



People

Our people are key in delivering our strategy and achieving our vision. We want to harness their commitment to our sustainability goals. At the same time, we want them to be confident that they are coming to work in a safe and healthy environment, with a strong ethical culture, clear values and a positive approach to diversity and inclusion.

Sustainable business goals

Health and safety 1	Our people 2	Community engagement 6
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Our values

Protecting people and the planet	Acting with integrity	Working together	Innovating and improving	Owning what we do
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Creating the right culture

No compromise on health and safety; doing the right thing without question; engaged and enabled people, ready to play their part.

Three of our 2025 goals relate to people and cover health and safety, employee engagement and volunteering in the community. They continue work already in place and build on our achievements. For example, under our Sustainability 2017 programme, we reduced lost time injury and illness rates by 25% and occupational health incidents by 75%. But now we are setting the bar higher for ourselves and there are significant new inclusions in our targets.

As a company handling chemicals and hazardous materials, we must maintain and continuously improve our health surveillance systems and preventative actions.

1 Keeping our people healthy and safe

Our vision is for a cleaner and healthier world. As we embark on our sustainable business framework, health and safety – and our aspiration to zero harm – heads the list of our six new goals to 2025. We are building on decades of hard work to enhance health and safety. However, we saw our performance plateau in 2017/18 so much remains to be done in an area where both leadership and employee awareness must always be active and alert.

During the last year we created a strategic environment, health and safety (EHS) leadership committee that developed and approved a three year EHS roadmap, taking us up to 2021. We have analysed our current position in key areas such as process safety, lifesaving policies, occupational health and EHS capability and have defined where we want to be by 2021. These clear targets and the interim milestones will shape our activities over the next years.

Our roadmap to 2021 has four main elements: leadership and personal ownership, managing key risks, management processes and the effectiveness of our EHS staff. While formal tasks have been set for all four elements and their components, what underpins the whole roadmap is personal engagement with the plan.

We expect our leaders to 'walk the talk', for example, through site visits and getting involved in questions, conversations and updates.

We also expect our line managers to take responsibility and give continuous emphasis and clarity on health and safety requirements. And employees are being empowered to participate actively in EHS activities. We are placing a special emphasis on what we call high potential learning events, where we can draw lessons from incidents and risky behaviour. Across JM, everyone is required to follow five clear and simple safety principles and with a health and safety element a requirement of all employees' performance reviews, we ensure it remains firmly on everyone's radar and that they are clear about what is expected from them.

We have designated a core group of our health and safety policies as 'lifesaving policies'. These policies cover known dangers, where policy breaches could endanger life or lead to serious injury. We have eight lifesaving policies covering areas such as process isolation, permit to work, driving, working at height, guarding dangerous machinery and isolating electrical equipment, and have refreshed them during the year. They are available in local languages and we are providing guidance to our sites on how to implement them, using tools such as e-learning, gap assessments and internal audits. The first e-learning module was an overall awareness on all eight of our lifesaving policies and was completed by about 8,000 staff who had access via e-mail. For staff without e-mail, internal briefings were carried out.

The main causes of injuries across JM are slips, trips and falls, hand injuries and ergonomic problems. We have set a behaviour standard in order to prevent injury, the task now is to ensure that employees remain aware of their personal safety at all times, and that of their colleagues. We know from our EHS audits which sites have the highest rates of injury and where they stand in meeting our behaviour standard. To improve performance on these sites, we have introduced safety improvement plans.

These are special short term safety plans specific to a particular site based on its risk profile and EHS performance in lagging and leading indicators. These special plans are over and above our annual EHS plans.

My Team, My Responsibility

We have continued to implement My Team, My Responsibility, the training programme that builds on our EHS behaviour awareness programme and aligns with our EHS behaviour standard. The training supports work we have already done to encourage employees to take personal responsibility for safety. Team leaders receive training on how to deliver the interactive programme. Back at their local site, team action plans are developed, along with how they will be tracked. These are later submitted to a third party consultancy for audit. The aim of the programme is to help us identify preventative measures to avoid incidents from happening in the first place. It also builds the skills and confidence of team leaders, removes employee reluctance to speak up and make the right behaviours second nature. We plan to complete the implementation of this by end of 2018.

Process safety risk management

One area of special concern for us is process safety risk management (PSRM), which is all about how we safely manage our most hazardous processes. We are committed to improving safety by embedding process safety capability in our sites through training at all levels. We have completed PSRM training for 96 of our senior executives and also 312 of our site leadership teams. This training was developed with Cogent Skills in the UK and meets the national training standards for process safety. A PSRM experts group has been established which holds regular meetings to discuss strategy and implementation.

Strategic Report

During the year we have updated our own PSRM Policy which defines 'applicable processes', i.e. those with high hazards such as flammable gas and toxic liquids, and also provided detailed guidance for this. We have completed maximum credible event (MCE) studies and gap assessments against our PSRM Policy. We also have developed a process safety audit protocol and audited selected sites.

The focus for the coming year is the completion of the action plans from the MCE studies and the gap assessments against our PSRM Policy, training our process safety champions and embedding process safety indicators. We are also reviewing the resources we have on PSRM and plan to meet the requirements for these with in-house capabilities or through external recruitment.

