released on the normal release dates, subject to the performance condition. The Remuneration Committee has discretion to accelerate vesting, in which case the performance condition would be assessed based on available information at the time. In either case, unless the Remuneration Committee determines otherwise, the level of vesting shall be pro-rated to reflect the proportion of the performance period which has elapsed to the date of leaving. In the post-vesting deferral period, only those who leave due to misconduct will lose their shares.	
Redundancy arrangements	Directors are not entitled to any benefit under any redundancy payments arrangement operated by the company.	
Holiday	Upon termination for any reason, directors will be entitled to payment in lieu of accrued but untaken holiday entitlement.	

Chair and Non-Executive Directors

The Chair and each of the non-executive directors have letters of appointment. The letters of appointment do not contain any contractual entitlement to a termination payment and the non-executive directors can be removed in accordance with the company's Articles of Association. Directors are required to retire at each AGM and seek re-election by shareholders.

The details of the service contracts, including notice periods, contained in the letters of appointment in relation to the non-executive directors who served during the year are set out in the table below. Neither the Chair or the non-executive directors has provisions in his or her letter of appointment that relate to a change of control of the company.

Non-Executive Director	Committee appointments	Date of appointment	Expiry of current term	Notice period by the individual	Notice period by the company
Patrick Thomas (Chair)	R N S	1st June 2018	31st May 2024	6 months	6 months
Jane Griffiths	A R N S	1st January 2017	31st December 2025	1 month	1 month
Chris Mottershead	A R N S	27th January 2015	26th January 2024	1 month	1 month
John O'Higgins	A R N S	16th November 2017	15th November 2023	1 month	1 month
Xiaozhi Liu	A R N S	2nd April 2019	1st April 2025	1 month	1 month
Doug Webb	A R N S	2nd September 2019	1st September 2025	1 month	1 month
Rita Forst	A R N S	4th October 2021	3rd October 2024	1 month	1 month

A Audit Committee   R Remuneration Committee   N Nomination Committee   S Social Value Committee

Annual Report on remuneration

This section provides details of how the Directors' Remuneration Policy was implemented during 2022/23 and how we intend to apply it in 2023/24.

About the Remuneration Committee

All the independent non-executive directors sit on the Remuneration Committee, including the group Chair, Patrick Thomas. Details of attendance at committee meetings during the year ended 31st March 2023 are shown on page 75.

The Remuneration Committee's Terms of Reference can be found at matthey.com/REM-terms-of-reference. These include determination of fair remuneration for the Chief Executive Officer, the other executive directors and the group Chair (no director participates in discussions of their own remuneration). In addition, the committee receives recommendations from the Chief Executive Officer on the remuneration of those reporting to him, as well as advice from the Chief HR Officer, who acts as secretary to the committee.

Advisers to the committee

The committee appoints and receives advice from independent remuneration consultants on the latest developments in corporate governance and market trends in pay and incentive arrangements. The committee appointed Korn Ferry as adviser to the Remuneration Committee after a competitive tender process in 2017. The total fees paid to Korn Ferry in respect of its services to the committee during the year were £100,520 plus VAT. The fees paid to Korn Ferry are based on the standard market rates Korn Ferry has for remuneration committee advisory services.

Korn Ferry also provides consultancy services to the company in relation to certain employee and benefit matters to those below the Board. Korn Ferry is a signatory to the Remuneration Consultants Group Code of Conduct.

The committee is satisfied that the advice provided by Korn Ferry was independent and objective and that the provision of additional services did not compromise that independence. The committee is also satisfied that the team who provided that advice does not have any connection to Johnson Matthey that may impair their independence and objectivity.

Herbert Smith Freehills is the committee's legal adviser. There was no requirement during 2022/23 for Herbert Smith Freehills to provide advice to the committee. The committee is aware that Herbert Smith Freehills is one of a number of legal firms that provide legal advice and services to the company on a range of matters.

A statement regarding the use of remuneration consultants for the year ended 31st March 2023 is available at matthey.com/corporate-governance

Statement of shareholder voting

We carefully monitor shareholder voting on our Remuneration Policy and its implementation. We recognise the importance of our shareholders' continued support for our remuneration arrangements.

The next table shows the results of the polls taken on the resolution to approve the Remuneration Policy at the 2020 AGM and Annual Report on Remuneration at the 2022 AGM.

Resolution	Number of votes cast	For	Against	Votes withheld
Remuneration Policy	148,233,329	126,978,681 (85.66%)[1]	21,183,260 (14.29%)[1]	1,552,871
Annual Report on Remuneration	131,879,954	122,460,038 (92.86%)	9,419,916 (7.14%)	1,271,380

1. Percentage of votes cast, excluding votes withheld

The Remuneration Committee believes that the 85.66% vote in favour of the Remuneration Policy at the 2020 AGM and the 92.86% vote in favour of the Annual Report on Remuneration at the 2022 AGM showed strong shareholder support for the group's remuneration arrangements at that time.

Remuneration for the year ended 31st March 2023

Single total figure table of remuneration (audited)

Our Remuneration Policy operated as intended over the year, and the table below sets out the total remuneration and breakdown of the elements each director received in relation to the years ended 31st March 2023 and 31st March 2022. An explanation of how the figures are calculated follows the table.

	Base salary/fees £'000		Benefits £'000		Pension[1] £'000		Total fixed remuneration £'000		Annual incentive £'000		Long-term incentive £'000		Total variable remuneration £'000		Total remuneration £'000	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Executive directors																
Liam Condon[2]	950	79	280[5]	24	143	12	1,373	115	1,274	–	-	–	1,274	–	2,647	115
Stephen Oxley	582	565	20	15	87	85	689	665	650	607	-	–	650	607	1,339	1,272
Non-executive directors																
Patrick Thomas	376	376	-	–	-	–	376	376	-	–	-	–	-	–	376	376
Jane Griffiths[3]	86	83	-	–	-	–	86	83	-	–	-	–	-	–	86	83
Chris Mottershead	86	86	-	–	-	–	86	86	-	–	-	–	-	–	86	86
John O'Higgins	87	87	-	–	-	–	87	87	-	–	-	–	-	–	87	87
Xiaozhi Liu	68	68	-	–	-	–	68	68	-	–	-	–	-	–	68	68
Doug Webb	89	89	-	–	-	–	89	89	-	–	-	–	-	–	89	89
Rita Forst[4]	67	33	-	–	-	–	67	33	-	–	-	–	-	–	67	33

1. Represents a cash allowance in lieu of a pension
2. Liam Condon was appointed to the Board as Chief Executive Officer on 1st March 2022
3. Jane Griffiths was appointed Chair of the SVC on 1st June 2021. 2022 fee pro-rated accordingly based on 2 and 10 months
4. Rita Forst was appointed to the Board on 4th October 2021
5. Liam Condon is entitled to certain allowances and benefits associated with his international relocation. These include housing (£180k), schooling and other family disturbance allowances (£70k)

Explanation of figures

Base salary/fees	Salary paid during the year to executive directors and fees paid during the year to non-executive directors.
Benefits	All taxable benefits, such as medical and life insurance, service and car allowances, mobility allowances, matching shares under the all-employee share incentive plan and assistance with tax advice and tax compliance services, where appropriate.
Pension	The amounts shown represent the value of any cash supplements paid in lieu of pension membership.
Annual incentives	Annual bonus awarded for the year ended 31st March 2023. The figure includes any amounts deferred and awarded as shares.
Long-term incentives	The 2023 figure represents the value of shares that satisfied performance conditions on 31st March 2023. The 2022 figure represents the value of shares that satisfied performance conditions on 31st March 2022.

Annual bonus for the year ended 31st March 2023 (audited)

Liam Condon and Stephen Oxley were eligible for a maximum annual bonus of 180% of base salary and 150% of base salary, respectively. The target bonus opportunity was set at 50% of maximum and the threshold bonus opportunity was 15% of maximum.

The performance measures and weightings for the annual bonus were as follows:

	Percentage of bonus available		
	Group underlying PBT	Group working capital days[1]	Strategic objectives
Liam Condon	50%	20%	30%
Stephen Oxley	50%	20%	30%

1. Group working capital days is split 50% total working capital (including PGMs) and 50% total working capital days (excluding PGMs).

