


JOHNSON MATTHEY PLC

| | | | | | |
|-------------------------|---|-------------|-----|-------------------|---|
| MEETING DATE | Thu, 26 Jul 2018 11:00 am | TYPE | AGM | ISSUE DATE | Tue, 17 Jul 2018 |
| MEETING LOCATION | The Institute of Civil Engineers, One Great George Street, Westminster, London, SW1P 3AA | | | |  |
| CURRENT INDICES | FTSE 100 | | | | |
| SECTOR | Specialty Chemicals | | | | |

| | PROPOSALS | ADVICE |
|-----------|---|---------------|
| 1 | <p>Receive the Annual Report Strategic report meets guidelines. Adequate employment and environmental policies are in place and relevant, up-to-date, quantified, environmental reporting is disclosed. The Company also disclosed the proportion of women on the Board, in Executive Management positions and within the whole organisation. Triodos supports this resolution.</p> | For |
| 2 | <p>Approve the Remuneration Report Overall disclosure is adequate. The change in the CEO's salary is in line with the rest of the Company, as the CEO's salary rose by 2.5%, and the change in the salaries of the employee comparator group chosen by the Company was an increase of 5.9%. The CEO's salary is in the lower quartile of the Company's comparator group. The ratio of CEO pay compared to average employee pay is not acceptable at 41:1. Changes in CEO pay in the last five years are considered to be in line with changes in TSR over the same period. Total variable pay for the year under review consisted only of annual bonus awards and is not excessive, amounting to 124.6% of salary; performance targets for the PSP were not met and thus no awards vested. Rating: AB. Triodos supports this resolution.</p> | For |
| 3 | <p>Approve the Dividend A final dividend of 58.25 pence per share is proposed, which brings the total dividend for the year under review to 80 pence per share. This payment is covered by earnings.</p> | For |
| 4 | <p>To elect Mr J O'Higgins Newly appointed independent Non-Executive Director.</p> | For |
| 5 | <p>To elect Mr P Thomas Newly appointed Chairman. Independent upon appointment.</p> | For |
| 6 | <p>To re-elect Ms O Desforges Independent Non-Executive Director.</p> | For |
| 7 | <p>To re-elect Mr AM Ferguson Senior Independent Director. Considered independent.</p> | For |
| 8 | <p>To re-elect Dr JV Griffiths Independent Non-Executive Director.</p> | For |
| 9 | <p>To re-elect Mr RJ Macleod Chief Executive Officer. 12 months rolling contract.</p> | For |
| 10 | <p>To re-elect Mrs AO Manz Chief Financial Officer. 12 months rolling contract.</p> | For |
| 11 | <p>To re-elect Mr CJ Mottershead Independent Non-Executive Director.</p> | For |
| 12 | <p>To re-elect Mr JF Walker Executive Director. 12 months rolling contract.</p> | For |

| | | |
|------------|--|---------------|
| 13 | To appoint the Auditors: PricewaterhouseCoopers LLP PwC proposed as new auditor in replacement of KPMG. Auditor rotation is considered a positive factor. Acceptable proposal. | For |
| 14 | Allow the Board to Determine the Auditor's Remuneration Standard proposal. | For |
| 15 | Approve Political Donations The proposed authority is subject to an overall aggregate limit on political donations and expenditure of £50,000. The Company did not make any political donations or incur any political expenditure and has no intention either now or in the future of doing so. Triodos considers political donations as an inappropriate use of shareholder funds. | Oppose |
| 16 | Issue Shares with Pre-emption Rights The authority is limited to one third of the Company's issued share capital. This cap can increase to two-third of the issued share capital if shares are issued in connection with an offer by way of a rights issue. All directors are standing for annual re-election. This resolution is in line with normal market practice and expires at the next AGM. Triodos supports this resolution. | For |
| 17* | Issue Shares for Cash Authority is limited to 5% of the Company's issued share capital and will expire at the next AGM. Triodos supports this resolution. | For |
| 18* | Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment The Board is seeking approval to issue up to an additional 5% of the Company's issued share capital for cash for use only in connection with an acquisition or a specified capital investment. Such a proposal is not supported as it is considered that the 5% limit sought under the general authority above is sufficient. Best practice would be to seek a specific authority from shareholders in relation to a specific transactions if such situation arises. As this is not the case, Triodos opposes this resolution. | Oppose |
| 19* | Authorise Share Repurchase The authority is limited to 10% of the Company's issued share capital and will expire at the next AGM. This resolution will not be supported unless the Board has set forth a clear, cogent and compelling case demonstrating how the authority would benefit long-term shareholders. As no clear justification was provided by the Board, Triodos opposes this resolution. | Oppose |
| 20* | Meeting Notification-related Proposal Proposal to call general meetings on 14 days notice. All companies should aim to provide at least 20 working days notice for general meetings in order to give shareholders sufficient time to consider what are often complex issues. Although the proposed change is permissible by the Companies Act, Triodos does not support this resolution. | Oppose |

* = **Special resolution**

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 4 - To elect Mr J O'Higgins

A Remuneration Committee member who is an executive director elsewhere is considered likely to be a beneficiary of a defective remuneration scheme, as well as less likely in general to wish to see a reduction in executive remuneration. There is a perceived conflict as these individuals have a personal interest in maintaining the status quo in pay setting and pay levels in companies.

Proposal 18 - Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment

The Company has stated that this additional authority will only be used to fund one or more acquisitions or specified capital investments, in line with the Pre-Emption Group Guidelines. This recommendation is not supported by PIRC.

Proposal 20 - Meeting Notification-related Proposal

The proposed resolution reflects the implementation of the EU Shareholder Rights Directive into English law, which took place on 3 August 2009 as implemented by the company in its Articles of Association. Under the regulations, the minimum notice period for general meetings (other than Annual General Meetings) will increase to 21 days unless

shareholders agree on a shorter notice period, in which case it may be 14 days. Shareholder approval is sought to call general meetings on 14 clear days notice.

For Private Circulation only

©Copyright 2018 PIRC Ltd

Researcher: Laith Jawad
Email: pircresearch@pirc.co.uk

Information is believed to be correct but cannot be guaranteed. Opinions and recommendations constitute our judgement as of this date and are subject to change without notice. The document is not intended as an offer, solicitation or advice to buy or sell securities. Clients of Pensions & Investment Research Consultants Ltd may have a position or engage in transaction in any of the securities mentioned.



Pensions & Investment Research Consultants Limited
8th Floor, Suite 8.02, Exchange Tower
2 Harbour Exchange Square
E14 9GE

Tel: 020 7247 2323
Fax: 020 7247 2457
<http://www.pirc.co.uk>

Regulated by the Financial Conduct Authority