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Our basis of non-financial reporting and information for shareholders.

Also includes a summary of our Global Reporting Initiative disclosures, a glossary and an index.

Other Information

Basis of reporting – non-financial data

This report has been prepared in accordance with the GRI Standards: Core option. It covers the period from 1st April 2017 to 31st March 2018. Our last annual report was published in June 2017.

Johnson Matthey compiles, assesses and discloses non-financial information for a number of reasons:

- where there is a legal obligation (UK Companies Act, mandatory carbon reporting, UK Modern Slavery Act);
- to help drive improved business performance;
- to demonstrate to institutional investors that Johnson Matthey's business approach is responsible, ethical, sustainable and offers a sound value proposition;
- to demonstrate to our customers that Johnson Matthey's business conduct meets or exceeds all of the required standards and expectations;
- to demonstrate to other stakeholders that Johnson Matthey conducts its business in an ethical, responsible and sustainable manner; and
- to benchmark our corporate performance against peer group companies.

This report has been developed to incorporate the group's significant economic, environmental and social impacts and is set within the context of the United Nations Brundtland definition of sustainability (1987) and our own sustainable business goals to 2025. The principles of inclusivity, materiality and responsiveness help to shape the structure of the report and in setting priorities for reporting. The report also explains how we are continuing to build sustainability into our business planning and decision making processes and how, through our governance processes, we manage social, environmental and ethical matters across the group.

Performance data covers all sites which are under the financial control of the group, including all manufacturing, research and warehousing operations of the parent company and its subsidiaries.

For the purposes of reporting, separate business units resident at the same location are counted as separate sites. Data from 70 sites was included in this report, 57 of which are manufacturing sites.

Data from new facilities is included from the point at which the facility becomes owned by the company and operational. All non-financial performance data is reported on a financial year basis unless otherwise stated.

Baseline year data has been restated, where necessary, to account for changes in best practice methodologies for reporting. The processes in place to internally and externally verify the reported non-financial data are described on page 203. Certain employee data is included in the financial accounts and is also subject to separate external audit.

Calculation methodologies for KPIs relating to six sustainable business goals to 2025

Definition of employees and contractors

A standard definition of employees and contractors has been implemented in 2017/18 across the group for all reporting of people-related goals:

Employees	Contractors			
	Agency workers	Outsourced function	Specialist service	Projects
Continuously site based.	Continuously site based.	Continuously or regularly site based.	One-off project or regularly based on site.	One-off project.
Contract signed directly between JM and individual and paid regular salary and other benefits by JM.	Person employed by an agency performing tasks that would be expected to be undertaken by a JM employee.	Facility management – catering, cleaning or grounds maintenance; IT and occupational health if outsourced.	Smallscale building or ground works; repairing specialist plant or equipment; low level maintenance; small scale repairs to offices or other buildings; stack monitoring.	Construction work, capital project work, major maintenance activities.
Work is directly supervised by JM.	Work is directly supervised by JM.	Work is supervised by contractor and monitored by JM.	Work is supervised by contractor and monitored by JM.	Work is supervised by contractor and monitored by JM.
Reported as: employees	Reported as: temporary worker	Reported as: contractor	Reported as: contractor	Reported as: contractor

Goal 1: Health and safety:

Aspire to zero harm

Lost time injury and illness rate (LTIR) is defined as the number of lost workday cases per 200,000 hours worked in a rolling year.

A lost workday case is defined as an incident where an employee or contractor is unable to work for more than one scheduled working day as a result of a work-related injury or illness.

Total recordable injury and illness rate (TRIIR) is defined as the number of recordable cases per 200,000 hours worked in a rolling year.

A recordable case (as defined under the US Occupational Safety and Health Administration (OSHA) Regulations) is defined as a work related accident or illness that results in one or more of the following: absence of more than one day; medical treatment beyond first aid; death; loss of consciousness and restricted work or transfer to another job.

The **OSHA severity rate** is a calculation that gives a company an average of the number of lost days per recordable incident.

OSHA severity rate = $\frac{([\text{total lost days in the year} \times 200,000]}{\text{total hours worked during the year}}$

Occupational illness incidence rate in the year = $\frac{(\text{number of new occupational illnesses diagnosed in the year}) \times 1,000}{(\text{average number of employees in the year})}$

200,000 hours represents 100 full time equivalent workers working 40 hours per week for 50 weeks per year.

