



Johnson Matthey Plc

Corporate Governance Framework

Adopted by the Board

31 January 2018

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Introduction

This document explains how Johnson Matthey Plc (the “**Company**” or “**company**”) is organised to enable the effective discharge of its corporate governance responsibilities.

Johnson Matthey Plc is registered in England and Wales and is listed on the London Stock Exchange.

The principal decision making body is the board. It has responsibility for setting the strategic direction of the Johnson Matthey Plc group (the “**group**”) and for ensuring that risk is managed effectively. The board is accountable to shareholders for the group’s financial and operational performance. Responsibility for implementing operational decisions and the day to day management of the business is delegated to the Chief Executive who is supported by the Group Management Committee. The Group Management Committee is supported by four sub-committees.

There is a clear division of responsibilities between the running of the board and the executive responsibility for running the business.

The Role of our Board and Committees

The board

Our board's role is to provide leadership of the company and direction for management. It is collectively responsible and accountable to our shareholders for the long term success of the group and for ensuring the group is appropriately managed and operates responsibly, with effective controls, as it pursues its objectives.

The board reviews the performance of management and the operating and financial performance of the group as a whole. In particular, the board is responsible for the key areas of setting strategy, determining risk appetite, ensuring appropriate risk management and internal controls are in place, ensuring good governance, decision making, promoting good behaviour and setting the company's values and standards. The board also ensures that plans are in place for orderly succession for appointments to the board and to senior management, so as to maintain an appropriate balance of skills and experience within the company and on the board.

In order to carry out its work, the board, which usually meets formally six times a year, agrees an annual agenda plan to ensure all necessary matters are covered and to allow sufficient time for debate and challenge. In particular, the board has sought to ensure there is sufficient time to discuss strategy so that the non-executive directors have a good opportunity to challenge and help develop strategy proposals. The board also takes time to review past decisions where necessary.

At board meetings, the board receives and considers papers and presentations from management on relevant topics, including one or more business or strategy presentations from the sector chief executives and senior managers. Effective review and decision making is supported by providing the board with high quality, accurate, clear and timely information including input from experts and independent advisers where necessary. The board seeks to work in the best interest of Johnson Matthey Plc and its stakeholders.

For further details on the principal activities of the board, please refer to the company's Annual Report and Accounts.

Board committees

Our board has three committees: the Audit Committee, the Nomination Committee and the Remuneration Committee to which it delegates certain tasks. Each independent non-executive director is a member of each board committee. No one other than the board committee chairmen and members is entitled to be present at committee meetings. Others may attend, but only by invitation. Executive directors are not members of the board committees. When deciding the chairmanship and membership of board committees, the board takes into account the value of ensuring that committee membership is refreshed and seeks to ensure that undue reliance is not placed on particular individuals.

The board ensures that its committees are provided with sufficient resources to undertake their duties, including access to the services of the Company Secretary as required. Each committee has the authority to seek any information that it requires from any officer or employee of the company or its subsidiaries. Each committee is also authorised by the board to take independent advice (including legal or other professional advice), at the company's expense, as it considers necessary. Each committee may request information from, or commission investigations by, external advisers. The committees formally report to the board on their proceedings after each meeting and generally on all matters and activities for which they are responsible through the committee chairmen and via committee minutes.

Details on the responsibilities of these committees can be found within their terms of reference, which are reviewed periodically and approved by the board.

Executive committees

Responsibility for implementing operational decisions and for the day to day management of the business is delegated by the board to the Chief Executive, who is supported by the Group Management Committee. In turn, the Group Management Committee is supported by four sub-committees.

Group Management Committee: Responsible for the executive management of the group's businesses and recommends strategic and operating plans to the board.

Environment, Health and Safety Leadership Committee: Responsible for assisting the Company in discharging its EHS responsibilities and in creating a positive EHS culture across the group.

OneJM Policy Committee: Responsible for setting a policy framework for the group, oversight and approval of Johnson Matthey group Policies.

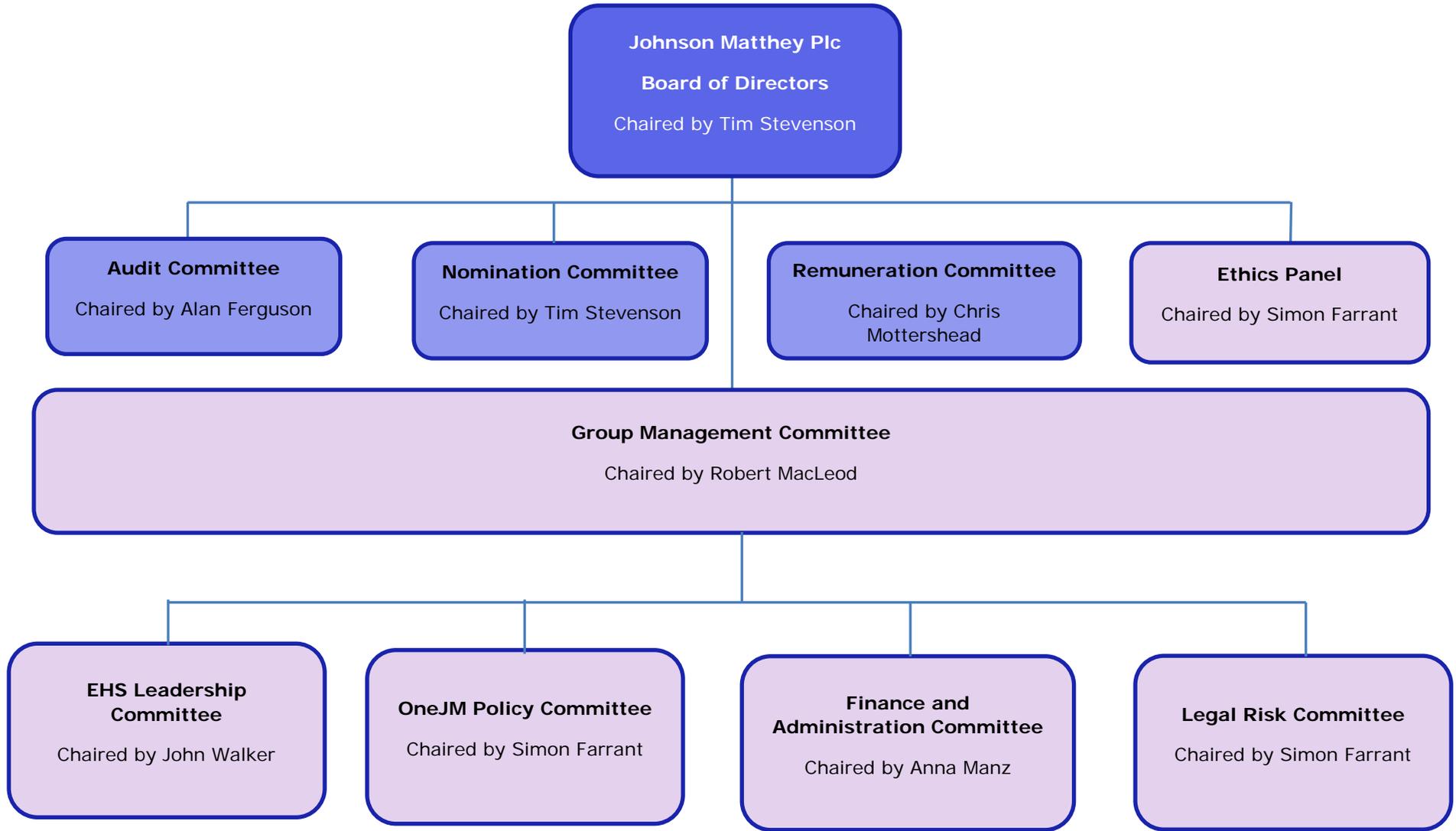
Finance and Administration Committee: Responsible for certain of the group's finance and corporate restructuring matters.

