



# **Johnson Matthey Plc Corporate Governance Framework**

Version 2.0

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## **1. Corporate Governance Statement**

Corporate governance is the framework within which we manage our business. It provides a structure for decisions to be made in order to direct, oversee and control operations.

## **2. Introduction: Corporate Governance Framework**

This document explains how Johnson Matthey Plc (the “Company” or “company”) is organised to enable the effective discharge of its corporate governance responsibilities, including those set out in the UK Corporate Governance Code.

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. It is supported by three committees: the Nomination Committee, the Audit Committee and the Remuneration Committee and has delegated responsibility for specific matters to the Disclosure Committee and Ethics Panel.

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 five sub-committees.

Details of the decisions which can only be taken by the board and the role and duties of the committees are set out in this framework.



### **3. 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 sustainable success of the group, for generating value for shareholders, contributing to wider society 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 establishing the company's purpose and values and setting strategy, determining risk appetite, ensuring appropriate risk management and internal controls are in place, ensuring good governance, decision making and promoting the desired culture. 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 seven times a year in person, 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 five 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.

**Metal Steering Committee:** responsible for managing the risk and mitigating actions in relation to the Company's precious metals.

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.

Please also refer to Appendix on the board and committee structure.



## 4. 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 views from the workforce 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.



## 5. Matters Reserved for the Board

### 1. Strategy and management

- 1.1 Setting the group's purpose, 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 million<sup>1</sup>.

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<sup>1</sup> 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.



3.10 Approval of major acquisitions or disposals of fixed assets or operations with a £10 million enterprise value or above<sup>2</sup>.

3.11 Approval of major rationalisation programmes whose cost is in excess of £10 million.

#### **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. Culture**

5.1 Assessing and monitoring culture to ensure that behaviours, policies and practices (including those related to the workforce) are aligned with the company's purpose, values and strategy.

#### **6. Board membership and other appointments**

6.1 Changes to the structure, size and composition of the board.

6.2 Ensuring adequate succession planning for the board and senior management.

6.3 Appointment to the board, following recommendation by the Nomination Committee.

6.4 Selection of the Chairman of the board and the Chief Executive.

6.5 Appointment of the Senior Independent Director.

6.6 Membership and Chairmanship of board committees.

6.7 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.

6.8 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.

6.9 Appointment or removal of the Company Secretary.

6.10 Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following recommendation by the Audit Committee.

#### **7. Remuneration**

7.1 Determining the remuneration of executive directors following recommendation by the Remuneration Committee.

7.2 Determining the remuneration of the non-executive directors, subject to the articles of association and shareholder approval as appropriate.

7.3 The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

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<sup>2</sup> 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.



## **8. Delegation of Authority**

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

## **9. Corporate governance**

- 9.1 Undertaking a formal and rigorous review annually of its own performance, that of its committees and individual directors.
- 9.2 Determining the independence of non-executive directors in light of their character, judgement and relationships.
- 9.3 Considering the balance of interests between shareholders, employees, customers and the community.
- 9.4 Review of the group's overall corporate governance arrangements.
- 9.5 Receiving reports on the views of the Company's shareholders.
- 9.6 Authorising conflicts of interest where permitted by the Articles of Association.

## **10. Other**

- 10.1 The making of political donations or political expenditure.
- 10.2 Approval of the level of Directors' & Officers' liability insurance.
- 10.3 Major changes to the rules of the group's pension schemes.
- 10.4 Appointment of the Company's Registrars.
- 10.5 This schedule of matters reserved for the board.



## 6. Statement of Division of Responsibilities between the Chairman and the Chief Executive

CHAIRMAN	CHIEF EXECUTIVE
<b>1. Role</b>	
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.
<b>2. Reporting lines</b>	
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.
<b>3. Key responsibilities</b>	
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"> <li>• the group's performance; and</li> <li>• the issues, challenges and opportunities facing the group and matters reserved to it for decision.</li> </ul>	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"> <li>• a schedule of Matters Reserved for the Board for its decision; and</li> <li>• Terms of Reference for each board Committee and other board policies and procedures.</li> </ul>	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 Seek regular engagement with major shareholders, ensuring that there is an effective system for communication by the group with its shareholders and for ensuring that the board as a whole has a clear understanding of the views of shareholders.</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><b>Any amendments to this statement shall be a Matter Reserved for the Board.</b></p>	



## **7. 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; and
- (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 independence and effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor;
  - 9.1.4 an explanation of how auditor independence and objectivity are safeguarded if the auditor provides non-audit services; and
  - 9.1.5 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;
- 11.3 to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the board; and
- 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.

*Reviewed by the Committee on 2nd April 2019 and approved by the Board on 3rd April 2019.*



## **8. 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 who has served on a remuneration committee for at least twelve months prior to their appointment as Committee Chairman. 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 ("Directors' Remuneration Policy"), the Group Management Committee ("Senior Executives' Remuneration Policy"), Company Secretary and the Company Chairman. 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 in line with its purpose, values, culture and strategy;
  - that a significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to enable the delivery of strategy and the long-term success of the Company;
  - the value of rewards potentially deliverable to executive management which should be proportionate and predictable with necessary protections included so that predetermined limits and/or discretions enable the Committee to adjust variable pay outcomes. The protections should be identified and explained at the time of approving the Directors' and Senior Executives' remuneration policies;
  - workforce remuneration and related policies across the Company and group as a whole, especially when determining annual salary increases;
  - the need for remuneration arrangements to be transparent and enable effective engagement with shareholders, the workforce and other stakeholders;
  - the preference for remuneration structures to have clarity of purpose and simplicity of design so that they avoid unnecessary complexity and operation and so are easy to understand;
  - the risk appetite of the Company and its long-term strategic goals ensuring reputational and other risks from excessive rewards and behavioural risks that may arise from target-based incentive plans are identified and mitigated, including 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 In consultation with the Chairman and/or Chief Executive, as appropriate, determine the total individual remuneration package of each executive director, Group Management Committee member, Company Secretary, including bonuses and other incentive payments as appropriate. In addition determine the total remuneration package of the Company Chairman. No individual will be involved in discussions in relation to their own remuneration.
- 8.4 Determine and agree the general terms and conditions of service contracts for all board members and Senior Executives.
- 8.5 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.
- 8.6 Establish the selection criteria, select, appoint and set the terms of reference for any remuneration consultants who advise the Committee.
- 8.7 Approve the design of, and determine targets for, any performance-related pay schemes operated by the Company for the executive directors and Group Management Committee members and approve the total annual payments made under such schemes (in accordance with the provisions in the Code).