LTIR by event type definitions

Slip, trip or fall:

- A slip injury occurs where there is too little friction or traction between an individual's footwear and the walking surface.
- A trip injury occurs when the foot hits an object causing a person to lose balance.
- A fall injury is recorded when someone falls from an elevated surface (e.g. roof), object or temporary work platform (e.g. ladder) or into an opening in a floor or a hole in the ground.
- Struck against is an injury occurring as a result of coming into contact with a surface or object in which the action was initiated by the person (e.g. when a screwdriver slips).

Process safety rate definition

Johnson Matthey has adopted International Council of Chemical Association's (ICCA) process safety metric. The metric first requires a determination that the event is to be included in the process safety event severity rate (PESER) calculation and then determining the severity using the severity table.

In determining this rate, 1 point is assigned for each Level 4 incident attribute, 3 points for each Level 3 attribute, 9 points for each Level 2 attribute, and 27 points for each Level 1 attribute.

The PESER is recorded as a 12 month rolling number. Total worker hours include employees, temporary employees and contractors.

Process safety performance indicator (PSPI) 2 = Process safety event severity rate (PESER) Level 1 to 4

$$= \frac{(\text{Total severity score for all events} \times 200,000)}{(\text{Total worker hours})}$$

Theoretically, a process safety event could be assigned a minimum of 1 point (i.e. the incident meets the attributes of a Level 4 incident in only one category) or a maximum of 135 points (i.e. the incident meets the attributes of a Level 1 incident in each of the five categories).

Goal 2: Our people:

Employee engagement and enablement

Johnson Matthey invites all its permanent and fixed term contract employees to voluntarily complete its employee survey once every two years to determine the wellbeing of its staff using a standard methodology defined and audited by the Korn Ferry Hay Group. All responses are submitted confidentially to a third party and results are independently analysed and reported back to JM management. Through the survey we measure attributes on a scale of 0 to 100%:

- employee engagement = how committed and motivated employees are to give their best to Johnson Matthey;
- employee enablement = how well employees' jobs and work environment support peak performance in Johnson Matthey.

Diversity and Inclusion (D&I) plan progress

A detailed roadmap of activities to be completed on JM's journey to D&I excellence out to 2025 has been approved. A measurement tracker has been deployed at both the site and group level to ensure a consistent methodology to record progress on this journey.

Progress is tracked against the D&I plan using Johnson Matthey's in-house methodology.

Goal 3: Low carbon operations:

Operational carbon footprint reduction

Our operational carbon footprint, reported in tonnes of carbon dioxide (CO₂) equivalent, includes Scope 1 and Scope 2 emissions.

We report Scope 1 greenhouse gas (GHG) emissions from processes and energy use and convert the total group energy use to tonnes CO₂ equivalent using conversion factors for each emissions source as published by Defra in July 2017. For the first time in 2017/18 we have included nitrous oxide (N₂O), refrigerant and methane process emissions to air in our Scope 1 calculations. In this report we have restated our 2016/17 emissions using this new methodology.

Our Scope 2 emissions are calculated using the 'dual reporting' methodology outlined in the GHG Protocol corporate standard 2015 revision, www.ghgprotocol.org. For the location based method of Scope 2 accounting, for all facilities outside of the US, we use national carbon intensity factors related to the consumption of grid electricity in 2015 made available in the 2017 edition of the world CO₂ emissions database of the International Energy Agency. They were purchased under licence in February 2018 for sole use in company reporting. For US facilities we use regional carbon factors published by the Environmental Protection Agency in January 2017, eGRID data 2016. For the market based method of Scope 2 accounting, we have applied the hierarchy of sources for determination of appropriate carbon intensity factors, as outlined in Table 6.3 on page 48 of the GHG Protocol 2015 edition guidance. We have successfully obtained carbon intensity factors directly from our grid electricity suppliers in the EU, USA and Australia. However, it has not been possible to obtain this from suppliers in China, India, South Africa and non-OECD Europe.

Under the UK mandatory GHG reporting requirements, we are required to ensure that the quantification of GHG emissions and data reliability are sufficient to meet our obligation under the UK Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013. The data we have presented for our carbon footprint in this report contains all Johnson Matthey's material GHG emissions and therefore meets the requirements of this legislation. We have included a mandatory GHG report in the table on page 45.