Occupational health

Occupational health also remains important for us. While the number of occupational illnesses reported each year remains low, we remain vigilant on both known and recently emerging types of illness.

Our approach to occupational health is covered at the group and business level. At group level, for example, we set policy and provide guidance for the management of chemical exposure, which is implemented at our sites. Chemical exposure is a major area of focus for us and incidents are declining.

We continue to conduct work on key areas such as platinum salt exposure because platinum salt sensitivity can occur in some, but not all, employees who are exposed to certain types of platinum salts during the course of their work. We have improved our management of platinum salts and are working with the International Platinum Group Metals Association (IPA) to gain a better understanding of the epidemiology of those at higher risk of sensitisation.

We are seeing an increase in mental health incidents involving stress and we are responding with research and planned action. Following a pilot survey, we identified three factors that are leading to stress in our workplaces: work relationships, work pressures and organisational change. Until recently, companies have not recognised sufficiently the toll that mental health issues are taking. In the UK alone, over 11 million working days a year are lost because of a mental health problem, with one in four people affected.

We are putting in place employee assistance programmes (EAPs) in all of our major countries to support our people. EAPs are voluntary, work-based programmes that offer free and confidential assessments, short term counselling support, referrals and follow-up services to employees who have personal and / or work related problems.

Ergonomics and the prevention of musculoskeletal disorders also remain an area of focus for us. These are tackled at the level of our businesses based on guidance that is provided at group level.

Driving improvement

We provide ongoing training on health and safety to maintain employees' awareness towards known risks and advise on the top injury trends. Our Enablon health and safety reporting platform is used for reporting and analysing risks, which helps us target areas of concern.

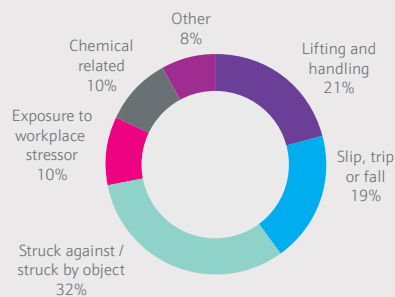
In September 2017 we held a three day conference and training session in North America, attended by 23 EHS professionals and 23 operational staff. During the conference attendees shared best practice, networked and obtained a deeper understanding of the JM EHS strategy, enabling them to better drive EHS performance in their areas.

We have an ongoing programme of regular EHS assurance audits which are undertaken using global protocols. In 2017/18, we undertook 26 audits at our manufacturing and R&D facilities.

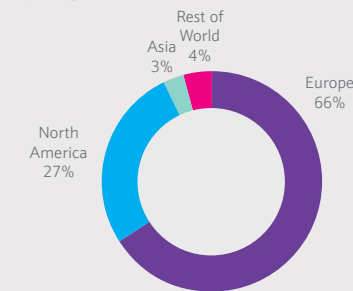
44% of our manufacturing sites are compliant with BS OHSAS 18001, the internationally recognised British Standard that sets out requirements for occupational health and safety management good practice.

In addition, our group occupational health and policy director visits up to five sites a year to audit their occupational health programmes. Occupational health consultants have been appointed in Europe, India, the US and China. They provide help in identifying local problems and implementing solutions.

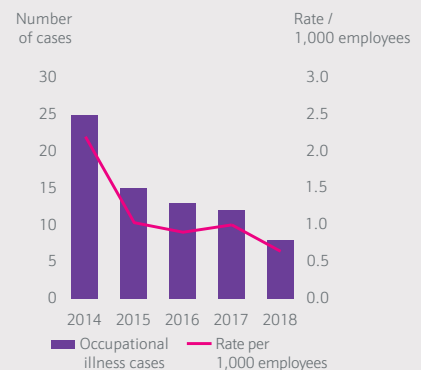
Lost time injuries and illnesses by event type



Lost time injuries and illnesses by region



Occupational illness cases



All of our manufacturing sites have formal health and safety committees to help monitor, collect feedback and advise on occupational safety programmes. They are led by site senior management and meet on a regular basis to cascade plans and ideas to and from our workforce. Over half of our manufacturing sites have a formal joint worker-management health and safety committee comprised of representatives from both staff level and management grades, covering 67% of employees globally.

Health and safety performance

Our renewed emphasis over the last year has led to a slight improvement in our TRIIR and occupational illness performance. However, our LTIIR of 0.48 was the same as last year. Over the same period, our TRIIR improved from 1.00 to 0.93, a decrease of 7%. There was a total of 68 lost time accidents and illnesses across the group during 2017/18. There were no employee fatalities in the year; the last employee fatality at Johnson Matthey occurred in July 2015. Our performance is summarised in the charts below.

Our construction projects use a contractor workforce and we work hard to ensure the safety of all contractors who work for us. Overall, contractor LTIIR dropped from 3.15 to 0.74. We saw a rise from six lost time incidents involving contractors during 2016/17 to eight during 2017/18.