- 8.8 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, Group Management Committee members and the Company Secretary and the performance targets to be used.
- 8.9 Ensure that the contractual terms on the termination of directors, Group Management Committee members and the Company Secretary, and any payments made on termination are fair and that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- 8.10 Review workforce remuneration and significant related policies, including the alignment of incentives and rewards with culture.
- 8.11 Approve a shareholding policy which covers building and maintaining a shareholding during employment, and its application post employment as appropriate. Review annually the shareholdings of the executive directors and Group Management Committee (as appropriate) in the context of the shareholding policy.
- 8.12 Ensure that the views of the workforce are given consideration.
- 8.13 Ensure, where relevant, that any payments made are permitted under the latest shareholder approved Directors' Remuneration Policy and, if not, that either a revised Directors' Remuneration Policy or the proposed payment is submitted for shareholder approval.
- 8.14 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 ensure that provisions regarding disclosure of information, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports Amendment) Regulations 2013 and the Code, are fulfilled. The Committee shall produce a three-part Directors' Remuneration Report as part of the Company's Annual Report. The Committee's Directors' Remuneration Report shall comprise:
  - (i) A Statement from the Chairman of the Committee;
  - (ii) A section on future Directors' Remuneration Policy (albeit this section may be excluded in the years that shareholder approval for the Directors' Remuneration Policy is not being sought); and
  - (iii) A section on how Board Directors' Remuneration Policy has been implemented in the preceding year and how it will be implemented for the next year (Annual Report on Remuneration).

The Directors' Remuneration Policy shall be put to a binding shareholder vote at least every three years and the remainder of the Remuneration Report (comprising the Statement from the Chairman of the Committee and the Annual Report on Remuneration) to an advisory shareholder vote each year each year at the Annual General Meeting in compliance with the reporting regulations.

- 9.4 To determine for each Annual General Meeting any aspect of remuneration 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, including the advice of independent remuneration consultants; 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.

*Reviewed by the Committee on 30th January 2019 and approved by the Board on 3rd April 2019.*



## **9. 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.
- 1.3 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, ensuring that the Chairman does not remain in post beyond nine years from the date of first appointment unless for a limited time and to facilitate effective succession planning;
  - 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 outcomes and actions arising from 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.

*Reviewed by the Committee on 2nd April 2019 and approved by the Board on 3rd April 2019.*



## **10. Disclosure Committee of Johnson Matthey Plc (the "Company") Terms of Reference**

The Disclosure Committee has been established by a resolution of the Company's board (the "Board") as a committee of the Board.

### **1. Membership**

1.1 The members of the Disclosure Committee are the Chief Executive, the Group Finance Director and the Company Secretary.

### **2. Purpose**

2.1 The Disclosure Committee has been established to assist and inform the decisions of the Board concerning the identification of inside information and to make recommendations or determinations as to how and when JMPLC should disclose that information, in accordance with all applicable legal and regulatory requirements including:

2.1.1 the Market Abuse Regulation (2014/596/EU) ("MAR");

2.1.2 the Implementing Regulation on public disclosure of inside information and delaying disclosure of inside information (2016/1055/EU) ("Inside Information Implementing Regulation");

2.1.3 the Implementing Regulation on the format of insider lists (2016/347/EU) ("Insider List Implementing Regulation");

2.1.4 the Financial Conduct Authority ("FCA") Disclosure Guidance and Transparency Rules ("DTRs") and Listing Rules ("LRs"); and

2.1.5 JMPLC's inside information policy and procedures ("Inside Information Policy").

### **3. Quorum**

3.1 The quorum for a meeting or decision of the Disclosure Committee shall be two members.

3.2 A meeting of the Disclosure Committee at which a quorum is present, or a decision of sufficient members of the Disclosure Committee to constitute a quorum without convening a meeting, shall have the power to exercise all of the authorities, powers and discretions vested in or exercisable by the Disclosure Committee.

### **4. Proceedings**

4.1 There shall be no notice requirement for the convening of meetings of the Disclosure Committee and a quorum of members of the Committee may reach a decision in any reasonable manner without notice to the other members and without convening a meeting of the Committee.

4.2 The members of the Disclosure Committee shall regulate their proceedings as they see fit, taking into account JMPLC's obligations to comply with MAR, and in particular the primary obligation to ensure that any inside information in relation to JMPLC is announced to the market as soon as possible.

### **5. Authority**

5.1 The Disclosure Committee is authorised by the Board, at the expense of JMPLC, to carry out any activities within its terms of reference. It is authorised to seek any information it requires from any employee in order to perform its duties, and all employees are directed to co-operate with any requests made by the Disclosure Committee. It is also authorised to delegate the implementation of its decisions to any relevant officers or employees of JMPLC or its advisers, as it considers necessary.

5.2 The Disclosure Committee is authorised by the Board to obtain external professional advice at the expense of JMPLC and to secure the attendance of third parties with relevant experience and expertise at meetings of the Disclosure Committee, if it considers this necessary.