Other Information

In 2018 we introduced a new methodology for normalising our carbon emissions based on production output. The denominator is defined as 'tonnes of manufactured product sold externally'. Only sold products manufactured on JM premises are included. For sales of precious metal containing solutions from our Pgm Services only the weight of the precious metal is included in the calculation. For all other products, the total shipped weight of product is included.

$$\text{Carbon intensity of JM operations} = \frac{\text{total JM group Scope 1 + Scope 2 GHG emissions}}{\text{Tonnes of manufactured products sold externally by JM}}$$



Goal 4: Responsible sourcing:

Sustainable supplier assessment and compliance

We will ensure supplier awareness, understanding and acceptance of the JM Supplier Code of Conduct. We will seek evidence of adherence to the mandatory requirements of the JM Supplier Code of Conduct – demonstrated by assessment and, where necessary, audit of suppliers. These will be quantified on an annual basis.

A strategic supplier is defined using JM in-house criteria.



Goal 5: Sustainable products:

Sustainability impacts of our products

- (a) We will measure the correlation and classification of annualised sales of Johnson Matthey's products, services and technologies against the 169 specific targets of the 17 United Nations Sustainable Development Goals (UN SDGs).
- (b) We have set quantitative targets that focus on the UN SDGs that are most material to our stakeholders or most relevant to our business impact. We will measure our progress towards these targets annually.

Both (a) and (b) are calculated using Johnson Matthey's in-house methodology.



Goal 6: Community engagement:

Employee volunteering

This KPI is an annual record of the total number of employee volunteering days undertaken by permanent employees within their local communities, in accordance with JM's global Employee Volunteering Policy.

The volunteering is recorded in periods of half days. Shorter periods of volunteering are not included in the data. The recorded volunteering days may have been completed either on company time or on paid company leave. Volunteering done on unpaid leave, or outside normal working hours, is not included in the reported numbers.

The length of a standard day varies slightly from location to location, between seven and eight hours.

In determining the in-kind contribution of employees' volunteering we take the number of volunteering days reported in the year and multiply it by the group average cost of one day of employee time.

$$\text{Average cost of one day of employee time} = \frac{\text{total employee benefits expense in year}}{\text{Number of working days in year}}$$

Number of working days in a year is five days per week for 50 weeks per year.

Verification of non-financial data

The board reviews corporate social responsibility (CSR) and broader sustainability issues as part of its risk management process.

All data is reviewed by internal sustainability experts and at appropriate levels of management up to and including the Group Management Committee. Health and safety data is reviewed by group health and safety experts and as part of a formal group environment, health and safety (EHS) internal audit programme.

Certain human resources data forms part of Johnson Matthey's accounts which are subject to limited audit.

Johnson Matthey also uses external specialists to review specific sustainability issues. Over the past year this has included external audits or reviews of people management systems, health and safety (OHSAS 18001) and environmental management systems (such as ISO 14001, ISO 50001 and RC 4001).

In 2018 we commissioned Carbon Smart Ltd to provide external assurance and commentary on the company's sustainability reporting of our key performance indicators and data pertaining to our 2017/18 environment, health and safety performance. Carbon Smart have subsequently provided the following summary assurance report:

"Johnson Matthey appointed Carbon Smart to provide third party assurance of the company's global reported Scope 1, 2 and 3 greenhouse gas (GHG) emissions, total energy, total waste (solid and hazardous), water consumption and specified health and safety indicators for the reporting period 2017/18. Carbon Smart carried out a limited assurance engagement in accordance with the requirements of the ISAE 3000 (revised) standard including the specificities of ISAE 3410 for assuring GHG emissions data, and key health and safety definitions from the OHSAS Regulations.

Johnson Matthey's GHG inventory and quantification of environmental performance indicators has been completed in accordance with the WRI / WBCSD GHG Corporate Accounting and Reporting Standard (revised) best practice reporting principles of relevance, completeness, consistency, transparency, accuracy and the subject matter adheres to the ISAE 3410 principles related to both the quantification of emissions and presentation of disclosures.

The objective of the engagement was to ensure that the assured Johnson Matthey values in scope were free of material misstatements to an acceptable, agreed materiality threshold and provide the relevant, material information required by stakeholders for the purpose of decision making.

