Governance

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 2018 UK Corporate Governance Code (the Code) except for 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. We will review our remuneration policy and engagement mechanisms as part of our triennial review.

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

How we apply the principles of the Code	
Board leadership and company purpose	
The role of the board	Pages 88, 92-93
Purpose and culture	Pages 10-11, 90-91
Resources and controls	Pages 90, 108
Stakeholder engagement	Pages 32-33, 92-95
Workforce engagement	Page 91
Division of responsibilities	
Role of the Chair, non-executive directors and Company Secretary	Page 88
Composition of the board	Pages 86-87
Composition, succession and evaluation	
Appointments to the board and succession planning	Pages 100-103
Skills, experience and knowledge of the board	Pages 86-87
Board evaluation	Pages 96-97
Audit, risk and internal control	
Audit Committee report	Pages 104-110
Risk report	Pages 70-79
Remuneration	
Remuneration Committee report	Page 111-130

Fair, balanced and understandable

In accordance with the Code, the board considers that, taken as a whole, the 2021/22 Annual Report and Accounts is fair, balanced and understandable, and provides the information necessary for shareholders to assess JM's position, performance, business model and strategy. The Audit Committee assesses the process that management uses to support the recommendation to the board. More details are on page 108.

Chair's introduction

"Our strong governance made sure we assessed shareholder and stakeholder interests with the long-term sustainable success of the company in mind."

We all worked through the challenging and unusual times of COVID-19 in 2020/21. This year, our board continued to face some of those challenges but also made some difficult decisions in pursuing opportunities more aligned with our core capabilities – including our decision to exit our Battery Materials business.

As I mentioned in my statement in the Strategic Report (pages 2-3), that decision was not an easy one. It had a big impact on our talented colleagues – and on our investors. We deeply regret that.

Our aim, though, was – and always is – to drive long-term value for our shareholders. That's why we also approved divesting our Health and Advanced Glass Technologies businesses, neither of which played to our core capabilities.

When we took these difficult decisions, we had to make sure they would promote the long-term success of the company – but we also carefully considered the opposing views and potential impacts on each of our stakeholder groups.

Read more in our Section 172 statement on pages 94 and 95

Having Liam Condon join us as Chief Executive on 1st March 2022 has already had a significant and positive impact on the company's future. His vision for JM, and his focus on people, purpose and opportunity, will enable us to make the most of our unique opportunity to be a leader in sustainable technologies.

Similarly, our new Societal Value Committee, set up in May 2021 and chaired by Jane Griffiths, has really helped the board oversee the initiatives behind our sustainability targets, while also monitoring our progress in making JM a company of greater diversity, inclusion and belonging.

More information about our Societal Value Committee's work is on page 98

I've also been so pleased that some board members were able to meet in person this year, as travel restrictions eased. We've embraced a hybrid meeting model so anyone unable to attend in person can take part virtually. And, since we've been unable to regularly meet in person with our colleagues, our virtual employee engagement sessions have provided us with valuable touch points. These sessions make sure we understand the diverse views of those people fundamental to delivering our strategic priorities.

Read more about how the board engaged with our people on page 91

During the year, we've also focused on succession planning. As well as Liam Condon, we've welcomed Stephen Oxley as Chief Financial Officer and Rita Forst as a Non-Executive Director, which further enhances our board's skills and experience.

Robert MacLeod retired as Chief Executive on 28th February 2022, after 13 years with JM. Robert significantly evolved JM during his tenure and his legacy creates a platform for the next stage of our growth. I would personally like to thank Robert for his valued contributions.

Patrick Thomas
Chair

Governance highlights

- Created the Societal Value Committee, a new board committee that ensures sustainability, diversity and inclusion, and ethics are at the forefront of the board's agenda. Read more on page 98
- Assessed the group's strategy and made key decisions on divesting non-core businesses and exiting Battery Materials
- Developed and enhanced succession plans, including the appointment of several new board and Group Leadership Team (GLT) members. Read more from page 100 onwards
- Responded to the Department for Business, Energy and Industrial Strategy white paper 'Restoring trust in audit and corporate governance'

Read more about the board's activities during the year on page 92-93

Board at a glance
as at 31st March 2022

Board and committee attendance

Board attendance	Board	Societal Value Committee	Nomination Committee	Audit Committee	Remuneration Committee
Patrick Thomas	8/8	2/3	6/6	–	8/8
Robert MacLeod[1]	8/8	3/3	–	–	–
Liam Condon[2]	–	–	–	–	–
Stephen Oxley	8/8	3/3	–	–	–
Rita Forst[3]	5/5	1/1	2/2	3/3	5/5
Jane Griffiths	8/8	3/3	6/6	5/5	8/8
John O'Higgins	8/8	3/3	6/6	5/5	8/8
Xiaozhi Liu	8/8	3/3	6/6	5/5	8/8
Chris Mottershead	8/8	3/3	6/6	5/5	8/8
Doug Webb	8/8	3/3	6/6	5/5	7/8

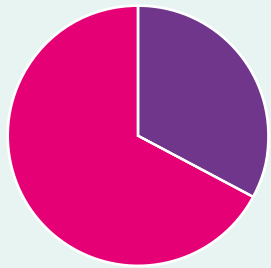
1. Robert MacLeod retired from the board on 28th February 2022.
2. Liam Condon joined the board on 1st March 2022 and there were no board or committee meetings that month.
3. Rita Forst joined the board on 4th October 2021.

Due to the strategic review, we held two additional board meetings during the year under review.

Non-executive director industry leadership and experience

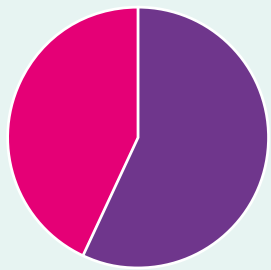
	Patrick Thomas	Rita Forst	Jane Griffiths	John O'Higgins	Xiaozhi Liu	Chris Mottershead	Doug Webb
Automotive	●	●		●	●		
Battery technologies					●		
Chemicals	●			●			
Energy				●	●	●	
Oil and gas	●			●		●	
Pharmaceuticals	●		●			●	
Manufacturing	●			●	●		●
Professional services							●
Technology	●	●		●	●	●	●
Sustainability	●	●	●			●	

Board composition



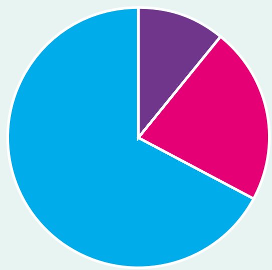
Gender diversity

- Female directors: 3 — 33%
- Male directors: 6 — 67%



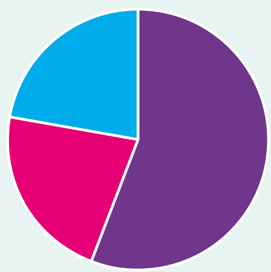
Chair and non-executive director tenure

- 0–3 years: 4 — 57%
- 4–7 years: 3 — 43%



Role

- Chair: 1 — 11%
- Executive: 2 — 22%
- Non-executive: 6 — 67%



Nationality

- British: 5 — 56%
- Irish: 2 — 22%
- German: 2 — 22%

Board of Directors

Patrick Thomas
Chair

Appointed to the board: June 2018

S N R

Skills and experience
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 Akzo Nobel N.V. and member of Covestro AG's Supervisory Board.

Liam Condon
Chief Executive

Appointed to the board: March 2022

S

Skills and experience
Liam was appointed Chief Executive in March 2022. Previously he was 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, as well as modernising organisations.

Stephen Oxley
Chief Financial Officer

Appointed to the board: April 2021

S

Skills and experience
Stephen joined from KPMG, where he was a Partner. He's experienced in both audit and advisory roles for large, complex, international companies across sectors including FMCG, healthcare, natural resources and industrials. He's worked with major global FTSE 100 and private companies. Stephen is a chartered accountant.

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

External appointments
Trustee of Care International UK and Chair of its Finance and Audit Committee.

Rita Forst
Independent Non-Executive Director

Appointed to the board: October 2021

S N A R

Skills and experience
Rita has 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. She was also a member of Opel's Management Board from 2010 to 2012. 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.

Jane Griffiths
Independent Non-Executive Director

Appointed to the board: January 2017

S N A R

Skills and experience
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, particularly across the pharmaceutical sector, and also a strong interest in sustainability and diversity.

External appointments
Chair of Redx Pharma Plc, Non-Executive Director and Sustainability Committee Chair of BAE Systems plc, Non-Executive Director of TB Alliance and Chair of RareiTi Advisory Board.

Committee Chair | S Societal Value Committee member | N Nomination Committee member | A Audit Committee member | R Remuneration Committee member

John O'Higgins
Senior Independent Director

Appointed to the board: November 2017

S N A R

Skills and experience
John was Chief Executive of Spectris plc from January 2006 to September 2018 and led the business through a period of significant transformation. He previously worked for Honeywell as President of Automation and Control Solutions, Asia Pacific and 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. John began his career as a design engineer at Daimler-Benz in Stuttgart.

Contribution
John has extensive business and industrial experience. He has 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.

Xiaozhi Liu
Independent Non-Executive Director

Appointed to the board: April 2019

S N A R

Skills and experience
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.

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 in Europe and the US.

External appointments
Chief Executive of ASL Automobile Science & Technology, Non-Executive Director of Autoliv Inc and InBev SA/NV.

Chris Mottershead
Independent Non-Executive Director

Appointed to the board: January 2015

S N A R

Skills and experience
Chris held roles at King's College London until his retirement in 2021, including Senior Vice President of Quality, Strategy and Innovation, and Director of King's College London Business Limited. Before this, Chris had a 30-year career at BP, including as Global Advisor on Energy Security and Climate Change. He was also Technology Vice President for BP's Global Gas, Power and Renewables businesses. He is a chartered engineer and fellow of the Royal Society of Arts.

Contribution
Chris has a wealth of industrial and academic knowledge, as well as experience in energy technology and related global sustainability issues. As Chair of the Remuneration Committee, Chris is a sounding board for JM's HR function.

External appointments
Member of the Audit Committee of the Crick Institute.

Doug Webb
Independent Non-Executive Director

Appointed to the board: September 2019

S N A R

Skills and experience
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 at 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 JM's Audit Committee and acting as its financial expert.

External appointments
Non-Executive Director and Audit Committee Chair of The Manufacturing Technology Centre Ltd, Non-Executive Director and Audit Committee Chair of United Utilities Group PLC and Senior Independent Director and Audit Committee Chair of BMT Group Ltd.

Nick Cooper
General Counsel and Company Secretary

Appointed as General Counsel and Company Secretary: June 2020

Skills and experience
Nick has strong experience working across a diverse range of sectors. After qualifying as a solicitor, he worked in general counsel and company secretarial roles across the software, hospitality and telecommunications sectors. More recently, as Corporate Services Director of Cable & Wireless, he led the migration of its central operations from London to the US.

Contribution
Nick's wide knowledge of corporate law and operational experience means he has the ideal mix of skills to support JM and our transformation.

External appointments
Non-Executive Director of Springfield Properties PLC.

Our governance structure

Our board of directors

The board is collectively responsible for JM's long-term success. It provides leadership, direction and monitors the group's culture and values. The board also sets our strategy and oversees its implementation, ensuring we're managing risks appropriately and giving due regard to all stakeholders and their views.

Responsibilities our board does not delegate are included in the matters reserved for the board in our Governance Framework.

Read our Governance Framework on our website, matthey.com/governance-framework

Board composition and roles

Our six non-executive directors are determined to be independent by the board, in accordance with the Code's criteria. The board believes their respective skills, experience and knowledge enable them to discharge their respective duties and responsibilities effectively.
The Chair was considered independent on appointment.

Chair: Patrick Thomas

Key responsibilities

- Leads the board
- Ensures an effective board, including welcoming contributions and challenges from directors
- Maintains regular and effective shareholder communications and ensures 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 highest standards of integrity, probity and corporate governance throughout the group

Independent Non-Executive Directors: Rita Forst, Jane Griffiths, Xiaozhi Liu, Chris Mottershead and Doug Webb

Key responsibilities

- Constructively challenge the executive directors
- Scrutinise management's performance
- Develop 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: John O'Higgins

Key responsibilities

- 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 taken up
- Is available to shareholders should they have concerns
- Leads the annual appraisal of the Chair's performance

Chief Executive: Liam Condon

Key responsibilities

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

Chief Financial Officer: Stephen Oxley

Key responsibilities

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

General Counsel and Company Secretary: Nick Cooper

Key responsibilities

- 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

All independent non-executive directors are members of the principal board committees. The Chair is a member of the Remuneration Committee and the Societal Value Committee, and chairs the Nomination Committee.

Audit Committee

Read more on pages 104 - 110

Nomination Committee

Read more on pages 100 - 103

Remuneration Committee

Read more on pages 111 - 130

Societal Value Committee

Read more on pages 98 - 99

Other committees

The board has delegated specific responsibilities to the Disclosure Committee and Ethics Panel. These committees comprise executive directors or Group Leadership team (GLT) members and relevant senior management.

Disclosure Committee

Identifies and controls inside information. Determines how or when that information is disclosed, in accordance with applicable legal and regulatory requirements.

Ethics Panel

Oversees concerns raised related to our Speak Up process and ensures the effective review and investigation of these concerns.

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, who is supported by the GLT. The GLT is supported by the three committees, each chaired by a GLT member. Our Delegation of Authorities Framework sets out levels of authority for decision making throughout the business.

Details of GLT members and their experience are on our website, matthey.com/GLT

Finance and Administration Committee

Responsible for the approval of certain group finance and corporate restructuring matters.

Legal Risk Committee

Reviews group contract and litigation risk.

Metal Steering Committee

Manages risk and mitigating actions in relation to the group's precious metal.

More detail on the role and responsibilities of our committees and the division of responsibilities between the Chair and Chief Executive can be found in our Governance Framework, which is available on our website, matthey.com/governanceframework

Corporate governance report

Our board and its committees

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. Details of their names, responsibilities and contribution are on pages 86-87.

The number of board and committee meetings held during the financial year is included on page 85. There were additional meetings during the year, as a result of the strategic review. The board keeps the number of meetings under review to ensure that non-executive directors have sufficient time to discharge their duties.

All our board directors regularly go on site visits to engage with all levels of the business and gain a better understanding of the culture at our sites. Unfortunately, COVID-19 restrictions meant that the full board could not undertake planned site visits during 2021, but several non-executive directors did visit a number of UK sites, as described below.

Training

As part of the board's continuous development, Herbert Smith Freehills (HSF) provided an update on the Market Abuse Regulation. This was supported by the Company Secretarial team following a review and refresh of our processes and policies. HSF also updated the board on the emerging risk of climate litigation. In October 2021, our Platinum Group Metals (PGM) leadership team provided a 'teach-in' on the PGM market outlook, scenarios and price forecasts. In addition, all board members receive training on climate-related issues through the Societal Value Committee, where we invite an external specialist to present at each meeting.

PwC presented a regulatory update to the Audit Committee, covering the key changes for the next financial year. All directors also complete mandatory training modules, covering environment, health and safety, and ethics and compliance matters. They also receive regular legal and governance updates from the General Counsel and Company Secretary.

We regularly assess the skills and experience of our board members to ensure they continue to be well placed to assess the purpose and strategy of JM. This review, alongside the annual board effectiveness review, helps to inform our training agenda for the year.

Purpose and culture

Having the right culture is essential to achieving good governance and delivering on our strategy. Our purpose and vision are underpinned by our values and drive our culture. Read more on pages 10-11.

The board monitors culture through many different metrics, including our global employee engagement survey, engagement focus groups, customer satisfaction scores, customer behaviour statistics, health and safety reports, financial results, internal audit report, and progress against our key transformation project milestones. Our Speak Up process is also the formal channel for our employees to raise concerns. Any material issues or key themes arising from Speak Ups are discussed by the Ethics Panel and Societal Value Committee and escalated to the board as appropriate.

Stephen Oxley
Chief Financial Officer

"Despite the pandemic's restrictions, I had a thorough induction to JM. It's clear how our values and purpose are embedded throughout JM's operations and how we work."

Induction

All new directors receive a comprehensive and tailored formal induction plan during their first year at JM and, when circumstances allow, make site visits across various sectors to gain a deeper understanding of JM. During the year, three new directors joined: Stephen Oxley, Rita Forst and Liam Condon.

We adapt each induction plan, to ensure it supports each director in meeting their statutory duties and understand our strategic priorities, as well as to provide insight into our purpose, values and culture.

