Market

I commit to doing business responsibly, fairly and legally
<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Third parties</td>
<td>34</td>
</tr>
<tr>
<td>Bribery and corruption</td>
<td>37</td>
</tr>
<tr>
<td>Gifts and hospitality</td>
<td>40</td>
</tr>
<tr>
<td>Fair competition</td>
<td>43</td>
</tr>
<tr>
<td>Financial crime</td>
<td>46</td>
</tr>
<tr>
<td>Trade and export controls</td>
<td>49</td>
</tr>
<tr>
<td>Transaction warning signs</td>
<td>52</td>
</tr>
</tbody>
</table>
Third parties

We need to be sure that we know who we are dealing with at all times.

We must ensure we do not work with third parties who damage Johnson Matthey’s reputation by engaging in unethical behaviour or corrupt practices. We must know who we are dealing with in order that we can comply with detailed and technical laws such as those concerning bribery and corruption, trade and export controls and anti-money laundering. We must ensure that we are not indirectly facilitating corrupt or unethical practices by allowing money or materials to get into the wrong hands.

At Johnson Matthey, there are procedures that assist us with knowing who we are dealing with, whether they are customers, suppliers, partners, agents, distributors, logistics providers or any other third party with whom we have a commercial or other relationship. In particular, we have the High Risk Third Party Intermediary Procedure (which applies to agents, distributors, government intermediaries and certain logistics providers in the highest risk countries) to help us manage the risk of dealing with these parties throughout their working relationship with JM. We will only work with those that are of known integrity and who meet Johnson Matthey’s standards of responsible and ethical business conduct.
How does this apply to me?

- I expect my suppliers, their employees and supply chains to operate to Johnson Matthey’s standards of quality and integrity.
- I ensure that the appropriate due diligence has been carried out on customers, suppliers and third party intermediaries before dealing with them.
- I ensure that when I am dealing with a high risk third party intermediary, I follow the High Risk Third Party Intermediary Procedure.
- I am vigilant in recognising any warning signs that may indicate illegal, corrupt or any form of unethical behaviour.

Transaction warning signs

In any transaction or interaction with third parties there may be signs or signals that something is not quite right. These are called transaction warning signs or ‘red flags’ and should always be highlighted to Group Legal or Group Ethics and Compliance for investigation. For more information on how to recognise transaction warning signs, refer to the list of examples on page 52.
What would YOU do?

Q You are under a tight deadline to appoint an agent in Malaysia who could be important in obtaining a large contract in a new market. You haven’t had time to undertake any due diligence on the agent but want to engage him today.

A You cannot engage this agent until they have been on-boarded under the High Risk Third Party Intermediary Procedure. You will need to prepare a business justification and gain approval as well as appropriate due diligence conduct and entering into an approved contract. You should speak with Group Legal or Group Ethics and Compliance for further guidance. They will assist with the due diligence process and put in place appropriate contractual requirements.

Q You have recently begun to supply goods to a new customer. You notice that some of the payments for the goods are being received from a seemingly unrelated entity in a different country and that the goods are not being shipped to the country in which your customer is based.

A You should take steps to prevent the receipt of any further payments until you fully understand the situation and have ensured that the appropriate due diligence on all parties has been undertaken. It is important that we not only know who all our customers are, but also ensure that payments are only being made by the relevant customers and that our goods and technologies are not being diverted to entities to whom we would not sell directly. Speak to Group Legal or Group Ethics and Compliance for further assistance.

Johnson Matthey’s core values relevant to this section:
- Acting with integrity
- Working together

More help and resources
- Global Anti-Bribery and Corruption Policy
- Global High Risk Transactions Policy and Procedure
- Sector Legal
- Financial Crime Policy
- Group Ethics and Compliance
- Group Sustainability
We are committed to countering all forms of bribery and corruption and take a zero tolerance approach to any corrupt activity.

There is no place in our business for offering or receiving any form of improper payment or bribe.

**Bribery** is the offering, giving or receiving of any payment, benefit or gift that is intended to influence a decision or outcome improperly. A bribe can take many forms including cash, gifts, hospitality, promotional expenses, cash equivalents (such as gift cards), services, favours, political contributions or charitable donations, among other things.

**Corruption** is any unlawful, illegitimate or improper behaviour intended to gain an advantage. It includes bribery, fraud, extortion, theft, abuse of power and money laundering.

