

Progress Towards Sustainability 2017

It is now about 18 months since we launched the Sustainability 2017 Vision and 2008/09 represents the first full year of the initiative. We have concentrated on fully embedding sustainability into our routine management processes and since the start of 2008/09, all of Johnson Matthey's businesses have established and implemented their own sustainability plans as part of the group's annual financial budgeting process.

With our Sustainability 2017 targets in place we have now established our baseline data and have developed appropriate key performance indicators (KPIs) to enable us to measure performance. 2006/07 has been set as the baseline year against which all comparisons will be made as this reflects the time at which the Sustainability 2017 Vision was launched (December 2007). Progress during this first full year of the initiative is summarised in the table below.

Sustainability 2017 Aspiration



At least double earnings per share









Achieve zero waste to landfill



Achieve carbon neutrality



Halve key resources per unit of output

KPI	Baseline 2006/07	2008/09 ³	2017 Target
 Underlying earnings per share (pence)	82.2 ¹	89.6	≥164.4
 Total global warming potential (tonnes CO ₂ equivalent)	386,074 ²	370,787	0
 Amount of waste to landfill (tonnes)	16,555 ²	5,535	0
 Electricity consumption (GJ '000)	1,469 ²	1,351	735
 Natural gas consumption (GJ '000)	2,146 ²	2,260	1,073
 Water consumption (m ³ '000)	1,909 ²	1,951	955

Data presented is for the period:

¹ 1st April 2006 to 31st March 2007.

² 1st January 2006 to 31st December 2006.

³ 1st April 2008 to 31st March 2009.

Our Key Performance Indicators



At least double earning per share – Since 2006/07 our underlying earnings per share have increased by 9% from 82.2 pence to 89.6 pence. Growth has been held back by the impact of the global recession but the medium term outlook remains encouraging.



Achieve carbon neutrality – Progress towards achieving carbon neutrality is measured according to the group's total global warming potential (GWP) which has fallen from 386,074 tonnes CO₂ equivalent in calendar year 2006 to 370,787 tonnes in 2008/09. Our total GWP is based on our direct and indirect energy usage and CO₂ equivalence which provide a strong platform

for monitoring the impacts associated with energy use in our operations. In order to move to a position of carbon neutrality by 2017, we need to broaden the scope of our measurement to include all aspects of our business. We recognise the complexity and challenges associated with this programme of work but believe this will show the broadest impact of our operations while demonstrating the benefit that our products and services provide to our customers, society and the planet.

The above values are derived using a methodology applied by the group since it began reporting on its global warming potential. This year we have also calculated GWP using a more precise method that reflects country specific carbon intensity of purchased electricity.

Using the new methodology, our total GWP for 2006 is calculated at 401,119 tonnes CO₂ equivalent and for 2008/09 is 380,161 tonnes CO₂ equivalent. [Click here for a full description of the new methodology.](#)



Achieve zero waste to landfill – In working towards our target of zero waste to landfill, we have reduced the amount of waste sent to landfill by 67% from 16,555 tonnes in calendar year 2006 to 5,535 tonnes in 2008/09. This demonstrates excellent progress which is due to the improved performance of our own operations in reducing the amount of waste at source, enhancements in recycling programmes and changes in legislation.



Halve key resources consumed per unit of output – The KPIs for monitoring progress towards the target of halving key resources consumed per unit of output have been developed through consultation with all of Johnson Matthey's facilities worldwide. The top three key resources were identified for each facility and from this electricity consumption, natural gas consumption and water use emerged clearly as most significant to the majority of the group. Since 2006, electricity consumption has reduced by 8%, natural gas consumption has increased by 5% and water use is up 2%. Having established the key resources, we will now focus further on progressing towards the targets we have set.

Additional Targets and KPIs

In addition to our Sustainability 2017 targets, the group has targets in place relating to group safety and ISO 14001 implementation.