As part of their induction, each director meets a wide range of senior managers, who are responsible for day-to-day management of the business, as well as key external advisers.

Where site visits were not possible due to travel restrictions, virtual site visits and introductions were facilitated.

Following their induction, each director receives regular briefings from external advisers or teach-ins on items of strategic importance as part of regular board training.

During the year under review, we continued to transform our culture and embed our values and behaviours, with a focus on leadership capability, engagement and enablement. The pandemic affected the board's ability to oversee JM's culture first-hand, and site visits were limited. Several non-executive directors visited UK sites including Royston, Sonning and Oxford, to meet local leadership teams and learn more about our businesses.

Our Chief Executive has focused on the key themes of people, culture and morale in his board reports throughout the year. This provides us with a valuable insight into JM's day-to-day operations and the cultural context in which our colleagues work. During the pandemic, this was an important part of understanding how our employees were coping with changes to their working environment and with the group's ongoing transformation. As part of the strategic review, the board spent a lot of time considering culture. It was recognised that our purpose and values still drive the right behaviours but that cultural change would underpin the delivery of our strategy. As such, we set new cultural priorities aligned to our purpose and values, to drive a simpler, higher performing and more commercial organisation.

More information on our strategy and cultural priorities is detailed on pages 4-9.

To enhance the board's assessment of our culture, we will introduce key engagement and enablement KPIs which will be reported to the board through the Chief Executive's reports throughout the year.

Our board committees play an important role in monitoring our culture:

- The Societal Value Committee ensures we are a truly inclusive organisation with a diverse workforce to support our culture, and it monitors any key themes and issues arising from our Speak Up process (see page 98-99).
- The Nomination Committee makes sure succession planning supports our culture and promotes diversity (see pages 100-103).
- The Audit Committee has oversight of internal controls that safeguard our culture (see pages 104-110).
- The Remuneration Committee determines the group's approach to reward and benefits to ensure it promotes our culture and JM's long-term success (see pages 111-130).

Employee engagement

The board is committed to engaging with employees to better understand our culture, issues and challenges across our business. The board has considered employee engagement methods specified by the Code, but feels that, given our global and diverse employee network, we need a different approach. We hold engagement focus groups in countries where JM has a significant footprint and each session is attended by a director. We believe our engagement focus groups provide us with a wide range of views from our colleagues around the world.

In 2021, we created new employee engagement groups in North Macedonia, Poland and India, building on previous engagement sessions. Each session is led by a local senior leader with diverse colleagues from different sectors and functions, job types, ages and tenures. This year, we centred around the topic of sustainability in JM, with a view to understanding how our sustainability agenda is resonating across the business. We sought feedback and suggestions on what sustainability means to individuals, sectors and functions, and the goals that colleagues could focus on.

The focus groups were held virtually as a result of continued travel restrictions. Separate breakout sessions were also held to encourage open and frank discussion. Directors reported back to the board, and key actions arising were continually monitored through the year by regular reports.

Since March, the board has been focused on the strategic review, and as part of that, considered the employee feedback from The Big Listen. This was not a traditional engagement survey; it was designed to uncover strengths and barriers to our success from the bottom up and provided valuable insight to the board and senior management.

More details on how we engaged employees as part of The Big Listen can be found on page 8.

Board attendance at employee engagement sessions

Country	Director
USA	Jane Griffiths
Germany	Patrick Thomas
India	Doug Webb
China	Xiaozhi Liu
UK	Chris Mottershead
North Macedonia	John O'Higgins
Poland	Stephen Oxley

Key themes from employee engagement sessions

Internal awareness

While everyone is aware of our sustainability agenda, the level of understanding and depth of knowledge varies greatly. It was suggested that colleagues would benefit from training and greater communications on what they can do to support the initiatives at a local, team and individual level.

Engaging our people

The focus on our people is paramount, both in terms of resource, retention and development, but also in delivering our sustainability agenda. There is a huge desire among our people to do more to deliver our sustainability agenda and get involved, and there is a recognition that small everyday changes can make a big impact. There is, however, recognition that it would be helpful to have more dedicated resource to support our sustainability agenda.

Collaboration

There is a desire to increase cross-site responses and solutions to sustainability issues. Employees have recommended the introduction of cross-site knowledge sharing and competitions.

Board activities

Our annual agenda plan reflects our strategy, and gives us sufficient time to discuss and develop strategic proposals and monitor board performance. Below, we have set out some matters we considered during the year, different stakeholder groups central to those decisions and the outcomes. Our Section 172 statement on pages 82, 94 and 95, illustrates how the board considers stakeholder views and the outcome of those considerations.

Read more about how we manage risk on pages 70-79 and our strategy on pages 4-9

	Matters considered	Stakeholders considered	How the board received stakeholder feedback	Outcomes	Principal risks
Strategy and execution	Our strategic discussions included: • Business transformation • Battery Materials • Divesting non-core businesses • Reviewing JM's overall group strategy • Future growth areas	• Customers and innovation partners • Our people • Investors • Suppliers • Governments and trade associations • Communities	• Chief Executive updates • Sector updates • M&A updates • Capital project updates • Strategic review papers	• Received detailed updates on the transformation programme • Conducted deep dives into each sector's strategy • Agreed the sale of the Health, Advanced Glass Materials businesses • Agreed the exit of Battery Materials and approved the subsequent divestments to Nano One and EV Metals • Clarified our group strategy and changed our culture ambition to support the delivery of the strategy	• Risks 1: Strategic growth: business transition to low-carbon economy • Risk 2: Maintaining competitive advantage of our products and operations • Risk 4: Supply failure (excluding platinum group metals) • Risk 10: Business transformation
Financial oversight	Scrutinised and monitored financial data and performance, including: • Trading and performance • Full-year and half-year results • Going concern and viability statements • Dividend payments • Annual Report and Accounts, including reporting against the Task Force on Climate-related Financial Disclosure requirements	• Customers and innovation partners • Our people • Investors • Suppliers	• Chief Financial Officer updates • PGM reports • Regular broker reports • Feedback following results presentations	• Reviewed in detail the group's financial position, including working capital and net debt • Agreed the budget for 2022/23 and our three-year plan • Assessed the proposed dividend payment • Approved the going concern and viability statements • Approved the commencement of a share buyback programme • Reviewed and approved the full-year and half-year results and annual report	• Risks 1: Strategic growth: business transition to low-carbon economy • Risk 4: Supply failure (excluding platinum group metals) • Risk 6: Managing our metal commitments • Risk 8: Asset failure
Operational management	We received regular updates from the Chief Executive on: • Group operations • Capital project execution • EHS performance • Business continuity and ongoing site management • Supply chain management	• Customers and innovation partners • Our people • Investors • Suppliers • Governments and trade associations • Communities	• Procurement update • Payment practices reporting • EHS updates • Modern Slavery Statement and Conflict Minerals Disclosure	• Received detailed updates on group operations, including capital projects, procurement, security, EHS and IT • Monitored and discussed the impact of COVID-19 and reviewed responses and actions taken at site level • Received detailed updates on the group's performance against EHS targets and significant events • Received updates relating to the Russia - Ukraine conflict	• Risk 3: EHS • Risk 4: Supply failure (excluding PGMs) • Risk 5: People, culture and leadership • Risk 6: Managing our metal commitments • Risk 7: IP management • Risk 10: Business transformation • Risk 11: Customer contract liability

	Matters considered	Stakeholders considered	How the board received stakeholder feedback	Outcomes	Principal risks
Governance	Governance is at the heart of the board agenda, including consideration of: • Stakeholder engagement mechanisms • Board effectiveness • Our Governance Framework • Policies and processes	• Customers and innovation partners • Our people • Investors • Suppliers • Governments and trade associations • Communities	• Attendance and engagement at the AGM • Stakeholder perception survey (every two years) • Feedback following investor meetings and direct engagement through investor calls • Review material news or regulatory announcements through the Disclosure Committee • Governance updates	• Reviewed and assessed our key stakeholder groups and how we engage with them • Progressed the actions from the externally facilitated board effectiveness review and conducted an internal board effectiveness review • Implemented changes to improve the Governance Framework, simplified committees at GLT level and created a new Societal Value Committee • Approved updates to policies to ensure alignment to best practice	• Risk 5: People, culture and leadership • Risk 9: Ethics and compliance • Risk 11: Information technology and cybersecurity • Risk 12: Customer contract liability
People and culture	The board focused on: • Our people strategy and culture • Diversity and inclusion • Employee engagement forums • Speak Up reports	• Our people • Communities	• Board reports on insights and actions from engagement focus groups • Director attendance at, and feedback from engagement, focus groups • Annual talent review by the Nomination Committee • People strategy and culture updates from the Chief HR Officer • Results and feedback from our internal engagement surveys and The Big Listen	• Considered the next phase of our people strategy, including mental wellbeing • Reviewed the feedback from the employee engagement forums and surveys and The Big Listen, and received status updates on progress against agreed actions • Reviewed notable Speak Up matters and discussed mitigating actions • Refreshed our culture ambition to support our strategy	• Risk 3: Environment, health and safety • Risk 5: People, culture and leadership • Risk 9: Ethics and compliance • Risk 10: Business transformation
Risk	The board reviewed the group's approach to risk management and completed deep dives into each principal risk	• Customers and innovation partners • Our people • Investors • Suppliers • Governments and trade associations	• Board reports on the full-year and half-year risk reviews • Deep dive reports into certain principal risks and areas of emerging risks	• Considered any emerging risks as a result of the external environment • Reviewed each principal risk to ensure they remained appropriate • Approved the risk appetite for each principal risk • Reviewed mitigating activities	• Risks 1: Strategic growth: business transition to low-carbon economy • Risk 2: Maintaining competitive advantage of our products and operations • Risk 3: Environment, health and safety • Risk 4: Supply failure (excluding platinum group metals) • Risk 5: People, culture and leadership • Risk 6: Managing our metal commitments • Risk 7: Intellectual property management • Risk 8: Asset failure • Risk 9: Ethics and compliance • Risk 10: Business transformation • Risk 11: Customer contract liability

Section 172 statement

We believe stakeholder engagement is vital to building a sustainable business. The board recognises the need to foster positive business relationships with suppliers, customers and governments. Our key stakeholder groups and the details of the engagement that we had as a wider company are detailed on pages 32 and 33, and our Section 172 statement of compliance is on page 82. Every year, we review our stakeholder groups and the ways that we engage to ensure they remain relevant and effective. The details of how, we as a board, engage with stakeholders are in the board activities table on pages 92-93.

More details on how the directors have fulfilled their duties are in the following case studies. No matter under consideration is equally relevant to 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.

Focusing on our core capabilities

Throughout 2021, the board considered divesting non-core businesses that do not complement JM's core capabilities. We announced the sale of our Advanced Glass Technologies and Health businesses in the second half of the financial year, following careful review of the prospects of both businesses and considering a range of strategic options.

Stakeholder considerations

Our people: an inevitable part of the divestment process is the effect it has on our people. We recognise the uncertainty it brings and, where possible, endeavoured to mitigate this. We considered prospective purchasers on the basis that their core capabilities were aligned to the Health and Advance Glass Technologies businesses. We also consulted with the Works Council as part of the process.

Investors: the divestments would simplify JM's business model, enabling greater focus on our core capabilities. Fenzi, a manufacturer and supplier of materials for flat glass processing, bought Advanced Glass Technologies for £178 million. JM used the funds from the sale to deliver greater value for shareholders and commenced a share buyback in November 2021.

The Health business required restructuring and the board deemed Altaris, a turnaround specialist in healthcare, the right partner to drive this transformation. JM has retained a circa 30% stake, allowing shareholders to keep significant future upside value.

Customers: the board considered the impact on our customers of both divestments. It agreed that bespoke short-term distribution agreements should be put in place to ensure that the businesses would be able to continue to serve customers while the divestments were completed.

Outcomes and impact on our long-term success

These divestments support our transformation to a simpler, more focused business, which in turn will help us deliver on our strategic priorities and drive cultural change. As a board, we believe this restructuring will be fundamental to our long-term success.

Fit for future, transforming our business

We announced our transformation programme in June 2020 to modernise, simplify and drive greater efficiency and cost savings. The board has oversight of transformation workstreams so it can consider the effect on different stakeholders, with updates provided at each board meeting.

Stakeholder considerations

Our people: the board understands the stretch and demand that various transformation workstreams place on our people, and works to balance the pace of change with the desired outcome and the levels of employee engagement. We have also closely considered the impact of job losses in consultation with trade unions.

Investors: we recognise that this part of our strategic growth plan, with its emphasis on simplification, can be challenging for investors in the short term. While returns may not be maximised in the short term, we believe that modernisation and transformation are critical to our long-term success.

Suppliers: as we automate systems and simplify how we contract and engage with our suppliers, we aim to improve forecast demand using historic data and current market conditions. The board and the Audit Committee have monitored changes to our internal controls and systems that will help deliver these improvements.

Customers: by automating systems, we deliver greater value and efficiency for our customers. We understand that automation will not always go smoothly, so we monitor this to make sure we are serving our customers needs.

Outcomes and impact on our long-term success

Our transformation will deliver greater stakeholder value and ultimately supports our strategic priorities. The simplification of the group will also result in greater efficiency, improved employee engagement and the ability to adapt and change alongside our markets.

Our decision to exit Battery Materials

In November 2021, we announced our intention to exit Battery Materials. The board and management undertook a detailed review of the business ahead of reaching a number of critical investment milestones. It was ultimately concluded that the potential returns from our Battery Materials business would not be adequate to justify additional investment. The board understood that exiting Battery Materials would have a significant impact on our people and investors.

Stakeholder considerations

Our people: we recognise and deeply regret the considerable impact of exiting Battery Materials on our people. We considered mitigating actions to retain as many colleagues within the group as we could, by transferring people into different roles that match their skills and experience. The sale of some of the Battery Material assets to EV Metals Group will also save around 80 roles, and the sale of our Canadian site will also safeguard additional roles.

Investors: we determined that potential returns from our Battery Materials business failed to meet shareholder expectations due to the high capital intensity compared to commodity providers. While the initial impact on our shareholders of exiting the Battery Materials business is significant, we feel it's the most prudent decision. It will accelerate our growth in other areas such as hydrogen and decarbonisation for the chemicals value chain, and ultimately provide greater long-term returns for our shareholders. As part of the sale to EV Metals Group, JM will receive a minority stake which will also help retain future value for our investors.

Suppliers: our exit from Battery Materials has meant that we no longer need some of the licensed IP and supply commitments that we had previously entered into. We are in the process of negotiating exits to relevant agreements with our suppliers, and some agreements will transfer to EV Metals Group and / or Nano One as applicable.

Communities: the initial decision to invest in areas like Konin, Poland has had a significant impact on local communities. We engaged extensively with local governments and know that our decision to exit will have some impact on future employment in those areas. As a result of our initial investment, though, additional industries have chosen to locate in similar regions and will help drive future employment. Through the sale of our assets to EV Metals Group and Nano One, the facilities will continue to provide a benefit to the local communities in which they serve.

Outcomes and impact on our long-term success

While the board believed that Battery Materials could be a viable and promising future sector, it's clear that although we have competitive technology, cell manufacturers and OEMs are driving down costs of production, which is putting pressure on pricing and expected returns. The board recognises that we don't want to be a large commodity chemical producer. It decided that JM should pursue growth opportunities that complement our skillset and experience, rather than invest further into Battery Materials. Subsequently we also approved the sale of our Canadian assets to Nano One.

Company strategy

Following the appointment of our new Chief Executive, the board undertook a strategic review to ensure we are focused on maximising our core capabilities and delivering shareholder return.

Stakeholder considerations

Our people: an employee survey, The Big Listen, was launched as part of the strategic review. This helped the board understand the cultural starting point and highlighted what our people value most. It also provided valuable insights into the changes of behaviour and barriers to success that the board and GLT reviewed alongside developing our strategic priorities.

Investors: following the announcement of our exit from Battery Materials, it was clear that we needed to define a strategy that played to our key strengths, with clear milestones in businesses where we have a clear right to win. As part of the strategic review, the board assessed the synergies of our portfolio and the rigour needed to deliver on our strategic priorities.

Customers: since joining, the Chief Executive met a number of our top customers to hear first-hand why they value JM and our offering. Through this feedback, the board determined that we have a very clear role to catalyse the net zero transition for our customers.

