

JOHNSON MATTHEY PLC

MEETING DATE	Thu, 23 Jul 2020 11:00 am	TYPE	AGM	ISSUE DATE	Thu, 16 Jul 2020
MEETING LOCATION	5th Floor, 25 Farringdon Street, London EC4A 4AB				
CURRENT INDICES	FTSE 100				
SECTOR	Specialty Chemicals				
FYE	31 Mar 2020				

	PROPOSALS	ADVICE
1	<p>Receive the Annual Report</p> <p>Disclosure is adequate. The financial statements were made available sufficiently before the meeting and have been audited and certified. Triodos supports this resolution.</p>	For
2	<p>Approve the Remuneration Report</p> <p>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 6.5%. The CEO's salary is in the upper quartile of the company's comparator group which raises concerns over the excessiveness of his pay. In addition, the changes in CEO pay in the last five years are not considered to be in line with changes in TSR over the same period. Total variable pay for the year under review is at 46.78% of the salary which is inclusive of only the annual bonus. However, the ratio of CEO pay compared to average employee pay is not acceptable at 29:1; it is recommended that the ratio does not exceed 20:1. Rating: AD. Primarily due to concerns centred around the excessiveness of the remuneration scheme Triodos opposes this resolution.</p>	Oppose
3	<p>Approve Remuneration Policy</p> <p>Some of the proposed changes to the policy include the introduction of a post-cessation shareholding guideline that applies to future share awards that vest which is welcomed as it aligns management with the long term interest of shareholders. There are also important concerns over the existing remuneration structure. The CEO's maximum potential opportunity under all incentive schemes is equivalent to 380% of salary in normal circumstances and 430% of salary in exceptional circumstances, which is excessive. Furthermore, the LTIP is measured over a three-year performance, which is not considered sufficiently long term. However, the additional two-year post vesting period is considered appropriate. The performance conditions on the LTIP are also not appropriately linked to non-financial metrics and can vest independent of each other. Finally, concerns remain over the company's recruitment and termination policies. It is noted that an exceptional limit of 250% of salary can be used for recruitment purposes, which is considered excessive above the normal limit of 200% of salary for Executives. The Remuneration Committee retains upside discretion to allow full vesting of outstanding share incentives without any consideration for time pro-rating in the event of termination and change of control. Rating: BCC. Triodos opposes this resolution.</p>	Oppose

4	Amend Performance Share Plan The board is seeking shareholders' approval for the amendment of the performance share plan. It is noted the remuneration committee is proposing a revised vesting schedule for future PSP awards granted to executive directors. The company states that future awards will vest on the third anniversary of grant, to the extent that the relevant performance conditions are satisfied and will then be subject to a two-year holding period during which the after tax shares may not be sold.	For
5	Approve the Dividend A final dividend of GBP 31.125 pence per share is proposed, which brings the total dividend for the year under review to GBP 55.625 pence per share. This payment is covered by earnings.	For
6	Elect Doug Webb Newly-appointed Independent Non-Executive Director.	For
7	Re-elect Jane Griffiths Independent Non-Executive Director.	For
8	Re-elect Xiaozhi Liu Independent Non-Executive Director.	For
9	Re-elect Robert MacLeod Chief Executive.	For
10	Re-elect Anna Manz Executive director.	For
11	Re-elect Chris Mottershead Independent Non-Executive Director.	For
12	Re-elect John O'Higgins Senior Independent Director. Considered independent.	For
13	Re-elect Patrick Thomas Chair. Independent upon appointment.	For
14	Re-appoint PricewaterhouseCoopers LLP as Auditors PwC proposed. Non-audit fees represented 11.76% of audit fees during the year under review and 19.51% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor.	For
15	Allow the Board to Determine the Auditor's Remuneration Standard proposal.	For
16	Approve Political Donations The proposed authority is subject to an overall aggregate limit on political donations and expenditure of GBP 50,000. Triodos considers political donations as an inappropriate use of shareholder funds.	Oppose
17	Issue Shares with Pre-emption Rights The authority is limited to 33% of the company's issued share capital and expires at the next AGM. Although this is considered to be within acceptable limits, it is noted the resolution registered a significant number of oppose votes of 11.37% at the 2020 AGM which have not been adequately addressed. On this basis, an oppose vote is recommended.	Oppose
18*	Issue Shares for Cash Authority is limited to 5% of the company's issued share capital and will expire at the next AGM. Within acceptable limits.	For
19*	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 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 transaction if such situation arises. As this is not the case, an oppose vote is therefore recommended.	Oppose

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| 20* | 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. Triodos opposes this resolution. | Oppose |
| 21* | Meeting Notification-related Proposal
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.
<i>* = Special resolution</i> | Oppose |
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SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 19 - 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 21 - 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.

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