

# Supplier Code of Conduct

Last updated: September 2017

## Principles

At Johnson Matthey, we are dedicated to exceeding our customer expectations. We accomplish this goal, in part, through strong collaborative partnerships with suppliers who share our commitment to quality, efficiency and operation under a philosophy that ensures integrity and compliance. Johnson Matthey is an organisation that does the right thing, and we expect our suppliers to do the right thing too.

This Code is supported by an Appendix which provides more information on the measures Johnson Matthey would expect a supplier to put in place to comply with the Supplier Code of Conduct.

Johnson Matthey principles are derived from key international conventions and guidelines. These are listed in the additional information section of this Code.

Our commitment to delivering against these international principles is set out in the Johnson Matthey Group Code of Ethics and our Ethical & Sustainable Procurement Policy, both of which provide context for this Supplier Code of Conduct (the "Code"). These documents can be found on our corporate website [www.matthey.com](http://www.matthey.com).

This Code applies to all suppliers and service providers that do business with Johnson Matthey or any of our subsidiaries. Adherence to the Code provides one of the building blocks to our supplier evaluation process.

The supplier shall ensure that their suppliers who work on products or materials that may ultimately be purchased by Johnson Matthey, comply with the Code. The supplier shall also require that the same principles are cascaded to sub-suppliers.

JM may conduct periodic assessments, surveys or audits of the supplier's systems, products and processes to ensure that they meet requirements. These may be performed by Johnson Matthey or in conjunction with a Johnson Matthey customer or third party. The supplier shall provide reasonable access to enable audits to be performed. The supplier may also be asked, on occasion, to participate in JM training on ethics and sustainability.

If you have questions or feedback regarding this Code, please contact your local Johnson Matthey Purchasing representative or our Supplier Sustainability Team.

Thank you for your continued contribution to our successful working relationship.

## 1. Health and Safety

As a minimum, suppliers are required to comply with all applicable laws and regulations relating to health and safety matters<sup>1</sup>.

The supplier shall implement an appropriate structured health and safety management system which is supported by a clear commitment from management<sup>2</sup>. Steps must be taken to assess working environments, working processes and any other areas controlled by the supplier (e.g. accommodation, car-parks) for health and safety hazards<sup>3</sup>. Health and safety control measures shall be in place to protect the well-being of workers and anyone else who might be impacted by the suppliers' activities<sup>4</sup>. These measures shall include, but are not limited to, accident and near miss investigation<sup>5</sup>, equipment management<sup>6</sup>, contractor management<sup>7</sup>, training<sup>8</sup>, personal protective equipment<sup>9</sup> and plans for responding to emergencies<sup>10</sup>.

The supplier shall respect workers' rights to withdraw from the workplace when the worker/s has reason to believe their health and safety is in imminent danger<sup>11</sup>.

Materials supplied to Johnson Matthey shall not contain any substance which is prohibited by legislation or regulation applicable in the supplier's country of operation or into which the material may be supplied.

The supplier shall provide appropriate hazard and safety information related to any materials supplied, usually in the form of a Safety Data Sheet "SDS"<sup>12</sup>.

## 2. Environmental Standards and Sustainability

As a minimum, suppliers are required to comply with all applicable laws, regulations and permits to operate, relating to environmental matters<sup>13</sup>.

Suppliers shall have a system for managing compliance and minimising environmental impact<sup>14</sup>. The system should include, but not be limited to, management of materials in a way that prevent escape to the environment<sup>15</sup> and plans to address emergencies affecting the environment<sup>16</sup>.

## 3. Human Rights and Labour Practices

As a minimum, suppliers are required to comply with all applicable laws and regulations regarding working conditions and labour standards<sup>17</sup>.

The supplier shall not use enslaved or involuntary labour of any kind and shall comply with all laws preventing child labour. The supplier shall not allow workers under the age of 18 to work during the night shift or be involved in any hazardous work<sup>18</sup>.

