

Chief Executive's Introduction

Sustainability is a key element of our strategy for the future growth of our business. Today, a significant proportion of our profits are generated from products that benefit the environment and we are world leaders in this field.

It is now about 18 months since we launched Sustainability 2017, a long term vision for the whole group which sets out our direction and aspirations to become a more sustainable business in the future. We have set challenging targets to at least double our earnings per share, achieve carbon neutrality, eliminate waste to landfill and halve the key resources we use per unit of output by 2017. We have now established our benchmark position and have started to measure our progress towards these targets.

We have been working hard to embed sustainability into the company's culture. All of our businesses have set their own annual sustainability plans aligned to the group goals and are implementing them at the local level. This 'local action' approach takes advantage of Johnson Matthey's culture and methods of working, with each business taking the lead on how they make their own contribution in ways that are appropriate to their operations and markets.

I am very pleased to report that, so far, this approach seems to be working. There is tremendous enthusiasm and commitment for sustainability among our employees and the Case Studies in this report highlight some of the initiatives we have undertaken and the good progress that is being made. All across the group, individuals and teams are focusing on improving the resource efficiency of our own operations and on designing new and improved products that help our customers to be more sustainable and competitive. This not only ensures we become more careful with the way we use the world's resources and enhances our manufacturing processes, but at the same time it is saving us money today and is also driving the development of new environmental technologies to support the future growth of our business.

Our people are a key part of our sustainability goals and for Johnson Matthey's sustainability vision to be effective we must continue to have their best interests at the centre of what we do. In 2008/09 we saw our lost time accident statistics rise after several years of improved performance. Employee health and wellbeing underpin our aspiration to become a more sustainable business and this lapse in performance has highlighted the need to revitalise our accident prevention processes. We have therefore launched a new initiative to help drive a reduction in the rate of lost time injuries and we continue to work towards our target of zero greater than three day accidents.

In terms of world economics, 2008/09 has certainly been a year of two halves. The effects of the credit crunch and global recession gave rise to very difficult market conditions in the second half of our financial year. Despite this, sustainability issues and climate change have remained high on the global agenda. Given the current economic downturn, some may question whether businesses should put sustainability 'on hold' and focus on short term issues. I believe that the answer is absolutely no and that our sustainability efforts are even more important in the challenging market conditions that we currently face. Our Sustainability 2017 Vision provides a vital framework to minimise our use of resources and reduce our costs whilst delivering sustainability benefits and improving our competitiveness.



Sustainability is a key element of our strategy for the future growth of our business.

Neil Carson
Chief Executive



200 years
the time we have been
innovating better
products

0 accidents
safety target



Innovation has always been at the very heart of what we do and will continue to underpin our ability to drive our sustainability programme through internal improvements and new product development. Despite current market conditions, we are continuing to increase our investment in research and development to support future innovation to ensure that we have the new products and technologies to maintain and grow our world leading market positions.

Through delivering better products and reducing the impact of our operations, we are committed to making Johnson Matthey a more sustainable business. Sustainability is the right thing to do for the planet, our employees, our communities, our shareholders and our customers. As our journey towards 2017 continues, this report aims to highlight our progress so far.

A handwritten signature in black ink, appearing to read 'Neil Carson', with a horizontal line underneath.

Neil Carson
Chief Executive

adapting constantly to the ever changing needs of its customers and society. It has evolved into a world leading speciality chemicals company and today many of its products make a positive contribution to the environment and society as a whole.

Sustainability presents a major challenge for society and for business. It is a complex area but is the right thing for responsible businesses to pursue. If we are successful in realising our Sustainability 2017 Vision, the best accolade we will have is that Johnson Matthey is in excellent shape to begin its third century as a leader, an innovator and a contributor to society in everything we do.

Our Targets

Our Sustainability 2017 Vision is underpinned by a number of key targets.

In addition, we also have targets in place relating to group safety and ISO 14001 implementation.

