



**Johnson Matthey**

**JOHNSON MATTHEY GROUP**

**GLOBAL ANTI-BRIBERY AND CORRUPTION POLICY**

**2011**

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## 1. JOHNSON MATTHEY ANTI-BRIBERY AND CORRUPTION STATEMENT

### **To all Johnson Matthey Group employees and others associated with the Johnson Matthey Group**

Johnson Matthey operates around the world and we pride ourselves on our reputation for acting with integrity and honesty wherever we do business. This reputation has been a cornerstone of Johnson Matthey's business since it was founded in 1817 and remains so today. We greatly value our reputation and believe that it is one of our competitive strengths. It is essential that Johnson Matthey employees at all levels in all parts of the world and all those associated with the Johnson Matthey Group protect our reputation.

#### **Bribery and corruption**

In view of the nature, scale and geographic range of our activities, it is important that we address the risk of bribery and corruption in order to help protect our reputation. Bribery and corruption is a major global issue, causing damage to societies and individuals worldwide. It undermines democracy and the rule of law, leads to violations of human rights, distorts markets, erodes quality of life and allows organised crime, terrorism and other threats to human security to flourish.

Bribery and corruption are criminal offences. If convicted, Johnson Matthey as a company may receive a significant fine and suffer lasting damage, both financially and to our reputation, and our directors and officers may face a fine or imprisonment. You as an individual may similarly face a fine or imprisonment. Third parties doing business with us are expected to adhere to contract provisions relating to the prevention of bribery and corruption or risk termination of the business relationship.

#### **Our anti-bribery and corruption commitments**

**Johnson Matthey, through its Board of Directors and its Chief Executive's Committee, makes the following commitments:**

- **We are committed to a zero-tolerance approach to bribery and corruption. Bribery and corruption are never acceptable by or on behalf of Johnson Matthey - we will not tolerate them in our business or by those we do business with.**
- **We are committed to acting fairly, honestly, openly and in an ethical manner in all our business dealings and relationships wherever we operate.**
- **We are committed to upholding applicable national and international laws and regulations relevant to countering bribery and corruption wherever we operate.**
- **We are committed to implementing and enforcing effective systems within Johnson Matthey to counter the risk of bribery and corruption.**

#### **Global Anti-Bribery and Corruption Policy**

Our Global Anti-Bribery and Corruption Policy supports our anti-bribery and corruption commitments. It sets out in practical terms how you should behave and what you should do if you are confronted with bribery and/or corruption. We expect all of you to comply with the Policy at all times in all aspects of your work.

#### **Support**

If you have any questions or concerns relating to bribery and corruption, please refer to the Policy or seek guidance from Johnson Matthey Group Legal. You may make a good faith report of suspected bribery or corruption or other alleged wrongdoing under the **Johnson Matthey Whistleblowing Policy** and this will be treated in confidence. Alternatively you may report your concerns anonymously and confidentially through the independent **Johnson Matthey EthicsLine** by local toll-free telephone hotline or online.

We expect your cooperation in helping to protect you and Johnson Matthey from the risk of bribery and corruption.

Thank you.



**Neil Carson, Chief Executive,  
Johnson Matthey PLC  
December 2011**

## 2. **INTRODUCTION**

### 2.1 **The purpose of this Policy**

This Policy is the Global Anti-Bribery and Corruption Policy of the Johnson Matthey Group. References in this Policy to the “**Johnson Matthey Group**” or to the “**Group**” are to Johnson Matthey PLC and all its subsidiaries and associate companies worldwide, including joint venture companies in which Johnson Matthey has an interest.

This Policy supplements the Johnson Matthey Anti-Bribery and Corruption Statement (see section 1) and supports the anti-bribery and corruption commitments set out in the Statement. It has been adopted to help us protect you and Johnson Matthey from the risk of bribery and corruption, to maintain high legal and ethical standards and thereby to protect the Johnson Matthey Group’s reputation.

**This Policy sets out the Group’s responsibilities, and the responsibilities of those covered by this Policy (see section 3), in observing and upholding our anti-bribery and corruption commitments. It contains anti-bribery and corruption procedures and provides guidance on how to recognise and deal with the risk of bribery and corruption and on how to seek guidance as necessary.**

### 2.2 **Proportionate, risk-based approach**

This Policy takes into account the industries and the countries in which the Group operates and the nature, scale and geographic range of the Group’s activities. This Policy and the associated anti-bribery and corruption procedures are intended to be proportionate to the bribery and corruption risks the Group faces.

### 2.3 **Anti-bribery and corruption laws**

This Policy is designed to ensure compliance with the anti-bribery and corruption laws to which the Group and its employees are subject. These include the UK and the US anti-bribery and corruption laws (principally the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act of 1977 (“**FCPA**”)), both of which apply to certain aspects of the Group’s businesses and to certain employees personally. These laws can apply to acts wherever in the world they take place and irrespective of local standards or cultural norms. More detail on these laws is given in Annex C.

In addition to the requirements of this Policy, you must comply with any requirements of applicable local anti-bribery and corruption laws, which may impose stricter requirements. Guidance for certain countries will be made available as necessary by Group Legal.

### 2.4 **The consequences of breach of anti-bribery and corruption laws**

Breach of applicable anti-bribery and corruption laws may result in criminal, civil and regulatory penalties for the Group, its directors and employees, including fines, imprisonment and repayment of profits. Actual or perceived breaches of these laws may also result in severe financial and reputational damage for the Group. In the UK, for example, bribery and corruption are punishable for individuals by up to ten years’ imprisonment and, if any member of the Group is found to have taken part in bribery and corruption, the Group could face an unlimited fine and be excluded from tendering for public contracts. The Group, therefore, takes its legal responsibilities very seriously.

### 2.5 **Further information**

Questions in relation to this Policy should be directed to Group Legal. Group Legal contact details are set out in Annex D.

### 3. **WHO IS COVERED BY THIS POLICY?**

#### 3.1 **Employees, directors and officers**

This Policy applies to:

- Johnson Matthey PLC and all its subsidiaries and associate companies worldwide, including joint venture companies in which the Group has an interest; and
- every individual working in or with the Group, at any level or grade, wherever located, including all employees (whether permanent, fixed-term or temporary), directors and officers.

Where the Johnson Matthey Group does not have management or other control of an associate company or joint venture company in which the Group has an interest, it will encourage the associate company or joint venture company to have in place an anti-bribery and corruption policy equivalent in effect to this Policy.

#### 3.2 **Third Parties**

This Policy also applies to third parties engaged by the Group, including:

- agents;
- distributors;
- service providers involved, for example, in sales and marketing or the provision of logistics services
- consultants;
- advisers;
- contractors;
- seconded and agency staff;
- introducers and finders;
- brokers; and
- political lobbyists.

#### 3.3 **Other business partners, governments, public bodies and Public Officials**

You must also consider this Policy when dealing with other third parties with whom you come into contact. These include actual and potential customers, clients and suppliers.

In addition, you must consider this Policy when dealing with organisations in the “**Public Sector**”, such as governments, public agencies and organisations, government-owned or controlled commercial enterprises, politicians and political parties and charities. Also note that certain important parts of this Policy apply specifically to dealings with “**Public Officials**” (see sections 9 and 10). The terms “Public Sector” and “Public Official” are explained in section 4.2.

## 4. IMPORTANT TERMS AND CONCEPTS

### 4.1 Bribery and corruption

Bribery essentially involves the giving or receiving of money or anything else of value as an inducement or reward for an improper act. For the meaning of “**improper**” please refer to section 4.3. “**Kickback**” is another term for a bribe.