5.3 These terms of reference may be amended from time to time by the Board.

## 6. Duties

The Disclosure Committee shall carry out, or shall procure the carrying out of, the following duties:

### 6.1 *Assessing and monitoring of information*

- 6.1.1 assessing whether information which directly concerns JMPLC is "inside information", as defined in Article 7 of MAR;
- 6.1.2 for information that might in the future become inside information, anticipating when such information might become inside information and continuing to monitor such information;
- 6.1.3 monitoring market rumour, press speculation and any variance between JMPLC's performance and its own forecasts or any changes in JMPLC's circumstances and considering whether an announcement via a Regulatory Information Service (an "RIS") is required; and
- 6.1.4 in considering the assessments referred to above, the Committee appropriately consults with external advisors, including legal advisors and brokers, in particular while considering market announcements and trading updates.

### 6.2 *Information that is inside information*

- 6.2.1 when information is determined to be inside information procuring the disclosure of that inside information to an RIS as soon as possible in accordance with paragraph 6.4 below; or
- 6.2.2 in the event that it is permissible to delay the disclosure of that inside information, complying with the procedures for a delay period set out in paragraph 6.3 below;

### 6.3 *Delay in the disclosure of inside information*

- 6.3.1 assessing whether it is permissible to delay the disclosure of inside information in accordance with Article 17(4) of MAR, including a decision as to whether the following conditions can be met:
  - (i) the legitimate interests of JMPLC would likely be prejudiced if the inside information was immediately disclosed;
  - (ii) the delay in the disclosure of inside information is not likely to mislead the public; and
  - (iii) JMPLC can ensure the confidentiality of the inside information during the period of delay, (together, the "Conditions");
- 6.3.2 arranging for an internal record of any delay (including an explanation as to how the Conditions are fulfilled and the identity of all those involved in the decision to delay) to be prepared and maintained in accordance with Article 4(1) of the Inside Information Implementing Regulation and Article 17(4) of MAR;
- 6.3.3 assessing, on a regular basis, for how long the disclosure of inside information should and can be delayed and whether the Conditions are still being fulfilled;
- 6.3.4 assessing whether inside information may be disclosed selectively to third parties in accordance with Articles 10(1) and 17(8) of MAR and DTR 2.5.7;
- 6.3.5 ensuring that market soundings are not conducted by officers or employees of JMPLC without the prior consent of the Disclosure Committee and overseeing the terms of JMPLC's participation in any market sounding; and
- 6.3.6 ensuring that a holding or leak announcement is ready for release;

### 6.4 *Announcement of inside information*

- 6.4.1 preparing and verifying announcements for notification of inside information to an RIS in accordance with the requirements in Article 2 of the Inside Information Implementing Regulation

(including that an announcement containing inside information must identify in the announcement that it contains inside information);

- 6.4.2 arranging for the posting of information announced to an RIS on JMPLC's website by the beginning of the business day following the day of the RIS announcement and ensuring that it is kept and maintained on the website for a period of at least five years;
- 6.4.3 ensuring that the JMPLC website complies with the requirements in Article 3 of the Inside Information Implementing Regulation, including that access to the website is non-discriminatory and free of charge, the inside information is easy to find and located in a dedicated section of the website, in chronological order, showing the date and time of the release of the inside information; and
- 6.4.4 when inside information is announced following a delay in disclosure, arranging for a notification of a delay to be sent to the FCA immediately after the announcement and, where requested by the FCA, arranging for a written explanation of the delay to be sent to the FCA, in accordance with Article 4 of the Inside Information Implementing Regulation and Article 17(4) of MAR;

## 6.5 *Insider list*

- 6.5.1 arranging for JMPLC's insider list to be prepared in the prescribed format, updated when details change and maintained for a period of at least five years, in accordance with the requirements in Article 18 of MAR and the Insider List Implementing Regulation;
- 6.5.2 monitoring and assessing which officers and employees should be listed in JMPLC's permanent insider list (who are considered to have access to all inside information with the Company at all times (if any) and any project insider list from time to time;
- 6.5.3 procuring that personal information of officers and employees is kept up-to-date on the Company's systems and that there is an effective system in place for the collation of all personal information of such individuals on an insider list;
- 6.5.4 ensuring that individuals on JMPLC's insider list are notified of their duties; and
- 6.5.5 ensuring that advisers and other persons acting on JMPLC's behalf also comply with their obligation to compile insider lists;

## 6.6 *Control of Inside Information*

- 6.6.1 ensuring that JMPLC's procedures and systems, including the Inside Information Policy itself are adequate to:
  - (i) deny access to inside information to persons other than those who require it for the exercise of their function within JMPLC;
  - (ii) procure that JMPLC employees with access to inside information are properly storing, protecting and managing the inside information to ensure that there is no unauthorised access to the inside information, including effectively using confidentiality barriers and other arrangements;
  - (iii) enable effective dissemination of information to the Disclosure Committee from within JMPLC and all group companies;
  - (iv) ensure the confidentiality of inside information during any period of delay in announcement; and
  - (v) ensure that where inside information has been inadvertently disclosed, the Disclosure Committee is immediately notified;
- 6.6.2 reviewing such the procedures and systems periodically;

## 6.7 *Records*

- 6.7.1 ensuring that the following records are fully completed and kept for a period of at least five years:



- (i) JMPLC's insider list;
  - (ii) records of a delay in disclosure of inside information;
  - (iii) any notifications or explanations sent to the FCA in relation to a delay in disclosure of inside information;
  - (iv) all decisions of the Disclosure Committee and reasons for such decisions, including instances when the Disclosure Committee decides that information is not inside information; and
  - (v) any procedures put in place or changes to procedures to ensure the effective dissemination of information;
- 6.7.2 ensuring that the individuals responsible for making certain decisions are clearly identified in the relevant records;
- 6.8 *Other*
- 6.8.1 taking any other action it sees fit to ensure that JMPLC complies with its requirements in relation to the disclosure of inside information; and
  - 6.8.2 reviewing and, where necessary, proposing the amendment of these terms of reference and the Inside Information Policy.