Communities: the board sees the role we have to play in wider society clearly; the net zero transition provides an unprecedented opportunity for JM. We have a favourable starting point, and several areas where we are active today will become greener and more relevant tomorrow.

Outcomes and impact on our long-term success

Our strategy, underpinned by our transformation programme and cultural change, will revitalise JM for near-term returns, and deliver on long-term growth. Our strength comes from operating together as a group with a shared ecosystem, technology capabilities and customers. The strategy will help us deliver our vision for a world that's cleaner and healthier, today and for future generations.

Board and committee effectiveness

Each year, the board reviews performance and effectiveness, including that of its committees and individual directors, to identify areas for improvement and ensure it is well placed to provide constructive challenge.

Last year, the review was externally facilitated by Manchester Square Partners. We have made good progress against the outcomes of the review, as shown in the table below.

The Chair led this year's board review, supported by the General Counsel and Company Secretary. The board review involved a questionnaire seeking input on a range of topics including leadership, strategy, dynamics and culture. Compiled by Independent Audit Limited, a specialist corporate governance consultancy, the questionnaire was circulated to all board members, regular attendees and certain external advisers. This year, we asked a wider stakeholder group to complete the questionnaire, to provide a more diverse perspective on the performance of the board. The Chair discussed themes emerging from the questionnaire findings and individual performance with each board member. The results of the review were compiled by the Chair, with the support of the General Counsel and Company Secretary, and presented to the board on an unattributed basis.

Outcome

The review concluded that the board and its committees continue to be effective, working in a spirit of trust, openness and inclusivity. There was recognition of the board and Audit Committee's strong financial oversight and the positive relationships between the Nomination and Remuneration committees and their advisers. The review highlighted the importance of having clarity on the overarching strategy and the board's role in monitoring culture to drive the strategy.

Action 2020/21	2021/22 progress and insight
Ensure regular focus on sustainability matters through establishing a Societal Value Committee	Established the Societal Value Committee in May 2021. More details on the Committee's role and responsibilities are on pages 98-100.
Enhance key metrics to support the board in monitoring progress in delivering our strategy	In light of the appointment of our new Chief Executive followed by our strategic review in early 2022, we will review our key metrics in 2022/23.
Embed risk management throughout JM and continue to monitor the risk framework	The board reviewed progress on improving the risk culture, through operational risk reviews and ensuring clarity of responsibilities, supported by enabling technology on our risk universe and controls framework.
Focus on talent and succession plans for senior leaders below the GLT	The Nomination Committee discussed high performers below the GLT and their potential successors. Individuals below the GLT presented to the board, increasing the board's exposure to and engagement with talented individuals.
Review the board calendar, including the number of meetings held and their location	Board time has been optimised and the number of scheduled meetings was reduced from ten meetings a year to six. The Chief Executive and Chief Financial Officer update the board on matters of significance between meetings, as needed. Due to COVID-19 restrictions, board meetings were held at our London office or virtually, and a number of our non-executive directors visited some of our UK sites. We have a number of site visits planned for 2022/23.

The following actions were identified as part of this year's board effectiveness review:

Action	Responsibility
Consider the output of the strategic review on the board's processes, including agenda planning and the skills of the board	Patrick Thomas
Review how culture is monitored in order to drive our strategy	Liam Condon
Review the principal risks and their prioritisation in light of the strategic review to continue to embed risk management across JM	Stephen Oxley
Clarify the roles and responsibilities of the various board committees with a particular focus on climate-related issues	Nick Cooper
Create a greater focus on executive succession planning through the Nomination Committee	Patrick Thomas

Review of the Chair's performance

Led by John O'Higgins, the Senior Independent Director, the Non-executive directors met without Patrick Thomas to discuss his performance as Chair. They consider he provides robust leadership for the board and facilitates open and constructive challenge.

Societal Value Committee report

“Societal value is about understanding how a company’s operations and capabilities truly affect society and the environment, for which we are all responsible.”

Jane Griffiths
Societal Value Committee Chair

Membership
The committee comprises all members of the board. Members’ attendance at committee meetings over the year is on page 85.

Regular attendees at committee meetings:
- Chief HR Officer
- Chief EHS and Operations Officer
- Corporate Affairs Director
- General Counsel and Company Secretary
- Group Sustainability Director

Our focus areas for 2022/23:
- Continue to develop and progress our climate transition action plans
- Prepare a stakeholder report for 2022/23

The committee’s Terms of Reference set out its full responsibilities. matthey.com/governance-framework

I’m delighted to have been asked to chair our new Societal Value Committee. Sustainability has been at the core of our business for a long time and as the impact of climate change becomes more apparent, the part we play in building a cleaner, healthier world has increased.

In June 2021, we announced ambitious sustainability commitments to help our customers achieve their net zero goals and continue our journey of becoming a more sustainable business. The creation of our Societal Value Committee brings focus and oversight to our sustainability strategy, together with performance goals and targets, which are imperative in meeting our sustainability commitments.

During 2021, the committee worked on defining our sustainability goals in more detail and reviewed the plans and actions we need to execute and deliver on our commitments. We understand how important social and environmental challenges are to our customers, suppliers, investors, communities and other stakeholders. To bring different perspectives to our business and sustainability plans, we’ve invited external guests to speak at our meetings throughout the year, and we’ve examined the industry landscape, benchmarking and future trends.

We supported the board in its review of climate-related risks through the Task Force on Climate-related Financial Disclosures (TCFD). We are strengthening our internal processes to embed climate risk within the risk framework and ensure these are considered in all strategic business decisions. See pages 60-69 for our TCFD disclosures.

Following the completion of the strategic review, the committee will work with senior management to ensure our sustainability agenda is integrated with our strategic priorities.

Sustainability disclosures
We oversee the presentation of sustainability disclosures by management. The committee reviewed and recommended to the board the approval of the disclosures in the Sustainable report on pages 34-59, including our TCFD disclosures on pages 60-69.

Additional case studies on sustainability topics and a databook of Johnson Matthey’s sustainability data is available at, matthey.com/ESG.

The committee's formation

Last year, the board reviewed our sustainability strategy and committed to achieving net zero by 2040, supported by ambitious sustainability commitments and targets for 2030. The board considered the positive societal contributions of our key growth platforms and the importance of upholding high social and environmental standards throughout our operations. Given the central role of sustainability to our overall strategy, we created this new committee to bring continual focus to this area, with full board membership.

The committee's role

Societal value encompasses a range of topics on economic, social and environmental matters. To ensure we remain focused, the committee's responsibilities centre on assisting the board in overseeing the group sustainability strategy, including net zero commitments and science-based greenhouse gas (GHG) targets; driving a truly inclusive organisation; overseeing the group's ethical conduct; and keeping up to date with societal value topics, including stakeholder expectations. We will keep these responsibilities under review.

More information on the governance of sustainability matters beyond the committee can be found within our TCFD disclosures on pages 60-69.

How we delivered on our responsibilities

Our responsibility	What we did	Outcomes
Sustainability	• Oversaw plans and actions to execute the group sustainability strategy and key initiatives, including engaging the workforce to ensure understanding of the vision and to promote internal engagement. • Discussed how other companies have led and managed sustainability strategies, sharing knowledge and experience. • Discussed the development of a carbon pricing policy, to be developed and trialled starting from 1st April 2022. • Received regular horizon scanning updates, including climate-change legislation and litigation.	• Confirmed support for our sustainability strategy. • Agreed and recommended to the board the definitions of our sustainability goals in more detail, including the GHG targets and NOx emissions to be reduced through our technology.
Diversity and inclusion	• Reviewed our diversity and inclusion (D&I) gender target for 2030 and initiatives to support its achievement. • Received a presentation from Accenture on challenges faced around D&I, innovation in this area and how the committee can drive our D&I agenda.	• Challenged management on our D&I target and provided feedback on ways to improve diversity, inclusion and belonging. • Agreed action plans for the next financial year, which continue to build on our diversity, inclusion and belonging journey.
Ethics and compliance	• Reviewed actions to continue promoting an ethical culture across JM, including our 'making good decisions' campaign. • Received updates on Speak Up themes and trends.	• Recommended approval of our Modern Slavery Statement and Conflict Minerals Disclosure to the Board.
Reporting	• Received a briefing on TCFD requirements from ERM, a sustainability consultancy firm, and the work being done to ensure readiness for TCFD reporting.	• Reviewed and recommended that the board approve the Sustainable business section of the 2022 annual report.

Nomination Committee report

"The committee's activities have focused on equipping our leadership team with the skills needed to support the long-term success of the group and its strategic priorities."

Patrick Thomas
Nomination Committee Chair

Membership

The committee comprises the Chair and all independent non-executive directors. Details of members' attendance at committee meetings is on page 85.

Regular attendees at committee meetings:

- Chief Executive
- Chief HR Officer

Our focus areas for 2022/23:

- Oversee the Chief Executive's induction
- Ensure succession plans are in place for all GLT roles and critical roles below GLT in order to execute our refreshed strategy
- Oversee our cultural change, ensuring the appropriate leadership behaviours are embedded to drive performance through our values and strategy

The Committee's Terms of Reference set out its full responsibilities.
matthey.com/governance-framework

It's been a year of considerable change for the board as we've focused on ensuring we have the right leaders to drive performance for the group's long-term success.

We began the financial year by welcoming Stephen Oxley as Chief Financial Officer on 1st April 2021 (details of the search process for Stephen's role are outlined in last year's report). The committee also oversaw the search for a successor to Robert MacLeod. We were delighted to welcome Liam Condon, who joined as our new Chief Executive on 1st March 2022, after a formal and rigorous search process. This involved a thorough discussion of the skills, experience and leadership behaviours we considered were needed to lead JM into the future (more details are on pages 4-9). Liam's appointment enhances the board's skillset, and he brings deep experience of commerciality, growth and transformation.

In addition to these key executive appointments, we strengthened the board's composition with the appointment of Rita Forst as an independent Non-Executive Director on 4th October 2021. Rita's knowledge of conventional and alternative powertrains, and future vehicle technologies will help the board as it addresses its growth strategies in these areas.

During the year, we reviewed our senior talent so we have a strong pipeline for future board-level and Group Leadership Team (GLT) appointments. We also analysed our succession and development plans for other senior roles, as well as understanding more about our global graduates, with a focus on high-potential talents. We found that JM has invested significantly in senior leadership capability, with a global approach to talent reviews, and we're confident this enables us to identify a diverse pipeline of upcoming talent and those with high potential.

There were a number of changes to the GLT. In December 2021, Joan Braca stepped down as Sector Chief Executive, Clean Air, after two years reshaping our Clean Air strategy. And in January 2022, Mark Su joined as our China President – a crucial role for our future strategic ambitions in the region.

Three new leaders were appointed: Anne Chassagnette, JM's first ever Chief Sustainability Officer; Anish Taneja, Chief Executive, Clean Air; and Mark Wilson, Chief Executive, Hydrogen Technologies.

There were a number of leadership changes within the existing GLT, with Jane Toogood (currently Chief Executive, Efficient Natural Resources) moving to lead our Catalyst Technologies business and Alastair Judge (currently interim Chief Executive, Clean Air) moving to lead our PGM Services business. Christian Günther will lead our strategy and transformation work to ensure rigour and alignment.

I am pleased to confirm that following an internal review of the effectiveness of our board and its committees, the committee continues to operate effectively, particularly in reviewing the board's composition against our short-term and long-term strategy.

How we delivered on our responsibilities

Our responsibility	What we did	Outcomes
Board composition	• Discussed and recommended proposed appointments to the board and its committees.	• Approved the appointments of Liam Condon as Chief Executive, Rita Forst as Independent Non-Executive Director, and Jane Griffiths as Chair of our Societal Value Committee.
Tenure of directors	• Discussed and reviewed the tenure of directors.	• Recommended the re-appointment of Patrick Thomas for a second three-year term, subject to annual re-election by shareholders.
Election of directors	• Evaluated the performance of individual board members, their contributions to the board, tenure and time commitment.	• Recommended that the Chair and all directors are elected or re-elected at the 2022 AGM.
Succession planning and senior leadership appointments	• Reviewed the succession plans for the most senior roles and ensured plans were in place to meet future succession needs.	• Oversaw the appointment of Mark Su as China President and a member of the GLT from 1st January 2022.
Talent management framework	• Reviewed and discussed the approach to talent and leadership development for the GLT and senior leaders.	• Non-executive directors provided insights and feedback to management on successful methods of developing a high-performance culture.
Diversity and inclusion	• Reviewed the directors' combined skills, experience and diversity through self-assessment, to identify areas for development and ensure they can drive our strategic priorities. • Reviewed our Board Diversity Policy.	• Identified areas for development to ensure the directors can drive our strategic priorities. • Agreed an updated Board Diversity Policy reflecting our commitments to maintain a level of 33% of females appointed to the board and at least one director from an ethnic minority group.
Performance and effectiveness review	• Considered the outcomes of the internal effectiveness review with regard to board composition, talent management and succession planning.	• Agreed that a review of the board skills should be undertaken following the strategic review.

Succession planning

One of our main responsibilities is to ensure we are led by a diverse, high-quality board, with the appropriate skills, knowledge and experience to support the group's strategic priorities.

The committee recognises the importance of developing a diverse pipeline of potential successors for key management roles. We routinely consider succession plans for board-level roles, the GLT and other senior leaders. We review actions that accelerate our 'high potentials' and balance internal succession planning with the need to bring different and external perspectives to the board and GLT. During 2021, Egon Zehnder supported our succession planning. Egon Zehnder provides senior-level recruitment services, including assessment and people development services. It has no other connection with the company or any other directors.

In accordance with the Code, the committee monitors the tenure of JM's non-executive directors against the recommended nine-year term to ensure an orderly succession. The tenures of our non-executive directors, Senior Independent Director and the Chair are on page 85.

Our search for a new Chief Executive

Candidate specification

The committee discussed the key responsibilities, experience and personal qualities required for the role.

We sought key skills including commerciality, team leadership, a track record of growth and delivering performance, as well as stakeholder management.

Longlist and shortlist review

The committee engaged Egon Zehnder, a third-party search and recruitment specialist, to assist with the search.

A diverse longlist of potential candidates was drawn up from a range of backgrounds.

Interviews

Selected candidates were interviewed by the Chair, non-executive directors and the Chief HR Officer.

As well as assessment against the job description, we carried out psychometric assessments and considered behavioural traits to align with our values and leadership expectations.

Due diligence

Once shortlisted, we undertook extensive due diligence on each candidate.

We also vetted candidates against their interest in the role, and their commitment to our sustainability ambitions, driving change and developing people.

Recommendation

The committee evaluated the final list of candidates and determined that Liam Condon possessed the desired capabilities.

The committee recommended Liam's appointment to the board in November 2021. The board approved his appointment with effect from 1st March 2022.

Induction

Planned activities in Liam's induction include:

- Briefings on directors' duties
- Pre-reading board and relevant committee papers
- Sector and business leadership team introductions
- Financial briefings
- Visits to our key sites to meet employees
- Meeting key customers
- Meeting the external auditor, brokers and company advisers
- Training on health and safety and compliance topics

Diversity and inclusion

We aim to promote an inclusive culture and ensure a diverse pipeline of talent. The board fully supports the recommendations of the Hampton-Alexander Review on gender diversity and the Parker Review on ethnic diversity.

Our Board Diversity Policy ensures that the importance of diversity and inclusion is set from the top, recognising that diversity in its broadest sense is essential to drive and challenge business performance. Specific objectives are set out in this policy, including our 33% female representation on the board and one director from an ethnic minority group. Following the appointment of Rita Forst, we successfully met the targets set out in the policy.

The board also supports the terms of the Enhanced Voluntary Code of Conduct for executive search firms, and all our appointed executive search firms are required to secure a diverse longlist of candidates, including BAME talent. While meeting these targets is important, the board recognises that there is always more to be done and remains committed to driving progress in diversity and inclusion.

Beyond the board, we aspire to have gender balance across all levels of the business and one of our key milestones is to achieve greater than 40% of female representation across professional management by 2030. We promote a culture of diversity, inclusion and belonging, to create a fair workplace for everyone and believe that the talent pipeline and succession planning is key in this area.

More details about our approach to diversity throughout the organisation, including our Equal Opportunities Policy and the gender balance of senior management, are on page 54.

Board skills

As part of the internal board effectiveness review, we looked at 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 85 shows the skills held by our non-executive directors that are most relevant to their role at JM. This assessment helps us identify any gaps that need to be strengthened through future appointments or additional training. As a result of the strategic review, the committee will consider the board's skills matrix to ensure it continues to be aligned to our strategy.

