



Johnson Matthey  
Inspiring science, enhancing life

# Modern Slavery and Human Trafficking Statement

Johnson Matthey Plc  
Financial Year 2018/19



## Johnson Matthey Plc

### Modern Slavery and Human Trafficking Statement for the financial year 2018/19 (Modern Slavery Statement)

This Modern Slavery Statement is made under Section 54 of the Modern Slavery Act 2015 and sets out the steps taken by Johnson Matthey Plc and its group companies<sup>1</sup> (**Johnson Matthey**) during the financial year 2018/19 to prevent modern slavery and human trafficking in its business and supply chains.

#### Introduction and key areas of focus in 2018/19

We recognise modern slavery and human trafficking as a growing global concern and an important issue for Johnson Matthey, our employees, customers and other stakeholders. In accordance with our values and commitment to upholding the highest ethical standards, we are committed to ensuring that there is no modern slavery in our business or supply chains. This is Johnson Matthey's fourth Modern Slavery Statement. Johnson Matthey's previous Modern Slavery Statements are available on our website.

During the past year, we have continued to progress our programme to address modern slavery risk and increase supply chain accountability. In particular, we:

- published a refreshed code of ethics ('Doing the Right Thing'), which reflects Johnson Matthey's values and commitment to conducting business ethically. The code of ethics is available in 22 languages and contains information and resources that help employees and other stakeholders understand what 'doing the right thing' means at Johnson Matthey and conduct Johnson Matthey's business legally, ethically and responsibly. The code of ethics contains sections on human rights and the integrity of our supply chains (the latter being a new addition) and notes Johnson Matthey's commitment to doing its part to eradicate modern slavery and human trafficking globally;
- continued to strengthen modern slavery awareness by providing detailed bespoke training via a webinar to our human resources managers on identifying indicators of modern slavery and human trafficking and what to do if these indicators are identified;
- continued to progress our Supplier Sustainability Development Programme to mitigate the risk of modern slavery and human trafficking existing within our supply chains;
- established a working group with representatives from across the business and group functions to progress an enhanced due diligence programme for global procurement; and
- enhanced our due diligence activities in our critical minerals supply chains, including a due diligence process based on OECD Guidelines and working with a specialist third party to develop and implement a due diligence programme for suppliers of active materials that are used in our cathode materials for batteries.

#### Our structure, business and supply chains

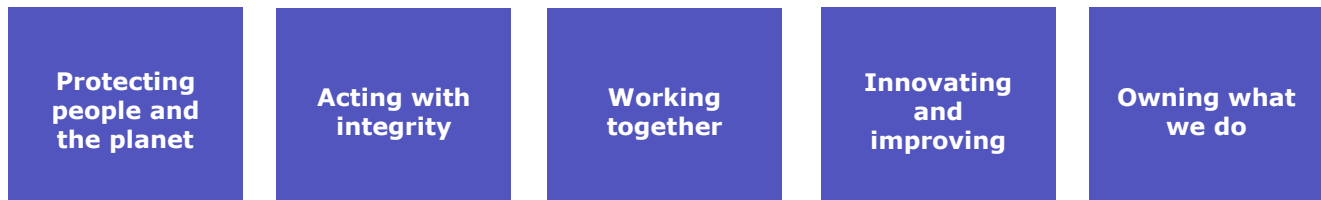
Johnson Matthey is a global leader in sustainable technologies, using our cutting-edge science to create solutions with our customers that make a positive difference to the world around us. Our science

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<sup>1</sup> This Modern Slavery Statement is made on behalf of Johnson Matthey Plc and its group companies (including, but not limited to, Johnson Matthey Davy Technologies Limited, Johnson Matthey Precious Metals Limited, Macfarlan Smith Limited and Tracerco Limited).

has a global impact in areas that include low emission transport, pharmaceuticals, chemical processing and making the most efficient use of the planet’s natural resources.