The drop in contractor LTIIR was due to improved classification and reporting of contractor hours worked, which increased from 381,359 during 2016/17 to 2,171,462 during 2017/18. There were no contractor fatalities in 2017/18; the last one occurred in October 2010.

The number of occupational illnesses reported during 2017/18 was eight, giving a rate of 0.64 illnesses per 1,000 employees in 2017/18 (compared with 1.0 in 2016/17). Of the eight, six were in Europe and two were in North America. By gender, five were males and three were females. No contractor illnesses were reported in 2017/18.

Our overall number of occupational illnesses remains very low and we expect to see annual fluctuations as the figures are subject to statistical variation. We use a health scorecard system developed by the UK Chemical Industries Association to monitor our health performance. This year 64 sites completed the scorecard questionnaire, compared to 69 sites the previous year. Of these, 64% reported average scores of A or B (which corresponds to best practice), the same figure as in the previous year; 30% reported average C scores (which corresponds to our current minimum target score), compared to 26% in the previous year; and 6% reported an average D score (below our current minimum standards), compared to 9% the previous year.

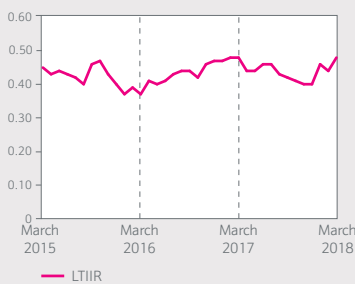
The survey continued to reveal mental wellbeing programmes as the least well performing area of occupational health. It was also the lowest performing topic from sites reporting A and B scores. We are aware of a rising incidence of mental ill health and are conducting internal research to help tackle the problem and provide proactive guidance (as described above).

Alongside our other health and safety performance metrics, we also monitor our OSHA severity rate. The severity rate from the US Occupational Safety and Health Administration (OSHA) is a calculation that gives us an average of the number of lost work days per recordable incident and as such, provides an indication of how critical each injury and illness is. The premise is that an incident that resulted in an employee missing time from work to heal and recover has greater significance than one where the employee can immediately return to work. It is therefore a useful metric for us as we strive to reduce the severity of the incidents that occur at our facilities by improving our workplaces and our behaviours to avoid incurring these more significant incidents.

	2017	At 31st March 2018
OSHA severity	11.2	12.2

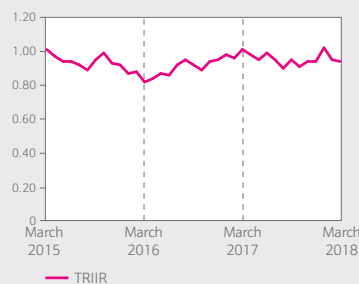
Lost time injury and illness rate (LTIIR)

per 200,000 working hours in a rolling year



Total recordable injury and illness rate (TRIIR)

per 200,000 working hours in a rolling year



Trade union committee representation

31 of our manufacturing sites have active trade unions and 26 of them have a trade union representative on their local health and safety committee. 22 sites have formal trade union agreements that cover health and safety topics (listed in the table below).

Topics covered by trade union agreements

Topic	% of sites covered
Use of personal protective equipment	86
Participation of worker representatives in health and safety inspections and investigations	82
Training and education	95
Complaints mechanisms	64
The right to refuse unsafe work	95
Periodic inspections	82

Strategic Report

Our People Strategy

We want our people to feel that JM is a great place to work, where working safely is a priority, where diversity is valued, and working collaboratively is very much encouraged, all within an environment that promotes growth and development.

Our aim is to become an employer of choice. We have refreshed our company brand, making it more relevant to existing employees and new recruits. Linked to this is our employee value proposition (EVP); this is the essence of how we position ourselves as a company with a unique set of benefits which an employee receives in return for the skills, capabilities and experience they bring to Johnson Matthey. We have begun work on our EVP and plan to develop it further in the coming year.

Guiding our HR practices is our people strategy, which has five pillars:

- attracting and recruiting talent;
- developing and supporting our people;
- rewarding and retaining them;
- embedding our culture and values; and
- supporting change.

The last year has seen considerable progress.

We have launched our first ever JM wide global graduate development programme. The two-year programme has been rolled out in the UK, the US and China, with programme managers in each of the countries. We select high calibre graduates from partner universities who are deployed in one of three disciplines – science, engineering and operations or commercial. Graduates work on stretch projects with defined objectives for three eight-month rotations. After the third rotation, we will consider permanent placement in JM based on what is appropriate for the next phase in their career development. We are making a significant investment in the programme to make it a highly positive experience for the new recruits in the expectation that they will want to make their future careers with us. Alongside this we are improving the consistency of our global recruitment processes and we have launched a single recruitment website for JM. We are also developing a global onboarding programme for all new recruits.

To support our business and growth ambitions, it's important for us to ensure our people understand the career development opportunities that exist across JM. We are also keen to unlock the potential we have within the company and ensure that all employees are enabled to reach their career aspirations.

With this in mind, over the last year we have undertaken a job classification project to enable us to develop a new globally consistent framework of career paths and a common, globally applied job grading system.

