

Our Progress

The Sustainability 2017 Vision was launched in December 2007 and 2009/10 represents the second full year of the initiative. Progress towards our Sustainability 2017 aspirations and the group's other social, environmental and ethical targets is summarised in the table below (click on the table to enlarge it and view the footnotes). We have developed appropriate key performance indicators (KPIs) to enable us to monitor progress and performance. Data is reported relative to a baseline year which, unless stated, is taken as our performance in 2006/07.

Progress Towards Sustainability 2017					
SUSTAINABILITY 2017 ASPIRATION	KPI	BASELINE 2006/07	2008/09 ¹	2009/10 ²	2017 TARGET
 At least double earnings per share	Underlying earnings per share (pence)	82.2 ³	89.6	96.4	> 164.4
 Achieve carbon neutrality	Total global warming potential (tonnes CO ₂ equivalent) ⁴	393,054 ⁵	372,163 ⁵	371,414 ⁵	net zero
 Achieve zero waste to landfill	Amount of waste to landfill (tonnes)	16,505 ⁶	5,535	5,071 ⁶	0
 Have key resources per unit of output ⁷	Electricity consumption (GJ '000)	1,462 ⁸	1,351	1,435 ⁸	735
	Natural gas consumption (GJ '000)	2,149 ⁸	2,260	2,131 ⁸	1,073
	Water consumption (m ³ '000)	1,909 ⁸	1,951	1,750 ⁸	955
OTHER TARGETS					
 Zero greater than three day accidents	KPI	BASELINE	2008/09 ⁹	2009/10 ²	TARGET
	Annual greater than three day accident rate per 1,000 employees	n/a	5.03 ⁹	2.14 ⁹	0
 Implement ISO 14001 at all manufacturing sites by 2010	Number of major manufacturing sites with ISO 14001 registration	n/a	32	41	45 ¹⁰
 Reduce incidence of occupational illness cases by at least 30% by 2013/14	Annual incidence of occupational illness cases per 1,000 employees	5.3 ¹¹	5.5	5.2	< 3.7 ¹²

In 2009/10 performance against all our targets has improved relative to the baseline year. Year on year progress (2009/10 versus 2008/09) has also been steady with improvement against all targets except underlying earnings per share (EPS) and electricity consumption. During 2009/10, EPS growth has been held back by the impact of the global economic downturn on our business and the slight increase in electricity consumption resulted from the inclusion of data from three major new manufacturing facilities. Some data sets have been restated from those presented in the group's Annual Report which was published in June 2010. These restatements have been included following recommendations made during the assurance process for this Sustainability Report. Further details are given in the section on environmental performance.

Achieving carbon neutrality is an important aspiration of our vision and during the year we have continued to develop our strategy to achieve net zero carbon. Further information on our progress is presented in this report in a special feature on carbon strategy.

A more detailed discussion of the group's financial, governance, social, health and safety and environment performance are presented in this report. In particular, we have continued to work towards quantifying the financial benefits of our sustainability initiatives as an important marker of progress. In 2009/10 we estimate that savings of up to £12 million have been realised as a result of our initiatives.










Q&A

What does sustainability mean to you?

For me, sustainability means a better life ...

Progress Towards Sustainability 2017

SUSTAINABILITY 2017 ASPIRATION		KPI	BASELINE 2006/07	2008/09 ¹	2009/10 ²	2017 TARGET
	At least double earnings per share	Underlying earnings per share (pence)	82.2 ³	89.6	86.4	≥ 164.4
	Achieve carbon neutrality	Total global warming potential (tonnes CO ₂ equivalent) ⁴	393,084 ^{5,6}	372,163 ⁵	371,414 ⁵	net zero
	Achieve zero waste to landfill	Amount of waste to landfill (tonnes)	16,555 ⁶	5,535	5,071 ⁵	0
	Halve key resources per unit of output ⁷	Electricity consumption (GJ '000)	1,469 ⁶	1,351	1,435 ⁵	735
		Natural gas consumption (GJ '000)	2,146 ⁶	2,260	2,131 ⁵	1,073
		Water consumption (m ³ '000)	1,909 ⁶	1,951	1,750 ⁵	955
OTHER TARGETS		KPI	BASELINE	2008/09 ¹	2009/10 ²	TARGET
	Zero greater than three day accidents	Annual greater than three day accident rate per 1,000 employees	n/a	5.03 ⁸	2.14 ⁹	0
	Implement ISO 14001 at all manufacturing sites by 2010	Number of major manufacturing sites with ISO 14001 registration	n/a	32	41	45 ¹⁰
	Reduce incidence of occupational illness cases by at least 30% by 2013/14	Annual incidence of occupational illness cases per 1,000 employees	5.3 ¹¹	5.5	5.2	≤ 3.7 ¹²

- 1 Data presented is for the period 1st April 2008 to 31st March 2009.
- 2 Data presented is for the period 1st April 2009 to 31st March 2010.
- 3 Data presented is for the period 1st April 2006 to 31st March 2007.
- 4 Scope 1 and Scope 2 emissions.
- 5 Restated based on recommendations made during the assurance process. These included the use of regional carbon intensity values in the calculation of CO₂ emissions (GWP) from our North American operations.
- 6 Data presented is for the period 1st January 2006 to 31st December 2006.
- 7 The top three key resources were identified for each facility and from this electricity consumption, natural gas consumption and water use were most significant for the majority of the group.
- 8 At March 2009. Data restated.
- 9 At March 2010.
- 10 Target to be achieved in 2010.
11. Baseline is incidence of occupational illness cases per 1,000 employees in calendar year 2008.
- 12 Target to be achieved by 2013/14.

