

Transforming for growth

Annual Report and Accounts 2024

We are transforming into an industry-leading energy transition company

For over 200 years Johnson Matthey has contributed to solving some of the world's toughest problems.

But now is the time to make our biggest impact yet.

The world's leading energy, chemicals and automotive companies depend on us to help them decarbonise and reduce harmful emissions.

To fully play our part, we too are changing.

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Cover image: JM R&D scientist Maria Rivas-Velazco working alongside a custom-made collaborative robot, or 'cobot', to aid and accelerate chemical and material discovery.

Our approach to reporting

We are committed to transparent sustainability reporting and we support efforts to standardise requirements.

GRI: this report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021.

SASB: the report aligns with the Sustainability Accounting Standards Board (SASB) chemical sector reporting requirements (version 2023-12).

TCFD: our Task Force on Climate-related Financial Disclosures (TCFD) report is included on pages 53-61, and complies with the TCFD Guidance for All Sectors. It has taken into consideration the Material and Buildings Group guidance, as set out in section C of 'Annex: Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures', October 2021. The numbers included in this section cover the entire Johnson Matthey group.

Non-financial limited assurance: ERM Certification and Verification Services Limited (ERM CVS) were engaged to provide limited assurance of selected information as presented on page 218. Please see ERM CVS' Independent Limited Assurance Report on pages 216-218 for more details.

Our products and services are where we believe we can have most positive impact on society and we have aligned our strategy with four of the UN Sustainable Development Goals (SDGs).



The group uses various measures to manage its business which are not defined by generally accepted accounting principles (GAAP). Certain non GAAP measures are included in the Annual Report and these are reconciled to their GAAP equivalent numbers in note 34 to the Financial Statements.

Cautionary statement

The Strategic report and certain other sections of this Annual Report contain forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries and sectors in which the company operates. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a wide range of variables which could cause actual results, performance, operations, impacts, events or circumstances to differ materially from those currently anticipated.

Find more information online

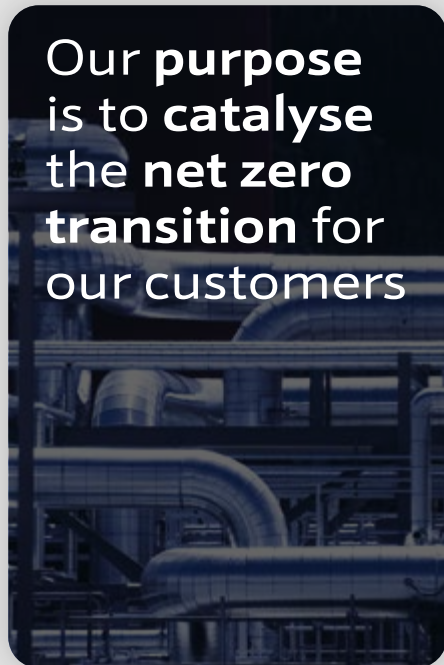
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- 🔗 SASB Index: matthey.com/sasb-index
- 🔗 PAI Statement: matthey.com/pai-statement
- 🔗 TCFD Compliance Table: matthey.com/tcfd-compliance-table
- 🔗 Assurance report: matthey.com/assurance-statement
- 🔗 Click this link to see our glossary: matthey.com/ARA-glossary




Purpose led, performance driven

2023/24 highlights

Our purpose is to catalyse the net zero transition for our customers



Clean Air
£274m
 underlying profit up 26% on previous year*



Pioneering clean air technology for 50 years and beyond



A circular solution: JM's HyRefine™ technology


Revenue
£12.84bn

Underlying profit
+11%
 at constant FX and adjusting for precious metal prices

Transformation
£75m
 savings in 2023/24

Safety
23%
 improvement in safety (total recordable injury and illness rate) from 2023

Catalyst Technologies
+56%
 underlying operating profit (£75m)*



Delivering decarbonisation at scale with low carbon hydrogen

Sustainability
89%
 sales from products contributing to priority UN SDGs




A-
 Climate change rating 2023

GHG emissions avoided
1.1 million tonnes CO₂e
 through customer use of technologies enabled by JM products

* At constant exchange rates.

JM at a glance

Our businesses

→ Read more on pages 18-25

Clean Air

Designs and manufactures emission control catalysts to reduce harmful pollutants, e.g. NO_x, from vehicle exhausts and a range of stationary sources.

Platinum Group Metal (PGM) Services

Supports customers with short and long-term metal planning and supply management; refines and recycles both used and mined PGMs; and processes metal into more complex, value-added products for a vast array of uses.

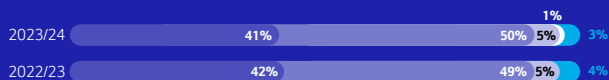
Catalyst Technologies

Designs and licenses process technology, and designs and manufactures catalysts for a wide range of processes used in the energy and chemicals industries to create products used in transportation fuels, fertilisers, wood products, paints, coatings and polymers.

Hydrogen Technologies

Designs and manufactures the key performance-defining components (catalyst-coated membranes) used at the heart of fuel cells and electrolyzers for the creation of electrolytic (green) hydrogen.

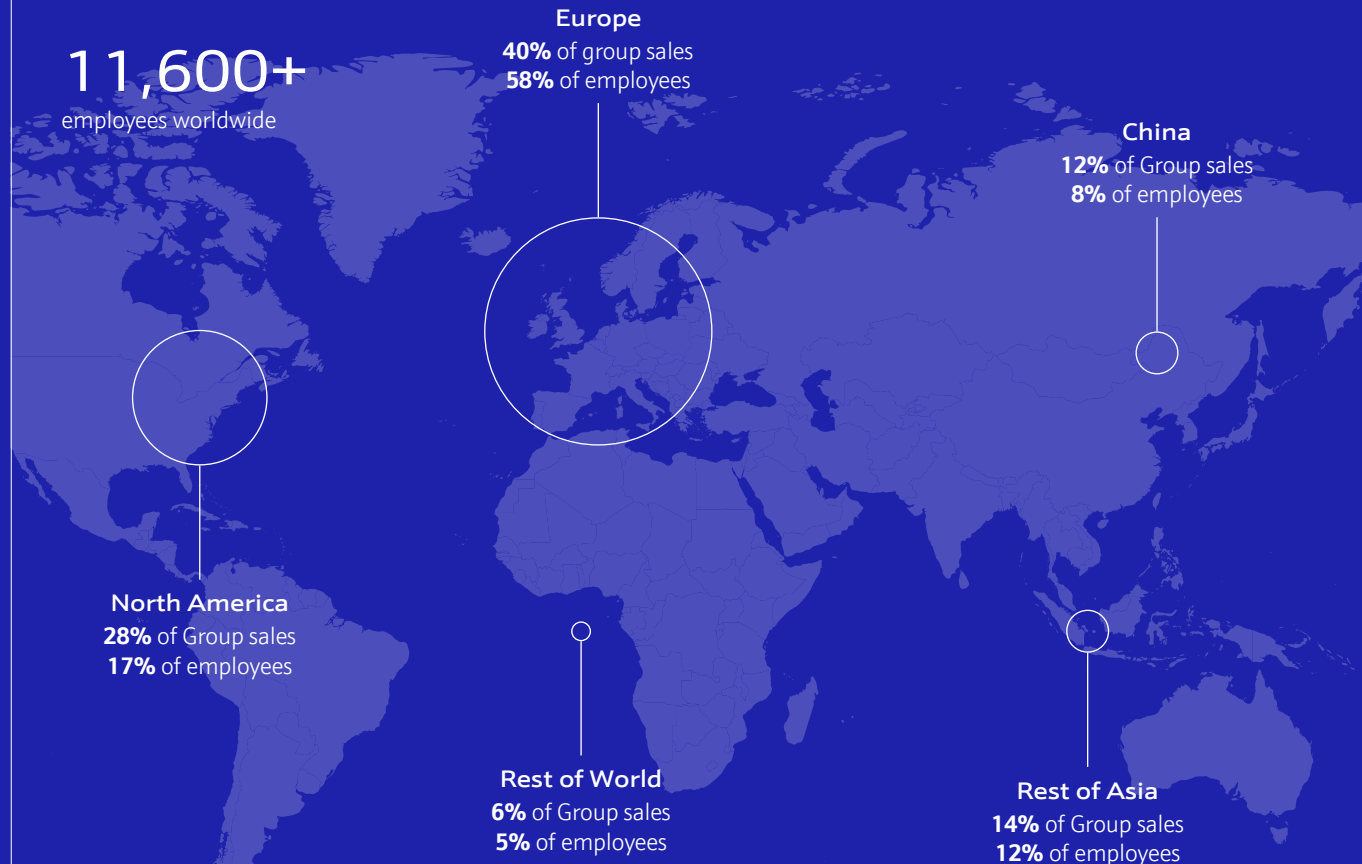
Revenue split (%)



- Clean Air
- Platinum Group Metal Services
- Catalyst Technologies
- Hydrogen Technologies¹
- Value Businesses

These figures are rounded to the nearest whole number. In 2022/23, Hydrogen Technologies represented less than 1% of total sales.

A global footprint



These figures are rounded to the nearest whole number.

Supported by our values

We are a truly purpose-driven organisation – and our values provide the foundation for everything we do.

**Protecting
people and
the planet**

**Acting with
integrity**

**Innovating
and improving**

**Working
together**

**Owning
what
we do**



Transforming Johnson Matthey for growth

Liam Condon
Chief Executive Officer

By reshaping our business, we are positioning Johnson Matthey for long-term growth at the heart of the energy transition.

When I joined the company two years ago, it was primarily known as a tier-two automotive catalyst supplier with a history of innovation. But the leadership team and I recognised that JM is well-positioned to be so much more than that. It is a hub of scientific expertise, ambition and experience in delivering solutions that create sustainable value and contribute to a cleaner, healthier world.

We announced an ambitious change programme to enable us to meet the challenges now faced by our customers. We are executing on our transformation at pace across the business, creating a more streamlined, efficient and commercially focused organisation. We are strengthening our capabilities, simplifying our operating model and driving improved performance.

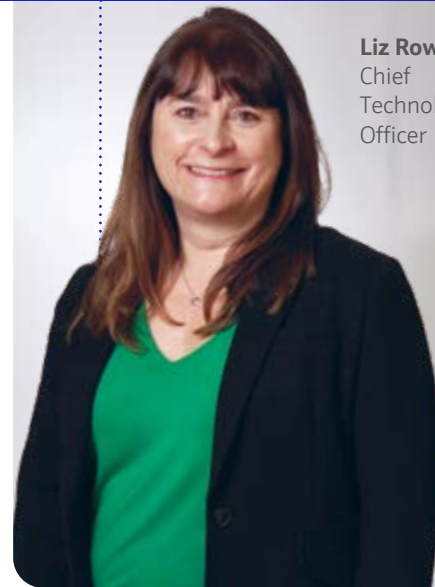
You can see more detail on pages 14-15, but you can also read on the following pages how our dynamic leadership team members are driving these changes. Our Business Chief Executives reflect on the transformation in their businesses on pages 18-25.



Stephen Oxley
Chief
Financial
Officer

As CFO I'm most proud of the progress that we're making to centralise and standardise our core processes into JM Global Solutions.

JM is moving away from a series of decentralised, disparate ways of working to drive greater efficiency and effectiveness in our processes, working with our outsource partners and our new Vilnius Hub. Our teams are doing a tremendous job to enable this to happen, including when their own positions are uncertain. We are already seeing the benefits of this transformation in our results.



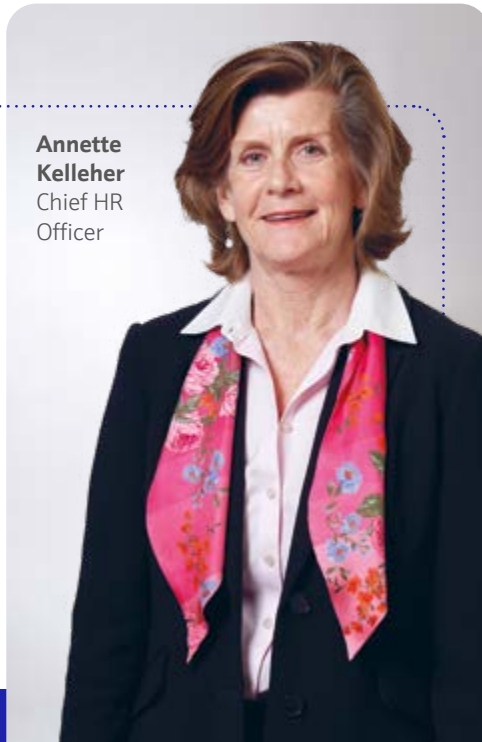
Liz Rowsell
Chief
Technology
Officer

We continue to drive a cultural change in R&D.

Not only are our teams laser focused on driving impact aligned to JM strategy, but we have also asked people to change the way they behave. A much more digital mindset is allowing us to implement knowledge sharing platforms that accelerate innovation. And our customers have already noticed; the new apps we use internally for product characterisation and pricing analyses are now providing valuable insight to customers on product performance.

We have seen a real step-up in leadership across our organisation, providing direction and clear feedback, as well as empowering teams to do their best work.

One of my proudest achievements is the 'Play to Win' engagement approach that we shaped with our business teams. There is now a much better understanding throughout JM of our strategy and what is required of each of us to implement this. We are delighted to see improvements in motivation and engagement, especially as we know this is rewarding for our employees and leads to an overall better customer experience.



Annette Kelleher
Chief HR
Officer

In China we have successfully demonstrated double-digit growth post transformation while significantly improving employee engagement.

At times we have had to make difficult decisions, but as a result we are leaner, fitter, more agile, more efficient, and more productive. We have transformed and performed in these challenging times in China, and customers tell us that it is now easier to do business with JM!



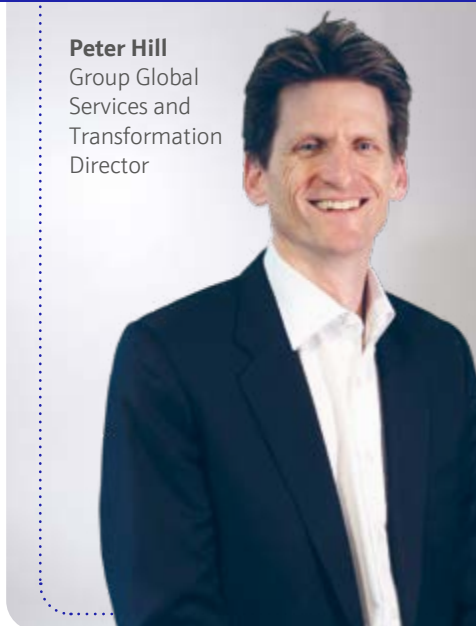
Mark Su
President,
China



Anne Chassagnette
Chief Sustainability Officer

Sustainability has always been a strong motivator for our people, and in the last two years we have put it at the heart of our new corporate strategy.

In the same way that we are committed to a 'just transition' to net zero, we are also trying to ensure a just transformation of the company. The sustainability and communications teams are instrumental, supporting our employees and using the various tools at our disposal to evolve towards a 'Play to Win' culture and the right operating environment.



Peter Hill
Group Global Services and Transformation Director

I am excited to see how the new 'Play to Win' culture has caught the imagination of people across the company.

Teams in every business and function are driving significant improvements in performance and efficiency. The Transformation Office helps shape and direct this effort so that we can capture the benefits as quickly as possible. JM Global Solutions is a powerful new capability that will drive Johnson Matthey forward. By standardising and automating common business processes, we can free up our commercial, technical and operations teams to focus on customers.



Louise Melikian
Chief Strategy and Corporate Development Officer

I see more and more colleagues challenging the status quo – seeing opportunity instead of challenge – through a growth mindset lens.

Our teams are seeing transformation benefits in terms of cost but also easier processes. It's a reinforcing loop: the determination and ambition to perform better, in turn pushing us to continue to outperform.

Leading through change has unlocked a new way of working.

Being really sharp on what it is each of us does and doesn't do – and where the accountabilities, handovers and touchpoints are between the businesses and the functions – has been a gamechanger. It has led to clarity and simplification, and empowered all of us with a clear understanding of what we each need to do to deliver JM's strategy and be successful. The tide has turned!

Further details on all members of the Group Leadership Team (GLT) are available at matthey.com/about-us/our-leadership/group-leadership-team.



Simon Price
General Counsel and Company Secretary



Patrick Thomas
Chair

"Just as we continue to innovate the latest generation of clean air solutions, so we are harnessing the transformative power of platinum group metals to enable new solutions, from fuel cell electric vehicles to the production of sustainable aviation fuel."

Chair's statement

An inflection point for PGM technology

Exactly 50 years ago, the first commercially produced catalytic converters rolled off the production line at Johnson Matthey's facilities in Royston, UK and Devon, Pennsylvania.

As it had already been doing for over 150 years, JM had used its deep knowledge of precious metals to create technology that would help solve one of the world's problems – this time to tackle appalling air pollution. JM had then persuaded regulators around the world of the technology's effectiveness.

Since then, several billion catalytic converters have been produced, many of them by JM, with countless lives saved or significantly enhanced by their removal of pollutants.

I believe we are now seeing another inflection point for our unique technological and metals know-how. Just as we continue to innovate the latest generation of clean air solutions, so we are harnessing the

transformative power of platinum group metals (PGMs) to enable new solutions, from fuel cell electric vehicles to the production of sustainable aviation fuel.

PGMs will be key enablers of the clean energy transition, and offer several benefits over other metals that will also play major roles (such as copper, nickel and lithium). For example PGMs have a mature, global supply chain which won't require massive expansion to meet the needs of the energy transition and they offer a sustainable, circular solution since they are already recycled with very high efficiency.

Our strategy is purpose-driven: to catalyse the net zero transition for our customers. The energy transition will not be a linear journey and is dependent on many factors coming together including regulation and incentives, infrastructure and supply chains. In a complex world striving towards net zero, where politics and practicality interplay, JM is well placed to succeed by understanding the markets, taking opportunities, and being flexible enough to allocate capital accordingly. Given the strength of our portfolio, we are well positioned to create significant value for both shareholders and society.

Chair's statement continued

A resilient portfolio

The divestment of our remaining non-core businesses this year has brought welcome clarity in our portfolio, in our uses of cash, and in the many areas we can continue to reduce costs and economise.

We have leading technology to enable decarbonisation at scale, whilst also benefiting from a strong core current business that generates significant cash. It is becoming clear that internal combustion engines will continue to be produced for many years to come. Our ever-evolving catalytic converter technology continues to be world-leading at removing pollutants direct from the engine, and we are now even more optimistic about the Clean Air business' cash generation opportunities for at least the next decade, and likely longer.

We have also had good business wins in Catalyst Technologies, with groundbreaking achievements. In Hydrogen Technologies we are reducing investment and managing our cost base to align with the pace of market development.

The energy transition is to a large extent driven by political vision and policy support, and over the coming months we will pay close attention to key elections coming up in our markets – including the EU, UK and the US.

We have developed strong links with key politicians, policy makers, regulators and others to explain the benefits of PGMS and hydrogen, and continue to secure government grants for future developments in R&D and the green technology jobs of the future.

The divestment of our remaining non-core businesses has brought welcome clarity in our portfolio, in our uses of cash, and in the many areas we can continue to reduce costs and economise.

In the last six months I have met shareholders representing around 40% of the ownership of JM, and all can see the value of our combination of mature business and future opportunities.

We have also streamlined the operations of the board, which I believe has made us more agile and efficient. We have reduced the number of board and committee meetings and focused our committee membership.

Chris Mottershead retired in January 2024: I am hugely grateful for his expertise, enthusiasm and wisdom over the last nine years. Having served for almost four years as Senior Independent Director, John O'Higgins took over the role of Chair of the Remuneration Committee. As ever I am grateful to John for his professionalism and commitment to the board.

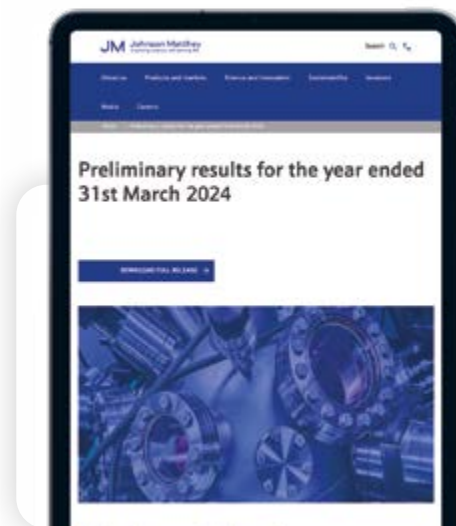
Barbara Jeremiah was appointed as Senior Independent Director in July 2023, bringing strong experience of metals as well as North American markets.

I would like to thank our employees for their hard work and dedication, our customers on whom our day-to-day energies are focused, and our shareholders for their continued support. We are well positioned to successfully navigate the journey to net zero and create significant value for both shareholders and society.

Patrick Thomas
Chair

Our purpose is to catalyse the net zero transition for our customers, and our strategy is derived from this purpose.


As a global society we face big challenges. Many of the world's leading energy, chemicals and automotive companies depend on Johnson Matthey's technology and expertise to decarbonise, reduce harmful emissions and improve their sustainability.



[Detailed results commentary online](#)

Themes that are changing our world

Parts of the world continue to be rocked by conflict, geopolitical turbulence, inflation and cost of living crises. Societies and governments are facing many, sometimes conflicting, pressures. The energy transition needs to be a fair one — but the very evident impact of climate change means it is still both essential and urgent.

 **\$4 trillion**

Of global investment needed in clean energy to reach net zero by 2050¹

 **20 million**

Tonnes of low-carbon hydrogen set to be produced in 2030 compared to under one million tonnes in 2022¹

1. Source: International Energy Agency

Decarbonising modern life

There is wide recognition among governments, businesses and communities of the need to tackle climate change by reducing greenhouse gas emissions. To achieve these targets we have to make existing industrial processes more efficient, and move to alternative feedstocks that are more sustainable.

Sustainable energy and fuels

Outlook

Many countries have targets to phase out internal combustion engines, increase zero-emission vehicles, and tackle emissions in other forms of hard-to-abate transport such as aviation and shipping.

Opportunities and challenges

The demand for sustainable fuels is expected to grow significantly over the next 20 years. A wide range of technologies are needed to meet this increasing demand, including significant investment in clean hydrogen technologies, production and infrastructure. A number of mandates around sustainable aviation fuel are also being introduced, such as the US SAF Grand challenge equivalent to 10% by 2030, and the EU mandate for 6% SAF by 2030.

What we are doing

We have a range of solutions that are already providing value to customers around the world. Our LCH™ technology enables the highest process efficiency commercially available today for low-carbon hydrogen production, and this year was selected by bp and Kellas Midstream, amongst others. FT CANS™, HyCOgen™ and BioForming® S2A technologies are core components of the next generation of sustainable fuel facilities. Our technologies continue to enable the production of methanol and ammonia, which amongst other uses will help decarbonise shipping emissions.

Sustainable chemicals

Outlook

Carbon emissions from the chemical sector are a common focus for regulation because they are easy to find and measure. The sector emitted nearly 1Gt of direct CO₂ emissions in 2022. Customers are increasingly demanding sustainable products to meet consumer expectations. Businesses across the industry are looking to combine alternative, sustainable feedstocks with catalyst technologies to make products and processes less carbon-intensive.

Opportunities and challenges

The key levers to decarbonise the chemicals industry include feedstock efficiency, alternative feedstocks, use of sustainable process energy supply, and application of carbon capture and storage.

What we are doing

We have leading catalysts and process technologies that can help the chemical industry produce sustainable chemicals, with leading positions in syngas and other process technologies. Our CLEANPACE™ technology solutions can be retrofitted to hydrogen and methanol assets to reduce carbon emissions by up to 95%. We are also one of the participants in the Flue2Chem project, spearheaded by Unilever and the Society of Chemical Industry (SCI) and supported by Innovate UK. Flue2Chem aims to take waste gas from foundation industries such as metal, glass, paper and chemicals, and generate an alternative source of carbon for UK consumer products.

Themes that are changing our world continued

Creating a circular economy

Global decarbonisation requires much greater efficiency in recycling and reusing key materials.

Outlook

There is a growing focus on circularity and recycling across industries as companies set stronger targets around both Scope 3 emissions and waste, and respond to stronger regulations around recycled content.

Opportunities and challenges

Embedding circularity into how materials are sourced and used is a crucial part of the energy transition, particularly with scarce resources such as platinum group metals (PGMs). Customers are increasingly demanding full life cycle offerings from purchase to end-of-life recycling. PGMs recycling can also be expanded into new areas such as emerging technologies in electrolytic hydrogen.

What we are doing

We are already the world's largest PGM recycler by volume, leading in final PGM recycling to 99.95% purity. We can offer PGMs with low carbon intensity up to 98% lower carbon footprint for recycled PGM compared to primary (mined) PGM. This year our products used 69% recycled metal, and we are constantly innovating to design our new products with end-of-life recycling in mind from the beginning. We are applying our longstanding recycling expertise to current and emerging technologies, including fuel cell and electrolyser stacks, as demonstrated by our HyRefine™ technology.

Cleaner air, healthier people

As more people live in cities, air pollution must be tackled effectively.

Outlook

Air pollution kills millions of people every year. With increasing urbanisation and a rise in the frequency and intensity of heatwaves, which exacerbate pollution, significant action is needed to reduce harmful emissions.

Opportunities and challenges

The past 12 months have seen lots of progress made in the energy transition but also many challenges associated with it – showing just how complex the task of transitioning the world's energy systems is proving to be. While alternative fuel sources such as batteries, biofuels and hydrogen grow, it is becoming clearer that automotive catalysts for internal combustion engines will likely be needed for years to come, including for emerging economies that cannot yet afford high-cost low-carbon solutions.

What we are doing

Today, one in three cars carries JM's emission control technology. And we continue to invest and innovate to ensure that our technologies help customers meet new legislation. We have a strong global manufacturing presence and world-class labs and test centres that continue to enhance autocatalyst performance while innovating the use of our core technologies for emissions controls in future applications.

An evolving regulatory landscape

Governments continue to recognise their role in promoting investments into sustainable technology.

Outlook

We are seeing a growing body of national legislation and other incentives aimed at tackling climate change, resource scarcity and energy insecurity. The Inflation Reduction Act in the USA, the EU Green Deal Industrial Plan and the UK's formal commitment to reaching net zero by 2050 all look to incentivise the increased use of sustainable technology.

Opportunities and challenges

Despite short-term uncertainty around the exact structure of some incoming regulations, the market is moving strongly in our direction. Across the energy, chemicals and transport sectors, the transition will likely involve a mosaic of different technologies and processes – many of which we provide solutions for.

What we are doing

We work with our partners and peers to create the industry voice to help shape policy in a way that supports an ambitious and just energy transition. We engage with stakeholders across the regulatory landscape and highlight how our products, technologies and services can be best deployed to help the world through the energy system transformation.

Geopolitical and economic volatility

Businesses and communities are navigating an external landscape defined by uncertainty.

Outlook

2023/24 saw an increase in geopolitical volatility caused by the war in Ukraine, ongoing tension between the US, EU and China over issues of economic and national security, the conflict in Israel/Gaza, and a rise in the popularity of nationalistic politics. Weak economies, global inflation, tight monetary policy and restrictive financial conditions have all impacted growth. Although inflation is expected to decline in the major Western economies, the global economic outlook will remain uncertain for some time.

Opportunities and challenges

As governments in all our markets seek to drive economic growth, whether by stimulating domestic spending or funding the energy transition, new opportunities are created for our products and process technologies. Our challenge is to identify the markets and customers which represent the greatest opportunities for growth.

What we are doing

As well as strengthening our commercial muscle, our ongoing transformation is increasing JM's resilience and positioning us to take full advantage of the opportunities created by the energy transition. We are reducing our costs, optimising our capital investments and focusing on the markets with the greatest potential for growth.

Our business model: synergies in metals chemistry

We deliver through our four businesses...



By leveraging synergies and competitive advantages...



Expertise in metal chemistry

Everything we do across our four businesses is underpinned by our leadership in complex metal chemistry, catalysis and process engineering.

Mutual customers and partners

As our customers transition to net zero, we provide a fully integrated and comprehensive offering through collaboration across our business units.

Shared technology and capabilities

We have more than 2,400 colleagues in R&D and engineers across all our businesses – with around 4,000 patents granted and around 2,000 applications pending.

Foundational PGM ecosystem

We have deep insights into PGM markets through our Precious Metal Management team and our refining operations. Around 80% of the PGMs we use are sourced internally from our refineries. This shared resource creates a resilient supply, lower exposure to price risk and efficient working capital.

Security of supply

Our customers count on us for a reliable supply of PGMs and recycling services – we supply over 40% of the PGMs sent to our Clean Air customers. This is because we are a metal hub for PGMs, underpinned by our status as the leading recycler of PGMs.

A comprehensive sustainability offering

Every part of our business is committed to helping our customers adapt processes and products to reach the sustainability goals our society and planet are depending on.

Our business model continued

Addressing three markets...



To catalyse the net zero transition...



And create value for our stakeholders



Energy

Designing technologies for a range of sustainable energy sources, including hydrogen, sustainable aviation fuel, methanol and ammonia.

JM helps store and transport renewable energy by enabling the production of renewable (green) hydrogen. Our solutions also help produce low-carbon methanol and ammonia, which can transport hydrogen efficiently and will play a role in decarbonising the shipping industry. We also provide processes and catalysts to produce sustainable aviation fuels, helping the industry reach its net zero target.



Chemicals

Process and catalyst technologies that enable the production of chemicals, helping customers lower their carbon and environmental footprint.

We develop catalysts that increase the efficiency of chemical reactions, thus lowering energy requirements and carbon emissions. We also provide solutions to accelerate the chemical industry's transition to a more sustainable future: by lowering the emissions of existing industrial assets, and by providing solutions for the manufacture of sustainable chemicals and fuels, and the clean hydrogen feedstock for these products.



Automotive

Emission control systems that reduce NO_x and other particulates that harm people and the environment.

As the transition to decarbonised transportation will be gradual, we ensure non-CO₂ emissions from internal combustion engines, including zero carbon hydrogen engines, are minimised through our leading autocatalyst solutions. We also have solutions that enable zero emission mobility through our fuel cells technology.

Customers and strategic partners

Our customer satisfaction score has increased to 43 from 37. Our customers highlight the quality of our products, our collaborative approach and our technical expertise.

43

Net Promoter Score (NPS)

Society

Our catalytic converters have been helping to improve air quality since 1974. 138,613 additional tonnes of NO_x were removed from tailpipes in 2023/24.

1,150

Premature deaths prevented in 2023/24

Investors

Our performance-driven culture and 'Play to Win' strategy create sustainable value for investors looking to support the net zero transition.

77.0p

Dividend maintained at the same level

Employees

Our employee engagement score improved from 6.9 in March 2023 to

7.2

in January 2024

Communities

We work with a range of partners on charitable giving and employee volunteering schemes.

2,246

volunteering days in 2023/24

Suppliers

We partner with our suppliers to embed the highest standards to deliver for our customers.

39%

supplier spend (excl PGMs) has EcoVadis medal for good ESG performance



Liam Condon
Chief Executive Officer

"We are becoming much more commercially-minded, and continue to drive significant efficiencies as we 'right-size' the organisation."

Chief Executive Officer's statement

A year of progress at pace

At JM our strategy is clear: we are a sustainable technology company that plays to win with leading positions in key markets that depend on innovation. Our innovation allows our customers in the automotive, chemical and energy industries to decarbonise at pace and helps ensure cleaner air for all.

To achieve our purpose of catalysing the net zero transition at scale, JM itself needs to transform, become even more efficient and build a stronger foundation for growth. This year we have made significant progress towards achieving this.

Winning in our markets

Our performance for the year has been in line with expectations, with good growth in underlying operating profit when allowing for exchange rates and metal prices. Overall results continue to be impacted by lower platinum group metal (PGM) prices.

The slowdown in global battery electric vehicle (BEV) penetration means Clean Air will be 'stronger for longer' – driving more than £4.5 billion of cash by 2030/31 and significant further cash flow beyond that. Our cash generative ability has already delivered £2 billion in Clean Air since 2021/22, which has been used for investment in growth and shareholder returns.

In Catalyst Technologies, we are seeing significant end market demand across our new growth areas including sustainable aviation fuel and low carbon hydrogen. This year we have seen important 'first of a kind' project wins, including two large-scale low carbon (blue) hydrogen projects. We also have a portfolio of innovative technologies for creating sustainable fuels, and during 2023/24 we secured four sustainable fuels projects across our Fischer Tropsch (FT) CANST[™] technology and sustainable methanol.

In Hydrogen Technologies, it is very clear that green hydrogen will be essential in tackling climate change and helping the world to decarbonise. The global green hydrogen value chain is still at an early stage of development as the industry navigates the challenge around scale up, and is not yet growing at the pace we expected. We have a disciplined approach to investment and plan to grow our Hydrogen Technologies business in line with the pace of market development.

Chief Executive Officer's statement continued

Platinum Group Metal (PGM) Services is our foundational business and forms the backbone of everything we do. Circularity is an essential part of the energy transition and our PGM expertise strengthens our position in key markets through our ability to offer a full-service business model. We can deliver circular solutions for customers ensuring a reliable supply of lower carbon footprint PGMs.

Transforming for growth

The table on the right demonstrates the progress we have made against our strategic milestones. Across the group, the transformation is well underway to build a stronger and more efficient platform for growth.

We have simplified our portfolio into four core businesses and by the end of 2023/24 we agreed the divestment of all the other non-core businesses. The Battery Systems sale completed in April 2024, and Medical Device Components is due to complete later in the year. These divestments will deliver net proceeds of more than £500 million, significantly exceeding our target of more than £300 million.

We are becoming a much more commercially-minded organisation, with a highly disciplined approach to capital projects. We continue to drive significant efficiencies as we 'right-size' the organisation including management streamlining and efficiencies in both our enabling functions and businesses. These have delivered total cost savings to date of approximately £120 million, with targeted savings of £200 million by the end of 2024/25. We are making good progress in implementing our new outsourced business process organisation JM Global Solutions (JMGS) to simplify and increase efficiency, with new service hubs in Lithuania and India.

We have now developed new ambitious strategic milestones, outlined on page 15, focused on customers, capability and transformation.

We have seen several changes to our Group Leadership Team (GLT). Jane Toogood and Christian Gunther left JM in the autumn of 2023, and Nick Cooper at the end of March 2024. I am very grateful to Jane, Christian and Nick for their hard work and support to JM.

Maurits van Tol, our former CTO, has succeeded Jane as Chief Executive of Catalyst Technologies last autumn. Liz Rowsell has become our new CTO and Louise Melikian has become our new Chief Strategy and Corporate Development Officer. In addition Simon Price was appointed as General Counsel and Company Secretary and Peter Hill has taken over as Group Global Services and Transformation Director. The fact that all of the appointments were internal placements speaks for the significant step-up in the quality and diversity of succession planning at JM.

The company continues to experience a lot of external change and internal transformation, and the GLT and I are acutely aware of the importance of employee engagement in order for us to be successful in volatile times. It is testament both to our people's resilience and their capabilities that both our safety record and employee engagement scores have improved considerably this year. I am extremely grateful to all our employees for their hard work, commitment and unwavering dedication to implement our strategy and to look after our customers and each other at all times.

Liam Condon
Chief Executive Officer

Strategic milestones

Two years ago we published a set of milestones for the end of 2023/24 that would indicate whether we are delivering against our strategy.




See page 15 for our new commitments up to 2027.

Strategic milestones	Status
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Customers

- Hydrogen Technologies: win at least two large scale strategic partnerships 
- Clean Air: win targeted Euro 7 business and deliver £4bn+ cash trajectory 
- Win >10 further large scale projects in Catalyst Technologies and Hydrogen Technologies 



Investments

- Expand PGM Services refining capability in China 
- Hydrogen Technologies: complete construction of new CCM plant in UK¹ 
- Targeted capacity expansion (fuel cells catalyst, formaldehyde catalyst) 
- Complete divestment of Value Businesses 

People

- Increase employee engagement score from 6.9 in 2022/23 to 7.2 in 2024/25 

Sustainability

- Achieve c. 10% reduction in Scope 1 and 2 emissions 
- Help reduce customers' CO₂e emissions by >1 mt p.a. through use of our products 

1. To expand total capacity from 2GW to 5GW.

 Achieved  On track  In progress

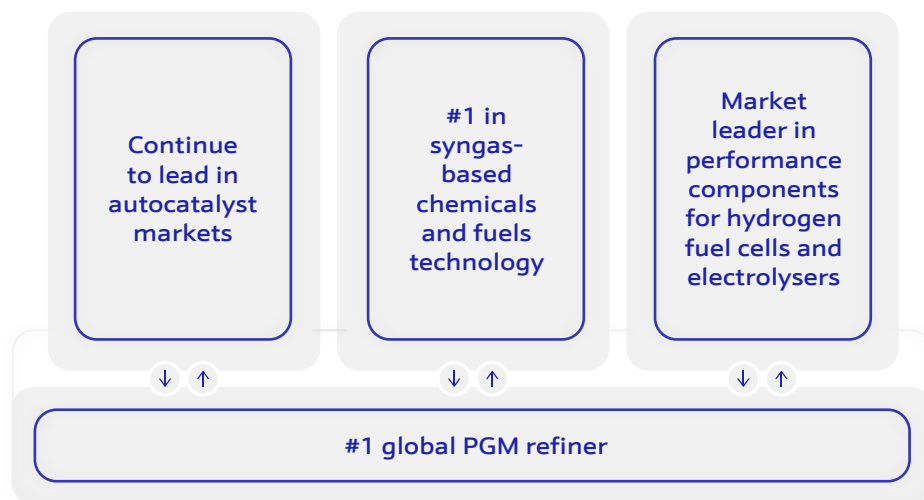
Our strategy

We are playing to win in exciting growth markets where our core competencies and technology portfolio can have maximum impact

Focus

Our expertise in PGM chemistry, catalysis and process technology is the beating heart of JM, and we are maximising synergies across our four business units to achieve a top three position in all our markets.

Our strategic priorities



We agreed the divestment of all our Value Businesses this year, in line with the strategic milestone set in 2022. We completed the sale of our Diagnostic Services business in September 2023, and confirmed the sale of our Medical Device Components and Battery Systems businesses in March 2024.

Over the three year period to 2026/27, we expect cumulative capital expenditure of up to £900 million. This will be focused on supporting the core competencies essential for driving our long-term growth and value creation. We are maintaining a strong balance sheet and investing for growth and attractive returns, ensuring a reliable dividend and returning excess cash to shareholders.

Simplify

Our transformation programme is enhancing simplification and execution across the entire business. We are becoming a simpler, more agile and more cost-effective organisation with leaner processes, less duplication and clear lines of accountability.

Across the year, we realised approximately £75 million of new savings, resulting in £120 million in transformation savings relative to the actual financial year 2021/22 cost base.

Some notable achievements include:

- Launch of Johnson Matthey Global Solutions (JMGS), delivering a new way of supporting core business services to support HR, Finance and Procurement teams through our new JM service hub in Lithuania and a dedicated centre in India. JMGS rolled out to the US in February 2024.
- Roll-out of the Johnson Matthey Production System (JMPS), delivering structured improvement in our manufacturing operations.
- Closure of four Clean Air manufacturing facilities as we continue to consolidate in fewer, more efficient and flexible sites.
- Resizing of our managerial structure to reflect the new size of the company, partly driven by divestments and closure of underused assets.
- Accelerated progress of our procurement transformation, with a new operating model and closer supplier relationships signified by our first global JM supplier convention; and margin improvement savings of £34.4 million in 2023/24.
- Strengthening of our Engineering and Capital Project (ECP) delivery, including a new ECP operating model that has streamlined the number of suppliers, allowing a clearer focus on value.

Our priority actions for the year ahead include:

- Continued roll-out of the JMGS programme, launching in the UK in May 2024.
- Redesign of the IT Operating Model to support the future growth of JM.
- Fully deploy the new global Procurement organisation, co-ordinated with the JMGS implementation, and supported by a new procurement digital platform.
- Right-sizing and upgrading of JM's real estate footprint for future business needs, including the expected sale of unused land in the US and the consolidation of existing London offices into our new London Hub.
- Consolidate to a single global payroll provider.
- Deploy a common ERP landscape for PGM Services, replacing 13 legacy systems.

Our strategy continued

Execute

Our strategy is underpinned by a rigorous performance culture. By combining science and purpose with a more commercial mindset, we are driving stronger execution, unlocking near-term cost opportunities and positioning ourselves for long-term growth.

Following the successful delivery of our previous strategic milestones (page 13), we have refreshed our targets for the next two years. Focusing on customers, capability and transformation, our new milestones build on the results we have achieved over the last two years to make sure JM remains well placed to deliver on our short and longer-term priorities.

Group Commercial Council

We continue to strengthen our commercial muscle through our Commercial Council. This year we further embedded the voice of customer in our business, improving our overall customer satisfaction (Net Promoter Score (NPS)) to 43, compared to 37 in 2022/23. All four businesses improved their NPS scores, with customers highlighting the strengths in our technical expertise, product performance, collaboration and supportive service. Our commercial teams are being upskilled, with the successful roll-out of sales incentive plans and skills training delivering strong wins across the businesses. We are further harnessing the power of a oneJM approach to our customers, maximising our current partnerships through targeted cross-selling and building new profitable business. Looking forward, we will increase our level of ambition around new business wins through our oneJM approach and enhanced customer-centricity across the company.

New strategic milestones

	End of 2024/25	End of 2025/26	Long term
Customers			
Deliver at least £4.5 billion of cash in the decade to 2030/31 ¹ from Clean Air			●
Win additional 20 large scale projects in Catalyst Technologies' sustainable technologies portfolio		●	
Secure 4 new Hydrogen Technologies partnerships with leading companies		●	
Capability			
Start commissioning of new world class PGM refinery		●	
Expand engineering capacity by 30% to serve licensing growth in Catalyst Technologies ²		●	
Transformation			
Achieve ICCA (International Council of Chemical Associations) process safety event severity rate (PSESR) of 0.80 ³	●		
Increase employee engagement score to at least 7.4 ⁴		●	
Deliver £200 million transformation cost savings	●		
Implement JM Global Solutions for cost effective business processes	●		
Deliver 32% reduction in scope 1 and 2 CO ₂ e emissions ⁵		●	

1. Cash target from 1st April 2021 to 31st March 2031, pre tax and post restructuring costs.

2. Baseline – 31st March 2024.

3. Baseline – 2023/24 – PSESR of 0.88.

4. Baseline – 2023/24 employee engagement score of 7.2.

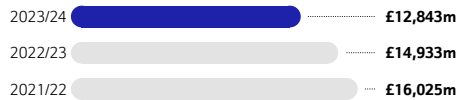
5. Baseline – 2019/20.

Key performance indicators

Financial performance

Revenue

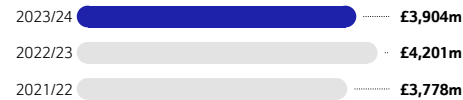
£12,843m



Revenue down, driven by lower precious metal prices.

Sales¹ (excluding precious metals)

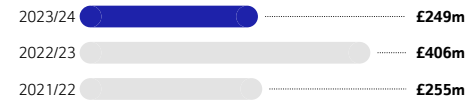
£3,904m



Sales down 4% at constant currency driven by lower precious metal prices and reduced volumes in Value Businesses. Growth at constant currency and metal prices in Clean Air, Catalyst Technologies and Hydrogen Technologies, supported by broadly stable PGM Services.

Operating profit

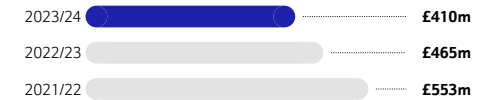
£249m



Operating profit declined 39%, impacted by a number of one off items including £148 million of major impairment and restructuring charges.

Underlying operating profit¹ [®]

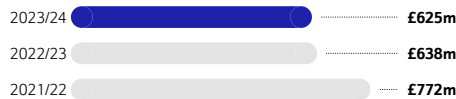
£410m



Good underlying performance despite the challenging market backdrop, with 11% growth excluding the impact of metal price (£85 million) and foreign exchange (£21 million).

Clean Air cash flow

£625m



Strong cash flow generation, with £2 billion operating cash flow, pre-tax and post restructuring costs, generated over the last three years.

Earnings per share

58.6p



Reported earnings per share declined, driven by lower operating profit and higher interest charges.

Underlying earnings per share¹ [®]

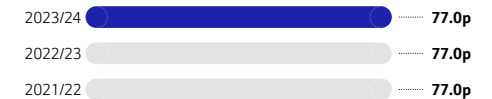
141.3p



Underlying earnings per share declined by 21% as although underlying performance at constant metal prices and FX was good, the lower metal prices impacted profit.

Ordinary dividend per share [®]

77.0p



Dividend per share maintained at the same level as prior year despite lower operating profit.

1. Non-GAAP measures are defined and reconciled in note 34 of the financial statements, refer to pages 197-199.

[®] KPI linked to remuneration policy

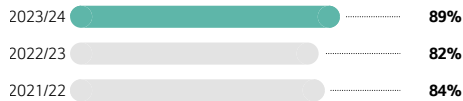
Key performance indicators are from continuing operations.

Key performance indicators continued

Sustainability performance

Sales contributing to our four priority UN Sustainable Development Goals (SDGs)

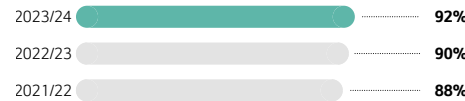
89%



Through the year we made a detailed analysis of our alignment to our four priority UN SDGs. This has led to an increase in aligned revenue.

R&D spend contributing to our four priority SDGs

92%



We saw an increase in R&D spend against our priority UN SDGs as we continue to focus on UN SDGs aligned innovation, both in-house and through partnerships.

Total Scope 1 and 2 Greenhouse gas (GHG) emissions (market-based)¹

282,403 tCO₂e



Our total Scope 1 and 2 GHG emissions has reduced this year, primarily due to reductions in Scope 2 through significant increase in renewable energy purchases.

Total Scope 3 (Category 1) purchased goods and services GHG emissions¹

2,531,576 tCO₂e



Scope 3 purchased goods and services GHG emissions has increased compared to the previous year. This year's increase reflects changes in business demands.

GHG emissions avoided from using JM technologies (compared to conventional offerings)¹

1,110,057 tCO₂e



This financial year we achieved a significant milestone: over 1 million tonnes of GHG emissions were avoided in customer products aided by JM technologies or services. See page 37 for more details.

Recycled PGM content in JM's manufactured products

69%



As existing secondary routes decline e.g. automotive market, and new technologies have yet to establish these routes, we may see declines in recyclable material rates until routes for the new products, e.g. hydrogen fuel cells, are developed. See page 42 for more details.

Total recordable injury and illness rate (employees and contractors)

0.36



A reduction in our total recordable injury and illness rate (TRIIR) for employees and contractors at the end of 2023/24. This is a demonstration of the effectiveness of employee engagement through the Take 5 programme and our Global Safety Day, supported by local campaigns to focus on site-specific safety issues. See page 45 for more details.

Female representation across all management levels

30%



Our female representation at all management levels is 30%, an improvement on last year, and another step towards our target of 40% by 2030. See page 47 for more details.

KPI linked to remuneration policy For more information on our ESG ratings please see our website For more information on our sustainability targets please see page 35

1. Prior year rebaselined to remove divested businesses, please see page 210 for more information.

Clean Air

Leading emission reduction technology, for today and tomorrow



"We are fully focused on delivering our cash generation target, further strengthening our commercial capabilities, winning our targeted business and driving efficiencies."

Anish Taneja, Chief Executive, Clean Air

This year marks the 50th anniversary of our emissions control technologies, which have saved many thousands of lives so far and will continue to protect the health of many millions more into the future. 2023/24 saw us continue to execute on our strategy and play to win by delivering on our financial targets, reducing our costs and supporting a high-performance culture. As we continue to strengthen our business for the long term, we are also actively leveraging our technology to win growth opportunities around and beyond automotive catalysts.

In parallel, we have adapted to our dynamic market through continuously strengthening our commercially-focused approach.

We are seeing a slight cooling of the battery electrification market, which has led in turn to an increase in near-term volume forecasts for our products in some key markets. This change, coupled with the agreed later introduction date of Euro 7 legislation, has begun to influence future bids and contract acquisitions.

Due to bid outcomes from previous years, we are prepared for a reduction in volumes in 2024/25. This will be fully mitigated by our costs transformation and the cooling of the electrification market. Against this backdrop we continue to win with customers, with several large-scale business wins expanding our presence in key markets.

Transforming at pace

During 2023/24, we implemented positive change across all levels of the business. This is delivering more value for customers today and positioning the company to capitalise on new future growth areas.



Pricing

We are offsetting commercial headwinds by optimising pricing and reducing value leakage through the contract life cycle.



Manufacturing footprint

We completed the targeted closure of four facilities as part of our ongoing work to consolidate our manufacturing base in fewer, more efficient and flexible sites, with plans for further consolidation under consideration. We worked with employees, customers, suppliers and communities to ensure a smooth and safe transition.



Efficiencies

We are driving cost efficiencies throughout the business, from procurement to production. In product management we are designing to value, optimising our manufacturing processes to reduce input requirements while improving performance. The transformation of our procurement function is allowing us to implement significant savings in both direct and indirect purchases. And we continue to improve our manufacturing excellence, with the standardised JM Production System (JMPS) that was piloted by Clean Air in 2020 now being rolled out across the group.



High-performance culture

Through clear strategy, embedded leadership behaviours and a culture of open and honest two-way feedback, our employees can excel and innovate continuously to achieve our shared goals.

Clean Air continued

Clean Air is playing to win with, around and beyond automotive catalysts



Leading
in the durable global
HD vehicle market



**Increasing
win rate**
in the LDG vehicle market



**Applying
expertise**
to growth areas around and beyond
ICE (internal combustion engine)

Our performance in 2023/24

Clean Air is well on track to reach its original target of generating at least £4 billion of cash by 2030/31, with £2 billion already delivered in the three years to date. As a result we have upgraded our target to at least £4.5 billion of cash by 2030/31.

As well as continuing to deliver key business wins, our performance this year was underpinned by the ongoing execution of our strategy to improve cost efficiencies, consolidate our footprint, and strengthen our commercial capabilities.

We are delivering against our strategic milestones by winning profitable business across a range of industries and markets. Throughout the year, we won targeted Euro 7 business and added several large-scale business wins to those won in 2022/23, growing our future share of market. Our localised approach in China is helping us tap into growing market appetite across the region. Strategically focused R&D activities helped strengthen our performance by creating efficiencies and improving customer experience.

All of this is reflected in an increase in customer satisfaction, with our net promoter score (NPS) increasing by seven points to 24. Customers praised our collaborative approach and technical excellence, while also highlighting the need to be more consistently responsive across our customer base.

We maintained a good safety record, achieving top-quartile status for safety performance when benchmarked against peers in the chemical sector.

The successful closure of four factories shows our commitment to operational excellence and ensuring a zero-harm environment for our employees, customers and the wider community without disrupting our customers' operations.

Seizing the growth opportunities of the energy transition

Our leading technology and expert teams have a significant role to play in the move to a low-carbon economy. Our strategy is about more than delivering today – we are also strengthening Clean Air for decades of future growth around and beyond automotive catalysts. We are applying our expertise in new and developing growth areas, such as emission controls for hydrogen-fuelled combustion engines, and solid oxide fuel cells.

Looking forward

We are focusing on delivering our cash generation target, further strengthening our commercial capabilities, winning our targeted business and driving efficiencies. Our development of world-leading catalysts will continue to be supported by tightening global emissions controls. In Europe, a provisional agreement has been reached on Euro 7 emissions standards. We estimate the new standards will come into effect from 2027 for light duty and 2028 for heavy duty vehicles. Beyond Europe, we expect more developments globally, with the US already setting tighter standards from 2027 onwards and China and India expected to bring proposals in 2024/25.

With the continual improvement of our core business, the external signals of a slowdown in the battery electric vehicle (BEV) market, and the growth opportunities around and beyond automotive catalysts, we believe the Clean Air business continues to have a bright future.

Winning with Cummins

This year we were awarded both the North American and the Global Direct Sourcing Supplier of the Year Award from Cummins. These prestigious awards not only recognise JM's outstanding customer-centric approach and technical solutions, but also signify our continued close collaboration with a key partner in the energy transition.



Watch our video: Pioneering clean air technology for 50 years and beyond

Platinum Group Metal Services

Harnessing PGMs to enable the energy transition



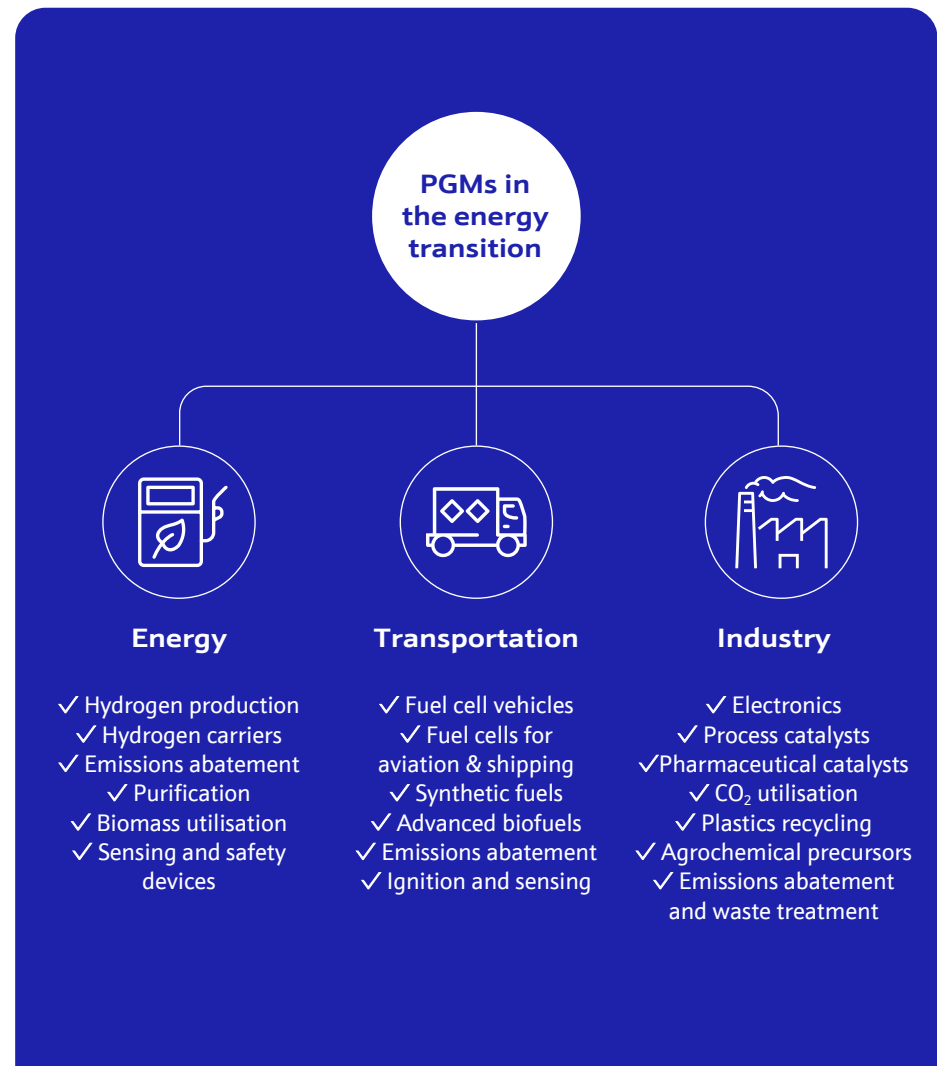
“This year saw us develop our product pipeline, deliver operational efficiencies, invest in our assets and pioneer a new circularity solution for the hydrogen economy.”

Alastair Judge, Chief Executive, Platinum Group Metal (PGM) Services

Our deep knowledge and experience in platinum group metals (PGMs) and their chemistry is critical in the transition to net zero. We harness the unique properties of these metals to tackle complex technology challenges for our customers across the wide range of markets that we serve. In addition to existing uses, the energy transition is driving future demand for PGMs in many new applications.

PGMs from the majority of these applications can be recycled and reused in new products indefinitely. As a world-leading recycler of PGMs, at twice the size of our nearest competitor (by volume), we currently refine circa 20% of all PGMs globally from primary and secondary sources. This circular business model puts JM right at the heart of the shift to a more sustainable world.

We are transforming our PGM Services business so that we can create more long-term value for customers in existing and new markets. 2023/24 saw us develop our product pipeline and pioneer a new circularity solution for the hydrogen economy, while investing in our assets and delivering increased operational efficiencies. We're already seeing the benefits of these improvements in our customer satisfaction, with our net promoter score (NPS) increasing from 35-43.

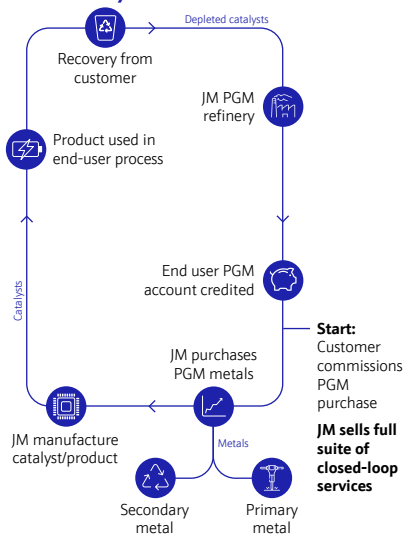


Platinum Group Metal Services continued

Leading in circularity

This year we made significant progress on delivering innovative circular solutions for customers across a wide range of sectors. One key development was our HyRefine™ technology, which recycles both the membrane and the PGMs in the performance-defining components of hydrogen fuel cells and electrolyzers. This enables both of these valuable materials to be reused, while reducing waste and emissions in the refining process. We continue to demonstrate how PGMs can play a central role in promoting circularity and addressing availability gaps within the global energy ecosystem.

JM's fully circular PGM offer



Our performance in 2023/24

During 2023/24 the market environment was challenging as rhodium and palladium prices continued to decline. These developments adversely impacted the entire PGM ecosystem, as demonstrated by restructuring announcements from several major mining businesses. As a result, sales declined by 17% to £462 million and underlying operating

profit was down by 35% to £164 million. Additionally, levels of autocatalyst scrap remained low.

In response to these headwinds we focused on developing our products business, which is largely independent of metal prices, while also driving cost savings and operational efficiencies. The PGM Services product business has doubled since 2019 as we grow our product base beyond auto catalysts and develop new PGM applications – including in the hydrogen economy, pharmaceutical and agrochemical markets. After allowing for metal prices and exchange rates, PGM Services underlying operating profit was broadly flat in the year.

Other R&D initiatives in 2023/24 concentrated on safely extracting PGMs from complex new feeds and reducing the environmental footprint of our refining process.

To drive operational efficiencies we are automating and optimising processes within our plants. We opened new refining capabilities in China, and we can now provide a full refining offer to our customers across the region. We continue to progress our new refinery investment in the UK which is now in the final execution stage and is on schedule to be completed in 2026.

Looking ahead

We have an important role to play in the global shift to more sustainable energy systems, by leveraging our expert knowledge of PGMs and the increasing demand they are facing across industries including aviation and life sciences as well as the hydrogen economy. We will continue to evolve our product portfolio by developing innovative and circular offerings, creating fully circular models that enable our customers to meet increasingly stringent environmental targets. Improving our own operational efficiency remains a cornerstone of our strategy: we are investing in our refining assets and upgrading them where necessary to ensure they give us sustainable competitive advantage.

Pioneering circularity for the hydrogen economy with HyRefine™ technology

2023 saw PGM Services break new ground in the hydrogen economy with the successful lab-scale demonstration of our HyRefine technology. As the number of hydrogen projects worldwide continues to grow, there is a need to embed circularity into the process from the start. With HyRefine we now have a way of recycling the two most critical components of hydrogen fuel cells and electrolyzers: the PGMs in the catalyst layer, and the membrane ionomer. These can be recycled into new catalyst-coated membranes, a core component of hydrogen fuel cells and electrolyzers.

HyRefine uses a purely chemical process and provides significant cost, efficiency and sustainability benefits. When compared to traditional PGM refining its carbon footprint is up to 80% lower, with:

- 83% less waste produced
- 79% less energy used
- 67% less water used

Following successful five-litre lab-scale demonstrations in November we are now scaling up HyRefine for 50-litre pilot trials at our facility in Brimsdown, UK.



Watch our video: A circular solution: JM's HyRefine™ technology

Catalyst Technologies

A growth-focused solutions provider in the chemicals and energy space



“As the world is also looking to convert alternative feedstocks for energy and fuels, we are operating in markets with enormous growth potential.”

Maurits van Tol,
Chief Executive,
Catalyst Technologies

Catalyst Technologies is a core growth driver for JM. Through our expertise in process technology and catalysis, we enable the efficient creation of chemicals and fuels that benefit millions of people every day. As the world is also looking to convert alternative feedstocks for energy and fuels, we are operating in markets with enormous growth potential. Our technologies are largely feedstock-agnostic, so we can serve organisations that need a trusted, experienced technology partner, whether for the efficient conversion of fossil feedstock or new alternative feedstocks such as biomass, municipal solid waste and captured carbon dioxide.

Winning business in sustainable solutions

Low-carbon (blue) hydrogen

JM offers both autothermal reforming (ATR) and gas heated reforming (GHR) technologies for the low-carbon (blue) hydrogen and ammonia market. We have a very long history in the deployment of ATR with reference plants around the world.

The combination of our ATR technology with a gas heated reformer brings further advantages: it enables higher process efficiency and lower feedstock usage compared to conventional ATR technology, and we are delivering projects that will capture over 98% of CO₂ produced.

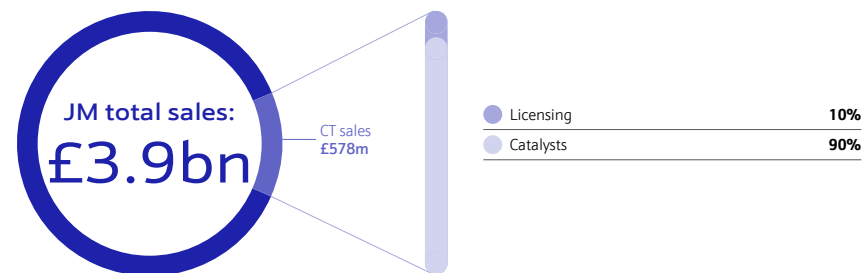
In 2023/24, we won two large-scale low carbon (blue) hydrogen projects in the UK – H₂ NorthEast with Kellas Midstream and bp’s H₂ Teesside. We have a strong pipeline for further ATR-only and ATR-GHR projects.

Sustainable fuels

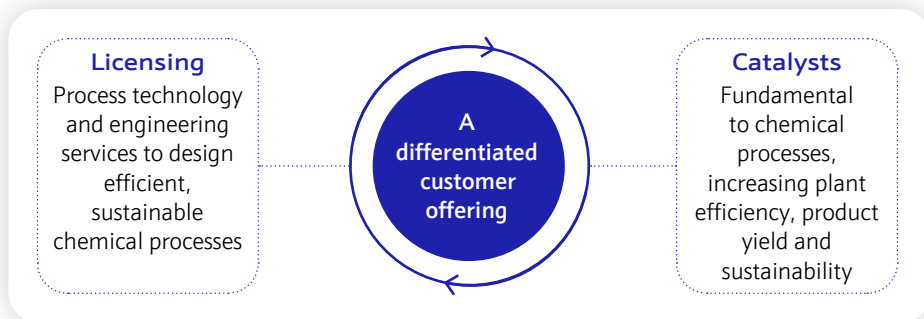
JM has a portfolio of innovative technologies for creating sustainable fuels. Our award-winning Fischer Tropsch (FT) CANS™ technology developed with bp converts syngas into sustainable fuels, and when paired with our HyCOgen™ technology, can convert captured CO₂ and electrolytic (green) hydrogen made from renewable energy into e-fuels.

We also provide sustainable methanol technologies including our proprietary eMERALD™ CO₂ to methanol process, building on our leading position and deep expertise in conventional methanol licensing. In addition we license the BioForming® process originally invented by Virent and co-developed by JM and Virent, which helped to power Virgin Atlantic’s demonstration of the first transatlantic 100% sustainable aviation fuel flight by a commercial airliner in November 2023. In 2023/24, we secured four sustainable fuels projects across FT and sustainable methanol. In March 2024 we won the largest sustainable aviation fuel project in the world using the FT route, with DG Fuels.

2023/24 sales



Catalyst Technologies continued



Our performance in 2023/24

We performed strongly across 2023/24. We executed on our strategic milestone to secure 10 additional large-scale project wins across 2022/23 and 2023/24, demonstrating our commercial and technical strength in blue hydrogen and sustainable fuels. Sales were up 6% with strong growth in Licensing, up 20%. In Catalysts, we saw higher average prices across our portfolio and delivered strong performances in formaldehyde and key syngas segments. In Licensing, we made progress in scaling our business and targeting new opportunities. Big wins in low-carbon hydrogen and sustainable fuels alongside other areas like oxo alcohols and butanediol demonstrate the strength of our offering. We are a trusted partner to our customers all the way from initial project design through to commissioning and ongoing technical support. The value we provide is reflected in our industry-leading customer satisfaction NPS score of 54 this year. As a result, our underlying operating profit was up 56% to £75 million, and our underlying operating profit margin grew 390 basis points to 13.0%.

Transforming for future growth

This year we significantly simplified the business by evolving the previous CT structure into two business units, Catalysts and Licensing, to drive faster decision-making. Currently most of our business comes from supplying catalysts rather than

licensing. As we win more business in the blue hydrogen, sustainable fuels and chemicals markets, we expect 40% of our business to come from licensing by 2030. We implemented a value creation programme focused on value-based pricing, manufacturing excellence and procurement efficiencies. This is putting us on track to meet our longer-term margin targets and creating more value for our customers.

To capture the opportunities we see in the market we expanded our commercial capability in the US and are opening a new office in the Middle East. We increased the number of engineers in our teams by 20% over 12 months to support our Licensing business.

Looking ahead

Our first priority is always the safety of our people. CT has made great progress this year on our commitment to not harming anyone as a result of our processes and activities, lowering our process incident severity rate by 76% and total recordable injury and illness incident rate by 27%.

Our second priority is to deliver on our near-term financial commitments through continued efficiency and productivity measures.

Our third priority is to grow for the future by winning more projects in sustainable technologies on top of a very solid base in our existing licensing business.



Deploying our leading LCH™ technology in H₂ Teesside

This year we signed a licensing and engineering agreement for our LCH technology at bp's proposed flagship low-carbon (blue) hydrogen facility in Teesside. This aims to be one of the UK's largest low-carbon hydrogen facilities, targeting 1.2GW of hydrogen production by 2030 – which would represent over 10% of the UK Government's hydrogen target of 10GW by 2030.

Industry in the Tees Valley accounts for 64% of total local CO₂ emissions, compared to 24% nationally. H₂Teesside will help power and decarbonise existing local industry, as well as new businesses attracted to this low-carbon hydrogen produced at scale.



Watch our video: Delivering decarbonisation at scale with low-carbon hydrogen

Hydrogen Technologies

Adapting to a dynamic market, delivering growth and driving efficiencies



"Collaboration along the whole of the hydrogen value chain is essential for the energy transition to be successful. Recent market developments accentuate the need for partnerships."

Mark Wilson, Chief Executive,
Hydrogen Technologies

The long-term importance of hydrogen is becoming increasingly clear. It is essential for tackling the generational challenges of climate change and global decarbonisation — particularly in sectors where driving down emissions poses a significant challenge. We believe we are uniquely positioned to be a leader in this vital market.

In Hydrogen Technologies we provide critical components for the growing hydrogen economy, underpinned by decades of experience in fuel cells and a deep understanding of PGMs.

Whilst we still believe in the long-term future of hydrogen, there has been a slowdown in growth throughout the year. Continued uncertainty about the exact nature of the financial incentives for hydrogen investment in the US and Europe has resulted in delayed investment decisions and slowed progress on existing projects. We are adapting to the changing demand profiles of our customers as they navigate this short-term uncertainty. Throughout 2023/24 our priorities were diversifying our customer base and strategic partnerships, scaling the business and delivering sales growth.

Delivering efficiencies in manufacturing

Over the past year, we have focused on improving our operational performance and have made good progress rolling out manufacturing efficiency initiatives. In particular we have increased the line speeds and improved the overall effectiveness of our equipment, driving greater output from our plant in Swindon, the UK. The success of these initiatives has allowed us to optimise our planned investment.

Transforming for our customers

We are working to maximise synergies across the JM group and deliver an enhanced and collaborative value proposition to our customers. The successful demonstration of JM's HyRefine™ technology this year generated lots of interest and represents a significant enhancement of JM's end-to-end suite of hydrogen offerings.

In a new and evolving market, organisations need strategic partners with experience, capability and market-leading technology. Building on a unique position, we expanded a long standing partnership with a leading provider of fuel cells. While the relationship has previously centred on direct methanol

fuel cell systems, it will now transition to the development of proton exchange membrane (PEM) components for hydrogen fuel cells, an ultra-low carbon intensity alternative to those powered by fossil fuels. Higher customer satisfaction scores in 2023/24, demonstrated by an increase in Net Promoter Score, show that our approach is working and that customers across the portfolio see the value that JM provides.

Our performance in 2023/24

Sales for the year were up 31% to £71 million, driven by demand from our strategic customers. Our underlying operating loss of £50 million reflects our considered investment in building capacity and product development in line with market growth. Despite the challenging external environment, we progressed deals with new customers, expanded existing strategic partnerships, and continued to work with new customers on both our specialised catalyst-coated membranes (CCMs) and membrane electrode assemblies (MEAs).

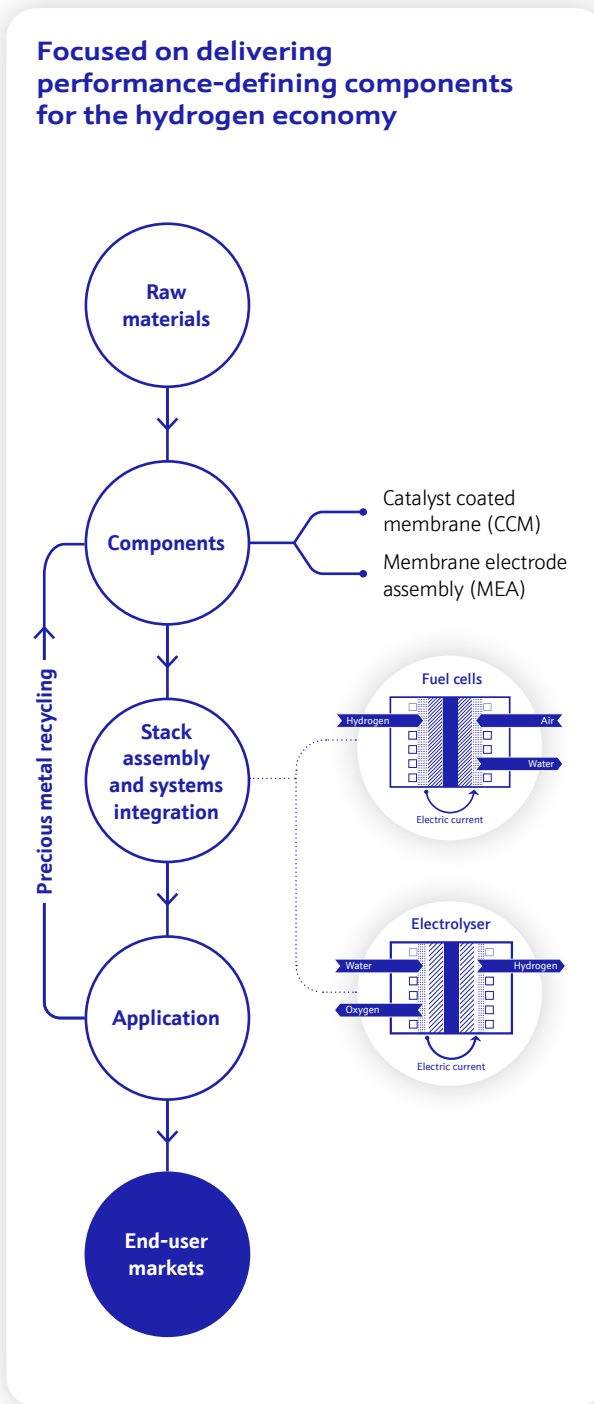
Hydrogen Technologies continued

Looking ahead

We have positioned ourselves well in our core markets in North America, Europe and China. In the US, our planned investment remains on hold whilst we evaluate future market evolution and supply plans with our customers. In the UK, whilst construction of our new plant in Royston is substantially complete, we are re-aligning the start of production with market development. In China, we are continuing to progress customer relationships, especially in fuel cells, and continue developing partnerships whilst remaining disciplined in our approach to scale up in this fast-growing market.

We are playing to win in the hydrogen market. Despite a market slowdown, hydrogen is still an essential part of the net zero transition. It is critical that we continue to develop our leading-edge technology to better meet our customers' evolving needs. In the immediate term we are reducing our investment and operating costs to manage the business in an agile way, ensuring we are ready to scale in line with market growth.

Heading into 2024/25 we are focusing on taking the steps needed to establish a leadership position in our market, whilst ensuring that our business is more agile, efficient, and capable of leveraging the full expertise of JM. As the short-term market demand continues to change and develop, we are diversifying our customer base and continuing to drive increased efficiencies in manufacturing – and we are expecting to break-even by the end of 2025/26. These strategies underscore our commitment to creating a hydrogen-powered future.



Introducing major technical advancements in fuel cells

Our ongoing R&D activities are improving our process technologies and driving improvements in the next generation of products. A key way we do that is through optimisation of PGM content in our products to drive real value for commercial applications. Iridium can be deployed in fuel cell anodes as an effective key ingredient to improve durability and has properties that can handle fluctuations in the hydrogen supply. In 2023, we developed a new low iridium anode for fuel cells that required 90% less iridium than previous technologies. Not only does it translate to less iridium required for the product, but it also delivers three times the improvement in mitigating hydrogen supply instability. We continue to work closely with our customers to drive product efficiencies as we strive for even more significant improvements in PGM loading and durability in the next generation of products.



Stephen Oxley
Chief Financial Officer

“As we execute on our strategy we are focused on driving sustainable value creation, targeting high single digit growth in underlying operating profit over the medium-term and strong long term growth”

Chief Financial Officer's statement

We have performed well this year, delivering 11% growth in underlying operating performance, when adjusted for metal prices and exchange rates. However, significantly lower platinum group metals (PGM) prices have again impacted our overall results, with revenue down 14% to £12.8 billion. Sales were down 4% at £3.9 billion at constant exchange rates. During the year we managed to partly mitigate this through better pricing and transformation benefits across the group.

As we execute on our strategy we are focused on driving sustainable value creation, targeting high single digit growth in underlying operating profit over the medium-term and strong long term growth.

Transformation on track

Our transformation is well underway to drive efficiency and build a stronger platform for growth. During 2023/24 we delivered cost savings of £75 million, bringing total cost savings to date to £120 million. As a result we have increased our targeted savings to £200 million by the end of 2024/25, up from our previous target of in excess of £150 million.

As we drive efficiencies across the group, this year we closed four out of 16 Clean Air manufacturing sites as we continue to rationalise our footprint into fewer, larger, more efficient locations. By the end of 2025/26 we plan to have closed at least 20 out of 27 of our leased office buildings.

Last year we announced we would be moving to a new global business services model to simplify how we provide internal services. We have made good progress with JM Global Solutions up and running delivering from our new service hubs in Lithuania and India. We are now transferring significant parts of our Finance, HR and Procurement services to this new model, which we are confident will provide a better experience for our colleagues as well as delivering significant efficiencies.

Inevitably, the pace and ambition of our transformation has incurred some one-off costs. This year we incurred £78 million of one-time restructuring charges linked to the transformation programme and site rationalisation.

During 2023/24 we agreed the divestments of our remaining non-core businesses, with the sale of Battery Systems completing in April 2024, and Medical Device Components expected to be finally divested by the autumn of 2024. We now have a more focused portfolio, and this has enabled us to drive further efficiencies and reduce costs.

Chief Financial Officer's statement continued

Although the disposal of Battery Systems resulted in a £45 million non-cash impairment (recognised at 31st March 2024 to reduce the business to its disposal value), the divestment programme as a whole will have delivered net proceeds in excess of £500 million, significantly exceeding our target of more than £300 million. Once the divestment proceeds have been received, we intend to return £250 million to shareholders via a share buyback. The remainder will be used to pay down debt, and for other general corporate uses.

Individual business performance

Clean Air has been focused on winning new business, driving efficiency and delivering cash. The business has been working on improving margins through pricing, cost reduction and operating excellence, as well as the ongoing site rationalisation programme, setting a roadmap to achieve an operating margin target of mid-teens by 2025/26. The slowdown in battery electric vehicle penetration means we now expect Clean Air will be 'stronger for longer', and we now expect the business to deliver over £4.5 billion cash in the decade to 2030/31 (previously at least £4 billion) and significant further cash flow in the years following.

PGM Services is a key enabler for the group, but its results have been materially impacted by lower precious metal prices. In the short-term, we have mitigated some of the impact through continued focus on efficiencies across areas including operations and manufacturing. Over the long-term, the business is expected to see sustained demand for recycled PGMs due to growing demand for low carbon metals. The business is also looking at evolving its business model to reduce the impact of metal price on earnings and growing value-added products businesses.

Catalyst Technologies has undergone a change in management and reorganisation to drive improved performance and ensure it fulfils its growth potential. In the year, the business has seen continued improvement in short-term performance and is winning new projects in sustainable technologies. The business continues to focus on improving margins and saw further improvement in the second half. We have also been winning exciting new business across our sustainable solutions portfolio, with a rich pipeline of further opportunities. Catalyst Technologies has set growth targets of high single-digit increases in sales in the short term, accelerating to mid-teens sales growth over the medium to long term. We expect mid-teens operating margin by the end of 2024/25, high teens by the end of 2027/28, and continued accretion beyond as the business benefits from increases in technology licensing.

In Hydrogen Technologies we have scaled back our investment in line with the slower pace of hydrogen and fuel cell market development. The global hydrogen value chain is in an early stage of development and continues to evolve with customers reducing near-term demand expectations. As a result, whilst construction of our new plant in Royston is substantially complete, we are delaying the start of production in line with market development. We continue to de-risk our Hydrogen Technologies investment through reducing operational expenditure, seeking appropriate Government incentives and co-investment opportunities. Hydrogen Technologies sales increased by 31% this year and, although we expect slower growth in sales in the coming years, we are expecting the business to break even by the end of 2025/26.

A platform for future growth

PGM prices have reduced very significantly in recent years. We expect prices overall to be more stable in the future, thereby having a smaller impact on our results and cash flow. With further benefits of transformation, we expect at least mid single digit growth in operating performance at constant precious metal prices and constant currency this year.

Our balance sheet remains strong, with net debt slightly down year-on-year. Our aim is to maintain a strong balance sheet and closed the year at the lower end of our target level of net debt to EBITDA of 1.5-2.0 times. We remain highly disciplined in our capital allocation: we will invest for growth and attractive returns, with a focus on core activities where we believe we can win. Beyond this our priority is to ensure a reliable dividend, targeting a 40% pay-out ratio over the medium term. We may consider acquisitions but will be highly selective, with a focus on bolt-on deals to acquire technology or accelerate growth in our core growth businesses. And finally, we would look to return excess capital to shareholders, as we plan to with the disposal proceeds.

