

# Independent assurance report to Johnson Matthey Plc

## Johnson Matthey Plc (Johnson Matthey) appointed Environmental Resources Management Limited (ERM) to provide independent assurance on selected information presented in its Sustainability Report 2008/09 (the Report).

### Our brief

We were asked to provide independent assurance as to whether the following subject matter are appropriately reported:

- A. The following key performance indicators (KPIs) for the year ended 31 March 2009 (2008/09):
- Total incidence of 'greater than three day accidents' (per 1,000 employees per year);
  - Total energy consumption ('000 GJ);
  - Total global warming potential ('000 tonnes CO<sub>2</sub> equivalent); and
  - Total water use ('000 m<sup>3</sup>).
- B. Johnson Matthey's declared application of the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines (G3 Guidelines) to level B+.

### Our approach

#### *Standards and criteria used*

We delivered our work in accordance with ERM's assurance methodology, which is based on the international assurance and audit standard ISAE 3000 and the ISO 19011 guidelines for quality and / or environmental management systems auditing.

We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions as to whether the reported information and data set out in 'Our brief' was appropriately reported (moderate assurance).

Johnson Matthey applies its own internal approach to define, manage and report the selected KPIs. We have used Johnson Matthey's definitions as the criteria for our assurance work for subject matter A as presented in the [Environment - Our Performance and Achievements](#), [Health and Safety - Our Performance and Achievements](#) and [Performance Summary](#) sections of the report. We used the G3 Guidelines as the criteria for our work for subject matter B.

If we had been asked to conclude on whether the reported information were robust (high assurance), we would have needed to conduct more work at corporate level and at Johnson Matthey's businesses and manufacturing sites and to 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.

#### *Our work*

A multi-disciplinary team of environment, health and safety and assurance specialists performed the work at corporate, business and site level. Our assurance activities included:

- Obtaining an understanding of and sample testing the processes in place to generate, aggregate and report information relevant to the selected subject matter through visits to three selected operations located in the UK and USA and interviews with four site level general managers and relevant corporate level management;
- Reviewing and testing of selected evidence for the selected assurance subject matters e.g. data measurement, collection and reporting processes, and design of CR report in accordance to GRI requirements;
- Discussion of our assurance findings with management as they arose to provide them with the opportunity to address them prior to finalisation of our work; and

- Review of the presentation of the selected indicators in the Report related to 'Our brief' to ensure consistency with our findings.

### Respective responsibilities and ERM's independence

Johnson Matthey's management is responsible for preparing the Report and for the information in it. ERM's responsibility is to express our assurance conclusions on the agreed brief.

During 2008/09, ERM has worked with Johnson Matthey on other consulting engagements. ERM conducts strict conflict checks and has confirmed its independence to Johnson Matthey for this assurance engagement.

### Our conclusions

Based on our work undertaken as described above, we conclude that in all material respects Johnson Matthey has appropriately reported the following in the Report:

- The selected indicators set out in the [Environment - Our Performance and Achievements](#), [Health and Safety - Our Performance and Achievements](#) and [Performance Summary](#) sections of the Report; and
- Its declared application of the G3 guidelines to level B+ set out in the [GRI Summary](#) section of the Report.

### Our key observations and recommendations

Based on our work set out above, and without affecting our conclusions, here are our key comments and recommendations for improvement.

#### *Observations:*

- Johnson Matthey has made good progress in integrating further Sustainability measures into its core business strategy and planning processes. We also observed strong engagement and commitment to the Sustainability 2017 Vision by management at all levels of the business during the course of our work; and
- The businesses and sites have achieved significant improvements in consumption of water and energy, which are linked to some of the key targets associated with the Sustainability 2017 Vision.

#### *Recommendations for improvement:*

- Consider strengthening the application of the G3 Guidelines beyond level B in future Sustainability Reports in a way that will add value to the business in delivering as well as externally reporting its Sustainability management and performance, including the development of appropriate Sustainability KPIs; and
- In the initial stages of implementation of the Sustainability 2017 Vision, the main focus has been on resource use which has identified significant efficiency opportunities. Moving forward Johnson Matthey should further strengthen its approach to delivering improved performance in relation to its social goals, the management of its supply chain sustainability performance, and the lifecycle impacts of its products.



**Environmental Resources Management Limited (ERM)**  
**London, UK**  
**31 July 2009**

*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.*