Performance targets were set by looking at:

- Previous year financial performance.
- Budgets and business plans for 2022/23. These are built from the bottom up and are subject to thorough challenge before being finalised by the board.
- Consensus of industry analysts' forecasts, provided by Vara Research.

The committee also considered the performance range for the group profit measures and concluded that given the decrease in uncertainty in the market at the time the targets were set, the range should return to between 95% and 105% of target performance. The absolute level of profit needing to be achieved was also reset to better reflect the more positive outlook at the beginning of the year. The 2022/23 targets are considered similarly challenging, if not more challenging than those set in 2021/22.

The strategic objectives were set based on well-defined key deliverables that support our strategy relating to science, customers, operations and people.

Bonus outcomes

Based on performance against the targets, total bonuses for the year ended 31st March 2023 were:

	Financial measures outcome (% base salary)	Strategic measures formulaic outcome (% base salary)	Total bonus outcome (% base salary)	Total bonus outcome (% of target)	Total value of bonus[1] (£)
Liam Condon	107.1%	27.0%	134.1%	149.0%	1,273,567
Stephen Oxley	89.2%	22.5%	111.7%	149.0%	650,133

1. 50% of this figure is deferred into conditional shares subject to a three-year vesting period with no other performance conditions. This figure represents the full bonus paid for the year

The detailed breakdown of performance against the financial targets and strategic objectives is set out in the next tables.

Financial measures

Performance measure	Bonus weighting	Unit	Outcome	Target	Threshold	Maximum	Liam Condon: Maximum bonus available (% base salary)	Liam Condon: Outcome (% base salary)	Stephen Oxley: Maximum bonus available (% base salary)	Stephen Oxley: Outcome (% base salary)
Group underlying PBT[2]	50%	£m	£399.9m	£384.6m	£365.3m	£403.8m	90	81	75	67.5
Group Working Capital Days (incl. pgms)[1]	10%	Average days	27.3 days	27.0 days	28.4 days	25.7 days	18	8.1	15	6.7
Group Working Capital Days (excl. pgms)[1]	10%	Average days	39.7 days	48.6 days	51.0 days	46.1 days	18	18	15	15
Total bonus for financial measures							**126**	**107.1**	**105**	**89.2**

1. Group underlying PBT and group working capital days are measured using Johnson Matthey's budgeted foreign exchange rates
2. Outcome includes adjustments for business unit divestments and bonus targets being based on 50% constant and 50% actual metal prices

Strategic objectives

	Objective	Assessment	Formulaic outcome (% of target bonus)	Bonus payable (% of base salary)
Liam Condon	A reduction in our ongoing operating cost as a contribution toward the three-year strategic goal of reducing our cost base by £150m.	A reduction of c. £45m was achieved, which was in excess of the target for the year.	100%	27%
	An improvement in our employment engagement score as a contribution toward our 2030 sustainability target.	Given the energy crisis and extended China lockdown we had to accelerate and broaden the scope of the business transformation, which has been unsettling for employees. As a result, there was no improvement in our engagement score and so this objective was missed.		
	Develop detailed roadmap and action plans to ensure the achievement of our sustainability targets.	Detailed roadmaps for ten sustainability targets were developed and validated by the board during the year. These roadmaps include over 100 identifiable actions in total that will ensure the delivery of our sustainability targets.		
	Win at least two large-scale strategic partnerships in Hydrogen Technologies.	Good progress has been made developing and securing partnerships in Hydrogen Technologies, plus strategic partnerships with Plug Power and Hystar have been announced.		
	Complete succession planning for Group Leadership Team with a focus on internal talent and diversity in the broadest sense, with development plans in place for potential successors.	Internal succession candidates were identified against an agreed success profile. Development actions were identified and development plans were prepared. In addition, progress continues to be made on increasing gender representation of our business leadership teams.		
	Complete investor sentiment study and take steps to attract new investors, with the aim to diversify and strengthen investment base both geographically and from an ESG-point of view.	A high level of investor engagement was had during the year with 30% more meetings with existing and prospective investors, with increasing interest from US investors. ESG has been more embedded into our investor engagement.		
Stephen Oxley	A reduction in our ongoing operating cost as a contribution toward the 3-year strategic goal of reducing our cost base by £150m.	A reduction of c. £45m was achieved, which was in excess of the target for the year.	100%	22.5%
	An improvement in our employment engagement score as a contribution toward our 2030 sustainability target.	Given the energy crisis and extended China lockdown we had to accelerate and broaden the scope of the business transformation, which has been unsettling for employees. As a result, there was no improvement in our engagement score and so this objective was missed.		
	Develop detailed roadmap and action plans to ensure the achievement of our sustainability targets	Detailed roadmaps for ten sustainability targets were developed and validated by the board during the year. These roadmaps include over 100 identifiable actions in total that will ensure the delivery of our sustainability targets.		
	Implement a finance transformation plan including clarity of the specific three-year milestones and cost reductions to be achieved.	Finance transformation is progressing with savings delivered in 2022/23 and identified for 2023/24. Financial controls, assurance and risk management has also been improved.		
	Complete the sale of at least one Value Business and be well progressed in targeting >£300m of cash from disposals by 2025.	Two businesses have been sold, with one other well progressed.		
	Complete investor sentiment study and take steps to attract new investors, with the aim to diversify and strengthen investment base both geographically and from an ESG point of view.	A high level of investor engagement was had during the year with 30% more meetings with existing and prospective investors, with increasing interest from US investors. ESG has been more embedded into our investor engagement.		

Long-term incentives

PSP awards vesting for the three-year performance period ended 31st March 2023 (audited)

The 2020 PSP awards were made in August 2020 and performance was measured over the period 1st April 2020 to 31st March 2023. After the performance period, shares are no longer subject to performance conditions, and where the performance conditions are met, the shares will vest on the fifth anniversary of the award. The awards vest on a straight-line basis between threshold (15% vesting for EPS and 25% vesting for TSR) and maximum (100% vesting). The performance condition for the 2020 award and the actual performance achieved are shown below.

	Weighting	Threshold	Maximum	Actual
Compound annual growth rate in earnings per share	50%	3%	8%	-1%
Relative total shareholder return	50%	Median (22.2%)	Upper Quartile (53.6%)	Below Threshold (6.23%)

Liam Condon and Stephen Oxley did not have 2020 PSP awards.

PSP awards granted in the year ended 31st March 2023 (audited)

The next table provides details of the PSP awards entitled to executive directors in the year ended 31st March 2023.

Executive directors	Award date	Award type	Award size (% of base salary)	Number of shares awarded	Face value[1]	% vesting at threshold[2]	End of performance period	End of holding period
Liam Condon	1st August 2022	Conditional shares	250	115,260	£2,374,990	21%	31st March 2025	1st August 2027
Stephen Oxley	1st August 2022	Conditional shares	175	49,424	£1,018,406	21%	31st March 2025	1st August 2027

1. Face value is calculated using the award share price of 2,060.55 pence, which is the average closing share price over the four-week period starting on 26th May 2022
2. Threshold vesting is 15% for the earnings per share (EPS) measure and 25% for the relative total shareholder return (TSR) measure. The value shown is the average threshold vesting for the award

The performance targets and vesting ranges for the 2022 award are set out below:

40% of performance condition

Compound annual growth rate in earnings per share

Performance	Proportion of shares vesting
<3%	0%
3%	15%
8%	100%
Between 3% and 8%	Straight-line between 15% and 100%

40% of performance condition

Relative total shareholder return

Performance	Proportion of shares vesting
Below median	0%
Median	25%
Upper quartile	100%
Between median and upper quartile	Straight-line between 25% and 100%

20% of performance condition

Sustainability scorecard (targets equally weighted)

Tonnes of GHG avoided using technologies enabled by our products and solutions		**Reduction in scope 1 and 2 GHG emissions**		**Percentage of female representation across management levels**	
Performance	Proportion of shares vesting	Performance	Proportion of shares vesting	Performance	Proportion of shares vesting
< 5.2m tonnes (MT)	0%	Below 12% reduction	0%	Below 31% representation	0%
5.2 MT	25%	12% reduction	25%	31% representation	25%
6.0 MT	100%	14% reduction	100%	32% representation	100%
Between 5.2 MT and 6.0 MT	Straight-line between 25% and 100%	Between 12% and 14% reduction	Straight-line between 25% and 100%	Between 31% and 32% representation	Straight-line between 25% and 100%

In addition to the EPS, TSR and sustainability scorecard performance conditions, the Remuneration Committee considers the performance of ROIC over the performance period to ensure that earnings growth is achieved in a sustainable and efficient manner.