Stephen Oxley

Chief Financial Officer

Financial performance review

		Reported results (continuing)			Underlying results (continuing) ^{1,2}			
		Year ended 31 st March			Year ended 31 st March			
		2024	2023	% change	2024	2023	% change	% change, constant FX rates
Revenue	£m	12,843	14,933	-14	3,904	4,201	-7	-4
Sales excl. precious metals ³	£m							
Operating profit	£m	249	406	-39	410	465	-12	-8
Profit before tax	£m	164	344	-52	328	404	-19	
Profit after tax	£m	108	264	-59	260	326	-20	
Basic EPS	pence	58.6	144.2	-59	141.3	178.6	-21	
Ordinary dividend per share	pence	77.0	77.0	-				
Free cash flow	£m				189	74		
Cash from operating activities	£m	592	291					
Net debt	£m	951	1,023					

Notes:

1. Unless otherwise stated, sales and operating profit commentary refers to performance at constant exchange rates. Growth at constant rates excludes the translation impact of foreign exchange movements, with 2022/23 results converted at 2023/24 average rates. In 2023/24, the translational impact of exchange rates on group sales and underlying operating profit was an adverse impact of £120 million and £21 million respectively.
2. Underlying is before profit or loss on disposal of businesses, gain or loss on significant legal proceedings together with associated legal costs, amortisation of acquired intangibles, share of profits or losses from non-strategic equity investments, major impairment and restructuring charges and, where relevant, related tax effects. For definitions and reconciliations of other non-GAAP measures, see pages 197 to 199.
3. Revenue excluding sales of precious metals to customers and the precious metal content of products sold to customers.

Financial performance review continued

Summary of underlying operating results from continuing operations

Unless otherwise stated, commentary refers to performance at constant FX rates¹. Percentage changes in the tables are calculated on rounded numbers

Sales (£ million)	Year ended 31 st March			% change, constant FX rates
	2024	2023	% change	
Clean Air	2,581	2,644	-2	+2
PGM Services	462	570	-19	-17
Catalyst Technologies	578	560	+3	+6
Hydrogen Technologies	71	55	+29	+31
Value Businesses ²	326	470	-31	-32
Eliminations	(114)	(98)		
Sales (continuing)	3,904	4,201	-7	-4

Underlying operating profit (£ million)	Year ended 31 st March			% change, constant FX rates
	2024	2023	% change	
Clean Air	274	230	+19	+26
PGM Services	164	257	-36	-35
Catalyst Technologies	75	51	+47	+56
Hydrogen Technologies	(50)	(45)	n/a	n/a
Value Businesses ²	29	40	-28	-28
Corporate	(82)	(68)		
Underlying operating profit (continuing)	410	465	-12	-8

Reconciliation of underlying operating profit to operating profit (£ million)	Year ended 31 st March	
	2024	2023
Underlying operating profit (continuing)	410	465
Major impairment and restructuring charges ³	(148)	(41)
(Loss) / profit on disposal of businesses ³	(9)	12
Amortisation of acquired intangibles	(4)	(5)
Gains and losses on significant legal proceedings ³	-	(25)
Operating profit (continuing)	249	406

Notes:

- Growth at constant rates excludes the translation impact of foreign exchange movements, with 2022/23 results converted at 2023/24 average rates. In 2023/24, the translational impact of exchange rates on group sales and underlying operating profit was an adverse impact of £120 million and £21 million respectively.
- Includes Battery Materials, Battery Systems, Diagnostic Services and Medical Device Components.
- For further detail on these items please see pages 163 to 164.

Full year operating results by business

Clean Air

Improved profitability driven by efficiency benefits

- Sales up 2% reflecting higher volumes partly offset by lower pricing
- Underlying operating profit increased 26% and margin expanded 190 basis points to 10.6%, with a significant improvement half on half (1H: 9.6% and 2H: 11.6%). This mainly reflected efficiency benefits and higher volumes, partly offset by lower pricing
- Delivered £2.0 billion¹ of cash from Clean Air in the three years since 2020/21, of which around one quarter relates to precious metal prices. Upgraded cash target and now expecting to deliver at least £4.5 billion of cash in the decade to 2030/31² (previously at least £4 billion)

	Year ended 31 st March			% change, constant FX rates
	2024 £ million	2023 £ million	% change	
Sales				
Light duty diesel	1,094	1,075	+2	+5
Light duty gasoline	533	599	-11	-6
Heavy duty diesel	954	970	-2	+2
Total sales	2,581	2,644	-2	+2
Underlying operating profit	274	230	+19	+26
Underlying operating profit margin	10.6%	8.7%		
EBITDA margin	13.5%	11.6%		
Reported operating profit	237	191		

Clean Air provides catalysts for emission control after-treatment systems used in light and heavy duty vehicles powered by internal combustion engines.

Overall, sales in Clean Air were up 2% with growth in our light duty and heavy duty diesel businesses partly offset by light duty gasoline. We benefited from higher volumes – particularly in light duty diesel driven by market share gains in China and North America. Despite benefits from commercial excellence initiatives including inflation recovery and further claims for non-inflation related activity, pricing was lower overall.

Sales

Light duty diesel

In light duty diesel, sales grew 5% outperforming the market which saw a modest decline overall. This largely reflected our strong performance in Asia – particularly China – and also in the Americas against a backdrop of weaker market production. In Europe, our performance was slightly behind the market.

Financial performance review continued

In Asia, we significantly outperformed the market which saw mixed performance across the region. We saw good performance in China driven by market share gains following recent wins and the ramp up of platforms. In India, we also saw good performance reflecting the ramp up of new platforms.

In the Americas, we outperformed the market which was impacted by economic uncertainty. Our performance was driven by market share gains and platform ramp ups.

Light duty gasoline

Light duty gasoline sales were down 6%, underperforming the global market which grew well.

Our performance was mainly driven by Asia where we were impacted by the loss of platforms in previous years as well as mix effects. In Europe, whilst we benefited from a robust market and saw modest share gains, this was partly offset by lower pricing. In the Americas we underperformed the market reflecting the loss of platforms from previous years. We expect this to be the last year where we experience the effect of these historic platform losses.

Heavy duty diesel

In heavy duty diesel, sales were up 2% although behind the market. By region, we saw strong growth in Asia which was partly offset by lower sales in Europe and the Americas.

In Asia, growth was led by China and India. In China, we benefited from a market recovery following a weaker prior year with demand impacted by COVID lockdowns. In India, we saw good performance partly reflecting higher sales for off-road applications. In the Americas, our sales were broadly in line with a slightly weaker market. This year, Class 8 truck production was higher than anticipated reflecting a robust economy and strong order backlogs but the macroeconomic outlook in South America impacted production in the region. In Europe, we underperformed a growing market due to lower demand from our customers. Looking forward, our strong presence in heavy duty positions us well for upcoming advancements, such as internal combustion engines powered by hydrogen.

Underlying operating profit

Underlying operating profit increased 26% and margin expanded 190 basis points to 10.6%, with a significant improvement half on half (1H: 9.6% and 2H: 11.6%). This mainly reflected efficiency benefits and higher volumes. Despite benefits from commercial excellence initiatives, we were impacted by lower pricing partly related to historical contract commitments.

Cash generation

We delivered another year of strong cash, generating around £600 million¹. In the three years since 2021/22, we have delivered a cumulative £2.0 billion¹ cash, of which around one quarter relates to precious metal prices.

PGM Services**Performance reflects lower average PGM prices**

- Sales declined 17% primarily due to lower average PGM prices
- Refinery volumes were lower due to continued softness in auto scrap recycling. This was partially mitigated by higher industrial and mining intakes
- Underlying operating profit declined 35% driven by lower average PGM prices and reduced volumes, partly offset by a continued focus on efficiencies and metal recoveries from asset renewals

	Year ended 31 st March			
	2024 £ million	2023 £ million	% change	% change, constant FX rates
Sales				
PGM Services	462	570	-19	-17
Underlying operating profit	164	257	-36	-35
Underlying operating profit margin	35.5%	45.1%		
EBITDA margin	42.0%	49.6%		
Reported operating profit	149	257		

PGM Services is the world's largest recycler of platinum group metals (PGMs). This business has an important role in enabling the energy transition through providing circular solutions as demand for scarce critical materials increases. PGM Services provides a strategic service to the group, supporting Clean Air, Catalyst Technologies and Hydrogen Technologies with security of metal supply in a volatile market, and the manufacture of value-add PGM products.

Sales

In the year, sales declined 17%. This was primarily driven by lower average PGM prices, particularly palladium and rhodium which declined 38% and 64% respectively compared to 2022/23. As the year progressed, average PGM prices stabilised with second half pricing below the levels of the first half.

In our refineries, intake volumes were lower as previously guided due to less auto scrap. However this was partially mitigated by increased industrial and mining intakes where we applied our PGM refining expertise to handle highly complex feeds. Sales were lower in our metal trading business due to reduced PGM prices and volatility. Across our PGM products business, sales were broadly flat with higher demand for pharma products driven by business wins which offset cyclical declines in agrochemicals.

Underlying operating profit

Underlying operating profit declined 35% mainly impacted by lower average PGM prices (£85 million impact) as well as reduced volumes. This was partly mitigated by a continued focus on efficiencies, as well as metal recoveries from asset renewals.

1. At actual precious metal prices.

2. 1st April 2021 to 31st March 2031, pre-tax and post restructuring cost.

Financial performance review continued

Catalyst Technologies

Material margin improvement and strong growth in licensing

- Sales up 6% driven by good growth in catalysts, where higher pricing and better mix offset lower volumes, and strong growth in licensing
- Won ten large scale projects from April 2022 to March 2024 in our sustainable technologies portfolio, delivering on our strategic milestone. Won an additional three projects since 1st April 2024 which contribute to our new strategic milestone
- Underlying operating profit up 56% and margin up 390 basis points, driven by higher pricing reflecting our stronger commercial focus, better mix and efficiency benefits

	Year ended 31 st March			
	2024 £ million	2023 £ million	% change	% change, constant FX rates
Sales				
Catalysts	518	509	+2	+4
Licensing	60	51	+18	+20
Total sales	578	560	+3	+6
Underlying operating profit	75	51	+47	+56
Underlying operating profit margin	13.0%	9.1%		
EBITDA margin	17.3%	13.9%		
Reported operating profit	70	43		

Catalyst Technologies is a key pillar of our strategy as we target high growth, high return opportunities in the decarbonisation of fuels and chemical value chains. We have leading positions in syngas – methanol, ammonia, hydrogen and formaldehyde – and a strong sustainable technologies portfolio. Our revenue streams are licensing process technology and supplying catalysts.

Sales

Sales were up 6%. We saw good growth in Catalysts – which represents the majority of sales – and strong growth in Licensing, up 20%. In Catalysts we benefited from higher pricing as we strengthened our commercial focus. Alongside better mix this more than offset lower volumes.

Catalysts: higher pricing and better mix offsetting lower volumes

Catalysts sales were up 4%. Growth was largely driven by formaldehyde following increased demand for biodegradable plastics in China. We also saw higher pricing across the portfolio, particularly in ammonia and hydrogen, and a better mix in additives. These benefits more than offset lower volumes, which were mainly driven by short-term cyclical weakness – primarily in methanol – and an unplanned shutdown at one of our plants. We expect the plant to be back in operation in summer 2024.

Licensing: early sales from our sustainable solutions portfolio

Licensing sales were up 20%. We saw strong growth in areas including oxalcohols and methanol, following recent project wins in China. In our existing core portfolio, we signed eight licences in the period, worth around £110 million in sales over five years

(2022/23: six licences). In our sustainable technologies portfolio, we recognised early sales from low carbon hydrogen and sustainable fuels. These sales doubled in the period albeit off a low base.

Underlying operating profit

Underlying operating profit was up 56% to £75 million and the margin grew 390 basis points to 13.0%. This was largely driven by higher pricing reflecting our strong commercial focus, better mix and efficiency benefits.

Hydrogen Technologies

Strong sales growth and disciplined investment to scale the business

- Sales up 31% driven by higher volumes for strategic customers in fuel cells
- Underlying operating loss reflects investment to scale the business
- Reducing investment and managing cost base with the pace of market development

	Year ended 31 st March			
	2024 £ million	2023 £ million	% change	% change, constant FX rates
Sales				
Hydrogen Technologies	71	55	+29	+31
Underlying operating loss	(50)	(45)	n/a	n/a
Underlying operating loss margin	n/a	n/a		
Reported operating loss	(60)	(46)		

In Hydrogen Technologies, we provide components across the value chain for fuel cells and electrolyzers including catalyst coated membranes (CCMs) and membrane electrode assemblies (MEAs). Our ambition is to be the market leader in CCMs, which are the critical performance defining components at the centre of fuel cells, focusing on PEM (proton exchange membrane) and AEM (anion exchange membrane) electrolyzers.

Sales

In the year, sales in Hydrogen Technologies were up 31% to £71 million driven by demand from our strategic customers. However, sales growth in the second half slowed as the market began to soften and our customers started to reduce inventories. This largely reflects a lack of clarity around regulation and incentives, slowing the development of supply chains and infrastructure.

Our continued focus on operational improvement and manufacturing efficiency drove significantly higher output from our UK plant in Swindon, enabling the vast majority of customer demand to be satisfied from this facility. As the market develops, our ability to continue making operational improvements will be vital in ensuring we have the agility to scale in line with market demand.

Underlying operating loss

Underlying operating loss of £50 million reflects investment into building capability and product development. Towards the end of the year, we took actions to reduce our cost base as we adapted to the softening market.

Financial performance review continued

Corporate

Corporate costs were £82 million, an increase of £14 million from the prior year, largely reflecting higher costs in relation to the implementation of new IT systems.

Research and development (R&D)

R&D spend was £204 million in the year. This was down from £213 million in the prior year and represents c.5% of sales excluding precious metals. We are prioritising spend in our growth areas and are pursuing a very focused innovation strategy for Catalyst Technologies and Hydrogen Technologies. We are also investing in our digital capabilities to accelerate innovation and provide greater insights to our customers.

Foreign exchange

The calculation of growth at constant rates excludes the impact of foreign exchange movements arising from the translation of overseas subsidiaries' profit into sterling. The group does not hedge the impact of translation effects on the income statement. The principal overseas currencies, which represented 78% of the non-sterling denominated underlying operating profit in the year ended 31st March 2024, were:

	Share of 2023/24 non-sterling denominated underlying operating profit	Average exchange rate Year ended 31 st March		% change
		2024	2023	
US dollar	25%	1.26	1.20	+5
Euro	41%	1.16	1.16	–
Chinese renminbi	12%	9.01	8.26	+9

For the year, the impact of exchange rates decreased sales by £120 million and underlying operating profit by £21 million.

If average exchange rates for May month to date (£:US\$ 1.26, £:€ 1.17, £:RMB 9.10) are maintained throughout the year ending 31st March 2025, foreign currency translation will have an adverse impact of £4 million on underlying operating profit. A one cent change in the average US dollar and a ten fen change in the average rate of the Chinese renminbi have an impact of approximately £1 million on operating profit whilst a one cent change in the average rate of the Euro has approximately a £2 million impact on full year underlying operating profit.

Efficiency savings

In the year, we delivered c.£75 million of savings through our group transformation programme and incurred cash costs of c.£55 million. Cumulative benefits from the programme to date are c.£120 million. Reflecting our good progress, we have upgraded our cost savings target to £200 million by the end of 2024/25 (previously in excess of £150 million). 2024/25 will be the final year of the programme, after which we will focus on continuous improvement. Total associated costs to deliver the programme are around £130 million (previously around £100 million), all of which are cash.

£ million	Savings delivered to 31 st March 2024	Associated costs incurred to 31 st March 2024
Transformation programme	120	75

Items outside underlying operating profit

Non-underlying (charge) / income

(£ million)	As at 31 st March 2024	As at 31 st March 2023
Major impairment and restructuring charges	(148)	(41)
(Loss) / profit on disposal of businesses	(9)	12
Amortisation of acquired intangibles	(4)	(5)
Gains and losses on significant legal proceedings	–	(25)
Total	(161)	(59)

There was a net charge of £148 million relating to major impairment and restructuring charges, comprising £78 million of restructuring costs and a net impairment charge of £70 million. The restructuring costs were recognised in relation to both our transformation programme and the consolidation of our Clean Air manufacturing footprint. The net impairment charge includes an impairment of our Battery Systems business to its fair value ahead of its disposal, as well as impairment charges relating to the recent slowdown in growth within the hydrogen and fuel cell market which required us to adapt to the changing demand profiles of our customers as they navigate this short-term uncertainty.

The £9 million loss on disposal of businesses largely comprises transactional costs in the year relating to the disposal of our Value Businesses.

Finance charges

Net finance charges in the period amounted to £82 million, up from the prior year charge of £61 million largely reflecting higher average borrowings and a higher interest rate environment.

Taxation

The tax charge on underlying profit before tax for the year ended 31st March 2024 was £68 million, an effective underlying tax rate of 20.8%, up from 19.3% in 2022/23. This largely reflects the mix of profit across geographies.

The effective tax rate on reported profit for the year ended 31st March 2024 was 34.4%. This represents a tax charge of £56 million, compared with £80 million in the prior period.

We expect modest upward pressure to the effective tax rate on underlying profit for the year ending 31st March 2025 as territories in which we operate increase their domestic Corporate Tax rate in response to the OECD Pillar 2 rules.

Financial performance review continued

Post-employment benefits

IFRS – accounting basis

At 31st March 2024, the group's net post-employment benefit position, was a surplus of £117 million.

The cost of providing post-employment benefits in the year was £53 million, up from £40 million last year.

Capital expenditure

Capital expenditure was £390 million in the year, 2.0 times depreciation and amortisation (excluding amortisation of acquired intangibles). In the period, key projects included:

- **PGM Services** – investing in the resilience, efficiency and safety of our refinery assets
- **Hydrogen Technologies** – investing in our manufacturing facility in Royston, UK, although delaying the start of production to align with market development.

Strong balance sheet

Net debt as at 31st March 2024 was £951 million, a decrease from £1,023 million at 31st March 2023 and £1,044 million at 30th September 2023. Net debt is £19 million higher when post tax pension deficits are included. The group's net debt (including post tax pension deficits) to EBITDA was 1.6 times (31st March 2023: 1.6 times, 30th September 2023: 1.7 times), which was at the lower end of our target range of 1.5 to 2.0 times.

We use short-term metal leases as part of our mix of funding for working capital, which are outside the scope of IFRS 16 as they qualify as short-term leases. Precious metal leases amounted to £197 million as at 31st March 2024 (31st March 2023: £138 million, 30th September 2023: £186 million).

Free cash flow and working capital

Free cash flow was £189 million in the year, compared to £74 million in the prior year, largely reflecting lower precious metal working capital partly offset by lower net proceeds from disposals.

Excluding precious metal, average working capital days to 31st March 2024 increased to 60 days compared to 42 days to 31st March 2023. This largely reflected lower average sales through the period as well as lower VAT payables and higher working capital to support our growth businesses.

Outlook for the year ending 31st March 2025

For 2024/25, on a continuing basis excluding Value Businesses, we expect at least mid single digit growth in underlying operating performance at constant precious metal prices and constant currency.

In Clean Air we expect modest growth in operating performance, with continued margin expansion driven by efficiency benefits. Beyond this, with the impact of historical platform losses behind us, we expect further growth in operating performance and margin expansion. PGM Services' operating performance is expected to be broadly stable, with limited impact from precious metal prices. In Catalyst Technologies we expect further strong growth in operating performance, with mid-teens margins. In Hydrogen Technologies we now expect modest sales growth, with a significantly lower operating loss as we manage our investment with the pace of market development¹.

If precious metal prices and foreign exchange rates remain at their current levels² for the remainder of 2024/25, we expect an adverse impact of c.£5 million to full year operating performance compared with the prior year.^{3,4}

Dividend

The board will propose a final ordinary dividend for the year of 55.0 pence per share at the Annual General Meeting (AGM) on 18th July 2024. Together with the interim dividend of 22.0 pence per share, this gives a total ordinary dividend of 77.0 pence per share, maintained at the same level as the prior year. Subject to approval by shareholders, the final dividend will be paid on 6th August 2024, with an ex-dividend date of 6th June 2024.

1. Outlook commentary for Clean Air, PGM Services, Catalyst Technologies and Hydrogen Technologies refers to underlying operating performance, and assumes constant precious metal prices and constant currency.

2. Average precious metal prices and average foreign exchange rates in May 2024 (month to date).

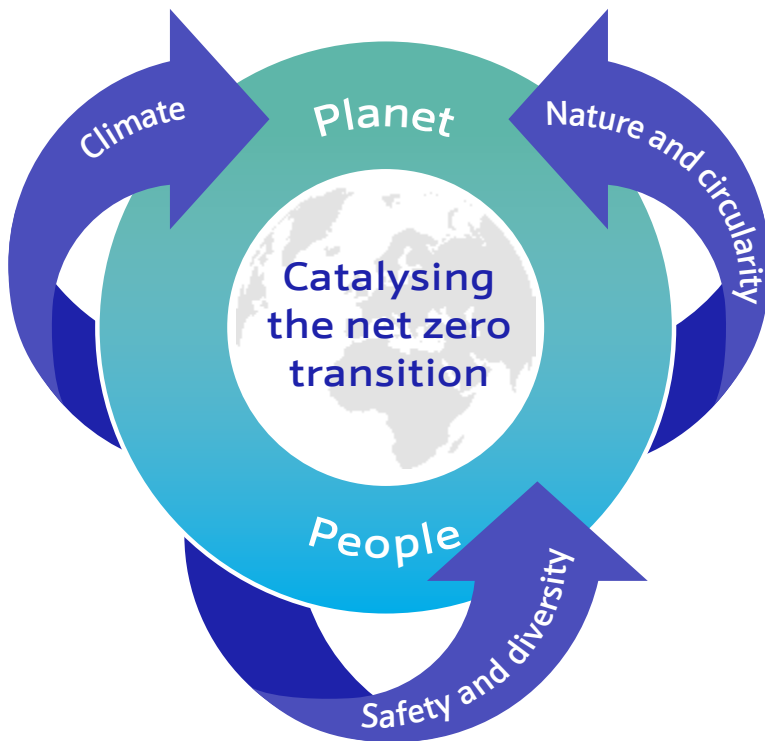
3. If precious metal prices remain at their current level for the remainder of 2024/25 there would be a benefit of £1 million on full year operating performance compared with the prior year. A US\$100 per troy ounce change in the average annual platinum, palladium and rhodium metal prices each have an impact of approximately £0.5 million, £1 million and £0.5 million respectively on full year 2024/25 underlying operating profit in PGM Services. This assumes no foreign exchange movement.

4. At average foreign exchange rates for May 2024 month to date (£:US\$ 1.26, £:€ 1.17, £:RMB 9.10) translational foreign exchange movements for the year ending 31st March 2025 are expected to adversely impact underlying operating profit by £4 million.

Sustainability

We are a global leader in sustainable technologies. Through inspiring science and continued innovation, we aspire to enhance life for everyone. That is why we have firmly embedded our sustainability priorities of climate, nature and circularity, safety and diversity throughout our business and value chain.

Our approach to sustainability



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Our core material topics

In 2022 we partnered with a third party to refresh our materiality assessment. They reviewed public domain opinions of our investors, customers and social media users, as well as interviewing leaders inside JM. Our material topics were identified as:

- | | | |
|----------------------|------------------------------------|--------------------------------|
| Climate change | Circularity and product innovation | Community impact |
| Air emissions | Health and safety | Responsible sourcing |
| Water and wastewater | Human rights | Governance and risk management |
| Waste management | Diversity and inclusion | |

Sustainability continued

Our sustainability targets for 2030

For over 200 years our expertise in metal chemistry has helped to solve some of the world’s most complex challenges such as air pollution, and now our technologies are accelerating the transition to net zero¹.

Our sustainability targets for 2030 are ambitious, but they build off the incredible impact our products and services already have. Our technologies are now helping the global chemical industry reduce its GHG emissions and move to sustainable feedstocks, and our business model is underpinned by our circular PGM economy that helps reduce waste and make the most of scarce resources.

Our GHG reduction targets for 2030 have been approved by the Science Based Targets initiative (SBTi) thereby putting us on the SBTi’s 1.5°C trajectory and placing us among the leading group of global businesses aiming for a rise of no more than 1.5°C.

Goals	Key performance indicators (KPIs)	Baseline Value	2030 target, 2030 value	2023/24 performance	2022/23 performance ²
Planet: Protecting the climate					
Our goal: Drive lower global greenhouse gas (GHG) emissions	1. GHG emissions avoided per year using technologies enabled by JM’s products and solutions, compared to conventional offerings	223,946 tCO ₂ e	50,000,000 tCO ₂ e	1,110,057 tCO₂e	841,721 tCO ₂ e ³
Our goal: Achieve net zero by 2040	2. Reduction in Scope 1 and Scope 2 GHG emissions	405,770 tCO ₂ e	44% on baseline, 227,231 tCO ₂ e	30% on baseline, 282,403 tCO₂e	15% on baseline, 344,910 tCO ₂ e
	3. Reduction in Scope 3 GHG emissions from purchased goods and services	3,433,660 tCO ₂ e	42% on baseline, 1,991,523 tCO ₂ e	26% on baseline, 2,531,576 tCO₂e	29% on baseline, 2,450,529 tCO ₂ e
Planet: Protecting nature and advancing the circular economy					
Our goal: Conserve scarce resources	4. Recycled PGM content in JM’s manufactured products	70%	75%	69%	69%
Our goal: Minimise our environmental footprint	5. Reduction in total hazardous waste	42,480 tonnes	50% on baseline, 21,240 tonnes	0.4% on baseline, 42,300 tonnes	1% on baseline, 41,854 tonnes
	6. Reduction in net water usage	1,932,000 m ³	25% on baseline, 1,449,000 m ³	9% on baseline, 1,755,000 m³	5% on baseline, 1,826,000 m ³
People: Promoting a safe, diverse and equitable society					
Our goal: Keep people safe	7. Total recordable injury and illness rate (TRIIR) for employees and contractors	0.79	0.25	0.36	0.47
	8. ICCA process safety event severity rate (PSESr)	1.18	0.40	0.88	1.02
Our goal: Create a diverse, inclusive and engaged company	9. Employee engagement score	6.9	8.0	7.2	6.9
	10. Female representation across all management levels ⁴	30%	40%	30%	28%

1. Net zero is the reduction of absolute GHG emissions by 90% or more, with any remaining emissions neutralised through carbon offsets.

2. Rebaselined to remove divested businesses, please see page 210 for more information.

3. Restated due to calculation refinement.

4. All employees whether they are a people manager or not, at a minimum compensation grade.

🔗 For more data see our Sustainability Performance Databook, matthey.com/sustainability-databook

Sustainability continued



Our products and services are aligned with four of the UN SDGs where we believe we can make the biggest positive contributions.



- **Emission control technologies** that reduce harmful oxides of nitrogen (NO_x) and particulates from vehicle tailpipes and stationary engines, enabled by PGMs
- **Purification technologies** that reduce harmful contaminants, such as mercury, from industrial processes
- **Refinery additives** to mitigate NO_x and oxides of sulphur (SO_x) emissions
- **Catalysts** used to make pharmaceutical ingredients



- **Renewable (green) hydrogen technologies** that will support the drive to zero carbon hydrogen production using renewable energy and electrolysis, enabled by PGMs
- **Low-carbon (blue) hydrogen technologies** that are available today to help make low-carbon hydrogen at scale



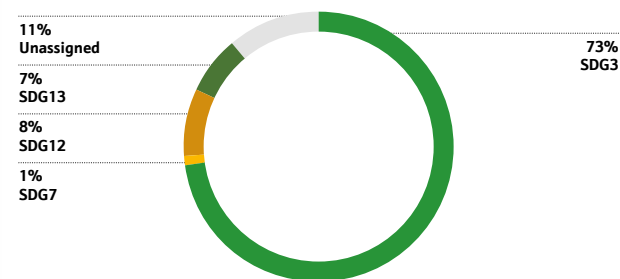
- **PGM recycling** to recover and reuse scarce resources
- **Chloride guards** to prevent corrosion
- **PURACARE™ services** to reduce maintenance lifetime and end-of-life recovery
- **CAT-AID™ products** to extend catalyst life



- **Technologies** that turn high sources of carbon, such as household waste, into sustainable aviation fuels
- **Fuel cell components** for low-carbon transportation and distributed power unit

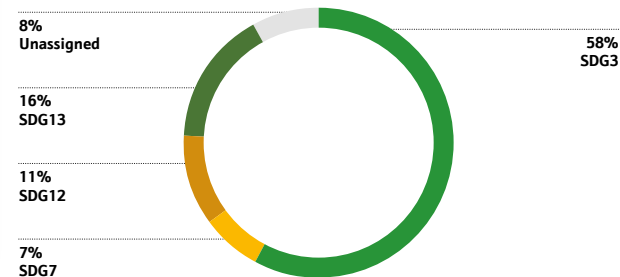
Sales from products contributing to priority UN SDGs

89%



R&D spend contributing to priority UN SDGs

92%



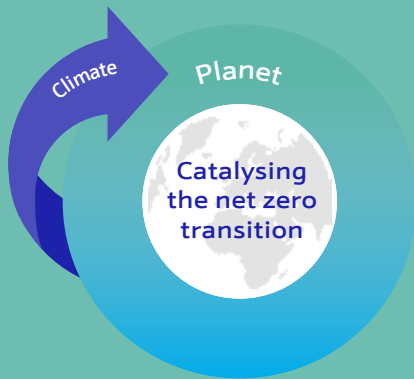
Product life cycle assessment

This year, Johnson Matthey continued to grow its Life Cycle Assessment (LCA) capability through recruitment and training, forming a community of practitioners across the business.

The number of LCAs for JM's products and services is increasing year on year. One example of new LCA data now available is in Catalyst Technologies, where a cradle-to-gate LCA study was conducted to measure and compare the environmental impact of JM's methanol technologies, which are licensed to customers for methanol production.

🔗 Visit the IPA website for more information: ipa-news.de

🔗 See matthey.com/sustainability for more details



Planet: Protecting the climate

Our company purpose is to catalyse the net zero transition because we believe this represents the biggest benefit we can bring to society. Sales of our products and services, when used by our customers, will bring about millions of tonnes of GHG avoided. We are also committed to net zero by 2040 for our operations.

→ You can read more about how climate change is bringing opportunity and risks to our business in our Task Force on Climate-related Financial Disclosures (TCFD) report on pages 53-61

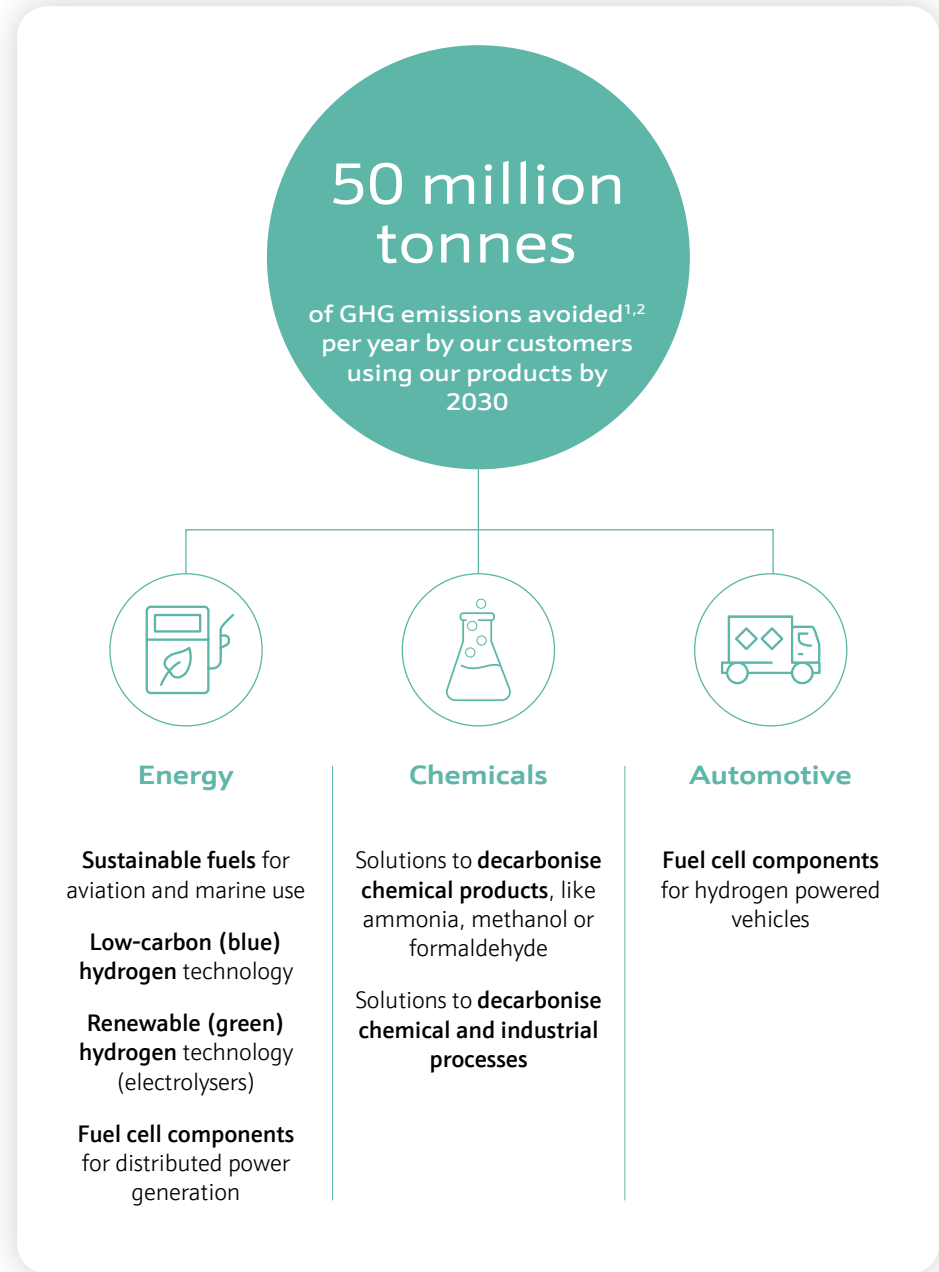
Our goal: Drive lower global greenhouse gas (GHG) emissions

To drive our positive contribution to climate protection, we set ourselves the target that JM technologies will contribute towards avoiding 50 million tonnes^{1,2} of GHGs entering the atmosphere per year by 2030, compared to conventional technologies in 2020. This is equivalent to avoiding the emissions from half of UK transport³. Over the past year, we have signed significant licences and partnerships in key technology areas contributing to this goal, such as licences for production of low-carbon (blue) hydrogen, and for the production of sustainable aviation fuel. This financial year we achieved a significant milestone in avoiding over 1 million tonnes of GHG emissions. The target is largely reliant on our growth businesses of Hydrogen Technologies and Catalyst Technologies.

Sustainability Accounting Standards Board (SASB) Resource efficiency indicator: We have identified our revenues that align with the SASB Chemicals Sustainability Accounting Standard's definition of products that, when used, improve energy efficiency, eliminate or reduce GHG emissions, reduce raw materials consumption, lower water consumption and/or increase product life. In 2023/24, those sales were £0.84 billion (with sales excluding precious metals as £3.90 billion) compared with £0.97 billion⁴ in 2022/23. This reduction is mainly due to reduced demand in the secondary PGMs market see pages 20-21 for more details.

🔗 For our full SASB Index response see matthey.com/sasb-index

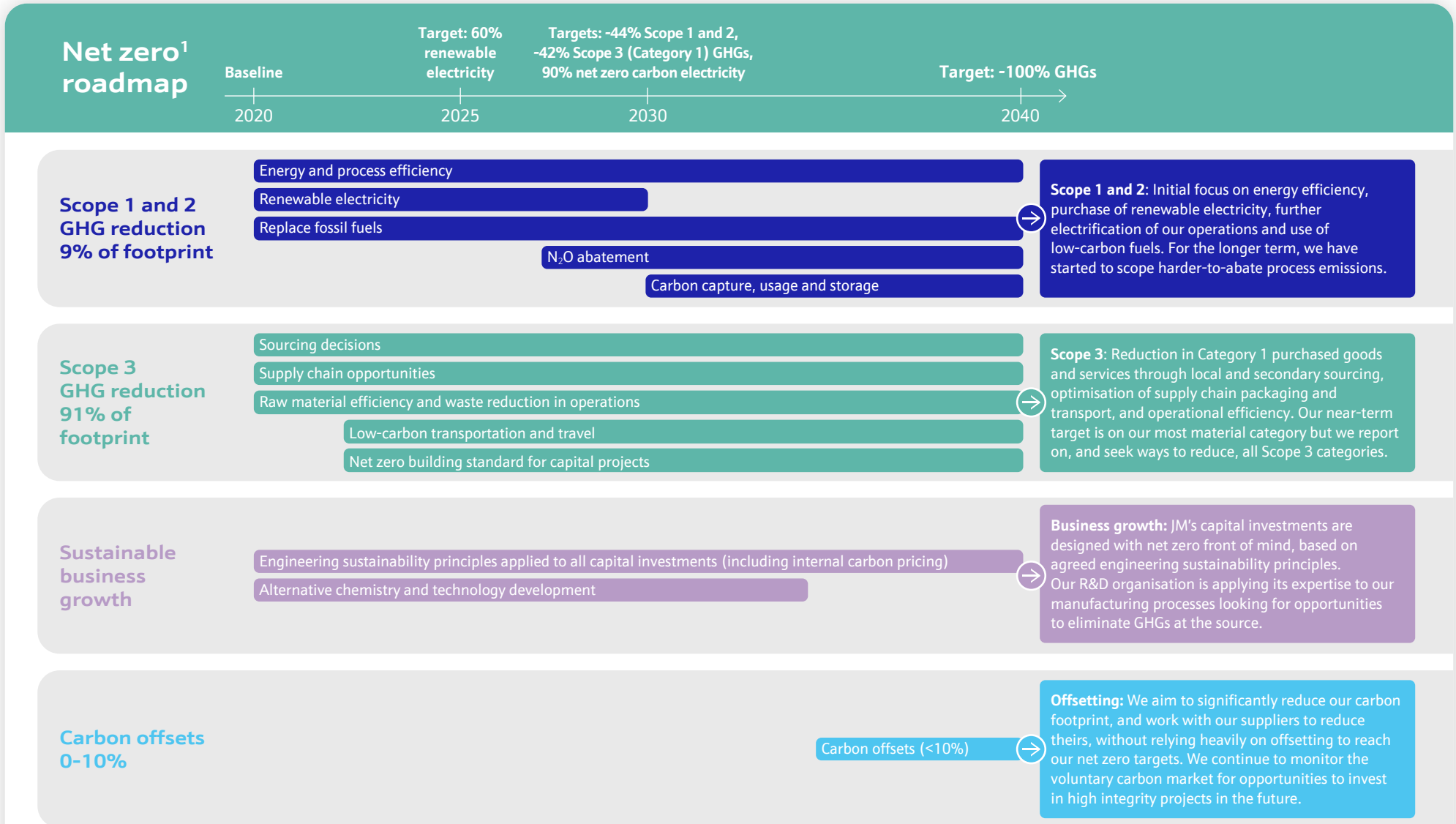
1. Using technologies enabled by JM products and solutions: avoided emissions compared to conventional technologies in 2020.
 2. For more information on our calculation methodology please see our Basis of reporting on pages 210-215.
 3. <https://www.gov.uk/government/statistics/provisional-uk-greenhouse-gas-emissions-national-statistics-2021>.
 4. Rebaselined to remove divested businesses, please see page 210 for more information.



Planet: Protecting the climate

Our goal: Achieve net zero by 2040

This year our long-term target of net zero by 2040 was approved by the Science Based Targets initiative (SBTi) under their net zero standard. Having confirmed our precise roadmaps to 2030, we are working to identify and develop the full range of solutions we will implement to achieve net zero by 2040, indicated on our refreshed net zero roadmap below.



JM believes in a just energy transition, ensuring no one is left behind. See next page for how we approach this

1. Net zero is the reduction of absolute GHG emissions by 90% or more, with any remaining emissions neutralised through carbon offsets.

Planet: Protecting the climate

Ensuring a just transition to net zero

JM believes that we should decarbonise the economy whilst ensuring that no one is left or pushed behind. Being as fair and inclusive as possible to everyone affected will increase the chances of long-term success and sustainability of the energy transition.

We consider fully the risks and opportunities of all aspects of our plans and the impact on our various stakeholders. For example, through strategic supplier relationships, operating with a strict code of conduct and due diligence, we are increasingly creating opportunities for collaboration. We will continue to disclose risks identified in our supply chain and the action plans we develop. And we have strong connections with our local communities, ensuring both the company and our employees contribute actively to local initiatives.

→ See page 51 for more information on how we are engaging with our communities

In order to meet the opportunities created by the global energy transition, we have to transform JM (see pages 8-9). Whilst this transformation will bring many new employment and career opportunities for current and future employees, inevitably some roles will change significantly or indeed cease to exist.

For example, during 2023/24 we completed the full closure of two of our Clean Air plants to optimise our manufacturing footprint: Clean Air Royston in the UK and Germiston in South Africa, impacting around 800 employees in total. In addition to these two closures we also consolidated our production sites in Shanghai, China from two to one, and sold our plant in Krasnoyarsk, Russia. We supported the affected employees with help in finding alternative employment, either in JM or elsewhere. This included CV clinics, retirement workshops, counselling assistance, financial advice, and support in finding alternative employment. In Royston, out of 400 colleagues, we were able to find alternative roles for 90. Over 100 colleagues found employment elsewhere during the process. Over a third of our Germiston employees had secured alternative employment at the time of the plant closure.

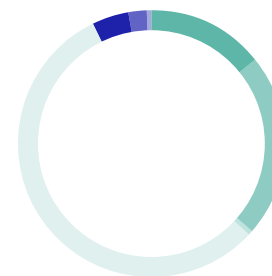
Our progress in 2023/24

We continue to deliver on our roadmap to net zero¹ by 2040. This year saw an 18% reduction in our Scope 1 and 2 greenhouse gas (GHG) emissions from last year, which represents a 30% reduction since our baseline year of 2019/20. This significant reduction was achieved mainly through increasing our purchase of renewable energy, in line with our energy strategy, and we have also improved the underlying energy efficiency of a number of processes.

Our GHG emissions from Scope 3 purchased goods and services in 2023/24 were 2,531,576 tCO₂e, which is a 26% reduction from baseline year. This is an increase from 2,450,529 tCO₂e² in 2022/23, which reflects changes in business demands, see pages 18-25 for more information. We continue to work with partners to identify GHG hot spots and potential reduction actions.

→ For more information on our calculation methodology please see our Basis of reporting on pages 210-215

Energy mix



● Non-renewable, grid-supplied electricity	14.4%
● Certified renewable electricity from the grid	22.2%
● Renewable electricity generated locally	0.6%
● Natural gas used on site	55.8%
● Other fossil fuels used on site	4.4%
● Non-renewable steam procured	2.3%
● Fuel used on public roads by JM vehicles on company business	0.3%

Total: 1,211,683 MWh

Total greenhouse gas emissions



● Total Scope 1	6.5%
● Total Scope 2 (market-based)	2.0%
● Scope 3 - Purchased goods and services	76.5%
● Scope 3 - All other categories	15.0%

Total: 3.3 million tonnes CO₂e

1. Net zero is the reduction of absolute GHG emissions by 90% or more, with any remaining emissions neutralised through carbon offsets.
 2. Rebaselined to remove divested businesses, please see page 210 for more information.

Planet: Protecting the climate

Energy efficiency and security

A focus on energy conservation and energy efficiency continues to underpin our net zero strategy. We continue to implement ISO 50001 across our most energy-intensive manufacturing sites, using the energy management framework developed and introduced to our site teams last year. Examples of energy efficiency projects completed this year include:

- Further adoption of waste heat recirculation, with savings achieved at Clean Air sites in Poland, India and China
- Improved control has enabled expansion of the low temperature hot water network to provide heating for laboratories at one of our UK sites
- Reducing the idle time of one of our electric induction furnaces

For our engineering and capital projects we have developed sustainable engineering principles and applied a rigorous assessment process for all capital project investments, such as asset renewal and growth projects. For example, replacing steam boilers to best in class burner design at one of our UK sites, has resulted in lower energy use (and lower NO_x emissions).

Three of our largest manufacturing sites also make electricity using combined heat and power plants (CHPs) to optimise our energy efficiency. Although these run off natural gas, our CHPs generated 36,313 MWh of our total electricity this year, reducing our energy demand.

This year our Winter Energy Taskforce became a cross-functional Energy Risk Steering Committee, to manage the long-term energy strategy for JM, which is to increase our proportion of net zero carbon energy procured through opportunities which drive cost stability, energy security and resilience.

Renewable energy

This year 57% of our electricity consumption came from certified renewable sources, compared to 41% in 2022/23. This significant increase was due to renewable energy purchases in the regions of North Macedonia, India and China. We are therefore on track to achieve our ambition of purchasing 60% of our electricity from certified renewable sources by 2025.

This year we created a JM Renewable Energy Standard to provide clarity on our position and strategy for renewable energy sourcing, and a hierarchy of preferred solutions to inform decision-making for our operations and procurement teams. We use green tariffs to ensure renewable electricity consumption in Europe and the US, and recognised Energy Attribute Certificates in regions such as India and China. Longer term we will focus on Power Purchase Agreements in regions where this procurement option is available. We continue to benefit from some on-site generation as part of the current energy portfolio in a number of sites, and further investment in our Taloja, India site this year has added 44,198 kWh capacity of self-generated solar energy.

To increase our ambition we agreed a new target aiming for 90% of our electricity from certified net zero carbon sources by 2030.

Strengthening partnerships throughout the value chain



JM became a member of Together for Sustainability (TfS), a flagship initiative launched by companies in the chemical industry that helps drive sustainability in our supply chain through collaboration.



We continue our collaboration with the Carbon Disclosure Project (CDP) Supply Chain. In the past year we engaged with our biggest suppliers representing 85% of our annual spend to better understand their carbon footprint and net zero plans.



This year
57%
of our electricity consumption came from certified renewable sources, compared to 41% in 2022/23

Planet: Protecting the climate

Scope 1 and 2 greenhouse gas (GHG) footprint and energy efficiency

	2023/24			2022/23 ¹			% change (global)
	Global	UK only	Global (excl UK)	Global	UK only	Global (excl UK)	
Total Scope 1 GHG emissions (tonnes CO ₂ e)	215,429	103,022	112,407	215,368	102,084	113,284	0%
Total Scope 2 GHG emissions (market-based) (tonnes CO ₂ e)	66,974	634	66,340	129,542	1,024	128,518	-48%
Total Scope 2 GHG emissions (location-based) (tonnes CO ₂ e)	196,812	21,677	175,135	204,018	21,710	182,308	-4%
Total Scope 1 and 2 GHG emissions (market-based) (tonnes CO₂e)	282,403	103,656	178,747	344,910	103,108	241,802	-18%
Total Scope 1 and 2 GHG emissions (location-based) (tonnes CO ₂ e)	412,241	124,699	287,542	419,386	123,795	295,591	-2%
Total Scope 1 and 2 carbon intensity (market-based) (tonnes CO₂e/tonne sales)	2.6	21.6	1.1	3.2	22.7	2.3	-18%

	2023/24			2022/23 ¹			% change (global)
	Global	UK only	Global (excl UK)	Global	UK only	Global (excl UK)	
Total energy consumption (MWh) ²	1,211,683	348,473	863,210	1,208,836	337,748	871,088	0.2%
Total energy efficiency (MWh/tonne) ³	11.2	72.6	8.4	11.2	74.3	8.4	0.4%

Scope 3 GHG emissions by category

(tonnes CO₂e)

Category	Category number	2023/24	2022/23 ¹	2021/22 ¹	2020/21 ¹	2019/20 ¹
Purchased goods and services	1	2,531,576	2,450,529	2,978,197	2,812,518	3,433,660
Capital goods	2	170,185	177,009	162,949	240,810	365,781
Fuel and energy-related activities	3	38,687	41,789	44,709	37,589	38,985
Upstream transportation and distribution	4	81,707	96,589	120,343	94,348	97,424
Waste generated in operations	5	3,855	4,003	5,204	4,545	3,428
Business travel	6	9,236	7,671	1,925	439	14,006
Employee commuting	7	28,991	13,627	13,517	15,718	25,763
Upstream leased assets	8	6,441	6,810	6,368	5,856	5,094
Processing of sold products	10	11,391	11,353	10,382	10,974	11,151
End of life treatment of sold products	12	23,078	21,003	21,001	23,063	27,334
Investments	15	121,257	125,196	118,356	119,005	129,337
Total		3,026,404	2,955,579	3,482,951	3,364,865	4,151,963

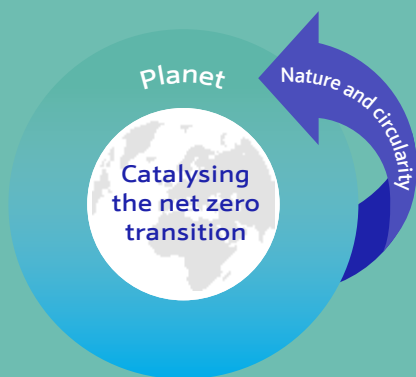
Five-year performance table

	2023/24	2022/23 ¹	2021/22 ¹	2020/21 ¹	2019/20 ¹
Total energy consumption (MWh) ²	1,211,683	1,208,836	1,275,821	1,204,571	1,236,160
Total energy efficiency (MWh/tonne) ³	11.2	11.2	11.7	11.3	10.9
Total Scope 1 and 2 GHG emissions (market-based) (tonnes CO ₂ e)	282,403	344,910	395,251	396,885	405,770
Total Scope 1 and 2 carbon intensity (market-based) (tonnes CO ₂ e/tonne sales)	2.6	3.2	3.6	3.7	3.6
Total Scope 3 GHG emissions (tonnes CO₂e)	3,026,404	2,955,579	3,482,951	3,364,865	4,151,963

1. Rebaselined to remove divested businesses, please see page 210 for more information.

2. Energy consumption is reported here in MWh, which is equal to 1,000kWh. Total global energy consumption for 2023/24 is 1,211,682,598 kWh.

3. This is the total energy used by the business divided by amount of materials sold to customers.



Planet: Protecting nature and advancing the circular economy

In 2023/24 we developed and ratified a new Nature strategy. We commit to promoting nature protection, restoration and sustainable use of natural resources. Our corporate commitments are described in our new Nature statement, found at matthey.com

Circularity is an essential part of the net zero transition, and as the world's largest secondary PGM refiner we will play a crucial role in securing the metal needed to supply existing and future demand.

matthey.com/nature-statement

Our goal: Conserve scarce resources

We helped create one of the world's first circular economies in platinum group metals and our increasing use of secondary, or recycled, Platinum Group Metals (PGMs) is helping to significantly reduce the emissions and environmental impact associated with mining these vital materials, see pages 20 and 21 for more details on secondary PGMs.

We are also applying our longstanding recycling expertise to sustainable technologies that utilise PGMs, such as fuel cells and electrolyser stacks. We are upgrading our infrastructure to allow us to recover and refine the PGMs used in these technologies to a very high purity in the same way we do today with production scrap. This will allow us to create a continuous loop of PGM availability for the hydrogen product economy.

Our performance in 2023/24

We set a 2030 target of 75% recycled PGM content in our products, and in 2023/24 this number was 69%. As existing secondary routes decline, e.g. automotive market, and new technologies have yet to establish these routes, we may see declines in recyclable material rates, until routes for the new products, e.g. hydrogen fuel cells, are developed.

Closing the PGMs loop to meet our customers' evolving sustainability demands remains our driver, and will play an important role in the transition to net zero. In 2023/24 we achieved several milestones which will further enable this ambition.

- Our methodology for specific customers across JM to purchase 100% recycled PGM content has been reviewed and accepted by the Carbon Trust as being in line with industry recommendations. In our PGM refinery process we mix secondary and primary metal feeds, so there is no way to physically distinguish the origin of the metal in the output. Now we can offer 100% recycled metal to specific customers through our mass balance approach.
- We have applied our recycling expertise, and upgraded our infrastructure, to allow us to recover and refine the PGMs used in emerging technologies, such as fuel cells and electrolyser stacks. Our new HyRefine™ technology integrates both the PGM catalyst and catalyst coated membrane (CCM) manufacturing processes. We believe this is the first demonstration of circularity for the PGM and the ionomer together. This enables us to provide our customers with a full service offering. Please see page 21 for more details.

In 2023/24 we set up a voluntary employee network of Sustainability Champions. They are employees engaged and passionate about sustainability. Supported by the central sustainability team our champions are already working locally on initiatives, and going forward we want to maintain a balance of corporate involvement with a bottom-up approach to sustainability. Impact on nature is by definition a local issue, and this network provides that grass-roots view of where the risks and opportunities are.



Planet: Protecting nature and advancing the circular economy

Our goal: Minimise our environmental footprint

We are committed to protecting the ecosystems around our sites and minimising all our potentially harmful interactions.

Our global environmental, health and safety (EHS) policies, processes and management system help us to maintain a high level of environmental performance. All our sites are assessed against these standards by our centralised EHS audit team at least once every three years. 93% of our manufacturing sites use environmental management systems that are certified as meeting ISO 14001 standard, as at 31st March 2024.

Minimising waste: reduce, reuse, recycle

We are committed to minimising waste generation and recycling as much as possible. Our operations create waste, which is always treated in line with local regulations. But beyond that we are committed to disposing of it responsibly and in a safe manner, working with specialist treatment companies.

The ongoing investment planned in our new PGM refinery in the UK will be a significant project towards meeting our 2030 target on hazardous waste reduction. We are always looking for ways to reduce waste at all of our sites. For example, last year at our site in Smithfield, the US we upgraded our NO_x abatement system. This year the new system has demonstrated not only a reduction in our emissions, but it also made a significant reduction in hazardous waste on site, expecting to reduce hazardous waste in JM by 2% and reduce JM's waste to landfill by 19%.

Total waste sent off site has increased this year by 4% compared with last year mainly due to decommissioning of manufacturing facilities.

We continue to work with third-party waste providers, looking for opportunities to divert our waste away from disposal.

We have established processes to recover PGMs from our production waste and subsequently recycle in our own refineries.

Using water responsibly

This year our Oberhausen site in Germany managed to reduce their water consumption, which will result in a 50% reduction in their annual water consumption going forward, through collaboration with the downstream effluent treatment system operator.

To understand where we need to act most quickly for most benefit, we use the World Resource Institute's (WRI) Water Risk Atlas tool to analyse usage at our sites. This year the tool identified 12 manufacturing facilities which are located in regions with a high or extremely high baseline water stress level. This means that they are at higher risk of declining water availability or increased cost in the future due to drought or groundwater table decline. The 12 manufacturing facilities accounted for 402,254 m³ (23%) of our net freshwater consumption in 2023/24.

We discharged 1.2 million m³ wastewater during the year, 96% to municipal treatment plants and the remainder back to its original freshwater source after treatment. We treated 0.9 million m³ of wastewater on site, of which we recycled 33% back into our manufacturing processes instead of discharging.

We seek to minimise the chemical burden in our wastewater discharged.

Reducing emissions to air

Some of our operations produce other air emissions as by-products of chemical reactions, including nitrogen oxides (NO_x), sulphur oxides (SO_x) and volatile organic compounds (VOCs).

All our permitted sites monitor these emissions to ensure they comply with local regulations.

This year we saw a further decrease in our year-on-year NO_x emissions due to the enhanced NO_x abatement system at our Smithfield site, US, delivering improved NO_x removal efficiency. Capital investment to

replace steam boilers to best in class burner design, at one of our UK sites, has also resulted in a reduction in NO_x emissions.

We don't produce ozone-depleting substances (ODS) through our operations, however, any small leaks of refrigerant gases are reported in our Scope 1 GHG emissions.

Types of waste produced and sent off site for treatment by a third party

Type of waste (tonnes)	2023/24	2022/23 ¹	2021/22 ¹	2020/21 ¹	2019/20 ¹
Liquid hazardous waste	39,342	38,518	45,151	41,020	40,011
Solid hazardous waste	2,958	3,336	2,639	2,620	2,469
Liquid non-hazardous waste	10,626	7,056	8,559	7,014	7,772
Solid non-hazardous waste	12,299	13,896	15,230	11,482	13,530
Total hazardous waste sent off site for treatment	42,300	41,854	47,790	43,640	42,480
Total waste sent off site	65,225	62,806	71,579	62,136	63,782

Methods of waste treatment applied by our third-party providers

Type of treatment (tonnes)	2023/24	2022/23 ¹	2021/22 ¹	2020/21 ¹	2019/20 ¹
Off site reuse	532	1,038	1,002	1,031	718
Off site recycling	37,078	36,853	38,270	23,366	19,437
Off site incineration with energy recovery	1,213	1,071	2,041	1,000	1,663
Incineration or other off site treatment	23,064	19,529	26,158	33,570	38,973
Total waste disposed off site to landfill	3,338	4,315	4,107	3,169	2,990
Total waste sent off site	65,225	62,806	71,578	62,136	63,781

Water consumption

	2023/24	2022/23 ¹	2021/22 ¹	2020/21 ¹	2019/20 ¹
Net freshwater consumption (000's m ³)	1,755	1,826	1,929	1,837	1,932
Total wastewater discharged (000's m ³)	1,205	1,349	1,391	1,493	1,381
Average direct Chemical Oxygen Demand of wastewater (COD) (mg/L)	264	242	220	112	104

Emissions to air

Type of emissions (tonnes)	2023/24	2022/23 ^{1,2}	2021/22 ^{1,2}	2020/21 ^{1,2}	2019/20 ^{1,2}
Nitrogen oxides (NO _x) emissions to air	318	337	358	338	320
Sulphur oxides (SO _x) emissions to air	36	31	73	42	16
Volatile organic chemicals (VOCs) emissions to air	45	42	50	39	47
Coverage for NO _x reporting	88%	86%	85%	85%	82%
Coverage for SO _x reporting	68%	36%	34%	36%	32%
Coverage for VOCs reporting	80%	57%	56%	54%	53%

1. Rebaselined to remove divested businesses, see page 210 for more information.

2. Restated due to improvement in methodology, see page 210 for more information.

Planet: Protecting nature and advancing the circular economy**Product stewardship throughout the value chain**

The nature of the complex chemistry in our products and manufacturing processes means that we sometimes have to use chemicals that are potentially hazardous.

JM's product stewardship processes, and our commitment to Responsible Care®, a global initiative of the chemical industry, are central to ensuring our products should not pose any risk to humans or the environment when used responsibly and as intended, and that we comply with all relevant laws and regulations. We require the same of our suppliers, see our Supplier Code of Conduct, supporting them when we identify deficiencies in e.g. hazard classifications or regulatory compliance. Our customers can access support on how to handle and dispose of our products safely, beyond what we provide in our safety data sheets, via published guides and direct engagement with product specialists. In the event of an incident with a JM product, a 24-hour global emergency response telephone service is in place to provide safety information in the local language. This year, we received no reports of significant health effects from the use of our products, and we continue to comply with all applicable health and safety, labelling and marketing regulations, and voluntary codes.

Per- and polyfluoroalkyl substances (PFAS)

We are aware of the increasing levels of concern over potential risks posed by a subset of PFAS entering the environment and are committed to reducing our uses, developing alternatives, better understanding and limiting impacts on human health and the environment from PFAS in our operations and products. An exciting demonstration of this is our new HyRefine™ technology that delivers circularity for the PGMs as well as the valuable ionomer components in fuel cell and water electrolyzers, at end-of-life. We continued to work directly with suppliers, customers, trade bodies, NGOs and regulators to ensure responsible use and proportionate regulations of PFAS. In 2023 JM actively contributed, individually and as part of various trade bodies, to the EU consultation on the PFAS restriction proposal; UK PFAS policy options; and to the US proposals under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA).

Biotechnology in JM

We continue to invest in growing our biocatalyst product-offering and manufacturing capabilities, within our Life Sciences Technology business. Biocatalysts deliver sustainability and safety benefits to traditional catalysts, such as requiring less energy intensive reaction conditions and reduced need for organic solvents. Our biocatalysts are manufactured using genetically engineered microorganisms. None of our biocatalyst products contain live organisms at the point of supply to our customers, and they currently represent just 0.02% of our sales.

🔗 See matthey.com/sustainability for more information

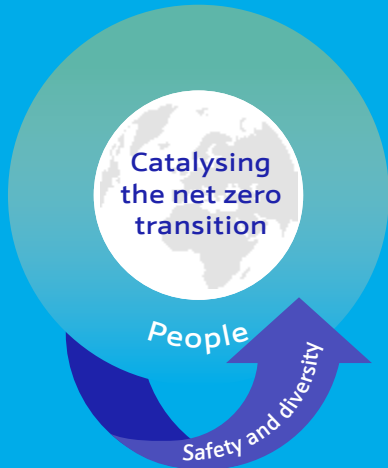


chemsec
CHEMSCORE

4th

out of the world's top 50
chemicals companies

Sustainability continued



People: Promoting a safe, diverse and equitable society

We rely on our 11,600+ talented and passionate employees to drive our purpose. Ensuring that they are fulfilled in their careers, work safely and return home well to their families each day is our number one priority.

See our EHS policy, which applies to everyone who works for us, at matthey.com/ehs-policy

Our goal: Keep people safe

The nature of our business means we have complex chemical processes that often involve heavy machinery and hazardous chemicals. Our ability to catalyse the net zero transition depends on the mitigation of potential risks and the safe operation of our manufacturing sites.

Take 5 is one of our key global environmental, health and safety (EHS) programmes and continues to drive global improvements in health and safety performance. During 2023 we ran a campaign that focused on our key risk areas such as hand cuts, sprains and strains. We also created a Centre of Expertise in Industrial Hygiene by centralising industrial hygiene resources so that these can be deployed more effectively to where the risks are across the group.

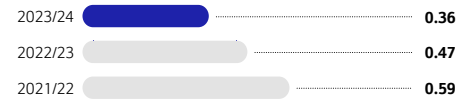
In terms of regional EHS performance we have initiated a project to review and improve safety at our facilities in the North America region. A local team comprising operations and EHS managers has developed an improvement plan that addresses common safety issues at our US facilities, including ergonomics, job risk analysis and competency. The project leaders report progress to the Group Operations Leadership Team on a quarterly basis.

Three of our businesses have introduced site-specific improvement plans for the small number of sites that drive their lagging indicator performance. These plans are currently ongoing and are reviewed by the business unit leadership team.

Our occupational health and safety performance

Lost time injury and illness rate (LTIIR) reduced from 0.24 last year to 0.17. In our total recordable injury and illness rate (TRIIR), for employees and contractors, we went from 0.47 to 0.36 this year which is a 23% improvement. This is a demonstration of the effectiveness of our Take 5 programme and the impact of our annual Global Safety Day, as well as additional local campaigns at site level which have focused on site-specific safety issues. We have had no fatalities since 2015.

TRIIR (employees and contractors)



For more data see our Sustainability Performance Databook, matthey.com/sustainability-databook

Our process safety performance

Our International Council of Chemicals Association (ICCA) process safety event severity rate (PSESR) has decreased from 1.02 last year to 0.88 PSESR per 200,000 hours worked. There were three Tier 1¹ process safety events this year, compared to nine the previous year. We have improved the governance process for our high risk process safety scenarios and there has been great progress in reducing the number of open scenarios. With the creation of new engineering teams at group level and in the businesses, we now have a joint EHS and Engineering working group to understand better ways of working to effectively address implementation of process safety requirements at site level such as asset integrity and installation of modern automated control systems.

1. A Tier 1 Process Safety Event (T-1 PSE) is a loss of primary containment (LOPC) with the greatest consequence as defined by American Petroleum Institute recommended practice (RP) 754.

We continue to embed process safety training across JM. In the last five years process safety training has been completed by over 3,000 operations-based staff, plus in-depth training for over 700 managers and senior executives. We have also completed individual process safety competency assessments for 305 managers and engineers in process safety-critical roles at facilities rated as 'high hazard' with an ongoing programme of assessments for new starters.

All of our high hazard facilities have now been subject to a formal corporate EHS audit within the last three years and a process safety audit within the last five years.

Global Safety Day 2023

This year's event focused on Taking 5 Together, with the theme 'It's In Our Hands' designed to encourage employees to feel empowered to take responsibility for their own safety and that of their colleagues.

JM teams, globally, dedicated a day to safety, attended workshops, made personal safety pledges and celebrated successes. Our employees across all sites and offices took part in safety-related activities that really brought to life the importance of us all being accountable for safety.

Helping people to feel healthy, secure, supported and connected

We have a wellbeing strategy in place to support all employees and help them focus on four wellbeing pillars: physical, financial, social and mental health. Employees are provided with Elements, a personalised web platform and app to access wellbeing resources and support. This includes an employee assistance programme (Assist) which provides confidential counselling for mental health and work-life services. See page 48 for more details.

People: Promoting a safe, diverse and equitable society

Our goal: Create a diverse, inclusive and engaged company

A high-performance culture is critical to the execution of our strategy. We are making good progress in creating a more market-focused, agile and less bureaucratic company, where our people can be truly customer-centric and thrive in their roles.

Building an engaged, high-performance culture

At our launch of the 'Play to Win' strategy in 2022, we identified three aspects of our culture that we needed to enhance:

- Take accountability
- Keep it simple
- Drive results

It is critical that our leaders – at all levels – in JM take the lead in accelerating this throughout the organisation. This year we established a series of 'Play to Win Through People' workshops for managers across the entire organisation to give them the tools to bring the strategy to life with their teams, to clarify expectations on them as managers, and to build their skills and confidence to drive performance, employee engagement and change.

Secondly, we updated our performance management approach during the year with a focus on delivering ongoing dialogue around expectations, forward-focused feedback and development. We now require all our managers to hold regular feedback and performance discussions with their team members. The new approach has been well adopted, and employees report they are having better ongoing dialogue, with improved quality of feedback, recognition and development conversations.

We have also built on our digital recognition platform, Say Thanks, where colleagues can send appreciation through an eCard or nominate significant contributions for awards.

Supporting our people's professional and personal growth remains at the core of our commitment as an employer. During 2023/24 we took several initiatives to support this, including strengthening our succession planning into critical leadership roles, ongoing investment in the future pipeline of leaders through our graduate programmes, various talent accelerator programmes, and broad development initiatives such as customer-centricity training, business skills programmes, and the implementation of a new global digital learning platform, Percipio.

To support and reinforce all these initiatives we are now supplementing our revamped annual employee survey with quarterly all-company pulse survey check-ins, ensuring that all our managers are proactively leading their teams through change whilst providing ongoing feedback, recognition and development.

📡 For more information see our [Sustainability Performance Databook](https://matthey.com/sustainability-databook), matthey.com/sustainability-databook



Engagement score improved from 6.9 in March 2023 to

7.2

in January 2024 (on a scale from 1-10)

"Taking action from last survey" score improved

+0.8

(on a scale from 1-10) from March 2023 to January 2024

Say Thanks:

84%

of all employees in JM have accessed the portal and employees have received three recognition moments on average through the year

People: Promoting a safe, diverse and equitable society

Advancing diversity, inclusion and belonging

Performance and innovation require diversity of thought, background and representation as well as a culture of inclusion and belonging. This year we have taken strategic and practical steps to ensure our diversity, inclusion and belonging (DI&B) journey is meaningful and has long-lasting impact. We have continued to drive activities in line with our DI&B roadmap to progress towards achieving our sustainability goal, targets and commitments.

🔗 [See our Diversity, Equity, Inclusion and Belonging Policy, matthey.com/DIEB](https://matthey.com/DIEB)

Developing and attracting talent

Our female representation at all management levels² is 30%, an improvement on last year's 28%, and a step forward towards our target of 40% by 2030, with a milestone of 31% in 2025.

Our Talent Acquisition team and DI&B team have continued to build partnerships with organisations such as the Society of Women in Engineering, Women in Chemicals and Association for Black and ethnic minority engineers to ensure we can source and attract the best talent from a range of diverse backgrounds in the market.

In 2023/24 we formed a partnership with STEM Returners, a leading organisation in the UK in returner programmes, to help STEM professionals return to work after a career break. To date, we have six returners in the business in engineering, legal and procurement with all returners now being offered either extended contracts or made permanent employees.

Once we have recruited talented people into the business, providing the right environment for all to progress through the organisation and reach their full potential is critical. In September we launched our 'Elevating women in leadership' pilot programme, and to support the development of our Black, Asian and ethnic minority employees, we continued to participate in the Black British Business Awards talent acceleration programme in the UK and the McKinsey connected leadership development programme in the US.

Earlier this year, we ran a diversity data campaign across our senior leadership to better understand the ethnic representation of this population.

In line with the Parker Review recommendations, we have set targets to improve senior representation for minority ethnic individuals, targeting

15%

representation in our senior management by 2027, based on our current representation of 9%.

Included in this 2027 target is a separate target for Black representation of

3%

We continued to create awareness around our DI&B agenda and build confidence in speaking about difference, with our nine employee resource groups remaining at the core of this work. We also implemented a new DI&B events structure to better engage our employees. This resulted in widely attended local events and webinars with external and internal speakers for International Women's Day, LGBTQIA Pride Month, Hispanic Heritage Month, Black History Month, and International Day of Persons with Disabilities, along with the creation of our first Global Inclusion Day.

Disability inclusion

Last year, we conducted a site accessibility audit which resulted in a recommendation to provide all customer-facing staff with disability equality and awareness training, specifically including deaf awareness. Our DI&B and Learning and Development teams engaged an external partner to design some disability inclusion training, which we piloted with our Royston, UK reception staff. We then worked on a train the trainer model to allow us to roll out the training across JM for all employees in a customer-facing role.

Gender diversity statistics (as at 31st March 2024)

	% Female	Female	Male	Total
Board	44%	4	5	9
Group Leadership Team (GLT)	31%	4	9	13
Subsidiary directors	24%	23	74	97
Senior managers ¹	38%	30	48	78
All management levels ²	30%	507	1,190	1,697
New recruits	38%	765	1,232	1,997
All employees	31%	3,577	8,108	11,685

🔗 [For more information regarding gender, age and ethnicity of our people see our Sustainability Performance Databook, matthey.com/sustainability-databook](https://matthey.com/sustainability-databook)

1. Within JM our senior managers are defined as direct reports of the GLT. The UK Corporate Governance Code 2018 requires companies to disclose the gender balance of senior management, which is defined in the Code as a company's executive committee and the Company Secretary; the statistics for this are included in the GLT row above. Some individuals are included in more than one category.
 2. All employees whether they are a people manager or not, at a minimum compensation grade.

People: Promoting a safe, diverse and equitable society

Freedom of association

We respect and uphold the freedom of association and the effective recognition of the right to collective bargaining. In 2023/24 a quarter of our people globally were covered by collective bargaining agreements and/or represented by works councils or trade unions.

Regular engagement is undertaken directly with our employee representative groups on a range of topics including freedom of association and collective bargaining. These groups include recognised trade unions, or elected employee representative groups where trade unions are not present.

The engagement is conducted on a regular and routine basis to ensure employee representative groups are well informed across a range of business and people-related topics. Several of our transformation initiatives have been guided and subject to thorough collaboration and consultation with employee representatives to ensure all relevant aspects are covered and managed.

Union representation, % of global headcount

	31 st March 2024
UK	20%
Rest of Europe	25%
North America	20%
Asia	30%
Rest of the world	45%
Workforce globally	25%

For more information see our Sustainability Performance Databook, matthey.com/sustainability-databook

Fair pay

We operate a 'total reward' approach at JM, and we aim to provide a total reward offering that is flexible, market competitive in each country in which we operate and affordable for JM. For this, we are committed to providing fair reward that is consistent with our goal of being an inclusive and sustainable company.

We understand that there is pressure on our people's finances because of the current economic environment and for the second year in a row, we have given a larger portion of the global salary budget to non-management roles, recognising that cost-of-living pressures are felt more acutely here.

We are developing our approach to global pay transparency in line with EU legislation and have already disclosed our UK gender pay gap report in accordance with UK law. In 2023/24 our UK gender pay gap was 7.6% which puts us ahead of the national average of 14.3%.

In addition to our employees' pay, we have provided support through an employee assistance programme (Assist), which provides JM employees and dependants with confidential, external professional advice on a variety of financial wellbeing topics such as debt management, mortgages, and loans, in addition to broader mental, physical and social wellbeing topics. Our temporary employees received the same benefits as our permanent employees.

View our gender pay gap report: matthey.com/gender-pay-gap

Parental leave

We recognise the significance to our employees of starting and supporting a growing family. To support employees, we maintain a Global Parental Leave Standard. This standard provides a global minimum standard of 16 weeks fully paid leave for new parents (including adoptive parents) who are regarded as the primary caregiver.

Please see our Global Employee Leave Policy for more information, matthey.com/global-employee-leave

For more details see our Sustainability Performance Databook, matthey.com/sustainability-databook



Accreditation as Living Wage Employer UK and exploring opportunity to apply living wage policy globally

7.6%
Gender pay gap in UK



People: Promoting a safe, diverse and equitable society

Upholding human rights and high ethical standards

We support the principles of the Universal Declaration of Human Rights and the International Labour Organisation (ILO) Core Conventions. We are aligned with key frameworks that define human rights principles for businesses, including UN Guiding Principles on Business and Human Rights and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

Our approach to human rights considers our entire value chain, including our own operations, suppliers, partners and customers. We have set ourselves a commitment to assess all of our value chain partners for human rights risks by 2030.

matthey.com/human-rights-policy

Our operations

Our Human Rights policy sets out our commitments and provides for regular processes to identify and mitigate risks in our operations. Where we have operating sites in high-risk countries we work with local teams to implement remedial actions where required.

Our suppliers and customers

We initiated a human rights risk assessment for suppliers accounting for 85% of our annual procurement spend (excluding PGMs). Utilising the EcoVadis IQ Module, we rated 529 suppliers, with 5% identified as (very) high risk. We are working with these suppliers to address these risks effectively.

Where required, mitigations and remedial actions have been put in place and continued monitoring has been implemented.

We actively engage and support our suppliers on their sustainability journey. Last year we reported the case of a supplier in a higher risk region that we were working with to improve their EcoVadis assessment, following a human rights assessment. As a result the supplier has this year achieved a silver medal for their commitment to sustainable and responsible business practices.

[For Ecovadis KPIs of our suppliers see our Sustainability Performance Databook, \[matthey.com/sustainability-databook\]\(https://matthey.com/sustainability-databook\)](#)

This year we included detailed human rights expectations into our updated Supplier Code of Conduct as well as our standard Terms and Conditions of Purchase and template purchasing agreements. These require our suppliers to not only comply with all applicable human rights laws, but also to put robust internal procedures in place to mitigate and remediate human rights risks. These obligations apply both to our direct suppliers, existing and new, as well as their supply chain and subcontractors.

[See our refreshed Supplier Code of Conduct, \[matthey.com/supplier-code\]\(https://matthey.com/supplier-code\)](#)

We also work closely and collaboratively with our customers to provide open and transparent disclosure. We see our customers as valued partners and we contribute to their sustainability goals by actively engaging and providing data and information about climate-related, human rights, diversity and governance topics. Our commitment extends to informing them about our sustainable practices in both our products and operations, ensuring transparency in all sustainability developments concerning JM. Moving forward, our dedication remains unwavering as we strive to enhance our

engagement with customers, empowering them to make informed choices that play a crucial role in shaping a more sustainable and resilient future.

Modern Slavery Statement

We are committed to ensuring no modern slavery exists in our business and to identify, mitigate and remediate any issues we find in our value chain. We publish our Modern Slavery Statement annually to demonstrate our progress.

matthey.com/modern-slavery

Doing the right thing underpins everything we do

Our new, refreshed and simplified digital Code of Ethics, called 'Doing the Right Thing. Together.' is a practical guide for us all to use. It provides guidance around four key areas applicable to everyone:

1. What doing the right thing means and our Code commitments
2. Making good, ethical decisions
3. Asking for help when you are unsure what to do; and
4. How to speak up with serious concerns

Included within is a new decision-making tool, which assists anyone facing an ethical dilemma or difficult decision. Our global network of ethics ambassadors is called out as an on-site resource should employees have ethical queries or concerns. And we have included a people manager section, highlighting the role and responsibilities line managers have in promoting an ethical culture within their teams across JM.

To complement our refreshed Code of Ethics we rolled out a new programme of ethics training globally. We also run bespoke training courses for specific

groups, for example on competition law and anti-bribery and corruption for externally facing employees. This year we also rolled out a human rights training course to targeted groups.

[See our full set of policies on our website](#)

[For details of training courses see our Sustainability Performance Databook, \[matthey.com/sustainability-databook\]\(https://matthey.com/sustainability-databook\)](#)

Our Speak Up culture

Our independent Speak Up helpline is available for anyone wishing to raise a concern.

We analyse Speak Up metrics quarterly to identify key themes and significant trends and share these with the Societal Value Committee and relevant senior leaders.

[See page 89 for more information about our Societal Value Committee](#)

During the year there were 138 Speak Ups, of which two related to bribery and corruption. JM has a zero-tolerance approach to bribery and corruption, and our Ethics & Compliance team thoroughly investigated to determine whether the allegations could be proven or whether any recommendations should be made, as it does with all categories of Speak Ups. Even where allegations of bribery and corruption are not proven, an assessment is made to ensure the risk of bribery and corruption taking place in the future is properly mitigated. During the year no legal cases regarding bribery and corruption were brought against JM or its employees.

[See our Speak Up Policy, \[matthey.com/speak-up-policy\]\(https://matthey.com/speak-up-policy\)](#)

[For details of the Speak Up reports see our Sustainability Performance Databook, \[matthey.com/sustainability-databook\]\(https://matthey.com/sustainability-databook\)](#)

People: Promoting a safe, diverse and equitable society

Responsible sourcing

Our global multi-tiered supply chain encompasses a wide range of suppliers providing raw materials, goods and services. We foster a responsible and sustainable supply chain by collaborating closely with our suppliers. In 2023/24 our supplier spend was £3 billion (excluding precious group metals).

In 2023/24 we developed responsible sourcing principles. Led by our commitment to creating a positive impact through our operations, the responsible sourcing principles embody our dedication to ethical and environmentally-conscious practices across our value chain. All new suppliers receive and acknowledge the refreshed Supplier Code of Conduct which includes an environmental section.

We also conducted a review of our Scope 3 emissions from purchased goods and services, to map existing decarbonisation commitments from suppliers and identify additional levers to reach our 2030 target. This work will help us prioritise our engagement with suppliers, and guide our work with initiatives such as Together for Sustainability, to ensure we maximise the positive impact we can have on our supply chain.

We continue our partnership with Tealbook and Minority Supplier Development UK (MSDUK). In the next year we aim to use MSDUK to help us set a long-term supplier diversity strategy and target. We have estimated that 3% of our spend with suppliers is allocated to diverse or small businesses, and we identified several opportunities to improve our sourcing practices to be more inclusive as well as enhance our internal training and adoption of the programme. We are also embedding the Tealbook services into our conversations with customers and suppliers and update them on the diversity spend.

For more information see our Sustainability Performance Databook, matthey.com/sustainability-databook

Conflict minerals and cobalt

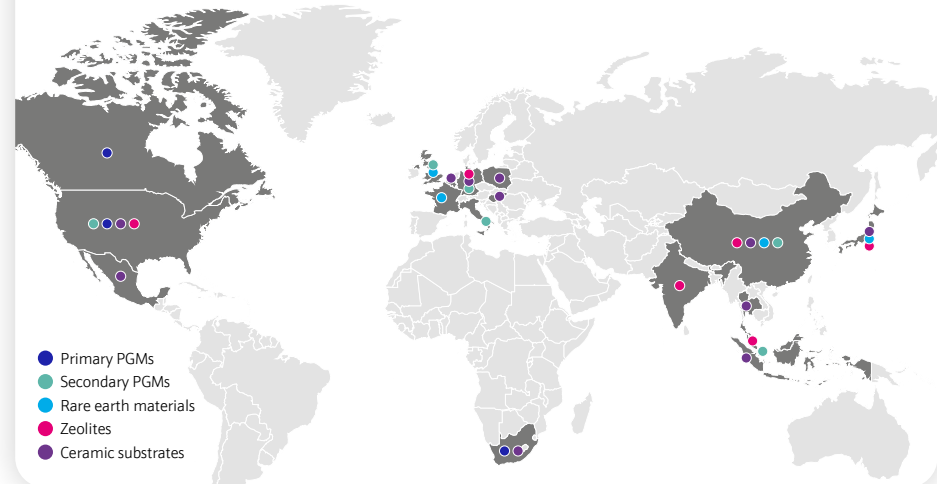
In alignment with both our Conflict Minerals & Cobalt Policy and the OECD's Due Diligence Guidance for Responsible Supply Chains or Minerals from Conflict-Affected and High-Risk Areas, we engage with suppliers to get information on 3TGs (tin, tantalum, tungsten and gold) and cobalt in our products.

