


## JOHNSON MATTHEY PLC

MEETING DATE	Thu, 29 Jul 2021 11:00 am	TYPE	AGM	ISSUE DATE	Thu, 22 Jul 2021
MEETING LOCATION	Great Hall, JP Morgan, 60 Victoria Embankment, London EC4Y 0JP, Webcast link: <a href="https://onlinexperiences.com/Launch/QReg/ShowUUID=F57D164F-27E3-4B3142D287&amp;L">https://onlinexperiences.com/Launch/QReg/ShowUUID=F57D164F-27E3-4B3142D287&amp;L</a>				
CURRENT INDICES	FTSE 100				
SECTOR	Specialty Chemicals				
FYE	31 Mar 2021				

	PROPOSALS	ADVICE
1	<p><b>Receive the Annual Report</b> 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><b>Approve the Remuneration Report</b> <b>Disclosure:</b> All elements of the Single Total Remuneration Table have been adequately disclosed. The CEO will receive a 2% salary increase which is in line with the rest of the company. <b>Balance:</b> 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 balance of CEO realized pay with financial performance is not considered acceptable as the change in CEO total pay over the last five years is not aligned to the change in TSR over the same period. Total variable pay for the year under review is not considered excessive at 176.5% 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 50:1; it is recommended that the ratio does not exceed 20:1. Rating: AD Due to concerns centred around the excessiveness of the remuneration scheme Triodos opposes this resolution.</p>	Oppose
3	<p><b>Approve the Dividend</b> A final dividend of GBP 50.00 pence per share is proposed. This payment is covered by earnings.</p>	For
4	<p><b>Elect Stephen Oxley - Executive Director</b> Executive Director. Support recommended.</p>	For
5	<p><b>Re-elect Jane Griffiths - Non-Executive Director</b> Independent Non-Executive Director.</p>	For
6	<p><b>Re-elect Xiaozhi Liu - Non-Executive Director</b> Independent Non-Executive Director.</p>	For
7	<p><b>Re-elect Robert MacLeod - Chief Executive</b> Chief Executive. As there is no Sustainability Committee and the Board Chair is not up for re-election, the Chief Executive is considered accountable for the company's Sustainability programme. As such, given that the company's sustainability policies and practice are not considered to be adequate in order to minimize material risks linked to sustainability, an oppose vote is recommended.</p>	Oppose
8	<p><b>Re-elect Chris Mottershead - Non-Executive Director</b> Independent Non-Executive Director.</p>	For
9	<p><b>Re-elect John OHiggins - Senior Independent Director</b> Independent Non-Executive Director.</p>	For
10	<p><b>Re-elect Patrick Thomas - Chair</b> Chair. Independent upon appointment.</p>	For
11	<p><b>Re-elect Doug Webb - Non-Executive Director</b> Independent Non-Executive Director.</p>	For

<b>12</b>	<b>Reappoint PricewaterhouseCoopers LLP as Auditors</b> PwC proposed. Non-audit fees represented 0.00% of audit fees during the year under review and 8.74% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor.	<b>For</b>
<b>13</b>	<b>Allow the Board to Determine the Auditor's Remuneration</b> Standard proposal.	<b>For</b>
<b>14</b>	<b>Approve Political Donations</b> The proposed authority is subject to an overall aggregate limit on political donations and expenditure of GBP 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.	<b>Oppose</b>
<b>15</b>	<b>Issue Shares with Pre-emption Rights</b> The authority is limited to 33% of the company's issued share capital and expires at the next AGM. Within acceptable limits.	<b>For</b>
<b>16*</b>	<b>Issue Shares for Cash</b> Authority is limited to 5% of the company's issued share capital and will expire at the next AGM. Within acceptable limits.	<b>For</b>
<b>17*</b>	<b>Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment</b> 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.	<b>Oppose</b>
<b>18*</b>	<b>Authorise Share Repurchase</b> 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, an oppose vote is recommended.	<b>Oppose</b>
<b>19*</b>	<b>Meeting Notification-related Proposal</b> It is proposed that a general meeting of the company other than an annual general meeting may be called on not less than 14 clear days' notice. It is considered that 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.	<b>Oppose</b>

\* = *Special resolution*

## SUPPORTING INFORMATION FOR RESOLUTIONS

### Proposal 12 - Reappoint PricewaterhouseCoopers LLP as Auditors

PIRC issue: in late 2020 International Auditing and Assurance Standards Board (IAASB) produced a consultation entitled, Fraud and Going Concern and refers to the "expectations gap" in the sense that the public expect more of auditors than is expected of them. By reference to conclusions of the BEIS Select Committee of Parliament and High Court decisions, there isn't an expectations gap so far as the UK at least is concerned. Indeed auditor duties in respect of fraud are onerous and in the Barings case at the High Court the issue of negligence didn't merely involve the signing of the public accounts by the audit partner with misstated amounts in, but earlier at the time more junior members of staff missed the fraud when it was smaller reviewing a bank reconciliation (a private and not public document).

The IAASB model of auditing is based on auditors certifying information that is "useful to users". That construct side-steps the crucial duties auditors have for the benefit of the company itself as the Barings case demonstrated. In PIRC's view that model fuels an unwarranted expectations gap and, if audits are limited by the standards misdirect the focus of audits to being "useful for users", a delivery gap because the legal standard and duty is broader than the standards themselves state.

PIRC has therefore asked the IAASB to reissue its consultation and has also written to the largest accounting firms to repudiate the IAASB consultation and confirm that the concept of an 'expectations gap' does not limit the scope of their work. In parallel PIRC has reviewed responses from the largest accounting firms to the IAASB determine whether they were encouraging or refuting the concept of an expectations gap. Both Deloitte and BDO correctly referred to the "expectations gap" being dependent on local laws. Both firms also referred to problems with international auditing standards and international accounting standards. BDO went so far as to make other recommendations as well. Mazars did similar in giving evidence to the BEIS Select Committee. In the absence of similar statements from PwC, KPMG, EY or Grant Thornton, PIRC is unable to support re-election or re-appointment of those firms as auditors.

**Proposal 17 - 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 19 - 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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