Statement of directors' shareholding (audited)

The table below shows the directors' interests in the shares of the company, together with their unvested scheme interests, effective 31st March 2023.

	Ordinary shares[1]	Subject to ongoing performance conditions[2]	Not subject to further performance conditions[3]
Executive directors			
Liam Condon	31,000	145,075	–
Stephen Oxley	14,991	81,117	56,223[4]
Non-executive directors			
Patrick Thomas	13,194	–	–
Jane Griffiths	5,171	–	–
Chris Mottershead	5,718	–	–
John O'Higgins	1,500	–	–
Xiaozhi Liu	4,000	–	–
Doug Webb	6,500	–	–
Rita Forst	4,000	–	–

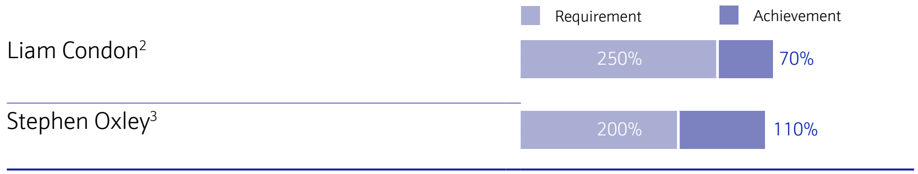
1. Includes shares held by the director and / or connected persons, including those in the all-employee share matching plan. Shares in the all-employee share matching plan may be subject to forfeiture in accordance with the rules of the plan
2. Represents unvested PSP shares within three years of the date of award
3. Represents unvested deferred bonus shares that are not subject to service conditions and the buy-out award made to Stephen Oxley on joining JM, which is subject to ongoing service conditions
4. Includes 41,500 shares awarded in year end 31st March 2022 to compensate for the loss of KMPG long-term deferred cash award

Directors' interests as at 25th May 2023 were unchanged from those listed above other than that the Trustees of the all-employee share matching plan have purchased another 130 shares for Stephen Oxley.

Executive directors are expected to achieve a shareholding guideline of 250% of base salary for the Chief Executive Officer and 200% for other executive directors, within a reasonable timeframe. The director's total shareholding for the purposes of comparing it with the minimum shareholding requirement includes shares held beneficially by the director and any connected persons (as recognised by the Remuneration Committee), together with the shares awarded under the Deferred Bonus Plan (DBP), for which there are no further performance or service conditions.

Shares that count towards achieving the post-cessation guideline include the same as those while an executive director. Executive directors are expected to retain at least 50% of the net (after tax) vested shares that are released under the PSP and DBP until the required levels of shareholding are achieved.

Executive director shareholdings as at 31st March 2023 as a percentage of base salary[1] are shown below:



1. Value of shares as a percentage of base salary is calculated using a share value of 2,145.67 pence, which was the average share price prevailing between 1st January 2023 and 31st March 2023
2. Liam Condon was appointed Chief Executive Officer on 1st March 2022 and will build his shareholding over a reasonable timeframe
3. Stephen Oxley was appointed Chief Financial Officer on 1st April 2021 and will build his shareholding over a reasonable timeframe

Pension entitlements (audited)

No director is currently accruing any pension benefit in the group's pension schemes. Both Liam Condon and Stephen Oxley receive an annual cash payment in lieu of pension membership, equal to 15% of base salary. This is in line with pension provision for the wider workforce.

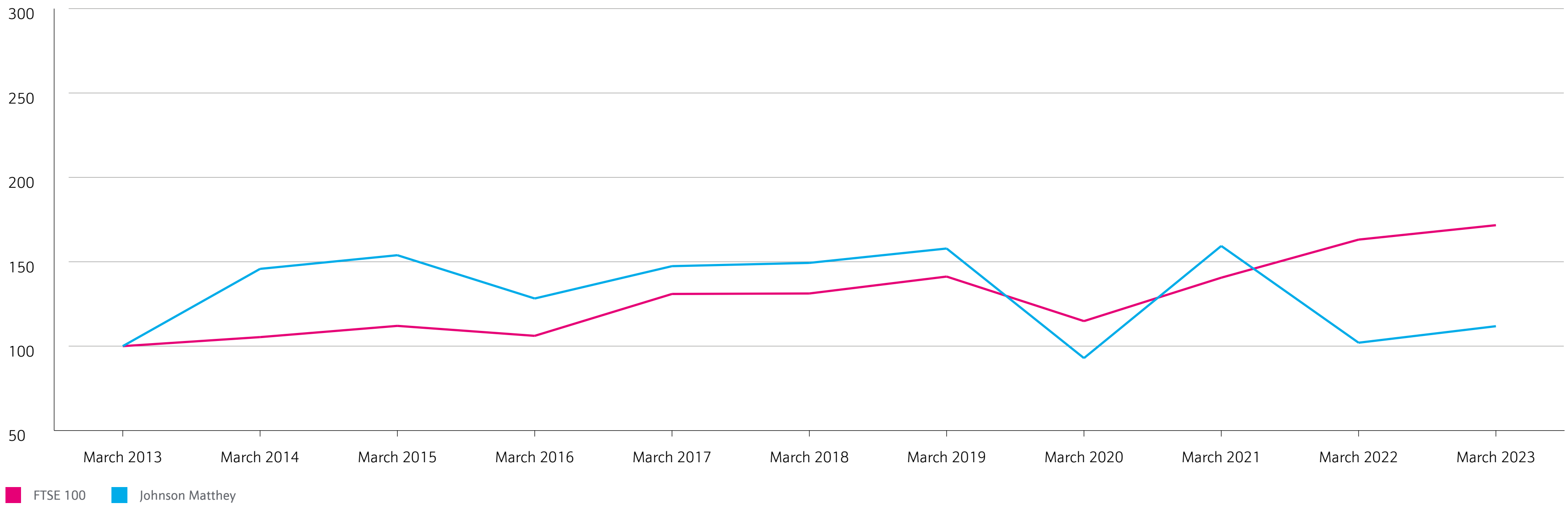
Payments to former Chief Executive (Robert MacLeod)

Robert MacLeod received a total of £325,401 in salary and benefits prior to retirement on 21st July 2022 (comprising of £264,720 basic pay, £54,048 pension and £6,633 benefits).

Performance graph and comparison to Chief Executive Officer's remuneration

Johnson Matthey and FTSE 100 total shareholder return rebased to 100

The following chart illustrates the total cumulative shareholder return of the company for the ten-year period from 1st April 2013 to 31st March 2023 against the FTSE 100 as the most appropriate comparator group when considering our market capitalisation over the period, rebased to 100 at 1st April 2013.



Historical data regarding Chief Executive Officer's remuneration

	2012/13	2013/14[1]	2014/15[2]	2015/16[3]	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22[4]	**2022/23[6]**
Single total figure of remuneration (£000)	3,025	3,855	2,539	1,429	1,971	2,013	2,784	1,462	2,532	1,672	2,647
Annual incentives (% of maximum)	–	71	54	15	40	69	45	26	98	42	75
Long-term incentives (% of award vesting)[5]	100	75	–	33	28	–	67	–	–	–	-

1. Figures before to 2014/15 are in respect of Neil Carson
2. The figures for 2014/15 are in respect of both Robert MacLeod and Neil Carson, who both held the position of Chief Executive Officer in the year. The single total figure of £2,539k comprises £1,594k for Robert MacLeod and £945k for Neil Carson
3. Figures from 2015/16 to 2020/21 are in respect of Robert MacLeod
4. The figures for 2021/22 are in respect of both Robert MacLeod and Liam Condon, who both held the position of Chief Executive Officer in the year. The single total figure of £1,672k comprises £1,557k for Robert MacLeod and £115k for Liam Condon. The value shown for annual incentives relates to Robert MacLeod only because Liam Condon was not eligible to participate in the AIP in 2021/22
5. Vesting of long-term incentive awards whose three-year performance period ended in the financial year shown
6. Figures for 2022/23 are in respect of Liam Condon

Change in directors' remuneration

The table below shows how the remuneration of directors, both executive and non-executive, has changed over the year ended 31st March 2023. This is then compared to employees of Johnson Matthey Plc.