Audit Committee Report

"The committee has played a critical role in ensuring robust and prudent financial reporting throughout a year of significant change."

Doug Webb
Audit Committee Chair

Membership

The Audit Committee comprises all our independent directors. Doug Webb, our Committee Chair, has recent and relevant financial experience: he's a chartered accountant and was previously Chief Financial Officer at the London Stock Exchange, QinetiQ and Meggitt.

The committee's membership and attendance during the year is on page 86.

Other regular attendees at Committee meetings:

- Chief Executive
- Chief Financial Officer
- General Counsel and Company Secretary
- Group Assurance and Risk Director
- Director of Group Finance
- PwC Audit Partner

Our focus areas for 2022/23:

- Oversee the group's integrated assurance project, which will consolidate and map assurance activities
- Monitor the ongoing transformation of the Group Finance function
- Implement necessary changes as a result of the outcome of the BEIS white paper
- Review the control assurance over climate-related disclosures in the annual report

The committee's Terms of Reference set out its full responsibilities. matthey.com/governance-framework

It's been a challenging year for JM; the board made some difficult decisions as relating to the exit of Battery Materials and divesting non-core businesses. The committee has played a critical role in ensuring robust and prudent financial reporting throughout the year around these matters and the wider business. We continue to ensure that both JM's management and PwC, our external auditor, are appropriately challenged and held to account. Management and PwC have worked hard during the year to ensure the integrity of our financial reporting and I've maintained regular dialogue with management, the Group Assurance and Risk Director, and PwC.

During the year, we reviewed the development of our internal controls financial reporting framework and fraud risk management programme in readiness for the anticipated outcome of the Department for Business, Energy and Industrial Strategy (BEIS) white paper on restoring trust in audit and corporate governance. In preparation for this year's annual report, the committee reviewed our progress in reporting against the Task Force for Climate-related Financial Disclosures (TCFD) and the impact of climate change on assumptions in the financial statements.

Together with the board, the committee spent a significant amount of time discussing capital projects and exploring the control and assurance framework that supports them. The Group IT team presented a deep dive into JM's approach to cyber risk management, which gave an insight into how we are enhancing JM's cyber controls and how we monitor the evolving cyber risk landscape. The committee also reviewed the findings and recommendations of the External Quality Assessment of the Group Assurance function, undertaken by EY. It was very pleasing to see the positive feedback from the assessment as a whole as well as the internal stakeholders that were engaged as part of the process.

I'm pleased our internal board effectiveness review confirmed that the committee continues to operate well and remains informed of relevant changes and developments in the external audit market. As a result of the review, we will continue to work to define the respective key responsibilities of the Societal Value Committee and Audit Committee in relation to climate-related activities and TCFD reporting.

Read more about the board effectiveness review on page 96 and 97

Doug Webb
Audit Committee Chair

How we delivered on our responsibilities

Our responsibility	What we did	Outcomes
Published financial information		
To monitor the integrity of the reported financial information, and review significant financial considerations and judgements.	• Reviewed the group's full-year results and half-year results, and considered the significant accounting policies, principal estimates and accounting judgements used in their preparation. • Reviewed the impairments around the announcement to exit the Battery Materials business and the divestment of our Health business. • Reviewed the matters, assumptions and sensitivities in support of preparing the accounts on a going concern basis and assessed the long-term viability of the group. • Considered the impact of scenario testing on financial disclosures in relation to TCFD. • Reviewed the financial reporting framework of the company's financial statements. • Assessed the process management used to support the board when giving its assurance that the 2021/22 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable (FBU). • Reviewed reports from the General Counsel and Company Secretary on group litigation and disputes. • Reviewed reports on credit controls and credit risks. • Approved the 2021/22 Audit Committee report. • Reviewed and recommended to the board the approval of elements of the 2021/22 Annual Report and Accounts. • Reviewed and challenged JM and certain UK subsidiaries' payment practices, policies and performance.	• Recommended the approval of the half-year and full-year results to the board, following a thorough review, and challenging management assumptions. • Agreed that the full value of the Battery Materials business should be impaired at the half-year results, following a detailed assessment and debate with management and PwC. • Reviewed the going concern and viability statements in depth and assessed scenarios with management, before recommending the approval of both statements to the board. • Determined that the FBU process undertaken by management for the annual report was effective. • Reviewed credit controls and risks in the context of challenging market conditions.
Risk management and internal control		
To review the group's internal financial controls and its risk management systems, and to monitor the effectiveness of the group assurance function.	• Received reports from the Group Assurance and Risk Director on group assurance, risk reviews and risk management processes. • Monitored progress against the 2021/22 group assurance and risk plan; this included changes to the plan as a result of COVID-19, the divestment of some of our non-core businesses, and exit from Battery Materials. • Agreed the 2022/23 group assurance and risk plan. • Following the completion of the first internal control self-assessments on JMProtect, the new governance, risk and compliance solution, the committee reviewed an assessment of the results and the overall internal control environment. • Monitored the effectiveness of the Group Assurance and Risk function, including commissioning an external review. • Reviewed precious metal governance and controls. • Received presentations from the Cyber Risk and Capital Projects teams. • Met the Group Assurance and Risk Director without management present. • Reviewed a summarised appraisal of the operation of the group's year-end control environment that assessed if there were any control issues identified.	• Determined that risk management and internal controls effectively meet the group's needs and manage risk exposure. • Assessed if changes to the internal audit plan were correct to adapt to the changing needs of the business as a result of COVID-19 and announced divestments. • Determined that the internal controls could be relied on and the introduction of JMProtect had enhanced the group's internal control framework. • Assessed findings and recommendations from the External Quality Assessment of the Group Assurance and Risk function, and determined that it was effective. • Agreed with management's determination that there were no significant control weaknesses or lack of adherence to policies and procedures identified.
Our external auditor		
To oversee the relationship with the external auditor, to monitor the external auditor's independence and objectivity, to approve its fees, recommend its re-appointment or not, and to ensure it delivers a high-quality effective audit, based on a sound plan.	• Considered reports from PwC including their views on our accounting judgements and control observations. • Met PwC without management present. • Considered and reviewed indicators of audit quality. • Assessed PwC's independence and objectivity. • Reviewed the non-audit fees incurred during the year and the non-audit fee policy.	• Approved, after due challenge and discussion, PwC's audit plan and fees for 2021/22. • Determined a good quality, comprehensive audit was completed, following a review of PwC's regular reports to the committee, the outcome of PwC's FRC Audit Quality Review, and feedback from the Independent Quality Review Partner. • Recommended the re-appointment of PwC as auditor.

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 a high 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 Audit Committee are set out below.

Significant current year considerations in relation to the accounts	Work undertaken / outcome
Russia / Ukraine conflict The Russian invasion of Ukraine has caused the adoption of comprehensive sanctions by governments, which restrict a wide range of trade and financial dealings with Russia / Belarus and Russian / Belarussian persons. As announced on 7th March 2022, we discontinued with immediate effect all new commercial activities in Russia and Belarus. Our operations in Russia include one small Clean Air manufacturing plant, and a small Catalyst Technologies office. Overall, for the group, around 1% of 2021/22 sales related to Russia.	We received regular briefings and a report from management which explains the accounting and disclosure implications of the Russia / Ukraine conflict. The report was reviewed and discussed with management and PwC to ensure that the committee was satisfied with its conclusions. We challenged how the impact of the Russian invasion of Ukraine and sanctions response from governments has been considered for forecasts and impairment assessments. The impact is considered in management's forecasts used for the viability and going concern assessment and the annual goodwill impairment review. Following an assessment of the recoverability of assets held in Russia, management took an impairment and restructuring charge of £32 million comprising inventories (£17 million), receivables (£13 million) and other (£2 million). We concluded that the financial impact of the Russia / Ukraine conflict has been appropriately accounted for and disclosed in the group's accounts.
Major impairment and restructuring activities. Key judgements in relation to impairment testing relate primarily to estimates in assessing recoverable value against carrying value. Key judgements in relation to restructuring provisions relate primarily to estimates of future cost.	We received a report from management which explains the basis of recognition and estimate for restructuring provisions. The report also detailed asset impairments as management seeks to simplify its portfolio through the exit from Battery Materials and sale of Health. We considered and debated the nature of the provisions recognised, the identification of impairment triggers across the group's asset portfolio, and valuation of those assets as part of the impairment testing. We challenged the rationale behind the presentation of the charges as non-underlying (see note 6 on page 171). We focused on the following major impairments and restructuring charges that required judgement, with the remainder mostly relating to cash spend during the year: **Battery Materials**. Following a detailed review of our Battery Materials business, the group concluded that the potential future returns from the business would not be adequate to justify further investment. Accordingly, on 11th November 2021, the group announced the decision to pursue the sale of all or parts of the business. An impairment charge of £314 million was taken at 30th September 2022 to a net book value to £ nil based on our estimate of the recoverable amount at that time. For the full year, we have determined a further impairment charge of £11 million to £325 million based on our estimate of fair value less cost to sell upon classification to held for sale (see note 27). Our estimate of fair value is based on offers that are currently under review. The impairment charge comprises property, plant and equipment (£237 million), right-of-use assets (£4 million), other intangible assets (£70 million) and trade and other receivables (£6 million). A further £8 million was impaired in relation to associated intangible assets held in Corporate. The Battery Materials restructuring charge was £38 million for exit costs including redundancies. **Health**. The sale of the Health business to Altaris Capital Partners was driven by the board's decision to focus. On the strategic fit of JM's investments. On reclassification to 'held for sale' and 'discontinued operations', an impairment charge of £228 million was incurred along with restructuring charges of £14 million. The impairment was taken to goodwill (£144 million), property, plant and equipment (£55 million), other intangible assets (£23 million), inventories (£5 million) and right-of-use assets (£1 million). **Diagnostic Services**. Long-term market assumptions for the oil and gas industry, the faster paced transition to non-carbon intensive industries and the group's decision to focus its portfolio on core and strategic markets has resulted in a £45 million impairment to goodwill. **Other, the Russia / Ukraine conflict**. See section above.
Gain and losses on significant legal proceedings Significant progress was made during the year with the settlement of legal proceedings requiring accounting consideration.	We reviewed a report from management which summarises the outcomes of and accounting for legal proceedings, resulting in a net gain of £42 million for during the year ended 31st March 2022. In the first half, the group recognized a gain of £44 million in relation to damages and interest, an additional gain of £6 million was recognised in relation to Battery Materials, this was offset by a £8 million charge for environmental and other costs. The report also detailed the nature of legal provisions. We considered the rationale behind the presentation of the net gains as non-underlying.

Significant current year considerations in relation to the accounts	Work undertaken / outcome
	We concluded that management's key assumptions and disclosures on significant legal proceedings are reasonable and appropriate.
Profit on disposal of businesses On 31st January 2022, the group completed the sale of its Advanced Glass Technologies business for a total consideration of £178 million.	We reviewed and discussed the accounting for this transaction. With net assets of £39 million, a non-underlying gain of £106 million has been recognised in the year to 31st March 2022 after deal costs and FX recycling. We concluded that management's key assumptions and disclosures on the profit on disposal of businesses are reasonable and appropriate.
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.	We reviewed a report from management which explains the methodology used, assumptions made and significant changes from those used in prior years, including the impact of climate change on the group's long-term plans, especially within Clean Air and carbon pricing impacts. We challenged management on the rationale behind the key assumptions and sensitivities such as discount rates and growth rates in the calculations to ensure we were satisfied on their reasonableness. The impairment reviews were an area of focus for PwC who reported their findings to us. Management identified impairments to goodwill of £189 million for Heath and Diagnostic Services as part of the annual impairment tests (see above). For the remaining material CGUs, the headroom over the carrying value of the net assets has not significantly changed from the prior period. Further information on this can be found in note 5 of the accounts. We concluded that management's key assumptions and disclosures are reasonable and appropriate.
Refining process and stock takes 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 stock takes 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 which summarises the results of the refinery stock take in the US. The report was reviewed to ensure that the results were in line with expectations and historic trends and, where this was not the case, explanations were provided by management. The refining process and stock takes were also an area of focus for PwC who reported their findings to us. We concluded that management's accounting for refining stock take 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 which summarises 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 which explains 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. Tax provisioning was 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.
Provisions and contingent liabilities 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 which provides information in respect of disputes and claims and identifies the accounting and disclosure implications which were challenged and discussed. Provisioning for, and disclosure of, disputes and claims was an area of focus for PwC who reported their findings to us. We concurred with management's conclusions regarding provisioning and contingent liability disclosures.

Going concern and viability statement

The committee 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 JM's business model, our current funding position, and different stress scenarios and mitigating actions. Further details on our going concern and viability, and the scenarios considered, are on page 80.

Following our review and recommendation, the board concluded that JM and the group are able to continue operating and can meet liabilities over at least three years, which remains the most appropriate timespan.

Fair, balanced and understandable

We review and assess management's process to support the board, so it can give its assurance that the 2021/22 Annual Report, 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.

Management selected four individuals across JM to form an FBU panel to carry out a detailed review of the annual report. To help provide an objective view of the annual report, the FBU panel members were not involved in drafting the 2021/22 annual report, but all were familiar with our strategy and business model. The FBU panel members were also briefed on the role and provided with detailed notes on what to consider in the course of their review. The FBU panel, PwC and annual report project team together 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 then 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

We assist the board in its overall responsibility for the group's internal controls by reviewing the adequacy and effectiveness of control and risk management systems. The group's internal controls over financial reporting include policies and procedures designed to ensure the accuracy of our financial statements. Our control self-assessment and sector filing assurance provide management with a view of the operation of those controls, and the results of these are presented to the committee as part of their assessment of the year-end control environment. These controls can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group Assurance and Risk Director is responsible for independently assuring that our risk management and internal control processes are operating effectively. 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.

During the year, our co-sourcing partnership with Deloitte ensured we had access to additional specialist skills and expertise.

The committee is satisfied that the group's internal financial controls operated effectively throughout the year.

Control self-assessment

In preparation for possible new regulation for internal controls, management focused on the design of the risk-prioritised controls framework and our new governance, risk and compliance solution, JMProtect. We conducted the first annual control self-assessment in 2021, which replaced the key control questionnaire process. The bottom-up process requires managers in our material businesses to certify the existence and effectiveness of the controls over JM's relevant key risks. Self-assessment is a critical component of our governance and assurance framework and details the minimum controls we need to keep our people safe, ensure compliance with our standards and regulations, and protect our physical and intellectual assets. The committee assessed the effectiveness of the process, considered the key identified control gaps, and assessed how management planned to address the findings. Our assurance teams will further consider the veracity of self-assessment and how effective self-reporting is with the view of future assurance and, potentially more structured, internal controls testing requirements.

Group assurance and risk

The Group Assurance and Risk Director provides regular reports on internal audit reviews, including key findings, actions needed and progress on their implementation. We focus on local, sector and executive managers' engagement levels in implementing corrective actions and in strengthening the control framework across all our sites.

We continually review the effectiveness of the Group Assurance and Risk function, using inputs including audit reports, management's response to audit actions and discussions over risk exposures. We consider whether the Group Assurance and Risk function has adequate standing across the group, whether it is free from management influence or other restrictions, and if it is sufficiently resourced.

This year, the committee commissioned an independent external quality assessment (EQA) of the Internal Audit function within Group Assurance and Risk, undertaken by EY. The objective of the EQA was to independently assess the quality and effectiveness of Internal Audit, in line with the International Standards for the Professional Practice of Internal Auditing (which recommend that an EQA is performed at least every five years), and the UK Code of Practice for Internal Audit. This is the first time this review had been performed in JM and the result has been very positive, confirming excellent compliance with the standards and position of the function in the organisation. As part of the process, internal stakeholders were interviewed to obtain their views on the Internal Audit function and the team was benchmarked against industry standards and peer organisations. The committee carefully considered all these inputs and concluded that the Group Assurance and Risk team is effective.

Further actions were also agreed to ensure the function continues to be aligned with the changing shape of the group.

We have been encouraged by progress on integrated assurance mapping which will allow us in due course to have a fuller understanding and visibility of risk coverage in a consistent manner across the organisation. Our aim is to have a clearly articulated link between levels of assurance and risk appetite across key organisational and strategic risks.

Group assurance and risk annual plan

We spend a significant amount of time reviewing the group assurance and risk annual plan to ensure it is comprehensive, that it reflects challenges and changes to our business, and that it provides the appropriate level of assurance over the group's key risks.