All sectors and global functions have been working together to identify the various different roles we have within the organisation and to systematically classify them into a common structure that will operate globally across JM.

We have classified the various roles across the organisation into:

- Job families - a broad grouping of jobs where the type of work performed and knowledge, skills and expertise are related (e.g. Finance); and
- Job disciplines – a narrower grouping of jobs with similar characteristics within a given job family (e.g. Accounting and Control is an example of a job discipline within the Finance job family).

This job classification forms the basis on which CareerPath frameworks and Global Grade systems are established. The CareerPath framework is a tool to help give employees better clarity on the different career steps available in Johnson Matthey across different functional areas. In the past, it has been difficult for people to know how to progress in JM because of a lack of common CareerPaths across our different businesses, countries and functions.

We are piloting a new R&D CareerPath framework that focuses on career steps within the R&D job family. This CareerPath highlights key accountabilities and competencies (technical and behavioural) that are expected at each career level in the R&D job family so it can enable better career aspirations, more meaningful career conversations about opportunities for development and how to match ambitions with the needs and goals of JM as a whole. Once the pilot is complete, we will create CareerPaths in all other job family areas within JM.

We develop employees at all levels of our organisation so that they are equipped with the knowledge and skills our company needs and to improve their career satisfaction.

With a fresh look at the JM strategic drivers and skills needed for the future, we are developing a new leadership development strategy. This includes a series of programmes designed to shift mindsets towards those required for leading through

change. These will be targeted across our leadership pipeline, from first time managers to executives, and will seek to equip leaders to deal with the full range and context of JM's business operations.

This past year we have launched a new pilot development programme for middle level leaders and redesigned the development programme for our senior level executives. This senior executive programme will launch in 2018, along with a new pilot development programme for employees taking on a leadership role for the first time.

As part of our strategic pillar to develop and support our people, we are developing an enhanced approach to performance management under a programme called Inspiring Performance. The decentralisation of our sites meant that, in the past, performance management was handled at a local level, with a lack of global consistency. We are now well advanced in a programme of improving performance management and ensuring it is globally consistent for our management and staff level employees.

We are committed to inspiring, growing and investing in our people, cultivating a continuous feedback culture that empowers employees and leaders to set stretching and achievable outcomes that meet strategic goals. The business goals in JM, and of each of our sectors and global functions are cascaded down so that employees are able to link their personal objectives to business objectives – aligning company and individual aspirations so that our people can see how they can contribute to JM's goals.

We continue to work to ensure that our reward and benefit packages are in line with the location markets. In the past year, we have realigned our UK Pension Scheme to make sure it is more sustainable for the future.

We are working to develop our global wellbeing framework further so that we can support our employees in the areas of emotional, financial, physical and social wellbeing.

There is clear evidence that wellbeing programmes do impact attraction and retention and play a significant role in ongoing employee engagement. As a result, well designed and coherent wellbeing programmes go beyond their proven ability to improve healthcare risks and are now more firmly linked to the business metrics that are a product of a competitive EVP.

In the last year, we reshaped our business into four new sectors. Change is always unsettling to employees and our HR team is providing support to our people as our business transformational change programmes are implemented.

We are taking a holistic view and approach to managing change. We are creating communications toolkits across the businesses and functions to support them in helping employees to understand our new strategy and the reasons for change. The toolkit breaks down the core messages and explains how to cascade to our people.

2 Employee engagement

The driving force behind JM is our employees who bring our inspiring science to life every day. Their engagement, last measured in 2016, is evident, but we know we can do better and have made it one of our sustainable business goals. We plan to ensure that Johnson Matthey is truly inclusive, fostering employee engagement and development within a diverse and global workforce (goal 2).

Clear values are essential for securing engagement. As part of our strategy review during 2017/18, we recognised that our previous set of values did not fully support our new strategy and were sometimes confusing. Following internal research and feedback, we have developed a refreshed set of values. They are defined as:

- protecting people and the planet;
- acting with integrity;
- working together;
- innovating and improving; and
- owning what we do.

For each of our values, we have also defined the four or five types of behaviour needed to achieve them, expressed as actions. The behaviours will help people to know what is expected of them and 'what good looks like'. The new values were launched in April 2018 and a programme of work to embed them is underway.

Engagement survey

Our first global employee engagement survey was conducted in November 2016 and managed for us by employment consultancy Korn Ferry Hay Group. Overall, we scored 61% for employee engagement and 62% for employee enablement, slightly below the industry average. These form the baseline for our sustainable business goal 2.

'Engagement' encourages our people to contribute actively to our success, while 'enablement' measures how we are creating an environment where people can perform at their best.

The survey revealed 'health and safety' and 'doing the right thing' as company strengths. However, we received mixed ratings on clarity around our strategy and the openness and transparency of communications across the company. We made these priorities for action and have developed a far reaching, two-year engagement programme. Our second engagement survey will take place in September 2018.

JM200

In 2017, the company celebrated its 200th anniversary.

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It provided an opportunity for employees to unite as one company to celebrate our success and the positive contribution we make through our science to a cleaner, healthier world.