Of the 3TGs, tungsten is used in our autocatalyst products, though we recognise we may have small amounts of the others in finished goods and refining intakes. We have identified 85 suppliers providing 3TGs and cobalt going into our products. These suppliers have each provided due diligence industry standard reporting templates, of which four did not fully meet our requirements due to low supply chain coverage (less than 75%). We are working with these suppliers on remediation plans.

Responsible sourcing principles

- 1 Reduce GHG emissions
- 2 Maximise resource efficiency and promote circularity
- 3 Protect nature
- 4 Promote ethical behaviours, uphold human rights, source minerals responsibly
- 5 Provide and create a safe workplace and safety culture
- 6 Live diversity and inclusivity across our value chain

Where we source strategic raw materials



Platinum group metals (PGMs)

We collaborate with industry associations such as the International Platinum Group Metals Association (IPGA) to ensure ethical sourcing of PGMs. Supporting the adoption of the Initiative for Responsible Mining Assurance (IRMA) standard, we recognise the challenges and continue assisting our suppliers on this journey. Our UK and US refineries adhere to the London Platinum and Palladium Market's 'Good Delivery' lists and Responsible Platinum and Palladium Guidance, annually confirmed through third-party audits by RCS Global.

- More on the IRMA responsible mining standard: matthey.com/IRMA
- Annual LPPM compliance: matthey.com/lppm-compliance
- See our Supplier Code of Conduct: matthey.com/supplier-code

Forestry products

We ensure palm oil is being purchased from sustainable sources, as set out in our Supplier Code of Conduct which can be found on our website. As a certified member of the Roundtable on Sustainable Palm Oil (RSPO) we successfully completed an audit by TÜV NORD Integra according to the RSPO Supply Chain Certification Standard in August 2023.

Doing business in higher-risk jurisdictions

In 2023/24 we completed the disposal of our production facility in Krasnoyarsk in Russia, which we previously put into dormant status during 2022/23, and have now exited Russia completely.

Several raw materials to our products, including PGMs, rare earth metals and zeolites, are sourced from China. No major concerns have been identified, however, we continue the process of reviewing the detailed due diligence templates and will implement mitigations or put remedial actions in place, as required.

People: Promoting a safe, diverse and equitable society

Investing in our communities

Being a responsible neighbour continues to be core to our community investment approach. Through our activities we aim to strengthen the communities surrounding our sites by contributing to their long-term resilience and sustainability, and in particular by removing barriers to STEM education.

Our performance in 2023/24

Our colleagues volunteer throughout the year, however, much of this activity centres around our two campaigns, #JMvolunteers, coinciding with International Volunteer Day, and Earth Month, which we ran for the first time this year, and that encourages volunteering with an environmental focus.

2,246

volunteering days during 2023/24, a 9% increase from last year despite a decrease in employees

£1,013,000

Expenditure in community investment

Tackling STEM inequality

We remain committed to working with local partners and schools to tackle STEM inequality and break down barriers young people often face in accessing quality STEM education and opportunities.

Our global community impact programme, Science and Me, enables us to make progress in this area by contributing to projects with funding, expertise and time. Science and Me has been fostering curiosity and stimulating an interest in STEM since launching three years ago.

In 2023, Science and Me awarded grants for new projects in the US, UK and North Macedonia. North Macedonia 2025, for example, aims to enhance access to quality STEM education for 15 primary schools across North Macedonia by delivering hands-on learning experiences that will inspire around 1,500 students and 25 science teachers. Since its inception, our Science and Me programme has awarded a total of 30 grants to help tackle STEM inequality.

11 Science and Me grants

were awarded in 2023, to five non-profits and six schools, engaging nine JM sites in three countries.

Community investment summary

£'000	2023/24	2022/23	% change
Direct expenditure	440	594	-26%
Indirect expenditure	573	479	20%
Total	1,013	1,073	-6%

For more information see our Sustainability Performance Databook, matthey.com/sustainability-databook

Examples of initiatives

We launched a pilot with Tent Partnership for Refugees with sites across the UK, Sweden and Germany, enabling our people to volunteer by taking up mentorship roles supporting refugee women back into work.

35 colleagues from our Wayne and Devon sites helped clean up trash and debris from a local watershed, helping protect the local ecosystem.

Empowered by a sense of communal responsibility, our colleagues in China and Japan responded to local natural disasters by donating funds and relief supplies to the victims.

45 colleagues from eight UK locations participated in the Peak District Ultra Challenge, raising £25,000 for 27 charities, which was doubled through our match funding scheme.

The annual Poland Business Run saw 220 colleagues globally run a combined total of 880km in support of a non-profit, raising funds and awareness for people with disabilities.

Our teams in China mobilised over 320 colleagues to support nature conservation initiatives, promoting the preservation of Chongming island's ecosystem.

In response to the conflict impacting Israel and Gaza, we donated to Médecins Sans Frontières (MSF) Doctors Without Borders, funding emergency medical care where it is most needed.

People: Promoting a safe, diverse and equitable society



How we engage with our external stakeholders

As a global company with a leading role in the net zero transition, we engage actively with non-profit organisations, policy makers, business associations and global alliances. This helps ensure we maximise our positive impact on society, by playing our role in developing sustainable solutions, and setting the right sustainability objectives.

Throughout the year, we attended flagship events and debates to keep up to date with the latest sector trends and rapidly evolving regulatory landscapes. For instance, we were present at COP28 to follow the climate negotiations and to enable better understanding of the role that our solutions, such as sustainable aviation fuels and clean hydrogen, can play in the journey to net zero. We attended several conferences to share insights on our key markets, such as the World Hydrogen Leaders conference, ADIPEC and the London Platinum Week.

Business associations and non-profits

We actively engaged with business associations last year. For instance, we worked with the Association for Emissions Control by Catalyst (AECC) on the introduction of Euro 7 standards in the EU and on other regulations promoting clean air and sustainable mobility solutions. We also engaged with Hydrogen Europe and the Hydrogen Council to provide expert insight on hydrogen technologies, as well as on the PGM markets, to inform policy and support the critical role of PGMs in the energy transition.

We also joined the Industry Council of the US Department of Energy's Energy Innovation Hub. We will help inform the Critical Materials Innovation Hub's five-year programme on PGMs, using our unique and longstanding depth of knowledge across the entire PGM ecosystem.

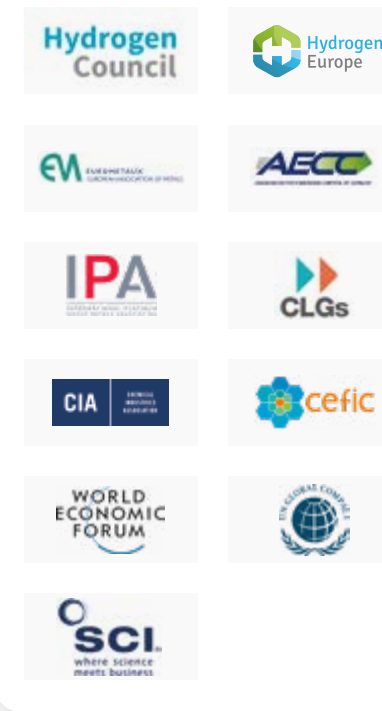
In addition, we engaged with several non-profit organisations and think tanks on sustainability topics, including our Nature strategy, JM Renewable Energy Standard, and how to best embed sustainability in our capital investments.

We provided insights to the British Society of Chemical Industry (SCI) on the business case for an industrial science and innovation strategy in the UK, underpinned by sustainability, which was used in their Manifesto released in August.

Global alliances

JM is a member of global alliances which can help drive business outcomes and shape the low-carbon markets we play in. For instance, we are actively involved in the World Economic Forum's Securing Minerals for the Energy Transition initiative, where we provide expert insights on the supply and demand of the PGM market, including the key role of the secondary market and their contributions to sustainable technologies.

Examples of business associations and global alliances which were a key focus of engagement on sustainability in 2023/24



Task Force on Climate-related Financial Disclosures

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Introduction

Climate change is one of the most pressing threats facing our planet today. We recognise that what we do at Johnson Matthey has impacts – both positive and negative. Our solutions help our customers to reduce greenhouse gas (GHG) emissions and the new technologies we are designing will help further accelerate the transition to a low-carbon future. But our operations have their own environmental impact, creating GHG emissions, using water and producing waste.

Our business strategy is shaped around the opportunities and the risks that our changing climate presents. We have set ourselves the target of achieving net zero by 2040; our Scope 1, 2 and 3 long-term target ambition has been recognised as aligned with the SBTi's 1.5°C mitigation pathways.

The disclosures in this report are consistent with the TCFD recommendations.

Governance

Given the nature of our business, and how closely aligned our strategy is to a warming world, climate-related risks and opportunities have been on the board's agenda for many years.

Role of the board and its committees

The board is responsible for setting and overseeing the implementation of the group's strategy, including the annual budget and detailed business plans. In doing so, it considers climate-related issues, including when approving requests for capital expenditure or new initiatives.

The responsibilities of the board and its committees in relation to climate-related issues and the broader sustainability agenda are set out in our Matters Reserved for the Board and in our Audit Committee and Societal Value Committee (SVC) Terms of Reference.

🔗 [See the Matters Reserved for the Board and Terms of Reference for our committees within the Corporate Governance Framework document on our website: \[matthey.com/governance\]\(https://matthey.com/governance\)](#)

The SVC focuses more closely on the governance of sustainability matters, including our response to climate change. The SVC meets three times a year, see pages 89 to 91 for composition and more information about its work in 2023/24.

Together with the Nomination Committee, the board ensures that, among the directors, it has the necessary sustainability and climate-related expertise.

→ [For more details of our non-executive directors' skills and experience, see pages 77-79](#)

The Audit Committee monitors and assesses the level of assurance over TCFD and climate-related issues and performance metrics. The committee is also responsible for reviewing the effectiveness of internal control and risk management, which includes climate-related risk.

The Remuneration Committee set three ESG targets within the group's Long-term Performance Share Plan (PSP): two climate related targets and a DI&B target. Our senior leaders and directors participate in this PSP. This clearly reflects our intent to contribute to an acceleration of the transition to a net zero world and creating a diverse, inclusive and engaged company. Details of the PSP targets set for 2024 can be found on page 127.

Role of management

The board delegates responsibility for running the business to the Chief Executive Officer (CEO); this includes overall responsibility for climate-related issues. The CEO is supported by the Chief Sustainability Officer (CSO) and the Sustainability Managers who together develop our sustainability vision, goals and targets.



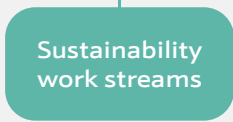
The CSO is responsible for prioritising our sustainability agenda and threading all elements into our business, providing updates to the Group Leadership Team (GLT) on the steps taken to develop or implement our sustainability strategy, including key metrics, risks, opportunities and our roadmaps to net zero by 2040.

At a business level, there are work streams for advancing specific aspects of sustainability.

→ [For more information on our governance structure see page 80](#)

Task Force on Climate-related Financial Disclosures continued

Governance structure for climate-related issues

Level	Committee/forum	Attendees	Frequency	Objectives
Board		<ul style="list-style-type: none"> Committee members CSO External experts as required 	three times a year	<ul style="list-style-type: none"> Formal board governance committee on sustainability Gives direction and oversight of ESG strategy, goals, performance
GLT		<ul style="list-style-type: none"> CSO – responsible overall for climate-related issues Other GLT members 	Monthly (CSO updates as required)	<ul style="list-style-type: none"> Agree and formally approve global sustainability strategy and goals Monitor roadmaps and ensure resources in place to deliver strategy and targets
Business		<ul style="list-style-type: none"> Sustainability managers Operations and commercial sustainability leads Sustainability initiative owners from global functions 	Bi-monthly	<ul style="list-style-type: none"> Build and agree roadmaps to targets Ensure delivery of roadmaps Discuss new and emerging topics Ensure customer needs on sustainability are proactively met
Other internal stakeholders		<ul style="list-style-type: none"> Sustainability champions OneJM scenarios team 	As required	<ul style="list-style-type: none"> Encourage grassroots initiatives Ensure our strategy is based on the latest understanding of climate scenarios

Representation for sustainability topics in parallel board committees – e.g. Audit, Nomination and Remuneration

Sustainability leads by business and function

In addition to the internal stakeholders listed above, we regularly engage with external stakeholders, such as think tanks and non-profits, to ensure our sustainability strategy is built on a concerted approach.

Strategy

Our business strategy is based on our purpose of catalysing the net zero transition for our customers through enabling the necessary transitions in energy, chemicals and automotive, underpinned by circularity. Climate change offers us many business growth opportunities through our products and services, as well as some risks. However, the pace at which the world will adapt to the impacts of climate change is uncertain. So that we properly understand and are resilient to these uncertainties we maintain climate-change scenarios to frame the ambiguities in our long-term business strategy of an increasingly volatile and complex environment.

Climate scenarios for evaluating transition risks and opportunities

Our climate scenarios are used by all our businesses as a common basis for planning, forecasting and stress testing their strategy and assumptions on growth. These scenarios, which project the impact of climate change on our operational and commercial performance, are essential in informing our strategic decisions, such as how we invest in R&D and assets, or which new products to develop. We also use climate scenarios to consider the resilience to changing weather patterns of our own operations, those of our strategic suppliers and our core supply routes.

Our three transition scenarios represent three global temperature rise pathways.

- **Rapid transition scenario** (aligned to 1.5°C) – net zero achieved globally by 2050, in line with the goal of the Paris Agreement to limit the world’s temperature rise to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C. This reflects swift and decisive action regarding policy interventions and decarbonisation commitments.

- **Pragmatic evolution scenario** (aligned to 2°C) – net zero achieved globally by 2080, which reflects a step-up in policy interventions and decarbonisation commitments compared with today, but not as decisive as under the rapid transition scenario.
- **Slow transition scenario** (aligned to 3°C) – net zero not achieved by 2100, reflecting a global lack of urgency on climate change with limited policy or legislative interventions.

Task Force on Climate-related Financial Disclosures continued

We developed our climate scenarios internally, with support from external experts, and also using the latest available research from the International Energy Agency (IEA). The IEA inputs included three scenarios: the Net Zero Emissions Scenario (supporting our Rapid Transition scenario), the Announced Pledges Scenario (supporting our Pragmatic Evolution scenario), and the Stated Policies Scenario (supporting our Slow Transition scenario). Our methodology breaks down the different energy sources (electricity, hydrogen, gas, coal, oil, renewables, biomass and others) and considers forecasts for each source by demand type: transport, buildings, industry, power and heat. We developed in-house forecasts for specific source / demand combinations close to our areas of expertise in automotive, chemicals, hydrogen and other industries, while ensuring that, at a macro level, we remained within IEA's forecasts. During the last year we have also started to link availability of critical raw materials to our scenarios, since this will likely have a significant impact on the rate of the clean energy transition progresses, and allows us to consider risks associated with both direct access to such materials and potential geopolitical impacts to such access.

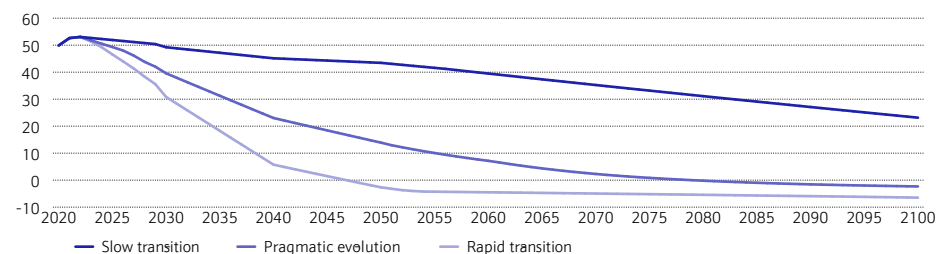
We update our scenarios at least annually to reflect changes in external drivers, incorporating the latest from internationally recognised sources alongside our own

forecasts. Our updates in the last year point towards an acceleration in demand for clean hydrogen in the medium to long term across scenarios, both for direct use and in producing sustainable fuels for both aviation (SAF) and maritime (clean ammonia and methanol), reflecting policy mandates and targets.

For example, during the past year, the International Maritime Organisation significantly increased its emissions reduction ambitions, from a 50% reduction by 2050 (compared to the 2008 baseline year) to an intention "to reach net-zero by or around, i.e. close to, 2050". We are also seeing increased focus on the potential for hydrogen-powered aviation in the longer term (post 2035), both using hydrogen in internal combustion engines and in fuel cells.

We model scenarios up to 2100, but look at shorter-term horizons, specifically 2030 and 2040, to inform our strategic and operational decisions. In the shorter term we also consider the impact of factors such as higher interest rates and current lack of policy clarity, on the ability of projects to move towards a Final Investment Decision, which can impact near-term energy transition developments. The table below details the main qualitative and quantitative assumptions we used for our 2040 scenarios. We use the Pragmatic evolution scenario as our base case for our strategic planning.

Total anthropogenic emissions (GtCO₂/yr)



Climate scenarios for evaluating physical risks

Changing weather patterns as the climate warms may result in physical risks to our assets and supply chains. We have evaluated the exposure of all our assets, with specific deep dives where needed, and those of our strategic suppliers to these risks.

We used the Shared Socio-economic Pathways (SSPs), the latest climate change modelling scenarios from the Intergovernmental Panel on Climate Change (IPCC). The SSPs produce forward-looking climate data by running climate

models driven by assumptions about future global GHG emissions, together with plausible future socio-economic development metrics (economic growth / GDP, demographics, land use and urbanisation), and incorporating the likely implementation of adaptation and mitigation measures. The three SSPs we considered, for the locations of all our own operations and those of our strategic suppliers, are shown in the table below. Four time horizons were considered – 2020 (our baseline), 2030, 2040 and 2050 to identify the top hazards and how they are likely to change.

Scenario	Assumed temperature increase (relative to 1850-1900)
SSP 1-2.6	Best estimate of 1.7°C warming by 2041-2060, and 1.8°C by 2081-2100
SSP 2-4.5	Best estimate of 2.0°C warming by 2041-2060, and 2.7°C by 2081-2100
SSP 5-8.5	Best estimate of 2.4°C warming by 2041-2060, and 4.4°C by 2081-2100

SSP 5-8.5 is an extreme scenario that is unlikely to arise, but is useful for stress testing. We use it to test the resilience of our key sites.

Market Sector	Metric (2040)	Unit	Rapid transition	Pragmatic evolution	Slow transition
Global	Total primary energy demand	Exajoules (EJ)	500-550	600-650	650-700
	Renewables supply (excluding use of biomass)	% of total energy supply	c. 40%	c. 26%	c. 17%
Automotive	Global sales of zero-emissions vehicles	% of total automotive sales	c. 90%	c. 75%	c. 50%
	Global sales of fuel cell electric vehicles	% of total automotive sales	c. 10%	c. 7.5%	c. 5%
Hydrogen	Global hydrogen production	Mt p.a.	350-400	300-350	150-200

Task Force on Climate-related Financial Disclosures continued

Our climate-related transition risks and opportunities

Through our scenario work, we identified three distinct potential climate-related impacts, which represent both risks and opportunities for our business.

We use our climate scenarios to evaluate these risks and opportunities in the short (0–3 years), medium (3–10 years) and long term (10+ years), in line with our usual business planning timescales. We believe the Pragmatic evolution climate scenario is most likely to occur, so have used it as the base case for assessing our transition impacts, and the other two scenarios to stress test the sensitivity and resilience of our business plans

Primary driver of impact	Opportunities (with time horizons)	Risks (with time horizons)	Management of impacts ¹	Financial impacts (after management)	KPIs to monitor impacts
1. Changing customer demand for our products due to climate awareness					
<p>Regulation</p> <ul style="list-style-type: none"> Tightening emissions standards for vehicles Government incentives or taxation for energy production or use based on carbon footprint (e.g. IRA and ETS) Targets and mandates for the increased use of low-carbon alternatives, such as sustainable aviation fuels (SAFs), clean hydrogen, bio-based feedstocks National Hydrogen Strategies <p>Markets</p> <ul style="list-style-type: none"> Shifts in customer preferences 	<p>Opportunities for new products:</p> <p>Energy</p> <ul style="list-style-type: none"> Performance-dictating components for electrolytic hydrogen generation (short/medium term and beyond) Processes, equipment and catalysts for the production of sustainable aviation fuels (short/medium term and beyond) PGM-based technologies enabling the energy transition, along with recycling solutions enabling circularity <p>Chemicals</p> <ul style="list-style-type: none"> Low-carbon solutions for the chemicals industry (e.g. CCUS-based hydrogen, processes and catalysts reducing carbon intensity) (short term and beyond) <p>Automotive</p> <ul style="list-style-type: none"> Performance-dictating components for fuel cells vehicles (medium term and beyond) Emission control catalysts for hydrogen combustion engines (medium/long term) 	<p>Without adaptation of our portfolio, there is a long-term risk that we may not have a financially viable future business model as society transitions to net zero. Main risks include:</p> <ul style="list-style-type: none"> Inability to invest and scale up rapidly to manufacture new products for new sustainable markets (short/medium term) Uncertainty in the rate of market evolution and technology adoption, including the penetration of sustainable fuels and hydrogen technologies, which could affect profitability (short/medium term) Reduced demand for existing autocatalyst products for internal combustion vehicles (medium/long term) 	<p>We focus on managing our existing businesses effectively, with an increasing focus on sustainable chemicals and energy.</p> <ul style="list-style-type: none"> We are closely monitoring the changing market environment drivers including evolving government policy on hydrogen, emissions standards, carbon taxation and incentives such as IRA and EU Green Deal Industry Plan We update our climate scenarios at least once a year to inform our strategic decisions For our growth businesses we are investing in new production assets, forming long-term upstream and downstream strategic partnerships to enable us to play to our strengths to accelerate growth and maintain capital expenditure in line with market expectations For our maturing businesses, we have a plan to reduce our cost base to improve efficiency and cash flow We have divested businesses not core to our growth strategy to simplify and focus We keep investing in innovation to make sure we have products that differentiate us in all our markets 	<p>Growth</p> <p>Accelerating profit growth coming from businesses related to sustainable solutions.</p> <p>Clean Air remains on track to deliver our cash generation target of at least £4.5 billion by 2030/31</p>	<ul style="list-style-type: none"> Tonnes of GHGs avoided by customers using our products (target set for 2030) % sales aligned with SDG7 and SDG13 % R&D spend aligned with SDG7 and SDG13

1. Impact management activities described in this column are all ongoing or have been implemented.

Task Force on Climate-related Financial Disclosures continued

Primary driver of impact	Opportunities (with time horizons)	Risks (with time horizons)	Management of impacts ¹	Financial impacts (after management)	KPIs to monitor impacts
2. Increasing demand for low-carbon manufacturing					
<p>Markets</p> <ul style="list-style-type: none"> Shift in customer preferences towards products with a low-carbon footprint <p>Regulation</p> <ul style="list-style-type: none"> EU REDIII (mandates 42% of all industrial hydrogen used in EU must be green by 2030) Carbon taxation mechanisms in countries of operation e.g. ETS and Carbon Border Adjustment Mechanism Rules on recycled content of consumer goods and the need for companies to declare the carbon footprint of their products 	<ul style="list-style-type: none"> Commercial advantage if we adapt our manufacturing plants to low-carbon operation faster than our competitors (short/medium term) Save future carbon taxation costs, which will reduce operating costs and give us price advantage as schemes become more widespread and expensive (medium term) As the world's largest recycler of secondary PGMs, we could benefit from the increased demand for goods with low-carbon and/or recycled critical raw material content (short/medium term) 	<p>Medium-term risk that we cannot transition our operations and supply chain for net zero at the correct pace to meet customer demand for low-carbon products.</p> <ul style="list-style-type: none"> Loss of customers and failure to attract new customers due to reputational damage if we do not transition fast enough to cleaner energy solutions in our operations (medium/long term) Greater capital required to upgrade our assets and site infrastructure to transition to low-carbon manufacturing (medium term) Inability to engage suppliers to reduce Scope 3 emissions; PGMs market conditions leading to an increased share of primary PGMs used in our products Inability to access the alternative renewable energy sources needed to reduce natural gas use in our operations (medium/long term) Loss of competitive advantage due to increased costs to us and our suppliers of goods and logistics due to carbon taxation on raw materials and fossil-fuel derived energy (medium term) 	<ul style="list-style-type: none"> We have set challenging 2030 GHG reduction targets, in line with a 1.5°C trajectory, and published roadmaps to decarbonise our manufacturing operations We are actively engaging with our suppliers to reduce our Scope 3 emissions, and have updated our Responsible Sourcing Principles accordingly. See page 50 for more details We use an internal carbon price for our capital investment decisions and the board consider sustainability reviews of all investment decisions £5 million and above to help us make the right choices for decarbonising our operations for net zero in the long term We regularly review global carbon pricing trends and ensure our long-term scenarios are consistent with different levels of carbon prices We monitor trends in customer requests for product carbon footprint, Life Cycle Assessment (LCA) and recycling information 	<p>Exposure to direct carbon taxation on our manufacturing operation is not forecast to be material in our three year viability period</p>	<ul style="list-style-type: none"> Scope 1, 2 and 3 GHG emissions (target set for 2030) Number of customer requests for low-carbon and recycled content in products Current and forecast direct exposure to carbon taxation in 2030 for our operations
3. Increasing stakeholder expectations of corporate climate policy and performance					
<p>Reputation</p> <ul style="list-style-type: none"> Increased concerns or negative feedback from stakeholders <p>Legal</p> <ul style="list-style-type: none"> Exposure to litigation 	<ul style="list-style-type: none"> Developing and delivering robust climate policy will increase our long-term business resilience, attracting shareholders and employees aligned with our values (short term and beyond) Delivering our net zero commitment and science-based targets will help us demonstrate sustainability leadership, and increase our profile with new customers and shareholders (medium term and beyond) 	<ul style="list-style-type: none"> Investors, employees and wider society are scrutinising companies' sustainability commitments ever more closely. Failing to meet their expectations could damage our reputation, losing us customers, making it difficult to attract and retain staff, and ultimately increasing the risk of shareholder action (medium/long term) Our plans for meeting our sustainability commitments are not deemed sufficiently detailed or credible (short/medium term) We fail to meet these commitments (medium term) 	<p>We continue to monitor and manage the expectations of our stakeholders as follows:</p> <ul style="list-style-type: none"> SVC monitors our governance of climate-related issues Developing and monitoring a net zero roadmap to 2040, with targets set for 2030, supported by detailed roadmaps Maintaining regular dialogue with investors Market scanning and benchmarking of targets to ensure our climate-related policies and commitments meet the highest expectations 	<p>Reputational risk has not been quantified.</p>	<p>How we score on leading ESG platforms:</p> <ul style="list-style-type: none"> CDP climate change score DJSI, Sustainalytics and MSCI climate scores Progress towards our 2030 sustainability targets for GHG emissions

1. Impact management activities described in this column are all ongoing or have been implemented.

Task Force on Climate-related Financial Disclosures continued

Our climate-related physical risks and opportunities

Changing weather patterns as the climate warms may result in physical risks to our assets and supply chains. They could damage our sites and disrupt production, leading to loss of sales and increased costs, as well as posing risks to our employees. They could also hamper our access to strategic raw materials through supply chain disruption, either at our suppliers' sites or in transit. These physical risks can be grouped into two categories:

Acute, which are extreme events such as tropical cyclones, thunderstorms, severe flooding events, droughts, heatwaves and wildfires.

Chronic, which are gradual changes like rising sea levels that damage coastal property, or sustained changes to temperature and rainfall.

Primary driver of impact	Opportunities (with time horizons)	Risks (with time horizons)	Management of impacts ¹	Financial impacts (after management)	KPIs to monitor impacts
4. Disruption to our operations resulting in damage to or loss of assets, increased costs and harm to our employees					
<p>Physical risks (acute and chronic)</p> <ul style="list-style-type: none"> Increased frequency, severity and variability of extreme weather events and natural disasters 	<ul style="list-style-type: none"> Competitive advantage by improving our business resilience and controls through diligent climate-related screening of assets, and integration with business continuity plans (medium term) 	<ul style="list-style-type: none"> Damage to our key sites, equipment or stock from severe weather (wind, rain and drought) if any increased risk is not effectively mitigated, leading to disruption of supply to our customers (medium term) Insurance of our sites could become inadequate or more expensive if a site is at very high risk of weather-related disruption (medium term) Increased employee EHS incidents if sites are not adapted to increased risk of heat wave (medium term) 	<ul style="list-style-type: none"> Our ten most important manufacturing sites identified as being located in areas with increasing risk from high rainfall are undergoing deep-dive assessments of their resilience and implementing mitigation as required. Following last year's pilot we have completed a further four sites this year There are mitigation action plans to accompany the five physical risk assessments. The risks and associated action plans have been added to our global enterprise Risk Management process, ensuring progress is tracked and reported and the climate risk is integrated into individual site's risk management and risk ownership. Integration of weather-related risks in business continuity plans and follow-up action plans Climate change assessment considered as part of due diligence for new investments for growth. We use the WRI tool to monitor where clean water availability could be at risk in the long-term, see page 43 We regularly review the type and limit of insurance available for climate risks to our portfolio 	<ul style="list-style-type: none"> High-level analysis of our ten most critical locations shows that there is no material financial impact from climate change risks on the quantifiable hazards (flood and windstorm in the medium term) 	<p>Proportion of physical asset value exposed to a climate change-related high or very high hazard levels by 2030:</p> <ul style="list-style-type: none"> Number of sites in water-stressed areas Amount of water consumed in areas of high or extremely high baseline water stress

1. Impact management activities described in this column are all ongoing or have been implemented.

Task Force on Climate-related Financial Disclosures continued

Primary driver of impact	Opportunities (with time horizons)	Risks (with time horizons)	Management of impacts ¹	Financial impacts (after management)	KPIs to monitor impacts
5. Disruption to our supply chain (upstream and downstream) hampering our access to strategic raw materials (including metals) and products, and increasing costs.					
<p>Physical risks (acute and chronic)</p> <ul style="list-style-type: none"> Increased frequency, severity and variability of extreme weather events and natural disasters 	<ul style="list-style-type: none"> Engaging with our suppliers to help them manage climate risks to their sites could enhance our relationships with them and save us money (medium term) Increase in business resilience through more diligent and frequent screening of our suppliers' assets (e.g. through integration with business continuity plans) (medium term) 	<ul style="list-style-type: none"> Disruption of supply of key raw materials risks our ability to deliver goods on time to customers, resulting in loss of sales and future business and damage to our reputation (medium term) Insurance cover of suppliers is inadequate, and uncertainty over the future level of increased risk responsibility that will be assumed by suppliers and/or JM relating to climate risks, or if physical risks should be transferred (medium term, three to ten years) 	<ul style="list-style-type: none"> Climate risk is integrated into our principal risk management structure and supplier partnering framework (SRM). We undertake quarterly reviews of the risks identified, supplier remediation plans and alignment with company and category strategies Our approach in case of high risks related to climate emergencies is to work with strategic suppliers to integrate specific climate mitigating actions to improve their resilience or switch to alternative suppliers We ensure that the type and limit of our suppliers' insurance is in line with our own risks and external obligations (medium term) We continue to develop a diversified supply portfolio, with emphasis on dual sourcing at supplier and site levels 	<p>No issues identified in the last year.</p>	<p>Number of weather-related supply chain disruptions.</p>

1. Impact management activities described in this column are all ongoing or have been implemented.

Risk management

All our climate-related risks are subject to our global enterprise risk management process, which provides a systematic approach of understanding, evaluating and addressing all identified risks (see page 63 for more information).



→ For more information on our risk management approach, please see pages 62 to 70

Task Force on Climate-related Financial Disclosures continued

Metrics and targets

The metrics and targets we use to help us manage our climate risks and opportunities effectively are shown below. They were identified in the climate-impact tables on pages 56-59 and their values are summarised here. Our Scope 1, 2 and 3 greenhouse gas (GHG) emissions targets have been verified by the Science Based Targets initiative as consistent with the UN Paris agreement on climate change's 1.5°C pathway, and a full breakdown of performance in all categories over the last five years can be found on page 41.

Metric description	Climate-related risk	Target type	Baseline year	Baseline value	2030 target	2023/24 performance	More on page
GHG emissions avoided per year using technologies enabled by JM products and solutions, compared to conventional offerings (tonnes CO ₂ e) ¹	1	Absolute	2020/21	223,946 ²	50 million	1,110,057	37
% sales aligned with SDG7 and SDG13	1	Intensity	2020/21	6%	No target	8%	36
% R&D spend aligned with SDG7 and SDG13	1	Intensity	2020/21	22%	No target	23%	36
Total Scope 1 and Scope 2 GHG emissions (market-based) (tonnes CO ₂ e) ¹	2,3	Absolute	2019/20	405,770 ²	227,231	282,403	41
Scope 3 GHG purchased goods and services (tonnes CO ₂ e)	2,3	Absolute	2019/20	3,433,660 ²	1,991,523	2,531,576	41
% recycled PGM content in our products	2	Intensity	2021/22	70%	75%	69%	42
Potential exposure to carbon taxation in 2030	2	Intensity	2021/22	Not disclosed	No target	Not disclosed	61
CDP climate change score	3	Absolute	2019/20	B	A	A-	1
% physical asset value exposed to high weather-related hazard by 2030	4	Intensity	2020/21	35%	No target	39%	58
Water consumed in regions of high baseline water stress (m ³)	4	Absolute	2020/21	417,704 ²	No target	402,254	43
Number of supply chain disruptions due to severe weather	5	Absolute	2020/21	Not disclosed	0	0	59

1. Metrics are linked to long-term Performance Share Plan (PSP) for senior directors.

2. Rebaselined to remove divested businesses, please see page 210 for more information.

Internal carbon pricing (ICP)

We use a shadow carbon price in our capital investment business case assessment process. Although the ICP is not a real cost of the investment, it demonstrates what the impact would be of the carbon taxation forecast for 2030 and beyond, and we use it to evaluate and compare potential investments. We expect the ICP to play an increasingly important role in influencing our investment decisions, as carbon impacts come under increasing scrutiny from key internal and external stakeholders.

We are using the ICP for Scope 1 and 2 emissions for the asset when operational, with the intention to extend this to Scope 3 in the future. We chose not to apply ICP to emissions related to the development of the project itself, such as equipment manufacture, or to construction-related emissions, since such emissions are both short term and generally minor in relation to the overall life of the asset. The price applied in 2023/24 was £100/tonnes CO₂e, with sensitivity analysis conducted at £50/tonnes CO₂e and £150/tonnes CO₂e.

Risk report

Risk management is an essential and integral part of JM's planning and decision-making. It is fundamental in helping us achieve our objectives, improve outcomes for our stakeholders, enhance the realisation of opportunities and support the growth afforded by our stated aim of being a market leader in energy transition solutions. During the year, we have refined our principal risks to enhance clarity and reflect our progress.

Managing risks effectively

The ability to effectively manage the risks that we encounter plays a crucial part in strategic delivery and driving accountability. Risk management stands as a cornerstone of our governance and operations throughout the organisation. We continue to invest in awareness initiatives and the training of our employees to stay ahead of various threats. This intends to cover all areas of risk management, including cyber security and financial risks.

Financial risk management forms part of the group-wide risk management framework which adopts a top-down and bottom-up approach, to ensuring current and emerging financial risks are identified, understood and managed in line with our risk appetite. Functional leaders, businesses and site teams are responsible for identifying, assessing and prioritising their financial risks, considering the likelihood of occurrence and their potential impact on JM's objectives. This includes reviewing whether a risk has changed, how effective the controls we use to manage the risks are, and whether mitigating actions are in place.

The effectiveness and adequacy of existing controls are assessed regularly with risk sponsors and owners. A subset of the most relevant financial controls is reported at least once a year via the Controls Self-Assessment process and signed off by management as part of half year and year end reporting cycles.

The board is responsible for the fraud risk management processes and ensuring JM's internal control systems are effective in preventing and detecting fraud. The board is also responsible for explaining the steps taken to prevent and detect material fraud. An annual review of fraud risks and the mitigation controls is performed by functional owners as part of the annual risk assessment process facilitated by our risk and compliance platform, JMProtect. A walkthrough within each key function is conducted to identify fraud risks and mitigating controls which are then captured in JMProtect with ownership assigned. Completion of remediating actions, including those identified through the independently run Speak Up process, is monitored regularly by internal governance bodies. Regular updates are provided to the Audit Committee throughout the year.

Climate-related risks and opportunities

Working closely with our sustainability team, we continue to support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and disclose how effectively we are managing climate-related risks and opportunities. Further details are included on pages 53-61.

Risk governance and oversight

Board

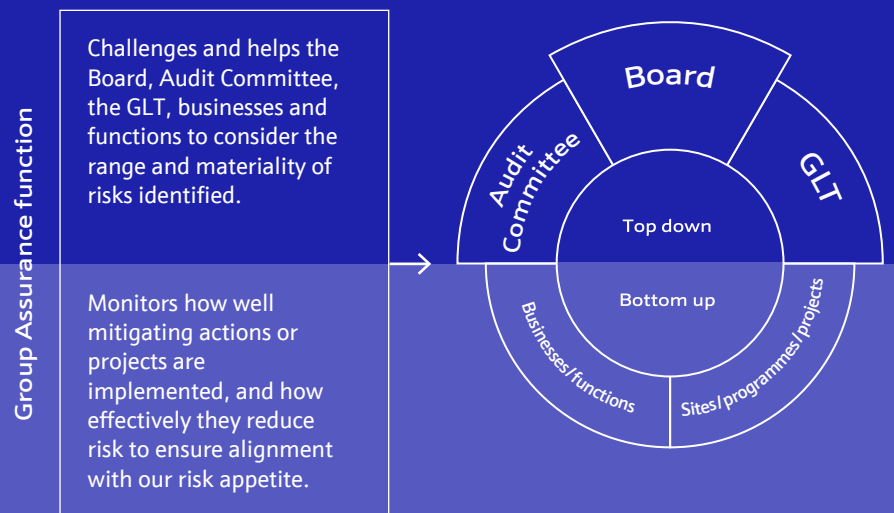
- Sponsors our approach to risk management and internal controls.
- Sets the tone for risk management culture.
- Approves risk management policies and processes.

Audit Committee

- Reviews the effectiveness of our risk management framework and internal controls.

GLT

- Regularly carries out top-down reviews of risks.
- Develops strategy in line with our risk appetite.
- Manages our definitions of risks and mitigation plans.
- Monitors whether risks are within our risk appetite.



Businesses / functions

- Regularly carry out bottom-up reviews of operational activities.
- Ensure sites have risk registers in place.
- Report to the GLT about business risk and issues.

Sites / programmes / projects

- Report key risks to businesses.
- Regularly review controls implementation and effectiveness.

Risk report continued

Risk management framework

Our risk management methodology identifies and considers principal risks, including severe yet plausible scenarios. Its purpose is to reassure stakeholders that we have fully considered and understand a broad range of risks and are managing them in line with defined risk appetites.

The board, which is ultimately accountable for risk management and internal controls, evaluates how effective these systems are at mitigating principal and emerging risks at least once every year. The GLT provides support for the board’s reviews, which ensures the risks we have identified are relevant to our current aims and strategic goals. The Audit Committee supports the

board in assessing the effectiveness of our risk management and internal control systems, processes and policies.

Our risk management methodology takes a top-down approach to identify our principal risks (i.e. from board level down) and a bottom-up approach to identify operational risks (i.e. from day-to-day level up). We are constantly looking to improve how connected and aligned these approaches are as they operate in parallel.

Functions, businesses and site teams are responsible for identifying, assessing and prioritising their risks. They also consider how likely it is that a risk will materialise and what effect that would have on our objectives. This includes reviewing whether

a risk has changed, how strong the controls we use to manage the risk are and whether mitigating actions are in place. We use self-assessment and management attestation processes to report, at least once a year, on whether the relevant controls are effective. This is a maturing process with several initiatives in progress to improve our controls environment.

In the past 12 months, we have continued to improve how we address and monitor risks in a number of ways, including:

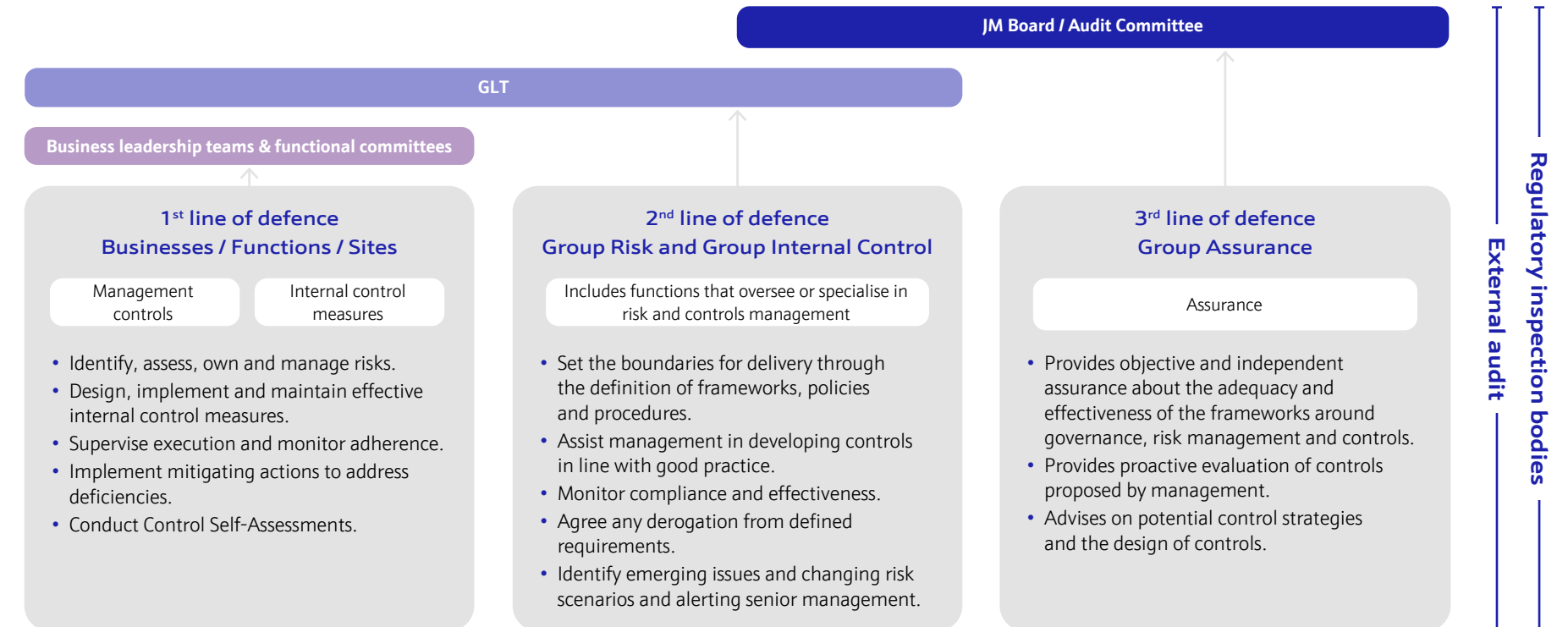
- Making continued enhancements to our risk and compliance platform, JMProtect, which offers a combined and centralised view of our risk universe and controls framework.

- Developing our Aligned Assurance model that aligns second and third-line assurance activities for easier collaboration and more proportionate risk-based assurance.

Working closely with Group Insurance, JM prioritises insurance cover for the most significant areas of risk across the group, and areas where insurance is a legal or contractual requirement. If insurance is available on commercially reasonable terms, we also utilise it as a risk mitigation tool across our wider business. Where appropriate, we get advice from industry to help us assess risks and develop mitigation plans.

How we manage risk

We apply the three-lines-of-defence model as laid out in the diagram below.



Risk report continued

Principal risks and uncertainties

In the following section, we outline our principal risks, alongside the measures we have taken to reduce them. They are classified as principal risks because they could materially harm our company's operations, either alone or in combination.

We regularly review our risks to best determine key mitigating actions, while also assigning appropriate GLT sponsors to help us overcome our biggest challenges and continue to meet our strategic

objectives. Our GLT sponsors work closely with principal risk owners to assess changes to their risks, better understand our exposure and create targeted mitigation strategies. Over the last year, we have continued to review and update our principal risks, clarifying associated opportunities and priority actions.


The principal risks identified below are categorised as strategic or operational principal risks. Strategic principal risks, if handled effectively, carry a significant

opportunity to deliver above stakeholder expectations. We recognise that risks present potential exposures that require effective risk management to control and treat the uncertainty. This effectiveness also provides opportunities to the business to have better strategic thinking that can provide financial and operational benefits.

We have added 'Risk movement' icons in the principal risk section. The icons show the risk movement from 2023 as illustrated in the previous year's Annual Report.

Strategic and operational risks

To execute our strategy, we must be mindful of the risks that may undermine us, while ensuring we capture most of the opportunity they present. Our day-to-day operations carry a level of risk that must be managed effectively to ensure that we are able to keep our people safe and meet our strategic goals.

Description	Key mitigations	Updates made to principal risk	Risk movement
<p>S 1. Market factors, customer demand and margin sustainability GLT sponsor: Liam Condon, Chief Executive Officer</p> <p>JM's strategy is focused on developing solutions to support our customers through the energy transition, particularly in sustainable chemicals, fuels and energy.</p> <p>The risk is that we fail to correctly anticipate and/or make the right business decisions to address shifts in demand for our products and services (e.g. driven by regulation, customer needs, societal expectations), or shifts that lead to margin erosion.</p> <p>Such shifts may impact existing and new products, and may create upside opportunity and downside exposure (e.g. from faster or slower energy transition).</p> <p>If we correctly anticipate and respond to shifts, we can enhance value through increased revenues, profits and optimised resource allocation.</p>	<p>Subsequent to a reassessment of the risk exposure due to changing market conditions and the resulting risk movement, we are addressing this in the following ways:</p> <ul style="list-style-type: none"> • We systematically monitor market conditions, technologies and customer requirements to adapt our plans where needed. • Margin sustainability is underpinned by our on going transformation program, and our continuous improvement mindset across the business. • In addition, we further reinforce and assure margins by diversifying our customer base, improving our offerings through innovation and R&D, establishing strategic partnerships to secure offtake, and focusing on opportunities where we have significant competitive advantage. 	<p>Formerly 'Significant shift in demand and/or commoditisation of sustainable technology'.</p>	

Risk report continued

Description	Key mitigations	Updates made to principal risk	Risk movement
<p>S 2. A significant geopolitical or macroeconomic event impacting JM's operations GLT sponsor: Louise Melikian, Chief Strategy and Corporate Development Officer</p> <p>JM has a global business footprint, in terms of operations, customers and supply chains.</p> <p>There is a risk that we face disruption due to geopolitical or macroeconomic events (e.g. from conflict, trade disputes, sanctions, pandemics, macroeconomic events, or financial crises).</p> <p>Mitigating this risk helps avoid adverse impact on our people, sales, profits or investment. In addition, successfully mitigating this risk provides a level of competitive advantage by providing supply security for our customers.</p>	<ul style="list-style-type: none"> • JM's wide global presence and portfolio hedges our macroeconomic and geopolitical risk to some extent. • Our strategic planning considers macro and geopolitical risk when making investment decisions. • In addition, we continuously monitor JM's exposure across the countries and regions to which we are exposed. • When needed, we set up taskforces to examine and address specific risks. 	<p>Louise Melikian has taken over as risk sponsor.</p> <p>Previously, JM saw potential for elevated geopolitical risks in serving and sourcing from China. We have since seen this risk abate somewhat, although we continue to monitor and take this risk into consideration while making decisions.</p>	<p>—</p>
<p>S 3. Failure to deliver business value from strategic capital projects GLT sponsor: Mark Wilson, Chief Executive, Hydrogen Technologies</p> <p>The success of our strategy, especially in growth areas, depends on our ability to effectively prioritise and deliver our strategic capital investment pipeline. There is a risk that we will be unable to meet production capacity expectations, breach budgeted costs or lose our competitive position in markets.</p> <p>Robust portfolio planning, management and governance, combined with enhanced competence in capital project delivery, will provide us with the platform we need to meet the growth ambitions of our growing businesses and deliver on our wider strategy.</p> <p>Delivering high-priority projects on time, within budget and to benchmarked costs will enable JM to grow further and faster.</p>	<p>Subsequent to a reassessment of the risk exposure due to changing market conditions and the resulting risk movement, we are addressing this in the following ways:</p> <ul style="list-style-type: none"> • We continue to strengthen our central engineering and project organisation and address missing functional competency gaps. • Plans are in place to embed project frameworks, with business-wide compliance as a key value driver and a foundation of governance. • Mitigation plan includes transforming roles and confirming accountability of sponsors for project value. • We are bringing a continuous improvement approach to our capital investments by incorporating learnings from previous capital projects, and ensuring historical weak points are addressed in the front end planning of new investments like the refinery investment in the UK. • Integrated owner project teams with all key functions represented are being established. • System performance is continuously being monitored, using key leading indicators and key performance indicators. 	<p>Mark Wilson has taken over as risk sponsor.</p> <p>A priority focus has been bringing industry-leading rigour to our front-end planning and evaluation of investment opportunities. We are embedding this through robust evaluation of our business needs and matching those needs with a project solution. As a result, our investment decision making will be improved, ensuring we are maximising the utilisation of our resources and focusing on the right growth opportunities.</p> <p>We are making good progress in strengthening our capital projects execution capacities, especially as they apply to our most material and complex capital projects. We expect this risk to reduce further as gaps are closed and the long-term value of the new approach becomes apparent.</p>	<p>↑</p>

Risk report continued

Description	Key mitigations	Updates made to principal risk	Risk movement
<p>S 4. Development of offerings that do not meet the future needs of customers GLT sponsors: Liz Rowsell, Chief Technology Officer, and Anish Taneja, Chief Executive, Clean Air and Chair of the Group Commercial Council</p> <p>There is a risk that we are unable to develop offerings that are competitive enough to meet our market ambitions and the needs of customers, particularly in highly dynamic and emerging markets. This includes our ability to identify and understand customer expectations, translating this into effective innovation programmes and developing our technologies at industrial production scale.</p> <p>A strong product portfolio, effectively designed in line with our customers' current and future needs, will enable us to win in our chosen markets for the years to come.</p> <p>Effective development of products and offerings will continue to improve our brand and enable us to win in new markets as they are identified.</p>	<p>Subsequent to a reassessment of the risk exposure due to changing market conditions and the resulting risk movement, we are addressing this in the following ways:</p> <ul style="list-style-type: none"> • We continue to foster strong connectivity across the value chain, involving customers and suppliers alike in innovation discussions. • We differentiate our innovation portfolio management approaches to support both our mature and growth businesses appropriately. We leverage tools such as New Product Introduction to ensure effective delivery across the portfolio. Examples of such innovation has resulted in new products such as FT CANS™ technology and HyRefine™, our novel process for recycling both the PGMs and valuable ionomers from fuel cells and electrolyzers. • We are developing a stronger and more consistent OneJM view of the emerging landscapes in the energy transition, including technology scanning and scouting and proactive management of intellectual property in the new markets. 	<p>Formerly 'Development of products that do not meet the future needs of customers'.</p> <p>Liz Rowsell has assumed a role as joint risk sponsor alongside Anish Taneja.</p> <p>We ensure we are resourced to maximise value from our core businesses whilst supporting growth by investing in the front-end strategic marketing, business development, technology development, manufacturing scale-up, and digital skills needed to win in the broader playing field.</p>	<p>↑</p>
<p>O 5. A significant work-related EHS incident GLT sponsor: Mark Wilson, Chief Executive, Hydrogen Technologies</p> <p>The focus of this principal risk, related to Environmental, Health and Safety (EHS) performance, is around catastrophic incidents (e.g. fire, explosion or toxic gas release) due to process safety or major compliance failure which would threaten our critical operations, product portfolios or our corporate reputation and therefore our 'licence to operate'.</p> <p>As we operate high hazard installations, our business is controlled by a wide range of challenging health, safety and environmental laws, standards and regulations, which are set by governments and regulatory agencies around the world.</p>	<ul style="list-style-type: none"> • We have a strong health and safety culture across the group. This is based on clear policies, guidelines and standards, continual training and awareness activities and audits. • A joint EHS and Engineering working group has been established to understand better ways of working to effectively address implementation of process safety requirements. • We regularly review process safety hazards at relevant sites by carrying out deep-dive safety audits. • We thoroughly investigate incidents or accidents to identify their root cause and then develop plans to remediate the problem. • We monitor our environmental risk, report on environmental data associated with our sites and always look for opportunities to improve. • We regularly review our regulatory and reputational risks and put mitigation plans in place where we need to. 	<p>Over the past 12 months, we have improved governance on how open high-risk scenarios from process hazard reviews are managed. This is allowing a transparent picture of where each of the high-risk scenarios are so that they are better managed.</p> <p>We have created a JM EHS operations council, which is a cross-business governance body comprised of Operations, EHS and Engineering leaders. It is accountable for EHS performance and for ensuring a strong safety culture is in place. The council plays a key role in assessing whether EHS risks are being managed effectively across the group through regularly reviewing EHS performance. Nevertheless, we continue to review any emerging EHS risks (especially process safety) across all our businesses, which we are fully evaluating and mitigating.</p>	<p>—</p>



Risk report continued

Description	Key mitigations	Updates made to principal risk	Risk movement
<p>6. Disruption to provision of key goods or services by suppliers GLT sponsor: Anish Taneja, Chief Executive, Clean Air and Chair of the Group Commercial Council</p> <p>As a global business, we are dependent on suppliers worldwide to provide key materials and services. Given the speciality nature of our products, there are limited suppliers who supply certain critical raw materials. If there was a significant disruption in their supply we would be unable to manufacture our products to satisfy customer demand.</p> <p>Our new growth areas (e.g. hydrogen, sustainable aviation fuel), are nascent industries, and supply chain infrastructures are immature. Ecosystems of suppliers are still fragile and vulnerable to market shocks and uncertainties.</p>	<ul style="list-style-type: none"> • We ensure physical safety stock is available and review material lead-times to reduce the impact of any failure modes on our processes. • We utilise market intelligence to drive early warnings and are developing statistical material stock management systems. • We use a global category management approach and have started a process to reduce the number of suppliers in our tail spend areas. • We continually review our supplier base according to our latest business strategies and ensure that our relationships with the key and high impact suppliers are rigorously managed. 	<p>Formerly 'Disruption to inbound goods or services provided'.</p> <p>The risk has decreased, reflecting the implementation of our refreshed JM strategy.</p> <p>A Fit to Win supplier base is at the centre of our new procurement vision to co-pilot business to deliver sustainable profitable growth. We have built the first Fit to Win 2030 supplier base strategy with each JM business.</p> <p>Strategic supplier base shaping exercises have been completed with each of the JM businesses, and supplier segmentation and supplier action plans completed with our key suppliers. The global JM supplier convention has enabled us to bring our key relationships to the next level, with closer collaboration to anticipate potential supply chain disruptions and market trends.</p>	<p>↓</p>
<p>7. A low-performing culture undermines our strategy GLT sponsor: Annette Kelleher, Chief HR Officer</p> <p>A low-performing culture characterised by an insufficiently engaged and inclusive workforce, lacking commitment to taking accountability, keeping it simple and driving results could impact on our ability to attract and retain key talent and therefore successfully execute our strategy.</p> <p>A high-performance culture is essential to executing our strategy, delivering growth and being more efficient. High-quality leaders can build diverse, inclusive and engaged teams in which everyone can deliver better results.</p>	<ul style="list-style-type: none"> • We are delivering a 'Play to Win Through People' campaign across JM to create a clear understanding of our people manager expectations and their importance in delivering our strategy. • We are building commercial and engineering capabilities to ensure that we have quality leadership with appropriate skills to lead the execution of our strategy. • Our global employee engagement survey is helping us measure the shift to 'Play to Win culture'. Ensuring that everyone in our company can share their views. • Engagement and Diversity, Inclusion & Belonging roadmaps are in place to create a highly engaged and inclusive environment. 	<p>The risk remains unchanged. While there are signs of improved engagement from our surveys, we are still working towards simplification.</p> <p>As part of our commitment to a high-performance culture, we have looked at different solutions that will help us improve the way we operate across our functions to make them fit for the future.</p> <p>This has led to the strategic decision to introduce JM Global Solutions (JMGS). The intention is to reduce complicated processes that may slow us down and help impact the customer and employee experience in a positive way.</p>	<p>—</p>

Risk report continued

Description	Key mitigations	Updates made to principal risk	Risk movement
<p>8. Breach to security or control of platinum group metals in our processes GLT sponsor: Alastair Judge, Chief Executive, PGM Services</p> <p>JM uses significant quantities of high-value precious metals, which are transported, stored and processed across our operations. We do not carry significant exposure to price risk as we hedge our metal transactions centrally, looking at overall group supply and demand.</p> <p>Our PGMS business ensures the group has sufficient metal to meet business demands and manages our metal liquidity levels. There is a risk that we do not have sufficient metal available. Therefore, we operate within tight trading limits and defined liquidity levels to manage the demand volatility. Metal price volatility affects how much our trading business earns.</p> <p>The precious metal industry globally is susceptible to criminal activity resulting in the risk of theft, and we share those challenges. Loss or theft due to a failure of metal controls (operations and finance) and/or security management systems associated with the protection of metal may result in financial loss and/or a failure to satisfy our customers, which could reduce our customers' confidence in JM and lead to potential legal action. Failure to mitigate this risk can have a significant impact on our working capital, financial viability and/or undermine our ability to meet our customer commitments.</p>	<ul style="list-style-type: none"> • Long-term strategic planning around the metal requirements of the group is undertaken to ensure appropriate positioning for the future. • We run a strong operational control environment within our metal trading business. • We hedge our metal transactions centrally through looking at the overall group supply and demand, minimising our exposure to metal price volatility. • We maintain a robust security management system to protect our metal holdings. • We have appropriate insurance cover in place. 	<p>Formerly 'Security of metal and failure to manage metal commitments'.</p> <p>The overall rating of the risk remains high due to the threats around metal theft.</p> <p>We have continued to strengthen physical security and the metal controls environment to ensure we have a proportionate control structure to manage and optimise our metal holdings.</p>	<p>—</p>
<p>9. Failure in one or more of JM's critical operational assets GLT sponsor: Alastair Judge, Chief Executive, PGM Services</p> <p>A critical asset failure may have a material effect on our supply chains, performance, share value and reputation.</p> <p>In addition to the failure of aged assets, we are exposed to the effects of climate change.</p> <p>We understand that more frequent extreme weather events and natural disasters may disrupt our operations and increase our costs.</p>	<ul style="list-style-type: none"> • Our asset failure risk management process is being strengthened to calibrate rigour according to the criticality of assets and risk profile of sites. • All JM manufacturing sites have been categorised as high, medium and low risk sites based on objective review of site hazards and strategic importance to JM. This will help prioritise resource and capital expenditure allocation for critical ageing assets. • In line with the scenario-based risk analysis recommended by the TCFD, climate-related physical risk assessments have been completed at a number of identified sites. 	<p>The overall rating for this risk has not changed.</p> <p>We continue to assess this risk based on the level of exposure across our businesses and their reliance on aged critical equipment.</p> <p>The implementation plan for enhanced processes is on track and improvement in risk exposure will be seen with the delivery of ongoing initiatives.</p>	<p>—</p>

Risk report continued

Description	Key mitigations	Updates made to principal risk	Risk movement
<p>S 10. Unsuccessful delivery of key business transformation programmes GLT sponsor: Peter Hill, Group Global Services and Transformation Director</p> <p>JM's transformation is scoped to implement the strategy of catalysing the net zero transition for our customers in energy, chemicals and automotive. There are currently around 25 programmes, across group functions and the four core businesses, driving business growth, people growth and efficiency.</p> <p>Failure to successfully deliver these programmes may delay the expected benefits, disrupt services to customers or trigger a loss of key talent.</p> <p>Together, the transformation programmes will address capability gaps and poor competitiveness in key markets. Through the transformation, JM will develop and strengthen its capability for ongoing continuous improvement, delivery of complex projects and agility to respond to future external trends.</p>	<ul style="list-style-type: none"> • We have staffed and resourced all major transformation programmes with capable programme leads and subject matter experts. • We continue to coach and support programme teams to apply the JM Transformation Standard. • Strong change management and communication plans are in place for major cross-JM programmes, such as the recent introduction of JMGS. • We are identifying potential resource conflicts for programmes running concurrently and working with programme leads to resolve them. 	<p>Peter Hill has taken over as risk sponsor.</p> <p>Over the past 12 months, we have established stronger programme and change management capability. By applying JM's Transformation Standard, we expect to deliver benefits across the portfolio at or above target and reduce this risk in the coming year.</p>	
<p>O 11. Business failure through cyber-attack or other IT incidents GLT sponsor: Stephen Oxley, Chief Financial Officer</p> <p>A failure to adapt our Information Technology (IT) and Operational Technology (OT) to changing business requirements, the occurrence of significant disruption to our systems or a major cyber security incident may adversely affect our financial position, harm our reputation and could lead to regulatory penalties or non-compliance with laws.</p>	<ul style="list-style-type: none"> • We are driving investments in our IT and OT infrastructure to improve our resilience and increase operational efficiency. • We deliver a range of employee awareness training to educate on cyber risks and safe working practices. • We are enhancing our Global Cyber Security function and controls with the appointment of business-specific cyber OT risk champions and technical leads. 	<p>The overall rating for this risk remains high, reflecting the increasingly complex and heightened external threat landscape. We continue to manage this risk by enhancing cyber security technologies and processes, improving our ability to Identify, Prevent, Detect, Respond and Recover, aligned to our adoption of the NIST Cyber Security Framework.</p>	

Risk report continued

Emerging risks and opportunities

We continually monitor our external risk landscape using a mixture of key risk indicators, third-party reports, findings from internal and external assurance providers, and feedback from both customers and suppliers. This information allows us to identify emerging risks and prepare reasonable mitigations.

For any identified emerging risks, considered to be a threat to JM or its value chain, we tailor our response to the size of the risk to ensure our mitigation strategy is proportionate.

In addition to risks continually monitored by businesses, functions and sites, we are paying attention to the following emerging risks:

1. Digital risks

JM is developing strategies to deal with risks and opportunities present in the digital space that require focus. With regards to generative AI, an AI Council has been formed with cross-business representation as well as the creation of an AI Policy to provide employees with high-level direction whilst the landscape evolves. The aim of the Council is to evaluate opportunities from multiple angles including business enablement, commercial risks, personal data concerns as well as JM's ethical approach to the use of AI and the potential impact on resources.

Our businesses continue to assess and plan what is required to move into the next phases of digitisation for JM. There are several legacy systems which will require upgrades and digitisation to aid the speed of our shift to an energy transition company. Group IT Security is closely monitoring the external threat landscape for cyber-attack use cases, varying in sophistication from the use of AI to create more realistic or error free phishing emails to deepfake technologies and polymorphic malware that is created using AI to better evade defences. Equally, our core security vendors are all moving to incorporate AI into their product offerings in order to compete and counterattack vectors.

2. Sustainability risks

JM is committed to complying with regulations concerning sustainability. As part of this we are putting in place mitigation strategies to help deal with our compliance and reporting procedures. Not reporting accordingly against sustainability disclosure rules could result in fines or loss of reputation.

The mitigation strategies include constant horizon scanning, reinforcing the message that ESG disclosure needs to be a priority, education of colleagues about the issues and methodologies for disclosure, underpinned by putting in place a robust reporting system overseen by our sustainability team.

Going concern and viability

Going concern

In adopting the going concern basis for preparing the accounts, the directors have considered the business activities as set out in the Strategic report and Financial review, pages 1 to 74, as well as the group's principal risks and uncertainties, pages 62 to 70. As part of this assessment, we have considered a base case and severe but plausible trading scenario. Both scenarios showed sufficient headroom under our committed facilities and financial covenants. As a final review, given the climate of greater political and economic uncertainty, we have also undertaken a reverse stress test to identify what additional or alternative scenarios and circumstances would threaten our financial covenants or headroom. This shows that we have headroom against either a further decline in profitability of approximately 50% in the financial year to March 2025, well beyond the severe-but-plausible scenario, or a significant increase in borrowings (net debt would need to more than double in the financial year to March 2025), or a significant increase in interest charges (these would need to rise more than 70%). In this unlikely scenario, we still have other mitigating actions available including retaining the full expected proceeds from divestment of Medical Device Components, reducing capital expenditure, renegotiating payment terms or reducing our dividend. The directors therefore believe that the group has adequate resources to fund its operations for the period of 12 months following the date of this report, making it appropriate to prepare the accounts on a going concern basis. Further details on going concern, viability and facilities can be found in note 1 on page 149 of the accounts.

Viability

We have assessed how viable we are as a business over a three-year period, in line with our planning horizon as this represents a timeframe over which the directors believe they can reasonably forecast the group's performance. During the year, the board carried out a robust assessment of the principal and emerging risks affecting our business, particularly those that could threaten our business model. The risks, and the actions taken to mitigate them, are described in the Risk report on pages 62 to 70.

We assess our prospects through our annual strategic and business planning process. This process includes a review of assumptions made including market, vehicle and production outlooks, customer demand, underlying growth, cost assumptions, metal prices, key risks and opportunities as well as an appraisal of our strategy and significant capital investment decisions. The Chief Executive Officer and Chief Financial Officer lead these reviews, along with the Chief Executives of each business.

The board also reviews the strategy for each business throughout the year, looking at our current position and prospects for the coming years. This allows us to reaffirm our overall strategy and reassess the risks that could impact its success.

We do not expect climate change risks to have a material near-term effect on our forward-looking forecasts for going concern or viability. See scenarios opposite for more details of our analysis.

Analysis through five stress scenarios

In making the viability assessment, we have analysed each of the principal risks facing the group – as described in the Risk report on pages 62 to 70 – and identified the items within each principal risk category that might significantly affect cash flow and viability. We have then modelled these in five stress scenarios.

Scenario 1 – Geopolitical and macroeconomic risks impacting JM's operations

This scenario considers the increased risk presented by geopolitical and macroeconomic risks, such as a six-month slowdown in our operations in China. This builds on the severe but plausible trading scenario which considers faster electrification and a reduction in end industry growth across the group.

Scenario 2 – Delivering on key initiatives (transformation programmes and capital projects)

This scenario considers the failure to execute key initiatives and projects effectively. It includes the impact of a six month delay to key capital projects, and delays to delivery of transformation and other cost savings.

Scenario 3 – Failure in one or more of our critical operational assets

This scenario covers a temporary one-month shutdown of a refinery, which leads to higher working capital and lower profits, as well as a temporary shutdown to key sites due to potential external events, such as supply chain or cyber issues.

Scenario 4 – Disruption to the platinum group metals value chain

This scenario considers the failure to secure metal deposits and failure to source sufficient metal to manage and satisfy our internal and external obligations. We modelled an increase in metal prices to highs over the period April 2023 to March 2024 and reduction of customer metal funding.

Scenario 5 – Other risks

This scenario includes the effect of all our other principal risks – outlined in the Risk report on pages 62 to 70 – where not already considered in the scenarios above. For each risk, we have estimated a financial effect, which considers the impact and likelihood of the risk. Given the wide range of risks we face, we have then applied an overall probability weighting of 20% which allows us to work out the potential financial impact.

In evaluating our viability under each of these scenarios, we considered our current financing arrangements, see page 149, and assumed we would not refinance any maturing debt – although, in reality, we would expect to refinance our debts well ahead of maturity thereby increasing headroom.

At the end of the viability period (March 2027) we have £1 billion of debt facilities maturing, that will be appropriately replaced well ahead of maturity, and we have a strong track record of refinancing with no concerns and good capacity in the markets where we raise debt.

Conclusion

In all of the scenarios assessed, our stress testing shows that, only when all the risks identified above are overlaid on the severe but plausible trading scenario, there is a breach of headroom under our committed facilities in March 2027. Given refinancing and other mitigations as noted above, the directors have a reasonable expectation that the company and group will be able to continue operating and meet its liabilities as they fall due over the three year period covered in the viability review.

Non-financial and sustainability information statement



Compliance statement

The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 amend sections 414C, 414CA and 414CB of the Companies Act 2006 (2006 Act), placing requirements on the company to incorporate climate disclosures in our Annual Report and Accounts. We believe these have been addressed within this year’s climate-related disclosures and as such we have referenced the location of these disclosures in the table below, and within our Task Force on Climate-related Financial Disclosures (TCFD) Compliance Table in the Sustainability Performance Databook available at matthey.com. Our business model is set out on pages 10-11. Our purpose, described on page 7, and our sustainability strategy on pages 34-52 set out how we act as a responsible business. Our non-financial KPIs which support the delivery of our strategic priorities are shown on pages 14-15 and 17. We have policies and standards in place to manage our principal risks, detailed on pages 62-70, which form part of our internal control framework. A description of all matters relating to climate-related risks and opportunities, including the governance arrangements, scenario testing and metrics and targets, are included within the TCFD on pages 53-61.

Reporting requirement	Policies and standards that govern our approach and due diligence ¹	Relevant principal risks ²	Metrics	Outcomes and additional information
Our group policies governing Environmental matters define our key requirements and guiding principles to reduce the risk of harm to the environment, support our commitment to sustainability and help keep our people and the communities we serve safe.	<ul style="list-style-type: none"> • Environment, Health and Safety (EHS) Policy • Procurement Policy • Supplier Code of Conduct 	<p>5 – A significant work-related EHS incident – see page 66</p> <p>9 – Failure in one or more of JM’s critical operational assets – see page 68</p>	<ul style="list-style-type: none"> • Sales contributing to our four priority UN Sustainable Development Goals (SDGs) – see page 17 • R&D spend contributing to our four priority SDGs – see page 17 • GHG emissions – see page 41 • CDP climate change rating: A- • ChemScore – ChemSec: 4th / 50 • MSCI ESG rating: AAA 	<p>Sustainability see pages 34-52</p> <p>TCFD see pages 53-61</p> <p>Societal Value Committee report see pages 89-91</p> <p>Section 414CB (2A)(a)-(h) 2006 Act see pages 53-61</p>
At Johnson Matthey, our people are the backbone of our success. We want our Employees to feel safe, promote a culture of inclusion and diversity, feel empowered to make the right decisions, behave in the right way and build long-term fulfilling careers. Our HR, Ethics and Compliance and EHS policies help support this.	<ul style="list-style-type: none"> • Board Diversity Policy • Code of Ethics • Diversity, Equity, Inclusion and Belonging Policy • EHS Policy • Employee Handbook • Employee Leave Policy • Smart Working Policy • Speak Up Policy • Substance Misuse Policy • Working Together Policy 	<p>7 – A low-performing culture undermines our strategy – see page 67</p>	<ul style="list-style-type: none"> • Total recordable injury and illness rate – see pages 17 and 45 • Diversity – female representation across all management levels – see pages 17 and 47 • Employee engagement score – see page 35 • Gender pay gap results – see page 48 • Equileap: 41st / 4,000 	<p>People see pages 45-52</p> <p>Health and safety see page 45</p> <p>Employee engagement see page 46</p> <p>Gender Pay Gap Report see page 48</p> <p>Diversity, inclusion and belonging see pages 47-48</p> <p>Speak Up see page 49</p>

1. Some of which are only published internally.
 2. More information about our principal risks can be found on pages 62-70.

Non-financial and sustainability information statement continued

Reporting requirement	Policies and standards that govern our approach and due diligence ¹	Relevant principal risks ²	Metrics	Outcomes and additional information
<p>We consider our entire value chain when looking at Human Rights, including our own operations, suppliers and customers.</p>	<ul style="list-style-type: none"> • Code of Ethics • Conflict Minerals and Cobalt Policy • Data Protection Policy and Employee Privacy Notice • Human Rights Policy • Modern Slavery Statement • Procurement Policy • Speak Up Policy • Supplier Code of Conduct 	<p>6 – Disruption to provision of key goods or services by suppliers – see page 67</p>	<ul style="list-style-type: none"> • EcoVadis rating: Gold • Human rights risk assessment – see page 49 • Code of Ethics training – see page 49 	<p>Suppliers see pages 49-50 and 88</p> <p> Modern Slavery Statement see page 49 and our website, matthey.com/modern-slavery</p> <p>Responsible sourcing see page 50</p> <p>Ethical standards see pages 49-50</p> <p>Speak Up see page 49</p>
<p>Doing the Right Thing. Together. We are all responsible for Social matters and our Code of Ethics is a guide for how to do business ethically, fairly and responsibly. It ensures we embed sustainability in everything we do. The Code of Ethics is relevant to all our stakeholders (suppliers, customers, partners, agents, investors and the wider community). We ensure that our suppliers are also held to high standards and adhere to our Supplier Code of Conduct.</p>	<ul style="list-style-type: none"> • Code of Ethics • EHS Policy • Supplier Code of Conduct 	<p>–</p>	<ul style="list-style-type: none"> • Charitable giving – see page 86 • Volunteering days – see page 51 • FTSE4Good: 4.2 / 5 	<p>Ethical standards see pages 49-50</p> <p>Investing in our communities see pages 51-52</p> <p>Sustainability see pages 34-52</p> <p> Sustainability Performance Databook – see our website, matthey.com/sustainability-databook</p>
<p>Johnson Matthey has a zero-tolerance approach to bribery and corruption. Our global policies support the group with compliance with various laws relating to Anti-Bribery and Anti-Corruption. We strive to act with openness, fairness and honesty and expect our stakeholders to do the same.</p>	<ul style="list-style-type: none"> • Anti-Bribery and Corruption Policy • Code of Ethics • Conflicts of Interest Policy • Conflict Minerals and Cobalt Policy • Data Protection Policy • Gifts, Hospitality and Charitable Donations Policy • Global Tax Policy • Human Rights Policy • Speak Up Policy • Supplier Code of Conduct 	<p>–</p>	<ul style="list-style-type: none"> • Code of Ethics training – see page 49 • EcoVadis rating: Gold 	<p>Suppliers see pages 49-50 and 88</p> <p>People see pages 45-52</p> <p>Ethical standards see pages 49-50</p>

1. Some of which are only published internally.
 2. More information about our principal risks can be found on pages 63-70.

Section 172 statement

Our Section 172 statement comprises this section and pages 86-88 of the Governance report; it describes how the directors have had regard to stakeholders' interests when discharging their duties under Section 172 of the Companies Act 2006. The mechanisms used to engage with shareholders are described on page 86. You can also read more about how the board considered these matters during the year, as follows:

Section 172(1) considerations

(a) The likely consequences of any decision in the long term

During the year, the directors focused on the execution of our strategy and strategic milestones to ensure we are positioned to create long-term value for shareholders. This recognises the role we play in wider society helping the transition to a greener economy.

- Our purpose – see page 7
- Our business model – see pages 10-11
- Our strategy – see pages 14-15
- Themes that are changing our world – see pages 8-9
- Financial review – see pages 26-33
- Sustainability – see pages 34-52

(b) Interests of employees

The directors recognise the importance of attracting, retaining and motivating high-performing individuals. The directors consider the implications for our people where possible. They also seek to ensure we remain committed to promoting a safe and inclusive working environment for all our people.

- People – see pages 45-52
- Employee engagement – see page 91
- Diversity, equity, inclusion and belonging – see pages 47-48
- Speak Up – see page 49
- Culture – see pages 46 and 90

(c) Fostering the company's business relationships with suppliers, customers and others

Our relationship with customers, suppliers, governments and partners is essential to ensure the success of our strategy and the long-term success of the company. The board receives updates on engagement across the group at meetings.

- Financial review – see pages 26-33
- Modern Slavery Statement – see page 49
- Our business model – see pages 10-11
- Sustainability – see pages 34-52
- Human rights and ethical standards – see pages 49-50
- Culture – see pages 46 and 90

(d) Impact of operations on the community and the environment

Sustainability is at the heart of our strategy, and the impact we have on the community and environment is carefully considered by the board. The board closely monitors decisions relating to our sustainability strategy through the Societal Value Committee.

- Our purpose – see page 7
- Themes that are changing our world – see pages 8-9
- Sustainability – see pages 34-52
- Task Force on Climate-related Financial Disclosures – see pages 53-61
- Societal Value Committee report – see pages 89-91

(e) Maintaining a reputation for high standards of business conduct

Our Code of Ethics, Supplier Code of Conduct and Modern Slavery Statement are reviewed regularly by the board. This ensures the high standards of conduct we expect are upheld by all levels of the business. The board monitors compliance with these through JM's internal control framework.

- Our purpose – see page 7
- Speak Up – see page 49
- Human rights and ethical standards – see pages 49-50
- Internal controls – see page 102
- Modern Slavery Statement – see page 49
- Ethics and compliance – see pages 49-50

(f) The need to act fairly between members of the company

Following careful consideration of all relevant factors including the impact on our stakeholders, the directors assess the course of action that enables the delivery of our strategy and the long-term success of the company.

- Stakeholder engagement – see pages 86-88
- Board outcomes – see pages 82-83
- Annual General Meeting – see page 130

The Strategic report from pages 1-74 was approved by the board on 22nd May 2024 and is signed on its behalf by:

Liam Condon

Chief Executive Officer

Chair's introduction to governance



"Good corporate governance is critical for our transformation journey and sustainable long-term success."

Patrick Thomas, Chair

Good corporate governance is critical for our transformation journey, to be successful and sustainable in the long term. This report sets out JM's approach to corporate governance and how it contributes to the development and delivery of our strategy.

Strategy

Following the launch of our revised strategy in 2022, the board has guided and supported management as we continue our transformation into an industry-leading energy transition company. The board receives regular presentations from senior management to ensure they are focused on delivering sustainable growth and returns for our shareholders.

As a board, we take time to understand the market opportunities and customer demand to ensure our businesses can deliver in line with our stakeholders expectations. Due to the slower pace in market development, we took the decisions to reduce our investment and delay the start-up of production of our new Hydrogen Technologies plant at Royston, UK. The board is confident that the green hydrogen opportunity remains and we continue to monitor the market and challenge management, to ensure the business adapts to the changing needs of our customers.

Board composition and succession

This year, the board, together with the Nomination Committee, continued to monitor the board's composition, skills and diversity to ensure we have the right structure and skills to support and challenge the management team. We were delighted to welcome Barbara Jeremiah to the board

in July 2023. Barbara brings strong leadership, deep understanding of metals and has extensive experience in North American markets. You can read more about Barbara's introduction to JM on page 94.

I am pleased to confirm that during the year the board met and continues to meet the 2024 target set by the Parker Review with regard to ethnic diversity at board level, and also the targets set by the FTSE Women Leaders Review, following the appointment of Barbara Jeremiah.

Culture and engagement

Our values provide the framework for how we perform our duties, engage with each other in JM, and with our customers and stakeholders. The board places great emphasis on ensuring JM's culture aligns with our purpose, values and strategy and considers multiple sources to monitor and assess how our culture is embedded.

We remain mindful of how our decisions impact our various stakeholders and the range of matters discussed and debated by the board during the year can be found on page 74. Listening to our colleagues enables us to understand what matters to them and the challenges to their day-to-day work. Board members met with colleagues across JM to hear their experience of our transformation journey first hand. You can read more about our culture and stakeholder engagement on pages 90-91.

Each year, the performance of the board, its committees, and individual directors, is reviewed in accordance with the 2018 Corporate Governance Code (the Code), to ensure they are operating effectively and to identify development opportunities

where necessary. This year, an externally facilitated effectiveness review took place, led by an independent consultant. The board was pleased by the results of the effectiveness review which concluded that it continues to function well. More information on our externally facilitated board and committee effectiveness review can be found on pages 84 and 85.

During the year we also took the opportunity to simplify our governance by reducing the membership of our committees and the frequency of our meetings. This enables our discussions to be more focused as we continue to challenge management on the execution of our strategy.