**Facilitation payments** are small unofficial payments made to secure or expedite the performance of a routine process an official is already under a duty to perform. These payments are bribes (regardless of size or local business practices) and are often illegal.

Not only do we not offer, give or receive bribes but third parties (such as agents, distributors/resellers, logistics providers, government intermediaries, etc.) acting on Johnson Matthey’s behalf also are prohibited from offering, giving or receiving bribes.
Dealing with public officials

We must never offer, promise or give anything of value to any public official, directly, or indirectly, with the intention of influencing them in their work or in an attempt to obtain or retain business or a business advantage. Take particular care when dealing with employees of state owned entities, as these individuals may be considered public officials in some countries. To be certain, employees should always consult Group Legal whenever there is a doubt whether an individual is a public official.

Refer to the Gifts and hospitality section on page 40 to read more about how to exercise care when working with public officials.

How does this apply to me?

- I never offer, give or receive bribes.
- I always take personal responsibility for the prevention, detection and reporting of bribery and corruption.
- I avoid any activity that might lead to, or suggest, bribery or corruption occurring.
- I am aware that even the suggestion of bribery or corruption may damage both Johnson Matthey’s and my reputation for integrity and hinder our ability to do business.

Transaction warning signs

In any transaction or interaction with third parties there may be signs or signals that something is not quite right. These are called transaction warning signs or ‘red flags’ and should always be highlighted to Group Legal or Group Ethics and Compliance for investigation. For more information on how to recognise transaction warning signs, refer to the list of examples on page 52.
What would YOU do?

Q A shipment of valuable chemicals is delayed in customs. Unfortunately, there is not an official fast track procedure. However, you have been told by a customs official that if Johnson Matthey provides a small payment, the shipment will clear tomorrow; otherwise it could be weeks.

A This type of payment is a facilitation payment and is illegal. Do not make the payment and report it immediately to your manager, Group Legal or Group Ethics and Compliance for further advice.

Q Your co-worker informs you he engaged a new supplier for Johnson Matthey. You are surprised to hear this, because you understood the supplier’s pricing was above market. You become suspicious when you learn the supplier hired your co-worker’s son shortly after the contract was signed.

A You should Speak Up. Raise the issue with your manager, Group Legal or Group Ethics and Compliance. Your co-worker may have accepted a bribe in the form of employment for his son. If true, your co-worker’s decision not only deprived Johnson Matthey of the benefit of more advantageous offers from other suppliers, it might also constitute an offence and expose Johnson Matthey to legal liability. You should report your suspicion immediately, so it can be investigated and, if necessary, the harmful effects of your co-worker’s conduct can be mitigated.

Johnson Matthey’s core values relevant to this section:
- Acting with integrity
- Owning what we do

More help and resources
- myJM Group Ethics and Compliance site
- Global Anti-Bribery and Corruption Policy
- High Risk Third Party Intermediary Procedure
- Group Legal
- Group Ethics and Compliance
Gifts and hospitality

We exercise care when offering, giving or receiving gifts and hospitality.

Gifts and hospitality can be used as a way to build or maintain legitimate and cordial business relations. However, sometimes it can be difficult to distinguish between a genuine gift or hospitality and a bribe, and we always need to think carefully about how we spend Johnson Matthey’s money and resources.

When any gift or hospitality is offered, given or received, use your judgement and determine whether it is in accordance with our Global Anti-Bribery and Corruption Policy and any local procedures regarding preapproval, monetary limits and recording that are applicable to your business. Additionally, you should consider more broadly how it could be perceived and always whether it is a good use of Johnson Matthey's money and resources. If in doubt, ask Group Legal or Group Ethics and Compliance for further guidance.

Any gift or hospitality must be:

- Offered, given or received in good faith – with the intention only to build or maintain legitimate business relations or offer normal courtesy; and either be:
  - Of token or minimal value (such as small promotional items, diaries, calendars or other similar items bearing the brand or logo of the provider); or
  - Modest in value and not lavish or extravagant.
- Reasonable and appropriate in terms of the type, value and occasion and frequency of provision in the particular circumstances, including in the context of local cultural sensitivities.
- Consistent with reasonable business practice.
- Legal and permitted under the receiver’s own gifts and hospitality policy.

