

Social

We have a strong tradition in Johnson Matthey for the way we look after our employees, our interaction with suppliers and customers and for our good community relations. We recognise that in order to operate in a socially sustainable manner, our policies must be focused on the long term benefits to employees, suppliers, customers and communities.

[Read about our Employment Policies.](#)

[Read about our Business Integrity and Ethics Policy.](#)

Recruitment, Training, Development and Diversity

Johnson Matthey's employees are respected as the group's most valuable resource and play a vital role in building a sustainable business. Their skills, qualities and wellbeing underpin the company's success.

We have effective, streamlined recruitment procedures which support the regular infusion of high calibre employees. Increasingly, we are recruiting graduates and qualified employees from beyond our traditional bases in Europe and North America as we continue to develop a more internationally diverse workforce to support our global business. In the last year, while the average number of employees fell by 2%, employee numbers in Asia increased by 12%, passing the 1,000 mark for the first time.

Alongside this we continue to offer training and development programmes at middle and senior management levels which seek to offer a broad understanding of the group's businesses, give a strong base in the company's culture and ethics and provide direct contact and networking with peers and with senior management across international boundaries.

Our aim is to retain and develop our staff. Our training and development programmes are designed to equip employees with the necessary skills to enhance their careers and to encourage involvement and interest in the group's strategies and progress. During 2009/10 we have identified a requirement to accelerate the development of manufacturing and operations professionals within the company, and are now working to develop appropriate training programmes to support this in the coming year.

We continue to develop the management skills inventory (MSI) database as a key tool to support the international recognition and development of management talent within the group. The database is used during regular succession planning reviews to provide details of the skills and potential of all candidates and enable the identification of development opportunities for employees. The MSI database is also invaluable in the monitoring and promotion of diversity within the group. The operation and structure of the database will be reviewed in the next year to further improve the level of content and functionality.



>£1.3

million

donated over three
years to the causes
we support

Social

Employee Relations and Communication

Effective communication with employees is important and in particular, face to face dialogue. Communication is exchanged through in house magazines, attitude surveys, regular news bulletins, presentations to staff and team briefings. Employees are also encouraged to access the group's corporate intranet, sustainability intranet and website.

The company supports employee share ownership and employees have the opportunity to participate in share ownership plans, where practicable. Under these plans, employees can buy shares in the company which are matched by a company funded component. Employees in six countries are able to contribute to a company share ownership plan or a 401k approved savings investment plan. Through these ownership plans Johnson Matthey's current and former employees collectively held 1.83% of the company's shares at 31st March 2010.

Johnson Matthey also sponsors pension plans for its employees worldwide. These pension plans are a combination of defined benefit and defined contribution pension arrangements, savings schemes and provident funds designed to provide appropriate retirement benefits based on local laws, custom and market practice. In 2009/10 there was a major change to the Johnson Matthey Employees Pension Scheme in the UK (JMEPS). Following a full consultation exercise with around 2,000 employees who were affected by the change, from 31st March 2010 those employees ceased to accrue further benefits based upon their final salary. From 1st April 2010 those employees will accrue benefits based upon their career average salary and may also make defined contributions to their pension which are matched by the company up to 3% of pensionable pay. This is in line with the pension arrangements for UK employees who joined JMEPS since 2006. These actions were deemed necessary to preserve the long term strength and integrity of the pension funds and of the company itself. The design of the career average section of the scheme is geared to providing overall benefits of a similar level to the previous final salary section but has removed or reduced some of the liabilities that the company could potentially face in the future. The changes only affected UK based employees.

[Read more about employee engagement and communication.](#)

Our Performance

Annual group wide data collection processes are used to gather core information on Johnson Matthey's employees and the key data sets are presented below. Employee data relates to the financial year 2009/10 (unless otherwise stated) and percentage calculations are made in relation to the number of permanent employees in the group (unless otherwise stated).

Employee Numbers

The following tables set out the average number of people employed by Johnson Matthey and the net change in the number of people employed during 2009/10 by geographical region and by employment contract.

Average Number of People Employed

Average headcount 2009/10

Region	Permanent employees	Temporary contract employees	Total
Europe	4,418	161	4,579
North America	2,370	15	2,385
Asia	999	46	1,045
Rest of World	564	2	566
Group	8,351	224	8,575

Annual Change in People Employed

Net change between 31st March 2009 and 31st March 2010

Region	Permanent employees	Temporary contract employees	Total net change
Europe	+107	-55	+52
North America	+89	+50	+139
Asia	+180	-2	+178
Rest of World	+41	-1	+40
Group	+417	-8	+409

In 2008/09 the global economic slowdown had made it necessary to reduce employee numbers at some of our manufacturing sites and our monthly employee numbers continued to fall during the early part of 2009/10. A minimum point was reached in June 2009 and since then, employee numbers have increased by around 7%, as we have seen a recovery in demand for our products.