*Approved by the Board on 3rd April 2019.*



## **11. 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 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 investigations in relation to concerns raised pursuant to the Speak Up policy;
  - 8.1.3 oversee 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 OneJM Policy 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.
- 9.2 The Panel will issue a report every four months to the Group Management Committee (the "GMC") to provide insight into Speak Ups and the outcome of investigations during the period. The Panel will make a less detailed version of this report available to everyone within JM by publishing it to SharePoint.
- 9.3 The Panel will issue an executive summary report to the Chief Executive after each Ethics Panel meeting summarising the key points that were discussed.

## **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.

*Reviewed by the Panel on 19th March 2019 and approved by the Board on 3rd April 2019.*

## **12. Group Management Committee of Johnson Matthey Plc (the “Company”) Terms of Reference**

### **1. Purpose**

1.1 The Group Management Committee (“GMC”) (the “Committee”) is established under the authority of the Chief Executive of Johnson Matthey Plc (the “Company”). The Committee is responsible for assisting the Chief Executive in the performance of his/her duties in respect of the Johnson Matthey group (the “Group”) within the limits of his/her authority, including

- (ii) the development and implementation of strategy, operational plans, policies, procedures and budgets;
- (iii) monitoring operating and financial performance;
- (iv) assessing and controlling risk;
- (v) prioritisation and allocation of resources.

### **2. Membership**

2.1 The Committee shall comprise the following members:

The Chief Executive  
The Chief Financial Officer  
Each Sector Chief Executive  
The Chief EHS and Operations Officer  
The Chief HR Officer  
The General Counsel and Company Secretary  
The Chief Strategy and Corporate Development Officer.

2.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate and necessary.

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

### **3. Secretary**

3.1 The Company Secretary or his/her nominee will act as Secretary to the Committee.

### **4. Quorum**

4.1 The quorum necessary for the transaction of business shall be three members, one of which must either be the Chief Executive or the Chief Financial Officer.

### **5. Frequency of Meetings**

5.1 The Committee shall meet at least six times a year.

5.2 Ad hoc meetings, if required, may be called by a Committee member.

### **6. Notice of Meetings**

6.1 Meetings of the Committee shall be called by the Secretary at the request of any of its members. 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 at least four 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.

### **7. Minutes of Meetings**

7.1 Draft minutes of Committee meetings shall be circulated to all members of the Board. Minutes shall also be circulated to the GMC.



## 8. Duties

### 8.1 *Objectives and strategy*

- 8.1.1 Recommend objectives and strategy for the Group in the development of its business to the Board, having regard to the interests of its shareholders, customers, employees and other stakeholders; and
- 8.1.2 The successful execution of Group, Sector and Functional strategy;

### 8.2 *Performance and operations*

- 8.2.1 Present the Group's budget and three-year plan to the Board and following their approval, the achievement of budgets and plans;
- 8.2.2 Develop and review Sector budgets to ensure that they fall within the agreed Group targets;
- 8.2.3 Monitor performance against targets, objectives and key performance indicators, including EHS;
- 8.2.4 Optimise the allocation and adequacy of the Group's resources;
- 8.2.5 Approve capital expenditure requests in accordance with delegated authorities; and
- 8.2.6 Ensure the active liaison, coordination and cooperation between Sectors;

### 8.3 *Culture, Ethics and Compliance*

- 8.3.1 Give leadership on the culture and the values of the Company;
- 8.3.2 Understand the engagement and enablement of the Company's employees through review of all-employee surveys (eg YourSay);
- 8.3.3 Give leadership on Ethics and Compliance and monitor compliance performance; and
- 8.3.4 Lead on diversity and inclusion for the Company and monitor performance;

### 8.4 *Human Resources*

- 8.4.1 Deal with key staff-related matters;
- 8.4.2 Ensure the provision of adequate management development and succession and; culture, yourSay review and diversity and inclusion; and
- 8.4.3 Develop and implement remuneration structures within the Group below the level of responsibilities of the Remuneration committee.

### 8.5 *Business and Corporate Development*

- 8.5.1 Identify and execute new business opportunities outside the current core activities, including geographic diversification; and
- 8.5.2 Approve acquisitions or disposals of fixed assets or operations with a £1m enterprise value or above and recommend those with a £10m enterprise value or above to the Board.

### 8.6 *Risk*

- 8.6.1 Ensure the control, co-ordination and monitoring within the Group of risk and internal controls;

### 8.7 *Legal*

- 8.7.1 Review disputes and litigation as referred from the Legal Risk Committee; and



8.7.2 Monitor compliance with relevant legislation and regulations.

**9. Reporting**

9.1 The Chief Executive shall report to the Board on the proceedings of the Committee since the previous Board meeting.

**10. Authority**

10.1 The Committee is authorised to establish any sub-committee comprising at least any two Committee members. The Committee should retain oversight of the proceedings of any sub-committee.

**11. Other matters**

11.1 The Committee shall review its terms of reference at least annually and recommend any changes as needed to the Chief Executive.

*Reviewed by the Committee and approved by the Chief Executive on 14th March 2019.*

## **13. Environment, Health and Safety Leadership Committee of Johnson Matthey Plc (the “Company”) Terms of Reference**

### **1. Purpose**

- 1.1 The Environment, Health and Safety (“EHS”) Leadership Committee (the “Committee”) is a sub-committee of the Group Management Committee (“GMC”) of Johnson Matthey Plc (the “Company”). The Committee is responsible for assisting the Company in discharging its EHS responsibilities and in creating a positive EHS culture across the Johnson Matthey Plc group (the “Group”).

### **2. Membership**

- 2.1 The Committee shall comprise the following members:

Each Sector’s Operations Director (or equivalent)  
The Group EHS Director  
The Chief EHS and Operations Officer (Chairman)

- 2.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate and necessary. The Sector Chief Executives have an open invitation to all Committee meetings.
- 2.3 Whilst attendance at Committee meetings via teleconference or video conference is permitted, Committee members are requested to attend meetings in person so far as possible.
- 2.4 The Sector EHS Directors are expected to attend all Committee meetings.