Legal Risk Committee: Reviews contract and litigation risk for the group.

In addition to the above committees, the board has established the following committee:

Ethics Panel: Oversees the concerns raised in relation to the group, including out of Speak Ups and ensures effective review and/or investigation of such concerns. Due to the importance of these matters, this executive committee reports to the board.

Governance Structure



Board Committee

Executive Committee

The Role of our Board Members

Chairman

Our Chairman leads the board. He is responsible for ensuring an effective board and effective contributions from individual directors, particularly non-executive directors, based on a culture of mutual respect, openness, debate and constructive challenge. To achieve this, he seeks to facilitate and encourage open communication and constructive working relations between the executive and non-executive directors. He also seeks to ensure that the executive directors are responsive to constructive challenge on their proposals by the non-executive directors. Our Chairman is in frequent contact with our Chief Executive. They meet in person or by telephone at least once a week. Our Chairman also keeps the non-executive directors up to date with significant developments between board meetings.

The Chairman is responsible for setting the board's agenda and ensuring that there is adequate time to discuss all agenda items. In addition, the Chairman monitors, with assistance from the Company Secretary, the information distributed to the board to ensure it is of high quality, accurate, clear and timely.

The Chairman is also responsible for ensuring that Johnson Matthey maintains effective communications with our shareholders and that the views of shareholders are communicated to the board so that all directors develop an understanding of the views of the major investors in the group.

There is a clear division between the Chairman's responsibilities for running the board and the Chief Executive's role for the running of the business. This division of responsibilities is established in a written statement which can be found on page 11.

Chief Executive

Our Chief Executive has day to day management responsibility for running the group's operations, for implementing the group's strategy as approved by the board, for applying group policies and for promoting the company's culture and standards, including those on governance. He has the broad authority from the board to run the company and he is accountable for, and reports to the board on, how it is performing. Our Chief Executive also has a key role in the process for the setting and review of strategy. In addition, he ensures that the executive directors' views on business issues and employees' views on relevant issues are shared with the board in a balanced way.

Senior Independent Director

The Senior Independent Director's role is to provide a sounding board for the Chairman, to act, if necessary, as a focal point and intermediary for the other non-executive directors and to ensure that any key issues that are not being addressed by the Chairman or the executive management are taken up. The Senior Independent Director and the Chairman maintain a regular dialogue regarding current issues. The board recognises that, should any significant issues arise which threaten the stability of Johnson Matthey or its board, the Senior Independent Director may be required to work with the Chairman or others or to intervene to resolve them.

The Senior Independent Director is available to shareholders should they have concerns which have not been resolved from contact through the normal channels of the Chairman, Chief Executive or other executive directors or if the normal channels may be inappropriate. He is also available to attend meetings with major shareholders to listen to their views in order to help develop a balanced understanding of their issues and concerns.

The Senior Independent Director is responsible for leading the annual appraisal of the Chairman's performance and plays an important role by ensuring there is an orderly process for succession to the chairmanship of Johnson Matthey.

Non-Executive Directors

The role of our non-executive directors is to scrutinise management's performance in meeting agreed goals and objectives and to monitor how that performance is reported. They must also be satisfied with the integrity of the group's financial information on the effectiveness of financial controls and risk management systems.

As members of the board, the non-executive directors bring independent judgment and a range of experience to the board and therefore have a key role in constructively challenging in all areas. This is vital to the independence and objectivity of the board's deliberations and decision making and is particularly important in helping develop proposals on strategy. The Chief Executive and the other executive directors welcome, and are responsive to, constructive challenge by the non-executive directors on their proposals. The non-executive directors' role is to support the decisions that have been taken and to support the executive team in their delivery. Non-executive directors also play an important part in supporting the Chairman and the executive directors in embracing and representing the company's culture, values and standards within the board and throughout Johnson Matthey.

The non-executive directors are responsible for determining appropriate levels of remuneration for the executive directors and have a prime role in appointing and, where necessary, removing executive directors, and in succession planning.

Executive Directors

Our executive directors have specific responsibilities relating to the group's business. However, as directors, their duties extend beyond their own businesses to include the whole of the group's operations and activities.