Looking ahead

We continue to monitor the ongoing regulatory reforms in relation to governance and keep our own governance arrangements under regular review. As such, the board has begun to consider the key changes in the new UK Corporate Governance Code 2024 which will apply to JM from April 2025, to ensure we are well placed to meet these requirements.

As we continue to focus on our strategic transformation, I would like to thank all colleagues for their hard work and commitment during a year of significant change.

Patrick Thomas
Chair

Board statements

Compliance with the UK Corporate Governance Code 2018

During the year under review, we have applied all the principles and complied with all the provisions of the Code except provision 41 – engagement with the workforce on alignment of executive pay with the wider company pay policy. While we inform our employees of global changes to pay and benefits, we have not actively sought a two-way dialogue over executive pay. We benchmark remuneration against our peers to ensure we offer competitive pay and benefits, so we continue to attract and retain the highest-calibre candidates. During the year, all employees were able to provide feedback on a range of matters, including remuneration, as part of our annual employee engagement survey. Read more in our Remuneration Committee report on page 107.

The Code is publicly available on the Financial Reporting Council (FRC) website, frc.org.uk

Fair, balanced and understandable

In accordance with the Code, the board considers that, taken as a whole, the Annual Report and Accounts 2024 is fair, balanced and understandable, and provides the information necessary for shareholders to assess Johnson Matthey's position, performance, business model and strategy. The Audit Committee assesses the process that management uses to support the recommendation to the board.

→ [Read more about our FBU process on page 102.](#)

Going concern

The directors have a reasonable expectation that Johnson Matthey Plc has adequate resources to continue to fund its operations for a period of 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the accounts.

→ [Read more about our going concern on page 71.](#)

Viability

The directors have assessed the viability of the company and group over a three-year period, taking into account the group's current position and the potential impact of the principal risks and emerging risks. Based on this assessment, the directors confirm they have a reasonable expectation that the company and group will be able to continue operating and meet its liabilities as they fall due over the three-year period to 31st March 2027.

→ [Read more about our viability on page 71.](#)

Risk assessment of the principal risks facing the company and annual review of systems of risk management and internal control

The board acknowledges its responsibility for establishing procedures to manage risk. During the year, the board reviewed the effectiveness of the company's risk management and internal control systems and conducted a robust review of the company's principal risks. These activities

meet the board's responsibilities in connection with risk management and internal control as set out in the Code.

→ [Read more about our risk assessment of the principal risks facing the Company and annual review of systems of risk management and internal control on pages 62 to 70.](#)

How we apply the principles of the Code

Board leadership and company purpose

The role of the board	Page 80
Purpose and culture	Pages 46 and 90
Resources and controls	Page 102
Stakeholder engagement	Pages 86-88
Workforce engagement	Page 91

Division of responsibilities

Role of the Chair, non-executive directors and Company Secretary	Page 80
Composition of the board	Pages 78-79

Composition, succession and evaluation

Appointments to the board and succession planning	Page 94
Career, experience and knowledge of the board	Pages 77-79
Board evaluation	Pages 84-85

Audit, risk and internal control

Audit Committee report	Pages 96-104
Risk report	Pages 62-70

Remuneration

Remuneration Committee report	Pages 105-127
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Board at a glance

as at 31st March 2024

Board and committee attendance

Director	Board	Societal Value Committee ¹	Nomination Committee	Audit Committee ^{1,2}	Remuneration Committee ¹
Patrick Thomas	7/7	3/3	6/6	–	6/6
Liam Condon	7/7	3/3	–	–	–
Stephen Oxley ³	6/7	3/3	–	–	–
Rita Forst ⁴	6/7	3/3	5/6	3/3	5/5
Jane Griffiths ⁵	7/7	3/3	5/6	3/3	5/6
John O'Higgins	7/7	3/3	6/6	3/3	6/6
Barbara Jeremiah ⁶	5/5	2/2	4/5	2/2	3/3
Xiaozhi Liu ⁷	7/7	3/3	5/6	3/3	5/6
Chris Mottershead ⁸	6/6	3/3	5/5	3/3	5/5
Doug Webb ⁹	7/7	3/3	5/6	3/3	5/6

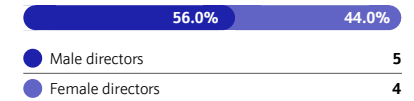
- With effect from 2nd January 2024, the board committee membership changed. For more information see the Nomination Committee report, page 93.
- The Audit Committee meets a minimum of four times per year. In the financial year 2023/24, the March meeting was moved to April and will therefore be counted in the next financial year.
- Stephen Oxley was unable to attend the April 2023 board meeting due to travel disruption.
- Rita Forst was unable to attend the April 2023 board meeting and February 2024 Nomination Committee meeting, which were arranged at short notice, due to scheduling conflicts.
- Jane Griffiths was unable to attend the August 2023 Nomination Committee meeting and August 2023 Remuneration Committee meeting, which were arranged at short notice, due to a scheduling conflict.
- Barbara Jeremiah joined the board and committees in July 2023. Barbara was unable to attend the February 2024 Nomination Committee meeting, which was arranged at short notice, due to a scheduling conflict.
- Xiaozhi Liu was unable to attend the August 2023 Nomination Committee meeting and August 2023 Remuneration Committee meeting, which were arranged at short notice, due to a scheduling conflict.
- Chris Mottershead retired from the board on 26th January 2024.
- Doug Webb was unable to attend the August 2023 Nomination Committee meeting and August 2023 Remuneration Committee meeting, which were arranged at short notice, due to a scheduling conflict.

Non-Executive Directors' skills and experience

Industry experience	Patrick Thomas	Rita Forst	Jane Griffiths	John O'Higgins	Barbara Jeremiah	Xiaozhi Liu	Doug Webb
Automotive	●	●		●		●	
Chemicals	●			●	●		
Energy				●		●	
Oil and gas	●			●			
Precious metals	●	●			●		
Manufacturing	●	●		●	●	●	●
Professional services		●					●
Technology	●	●	●	●	●	●	●
Sustainability	●	●	●		●	●	
Organisation transformation	●	●	●	●	●	●	●

Board composition

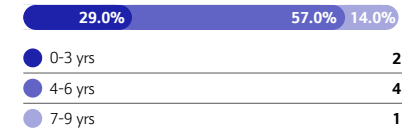
Gender diversity



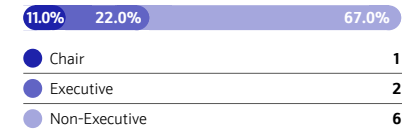
2023

Male directors: 6
Female directors: 3

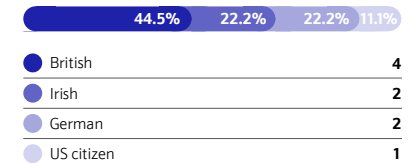
Chair and NED tenure



Roles



Nationality



Board of Directors



N

Patrick Thomas
Chair

Appointed to the board: June 2018

Career and experience which support strategy and long-term success

Between 2015 and May 2018, Patrick was Chief Executive Officer and Chair of the board of management at Covestro AG. Between 2007 and 2015, he was Chief Executive Officer of its predecessor, Bayer MaterialScience, before its demerger from Bayer AG. He is a fellow of the Royal Academy of Engineering.

Contribution

Patrick has deep experience of leading international speciality chemical businesses. He also has a track record in driving growth through science and innovation across global markets, with a strong focus on sustainability.

External appointments

Non-Executive Director at AkzoNobel and member of Covestro AG's supervisory board.

Change during the year:

Chris Mottershead stepped down from his position as independent Non-executive Director in January 2024.



S

Liam Condon
Chief Executive Officer

Appointed to the board: March 2022

Career and experience which support strategy and long-term success

Liam was previously a member of the board of management of Bayer AG and President of the Crop Science Division, a role he held for nine years. He has also served in senior roles at Schering AG and Bayer HealthCare.

Contribution

Liam is a dynamic and values-driven leader, with an impressive track record of leading science-based businesses while delivering consistent high-quality performance. He balances commercial ability with a strong strategic perspective. He has a proven track record of driving growth and modernising organisations.

External appointments

Non-Executive Director at Halma plc.



S

Stephen Oxley
Chief Financial Officer

Appointed to the board: April 2021

Career and experience which support strategy and long-term success

Stephen joined from KPMG, where he was a partner. He is experienced in both audit and advisory roles for large, complex international companies across a variety of sectors including fast-moving consumer goods, healthcare, natural resources and industrials. Stephen is a chartered accountant.

Contribution

Stephen brings operational and technical understanding of Johnson Matthey and significant experience working with companies going through major change programmes.

External appointments

Non-Executive Member of the Audit and Risk Assurance Committee for The Sovereign Grant.



S

N

A

Barbara Jeremiah
Senior Independent Director

Appointed to the board: July 2023

Career and experience which support strategy and long-term success

Most recently, Barbara was Executive Vice President, Corporate Development of Alcoa Inc, a global aluminium producer. She has extensive board experience, having previously been a non-executive director of Premier Oil plc, Aggreko and Russel Metals Inc. Barbara is a qualified lawyer.

Contribution

Barbara brings strong leadership, deep understanding of metals and has extensive experience in North American markets, having spent over 30 years at Alcoa Inc. Her previous experience as a non-executive director enables her to act as a soundng board for the Chair.

External appointments

Chair of The Weir Group PLC and Non-Executive Director of Senior plc.



S

N

A

Rita Forst
Independent Non-Executive Director

Appointed to the board: October 2021

Career and experience which support strategy and long-term success

Rita spent more than 35 years at the Opel European division of General Motors in senior engineering, product development and management positions, including Vice President, Engineering, for General Motors Europe. Rita was responsible for the development of new generations of engines and car models for Opel and General Motors, as well as European research and development activities.

Contribution

Rita has a deep understanding of the automotive and powertrain sectors. Her extensive knowledge includes research and development of conventional and alternative powertrains, as well as future vehicle technologies.

External appointments

Non-Executive Director of Westport Fuel Systems Inc, Non-Executive Director of AerCap Holdings N.V., Member of the supervisory board of NORMA Group SE and Member of the advisory board of iwis SE & Co.KG.



S N A R

Jane Griffiths
Independent Non-Executive Director

Appointed to the board:
January 2017

Career and experience which support strategy and long-term success

Jane held various roles at Johnson & Johnson (J&J) from 1982 until her retirement in 2019, with experience in international and affiliate strategic marketing, sales management, product management, general management and clinical research. Most recently, she was Global Head of Actelion, a Janssen pharmaceutical subsidiary of J&J.

Contribution

Jane has significant experience and understanding of global strategy management across a variety of markets, and a strong interest in sustainability and diversity.

External appointments

Chair of Redx Pharma Plc, Non-Executive Director of BAE Systems plc.



R S N A

John O'Higgins
Independent Non-Executive Director

Appointed to the board:
November 2017

Career and experience which support strategy and long-term success

John was Chief Executive of Spectris plc from January 2006 to September 2018, leading the business through a period of significant transformation. He previously worked for Honeywell as President of Automation and Control Solutions, Asia Pacific, and in other management roles. From 2010 to 2015, John was a Non-Executive Director at Exide Technologies Inc, a battery technology supplier to automotive and industrial users. He began his career as a design engineer at Daimler-Benz in Stuttgart.

Contribution

John has extensive business and industrial experience, as well as a track record of portfolio analysis and realignment, driving growth and improving operational efficiencies.

External appointments

Chair of Elementis plc, Non-Executive Director of Oxford Nanopore Technologies Plc, member of the supervisory board of ENVEA Global SA and Trustee of the Wincott Foundation.



N R

Xiaozhi Liu
Independent Non-Executive Director

Appointed to the board:
April 2019

Career and experience which support strategy and long-term success

Xiaozhi is the founder and Chief Executive of ASL Automobile Science & Technology, a position she has held since 2009. She was previously a senior executive in several automotive companies, including Chair and Chief Executive of General Motors Taiwan and non-executive director of InBev SA/NB.

Contribution

Xiaozhi has deep knowledge and perspective on sustainable and technology-driven businesses, and strong experience of the global automotive sector, particularly in China, as well as Europe and the US.

External appointments

Chief Executive of ASL Automobile Science & Technology, Non-Executive Director of Autoliv Inc.



A N R

Doug Webb
Independent Non-Executive Director

Appointed to the board:
September 2019

Career and experience which support strategy and long-term success

Doug was Chief Financial Officer at Meggitt plc from 2013 to 2018, and was previously Chief Financial Officer at London Stock Exchange Group plc and QinetiQ Group plc. Before that, he held senior finance roles at Logica plc. Doug began his career in Price Waterhouse's audit and business advisory team. He is a fellow of the Institute of Chartered Accountants in England and Wales.

Contribution

Doug has a strong background in corporate financial management and a deep understanding of the technology and engineering sectors. Doug chaired the Audit Committee at SEGRO plc for nine years until April 2019, making him ideally suited to chairing our Audit Committee and acting as its financial expert.

External appointments

Non-Executive Director of United Utilities Group PLC.



Simon Price
General Counsel and Company Secretary

Appointed as General Counsel and Company Secretary: June 2023

Career and experience which support strategy and long-term success

Simon trained as a research scientist before moving into law, spending 11 years at Freshfields and then at Smiths Group plc, where he was General Counsel for the APAC region. He joined JM in 2019 as Deputy General Counsel and General Counsel of Clean Air before being appointed to the role of General Counsel and Company Secretary.

Contribution

Simon's in-depth knowledge of corporate law and legal risk, along with his experience of the chemicals and technology sectors, means he is well placed to advise JM on key issues relating to legal matters, corporate governance and compliance.

External appointments

None

Our governance structure

Our board of directors

At the date of this report, the board comprises nine directors: the Chair, two executive directors, the Senior Independent Director and five independent non-executive directors. The board is responsible for our long-term success. It provides leadership and direction and monitors Johnson Matthey's culture and values. The board also sets our strategy and oversees its implementation, ensuring we are managing risks appropriately and acting in the interests of our stakeholders. The responsibilities we do not delegate as a board are included in the matters reserved for the board in our Governance Framework.

[Governance Framework: matthey.com/governance-framework](https://matthey.com/governance-framework)

Board composition and roles

Our non-executive directors are determined to be independent by the board, in accordance with the Code's criteria. The board members' respective career, experience and knowledge enable them to discharge their respective duties and responsibilities effectively. Further details can be found on pages 78-79. The Chair was considered independent on appointment.

Chair

Patrick Thomas

- Leads the board
- Ensures an effective board, including welcoming contributions and challenges from directors
- Maintains regular and effective shareholder communications so that the board has a clear understanding of their views
- Chairs the Nomination Committee, initiating change and succession planning for the board and senior management
- Promotes high standards of integrity, probity and corporate governance throughout JM

Independent non-executive directors

Rita Forst, Jane Griffiths, Xiaozhi Liu, John O'Higgins and Doug Webb

- Constructively challenge the executive directors
- Scrutinise management's performance
- Provide independent advice on strategy proposals
- Satisfy themselves on the integrity of financial information and on the effectiveness of financial controls and risk management systems
- Determine appropriate executive director remuneration

Senior Independent Director

Barbara Jeremiah

- Provides a sounding board for the Chair
- Acts, if necessary, as a focal point and intermediary for the other directors
- Ensures any key issues not being addressed by the Chair or senior management are acted upon
- Is available to shareholders should they have concerns
- Leads the annual appraisal of the Chair's performance

Chief Executive Officer

Liam Condon

- Day-to-day responsibility for running the group's operations
- Recommends and implements group strategy
- Applies group policies
- Promotes JM's culture and standards

Chief Financial Officer

Stephen Oxley

- Has day-to-day responsibility for managing the finance, IT, and security functions
- Leads the group's finance activities, risks and controls

General Counsel and Company Secretary

Simon Price

- Together with the Chair, keeps the effectiveness of the company's and the board's governance processes under review
- Provides advice on corporate governance matters

Our board committees

From January 2024, the membership of our board committees was reduced, to align with the company's overall approach to simplifying the business. Whilst there had been benefits in all non-executive directors being members of all committees, it was felt that a more focused membership would enhance efficiencies to support the delivery of our strategic priorities.

The number of board and committee meetings held during the financial year are included on page 77. The board keeps the number of meetings under review to ensure that non-executive directors have sufficient time to discharge their duties.

🔗 Governance Framework: matthey.com/governance-framework

Societal Value Committee

- Jane Griffiths (Chair)
- Liam Condon
- Barbara Jeremiah
- Rita Forst
- John O'Higgins
- Stephen Oxley

→ Read more on pages 89 to 91

Nomination Committee

- Patrick Thomas (Chair)
- Rita Forst
- Barbara Jeremiah
- Jane Griffiths
- John O'Higgins
- Xiaozhi Liu
- Doug Webb

→ Read more on pages 92 to 95

Audit Committee

- Doug Webb (Chair)
- Rita Forst
- Jane Griffiths
- Barbara Jeremiah
- John O'Higgins

→ Read more on pages 96 to 104

Remuneration Committee

- John O'Higgins (Chair)
- Jane Griffiths
- Xiaozhi Liu
- Doug Webb

→ Read more on pages 105 to 127

Disclosure Committee

The committee comprises executive management and the General Counsel and Company Secretary (Chair). The board has delegated specific responsibilities to the Disclosure Committee which identifies and controls inside information, and determines how or when that information is disclosed, in accordance with applicable legal and regulatory requirements.

Group Leadership Team

The board delegates responsibility for implementing operational decisions and for the day-to-day management of the business to the Chief Executive Officer, who is supported by the Group Leadership Team (GLT). Our Delegation of Authorities Framework sets out levels of authority for decision-making throughout the group.

🔗 Details of GLT members and their relevant experience are on our website: matthey.com/GLT

In May 2024, as we continued to simplify our governance, the board agreed to consolidate the responsibilities of the Ethics Panel, which, among other things, oversaw our Speak Up programme, to the Societal Value Committee.

Board outcomes

Our board agendas reflect our strategic priorities and provide us sufficient time to discuss and develop proposals and monitor group performance. Over these two pages, we have set out some of the outcomes of matters we discussed during the year, with different stakeholder groups central to those decisions. Our stakeholder engagement on pages 86 to 88 (including our Section 172 statement on page 74), illustrates how the board considers stakeholder views and the outcomes of those considerations.

→ Read more about our strategy on pages 14 and 15 and risk on pages 62-70.

April

- Approved the sale of our Diagnostic Services business, supporting our strategic milestone of the Value Business divestment programme
- Appointed Simon Price as General Counsel and Company Secretary with effect from June 2023

May

- Reviewed and approved the full year results and Annual Report and Accounts 2023, and recommended approval of the 2022/23 final dividend to shareholders
- Received an update on the JM and Hystar strategic partnership in renewable hydrogen production, one of our strategic milestones to win at least two large-scale strategic partnerships in Hydrogen Technologies
- Our Senior Independent Director met with the non-executive directors to review the Chair's performance

June

- Investor engagement following the year-end results, including executive director participation in a Catalyst Technologies seminar for investors and analysts

July

- Approved an investment agreement with Shanghai Jiading District for plans to build a new catalyst coated membrane production facility for multiple proton exchange membrane (PEM) fuel cell applications and PEM electrolyzers
- Board engaged with shareholders at the AGM



Governance in action

JM Global Solutions

In October, following a detailed review, the board approved the JM Global Solutions (JMGS) business case for a fully integrated hybrid global business services model for Finance, Procurement and HR. The board considered this would improve the quality of the current service, drive standardisation and reduce cost. The board agreed that this level of change was key for JM to transform for growth and would create a more integrated culture.

October

- Approved the closure of manufacturing operations at our JM Clean Air plant in Germiston, South Africa in line with our footprint rationalisation programme

August

- Approved the sale of certain assets of the German battery materials business, supporting JM's exit of the battery materials market to enable focus on its core businesses
- Barbara Jeremiah visited Wayne, US as part of her induction programme, including meeting with site leadership and high-potential leaders

November

- Reviewed and approved the half-year results and 2024/25 interim dividend
- Carried out a risk review
- Approved board committee composition changes with effect from 2nd January 2024



Governance in action

Board oversight of cyber security

in November, following a request from the board, an independent review of cyber matters was undertaken, resulting in a cyber risk reduction programme being developed using input and guidance from key partners. The board reviewed the outcomes and recommendations, and with oversight through CFO sponsorship, has continued to review this programme throughout the year. Updates for these reviews have been provided by the Chief Information Officer on JM's cyber risks and mitigation plans, including current and future innovation opportunities such as digital, AI and a demonstration of the cyber security controls in place.

Board outcomes continued



Board 2023/24 time allocation

Meeting agendas are agreed by the Chair, CEO and General Counsel and Company Secretary and combine a balance of regular standing items as outlined below.

Executive reports: The CEO and CFO provide high-level operational and financial updates presenting key achievements, challenges and actions being taken.

Strategy and performance: The board reviews key areas of strategy and performance, presented by our business Chief Executives and Function leaders.

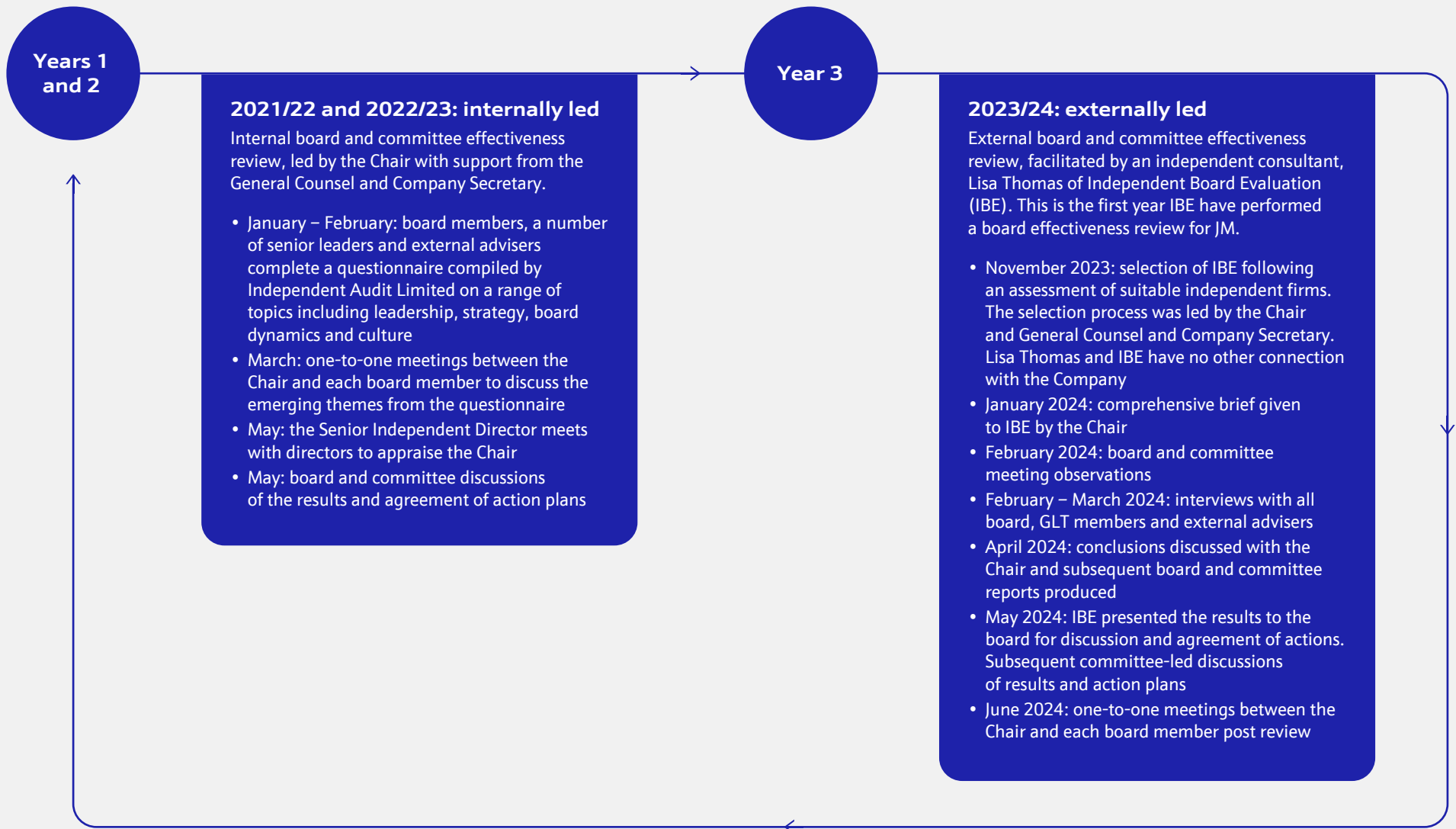
Transformation: The board receives updates on the work of the Transformation Office and JM Global Solutions, our most significant change programme.

Risk, governance and compliance: The General Counsel and Company Secretary provides regular updates on corporate governance developments as well as internal governance matters. The board reviews the company's principal risks at least twice a year.



Board and committee effectiveness

The annual effectiveness review helps drive continuous improvement of the board and, in turn, performance of the company. The board and committee effectiveness review operates on a three-year cycle as outlined below:



Board and committee effectiveness continued

Board effectiveness review outcome

The 2023/24 review highlighted the constructive boardroom dynamics and a high degree of openness between board members, underpinned by trusting relationships. There is diversity of experience and thought, with well-balanced input and specialisms. Shareholder accountability and relationships, governance and compliance and the process for selecting new board members, were seen as particular strengths. It was noted that improvements could be made to agenda planning, to ensure focus on key issues and sufficient time for full discussion. Opportunities for the non-executive directors to deepen relationships with the GLT would also be welcomed.

2023/24 action

Responsibility

Agree board objectives for 2024/25, supported by an annual planner	Chair, Committee Chairs, with supported from the General Counsel and Company Secretary
Increase engagement between GLT members and non-executive directors	Chair, CEO
As the new arrangements for board committee composition and cadence embeds, review roles and responsibilities to ensure these remain appropriate and are in support of the board's objectives	Chair, Committee Chairs, General Counsel and Company Secretary

2022/23 review

Actions from the 2022/23 review are set out below together with details of the progress made.

2022/23 action

2022/23 progress and insight

<ul style="list-style-type: none"> Review and discuss how cyber risk is managed and mitigated across the group 	<ul style="list-style-type: none"> The board requested and received two updates on cyber risk during the year. Read more about board oversight of our cyber security on page 82
<ul style="list-style-type: none"> Discuss the approach to culture and agree the methodology of reviewing progress 	<ul style="list-style-type: none"> Information on the Societal Value Committee's approach to monitoring culture and the agreed cultural dashboard can be found in the Societal Value Committee's report on page 90
<ul style="list-style-type: none"> Secure more opportunities for board members to meet members of the senior leadership teams outside of formal board meetings 	<ul style="list-style-type: none"> Details on the board's engagement with site leadership are set out on page 91

Review of the Chair's performance

Led by Barbara Jeremiah, the Senior Independent Director, the non-executive directors met without Patrick Thomas to discuss his performance as Chair. They considered he continues to provide robust leadership for the board and facilitates open and constructive debate.

Stakeholder engagement

We are focused on driving long-term sustainable success for the benefit of our stakeholders. This section provides an insight into how we, as a board, engage with our stakeholders to understand what matters to them. Examples of some of the principal decisions taken by the board during the year and the stakeholder views and inputs considered as part of these decisions are on pages 86-88. Find more information on board outcomes on pages 82-83.

Customers and strategic partners

How we engage at board level

- Customer relationships are discussed at every board meeting
- Key strategic partnerships were approved by the board during the year, and the board assesses potential partnerships against our strategic milestones

How we engage across the company

- Customer satisfaction surveys
- Tracking customer perceptions against key indicators
- Engaging customers in the development process of new products

Investors

How we engage at board level

- Regular investor updates are presented at board meetings
- Investors have the chance to ask directors questions at the AGM
- The Chair, Chief Executive Officer and Chief Financial Officer have regular engagement with investors and analysts, including presenting full and half year results
- The Remuneration Committee Chair engages directly on remuneration matters and application of policy
- The Senior Independent Director and committee chairs are available to meet with investors

How we engage across the company

- Regular dialogue with shareholders to support them in their investments
- Investor roadshows and investor conferences
- Catalyst Technologies investor seminar

Our people

How we engage at board level

- Review the results of the employee engagement surveys
- Monitor culture and the impact of the transformation programme on our people
- Regular visits to JM sites to meet colleagues
- Review process safety and EHS processes to ensure they keep our people safe
- The Nomination Committee receives talent and succession updates
- The Societal Value Committee reviews matters raised through our independent Speak Up process
- The Remuneration Committee sets the reward and benefits framework

How we engage across the company

- Regular internal communications and town halls
- Employee engagement surveys
- Policies, processes and events to keep our people safe and promote a culture of diversity, inclusivity and belonging, that reflects our values
- Annual JM Awards

Society

How we engage at board level

- Address key societal issues within our strategy
- Through the Societal Value Committee review the progress towards our sustainability targets

How we engage across the company

- Play an active role in a variety of associations, including the Henry Royce Institute, the Society of Chemical Industries and the UN's International Hydrogen Energy Centre

Communities

How we engage at board level

- The Societal Value Committee receives reports on sustainability and actions to support our communities

How we engage across the company

- JM colleagues can take up to two paid volunteering days every year to work with projects that benefit their local communities. In 2023/24 volunteering activities ranged from repairing community facilities to litter picking and supporting refugees and food banks
- Match funding for employee donations to certain charitable causes. In 2023/24 JM matched charitable donations made to a variety of charities from Médecins Sans Frontières, Doctors Without Borders, to the World Wildlife Fund and Macmillan Cancer Support
- Donations to support communities in the regions that we operate in
- Supporting relief efforts in China's quake-hit Gansu

Suppliers

How we engage at board level

- Review payment practices reporting and areas of improvement
- Review and approve the Modern Slavery Statement
- Promote an ethical culture

How we engage across the company

- Continually review relationships with our strategic and high-impact suppliers – see page 88
- Policies and processes to ensure an ethical supply chain, including the Human Rights Policy and Conflict Minerals and Cobalt Policy
- Ethics communications to raise awareness of the importance of ethical conduct within our supply chain

Stakeholder engagement continued

Stakeholder engagement in action

Stakeholder engagement is vital to building a sustainable business. The board recognises the need to foster positive business relationships with suppliers, customers and governments.

This section provides more details on how the directors have fulfilled their duties. The matters we consider differ in relevance for each stakeholder, and sometimes stakeholders may have conflicting interests. We aim to consider the key issues relevant to each stakeholder group and our decisions will ultimately promote the group's long-term success, and support our vision, purpose and strategy. In making decisions, we consider the interests of stakeholders across the company – not just at board level.

Transforming the way we operate – JM Global Solutions

Making JM simpler, more agile and more cost-effective are key parts of how we can 'Play to Win' and deliver our strategy. To support the delivery of our strategy we explored the benefits that a global business services hybrid operating model could bring to the way we deliver human resources, finance and procurement services. Following discussion and detailed review, the board took the strategic decision to implement JM Global Solutions.

Stakeholder considerations

Suppliers

Moving our source-to-pay services to JM Global Solutions gives us the opportunity to simplify and clarify our procurement processes and systems.

Our people

Transforming our culture and the way we operate impacts our people. Moving a range of activities from our local human resources, finance and procurement teams to JM Global Solutions means reducing the size of our local teams, whilst providing the opportunity to simplify our processes to support our people in getting things done during their JM life cycle, from recruitment to retirement. We understand the impact that transformation can have. To support our people and build understanding of this change, we are in regular communication with our people, we are holding redeployment workshops and we have made toolkits and assistance programmes available.

"To be successful, every business needs to adapt and change. We are no exception. JM Global Solutions represents a new way of working for everyone. It means us doing some things differently in return for doing them better."

Peter Hill, Group Global Services and Transformation Director

Investors

Through regular updates we are closely monitoring the roll-out of JM Global Solutions. This allows us to challenge management and ensure that we achieve the benefits of JM Global Solutions as quickly as possible for our investors and wider stakeholders, whilst minimising disruption to our business.

Outcomes and impact on our long-term success

We believe that this way of operating will result in a better experience for our suppliers, colleagues and investors. It offers an effective solution for process delivery and can help create more structure and standardisation, less duplication and clearer accountabilities, supporting us to become simpler, more agile and more cost-effective.







Stakeholder engagement continued

Deepening our relationships

JM's first global supplier convention

In November 2023, the Procurement team hosted our first ever global supplier convention, bringing together senior representatives from our key suppliers and JM business stakeholders. This event, themed 'Play to Win Together', provided an opportunity to connect our suppliers with our JM strategy. It also allowed us to refresh our dialogue to collaborate with transparency and strategic intent, share knowledge and insights to anticipate market uncertainty and supply chain risks, and unlock future value.

Stakeholder considerations

 Customers	Investing in and developing our supplier relationships is key to building a robust supplier ecosystem to deliver for our customers through more resilient and sustainable supply chains.
 Investors	The delivery of sustainable profitable growth requires a strong supplier ecosystem. The board considered that having the right business partnerships with our suppliers would positively contribute to investors' long-term returns.
 Communities and society	We have been evaluating our suppliers through EcoVadis, our sustainability rating provider, to better understand their performance in human rights and health and safety, as well as their journey to net zero. Improving JM's supplier relationships enables us to collaborate to reduce wastefulness, embed circularity, adopt sustainable practices, ensure an ethical value chain and maintain the highest standards in procurement.
 Suppliers	Our global supplier conference signifies a step change in how we work with our key suppliers. It illustrates how much we value their commitment to JM. It promotes engagement and collaboration to evolve from transactional relationships to true business partnerships, in unlocking value and ensuring a resilient, ethical supply chain.

Outcomes and impact on our long-term success

This inaugural convention was such a success that we intend to make it a regular occurrence. The collaborative dialogues and ideas generated during this event have developed into projects to deliver practical solutions to enhance JM's responsible sourcing, whilst driving profitable revenue growth to support our customers in catalysing the net zero transition.

Delivering on our milestones



Divestment of Medical Device Components

Through our strategic review, Medical Device Components (MDC), a business producing components for medical device manufacturers globally, with a focus on precious metal alloys and nitinol, was identified as non-core to JM's growth strategy. In March 2024 we announced the sale of MDC to Montagu Private Equity.

"This deal supports the delivery of one of JM's strategic milestones, the divestment of Value Businesses."

Louise Melikian, Chief Strategy and Corporate Development Officer

Stakeholder considerations

 Investors	To create long-term value for our shareholders through profit growth and improved margins, we need to invest in growth. The board's decision to divest MDC supports our strategy of playing to win in exciting growth markets where our core competencies and technology portfolio can have maximum impact. This transaction provides investment for growth for the benefit of our investors. As previously announced, and in line with our stated capital allocation policy, it is the board's current intention to return to shareholders £250 million of the net sale proceeds by way of an on-market share buyback programme, subject to completion of the sale.
 Our people	Transforming JM into a leading global energy transition company requires us to take difficult decisions. The board considered the strategic review recommendation to divest MDC and whilst it is hard to let go of our colleagues, we have found a good fit for MDC to grow and develop its already strong and profitable business, led by Montagu Private Equity's strong and committed leadership team.

Outcomes and impact on our long-term success

This sale is expected to complete by autumn of 2024 and at completion will deliver cash consideration of US\$700 million (£550 million) to the business. This transaction supports the simplification of our business and one of our strategic milestones, the divestment of Value Businesses. Delivering in these areas ensures we are positioned to create long-term value to support our transformation into a leading global energy transition company.

Societal Value Committee report

Membership

Jane Griffiths (Chair)
Liam Condon
Barbara Jeremiah
Rita Forst
John O'Higgins
Stephen Oxley

- Members' attendance at committee meetings during the year is on page 77
- Details of changes to the committee's membership are set out on page 93

Other regular attendees at committee meetings

- Chief Sustainability Officer including Communications and Government Affairs
- Chief HR Officer
- General Counsel and Company Secretary

🔗 The Committee's Terms of Reference set out its full responsibilities: matthey.com/governance-framework

Sustainability disclosures

- The committee reviewed and recommended to the Board the approval of the disclosures in the Sustainability report on pages 34-52, including our TCFD disclosures on pages 53-61.

🔗 Sustainability Performance Data Book: matthey.com/sustainability-databook



Now in its third year, the Societal Value Committee has continued to support the board by providing challenge and rigour to our sustainability strategy. The committee received regular updates on performance towards achieving our ambitious sustainability targets for 2030. These targets build upon our inspiring science and innovation to support the energy transition that will benefit society. The committee has been pleased with the progress made to reduce our Scope 1 and 2 greenhouse gas (GHG) emissions by 44%, in part due to the efforts to switch to renewable electricity, and by the SBTi's validation of our near-term and long-term ambitions. We also discussed the importance of further embedding circularity in what we do, as exemplified by a new methodology to provide 100% recycled PGMs to selected customers and innovation in recycling. Circularity is one of the pillars of our Nature strategy, which we reviewed this year. This will ensure that climate, circularity and nature are at the forefront of our operations and sourcing strategy in order to achieve our targets.

In addition, the committee was kept informed of how we engage with stakeholders on sustainability, both with our colleagues (e.g. through the Sustainability Champions network or through volunteering) and external stakeholders. The committee

reviewed evolving external trends related to sustainability, in particular upcoming ESG reporting requirements, and discussed the plan to ensure JM meets these requirements.

During this period of transformation, it is important that our commitment to sustainability embraces a holistic approach and I am pleased that the committee's role has been expanded to monitor culture across the organisation. Our success and future growth are intrinsic to the culture that we promote and the committee spent time reviewing the cultural transformation and agreed how this should be monitored going forward. Our culture is underpinned by the highest ethical standards in everything we do. The committee continues to spend time at each meeting monitoring ethics and compliance trends, material Speak Up cases and reviewing ethical dilemmas on JM fact patterns that provide examples of how we adhere to our values.

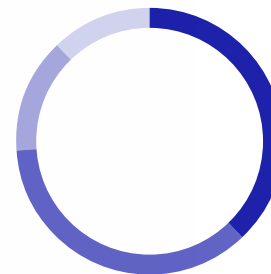
"Sustainability has remained at the heart of JM as we undergo our transformation."

But monitoring culture is not enough. As board members, we need to see and experience this for ourselves and the committee has reviewed the mechanisms for the board to engage directly with the workforce. This mechanism provides a two-way dialogue between our workforce and the board, so we can understand the topics that really matter to our colleagues.

Our externally-led committee effectiveness review for 2024 showed that the committee has risen into a substantial forum from its inception and continues to operate well. The committee will keep the scope of its responsibilities under review throughout the year, to ensure these remain appropriate and support our board objectives.

Jane Griffiths
Societal Value Committee Chair

How the committee spent its time in 2023/24



Sustainability	38%
People	36%
Ethics	14%
Governance	12%

Societal Value Committee report continued

The committee's role

Societal value covers a range of economic, social and environmental topics. Given the central role of sustainability to our overall strategy, the committee was established in 2021 to bring continued focus to this area. The committee assists the board in overseeing the group sustainability strategy, including net zero commitments and science-based GHG targets, monitoring culture and driving a truly inclusive organisation, overseeing the group's ethical conduct, and keeping up to date with societal value topics, including stakeholder expectations.

Information on the governance of sustainability matters beyond the committee's role can be found within our TCFD disclosures on page 53.

Committee outcomes

The outcomes of the committee's key activities during the year included:

- Challenged sustainability performance data and agreed on adjustments to our 2030 targets
- Agreed and recommended to the Remuneration Committee sustainability targets for the next three years for incorporation into our Performance Share Plan
- Reviewed Scope 1,2 and 3 GHG footprint including the levers to reach our reduction targets by 2030
- Refreshed our responsible sourcing principles
- Reviewed our updated roadmap to meet our net zero commitment by 2040
- Agreed a new nature strategy, reflecting our commitment to nature protection
- Provided feedback on work to integrate sustainability into engineering and capital projects

- Received an update on the cultural transformation and agreed the form of a dashboard to monitor culture
- Agreed the mechanism for the board's engagement with the workforce
- Challenged progress in respect of diversity, inclusion and belonging
- Received regular horizon scanning updates, including future sustainability reporting requirements and benchmarks
- Received updates on ethics and compliance matters, including Speak Up trends, ethical dilemmas and ethical culture heatmaps
- Reviewed the Speak Up process and agreed this was effective
- Agreed to recommend the Modern Slavery Statement 2023 to the board for approval
- Discussed the results of the external committee effectiveness review and agreed related actions.

Culture

During the year, it was agreed that the committee's responsibilities would expand to monitor culture across JM. A high-performing culture generates and protects value, supporting our strategy to achieve our purpose of catalysing the net zero transition. Our cultural transformation is centred on three pillars: people growth, customer focus and simplification.

The committee considers multiple sources to assess the strength of culture and understand employee sentiment through regular reporting and metrics, including:

- Feedback from the board's direct interaction with the workforce, through engagement forums, site visits and interactions with management
- Bi-annual reviews of the cultural dashboard



Governance in action: our cultural dashboard

Our cultural dashboard enables the committee to track progress of our cultural transformation.

During the year, the committee agreed the form of a cultural dashboard comprising data relating to the key dimensions of the 'Play to Win' behaviours. The dashboard acts as a check for the committee on the cultural context in which our colleagues work, and allows us to identify any areas of misalignment and take appropriate action.

Transformation pillar		How we measure it
People growth	Accountability	Quarterly and annual 'Play to Win' employee engagement survey results
	Performance	
	People growth	
	Inclusiveness	Annual 'Play to Win' engagement survey results Gender diversity
	Engagement	Annual 'Play to Win' engagement survey results
	Voluntary attrition	Voluntary attrition
Simplification	Safety	Quarterly total recordable incident rate
	Simplification	Quarterly and annual 'Play to Win' engagement survey results
Customer centricity	Customer focus	Net Promoter Score

→ [Read more about the changes to our sustainability targets and our cultural transformation on pages 13 and 35.](#)

Societal Value Committee report continued

- Updates from the Chief HR Officer on the progress to create a diverse, inclusive and engaged company, and the workstreams to support the cultural transformation
- Regular Speak Up reports and heatmaps to indicate the ethical culture at key sites.

Engagement with the workforce

Engaging with the workforce at all levels allows the board to understand the culture, issues and challenges across our business.

During 2022/23, the engagement forums led by non-executive directors in key countries where we operate were paused, to allow for direct engagement between management and employees on the refreshed strategy and cultural ambition. During the year and on behalf of the board, the Committee reflected upon the workforce engagement methods specified by the UK Corporate Governance Code 2018 and agreed that the global and diverse network continued to require a different approach. The committee agreed that the engagement forums in key countries should be re-established but in a simplified form to encourage open and honest conversations.

During the year and up to the date of this Annual Report and Accounts, engagement forums have been held in the UK, China and the US, comprising diverse colleagues from different businesses, functions, job types, ages and tenures. These face-to-face sessions included informal discussions between approximately eight colleagues and a non-executive director. These centred on the understanding of JM’s transformation journey, opportunities to improve engagement and how enabled colleagues feel to deliver in their role. To support unconstrained dialogue, it was important that local management were not present for the forums. The directors shared their feedback from the engagement forums with the committee and applicable senior leaders. The non-executive directors have also collectively met with colleagues over lunch as part of the board agenda, following similar principles to the engagement forums.

The committee intends to continue its approach to workforce engagement and will look to hold engagement sessions in other countries during 2024/25. Alongside this, the board continues to engage with colleagues via site tours, face-to-face discussions at meetings and attendance at employee events.



Governance in action:
board attendance at employee engagement sessions

Country	Director	Insight from engagement sessions
UK	Jane Griffiths Doug Webb	<ul style="list-style-type: none"> • Company-wide communication has improved, including through global town halls but with a desire for more direct feedback and communication from line managers.
China	Xiaozhi Liu	<ul style="list-style-type: none"> • Whilst there is a significant focus on people, more could be done to facilitate cross-business interactions and learnings. • Wellbeing is paramount at a time of change and should remain high on the agenda.
US	Barbara Jeremiah	

Nomination Committee report

Membership

The committee comprises the Chair and all independent non-executive directors.

- [Members' attendance at committee meetings during the year is on page 77](#)
- [Details of changes to committee membership are set out on page 93](#)

Other regular attendees at committee meetings

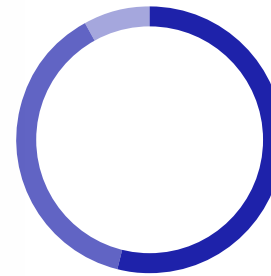
- Chief Executive Officer
- Chief HR Officer
- General Counsel and Company Secretary

🔗 [The Committee's Terms of Reference set out its full responsibilities: matthey.com/governance-framework](https://matthey.com/governance-framework)



“The committee continues to support long-term success and ensures effective succession planning is in place for all directors.”

How the committee spent its time in 2023/24



Board and committee composition	54%
Executive succession (GLT)	38%
Governance	8%

This year, a key focus for the committee has been succession planning, for both the board and Group Leadership Team (GLT), whilst ensuring the board and its committees have the collective skills needed to oversee JM's transformation. Chris Mottershead retired from the board in January 2024, having been a director for nine years. The committee monitors the tenure of non-executive directors closely to ensure effective succession planning and we strengthened the board's composition with the appointment of Barbara Jeremiah as an independent Non-Executive Director in July 2023. You can read more about Barbara's induction to JM on page 94.

The committee spent time on executive succession to ensure we have the right leaders to deliver our transformation and to support the long-term success of the company, and we oversaw a number of changes to the GLT.

The committee recognises the importance of diversity in driving meaningful change across JM. This includes the board, and the committee was pleased to increase its board diversity targets in line with the FCA's Diversity Listing Rules.

Simplification is a key part of our transformation and there are opportunities to be realised in all areas of the organisation. You can read more about how we simplified our committees on page 93.

Our externally-led board and committee effectiveness review for 2023/24 (see pages 82 and 83) confirmed that our discussions are open and honest, with an atmosphere of trust. During 2024/25, the committee intends to focus on medium to longer term succession planning, considering the skills needed to support our strategy.

Patrick Thomas
Nomination Committee Chair

Nomination Committee report continued

**Governance in action:
simplifying our
governance**

During the year the committee considered the composition of the board committees. Whilst there have been benefits to having all non-executive directors as members of all committees, it was felt that there were opportunities to simplify this. The committee considered the skills, experience, knowledge and diversity when recommending committee membership to the board. The board approved the proposal, which took effect from 2nd January 2024. The composition of each committee as at 31st March and the date of this report is set out on page 81.

To create further efficiencies, it was also agreed to reduce the number of board and committee meetings, with more committee meetings being held virtually and separated from the board meetings. This gives the committee chairs increased flexibility in terms of time and how they manage the agendas.

Committee outcomes

The committee ensures JM is led by a diverse, high-quality board, with the appropriate skills, knowledge and experience to ensure our long-term success. The outcomes of the committee's key activities during the year and up to the date of this report include:

- The appointment of Barbara Jeremiah as an independent Non-Executive Director and Senior Independent Director
- Changes to the composition of the board committees as outlined in the board composition changes during the year timeline
- Changes to the composition of the GLT, including the appointments of:
 - Simon Price as General Counsel and Company Secretary
 - Maurits van Tol as Chief Executive Officer, Catalyst Technologies
 - Liz Rowsell as Chief Technology Officer
 - Louise Melikian as Chief Strategy and Corporate Development Officer
 - Peter Hill as Group Global Services and Transformation Director
- Increased responsibilities for Mark Wilson, Chief Executive, Hydrogen Technologies.

Board composition

The committee regularly reviews the composition of the board and its committees to ensure there is an appropriate balance of skills to support the company's strategy. This is facilitated via an assessment of the board's collective skillset by asking each non-executive director to identify their strengths, scoring their level of expertise on a scale of one to five. The table on page 77 shows the skills held by our non-executive directors that are most relevant to their role at Johnson Matthey. This year's externally-led board and committee effectiveness review, as detailed on pages 84-85, included an appraisal of each director, their contributions and any areas for further development. These individual reports were shared with the Chair to support a discussion on any gaps that can be addressed through future appointments or additional training.

The committee is satisfied that each director continues to effectively contribute to the board and fulfil their duty to promote the success of the company. The board and committees include a strong mix of experienced individuals who provide constructive challenge to all discussions. All directors have demonstrated a strong commitment to their roles and careful consideration is given to external appointments, to ensure sufficient time can be dedicated to their roles on our board and committees.

Board composition changes during the year**June 2023**

- Appointment of Simon Price as General Counsel and Company Secretary

July 2023

- Appointment of Barbara Jeremiah as independent Non-Executive Director and Senior Independent Director
- Appointment of John O'Higgins as Chair of the Remuneration Committee

November 2023

- Review of membership of Audit, Remuneration and Societal Value committees

January 2024

- Focused membership of Audit, Remuneration and Societal Values committees became effective
- Chris Mottershead stepped down from his role as independent Non-Executive Director.

Nomination Committee report continued

Succession planning

Board

In January 2024, having achieved a nine-year tenure, Chris Mottershead stepped down from the board. Ahead of his retirement, the committee spent time discussing the skills and expertise of the board and recommended that a further non-executive director be appointed to the board as Senior Independent Director. The committee sought an individual with experience of strong leadership and delivering transformation programmes and an understanding of the US commercial market. Egon Zehnder, a third-party search and recruitment specialist, assisted with the search. Following evaluation of the final short list of candidates, the committee recommended Barbara Jeremiah's appointment. It was felt that Barbara's understanding of metals, along with her investor experience, would enhance the board's deliberations. Details of Barbara's induction are set out on this page.

GLT

The committee also oversees succession planning for senior leadership roles and talent development to build capability for the future. The committee reviews the internal pipeline of candidates for immediate and medium to longer-term movement to leadership roles. This is routinely challenged to ensure the committee understands the breadth of potential and to balance internal succession planning with the need for external perspectives.

During the year, the committee oversaw the appointments of Simon Price as General Counsel and Company Secretary, Liz Rowsell as Chief Technology Officer, Louise Melikian as Chief Strategy and Corporate Development Officer and Peter Hill as Group Global Services and Transformation Director.

The committee also oversaw the appointment of Maurits van Tol as Chief Executive, Catalyst Technologies, who previously held the role of Chief Technology Officer, and the increase in responsibilities for Mark Wilson, Chief Executive, Hydrogen Technologies, to respect of group-wide EHS and engineering matters.

Turning to the year ahead, the committee intends to focus on board succession to ensure an orderly and diverse succession plan is in place for key roles.

During the year, Egon Zehnder provided senior-level recruitment services, including assessment and people development services. Egon Zehnder has no other connection with the company or any other directors.

Diversity and inclusion

The committee continues to drive the diversity agenda across JM. A diverse and inclusive organisation is fundamental to our vision, and our Board Diversity Policy ensures that the tone is set from the top.

Following our commitment last year to meet the FCA's Diversity Listing Rules target, and the appointment of Barbara Jeremiah, the targets were successfully met.

In April 2024, the committee reviewed our Board Diversity Policy and refreshed its objectives to reflect the requirements of the FCA's Diversity Listing Rules, FTSE Women Leaders and Parker Reviews and to maintain:

- 40% of women on the board
- at least one woman in the chair or senior independent director role
- one director from an ethnic minority group.

Our Board Diversity Policy is applied consistently across all board committees.

Details of gender and ethnic representation as prescribed by Listing Rule 9.8.6 are set out in the tables on page 95. The board and GLT members confirmed their gender and ethnicity for the purpose of collecting these data.

[Board Diversity Policy: matthey.com/board-diversity](https://matthey.com/board-diversity)

The board also supports the terms of the Enhanced Voluntary Code of Conduct for executive search firms. All our appointed executive search firms are required to secure a diverse longlist of candidates, including Black, Asian and minority ethnic talent.

Beyond the board, we aspire to have gender balance across all levels of the group. One of our key milestones is to achieve greater than 40% of female representation across professional management by 2030 and we are on track to achieve this. While gender diversity has improved we want to accelerate the pace of change.

Further details on how we are improving diversity across the group, the gender balance of senior management and our Diversity, Equity, Inclusion and Belonging Policy are set out on page 47.



Governance in action: director inductions

All new directors receive a tailored comprehensive induction programme upon joining the board including reading material and meetings with colleagues. Barbara Jeremiah's induction plan comprised a balance of knowledge-based sessions in addition to site visits to provide exposure to JM's business, working environment and culture.

Barbara Jeremiah induction programme

Areas covered	Sessions by
Strategy, financial performance, investor sentiment	Chief Executive Officer Chief Financial Officer
Business introductions	Chief Executive, Clean Air Chief Executive, PGM Services Chief Executive, Catalyst Technologies Chief Executive, Hydrogen Technologies
Corporate governance and board operations	General Counsel and Company Secretary
Legal views of the external environment	General Counsel and Company Secretary
Site tours	Site leadership teams
Employee interactions	Site-based colleagues

When considering any future appointments the committee will continue to make recommendations in consideration of our Board Diversity Policy.

Nomination Committee report continued

Gender representation as at 31st March 2024

	Number of board members	% of the board	Number of senior board positions (CEO, CFO, SID, Chair)	Number in executive management ¹	% of executive management
Men	5	56	3	9	69
Women	4	44	1	4	31
Other categories	0	0	0	0	0
Not specified/prefer not to disclose	0	0	0	0	0

Ethnic representation as at 31st March 2024

	Number of board members	% of the board	Number of senior board positions (CEO, CFO, SID, Chair)	Number in executive management ¹	% of executive management
White British or other White (including minority-white groups)	8	89	4	11	84
Mixed/Multiple Ethnic Groups	0	0	0	1	8
Asian/Asian British	1	11	0	1	8
Black/African/ Caribbean/Black British	0	0	0	0	0
Other ethnic group, including Arab	0	0	0	0	0
Not specified/ prefer not to say	0	0	0	0	0

1. Executive management includes all members of the GLT.

Audit Committee report

Membership

Doug Webb (Chair)*
 Rita Forst
 Jane Griffiths
 John O'Higgins
 Barbara Jeremiah

* Doug Webb, our Committee Chair, is a chartered accountant who brings a wealth of recent and relevant financial experience, including acting as Chief Financial Officer at the London Stock Exchange Group, QinetiQ and Meggitt.

→ Members' attendance at committee meetings during the year is on page 77

→ Details of changes to the committee's membership are set out on page 93

Other regular attendees at committee meetings

- Chair of the board
- Chief Executive Officer
- Chief Financial Officer
- General Counsel and Company Secretary
- Director of Assurance and Risk
- Group Financial Controller
- PwC audit partner



During the year, the committee has focused on identifying risks and monitoring the controls in place to support JM's transformation strategy. This report covers the committee's work in relation to financial reporting, internal financial controls, internal control and risk management systems, and the relationship with our external auditor.

The committee met three times during the year, with members of senior management present as and when appropriate. The committee meets with the external auditor and the Director of Assurance and Risk separately during the year without management present. In addition, the committee chair holds regular private sessions with the Chief Financial Officer, senior members of the finance team, the Director of Assurance and Risk, and the external auditor, to ensure that open and informal lines of communication exist should they wish to raise any concerns outside formal meetings. In November 2023, the committee approved an annual agenda plan which is linked to the

"The Audit Committee plays a vital role in identifying risks and monitoring the controls in place, to help the group to achieve its transformation strategic objectives."

company's financial calendar. The agenda is flexible, enabling in-depth reviews of topics of particular importance to the committee.

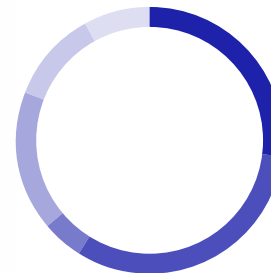
The role of the committee

The committee continues to support the business in achieving its transformation strategic objectives (see pages 14 to 15). During the year, the committee supported the board on a number of governance matters relating to financial reporting and internal controls.

The committee's principal responsibilities are:

- To monitor the integrity of the reported financial information, reviewing significant financial considerations and judgements.
- To review the group's internal control and risk management systems and monitoring the effectiveness of the group assurance function.
- To oversee the relationship with the external auditor including monitoring their independence and objectivity, reviewing and approving external audit fees, recommending reappointment or not, and ensuring a high-quality, effective audit, based on a sound plan.

How the committee spent its time in 2023/24



External Audit	27%
Financial reporting	32%
Governance/regulatory updates	5%
Internal Audit	17%
Internal control and risk management	11%
Narrative reporting/sustainability	8%

🔗 The committee's Terms of Reference set out its full responsibilities: matthey.com/governance-framework

Audit Committee report continued

In addition to its regular activities the committee focused on a number of key areas this year:

- Oversight of the group's integrated assurance project, to consolidate and map assurance activities, with internal audit aligning with the JMGS programme to provide assurance over the new ways of working.
- Monitored the ongoing transformation of group finance.
- Approved the level of assurance over sustainability-related disclosures in the Annual Report and Accounts.
- Reviewed JM's cyber readiness and challenged management's identification and remediation of specific cyber control gaps.
- Challenged management on lessons learnt from previous strategic changes.
- Reviewed and responded to upcoming regulatory changes.

During the year, the committee continued to play a key role in assisting the board in its oversight responsibility and monitoring the integrity of the financial information. This has included challenging management on the significant accounting judgements made in the financial reporting, as well as reviewing the analysis behind our going concern and viability statements and considering the processes that underpin the preparation of the Annual Report and Accounts.

The committee received regular updates at each meeting from the Director of Assurance and Risk, covering the control and risk management framework and internal audit reviews. The committee continued to oversee the programme assurance activities, receiving regular updates on the progress of key programmes. See Governance in action on page 97 for more information.

→ [Read more about the Audit Committee outcomes during 2024 on pages 98-99](#)

Our response to regulatory changes

We continue to track developments with the UK Government's corporate governance reforms and consider management's plans to respond to the evolving requirements, in readiness to adapt to the changes in forthcoming years.

In May 2023 the Financial Reporting Council (FRC) published a Minimum Standard for Audit Committees (the Minimum Standard) in relation to external audit. The committee reviewed the four main areas of focus of the Minimum Standard, in conjunction with the current UK Corporate Governance Code (2018 Code) and the FRC Guidance on Audit Committees, and determined that the Terms of Reference needed to be updated to refer to the Minimum Standard.

The committee is reviewing the implications of the FRC's recently published 2024 UK Corporate Governance Code (2024 Code) and identifying any actions JM needs to take to ensure compliance and enhance the internal control frameworks. A key substantive change in the 2024 Code is the requirement for the board to include a declaration in the Annual Report and Accounts on how it has carried out the review of the effectiveness of the company's risk management and internal controls framework and their conclusions. This new requirement for a board declaration in the Annual Report and Accounts will come into effect for JM in the financial year starting 1st April 2026.

In August 2023, the UK Government published information on its framework for creating UK Sustainability Disclosure Standards (UK SDS) based on the ISSB Standards which set out corporate disclosures on the sustainability-related risks

and opportunities that companies face. The standards will form the basis of any future requirements in UK legislation or regulation for companies to report on risks and opportunities relating to sustainability matters, including those arising from climate change. Although the ISSB Standards will not replace the TCFD disclosure framework immediately, the ISSB Standards will be considered now to build them into future plans.

The aligned assurance approach contained within the Group Assurance and Risk (GAR) plan will help move JM towards the assessment of the effectiveness of risk management and internal controls. Although references to the Audit & Assurance Policy (AAP) have not been included in the 2024 Code, the committee will continue to review and update the internal AAP, because it is important to document how the board obtains assurance over JM's risks and external reporting.



Governance in action: lessons learnt and missed opportunities

Successful transformational change is an integral part of our business strategy. JM has embarked on a programme of work that will take several years to complete, and to support this, our internal audit team has adapted its engagement with these programmes, seeking innovative ways to proactively support programme delivery by providing timely insights.

A work stream undertaken by internal audit, that was recognised by the board and senior management as being of significant benefit, was a review of previous major change programmes delivered by JM, specifically Unify, a programme delivering global, standardised Enterprise Resource Planning (ERP) processes, data and systems across JM. Internal audit identified themed lessons learnt, taking into consideration other key transformation programmes. These lessons learnt were widely shared, from board and GLT level, down through the organisation to those running current programmes.

An example where we demonstrated lessons learnt from Unify was the JM Global Solutions (JMGS) programme where engagement on risk assurance has brought transparency and improvement to the governance rigours employed by the programme teams. Another example was the engagement on the capital projects assurance, on which GAR presented a summary of lessons to be learnt from the delivery of five previous projects. The findings from this work, together with work conducted by an independent specialist third-party assurance provider, enable the project teams to drive tangible improvements in the processes and controls of current projects.

Audit Committee report continued

Given the importance of sustainability to JM, whilst the 2024 Code does not include wider responsibilities and considerations for the board and audit committee in relation to sustainability objectives and other sustainability matters, the committee will continue to review and assess the sustainability goals and targets recommended by the Societal Value Committee to ensure they remain measurable and assurable.

The Institute of Internal Auditors' (IIA) mandatory 2024 Global Internal Audit Standards were published in January 2024, and will apply to JM from April 2025. During 2024/25 the committee will review the standards as a basis for evaluating and elevating the quality of our internal audit function.

Committee effectiveness

The externally facilitated board and committee effectiveness review for 2024 (see page 84) concluded that the committee continues to operate effectively, while recognising certain areas may benefit from further development. These include managing the ever-growing agenda to ensure appropriate focus on the most important topics, continued focus on the group's evolving internal control systems, in particular the maturing of assurance plans over non-financial data, and monitoring the evolution of the internal audit function. These will be considered in the forthcoming financial year.

Doug Webb

Audit Committee Chair

Committee outcomes

Financial reporting

- At the conclusion of the Annual Report and Accounts 2023, the committee reviewed the process, including challenges and what went well, and agreed actions to improve the process for the following year.
- Reviewed the group's financial statements and results announcements, with consideration given to the appropriateness of accounting policies and critical accounting judgements. Recommendations were made to the board supporting the half and full-year accounts and financial statements.
- Reviewed credit controls and risks in the context of continuous challenging market conditions.
- Reviewed management's consideration of the various FRC thematic reviews and guidance for financial reporting.
- Reviewed our operating metal framework, developed by management in response to a request from the Committee.

Narrative reporting

- Considered the viability and going concern statements and their underlying assumptions, evaluating going concern over an 13-month period, which included a review of financial plans and assumptions, access to financing and the challenging economic environment and the adaptability of financial plans. The committee also considered the appropriateness of a three-year viability assessment period after modelling the impact of certain scenarios arising from the group's principal risks.

- Reviewed and approved the enhancement of the process of verification of the contents of material statements contained in the non-financial and narrative reporting within the Annual Report and Accounts 2024, and approved the scope of, and provider of, external assurance over sustainability data.

Internal control and risk management

- Oversight of significant work performed on business controls across several key processes, and independent testing of those controls, providing more confidence on improvements in the control environments and a focus on remediation efforts. The committee has oversight of the changing control environment resulting from the transformation. In particular the move to JMGS is a critical change for JM and as a new way of working is pivotal for our controls culture.
- Challenged management to resolve issues relating to internal controls and risk management systems. Following a site extended audit performed by internal audit, the committee provided feedback to the Clean Air business on its risk control environment and the improvements made.
- Technology assurance is an area where the committee has challenged management to identify specific cyber control gaps, where remediation would provide the greatest level of risk reduction, and improve controls (in particular Operational Technology, our technology infrastructure that drives manufacturing equipment).
- Reviewed and approved changes related to controls and liquidity in the group's precious metals policy.

- Considered and agreed with management's determination that there were no significant control weaknesses or lack of adherence to policies and procedures identified.
- The committee met with the Group's new head of tax and reviewed tax risks and mitigation plans around both direct and indirect taxes.

External audit

- After due challenge and discussion, the committee agreed the scope of the external audit process prior to commencement of the 2024 audit. The committee appraised the effectiveness and performance, independence and objectivity of PwC, our external auditor, approved the external audit fees and terms of engagement, reviewed and approved non-audit services and kept under review the Non-Audit Services Policy.
- Determined that a good quality, comprehensive audit was completed for FY2023/24, following a review of PwC's regular reports to the committee, and feedback from PwC's independent quality review partner. As a result, the committee recommended PwC's re-appointment.
- The committee approved the proposal from management for six subsidiaries within the group to apply for an audit exemption by way of a parent guarantee under the Companies Act 2006. This decision would result in a cost saving for the group, and the removal of the external audit process and associated internal administration. The committee reviewed the additional controls required to be established to maintain high-quality accounting standards.

Audit Committee report continued

Internal audit

- Following regular reports from the Director of Assurance and Risk, the committee determined that risk management and internal controls effectively meet the group's needs and manage risk exposure.
- Monitored progress against the 2023/24 GAR plan, which focused on execution against its four pillars and agreed the 2024/25 plan.
- Assessed the results of a programme review carried out by GAR and group IT, with 'lessons learnt' recognised and to be reflected in the design and implementation of current and future transformation programmes, to ensure they are delivered in an optimal way. See Governance in action: JMGS on page 82 for more information.
- Oversight of the internal audit team delivering a comprehensive set of assurance across four pillars, being operating site reviews, key areas of business and financial risk including cyber, IT enabled changes and business transformation. The function has also progressed the aligned assurance mapping and has been engaged with JMGS to provide assurance over new ways of working.

Sustainability

- Reviewed the sustainability assurance framework and concluded that it continued to deliver against what was agreed by the committee in 2022. The framework will continue to apply and evolve in line with upcoming regulations, with updates provided to the committee and an annual review included in the committee's annual planner.

- In understanding the need for transparency and accuracy of our sustainability data, in conjunction with the Societal Value Committee, the committee agreed to appoint an independent third party, which, in conjunction with internal audit, provided limited assurance to ISAE3000 for selected sustainability data in our Annual Report and Accounts 2023. The committee reviewed the interim and final assurance certificates which concluded that the 2022/23 selected information presented in the Annual Report and Accounts 2023 was fairly stated, in all material respects, in accordance with the reporting criteria.
- Ensured the Task Force on Climate-related Financial Disclosures (TCFD) recommendations were incorporated into the Annual Report and Accounts 2023 as appropriate, following an assessment by management of how the considerations of TCFD impacted the financial accounts. Those areas within the accounts which are likely to be impacted by climate change disclosures are continuously monitored.

Governance and regulatory updates

- Remained well-informed of key regulatory developments relating to audit committees, such as the FRC Minimum Standard for audit committees, the Spring Report, Restoring trust in audit and corporate governance, and the 2024 Code.
- Reviewed and approved JM's submission to the FRC in response to its UK Corporate Governance Code Consultation published in May 2023, following a review of the consultation paper and the associated questions led by a cross-functional working group.

Financial reporting

Significant issues considered by the committee in relation to the group's and company's accounts

It is a fundamental part of the committee's role that we act independently from management to ensure that the interests of shareholders are properly protected in relation to financial reporting. When the accounts are being prepared, there are areas where management exercises a particular judgement or degree of estimation. The committee assesses whether the judgements and estimates made by management are reasonable and appropriate. In the process of applying the group's accounting policies, management also makes judgements and estimates that have a significant effect on the amounts recognised in the financial statements. The group's key accounting judgements discussed and challenged by the committee are set out below.

Significant current year considerations in relation to the accounts

Impairment of goodwill, other intangibles and other assets

Key judgements are made in determining the appropriate level of cash generating unit (CGU) for the group's impairment analysis. Key estimates are made in relation to the assumptions used in calculating discounted cash flow projections to value the CGUs containing goodwill, to value other intangible assets not yet being amortised, and to value other assets when there are indications that they may be impaired. The key assumptions are management's estimates of budgets and plans for how the relevant businesses will develop or how the relevant assets will be used in the future, as well as discount rates and long-term average growth rates for each CGU.

Work undertaken / outcome

We reviewed a report from management explaining the methodology used, assumptions made, and significant changes from those used in prior years.

In light of the current volatile macroeconomic environment, including high interest rates and energy costs, management considered the impact within underlying forecasts and discount rates.

We challenged management on the rationale behind the key assumptions and sensitivities such as discount rates and growth rates in the goodwill value in use calculations, especially within Clean Air and Catalyst Technologies, to ensure we were satisfied on their reasonableness.

The impairment reviews were an area of focus for PwC who reported their findings to us.

We concluded that management's key assumptions and disclosures are reasonable and appropriate.

Significant current year considerations in relation to the accounts**Major impairment, restructuring activities and transformation costs**

Key judgements in relation to impairment testing relate primarily to estimates in assessing recoverable value.

Key judgements in relation to restructuring provisions related to estimates of future cost and the disclosures relating to transformation costs.

Work undertaken / outcome

We reviewed a report from management outlining the work carried out to assess the carrying value of the Hydrogen Technologies CGU following an impairment indicator that the recent slowdown in growth within the hydrogen and fuel cell market required a formal review for possible impairment. The assessment considered the net present value of the post-tax cash flows expected to be generated by the CGU. The approach involved an estimation of future cash flows and a selection of appropriate key assumptions including growth and discount rates. Management concluded that no impairment was required to be recognised.

We challenged management on the rationale behind the key assumptions and the methodology applied to assess the carrying value of the CGU. We concluded that management's key assumptions and disclosures are reasonable and appropriate.

We received a report from management explaining the basis of recognition and estimate for impairments and restructuring/transformation costs. The report also detailed how transformation related costs reconciled back to previously announced transformation programmes.

We challenged the rationale behind the presentation of the costs as non-underlying, with particular focus on areas that required judgement around recognition.

We concluded that management has appropriately accounted for, and disclosed the impacts from major impairment and restructuring activities (see note 6 in the annual report).

Significant current year considerations in relation to the accounts**Loss on disposal of businesses and businesses classified as "held for sale".**

Key judgements in relation to assessing the fair value less costs to sell of businesses classified as "held for sale".

Work undertaken / outcome

We reviewed and discussed the accounting for the following disposals:

On 15th June 2023, the group completed the sale of Johnson Matthey Catalysts LLC for a cash consideration of £11 million.

On 29th September 2023, the group completed the sale of its Diagnostic Services business for an enterprise value of £55 million (£47 million on a debt free basis after working capital adjustments).

On 31st December 2023, the group completed the sale of the trade and assets (excluding cash) of its Battery Materials Germany business for a cash consideration of £1 million.

The group recorded £9 million of disposal related costs. This is comprised of £7 million for the disposals of Medical Device Components (£5 million) and Battery Systems (£2 million) which were signed during the year, and £2 million in relation to disposals in prior years.

We concluded that management's key assumptions and disclosures on the loss on disposal of businesses above were reasonable and appropriate.

We also considered the assessment in arriving at the fair value less costs to sell of the Battery Systems business and agreed management's classification as "held for sale" was appropriate and that a £45 million impairment was required.

We agree with management's assessment to also classify Medical Device Components and Battery Materials Poland as "held for sale".

Significant current year considerations in relation to the accounts

Work undertaken / outcome

Refining process and stocktakes

When agreeing commercial terms with customers and establishing process loss provisions, key estimates are made of the amount of precious metal that may be lost during the refining and fabrication processes. Refining stocktakes involve key estimates regarding the volumes of precious metal-bearing material in the refining system and the subsequent sampling and assaying to assess the precious metal content.

We received a report from management summarising the results of the refinery stocktakes in the US. The report was reviewed to ensure that the results were in line with expectations and historic trends.

The refining process and stocktakes were an area of focus for PwC who reported their findings to us.

We concluded that management's accounting for refining stocktake gains and losses was in accordance with the agreed methodology.

Post-employment benefits

Key estimates are made in relation to the assumptions used to value post-employment benefit obligations, including the discount rate and inflation.

The key assumptions are based on recommendations from independent qualified actuaries.

We received a report from management summarising the key assumptions used to value the liabilities of the main post-employment benefit plans. The assumptions were compared with those made by other companies, and PwC's assessment of the reasonableness of the assumptions was considered.

We concluded that the assumptions used, and accounting treatment, are appropriate for the group's post-employment benefit plans.

Tax provisions

Key estimates are made in determining the tax charge in the accounts where the precise impact of tax laws and regulations is unclear.

We received a report from management explaining the issues in dispute, or at risk of this, with tax authorities across the business, the calculation of tax provisions and relevant disclosures. We also considered the sensitivities around the provisions and debated the circumstances in arriving at the key provisions.

We concluded that management's key assumptions and disclosures are reasonable and appropriate.

Significant current year considerations in relation to the accounts

Work undertaken / outcome

Climate change

Key estimates are made in relation to climate change and the impact on the going concern period and viability of the period over the next three years. Additionally, the potential impact of climate on the financial statements including forecasts of cash flows used in impairment assessments, recoverability of deferred tax assets and expected lives of fixed assets and their exposure to the physical risk posed by climate change.

Management has considered the impact of climate change in their goodwill impairment calculations and going concern/viability forecasts.

We concluded that management's key assumptions and disclosures are reasonable and appropriate.

We also received a report outlining how TCFD considerations are factored into the financial statements.

Provisions and contingent liabilities (judgement)

Key estimates are made in determining provisions in the accounts for disputes and claims which arise from time to time in the ordinary course of business. Key judgements are made in determining appropriate disclosures in respect of contingent liabilities.

We received a report from management providing information in respect of significant disputes and claims, including the accounting and disclosure implications, which we discussed and challenged. Claims, uncertainties and other provisions was an area of focus for PwC who reported their findings to us. We concurred with management's conclusions regarding provisions and contingent liabilities and consider the disclosures to be appropriate.

Audit Committee report continued

Going concern and viability statement

We reviewed the matters, assumptions and sensitivities being used to assess both the going concern basis and the long-term viability of the group. This included assessing risks that would threaten our business model, current funding position, as well as different stress scenarios and mitigating actions. Following our review and recommendation, the board concluded that JM is able to continue operating and can meet liabilities over at least three years, which remains the most appropriate time span. Further details on our going concern and viability statement, and the scenarios considered, are on page 71.

Fair, balanced and understandable

We review and assess management's process to support the board, so it can give its assurance that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable (FBU) and provides the information necessary for shareholders to assess JM's position and performance, business model and strategy.

For the Annual Report and Accounts 2024, management selected three individuals from across the group, who were not involved in the drafting, but were all familiar with our strategy and business model, to form an FBU panel and carry out a detailed review, with the support of GAR carrying out checks and balances. The FBU panel, PwC and Annual Report project team determined whether key messages aligned with the group's position, performance and strategy, and whether the narrative sections and financial statements were consistent. The FBU panel presented a report to the board, highlighting the key themes from the review and discussion points. The Disclosure Committee reviewed the verification process dealing with the report's factual content to further support the board's review.

Risk management and internal control

As delegated by the board, the committee is responsible for reviewing the adequacy and effectiveness of internal financial controls, and internal control and risk management systems. These controls are a critical component of our governance and assurance framework, and they detail the minimum controls we need to keep our people safe, ensure compliance with our standards and regulations, protect our physical and intellectual assets, and facilitate the accuracy and completeness of financial reporting. During the year, the committee assessed the effectiveness of these controls, considered the key identified control gaps, and assessed how management planned to address the findings.

The Director of Assurance and Risk independently assures that our risk management and internal control processes operate effectively. Working closely with leadership and management, she provides regular oversight of risk matters that affect our business, makes recommendations to address key issues, and ensures that any mitigating actions are properly tracked, challenged and reported.

The group's internal controls over financial reporting include policies and procedures designed to ensure the accuracy of our financial statements. JM's control self-assessment and business filing assurance processes provide management with a view of the operation of these controls. The results are presented to the committee as part of its assessment of the year-end control environment.

The committee is satisfied that the group's internal financial controls operated effectively throughout the year and up to the date of approval of this report. However, these controls do not provide absolute assurance against material misstatement or loss and are assessed based on materiality and level of activities within the business.

Operation of controls and assurance

There is an ongoing comprehensive improvement programme across JM's financial and operational controls, including control self-assessment, which has led to positive development in our internal controls over financial reporting. During the year, we reviewed the controls strategy, focusing on several cultural and operational factors to ensure JM's readiness for the enhanced reporting on the operating effectiveness of controls from 2025/26. A new second level line of testing of internal controls was introduced during the year to provide management with independent assurance over the effectiveness of the control self-assessment process.

Group assurance and risk

The Director of Assurance and Risk provides regular reports on internal audit reviews, including key findings, actions needed and progress on their implementation. We continually review the effectiveness of the Group Assurance and Risk (GAR) function, using inputs including audit reports, management's response to audit actions and discussions over risk exposures. We look at whether the function has adequate standing across the group, is free from management influence or other restrictions, and is sufficiently resourced.

Integrated or aligned assurance allows us the opportunity to have an holistic approach to risk management, by interacting and working closely with all teams responsible for first, second and third

lines of defence. This co-ordination helps set the right risk culture and allows further assurance that risks are being appropriately identified and controlled across the organisation and that appropriate mitigation strategies are being put in place.

GAR annual plan

We review the GAR annual plan to ensure that it reflects challenges and changes to our business. We are confident that it provides the appropriate level of assurance over the group's key risks.

When we reviewed the 2024/25 plan, we specifically considered whether it continued to provide the level of assurance over JM's principal and operational risks, and continues to contribute to the improvement in our overall controls culture and maturity of the second line of defence.

The GAR annual plan is formed on a risk-based audit universe covering areas across financial and operational functions including IT and transformation activities at group and business levels. We consider a wide range of risks that fall into those areas, including level of change and transformation in the group and organisational culture. Close collaboration with the business ensures it adds value to management with pragmatic and manageable action plans. The plan also allows greater flexibility to ensure that the GAR team has capacity to deal with unexpected events.

We believe our 2024/25 assurance plans are adequate for JM's size and nature. It is our opinion they will continue to provide the group with necessary focus on maturing controls culture across business and IT processes. The quality and standing of the GAR function is appropriate to provide necessary challenge and support to the transforming organisation.

Audit Committee report continued

Risk management

We work with the board to review and refine the risk assurance processes, including the integrated assurance framework and control self-assessment. We concentrate on reviewing the mitigating controls and the levels of assurance, while the board is directly responsible for managing risks and establishing levels of risk appetite for the group's principal risks.

The GAR function carries out any additional assurance and reports back to the committee.

Speak Up process

Every year, we review our Speak Up whistleblowing process to ensure the procedures allow proportionate and independent investigation and appropriate effective follow-up action. The Societal Value Committee reviews the outcomes of significant investigations and remedial actions.

→ [More information on our Speak Up process can be found on page 49](#)

External auditor

Auditor independence is an essential part of our audit framework and the assurance it provides. We confirm ongoing compliance with the Competition and Markets Authority's Statutory Audit Services Order.

Tenure

Our shareholders appointed PwC as the group's external auditor in July 2018, following a formal tender process. This is the sixth year that PwC has audited the group, with Graham Parsons as current lead audit partner. We have no immediate plans to re-tender the auditor, however, we anticipate that it would be conducted to coincide with when Graham Parsons is required to rotate off after the 2027 audit, in accordance with the current regulation that requires a tender every ten years. The proposed tender date is in the best interests of shareholders and the company, as PwC has a detailed knowledge of our business, an understanding of our industry, and continues to demonstrate that it has the necessary expertise and capability to undertake the audit.

External audit plan

In developing the external audit plan for 2023/24, PwC carried out a risk assessment to identify potential risks of material misstatement in the financial statements. This risk assessment considered the nature, magnitude and likelihood of each identified risk, together with relevant controls, to identify audit risks. PwC refer to key audit matters in the independent auditors' report on pages 133-142, which formed the basis of the external audit plan.

In determining the scope of coverage, PwC considered management reporting, the group's legal entity structure, the 2023/24 financial results and the financial forecast for 2024/25. PwC set out details of the coverage and the agreed scope in the independent auditors' report on pages 133-142. The methodology of assessing materiality was consistent with the prior year and agreed at approximately 5% of the three-year average profit before tax, adjusted for loss on business disposals, loss on significant legal proceedings, major impairment and restructuring charges.

Following discussion and challenge, we concluded the proposed external audit plan was sufficiently comprehensive for the audit of the group's accounts and approved the proposed fee.

How we review PwC's performance

Throughout the year, we review the ongoing effectiveness and quality of PwC and the audit process. We look at several factors: the auditors' reports to the committee; Graham Parsons and the PwC team's performance in and outside committee meetings; how the PwC team interacts with and challenges management; and on PwC's efforts at building relationships with the JM team. We ensure that we spend sufficient time with the auditors without management present as part of our assessment.