### **3. Secretary**

- 3.1 A member of the Company Secretarial team will act as Secretary to the Committee.

### **4. Quorum**

- 4.1 The quorum necessary for the transaction of business shall be two members.

### **5. Frequency of Meetings**

- 5.1 The Committee shall meet at least four times a year.
- 5.2 Ad hoc meetings, if required, may be called by a Committee member.

### **6. Notice of Meetings**

Meetings of the Committee shall be called by the Secretary at the request of any of its members. 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 at least five clear 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.

### **7. Minutes of Meetings**

Draft minutes of Committee meetings shall be circulated to all members of the Committee.

Minutes shall also be circulated to the GMC.

## 5. Duties

- 5.1 Agree and recommend the Company's EHS strategy, including objectives and targets, to the GMC;
- 5.2 On an ongoing basis, review and develop the EHS strategy;
- 5.3 Communicate the EHS strategy across the Group;
- 5.4 On an ongoing basis, review the Group's EHS Risk, and mitigating actions taken by Sectors and Group;
- 5.5 Develop and propose the Group EHS Policy for approval by the OneJM Policy Committee or any other policies as determined by the OneJM Policy Committee;
- 5.6 Initiate and endorse principles, key standards, rules and guidance on EHS, ensuring alignment with the Company's global strategy;
- 5.7 Agree the Group's approach to the Carbon and Green House Gas reduction strategy;
- 5.8 Maintain oversight of the EHS compliance audit programme, the findings of such audits and the effecting of corrective actions to ensure matters are resolved quickly and efficiently;
- 5.9 Review, report and benchmark performance to establish progress in developing and improving EHS culture;
- 5.10 Review the integrity of systems to capture and process EHS data, including for inclusion in the Company's Annual Report;
- 5.11 Consider material regulatory and technical developments in the field of EHS;
- 5.12 Identify and share best practices to enhance EHS performance;
- 5.13 Promote initiatives that will develop behavioural improvements and result in a safer and healthier culture in the Group's business;
- 5.14 Agree the Group's approach to Process Safety Risk Management; and
- 5.15 Agree the Group's approach to Product Stewardship including developing company policy, facilitating consistency and collaboration across the company.

## 6. Reporting

The Committee Chairman shall report to the GMC on its proceedings after each meeting or otherwise as necessary.

## 7. Delegation

The Committee may delegate responsibility and authority to any individual to act on behalf of the Company in relation to any matter included within paragraph (8) of these Terms of Reference including the authority to execute and deliver any agreement, document or instrument and to do any act or thing for or in connection with any such matters.

*Reviewed by the Committee on 1st March 2019 and approved by the GMC on 14th March 2019.*



## **14. OneJM Policy Committee of Johnson Matthey Plc (the “Company”) Terms of Reference**

### **1. Purpose**

- 1.1 The OneJM Policy Committee (the “Committee”) is a sub-committee of the Group Management Committee (“GMC”) of Johnson Matthey Plc (the “Company”).
- 1.2 It is responsible for setting a policy framework for the Johnson Matthey Group, oversight and approval of Johnson Matthey Group Policies (as defined below) and ensuring that Johnson Matthey Group Policies are adequate and appropriately embedded across the Group.

### **2. Membership**

- 2.1 The Committee shall comprise the following members:

General Counsel and Company Secretary  
Chief Financial Officer  
Chief HR Officer  
General Counsel, Group

The General Counsel and Company Secretary shall act as chairman of any meeting.

- 2.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 2.3 Policy owners and the leads of JM Group function leadership groups (“Function Policy Steering Group”) submitting policies for approval must attend the meeting.
- 2.4 Whilst attendance at Committee meetings via teleconference or video conference is permitted, Committee members are requested to attend meetings in person so far as possible.

### **3. Secretary**

- 3.1 The Committee Chairman shall appoint the Secretary of the Committee.

### **4. Quorum**

- 4.1 The quorum necessary for the transaction of business shall be two members of whom at least one must be the General Counsel and Company Secretary.

### **5. Frequency of Meetings**

- 5.1 The Committee shall meet at least four times a year.
- 5.2 Ad hoc meetings, if required, may be called by a Committee member.

### **6. Notice of Meetings**

- 6.1 Meetings of the Committee shall be called by the Secretary at the request of any of its members. 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 at least five clear 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.

### **7. Minutes of Meetings**

- 7.1 Draft minutes of Committee meetings shall be circulated to all members of the Committee.
- 7.2 Minutes shall also be circulated to the GMC.



## 8. Duties

- (a) To set a policy framework for the Johnson Matthey Group, including:
  - (i) determining an appropriate the policies required to be applicable across the Group (“Group Policies”);
  - (ii) setting a template for Group Policies;
  - (iii) determining the respective owners of Group Policies; and
  - (iv) defining the role and accountabilities of Function Policy Steering Groups, policy owners and those charged with the implementation of policies.
- (b) To consider proposals for:
  - (i) the introduction of new Group Policies; and
  - (ii) material amendments to existing Group Policies(“Policy Proposals”).
- (c) Review and, as appropriate, provide input into Policy Proposals, ensuring that due consideration is given to financial, tax, legal and regulatory requirements, key controls, the impact on the businesses and best practice.
- (d) Approve Policy Proposals as appropriate.
- (e) Review and, as appropriate, approve communication, awareness and implementation of Group Policies across the Group.
- (f) Monitor development, status, implementation, compliance and communication of Group Policies through updates provided by the JM Group function leadership groups.
- (g) Review compliance issues relating to Group Policies, including:
  - (i) material breaches of policy;
  - (ii) the adequacy of corrective actions;
  - (iii) any other relevant matter.