	2023			2022			2021		
	Salary	**Bonus**	**Benefits**	Salary	Bonus	Benefits	Salary	Bonus	Benefits
Executive directors									
Liam Condon[1]	0%	–	–	–	–	–	–	–	–
Stephen Oxley[2]	3%	7%	–	–	–	–	–	–	–
Non-executive directors									
Patrick Thomas	0%	0%	0%	2%	0%	0%	0%	0%	0%
Jane Griffiths	3%[10]	0%	0%	24%[3]	0%	0%	0%	0%	0%
Chris Mottershead	0%	0%	0%	2%	0%	0%	0%	0%	0%
John O'Higgins	0%	0%	0%	10%[4]	0%	0%	27%	0%	0%
Xiaozhi Liu	0%	0%	0%	2%	0%	0%	0%	0%	0%
Doug Webb	0%	0%	0%	10%[5]	0%	0%	31%	0%	0%
Rita Forst[6]	100%[11]	0%	0%	–	–	–	–	–	–
Comparator group									
JM Plc employees	8%[7]	-10%[8]	0%[9]	6%[7]	4%	0%	2%	312%	0%

1. Liam Condon was appointed Chief Executive Officer on 1st March 2022, so no change in compensation can be calculated for 2021 or 2022. No change in bonus can be calculated for 2023 as not eligible in 2022
2. Stephen Oxley was appointed Chief Financial Officer on 1st April 2021, so no change in compensation can be calculated for 2021 or 2022
3. Represents the additional fee received for taking the SVC Chair position on 1st June 2021 and annual fee review
4. Represents the additional fee received for taking the Senior Independent Director role on 23rd July 2020 and annual fee review
5. Represents the additional fee received for taking the Audit Committee Chair role on 23rd July 2020 and annual fee review
6. Rita Forst was appointed to the board on 4th October 2021, so no change in compensation can be calculated for 2021 or 2022
7. Includes promotions and market adjustments
8. The percentage change in bonus was calculated based on the change in bonus accrual taken for Johnson Matthey Plc (JM Plc) employees, excluding the directors, for the 2021/22 and 2022/23 years and for the 2020/21 and 2021/22 years, respectively
9. There has been no change to the benefits policy for JM Plc employees; therefore, a 0% change has been reported
10. Represents the additional fee received for taking the SVC Chair position on 1st June 2021, which was pro-rated in 2022
11. Rita Forst was appointed to the Board on 4th October 2021 and received a pro-rated fee for 6 months in 2022 and full fee based on 12 months in 2023

Relative spend on pay

The table below shows the absolute and relative amounts of distributions to shareholders and the total remuneration for the group for the years ended 31st March 2022 and 31st March 2023.

	Year ended 31st March 2022 £ million	**Year ended 31st March 2023 £ million**	% change
Payments to shareholders – special dividends	–	–	–
Payments to shareholders – ordinary dividends	139	141	1%
Share buyback[1]	155	45	
Total remuneration (all employees)[2]	718	732	2%

1. On 13th May 2022, the company completed its £200 million share buyback programme which commenced on 21st December 2021. During the year the company purchased 2,271,920 shares at a cost of £45 million
2. Figure is for all operations (excluding Health) and excludes termination benefits

Chief Executive Officer to employee pay ratio

The table below shows the ratio of Chief Executive Officer to employee pay for 2020-2023. We have compared the single total figure of remuneration for the Chief Executive Officer to the total pay and benefits of UK employees, on a full-time equivalent basis, who are ranked at the lower quartile, median and upper quartile across all UK employees effective 31st March 2023.

We believe that using total pay and benefits for the year ending 31st March 2023 provides a like-for-like comparison to the Chief Executive Officer pay data.

Chief Executive Officer pay ratio	2020	2021	2022[1]	2023
Method	Total pay and benefits in 2019/20	Total pay and benefits in 2020/21	Total pay and benefits in 2021/22	Total pay and benefits in 2022/23
Chief Executive Officer single figure	£1,462,000	£2,532,000	£1,672,000[2]	£2,646,222
Upper quartile	22:1	35:1	20:1	37:1
Median	28:1	45:1	28:1	49:1
Lower quartile	36:1	57:1	35:1	60:1

1. Chief Executive Officer pay ratio revised to include employee bonuses payable in relation to 2021/22. This changed upper quartile from 36:1 to 20:1, median from 34:1 to 28:1 and lower quartile from 41:1 to 35:1
2. The Chief Executive Officer single figure for 2021/22 is in respect of both Robert MacLeod and Liam Condon, who both held the position of Chief Executive Officer in the year. The single total figure of £1,672,000 comprises £1,557,000 for Robert MacLeod and £115,000 for Liam Condon

Bonus data for UK employees was left out of the 2023 calculation because it was not administratively possible to calculate these bonuses before the publication of this report. However, the calculation will be revised to include these bonuses once available and will be disclosed in the 2024 report. Excluding the 2022/23 bonus payable to the Chief Executive Officer from the calculation would result in the following pay ratios: lower quartile – 29:1, median – 23:1 and upper quartile – 18:1.

The salary and total pay for the individuals identified at the lower quartile, median and upper quartile positions in 2023 are set out below:

2023	Salary[1]	Total pay
Upper quartile individual	£59,278	£72,086
Median individual	£47,149	£54,458
Lower quartile individual	£38,401	£44,108

1. Includes shift allowance

Our principles for pay setting and progression are consistent across the organisation. Underpinning our principles is a need to provide a competitive total reward to enable the attraction and retention of high-calibre individuals and giving the opportunity for individual development and career progression. The pay ratios reflect the difference in role accountabilities that are recognised through our pay structures and the greater variable pay opportunity for more senior positions. The Chief Executive Officer's variable pay opportunity is higher than those employees noted in the table reflecting the weighting towards long-term value creation and alignment with shareholder interests inherent in this role.

The movement in our Chief Executive Officer to employee pay ratio between 2020-2023 is driven by the different bonus outcomes and fixed income for the Chief Executive Officer in each of these years. There have been no other changes to remuneration arrangements for our UK employees that would affect the CEO pay ratio.

We are satisfied that the median pay ratio is consistent with our wider pay, reward and progression policies for employees. All our employees have the opportunity for annual pay increases, career progression and development opportunities.

Implementing the Directors' Remuneration Policy for 2023/24

The table below sets out how the Remuneration Committee intends to apply the Directors' Remuneration Policy for the year ended 31st March 2024.