We considered how PwC challenged management's judgements and assumptions on matters highlighted on pages 99-101, and asked PwC to confirm if those matters had been addressed correctly by management. Following detailed analysis of the assurance completed, PwC agreed with management's judgements and assumptions.

We seek direct feedback from PwC's independent Quality Review Partner to review their assessment of the external auditor's key planning judgements and the execution of PwC's response to significant risks and reporting. We also ask PwC to share with us the results of their internal quality inspections of the audit as well as those conducted by the FRC. In addition, we feel it is important to understand management's opinion of audit quality and effectiveness, with the executive directors and senior management completing a questionnaire on the external auditor each year.

How we gather feedback on the effectiveness of our external auditor and external audit process:

Third-party reviews

- External reviews of PwC by the FRC's audit quality review team and the Quality Assurance Department of The Institute of Chartered Accountants in England and Wales.

Information provided by the auditor

- Details on the audit plan delivery and any changes to the scope of work.
- Assurance on the operation of PwC's audit quality control procedures and insight into their outcomes as they relate to the audit and key members of audit team.

Management feedback

- Survey of audit quality and effectiveness by executive directors and senior management including recommendations for improvement.
- Seek assurance on the disclosure process for the provision of information to the auditor.

Committee assessment

- Quality of regular audit reports.
- Feedback from committee members and regular attendees, including the Group Financial Controller and the Director of Assurance and Risk.

Audit Committee report continued

Provision of non-audit services

Our Non-Audit Services Policy ensures the provision of non-audit services is no threat to PwC's independence and objectivity as an auditor. In accordance with the FRC's Revised Ethical Standard 2019, the auditor can only provide additional services directly linked to the audit.

Our policy sets out how approval should be obtained before PwC is engaged to provide a permitted non-audit service. Services likely to cost £25,000 or less must be approved by the Chief Financial Officer; services likely to cost more than £25,000 but less than £100,000 must be approved by the committee chair. Services likely to cost over £100,000 must be approved by the committee.

We reviewed compliance with the Non-Audit Services Policy, details of the non-audit services provided by PwC and associated fees. Audit-related assurance services reported as non-audit services related to the review of half-year financial information and reporting, amounting to £347,750; other non-audit services in the year were £8,865, in total representing 7% of the audit fee, compared with audit fees of £4.8 million. More information on fees incurred by PwC for non-audit services, as well as the split between PwC's audit and non-audit fees, are in note 4 to the accounts, on page 164.

Objectivity and independence

We are responsible for monitoring and reviewing the objectivity and independence of PwC. We considered the information provided by PwC, confirming that no PwC employees involved with the audit have links or connections to JM, and that they complied with the FRC's Revised Ethical Standard. We conclude that PwC is independent.

Proposed re-appointment of PwC

Following our assessment, we believe that PwC provides a robust audit and valuable technical knowledge, and is free from third-party influence and restrictive contractual clauses. As a result, we have included a resolution proposing PwC's re-appointment as auditor, and authorised the committee to determine PwC's remuneration, in our 2024 Notice of Annual General Meeting.

Remuneration Committee report

Membership

John O'Higgins (Chair)
Jane Griffiths
Xiaozhi Liu
Doug Webb

- [Members attendance at committee meetings during the year is on page 77](#)
- [Details of changes to the committee's membership is set out on page 93](#)

Regular attendees at Committee meetings:

- Board Chair
- Chief Executive
- Chief HR Officer
- Group Reward Director

Activities during 2023/24:

- Finalised our 2023 Directors' Remuneration Policy
- Determined the extent of achievement against the 2022/23 annual bonus targets and 2020/21 Performance Share Plan award targets
- Reviewed our short and long term incentive plan metrics in light of Company strategy
- Set the performance metrics for the 2023/24 annual bonus and Performance Share Plan awards
- Discussed Group-wide salary budgets
- Approved Executive Director and GLT base salary increases
- Reviewed the Board Chair's fee
- Approved the 2022/23 Directors' Remuneration Report

Our focus areas for 2024/25:

- Aligning incentive plan performance metrics with the evolution of strategy
- Setting incentive plan performance targets for the upcoming year
- Overseeing approach to pay transparency for the wider workforce

🔗 [The Committee's Terms of Reference set out our full responsibilities: \[matthey.com/governance-framework\]\(https://matthey.com/governance-framework\)](#)

Dear Stakeholder

I would like to thank those shareholders who provided feedback on remuneration matters ahead of our 2023 AGM. I was pleased that our Directors' Remuneration Policy and Annual Report on Remuneration received 89.08% and 94.96% shareholder support respectively, reflecting the ongoing support from shareholders of our approach to remuneration. We expect our 2023 Remuneration Policy to operate until our 2026 AGM.

As this is my first report as Chair of the committee, following my appointment on 2nd January 2024, I would like to thank my predecessor, Chris Mottershead, for his leadership of the committee and support during my transition to Chair.

I am pleased to present the Directors' Remuneration Report for the year ended 31st March 2024. This report is divided into three sections: my statement, a summary of the Directors' Remuneration Policy and our Annual Report on Remuneration for the year ended 31st March 2024.

Our approach to remuneration

Our overall purpose at Johnson Matthey is catalysing the net zero transition. We currently have an important role to play in this process through the application of our sustainable technologies, products and services and we will have an increasingly important role to play as we further commercialise long-term sustainable technologies, including our portfolio of hydrogen technologies, which will enable decarbonisation and enhance circularity.

Our Remuneration Policy has been purposefully designed to support our strategy detailed above. Our pay model, while market consistent, is weighted towards long term variable pay which supports the long term nature of the investment decisions we make. Our Executive Directors' remuneration includes base salary, pension and benefits, annual bonus, a performance share plan and share ownership requirements with the same policy generally cascading below to our leaders and senior managers. However, below director level, we do operate alternative incentives, including restricted stock, to ensure we can compete for the best executive talent in the geographic locations in which we operate.

"The application of our Remuneration Policy in 2023/24 balanced our near term objectives of incentivising improved performance through the execution of business transformation and simplification with our longer-term objectives of creating sustainable value creation and growth underpinned by a high performance culture."



Remuneration Committee report continued

Overview of company performance

The 2023/24 financial year has been a year of strong strategic progress and good financial performance in challenging macroeconomic conditions. We continued to transform our business to create a more streamlined organisation and have delivered £120 million of total cost savings to date. We also achieved key milestones in relation to winning 'first of a kind' projects in sustainable fuels and low carbon hydrogen. These steps ensure we have a stronger platform for future growth. With regard to financial performance, notwithstanding continued destocking across a number of our markets, we achieved growth in underlying profit (at constant exchange rates and adjusting for lower precious metal prices) of 11%, delivering a total underlying operating profit of £410 million.

2023/24 incentive plan outcomes

Annual Incentive Plan (AIP)

The maximum bonus opportunity for 2023/24 remained unchanged at 180% of salary for the Chief Executive and 150% of salary for the Chief Financial Officer. The bonus was based on underlying profit before tax (PBT) (50%), working capital (20%) and strategic and transformation objectives (30%).

Bonus targets for PBT were set to be consistent with the board's 2023/24 objective of delivering growth in underlying operating profit, adjusted for metal prices and exchange rates, of 7.5%. The actual growth in underlying operating profit achieved on this basis was 11% which was an excellent result in challenging market conditions. This growth resulted in the PBT target, also adjusted for metal prices and exchange rates, being achieved at 111.7% which was above the top end of the performance range which was set at 110%

of the target. However, after considering the range of assumptions used to set the original targets, including market uncertainty, and then testing the targets based 50% on constant metal prices and 50% on actual metal prices, the committee concluded that it was appropriate to increase the original targets after the standard restatement for metal prices and exchange rates to ensure that they had the degree of stretch originally envisaged allowing for changes to market conditions through the year. As a result, the committee used its discretion to increase the original PBT target by circa. 5%. This adjustment resulted in increased performance requirements at all performance levels given the targets were set at 90% to 110% of the target. Following the increase to the target, the extent of achievement was reduced to 106.6% of target from 111.7% which resulted in the bonus earned in relation to PBT reducing from 100% of maximum to 83% of maximum. Overall, a total bonus of 67% of maximum was payable to both Liam Condon and Stephen Oxley. The committee is satisfied that this is a fair outcome in the context of the wider stakeholder experience and reflective of the overall business performance delivered during the year. One half of the bonus payable will be deferred in shares for a period of three-years. More details on the performance against the annual targets and strategic objectives are set out on pages 120-121.

Performance Share Plan (PSP)

Our Chief Executive and Chief Financial Officer were both granted PSP awards in August 2021 that were eligible to vest based on performance against challenging EPS growth and relative TSR performance conditions tested over the three year period ending 31st March 2024. In light of the challenging market conditions across the three year period, the performance

conditions were not met and so the awards will lapse.

The Remuneration Committee, having had regard to the remuneration outcomes across the group, including considering the relationship between executive and wider workforce pay, are satisfied that the remuneration outcomes are appropriate and that the Remuneration Policy operated as intended during the year.

Applying the Remuneration Policy in 2024/25

Base Salary

During the year the Committee reviewed the salary increase budgets for the workforce taking into account inflation and its associated impact on the cost of living. The salary increase budget in the UK is 4% for non-management roles and 3% for management roles. With regards to the Executive Directors, the Committee considered the UK salary budget along with institutional investor guidance on UK Director salaries that in a high inflation environment increases should be at a discount to the workforce and increased the Executive Director salaries by 3% with effect from 1st April 2024.

AIP

The maximum opportunity will remain at 180% of salary for the CEO and 150% of salary for the CFO and the target will continue to be set at 50% of the maximum. The Committee reviewed the choice of performance metrics for the 2024/25 AIP and made a modest refinement to better reflect the strategic priorities for the year ahead. Underlying PBT continued with a weighting of 45%, working capital days was retained but with a slightly lower weighting of 15% (from 20%) and strategic targets were also retained with a reduced weighting of 25% (from 30%). In light of the group-wide focus on cost reduction, a

new corporate costs metric was included with a weighting of 15% of the total bonus opportunity.

The range of targets set for 2024/25 have been recalibrated versus those set for 2023/24 to take account of group divestments, current forecast metal prices and exchange rates, as well as internal and external expectations of future performance. The committee considers the range of targets to be at least as challenging as those set for 2023/24 allowing for current market conditions.

PSP

The Remuneration Committee intends to grant awards at the same quantum as in 2024/25, being 250% and 175% of salary for the CEO and CFO respectively.

The performance measures, tested over the three year period ending 31st March 2027, will include a combination of growth in underlying EPS (25%), relative total Shareholder return (versus the FTSE 31 to 130 companies but excluding those in financial services) (25%), return on capital employed (25%) and sustainability objectives (25%).

The range of EPS growth targets will require a minimum growth of 5% p.a. for 15% of this part of the award to vest, increasing on a straight line basis to 13% p.a. growth for full vesting. The range of targets were set having regard to internal planning, external expectations for future growth and wider market conditions. The committee considers the range of targets set to be similarly challenging to those set in prior years.

TSR will be assessed against the constituents of the companies ranked 31 to 130 in the FTSE All-Share Index (excluding financial services companies) to reflect JM's current position in the FTSE. Threshold vesting

Remuneration Committee report continued

starts at 25% for median performance, increasing on a straight line basis, with 100% vesting for achieving at least upper quartile performance.

Inclusion of a return on capital measure in the 2024 award will incentivise delivery of the transformation programme across JM and aligns with investor focus on our return on capital capabilities. Threshold vesting starts at 25% for 12% performance, increasing on a straight line basis, with a 100% vesting for achieving 16%.

Our sustainability targets are set as challenging structured targets that align with increasing the GHG emissions avoided through the use of our products and solutions, reducing our own GHG (Scope 1 and Scope 2) and increasing the percentage of female representation across our management levels. The range of targets are disclosed on page 127 and are set to be similarly challenging to the financial and TSR targets.

The Remuneration Committee retains discretion on vesting to adjust the number of shares vesting having had regard to underlying performance during the three year performance period and/or if it considers there to have been the potential for a windfall gain on vesting. The factors that the committee would consider in determining if there had been a windfall gain would include, but not be limited to, the share price on grant and at the end of the period, and performance through the period.

Prior to granting the 2024/25 PSP award the committee intends to undertake a final review of the performance targets allowing for the prevailing market conditions versus the time at which the proposed targets were set. Full details of the intended awards are set out on page 127.

Chair and non-executive director fees

The fees payable to the Chair and non executive directors are reviewed annually. In line with the increase in base salaries for Executive Directors, the Chair fee and NED base fee was increased by 3% (lower than the typical 4% salary increase awarded to the wider workforce) with effect from 1st April 2024.

Wider employee remuneration

Paying our employees fairly for their role, skills, experience and performance is central to our approach to remuneration, and our reward framework and policies support us in doing this.

Equal pay is also critical, and we review our pay levels on an ongoing basis to ensure that employees are paid fairly. We will continue our work in this area over the coming year as we prepare for the EU Pay Transparency Directive.

We are also committed to the real living wage and narrowing the gender pay gap that exists among our employees, and to tackling the root causes of gender imbalance to ensure a truly inclusive culture that supports diversity.

We aspire to offer a well-balanced, progressive and structured approach to reward, with appropriate variation by location. We also find that the non-financial reward elements are essential to a supportive culture, with the wellbeing of staff a prominent part of our employment proposition.

This year, all employees were able to provide their feedback on a range of matters, including remuneration, through our annual employee engagement survey and local and global town hall meetings.

Committee effectiveness

The externally facilitated board and committee effectiveness review concluded that the committee continued to function effectively.

Shareholder engagement

We were grateful for the feedback we received prior to the 2023 AGM from our largest investors as well as Institutional Shareholder Services ('ISS'), The Investment Association ('IA') and Glass Lewis as part of the renewal of our Directors' Remuneration Policy. The feedback we received was supportive of our general approach to Directors' remuneration and the minor refinements we proposed.

We welcome an open dialogue with our shareholders, and I will be available at the 2024 AGM to answer any questions about the work of the Remuneration Committee

2024 AGM

The committee believes that the policy and our approach to implementation are in the best interests of the company.

I ask you to support the advisory vote on this Annual Statement and the 2024 Annual Report on remuneration at our AGM on 18th July 2024.

John O'Higgins

Remuneration Committee Chair

Remuneration at a glance

Aligning remuneration with strategy

We will use our deep knowledge of metals chemistry to help our customers address the complex technical challenges of the four transitions – transport, energy, decarbonising chemicals production and a circular economy – by delivering sustainable products, services and technologies. Our strategic milestones can be found on page 13.

KPIs

Annual Incentive Plan

Group profit before tax ¹	Group working capital days
£394m	32.2 59.6
(total)	(excl PGMs)

Performance Share Plan

All Awards

Earnings per share ²	Total shareholder return
-8.1%	-37.4%

2022, 2023 & 2024 Award

Strategic KPIs (including sustainability)

- D&I – female representation³
- GHG emissions avoided through our products and services³
- Reduction in Scope 1 and 2 emissions³
- GBS cost reduction⁴
- Return on capital employed⁵

1. Measured at constant exchange rates and 50% actual, 50% budgeted metal prices.
 2. CAGR in underlying EPS.
 3. Included in all awards from 2022.
 4. Included in 2023 award only.
 5. Included in 2024 award only.

2024 pay outcomes

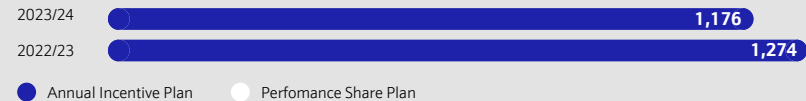
The pay breakdowns for the executive directors in 2022/23 and 2023/24 are set out below:

Liam Condon – Chief Executive Officer

Fixed pay (£'000)



Variable pay (£'000)

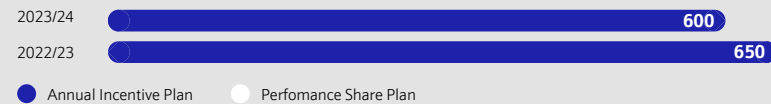


Stephen Oxley – Chief Financial Officer

Fixed pay (£'000)



Variable pay (£'000)



Outcomes of variable remuneration¹

Annual bonus

	Weighting	Liam Condon Formulaic outcome (% base salary)	Stephen Oxley Formulaic outcome (% base salary)
Profit before tax	50%	74.6%	62.2%
Working capital days (including PGMs)	10%	18.0%	15.0%
Working capital days (excluding PGMs)	10%	0.0%	0.00%
Strategic objectives	30%	27.0%	22.5%
Total	100%	119.6%	99.7%

Performance Share Plan

	Weighting	Liam Condon Formulaic outcome (% base salary)	Stephen Oxley Formulaic outcome (% base salary)
Compound annual growth rate in earnings per share	50%	–	–
Total Shareholder return	50%	–	–

1. Liam Condon and Stephen Oxley did not hold any 2020–23 Performance Share Plan awards.

Remuneration Policy

The Directors' Remuneration Policy was approved at the 2023 AGM on 20th July 2023 and will remain in effect until the 2026 AGM

A summary of the policy is set out below. The full policy can be found on our website <https://matthey.com/remuneration-committee>

Remuneration Policy Table

Element	Summary	Potential value of element and performance measures
Base salary	<p>Base salaries will normally be reviewed annually, and any changes normally take effect from 1st April each year.</p> <p>In determining salaries and salary increases, the Remuneration Committee will take account of the performance of the individual director against a broad set of parameters including financial, environmental, social and governance issues.</p> <p>The Remuneration Committee will also take into account the director's knowledge, contribution to the role, length of time in post, and any additional responsibilities since the last salary review, as well as the level of salary increases awarded to the wider Johnson Matthey workforce.</p>	<p>Maximum opportunity</p> <p>No salary increase will be awarded which results in a base salary which exceeds the competitive market range considered appropriate by the committee for the role.</p>
Benefits	<p>Benefits include, but are not limited to, medical, life and income protection insurance, medical assessments, company sick pay, a company car (or equivalent), relocation benefits relating to business moves and assistance with tax advice and compliance services where appropriate</p> <p>Other appropriate benefits may also be provided from time to time at the discretion of the Remuneration Committee.</p>	<p>Benefits are not generally expected to be a significant part of the remuneration package in financial terms. Car benefits will not exceed a total of £25,000 per annum.</p> <p>The cost of medical insurance for an individual executive director and dependants will not exceed £25,000 per annum.</p>
Pension	<p>All executive directors will be eligible to participate in a company pension plan and/or paid a cash supplement in lieu of membership in a pension plan.</p>	<p>The maximum company contribution is 15% of base salary for executive directors. This is aligned to the typical cost of providing pension benefits to other employees in the UK.</p>
Annual Incentive Plan	<p>The Remuneration Committee sets the AIP performance measures and targets for each new award cycle. At the end of the year, the committee determines the extent to which these have been achieved. The committee retains the discretion to reduce any bonus award if, in its opinion, the underlying financial performance of the company has not been satisfactory in the circumstances.</p> <p>Of any bonus paid, up to 50% is paid in cash and the remaining balance is deferred into shares for a three-year period as an award under the deferred bonus plan.</p>	<p>Maximum opportunity and vesting thresholds</p> <ul style="list-style-type: none"> • Chief Executive Officer – 180% of base salary. • Other executive directors – 150% of base salary. <p>Where financial measures are set the threshold performance level will result in a bonus of up to 25% of the target bonus opportunity. On-target performance will result in 50% payment of the maximum opportunity. Where non-financial targets are set, it may not be practicable to set targets on a sliding scale.</p>

Remuneration Policy continued

Element	Summary	Potential value of element and performance measures
Performance Share Plan	<p>Shares may be awarded each year and are subject to performance conditions tested over a minimum three- year performance period. Subject to the performance conditions being met the shares will vest after which the directors will be required to hold any vested shares until the fifth anniversary of the award.</p>	<p>Award levels and vesting thresholds</p> <p>The maximum award level is 250% of salary.</p> <p>The current award levels are:</p> <ul style="list-style-type: none"> • Chief Executive Officer – 250% of base salary • Other Executive Directors – 175% of salary. <p>Threshold performance will result in vesting of up to a maximum of 25% for each performance measure.</p>
All employee share plan	<p>Executive directors are entitled to participate in the company's all-employee plan under which regular monthly share purchases are made and matched with the award of company shares, subject to retention conditions.</p> <p>Executive directors would also be entitled to participate in any other all-employee arrangements that may be established by the company on the same terms as all other employees.</p>	<p>Executive directors are entitled to participate up to the same limits in force from time to time for all employees.</p>
Shareholding requirements	<p>Executive directors are expected to build up a shareholding in the company over a reasonable period of time, and upon cessation of employment are expected to retain a shareholding for a period of up to two years.</p>	<p>The minimum shareholding requirement while an executive director and for the two-year period after cessation of employment is as follows:</p> <ul style="list-style-type: none"> • Chief Executive Officer – 250% of base salary. • Other executive directors – 200% of base salary.
Non-executive director fees	<p>Non-executive director fees are determined by the board and the non-executive directors exclude themselves from these discussions.</p> <p>The fees for the Chair are determined by the Remuneration Committee taking into account the views of the Chief Executive Officer. The Chair excludes himself from these discussions.</p> <p>Non-executive directors are paid a base fee each year with an additional fee for each committee Chair or additional role held.</p> <p>Non-executive director fees are reviewed every year.</p>	<p>The fee levels are set subject to the maximum limits set out in the company's Articles of Association.</p>

Remuneration Policy continued

The committee is responsible for determining, and agreeing with the board, the Directors' Remuneration Policy and has oversight of its implementation. The committee has clear terms of reference, works with management and independent advisers to develop proposals and recommendations, and exercises independent judgement when making decisions. This process is considered to manage any potential conflicts of interest.

The policy is performance focused and, given the long-term nature of JM's business, is weighted towards long-term performance and includes market standard shareholding expectations and recovery and withholding provisions.

The committee considered the principles listed in the UK Corporate Governance Code 2018 when reviewing the Directors' Remuneration Policy and took these into account in its design and implementation.

Clarity	Remuneration arrangements have defined parameters which can be transparently communicated to shareholders and other stakeholders.
Simplicity	<p>Remuneration arrangements for executive directors consist of:</p> <ul style="list-style-type: none"> • Salary, benefits, and a fixed pension contribution – set to reflect the typical rate provided to the UK workforce. • Annual Incentive Plan (AIP), a portion of which is deferred into shares. • Annual long-term Performance Share Plan (PSP) awards which provide focus on performance over the longer term. <p>Unnecessary complexity is avoided by the committee in operating the arrangements.</p>
Risk	The remuneration arrangements are designed to have a robust link between pay and performance, thereby mitigating the risk of excessive reward. In addition, behavioural risks are considered when setting targets for performance-related pay, and the arrangements have safeguards to ensure that pay remains appropriate, including committee discretion to adjust incentive outturns, deferral of incentive payments in shares, recovery provisions and share ownership requirements. To avoid conflicts of interest, committee members are required to disclose any conflicts or potential conflicts ahead of committee meetings. No executive director or other member of management is present when their own remuneration is under discussion.
Predictability	The committee set specific targets for different levels of performance which are communicated to the individuals and disclosed to shareholders.
Proportionality	The AIP and PSP have performance metrics that are aligned with the company's KPIs, and the payouts reflect achievement against the targets. The committee may reduce payouts under the AIP and PSP if they are not considered aligned with underlying performance. Safeguards are identified to ensure that poor performance is not rewarded.
Alignment to culture	The directors' remuneration arrangements are cascaded through the organisation ensuring that there are common goals. The committee reviews remuneration arrangements throughout the company and takes these into account when setting directors' remuneration.

Remuneration Policy continued

Selection of performance targets**Annual Incentive Plan**

Financial performance targets under the AIP are set by the Remuneration Committee with reference to the prior year and to the budgets and business plans for the coming year, ensuring the levels to achieve threshold, target or maximum payout are appropriately challenging.

The performance targets for 2024/25 are predominantly based on financial measures (75% of maximum opportunity) including underlying PBT, working capital days and corporate cost reduction to ensure that there is strong attention paid to delivery of current operational plans and operational efficiency.

Commercial sensitivity precludes the advance publication of the actual bonus targets, but these targets will be retrospectively published in the Annual Report on Remuneration for 2024/25.

Performance Share Plan

The performance targets under the PSP are set to reflect the company's longer-term growth objectives at a level where the maximum represents genuine outperformance. The performance measures proposed for the 2024 award are underlying EPS, TSR, return on capital employed and strategic objectives.

Underlying EPS is considered a simple and clear measure of absolute growth in line with the company's strategy.

TSR is considered a simple and clear performance relative to a comparator group (FTSE 31-130 excluding financial services companies).

Return on capital employed supports our transformation journey and aligns with investor focus on our ability to return value on investments.

The strategic objectives will consist of three equally weighted metrics related to our sustainability framework.

Discretion

The Remuneration Committee can exercise discretion in a number of areas when operating the company's incentive plans, in line with the relevant rules of the plan. These include (but are not limited to):

- The choice of participants
- The size of awards in any year (subject to the limits set out in the Directors' Remuneration Policy table)
- The extent of payments or vesting in light of the achievement of the relevant performance conditions
- The determination of good or ordinary leavers and the treatment of outstanding awards (subject to the provisions of the plan rules and the remuneration policy provisions)
- The treatment of outstanding awards and assessing performance in the event of a change of control.

In addition, if events occur which cause the Remuneration Committee to conclude that any performance condition is no longer appropriate, that condition may be substituted, varied or waived as is considered reasonable in the circumstances, in order to produce a fairer measure of performance that is not materially less difficult to satisfy.

Remuneration Policy continued

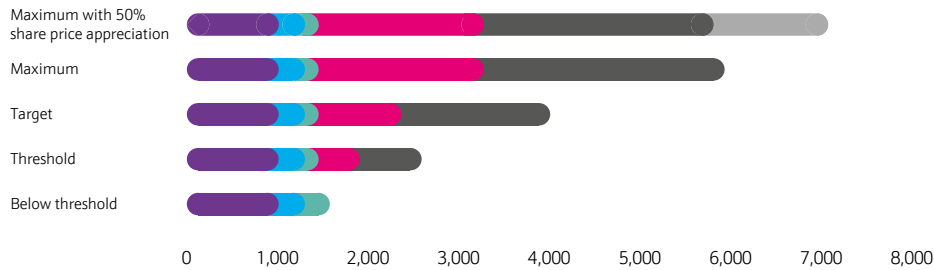
Remuneration scenarios

Below is an illustration of the potential future remuneration that could be received by each executive director for the year starting 1st April 2024, both in absolute terms and as a proportion of the total package under different performance scenarios. The value of the PSP is based on the award that will be granted in August 2024. In developing the scenarios, the following assumptions have been made:

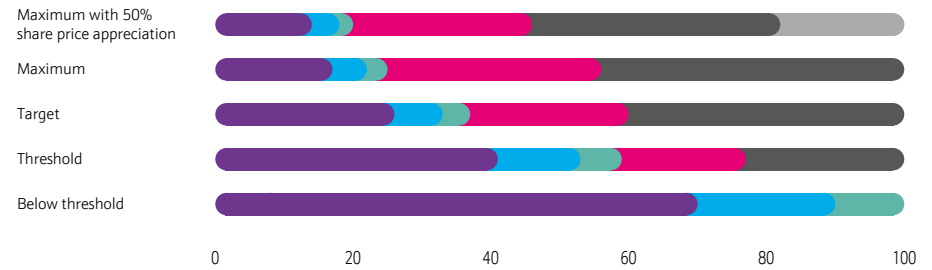
Below threshold	Only fixed elements of remuneration (base salary, pension and benefits) are payable
Threshold	Fixed elements of remuneration plus 25% of target bonus and 22% vesting of PSP award are payable
Target	Fixed elements of remuneration plus 50% of maximum bonus and 60% vesting of PSP award are payable
Maximum	Fixed elements of remuneration plus 100% of maximum bonus and 100% vesting of PSP award are payable
Maximum plus 50% share price appreciation	Maximum plus a 50% share price appreciation on the PSP award

Value of package

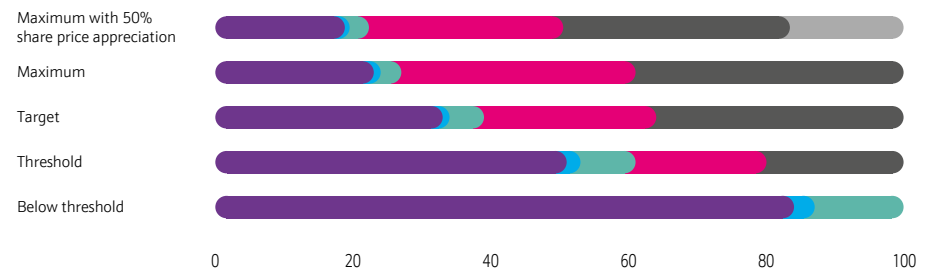
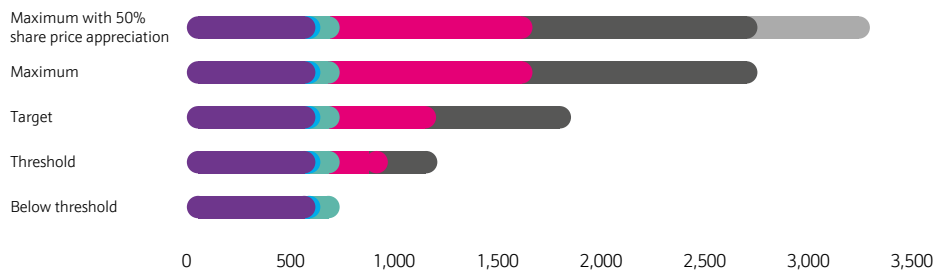
Liam Condon
('000)



Composition of package



Stephen Oxley
('000)



● Base salary ● Benefits ● Pension ● Bonus ● PSP ● PSP share price appreciation

Remuneration Policy continued

Group employee considerations

The Remuneration Committee considers the directors' remuneration, along with the remuneration of the Group Leadership Team (GLT), in the context of the wider employee population, and is kept regularly updated on pay and conditions across the group.

We aspire to offer a well-balanced, progressive and structured approach to reward, with appropriate variation by location. We also find that the non-financial reward elements are essential to a supportive culture, with the wellbeing of staff a prominent part of our employment proposition.

The general principle for remuneration in Johnson Matthey is to provide a competitive package of pay and benefits in all markets and at all job levels to attract and retain high-quality and diverse employees. Equal and fair pay is also a critical component of our proposition, and we regularly review our pay levels and develop actions to remove any form of potential inequality.

The proportion of variable pay increases with progression through management levels, with the highest proportion of variable pay at executive director level, as defined by the Remuneration Policy.

This year, all employees were able to provide their feedback on a range of matters, including remuneration, through our annual employee engagement survey and townhall meetings. This provided valuable employee context to decision making when considering remuneration decisions made during the year. While we inform our employees of global changes to pay and benefits, we have not actively sought a two-way dialogue over executive pay during 2023/24.

[Corporate Governance: matthey.com/corporate-governance](https://matthey.com/corporate-governance)

The table below sets out how our remuneration arrangements cascade through the organisation:

	Executive directors	Senior managers	Middle managers	Managers	Wider workforce
Base salary	Base salary is set with reference to the relevant local market and takes account of the employee's knowledge, experience and contribution to the role. Base salaries are usually reviewed annually and take into account local salary norms, local wage inflation and business conditions. Increases in base salary for directors will take into account the level of salary increases granted to all employees within the group.				Base salary is either subject to negotiation with local trade unions or follows the market pay approach outlined for managers.
Pension and benefits	Employment-related benefits are offered in line with local market conditions.				
Short-term incentives	Annual incentive based on 75% financial metrics plus 25% strategic objectives. Compulsory deferral into shares for three years.	Annual incentive based on 75% financial metrics or strategic business goals, plus 25% individual performance. Compulsory deferral into shares for three-years for certain levels within this category.	Annual incentive based on 75% financial metrics or strategic business goals plus 25% individual performance.		Annual incentive is either subject to negotiation with local trade unions or follows the standard AIP framework with financial, non-financial and individual performance measures used.
Long-term incentives	PSP awards are subject to a three-year performance period and a two-year holding period. Performance conditions are designed to drive company financial performance and align with stakeholder interests.	PSP awards are subject to a three-year performance period. Performance conditions are designed to drive company financial performance and align with stakeholder interests. Restricted Share Plan (RSP) awards may be granted as special recognition or to motivate and retain key talent. They are typically subject to a three-year service condition.	RSP awards may be granted as special recognition or to motivate and retain key talent. They are typically subject to a three-year service condition.		
	Eligible employees may participate in JM's Share Incentive Plan (ShareMatch). Two free matching shares are awarded for every one partnership share purchased by the employee, subject to an annual maximum employee contribution of £1,500.				

Remuneration Policy continued

Shareholder considerations

The committee has a standard annual agenda item whereby the feedback from shareholders and investor advisory bodies is presented and discussed following the AGM. The Committee Chair is also available for questions at the AGM. The feedback that the committee receives then informs discussions for the formulation of future policy and subsequent remuneration decisions. The committee is also regularly updated on the collective views of shareholders and investor advisory bodies by its independent advisor.

Approach to recruitment

The recruitment policy provides an appropriate framework within which to attract individuals of the required calibre to lead a company of Johnson Matthey's size, scale and complexity. The Remuneration Committee determines the remuneration package for any appointment to an executive director position, either from within or outside Johnson Matthey.

The following table sets out the various components which would be considered for inclusion in the remuneration package for the appointment of an executive director and the approach to be adopted by the Remuneration Committee in respect of each component.

In the case of an internal promotion to the board, the company will honour any contractual commitments made prior to the promotion.

Area	Policy and operation
Overall	The policy of the board is to recruit the best candidate possible for any board position and to structure pay and benefits in line with the Remuneration Policy set out in this report. The ongoing structure of a new recruit's package would be the same as for existing directors, with the possible exception of an identifiable buy-out provision, as set out below.
Base salary or fees	Salary or fees will be determined by the Remuneration Committee in accordance with the principles set out in the approved remuneration policy. https://matthey.com/remuneration-committee
Benefits and pension	An executive director will be eligible for benefits and pension arrangements in line with the company's approved remuneration policy for current executive directors. https://matthey.com/remuneration-committee
Annual Incentive Plan	The maximum level of opportunity is as set out in the policy summary on page 109. The Remuneration Committee retains discretion to set different performance targets for a new externally appointed executive director, or to adjust performance targets and/or measures in the case of an internal promotion, to be assessed over the remainder of the financial year. In this case any bonus payment would be made at the same time as for existing directors, such award to be pro-rated for the time served in the performance period.
Performance Share Plan	The maximum level of opportunity is as set out in the policy summary on page 110. In order to achieve rapid alignment with Johnson Matthey's and shareholder interests, the Remuneration Committee retains discretion to grant a PSP award to a new externally appointed executive director on or soon after appointment if they join outside of the normal grant period.
Replacement awards buy-out	The Remuneration Committee retains discretion to grant replacement buy-out awards (in cash or shares) to a new externally appointed executive director to reflect the loss of awards granted by a previous employer. Where this is the case, the Remuneration Committee will seek to structure the replacement award such that overall it is on an equivalent basis to broadly replicate that foregone, using appropriate performance terms. If granted, any replacement buy-out award would not exceed the maximum set out in the rules of the 2017 Performance Share Plan (350% of base salary). If the executive director's prior employer pays any portion of the remuneration that was anticipated to be forfeited, the replacement awards shall be reduced by an equivalent amount.
Other	The Remuneration Committee may agree that the company will meet certain mobility costs and relocation costs including temporary living and transportation expenses, in line with the company's prevailing mobility policy for senior executives as described in the approved remuneration policy https://matthey.com/remuneration-committee

Service contracts and policy on payment for loss of office

The following table summarises relevant key provisions of executive directors' service contracts and the treatment of payments on termination of employment. The full contracts of service of the executive directors (as well as the terms and conditions of appointment of the non-executive directors) are available for inspection at the registered office of the company during normal business hours as well as prior to and during the forthcoming AGM.

In exceptional circumstances, the Remuneration Committee may authorise, where it considers it to be in the best interests of the company and shareholders, entering into contractual arrangements with a departing executive director, for example a settlement, confidentiality, restrictive covenant or other arrangement, pursuant to which sums not set out in the following table may become payable. Full disclosure of the payments will be made in accordance with the remuneration reporting requirements.

The table on the following page describes the contractual conditions pertaining to the contracts for Liam Condon and Stephen Oxley and for any future executive director.

Remuneration Policy continued

Summary of key provisions of executive directors' service contracts and treatment of payments on termination

	Liam Condon	Stephen Oxley
Date of service agreement	10 th November 2021	1 st December 2020
Date of appointment as director	1 st March 2022	1 st April 2021
Employing company	Johnson Matthey Plc	
Contract duration	No fixed term	
Notice period	No more than 12 months' notice	
Post-termination restrictions	<p>The contracts of employment contain the following restrictions on the director for the following periods from the date of termination of employment:</p> <ul style="list-style-type: none"> • non-compete – six months • non-dealing and non-solicitation of client/customers – 12 months • non-solicitation of suppliers and non-interference with supply chain – 12 months • non-solicitation of employees – 12 months. 	
Summary termination – payment in lieu of notice (PILON)	<p>The company may, in its absolute discretion, terminate the employment of the director with immediate effect by giving written notice together with payment of a sum equivalent to the director's base salary and the value of his contractual benefits as at the date such notice is given, in respect of the director's notice period, less any period of notice actually worked.</p> <p>The company may elect to pay the PILON in equal monthly instalments. The director is under a duty to seek alternative employment and to keep the company informed about whether they have been successful. If the director commences alternative employment, the monthly instalments shall be reduced (if appropriate to nil) by the amount of the director's gross earnings from the alternative employment. A PILON paid to a director who is a US taxpayer would be in equal monthly instalments.</p>	
Termination payment – change of control	<p>If, within one year after a change of control, the director's service agreement is terminated by the company (other than in accordance with the summary termination provisions), the company shall pay, as liquidated damages, one year's base salary, together with a sum equivalent to the value of the director's contractual benefits, as at the date of termination, less the period of any notice given by the company to the director.</p>	
Termination – treatment of annual incentive awards	<p>Annual bonus awards are made at the discretion of the Remuneration Committee.</p> <p>Executive directors leaving the company's employment will receive a bonus, pro-rata to service, unless the reason for leaving is resignation or misconduct. Any bonus awarded would continue to be subject to deferral as set out in the Remuneration Policy.</p> <p>In relation to deferred bonus awards which have already been made, shares will be released on the normal vesting date unless one of the following circumstances applies, and subject to the discretion of the Remuneration Committee:</p> <ul style="list-style-type: none"> • the participant leaves as a result of misconduct; or • the participant, prior to vesting, breaches one of the post-termination restrictions or covenants contained in their employment contract, termination agreement or similar agreement. <p>In which case the deferred awards will lapse on cessation of employment.</p> <p>The Remuneration Committee has the discretion to accelerate vesting of a deferred award if appropriate to do so to reflect the circumstances of the departure. It is intended that this would only be used in the event of a departure due to ill health (or death).</p>	

Remuneration Policy continued

Summary of key provisions of executive directors' service contracts and treatment of payments on termination (continued)

	Liam Condon	Stephen Oxley
Termination – treatment of long-term incentive awards	Employees, including executive directors, leaving the company's employment will normally lose their long-term incentive awards unless they leave for a specified "good leaver" reason (e.g. death, retirement), in which case their shares will be released on the normal release dates, subject to the performance condition. The Remuneration Committee has discretion to accelerate vesting, in which case the performance condition would be assessed based on available information at the time. In either case, unless the Remuneration Committee determines otherwise, the level of vesting shall be pro-rated to reflect the proportion of the performance period which has elapsed to the date of leaving. In the post-vesting deferral period, only those who leave due to misconduct will lose their shares.	
Redundancy arrangements	Directors are not entitled to any benefit under any redundancy payments arrangement operated by the company.	
Holiday	Upon termination for any reason, directors will be entitled to payment in lieu of accrued but untaken holiday entitlement.	

Chair and Non-Executive Directors

The Chair and each of the non-executive directors have letters of appointment. The letters of appointment do not contain any contractual entitlement to a termination payment and the non-executive directors can be removed in accordance with the company's Articles of Association. Directors are required to retire at each AGM and seek re-election by shareholders.

The details of the service contracts, including notice periods, contained in the letters of appointment in relation to the non-executive directors who served during the year are set out in the table below. Neither the Chair or the non-executive directors has provisions in his or her letter of appointment that relate to a change of control of the company.

Non-Executive Director	Committee appointments	Date of appointment	Expiry of current term	Notice period by the individual	Notice period by the company
Patrick Thomas (Chair)	N	1 st June 2018	31 st May 2024	6 months	6 months
Jane Griffiths	A R N S	1 st January 2017	31 st December 2025	1 month	1 month
Chris Mottershead ¹	A R N S	27 th January 2015	26 th January 2024	1 month	1 month
John O'Higgins	A R N S	16 th November 2017	16 th November 2026	1 month	1 month
Xiaozhi Liu	R N	2 nd April 2019	1 st April 2025	1 month	1 month
Doug Webb	A R N	2 nd September 2019	1 st September 2025	1 month	1 month
Rita Forst	A N S	4 th October 2021	3 rd October 2024	1 month	1 month
Barbara Jeremiah	A N S	1 st July 2023	30 th June 2026	1 month	1 month

A Audit Committee R Remuneration Committee N Nomination Committee S Societal Value Committee ● Committee Chair

1. Chris Mottershead stepped down from the board on 26th January 2024.

Annual report on remuneration

This section provides details of how the Directors' Remuneration Policy was implemented during 2023/24 and how we intend to apply it in 2024/25.

About the Remuneration Committee

The members of the Remuneration Committee are John O'Higgins (Chair), Jane Griffiths, Xiaozhi Liu and Doug Webb. Prior to 2nd January 2024, when membership of the Board Committees was streamlined, the Remuneration Committee had comprised all six of the Company's non-executive directors. Details of attendance at committee meetings during the year ended 31st March 2024 are shown on page 77.

The Remuneration Committee's Terms of Reference can be found at matthey.com/REM-terms-of-reference. These include determination of fair remuneration for the group Chair, executive directors and senior management, including the General Counsel and Company Secretary (no individual participates in discussions of their own remuneration). The General Counsel and Company Secretary acts as secretary to the committee.

Advisers to the committee

The committee appoints and receives advice from independent remuneration consultants on the latest developments in corporate governance and market trends in pay and incentive arrangements. The committee appointed Korn Ferry as adviser to the Remuneration Committee after a competitive tender process in 2017. The total fees paid to Korn Ferry in respect of its services to the committee during the year were £32,480 +VAT. The fees paid to Korn Ferry are based on the standard market rates Korn Ferry has for remuneration committee advisory services.

Korn Ferry also provides consultancy services to the company in relation to certain employee and benefit matters to those below the Board. Korn Ferry is a signatory to the Remuneration Consultants Group Code of Conduct.

The committee is satisfied that the advice provided by Korn Ferry, an unconnected third party, was independent and objective and that the provision of additional services did not compromise that independence. The committee is also satisfied that the team who provided that advice does not have any connection to Johnson Matthey that may impair their independence and objectivity.

Herbert Smith Freehills is the committee's legal adviser. There was no requirement during 2023/24 for Herbert Smith Freehills to provide advice to the committee. The committee is aware that Herbert Smith Freehills is one of a number of legal firms that provide legal advice and services to the company on a range of matters.

A statement regarding the use of remuneration consultants for the year ended 31st March 2024 is available at matthey.com/corporate-governance.

Statement of shareholder voting

We carefully monitor shareholder voting on our Remuneration Policy and its implementation. We recognise the importance of our shareholders' continued support for our remuneration arrangements.

The next table shows the results of the polls taken on the resolution to approve the Remuneration Policy and Annual Statement and Annual Report on Remuneration at the 2023 AGM.

Resolution	Number of votes cast	For	Against	Votes withheld
Remuneration Policy	129,179,627	115,069,890 (89.08%) ¹	14,109,737 (10.92%) ¹	1,656,783
Annual Statement and Annual Report on Remuneration	129,234,766	122,723,247 (94.96%)	6,511,519 (5.04%)	1,601,644

1. Percentage of votes cast, excluding votes withheld.

The Remuneration Committee believes that the 89.08% vote in favour of the Remuneration Policy and the 94.96% vote in favour of the Annual Statement and Annual Report on Remuneration at the 2023 AGM showed strong shareholder support for the group's remuneration arrangements at that time.

Annual Report on remuneration continued

Remuneration for the year ended 31st March 2024**Single total figure table of remuneration (audited)**

Our Remuneration Policy operated as intended over the year, and the table below sets out the total remuneration and breakdown of the elements each director received in relation to the years ended 31st March 2024 and 31st March 2023. An explanation of how the figures are calculated follows the table.

	Base salary/fees £'000		Benefits £'000		Pension ¹ £'000		Total fixed remuneration £'000		Annual incentive £'000		Long-term incentive £'000		Total variable remuneration £'000		Total remuneration £'000	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Executive directors																
Liam Condon	983	950	283 ²	280 ²	147	143	1,413	1,373	1,176	1,274	–	–	1,176	1,274	2,589	2,647
Stephen Oxley	602	582	20	20	90	87	712	689	600	650	–	–	600	650	1,312	1,339
Non-executive directors																
Patrick Thomas	390	376	–	–	–	–	390	376	–	–	–	–	–	–	390	376
Jane Griffiths	90	86	–	–	–	–	90	86	–	–	–	–	–	–	90	86
Chris Mottershead ³	75	86	–	–	–	–	75	86	–	–	–	–	–	–	75	86
John O'Higgins	90	87	–	–	–	–	90	87	–	–	–	–	–	–	90	87
Xiaozhi Liu	71	68	–	–	–	–	71	68	–	–	–	–	–	–	71	68
Doug Webb	93	89	–	–	–	–	93	89	–	–	–	–	–	–	93	89
Rita Forst	71	68 ⁵	–	–	–	–	71	68	–	–	–	–	–	–	71	68
Barbara Jeremiah ⁴	67	–	–	–	–	–	67	–	–	–	–	–	–	–	67	–

1. Represents a cash allowance in lieu of a pension.

2. Liam Condon is entitled to certain allowances and benefits associated with his international relocation. These include housing (£180k), schooling and other family disturbance allowances (£70k).

3. Chris Mottershead stepped down from the board on 26th January 2024. The fee disclosed relates to the 10 months served on the Board.

4. Barbara Jeremiah joined the board on 1st July 2023. The fee disclosed relates to the 9 months served on the Board.

5. Due to an administrative error, which has been corrected, fees received from October 2021 to April 2023 were £67k per year but should have been £68,350. Figure for 2023 updated to reflect what should have been paid.

Base salary/fees

Salary paid during the year to executive directors and fees paid during the year to non-executive directors.

Benefits

All taxable benefits, such as medical and life insurance, service and car allowances, mobility allowances, matching shares under the all-employee share incentive plan and assistance with tax advice and tax compliance services, where appropriate.

Pension

The amounts shown represent the value of any cash supplements paid in lieu of pension membership.

Annual incentives

Annual bonus awarded for the year ended 31st March 2024. The figure includes any amounts deferred and awarded as shares. These shares are not subject to any further conditions other than forfeiture in certain termination scenarios.

Long-term incentives

The 2024 figure represents the value of shares that satisfied performance conditions on 31st March 2024. The 2023 figure represents the value of shares that satisfied performance conditions on 31st March 2023.

Annual Report on remuneration continued

Annual bonus for the year ended 31st March 2024 (audited)

Liam Condon and Stephen Oxley were eligible for a maximum annual bonus of 180% of base salary and 150% of base salary, respectively. The target bonus opportunity was set at 50% of maximum and the threshold bonus opportunity was 25% of the target opportunity.

The performance measures and weightings for the annual bonus were as follows:

	Percentage of bonus available		
	Group underlying PBT	Group working capital days ¹	Strategic objectives
Liam Condon	50%	20%	30%
Stephen Oxley	50%	20%	30%

1. Group working capital days is split 50% total working capital (including PGMs) and 50% total working capital days (excluding PGMs).

Performance targets were set by looking at:

- Previous year financial performance.
- Budgets and business plans for 2023/24. These are built from the bottom up and are subject to thorough challenge before being finalised by the board.
- Consensus of industry analysts' forecasts, provided by Vara Research.

The committee also considered the performance range for the group profit measures and concluded that given the continued uncertainty in the market at the time the targets were set, the range should continue to be 90% to 110% of target performance. The 2023/24 targets are considered similarly challenging, if not more challenging than those set in 2022/23.

The strategic objectives were set based on well-defined key deliverables that support our strategy relating to science, customers, operations and people.

Bonus outcomes (audited)

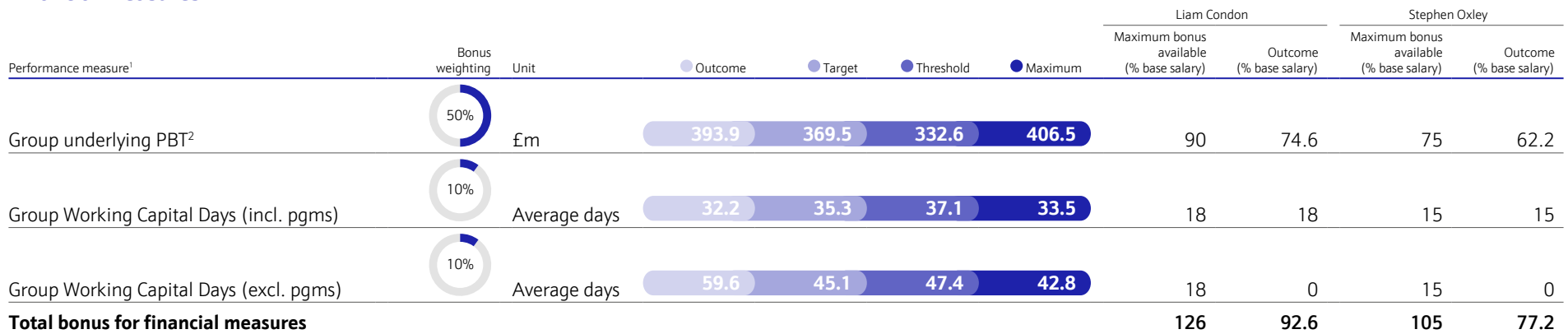
The underlying PBT target was set to be consistent with a 7.5% growth in underlying operating profit. The formulaic outcome based on delivery of 11% underlying growth in operating profit when adjusted for metal prices and exchange rates was a 111.7% achievement against the PBT target. However, after considering the range of assumptions used to set the original targets, including market uncertainty, and then testing the targets based 50% on constant metal prices and 50% on actual metal prices, the committee concluded that it was appropriate to increase the original targets after the standard restatement for metal prices and exchange rates to ensure that they had the degree of stretch originally envisaged allowing for changes to market conditions through the year. As a result, the committee used its discretion to increase the original PBT target by circa. 5%. Based on performance against the adjusted targets, total bonuses for the year ended 31st March 2024 were as set out below. The committee is comfortable that the bonuses earned, based on the revised targets, are appropriate in the context of the wider stakeholder experience through the year.

	Financial measures outcome (% base salary)	Strategic measures formulaic outcome (% base salary)	Total bonus outcome (% base salary)	Total bonus outcome (% of target)	Total value of bonus ¹ (£)
Liam Condon	92.6	27.0	119.6	132.9	1,176,251
Stephen Oxley	77.2	22.5	99.7	132.9	600,455

1. 50% of this figure is deferred into conditional shares subject to a three-year vesting period with no other performance conditions. This figure represents the full bonus paid for the year.

The detailed breakdown of performance against the financial targets and strategic objectives is set out in the next tables.

Financial measures



1. Group underlying PBT and group working capital days are measured using Johnson Matthey's budgeted foreign exchange rates.
 2. Group underlying PBT is measured based on 50% constant and 50% actual metal prices.

Annual Report on remuneration continued

Strategic objectives

	Objective	Assessment	Formulaic outcome (% of maximum bonus) ¹	Bonus payable (% of base salary)
Liam Condon	Achieve our strategic milestones to FY24 as detailed on page 13.	Good progress has been made on JM's strategic milestones with all but two either on track or achieved. The decision to delay the start of production at our new Hydrogen Technologies plant at Royston, UK was required to reflect delays in end markets.	50%	27%
	Put in place succession plans for all GLT members and their direct reports and ensure development plans are in place for all GLT direct reports.	Succession plans are in place for all GLT roles and for 65% of GLT direct reports. Further work is planned to increase this cover.		
	Drive long-term growth for JM by forming strategic partnerships in growth businesses, with two new strategic partnerships for Catalyst Technologies and another two for Hydrogen Technologies	Catalyst Technologies won nine sustainable technology projects with strategic partners, including two of the largest LCH projects in the world. No new strategic partnerships were signed in Hydrogen Technologies due to the change in market outlook during the year.		
	Accelerate cultural transformation with focus on enhancing customer orientation, disciplined execution and efficiency by: <ul style="list-style-type: none"> Increasing JM's net promoter score Implementing a new performance management approach Fully staffing critical engineering capex roles Set-up of Global Business Services 	Good progress has been made in all areas: <ul style="list-style-type: none"> JM's net promoter score has increased by five points versus 2023. JM's new performance management and incentivisation approach was successfully rolled out, evidenced by improved scoring related to objective setting, feedback and development in our pulse surveys. We have staffed all critical engineering roles for capex projects. All key milestones have been achieved without any business disruption and ahead of the approved GBS business case. 		
Stephen Oxley	Achieve our strategic milestones to FY24 as detailed on page 13.	Good progress has been made on JM's strategic milestones with all but two either on track or achieved. The decision to delay the start of production at our new Hydrogen Technologies plant at Royston, UK was required to reflect delays in end markets.	50%	22.5%
	Put in place succession plans for all GLT members and their direct reports and ensure development plans are in place for all GLT direct reports.	Succession plans are in place for all GLT roles and for 65% of GLT direct reports. Further work is planned to increase this cover.		
	Execution of the Finance, IT transformation, Security and Real Estate plans delivering headcount savings and financial targets in line with approved plans.	Good progress was made in the year with cost savings broadly on track. Headcount reductions and the IT transformation are on track. JM's corporate real estate rationalisation is in line with the approved plan.		
	Complete JM's divestiture programme and deliver at least £300m net proceeds in FY24.	All businesses have agreed contracts for sale and the net proceeds substantially exceed the target.		

1. The committee assess executive director performance using the same framework that operates across Johnson Matthey. This involves assessing the extent of achievement and categorizing that achievement in performance bands which, for Executive Directors, also involves consideration of the overall financial performance achieved over the financial year. As a result, notwithstanding that more than 50% of the strategic objectives set out above were achieved during the year, the bonus out-turn in relation to strategic targets was moderated to 50% of the maximum.

Annual Report on remuneration continued

Long-term incentives**PSP awards vesting for the three-year performance period ended 31st March 2024 (audited)**

The 2021 PSP awards were made in August 2021 and performance was measured over the period 1st April 2021 to 31st March 2024. Where the performance conditions are met, the shares will vest and be subject to a two year holding period. The awards vest on a straight-line basis between threshold (15% vesting for EPS and 25% vesting for TSR) and maximum (100% vesting). The performance condition for the 2021 award and the actual performance achieved are shown below. Performance conditions were not satisfied so the award will lapse in full.

	Weighting	Threshold	Maximum	Actual
Compound annual growth rate in earnings per share	50%	4%	12%	-8.1%
	50%	Median	Upper Quartile	Below Threshold
Relative total shareholder return		1.9%	26.6%	-37.4%

PSP awards granted in the year ended 31st March 2024 (audited)

The next table provides details of the PSP awards granted to executive directors in the year ended 31st March 2024.

Executive directors	Award date	Award type	Award size (% of base salary)	Number of shares awarded	Face value ¹	% vesting at threshold ²	End of performance period	End of holding period
Liam Condon	1st August 2023	Conditional shares	250	140,265	£2,458,116	22%	31st March 2026	1st August 2028
Stephen Oxley	1st August 2023	Conditional shares	175	60,146	£1,054,047	22%	31st March 2026	1st August 2028

2. Face value is calculated using the award share price of 1,752.48 pence, which is the average closing share price over the four-week period starting on 26th May 2023.

3. Threshold vesting is 15% for the earnings per share (EPS) measure and 25% for the relative total shareholder return (TSR) and strategic objectives scorecard measures. The value shown is the average threshold vesting for the award.

The performance targets and vesting ranges for the 2023 award are set out below:

30% of performance condition		40% of performance condition	
Compound annual growth rate in earnings per share	Performance	Relative total shareholder return	Performance
Performance	Proportion of shares vesting	Performance	Proportion of shares vesting
<1%	0%	Below median	0%
1%	15%	Median	25%
7%	100%	Upper quartile	100%
Between 1% and 7%	Straight-line between 15% and 100%	Between median and upper quartile	Straight-line between 25% and 100%

30% of performance condition							
Strategic Objectives scorecard (targets equally weighted)							
Tonnes of GHG avoided using technologies enabled by our products and solutions		Reduction in scope 1 and 2 GHG emissions		Percentage of female representation across management levels		Reduction in total annualised cost associated with delivering global business services	
Performance	Proportion of shares vesting	Performance	Proportion of shares vesting	Performance	Proportion of shares vesting	Performance	Proportion of shares vesting
< 8.0m tonnes (MT)	0%	Below 20% reduction	0%	Below 32% representation	0%	Below £23m reduction	0%
8.0 MT	25%	20% reduction	25%	32% representation	25%	£23m reduction	25%
12.0 MT	100%	25% reduction	100%	33% representation	100%	£33m reduction	100%
Between 8.0 MT and 12.0 MT	Straight-line between 25% and 100%	Between 20% and 25% reduction	Straight-line between 25% and 100%	Between 32% and 33% representation	Straight-line between 25% and 100%	Between £23m and £33m reduction	Straight-line between 25% and 100%

Annual Report on remuneration continued

Statement of directors' shareholding (audited)

The table below shows the directors' interests in the shares of the company, together with their unvested scheme interests, effective 31st March 2024.

	Ordinary shares ¹	Subject to ongoing performance conditions ²	Not subject to further performance conditions ³
Executive directors			
Liam Condon	58,264	308,392	36,336
Stephen Oxley	15,795	141,263	74,771 ⁴
Non-executive directors			
Patrick Thomas	13,194	–	–
Jane Griffiths	5,171	–	–
Chris Mottershead ⁵	5,718	–	–
John O'Higgins	1,500	–	–
Xiaozhi Liu	4,000	–	–
Doug Webb	6,500	–	–
Barbara Jeremiah	1,000	–	–
Rita Forst	2,000	–	–

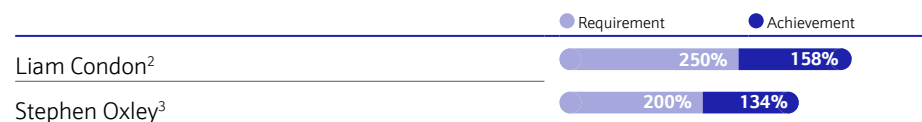
- Includes shares held by the director and / or connected persons, including those in the all-employee share matching plan. Shares in the all-employee share matching plan may be subject to forfeiture in accordance with the rules of the plan.
- Represents unvested PSP shares within three years of the date of award.
- Represents unvested deferred bonus shares that are not subject to service conditions.
- Includes 41,500 shares awarded in year end 31st March 2022 to compensate for the loss of KPMG long-term deferred cash award.
- The figure for Chris Mottershead is as at 26th January 2024 when he stepped down from the board.

Directors' interests as at 23rd May 2024 were unchanged from those listed above other than that the Trustees of the all-employee share matching plan have purchased another 42 shares for Liam Condon and 42 shares for Stephen Oxley.

Executive directors are expected to achieve a shareholding guideline of 250% of base salary for the Chief Executive Officer and 200% for other executive directors, within a reasonable timeframe. The director's total shareholding for the purposes of comparing it with the minimum shareholding requirement includes shares held beneficially by the director and any connected persons (as recognised by the Remuneration Committee), together with the shares awarded under the Deferred Bonus Plan (DBP), for which there are no further performance or service conditions.

Shares that count towards achieving the post-cessation guideline include the same as those while an executive director. Executive directors are expected to retain at least 50% of the net (after tax) vested shares that are released under the PSP and DBP until the required levels of shareholding are achieved.

Executive director shareholdings as at 31st March 2024 as a percentage of base salary¹ are shown below:



- Value of shares as a percentage of base salary is calculated using a share value of 1646.5159 pence, which was the average share price prevailing between 1st January 2024 and 31st March 2024.
- Liam Condon was appointed Chief Executive Officer on 1st March 2022 and will build his shareholding over a reasonable timeframe.
- Stephen Oxley was appointed Chief Financial Officer on 1st April 2021 and will build his shareholding over a reasonable timeframe.

Pension entitlements (audited)

No director is currently accruing any pension benefit in the group's pension schemes. Both Liam Condon and Stephen Oxley receive an annual cash payment in lieu of pension membership, equal to 15% of base salary. This is in line with pension provision for the wider workforce.

Payments to former directors (audited)

There were no payments made to, or in respect of, any former director in 2023/24 that have not been previously disclosed.

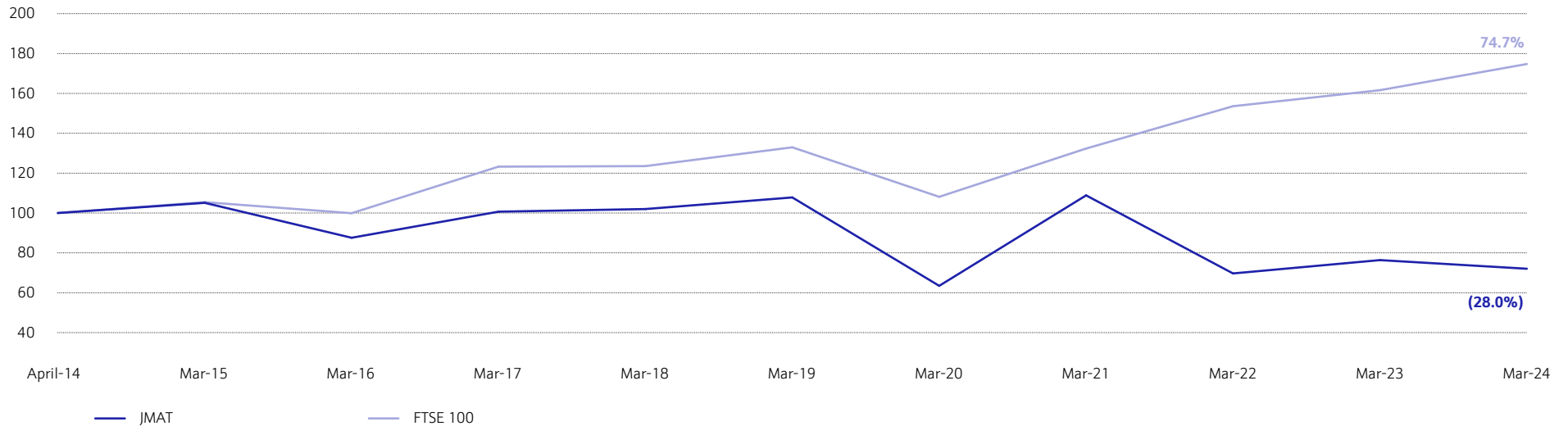
Payments for loss of office (audited)

There were no payments made to, or in respect of, any former director for loss of office in 2023/24.

Annual Report on remuneration continued

Performance graph and comparison to Chief Executive Officer's remuneration**Johnson Matthey and FTSE 100 total shareholder return rebased to 100**

The following chart illustrates the total cumulative shareholder return of the company for the ten-year period from 1st April 2014 to 31st March 2024 against the FTSE 100 as the most appropriate comparator group when considering our market capitalisation over the period, rebased to 100 at 1st April 2014.

**Historical data regarding Chief Executive Officer's remuneration**

	2014/15 ¹	2015/16 ²	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 ³	2022/23 ⁵	2023/24
Single total figure of remuneration (£000)	2,539	1,429	1,971	2,013	2,784	1,462	2,532	1,672	2,647	2,589
Annual incentives (% of maximum)	54	15	40	69	45	26	98	42	75	67
Long-term incentives (% of award vesting) ⁴	–	33	28	–	67	–	–	–	–	–

1. The figures for 2014/15 are in respect of both Robert MacLeod and Neil Carson, who both held the position of Chief Executive Officer in the year. The single total figure of £2,539k comprises £1,594k for Robert MacLeod and £945k for Neil Carson.

2. Figures from 2015/16 to 2020/21 are in respect of Robert MacLeod.

3. The figures for 2021/22 are in respect of both Robert MacLeod and Liam Condon, who both held the position of Chief Executive Officer in the year. The single total figure of £1,672k comprises £1,557k for Robert MacLeod and £115k for Liam Condon. The value shown for annual incentives relates to Robert MacLeod only because Liam Condon was not eligible to participate in the AIP in 2021/22.

4. Vesting of long-term incentive awards whose three-year performance period ended in the financial year shown.

5. Figures for 2022/23 onwards are in respect of Liam Condon.

Annual Report on remuneration continued

Change in directors' remuneration

The table below shows how the remuneration of directors, both executive and non-executive, has changed over the year ended 31st March 2024. This is then compared to employees of Johnson Matthey Plc.

	2024			2023			2022			2021		
	Salary	Bonus	Benefits	Salary	Bonus	Benefits	Salary	Bonus	Benefits	Salary	Bonus	Benefits
Executive directors												
Liam Condon ¹	4%	-8%	-	0%	-	-	-	-	-	-	-	-
Stephen Oxley ²	4%	-8%	-	3%	7%	-	-	-	-	-	-	-
Non-executive directors												
Patrick Thomas	4%	-	-	-	-	-	2%	-	-	0%	-	-
Jane Griffiths	5%	-	-	3% ¹⁰	-	-	24% ³	-	-	0%	-	-
Chris Mottershead	-13% ¹²	-	-	-	-	-	2%	-	-	0%	-	-
John O'Higgins	4%	-	-	-	-	-	10% ⁴	-	-	27%	-	-
Xiaozhi Liu	4%	-	-	-	-	-	2%	-	-	0%	-	-
Doug Webb	4%	-	-	0%	-	-	10% ⁵	-	-	31%	-	-
Rita Forst ⁶	4% ¹⁴	-	-	100% ¹¹	-	-	-	-	-	-	-	-
Barbara Jeremiah ¹³	-	-	-	-	-	-	-	-	-	-	-	-
Comparator group												
JM Plc employees	10% ⁷	9% ⁸	0% ⁹	8% ⁷	-10% ⁸	0% ⁹	6% ⁷	4% ⁸	0%	2%	312%	0%

1. Liam Condon was appointed Chief Executive Officer on 1st March 2022, so no change in compensation can be calculated for 2022. No change in bonus can be calculated for 2023 as not eligible in 2022.

2. Stephen Oxley was appointed Chief Financial Officer on 1st April 2021, so no change in compensation can be calculated for 2022.

3. Represents the additional fee received for taking the SVC Chair position on 1st June 2021 and annual fee review.

4. Represents the additional fee received for taking the Senior Independent Director role on 23rd July 2020 and annual fee review.

5. Represents the additional fee received for taking the Audit Committee Chair role on 23rd July 2020 and annual fee review.

6. Rita Forst was appointed to the board on 4th October 2021, so no change in compensation can be calculated for 2022.

7. Includes promotions and market adjustments.

8. The percentage change in bonus was calculated based on the change in bonus accrual taken for Johnson Matthey Plc (JM Plc) employees, excluding the directors, for the 2023/24, 2022/23, 2021/22 and 2020/21 years.

9. There has been no change to the benefits policy for Johnson Matthey Plc employees; therefore, a 0% change has been reported.

10. Represents the additional fee received for taking the SVC Chair position on 1st June 2021, which was pro-rated in 2022.

11. Rita Forst was appointed to the board on 4th October 2021 and received a pro-rated fee for 6 months in 2022 and full fee based on 12 months in 2023.

12. Chris Mottershead stepped down from the board on 26th January 2024.

13. Barbara Jeremiah was appointed to the board on 1st July 2023 so no change in compensation can be calculated for 2024.

14. Due to an administrative error, which has been corrected, fees received from October 2021 to April 2023 were £67k but should have been £68,350. Change in remuneration reflects the change from what the correct fees for 2023 should have been rather than what was actually paid.

Annual Report on remuneration continued

Relative spend on pay

The table below shows the absolute and relative amounts of distributions to shareholders and the total remuneration for the group for the years ended 31st March 2023 and 31st March 2024.

	Year ended 31 st March 2023 £ million	Year ended 31 st March 2024 £ million	% change
Payments to shareholders	186 ²	141	-24%
Total remuneration (all employees) ¹	732	746	2%

1. Figure is for all operations and excludes termination benefit

2. Includes £45m related to the share buy-back that completed on 13th May 2022

Chief Executive Officer to employee pay ratio

The table below shows the ratio of Chief Executive Officer to employee pay between 2020 and 2024. We have compared the single total figure of remuneration for the Chief Executive Officer to the total pay and benefits of UK employees, on a full-time equivalent basis, who are ranked at the lower quartile, median and upper quartile across all UK employees effective 31st March 2024.

We believe that using total pay and benefits for the year ending 31st March 2024 provides a like-for-like comparison to the Chief Executive Officer pay data.

Chief Executive Officer pay ratio	2020				2021				2022				2023 ¹				2024			
	A – Total pay and benefits in 2019/20		A – Total pay and benefits in 2020/21		A – Total pay and benefits in 2021/22		A – Total pay and benefits in 2022/23		A – Total pay and benefits in 2022/23		A – Total pay and benefits in 2022/23		A – Total pay and benefits in 2022/23		A – Total pay and benefits in 2023/24		A – Total pay and benefits in 2023/24			
Chief Executive Officer single figure	£1,462,000	£2,532,000	£1,672,000 ²	£2,646,222	£2,646,222	£2,646,222	£2,646,222	£2,646,222	£2,646,222	£2,646,222	£2,646,222	£2,646,222	£2,646,222	£2,646,222	£2,646,222	£2,646,222	£2,646,222	£2,646,222	£2,589,900	
Upper quartile	22:1	35:1	20:1	30:1	30:1	30:1	30:1	30:1	30:1	30:1	30:1	30:1	30:1	30:1	30:1	30:1	30:1	30:1	32:1	
Median	28:1	45:1	28:1	42:1	42:1	42:1	42:1	42:1	42:1	42:1	42:1	42:1	42:1	42:1	42:1	42:1	42:1	42:1	42:1	
Lower quartile	36:1	57:1	35:1	53:1	53:1	53:1	53:1	53:1	53:1	53:1	53:1	53:1	53:1	53:1	53:1	53:1	53:1	53:1	53:1	

1. Chief Executive Officer pay ratio revised to include employee bonuses payable in relation to 2022/23. This changed upper quartile from 37:1 to 30:1, median from 49:1 to 42:1 and lower quartile from 60:1 to 53:1.

2. The Chief Executive Officer single figure for 2021/22 is in respect of both Robert MacLeod and Liam Condon, who both held the position of Chief Executive Officer in the year. The single total figure of £1,672,000 comprises £1,557,000 for Robert MacLeod and £115,000 for Liam Condon.

Bonus data for UK employees was left out of the 2024 calculation because it was not administratively possible to calculate these bonuses before the publication of this report. However, the calculation will be revised to include these bonuses once available and will be disclosed in the 2025 report.

Excluding the 2023/24 bonus payable to the Chief Executive Officer from the calculation would result in the following pay ratios: lower quartile – 29:1, median – 23:1 and upper quartile – 17:1.

The salary and total pay for the individuals identified at the lower quartile, median and upper quartile positions in 2024 are set out below:

2024	Salary ¹	Total pay
Upper quartile individual	£62,799	£80,832
Median individual	£37,160	£61,082
Lower quartile individual	£39,593	£49,161

1. Includes shift allowance.

Our principles for pay setting and progression are consistent across the organisation.

Underpinning our principles is a need to provide a competitive total reward to enable the attraction and retention of high-calibre individuals and giving the opportunity for individual development and career progression. The pay ratios reflect the difference in role accountabilities that are recognised through our pay structures and the greater variable pay opportunity for more senior positions. The Chief Executive Officer's variable pay opportunity is higher than those employees noted in the table reflecting the weighting towards long-term value creation and alignment with shareholder interests inherent in this role.

The movement in our Chief Executive Officer to employee pay ratio between 2020 and 2024 is driven by the different bonus outcomes and fixed income for the Chief Executive Officer in each of these years. There have been no other changes to remuneration arrangements for our UK employees that would affect the CEO pay ratio.

We are satisfied that the median pay ratio is consistent with our wider pay, reward and progression policies for employees. All our employees have the opportunity for annual pay increases, career progression and development opportunities.

Annual Report on remuneration continued

Implementing the Directors' Remuneration Policy for 2024/25

The table below sets out how the Remuneration Committee intends to apply the Directors' Remuneration Policy for the year ended 31st March 2025.

Salary	The Chief Executive Officer and Chief Financial Officer both received a pay increase of 3%. This is in line with the pay increases for management employees in the UK but below the increase awarded to non-management UK employees.
Benefits	No change to policy applied in 2023/24.
Pension	All executive directors will have a maximum pension cash supplement of 15%.
Annual incentives	<p>The maximum bonus opportunity for 2024/25 remains unchanged at 180% of salary for the Chief Executive Officer and 150% of salary for the Chief Financial Officer.</p> <p>2024/25 bonus will be based on underlying profit before tax (45%), working capital (15%), corporate cost reduction (15%) and strategic and transformation objectives (25%). Targets for the Chief Executive Officer and Chief Financial Officer will be based on group performance.</p> <p>The 2024/25 targets are considered similarly challenging, if not more challenging to those set in 2023/24, when accounting for the divestments in the year and uncertain economic outlook. Targets have been set taking this into account as well as internal and external planning. To the extent that metal prices move outside a defined corridor the Remuneration Committee will rebase the targets such that they are similarly challenging as when the targets were originally set. The Remuneration Committee considers the forward-looking targets to be commercially sensitive but full retrospective disclosure of the actual targets will be included in next year's Directors' Remuneration report.</p> <p>50% of any bonus paid will be deferred in shares for three years, and the payment of any bonus is subject to appropriate malus and clawback provisions.</p>
Long-term incentives	<p>The Chief Executive Officer award level is 250% of base salary and the Chief Financial Officer award level is 175% of base salary. These award levels are in line with our remuneration policy. The long-term Performance Share Plan will be based on EPS growth targets (25% of the award), relative TSR performance (25% of the award), return on capital employed (25%) and specific and measurable strategic objectives (25% of award).</p> <p>The range of annualised EPS growth targets that the committee intends to set for the 2024/25 awards is 5% per annum growth for threshold (15%) vesting, rising to 13% per annum growth for maximum vesting (100%). Vesting will be on a straight-line basis between 5% and 13%. The committee considered the effect of metal price volatility on potential outcomes and, as a result, earnings will be assessed 50% against actual metal prices and 50% against constant metal prices. The committee believes that this will allow for a more accurate assessment of underlying business performance.</p> <p>The ROCE targets that the committee intends to set for the 2024/25 awards is 12% for threshold (25%) vesting rising to 16% for maximum (100%) vesting. Vesting will be on a straight-line between 12% and 16% ROCE. As detailed in the Chair's statement, the range of EPS and ROCE targets have been set to be challenging with reference to internal planning, external expectations for our future performance and wider market conditions. ROCE has been introduced as a measure to align with the successful delivery of our transformation programme and driving improved returns on our capital employed.</p> <p>The TSR target will be 25% vesting for median performance, increasing on a straight-line basis to 100% vesting for upper quartile performance. The TSR peer group will be the FTSE 31 – 130 (excluding financial services companies). The committee considers that this comparator group is the most appropriate given our current market capitalisation.</p> <p>The strategic objectives scorecard will consist of three equally weighted metrics. Threshold vesting will be 25%, increasing on a straight-line basis to 100% at maximum. The three metrics are as follows:</p> <ul style="list-style-type: none"> • Products and services – tonnes of GHG avoided during the period using technologies enabled by our products and solutions, compared to conventional solutions, where threshold vesting will be 4 million tonnes GHG avoided and maximum will be 10 million tonnes GHG avoided. • Operations – reduction in Scope 1 and 2 GHG emissions (from the 2020 baseline), where threshold vesting will be achieved for a 32% reduction in GHG emissions and maximum vesting for a 36% reduction in GHG emissions. • People – percentage of female representation across our management levels, where threshold vesting will be achieved at 33% female representation at management levels and maximum at 35% female representation at management levels. <p>Awards vest in year three and are then subject to a two-year holding period.</p>
Chairman and non-executive director fees	The fees for the Chair and non-executive directors were reviewed during the year and increased in line with the increase awarded to executive directors.

This Remuneration Report was approved by the Board of Directors on 22nd May 2024 and signed on its behalf by:

John O'Higgins

Remuneration Committee Chair

Directors' report

Statutory and other information

The Directors' report required under the Companies Act 2006 (2006 Act) comprises the Governance report (pages 75 to 127), including the Sustainability report for our disclosure of carbon emissions, which is included in the Strategic report (pages 34 to 52). The management report required under Disclosure Guidance and Transparency Rule 4.1.8R comprises the Strategic report (pages 1 to 74), which includes the risks relating to our business, and the Directors' report.

Index of disclosures referred to elsewhere in the report

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Directors	77-79	Non-financial key performance indicators	17
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Greenhouse gas emissions	41	Use of financial instruments	152-153
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Listing Rule 9.8.4R

Details of the disclosures to be made under Listing Rule 9.8.4R are listed below.

Interest capitalised	168
Allotments of equity securities for cash	130
Dividend waiver	130

There are no other applicable disclosures.

Other disclosures

Dividend reinvestment plan	A dividend reinvestment plan is available. This allows shareholders to purchase additional shares in Johnson Matthey Plc with their dividend payment. Further information and a mandate can be obtained from our registrar, Equiniti, whose details can be found on page 220, and on our website: matthey.com
Directors' indemnities and insurance	Johnson Matthey Plc has granted indemnities to each Johnson Matthey Plc director and the directors of the group's subsidiaries in respect of certain liabilities arising against them in the course of their duties. Neither Johnson Matthey Plc nor any subsidiary has indemnified any director of the company or a subsidiary in respect of any liability that they may incur to a third party in relation to a relevant occupational pension scheme. The company maintains appropriate directors' and officers' liability insurance.
Conflicts of interest	The board has a policy for identifying and managing directors' conflicts of interest, which extends to cover close family members. The board annually reviews external appointments to consider any potential or actual conflict of interest. If a conflict of interest is declared, the board will review the authorisation and terms associated, to ensure that all matters presented to the board are considered solely with a view to promoting JM's business success. For the year under review, there were no potential or actual conflicts of interest.
External appointments	The board approves all external appointments in advance of acceptance. If an external appointment arises between meetings, this is considered by the Chair and Chief Executive Officer, with the assistance of the General Counsel and Company Secretary. In approving each additional external appointment, the board assesses time commitment to ensure that no directors are considered over-boarded.
Directors' reappointment	Johnson Matthey Plc's Articles of Association (the Articles) provide the rules on director appointments and are consistent with the recommendation contained within the UK Corporate Governance Code 2018. All directors retire and are eligible for re-election at each Annual General Meeting (AGM) (except any director appointed after the notice of an AGM meeting is published and before that AGM is held).
Directors' powers	The powers of the directors are determined by the Articles, UK legislation including the 2006 Act, and any directions given by the company in general meetings. The directors are authorised by the company's Articles to issue and allot ordinary shares and to make market purchases of its own shares. These powers are referred to shareholders for renewal at each AGM. Further information is set out on page 130 under 'Authority to purchase own shares'.