At the end of our anniversary year, we held an awards ceremony at the Royal Institution in London. The new 'JM200 Awards' recognised the best examples of our people applying Johnson Matthey's values and vision in their everyday work.

The awards, which are set to become an annual event, brought together over 100 shortlisted employees from around the world in an evening of celebration and networking, together with – most appropriately – live science experiments.

2 Diversity and inclusion

Diversity and inclusion (D&I) forms part of our drive towards wider employee engagement. There is convincing research from consultants CEB (now Gartner) and McKinsey that companies with high levels of diversity and inclusion see greater employee contributions to the organisation and experience improved retention and morale.

We also believe that it is ethically right and are committed to developing a truly inclusive culture. That means providing equal opportunities for everyone, regardless of their ethnic origin, age, disability, religion, gender identity or sexual orientation.

In line with our Equal Opportunities Policy, we recruit, train and develop employees who are the best suited to the requirements of the job role, regardless of gender, ethnic origin, age, religion or belief, marriage or civil partnership, pregnancy or maternity, sexual orientation, gender identity or disability.

People with disabilities can often be denied a fair chance at work because of misconceptions about their capabilities, and we work to enhance their opportunities by attempting, wherever possible, to overcome the obstacles. This might mean modifying equipment, restructuring jobs or improving access to premises, provided such action does not compromise health and safety standards. This is set out in our policy, which extends to employees who have become disabled during their employment and who will be offered employment opportunities consistent with their capabilities. We would also look to make reasonable adjustments for new recruits.

 matthey.com/diversity

We have set up a D&I taskforce and developed a D&I action plan, which launched with JM's D&I month in May 2018.

The D&I action plan has five elements: training and development; standards; data; leadership accountability; and recruitment. Among our targets we plan to add awareness training for the organisation, include D&I content in all our leadership development courses, make D&I part of our global induction process and provide training in unconscious bias for employees involved in recruitment. We will track our progress against this detailed D&I plan using our own criteria with the aim of achieving 100% completion of the plan by 2025 (our sustainable business goal 2).

Employee resource groups

There is much for us to do to become a truly diverse and inclusive organisation but we have made a good start. We have set up two employee resource groups (ERGs). The first is Pride in JM (inviting LGBT+ membership, together with 'allies' or supporters), which launched in October 2017. Pride in JM is working to create a network of LGBT+ role models and foster inclusivity. It also aims to become an employer of choice, with a place in the top 100 index of UK charity Stonewall (with whom we are partnering) within three years.

Strategic Report

Our second ERG is a women's group, Netw@rked, launched in Royston, UK in July 2017. A global group is now being formed with the aims of networking, personal empowerment and increasing the proportion of women in the company to reflect the talent pool in society.

The groups have been welcomed by employees – "vital to both increasing confidence and awareness of various groups", in the words of one employee. Next on our list is the formation of a disabilities employee resource group.

Gender pay gap report

In March 2018, we published our first gender pay gap report, covering UK employees. It showed a median gender pay gap of 9.2%, reducing to 4.7% if pay before any salary sacrifice deductions for voluntary benefits is considered. Our figures compare favourably to the average pay gap for UK companies, which is of 18.8%.

 matthey.com/gender-pay-gap-17

We are working to close the gender pay gap and gender imbalance through our D&I action plan. We are also boosting our investment in apprentice and graduate outreach and encouraging more women into these roles in STEM areas (science, technology, engineering and mathematics).

Over the next year, we plan to roll out our unconscious bias training to our ethics ambassadors, hiring managers and the HR function. We will also complete our global flexible working policy and roll it out.

Ethics and compliance

A strong culture of 'doing the right thing' will be critical to achieving our vision and strategy. Our aim is to eliminate ethical lapses and breaches of compliance and in doing so, turn our reputation for doing the right thing to our strategic advantage.

Our ethics and compliance strategy has two pillars: (i) promoting an ethical culture across the company; and (ii) implementing a compliance programme underpinned by a framework applied to each risk area.

One of the main ways we promote an ethical culture at JM is through our global code of ethics, 'Doing the Right Thing', which is central to the way we act as a company. The code is available in 22 languages and contains information and resources that enable our employees to make the right choices in line with

our values and demonstrate the highest standards of integrity and ethical behaviour. We plan to refresh our existing code during 2018 in line with best practice.

We have a network of over 85 ethics ambassadors who play an important role in bringing our code of ethics to life, supporting senior leaders with their responsibilities for ethics and compliance and promoting a good ethical culture. In March 2018, we hosted a global conference for our ambassadors to share experiences, best practices and shared challenges whilst strengthening the ethics ambassador network.

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, or HR or legal function wherever possible. We also provide employees (and third parties) with an independently run speak up helpline (which can also be accessed online) where concerns can be raised. This helpline also 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 panel reports three times a year to the board with a particular focus on identifying themes and opportunities to continually look to improve the way we do things in JM.

During 2017/18, 144 speak ups were received and investigated which, given our size, is in line with the industry norm in terms of volume (see charts on page 59). We view the increasing numbers as a positive reflection of the confidence in and awareness of the process and many recommendations arising from investigations have been actioned in our businesses.

