

Verification and Assurance

Verification

The board reviews corporate social responsibility issues as part of its risk management process. The board believes that the measures taken to review the sustainability information provide a suitable level of confidence.

Health and safety data is reviewed by group health and safety experts and as part of the group environment, health and safety (EHS) audit programme. Environmental data is reviewed by group environmental experts and as part of the group EHS audit programme.

Human resources data is reviewed and verified by internal senior human resources professionals. Community engagement data and information relating to charitable donations is reviewed and verified by internal experts.

Information on financial performance forms part of the external audit of Johnson Matthey's financial accounts.

All data is reviewed by internal sustainability experts and at appropriate levels of management up to and including the Chief Executive's Committee.

Other information presented in the Sustainability Report is reviewed by the relevant functional experts and subjected to the same internal sign off procedures as the group Annual Report.

Johnson Matthey utilises external specialists on specific sustainability issues. Over the past year this has included external audits or reviews of people management systems, health and safety (OHSAS 18001) and environmental management systems (ISO 14001).

Assurance

This year Johnson Matthey presents its first Sustainability Report. The report outlines our sustainability vision for 2017 and the further steps taken to embed sustainability into our business processes and management systems. Given the significance of these developments and to provide our stakeholders with additional confidence in the work we are undertaking, we are seeking external assurance as outlined below.

We have engaged Environmental Resources Management Limited (ERM) to provide independent assurance that the following have been appropriately reported in our Sustainability Report 2007/08 (the Report):

- Our Sustainability 2017 Vision and the status of implementation of this vision;
- The processes in place to identify and govern our social, and environment, health and safety (EHS) risks; and
- The processes in place to collect, aggregate and report our social and EHS performance data.

ERM's assurance was conducted through a series of interviews with a sample of group and business level senior managers and supporting documentation review. As this was the first year in our external assurance journey, we did not ask ERM to conduct any work at site level.

Based on the work performed, ERM concluded that in all material respects, the selected assurance topics have been appropriately reported in the Report. [ERM's full assurance statement](#) details the assurance scope, basis of work and limitations, reporting criteria and assurance standards, respective responsibilities and assurance activities, ERM's conclusions, key observations and recommendations for future improvement.

[Read ERM's full assurance statement](#)

Independent Assurance Report to Johnson Matthey Plc

Johnson Matthey Plc (Johnson Matthey) appointed Environmental Resources Management Limited (ERM) to provide independent assurance on selected corporate responsibility subject matter to be included in Johnson Matthey's Sustainability Report 2007/08 ("the Report").

Scope of our work

We designed our engagement to allow us to conclude as to whether Johnson Matthey has appropriately reported the following selected subject matter for the year ended 31st March 2008 in the Report.

- A. The process undertaken to develop and roll out Johnson Matthey's Sustainability 2017 Vision and the current status of implementation of this vision at corporate and business level set out in the [Developing our Strategy](#) section of the report.
- B. The corporate and business level processes in place to identify and govern Johnson Matthey's social, and environment, health and safety (EHS) risks set out on in the [Risk Management](#) section of the report.
- C. The corporate level processes in place for collection, aggregation and reporting of social and EHS performance data set out in the [Performance Summary](#) section of the report.

Objectives, basis of our work and limitations

We planned and performed our work to obtain all the information and explanations that we believe were necessary to gather sufficient evidence to provide a basis for our assurance conclusions as to whether the reported information and data set out in the Report are appropriately reported.

We undertook assurance work at corporate and business level only. We did not conduct work at Johnson Matthey's operations. The scope of our work only addressed the non-financial aspects of sustainability. Assurance of the financial systems is addressed in Johnson Matthey's 2008 Annual Report.

If we had been asked to conclude on whether the reported information on the selected assurance topics is materially accurate, we would have needed to conduct more work on the source data at operational level and gather further evidence to support our assurance opinion.

The reliability of the reported information and data is subject to inherent uncertainties given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

Reporting criteria and assurance standards

We performed our work in accordance with ERM's assurance methodology which is based on the international assurance and audit standards: ISAE 3000, ISO 19011 and, where appropriate to our scope of work, AA1000AS.