The recipient of a bribe can be in the Private Sector or in the Public Sector (these terms are explained in section 4.2). Bribery can take place where the offer or payment is made indirectly by or through a third party, such as an agent or business partner.

Depending on the circumstances, bribes can take on many different forms. If given or received as an inducement or reward for an improper act, the following could be bribes:

- cash payments;
- gifts (including gifts of cash or cash equivalents);
- hospitality (such as meals, hotel stays or tickets or invitations to sporting and cultural events);
- other promotional expenses (such as travel and accommodation expenses);
- other “favours” that are of value to the recipient (such as letting an individual’s child attend an internship scheme other than through normal procedures, or engaging a company owned by a member of a Public Official’s or customer’s family);
- free use of company services, facilities or property; or
- political contributions or charitable donations.

Corruption is essentially the misuse of public office or power for private gain; or the misuse of private power in relation to business.

The terms “**gifts**”, “**hospitality**” and “**other promotional expenses**” are explained in section 8.

### 4.2 Private Sector, Public Sector, Public Officials

Bribery and corruption can take place in the Public Sector or in the Private Sector and this Policy covers both sectors.

#### “Public Sector”

“Public Sector” means:

- any national government of any country or territory and its decentralised units or sub-divisions (such as a local or municipal government);
- any branch or public agency of any national, local or municipal government (such as a police authority, the military, the judicial establishment, a public health authority);
- any other public agency or organisation (such as a regulatory agency, exchange or listing authority);
- any government-owned or government-controlled commercial enterprise (such as a state-owned oil company or sovereign wealth fund);
- any public international organisation, meaning one whose members include countries or territories or their governments or other public international organisations (such as the World Bank or UN);
- any non-governmental organisation (NGO);
- any political party; and
- any charity.

### **“Public Officials”**

Certain important parts of this Policy apply to dealings with “Public Officials” (sections 9 to 12). “Public Officials” are individuals who hold positions or exercise functions in the Public Sector, including, but not limited, to:

- individuals (whether elected or appointed) who hold positions of any kind (such as legislative, administrative, military or judicial) in any national government of any country or territory or its decentralised units or sub-divisions;
- individuals who exercise a public function for or on behalf of any branch or public agency of any national, local or municipal government;
- officers, employees or representatives of any government-owned or government-controlled commercial enterprise, of any public international organisation, of any non-governmental organisation (NGO) or of any regulatory agency, exchange or listing authority;
- politicians, political candidates or employees of any political party; and
- officers, employees or representatives of any charity.

If you are in any doubt about who is a Public Official, you must consult Group Legal.

### **“Private Sector”**

“Private Sector” means any company or institution that is not in the Public Sector. Typically, these will be businesses run for private profit.

## **4.3 “Improper”**

Throughout this Policy there are references to the term “improper”. Whether something is improper depends on the context where the term is used and on the circumstances of the case.

In this Policy, **improper commercial or other advantage** means an advantage which is brought about because of someone performing (or failing to perform) a function or activity illegally, unethically, in bad faith, not impartially, or in breach of a position of trust. The function or activity could be a public function, a business activity, an activity performed in the course of employment or an activity performed by or on behalf of a body of persons (whether incorporated or not). If you are in any doubt about whether something will be considered improper under this Policy, you must consult Group Legal.

An **improper act / acting improperly** means someone performing (or failing to perform) a function or activity illegally, unethically, in bad faith, not impartially, or in breach of a position of trust.

## **4.4 “Facilitation payment”**

A facilitation payment is usually a small unofficial payment or gift, often in cash, made to secure, facilitate or speed-up the performance by a Public Official of a routine or necessary governmental action or process - such as clearing goods through customs. Typically the action or process in question is one which the Public Official is already under a duty to perform and to which the payer has a legal or other entitlement. Facilitation payments may also be called “facilitating”, “speed” or “grease” payments. Facilitation payments are bribes (see section 10).

#### 4.5 Examples of possible bribery and corruption offences

The following are illustrative only - you must refer in all cases to the relevant parts of this Policy.

You arrange for your business to pay an additional payment to a Public Official to speed up an administrative process (such as clearing goods through customs). *You risk committing an offence as soon as the offer is made. We, as a company, may also be found to have committed an offence.*

You offer a potential customer tickets to a sporting event if they agree to do business with us. *Depending on the circumstances, you risk committing an offence and we, as a company, may also be found to have committed an offence. It may also be an offence for the potential customer to accept your offer.*

A supplier gives a member of your family a job, but makes it clear that in return they expect you to use your influence to ensure we continue to do business with them. *The supplier risks committing an offence by making such an offer. You may be found to have committed an offence by accepting the offer.*



5. **WHAT ARE YOUR RESPONSIBILITIES?**

Your responsibilities are set out in this Policy. You must:

- **READ and comply with this Policy.**
- **Take RESPONSIBILITY for the prevention, detection and reporting of bribery and corruption. Avoid any activity that might lead to, or suggest, a breach of this Policy.**
- **REPORT as soon as possible if you believe or suspect that a breach of this Policy has occurred, or may occur in the future. “Red Flags” that may indicate bribery and corruption are set out in Annex A.**

5.1 **Compliance with this Policy**

You are required to comply with this Policy.

5.2 **Incorporation into contracts of employment**

This Policy, as amended from time to time, is intended where possible to be enforceable as part of each employee's contract of employment.

6. **BREACH OF THIS POLICY**

Breach of this Policy may result in:

- **Disciplinary action for employees.**
- **Termination of third-party contracts.**

6.1 **Disciplinary action**

**Employees who breach this Policy may face disciplinary action, including dismissal for gross misconduct or other termination of employment.**

6.2 **Termination of third party contracts**

The Johnson Matthey Group will, wherever possible, reserve the right to terminate, contractual relationships with any third party who works with or for the Group if they breach this Policy or any applicable anti-bribery and corruption contractual provisions.

## 7. GENERAL PROHIBITIONS

**You are strictly prohibited from:**

- **providing any money or anything else of value to any person with the intention of obtaining, retaining or rewarding any improper commercial or other advantage or to induce any person to act improperly or to reward them for doing so; and**
- **receiving any money or anything else of value from any person in return or as a reward for providing any improper commercial or other advantage or to induce us to act improperly or to reward us for doing so.**

**Special rules apply to gifts, hospitality and other promotional expenses (see section 8) and where Public Officials are involved (see sections 9 and 10).**

### 7.1 Prohibitions

You are strictly prohibited from:

- **offering, promising, authorising or providing** any money or anything else of value to any person (1) with the intention of obtaining, retaining or rewarding any improper commercial or other advantage for the Group, for you, or for any other person, or (2) in order to induce any person to act improperly or to reward them for doing so, or (3) or knowing or believing that acceptance by the other person would itself be improper;
- **requesting, soliciting, agreeing to receive, accepting or receiving** any money or anything else of value from any person where you know or suspect that (1) it is offered or provided with the intention of inducing the Group, you, or any other person to provide any improper commercial or other advantage to any person, or to act improperly or to reward the Group, you, or any other person for doing so, or (2) the request itself is improper;
- **otherwise using any means** to obtain, retain or reward any improper commercial or other advantage for the Group, for you, or for any other person; or
- **acting as an intermediary** for any third party in any of the things referred to above.

For the meaning of “improper”, please refer to section 4.3.

These prohibitions apply (1) whether you act directly or act indirectly through someone acting on your behalf and (2) whether the third party concerned is in the Private Sector or Public Sector. The reference to “money or anything else of value” includes any gift, hospitality or other promotional expense or any other financial or other advantage.