The supplier shall adhere to all applicable laws regarding working hours, wages, social security payments, overtime payments, paid annual leave and other leave e.g. for sickness. Overtime shall be voluntary. Employees shall be provided with written information about their employment conditions<sup>19</sup>.

The supplier should not discriminate directly or indirectly against its employees due to their protected characteristics as specified in national law.

The supplier shall prohibit all physical and verbal abuse or discipline, the threat of physical abuse, mental coercion, sexual or other harassment and any other forms of intimidation<sup>20</sup>.

The supplier shall respect any employee legislative rights to freedom of association, collective bargaining, to join a trade union and any other rights provided for by national law<sup>21</sup>.

The supplier shall ensure that the same standards of labour protection are applied to all of their workers including temporary workers and workers who are employed through labour agencies<sup>22</sup>.

#### 4. Business Ethics

The supplier shall conduct its business in an ethical and fair manner and operate in full compliance with international, national and local laws and regulations that are applicable to its business operations including, but not limited to<sup>23</sup>:

- anti-bribery and corruption laws and regulations,
- anti-trust and fair competition laws and regulations, and
- export and trade control laws and regulations.

#### 5. Additional Information

Johnson Matthey is committed to adhering to the following conventions and standards:

- The International Labour Organization's Conventions
- The United Nations Convention against Corruption

- The Universal Declaration of Human Rights.

In addition, Johnson Matthey follows the principles set out in:

- The Global Sullivan Principles of Social Responsibility
- The United Nations Guiding Principles on Business & Human Rights (the "Ruggie" Principles)
- The United Nations Global Compact
- The Ethical Trading Initiative Base Code for labour standards.

#### Footnotes

Footnotes refer to clauses in the appendix:

1. Appendix 1.1
2. Appendix 1.2
3. Appendices 1.4, 1.6
4. Appendices 1.4, 1.8, 1.13
5. Appendix 1.3
6. Appendix 1.5
7. Appendix 1.9
8. Appendix 1.11
9. Appendix 1.10
10. Appendix 1.7
11. Appendix 1.12
12. Appendix 1.15
13. Appendix 2.1
14. Appendix 2.2
15. Appendix 2.4
16. Appendices 1.7, 2.3
17. Appendix 3.1
18. Appendix 3.2
19. Appendix 3.3
20. Appendix 3.5
21. Appendix 3.4
22. Appendix 3.1
23. Appendix 4.1

# Appendix

This appendix is intended to be used as a supplement to the principles in the Johnson Matthey Supplier Code of Conduct. It provides information on the management system elements Johnson Matthey would expect a supplier to put in place in order to comply with the Supplier Code of Conduct.

It is not intended to be an exhaustive list of requirements and does not include all policies, processes, controls or other implementation measures that might be put in place by the supplier. The appendix sets out Johnson Matthey's general expectations but we encourage our suppliers to exceed these wherever possible.

## **1. Health and Safety**

### **1.1. Compliance with Applicable Laws**

The supplier shall comply with all applicable laws regarding working conditions, including worker health and safety, hygiene and sanitation, fire safety, risk protection, and electrical, mechanical and structural safety, by implementing a structured health and safety management system.

### **1.2. Management Commitment**

The supplier shall set a policy and objectives for health and safety. They shall appoint a competent qualified health and safety responsible person who shall report to an appropriate level within the supplier's organisation.

### **1.3. Investigation and Reporting of Accidents and Incidents**

The supplier shall put in place processes to record and investigate accidents, near misses and first aid events, including root-cause analysis in order to prevent re-occurrence. Suppliers are prohibited from fining employees for having or reporting accidents or near misses.

### **1.4. Safe Working Environment**

The supplier shall assess its work environments for health and safety hazards and eliminate, control or otherwise mitigate identified risks. These assessments shall take into account all activities that have the potential to impact any person having access to the workplace or other areas

owned / controlled by the supplier e.g. accommodation.

The supplier shall consider the design of work areas, processes, installations, machinery / equipment, operating procedures and work organization, in relation to protecting the safety, health and well-being of their workers.