Gifts and hospitality to public officials

- Some countries have very strict limitations on the value and nature of gifts and hospitality that their public officials can accept. Accordingly, extra caution must be taken and you should seek prior approval for any gifts and hospitality offered, given or received to/from a public official. Also, we must be aware that the definition of who is a ‘public official’ may vary in different countries, and may include individuals in state owned businesses. Remember, it is not always obvious that someone is a public official, so if you are in any doubt as to who you are dealing with, ask, and consult with Group Legal or Group Ethics and Compliance, as necessary.
How does this apply to me?

- I never offer, give or receive gifts or hospitality that are, or may be construed as bribes.
- I think carefully before offering, giving or receiving any gift or hospitality and whether it is consistent with JM’s Global Anti-Bribery and Corruption Policy.
- I always obtain prior approval if thinking of offering any gift or hospitality to public officials.
- I ensure I obtain preauthorisation if in any doubt as to the appropriateness of the gift or hospitality.

Examples of certain types of gifts or hospitality that are never acceptable, irrespective of value, include those that:

- Comprise cash or a cash equivalent.
- Are inappropriate or offensive (e.g. indecent or sexually oriented).
- Are concealed (provided secretly rather than openly).
- May give rise to, or may be seen as giving rise to, a conflict of interest.
What would YOU do?

Q You have received a £50 gift card from a supplier. It can only be used for getting goods at a specific group of shops. Can you accept it?

A No, you may not accept a gift card, certificate or voucher, whatever the value, from any business partner, because it counts as a cash equivalent and our policy is not to offer or accept cash or cash equivalents as gifts. You should politely decline the gift card and explain to the supplier that JM’s gifts and hospitality guidance means you are unable to accept it.

Q You would like to host a two day technical conference for your key customers and other business partners. The primary objective of the event will be to promote future technical developments as well as strengthen business relationships. Is this okay?

A Yes. Hosting a conference with a clearly defined business purpose is acceptable business practice at JM. When organising your conference, you need to keep in mind to comply with the gifts and hospitality principles. All hospitality including meals, accommodation and any leisure activities should be modest in value and not lavish or extravagant. It is not normal practice to cover the cost of your guests’ travel arrangements. If you are unsure or need further guidance contact Group Ethics and Compliance.

Johnson Matthey’s core values relevant to this section:
- Acting with integrity
- Owning what we do

More help and resources
- myJM Group Ethics and Compliance site
- Global Anti-Bribery and Corruption Policy
- Local gifts and hospitality rules/guidance
- Group Legal
- Group Ethics and Compliance
Fair competition

We know that competing openly and fairly is best for business.

Competitive markets result in consumers having access to the highest quality goods at the best prices and allow the most efficient companies to survive and prosper.

Competition laws (sometimes called anti-trust or anti-monopoly laws) can be complicated and may differ between countries. However, there are common elements that concern the agreements we enter into with others in the supply chain (in particular our competitors), the sharing of sensitive commercial information, and the way we behave when we have a large share of a particular market or business.

Be aware of the following activities which are anti-competitive:

- Discussing or sharing competitively sensitive information with competitors including pricing, customers or strategies.
- Discussing or agreeing to the division or sharing of customers, territories or markets with competitors.
- Agreeing with competitors how (or whether) we will bid for specific contracts.
How does this apply to me?

- I am mindful of competition law risks when dealing with third parties (particularly, competitors, those in my supply chain and customers) and understand and ensure that Johnson Matthey must make independent decisions on prices and strategy.
- I never engage in anti-competitive activities.
- I am aware that a customer of one part of Johnson Matthey may be a competitor in another part of Johnson Matthey and ensure that I act accordingly.
- I ensure that if I meet with a competitor, I avoid discussing or sharing confidential information relating to areas in which we compete. Completing the Johnson Matthey Competitor Meeting Form in advance and/or setting an agenda detailing the purpose of the meeting will be helpful in clarifying this and protecting Johnson Matthey and myself.
What would YOU do?

Q You are visiting a customer to discuss a contract that is currently out for tender. During the course of negotiations, the customer tells you the indicative bids of your competitors and offers to give you copies of their quotes.

A Because the customer has disclosed this information to you in the context of commercial negotiations with the sole intention of securing better terms from Johnson Matthey you may use this information provided you clearly record in writing the source of the information. However, you must not accept the offer to receive copies of competitor quotes. If you do receive these documents, you must contact Group Legal as soon as possible to determine what further steps need to be taken.

