

**JM**

# Modern Slavery and Human Trafficking Statement

Johnson Matthey Plc Financial Year 2021/22





## Our commitment

Our products and services are at the heart of our sustainability strategy, enabling our customers to create a cleaner, healthier world. We want to ensure we make our products in ways that are ethical and respect human rights throughout our operations and value chain.

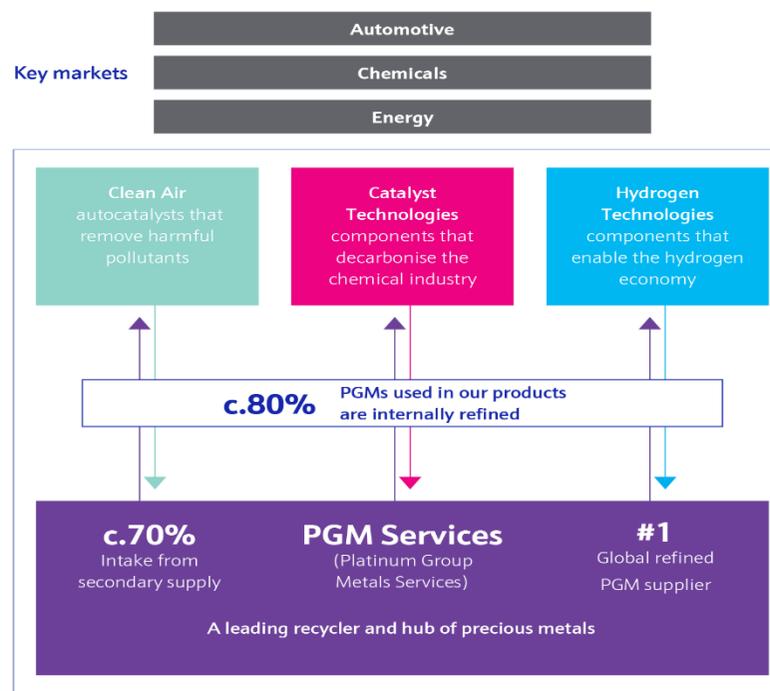
Modern slavery and human trafficking are two of our focused human rights risks and we are committed to ensuring no modern slavery and human trafficking exists in our business or value chain.

This is Johnson Matthey's seventh Modern Slavery Statement made under Section 54 of the Modern Slavery Act 2015<sup>1</sup> and sets out the steps taken by Johnson Matthey Plc and its group companies<sup>2</sup> (**Johnson Matthey** or **JM**) during the financial year 2021/22 to prevent modern slavery and human trafficking in our operations and value chain. Johnson Matthey's previous Modern Slavery Statements are available on our website.

## Our structure, business, and value chain

Following FY 2021/22, we have simplified our business structure. We will serve our global customer base through our four businesses: Clean Air, Catalyst Technologies and Hydrogen Technologies - all built on our foundational PGM Services business. These businesses have common customers and partners, share technology capabilities and share a PGM ecosystem that enables dependable supply and circularity.

<sup>1</sup> This Modern Slavery Statement is also made in accordance with the California Transparency Act 2012 and the Australian Modern Slavery Act 2018.



We have a significant global presence in over 30 countries with annual sales (excluding the value of precious metals) of £3.8 billion in FY 2021/22. Today, more than 12,000 Johnson Matthey professionals collaborate with our network of customers, suppliers,

<sup>2</sup> This Modern Slavery Statement is made on behalf of Johnson Matthey Plc and its group companies (including, but not limited to, Johnson Matthey Davy Technologies Limited, Johnson Matthey Precious Metals Limited and Macfarlan Smith Limited (disposed of 1 June 2022)).



and partners to make a real difference to the world around us. Johnson Matthey spent £201 million on research and development during 2021/22.

We work in a global, multi-tiered supply chain and rely on our suppliers to provide: raw materials (including platinum group metals (PGMs)), engineering services, process equipment, utilities, catering and security services for our facilities. We also buy transport services to move materials and products around the world and rely on corporate services for travel, IT and finance assistance. As a result, our procurement teams work with thousands of suppliers. In FY 2021/22, we spent £2.8 billion (excluding PGMs) with them.