Our group targets:



Achieve carbon neutrality.



More than double our earnings per share by 2017.



Achieve zero waste to landfill by 2017.



Halve the key resources we consume per unit of output by 2017.



Achieve a zero 'greater than three day accidents' safety target.



Implement ISO 14001 (environmental management system) at all manufacturing sites by 2010.

2008/09 was the first full year of our Sustainability 2017 initiative. During the year, key performance indicators (KPIs) were developed for the group's Sustainability 2017 targets and we have begun to track our progress towards them.

Find out how we are progressing towards Sustainability 2017

Johnson Matthey's businesses are quite diverse and so the development of meaningful targets and KPIs that are applicable across the group is not straightforward. The group targets we have set to date are relevant to all our businesses and give each one the flexibility to deliver improvements that are pertinent to their sustainability goals.

From 1st April 2009 we have introduced an additional group target to reduce the annual incidence of occupational illness cases by at least 30% over the next five years. Our businesses have also started to develop their own individual targets as part of their annual sustainability plans. This bottom up approach is expected to produce further aggregated targets for the group as a whole and we are also working to identify the common ground in our businesses where further group targets could be developed in the future.

The Elements of Sustainability

Sustainability is a core part of our business strategy. It is about the way we do business – using natural resources efficiently to make products that improve the environmental performance of our customers’ products and processes.

But our view of sustainability extends beyond this. It’s also about the health, safety and wellbeing of the people who work for us, our customers and our communities. It means using resources efficiently, innovatively and effectively, striving to achieve the highest environmental standards in our own operations. At the same time sustainability is about delivering value to our shareholders and our customers in the most responsible way, making sustainable long term decisions to build a company and plan its third century of business.

Sustainability is about making the right decisions for our people, our communities, our shareholders and, most significant of all, for the planet.

As we progress towards 2017, we are managing sustainability according to five elements: Social; Environment; Health and Safety; Governance and Financial.



The Group at a Glance

Johnson Matthey is a speciality chemicals company and a world leader in advanced materials technology. The group focuses on its core skills in catalysis, precious metals, fine chemicals and process technology, developing products that enhance the quality of life for millions of people around the world. The group has operations in over 30 countries and employs around 8,500 people. Johnson Matthey's operations are organised into three global divisions: Environmental Technologies, Precious Metal Products and Fine Chemicals & Catalysts.

Johnson Matthey

Environmental Technologies

Emission Control Technologies
 Process Technologies
 Fuel Cells



Environmental Technologies Division is a global supplier of catalysts and related technologies for applications which benefit the environment such as pollution control, cleaner fuel, more efficient use of hydrocarbons and the hydrogen economy.

Precious Metal Products

Platinum Marketing and Distribution
 Noble Metals
 Pgm Refining and Recycling
 Colour Technologies
 Gold and Silver



Johnson Matthey has a longstanding international reputation as a leader in the application of precious metals. Precious Metal Products Division is at the heart of these activities focused on the marketing, distribution, fabrication, refining and recycling of precious metals and their products.