Salary	The Chief Executive Officer and Chief Financial Officer both received a pay increase of 3.5%. This is below the increase awarded to other UK employees.
Benefits	No change to policy applied in 2023/24.
Pension	All executive directors will have a maximum pension cash supplement of 15%.
Annual incentives	The maximum bonus opportunity for 2023/24 remains unchanged at 180% of salary for the Chief Executive Officer and 150% of salary for the Chief Financial Officer. 2023/24 bonus will be based on underlying profit before tax (50%), working capital (20%) and strategic and transformation objectives (30%). Targets for the Chief Executive Officer and Chief Financial Officer will be based on group performance. The 2023/24 targets are considered similarly challenging, if not more challenging to those set in 2022/23, when accounting for the divestments in the year and uncertain economic outlook. The recalibration of targets has been set taking this into account as well as internal and external planning. To the extent that metal prices move outside a defined corridor the Remuneration Committee will rebase the targets such that they are similarly challenging as when the targets were originally set. The Remuneration Committee considers the forward-looking targets to be commercially sensitive but full retrospective disclosure of the actual targets will be included in next year's Directors' Remuneration report. 50% of any bonus paid will be deferred in shares for three years, and the payment of any bonus is subject to appropriate malus and clawback provisions.
Long-term incentives	The Chief Executive Officer award level is 250% of base salary and the Chief Financial Officer award level is 175% of base salary. These award levels are in line with our remuneration policy. The long-term Performance Share Plan will be based on EPS growth targets (30% of the award), relative TSR performance (40% of the award) and specific and measurable strategic objectives (30% of award). The range of annualised EPS growth targets that the committee intends to set for the 2023/24 awards is 1% per annum growth for threshold (15%) vesting, rising to 7% per annum growth for maximum vesting (100%). Vesting will be on a straight-line basis between 1% and 7%. The committee considered the effect of metal price volatility on potential outcomes and, as a result, earnings will be assessed 50% against actual metal prices and 50% against constant metal prices. The committee believes that this will allow for a more accurate assessment of underlying business performance. The TSR target will be 25% vesting for median performance, increasing on a straight-line basis to 100% vesting for upper quartile performance. The TSR peer group will be the FTSE 31 – 100 (excluding financial services companies). The committee considers that this comparator group remains the most appropriate given our current market capitalisation. The strategic objectives scorecard will consist of four equally weighted metrics. Threshold vesting will be 25%, increasing on a straight-line basis to 100% at maximum. The four metrics are as follows: • Products and services – tonnes of GHG avoided during the period using technologies enabled by our products and solutions, compared to conventional solutions, where threshold vesting will be 8.0 million tonnes GHG avoided and maximum will be 12.0 million tonnes GHG avoided. • Operations – reduction in Scope 1 and 2 GHG emissions (from the 2020 baseline), where threshold vesting will be achieved for a 20% reduction in GHG emissions and maximum vesting for a 25% reduction in GHG emissions. • People – percentage of female representation across our management levels, where threshold vesting will be achieved at 32% female representation at management levels and maximum at 33% female representation at management levels. • Business transformation – establish global business services and deliver a reduction in associated employment costs (from the 2022 baseline). The performance range is commercially sensitive and will be disclosed at such a time when it is no longer considered commercially sensitive. Awards vest in year three and are then subject to a two-year holding period.
Chairman and non-executive director fees	The fees for the Chair and non-executive directors were reviewed during the year and increased in line with the increase awarded to executive directors.

This Remuneration Report was approved by the Board of Directors on 25th May 2023 and signed on its behalf by:

Chris Mottershead
Chair of the Remuneration Committee

Directors' report

Statutory and other information

The Directors' report required under the Companies Act 2006 (2006 Act) comprises the Governance report (pages 73 to127), including the Sustainability report for our disclosure of carbon emissions, which is included in the Strategic report (pages 20 to 44). The management report required under Disclosure Guidance and Transparency Rule 4.1.8R comprises the Strategic report (pages 1 to 72), which includes the risks relating to our business, and the Directors' report.

Index of disclosures referred to elsewhere in the report

Listing Rule 9.8.4R

Details of the disclosures to be made under Listing Rule 9.8.4R are listed below.

There are no other applicable disclosures.

Other disclosures	
Dividend reinvestment plan	A dividend reinvestment plan is available. This allows shareholders to purchase additional shares in Johnson Matthey Plc with their dividend payment. Further information and a mandate can be obtained from our registrar, Equiniti, and on our website: matthey.com
Directors' indemnities and insurance	Johnson Matthey Plc has granted indemnities to each Johnson Matthey Plc director and the directors of the group's subsidiaries in respect of certain liabilities arising against them in the course of their duties. Neither Johnson Matthey Plc or any subsidiary has indemnified any director of the Company or a subsidiary in respect of any liability that they may incur to a third party in relation to a relevant occupational pension scheme. The Company maintains appropriate directors' and officers' liability insurance.
Conflicts of interest	The Board has a policy for identifying and managing directors' conflicts of interest, which extends to cover close family members. The Board annually reviews external appointments to consider any potential or actual conflict of interest. If a conflict of interest is declared, the Board will review the authorisation and terms associated, to ensure that all matters presented to the Board are considered solely with a view to promoting JM's business success. For the year under review, there were no potential or actual conflicts of interest.
External appointments	The Board approves all external appointments in advance of acceptance. If an external appointment arises between meetings, this is considered by the Chair and Chief Executive Officer, with the assistance of the Company Secretary. In approving each additional external appointment, the Board assesses time commitment to ensure that no directors are considered over boarded.

Other disclosures	
Directors' reappointment	Johnson Matthey Plc's Articles of Association (the Articles) provide the rules on director appointments and are consistent with the recommendation contained within the Code. All directors retire and are eligible for re-election at each AGM (except any director appointed after the notice of an AGM meeting is published and before that AGM is held).
Directors' powers	The powers of the directors are determined by the Articles, UK legislation including the 2006 Act, and any directions given by the Company in general meetings. The directors are authorised by the Company's Articles to issue and allot ordinary shares and to make market purchases of its own shares. These powers are referred to shareholders for renewal at each AGM. Further information is set out below under 'Authority to purchase own shares'.
Constitution	
Articles of Association	The Articles may only be amended by a special resolution at a general meeting of the Company. The Articles were adopted on 17th July 2019 and are available on our website: matthey.com/corporate-governance.
Branches	The Company and its subsidiaries have established branches in several different countries in which they operate.
Change of control	As at 31st March 2023 and as at the date of approval of this Annual Report, there were no significant agreements, to which the company or any subsidiary was or is a party to, that take effect, alter or terminate on a change of control of the Company, whether following a takeover bid or otherwise. However, the Company and its subsidiaries were, as at 31st March 2023, and as at the date of approval of this report, party to a number of commercial agreements. These may allow counterparties to alter or terminate the commercial agreements on a change of control of JM following a takeover bid. These are not deemed significant in terms of their potential effect on the group. The group also has a number of loan notes and borrowing facilities that may require prepayment of principal and payment of accrued interest and breakage costs if there is a change of control of JM. The group has entered into a series of financial instruments to hedge its currency, interest rate and metal price exposures, which provide for termination or alteration if a change of control at JM materially weakens the creditworthiness of the group. The executive directors' service contracts each contain a provision to the effect that, if the contract is terminated by the Company within one year after a change of control of the Company, JM will pay an amount equivalent to one year's gross base salary and other contractual benefits, less the period of any notice given by the Company, to the director as liquidated damages. The rules of the Company's employee share schemes set out the consequences of a change of control of the Company on participants' rights under the schemes. Generally, the rights will vest and become exercisable on a change of control, subject to the satisfaction of relevant performance conditions. As at 31st March 2023, and as at the date of approval of this Annual Report, there were no other agreements between the Company, any subsidiaries and directors or employees, providing compensation for loss of office or employment (through resignation, purported redundancy or otherwise) that occurs due to a takeover bid.
Stakeholders and policies	
Suppliers	We recognise the importance of good supplier relationships to our overall success. Further information on our payment practices is on the UK government's reporting portal. *Read more about our Supplier Code of Conduct and our engagement with suppliers during the year on page 40*
Political donations	No political donations or contributions to political parties under the 2006 Act have been made during the year. The group policy is that no political donations be made or political expenditure incurred.
Events occurring after the reporting period	There have been no important events affecting Johnson Matthey Plc or any subsidiary between 31st March 2023 and the date of approval of this annual report, 25th May 2023.