The quality of our employee relations is a priority for the company and Johnson Matthey is proud of the high level of commitment and loyalty from its employees. We have a low voluntary staff turnover, 5.4% in 2009/10, with many employees staying with the company for their whole careers. The table below sets out the employee turnover in 2009/10 by geographical region. The employee turnover figure is calculated by reference to the total number of leavers during the year expressed as a percentage of the average number of people employed during the year. The analysis does not include agency workers not directly employed by Johnson Matthey.

Employee Turnover by Region

2009/10

Region	Total leavers	Employee turnover	Voluntary employee turnover
Europe	362	8.2%	4.9%
North America	255	10.8%	4.3%
Asia	90	9.0%	6.7%
Rest of World	127	22.5%	11.2%
Group	834	10.0%	5.4%

The graph below sets out the group's employee turnover over the past five years and shows that voluntary employee turnover has fallen year on year since 2005. Following an increase in total employee turnover in 2008/09 which resulted from redundancies as a consequence of the difficult global economic conditions, total turnover for the group has decreased in 2009/10.



5.4%

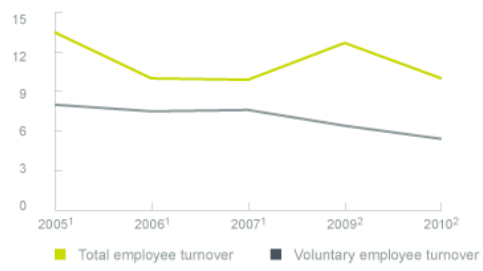
voluntary employee turnover

2.1%

corporate sickness absence rate

Employee Turnover

%



1 Calendar year.
2 Financial year.

Our Performance

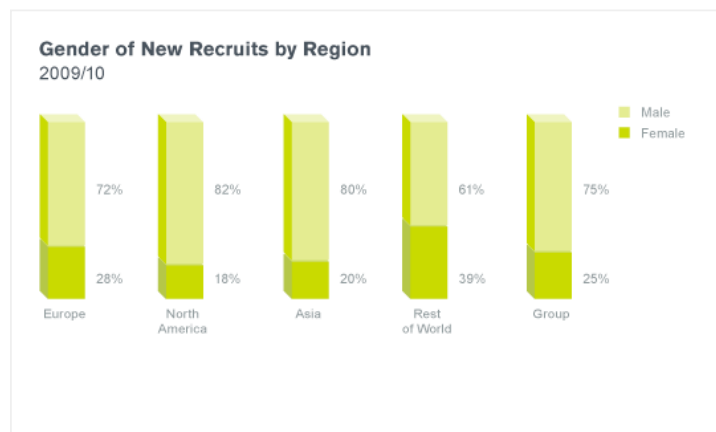
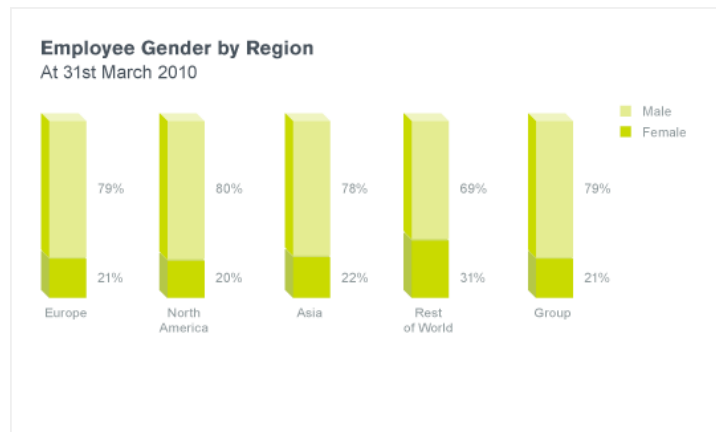
Trade Union Representation

Johnson Matthey continues to maintain good and constructive relations with all recognised trade unions which collectively represent 33% of all group employees worldwide (2008/09 34%). The following table sets out the average number and percentage of Johnson Matthey's employees who were covered by collective bargaining arrangements and represented by trade unions by geographical region in 2009/10. During 2009/10 no working time was lost within the group due to employee action.

Trade Union Representation			
Average headcount for 2009/10			
Region	Average headcount	Average represented	% represented
Europe	4,418	1,977	45%
North America	2,370	496	21%
Asia	999	26	3%
Rest of World	564	274	49%
Group	8,351	2,773	33%

Diversity

The figures below set out the gender breakdown of Johnson Matthey's employees by geographical region and the gender breakdown of employees recruited into the group in 2009/10.



