



Johnson Matthey
Inspiring science, enhancing life

Conflict Minerals Disclosure

Johnson Matthey Plc

Financial Year 2020/21



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Conflict Minerals Disclosure for the financial year 2020/21 (Annual Disclosure)

This Annual Disclosure is made under article 7 of the EU Regulation 2017/821 (**Conflict Minerals Regulation**) and sets out the steps taken by Johnson Matthey Plc and its group companies (**Johnson Matthey, JM or group**) during the financial year 2020/21 to ensure that it is responsibly sourcing tin, tantalum, tungsten and gold (**3TGs**) in its value chain.

Background

At Johnson Matthey, our vision is for a world that's cleaner and healthier, today and for future generations. For over 200 years, we have run our business and used our science and technology to have a positive impact on peoples' lives. One of our values is protecting people and the planet, which includes ensuring that the people working within JM's value chain are treated ethically and with respect.

In Conflict-Affected and High-Risk Areas (**CAHRAs**)¹, the mining of 3TGs can be used to finance conflict between armed groups, fuel forced labour and other human rights abuses, and support unethical business practices. While Johnson Matthey has no mining operations in such CAHRAs, we do produce certain products which contain 3TGs (e.g. catalysts for the automotive sector, decorative lustres, active pharmaceutical ingredients and brazing alloys) in our commercial operations. We are committed to ensuring the sourcing of 3TGs in our value chain does not directly or indirectly contribute to such abuses and harms in CAHRAs.

Not all companies in the group are subject to the Conflict Minerals Regulation, which came into force on 1 January 2021. However, in accordance with our values and commitment to responsible sourcing, we apply our **Global Conflict Minerals Policy (policy)** and accompanying due diligence programme (**Due Diligence Programme**) across the group. Accordingly, this Annual Disclosure is made on behalf of the group.

We define human rights in-line with internationally recognised human rights which are contained in the International Bill of Human Rights (including the UN Universal Declaration of Human Rights) and the International Labour Organisation Core Conventions, including the conventions on child labour, forced labour, non-discrimination, freedom of association and collective bargaining. JM's approach to human rights is based on key frameworks that define human rights principles for businesses, including the UN Global Compact and the UN Guiding Principles on Business and Human Rights.

We are committed to sourcing 3TGs in-line with the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from CAHRAs (**OECD Guidelines**). Our policy and Due Diligence Programme are based on the OECD Guidelines' five step framework for risk-based due diligence.

1. Company Management systems

Governance

JM's **Group Management Committee** is accountable for JM's compliance with applicable conflict minerals legislation and the policy. Johnson Matthey's Chief Procurement and Property Officer has overall accountability for responsible sourcing at a group level, which includes 3TG sourcing.

The policy sets out the specific accountabilities and responsibilities for commercial, Procurement and Group Ethics & Compliance to ensure JM is complying with its policy commitments.

During the past financial year, a working group comprising of Procurement and Group Ethics & Compliance was responsible for the implementation of the policy throughout the group (**Working Group**) in relation to our commercial operations. The Working Group provided live virtual training regarding the policy requirements and

¹ As set out by the EU Commission – <https://www.cahraslist.net/cahras>

accompanying Due Diligence Programme. It also delivered further targeted training (within the financial year and to the date of the Annual Disclosure) to key Procurement and commercial employees with responsibilities under the Due Diligence Programme.

JM's standard

To supplement our existing Due Diligence Programme, during the year we adopted our new policy. We have strengthened our existing Due Diligence Programme by transforming it to a co-ordinated group wide programme, to ensure a consistent approach across the group. The policy is available on our website <https://matthey.com/en/enhancing-life/sustainability-governance>

The policy sets out our commitments to 3TG responsible sourcing which are aligned to the standards in Annex II of the OECD Guidance. The policy states that we expect 3TG sourcing practices (whether the supplier or the smelters / refiners used in the supplier's supply chain) have been validated by a recognised independent third party audit programme (e.g. Responsible Minerals Assurance Process ("RMAP") or equivalent cross-recognised assessment).