Based on the assurance procedures followed by Carbon Smart on the described scope of Johnson Matthey's data across the 2017/18 reporting period, we have found no material evidence to suggest that the data is not:

- prepared in accordance with the WRI / WBCSD GHG Corporate Accounting and Reporting Standard (revised) and OHSAS Regulations as relevant;
- prepared in accordance with Johnson Matthey's relevant internal health and safety and environmental data collection guidelines;
- materially correct and a fair representation of the company's GHG emissions, specified environmental impacts and health and safety incident rates;
- worthy of the award of limited assurance.

Carbon Smart are independent of Johnson Matthey and have no business reason for bias in the preparation of this statement; we have complied with the ethical requirements relevant for the performance of the ISAE 3000 engagement.

This conclusion should be read with Carbon Smart's full assurance statement available at matthey.com/non-fin-assurance.

Other Information

GRI Standard Content Index

General disclosures in accordance with GR1 102

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Percentage increase in annual total compensation ratio	102-39	Information unavailable
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Defining report content and topic boundaries	102-46	200-202
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Restatements of information	102-48	'Performance highlights'
Changes in reporting	102-49	22-24
Reporting period	102-50	1
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Contact point for questions regarding the report	102-53	Inner back cover
Claims of reporting in accordance with the GRI Standards	102-54	200
GRI content index	102-55	204-205
External assurance	102-56	203



Specific GRI disclosures for Johnson Matthey's material topics

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Sustainability leadership		
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GRI-102 General disclosures 2016	102-14; 102-10	8; 11; 16-17; 78-81
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GRI-103 Management approach 2016	103	70-75
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Community engagement		
GRI-103 Management approach 2016	103	54-55
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Other Information

Shareholder information

Johnson Matthey share price as at 31st March

	2013	2014	2015	2016	2017	2018
	2,300p	3,271p	3,386p	2,744p	3,080p	3,042p

Analysis of ordinary shareholders as at 28th April 2018

By location	Number of shares	Percentage
UK and Eire	105,265,610	52.9
USA and Canada	42,158,113	21.2
Continental Europe	33,911,797	17.0
Asia Pacific	4,232,847	2.1
Rest of World	899,111	0.5
Unidentified	12,473,128	6.3
Total	198,940,606	100.0

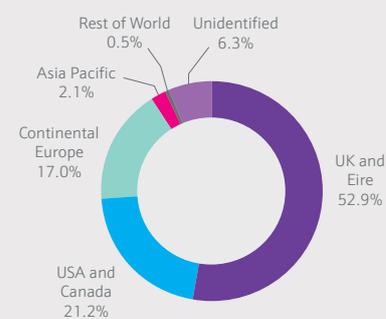
By category	Number of shares	Percentage
Investment and unit trusts	88,727,792	44.6
Pension funds	26,871,302	13.5
Individuals	12,162,271	6.1
Custodians	7,401,420	3.7
Insurance companies	6,487,180	3.3
Treasury shares and employee share schemes	7,489,328	3.7
Sovereign wealth funds	8,953,388	4.5
Charities	1,128,507	0.6
Other	39,719,418	20.0
Total	198,940,606	100.0

By size of holding	Number of holdings	Percentage	Number of shares	Percentage
1 – 1,000	5,337	73.5	1,620,211	0.8
1,001 – 10,000	1,316	18.1	3,642,360	1.8
10,001 – 100,000	388	5.4	13,362,352	6.7
100,001 – 1,000,000	184	2.5	54,257,942	27.3
1,000,001 – 5,000,000	28	0.4	55,994,152	28.2
5,000,001 and over	8	0.1	70,063,589	35.2
Total	7,261	100.0	198,940,606	100.0

Johnson Matthey share price five year performance versus FTSE 100 Rebased to 100 at 1st April 2013



By location



Share dealing services

A telephone and internet dealing service for UK shareholders is provided by the company's registrars, Equiniti. For further information, including Equiniti's terms and conditions and details of their fees, log on to www.shareview.co.uk/dealing or call 03456 037 037* (in the UK); +44 121 415 7560 (outside the UK).