Everyone within Johnson Matthey has undertaken training on our global code of ethics. Additionally, targeted compliance training is provided to people whose roles expose them to specific risk areas. We regularly review our training and communications materials and methods for delivery to ensure they remain relevant to the risks our business and employees face.

In order to have an effective ethics and compliance programme we have developed, and continue to review, a compliance programme framework

applied to each risk area. These risk areas include bribery and corruption, data protection, export controls and sanctions, conflicts of interest, competition / anti-trust, financial crime (including the new Corporate Criminal Offence of failing to prevent the facilitation of tax evasion), modern slavery (see pages 43 and 44 and activities regulated by the UK Financial Conduct Authority).

Data protection is now subject to sweeping change in Europe, thanks to the EU General Data Protection Regulation (GDPR), which came into force in May 2018. We have an ongoing programme of work to ensure that we are in line with GDPR. Upholding high standards of data privacy and information security is a key focus of our business and we will continue building on this to enhance the privacy culture throughout our organisation.

We are part way through a strategic review of all the third party intermediaries (TPIs) JM uses, initially looking at those that are the highest risk. Focusing deeply on these relationships and, where appropriate, challenging the rationale for them enables us both to mitigate and better manage bribery risks associated with using them, as well as realise commercial benefits from cost savings and improved direct knowledge of our customers and how they operate.

6 Engaging with the community

We have a long tradition of community engagement. We work with charities, organisations and schools to help develop the local economy, protect the environment, promote science education and enhance health and nutrition.

In 2017/18, we donated £680,000 to charities, a small decline on the previous year. The major elements of our spend were on STEM education and on health and nutrition. We have a policy which entitles all our permanent employees to two days of paid leave each year, during normal working hours, to support projects and charities in their local communities.

During the year, our people took 678 paid volunteering days. Using the group average cost of an employee per day, this is equivalent to £152,000 in in-kind giving to our local communities. 53% of volunteers' time was spent supporting STEM education in local schools, 14% was spent working on local community development and 12% on contributing to the education of disadvantaged people.

Now, as part of our sustainable business framework, we are reinvigorating our commitment to community investment and hope to increase the number of sites that are active in their local community. We have set ourselves a formal target to increase our volunteer work with local communities; our 2025 goal is 50,000 cumulative volunteer days (goal 6). We are encouraging HR teams and general managers at our sites to promote employee volunteering and are asking employees themselves to identify opportunities for local volunteering that aligns with our strategic aims.

We have set up a new online system on our employee intranet, MyJM, to make it easier for employees to record their volunteering activities. We have also updated our Community Investment Policy and Volunteer Guidelines.

We have continued to support the global children's development charity, Plan International. Together we are working on an education programme in Sierra Leone to train women teachers. In a country where 73% of girls have dropped out of school by the age of 11 and with 92% of teachers being men, there is an overwhelming need for more female teachers to ensure girls are not left behind in their education. Working with Plan International and the Open University, the programme is on track and it is estimated that over 120,000 children will directly benefit over the next ten years. In March 2017, 480 women enrolled in teacher training

college and JM has supported the cost of their tuition fees, learning materials and transport. So far, 476 of them have graduated to their second year. After their third year of training, these young women will be qualified to teach in primary schools. During the year we donated £28,000 to Plan International in support of this, and other projects.

We support employees' fundraising efforts for good causes and match donations up to £1,000 per employee per year (up to a total of £70,000 per annum for the group as a whole). In the last year, employees raised £38,000 for charities and JM matched their contributions. These company-matched contributions are included in our total company donations figure.

Communicating with external stakeholders

We maintain ongoing communications with our external stakeholders and update them on our activities through regular publications (including this report), our website, surveys and topic specific meetings. We outline details of our major stakeholders on pages 20 and 21.

We are also active members of a number of trade associations which help us to understand, inform and contribute to issues and discussions that are relevant to our stakeholders. Associations we have worked with in 2017/18 include the UK Chemical Industries Association, the Diesel Technology Forum, the Society of Motor Manufacturers and Traders,

the Association for Emission Control by Catalyst, the International Platinum Group Metals Association, the European Precious Metals Federation, the Platinum Group Metals Health Science Research Group of the International Precious Metals Institute in the US, Eurometaux (which represents the European non-ferrous metals industry) and CEFIC (the European Chemical Industry Council). Shareholders are an important stakeholder group. We meet with our major shareholders regularly, as described in the Corporate Governance Report.

 Pages 97 and 98

For investors particularly interested in ethical and socially responsible investments, we meet with specialists from their organisations to discuss sustainability and corporate social responsibility (CSR) issues where applicable and participate in key sustainable investment benchmarking studies. These include the Carbon Disclosure Project (CDP), the Dow Jones Sustainability Index (DJSI), FTSE4Good and Business in the Community.

In March 2017, we received an 'AAA' ESG rating from investment index provider MSCI for the fifth consecutive year. This is the highest possible rating for a company's risk and performance against a range of environmental, social and governance (ESG) factors, and one that places us above our chemical industry peers. We are a constituent of the FTSE4Good UK 50 Index.