When we reviewed the 2022/23 plan, we considered the continued impact of COVID-19 travel restrictions and the context of business as usual at JM, the macroeconomic environment, and business transformation. The group assurance and risk annual plan is based on a risk-based audit universe broken into three groups of risks: operational, financial and IT. 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 Group Assurance and Risk team has capacity to deal with unexpected events.

We believe the 2022/23 plan addresses JM's key risks and identifies any need for additional assurance, and is appropriately comprehensive for the group's size and nature.

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 Group Assurance and Risk function carries out any additional assurance and reports back to the committee.

Speak Up process

Every year, we review JM's Speak Up (whistleblowing) process to ensure procedures are proportionate and independent. We reviewed the process and agreed that the procedures allow proportionate and independent investigation and appropriate effective follow-up action. We report the findings of this review to the board as appropriate. In addition, the Societal Value Committee reviews the outcomes of any investigations and the associated remedial actions.

More information on Speak Up can be found on page 56

External auditor

Tenure

Our shareholders appointed PwC as the group's external auditor in July 2018, following a formal tender process. This is the fourth year that PwC has audited the group, with Mark Gill as lead audit partner. We confirm ongoing compliance with the Competition and Markets Authority's Statutory Audit Services Order.

External audit plan

In developing the external audit plan for 2021/22, 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. We refer to key audit matters in the independent auditor's report on pages 137-139, which formed the basis of the external audit plan.

In determining the scope of coverage, we considered management reporting, the group's legal entity structure, the financial results as at 31st March 2021 and the financial forecast for 2021/22. We set out details of the coverage and the agreed scope in the independent auditor's report on page 143. Materiality was 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 conclude the proposed external audit plan is sufficiently comprehensive for the group's accounts audit, and approved the proposed fee.

How we reviewed PwC's performance

Throughout the year, we review the ongoing effectiveness and quality of PwC, our external auditor, and the audit process. We base our review on several factors: the auditor's reports to the committee; Mark Gill 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 our internal audit teams.

We consider how PwC challenged management's judgements and assumptions on matters highlighted on pages 137-147, 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 also seek direct feedback from the independent Quality Review Partner to review its assessment of PwC's key planning judgements and the execution of PwC's response to significant risks and reporting. In addition, we feel it's important to understand management's opinion of audit quality and effectiveness: the executive directors and senior management complete 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 ICAEW

Information provided by the auditor

- Details on the audit plan delivery, 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 audit team members

Management feedback

- Survey audit quality and effectiveness by executive directors and senior management. This includes 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 Director of Group Finance and Group Assurance and Risk Director

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. We've pre-approved non-audit services up to £100,000. 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, the provision of non-audit services, 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 amounted to £310,000. Other non-audit services in the year were £59,000, compared with audit fees of £4.54 million, representing 8% of the audit fee. 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 169.

Objectivity and independence

We're 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 work to assess PwC's performance and independence, we agree 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've included a resolution proposing PwC's re-appointment as auditor, and authorised the committee to determine PwC's remuneration in our Notice of AGM.

Remuneration Committee report

Chris Mottershead
Remuneration Committee Chair

Membership
All six of our independent non-executive directors sit on the Remuneration Committee. The committee's membership and attendance during the year is on page 85.

Regular attendees at committee meetings:

- Chief Executive
- Chief HR Officer
- Group Total Reward, Wellbeing & People Services Director

"Aligning performance and reward, the committee's purpose is to ensure the remuneration structure and policies motivate and reward fairly and responsibly with a clear link to performance and the delivery of long-term strategy and value."

Our focus areas for 2022/23:

- Triennial review of the Directors' Remuneration Policy and its effect on culture
- Review our short- and long-term incentives and their alignment to the company's strategy
- Review broader employee total reward, including pay equity and benchmarking
- Review our employee equity plans

The committee's Terms of Reference set out our full responsibilities. matthey.com/governance-framework

This annual report on remuneration sets out how we applied the Remuneration Policy in 2021/22 and how we intend to apply it in 2022/23.

Robust performance in challenging times

The COVID-19 pandemic has continued to affect many businesses. This has included disruption to supply chains, labour shortages and persistence in the semi-conductor chip shortage, which has has had an impact on production across the global automotive market and consequently affected our Clean Air business.

Despite the challenging environment, the company has delivered a robust underlying financial performance. This outcome was possible thanks to the collective hard work of the entire organisation to address and meet customer requirements in a complex and ever-evolving environment.

We saw growth during the year due to improved performance in Clean Air, where we saw the automotive market partially recovering in the second half of the year, and the benefits of delivering our Clean Air transformation programme. In addition, Efficient Natural Resources delivered strong performance due to higher average metal prices, while in Hydrogen Technologies we continued to invest in the scale-up of this business.

In November 2021, following a detailed review and ahead of reaching a number of critical investment milestones, the board concluded that the potential returns from our Battery Materials business were not adequate to justify more investment. As a result, the decision was taken to pursue the sale of all, or parts, of this business with the ultimate intention of exiting. This was a difficult decision, but the board and executive team believe this was the right decision for the long-term interests of our shareholders.

In addition, as we focus the group towards our core growth areas, the board continues to take an active approach to capital allocation and review our portfolio to focus on the areas of greatest opportunity with returns that are attractive to shareholders. This resulted in the decision to sell our Advanced Glass Technologies business to Fenzi, which was completed in January 2022. We also decided to sell our Health business to Altaris Capital Partners, which is expected to complete in May 2022.

It is clear that we are entering a period of greater political and economic uncertainty with both the ongoing disruptive effects of COVID-19 and the impacts of the conflict in Ukraine. As an organisation, we have learned a lot from the challenges we faced over the past year, which we will take with us into the future to help us strengthen our company.

Our approach to remuneration

The overall objective of Johnson Matthey is to deliver sustained superior shareholder value using our world-class science and our competitive strengths, contributing to a cleaner, healthier world.

As the world 'builds back greener' following the pandemic, we recognise that we have an important role to play in helping society address climate change through our sustainable technologies, products and services. As such, to enable us to continue to invest and meet our strategic objectives, we remain focused on efficiencies and driving cash flow from our more established businesses.

We are excited about commercialising our sustainable technologies, including our portfolio of hydrogen technologies, that will enable decarbonisation and enhance circularity.

Our remuneration strategy focuses on motivating our people to achieve our strategic objectives, delivering on customer commitments, inspiring employees and driving value for our shareholders through long-term success and growth. This long-term focus is supported by our Remuneration Policy, which includes an incentive structure that is purposefully weighted towards long-term performance and includes meaningful shareholding guidelines for executive directors during and after employment.

Board changes

We announced in November 2021 that, after nearly eight years, Robert MacLeod advised the board of his intention to retire. Robert stepped down as Chief Executive and from the board on 28th February 2022, but will stay on to support the transition to his successor until our annual general meeting (AGM) on 21st July 2022. No special remuneration arrangements were agreed with Robert on leaving. All the details of Robert's leaving arrangements are provided on page 126.

Liam Condon was appointed as Chief Executive on 1st March 2022. 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.

Liam's remuneration was set in line with our Remuneration Policy and after the board unanimously concluding that Liam was the standout candidate to take Johnson Matthey through its next phase of development. When setting his remuneration, the committee considered the remuneration of Robert MacLeod, Liam's remuneration package at Bayer AG, and market rates of pay in companies of a comparable size and complexity listed in the UK, Europe and North America.

Liam's remuneration at Bayer AG was greater than that of Robert MacLeod but within the range of the external market data considered. The committee was comfortable setting a remuneration package for Liam that was commensurate to his Bayer AG package albeit in line with the existing Johnson Matthey Remuneration Policy. This ensured that Liam's total target remuneration was maintained, with both his fixed pay and total target incentive opportunity mirroring what he had in place at Bayer AG. We highlighted the remuneration terms of Liam's appointment in our consultation with shareholders during the year, but the details are also shown on page 126.

Performance in the year

In the face of a challenging environment brought on by COVID-19, our Chief Executive, Robert MacLeod, and the senior leadership team have delivered a robust underlying financial performance, exceeding targets set in many areas, and made difficult strategic decisions in relation to our Battery Materials business that will ultimately be in shareholders' interests in the long term.

Following the ongoing disruption from COVID-19, we saw a strong start to the financial year. This reflected increased activity in the automotive industry and other key end markets, as well as the actions taken to transform our business, including tight cost management and the increase in precious metal prices. Our strong operational performance has also enabled us to continue to invest in our strategic growth projects, including our hydrogen technologies.

The committee always seeks to ensure that there is a clear link between pay and performance. Additionally, we will continue to focus on setting stretching performance targets and consider the performance of the wider business and individual accomplishment over the period, including how the performance was delivered. In that context, we believe that the payments outlined in this report fairly reflect the performance achieved.

2021/22 incentive plan outcomes

Due to strong underlying financial performance, the formulaic outcome of our Annual Incentive Plan (AIP) would imply a bonus of 84% of maximum is payable to Robert MacLeod and a bonus of 90% of maximum is payable to Stephen Oxley. However, in determining the bonus payable, the committee considered other factors beyond the formulaic determination. Given the experience of shareholders and the broader workforce over the performance period, the committee agreed with the executive directors to reduce the formula-based bonus awards, such that the bonus payable to Robert MacLeod would be reduced by 50% and the bonus payable to Stephen Oxley would be reduced by 20%.

Therefore, the bonus payable to Robert MacLeod is 42% of maximum and for Stephen Oxley is 72% of maximum. 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 page 123.

The formulaic outcome for the vesting of the long-term Performance Share Plan (PSP) awards granted on 1st August 2019 was zero. It was not felt appropriate to adjust the outcome, so there is no PSP vesting for the executive directors.

The outcome for the PSP for those below board was the same as for the executive directors. However, employees below the board received AIP awards that, as a percentage of maximum, were greater than the executive directors, because they were not reduced from the formulaic outcome.

Sustainability performance measure

Given Johnson Matthey's unique value proposition and purpose of delivering a 'world that is cleaner and healthier today and for future generations', we are committed to broadening the way we measure our long-term success. As part of our Remuneration Policy, approved by shareholders at our AGM in 2020, we committed to introducing a third performance measure into our long-term incentive plan, which focuses on sustainability. We consulted with a number of our shareholders on this in the past year.

This third performance measure will be a scorecard of sustainability metrics that will make up 20% of the award. The metrics and targets are fully aligned with our value proposition and our strategy and focus on creating products and services to enable a cleaner and healthier net zero world – tackling the environmental footprint of our own operations, and having a positive impact on the people and communities in which we operate.

Applying the Remuneration Policy in 2022/23

The company's general approach to senior executive salaries is to consider the performance and experience of an individual in the context of comparable rates of pay in similar-sized organisations. Executive directors are considered for an increase set at the typical rate of increase applied to the wider workforce in their geographical location. Given Robert's stated intent to retire, he was not eligible for a pay review in 2022, and Liam Condon is not eligible for a pay review until April 2023. However, Stephen Oxley received an increase on 1st April 2022 of 3.0%, in line with the typical rate of increases awarded across the UK workforce.

The AIP for the 2022/23 financial year is expected to operate on a similar basis as the plan operated for 2021/22. As a result, Liam Condon and Stephen Oxley will continue to be eligible to participate in the plan, with a maximum bonus opportunity of 180% of base salary and 150% of base salary, respectively. The plan will have performance conditions based on a combination of financial (80%) and non-financial (20%) performance.

The 2022–25 PSP award will incorporate the sustainability measure for the first time. This sustainability measure will make up 20% of the award, with the remaining 80% being based on key financial performance metrics. It is currently envisaged that the financial measures will be earnings per share (EPS) growth and relative total shareholder return (TSR). However, the committee has decided to delay its decision on the exact performance measures, weightings and targets until the business strategy review – being undertaken by Liam and the board – is completed, to ensure there is clear alignment between strategy and reward. The final performance measures and targets will be communicated on our website before the award on 1st August 2022.

It is currently expected that the PSP award level to be granted to the Chief Executive in 2022 will be 250% of base salary and 175% of base salary for the Chief Financial Officer. The award level to be granted to the Chief Executive is consistent with the level agreed in connection with his appointment and will apply on an ongoing basis so that his total remuneration opportunity remains commensurate with his remuneration at Bayer AG. The award to the Chief Financial Officer is in line with the company's Remuneration Policy. While the committee intends to review the number of shares associated with these awards, given the reduction in the company's share price during the year, it does not currently expect to reduce the award – but it does intend to include a windfall gain provision to ensure that outcomes will appropriately reflect underlying performance. Given the delay in granting the awards versus the company's normal timetable, a final decision on the terms of the awards will be taken at the time of grant. The details of any windfall gain provision would, as a minimum, be subject to retrospective disclosure at the time the awards vest.

Chair and non-executive director fees

The fees payable to the Chair and non-executive directors are reviewed annually. Given the experience of shareholders during the year, the Chair and non-executive directors all agreed that they should receive no increase in 2022.

Wider employee remuneration

Paying our employees fairly relative to 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 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. Our commitment in this area has resulted in a reduction in our gender pay gap from 6.7% to 5.4%.

Read our full report, which includes details of what we are doing to eliminate the gap.
matthey.com/gender-pay-report-2021

When making pay decisions for the wider workforce for 2022, the management has been especially sensitive to the wage trends being experienced across the globe. The committee realises that these are inflationary times, so supported a larger budget for pay increases for the wider workforce this year, confirming our long-held aim to align jobs with market rates.

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 and family playing an increasingly prominent part in our employment proposition.

2022 AGM

I would like to thank shareholders for their input and engagement during the year in relation to the sustainability measures within our PSP and on Liam's remuneration. We believe that our policy remains simple, transparent and effective, strongly supporting our business strategy with remuneration outcomes aligned to the shareholder experience.

I ask you to support our 2021/22 annual report on remuneration at our AGM on 21st July 2022. We welcome an open dialogue with our shareholders and I will be available at the meeting to answer any questions about the work of the Remuneration Committee.

Chris Mottershead
Chair of the Remuneration Committee

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 objectives

- Invest in growth areas targeted at climate change and circularity
- Manage our established businesses to support growth
- Promote a fast-paced, efficient business and high-performance culture

KPIs

KPI	Plan
Group profit before tax	Annual Incentive Plan
Group working capital days	Annual Incentive Plan
Earnings per share	Performance Share Plan
Total shareholder return	Performance Share Plan[1]
Return on invested capital	Performance Share Plan

1. Measure included in awards from 2020 onwards.

2022 pay outcomes

The pay breakdowns for the executive directors in 2020/21 and 2021/22 are set out below:

Robert MacLeod[1] — former Chief Executive

Element	2020/21	2021/22
Fixed pay (£'000)		
Salary	838	**784**
Benefits	22	**20**
Pension	193	**157**
Variable pay (£'000)		
Annual Incentive Plan	1,479	**596**
Performance Share Plan	0	**0**

1. Robert MacLeod stepped down from the board on 28th February 2022. All figures are for the period 1st April 2021 to 28th February 2022.

Liam Condon[2] — current Chief Executive

Element	2020/21	2021/22
Fixed pay (£'000)		
Salary	0	**79**
Benefits	0	**24**
Pension	0	**12**
Variable pay (£'000)		
Annual Incentive Plan	0	**0**
Performance Share Plan	0	**0**

2. Liam Condon was appointed Chief Executive on 1st March 2022.

Stephen Oxley[3] — Chief Financial Officer

Element	2020/21	2021/22
Fixed pay (£'000)		
Salary	0	**565**
Benefits	0	**15**
Pension	0	**85**
Variable pay (£'000)		
Annual Incentive Plan	0	**607**
Performance Share Plan	0	**0**

3. Stephen Oxley was appointed Chief Financial Officer on 1st April 2021.

Outcomes of variable remuneration[4]

		Robert MacLeod			Stephen Oxley		
	Weighting	Formulaic outcome (% base salary)	Discretion applied	Outcome after discretion (% base salary)	Formulaic outcome (% base salary)	Discretion applied	Outcome after discretion (% base salary)
Annual bonus							
Profit before tax	60%	108%	(50%)	54%	90%	(20%)	72%
Working capital days (excluding PGMs)	10%	18%	(50%)	9%	15%	(20%)	12%
Working capital days (including PGMs)	10%	12%	(50%)	6%	10%	(20%)	8%
Strategic Objectives	20%	14%	(50%)	7%	19%	(20%)	15%
Total	**100%**	**152%**	**(50%)**	**76%**	**134%**	**(20%)**	**107%**
Performance Share Plan							
Compound annual growth rate in earnings per share	100%	0%	0%	0%	–	–	–

4. Liam Condon and Stephen Oxley did not hold any 2019–22 Performance Share Plan awards and Liam Condon was not eligible for the 2021/22 Annual Incentive Plan.