## 8. GIFTS, HOSPITALITY AND OTHER PROMOTIONAL EXPENSES

**Before providing or receiving any gift, hospitality or other promotional expense, you must refer to this Policy.**

**The provision or receipt of certain gifts, hospitality and other promotional expenses is permitted, provided the requirements of this Policy are met.**

**The provision or receipt of certain other gifts, hospitality and other promotional expenses is, however, never acceptable and is prohibited under this Policy.**

**Special rules apply where Public Officials are involved (see sections 9 and 10).**

### 8.1 Gifts, hospitality and other promotional expenses may be bribes

The provision and receipt of gifts, hospitality and other promotional expenses are common in business. They can create goodwill and build or maintain legitimate business relations or offer normal courtesy. The provision and receipt of gifts, hospitality and other promotional expenses is generally not unlawful. However, these may be, or appear to be, bribes if, for example, they are provided with the intention of obtaining an improper commercial or other advantage.

This Policy sets out principles, guidance and examples with regard to gifts, hospitality and other promotional expenses, however it cannot be exhaustive as to every possible scenario. You must refer to this Policy and apply the principles and rules set out. If you are in any doubt about what to do, you must consult Group Legal.

### 8.2 What are gifts, hospitality and other promotional expenses?

The terms “**gifts**”, “**hospitality**” and “**other promotional expenses**” are used throughout this Policy.

The term “**gifts**” includes all gifts of products, services, cash or cash equivalents (such as cheques, travellers cheques, gift cards, gift certificates, vouchers, loans and shares) and all business courtesies, gratuities, discounts, favours and other things of value for which the recipient does not pay the fair value.

The term “**hospitality**” includes all meals, drinks, entertainment, recreation (such as tickets or invitations to sporting or cultural events), travel, accommodation (such as hotel stays) and other forms of hospitality which are of value and for which the recipient does not pay the fair value.

The term “**promotional expenses**” includes any other expenditure, such as travel and accommodation expenses that relate to the promotion, demonstration, or explanation of products or services.

### 8.3 General prohibitions

You are strictly prohibited from:

- **offering, promising, authorising or providing** any gift, hospitality or other promotional expense to any person; or
- **requesting, soliciting, agreeing to receive, accepting or receiving** any gift, hospitality or other promotional expense from any person

if it is:

- within any of the categories of “**Gifts, hospitality and other promotional expenses that are never acceptable**” as set out in section 8.4; or
- not in accordance with the **Gift Principles** (see section 8.5).

These prohibitions apply whether the gift, hospitality or other promotional expense is provided or received directly by you or by someone acting on your behalf. **You are responsible for ensuring that you do not breach these prohibitions. If you are in any doubt about what to do, you must consult Group Legal.**

### 8.4 Gifts, hospitality and other promotional expenses that are NEVER ACCEPTABLE

The provision or receipt of certain types of gifts, hospitality and other promotional expenses are never acceptable, irrespective of value. These are:

- **Provided for improper advantage**: any that is provided (or could reasonably be interpreted as being provided) with the intention of obtaining, retaining or rewarding any **improper commercial or other advantage** for the Group, for you, or for any other person or in order to induce any person to act improperly or to reward them for doing so;
- **received for improper advantage**: any that is received where you know or suspect that it is offered or provided with the intention of inducing the Group, you, or any other person to provide any **improper commercial or other advantage** to any person or to act improperly or to reward the Group, you, or any other person for doing so;
- **conflict of interest**: any that may give rise to, or may be seen as giving rise to, a **conflict of interest** (in other words, a conflict between competing interests which may impair the ability to make objective unbiased business decisions);
- **reciprocal**: any that is provided or received with the intention or an expectation of **reciprocity**, ie for something in return;
- **tenders**: any that involves parties in a **tender or competitive bidding process** where the Group is tendering or bidding;
- **prohibited**: any that is known to be **prohibited** by the other party’s organisation;
- **cash or a cash equivalent**: any that comprises **cash or a cash equivalent** (including cheques, travellers cheques, gift cards, gift certificates, vouchers, loans and shares or other securities);
- **inappropriate**: any that is **inappropriate** or offensive (such as anything that is indecent or sexually oriented) or that might otherwise adversely affect the Group’s reputation or the reputation of those involved;
- **personal capacity or concealed**: any that is provided in your **personal capacity** rather than the Group’s or that is **concealed** (that is, provided secretly rather than openly); and
- **breach of law**: any that is in **breach of any applicable laws** or regulations, including local laws; and

## **8.5 The “Gift Principles”**

Any gift, hospitality or other promotional expense (as well as not violating section 8.4) must be in accordance with the following principles (the “**Gift Principles**”). It must be:

- **good faith**: provided in good faith with the intention only to build or maintain legitimate business relations or offer normal courtesy;
- **token or modest**: either (1) token and of minimal or nominal value (such as small promotional items, diaries, calendars, or other similar items bearing the brand or logo of the provider) or (2) modest in value and not lavish or extravagant, both in isolation and when considered in the context of other gifts, hospitality and other promotional expenses offered to or by the same party;
- **reasonable and appropriate**: reasonable and appropriate in terms of the type, the value and the occasion and frequency of provision in the particular circumstances, including local cultural sensitivities;
- **reasonable business practice**: consistent with reasonable business practice, including local cultural sensitivities; and
- **legal**: permissible under all applicable laws and regulations, including local laws.

## **8.6 Gifts, hospitality and other promotional expenses – Public Officials**

**Note that special rules apply where Public Officials are involved (see sections 9 and 10). This is because in certain countries it can be a criminal offence involving severe penalties to provide, for example, a gift to a Public Official. Pre-clearance is required for the provision or receipt of any gift, hospitality or other promotional expense to or from any Public Official. The term “Public Official” is explained in section 4.2.**

## **8.7 Prohibition on personal payment**

You must never seek to avoid any requirement under this Policy in respect of any gift, hospitality or other promotional expense by paying personally for it.

## **8.8 General prohibition on solicitation**

You must not actively solicit, request or demand any form of gift, hospitality or other promotional expense from any person or organisation.

## **8.9 Gifts, hospitality and other promotional expenses registers**

Each Division will be required to establish, maintain and monitor registers in which gifts, hospitality and other promotional expenses which are provided or received will be recorded.

## **8.10 Expenses approval**

The rules set out in this Policy relating to the provision of gifts, hospitality and other promotional expenses are in addition to applicable Divisional, Business Unit and other expense claim approval processes. All expenses claims must be submitted in accordance with the applicable expenses policy and will be subject to managerial review.

### **8.11 Declining gifts, hospitality or other promotional expenses**

If any gift, hospitality or other promotional expense is offered to or received by you but is not permitted in accordance with this Policy, it must be politely declined. You may refer the provider to this Policy as your reason for declining.

If, in exceptional circumstances, it is not possible to decline (for example, because that would cause serious offence due to cultural sensitivities in the country in question), the gift, hospitality or other promotional expense may be accepted but this must be reported as soon as possible to your line manager and recorded in the relevant Divisional register (see section 8.9). Your line manager must consult with Group Legal regarding the appropriate disposal of any gift which is not permitted (such as by donation to charity).

### **8.12 Local adaptation**

The practice of giving and receiving gifts, hospitality or other promotional expenses varies between countries and regions; what may be legal, normal and culturally acceptable in one may not be in another. The test to be applied in all cases, however, is whether or not they are within any of the categories of “Gifts, hospitality and other promotional expenses that are never acceptable” as set out in section 8.4 and in accordance with the Gift Principles (see section 8.5).

In order to ensure that the provisions of this Policy relating to gifts etc are appropriate, applicable and in full compliance with applicable local anti-bribery and corruption laws (which may impose stricter requirements) it may be necessary that they are adapted or supplemented for certain countries or territories. For example, it may be necessary to require pre-clearance of gifts in the Private Sector as well as in the Public Sector in a particular country by reference to specific value limits. In addition to the requirements of this Policy and the associated anti-bribery and corruption procedures, you must comply with any requirements of applicable local anti-bribery and corruption laws and with any local anti-bribery and corruption policy and procedures. Guidance for certain countries will be made available as necessary by Group Legal.