Dividend – pence per share

	2014	2015	2016	2017	2018
Interim	17.0	18.5	19.5	20.5	21.75
Final	45.5	49.5	52.0	54.5	58.25
Total ordinary	62.5	68.0	71.5	75.0	80.0
Special	–	–	150.0	–	–

Johnson Matthey has a progressive dividend. The board is proposing a final dividend for 2017/18 of 58.25 pence to take the total for the year to 80.0 pence, which is 7% up reflecting continued confidence in Johnson Matthey's prospects.

Dividend payments and DRIP

Dividends can be paid directly into shareholders' bank or building society accounts. Shareholders wishing to take advantage of this facility should contact the company's registrars, Equiniti, or complete the dividend mandate form attached to their dividend cheque. A Dividend Reinvestment Plan (DRIP) is also available which allows shareholders to purchase additional shares in the company. Further information can be obtained from Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Telephone 0371 384 2268* (in the UK); +44 121 415 7047 (outside the UK). They can also be contacted via their website at www.shareview.co.uk.

American Depositary Receipts

Johnson Matthey has a sponsored Level 1 American Depositary Receipt (ADR) programme which BNY Mellon administers and for which it acts as Depositary. Each ADR represents two Johnson Matthey ordinary shares. The ADRs trade on the US over-the-counter (OTC) market under the symbol JMPLY. When dividends are paid to shareholders, the Depositary converts such dividends into US dollars, net of fees and expenses, and distributes the net amount to ADR holders.

For enquiries, BNY Mellon can be contacted on 1-888-BNY-ADRS (1-888-269-2377) toll free if you are calling from within the US. Alternatively, they can be contacted by e-mail at shrrelations@cpushareownerservices.com or via their website at www.adrbnymellon.com.

Share price and group information

Information on the company's current share price together with copies of the group's annual and half-yearly reports and major presentations to analysts and institutional shareholders are available on the Johnson Matthey website: www.matthey.com.

The website's Investors section contains extensive information and a number of tools which will be of assistance to investors including historic share price information downloads and a share price charting facility.

For capital gains tax purposes the mid-market price of the company's ordinary shares on 31st March 1982 was 253 pence.

Enquiries

Shareholders who wish to contact Johnson Matthey Plc on any matter relating to their shareholding are invited to contact the company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Telephone 0371 384 2344* (in the UK); +44 121 415 7047 (outside the UK) or via their website: www.shareview.co.uk.

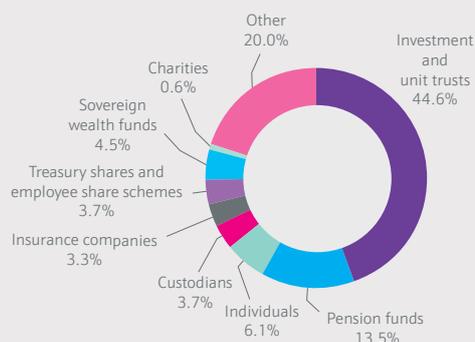
Shareholders may also telephone the company on +44 20 7269 8400 or write to:

The Company Secretary
Johnson Matthey Plc
5th Floor
25 Farringdon Street
London, UK
EC4A 4AB

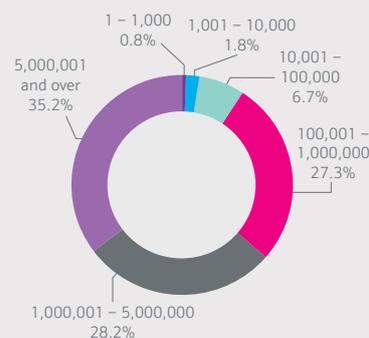
For other enquiries shareholders may contact the Investor Relations team at the above address and telephone number, by emailing [jmp@matthey.com](mailto:jmpr@matthey.com), or via www.matthey.com

* Lines are open 8.30am to 5.30pm Monday to Friday excluding public holidays in England and Wales.