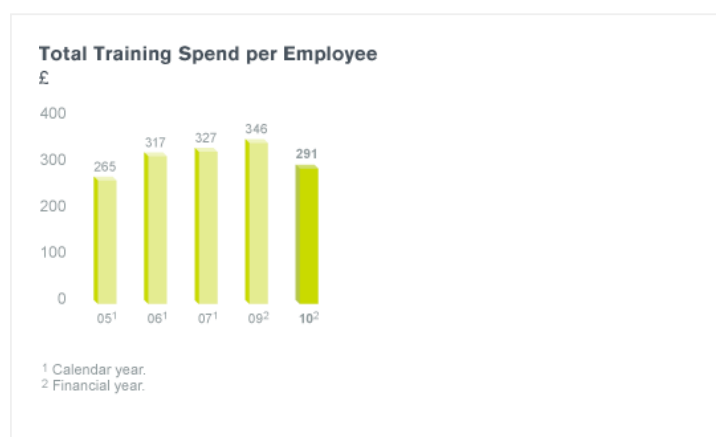
The group's gender balance remains almost unchanged this year at 79% male and 21% female. The group recognises the importance of creating an enhanced environment for the development of women in management and during the year has introduced an initiative to increase awareness of this issue. As part of this, managers have been encouraged to use the annual appraisal with their female staff as an opportunity to understand aspirations, identify any perceived obstacles to progression, discuss opportunities for career development and highlight details of the group's family friendly policies.

Our Performance

Training and Development

The following table sets out, on a total and on a per employee basis, the days of training and the spend on training during 2009/10. The graph below it shows the total training spend per employee over the past five years. The training spend does not include the cost of in house training or the cost of the employees' wages during training.

Region	Total days / shifts training	Number of days / shifts training per employee	Total training spend £	Spend per employee £
Europe	14,005	3.2	1,797,540	407
North America	2,898	1.2	300,899	127
Asia	1,596	1.6	130,816	131
Rest of World	616	1.1	199,845	354
Group	19,115	2.3	2,429,100	291



Training days and spend on training have fallen compared to the prior year as a result of a number of our businesses most affected by the recession postponing some training for around six months during the year. Johnson Matthey has always recognised the importance of training and development and as we have begun to see some recovery in our businesses, we are also seeing employee training numbers pick up again. Our strong and continuing commitment to the training and personal development of all our employees is reflected in the fact that during 2009/10, approximately 495 internal promotions were actioned. This represents 35% of all the appointments made in the year and is equivalent to one internal promotion per 17 employees within the group.

Read more about recruitment, training and development.

Attendance

Good performance in attendance rates was maintained this year. The average number of days lost per employee in 2009/10 due to sickness and unplanned absence was 5.2 days. This represents 2.1% of lost time per employee in the working year.

	Number of days / shifts lost per employee	% of lost time per employee
Group	5.2	2.1%

The corporate sickness absence rate during 2009/10 was 2.1% compared to 2.2% (restated) for 2008/09. We continue to increase investment in sustainable health and wellness programmes to support the longer term health, wellbeing and performance of our employees.

Read more about health and safety.

Community Investment

Johnson Matthey has a strong tradition for good community relations and the company and its employees are actively involved in programmes worldwide. We have an important contribution to make to the economic development of our local communities, not only as an employer but also through collaboration and investment, both financial and in kind. Johnson Matthey is a member of the London Benchmarking Group (LBG).

Guidance on site requirements is detailed in the group EHS management system and a review of community investment activities across the group is carried out each year. In 2009/10, the review indicates that 98% of Johnson Matthey's operations with over 50 employees participated in activities within their local communities. These activities are wide ranging and include charitable giving, support for educational projects, the advancement of science and economic regeneration projects. The review also indicates that for those operations with over 50 employees that are involved in community investment activities, 100% have a nominated person responsible for this area. Looking ahead to 2010/11, the review shows that 93% of operations with over 50 employees have set objectives for their community investment activities with 70% having planned activities for the year. The review also indicates that 84% of sites with over 50 employees have specific budgets allocated to community investment activities for the 2010/11 financial year.



98%

of operations
engaging with their
local communities



CASE STUDY

There *is* a Future: Helping HIV / AIDS Patients in South Africa

Employees also participate in activities or hold community related roles outside the work environment. The company is supportive of this broader community engagement, allowing employees time off during working hours as appropriate.

Johnson Matthey's long history of support for charitable causes continues today through group and business programmes. The causes we support reflect the areas in which the group's technologies have a benefit and the issues which strike a chord with our employees. In the financial year to 31st March 2010 Johnson Matthey donated £458,000 to charitable organisations. This figure only includes donations made by Johnson Matthey and does not include payroll giving, donations made by staff or employee time. The company made no political donations in the year.