### **8.13 Guidance and examples**

Occasional drinks and meals, attendance at sporting, theatre and other cultural events, and gifts of a token or modest value will usually be acceptable. If you are in any doubt, it may be helpful to consider whether you would be embarrassed if your manager or colleagues or anyone outside the Group were to become aware of the gift etc.

The **intention behind the provision** of a gift or hospitality or other promotional expense should always be considered.

The **timing of the provision** of a gift may be important. For example, where a contract is about to be awarded, particular care should be exercised. Note that something provided as a reward after the event can still be a bribe.

Where hospitality is provided or received, for example in the form of a meal or entertainment (such as a ticket to a sporting or cultural event), the host must be present. This is important in order to In order to help demonstrate a legitimate business purpose for the hospitality.

The following are examples of what are likely to be permissible, provided they are not are within any of the categories of “Gifts, hospitality and other promotional expenses that are never acceptable” as set out in section 8.4 and are in accordance with the Gift Principles (see section 8.5):

- Contributing towards the legitimate expenses of a customer or supplier (such as travel) so that they can visit one of the Group’s facilities for a legitimate business reason.
- Providing a routine business courtesy, such as a transfer from airport to hotel for a site visit.

- Taking a customer or supplier to a sporting event, such as a football match, or to a cultural event, such as the theatre, as part of a public relations exercise designed to build or maintain legitimate business relations with them.
- Hosting an annual event for customers at a hotel with the intention of building or maintaining legitimate business relations with them.
- Giving small ceremonial gifts and gifts at annual festivals or other special occasions, such as at Christmas in the UK and elsewhere.
- Celebrating the successful completion of a transaction with a customer or supplier.
- Giving a one-off or occasional gift rather than one which forms part of a regular pattern of gift giving.
- Giving token gifts of minimal or nominal value, such as small promotional items, diaries, calendars, or other similar items bearing a Johnson Matthey brand or logo.

## 9. PUBLIC OFFICIALS – PAYMENTS OR OTHER ADVANTAGES

**Special rules apply in respect of Public Officials. This is because in certain countries it can be a criminal offence involving severe penalties to provide, for example, a gift to a Public Official.**

**You must not provide any money or anything else of value (including any gift, hospitality or other promotional expense or any other financial or other advantage) to any Public Official for the purpose of influencing the Public Official in the performance of their official functions with the intention of obtaining or retaining business or an advantage in the conduct of business. This is irrespective of whether or not the Public Official actually performs a function improperly.**

**The provision or receipt of any money or anything else of value to or from any Public Official must be pre-cleared in accordance with this Policy.**

### 9.1 Who is a Public Official?

Please refer section 4.2.

### 9.2 Prohibitions

You must not **offer, promise, authorise or provide** any money or anything else of value to any Public Official for the purpose of influencing the Public Official in the performance of their official functions with the intention of obtaining or retaining business or an advantage in the conduct of business for the Group, for you, or for your family, friends, associates or acquaintances or any other person. This is irrespective of whether the Public Official actually performs the function illegally, unethically, in bad faith, not impartially, or in breach of a position of trust.

**The reference to “money or anything else of value” includes any gift, hospitality or other promotional expense or any other financial or other advantage.**

This prohibition applies (1) whether you act directly or indirectly through someone acting on your behalf, (2) whether the thing of value is provided directly to, or indirectly for, the benefit of, the Public Official, for example to their spouse, and (3) irrespective of where the Public Official is located.

This prohibition includes, for example, payments made to Public Officials for the purpose of influencing Public Officials in performing or omitting to perform acts or making decisions in their official capacity or to use their influence in order to obtain favourable tax treatment, government approvals or licences, or invitations to submit bids for new business.

Please refer to section 10 in respect of facilitation payments and to section 11 in respect of political contributions.

### 9.3 Requirement for pre-clearance

To ensure compliance with this Policy, the provision or receipt of any money or anything else of value to or from any Public Official must be pre-cleared in writing as set out in sections 9.4 and 9.5 before it is provided or received.

Pre-clearance is not, however, required for gifts which are token and of minimal or nominal value (such as small promotional items, diaries, calendars or other similar items bearing the brand or logo of the provider).



## 9.4 **Obtaining pre-clearance**

If pre-clearance is required, this must be sought from:

- your line manager or Business Unit Financial Controller if the value of the gift or gifts to an individual recipient is under **£250** (or local currency equivalent) or the cost of the hospitality or other promotional expenses per head is under **£250** (or local currency equivalent); or
- your Division Finance Director or Division Director if the value of the gift or gifts to an individual recipient is **£250** (or local currency equivalent) or more, or the cost of the hospitality or other promotional expenses per head is **£250** (or local currency equivalent) or more.

Each Division will put in place its own procedures for the obtaining of pre-clearance. These may be adapted for certain countries or territories and may impose stricter requirements than those set out in this Policy. The above procedure applies unless a different pre-clearance procedure is put in place by your Division.

## 9.5 **Grant / refusal of pre-clearance**

Pre-clearance must be refused if the matter is:

- within any of the categories of “Gifts, hospitality and other promotional expenses that are never acceptable”) as set out in section 8.4; or
- not in accordance with the **Gift Principles** (see section 8.5).

When providing pre-clearance, the aggregate value of gifts, hospitality and other promotional expenses provided to the particular Public Official over the past 12 months will be considered, and pre-clearance may be refused if the value of the gift, hospitality or other promotional expense is deemed unacceptable on this basis.

If a matter is pre-cleared by a line manager or Business Unit Financial Controller as referred to in section 9.4, they must report such pre-clearance to their Division Finance Director or Division Director.

If a matter is pre-cleared, it must be recorded in the relevant Divisional register (see section 8.9).

If any gift, hospitality or other promotional expense is offered to you but is not permitted in accordance with this Policy, it must be politely declined.

If you are in any doubt, you must consult Group Legal.

## 9.6 **Training and related expenses**

Public Officials may ask that the Group provide training for themselves or other members of their organisations and/or pay the associated costs, such as travel or accommodation costs, or daily allowances. Even if the training has a legitimate purpose, there can be a risk that this could be used as a vehicle for Public Officials to obtain a personal advantage. All such requests must be referred for pre-clearance under section 9.3.

## 9.7 **Tenders**

In seeking tenders for publicly funded contracts, governments often permit or require those tendering to offer, in addition to the principal tender, some additional investment in the local economy or benefit to the local community. Such arrangements could amount to a bribe. Also, requests for bid bonds in respect of tenders may present a bribery risk so caution is required. If you are in any doubt, you must consult Group Legal.

## 9.8 Guidance and examples

Generally the more lavish the hospitality and the higher the expenditure, the greater the inference that there is an intention to influence the Public Official with the intention, for example, of obtaining a business advantage.

The following are examples of where the provision of something to a Public Official is likely to be acceptable under this Policy (**but only if there is no intent to exert improper influence and pre-clearance is obtained**):

- Providing bone fide, proportionate and reasonable hospitality, promotional and other business expenditure which is aimed at building or maintaining legitimate relations.
- Providing for legitimate expenses incurred by a Public Official when promoting products or services to them.
- Providing ordinary and reasonable travel and accommodation, for example to enable a Public Official to visit to a plant to review safety systems or during the process of obtaining a permit or licence - BUT offering excessive hospitality will not be acceptable.
- Incidentally providing a routine business courtesy such as transfers from airport to hotel for a site visit.