Company Secretary

Our Company Secretary is secretary to the board and its committees. He reports to our Chairman on board governance matters and, together with the Chairman, he keeps the efficacy of the company's and the board's governance processes under review and recommends improvements where necessary. He is also responsible to the board for compliance with board procedures. He is responsible, through the Chairman, for advising and keeping the board up to date on all legislative, regulatory and governance matters and developments. Under the Chairman's direction, the Company Secretary's responsibilities include ensuring good information flows within the board and its committees and between senior management and non-executive directors. He also facilitates induction and assists with professional development as required. His advice, services and support are available to each director.

Matters Reserved for the Board

1. Strategy and management

- 1.1 Setting the group's values and standards.
- 1.2 Approval of the group's long term objectives and commercial strategy.
- 1.3 Approval of the annual group operating and capital expenditure budgets and any material changes to them.
- 1.4 Approval of the group strategic plan.
- 1.5 Extension of the group's activities into new business or geographic areas.
- 1.6 Any decision to cease to operate all or any material part of the group's business.

2. Structure and capital

- 2.1 Changes relating to the group's capital structure including reduction of capital, share issues (except under employee share plans), share buy-backs and major debt financing.
- 2.2 Major changes to the group's management and control structure.
- 2.3 Any changes to the Company's listing or its status as a plc.

3. Financial reporting and controls

- 3.1 Approval of preliminary announcements of interim and final results.
- 3.2 Approval of the annual report and accounts, including the corporate governance statement and remuneration report.
- 3.3 Approval of the dividend policy.
- 3.4 Declaration of the interim dividend and recommendation of the final dividend.
- 3.5 Approval of any significant changes in accounting policies or practices following recommendation by the Audit Committee.
- 3.6 Approval of treasury policies following recommendation by the Audit Committee.
- 3.7 Approval of the group's tax strategy.
- 3.8 Ensuring maintenance of a sound system of internal control and risk management following recommendation by the Audit Committee where appropriate, including:
 - approval of the group's principal risks, including the risk appetite;
 - reviewing the effectiveness of the group's risk and control processes; and
 - approval of procedures for the detection of fraud and anti-bribery.
- 3.9 Approval of major capital projects above £20 million¹.
- 3.10 Approval of major acquisitions or disposals of fixed assets or operations with a £10 million enterprise value or above².
- 3.11 Approval of major rationalisation programmes whose cost is in excess of £10 million.

¹ provided always that matters below that threshold should be brought to the board irrespective of amount if felt by the relevant Sector Chief Executive to have a material or unusual aspect or be part of a programme of investment amounting to that level in aggregate.

² provided always that matters below that threshold should be brought to the board irrespective of amount if felt by the GMC or the General Counsel or Group Strategy Director in any case, to have a material or unusual aspect or where it is necessary for the board to consider potential reputational concerns.

4. Communication

- 4.1 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 4.2 Approval of all circulars, prospectuses and listing particulars (other than routine documents).

5. Board membership and other appointments

- 5.1 Changes to the structure, size and composition of the board.
- 5.2 Ensuring adequate succession planning for the board and senior management.
- 5.3 Appointment to the board, following recommendation by the Nomination Committee.
- 5.4 Selection of the Chairman of the board and the Chief Executive.
- 5.5 Appointment of the Senior Independent Director.
- 5.6 Membership and Chairmanship of board committees.
- 5.7 Continuation in office of directors at the end of their term of office, when they are due to be re-elected by shareholders at the AGM and otherwise as appropriate.
- 5.8 Continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the Company, subject to the law and their service contract.
- 5.9 Appointment or removal of the Company Secretary.
- 5.10 Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following recommendation by the Audit Committee.

6. Remuneration

- 6.1 Determining the remuneration of executive directors following recommendation by the Remuneration Committee.
- 6.2 Determining the remuneration of the non-executive directors, subject to the articles of association and shareholder approval as appropriate.
- 6.3 The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

7. Delegation of Authority

- 7.1 The division of responsibilities between the Chairman and the Chief Executive, which is to be set out in writing.
- 7.2 Approval of terms of reference of board committees.
- 7.3 Receiving reports from board committees on their activities.

8. Corporate governance

- 8.1 Undertaking a formal and rigorous review annually of its own performance, that of its committees and individual directors.
- 8.2 Determining the independence of non-executive directors in light of their character, judgement and relationships.

- 8.3 Considering the balance of interests between shareholders, employees, customers and the community.
- 8.4 Review of the group's overall corporate governance arrangements.
- 8.5 Receiving reports on the views of the Company's shareholders.
- 8.6 Authorising conflicts of interest where permitted by the Articles of Association.

9. Other

- 9.1 The making of political donations or political expenditure.
- 9.2 Approval of the level of Directors' & Officers' liability insurance.
- 9.3 Major changes to the rules of the group's pension schemes.
- 9.4 Appointment of the Company's Registrars.
- 9.5 This schedule of matters reserved for the board.

Statement of Division of Responsibilities between the Chairman and the Chief Executive

CHAIRMAN	CHIEF EXECUTIVE
1. Role	
The Chairman's role is to lead the board and to create the conditions for overall board and individual director effectiveness.	The Chief Executive's role is to run the group's business while being accountable and reporting to the board.
2. Reporting lines	
2.1 The Chairman reports to the board.	2.1 The Chief Executive reports to the Chairman (acting on behalf of the board) and to the board directly.
2.2 Other than the Chief Executive and the Company Secretary, no executive reports to the Chairman, other than through the board.	2.2 The Chief Executive is responsible for all executive management matters affecting the group. All members of executive management report, either directly or indirectly, to the Chief Executive.
3. Key responsibilities	
3.1 The Chairman's principal responsibility is the effective running of the board. The Chairman is not responsible for executive matters regarding the group's business.	3.1 The Chief Executive's principal responsibility is running the group's business.
3.2 The Chairman is responsible for promoting a culture of openness and debate, ensuring that the board as a whole plays a full and constructive part in the development and determination of the group's strategy and major policies.	3.2 The Chief Executive is responsible for proposing and developing the group's strategy and overall commercial objectives, in close consultation with the Chairman and the board.
3.3 The Chairman is the guardian of the board's decision-making processes.	3.3 The Chief Executive is responsible, with the executive team, for implementing the decisions of the board and its Committees and reporting to the board on progress.