Directors' report continued

Constitution

Articles of Association	The Articles may only be amended by a special resolution at a general meeting of the company. The Articles were adopted on 17 th July 2019 and are available on our website: matthey.com/corporate-governance .
Branches	The company and its subsidiaries have established branches in several different countries in which they operate.
Change of control	<p>As at 31st March 2024 and as at the date of approval of this Annual Report and Accounts, there were no significant agreements, to which the company or any subsidiary was or is a party to, that take effect, alter or terminate on a change of control of the company, whether following a takeover bid or otherwise.</p> <p>However, the company and its subsidiaries were, as at 31st March 2024, and as at the date of approval of this report, party to a number of commercial agreements. These may allow counterparties to alter or terminate the commercial agreements on a change of control of JM following a takeover bid. These are not deemed significant in terms of their potential effect on the group.</p> <p>The group also has a number of loan notes and borrowing facilities that may require prepayment of principal and payment of accrued interest and breakage costs if there is a change of control of JM. The group has entered into a series of financial instruments to hedge its currency, interest rate and metal price exposures, which provide for termination or alteration if a change of control at JM materially weakens the creditworthiness of the group.</p> <p>The executive directors' service contracts each contain a provision to the effect that, if the contract is terminated by the company within one year after a change of control of the company, JM will pay an amount equivalent to one year's gross base salary and other contractual benefits, less the period of any notice given by the company, to the director as liquidated damages.</p> <p>The rules of the company's employee share schemes set out the consequences of a change of control of the company on participants' rights under the schemes. Generally, the rights will vest and become exercisable on a change of control, subject to the satisfaction of relevant performance conditions. As at 31st March 2024, and as at the date of approval of this Annual Report and Accounts, there were no other agreements between the company, any subsidiaries and directors or employees, providing compensation for loss of office or employment (through resignation, purported redundancy or otherwise) that occurs due to a takeover bid.</p>

Stakeholders and policies

Suppliers	<p>We recognise the importance of good supplier relationships to our overall success. Further information on our payment practices is on the UK Government's reporting portal.</p> <p>→ Read more about our Supplier Code of Conduct and our engagement with suppliers during the year on pages 49 and 50</p>
Political donations	No political donations or contributions to political parties under the 2006 Act have been made during the year. The group policy is that no political donations be made or political expenditure incurred.
Events occurring after the reporting period	There have been no material events affecting Johnson Matthey Plc or any subsidiary between 31 st March 2024 and 22 nd May 2024.

Directors' report continued

Shareholders and share capital

AGM	Our 2024 AGM will be held on Thursday 18 th July 2024 at 11.00 am at Herbert Smith Freehills, Exchange House, Primrose Street, London EC2A 2EG. We will provide a live webcast and telephone conference so shareholders can also participate virtually and ask questions in real time. Details on how to join are included in the Notice of AGM (Notice). In the Notice, we propose separate resolutions on each substantially separate issue. For each resolution, shareholders may direct their proxy to vote either for or against or to withhold their vote. A 'vote withheld' is not legally a vote and will not be counted in the calculation of the proportion of the votes cast. All AGM resolutions are decided by a poll, with the results announced as soon as possible and posted on our website. This poll will show votes for and against, as well as votes withheld.
Authority to purchase own shares	At the 2023 AGM, shareholders authorised Johnson Matthey Plc to make market purchases of up to 18,345,341 ordinary shares of 110 ^{49/53} pence each, representing 10% of the then issued share capital of the company (excluding treasury shares). Any shares so purchased by the company may be cancelled or held as treasury shares. This authority will cease at the conclusion of the 2024 AGM, and shareholders will be asked to give a similar authority at the AGM. There were no share allotments during the year.
Rights and obligations attaching to shares	The rights and obligations attaching to the ordinary shares in Johnson Matthey Plc are set out in the Articles. As at 31 st March 2024, and as at the date of approval of this Annual Report and Accounts, there were no restrictions on the transfer of ordinary shares in the company, no limitations on the holding of securities and no requirements to obtain the approval of the company, or of other holders of securities in Johnson Matthey Plc, for a transfer of securities – except as referred to below. The directors may, in certain circumstances, refuse to register the transfer of a share in certificated form that is not fully paid up, where the instrument of transfer does not comply with the requirements of the company's Articles, or if entitled under the Uncertificated Securities Regulations 2001. As at 31 st March 2024 and as at the date of approval of this Annual Report and Accounts: <ul style="list-style-type: none"> • No person held securities in Johnson Matthey Plc carrying any special rights with regard to control of the company. • There were no restrictions on voting rights (including any limitations on voting rights of holders of a given percentage or number of votes or deadlines for exercising voting rights), except that a shareholder can only vote in respect of a share if it is fully paid. • There were no arrangements by which, with the company's co-operation, financial rights carried by shares in the company are held by a person other than the holder of the shares. • There were no agreements known to the company between holders of securities that may result in restrictions on the transfer of securities or on voting rights.
Nominees, financial assistance and liens	During the year: <ul style="list-style-type: none"> • No shares in Johnson Matthey Plc were acquired by the company's nominee, or by a person with financial assistance from the company, in either case where the company has a beneficial interest in the shares (and no person acquired shares in the company in any previous financial year in its capacity as the company's nominee or with financial assistance from the company). • The company did not obtain or hold a lien or other charge over its own shares.
Allotment of securities for cash and placing of equity securities	During the year neither Johnson Matthey Plc nor any major subsidiary undertaking of the company has allotted equity securities for cash. During the year, JM has not participated in any equity securities' placing.
American Depositary Receipt programme	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 ordinary Johnson Matthey shares. The ADRs trade on the US over-the-counter market under the symbol JMPLY. When dividends are paid to shareholders, the Depositary converts those dividends into US dollars, net of fees and expenses, and distributes the net amount to ADR holders.
Employee share schemes	As at 31 st March 2024, 3,458 current and former employees were shareholders in Johnson Matthey Plc through the group's employee share schemes. Through these schemes, current and former employees held 2,940,525 ordinary shares or 1.52% of issued share capital, excluding treasury shares. Also as at 31 st March 2024, 2,829,146 ordinary shares had been awarded but had not yet vested, under the company's long-term incentive plans, to 363 current and former employees. Shares acquired by employees through JM's employee share schemes rank equally with the other shares in issue and have no special rights. Voting rights in respect of shares held through the company's employee share schemes are not exercisable directly by employees. However, employees can direct the trustee of the schemes to exercise voting rights on their behalf. The trustee of the company's Employee Share Ownership Trust (ESOT) has waived its right to dividends on shares held by the ESOT, which have not yet vested unconditionally to employees.

Directors' report continued

Shareholders and share capital continued**Interests in voting rights**

The following information has been disclosed to the company under the FCA's Disclosure Guidance and Transparency Rules in respect of notifiable interests in the voting rights in Johnson Matthey Plc's issued share capital:

As at 31 st March 2024:	Nature of holding	Total voting rights ¹	% of total voting rights ²
Amerprise Financial, Inc. and its group	Direct	1,768	
	Indirect	9,062,122	4.94%
Bank of America Corporation	Indirect ³	32,992,987	17.98%
BlackRock, Inc.	Indirect ³	10,216,388	5.56%
Jefferies Financial Group	Direct	10,540,153	5.74%
Standard Latitude Master Fund Ltd	Direct	18,504,373	10.09%

Other than as stated above, as far as the company is aware, there is no person with a significant direct or indirect holding of securities in Johnson Matthey Plc. This information was correct at the date of notification. However, since notification of any change is not required until the next notifiable threshold is crossed, these holdings are likely to have changed. Between 31st March 2024 and the date of this Annual Report and Accounts, 22nd May 2024, the company has been notified of changes in the following interest:

	Nature of holding	Total voting rights ¹	% of total voting rights ²
Bank of America Corporation	Indirect ³	27,814,925	15.16%

1. Total voting rights attaching to the issued ordinary share capital of the company (excluding treasury shares) at the time of disclosure to the company.

2. % of total voting rights at the date of disclosure to the company.

3. Indirect holdings include qualifying financial instruments and contract for differences.

Contracts with controlling shareholders

During the year there were no contracts of significance (as defined in the FCA's Listing Rules) between any group undertaking and a controlling shareholder, and no contracts for the provision of services to any group undertaking by a controlling shareholder.

The Directors' report was approved on 22nd May 2024 and is signed on its behalf by:

Simon Price

General Counsel and Company Secretary

Responsibilities of directors

Statement of directors' responsibilities in respect of the Annual Report and Accounts 2024

The directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the parent company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The directors consider that the Annual Report and Accounts 2024, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's and parent company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Governance section of the Annual Report and Accounts 2024, confirm that, to the best of their knowledge:

- the group and parent company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the group;
- the parent company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the parent company; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the group and parent company, together with a description of the principal risks and uncertainties that it faces.
- In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and parent company's auditors are aware of that information.

The Directors' report and responsibilities statement was approved 22nd May 2024 and is signed on behalf of the board by:

Simon Price
General Counsel and Company Secretary

Independent auditors' report to the members of Johnson Matthey Plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Johnson Matthey Plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2024 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: Consolidated Statement of Financial Position and Parent Company Statement of Financial Position as at 31 March 2024; the Consolidated Income Statement and Consolidated Statement of Total Comprehensive Income, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and Parent Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 4, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We conducted full scope audits at 17 business units for group reporting purposes. In addition, we performed specified procedures over targeted balances and transactions at a further 15 business units.
- The business units on which audit procedures were performed together account for 84% of group revenue and 62% of group underlying profit before tax from continuing operations.
- As part of the group audit supervision process, the group engagement team met with and discussed the approach and results of audit procedures with component teams and reviewed a selection of audit files and final deliverables. In-person site visits to components in the UK, China, South Africa, the US and North Macedonia were also performed.
- The group engagement team audited the company and other centralised functions including those covering the group treasury operations, corporate taxation, post-retirement benefits, and certain goodwill and intangible asset impairment assessments. The group engagement team also performed audit procedures over the group consolidation and financial statements disclosures and performed group level analytical procedures over out of scope components.
- The group engagement team performed substantive procedures over all of the material balances and transactions of the Parent Company.

Independent auditors' report to the members of Johnson Matthey Plc continued

Key audit matters

- Refinery metal accounting (group and parent)
- Carrying value of goodwill (group and parent)
- Claims, uncertainties and other provisions (group and parent)

Materiality

- Overall group materiality: £20.1 million (2023: £21.1 million) based on approximately 5% of the three year profit before tax from continuing operations, adjusted for loss on disposal of businesses, gains and losses on significant legal proceedings, major impairment, amortisation of acquired intangibles and restructuring charges ("underlying profit before tax").
- Overall company materiality: £70.6 million (2023: £60 million) based on approximately 1% of total assets. However, materiality is capped at £19.5 million (2023: £20 million) for the purpose of the audit of the consolidated financial statements, being the maximum allocation of group materiality to a component.
- Performance materiality: £15.1 million (2023: £15.8 million) (group) and £14.6 million (2023: £15 million) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Uncertain tax provisions, which was a key audit matter last year, is no longer included because of settlements agreed with tax authorities during the year. Otherwise, the key audit matters below are consistent with last year.

Independent auditors' report to the members of Johnson Matthey Plc continued

Key audit matter

Refinery metal accounting (group and parent)

Refer to the Significant issues considered by the Audit Committee within the Audit Committee Report and note 1 and 36 to the financial statements.

As part of its refining activities, the group processes a significant amount of metal on behalf of third parties, whereby the group must return pre-agreed recoverable quantities of refined metal to those parties at an agreed date. Any metal in excess of this pre-agreed quantity is retained by the group. As such, the group makes an estimate of how much metal it will recover as part of its refining operations. The majority of metal processed at refineries is owned by customers and is not held on the financial balance sheet of the group. As such, the group performs a metal balance sheet reconciliation to ensure quantities of precious metals held at year-end are appropriately understood, classified as either owned by Johnson Matthey or by the customer and reconciled to its financial position. This ensures that only the group-owned inventory is recorded on the balance sheet and that the price allocated to this owned inventory is at the lower of cost and net realisable value.

During the refining process, there are a series of complex estimates including:

- i. Estimation of the level of metal contained in the carrier material entering the refining process, the refined metal that leaves the refining process and the residual metal in the refining process at year-end;
- ii. Estimates of the process losses of precious metals that may be lost during the refining and fabrication process and the adequacy of these provisions;
- iii. Estimates of the metal in the refinery process as informed by refinery stocktakes and the subsequent sampling and assaying to assess the precious metal content in stocktake samples; and
- iv. Estimates of the net realisable value of unhedged metal held at year-end.

Each of these estimates impacts different areas of the audit. The refining process and its associated estimates are an area of focus for our audit due to the inherent complexity of the accounting and the amount of metal processed.

How our audit addressed the key audit matter

We evaluated the design and operation of key controls at the main refining locations over refinery stocktakes and metal assaying procedures. We tested that the metal balance sheet was prepared and reviewed on a monthly basis. We tested the classification of precious metals at year-end on the metal balance sheet to determine if metal was owned by the group or the customer.

Our procedures included sending confirmations to customers, and testing the balance of customer metal that was in the refining process, but not contractually due.

We assessed management's policy for recognising stocktake gains and losses arising from stocktakes. We attended physical stock counts at sites where these stocktakes were performed. The purpose was to verify the existence of inventory and adherence to the group's stocktake processes and to assess the reasonableness of stocktake gains and losses at these sites.

We assessed the underlying controls that have been implemented by management to monitor potential inventory gains or losses through the refining process and stocktake results and to assess the likelihood and quantum of process losses (if any) of metal between the date of the stocktake and the year-end date. We assessed process loss provisions compared to historical metal gain revenue and refinery stocktake results.

We tested that all unhedged metal was being held at the lower of cost and net realisable value, on an individual metal by metal methodology, with reference to external metal price data.

We considered the adequacy of the group's disclosures about the degree of estimation involved in arriving at the value of metal inventory.

Based on the procedures performed, we noted no material issues arising from our work.

Independent auditors' report to the members of Johnson Matthey Plc continued

Key audit matter

Carrying value of goodwill (group and parent)

Refer to the Significant issues considered by the Audit Committee within the Audit Committee Report and notes 1, 5, 13, 36 and 38 to the financial statements.

The group holds goodwill of £353 million (2023: £364 million) at 31 March 2024. Of this amount, £113 million (2023: £113 million) is held within the parent company.

The group has significant goodwill arising from the acquisition of businesses and the carrying value is dependent on the financial performance of the cash generating unit (CGU) to which it relates. The two largest CGUs are Catalyst Technologies and Clean Air Heavy Duty Catalysts which account for £264m (2023: £268m) and £84m (2023: £87m) respectively of goodwill at 31 March 2024. The goodwill held in the parent company relates to the Catalyst Technologies CGU.

The impairment assessments prepared by management reflect its best estimates of future cashflows. These estimates contain significant uncertainty and are inherently judgemental in nature, where changes in the key assumptions can result in materially different impairment charges or available headroom. As set out in note 1, management has considered the impacts of climate change in their models. This is therefore an area of focus in our audit procedures.

Management's assessment of the goodwill in the other CGUs concluded that no impairment was required.

Management included disclosures to explain its key judgements and estimates as part of notes 1 and 5.

How our audit addressed the key audit matter

We obtained management's value in use goodwill impairment models and agreed the forecast cash flows to board-approved budgets, assessed how these budgets are compiled, confirmed data accuracy and understood and evaluated key related judgements and estimates.

We assessed management's historical forecasting accuracy by comparing the prior year forecasts with actual results. This informed our independent sensitivity analysis.

We performed work over each material CGU being the Catalyst Technologies and Clean Air Heavy Duty Catalysts CGUs. The nature and extent of work was commensurate with the level of headroom and sensitivity of the CGU to impairment.

Our testing was focused on the key assumptions in the board-approved three year forecasts and we corroborated the assumptions to supporting evidence which included both internal and external sources of evidence. In addition, we assessed the appropriateness and impact of the specific growth assumptions applied by management for the period after the year three forecast but before a long term growth rate is applied (typically year ten).

Management has included certain key assumptions relating to climate change. These include restricting the useful economic life applied in modelling Heavy Duty Catalysts to 2040 (2023: 2040) and the application of a negative growth rate from 2033 (2023: 2033). Working with our valuation experts, we have considered external market outlooks and information on emission legislation to corroborate these assumptions.

We engaged our valuations experts to assess the long term growth rate and discount rate for each CGU by comparison with third party information and past performance. Our procedures also included considering the overall level of risk in the future cash flow projections.

We tested the mathematical integrity of the forecasts and of the value in use model, audited the allocation of central costs to the CGUs and agreed the carrying values in management's impairment models to underlying accounting records.

We assessed management's sensitivity analysis and performed our own independent sensitivity analysis which was more severe than management's to assess whether a reasonable downside change in the key assumptions could give rise to a material impairment.

We consider the disclosures with respect of goodwill, including the associated sensitivities, to be appropriate.

Based on the procedures performed, we noted no material issues arising from our work.

Independent auditors' report to the members of Johnson Matthey Plc continued

Key audit matter

Claims, uncertainties and other provisions (group and parent)

Refer to the Significant issues considered by the Audit Committee and notes 1, 22, 32, 36 and 47 to the financial statements.

This risk covers warranty provisions, product liability issues and other litigation matters across the group. There is inherent judgement and estimation involved in determining when and how much to provide for claims and uncertainties.

Due to the complex nature of the products offered by Johnson Matthey, the group at any point in time may be exposed to liability issues including claims for damages or compensation. The assumptions underpinning these claims and the identification of when such claims arise are inherently judgemental. Careful consideration needs to be given as to how the claim and any potential exposure are estimated and subsequently accounted for.

The group is also involved in various legal proceedings, including actual or threatened litigation and regulatory investigations. The number and nature of claims vary from year to year; note 32 discloses the major matters in the year. The most significant is the contingent liability arising following the sale of the Health Business in May 2022.

The group discloses such risks as contingent liabilities where it is unable to make a reliable estimate of potential exposures or where it believes a material outflow is possible but not probable. If the group is unable to successfully defend against such claims, these risks could give rise to a future liability.

How our audit addressed the key audit matter

For litigation matters, we read the summary of major litigation matters provided by management and held discussions with group and sector level general counsel. For new matters with potential exposure above £1 million, we obtained and reviewed correspondence with external legal counsel, including any particulars of claim.

We have circularised external legal counsel to independently assess legal exposures and the expected outcome for new and material cases across the group.

We reviewed board minutes and made inquiries of management to address the risk of undisclosed claims and uncertainties. We performed audit procedures to identify all third party legal counsel used by management and as appropriate included them in our circularisation.

We applied professional scepticism in auditing both the likely outcome and quantification of exposures, including performing audit procedures over claims management determined to be immaterial and being sceptical of where a constructive obligation existed but management considered a reliable estimate could not be made. As we deemed it to be necessary, we also instructed third party legal experts to support an independent assessment of possible outcomes of claims.

Where settlements have occurred, we have agreed these to settlement agreements between the company and the claimant.

We have assessed the level of provisioning and contingent liability disclosures, where relevant, in response to known claims.

Based on the procedures performed, we noted no material issues arising from our work.

Independent auditors' report to the members of Johnson Matthey Plc continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group is structured across five sectors: Clean Air, PGM Services, Catalyst Technologies, Hydrogen Technologies and Value Businesses, as well as the central Corporate unit.

The financial statements are a consolidation of approximately 236 business units. We have identified each individual business unit, or a series of business units where they map to a single legal statutory entity, as a component. These components comprise the group's operating businesses and holding companies across the five sectors and corporate.

Based on our risk and materiality assessments, we determined which components required an audit of their complete financial information having considered the relative significance of each entity to the group, locations with significant inherent risks and the overall coverage obtained over each material line item in the consolidated financial statements.

We identified 17 business units which, in our view, required an audit of their complete financial information, due to size or risk characteristics.

In addition to the business units in full scope, we performed specified procedures at 15 business units covering revenue, trade and other receivables and deferred income, cash, inventory, metal inventory, accruals, fixed assets and depreciation, cost of sales and operating expenses and we tested manual journal entries. This ensured that appropriate audit procedures were performed to achieve sufficient coverage over these financial statement line items.

The total 32 in-scope business units are located in numerous countries around the world. We used local teams in these countries to perform the relevant audit procedures. Of these, five business units have been determined to be financially significant based on their contribution to the group. These financially significant component teams are located in the UK, North Macedonia and the United States.

The group consolidation, financial statement disclosures and corporate functions were audited by the group audit team. This included our work over the consolidation, litigation provisions, centrally recognised tax balances, goodwill, post-retirement benefits, earnings per share and treasury related balances. This scope of work, together with additional procedures performed at the group level, accounted for 84% of group revenue and 62% of group underlying profit before taxation from continuing operations. This provided the evidence we needed for our opinion on the consolidated financial statements taken as a whole. This was before considering the contribution to our audit evidence from performing audit work at the group level, including disaggregated analytical review procedures, which covers certain of the group's smaller and lower risk components that were not directly included in our group audit scope. Our audit of the Parent Company Financial Statements was undertaken by the Group audit team and included substantive procedures over all material balances and transactions.

The impact of climate risk on our audit

Climate change is expected to present both risks and opportunities for the group. As explained in the Sustainability section of the Strategic Report, the group has plans towards a Net Zero pathway by 2040. Management's climate change initiatives and commitments will impact the group in a variety of ways. While the group has started to quantify some of the impacts that may arise on its net zero pathway, the future financial impacts are clearly uncertain given the medium to long term horizon. Disclosure of the impact of climate change risk based on management's current assessment is incorporated in the Task Force on climate related financial disclosures ('TCFD') section of the Annual Report.

As part of our audit, we made enquiries of management to understand the extent of the potential impact of climate change on the group's business and the financial statements, including reviewing management's climate change risk assessment which was prepared with support from an external expert. Using our knowledge of the business, we challenged the completeness of management's risk assessment. This included reading CDP submissions made by the Group and its competitors to ensure appropriate consistency with the judgements and disclosures reflected in the Financial Statements.

We assessed that the key areas in the financial statements which are more likely to be materially impacted by climate change are those areas that are based on future cash flows. As a result, we particularly considered how climate change risks and the impact of climate commitments made by the group would impact the assumptions made in the forecasts prepared by management that are used in the group's impairment analysis (see also key audit matter on Carrying value of goodwill) and for going concern purposes. We challenged how management had considered longer term physical risks such as severe weather related impacts, and shorter-term transitional risks such as the introduction of carbon taxes. Our procedures did not identify any material impact on our audit for the year ended 31 March 2024. We also checked the consistency of the disclosures in the TCFD section of the Annual Report with the relevant financial statement disclosures, including note 1 and the going concern section of the accounting policies, and with our understanding of the business and knowledge obtained in the audit.

We confirmed with management and the Audit Committee that the estimated financial impacts of climate change will be reassessed prospectively and our expectation is that climate change disclosures will evolve as the understanding of the actual and potential impacts on the group's future operations is established with greater certainty.

Independent auditors' report to the members of Johnson Matthey Plc continued

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£20.1 million (2023: £21.1 million).	£70.6 million (2023: £60 million).
How we determined it	approximately 5% of the three year profit before tax from continuing operations, adjusted for loss on disposal of businesses, gains and losses on significant legal proceedings, major impairment, amortisation of acquired intangibles and restructuring charges ("underlying profit before tax")	approximately 1% of total assets. However, materiality is capped at £19.5 million (2023: £20 million) for the purpose of the audit of the consolidated financial statements, being the maximum allocation of group materiality to a component
Rationale for benchmark applied	Underlying profit before tax from continuing operations is used as the materiality benchmark. Management uses this measure as it believes that it reflects the underlying performance of the group and this is how the directors and key management personnel are measured on their performance.	We considered total assets to be an appropriate benchmark for the parent company given that, while it does include trading businesses, it is the ultimate holding company, incurs corporate costs and enters into financing on behalf of the group. The parent company is also a component of the group audit. The materiality level was capped at £19.5 million given overall group materiality for the purposes of the audit of the consolidated financial statements, being the maximum allocation of group materiality to a component.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £1.4 million and £19.5 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £15.1 million (2023: £15.8 million) for the group financial statements and £14.6 million (2023: £15 million) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1 million (group audit) (2023: £1 million) and £1 million (company audit) (2023: £1 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report to the members of Johnson Matthey Plc continued

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Evaluation of management's base case and downside case scenarios, understanding and evaluating the key assumptions, including assumptions related to inflation and other macro-economic factors;
- Validation that the cash flow forecasts used to support management's impairment, going concern and viability assessments were consistent;
- Assessment of the historical accuracy and reasonableness of management's forecasting;
- Consideration of the group's available financing and debt maturity profile;
- Testing of the mathematical integrity of management's liquidity headroom, covenant compliance, sensitivity analysis and stress testing calculations;
- Assessment of the reasonableness of management's planned or potential mitigating actions; and
- Reviewing the related disclosures in the Annual Report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Annual Report on Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Independent auditors' report to the members of Johnson Matthey Plc continued

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the Annual Report and Accounts, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to environmental legislation, health and safety regulations (EHS) and anti bribery and corruption laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in making accounting estimates and judgements. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work.

Independent auditors' report to the members of Johnson Matthey Plc continued

Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management, internal audit and the group's legal advisors, and the head of ethics and compliance including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading the minutes of board meetings and the Ethics Committee, and assessment of "SpeakUp" matters through the ethics reporting line and the results of management's investigation into these matters;
- Reviewing financial statement disclosures to supporting documentation to assess compliance with applicable laws and regulations;
- Challenging management's significant judgements and estimates in particular those relating to the carrying value of goodwill, post-employment benefits, refining processes and stocktakes, metal accounting and provisions and contingent liabilities;
- Identifying and testing manual journal entries, in particular any journal entries posted with unusual account combinations, and all material consolidation journals;
- Incorporating unpredictable procedures into our audit approach including varying the timing and nature of testing performed; and
- Considering the outcome of key transactions in the year and assessing the appropriateness of related accounting and disclosure within the financial statements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Annual Report on Remuneration to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 18 July 2018 to audit the financial statements for the year ended 31 March 2019 and subsequent financial periods. The period of total uninterrupted engagement is six years, covering the years ended 31 March 2019 to 31 March 2024.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Graham Parsons (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London

22nd May 2024

Consolidated Income Statement

for the year ended 31st March 2024

	Notes	2024 £m	2023 £m
Revenue	2,3	12,843	14,933
Cost of sales		(11,916)	(13,939)
Gross profit		927	994
Distribution costs		(119)	(117)
Administrative expenses		(398)	(412)
(Loss) / profit on disposal of businesses	27	(9)	12
Amortisation of acquired intangibles	4	(4)	(5)
Gains and losses on significant legal proceedings	4	–	(25)
Major impairment and restructuring charges	4,6	(148)	(41)
Operating profit	2,4	249	406
Finance costs	8	(146)	(110)
Investment income	8	64	49
Share of losses of associates	15	(3)	(1)
Profit before tax from continuing operations		164	344
Tax expense	9	(56)	(80)
Profit for the year from continuing operations		108	264
Profit after tax from discontinued operations		–	12
Profit for the year		108	276
		pence	pence
Earnings per ordinary share			
Basic	10	58.6	150.9
Diluted	10	58.3	150.2
Earnings per ordinary share from continuing operations			
Basic	10	58.6	144.2
Diluted	10	58.3	143.6

The notes on pages 149-209 form an integral part of the accounts.

Consolidated Statement of Total Comprehensive Income

for the year ended 31st March 2024

	Notes	2024 £m	2023 £m
Profit for the year		108	276
Other comprehensive (expense) / income			
Items that will not be reclassified to the income statement in subsequent years			
Remeasurements of post-employment benefit assets and liabilities	24	(68)	(149)
Fair value losses on equity investments at fair value through other comprehensive income		(7)	(12)
Tax on items that will not be reclassified to the income statement ¹		18	37
Total items that will not be reclassified to the income statement		(57)	(124)
<i>Items that may be reclassified to the income statement</i>			
Exchange differences on translation of foreign operations	25	(79)	33
Exchange differences on translation of discontinued foreign operations		–	(32)
Amounts (charged) / credited to hedging reserve	25	(1)	114
Fair value gains / (losses) on net investment hedges		4	(10)
Tax on above items taken directly to or transferred from equity ²		1	(28)
Total items that may be reclassified to the income statement (in subsequent years)		(75)	77
Other comprehensive expense for the year		(132)	(47)
Total comprehensive (expense) / income for the year		(24)	229
Total comprehensive (expense) / income for the year arises from:			
Continuing operations		(24)	249
Discontinued operations		–	(20)
		(24)	229

1. The tax credit on other comprehensive income that will not be reclassified to the income statement of £18 million (2023: £37 million) relates to remeasurements of post-employment benefit assets and liabilities.

2. The tax credit on other comprehensive income that may be reclassified to the income statement of £1 million (2023: £28 million charge) relates to tax on amounts (charged) / credited to hedging reserve.

Consolidated Statement of Financial Position

as at 31st March 2024

	Notes	2024 £m	2023 £m
Assets			
Non-current assets			
Property, plant and equipment	11	1,436	1,332
Right-of-use assets	12	40	49
Goodwill	13	353	364
Other intangible assets	14	301	287
Investments in associates	15	71	75
Investments at fair value through other comprehensive income	29	40	49
Other receivables	17	104	113
Interest rate swaps		15	20
Other financial assets	18	34	48
Deferred tax assets	23	128	121
Post-employment benefit net assets	24	153	203
Total non-current assets		2,675	2,661
Current assets			
Inventories	16	1,211	1,702
Taxation recoverable		10	12
Trade and other receivables	17	1,718	1,882
Cash and cash equivalents		542	650
Other financial assets	18	53	47
Assets classified as held for sale	26	127	75
Total current assets		3,661	4,368
Total assets		6,336	7,029

The accounts were approved by the Board of Directors on 22nd May 2024 and signed on its behalf by:

L Condon Directors

S Oxley

	Notes	2024 £m	2023 £m
Liabilities			
Current liabilities			
Trade and other payables	19	(2,209)	(2,497)
Lease liabilities	12	(8)	(9)
Taxation liabilities		(75)	(105)
Cash and cash equivalents - bank overdrafts		(12)	(13)
Borrowings and related swaps	20	(110)	(155)
Other financial liabilities	18	(11)	(27)
Provisions	22	(63)	(63)
Liabilities classified as held for sale	26	(35)	(25)
Total current liabilities		(2,523)	(2,894)
Non-current liabilities			
Borrowings and related swaps	20	(1,339)	(1,460)
Lease liabilities	12	(24)	(31)
Deferred tax liabilities	23	(2)	(19)
Interest rate swaps		(10)	(15)
Employee benefit obligations	24	(39)	(41)
Provisions	22	(17)	(28)
Trade and other payables	19	(2)	(2)
Total non-current liabilities		(1,433)	(1,596)
Total liabilities		(3,956)	(4,490)
Net assets			
		2,380	2,539
Equity			
Share capital	25	215	215
Share premium		148	148
Treasury shares		(17)	(19)
Other reserves	25	36	118
Retained earnings		1,998	2,077
Total equity		2,380	2,539

The notes on pages 149-209 form an integral part of the accounts.

Consolidated Statement of Cash Flows

for the year ended 31st March 2024

Notes	2024 £m	2023 £m
Cash flows from operating activities		
Profit before tax from continuing operations	164	344
Profit before tax from discontinued operations	–	5
<i>Adjustments for:</i>		
Share of losses of associates	3	1
Profit on disposal of businesses	–	(23)
Depreciation	144	151
Amortisation	48	36
Impairment losses	70	27
Profit on sale of non-current assets	(2)	(6)
Share-based payments	5	7
Decrease / (increase) in inventories	396	(139)
Decrease / (increase) in receivables	89	(102)
Decrease in payables	(288)	(4)
(Decrease) / increase in provisions	(7)	7
Contributions in excess of employee benefit obligations charge	(10)	(21)
Changes in fair value of financial instruments	(10)	22
Net finance costs	82	61
Income tax paid	(92)	(75)
Net cash inflow from operating activities	592	291
Cash flows from investing activities		
Interest received	62	28
Purchases of property, plant and equipment	(301)	(253)
Purchases of intangible assets	(67)	(63)
Purchases of investments held at fair value through other comprehensive income	–	(17)
Government grant income received	5	7
Proceeds from sale of non-current assets	5	8
Proceeds from sale of investment in joint ventures	–	2
Proceeds from sale of businesses	41	187
Net cash outflow from investing activities	(255)	(101)

Notes	2024 £m	2023 £m
Cash flows from financing activities		
Purchase of treasury shares	–	(45)
Proceeds from borrowings	1	672
Repayment of borrowings	(151)	(281)
Dividends paid to equity shareholders	25 (141)	(141)
Interest paid	(137)	(94)
Principal element of lease payments	(11)	(14)
Net cash (outflow) / inflow from financing activities	(439)	97
Change in cash and cash equivalents	(102)	287
Exchange differences on cash and cash equivalents	(5)	4
Cash and cash equivalents at beginning of year	637	346
Cash and cash equivalents at end of year	530	637
Cash and deposits	208	129
Money market funds	334	521
Bank overdrafts	(12)	(13)
Cash and cash equivalents	530	637

The notes on pages 149-209 form an integral part of the accounts.

Consolidated Statement of Changes in Equity

for the year ended 31st March 2024

	Share capital £m	Share premium account £m	Treasury shares £m	Other reserves (note 25) £m	Retained earnings £m	Total equity £m
At 1 st April 2022	218	148	(24)	50	2,049	2,441
Profit for the year	-	-	-	-	276	276
Remeasurements of post-employment benefit assets and liabilities	-	-	-	-	(149)	(149)
Fair value losses on investments at fair value through other comprehensive income	-	-	-	(12)	-	(12)
Exchange differences on translation of foreign operations	-	-	-	1	-	1
Amounts credited to hedging reserve	-	-	-	114	-	114
Fair value losses on net investment hedges taken to equity	-	-	-	(10)	-	(10)
Tax on other comprehensive income	-	-	-	(28)	37	9
Total comprehensive income	-	-	-	65	164	229
Dividends paid (note 25)	-	-	-	-	(141)	(141)
Purchase of treasury shares (note 25)	(3)	-	-	3	(1)	(1)
Share-based payments	-	-	-	-	18	18
Cost of shares transferred to employees	-	-	5	-	(14)	(9)
Tax on share-based payments	-	-	-	-	2	2
At 31 st March 2023	215	148	(19)	118	2,077	2,539
Profit for the year	-	-	-	-	108	108
Remeasurements of post-employment benefit assets and liabilities	-	-	-	-	(68)	(68)
Fair value losses on investments at fair value through other comprehensive income	-	-	-	(7)	-	(7)
Exchange differences on translation of foreign operations	-	-	-	(79)	-	(79)
Amounts charged to hedging reserve	-	-	-	(1)	-	(1)
Fair value gains on net investment hedges taken to equity	-	-	-	4	-	4
Tax on other comprehensive income	-	-	-	1	18	19
Total comprehensive (expense) / income	-	-	-	(82)	58	(24)
Dividends paid (note 25)	-	-	-	-	(141)	(141)
Share-based payments	-	-	-	-	17	17
Cost of shares transferred to employees	-	-	2	-	(13)	(11)
At 31st March 2024	215	148	(17)	36	1,998	2,380

The notes on pages 149-209 form an integral part of the accounts.

Guide to financial statement disclosures

for the year ended 31st March 2024

Notes and appendices		Page	Notes and appendices		Page
Operations - information relating to our operating performance					
2	Segmental information	157	6	Major impairment and restructuring charges	166
3	Revenue	160	10	Earnings per ordinary share	168
4	Operating profit	163	34	Non-GAAP measures	197
5	Impairment losses	164			
Financing - information relating to how we finance our business					
8	Investment income and financing costs	166	25	Share capital and other reserves	184
18	Other financial assets and liabilities	171	28	Financial risk management	188
20	Borrowings and related swaps	172	29	Fair values	193
21	Movements in assets and liabilities arising from financing activities	173			
Working capital - information relating to the day-to-day working capital of our business					
16	Inventories	171	19	Trade and other payables	171
17	Trade and other receivables	171	22	Provisions	174
Tax - information relating to our current and deferred taxation					
9	Tax expense	167	23	Deferred tax	175
Employees - information relating to the costs associated with employing our people					
7	Employee information	166	30	Share-based payments	194
24	Post-employment benefits	176			
Long-term assets - information relating to our long-term operational and investment assets					
11	Property, plant and equipment	168	14	Other intangible assets	170
12	Leases	169	15	Investments in associates	170
13	Goodwill	169	24	Post-employment benefits	176
Other - other useful information					
1	Accounting policies	149	32	Contingent liabilities	196
26	Assets and liabilities classified as held for sale	186	33	Transactions with related parties	196
27	Disposals	187	34	Non-GAAP measures	197
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Notes on the Accounts

for the year ended 31st March 2024

1 Accounting policies

The Company and the Group

Johnson Matthey plc (the 'Company') is a public company limited by shares incorporated under the Companies Act 2006 and domiciled in England in the United Kingdom. The consolidated accounts of the company for the year ended 31st March 2024 consist of the audited consolidation of the accounts of the Company and its subsidiaries (together referred to as the 'Group'), together with the employee share ownership trust and the group's interest in joint ventures and associates.

Basis of accounting and preparation – group

The financial statements of the group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The accounts are prepared on the historical cost basis, except for certain assets and liabilities which are measured at fair value as explained below.

The group accounts comprise the accounts of the parent company and its subsidiaries, including the employee share ownership trust, and include the group's interest in joint ventures and associates. Entities the group controls are accounted for as subsidiaries. Entities that are joint ventures or associates are accounted for using the equity method of accounting. Transactions and balances between group companies are eliminated. Profit recognised on transactions between group companies is eliminated on consolidation.

The results of businesses acquired or disposed of in the year are consolidated from or up to the effective date of acquisition or disposal, respectively. The net assets of businesses acquired are recognised in the consolidated accounts at their fair values at the date of acquisition.

Going concern

The directors have reviewed a range of scenario forecasts for the group and have reasonable expectation that there are no material uncertainties that cast doubt about the group's ability to continue operating for at least twelve months from the date of approving these annual accounts.

As at 31st March 2024, the group maintains a strong balance sheet with around £1.5 billion of available cash and undrawn committed facilities. Free cash flow was strong in the year at £189 million and net debt reduced by £72 million. Net debt at 31st March 2024 was £951 million at 1.6 times net debt (including post tax pension deficits) to underlying EBITDA which was at the lower end of our target range.

Although impacted by the significant headwinds faced in the current macroeconomic environment such as low metal prices and continued soft economic outlook across major economies, the group's performance during the period was resilient, both in terms of underlying operating profit and cash flow. For the purposes of assessing going concern, we have revisited our financial projections using the latest budget for our base case scenario. The base case scenario was stress tested to a severe-but-plausible downside case which reflects severe recession scenarios.

The severe-but-plausible case for Clean Air modelled scenarios assuming a smaller light duty vehicle market from reduced vehicle production and/or market consumer demand disruption or greater share of zero emission vehicles in market, assumed to result in a 10% drop in sales. For PGMS and Catalyst Technologies, it also assumed a reduction in sales and associated operating profit based on adverse scenarios using external and internal market insights.

Additionally, as part of viability testing, the group considered scenarios including the impact from metal price volatility, delays in capital projects and delivery of cost transformation savings, and slow down of operations in China. Whilst the combined impact would reduce profitability and EBITDA against our latest budget, our balance sheet remains strong with ample working capital and Net Debt/EBITDA ratios.

The group has a robust funding position comprising a range of long-term debt and a £1 billion five year committed revolving credit facility maturing in March 2027 which was entirely undrawn at 31st March 2024. There was £334 million of cash held in money market funds and £208 million of other cash and bank deposits. Of the existing loans, £271 million of term debt and £40 million of other bank loans mature in the period to June 2025. Currently, the group is in the process of refinancing around £310m of term debt with a US Private Placement issuance. We assume no refinancing of this debt in our going concern modelling. As a long time, highly rated issuer in the US private placement market, the group expects to be able to access additional funding in its existing markets if required but the going concern conclusion is not dependent on such access as the company has sufficient financing and liquidity to fund its obligations in the base and severe-but-plausible scenarios. The group also has a number of additional sources of funding available including uncommitted metal lease facilities that support precious metal funding. Whilst we would fully expect to be able to utilise the metal lease facilities, they are excluded from our going concern modelling.

Conclusion

Under all scenarios above, the group has sufficient headroom against committed facilities and key financial covenants are not in breach during the going concern period. To give further assurance on liquidity, we have also undertaken a reverse stress test to identify what additional or alternative scenarios and circumstances would threaten our current financing arrangements. This shows that we have headroom against either a further decline in profitability well beyond the severe-but-plausible scenario, or a significant increase in borrowings, or a significant increase in interest charges. Furthermore, the group has other mitigating actions available which it could utilise to protect headroom including retaining the full expected proceeds from divestment of Medical Device Components, reducing capital expenditure, renegotiating payment terms or reducing future dividends distributions.

Notes on the Accounts for the year ended 31st March 2024 continued

1 Accounting policies (continued)

The directors are therefore of the opinion that the group has adequate resources to fund its operations for the period of at least twelve months following the date of these financial statements and there are no material uncertainties relating to going concern so determine that it is appropriate to prepare the accounts on a going concern basis.

Material accounting policies

The group's and parent company's accounting policies have been applied consistently during the current and prior year, other than where new policies have been adopted (see below). The group's and parent company's material accounting policies are as follows:

Foreign currencies

Foreign currency transactions are recorded in the functional currency of the relevant subsidiary, joint venture, associate or branch at the exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities are retranslated into the relevant functional currency at the exchange rate at the balance sheet date.

Income statements and cash flows of overseas subsidiaries, joint ventures, associates and branches are translated into sterling at the average rates for the year. Balance sheets of overseas subsidiaries, joint ventures, associates and branches, including any fair value adjustments and related goodwill, are translated into sterling at the exchange rates at the balance sheet date.

Exchange differences arising on the translation of the net investment in overseas subsidiaries, joint ventures, associates and branches, less exchange differences arising on related foreign currency financial instruments which hedge the group's net investment in these operations, are taken to other comprehensive income. On disposal of the net investment, the cumulative exchange difference is reclassified from equity to operating profit.

Other exchange differences are recognised in operating profit.

Revenue

Revenue represents income derived from contracts for the provision of goods and services by the parent company and its subsidiaries to customers in exchange for consideration in the ordinary course of the group's activities.

Performance obligations

Upon approval by the parties to a contract, the contract is assessed to identify each promise to transfer either a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Goods and services are distinct and accounted for as separate performance obligations in the contract if the customer can benefit from them either on their own or together with other resources that are readily available to the customer and they are separately identifiable in the contract.

The group typically sells licences to its intellectual property together with other goods and services and, since these licences are not generally distinct in the context of the contract, revenue recognition is considered at the level of the performance obligation of which the licence forms part. Revenue in respect of performance obligations containing bundles of goods and services in which a licence with a sales or usage-based royalty is the predominant item is recognised when sales or usage occur.

Transaction price

At the start of the contract, the total transaction price is estimated as the amount of consideration to which the group expects to be entitled in exchange for transferring the promised goods and services to the customer, excluding sales taxes. Variable consideration, such as trade discounts, is included based on the expected value or most likely amount only to the extent that it is highly probable that there will not be a reversal in the amount of cumulative revenue recognised. The transaction price does not include estimates of consideration resulting from contract modifications until they have been approved by the parties to the contract. The total transaction price is allocated to the performance obligations identified in the contract in proportion to their relative stand-alone selling prices. Many of the group's and parent company's products and services are bespoke in nature and, therefore, stand-alone selling prices are estimated based on cost plus margin or by reference to market data for similar products and services.

Revenue recognition

Revenue is recognised as performance obligations are satisfied as control of the goods and services is transferred to the customer.

For each performance obligation within a contract, the group and parent company determine whether it is satisfied over time or at a point in time. Performance obligations are satisfied over time if one of the following criteria is satisfied:

- the customer simultaneously receives and consumes the benefits provided by the group's and parent company's performance as they perform;
- the group's and parent company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the group's and parent company's performance does not create an asset with an alternative use to the group and parent company and they have an enforceable right to payment for performance completed to date.

→ For more detail of our revenue recognition policy see note 3.

In the event that the group and parent company enter into bill-and-hold transactions at the specific request of customers, revenue is recognised when the goods are ready for transfer to the customer and when the group and parent company are no longer capable of directing those goods to another use.

Revenue includes sales of precious metal to customers and the precious metal content of products sold to customers.

Linked contracts under which the group and parent company sell or buy precious metal and commit to repurchase or sell the metal in the future are accounted for as finance transactions and no revenue is recognised in respect of the sale leg.

Notes on the Accounts for the year ended 31st March 2024 continued

1 Accounting policies (continued)

No revenue is recognised by the group or parent company in respect of non-monetary exchanges of precious metal on the basis that the counterparties are in the same line of business.

Consideration payable to customers

Consideration payable to customers in advance of the recognition of revenue in respect of the goods and services to which it relates is capitalised and recognised as a deduction to the revenue recognised upon transfer of the goods and services to the customer.

Costs to fulfil a contract

Contract fulfilment costs in respect of over time contracts are expensed as incurred. Contract fulfilment costs in respect of point in time contracts are accounted for under IAS 2, *Inventories*.

Contract receivables

Contract receivables represent amounts for which the group and parent company have a conditional right to consideration in respect of unbilled revenue recognised at the balance sheet date.

Contract liabilities

Contract liabilities represent the obligation to transfer goods or services to a customer for which consideration has been received, or consideration is due, from the customer.

Finance costs and investment income

Finance costs that are directly attributable to the construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset. Other finance costs and finance income are recognised in the income statement in the year incurred. Finance costs and finance income include the forward point movements from FX Swap contracts (i.e. the interest rate differential between currencies specified in a FX Swap contract). Other finance costs and finance income are recognised in the income statement in the year incurred.

Research and development

Research expenditure is charged to the income statement in the year incurred. Development expenditure is charged to the income statement in the year incurred unless it meets the recognition criteria for capitalisation. When the recognition criteria have been met, any further development expenditure is capitalised as an intangible asset.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any provisions for impairment. Depreciation is provided at rates calculated to write-off the cost less estimated residual value of each asset over its useful life and is recognised within administrative expenses. Certain buildings and plant and equipment are depreciated using the units of production method as this more closely reflects their expected consumption. All other assets are depreciated using the straight-line method. The useful lives vary according to the class of the asset, but are typically:

- buildings – not exceeding 30 years; and
- plant and machinery – 4 to 10 years.
- land is not depreciated.

The expected lives of property, plant and equipment tends to be short to medium term, as such the physical risk posed by climate change in the long term is low.

Impairment

The group and parent company reviews the carrying amounts of its non-financial assets regularly to determine whether there is any indication of impairment. Goodwill is tested for impairment annually or more frequently if there are indications that goodwill might be impaired. If any such indication of impairment exists, the recoverable amount of the non-financial asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value-in-use. In estimating value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or CGU) for which the estimates of future cash flows have not been adjusted.

An impairment loss is recognised as an expense immediately whenever the carrying amount of a non-financial asset or the CGU to which it belongs exceeds its recoverable amount. Impairment losses for goodwill are not reversable in subsequent reporting periods. Where an impairment loss subsequently reverses for a finite lived non-financial asset, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised as income when identified.

Goodwill and other intangible assets

Goodwill arises on the acquisition of a business when the fair value of the consideration exceeds the fair value attributed to the net assets acquired (including contingent liabilities). It is subject to annual impairment reviews. Acquisition-related costs are charged to the income statement as incurred. The group and parent company have taken advantage of the exemption allowed under IFRS 1 and, therefore, goodwill arising on acquisitions made before 1st April 2004 is included at the carrying amount at that date less any subsequent impairments.

Other intangible assets are stated at cost less accumulated amortisation and any provisions for impairment. Customer contracts are amortised when the relevant income stream occurs. All other intangible assets are amortised by using the straight-line method over the useful lives from the time they are first available for use. Amortisation is recognised within administrative expenses. The estimated useful lives vary according to the specific asset, but are typically:

- customer contracts and relationships – 1 to 15 years;
- capitalised computer software – 3 to 8 years;
- patents, trademarks and licences – 3 to 20 years, for perpetual software licences the estimated useful is 4 to 7 years;
- acquired research and technology – 4 to 10 years; and
- capitalised development currently being amortised – 3 to 8 years.

Intangible assets which are not yet being amortised are subject to annual impairment reviews.

Notes on the Accounts for the year ended 31st March 2024 continued

1 Accounting policies (continued)

Investments in associates

Associates are entities over which the group exercises significant influence when it has the power to participate in the financial and operating policy decisions of the entity but it does not have the power to control or jointly control the entity.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. Thereafter the investments are adjusted to recognise the group's share of the post-acquisition profits or losses after tax of the investee in the income statement, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. The carrying value of the investments are reviewed for impairment triggers on a regular basis.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, the group does not recognise further losses unless it has incurred obligations to do so.

Unrealised gains and losses on transactions between the group and its associates are eliminated to the extent of the group's interest in these associates.

Leases

Leases are recognised as a right-of-use asset, together with a corresponding lease liability, at the date at which the leased asset is available for use.

The right-of-use asset is initially measured at cost, which comprises the initial value of the lease liability, lease payments made (net of any incentives received from the lessor) before the commencement of the lease, initial direct costs and restoration costs. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term in operating profit.

The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, where this rate is not determinable, the group's incremental borrowing rate, which is the interest rate the group would have to pay to borrow the amount necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Interest is charged to finance costs at a constant rate of interest on the outstanding lease liability over the lease term.

Payments in respect of short-term leases, low-value leases and precious metal leases are charged to the income statement on a straight-line basis over the lease term in operating profit.

The group leases precious metals to fund temporary peaks in metal requirements provided market conditions allow. These leases are from banks for specified periods (less than 12 months) and the group pays a fee which is expensed on a straight-line basis over the lease term in finance costs. The group holds sufficient precious metal inventories to meet all the obligations under these lease arrangements as they fall due. Precious metal leases do not fall under the scope of IFRS 16.

Inventories

Precious metal

Inventories of gold, silver and platinum group metals are valued according to the source from which the metal is obtained. Metal which has been purchased and committed to future sales to customers is valued at the price at which it is contractually committed, adjusted for unexpired contango and backwardation. Other precious metal inventories owned by the group, which are unhedged, are valued at the lower of cost and net realisable value using the weighted average cost formula.

Other

Non-precious metal inventories are valued at the lower of cost, including attributable overheads, and net realisable value. Except where costs are specifically identified, the first-in, first-out cost formula is used to value inventories.

Cash and cash equivalents

Cash and deposits comprise cash at bank and in hand and short-term deposits with a maturity date of three months or less from the date of acquisition. Money market funds comprise investments in funds that are subject to an insignificant risk of changes in fair value. The group and parent company routinely use short-term bank overdraft facilities, which are repayable on demand, as an integral part of their cash management policies and, therefore, cash and cash equivalents include cash and deposits, money market funds and bank overdrafts. Offset arrangements across group businesses have been applied to arrive at the net cash and overdraft figures.

Financial instruments

Investments and other financial assets

The group and parent company classify their financial assets in the following measurement categories:

- those measured at fair value either through other comprehensive income or through profit or loss; and
- those measured at amortised cost.

At initial recognition, the group and parent company measure financial assets at fair value plus, in the case of financial assets not measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition.

The group and parent company subsequently measure equity investments at fair value and have elected to present fair value gains and losses on equity investments in other comprehensive income. There is, therefore, no subsequent reclassification of cumulative fair value gains and losses to profit or loss following disposal of the investments.

Notes on the Accounts for the year ended 31st March 2024 continued

1 Accounting policies (continued)

The group and parent company subsequently measure trade and other receivables and contract receivables at amortised cost, with the exception of trade receivables that have been designated as at fair value through other comprehensive income because the group has certain operations with business models to hold trade receivables for collection or sale. All other financial assets, including short-term receivables, are measured at amortised cost less any impairment provision.

For the impairment of trade and contract receivables, the group and parent company apply the simplified approach permitted by IFRS 9, *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition.

Derivative financial instruments

The group and parent company use derivative financial instruments, in particular forward currency contracts, currency swaps, interest rate swaps and commodity derivatives to manage the financial risks associated with their underlying business activities and the financing of those activities. The group and parent company do not undertake any speculative trading activity in derivative financial instruments.

Derivative financial instruments are measured at their fair value. Derivative financial instruments may be designated at inception as fair value hedges, cash flow hedges or net investment hedges if appropriate. For currency swaps designated as instruments in cash flow or net investment hedging relationships, the impact from currency basis spreads is included in the hedge relationship and may be a source of ineffectiveness recognised in the income statement.

Derivative financial instruments which are not designated as hedging instruments are classified as at fair value through profit or loss, but are used to manage financial risk. Changes in the fair value of any derivative financial instruments that are not designated as, or are not determined to be, effective hedges are recognised immediately in the income statement. The vast majority of forward precious metal price contracts are entered into and held for the receipt or delivery of precious metal and, therefore, are not recorded at fair value.

Cash flow hedges

Changes in the fair value of derivative financial instruments designated as cash flow hedges are recognised in other comprehensive income to the extent that the hedges are effective. Ineffective portions are recognised in the income statement immediately. If the hedged item results in the recognition of a non-financial asset or liability, the amount previously recognised in other comprehensive income is transferred out of equity and included in the initial carrying amount of the asset or liability. Otherwise, the amount previously recognised in other comprehensive income is transferred to the income statement in the same period that the hedged item is recognised in the income statement. If the hedging instrument expires or is sold, terminated or exercised or the hedge no longer meets the criteria for hedge accounting, amounts previously recognised in other comprehensive income remain in equity until the forecast transaction occurs. If a forecast transaction is no longer expected to occur, the amounts previously recognised in other comprehensive income are transferred to the income statement. If a forward precious metal price contract will be settled net in cash, it is designated and accounted for as a cash flow hedge.

Fair value hedges

Changes in the fair value of derivative financial instruments designated as fair value hedges are recognised in the income statement, together with the related changes in the fair value of the hedged asset or liability. Fair value hedge accounting is discontinued if the hedging instrument expires or is sold, terminated or exercised or the hedge no longer meets the criteria for hedge accounting.

Net investment hedges

For hedges of net investments in foreign operations, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income, while the ineffective portion is recognised in the income statement. Amounts taken to other comprehensive income are reclassified from equity to the income statement when the foreign operations are sold or liquidated.

Financial liabilities

Borrowings are measured at amortised cost. Those borrowings designated as being in fair value hedge relationships are remeasured for the fair value changes in respect of the hedged risk with these changes recognised in the income statement. All other financial liabilities, including short-term payables, are measured at amortised cost.

Precious metal sale and repurchase agreements

The group and parent company undertake linked contracts to sell or buy precious metal and commit to repurchase or sell the metal in the future. An asset representing the metal which the group and parent company have committed to sell or a liability representing the obligation to repurchase the metal are recognised in trade and other receivables or trade and other payables, respectively.

Taxation

Current and deferred tax are recognised in the income statement, except when they relate to items recognised directly in equity, in which case the related tax is also recognised in equity.

Current tax is the amount of income tax expected to be paid in respect of taxable profits using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. It is provided using the tax rates that are expected to apply in the period when the asset or liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. No deferred tax asset or liability is recognised in respect of temporary differences associated with investments in subsidiaries and branches where the group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes on the Accounts for the year ended 31st March 2024 continued

1 Accounting policies (continued)

Provisions and contingencies

Provisions are recognised when the group has a present obligation as a result of a past event and a reliable estimate can be made of a probable adverse outcome, for example warranties, environmental claims and restructuring. Otherwise, material contingent liabilities are disclosed unless the probability of the transfer of economic benefits is remote. Contingent assets are only recognised if an inflow of economic benefits is virtually certain.

Share-based payments and treasury shares

The fair value of shares awarded to employees under the performance share plan, restricted share plan, long term incentive plan and deferred bonus plan is calculated by adjusting the share price on the date of allocation for the present value of the expected dividends that will not be received. The resulting cost is charged to the income statement over the relevant performance periods, adjusted to reflect actual and expected levels of vesting where appropriate.

The group and parent company provide finance to the employee share ownership trust (ESOT) to purchase company shares in the open market. Costs of running the ESOT are charged to the income statement. The cost of shares held by the ESOT is deducted in arriving at equity until they vest unconditionally with employees.

Post-employment benefits

The costs of defined contribution plans are charged to the income statement as they fall due.

For defined benefit plans, the group and parent company recognise the net assets or liabilities of the plans in their balance sheets. Assets are measured at their fair value at the balance sheet date. Liabilities are measured at present value using the projected unit credit method and a discount rate reflecting yields on high quality corporate bonds. The changes in plan assets and liabilities, based on actuarial advice, are recognised as follows:

- The current service cost is deducted in arriving at operating profit.
- The net interest cost, based on the discount rate at the beginning of the year, contributions paid in and the present value of the net defined benefit liabilities during the year, is included in finance costs.
- Past service costs and curtailment gains and losses are recognised in operating profit at the earlier of when the plan amendment or curtailment occurs and when any related restructuring costs or termination benefits are recognised.
- Gains or losses arising from settlements are included in operating profit when the settlement occurs.
- Remeasurements, representing returns on plan assets, excluding amounts included in interest, and actuarial gains and losses arising from changes in financial and demographic assumptions, are recognised in other comprehensive income.

Assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale, if available for sale in its present condition and a sale is considered highly probable within 12 months. They are measured at the lower of their carrying amount and fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately on the Balance Sheet. The assets are not depreciated or amortised while they are classified as held for sale.

An impairment loss is recognised in the Income Statement for any initial or subsequent write-down of the asset or disposal group to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset or disposal group, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

A discontinued operation is a component of the group's business that either has been disposed of, or that is classified as held for sale and represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. The results of discontinued operations are presented separately in the Income Statement. When an operation is classified as a discontinued operation, the comparative Income Statement and Statement of Total Comprehensive Income is restated as if the operation had been discontinued from the start of the comparative year.

Sources of estimation uncertainty

Determining the carrying amounts of certain assets and liabilities at the balance sheet date requires estimation of the effects of uncertain future events. In the event that actual outcomes differ from those estimated, there may be an adjustment to the carrying amounts of those assets and liabilities within the next financial year. Other significant risks of material adjustment are the valuation of the liabilities of the defined benefit pension plans and tax provisions. The group and parent company have considered the refining process and stocktakes, deferred tax assets and climate change and, whilst not deemed to represent a significant risk of material adjustment to the group's and parent company's financial position during the year ending 31st March 2024, represent important accounting estimates.

Goodwill, other intangibles and other assets

The group and parent company have significant intangible assets from both business acquisitions and investments in new products and technologies. Some of those acquisitions and investments are at an early stage of commercial development and, therefore, carry a greater risk that they will not be commercially viable. Goodwill and intangible assets not yet ready for use are not amortised but are subject to annual impairment reviews. Other intangible assets are amortised from the time they are first ready for use and, together with other assets, are assessed for impairment when there is a triggering event that provides evidence that they are impaired.

Notes on the Accounts for the year ended 31st March 2024 continued

1 Accounting policies (continued)

The impairment reviews require the use of estimates of future profit and cash generation based on financial budgets and plans approved by management, generally covering a three-year period and then extrapolated using long term growth rates, and the pre-tax discount rates used in discounting projected cash flows, see note 5.

The Directors have determined that there is significant accounting judgement with respect to the estimated cash flows in assessing the value in use of the Hydrogen Technologies CGU given the slower pace of hydrogen and fuel cell market development. Refer to note 5 for information about the key assumptions applied in the value in use calculation.

Post-employment benefits

The group's and parent company's defined benefit plans are assessed annually by qualified independent actuaries. The estimate of the liabilities of the plans is based on a number of actuarial assumptions.

There is a range of possible values for each actuarial assumption and the point within that range is estimated to most appropriately reflect the group's and parent company's circumstances. Small changes in these assumptions can have a significant impact on the estimate of the liabilities of the plans. A description of those discount rate and inflation assumptions, together with sensitivity analysis, is set out in note 24 to the group and parent company accounts.

Tax provisions

Tax provisions are determined based on the tax laws and regulations that apply in each of the jurisdictions in which the group operates. Tax provisions are recognised where the impact of those laws and regulations is unclear and it is probable that there will be a tax adjustment representing a future outflow of funds to a tax authority or a consequent adjustment to the carrying value of a tax asset.

Provisions are measured using the best estimate of the most likely amount, being the most likely amount in a range of possible outcomes. The resolution of tax positions taken by the group can take a considerable period of time to conclude and, in some cases, it is difficult to predict the outcome. Group current income tax liabilities at 31st March 2024 of £77 million (2023: £106 million) include tax provisions of £64 million (2023: £97 million) and the estimation of the range of possible outcomes is an increase in those liabilities by £72 million (2023: £66 million) to a decrease of £54 million (2023: £55 million). The estimates made reflect where the group faces routine tax audits or is in ongoing disputes with tax authorities; has identified potential tax exposures relating to transfer pricing; or is contesting the tax deductibility of certain business costs.

Deferred tax assets

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available, against which the deductible temporary difference can be utilised, based on management's assumptions relating to future taxable profits.

Determination of future taxable profits requires application of judgement and estimates, including: market share, expected changes to selling prices, product profitability, precious metal prices and other direct input costs, based on management's expectations of future

changes in the markets using external sources of information where appropriate. The estimates take account of the inherent uncertainties, constraining the expected level of profit as appropriate. Changes in these estimates will affect future profits and therefore the recoverability of the deferred tax assets.

Refining process and stocktakes

The group's and parent company's refining businesses process significant quantities of precious metal and there are uncertainties regarding the actual amount of metal in the refining system at any one time. The group's refining businesses process over four million ounces of platinum group metals per annum with a market value of around £5 billion. The majority of metal processed is owned by customers and the group and parent company must return pre-agreed quantities of refined metal based on assays of starting materials and other contractual arrangements, such as the timing of the return of metal. The group and parent company calculate the profits or losses of their refining operations based on estimates, including the extent to which process losses are expected during refining. The risk of process losses or stocktake gains depends on the nature of the starting material being refined, the specific refining processes applied, the efficiency of those processes and the contractual arrangements.

Stocktakes are performed to determine the volume and value of metal within the refining system compared with the calculated estimates, with the variance being a profit or a loss. Stocktakes are, therefore, a key control in the assessment of the accuracy of the profit or loss of refining operations. Whilst refining is a complex, large-scale industrial process, the group and parent company have appropriate processes and controls over the movement of material in their refineries.

Climate change

The impact of climate change presented in the group's Strategic Report (see pages 53 to 61) and the stated net zero targets have been considered in preparing the group accounts.

The following considerations were made:

- Impact on the going concern period and viability of the group over the next three years. The latest forecasts reflect the continuous investment in sustainable technologies including commercialisation of our products used in green hydrogen production and higher performance fuel cell components for a range of automotive, non-automotive and stationary applications.

The potential impact of climate change on a number of areas within the financial statements has been considered, including:

- The forecasts of cash flows used in impairment assessments for the carrying value of non-current assets including goodwill (see note 5).
- When considering the recoverability of deferred tax assets, the taxable profit forecasts are based on the same information used to support the going concern and impairment assessments.
- The expected lives of fixed assets and their exposure to the physical risk posed by climate change.

The expected lives of property, plant and equipment tends to be short to medium term, as such the physical risk posed by climate change in the long term is low.

Notes on the Accounts for the year ended 31st March 2024 continued

1 Accounting policies (continued)

Judgements made in applying accounting policies

Metal

The group and parent company use precious metal owned by customers in their production processes. It has been determined that this metal is not controlled by the group or parent company and, therefore, it is not recognised on the balance sheet.

The group and parent company manage precious metal inventories by entering into physically settled forward sales and purchases of metal positions in line with a well-established hedging policy. The own use exemption has been adopted for these transactions and, therefore, the group and parent company do not fair value such physically settled contracts.

The group undertakes linked contracts to sell or buy precious metal and commits to repurchase or sell the metal in the future to manage inventory levels. Accordingly, cash flows in respect of sale and repurchase agreements are shown as cash flows from operating activities in the cash flow statement rather than cash flows from financing activities.

Provisions and contingent liabilities

The group is involved in various disputes and claims which arise from time to time in the course of its business including, for example, in relation to commercial matters, product quality or liability, employee matters and tax audits. The group is also involved from time to time in the course of its business in legal proceedings and actions, engagement with regulatory authorities and in dispute resolution processes. Judgement is required to determine if an outflow of economic resources is probable, or possible but not probable for such events. Where it is probable, a liability is recognised and further judgement is used to determine the amount of the provision. Where it is possible but not probable, further judgement is used to determine if the likelihood is remote, in which case no disclosures are provided; if the likelihood is not remote then a contingent liability is disclosed. Provisions and contingent liabilities are set out in notes 22 and 32, respectively.

In the course of preparing the accounts, no other judgements have been made in the process of applying the group's and parent company's accounting policies, other than those involving estimations, that have had a significant effect on the amounts recognised in the accounts.

Changes in accounting policies

Amendments to accounting standards

The International Accounting Standards Board (IASB) has issued the following amendments, which have been endorsed by the UK Endorsement Board, for annual periods beginning on or after 1st January 2023:

- Amendments to IFRS 17, *Insurance Contracts*;
- Amendments to IAS 1 and IFRS Practice Statement 2;
- Amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*; and
- Amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

These changes have not had a material impact on the group.

On the 19th July 2023, the UK endorsed the amendments to IAS 12 *Income Taxes*, issued by the International Accounting Standards Board on 23rd May 2023, which grants companies a temporary exemption from applying IAS 12 to the International Tax Reform: Pillar Two Model Rules. The group has adopted the amendments to IAS 12 and applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Refer to note 9 for further details.

The following are accounting standards to be adopted by the group in future reporting periods; they have not yet been endorsed by the UK Endorsement Board:

- IFRS 18, *Presentation and Disclosure in Financial Statements*, published by the IASB on 9th April 2024 and effective for accounting periods commencing 1st January 2027; and
- IFRS 19, *Subsidiaries without Public Accountability*, published by the IASB on 9th May 2024 and effective for accounting periods commencing 1st January 2027.

The group will assess the impact of these new accounting standards in due course following endorsement by the UK Endorsement Board.

The group has not early adopted any standard, interpretation or amendment that was issued but is not yet effective. The group does not expect these amendments to have a material impact on the group.

The list of amendments considered in relation to the above are as follows:

- Amendments to IAS 1, *Classification of liabilities as current and non-current and non-current liabilities with covenants*;
- Amendments to IFRS 16, *Lease liability in a sale and leaseback*;
- Amendments to IAS 7 and IFRS 7, *Supplier finance arrangements*; and
- Amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates*

Non-GAAP measures

The group uses various measures to manage its business which are not defined by generally accepted accounting principles (GAAP). The group's management believes these measures provide valuable additional information to users of the accounts in understanding the group's performance. The group's non-GAAP measures are defined and reconciled to GAAP measures in note 34.

Notes on the Accounts for the year ended 31st March 2024 continued

2 Segmental information

Revenue, sales and underlying operating profit by business

Clean Air – provides catalysts for emission control after-treatment systems used in light and heavy duty vehicles powered by internal combustion engines.

PGM Services – enables the energy transition through providing circular solutions as demand for scarce critical materials increases. Provides a strategic service to the group, supporting the other segments with security of metal supply, and manufactures value add PGM products.

Catalyst Technologies – enables the decarbonisation of chemical and fuel value chains.

Hydrogen Technologies – provides catalyst coated membranes that are a critical component for fuel cells and electrolysers.

Value Businesses – a portfolio of businesses managed to drive shareholder value from activities considered to be non-core to JM. This includes Battery Systems (sold on 30th April 2024),

Battery Materials Poland (sold on 31st December 2023), Medical Device Components (sale agreed on 20th March 2024) and Diagnostic Services (sold on 29th September 2023 - refer to note 27 for further information on the disposal of Diagnostic Services). Battery Materials UK and Battery Materials Canada were sold on 26th May 2022 and 1st November 2022 respectively and are included within the prior period balances.

The Group Leadership Team (the chief operating decision maker as defined by IFRS 8, *Operating Segments*) monitors the results of these operating businesses to assess performance and make decisions about the allocation of resources. Each operating business is represented by a member of the Group Leadership Team. These operating businesses represent the group's reportable segments and their principal activities are described on pages 29 to 33. The performance of the group's operating businesses is assessed on sales and underlying operating profit (see note 34). Sales between segments are made at market prices, taking into account the volumes involved.

Year ended 31st March 2024

	Clean Air £m	PGM Services £m	Catalyst Technologies £m	Hydrogen Technologies £m	Value Businesses £m	Corporate £m	Eliminations £m	Total £m
Revenue from external customers	5,219	6,490	634	85	415	–	–	12,843
Inter-segment revenue	8	2,432	19	1	–	–	(2,460)	–
Revenue	5,227	8,922	653	86	415	–	(2,460)	12,843
External sales	2,573	374	560	71	326	–	–	3,904
Inter-segment sales	8	88	18	–	–	–	(114)	–
Sales¹	2,581	462	578	71	326	–	(114)	3,904
Underlying operating profit / (loss)¹	274	164	75	(50)	29	(82)	–	410

Year ended 31st March 2023

	Clean Air £m	PGM Services £m	Catalyst Technologies £m	Hydrogen Technologies £m	Value Businesses £m	Corporate £m	Eliminations £m	Total £m
Revenue from external customers	6,273	7,360	673	62	565	–	–	14,933
Inter-segment revenue	–	3,227	14	–	–	–	(3,241)	–
Revenue	6,273	10,587	687	62	565	–	(3,241)	14,933
External sales	2,644	485	547	55	470	–	–	4,201
Inter-segment sales	–	85	13	–	–	–	(98)	–
Sales¹	2,644	570	560	55	470	–	(98)	4,201
Underlying operating profit / (loss)¹	230	257	51	(45)	40	(68)	–	465

1. Sales and underlying operating profit are non-GAAP measures (see note 34). Sales excludes the sale of precious metals. Underlying operating profit excludes profit or loss on disposal of businesses, gain or loss on significant legal proceedings, together with associated legal costs, amortisation of acquired intangibles and major impairment and restructuring charges.

Notes on the Accounts for the year ended 31st March 2024 continued**2 Segmental information (continued)****Reconciliation from underlying operating profit to operating profit by business**Year ended 31st March 2024

	Clean Air £m	PGM Services £m	Catalyst Technologies £m	Hydrogen Technologies £m	Value Businesses £m	Corporate £m	Total £m
Underlying operating profit / (loss)¹	274	164	75	(50)	29	(82)	410
Loss on disposal of businesses (note 27)	(4)	–	–	–	(5)	–	(9)
Amortisation of acquired intangibles	(1)	–	(3)	–	–	–	(4)
Major impairment and restructuring charges (note 6)	(32)	(15)	(2)	(10)	(53)	(36)	(148)
Operating profit / (loss)	237	149	70	(60)	(29)	(118)	249

Year ended 31st March 2023

	Clean Air £m	PGM Services £m	Catalyst Technologies £m	Hydrogen Technologies £m	Value Businesses £m	Corporate £m	Total £m
Underlying operating profit / (loss)¹	230	257	51	(45)	40	(68)	465
Profit on disposal of businesses	–	–	–	–	12	–	12
Amortisation of acquired intangibles	(1)	–	(4)	–	–	–	(5)
Loss on significant legal proceedings	(25)	–	–	–	–	–	(25)
Major impairment and restructuring charges	(13)	–	(4)	(1)	(14)	(9)	(41)
Operating profit / (loss)	191	257	43	(46)	38	(77)	406

1. Underlying operating profit is a non-GAAP measure (see note 34). Underlying operating profit excludes profit or loss on disposal of businesses, gain or loss on significant legal proceedings, together with associated legal costs, amortisation of acquired intangibles and major impairment and restructuring charges.

Notes on the Accounts for the year ended 31st March 2024 continued**2 Segmental information (continued)****Other segmental information**Year ended 31st March 2024

	Clean Air £m	PGM Services £m	Catalyst Technologies £m	Hydrogen Technologies £m	Value Businesses £m	Corporate £m	Total £m
Segmental net assets	1,351	38	718	271	178	449	3,005
Net debt (note 34)							(946)
Post-employment benefit net assets and liabilities							114
Deferred tax net assets							126
Provisions and non-current other payables							(82)
Investments in associates (note 15)							71
Net assets held for sale (note 26)							92
Net assets							2,380
Property, plant and equipment	52	116	50	87	9	11	325
Intangible assets	3	4	12	9	–	37	65
Capital expenditure	55	120	62	96	9	48	390
Depreciation	70	27	23	3	8	13	144
Amortisation	4	3	5	–	–	36	48
Impairment losses and reversals (notes 5 and 6)	(2)	(12)	–	(6)	(50)	–	(70)
Total	72	18	28	(3)	(42)	49	122

Year ended 31st March 2023

	Clean Air £m	PGM Services £m	Catalyst Technologies £m	Hydrogen Technologies £m	Value Businesses £m	Corporate £m	Total £m
Segmental net assets	1,784	(2)	680	114	175	515	3,266
Net debt							(1,023)
Post-employment benefit net assets and liabilities							162
Deferred tax net assets							102
Provisions and non-current other payables							(93)
Investments in associates (note 15)							75
Net assets held for sale (note 26)							50
Net assets							2,539
Property, plant and equipment	70	73	28	44	13	14	242
Intangible assets	11	6	14	2	–	28	61
Capital expenditure	81	79	42	46	13	42	303
Depreciation	74	24	26	4	10	13	151
Amortisation	2	2	5	–	–	27	36
Impairment losses notes 5 and 6	(4)	2	–	–	12	3	13
Total	72	28	31	4	22	43	200

Refer to note 3 for further required disclosures per IFRS 8, *Operating Segments*.

Notes on the Accounts for the year ended 31st March 2024 continued

3 Revenue

Products and services

The group's principal products and services by operating business and sub-business are disclosed in the table below, together with information regarding performance obligations and revenue recognition. Revenue is recognised by the group as contractual performance obligations to customers are completed.

Sub-business	Primary industry	Principal products and services	Performance obligations	Revenue recognition
Clean Air				
Light Duty Catalysts	Automotive	Catalysts for cars and other light duty vehicles	Point in time	On despatch or delivery
Heavy Duty Catalysts	Automotive	Catalysts for trucks, buses and non-road equipment	Point in time	On despatch or delivery
PGM Services				
Platinum Group Metal Services	Various	Platinum Group Metal refining and recycling services	Over time	Based on output
		Platinum Group Metal trading	Point in time	On receipt of payment
		Other precious metal products	Point in time	On despatch or delivery
		Platinum Group Metal chemical, industrial products and catalysts	Point in time	On despatch or delivery
Catalyst Technologies				
Catalysts	Chemicals / oil and gas	Speciality catalysts and additives	Point in time	On despatch or delivery
Licensing	Chemicals / oil and gas	Process technology licences	Over time	Based on costs incurred or straight-line over the licence term ¹
		Engineering design services	Over time	Based on costs incurred
Hydrogen Technologies				
Fuel Cells technologies	Various	Fuel cell catalyst coated membrane	Point in time	On despatch or delivery
Electrolysis technology	Various	Electrolyser catalyst coated membrane	Point in time	On despatch or delivery
Value Businesses				
Other Markets (excluding Diagnostic Services)	Various	Precious metal pastes and enamels, battery systems and products found in devices used in medical procedures	Point in time	On despatch or delivery
Diagnostic Services	Oil and gas	Detection, diagnostic and measurement solutions	Over time	Based on costs incurred

1. Revenue recognition depends on whether the licence is distinct in the context of the contract.

Metal revenue: Metal revenue relates to the sales of precious metals to customers, either in pure form or contained within a product. Metal revenue arises in each of the reportable segments in the group. Metal revenue is affected by fluctuations in the market prices of precious metals and, in many cases, the value of precious metals is passed directly on to customers. Given the high value of these metals this makes up a significant proportion of revenue.

Notes on the Accounts for the year ended 31st March 2024 continued

3 Revenue (continued)

Revenue judgements

Over time revenue

Over time revenue recognition predominantly occurs in Catalyst Technologies and PGM Services (Refining Services), see criteria for over time recognition as defined by the group's accounting policies in note 1.

Refining Services

The majority of the metal processed by the group and parent company's refining businesses is owned by customers and, therefore, revenue is recognised over time on the basis that the group and parent company are providing a service to enhance an asset controlled by the customer. The customer controls the metal throughout the refining process, the key indicators being legal ownership, metal price risk and that the customer has the right to claim the equivalent metal at all stages of processing.

The performance obligation contained in all refining contracts is a service arrangement to refine customer metal to a specified quality and volume by a certain date. For a contract that has multiple metals, the refinement of each metal is a separate performance obligation. We receive the contracted cash fee which is set with reference to market price at the start of the contract. Upon delivery of the refined metal to the customer, the percentage of the refined metal that we may retain at settlement is considered to be a non-cash consideration and is recognised as part of revenue at fair value.

Revenue from refining services is recognised using an output method by estimating the progress of the metal in the refining process. Once the customer metal is in the refining process it is commingled with metal from other customers and it is not separately identifiable. Because we have a consistent volume of metal flowing through the refinery process, we estimate that all of the metal in the refinery is on average 50% of the way through the process. We therefore recognise up to 50% of the revenue (cash service fee and non-cash consideration) for our services when metal enters the refining process. Since refining each type of metal is a separate performance obligation, once we have returned the metal to the customer, we recognise the remaining 50% of revenue for that particular metal while other metal may still be due to the same customer.

Where refinery stocktakes indicate that metal recoveries have been lower than anticipated and/or allowed for in process loss provisioning, refined metal gain revenue is reduced accordingly. Where refinery stocktakes indicate that metal recoveries have been higher than anticipated, any incremental refining metal gain revenue is only recognised once it is highly probable that a reversal in the amount of cumulative revenue recognised will not occur and the metal has been sold.

Revenue from external customers by principal products and services

Year ended 31st March 2024

	Continuing operations					Total £m
	Clean Air £m	PGM Services £m	Catalyst Technologies £m	Hydrogen Technologies £m	Value Businesses £m	
Metal	2,646	6,116	74	14	89	8,939
Heavy Duty Catalysts	953	–	–	–	–	953
Light Duty Catalysts	1,620	–	–	–	–	1,620
Catalysts	–	–	500	–	–	500
Licensing	–	–	60	–	–	60
Platinum Group Metal Services	–	374	–	–	–	374
Fuel Cells	–	–	–	71	–	71
Battery Systems	–	–	–	–	194	194
Diagnostic Services	–	–	–	–	37	37
Medical Device Components	–	–	–	–	91	91
Other	–	–	–	–	4	4
Revenue	5,219	6,490	634	85	415	12,843

Notes on the Accounts for the year ended 31st March 2024 continued**3 Revenue (continued)****Revenue from external customers by principal products and services (continued)**Year ended 31st March 2023

	Continuing operations					Total £m
	Clean Air £m	PGM Services £m	Catalyst Technologies £m	Hydrogen Technologies £m	Value Businesses £m	
Metal	3,629	6,875	126	7	95	10,732
Heavy Duty Catalysts	970	–	–	–	–	970
Light Duty Catalysts	1,674	–	–	–	–	1,674
Catalyst Technologies	–	–	547	–	–	547
Platinum Group Metal Services	–	485	–	–	–	485
Fuel Cells	–	–	–	55	–	55
Battery Systems	–	–	–	–	284	284
Diagnostic Services	–	–	–	–	71	71
Medical Device Components	–	–	–	–	93	93
Other	–	–	–	–	22	22
Revenue	6,273	7,360	673	62	565	14,933

Revenue from external customers by point in time and over time performance obligationsYear ended 31st March 2024

	Continuing operations					Total £m
	Clean Air £m	PGM Services £m	Catalyst Technologies £m	Hydrogen Technologies £m	Value Businesses £m	
Revenue recognised at a point in time	5,219	6,307	518	85	387	12,516
Revenue recognised over time	–	183	116	–	28	327
Revenue	5,219	6,490	634	85	415	12,843

Year ended 31st March 2023

	Continuing operations					Total £m
	Clean Air £m	PGM Services £m	Catalyst Technologies £m	Hydrogen Technologies £m	Value Businesses £m	
Revenue recognised at a point in time	6,273	7,096	555	62	534	14,520
Revenue recognised over time	–	264	118	–	31	413
Revenue	6,273	7,360	673	62	565	14,933

Notes on the Accounts for the year ended 31st March 2024 continued

3 Revenue (continued)

Geographical analysis of revenue from external customers and non-current assets

The group's country of domicile is the UK. Revenue from external customers based on the customer's location and non-current assets based on the location of the assets are disclosed below.