## 10. **PUBLIC OFFICIALS - FACILITATION PAYMENTS**

**We will not make facilitation payments of any kind, even if they are customary business practice in a particular country.**

### 10.1 **What are facilitation payments?**

A facilitation payment is usually a small unofficial payment or gift, often in cash, made to secure, facilitate or speed-up the performance by a Public Official of a routine or necessary governmental action or process. The term “Public Official” is explained in section 4.2. Typically the action or process in question is one which the Public Official is already under a duty to perform and to which the payer has a legal or other entitlement. Facilitation payments may also be called “facilitating”, “speed” or “grease” payments.

Examples of routine governmental action include actions in relation to:

- obtaining licences, permits, or other official documents to qualify to do business in a country
- processing governmental papers, such as visas to cross borders or work orders
- obtaining permits to transport goods across borders / clear goods through customs
- providing police protection or other security
- providing mail pick-up and delivery services
- scheduling inspections associated with contract performance
- scheduling inspections related to the transit of goods
- providing telephone services
- providing access to power and water supply
- loading and unloading cargo.

Facilitation payments are not commonly paid in the UK, but are customary business practice in some other countries in which the Group operates.

### 10.2 **Are facilitation payments illegal?**

Even where facilitation payments are customary business practice in a particular country, they are usually illegal under local law and may result in prosecution. Facilitation payments are treated as bribes and are criminal under UK law.

### 10.3 **Prohibition of facilitation payments**

The Johnson Matthey Group will not make facilitation payments of any kind, even if they are customary business practice in a particular country. They are treated as bribes under this Policy regardless of size or local standards or cultural norms.

### 10.4 **Is the Group at a competitive disadvantage by prohibiting facilitation payments?**

Facilitation payments are known to be prevalent in many countries and industry sectors and you may be concerned that refusal to make them may cause difficulties in doing business. The reality, however, is that although the laws of some countries provide exemptions for facilitation payments (particularly the US), such exemptions are unreliable. Facilitation payments are usually illegal and are prohibited by this Policy. You will be supported by us in not making such payments.

## **10.5 What if I am asked to make a facilitation payment?**

Corrupt Public Officials demanding payments to perform routine actions may put you or your staff in a very difficult position. There is no easy solution to the problem. However, you should follow these steps.

First consider the description of facilitation payments as set out in section 10.1. If you think the payment demanded may be a facilitation payment, do the following:

- Ask what the payment is for.
- Consider whether the payment is for a legitimate service or goods.
- Consider whether the amount of the payment is an appropriate, justifiable and proportionate payment for the services or goods.
- If the payment is for a legitimate service or goods provided and/or the amount is appropriate, justifiable and proportionate, it is unlikely to be considered a facilitation payment and you may make the payment.
- If the payment is not for a legitimate service or goods and the amount is inappropriate, unjustifiable and disproportionate, it is likely to be considered a facilitation payment and you must not make the payment.
- In any event, if you have any suspicions or concerns or you are unsure whether a payment is permissible, you must consult Group Legal as soon as you can.
- If you do make the payment, and if safe to do so, seek to obtain a receipt for it which details the reason for the payment.
- Report the payment in accordance with your Division's reporting procedures so that it can be fully and accurately recorded in a register maintained by the Division for this purpose.
- If the payment demanded is a facilitation payment, report the demand for payment to your line manager and to Group Legal as soon as you can. Reports will be monitored to detect any patterns for reporting to relevant enforcement authorities.

## **10.6 Extortion and duress**

If you are faced with a situation where a facilitation payment is demanded and your health, safety, liberty or property is threatened you may feel you have no alternative but to make the payment in order to protect yourself. In these circumstances you may make the payment provided that you report the payment as soon as you can, as required by section 10.5.

## **10.7 Agents and providers of services**

Be aware of the risk that agents or suppliers of services, such as transport services, particularly in **higher risk countries** (see Annex B), may pay facilitation payments (and other bribes) in performing services for the Group. The fact that they may do may be reflected in the commission or fee that is paid. In other words the "market price" for the service may include a mark-up so that they can make facilitation payments or other bribes.

Unusually high commissions, fees or bonuses or other unusual payment terms or structures (such as paying through offshore companies) may be a "Red Flag" indicating that bribes are being paid. For further information, please refer to section 13 and to Annex A. Remuneration for overseas agents who may be in a position to bribe Public Officials should be heavily scrutinised.

## 11. POLITICAL CONTRIBUTIONS

**We will not make contributions or donations to political parties, other political organisations or election candidates or incur any other political expenditure.**

Political contributions or donations and other political expenditure may constitute bribes when they are made with the intention of influencing business or official decisions or gaining a commercial or other advantage.

You must not make contributions or donations to political parties, other political organisations or election candidates or incur any other political expenditure on behalf of the Group or using the Group's financial resources.

Notwithstanding this, under applicable law the Group may inadvertently be treated as having made political contributions, for example by way of sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling public duties and support for bodies representing the business community in policy review or reform. However, any such contributions are never made with the intent of influencing any decision or to gain a commercial or other advantage and are always publicly disclosed.

## 12. CHARITABLE DONATIONS

**Any charitable donation made on behalf of the Group or using the Group's financial resources must be legal under applicable local laws and not be made with the intention of influencing business or official decisions or gaining a commercial or other advantage.**

The offering or making of charitable donations may amount to bribery when they are made with the intention of influencing business or official decisions or gaining a commercial or other advantage.

This may be, for example, where a donation is made to a "charity" which is controlled by a Public Official who is in a position to make decisions affecting the Group.

Any charitable donation offered or made on behalf of the Group or using the Group's financial resources must be legal under applicable local law and not made with the intention of influencing business or official decisions or gaining a commercial or other advantage.

If you are in any doubt in respect of any proposed charitable donation, you must consult Group Legal or the Group Corporate Communications Department.

### 13. **THIRD PARTIES ENGAGED BY THE GROUP**

**You must assess and deal with the bribery and corruption risk presented by third parties engaged to represent or provide services to the Group.**

#### 13.1 **Risks associated with third parties**

Most anti-bribery and corruption laws impose liability on companies which become involved in direct or indirect bribery. This means that the Group may incur liability where a third party engaged to represent or provide a service to the Group makes or receives an improper payment or otherwise engages in improper conduct in the course of their work on the Group's behalf. This exposure may arise notwithstanding that the payment or conduct in question is prohibited by the Group.

It is very important, therefore, that you take steps to ensure that a third party engaged to represent or provide a service to the Group does not make or receive any improper payment or otherwise engage in improper conduct in the course of acting on the Group's behalf.

#### 13.2 **Relevant types of third party**

Examples of relevant types of third party include agents, distributors and service providers involved in sales and marketing or the provision of logistics services (such as carriers), consultants, advisers, contractors, introducers and finders, brokers and anyone else engaged to represent or provide services to the Group.

#### 13.3 **Assessing the bribery and corruption risk presented by third parties**

To minimise the risk of third parties engaged to represent or provide services to the Group making or receiving an improper payment or otherwise engaging in improper conduct in the course of their work on the Group's behalf, you should always be diligent in selecting them and in monitoring their activity. Appropriate due diligence steps must be undertaken in respect of such third parties, as described in section 13.7 below.

#### 13.4 **Payment to the third party**

All fees and expenses paid to third parties must represent appropriate, justifiable and proportionate remuneration, which is commercially reasonable under the circumstances, for legitimate services rendered by the third party.

Any fees and expenses must only be paid to the third party directly (for example by making payment by wire transfer to an account in the name of the third party in the geographic location where the third party resides or conducts business). Payment must not be made through another party that has no contractual relationship with the Group.