4. Other responsibilities	
4.1 Running the board and setting its agenda.	4.1 Providing input to the board's agenda on their own behalf and on behalf of other members of the executive team.
4.2 Ensuring that board agendas take full account of the important issues facing the group, providing adequate time for discussion of the concerns of all board members. There should be an emphasis on strategic, rather than routine, issues.	4.2 Ensuring maintenance of a dialogue with the Chairman on the important and strategic issues facing the group, and proposing board agendas to the Chairman which reflect these.
4.3 Ensuring that the board receives accurate, timely and clear information on: <ul style="list-style-type: none"> • the group's performance • the issues, challenges and opportunities facing the group and matters reserved to it for decision. 	4.3 Ensuring that the executive team gives appropriate priority to providing reports to the board which contain accurate, timely and clear information.
4.4 Ensuring, with the advice of the Company Secretary where appropriate, compliance with the board's approved procedures, including the schedule of Matters Reserved for the Board for its decision and each Committee's Terms of Reference.	4.4 Ensuring, in consultation with the Chairman and the Company Secretary as appropriate, that the executive team comply with the board's approved procedures, including the schedule of Matters Reserved for the Board for its decision and each Committee's Terms of Reference.
4.5 Arranging informal meetings of the directors, including meetings of the non-executive directors at which the executive directors are not present, as required to ensure that sufficient time and consideration is given to complex, contentious or sensitive issues.	4.5 Ensuring that the Chairman is alerted to forthcoming complex, contentious or sensitive issues affecting the group of which the Chairman might not otherwise be aware.
4.6 Proposing to the board, in consultation with the Chief Executive, Company Secretary and Committee Chairmen as appropriate: <ul style="list-style-type: none"> • a schedule of Matters Reserved for the Board for its decision • Terms of Reference for each board Committee and other board policies and procedures. 	4.6 Providing input to the Chairman and Company Secretary on appropriate changes to the schedule of Matters Reserved for the Board and Committee Terms of Reference.

<p>4.7 Chairing the Nomination Committee, and, in that role, initiating change and succession planning in board appointments to retain and build an effective and complementary board, and to facilitate the appointment of effective and suitable members and Chairmen of board Committees.</p>	<p>4.7 Providing information and advice on succession planning, to the Chairman, the Nomination Committee, and other members of the board, particularly in respect of executive directors.</p>
<p>4.8 Proposing, in conjunction with the Nomination Committee, the membership of board Committees and their Chairmen.</p>	<p>4.8 If so appointed by the board, serving on the Nomination Committee.</p>
<p>4.9 Ensuring that there is an effective system for communication by the group with its shareholders and for ensuring that members of the board develop an understanding of the views of the major investors in the group.</p>	<p>4.9 Ensuring effective communication with shareholders and ensuring that the views of shareholders are communicated to the board.</p>
<p>4.10 Taking the lead in providing a properly constructed induction programme for new directors, facilitated by the Company Secretary.</p>	<p>4.10 Commenting on induction programmes for new directors and ensuring that appropriate management time is made available for the process.</p>
<p>4.11 Taking the lead in identifying and seeking to meet the development needs both of individual directors and of the board as a whole, assisted by the Company Secretary.</p>	<p>4.11 Ensuring that the development needs of the executive directors and other senior management reporting to the Chief Executive are identified and met.</p>
<p>4.12 Ensuring that the performance of the board as a whole, its Committees, and individual directors is formally and rigorously evaluated at least once a year and that the evaluation of the board is externally facilitated at least every three years.</p>	<p>4.12 Ensuring that performance reviews are carried out at least once a year for each of the executive directors. Providing input to the wider board evaluation process.</p>
<p>4.13 Promoting the highest standards of integrity, probity and corporate governance throughout the group and particularly at board level.</p>	<p>4.13 Promoting, and conducting the affairs of the group with the highest standards of integrity, probity and corporate governance.</p>
<p>Any amendments to this statement shall be a Matter Reserved for the Board.</p>	

Audit Committee
of Johnson Matthey Plc (the "Company")
Terms of Reference

1. Membership

1.1 The Audit Committee (the "**Committee**") shall be appointed by the board, on the recommendation of the Nomination Committee in consultation with the Committee Chairman. The Committee shall comprise at least three members all of whom shall be independent non-executive directors. The Committee shall have competence relevant to the sectors in which the Company operates. The Committee shall also have at least one member with recent and relevant financial experience and with competence in accounting or auditing, ideally with a professional qualification from one of the professional accountancy bodies. The Chairman of the board shall not be a member of the Committee.

1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the board, the Chief Executive, the Chief Financial Officer, the Group Assurance and Risk Director, the external auditor and representatives from the finance and other functions may be invited to attend for all or part of any meeting as and when appropriate and necessary.

Whilst attendance at Committee meetings via teleconference or video conference is permitted, Committee members are requested to attend meetings in person in so far as possible.

1.3 The Committee Chairman shall be appointed by the board. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members of the Committee present shall elect one of themselves to chair the meeting.

2. Secretary

2.1 The Company Secretary or his or her nominee shall act as secretary of the Committee (the "**Secretary**").

3. Quorum

3.1 The quorum necessary for the transaction of business shall be two members including a Committee Chairman. Formal decisions are made by a simple majority. In the case of equality of votes, the Committee Chairman shall have a second or casting vote.

4. Frequency of Meetings

4.1 The Committee shall meet at least four times a year at appropriate times in the reporting and audit cycle and otherwise as required.

4.2 Outside of the formal meeting programme, the Committee Chairman shall maintain a dialogue with key individuals involved in the Company's governance, including the Chairman of the board, the Chief Executive, the Chief Financial Officer, the external audit lead partner and the Group Assurance and Risk Director.

5. Notice of Meetings

5.1 Meetings of the Committee shall be called by the Secretary at the request of any of its members or at the request of the external audit lead partner or group Assurance and Risk Director if they consider it necessary.

- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated to all members of the Committee. Minutes shall also be circulated to all other members of the board unless in the opinion of the Committee Chairman or Secretary it would be inappropriate to do so.

7. Annual General Meeting

- 7.1 The Committee Chairman shall attend the Company's Annual General Meeting to answer shareholder questions on the Committee's activities.

8. Responsibilities

The Committee shall carry out the following responsibilities for the Company and the group, as appropriate.

8.1 Financial Reporting

The Committee shall:

- 8.1.1 monitor the integrity of the reported financial information, including the financial statements of the Company and group, included in its annual and half-yearly reports, interim management statements, and any other formal announcement relating to its financial performance, reviewing and reporting to the board on significant financial reporting issues and judgments which they contain having regard to matters communicated to it by the external auditor; and
- 8.1.2 review and challenge where necessary:
- (i) the assumptions used in going concern and ongoing viability assessments;
 - (ii) the consistency of, and any changes to, significant accounting policies both on a year on year basis and across the Company and group;
 - (iii) the methods used to account for significant or unusual transactions where different approaches are possible;
 - (iv) whether the Company and group have followed appropriate accounting policies and that any estimates and judgments that are made are appropriate, taking into account the views of the external auditor;
 - (v) the clarity of disclosure in the Company's and group's financial reports and the context in which statements are made; and
 - (vi) all related material information presented with the financial statements, such as the strategic report and the corporate governance statement (insofar as it relates to the audit and risk management).
- 8.1.3 Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the board.

8.2 Narrative Reporting

The Committee shall:

- 8.2.1 review and assess the process by which management gives assurance that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The Committee shall confirm to the board as to whether such process is satisfactory and provide advice if requested.

8.3 Internal Control and Risk Management Systems

The Committee shall:

- 8.3.1 keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems including in respect of risks associated with metal holdings, credit, bribery and corruption, money laundering and fraud;
- 8.3.2 review and approve the statements to be included in the annual report concerning internal controls and risk management; and
- 8.3.3 review procedures for handling allegations received in accordance with the Company's Speak Up policy. The Committee shall ensure that these procedures allow proportionate and independent investigation of such matters and appropriate follow-up action.

8.4 Internal Audit

The Committee shall:

- 8.4.1 monitor and review the effectiveness of the Company's group Assurance and Risk function;
- 8.4.2 approve the appointment and removal of the group Assurance and Risk Director;
- 8.4.3 review and approve the charter of the group Assurance and Risk function and ensure the function has the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform in accordance with appropriate professional standards for internal auditors. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions;
- 8.4.4 ensure the group Assurance and Risk Director has direct access to the board Chairman and to the Committee Chairman, and is accountable to the Committee;
- 8.4.5 review and approve the annual internal audit plan;
- 8.4.6 review reports addressed to the Committee from the group Assurance and Risk Director;
- 8.4.7 review and monitor management's responsiveness to the findings and recommendations of the group Assurance and Risk Director; and
- 8.4.8 meet the group Assurance and Risk Director at least once a year, without management present, to discuss their remit and any issues arising from the internal audits carried out.

8.5 External Audit

The Committee shall:

- 8.5.1 consider and make recommendations to the board, to be put to shareholders for approval at the Company's annual general meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor;

- 8.5.2 taking into account the UK Corporate Governance Code (the “**Code**”) and relevant legal and regulatory framework, consider the appropriate frequency and timing for putting the audit services contract out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender oversee the planning and selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the tendering process;
- 8.5.3 if an auditor resigns investigate the issues leading to this and decide whether any action is required;
- 8.5.4 oversee the relationship with the external auditor including (but not limited to):
- (i) approving their terms of engagement, including any engagement letter issued at the start of each audit;
 - (ii) approving their fee for audit services, ensuring that such fee is appropriate to enable an effective and high quality audit to be conducted;
 - (iii) reviewing and approving the annual external audit plan including agreeing the audit scope, approach, and levels of materiality as well as reviewing the seniority, expertise and experience of the audit team;
 - (iv) reviewing the findings of the audit with the external auditor. This shall include but not be limited to the following:
 - a discussion of any major issues which arose during the audit;
 - any key accounting and audit judgments;
 - levels of errors identified during the audit; and
 - any control weaknesses identified.
 - (v) review any audit representation letter(s) as requested by the external auditor before they are signed on behalf of the board;
 - (vi) assessing annually the expertise and resources of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures and taking into account any findings and conclusions by the Financial Reporting Council;
 - (vii) assessing annually their independence and objectivity, taking into account relevant UK professional and regulatory requirements and the relationship with the external auditor as a whole, including the appropriateness of the provision of any non-audit services;
 - (viii) developing and implementing a policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence, taking into account any ethical guidance on this matter; and keeping this policy and any fees paid to the external auditor in respect of the supply of non-audit services under review;
 - (ix) monitoring the external auditor’s compliance with relevant ethical and professional guidance on the rotation of audit partner;
 - (x) monitoring compliance with the Company’s policy on the employment of former employees of the Company’s auditor;
 - (xi) seeking to ensure co-ordination with the activities of the internal audit function;
 - (xii) meeting regularly with the external auditor, including at least once a year, without management being present, to discuss the auditor’s remit and any issues arising from the audit.

9. Reporting Responsibilities

- 9.1 The Committee Chairman shall formally report to the board on the proceedings after each meeting on all matters discussed including how it has discharged its responsibilities. This report shall include amongst other things:
- 9.1.1 the significant issues that it considered in relation to the financial statements and how these were addressed;
 - 9.1.2 the outcome of the external audit, how it contributed to the integrity of financial reporting and the Committee's role in that process;
 - 9.1.3 its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; and
 - 9.1.4 any other issues on which the board has requested the Committee's opinion.
- 9.2 The Committee shall make whatever recommendations to the board as it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall produce a report to be included in the Company's annual report about its activities in accordance with the Code and applicable law.