	Revenue from external customers		Non-current assets	
	2024 £m	2023 £m	2024 £m	2023 £m
UK	3,697	3,630	1,094	852
Germany	1,280	1,256	227	239
Rest of Europe	1,424	1,875	306	326
USA	2,468	2,779	368	451
Rest of North America	686	612	27	34
China (including Hong Kong)	1,375	1,649	178	201
Rest of Asia	1,429	2,287	137	147
Rest of World	484	845	2	18
			2,339	2,268
Investments at fair value through other comprehensive income			40	49
Interest rate swaps			15	20
Deferred tax assets			128	121
Post-employment benefit net assets			153	203
Total	12,843	14,933	2,675	2,661

Major customers

The group received £1.4 billion of revenue from one external customer in the Clean Air business which represents more than 10% of the group's revenue from external customers during the year ended 31st March 2024 (2023: £1.6 billion of revenue from one external customer in the Clean Air business).

Unsatisfied performance obligations

At 31st March 2024, for contracts that had an original expected duration of more than one year, the group had unsatisfied performance obligations of £550 million (2023 restated: £961 million), representing contractually committed revenue to be recognised at a future date. Of this amount, £321 million (2023 restated: £487 million) is expected to be recognised within one year and £229 million (2023 restated: £474 million) is expected to be recognised after one year.

During the year we identified a prior period error in the calculation of the unsatisfied performance obligations. This solely impacts the disclosure note above and has resulted in a decrease of £6 million in the unsatisfied performance obligations disclosure, split between an increase of £93 million in the less than one year amount, offset by a decrease of £99 million in the greater than one year amount.

Payment terms

The group and parent company supply goods and services on payment terms that are consistent with those standard across the industry and it does not have any customer contracts with a material financing component. Where revenue is recognised over time, payment terms are generally consistent with the timeframe over which revenue is recognised.

4 Operating profit

Operating profit from continuing operations is arrived at after charging / (crediting):

	2024 £m	2023 £m
Research and development expenditure charged to the income statement	204	213
Less: External funding received from governments	(26)	(19)
Net research and development expenditure charged to the income statement	178	194
Inventories recognised as an expense	10,962	12,962
Write-down of inventories recognised as an expense	38	39
Reversal of write-down of inventories from increases in net realisable value	(36)	(19)
Net losses / (gains) on foreign exchange	3	(11)
Net (gains) / losses on foreign currency forwards at fair value through profit or loss	–	19
Past service credit	–	(20)
Depreciation of:		
Property, plant and equipment	134	137
Right-of-use assets	10	14
Depreciation	144	151
Amortisation of:		
Internally generated intangible assets	1	1
Acquired intangibles	4	5
Other intangible assets	43	30
Amortisation	48	36
Gains and losses on significant legal proceedings	–	25
Loss / (profit) on disposal of businesses (note 27)	9	(12)
Impairment losses included in administrative expenses	–	3
Impairment losses (note 5)	–	3
Impairment losses and reversals included in major impairment and restructuring charges	70	10
Restructuring charges included in major impairment and restructuring charges	78	31
Major impairment and restructuring charges (note 6)	148	41

Notes on the Accounts for the year ended 31st March 2024 continued

4 Operating profit (continued)

Gains and losses on significant legal proceedings

During the prior year, the group paid £25 million in respect of a settlement with a customer on mutually acceptable terms with no admission of fault relating to failures in certain engine systems for which the group supplied a particular coated substrate as a component for that customer's emissions after-treatment systems.

	2024 £m	2023 £m
Fees payable to the company's auditor and its associates for:		
The audit of the company accounts	2.7	2.4
The audit of the accounts of the company's subsidiaries	2.4	2.4
Total audit fees	5.1	4.8
Audit-related assurance services	0.4	0.4
Total non-audit fees	0.4	0.4
Total fees payable to the company's auditor and its associates	5.5	5.2

No audit fees were paid to other auditors (2023: £nil).

Audit-related assurance services predominantly comprise of reviews of interim financial information.

5 Impairment losses

Impairment testing

The group and parent company test goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units (CGUs). The recoverable amounts of the CGUs are determined using value in use calculations which generally use extrapolated cash flow projections based on financial budgets and plans covering a three-year period approved by management. The budgets and plans are based on a number of assumptions, including market share, impact of carbon pricing, expected changes to selling prices, product profitability, precious metal prices and other direct input costs, based on past experience and management's expectations of future changes in the markets using external sources of information where appropriate. We also considered how climate change will affect the future cash flows of the CGUs based on internal and external expert guidance.

In addition, we review the carrying amounts of the group's and parent company's non-financial assets, including property, plant and equipment to determine whether any indications of impairment exist. Where an indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the CGU to which the asset belongs.

Impairment loss

During the year ended 31st March 2024, following our review for impairment triggers, no impairment loss (2023: £3 million related to property, plant and equipment) has been recognised in the group income statement within underlying operating profit. However impairment losses of £70 million (2023: £10 million) have been recognised by the group in major impairments and restructuring (see note 6).

Hydrogen and fuel cell market

The carrying amount of the Hydrogen Technologies CGU comprising attributable net assets of £196 million of which, £138 million relates to property, plant and equipment, was tested for impairment at 31st March 2024 following an indicator that the recent slower pace of hydrogen and fuel cell market development required a formal review for possible impairment. No balance of goodwill is allocated to the Hydrogen Technologies CGU. The recoverability of the carrying amount of the Hydrogen Technologies CGU has been assessed against its estimated value in use at the reporting period end date applying the key assumptions detailed below. Following this review, management has determined that no impairment is required.

In estimating value in use, the year-one cash flows include the additional investment expected to be incurred before certain assets under construction that support the group's expansion plans for hydrogen technology are ready for use. Whilst the assumptions applied in the Hydrogen Technologies assessment for years four to ten assume growth in the business based on a compound annual growth rate kept broadly flat in the outer years, they also reflect a reduced level of demand in hydrogen fuel cells and electrolyser market in the global energy transition. This is a key area of management judgement which has been considered in the context of the group's leading technological position in the market for fuel cells and electrolyzers but also recognising the industry challenges around scale up given the global value chain is in an early stage of development. Our assessment over this period has therefore considered: i) manufacturing capacity in existing plants where we expect to maintain volumes consistent with near term forecasts to meet customer demand; and ii) the expected manufacturing capacity following completion of certain assets under construction which is aligned to meet the expected growth in customer demand over the four to ten year period as the market develops, as is currently expected. After this period, growth is estimated to be in line with a long-term growth rate of 3.0%. Should the market not develop as expected or meet the overall market scale forecast by management, then this could give rise to an impairment in future periods.

The estimated recoverable amount of the Hydrogen Technologies GCU exceeds its carrying amount using a pre-tax discount rate of 13.0% which is derived from the group's post-tax weighted average cost of capital of 8.9% and adjusted for the risks applicable to the CGU. If the discount rate and long-term growth rate key assumptions were changed to 17.4% and (12.0)% respectively, this would, in isolation, lead to an impairment.

Notes on the Accounts for the year ended 31st March 2024 continued

5 Impairment losses (continued)

Goodwill

Significant CGUs

Goodwill arising on the acquisition of businesses is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. These CGUs represent the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other groups of assets. Goodwill allocated to the significant CGUs is as follows:

	Group	
	2024 £m	2023 £m
Clean Air		
• Heavy Duty Catalysts	84	87
Catalyst Technologies	264	268
Other ^{1,2}	5	9
Total carrying amount at 31st March (note 13)	353	364

1. Battery Systems Poland goodwill has been impaired by £6 million. Refer to note 26 for further information.

2. Other is comprised of CGUs with goodwill balances individually less than £5 million.

Key assumptions used in value in use

Unallocated corporate costs are split between CGUs based on their share of contribution. The three-year cash flows are extrapolated using the long term average growth rates for the relevant products, industries and countries in which the CGUs operate.

The expected economic life of the Heavy Duty Catalysts has been restricted to 2040 reflecting internal climate change targets and impact of legislation changes. In the medium term, growth will come from tightening emissions legislation driving demand for more sophisticated catalyst systems. Beyond the medium term, the world will increasingly use alternatives to the internal combustion engine which is reflected in the long-term decline rate used in our modelling.

Pre-tax discount rates, derived from the group's post-tax weighted average cost of capital of 8.9% (2023: 8.0%), adjusted for the risks applicable to each CGU are used to discount these projected risk-adjusted cash flows.

The key assumptions are:

	Discount rate		Long term growth rate	
	2024	2023	2024	2023
Clean Air				
• Heavy Duty Catalysts	13.8%	12.1%	-11.5%	-10.5%
Catalyst Technologies	11.1%	10.8%	3.0%	3.0%

Different long term growth rates are used for the Clean Air - Heavy Duty Catalysts CGU because of expected macroeconomic trends in the industry in which the business operates. The growth rate for years four to ten is expected to be -3.9% (2023: 2.2%). After that, growth is expected to decline further and, therefore, the long term growth rate above is used for year eleven onwards.

Sensitivity analysis

The headroom for the significant CGUs, calculated as the difference between net assets including allocated goodwill at 31st March 2024 and the value in use calculations, is shown below. The table also shows, for each significant CGU, the headroom assuming a 1% decrease in the growth rate assumption and a 1% increase in the discount rate assumption used in the value in use calculations.

	Headroom as at 31 st March 2024 £m	Headroom assuming a 1% decrease in the growth rate £m	Headroom assuming a 1% increase in the discount rate £m
Clean Air			
• Heavy Duty Catalysts	356	333	319
Catalyst Technologies	253	136	129

A reduction in the Heavy Duty Catalysts CGU's expected economic life by one year reduces headroom by approximately £12 million from £356 million. We don't expect an impairment in the near term in Clean Air despite the declining long-term assumptions.

A reduction in operating margin of 1% in the Catalyst Technologies CGU in each of the future years, with no mitigating actions taken, reduces headroom by approximately £123 million from £253 million.

Notes on the Accounts for the year ended 31st March 2024 continued

6 Major impairment and restructuring charges

The below amounts are excluded from the underlying operating profit of the group for continuing operations.

	2024 £m	2023 £m
Property, plant and equipment	22	17
Right-of-use assets	1	–
Goodwill	6	4
Other intangible assets	–	3
Inventories	29	(8)
Trade and other receivables	12	(6)
Impairment losses and reversals	70	10
Restructuring charges	78	31
Total major impairment and restructuring charges	148	41

The £22 million impairment of Property, Plant and Equipment is inclusive of a £7 million impairment reversal (see note 26).

Major impairment and restructuring charges are shown separately on the face of the income statement and excluded from underlying operating profit (see note 34).

Major impairments – the group's net impairment charge of £70 million includes amounts incurred as we prepared for the disposal of our Value Businesses, of which £45 million relates to an impairment in Battery Systems (see note 26). The residual balance is predominantly comprised of £18 million recognised in relation to the recent slowdown in growth within the hydrogen and fuel cell market which required us to adapt to the changing demand profiles of our customers as they navigate this short-term uncertainty.

Major restructuring – the group's transformation programme was launched in May 2022 and was designed to drive increased competitiveness, improved execution capability and create financial headroom to facilitate further investment in high growth areas. Restructuring charges of £48 million have been recognised of which £32 million relates to Johnson Matthey Global Solutions and IT transformation, with the remainder other redundancy and implementation costs. The remaining £30 million charge is predominantly related to Clean Air's ongoing plant consolidation initiatives, of which the majority is redundancy and exit costs.

7 Employee information

Employee numbers

	2024	2023
Clean Air	5,283	5,668
PGM Services	2,022	1,839
Catalyst Technologies	1,773	1,623
Hydrogen Technologies	616	418
Value Businesses	1,119	1,363
Corporate ¹	1,442	1,590
Monthly average number of employees	12,255	12,501

1. The Corporate segment includes global functions serving our business units including procurement, HR, IT and shared service centres.

	2024 £m	2023 £m
Wages and salaries	596	604
Social security costs	64	70
Post-employment costs (note 24)	53	40
Share-based payments (note 30)	17	18
Termination benefits	16	1
Employee benefits expense from continuing operations	746	733

8 Investment income and financing costs

	2024 £m	2023 £m
Net loss on remeasurement of foreign currency swaps held at fair value through profit or loss	(14)	(20)
Interest payable on financial liabilities held at amortised cost and interest on related swaps	(81)	(55)
Interest payable on other liabilities ¹	(49)	(33)
Interest payable on lease liabilities	(2)	(2)
Total finance costs	(146)	(110)
Net gain on remeasurement of foreign currency swaps held at fair value through profit or loss	6	9
Interest receivable on financial assets held at amortised cost	13	11
Interest receivable on other assets ¹	38	21
Interest on post-employment benefits	7	8
Total investment income	64	49
Net finance costs from continuing operations	(82)	(61)

1. Interest payable and receivable on other liabilities and assets mainly comprises interest on precious metal leases and the amortisation of contango and backwardation on precious metal inventory and sale and repurchase agreements.

Notes on the Accounts for the year ended 31st March 2024 continued**9 Tax expense**

	2024 £m	2023 £m
Current tax		
Corporation tax on profit for the year	89	95
Adjustment for prior years	(21)	1
Total current tax	68	96
Deferred tax		
Origination and reversal of temporary differences	(34)	(37)
Adjustment for prior years	22	14
Total deferred tax (note 23)	(12)	(23)
Tax expense	56	73

The tax expense can be reconciled to profit before tax in the income statement as follows:

	2024 £m	2023 £m
Profit before tax from continuing operations	164	344
Profit before tax from discontinued operations	–	5
Profit before tax	164	349
Tax expense at UK corporation tax rate of 25% (2023: 19%)	41	66
Effects of:		
Overseas tax rates	(17)	5
Expenses not deductible for tax purposes	34	5
Losses and other temporary differences not recognised	11	8
Recognition or utilisation of previously unrecognised tax assets	–	(7)
Adjustment for prior years	(1)	15
Patent box / Innovation box	(10)	(7)
Other tax incentives	(2)	(3)
Tax rate adjustments	–	(1)
Disposal of businesses	(2)	(13)
Irrecoverable withholding tax	–	10
Other	2	(5)
Tax expense	56	73
Tax expense from continuing operations	56	80
Tax credit from discontinued operations	–	(7)
Tax expense	56	73

Adjustments for prior years includes current and deferred tax adjustments in respect of India, Malaysia, Poland and the UK, as well as adjustments in respect of provisions for uncertain tax positions.

Other tax incentives includes research and development tax incentives in the UK, US and China.

Other movements mainly includes movements in respect of provisions for uncertain tax positions and non-taxable income.

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation has been enacted in the UK, as well as several other territories where the Group operates, and will come into effect in respect of the Group's next financial period (FY25).

Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the legislation, the Group will be liable to pay a top-up tax for the difference between its Global Anti-Base Erosion ('GloBE') effective tax rate per jurisdiction and the 15% minimum rate. We have undertaken an assessment of the Group's potential to additional taxes under Pillar 2 based on the FY24 financial information and conclude that the Group meets the exemptions in the Transitional Country by Country Reporting ('CbCR') safe harbours in all tax jurisdictions in which it operates, except for Bermuda, Hong Kong, Macedonia, Mexico and Malaysia.

We continue to monitor potential impacts as further guidance is published, as territories implement legislation to enact the rules, and as territories increase their domestic Corporate Tax rate in response to the OECD Pillar 2 rules. Should the Transitional CbCR safe harbours not apply to any of the jurisdictions in which the Group operates in FY25, the Group's future ETR will be impacted with an additional current tax exposure. In the event the jurisdictions named above led to a Pillar 2 additional tax charge in FY25, the Group estimates that this could increase the Group's Underlying ETR by c.1-2%.

Notes on the Accounts for the year ended 31st March 2024 continued**10 Earnings per ordinary share**

Earnings per ordinary share have been calculated by dividing profit for the year by the weighted average number of shares in issue during the year.

	2024 pence	2023 pence
Earnings per share		
Basic	58.6	150.9
Diluted	58.3	150.2
Basic from continuing operations	58.6	144.2
Diluted from continuing operations	58.3	143.6
	2024	2023
Earnings (£ million)		
Basic and diluted earnings	108	276
Weighted average number of shares in issue		
Basic	183,392,681	183,012,301
Dilution for long-term incentive plans	859,636	851,432
Diluted	184,252,317	183,863,733

Presented earnings per ordinary share have been calculated using unrounded numbers.

11 Property, plant and equipment**Group**

	Land and buildings £m	Leasehold improvements £m	Plant and machinery £m	Assets in the course of construction £m	Total £m
Cost					
At 1 st April 2022	570	27	2,055	304	2,956
Additions	1	–	24	217	242
Transferred to assets classified as held for sale	–	(1)	(41)	–	(42)
Transfers from assets in the course of construction	22	2	128	(152)	–
Disposals	(1)	(1)	(33)	(13)	(48)
Disposal of businesses	–	–	(10)	–	(10)
Exchange adjustments	7	1	28	4	40
At 31 st March 2023	599	28	2,151	360	3,138
Additions	2	–	39	284	325
Transferred to assets classified as held for sale (note 26)	–	(4)	(66)	(4)	(74)
Transfers from assets in the course of construction	12	1	102	(115)	–
Disposals	(1)	(2)	(27)	(5)	(35)
Disposal of businesses (note 27)	(1)	–	(4)	–	(5)
Exchange adjustments	(20)	–	(52)	(5)	(77)
At 31 st March 2024	591	23	2,143	515	3,272

	Land and buildings £m	Leasehold improvements £m	Plant and machinery £m	Assets in the course of construction £m	Total £m
Accumulated depreciation and impairment					
At 1 st April 2022	265	14	1,424	15	1,718
Charge for the year	17	1	119	–	137
Impairment losses (notes 5, 6 and 26)	–	–	8	4	12
Transferred to assets classified as held for sale	–	(1)	(31)	–	(32)
Disposals	(1)	–	(33)	(11)	(45)
Disposal of businesses	–	–	(8)	–	(8)
Exchange adjustments	3	1	20	–	24
At 31 st March 2023	284	15	1,499	8	1,806
Charge for the year	16	1	114	3	134
Impairment losses (notes 5, 6 and 26)	–	–	20	9	29
Transferred to assets classified as held for sale (note 26)	–	(2)	(47)	(3)	(52)
Disposals	(1)	(2)	(25)	(5)	(33)
Disposal of businesses (note 27)	(1)	–	(4)	–	(5)
Exchange adjustments	(8)	–	(35)	–	(43)
At 31 st March 2024	290	12	1,522	12	1,836

Carrying amount at 31st March 2024	301	11	621	503	1,436
Carrying amount at 31 st March 2023	315	13	652	352	1,332
Carrying amount at 1 st April 2022	305	13	631	289	1,238

Finance costs capitalised were £5 million (2023: £2 million) and the capitalisation rate used to determine the amount of finance costs eligible for capitalisation was 3.3% (2023: 4.0%).

During the year, the group recognised impairments of £29 million. This impairment charge is included in non-underlying expenses.

The assets transferred to held for sale relates to Medical Device Components (see note 26). Battery Materials Poland is not included as these were transferred to held for sale in the prior year. The assets presented within disposal of businesses relate to Johnson Matthey Catalyst LLC (see note 27). Diagnostic Services is not included as these were transferred to held for sale in the prior year.

During the prior year, the group recognised impairments of £12 million. The impairment charge is comprised of £3 million included in administrative expenses and a net £9 million charge included in non-underlying expenses.

Notes on the Accounts for the year ended 31st March 2024 continued

12 Leases

Leasing activities

The group leases some of their property, plant and equipment which are used by the group company in their operations.

Right-of-use assets

Group

	Land and buildings £m	Plant and machinery £m	Total £m
At 31 st March 2023	44	5	49
New leases, remeasurements and modifications	10	1	11
Disposals	(3)	–	(3)
Depreciation charge for the year	(8)	(2)	(10)
Impairment losses (note 6, 27)	(1)	–	(1)
Transferred to held for sale (note 26)	(4)	–	(4)
Exchange adjustments	(2)	–	(2)
At 31st March 2024	36	4	40

Lease liabilities

	Group	
	2024 £m	2023 £m
Current	8	9
Non-current	24	31
Total liabilities	32	40

	Group	
	2024 £m	2023 £m
Interest expense	2	2

The weighted average incremental borrowing rate applied to the group's lease liabilities was 5.2% (2023: 4.4%).

A maturity analysis of lease liabilities is disclosed in note 28.

Other

	Group	
	2024 £m	2023 £m
Total cash outflow for leases	13	16

The expense relating to low-value and short-term leases is immaterial.

13 Goodwill

	Group £m
Cost	
At 1 st April 2022	573
Disposal of business	(148)
Exchange adjustments	6
At 31 st March 2023	431
Transferred to assets classified as held for sale (note 26)	(1)
Exchange adjustments	(4)
At 31 st March 2024	426
Accumulated impairment	
At 1 st April 2022	207
Disposal of businesses	(144)
Impairment losses	4
At 31 st March 2023	67
Impairment losses (notes 5, 6, 26)	6
At 31 st March 2024	73
Carrying amount at 31st March 2024	353
Carrying amount at 31 st March 2023	364
Carrying amount at 1 st April 2022	366

During the year, the goodwill related to Battery Systems was fully impaired by £6 million to reflect the fair value less costs to sell of the business upon reclassification to assets as held for sale. Goodwill of £1 million attributed to the Medical Device Components sale has been transferred to assets classified as held for sale.

During the prior year, the Diagnostic Services goodwill was fully impaired by £4 million to reflect the fair value less costs to sell of the business upon reclassification to assets held for sale. The Health business was disposed during the prior year.

Notes on the Accounts for the year ended 31st March 2024 continued**14 Other intangible assets****Group**

	Customer contracts and relationships £m	Computer software £m	Patents, Trademarks and licences £m	Acquired research and technology £m	Development expenditure £m	Total £m
Cost						
At 1 st April 2022	132	419	47	37	135	770
Additions	–	59	2	–	–	61
Transferred to assets classified as held for sale	(1)	(1)	–	(1)	–	(3)
Disposals	(2)	(2)	(7)	–	–	(11)
Disposal of businesses	(13)	–	–	–	–	(13)
Exchange adjustments	–	–	1	1	–	2
At 31 st March 2023	116	475	43	37	135	806
Additions	–	64	1	–	–	65
Transferred to assets classified as held for sale (note 26)	(10)	(1)	–	(6)	–	(17)
Disposals	–	(1)	(11)	–	–	(12)
Exchange adjustments	(3)	(1)	(1)	(1)	(1)	(7)
At 31 st March 2024	103	536	32	30	134	835

Accumulated amortisation and impairment

At 1 st April 2022	112	178	44	36	133	503
Charge for the year	4	31	–	1	–	36
Impairment losses (notes 5, 6 and 26)	–	3	–	–	–	3
Transferred to assets classified as held for sale	(1)	(1)	–	(1)	–	(3)
Disposals	(2)	(2)	(6)	–	–	(10)
Disposal of businesses	(13)	–	–	–	–	(13)
Exchange adjustments	1	–	1	1	–	3
At 31 st March 2023	101	209	39	37	133	519
Charge for the year	2	45	–	–	1	48
Transferred to assets classified as held for sale (note 26)	(10)	(1)	–	(6)	–	(17)
Disposals	–	–	(11)	–	–	(11)
Exchange adjustments	(2)	(1)	–	(1)	(1)	(5)
At 31 st March 2024	91	252	28	30	133	534
Carrying amount at 31st March 2024		4	4	–	1	301
Carrying amount at 31 st March 2023	15	266	4	–	2	287
Carrying amount at 1 st April 2022	20	241	3	1	2	267

15 Investments in associates

	2024 £m	2023 £m
Investments in associates	71	75

The movements in the year were:

	Joint ventures £m	Associates £m
At 1 st April 2022	2	–
Additions	–	75
Disposals	(2)	–
Group's share of loss for the year	–	(1)
Exchange adjustments	–	1
At 31 st March 2023	–	75
Group's share of loss for the year	–	(3)
Exchange adjustments	–	(1)
At 31st March 2024	–	71

As part of the disposal of our Health business in the prior year, we received £75 million in the form of shares which constitutes an approximately 30% equity interest in the re-branded business, Veranova Parent Holdco L.P. ('Veranova'). The group has determined that it has significant influence and therefore has equity accounted this stake as an investment in associate.

The group has disclosed a contingent liability relating to this associate, see note 32. Financial information for Veranova for the year to 31st March 2024 is provided below, note Veranova's financial year end is 31st December. The information disclosed reflects the amounts presented in the financial statements of Veranova and not the group's share of those amounts.

	2024 £	2023 £m
Summarised balance sheet		
Non-current assets	93	159
Cash and cash equivalents	30	12
Other current assets	267	203
Current assets	297	215
Current liabilities	(155)	(71)
Non-current liabilities	(8)	(14)
Net assets	227	289
Summarised statement of comprehensive income		
Revenue	255	189
Depreciation and amortisation	(17)	(19)
Income tax expense	1	(2)
Loss for the year and total comprehensive income	(9)	(4)

Notes on the Accounts for the year ended 31st March 2024 continued**16 Inventories**

	Group	
	2024 £m	2023 £m
Raw materials and consumables	289	359
Work in progress	591	1,047
Finished goods and goods for resale	331	296
Inventories	1,211	1,702

Work in progress includes £315 million (31st March 2023: £754 million) of precious metal which is committed to future sales to customers and valued at the price at which it is contractually committed.

Write-downs of inventories amounted to £38 million (2023: £39 million). These were recognised as an expense during the year ended 31st March 2024 and included in cost of sales in the income statement.

17 Trade and other receivables

	Group	
	2024 £m	2023 £m
Current		
Trade receivables	964	1,304
Contract receivables	56	70
Prepayments	74	83
Value added tax and other sales tax receivable	121	142
Advance payments to customers	18	10
Amounts receivable under precious metal sale and repurchase agreements ¹	417	222
Other receivables	68	51
Trade and other receivables	1,718	1,882
Non-current		
Value added tax and other sales tax receivable	–	3
Advance payments to customers	44	53
Other receivables	60	57
Other receivables	104	113

1. The fair value of the precious metal contracted to be sold by the group under sale and repurchase agreements is £398 million (2023: £215 million).

The group enters into factoring type arrangements in a small number of countries as part of normal business due to longer than standard payment terms, we seek to collect payments in the month following sale. As at 31st March 2024, the level of these arrangements was approximately £165 million (31st March 2023: approximately £250 million).

Trade receivables and contract receivables are net of expected credit losses (see note 28).

18 Other financial assets and liabilities

	Group	
	2024 £m	2023 £m
Non-current assets		
Forward foreign exchange contracts designated as cash flow hedges	1	–
Forward precious metal price contracts designated as cash flow hedges	33	48
Other financial assets	34	48
Current assets		
Forward foreign exchange contracts designated as cash flow hedges	7	11
Forward precious metal price contracts designated as cash flow hedges	41	30
Forward foreign exchange contracts and currency swaps at fair value through profit or loss	5	6
Other financial assets	53	47
Current liabilities		
Forward foreign exchange contracts designated as cash flow hedges	(5)	(13)
Forward foreign exchange contracts and currency swaps at fair value through profit or loss	(4)	(14)
Foreign exchange swaps designated as hedges of a net investment in foreign operations	(2)	–
Other financial liabilities	(11)	(27)

19 Trade and other payables

	Group	
	2024 £m	2023 £m
Current		
Trade payables	655	831
Contract liabilities	177	181
Accruals	328	338
Amounts payable under precious metal sale and repurchase agreements ¹	844	838
Other payables	205	309
Trade and other payables	2,209	2,497
Non-current		
Other payables	2	2
Trade and other payables	2	2

1. The fair value of the precious metal contracted to be repurchased by the group under sale and repurchase agreements is £797 million (2023: £802 million).

The amount of the contract liabilities balance at 31st March 2023 which was recognised in revenue during the year ended 31st March 2024 for the group company was £85 million (2023: £70 million).

Notes on the Accounts for the year ended 31st March 2024 continued**20 Borrowings and related swaps**

	Group	
	2024	2023
	£m	£m
Non-current		
Bank and other loans		
3.57% £65 million Bonds 2024	–	(65)
3.565% \$50 million KfW loan 2024	–	(40)
3.14% \$130 million Bonds 2025	(103)	(105)
1.40% €77 million Bonds 2025	(64)	(61)
2.54% £45 million Bonds 2025	(45)	(45)
3.79% \$130 million Bonds 2025	(103)	(105)
3.97% \$120 million Bonds 2027	(95)	(97)
SONIA + 1.25% UKEF EDG £ Facility 2028	(248)	(248)
EURIBOR + 1.20% UKEF EDG € Facility 2028	(153)	(157)
3.39% \$180 million Bonds 2028	(142)	(144)
1.81% €90 million Bonds 2028	(71)	(69)
2.77% £35 million Bonds 2029	(35)	(35)
3.00% \$50 million Bonds 2029	(40)	(40)
4.10% \$30 million Bonds 2030	(24)	(24)
2.92% €25 million Bonds 2030	(21)	(22)
1.90% €225 million Bonds 2032	(192)	(198)
Cross currency interest rate swaps designated as net investment hedges	(3)	(5)
Borrowings and related swaps	(1,339)	(1,460)
Current		
2.99% \$165 million Bonds 2023	–	(133)
2.44% €20 million Bonds 2023	–	(18)
3.57% £65 million Bonds 2024	(65)	–
3.565% \$50 million KfW loan 2024	(40)	–
Other bank loans	(5)	(4)
Borrowings and related swaps	(110)	(155)

The 1.40% €77 million Bonds 2025 and the 1.81% €90 million Bonds 2028 have been swapped into floating rate euros. \$100 million of the 3.14% \$130 million Bonds 2025 have been swapped into sterling at 2.83% and the 3.00% \$50 million Bonds 2029 have been swapped into euros at 1.71%.

All borrowings bear interest at fixed rates with the exception of the UKEF EDG EUR and GBP facilities which bear interest at 6 Months EURIBOR plus 1.20% and SONIA plus 1.25% and bank overdrafts, which bear interest at commercial floating rates.

The margins on the UKEF EDG financing are impacted by the group's ability to meet targets around the reduction in its scope 1 and 2 emissions.

Notes on the Accounts for the year ended 31st March 2024 continued**21 Movements in assets and liabilities arising from financing activities**

	2023 £m	Cash outflow £m	Non-cash movements			Fair value and other movements £m	2024 £m
			Transfers £m	Transfers to held for sale £m	Foreign exchange movements £m		
Non-current assets							
Interest rate swaps	20	–	–	–	–	(5)	15
Non-current liabilities							
Borrowings and related swaps	(1,460)	–	105	–	16	–	(1,339)
Interest rate swaps	(15)	–	–	–	–	5	(10)
Lease liabilities	(31)	–	10	4	2	(9)	(24)
Current liabilities							
Borrowings and related swaps	(155)	150	(105)	–	–	–	(110)
Lease liabilities	(9)	11	(10)	1	–	(1)	(8)
Net movements in assets and liabilities arising from financing activities	–	161	–	5	18	(10)	
Dividends paid to equity shareholders	–	141					
Interest paid	–	137					
Net cash outflow from financing activities	–	439					

	2022 £m	Cash (inflow) / outflow £m	Non-cash movements			Fair value and other movements £m	2023 £m
			Transfers £m	Transfers to held for sale £m	Foreign exchange movements £m		
Non-current assets							
Interest rate swaps	12	(1)	–	–	–	9	20
Non-current liabilities							
Borrowings and related swaps	(899)	(672)	149	–	(36)	(2)	(1,460)
Interest rate swaps	(2)	1	–	–	–	(14)	(15)
Lease liabilities	(40)	–	11	9	–	(11)	(31)
Current liabilities							
Borrowings and related swaps	(265)	281	(149)	–	(21)	(1)	(155)
Lease liabilities	(10)	14	(11)	1	–	(3)	(9)
Net movements in assets and liabilities arising from financing activities	–	(377)	–	10	(57)	(22)	
Dividends paid to equity shareholders	–	141					
Interest paid	–	94					
Purchase of treasury shares	–	45					
Net cash inflow from financing activities	–	(97)					

Notes on the Accounts for the year ended 31st March 2024 continued

22 Provisions Group

	Restructuring provisions £m	Warranty and technology provisions £m	Other provisions £m	Total £m
At 1 st April 2022	42	5	37	84
Charge for the year	25	10	8	43
Utilised	(28)	(1)	(1)	(30)
Released	(1)	(2)	(3)	(6)
At 31 st March 2023	38	12	41	91
Charge for the year	36	2	7	45
Utilised	(34)	(2)	(1)	(37)
Released	(10)	(4)	(5)	(19)
At 31st March 2024	30	8	42	80

	2024 £m	2023 £m
Current	63	63
Non-current	17	28
Total provisions	80	91

Restructuring

The restructuring provisions are part of the group's efficiency initiatives (see note 6).

Warranty and technology

The warranty and technology provisions represent management's best estimate of the group's liability under warranties granted and remedial work required under technology licences based on past experience in Clean Air, Catalyst Technologies and Value Businesses. Warranties generally cover a period of up to three years.

Other

The other provisions include environmental and legal provisions arising across the group. Amounts provided reflect management's best estimate of the expenditure required to settle the obligations at the balance sheet date.

Notes on the Accounts for the year ended 31st March 2024 continued

23 Deferred tax Group

	Property, plant and equipment £m	Post-employment benefits £m	Provisions £m	Inventories £m	Intangibles £m	Other £m	Total deferred tax (assets) / liabilities £m
At 1 st April 2022	(37)	85	(44)	(49)	(2)	(33)	(80)
(Credit) / charge to the income statement	(7)	7	(15)	22	(8)	(22)	(23)
Disposal of businesses	5	–	4	1	(7)	7	10
Transferred to assets classified as held for sale	3	–	–	–	–	–	3
Tax on items taken directly to or transferred from equity	–	(37)	–	–	–	26	(11)
Exchange adjustments	(1)	–	–	–	–	–	(1)
At 31 st March 2023	(37)	55	(55)	(26)	(17)	(22)	(102)
Charge / (credit) to the income statement (note 9)	–	3	(8)	(1)	25	(31)	(12)
Transferred to assets classified as held for sale (note 26)	–	–	–	–	–	4	4
Tax on items taken directly to or transferred from equity	–	(17)	–	–	–	–	(17)
Exchange adjustments	–	–	–	–	–	1	1
At 31st March 2024	(37)	41	(63)	(27)	8	(48)	(126)

	2024 £m	2023 £m
Deferred tax assets	(128)	(121)
Deferred tax liabilities	2	19
Net amount	(126)	(102)

Deferred tax has not been recognised in respect of tax losses of £158 million (2023: £85 million) and other temporary differences of £8 million (2023: £23 million). Of the total tax losses, £69 million (2023: £30 million) is expected to expire within 5 years, £36 million within 5 to 10 years (2023: £30 million), £nil after 10 years (2023: £nil) and £53 million carry no expiry (2023: £25 million). These deferred tax assets have not been recognised on the basis that their future economic benefit is not probable.

In addition, the group's overseas subsidiaries have net unremitted earnings of £1,149 million (2023: £933 million), resulting in temporary differences of £451 million (2023: £563 million). No deferred tax has been provided in respect of these differences since the timing of the reversals can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The recognition of deferred tax assets has been determined by the recoverability of those assets against future tax liabilities as determined by budgets and plans that are showing profits in relevant businesses. The majority of the deferred tax assets and liabilities noted above are anticipated to be realised after more than 12 months.

Notes on the Accounts for the year ended 31st March 2024 continued

24 Post-employment benefits

Group

Background

Pension plans

The group operates a number of post-employment retirement and medical benefit plans around the world. The retirement plans in the UK, US and other countries include both defined contribution and defined benefit plans.

For defined contribution plans, retirement benefits are determined by the value of funds arising from contributions paid in respect of each employee and the investment returns on those contributions prior to retirement.

For defined benefit plans, which include final salary, career average and other types of plans with committed pension payments, the retirement benefits are based on factors, such as the employee's pensionable salary and length of service. The majority of the group's final salary and career average defined benefit retirement plans are now closed to new entrants and future accrual.

Regulatory framework and governance

The UK pension plan, the Johnson Matthey Employees' Pension Scheme (JMEPS), is a registered arrangement established under trust law and, as such, is subject to UK pension, tax and trust legislation. It is managed by a corporate trustee, JMEPS Trustees Limited. The trustee board includes representatives appointed by both the parent company and employees and includes an independent chairman.

Although the parent company bears the financial cost of the plan, the trustee directors are responsible for the overall management and governance of JMEPS, including compliance with all applicable legislation and regulations. The trustee directors are required by law to act in the interests of all relevant beneficiaries and: to set certain policies; to manage the day-to-day administration of the benefits; and to set the plan's investment strategy following consultation with the parent company.

UK pensions are regulated by the Pensions Regulator whose statutory objectives and regulatory powers are described on its website: www.thepensionsregulator.gov.uk

The JMEPS Trustee Board considers how climate risk is integrated within investment processes when appointing, monitoring and withdrawing from investment managers using the investment consultant's Environmental, Social and Governance (ESG) ratings. The ESG ratings include consideration of climate risk management policies. On a periodic basis, JMEPS will review the ESG ratings assigned to the underlying investments based on the investment consultant's ESG research.

The US pension plans are qualified pension arrangements and are subject to the requirements of the Employee Retirement Income Security Act, the Pension Protection Act 2006 and the Department of Labor and Internal Revenue. The plans are managed by a pension committee which acts as the fiduciary and, as such, is ultimately responsible for: the management of the plans' investments; compliance with all applicable legislation and regulations; and overseeing the general management of the plans.

Other trustee or fiduciary arrangements that have similar responsibilities and obligations are in place for the group's other funded defined benefit pension plans outside of the UK and US.

Benefits

The UK defined benefit pension plan is segregated into two sections – a legacy section which provides final salary and career average pension benefits and a hybrid arrangement which provides three levels of membership offering cash balance and defined contribution sections.

The legacy section provides benefits to members in the form of a set level of pension payable for life based on the member's length of service and final pensionable salary at retirement or averaged over their career with the company. The majority of the benefits attract inflation-related increases both before and after retirement. The final salary element of the legacy section was closed to future accrual of benefits from 1st April 2010 and the career average element of the legacy section was closed to new entrants on 1st October 2012 and closed to future accrual on 31st March 2024.

The cash balance section provides benefits to members at the point of retirement in the form of a cash lump sum. The benefits attract inflation-related increases before retirement but, following the payment of the retirement lump sum benefit, the plan has no obligation to pay any further benefits to the member. All new employees join the defined contribution section but have the opportunity to switch to the cash balance section of the plan within 60 days of joining the Company.

The group operates two defined benefit pension plans in the US. The hourly pension plan is for unionised employees and provides a fixed retirement benefit for life based upon years of service. The salaried pension plan provides retirement benefits for life based on the member's length of service and final pensionable salary (averaged over the last five years). The salaried plan benefits attract inflation-related increases before leaving but are non-increasing thereafter. On retirement, members in either plan have the option to take the cash value of their benefit instead of a lifetime annuity in which case the plan has no obligation to pay any further benefits to the member.

Notes on the Accounts for the year ended 31st March 2024 continued

24 Post-employment benefits (continued)

The US salaried pension plan was closed to new entrants on 1st September 2013, and the US hourly pension plan was closed to new entrants on 1st January 2019. The hourly pension plan remains open to future accrual for existing members but the salaried pension plan was closed to future accrual from 1st July 2023 with plan participants transferring to a defined contribution plan. All new US employees now join a defined contribution plan.

Other post-employment benefits

The group's principal post-employment medical plans are in the UK and US, and are unfunded arrangements that have been closed to new entrants for over ten years.

Maturity profile

The estimated weighted average durations of the defined benefit obligations of the main plans as at 31st March 2024 are:

	Weighted average duration Years
Pensions:	
UK	14
US	9
Post-retirement medical benefits:	
UK	8
US	9

Funding

Introduction

The group's principal defined benefit retirement plans are funded through separate fiduciary or trustee administered funds that are independent of the sponsoring company. The contributions paid to these arrangements are jointly agreed by the sponsoring company and the relevant trustee or fiduciary body after each funding valuation and in consultation with independent qualified actuaries. The plans' assets, together with the agreed funding contributions, should be sufficient to meet the plans' future pension obligations.

UK valuations

UK legislation requires that pension plans are funded prudently and that, when undertaking a funding valuation (every three years), assets are taken at their market value and liabilities are determined based on a set of prudent assumptions set by the trustee following consultation with their appointed actuary. The assumptions used for funding valuations may, therefore, differ to the actuarial assumptions used for IAS 19, *Employee Benefits*, accounting purposes.

In January 2013, a special purpose vehicle (SPV), Johnson Matthey (Scotland) Limited Partnership, was set up to provide deficit reduction contributions and greater security to the trustee. The group invested £50 million in a bond portfolio which is beneficially held by the SPV. The income generated by the SPV is used to make annual distributions of £3.5 million to JMEPS for a period of up to 25 years. These annual distributions are only payable if the legacy section of JMEPS continues to be in deficit, on a funding basis. This bond portfolio is held as a non-current investment at fair value through other comprehensive income and the group's liability to pay the income to the plan is not a plan asset under IAS 19 although it is for actuarial funding valuation purposes. The SPV is exempt from the requirement to prepare audited annual accounts as it is included on a consolidated basis in these accounts.

A funding valuation of JMEPS was carried out as at 1st April 2021 and showed that there was a deficit of £9 million in the legacy section of the plan, or a surplus of £24 million after taking account of the future additional deficit contributions from the SPV. The valuation also showed a deficit in the cash balance section of the plan of £1 million. The next triennial actuarial valuation of JMEPS was carried out as at 1st April 2024 with the results known later in the year.

In accordance with the governing documentation of JMEPS, any future plan surplus would be returned to the parent company by way of a refund assuming gradual settlement of the liabilities over the lifetime of the plan. As such, there are no adjustments required in respect of IFRIC 14, IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

US valuations

The last annual review of the US defined benefit pension plans was carried out by a qualified actuary as at 1st July 2023 and showed that there was a surplus of \$18 million on the projected funding basis.

The assumptions used for funding valuations may differ to the actuarial assumptions used for IAS 19 accounting purposes.

Other valuations

Similar funding valuations are undertaken on the group's other defined benefit pension plans outside of the UK and US in accordance with prevailing local legislation.

Notes on the Accounts for the year ended 31st March 2024 continued

24 Post-employment benefits (continued)

Risk management

The group is exposed to a number of risks relating to its post-retirement pension plans, the most significant of which are:

Risk	Mitigation
Market (investment) risk Asset returns may not move in line with the liabilities and may be subject to volatility.	<p>The group's various plans have highly diversified investment portfolios, investing in a wide range of assets that provide reasonable assurance that no single security or type of security could have a material adverse impact on the plan.</p> <p>A de-risking strategy is in place to reduce volatility in the plans as a result of the mismatch between the assets and liabilities. As the funding level of the plans improve and hit pre-agreed triggers, plan investments are switched from return-seeking assets to liability-matching assets.</p> <p>The plans implement partial currency hedging on their overseas assets to mitigate currency risk.</p>
Interest (discount) rate risk Liabilities are sensitive to movements in bond yields (interest rates), with lower interest rates leading to an increase in the valuation of liabilities, albeit the impact on the plan's funding level will be partially offset by an increase in the value of its bond holdings.	<p>The group's defined benefit plans hold a high proportion of their assets in government or corporate bonds, which provide a natural hedge against falling interest rates.</p> <p>In the UK, this interest rate hedge is extended by the use of interest rate swaps, such that the plan is 100% hedged on the plan's funding basis. The swaps are held with several banks to reduce counterparty risk.</p>

Risk	Mitigation
Inflation risk Liabilities are sensitive to movements in inflation, with higher inflation leading to an increase in the valuation of liabilities.	<p>Where plan benefits provide inflation-related increases, the plan holds some inflation-linked assets which provide a natural hedge against higher than expected inflation increases.</p> <p>In the UK, this inflation hedge is extended by the use of inflation swaps, such that the plan is 100% hedged on the plan's funding basis. The swaps are held with several banks to reduce counterparty risk.</p>
Longevity risk The majority of the group's defined benefit plans provide benefits for the life of the member, so the liabilities are sensitive to life expectancy, with increases in life expectancy leading to an increase in the valuation of liabilities.	<p>The group has closed most of its defined benefit pension plans to new entrants, replacing them with either a cash balance plan or defined contribution plans, both of which are unaffected by life expectancy.</p> <p>For the plans where a benefit for life continues to be payable, prudent mortality assumptions are used that appropriately allow for a future improvement in life expectancy. These assumptions are reviewed on a regular basis.</p>
Liquidity risk The pension plan may have insufficient access to cash to meet its short-term cash and collateral obligations, such that adverse scenarios could force the sale of a less-liquid assets at depressed prices.	<p>The group's defined benefit plans hold sufficient liquid assets to meet its cashflow obligations and the collateral requirements of its inflation and interest rate hedging. This reduces the risk of being a forced seller of less-liquid assets.</p>

Contributions

During the year, total contributions to the group's post-employment defined benefit plans were £38 million (2023: £40 million). It is estimated that the group will contribute approximately £35 million to the post-employment defined benefit plans during the year ending 31st March 2025.

Notes on the Accounts for the year ended 31st March 2024 continued**24 Post-employment benefits (continued)****IAS 19 accounting****Principal actuarial assumptions**

Qualified independent actuaries have updated the IAS 19 valuations of the group's major defined benefit plans to 31st March 2024. The assumptions used are chosen from a range of possible actuarial assumptions which, due to the long-term nature of the plans, may not necessarily be borne out in practice.

Financial assumptions

	2024			2023		
	UK plan %	US plans %	Other plans %	UK plan %	US plans %	Other plans %
First year's rate of increase in salaries	3.50	–	2.43	4.40	4.50	3.97
Ultimate rate of increase in salaries	3.50	–	2.20	3.40	4.50	2.20
Rate of increase in pensions in payment	2.90	–	2.20	2.90	–	2.80
Discount rate	4.90	5.20	3.30	4.80	4.90	4.40
Inflation	–	2.20	2.20	–	2.50	3.90
• UK Retail Prices Index (RPI)	3.10	–	–	3.10	–	–
• UK Consumer Prices Index (CPI)	2.75	–	–	2.65	–	–
Current medical benefits cost trend rate	8.95	–	–	12.50	–	–
Ultimate medical benefits cost trend rate	5.40	–	–	5.40	–	–

Demographic assumptions

The mortality assumptions are based on country-specific mortality tables and, where appropriate, include an allowance for future improvements in life expectancy. In addition, where credible data exists, actual plan experience is taken into account. The group's most substantial pension liabilities are in the UK and the US where, using the mortality tables adopted, the expected lifetime of average members currently at age 65 and average members at age 65 in 25 years' time (i.e. members who are currently aged 40 years) is respectively:

	Currently age 65		Age 65 in 25 years	
	UK plan	US plans	UK plan	US plans
Male	87	86	89	88
Female	89	89	91	90

Notes on the Accounts for the year ended 31st March 2024 continued**24 Post-employment benefits (continued)****Financial information****Plan assets**

Movements in the fair value of plan assets during the year were:

	UK pension - legacy section £m	UK pension - cash balance section £m	UK post-retirement medical benefits £m	US pensions £m	US post- retirement medical benefits £m	Other £m	Total £m
At 1 st April 2022	2,160	156	–	310	–	8	2,634
Administrative expenses	(4)	–	–	(1)	–	–	(5)
Interest income	65	6	–	12	–	–	83
Return on plan assets excluding interest	(698)	(29)	–	(57)	–	(1)	(785)
Employee contributions	3	7	–	–	–	–	10
Company contributions	8	21	1	7	1	2	40
Benefits paid	(62)	(2)	(1)	(42)	(1)	(1)	(109)
Exchange adjustments	–	–	–	21	–	–	21
At 31 st March 2023	1,472	159	–	250	–	8	1,889
Administrative expenses	(4)	–	–	(1)	–	–	(5)
Interest income	68	8	–	12	–	–	88
Return on plan assets excluding interest	(106)	(4)	–	(9)	–	(1)	(120)
Employee contributions	2	7	–	–	–	–	9
Company contributions	10	22	1	3	–	2	38
Benefits paid	(58)	(3)	(1)	(29)	–	(3)	(94)
Exchange adjustments	–	–	–	(5)	–	–	(5)
At 31st March 2024	1,384	189	–	221	–	6	1,800

The fair values of plan assets are analysed as follows:

	2024				2023			
	UK pension - legacy section £m	UK pension - cash balance section £m	US pensions £m	Other £m	UK pension - legacy section £m	UK pension - cash balance section £m	US pensions £m	Other £m
Quoted corporate bonds	494	61	80	–	382	56	191	–
Inflation and interest rate swaps	(8)	1	–	–	5	1	–	–
Quoted government bonds	490	45	65	–	563	41	42	1
Cash and cash equivalents	25	4	76	–	46	5	2	–
Quoted equity	1	62	–	–	212	56	15	1
Unquoted equity	49	–	–	–	51	–	–	–
Property	51	–	–	–	58	–	–	–
Insurance policies	–	–	–	6	–	–	–	6
Other	282	16	–	–	155	–	–	–
Plan assets	1,384	189	221	6	1,472	159	250	8

The UK plan's unquoted equities are assets within a pooled infrastructure fund where the underlying assets are a broad range of private infrastructure investments, diversified by geographic region, infrastructure sector, underlying asset type and development stage. These infrastructure assets are valued using widely recognised valuation techniques which use market data and discounted cash flows. The same valuation approach is used to determine the value of the swaps and insurance policies.

Notes on the Accounts for the year ended 31st March 2024 continued**24 Post-employment benefits (continued)**

The UK plan's property represents an investment in the Blackrock UK Property Fund, which is a unitised fund where the underlying assets are taken at market value. The valuation of the fund is independently audited by KPMG on an annual basis.

The defined benefit pension plans do not invest directly in Johnson Matthey Plc shares and no property or other assets owned by the pension plans are used by the group.

Defined benefit obligation

Movements in the defined benefit obligation during the year were:

	UK pension - Legacy section £m	UK pension - cash balance section £m	UK post-retirement medical benefits £m	US pensions £m	US post-retirement Medical benefits £m	Other £m	Total £m
At 1 st April 2022	(1,809)	(174)	(9)	(312)	(13)	(35)	(2,352)
Current service cost	(4)	(21)	–	(5)	–	(1)	(31)
Past service (cost) / credit	(2)	–	–	22	–	–	20
Interest cost	(56)	(5)	–	(12)	(1)	(1)	(75)
Employee contributions	(3)	(7)	–	–	–	–	(10)
Remeasurements due to changes in:							
Financial assumptions	577	77	1	52	1	7	715
Demographic assumptions	2	–	–	–	–	–	2
Experience adjustments	(70)	(4)	–	(9)	2	–	(81)
Benefits paid	62	2	1	42	1	1	109
Disposal of business	–	–	–	–	–	3	3
Exchange adjustments	–	–	–	(22)	–	(3)	(25)
At 31 st March 2023	(1,303)	(132)	(7)	(244)	(10)	(29)	(1,725)
Current service cost	(2)	(15)	–	(2)	–	(1)	(20)
Interest cost	(61)	(7)	–	(11)	(1)	(1)	(81)
Employee contributions	(2)	(7)	–	–	–	–	(9)
Remeasurements due to changes in:							
Financial assumptions	15	4	–	8	1	–	28
Demographic assumptions	32	–	–	–	–	–	32
Experience adjustments	(6)	–	–	(2)	–	–	(8)
Benefits paid	58	3	1	29	–	3	94
Exchange adjustments	–	–	–	3	–	2	5
At 31st March 2024	(1,269)	(154)	(6)	(219)	(10)	(26)	(1,684)

Notes on the Accounts for the year ended 31st March 2024 continued**24 Post-employment benefits (continued)****Reimbursement rights**

A government subsidy is receivable under the US Medicare legislation as the US post-retirement medical benefits plan is actuarially equivalent to the Medicare Prescription Drug Act and there is an insurance policy taken out to reinsure the pension commitments of one of the small pension plans which does not meet the definition of a qualifying insurance policy. These are accounted for as reimbursement rights and are shown on the balance sheet in post-employment benefit net assets.

There were no movements in the reimbursement rights during the year and the balance as at 31st March 2024 is £1 million.

Net post-employment benefit assets and liabilities

The net post-employment benefit assets and liabilities are:

	UK pension - legacy section £m	UK pension - cash balance section £m	UK post-retirement medical benefits £m	US pensions £	US post-retirement medical benefits £m	Other £m	Total £m
At 31st March 2024							
Defined benefit obligation	(1,269)	(154)	(6)	(219)	(10)	(26)	(1,684)
Fair value of plan assets	1,384	189	–	221	–	6	1,800
Reimbursement rights	–	–	–	–	–	1	1
Net post-employment benefit assets and liabilities	115	35	(6)	2	(10)	(19)	117
At 31st March 2023							
Defined benefit obligation	(1,303)	(132)	(7)	(244)	(10)	(29)	(1,725)
Fair value of plan assets	1,472	159	–	250	–	8	1,889
Reimbursement rights	–	–	–	–	–	1	1
Net post-employment benefit assets and liabilities	169	27	(7)	6	(10)	(20)	165

These are included in the balance sheet as follows:

	2024			2023		
	Post-employment benefit net assets £m	Employee benefit net obligations £m	Total £m	Post-employment benefit net assets £m	Employee benefit net obligations £m	Total £m
UK pension - legacy section	115	–	115	169	–	169
UK pension - cash balance section	35	–	35	27	–	27
UK post-retirement medical benefits	–	(6)	(6)	–	(7)	(7)
US pensions	2	–	2	6	–	6
US post-retirement medical benefits	–	(10)	(10)	–	(10)	(10)
Other	1	(20)	(19)	1	(21)	(20)
Total post-employment plans	153	(36)	117	203	(38)	165
Other long-term employee benefits		(3)			(3)	
Total long-term employee benefit obligations		(39)			(41)	

Notes on the Accounts for the year ended 31st March 2024 continued

24 Post-employment benefits (continued)

Financial information (continued)

Income statement

Amounts recognised in the income statement for long term employment benefits were:

	2024 £m	2023 £m
Administrative expenses	(5)	(5)
Current service cost	(20)	(31)
Past service credit	–	20
Defined benefit post-employment costs charged to operating profit	(25)	(16)
Defined contribution plans' expense	(28)	(24)
Charge to operating profit	(53)	(40)
Interest on post-employment benefits charged to finance income	7	8
Charge to profit before tax	(46)	(32)

Statement of total comprehensive income

Amounts recognised in the statement of total comprehensive income for long term employment benefits were:

	2024 £m	2023 £m
Return on plan assets excluding interest	(120)	(785)
Remeasurements due to changes in:		
Financial assumptions	28	715
Experience adjustments	(8)	(81)
Demographic assumptions	32	2
Remeasurements of post-employment benefit assets and liabilities	(68)	(149)

Sensitivity analysis

The calculations of the defined benefit obligations are sensitive to the assumptions used. The following summarises the estimated impact on the group's main plans of a change in the assumption while holding all other assumptions constant. This sensitivity analysis may not be representative of the actual change as it is unlikely that the change in assumptions would occur in isolation of one another.

Financial assumptions

A 0.1% change in the discount rate and inflation assumptions would (increase) / decrease the UK and US pension plans' defined benefit obligations at 31st March 2024 as follows:

	0.1% increase		0.1% decrease	
	UK plan £m	US plans £m	UK plan £m	US plans £m
Effect of discount rate	20	2	(21)	(2)
Effect of inflation	(19)	–	19	–

Demographic assumptions

A one-year increase in life expectancy would increase the UK and US pension plans' defined benefit obligation by £38 million and £4 million, respectively.

Other

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment is subject to appeal and possible further intervention. The Trustee has taken legal and actuarial advice and the Trustee and Group are monitoring developments and will consider if there are any implications for the UK Pension Fund, if the ruling is upheld.

Notes on the Accounts for the year ended 31st March 2024 continued

25 Share capital and other reserves

Share capital

	Number	£m
Issued and fully paid ordinary shares		
At 1 st April 2022	195,861,765	218
Share buyback	(2,271,920)	(3)
At 31st March 2023 and 31st March 2024	193,589,845	215

Details of outstanding allocations under the company's long term incentive plans and awards under the deferred bonus which have yet to mature are disclosed in note 30.

The total number of treasury shares held was 9,649,874 (2023: 10,136,428) at a total cost of £177 million (2023: £186 million).

The group and parent company's employee share ownership trust (ESOT) also buys shares on the open market and holds them in trust for employees participating in the group's executive long term incentive plans. At 31st March 2024, the ESOT held 511,623 shares (2023: 570,053 shares) which had not yet vested unconditionally to employees. Computershare Trustees (CI) Limited, as trustee for the ESOT, has waived its dividend entitlement.

Dividends

	2024 £m	2023 £m
2021/22 final ordinary dividend paid — 55.00 pence per share	—	100
2022/23 interim ordinary dividend paid — 22.00 pence per share	—	41
2022/23 final ordinary dividend paid — 55.00 pence per share	101	—
2023/24 interim ordinary dividend paid — 22.00 pence per share	40	—
Total dividends	141	141

A final dividend of 55.0 pence per ordinary share has been proposed by the board which will be paid on 6th August 2024 to shareholders on the register at the close of business on 7th June 2024, subject to shareholders' approval. The estimated amount to be paid is £101 million and has not been recognised in these accounts.

The board is responsible for the group's capital management including the approval of dividends. This includes an assessment of both the level of reserves legally available for distribution and consideration as to whether Johnson Matthey Plc would be solvent and maintain sufficient liquidity following any proposed distribution. The board has assessed the level of distributable profits as at 31st March 2024 and is satisfied that they are sufficient to support the proposed dividend.

Other reserves

Capital redemption reserve, The capital redemption reserve represents the cumulative nominal value of the company's ordinary shares repurchased and subsequently cancelled.

Foreign currency translation reserve, The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Fair value through other comprehensive income reserve, The fair value through other comprehensive income reserve represents the equity movements on financial assets held within this category.

Hedging reserve, The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

The Foreign currency translation reserve includes a £2 million loss (2023 restated: £6 million loss) in relation to continuing hedge relationships and £104 million loss (2023 restated: £104 million loss) in relation to discontinued hedge relationships. All cash flow hedge reserves balances relate to continuing hedge relationships.

During the year we identified a prior period error in the calculation of the continuing and discontinued hedge relationships. This solely impacts the disclosure note above and has resulted in a decrease of £6 million to the continuing hedge relationships disclosure and an increase of £101 million in the discontinued hedging relationships disclosure.

Notes on the Accounts for the year ended 31st March 2024 continued**25 Share capital and other reserves (continued)****Group**

	Capital redemption reserve £m	Foreign currency translation reserve £m	Fair value through other comprehensive income reserve £m	Hedging reserve			Total other reserves £m
				Forward currency contracts £m	Cross currency contracts £m	Forward metal contracts £m	
At 1 st April 2022	10	69	–	(5)	–	(24)	50
Cash flow hedges – (losses) / gains taken to equity	–	–	–	(10)	9	72	71
Cash flow hedges – transferred to revenue (income statement)	–	–	–	6	–	38	44
Cash flow hedges – transferred to cost of sales (income statement)	–	–	–	6	–	–	6
Cash flow hedges – transferred to foreign exchange (income statement)	–	–	–	–	(7)	–	(7)
Cash flow hedges – transferred to inventory (balance sheet)	–	–	–	–	–	–	–
Fair value losses on net investment hedges taken to equity	–	(10)	–	–	–	–	(10)
Fair value losses on investments at fair value through other comprehensive income	–	–	(12)	–	–	–	(12)
Exchange differences on translation of foreign operations taken to equity	–	1	–	–	–	–	1
Cancelled ordinary shares from share buyback	3	–	–	–	–	–	3
Tax on above items taken directly to or transferred from equity	–	–	–	(1)	(1)	(26)	(28)
At 31 st March 2023	13	60	(12)	(4)	1	60	118
Cash flow hedges – gains / (losses) taken to equity	–	–	–	3	(4)	27	26
Cash flow hedges – transferred to revenue (income statement)	–	–	–	12	–	(31)	(19)
Cash flow hedges – transferred to cost of sales (income statement)	–	–	–	(10)	–	–	(10)
Cash flow hedges – transferred to foreign exchange (income statement)	–	–	–	–	2	–	2
Fair value gains on net investment hedges taken to equity	–	4	–	–	–	–	4
Fair value losses on investments at fair value through other comprehensive income	–	–	(7)	–	–	–	(7)
Exchange differences on translation of foreign operations taken to equity	–	(79)	–	–	–	–	(79)
Tax on above items taken directly to or transferred from equity	–	–	–	(5)	–	6	1
At 31st March 2024	13	(15)	(19)	(4)	(1)	62	36

Capital

The group's policy for managing capital is to maintain an efficient balance sheet to ensure that the group always has sufficient resources to be able to invest in future growth. During the year, the group complied with all externally imposed capital requirements to which it is subject.

Notes on the Accounts for the year ended 31st March 2024 continued

26 Assets and liabilities classified as held for sale

The group drives for efficiency and disciplined capital allocation to enhance returns, as such we continue to actively manage our portfolio. In line with this strategy and to focus on our core businesses, during the period we completed the sale of our Diagnostics Services business. Refer to note 27 for further information on this disposal.

In March 2024, the group agreed to sell its Medical Device Components business expecting to realise net proceeds of £530 million which is in excess of the carrying amount of its assets. The business is classified as a disposal group held for sale.

Additionally, in March, the group agreed to sell its Battery Systems business. As at 31st March 2024, the proceeds less costs to sell for the Battery Systems business are estimated to be c.£30 million and so an impairment of £45 million has been recognised, see note 6. This impairment has been allocated against goodwill (£6 million), property, plant and equipment (£10 million), right-of-use assets (£1 million) and inventories (£28 million). The business is classified as a disposal group held for sale.

During the year we recognised an impairment reversal of £7 million for the land and buildings of our previous Battery Materials business in Poland to reflect the latest fair value less costs to sell. The original impairment on the land and buildings was in the year ended 31st March 2022.

The major classes of assets and liabilities comprising the businesses classified as held for sale as at 31st March are:

	2024			Total £m	2023 £m
	Medical Device Components £m	Battery Systems £m	Battery Materials Poland £m		
Non-current assets					
Property, plant and equipment	22	–	25	47	27
Right-of-use-assets	4	–	–	4	9
Goodwill	1	–	–	1	–
Other intangible assets	–	–	–	–	1
Deferred tax assets	–	4	–	4	3
Current assets					
Inventories	7	29	–	36	5
Trade and other receivables	13	22	–	35	30
Assets classified as held for sale	47	55	25	127	75
Current liabilities					
Trade and other payables	(5)	(22)	–	(27)	(14)
Lease liabilities	(1)	–	–	(1)	(1)
Taxation liabilities	(1)	(2)	–	(3)	(1)
Non-current liabilities					
Lease liabilities	(3)	(1)	–	(4)	(9)
Liabilities classified as held for sale	(10)	(25)	–	(35)	(25)
Net assets of disposal group	37	30	25	92	50

The prior year held for sale balances relate to Battery Materials and Diagnostic Services.

Notes on the Accounts for the year ended 31st March 2024 continued

27 Disposals

Diagnostic Services

On 29th September 2023, the group completed the sale of its Diagnostic Services business for an enterprise value of £55 million (£47 million on a debt free basis, after working capital adjustments). The business was disclosed as a disposal group held for sale as at 31st March 2023.

	Diagnostic Services £m
Proceeds	
Cash consideration	47
Cash and cash equivalents disposed	(3)
Net cash consideration	44
Disposal costs paid	(2)
Net cash inflow	42
Assets and liabilities disposed	
Non-current assets	
Property, plant and equipment	10
Right-of-use assets	9
Current assets	
Inventories	5
Trade and other receivables	32
Cash and cash equivalents	3
Deferred tax assets	3
Current liabilities	
Trade and other payables	(9)
Non-current liabilities	
Lease liabilities	(11)
Net assets disposed	42

	Diagnostic Services £m
Cash consideration	47
Deferred consideration	4
Working capital adjustments at time of disposal	4
Less: carrying amount of net assets sold	(42)
Less: disposal costs	(8)
Cumulative currency translation loss recycled from other comprehensive income	(1)
Profit recognised in the income statement	4

Johnson Matthey Catalysts LLC

On 15th June 2023, the group completed the sale of Johnson Matthey Catalysts LLC, its operations in Russia, to Catalysts and Technologies LLC for a cash consideration of £11 million. All assets excluding cash had previously been impaired. The sale resulted in a net loss on sale of £4 million due to a cumulative currency translation loss being recycled from other comprehensive income.

Battery Materials Germany

On 31st December 2023, the group completed the sale of the trade and assets (excluding cash) of its Battery Materials Germany business for a total consideration of £1 million. There was £nil profit on sale.

Disposal related costs

Included within loss on disposal of businesses is £9 million of disposal related costs. This is comprised of £7 million for the disposals of Medical Device Components (£5 million) and Battery Systems (£2 million) which were signed during the year and £2 million in relation to disposals in prior years.

Notes on the Accounts for the year ended 31st March 2024 continued

28 Financial risk management

The group's activities expose it to a variety of financial risks, including credit risk, market risk and liquidity risk. Market risk includes foreign currency risk, interest rate risk and price risk. The financial risks are managed by the group, under policies approved by the board. The financial risk management is carried out by a centralised group treasury function. Group treasury's role is to optimise the group's liquidity, mitigate financial risks and provide treasury services to the group's operating businesses. The group uses derivative financial instruments, including forward currency contracts, interest rate swaps and currency swaps, to manage the financial risks associated with its underlying business activities and the financing of those activities. Some derivative financial instruments used to manage financial risk are not designated as hedges and, therefore, are classified as at fair value through profit or loss. The group does not undertake any speculative trading activity in financial instruments.

Credit risk

Within certain businesses, the group derives a significant proportion of its revenue from sales to major customers. Sales to individual customers are large if the value of precious metals is included in the price. The failure of any such company to honour its debts could materially impact the group's results. The group derives significant benefit from trading with its customers and manages the risk at many levels. Each business has a credit committee that regularly monitors its exposure. The Audit Committee receives a report every six months that details all significant credit limits, amounts due and overdue within the group, and the relevant actions being taken. At 31st March 2024, trade receivables for the group amounted to £964 million (2023: £1,304 million), excluding £31 million classified as held for sale, of which £792 million (2023: £1,077 million) are in Clean Air which mainly supplies car and truck manufacturers and component suppliers in the automotive industry. Although Clean Air has a wide range of customers, the concentrated nature of this industry means that amounts owed by individual customers can be large and, in the event that one of those customers experiences financial difficulty, there could be a material adverse impact on the group. Other parts of the group tend to sell to a larger number of customers and amounts owed tend to be lower. At 31st March 2024, no single outstanding balance exceeded 2% (2023: 2%) of revenue.

The credit profiles of the group's customers are obtained from credit rating agencies where possible and are closely monitored. The scope of these reviews includes amounts overdue and credit limits. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, risk associated with the industry and country in which customers operate may also influence the credit risk. The credit quality of customers is assessed against the appropriate credit ratings, financial strength, trading experience and market position to define credit limits. Controls and risk mitigants include daily monitoring of exposures, investing in counterparties with investment grade ratings, restricting the amount that can be invested with one counterparty and credit-rating mitigation techniques. Generally, payments are made promptly in the automotive industry and in the other markets in which the group operates.

A provision matrix is used to calculate lifetime expected credit losses using historical loss rates based on days past due and a broad range of forward-looking information, including country and market growth forecasts. This year, expected credit losses on unimpaired trade and contract receivables reduced to £12 million (2023: £16 million) driven by a lower trade receivables balance.

Trade receivables are specifically impaired when the amount is in dispute, customers are in financial difficulty or for other reasons which imply there is doubt over the recoverability of the debt. They are written off when there is no reasonable expectation of recovery, based on an estimate of the financial position of the counterparty.

Movements in the allowance for credit losses on trade and contract receivables are as follows:

	Group	
	2024 £m	2023 £m
At beginning of year	30	37
Charge for year	11	5
Utilised	(2)	(1)
Released	(10)	(11)
At end of year	29	30

The group's maximum exposure to default on trade and contract receivables is £1,079 million (2023: £1,429 million), of which £31 million is classified as held for sale.

The group's financial assets included in other receivables are all current and not impaired.

The credit risk on cash and deposits and derivative financial instruments is limited because the counterparties with significant balances are banks with strong credit ratings. The exposure to individual banks is monitored frequently against internally-defined limits, together with each bank's credit rating and credit default swap prices. At 31st March 2024, the maximum net exposure with a single bank for cash and deposits was £81 million (2023: £37 million), whilst the largest mark to market exposure for derivative financial instruments to a single bank was £8 million (2023: £11 million). The group also uses money market funds to invest surplus cash thereby further diversifying credit risk and, at 31st March 2024, the group's exposure to these funds was £334 million (2023: £521 million). The amounts on deposit at the year end represent the group's maximum exposure to credit risk on cash and deposits. Expected credit losses on cash and cash equivalents are immaterial.

Notes on the Accounts for the year ended 31st March 2024 continued

28 Financial risk management (continued)

Foreign currency risk

The group operates globally with a significant amount of its profit earned outside the UK. The main impact of movements in exchange rates on the group's results arises on translation of overseas subsidiaries' profits into sterling. The largest exposure is to the euro and a 5% (5.8 cent (2023: 5.8 cent)) movement in the average exchange rate for the euro against sterling would have had a £11 million (2023: £11 million) impact on underlying operating profit. The group is also exposed to the US dollar and a 5% (6.3 cent (2023: 6.0 cent)) movement in the average exchange rate for the US dollar against sterling would have had a £7 million (2023: £10 million) impact on underlying operating profit. This exposure is part of the group's economic risk of operating globally which is essential to remain competitive in the markets in which it operates.

The group matches foreign currency assets and liabilities (where these differ to the functional currency of the relevant subsidiary) to avoid the risk of a material impact on the income statement resulting from movements in exchange rates. The group does, however, have foreign exchange exposure on movements through equity related to cash flow and net investment hedges. A 10% depreciation or appreciation in the US dollar and euro exchange rates against sterling would increase / (decrease) other reserves as follows:

	10% depreciation		10% appreciation	
	2024 £m	2023 £m	2024 £m	2023 £m
Cash flow hedges	16	5	(22)	(8)
Net investment hedges	(22)	5	21	(8)

For the net investment hedges, these movements would be fully offset in reserves by an opposite movement on the retranslation of the net assets of the overseas subsidiaries.

Investments in foreign operations

To protect the group's sterling balance sheet and reduce cash flow risk, the group has financed most of its investment in the US and Europe by borrowing US dollars and euros, respectively. Although much of this funding is obtained by directly borrowing the relevant currency, a part is achieved through currency swaps which can be more efficient and reduce costs.

The group has designated US dollar and euro loans and a cross currency swap as hedges of net investments in foreign operations as they hedge changes in the value of the subsidiaries' net assets against movements in exchange rates. The change in the value of the net investment hedges from movements in foreign currency exchange rates is recognised in equity and is offset by an equal and opposite movement in the carrying value of the net assets of the subsidiaries. All critical terms of the hedging instruments and hedged items matched during the year and, therefore, hedge ineffectiveness was immaterial. The hedge ratio is 1:1.

Year ended 31st March 2024

	US dollar and euro loans ¹ £m	Cross currency swap ² £m	FX Forwards ³ £m	Total £m
Carrying value of hedging instruments at 31 st March 2024	(160)	(3)	(2)	(165)
Change in carrying value of hedging instruments recognised in equity during the year	4	2	(2)	4
Change in fair value of hedged items during the year used to determine hedge effectiveness	(4)	(2)	2	(4)

Year ended 31st March 2023

	US dollar and euro loans ¹ £m	Cross currency swap ² £m	Total £m
Carrying value of hedging instruments at 31 st March 2023	(164)	(5)	(169)
Change in carrying value of hedging instruments recognised in equity during the year	(8)	(2)	(10)
Change in fair value of hedged items during the year used to determine hedge effectiveness	8	2	10

1. The designated hedging instruments are \$75 million of the 3.97% \$120 million Bonds 2027, €17 million of the 2.44% €20 million Bonds 2023, 1.81% €90 million Bonds 2028, €10 million of the 2.92% €25 million Bonds 2030.

2. The designated hedging instrument are a cross currency swap expiring in 2025 whereby the group pays 2.609% fixed on €77 million and receives 2.83% fixed on £65 million and a cross current swap expiring in 2029 whereby the group pays 1.712% fixed on €46 million and receives 2.6723% fixed on £38 million.

3. \$355 million FX forwards maturing June 2024.

Notes on the Accounts for the year ended 31st March 2024 continued

28 Financial risk management (continued)

Forecast receipts and payments in foreign currencies

The group uses forward foreign exchange contracts to hedge foreign exchange exposures arising on forecast receipts and payments in foreign currencies. These are designated and accounted for as cash flow hedges. The group's policy is to hedge between 50% and 80% of forecast receipts and payments in foreign currencies over the next 12 months.

For hedges of forecast receipts and payments in foreign currencies, the critical terms of the hedging instruments match exactly with the terms of the hedged items and, therefore, the group performs a qualitative assessment of effectiveness. Ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated or if there are changes in the credit risk of the group or the derivative counterparty. Hedge ineffectiveness was immaterial during the year. The hedge ratio is 1:1.

Year ended 31st March 2024

	Sterling / US dollar £m	Sterling / euro £m	Other £m	Total £m
Carrying value of hedging instruments at 31 st March 2024				
• assets	4	1	3	8
• liabilities	(4)	–	(1)	(5)
Change in carrying value of hedging instruments recognised in equity during the year	7	(1)	(3)	3
Change in fair value of hedged items during the year used to determine hedge effectiveness	(7)	1	3	(3)
Notional amount ¹	477	76	44	–

Year ended 31st March 2023

	Sterling / US dollar £m	Sterling / euro £m	Other £m	Total £m
Carrying value of hedging instruments at 31 st March 2023				
• assets	4	1	6	11
• liabilities	(8)	(1)	(4)	(13)
Change in carrying value of hedging instruments recognised in equity during the year	(10)	1	–	(9)
Change in fair value of hedged items during the year used to determine hedge effectiveness	10	(1)	–	9
Notional amount ¹	348	42	16	–

1. The notional amount is the sterling equivalent of the net currency amount purchased or sold.

The weighted average exchange rates on sterling / US dollar and sterling / euro forward foreign exchange contracts are 1.26 and 0.87 (2023: 1.26 and 0.88), respectively. The hedged, highly probable forecast transactions denominated in foreign currencies are expected to occur over the next 12 months.

Foreign currency borrowings

The group has designated two US dollar fixed interest rate to sterling fixed interest rate cross currency swaps as cash flow hedges. This swap hedges the movement in the cash flows on \$100 million of the 3.14% \$130 million bonds 2025 attributable to changes in the US dollar / sterling exchange rate while the second swap hedges the movement in the cash flows on the 3.00% \$50 million bonds 2029 attributable to changes in the US dollar / sterling exchange rate. The currency swaps have similar critical terms as the hedged items, such as reference rate, reset dates, payment dates, maturity and notional amounts. As all critical terms matched during the year, hedge ineffectiveness was immaterial. The hedge ratio is 1:1. The interest element of the swaps is recognised in the income statement each year.

	Cross currency swap	
	2024 £m	2023 £m
Carrying value of hedging instruments at 31 st March ¹	15	20
Change in carrying value of hedging instruments recognised in equity during the year	(4)	9
Change in fair value of hedged items during the year used to determine hedge effectiveness	4	(9)

1. The designated hedging instruments are two cross currency swaps, one expiring in 2025 whereby the group pays 2.83% fixed on £65 million and receives 3.14% fixed on \$100 million and one expiring in 2029 whereby the group pays 2.67% fixed on £38 million and receives 3.00% fixed on \$50 million.

Notes on the Accounts for the year ended 31st March 2024 continued

28 Financial risk management (continued)

The group's interest rate risk arises from fixed rate borrowings (fair value risk) and floating rate borrowings (cash flow risk) as well as cash deposits and short term investments. Its policy is to optimise interest cost and reduce volatility in reported earnings and equity. The group manages its risk by reviewing the profile of debt regularly and by selectively using interest rate swaps to maintain borrowings at competitive rates. At 31st March 2024, 63% (2023: 67%) of the group's borrowings and related swaps was at fixed rates with an average interest rate of 3.1% (2023: 3.1%). The remaining debt is floating rate. Based on the group's borrowings and related swaps at floating rates, after taking into account the effect of the swaps, a 1% change in all interest rates during the current year would have a £5 million impact on the group's profit before tax (2023: £5 million).

The group has designated three (2023: three) fixed rate to floating interest rate swaps as fair value hedges as they hedge the changes in fair value of bonds attributable to changes in interest rates. All hedging instruments have maturities in line with the repayment dates of the hedged bonds and the cash flows of the instruments are consistent. All critical terms of the hedging instruments and hedged items matched during the year and, therefore, hedge ineffectiveness was immaterial.

	2024 £m	2023 £m
Carrying value of hedging instruments at 31st March¹	(10)	(15)
Amortised cost	(143)	(147)
Fair value adjustment	8	17
Carrying value of hedged items at 31st March¹	(135)	(130)
Change in carrying value of hedging instruments recognised in profit or loss during the year	5	(14)
Change in fair value of hedged items during the year used to determine hedge effectiveness	(9)	14

1. The hedged items in the current year are the 1.40% €77 million Bonds 2025 and 1.81% €90 million Bonds 2028. Interest rate swaps have been contracted with aligned notional amounts and maturities to the bonds with the effect that the group pays an average floating rate of six-month LIBOR plus 0.64% on the US dollar bonds and six-month EURIBOR plus 0.94% on the euro bonds.

Price risk

Fluctuations in precious metal prices have an impact on the group's financial results. Our policy for all manufacturing businesses is to limit this exposure by hedging against future price changes where such hedging can be done at acceptable cost. The group enters into forward precious metal price contracts for the receipt or delivery of precious metal. The group does not take material price exposures on metal trading. A proportion of the group's precious metal inventories are unhedged due to the ongoing risk over security of supply.

Liquidity risk

The group's funding strategy includes maintaining appropriate levels of working capital, undrawn committed facilities and access to the capital markets. We regularly review liquidity levels and sources of cash, and we maintain access to committed credit facilities and debt capital markets. At 31st March 2024, the group had borrowings under committed bank facilities of £nil (2023: £nil). The group also has a number of uncommitted facilities and overdraft lines at its disposal.

The group has a £1 billion revolving credit facility with a maturity date of March 2027 which includes Environmental, Social and Governance KPIs which provides the group with a nominal interest saving or cost depending on our performance.

The group has three sustainability-linked private placements (€225 million £35 million and \$50 million). The notes have interest rates linked with Johnson Matthey's Key Performance Indicator for the reduction of its Scope 1 and 2 greenhouse gas emissions and are among the first sustainability-linked financing in the market from a UK corporate issuer.