Q You are having lunch with one of your customers who you know to be a competitor to another part of Johnson Matthey. The conversation turns to pricing struggles your customer is having in a certain market. As you are not familiar with this market you do not know if there is a competition issue but you are concerned that there could be.

A You should address your concerns straight away by immediately but politely stopping the conversation and stating your concern. As soon as you leave the lunch, contact Group Legal to determine what, if any, further steps need to be taken.

Johnson Matthey’s core values relevant to this section:
- Acting with integrity
- Owning what we do

More help and resources
- Global Competition Law Policy and Guidance
- Group Legal
- Group Ethics and Compliance
- Johnson Matthey Competitor Meeting Form
We all are responsible for being vigilant and recognising the warning signs that may indicate criminal activity.

At Johnson Matthey, we ensure that our businesses and services are not used to facilitate financial crimes, such as money laundering, tax evasion and terrorist financing, or to participate in other illegal activities that would hide the origin of criminal proceeds.

It is therefore vital that we know enough about the identity, background and operations of customers, suppliers and other third parties so that we can prevent any improper transactions from occurring.

- Money laundering is the process of taking the proceeds of criminal activity, concealing the origin of the illegally obtained money and making it appear legal by filtering, or ‘cleaning’, it through a series of transactions.
- Facilitating tax evasion is a corporate criminal offence and consists of a company’s ‘associated persons’ (e.g., employees, agents, or others who provide services for or on the company’s behalf) deliberately and dishonestly facilitating a third party taxpayer (such as our customer) in evading tax.
- Terrorist financing typically is motivated by ideological rather than profit seeking concerns, and may involve not only the proceeds of crime but also funds or assets obtained from legitimate sources.
How does this apply to me?

- I understand the need to know who we are dealing with and have conducted the relevant due diligence.
- I am alert to any changes in customer, supplier or other third party details, circumstances and profiles, which may increase financial crime risk.
- I always take personal responsibility for reporting of suspect counterparties, requests, transactions and/or payments.

Transaction warning signs

In any transaction or interaction with third parties there may be signs or signals that something is not quite right. These are called transaction warning signs or 'red flags' and should always be highlighted to Group Legal or Group Ethics and Compliance for investigation. For more information on how to recognise transaction warning signs, refer to the list of examples on page 52.
What would YOU do?

Q You have started working with a new refining customer. The customer recently has requested to change its bank account to one in a higher risk jurisdiction for money laundering and has requested that we return its metal to an unconnected third party at very specific times.

A While there may be legitimate reasons for these new instructions from your customer, both requests are potential transaction warning signs. You should speak with your customer to understand the reasons behind these requests. If the customer is evasive or unwilling to provide a viable explanation, you should reassess JM’s relationship with the customer. These warning signs should also be escalated to Group Legal or Group Ethics and Compliance.

Q A JM contractor explains to you one day that he prefers to work as a contractor, rather than a full-time employee of a company, because he does not pay as much in taxes.

A This conversation suggests that the contractor might be evading tax, which could expose Johnson Matthey to the corporate criminal offence of facilitating tax evasion. You should discuss your concerns with Group Legal or Group Ethics and Compliance immediately.

Johnson Matthey’s core values relevant to this section:
- Acting with integrity
- Owning what we do

More help and resources
- myJM Group Ethics and Compliance site
- Group Legal
- Group Ethics and Compliance
- Group Finance
- Group Tax
- Group HR
Trade and export controls

We understand our responsibilities when transacting internationally.

Much of Johnson Matthey’s business involves the movement of goods, technology, services, data and money across international borders and must comply with all relevant laws.

These movements may be subject to export licensing requirements, end use/user restrictions, country embargoes, prohibitions on dealings with listed individuals, entities or banks or customs and/or tax requirements. It is therefore very important that we know what we are moving and who we are dealing with in order that we meet those requirements.

Goods include all raw materials, finished product, free of charge samples, production and research equipment and capital goods. Technology includes information such as drawings, blueprints, plans, diagrams, models, designs, specifications, manuals, instructions and technical know how – regardless of whether it is delivered physically or electronically.