We source raw materials from around the world, some of which are only available from a small number of countries. It is essential we understand and manage the associated supply chain risks. Due to changes in our portfolio, the quantity of some raw materials we source will not grow as anticipated (e.g., cobalt and lithium) and we are stopping sourcing narcotic raw materials.

Where we source strategic raw materials from<sup>3</sup>

Material	Country
Primary PGMS	Canada, USA and South Africa
Secondary PGMS	USA, Germany, UK, Singapore and Italy
Rare earth materials	Brazil and China
Zeolites	USA, China and Japan
Ceramic substrates	Peru, France, China and India
Narcotic raw materials	Spain and Australia

<sup>3</sup> We ceased sourcing from Russia in February 2022  
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## Policies

We have several group policies / foundational documents that reinforce our commitment to protecting human rights and reiterate our focus on the elimination of modern slavery and human trafficking:

- **Code of Ethics, 'Doing the Right Thing'** underpins our values and behaviours. The code contains a section on human rights and a section on the integrity of our supply chains <https://matthey.com/en/about-us/governance/code-of-ethics>
- **Supplier Code of Conduct** sets out the standards we expect all our suppliers to share with us and includes a section covering modern slavery and responsible and transparent supply chain management <https://matthey.com/en/about-us/partnering-with-us/supplier-code-of-conduct>
- **Conflict Minerals Policy and Platinum and Palladium Supply Chain Policy Statement** reference our commitment to responsible sourcing and both are aligned to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High Risk Areas <https://matthey.com/en/enhancing-life/sustainability-governance>)
- **Doing Business in Higher Risk Jurisdictions Policy (HRJ Policy)** Some of our customers, suppliers and other partners are based in parts of the world that represent a



higher legal or reputational risk (including modern slavery and other human rights abuses). Our HRJ Policy helps to manage these risks using enhanced due diligence when appropriate.

We promote a **'speak up'** culture encouraging everyone to speak up when they have a concern or are unsure about something. We also provide employees and third parties with an independently run speak up helpline (accessed online or via telephone) where concerns can be raised. This helpline allows individuals, where local law permits, to remain anonymous. Our Speak Up Policy notes human rights concerns can be raised through Speak Up <https://secure.ethicspoint.eu/domain/media/en/gui/102574/policy.pdf>

#### **Speak Up Case Study – Conditions for suppliers at our site**

We received a speak up from a supplier in one of our sites concerned one of their drivers was required to sleep in their vehicle on the streets for several nights as the supplier's vehicle was not allowed on the JM site for various reasons.

Although there were legitimate reasons for the delay in receiving goods and we do not allow suppliers to sleep at the site, it was recognised the site could make improvements to the conditions for suppliers if needing to wait at the site in the day.

After the incident was investigated, we created a facility inside the site where suppliers' drivers can sit comfortably and have basic facilities such as water and washrooms nearby.

During 2021/22, 158 speak ups were received, which is in line with the industry norm for volume in similarly sized organisations. We view the total number of speak ups as a positive reflection of peoples' confidence in the process. During the financial year we did not receive any speak ups directly related to modern slavery, but we did receive 56 speak ups in relation to Employee Rights (employee grievances, labour rights and working conditions). This reflects employees and third parties are using the speak up process to raise their human rights-related grievances. Our intention is to further promote our speak up line with third parties connected to JM, and to ensure this mechanism is fully aligned to Principle 31 of the UN Guiding Principles on Business and Human Rights.

#### **Speak Up Case Study - Labour rights issues for JM employees**

We received an anonymous speak up in relation to historic health and safety concerns at one of our sites. Upon investigation, serious labour rights issues were discovered including employees being forced to work on a customer site without proper work permits and working without the correct EHS training.

Following the investigation, disciplinary action was taken in relation to JM senior employees and remedial measures have been put in place to protect employees' labour rights and health and safety when working on customer sites.

#### **Risk assessment and due diligence in our value chain**

Currently JM risk assesses and conducts due diligence for modern slavery risks under several policies (HRJ Policy, Platinum and Palladium Supply Chain Policy Statement and Conflict Minerals



Policy) in addition to work undertaken with suppliers in accordance with our Supplier Code of Conduct.