Where these are escalated to the Committee by the relevant Function Policy Steering Group.

## 9. Reporting

- 9.1 The Committee Chairman shall report to the GMC on its proceedings after each meeting.

## 10. Delegation

- 10.1 The Committee may delegate responsibility and authority to any individual to act on behalf of the Company in relation to any matter included within paragraph (8) of these Terms of Reference including the authority to execute and deliver any agreement, document or instrument and to do any act or thing for or in connection with any such matters.

*Approved by the GMC on 14th March 2019.*



## **15. Finance and Administration Committee of Johnson Matthey Plc (the “Company”) Terms of Reference**

### **1. Purpose**

- 1.1 The Finance and Administration Committee (the “Committee”) is a sub-committee of the Group Management Committee (“GMC”) of Johnson Matthey Plc (the “Company”) responsible for the approval of certain of the Group’s finance and corporate restructuring matters.

### **2. Membership**

- 2.1 The Committee shall comprise the following members:

Chief Financial Officer  
Group Financial Controller  
Group Tax and Treasury Director  
General Counsel and Company Secretary

- 2.2 The Chief Financial Officer or the General Counsel and Company Secretary shall act as chairman of any meeting.

- 2.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate and necessary. Individuals submitting proposals for approval must attend the meeting as well as the Sector Finance Directors of the affected Sector or Sectors.

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

### **3. Secretary**

- 3.1 A member of the Company Secretarial Department will act as Secretary to the Committee.

### **4. Quorum**

- 4.1 The quorum necessary for the transaction of business shall be two members of whom at least one must be the Chief Financial Officer or the General Counsel and Company Secretary.

### **5. Frequency of Meetings**

- 5.1 The Committee shall meet at least four times a year.
- 5.2 Ad hoc meetings, if required, may be called by a Committee member.

### **6. Notice of Meetings**

- 6.1 Meetings of the Committee shall be called by the Secretary at the request of any of its members. 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 at least five clear 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.

### **7. Minutes of Meetings**

- 7.1 Draft minutes of Committee meetings shall be circulated to all members of the Committee. Minutes shall also be circulated to the GMC.

### **8. Principal Matters for Consideration and Approval**

- (a) Approval of any changes to the group structure, including:
- (i) Incorporation/merger/liquidation/restructuring/striking-off of legal entities;

- (ii) Intra-group transfers of legal entities; and
  - (iii) Incorporation/merger/dissolution of branch offices, representative offices and other types of overseas establishments.
- (b) Alterations to capital structures of legal entities (eg issue of new shares, adjustments to existing share capital through sub-division, consolidation, re-classification and cancellation of share classes and capital reductions).
  - (c) Allotment of new shares in a legal entity.
  - (d) Intra-group business and/or asset transfers.
  - (e) Approval of all new Advance Pricing Agreements including renewals, between Johnson Matthey entities and global tax authorities.
  - (f) External banking and borrowing arrangements/agreements (including mandates, facilities guarantees, indemnities and letters of comfort).
  - (g) Financial derivatives - agreements and transactions (excluding those used in the day-to-day operation of Treasury)
  - (h) Long term debt issues such as bonds or private placements.
  - (i) Longer term loans over one year from financial institutions.
  - (j) Intra-group loans over one year required for purposes other than funding working capital.
  - (k) Net investment hedging transactions.
  - (l) Review and approval of the Group Insurance Programme Limits.
  - (m) Supplier Financing Arrangements.
  - (n) Prior review of papers requiring approval from the Company's Group Management Committee seeking CAPEX or approval of a merger or acquisition, in order to agree the funding structure and cost, tax rates and associated tax expense, all company secretarial and legal matters, treasury matters and the financial accounting outcome assumed.
  - (o) Any other treasury-related matter which the Group Treasurer or the Chief Financial Officer determines should be subject to the review and approval of the Committee.
  - (p) Any other corporate restructuring matter which the General Counsel and Company Secretary or the Chief Financial Officer determines should be subject to the review and approval of the Committee.

One or several of the above matters may form part of a wider transaction/re-organisation, in which case the Committee's approval is required for the entire transaction/re-organisation.

## **9. Reporting**

9.1 The Committee Chairman shall report to the GMC on its proceedings after each meeting.

## **10. Delegation**

10.1 The Committee may delegate responsibility and authority to any individual to act on behalf of the Company in relation to any matter included within paragraph (8) of these Terms of Reference including the authority to execute and deliver any agreement, document or instrument and to do any act or thing for or in connection with any such matters.

*Reviewed by the Committee on 10th December 2018 and approved by the GMC on 14th March 2019.*



## **16. Legal Risk Committee of Johnson Matthey Plc (the “Company”) Terms of Reference**

### **1. Purpose**

- 1.1 The Legal Risk Committee (the “Committee”) is a sub-committee of the Group Management Committee (“GMC”) of Johnson Matthey Plc (the “Company”) responsible for reviewing, from legal, compliance and intellectual property perspectives, those agreements and matters which are of material significance to the JM Group and/or which may extend beyond the interests of any one part of the organisation and have an effect on the wider JM Group, to ensure legal risk is appropriately managed.

### **2. Membership**

- 2.1 The Committee shall comprise the following members:

General Counsel (Chairman)  
General Counsel for each Sector and Group  
General Counsel, North America  
Intellectual Property Director  
Head of Ethics & Compliance.

- 2.2 If the Chairman is not present, another member shall chair the meeting.

- 2.3 Only members of the Committee have the right to attend Committee meetings. Individuals submitting contracts for approval must attend the meeting. Other individuals (whether members of the legal team, business or other functional representatives) may be invited to attend all or part of any meeting as and when appropriate and necessary to participate in discussions concerning one or more matters at the discretion of the Committee.

- 2.4 Whilst attendance at Committee meetings via teleconference or video conference is permitted, Committee members and individuals submitting contracts for approval are requested to attend meetings in person in so far as possible.