The supplier shall monitor its working environments to assess the exposure of workers and visitors to occupational health hazards including, but not exclusively, noise, dust and fumes. Where excessive noise levels are found the supplier shall eliminate the source of the noise or provide hearing protection for workers as appropriate. As a minimum, the supplier must be compliant with relevant legislation.

The supplier should review its working environments to check that they are correctly lit, ventilated and free from temperature extremes in line with the appropriate legislation/guidance.

### **1.5. Equipment Management**

The supplier shall ensure that production and associated machinery is equipped with appropriate operational safety devices, and shall be maintained, inspected and serviced on a regular basis. The supplier should implement and communicate a lockout-tag-out programme such that all machinery and equipment is to be shut off, locked and tagged as appropriate when maintenance or service work is performed.

### **1.6. Risk Assessments**

The supplier shall complete and document health and safety risk assessments and communicate the results of such risk assessments to all relevant parties. These assessments shall be completed by a competent person and include:

- identification of potential hazards,
- identification of those who may be harmed,
- how this harm may occur,
- a defined scoring system for likelihood and severity, and
- control measures that are in place to eliminate or reduce the risks identified.

The supplier must be able to demonstrate that effective controls have been put in place for process safety and that appropriate assessments of these risks have been completed.

### **1.7. Emergency Preparedness and Response**

The supplier shall identify the potential for emergency situations that threaten human health or the environment and put in place procedures to respond to such emergency situations. Procedures should prioritise the health and safety of all relevant parties and environmental protection. The supplier shall periodically test these procedure(s) and review its emergency response planning effectiveness in particular, after the occurrence of accidents or emergency situations and/or on at least an annual basis.

The supplier shall provide and clearly identify adequate building exits, according

to the size of the buildings and number of workers present, to allow for the evacuation of buildings in an orderly fashion in the event of a fire or other emergency. The supplier shall provide fire alarms and adequate fire suppression equipment for each area of their site used by people working for or visiting the supplier.

### **1.8. Fitness for Work**

The supplier shall have strict policies that prohibit the use of illegal drugs or consumption of alcohol in its work environments and prohibit impaired employees from working.

### **1.9. Contractor Management**

The supplier shall have a process in place to manage the health and safety of activities performed by contractors. The supplier should have a contractor management and permit-to-work program in place.

### **1.10. Provision of Personal Protective Equipment**

Appropriate personal protective equipment (e.g. gloves, steel-toed shoes or boots, safety glasses, goggles, hearing and respiratory protection) shall be used where applicable, as identified through the supplier's risk assessment, and to meet the needs of legal compliance. This equipment shall be made available to workers at no cost and maintained in a suitable condition. Provisions shall be made for storing such equipment in a hygienic manner.

### **1.11. Training**

The supplier shall provide specific recorded health and safety training to its workers - including employees, contractors, agency staff, visitors etc. - as appropriate to their roles and retain records of such training.

### **1.12. Employee Involvement**

The supplier should consider how to include employees in decision making about health and safety and shall comply with all relevant legislation on employee involvement.

The supplier shall respect workers' rights to withdraw from the workplace when s/he has reason to believe their health and safety is in imminent danger.

### **1.13. Employee Wellbeing**

The supplier shall provide safe and accessible drinking water for all workers and allow reasonable access to sanitary toilet facilities throughout the working day. A safe and sanitary place shall be provided for workers' break periods and, if appropriate, sanitary facilities for food storage shall be provided. Where accommodation is provided for workers, conditions should be in accordance with legislation.

### **1.14. Communication of Health, Safety and Environment Information to Johnson Matthey**

The supplier shall inform JM within a timely manner, of any accidents leading to loss of life or any regulatory fine, prosecution of health and safety or environmental failure.