Always consider:

- **What:** Product classification: What is being imported or exported? Is it products, software or technical data? Does the nature of the goods or technology or the potential end use mean an export licence may be needed?
- **Where:** Destination: Where is it going? Is the ultimate destination country subject to any sanctions, embargoes or other restrictions?
- **Who:** End user: Who will receive the goods? Is the entity or individual you are dealing with a ‘restricted’ entity?
- **How:** End use: How will it be used? Is the potential or intended end use of the item controlled?
How does this apply to me?

- I am aware that the movement of goods, technology, services, data or money (even to another Johnson Matthey facility or Johnson Matthey company) across international borders may be subject to export controls.
- I am aware that the movement of technology can occur through such means as physical, electronic (for instance, email), written and verbal exchange as well as through visual observations.
- I always ask questions if I am unsure whether the movement of goods, technology, services, data or money is permitted.
- I understand that restrictions may apply to me or members of our team depending on our nationalities and whether we are working on or facilitating particular projects or business relating to particular countries.

Transaction warning signs

In any transaction or interaction with third parties there may be signs or signals that something is not quite right. These are called transaction warning signs or ‘red flags’ and should always be highlighted to Group Legal or Group Ethics and Compliance for investigation. For more information on how to recognise transaction warning signs, refer to the list of examples on page 52.
What would YOU do?

Q You are finalising the first sale of catalysts to a new customer in Canada, with the potential for significant future sales. This sale will mean that your business meets budget this year and you want to meet their delivery expectations. You phone the buyer to finalise some details and he mentions they had previously not been able to find a supplier who was willing to supply catalysts for use at their plants in Cuba and Venezuela. This surprises you and after the call, you check back through all the relevant paperwork and find no mention of these countries.

A Contact your Sector Legal team and Group Ethics and Compliance to tell them what you have found and ask if the sale can go ahead. Regardless of whether the goods are delivered to that country, a sale to a sanctioned country could result in large fines for JM, loss of business from other customers not wishing to be associated with us, loss of confidence by stakeholders (such as banks or logistics providers) and reputational damage. Your Sector Legal team and Group Ethics and Compliance team will be able to conduct the required due diligence on all the parties involved, assess whether the sale is permitted, liaise with our banks and obtain the relevant authorisations from the regulatory authorities to allow the supply to go ahead.

Q Your business is building a new plant overseas and you are unsure whether trade controls need to be considered.

A Export and/or import licences may be required for any production equipment or raw materials shipped to the new plant. Also, licences may be required for any technical services provided in the form of technology transferred or technical services provided within that country. Speak to Group Legal to obtain further guidance.

Johnson Matthey’s core values relevant to this section:
- Protecting people and the planet
- Acting with integrity

More help and resources
- Johnson Matthey Group Trade and Export Controls Policy
- Johnson Matthey Trade Compliance Manual
- Sector Legal
- Group Ethics and Compliance
We should always be alert to possible transaction warning signs or ‘red flags’.

Even if you are not directly involved in dealing with third parties, you need to be aware of potential areas where Johnson Matthey could be at risk. Remember, it’s not business at any cost.

Transaction warning signs are indicators that something might not be right with the transaction. They might be indicators that something is wrong from a bribery and corruption, financial crime, sanctions and export controls, or other legal or compliance perspective. There might be multiple issues arising from any warning sign. A non-exhaustive list includes:

- Third party refuses to provide any or sufficient information in response to due diligence questions.
- Unusual payment structures are being requested or implemented by a third party, including payments to be made or received:
  - in cash or ‘off the books’;
  - to or from jurisdictions with elevated money laundering or tax evasion risk profiles;
  - to or from another party that has no relationship with Johnson Matthey; and
  - without an invoice or receipt for payment.
- Payments are being made that are not sufficiently described in invoices or supported by evidence of work performed.
- High commission or large total payments are being made to third party intermediaries.
- Lavish or frequent gifts and hospitality, charitable donations or sponsorship are being provided to third parties without sufficient justification.
- The third party’s name or address is similar to one of the parties found on a denied parties or sanctioned parties list.
- The customer or purchasing agent is reluctant to offer information about the end use of the goods or provides unusual address information in relation to the destination of the goods.
- The third party requests unusual delivery terms or shipping arrangements (perhaps hiding who our goods are ultimately destined for).
- Purchases or sales that are unusual (e.g. do not fit the line of business or technical capability) for a particular customer, supplier or type of customer or supplier.
Report any transaction warning signs raised to Group Legal or Group Ethics and Compliance who can help you to review the situation before proceeding.