Remuneration Policy

The Directors' Remuneration Policy was approved at the 2020 AGM and remains in effect until the 2023 AGM. The full policy can be found at matthey.com/rem-policy and includes:

- Policy table.
- Approach to recruitment remuneration.
- Policy on payment for loss of office.
- Details of executive service contracts and non-executive letters of appointment. Note that executive service contracts have no fixed term.

A summary of our policy is set out below.

Element	Policy summary	Maximum opportunity
Base salary	Reviewed annually, with any changes normally taking effect from 1st April each year. The Remuneration Committee will consider performance, knowledge, contribution in role, length of time in post and any additional responsibilities, alongside the level of salary increase awarded to the wider workforce.	No salary increase will be awarded that results in a base salary that exceeds the competitive market range.
Benefits	Includes medical, life and income protection, company car, relocation benefits relating to business moves, and assistance with tax advice and compliance services where appropriate.	In general, benefits will be restricted to the typical level in the relevant market for an executive director. Car benefits will not exceed a total of £25,000 per annum and the cost of medical insurance for an individual executive director and dependants will not exceed £20,000 per annum.
Pension	Cash supplement as a percentage of base salary.	15% for all new executive directors and, for existing executive directors, the percentage is reducing to 15% by 1st April 2022, to align with the cost of providing pension benefits to other employees in the UK.
Annual Incentive Plan (AIP)	The AIP provides a strong incentive aligned to strategy in the short term. It allows the board to drive and reward both financial and non-financial metrics, including leadership behaviours, to deliver sustainable growth in shareholder value. A substantial portion will be based on key financial measures, including underlying profit before tax (PBT). Paid equally in cash and deferred shares. Deferred shares vest after three years.	Maximum 180% of base salary for the Chief Executive, and 150% for other executive directors, with awards of: • 15% of maximum for threshold. • 50% of maximum for on target. • 100% of maximum for outstanding performance.
Performance Share Plan (PSP)	The PSP is designed to ensure that executives take decisions in the interest of the longer-term success of the group. Vesting is based on performance over three years, with between 15% and 25% vesting for threshold performance, depending on the performance measure. Shares are required to be held for two years after vesting. At least two-thirds of awards should be subject to financial and / or total shareholder return targets.	Granted at maximum of 250% of base salary for the Chief Executive, and 175% for other executive directors.
Shareholding requirements	Shareholding to be built up over a reasonable period and to be held for a two-year period after employment ends.	250% of base salary for the Chief Executive and 200% of base salary for other executive directors.

When developing our policy, the committee considered the six factors set out in the Corporate Governance Code 2018 and believes that our Remuneration Policy is well-aligned with these areas.

Clarity	Remuneration arrangements have defined parameters which can be transparently communicated to shareholders and other stakeholders.
Simplicity	Remuneration arrangements for Executive Directors consist of: • Salary, benefits, and a fixed pension contribution – set to reflect the typical rate provided to the UK workforce. • AIP, a portion of which is deferred into shares. • Annual long-term incentive plan awards which provide focus over the longer-term performance. Unnecessary complexity is avoided by the committee in operating the arrangements.
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.
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 long-term incentive plans 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 long-term incentive plan 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 take these into account when setting directors' remuneration.

Remuneration scenarios

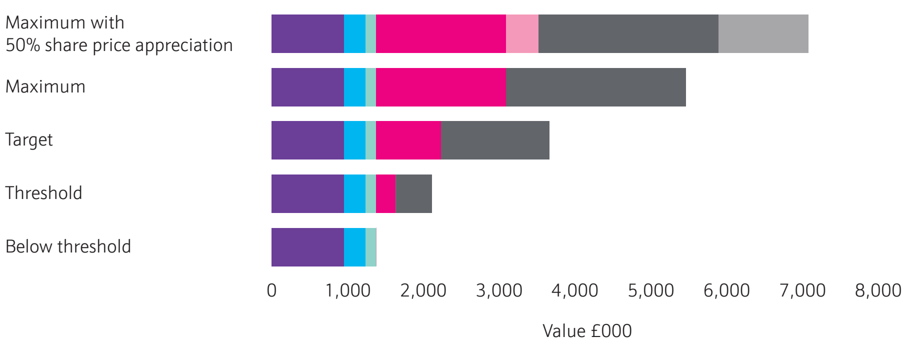
Below is an illustration of the potential future remuneration that could be received by each executive director for the year starting 1st April 2022, both in absolute terms and as a proportion of the total package under different performance scenarios. The value of the PSP is based on the award that will be granted in August 2022.

In developing the scenarios, the following assumptions have been made:

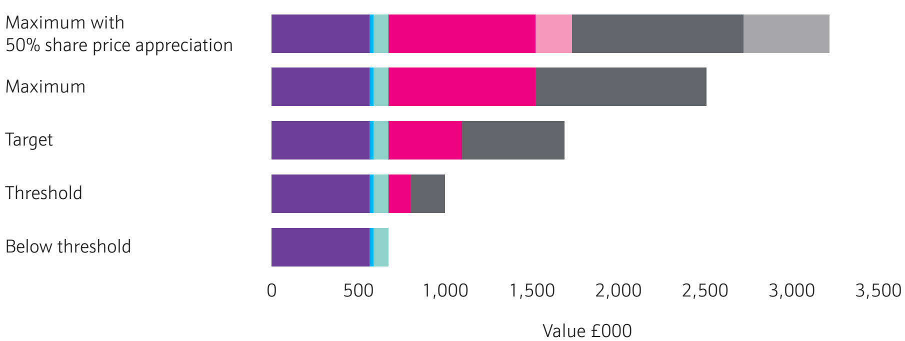
Below threshold	Only fixed elements of remuneration (base salary, pension and benefits) are payable
Threshold	Fixed elements of remuneration plus 15% of maximum bonus and 20% vesting of PSP award are payable
Target	Fixed elements of remuneration plus 50% of maximum bonus and 60% vesting of PSP award 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 and Deferred Bonus Plan (DBP) award

Value of package

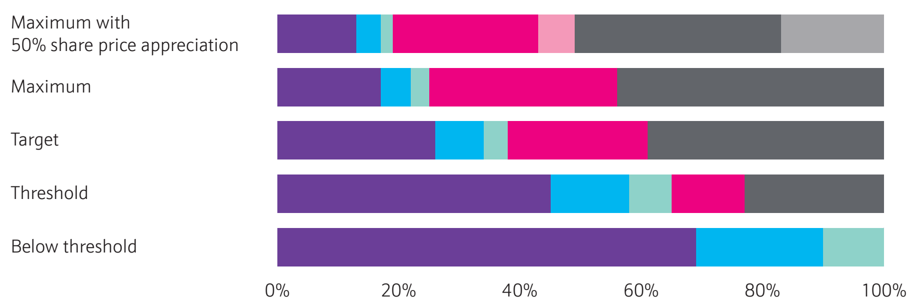
Liam Condon

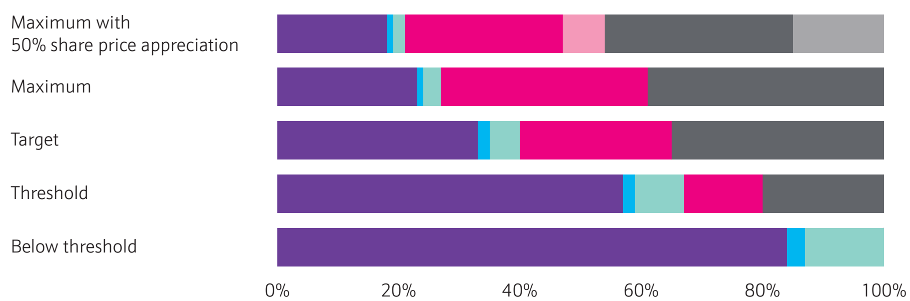


Stephen Oxley



Composition of package





Base salary | Benefits | Pension | Bonus | DBP share price appreciation | PSP | PSP share price appreciation

Remuneration in context

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. This year, all employees were able to provide their feedback on a range of matters, including remuneration, through The Big Listen. This provided valuable employee context to decision making.

The general principle for remuneration in Johnson Matthey is to pay a competitive package of pay and benefits in all markets and at all job levels to attract and retain high-quality and diverse employees. 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.

Read more at
matthey.com/corporate-governance

The table below sets out how our remuneration arrangements cascade through the organisation:

<table>
<tr><th></th><th>Executive directors</th><th>Senior managers</th><th>Middle managers</th><th>Managers</th><th>Wider workforce</th></tr>
<tr><td>Base salary</td><td colspan="4">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 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.</td><td>Base salary is either subject to negotiation with local trade unions or follows the market pay approach outlined for managers.</td></tr>
<tr><td>Pension and benefits</td><td colspan="5">Employment-related benefits are offered in line with local market conditions.</td></tr>
<tr><td>Short-term incentives</td><td>Annual incentive based 70% on financial metrics and 30% on strategic objectives. Compulsory deferral into shares for three years.</td><td>Annual incentive based on 70% financial or strategic business objectives and 30% individual performance. Compulsory deferral into shares for three years for certain levels within this category.</td><td colspan="2">Annual incentive based on 70% financial or strategic business objectives and 30% individual performance.</td><td>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.</td></tr>
<tr><td rowspan="2">Long-term incentives</td><td colspan="5">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.</td></tr>
<tr><td>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.</td><td>PSP awards are subject to a three-year performance period. Performance conditions are designed to drive company financial performance and align with stakeholder interests.</td><td>Both PSP and Restricted Share Plan (RSP) awards are made depending on level.
PSP awards are subject to a three-year performance period and are designed to drive company financial performance and align with stakeholder interests.
RSP awards are typically subject to a three-year service condition.</td><td colspan="2">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.</td></tr>
</table>

Annual report on remuneration

This section provides details of how the Directors' Remuneration Policy was implemented during 2021/22 and how we intend to apply it in 2022/23.

About the Remuneration Committee

All the independent non-executive directors sit on the Remuneration Committee, including the group Chair, Patrick Thomas. Details of attendance at committee meetings during the year ended 31st March 2022 are shown below.

	Date of appointment to committee	Number of meetings eligible to attend	Number of meetings attended	% attended
Chris Mottershead	27th January 2015	8	8	100%
Jane Griffiths	1st January 2017	8	8	100%
John O'Higgins	16th November 2017	8	8	100%
Patrick Thomas	1st June 2018	8	8	100%
Xiaozhi Liu	2nd April 2019	8	8	100%
Doug Webb	2nd September 2019	8	7	87.5%
Rita Forst	4th October 2021	5	5	100%

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 Chief Executive, the other executive directors and the group Chair (the group Chair does not participate in discussions of his own remuneration). In addition, the committee receives recommendations from the Chief Executive on the remuneration of those reporting to him, as well as advice from the Chief HR Officer, who 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 £46,150 plus VAT. The fees paid to Korn Ferry are based on the standard time and materials market rates Korn Ferry has for remuneration committee advisory services.

Korn Ferry also provides consultancy services to the company in relation to certain employee HR 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 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 2021/22 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 2022 is available at

+ matthey.com/corporate-governance

Key areas of remuneration committee focus in 2021/22

Wider workforce remuneration	Executive director and GLT remuneration	Governance	Stakeholder management
Reviewed the proposed increases to the broader workforce, relative to the executive directors.	Reviewed, discussed and agreed the 2021 pay awards and 2020/21 AIP payments.	Reviewed the effectiveness of the committee.	Discussed shareholder consultation feedback and overview of remuneration policy reaction.
Considered the 2021/22 Annual Incentive Plan (AIP) structures below executive director and GLT level.	Discussed, shaped and agreed the 2021/22 AIP measures, including executive director and GLT strategic objectives.	Approved the 2021 remuneration report.	Engaged shareholders on the introduction of a sustainability measure into the long-term incentive.
	Discussed, shaped and agreed new Chief Executive remuneration, leaving arrangements of the outgoing Chief Executive and joining and leaving arrangements for GLT members.	Approved changes to the Deferred Bonus Plan rules to update terms in line with best practice.	Engaged shareholders on new Chief Executive remuneration terms.

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 at the 2020 AGM and Annual Report on Remuneration at the 2021 AGM.

Resolution	Number of votes cast	For	Against	Votes withheld
Remuneration Policy	148,233,329	126,978,681 (85.66%)[1]	21,183,260 (14.29%)[1]	1,552,871
Annual Report on Remuneration	152,710,766	141,933,387 (92.94%)	10,777,379 (7.06%)	382,639

1. Percentage of votes cast, excluding votes withheld.

The Remuneration Committee believes that the 85.66% vote in favour of the Remuneration Policy at the 2020 AGM and the 92.94% vote in favour of the Annual Report on Remuneration at the 2021 AGM showed strong shareholder support for the group's remuneration arrangements at that time.

Remuneration for the year ended 31st March 2022

Single 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 2022 and 31st March 2021. 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	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Executive directors																
Robert MacLeod (former Chief Executive)[2]	**784**	838	**20**	22	**157**	193	**961**	1,053	**596**	1,479	**–**	–	**596**	1,479	**1,557**	2,532
Liam Condon (current Chief Executive)[3]	**79**	–	**24**	–	**12**	–	**115**	–	**–**	–	**–**	–	**–**	–	**115**	–
Stephen Oxley[4]	**565**	–	**15**	–	**85**	–	**665**	–	**607**	–	**–**	–	**607**	–	**1,272**	–
Non-executive directors																
Patrick Thomas	**376**	369	**–**	–	**–**	–	**376**	369	**–**	–	**–**	–	**–**	–	**376**	369
Jane Griffiths[5]	**83**	67	**–**	–	**–**	–	**83**	67	**–**	–	**–**	–	**–**	–	**83**	67
Chris Mottershead	**86**	84	**–**	–	**–**	–	**86**	84	**–**	–	**–**	–	**–**	–	**86**	84
John O'Higgins	**87**	79	**–**	–	**–**	–	**87**	79	**–**	–	**–**	–	**–**	–	**87**	79
Xiaozhi Liu	**68**	67	**–**	–	**–**	–	**68**	67	**–**	–	**–**	–	**–**	–	**68**	67
Doug Webb	**89**	81	**–**	–	**–**	–	**89**	81	**–**	–	**–**	–	**–**	–	**89**	81
Rita Forst[6]	**33**	–	**–**	–	**–**	–	**33**	–	**–**	–	**–**	–	**–**	–	**33**	–

1. Represents a cash allowance in lieu of a pension and the increase in Robert MacLeod's UK pension scheme accrual (details can be found on page 125).
2. Robert MacLeod stepped down from the board as Chief Executive on 28th February 2022. All figures in the table for Robert MacLeod are for the period 1st April 2021 to 28th February 2022.
3. Liam Condon was appointed to the board as Chief Executive on 1st March 2022.
4. Stephen Oxley was appointed to the board as Chief Financial Officer on 1st April 2021.
5. Jane Griffiths was appointed chair of the Societal Value Committee on 1st June 2021.
6. Rita Forst was appointed to the board on 4th October 2021

Explanation of figures

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 the increase over the year of any defined benefit pension the executive director may have in the Johnson Matthey Employees Pension Scheme (JMEPS) plus any cash supplements paid in lieu of pension membership.
Annual incentives	Annual bonus awarded for the year ended 31st March 2022. The figure includes any amounts deferred and awarded as shares.
Long-term incentives	The 2022 figure represents the value of shares that satisfied performance conditions on 31st March 2022. The 2021 figure represents the value of shares that satisfied performance conditions on 31st March 2021.

Annual bonus for the year ended 31st March 2022 (audited)

Robert MacLeod 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 15% of maximum. Liam Condon was not eligible to participate in the 2021/22 bonus because he had less than three months service in the year.

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
Robert MacLeod (former Chief Executive)	60%	20%	20%
Stephen Oxley	60%	20%	20%

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 the 2021/22 year. 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 decrease in uncertainty in the market at the time the targets were set, the range should return to between 95% and 105% of target performance. The absolute level of profit needing to be achieved was also reset to better reflect the more positive outlook at the beginning of the year. The 2021/22 targets are considered similarly challenging, if not more challenging than those set in 2020/21.