Community investment summary

	Investment in 2017/18 £'000	%
Direct expenditure		
Donations to Plan International	28	3%
Other corporate donations	272	33%
Donations by sites to local charities and community projects	380	46%
Indirect expenditure		
Employee volunteering	152	18%
Total group	832	

39% of our sites had a site-specific local community engagement and development plan that was active during the year. Topics included in the plans were:

Community engagement topic	% sites including topic in their plan
Social impact assessments, including gender impact assessments	23%
Environmental impact assessments and ongoing monitoring	64%
Public disclosure of results of environmental and social impact assessments	23%
Local community development programmes based on local communities' needs	82%
Stakeholder engagement plans based on stakeholder mapping	27%
Broad based local community consultation committees and processes that include vulnerable groups	32%
Works councils, occupational health and safety committees and other worker representation bodies to deal with impacts	50%
Formal local community grievance processes	23%



Chasing the Sun

For 24 hours, we followed the sun. Sites from Melbourne in Australia to San Diego, USA marked JM's bicentennial year in a way that reflected the local culture at their site and the diversity across the company. We captured events in a live 24 hour broadcast whilst employees shared their experiences with each other through photos, videos and social media posts.

Our vision was at the heart of the celebrations, with many sites planting trees to mirror our commitment to a cleaner, healthier world.

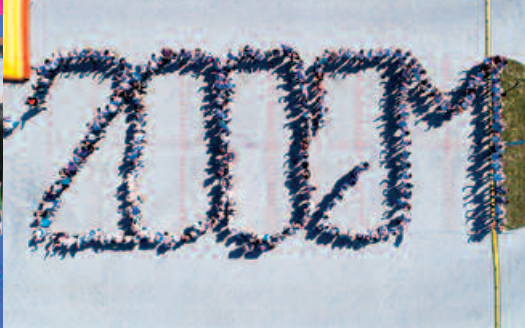


Celebrating 200 years of inspiring science

2017 was Johnson Matthey's 200th anniversary; an impressive milestone worthy of a unique celebration.

It was an opportunity to engage and involve our people in our rich heritage, our strategy for growth and mark our commitment to making the world a cleaner and healthier place.

On 19th July 2017, the 200th day of our 200th year, employees from our sites across the globe came together as one JM.



Watch our 200th anniversary video

Recognising JM and its people

2017 was full of memorable events. We published a book of our history, opened the market at the London Stock Exchange and shared historical memorabilia at our Annual General Meeting.

We closed the year by honouring perhaps the most important part of JM: the achievements of our people. The 'JM200 Awards' celebrated the incredible efforts and successes of our employees and were a fitting way to close our 200th anniversary year.

Strategic Report

People performance data

Governance and Human Resources

As a global company, we maintain progressive HR standards backed by group policies. Our HR activities meet local statutory requirements and we often go beyond them to recognise best practice. Our global HR policies are applied across our sites and are supplemented by local policies. Site specific policies and procedures are explained at inductions and through staff handbooks.

Our HR policies and risks are reviewed in accordance with our governance framework, with the board responsible for overseeing the overall people strategy. In addition, the Nomination Committee oversees talent and succession decisions and the Remuneration Committee deals with remuneration policy.

There were no significant fines or non-monetary sanctions for non-compliance with laws and regulations during the year.

New employees by age category

	Aged under 30			Aged 30 to 50			Aged over 50			Total	Total
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
Europe	210	100	310	209	168	377	46	28	74	465	296
North America	114	53	167	98	37	135	40	10	50	252	100
Asia	111	25	136	175	52	227	6	0	6	292	77
Rest of World	21	6	27	27	13	40	0	0	0	48	19
Total group	456	184	640	509	270	779	92	38	130	1,057	492

Attendance

Levels of attendance were reduced slightly this year. The average number of days lost per employee in 2017/18 due to sickness and unplanned absence was 5.7 days, up from 4.8 days in 2016/17. This represents 2.2% of lost time per employee in the working year.

Average number of people employed

The following tables set out the average number of people employed by Johnson Matthey and the net change in the number of people employed during 2017/18 by geographical region and by employment contract.

Average headcount 2017/18

	Permanent employees			Temporary contract employees			Total	Total
	Male	Female	Total	Male	Female	Total	Total	
Europe	4,614	1,751	6,365	176	124	300	6,665	
North America	2,376	649	3,025	18	11	29	3,054	
Asia	1,597	382	1,979	18	10	28	2,007	
Rest of World	400	183	583	8	2	10	593	
Total group	8,987	2,965	11,952	220	147	367	12,319	

Annual change in people employed

During the year 459 people left our business through redundancy. This included reductions in New Markets (Battery Materials) in China and Canada, in Health in Europe and North America, as well as reductions due to a reorganisation following the formation of Efficient Natural Resources. We support our employees during their redundancy transition with practical help to find new roles, which often includes a mix of counselling and training in job search techniques, CV preparation and interview techniques.