### **3. Secretary**

- 3.1 The Committee Chairman shall appoint the secretary of the Committee.

### **4. Quorum**

- 4.1 The quorum necessary for the transaction of business shall be three members.

### **5. Frequency of Meetings**

- 5.1 The Committee shall meet monthly and as otherwise required.
- 5.2 Ad hoc meetings, if required, can only be called by a Committee member.

### **6. Notice of Meetings**

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

- 6.2 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 at least three clear working days before the date of the meeting.

- 6.3 Submissions to the Committee must be prepared and submitted by the lawyer responsible for negotiating the contract to the secretary at least three clear working days before the date of the meeting.

6.4 In respect of contracts submitted to the Committee for approval, submissions must include:

- (i) the full contractual documentation to be approved; and
- (ii) a brief memorandum:
  - 1. identifying the responsible business/ functional contacts; and
  - 2. setting out a summary description of:
    - the contractual arrangements the main contract terms;
    - the reason for the submission; and
    - the principal risks

Submissions requesting approval of a High Risk TPI must also include a fully executed Proposal Form, in accordance with the High Risk TPI Procedure.

6.5 The litigation report must be updated and submitted to the Committee for noting on a quarterly basis.

6.6 Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

## 7. Minutes of Meetings

7.1 Draft minutes of Committee meetings shall be circulated to all members of the Committee.

## 8. Duties

8.1 The Committee is responsible for:

- (i) Reviewing and approving contracts meeting certain criteria (the "LRC Criteria" as set out in the Appendix); and
- (ii) Reviewing, approving and maintaining oversight of disputes and litigation, including:
  - 1. Details of any new matter or any significant developments in actual or potential prosecution whether civil or criminal;
  - 2. Details of any new matter or any significant developments in civil litigation or any dispute which is highly likely to give rise to civil litigation with a potential value (excluding costs) of >£0.5m; and
  - 3. Approval of initiation of proceedings with potential value of >£1m.
- (iii) Reviewing restrictions on carrying on business or competition.

## 9. Reporting

9.1 The Committee Chairman shall report to the GMC on its proceedings after each meeting.

## 10. Delegation

10.1 The Committee may delegate responsibility and authority to any individual to act on behalf of the Company in relation to any matter included within paragraph (8) of these Terms of Reference including the authority to execute and deliver any agreement, document or instrument and to do any act or thing for or in connection with any such matters.

*Reviewed by the Committee on 11th March 2019 and approved by the GMC on 14th March 2019.*

## Appendix One

Any contract which meets the following criteria requires approval from the Committee.

A contract that requires approval must not be signed until unconditional approval has been obtained.

Reference to a value threshold is to a value at or above the stated £ Sterling (or local currency equivalent) threshold.

TYPE		
1	<b>Purchase or sale of goods or services - long term / high value</b>	
	<p>Any contract for the purchase or sale of goods or services which:</p> <ul style="list-style-type: none"> <li>- has a minimum term of five years or more and cannot be terminated by JM prior to the expiry of such term, and/or</li> <li>- has a value of <b>£7,500,000</b> or more.</li> </ul> <p><u>NOTES:</u></p> <ul style="list-style-type: none"> <li>- This excludes any metal trading arrangements in JM standard form.</li> <li>- "Value" means contract value over the period of the contract excluding the value of any customer-owned precious metal.</li> </ul>	£7,500,000
2	<b>Land and buildings</b>	
	<p>Any contract for the sale, purchase or lease of land (or land and buildings) which:</p> <ul style="list-style-type: none"> <li>- has a value of <b>£2,000,000</b> or more.</li> </ul> <p><u>NOTES:</u></p> <ul style="list-style-type: none"> <li>- The value of a lease means the annual rent multiplied by the maximum term plus any other contractual payments (eg service charges).</li> </ul>	£2,000,000
3	<b>Intellectual property licences</b>	
	<p>Licences of intellectual property of any type into or out of the JM Group regardless of value.</p> <p><u>NOTES:</u></p> <p>Excluded from this requirement are:</p> <ul style="list-style-type: none"> <li>- any licence which is ancillary to the main purpose of the agreement (eg a licence contained within a distribution agreement, agency agreement or toll manufacturing agreement); and</li> <li>- any shrinkwrap software agreement and any software licence with a value of £1,000,000 or less.</li> </ul>	Any
4	<b>Joint development</b>	
	Any technical/R&D collaboration and/or joint development contract.	Any
5	<b>Acquisitions and disposals</b>	
	<p>Acquisitions and disposals:</p> <ul style="list-style-type: none"> <li>- When selling, review of initial form of SPA sent to purchaser (or, in the case of an auction, to bidders);</li> <li>- When buying, review of initial mark up of seller's standard SPA or JM SPA issues list;</li> <li>- Updates on any key changes to the positions above</li> <li>- Disposals: Any non-compete to be given.</li> </ul>	Any
6	<b>Incorporated joint ventures</b>	
	Incorporated joint venture shareholders' agreements and material ancillary documentation.	Any

7	<b>High risk TPI agreements</b>	
	All high risk Third Party Intermediary agreements (whether agency, distribution, government intermediary or logistics provider).  <u>NOTES:</u> The Committee will actively review only where the agreement departs substantially from the JM standard form documents.	Any
8	<b>Parent company guarantees</b>	
	All parent company guarantees issued by any JM company.	Any
9	<b>Any contract advised against by the relevant legal adviser</b>	
	Members of the Legal/Compliance/IP team are able, through their relevant Member, to make a submission where a contract has been advised against, particularly where the contract does not contain appropriate limitations of JM's liability.	Any
10	<b>Contracts of material significance not covered by the above</b>	
	<ul style="list-style-type: none"> <li>- Group Insurance Program policy documents;</li> <li>- M&amp;A – Standard form of Letter of Intent and/or offer document;</li> <li>- Group corporate funding agreements;</li> <li>- Review of proposed settlement arrangements;</li> </ul>	Any Any Any £5,000,000
11	<b>Template Agreements</b>	
	Any standard group templates and agreements to be shared with the Legal Department.	
12	<b>Other Matters</b>	
	<ul style="list-style-type: none"> <li>- Any high risk compliance matters; and</li> <li>- Any other matter considered significant or high risk, as requested by any committee member.</li> </ul>	



## **17. Metal Steering Committee of Johnson Matthey Plc (the “Company”) Terms of Reference**

### **1. Purpose**

- 1.1 The Metal Steering Committee (the “Committee”) is a sub-committee of the Johnson Matthey plc Group Management Committee (“GMC”) of Johnson Matthey Plc (the “Company”) responsible for managing the risk and mitigating actions in relation to the Company’s precious metals.