### **1.15. Raw Materials and Substances of Concern**

Materials supplied to Johnson Matthey shall not contain any substance which is prohibited by legislation or regulation applicable in the supplier's country of operation or into which the material may be supplied. The supplier shall review appropriate restricted substance lists and inform JM of any substances that are prohibited or declarable when contained in material supplied to JM.

The supplier shall provide appropriate hazard and safety information related to any materials supplied, usually in the form of a Safety Data Sheet "SDS".

## **2. Environmental Standards and Sustainability**

### **2.1. Compliance with Applicable Laws**

The supplier shall comply with all applicable environmental laws, regulations, permits and standards that apply to their business.

### **2.2. Management of Environmental Impact**

The supplier should manage compliance, minimise environmental impact and drive continual improvement through the implementation of a suitable environmental management system.

### **2.3. Environmental Impact on Communities**

The supplier should make provisions for notifying the local community / authorities in case of accidental discharge or release of hazardous materials into the environment, or in the case of any other environmental emergency.

### **2.4. Management of Materials**

The supplier shall store hazardous and combustible materials in safe, secure and ventilated areas in such a manner that they cannot escape or be accidentally released into the environment. Incompatible materials should be stored separately.

All waste shall be stored to prevent its escape to the environment and disposed of in a safe and legal manner. The supplier is

expected to have full traceability of waste to the final point of disposal.

### **2.5. Monitoring and Measurement**

The supplier should develop robust means by which they identify and monitor the environmental impacts of their activities. They should consider their use of materials and resources, their waste, discharges and emissions and seek to understand and reduce their impact on the environment. Specifically, the supplier should consider taking action, where relevant, to control their:

- energy use and greenhouse gases (GHG) emissions,
- ozone-depleting compounds in a manner that meets standards such as the Montreal Protocol,
- acid gases such as SO<sub>x</sub> and NO<sub>x</sub>, and other emissions to air,
- water consumption,
- discharges to water,
- public nuisance emissions such as noise, odour, dust emissions, light and vibrations,
- management and disposal of waste, using the concept of the “waste hierarchy”, which promotes reuse and recycling and where disposal is the least desired outcome, and
- impacts on biodiversity.

Johnson Matthey may ask the supplier to provide data on its greenhouse gas (GHG) emissions through the Supply Chain section of the Carbon Disclosure Project, or through an annual questionnaire.

### **3. Human Rights and Labour Practices**

#### **3.1. Working Conditions and Labour Standards**

The supplier shall comply with all applicable international conventions and national laws regarding working conditions and labour standards.

The supplier shall ensure that the same conditions are applied to all of their workers including temporary and workers who are employed through labour agencies.

#### **3.2. No Forced or Child Labour**

The supplier shall not use enslaved or involuntary labour of any kind, including prison labour or debt bondage. The supplier shall not be involved in human trafficking.

The supplier shall not use corporal punishment, physical or psychological abuse, threats of violence, or other forms of physical or mental coercion. No original copies of employee identification documents (e.g. identity papers or passports) shall be held by the supplier. There should not be unreasonable restrictions on the ability of workers to enter or exit the workplace.

The supplier shall comply with all laws preventing child labour. Only workers who meet the applicable minimum legal age requirements in the country where they are working, or are at least 15 years old and are over the age for completion of compulsory education, whichever is greater, may be hired by the supplier. The supplier shall not allow workers under the age of 18 to work during the night shift or be involved in any hazardous work as specified in ILO

Convention 182 and as determined by national law.

#### **3.3. Wages, Benefits and Working Hours**

The supplier shall adhere to all applicable laws regarding working hours, wages, social security payments and overtime payments. Workers shall be paid at least the minimum legal wage. Where there is no legislated minimum wage, a wage that meets local industry standards shall be paid. Wages shall be paid promptly and in full.

The supplier shall conduct operations in ways that limit working hours and overtime to a level that ensures humane, safe and productive working conditions. All overtime shall be voluntary. Workers shall receive necessary time off, paid annual leave and holidays, as required by local law. Employees shall be provided with at least one day off in every seven-day period or, where allowed by national law, two days off in every fourteen-day period.