By category



By size of holding



Other Information

Glossary of terms

2006 Act	The Companies Act 2006	ISO 14000	Internationally recognised series of standards which specify the requirements for an environmental management system
ADHD	Attention Deficit Hyperactivity Disorder		
ADR	American Depositary Receipt	ISO 50001	International standard giving guidelines on an energy management system
AGM	Annual general meeting	JM	Johnson Matthey
APB	Auditing Practices Board	JMEPS	Johnson Matthey Employees Pension Scheme
API	Active pharmaceutical ingredient	KfW	KfW IPEX – Bank GmbH
CAGR	Compound annual growth rate	KPI	Key performance indicator
Capital expenditure to depreciation ratio	Capital expenditure divided by depreciation Depreciation is the depreciation charge of property, plant and equipment plus the amortisation charge of other intangible assets excluding amortisation of acquired intangibles	LDV	Light duty vehicle
CDP	Carbon Disclosure Project	LFP	Lithium iron phosphate, a cathode material
CEPIC	The Council of European Chemical Industry	LTIIR	Lost time injury and illness rate
CGU	Cash-generating unit	LTIP	Long term incentive plan
CHP	Combined heat and power	Margin	Underlying operating profit divided by sales excluding precious metals
CO	Carbon monoxide	NPI	New product introduction
CO ₂	Carbon dioxide	OHSAS 18001	Internationally recognised standard on occupational health and safety management
COD	Chemical oxygen demand	OSHA	Occupational Safety and Health Administration
CPI	Consumer price index	OTC	Over-the-counter
CSR	Corporate social responsibility	PARS	Prior Approval Required Substances
D&I	Diversity and inclusion	PBT	Profit before tax
DRIP	Dividend Reinvestment Plan	Pgm	Platinum group metal
EBITDA	Earnings before interest, tax, depreciation and amortisation	PILON	Payments in lieu of notice
EHS	Environment, health and safety	PSP	Performance share plan
EIB	European Investment Bank	PSRM	Process safety risk management
eLNO™	JM's next generation high energy density battery material	R&D	Research and development
EPS	Earnings per share	RC 14001	An internationally recognised standard, an expansion of ISO 14001
ESG	Environment, social and governance	RDE	Real world driving emissions standards
ESOT	Employee Share Ownership Trust	REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals Regulation
EU	European Union		EU chemical control legislation which came into force in June 2007
FCA	Financial Conduct Authority	ROIC	Return on invested capital
FRC	Financial Reporting Council	RPI	Retail price index
Free cash flow	Net cash flow from operating activities, after net interest paid, net purchases of non-current assets and investments and dividends received from joint venture	RSP	Restricted share plan
Fuel cell	Technology which converts hydrogen or other fuels (methanol, natural gas) into clean electricity	SAICM	Strategic Approach to International Chemicals Management
GAAP	Generally accepted accounting principles	Sales	Sales excluding the value of precious metals
GHG	Greenhouse gas	SIC	Standing Interpretations Committee
GMC	Group Management Committee	SIP	Share incentive plan
GRI	Global Reporting Initiative	SOx	Oxides of sulphur
GWP	Global warming potential	SPV	Special purpose vehicle
HDD	Heavy duty diesel	SVHC	Substance of very high concern
HR	Human resources	The Code	The UK Corporate Governance Code, issued by the FRC
HSRG	Health Science Research Group	TRIIR	Total recordable injury and illness rate
IAS	International Accounting Standards	TSCA	Toxic Substances Control Act
IASB	International Accounting Standards Board	UN	United Nations
IFRIC	International Financial Reporting Interpretations Committee	UN SDGs	United Nations Sustainable Development Goals
IFRS	International Financial Reporting Standards	VOC	Volatile organic compound
Incoterms®	The International Chamber of Commerce's International Commercial Terms	Working capital days	Non-precious metal related inventories, trade and other receivables and trade and other payables (including any classified as held for sale) divided by sales excluding precious metals for the last three months multiplied by 90 days
ISA	International Standards on Auditing		

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Other Information

Financial calendar 2018/19

2018

7th June

Ex dividend date

8th June

Final dividend record date

26th July

127th Annual General Meeting (AGM)

7th August

Payment of final dividend subject to declaration at the AGM

21st November

Announcement of results for the six months ending 30th September 2018

29th November

Ex dividend date

30th November

Interim dividend record date

2019 (provisional)

5th February

Payment of interim dividend

30th May

Announcement of results for year ending 31st March 2019

6th June

Ex dividend date

7th June

Final dividend record date

17th July

128th AGM

6th August

Payment of final dividend subject to declaration at the AGM

Photography credits

During our 200th anniversary year, JM held a competition, inviting employees to take photographs that represented the JM brand identity – inspiring science, enhancing life.