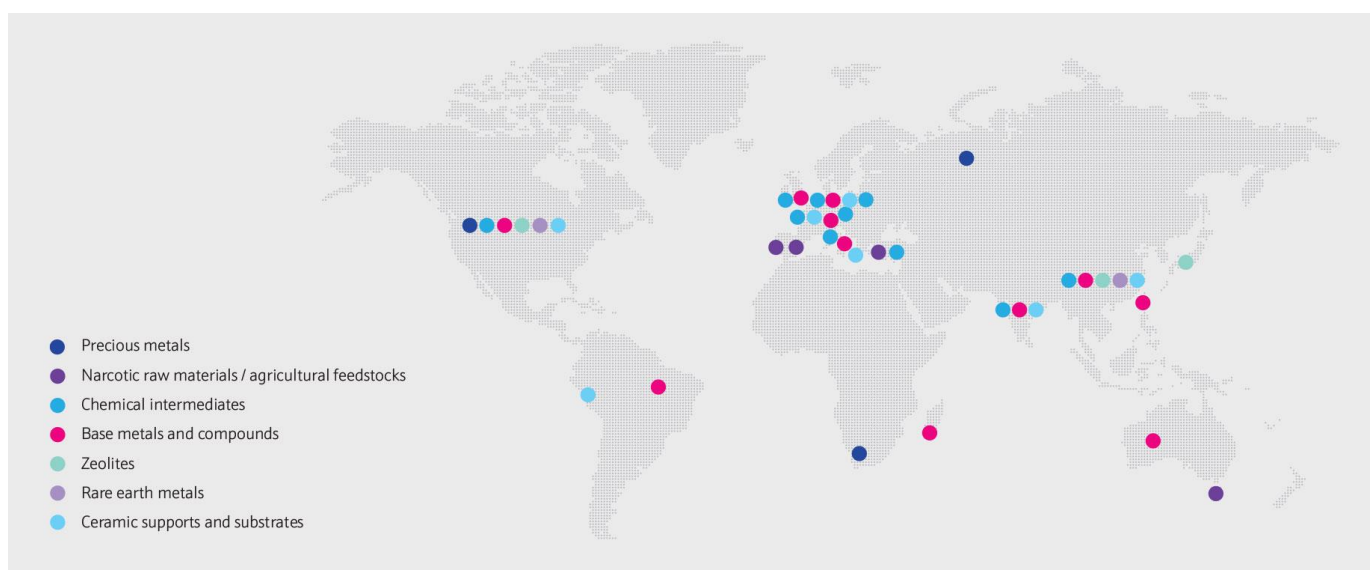
We have five values that guide how we do things at Johnson Matthey and shape the right culture to achieve our strategy.



We have a significant global presence in over 30 countries with annual sales (excluding precious metals) in the 2018/19 financial year of £4,214 million. Today, more than 14,800 Johnson Matthey professionals collaborate with our network of customers and partners to make a real difference to the world around us. Johnson Matthey spent £190 million (gross) on research and development during 2018/19. Our global operations are organised into four sectors: Clean Air, Efficient Natural Resources, Health and New Markets.

We meet our customers’ needs from our 41 major manufacturing sites across all regions (14 in Europe, 11 in North America, five in China, six in the rest of Asia and five in the rest of the world). Due to the diverse nature of our manufactured products and markets served, Johnson Matthey has a complex and geographically broad range of suppliers of raw materials, goods and services into our business. Some of our strategic raw materials are available from only a limited number of countries. The countries we rely on for these materials are highlighted in the map below. Our annual purchases, excluding precious metal and substrate for autocatalyst, are approximately £1.5 billion. These purchases are made across 118 Johnson Matthey sites.

*Where we source strategic raw materials*



## Policies

As reported in our previous Modern Slavery Statements, we have a number of group policies that reinforce our commitment to protecting human rights and reiterate our focus on the elimination of modern slavery and human trafficking within our business and supply chains.

Our **Ethical and Sustainable Procurement Policy** states our commitment to upholding international guidelines and principles, including addressing modern slavery risks and respecting human rights. Our Ethical and Sustainable Procurement Policy is available via our corporate website: <https://matthey.com/enhancing-life/sustainability-governance/policies>

One of the main ways we promote an ethical culture at Johnson Matthey is through our global **code of ethics, 'Doing the Right Thing'**, which is central to the way we act as an organisation <https://matthey.com/about-us/governance/code-of-ethics> Our code underpins our values and strategy. It sets out our collective and individual commitment to conducting business the right way, following all relevant laws, regulations and industry requirements, and adhering to a high standard of ethics and responsibility.

Our code of ethics was refreshed in December 2018, reflecting, among other things, our redefined company values, new topics and new legislative requirements. The refreshed code also brings scenarios to life so that employees can easily understand how the code applies to real life at Johnson Matthey. The refreshed code was the subject of an extensive rollout including mandatory training across the group and frequent communication. The refreshed code of ethics is available in 22 languages, in printed and online formats.

The refreshed code of ethics places greater emphasis on Johnson Matthey's commitment to tackling modern slavery and reinforces our employees' responsibility for raising concerns regarding modern slavery in any part of Johnson Matthey or its supply chains. The code contains an updated section on human rights and a new section on the integrity of our supply chains. The latter includes our vision to make our supply chains economically, socially and environmentally sustainable and reinforces our commitment to upholding human rights and ensuring appropriate working conditions throughout our value chain. In these sections, the code references our employees' responsibilities for raising concerns relating to modern slavery or human trafficking in any part of Johnson Matthey's operations or our value chains. They also note our commitment to the principles defined within the International Labour Organization Core Conventions, the UN Global Compact and the UN Guiding Principles on Business and Human Rights.