Achieve a zero 'greater than three day accidents' safety target – We actively monitor accidents and compile detailed statistics on a monthly basis at a group level. In March 2009 the incidence of greater than three day accidents at Johnson Matthey was calculated as 4.48 per 1,000 employees per year, an increase of 39% compared with 3.22 (restated) in March 2008.

Following steady improvement in our accident statistics in previous years, our performance in 2008/09 has highlighted the need to revitalise Johnson Matthey's accident prevention processes. The company has recently launched an initiative to introduce 'EHS Learning Events' to all facilities to help drive a reduction in the rate of injuries resulting in lost time.

Read about our how we are working to achieve our zero 'greater than three day accidents' safety target



Implement ISO 14001 (environmental management system) at all manufacturing sites by 2010 – Good progress has been made and by the end of 2008/09, 32 sites had achieved ISO 14001 registration, representing 80% of our manufacturing workforce. All other manufacturing sites have plans in place to achieve registration during 2009/10.

We have continued to refine our metrics and methods of measurement to enable us to monitor our progress objectively. Studies have continued to assess tools for the carbon footprinting of our processes and products, and for examining the comparative impacts of products throughout their life cycle.

Putting Sustainability into Action

During this, the first full year of our Sustainability 2017 initiative, there has been a further focus on generating an enhanced culture of sustainability. Employee communication and training have continued and all businesses have developed their own sustainability plans. These plans all have the common corporate objectives as their foundation and are tailored to the businesses' own specific operations with an emphasis on action at a local level.

This approach has kick started a wave of enthusiasm and action all across the group. In an attempt to convey the commitment to local action and the progress being made, this report features over 35 examples from Johnson Matthey's global operations. The case studies range from wellness programmes in South Africa to recycling in Germany, from water saving in India to green travel plans in the UK – showing the broad scope of our sustainability activities.

Working together, within the group and with our many stakeholders, is helping to support our Sustainability 2017 goals. Employee teams have worked to improve resource efficiency and deliver improvements in manufacturing processes, waste management and energy efficiency. Team efforts to develop more sustainable products and services have led to new catalyst solutions for our customers and more efficient methods of manufacture in our own factories. Our work with suppliers and customers to develop a more sustainable supply chain has already revealed opportunities for improvements in transport, packaging and materials use. Emphasis on sustainable personal development programmes for employees and investment in local communities has enhanced our reputation as an admired employer and good neighbour.

[Click here to view all the case studies](#)



CASE STUDY

Clean Coal Technology Partnership to Reduce Methane in Mining >

Read more about our partnership with Anglo American to develop new technology



CASE STUDY

SNAPCURE – Replacing Mercury with Titanium in Catalysts for Polyurethane Elastomers >

Read about our new, environmentally friendly catalyst technology



CASE STUDY

Panki Staff and Local Supplier team up to Design New Pelleting Equipment >

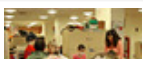
New equipment has increased production while reducing costs, maintenance and energy use



CASE STUDY

Harvesting Sunlight for Sustainable Lighting >

Just one of many sustainability initiatives at Johnson Matthey Mexico



Q&A

What does sustainability mean to you?

It's a way of development without compromising the future of forthcoming generations ...

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CASE STUDY

Sparking the Interest of Young Patients >

A donation from Johnson Matthey's New York office sparks up 'Weird Science'

Sustainability 2017 Roadmap

With our Sustainability 2017 Vision in place and businesses working towards their individual plans, we have started to examine in more detail our strategy for achieving the targets.

We are developing a roadmap to 2017 to facilitate and support delivery of the vision and to track progress.



The roadmap is divided into three phases.

Phase one is underpinned by the introduction of business sustainability plans and budgets as businesses begin to set targets and establish a line of sight to what they are aiming to achieve by 2017. Metrics are established and applied to measure progress. Relevant tools are developed to ensure consistent and appropriate measures across the group. Investment in R&D, transformational technology development and incremental operational improvements begin in phase one to ensure the delivery of business benefits and new market opportunities within the 2017 timescale.