The strategic objectives were set based on well-defined key deliverables that support our strategy relating to science, customers, operations and people.

Bonus outcomes

Based on performance against the targets, total bonuses for the year ended 31st March 2022 were:

	Financial measures formulaic outcome (% base salary)	Strategic measures formulaic outcome (% base salary)	Total bonus outcome (% base salary)	Total value of bonus before discretion (£)	Discretion applied	Total value of bonus after discretion (% base salary)	Total value of bonus after discretion [1] (£)
Robert MacLeod	137.7%	14.4%	152.1%	1,300,750	(50%)	76.1%	650,375[2]
Stephen Oxley	114.7%	19.5%	134.2%	758,456	(20%)	107.0%	606,765

1. 50% of this figure is deferred into conditional shares subject to a three-year vesting period with no other performance conditions.
2. This figure represents the full bonus paid for the year. The amount related to Robert MacLeod's time as Chief Executive is £596,177, as shown in the single figure table.

We have seen strong financial performance in the year resulting in a good formulaic bonus outcome. However, when determining the final bonus outcome, the committee also considered the experience of shareholders and the broader workforce over the performance period.

Given the experience of shareholders and the broader workforce over the performance period, the committee agreed with the executive directors to reduce the formula-based bonus awards, such that the bonus payable to Robert MacLeod would be reduced by 50% and the bonus payable to Stephen Oxley would be reduced by 20%.

The detailed breakdown of performance against the financial targets and strategic objectives is set out in the next tables.

Financial measures

Performance measure	Bonus weighting	Threshold	Target	Maximum	Actual	Robert MacLeod[1] Maximum bonus available (% base salary)	Robert MacLeod[1] Formulaic outcome (% base salary)	Robert MacLeod[1] Outcome after discretion (% base salary)	Stephen Oxley Maximum bonus available (% base salary)	Stephen Oxley Formulaic outcome (% base salary)	Stephen Oxley Outcome after discretion (% base salary)
Group underlying PBT[2]	60%	£480m	£505m	£530m	£536m	108	108	54	90	90	72
Group working capital days (including PGMs)[2]	10%	30 days	28 days	27 days	24 days	18	18	9	15	15	12
Group working capital days (excluding PGMs)[2]	10%	49 days	47 days	45 days	46 days	18	11.7	5.8	15	9.7	7.8
Total bonus for financial measures						**144**	**137.7**	**68.8**	**120**	**114.7**	**91.8**

1. Values for Robert MacLeod represent the full bonus payable for the period 1st April 2021 to 31st March 2022.
2. Group underlying PBT and group working capital days are measured using Johnson Matthey's budgeted foreign exchange rates.

Strategic objectives

	Weighting	Objective	Assessment	Maximum bonus (% base salary)	Formulaic outcome (% base salary)	Outcome after discretion (% base salary)
Robert MacLeod	5%	Lead a cultural change programme that will embed OneJM mindset and expected leadership behaviours.	Good progress has been made in creating an externally focused environment to drive performance, building on OneJM synergies. The adjustment to the capital plan was successfully delivered.	36%	14.4%	7.2%
	5%	Define of our future sustainability and ESG strategy.	The 2030 sustainability strategy has been successfully defined and publicly communicated on our website. This includes three clear sustainability pillars, each with explicit near- and long-term targets.			
	5%	Define, drive and deliver new business growth opportunities in areas of core strength such as hydrogen and catalyst technologies.	Building on JM's foundation in hydrogen, a plan to accelerate growth was established. Progress made, both in business wins and strategic partnerships.			
	5%	Review Battery Materials strategy and options for de-risking and execute on plan.	Following a rigorous board strategy review and exploration of de-risking options, the difficult decision to exit the Battery Materials business was made.			
Stephen Oxley	5%	Lead a cultural change programme that will embed OneJM mindset and expected leadership behaviours.	Good progress has been made in creating an externally focused environment to drive performance, building on OneJM synergies. The adjustment to the capital plan was successfully delivered.	30%	19.5%	15.6%
	5%	Define of our future sustainability and ESG strategy.	The 2030 sustainability strategy has been successfully defined and publicly communicated. This includes three clear sustainability pillars, each with explicit near- and long-term targets.			
	5%	Investor engagement and clear articulation of capital allocation and equity story.	Good quality relationships have been developed. A process for aligning on capital allocation has been put in place.			
	5%	Transformation of finance function.	Finance transformation is progressing. Savings identified for FY23 and FY24. Financial controls, assurance and risk management have been improved.			

Long-term incentives

PSP awards vesting for the three-year performance period ended 31st March 2022 (audited)

The 2019 PSP awards were made in August 2019 and performance was measured over the period 1st April 2019 to 31th March 2022. After the performance period, shares are no longer subject to performance conditions, and where the performance conditions are met, the shares will vest in equal instalments on the third, fourth and fifth anniversaries of the award. The awards vest on a straight-line basis between threshold (15% vesting) and maximum (100% vesting). The performance condition for the 2019 award and the actual performance achieved are shown below.

	Weighting	Threshold	Target	Maximum	Actual
Compound annual growth rate in earnings per share	100%	4%	7%	10%	-2%

The committee also considers return on invested capital (ROIC) when assessing the PSP vesting. This assessment did not change the vesting outcome, which is detailed in the table below.

Executive directors[1]	% base salary awarded	Shares awarded	% award to vest	Shares to vest	Estimated value on vesting £
Robert MacLeod	200	53,324	–	–	–

1. Liam Condon and Stephen Oxley did not have 2019 PSP awards.

PSP awards granted in the year ended 31st March 2022 (audited)

The next table provides details of the PSP awards made to executive directors in the year ended 31st March 2022.

Executive directors	Award date	Award type	Award size (% of base salary)	Number of shares awarded	Face value[2]	% vesting at threshold[3]	End of performance period	End of holding period
Robert MacLeod	1st August 2021	Conditional shares	200	54,829	£1,710,489	20%	1st August 2024	1st August 2026
Liam Condon[1]	1st March 2022	Conditional shares	250	52,867	£1,649,281	20%	1st August 2024	1st August 2026
Stephen Oxley	1st August 2021	Conditional shares	175	31,693	£988,720	20%	1st August 2024	1st August 2026

1. Liam Condon was awarded a pro-rated 2021/22 award. The value of the award was calculated as 25/36ths of his normal award level to reflect his service over the performance period.
2. Face value is calculated using the award share price of 3,119.68 pence, which is the average closing share price over the four-week period starting on 27th May 2021.
3. Threshold vesting is 15% for the earnings per share (EPS) measure and 25% for the relative total shareholder return (TSR) measure. The value shown is the average threshold vesting for the award.

To quickly align Liam with the interests of shareholders and the performance of Johnson Matthey, an award of 52,867 shares was made under the PSP, with the same performance conditions as attached to 2021 PSP awards. This award represents Liam's standard annual PSP award of 250% of base salary but is pro-rated to reflect the period that he will be contributing to the performance period.

The performance targets and vesting ranges for the 2021 award are set out below.

50% of performance condition **Compound annual growth rate in earnings per share**		50% of performance condition **Relative total shareholder return**	
Performance	Proportion of shares vesting	Performance	Proportion of shares vesting
<4%	0%	Below median	0%
4%	15%	Median	25%
12%	100%	Upper quartile	100%
Between 4% and 12%	Straight line between 15% and 100%	Between median and upper quartile	Straight line between 25% and 100%

In addition to the EPS and TSR performance conditions, the Remuneration Committee considers the performance of ROIC over the performance period to ensure that earnings growth is achieved in a sustainable and efficient manner.

Other awards granted in the year ended 31st March 2022 (audited)

The next table provides details of the buy-out award made to Stephen Oxley in the year ended 31st March 2022, to compensate for the loss of his KPMG long-term deferred cash awards. This award is not subject to performance conditions and was disclosed in last year's annual report.

Executive director	Award date	Award type	Number of shares awarded	Face value[1]	Vest date
Stephen Oxley	1st August 2021	Conditional shares	41,500	£1,294,667	1st August 2024

1. Face value is calculated using the award share price of 3,119.68 pence, which is the average closing share price over the four-week period commencing on 27th May 2021.

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 2022.

	Ordinary shares[1]	Subject to ongoing performance conditions[2]	Not subject to further performance conditions[3]
Executive directors			
Robert MacLeod (former Chief Executive)[4]	71,267	187,568	43,491
Liam Condon (current Chief Executive)	20,000	52,867	–
Stephen Oxley	14,394	31,693	41,500
Non-executive directors			
Patrick Thomas	13,194	–	–
Jane Griffiths	2,671	–	–
Chris Mottershead	5,500	–	–
John O'Higgins	1,500	–	–
Xiaozhi Liu	4,000	–	–
Doug Webb	6,500	–	–
Rita Forst	1,000	–	–

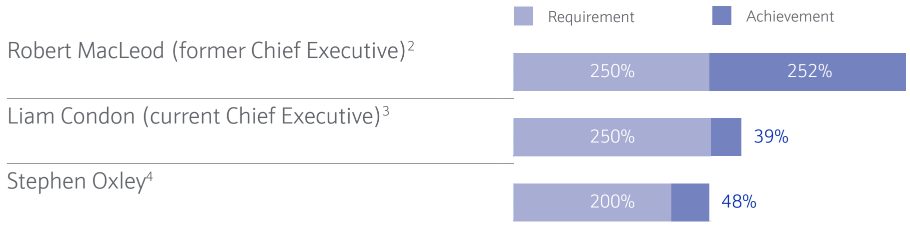
1. Includes shares held by the director and / or connected persons, including those in the all-employee share matching plan. Shares in the all-employee share matching plan may be subject to forfeiture in accordance with the rules of the plan.
2. Represents unvested PSP shares within three years of the date of award.
3. Represents unvested deferred bonus shares that are not subject to service conditions and the buy-out award made to Stephen Oxley on joining JM, which is subject to ongoing service conditions.
4. Values for Robert MacLeod are effective 28th February 2022 when he stepped down from the board.

Directors' interests as at 25 May 2022 were unchanged from those listed above, other than that the trustees of the all-employee share matching plan have purchased another 57 shares for Robert MacLeod (for the period 1st March to 26th May 2022) and 15 shares for Stephen Oxley.

Executive directors are expected to achieve a shareholding guideline of 250% of base salary for the Chief Executive 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.

From 1st April 2020, a post-cessation shareholding guideline applies that requires the executives to retain future vested shares to the value of the current share ownership guidelines for two years from the date of employment ending. Shares that count towards achieving the post-cessation guideline include the same as those while an executive director, except that only shares owned after 1st April 2021 count towards the post-cessation guideline. 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 2022 as a percentage of base salary[1] are shown below:



1. Value of shares as a percentage of base salary is calculated using a share value of 1,875.56 pence, which was the average share price prevailing between 1st January 2022 and 31st March 2022.
2. Shareholding effective 28th February 2022, when Robert MacLeod stepped down from the board.
3. Liam Condon was appointed Chief Executive on 1st March 2022 and will build his shareholding over a reasonable timeframe.
4. 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. Robert MacLeod received an annual cash payment in lieu of pension membership of 20% in 2021/22, which reduced to 15% of base salary from 1st April 2022. Robert MacLeod also has accrued a pension entitlement in respect of a prior previous of pensionable service in one or more of the group's pension arrangements.

Robert MacLeod ceased pensionable service in JMEPS on 31st March 2011. Details of the accrued pension benefits of the executive directors effective 31st March 2022 in the UK pension scheme are given below:

	Total accrued annual pension entitlement at 31st March 2022 £'000[2]
Robert MacLeod[1]	11
Liam Condon	–
Stephen Oxley	–

1. Pension payable from age 65 based on pensionable service in the UK pension scheme up to 31st March 2011.
2. No director would gain any additional benefit by retiring early in line with the scheme rules.

Payments to former directors (audited)

There were no payments made to, or in respect of, any former director in 2021/22 that have not been previously disclosed.

Payments for loss of office (audited)

Robert MacLeod will receive no payments for loss of office on retiring from Johnson Matthey on 21st July 2022.

Salary, pension allowance and benefits

Robert will receive his normal salary, pension allowance and benefits between stepping down from the board until his retirement date. The total received by Robert for the period 1st to 31st March 2022 was £87,353 (comprising, £71,271 for salary, £1,801 for benefits and £14,281 for pension). We will disclose the amount received for the period 1st April 2022 to 21st July 2022 in next year's report as a payment to a former director.

AIP

Robert MacLeod is eligible to receive a full-year bonus under the 2021/22 AIP. The bonus payable in relation to the full year is £650,375. Of this amount, £54,198 relates to the period 1st March to 31st March, when he was not Chief Executive. 50% of the total bonus will be awarded under the DBP and will be released in August 2025. He is not eligible to participate in the 2022/23 AIP.

Robert MacLeod was awarded 10,493 shares under the DBP in 2019, 9,292 shares under the DBP in 2020 and 23,706 shares under the DBP in 2021. These shares will be released on their normal release dates in August 2022, August 2023 and August 2024 respectively. Dividend-equivalent shares will accrue on all deferred bonus awards during the relevant vesting period.

PSP

The 2019 PSP award of 53,324 shares did not satisfy the performance conditions and so will lapse in full.

Robert MacLeod has the following outstanding awards under the PSP, which will be pro-rated based on the number of complete months from the start of the relevant performance period to his retirement date, in accordance with the good-leaver treatment for retirement. They will vest, subject to the performance conditions as follows:

Award date	Shares awarded	Shares retained	Normal vesting date	Holding period end date
1st August 2020	79,415	59,561	1st August 2023	1st August 2025
1st August 2021	54,829	22,845	1st August 2024	1st August 2026

Dividends accruing to vested shares in a holding period will be reinvested in Johnson Matthey shares.

No PSP award will be made to Robert MacLeod in 2022.

Remuneration arrangements for Liam Condon

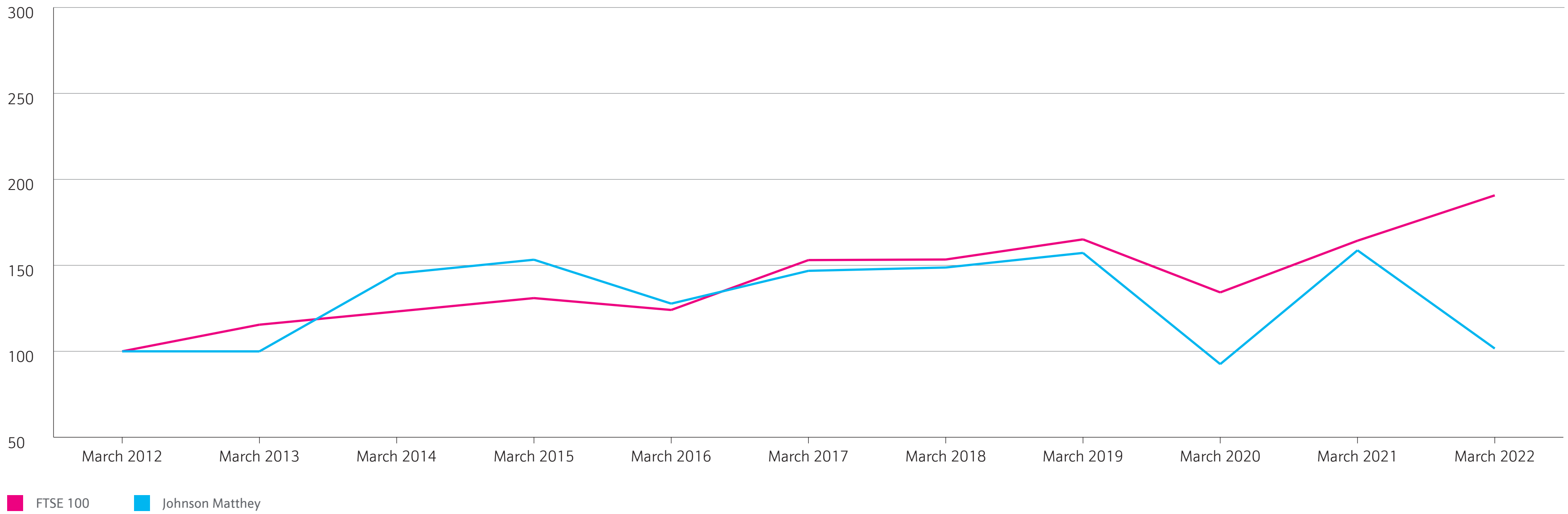
Liam Condon joined Johnson Matthey on 1st March 2022 as Chief Executive. His remuneration arrangements are set out below.