Engagement with suppliers

In March 2021, we issued an enhanced **Supplier Code of Conduct** <https://matthey.com/en/about-us/partnering-with-us/supplier-code-of-conduct>, which sets out the standards we expect all our value chain partners to share with us. It forms the foundation of our new supplier due diligence programme, which will roll out in phases during 2021/22. This programme will help us strengthen our supplier relationships and support our goal to address human rights risks across the lifecycle of our products.

The Supplier Code of Conduct includes the expectations we have of our suppliers in relation to sourcing 3TGs. We expect suppliers to:

- understand and comply with all applicable conflict minerals laws, international regulations and OECD Guidelines
- conduct 3TG sourcing in accordance with our policy commitments
- ensure their 3TG sourcing practices (whether the supplier or the smelters / refiners used in the supplier's supply chain) have been validated by a recognised independent third party audit programme (e.g. RMAP or recognised equivalent programme) and
- provide Johnson Matthey with the relevant annual due diligence submissions.

We expect our suppliers to complete self-assessments under our Supplier Code of Conduct to demonstrate activity that already meets our expectations, any elements that they have committed to adopting or areas they are unable to support in the foreseeable future. This creates a level of transparency that helps us work with our suppliers to identify and address areas of risk and agree future action plans.

JM grievance mechanism

Our policy and Supplier Code of Conduct encourages our suppliers to **speak up** if they have concerns about potentially illegal or unethical conduct. In our Supplier Code of Conduct we provide suppliers with the link to an independently run speak up helpline (accessed online or via telephone) where concerns can be raised. This helpline is confidential and allows individuals, where local law permits, to remain anonymous.

2. Identify and assess risk in the supply chain

During the financial year, the Working Group (with support from the business) assessed JM's global exposure to 3TGs in its commercial operations during the calendar year 2020. 3TGs are used in certain JM products globally, including²:

- catalysts for the automotive sector

² These are examples and not an exhaustive list

- decorative lustres
- ceramic products
- active pharmaceutical ingredients
- other catalysts
- automotive parts
- battery systems
- medical device components

Following identification of the relevant 3TG suppliers in JM's value chain, JM requires the 3TG suppliers to complete an industry-wide standard Conflict Minerals Reporting Template (**CMRT**) produced by the Responsible Minerals Initiative (**RMI**). JM uses the CMRT to annually collect the names of the Smelters and Refiners (**SORs**) from the identified suppliers and to establish the origin of the 3TGs.

It is the responsibility of Procurement within the business to ensure that the CMRTs are fully completed and to review the CMRTs against JM standards set out in our policy. Procurement reviews the SORs listed in the CMRTs to establish if they have an RMI identification number. They will subsequently conduct an additional check against the latest RMI List of Conformant SORs to ensure that the SORs listed are still compliant at the date of review. If a SOR is not independently verified as part of the RMAP (or equivalent cross-recognised assessment), Procurement asks further information from the supplier. If the supplier does not provide a satisfactory answer, Procurement is required to escalate the matter within JM in accordance with the Due Diligence Procedure to determine what remedial action might be required or if the supplier is not a suitable value chain partner.

In addition to the CMRT process, JM conducts due diligence under its **Doing Business in Higher Risk Jurisdictions (HRJ) Policy**. The HRJ Policy applies to all business undertaken by Johnson Matthey in jurisdictions which we consider higher risk from a compliance perspective, including where jurisdictions are subject to international sanctions or particular export controls, have a reputation for widespread bribery and corruption, have a reputation for facilitating financial crime, and/or pose a heightened risk of human rights abuses.

The HRJ Policy provides the minimum standards of due diligence required to satisfy ourselves that we are comfortable with the levels of non-financial risk attached to relationships or transactions in any of the higher risk jurisdictions. Since the launch of the HRJ Policy in April 2020, we have reviewed 426 counterparties in the financial year 2020/21 against legal, compliance and reputational criteria and taken risk-based decisions on their suitability as a JM business partner.