#### 13.5 **Keeping records**

Any member of the Johnson Matthey Group that engages a third party to represent the Group or to provide a service to it must document the due diligence undertaken in respect of the third party (this applies equally to third parties with whom the Group already has a relationship and/or contract). Such documentation should be kept together with the written contract as part of the transaction file. The Group's relationship with any such third party must be documented in standard terms or written agreements. Accurate financial records of all payments must be kept.

### 13.6 **Risk factors**

The risk that a third party engaged to represent or provide a service to the Group will make or receive an improper payment or otherwise engage in improper conduct in the course of their work on the Group's behalf will vary depending on several factors, principally the nature of the relationship, the country of operation and the presence of any other indicators of potential bribery and corruption. These factors are explained further in sections 13.7 to 13.10.

### 13.7 **Higher risk relationships**

The following third party relationships generally present a **higher risk**:

- with any agent, distributor or service provider involved in sales and marketing;
- with any contractor or sub-contractor (including providers of logistics services such as carriers);
- with any joint venture partner;
- with any introducer, finder or broker which, for a fee or commission, refers, recommends, directs or introduces the Group to a customer or other business opportunity;
- with any individual, company or other entity which, for a fee or commission, communicates with Public Officials on behalf of Group for the purpose of assisting the Group in relation to obtaining or retaining any relevant licences or regulatory permissions, or in connection with the execution of a transaction or management of an investment;
- where a Public Official has specifically requested that a particular third party be engaged and it is possible that there may be a link between the Public Official and the third party;
- with any third party in a **higher risk country** which is engaged to represent or provide services to the Group (see section 13.9);
- with any bank or other financial institution or professional adviser (such as lawyers and accountants) domiciled and regulated in a **higher risk country** (see section 13.9); or
- where any other "Red Flag" is present (see section 13.10).

If such a relationship arises, it must be referred to your line manager and to Group Legal for consideration of what, if any, specific due diligence and/or other anti-bribery and corruption risk mitigation steps (set out at section 13.11) may be appropriate.

### 13.8 **Lower risk relationships**

The following third party relationships generally present a **lower risk**:

- with banks and other regulated financial institutions; or
- with professional advisers (such as lawyers and accountants),

where these are well-known and reputable and domiciled and regulated in a **lower risk country** (see section 13.9).

Even in respect of such lower risk relationships, there may be "Red Flags" present (see section 13.10), in which case the relationship must be referred to your line manager and to Group Legal for consideration of what, if any specific due diligence and/or other anti-bribery and corruption risk mitigation steps (set out at section 13.11) may be appropriate.

### **13.9 Higher risk and lower risk countries**

Under this Policy, a **higher risk country** is a country with a score of below 5 in the Transparency International Corruption Perceptions Index (“CPI”) (see Annex B). A **lower risk country** is a country with a score of 5 or above.

### **13.10 “Red Flags”: warning signs for corrupt conduct by third parties**

There are certain types of activities, factors and situations that may arouse suspicion about a person with whom the Group has, or proposes to enter into, a business relationship or transaction. These are called “Red Flags” and some of these are described in Annex A.

Any “Red Flag” situation must be resolved before entering into or continuing with the related business relationship or transaction. If you encounter any “Red Flag” situation, you must report this to your line manager and consult Group Legal as soon as possible and before entering into or continuing with the relevant business relationship or transaction. A “Red Flag” situation may be resolved by the undertaking of due diligence of the types set out in section 13.11.

### **13.11 Risk mitigation steps – higher risk relationships**

In relation to the higher risk relationships identified in section 13.7 it will be necessary to undertake certain risk mitigation steps. These include:

#### Basic risk mitigation steps - required in all but exceptional higher risk cases

- **Undertaking specific due diligence** (such as carrying out a background check on the third party) with the assistance of Group Legal before proceeding with the proposed business relationship or transaction in order to verify the third party's reputation and integrity; and
- **Inserting appropriate contractual provisions in the agreement** with the third party requiring the third party (i) not to offer or accept any bribe or make or receive any other improper payment or otherwise breach any applicable anti-bribery and corruption laws; (ii) otherwise to comply as far as is applicable with the Group's Global Anti-Bribery and Corruption Policy; (iii) to maintain records of all payments and disbursements made on behalf of the Group and in their representation of the Group; (iv) to permit access to relevant books and records for audit/monitoring purposes; and (v) to provide for a contractual right of termination and indemnification in the event that the third party breaches the above requirements.

#### Additional risk mitigation - appropriate, depending on the circumstances

- Taking additional legal advice, as required by Group Legal, to confirm that the proposed arrangements are legal under all applicable laws and regulations. The cost of this must be factored into the costs of the business relationship or transaction by the relevant business;
- Providing suitable anti-bribery and corruption training to the third party or monitoring the activities of the third party.

### **13.12 Termination of relationships with third parties**

The Johnson Matthey Group will, wherever possible, reserve the right to terminate, contractual relationships with any third party who works with or for the Group if they breach this Policy or any applicable anti-bribery and corruption contractual provisions.

### **13.13 Records**

Each Division is required to establish procedures for the reporting of all higher risk third party relationships and to establish, maintain and monitor registers of such relationships.



14. **RECORD-KEEPING**

**The integrity of the Group's books, records and accounts is essential.**

**We will ensure that we maintain appropriate internal controls in place which will evidence the reason for making payments to third parties.**

Serious instances of bribery and corruption often involve some degree of inaccurate record-keeping. False, misleading or inaccurate books and records could damage the Group. Accurate and proper books, records and financial reporting must be maintained across the Group. The Group's books, records and overall financial reporting must be transparent and must accurately reflect each of the underlying transactions.

All expenditure must be supported by documents that accurately and properly describe such expenditure and the reason for the expenditure must be specifically recorded.

All expenses claims must be submitted in accordance with the applicable expenses policy and will be subject to managerial review.

All accounts, invoices, memoranda and other documents and records relating to dealings with third parties must be prepared and maintained with strict accuracy and completeness. No accounts must be kept "off-book" to facilitate or conceal payments.

The falsification of any book, record or account of the Group or the submission of any false personal expense statement or claim for reimbursement of a non-business personal expense is prohibited and may lead to disciplinary action, including dismissal for gross misconduct or other termination of employment.

You must never seek to avoid any requirement under this Policy in respect of any gift, hospitality or other promotional expense by paying personally for it.

This Policy requires each Division to establish, maintain and monitor registers of certain matters, including:

- gifts, hospitality and other promotional expenses (section 8.9)
- pre-clearances of gifts, hospitality and other promotional expenses in respect of Public Officials (section 9.4);
- facilitation payments (section 10.5);
- the results of due diligence processes (section 13.5); and
- details of higher risk third party relationships (section 13.13).

You must provide sufficient information and documentation to enable the registers to contain full and accurate information.

## 15. LOCAL ADAPTATION

**In order for this Policy to be effective, it is necessary for it to be applied across the Group worldwide, taking into consideration the diverse legal and cultural environments in which we operate.**

**In particular, this Policy and the associated anti-bribery and corruption procedures must be appropriate, applicable and in full compliance with applicable local anti-bribery and corruption laws (which may impose stricter requirements). This may require certain provisions to be adapted or supplemented for certain countries or territories.**

**In addition to the requirements of this Policy and the associated anti-bribery and corruption procedures, you must comply with any requirements of applicable local anti-bribery and corruption laws and procedures. Guidance for certain countries and territories will be made available as necessary by Group Legal.**

It is the responsibility of Divisional and Business Unit management to assist Group Legal in helping ensure that this Policy is appropriate, applicable and in full compliance with any requirements of applicable local anti-bribery and corruption laws, which may impose stricter requirements than those set out in this Policy.