10. Other Matters

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its responsibilities, including access to the company secretariat for assistance as required;
- 10.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 10.3 give due consideration to applicable laws and regulations, the Code and the requirements of the UK Listing Authority's Disclosure Guidance and Transparency Rules and any other applicable rules as appropriate;
- 10.4 work and liaise as necessary with all other board committees; and
- 10.5 arrange for annual reviews of its own performance and of its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

11. Authority

The Committee is authorised:

- 11.1 to seek any information it requires from any officer or employee of the Company or group in order to perform its duties;
- 11.2 to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference; and
- 11.3 to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the board.
- 11.4 to delegate any of its powers to a sub-committee comprising at least any two Committee members one of who must be the Committee Chairman.

Remuneration Committee
of Johnson Matthey Plc (the “Company”)
Terms of Reference

1. Membership

1.1 The Remuneration Committee (the “**Committee**”) shall be appointed by the board, on the recommendation of the Nomination Committee in consultation with the Committee Chairman, and shall comprise at least three members, all of whom shall be independent non-executive directors. The Chairman of the board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman.

1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the Chief HR Officer, the Group Reward & Benefits Director and external advisers may be invited to attend for all or part of any meeting as and when appropriate and necessary.

Whilst attendance at Committee meetings via teleconference or video conference is permitted, Committee members are requested to attend meetings in person in so far as possible.

1.3 The Committee Chairman shall be appointed by the board and shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members of the Committee present shall elect one of themselves to chair the meeting provided that member is an independent non-executive director. The Chairman of the board shall not be the Committee Chairman.

2. Secretary

2.1 The Chief HR Officer or his or her nominee shall act as the secretary of the Committee (the “**Secretary**”).

3. Quorum

3.1 The quorum necessary for the transaction of business shall be two members including a Committee Chairman. Formal decisions are made by a simple majority. In the case of equality of votes, the Committee Chairman shall have a casting vote.

4. Frequency of Meetings

4.1 The Committee shall meet at least twice a year and otherwise as required.

5. Notice of Meetings

5.1 Meetings of the Committee shall be called by the Secretary at the request of the Committee Chairman or the Chairman of the Board.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

6. Minutes of Meetings

6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including names of those present and in attendance.

- 6.2 Draft minutes of Committee meetings shall be circulated to all members of the Committee. Minutes shall also be circulated to all other members of the board unless in the opinion of the Committee Chairman or Secretary it would be inappropriate to do so.

7. Annual General Meeting

- 7.1 The Committee Chairman shall attend the Company's Annual General Meeting to answer any shareholder questions on the Committee's activities.

8. Responsibilities

The responsibilities of the Committee are as follows.

- 8.1 Determine the remuneration policy for all executive directors and the Company Chairman ("**Remuneration Policy**"). In so doing the Committee shall take into account the following factors:
- the need to attract, retain and motivate executive management of the quality required to run the Company successfully;
 - that a significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company;
 - pay and employment conditions across the Company and group as a whole, especially when determining annual salary increases;
 - the views of shareholders and other stakeholders;
 - the risk appetite of the Company and its long-term strategic goals;
 - the ability of the Company to recover sums paid; and
 - relevant legal and regulatory requirements, the UK Corporate Governance Code (the "**Code**") and associated guidance.
- 8.2 Review the ongoing appropriateness and relevance of the Remuneration Policy.
- 8.3 Within the terms of the Remuneration Policy and in consultation with the Company Chairman and/or Chief Executive, as appropriate, determine the components and levels that make up the total remuneration package of each executive director and the Company Chairman. The remuneration of non-executive directors shall be a matter for the Chairman and the executive directors. No director shall be involved in any decisions as to their own remuneration.
- 8.4 Review and monitor the level and structure of remuneration for Group Management Committee members ("**Senior Executives**").
- 8.5 Determine and agree the general terms and conditions of service contracts for all board members and Senior Executives.
- 8.6 Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations, the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company but within any budgetary restraints imposed by the board.
- 8.7 Establish the selection criteria, select, appoint and set the terms of reference for any remuneration consultants who advise the Committee.
- 8.8 Approve the design of, and determine targets for, any performance-related pay schemes operated by the Company for the executive directors and approve the total annual payments made under such schemes (in accordance with the provisions in Schedule A of the Code).
- 8.9 Recommend the design of all share incentive plans and long-term incentive plans, including significant changes to existing plans (except in the circumstances permitted by the Listing Rules) for approval by the board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the levels of awards to executive directors and Senior Executives and the performance targets to be used.

8.10 Ensure that the contractual terms on the termination of directors, and any payments made on termination to directors, are fair to the director, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

8.11 Work and liaise as necessary with all other board committees.

9. Reporting Responsibilities

9.1 The Committee Chairman shall formally report to the board on its proceedings after each meeting on all matters discussed including how it has discharged its responsibilities.

9.2 The Committee shall make whatever recommendations to the board it deems appropriate on any matter within its duties and responsibilities where action or improvement is needed.

9.3 The Committee shall produce a report to be included in the Company's annual report about its activities in accordance with the Code and applicable law.

9.4 To determine for each Annual General Meeting any aspect of remuneration policy to be brought to shareholders that requires their specific approval.

9.5 Through the Chairman of the board, the Committee shall ensure that the Company maintains contact as required with its principal shareholders on all principal matters relating to director remuneration.

10. Other Matters

The Committee shall:

10.1 have access to sufficient resources in order to carry out its responsibilities, including access to the company secretariat for assistance as required;

10.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;

10.3 give due consideration to applicable laws, regulations and any published guidelines or recommendations regarding the remuneration of listed companies and formation and operation of share schemes including, but not limited to, the Code, the requirements of the UK Listing Authority's Disclosure Guidance and Transparency Rules as well as guidelines published by the Investor Association and Pensions & Lifetime Savings Association and any other applicable rules, as appropriate;

10.4 work and liaise as necessary with all other board committees; and

10.5 arrange for annual reviews of its own performance and of its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

11. Authority

The Committee is authorised:

11.1 to seek any information it requires from any officer or employee of the Company or group in order to perform its duties;

11.2 to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference; and

11.3 to delegate any of its powers to a sub-committee comprising at least any two Committee members one of who must be the Committee Chairman.