### Higher-Risk Jurisdictions

In 2021/22 we completed this due diligence on 488 counterparties in higher risk jurisdictions. While this figure is less than 1% of all our counterparties, they are the ones that present some of our highest risks from an ethics and compliance perspective.

#### **Declining business for modern slavery reasons**

Of the 488 counterparties assessed this year, 10 presented a heightened risk specifically for labour rights and modern slavery issues. Enhanced due diligence was performed on these 10 counterparties. Of those, 1 resulted in additional remedial measures and 1 resulted in declined business because of modern slavery concerns.

### Platinum and Palladium

We work with our customers and industry associations (eg, International Platinum Group Metals Association (IPA)) to ensure we source our PGMs in an ethical way.

We expect our PGM suppliers and refining customers to adhere to equivalent practices as those in our Platinum and Palladium Supply Chain Policy Statement and to carry out appropriate due diligence on the counterparties from whom they source PGM material. Modern slavery considerations form part of the due diligence process for Modern Slavery Statement 2021/22

those suppliers or refinery customers that have been identified as being medium and high risk.

Our UK and US refineries are on the London Platinum and Palladium Market's (LPPM) 'Good Delivery' lists for platinum and palladium and are subject to its Responsible Platinum and Palladium Guidance (RPPG). We are audited annually and, following a successful second audit, we received new LPPM certificates in August 2021 confirming our ongoing compliance.

### Conflict Minerals

The term 'conflict minerals' refers to tin, tantalum, tungsten and gold (3TGs). They often originate in mines in conflict-affected parts of the world, particularly areas of military conflict where mining is often illegal and linked to serious human rights abuses, including modern slavery and child labour.

While Johnson Matthey has no mining operations in such conflict areas, we use small quantities of 3TGs in some of our products, most notably tungsten in some of our automotive catalysts, of which total expenditure is less than 0.1% of our procurement spend.

During the year we continued to conduct due diligence of our 3TG suppliers using the industry-wide Conflict Minerals Reporting Template, developed by the Responsible Minerals Initiative. Any concerns arising from 3TG supplier due diligence are escalated for resolution in accordance with our internal procedures. Refusal, suspension, or termination of business with the 3TG supplier may result as circumstances require. See our annual conflict minerals disclosure for financial year 2021/22 for further information <https://matthey.com/en/enhancing-life/sustainability-governance>



### What we expect when working with our suppliers

During 2021/22, our Procurement began a phased roll out of our due diligence framework to strengthen our supplier relationships and simplify the way we work with them. All new suppliers now complete an online self-assessment to demonstrate their alignment with our Supplier Code of Conduct. We review these assessments as part of our supplier onboarding process and follow up with additional actions, as appropriate. More than 300 new suppliers participated this year.

We also started assessing our existing suppliers using EcoVadis, the world's largest provider of business sustainability ratings. To date, 25% of our total procurement spend is with suppliers who have an active EcoVadis rating and good governance in all aspects of our Supplier Code of Conduct. For further information on this please see p58 of our 2022 Annual Report <https://matthey.com/ar22>

### Contractual protections with our suppliers

Our standard terms and conditions of purchase include an obligation to comply with modern slavery and labour rights laws. As part of our wider sustainability programme, this year our standard framework services agreement has been updated to include Human Rights (including modern slavery) obligations for suppliers of services and to pass these and other sustainability obligations throughout the supply chain.

### Training and awareness

In October 2021, we retrained our employees on our Code of Ethics. One of the subtopics this year included tackling modern slavery and

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### Focusing on JM's security

Johnson Matthey previously used multiple security providers for its sites, which carried different risks, including poor working conditions and nonuniform labour practices.

Additionally, security is an important function for JM in the fight against modern slavery, as they have access to restricted areas of our sites, have overall visibility of employees and third parties coming / going from the site and are trained to notice issues around safety and criminality.