Fine Chemicals & Catalysts

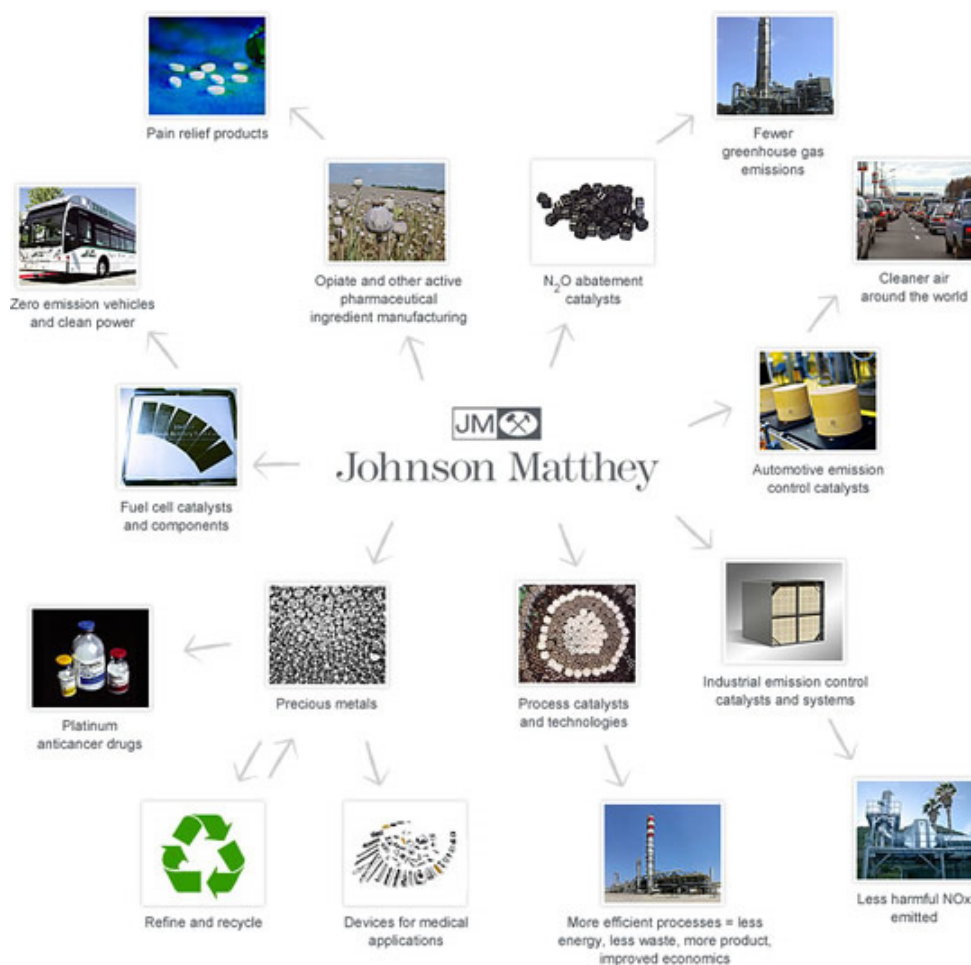
Catalysts and Chemicals
 Macfarlan Smith
 Pharmaceutical Materials and Services
 Research Chemicals



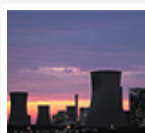
Fine Chemicals & Catalysts Division is a global supplier of fine chemicals, catalysts and other speciality chemical products and services to a wide range of chemical and pharmaceutical industry customers and research institutes.

What We Do

>4 billion
tonnes of pollutants
converted to harmless
gases using Johnson
Matthey's autocatalysts
since 1974



Many of Johnson Matthey's products and services are environmentally or socially beneficial in their own right or in the way they are used by our customers. We develop catalysts that reduce harmful emissions from both vehicles and industrial processes. Our autocatalyst products alone have prevented over 4 billion tonnes of pollutants from reaching the atmosphere since their introduction in 1974. We also supply the global chemical industry with catalysts and process technology know-how to enable our customers to build and operate their chemical processes more efficiently.



CASE STUDY

The Business of Tackling NOx >

Find out how our emission control catalysts and technologies help combat this harmful pollutant

The development of the chemistry of precious metals underpins many of Johnson Matthey's products and technologies. Our understanding of the physical and chemical properties of the precious metals has contributed to the development of a wide range of environmentally and socially beneficial products, including emission control catalysts for vehicles, platinum based anticancer drugs for chemotherapy treatments and catalysts for fuel cells.