## 16. HOW TO RAISE A CONCERN - REPORTING BRIBERY AND SUSPICIOUS ACTIVITY

**All employees are responsible for the success of this Policy and we will stand by you in acting ethically.**

**If you become aware of any actual or suspected breach of this Policy, you must raise your concerns as soon as possible. Such reports will be treated confidentially.**

If you have any questions or concerns relating to bribery and corruption, please refer first to this Policy. If you have any questions about the interpretation or application of this Policy, please seek guidance from Group Legal.

You may make a good faith report of suspected bribery or corruption or other alleged wrongdoing under the **Johnson Matthey Whistleblowing Policy** and this will be treated in confidence. This would normally and initially be to your line manager or local Human Resources Manager / Director. Alternatively you may report your concerns anonymously and confidentially through the independent **Johnson Matthey EthicsLine** by local toll-free telephone hotline or online. **Web addresses for the Johnson Matthey EthicsLine and the Johnson Matthey Whistleblowing Policy are set out in Annex D.**

You should also bear in mind any obligations you may have to report suspicious transactions under anti-money laundering legislation. For example, if UK employees are suspicious that the Group, other employees, representatives of the Group or another party (whether a customer, client or third party) have been engaged in corrupt activity, this must be reported to the UK Money Laundering Reporting Officer under the UK Anti-Money Laundering Policy in addition to any other reports that are made.

You must cooperate fully and openly with any investigation by the Group into alleged or suspected bribery, corrupt activity or breach of this Policy. Failure to cooperate or to provide truthful information may lead to disciplinary action, including dismissal for gross misconduct or other termination of employment.

17. **EMPLOYEE PROTECTION**

**We will not permit retaliation of any kind against any individual for refusing to take part in bribery and corruption, for raising a concern or suspicion or for reporting wrongdoing in good faith.**

Individuals who refuse to take part in bribery and corruption, or who raise concerns or suspicions or report another's wrongdoing, are sometimes worried about possible repercussions.

The Johnson Matthey Group encourages openness and will support anyone who refuses to take part in bribery and corruption or who raises a concern or suspicion or reports wrongdoing in good faith, even if they turn out to be mistaken. The Group is committed to ensuring no one suffers any detrimental treatment (such as dismissal, disciplinary action, threats or other unfavourable treatment) as a result of taking such steps. If you believe that you have suffered any such treatment, you should inform your line manager, Group Legal, local or Group HR or a senior manager immediately.

18. **COMMUNICATION AND TRAINING**

**We are committed to ensuring that this Policy and our associated anti-bribery and corruption procedures are embedded and understood throughout our organisation through internal and external communication and training.**

All employees will either receive or have ready access to this Policy and the associated anti-bribery and corruption procedures.

For all relevant new employees, appropriate training will form part of the induction process provided on joining the Group. Appropriate and regular training on how to implement and comply with this Policy will be provided to all relevant existing employees. Training attendance records will be kept and training will be regularly monitored and evaluated.

The training offered will be proportionate to the risks of bribery and corruption that the Group faces. Training will be adapted according to the countries in which employees work so that they understand relevant applicable laws and regulations. Training will be of a higher level for those employees exposed to a higher risk of bribery and corruption.

Relevant employees will be required to certify that they have received and read this Policy and certify their compliance with it annually.

The Group's anti-bribery and corruption commitments must be communicated to the Group's third party business partners at the outset of the business relationship with them and as appropriate thereafter. Appropriate training on how to implement and comply with this Policy may, as necessary, be provided to relevant employees of third parties.

Management at all levels are responsible for ensuring that relevant employees who directly or indirectly report to them are made aware of this Policy and are given appropriate and regular training on it. It is also the responsibility of directors and senior management to lead by example and to demonstrate the highest standards of integrity in carrying out their duties on behalf of the Group.

## 19. **WHO IS RESPONSIBLE FOR THIS POLICY?**

**The Board of Directors of Johnson Matthey PLC has overall responsibility for the issuance of this Policy in support of its anti-bribery and corruption commitments.**

The Group Legal Director has primary responsibility for the implementation of this Policy and for ensuring that queries on its interpretation and application are dealt with appropriately.

## 20. **MONITORING AND REVIEW**

**We will regularly monitor and review the implementation of this Policy and compliance with it. We will regularly review the suitability and adequacy of this Policy.**

### 20.1 **Monitoring and review**

It is important that the Group monitors and reviews the implementation of, and compliance with, this Policy and the associated anti-bribery and corruption procedures. As bribery and corruption risks will change from time to time, it is also important that the Group regularly reviews the suitability and adequacy of this Policy and the associated anti-bribery and corruption procedures and makes improvements where necessary.

Group Legal together with Group Internal Audit and the CSR Compliance Committee of Johnson Matthey PLC will undertake such monitoring and review. The Group Legal Director will report annually to the Chief Executive's Committee and to the Audit Committee or the Board of Johnson Matthey PLC on the above matters.

The Group will periodically undertake appropriate external appraisals and audits of this Policy and the associated anti-bribery and corruption procedures in order to provide assurance that they are effective in countering bribery and corruption and, as necessary, to enhance their effectiveness.

The Group will periodically seek the views of employees on how this Policy and the associated anti-bribery and corruption procedures may be improved. If you have any comments, suggestions or queries please address these to Group Legal.

### 20.2 **Associated procedures**

Appropriate procedures will be put in place, including:

- risk assessment procedures to ensure that this Policy and the associated anti-bribery and corruption procedures keep up with changes in the organisation and new areas of risk;
- financial control procedures to help ensure that books and records are properly kept and that any irregularities which may indicate that bribes are being paid are identified. Such mechanisms will help indicate the effectiveness of this Policy;
- management information systems in relation, for example, to higher risk third party relationships and the provision of gifts and hospitality; and
- incident management procedures.

## **ANNEX A**

### **Potential Risk Scenarios - “Red Flags”**

The following is a non-exhaustive list of possible “Red Flags” that may arise during the course of you working for us and which may raise bribery and corruption concerns:

- you are aware that a third party engages in, or has been accused of engaging in, improper conduct or has a reputation for paying bribes or requiring that bribes are paid to them;
- a third party lacks apparent qualifications, experience or resources;
- a third party demands gifts or hospitality before commencing or continuing contractual negotiations or the provision of services or offers you an unusually generous gift or lavish hospitality;
- a third party is based in a higher risk country (see Annex B);
- a third party refuses to provide (or provides insufficient, false, or inconsistent) information in response to due diligence questions;
- a third party requests the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us, or a shell company serves as a middleman (especially when domiciled in a secrecy haven);
- there are signs that the third party is not acting on his own behalf, but is trying to conceal the true beneficial owner's identity;
- a third party has a reputation for having a “special relationship” with a government, political party or other Public Official or has been specifically requested by a Public Official;
- money or property is passed through a third party (such as a consultant or representative) to a Public Official;
- a third party requests that a transaction is structured to evade normal record-keeping or reporting requirements;
- a third party refuses to sign a commission or fee agreement or insists on the use of a side-letter relating to payment of funds;
- a third party requests an unusually large or disproportionate commission, retainer, bonus or other fee or an unexpected additional fee or commission to “facilitate” a service;
- a third party requests payment in cash (or cash equivalent such a money order);
- a third party requests that he is not paid directly (for example by wire transfer to an account in his name at his principal place of business) but that payment is made through another party that has no contractual relationship with the Group or that payment is made to a geographic location different from where he resides or conducts business (particularly a higher risk country - see Annex B);
- a third party refuses to provide an invoice or receipt for a payment, or you receive an invoice or receipt that appears to be non-standard or customised;
- a third party refuses to abide by this Policy or does not demonstrate that it has adequate internal anti-bribery and corruption policies and procedures in place.