As part of JM's procurement categorisation, in 2020, Johnson Matthey began to utilise one global security provider, where possible, after engaging in due diligence. In high-risk areas where this security provider is unavailable, JM performs enhanced due diligence. This includes getting licenses where needed and third-party validation. These measures ensure JM is monitoring and mitigating its own modern slavery risks.

The roll out of one security provider where possible continued this financial year.

reinforced our employees' responsibility for raising concerns regarding modern slavery in any part of Johnson Matthey or its value chains. 77.5% of employees completed the Code of Ethics training. Post financial year, in April 2022, our Societal Value Committee (SVC) was given Business and Human Rights awareness training by a Business and Human Rights expert, to ensure the committee has the requisite understanding of the evolving Business Human Rights landscape to oversee our Human Rights goal and related target.



During the past financial year, we provided several Human Rights programme awareness training sessions and an annual Conflict Minerals due diligence update for our Procurement community.

### Focus on our own operations

We are committed to ensuring there is no modern slavery within our own operations. This year we did not identify any specific issues with modern slavery within our own operations. However, we continued to monitor closely employee overtime following a speak up raised in the previous financial year regarding excessive overtime undertaken by production crews at one of our sites. The overtime placed the employees at risk of injury caused by fatigue.

Following the investigation, the following recommendations were made and these were monitored during FY 2021 / 22:

- overtime cap for employees closely monitored;
- review of overtime booking process undertaken to ensure no circumvention of requirements could occur; and
- hiring of additional staff accelerated to meet operational demand.

### Human Rights Programme

Upholding human rights throughout our value chain forms part of our sustainability strategy. Our target for 2030 is to assess 100% of our value chain partners for human rights risks.

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To make progress against our 2030 target, this year we:

- Identified the human rights risks we will focus on. This assessment was based on where we have the greatest risk of adverse impacts on people and where we have the greatest proximity / leverage in our operations and value chain. Two of the human rights risks we will focus upon are: (i) no modern slavery (all forms of forced or compulsory labour) and; (ii) no human trafficking, in our operations or value chain
- Worked with a third-party specialist to develop a tailored risk assessment framework for our focused human rights helping to segment our value chain and prioritise actions. As part of this process, we looked at risk in our own operations in addition to our value chain.
- Joined UN Global Compact in January 2022, demonstrating our support for internationally recognised human rights.

One of the exercises we conducted with the third-party specialist was to review the maturity of our Human Rights processes. We received an 'informal' maturity rating. It was identified that whilst we have several policies, a risk assessment and due diligence procedures that cover aspects of human rights (including modern slavery), there is more we need to do to have an overarching human rights programme that identifies, reviews, manages and reports on Human Rights in a consistent and joined-up manner.

### Governance of the Human Rights Programme

During May 2021, our SVC was formed. The SVC supports the board by overseeing the delivery of our Sustainability strategy.



## Our approach to Human Rights

Our commitment is defined by the internationally recognised human rights expressed in the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights) and the eight International Labour Organisation (ILO) fundamental conventions within the ILO's Declaration on Fundamental Principles and Rights at Work.

Our commitment will be implemented and operationalised in accordance with UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the UN Global Compact.

It oversees progress against our sustainability goals and targets, which includes our goal to uphold human rights throughout our value chains. The SVC is a full board committee, chaired by independent non-executive director, Jane Griffiths. The SVC meets three times per year and is supported by the Group Leadership Team (GLT).

To further enhance our sustainability governance, we recruited our first Chief Sustainability Officer who joined us in May 2022 and forms part of the GLT.

Any specific human rights issues regarding our highest risk partners will get escalated to a Steering Group comprised of our Group Head, Ethics & Compliance, Group Sustainability Director and Chief Procurement & Property Officer. The final escalation point is the SVC as needed.

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## Our intent

We will continue to address modern slavery risk and increase value chain accountability as part of our Human Rights programme. During FY 2022/23, we will implement the Human Rights risk assessment framework and due diligence pathways into our existing processes. As we complete our pilots this year, we will set interim targets to accompany our overall 2030 target.

This Modern Slavery Statement was approved by the Johnson Matthey Plc board on 21 July 2022 and is signed by Liam Condon, Chief Executive.

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**Liam Condon, Chief Executive**