Photographs from two of our finalists feature in this report:

Page 48 – photograph by Jasmin Brunner, Moosburg, Germany.

Pages 198-199 (bottom image) – photograph by Nathan Barrow, Sonning, UK.

Congratulations to Jasmin, Nathan and all of our other finalists.

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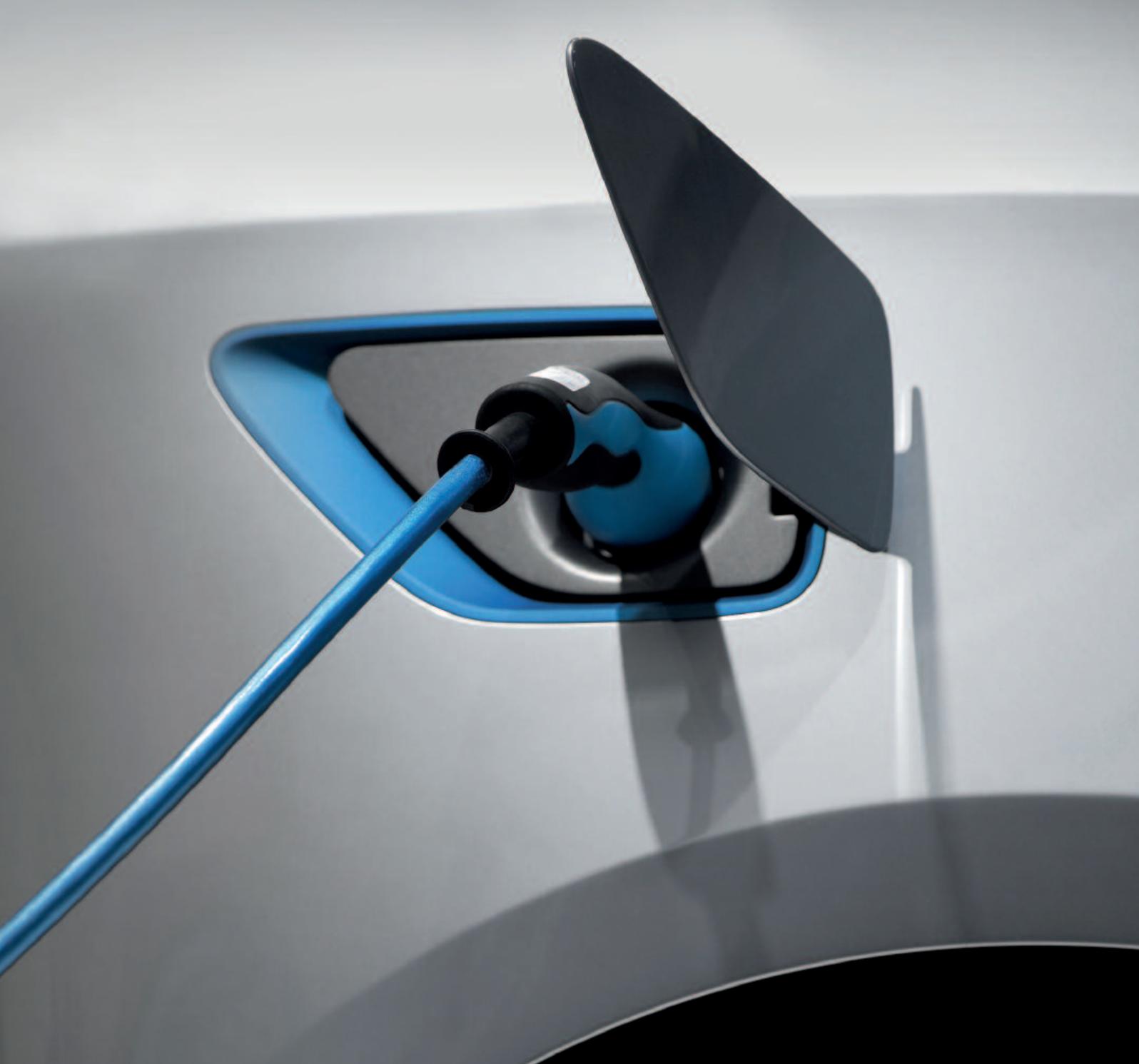
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