Net change between average headcount 2016/17 and 2017/18

	Permanent employees	Temporary contract employees	Total net change
Europe	+215	+4	+219
North America	+7	0	+7
Asia	-172	-4	-176
Rest of World	+47	+8	+55
Total group	+97	+8	+105

Employee turnover by region

The high level of employee commitment and loyalty to the group continues to bring strength to our businesses. Voluntary staff turnover was low compared to many other organisations at 9.1% (2016/17: 8.9%). The total employee turnover figure increased slightly to 12.8% from 12.3% in 2016/17.

The following table sets out the employee turnover in 2017/18 by geographical region. The employee turnover figure is calculated by reference to the total number of leavers during the year expressed as a percentage of the average number of people employed during the year. The analysis does not include agency workers not directly employed by Johnson Matthey.

	Aged under 30			Aged 30 to 50			Aged over 50			Total leavers	Employee turnover	Voluntary employee turnover
	Male	Female	Total	Male	Female	Total	Male	Female	Total			
Europe	96	58	154	228	130	358	157	48	205	717	10.8%	7.9%
North America	91	31	122	162	45	207	101	32	133	462	15.1%	10.8%
Asia	98	18	116	174	47	221	11	2	13	350	17.4%	11.6%
Rest of World	9	4	13	28	5	33	0	2	2	48	8.1%	4.9%
Total group	294	111	405	592	227	819	269	84	353	1,577	12.8%	9.1%

Gender diversity statistics

The table below shows the gender breakdown of the group's employees as at 31st March 2018.

As at 31st March 2018	Male		Female	
	Count	%	Count	%
Board	6	67%	3	33%
GMC	6	67%	3	33%
Subsidiary directors	95	90%	10	10%
Senior managers	180	75%	60	25%
New recruits	1,057	68%	492	32%
Total group	9,462	74%	3,253	26%

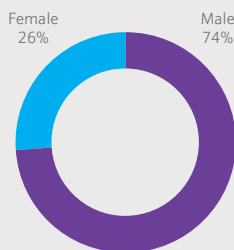
Some individuals are included in more than one category.

Gender of people employed by employment type

As at 31st March 2018	Full time		Part time	
	Male %	Female %	Male %	Female %
Europe	73%	27%	25%	75%
North America	79%	21%	50%	50%
Asia	82%	18%	0%	100%
Rest of World	68%	32%	20%	80%
Total group	76%	24%	28%	72%

Percentage of people employed by gender

As at 31st March 2018	% of employees	
	Male	Female
Europe	71%	29%
North America	78%	22%
Asia	82%	18%
Rest of World	68%	32%
Total group	74%	26%



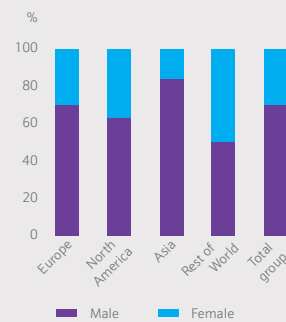
Trade union representation

26% of our employees (2016/17: 26%) belong to a recognised trade union. We have positive and constructive relations with all the recognised trade unions that collectively represent our employees. The following table sets out the average number and percentage of employees who were covered by collective bargaining arrangements and represented by trade unions by geographical region in 2017/18. During the year no working time was lost due to employee action.

	Permanent employees	Represented	% Represented
Europe	6,365	2,138	34%
North America	3,025	514	17%
Asia	1,979	97	5%
Rest of World	583	308	53%
Total group	11,952	3,057	26%

Average number of contractors employed

	Male	Female	Total
Europe	608	264	872
North America	48	28	76
Asia	107	21	128
Rest of World	23	23	46
Total group	786	336	1,122



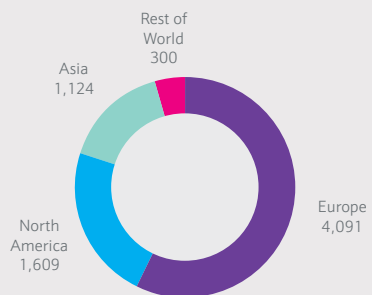
Speak up reports

In 2017/18 there were a total of 144 speak up reports, an increase of 92% on the 75 cases in the previous year (see page 54). 63% of these were closed in the year. We consider the increase in the number of speak ups to be a signal of the increasing confidence in and awareness of our speak up processes since the launch of our code of ethics in 2015.

Concern / allegation raised	Number of cases
Bribery and corruption / supply chain	15
Business and financial reporting	2
Computer, email and internet use	4
Confidential information and intellectual property	8
Conflict of interest	17
Discrimination including harassment and retaliation	63
Environment, health and safety	16
Fraud	7
Misconduct or inappropriate behaviour	6
Other or general query	4
Violence or threat	2

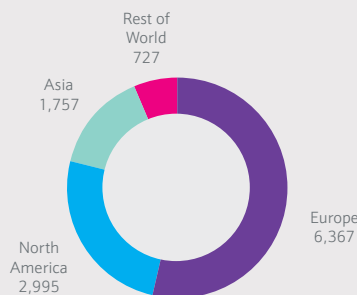
Anti-bribery and corruption training by region

number of employees



Code of ethics training by region

number of employees



Competition law training by region

number of employees

