

Developing our Strategy

Where We Have Come From

At Johnson Matthey we have adopted the principles of corporate social responsibility (CSR) and embedded them into our risk management processes. Since 2003 we have formally reported on our social, environmental and ethical performance.

But things have moved on. Sustainability has risen up the agenda and we have defined our own vision and direction. The publication of this, our first Sustainability Report, represents a transition for us. It is linked to our move to actively manage our impacts and opportunities more efficiently than in the past. We have made good progress and this has been presented in our previous CSR reports.

To make further progress, sustainability also needs to be part of the fabric of the company at all levels. By fully embedding sustainability into our routine management processes and treating it in the same way as other business activities, we are creating consistency in planning, target setting and monitoring of performance at a local level, while taking into account the aspirations of the corporate vision. This will enhance our sustainability culture and ensure that our targets are relevant and measurable. The report will track our progress and at the same time give external readers hard facts and key insights into our sustainability performance.

Many of Johnson Matthey's products and technologies – such as emission control catalysts and precious metal recycling – benefit society and the environment and are already making a major contribution to sustainability. Over the past three years we have set up initiatives at some of our production facilities and demonstrated how better use of raw materials and utilities – gas, electricity and water among them – can reduce our environmental impact and lower our costs per unit of output, thus improving our efficiency and competitiveness.

Environmental and sustainable technologies offer opportunities for growth, and by strengthening and expanding our sustainable business practices, we will be able to realise additional commercial advantage. Embedding more sustainable practices into our businesses is a key element of our risk management processes.

The Way Forward

So in 2006/07 Neil Carson, our Chief Executive, launched an initiative to broaden the company's definition of its CSR principles to ensure a more sustainable business for the future.

We agreed that we had to develop a clear strategy for sustainability if we were to achieve maximum benefit from these opportunities and manage any potential risks to our business. We also needed to generate an enhanced culture of sustainability among our employees by communicating with them and engaging them. We knew that our people would be the key to delivering a sustainable future for our business and that we should look to draw on their expertise in innovation and on the key issues that really matter in their businesses and to their stakeholders.

The best approach, we believed, was to engage our people and enable them to be part of the decision making. We decided to hold a series of workshops to extract and distil the forward looking vision and ideas of the Johnson Matthey workforce, involving employees from all functions and divisions. The workshops included an assessment of the threats and opportunities associated with sustainability both for our existing business and the business environment of the future. We chose to work in partnership with the sustainable development charity, Forum for the Future, and asked them to facilitate the workshops.

Importantly, specific discussion of our sustainability strategy was held at the company's management conference in April 2007. So the strategy has been developed with a strong input from our business units through the workshops and many of the KPIs will be shaped and developed at a business unit level.



CASE STUDY

Working Together to Develop our Sustainability Strategy

[Read about the employee workshops we held to develop our strategy.](#)

We ran five workshops between March and May 2007 in the UK, America and Asia and held a dedicated session on sustainability at the annual company management conference. Around 100 middle to senior managers representing all divisions and regions of the group took part and from their contributions we were able to draw a number of solid conclusions on how best to develop our sustainability strategy. There was overwhelming agreement that there was a strong business case for sustainability in Johnson Matthey. It was clear that the strengths of our people, our expertise, products and constant innovation needed to be leveraged and that empowering business units and individuals would be key. We agreed to adopt a flexible approach to delivering the strategy, allowing each of the business units to implement it in the best local way in accordance with overall group policy, objectives and targets.

Other must-haves for our sustainability strategy were:

- Leadership and commitment from the top of the organisation.
- A clear vision and targets to encompass our long term objectives.
- Full embedding of sustainability into our management systems.
- Appropriate metrics, target setting processes and tools to assess and direct performance improvement.
- Awareness training and support with the right resources.
- Effective and ongoing communication.

Our vision, [Sustainability 2017](#), was defined following an assessment of the risks, major impacts and future commercial opportunities open to the business. The elements of the vision represent high level, long term aspirations and targets that will be stretching for all Johnson Matthey businesses and allow them to achieve real sustainability benefits.

All business unit sustainability plans have these common corporate objectives as their foundation, unifying and directing our collective efforts. A senior team of Johnson Matthey managers was involved in creating and setting up the vision, which was then refined in discussion with the Chief Executive and members of the Chief Executive's Committee. As our understanding of sustainability develops, we will review the content of the vision at intervals.

The businesses draw on the corporate vision as they establish detailed plans for their own specific operations, supplementing it when they need to. General Managers are responsible for the sustainability plans of the business units – it is down to them to pursue the plans in the best interests of the business. This mobilises resources at local level and takes advantage of Johnson Matthey's culture and methods of working.

To support the businesses as they work towards the vision, we are refining our metrics and methods of measurement. This will allow an objective assessment of progress. Pilot studies have begun to assess tools for the carbon footprinting of our processes and products, and similar activities have been commissioned to explore the comparative impacts of products throughout their lifecycle.