By **phase two**, wider improvements and step changes in manufacturing will be introduced and we would expect to see implementation of the new technologies developed in phase one. Metrics and plans will be refined and business strategies established to ensure continued development of sustainable products and operations beyond 2017.

In **phase three** we would expect to start to see results from the work undertaken in phases one and two. Business benefits from the introduction of new products should contribute to improved profit while step changes in manufacturing and improvements in operational efficiency should result in more efficient processes requiring fewer resources and generating fewer emissions.

We aim to integrate horizon scanning during all three phases to provide us with the feedback we need to develop our strategies to take account of any significant changes in global, political, business and economic factors. Our ability to respond and adapt to such changes is vital in ensuring we are well placed to maximise the benefits of new opportunities and to mitigate the effects of any issues that arise.

Throughout our journey to 2017, we must keep abreast of world events and the effects that countries, companies and individuals are having on the world in which we live. By 2017, we would not expect our sustainability efforts to be done. As we enter our third century of operation, the group will aspire to further improve its sustainability performance to ensure it continues to make a positive contribution to the planet in 2017 and beyond.

Sustainability Planning

One of the underlying features of Sustainability 2017 is the emphasis on local action. Given the diversity of Johnson Matthey's businesses, every effort has been made to identify how best to harness local enthusiasm and innovation in a way that both supports local business characteristics and objectives whilst contributing to the group's broader Sustainability 2017 aspirations.

The principle of fully embedding sustainability into our routine business processes and planning activities was established at an early stage. As with other management functions, the emphasis was on planning, measurement and the empowerment of individuals and management through training and awareness programmes.

Every business includes sustainability in its annual budget setting process and defines the nature of the programmes and projects to be undertaken, together with capital expenditure requirements and value generated. Target metrics that are meaningful in a local business context are requested as part of the plan, together with details of the contribution that the programme will make towards reaching the group's overall objectives. The plans include the contribution to sustainability stemming from improvements in operations together with benefits derived from the development of new and improved products.

These plans are discussed with the Chief Executive's Committee as part of the annual budget discussions, are reviewed by the Audit Committee and are formally approved by the board.

From 2009/10 the planning process will be extended to cover the three year business planning cycle. As part of the process, progress against the Sustainability 2017 targets is assessed on a group basis to establish if additional management action is required.

Supporting the Plans

During 2008/09, work continued to raise the general level of sustainability awareness across the group. In addition, workshops have been held for a number of functional areas including Research and Development, Purchasing, Human Resources and Environment, Health and Safety. Multidisciplinary meetings on carbon management covering trading systems and the implications for product manufacture and in-use product characteristics have also been held.

Pilot projects have been undertaken on product and process carbon footprinting and streamlined life cycle assessment. This has allowed a common set of tools and methodologies to be established for use in understanding the more demanding applications where carbon intensity and the environmental fate of products is important.



Q&A

What does sustainability mean to you?

No matter how large or small our contribution ...

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2009/10 and Beyond

We will continue to develop sustainability further as a way of working in Johnson Matthey. Having established our baseline data and tracked one year of progress, we now have a clearer understanding of the efforts required to achieve our goals.

Over the next year and going forward, Johnson Matthey's businesses will continue to develop and work towards delivering their annual plans. A particular focus will be the further establishing of business level targets and the development of strategies to achieve them.

A Group Sustainability and Technology Leader has been appointed to give assistance with sustainability improvements. The Leader will work closely with the divisions in developing business metrics and governance practices relating to sustainability and in identifying cross company technologies.

Work will also include further development of the detail of the Sustainability 2017 Roadmap and its continued use as a tool to facilitate the businesses in establishing a clear line of sight and appropriate targets between now and 2017.



CASE STUDY

Turning Waste into a Fuel >

Find out more about this project to use manufacturing waste as a fuel and reduce CO₂ emissions