Our Progress

Going forward we remain focused on the two key drivers of our Sustainability 2017 Vision:

- i. To be more efficient with the resources we use as a business; and
- ii. To design new products and services which help our customers to be more sustainable and competitive.

Much of our progress to date towards driver (i) has been achieved by incremental improvements in operational and process efficiencies, the so called 'low hanging fruit'. We have recognised the need to focus further on the step change opportunities that will drive more substantial operational improvements and accelerated progress towards our Sustainability 2017 targets.

In relation to driver (ii), we continue to develop and bring products and technologies to the marketplace which aim to deliver significant environmental, social and health benefits for our customers. Examples of these are presented as case studies accompanying this report. The group is committed to R&D investment to support business growth and going forward, we will maintain our focus on effective R&D programmes, collaborations with customers and technology implementation. This will underpin the delivery of products and technologies for existing and new markets driven by the continued evolution of the global sustainability agenda. This will support further progress towards our 2017 targets and add real value to Johnson Matthey.



CASE STUDY

Kandel Facility Exploits Earth's Natural Energy

Key Performance Indicators

Johnson Matthey uses a range of key performance indicators (KPIs) to monitor the group's sustainability performance over time, including progress towards the Sustainability 2017 aspirations. These KPIs address the material issues that are key to Johnson Matthey and ultimately provide a measure over time of the group's contribution to society. These sustainability KPIs are described below.



KPI – Underlying earnings per share

Target – At least double underlying earnings per share

Underlying earnings per share (EPS) is the principal measure used by the board to assess the overall profitability of the group. Profitability and sustainability are inextricably linked and our business will only survive if it can continue to deliver superior value to its shareholders. Performance against all of the group's other sustainability indicators can have an impact on its profitability. Further definition on how we measure EPS is given in the Annual Report.



KPI – Global warming potential

Target – Achieve carbon neutrality

We measure our progress towards achieving carbon neutrality by looking at the group's total global warming potential (GWP). 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. We are working to broaden the scope of our GWP measurement to include all aspects of our business and to consider the beneficial impacts of our products and services. Further information on the group's GWP is given in the environmental performance section.



KPI – Amount of waste to landfill

Target – Achieve zero waste to landfill

Working to reduce the amount of waste we send to landfill delivers financial savings, improves the efficiency of our manufacturing processes and reduces our burden on the environment. The group measures the amount of waste sent to landfill as its key indicator of performance. Further information on the group's waste to landfill and its additional measures for the waste it generates are given in the environmental performance section.



KPI – Electricity consumption, natural gas consumption, water use

Target – Halve key resources consumed per unit of output

If we are to make Johnson Matthey more sustainable, it is imperative that we use resources in the most efficient way. Our goal is to cut consumption of key resources by 50% by 2017. The KPIs for monitoring progress towards this target to halve 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.



Q&A

What does sustainability mean to you?

Sustainability is looking backwards and forwards to make careful decisions ...

Key Performance Indicators



KPI – Annual rate of greater than three day accidents per 1,000 employees

Target – Achieve a zero 'greater than three day accidents' safety target

Johnson Matthey is a chemical manufacturing business and a significant proportion of our employees work in production environments with chemicals and process machinery. Rigorous safety systems apply across all facilities and are essential if the group is to avoid accidents which could cause injury to people or damage to our property, both of which can impact the group's performance. We actively manage our safety performance through monitoring the incidence of accidents that result in more than three days' lost time. [Click here for further information on the group's safety performance.](#)



KPI – Number of major manufacturing sites with ISO 14001 registration

Target – Implement ISO 14001 at all major manufacturing sites by 2010

Operating our business in an environmentally responsible way is a cornerstone of sustainability. The ISO 14001 environmental management system provides a solid foundation for achieving and maintaining high standards and for driving improved performance. All of the group's major manufacturing sites are required to implement ISO 14001 with a target of achieving registration by 2010. At 31st March 2010, 41 out of our 45 major manufacturing sites had achieved registration with the remaining four on track to do so in 2010/11. Further information on our progress towards ISO 14001 implementation is given in the environmental performance section.



KPI – Annual incidence of occupational illness cases per 1,000 employees

Target – Reduce incidence of occupational illness cases by at least 30% by 2013/14

The health and wellbeing of our employees is a priority for Johnson Matthey and we are committed to minimising workplace related negative health effects. We manage our performance in this area by measuring the number of occupational illness cases arising as a result of exposure to workplace health hazards. [Click here for further information on health performance.](#)