Within Johnson Matthey we promote a **'speak up'** culture encouraging everyone to speak up when they have a concern or are unsure about something. We encourage individuals to do this through their local management, ethics ambassador, HR, legal function or Group Ethics and Compliance wherever possible. We also provide employees (and third parties) with an independently run speak up helpline (which also can be accessed online) where concerns can be raised. This helpline allows individuals, where local law permits, to remain anonymous. The helpline is available to everyone and not just Johnson Matthey employees.

An Ethics Panel made up of senior leaders meets monthly to provide oversight of investigations into all speak ups received. The Ethics Panel meets monthly and reports three times a year to the Board of Directors, with a particular focus on identifying themes and opportunities to improve the way we do things at Johnson Matthey.

During 2018/19, 125 speak ups were received and investigated, which is in line with the industry norm for volume in similarly sized organisations. We view the total number of speak ups as a positive reflection of peoples' confidence in the process.

Our **Supplier Code of Conduct** was published in December 2017 and is available on our website in English, Polish, Mandarin and Russian <https://matthey.com/enhancing-life/sustainability-governance/policies> The supplier code covers the standards Johnson Matthey expects from its suppliers relating to human rights and labour practices, health and safety, environmental sustainability and business ethics.

In relation to modern slavery and human trafficking, the supplier code states that suppliers shall:

- comply with all applicable international conventions and national laws regarding working conditions and labour standards;
- not use enslaved or involuntary labour of any kind, including prison labour or debt bondage;
- not be involved in human trafficking;
- ensure all overtime is voluntary;
- provide all employees with written and understandable information about their employment conditions in respect to wages, benefits and working hours before they enter employment;
- pay all wages promptly and in full;
- not make any deductions from wages as a disciplinary measure nor without the expressed permission of the worker; and
- have a formal grievance mechanism for workers to report incidents of harassment, abuse, breaches of privacy and other concerns, available and communicated to all workers. All grievance reports should be investigated and, where appropriate, action taken to redress the situation and prevent further occurrences.

The supplier code is targeted at all suppliers that do business with Johnson Matthey and is rolled out to existing and new suppliers. Adherence to the supplier code provides one of the building blocks to our supplier evaluation process. Suppliers are required to cascade the principles in the supplier code to their sub-suppliers.

The supplier code supports our Ethical and Sustainable Procurement Policy, which the business will continue to implement across its supply chains. Prior to the publication of the supplier code, Ethical Trading Initiative (a specialist third party) reviewed and provided comments on the code, which were incorporated.

### **Focus on our supply chains**

Some territories where we operate are at the higher end of the Global Slavery Index<sup>2</sup> spectrum. However, there are several factors that we believe lower the risk of modern slavery within our business. These factors are due to our operational requirements and include:

- in general our manufacturing sites handle high value materials, therefore we undertake thorough security checks when recruiting operational staff and we do not in general use large numbers of temporary or seasonal staff; and
- we operate complex chemical processes, therefore we generally do not use a significant amount of unskilled labour and we do not have a routinely high turnover of employees.

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<sup>2</sup> The 2018 Global Slavery Index, Walk Free Foundation.

Based on this assessment, our priority in addressing modern slavery has been to focus on risk mapping and assessing our supply chains. Nevertheless, we are aware that we are not immune from criminals who traffic people and wish to force them into slavery, even in the context of our own business, and therefore we also intend to focus on assessing the risk in the context of our own business.

### **Group Procurement Leadership Team**

Our Group Procurement Leadership Team comprises senior leaders from functions across Johnson Matthey, including: Supply Chain, Sustainability, Procurement, Legal and Group Ethics and Compliance. The remit of the team is to discuss emerging global supply chain issues, the changing regulatory landscape and Johnson Matthey's obligations and strategy to address these.

### **Global Procurement Strategy**

Procurement is a key global activity for Johnson Matthey and we began implementing a Procurement Excellence programme in the 2017/18 financial year. Standardising procurement practices within Johnson Matthey means we will be able to manage our suppliers better, which has many benefits, including the reduction of supply chain risk.

We also have continued our global procurement strategy, which helps to provide a more transparent overview of our supply chain. Among other things, the global procurement strategy is meant to support Johnson Matthey's aim to improve sustainable business practices in our supply chains.