Respective responsibilities and ERM's independence

Johnson Matthey is responsible for preparing the Report and for the collection and presentation of information in it. ERM's responsibility is to express our assurance conclusions on the selected scope of work agreed with Johnson Matthey.

During 2007, ERM has worked with Johnson Matthey on other consulting engagements. ERM operates strict conflict checks and we have confirmed our independence to Johnson Matthey for delivering this assurance engagement.

Our team and assurance activities

A multi-disciplinary team of sustainability and assurance specialists performed the engagement.

We conducted the following assurance activities:

- Obtained an understanding of and sample tested the processes in place to generate and report information relevant to the selected subject matter;
- Interviewed twelve senior managers at corporate and business level;
- Gathered documentary evidence to confirm that the reported selected subject matter are materially complete, consistent with Johnson Matthey's Sustainability 2017 Vision, governance and risk management practices in place, and to understand trends in Johnson Matthey's social and EHS performance;
- Reviewed the presentation of the data associated with the selected subject matter, and associated disclosures in the Report to ensure consistency with our findings; and
- Reported our assurance findings to management as they arose to provide them with the opportunity to address them prior to finalisation of our work and to promote continuous improvement.

Our conclusions

Based on our work undertaken as described above, we conclude that, in all material respects Johnson Matthey has appropriately reported the following selected subject matter for the year ended 31st March 2008 in the Report:

- A. The process undertaken to develop and roll out Johnson Matthey's Sustainability 2017 Vision and the current status of implementation of this vision at corporate and business level;
- B. The corporate and business level processes in place to identify and govern Johnson Matthey's social and EHS risks; and
- C. The corporate level processes in place for collection, aggregation and reporting of social and EHS performance data.

Our key observations and recommendations

Based on the assurance activities set out above, and without affecting our assurance conclusions, we provide the following key comments and recommendations for improvement.

Highlights in the management and reporting of Johnson Matthey's sustainability management during 2007/08:

- Johnson Matthey's 2007/08 report marks an evolution in the company's approach to its social responsibilities, with the launch of its Sustainability 2017 Vision and strategy.
- To achieve the vision, we commend Johnson Matthey's approach to embedding sustainability into its routine business planning and decision making processes.

Areas to consider for future improvement:

We recognise that this year's report is a transition to this new vision, with implementation still underway, and our recommendations below are made in light of this.

- To develop relevant and meaningful business and site level targets and key performance indicators to underpin the Sustainability 2017 Vision and to put group level systems and processes in place to monitor progress against the aspirational group targets in the vision.
- In managing the transition from CSR to sustainability, we recommend that Johnson Matthey further strengthens its approach to community engagement and supply chain management.
- To further develop the systems for measuring and reporting social and EHS sustainability performance to enable robust demonstration of delivery of the sustainability strategy.

Johnson Matthey's comments on ERM's key observations and recommendations

- As part of the process to embed our Sustainability 2017 Vision, all businesses are required to develop their own sustainability plans. They are expected to assess the value of GRI metrics and also establish further metrics that are meaningful in the context of their businesses. Johnson Matthey will seek to rationalise these specific metrics to bring a commonality of approach across the group. We will report on our progress in next year's report.
- All businesses are expected to incorporate a community element in their sustainability plans and we are developing our systems to further facilitate the sharing of best practice across the businesses. We continue to focus on how best to measure and improve the impact of our community engagement activities. As stated in our Sustainability 2017 Vision, one of our aims is to encourage our suppliers and customers to adopt the values of sustainability which we uphold. We are working increasingly with our suppliers and other partners to engage them in delivering the vision.
- Work is in progress to develop the tools associated with measuring our sustainability performance. Building on our existing measurement processes, work is underway to put in place more robust systems to measure performance.



Environmental Resources Management Limited
London, UK
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ERM is an independent global provider of environmental, social and corporate responsibility consulting and assurance services. Over the past 4 years we have worked with over half of the world's 500 largest companies, in addition to numerous governments, international organisations and NGOs.

Our assurance statement provides no assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular whether any changes may have occurred to the information since first published. These matters are the responsibility of Johnson Matthey but no control procedures can provide absolute assurance in this area.