Nomination Committee
of Johnson Matthey Plc (the “Company”)
Terms of Reference

1. Membership

1.1 The Nomination Committee (the “**Committee**”) shall be appointed by the board and shall comprise at least three directors. A majority of the members of the Committee shall be independent non-executive directors.

1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the Chief HR Officer, the Group Talent Director and external advisers may be invited to attend for all or any part of any meeting as and when appropriate and necessary.

Whilst attendance at Committee meetings via teleconference or video conference is permitted, Committee members are requested to attend meetings in person in so far as possible.

1.4 The Committee Chairman shall be appointed by the board and shall either be the Chairman of the board or an independent non-executive director. The Chairman of the board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship of the board. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members of the Committee present shall elect one of themselves to chair the meeting provided that member is an independent non-executive director.

2. Secretary

2.1 The Company Secretary or his or her nominee shall act as the secretary of the Committee (the “**Secretary**”).

3. Quorum

3.1 The quorum necessary for the transaction of business shall be two members including a Committee Chairman. Formal decisions are made by a simple majority. In the case of equality of votes, the Committee Chairman shall have a second or casting vote.

4. Frequency of Meetings

4.1 The Committee shall meet at least twice a year and otherwise as required.

5. Notice of Meetings

5.1 Meetings of the Committee shall be called by the Secretary at the request of any of its members.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and other person required to attend, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

6. Minutes of Meetings

6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

- 6.2 Draft minutes of Committee meetings shall be circulated to all members of the Committee. Minutes shall also be circulated to all other members of the board unless in the opinion of the Committee Chairman or the Secretary it would be inappropriate to do so.

7. Annual General Meeting

- 7.1 The Committee Chairman shall attend the Company's Annual General Meeting to answer any shareholder questions on the Committee's activities.

8. Responsibilities

The responsibilities of the Committee are as follows:

- 8.1 regularly review the structure, size and composition of the board (including the balance of skills, knowledge, experience and diversity and balance of executive and non-executive directors) and make recommendations to the board with regard to any changes that are deemed necessary;
- 8.2 keep under review the leadership needs of the group, both executive and non-executive, with a view to ensuring the continued ability of the group to compete effectively in the market place in both the short and long-term;
- 8.3 undertake the following in relation to board and Group Management Committee (the "GMC") succession planning:
- 8.3.1 satisfy itself with regard to the adequacy and efficacy of succession planning processes and procedures for directors (both executive and non-executive) and Senior Executives (being members of the GMC);
 - 8.3.2 consider and approve the succession plans for directors (both executive and non-executive) and in particular the key roles of Chairman of the board and Chief Executive;
 - 8.3.3 consider the succession plans for Senior Executives; and
 - 8.3.4 satisfy itself with regard to the adequacy and efficacy of the group's processes for identifying and developing the future senior management pipeline,
- in each case taking into account the challenges and opportunities facing the group, its long-term strategic goals and the skills and expertise needed on the board and the GMC in the future;
- 8.4 identify and recommend to the board for approval, candidates to fill board vacancies (both executive and non-executive) as and when they arise;
- 8.5 before making any recommendation for appointment to the board, evaluate the balance of skills, knowledge, experience and diversity on the board, and, in the light of this evaluation, prepare a description of the role and capabilities required for the particular appointment;
- 8.6 in identifying suitable candidates for appointment to the board the Committee shall:
- 8.6.1 as appropriate, use open advertising or the services of external advisers to facilitate the search;
 - 8.6.2 consider candidates from a range of backgrounds;
 - 8.6.3 consider candidates on merit and against objective criteria and with due regard to the benefits of diversity on the board, including gender;
- 8.7 for the appointment of a Chairman of the board and a non-executive director, the Committee shall consider the time commitment expected, the proposed appointee's other significant commitments and business interests and his or her time availability to devote to the position;

- 8.8 ensure that on appointment to the board, the Chairman and non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings;
- 8.9 review the results of the board performance evaluation process that relate to the composition of the board;
- 8.10 review annually the time required from non-executive directors. Performance evaluation shall include assessment of whether the non-executive directors are spending enough time to fulfil their duties;
- 8.11 periodically assess the knowledge, skills and experience of individual members of the board and the board collectively;
- 8.12 review and recommend the Diversity Policy to the board for approval;
- 8.13 identify and recommend to the board for approval suitable candidates for the role of Senior Independent Director;
- 8.14 identify and recommend to the board for approval membership and chairmanship of the Audit and Remuneration Committees, and any other board committees as appropriate, in consultation with the chairmen of those committees;
- 8.15 consider and recommend to the board for approval:
 - 8.15.1 the re-appointment of any non-executive director at the conclusion of their specified term of office; and
 - 8.15.2 the re-election by shareholders of any director under the annual re-election provisions of the UK Corporate Governance Code (the “**Code**”) or the retirement by rotation provisions in the Company’s articles of association;in each case having given due regard to their performance and ability to continue to contribute to the board in light of the knowledge, skills and experience required and the need for progressive refreshing of the board (particularly in relation to directors being re-elected for a term beyond six years);
- 8.16 consider and make recommendations to the board on any matter relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service contract;
- 8.17 consider the appointment of any director to executive or other office outside of the group; and ensure the number of external directorships remains in accordance with the Code; and
- 8.18 to keep under review the training and development needs of the board as a whole.

9. Reporting Responsibilities

- 9.1 The Committee Chairman shall report formally to the board on its proceedings after each meeting on all matters discussed including how it has discharged its responsibilities.
- 9.2 The Committee shall make whatever recommendations to the board it deems appropriate on any matter within its duties and responsibilities where action or improvement is needed.
- 9.3 The Committee shall produce a report to be included in the Company’s annual report about its activities in accordance with the Code and applicable law.