Base salary	£950,000 per annum.
Pension	15% cash supplement.
Benefits	Standard UK benefits, in line with remuneration policy, including car allowance, medical insurance and health screening, life assurance and ill-health benefits, holiday and eligibility to join ShareMatch on the same terms as all UK employees. In addition, Liam will receive the following temporary allowances to reflect that his permanent home will be in Germany but he will work in the UK: • Accommodation allowance of £180,000 per year for up to three years. • Schooling and Family Disturbance Allowance of £70,000 per year for up to three years. These allowances are subject to normal income tax and social security deductions.
Annual Incentive Plan	Maximum opportunity of 180% of base salary, with 50% of any award being deferred into shares for three years.
Performance Share Plan	Maximum opportunity of 250% of base salary. Subject to performance conditions over a three-year period, with any vested shares subject to another two-year holding period.
Shareholding requirement	250% of base salary, expected to be achieved within four years. Liam Condon purchased 20,000 shares in the open market on 16th March 2022 (with a purchase value of £375,924.11) to begin building his shareholding in Johnson Matthey.

Performance graph and comparison to Chief Executive'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 2012 to 31st March 2022 against the FTSE 100 as the most appropriate comparator group when considering our market capitalisation over the period, rebased to 100 at 1st April 2012.



Historical data regarding Chief Executive's remuneration

	2012/13	2013/14[1]	2014/15[2]	2015/16[3]	2016/17	2017/18	2018/19	2019/20	2020/21	**2021/22[4]**
Single total figure of remuneration (£000)	3,025	3,855	2,539	1,429	1,971	2,013	2,784	1,462	2,532	**1,672**
Annual incentives (% of maximum)	–	71	54	15	40	69	45	26	98	**42**
Long-term incentives (% of award vesting)[5]	100	75	–	33	28	–	67	–	–	**–**

1. Figures before to 2014/15 are in respect of Neil Carson.
2. The figures for 2014/15 are in respect of both Robert MacLeod and Neil Carson, who both held the position of Chief Executive in the year. The single total figure of £2,539 comprises £1,594 for Robert MacLeod and £945 for Neil Carson.
3. Figures from 2015/16 to 2020/21 are in respect of Robert MacLeod.
4. The figures for 2021/22 are in respect of both Robert MacLeod and Liam Condon, who both held the position of Chief Executive in the year. The single total figure of £1,672 comprises £1,557 for Robert MacLeod and £115 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.
5. Vesting of long-term incentive awards whose three-year performance period ended in the financial year shown.

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 2022. This is then compared to employees of Johnson Matthey Plc.

	2022			2021		
	Salary	**Bonus**	**Benefits**	Salary	Bonus	Benefits
Executive directors						
Robert MacLeod[1]	**2%**	**-56**	**0%**	0%	377%	0%
Liam Condon[2]	**–**	**–**	**–**	–	–	–
Stephen Oxley[3]	**–**	**–**	**–**	–	–	–
Non-executive directors						
Patrick Thomas	**2%**	**0%**	**0%**	0%	0%	0%
Jane Griffiths	**24%[4]**	**0%**	**0%**	0%	0%	0%
Chris Mottershead	**2%**	**0%**	**0%**	0%	0%	0%
John O'Higgins	**10%[5]**	**0%**	**0%**	27%[4]	0%	0%
Xiaozhi Liu	**2%**	**0%**	**0%**	0%	0%	0%
Doug Webb	**10%[6]**	**0%**	**0%**	31%[5]	0%	0%
Rita Forst[7]	**–**	**–**	**–**	–	–	–
Comparator group						
JM Plc employees	**6%[8]**	**4%[9]**	**0%[10]**	2%[8]	312%[9]	0%[10]

1. Figures are based on a comparison of 2021 against the full 12-month data for 2022 (not the 11 months as Chief Executive), to allow for accurate comparison.
2. Liam Condon was appointed Chief Executive on 1st March 2022, so no change in compensation can be calculated for 2021 or 2022.
3. Stephen Oxley was appointed Chief Financial Officer on 1st April 2021, so no change in compensation can be calculated for 2021 or 2022.
4. Represents the additional fee received for taking the Societal Value Committee Chair position on 1st June 2021 and annual fee review.
5. Represents the additional fee received for taking the Senior Independent Director role on 23rd July 2020 and annual fee review.
6. Represents the additional fee received for taking the Audit Committee Chair role on 23rd July 2020 and annual fee review.
7. Rita Forst was appointed to the board on 4th October 2021, so no change in compensation can be calculated for 2021 or 2022.
8. Includes promotions and market adjustments.
9. 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 2020/21 and 2021/22 years and for the 2019/20 and 2020/21 years, respectively.
10. There has been no change to the benefits policy for JM Plc employees, therefore a 0% change has been reported.

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 2021 and 31st March 2022.

	Year ended 31st March 2021 £ million	**Year ended 31st March 2022 £ million**	% change
Payments to shareholders – special dividends	–	**–**	–
Payments to shareholders – ordinary dividends	99	**139**	40.9%
Share buyback[2]	–	**155**	
Total remuneration (all employees)[1]	776	**782**	0.1%

1. Figure is for all operations (including Health) and excludes termination benefits.
2. On 24th November, we announced a share buyback of ordinary shares for an aggregate purchase price of up to £200 million. In the year ended 31st March 2022, £162 million of shares had been purchased.

Chief Executive to employee pay ratio

The table below shows the ratio of Chief Executive to employee pay for 2020 to 2022. We have compared the single total figure of remuneration for the Chief Executive 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 2022.

We believe that using total pay and benefits for the year ending 31st March 2022 provides a like-for-like comparison to the Chief Executive pay data.

Chief Executive pay ratio	2020	2021[1]	2022
Method	A – total pay and benefits in 2019/20	A – total pay and benefits in 2020/21	A – total pay and benefits in 2021/22
Chief Executive single figure	£1,462,000	£2,532,000	£1,672,000[2]
Upper quartile	22:1	35:1	26:1
Median	**28:1**	**45:1**	**34:1**
Lower quartile	36:1	57:1	41:1

1. Chief Executive pay ratio revised to include employee bonuses payable in relation to 2020/21. This changed upper quartile from 39:1 to 35:1, median from 50:1 to 45:1 and lower quartile from 63:1 to 57:1.
2. The Chief Executive single figure for 2021/22 is in respect of both Robert MacLeod and Liam Condon, who both held the position of Chief Executive 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 2022 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 2023 report. Excluding the 2021/22 bonus payable to the Chief Executive from the calculation would result in the following pay ratios: lower quartile – 27:1, median – 22:1 and upper quartile – 16:1.

The salary and total pay for the individuals identified at the lower quartile, median and upper quartile positions in 2022 are set out below:

2022	Salary[1]	Total pay
Upper quartile individual	£55,175	£65,453
Median individual	£42,143	£49,618
Lower quartile individual	£34,262	£40,301

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'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 to employee pay ratio between 2020 and 2022 is driven by the different bonus outcomes for the Chief Executive in each of these years. 2022 is lower than 2021 because the bonus received in 2022 is much lower than 2021. While 2022 is higher than 2020 because the bonus received in 2022 is higher than 2020. This reflects the greater proportion of variable pay opportunity at the Chief Executive level. 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.

Implementing the Directors' Remuneration Policy for 2022/23

The table below sets out how the Remuneration Committee intends to apply the Directors' Remuneration Policy for the year ended 31st March 2023.

Salary	The Chief Executive is not eligible for a salary increase until 1st April 2023. The Chief Financial Officer received a pay increase of 3%, in line with the pay increases given to our UK management employees but below that given to our non-management employees.
Benefits	No change to policy applied in 2022/23.
Pension	All executive directors will have a maximum pension cash supplement of 15%.
Annual incentives	The maximum bonus opportunity for 2022/23 remains unchanged at 180% of salary for the Chief Executive and 150% of salary for the Chief Financial Officer. 2022/23 bonus will be based on underlying profit before tax (50%), working capital (20%) and strategic and transformation objectives (30%). Targets for the Chief Executive and Chief Financial Officer will be based on group performance. The increase from 20% to 30% in respect of strategic and transformation objectives will be accompanied by specific metrics associated with the business transformation and more detailed disclosure against these metrics. The 2022/23 targets are considered similarly challenging, if not more challenging to those set in 2021/22, when accounting for the divestments in the year and uncertain economic outlook. The recalibration of targets has been set taking this into account as well as internal and external planning. 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. 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.
Long-term incentives	The Chief Executive 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 (40% of the award), relative TSR performance (40% of the award) and specific and measurable sustainability metrics (20% of award). The vesting level is also subject to achieving a satisfactory level of return on capital invested. The range of annualised EPS growth targets that the committee intends to set for the FY 2022/23 awards is 3% per annum growth for threshold (15%) vesting, rising to 8% per annum growth for maximum vesting (100%). Vesting will be on a straight-line basis between 3% and 8%. 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. 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 – 100 (excluding financial services companies). The committee considers that this comparator group remains the most appropriate given our current market capitalisation. The sustainability scorecard will consist of three equally weighted metrics, each related to a pillar of our sustainability framework. Threshold vesting will be 25%, increasing on a straight-line basis to 100% at maximum. The three metrics are as follows: • Products and services – tonnes of greenhouse gases (GHG) avoided during the period using technologies enabled by our products and solutions, compared to conventional solutions, where threshold vesting will be 5.2 million tonnes GHG avoided and maximum will be 6.0 million tonnes GHG avoided. • Operations – reduction in Scope 1 and 2 GHG emissions (from the FY20 baseline), where threshold vesting will be achieved for a 12% reduction in GHG emissions and maximum vesting for a 14% reduction in GHG emissions. • People – percentage of female representation across our management levels, where threshold vesting will be achieved at 31% female representation at management levels and maximum at 32% female representation at management levels. Awards vest in year three and are then subject to a two-year holding period.
Chairman and Non-executive director fees	The Chair and non-executive directors will not receive a fee increase in 2022/23 to recognise the recent experience of shareholders.

This Remuneration Report was approved by the Board of Directors on 26th May 2022 and signed on its behalf by:

Chris Mottershead
Chair of the Remuneration Committee

Directors' Report

Statutory and other information

The Directors' Report required under the Companies Act 2006 (2006 Act) comprises the Governance Report (pages 83 to 130), including the Sustainability report for our disclosure of carbon emissions, which is included in the Strategic report (pages 34 to 59). The management report required under Disclosure Guidance and Transparency Rule 4.1.8R comprises the Strategic Report (pages 1-82), which includes the risks relating to our business and the Directors' Report.

Index of disclosures referred to elsewhere in the report

Listing Rule 9.8.4R

Details of the disclosures to be made under Listing Rule 9.8.4R are listed below.

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 JM Plc with their dividend payment. Further information and a mandate can be obtained from our registrar, Equiniti, and on our website: matthey.com
Directors' indemnities and insurance	JM Plc has granted indemnities to each JM Plc director and the directors of the group's subsidiaries in respect of certain liabilities arising against them in the course of their duties, in relation to the affairs of JM Plc or any group company. Neither JM 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, with the assistance of the Company Secretary. In approving each additional external appointment, the board assess time commitment to ensure that no directors are considered over boarded. During the year, the board considered additional external appointments for Jane Griffiths (Non-Executive Chair at Redx Pharma Plc) and John O'Higgins (Non-Executive Director at Oxford Nanopore Technologies Plc). The board agreed that the proposed appointments would enhance individual skills and experience while allowing sufficient time to discharge their role at JM.

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 code. All directors retire and are eligible for re-election at each 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 below under 'Authority to purchase own shares'.
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 17th July 2019 and are available on our website: matthey.com/corporate-governance.
Branches	The company and its subsidiaries have established branches in a number of different countries in which they operate.
Change of control	As at 31st March 2022 and as at the date of approval of this annual report, 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. However, the company and its subsidiaries were, as at 31st March 2022, and as at the date of approval of this annual 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. 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. 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. 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 2022, and as at the date of approval of this annual report, 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.
Stakeholders and policies	
Suppliers	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. Read more about our Supplier Code of Conduct and our engagement with suppliers during the year on page 58.
Political donations	No political donations or contributions to political parties under the Companies Act 2006 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 important events affecting JM Plc or any subsidiary between 31st March 2022 and the date of approval of this annual report, 26th May 2022.

Shareholders and share capital

AGM	Our 2022 AGM will be held on Thursday 21st July 2022 at 11.00 am in the PLR Room at Herbert Smith Freehills, Exchange House, 12 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. 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 with an electronic poll, with the results announced as soon as possible and posted on our website. This poll with show votes for and against, as well as votes withheld.
Authority to purchase own shares	At the 2021 AGM, shareholders authorised JM Plc to make market purchases of up to 19,353,343 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 JM may be cancelled or held as treasury shares. This authority will cease at the conclusion of the 2022 AGM, and shareholders will be asked to give a similar authority at the AGM. We announced our intention to conduct a share buyback programme of JM Plc ordinary shares for up to a maximum consideration of £200m on 24th November 2021. Purchases were made in two tranches, with shares purchased in the first tranche held in treasury to be used to meet obligations arising from employee share option programmes and shares purchased in the second tranche cancelled to reduce the share capital of the company. The purchase of ordinary shares under the programme was effected within certain pre-set parameters and in accordance with JM's general authority to repurchase ordinary shares granted by its shareholders at the 2021 AGM, the Market Abuse Regulation 596/2014 (as incorporated into UK domestic law by the European Union (Withdrawal) Act 2018), and Chapter 12 of the Financial Conduct Authority's Listing Rules. The first tranche of the share buyback programme of up to £100 million was launched on 21st December 2021 and completed on 28th January 2022. A total of 5,060,409 ordinary shares with a total nominal value of 110 49/53 pence (representing 2.73% of the company's total issued share capital, excluding treasury shares, as at 31 March 2022) were purchased, which are now held in treasury. The total price of the shares purchased was £99,999,944.18. The second tranche of the share buyback programme of up to £100m commenced on 14th February 2022 and completed on 13th May 2022. A total of 5,350,761 ordinary shares with a total nominal value of 110 49/53 pence (representing 2.89% of the company's total issued share capital, excluding treasury shares, as at 31 March 2022) were repurchased for the total price of £99,999,975.57 and all shares purchased in the second tranche have been cancelled. There were no share allotments during the year.

Shareholders and share capital (cont.)	
Rights and obligations attaching to shares	The rights and obligations attaching to the ordinary shares in JM Plc are set out in the Articles. As at 31st March 2022, and as at the date of approval of this annual report, 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 JM 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 31st March 2022 and as at the date of approval of this report: • No person held securities in JM 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 cooperation, 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: • No shares in JM 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 JM Plc has not allotted, nor has any major subsidiary undertaking of the company allotted, equity securities for cash. During the year we've not participated in any equity securities' placing.
American Depositary Receipt programme	JM 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 JM 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	At 31st March 2022, 4,309 current and former employees were shareholders in JM through the group's employee share schemes. Through these schemes, current and former employees held 2,908,777 ordinary shares or 1.57% of issued share capital, excluding treasury shares as at 31st March 2022. Also as at 31st March 2022, 2,689,904 ordinary shares had been awarded but had not yet vested, under the company's long-term incentive plans, to 389 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.

Shareholders and share capital (cont.)

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 JM Plc's issued share capital:

	Nature of holding	Total voting rights[1]	% of total voting rights[2]
As at 31st March 2022:			
BlackRock, Inc.	Indirect[3]	18,577,911	9.98%
Schroders Plc	Direct	10,638,209	5.496%
	Indirect[3]	55,072	0.028%

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.

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 JM 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 2022 and the date of this report, 26th May 2022, the company has been notified of changes in the following interests:

	Nature of holding	Total voting rights[1]	% of total voting rights[2]
Blackrock, Inc.	Indirect[3]	20,125,541	10.92
Jefferies Financial Group	Direct	8,563,153	4.64%
	Indirect[3]	2,000,000	1.08
Standard Latitude Master Fund	Indirect	9,655,039	5.23%

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.

Responsibilities of Directors

Statement of directors' responsibilities in respect of the Annual Report and Accounts

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 and the parent company financial statements in accordance with UK-adopted international accounting standards.

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, 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 United Kingdom 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 and accounts, 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 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 and parent company, and of the loss of the group; 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 by the board on 26th May 2022 and is signed on its behalf by:

Nick Cooper
General Counsel and Company Secretary