Charitable Donations

£ ('000)



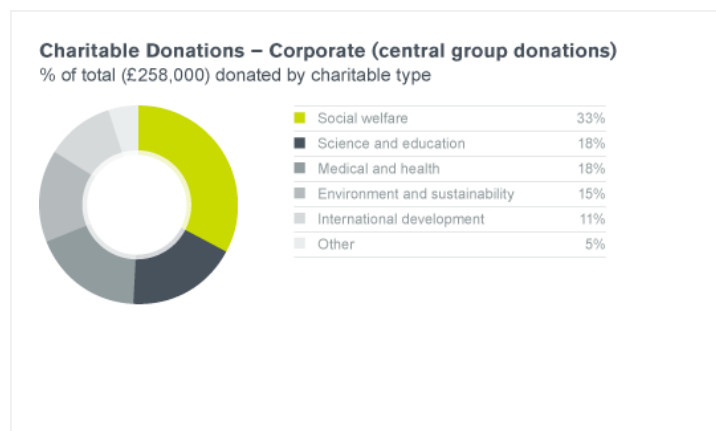
Charitable Donations 2009/10



■ Corporate (central group donations)	56%
■ Environmental Technologies	32%
■ Precious Metal Products	6%
■ Fine Chemicals	4%
■ Other corporate functions	2%


Community Investment

At a group level, Johnson Matthey operates a charitable donations programme which represented 56% (£258,000) of total company donations in 2009/10. This programme supports organisations working in the areas of environment, medical and health, science and education, social welfare and international development.



The charitable donations programme includes an annual donations scheme where a number of charities are selected triennially and receive a donation from the company each year for a three year period. In 2009/10, 48 charitable causes received an annual donation through this scheme. The group's programme also considers individual requests for support throughout the year and a further 44 charitable organisations received donations on this basis in 2009/10.

The group also has a specific programme of support focused on promoting the understanding and awareness of science among children and young people. During the year we have worked with StemNet, a UK organisation that creates opportunities for young people in science, technology, engineering and mathematics (STEM), to develop practical materials for use in school STEM clubs. The programme we have devised, called 'Sustainability is Precious', has been trialled by several schools and will be rolled out nationally later this year.




CASE STUDY

Reaching the Next Generation of Scientists and Engineers

The Johnson Matthey Educational Trust was set up in 1967 to commemorate the 150th anniversary of the founding of the company. It awards scholarships to support the university education of the offspring of Johnson Matthey employees and retired employees. During the year the Trust approved grants totalling £56,500.

Johnson Matthey continues to operate its annual charity of the year programme and employee views are considered when deciding on the charity. The group is supporting Alzheimer's Society in 2009/10. Johnson Matthey's sites around the world also lend support to many other charities locally and nationally through donations, employee time or loans of company facilities.



CASE STUDY

Charity of the Year 2009/10 – Alzheimer's Society

Royston, UK is home to Johnson Matthey's global headquarters and is the company's largest site. For several years the company has supported the town's initiative to become a Business Improvement District (BID) and has provided management time and £50,000 of financial support. Achieving BID status requires local businesses to vote in favour of making a small increase in their business rate payments. These are then directly reinvested to provide funds for the improvement of the town's facilities with the aim of creating a better place to live and work. Royston successfully gained its BID status in April 2009 and Johnson Matthey continues to be involved in the implementation of the improvement plans.



CASE STUDY



Service to the Community Recognised in Royston

Our Aims and Targets

A key aspect of Sustainability 2017 is the focus on making sustainability a 'way of working' in Johnson Matthey.

Our emphasis on sustainability awareness among employees continues and in 2010/11 plans are underway to further integrate sustainability themes into our existing training programmes. At career foundation level we aim to develop additional materials to support business inductions and raise the profile of sustainability within the content of our Group Business Training course. We are also developing new materials for inclusion in our global management development programmes for mid career level employees. At the senior management level, work is underway to identify appropriate external seminars and to provide updates and training as part of the sustainability review process to management teams.

As part of Johnson Matthey's ongoing commitment to strengthen and improve communication and engagement with employees, our roll out of a group wide employee opinion survey will continue in 2010/11. Employees in the group's Process Technologies business will be invited to participate in a survey and results will be communicated to them during the second quarter of the year. Further details of this survey and its results and outcomes will be included in next year's Sustainability Report.

Since becoming a member of the London Benchmarking Group (LBG) we have begun to benchmark our community investment activities and understand more about best practice from other LBG members. As a result, work is underway to review current processes and activities across the group with a view to developing more detailed guidance for group businesses on all aspects of community investment, particularly employee volunteering. As part of this work we are also looking to develop our data management systems to expand the scope of our community investment reporting.



CASE STUDY

Small Steps Towards a Huge Goal: Sustainable Practices at Pilar