CASE STUDY

Platinum – Fighting Cancer at the Atomic Level >

How technology established and developed by Johnson Matthey is used in

chemotherapy treatments

The recycling and refining of precious metals are a core competence of Johnson Matthey and we offer a range of recycling and refining services to our customers around the world. Our knowledge and expertise in this area give us a firm foundation from which to tackle the task of further improving the resource efficiency of our products in manufacture and use. Our core skills in fine chemicals underpin a number of our products which are used in the areas of medicine, health and safety. We manufacture active pharmaceutical ingredients, used by pharmaceutical companies in drug preparations, and opiate products, such as morphine and codeine, which are used to relieve pain.

The growing market for sustainable products presents a key opportunity for future business growth. Our sustainability strategy is aimed at improving the sustainability footprint of our existing products and developing new sustainable products and services for our customers, enabled by our experience in catalysis, precious metals, fine chemicals and process technology. We will continue our high level of investment in R&D and will draw on the expertise of our people. We will also look to further collaborate with our customers, suppliers and other partners to understand their priorities regarding sustainability and to maximise the benefits throughout the supply chain.



CASE STUDY

Ripe for the Picking – New Technology to Stop Fruit and Veg from Spoiling >

Read more about this new technology to help reduce food waste



CASE STUDY

The Tracerco Profiler >

Innovative technology reduces environmental impact and capital costs in the oil and gas industry



CASE STUDY

Developing Cleaner Coal Technology >

Read about our award winning technology for removing mercury and arsenic

About this Report

This is Johnson Matthey's seventh annual report covering social, environmental and ethical performance. Published in July 2009, it covers the financial year from 1st April 2008 to 31st March 2009. Our previous Sustainability Report was published on 31st July 2008.

Sustainability is a core part of our business strategy. In December 2007, we launched Sustainability 2017, a long term vision for the whole group that is playing an important role in helping Johnson Matthey to set out the direction and aspirations for what we want to achieve in the future.

Sustainability 2017 was defined following an assessment of the risks, major impacts and future commercial opportunities open to the business. As part of the process in developing the vision, five elements of sustainability were identified: social; environmental, health and safety, governance and financial. In defining the scope and content of this report we have focused on these elements of sustainability and on the aspects outlined in our Sustainability 2017 Vision.

Johnson Matthey has also consulted with the GRI sustainability reporting guidelines and applied them in an appropriate context to the group by examination of the definition, explanation notes and self diagnosis tests to ensure a comprehensive, accurate and complete account when assessed against the reporting criteria. In addition, a well structured management approach in defining the report content and context has taken place in early 2009.

The report has been developed to incorporate the group's significant economic, environmental and social impacts and set within the context of the Bruntland definition of sustainability (1987) and our own Sustainability 2017 Vision.

Understanding the relevance of local, national, regional and global issues, regulation and legislation is taken into account when considering reporting against materiality and in setting priorities for reporting.

The GRI guidance notes for appropriately setting the boundary for sustainability reporting, including the use of the 'decision tree for boundary setting', were consulted.

There are no limitations on the scope or boundary of the report. The information presented in the report covers the sustainability activities and performance of Johnson Matthey's global operations and includes all wholly owned and majority owned subsidiaries. The report also explains how we are building sustainability into our business planning and decision making processes and how we manage social, environmental and ethical matters across the group.

Data measurement techniques including calculations for social, environmental and health and safety performance have used the GRI indicator protocols as appropriate. Any exceptions are noted in the report.

In previous years' reports, we presented human resources and environmental performance data on a calendar year basis. All other performance data was presented on a financial year basis (1st April to 31st March). In this year's report and going forward, we will now report all performance data on a financial year basis. This decision was made to allow us to align all our internal reporting processes. We hope it will also simplify the interpretation and comparison of data for our stakeholders. As a result of this change, human resources and environmental performance data also includes information for the period 1st January 2008 to 31st March 2008 so as to present the full picture of our performance since last year's report.

Further details on our data collection and verification processes can be found in the Performance Summary and Verification and Assurance sections of this report.