Shareholders and share capital	
AGM	Our 2023 AGM will be held on Thursday 20th July 2023 at 11.00 am at Herbert Smith Freehills, Exchange House, 12 Primrose Street, London EC2A 2EG. We will provide a live webcast and telephone conference so shareholders can also participate virtually and ask questions in real time. Details on how to join are included in the Notice of AGM. In the Notice, we propose separate resolutions on each substantially separate issue. For each resolution, shareholders may direct their proxy to vote either for or against or to withhold their vote. A 'vote withheld' is not legally a vote and will not be counted in the calculation of the proportion of the votes cast. All AGM resolutions are decided with an electronic poll, with the results announced as soon as possible and posted on our website. This poll will show votes for and against, as well as votes withheld.
Authority to purchase own shares	At the 2022 AGM, shareholders authorised Johnson Matthey Plc to make market purchases of up to 18,312,226 ordinary shares of 110 $_{49/53}$ pence each, representing 10% of the then issued share capital of the company (excluding treasury shares). Any shares so purchased by Johnson Matthey may be cancelled or held as treasury shares. This authority will cease at the conclusion of the 2023 AGM, and shareholders will be asked to give a similar authority at the AGM. There were no share allotments during the year.
Rights and obligations attaching to shares	The rights and obligations attaching to the ordinary shares in Johnson Matthey Plc are set out in the Articles. As at 31st March 2023, and as at the date of approval of this Annual Report, there were no restrictions on the transfer of ordinary shares in the Company, no limitations on the holding of securities and no requirements to obtain the approval of the Company, or of other holders of securities in Johnson Matthey Plc, for a transfer of securities – except as referred to below. The directors may, in certain circumstances, refuse to register the transfer of a share in certificated form that is not fully paid up, where the instrument of transfer does not comply with the requirements of the Company's Articles, or if entitled under the Uncertificated Securities Regulations 2001. As at 31st March 2023 and as at the date of approval of this report: • No person held securities in Johnson Matthey Plc carrying any special rights with regard to control of the Company • There were no restrictions on voting rights (including any limitations on voting rights of holders of a given percentage or number of votes or deadlines for exercising voting rights), except that a shareholder can only vote in respect of a share if it is fully paid • There were no arrangements by which, with the Company's cooperation, financial rights carried by shares in the Company are held by a person other than the holder of the shares • There were no agreements known to the Company between holders of securities that may result in restrictions on the transfer of securities or on voting rights.
Nominees, financial assistance and liens	During the year: • No shares in Johnson Matthey Plc were acquired by the Company's nominee, or by a person with financial assistance from the Company, in either case where the Company has a beneficial interest in the shares (and no person acquired shares in the Company in any previous financial year in its capacity as the Company's nominee or with financial assistance from the Company) • The Company did not obtain or hold a lien or other charge over its own shares.
Allotment of securities for cash and placing of equity securities	During the year neither Johnson Matthey Plc or any major subsidiary undertaking of the Company has allotted equity securities for cash. During the year, JM has not participated in any equity securities' placing.
American Depositary Receipt programme	Johnson Matthey has a sponsored Level 1 American Depositary Receipt (ADR) programme, which BNY Mellon administers and for which it acts as Depositary. Each ADR represents two ordinary Johnson Matthey shares. The ADRs trade on the US over-the-counter market under the symbol JMPLY. When dividends are paid to shareholders, the Depositary converts those dividends into US dollars, net of fees and expenses, and distributes the net amount to ADR holders.
Employee share schemes	At 31st March 2023, 3,211 current and former employees were shareholders in Johnson Matthey Plc through the group's employee share schemes. Through these schemes, current and former employees held 2,773,189 ordinary shares or 1.51% of issued share capital, excluding treasury shares. Also as at 31st March 2023, 2,930,062 ordinary shares had been awarded but had not yet vested, under the Company's long-term incentive plans, to 407 current and former employees. Shares acquired by employees through JM's employee share schemes rank equally with the other shares in issue and have no special rights. Voting rights in respect of shares held through the Company's employee share schemes are not exercisable directly by employees. However, employees can direct the trustee of the schemes to exercise voting rights on their behalf. The trustee of the Company's Employee Share Ownership Trust (ESOT) has waived its right to dividends on shares held by the ESOT, which have not yet vested unconditionally to employees.

Shareholders and share capital

Interests in voting rights

The following information has been disclosed to the Company under the FCA's Disclosure Guidance and Transparency Rules in respect of notifiable interests in the voting rights in Johnson Matthey Plc's issued share capital:

As at 31st March 2023:	Nature of holding	Total voting rights[1]	% of total voting rights[2]
Bank of America Corporation	Indirect[3]	17,234,329	9.39
BlackRock, Inc.	Indirect[3]	20,545,316	11.73
Jefferies Financial Group	Direct	10,540,153	5.74
Standard Latitude Master Fund Ltd	Direct	9,655,039	5.23

1. Total voting rights attaching to the issued ordinary share capital of the company (excluding treasury shares) at the time of disclosure to the Company
2. % of total voting rights at the date of disclosure to the Company
3. Indirect holdings include qualifying financial instruments and contract for differences

Other than as stated above, as far as the Company is aware, there is no person with a significant direct or indirect holding of securities in Johnson Matthey Plc. This information was correct at the date of notification. However, since notification of any change is not required until the next notifiable threshold is crossed, these holdings are likely to have changed. Between 31st March 2023 and the date of this report, 24th May 2023, the Company has been notified of changes in the following interests:

	Nature of holding	Total voting rights[1]	% of total voting rights[2]
Bank of America Corporation	Indirect[3]	21,966,209	11.98
BlackRock, Inc.	Indirect[3]	20,516,280	11.16

1. Total voting rights attaching to the issued ordinary share capital of the company (excluding treasury shares) at the time of disclosure to the company
2. % of total voting rights at the date of disclosure to the company
3. Indirect holdings include qualifying financial instruments and contract for differences

Contracts with controlling shareholders

During the year there were no contracts of significance (as defined in the FCA's Listing Rules) between any group undertaking and a controlling shareholder, and no contracts for the provision of services to any group undertaking by a controlling shareholder.

Responsibilities of directors

Statement of directors' responsibilities in respect of the Annual Report and Accounts

The directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the group and the parent company financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's and parent company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Governance section of the Annual Report and Accounts, confirm that, to the best of their knowledge:

- the group and parent company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the group and parent company, and of the loss of the group; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the group and parent company, together with a description of the principal risks and uncertainties that it faces.
- In the case of each director in office at the date the directors' report is approved:
- so far as the director is aware, there is no relevant audit information of which the group's and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and parent company's auditors are aware of that information.

The Directors' report and responsibilities statement was approved by the Board on 25th May 2023 and is signed on its behalf by:

Nick Cooper
General Counsel and Company Secretary

Independent auditors' report to the members of Johnson Matthey Plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Johnson Matthey Plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2023 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated Statement of Financial Position and Parent Company Statement of Financial Position as at 31 March 2023; the Consolidated Income Statement and Consolidated Statement of Total Comprehensive Income, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and Parent Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 4, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We conducted a full scope audit or specified procedures at 32 business units which together account for 83% of group revenue and 71% of group underlying profit before tax from continuing operations.
- We maintained regular contact with our component teams and evaluated the outcome of their audit work.

Key audit matters

- Refinery metal accounting (group and parent)
- Carrying value of goodwill (group and parent)
- Uncertain tax provisions (group and parent)
- Claims, uncertainties and other provisions (group and parent)

Materiality

- Overall group materiality: £21.1 million (2022: £21.8 million) based on approximately 5% of the three year average profit before tax from continuing operations, adjusted for loss on disposal of businesses, gains and losses on significant legal proceedings, major impairment and restructuring charges.
- Overall company materiality: £60 million (2022: £60 million) based on 1% of total assets. However the materiality is capped at £20 million (2021: £20 million) for the purpose of the audit of the consolidated financial statements, this being the maximum allocation of group materiality to a component.
- Performance materiality: £15.8 million (2022: £16.3 million) (group) and £15 million (2022: £15 million) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Claims, uncertainties and other provisions is a new key audit matter this year. Divestment of the Health business and Battery Materials exit, which were key audit matters last year, are no longer included because these represent transactions that have been less complex and required less audit effort from the engagement team in the current year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Refinery metal accounting (group and parent) Refer to the Significant issues considered by the Audit Committee within the Audit Committee Report and note 1 and 36 to the financial statements. As part of its refining activities the group processes a significant amount of metal on behalf of third parties, whereby the group must return pre-agreed recoverable quantities of refined metal to those parties at an agreed date. Any metal in excess of this pre-agreed quantity is retained by the group. As such, the group makes an estimate of how much metal it will recover as part of its refining operations. The majority of metal processed at refineries is owned by customers and is not held on the financial balance sheet of the group. As such, the group performs a metal balance sheet reconciliation to ensure quantities of precious metals held at year-end are appropriately understood, classified as either owned by Johnson Matthey or the customer and reconciled to its financial position. This ensures that only the group-owned inventory is recorded on the balance sheet and that the price allocated to this owned inventory is at the lower of cost and net realisable value. During the refining process there are a series of complex estimates including: (i) Estimation of the level of metal contained in the carrier material entering the refining process, the refined metal that leaves the refining process, and the residual metal in the refining process at year-end; (ii) Estimates of the process losses of precious metals that may be lost during the refining and fabrication process, and the adequacy of these provisions; (iii) Estimates of the metal in the refinery process as informed by refinery stocktakes, and the subsequent sampling and assaying to assess the precious metal content in stocktake samples; and (iv) Estimates of the net realisable value of unhedged metal held at year-end. Each of these estimates impacts different areas of the audit. The refining process and its associated estimates are an area of focus for our audit due to the inherent complexity of the accounting and amount of metal processed are deemed a significant risk due to the inherent complexity of the accounting and amount of metal processed.	We evaluated the design and operation of key controls at the main refining locations over refinery stocktakes and metal assaying procedures. We tested that the metal balance sheet was prepared and reviewed on a monthly basis. We tested the classification of precious metals at year-end on the metal balance sheet, to determine if metal was owned by the group or the customer. Our procedures included sending confirmations to customers, and testing the balance of customer metal that was in the refining process, but not contractually due. We assessed management's policy for recognising stocktake gains and losses arising from stocktakes. We attended physical stock counts at sites where these were performed by management. The purpose was to verify the existence of inventory and adherence to the group's stocktake processes, and the reasonableness of stocktake gains and losses at these sites. We assessed the underlying controls that have been implemented by management, to monitor potential inventory gains or losses through the refining process and stocktake results, to assess the likelihood and quantum of process losses (if any) of metal between the date of the stocktake and the year-end date. We assessed process loss provisions compared to historical metal gain revenue and refinery stocktake results. We tested that all unhedged metal was being held at the lower of cost and net realisable value, on an individual metal by metal methodology, with reference to external metal price data. We considered the adequacy of the group's disclosures about the degree of estimation involved in arriving at the value of metal inventory. Based on the procedures performed, we noted no material issues arising from our work.