10. Other Matters

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its responsibilities, including access to the company secretariat for assistance as required;
- 10.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 10.3 give due consideration to applicable laws and regulations, the Code and the requirements of the UK Listing Authority's Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate;
- 10.4 work and liaise as necessary with all other board committees; and
- 10.5 arrange for annual reviews of its own performance and of its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

11. Authority

The Committee is authorised:

- 11.1 to seek any information it requires from any officer or employee of the Company or group in order to perform its duties;
- 11.2 to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference; and
- 11.3 to delegate any of its powers to a sub-committee comprising at least any two Committee members, one of who must be a Committee Chairman.

Ethics Panel
of Johnson Matthey Plc (the “Company”)
Terms of Reference

1. Purpose

- 1.1 Without prejudice to the responsibilities of each group executive function, the Ethics Panel (the “**Panel**”) of JM is appointed by the board to:
- Oversee the concerns raised in relation to the group and ensure effective review and/or investigation of these concerns are carried out fairly and consistently with appropriate remediation action taken;
 - Keep under review the adequacy and effectiveness of the procedures for handling concerns;
 - Shape the corporate governance principles, culture and ethical values of the group in line with the group’s strategic priorities;
 - Report to the board on the group’s conduct; and
 - Advise the board on these matters having regard to the group’s brand and reputation, ensuring that reputational risk is consistent with the risk appetite of the group and the creation of long term shareholder value.

These Terms of Reference are established by the Panel and are approved by the board.

2. Membership

- 2.1 The Panel shall consist of five (5) permanent members, the General Counsel and Company Secretary as its Chairman, the North America General Counsel, the Chief HR Officer, the Group Assurance and Risk Director and the Group Head of Ethics and Compliance.
- 2.2 The Chairman of the Panel is responsible for the management of the Panel’s responsibilities and will have access to the resources of the group executive function of the most appropriate Panel member in consultation with that member.
- 2.3 The Panel may choose to involve other officers and employees of JM and external experts, as needed, to advise on and assist with special cases and issues.

3. Secretary

- 3.1 The Chairman of the Panel shall appoint the secretary of the Panel (the “**Secretary**”).

4. Quorum

- 4.1 A quorum of the Panel shall be three members.
- 4.2 In the absence of the Chairman, the remaining members present shall elect one of themselves to chair the meeting.

5. Frequency of Meetings

- 5.1 The Panel shall meet at least once every month. In cases of urgency, ad hoc meetings may be held by telephone and/or video conference. The Panel may request any officer and employee of JM or any external expert to attend Panel meetings.
- 5.2 The Panel will review and discuss the status and progress of the investigations underway in the monthly meetings.

6. Notice of Meetings

- 6.1 Unless otherwise agreed, notices of monthly meetings, together with an agenda of items to be discussed and relevant supporting papers shall be circulated to Panel members no less than three clear working days before the date of the meeting.

7. Minutes of Meetings

- 7.1 The Secretary shall minute the proceedings of the Panel meetings.
- 7.2 Minutes of the Panel meetings shall be taken and filed after approval by the Panel.
- 7.3 A copy of the minutes shall be circulated to the members of the Panel.
- 7.4 The Panel shall report on a quarterly basis to the board on its activities.

8. Responsibilities

- 8.1 The responsibilities of the Panel, which will be carried out in relation to the group as a whole, as appropriate, are to:
- 8.1.1 oversee concerns raised pursuant to the Speak Up policy via various means, including the external hotline, that are entered into the Speak Up Case Management System;
 - 8.1.2 oversee and coordinate investigations in relation to concerns raised pursuant to the Speak Up policy;
 - 8.1.3 oversee and coordinate investigations commenced independently of the Speak Up policy by order of the board, Audit Committee, the Group Management Committee or the Ethics Panel where there are sufficient regulatory or reputational concerns to merit an independent investigation;
 - 8.1.4 advise and make recommendations in relation to closing investigations and proposing appropriate remediation action which may include disciplinary action;
 - 8.1.5 advise and make recommendations to the board, the Audit Committee, the Group Management Committee and/or senior management with regard to notifications to regulatory authorities and enforcement agencies, initiating criminal prosecution and/or civil action in the event of a breach of the Code of Ethics, our policies and procedures or the law;
 - 8.1.6 advise and make recommendations to the board, the Audit Committee, the Group Management Committee and/or senior management with regard to the inclusion of the Panel in decisions concerning disciplinary and/or remedial action(s) to be taken when specific breaches of the Code of Ethics, our policies and procedures or law are identified against any statutory director and/or direct reports of the Group Management Committee. This is not limited to, but may include any Sector Chief Executive, Sector Finance Director and/or regional/local senior management;
 - 8.1.7 collect, analyse and report to the board, the Audit Committee, the Group Management Committee and/or the group Policy and Compliance Committee, where relevant and where confidentiality and/or the law permits, all potentially serious investigations, the outcome of such investigations, the nature and severity of the incidents, their consequences for JM, measures taken to prevent reoccurrence, remedial and disciplinary actions taken and finally the general trends in the number and type of incidents;
 - 8.1.8 advise and make recommendations to the board, the Audit Committee, the Group Management Committee and/or senior management concerning the mitigation of the risk and other preventive measures to be taken, where necessary, after analysing the patterns of behaviour encountered after an investigation is performed;

8.1.9 keep under review the proportionality and independence of investigations and the appropriate follow up action; and

8.1.10 keep under review the adequacy and effectiveness of the procedures for handling all allegations and concerns raised.

9. Reporting Responsibilities

9.1 The Chairman of the Panel shall report to the board on its proceedings every quarter and annually on all matters within its duties.

10. Confidentiality

10.1 All information made available to and used by the Panel shall be handled with due regard to its confidential nature and to the need to protect the interests and privacy of the individuals and/or organisations under investigation.

11. Annual assessment of Terms of Reference

11.1 The Panel shall review and assess the adequacy of these Terms of Reference annually or more frequently if necessary and recommend changes as needed to the board for review and approval.

Version Control

Version	Date	Author	Change Description
1	31 January 2018	Victoria Barlow	Approved by the Board on 31 January 2018 <i>(following review by the Audit Committee (30 January 2018), Remuneration Committee (30 January 2018) Nomination Committee (30 January 2018) and Ethics Panel (23 January 2018) of their respective Terms of Reference).</i>