	2024 £m	2023 £m
Expiring in more than one year	1,000	1,000
Undrawn committed bank facilities	1,000	1,000

Notes on the Accounts for the year ended 31st March 2024 continued**28 Financial risk management (continued)****Liquidity risk (continued)**

The maturity analyses for financial liabilities showing the remaining contractual undiscounted cash flows, including future interest payments, at current year exchange rates and assuming floating interest rates remain at the latest fixing rates, are:

	Within 1 year £m	1 to 2 years £m	2 to 5 years £m	After 5 years £m	Total £m
At 31st March 2024					
Bank overdrafts		–	–	–	12
Bank and other loans – principal	105	317	719	312	1,453
Bank and other loans – interest payments	53	44	89	14	200
Lease liabilities - principal	8	6	9	9	32
Lease liabilities - principal - classified as held for sale	1	1	3	–	5
Lease liabilities - interest payments	1	1	2	8	12
Financial liabilities in trade and other payables	2,032	2	–	–	2,034
Financial liabilities in trade and other payables classified as held for sale	27	–	–	–	27
Total non-derivative financial liabilities	2,239	371	822	343	3,775
Forward foreign exchange contracts – payments	713	7	–	–	720
Forward foreign exchange contracts – receipts	(705)	(7)	–	–	(712)
Currency swaps – payments	760	–	–	–	760
Currency swaps – receipts	(755)	–	–	–	(755)
Cross currency interest rate swaps - payments	4	133	2	78	217
Cross currency interest rate swaps - receipts	(6)	(147)	(4)	(78)	(235)
Interest rate swaps – payments	7	72	88	–	167
Interest rate swaps – receipts	(2)	(68)	(81)	–	(151)
Total derivative financial liabilities	16	(10)	5	–	11

At 31st March 2023

	Within 1 year £m	1 to 2 years £m	2 to 5 years £m	After 5 years £m	Total £m
Bank overdrafts	13	–	–	–	13
Bank and other loans – principal	155	104	809	542	1,610
Bank and other loans – interest payments	52	49	112	24	237
Lease liabilities - principal	9	9	12	10	40
Lease liabilities - principal - classified as held for sale	1	1	2	6	10
Lease liabilities - interest payments	2	1	3	8	14
Financial liabilities in trade and other payables	2,316	2	–	–	2,318
Financial liabilities in trade and other payables classified as held for sale	14	–	–	–	14
Total non-derivative financial liabilities	2,562	166	938	590	4,256
Forward foreign exchange contracts – payments	322	27	5	–	354
Forward foreign exchange contracts – receipts	(310)	(25)	(5)	–	(340)
Currency swaps – payments	1,026	–	–	–	1,026
Currency swaps – receipts	(1,012)	–	–	–	(1,012)
Cross currency interest rate swaps - payments	5	5	139	81	230
Cross currency interest rate swaps - receipts	(7)	(7)	(154)	(81)	(249)
Interest rate swaps – payments	5	5	78	81	169
Interest rate swaps – receipts	(2)	(2)	(73)	(80)	(157)
Total derivative financial liabilities	27	3	(10)	1	21

Notes on the Accounts for the year ended 31st March 2024 continued**28 Financial risk management (continued)****Offsetting financial assets and liabilities**

The group offsets financial assets and liabilities when it currently has a legally enforceable right to offset the recognised amounts and it intends to either settle on a net basis or realise the asset and settle the liability simultaneously. The following financial assets and liabilities are subject to offsetting or enforceable master netting arrangements:

	Gross financial assets / (liabilities) £m	Amounts set off £m	Net amounts in balance sheet £m	Amounts not set off ¹ £m	Net £m
At 31st March 2024					
Non-current interest rate swaps	15	–	15	(5)	10
Other financial assets - current	53	–	53	(7)	46
Other financial liabilities - current	(11)	–	(11)	7	(4)
Non-current borrowings and related swaps	(1,339)	–	(1,339)	5	(1,334)
	Gross financial assets / (liabilities) £m	Amounts set off £m	Net amounts in balance sheet £m	Amounts not set off ¹ £m	Net £m
At 31st March 2023					
Non-current interest rate swaps	20	–	20	(5)	15
Other financial assets - current	47	–	47	(11)	36
Other financial liabilities - current	(27)	–	(27)	11	(16)
Non-current borrowings and related swaps	(1,460)	–	(1,460)	5	(1,455)

1. Agreements with derivative counterparties are based on an ISDA Master Agreement. Under these arrangements, whilst the group does not have a legally enforceable right of set off, where certain credit events occur, such as default, the net position receivable from or payable to a single counterparty in the same currency would be taken as owing and all the relevant arrangements terminated.

29 Fair values**Fair value hierarchy**

Fair values are measured using a hierarchy where the inputs are:

- Level 1 – quoted prices in active markets for identical assets or liabilities.
- Level 2 – not level 1 but are observable for that asset or liability either directly or indirectly.
- Level 3 – not based on observable market data (unobservable).

Fair value of financial instruments

Certain of the group's financial instruments are held at fair value. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the balance sheet date.

The fair value of forward foreign exchange contracts, interest rate swaps, forward precious metal price contracts and currency swaps is estimated by discounting the future contractual cash flows using forward exchange rates, interest rates and prices at the balance sheet date.

The fair value of trade and other receivables measured at fair value is the face value of the receivable less the estimated costs of converting the receivable into cash.

The fair value of money market funds is calculated by multiplying the net asset value per share by the investment held at the balance sheet date.

There were no transfers of any financial instrument between the levels of the fair value hierarchy during the current or prior years.

Notes on the Accounts for the year ended 31st March 2024 continued**29 Fair values (continued)**

	2024 £m	2023 £m	Fair value hierarchy Level	Note
Financial instruments measured at fair value				
Non-current				
Investments at fair value through other comprehensive income ¹	40	49	1	–
Interest rate swaps – assets	15	20	2	–
Other financial assets ²	34	48	2	18
Interest rate swaps – liabilities	(10)	(15)	2	–
Borrowings and related swaps	(3)	(5)	2	20
Current				
Trade receivables ³	178	329	2	17
Other receivables ⁴	3	21	2	17
Cash and cash equivalents – money market funds	334	521	2	–
Cash and cash equivalents – cash and deposits	12	–	2	–
Other financial assets ²	53	47	2	18
Other financial liabilities ²	(11)	(27)	2	18
Financial instruments not measured at fair value				
Non-current				
Borrowings and related swaps	(1,336)	(1,455)	–	20
Lease liabilities	(24)	(31)	–	12
Trade and other receivables	60	57	–	17
Other payables	(2)	(2)	–	19
Current				
Amounts receivable under precious metal sale and repurchase agreements	398	222	–	17
Amounts payable under precious metal sale and repurchase agreements	(797)	(838)	–	19
Cash and cash equivalents – cash and deposits	196	129	–	–
Cash and cash equivalents – bank overdrafts	(12)	(13)	–	–
Borrowings and related swaps	(110)	(155)	–	20
Lease liabilities	(8)	(9)	–	12
Trade and other receivables	926	1,075	–	17
Trade and other payables	(1,235)	(1,478)	–	19

1. Investments at fair value through other comprehensive income are quoted bonds purchased to fund pension deficits (£35 million) and investments held at fair value through other comprehensive income (£5 million).

2. Includes forward foreign exchange contracts, forward precious metal price contracts and currency swaps.

3. Trade receivables held in a part of the group with a business model to hold trade receivables for collection or sale. The remainder of the group operates a hold to collect business model and receives the face value, plus relevant interest, of its trade receivables from the counterparty without otherwise exchanging or disposing of such instruments.

4. Other receivables with cash flows that do not represent solely the payment of principal and interest.

The fair value of financial instruments, excluding accrued interest, is approximately equal to book value except for:

	2024		2023	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
US Dollar Bonds 2023, 2025, 2027, 2028, 2029 and 2030	(507)	(474)	(648)	(618)
Euro Bonds 2023, 2025, 2028, 2030 and 2032	(348)	(320)	(368)	(340)
Sterling Bonds 2024, 2025 and 2029	(145)	(137)	(145)	(137)
KfW US Dollar Loan 2024	(40)	(38)	(40)	(39)

The fair values are calculated using level 2 inputs by discounting future cash flows to net present values using appropriate market interest rates prevailing at the year end.

30 Share-based payments

The total expense recognised during the year in respect of equity-settled share-based payments was £17 million (2023: £18 million).

The group currently operates various share-based payment schemes; a Performance share plan (PSP), a Restricted share plan (RSP), a Deferred bonus scheme and a Share Incentive Plan (SIP). Further details of the directors' remuneration under share-based payment plans are given in the Remuneration Report.

PSP

From 2017, shares are awarded to certain of the group's executive directors and senior managers under the PSP based on a percentage of salary and are subject to performance targets over a three-year period. The performance targets are based on underlying EPS growth, and Total Shareholder Return, and strategic and sustainability targets.

Subject to the performance conditions being met the shares will vest after which the directors will be required to hold any vested shares until the fifth anniversary of the award. The Remuneration Committee is entitled to claw back the awards to the executive directors in cases of misstatement or misconduct.

RSP

From 2017, shares are awarded to certain of the group's executive directors and senior managers under the RSP based on a percentage of salary. Awards under the RSP are not subject to performance targets. The shares are subject only to the condition that the employee remains employed by the group on the vesting date (ranging from one to three years after the award date).

Notes on the Accounts for the year ended 31st March 2024 continued

30 Share-based payments (continued)

Deferred bonus

A proportion of the bonus payable to executive directors and senior managers is awarded as shares and deferred for three years. The Remuneration Committee is entitled to claw back the deferred element in cases of misstatement or misconduct or other relevant reason as determined by it.

All employee share incentive plan (SIP) – UK and overseas

Under the SIP, all employees with at least one year of service with the group and who are employed by a participating group company are entitled to contribute up to 2.5% of base pay each month, subject to a £125 per month limit. The SIP trustees buy shares (partnership shares) at market value each month with the employees' contributions. For each partnership

share purchased, the group purchases two shares (matching shares) which are awarded to the employee.

In the UK SIP, if the employee sells or transfers partnership shares within three years of the date of award, the linked matching shares are forfeited.

In the overseas SIP, partnership shares and matching shares are subject to a three-year holding period and cannot be sold or transferred during that time.

During the year, 374,840 (2023: 311,260) matching shares under the SIP were awarded to employees. These are nil cost awards on which performance conditions are substantially completed at the date of grant and, consequently, the fair value of these awards is based on the market value of the shares at that date.

Activity in the year in relation to these share plans is shown below:

	Year ended 31 st March 2024			Year ended 31 st March 2023		
	PSP	RSP	Deferred Bonus	PSP	RSP	Deferred Bonus
Outstanding at the start of the year	1,728,934	996,190	211,310	1,434,911	1,258,698	149,136
Awarded during the year	1,349,149	53,614	145,794	798,488	320,907	102,961
Forfeited during the year	(204,808)	(49,890)	–	(243,093)	(130,601)	–
Released during the year	(533,508)	(510,535)	(32,385)	(261,372)	(452,814)	(40,787)
Outstanding at the end of the year	2,339,767	489,379	324,719	1,728,934	996,190	211,310

	Year ended 31 st March 2024					Year ended 31 st March 2023			
	PSP	Exceptional RSP ¹	Exceptional RSP ¹	Exceptional RSP ¹	Deferred Bonus	PSP	RSP	Exceptional RSP	Deferred Bonus
Fair value of shares awarded (pence)	1,634.9	1,634.9	1,685.7	1,738.0	1,585.7	1,916.8	1,916.8	2,059.6	1,849.1
Share price at the date of award (pence)	1,792.0	1,792.0	1,792.0	1,792.0	1,792.0	2,135.0	2,135.0	2,135.0	2,135.0
Dividend rate	3.07%	3.07%	3.07%	3.07%	3.07%	3.61%	3.61%	3.61%	3.61%

1. The group awarded three exceptional RSP schemes on 1st August 2023 of duration one, two, and three years.

The fair value of shares awarded was calculated using a modified Black Scholes model based on the share price at the date of award adjusted for the present value of the expected dividends that will not be received at an expected dividend rate.

At 31st March 2024, the weighted average remaining contracted life of the awarded PSP shares is 1.7 years (2023: 1.4 years) and 0.6 years (2023: 1.0 years) for the awarded RSP shares.

Notes on the Accounts for the year ended 31st March 2024 continued

31 Commitments

Capital commitments - future capital expenditure contracted but not provided	Group		Parent company	
	2024 £m	2023 £m	2024 £m	2023 £m
Property, plant and equipment	68	106	28	32
Other intangible assets	14	25	14	25

At 31st March 2024, precious metal leases were £197 million (31st March 2023: £138 million) at year end prices.

32 Contingent liabilities

The group is involved in various disputes and claims which arise from time to time in the course of its business including, for example, in relation to commercial matters, product quality or liability, employee matters and tax audits. The group is also involved from time to time in the course of its business in legal proceedings and actions, engagement with regulatory authorities and in dispute resolution processes. These are reviewed on a regular basis and, where possible, an estimate is made of the potential financial impact on the group. In appropriate cases a provision is recognised based on advice, best estimates and management judgement. Where it is too early to determine the likely outcome of these matters, no provision is made. Whilst the group cannot predict the outcome of any current or future such matters with any certainty, it currently believes the likelihood of any material liabilities to be low, and that such liabilities, if any, will not have a material adverse effect on its consolidated income, financial position or cash flows.

Following the sale of its Health business in May 2022, the purchaser of the Health business, Veranova Bidco LP, has issued a claim against the group in connection with: i) certain alleged representations said to have been made during the course of the negotiation of the sale and purchase agreement dated 16th December 2021 ("SPA"); and, ii) certain warranties given in the SPA at the time of signing. Having reviewed the claim with its advisers, the group is of the opinion that it has a defensible position in respect of these allegations and is vigorously defending its position. The outcome of the legal proceedings relating to this matter is not certain, since the issues of liability and quantum will be for determination by the court at trial. Accordingly, the group is unable to make a reliable estimate of the possible financial impact at this stage, if any.

33 Transactions with related parties

The group has a related party relationship with its associates, its post-employment benefit plans (note 24) and its key management personnel (below). Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

During the year the group had sales of £17 million (2023: £6 million) with Veranova. The amounts owed by Veranova were £1 million at 31st March 2024 (31st March 2023: £3 million).

The key management of the group and parent company consist of the Board of Directors and the members of the Group Leadership Team (GLT). During the year ended 31st March 2024, the GLT had an average of 13 members (2023: 12 members). The only transactions with any key management personnel was compensation charged in the year which was:

	2024 £m	2023 £m
Short term employee benefits	9	10
Share-based payments	1	1
Non-executive directors' fees and benefits	1	1
Total compensation of key management personnel	11	12

There were no balances outstanding as at 31st March 2024 (31st March 2023: £nil). Information on directors' remuneration is given in the Remuneration Report.

Guarantees of subsidiaries' liabilities are disclosed in note 47.

Notes on the Accounts for the year ended 31st March 2024 continued

34 Non-GAAP measures

The group uses various measures to manage its business which are not defined by generally accepted accounting principles (GAAP). The group's management believes these measures provide valuable additional information to users of the accounts in understanding the group's performance. Certain of these measures are financial Key Performance Indicators which measure progress against our strategy.

All non-GAAP measures are on a continuing operations basis.

Definitions

Measure	Definition	Purpose
Sales ¹	Revenue excluding sales of precious metals to customers and the precious metal content of products sold to customers.	Provides a better measure of the growth of the group as revenue can be heavily distorted by year on year fluctuations in the market prices of precious metals and, in many cases, the value of precious metals is passed directly on to customers.
Underlying operating profit ²	Operating profit excluding non-underlying items.	Provides a measure of operating profitability that is comparable over time.
Underlying operating profit margin ^{1, 2}	Underlying operating profit divided by sales.	Provides a measure of how we convert our sales into underlying operating profit and the efficiency of our business.
Underlying profit before tax ²	Profit before tax excluding non-underlying items.	Provides a measure of profitability that is comparable over time.
Underlying profit for the year ²	Profit for the year excluding non-underlying items and related tax effects.	Provides a measure of profitability that is comparable over time.
Underlying earnings per share ^{1, 2}	Underlying profit for the year divided by the weighted average number of shares in issue.	Our principal measure used to assess the overall profitability of the group.
Average working capital days (excluding precious metals) ¹	Monthly average of non-precious metal related inventories, trade and other receivables and trade and other payables (including any classified as held for sale) divided by sales for the last three months multiplied by 90 days.	Provides a measure of efficiency in the business with lower days driving higher returns and a healthier liquidity position for the group.
Free cash flow	Net cash flow from operating activities after net interest paid, net purchases of non-current assets and investments, proceeds from disposal of businesses, dividends received from joint ventures and associates and the principal element of lease payments.	Provides a measure of the cash the group generates through its operations, less capital expenditure.
Net debt (including post tax pension deficits) to underlying EBITDA	Net debt, including post tax pension deficits and quoted bonds purchased to fund the UK pension (excluded when the UK pension plan is in surplus) divided by underlying EBITDA for the same period.	Provides a measure of the group's ability to repay its debt. The group has a long-term target of net debt (including post tax pension deficits) to underlying EBITDA of between 1.5 and 2.0 times, although in any given year it may fall outside this range depending on future plans.

1. Key Performance Indicator.

2. Underlying profit measures are before profit or loss on disposal of businesses, gain or loss on significant legal proceedings, together with associated legal costs, amortisation of acquired intangibles, major impairment and restructuring charges, share of profits or losses from non-strategic equity investments and, where relevant, related tax effects. These items have been excluded by management as they are not deemed to be relevant to an understanding of the underlying performance of the business.

As noted in our 2023 annual report, our strategy involves making substantial investment in the coming years to support the growth and transformation of the group. Our businesses have different investment and return profiles and therefore we no longer use a group measure of Return on Invested Capital as a key performance indicator.

Underlying profit measures exclude the following non-underlying items which are shown separately on the face of the income statement:

- **(Loss) / profit on disposal of businesses**, The group recognised £9 million loss on the disposal of businesses (2023: £12 million profit), see note 27.
- **Amortisation of acquired intangibles**, Amortisation and impairment of intangible assets which arose on the acquisition of businesses totalled £4 million (2023: £5 million).
- **Gains and losses on significant legal proceedings**, The group recognised £nil loss on significant legal proceedings (2023: £25 million loss).
- **Major impairment and restructuring charges**, The group recognised £148 million in major impairment and restructuring charges (2023: £41 million), see note 6.
- **Share of losses of associates**, The group recognised £3 million for its share of losses of associates (2023: £1 million), see note 15.

Notes on the Accounts for the year ended 31st March 2024 continued**34 Non-GAAP measures (continued)****Reconciliations to GAAP measures****Sales**

	2024 £m	2023 £m
Revenue (note 3)	12,843	14,933
Less: sales of precious metals to customers (note 3)	(8,939)	(10,732)
Sales	3,904	4,201

Underlying profit measures**Year ended 31st March 2024**

	Operating profit £m	Profit before tax £m	Tax expense £m	Profit for the year £m
Underlying	410	328	(68)	260
Loss on disposal of businesses	(9)	(9)	–	(9)
Amortisation of acquired intangibles	(4)	(4)	1	(3)
Major impairment and restructuring charges	(148)	(148)	15	(133)
Share of losses of associates	–	(3)	–	(3)
Underlying tax provisions	–	–	(4)	(4)
Reported	249	164	(56)	108

Year ended 31st March 2023

	Operating profit £m	Profit before tax £m	Tax expense £m	Profit for the year £m
Underlying	465	404	(78)	326
Profit on disposal of businesses	12	12	(1)	11
Amortisation of acquired intangibles	(5)	(5)	1	(4)
Gains and losses on significant legal proceedings	(25)	(25)	5	(20)
Major impairment and restructuring charges	(41)	(41)	(7)	(48)
Share of losses of associates	–	(1)	–	(1)
Reported	406	344	(80)	264

Underlying earnings per share

	2024	2023
Underlying profit for the year (£ million)	260	326
Weighted average number of shares in issue (number)	183,392,681	183,012,301
Underlying earnings per share (pence)	141.3	178.6

Average working capital days (excluding precious metals) - unaudited

	2024 £m	2023 £m
Inventories	1,211	1,702
Trade and other receivables	1,718	1,882
Trade and other payables	(2,209)	(2,497)
	720	1,087
Working capital balances classified as held for sale	44	22
Total working capital	764	1,109
Less: Precious metal working capital	(174)	(622)
Working capital (excluding precious metals)	590	487
Average working capital days (excluding precious metals)	60	42

Free cash flow from continuing operations

	2024 £m	2023 £m
Net cash inflow from operating activities	592	291
Interest received	62	28
Interest paid	(137)	(94)
Purchases of property, plant and equipment	(301)	(253)
Purchases of intangible assets	(67)	(63)
Purchases of investments held at fair value through other comprehensive income	–	(17)
Government grant income	5	7
Proceeds from sale of businesses	41	187
Proceeds from sale of non-current assets	5	8
Proceeds from sale of investment in joint ventures	–	2
Principal element of lease payments	(11)	(14)
Less: Free cash inflow from discontinued operations	–	(8)
Free cash flow	189	74

Notes on the Accounts for the year ended 31st March 2024 continued**34 Non-GAAP measures (continued)****Net debt (including post tax pension deficits) to underlying EBITDA**

	2024 £m	2023 £m
Cash and deposits	208	129
Money market funds	334	521
Bank overdrafts	(12)	(13)
Cash and cash equivalents	530	637
Interest rate swaps - non-current assets	15	20
Interest rate swaps - non-current liabilities	(10)	(15)
Borrowings and related swaps - current	(110)	(155)
Borrowings and related swaps - non-current	(1,339)	(1,460)
Lease liabilities - current	(8)	(9)
Lease liabilities - non-current	(24)	(31)
Lease liabilities - current - transferred to liabilities classified as held for sale	(1)	(1)
Lease liabilities - non-current - transferred to liabilities classified as held for sale	(4)	(9)
Net debt	(951)	(1,023)
(Decrease) / increase in cash and cash equivalents	(102)	287
Less: Increase in cash and cash equivalents from discontinued operations	-	(8)
Less: Decrease / (increase) in borrowings	150	(391)
Less: Principal element of lease payments	11	14
Decrease / (increase) in net debt resulting from cash flows	59	(98)
New leases, remeasurements and modifications	(11)	(13)
Other lease movements	1	-
Disposals	11	-
Exchange differences on net debt	13	(53)
Other non-cash movements	(1)	(3)
Movement in net debt	72	(167)
Net debt at beginning of year	(1,023)	(856)
Net debt at end of year	(951)	(1,023)
Net debt	(951)	(1,023)
Add: Pension deficits	(22)	(21)
Add: Related deferred tax	3	2
Net debt (including post tax pension deficits)	(970)	(1,042)

	2024 £m	2023 £m
Underlying operating profit	410	465
Add back: Depreciation and amortisation excluding amortisation of acquired intangibles	188	182
Underlying EBITDA	598	647
Net debt (including post tax pension deficits) to underlying EBITDA	1.6	1.6
	2024 £m	2023 £m
Underlying EBITDA	598	647
Depreciation and amortisation	(192)	(187)
Gains and losses on significant legal proceedings	-	(25)
Major impairment and restructuring charges	(148)	(41)
(Loss) / profit on disposal of businesses	(9)	12
Finance costs	(146)	(110)
Investment income	64	49
Share of losses of associates	(3)	(1)
Income tax expense	(56)	(80)
Profit for the year from continuing operations	108	264

35 Events after the balance sheet date

On 30th April 2024, the group completed the sale of its Battery Systems business. Refer to note 26 for further information.

Parent Company Statement of Financial Position

as at 31st March 2024

	Notes	2024 £m	2023 £m
Assets			
Non-current assets			
Property, plant and equipment	37	449	350
Right-of-use assets		9	5
Goodwill	38	113	113
Other intangible assets	39	257	247
Investments in subsidiaries	40	2,108	2,074
Other receivables	41	682	1,040
Interest rate swaps		15	20
Other financial assets	42	34	48
Deferred tax assets		11	–
Post-employment benefit net assets	43	150	196
Total non-current assets		3,828	4,093
Current assets			
Inventories	44	482	821
Taxation recoverable		3	1
Trade and other receivables	41	2,335	2,012
Cash and cash equivalents		370	540
Other financial assets	42	57	51
Total current assets		3,247	3,425
Total assets		7,075	7,518
Liabilities			
Current liabilities			
Trade and other payables	45	(4,235)	(3,747)
Lease liabilities		(2)	(2)
Cash and cash equivalents - bank overdrafts		(6)	(3)
Borrowings and related swaps	46	(105)	(151)
Other financial liabilities	42	(14)	(33)
Provisions	47	(76)	(91)
Total current liabilities		(4,438)	(4,027)

	Notes	2024 £m	2023 £m
Non-current liabilities			
Borrowings and related swaps	46	(1,339)	(1,460)
Lease liabilities		(8)	(4)
Deferred tax liabilities		–	(4)
Interest rate swaps		(10)	(15)
Employee benefit obligations	43	(6)	(7)
Provisions	47	(1)	(12)
Trade and other payables	45	(5)	(489)
Total non-current liabilities		(1,369)	(1,991)
Total liabilities		(5,807)	(6,018)
Net assets		1,268	1,500
Equity			
Share capital	48	215	215
Share premium		148	148
Treasury shares		(17)	(19)
Other reserves	48	72	71
Retained earnings ¹		850	1,085
Total equity		1,268	1,500

1. The parent company's loss for the year is £34 million (2023: £314 million profit).

Parent Company Statement of Changes in Equity

for the year ended 31st March 2024

	Share capital £m	Share premium account £m	Treasury Shares £m	Other reserves (note 48) £m	Retained earnings £m	Total equity £m
At 1 st April 2022	218	148	(24)	(19)	1,024	1,347
Profit for the year	-	-	-	-	314	314
Remeasurements of post-employment benefit assets and liabilities	-	-	-	-	(143)	(143)
Exchange differences on translation of foreign operations	-	-	-	-	(8)	(8)
Amounts charged to hedging reserve	-	-	-	114	-	114
Tax on other comprehensive (expense) / income	-	-	-	(27)	37	10
Total comprehensive income	-	-	-	87	200	287
Dividends paid (note 48)	-	-	-	-	(141)	(141)
Purchase of treasury shares (note 48)	(3)	-	-	3	(1)	(1)
Share-based payments	-	-	-	-	13	13
Cost of shares transferred to employees	-	-	5	-	(10)	(5)
At 31 st March 2023	215	148	(19)	71	1,085	1,500
Loss for the year	-	-	-	-	(34)	(34)
Remeasurements of post-employment benefit assets and liabilities	-	-	-	-	(66)	(66)
Exchange differences on translation of foreign operations	-	-	-	-	(14)	(14)
Amounts charged to hedging reserve (note 48)	-	-	-	2	-	2
Tax on other comprehensive (expense) / income	-	-	-	(1)	17	16
Total comprehensive expense	-	-	-	1	(97)	(96)
Dividends paid (note 48)	-	-	-	-	(141)	(141)
Share-based payments	-	-	-	-	10	10
Cost of shares transferred to employees	-	-	2	-	(7)	(5)
At 31st March 2024	215	148	(17)	72	850	1,268

Notes on the Accounts for the year ended 31st March 2024 continued

36 Accounting policies - parent company

Basis of accounting and preparation - parent company

The accounts are prepared on a going concern basis in accordance with Financial Reporting Standard (FRS) 101, Reduced Disclosure Framework, issued in September 2015 and the Companies Act 2006 applicable to companies reporting under FRS 101. The parent company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary to comply with the Act and has set out below the FRS 101 disclosure exemptions taken by the parent company:

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2, *Share-based Payment*;
- the requirements of IFRS 7, *Financial Instruments: Disclosures*;
- the requirements of paragraphs 91 to 99 of IFRS 13, *Fair Value Measurement*;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, *Revenue from Contracts with Customers*;
- the requirement in paragraph 38 of IAS 1, *Presentation of Financial Statements*, to present comparative information in respect of: paragraph 73(e) of IAS 16, *Property, Plant and Equipment*; and paragraph 118(e) of IAS 38, *Intangible Assets*;
- the requirements of paragraphs 10(d), 38A, 38B, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1, *Presentation of Financial Statements*;
- the requirements of IAS 7, *Statement of Cash Flows*;
- the requirements of paragraphs 30 and 31 of IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*;
- the requirements of paragraph 17 of IAS 24, *Related Party Disclosures*;
- the requirements in IAS 24, *Related Party Disclosures*, to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d), 134(f) and 135(c) to 135(e) of IAS 36, *Impairment of Assets*.

The accounts are prepared on the historical cost basis, except for certain assets and liabilities which are measured at fair value as explained below.

The parent company has not presented its own income statement, statement of total comprehensive income and related notes as permitted by Section 408(3) of the Companies Act 2006. Profit for the year is disclosed in the parent company statement of financial position and statement of changes in equity.

In the parent company statement of financial position, businesses acquired from other group companies are recognised at book value at the date of acquisition. The difference between the consideration paid and the book value of the net assets acquired is reflected in retained earnings.

Material accounting policies

The group's and parent company's accounting policies have been applied consistently during the current and prior year, other than where new policies have been adopted (see note 1). The group's and parent company's material accounting policies are consistent (see note 1) with the exception of the following parent company accounting policies:

Investments in subsidiaries

Investments in subsidiaries are stated in the parent company's balance sheet at cost less any provisions for impairment. If a distribution is received from a subsidiary, the investment in that subsidiary is assessed for an indication of impairment.

Provisions and contingencies

Where the parent company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, these guarantee contracts are considered to be contingent liabilities until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Sources of estimation uncertainty and judgements made in applying accounting policies

The group's and parent company's sources of estimation uncertainty and judgements made in applying accounting policies are consistent – see note 1 for further information.

Notes on the Accounts for the year ended 31st March 2024 continued**37 Property, plant and equipment**

	Land and buildings £m	Leasehold improvements £m	Plant and machinery £m	Assets in the course of construction £m	Total £m
Cost					
At 31 st March 2023	129	2	683	157	971
Additions	–	–	18	111	129
Reclassification	1	–	27	(28)	–
Disposals	–	–	(7)	–	(7)
At 31 st March 2024	130	2	721	240	1,093
Accumulated depreciation and impairment					
At 31 st March 2023	86	2	534	(1)	621
Charge for the year	3	–	29	–	32
Impairment losses	–	–	(3)	–	(3)
Disposals	–	–	(7)	1	(6)
At 31 st March 2024	89	2	553	–	644
Carrying amount at 31st March 2024					
Carrying amount at 31 st March 2023	43	–	149	158	350

Finance costs capitalised were £3 million (2023: £1 million) and the capitalisation rate used to determine the amount of finance costs eligible for capitalisation was 3.3% (2023: 4.0%).

38 Goodwill

As at 31st March 2024 and 31st March 2023, the cost of goodwill was £123 million with an accumulated impairment of £10 million resulting in a carrying amount of £113 million.

The parent company's goodwill balance of £113 million relates to the Catalyst Technologies cash-generating unit. Refer to note 5 for further information on the impairment testing performed.

39 Other intangible assets

	Compute software £m	Patents, trademarks and licences £m	Acquired research and technology* £m	Development expenditure £m	Total £m
Cost					
At 31 st March 2023	427	20	5	13	465
Additions	50	–	–	–	50
Disposals	–	(11)	(5)	–	(16)
At 31 st March 2024	477	9	–	13	499
Accumulated amortisation and impairment					
At 31 st March 2023	181	16	4	17	218
Charge for the year	40	–	–	–	40
Disposals	–	(12)	(4)	–	(16)
At 31 st March 2024	221	4	–	17	242
Carrying amount at 31st March 2024					
Carrying amount at 31 st March 2023	246	4	1	(4)	247
Carrying amount at 1 st April 2022	233	3	1	(4)	233

* The disposals balances in acquired research and technology relate to Battery Materials and should have been transferred to assets held for sale in the prior year.

Notes on the Accounts for the year ended 31st March 2024 continued

40 Investments in subsidiaries

	Cost of investments in subsidiaries £m	Accumulated impairment £m	Carrying amount £m
At 31 st March 2023	2,336	(262)	2,074
Additions	34	–	34
At 31st March 2024	2,370	(262)	2,108

The parent company's subsidiaries are shown in note 49.

41 Trade and other receivables

	2024 £m	2023 £m
Current		
Trade receivables	110	160
Contract receivables	33	23
Amounts receivable from subsidiaries	1,655	1,479
Prepayments	36	37
Value added tax and other sales tax receivable	35	49
Amounts receivable under precious metal sale and repurchase agreements	417	222
Other receivables	49	42
Trade and other receivables	2,335	2,012
Non-current		
Amounts receivable from subsidiaries	653	1,015
Advance payments to customers	29	25
Other receivables	682	1,040

Of the parent company's amounts receivable from subsidiaries, £140 million is impaired (2023: £140 million). Future expected credit losses on intercompany receivables are immaterial.

Trade receivables and contract receivables are net of expected credit losses.

42 Other financial assets and liabilities

The parent company non-current other financial assets are consistent with the group balances - see note 18.

	2024 £m	2023 £m
Current assets		
Forward foreign exchange contracts designated as cash flow hedges	10	15
Forward precious metal price contracts designated as cash flow hedges	41	30
Forward foreign exchange contracts and currency swaps at fair value through profit or loss	6	6
Other financial assets	57	51
Current liabilities		
Forward foreign exchange contracts designated as cash flow hedges	(8)	(19)
Forward foreign exchange contracts and currency swaps at fair value through profit or loss	(4)	(14)
Foreign exchange swaps designated as hedges of a net investment in foreign operations	(2)	–
Other financial liabilities	(14)	(33)

43 Post-employment benefits

The parent company is the sponsoring employer of the group's UK defined benefit pension plan and the UK post-retirement medical benefits plan. There is no contractual agreement or stated policy for charging the net defined benefit cost for the plans to the individual group entities. The parent company recognises the net defined benefit cost for these plans and information is disclosed in note 24.

44 Inventories

	2024 £m	2023 £m
Raw materials and consumables	44	46
Work in progress	374	729
Finished goods and goods for resale	64	46
Inventories	482	821

Write-downs of inventories amounted to £nil (2023: £13 million). These were recognised as an expense during the year ended 31st March 2024 and included in cost of sales in the income statement.

Notes on the Accounts for the year ended 31st March 2024 continued**45 Trade and other payables**

	2024 £m	2023 £m
Current		
Trade payables	258	236
Contract liabilities	33	53
Amounts payable to subsidiaries	2,865	2,340
Accruals	169	170
Amounts payable under precious metal sale and repurchase agreements	810	813
Other payables	100	135
Trade and other payables	4,235	3,747
Non-current		
Amounts payable to subsidiaries	4	488
Other payables	1	1
Trade and other payables	5	489

46 Borrowings and related swaps

The parent company's non-current borrowings and related swaps are consistent with the group balances with the exception of the cross currency interest rate swaps of £3 million (2023: £5 million) which are designated as fair value hedges instead of net investment hedges - see note 20.

	2024 £m	2023 £m
Current		
2.99% \$165 million Bonds 2023	–	(133)
2.44% €20 million Bonds 2023	–	(18)
3.57% £65 million Bonds 2024	(65)	–
3.565% \$50 million KfW loan 2024	(40)	–
Borrowings and related swaps	(105)	(151)

47 Provisions

	Restructuring provisions £m	Other provisions £m	Total £m
At 31 st March 2023	33	70	103
Charge for the year	8	1	9
Net sale of metal	–	(14)	(14)
Utilised	(14)	–	(14)
Released	(4)	(3)	(7)
At 31st March 2024	23	54	77
		2024 £m	2023 £m
Current		76	91
Non-current		1	12
Total provisions		77	103

The restructuring provisions are part of the parent company's efficiency initiatives.

The other provisions include provisions to buy metal to cover short positions created by the parent company selling metal to cover price risk on metal owned by subsidiaries. Amounts provided reflect management's best estimate of the expenditure required to settle the obligations at the balance sheet date.

The parent company also guarantees some of its subsidiaries' borrowings and its exposure at 31st March 2024 was £2 million (2023: £4 million).

Notes on the Accounts for the year ended 31st March 2024 continued**48 Share capital and other reserves****Share capital and dividends**

The group and parent company disclosures relating to share capital, dividends and purchase of treasury shares are the same. Refer to note 25 for further information.

Other reserves

	Capital redemption reserve £m	Hedging reserve			Total other reserves £m
		Forward currency contracts £m	Cross currency swaps £m	Forward metal contracts £m	
At 1 st April 2022	10	(5)	–	(24)	(19)
Cash flow hedges – (losses) / gains taken to equity	–	(9)	9	72	72
Cash flow hedges – transferred to revenue (income statement)	–	4	–	38	42
Cash flow hedges – transferred to cost of sales (income statement)	–	7	–	–	7
Cash flow hedges – transferred to foreign exchange (income statement)	–	–	(7)	–	(7)
Cancelled ordinary shares from share buyback	3	–	–	–	3
Tax on items taken directly to or transferred from equity	–	–	(1)	(26)	(27)
At 31 st March 2023	13	(3)	1	60	71
Cash flow hedges – gains / (losses) taken to equity	–	8	(4)	27	31
Cash flow hedges – transferred to revenue (income statement)	–	4	–	(31)	(27)
Cash flow hedges – transferred to cost of sales (income statement)	–	(5)	–	–	(5)
Cash flow hedges – transferred to foreign exchange (income statement)	–	–	2	–	2
Tax on items taken directly to or transferred from equity	–	(6)	–	6	–
At 31st March 2024	13	(2)	(1)	62	72

Notes on the Accounts for the year ended 31st March 2024 continued**49 Related undertakings**

A full list of related undertakings at 31st March 2024 (comprising subsidiaries, joint ventures and associates) is set out below. Those held directly by the parent company are marked with an asterisk (*) and those held jointly by the parent company and a subsidiary are marked with a cross (+). All the companies are wholly owned unless otherwise stated. All the related undertakings are involved in the principal activities of the group. Unless otherwise stated, the share class of each related undertaking comprises ordinary shares only. As permitted by section 479A of the Companies Act 2006, the Company intends to take advantage of the audit exemption in relation to the individual accounts of the companies marked with a hash (#).

Entity	Registered address
+ Johnson Matthey Argentina S.A.	Tucumán 1, Piso 4, C1049AAA, Buenos Aires, Argentina
Johnson Matthey (Aust.) Ltd	64 Lillie Crescent, Tullamarine VIC 3043, Australia
Johnson Matthey Holdings Limited	64 Lillie Crescent, Tullamarine VIC 3043, Australia
+ Johnson Matthey Belgium	Pegasuslaan 5, 1831 Diegem, Belgium
The Argent Insurance Co. Limited	Rosebank Centre, 5th Floor, 11 Bermudiana Road, Pembroke HM 08, Bermuda
Johnson Matthey Brasil Ltda	Avenida Macuco, 726, 12th Floor, Edificio International Office, CEP04523-001, Brazil
Johnson Matthey Argillon (Shanghai) Emission Control Technologies Ltd.	Ground Floor, Building 2, No. 298, Rongle East Road, Songjiang Industrial Zone, Shanghai 201613, China
Johnson Matthey Battery Materials (Changzhou) Co., Ltd.	A10 Building, No.2 Xinzhu Road, Xinbei District, Changzhou, China
Johnson Matthey Chemical Process Technologies (Shanghai) Company Limited	Room 1066, Building 1, No 215 Lian He Bei Lu, Fengxian District, Shanghai, China
Johnson Matthey (China) Trade Co., Ltd	1st, 2nd and 3rd Floor, Building 2, No. 598 Dongxing Road, Songjiang Industrial Zone, Shanghai, China
Johnson Matthey Clean Energy Technologies (Beijing) Co., Ltd	Unit 01/14th Floor, Pacific Century Place, 2A Gong Ti Bei Lu, Chaoyang District, Beijing, China
Johnson Matthey (Shanghai) Catalyst Co., Ltd.	586 Dongxing Road, Songjiang Industry Zone, Shanghai, 201613, China
Johnson Matthey (Shanghai) Chemicals Limited	588 and 598 Dongxing Road, Songjiang Industry Zone, Shanghai, 201613, China
Johnson Matthey (Shanghai) Hydrogen Technologies Co., Ltd	JTChinaJT7575, Room108, Floor 1, Building 1, 6988 Jiasong North Road, Anting, Jiading, Shanghai, China
Johnson Matthey (Shanghai) Trading Limited	Room 1615B, No. 118 Xinling Road, Shanghai Pilot Free Trade Zone, China
Johnson Matthey (Tianjin) Chemical Co., Ltd.	Room 2007, No. 16, Third Avenue, Tianjin Economic-Technological Development Zone, Tianjin, China
Johnson Matthey (Zhangjiagang) Environmental Protection Technology Co., Ltd	No. 9 Dongxin Road, Jiangsu Yangtze River International Chemical Industrial Park, Jiangsu Province, China
Johnson Matthey (Zhangjiagang) Precious Metal Technology Co., Ltd.	No. 48, the west of Beijing Road, Jingang Town, Yangtze River International Chemical Industrial Park, Jiangsu, China
Johnson Matthey A/S	c/o Lundgrens Advokatpartnerselskab, 4., Tuborg Boulevard 12, 4., 2900 Hellerup, Denmark
* AG Holding Ltd (in liquidation)	30 Finsbury Square, London, EC2A 1AG, England
* Cascade Biochem Limited ¹	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
* JMEPS Trustees Limited	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
Johnson Matthey Battery Systems Engineering Limited (in liquidation)	30 Finsbury Square, London, EC2A 1AG, England
* Johnson Matthey Battery Materials Limited	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
* Johnson Matthey Davy Technologies Limited	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
* Johnson Matthey Hydrogen Technologies Limited ¹	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
# Johnson Matthey Investments Limited (01004368)	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
*+ Johnson Matthey (Nominees) Limited	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
* Johnson Matthey Precious Metals Limited	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
Johnson Matthey South Africa Holdings Limited	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
# Johnson Matthey Tianjin Holdings Limited (5391061)	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
*# Johnson Matthey UK Holdings Limited (14090567)	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
+# Matthey Finance Limited (301279)	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
*# Matthey Holdings Limited (03130188)	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
# MDC Global Topco Limited (15068261)	5th Floor, 25 Farringdon Street, London, EC4A 4AB, England
Johnson Matthey Battery Materials Finland Oy	c/o Asianajotoimisto, Krogerus Oy, Unioninkatu 22, Helsinki, 00130, Finland
Johnson Matthey Finland Oy (in liquidation)	c/o Accountor Taloshallintopalvelut Oy, William Ruthin Katu 1, Kotka, 48600, Finland
Johnson Matthey SAS	Les Diamants - Immeuble B, 41 rue Delizy, 93500 Pantin, France
Johnson Matthey Battery Materials GmbH	Ostenriederstrasse 15, 85368 Moosburg a.d. Isar, Germany

Notes on the Accounts for the year ended 31st March 2024 continued**49 Related undertakings (continued)**

Entity	Registered address
Johnson Matthey Catalysts (Germany) GmbH	Bahnhofstrasse 43, 96257 Redwitz an der Rodach, Germany
Johnson Matthey Chemicals GmbH	Wardstrasse 17, D-46446 Emmerich am Rhein, Germany
Johnson Matthey Deutschland GmbH	Otto-Volger-Strasse 9b, 65843 Sulzbach, Germany
Johnson Matthey Management GmbH	Otto-Volger-Strasse 9b, 65843 Sulzbach, Germany
Johnson Matthey Pacific Limited ²	Room 803-6, 909 Cheung Sha Wan Road, Kowloon, Hong Kong
Johnson Matthey Process Technologies Holdings Hong Kong Limited	Room 803-6, 909 Cheung Sha Wan Road, Kowloon, Hong Kong
Johnson Matthey Tracerco Holdings Hong Kong Limited	Room 802-6, 909 Cheung Sha Wan Road, Kowloon, Hong Kong
MDC Pacific Limited	4603-4609, 46th Floor, Jardine House, One Connaught Place Central, Hong Kong
+ Johnson Matthey Chemicals India Private Limited	Plot No 6A, MIDC Industrial Estate, Taloja, District Raigad, Maharashtra 410208, India
Johnson Matthey India Private Limited	Regus Business Centre, 5th Floor, Caddie Commercial Tower - Aerocity, New Delhi, 110037, India
Johnson Matthey Limited	13-18 City Quay, Dublin 2, D02 ED70, Ireland
Johnson Matthey Italia S.r.l.	Corso Trapani 16, 10139, Torino Italy
Johnson Matthey Fuel Cells Japan Limited	5123-3 Kitsuregawa, Sakura-shi, Tochigi, 329-1412, Japan
Johnson Matthey Japan Godo Kaisha	5123-3 Kitsuregawa, Sakura-shi, Tochigi, 329-1412, Japan
Johnson Matthey Global Business Services Lithuania UAB	Upės str. 23, 08128, Vilnius, Lithuania
* Johnson Matthey Sdn. Bhd.	Suite 16-03. Level 16, Wisma UOA II, 21 Jalan Pinang, 50450 Kuala Lumpur, Malaysia
Johnson Matthey Services Sdn. Bhd.	Suite 16-03. Level 16, Wisma UOA II, 21 Jalan Pinang, 50450 Kuala Lumpur, Malaysia
Johnson Matthey de Mexico, S. de R.L. de C.V.	c/o Cacheaux, Cavazos and Newton, No. 437 Col, Colinas del Cimataro, CP 76090 Queretaro, Mexico
Johnson Matthey Servicios, S. de R.L. de C.V.	c/o Cacheaux, Cavazos and Newton, No. 437 Col, Colinas del Cimataro, CP 76090 Queretaro, Mexico
Intercat Europe B.V.	Gelissendomein 8, KB 103, 6229GJ Maastricht, Netherlands
Johnson Matthey International Management Services B.V.	Gelissendomein 8, KB 103, 6229GJ Maastricht, Netherlands
Johnson Matthey Netherlands 2 B.V.	Gelissendomein 8, KB 103, 6229GJ Maastricht, Netherlands
Matthey Finance B.V. ¹	Gelissendomein 8, KB 103, 6229GJ Maastricht, Netherlands
Johnson Matthey DOOEL Skopje	Technological Industrial Development Zone, Skopje 1, Ilinden 1041, Republic of North Macedonia
Johnson Matthey Battery Systems Spółka z ograniczoną odpowiedzialnością	Ul. Alberta Einsteina 36, 44-109, Gliwice, Poland
Johnson Matthey Poland Spółka z ograniczoną odpowiedzialnością	Ul. Alberta Einsteina 6, 44-109, Gliwice, Poland
Johnson Matthey Battery Materials Poland Spółka z ograniczoną	Ul. Hutnicza 1, 62-510 Konin, Poland
+ Macfarlan Smith Portugal, Lda	Largo de São Carlos 3, 1200-410 Lisboa, Portugal
Johnson Matthey Arabia for Business Services	PO Box 26090, Riyadh 11486, Saudi Arabia
* Johnson Matthey General Partner (Scotland) Limited	c/o DWF LLP, 103 Waterloo Street, Glasgow G2 7BW, Scotland
* Johnson Matthey (Scotland) Limited Partnership ²	c/o DWF LLP, 103 Waterloo Street, Glasgow G2 7BW, Scotland
Johnson Matthey Singapore Private Limited	50 Raffles Place, #19-00, Singapore Lane Tower, Singapore 048623
Johnson Matthey (Proprietary) Limited	Corner Henderson and Premier Roads, Germiston South Ext 7, Gauteng, South Africa
Johnson Matthey Research South Africa (Proprietary) Limited	Corner Henderson and Premier Roads, Germiston South Ext 7, Gauteng, South Africa
Johnson Matthey Salts (Proprietary) Limited	Corner Henderson and Premier Roads, Germiston South Ext 7, Gauteng, South Africa
Johnson Matthey Catalysts Korea Limited	(Yeongdeok-dong) Towerdong A-804, 13 Heungdeok 1-ro, Giheung-gu, Yongin-si, Gyeonggi-do, Republic of Korea
Johnson Matthey Korea Limited	(Taepyeongro-1ga), S8020, 8F, 136 Sejong-daero, Jung-gu, Seoul, Republic of Korea
Johnson Matthey AB	Viktor Hasselblads gata 8, 421 31 Västra Frölunda, Göteborg, Sweden
Johnson Matthey Formox AB	SE-284 80, Perstorp, Sweden
Johnson Matthey & Brandenberger AG	Glatttalstrasse 18, 8052 Zurich, Switzerland
Johnson Matthey Finance Zurich GmbH (in liquidation)	Glatttalstrasse 18, 8052 Zurich, Switzerland
LiFePO ₄ +C Licensing AG	Hertensteinstrasse 51, 6004 Lucerne, Switzerland
Johnson Matthey Services (Trinidad and Tobago) Limited	Queen's Park Place, 17-20 Queens Park West, Port of Spain, Trinidad and Tobago
Stepac Ambalaj Malzemeleri Sanayi Ve Ticaret Anonim Sirketi	Güzeloba Mah. Rauf Denktaş Cad., No.56/101, Muratpaşa/Antalya, Turkey

Notes on the Accounts for the year ended 31st March 2024 continued**49 Related undertakings (continued)**

Entity	Registered address
Johnson Matthey Holdings, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, USA
Johnson Matthey Hydrogen Technologies, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States
Johnson Matthey Inc. ⁴	Corporation Service Company, 2595 Interstate Drive, Suite 103 PA 17110, USA
Johnson Matthey Medical Device Components LLC	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, USA
Johnson Matthey Process Technologies, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, USA
Johnson Matthey Stationary Emissions Control LLC	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, USA
Johnson Matthey USA Holdings Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, USA
Red Maple LLC (50.0%) ⁵	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, USA
Veranova Parent Holdco L.P. (30.0%) ⁵	1209 Orange Street, New Castle County, Wilmington, Delaware, 19801, USA

In some jurisdictions in which the group operates, share classes are not defined and in these instances, for the purpose of disclosure, these holdings have been classified as ordinary shares.

1. Ordinary and preference shares.
2. Ordinary and non-cumulative redeemable preference shares.
3. Limited partnership, no share capital.
4. Ordinary and series A preferred stock.
5. Joint Venture / Associate.

Other information

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Basis of reporting – non-financial data

This integrated report has been prepared in accordance with the GRI Standards for the period 1st April 2023 to 31st March 2024. Our last annual report was published in June 2023. All non-financial performance data is reported on a financial year basis unless otherwise stated.

Johnson Matthey compiles, assesses and discloses non-financial information to demonstrate to its stakeholders that it conducts its business in an ethical, responsible and sustainable manner and where there is a legal obligation to do so (for example, in accordance with the UK Companies Act, UK Stream-lined Energy and Carbon reporting (SECR) regulations, UK Modern Slavery Act).

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 2030. The principles of inclusivity, materiality and responsiveness help to shape the structure of the report and to set priorities for reporting. The report also explains how we continue 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 that are under the financial control of the group, including all manufacturing, research and warehousing operations of Johnson Matthey Plc and its subsidiaries. Joint ventures where we have a minority share are not included.

For the purposes of reporting, separate businesses resident at the same location are counted as separate sites. Data from 76 sites was included in this report, 45 are manufacturing sites, 15 are R&D sites and 16 are offices. Data from new facilities is included from the point at which the facility becomes owned by JM and operational. Selected non-financial data has been third-party limited assured to ISAE 3000 (Revised) standard as described on page 216-218. Certain employee data is included in the financial accounts and is also subject to the financial data third-party audit described on page 133.

Rebaselining of previous years' data

During the year we divested several businesses as going concerns, including our Health, Advanced Glass Technologies and our Battery Materials businesses.

In accordance with the recommendations of the greenhouse gas (GHG) Protocol and SECR reporting guidance, we have removed their historical contribution to our operational KPIs for all years from 2019/20, which is our baseline for our 2030 sustainability targets. This specifically includes our historical data for Scope 1, 2 and 3 GHG emissions, water consumption, waste and emissions to air.

This report contains only rebaselined numbers.

Restatements of previous years' data in this report

In addition to rebaselining, there have been some restatements of data to account for improvements in methodology, coverage and quality of available data. JM's materiality threshold for variance is 5%. We have made restatements of environmental performance data for the following KPIs this year:

- Emissions for Scope 3 Category 4 restated due to refinement in methodology.
- Emissions for Scope 3 Category 6 restated due to improvements in methodology.
- Emissions for Scope 3 Category 8 restated due to refinements in data quality.
- NO_x, SO_x and VOCs coverage restated due to improvements in methodology.
- Recycled PGMs restated due to calculation refinements post 2021/22 ARA publication.
- Following a review of the methodologies for calculating process CH₄ emissions at our Savannah Site values have been restated for all years from baseline year (2019/20).
- Calculation for Scope 1 emissions from Natural Gas has been refined following the divestment of our West Deptford Pharmaceutical site in 2023. All data going back to baseline year has subsequently been amended.
- During the annual assurance process a source of water use at our Royston site was noted to be missing from data. This has been corrected and all data going back to baseline year has subsequently been amended.

Material Topics

In July 2022 we partnered with a third party to refresh our materiality assessment. They reviewed public domain opinions of our investors, customers and social media users, as well as interviewing leaders inside JM. Our material topics were identified as:

- Climate Change
- Air Emissions
- Water and wastewater
- Waste management
- Circularity and product innovation
- Health and Safety
- Human rights
- Diversity and inclusion
- Community impact
- Responsible sourcing
- Governance and risk management

These were approved at the SVC meeting in September 2022.

Basis of reporting – non-financial data continued

Calculation methodologies for Key Performance Indicators (KPIs) relating to our sustainability targets for 2030

Planet: Protecting the climate

Our goal: Drive lower global greenhouse gas (GHG) emissions

This KPI is a measure of the tonnes of GHG emissions avoided during the year by using technologies enabled by JM's products and solutions, compared to conventional offerings.

The KPI captures one year's impact for all qualifying technologies that have been operational during the year, as sold since 2020/21.

Our methodology for calculating avoided GHG emissions was developed in-house and independently verified by EcoAct™ for all product families contributing towards our target to ensure it complies with industry best practice. EcoAct concluded that our approach complied with recognised public guidelines and considered our calculations to be both fairly stated and representative of a balanced view of our contribution in enabling avoided emissions through relevant technologies. EcoAct also determined that our calculations follow industry best practice for measurement. Their full statement is available on request.

For each qualifying JM technology solution, we first determine its functional unit. The functional unit is used to determine the boundary of the analysis, to ensure that the scope of the calculation covers the relevant life-cycle stages leading to the avoided emissions. Performance comparisons for our technology solution scenario are then made against identified reference scenarios, which represent current day, conventional technologies dominant in the market, which our emerging technologies are seeking to improve upon.

The following table gives examples of the JM technology solution families included in this KPI and the reference scenarios used for the calculations.

JM's technology solution	Functional unit	Reference scenario	Solution scenario
Sustainable Aviation Fuel/ Fischer-Tropsch	tonnes CO ₂ e / tonne jet fuel produced	Conventional fossil-based jet fuel	Jet fuel produced from municipal waste using Fischer Tropsch technology
Low Carbon Solutions (LCS)	tonnes CO ₂ e / tonne syngas produced	Syngas plant without LCS (powered by fossil fuels)	Syngas plant with LCS (powered by fossil fuels)
Hydrogen Electrolysers	tonnes CO ₂ e / TWh produced	Energy generated by natural gas combustion	Energy generated by electrolysers (in form of hydrogen) powered by 100% renewable electricity
Stationary electricity generation	tonnes CO ₂ e / TWh produced	Energy generated from fossil fuel sources (in the US)	Energy generated from hydrogen combustion (steam reforming process)
Non-road applications	tonnes CO ₂ e / TWh produced	Energy generated from fossil fuel sources (in the US)	Fuel cell powered forklifts in US market
Automotive – heavy and light duty	tonnes CO ₂ e / vehicle	Internal combustion engine – diesel vehicle	Fuel cell electric vehicle powered by average China electricity grid mix

The lifetime of the technology is also considered to discount any impacts from the sale of previous years' technologies if these are no longer operational and, where applicable, adjustments to capture changing performance over time are made.

No allocation between value chain partners is applied, since there are no established guidelines for this. However, our products and solutions are vital to realising the benefits of the technologies being used, and our KPI aims to accurately reflect JM's role, in that we enable avoided GHG emissions via the use of such technologies.

Technologies that were previously included in this metric from businesses that have been divested during the year (Battery Materials) have been removed from the calculation and historical years' performance re-baselined.

Basis of reporting – non-financial data continued

SASB Resource efficiency indicator

We have also identified revenues aligned to the SASB Chemicals Sustainability Accounting Standard definition of products designed for use-phase resource efficiency, which includes products that “through their use – can be shown to improve energy efficiency, eliminate or lower greenhouse gas (GHG) emissions, reduce raw materials consumption, increase product longevity, and/or reduce water consumption”. Qualifying products are those that either:

- increase the efficiency of a product during its use phase (for example, our battery materials and fuel cell components); or
- increase the efficiency of the manufacturing process used to make a product (for example, our catalysts and additives for the chemical, oil and gas industries).

Products beyond the scope of this assessment include those specifically designed to meet environmental regulatory requirements, and any product where a use-phase resource efficiency benefit is unclear. Revenues aligned to the use-phase resource efficiency criteria represent sales excluding precious metals.

Our goal: Achieve net zero by 2040

Our operational carbon footprint is reported in tonnes of carbon dioxide equivalent (CO₂e) according to the GHG Protocol corporate standard 2015 revision, www.ghgprotocol.org and in with the UK Stream-lined Energy and Carbon Reporting (SECR) April 2019 requirements of the UK Companies Act 2006 (Strategic and Directors’ Reports) Regulations 2013.

Scope 1 GHG emissions

Our Scope 1 GHG emissions are generated by the direct burning of fuel (predominantly natural gas), performing chemical reactions in our manufacturing processes and driving company-owned or leased vehicles. They are calculated in tonnes CO₂e using conversion factors for each energy source as published by DEFRA in June 2023 and subsequently amended in January 2024 – we have used the amended version. We include carbon dioxide (CO₂), nitrous oxide (N₂O), refrigerant and methane (CH₄) process emissions to air in our Scope 1 calculations. We don’t believe we have any material Scope 1 GHG emissions of PF5 and SF6. When calculating Global Warming Potentials (GWP) for our gaseous emissions of GHG we use the values published in the 6th AR from the Intergovernmental Panel on Climate Change (IPPC).

Scope 2 GHG emissions

Our Scope 2 GHG emissions arise from the use of electricity and steam procured from third parties for use at our facilities. They are calculated using the ‘dual reporting’ methodology outlined in the GHG Protocol corporate standard 2015 revision.

For the location-based method of Scope 2 accounting, for all facilities outside the US, we use national carbon intensity factors related to the consumption of grid electricity in 2021 made available in the 2023 edition of the world CO₂ emissions database of the International Energy Agency. They were purchased under licence in December 2023 for sole use in company reporting. For US facilities we use regional carbon factors published by the Environmental Protection Agency in January 2024 edition of, eGRID data 2022.

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 Scope 2 Guidance. We have successfully obtained carbon intensity factors directly from our grid electricity suppliers in the EU, US and Australia. However, it has not been possible to obtain this information from all suppliers in China, India, South Africa and non-OECD Europe.

Scope 3 GHG emissions

Our annual Scope 3 GHG emissions are reported according to the methodology of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. A variety of accounting techniques were used depending on the availability of data. All value chain emissions over which JM has financial control are included; therefore, our Scope 3 reporting does not include raw materials where JM is a toll manufacturer i.e. when raw materials used in our factories always remain in the financial ownership of our customer.

When calculating the GHG footprint of each Scope 3 category, our principle of using the most accurate data sources was applied in the following order:

- GHG footprint data obtained directly from value chain partners
- Mass based calculations using carbon intensity factors from respected databases, such as DEFRA’s GHG reporting conversion factors and Ecolnvent
- Financial allocation using Accenture’s proprietary Input-Output (EEIO) model. This combines economic data from central banks and treasury departments with research data from the World Bank, OECD and other leading environmental agencies.

Scope 3 GHG category as defined by GHG Protocol	Calculation methodology
1. Purchased goods and services	Where mass of purchased goods was available, this was used in combination with GHG intensity factors obtained either from suppliers or Ecolnvent. For the remaining goods and for purchased services a financial allocation (EEIO model) was used
2. Capital goods	Financial allocation (EEIO model) using geographical breakdown of data shown in Accounting note 11 “Property, plant & equipment” on page 168
3. Fuel- and energy-related activities	DEFRA’s GHG reporting conversion factors 2023 were used to calculate well-to-tank GHG emissions from fuel usage, transmission and distribution losses from purchased electricity, and well-to-tank and transmission and distribution losses of energy from steam
4. Upstream transportation and distribution	Emissions data was provided by our suppliers where available. Otherwise, a financial allocation was made based on spend and intensity factors from the EEIO model
5. Waste generated in operations	Where GHG footprints were available from waste service providers they were used, otherwise DEFRA’s GHG reporting conversion factors 2023 were used according to mass of waste disposal by destination see page 43

Basis of reporting – non-financial data continued

Scope 3 GHG category as defined by GHG Protocol	Calculation methodology
6. Business travel	Footprint business travel for air was obtained from our business travel service providers, where possible. For all other travel – related items, distance was preferentially used for personal car mileage, and airfare in combination with DEFRA’s GHG reporting conversion factors 2023. Otherwise, a financial allocation was made for car rentals, hotel stay, and public transport based on expenses spend and intensity factors from the EEIO model. Accounting is by date of financial transaction report.
7. Employee commuting	Data is obtained through an annual employee survey of distance travelled per week by modes of transport. DEFRA’s GHG reporting conversion factors 2023 are used to calculate the GHG intensity of each transport type and IEA emissions factors 2023 are used to calculate homeworking GHG intensity.
8. Upstream leased assets	Financial allocation (EEIO model) using floor space and geographical location
9. Downstream transportation and distribution	Where JM takes responsibility for the downstream distribution of goods, it was included in the upstream category calculation. Where our customers takes responsibility, no data is available
10. Processing of sold products	Where possible, calculations have been made using the mass of products sold and attributing an emissions conversion associated with a catalyst activation step by downstream customers for products requiring this. For Clean Air products, an emission factor associated with manual handling/canning was used in conjunction with a proportion of customer Scope 1 & 2 figures from CDP data.
11. Use of sold products	We have removed Use of sold products from our footprint by agreement with SBTi, as it determined that the emissions we reported in this category were ‘indirect’ and should not, therefore, be included.
12. End of life treatment of sold products	Given no visibility of the end-of-life treatment/use of JM products, the mass of sold products have been mapped against an emission factor associated with the recycling of PGMs to retain the precious metals, with remainder mass associated with GHG emissions for combustion of waste.
13. Downstream leased assets	Included in Upstream leased assets category

Scope 3 GHG category as defined by GHG Protocol	Calculation methodology
14. Franchises	JM does not have any franchises
15. Investments	GHG footprints from our Pensions trustee providers were used, where available, and scaled to represent JM’s global employee count. Financial allocation (EEIO model) using geographical breakdown of investment revenues from each entity

Planet: Protecting nature and advancing the circular economy

Our goal: Conserve scarce resources

Our KPI to monitor how we are advancing the circular economy is a measurement of all % recycled platinum group metals in our manufactured goods on a mass basis.

We include use of five PGMs – platinum, palladium, rhodium, ruthenium and iridium in our target. This is defined as the weighted global average of all PGM sponge used to manufacture goods in our plants over the course of the reporting year and includes metal that is both sourced and funded by JM and metal sourced and funded by our customers. We define primary metal as metal from a mine or originating outside of the refining loop. This is measured by recording the amount of metal matching this description that has been used in product manufacturing over the given time-period. We define secondary or recycled metal as platinum-group metal-bearing material that has come from an end use (including post-consumer product scrap and waste materials) and has not come to JM in the form of ingot, concentrate or matte directly from a mining process.

This makes up the balance of metal that has been used in product manufacturing over the given time-period. Refining “intake” figures are based on estimated assays, based on the scrap etc that is sent in from customers and sampled, prior to the Refining process.

The assay amounts are finalised throughout the year, and adjustments are periodically made to the reporting figures to account for any differences between the original estimated numbers vs. the final numbers.

Our goal: Minimise our environmental footprint

Total hazardous waste produced

This KPI is a record of how much hazardous waste we generate from our operations that can no longer be used by Johnson Matthey and has to be sent off site for treatment. We define hazardous waste in line with local regulatory requirements in the particular territory where the waste is generated. For example, in Europe we consider the EU Waste Framework Directive (Directive 2008/98/EC of the European Parliament and of the Council). We measure the amount of solid and liquid hazardous waste and report in metric tonnes of material. We measure the total weights sent off site, including any entrained water, and we consider all material waste no longer of use to Johnson Matthey.

Basis of reporting – non-financial data continued

We categorise its destination in the following ways:

- Sent outside JM for beneficial reuse.
- Sent outside JM for recycling.
- Sent outside JM for incineration with energy recovery.
- Sent outside JM for incineration or treatment without energy recovery.
- Sent outside JM for landfill disposal.

Net water usage

This KPI is a record of how much water we withdraw through our operations.

The KPI includes all freshwater sources – mains supplied water that we receive from municipalities, public or private utility companies, ground water that is extracted from below the earth’s surface and fresh surface water that we extract from rivers, wetlands, lakes etc. We do not include rainwater or any brackish surface water. We subtract any water that is returned to the source from which it is extracted at the same or better quality.

Freshwater consumed in regions of high or extremely high baseline water stress

We use the World Resource Institute’s (WRI) Water Risk Atlas tool to identify facilities which are located in regions with a high or extremely high baseline water stress level.

People: Promoting a safe, diverse and equitable society

Definition of employees and contractors

These definitions are used when reporting the Health and Safety KPIs on page 45 of this report. For Employee headcount numbers, only Permanent and Temporary employees are counted as “Employees”.

Reported as “Employees”

Permanent employees	Temporary employees	Agency employees
Continuously site based	Continuously site based	Continuously site based
Contract signed directly between JM and individual and paid regular salary and other benefits by JM	Fixed term contract signed directly between JM and individual. Paid regular salary and other benefits by JM	Person employed by an agency performing tasks that would normally be expected to be undertaken by a JM employee
Work is directly supervised by JM	Work is directly supervised by JM	Work is directly supervised by JM

Reported as “Contractors”

Outsourced function	Specialist service	Projects
Continuously or regularly site based	One-off project or regularly based on site	One-off project
Facility management – catering, cleaning or grounds maintenance; IT; and occupational health, where outsourced	Small scale 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 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

Our goal: Keep people safe

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

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.

$$TRIIR = \frac{\text{annual employee + temp + cont recordable injury/illness events} \times 200,000}{\text{annual employee + temp + cont hours worked}}$$

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

$$OSHA \text{ severity rate} = \frac{\text{Total lost days and restricted days in the year} \times 200,000}{\text{Total hrs worked during the year}}$$

Basis of reporting – non-financial data continued

Lost Time Case is a work-related injury or illness case that requires an employee to spend one or more full days away from work other than the day of injury or illness.

$$\text{Lost time injury frequency rate (LTIFR) employees} = \frac{\text{annual employee + temporary employees lost time injury events} \times 1,000,000}{\text{annual employee + temporary employees hours worked}}$$

$$\text{LTIFR contractors} = \frac{\text{annual contractor lost time injury events} \times 1,000,000}{\text{annual contractor hours worked}}$$

$$\text{Occupational illness frequency rate (OIFR)} = \frac{\text{annual employee + temporary employees occupational illness events} \times 1,000,000}{\text{annual employee + temporary employees hours worked}}$$

The **process safety event severity rate (PSESR)** is measured according to the methodology approved by International Council of Chemical Associations (ICCA). The metric first requires a determination that the event is to be included in the process safety event severity rate (PSESR) 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 PSESR is recorded as a 12 month rolling number. Total worker hours include employees, temporary employees and contractors.

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).

$$\text{ICCA process safety event severity rate (Level 1 to Level 4)} = \frac{\text{Total severity score for all events}}{200,000 \text{ hrs worked during the year}}$$

A Tier 1 Process Safety Event (T-1 PSE) is a loss of primary containment (LOPC) with the greatest consequence as defined by American Petroleum Institute recommended practice (RP) 754.

$$\text{Tier 1 rate} = \frac{\text{annual Tier 1 process safety events} \times 1,000,000}{\text{total annual hours worked}}$$

Our goal: Create a diverse, inclusive and engaged company

Employee Engagement

All permanent and fixed term contract employees are invited to voluntarily complete an employee survey at regular intervals to determine the engagement and wellbeing of staff using a standard methodology defined by Workday Peakon – an independent third party used by companies globally. All responses are submitted confidentially to Workday Peakon and results are independently analysed and shared with all managers who met the minimum response threshold of five responses from their team.

For reporting we use the latest survey available at the end of the fiscal year. Engagement level is tracked at both the Annual Survey and the Pulse Surveys, where the latter is a subset of questions asked to all JM employees.

Through the surveys we measure attributes on a scale of 0 to 10. The surveys measure employee engagement through three questions:

1. to what extent they would recommend JM as employer to others,
2. to what extent they intend to stay with JM,
3. in general how satisfied they are with their employment at JM.

Female representation across all management levels

This is the percentage of all management level employees (all employees whether they are a people manager or not, at a minimum compensation grade) who self-disclosed as female on the 31st March in the reporting year.

For the purposes of reporting, we use the identifiers ‘female’ and ‘male’ for the category of gender as captured in our HR system. Gender is self-disclosed by the individual.

Invest in our local communities

We record 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 days, 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. 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.

Calculation for indirect expenditure in community investment

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

$$\text{Average cost of one day of employee time} = \frac{\text{Total employee benefits expense in year}}{\text{Number of working days in year} \times \text{Average number of permanent employees}}$$

Independent Limited Assurance Report to Johnson Matthey PLC

ERM Certification and Verification Services Limited ("ERM CVS") was engaged by Johnson Matthey plc ("Johnson Matthey") to provide limited assurance in relation to the selected information set out below and presented in the Johnson Matthey Annual Report and Accounts 2024 and Sustainability Performance Databook 2024 (together the "Reports").

Engagement summary

Scope of our assurance engagement	<p>Whether the 2023/24 selected information as indicated in the following Selected Information table are fairly presented in the Reports, in all material respects, in accordance with the reporting criteria.</p> <p>Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Reports.</p>
Reporting period	1 st April 2023 – 31 st March 2024.
Reporting criteria	<ul style="list-style-type: none"> • The GHG Protocol Corporate Accounting and Reporting Standard (WBCSD/WRI Revised Edition 2015) for Scope 1 and Scope 2 GHG emissions • The GHG Protocol Scope 2 Guidance (An amendment to the GHG Protocol Corporate Standard (WRI 2015) for Scope 2 GHG emissions • The GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) for Scope 3 GHG emissions • Occupational Safety and Health (OSHA) regulations • Johnson Matthey' Basis of reporting –non-financial data found in the 'ther information' section of Johnson Matthey's Annual Report and Accounts 2024
Assurance standard and level of assurance	<p>We performed a limited assurance engagement, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and in accordance with ISAE 3410 for Greenhouse Gas data issued by the International Auditing and Assurance Standards Board.</p> <p>The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.</p>
Respective responsibilities	<p>Johnson Matthey is responsible for preparing the Reports and for the collection and presentation of the information within it, and for the designing, implementing and maintaining of internal controls relevant to the preparation and presentation of the Selected Information.</p> <p>ERM CVS' responsibility is to provide a conclusion to Johnson Matthey on the agreed scope based on our engagement terms with Johnson Matthey, the assurance activities performed and exercising our professional judgement.</p>

Our conclusion

Based on our activities, as described overleaf, nothing has come to our attention to indicate that the 2023/24 data and information for the disclosures listed under 'Scope' above are not fairly presented in the Reports, in all material respects, in accordance with the reporting criteria.

Independent Limited Assurance Statement to Johnson Matthey PLC continued

Our assurance activities

Considering the level of assurance and our assessment of the risk of material misstatement of the Selected Information a multi-disciplinary team of sustainability and assurance specialists performed a range of procedures that included, but was not restricted to, the following:

- Evaluating the appropriateness of the reporting criteria for the selected information;
- Interviewing management representatives responsible for managing the selected issues;
- Interviewing relevant staff to understand and evaluate the management systems and processes (including internal review and control processes) used for collecting and reporting the selected disclosures;
- Reviewing a sample of qualitative and quantitative evidence supporting the reported information at corporate level;
- Performing an analytical review of the year-end data submitted by all locations included in the consolidated 2023/24 group data for the selected disclosures which included testing the completeness and mathematical accuracy of conversions and calculations, and consolidation in line with the stated reporting boundary;
- Conducting in person site visits to six Johnson Matthey facilities; JM Testing Taylor (MI, USA), Royston R&CE (UK), Swindon (UK), Panki (India), Perstorp (Sweden) and CA Zhangjiagang (China), to review source data and local reporting systems and controls;
- Evaluating the conversion and emission factors and assumptions used; and
- Reviewing the presentation of information relevant to the scope of our work in the Reports to ensure consistency with our findings.

The limitations of our engagement

The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

For the total Scope 1 and 2 carbon intensity (market-based) and year-on-year change in Scope 1 and 2 carbon intensity metrics, we reviewed the accuracy of the calculation based on the final, assured scope 1 and 2 data and the tonne sales figure for 2023/24 provided by Johnson Matthey. We did not separately assure the tonne sales used in the calculation of these metrics.

Our independence, integrity and quality control

ERM CVS is an independent certification and verification body accredited by UKAS to ISO 17021:2015. Accordingly we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our quality management system is at least as demanding as the relevant sections of ISQM-1 and ISQM-2 (2022).

ERM CVS applies a Code of Conduct and related policies to ensure that its employees maintain integrity, objectivity, professional competence and high ethical standards in their work. Our processes are designed and implemented to ensure that the work we undertake is objective, impartial and free from bias and conflict of interest. Our certified management system covers independence and ethical requirements that are at least as demanding as the relevant sections of the IESBA Code relating to assurance engagements.

ERM CVS has extensive experience in conducting assurance on environmental, social, ethical and health and safety information, systems and processes, and provides no consultancy related services to Johnson Matthey in any respect.

Gareth Manning

Partner, Corporate Assurance

London, United Kingdom
22nd May 2024

On behalf of:
ERM Certification and Verification Services Limited



Independent Limited Assurance Statement to Johnson Matthey PLC continued

Selected Information table

Metric name	Unit of Measure	2023/24 total figure
Total Scope 1 GHG emissions	tonnes CO ₂ e	215,429
Total Scope 2 GHG emissions (market-based)	tonnes CO ₂ e	66,974
Total Scope 2 GHG emissions (location-based)	tonnes CO ₂ e	196,812
Total Scope 1 and 2 GHG emission (market-based)	tonnes CO ₂ e	282,403
Total Scope 1 and 2 carbon intensity (market-based)	tonnes CO ₂ e/tonne sales	2.6
Year on year change in Scope 1 and 2 carbon intensity	%	-18%
Total energy consumption	MWh	1,211,683
Total non-renewable energy consumption	kWh	936,278,140
Total renewable energy purchased or generated	kWh	275,404,458
Certified renewable electricity consumption	%	57%
Total Scope 3 (Category 1) Purchased Goods and Services GHG emissions	tonnes CO ₂ e	2,531,576
Total Scope 3 (Category 3) Fuel and Energy-related GHG emissions	tonnes CO ₂ e	38,687
Total freshwater withdrawal (all sources)	m ³	1,791,727
Total water discharged back to original source	m ³	36,477
Net freshwater consumption	000's m ³	1,755
Freshwater consumed in regions of high or extremely high baseline water stress	000's m ³	402
Average direct Chemical Oxygen Demand of wastewater (COD)	mg/L	264
Coverage for COD reporting	%	90%
Total waste recycled/reused	tonnes	37,610
Total waste sent off site to landfill	tonnes	3,338
Total waste sent offsite for incineration with energy recovery	tonnes	1,213
Total waste sent offsite for incineration or treatment without energy recovery	tonnes	23,064

Metric name	Unit of Measure	2023/24 total figure
Total waste sent off site	tonnes	65,225
Total hazardous waste recycled/reused	tonnes	25,263
Total hazardous waste sent off site to landfill	tonnes	1,373
Total hazardous waste sent offsite for incineration with energy recovery	tonnes	201
Total hazardous waste sent offsite for incineration or treatment without energy recovery	tonnes	15,463
Total hazardous waste sent off site for treatment	tonnes	42,300
Total solid waste disposed off site	tonnes	3,571
Total solid waste generated for treatment off site	tonnes	15,257
Total solid waste sent off site to be reused or recycled	tonnes	11,687
Nitrogen oxides (NOx) emissions to air	tonnes	318
Sulphur oxides (SOx) emissions to air	tonnes	36
Volatile organic chemicals (VOCs) emissions to air	tonnes	45
Coverage for NOx reporting	%	88%
Coverage for SOx reporting	%	68%
Coverage for VOCs reporting	%	80%
Tonnes of GHGs avoided by using JM technology	tonnes	1,110,057
% of recycled PGMs (Platinum Group Metals) in JM manufactured products	%	69%
Lost Time Injury Frequency Rate (LTIFR) employees	n/million hrs	0.84
Lost Time Injury Frequency Rate (LTIFR) contractors	n/million hrs	0.95
Occupational Illness Frequency Rate (OIFR)	n/million hrs	0
Tier 1 Process Safety events rate	Tier 1 events/1,000,000 hrs	0.11
Total Recordable Injury and Illness Rate (TRIIR) employees + contractors	n/200,000 hrs	0.36
ICCA Process Safety Event Severity Rate (PSESr)	PSESr/200,000 hrs	0.88
% of female representation at all management levels		30%

Shareholder information

Key shareholder facts

Johnson Matthey share price as at 31st March

	2019	2020	2021	2022	2023	2024
	3,142p	1,798p	3,013p	1,879p	1,983p	1,789p

By location

	Number of shares ¹	Percentage
UK and Eire	112,400,762	61.11%
USA and Canada	30,910,176	16.80%
Continental Europe	33,289,382	18.10%
Asia Pacific	3,630,755	1.97%
Rest of World	3,069,310	1.67%
Unidentified	639,586	0.35%
Total	183,939,971	100.00%

By category

	Number of shares ¹	Percentage
Investment and unit trusts	90,876,630	49.40%
Pension funds	13,401,272	7.29%
Individuals	90,694	0.05%
Custodians	31,247,414	16.99%
Insurance companies	11,503,737	6.25%
Sovereign wealth funds	12,367,273	6.72%
Charities	287,343	0.16%
Other	24,165,608	13.14%
Total	183,939,971	100.00%

By size of holding

	Number of holdings	Percentage of holders	Percentage of issued capital ^{1,2}
1 – 1,000	3,704	76.59%	0.58%
1,001 – 10,000	865	17.89%	1.26%
10,001 – 100,000	145	3.00%	2.91%
100,001 – 1,000,000	79	1.63%	15.25%
1,000,001 – 5,000,000	34	0.70%	34.69%
5,000,001 and over	9	0.19%	45.31%
Total	4,836	100.00%	100.00%

Dividend – pence per share

	2019	2020	2021	2022	2023	2024
Interim	23.25	24.50	20.00	22.00	22.00	22.00
Final	62.25	31.125	50.00	55.00	55.00	55.00
Total ordinary	85.5	55.625	70.00	77.00	77.00	77.00

1. Issued share capital balances exclude treasury shares of 9,649,874.

2. The size of holding figures as a percentage of the issued share capital are approximate due to the liquidity of the register.

The Board is proposing a final dividend for 2023/24 of 55.00 pence, to take the total for the year to 77.00 pence.

Shareholder information continued

Electronic communications

We're encouraging our shareholders to receive their shareholder information by email and via our website. This allows us to provide you with information quicker and helps us to be more sustainable by reducing paper and printing materials.

To register for electronic shareholder communications, visit our registrar's website shareview.co.uk.

Dividends

Dividends can be paid directly into shareholders' bank or building society accounts. This allows you to receive your dividend immediately and is cost-effective for the company. To take advantage of this, please contact Equiniti via shareview.co.uk or complete the dividend mandate form you receive with your next dividend cheque. A Dividend Reinvestment Plan is also available which allows shareholders to purchase additional shares in the company.

Matthey.com

You can find information about the company quickly and easily on our website matthey.com. Here you will find information on the company's current share price together with copies of the group's full-year and half-year reports and major presentations to analysts and institutional shareholders.

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 Limited. Their contact details are included below. Equiniti also offer a share dealing service by telephone: 0345 603 7037 or online shareview.co.uk/dealing.

By phone: +44(0)371 384 2344 Please use the country code when calling from outside the UK. When you call, please quote your 11-digit Shareholder Reference Number.

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

By post: Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

Online: shareview.co.uk

Shareholders may also contact the company directly using the details below.

By phone: +44 20 7269 8000

By email: jmir@matthey.com

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

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 JIMPLY. When dividends are paid to shareholders, the Depositary converts those 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.

Financial calendar 2024

6th June

Ex dividend date

7th June

Final dividend record date

18th July

Annual General Meeting (AGM)

6th August

Payment of final dividend subject to the approval of shareholders at the AGM

27th November

Announcement of results for the six months ending 30th September 2024



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Johnson Matthey Plc is a public company limited by shares registered in England and Wales with the registered number 33774.