All employees shall be provided with written and understandable information about their employment conditions in respect to wages, benefits and working hours before they enter employment.

Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be made without the expressed permission of the worker concerned. Disciplinary measures should be based on a documented disciplinary procedure that is communicated to all staff. All incidences of disciplinary measures being applied should be recorded.

### **3.4. Commitment to Freedom of Association**

The supplier shall respect employees' freedom of association, right to collective bargaining, right to join a trade union and all other workplace rights as mandated by legislation. Employees shall not be subject to discrimination based on that choice. Where there is legislation that mandates the election of work representatives or the establishment of joint consultative mechanisms the supplier shall make sure these are in place.

The supplier shall adopt an open attitude towards the activities of trade unions and their organisational activities. Workers' representatives shall not be discriminated against and shall have access to carry out their representative functions in the workplace.

### **3.5. Discrimination and Harassment**

The supplier shall comply with all local laws and regulations with regard to unlawful discrimination.

The supplier shall not discriminate directly or indirectly against its employees in practices related to hiring, compensation, access to training, promotion, termination or retirement or any other operational activity based on their race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership, political opinion or affiliation, or HIV/AIDS status or any other characteristics that might give rise to discrimination.

The supplier shall prohibit all physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or any other forms of intimidation.

The supplier shall protect employee privacy whenever the company gathers personal information for a legitimate use. The rights and dignity of workers will be considered when making provision for site security measures e.g. security guards, CCTV.

The supplier shall have a formal grievance mechanism for workers to report incidents of harassment, abuse, breaches of privacy or other concerns. This mechanism should be communicated to all workers. All grievance reports should be investigated and, where appropriate, action taken to redress the situation and prevent further occurrences.

In addition, suppliers should avoid practices that promote or support mistreatment of members of the wider community in which they operate.

## 4. Business Ethics

### 4.1. Applicable Laws

The supplier shall conduct its business in an ethical and fair manner and operate in full compliance with international, national and local laws and regulations that are applicable to its business operations including, but not limited to:

- anti-bribery and corruption laws and regulations,
- anti-trust and fair competition laws and regulations, and
- export and trade control laws and regulations.

The supplier should establish a business conduct and ethics policy that includes, but is not limited to, standards and guidance in relation to anti-bribery and corruption, anti-money laundering, conflicts of interest and a system for recording gifts and hospitality either given or received by the supplier. Alternatively, the supplier shall meet the standards set out in Johnson Matthey's Code of Ethics ([http://matthey.com/about\\_us/governance/code-of-ethics](http://matthey.com/about_us/governance/code-of-ethics)). All employees should be trained to understand the standards that are applicable to them.

The supplier shall establish a 'whistle-blowing' procedure by which employees or any interested party can report concerns in connection to business conduct and ethics without fear of reprisal. All employees should be made aware of this procedure and all reports should be appropriately followed up. Additionally, the supplier, and/or employees of the supplier, should contact

the Johnson Matthey Speak Up line (<http://www.jm.ethicspoint.com>) if they have any concerns relating to Johnson Matthey or their activities and obligations in relation to Johnson Matthey.

### 4.2. Supporting Local Communities

The supplier should be aware of community concerns around its premises and take action where appropriate. For example, where land acquisition is made from a local community, it is expected that the supplier will follow the International Finance Corporations Performance Standards as appropriate.

Johnson Matthey encourages suppliers to invest in their local community through the provision of employment, services and other sustainable development or philanthropic work as appropriate and in compliance with all relevant anti-bribery and corruption laws and regulations.

### 4.3. Country of Origin

All suppliers that provide tin, tungsten, tantalum or gold (including their chemical compounds) shall be required to make an annual submission to Johnson Matthey stating where these materials are sourced. Johnson Matthey reserves the right to ask about the sourcing arrangement of other materials where there are concerns that these may be coming from a conflict region.

The supplier shall also be expected to provide information on the Country of Origin of other raw materials if requested.