To the extent that any of our direct 3TG suppliers are located or directly doing business in these higher risk jurisdictions, they will be required to undergo HRJ due diligence.

3. Responding to identified risks

If there are any concerns identified in CMRTs, which after consultation with the supplier do not provide us with adequate reassurances, these are escalated within JM in accordance with the Due Diligence Programme. Red flags include:

- supplier refuses to complete the CMRT or fills it out incompletely / incorrectly
- SORs listed by a supplier are not independently verified as part of the RMAP (or equivalent cross-recognised assessment) – this is elevated to the highest risk if the supplier also has stated that the 3TGs have originated from a CAHRA or a Covered Country (as defined in the CMRT)
- Supplier has conducted less than 75% due diligence of its supply chain and does not have a legitimate explanation for this or does not have a remedial action plan to rectify this
- Supplier is not using a recognised due diligence programme to gather information from its supply chain (i.e. not using CMRTs but simply relying on assurances from their suppliers or supplier policies)

In accordance with our position in the 3TG value chain, we will engage with suppliers to address any supplier concerns we have identified. Refusal, suspension or termination of business with the supplier may result as circumstances require.

We are committed to providing our customers with the 3TG information they require for their own responsible sourcing requirements. We use our in-house database to respond to customer requests for information on the 3TGs in our products.

4. Independent third-party audit or SOR due diligence practices

Suppliers are required to report to JM on an annual basis by completing the CMRT to identify the SORs and the country of origin of the 3TGs sold to JM. The CMRT must include complete information regarding all SORs. We expect any changes affecting the information disclosed in the CMRT within the yearly reporting period to be promptly reported to JM.

5. Report annually on supply chain due diligence

Not every company in the group is subject to the Conflict Minerals Regulation. However, to maintain our values and commitment to responsible sourcing, we apply our policy and accompanying Due Diligence Programme across the JM group. Accordingly, this Annual Disclosure is made on behalf of the group.

Our Modern Slavery Statement for FY2020/21 will be published in tandem with this Annual Disclosure.

Survey

For 3TGs purchased by JM in calendar year 2020, we identified 57 relevant 3TG suppliers. Out of the 57 identified, 44 have responded, completed CMRTs in 2020-2021 and these have been reviewed by JM. This represents 77% of our relevant 3TG suppliers. Of the remaining 3TG suppliers, approximately half of these have recently responded and completed CMRTs and these are currently being reviewed by JM in accordance with our Due Diligence Programme. We will continue to follow-up with suppliers who have yet to respond and escalate where necessary in accordance with our Due Diligence Programme.

Intention

Following the end of the financial year, we have set ourselves ambitious sustainability goals and targets to accelerate a cleaner, healthier world. As part of our new sustainability strategy and framework, one of our goals is to uphold human rights throughout our value chains. **Our target for 2030 is to assess 100% of value chain partners for human rights risks and put remedial plans in place where high risks are identified.** We will use a risk-based approach in our assessments and where high risks are identified we will work closely with our value chain partners to put any necessary action plans in place or take a decision not to proceed if the risks cannot be mitigated sufficiently.

During the next financial year, in accordance with the UN Guiding Principles on Business and Human Rights, we will identify the human rights at greatest risk relative to JM's operations or value chain, which we will use as the basis for our human rights target. One of the risks already being considered by JM is human rights abuses associated with the extraction, transport, and trade of critical raw materials from CAHRAs relative to our position in the value chain.

In May 2021, the Johnson Matthey Plc board set up the **Societal Value Committee** to provide direction and oversight of our sustainability strategy, goals and performance against targets, which includes our goal to uphold human rights throughout our value chains. The committee is a full board committee, chaired by an independent director and will meet three times per year. The committee will be supported by our Group Management Committee and the newly created **Sustainability Council**. The Sustainability Council has responsibility for providing direction and oversight of the workstreams engaged to achieve our sustainability goals and targets.