### **2. Membership**

- 2.1 The Committee shall comprise the following members:

Chief Financial Officer  
Efficient Natural Resources CEO  
Group Financial Controller  
Efficient Natural Resources Sector Finance Director  
Clean Air Sector Finance Director  
Precious Metals Management Director  
Managing Director, PGM Services  
Finance Director, Group Metals  
Tax and Treasury Director  
Treasury Director

- 2.2 The Chief Financial Officer or Finance Director, Group Metals shall act as chair of any meeting.

- 2.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate and necessary. Individuals submitting proposals for approval must attend the meeting as well as the Sector Finance Directors of other Sectors when required.

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

### **3. Secretary**

- 3.1 The Finance Director, Group Metals or his nominee will act as Secretary to the Committee.

### **4. Quorum**

- 4.1 The quorum necessary for the transaction of business shall be two members of whom at least one must be the Chief Financial Officer or the Efficient Natural Resources CEO or the Finance Director, Group Metals.

### **5. Frequency of Meetings**

- 5.1 The Committee shall meet at least four times a year.
- 5.2 Ad hoc meetings, if required, may be called by a Committee member.

### **6. Notice of Meetings**

- 6.1 Meetings of the Committee shall be called by the Secretary at the request of any of its members. 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 at least five clear working days before the date of the meeting.
- 6.2 Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

## **7. Minutes of Meetings**

- 7.1 Draft minutes of Committee meetings shall be circulated to all members of the Committee. Minutes shall also be circulated to the GMC.

## **8. Duties**

### *8.1 Governance*

- 8.1.1 Annual review and approval of the Metal Risk Register.
- 8.1.2 Oversight of the precious metal policies and procedures and authorisation of any changes.
- 8.1.3 Ensuring the precious metal policies and controls are embedded and are functioning across the group.
- 8.1.4 Ensuring processes for forecasting precious metal working capital are robust.
- 8.1.5 Monitoring of breaches of policies and controls.
- 8.1.6 Annual review of proposed PMM trading limits and recommendation to the Audit Committee of the Board.
- 8.1.7 Approval of new instruments, indexes and metal settlement locations used by PMM in metal dealing.
- 8.1.8 Approval of changes to the timing of annual refinery stocktakes.

### *8.2 Strategy*

- 8.2.1 Sourcing - Annual review of PMM's proposal for the split of sourcing of physical metal between primary supply from the mines, secondary supply from refiners and supply from markets. Recommendation on the split for approval by the GMC.
- 8.2.2 Liquidity - Annual recommendation of ranges of deliverable metal to be held against customer metal balances to the GMC who will in turn seek approval from the Audit Committee of the Board.
- 8.2.3 Funding – Oversight of the framework for deciding the split of precious metal funding requirements between strategic metal, leases and spot/forward hedged ownership positions. Quarterly approval of a range for the mix of funding between leases and spot/forward deals.
- 8.2.4 Strategic metal - Recommendation of the purchase or sale of strategic metal positions to the GMC, which will in turn seek approval from the Board.

### *8.3 Monitoring short and medium term compliance to strategy*

- 8.3.1 Quarterly review of actual balance of funding between leases and spot/forwards and maturity of leases.
- 8.3.2 Quarterly review of PMM liquidity ratios achieved.
- 8.3.3 Quarterly review of actual balance achieved between primary secondary and market sources of precious metal.

## **9. Reporting**

- 9.1 The CFO shall report to the GMC on its proceedings after each meeting.



**10. Delegation**

- 10.1 The Committee may delegate responsibility and authority to any individual to act on behalf of the Company in relation to any matter included within paragraph (8) of these Terms of Reference including the authority to execute and deliver any agreement, document or instrument and to do any act or thing for or in connection with any such matters.

*Reviewed by the Committee on 12th March 2019 and approved by the GMC on 14th March 2019.*



## 18. References

1. Corporate Governance Framework
2. Statements of Authorities

The above documents are all available on myJM.

## 19. Consequences of Breach

Failure to comply with this framework will be treated seriously and may result in disciplinary action up to and including dismissal.

## 20. Document Owner

This policy is owned by the Company Secretary

## 21. Document Control

<b>Document Control</b>	1.0
<b>Version Number</b>	2.0
<b>Reference</b>	Governance
<b>Approval Body</b>	Johnson Matthey Plc Board of Directors
<b>Issue Date</b>	31 January 2018
<b>Expiry Date (if relevant)</b>	N/A
<b>Policy Author</b>	Victoria Barlow
<b>Classification</b>	Internal

## 22. Revision History

<b>Version Number</b>	<b>Date of Approval</b>	<b>Summary of Change</b>
1.0	31 January 2018	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>
2.0	3 April 2019	Approval by the Board on 3 April 2019  <i>(following review by the Audit Committee (2 April 2019), Remuneration Committee (31 January 2019) Nomination Committee (2 April 2019) Ethics Panel (19 March 2019) and Group Management Committee (14 March 2019) of their respective Terms of Reference).</i>



23. Appendix

Johnson Matthey Plc  
Board and Committee Structure