Linked to the global procurement strategy is the creation of a working group whose aim it is to implement an enhanced global supplier due diligence programme. The working group consists of individuals across numerous functions, including Procurement, Sustainability, Group Legal, Group Ethics and Compliance, Corporate Assurance and Risk and Finance. The group has participated in several workshops in 2018/19 and will continue to develop the programme over the next year.

### **Effectiveness of preventing modern slavery in our supply chains**

As part of Johnson Matthey's sustainable business framework, our sustainable business goals to 2025 were launched in the financial year 2017/18. Under goal 4, we aim to improve sustainable business practices in our supply chains. We will measure performance of our Tier 1 strategic suppliers against this goal through supplier compliance with the sustainable standards in the Supplier Code of Conduct, which will help us monitor progress in addressing modern slavery risks in our supply chains.

We have implemented a standard for the supplier sustainability risk assessment and due diligence under our Supplier Sustainability Development Programme (**SSDP**). In accordance with the SSDP, we have developed a risk mapping tool, which classifies suppliers based upon risk (including modern slavery risk), supplier spend and supplier type. Following the risk mapping exercise, suppliers considered to present the highest risk are required to undertake a supplier self-assessment questionnaire (which includes questions regarding modern slavery indicators) and, where appropriate, participate in an on-site audit process. When issues arise, we identify corrective actions and track progress.

In 2018/19, we assessed 78 suppliers using a combination of desktop self-assessment questionnaires and formal on-site audits. Various governance topics were evaluated, and we have not identified any incidences of child labour or forced labour in our value chain.

We will continue to evaluate suppliers through the SSDP during the financial year 2019/20.

## Responsible sourcing

Responsible sourcing is a key pillar of our Procurement Excellence programme and one of our sustainable business goals. This is how we seek to understand and manage our environmental and social impacts in our value chain and work to improve sustainable and ethical business practices among our supplier partners.

### *Conflict minerals*

Johnson Matthey operates a conflict minerals due diligence process based on the Organization for Economic Co-operation and Development Guidelines. We are working towards being compliant with the new European Union Conflict Mineral Regulation ahead of the January 2021 deadline.

We aim only to use material from refiners and smelters that conform to the Responsible Minerals Assurance Process (**RMAP**) assessment protocols and are listed on the Responsible Minerals Initiative database. We have identified 157 smelters of tin, tungsten, tantalum and gold across all Tiers of our supply chain and 97% are listed as conformant with the RMAP process, an increase of 8% on 2017/18.

### *Critical metals for battery materials*

During 2018/19, we have broadened our due diligence activities in our minerals supply chains to include the active ingredients that go into our cathode materials for batteries: lithium, cobalt and nickel. We are committed to using only cobalt, lithium and nickel that have been sourced ethically. We have worked with a third party specialist to develop and implement a world leading due diligence programme that ensures we have full transparency 'back to mine' for all the materials that contain lithium, cobalt and nickel and go into our cathode products.

Our critical minerals supplier audit programme conforms to the standard in the Organization for Economic Co-operation and Development Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (third edition) and provides assurance against the standards in our Supplier Code of Conduct. A specialist third party completes all on-site audits of JM suppliers for battery materials to the ISO 19011 standard.

## Training and awareness

All employees are required to undergo code of ethics training every year, which reinforces key principles and takes a deeper dive into select topics on a rotating basis. Employees also are required to complete the code acknowledgement each year, which confirms they will adhere fully to the commitments in the code. We regularly review our training and communications materials and methods for delivery to ensure they remain relevant to the risks our business face.

During 2018/2019, we delivered bespoke training sessions via a webinar to our human resources managers to build awareness regarding how to identify indicators of modern slavery and human trafficking and what to do if these indicators are identified.

We continue to grow our network of ethics ambassadors located throughout the business globally. Our network of over 115 ethics ambassadors, who have jobs throughout our operations globally and at all different levels of seniority, helps to support management in bringing focus to ethics and compliance issues in their businesses. The ambassadors played a key part in hosting launch events to help employees focus on the aspects of the refreshed code of ethics that changed. During an ethics ambassadors conference in September 2018, we again held sessions focused on modern slavery and human trafficking issues.

## **Our intent**

Johnson Matthey is committed to ensuring there is no modern slavery in our businesses or supply chains. We demonstrate this by undertaking the steps outlined in this Modern Slavery Statement and by continuing to build increasing rigour in our supply chain risk assessment and due diligence processes. In accordance with our sustainable business goals to 2025, we aim to improve sustainable business practices in our supply chains by ensuring supplier compliance with our minimum standards on human rights and modern slavery.

This Modern Slavery Statement was approved by the Board of Directors on 17 July 2019 and signed by Robert MacLeod, Chief Executive.



Robert MacLeod, Chief Executive