Please refer to section 13 as to when and how to resolve “Red Flag” situations.

## **ANNEX B**

### **Higher Risk Countries**

For the purposes of this Policy, **higher risk countries** are those with a score of below 5 in the Transparency International Corruption Perceptions Index (“CPI”). The 2011 CPI is available at: <http://cpi.transparency.org/cpi2011/results/>

The 2011 CPI measures the degree to which Public Sector corruption is perceived to exist in 183 countries around the world. It scores countries on a scale from 10 (very clean) to 0 (highly corrupt).

The 2011 CPI shows that the vast majority of the 183 countries and territories assessed score below five, indicating a serious corruption problem.

Possibly relevant countries for the Group which score below 5 include (but are not limited to) the following:

• Oman	4.8	• India	3.1
• Hungary	4.6	• Argentina	3.0
• Kuwait	4.6	• Indonesia	3.0
• Jordan	4.5	• Mexico	3.0
• Czech Republic	4.4	• Algeria	2.9
• Saudi Arabia	4.4	• Egypt	2.9
• Malaysia	4.3	• Vietnam	2.9
• Cuba	4.2	• Bangladesh	2.7
• Latvia	4.2	• Iran	2.7
• Turkey	4.2	• Kazakhstan	2.7
• Georgia	4.1	• Syria	2.6
• South Africa	4.1	• Lebanon	2.5
• Slovakia	4.0	• Pakistan	2.5
• Italy	3.9	• Azerbaijan	2.4
• FYR Macedonia	3.9	• Belarus	2.4
• Brazil	3.8	• Nigeria	2.4
• Tunisia	3.8	• Tajikistan	2.3
• China	3.6	• Ukraine	2.3
• Romania	3.6	• Kenya	2.2
• Gambia	3.5	• Laos	2.2
• Colombia	3.4	• Nepal	2.2
• Greece	3.4	• Paraguay	2.2
• Morocco	3.4	• Kyrgyzstan	2.1
• Peru	3.4	• Libya	2.0
• Thailand	3.4	• Iraq	1.8
• Bulgaria	3.3	• Sudan	1.6
• Panama	3.3	• Turkmenistan	1.6
• Serbia	3.3	• Uzbekistan	1.6
• Trinidad and Tobago	3.2		

**This list is a specimen only - For the full list please refer to:**

**[http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2010/results](http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results)**

## ANNEX C

### Applicable Laws

The Group's Global Anti-Bribery and Corruption Policy is designed to ensure compliance with the laws to which the Group is subject. These include, in particular, the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act (“FCPA”). Both of these apply to certain aspects of the Group’s business and to certain employees personally. Both are also extra-territorial in scope. This means that they can apply to the actions of individuals and organisations wherever they are in the world and irrespective of local standards or cultural norms. More detail on these anti-bribery and corruption laws is provided below.

### UK Bribery Act 2010

The UK's Bribery Act (in force from July 2010) is far-reaching legislation which creates broadly scoped offences in relation to both (1) public and private sector corruption and (2) the giving and receiving of bribes. The Act applies to acts committed anywhere in the world (i.e. including the UK, the US, and all other countries) by British citizens, UK residents, UK companies, and organisations with even a very limited UK connection, such as doing business in the UK.

#### Bribery Offences (giving or receiving bribes)

It is illegal to offer, promise or give an advantage to someone:

- with the intention that the advantage induces or rewards that person for behaving “improperly”, or
- knowing or believing that the recipient's acceptance of the advantage would constitute “improper” behaviour.

Impropriety is judged by reference to the expectations of a reasonable person in the UK.

This offence applies both in the public and private sectors and criminalises, for example:

- providing gifts to Public Officials for the purpose of expediting the award of licences, visas, or similar documentation;
- accepting improper or inappropriate gifts, hospitality and other promotional expenses offered by the Group's suppliers with a view to awarding business to those suppliers;
- providing someone with a gift, hospitality or other promotional expense when it is known that they are not permitted to accept it under local law or their employer's rules (as the receipt is therefore “improper”).

It does not matter whether the advantage is offered or paid directly or indirectly, i.e. using a third party such as an agent or intermediary.

#### Bribing a Foreign Public Official

You will commit an offence if an advantage is offered or given to a foreign public official where you intend to influence the public official and to obtain or retain business or a business advantage. It does not matter whether the advantage is offered or paid directly or indirectly, i.e. using a third party such as an agent or intermediary.

The offence does not require the official to act improperly, or for the gift to be improper in any way. The offence can be committed merely by providing an advantage with the intention of influencing the official for the Group's business advantage.

This offence applies both to foreign government officials and to individuals working for international organisations, state-owned enterprises or sovereign wealth funds.

As this is UK legislation, US public officials are “foreign” public officials for these purposes. Similarly, UK officials are “foreign” for the purposes of the FCPA. In practice, all interactions with public officials in all jurisdictions should be treated with caution.

### **Corporate Offence of Failing to Prevent Bribery**

The Bribery Act makes it significantly easier to prosecute companies through a new offence that imposes criminal liability for a company's failure to prevent bribery by anyone providing services for or on behalf of the company. This may include employees, agents, joint ventures, representatives and subsidiaries, amongst others. Overseas companies doing business in the UK are also be caught by the legislation. A company will not be guilty of this offence, however, if it can demonstrate that it had adequate procedures to prevent such people from committing bribery. The Group's Global Anti-Bribery and Corruption Policy forms part of the Group's procedures to prevent bribery by persons providing services on its behalf.

### **The US Foreign Corrupt Practices Act (FCPA)**

The FCPA prohibits payments or offers of money, gifts or anything of value by a US company, any US person or any person acting on its behalf to any foreign official, foreign political party or party official or candidate for foreign political office, for the purpose of influencing them or inducing them to exert influence to assist the company in obtaining or retaining business. In some circumstances, the FCPA's jurisdiction extends to non-US individuals and companies, such as those who use the US capital markets, or those who use US communications or banking networks in furtherance of improper payment schemes.

The FCPA books and records provisions require the maintenance of books and records that accurately reflect, in reasonable detail, all expenditures of the company. The provisions also require that companies institute internal controls sufficient to ensure that all payments made with company assets have been duly authorised by company management.

Companies that violate the FCPA face significant fines and penalties, and individuals face imprisonment for breaching the FCPA. Recent penalties and profit disgorgement levied against companies in FCPA investigations have reached the \$100s of millions and individuals have received significant jail terms.

### **Regulatory requirements**

There are other regulatory requirements applicable to certain Group companies and employees which are relevant to bribery and corruption. These include anti-money laundering laws and regulations.

### **Other local laws and regulations**

Most countries have enacted anti-bribery and corruption laws criminalising, at least, the offer of bribes and kickbacks to public officials. Local laws may also impose limits on the gifts, hospitality and other promotional expenses which public officials are allowed to accept. Commercial sector bribery is also an offence in many jurisdictions.



## ANNEX D

### **Johnson Matthey EthicsLine - web:**

[https://secure.ethicspoint.com/domain/en/report\\_custom.asp?clientid=17417](https://secure.ethicspoint.com/domain/en/report_custom.asp?clientid=17417)

### **Johnson Matthey EthicsLine - telephone:**

[https://secure.ethicspoint.com/domain/media/en/gui/17417/phone\\_en.pdf](https://secure.ethicspoint.com/domain/media/en/gui/17417/phone_en.pdf)

### **Johnson Matthey Whistleblowing Policy:**

<https://secure.ethicspoint.com/domain/media/en/gui/17417/G14Whistleblowing.pdf>

## **Group Legal Contact Details**

Please contact the member of Group Legal with whom you usually deal or the following:

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