Key audit matter	How our audit addressed the key audit matter
Carrying value of goodwill (group and parent) Refer to the Significant issues considered by the Audit Committee within the Audit Committee Report and notes 1, 5, 13, 36 and 38 to the financial statements. The group holds goodwill of £364 million (2022: £366 million) at 31 March 2023. Of this amount, £113 million (2022: £113 million) is held within the parent company. The group has significant goodwill arising from the acquisition of businesses and the carrying value is dependent on the financial performance of the cash generating unit (CGU) to which it relates. The two largest CGUs are Catalyst Technologies and Clean Air Heavy Duty Catalysts which account for £268m (2022: £266m) and £87m (2022: £83m) respectively of goodwill at 31 March 2023. The goodwill held in the parent company relates to the Catalyst Technologies CGU. The impairment assessments prepared by management reflect its best estimates of future cashflows. These estimates contain significant uncertainty and are inherently judgemental in nature, where changes in the key assumptions can result in materially different impairment charges or available headroom. As set out in note 1 management has considered the impacts of climate change in their models. This is therefore an area of focus in our audit procedures. In the year, an impairment charge of £4 million was recorded against goodwill in relation to the Diagnostic Services CGU as the fair value of the proceeds less costs to dispose was lower than the carrying value. Management's assessment of the goodwill in the other CGUs concluded that no impairment was required. Management included disclosures to explain its key judgements and estimates as part of notes 1 and 5.	We obtained management's value in use goodwill impairment models and agreed the forecast cash flows to board-approved budgets, assessed how these budgets are compiled, confirmed data accuracy and understood key related judgements and estimates. We assessed management's historical forecasting accuracy by comparing the prior year forecasts with actual results. This informed our independent sensitivity analysis. We performed work over each material CGU being the Catalyst Technologies and Clean Air Heavy Duty Catalysts CGUs. The nature and extent of work was commensurate with the level of headroom and sensitivity of the CGU to impairment. Our testing was focused on the key assumptions in the board-approved three year forecasts and we corroborated the assumptions to supporting evidence which included both internal and external sources of evidence. In addition, we assessed the appropriateness and impact of the specific growth assumptions applied by management for the period after the year three forecast but before a long term growth rate is applied (typically year ten). Management has included certain key assumptions relating to climate change. These include restricting the useful economic life applied in modelling Heavy Duty Catalysts to 2040 (2022: 2040), and the application of a negative growth rate from 2033 (2022: 2033). Working with our valuation experts we have considered external market outlooks and information on emission legislation to corroborate these assumptions. We engaged our valuations experts to assess the long term growth rate and discount rate for each CGU by comparison with third party information, past performance and relevant risk factors. Our procedures also included considering the overall level of risk in the future cash flow projections. Our procedures included testing the basis for management's business plans and expectations in line with the group's latest strategy and considering the latest industry outlooks used by management. We tested the mathematical integrity of the forecasts and of the value in use model, audited the allocation of central costs to the CGUs and agreed the carrying values in management's impairment models to underlying accounting records. We assessed management's sensitivity analysis and performed our own independent sensitivity analysis which were more severe than management's to assess whether a reasonable downside change in the key assumptions could give rise to a material impairment. We consider the disclosures with respect of goodwill, including the associated sensitivities to be appropriate. Based on the procedures performed, we noted no material issues arising from our work.

Key audit matter	How our audit addressed the key audit matter
Uncertain tax provisions (group and parent)	
Refer to the Significant issues considered by the Audit Committee and note 1 and 36 to the financial statements. The group operates in a number of international jurisdictions, and as a result there is risk of uncertain tax exposures arising around the group, as well as heightened risk around estimates in determining the tax effect of cross border transactions including transfer pricing arrangements. As at 31 March 2023 the group had provisions for uncertain tax liabilities of £97 million (2022: £103 million). Management's estimate of the range of possible outcomes is an increase in those liabilities by £66 million (2022: £83 million) to a decrease of £55 million (2022: £93 million). Where the precise impact of the tax laws and regulations on taxes payable with respect to profit arising in those jurisdictions is unclear, the group seeks to make reasonable estimates to determine the most likely amount in a range of possible outcomes. There is inherent judgement and estimation uncertainty involved in determining provisions for uncertain tax positions, as described by management in the accounting policies to the financial statements. Our audit focused on the most significant of exposures based on both the provision recorded and maximum possible exposure.	We engaged our tax specialists in support of our audit of tax and obtained an understanding of the group's tax strategy and risks. We recalculated the group's tax provisions and determined whether the treatments adopted were in line with the group's tax policies and had been applied consistently. We evaluated the key underlying assumptions and judgements, including considering the status of tax authority audits and enquiries through examining the latest correspondence and enquiring of management, and where applicable management's advisors. We considered the basis and support in particular for provisions not subject to tax audit, in comparison with our experience of similar situations. We discussed the recognition of specific uncertain tax positions with third-party tax advisors appointed by management to verify the key assumptions, judgements and likely outcome with respect to specific uncertain tax positions recognised. We confirmed the appropriateness of management's application of either a single best estimate, or a weighted average range of outcomes, for each exposure, as driven by the facts and circumstances under IFRIC 23. We evaluated the consistency of management's approach to identifying triggering events to reassess or record a provision for an exposure. We also evaluated the consistency of management's approach to establishing or changing prior provision estimates and validated that changes in provisions established in previous periods reflected a change in facts and circumstances. We consider the disclosures with respect to tax matters to be appropriate. Based on the procedures performed, we noted no material issues arising from our work.

Key audit matter	How our audit addressed the key audit matter
Claims, uncertainties and other provisions (group and parent)	
Refer to the Significant issues considered by the Audit Committee on page 98 and notes 4, 22, 32, 36 and 47 to the financial statements. This risk covers warranty provisions, product liability issues, and other litigious matters across the group. There is inherent judgement and estimation involved in determining when and how much to provide for claims and uncertainties. Due to the complex nature of the products offered by Johnson Matthey, the group at any point in time may be exposed to product liability issues including claims for damages or compensation. The assumptions underpinning these claims and the identification of when such claims arise are inherently judgemental. Careful consideration needs to be given as to how the claim and any potential exposure are estimated and subsequently accounted for. The group is also involved in various legal proceedings, including actual or threatened litigation and regulatory investigations. The number and nature of claims vary from year to year; note 32 discloses the major movements in the year. The two most significant movements included the closure of the contingent liability relating to failures in certain engine systems for which the group supplied a particular coated substrate as a component for that customer's emissions after-treatment systems and the new contingent liability arising following the sale of its Health Business in May 2022. The group discloses such risks as contingent liabilities where it is unable to make a reliable estimate of potential exposures or where it believes a possible outflow is not probable. If the group is unable to defend against such claims, these risks could give rise to a future liability.	For litigation matters, we read the summary of major litigation matters provided by management and held discussions with group and sector level general counsel. For a sample of matters, we obtained and reviewed correspondence with external legal counsel, including any particulars of claim. We have circularised external legal counsel to independently assess legal exposures and the expected outcome for material cases across the group. We reviewed board minutes and made inquiries of management to address the risk of undisclosed claims and uncertainties. We performed audit procedures to identify all third party legal counsel used by management and as appropriate included them in our circularisation. We applied professional scepticism in auditing both the likely outcome and quantification of exposures, including performing audit procedures over claims management determined to be immaterial, and being sceptical of where a constructive obligation existed but management considered a reliable estimate could not be made. As we deem it to be necessary we also instruct third party legal experts to support an independent assessment of possible outcomes of claims. Where material settlements have occurred we have agreed these to settlement agreements between the company and the claimant. We have assessed the level of provisioning and contingent liability disclosures, where relevant, in response to known claims. Based on the procedures performed, we noted no material issues arising from our work.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group is structured across five sectors: Clean Air, PGM Services, Catalyst Technologies, Hydrogen Technologies and Value Businesses, as well as the central Corporate unit.

The financial statements are a consolidation of approximately 230 business units. We have identified each individual business unit, or a series of business units where they map to a single legal statutory entity, as a component. These components comprise the group's operating businesses and holding companies across the five sectors and corporate.

Based on our risk and materiality assessments, we determined which components required an audit of their complete financial information having considered the relative significance of each entity to the group, locations with significant inherent risks and the overall coverage obtained over each material line item in the consolidated financial statements.

We identified 23 business units which, in our view, required an audit of their complete financial information, due to size or risk characteristics.

In addition to the business units in full scope, we performed specified procedures or audit of specified financial statement line items at 9 business units covering revenue, trade and other receivables and deferred income, cash, inventory, metal inventory, accruals, fixed assets and depreciation, cost of sales and operating expenses and tested manual journal entries. This ensured that appropriate audit procedures were performed to achieve sufficient coverage over these financial statement line items.

The total 32 in-scope business units are located in numerous countries around the world. We used local teams in these countries to perform the relevant audit procedures. Of these, three business units have been determined to be financially significant based on their contribution to the group. These financially significant component teams are located in the UK and Macedonia.

The group consolidation, financial statement disclosures and corporate functions were audited by the group audit team. This included our work over the consolidation, litigation provisions, centrally recognised tax balances, goodwill, post-retirement benefits, earnings per share and treasury related balances. This scope of work, together with additional procedures performed at the group level, accounted for 83% of group revenue and 71% of group underlying profit before taxation from continuing operations. This provided the evidence we needed for our opinion on the consolidated financial statements taken as a whole. This was before considering the contribution to our audit evidence from performing audit work at the group level, including disaggregated analytical review procedures, which covers certain of the group's smaller and lower risk components that were not directly included in our group audit scope.

The impact of climate risk on our audit

Climate change is expected to present both risks and opportunities for the group. As explained in the Sustainability section of the Strategic Report , the group is mindful of its impact on the environment and is focussed on ways to reduce climate-related impacts as management continues to develop its plans towards a Net Zero pathway by 2040. Management's climate change initiatives and commitments will impact the group in a variety of ways, and while the group has started to quantify some of the impacts that may arise on its net zero pathway, the future financial impacts are clearly uncertain given the medium to long term horizon. Disclosure of the impact of climate change risk based on management's current assessment is incorporated in the Task Force on climate related financial disclosures ('TCFD') section of the Annual Report.

As part of our audit, we made enquiries of management to understand the extent of the potential impact of climate change on the group's business and the financial statements, including reviewing management's climate change risk assessment which was prepared with support from an external expert. We used our knowledge of the group to evaluate the risk assessment performed by management.

We assessed that the key areas in the financial statements which are more likely to be materially impacted by climate change are those areas that are based on future cash flows. As a result, we particularly considered how climate change risks and the impact of climate commitments made by the group would impact the assumptions made in the forecasts prepared by management that are used in the group's impairment analysis (see also key audit matter on Carrying value of goodwill) and for going concern purposes. We challenged how management had considered longer term physical risks such as severe weather related impacts, and shorter-term transitional risks such as the introduction of carbon taxes. Our procedures did not identify any material impact on our audit for the year ended 31 March 2023. We also checked the consistency of the disclosures in the TCFD section of the Annual Report with the relevant financial statement disclosures, including notes 1 and the going concern section of the accounting policies, and with our understanding of the business and knowledge obtained in the audit.

We confirmed with management and the Audit Committee that the estimated financial impacts of climate change will be reassessed prospectively and our expectation is that climate change disclosures will evolve as the understanding of the actual and potential impacts on the group's future operations are established with greater certainty.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£21.1 million (2022: £21.8 million).	£60 million (2022: £60 million).
How we determined it	Approximately 5% of the three year average profit before tax from continuing operations, adjusted for loss on disposal of businesses, gains and losses on significant legal proceedings, major impairment and restructuring charges	1% of total assets. However the materiality is capped at £20 million (2021: £20 million) for the purpose of the audit of the consolidated financial statements, this being the maximum allocation of group materiality to a component
Rationale for benchmark applied	Adjusted (underlying) profit before tax from continuing operations is used as the materiality benchmark excluding amortisation of acquired intangibles and share of losses from associates. Management uses this measure as it believes that it reflects the underlying performance of the group and this is how the directors and key management personnel are measured on their performance. We did not adjust profit before tax to add back amortisation of acquired intangibles or share of losses of associates as in our view these are recurring items.	We considered total assets to be an appropriate benchmark for the parent company given that, whilst it does include trading businesses, it is the ultimate holding company, incurs corporate costs and enters into financing on behalf of the group. The materiality level was capped at £20 million given overall group materiality for the purposes of the audit of the consolidated financial statements, this being the maximum allocation of group materiality to a component.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £1 million and £20 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £15.8 million (2022: £16.3 million) for the group financial statements and £15 million (2022: £15 million) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1 million (group audit) (2022: £1 million) and £1 million (company audit) (2022: £1 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusion relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Evaluation of management's base case and downside case scenarios, understanding and evaluating the key assumptions, including assumptions related to inflation and other macro-economic factors;
- Validation that the cash flow forecasts used to support management's impairment, going concern and viability assessments were consistent;
- Assessment of the historical accuracy and reasonableness of management's forecasting;
- Consideration of the group's available financing and debt maturity profile;
- Testing of the mathematical integrity of management's liquidity headroom, covenant compliance, sensitivity and stress testing calculations;
- Assessment of the reasonableness of management's planned or potential mitigating actions; and
- Review of the related disclosures in the Annual Report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Annual Report on Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the Annual Report and Accounts, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to international tax regulations, environmental regulations, health and safety regulations (EHS), and anti bribery and corruption laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates, expected credit losses, timing of recognition of litigation provisions and metal gains and losses. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management, internal audit and the group's legal advisors, and the head of ethics and compliance including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading the minutes of board meetings and the Ethics Committee, and assessment of "SpeakUp" matters through the ethics reporting line and the results of management's investigation into these matters (including engaging with our own forensics specialists where relevant);
- Reviewing financial statement disclosures to supporting documentation to assess compliance with applicable laws and regulations;
- Challenging management's significant judgements and estimates in particular those relating to the carrying value of goodwill, other intangibles and other assets, post-employment benefits, tax provisions, deferred tax assets, refining processes and stocktakes, climate change, metal accounting and provisions and contingent liabilities;
- Identifying and testing manual journal entries, in particular any journal entries posted with unusual account combinations, and all material consolidation journals;
- Incorporating unpredictable procedures into our audit approach including varying the timing and nature of testing performed; and
- Considering the outcome of key transactions in the year and the assessing the appropriateness of related accounting and disclosure within the financial statements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc. org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Annual Report on Remuneration to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 18 July 2018 to audit the financial statements for the year ended 31 March 2019 and subsequent financial periods. The period of total uninterrupted engagement is five years, covering the years ended 31 March 2019 to 31 March 2023.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Graham Parsons (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London

25 May 2023